NOT FOR GENERAL DISTRIBUTION
IN THE UNITED STATES

OCP S.A.

(a joint stock company organised and existing under the laws of the Kingdom of Morocco)

U.S.$750,000,000 3.750% Notes due 2031

Issue Price: 99.365%

U.S.$750,000,000 5.125% Notes due 2051

Issue Price: 98.241%

The U.S.$750,000,000 3.750% Notes due 2031 (the "**2031 Notes**") and the U.S.$750,000,000 5.125% Notes due 2051 (the "**2051 Notes**" and, together with the 2031 Notes, each a "**Series**" and, together, the "**Notes**) to be issued by OCP S.A. (the "**Issuer**" or "**OCP**") will mature and be redeemed at their principal amount on 23 June 2031, in the case of the 2031 Notes, and 23 June 2051, in the case of the 2051 Notes. The Notes will bear interest from, and including 23 June 2021 (the "**Issue Date**") at a rate of 3.750% per year, in the case of the 2031 Notes, and at a rate of 5.125% per year, in the case of the 2051 Notes, and will be payable semi-annually in arrear on 23 June and 23 December in each year for each Series of the Notes. The first payment of interest in respect of each Series of the Notes will be made on 23 December 2021. Payments on the Notes will be made in U.S. Dollars without deduction for or on account of any Moroccan withholding taxes unless the withholding is required by law, in which case the Issuer will pay additional amounts in respect of such taxes, subject to certain exceptions as set forth in "*Terms and Conditions of the Notes—Condition 8*" and "*Taxation*".

This prospectus (the "**Prospectus**") constitutes a prospectus for the purposes of Regulation (EU) 2017/1129 (the "**Prospectus Regulation**"). This Prospectus has been approved by the Central Bank of Ireland (the "**CBI**") as competent authority under the Prospectus Regulation. The CBI only approves this Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation and for the purposes only of the issue of Notes referred to above. Such approval should not be considered as an endorsement of the issuer or the quality of the Notes that are the subject of this Prospectus and investors should make their own assessment as to the suitability of investing in the Notes. Any website referred to in this document does not form part of this Prospectus. Application has been made to the Irish Stock Exchange plc trading as Euronext Dublin ("**Euronext Dublin**") for the Notes to be admitted to its official list (the "**Official List**") and trading on the regulated market of Euronext Dublin. References in this Prospectus to Notes being "listed" (and all related references) shall mean that the Notes have been admitted to the Official List and have been admitted to trading on the regulated market of Euronext Dublin. Euronext Dublin is a regulated market for the purposes of Directive 2014/65/EU of the European Parliament and of the Council on markets in financial instruments, as amended ("**MiFID II**").

This Prospectus will be valid until the admission of Notes to trading on the regulated market of Euronext Dublin. The obligation to supplement the Prospectus in the event of any significant new factor, material mistake or material inaccuracy does not apply when the Prospectus is no longer valid.

The Notes have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "**Securities Act**"), or the laws of any state of the United States, and are being offered and sold only (i) in the United States to persons reasonably believed to be qualified institutional buyers ("**QIBs**"), as defined in, and in reliance on, Rule 144A under the Securities Act ("**Rule 144A**") and (ii) outside the United States to persons who are not U.S. persons, as defined in, and in reliance on Regulation S under the Securities Act ("**Regulation S**"). Prospective purchasers that are QIBs are hereby notified that the seller of Notes may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A. Transfers of Notes are subject to the restrictions described under "*Transfer Restrictions*".

The Notes will be offered and sold in registered form in minimum denominations of U.S.$200,000 and any amount in excess thereof that is an integral multiple of U.S.$1,000. The Notes offered and sold in reliance on Regulation S (the "**Regulation S Notes**") will initially be represented by beneficial interests in a unrestricted global certificate (the "**Unrestricted Global Certificate**") in registered form without interest coupons attached, which will be registered in the name of Citivic Nominees Ltd, as nominee for, and shall be deposited on or about the Issue Date with a common depositary for and on behalf of Euroclear Bank SA/NV ("**Euroclear**") and Clearstream Banking, S.A. ("**Clearstream** ") (the "**Common Depositary**"). Beneficial interests in the Unrestricted Global Certificate will be shown on, and transfers thereof will be effected only through, records maintained by Euroclear and Clearstream and their participants. The Notes offered and sold in reliance on Rule 144A (the "**Rule 144A Notes**") will initially be represented by a restricted global certificate (the "**Restricted Global Certificate**" and, together with the Unrestricted Global Certificate, the "**Global Certificates**") in registered form, without interest coupons attached, which will be deposited with a custodian (the "**Custodian**") for, and registered in the name of Cede & Co., as nominee of, The Depository Trust Company ("**DTC**") on or about the Issue Date. Beneficial interests in the Restricted Global Certificate will be shown on, and transfers thereof will be effected only through, records maintained by DTC and its participants. See "*Clearing and Settlement*". Except as described herein, definitive registered certificates evidencing holdings of Notes issued in exchange for beneficial interests in the Global Certificates will be available only in certain limited circumstances. See "*The Global Certificates—Registration of Title*".

The Notes are expected to be rated BB+ by S&P Global Ratings Europe Limited ("**S&P**") and BB+ by Fitch Ratings Limited ("**Fitch**"). A security rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension, reduction or withdrawal at any time by the assigning rating agency. S&P is established in the European Union (the "**EU**") and is registered under Regulation (EC) No. 1060/2009 (as amended) (the "**CRA Regulation**"). Fitch is established in the United Kingdom (the "**UK**") and is registered under Regulation (EC) No. 1060/2009 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (the "**EUWA**") (the "**UK CRA Regulation**"). Fitch is not established in the EU and has not applied for registration under the CRA Regulation. The rating issued by Fitch has been endorsed by Fitch Ratings Ireland Limited ("**Fitch Ireland**") in accordance with the CRA Regulation. Fitch Ireland is established in the EU and is registered under the CRA Regulation. As such, each of S&P and Fitch Ireland is included in the list of credit rating agencies published by the European Securities and Markets Authority on its website (at (http://www.esma.europa.eu/page/List-registered-and-certified-CRAs) in accordance with the CRA Regulation as at the date of this Prospectus. S&P is not established in the UK and has not applied for registration under the UK CRA Regulation. The rating issued by S&P has been endorsed by S&P Global Ratings UK Limited ("**S&P UK**") in accordance with the UK CRA Regulation. S&P UK is established in the UK and is registered under the UK CRA Regulation. Any change in the rating of the Notes could adversely affect the price that a purchaser will be willing to pay for the Notes. See "*Risk Factors—Risks Relating to the Notes—Credit ratings may not reflect all risks*".

A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency

An investment in the Notes involves certain risks. Prospective investors should consider the factors described in "Risk Factors" beginning on page 23

Joint Lead Managers

Barclays **BNP PARIBAS** **J.P. Morgan Securities plc**

The date of this Prospectus is 21 June 2021.

IMPORTANT NOTICES

The Issuer accepts responsibility for the information contained in this Prospectus and declares that the information contained in this Prospectus is in accordance with the facts and makes no omission likely to affect its import.

This Prospectus will be valid until the admission of the Notes to trading on the regulated market of Euronext Dublin. The Issuer will, in the event of any significant new factor, material mistake or inaccuracy relating to information included in this Prospectus which is capable of affecting the assessment of the Notes, prepare a supplement to this Prospectus. The obligation to prepare a supplement to this Prospectus in the event of any significant new factor, material mistake or inaccuracy does not apply after the Notes have been admitted to trading on the regulated market of Euronext Dublin

The Issuer has confirmed to the Joint Lead Managers named under "*Subscription and Sale*" below (the "**Joint Lead Managers**") that this Prospectus contains all information regarding the Issuer and the Notes which is (in the context of the issue of the Notes) material; such information is true and accurate in all material respects and is not misleading in any material respect; any opinions, predictions or intentions expressed in this Prospectus on the part of the Issuer are honestly held or made and are not misleading in any material respect; this Prospectus does not omit to state any material fact necessary to make such information, opinions, predictions or intentions (in such context) not misleading in any material respect; and all proper enquiries have been made to ascertain and to verify the foregoing.

The Issuer has not authorised the making or provision of any representation or information regarding the Issuer or the Notes other than as contained in this Prospectus or as approved for such purpose by the Issuer. Any such representation or information should not be relied upon as having been authorised by the Issuer or the Joint Lead Managers.

Neither the Joint Lead Managers nor any of their respective affiliates have authorised the whole or any part of this Prospectus and none of them makes any representation or warranty or accepts any responsibility as to the accuracy or completeness of the information contained in this Prospectus or any responsibility for the acts or omissions of the Issuer or any other person (other than the Joint Lead Managers) in connection with the issue and offering of the Notes. Neither the delivery of this Prospectus nor the offering, sale or delivery of any Note shall in any circumstances create any implication that there has been no adverse change, or any event reasonably likely to involve any adverse change, in the condition (financial or otherwise) of the Issuer since the date of this Prospectus.

The Joint Lead Managers have not separately verified all the information contained in this Prospectus. Accordingly, no representation, warranty or undertaking, express or implied, is made, and no responsibility or liability is accepted, by the Joint Lead Managers as to the accuracy or completeness of the information contained in this Prospectus or any other information provided by the Issuer in connection with the Notes or their distribution. No Joint Lead Manager accepts any liability in relation to the information contained in this Prospectus or any other information provided by the Issuer in connection with the offer or sale of the Notes or their distribution. Furthermore, the Joint Lead Managers expressly do not undertake to review any change in the condition (financial or otherwise) of the Issuer during the life of the Notes or to advise any investor in Notes of any information coming to their attention.

This Prospectus is not intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by the Issuer or the Joint Lead Managers that any recipient of this Prospectus should purchase any of the Notes. Each investor contemplating purchasing Notes should make its own independent investigation of the financial condition and financial affairs, and its own appraisal of the creditworthiness, of the Issuer and its consolidated subsidiaries and consolidated joint ventures (the "**Group**"). Neither this Prospectus nor any other information supplied in connection with the Notes constitutes an offer or invitation by or on behalf of the Issuer or any of the Joint Lead Managers to any person to subscribe for or to purchase any Notes.

Neither the delivery of this Prospectus nor the offering, sale or delivery of any Notes shall in any circumstances imply that the information contained herein concerning the Issuer or the Group is correct at any time subsequent to the date hereof or that any other information supplied in connection with the Notes is correct as of any time subsequent to the date indicated in the document containing the same.

The Notes have not been registered with, recommended by or approved or disapproved by the U.S. Securities and Exchange Commission ("SEC") or any other securities commission or other regulatory authority in the United States, nor have the foregoing authorities passed upon or endorsed the merits of the offering of the Notes or approved this Prospectus or confirmed the accuracy or determined the adequacy of the information contained in this Prospectus. Any representation to the contrary is a criminal offence in the United States.

This Prospectus does not constitute an offer to sell or an offer to buy in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction, nor does this Prospectus constitute an offer or an invitation to subscribe for or purchase any Notes and it should not be considered as a recommendation by the Issuer or any Joint Lead Manager that any recipient of this Prospectus should subscribe for or purchase any Notes. The distribution of this Prospectus and the offering, sale and delivery of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Prospectus comes are required by the Issuer and the Joint Lead Managers to inform themselves about and to observe any such restrictions. For a description of certain restrictions on offers, sales and deliveries of Notes, see "*Subscription and Sale*" and "*Transfer Restrictions*".

Neither this Prospectus nor any other information supplied in connection with the offering of the Notes (a) is intended to provide the basis of any credit or other evaluation or (b) should be considered as a recommendation by the Issuer or any of the Joint Lead Managers that any recipient of this Prospectus or any other information supplied in connection with the offer or sale of the Notes should purchase Notes. Each person contemplating making an investment in the Notes must make its own investigation and analysis of the creditworthiness of the Issuer and its own determination of the suitability of any such investment, with particular reference to its own investment objectives and experience, and any other factors that may be relevant to it in connection with such investment. In particular, each potential investor should:

- have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained in this Prospectus or any applicable supplement;

- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact such investment will have on its overall investment portfolio;

- have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including where the currency for principal and interest payments is different from the potential investor's currency;

- understand thoroughly the terms of the Notes and be familiar with the behaviour of financial markets in which they participate; and

- be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

None of the Issuer, the Joint Lead Managers or any of their respective representatives is making any representation to any offeree or purchaser of the Notes (or beneficial interests therein) regarding the legality of any investment by such offeree or purchaser under applicable legal investment or similar laws. Each investor should consult with its own advisers as to the legal, tax, business, financial and related aspects of an investment in the Notes.

IN CONNECTION WITH THE ISSUE OF THE NOTES, J.P. MORGAN SECURITIES PLC AS STABILISATION MANAGER (THE "STABILISATION MANAGER") (OR ANY PERSON ACTING ON BEHALF OF THE STABILISATION MANAGER) MAY OVER-ALLOT NOTES OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE PRICE OF THE NOTES AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL. HOWEVER, STABILISATION MAY NOT NECESSARILY OCCUR. ANY STABILISATION ACTION MAY BEGIN ON OR AFTER THE DATE ON WHICH ADEQUATE PUBLIC DISCLOSURE OF THE TERMS OF THE NOTES IS MADE AND, IF BEGUN, MAY CEASE AT ANY TIME, BUT IT MUST END NO LATER THAN THE EARLIER OF 30 DAYS AFTER THE ISSUE DATE OF THE NOTES AND 60 DAYS AFTER THE DATE OF THE ALLOTMENT OF THE NOTES. ANY STABILISATION ACTION OR OVER ALLOTMENT SHALL BE CONDUCTED BY THE STABILISATION MANAGER (OR ANY PERSON ACTING ON BEHALF OF THE STABILISATION MANAGER) IN ACCORDANCE WITH ALL APPLICABLE LAWS AND RULES.

UK MIFIR product governance / Professional investors and ECPs only target market

Solely for the purposes of each manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is only eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook ("**COBS**"), and professional clients, as defined in Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA ("**UK MiFIR**"); and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the manufacturers' target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the "**UK MiFIR Product Governance Rules**") is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturers' target market assessment) and determining appropriate distribution channels.

Prohibition of Sales to European Economic Area Retail Investors

The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("**EEA**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or (ii) a customer within the meaning of Directive (EU) 2016/97 (the "**IDD**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently, no key information document required by Regulation (EU) No. 1286/2014 (as amended, the "**PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPS Regulation.

Prohibition of Sales to UK Retail Investors

The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the UK. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the EUWA; or (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000, as amended ("**FSMA**") and any rules or regulations made under the FSMA to implement the IDD, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of UK MiFIR. Consequently, no key information document required by the PRIIPs Regulation as it forms part of domestic law by virtue of the EUWA (the "**UK PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPS Regulation.

This Prospectus has been prepared by the Issuer for use in connection with the offer and sale of the Notes outside the United States, the resale of the Notes in the United States in reliance on Rule 144A under the Securities Act and the admission of the Notes to the Official List and to trading on the regulated market of Euronext Dublin. The Issuer and the Joint Lead Managers reserve the right to reject any offer to purchase Notes, in whole or in part, for any reason. This Prospectus does not constitute an offer to any person in the United States other than any QIB to whom an offer has been made directly by one of the Joint Lead Managers or its U.S. broker-dealer affiliate. Distribution of this Prospectus to any person within the United States, other than any QIB and those persons, if any, retained to advise such QIB with respect thereto, is unauthorised and any disclosure without the prior written consent of the Issuer of any of its contents to any person within the United States, other than any QIB and those persons, if any, retained to advise such QIB, is prohibited.

Canada

The Notes may be sold only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 Prospectus Exemptions or subsection 73.3(1) of the Securities Act (Ontario), and are permitted clients, as defined in National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations. Any resale of the Notes must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this Base Prospectus (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for particulars of these rights or consult with a legal advisor.

Pursuant to section 3A.3 (or, in the case of securities issued or guaranteed by the government of a non-Canadian jurisdiction, section 3A.4) of National Instrument 33-105 Underwriting Conflicts (NI 33-105), the Dealers are not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with this offering.

Singapore Securities and Futures Act Product Classification

Solely for the purposes of its obligations pursuant to sections 309B(1)(a) and 309B(1)(c) of the Securities and Futures Act (Chapter 289 of Singapore) (the "**SFA**"), the Issuer has determined, and hereby notifies all relevant persons (as defined in Regulation 3(b) of the Securities and Futures (Capital

Markets Products) Regulations 2018 (the "**SF (CMP) Regulations**") that the Notes are "prescribed capital markets products" (as defined in the SF (CMP) Regulations) and "Excluded Investment Products" (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

Switzerland

The offering of the Notes in Switzerland is exempt from the requirement to prepare and publish a prospectus under the Swiss Financial Services Act ("**FinSA**") because the Notes have a minimum denomination of CHF 100,000 (or equivalent in another currency) or more and the Notes will not be admitted to trading on any trading venue (exchange or multilateral trading facility) in Switzerland. This Prospectus does not constitute a prospectus pursuant to the FinSA, and no such prospectus has been or will be prepared for or in connection with the offering of the Notes.

FORWARD-LOOKING STATEMENTS

Certain statements included herein may constitute "forward-looking statements". Such statements, certain of which can be identified by the use of forward-looking terminology such as "believes", "expects", "may", "are expected to", "intends", "targets", "will", "will continue", "should", "could", "would be", "seeks", "approximately", "estimates", "predicts", "projects", "aims" or "anticipates", or similar expressions or the negative thereof or other variations thereof or comparable terminology, or by discussions of strategy, goals, objectives, future events, plans or intentions, involve a number of risks and uncertainties. Such forward-looking statements are necessarily dependent on assumptions, data or methods that may be incorrect or imprecise and that may be incapable of being realised. These forward-looking statements include matters that are not historical facts. They appear in a number of places throughout this Prospectus and include statements regarding the Issuer's current intentions, plans, estimates, assumptions, programmes, beliefs and expectations.

Factors that could cause actual results to differ materially from the Issuer's expectations are contained in cautionary statements in this Prospectus and include, among other things, the following:

- price fluctuations in the markets for phosphate-based fertiliser and other phosphate-based products and related fluctuations in demand for such products;
- overall global economic and business conditions, including commodity prices and currency fluctuations and the impact of COVID-19 on such conditions;
- incidents or conditions affecting the export of phosphate-based fertiliser and other phosphate-based products;
- legal, regulatory and government policy changes;
- changes in the regulations and policy of the Government of the Kingdom of Morocco (the "**Government**"), including with respect to the Group's activities, mining, environmental and health and safety regulations;
- changes to the competitive environment in the Group's industry and worldwide supply of phosphate-based fertiliser and other phosphate-based products;
- downgrades in the Issuer's rating or the rating of the Kingdom of Morocco ("**Morocco**");
- lockdowns, restrictions, regulatory or policy measures or other changes as a result of the COVID-19 pandemic, which may affect the Group's operations or facilities;
- the successful implementation of the Group's strategy and capital expenditure programme;
- risks associated with joint ventures and mergers and acquisitions;
- changes in the Group's transportation and production costs and supply of raw materials;
- mining risks and the continuity of operation of the Group's mines, plants and production facilities;
- operational limitations, including equipment failures, labour disputes and processing limitations;
- exchange rate and interest rate risks;

- the ability of the Group to obtain financing on commercially acceptable terms;
- supply of skilled labour and labour disputes;
- economic and political conditions in Morocco and international markets, including governmental changes;
- the impact of regional tensions, including on the Group's ability to extract and transport its principal products; and
- the other factors discussed in more detail under "*Risk Factors*."

The list of factors relating to forward-looking statements is not exhaustive. Such forward looking statements only speak as at the date on which they are made.

The sections of this Prospectus entitled "*Risk Factors*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" contain a more complete discussion of the factors that could affect the Group's future performance and the industry in which it operates. In light of these risks, uncertainties and assumptions, the forward-looking events described in this Prospectus may not occur.

The Issuer is not obliged to, and does not intend to, update or revise any forward-looking statements made in this Prospectus whether as a result of new information, future events or otherwise. The Issuer and the Group do not make any representation, warranty or prediction that the results anticipated by such forward looking statements will be achieved. Such statements represent, in each case, only one of the range of possible scenarios that could occur and should not be viewed as the most likely scenario. All subsequent written or oral forward-looking statements attributable to the Issuer or the Group, or persons acting on their behalf, are expressly qualified in their entirety by the cautionary statements contained throughout this Prospectus. As a result of these risks, uncertainties and assumptions, a prospective purchaser of the Notes should not place undue reliance on these forward-looking statements.

ENFORCEMENT OF FOREIGN JUDGMENTS

The Issuer is a *société anonyme*, or joint stock company, organized under the laws of Morocco. A majority of the members of the Board of Directors and all of the executive officers of the Issuer are residents of Morocco, and the substantial majority of the assets of the Group and of such persons are located in Morocco. As a result, it may not be possible for investors to effect service of process upon the Issuer or such persons outside Morocco or to enforce judgments obtained against such parties outside Morocco.

According to the Moroccan Code of Civil Procedure, any judgment obtained against the Issuer in any court other than the courts of Morocco in respect of any legal suit or proceeding arising out of or relating to the Notes will be enforced by the courts of Morocco without further review of the merits only if the foreign judgment satisfies the following conditions:

- the foreign judgment must have been issued by a court competent to do so under the law of the relevant country;
- the foreign judgment must be final and enforceable in the country in which it was rendered;
- the defendant must have been properly served with legal process with respect to the proceeding in which the foreign judgment was rendered and due process must have been observed in connection with the proceeding;
- the foreign judgment must not be contrary to Moroccan public policy; and
- a final judgment in the same case between the same parties must not have been rendered by a Moroccan court.

EXCHANGE CONTROL REGULATIONS IN MOROCCO

There are no restrictions on the payment of principal and interest on the Notes from Morocco. The Dirham is convertible for all current transactions, as well as for some capital transactions, notably capital repatriation by foreign investors. The Dirham is not, however, convertible outside of Morocco. All foreigners, whether or not they are resident in Morocco, are entitled to open a bank account in Morocco (either in foreign currencies or convertible Dirhams) and to make deposits from overseas. Moroccan exchange control regulations permit Moroccan banks to accept foreign currency deposits freely and to place funds in foreign currencies to facilitate client transactions and to finance imports and exports in foreign currencies within certain limits.

The Central Bank sets an exchange rate on a daily basis for the Dirham against a basket of currencies of Morocco's principal trading partners. Exchange control is administered by the Office of Foreign Exchange, an agency operating under the auspices of the Ministry of Economy and Finance.

PRESENTATION OF FINANCIAL AND CERTAIN OTHER INFORMATION

The Group is required to maintain its books of account in Dirhams in accordance with Moroccan accounting and tax regulations. The financial information of the Group set forth in this Prospectus has, unless otherwise indicated, been derived without material adjustment from its audited consolidated financial statements as at and for the year ended 31 December 2020 and for each of the years ended 31 December 2019, 2018 and 2017 (together with the accompanying notes thereto) (the "**Annual Financial Statements**") and its unaudited interim consolidated financial statements as at and for the three months ended 31 March 2021, including the financial information for the three months ended 31 March 2020 included for comparative purposes (together with the accompanying notes thereto) (the "**Interim Financial Statements**", together with the Annual Financial Statements, the "**Financial Statements**"). The Annual Financial Statements were prepared in accordance with International Financial Reporting Standards ("**IFRS**") issued by the International Accounting Standards Board (the "**IASB**") as adopted by the European Union and have been audited by Ernst & Young and Deloitte Audit in accordance with International Standards on Auditing. The Interim Financial Statements have been prepared in accordance with the requirements of International Accounting Standard (IAS) 34, "Interim Financial Reporting", as adopted by the European Union and have been reviewed by Ernst & Young and Deloitte Audit in accordance with the International Standard on Review Engagements (ISRE) 2410, Review of Interim Report Performed by the Independent Auditor of the Entity. In this Prospectus, references to a particular "**Fiscal Year**" or "**FY**" refer to the year ended on 31 December of that year, and as the context requires, information as at 31 December of that year, and references to the "**First Quarter**" or "**Q1**" refer to the three months ended on 31 March of that year, and as the context requires, information as at 31 March of that year.

The Financial Statements were prepared in French and have been translated into English. The French-language version of the Financial Statements is available from the specified offices of each of the Paying and Transfer Agents (as defined below). In the event of any discrepancy between the French-language version of the Financial Statements and the English-language version of the Financial Statements, the French-language version shall prevail.

Other Financial Information

This Prospectus includes non-IFRS measures, including EBIT, EBITDA and net financial debt, that are not required by, or presented in accordance with, IFRS and which the Group considers to be alternative performance measures ("**APMs**"). The Group's management believes that the presentation of these non-IFRS measures is helpful to investors because these and other similar measures are widely used by certain investors, security analysts and other interested parties as supplemental measures of performance and liquidity. However, EBIT, EBITDA, net financial debt and other non-IFRS measures should not be considered in isolation and potential investors should not construe these non-IFRS measures as an alternative to net income determined in accordance with IFRS or to cash flows from operations, investing activities, financing activities or other measures of performance as defined by IFRS. These measures do not reflect the Group's capital expenditure or future requirements for capital expenditure, and do not reflect changes in, or cash requirements for, the Group's capital needs. They have not been prepared in accordance with SEC requirements, IFRS or the accounting standards of any other jurisdiction. The financial information included in this Prospectus is not intended to comply with the reporting requirements of the SEC and will not be subject to review by the SEC. In addition, the Group's EBIT, EBITDA, net financial debt and other non-IFRS measures may not be comparable to similarly titled measures used by other companies.

Each of the non-IFRS financial measures presented as APMs is defined below:

- *EBIT*: The Group calculates EBIT as net profit for the period plus corporate income tax, financial profit, other non-recurring operating income and expenses, and non-current depreciation and amortisation.
- *EBITDA*: The Group calculates EBITDA as EBIT plus current depreciation and amortisation.
- *Net financial debt*: The Group calculates net financial debt as the current portion of loans and financial debts plus non- current portion of the loans and financial debts minus cash and cash equivalents and cash financial assets.

EBIT, EBITDA, net financial debt and other non-IFRS measures should not be considered in isolation or as an alternative to results from operating activities, cash flow from operating activities or other financial measures of the Group's results of operations or liquidity reported in accordance with IFRS. The Issuer has included EBIT, EBITDA, net financial debt and other non-IFRS measures in this Prospectus because it believes that they are useful measures of the Issuer's performance and liquidity. Other companies, including those in the Group's industry, may calculate similarly titled financial measures differently from the Issuer. As all companies do not calculate these financial measures in the same manner, the Issuer's presentation of such financial measures may not be comparable to other similarly titled measures of other companies. These non-IFRS measures are not audited. For reconciliations of the APMs presented in this Prospectus to the corresponding IFRS measure in the Group's Financial Statements, see "*Selected Consolidated Financial Data and Other Information—Other Financial Data*".

Currency References

Unless otherwise indicated or otherwise required by the context, all references in this Prospectus to:

"Dirham", "Dh" or "MAD" are to the lawful currency of Morocco;

"U.S. dollars", "dollars", "U.S.$", "USD" or "$" are to the lawful currency of the United States of America; and

"euro," "€," "EUR" or "eurocent" are to the lawful currency of the participating Member States in the third stage of European Economic and Monetary Union of the Treaty establishing the European Community, as amended from time to time.

Rounding

Certain numerical figures included herein have been rounded. Therefore, discrepancies in tables between totals and the sums of the amounts listed may occur due to such rounding. Further, certain percentages shown in the charts in this Prospectus reflect calculations based upon the underlying information prior to rounding off and, accordingly, may not conform exactly to the percentages that would result if the relevant calculation were based upon the rounded off figures. As used in this Prospectus, the term "billion" means one thousand million (1,000,000,000).

Certain Reserves, Production and Other Information

Certain of the estimates contained in this Prospectus, in particular with respect to reserves and production figures (including statistical data and other information relating to the phosphates industry in Morocco) have been based on the Issuer's own estimates, information obtained from trade and business organisations, the U.S. Geological Survey ("**USGS**") and other third parties.

The Issuer believes these estimates to be accurate in all material respects as at the dates indicated. However, this information may prove to be inaccurate because of the method by which the Issuer obtained some of the data for these estimates or because this information cannot always be verified with complete certainty due to limits on the availability and reliability of raw data, the voluntary nature of the data gathering process and other inherent limitations and uncertainties.

Certain Third Party Information

Statistical data and other information appearing in this Prospectus relating to the phosphates industry in Morocco have, unless otherwise stated, been based on information obtained from the Group. In addition, certain statistical data relating to Morocco appearing in the section headed "*Risk Factors*" and elsewhere in this Prospectus has been extracted from documents and other publications released by Bank Al-Maghrib, the Central Bank of Morocco (the "**Central Bank**"), the Moroccan Ministry of Economy and Finance and other Government sources.

This Prospectus includes market share and industry data, which the Group obtained from industry publications and surveys, industry reports prepared by consultants, internal surveys and customer feedback. The market, economic and industry data has primarily been derived and extrapolated from reports provided by the World Bank, the United Nations Food and Agriculture Organisation ("**FAO**"), the United States Environmental Protection Agency ("**EPA**"), the United States Department of Agriculture ("**USDA**"), the USGS, the International Fertiliser Industry Association ("**IFA**"), IHS Markit, CRU, The International Fertiliser Development Center ("**IFDC"**), the European Union (the "**EU**"), Arab Fertiliser Association, Argus and publicly available sources.

Third-party sources generally state that the information they contain has been obtained from sources believed to be reliable, but that the accuracy and completeness of such information is not guaranteed and that the projections they contain are based on significant assumptions. The Group believes that third-party sources, to the extent quoted or referred to herein, are reliable, but the Group has not independently verified them and cannot guarantee their accuracy or completeness. The Group confirms that all third-party information has been accurately reproduced and that as far as the Group is aware and is able to ascertain from the information published by such sources, no facts have been omitted which would render the reproduced information inaccurate or misleading. However, the Group accepts no further responsibility in respect of such information. None of the third-party sources has made any representation, express or implied, and has not accepted any responsibility, with respect to the accuracy or completeness of any of the information contained in this Prospectus. Where third-party information has been used in this Prospectus, the source of such information has been identified.

In addition, certain information in this Prospectus is not based on published data obtained from independent third parties or extrapolations thereof but on information and statements reflecting the Group's best estimates based upon information obtained from trade and business organisations and associations, consultants and other third parties, information published by the Group's competitors, and the Group's senior management team's business experience and experience in the industry. The Group cannot assure that any of the assumptions that it has made in compiling this data are accurate or correctly reflect the Group's position in its markets.

Similar statistics may be obtainable from other sources, although the underlying assumptions and methodology, and consequently the resulting data, may vary from source to source. Although every effort has been made to include in this Prospectus the most reliable and the most consistently presented data, the Issuer cannot guarantee that such data has been compiled or prepared on a basis consistent with international standards. In particular, any discussion of matters relating to Morocco in this Prospectus is, therefore, subject to uncertainty due to concerns about the reliability of available official and public information.

Certain Definitions and Terminology

Certain defined terms are used in this Prospectus. See *Appendix I* for a list of frequently used defined terms. Additionally, see *Appendix II* for a glossary of measurement and technical terms used in this Prospectus.

TABLE OF CONTENTS

OVERVIEW

This overview does not contain all of the information that may be important to prospective investors and, therefore, should be read in conjunction with, and is qualified in its entirety by, the more detailed information appearing elsewhere in this Prospectus, the Financial Statements and the notes thereto and the other financial information contained in this Prospectus. Prospective investors should also carefully consider the information set forth in "Risk Factors" prior to making an investment decision. Any decision to invest in the Notes should be based on the consideration of this Prospectus as a whole by prospective investors.

The Group

The Group is a leading vertically-integrated fertiliser company involved in the extraction, production and commercialisation of: (i) phosphate rock; (ii) phosphoric acid (including purified phosphoric acid); and (iii) phosphate-based fertilisers. The Group is the largest producer of phosphate rock and phosphoric acid, and the second largest producer of phosphate-based fertilisers (diammonium phosphate ("**DAP**"), monoammonium phosphate ("**MAP**") and triple superphosphate ("**TSP**"), globally (by volume), based on management's estimates derived from company information and publicly available data of competitors for 2020. The Group's mining activities are based in Morocco and focus on the extraction, treatment, enrichment and delivery of phosphate rock to its processing facilities in Jorf Lasfar and Safi, as well as the export of phosphate rock to its customers in approximately 36 countries. The Group processes approximately three quarters of its phosphate rock production into phosphoric acid, a significant part of which is in turn further processed into phosphate-based fertilisers. In addition to phosphoric acid, the Group produces and exports six major types of phosphate- based fertilisers (MAP, DAP, nitrogen-phosphorus-potassium ("**NPK**"), nitrogen, phosphate, and sulphur ("**NPS**"), ammonium sulphate phosphate ("**ASP**") and triple superphosphate ("**TSP**") as well as over 40 specialised fertiliser products, such as fertilisers enriched with micronutrients and reactive phosphate rock. The Group sells its products to other industrial companies, including integrated and non-integrated players, large and established traders and distributors.

In Q1 2021, the Group's total revenue was Dh 14.3 billion (Q1 2020: Dh 12.3 billion), its EBITDA was Dh 5.3 billion (Q1 2020: Dh 3.3 billion) and its net profit/(loss) for the period was Dh 1.9 billion (Q1 2020: Dh (2.6) billion). In FY 2020, the Group's total revenue was Dh 56.2 billion (FY 2019: Dh 54.1 billion), its EBITDA was Dh 18.7 billion (FY 2019: Dh 15.3 billion) and its net profit for the period was Dh 3.4 billion (FY 2019: Dh 3.0 billion). The Group's total assets were Dh 167.4 billion and Dh 165.3 billion as at 31 March 2021 and 31 December 2020, respectively.

According to the USGS Report of January 2021, approximately 70.4% of the world's largest reserves of phosphate rock are located in Morocco (including Western Sahara, referred to as the Southern Provinces herein), and under Moroccan law, the Group has exclusive access to Morocco's phosphate reserves. All of the Group's mining activities are conducted at open-pit mines. The Group operates ten phosphate rock mines at three locations in central Morocco (six at Khouribga, three at Gantour (Ben Guerir and Youssoufia) and one in the Southern Provinces (Boucraâ)), with a combined annual production capacity of 46.6 million tonnes per year as at 31 December 2020. The average P_2O_5 content of the phosphate rock currently mined by the Group is approximately 30.5%, based on IFA estimates.

The Group operates processing plants in two locations on the Atlantic coast in central Morocco: Jorf Lasfar, which receives phosphate rock principally from the mines at Khouribga; and Safi, which receives phosphate rock principally from the mines at Gantour.

- At the Jorf Lasfar site, the Group operates a number of facilities that have a total nominal production capacity of 10.8 million tonnes of fertilisers and 6.2 million tonnes of phosphoric acid per year, including the nominal production capacity of its joint ventures IMACID and PMP, which have a combined production capacity of 0.9 million tonnes of phosphoric acid per year, and EMAPHOS, which has a production capacity of 0.14 million tonnes of purified phosphoric acid per year.

- At the Safi site, the Group's facilities have a nominal production capacity of 1.5 million tonnes of phosphoric acid, 0.8 million tonnes of TSP and 0.2 million tonnes of feed phosphate products per year.

The Group has also entered into production joint ventures and has direct or indirect interests in processing plants in Belgium, Brazil, France, India, Spain and the United States.

The Group is currently able to export phosphate rock from the ports of Casablanca, Jorf Lasfar and Safi, as well as the wharf at Laâyoune, phosphoric acid and phosphate-based fertilisers from the ports of Jorf Lasfar and Safi, and feed phosphate products from the port of Safi.

The following summarises the Group's principal operations and reserves in Morocco as at 31 December 2020.

(*) Total Moroccan phosphate reserves according to the USGS Mineral Commodities Summaries (January 2021).

Strengths

The Group believes that its principal strengths and competitive advantages include the following:

A Global Leader across the Phosphate Value Chain

The Group is the largest producer of phosphate rock and phosphoric acid, and one of the largest producers of phosphate-based fertilisers (DAP, MAP and TSP), globally (by volume), based on management estimates derived from company information and publicly available data of competitors as of 31 December 2020. The Group has leading positions in production and trade volumes across the phosphate value chain. As at 31 December 2020, the Group had annual production capacity of phosphate rock, phosphoric acid and fertilisers of 46.6 million tonnes, 7.7 million tonnes of P2O5 and 12.0 million tonnes, respectively. In 2019, the Group accounted for approximately 32%, 44% and 23% of the global phosphate rock, phosphoric acid and phosphate-based fertiliser trade, respectively, according to IFA. The Group believes its vertically-integrated business model across the phosphate value chain provides flexibility in optimising its product mix between phosphate rock, phosphoric acid and fertilisers, which allows it to maximise margins and optimise capacity utilisation according to demand. In addition, the Group benefits from the substantial industry expertise and experience gained during its past 100 years of phosphate production.

Large and Quality Reserve Base which Constitutes a Natural Barrier to Entry

According to the USGS Mineral Commodities Summaries published in January 2021, Morocco (including the Western Sahara, or the Southern Provinces as referred herein) has the largest phosphate rock reserves in the world with 50 billion tonnes (approximately 70.4% of estimated world total reserves). The average P_2O_5 content of the phosphate rock currently mined by the Group is approximately 30.5%, based on IFA estimates (for 2019). With exclusive access to Morocco's phosphate reserves, the Group estimates its economically exploitable reserves is sufficient to cover several hundreds of years of global phosphates consumption (at current consumption levels).

The Group believes it is one of the lowest cost producers of phosphate rock in the industry, which it is able to maintain due to its exclusive access to large phosphate rock reserves, high grade P_2O_5 quality and low extraction costs. Fertiliser producers that do not have access to their own phosphate rock reserves tend to have higher production costs. Those producers experience significant difficulties when the phosphate rock market price increases faster than the prices of their output products. Tight or negative margins in this case may push those producers to reduce or stop production. Lack of access to phosphate rock reserves, in addition to high capital investments required, significant infrastructure facilities and lack of technical know-how, act as a significant barrier to entry for any producer seeking to enter the market on a significant scale and compete with the Group in relation to sales of phosphate rock, phosphoric acid and phosphate- based fertilisers.

Low-Cost Position in Phosphate Rock and Phosphate-Based Fertilisers

The Group believes that it is one of the lowest cost producers of phosphate rock in the industry, primarily due to:

(i) Access to high-quality phosphate rock reserves from mined open-pit sites with close proximity to ports, which lowers processing and production costs;

(ii) Having a strategic geographic position with access to efficient shipping routes in terms of freight costs and time of delivery to key export markets;

(iii) Since April 2014, the Group has operated a slurry pipeline to transport phosphate rock from Khouribga to Jorf Lasfar, which is another factor contributing to its cash cost leadership. In addition, the majority of the Group's mining operations, chemical plants and port operations are concentrated in a relatively small area in central Morocco, which allows the Group to benefit from operational synergies as well as economies of scale.

Balanced Product Portfolio and International Footprint

The Group is present in all segments of the phosphate value chain, from the extraction of phosphate rock and the production of phosphoric acid to the production of phosphate-based fertilisers. Apart from purchases of sulphur and ammonia (and to a lesser extent sulphuric acid, potash and micronutrients) from third-parties, the Group is self-sufficient in all three segments. The Group believes its vertically-integrated business model across the phosphate value chain provides flexibility in optimising its product mix between phosphate rock, phosphoric acid and fertilisers, which allows it to maximise margins and optimise capacity utilisation according to demand. This was visible for example in between 2019 and 2020 when the Group’s export volumes for phosphoric acid and fertilisers fluctuated based on market dynamics, in particular relating to market dynamics in India. Export volumes for phosphoric acid and fertilisers amounted to 0.98 million tonnes (P2O5) and 0.11 million tonnes, respectively in 2019 whereas for 2020, such volumes amounted to 0.83 million tonnes (P2O5) and 1.45 million tonnes, respectively.

The Group is present in all major markets and its customer base comprises over 350 customers on all five continents. The Group is, therefore, able to mitigate decreases in sales in regions where there is poor demand by shifting sales to other regions, which creates a natural hedge against adverse events in any given market or region. For 2020, the Group's largest single customer accounted for 5.4% of the Group's export sales and, accordingly, the Group is not dependent on any single customer. In addition, the Group's export sales are balanced between Latin America, Europe, India, Africa, North America and Asia, which accounted for 25.7%, 25.3%, 13.5%, 13.5%, 11.7% and 9.5% of total export sales in 2019, respectively, and 31.6%, 24.3%, 19.7%, 11.4%, 6.3% and 6% of total export sales in 2020, respectively. As a result, the Group believes it is able to both reduce its exposure to adverse events and increase its sales where favourable conditions prevail, which, in turn, allows the Group to seek higher profitability margins. The location of the Group's operations in Morocco also gives the Group a competitive advantage in terms of time to market as compared to its main competitors, especially when combined with low-cost transportation in certain key export markets, including South America, Europe, West Africa and the United States.

Growth Industry, Underpinned by Sustainable Long-Term Trends

Given P_2O_5's role as an essential soil nutrient in agricultural production, the Group believes that it is well positioned to benefit from the strong fundamentals of the global agricultural industry, which, to a large extent, are driven by:

- Population growth;
- A reduction in available arable land per capita; and
- An increase in consumption of meat and dairy in emerging markets.

According to IFA, global phosphate fertiliser demand is projected to increase at a compound annual growth rate ("**CAGR**") of 0.7% per year from 2019 to 2024. This estimate from IFA already reflects the impact of COVID-19 on the global consumption. The Group believes that the long-term growth in demand for fertilisers will principally be driven by the need to increase crop production primarily due to the world's growing population, which is projected to increase to 9.7 billion people by 2050, an increase of around 26% from 2020, according to the United Nations (“**UN**”). In addition, in light of the expected growth of the world's population and the expected reduction of available arable land per capita stemming in part from increased urbanisation and industrialisation, the area of arable land per capita decreased from 0.38 ha in 1970 to 0.23 ha in 2000, with a projected decline to 0.15 per capita by 2050, according to the FAO. As a result of the limited ability to expand the existing stock of arable land, it will be necessary to increase yields on the existing fields to improve crop yields and meet future anticipated demand for food, which in turn is expected to increase demand for fertilisers, according to the FAO. Accordingly, the FAO estimates that an increase of approximately 80% in global crop production will be required by 2050 to meet global food demand.

In addition, an increase in per capita income, especially in emerging markets, such as Brazil, China and India, is leading to changes in dietary habits. According to the FAO, by 2029 world meat consumption is projected to grow by slightly more than 1% compared to the base period (average 2017-2019).Because population and its growth level in developing regions is higher, the overall growth in the volume of meat consumption is expected to be approximately five times that of developed countries according to the same source. Higher consumption of meat results in increased demand for fertilisers (due to higher demand for crops used as feed for livestock) and feed phosphate products.

Strong Financial Position and Flexible Investment Programme to Further Improve the Group's Cost Position

As described in more detail in "*—Strategy—Improve Efficiency and Increase Industrial Capacity*" below, the Group is pursuing its Capital Expenditure Programme between 2008 and 2030, which the Group believes will improve its operating performance and help the Group strengthen its positions across the phosphate value chain. The Group has structured the Capital Expenditure Programme in various phases to 2030, allowing the Group significant flexibility in developing the programme according to the Group's cash position and market conditions. The Group also expects the Capital Expenditure Programme to further lower its cost position and increase the Group's profitability over the medium- to long-term, based on management’s assessment.

The Group's low production cost has enabled it to preserve margins and maintain positive cash flow generation, even in periods of sustained low phosphate rock and fertiliser prices. The Group has a cautious approach to liquidity with significant undrawn lines of credit available to it. The Group's net financial debt has generally increased in recent years, from Dh 35.2 billion as at 31 December 2018 to Dh 52.3 billion as at 31 December 2020, as the Group invested in its Capital Expenditure Programme.

When and if completed, the projects that are the subject of the Capital Expenditure Programme are expected to improve the Group's operating performance and help the Group strengthen its position across the phosphate value chain.

The Group is targeting its leverage ratios at a level consistent with a standalone investment grade credit rating, with a maximum target net financial debt to EBITDA ratio of 2.5x (currently 2.99x).

Highly Experienced Management Team

The Group has a strong and experienced senior management team, who have a detailed knowledge of, and experience in, the fertiliser industry and provides the Group with the skills and expertise required to implement its strategy and Capital Expenditure Programme. The Group's senior management team combines extensive industry and marketing experience with financial and management expertise. In addition, in 2008 the Group has undergone major structural changes, from the *Office Chérifien des Phosphates*, a state-owned organisation earning royalties based on volume, to becoming a joint stock company (*société anonyme*) with a new governance structure and a decentralized, more flexible and profit-driven organisation.

Strategy

The Group's goal is to strengthen its position as a leading integrated phosphate producer and maintain flexible positioning across the value chain, by focusing on the following priorities:

Improve Efficiency and Increase Industrial Capacity

In view of the growth in global demand for fertilisers and the Group's competitive position, OCP has embarked, since 2008, on a major investment program aimed at anticipating growth in future demand and strengthening its leading position across the value chain. The first phase of the Capital Expenditure Programme focused on strengthening production capacity, aimed at doubling mining capacities and tripling processing capacities. The Group also made significant investments aimed at transforming the logistics chain through the use of the slurry pipeline technology, as well as increasing its operational and environmental efficiency. See "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Capital* Expenditures". These investments are a first step towards the Group's ambition to give itself the means to capture 50% of the increase in demand for phosphate fertilisers on a global scale, while ensuring a balanced presence on the three main links of the value chain.

In the second phase of the Capital Expenditure Programme, the Group is targeting an increase in rock production of up to 20 million tonnes by 2030, through the development of new mines and the expansion of existing ones.

The Group is also planning to increase its production capacity for fertilisers and phosphoric acid in its different sites, through several phases:

- In 2020, the Group's fertiliser and rock production capacity was 12 million tonnes and 46 million tonnes, respectively, compared to 4 million tonnes and 30 million tonnes in 2007. Port capacity also increased from 30 million tonnes in 2007 to 50 million tonnes in 2017.

- By 2023, the Group intends to increase its fertiliser capacity by 3 million tonnes as a result of the addition of 3 granulation units of one million tonnes each, to be commissioned starting from the end of 2023/early 2024. These lines will benefit from phosphoric acid coming from Line F and from the freed-up capacity from efficiency programs (where construction has already started).

- Between 2024 and 2030, the Group plans to add between 3 and 5 million tons of customized phosphate fertiliser.

These planned capacity increases of the Group's Capital Expenditure Programme are expected to help the Group strengthen its position across the phosphate value chain. Based on current plans, the total estimated costs of the Capital Expenditure Program since its launch in 2008 to 2030 are approximately U.S.$[1] 20 billion (Dh 190 billion), with approximately U.S.$ 8 billion (Dh 74 billion) incurred between 2008 and 2020, and the remainder intended to be spent during the 2021-2030 period. The costs of the Capital Expenditure Programme are expected to be funded from internally-generated cash flows, existing and future external financings and the proceeds of the Notes. See "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Capital Expenditures*".

Moreover, OCP aims to continue its development in Africa, which is the region expected to experience the highest growth in the world in terms of fertiliser demand over the next few years according to IFA. OCP is expected to continue to increase sales in the continent and has committed to invest in new

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[1] For convenience, figures expressed in U.S.$ in this paragraph have been translated into U.S.$ at the average Dh/U.S.$ exchange rate for the year ended 31 December 2020 as published by the Central Bank, which was Dh 9.4968 per U.S.$1.00. Such translation is not reflective of a translation in accordance with IFRS and it should not be construed as a representation that the Dh amounts have been or could be converted into U.S. Dollars at this rate or any other rate.

capacities in Africa (e.g. Ethiopia, Nigeria and Ghana). See also "*—Phosphoric Acid and Phosphate-Based Fertilisers—Production Facilities—Other sites and projects*".

Reinforce Cost Leadership

The Group believes that it is one of the lowest cost producers of phosphate rock in the industry. As part of its strategy, the Group is actively engaged in improving the efficiency and the reduction of the unit cost of its operations, in particular, its mining and transportation activities, through the adoption of new technologies, processes and procedures. For example, since 2014, the use of the slurry pipeline instead of rail for conveying phosphate rock significantly reduces the Group's logistics costs. Furthermore, the development of the Jorf Phosphate Hub allows the Group to increase its capacity production levels while achieving significant economies of scale by leveraging existing platforms and centralizing some of the industrial operations.

Increase Commercial Agility and Industrial Flexibility

The Group's Capital Expenditure Programme is designed to increase the flexibility provided by the Group's vertically-integrated upstream, midstream and downstream phosphate operations. By further increasing its capacity across the three links of the phosphate value chain (i.e., phosphate rock, phosphoric acid and fertilisers), the Group believes it will be better able to respond to changes in demand and market conditions. In particular, the Group believes that fertilisers represent a significant growth opportunity within its markets, driven by the development of, and demand for, new products, services and "customised" fertilisers, which in 2020 involved more than 40 different formulas compared to 9 in 2014.

The Group also intends to pursue strategic partnerships focused primarily on achieving synergies with or complementing its existing business, operations and product range, enhancing its position in the value chain. In 2018, the Group established a strategic partnership with Fertinagro Biotech, S.L., a Spanish company specialising in the commercialisation of innovative plant nutrition solutions. This partnership helps the Group progress towards its strategic goal of creating innovative fertilisation solutions, adapted to different soils and crops, and meeting the needs of farmers worldwide. The Group has opened representative offices and subsidiaries in a number of key geographic areas, including, among others, China, Ethiopia, Kenya, Singapore, the United Arab Emirates, the United States, Brazil, India and Argentina. These entities increase the Group's position in finished fertiliser products, globally, and its presence in key markets. The Group is also able to work closely with farmers and support on the ground development of agriculture.

Focus on innovation and the promotion of agricultural best practices

Beyond its phosphate commodity business, the Group aims to be a major global supplier of soil fertility solutions, by developing a portfolio of customised products and services that add value to farmers by addressing new trends and challenges that the agriculture industry is facing, such as the development of digital technologies or an increase in environmental awareness. In order to achieve this objective, the Group is focusing on innovation and technology.

The Group first implemented its approach in Africa, developing customised products, offering extension services and digital tools to better support farming in the region. The strong growth on the African continent affirms the Group's ambition to be a partner in African agriculture and development through its African subsidiary, OCP Africa. The strategy targets a fertiliser product that is better suited to local soils and crops. Specific examples of the Group's strategy include:

- In 2012, the Group launched the Agricultural Caravan project that analyses and maps soil in order to create a decision-making tool to optimise fertiliser use. The Agricultural Caravan project is an initiative of the OCP Foundation in partnership with the ministries of agriculture of host countries and has been a proximity tool used to enable the support and mentoring of farmers. After launching Agricultural Caravan in Togo and Madagascar in 2017, two additional Agricultural Caravans were started in Burkina Faso and Ethiopia in 2018, and one in Rwanda in 2019.

- Through its subsidiary OCP Africa, which is dedicated to developing sustainable agriculture in Africa, the Group works with farmers, as part of its OCP School Lab initiative which provides farmers with a mobile classroom that offers awareness training in best agricultural practices for the dominant crops in the relevant region (e.g., cocoa and rice in Côte d'Ivoire and corn in Kenya). The OCP School Lab also offers soil analysis which uses technology to determine the best product, soil and crop for use in the relevant region. In 2019, over 350,000 farmers benefited from OCP Africa assistance in Kenya, Nigeria, Ghana, Togo, Burkina Faso, Senegal, Côte d'Ivoire and Tanzania.

- The Group is deploying an Agribooster program, on the African continent, which consists of offering a package of products and services to farms that include technical assistance, training, provision of inputs, financial/credit services, and access to the market for the sale of crops. Over 55,000 farmers have benefited from the Agribooster program since it began in 2016, including 51,000 farmers in 2018 in Côte d'Ivoire, Nigeria, Kenya, Guinea, Togo, Nigeria, Ghana, Kenya, and Burkina Faso.

- In 2018, 170 Moroccan cooperatives have been supported the "Al Moutmir Initiative" which seeks to bring the Group's soil and crop expertise to Moroccan farmers. The initiative includes new municipalities, new crop types, and new resources created through Act4Farmers movement, which mobilises OCP volunteers, and the implementation of agri-platforms for raising awareness and training, the "Al Moutmir Li Khadamat Al Qorb" initiative, which includes a mobile soil analysis laboratory operating in various provinces in Morocco, as well as the experimental farming program "Agri-platforms", which is used for training and sharing agricultural best practices. There are 1,000 demonstration platforms currently planned for the Agri-platforms initiative. In all, 30 agronomists will be permanently deployed across 20 provinces and will work daily with the farmers, providing training, demonstrations, monitoring and support. This initiative also includes a wide range of services and tools integrating innovative production units (such as smart blenders), mobile applications, a call centre, sensors and connected devices to collect and analyse data.

The Group's innovative soil farmer solutions strategy is currently being rolled out globally, with initiatives in many countries, including Brazil and the United States. The Group's efforts reflect the awareness of importance and sustainable and intelligent agriculture. The Group intends to develop and implement innovative solutions that meet the needs of the market and farmers, but offering tailor-made and integrated solutions, increasingly adapted fertiliser formulations and other phosphate products. For example:

- The Group established a joint venture with Fertinagro Biotech, for the production of high value-added fertilisers (enhanced NPK, biostimulants, etc.) in Jorf Lasfar. The joint venture seeks to offer advanced solutions based on combining industrial flexibility and competitiveness with innovation and agronomic services for farmers. The joint-venture operates a steam blending and granulation industrial unit, with a total annual capacity of 250 Kts. It is characterized by high flexibility to produce a nearly unlimited number of specialty products NPK++, NP++, PK++, improved by five advanced technologies of high efficiency fertilisers: Duramon (N slow release), Protect (P slow release in alkaline soils), Multiphos (P slow release in Acidic soils), Actibion (Soil microorganisms stimulant), SOP (high soluble K). The customised products and services portfolio along with the AgroVIP farmer-oriented program has reached approximately 430,000 farmers with the help of 250 agronomists.

- The Group integrates R&D into its industrial value chain through the assistance of researchers, engineers and technicians. In 2018 the Group developed new fertiliser formulas and began conducting agronomic tests to on the performance of the fertilisers. The Group's innovative practices have evolved considerably in recent years, for example with the successful development of new fertiliser formulas (enriched liquid fertilisers, nitrogen-enriched TSP, Phosfeeds, and soluble fertilisers). The Group has key partnerships with SMEs, start-ups, research centres, and certain innovation communities and collaborates with Mohammed VI Polytechnic University. As a result of the Group's R&D, the Group has produced more than 40 different customized NPK formulas.

The Group's focus on innovation is also reflected in the design of the second phase of the Capital Expenditure Programme by:

- Increasing flexibility: Shifting from building standard phosphate-based fertiliser production units to more flexible units which will allow the Group to increase production to higher value-added products and to offer more formulas and solutions to its customers; and

- Be more dynamic: The Group intends to increase the agility of its design process, allowing the programme to be optimised to meet new developments as they arise.

Further diversify the Group's portfolio from standard phosphate commodities

As part of its strategy, the Group is actively engaged in sustainably valuing all the underlying possibilities within its resources and capabilities. OCP has adopted a balanced approach of exploiting mature projects with high potential value along with exploring products, services and technologies which could enable the Group to have a competitive edge in any existing or new market. The Group is focused on improving the way it leverages its reserves and improving the way it leverages its capabilities and human capital, as well as developing new businesses and services involving technology-based expertise, engineering, consulting and analytics and maintenance and machinery.

The development of Phosphate-based specialty products beyond the agricultural market would allow the Group to diversify into more value-added products, such as feeds and entrants for chemical industries. In 1998, OCP began producing purified phosphoric, a high grade phosphoric acid, through EMAPHOS, a joint venture with Prayon and Budenheim. In 2021, OCP and its joint venture partners decided to double their PPA capacity and launch the construction of a second PPA unit EMAPHOS II. However, PPA is only the first step upstream in the industrial phosphates value chain. This value chain also includes Industrial Phosphate salts, which comprise a wide range of phosphate products with applications in the food, pharmaceutical and industrial sectors. Phosphate is also used in other niche applications, such as batteries, which have generated additional attention following Tesla's 2020 announcement to develop phosphate-based batteries. The Group could also consider downstream integration into more value-added products and growing markets.

Beyond phosphate, Moroccan rock contains different elements that can be recovered along the value chain, such as fluorine, rare earths and vanadium. For example, fluorine can be recovered from FSA, a by-product of phosphoric acid. It can be monetised by selling it directly or transforming it into a high margin product such as CaF_2, HF or other downstream products. Also, the Group is exploring innovative options for monetisation of phosphogypsum, such as applications for agriculture and construction materials. These potential monetisation opportunities provide an opportunity for the Group to diversify its portfolio and sustainably manage its wastes.

Achieve sustainable growth

Sustainability and innovation remain at the heart of the Group's strategic priorities. OCP believes that it is favourably placed to broaden its sustainability strategy, including further developments in the renewable energy sector as a result of a number of factors:

- The Group already generates electricity (~2.8 TWh in 2019) from existing facilities and has experience operating power plants, and this generation capacity and experience could provide a base to support the intermittent use of renewable energy.

- The Group has "ready-to-use" land close to its production sites with high solar irradiation and significant PV potential and the Group could benefit from Morocco's considerable renewable energy potential.

- The Group has substantial requirements for both electricity (4 TWh in 2019, i.e. 10% of the national consumption) and ammonia (NH_3 consumption reached ~1.6 MT in 2019, i.e. ~10% of the trade market), which provide a significant incentive to develop sustainable energy solutions.

OCP has set up a holistic "Green" vision. This translates into a "Green Energy" program that aims to position the Group as a leader in the green fertiliser market. In line with this, OCP has identified a growth plan to achieve capacity building and to capitalize on the global trend of technology improvement by 2030:

- Internally: achieving a de-carbonized profile, through covering all of the Group's energy needs with renewable sources and 100% of water needs from unconventional sources (mainly desalination).

- Externally: developing a new green product line (green rock & green fertilisers) to promote environmental sustainability, support economic diversity, and achieve the transition to a sustainable ecosystem.

Recent Developments

At the General Meeting of shareholders held on 30 April 2021, the shareholders of OCP Group decided to distribute dividends of Dh 5,125 million (net) in respect of profits distributable for 2020.

The debt arrangements of the Group contain certain financial covenants applicable as long as the Group does not have at least one investment grade rating from any of the three major rating agencies (Fitch, Moody's and S&P). As long as the Group does not have at least one investment grade rating, the Group's agreements with international financial institutions would be required to maintain (a) a ratio of net debt to EBITDA of not more than 4: (i) on 2020, 2021 and 2022 and (ii) not more than 3:1 on 2023 and beyond; and (b) and a debt service coverage ratio of (i) not less than 0.9:1 on 2020 (ii) not less than 1.25:1 on 2021 and 2022 and (iii) not less than 1.5:1 on 2023 and beyond. As at 31 March 2021, the Group is not, and has not been, in breach of any of the financial and other restrictive covenants applicable in its debt arrangements.

On 3 June 2021, the Group entered into a new Dh 3.9 billion loan agreement with Attijariwafa Bank in Morocco to support the Phosboucraa Capital Expenditure Programme. This agreement replaced a similar agreement with Attijariwafa Bank signed in 2019.

The Issuer

The *Office Chérifien des Phosphates*, the first forerunner of the Issuer, was established on 7 August 1920. The *Office Chérifien des Phosphates* became a joint stock company (*société anonyme*) in 2008 and was renamed OCP S.A. The Issuer is 94.12% owned by the Moroccan State. The remaining interests in the Issuer are held by Infra Maroc Capital (2.98%), Prev Invest SA (1.10%), *Société d'Aménagement et de Développement Vert* ("**SADV**") (0.88%), SOCINVEST (0.82%) and *Banque Centrale Populaire S.A.* ("**BCP**") (0.10%). BCP is a major Moroccan bank. Infra Maroc Capital and SOCINVEST are owned by BCP. Prev Invest SA is wholly-owned by RCAR, a major Moroccan pension fund. SADV is wholly-owned by the Issuer. The registered office and principal place of business of the Issuer is 2-4, Rue Al Abtal, Hay Erraha, BP 5196 Casablanca, Morocco, and its telephone number is +212 5 22 23 00 25. The Issuer is incorporated as a joint stock company (*société anonyme*) under the laws of the Kingdom of Morocco and is registered in the Casablanca Commercial Registry under number 40327.

THE OFFERING

The following overview contains basis information about the Notes. It may not contain all information that is important to investors. This overview is indicative only, does not purport to be complete and is qualified in its entirety by the more detailed information appearing elsewhere in this Prospectus. For a more complete understanding of the Notes, please refer to the section of this Prospectus entitled "Terms and Conditions of the Notes". Terms used in this overview and not otherwise defined have the meaning given to them in "Terms and Conditions of the Notes".

2031 Notes...........................	U.S.$750,000,000 principal amount of 3.750% Notes due 2031.
2051 Notes...........................	U.S.$750,000,000 principal amount of 5.125% Notes due 2051.
Interest and Interest Payment Dates	The Notes will bear interest from and including 23 June 2021 2021 at the rate of 3.750% per year, in the case of the 2031 Notes, and 5.125% per year, in the case of the 2051 Notes, payable, in each case, semi-annually in arrear on each of 23 June and 23 December in each year (each an "**Interest Payment Date**"); *provided* that, as described in each case in Condition 6.4, if any such date is not a Business Day (as defined in each case in Condition 6.4), then such payment will be made on the next Business Day. The first payment (representing a full six months' interest) will be made on 23 December 2021.
2031 Notes Maturity Date .	23 June 2031.
2051 Notes Maturity Date .	23 June 2051.
Use of Proceeds..................	The net proceeds of the Offering will be used to (i) finance the purchase by the Issuer of the final aggregate principal amount of the Existing Notes agreed to be purchased pursuant to the Offers (as defined below) and (ii) fund the Capital Expenditure Programme and for general corporate purposes.
Status..................................	The Notes will be direct, unconditional and (subject to the provisions of Condition 4) unsecured obligations of the Issuer and (subject as provided above) rank and will rank *pari passu*, without any preference among themselves, with all other outstanding unsecured and unsubordinated obligations of the Issuer, present and future, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.
Negative Pledge	The terms of the Notes contain a negative pledge provision binding on the Issuer and its subsidiaries as further described in Condition 4.1.
Other covenants	The terms of the Notes contain certain other covenants (including in relation to the delivery of the Issuer's annual and interim consolidated financial statements), as further described in Condition 4.
Taxation; Payment of Additional Amounts	All payments in respect of the Notes by or on behalf of the Issuer shall be made without withholding or deduction for, or on account

	of, any present or future taxes, duties, assessments or governmental charges of whatever nature ("**Taxes**") imposed or levied by or on behalf of a Relevant Jurisdiction (as defined in Condition 8), unless the withholding or deduction of the Taxes is required by law. In that event, the Issuer will (subject to certain exceptions) pay such additional amounts as may be necessary in order that the net amounts received by the Noteholders after the withholding or deduction shall equal the respective amounts which would have been receivable in respect of the Notes in the absence of the withholding or deduction. Under current Moroccan law, withholding tax at the rate of 10% applies on interest on the Notes. However, articles 6.I.C.3º and 45 of the Moroccan tax code (the "**Moroccan Tax Code**") grant an exemption to the withholding tax and that accordingly interest on the Notes will not be subject to withholding tax in Morocco. See "*Taxation—Certain Moroccan Tax Considerations*", "*Terms and Conditions of the Notes—Condition 8*" and "*Risk Factors—Risks Relating to the Notes—The Notes may be subject to withholding tax*".
Residual Maturity Redemption......................	The Notes may be redeemed at the option of the Issuer in whole, but not in part, during the period commencing on (and including) (i) 23 March 2031 to (but excluding) the 2031 Notes Maturity Date, in the case of the 2031 Notes, and (ii) 23 December 2050 to (but excluding) the 2051 Notes Maturity Date, in the case of the 2051 Notes, in each case at their principal amount (together with interest accrued to but excluding the date of redemption).
Redemption for Taxation Reasons.............................	The Notes may be redeemed at the option of the Issuer in whole, but not in part, at any time (subject to certain conditions), at their principal amount (together with interest accrued to but excluding the date of redemption) if: (a) as a result of any change in, or amendment to, the laws or regulations of a Relevant Jurisdiction, or any change in the application or official interpretation of the laws or regulations of a Relevant Jurisdiction, which change or amendment becomes effective after 21 June 2021, on the next Interest Payment Date and the Issuer would be required to pay additional amounts as provided or referred to in Condition 8 beyond the prevailing applicable rates on 21 June 2021; and (b) the requirement cannot be avoided by the Issuer taking reasonable measures available to it.
Redemption at the Option of the Holders upon a Change of Control...........	If a Change of Control occurs (as defined in Condition 7.3), each Noteholder will have a right, at such Noteholder's option, to require the Issuer to redeem in whole (but not in part) such Noteholder's Notes at 101% of their principal amount together with interest accrued to the date of redemption, as further described in Condition 7.3.
Events of Default................	The Notes will be subject to certain Events of Default including (among others) non-payment of principal for a period of seven days,

non-payment of interest for a period of 14 days, failure to perform or observe any of the other obligations in respect of the Notes, cross-default and certain events related to disposals, bankruptcy and insolvency, all as further described in Condition 10. For certain Events of Default a threshold of 5% in aggregate of Notes then outstanding is required to call an Event of Default. See "*Terms and Conditions of the Notes—Condition 10*".

Form, Transfer and Denominations................. Notes offered and sold in reliance upon Regulation S will initially be represented by beneficial interests in the Unrestricted Global Certificate(s) in registered form, without interest coupons attached, which will be delivered to a common depositary and registered in the name of a nominee of a common depositary for Euroclear and Clearstream. Notes offered and sold in reliance upon Rule 144A will initially be represented by beneficial interests in the Restricted Global Certificate(s), in registered form, without interest coupons attached, which will be deposited with the custodian and registered in the name of Cede & Co. as nominee for DTC. Except in limited circumstances, certificates for the Notes will not be issued in exchange for beneficial interests in the Global Certificates. See "*Terms and Conditions of the Notes—Condition 1*".

Interests in the Rule 144A Notes will be subject to certain restrictions on transfer. See "*Transfer Restrictions*". Interests in the Global Certificates will be shown on, and transfers thereof will be effected only through, records maintained by Euroclear and Clearstream, in the case of the Regulation S Notes, and by DTC and its direct and indirect participants, in the case of Rule 144A Notes. Notes will be issued in minimum denominations of U.S.$200,000 and integral multiples of U.S.$1,000 in excess thereof.

Governing Law.................. The Notes, the Agency Agreement and the Deed of Covenant and any non-contractual obligations arising out of or in connection with the Notes, the Agency Agreement and the Deed of Covenant (each as defined in the Conditions), will be governed by, and construed in accordance with, English law subject to compliance with mandatory provisions of Moroccan law relating to the Notes and the rights of Noteholders and the Masse (as defined below).

Concurrent tender offer	On 8 June 2021, the Issuer announced offers to purchase for cash up to U.S.$1,000,000,000 of its U.S.$1,250,000,000 5.625 per cent. Notes due 2024 issued in April 2014 (the "**2024 Notes**") and U.S.$1,000,000,000 4.50 per cent. Notes due 2025 issued in April 2015 (the "**2025 Notes**" and together with the 2024 Notes, the "**Existing Notes**") (such invitations, the "**Offers"**). The early tender deadline for the Offers is expected to be 21 June 2021 (the "**Early Tender Deadline**") and the Offers are expected to expire on 6 July 2021 (the "**Expiration Deadline**"), with settlement of the purchase of Notes validly tendered pursuant to the Offers by the Early Tender Deadline expected to be on or around 23 June 2021 and after the Early Tender Deadline but before the Expiration Deadline expected to be on or around 9 July 2021, unless in each case extended, re-opened, withdrawn, amended or terminated by the Issuer (in its sole discretion). The Offers are subject to the terms and conditions set forth in the tender offer memorandum dated 8 June 2021 prepared by the Issuer. Whether the Issuer will settle the purchase of the Existing Notes pursuant to the Offers is subject (unless such condition is waived by the Issuer in its sole discretion), without limitation, to the successful closing (in the sole determination of the Issuer) of the offering of the Notes pursuant to this Prospectus.
Listing	Application has been made to Euronext Dublin for the Notes to be admitted to the Official List and trading on the regulated market of the Euronext Dublin.
Selling Restrictions	The Notes have not been and will not be registered under the Securities Act or any state securities laws and beneficial interests therein may not be offered or sold within the United States or to, or for the account or benefit of, any U.S.person (as defined in Regulation S under the Securities Act) except to QIBs in reliance upon the exemption from the registration requirements of the Securities Act provided by Rule 144A or otherwise pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. The offer and sale of Notes (or beneficial interests therein) is also subject to restrictions in Morocco, the European Economic Area, the United Kingdom, Hong Kong, Singapore and Switzerland, the United Arab Emirates and the Dubai International Finance Centre. See "*Subscription and Sale*".
2031 Notes Issue Price	99.365% of the principal amount.
2031 Notes Yield................	3.827%.
2051 Notes Issue Price	98.241% of the principal amount.
2051 Notes Yield................	5.242%.
2031 Notes	
Regulation S Notes Security Codes	ISIN: XS2355149316

Common Code.......	235514931
Rule 144A Notes Security Codes....	ISIN: US67091TAD72 CUSIP: 67091TAD7

2051 Notes

Regulation S Notes Security Codes....	ISIN: XS2355172482
Common Code.......	235517248
Rule 144A Notes Security Codes....	ISIN: US67091TAE55 CUSIP: 67091TAE5
Representation of Noteholders......................	There will be no trustee. Under Moroccan law the Noteholders are automatically grouped in a masse endowed with legal personality for the defence of their common interests (the "**Masse**"). The Masse is a separate legal entity acting either through one or more agents (the "**Representatives**") and in part through a general assembly of the Noteholders (the "**General Assembly**") as further described in Condition 13.
Expected Note Rating(s)....	"BB+" by S&P's and "BB+" by Fitch. A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating organisation. Any change in the rating of the Notes could adversely affect the price that a purchaser would be willing to pay for the Notes. As at the date of this Prospectus, S&P is established in the EU and registered under the CRA Regulation. Fitch is established in the UK and registered under the UK CRA Regulation. The rating issued by Fitch has been endorsed by Fitch Ireland in accordance with the CRA Regulation. The rating issued by S&P hasbeen endorsed by S&P UK in accordance with the UK CRA Regulation.
Joint Lead Managers.........	Barclays Bank PLC, BNP Paribas and J.P. Morgan Securities plc.
Fiscal Agent, Paying Agent and Transfer Agent.........	Citibank N.A., London Branch.
Registrar.............................	Citigroup Global Markets Europe AG.

SUMMARY CONSOLIDATED FINANCIAL DATA AND OTHER INFORMATION

The tables below set forth the Group's summary selected consolidated financial data as at and for the three months ended 31 March 2021 and 2020 and the years ended 31 December 2020, 2019 and 2018. The selected financial data has been extracted from the Financial Statements included elsewhere in this Prospectus. For further information, see "Presentation of Financial and Certain Other Information".

The Annual Financial Statements were prepared in accordance with IFRS issued by the IASB as adopted by the European Union and have been audited by EY and Deloitte Audit in accordance with International Standards on Auditing. The Interim Financial Statements have been prepared in accordance with IAS 34 as adopted by the European Union and have been reviewed by EY and Deloitte Audit in accordance with ISRE 2410.

The following tables should be read in conjunction with, and are qualified in their entirety by reference to, the Financial Statements and the related notes, included elsewhere in this Prospectus. Prospective investors should read this section together with the information contained in "Use of Proceeds", "Presentation of Financial and Certain Other Information" and "Management's Discussion and Analysis of Financial Condition and Results of Operations."

Summary Consolidated Statement of Profit and Loss and Comprehensive Income

	First Quarter		Fiscal Year		
	2021	**2020**	**2020**	**2019***	**2018**
	(unaudited)				
			(Dh millions)		
Revenue	14,288	12,270	56,182	54,092	55,906
Production held as inventory	(277)	(54)	(1,633)	1,901	1,728
Purchases consumed	(4,744)	(4,676)	(18,123)	(21,768)	(22,398)
External expenses	(1,856)	(2,152)	(8,224)	(9,738)	(9,780)
Personnel expenses	(2,310)	(2,272)	(9,099)	(9,213)	(8,481)
Taxes	(99)	(111)	(306)	(319)	(288)
Profit (loss) from joint ventures	104	19	342	360	399
Exchange gains and losses on operating receivables and payables	174	331	(435)	(68)	(60)
Other operating income and expenses	58	(8)	(48)	86	49
EBITDA	**5,336**	**3,345**	**18,657**	**15,333**	**17,076**
Amortisation, depreciation and operating provisions	(1,995)	(2,067)	(8,196)	(7,467)	(5,820)
Operating profit before exceptional items	**3,341**	**1,278**	**10,461**	**7,866**	**11,256**
Other non-recurring operating income and expenses	(199)	(3,305)	(4,199)	(1,504)	(1,250)
Operating profit (loss)	**3,142**	**(2,027)**	**6,262**	**6,362**	**10,006**
Cost of gross financial debt	(567)	(639)	(2,437)	(1,988)	(1,865)
Financial income from cash investments	30	115	266	477	299
Cost of net financial debt	**(537)**	**(524)**	**(2,171)**	**(1,511)**	**(1,567)**
Exchange gains and losses on financial receivables and payables	(18)	(915)	645	50	(412)
Other financial income and expenses	(390)	(47)	(449)	(161)	(1,325)
Financial profit (loss)	**(945)**	**(1,485)**	**(1,966)**	**(1,622)**	**(3,304)**
Profit (loss) before tax	**2,197**	**(3,512)**	**4,295**	**4,741**	**6,702**
Corporate income tax	(254)	930	(904)	(1,725)	(1,100)
Net profit (loss) for the period	**1,943**	**(2,582)**	**3,391**	**3,016**	**5,602**
Net profit (loss) Group share	1,924	(2,639)	3,231	2,843	5,425
Net profit (loss) Non-controlling interests	19	57	160	173	178
Actuarial gains or losses	29	155	(301)	(711)	(377)
Taxes	(6)	(31)	61	143	71

Financial assets at fair value by OCI	-	-	-	-	(521)
Items that will not be reclassified to profit or loss	**24**	**124**	**(239)**	**(568)**	**(827)**
Translation differences	(20)	110	(128)	(37)	(13)
Share of gains and losses recognized in equity (CFH variation)	(345)	(1,148)	1,474	(55)	(321)
Taxes	76	254	(336)	12	68
Share of gains and losses recognised in equity on joint ventures	-	-	-	-	13
Items that may be reclassified to profit or loss	**(289)**	**(784)**	**1,010**	**(80)**	**(253)**
Income and expenses for the period, recognized directly in equity	**(266)**	**(659)**	**771**	**(647)**	**(1,080)**
Consolidated comprehensive income	**1,678**	**(3,241)**	**4,162**	**2,368**	**4,522**
Including Group share	1,659	(3,298)	4,002	2,195	4,344
Including non-controlling interests' share	19	57	160	173	178

*The Group has applied IFRS 16 “Leases” since 1 January 2019 and 2018 figures have not been adjusted.

Summary Consolidated Statement of Financial Position

	First Quarter	Fiscal Year		
	2021	**2020**	**2019**	**2018**
	(unaudited)			
	(Dh millions)			
ASSETS				
Current assets				
Cash and cash equivalents	7,014	6,428	13,487	17,141
Cash financial assets	4	7	573	5,654
Inventories	13,280	13,552	14,996	13,213
Trade receivables	9,256	8,657	8,142	10,279
Current tax receivables	106	11	39	34
Other current assets	18,603	17,678	15,085	9,348
Total current assets	**48,263**	**46,333**	**52,323**	**55,669**
Non-current assets				
Non-current financial assets	1,265	1,119	1,021	872
Investments in equity accounted companies	5,368	5,286	3,882	3,802
Deferred tax assets	700	620	79	16
Property, plant and equipment	109,587	109,493	108,464	101,589
Intangible assets	2,237	2,476	1,095	510
Total non-current assets	**119,156**	**118,994**	**114,542**	**106,788**
TOTAL ASSETS	**167,424**	**165,326**	**166,864**	**162,458**
LIABILITIES				
Current liabilities				
Current loans and financial debts	12,157	11,795	7,267	7,123
Current provisions	475	448	353	328
Trade payables	15,571	15,332	15,010	12,230
Other current liabilities	6,346	5,661	6,383	5,257
Total current liabilities	**34,549**	**33,236**	**29,014**	**24,939**
Non-current liabilities				
Non-current loans and financial debts	46,519	46,964	52,292	50,864
Non-current provisions for employee benefits	5,564	5,646	5,380	4,616
Other non-current provisions	611	591	519	757

	First Quarter	Fiscal Year		
	2021	2020	2019	2018
	(unaudited)			
	(Dh millions)			
Deferred tax liabilities	1,221	1,295	1,031	993
Other non-current liabilities		3		
Total non-current liabilities	**53,914**	**54,500**	**59,223**	**57,230**
EQUITY – GROUP SHARE				
Issued capital	8,288	8,288	8,288	8,288
Paid-in capital	18,698	18,698	18,698	18,698
Consolidated reserves – Group share	48,584	45,927	47,364	46,450
Net profit (loss) – Group share	1,924	3,231	2,842	5,424
SHAREHOLDERS' EQUITY	**77,494**	**76,143**	**77,191**	**78,859**
Non-controlling interests	1,466	1,447	1,436	1,430
TOTAL EQUITY	**78,960**	**77,591**	**78,627**	**80,290**
TOTAL EQUITY AND LIABILITIES	**167,424**	**165,326**	**166,864**	**162,458**

Summary Selected Statement of Cash Flows

	First Quarter		Fiscal Year		
	2021	2020	2020	2019	2018
	(unaudited)				
	(Dh millions)				
Net cash flows from/(used in) operating activities	3,335	(1,626)	9,669	11,996	7,700
Net cash flows used in investing activities	(1,910)	(4,097)	(10,269)	(8,990)	(1,331)
Net cash flows from/(used in) financing activities	(850)	5,977	(6,408)	(6,666)	2,395
Impact of changes in exchange rates on cash and cash equivalents	5	7	(44)	(3)	(12)
Net increase/(decrease) in cash and cash equivalents	580	261	(7,051)	(3,663)	8,752

Other Financial Data

The tables below include certain non-IFRS financial measures, including EBIT, EBITDA and net financial debt, which are not liquidity or performance measures under IFRS, and which the Group considers to be APMs. These APMs are prepared in addition to the figures that are prepared in accordance with IFRS and are not audited. The Group uses APMs to provide additional information to investors and to enhance their understanding of the Group's results. The APMs should be viewed as complementary to, rather than a substitute for, the figures determined according to IFRS. Moreover, these metrics may be defined or calculated differently by other companies, and, as a result, they may not be comparable to similar metrics calculated by the Group's peers.

Non-IFRS Measures

	First Quarter		Fiscal Year		
	2021	2020	2020	2019	2018
	(unaudited)		*(unaudited)*		
	(Dh millions, unless otherwise indicated)				
EBIT[(1)]	3,365	1,320	10,585	7,639	11,505
EBITDA[(1)]	5,336	3,345	18,657	15,333	17,077

	First Quarter		Fiscal Year		
	2021	2020	2020	2019	2018
	(unaudited)		*(unaudited)*		
	(Dh millions, unless otherwise indicated)				
Net financial debt [(2)]	51,658	53,163	52,324	45,499	35,191

(1) The reconciliation of net profit for the period to EBIT and EBITDA is as follows for the periods indicated.

	First Quarter		Fiscal Year		
	2021	2020	2020	2019	2018
	(unaudited)				
	(Dh millions, unless otherwise indicated)				
Net profit (loss) for the period	1,943	(2,582)	3,391	3,016	5,602
Corporate income tax	(254)	930	(904	(1,725)	(1,100)
Financial profit (loss)	(945)	(1,485)	(1,966)	(1,622)	(3,304)
Other non-recurring operating income and expenses	(199)	(3,305)	(4,199)	(1,504)	(1,250)
Non-current depreciation and amortisation[(a)]	(24)	(41)	(125)	227	(248)
EBIT	**3,365**	**1,320**	**10,585**	**7,639**	**11,504**
Current depreciation and amortisation[(a)]	(1,971)	(2,026)	(8,071)	(7,694)	(5,572)
EBITDA	**5,336**	**3,345**	**18,657**	**15,333**	**17,076**

(a) Non-current depreciation and amortisation consists of exceptional depreciation and amortisation of assets. Current depreciation and amortisation consists of depreciation and amortisation of assets in the normal course of business.

(2) The calculation of net financial debt is as follows for the periods indicated.

	First Quarter		Fiscal Year		
	2021	2020	2020	2019	2018
	(unaudited)				
			(Dh millions)		
Total current financial debt	12,157	7,455	11,795	7,267	7,123
Total non-current financial debt	46,519	60,888	46,964	52,292	50,864
Total financial debt	**58,676**	**68,343**	**58,760**	**59,558**	**57,987**
Less:					
Cash and cash equivalents	7,014	13,743	6,428	13,487	17,141
Cash financial assets	4	1,437	7	573	5,654
Net financial debt	**51,658**	**53,163**	**52,324**	**45,499**	**35,191**

Other Metrics

	First Quarter		Fiscal Year		
	2021	2020	2020	2019	2018
	(unaudited)				
	(Dh millions, unless otherwise indicated)				
EBIT/Interest expense(1) (*x*)	(6)	(2)	(4)	(4)	(6)
Capitalisation (2)	137,636	143,409	136,350	138,186	138,276
Net capitalisation(3)	130,618	128,229	129,915	124,126	115,481
Net financial debt/ EBITDA(4) (*x*)	NA	NA	2.8	3.0	2.1
Debt/Equity (5) (*x*)	0.7	0.9	0.8	0.8	0.7
Current liquidity(6) (*x*)	1.4	1.8	1.4	1.8	2.2

(1) Calculated as EBIT divided by the Group's interest expense for the given period.
(2) Capitalisation is total financial debt plus equity.
(3) Net capitalisation is net financial debt plus equity.
(4) Calculated as net financial debt at period end divided by the Group's EBITDA for the given period.
(5) Debt/Equity is total financial debt divided by equity.
(6) Current liquidity is current assets divided by current liabilities.

	As at 31 March 2021
	(unaudited)
	(Dh millions)
Cash and cash equivalents	7,014
Cash financial assets	4
Current financial debt	
Guaranteed(1)	63
Current bank debt	10,056
Other current financial debt	2,040
Total current financial debt	12,157
Non-current financial debt	
Guaranteed(1)	237
Non-current bank debt	17,493
Bonds issued	25,384
Other non-current debt	3,405
Total non-current financial debt	46,519

	As at 31 March 2021 *(unaudited)*
	(Dh millions)
Total financial debt	58,676
Share capital	8,288
Paid-in capital	18,698
Consolidated reserves	48,585
Net profit-group share	1,924
Non-controlling interests	1,466
Total equity	78,960
Total capitalisation	137,636

(1) Consists of sovereign guaranteed bank loans.

RISK FACTORS

The purchase of Notes involves substantial risks and is suitable only for, and should be made only by, investors that are fully familiar with the Group in general and that have such other knowledge and experience in financial and business matters as may enable them to evaluate the risks and the merits of an investment in the Notes. Prior to making an investment decision, prospective investors should consider carefully, in light of their own financial circumstances and investment objectives, all the information set forth herein and, in particular, the risk factors set forth below.

The Issuer believes that the risk factors described below represent the principal risks in relation to the Group and the Notes. Prospective investors should, however, note that there may be additional risks and uncertainties that the Issuer currently considers immaterial or of which the Issuer is currently unaware, and any of these risks and uncertainties could have similar effects as those set forth below or other adverse effects. Prospective purchasers of Notes should make such inquiries as they think appropriate regarding the Group and the Notes without relying on the Issuer or the Joint Lead Managers.

Risks Relating to the Phosphates and Fertiliser Industry

The Group is exposed to fluctuating prices of phosphate-based fertiliser and other phosphate-based products.

The Group is a vertically integrated fertiliser company involved in the extraction, production and commercialisation of phosphate rock, phosphoric acid and phosphate-based fertilisers. The prices of phosphate rock, phosphoric acid and phosphate-based fertilisers are affected by supply and demand, both globally and regionally, and depend on a variety of factors external to the Group, over which the Group has no control. Factors that tend to impact prices of the Group's phosphate-based products include, among others:

- changes in the global economy and/or regional economies, significant global or regional political events and financial market conditions, including the potential negative impact of COVID-19 on global economic growth;
- changes in the global or regional supply of, and/or demand for, fertilisers and related changes in expectations of future supply and demand;
- changes in the global supply of, and/or demand for raw materials required to make phosphoric acid and phosphate-based fertilisers;
- changes to the agricultural sector as described further in "—*The Group's business depends in large part on the demand from the agricultural sector and is significantly affected by trends influencing the* agricultural sector generally");
- changes in inventory levels by wholesalers and distributors, who typically have significant storage capacity to account for seasonal variations, and can take advantage of low market prices or may be affected by local demand levels;
- movements in U.S. dollar- and Euro-related exchange rates;
- consolidation in the phosphate-based fertiliser industry generally; and

- government regulations and regulatory actions, including tariffs, quotas, customs duties, taxation, embargos and warehousing rules.

In addition, the fertiliser industry has historically been cyclical in nature, which normally results in fluctuations in prices for the Group's products. The international market for fertilisers and other phosphate-derived products has been and is expected to continue to be affected by periodic imbalances of supply and demand. Periods of high demand, high capacity utilisation and increasing profit margins tend to result in new plant investment and increased production, thereby causing supply to exceed demand and prices and capacity utilisation to subsequently decline. The resulting reduced prices then generally lead to restricted investment thereby initiating a new cycle. As a result, fertiliser prices and volumes have been, and are expected to continue to be, volatile.

For example, the previous cycle is generally considered to have started between 2010 and 2011, with the DAP FOB Tampa index peaking at approximately U.S.$659 per tonne in August 2011. The high demand and prices experienced during this period led to major investments in capacity, which started to become operational between 2015 and 2020. As a result of the excess supply created by the investments, prices were generally low between 2015 and 2020, reaching U.S.$260 per tonne on average in December 2019. From mid-2020, delayed planned additional capacities combined with stronger demand fundamentals has led to a recovery in prices and the initiation of a new cycle, with prices exceeding U.S.$500 per tonne in early 2021.

This price and volume volatility may cause the Group's results of operations to fluctuate and potentially deteriorate. The price at which the Group sells its products and its sales volumes could fall in the event of industry oversupply conditions, which could have a material adverse effect on the Group's business, results of operations and financial condition. In addition, high prices for the Group's fertiliser products may lead the Group's customers to delay purchasing decisions in anticipation of future lower prices, which could, in turn, negatively impact the Group's sales volumes. Accordingly, the cyclical nature of the fertiliser global industry, and volatility in prices for the Group's products, has had and may continue to have a material adverse effect on the Group's business, results of operations and financial condition.

The Group's business depends in large part on the demand from the agricultural sector and is significantly affected by trends influencing the agricultural sector generally.

The principal use for the Group's products is, directly or indirectly, in agriculture as a fertiliser for crops. A decline in the demand for fertiliser and in fertiliser prices due to developments affecting the agricultural industries in the Group's major export markets (including markets in South America, North America, Asia and Europe) have in the past adversely affected, and may in the future adversely affect, the Group's business, results of operations and financial condition.

Farmers' decisions about the application rate for each fertiliser, or to forego application of a fertiliser, particularly phosphate, vary from year to year depending on a number of factors, including, among others, crop prices, fertiliser and other crop input costs or the level of the fertiliser remaining in the soil following the previous harvest. For example, lower agricultural product prices may result in reduced production of agricultural products, which could decrease the demand for fertilisers and result in downward pressure on fertiliser prices. Movements in commodity crop prices also affect the Group's results, and which may result not only in reduced sales but also in competitive price pressure in certain markets when commodity crop prices are depressed. This variability in application rates can materially accentuate the cyclicality in prices for the Group's products and sales volumes

In addition, the replacement of fertiliser application with other products or enhanced agricultural techniques aimed at improving crop yield could result in a decline in fertiliser demand and prices.

Competition within the phosphate industry may also be impacted by access to the latest technology for the extraction and treatment of phosphates. There is no guarantee that the Group will have access to future technological advances and, as a result, technological advances unavailable to the Group may have a material adverse effect on the Group's business, results of operations and financial condition.

The agricultural sector is also heavily influenced by local weather conditions. Significant deviations from the typical weather patterns of a given region, variations in local climates or major weather-related disasters may reduce demand for the Group's fertilisers, particularly in the short-term, if agricultural products or the land on which they grow are damaged or if such deviations, variations or disasters reduce the income of growers and, accordingly, their ability to purchase the Group's products. The effect of adverse weather conditions, in particular, can be significant and result in delays or intermittent disruptions during the planting and growing seasons, which may, in turn, cause agricultural customers to reduce their use of fertilisers or change the timing of their use of fertilisers. For example, between late 2018 and early 2019, the U.S. agriculture industry was impacted by adverse weather conditions for three consecutive seasons, resulting in reduced demand from farmers in the United States, which led to a decrease in regional prices compared to other regions. Similarly, adverse weather conditions that occur following a harvest may delay or eliminate appropriate opportunities to apply fertiliser in the autumn in certain regions. Adverse weather conditions may also have an adverse effect on crop yields, which, in turn, lowers the income of growers and may reduce their ability to purchase fertilisers. For example, according to the IFA estimates, global fertiliser use increased by 2.0 per cent. to 193.5 million tonnes of nutrients (N, P and K) in 2020/2021 as compared to 2019/2020 due to normal weather conditions across the world. This represents an overall increase in global fertiliser use compared to the decline in 2018/2019 due to adverse weather conditions across the world and the resulting significant drop in U.S. fertiliser use. Furthermore, the impact of potential climate change, including on weather conditions, rainfall patterns, local water shortages, rising sea levels, changing storm patterns and changing temperature levels, remains uncertain.

A decline or changes in agricultural production, particularly in one or more of the Group's major export markets, due to these or other factors could result in decreased demand and prices for the Group's fertilisers, which could have a material adverse effect on the Group's business, results of operations and financial condition.

The recent coronavirus (COVID-19) pandemic has led to significant volatility in financial, commodities and other markets.

In December 2019, the emergence of a new strain of the coronavirus (COVID-19) was reported in Wuhan, Hubei Province, China that has subsequently spread throughout the world. On January 30, 2020, the World Health Organization declared COVID-19 a public health emergency of international concern and on March 11, 2020 the World Health Organization declared COVID-19 a global pandemic. The COVID-19 outbreak has had and is continuing having a significant short-term adverse impact on the global economy, including sharp reductions in GDP and financial and commodity markets. Although to date, as an essential service, the global agricultural sector (which drives demand for fertilisers) has been somewhat less impacted by COVID-19-related restrictions, there was a degree of slowdown in a number of regions and there can be no assurance that there would be no future negative impact on the medium and the long-term performance of the Group.

The global economic outlook is facing uncertainty due to the current COVID-19 pandemic. According to the International Monetary Fund ("**IMF**") World Economic Outlook (April 2021), the global economy was estimated to have contracted by 3.3% in 2020, while growth in a number of the Group's markets including the United States, the Eurozone, and Latin America is estimated to have declined by 3.5%, 6.6% and 7.0% in 2020, respectively. Growth in India is estimated to have fallen by 8.0% in 2020 from a 4.2% growth rate in 2019. In its World Economic Outlook Update, the International Monetary Fund ("**IMF**") notes that although the global economy is projected to grow by 6 per cent. in 2021, due largely to progress with vaccination programs and additional government support in certain large economies, future developments will depend on the path of the pandemic and the global response, including whether new variants of COVID-19 prove resistant to vaccines, governmental actions to mitigate economic damage, as well as the capacity of the global economy to adapt. (Source: *The World Economic Outlook, Managing Divergent Recoveries, April 2021, The IMF, 23 March 2021*). Any such decline in economic growth could result in further declines in agricultural commodity prices, currency devaluations, declining feedstock prices and a decline in demand for the Group's products. For example, in Q1 2020, the Group recorded a decrease in sales in Asia as a result of the spread of COVID-19, which forced some units to lower or completely stop their production.

The effects of COVID-19, including any further economic slowdown, could exacerbate other risks faced by the Group as described herein, which may be unpredictable and outside the Group's control. Any of these factors could have a material adverse impact on the Group's business, financial condition, results of operations and prospects.

Government policies and regulations could adversely affect demand and prices for the Group's products.

Government policies and regulations in Morocco and the Group's export markets, as well as in other markets that are significant consumers of products sold by the Group, or markets where key raw materials suppliers of the Group operate, significantly affect the demand and prices for the products sold by the Group including:

- policies and commodity support programmes that provide fertiliser and logistics subsidies;
- export and import duties on fertilisers;
- quotas imposed by governments that limit the amount of phosphate products that may be imported or exported;
- government policies affecting prices of raw materials used in fertiliser production (which may affect the production costs and profitability of fertiliser producers, which, in turn, may result in upward pressure on fertiliser prices);
- environmental and fertiliser-use policies;
- policies affecting trade of agricultural products;
- government regulations imposing restrictions on certain types of phosphate rock, phosphoric acid and fertilisers; and
- other policies such as those restricting the number of hectares that may be planted, requiring particular type of crops to be grown and limiting the use of fertilisers in certain areas or for certain types of agricultural products.

For example, fertiliser demand and prices in India, one of the markets to which the Group exports its products, have historically been heavily dependent on government policies, and the Indian government has provided subsidies to nutrient importers. Government policies can also influence market conditions in markets with indirect government subsidies such as in Europe and the United States, which are also export markets of the Group. In a number of markets, the Group benefits from governmental policies that support the agricultural industry and fertiliser products specifically. International treaties and agreements, including those promulgated by the World Trade Organisation (the "**WTO**"), may also result in reductions in the subsidies available for agricultural producers or in other adverse changes to agricultural state support programmes, which could undermine the growth of, or cause a decline in, demand and prices for fertilisers. There can be no assurance such policies will not be reduced, eliminated or changed to favour other products in the future, which could have an adverse effect on demand for the Group's products.

Certain of the Group's products could also be impacted by the imposition of global trade barriers, such as duties, tariffs and quotas, in one or more of the Group's principal export markets. These trade barriers could affect the demand for the Group's products by effectively increasing the prices for those products, as compared to domestically produced products or limiting the permitted supply of the Group's products in these markets. For example, with effect from 30 November 2020, imports into the United States of certain of the Group's fertiliser products are subject to countervailing duties, currently at a rate of 19.97%, following a pair of related regulatory decisions published by the United States Department of Commerce on 16 February 2021 and by the United States International Trade Commission on 5 April 2021. The regulatory decisions were issued in response to a countervailing duty petition initiated by the Mosaic Company on 26 June 2020.

The Group intends to defend itself vigorously against the countervailing duties assessed as a result of these recent regulatory decisions, including through potential judicial challenges to the duties in the United States Court of International Trade (the "**USCIT**"). On 6 May 2021, OCP filed the summons necessary to preserve its right to appeal these regulatory decisions to the USCIT. On 4 June 2021, OCP filed a complaint in the USCIT appealing the imposition of countervailing duties on U.S. imports of phosphate fertilizers from Morocco. The complaints respectively challenge the final determinations by the U.S. International Trade Commission with respect to injury to the U.S. fertilizer industry and by the U.S. Department of Commerce regarding the applicable duty rate. By approximately 11 June 2021, OCP also intends to oppose the efforts by the Mosaic Company to increase the level of duties that now applies by filing a motion to intervene in the appeal initiated by Mosaic Company.

In addition, a number of the Group's markets have started to adopt regional and national fertiliser standards as well as limitations on the use and application of fertilisers due to concerns about the impact of these products on the environment. For example, in 2019, the European Union passed new regulations which impose limits on the content of cadmium (60 mg/kg P_2O_5) and other heavy metals in fertilisers, which will come into effect in 2022. Although the average cadmium content of the Group's products is currently below these limits, at approximately 45 mg/kg P_2O_5, the European Union will review these regulations in 2026 and there can be no assurance that the European Union or other jurisdictions will not introduce more restrictive cadmium or other limitations on the contents of the Group's fertilisers, which could restrict the Group's ability to export its products or could otherwise give a competitive advantage to the Group's competitors which have deposits with naturally lower levels of cadmium and other heavy metals. For example, in December 2019, the European Commission published an informal communication outlining the European Green Deal for the European Union to combat climate change, protect the environment and promote sustainability. The Commission is elaborating on the Green Deal through a range of initiatives, some of which could potentially impact the Group's exports to the EU. In particular, the Commission has proposed a targeted reduction in nutrient losses (which can pollute the environment and may be caused by improper use of fertilisers) of at least 50% by 2030, through, for example, the more precise application of fertilisers. If implemented, this target is expected to lead to a reduction in fertiliser use by at least 20% within the European Union. Other proposals which could impact the EU fertiliser market include: incentives to expand recycling of nutrients from waste; food labelling that includes nutrition and environmental information; reducing EU dependency on imports of critical raw materials (which includes phosphates) and initiating discussions on an international agreement on the management of natural resources; and additional measures to further reduce soil pollution.

The UN Environment Programme is also preparing a report for adoption in February 2022, an advanced draft of which was published on 22 January 2021, that aims to reduce the impact of pesticides and fertilisers on health and the environment. Although any recommendations will not be binding on UN member states, there can be no assurance that member states will not voluntarily adopt more restrictive regulations or that similar international initiatives will not be launched in the future.

Any such statutory or regulatory changes, or adverse changes in government policies relating to agriculture or fertiliser use, could materially adversely affect fertiliser demand and prices, including demand and prices for fertilisers produced by the Group, which would have a material adverse effect on the Group's business, results of operations and financial condition.

The phosphate and fertiliser market is competitive.

The Group is subject to intense competition from foreign producers. Phosphate rock, phosphoric acid and phosphate-based fertilisers are global commodities. Customers make their purchasing decisions principally on the basis of delivered price, customer service, product quality and time to market. The Group competes with a number of foreign producers, including certain producers that benefit from government support as state-owned or government-subsidised entities. Some of the Group's competitors (such as Ma'aden (Saudi Arabia), PhosAgro (Russia), Mosaic (USA), Jordan Phosphates Mines Company (Jordan), Kailin (China), Wengfu (China) and Yuantianhua (China)) may have competitive advantages similar to, or even superior to, those of the Group, such as control over or access to a low-cost raw materials base or naturally lower levels of certain heavy metals which could give it a competitive advantage in certain jurisdictions, access to low-cost credit, locations close to major suppliers or consumers, strong market reputations and long-standing trade relationships with global market participants. Moreover, certain of such competitors may produce their own sulphur and ammonia, giving such competitors an advantage in terms of price and supply of sulphur and ammonia. The Group's industry has in recent years experienced, and may in the future experience, consolidation of the Group's competitors. For example, the Group experienced a drop in phosphate rock sales in Brazil following the acquisition of Vale Cubatao Fertilizantes by Yara International, a Norwegian chemical company. The consolidation of Potash Corp and Nutrien also resulted in the shutdown of the newly consolidated group's integrated capacities, which resulted in a drop in phosphate rock sales for OCP. In addition, government policies in the countries in which the Group's competitors operate may have an impact on these producers' ability to compete with the Group. For example, from January 2014, the Chinese government significantly reduced the tax paid on certain export sales, which could make exports for Chinese producers more attractive. Furthermore, in certain markets, some of the Group's customers of phosphate rock and phosphoric acid are also the Group's competitors in the phosphate-based fertilisers market. Any failure of the Group to compete successfully could result in the loss of customers, which could, in turn, have a material adverse effect on the Group's business, results of operations and financial condition.

The Group's gross margins and profitability could be negatively affected by lag effects between phosphate-based fertiliser and raw material prices.

During some periods, changes in market prices for raw materials can lead to changes in the global market prices for phosphate-based fertiliser. In particular, the global market prices for phosphate-based fertiliser can be affected by changes in the market prices for sulphur, ammonia, phosphate rock, or phosphoric acid or other raw materials. Increasing market prices for these raw materials tend to put upward pressure on the selling prices for phosphate-based fertiliser, and decreasing market prices for these raw materials tend to put downward pressure on selling prices for phosphate-based fertiliser. When the market prices for these raw materials decline rapidly, the selling prices for the Group's phosphate-based fertiliser can decline more rapidly than the Group is able to consume its raw material inventory that the Group purchased or committed to purchase in the past at higher prices. As a result, the Group's costs may not fall in lockstep with the selling prices of the Group's products. Until the Group is able to pass on the cost impact of higher-priced raw materials, gross margins and profitability can be adversely affected.

The Group is exposed to seasonality, which may result in excess inventory or product shortages.

Fertiliser application periods differ from region to region which may lead to significant fertiliser demand variations through the year. Farmers tend to apply fertilisers during two short application periods, with the largest one taking place in the spring, before planting, and the other in the fall, after harvest. As a result, the strongest demand for the Group's products typically occurs during the spring planting season, with a second period of strong demand following the fall harvest. Therefore, purchasing timing by farmers and distributors could lead to increased seasonality and volatility in demand. If the Group is unable to spread this seasonality throughout the year as a result of the varied export markets in which it operates, the Group's profitability, as well as its working capital and liquidity requirements may be adversely affected. If seasonal demand is less than the Group's projections, the Group may be left with excess inventory and higher working capital and liquidity requirements. The degree of seasonality of the Group's business can change significantly from year-to-year due to conditions affecting the agricultural sector and other factors, including changes in purchasing and import timing, which can vary depending on importers' and consumers' purchasing behaviour. Differences in seasonal demand from the Group's projections could impact the Group's capacity to deal with the increased demand or result in product shortages, and therefore could have a material adverse effect on the Group's business, results of operations and financial condition.

Risks Relating to the Group's Business

Changes in transportation costs and delays in transportation may cause delays and reduced sales volumes.

The Group uses a number of different forms of transportation to move its products and the costs associated with such forms of transportation expose the Group to a number of risks, including in relation to the following:

Transportation Risks

The cost of delivery of the Group's products is a significant factor in the total cost of the Group's products to its customers, as a result, changes in transportation costs or customers' expectations in respect of transportation costs, can affect the Group's sales volumes and prices. The Group regularly enters into cost and freight ("**CFR**") contracts with customers that require the Group to arrange for the transportation of its products directly to the customers or to a port. When the Group enters into a CFR contract, it assumes the risk that its transportation costs will not increase, which can affect the profitability of such contracts. In addition, the Group also enters into free on board ("**FOB**") contracts with customers, whereby the customers are responsible for transport costs. If such costs increase, it may reduce the ability of the Group's customers to purchase its products. If transportation costs negatively affect the Group's sales volumes and prices or its profit margins, this would have a material adverse effect on the Group's business, results of operations and financial condition.

Railway Transportation

Railway transportation is currently the Group's principal means of transporting phosphate rock from its mines to the Group's processing facilities (with the exception of phosphate rock extracted at Khouribga, which is transported by slurry pipeline to Jorf Lasfar) and to the ports of Casablanca and Safi for export, as well as certain raw materials that the Group imports from ports to the Group's production facilities. As a result, the Group's transport operations depend, to a degree, on *Office National des Chemins de Fer* ("**ONCF**"), the Moroccan state-owned railway company. The Group has historically negotiated long-term agreements with ONCF, setting tariffs according to a pricing formula which resets each year, and the current agreement is set for renewal in 2022 and initial discussions regarding the terms of such renewal have begun.

In addition, a strike or other industrial action affecting ONCF or any other disruption to ONCF's operations could result in disruption to the transportation of the Group's raw materials and products, including delays, increased transportation costs for the Group and phosphoric acid and fertiliser production disruptions, which could, in turn, have a material adverse effect on the Group's business, results of operations and financial condition.

Sea Transportation

The Group's export products are shipped through the ports of Casablanca, Jorf Lasfar and Safi and the wharf at Laâyoune. Were these facilities to experience a sustained disruption due to inclement weather (including, in particular, wind at Laâyoune, which typically shuts the wharf for, on average, 200 days per year), strikes, political or other factors, the Group could face difficulties transporting export products or accessing raw materials or doing so at a reasonable cost. Disruptions in sea transportation due to inclement weather, reduced availability of vessels of the required tonnage or other reasons could result in higher transportation costs, delays for the Group and phosphoric acid and fertiliser production disruption, and, if alternative shipment routes are not available at a reasonable cost or at all, such disruptions may have a material adverse effect on the Group's business, results of operations and financial condition. Moreover, lockdown measures or other restrictions imposed by the Group's principal export customers as a result of COVID-19 or otherwise could limit the Group's ability to conduct business or supply its products. For example, the closure of ports or other restrictions on trade and travel could affect the Group's ability to sell to certain markets, which could lead to reduced demand or increased costs, any of which could negatively impact the Group's business, results of operations and financial conditions. Although the Group has not experienced such adverse effects to date as a result of the COVID-19 pandemic, there can be no guarantee that circumstances will not arise that could negatively impact the Group's business, results of operations and financial conditions. See also "—*Restrictions or other changes as a result of the COVID-19 pandemic may negatively affect the Group's operations.*".

Increases in the Group's production costs would have a material adverse effect on the Group's business, results of operations and financial condition.

In addition to the costs of materials and services, the Group's significant production costs are expenditures on sulphur and ammonia, salaries and social contributions, as well as fuel and electricity costs, all of which could increase.

Sulphur is the principal raw material used in the production of sulphuric acid, which is required for the production of the Group's phosphoric acid. Sulphur and ammonia are the principal raw materials used in the production of the Group's fertilisers. The Group's profitability has in the past been, and may continue to be, affected by the price and availability of those raw materials. As the majority of the Group's products are commodities, the Group may not be able to pass on an increase in raw materials and other production costs to its customers. The Group's expenditures on sulphur accounted for 33.0% and 27.6% of the Group's purchases consumed in Q1 2021 and FY 2020, respectively. The price of the sulphur obtained from third-party suppliers is generally negotiated on a quarterly or annual basis under medium-term supply agreements and has been historically volatile. In Q1 2021, FY 2020, FY 2019 and FY 2018, the Group's average sulphur consumption cost was U.S.$98 per tonne, U.S.$74 per tonne, U.S.$112 per tonne and U.S.$145 per tonne, respectively. The Group's expenditures on ammonia accounted for 23.7% and 21.6% of the Group's purchases consumed in Q1 2021 and FY 2021. The Group primarily purchases ammonia through medium-term agreements, with prices fixed on a cargo-by-cargo basis or over a short term period due to volatility in ammonia prices. The Group's average ammonia consumption cost amounted to U.S.$271 per tonne in Q1 2021, U.S.$218 per tonne in FY 2020, U.S.$246 per tonne in FY 2019 and U.S.$291 per tonne in FY 2018.

In addition, government policy has had, and may in the future have, an impact of the Group's costs. For example, Government increases in minimum wage in Morocco have an indirect impact on the Group's labour costs, as well as the rates the Group pays for sub-contractors, which employ minimum wage workers. The Government may enact further policies that have the effect of increasing the Group's costs, which could have a material adverse effect on the Group's business, results of operations and financial condition, in particular, if the Group is unable to pass on these cost increases to its customers.

If the prices at which the Group purchases its raw materials or other production costs increase, then the Group's cost of sales would increase accordingly, which could have a material adverse effect on the Group's business, results of operations and financial condition.

Any interruption to the Group's supplies of raw materials could have a material adverse effect on the Group's business, results of operations and financial condition.

If any of the Group's principal raw materials suppliers were to experience business interruptions or become insolvent, or if the Group was unable to renew contracts with its suppliers on commercially reasonable terms or at all, it could be difficult or impossible to replace these suppliers either in a timely fashion or at all. In particular, the Group requires sulphur and ammonia for its production which it purchases from third-party suppliers. The Group purchases ammonia from various sources, including Ukraine, which has experienced since 2015 and continues to experience regional tensions with Russia. If any such supplies were interrupted, it may be difficult for the Group to obtain alternative supplies on commercially reasonable terms or at all. Moreover, in the event that either the Group's demand increases or its suppliers experience a scarcity of resources, the Group's suppliers may be unable to meet the Group's demand for raw materials.

In addition, any disruptions to the Group's mining activities or other disruptions to the Group's ability to produce phosphate rock may prevent the Group from continuing to provide current or sufficient levels of supply of this raw material to the Group's processing activities (including but not limited to phosphoric acid and phosphate-based fertilisers). If supply of phosphate rock from within the Group were disrupted, the Group may have to reduce its processing activities or otherwise procure phosphate rock externally on the market, which would have a material adverse effect on the Group's costs (including higher transportation costs and import, customs or other duties) and profit margins, which could, in turn, have a material adverse effect on the Group's business, results of operations and financial condition.

Restrictions or other changes as a result of the COVID-19 pandemic may negatively affect the Group's operations.

To date, although the COVID-19 outbreak has not had a material negative impact on the Group's day-to-day operations, any governmental or industry measures taken in response to COVID-19 may adversely impact the Group's operations and are likely to be beyond the control of the Group. For example, any restrictions on the Group's ability to freely obtain necessary supplies and move people and equipment to and from its mining sites and its ability to continue to operate its mining or other operations may cause delays or cost increases. In addition, any infections at the Group's mining sites or plants could result in the Group's operations being suspended or otherwise disrupted for an unknown period of time, which may have an adverse impact on Group's business, results of operations and financial condition. Although the Group has been able to obtain necessary supplies to date, any material disruptions in the supply chain could disrupt operations. For example, due to certain factory closures in India during the second quarter of 2020, exports of phosphoric acid were reduced. While the Group was able to pivot and export fertiliser to distributors in India, thus compensating for reduced acid exports, there can be no guarantee that future disruptions of this nature will not have a negative impact on the Group's operations and/or sales. Brazil also continues to be significantly negatively impacted by COVID-19, and while the pandemic has not affected Brazilian fertiliser consumption, there is no assurance that it will not have a negative impact on the Group's operations and/or sales in Brazil going forward. Although the Group has put in place a business continuity plan which seeks to anticipate, address and mitigate the consequences of COVID-19, including the incorporation of a health and safety framework, a range of measures and procedures to prevent the spread of COVID-19 within workplaces, and safety requirements for contractors and visitors attending the Group's worksites, there can be no assurance such measures will not prove effective and the Group's operations will not be disrupted.

The Group may not be able to realise all of the expected benefits of its Capital Expenditure Programme or secure funding sufficient for its future projects.

In 2008, the Group launched a significant Capital Expenditure Programme to invest in its infrastructure and operations. The first phase of the programme, which has been completed, included a number of capital-intensive expansion projects aimed at increasing the Group's production, mining and processing capacities, transforming the Group's logistics chain and increasing its operational and environmental efficiency. See "*Business—Strategy—Improve Efficiency and Increase Industrial Capacity*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Capital Expenditures*"). The first phase of the Capital Expenditure Programme had been developed based on certain assumptions about fertiliser demand and prices, global fertiliser production capacity, potential efficiency gains, economic growth, global trade and shipping conditions and demographic developments, and similar factors that are inherently susceptible to uncertainty and changes in circumstances. In the event such assumptions prove inaccurate, the Group may not be able to realise the benefits anticipated from these investments, which may negatively impact the Group's ability to execute its business strategy, increase the Group's costs or negatively impact revenue.

As part of the second phase of the Capital Expenditure Programme, subject to market conditions, the Group is considering additional significant investments by 2030, which could include increases in phosphate rock, phosphoric acid and fertiliser production capacity. Once such projects are implemented, challenges the Group may face in executing these and future projects include similar factors to those noted above as well as higher capital costs than expected, delays in project completion, cost overruns, defects in design or construction, the deployment of resources and human capital in a new territory, the availability of engineering resources and skilled labour, the adoption of new technologies, the existence of reliable transportation and support infrastructure, negotiating with and co-ordinating multi-national consortium arrangements, as well as other technical, environmental, fiscal, regulatory and political challenges.

Based on current plans, the total estimated costs of the Capital Expenditure Programme since its launch in 2008 to 2030 are expected to be approximately U.S.$20 billion[2] (Dh 190 billion), with approximately U.S.$8 billion (Dh 74 billion) already incurred between 2008 and 2020, and the remainder intended to be invested between 2021 and 2030. These costs are expected to be funded from internally-generated cash flows, existing and future external financings and the proceeds of the Notes. Accordingly, the Group expects its interest costs may increase in the future if it implements the second phase of the Capital Expenditure Programme.

The Group may not be able to secure sufficient financing to complete its ongoing or future projects on acceptable commercial terms or at all. An inability to finance planned capital investments, to finance such investments at an acceptable cost or to fully implement its Capital Expenditure Programme for any other reason could have a material adverse effect on the Group's business, results of operations and financial condition.

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[2] For convenience, figures expressed in U.S.$ in this paragraph have been translated into U.S.$ at the average Dh/U.S.$ exchange rate for the year ended 31 December 2020 as published by the Central Bank, which was Dh 9.4968 per U.S.$1.00. Such translation is not reflective of a translation in accordance with IFRS and it should not be construed as a representation that the Dh amounts have been or could be converted into U.S. Dollars at this rate or any other rate.

The Group may experience equipment failure, production curtailment, shutdowns or other interruptions to its mining and production processes.

The Group's business depends on the uninterrupted operation of the Group's mines, the Group's phosphate rock processing plants and the Group's production facilities, as well as various critical pieces of equipment at these and other facilities. The Group's facilities may experience shutdowns, downtime or periods of reduced production as a result of unanticipated malfunction, including due to power shortages, equipment failure or defect, human error or other circumstances. In addition, the Group's facilities may be damaged as a result of unforeseen events, including natural disasters such as floods or fires resulting in property damage, casualties or loss of life. In the event of equipment failure or damage to the Group's facilities, the Group may experience loss of, or a decrease in, revenue due to lower production levels and may require additional capital expenditure to repair or replace faulty equipment. In addition, restarting a production line may involve significant additional costs and time. As a result of the Group's vertically-integrated business model, disruption at one of the Group's facilities could adversely affect the Group's other facilities. Any of these factors or events could have a material adverse effect on the Group's business, results of operations and financial condition.

The Group is subject to mining risks.

The Group's phosphate mining operations are subject to the hazards and risks normally associated with the exploration and extraction of natural resources, any of which could result in extraction shortfalls or damage to persons or property. The principal hazards and risks associated with the Group's open- pit mining operations include accidents associated with blasting operations; accidents associated with construction activities; collapses of mine walls; accidents associated with the operation of large mining and transportation equipment; falling of personnel into ore passes; and flooding.

The occurrence of any of these hazards could delay the extraction of phosphate, increase production costs and result in injury to, or the death of, the Group's employees, contractors or other persons and damage to property, as well as in liability for the Group or damage the Group's reputation, which could, in turn, have a material adverse effect on the Group's business, results of operations and financial condition.

Accidents involving the Group's production facilities could cause severe damage or injury, which could result in the incurrence of significant costs.

As a business working with chemicals and hazardous substances, the Group's production activities are inherently subject to the risk of spills, discharges or other releases of hazardous substances into the environment. The Group uses, manufactures, stores or transports ammonia, sulphur, sulphuric and phosphoric acid and phosphate-based fertilisers, as well as other chemicals and chemical products that are volatile and explosive or the release of which may have an adverse impact on the environment.

Environmental risks associated with the Group's production operations include:

- explosions at the Group's production facilities;
- discharges of ammonia or toxic gases into the atmosphere; and
- spillages of sulphuric or phosphoric acid.

Accidents involving these or other substances could result in fires, explosions, severe pollution or other catastrophic circumstances, which could cause severe damage or injury to persons, property or the environment, as well as disruptions to the Group's business. Such events could result in equipment failures or shutdowns, civil lawsuits, criminal investigations and regulatory enforcement proceedings, any of which could lead to significant liabilities and/or reputational damage for the Group. Any damage to persons, equipment or property, or any other disruption to the Group's ability to produce or distribute its products could result in a significant decrease in the Group's revenue and profits, as well as the incurrence of significant additional cost to replace or repair the Group's assets, and, depending on the nature of the incident, the Group may not be fully insured, or insured at all, all of which could result in a material adverse effect on the Group's business, results of operations and financial condition.

In addition, certain environmental laws applicable to the Group impose liability on the Group for clean-up costs on persons who have disposed of or released hazardous substances into the environment to the extent that the Group is responsible for such disposals or releases. As a result, given the nature of the Group's business, it may incur environmental clean-up liabilities in respect of its current or former facilities, adjacent or nearby third-party facilities or offsite disposal locations. Pollution risks and related clean- up costs are often impossible to assess unless environmental audits have been performed and the extent of liability under environmental laws is clearly determinable. The costs associated with future clean-up activities that the Group may be required to conduct or finance may be material. Additionally, the Group may become liable to third parties for damages, including personal injury and property damage, resulting from the disposal or release of hazardous substances into the environment. The Group may also be exposed to environmental and health and safety risks through the actions and activities of vendors, suppliers, subcontractors or other third parties.

Furthermore, the Group's properties have a long history of industrial operations and its mines and plants generate large amounts of waste materials. The Group incurs substantial costs to manage, store and dispose of such waste materials. Any findings of contamination at the Group's properties and facilities could require removal and reclamation action and result in costs and other liabilities that could have a material adverse effect on the Group's business, results of operations and financial condition.

The Group is subject to risks associated with failures in information systems and cyber-security.

Information technology (IT) systems are embedded in the Group's business and operational control systems and, as the Group grows the digital platform and process automation systems may become more exposed to cyberattacks, which continue to become increasingly sophisticated. The operation of many of the Group's business processes depend on the uninterrupted availability of the Group's IT systems and, to maintain competitiveness, the Group is increasingly reliant on automation, centralised operation and new technologies to manage and monitor the Group's complex production and processing activities. As a consequence, any localised or widespread system failure, whether deliberate (such as an outage resulting from a cyber-attack) or unintentional (such as network, hardware or software failure), could have adverse effects at various levels.

In recent years, incidents across many industries have shown that parties who are able to circumvent barriers aimed at securing industrial control systems are capable and willing to perform attacks that destroy, disrupt or otherwise compromise operations. Following a Moroccan Government decree in 2016 relating to the protection of sensitive data and infrastructure and the *Directive Nationale de la Sécurité des Systèmes d'Informations* (DNSSI), OCP was designated as critical infrastructure, in view of the potentially significant impact on the Moroccan economy if the Group were to suffer a cyber-attack. This designation could expose the Group to the risk of being targeted by groups seeking to disrupt critical infrastructure in Morocco. Although the Group has security barriers, policies and risk management processes in place that are designed to protect the Group's information systems and digital infrastructure against a range of security threats, there can be no assurance that these efforts will prove effective or that cyber-attacks will not be successful in penetrating the Group's systems, which would have an adverse impact on the Group's operations.

Any failure to protect the Group's information systems and digital infrastructure from any of the foregoing or other IT risks could affect the confidentiality, integrity or availability of such systems, including those critical to the Group's operations. In addition, the Group could face regulatory action, legal liability, damage to the Group's reputation, a significant reduction in revenue or increase in costs, a shutdown of the Group's operations and losses on the Group's investment in affected areas, any of which could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

The Issuer conducts certain of its production operations through joint ventures in which it has a non-controlling interest.

The Issuer directly or through its subsidiaries is party to several joint venture entities and partnership agreements relating principally to phosphoric acid and purified phosphoric acid production, and it holds a 50% or less interest in the majority of these joint ventures. For example, in addition to the Group's own operations, certain of the Group's joint ventures operate production facilities at Jorf Lasfar, India and Belgium, including Euro-Maroc Phosphore ("**EMAPHOS**"), Indo Maroc Phosphore ("**IMACID**"), Pakistan Maroc Phosphore ("**PMP**"), Paradeep Phosphates Limited ("**PPL**"), Fertinagro Biotech and Prayon S.A. ("**Prayon**") and Moroccan Hospitality Company (“**MHC**”), of which the Group directly or indirectly owns 50%, 33.33%, 50%, 40.25%, 20%, 50% and 50%, respectively. In addition, as part of its strategy, the Group may enter into a number of additional joint ventures with certain strategic partners, including SOEs (Sovereign Owned Entities) representing local governments. The Group's investments in joint ventures may expose it to additional risks over which the Group has limited or no control. Such risks can include conflicts of interest with joint venture partners, exposure to credit risk, operational risks and reputational risks. In addition, although the Group retains a certain degree of influence in these joint ventures, the Issuer does not solely control the operations or the assets of these joint venture entities, nor can it unilaterally make major decisions with respect to such entities. This lack of majority control may constrain the Issuer's ability to cause such entities to take actions that would be in the best interests of the Group or refrain from taking actions that would be adverse to the interests of the Group and may result in operational or production inefficiencies or delay, which could, in turn, adversely affect the Group's business, results of operations and financial condition.

Loss of services of the Group's senior management could have a material adverse effect on the Group's competitive position.

The Group's ability to maintain its competitive position is dependent to a large degree on the Group's senior management team. The Group depends on its senior management for the implementation of the Group's strategy and Capital Expenditure Programme and the management of day-to-day activities. In addition, the senior management team has extensive knowledge of and experience in the fertiliser industry and has strong business and governmental connections, which are important to the Group's business.

These individuals, however, may not continue to make their services available to the Group in the future or, if they do not, the Group may be unable to replace such personnel with suitable personnel in a timely manner. The loss or unavailability of the Group's senior management and other skilled personnel for an extended period of time, or any inability of the Group to promptly replace such personnel with suitably qualified and experienced personnel to support its business, could have a material adverse effect on the Group's business, results of operations and financial condition. The Group does not maintain key person life insurance on any of its senior managers.

The Group's business may be affected by shortages of skilled labour or labour disputes.

Competition for skilled labour in Morocco is intense due to the relatively small number of available qualified individuals. The demand for skilled engineers, technicians, chemical experts, mining and construction workers, and operators of specialised equipment continues to increase, reflecting the significant demand from other industries and public infrastructure projects. Further increases in demand for skilled labour are likely to lead to increases in labour costs, which could have a material adverse effect on the Group's business, results of operations and financial condition.

There are four main labour unions that represent the Group's employees. As at 31 December 2020, approximately 20% of the Group's employees were estimated to be members of a labour union. Such union representation subjects the Group's businesses to the threat of interruptions through strikes, lock-outs or delays in the renegotiation of labour contracts, and the Group has been subject to brief strikes in recent years. Although the Group has not experienced any strikes in the last four years and has not experienced any production stoppages in the last ten years, there can be no assurance the Group will not experience strikes or production stoppages in the future. The Group may also be adversely affected by labour strikes or other disruptions due to labour disputes at third- party companies that are suppliers or contractors for the Group. In addition, the Group's existing collective bargaining are required to be renewed on an annual basis and there can be no assurance the Group will be able to renew such agreements with the Group's employees on favourable terms. Any failure to renew the Group's collective bargaining agreements, significant work slowdowns, stoppages or other labour-related developments could have a material adverse effect on the Group's business, results of operations and financial condition.

There are certain events for which the Group may not be adequately insured.

While the Group believes that the types and amounts of insurance coverage it currently maintains are in line with customary practice in the phosphate industry and are adequate for the conduct of its business, the Group's insurance does not cover all potential risks associated with its business or for which it may otherwise be liable, as it is not possible for companies within the industry to obtain meaningful coverage at reasonable rates for certain types of hazards. For example, the Group's insurance policies may not cover, or fully cover, the Group against certain risks such as environmental risks or the inherent hazards of the Group's operations and products. In addition, the Group's policies are subject to standard deductibles, exclusions and limitations that could affect the Group's ability to make a claim. Consequently, the Group cannot provide any assurance that the Group's insurance coverage will adequately protect it from all risks that may arise or in amounts sufficient to prevent any material loss.

Legal, Regulatory and Environmental Risks

The Group is subject to increasingly onerous environmental and health and safety laws and regulations.

The Group's operations and properties are subject to various environmental protection and occupational health and safety laws and regulations relating to the protection of the environment and the protection of human health and safety in Morocco and in each of the jurisdictions in which it conducts business, including those governing the discharge of substances into the air and water, the use and handling of hazardous substances and waste, the remediation of environmental contamination and protection of flora and fauna. In particular, the discharge of gypsum in waterways (typically done in rough seas to reduce pollution risks) is subject to international and domestic environmental laws and regulations which could become more constraining and require additional investments for the Group to comply with new regulations.

These laws and regulations set various standards regulating certain aspects of health, safety, security and environmental quality, provide for civil and criminal penalties and other liabilities for the violation of such standards and may in certain circumstances impose obligations to remediate current and former facilities and locations where operations are or were carried out. The Group may not be in compliance at all times with all other applicable environmental and health and safety laws and regulations, which could change from time-to-time. Any failure by the Group to comply with existing or future environmental requirements could result in the imposition of fines, assessments, or other liabilities against the Group or the incurrence of costs that could have a material adverse effect on the Group's business, results of operations and financial condition. In addition, lack of adherence to international standards relating to environmental, health and safety and sustainability matters or social and community issues (including issues relating to the resettlement of people) may adversely affect the Group's reputation.

Furthermore, the Group and its operations may be also impacted by regulations and legislation relating to environmental protection which are aimed directly at the Group's activities, such as the reduction of fertiliser use in the European Union. For further information, see "*Government policies and regulations could adversely affect demand and prices for the Group's products.*"

In addition, the Group's fertiliser products are subject to international standards and various regulations in a number of jurisdictions, and the content or enforcement of such regulations may evolve over time. If the Group's fertiliser products failed to meet the regulatory criteria in a given jurisdiction or market, the Group may be unable to sell its products in such jurisdiction or market, which could have an adverse effect on the Group's business. For example, in 2018, authorities in Kenya alleged that the Group's fertilisers sold in that market were non-compliant with local regulatory standards and the Kenyan Director of Public Prosecutions brought criminal charges against the Group's subsidiary, OCP Kenya Ltd and its directors. Although the charges and ban on the Group's products were ultimately withdrawn, there can be no assurance the Group's products will not be subject to similar challenges in the future.

The enforcement of environmental and health and safety regulation in Morocco is evolving and governmental authorities' attitude to such enforcement is being assessed on a continual basis. Any failure of the Group to comply with applicable environmental and health and safety requirements could subject the Group to, among other things, civil liabilities, administrative sanctions and penalty fees and, as a last resort, the temporary shutdown of Group facilities. To the extent that the Group incurs fines or remediation costs for environmental or health and safety liabilities, which are not provisioned for, or are greater than any such provisions, this could have a material adverse effect on the Group's business, results of operations and financial condition.

Regulatory restrictions on greenhouse gas emissions and climate change regulations could adversely affect the Group, and these effects could be material.

Various governmental initiatives to limit greenhouse gas emissions are under way or under consideration around the world and in Morocco which could adversely affect the Group. For example, Morocco has adopted ambitious climate targets in accordance with the Paris Agreement, including a reduction of energy consumption in building, industry and transport by 15% by 2030, compared to the current trend and an increase in capacity of renewable energy to 52% of the total electricity capacity by 2030. In addition, in December 2019, the European Commission published an initial formal communication outlining the European Green Deal for the European Union, which includes proposals for a "Carbon Border Adjustment" mechanism requiring importers of certain types of goods with high carbon footprints to buy carbon emission allowances, which could potentially include phosphate fertilisers. It is anticipated that the European Commission will present a formal legislative proposal on this mechanism in June 2021 that will include information on the timing for its implementation, whether fertilisers will be included within its scope, and its operational mechanics. Although the impact of such initiatives on the Group's business is difficult to predict, these or similar initiatives could restrict the Group's operating activities, require the Group to make changes in operating activities that would increase the Group's operating costs, reduce the Group's efficiency or limit the Group's output, require the Group to make capital improvements to the Group's facilities, increase energy, raw material and transportation costs or limit their availability, or otherwise adversely affect the Group's results of operations, liquidity or capital resources, and these effects could be material to the Group.

Future climate change could adversely affect the Group.

The prospective impact of climate change on the Group's operations and those of the Group's customers and farmers remains uncertain. Scientists have hypothesized that the impacts of climate change could include changes in rainfall patterns, water shortages, changing sea levels, changing storm patterns and intensities, and changing temperature levels and that these changes could be severe. These impacts could vary by geographic location. Severe climate change could impact the Group's costs and operating activities, the location and cost of global phosphate-based fertiliser production, and the supply and demand for phosphate-based fertilisers. At the present time, the Group cannot predict the prospective impact of climate change on the Group's results of operations, liquidity or capital resources, or whether any such effects could be material to the Group.

Risks Relating to the Group's Financial Position

A downgrade in the Issuer's credit ratings could jeopardise the Group's ability to raise capital on favourable terms and borrowing costs could increase.

On 28 October 2020, Fitch downgraded the Issuer's long-term Issuer Default Rating to "BB+" (outlook stable) from "BBB-". On 16 April 2021, S&P downgraded the Issuer's credit rating from BBB- to BB+ (negative) as a result of the downgrade of the Kingdom of Morocco to BB+ on 2 April 2021, OCP being considered by S&P as a government related entity and therefore capped by the sovereign’s rating. S&P has since changed the Issuer’s credit rating outlook to stable. However, S&P maintained OCP’s stand-alone credit profile unchanged at BBB-.The ratings assigned to the Group, among other things, are dependent on those assigned to Morocco as well as on the overall global economic conditions, the economic and financial conditions in Morocco and the market for fertilisers and related products. In the event that the ratings agencies further downgrade Morocco's ratings or downgrade the Issuer's ratings, the Issuer's ability to obtain debt or equity financing may be materially adversely affected and any debt financing the Issuer were then able to obtain would likely bear higher interest than would have been the case had the rating not declined. Furthermore, any downgrade of the Issuer's credit rating may impact on both the availability and cost of funding for the Group's Capital Expenditure Programme and the refinancing of its existing obligations

A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating organisation. Ratings may not reflect the potential impact of all risks related to structure, market, the risk factors discussed in this section and other risks that may affect the value of Notes.

The Issuer has significant outstanding indebtedness and may be unable to obtain financing, or refinancing for its current borrowings, on commercially acceptable terms, if at all.

As at 31 March, 2021, the Group's total outstanding loans and financial debts (current and non-current) were Dh 58.7 billion. In addition, in connection with its Capital Expenditure Programme, the Group has increased its borrowing levels in recent years. The Group's debt levels may impair its operating and financial flexibility and could adversely affect its business and financial position. A high level of indebtedness could cause the Group to dedicate a substantial portion of cash flow from operations to payments to service debt, which could reduce the funds available for working capital, capital expenditure, and other general corporate purposes and could limit its ability to borrow additional funds and its flexibility in planning for, or reacting to, changes in customer demand, competitive pressures and other market conditions, placing the Group at a competitive disadvantage compared to those of its competitors that are less leveraged than it is. For example, by the end of 2020, OCP's financial leverage was 2.99x, above its internal target net financial debt to EBITDA ratio of 2.5x, reflecting an unfavourable environment with average fertiliser prices over 2020 decreasing due to an oversupplied market and lower raw material prices. In addition, a high level of indebtedness together with future debt financing, if accessible, may increase the Group's vulnerability to both general and industry specific adverse economic conditions.

The Group evaluates its options in respect of its debt based on its actual performance in any given year. If the Group's cash flows are insufficient to repay its loans and financial debts as they fall due, the Group will need to renegotiate its loans or seek alternative financing from the capital markets. The Group's ability to raise alternative financing or to renegotiate loans on commercially acceptable terms, or at all, depends on, among other factors, the general condition of the domestic and international capital markets and the overall economic conditions in Morocco. If alternative financing becomes necessary, the Group may not be able to obtain such financing on commercially acceptable terms, if at all.

Any default under the Group's existing indebtedness or any failure to generate sufficient funds from operating cash flows or obtain sufficient debt financing on commercially acceptable terms to repay its loans and financial debts could have a material adverse effect on the Group's business, results of operations and financial condition.

The Group is exposed to exchange rate risk.

The Dirham/U.S. Dollar exchange rate affects the Group's results of operations principally because the Group's reporting currency is Moroccan Dirhams and substantially all of the Group's revenue, derived from export sales, are received in U.S. Dollars. In Q1 2021 and FY 2020, export sales accounted for 84.5% and 82.7% of the Group's total revenue, respectively. In addition, the Group purchases raw materials (sulphur and ammonia), international freight services and certain other goods and services in U.S. Dollars. Furthermore, volatility in the Euro/U.S. Dollar exchange rate could potentially affect the Group. If the Euro were to depreciate materially against the U.S. Dollar, phosphate imports from OCP priced in U.S. Dollars could become substantially more expensive for European importers, which could lead to reduced demand or phosphate substitution by such importers. As a result, fluctuations in the Dirham/U.S. Dollar or Euro/U.S. Dollar exchange rates could have a material adverse effect on the Group's business, financial condition and results of operations.

The Group seeks to hedge its U.S. Dollar and Euro exposure through natural hedging, by matching foreign currency revenue with foreign currency expenses, and also by borrowing in U.S. Dollars. In Q1 2021, 58.6% (excluding hybrid bonds) or 50.1% (including hybrid bonds) of the Group's debt was denominated in foreign currencies (principally U.S. dollars), respectively and in FY 2020, 57.9% (excluding hybrid bonds) or 49.4% (including hybrid bonds) of the Group's debt was denominated in foreign currencies (principally U.S. dollars), respectively. Any depreciation of the Dirham against the U.S. Dollar will result in higher interest expense on the Group's U.S. Dollar-denominated borrowings (in Dirham terms) and in losses from the translation of U.S. Dollar-denominated monetary liabilities into Dirhams at the end of each reporting period. The Group may be unable to successfully manage any exchange rate risk relating to its operations or its loans and borrowings.

In addition, the Group's business is affected by the foreign exchange rate risk to which its customers are exposed. While the Group sells its products primarily in U.S. Dollars, its customers pay for such products in local currencies, and, accordingly, their willingness or ability to purchase the Group's products is dependent on the relevant exchange rate at any given time. For example, the depreciation of local currencies against the U.S. Dollar may have an adverse impact on such importers' purchasing power, which, in turn can lead to reduced imports of the Group's products in such market. Starting in 2018, depreciation of the Turkish Lira against the U.S. Dollar had an adverse impact on the Group's imports, leading Turkish customers to favour local production in some instances. Continued depreciation or similar depreciation experienced in other markets in which the Group operates could have a similar effect on demand for the Group's products. Any decline in demand for the Group's products, or significant financial difficulties by the Group's customers, could have a material adverse effect on the Group's business, results of operations and financial condition.

Any mismatch between the proportion of total revenue received in foreign currencies and the proportion of total costs and expenses paid in foreign currencies, or a material fluctuation in the exchange rate of the Dirham against the U.S. Dollar could have a material adverse effect on the Group's business, results of operation and financial condition.

The Group is exposed to interest rate risk.

As at 31 March, 2021, the Group's total outstanding loans and financial debts (current and non-current) were Dh 58.7 billion and was primarily composed of fixed rate instruments. In addition, as of 31 March 2021, the Group had Dh 10.0 billion of hybrid bonds, which are not included in the Group's gross indebtedness under IFRS, a portion of which is variable rate. Variable rates expose the Group to the risk of increasing interest rates, while fixed interest rates expose the Group to the risk of declining interest rate levels. Interest rates are sensitive to many factors beyond the Group's control, including the policies of central banks, economic conditions and political factors.

Increased investment in non-core activities could have an adverse effect on the Group's profits.

The Group undertakes a number of non-core projects to support its phosphates activities, including the construction and operation of facilities designed to provide social services to employees and their families in the areas in which the Group operates and the construction of infrastructure in Morocco in order to facilitate transportation of the Group's products. The Group is also engaged in a number of non-core projects that are not directly related to its phosphates activities, such as initiatives to improve education (including higher education programmes) and research and development initiatives, reduce poverty, improve access to healthcare services, increase youth employability, foster agricultural development, promote socio-cultural activities and preserve Moroccan heritage through the OCP Foundation. See "*Business—Non-Core Activities*". Although the Group maintains close control on such non-core projects, an increase in the investment related to such activities could divert funds needed for the Group's core activities, which could, in turn, have a material adverse effect on the Group's business, results of operations and financial condition.

Risks Relating to the Kingdom of Morocco

The Moroccan State, in its capacity as shareholder, may cause the Group to engage in business practices that may not be in the interests of the Noteholders.

The Moroccan State directly owns 94.12% of the Issuer. The Moroccan State has conferred on the Issuer a monopoly since 1920, at the time the Issuer was the *Office Chérifien des Phosphates*, and subsequently to the Issuer in 2008 (when the Issuer became a joint stock company), pursuant to the OCP Law, with respect to phosphates exploration and mining in Morocco, although the Moroccan State retains ownership of phosphate rock reserves in Morocco. The remaining interests in the Issuer are held by Infra Maroc Capital (2.98%), Prev Invest SA (1.10%), *Société d'Aménagement et de Développement Vert* ("**SADV**") (0.88%), SOCINVEST (0.82%), and BCP (0.10%). BCP is a major Moroccan bank. Infra Maroc Capital and SOCINVEST are owned by BCP. Prev Invest SA is wholly-owned by RCAR, a major Moroccan pension fund. SADV is wholly-owned by the Issuer.

The rights of the Moroccan State as a majority shareholder of the Issuer are contained in the Issuer's articles of association and the Issuer is managed in accordance with those articles and with the provisions of Law n°17-95 (as amended from time to time) relating to *sociétés anonymes*. The Moroccan State, as a majority shareholder of the Issuer, has the right to propose and approve the appointment of, and to remove, the members of the Issuer's Board of Directors (the "**Board of Directors**"). The Interior Minister, the Minister of Industry, Investment, Trade, Digital and Green Economy, the Minister of Foreign Affairs and International Cooperation, the Minister of Economy and Finance, the Minister of Energy, Mines and Sustainable Development, and the General Secretary of the

Ministry of Agriculture and Fisheries are members of the Board of Directors. Accordingly, none of the Issuer's directors are independent directors. The Moroccan State may also influence the Issuer's results or financial condition through shareholder approval of the Issuer's capital-related matters and other policies. For example, dividend payments are subject to the approval of the General Meeting of shareholders on an annual basis. See "*Relationship with the Government—Dividends*".

As a result of all of the foregoing, the Moroccan State has the ability to control the operations of the Group. The Moroccan State may cause the Group to engage in business practices, including undertaking new or loss making activities, which could materially affect the Group's ability to operate on a commercial basis or in a way that is consistent with the best interests of the Noteholders. Should the Moroccan State choose or compel the Group to make commercially unfavourable decisions, this will have a material adverse effect on the Group's business, results of operations and financial condition.

Emerging markets such as Morocco are generally subject to greater risks than more developed markets.

Investments in securities of issuers located in emerging markets, such as Morocco, generally involves a higher degree of risk than investments in securities of issuers from more developed countries. These higher risks include, but are not limited to, higher volatility, limited liquidity, a narrow export base, current account deficits, exchange capital controls and changes in the political, economic, social, legal and regulatory environment. Morocco's budget deficits and other weaknesses characteristic of emerging market economies make it susceptible to future adverse effects similar to those suffered by other emerging market countries. In any event, the market for securities bearing Moroccan risk, such as the Notes, could be affected negatively by events elsewhere, especially in emerging markets.

The Moroccan economy remains vulnerable to external shocks, including events part of, or similar to, the ongoing COVID-19 pandemic, the Arab Spring, the global financial crisis and the Eurozone crisis, as well as to increased international commodity prices. A decline in the economic growth of, or receipt of remittances from, Morocco's major trading partners, such as France, Spain or the United States, as a result of such external shocks, could have a material adverse impact on Morocco's balance of trade and adversely affect the Morocco's economic growth. There can be no assurance that any crises such as those described above or similar events will not negatively affect investor confidence in emerging markets or the economies of the principal countries in the EU or the MENA region, including Morocco.

International investors' reactions to events occurring in one emerging market country or region sometimes appear to demonstrate a "contagion" effect, in which an entire region or class of investment is disfavoured by such investors. If such a "contagion" effect occurs, Morocco could be adversely affected by negative economic or financial developments in other emerging market countries. Morocco has been adversely affected by "contagion" effects in the past, including recent volatility in the Middle East and North Africa, as well as the recent global financial crisis and could be affected by similar effects in the future.

As a consequence, an investment in the Group carries risks that are not typically associated with investing in more mature markets. These risks may be compounded by incomplete, unreliable or unavailable economic and statistical data on Morocco, including elements of information provided in this Prospectus. Prospective investors should also note that emerging economies, such as Morocco's, are subject to rapid change and that the information set out in this Prospectus may become outdated relatively quickly. Accordingly, prospective investors should exercise particular care in evaluating the risks involved and must decide for themselves whether, in light of those risks, their investment is appropriate. Generally, investment in emerging markets is suitable only for sophisticated investors who fully appreciate the significance of the risks involved. Prospective investors are urged to consult with their own legal and financial advisers before making an investment decision.

The Government may seek higher dividend or other payments from the Group as a result of the Government's budget deficit or other payment requirements.

In 2020, Morocco's budget deficit has increased to 7.6% (compared to 3.5% in 2019) of its gross domestic product ("**GDP**"), mainly due to Government efforts to combat the COVID-19 pandemic and to support the Moroccan economy. Since 2007, the budget deficit has been financed by increased borrowing. In particular, similar to the situation in many countries, Government efforts to combat the on-going COVID-19 pandemic and to support the Moroccan economy led to a substantial increase in the budget deficit and public debt levels in 2020 and any further adverse developments related to COVID-19 could lead to additional pressure. While the Government has taken measures to reform public subsidies, if the budget deficit is not reduced or the Government is unable to finance the budget deficit through other means, the Government may seek funding through higher dividend or other payments from the Issuer, which could materially adversely affect the Group's business, results of operations and financial condition. See "*Relationship with the Government*".

The Issuer is subject to changes in Government policy.

As a state-owned company, the Issuer is subject to changes in Government policy. In the event of a change of Government, a new government may not have the same or similar economic, political or social policies as the current Government, including with respect to the Group and the monopoly on the mining of phosphate resources first conferred on the Issuer's predecessor, *l'Office Chérifien des Phosphates*, in 1920 and subsequently conferred on the Issuer in 2008, pursuant to Article 2 of Law No 46-07 promulgated on 26 February 2008 (the "**OCP Law**"). Moreover, the Government's strategy with respect to the Group may be subject to change as a result of macroeconomic conditions or other priorities, which could have a material impact on the Group, including its structure and strategy. Any change to such policies and, in particular, the OCP Law, could have a material adverse effect on the Group's business, results of operations and financial conditions.

The Group has operations in the Southern Provinces (also referred to as the Western Sahara region by certain third parties).

The Group's Boucraâ mining operations are located in the Southern Provinces (also referred to as the Western Sahara region by certain third parties), an area which until 1975 was a colony of Spain. Following the Madrid Accords, Spain withdrew from the region and Morocco proclaimed its sovereignty over the territory. The Polisario Front, a political organization opposing Morocco's control over the Southern Provinces, commenced hostilities with Morocco following this proclamation. The United Nations brokered a ceasefire in 1991 and subsequently convinced the parties to pursue, under the auspices of the United Nations, a negotiated resolution of the conflict. On November 15, 2020, the Polisario Front announced that it would no longer abide by the terms of the ceasefire. However, Morocco has stated that it remains committed to the ceasefire and there has been no significant escalation of conflict to date. The United Nations continues to lead negotiations concerning the pursuit of a mutually acceptable political solution. The United Nations issued a legal opinion in 2002 concluding that resource development in the Southern Provinces is permissible under international law so long as it benefits the local people. In 2012 and 2013, the UN Office of Legal Affairs reaffirmed this conclusion. Because the Group's Boucraâ operations provide significant employment, investment and other benefits to the local economy and its people, the Group views its Boucraâ operations as permitted under applicable international law. Though not anticipated, any renewal of violence in the region, any change in the applicable legal standard, or any adverse determination by the United Nations or other relevant authorities about the benefits of the Group's operations to the local people could disrupt the Group's operations and adversely impact the Group's business at the Boucraâ mine, or adversely impact existing or potential customers' willingness to purchase the phosphate rock produced in Boucraâ, any of which could adversely affect the Group's business, results of operations or financial condition.

A small number of non-governmental organisations have intermittently confronted certain customers and suppliers of Boucraâ's mining operations, including through direct communication and internet publication. Although such activity to date has been limited and sporadic, there can be no assurance that this activity will not impact the behaviour of individual suppliers or customers, which, in turn, could adversely affect the Group's business, operations or financial condition.

Certain sustainability assessment companies, including Sustainalytics and MSCI, have previously stated that the Boucraâ mining operation represents a notable controversy for ESG (Environmental, Social and Governance) purposes. There can be no assurance that these or similar statements will not adversely impact investor or customer behaviour, which could have an adverse impact on the Group's business, results of operations or financial condition.

In May 2017, the Polisario Front brought an application before a local court in Port Elizabeth (South Africa) to prevent the Group's cargo aboard the vessel NM Cherry Blossom, which included phosphates from the Group's mine in Boucraâ, from leaving Port Elizabeth where the vessel was carrying out bunkering operations *en route* to its final destination in New Zealand. The Group did not participate in the subsequent legal proceedings on the merits of the case and in early 2018, the court of Port Elizabeth issued a default judgment attributing ownership of the cargo to the Polisario Front, although, after a judicial auction with no bidders, the cargo was ultimately returned to the Group for a symbolic amount of one dollar. In May 2017, a similar claim was brought by the Polisario Front in Panama and was dismissed the following month by a Panamanian court, which claimed that the matter involved a political and diplomatic issue and that nothing in the court's records proved that the Polisario Front was the owner of the phosphate cargo. There can be no assurance further claims will not be made in the future, which could disrupt the Group's operations, or adversely impact existing or potential customers' willingness to purchase the phosphate rock produced in Boucraâ, any of which could adversely affect the Group's business, results of operations or financial condition.

In March 2020, the Polisario Front brought a legal action in New Zealand challenging certain investments made by the New Zealand Superannuation Fund in OCP Group, in multinational companies trading in the Southern Provinces, and in farms that use fertilisers containing phosphate originating in Boucraâ. The New Zealand High Court issued its judgment on 15 March 2021. The Polisario Front's case was dismissed in full, with no qualifications, and costs were awarded against it. The Court found that the Superannuation Fund had fully complied with its duties to observe ethical investment policies and to avoid damaging New Zealand's international reputation. While the Superannuation Fund was not required to take any corrective actions, such as to review its investment policies, there can be no assurance that similar claims will not be made in the future, which could disrupt the Group's operations or adversely impact existing or potential customers' willingness to purchase the phosphate rock produced in Boucraâ, any of which could adversely affect the Group's business, results of operations or financial condition.

The Court of Justice of the European Union issued judgments in December 2016 and February 2018 that the EU-Morocco Agreements on agriculture and fisheries trade did not apply to "Western Sahara" as they were then drafted. Products originating in "Western Sahara", therefore, would not qualify for preferential trade access to the EU market and would have faced tariff barriers that could have priced them out of the EU market. Following the rulings, the EU and Morocco reached an agreement in 2019 to amend the EU-Morocco Agreements to explicitly extend their application to goods originating from "Western Sahara", in order to ensure that EU trade preferences fully applied to such goods. However, a case has been filed by the Polisario Front before the Court of Justice of the EU challenging the renegotiated agreements. The Court held hearings in March 2021 and a judgment is expected later in 2021. There can be no assurance that the court judgement will not result in removing EU trade preferences from goods originating in the Southern Provinces. This would not directly impact the Group's ability to restart exporting phosphate rock from Boucraâ to the EU since the EU imposes no import tariffs on phosphate rock. However, it could mean that any future exports of phosphoric acid and finished fertilisers to the EU from new facilities currently under construction by OCP Group in the Southern Provinces could face EU import tariffs.

Regional tensions could have a material adverse effect on the Group's business.

Morocco is located in a region that has been subject to on-going political and security concerns, especially in recent years. Political instability in the region has increased since the terrorist attacks of 11 September 2001, the U.S. intervention in Iraq, the ongoing conflict in Syria, the threat of terrorist organisations such as the self-declared Islamic State, Boko Haram and Al-Qaeda, the ongoing conflict in Yemen, instability and conflict in Libya and the crisis involving Qatar. Some Middle Eastern and North African countries have experienced in the recent past, or are currently experiencing, political, social, and economic instability, extremism, terrorism, armed conflicts and war, some of which have negatively affected Morocco in the past.

Since the "Arab Spring" began, a number of Arab countries have experienced significant political and military upheaval, conflict and revolutions leading to the departure of long-time rulers in Tunisia, Egypt, Yemen and Libya. Among the short-term effects of the Arab Spring has been a destabilisation of the region and increased political and social instability. This instability is likely to continue for some years. In addition, a number of Arab countries, including Iraq, Libya, Syria and Yemen, have continued to experience significant civil unrest and internal conflict. In particular, the ongoing conflict in Syria has been the subject of significant international attention and intervention, including by the Russian military, and its impact and resolution are difficult to predict. Any further escalation of this conflict, additional international military intervention in Syria or a more aggressive stance by parties to the conflict could further destabilise the region. The instability caused by the ongoing conflict has been exacerbated by terrorist attacks by the self-declared "Islamic State" in the region and internationally. Morocco has been adversely affected by these types of "contagion" effects in the past, including the violence involving the terrorist organisation known as the self-declared "Islamic State" and other recent events of volatility in the MENA region.

The continuation of such events or the outbreak of new problems in the region could further strain political stability in the region, the general resources of the Government and the Government's finances and negatively affect Morocco's economy, any of which could, in turn, have a material adverse effect on the Group's business, results of operations and financial condition.

The Group's facilities are located in a region that is vulnerable to natural catastrophes.

The Group is exposed to the adverse effects of natural catastrophes occurring in Morocco. Some regions of Morocco, have suffered serious earthquakes in the past. For example, in 1960 an earthquake killed more than a third of the population of Agadir, in addition to the destruction of assets in the region. A significant seismic event at one of the Group's mines or other facilities could result in significant and costly damage and cause the Group to change its processes or abandon the facility or mine.

In addition, sections of Morocco's Atlantic coastline are vulnerable to tsunamis. The Group's facilities at Jorf Lasfar are located on the Atlantic coast and are approximately 60 metres above sea level. The Group's facilities at Safi are also located on the Atlantic coast and are between 10 metres and 20 metres above sea level. A seismic effect that produces a tsunami that comes ashore at or close to the Group's facilities could result in significant and costly damage and cause the Group to change its processes, abandon the affected facility or incur significant reconstruction, environmental and other clean- up liabilities.

Any of the foregoing factors could have a material adverse effect on the Group's business, results of operations and financial condition.

Risks Relating to the Notes

The market price of the Notes may be subject to a high degree of volatility.

The market price of the Notes could be subject to significant fluctuations in response to actual or anticipated variations in the Group's operating results and those of its competitors, adverse business developments, changes to the regulatory environment in which the Group operates, changes in financial estimates by securities analysts and the actual or expected sale of a large number of other debt securities, as well as other factors, including the trading market for notes issued by Morocco. In addition, global financial markets have recently experienced significant price and volume fluctuations, which, if repeated in the future, could adversely affect the market price of the Notes without regard to the Group's results of operations or financial condition. Factors including increased competition, fluctuations in commodity prices or the Group's operating results, the regulatory environment, availability of reserves, general market conditions, natural disasters, health pandemics, terrorist attacks and war may have an adverse effect on the market price of the Notes.

The market price of the Notes is influenced by economic and market conditions in Morocco and, to a varying degree, economic and market conditions in other countries in the region and the international capital markets generally. Volatility in the international capital markets in the past has adversely affected market prices for companies that operate in those and other developing economies. Even if Morocco's economy remains stable, financial turmoil in the international capital markets could materially adversely affect the market price of the Notes.

Disruptions in the international capital markets may lead to reduced liquidity and increased credit risk for certain market participants and could result in a reduction of available financing. Companies located in emerging market countries, such as Morocco, may be particularly susceptible to these reductions in the availability of credit or to increased financing costs, which could result in financial difficulties for them. In addition, the availability of credit to entities operating within the emerging markets is significantly influenced by levels of investor confidence in these markets and, as such, any factors that impact market confidence, for example, a decrease in credit ratings or state or central bank intervention in one market could affect the price or availability of funding for entities within any of these markets.

Such disruption and volatility could have a negative impact on the Noteholders because it may impede the Issuer's ability to access financial markets, it may cause the value of the Notes to decrease and it may ultimately impact the Issuer's creditworthiness.

The Notes may be subject to withholding tax.

Based on articles 6.I.C.3° and 45 of the Moroccan Tax Code, the interest payments on the Notes will not be subject to withholding tax in Morocco. In the event this interpretation is incorrect, however, payments made in respect of Notes will be subject to withholding tax. Generally, payments of interest on borrowed funds made by a Moroccan entity to a non-resident are subject to Moroccan withholding tax at the rate of 10% for legal entities, unless such withholding tax is reduced or eliminated pursuant to the terms of an applicable double tax treaty. See "*Taxation—Certain Moroccan Tax Considerations*".

In the event that payments in respect of the Notes are subject to withholding of Moroccan tax, the Issuer is obliged to increase payments as may be necessary so that the net payments received by Noteholders will not be less than the amounts they would have received in the absence of such withholding. In addition, the Issuer may be able to redeem the Notes under Condition 7.2 *(Redemption for Taxation Reasons)* as a result of the application or an increase in the prevailing rate of any withholding tax resulting from a change in the application or official interpretation of the laws or regulations of Morocco.

Sales of the Notes may be subject to capital gains tax in Morocco.

Unless specified otherwise in a double taxation treaty signed between Morocco and the country of residence of the Noteholder, for Moroccan tax purposes, a capital gain derived from the disposal of Notes issued by a Moroccan entity is considered sourced in Morocco, and therefore subject to taxation in Morocco. The individual or entity that is not resident in Morocco will be subject to Moroccan capital gains tax only by virtue of realising a capital gain on the Notes issued by the Moroccan entity. In addition, it is the responsibility of the non-resident individual or entity to file a tax return and to pay the applicable tax. See further "*Taxation—Certain Moroccan Tax Considerations*" below for further details on the amounts payable.

If a double taxation treaty is in effect between Morocco and the country of residence of the Noteholder, it may provide for the application of a different taxation aimed at eliminating or reducing double taxation. Each investor should consult its own tax advisers concerning the tax considerations applicable to its particular situation taking into account the existence or not of a double taxation treaty signed between Morocco and the country of residence of the Noteholder.

Provisions of the Notes permit defined majorities to bind all Noteholders.

Condition 13 (Representation of Noteholders and Modification) contains provisions for calling meetings of Noteholders of each Series to consider matters affecting their interests generally and is governed by Moroccan law. The Noteholders of each Series will be automatically grouped for the defence of their common interests in a Masse (as defined in Condition 13). Noteholders of each Series can adopt measures through a General Assembly of that Series.

As set out in Condition 13, the Conditions permit defined majorities to bind all Noteholders of a Series including Noteholders of that Series who did not attend and vote at the relevant General Assembly or Noteholders of that Series who voted in a manner contrary to the majority. It is possible that a majority of Noteholders of a Series could adopt measures through a General Assembly that would modify the Conditions in a way that could impair or limit the rights of the Noteholders of that Series.

Condition 13 of the Notes provides that, in the event of a modification to the Conditions of a Series that is not approved by the General Assembly of that Series, the Issuer must offer to repay Noteholders of that Series requesting the redemption of their Notes, which, if such offer is accepted by a significant number of Noteholders of a Series, could impact the liquidity of the Notes.

Exercise of Noteholder Rights in Certain Circumstances.

Condition 13 (*Representation of Noteholders and Modification*) of the Notes is governed by Moroccan law. Pursuant to mandatory requirements of Moroccan law, Noteholders of each Series shall have a designated representative appointed (the "**Representative**" as defined in Condition 13) to represent them in certain circumstances. To be so represented, the Noteholders of the relevant Series, acting by way of General Assembly (as defined in Condition 13) of that Series, must formally direct the Representative to act on their behalf by way of a Noteholder meeting of that Series. The circumstances in which the Noteholders of a Series may need to involve the Representative may include the taking of legal action by Noteholders of that Series against the Issuer in respect of the Notes of that Series and the enforcement of judgments in Morocco obtained by the Noteholders of that Series against the Issuer in respect of the Notes of that Series. This may affect the way in which, and the ability of, a Noteholder of a Series to recover principal, interest or other amounts payable upon the occurrence of an Event of Default (as defined in Condition 10) in respect of that Series, as Noteholders may not be able to take direct action against the Issuer and may only be able to take action following a meeting of the General Assembly of that Series to direct the Representative to act on their behalf.

The Agency Agreement (as defined in the Conditions) includes provisions for how Noteholders of a Series may convene a meeting of the General Assembly of that Series to direct the Representative to act on their behalf. Those provisions, which comply with Moroccan law requirements, include certain notice period requirements and requirements as to quorum and voting to formally direct the Representative to act on behalf of Noteholders of the relevant Series. Noteholders are deemed to have notice of those provisions and are required to familiarise themselves with their requirements. Because of the quorum and voting requirements that apply, it may mean that a Noteholder of a Series wishing to take legal action on its own (without other Noteholders of that Series) may not be able to do so until that action is sanctioned by a simple majority of the requisite quorum of Noteholders of that Series (such quorum being (i) 25% of the Notes of the relevant Series then outstanding (as defined in the Agency Agreement) at the first General Assembly or, if that meeting is inquorate (ii) those Notes of such Series outstanding (in whatever amount) as are represented at the second General Assembly). A failure to comply with the applicable provisions of Moroccan law in this regard may mean that any judgment ultimately obtained in respect of the Notes of a Series without the Representative's participation may not be enforceable. This may affect the way in which, and the ability of, a Noteholder of a Series to recover principal, interest or other amounts payable upon the occurrence of an Event of Default in respect of that Series.

Noteholders of a Series need not direct the Representative of that Series to act on their behalf to give notice to the Issuer declaring an Event of Default in respect of that Series. However, for certain Events of Default a threshold of 5% in aggregate of Notes of the relevant Series then outstanding is required to call an Event of Default (see Condition 10).

The use of the Representative of each Series to act on behalf of Noteholders of that Series in the context of an international securities offering (like the Notes) is untested. Accordingly, there is no practice or precedent in this regard and whilst the Issuer regards the above as being a fair summary of the position, Noteholders are advised to seek appropriate legal advice before taking any legal or other action in connection with the Notes.

No assurance can be given as to the impact of any possible judicial decision or change to Moroccan law or administrative practice after the date of this Prospectus and any such decision or change could materially adversely impact the value of the Notes.

The Notes will constitute unsecured obligations of the Issuer.

The Issuer's obligations under the Notes will constitute unsecured obligations of the Issuer. The ability of the Issuer to pay such obligations will depend upon, among other factors, its liquidity, overall financial strength and ability to generate cash flows, which could be affected by the circumstances described in these "*Risk Factors*".

The Issuer will have the right to redeem the Notes upon the occurrence of certain changes to taxation laws and regulations.

In the event that the Issuer would be obliged to increase the amounts payable in respect of the Notes of a Series due to any change in or amendment to the laws or regulations of Morocco or any political sub division thereof or of any authority therein or thereof having the power to tax or in the interpretation or administration thereof and the requirement cannot be avoided by the Issuer taking reasonable measures available to it, the Issuer may redeem all, but not some only, outstanding Notes of that Series at their principal amount in accordance with the Conditions. Upon such redemption, it may not be possible to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes of the relevant Series and this may only be possible at a significantly lower rate.

There is no public trading market for the Notes and an active trading market may not develop or be sustained in the future.

The Notes may have no established trading market when issued, and one may never develop. If a market does develop, it may not be liquid. If investments in the Notes are traded after their initial issuance, they may trade at a discount to their initial offering price depending on prevailing interest rates, the market for similar securities, general economic conditions and the Issuer's financial condition. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. Illiquidity may have a severely adverse effect on the market value of the Notes.

Application has been made to Euronext Dublin for the Notes to be admitted to the Official List and trading on its regulated market. There can be no assurance that either such listing or declaration will be obtained or, if such listing or declaration is obtained, that an active trading market will develop or be sustained. In addition, the liquidity of any market for the Notes will depend on the number of Noteholders, the interest of securities dealers in making a market in the Notes and other factors. Accordingly, there may be no development or liquidity of any market for the Notes. If an active trading market for investments in the Notes is not developed or maintained, the market or trading price and liquidity of investments in the Notes may be adversely affected.

Changes in market interest rates may adversely affect the value of the Notes.

The Notes pay a fixed rate of interest to Noteholders. Investment in the Notes involves the risk that subsequent changes in market interest rates may adversely affect the value of the Notes. While the nominal interest rate of a fixed interest rate note is fixed during the life of such a note or during a certain period of time, the current interest rate on the capital market (market interest rate) typically changes on a daily basis. As the market interest rate changes, the price of such note changes in the opposite direction. If the market interest rate increases, the price of such note typically falls, until the yield of such note is approximately equal to the market interest rate. If the market interest rate decreases, the price of a fixed rate note typically increases, until the yield of such note is approximately equal to the market interest rate. Noteholders should be aware that movements of the market interest rate can adversely affect the price of the Notes and could cause Noteholders to lose part of the capital invested if they decide to sell Notes during a period in which the market interest rate exceeds the fixed rate of the Notes. It is difficult to anticipate future market volatility in interest rates, but any such volatility may have a significant adverse effect on the price of the Notes and cause Noteholders who sell Notes on the secondary market to lose part of their initial investment.

Credit ratings may not reflect all risks.

The Notes are expected to be rated BB+ by S&P and BB+ by Fitch. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension, reduction or withdrawal at any time by the assigning rating agency. For example, on 28 October 2020, Fitch downgraded the Issuer's credit rating from BBB- to BB+ as a result of weaker than expected credit metrics and a negative outlook assigned to the Kingdom of Morocco's credit rating.

Similar ratings on different types of notes do not necessarily mean the same thing. The initial ratings by S&P and Fitch will not address the likelihood that the principal on the Notes will be prepaid or paid on the scheduled Maturity Date. Such ratings also will not address the marketability of investments in the Notes or any market price. Accordingly, any adverse change in (or withdrawal of) the Issuer's credit ratings may affect the market's perception of the Issuer's creditworthiness and may have an adverse effect on the interest rate and/or tenor at which the Issuer can obtain funding.

Any adverse change in an applicable credit rating could adversely affect the trading price of the Notes. Ratings may not reflect the potential impact of all risks related to structure, market and other additional factors discussed above, and other factors that may affect the value of the Notes. Legal investment considerations may restrict certain investments.

The Issuer may issue further notes, which may dilute the Noteholders' share of the total issuance.

The Issuer may from time to time, without the consent of the Noteholders, create and issue further notes of each Series, having terms and conditions that are the same as those of the Notes of that Series, or the same except for the amount of the first payment of interest, which new notes may be consolidated and form a single series with the Notes of that Series then outstanding. To the extent that the Issuer issues such further notes, the existing Noteholders' share of the total issuance (for purposes such as voting) of the relevant Series will be diluted.

Investors whose financial activities are not denominated in U.S. Dollars will be subject to exchange rate risk and the Issuer's ability to make payments on the Notes may be affected by exchange controls.

The Issuer will pay principal and interest on the Notes in U.S. Dollars. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than U.S. Dollars. These include the risk that exchange rates may significantly change (including changes due to any devaluation of U.S. Dollars or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. In addition, such risks generally depend on economic and political events over which the Group has no control. An appreciation in the value of the Investor's Currency relative to U.S. Dollars would decrease: (i) the Investor's Currency equivalent yield on the Notes; (ii) the Investor's Currency equivalent value of the principal payable on the Notes; and (iii) the Investor's Currency equivalent market value of the Notes.

Government and monetary or financial authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. If such risk were to materialise, the Noteholders whose financial activities are carried out or dependent principally in a currency or currency unit other than U.S. Dollars could be very negatively impacted as they might receive less interest or principal than expected, or at worst, no interest or principal.

Holders of the Notes held through DTC, Euroclear and Clearstream, must rely on procedures of those clearing systems in respect of the Notes.

As transfers of interests in the Global Certificates can be effected only through book entries at DTC, Clearstream or Euroclear (as the case may be) for the accounts of their respective participants, the liquidity of any secondary market for investments in the Global Certificates may be reduced to the extent that some investors are unwilling to invest in Notes held in book-entry form in the name of a participant in Clearstream, Euroclear or DTC, as the case may be. The ability to pledge interests in the Notes may be limited due to the lack of a physical certificate. In the event of the insolvency of Clearstream, Euroclear, DTC or any of their respective participants in whose name interests in the Notes are recorded, the ability of beneficial owners to obtain timely or ultimate payment of principal, premium (if any) and interest on the Notes may be impaired.

USE OF PROCEEDS

The net proceeds of the 2031 Notes are estimated to be approximately U.S.$743,437,500 and the net proceeds of the 2051 Notes are estimated to be approximately U.S.$735,007,500 (in each case after deduction of fees and expenses relating to the Offering, not including discretionary fees, if any), and will be used to (i) finance the purchase by the Issuer of the final aggregate principal amount of the Existing Notes agreed to be purchased pursuant to the Offers (as defined below) and (ii) fund the Capital Expenditure Programme and for general corporate purposes.

CAPITALISATION

The table below presents the Group's consolidated cash and cash equivalents and capitalisation as at 31 March 2021. Investors should read this table together with "*Use of Proceeds*", "*Selected Consolidated Financial Data and Other Information*", "*Management's Discussion and Analysis of Financial Condition and Results of Operations*", "*Terms and Conditions of the Notes*" and the Group's Financial Statements and the notes to those financial statements, which are included in this Prospectus.

	As at 31 March 2021 *(unaudited)*
	(Dh millions)
Cash and cash equivalents	7,014
Cash financial assets	4
Current financial debt	
Guaranteed[(1)]	63
Current bank debt	10,056
Other current financial debt[(2)]	2,040
Total current financial debt	**12,157**
Non-current financial debt	
Guaranteed[(1)]	237
Non-current bank debt	17,493
Bonds issued	25,384
Other non-current debt[(3)]	3,405
Total non-current financial debt	**46,519**
Total financial debt	**58,676**
Share capital	8,288
Paid-in capital	18,698
Consolidated reserves	48,585
Net profit-group share	1,924
Non-controlling interests	1,466
Total equity	**78,960**
Total capitalisation	**137,636**

(1) Consists of sovereign guaranteed bank loans.
(2) Includes finance leases, accrued interest not yet due and other credits.
(3) Includes finance leases and other credits.

As at the date of this Prospectus, there have been no material changes to the Group's capitalisation and indebtedness since 31 March 2021.

SELECTED CONSOLIDATED FINANCIAL DATA AND OTHER INFORMATION

The tables below set forth the Group's selected consolidated financial data as at and for the three months ended 31 March 2021 and 2020 and the years ended 31 December 2020, 2019 and 2018. The selected financial data has been extracted from the Financial Statements included elsewhere in this Prospectus. For further information, see "Presentation of Financial and Certain Other Information".

The Annual Financial Statements were prepared in accordance with IFRS issued by the IASB and as adopted by the European Union and have been audited by EY and Deloitte Audit in accordance with International Standards on Auditing. The Interim Financial Statements have been prepared in accordance with IAS 34 as adopted by the European Union and have been reviewed by EY and Deloitte Audit in accordance with ISRE 2410.

The following tables should be read in conjunction with, and are qualified in their entirety by reference to, the Financial Statements and the related notes, included elsewhere in this Prospectus. Prospective investors should read this section together with the information contained in "Use of Proceeds", "Presentation of Financial and Certain Other Information" and "Management's Discussion and Analysis of Financial Condition and Results of Operations."

Consolidated Statement of Profit and Loss and Comprehensive Income

	First Quarter		**Fiscal Year**		
	2021	**2020**	**2020**	**2019***	**2018**
	(unaudited)				
			(Dh millions)		
Revenue	14,288	12,270	56,182	54,092	55,906
Production held as inventory	(277)	(54)	(1,633)	1,901	1,728
Purchases consumed	(4,744)	(4,676)	(18,123)	(21,768)	(22,398)
External expenses	(1,856)	(2,152)	(8,224)	(9,738)	(9,780)
Personnel expenses	(2,310)	(2,272)	(9,099)	(9,213)	(8,481)
Taxes	(99)	(111)	(306)	(319)	(288)
Profit (loss) from joint ventures	104	19	342	360	399
Exchange gains and losses on operating receivables and payables	174	331	(435)	(68)	(60)
Other operating income and expenses	58	(8)	(48)	86	49
EBITDA	**5,336**	**3,345**	**18,657**	**15,333**	**17,076**
Amortisation, depreciation and operating provisions	(1,995)	(2,067)	(8,196)	(7,467)	(5,820)
Operating profit before exceptional items	**3,341**	**1,278**	**10,461**	**7,866**	**11,256**
Other non-recurring operating income and expenses	(199)	(3,305)	(4,199)	(1,504)	(1,250)
Operating profit (loss)	**3,142**	**(2,027)**	**6,262**	**6,362**	**10,006**
Cost of gross financial debt	(567)	(639)	(2,437)	(1,988)	(1,865)
Financial income from cash investments	30	115	266	477	299
Cost of net financial debt	**(537)**	**(524)**	**(2,171)**	**(1,511)**	**(1,567)**
Exchange gains and losses on financial receivables and payables	(18)	(915)	645	50	(412)
Other financial income and expenses	(390)	(47)	(449)	(161)	(1,325)
Financial profit (loss)	**(945)**	**(1,485)**	**(1,966)**	**(1,622)**	**(3,304)**
Profit (loss) before tax	**2,197**	**(3,512)**	**4,295**	**4,741**	**6,702**
Corporate income tax	(254)	930	(904)	(1,725)	(1,100)
Net profit (loss) for the period	**1,943**	**(2,582)**	**3,391**	**3,016**	**5,602**
Net profit (loss) Group share	1,924	(2,639)	3,231	2,843	5,425
Net profit (loss) Non-controlling interests	19	57	160	173	178
Actuarial gains or losses	29	155	(301)	(711)	(377)
Taxes	(6)	(31)	61	143	71

Financial assets at fair value by OCI	-	-	-	-	(521)
Items that will not be reclassified to profit or loss	**24**	**124**	**(239)**	**(568)**	**(827)**
Translation differences	(20)	110	(128)	(37)	(13)
Share of gains and losses recognized in equity (CFH variation)	(345)	(1,148)	1,474	(55)	(321)
Taxes	76	254	(336)	12	68
Share of gains and losses recognised in equity on joint ventures	-	-	-	-	13
Items that may be reclassified to profit or loss	**(289)**	**(784)**	**1,010**	**(80)**	**(253)**
Income and expenses for the period, recognized directly in equity	**(266)**	**(659)**	**771**	**(647)**	**(1,080)**
Consolidated comprehensive income	**1,678**	**(3,241)**	**4,162**	**2,368**	**4,522**
Including Group share	1,659	(3,298)	4,002	2,195	4,344
Including non-controlling interests' share	19	57	160	173	178

*The Group has applied IFRS 16 "Leases" since 1 January 2019 and 2018 figures have not been adjusted.

Consolidated Statement of Financial Position

	First Quarter	**Fiscal Year**		
	2021	**2020**	**2019**	**2018**
	(unaudited)	**(Dh millions)**		
ASSETS				
Current assets				
Cash and cash equivalents	7,014	6,428	13,487	17,141
Cash financial assets	4	7	573	5,654
Inventories	13,280	13,552	14,996	13,213
Trade receivables	9,256	8,657	8,142	10,279
Current tax receivables	106	11	39	34
Other current assets	18,603	17,678	15,085	9,348
Total current assets	**48,263**	**46,333**	**52,323**	**55,669**
Non-current assets				
Non-current financial assets	1,265	1,119	1,021	872
Investments in equity accounted companies	5,368	5,286	3,882	3,802
Deferred tax assets	700	620	79	16
Property, plant and equipment	109,587	109,493	108,464	101,589
Intangible assets	2,237	2,476	1,095	510
Total non-current assets	**119,156**	**118,994**	**114,540**	**106,788**
TOTAL ASSETS	**167,424**	**165,326**	**166,864**	**162,458**
LIABILITIES				
Current liabilities				
Current loans and financial debts	12,157	11,795	7,267	7,123
Current provisions	475	448	353	328
Trade payables	15,571	15,332	15,010	12,230
Other current liabilities	6,346	5,661	6,383	5,257
Total current liabilities	**34,549**	**33,236**	**29,014**	**24,939**
Non-current liabilities				
Non-current loans and financial debts	46,519	46,964	52,292	50,864
Non-current provisions for employee benefits	5,564	5,646	5,380	4,616
Other non-current provisions	611	591	519	757
Deferred tax liabilities	1,221	1,295	1,031	993
Other non-current liabilities		3		

Total non-current liabilities	**53,914**	**54,500**	**59,223**	**57,230**
EQUITY – GROUP SHARE				
Issued capital	8,288	8,288	8,288	8,288
Paid-in capital	18,698	18,698	18,698	18,698
Consolidated reserves – Group share	48,584	45,927	47,364	46,450
Net profit (loss) – Group share	1,924	3,231	2,842	5,424
SHAREHOLDERS' EQUITY	**77,494**	**76,143**	**77,191**	**78,859**
Non-controlling interests	1,466	1,447	1,436	1,430
TOTAL EQUITY	**78,960**	**77,591**	**78,627**	**80,290**
TOTAL EQUITY AND LIABILITIES	**167,424**	**165,326**	**166,864**	**162,458**

Selected Statement of Cash Flows

	First Quarter		**Fiscal Year**		
	2021	**2020**	**2020**	**2019**	**2018**
	(unaudited)				
	(Dh millions)				
Net cash flows from/(used in) operating activities	3,335	(1,626)	9,669	11,996	7,700
Net cash flows used in investing activities	(1,910)	(4,097)	(10,269)	(8,990)	(1,331)
Net cash flows from/(used in) financing activities	(850)	5,977	(6,408)	(6,666)	2,395
Impact of changes in exchange rates on cash and cash equivalents	5	7	(44)	(3)	(12)
Net increase/(decrease) in cash and cash equivalents	580	261	(7,051)	(3,663)	8,752

Other Financial Data

The tables below include certain non-IFRS financial measures, including EBIT, EBITDA and net financial debt, which are not liquidity or performance measures under IFRS, and which the Group considers to be APMs. These APMs are prepared in addition to the figures that are prepared in accordance with IFRS and are not audited. The Group uses APMs to provide additional information to investors and to enhance their understanding of the Group's results. The APMs should be viewed as complementary to, rather than a substitute for, the figures determined according to IFRS. Moreover, these metrics may be defined or calculated differently by other companies, and, as a result, they may not be comparable to similar metrics calculated by the Group's peers. See "*Presentation of Financial and Certain Other Information—Other Financial Information*" for more information, including definitions of these items.

Non-IFRS Measures

	First Quarter		**Fiscal Year**		
	2021	**2020**	**2020**	**2019**	**2018**
	(unaudited)				
	(Dh millions, unless otherwise indicated)				
EBIT(1)	3,365	1,320	10,585	7,639	11,505
EBITDA(1)	5,336	3,345	18,657	15,333	17,077
Net financial debt (2)	51,658	53,163	52,324	45,499	35,191

(1) The reconciliation of net profit for the period to EBIT and EBITDA is as follows for the periods indicated.

	First Quarter		Fiscal Year		
	2021	2020	2020	2019	2018
	(unaudited)				
	(Dh millions, unless otherwise indicated)				
Net profit (loss) for the period	1,943	(2,582)	3,391	3,016	5,602
Corporate income tax	(254)	930	(904	(1,725)	(1,100)
Financial profit (loss)	(945)	(1,485)	(1,966)	(1,622)	(3,304)
Other non-recurring operating income and expenses	(199)	(3,305)	(4,199)	(1,504)	(1,250)
Non-current depreciation and amortisation[(a)]	(24)	(41)	(125)	227	(248)
EBIT	**3,365**	**1,320**	**10,585**	**7,639**	**11,504**
Current depreciation and amortisation[(a)]	(1,971)	(2,026)	(8,071)	(7,694)	(5,572)
EBITDA	**5,336**	**3,345**	**18,657**	**15,333**	**17,076**

(a) Non-current depreciation and amortisation consists of exceptional depreciation and amortisation of assets. Current depreciation and amortisation consists of depreciation and amortisation of assets in the normal course of business.

(2) The calculation of net financial debt is as follows for the periods indicated.

	First Quarter		Fiscal Year		
	2021	2020	2020	2019	2018
	(unaudited)				
	(Dh millions)				
Total current financial debt	12,157	7,455	11,795	7,267	7,123
Total non-current financial debt	46,519	60,888	46,964	52,292	50,864
Total financial debt	**58,676**	**68,343**	**58,760**	**59,558**	**57,987**
Less:					
Cash and cash equivalents	7,014	13,743	6,428	13,487	17,141
Cash financial assets	4	1,437	7	573	5,654
Net financial debt	**51,658**	**53,163**	**52,324**	**45,499**	**35,191**

Other Metrics

	First Quarter		Fiscal Year		
	2021	2020	2020	2019	2018
	(unaudited)				
	(Dh millions, unless otherwise indicated)				
EBIT/Interest expense[(1)] (*x*)	(6)	(2)	(4)	(4)	(6)
Capitalisation [(2)]	137,636	143,409	136,350	138,186	138,276
Net capitalisation[(3)]	130,618	128,229	129,915	124,126	115,481
Net financial debt/ EBITDA[(4)] (*x*)	NA	NA	2.8	3.0	2.1
Debt/Equity [(5)] (*x*)	0.7	0.9	0.8	0.8	0.7
Current liquidity[(6)] (*x*)	1.4	1.8	1.4	1.8	2.2

(1) Calculated as EBIT divided by the Group's interest expense for the given period.
(2) Capitalisation is total financial debt plus equity.
(3) Net capitalisation is net financial debt plus equity.
(4) Calculated as net financial debt at period end divided by the Group's EBITDA for the given period.
(5) Debt/Equity is total financial debt divided by equity.
(6) Current liquidity is current assets divided by current liabilities.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The financial information of the Group set forth below as at and for the years ended 31 December 2020, 2019 and 2018 and as at and for the three months ended 31 March 2021 and 2020 has been extracted from, should be read in conjunction with, and is qualified in its entirety by, the Financial Statements, including the notes thereto, contained elsewhere in this Prospectus.

The Financial Statements have been prepared in accordance with IFRS. This management's discussion and analysis contains forward-looking statements which, although based on assumptions that management considers reasonable, are subject to risks and uncertainties which could cause actual events or conditions to differ materially from those expressed or implied by the forward-looking statements. For a discussion of risks and uncertainties that the Group faces as a result of various factors, see "Forward-Looking Statements" and "Risk Factors".

Overview

The Group is a leading vertically-integrated fertiliser company involved in the extraction, production and commercialisation of: (i) phosphate rock; (ii) phosphoric acid (including purified phosphoric acid); and (iii) phosphate-based fertilisers. The Group is the largest producer of phosphate rock and phosphoric acid, and the second largest producer of phosphate-based fertilisers (DAP, MAP and TSP), globally (by volume), based on management estimates derived from company information and publicly available data of competitors for 2019. The Group's mining activities are based in Morocco and focus on the extraction, treatment, enrichment and delivery of phosphate rock to its processing facilities in Jorf Lasfar and Safi, as well as the export of phosphate rock to its customers in approximately 36 countries. The Group processes approximately three quarters of its phosphate rock production into phosphoric acid, a significant part of which is in turn further processed into phosphate-based fertilisers. In addition to phosphoric acid, the Group produces and exports six major types of phosphate- based fertilisers (MAP, DAP, NPK, NPS, ASP and TSP) as well as over 40 specialised fertiliser products, such as fertilisers enriched with micronutrients and reactive phosphate rock. The Group sells its products to other industrial companies, including integrated and non-integrated players, large and established traders and distributors.

In Q1 2021, the Group's total revenue was Dh 14.3 billion (Q1 2020: Dh 12.3 billion), its EBITDA was Dh 5.3 billion (Q1 2020: Dh 3.3 billion) and its net profit/(loss) for the period was Dh 1.9billion (Q1 2020: Dh (2.6) billion). In FY 2020, the Group's total revenue was Dh 56.2 billion (FY 2019: Dh 54.1 billion), its EBITDA was Dh 18.7 billion (FY 2019: Dh 15.3 billion) and its net profit for the period was Dh 3.4 billion (FY 2019: Dh 3.0 billion). The Group's total assets were Dh 167.4 billion and Dh 165.3 billion as at 31 March 2021 and 31 December 2020, respectively. For financial reporting purposes, the activities of the Group are divided into three operating segments: Northern Axis, Central Axis and Headquarters and Other. See "—*Operating Segments*" below.

Key Factors Affecting Results of Operations and Financial Condition

Set forth below is an overview of the key factors that have affected the Group's results of operations and financial condition during the three months ended 31 March 2021 and 2020 and the years ended 31 December 2020, 2019 and 2018 and that are expected to affect the Group's results of operations and financial condition in future periods.

Global Macroeconomic Conditions and Agricultural Commodity Prices

Revenue from the sales of phosphate rock, phosphoric acid and fertilisers accounted for 15.7%, 16.0% and 59.9% of the Group's revenue in Q1 2021, 16.5%, 14.4% and 58.3% of the Group's revenue in FY

2020, respectively, and 17.5%, 17.4% and 54.1% of the Group's revenue in FY 2019, respectively. Accordingly, selling prices for phosphate rock, phosphoric acid and fertilisers significantly affect the Group's revenue and profitability and have fluctuated significantly during the periods under review. Selling prices for the Group's products generally move in line with global market prices for these products, which are directly influenced by global macroeconomic conditions, agricultural commodity prices and the supply/demand balance in the phosphates market. In addition, global market prices for phosphate rock, fertilisers and phosphoric acid are strongly correlated with the international DAP index.

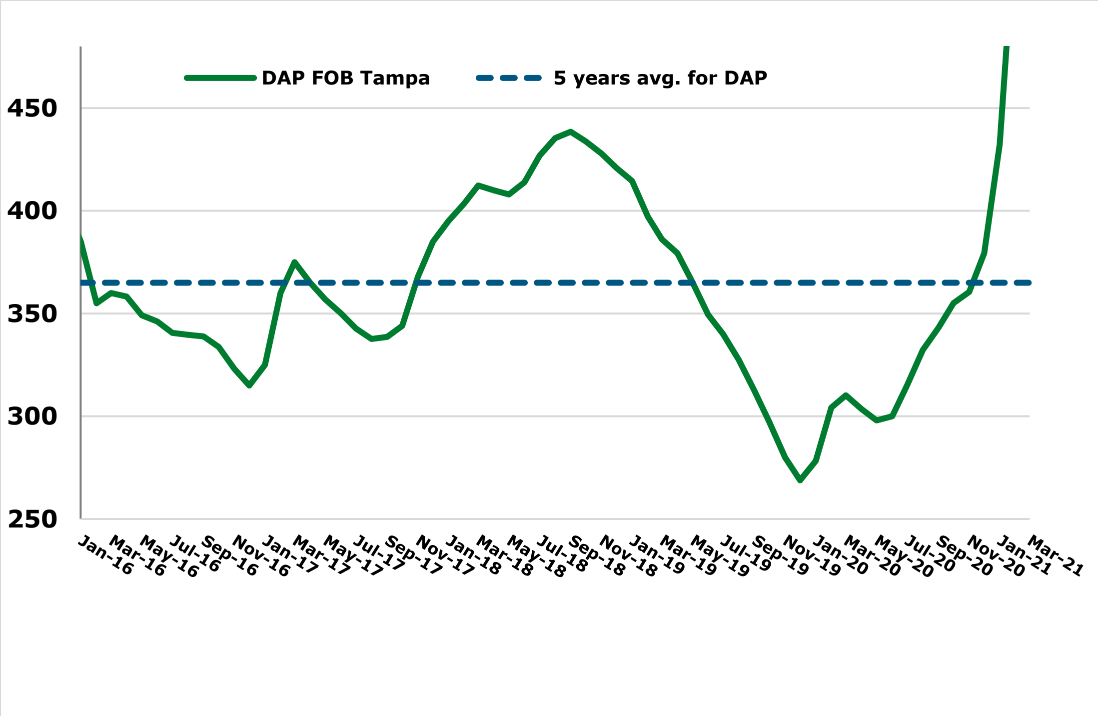
The table below sets out the Group's average price per tonne of phosphate rock, phosphoric acid and phosphate-based fertilisers for the periods indicated.

	First Quarter		**Fiscal Year**		
	2021	**2020**	**2020**	**2019**	**2018**
	(U.S.$/tonne)				
Phosphate rock	85	75	77	80	78
Phosphoric acid	745	585	611	679	714
Phosphate-based fertilisers	346	282	295	320	376

In 2018, the closure of certain facilities in the United States and as well as the steady growth of demand in India and Latin America supported growth of phosphate fertilisers prices. In 2019, phosphate fertiliser prices decreased by 15% due to the combined effect of increased supply, lower raw material prices (particularly sulphur), unfavourable weather conditions as well as the impact of Renminbi devaluation (both of which reduced demand).

The average price of fertilisers in 2020 decreased compared to the average price in 2019 due to the fall in prices of sulphur and ammonia linked to oversupply in the market. The fall in prices began at the end of 2019 and reached an average historic low of U.S.$ 260 per tonne in December 2019, after which the market experienced a recovery in prices from the first half of 2020. Prices have largely increased in the first quarter of 2021.

The following chart sets forth the evolution of DAP prices for the periods indicated.



Source: CRU.

Long-Term Global Demand and Supply Factors

In the longer term, the Group's management believes that a number of factors will drive demand for fertiliser products. These factors include:

- rising populations and limited arable land, leading to a decline in available arable land per capita, which results in the need for more intensive application of fertiliser products in order to achieve adequate crop yields;

- income growth in emerging economies resulting in changes in diet (such as increased consumption of meat, which results in increased demand for grain and other animal feed, and increased consumption of fruit and vegetables, which are higher-priced crops requiring higher fertiliser application rates to ensure crop yield and quality); and

- government policies and regulations in Morocco and the Group's export markets, as well as in other markets that are significant consumers of products sold by the Group, or markets where key raw materials suppliers of the Group operate.

Supply related factors influencing fertiliser prices in the future most notably include changes in worldwide fertiliser production capacity and increased availability of fertiliser product exports from major producing regions such as the post-Soviet states, the United States, the Middle East, India and China. In particular, between 2015 and 2020, a number of fertiliser producers increased production capacity, resulting in downward pressure on global fertiliser prices with the DAP FOB Tampa index reaching a low of U.S.$260 per tonne on average in December 2019. As producers with relatively high production costs are particularly impacted by low price levels, certain producers have recently curtailed production while other producers are expected to postpone planned increases in production capacity, which could ease the downward pressure on prices.

Sales Volumes and Product Mix

Changes in the Group's sales volumes and product mix also significantly affect the Group's revenue and profitability.

The table below sets forth the Group's export sales volumes of phosphate rock, phosphoric acid and phosphate-based fertilisers for the periods indicated.

	First Quarter		**Fiscal Year**		
	2021	**2020**	**2020**	**2019**	**2018**
	(million tonnes)				
Phosphate rock	2.3	2.3	10.3	9.5	11.3
Phosphoric acid	0.3	0.3	1.2	1.3	1.3
Phosphate-based fertilisers	2.7	2.7	11.5	9.1	8.3

In 2019, the decrease in export sales, by volume, of phosphate rock, compared to 2018, was primarily due to:

- the decline in sales for North America and Latin America, as a result of the shutdown of a Nutrien plant for which the Group had been the sole supplier and the business combination of Potash Corp and Agrium, which led to the cancellation in the supply of Phosphates from OCP;
- the drop of market share in Brazil following the acquisition by Mosaic of the client Vale Cubatao Fertilizantes; and
- the decline in sales in Europe during 2019 mainly explained by the loss of market share in Poland and Bulgaria.

During the same period, export sales volumes of phosphoric acid were flat compared to 2018. Export sales volumes of phosphate-based fertilisers increased in 2019 compared to 2018, primarily due to a strong agricultural season in Europe, strong demand in Latin America prompted by the low level of Brazilian inventories at the start of the year, and government subsidies in Argentina, which encouraged the purchase of fertilisers.

The increase in export sales of phosphate rock by volume in 2020 compared to 2019 was primarily due to:

- an increase in sales in North America and Latin America, as a result of supply disruption in Peru due to limitations placed on the Bayovar mine’s operations under Peru’s COVID-19-related restrictions; this allowed the Group to export higher volumes to the U.S., Brazil and Argentina; and
- an increase in sales for Europe mainly due to sales recovery in Poland and an increase in market share in Lithuania.

During the same period, export sales volumes of phosphoric acid decreased compared to 2019 as a result of reduced demand in India while production units were forced to reduce their usage rates during the COVID-19 restrictions in the second quarter of 2020. In 2020, exports of fertilisers increased significantly, mainly in the regions where demand was strong and partially to replace acid sales losses. For example, in India, the Group was able to supply fertilisers to its Indian customers by pivoting its industrial production from phosphoric acid to fertilisers, which more than compensated for lower acid sales. Moreover, due to the Group’s strategic location and ability to ship globally, the Group was able to quickly pivot to reallocate export volumes from the U.S. to Brazil, and India in the second half of 2020.

In the three months ended 31 March 2021, export sales volumes of phosphoric acid increased compared to the same period in 2020, driven mainly by a high level of sales in India following the resumption of normal production levels after the production shutdowns following the spread of COVID-19 in the first quarter of 2020 and in Pakistan, as demand rebounded from the comparatively low base in 2020 caused by maintenance work in several factories. Export sales volumes of phosphate-based fertilisers remained flat in the first three months of 2021 compared to the same period in 2020, primarily due to the increase of exports in Asia (to Australia, Bangladesh, Pakistan and India) and Africa (due to a tender won in Benin and higher imports from Nigeria), a decrease in sales in the U.S. as a result of the new 19.9% countervailing duty and a drop in volumes sold in Latin America, particularly in Brazil and Argentina. In addition, the composition of sales volumes in terms of product mix resulting from changes in market demand for specific products also affects the Group's revenue and profitability. The principal changes in product mix during the period under review include the following:

- the share of MAP/DAP in the Group's export sales of phosphate-based fertilisers, by volume, increased from 65% in 2018 to 66% in 2019 and increased to 69% in 2020;

- the share of TSP in the Group's export sales of phosphate-based fertilisers, by volume, decreased from 13% in 2018 to 12% in 2019 and decreased to 10% in 2020; and

- the share of NPS and NPK in the Group's export sales of phosphate-based fertilisers, by volume, decreased from 20% in 2018 to 19% in 2019 and decreased to 16% in 2020.

Fluctuations in the Group's fertiliser export mix are mainly related to market conditions and changes in regional demand.

Seasonality

The Group is subject to certain seasonal fluctuations in fertiliser demand due to the timing of fertiliser application and, as a result, fertiliser purchases by farmers. Fertiliser application periods differ from region to region which may lead to significant fertiliser demand variations through the year. In addition, purchasing timing by farmers and distributors could lead to increased seasonality and volatility in demand. The effect of seasonality on the Group's revenue is partially offset by the fact that the Group sells its fertilisers globally and that fertiliser application and purchases vary by region.

Exchange Rates

The Dirham/U.S. Dollar exchange rate and inflation trends in Morocco affect the Group's results of operations principally because: (i) a majority of the Group's consolidated revenue from sales of its products is denominated in U.S. Dollars, while a substantial portion of the Group's expenses are denominated in Dirhams; and (ii) a part of its borrowings and accounts payable is denominated in U.S. Dollars. Accordingly, fluctuations in the Dirham/U.S. Dollar exchange rate may significantly affect the Group's consolidated results of operations.

The following table sets forth the period average and period-end Dirham/U.S. Dollar exchange rates, as published by the Central Bank, for the periods indicated:

	Average	**Period End**
	(Dh per U.S.$1.00)	
Q1 2021	8.9479	9.0606
Q1 2020	9.6581	10.1397

FY 2020	9.4968	8.9048
FY 2019	9.6170	9.5932
FY 2018	9.3862	9.5655

The Dirham/U.S. Dollar exchange rate has continued to be volatile in 2021, reacting to the COVID-19 pandemic news and to central banks' attempts to stabilize markets in this context. The EUR/U.S. Dollar exchange rate has fluctuated and has, as a result, impacted the U.S. Dollar/MAD exchange rate. In March 2020, the Finance Ministry and Central Bank announced an expansion of the band in which the Dirham fluctuates from 2.5% to 5% around an unchanged basket of currencies comprising the Euro (60%) and the U.S. Dollar (40%).

A depreciation of the Dirham would positively affect the Group's consolidated sales revenue in light of the breakdown of its transactional currency exposures. An improvement of the U.S. Dollar against the local currencies in the Group's export markets may, however, negatively affect the Group's consolidated sales revenue as its customers will demand lower prices for the Group's products in order to compensate for the depreciation of their currencies. Continued depreciation or similar depreciation experienced in other markets in which the Group operates could have a similar effect on demand for the Group's products. Any resulting lowering of the Group's prices will, in turn, adversely affect the Group's revenue. On the other hand, the Group has significant U.S. Dollar-denominated liabilities and any depreciation of the Dirham relative to the U.S. Dollar would result in foreign currency translation losses that are recognised in the Group's consolidated statement of comprehensive income.

The Group hedges its exposure to the U.S. Dollar / Dirham exchange rate, utilising a cash flow hedge between its highly probable future sales in U.S. Dollars (hedged item) and its U.S. Dollar-denominated bonds issued in 2014 and 2015 amounting to U.S.$ 1.25 billion (due April 2024) and U.S.$1 billion (due October 2025), respectively (hedging instrument). For further information, see note 4 to the Group's Financial Statements. The Group's management regularly monitors the Group's currency risk and monitors changes in foreign currency exchange rates and its effect on operations of the Group.

Costs of Raw Materials and Energy

Costs of raw materials (including energy costs) are the largest component of the Group's costs of purchases consumed, accounting for 79.4%, 71.3%, 72.0% and 77.5% of the Group's purchases consumed in Q1 2021, FY 2020, FY 2019 and FY 2018, respectively. The Group's costs of raw materials primarily relate to the Group's purchases of sulphur and sulphuric acid, ammonia and energy.

Costs of Sulphur and Sulphuric Acid

The Group's expenditures on sulphur and sulphuric acid accounted for 37.8%, 31.0%, 37.2% and 41.7% of the Group's purchases consumed in Q1 2020, FY 2020, FY 2019 and FY 2018, respectively.

Sulphur is the principal raw material used in the production of sulphuric acid, which is required for the production of the Group's phosphoric acid. The Group estimates that its consumption of sulphur amounted to 6.9 million tonnes in FY 2020, which represented approximately 12.5% of the worldwide sulphur market according to IFA.

The Group's average sulphur consumption cost per tonne was U.S.$98, U.S.$74, U.S.$112 and U.S.$145 in Q1 2021, FY 2020, FY 2019 and FY 2018, respectively. As sulphur is a by-product of the oil and gas industry, the production of sulphur has historically been driven by trends unrelated to the fertiliser market. In recent years, expansion in refining capacity has led to an increase in sulphur supply and downward pressure on prices, although sulphur prices have increased more than expected since December 2020 due to tighter market conditions and stronger phosphate prices. The price rally was driven by a combination of key factors. In terms of supply, refineries were running at reduced rates in countries such as the U.S., Europe, India and Japan due to limited demand on the back of COVID-19 travel restrictions. In addition, production issues due to maintenance in the U.A.E. and the Kingdom of Saudi Arabia have also contributed to limiting of supply. In terms of demand conditions, there has been healthy demand in most downstream industries (such as phosphate fertilisers, with demand due to a recovery in crop prices, and in industrial applications with increased demand due to government stimulus packages).The tight supply and demand balance was also reflected in the rapid decline of Chinese sulphur stocks. The price of the sulphur obtained from third-party suppliers is generally negotiated on a quarterly basis under medium-term supply agreements. The Group believes the prices it is able to negotiate are among the most competitive in the market due to the Group's diversification policy and buying power.

Costs of Ammonia

The Group's expenditures on ammonia accounted for 23.7%, 21.6%, 17.1% and 17.3% of the Group's purchases consumed in Q1 2021, FY 2020, FY 2019 and FY 2018, respectively.

Ammonia is used in the production of MAP, DAP and NPK, as well as specialised fertiliser products, such as sulphur and fertilisers enriched with micronutrients. Ammonia prices increased sharply in early 2021 due to a reduction of supply and favourable demand dynamics. The reduction of supply was due to production cuts announced around the world due to the COVID-19 pandemic and due to the rise in gas prices in Europe, which ultimately pushed some producers to shut down plants. Favourable demand dynamics were driven on the back of strong fertilisers pricing (phosphate and nitrogen) and recovery in industrial demand due to government stimulus packages. The ammonia market is regionally-driven due to high freight costs. The transportation of ammonia requires specialised ships and is often expensive, which makes non-regional suppliers less attractive. In 2020, the Group purchased approximately 1.9 tonnes of ammonia. The Group expects its annual imports of ammonia to increase to approximately 2 million tonnes after the start-up of the three new granulation units, which the Group expects to be commissioned starting from the end of 2023/early 2024. The second phase of the Capital Expenditure Plan is expected to increase the Group's capacity to 18 million tonnes of granulation, resulting in further increases in annual imports of ammonia. See "*Business—Strategies—Improve Efficiency and Increase Industrial Capacity*". In 2019, the Group entered into a long-term agreement for the purchase of ammonia with Gulf Coast Ammonia ("**GCA**") as from start-up of GCA's new production unit (expected 2021-2022).

The Group's average ammonia consumption cost per tonne was U.S.$271, U.S.$218, U.S.$246 and U.S.$291 in Q1 2021, FY 2020, FY 2019 and FY 2018, respectively. Although trends in ammonia pricing has been negative on a longer-term basis, the price of ammonia has been volatile and consequently prices are fixed on a cargo-by-cargo basis or over a short period. However, the Group has entered into contracts with the principal ammonia suppliers to guarantee the availability of the product in the medium and long term.

Energy Costs

The Group's purchases of energy from third parties accounted for 13.0%, 12.8%, 13.4% and 14.6% of the Group's purchases consumed in Q1 2021, FY 2020, FY 2019 and FY 2018, respectively.

As the Group's fertiliser production operations are, to a certain extent, energy self-sufficient, the Group's third party purchases of energy mainly consist of electricity for use at the Group's mining and phosphate rock production facilities as well as fuel and diesel. In FY 2020, electricity, fuel and diesel comprised 50.9%, 27.3% and 17.4% of the Group's purchases of energy from third parties, respectively. In Q1 2021, electricity, fuel and diesel comprised 47.1%, 33.1% and 15.6% of the Group's purchases of energy from third parties, respectively.

Morocco is a net importer of energy. Accordingly, the Moroccan economy and, in turn, the Group's energy prices, are subject to fluctuations from changes in international energy prices, in particular oil prices. Energy prices have been volatile in recent periods, with an increasing trend between 2017 and 2018, with reductions in 2019 and a sharp reduction in 2020 following global oil price trends.

The Group's average electricity consumption cost per kWh was U.S.$0.09, U.S.$0.09 and U.S.$0.09, in FY 2020, FY 2019 and FY 2018, respectively.

The Group's average fuel consumption cost per tonne was U.S.$323, U.S.$457 and U.S.$481 in FY 2020, FY 2019 and FY 2018, respectively.

The Group's average diesel consumption cost per litre was U.S.$0.7, U.S.$0.8 and U.S.$0.9 in FY 2020, FY 2019 and FY 2018, respectively.

Capital Expenditure

In 2008, the Group launched its Capital Expenditure Programme which the Group believes will improve its operating performance and help the Group strengthen its positions across the phosphate value chain. The Group has completed the first phase which included a number of industrial projects, including:

- A slurry pipeline to transport phosphate rock from Khouribga to Jorf Lasfar (with a length of 234 km, including secondary pipes and an annual capacity of up to 38 million tonnes), launched in April 2014 to reduce dependency on train transportation and reduce the Group's transportation costs;
- The expansion of two mines in Khouribga (Sidi Chennane & Merah) and opening of one new mine (Beni Amir), as well the construction of two new washing plants;
- The start of operations of four new integrated fertiliser units, in Jorf Lasfar, of one million tonnes capacity each;
- The start of operations of a new phosphoric acid unit (Line E), in Jorf Lasfar, which has a 450kt phosphoric acid capacity;
- The revamping of its existing lines in Maroc Phosphore 3&4, in Jorf Lasfar, to achieve both an adaptation to the slurry pulp and to free up additional phosphoric acid capacity;
- The expansion of the Jorf Lasfar port capacity by approximately 20 million tonnes; and
- The start of operations of a 25 million cubic metre new desalination plant in Jorf Lasfar.

As part of the second phase of the Capital Expenditure Programme, the Group is considering a number of mining projects in order to ramp up its capacity by 20 million tonnes by 2030. None of the major second phase projects have been started except as specifically noted below.

- Khouribga: development of one new mine with its washing plant, and the expansion of both the Beni Amir mine and its washing plant;
- Gantour: The expansion of the Ben Guerir mine and the construction of a new washing plant (construction has started); and

- Boucraâ: The expansion of its existing mine with a new washing plant, a new storage and handling capacities, as well as a new drying plant dedicated to export (the majority of these projects have started).

In addition, as part of its sustainable growth strategy, the Group is also considering constructing solar power plants with a total capacity of 1.2 GW at its mining sites by 2026.

The Group is also considering a number of additional projects at its chemical sites, as part of the second phase of the Capital Expenditure Programme. None of the major second phase projects have been started except as specifically noted below.

In Jorf Lasfar:

- The construction of new phosphoric acid line (line F) with a capacity of 450 thousand tonnes phosphoric acid, expected to be commissioned starting from 2022 (construction has started);

- The construction of 3 granulation lines with a capacity of one million tonnes each, which the Group expects to be commissioned starting from the end of 2023/early 2024. These lines will benefit from phosphoric acid coming from Line F and from the freed-up capacity from efficiency programs (construction has started);

- Additional phosphoric acid capacity gains through increased efficiency which will amount to a total of 350 kilo tonnes of phosphoric acid capacity (project has started);

- The construction of sulphuric acid plants with a total capacity of 3.3 million tonnes (construction has started);

- The construction of additional capacity for customized fertilisers (25 kT of Water soluble NPK and 200 kT of Water Soluble MAP) by 2026; and

- The construction of production units for the recovery and valorisation of fluorine with a capacity of approximately 60 kT of HF by 2026.

In Safi:

- The construction of fertiliser production units with a total capacity of 3 million tons of customized phosphate fertilisers between 2024 and 2030;

- The expansion, amongst other things, of port and storage facilities to accommodate the increase in phosphate rock exports; and

- The construction of phosphate animal feed production units with a total capacity of 300 Kt by 2026.

In Boucraâ:

- The construction of a fully integrated fertiliser production unit that is expected to start operations by 2026 with a capacity of one million tonnes.

- New port adapted to processing operations (construction has started).

For additional information, see "*Business—Strategy—Improve Efficiency and Increase Industrial Capacity*" and "*—Capital Expenditures*" below.

Based on current plans, the total estimated costs of the Capital Expenditure Programme since its launch in 2008 to 2030 are expected to be approximately U.S.$20 billion[3] (Dh 190 billion), and approximately U.S.$ 8 billion (Dh 74 billion) already incurred between 2008 and 2020, with the remainder expected to be incurred between 2021 and 2030. During the period from 1 January 2008 to 31 December 2020, approximately U.S.$10 billion (Dh 94 billion) was contractually committed on the Capital Expenditure Programme. These costs are expected to be funded from internally-generated cash flows, existing and future external financings and the proceeds of the Notes. Accordingly, the Group expects its interest costs to increase in the future. When and if completed, the projects that are the subject of the Capital Expenditure Programme are expected to improve the Group's operating performance and help the Group strengthen its position across the phosphate value chain.

Costs of Transportation

The Group offers to sell products to its customers on the basis of certain industry-standard delivery terms reflecting different levels of the Group's responsibilities in terms of the cost and execution of delivery of its products.

When the Group arranges and pays for transport, the Group's selling prices are higher and include expected freight and rail costs to the point of delivery, resulting in higher revenue and external expenses.

The Group's external expenses corresponded to 13.0%, 14.6%, 18.0% and 17.5% of the Group's total revenue in Q1 2021, FY 2020, FY 2019 and FY 2018, respectively. Freight out costs (including rail costs) is the largest component of the Group's external expenses, amounting to 37.4%, 41.7%, 35.3% and 39.3% of total external expenses in Q1 2021, FY 2020, FY 2019 and FY 2018, respectively.

As the Group's selling prices must remain competitive with prices charged by other suppliers, the Group's profit margins may be adversely affected to the extent the Group is required to compete with suppliers who have lower delivery costs to the customer.

Historically, the Group relied on railway transportation as the principal means of transporting phosphate rock from its mines to the Group's processing facilities and to the ports of Casablanca and Safi for export. In 2014, the Group began operating a slurry pipeline to transport phosphate rock from the Group's mines at Khouribga to its chemical processing facilities at Jorf Lasfar, which has resulted in a decrease in the Group's reliance on rail transportation and, accordingly, lowered the Group's transportation costs.

The Group continues to rely on railway transportation as the principal means of transporting certain raw materials that the Group imports from ports to the Group's production facilities and as the primary means of transporting phosphate rock from Gantour to Safi. As a result, the Group's operations depend, to a degree, on ONCF. The Group has historically negotiated tariffs with ONCF through long term agreements using a pricing formula, and the current agreement is due to expire in 2022 and initial discussions have begun and are ongoing. The Group is not always able to pass on to its customers increases in railway transportation costs associated with the delivery of raw materials to or between Group companies and the delivery of the Group's products to ports for onward transportation overseas to the Group's export customers. Accordingly, the Group may not be able to increase its prices to fully recoup any future railway tariff increases, which could have a material adverse effect on the Group's profit margins.

[3] For convenience, figures expressed in U.S.$ in this paragraph have been translated into U.S.$ at the average Dh/U.S.$ exchange rate for the year ended 31 December 2020 as published by the Central Bank, which was Dh 9.4968 per U.S.$1.00. Such translation is not reflective of a translation in accordance with IFRS and it should not be construed as a representation that the Dh amounts have been or could be converted into U.S. Dollars at this rate or any other rate.

Adoption of New and Revised Standards and Interpretations for 2020

The standards which are mandatorily applicable from 1 January 2020 did not have a material impact on OCP's consolidated financial statements as at 31 December 2020. The amendments to existing standards are the following:

- *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.

Adoption of New and Revised Standards and Interpretations for 2019

IFRS 16, Leases

IFRS 16 introduces new or amended requirements with respect to lease accounting. It introduces significant changes to the lessee accounting by removing the distinction between operating and finance leases and requiring the recognition of a right-of-use asset and a lease liability at the lease commencement for all leases, except for short-term leases and leases of low value assets. In contrast to lessee accounting, the requirements for lessor accounting have remained largely unchanged. The impact of the adoption of IFRS 16 on the Group's Financial Statements is described below.

The Group has applied IFRS 16 using the simplified retrospective method. The cumulative effects of the first application of IFRS 16 were insignificant and therefore had no impact on opening equity at 1 January 2019. The comparative information for 2017 and 2018 has not been restated in accordance with provisions of IFRS 16.

The Group applies the IFRS 16 provisions described below for all its leases relating to underlying assets whose value, in brand new condition, is significant and/or where the lease term is more than 12 months taking into account renewal options included in the lease contract.

Leases designated as finance leases at 31 December 2018: On the transition date, the Group did not adjust the value of assets and liabilities related to leases designated as finance leases under IAS 17. The assets were reclassified as usage rights and finance lease liabilities are now presented under overall lease liabilities. The provisions of IFRS 16 will be applied to events that may take place after the transition date.

Leases designated as operating leases at 31 December 2018: Since IFRS 16 came into force, the Group has recognized a lease liability reflecting the sum of lease payments still to be made, discounted at the marginal interest rate of the liability determined according to the method explained below, with a balancing entry consisting of the right to use the underlying asset. According to the simplified approach, the amount of usage rights is equal to the amount of the lease liability recognized. Leases with term less than 12 months or relating to low value assets are still recognized in the income statement with no impact on the Group's statement of financial position. Lease terms include the minimum lease terms and any renewal periods provided for in the lease. Variable lease payments or services related to the lease are not taken into account in determining the amount of the right of use and the lease liabilities, and are recognized as expenses when incurred. To determine the marginal interest rate used to calculate the lease liability, the Group took into account the weighted average duration of payments and country risk.

As of 1 January 2019, the Group recognised additional right-of-use of assets, primarily relating to technical equipment and transport equipment, in the amount of Dh 1,887 million and increases in current financial debts and non-current financial debts of Dh 263 million and Dh 1,624 million, respectively.

For further information see Note 1.1(A) to the Group's FY 2017-2019, 2020, Q1 2020 and Q1 2021 Financial Statements.

IFRIC 23, Uncertainty over income tax treatments

IFRIC 23 clarifies how to apply the recognition and measurement requirements in IAS 12, Income Taxes when there is uncertainty over income tax treatments. Uncertain tax treatments are tax treatments for which there is uncertainty over whether the relevant taxation authority will accept the tax treatment under tax law. In such a circumstance, the Group shall recognise and measure its current or deferred tax asset or liability by applying the requirements in IAS 12 based on taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates determined applying this interpretation.

The Group applied IFRIC 23 on 1 January 2019. As an initial adoption method, procedures carried out by the Group identified a first-time application impact of Dh 72 million, which has been accounted for in equity.

Descriptions of Principal Income Statement Items

Descriptions of certain principal income statement items are set forth below.

Revenue

The Group principally derives revenue from the sale of goods and services in the ordinary course of business through three business divisions: Northern Axis, Central Axis and Headquarters and Other. The Group's products principally include phosphate rock, phosphoric acid and phosphate-based fertilisers.

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 permitted. Revenue is recognised upon the transfer of the significant risks and rewards of ownership of the goods and when the amount of such revenue can be reasonably estimated. This transfer of ownership is made at the time of delivery of goods for local sales and as per the relevant Incoterms for export sales.

Production Held as Inventory

Production held as inventory represents the difference between the opening and closing inventories for goods and services stored. Production held as inventory is valued at the production cost of the finished products and services held as inventory.

Purchases Consumed

Purchases consumed includes the costs of raw materials and supplies, adjusted for opening and closing inventories, as well as the costs of goods, services and studies that cannot be held as inventory. Purchases of raw materials and other consumables typically represent the largest portion of such expenses, with ammonia, sulphur and energy representing the most significant components.

External Expenses

External expenses include transportation expenses incurred bringing the Group's goods in a saleable condition and to a location agreed with the customers and other parties (freight out), as well as other expenses relating to the Group's operating transport costs, external personnel, contributions and donations, maintenance and repairs, insurance and rental charges.

Personnel Expenses

Personnel expenses include the salaries of the Group's employees and the related social security expenses, as well as certain retirement and other employee benefits.

Amortisation, Depreciation and Operating Provisions

See Notes 8 and 9 to the Financial Statements for a description of the Group's amortisation, depreciation and operating provisions policies.

Other Operating Income and Expenses

Other operating revenue and expense includes exchange gains or losses on accounts receivable and payable, as well as other income and expenses generated by the Group's operational activities.

Other Non-Recurring Operating Income and Expenses

Other non-recurring income and expenses include: (i) profit or loss from disposals of intangible assets and property, plant and equipment; (ii) restructuring costs and costs relating to workforce adjustment measures; and (iii) unusual items corresponding to income and expenses that are unusual in terms of their frequency, nature or amount.

Financial Profit (loss)

Financial profit represents financial income from cash investments and other financial income less cost of gross financial debt and other financial expense. Financial income from cash investments includes income from investments of cash and cash equivalents, as well as financial cash assets. Cost of gross financial debt includes interest charges calculated using the effective interest rate method, the costs relating to early repayment of loans or the cancellation of credit lines.

Corporate Income Tax

Corporate Income tax includes 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 recognised directly in equity, in which case it is recognised in equity. The Tax used are those that have been enacted or sustainably enacted as of the closing date.

Deferred tax is determined according to the balance sheet approach. The Group applied the liability method. The Group recognises 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.

Results of Operations

The following table sets forth the Group's consolidated results of operations for each of the periods indicated.

	First Quarter		Fiscal Year		
	2021	2020	2020	2019	2018
	(unaudited)				
	(Dh millions)				
Revenue	14,288	12,270	56,182	54,092	55,906
Production held as inventory	(277)	(54)	(1,633	1,901	1,728
Purchases consumed	(4,744)	(4,676)	(18,123)	(21,768)	(22,398)
External expenses	(1,856)	(2,152)	(8,224)	(9,738)	(9,780)
Personnel expenses	(2,310)	(2,272)	(9,099)	(9,213)	(8,481)
Taxes	(99)	(111)	(306)	(319)	(288)
Profit (loss) from joint ventures	104	19	342	360	399
Other operating income and expenses	231	323	(482)	18	(12)
EBITDA	**5,336**	**3,345**	**18,657**	**15,333**	**17,076**
Amortisation, depreciation and operating provisions	(1,995)	(2,067)	(8,196)	(7,467)	(5,820)
Operating profit before exceptional items	**3,341**	**1,278**	**10,461**	**7,866**	**11,256**
Other non-recurring operating income and expenses	(199)	(3,305)	(4,199)	(1,504)	(1,250)
Operating profit (loss)	**3,142**	**(2,027)**	**6,262**	**6,362**	**10,006**
Cost of gross financial debt	(567)	(639)	(2,436)	(1,988)	(1,865)
Financial income from cash investments	30	115	266	477	299
Cost of net financial debt	**(537)**	**(524)**	**(2,170)**	**(1,511)**	**(1,567)**
Other financial income and expenses	(408)	(962)	204	(110)	(1,737)
Financial profit (loss)	**(945)**	**(1,485)**	**(1,966)**	**(1,622)**	**(3,304)**
Profit (loss) before tax	**2,197**	**(3,512)**	**4,295**	**4,741**	**6,702**
Corporate income tax	(254)	930	(904)	(1,725)	(1,100)
Net profit (loss) for the period	**1,943**	**(2,582)**	**3,391**	**3,016**	**5,602**

Comparison of Results of Operations for Q1 2021 and Q1 2020.

Revenue

Revenue increased by Dh 2 billion, or 16.4%, to Dh 14.3 billion in Q1 2021 from Dh 12.3 billion in Q1 2020, mainly due to improved pricing.

The following table sets forth the components of the Group's revenue for the periods indicated:

	First quarter *(unaudited)*		
	2021	**2020**	**Change**
	(Dh millions)		**(%)**
Phosphate rock	2,237	1,808	24
Fertiliser	8,553	7,384	16
Phosphoric acid	2,284	1,721	33
Other income[(1)]	1,214	1,357	(10)
Total Revenue	**14,288**	**12,270**	**16**

(1) Other income comprises freight, resale of sulphur products and other ancillary products.

Net Sales of Phosphate Rock

Phosphate sales increased by Dh 429 million, or 23.7%, to Dh 2.2 billion in Q1 2021 from Dh 1.8 billion in Q1 2020, mainly as a result of the increase in sales to Asia, mainly to Pakistan, after the return to more normal production rates following the lifting of certain restrictive measures related to COVID-19 in Q1 2020, which was partially offset by lower shipments to Latin America, particularly Mexico. The net increase in revenues was driven by the increase in the average selling price.

It should be noted that average prices increased from $75/T FOB to $85/T FOB on the international market between the first quarters of 2021 and 2020, respectively.

The following table sets forth certain information regarding the Group's phosphate rock sales revenue and volumes for the periods indicated:

	First quarter		
	2021	2020	Change
	(unaudited)		*(%)*
Phosphate rock (*Dh millions)*[(1)]	2,237	1,808	24%
Phosphate rock, volumes (*thousands of tonnes*)	2,943	2,499	18%
Average price per tonne (U.S.$)[(2)]	85	75	13%

(1) After elimination of intra-group sales (FOB prices).
(2) Average price per tonne is calculated by dividing net sales revenue by sales volumes.

Net Sales of Fertilisers

Fertiliser sales recorded an increase of Dh 1.2 billion, or 15.8%, to Dh 8.6 billion in Q1 2021 from Dh 7.4 billion in Q1 2020, primarily due to the increase of exports to Asia (mainly in India, Pakistan, Bangladesh and Australia) and Africa (mainly in Benin and Nigeria). The increase in exports to Africa was mainly due to a tender won in Benin and an increase in demand in Nigeria. The increase was also partly driven by an increase in international fertiliser prices. The increase in exports to Asia was mainly due to a tender won in Bangladesh and a change in export markets after countervailing duties were imposed on certain of the Group’s products in the U.S.

The price of fertilisers recorded a significant increase in the international market due to stronger farmers’ consumption fundamentals (such as strong crop prices), greater imports of soybean and corn from China and a general increase in commodities prices, including crops.

The following table sets forth certain information regarding the Group's fertiliser sales revenue and volumes for the periods indicated:

	First quarter		
	2021	2020	Change
	(unaudited)		(%)
Fertilisers (*Dh millions)*[(1)]	8,553	7,384	16%
Fertilisers volumes (*thousands of tonnes*)	2,759	2,708	2%
Average price per tonne (U.S.$)[(2)]	346	282	23%

(1) After elimination of intra-group sales.
(2) Average price per tonne is calculated by dividing net sales revenue by sales volumes.

Net Sales of Phosphoric Acid

Phosphoric acid sales increased by Dh 564 million, or 32.8%, to Dh 2.3 billion in Q1 2021 from Dh 1.7 billion in Q1 2020, with the increase in volumes accounting for a positive impact of Dh 259 million due to an increase in exports to Asia, primarily India, following the resumption of requests for acid after the production stoppage in several factories due to preventative health measures related to COVID-19. There was also an increase in exports to Pakistan after maintenance work in several factories of the Group's customers was completed. In addition, there was a slight increase in sales to Latin America supported by new volumes exported to Mexico's Fertinal Group as well as an increased demand in Brazil, particularly from ICL Brasil.

The price of phosphoric acid recorded an increase in the international market, mainly explained by a 36% increase in sulphur prices and phosphate fertiliser prices. The average market price per tonne increased from U.S$585 per tonne in the first quarter of 2020 to U.S.$745 per tonne in the first quarter of 2021.

The following table sets forth certain information regarding the Group's Phosphoric acid sales revenue and volumes for the periods indicated:

	First quarter		
	2021	**2020**	**Change**
	(unaudited)		(%)
Phosphoric acid (*Dh millions*)[1]	2,284	1,721	33%
Phosphoric acid, volumes (*thousands of tonnes*)	343	305	12%
Average price per tonne (U.S.$)[2]	745	585	27%

(1) After elimination of intra-group sales.
(2) Average price per tonne is calculated by dividing net sales revenue by sales volumes.

Revenue from Other Income

The Group's other income mainly consists of the freight activity and sales of other auxiliary products such as Liquid Sulphur, Urea, Ammonium sulphate and nitrate, carbonate nitrates, potassium chloride and potassium sulfate. Revenue from other income decreased by Dh 142 million, or 10.4%, to Dh 1.2 billion in Q1 2021 from Dh 1.4 billion in Q1 2020, primarily due to a Dh 31 million decrease in sales of Urea, a Dh 50 million decrease in sales of Ammonium nitrate and a Dh 20 million decrease in sales of Ammonium carbonate nitrate.

Purchases Consumed

Purchases consumed increased by Dh 68 million, or 1.4%, to Dh 4,744 billion in Q1 2021 from Dh 4,676 billion in Q1 2020, primarily due to the increase of raw material prices, particularly ammonia and sulphur, following strong international demand. On the other hand, purchases of works, studies and services decreased by Dh 185 million compared to Q1 2020, as a result of a general decrease in purchases of works, studies and services at the different sites of the Group due to the COVID-19 pandemic. In addition, the other items relating to spare parts and other purchases consumed showed significant decreases due to the cost control efforts undertaken by the Group over 2021.

The following table sets forth the components of the Group's purchases consumed for the periods indicated:

	First quarter *(unaudited)*		
	2021	**2020**	**Change**
	(Dh millions)		**(%)**
Purchases of materials and supplies	148	322	(54%)
Purchases of raw materials	3,153	2,493	26%
Purchases of other consumables..	822	929	(12%)
Purchases of works, studies and services	335	520	(36%)

Purchases of non-storable supplies	287	413	(31%)
Total purchases consumed	**4,744**	**4,676**	**1%**

External Expenses

External expenses decreased by Dh 296 million, or 13.7%, to Dh 1.9 billion in Q1 2021 from Dh 2.2 billion in Q1 2020, primarily due to a general reduction in external charges following the continuation of the policy of optimizing expenses and reducing costs in the challenging COVID environment.

The following table sets forth the components of the Group's external expenses for the periods indicated:

	First quarter *(unaudited)*		
	2021	**2020**	**Change**
	(Dh millions)		**(%)**
Freight out	697	821	(15%)
Other operating transport	447	401	11%
Consulting and fees	74	63	17%
Contributions and donations	156	83	87%
Maintenance and repairs	241	409	(41%)
Leases and lease expenses	24	36	(33%)
Insurance premiums	66	67	(1%)
Other external expenses	152	272	(44%)
Total external expenses	**1,856**	**2,152**	**(14%)**

Personnel Expenses

Personnel expenses slightly increased by Dh 38 million, or 1.7%, to Dh 2.3 billion in Q1 2021 from Dh 2.27 billion in Q1 2020. This is mainly due to the increase in payroll following the implementation of the 2020 Protocol of Agreement (a social dialogue agreement between the Group and the major labour unions facilitating discussions and negotiations on topics, such as collective bargaining arrangements), the inclusion of new subsidiaries (notably OCP North America), the integration of DOOC (originally a joint venture between the Group and DuPont de Nemours established in 2013, which has now been consolidated, to provide consulting and training services) and the increase in payroll at UM6P, OCP Solutions and APEE. This increase was offset by a decrease in social measures benefitting employees. The following table sets forth the components of the Group's personnel expenses for the periods indicated:

	First quarter *(unaudited)*		
	2021	**2020**	**Change**
	(Dh millions)		(%)
Employee remuneration and related social charges	1,956	1,757	11%
Retirement benefits and other employee benefits	316	446	(29%)
Other	38	69	(45%)
Total personnel expenses	**2,310**	**2,272**	**2%**

Other non-recurring operating income and expenses

Other non-recurring operating income and expenses decreased by Dh 3,106 billion, or 94.0%, to Dh 199 million in Q1 2021 from Dh 3,305 million in Q1 2020, primarily due to the donation of Dh 3.0 billion by the Group to Morocco's Special Fund for the Management and Response to COVID-19. For further information regarding the Group's donation to Morocco's Special Fund for the Management and Response to COVID-19, see "*Relationship with the Government—Contribution to the National COVID-19 Fund*".

Amortisation, Depreciation and Operating Provisions

Amortisation, depreciation and operating provisions decreased by Dh 72 million, or 3.4%, to Dh 2.0 billion in Q1 2021 from Dh 2.1 billion in Q1 2020, primarily due to a Dh 117 million increase in depreciation and amortization of tangible fixed assets driven by an increase in investments implemented in the first quarter of 2021, which was partially offset by a decrease of Dh 189 million in net provisions during the first quarter of 2021 compared to the first quarter of 2020, mainly due to impairments of the Group's receivables towards Heringer following the recovery plan approved in February 2020 in a total amount of Dh 213 million (approximately U.S.$21 million) during 2020.

Operating Profit (Loss)

As a result of the foregoing, operating profit increased from a loss of Dh 2.0 billion in Q1 2020 to a profit of Dh 3.1 billion in Q1 2021.

Financial Profit (loss)

Financial loss decreased from a loss of Dh 1.5 billion in the period ended 31 March 2020 to a loss of Dh 945 million in the period ended 31 March 2021, mainly due to a decrease in the cost of gross debt. Interest expenses were lower in the period ended 31 March 2021 compared to the period ended 31 March 2020 due to the disbursement of certain debts and no new issuance of debt.

The net exchange loss on borrowings was Dh 18 million for the period ended 31 March 2021 as a result of an increase in the MAD / U.S.$ exchange rate from 8.90 on 31 December 2020 to 9.06 on 31 March 2021. The exchange loss was limited due to the cash flow hedge implemented in 2018 (valued at Dh 345 million in Q1 2021).

The discounting of the VAT credit generated a financial expenses of Dh 347 million in March 2021. The discounting of the debt relating to the financing agreement of the VAT credit generated a financial expenses of Dh 23 million in March 2021, compared to Dh 29 million in March 2020.

The following table sets forth the components of the Group's financial profit (loss) for the periods indicated:

	First quarter *(unaudited)*		
	2021	**2020**	**Change**
	(Dh millions)		**(%)**
Cost of gross financial debt..	(567)	(639)	(11%)
Financial income from cash investments	30	115	(74%)
Cost of net financial debt[(1)]	(537)	(524)	2%
Exchange gains and losses on financial receivables and payables…..	(18)	(915)	(98%)
Other financial income and expenses, net	(390)	(47)	>100%
Total financial profit (loss)	**(945)**	**(1,485)**	**(36%)**

(1) Cost of net financial debt includes (i) cost of gross debt, including interest charges calculated using the effective interest rate method, the costs of early repayment of loans or cancellation of lines of credit and (ii) financial income from cash investments, comprising income from investments of cash and cash equivalents as well as financial cash assets.

Corporate Income Tax

Total tax expense decreased from Dh 930 million in the period ended 31 March 2020 to Dh (254) million in the period ended 31 March 2021, a decrease of Dh 1,184 million. The Group's theoretical tax rate in Q1 2021 was 22.0%, as compared to 22.1% in Q1 2020. Current tax expense decreased by Dh 230 million, primarily due to higher income realised during the first quarter of 2021 compared to the same period in 2020. Deferred taxes decreased by Dh 954 million mainly due to fiscal deficits of OCP and JFCS recognised in March 2020.

The following table sets forth the details of the Group's corporate income tax expenses for the periods indicated:

	First quarter *(unaudited)*		
	2021	**2020**	**Change**
	(Dh millions)		**(%)**
Current tax expense	(313)	(83)	NA
Deferred tax expense	59	1,013	(73%)
Total corporate income tax	**(254)**	**930**	**NA**

Net profit (loss) for the period

As a result of the foregoing, the Group's net profit for the period increased from a loss of Dh 2.6 billion in the period ended 31 March 2020 to a profit of Dh 1.9 billion in the period ended 31 March 2021, an increase of Dh 4.6 billion.

Comparison of Results of Operations for FY 2020 and FY 2019

Revenue

Revenue increased by Dh 2.1 billion, or 3.9%, to Dh 56.2 billion in FY 2020 from Dh 54.1 billion in FY 2019, primarily due to the increase in volumes of rock and fertilisers for the Latin American, Indian and European markets. However, the increase in volumes was partially offset by a reduction in prices due to overcapacity combined with falling raw materials costs.

The following table sets forth the components of the Group's revenue for the periods indicated:

	Full Year		
	2020	**2019**	**Change**
	(Dh millions)		**(%)**
Phosphate rock	9,287	9,474	(2)
Fertiliser	32,749	29,257	12
Phosphoric acid	8,076	9,433	(14)
Other income[(1)]	6,070	5,929	2
Total Revenue	**56,182**	**54,092**	**4**

(1) Other income comprises freight, resale of sulphur products and other ancillary products.

Net Sales of Phosphate Rock

Phosphate sales decreased by Dh 187 million, or 2.0%, to Dh 9.3 billion in FY 2020 from Dh 9.5 billion in FY 2019, due to slightly lower prices driven by market evolution (including a decrease in raw material prices), partially offset by higher volumes exported to Latin America, North America and Europe.

The following table sets forth certain information regarding the Group's phosphate rock sales revenue and volumes for the periods indicated:

	Full Year		
	2020	**2019**	**Change**
			(%)
Phosphate rock (*Dh millions*)[(1)]	9,287	9,474	(2%)
Phosphate rock, volumes (*thousands of tonnes*)	12,751	12,248	4%
Average price per tonne (U.S.$)[(2)]	77	80	(4%)

(1) After elimination of intra-group sales (FOB prices).
(2) Average price per tonne is calculated by dividing net sales revenue by sales volumes.

Net Sales of Fertilisers

Fertiliser sales increased by Dh 3.5 billion, or 11.9 %, to Dh 32.8 billion in FY 2020 from Dh 29.3 billion in FY 2019, primarily due to the increase in exports to Brazil, India and the African continent. This increase was partially offset by the drop in fertiliser exports to North America, particularly to the United States, following the petition initiated by Mosaic.

The following table sets forth certain information regarding the Group's fertiliser sales revenue and volumes for the periods indicated:

	Full Year		
	2020	**2019**	**Change**
			(%)
Fertilisers (*Dh millions*)[(1)]	32,749	29,257	12%
Fertilisers volumes (*thousands of tonnes*)	11,739	9,506	23%
Average price per tonne (U.S.$)[(2)]	295	320	-8%

(1) After elimination of intra-group sales.
(2) Average price per tonne is calculated by dividing net sales revenue by sales volumes.

Net Sales of Phosphoric Acid

Sales of phosphoric acid fell by 14.4% between 2019 and 2020, or (1.4) billion dirhams. This decline was mainly explained by the combined effect of the drop in prices, which was correlated with the fall in sulphur prices, and the drop in volumes exported to Europe, particularly the Turkish market, which prioritized the consumption of 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.

The following table sets forth certain information regarding the Group's phosphoric acid sales revenue and volumes for the periods indicated:

	Full Year		
	2020	**2019**	**Change**
			(%)
Phosphoric acid (*Dh millions*)[(1)]	8,076	9,433	(14%)
Phosphoric acid, volumes (*thousands of tonnes*)	1,395	1,445	(-3%)
Average price per tonne (U.S.$)[(2)]	611	679	(10%)

(1) After elimination of intra-group sales.
(2) Average price per tonne is calculated by dividing net sales revenue by sales volumes.

Revenue from Other Income

Other revenues are mainly comprised of the Freight business and the sale of other ancillary products, particularly liquid sulphur, urea and potassium chloride. Revenue from Other Income amounted to Dh 6.1 billion, or an increase of 2.4% in FY 2020 compared to FY 2019.

Purchases Consumed

Purchases consumed decreased from Dh 21.8 billion in FY 2019 to Dh 18.1 billion in FY 2020, a decrease of Dh 3.7 billion, or 16.7%. This decrease was primarily due to a decrease in purchases of raw materials, mainly due to a sharp decrease in sulphur purchases in 2020 compared to 2019 as a result of high levels of stock in China and product oversupply in the international market. Energy consumption amounted to Dh 2.3 billion during 2020, a decrease of 20% compared to 2019. This decrease is mainly due to the drop in fuel and diesel prices. Purchases of works, studies and services decreased by Dh 481 million compared to 2019 due to the general decrease in purchased services at different sites of the Group as a result of the COVID-19 pandemic.

The following table sets forth the components of the Group's purchases consumed for the periods indicated:

	Full Year		
	2020	**2019**	**Change**
	(Dh millions)		**(%)**
Purchases of materials and supplies	1,252	990	26%
Purchases of raw materials	10,603	12,759	(17%)
Purchases of other consumables	3,113	4,194	(26%)
Purchases of works, studies and services	1,800	2,281	(21%)
Purchases of non-storable supplies	1,355	1,545	(12%)
Total purchases consumed	**18,123**	**21,768**	**(17%)**

External Expenses

External charges during 2020 reached Dh 8.2 billion, a decrease of 15.5% 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 IAS 16. This decrease is also linked to the postponement of maintenance-related 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.

The following table sets forth the components of the Group's external expenses for the periods indicated:

	Full Year		
	2020	**2019**	**Change**
	(Dh millions)		**(%)**
Freight out	3,425	3,436	0%
Other operating transport	1,692	1,728	(2%)
Consulting and fees	362	547	(34%)
Contributions and donations	488	656	(26%)
Maintenance and repairs	1,099	1,562	(30%)
Leases and lease expenses	127	173	(27%)
Insurance premiums	299	261	15%
Other external expenses	732	1,375	(47%)
Total external expenses	**8,224**	**9,737**	**(16%)**

Personnel Expenses

Personnel costs in 2020 amounted to Dh 9.1 billion, a decrease of 1.2% compared to 2019. This decline is mainly due to the increase in payroll following the implementation of the 2019 Protocol of Agreement, which was partially offset by the reduction in social measures benefitting employees such as access to property, leisure and summer camps.

The following table sets forth the components of the Group's personnel expenses for the periods indicated:

	Full Year		
	2020	**2019**	**Change**
	(Dh millions)		**(%)**
Employee remuneration and related social charges	7,276	7,239	0.5%
Retirement benefits and other employee benefits	1,264	1,308	(3.4%)
Other	559	666	(16.1%)
Total personnel expenses	**9,099**	**9,213**	**(1.2%)**

Other non-recurring operating income and expenses

Other non-recurring operating income and expenses increased by Dh 2.7 billion, to Dh 4.2 billion in FY 2020 from Dh 1.5 billion in FY 2019, primarily due to the donation of Dh 3.0 billion by the Group to Morocco's Special Fund for the Management and Response to COVID-19. For further information the Group's donation to Morocco's Special Fund for the Management and Response to COVID-19, see "*Relationship with the Government—Contribution to the National COVID-19 Fund*".

Amortisation, Depreciation and Operating Provisions

Amortisation, depreciation and operating provisions increased by Dh 0.7 billion, or 9.8%, to Dh 8.2 billion in FY 2020 from Dh 7.5 billion in FY 2019. This increase is primarily due to the increase of investments in 2020, the allocations to provisions for depreciation of stockpiling stocks, spare parts and fertilisers for a total amount of Dh 341 million, as well as allowances for impairment of trade receivables for a total of Dh 164 million in 2020.

Operating Profit (Loss)

As a result of the foregoing, operating profit slightly decreased by Dh 100 million, or 1.6%, to Dh 6.3 billion in FY 2020 from Dh 6.4 billion in FY 2019.

Financial Profit (loss)

Financial profit (loss) amounted to a loss of Dh 1.96 billion in FY 2020 compared to a loss of Dh 1.6 billion in FY 2019, primarily due to an increase in the cost of net financial debt which amounted to Dh 660 million during 2020 compared to 2019. This is mainly linked to an increase in interest expenses of Dh 448 million as a result of the decrease in the capitalization of borrowing costs as a result of the continued commissioning of industrial projects.

The exchange loss was mitigated to a certain extent by the establishment of an accounting hedging relationship. See "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Key Factors Affecting Results of Operations and Financial Condition—Exchange Rates*".

The following table sets forth the components of the Group's financial profit (loss) for the periods indicated:

	Full Year		
	2020	2019	Change
	(Dh millions)		(%)
Cost of gross financial debt	(2,437)	(1,988)	23%
Financial income from cash investments	266	477	(44%)
Cost of net financial debt[1]	**(2,171)**	**(1,511)**	**44%**
Exchange gains and losses on financial receivables and payables	654	50	>100%
Other financial income and expenses, net	(449)	(161)	>100%
Total financial profit (loss)	**(1,966)**	**(1,622)**	**21%**

(1) Cost of net financial debt includes (i) cost of gross debt, including interest charges calculated using the effective interest rate method, the costs of early repayment of loans or cancellation of lines of credit and (ii) financial income from cash investments, comprising income from investments of cash and cash equivalents as well as financial cash assets.

Corporate Income Tax

Total tax expense decreased by Dh 0.8 billion, or 47.6%, to Dh 0.9 billion in FY 2020 from Dh 1.7 billion in FY 2019. The Group's theoretical tax rate in FY 2020 was 22.78% compared to 22.50% in FY 2019. The Group's current tax expense decreased by Dh 123 million. However, the Group's deferred tax increased by Dh 0.7 billion, due to the impact of the Group's COVID-19 fund payment. For further information, see "*Relationship with the Government—Contribution to the National COVID-19 Fund*".

The following table sets forth the details of the Group's corporate income tax expenses for the periods indicated:

	Full Year		
	2020	2019	Change
	(Dh millions)		(%)
Current tax expense	(1,379)	(1,502)	(8.2%)
Deferred tax expense	475	(223,0)	NA
Total corporate income tax	**(904)**	**(1,725)**	**(48%)**

Net profit (loss) for the period

As a result of the foregoing, the Group's net profit for the period increased from Dh 3.0 billion in FY 2019 to Dh 3.4 billion in FY 2020, an increase of Dh 375 million, or 12.4%.

Comparison of Results of Operations for FY 2019 and FY 2018

Revenue

Revenue decreased from Dh 55.9 billion in FY 2018 to Dh 54.1 billion in FY 2019, a decrease of Dh 1.8 billion, or 3.2%. This decrease was primarily due to a decline in fertiliser prices, which was, in turn, due to the combined effect of increases in market supply, lower raw material prices (particularly sulphur), unfavourable weather conditions as well as the impact of Renminbi devaluation.

The following table sets forth the components of the Group's revenue for the years indicated:

Fiscal Year		
2019	2018	Change
(Dh millions)		(%)

Phosphate rock	9,474	9,900	(4.3)
Fertiliser	29,257	30,490	(4.0)
Phosphoric acid	9,433	9,813	(3.9)
Other income[(1)]	5,929	5,703	4.0
Total Revenue	**54,092**	**55,906**	(3.2)

(1) Other income comprises freight, resale of sulphur products and other ancillary products.

Net Sales of Phosphate Rock

Revenue from phosphate rock sales decreased from Dh 9.9 billion in FY 2018 to Dh 9.5 billion in FY 2019, a decrease of Dh 0.4 billion, or 4.3%. The decrease was primarily due to a decline in phosphate rock volumes exported to North America and Latin America, due to the cancellation of exports, as a result of the merger between the Potash Corporation and Agrium. The Group also experienced a drop in sales in Brazil following the acquisition of the client Vale Cubatao Fertilizantes by Mosaic and a decline in volumes exported to Europe during 2019 mainly due to lower sales, particularly in Poland and Bulgaria. The Group's average phosphate rock prices largely remained stable year-on-year at U.S.$78 per tonne and U.S.$80 per tonne in 2018 and 2019, respectively.

The following table sets forth certain information regarding the Group's phosphate rock sales revenue and volumes for the years indicated:

	Fiscal Year		
	2019	**2018**	**Change**
			(%)
Phosphate rock (*Dh millions*)[(1)]	9,474	9,900	(4.3)
Phosphate rock, volumes (*thousands of tonnes*)	12,248	13,594	(9.9)
Average price per tonne (*U.S.$*)[(2)]	80	78	3.7

(1) After elimination of intra-group sales (FOB prices).
(2) Average price per tonne is calculated by dividing net sales revenue by sales volumes.

Net Sales of Fertilisers

Revenue from fertiliser sales decreased from Dh 30.5 billion in FY 2018 to Dh 29.3 billion in FY 2019, a decrease of Dh 1.2 billion, or 4.0%, primarily due to a drop in prices as a main consequence of market oversupply, which was exacerbated by high inventories in India and the U.S. To a lesser extent, lower producer costs following the decrease in raw material prices (primarily sulphur and ammonia) has contributed to lower prices. The exported volumes of fertiliser increased from 8.6 million tonnes in FY 2018 to 9.5 million tonnes in FY 2019, an increase of 0.9 million tonnes or 10.3%, primarily due to a good agricultural season in Europe and high demand in Latin America. The Group's average fertiliser prices were U.S.$320 per tonne as at 31 December 2019, as compared to U.S.$376 per tonne as at 31 December 2018.

The following table sets forth certain information regarding the Group's fertiliser sales revenue and volumes for the years indicated:

	For the year ended 31 December		
	2019	**2018**	**Change**
			(%)
Fertilisers (*Dh millions*)[(1)]	29,257	30,490	(4.0)
Fertilisers, volumes (*thousands of tonnes*)	9,506	8,618	10.3
Average price per tonne (*U.S.$*)[(2)]	320	376	(15.0)

(1) After elimination of intra-group sales.
(2) Average price per tonne is calculated by dividing net sales revenue by sales volumes.

Net Sales of Phosphoric Acid

Revenue from phosphoric acid sales decreased from Dh 9.8 billion in FY 2018 to Dh 9.4 billion in FY 2019, a decrease of Dh 0.4 billion, or 3.9%. The decrease was primarily due to a decline in sulphur prices. The Group's average phosphoric acid prices decreased from U.S.$714 per tonne as at 31 December 2018, to U.S.$679 per tonne as at 31 December 2019.

The following table sets forth certain information regarding the Group's phosphoric acid sales revenue and volumes for the years indicated:

	Fiscal Year		
	2019	**2018**	**Change**
			(%)
Phosphoric acid (*Dh millions*)[1]	9,433	9,813	(3.9)
Phosphoric acid, volumes (*thousands of tonnes*)	1,445	1,462	(1.1)
Average price per tonne (*U.S.$*)[2]	679	714	(4.9)

(1) After elimination of intra-group sales.
(2) Average price per tonne is calculated by dividing net sales revenue by sales volumes.

Revenue from Other Income

Revenue from other income increased from Dh 5.7 billion in FY 2018 to Dh 5.9 billion in FY 2019. The Group's other income is primarily comprised of the freight business and the sale of other ancillary products such as liquid sulphur, ammonium and carbonate nitrates, potassium chloride and potassium sulphate. This increase is the result of a year-on-year increase in sales of ancillary products, partially offset by a decrease in freight activity.

Purchases Consumed

Purchases consumed decreased from Dh 22.4 billion in FY 2018 to Dh 21.8 billion in FY 2019, a decrease of Dh 0.6 billion, or 2.8%. This decrease was primarily due to a decrease in purchases of raw materials, primarily driven by a decline in sulphur prices as a result of an oversaturated international market. The average price of sulphur from U.S.$145 per tonne in 2018 to U.S.$112 per tonne in 2019, and volumes of sulphur consumed increased from 6.0 thousand tonnes in 2018 to 6.6 thousand tonnes in 2019.

The following table sets forth the components of the Group's purchases consumed for the years indicated:

	Fiscal Year		
	2019	**2018**	**Change**
	(Dh millions)		**(%)**
Purchases of materials and supplies	990	525	88.6
Purchases of raw materials	12,759	14,091	(9.5)
Purchases of other consumables	4,194	4,498	(6.8)
Purchases of works, studies and services	2,281	1,945	17.3
Purchases of non-storable supplies	1,545	1,338	15.5
Total purchases consumed	**21,768**	**22,397**	**(2.8)**

External Expenses

External expenses decreased slightly from Dh 9.8 billion in FY 2018 to Dh 9.7 billion in FY 2019. This decrease was primarily due to a decrease in shipping costs linked to a drop in non-FOB sales, partially offset by an increase in maintenance and repairs and an increase in contributions and donations.

The following table sets forth the components of the Group's external expenses for the years indicated:

	Fiscal Year		
	2019	**2018**	**Change**
	(Dh millions)		**(%)**
Freight out	3,436	3,848	(10.7)
Other operating transport	1,728	1,995	(13.4)
Consulting and fees	547	446	22.6
Contributions and donations	656	369	77.8
Maintenance and repairs	1,562	1,321	18.2
Leases and lease expenses	173	309	(44.0)
Insurance premiums	261	215	21.4
Other external expenses	1,375	1,277	7.7
Total external expenses	**9,737**	**9,780**	**(0.4)**

Personnel Expenses

Personnel expenses increased from Dh 8.5 billion in FY 2018 to Dh 9.2 billion in FY 2019, an increase of Dh 0.7 billion, or 8.6%. This increase was primarily due to an increase in employee and related social charges as well as an increase in payroll at certain new subsidiaries.

The following table sets forth the components of the Group's personnel expenses for the years indicated:

	Fiscal Year		
	2019	**2018**	**Change**
	(Dh millions)		**(%)**
Employee remuneration and related social charges	7,239	6,639	9.0
Retirement benefits and medical cover	1,308	1,178	11.0
Other employee benefits	666	664	0.3
Total personnel expenses	**9,213**	**8,481**	**8.6**

Amortisation, Depreciation and Operating Provisions

Amortisation, depreciation and operating provisions increased from Dh 5.8 billion in FY 2018 to Dh 7.5 billion in FY 2019, an increase of Dh 1.6 billion, or 28.3%. This increase was mainly due to the commissioning of additional fixed assets as a result of the Group's Capital Expenditure Programme.

Operating Profit

As a result of the foregoing, operating profit decreased from Dh 10.0 billion in FY 2018 to Dh 6.4 billion in FY 2019, a decrease of Dh 3.6 billion, or 36.4%.

Financial Profit (Loss)

Financial profit (loss) amounted to a loss of Dh 3.3 billion in FY 2018 compared to a loss of Dh 1.6 billion in FY 2019, primarily due to a decrease in other financial expenses as a result of the recognition during the 2018 financial year of a net additional charge of Dh 1.3 billion following the agreement to finance VAT credit by nonrecourse factoring. Moreover, the discount on debt relating to the financing agreement generated in 2019 a net financial expenses of Dh 97 million. See "*—Liquidity and Capital Resources—VAT Credit Financing Agreement*".

The following table sets forth the components of the Group's financial profit (loss) for the years indicated:

	Fiscal Year		
	2019	**2018**	**Change**
	(Dh millions)		**(%)**
Cost of gross financial debt	(1,988)	(1,865)	6.6
Financial income from cash investments	477	299	59.5
Cost of net financial debt[(1)]	**(1,511)**	**(1,567)**	(3.6)
Exchange gains and losses on financial receivables and payables	50	(412)	NA
Other financial income and expenses, net	(161)	(1,325)	(87.8)
Financial profit (loss)	**(1,622)**	**(3,304)**	**(50.9)**

(1) Cost of net financial debt includes (i) cost of gross debt, including interest charges calculated using the effective interest rate method, the costs of early repayment of loans or cancellation of lines of credit and (ii) financial income from cash investments, comprising income from investments of cash and cash equivalents as well as financial cash assets.

Corporate Income Tax

Total tax expense increased from Dh 1.1 billion in FY 2018 to Dh 1.7 billion in FY 2019. The Group's theoretical tax rate in 2019 was 22.5%, as compared to 21.1% in 2018. Current tax expense increased by Dh 0.4 billion, primarily due to higher taxable income based on results of subsidiaries, while deferred tax expense increased by Dh 0.2 billion.

The following table sets forth the details of the Group's corporate income tax expenses for the years indicated:

	Fiscal Year		
	2019	**2018**	**Change**
	(Dh millions)		**(%)**
Current tax expense	(1,502)	(1,071)	40.2
Deferred tax expense/(tax income)	(223)	(29)	n.m.
Corporate income tax	**(1,725)**	**(1,100)**	56.8

Net Profit for the Period

As a result of the foregoing, the Group's net profit for the period decreased from Dh 5.6 billion in FY 2018 to Dh 3.0 billion in FY 2019, a decrease of Dh 2.6 billion, or 46.2%.

Operating Segments

Overview

For financial reporting purposes, the activities of the Group are divided into three operating segments: Northern Axis, Central Axis and Headquarters and Other. The operating segments of the Group comprise the following activities:

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

- *Central Axis (Youssoufia and Benguerir – Safi and Boucraâ)*: this axis hosts:
    - the integrated phosphate processing hub. The phosphate rock extracted at Youssoufia and Benguerir is transported by rail to Safi, where it is processed into phosphoric acid and fertiliser. The finished products are exported from the OCP port at Safi.
    - The Boucraâ extraction site. The extracted phosphate is transported by conveyor to the processing centre at Laâyoune, and then exported by sea from Laâyoune
- *Headquarters and Other*: The Group's activities in support of its core chemicals and mining activities are recorded as part of the Headquarters and Other segment.

The Group's segments are strategic business units located in two different areas of Morocco. Management monitors the operating results of the business units separately for the purpose of making decisions about resource allocation and performance assessment. Transfer prices between operating segments are agreed on an arm's-length basis, similarly to transactions with third parties.

The Group's management evaluates the performance of each segment based on the results of that segment.

Segment Information for Q1 2021 and Q1 2020

The following tables set forth certain financial information for each of the Group's segments for Q1 2021 and Q1 2020:

	First Quarter 2021 *(unaudited)*				
	Northern Axis	**Central Axis**	**Headquarters and other**	**Intersegment eliminations(1)**	**Total**
			(Dh millions)		
Revenue	11,232	2,807	1,134	(885)	14,288
Current operating profit (loss)	3,994	655	(1,308)	-	3,341
Other non-current income and expenses	(43)	(48)	(108)	-	(199)
Operating profit (loss)	3,950	607	(1,416)	-	3,142

	First Quarter 2020 *(unaudited)*				
	Northern Axis	**Central Axis**	**Headquarters and other**	**Intersegment eliminations(1)**	**Total**
			(Dh millions)		
Revenue	9,568	2,298	924	(519)	12,270
Current operating profit (loss)	2,027	307	(1,053)	-	1,278
Other non-current income and expenses	(93)	(75)	(3,138)	-	(3,305)
Operating profit (loss)	1,934	231	(4,191)	-	(2,027)

Segment Information for FY 2020, FY 2019 and FY 2018

The following tables set forth certain financial information for each of the Group's segments for FY 2020 and FY 2019:

	Fiscal Year 2020				
	Northern Axis	Central Axis	Headquarters and other	Intersegment eliminations[(1)]	Total
			(Dh millions)		
Revenue	44,021	10,666	5,590	(4,095)	56,182
Current operating profit (loss)	14,099	1,917	(5,554)		10,461
Other non-current income and expenses	(207)	(94)	(3,898)		(4,199)
Operating profit (loss)	13,891	1,822	(9,452)		6,262

	Fiscal Year 2019				
	Northern Axis	Central Axis	Headquarters and other	Intersegment eliminations[(1)]	Total
			(Dh millions)		
Revenue	41,038	11,102	3,931	(1,979)	54,092
Current operating profit (loss)	11,646	2,206	(5,981)	-	7,866
Other non-current income and expenses	(239)	(292)	(973)	-	(1,504)
Operating profit (loss)	11,403	1,908	(6,959)	-	6,362

	Fiscal Year 2018				
	Northern Axis	Central Axis	Headquarters and other	Intersegment eliminations[(1)]	Total
			(Dh millions)		
Revenue	42,493	12,968	2,709	(2,265)	55,906
Current operating profit (loss)	13,155	3,230	5,129	-	11,256
Other non-current income and expenses	(324)	(188)	(738)	-	(1,250)
Operating profit (loss)	12,831	3,042	(5,867)	-	10,006

(1) Intersegment eliminations relate to the elimination of transactions between consolidated joint ventures and subsidiaries.

Liquidity and Capital Resources

During the periods under review, the Group satisfied its liquidity needs with net cash generated from operations and through short-and long-term bank borrowings**.** The Group expects that these funding sources will continue to be important sources of cash in the future.

The Group's liquidity needs in the future will arise principally from (i) the need to finance its working capital, (ii) repayment of maturing debt and (iii) the need to finance additional elements of its Capital Expenditure Programme.

As of 31 March 2021, the Group had cash and cash equivalents of Dh 7.0 billion, cash financial assets of Dh 4.0 million, and total financial debt of Dh 58.7 billion. As at 31 March 2021, the Group had positive working capital, principally due to a high amount of cash and cash equivalents and a high amount of trade and other receivables. The Group's management monitors liquidity requirements on a regular basis and believes that the Group has sufficient funds available to meet its commitments as they arise.

As of 31 December 2020, the Group had cash and cash equivalents of Dh 6.4 billion, cash financial assets of Dh 7.0 million, and total financial debt of Dh 58.8 billion. As at 31 December 2020, the Group had positive working capital, principally due to a high amount of cash and cash equivalents and a high amount of trade and other receivables. The Group's management monitors liquidity requirements on a regular basis and believes that the Group has sufficient funds available to meet its commitments as they arise.

Cash Flows

The following table sets forth the principal items of the statement of cash flows for the periods indicated:

	First quarter		Fiscal Year		
	2021	2020	2020	2019	2018
	(unaudited)				
			(Dh millions)		
Net cash flows from/(used in) operating activities	3,335	(1,626)	9,669	11,996	7,700
Net cash flows used in investing activities	(1,910)	(4,097)	(10,269)	(8,990)	(1,331)
Net cash flows from/(used in) financing activities	(850)	5,977	(6,408)	(6,666)	2,395

Net Cash Flows from/(used in) Operating Activities

In the period ended 31 March 2021, net cash flows from/(used in) operating activities were Dh 3.3 billion, as compared to Dh (1.6) billion in the period ended 31 March 2020. This increase was primarily attributable to the increase in trade receivables by Dh (807) million and VAT credit by Dh (253) million, partially offset by the increase in the accounts payables of Dh 331 million and inventories of Dh 269 million.

In FY 2020, net cash flows from/(used in) operating activities were Dh 9.8 billion, as compared to Dh 12 billion in FY 2019. This decrease was primarily attributable to the donation of Dh 3 billion to the Fund against COVID-19, partially offset by the increase in EBITDA.

In FY 2019, net cash flows from operating activities were Dh 12.0 billion, as compared to Dh 7.7 billion in FY 2018, an increase of Dh 4.3 billion, or 55.8%. This increase was primarily attributable to an improvement in payables and receivables of Dh 3.6 billion, partially offset by a decrease of Dh 1.8 billion in inventories and the change in accounts of other creditors largely resulting from a credit from VAT of Dh 2 billion.

Net Cash Flows used in Investing Activities

Net cash flows used in investing activities principally reflects purchases and sales of property, plant and equipment and intangible property (principally related to the Capital Expenditure Programme), distributions received from joint ventures and placements of term deposits.

In Q1 2021, net cash flows used in investing activities were Dh (1.9) billion, as compared to Dh (4.1) billion in Q1 2020, of which Dh (1.8) billion relates to capital expenditure disbursements and Dh (90) million relates to financial investment. The main components of the Group's net cash flows used in capital expenditure disbursements in Q1 2021 included: (i) a Dh 0.4 billion expenditure on the construction of the new sulphuric lines D&E at Jorf Lasfar; (ii) a Dh 0.2 billion expenditure in respect of the Laâyoune port; (iii) a Dh 0.8 billion expenditure in respect of non-core activities; (iv) a Dh 0.5 billion expenditure on maintenance projects; and (v) other projects as part of the Capital Expenditure Programme, including water related, storage infrastructure, and the expansion of the Group's mining capacity.

In FY 2020, net cash flows used in investing activities were Dh (10.3) billion, as compared to Dh (9.0) billion in FY 2019, of which Dh (9.6) billion relates to capital expenditure disbursements and Dh (58) million relates to financial investment. The main components of the Group's net cash flows used in capital expenditure disbursements in FY 2020 included: (i) a Dh 0.5 billion expenditure on the construction of the new sulphuric lines D, U and E at Jorf Lasfar; (ii) a Dh 0.3 billion expenditure on the construction of three fertiliser production lines at Jorf Lasfar; (iii) a Dh 0.3 billion expenditure on construction of the Benguerir washing plant; (iv) a Dh 0.3 billion expenditure on the rehabilitation of JPH; (v) a 0.5 billion expenditure in respect of the Laâyoune port; (vi) a Dh 0.2 billion expenditure on construction of the Laâyoune washing plant; (vii) a Dh 3.7 billion expenditure in respect of non-core activities; (viii) a Dh 1.9 billion expenditure on maintenance projects; and (ix) other projects as part of the Capital Expenditure Programme, including water related, storage infrastructure, and the expansion of the Group's mining capacity.

In FY 2019, net cash flows used in investing activities were Dh (9.0) billion, of which Dh (14.0) billion corresponds to capital expenditure disbursements offset by Dh 0.5 billion of financial investment. The main components of the Group's net cash flows used in capital expenditure disbursements in FY 2019 included: (i) Dh 1.4 billion expenditure on the construction of the new sulphuric lines D and U at Jorf Lasfar; (ii) Dh 0.5 billion expenditure on the construction of three DAP fertiliser production lines with the possibility of producing TSP at Jorf; (iii) Dh 0.5 billion expenditure in respect of the Laâyoune port; (iv) Dh 0.4 billion expenditure on construction of Laâyoune washing plant; (v) Dh 0.4 billion expenditure on the building of the fourth fertiliser production unit, JFC4; (vi) Dh 2.7 billion expenditure in respect of non-core activities (vii) Dh 2.1 billion expenditure on maintenance projects; and (viii) other projects as part of the Capital Expenditure Programme, including water related, storage infrastructure, and the expansion of the Group's mining capacity.

In FY 2018, net cash flows used in investing activities were Dh (1.3) billion, of which Dh (10.8) billion relates to capital expenditure disbursements offset by Dh 9.5 billion of financial investment. The main components of the Group's net cash flows used in capital expenditure disbursements in FY 2018 included: (i) Dh 0.9 billion expenditure on the construction of the new sulphuric line D at Jorf Lasfar; (ii) Dh 0.9 billion expenditure on the building of the fourth fertiliser production unit JFC4; (iii) Dh 0.5 billion expenditure on construction of Laâyoune washing plant; (iv) Dh 0.4 billion expenditure on building of a new phosphoric acid unit (line F); (v) Dh 0.3 billion expenditure on the construction of the third fertiliser production unit JFC3; (vi) Dh 1.7 billion expenditure in respect of non-core activities; (vii) Dh 1.7 billion expenditure on maintenance projects; and (viii) other projects as part of the Capital Expenditure Programme, including water related, storage infrastructure, and the expansion of the Group's mining capacity.

Net Cash Flows from/(used in) Financing Activities

In Q1 2021, net cash flows from/(used in) financing activities were Dh (850) million as compared to Dh 6.0 billion in Q1 2020, principally reflecting a scheduled debt repayment of a total debt of Dh 1.0 billion.

In FY 2020, net cash flows from/(used in) financing activities were Dh (6.4) billion as compared to Dh (6.7) billion in FY 2019, principally reflecting the scheduled debt repayments of a total debt of Dh 6.7 billion, dividend payments in the amount of Dh 4.5 billion and net financial interest payments in the amount of Dh 2.6 billion, partially offset by cash flows from loan drawdowns in a total amount of Dh 7.7 billion.

In FY 2019, net cash flows used in financing activities were Dh (6.7) billion, principally reflecting cash flows from the incurrence of debt in the amount of Dh 6.2 billion which were partially offset by cash flows from debt repayments in the amount of Dh 6.8 billion, dividend payments in the amount of Dh 3.3 billion, and net financial interest payments in the amount of Dh 2.6 billion.

In FY 2018, net cash flows from financing activities were Dh 2.4 billion, principally reflecting cash flows from a loan borrowing in the amount of Dh 11.3 billion and from the issue of hybrid securities in the amount of Dh 5 billion, which were partially offset by cash flows from a loan repayment in the amount of Dh 8.8 billion, dividend payments in the amount of Dh 2.5 billion and net financial interest payments in the amount of Dh 2.5 billion.

VAT Credit Financing Agreement

In 2018 the Group signed an agreement between the State, the Group and Moroccan banks. The agreement is a non-recourse factoring contract, which transfers all the risks and benefits to banks, which enabled the Group to monetise the VAT credit for its current and non-current portion of Dh 20.5 billion in 2018 in return for the recognition of a financial debt of Dh 4.2 billion corresponding to the overall cost of the factoring. The debt is being repaid on a 9-year schedule at 3.5%.

Capital Expenditures

The Group classifies its capital expenditures into three major categories:

- **Mining** capital expenditure relates to industrial projects at the Khouribga, Gantour and Boucraâ mining sites;
- **Chemicals** capital expenditure relates to chemicals industrial projects at Jorf Lasfar and Safi; and
- **Support** capital expenditure relates to non-industrial and non-core activities such as social projects, digital projects, and projects at the Group's headquarters.

The following table sets forth the Group's total capital expenditures for the periods indicated:

	First Quarter		**Fiscal Year**		
	2021	**2020**	**2020**	**2019**	**2018**
	(unaudited)				
			(Dh millions)		
Mining	0.567	0.672	2,422	3,295	2,877
Chemicals	1,019	912	3,027	5,624	4,985
Support	0.844	1,733	3,812	2,741	1,744
Total capital expenditures	**2,430**	**3,316**	**9,261**	**11,660**	**9,606**

In 2008, the Group launched its Capital Expenditure Programme which the Group believes will improve its operating performance and help the Group strengthen its positions across the phosphate value chain. The Group has completed the first phase which included a number of industrial projects, including:

- A slurry pipeline to transport phosphate rock from Khouribga to Jorf Lasfar (with a length of 234 km, including secondary pipes and an annual capacity of up to 38 million tonnes), launched in April 2014 to reduce dependency on train transportation and reduce the Group's transportation costs;
- The expansion of two mines in Khouribga (Sidi Chennane & Merah) and opening of one new mine (Beni Amir), as well the construction of two new washing plants;
- The start of operations of four new integrated fertiliser units, in Jorf Lasfar, of one million tonnes capacity each;
- The start of operations of a new phosphoric acid unit (Line E), in Jorf Lasfar, which has a 450kt phosphoric acid capacity;

- The revamping of its existing lines in Maroc Phosphore 3&4, in Jorf Lasfar, to achieve both an adaptation to the slurry pulp and to free up additional phosphoric acid capacity;
- The expansion of the Jorf Lasfar port capacity by approximately 20 million tonnes; and
- The start of operations of a 25 million cubic metre new desalination plant in Jorf Lasfar.

As part of the second phase of the Capital Expenditure Programme, the Group is considering a number of mining projects in order to ramp up its capacity by 20 million tonnes by 2030. None of the major second phase projects have been started except as specifically noted below.

- Khouribga: development of one new mine with its washing plant, and the expansion of both the Beni Amir mine and its washing plant;
- Gantour: The expansion of the Ben Guerir mine and the construction of a new washing plant (construction has started); and
- Boucraâ: The expansion of its existing mine with a new washing plant, a new storage and handling capacities, as well as a new drying plant dedicated to export (the majority of these project have started).

The Group is also considering a number of additional projects at its chemical sites, as part of the second phase of the Capital Expenditure Programme. None of the major second phase projects have been started except as specifically noted below.

In Jorf Lasfar:

- The construction of new phosphoric acid line (line F) with a capacity of 450 thousand tonnes phosphoric acid, expected to be commissioned starting from 2022 (construction has started);
- The construction of 3 granulation lines with a capacity of one million tonnes each, which the Group expects to be commissioned starting from the end of 2023/early 2024. These lines will benefit from phosphoric acid coming from Line F and from the freed-up capacity from efficiency programs (construction has started);
- Additional phosphoric acid capacity gains through increased efficiency which will amount to a total of 350 kilo tonnes of phosphoric acid capacity (project has started); and
- The construction of sulphuric acid plants with a total capacity of 3.3 million tonnes (construction has started).

In Safi:

- The construction of fertiliser production units with a total capacity of 3 million tons of customized phosphate fertilisers between 2024 and 2030; and
- The expansion, amongst other things, of port and storage facilities to accommodate the increase in phosphate rock exports.

In Boucraâ:

- The construction of a fully integrated fertiliser production unit that is expected to start operations by 2026 with a capacity of one million tonnes.

- New port adapted to processing operations (construction has started).

For additional information, see "Business—*Strategy—Improve Efficiency and Increase Industrial Capacity"* and "—*Capital Expenditures*" below.

Based on current plans, the total estimated costs of the Capital Expenditure Programme since its launch in 2008 to 2030 are expected to be approximately U.S.$20 billion[4] (Dh 190 billion), with approximately U.S.$8 billion (Dh 74 billion) already incurred between 2008 and 2020, and the remainder expected to be incurred between 2021 and 2030. During the period from 1 January 2008 to 31 December 2020, approximately U.S.$10 billion (Dh 94 billion) was contractually committed on the Capital Expenditure Programme. These costs are expected to be funded from internally-generated cash flows, existing and future external financings and the proceeds of the Notes. Accordingly, the Group expects its interest costs to increase in the future. When and if completed, the projects that are the subject of the Capital Expenditure Programme are expected to improve the Group's operating performance and help the Group strengthen its position across the phosphate value chain.

Contractual Obligations and Commercial Commitments

The following table sets forth the Group's estimated aggregate contractual obligations and commercial commitments as at 31 March 2021 and the payments due, by period, under such obligations and commitments:

	As at 31 March 2021				
	Less than one year	**1 - 3 years**	**3 - 5 years**	**More than 5 years**	**Total**
			(Dh millions)		
Capital commitments(1)	15,500	10,095	0	0	25,595
Long-term and short-term loans(2)	12,158	25,749	13,538	7,231	58,674
Letters of credit	747	708	0	0	1,455
Total	28,405	36,552	13,538	7,229	85,724

(1) Principally includes contracts for purchase or construction of plant and equipment.
(2) This amount excludes future interest payments associated with the loans.

Debt Obligations

Over the past few years, the Group has raised significant amounts, principally through long-term borrowings, to supplement the net cash generated by its operating activities in order to fund its Capital Expenditure Programme.

The following table sets forth the total interest-bearing loans, borrowings and leases of the Group as at the dates indicated.

4 For convenience, figures expressed in U.S.$ in this paragraph have been translated into U.S.$ at the average Dh/U.S.$ exchange rate for the year ended 31 December 2020 as published by the Central Bank, which was Dh 9.4968 per U.S.$1.00. Such translation is not reflective of a translation in accordance with IFRS and it should not be construed as a representation that the Dh amounts have been or could be converted into U.S. Dollars at this rate or any other rate.

	First Quarter *(unaudited)* 2021	Fiscal Year 2020	2019	2018
		(Dh millions)		
Current interest-bearing loans, borrowings and leases				
Sovereign-guaranteed bank loans	63	64	64	65
Current portion of long-term bank loans	10,056	10,142	5,347	5,178
Finance lease liabilities	243	253	484	114
Domestic bond issue		-	-	-
Financial debts resulting from Murabaha	-	-	-	387
Accrued interest payable	1,084	572	574	588
Other credits	712	764	797	789
Total current financial debts	**12,157**	**11,795**	**7,267**	**7,123**
Non-current interest-bearings loans, borrowings and leases				
Sovereign guaranteed bank loans	237	244	303	374
Non-current portion of long-term bank loans	17,493	18,213	20,930	20,105
Domestic bond issue	25,384	24,936	26,840	26,718
Finance lease liabilities	1,541	1,569	1,645	134
Other credits	1,864	2,003	2,573	3,533
Total non-current financial debts	**46,519**	**46,964**	**52,292**	**50,864**
Total financial debts	**58,676**	**58,760**	**59,559**	**57,988**

The following table sets forth certain rate and currency denomination information related to certain of the interest-bearing loans, borrowings and leases of the Group at the dates indicated.

	Interest Rate(s) First Quarter 2021 *(unaudited)*	Weighted Average Interest Rate First Quarter 2021	First Quarter *(unaudited)* 2021	Fiscal Year 2019	2018	2020
	(%)	(%)		(Dh millions)		
Current interest-bearing loans and borrowings and leases						
Sovereign-guaranteed loans (*€—denominated*)	1.30 – 2.50	2.10	63	64	65	64
Bank loans (*U.S.$—denominated*)	2.94 – 4.15	3.57	1,274	1,349	1,345	1,252
Bank loans (*€—denominated*)	3.25 – 3.95	3.82	8,278	3,603	3,570	8,413
Bank loans (*Dh—denominated*)	0.63 – 4.47	2.37	504	394	263	476
Finance lease liabilities (*Dh—denominated*)	3.50 – 4.70	3.87	243	484	114	253
Bond issue (*Dh—denominated*)			-	–	–	-
Financial debts resulting from Murabaha (*U.S.$-denominated)*	–	–	-	–	387	-
Accrued Interest payable	–	–	1,084	574	588	572
Bank overdraft (*Dh—denominated*)	–	–	-	–	1	-
Other credits	–	–	712	797	789	764
Total current financial debts	–	–	**12,158**	**7,267**	**7,123**	**11,795**
Non-current interest-bearing loans and borrowings and leases						
Government credits (*€—denominated*)	1.30 – 2.50	2.43	237	303	374	244
Bank loans (*U.S.$—denominated*)	2.94 – 4.15	3.55	2,767	4,279	5,612	2,720
Bank loans (*€—denominated*)	0.63 – 4.47	1.96	4,144	2,168	2,607	4,303

	Interest Rate(s) First Quarter 2021 *(unaudited)*	Weighted Average Interest Rate First Quarter 2021	First Quarter *(unaudited)*	Fiscal Year		
			2021	**2019**	**2018**	**2020**
Bank loans (*Dh—denominated*)	3.30 – 3.90	3.75	10,582	14,483	11,886	11,190
Finance lease liabilities (*Dh—denominated*)	3.50 – 4.70	4.24	1,541	1,645	134	1,569
International bond issue (*U.S.$—denominated*)	4.50 – 6.88	5.49	25,384	26,840	26,718	24,936
Other credits	–	–	1,864	2,573	3,533	2,003
Total non-current financial debts	–	–	**46,516**	**52,292**	**50,864**	**46,964**
Total financial debts..............................	–	–	**58,674**	**59,559**	**57,988**	**58,760**

The following table sets forth the estimated scheduled payments of principal in respect of the Group's loans, borrowings and leases outstanding as at 31 March 2021:

	Year Due								
	2021	**2022**	**2023**	**2024**	**2025**	**After 2025**	**After 2026**	**Total**	**2021**
Amount due *(Dh Millions)*	11,343	5,344	4,976	15,388	11,375	2,483	7,766	58,676	11,343

As at 31 March 2021, the Issuer's debt portfolio is primarily comprised of fixed rate borrowings.

Principal Debt Obligations of the Group

The following describes the principal debt obligations of the Group as at 31 March 2021 in billions of relevant currency, unless otherwise indicated:

Borrower	Year of Financing	Maturity	Currency	Original Principal Amount	Remaining Principal Amount at 31/03/2021	Description
Issuer	2020	2027	Dh	2	2	Fixed interest rate loans
Issuer	2020	2035	EUR	94.9*	94.9*	Fixed interest rate loans
Issuer	2020	2027	Dh	2	2	Fixed interest rate loans
PhosBoucraa	2019	2026	Dh	1	1	Fixed interest rate financing for Boucraâ mine
PhosBoucraa	2019	2021	Dh	3	3	Fixed interest rate financing for Boucraâ mine
Issuer	2019	2029	EUR	180*	130*	Fixed interest rate loan
Issuer	2019	2024	Dh	1.25	1	Fixed interest rate loan
Issuer	2019	2021	Dh	3.3	2.2	Fixed interest rate loan
Issuer	2019	2030	EUR	111.82*	5.57*	Loan agreement with BNPP
Issuer	2019	2030	EUR	102.07*	5.2*	Loan agreement with BNPP
Issuer	2018	2023	Dh	500*	250*	Fixed interest rate loan

Borrower	Year of Financing	Maturity	Currency	Original Principal Amount	Remaining Principal Amount at 31/03/2021	Description
Issuer	2018	-	Dh	5	5	Perpetual subordinated bond with early repayment and deferred payment options. This financing is recognised as equity under IFRS 9
Issuer	2018	2023	Dh	1	600*	Fixed interest rate loan
Issuer	2018	2024	Dh	2	1.33	Fixed interest rate loan
Issuer	2018	2025	Dh	500*	450*	Fixed interest rate loan, amount reduced to Dh 500 million from Dh 1.5 billion in 2018
Issuer	2018	2025	Dh	2	1.33	Fixed interest rate loan
Issuer	2017	2024	Dh	1.5	875*	Fixed interest rate loan
Issuer	2017	2024	Dh	3	2.1	Fixed interest rate loan
Issuer	2016	2021	Dh	2	237.5*	Fixed interest rate loan
Issuer	2016	-	Dh	5	5	Perpetual subordinated bond with early repayment and deferred payment options. This financng is recognised as equity under IFRS 9
Issuer	2016	2022	Dh	1.5	480*	Fixed interest rate loan
Issuer	2015	2025	USD	1	1	Senior unsecured bonds
Issuer	2014	2024 /2044	USD	1.85	1.85	Two tranches of senior unsecured bonds
Issuer	2013	2024	USD	271.52*	118.79*	Loan facility with KFW in connection with water-related infrastructure and equipment
Issuer	2013	2026	USD	150*	90*	Loan facility with Islamic Development Bank in connection with the rehabilitation and the extension of OCP docks at the port of Jorf Lasfar
Issuer	2012	2022	USD	237*	50.79*	Loan facility with L'Agence Française de Développement ("**AFD**") in connection with water-related infrastructure and equipment
Issuer	2012	2022	USD	250*	53.65*	Loan facility with the African Development Bank in connection with the financing of the Group's investment programme, including the development of the Jorf Phosphate Hub
Issuer	2012	2026	EUR	130*	117.36*	Loan agreement with BEI
Issuer	2011	2026	USD	243.55*	132.85*	Loan facility (equivalent to EUR200 million) with the European Investment Bank in connection with the modernisation and expansion of the Group's facilities
Issuer	2010	2024	EUR	240*	84*	Loan facility with AFD in connection with the construction of the slurry pipeline between Khouribga and the port of Jorf Lasfar
Issuer	2007	2027	EUR	1*	0.44*	ICO IMASA MP
Issuer	2006	2033	EUR	46.65*	23.13*	Fixed rate loan agreement in connection with import financing
Issuer	2002	2022	EUR	61*	4.58*	ICO IMENOSA

* Indicates millions of relevant currency.

Certain Provisions and Terms of Debt Obligations

The debt arrangements of the Group contain certain financial covenants applicable as long as the Group does not have at least one investment grade rating from any of the three major rating agencies (Fitch, Moody's and S&P). As long as the Group does not have at least one investment grade rating, the Group's agreements with international financial institutions would be required to maintain (a) a ratio of net debt to EBITDA of not more than 4:1 on 31 December 2020, 2021 and 2022 and (ii) not more than 3:1 on 2023 and beyond; and (b) and a debt service coverage ratio of (i) not less than 0.9:1 on 31 December 2020 (ii) not less than 1.25:1 on 31 December 2021 and 2022 and (iii) not less than 1.5:1 on 31 December 2023 and beyond. The Group's debt arrangements generally also include cross-default provisions. As at 31 March 2021, the Group is not, and has not been, in breach of any of the financial and other restrictive covenants applicable in its debt arrangements.

The Group's low production cost has enabled it to preserve margins and maintain positive cash flow generation, even in periods of sustained low phosphate rock and fertiliser prices. OCP has a cautious approach to liquidity with significant undrawn lines of credit available to it. The Group's net financial debt has generally increased in recent years, from Dh 35.2 billion as at 31 December 2018 to Dh 45.5 billion as at 31 December 2019 to Dh 52.3 billion as at 31 December 2020 and Dh 51.7 billion as at 31 March 2021, as the Group continued to invest in its Capital Expenditure Program.

By the end of 2020, OCP's financial leverage was 2.99x, above the 2.5x internal target, reflecting an unfavourable environment with average fertiliser prices decreasing over 2020 due to an oversupplied market and lower raw material prices. On 28 October 2020, Fitch downgraded the Issuer's credit rating from BBB- to BB+ (outlook stable) as a result of weaker than expected credit metrics and a negative outlook assigned to the Kingdom of Morocco's credit rating. On 16 April 2021, S&P downgraded the Issuer's credit rating from BBB- to BB+ (negative) as a result of the downgrade of the Kingdom of Morocco to BB+ on 2 April 2021, OCP being considered by S&P as a government related entity and therefore capped by the sovereign's rating. S&P has since changed the Issuer's credit rating outlook to stable. However, S&P maintained OCP's standalone credit profile unchanged at BBB-.

The Group expects to maintain its leverage ratios to a level consistent with a standalone investment grade credit rating, with a maximum target net financial debt to EBITDA ratio of 2.5x.

Off Balance Sheet Arrangements

The Group enters into certain financial instruments with off-balance sheet risk. These instruments, which include letters of credit, guarantees and other commitments, expose the Group to credit risk. The Group's contingent liabilities arise in the normal course of business.

The table below sets forth the total commitments given and received by the Group as at the dates indicated:

	First Quarter		Fiscal Year		
	2021	2020	2020	2019	2018
	(unaudited)				
			(Dh millions)		
Outstanding, open letters of credit[1]	1,473	2,350	1,650	1,774	1,289
Others	689	705	728	650	256
Total commitments given	**2,162**	**3,056**	**2,378**	**2,424**	**1,545**
Unused borrowings[3]	8,285	6,086	5,661	8,705	3,097
Other commitments received for contracts[2]	9,637	10,095	9,772	9,624	6,658
Loans guaranteed by the State	299	379	308	368	440
Total commitments received	**18,221**	**16,559**	**15,741**	**18,697**	**10,195**

(1) Letters of credit are used to guarantee payments made by OCP to suppliers.

(2) Other commitments received for contracts comprise guarantees given by suppliers in exchange of down-payments made by OCP.

(3) As at 31 March 2021, the Group has medium and long-term financing agreements that have not been fully disbursed, including (i) two ECA covered financings with BNP Paribas for two new sulphuric acid plants in Jorf Lasfar (EUR 204 million), (ii) a seven-year facility with the African Export-Import Bank supporting the Group's expansion plans in Africa (U.S.$350 million) and (iii) the African Development Bank loan agreement dedicated to Jorf Phosphate Hub Phase 2 (EUR 50 million).

Quantitative and Qualitative Disclosures about Market Risk

The Group operates in a highly competitive industry, and faces intense competition for new contracts, qualified staff and markets for its phosphate rock, phosphoric acid and phosphate-based fertilisers.

The Group is subject to risks relating to foreign currency reserves and production, market prices, liquidity, credit, interest rates and other risks. The Group does not use financial instruments, such as foreign exchange forward contracts, foreign currency options, interest rate swaps and commodity agreements, to manage these risks, although it may consider using such instruments on a limited basis in the future.

Foreign exchange risk on financing flows

The Group's principal exchange rate risk involves changes in the value of the U.S. Dollar relative to the Dirham and, to a lesser extent, relative to other currencies. Most of the Group's cash inflows, as well as its accounts receivable balances, are denominated in U.S. Dollars, while a significant amount of the Group's purchases consumed are denominated in Dirhams.

On the revenue side, all of the Group's export revenue, including the exports of its products, are denominated in U.S. Dollars or are correlated with U.S. Dollar-denominated prices for phosphate products.

As at 31 March 2021, Dh 29.4 billion of the Group's indebtedness was denominated in U.S. Dollars (representing 50.1% of the Group's total indebtedness). Depreciation of the U.S. Dollar relative to the Dirham will reduce the value of the Group's U.S. Dollar-denominated liabilities when measured in Dirham, whereas appreciation of the U.S. Dollar relative to the Dirham will increase the value of the Group's U.S. Dollar-denominated liabilities when measured in Dirhams. Because the functional currency of the Group's operations is Dirham, the Group suffers foreign currency translation losses when the U.S. Dollar appreciates against the Dirham.

The Group hedges its exposure to the U.S. Dollar / Dirham exchange rate, utilising a cash flow hedge between its highly probable future sales in U.S. Dollars (hedged item) and its U.S. Dollar-denominated bonds issued in 2014 and 2015 amounting to U.S.$1.25 billion (due April 2024) and U.S.$1billion (due October 2025), respectively (hedging instrument). For further information, see note 4 to the Group's Financial Statements.

Reserves and Production

The Group believes that it has the financial capacity to acquire and implement appropriate technology in developing its reserves, but must compete internationally for properly qualified and well-trained staff to utilize the technology. The Group believes that it offers competitive compensation packages to its employees and recruits on an international basis to meet this requirement.

Market Risk

The Group's operating results and financial condition depend substantially upon prevailing prices of phosphates and its refined products. Historically, prices for the Group's products have fluctuated widely for many reasons, including:

- global and regional supply and demand, and expectations regarding future supply and demand, for phosphates and phosphates products;
- changes in geopolitics and geopolitical uncertainty, particularly in Morocco and the surrounding region;
- weather conditions and natural disasters;
- access to transportation;
- energy prices, including the levels of Government subsidies;
- Moroccan and foreign governmental regulations and actions, including export restrictions and taxes;
- market uncertainty and speculative activities; and
- global and regional economic conditions.

A substantial amount of the Group's products are sold on the spot market or under short-term contracts at market sensitive prices. Market prices for export sales of phosphate rock, phosphoric acid and phosphate-based fertilisers are subject to volatile trading patterns in the commodity futures market. Average selling prices can differ from quoted market prices due to the effects of uneven volume distributions during the period, quality differentials, different delivery terms compared to quoted benchmarks, different conditions in local markets and other factors. The Group does not use any derivative instruments to hedge its production in order to decrease its price risk exposure.

Liquidity Risk

The Group's investment portfolio must remain sufficiently liquid to respond to the financing needs generated by the Group's operations and investment. The breakdown of assets invested between the portfolios is based on cash flow forecasts. The assets include:

- Very short-term, liquid instruments, providing for daily operating needs; and
- Short-term instruments, in conformity with counterparty risk management, generating a yield, which reflect the Group's investment policy.

Credit Risk

The Group's financial instruments that are potentially exposed to concentrations of credit risk consist primarily of accounts receivable. While the Group may be subject to losses up to the contract value of the instruments in the event of non-performance by its counterparts, it does not expect any material losses to occur. No collateral is required by the Group to support financial instruments subject to credit risk. Although collection of these receivables could be influenced by economic factors affecting these entities, the Group believes there is no significant risk of loss to it beyond allowances already recorded.

Concentrations of credit risk with respect to accounts receivable are limited due to the large number of customers included in the Group's customer base and the uses of letters of credit for a significant portion of sales. Furthermore, from time to time the Group enters into credit insurance contracts for a portion of its customer portfolio based on internal policy criteria. Financial institutions operating in Morocco do not offer insurance for deposits of legal entities. The Group's management periodically reviews the creditworthiness of the financial institutions with which it deposits cash.

In addition, the Group is also exposed to credit and liquidity risk from its investing activities, principally as regards its placing of deposits with Morocco banks.

Interest Rate Risk

The Group incurs debt for general corporate purposes including financing capital expenditures, financing acquisitions and working capital needs. As at 31 March 2021, the Group's total outstanding loans and financial debts (current and non-current) were composed of fixed rate instruments. Upward fluctuations in interest rates increase the cost of new debt. Increases in interest rates can also lead to significant fluctuations in the fair value of the Group's debt obligations. However, the Group's sensitivity to decreases in interest rates and corresponding increases in the fair value of the Group's debt portfolio would negatively affect results and cash flows only to the extent that the Group elected to repurchase or otherwise retire all or a portion of the Group's fixed rate debt portfolio at prices above carrying value.

Critical Accounting Policies and Estimates

The preparation of consolidated financial statements in accordance with IFRS requires the Issuer's management to select appropriate accounting policies and to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses and the disclosure of contingent assets and liabilities. Management's selection of appropriate accounting policies and the making of such estimates and assumptions involve judgments and uncertainties to such an extent that there is a reasonable likelihood that materially different amounts would have been reported under different conditions, or if different assumptions had been used, and actual amounts may differ from these estimates. For a full description of the Group's significant accounting policies, see Note 1 to the 2017-2019 Annual Financial Statements. Set forth below are summaries of certain of the most critical accounting estimates and judgments required of the Issuer's management.

Measurement and useful lives of operating assets

Those responsible for equipment control and maintenance as part of the Group's mining and chemicals activities identify the useful lives of the various categories of assets (main assets and components). These lives correspond to the potential duration of the technical utilisation of the assets management uses in its judgment when assessing the useful lives and setting the appropriate depreciation methods used. These determinations are reviewed at the end of each fiscal period, and are adjusted prospectively, if needed.

Valuations used for impairment tests

The assumptions and estimates that are made to determine the recoverable value of goodwill, intangible assets and property, plant and equipment by the Group 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 of the relevant plant, property or equipment and could lead to a modification of the impairment to be recognised.

Measurement of provisions for site rehabilitation

The rehabilitation of mining soils is an integral part of the Group's sustainable development policy. The Group considers the rehabilitation of the land from the beginning of the extraction. The Group's approach to rehabilitation involves recovering the topsoil and storing it during the operation of the mine. Subsequently, at the end of the operation, the excavated materials are used to restore the ground and prepare the soil for agricultural use. The Group also initiates agricultural and forestry activities that benefit the communities. This approach involves local populations as well as the authorities and associations and agencies that have an interest in site rehabilitation.

Measurement of employee benefits

The Group recognises a provision in respect of defined-benefit plans, which is determined based on an actuarial analysis of the obligation under such plans according to the projected unit credit method, taking into account demographic and financial assumptions (such as the discount rate, the rate of medical inflation, future salary increases, the rate of staff turnover and mortality rates) and deducting the value of potential assets to cover such obligations. The actuarial assumptions are reviewed annually. Differences linked to changes in actuarial assumptions and adjustments related to experience (*i.e.*, the effect of differences noted between the previous actuarial assumptions and what has actually occurred) constitute actuarial gains and losses. The Group immediately accounts for all actuarial gains and losses in other comprehensive income. See Note 5 to the 2018-2020 Annual Financial Statements for details of the main assumptions used by the Group.

INDUSTRY OVERVIEW

Overview of Fertilisers

Fertilisers are most commonly used to improve soil fertility by enhancing nutrient content in the soil and, accordingly, to increase crop production and yields. Fertilisers can be categorized into macronutrients—which are needed in large quantities—and micronutrients. The primary macronutrients include nitrogen, phosphorus and potassium, which are essential elements required for plant growth.

Each of the three key nutrients serves a different vital function in plant formation and development, and a proper balance of the three nutrients is necessary to maximise the fertiliser's effectiveness. Phosphorus is essential to plant root development and is required for photosynthesis and seed germination. Nitrogen is an important determinant of plant growth and crop yield because it is a building block of protein and chlorophyll. Potassium improves a plant's water regime and its ability to withstand the stress of drought, disease, cold weather, weeds and insects. Although these nutrients are naturally found in soil, they are depleted over time by farming, which leads to declines in crop yields and land productivity. To replenish these nutrients, farmers must apply fertilisers.

In FY 2019 and 2020, the global production of primary nutrients was estimated to amount to 193.5 million tonnes of nutrients, of which nitrogen was 56%, phosphorus was 24.9% and potash was 19.2%, according to IFA.

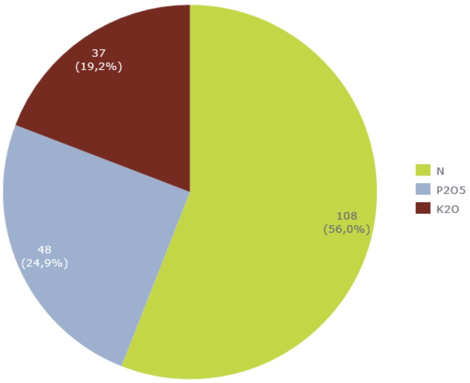
Nitrogen

Nitrogen ("N") increases yield by promoting protein formation. The primary input for producing nitrogen fertilisers is natural gas. The two most common nitrogen fertiliser products are urea and ammonium nitrates. Nitrogen fertiliser products have historically been subject to price volatility and natural gas input pricing and availability, contributing to significant swings in profitability.

Phosphorus

Phosphorus ("P") is vital for root development and plays a key role in the photosynthesis process (i.e., the production, transportation and accumulation of sugars in the plant). Phosphorus is also involved in seed germination.

Global nutrients consumption (2020)
193.5 million tonnes



Source: IFA- Short-Term Fertiliser Outlook 2020 – 2021 (November 2020)

The principal mineral used in the production of phosphorus-based fertilisers (phosphates) is phosphate rock, which is mined and then processed using sulphuric acid and ammonia. The primary phosphate fertiliser products are DAP, which has a phosphate content of approximately 46% and a nitrogen content of approximately 18%, and MAP, which has a phosphate content of approximately 52% and a nitrogen content of approximately 11%. The leading producing regions of phosphate fertilisers are Morocco, U.S., China and Russia, which contain the vast majority of global phosphate rock reserves.

Potassium

Potassium ("K") helps regulate plants' physiological functions: it helps plants use water efficiently and improves plant durability, providing crops with protection from drought, disease, parasites and cold weather. Potassium is found in nature in the form of potash ore ("KCL", or potassium chloride). Potash is mined either from underground mines or, less frequently, from naturally occurring surface or sub-surface brines. Potash does not require additional chemical conversion to be used as a plant nutrient. Naturally occurring, economically recoverable deposits of potash are scarce, deep in the earth and geographically concentrated.

Fertilisers' Demand Drivers

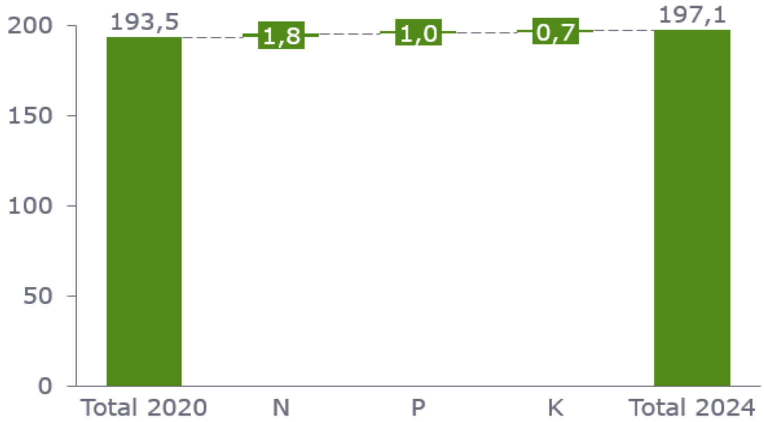
Global fertiliser consumption.

Global fertiliser demand is driven primarily by food, feed and fuel demand (which in turn are driven by, among other factors, population growth, a reduction in arable land per capita, dietary changes in the developing world and bio-fuel consumption). Given the constraints on increasing the quantity of arable land available for cultivation, fertilisers are an important means to improve agricultural yields and address the growing imbalance between food demand and supply. The demand for fertilisers is also affected by government policies in some countries, such as China. These countries implement regulations that attempt to rationalise the use of fertilisers with the ultimate objective of limiting the impact on the environment.

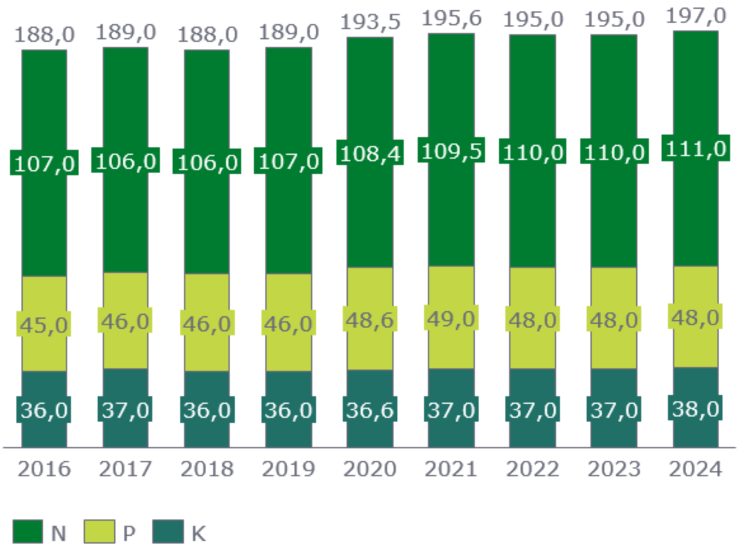
Between 2010 and 2020, nitrogen, phosphorus and potash consumption grew at a CAGR of 0.8%, 1.1%, and 3.8%, respectively, all supported by their essential functions to plant formation, according to IFA.

Global fertiliser demand is forecasted to increase by 3.6 million tonnes of nutrients from 193.5 million tonnes in 2020 to 197.1 million tonnes in 2024. This represents a 0.46% CAGR over the period and an overall growth of 1.86%. This data reflects the estimated impact of COVID-19 on global consumption. According to the IFA, global fertiliser demand is expected to grow by 1.6% or 3.7 million tonnes between 2019-20 (189.8 million tonnes) and 2020-21 (193.5 million tonnes), before continuing its increase in 2021-22 by 2% to 195.6 million tonnes.

Global fertiliser demand Variation
(million tonne nutrient)



Global fertiliser demand Variation
(million tonne nutrient)

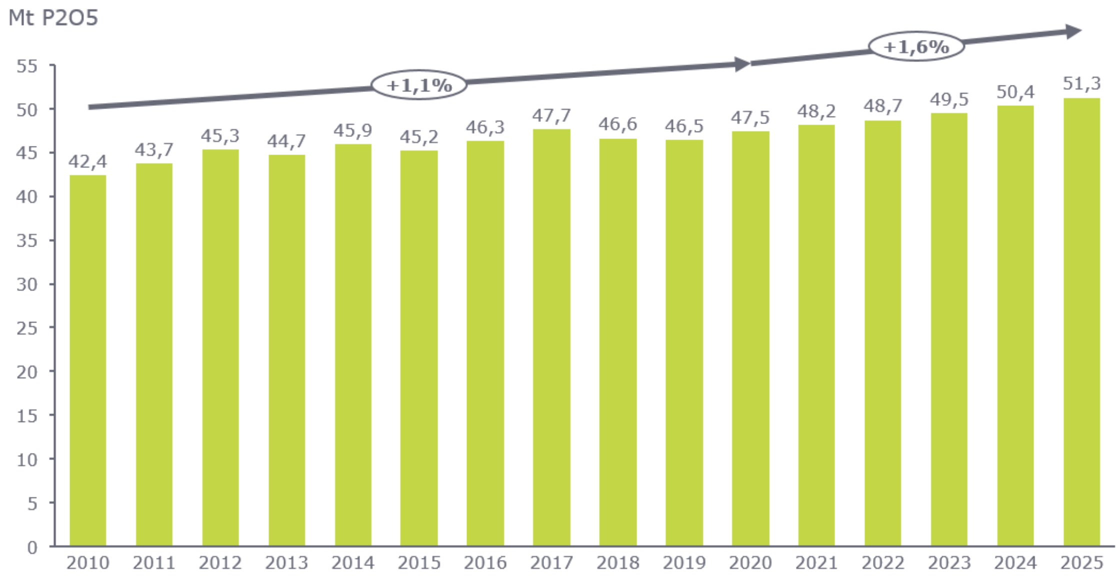


Source: *IFA- Executive Summary Short-Term Fertiliser Outlook 2020 – 2021, July 2020 and November 2020*

In the longer term, global phosphate fertiliser demand is forecasted to grow by approximately 3.8 million tonnes to reach 51.3 million tonnes P2O5 in 2025 compared to 2020, which implies a CAGR of around 1.6% during the period, according to CRU.

The graph below illustrate expected growth in global P2O5 fertiliser consumption.

Worldwide phosphate-based fertiliser demand (in million tonnes P_2O_5)

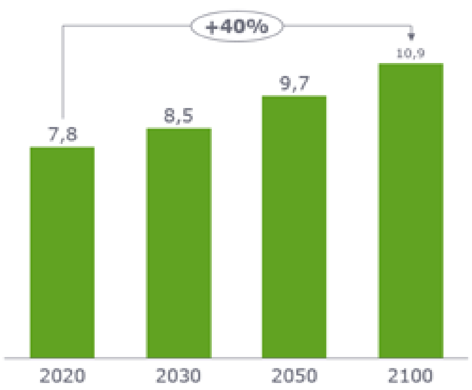


Source: CRU April, 2021

Population Growth and Arable Land per Capita

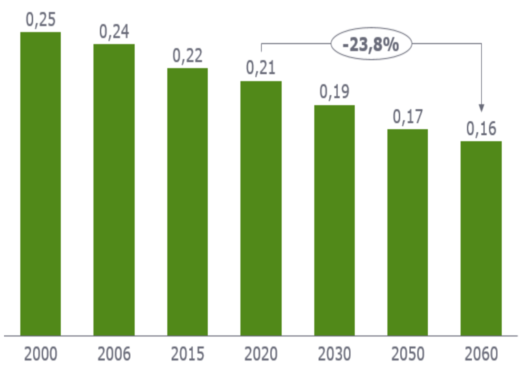
Population growth is the primary driver of fertiliser demand. As the world's population grows, urbanizes and industrializes, farmland per capita decreases and increased food production is required from each acre of farmland, which in turn requires more plant nutrients. The chart below reflects the forecasted increase in world population and decline in global arable land per capita through 2100, both of which are long-term drivers for global fertiliser demand.

Growing world population



Source: United nations - World Population Prospects 2020

Arable land per capita (ha/capita)



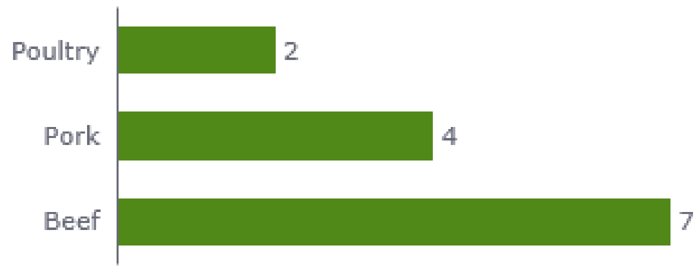
Source: FAO. Data from 2020 onwards are estimates

According to the United Nations' report, "World Population prospects", the world's population is projected to grow by 10% from 7.8 billion in 2020 to 8.5 billion in 2030, and further to 9.7 billion in 2050 (a 26% increase) and to 10.9 billion in 2100 (a 42% increase). The population of sub-Saharan Africa is projected to double by 2050. Other regions will see varying rates of increase between 2019 and 2050: Oceania excluding Australia/New Zealand is expected to increase by 56%, Northern Africa and Western Asia are expected to increase by 46%, Australia/New Zealand are expected to increase by 28%, Central and Southern Asia are expected to increase by 25%, Latin America and the Caribbean are expected to increase by 18%, Eastern and South-Eastern Asia are expected to increase by (3%), and Europe and Northern America are expected to increase by 2%.

Dietary Changes in the Developing World

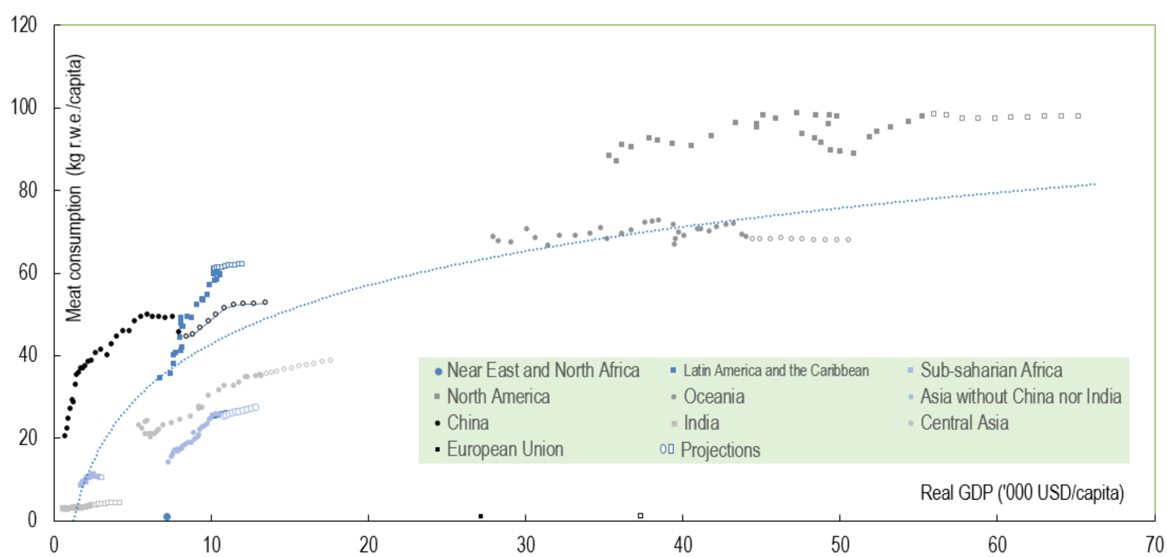
Developed nations generally use phosphate as a fertiliser more intensively than developing nations, but sustained economic growth in emerging markets is increasing food and feed demand and phosphate fertiliser use. Due to the growth in GDP, populations in emerging markets are shifting to more protein-rich diets as incomes increase, leading to increasing grain consumption for animal feed. The production of meat requires a significant amount of grain to feed farmed animals. For instance, it takes up to 7 kilograms of grain to produce 1 kilogram of beef and 4 kilograms of grain for 1 kilogram of pork.

Kilograms of grain to produce 1 kilogram of meat



Source: FAOSTAT

Income impact on per capita meat consumption per region



Source: OECD/FAO (2020), "OECD-FAO Agricultural Outlook", OECD Agriculture statistics (database)

In developing countries, GDP growth correlates more strongly to increased per capita meat consumption, since GDP growth increases marginal purchasing power in these countries. By contrast, the demand for meat in developed countries is more stable, suggesting that such demand has already reached a saturation level.

On the supply side, Brazil, China, the European Union, and the United States are projected to produce nearly 60% of global meat output by 2029. Meat production in these regions is expected to benefit from certain tailwinds. Production growth in Brazil will continue to benefit from an abundant supply of natural resources, feed, grassland availability, productivity gains and, to some extent, the devaluation of the Real. Increasing economies of scale in China, with large commercial enterprises emerging in place of smaller ones, will also benefit production there. Production in the USA is expected to remain stable or increase driven by strong domestic demand. Production in the European Union is expected to remain stable, with upside potential if the proposed African continental free trade agreement enters into force, reducing barriers to exports to a key market.

Growth of meat production by region and meat type

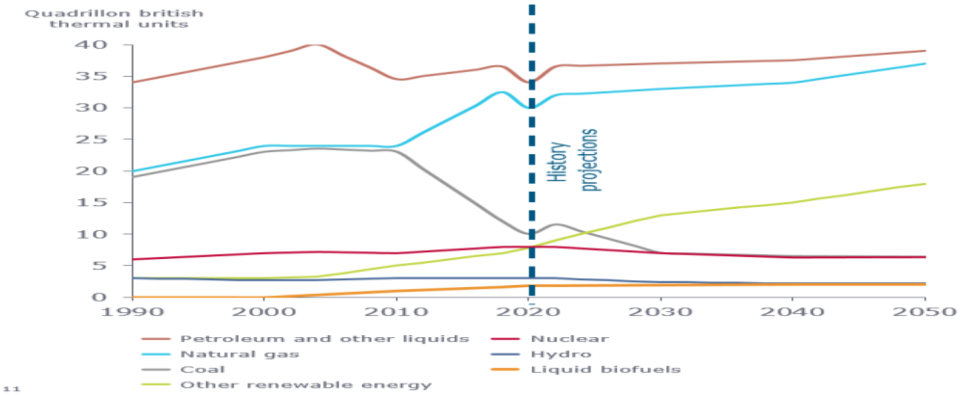
Source: OECD/FAO (2020), "OECD-FAO Agricultural Outlook", OECD Agriculture statistics (database),

Biofuel Production

Given increasing legislation on using alternatives to fossil fuels, biofuel production has increased substantially. This trend has affected the agricultural industry significantly through its increasing demand for grain crops (such as corn in the United States, sugarcane in Brazil or sugar beet in the EU), which as a result has increased fertiliser demand. The United States is one of the major producers of bio fuels according to the U.S. Environmental Protection Agency ("**EPA**").

The EIA projects that the consumption of liquid biofuel will remain stable between 2020 and 2050 at approximately 2 quadrillon Btu while consumption of other renewable energy sources would increase from approximately 7 quadrillion Btu to approximately 18 quadrillion Btu between 2020 and 2050.

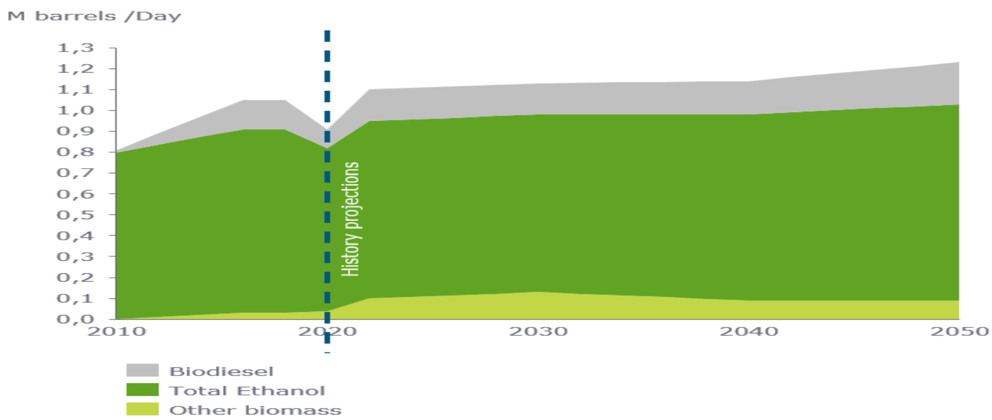
Energy Consumption by Fuel, AEO 2021 Reference Case



The Annual Energy Outlook published by the EIA in February 2021 ("**AEO2020**") projected that, under a "Low Oil Price" case scenario, the share of biofuels consumed in the United States would remain relatively unchanged compared with their "Reference Case" because of federal and state regulations. Regulations such as the Renewable Fuel Standard and Low Carbon Fuel Standard support biofuels consumption when prices of petroleum-based products are low and biofuels are less competitive.

By contrast, the share of biofuels consumed in the United States is expected to rise more in the "High Oil Price" case scenario, as described in the AEO2021, as higher prices for gasoline, diesel, and jet fuel make biofuels more competitive. In that case, the biofuels share is expected to rise to 26% in 2050.

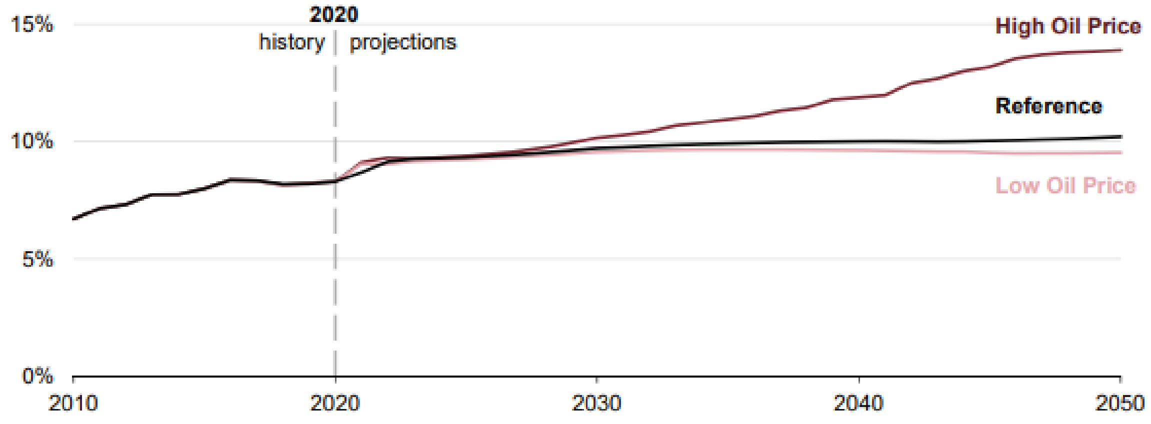
Biofuels production by type, AEO2021 Reference case



Source: U.S. Energy Information Administration, Annual Energy Outlook 2021 (AEO2021)

The graph below illustrates the U.S. Energy Information Administration, Annual Energy Outlook 2021 projected biofuel percentage of gasoline, distillate, and jet fuel consumption:

AEO2021 projected biofuel percentage of gasoline, distillate, and jet fuel consumption



Source: U.S. Energy Information Administration, Annual Energy Outlook 2021 (AEO2021)

Agricultural Crop Prices and Inventory

Agricultural crop prices and inventory have an impact on the ability of farmers to purchase fertilisers. As of March 2021, global grain prices (corn, soybeans and wheat) were elevated compared to their past five-year average: (i) soybeans prices by approximately 45%; (ii) wheat by approximately 31%; and (iii) corn prices by approximately 47%.

All major agricultural commodity prices continue to rally in 2021. Crop prices remain close to seven-year highs and are anticipated to remain strong in 2021, driven by a tighter global supply and demand balance in grains markets.

Corn, soybeans and wheat price evolution (2015-2021)

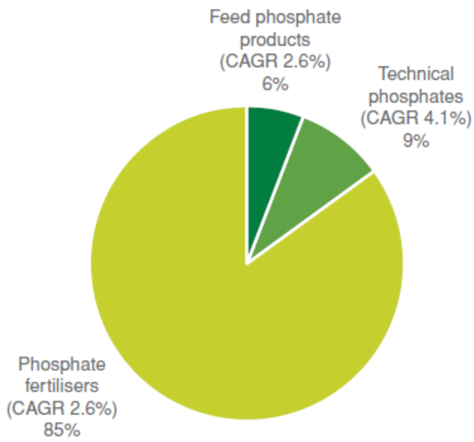
Source: Reuters 2021

The chart below shows the global corn, soybean, wheat, and rice stocks-to-use ratio (excluding China). The ratios have declined quickly over the past two years, particularly for corn and soybean reflecting lower output in key producing regions and strong demand. This dynamic has supported crop prices and is likely to persist over 2021.

Demand Fundamentals of Phosphates and Primary End Markets

Phosphorus is predominantly used in fertilisers, which account for approximately 85% of global phosphate demand. Phosphorus is also used, among other products, in animal feed, food preservatives, cosmetics, ceramics, water treatment and metallurgy. The chart below shows global phosphate consumption by use as well as expected growth rate for each use over the 2010-2020 period, according to IFA.

Global phosphate consumption by usage 2010-2020



Source: IFA stat, consumption database.

The primary end markets for phosphate-based products are as follows:

- *Phosphate rock:* phosphate fertiliser producers for direct application on acidic soil and fertiliser producers or dealers that custom mix fertilisers;

- *Phosphoric acid:* dealers that custom mix fertilisers and fertigation (i.e., the application of fertilisers through an irrigation system);

- *Purified phosphoric acid and feed phosphate products:* producers of poultry, cattle and swine feed supplements and producers of food and beverage products, metal treatment, detergents and electronics; and

- *Solid fertilisers:* dealers for direct application or custom mix fertilisers.

Supply Fundamentals of Phosphates

Commercial phosphate fertilisers used in agriculture are typically made using three key inputs: phosphate rock, sulphur and ammonia. Phosphate rock is currently widely viewed as the only commercially viable source of phosphorus available globally. Typically found in areas of oceanic upwelling with a low energy environment, phosphate rock formations primarily occur as sedimentary marine phosphorites. The largest deposits of phosphate rock are found in Morocco, China, the Middle

East, and the United States. Large igneous deposits have also been delineated in Brazil, Canada, Finland, Russia and South Africa. According to the USGS Report of January 2021, global reserves of phosphate rock stand at approximately 71 billion tonnes, with Morocco (including Western Sahara, referred to as the Southern Provinces herein) contributing 50 billion tonnes, as shown in the world map below.

Worldwide phosphate reserves (in billion tonnes)

Source: USGS 2021.

(1) Including Western Sahara, referred to as the Southern Provinces herein.

Phosphate rock is the key raw material used in the production of phosphate fertilisers, which are produced mainly by using sulphuric acid and ammonia.

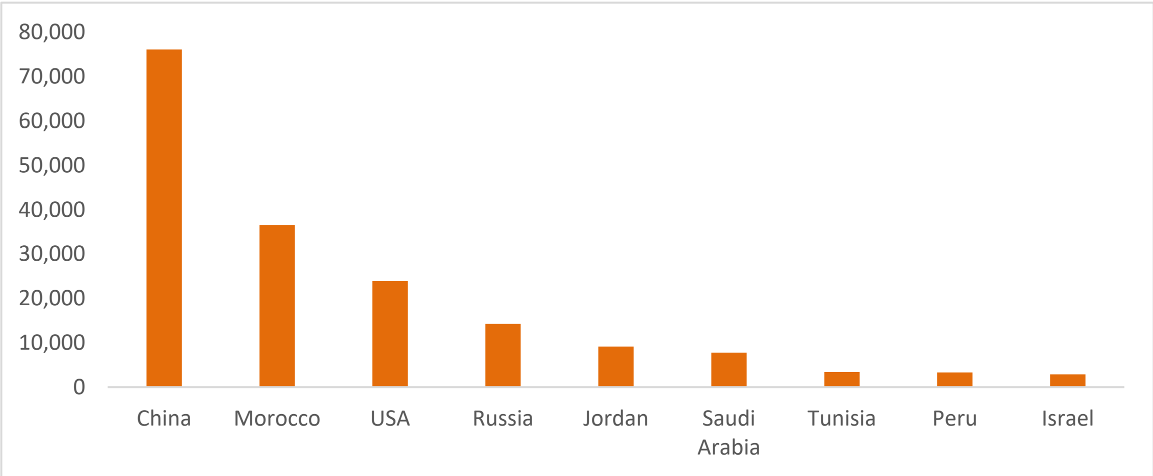
Other than the Group, the key players in the fertiliser market globally include CF Industries, Belaruskali, EuroChem, Israel Chemicals (ICL), Jordan Phosphate Mines Company (JPMC), K+S, Ma'aden, Mosaic, Nutrien, Phosagro, Uralkali and Yara. Among these, JPMC, Ma'aden, Mosaic, Phospagro and some Chinese players such as Yuntianhua Group and Guizhou Phosphate Chemical Group (Ex Wengfu and Kailin) are the key players in the phosphate-based fertiliser market. The chart below shows the world's largest phosphate rock producers by country.

Largest global phosphate rock capacities by player (by volume in KT, 2020)

Source: CRU- phosphate-rock-market-outlook-february-2021-capacity-database.

The chart below sets out global phosphate rock production by country for the period indicated.

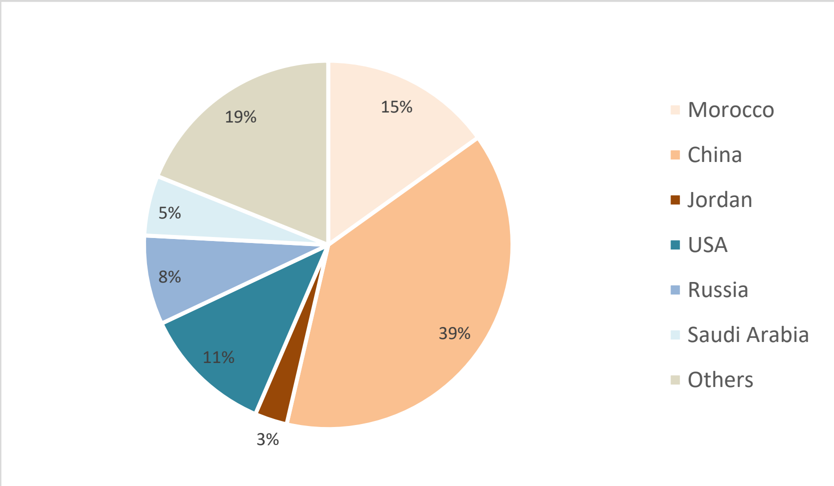
Largest global phosphate rock country producer (by production volume in KT, 2020)



Source: CRU- Phosphate-rock-market-outlook-february-2021-pivot-database.

According to IFA, the size of the global trade market for phosphate rock, phosphoric acid and phosphate-based fertilisers was approximately 30.5 million tonnes P_2O_5 in 2019. The largest six phosphate rock country producers, which accounted for approximately 77% of the global trade market for phosphate rock, phosphoric acid and phosphate-based fertilisers in 2019, are Morocco, China, USA, Russia, Jordan and Saudi Arabia, as shown in the graph below.

Largest phosphate country producers (mix in P_2O_5 for phosphate rock, phosphoric acid and phosphate-based fertilisers* -2019, by volumes)

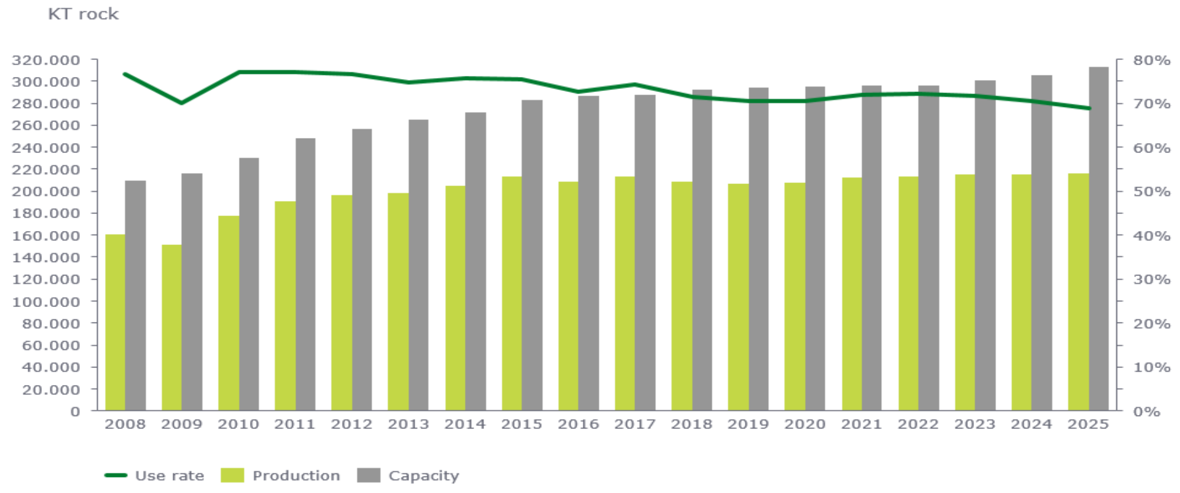


Source: IFA (2019).
*: Phosphate based fertilisers taken into account are: DAP, MAP and TSP

The largest three phosphate rock country producers—China, Morocco and the United States—account for approximately 53% of the global trade market for phosphate rock, phosphoric acid and phosphate-based fertilisers in 2019, according to IFA. In the phosphoric acid market and the phosphate-based fertiliser market, the largest three country producers held approximately 66% and 64% of global trade market share in 2019, according to the IFA. In 2019, according to the same source, the Group represented approximately 16.9%, 14.4% and 12.7% of the global phosphate rock, phosphoric acid and fertilisers production, respectively and 31.7%, 44.4%, 23.3% for exports.

According to CRU, the production of phosphate rock has increased significantly since 2000, increasing from approximately 132.6 million tonnes in 2000 to approximately 207.4 million tonnes in 2020; over this period, production increased at a CAGR of 2.26%.

Rock production, capacity (MT Rock) and operating rate (%)

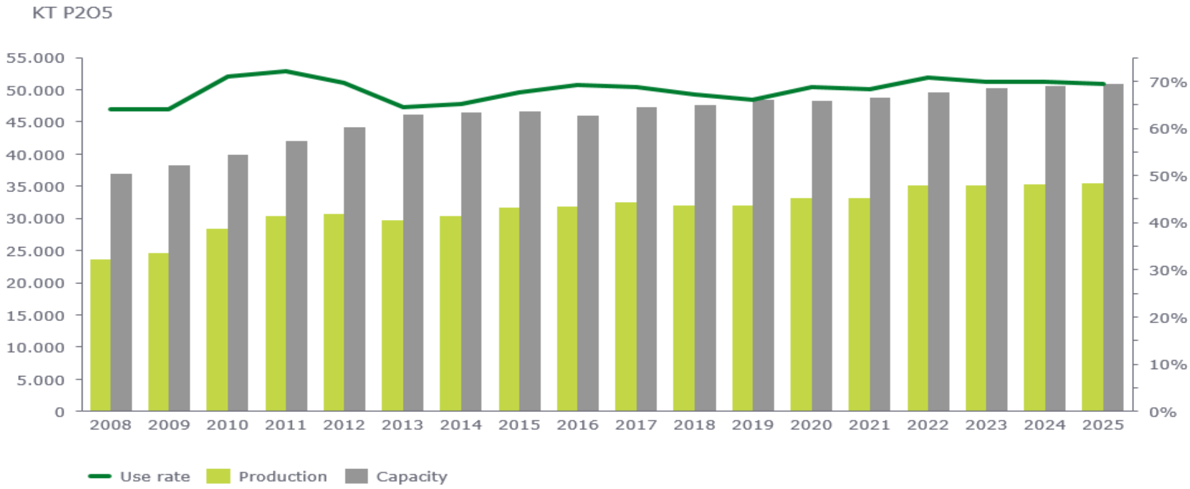


Source: CRU. Phosphate Rock market flat database, February 2021

According to CRU, the production of DAP/MAP/TSP has increased from approximately 19.8 million tonnes P_2O_5 in 2000 to approximately 33.15 million tonnes P_2O_5 by 2020; over this period, production increased at a CAGR of 2.60%.

Operating rates have also displayed resilience, being between 65% and 72% over the last decade. Over the 2000-2020 period, consumption of these fertilisers increased at a CAGR of 2.61% while capacities increased at a CAGR of 2.08%, according to CRU.

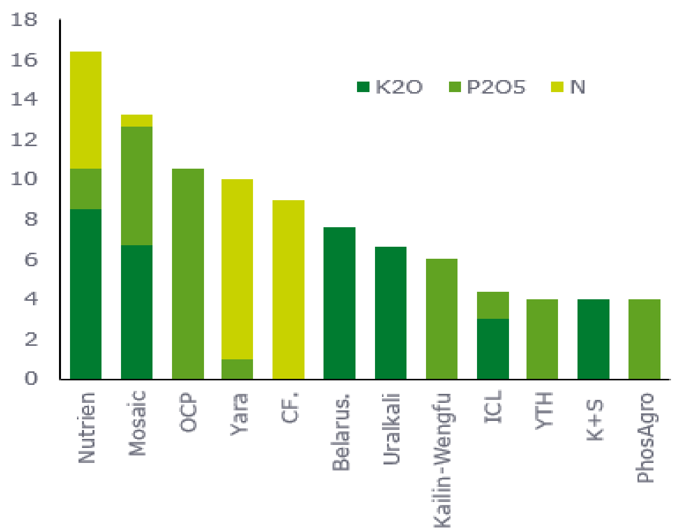
Global phosphate (DAP/MAP/TSP) production, capacity (KT P2O5) and operating rate (%)



Source: CRU Phosphate Fertilisers market flat database, April 2021

The chart below sets out global fertiliser capacity by producer for the period indicated.

Largest global fertiliser capacity by player (by volume in MT nutrient, 2019)



Source: IHS

A number of brownfield and greenfield projects have been contemplated through 2024, with the majority of the capacity increases expected in Morocco (OCP) and Saudi Arabia (Ma'aden). Barriers to entry to the phosphate industry include know-how, access to cost-competitive reserves and sufficient financial resources (which make brownfield projects attractive for capacity expansion).

Main Exporters and Importers of Phosphate

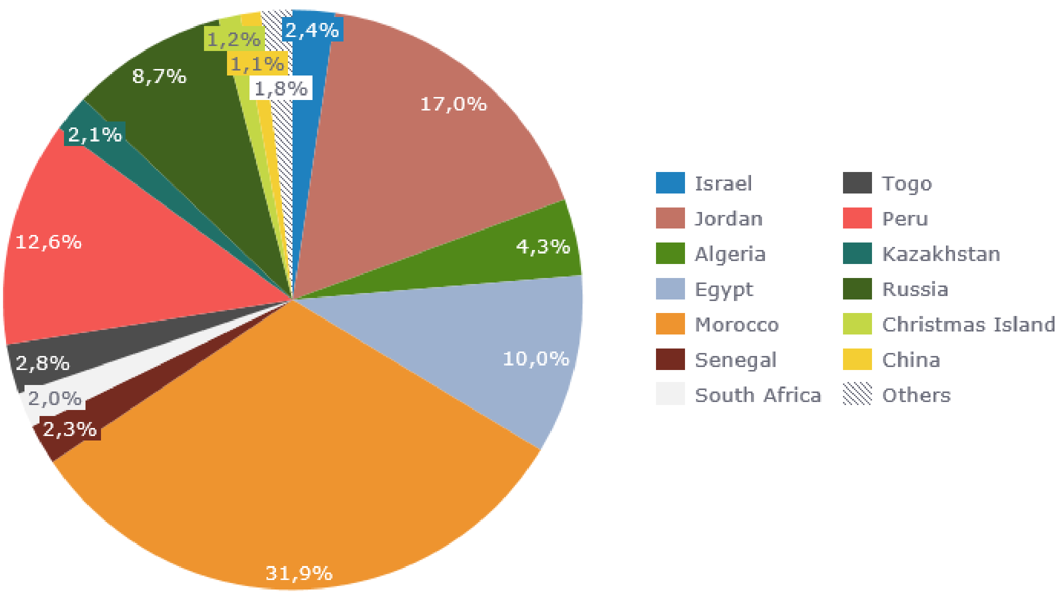
Phosphate Rock

According to CRU, world exports of phosphate rock increased by approximately 1.5% in 2020, to approximately 30.2 million tonnes from approximately 29.7 million tonnes in 2019.

Phosphate rock is typically produced and processed in the same country. Out of approximately 207 million tonnes of phosphate rock produced in 2020, only approximately 30 million tonnes were traded internationally.

The chart below shows the main phosphate rock exporters in 2020. The Group is the largest exporter of phosphate rock with a market share of 33.7% of global exports by volume in 2020 while representing 17.6% of the global production of phosphate rock in the same year, according to CRU.

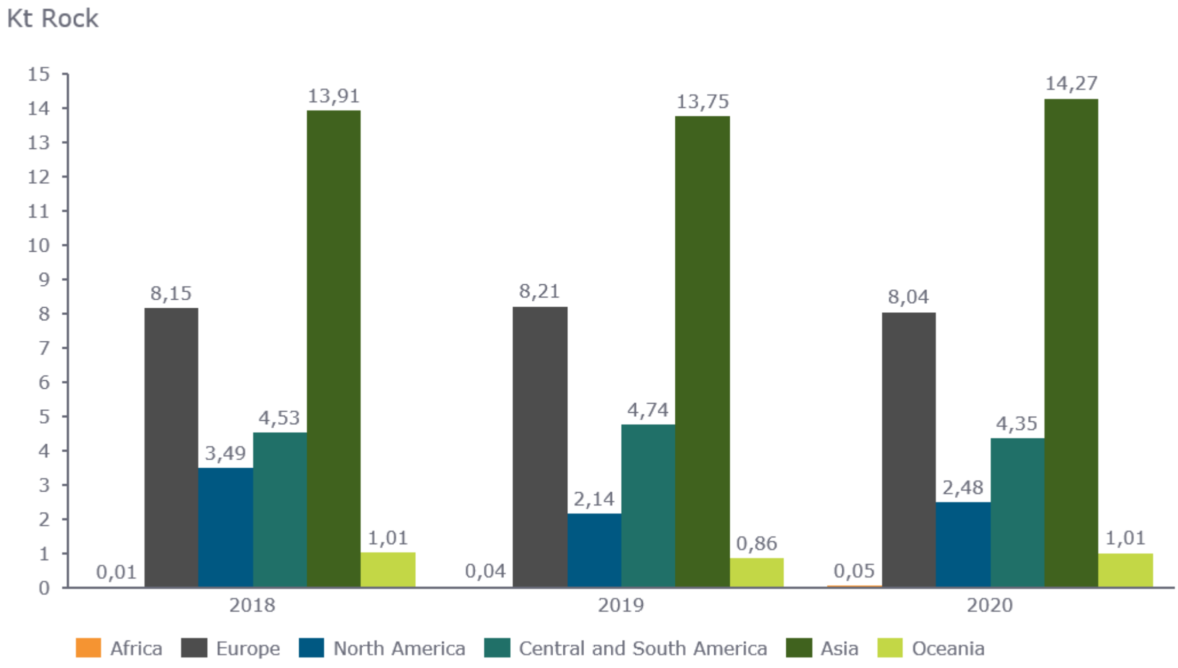
Market share of the main phosphate rock exporters by volume (2019)



Source: IFA STAT – Supply data base

The chart below shows the main phosphate rock importers for the 2018-2020 period.

World phosphate rock imports (million tonnes)



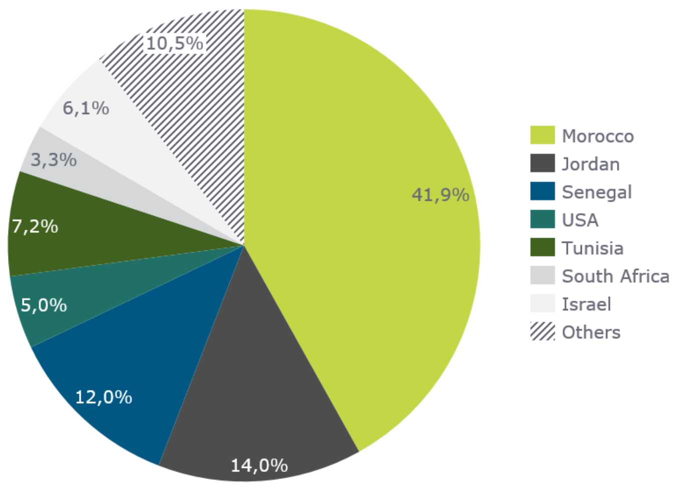
Source: CRU Phosphate Rock market flat database, February 2021

Phosphoric Acid

World phosphoric acid exports decreased by approximately 7.5% in 2020, to approximately 3.94 million tonnes P_2O_5, from approximately 4.26 million tonnes P_2O_5 in 2019.

The chart below shows the main phosphoric acid exporters by volume in 2020.

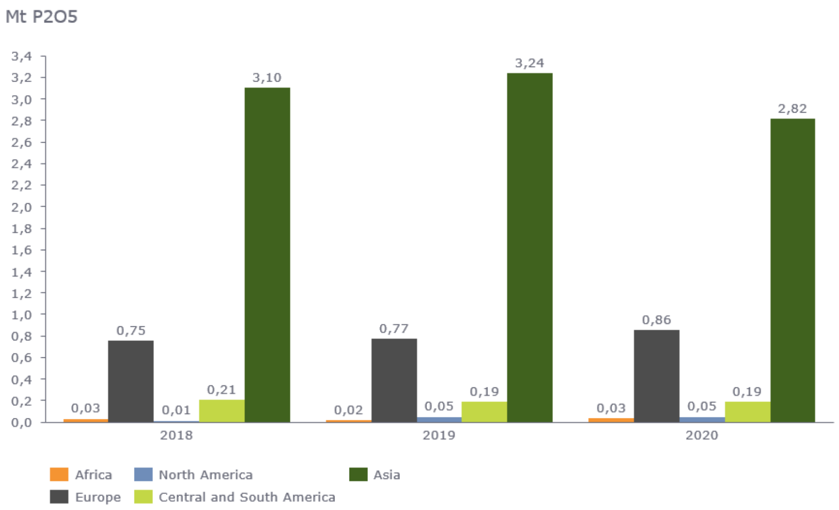
Market share of the main phosphoric acid exporters by volume (2020)



Source: CRU Fertilisers trade matrix April 2021

The chart below shows the main phosphoric acid importers for the 2018-2020. The Group is the largest exporter of phosphoric acid with a market share of 42% of global exports by volume in 2020 while representing 14.38% of the global production of phosphoric acid in the same year, according to CRU.

World phosphoric acid imports (thousand tonnes P_2O_5)



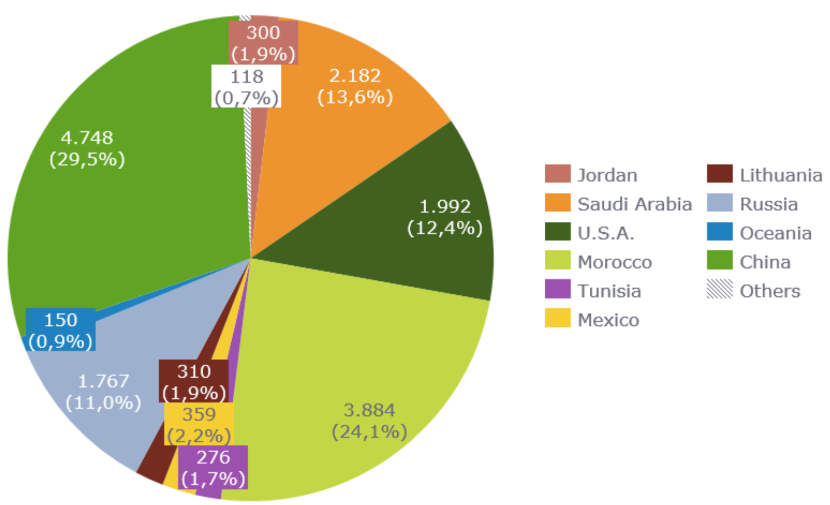
Source: CRU Fertilisers trade matrix April 2021

Phosphate-Based Fertilisers

World phosphate-based fertilisers imports increased by approximately 2.5% in 2020, to approximately 16.72 million tonnes P_2O_5 from approximately 16.31 million tonnes P_2O_5 in 2019.

The chart below shows the main phosphate-based fertiliser exporters in 2020. The Group is the largest exporter of phosphate-based fertilisers with a market share of 25% of global exports by volume in 2020 while representing 13.12% of the global production of phosphate-based fertilisers in the same year, according to CRU.

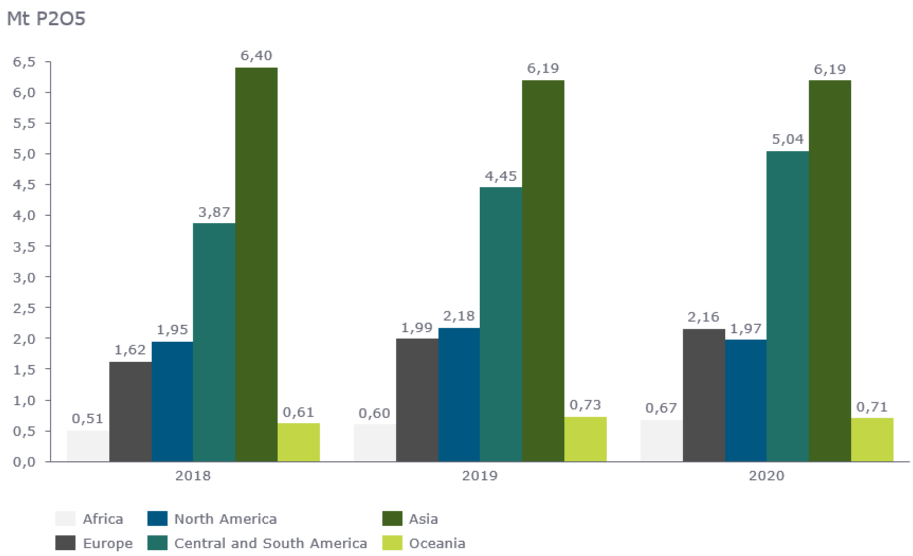
Market share of the main phosphate-based fertiliser exporters by volume (KT P2O5 DAP/MAP/TSP, 2019)



Source: IFA STAT – Supply data base

The chart below shows the main phosphate-based fertiliser importers for the 2018-2020 period.

World phosphate-based fertiliser importers DAP MAP TSP (million tonnes P_2O_5)

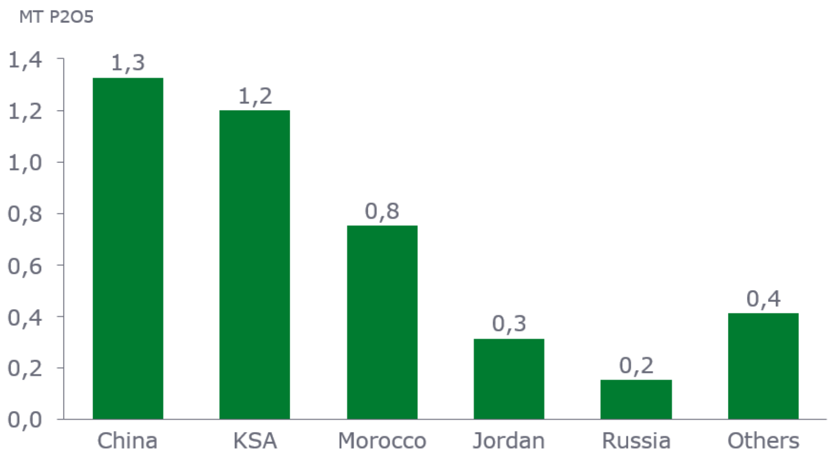


Source: CRU, Phosphate fertilisers market – Flat Database April 2021

Importantly the Group is one of the largest exporters to Asia which remains the largest importer region for phosphoric acid.

The chart below sets the South Asia P_2O_5 imports during 2020. (Mainly India, Bangladesh and Pakistan).

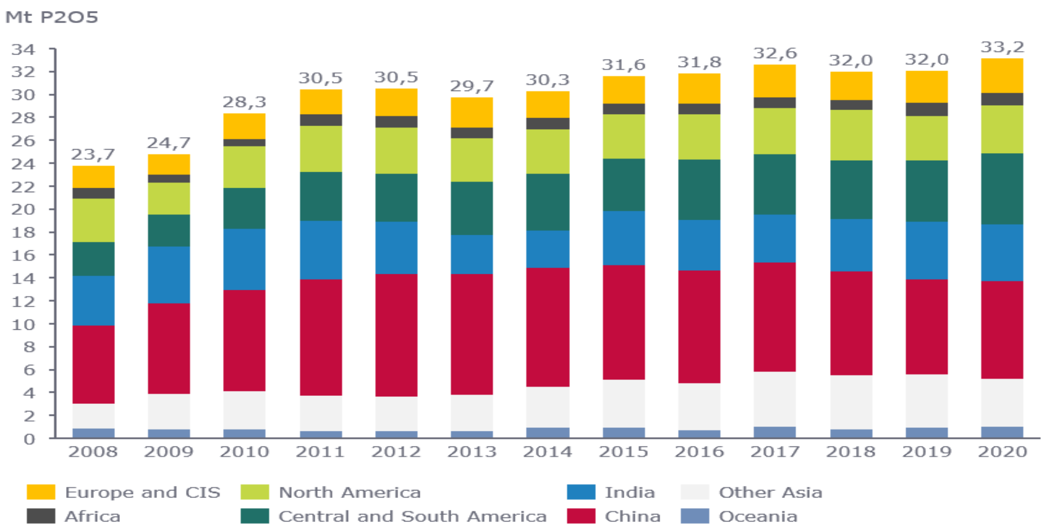
South Asia DAP/MAP/TSP imports in 2020 (Mt P_2O_5)



South Asia Processed Phosphate imports in 2020 (Mt P_2O_5

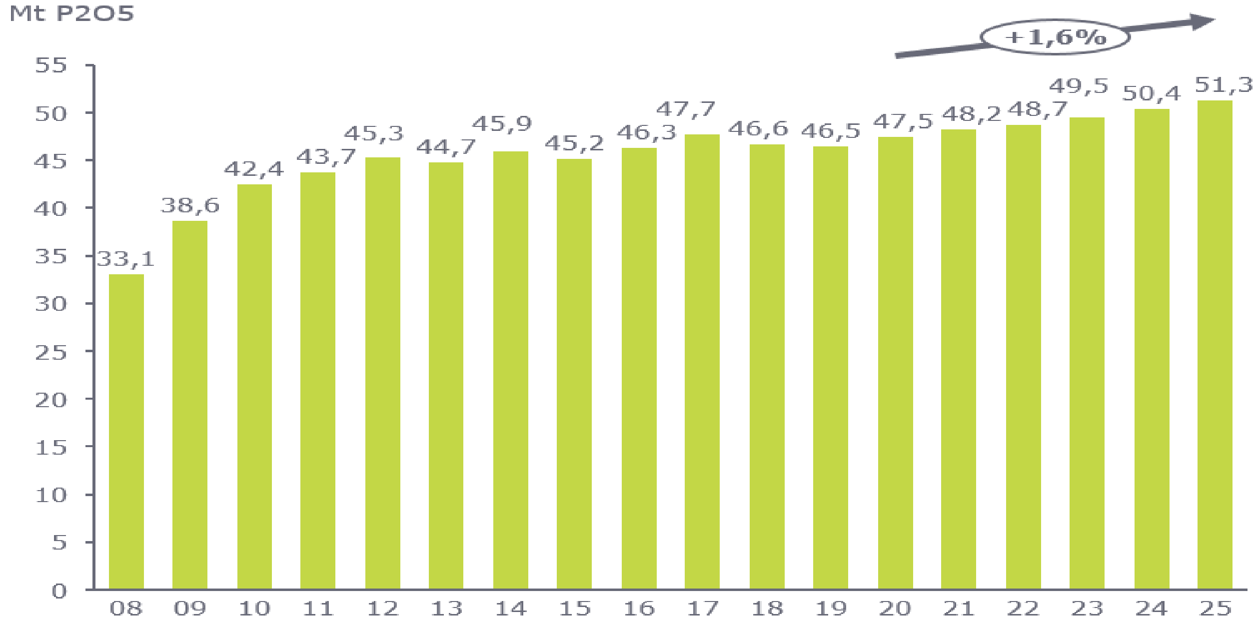
Source: CRU Phosphate fertilisers market – Flat Database, April 2021

The graphs below sets global DAP MAP and TSP consumption as well as projected phosphate demand growth to 2025 according to the CRU.



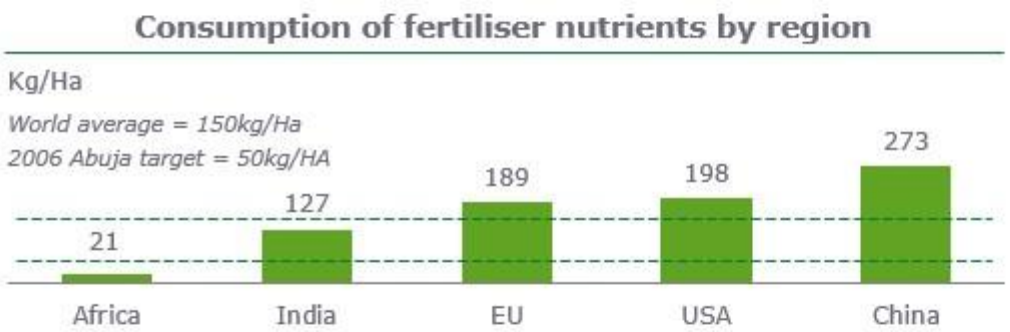
World DAP MAP TSP consumption (Mt P2O5) Source: CRU Phosphate fertilisers market – Flat Database, April 2021

Projected global phosphate demand growth (Mt P2O5)



Source: CRU Phosphate fertilisers market – Pivot Database, January 2021

Consumption of fertiliser nutrients by region



Sources: FAO & IFA

Additionally, growth for fertiliser demand is expected to be driven predominantly by South America and Africa:

Projected global P_2O_5 fertiliser demand by region – Source CRU (April 2021)

(Mt P2O5)	**2020**	**2021F**	**2021-2025F CAGR**
Europe	4.9	5.0	2.0%
North America	5.8	5.9	0.02%
Central & South America	8.7	8.9	3.28%
Sub Saharan Africa[(1)]	1.3	1.3	10.74%
Asia	24.5	25.4	0.65%

(Mt P2O5)	2020	2021F	2021-2025F CAGR
Oceania	1.3	1.3	0.99%
Others	1.0	1.1	2.26%

(1) Africa excluding: Algeria, Egypt, Libya, Tunisia, Morocco, Mauritania and South Africa.
Source: CRU.

The expected growth in major consuming countries such as India, China and Brazil is expected to support a strong demand for phosphate-based fertilisers.

In addition, the Group is active in developing customised and specialty fertiliser applications which have experienced double digit growth historically. For the key markets where the Group is active, historical growth during the last 10 years was around 10% for NPS exports, 10% for Soluble fertilisers and more than 15% for Biostimulants.

It is expected that strong market growth will continue in the near term as presented in the table below:

Customized and specialty fertilisers forecasted growth - Market size projection through 2020-2025 ($bn)

	2020	2025F	2020-2025F CAGR
NP / NPS Market(1	6.8	7.6	+2%
Soluble Map	0.5	1.1	+13%
Organic Fertiliser Market	7	12	+11,5%
Bio Stimulants Market	2.6	4.4	+11%
Micronutrients Market	3.6	5.5	+8.8%

(1) Adjusted volume

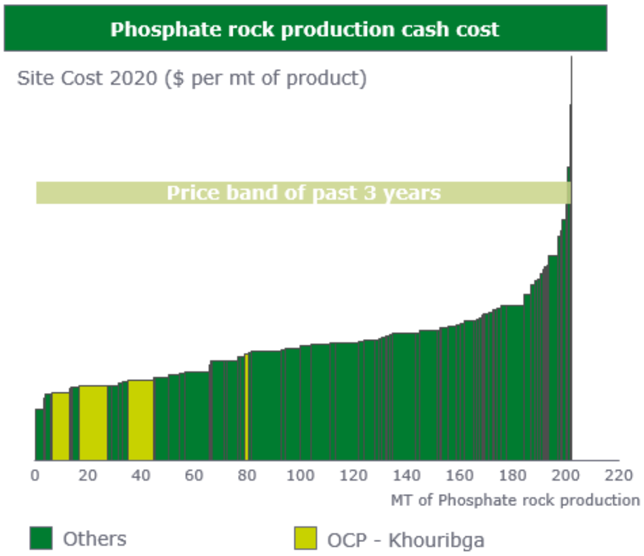
Source: OCP, CRU, Argus, Market research

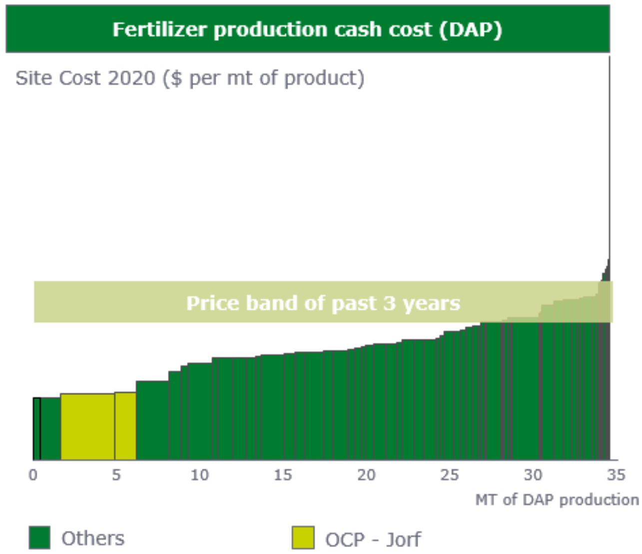
Cost Structure

Production of phosphate typically requires grinding or pulverizing the rock, followed by its conversion to phosphoric acid commonly through application of sulphuric acid in a high-heat process. Phosphoric acid is then neutralized to produce the most widely used commercial fertilisers: DAP and MAP. Phosphate fertiliser production accounts for approximately 70% of the global sulphur market, with approximately one tonne of sulphur needed to produce two tonnes of DAP.

The Group has a quality rock supply and has one of the lowest phosphate rock cash costs in the industry, giving the Group a significant competitive advantage over producers that must purchase rock. Of the global phosphate producers, approximately 30% of them are non-integrated and rely on imports or domestic purchases for their rock supply.

The following charts show the Group's rock export and fertiliser production cash costs as compared to its competitors (excluding Chinese producers).





Source: CRU – Industry Cost Curve 2020

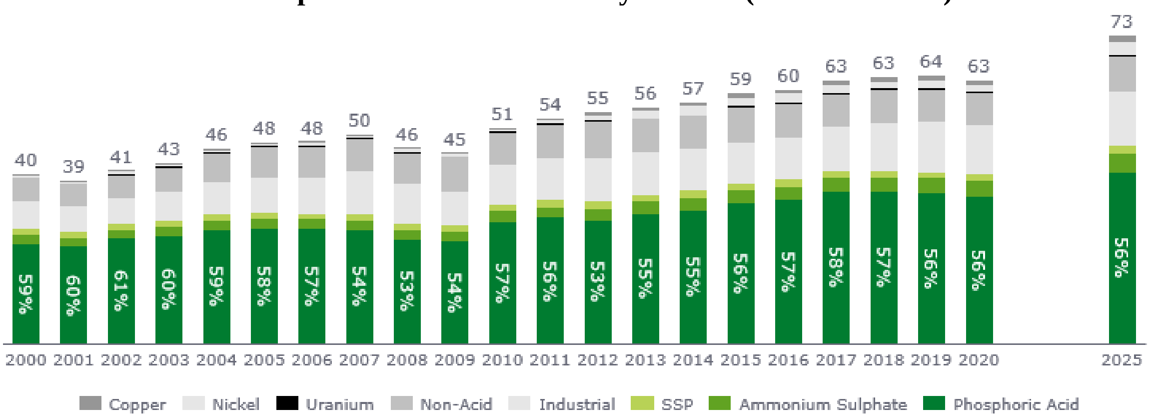
Key Raw Material Overview

Sulphur: Supply and Demand Fundamentals

Sulphur is used in fertiliser production primarily as sulphuric acid that reacts with phosphate rock to produce phosphoric acid and SSP or with ammonia to produce ammonium sulphate. According to CRU, fertilisers are the largest sulphur consumer, with a steady share through 2000-2020 at around 65% of total demand. Sulphur is also used in various industrial activities and in metals leaching of Copper, Nickel and Uranium.

Sulphur demand has grown at a rate of 2.3% through 2000-2020 from 40 million tonnes in 2000 to 63 million tonnes in 2020, driven mainly by metal production growth (8%) followed by industrial & non-acid use (2.4%) with a slower growth for use in fertiliser production (2%). Between 2020 and 2025, CRU expects sulphur demand to expand at an average growth rate of 3.1% per annum to reach 73 million tonnes by 2025, with faster growth for Metals-based demand (9% per annum), followed by Fertiliser-based demand at 3.2% while industrial and non-acid demand is expected to grow at a slower rate of 2%.

Sulphur Demand evolution by end-use (volumes in MT)

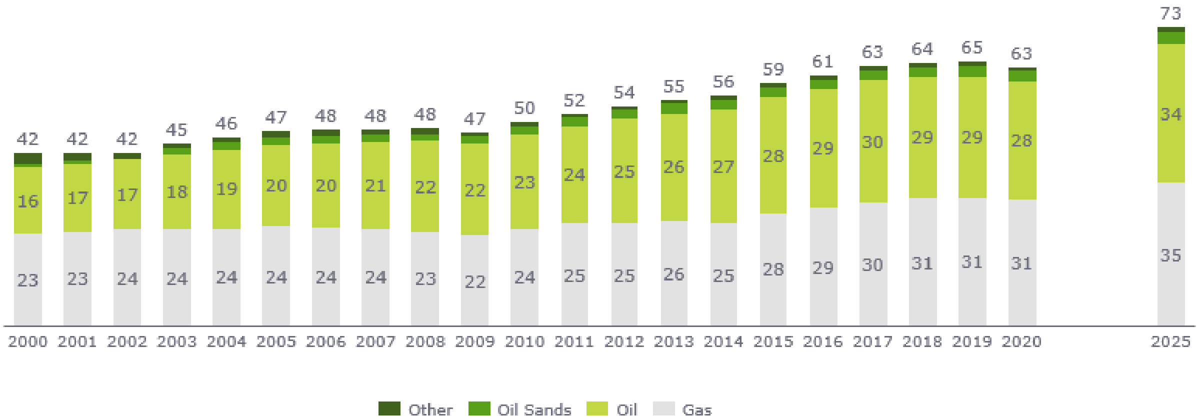


Source: CRU: March 2021, Data for 2025 reflect CRU forecasts

Sulphur trade accounts for approximately 54% of total Sulphur demand, according to CRU estimates. Since 2000, the Group imports have been growing from 2.8 million tonnes in 2000 to approximately 7.2 million tonnes in 2020, resulting in the share of imports consolidation from 13% to 22%.

According to CRU, Sulphur production increased from 42 million tonnes in 2000 to 63 million tonnes in 2020, with 98% of all production coming from refineries for oil and gas, and 2% from mining. Oil based sulphur share of production has been increasing since 2000 to reach 45% in 2020, up from 38% in 2000. CRU expects Sulphur supply to reach 73 million tonnes by 2025, as new supply enters the market from sources such as the UAE and Saudi Arabia. The trade markets account for approximately 54% of total production, with expectations for oversupply through the 2020-2022 period and slight undersupply through the 2023-2025 period, according to CRU.

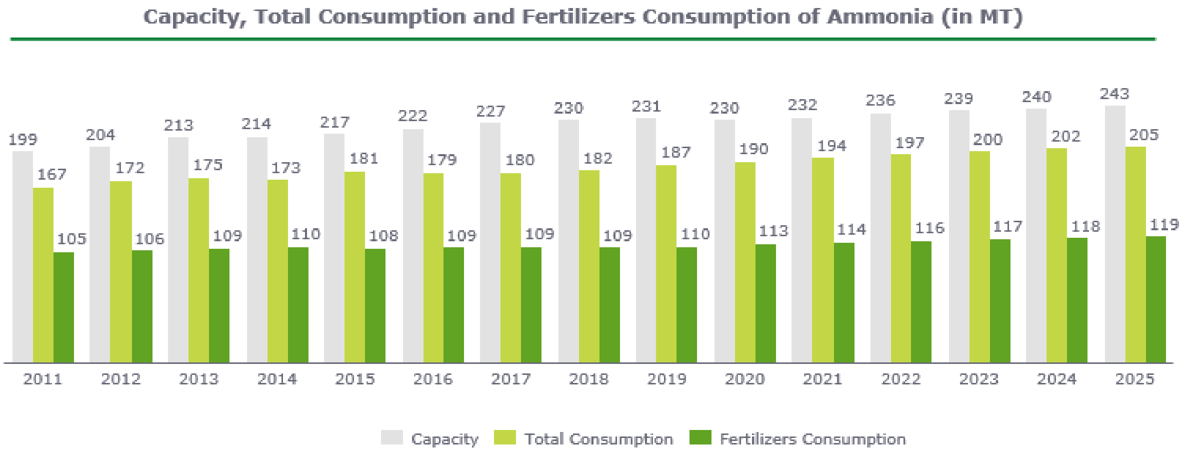
Sulphur Supply evolution by origin (volumes in MT)



Source: CRU: March 2021, Data for 2025 reflect CRU forecasts

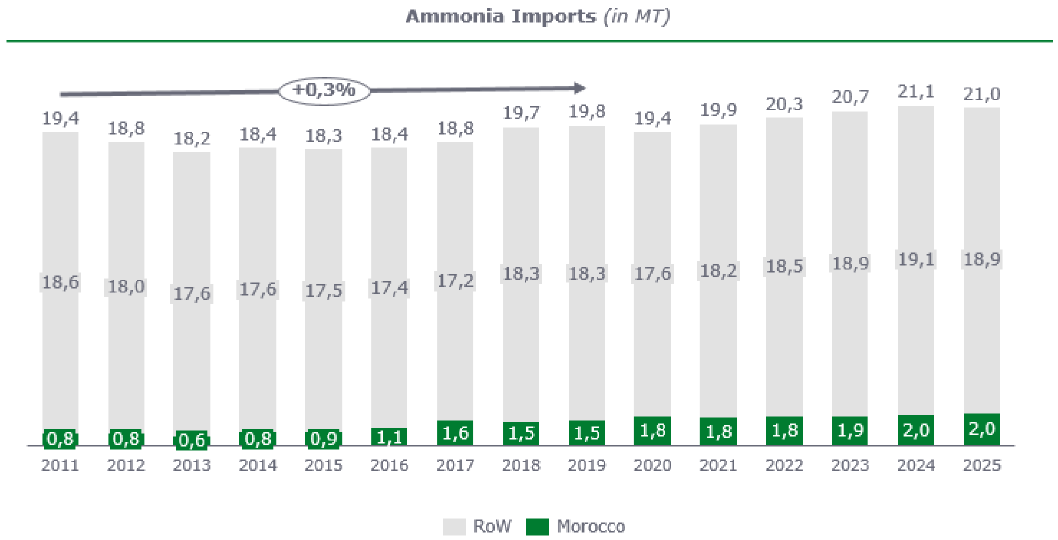
Ammonia: Supply and Demand Fundamentals

As for Sulphur, Ammonia is used in fertiliser production. It reacts with phosphoric acid to produce ammonium phosphates DAP and MAP. According to CRU, fertilisers is the largest ammonia consumer with a steady share through 2011-2020 at around 61% of total consumption. The worldwide use rate is estimated at approximately 82% over the period 2011-2020.



Source: CRU: March, 2021; Data for 2025 reflect CRU forecasts

During the period of 2011-2020, ammonia markets saw similar traded output over the years with volumes relatively averaging 19Mt per year, and this trend is set to continue over the next few years with expectations of rise of imports from 19Mt in 2020 to 21Mt in 2025. The Group is one of the main importers of Ammonia in the world with a market share around 9% of total world imports. The imports of the Group have increased steadily with a CAGR of 10 % between 2011 and 2020.



Source: CRU: March, 2021; Data for 2025 reflect CRU forecasts

BUSINESS

Overview

The Group is a leading vertically-integrated fertiliser company involved in the extraction, production and commercialisation of: (i) phosphate rock; (ii) phosphoric acid (including purified phosphoric acid); and (iii) phosphate-based fertilisers. The Group is the largest producer of phosphate rock and phosphoric acid, and the second largest producer of phosphate-based fertilisers (DAP, MAP and TSP), globally (by volume), based on management estimates derived from company information and publicly available data of competitors for 2019. The Group's mining activities are based in Morocco and focus on the extraction, treatment, enrichment and delivery of phosphate rock to its processing facilities in Jorf Lasfar and Safi, as well as the export of phosphate rock to its customers in approximately 36 countries. The Group processes approximately two-thirds of its phosphate rock production into phosphoric acid, a significant part of which is in turn further processed into phosphate-based fertilisers. In addition to phosphoric acid, the Group produces and exports six major types of phosphate- based fertilisers (MAP, DAP, NPK, NPS, ASP and TSP) as well as over 40 specialised fertiliser products, such as fertilisers enriched with micronutrients and reactive phosphate rock. The Group sells its products to other industrial companies, including integrated and non-integrated players, large and established traders and distributors.

In Q1 2021, the Group's total revenue was Dh 14.3 billion (Q1 2020: Dh 12.3 billion), its EBITDA was Dh 5.3 billion (Q1 2020: Dh 3.3 billion) and its net profit for the period was Dh 1.9 billion (net loss for Q1 2020: Dh 2.6 billion). In FY 2020, the Group's total revenue was Dh 56.2 billion (FY 2019: Dh 54.1 billion), its EBITDA was Dh 18.7 billion (FY 2019: Dh 15.3 billion) and its net profit for the period was Dh 3.4 billion (FY 2019: Dh 3.0 billion). The Group's total assets were Dh 167.4 billion and Dh 165.3 billion as at 31 March 2021 and 31 December 2020, respectively.

According to the USGS Report of January 2021, approximately 70.4% of the world's largest reserves of phosphate rock are located in Morocco (including Western Sahara, referred to as the Southern Provinces herein), and under Moroccan law, the Group has exclusive access to Morocco's phosphate reserves. All of the Group's mining activities are conducted at open-pit mines. The Group operates ten phosphate rock mines at three locations in central Morocco (six at Khouribga, three at Gantour (Ben Guerir and Youssoufia) and one in the Southern Provinces (Boucraâ)), with a combined annual production capacity of 46.6 million tonnes per year. The average P_2O_5 content of the phosphate rock currently mined by the Group is approximately 30.5%, based on IFA estimates.

The Group operates processing plants in two locations on the Atlantic coast in central Morocco: Jorf Lasfar, which receives phosphate rock principally from the mines at Khouribga; and Safi, which receives phosphate rock principally from the mines at Gantour.

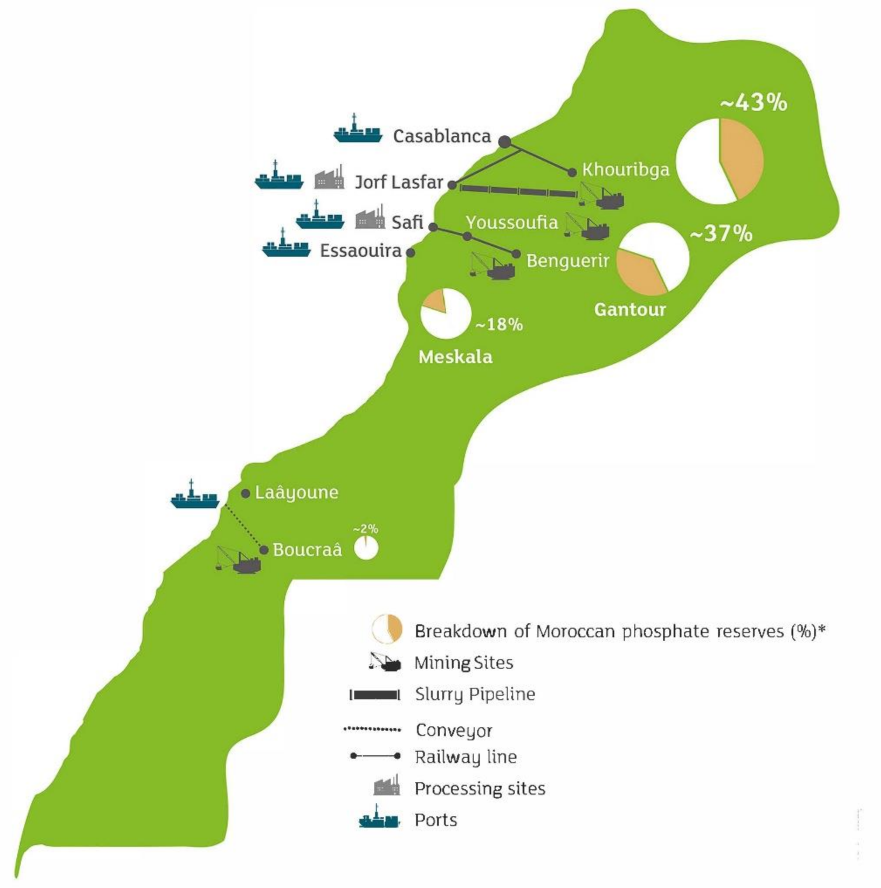
- At the Jorf Lasfar site, the Group operates a number of facilities that have a total nominal production capacity of 10.8 million tonnes of fertilisers and 6.2 million tonnes of phosphoric acid per year, including the nominal production capacity of its joint ventures IMACID and PMP, which have a combined production capacity of 0.9 million tonnes of phosphoric acid per year, and EMAPHOS, which has a production capacity of 0.14 million tonnes of purified phosphoric acid per year.

- At the Safi site, the Group's facilities have a nominal production capacity of 1.5 million tonnes of phosphoric acid, 0.8 million tonnes of TSP and 0.2 million tonnes of feed phosphate products per year.

The Group has also entered into production joint ventures and has direct or indirect interests in processing plants in Belgium, Brazil, France, India, Spain and the United States.

The Group is currently able to export phosphate rock from the ports of Casablanca, Jorf Lasfar and Safi, as well as the wharf at Laâyoune, phosphoric acid and phosphate-based fertilisers from the ports of Jorf Lasfar and Safi, and feed phosphate products from the port of Safi.

The following summarises the Group's principal operations and reserves in Morocco as at 31 December 2020.



(*) Total Moroccan phosphate reserves according to the USGS Mineral Commodities Summaries (January 2021).

Strengths

The Group believes that its principal strengths and competitive advantages include the following:

A Global Leader across the Phosphate Value Chain

The Group is the largest producer of phosphate rock and phosphoric acid, and one of the largest producers of phosphate-based fertilisers (DAP, MAP and TSP), globally (by volume), based on management estimates derived from company information and publicly available data of competitors as of 31 December 2020. The Group has leading positions in production and trade volumes across the phosphate value chain. As at 31 December 2020, the Group had annual production capacity of phosphate rock, phosphoric acid and fertilisers of 46.6 million tonnes, 7.7 million tonnes of P2O5 and 12.0 million tonnes, respectively. In 2019, the Group accounted for approximately 32%, 44% and 23% of the global phosphate rock, phosphoric acid and phosphate-based fertiliser trade, respectively, according to IFA. The Group believes its vertically-integrated business model across the phosphate value chain provides flexibility in optimising its product mix between phosphate rock, phosphoric acid and fertilisers, which allows it to maximise margins and optimise capacity utilisation according to demand. In addition, the Group benefits from the substantial industry expertise and experience gained during its past 100 years of phosphate production.

Large and Quality Reserve Base which Constitutes a Natural Barrier to Entry

According to the USGS Mineral Commodities Summaries published in January 2021, Morocco (including the Western Sahara, or the Southern Provinces as referred herein) has the largest phosphate rock reserves in the world with 50 billion tonnes (approximately 70.4% of estimated world total reserves). The average P_2O_5 content of the phosphate rock currently mined by the Group is approximately 30.5%, based on IFA estimates (for 2019). With exclusive access to Morocco's phosphate reserves, the Group estimates its economically exploitable reserves is sufficient to cover several hundreds of years of global phosphates consumption (at current consumption levels).

The Group believes it is one of the lowest cost producers of phosphate rock in the industry, which it is able to maintain due to its exclusive access to large phosphate rock reserves, high grade P_2O_5 quality and low extraction costs. Fertiliser producers that do not have access to their own phosphate rock reserves tend to have higher production costs. Those producers experience significant difficulties when the phosphate rock market price increases faster than the prices of their output products. Tight or negative margins in this case may push those producers to reduce or stop production. Lack of access to phosphate rock reserves, in addition to high capital investments required, significant infrastructure facilities and lack of technical know-how, act as a significant barrier to entry for any producer seeking to enter the market on a significant scale and compete with the Group in relation to sales of phosphate rock, phosphoric acid and phosphate- based fertilisers.

Low-Cost Position in Phosphate Rock and Phosphate-Based Fertilisers

The Group believes that it is one of the lowest cost producers of phosphate rock in the industry, primarily due to:

(i) Access to high-quality phosphate rock reserves from mined open-pit sites with close proximity to ports, which lowers processing and production costs;

(ii) Having a strategic geographic position with access to efficient shipping routes in terms of freight costs and time of delivery to key export markets;

(iii) Since April 2014, the Group has operated a slurry pipeline to transport phosphate rock from Khouribga to Jorf Lasfar, which is another factor contributing to its cash cost leadership. In addition, the majority of the Group's mining operations, chemical plants and port operations are concentrated in a relatively small area in central Morocco, which allows the Group to benefit from operational synergies as well as economies of scale.

Balanced Product Portfolio and International Footprint

The Group is present in all segments of the phosphate value chain, from the extraction of phosphate rock and the production of phosphoric acid to the production of phosphate-based fertilisers. Apart from purchases of sulphur and ammonia (and to a lesser extent sulphuric acid, potash and micronutrients) from third-parties, the Group is self-sufficient in all three segments. The Group believes its vertically-integrated business model across the phosphate value chain provides flexibility in optimising its product mix between phosphate rock, phosphoric acid and fertilisers, which allows it to maximise margins and optimise capacity utilisation according to demand. This was visible for example in between 2019 and 2020 when the Group’s export volumes for phosphoric acid and fertilisers fluctuated based on market dynamics, in particular relating to market dynamics in India. Export volumes for phosphoric acid and fertilisers amounted to 0.98 million tonnes (P2O5) and 0.11 million tonnes, respectively in 2019 whereas for 2020, such volumes amounted to 0.83 million tonnes (P2O5) and 1.45 million tonnes, respectively.

The Group is present in all major markets and its customer base comprises over 350 customers on all five continents. The Group is, therefore, able to mitigate decreases in sales in regions where there is poor demand by shifting sales to other regions, which creates a natural hedge against adverse events in any given market or region. For 2020, the Group's largest single customer accounted for 5.4% of the Group's export sales and, accordingly, the Group is not dependent on any single customer. In addition, the Group's export sales are balanced between Latin America, Europe, India, Africa, North America and Asia, which accounted for 25.7%, 25.3%, 13.5%, 13.5%, 11.7% and 9.5% of total export sales in 2019, respectively, and 31.6%, 24.3%, 19.7%, 11.4%, 6.3% and 6.0% of total export sales in 2020, respectively. As a result, the Group believes it is able to both reduce its exposure to adverse events and increase its sales where favourable conditions prevail, which, in turn, allows the Group to seek higher profitability margins. The location of the Group's operations in Morocco also gives the Group a competitive advantage in terms of time to market as compared to its main competitors, especially when combined with low-cost transportation in certain key export markets, including South America, Europe, West Africa and the United States.

Growth Industry, Underpinned by Sustainable Long-Term Trends

Given P_2O_5's role as an essential soil nutrient in agricultural production, the Group believes that it is well positioned to benefit from the strong fundamentals of the global agricultural industry, which, to a large extent, are driven by:

- Population growth;
- A reduction in available arable land per capita; and
- An increase in consumption of meat and dairy in emerging markets.

According to IFA, global phosphate fertiliser demand is projected to increase at a compound annual growth rate ("**CAGR**") of 0.7% per year from 2019 to 2024. This estimate from IFA already reflects the impact of COVID-19 on the global consumption. The Group believes that the long-term growth in demand for fertilisers will principally be driven by the need to increase crop production primarily due to the world's growing population, which is projected to increase to 9.7 billion people by 2050, an increase of around 26% from 2020, according to the United Nations (“**UN**”). In addition, in light of the expected growth of the world's population and the expected reduction of available arable land per capita stemming in part from increased urbanisation and industrialisation, the area of arable land per capita decreased from 0.38 ha in 1970 to 0.23 ha in 2000, with a projected decline to 0.15 per capita by 2050, according to the FAO. As a result of the limited ability to expand the existing stock of arable land, it will be necessary to increase yields on the existing fields to improve crop yields and meet future anticipated demand for food, which in turn is expected to increase demand for fertilisers, according to the FAO. Accordingly, the FAO estimates that an increase of approximately 80% in global crop production will be required by 2050 to meet global food demand.

In addition, an increase in per capita income, especially in emerging markets, such as Brazil, China and India, is leading to changes in dietary habits. According to the FAO, by 2029 world meat consumption is projected to grow by slightly more than 1% compared to the base period (average 2017-2019).Because population and its growth level in developing regions is higher, the overall growth in the volume of meat consumption is expected to be approximately five times that of developed countries according to the same source. Higher consumption of meat results in increased demand for fertilisers (due to higher demand for crops used as feed for livestock) and feed phosphate products.

Strong Financial Position and Flexible Investment Programme to Further Improve the Group's Cost Position

As described in more detail in "—*Strategy—Improve Efficiency and Increase Industrial Capacity*" below, the Group is pursuing its Capital Expenditure Programme between 2008 and 2030, which the Group believes will improve its operating performance and help the Group strengthen its positions across the phosphate value chain. The Group has structured the Capital Expenditure Programme in various phases to 2030, allowing the Group significant flexibility in developing the programme according to the Group's cash position and market conditions. The Group also expects the Capital Expenditure Programme to further lower its cost position and increase the Group's profitability over the medium- to long-term, based on management's assessment.

The Group's low production cost has enabled it to preserve margins and maintain positive cash flow generation, even in periods of sustained low phosphate rock and fertiliser prices. The Group has a cautious approach to liquidity with significant undrawn lines of credit available to it. The Group's net financial debt has generally increased in recent years, from Dh 35.2 billion as at 31 December 2018 to Dh 52.3 billion as at 31 December 2020, as the Group invested in its Capital Expenditure Programme.

When and if completed, the projects that are the subject of the Capital Expenditure Programme are expected to improve the Group's operating performance and help the Group strengthen its position across the phosphate value chain.

The Group is targeting its leverage ratios at a level consistent with a standalone investment grade credit rating, with a maximum target net financial debt to EBITDA ratio of 2.5x (currently 2.99x).

Highly Experienced Management Team

The Group has a strong and experienced senior management team, who have a detailed knowledge of, and experience in, the fertiliser industry and provides the Group with the skills and expertise required to implement its strategy and Capital Expenditure Programme. The Group's senior management team combines extensive industry and marketing experience with financial and management expertise. In addition, in 2008 the Group has undergone major structural changes, from the *Office Chérifien des Phosphates*, a state-owned organisation earning royalties based on volume, to becoming a joint stock company (*société anonyme*) with a new governance structure and a decentralized, more flexible and profit-driven organisation.

Strategy

The Group's goal is to strengthen its position as a leading integrated phosphate producer and maintain flexible positioning across the value chain, by focusing on the following priorities:

Improve Efficiency and Increase Industrial Capacity

In view of the growth in global demand for fertilisers and the Group's competitive position, OCP has embarked, since 2008, on a major investment program aimed at anticipating growth in future demand and strengthening its leading position across the value chain. The first phase of the Capital Expenditure Programme focused on strengthening production capacity, aimed at doubling mining capacities and tripling processing capacities. The Group also made significant investments aimed at transforming the logistics chain through the use of the slurry pipeline technology, as well as increasing its operational and environmental efficiency. See "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Capital* Expenditures". These investments are a first step towards the Group's ambition to give itself the means to capture 50% of the increase in demand for phosphate fertilisers on a global scale, while ensuring a balanced presence on the three main links of the value chain.

In the second phase of the Capital Expenditure Programme, the Group is targeting an increase in rock production of up to 20 million tonnes by 2030, through the development of new mines and the expansion of existing ones.

The Group is also planning to increase its production capacity for fertilisers and phosphoric acid in its different sites, through several phases:

- In 2020, the Group's fertiliser and rock production capacity was 12 million tonnes and 46 million tonnes, respectively, compared to 4 million tonnes and 30 million tonnes in 2007. Port capacity also increased from 30 million tonnes in 2007 to 50 million tonnes in 2017.

- By 2023, the Group intends to increase its fertiliser capacity by 3 million tonnes as a result of the addition of 3 granulation units of one million tonnes each, to be commissioned starting from the end of 2023/early 2024. These lines will benefit from phosphoric acid coming from Line F and from the freed-up capacity from efficiency programs (where construction has already started).

- Between 2024 and 2030, the Group plans to add between 3 and 5 million tons of customized phosphate fertiliser.

These planned capacity increases of the Group's Capital Expenditure Programme are expected to help the Group strengthen its position across the phosphate value chain. Based on current plans, the total estimated costs of the Capital Expenditure Program since its launch in 2008 to 2030 are approximately U.S.$[5] 20 billion (Dh 190 billion), with approximately U.S.$ 8 billion (Dh 74 billion) incurred between 2008 and 2020, and the remainder intended to be spent during the 2021-2030 period. The costs of the Capital Expenditure Programme are expected to be funded from internally-generated cash flows, existing and future external financings and the proceeds of the Notes. See "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Capital Expenditures*".

Moreover, OCP aims to continue its development in Africa, which is the region expected to experience the highest growth in the world in terms of fertiliser demand over the next few years according to IFA. OCP is expected to continue to increase sales in the continent and has committed to invest in new capacities in Africa (e.g. Ethiopia, Nigeria and Ghana). See also "*—Phosphoric Acid and Phosphate-Based Fertilisers—Production Facilities—Other sites and projects*".

Reinforce Cost Leadership

The Group believes that it is one of the lowest cost producers of phosphate rock in the industry. As part of its strategy, the Group is actively engaged in improving the efficiency and the reduction of the unit cost of its operations, in particular, its mining and transportation activities, through the adoption of new technologies, processes and procedures. For example, since 2014, the use of the slurry pipeline instead of rail for conveying phosphate rock significantly reduces the Group's logistics costs. Furthermore, the development of the Jorf Phosphate Hub allows the Group to increase its capacity production levels

[5] For convenience, figures expressed in U.S.$ in this paragraph have been translated into U.S.$ at the average Dh/U.S.$ exchange rate for the year ended 31 December 2020 as published by the Central Bank, which was Dh 9.4968 per U.S.$1.00. Such translation is not reflective of a translation in accordance with IFRS and it should not be construed as a representation that the Dh amounts have been or could be converted into U.S. Dollars at this rate or any other rate.

while achieving significant economies of scale by leveraging existing platforms and centralizing some of the industrial operations.

Increase Commercial Agility and Industrial Flexibility

The Group's Capital Expenditure Programme is designed to increase the flexibility provided by the Group's vertically-integrated upstream, midstream and downstream phosphate operations. By further increasing its capacity across the three links of the phosphate value chain (i.e., phosphate rock, phosphoric acid and fertilisers), the Group believes it will be better able to respond to changes in demand and market conditions. In particular, the Group believes that fertilisers represent a significant growth opportunity within its markets, driven by the development of, and demand for, new products, services and "customised" fertilisers, which in 2020 involved more than 40 different formulas compared to 9 in 2014.

The Group also intends to pursue strategic partnerships focused primarily on achieving synergies with or complementing its existing business, operations and product range, enhancing its position in the value chain. In 2018, the Group established a strategic partnership with Fertinagro Biotech, S.L., a Spanish company specialising in the commercialisation of innovative plant nutrition solutions. This partnership helps the Group progress towards its strategic goal of creating innovative fertilisation solutions, adapted to different soils and crops, and meeting the needs of farmers worldwide. The Group has opened representative offices and subsidiaries in a number of key geographic areas, including, among others, China, Ethiopia, Kenya, Singapore, the United Arab Emirates, the United States, Brazil, India and Argentina. These entities increase the Group's position in finished fertiliser products, globally, and its presence in key markets. The Group is also able to work closely with farmers and support on the ground development of agriculture.

Focus on innovation and the promotion of agricultural best practices

Beyond its phosphate commodity business, the Group aims to be a major global supplier of soil fertility solutions, by developing a portfolio of customised products and services that add value to farmers by addressing new trends and challenges that the agriculture industry is facing, such as the development of digital technologies or an increase in environmental awareness. In order to achieve this objective, the Group is focusing on innovation and technology.

The Group first implemented its approach in Africa, developing customised products, offering extension services and digital tools to better support farming in the region. The strong growth on the African continent affirms the Group's ambition to be a partner in African agriculture and development through its African subsidiary, OCP Africa. The strategy targets a fertiliser product that is better suited to local soils and crops. Specific examples of the Group's strategy include:

- In 2012, the Group launched the Agricultural Caravan project that analyses and maps soil in order to create a decision-making tool to optimise fertiliser use. The Agricultural Caravan project is an initiative of the OCP Foundation in partnership with the ministries of agriculture of host countries and has been a proximity tool used to enable the support and mentoring of farmers. After launching Agricultural Caravan in Togo and Madagascar in 2017, two additional Agricultural Caravans were started in Burkina Faso and Ethiopia in 2018, and one in Rwanda in 2019.

- Through its subsidiary OCP Africa, which is dedicated to developing sustainable agriculture in Africa, the Group works with farmers, as part of its OCP School Lab initiative which provides farmers with a mobile classroom that offers awareness training in best agricultural practices for the dominant crops in the relevant region (e.g., cocoa and rice in Côte d'Ivoire and corn in Kenya). The OCP School Lab also offers soil analysis which uses technology to determine the best product, soil and crop for use in the relevant region. In 2019, over 350,000 farmers benefited from OCP Africa assistance in Kenya, Nigeria, Ghana, Togo, Burkina Faso, Senegal, Côte d'Ivoire and Tanzania.

- The Group is deploying an Agribooster program, on the African continent, which consists of offering a package of products and services to farms that include technical assistance, training, provision of inputs, financial/credit services, and access to the market for the sale of crops. Over 55,000 farmers have benefited from the Agribooster program since it began in 2016, including 51,000 farmers in 2018 in Côte d'Ivoire, Nigeria, Kenya, Guinea, Togo, Nigeria, Ghana, Kenya, and Burkina Faso.

- In 2018, 170 Moroccan cooperatives have been supported the "Al Moutmir Initiative" which seeks to bring the Group's soil and crop expertise to Moroccan farmers. The initiative includes new municipalities, new crop types, and new resources created through Act4Farmers movement, which mobilises OCP volunteers, and the implementation of agri-platforms for raising awareness and training, the "Al Moutmir Li Khadamat Al Qorb" initiative, which includes a mobile soil analysis laboratory operating in various provinces in Morocco, as well as the experimental farming program "Agri-platforms", which is used for training and sharing agricultural best practices. There are 1,000 demonstration platforms currently planned for the Agri-platforms initiative. In all, 30 agronomists will be permanently deployed across 20 provinces and will work daily with the farmers, providing training, demonstrations, monitoring and support. This initiative also includes a wide range of services and tools integrating innovative production units (such as smart blenders), mobile applications, a call centre, sensors and connected devices to collect and analyse data.

The Group's innovative soil farmer solutions strategy is currently being rolled out globally, with initiatives in many countries, including Brazil and the United States. The Group's efforts reflect the awareness of importance and sustainable and intelligent agriculture. The Group intends to develop and implement innovative solutions that meet the needs of the market and farmers, but offering tailor-made and integrated solutions, increasingly adapted fertiliser formulations and other phosphate products. For example:

- The Group established a joint venture with Fertinagro Biotech, for the production of high value-added fertilisers (enhanced NPK, biostimulants, etc.) in Jorf Lasfar. The joint venture seeks to offer advanced solutions based on combining industrial flexibility and competitiveness with innovation and agronomic services for farmers. The joint-venture operates a steam blending and granulation industrial unit, with a total annual capacity of 250 Kts. It is characterized by high flexibility to produce a nearly unlimited number of specialty products NPK++, NP++, PK++, improved by five advanced technologies of high efficiency fertilisers: Duramon (N slow release), Protect (P slow release in alkaline soils), Multiphos (P slow release in Acidic soils), Actibion (Soil microorganisms stimulant), SOP (high soluble K). The customised products and services portfolio along with the AgroVIP farmer-oriented program has reached approximately 430,000 farmers with the help of 250 agronomists.

- The Group integrates R&D into its industrial value chain through the assistance of researchers, engineers and technicians. In 2018 the Group developed new fertiliser formulas and began conducting agronomic tests to on the performance of the fertilisers. The Group's innovative practices have evolved considerably in recent years, for example with the successful development of new fertiliser formulas (enriched liquid fertilisers, nitrogen-enriched TSP, Phosfeeds, and soluble fertilisers). The Group has key partnerships with SMEs, start-ups, research centres, and certain innovation communities and collaborates with Mohammed VI Polytechnic University. As a result of the Group's R&D, the Group has produced more than 40 different customized NPK formulas.

The Group's focus on innovation is also reflected in the design of the second phase of the Capital Expenditure Programme by:

- Increasing flexibility: Shifting from building standard phosphate-based fertiliser production units to more flexible units which will allow the Group to increase production to higher value-added products and to offer more formulas and solutions to its customers; and

- Be more dynamic: The Group intends to increase the agility of its design process, allowing the programme to be optimised to meet new developments as they arise.

Further diversify the Group's portfolio from standard phosphate commodities

As part of its strategy, the Group is actively engaged in sustainably valuing all the underlying possibilities within its resources and capabilities. OCP has adopted a balanced approach of exploiting mature projects with high potential value along with exploring products, services and technologies which could enable the Group to have a competitive edge in any existing or new market. The Group is focused on improving the way it leverages its reserves and improving the way it leverages its capabilities and human capital, as well as developing new businesses and services involving technology-based expertise, engineering, consulting and analytics and maintenance and machinery.

The development of Phosphate-based specialty products beyond the agricultural market would allow the Group to diversify into more value-added products, such as feeds and entrants for chemical industries. In 1998, OCP began producing purified phosphoric, a high grade phosphoric acid, through EMAPHOS, a joint venture with Prayon and Budenheim. In 2021, OCP and its joint venture partners decided to double their PPA capacity and launch the construction of a second PPA unit EMAPHOS II. However, PPA is only the first step upstream in the industrial phosphates value chain. This value chain also includes Industrial Phosphate salts, which comprise a wide range of phosphate products with applications in the food, pharmaceutical and industrial sectors. Phosphate is also used in other niche applications, such as batteries, which have generated additional attention following Tesla's 2020 announcement to develop phosphate-based batteries. The Group could also consider downstream integration into more value-added products and growing markets.

Beyond phosphate, Moroccan rock contains different elements that can be recovered along the value chain, such as fluorine, rare earths and vanadium. For example, fluorine can be recovered from FSA, a by-product of phosphoric acid. It can be monetised by selling it directly or transforming it into a high margin product such as CaF_2, HF or other downstream products. Also, the Group is exploring innovative options for monetisation of phosphogypsum, such as applications for agriculture and construction materials. These potential monetisation opportunities provide an opportunity for the Group to diversify its portfolio and sustainably manage its wastes.

Achieve sustainable growth

Sustainability and innovation remain at the heart of the Group's strategic priorities. OCP believes that it is favourably placed to broaden its sustainability strategy, including further developments in the renewable energy sector as a result of a number of factors:

- The Group already generates electricity (~2.8 TWh in 2019) from existing facilities and has experience operating power plants, and this generation capacity and experience could provide a base to support the intermittent use of renewable energy.

- The Group has "ready-to-use" land close to its production sites with high solar irradiation and significant PV potential and the Group could benefit from Morocco's considerable renewable energy potential.

- The Group has substantial requirements for both electricity (4 TWh in 2019, i.e. 10% of the national consumption) and ammonia (NH_3 consumption reached ~1.6 MT in 2019, i.e. ~10% of the trade market), which provide a significant incentive to develop sustainable energy solutions.

OCP has set up a holistic "Green" vision. This translates into a "Green Energy" program that aims to position the Group as a leader in the green fertiliser market. In line with this, OCP has identified a growth plan to achieve capacity building and to capitalize on the global trend of technology improvement by 2030:

- Internally: achieving a de-carbonized profile, through covering all of the Group's energy needs with renewable sources and 100% of water needs from unconventional sources (mainly desalination).

- Externally: developing a new green product line (green rock & green fertilisers) to promote environmental sustainability, support economic diversity, and achieve the transition to a sustainable ecosystem.

History

The *Office Chérifien des Phosphates* was established on 7 August 1920. The Group's key events of the past five years are set forth below:

- *2015*—The Group created a representation office in Ivory Coast in February 2015.

- *2015*—The Issuer completed the acquisition, through its subsidiary OCP International, of approximately 10% of the shares in Fertilizantes Heringer S.A. in Brazil.

- *2015*—OCP Africa was established.

- *2016*—Inauguration by King Mohamed VI of Africa Fertiliser Complex in Jorf

- *2016*—Opening of OCP Research in Washington.

- *2016*—The Issuer signed a partnership with the Government of Ethiopia for the construction of an industrial fertiliser complex in Ethiopia.

- *2016 & 2018*—The Issuer completed two domestic hybrid bond issues for Dh 5 billion each.

- *2017*—Inauguration by King Mohamed VI of Mohammed VI Polytechnic University.

- *2017*—The Downstream drying complex was completed in Jorf Lasfar, for use in drying phosphate pulp transported through the slurry pipeline

- *2017*—Establishment of a joint venture between OCP and IBM aimed at boosting the digital transformation of Moroccan and African companies.

- *2018*—JFC4, the last project of the first wave of the investment program became operational.

- *2018*—the Group created coding schools: 1337 in Khouribga and Youcode in Youssoufia.

- *2018*—The Group completed the acquisition of 20% of the shares in Fertinagro Biotech SL.

- *2018*—the Group obtained the IFA HSE gold medal.

- *2019*—OCP Fertinagro Advanced Solutions, a JV between OCP and Fertinagro Biotech was established.

- *2019*—Mostafa Terrab was elected chairman of IFA.

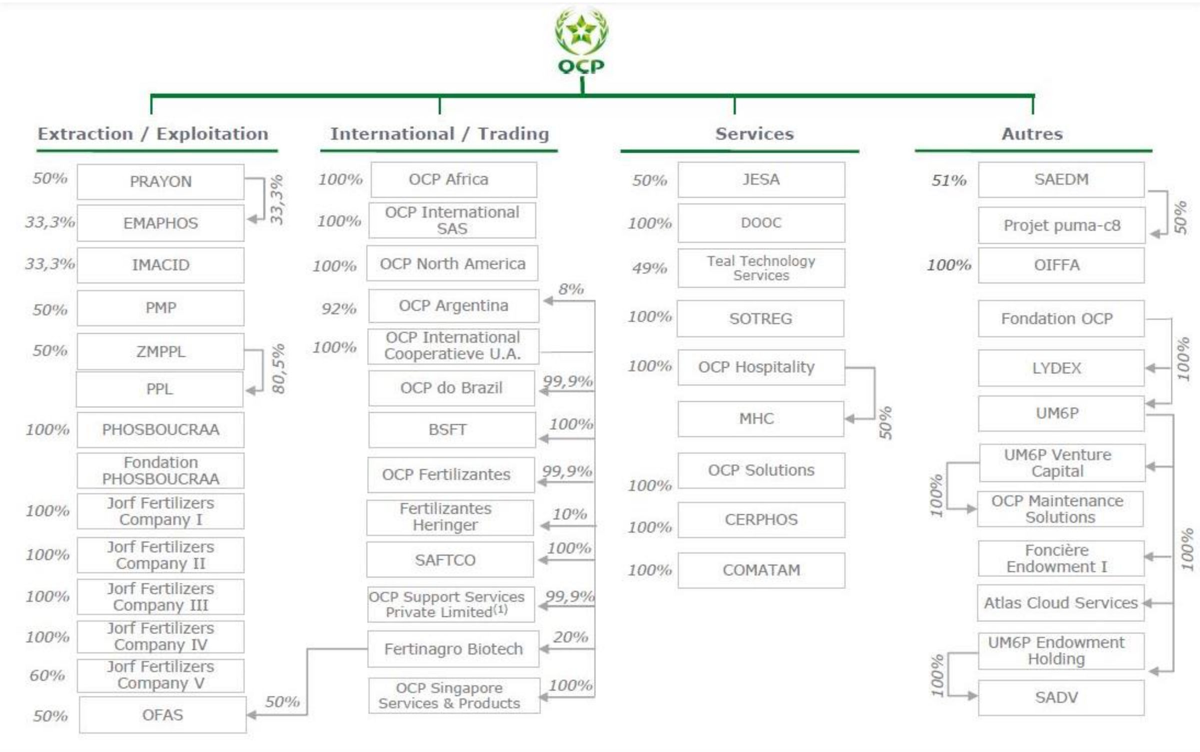
- *2019*—OCP joined the World Business Council for Sustainable Development.

- *2020*—OCP International Cooperatieve acquired the remaining 30% of BSFT share capital and became the only shareholder of BSFT.

- *2021*—OCP and Hubei Forbon Technology Co Ltd signed an agreement for the establishment of a JV operating in the research and development field to develop new generations of fertiliser solutions and smart agriculture.

Organisational Structure of the Group

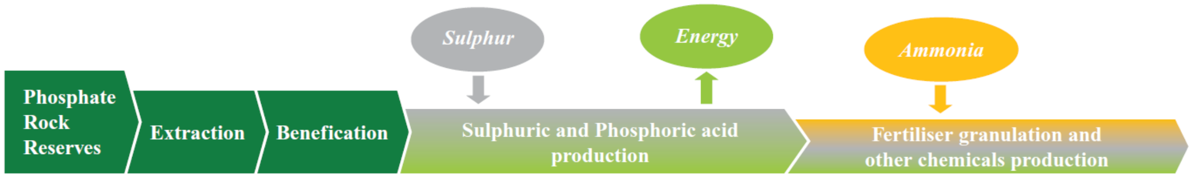
The following chart provides information in respect of the Company's principal subsidiaries and sets forth the Group's ownership of the subsidiaries' share capital (100% unless indicated) as at the date of this Prospectus:



(1) *OCP International SAS holds 0.1% of OCP do Brazil, OCP Fertilizantes and OCP Support Services Private Limited*

Operations Overview and Phosphate Value Chain

The Group produces and exports: (i) phosphate rock; (ii) phosphoric acid (including purified phosphoric acid); and (iii) phosphate-based fertilisers. As part of its vertically-integrated business model across the phosphate value chain, the Group mines phosphate ore from its own mines and extracts quality phosphate rock from the ore at the Group's beneficiation plants. The Group then uses its phosphate rock as a raw material (approximately 73% of its phosphate rock production) to produce phosphoric acid (including purified phosphoric acid), by combining the phosphate rock with sulphuric acid. Phosphoric acid is also used to produce fertilisers, by adding ammonia, phosphate rock or potash and other chemical agents through granulation and other chemical processes, depending on the end product. The Group produces six major types of phosphate-based fertilisers, MAP, DAP, NPK, NPS, ASP and TSP, as well as over 40 specialised fertiliser products, such as fertilisers enriched with micronutrients and reactive phosphate rock.



The Group sells any phosphate rock, phosphoric acid or fertilisers not consumed internally to third parties in domestic and global markets. See "*—Products and Sales*" below.

Phosphate Rock Mining and Production

Phosphate rock reserves in Morocco are owned by the State, which has granted exclusive access to such reserves to the Group since 1920, at the time the Issuer was the *Office Chérifien des Phosphates*, and subsequently to the Issuer in 2008 (when the Issuer became a joint stock company), pursuant to Article 2 of the OCP Law, which grants a monopoly to the Issuer with respect to phosphates exploration and mining in Morocco.

The Issuer mines and produces phosphate rock directly at its mines in Khouribga and Gantour and through its wholly owned subsidiary, PhosBoucraa, in Boucraâ. The Group's mining activities focus on the extraction, treatment, enrichment and delivery of phosphate rock to its chemical processing facilities in Jorf Lasfar and Safi, as well as the export of phosphate rock to customers abroad. All of the Group's mining activities are conducted at open-pit mines.

In FY 2020, the Group treated 31.6 million tonnes of phosphate rock, respectively, of which approximately two thirds was used internally by the Group, and the remainder was sold to external customers.

Phosphate Rock Reserves

The phosphate mined in Morocco is of sedimentary origin and generally consists of apatite (rock phosphate), silica, carbonates (such as calcite and dolomite) and clays, as well as a number of rare earth and heavy metal elements.

The quality of phosphate rock produced by the Group is determined by measuring the P_2O_5 content of the phosphate ore. The P_2O_5 content of the phosphate ore varies from 5% to 45%. If phosphate ore has P_2O_5 content of less than 30%, the phosphate ore is subjected to a process of washing, drying or dry beneficiation. Following the extraction of the ore, the phosphate rock is stored before being transported to the Group's processing plants. Depending on its Bone Phosphate of Lime content ("**BPL**"), the phosphate ore is classified as (i) "high grade" phosphate (BPL of more than 69.5%); (ii) "medium grade" phosphate (BPL of equal to or more than 68.0% and less than 69.5%); (iii) "low grade" phosphate (BPL content of equal to or more than 61.0% and less than 68.0%); or (iv) "very low grade" phosphate (BPL content of equal to or more than 40.0% and less than 61.0%). In 2018, approximately one fifth of the phosphate rock produced by the Group was classified as being "high grade", according to IFA. The BPL content of phosphates mined in Morocco generally ranges from 45% to 80%.

Morocco's principal phosphate rock fields are:

- the Oulad Abdoun fields in the region of Khouribga;
- the Gantour field in the region of Youssoufia (comprised of the Youssoufia and Ben Guerir mining sites);
- the Oued Eddahab (Boucraâ) fields in the Southern Provinces; and
- the Meskala field in the Essaouira region.

As at 31 December 2020, according to the Group's estimates, reserves in Khouribga accounted for approximately 43% of the Group's total reserves, while the reserves in Gantour, Meskala and Boucraâ accounted for approximately 37%, 18% and 2% of the Group's total reserves, respectively. Mining operations are not currently conducted at the Meskala field. For an indicative map of the Group's reserves, see "—*Overview*" above.

According to the USGS Mineral Commodities Summaries published in January 2021, Morocco (including Western Sahara, referred to as the Southern Provinces herein) has the largest phosphate rock reserves in the world with 50 billion tonnes (approximately 70.4% of estimated world total reserves), and under Moroccan law, the Group has exclusive access to Morocco's phosphate reserves. The Group estimates that economically-exploitable reserves account for several hundred years of global phosphates consumption (at current consumption levels). The average P_2O_5 content of the phosphate rock currently mined by the Group is approximately 30.5%, based on IFA estimates.

Mining

The Group operates three principal mining sites: Khouribga, Gantour (Youssoufia and Ben Guerir) and Boucraâ. The Group uses open-pit mining methods at all of its mining sites. The Group's mines and processing plants are supported by storage facilities and a road and rail network. The Group generally uses a six-stage process for the extraction of phosphate ore from its mines as follows:

- *Drilling:* drilling operations are conducted with hole drilled in various diameters depending on the characteristics of the rock, the nature of the explosives used and the desired fragmentation of the rock.
- *Blasting:* explosives are placed in the drilled holes in order to break the ground and facilitate the removal of the phosphate ore.
- *Scouring:* the top layer of material covering the phosphate ore is removed.
- *Defruiting:* the phosphate ore is removed by truck to stone removal facilities.
- *Transport:* the phosphate ore is transported to hoppers using large capacity trucks, which hold between 110 and 210 tonnes of rock.
- *Stoning:* the phosphate ore is unloaded from the trucks into hoppers, which remove large blocks of rock from excavated material.

The following table sets forth the Group's phosphate extraction volumes and extraction capacity of the Group's mining sites for the periods indicated.

	Fiscal Year

	2020	2019	2018
		(thousand tonnes)	
Phosphate ore extracted...........	40,683	**40,989**	37,594
Khouribga	31,350	30,213	27,146
Youssoufia	4,731	4,738	4,293
Ben Guerir	3,220	4,250	3,954
Boucraâ...................................	1,383	1,788	2,201
Extraction capacity (per year)(1)(2)	**46,625**	**45,300**	**41,800**
Khouribga	34,025	34,000	31,000
Youssoufia	4,900	4,500	4,400
Ben Guerir	4,200	3,900	3,900
Boucraâ...................................	3,500	3,000	2,500

Khouribga

Khouribga, located 120 km south-west of Casablanca and 200 km east of Jorf Lasfar, is the Group's largest phosphate mining site. Khouribga has a total production capacity of 34 million tonnes per year.

Khouribga is currently comprised of four mines in the following sites: Sidi Daoui (in depletion), Merah El Ahrach, Sidi Chennane and El Halassa. Underground mining operations began at Khouribga in 1921. Since the 1960s, open-pit mining has been conducted at Khouribga and underground mining is no longer conducted.

Ore extracted from the open-pit sites at Khouribga are first delivered by trucks to the Group's ore storage facilities from which it is subsequently delivered by conveyor belt to the Group's processing and beneficiation plants.

As part of the first phase of its Capital Expenditure Programme, the Group completed a number of projects at Khouribga, including:

- A slurry pipeline to transport phosphate rock from Khouribga to Jorf Lasfar (with a length of 234 km, including secondary pipes and an annual capacity of up to 38 million tonnes), launched in April 2014 to reduce dependency on train transportation and reduce the Group's transportation costs; and

- The expansion of two mines at Khouribga (Sidi Chennane & Merah) and opening one new mine (Beni Amir), as well as the construction of 2 new washing plants.

As part of the next phase of the Capital Expenditure Programme, the Group is considering a number of additional projects at Khouribga, including the development of one new mine with a washing plant, and the expansion of the Beni Amir mine and its washing plant.

Gantour

Gantour is located approximately 140 km east of Safi and stretches 125 km east to west and 20 km north to south. The Gantour field covers a surface area of 2,500 km^2. Gantour has a total production capacity of 9.1 million tonnes per year. Mining at Gantour is conducted using similar techniques as those used at the Khouribga mine.

Gantour is comprised of two mines Ben Guerir and Youssoufia, and three mining fronts: Ben Guerir (at the Ben Guerir mine), Buchan and M'Zinda (both located at the Youssoufia mine).

Mining began at Ben Guerir in 1980, through the use of open-pit mining. The Ben Guerir mine is located in the eastern part of the Gantour field. Mining began at Youssoufia in 1931. The Youssoufia mine is located in the western part of the Gantour field.

Ore extracted from the open-pit sites at Gantour are first delivered by trucks to the Group's ore storage facilities from which it is subsequently delivered by rail to the Group's processing and beneficiation plant in Safi as the open-pit mines are not directly connected by rail to the Group's processing and beneficiation plants.

As part of the second phase of the Capital Expenditure Programme, the Group is considering a number of additional projects at Gantour, including the expansion of the Ben Guerir mine and the construction of a new washing plant.

Boucraâ

Boucraâ is located 100 km south-east of Laâyoune and 1,200 km south-east of Casablanca. Boucraâ has a total production capacity of 3.5 million tonnes per year.

The Boucraâ mining site is the only site currently operational in the Oued Eddahab fields. The phosphate mined at Boucraâ is sedimentary and consists of two layers of phosphate; at present, only the first layer is being mined. Mining of the second layer, which is less rich in BPL and contains more silica, commenced in 2014, following the completion of the necessary processing infrastructure.

Mining began at Boucraâ in 1972. Mining operations at Boucraâ are conducted by the Issuer's wholly-owned subsidiary, PhosBoucraa, a joint stock company established in 1962. The objectives of the company are to ensure the extraction, treatment, transport and marketing of phosphate mined in Boucraâ.

Ore extracted from the open-pit mine at Boucraâ is delivered to the wharf at Laâyoune, primarily for export.

As part of the second phase of the Capital Expenditure Programme, the Group is currently expanding the Boucraâ mine with a new washing plant and is considering a number of additional projects at Boucraâ, including new storage and handling capacities, as well as a new drying plant dedicated to export. The Group is also considering the construction of a fully integrated fertiliser production unit that is expected to start operations by 2023 with a capacity of one million tonnes as well as a port adapted to processing operations, which has already begun construction.

Phosphate Rock Production

The treatment process of phosphate ore extracted from the Group's mines depends upon the grade of the phosphate ore. "High grade" and "medium grade" phosphate ore can be used or sold without significant treatment processes (only drying), whereas "low grade" and "very-low grade" phosphate ore requires treatment through drying, washing, floatation, dry enrichment, calcination or blending with higher grade phosphate rock.

The Group combines six methods to treat the phosphate ore extracted from its mines:

- *Screening:* all phosphate extracted is first screened to determine the level of treatment required.
- *Washing:* low grade phosphate is enriched through a washing process to increase the percentage of P_2O_5.
- *Floatation:* very-low grade phosphate is treated through floatation processes.

- *Dry Beneficiation:* this process has the same aim as washing, but without the use of water.
- *Calcination:* high grade or low grade phosphate is treated to remove organic materials contained in the rock.
- *Drying:* all grades of phosphate are dried to reduce the water content in the phosphate to 2.0%.

Each of the Group's mining sites is supported by processing and beneficiation facilities, which produce phosphate rock from the ore extracted from the Group's mines. In the case of phosphate rock to be transported by the Group's slurry pipeline from Khouribga to Jorf Lasfar, the phosphate rock is further processed into phosphate pulp, primarily by crushing to reduce the particle size.

Phosphate Rock Quality

The quality of phosphate ore is generally measured based on the P_2O_5 content of the phosphate, which represents the level of nutrient content. Phosphate ore grades currently produced by the Group contain, on average, approximately 30.5% P_2O_5 content, based on IFA estimates.

Production Volumes

The following tables set forth the volume of phosphate rock extracted and produced by the Group and production capacities for the periods indicated:

	Fiscal Year		
	2020	**2019**	**2018**
	(thousand tonnes, except for percentages)		
Volume of phosphate ore extracted....	40,683	40,989	37,594
Volume of phosphate rock treated(1)...	31,604	30,446	29,067
Production capacity	46,625	45,400	41,800
Utilisation (%)	87.3	90.3	89.9

(1) Volumes of phosphate rock eligible for sale.

The Group treated 31.6 million tonnes of phosphate rock in FY 2020, 30.4 million tonnes in FY 2019 and 29.1 million tonnes in FY 2018 of which, 10.3 million tonnes, 9.5 million tonnes and 11.3 million tonnes were exported by the Group, respectively. Phosphate rock that is not exported is supplied to the Group's chemical processing facilities at Safi and Jorf Lasfar.

Khouribga

The treatment facilities supporting the Khouribga mining site are located between Khouribga and Oued-Zem.

The table below sets forth the treatment facilities at Khouribga, together with their respective production capacities, as at 31 December 2020:

	Production Capacity
	(million tonnes per year)
Benidir drying plant	10.0
Oued-Zem drying complex	6.9
DWS drying complex	6.5
Daoui beneficiation plant	6.7
Merah beneficiation plant	11.3
BENI AMIR beneficiation plant	12.0

Sidi Chennane liaison facility	11.0
Central Zone liaison facility	11.0

The treatment facilities supporting the Khouribga mining site comprise three beneficiation plants. The facilities also include a drying complex at Oued-Zem and a drying plant in Benidir to dry the phosphate ore after the downstream beneficiation process is complete and a downstream drying complex in Jorf Lasfar to dry the phosphate pulp that has been transported through the slurry pipeline. Two liaison facilities transport the phosphate ore within the treatment facilities. In addition, wastewater from the city of Khouribga is recycled and used in the plants. The wastewater treatment plant has the capacity to treat five million cubic metres of wastewater per year. The Group has also developed facilities to source water for the Khouribga mine through the Maroc Central facility which was completed in 2014 and which supplies water to all Khouribga washing facilities and the slurry pipeline.

At Khouribga, the Group processed approximately 25.8 million tonnes and 24.9 million tonnes of phosphate ore in FY 2020 and FY 2019, respectively, and produced approximately 31.3 million tonnes and 30.2 million tonnes of phosphate rock, respectively.

Gantour

The treatment facilities supporting the mining sites at Gantour are located at Youssoufia. There are no treatment facilities at Ben Guerir. Production from the Ben Guerir mine is transported by rail to Youssoufia (approximately 50 km) or Safi (if washing is required).

The table below sets forth the treatment facilities at Gantour, together with their respective production capacities, as at 31 December 2020:

	Production Capacity (million tonnes per year)
Youssoufia drying plant	3.1
Youssoufia beneficiation plant	4.2
Youssoufia calcination plant	2.7
Liaison plant between Youssoufia and beneficiation plant	3.4

At Gantour, the Group processed approximately 4.7 million tonnes and 4.5 million tonnes of phosphate ore (Youssoufia only) in FY 2020 and FY 2019, respectively, and produced approximately 8 million tonnes and 9 million tonnes of phosphate rock (Youssoufia & Benguerir) in FY 2020 and FY 2019, respectively.

Boucraâ

The table below sets forth the treatment facilities at Boucraâ, together with their respective production capacities, as at 31 December 2020:

	Production Capacity
Washing and drying units	4 million tonnes per year
3.2 km wharf (storage capacity)	between 10 – 80 thousand tonnes
Desalination units	1.2 million cubic metres per year

At Boucraâ, the Group processed approximately 1.1 million tonnes and 1.1 million tonnes of phosphate ore both in FY 2020 and FY 2019, and produced approximately 1.4million tonnes and 1.8 million tonnes of phosphate rock, respectively.

Phosphoric Acid and Phosphate-Based Fertilisers

The Group has conducted processing activities of phosphates since 1965. The Group's facilities produce:

- *Phosphoric Acid:* produced by combining phosphate rock with sulphuric acid. Phosphoric acid is used in fertilisers but is also used in a number of industry sectors, including the treatment of metals, the pharmaceutical and fermentation industries and in the treatment of wastewater, cleaning products and cosmetics. Purified phosphoric acid is also used in food and beverage production.

- *Phosphate-based fertilisers:* produced by the Group from the phosphate rock extracted from its mines. Sulphuric acid is added to phosphate rock to produce phosphoric acid. Phosphoric acid is mixed with ammonia to produce MAP, DAP and NPS, with ammonia and potassium chloride to produce NPK and with further quantities of phosphate rock to produce TSP. NP+ (including NPS and NPK), which is a nitrogen and phosphate-based fortified fertiliser, can be enriched and customized with secondary and micro-nutrients. Phosphate-based fertilisers are most commonly used to improve soil fertility by enhancing nutrient content in the soil and, as a result, to increase crop production and yields.

Feed Phosphate products (DCP and MCP) are produced using feed grade phosphoric acid mixed with lime. Those phosphate- and calcium-based animal feed supplements are used to manufacture mixed feed for farm animals to meet their phosphorus requirements and thus ensure optimal growth, fertility and bone development.

Production Facilities

The Group's production of phosphoric acid and phosphate-based fertilisers is split between its processing plants at Jorf Lasfar and Safi.

Jorf Lasfar

The chemical complex at Jorf Lasfar is located on the Atlantic Ocean, approximately 24 km south of El Jadida and covers an area of 1,835 hectares, of which, approximately 80% remains available for development.

The complex commenced operations in 1986. Prior to 2012, this production was conducted by the Issuer's former wholly-owned subsidiary, Maroc Phosphore S.A., which was merged into the Issuer in 2012. In addition to the Group's own operations, certain of the Group's joint ventures operate phosphate production facilities at Jorf Lasfar, including EMAPHOS, IMACID and PMP, of which the Group directly or indirectly owns 50%, 33.33% and 50%, respectively.

The Group's products sold from Jorf Lasfar include phosphoric acid for use in fertilisers, purified phosphoric acid for use in food products and phosphate- based fertilisers. The Group also produces sulphuric acid (as an intermediary product), which is entirely used internally for the production of phosphate- based fertilisers. Products manufactured at Jorf Lasfar meet ISO 14001 certification standards.

The following table sets forth details of the phosphoric acid and phosphate- based fertilisers produced at Jorf Lasfar for the periods indicated:

	Fiscal Year		
	2020	**2019**	**2018**

		(thousand tonnes)	
Phosphoric acid	5,658	5,314	4,675
Phosphate-based fertilisers	10,193	8,981	7,795
of which:			
DAP	4,220	3,164	3,183
MAP	3,441	3,359	2,500
Others (ASP, NPS + NPK)	2,532	2,458	2,112

As at 31 December 2020, the Group's production capacity at Jorf Lasfar was 10.8 million tonnes of fertilisers and 6.2 million tonnes of phosphoric acid per year, including the production capacity of its joint ventures IMACID and PMP, which have a combined production capacity of 0.9 million tonnes of phosphoric acid per year, and EMAPHOS, which has a production capacity of 0.14 million tonnes of purified phosphoric acid per year.

In connection with the first phase of the Capital Expenditure Programme, the Group completed a number of projects at Jorf Lasfar, including:

- An expansion of fertiliser production capacity at the Jorf Phosphate Hub, by commissioning four fully integrated fertiliser production units (each with an annual production capacity of one million tonnes of fertiliser);
- The start of operations of a new phosphoric acid unit (Line E) with a 450,000 tonne production capacity;
- An increase in port capacity from 30 million tonnes in 2007 to 50 million tonnes in 2017; and
- The construction of a seawater desalination plant, with a water production capacity of 25 million cubic meters per year.

As part of the second phase of the Capital Expenditure Programme, the Group has started construction on a number of additional projects at Jorf Lasfar, including:

- The construction of new phosphoric acid line (line F) with a capacity of 450 thousand tonnes phosphoric acid, expected to start in 2022;
- The construction of 3 granulation lines with a capacity of one million tonnes each, which the Group expects to be commissioned starting from the end of 2023/early 2024. These lines will benefit from phosphoric acid coming from Line F and from the freed-up capacity from efficiency programs;
- Additional phosphoric acid capacity gains through increased efficiency which will amount to a total of 350 kilo tonnes of phosphoric acid capacity; and
- The construction of sulphuric acid plants with a total capacity of 3.3 million tonnes.

Safi

The chemical complex at Safi is located on the Atlantic Ocean, approximately 10 km from Safi and covers an area of 670 hectares, of which approximately 60% is still available for development. The complex commenced operations in 1965 to process the phosphates extracted from the Gantour mining sites.

Prior to the absorption of Maroc Phosphore S.A. into the Issuer in 2012, operations at Safi were conducted by the Maroc Phosphore I and Maroc Phosphore II chemical units. Operations at Safi are now conducted directly by the Issuer. Products from Safi include phosphoric acid for use in fertilisers, various "special" quality phosphoric acid and phosphate-based fertilisers. Sulphuric acid is also produced and used internally for the production of phosphate-based fertilisers.

The following table sets forth details of the phosphoric acid and phosphate- based fertilisers produced at Safi for the periods indicated:

	Fiscal Year		
	2020	**2019**	**2018**
		(thousand tonnes)	
Phosphoric acid	1,465	1,403	1,390
Phosphate-based fertilisers	1,046	1,043	1,022
of which:			
TSP	876	903	875
DCP/MDCP	170	140	147

As at 31 December 2020, the Group's nominal production capacity at Safi was 1.5 million tonnes of phosphoric acid, 0.8 million tonnes of TSP and 0.2 million tonnes of feed phosphate products per year.

As part of the second phase of the Capital Expenditure Programme, the Group is considering a number of additional projects at Safi, including:

- The construction of fertiliser production units with a total capacity of 3 million tons of customized phosphate fertilisers between 2024 and 2030; and
- The expansion, amongst other things, of port and storage facilities to accommodate such increase in production.

Other sites and projects

The Group has also entered into production joint ventures and has direct or indirect interests in processing plants in Belgium, Brazil, France, India, Spain and the United States. The Group does not directly operate these facilities.

The Group has committed to invest in new capacities in a number of countries in Africa. For example, in Nigeria, the Group plans to develop a multipurpose platform to produce ammonia and phosphate-based fertilisers with the Nigerian Sovereign Investment Authority ("**NSIA**"). Targeted plant capacity is 750,000 tonnes of ammonia and one million tonnes of DAP/NPK; 230,000 tonnes of the ammonia produced will be used locally to produce other phosphate based fertilisers, while the remaining quantity will be exported to Morocco. All DAP/NPK production will be consumed within Morocco. The formation of a 50/50 joint venture between the Group and NSIA for the development of this project is currently underway. In March 2021, the shareholders' agreement was finalised, the land for the joint venture was identified and the gas purchase order was obtained. The project is intended to benefit Nigeria by commercialising its natural gas resources, while providing the Group with access to cost-competitive ammonia. The first phase of the project is expected to be commissioned in 2025 and the investment in respect of the first phase is currently estimated to be approximately U.S.$1.4 billion, which is included in the Group's Capital Expenditure Program through capitalising such investment.

Phosphoric Acid Production

The Group produces phosphoric acid for export and for use in its phosphate-based fertilisers. The two principal raw materials for the production of phosphoric acid are phosphate rock and sulphuric acid. The Group produces phosphoric acid at its plants from phosphate rock extracted from the Group's mines and sulphuric acid either produced at the Group's plants from sulphur purchased from third- party suppliers or sulphuric acid purchased directly from third party suppliers.

As at 31 December 2020, the Group had total annual production capacity of 7.7 million tonnes of phosphoric acid production per year. The table below sets forth the production capacity of the Group's facilities for the production of various types of phosphoric acid as at 31 December 2020.

	Phosphoric Acid 29%	**Phosphoric Acid 54%**	**Purified Phosphoric Acid**
		(million tonnes)	
Jorf Lasfar	**6.19**	**5.02**	**0.14**
Of which:			
Issuer	*2.61*	*2.22*	—
JFCI............................	*0.56*	*0.39*	—
JFCII	*0.56*	*0.39*	—
JFCIII..........................	*0.56*	*0.39*	—
JFCIV	*0.56*	*0.39*	—
JFCV...........................	*0.40*	*0.36*	—
IMACID.......................	*0.48*	*0.42*	—
PMP............................	*0.45*	*0.45*	—
EMAPHOS..................	—	—	*0.14*
Safi................................	**1.46**	**1.46**	—

The Group generally uses the "wet process" of phosphoric acid production, which involves the decomposition of phosphate rock with sulphuric acid. Phosphoric acid is produced by:

- grinding the phosphate rock (the level of "grinding" required depends upon the origin and nature of the rock, as well as the method of acid production used);

- decomposing the phosphate rock with sulphuric acid, which creates phosphoric acid and calcium sulphate in different hydrate forms;

- following crystallisation of the calcium sulphate, separating the calcium sulphate from the phosphoric acid by filtration, which allows for the production of phosphoric acid with a P_2O_5 concentration of between 25% and 29%; and

- concentrating the acid through evaporation, through which the P_2O_5 concentration of the acid is increased to approximately 54%.

Purified phosphoric acid is used either in acid form or in the form of salts (*i.e.*, when combined with calcium, sodium, potassium or ammonium). EMAPHOS produces purified phosphoric acid that can be used in food products, the highest quality purified phosphoric acid in the industry. The higher grades of acid for use in industrial, food or pharmaceutical applications are produced by a solvent extraction process patented by the Issuer's joint venture company, Prayon.

Phosphate-Based Fertiliser Production

The Group produces primarily the following types of fertilisers:

Fertiliser	**Production Basis**	**Production Process**
TSP	The decomposition of phosphate rock using phosphoric acid.	The process results in a fertiliser with a double concentrate of phosphate from the phosphoric acid and the phosphate rock.

DAP	The neutralisation of phosphoric acid by use of ammonia.	Phosphoric acid with a P_2O_5 concentration of 46% is mixed in a reactor with liquid or gaseous ammonia.
MAP........................	The neutralisation of phosphoric acid by use of ammonia.	Phosphoric acid with a P_2O_5 concentration of 55% is mixed with liquid or gaseous ammonia.
Soluble MAP...........	The neutralisation of phosphoric acid by use of ammonia and crystallization.	Purification and concentration of phosphoric acid then neutralisation with ammonia, the solution is then crystallized and dried
NPK	The neutralisation of phosphoric acid by use of ammonia.	Generally produced by blending nitrogen-based, phosphate-based and potash-based fertilisers.
NPS	The neutralisation of phosphoric acid by use of ammonia.	Phosphoric acid with a P_2O_5 concentration of 55% is mixed with liquid or gaseous ammonia. Sulphuric acid is also mixed in.

As at 31 December 2020, the Group had a total annual production capacity of 12 million tonnes of phosphate-based fertilisers at its facilities at Jorf Lasfar and Safi.

Supply of Sulphur, Sulphuric Acid and Ammonia

The following table sets forth information on the volumes of sulphur, sulphuric acid and ammonia consumed by the Group and purchased from third-party suppliers for the periods indicated:

	Fiscal Year		
	2020	**2019**	**2018**
		(thousand tonnes)	
Sulphur consumed..............................	6,893	6,556	5,951
Sulphuric acid consumed	2,000	1,558	1,659
Ammonia consumed	1,859	1,582	1,422

Sulphur and Sulphuric Acid

Sulphur is the main raw material used in the production of sulphuric acid, an intermediate product necessary for the production of phosphoric acid. The Group purchases sulphur and sulphuric acid from third parties. The purchases consumed of solid and liquid sulphur is the largest supply cost for the Group and accounted for 47.2% and 55.8% of the Group's purchases of raw materials in FY 2020 and FY 2019, respectively. The Group estimates that its consumption of sulphur amounted to 6.9 million tonnes in FY 2020, which represented approximately 18% of the worldwide sulphur market according to CRU. Morocco is the second largest importer of sulphur globally, according to CRU.

The Group sources its sulphur from a number of major suppliers with whom it has direct and long-term relationships in the Middle East, post-Soviet states, North America and Europe. Sulphur is a by-product of the de-sulphurisation of oil and natural gas and, accordingly, is generally supplied by such producers.

The price of the sulphur obtained from third-party suppliers is generally negotiated on a quarterly or annual basis under medium-term supply agreements. The Group's average sulphur consumption cost was U.S.$74 per tonne in FY 2020, U.S.$112 per tonne in FY 2019 and U.S.$145 per tonne in FY 2018.

Ammonia

Ammonia is used to produce MAP, DAP and NPK, as well as specialty fertilisers such as sulphur-enriched and micronutrient-enriched fertilisers.

The Group purchases ammonia from a number of major third-party suppliers. The cost of ammonia accounted for 36.9% and 29.1% of the Group's purchases of raw materials in FY 2020 and FY 2019, respectively. In FY 2020, the Group purchased approximately 1.9 tonnes of ammonia. The Group principally sources its ammonia from Russia, the United States, and Trinidad and Tobago. The ammonia market is regionally-driven due to high freight costs. The transportation of ammonia requires specialised ships and is often expensive, which makes non-regional suppliers less attractive.

The Group primarily purchases ammonia through medium to long-term agreements. From time to time, in order to increase flexibility in supply, the Group purchases ammonia from the spot market. In 2019, the Group entered into a long-term agreement for the purchase of ammonia with GCA as from start-up of GCA's new production unit (expected 2021-2022). The Group's average ammonia consumption cost was U.S.$218 per tonne in FY 2020, U.S.$246 per tonne in FY 2019 and U.S.$291 per tonne in FY 2018.

Energy

The mining of phosphate ore and the production of phosphate rock and phosphate- based fertilisers require significant amounts of energy. Electricity is essential for the operation of various mining and production equipment. Moreover, heat energy (steam and hot water) is essential for generating high temperature dry air used for drying certain products. The Group produces its own energy and purchases some energy from various local third-party providers. The Group's fertiliser production operations are, to a certain extent, energy self-sufficient, whereas the Group's mining and phosphate rock production facilities meet their energy requirements with energy purchases from third parties.

The following table sets forth information on the Group's electricity and steam production and purchases from third-party suppliers, as well as the Group's electricity consumption for the periods indicated:

	Fiscal Year		
	2020	**2019**	**2018**
	(kWh millions, unless otherwise indicated)		
Group electricity production	3,099	2,828	2,149
Electricity purchases from third parties	1,225	1,293	1,506
Total	**4,324**	**4,121**	**3,655**
Electricity sold to third parties	281	173	51
Steam energy production (*KT*)	24,916	21,671	21,128

Customers

The Group has a large customer base which comprises over 160 customers on all five continents. The Group sells its products to other industrials, including integrated and non-integrated players, large and established traders and distributors. In FY 2020 and FY 2019, the Group's ten largest customers represented 33.4% and 30.7% of the Group's export sales, respectively. The Group's largest single customer accounted for 5.4% and 5.7% of the Group's export sales in FY 2020 and FY 2019, respectively.

Products and Sales

Phosphate Rock

Phosphate rock extracted from the Group's mines is used by the Group and exported to the Group's customers around the world. In FY 2020 and FY 2019, the Group sold approximately 71.9% and 72.5%, respectively, of its phosphate rock (by volume) through domestic sales (comprising almost exclusively intra-group sales to the Group's subsidiaries and joint ventures) and 28%% and 27.5%, respectively, through export sales. The table below sets forth the Group's sales volumes of phosphate rock (including intra-group sales) for the periods indicated.

	Fiscal Year		
	2020	2019	2018
	(million tonnes)		
Domestic sales(1)	26.6	25.0	22.7
Export sales(2)	10.3	9.5	11.3
Total sales........................	37.0	**34.5**	**34.0**

(1) Including phosphate rock transfer within the same legal entity OCP SA for the needs of chemical transformation (Safi / Jorf).

(2) Excludes intra-group phosphate sold to OCPFER, OCPA, OCPNA and SAFTCO. Includes sales made with a third party by OCPFER, OCPA, OCPNA and SAFTCO

Phosphate rock sold to the Group's subsidiaries and joint ventures is used as a raw material for the production of phosphoric acid and phosphate-based fertilisers. In recent years, in line with its value chain, the Group has sought to increase its internal use of phosphate rock in the production of phosphoric acid and phosphate-based fertilisers. The Group sells its phosphate rock to subsidiaries and joint ventures of the Group and accounts for internal transfers of phosphate rock within the Group on the basis of contract prices, calculated by reference to average export prices.

The following table sets forth the Group's intra-group use and sales of phosphate rock, by user, for the periods indicated:

	Fiscal Year		
	2020	2019	2018
	(million tonnes)		
Safi(1)	5.9	5.7	5.8
Jorf(1)..	9.4	7.7	6.9
JFC I	1.8	1.7	1.8
JFC II...	1.7	1.7	1.7
JFC III	2.0	1.8	1.9
JFC IV	1.8	1.9	0.5
JFC V...	1.4	1.6	1.5
PMP...	1.3	1.5	1.2
IMACID	1.3	1.4	1.5
Total..	**26.6**	**25.0**	**22.7**

(1) Phosphate Rock transfer within the same legal entity OCP SA for the needs of chemical transformation (Safi / Jorf).

The average price per tonne of phosphate rock exported by the Group was U.S.$75.4 in FY 2020, U.S.$78.2 in FY 2019 and U.S.$78.5 in FY 2018. See "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Key Factors Affecting Results of Operations and Financial Condition—Global Macroeconomic Conditions and Agricultural Commodity Prices*".

The principal export markets for the Group's phosphate rock were Europe (30.0%), South America (29.2%) and India (21.9%) in FY 2019 and Europe (33.0%), South America (30.2%) and India (19.9%) in FY 2020. The following table sets forth the Group's export sales of phosphate rock, by export market, for the periods indicated:

	Fiscal Year		
	2020	**2019**	**2018**
		(million tonnes)	
North America	**0.2**	**—**	**0.9**
of which:			
Canada	—	—	*0.7*
United States	*0.2*	—	*0.2*
Europe	**3.4**	**2.8**	**3.3**
of which:			
Turkey	*0.8*	*0.8*	*0.8*
Poland	*0.5*	*0.4*	*0.6*
India	**2.1**	**2.1**	**1.9**
South America	**3.1**	**2.8**	**3.3**
of which:			
Mexico	*2.1*	*1.7*	*1.8*
Brazil	*0.8*	*0.9*	*1.2*
Africa	**0.0**	**0.0**	**0.0**
Asia	**1.3**	**1.4**	**1.5**
of which:			
Indonesia	*0.3*	*0.5*	*0.5*
Pakistan	*0.5*	*0.3*	*0.3*
Oceania	**0.3**	**0.4**	**0.4**
of which:			
New Zealand	*0.2*	*0.3*	*0.4*
Australia	*0.1*	*0.1*	*0.0*
Total export sales	**10.3**	**9.5**	**11.3**

The Group principally sells phosphate rock directly to its end customers, which are primarily non-integrated phosphate-based fertiliser companies purchasing phosphate rock to produce phosphoric acid and phosphate-based fertilisers. In FY 2020, the Group had 67 customers for phosphate rock, which were located in 37 countries. The Group's top five customers accounted for 43.1%, 40.4% and 36.9% of total export sales of phosphate rock by volume in FY 2020, FY 2019 and FY 2018, respectively.

Approximately one third of the Group's phosphate rock export sales are made based on long-term, committed-volume contracts, with terms of typically three to five years. These contracts generally provide for fixed sales volumes and either fixed prices or a pricing formula, which takes into account market price dynamics.

Phosphoric Acid

Substantially all of the phosphoric acid sold by the Group is exported to the international markets, with export sales accounting for 90% and 92% of the Group's total sales of phosphoric acid by volume in FY 2020 and FY 2019, respectively. Substantially all domestic sales are sales to the Group's subsidiaries and joint ventures. The table below shows the breakdown of the Group's sales of phosphoric acid (including intra-group sales) for the periods indicated:

	Fiscal Year	
2020	**2019**	**2018**
	(million tonnes)	

	Fiscal Year		
	2020	**2019**	**2018**
Domestic sales	0.2	0.2	0.2
Export sales	1.9	2.1	2.1
Total sales(1)	**2.2**	**2.3**	**2.3**

(1) Includes sales made by Joint Venture (IMACID, PMP and EMAPHOS)

In FY 2020 and FY 2019, approximately 50.8% and 46.4%, respectively, of the Group's total phosphoric acid sales by volume were sold from Safi and 49.2% and 53.6%, respectively, were sold from Jorf Lasfar. The following table sets forth the breakdown of phosphoric acid export sales by chemical processing site for the periods indicated:

	Fiscal Year		
	2020	**2019**	**2018**
		(thousand tonnes)	
Safi	**981.3**	**970.6**	**985.9**
Jorf Lasfar	**950,2**	**1,121.1**	**1,078.5**
of which:			
PMP	291.9	352.1	229.7
IMACID	317.7	335.8	420.1
Issuer	92.8	101.2	130.7
EMAPHOS	95.6	114.6	120.4
JFC I		—	—
JFC II	10.0	29.8	16.7
JFC III	3.7	—	17.5
JFC IV		33.2	27.0
JFC V	138.3	154.4	116.5
Total export sales	**1,931.4**	**2,091.7**	**2,064.4**

The average price per tonne of phosphoric acid exported by the Group was U.S.$622 in FY 2020, U.S.$675 in FY 2019 and U.S.$713 in FY 2018. See "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Key Factors Affecting Results of Operations and Financial Condition—Global Macroeconomic Conditions and Agricultural Commodity Prices* ".

The principal export markets for the Group's phosphoric acid were India (47.0%), Europe (27.3%) and Asia (excluding India) (21.3%) in FY 2019 and India (48.7%), Europe (25%) and Asia (excluding India) (20.2%) in FY 2020. The following table sets forth the Group's export sales of phosphoric acid, by export market, for the periods indicated:

	Fiscal Year		
	2020	**2019**	**2018**
		(thousand tonnes)	
India	**940.9**	**982.5**	**865.9**
Europe	**481.9**	**571.5**	**649.7**
of which:			
Belgium	196.3	180.6	167.8
Turkey	78.1	156.9	172.4
Africa	**1.9**	**7.8**	**8.6**
of which:			
Algeria		6.2	6.5
Asia	**389.6**	**445.5**	**477.6**
of which:			
Pakistan	350.0	402.3	347.8

	Fiscal Year		
	2020	2019	2018
	(thousand tonnes)		
Saudi Arabia		32.9	84.7
South America	**89.7**	**75.5**	**62.7**
of which:			
Brazil	70.8	57.3	27.6
Mexico	18.9	18.2	35.1
United States	27.3	8.9	-
Total export sales[(1)]	**1,931.4**	**2,091.7**	**2,064.4**

(1) Includes sales made by Joint Venture (IMACID, PMP and EMAPHOS)

The Group principally sells phosphoric acid directly to its end customers, which are primarily fertiliser companies, feed phosphate products and other chemicals companies (including for the purified phosphoric acid business). In 2020, the Group had 43 customers for phosphoric acid, which were located in 19 countries.

The Group's top five customers accounted for 55.3%, 53.2%, and 44.1% of total export sales of phosphoric acid by volume in FY 2020, FY 2019, and FY 2018, respectively.

Significantly all of the Group's sales contracts are spot contracts.

Phosphate-based fertilisers

Phosphate-based fertilisers produced by the Group are primarily exported to the international market, with export sales accounting for 97.7% and 96.1% of the Group's total sales of phosphate-based fertilisers by volume in FY 2020 and FY 2019, respectively.

The table below sets forth the Group's sales of phosphate-based fertilisers for the periods indicated:

	Fiscal Year		
	2020	2019	2018
	(million tonnes)		
Domestic sales	0.3	0.4	0.3
Export sales	11.5	9.1	8.3
Total sales[(1)(2)]	**11.7**	**9.5**	**8.6**

(1) Excludes intra-group phosphate-based fertilisers sold to OCPFER, OCPA, OCPNA and SAFTCO.
(2) Includes sales made with a third party by OCPNA, OCPFER, OCPA and SAFTCO.

The average price per tonne of phosphate-based fertilisers sold domestically (only to third parties) was U.S.$207 in FY 2020, U.S.$190 in FY 2019, and U.S.$206 in FY 2018. The average price per tonne of phosphate-based fertilisers exported by the Group was U.S.$297 in FY 2020, U.S.$325 in FY 2019, and U.S.$383 in FY 2018. See "*Management's Discussion and Analysis of Financial Condition and Results of Operations—Key Factors Affecting Results of Operations and Financial Condition—Global Macroeconomic Conditions and Agricultural Commodity Prices*".

In FY 2020 and FY 2019, approximately 81.3% and 84.5%, respectively, of the Group's total phosphate-based fertiliser sales by volume were sold from Jorf Lasfar, approximately 8.3% and 9.5%, respectively, were sold from Safi, with the remaining from portion sold from trading subsidiaries. The following table sets forth the Group's sales of phosphate-based fertilisers, by chemical processing site and product, for the periods indicated:

	Fiscal Year		
	2020	2019	2018
	(thousand tonnes)		
Jorf Lasfar	**9,548**	**8,031**	**7,118**
of which:			
MAP	3,107	3,046	2,225
DAP	4,046	2,824	3,096
NPS	985	896	777
NPK	682	659	683
TSP	298	317	266
ASP	221	163	0
Other	209	126	71
Safi	**976**	**899**	**960**
of which:			
TSP	858	801	848
Other	119	99	112
Trading subsidiaries	**1,215**	**576**	**541**
of which			
MAP	538	193	165
NPK	113	165	199
DAP	308	89	83
TSP	111	52	38
NPS	104	36	14
Other	40	41	41
Total sales(1)(2)	**11,739**	**9,506**	**8,618**

(1) Excludes intra-group phosphate-based fertilisers sold to OCPNA, OCPFER, OCPA and SAFTCO
(2) Includes sales made with a third party by OCPFER, OCPFER, OCPA and SAFTCO

The following table sets forth the Group's sales of phosphate-based fertilisers, by chemical processing site and subsidiary or joint venture, for the periods indicated:

	Fiscal Year		
	2020	2019	2018
	(thousand tonnes)		
Jorf Lasfar	**9,548**	**8,031**	**7,118**
of which:			
Issuer	6,011	4,776	4,122
JFC I	753	709	829
JFC II	1,033	902	719
JFC III	331	787	605
JFC IV	737	479	126
JFC V	684	379	717
Safi	**976**	**899**	**960**
Trading subsidiaries	**1,215**	**576**	**541**
of which:			
OCPA	144	225	249
OCPFER	351	268	241
SAFTCO	163	83	50
OCPNA	556	—	—
Total sales(1)(2)	**11,739**	**9,506**	**8,618**

(1) Excludes intra-group phosphate-based fertilisers sold to OCPNA, OCPFER, OCPA and SAFTCO
(2) Includes sales made with a third party by OCPNA, OCPFER, OCPA and SAFTCO

The principal export markets for the Group's phosphate-based fertilisers were South America (30.1%), North America (20.4%), Africa (20.1%) and Europe (19.3%) in FY 2019 and South America (37.1%), Europe (19.8%), Africa (17.1%), India (12.9%) and North America (8.3%) in FY 2020. The following table sets forth the Group's export sales of phosphate-based fertilisers, by export market, for the periods indicated:

	Fiscal Year		
	2020	2019	2018
		(thousand tonnes)	
North America	**949**	**1,862**	**2,044**
of which:			
DAP	326	644	789
MAP	480	1,069	936
NPK		—	32
TSP	91	61	168
NPS	51	88	118
South America	**4,252**	**2,750**	**1,907**
of which			
DAP	443	227	193
MAP	2,652	1,698	1,014
NPK	82	114	27
TSP	603	397	434
NPS	277	211	156
Europe	**2,277**	**1,766**	**1,243**
of which:			
DAP	1,396	1,185	748
MAP	324	308	219
NPK	248	115	45
TSP	271	134	201
NPS		—	8
Africa	**1,967**	**1,840**	**1,752**
of which:			
DAP	349	227	226
MAP	126	154	213
NPK	439	595	777
TSP	90	79	22
NPS	761	633	509
Asia	**499**	**805**	**606**
of which:			
DAP	349	407	352
MAP		—	2
NPK		—	—
TSP	123	383	246
India	**1,476**	**112**	**720**
of which:			
DAP	1,444	109	714
Oceania	**52**	**2**	**22**
of which:			
DAP		—	21
MAP	**50**		
Total export sales[(1)(2)]	**11,472**	**9,138**	**8,294**

(1) Excludes intra-group phosphate-based fertilisers sold to OCPNA, OCPFER, OCPA and SAFTCO
(2) Includes sales made with a third party by OCPNA, OCPFER, OCPA and SAFTCO

The Group principally sells DAP, MAP, TSP, NPK and NPS directly to its end customers, primarily large and established traders and distributors. DAP, MAP, TSP, NPK and NPS accounted for approximately 37.5%, 31.7%, 10.3%, 6.9% and 9.5% of total export sales of phosphate-based fertilisers by volume in FY 2020, respectively, and approximately 30.6%, 35.3%, 11.5%, 9% and 10.2% in FY 2019, respectively. In 2020, the Group had 271 customers for fertilisers, which were located in 74 countries. The Group's top five customers accounted for 27.0%, 27.2% and 27.1% of total export sales of phosphate-based fertilisers by volume in FY 2020, FY 2019, and FY 2018. Sales of fertilisers are made on the spot market or under short-term contracts with negotiated or formula-based prices.

Feed Phosphate Products

The Group also produces feed phosphate products at Safi for use in the animal feed nutrition. The facilities at Safi are designed to produce approximately 300,000 tonnes of feed phosphate products per year. The Group sells the feed phosphate products it produces to domestic and international markets, with Brazil being one of its strategic markets.

OCP feeds segment sales are consistently growing with double digit growth in 2020 vs. 2019 despite the COVID-19 pandemic. This positive growth was mainly driven by the enriched product offering with a new product launch in 2020, an enhanced logistics capabilities with bulk shipment and a superior product quality driving customer acquisition and loyalty.

Trading Subsidiaries

The Issuer has a number of subsidiaries around the world to assist with the Group's sales and trading activities.

Storage

In order to maintain a stable production cycle and to accumulate sufficiently large product volumes for export shipments via large carriers, the Group's production facilities had fertiliser storage facilities with a total storage capacity of 1.8 million tonnes, phosphoric acid storage facilities with a total storage capacity of 0.4 million tonnes and phosphate rock storage facilities with a total storage capacity of 8.5 million tonnes as at 31 December 2020. These storage facilities allow the Group to store up to approximately 18% of the Group's phosphate rock, phosphoric acid and phosphate-based fertilisers annual production volume (based on 2020 production levels). Additionally, the Group has substantial on-site storage capacity for phosphate rock.

The table below sets forth the storage capacity of the Group's storage facilities at each of its mining sites as at 31 December 2020:

	Storage Capacity
	(thousand tonnes)
Storage of Extracted Phosphate Ore	
Khouribga	**2,315**
of which:	
Daoui	*125*
El Halassa	*900*
Sidi Chennane	*600*
MEA	*690*
Gantour	**757**
of which:	
Ben Guerir	*117*
Ben Guerir (wet sorted)	*290*
Youssoufia (wet sorted)	*350*
Boucraâ	***900***
of which:	
Boucraâ mine	*450*
Facility 1 (wet sorted)	*150*
Facility 2 (wet sorted)	*150*
Facility 3 (wet sorted)	*150*
Storage of Treated Products	
Khouribga	**2,872**
of which:	
Parc el Wafi	*600*
Benidir Plant (wet)	*220*

Oued Zem Drying Complex (wet)	*160*
Merah Benefeciation Plant	*220*
Benidir Plant (dry)	*50*
Oued Zem Drying Complex (dry)	*52*
Downstream (dry)	*250*
Downstream (wet)	*950*
Casablanca Port	*370*
Gantour	**860**
of which:	
Drying Plant (wet sorted and washed)	*90*
Drying Plant (dry)	*60*
Beneficiation Plant (wet sorted)	*140*
Beneficiation Plant (washed)	*90*
Calcination Plant (wet sorted and washed)	*290*
Calcination Plant (dry)	*50*
Safi Port	*140*
Boucraâ	**1,000**
of which:	
Storage of phosphate transported by conveyor link (100km)	*250*
Storage Hangers for Finished Products	*500*
Wet Sorted Stock	*250*

The table below sets forth the storage capacity of the Group's storage facilities at each of its chemical processing facilities as at 31 December 2020:

	Storage Capacity					
	Sulphuric Acid	Phosphoric Acid 29%	Phosphoric Acid 54%	Purified Phosphoric Acid	Phosphate-based fertilisers	Phosphate-based feeds
	(thousand tonnes)					
Jorf Lasfar	**247**	**38**	**284**	**21**	**1,650**	**—**
of which:						
Issuer	*141*	*18*	*137*	—	*750*	—
JFC I	15	*3*	*16*	—	*200*	—
JFC II	*15*	*3*	*16*	—	*200*	—
JFC III	*15*	*3*	*16*	—	*200*	—
JFC IV	*15*	*3*	*16*	—	*200*	—
JFC V	*14*	*3*	*20*	—	*100*	—
IMACID	*18*	*2*	*34*	—	—	—
PMP	*14*	*2*	*28*	—	—	—
EMAPHOS	—	—	—	*21*	—	—
Safi	**66**	**11**	**136**	**—**	**180**	**9**

The Group also has storage facilities at the ports of Jorf Lasfar, Safi and Casablanca.

The Group also pays for temporary use of warehouse space, with the volume of used space depending principally on seasonality and fluctuations in regional supply and demand. The Group's products may deteriorate if stored inadequately or for a period that is longer than the prescribed maximum storage period.

Transportation

Raw materials are principally delivered to the Group's processing and production facilities by pipeline, ship, rail and truck. Rail transportation of the Group's raw materials and products, storage of the Group's products at the ports' storage facilities and loading the Group's products onto ships are arranged by the Group.

Pipeline, rail and truck transportation are used for deliveries of phosphate rock produced by the Group to the Group's chemical processing facilities at Jorf Lasfar and Safi. Phosphate ore is first delivered by trucks and conveyer belts to the Group's storage facilities from which it is subsequently transported by rail to the Group's processing and beneficiation plants. The use of transportation by truck and rail has decreased since the Group's slurry pipeline from Khouribga to Jorf Lasfar became operational. Onward from the plants, rail is used for nearly all deliveries of phosphate rock, phosphoric acid and phosphate-based fertilisers to the ports for onward transportation by sea and for deliveries of such products to domestic customers. The Group transports its products for export by rail to the ports of Casablanca and Safi or by conveyor belt to the ports of Jorf Lasfar and the wharf at Laâyoune, in each case, for on-shipment by sea. The Group regularly enters into CFR and FOB contracts and, to a lesser extent, contracts of affreightment ("**COA**") for the delivery of its products.

Railway Transportation

Each of the Group's principal plants that produce end-products is connected to a train terminal. The Group arranges rail transportation for all of the Group's companies directly with ONCF. The Group has historically negotiated long-term agreements with ONCF, with tariffs set according to a pricing formula. The Group's current agreement with ONCF is set to expire in 2022. The Group does not own or lease railcars or cisterns (used for the transportation of acids and liquid fertilisers).

Sea Transportation

The Group regularly enters into CFR and FOB contracts, as well as COAs, for the delivery of its products. For export sales arranged on an FOB basis, transportation by sea of the Group's products after their delivery to seaports is typically arranged by traders. In either case, however, the Group arranges for the storage of its products at the ports' storage facilities and loading the Group's products onto carriers, as well as generally coordinates the shipping process among the Group companies, ONCF, seaports and ship owners. The Group has access to the Casablanca, El Jadida, Safi and Laâyoune's ports.

Sea Transportation of Phosphate Rock

The Group's phosphate rock is primarily exported through the ports of Casablanca and Safi and the wharf at Laâyoune. In FY 2020 and FY 2019, approximately 82.4% and 87.2%, respectively, of the Group's phosphate rock export sales by volume were exported through the port of Casablanca and approximately 10.5% and 10.5%, respectively, were exported through the wharf at Laâyoune.

The following table sets forth information on export sales of the Group's phosphate rock, by port, for the periods indicated:

	Fiscal Year		
	2020	**2019**	**2018**
		(thousand tonnes)	
Casablanca	8,527	8,275	8,985
Laâyoune	1,087	995	1,894
Safi	520	219	372
Others	209	1	4
Total	**10,343**	**9,489**	**11,255**

Compared to shipping in bulk, container shipping allows the Group to increase the number of markets to which it can ship its products and to sell its products in smaller consignments. For some specific destinations, container freight can be more cost-competitive than bulk shipment.

The Group has a number of facilities at the ports from which it ships its phosphate rock.

Port	**Facilities**
Casablanca	A vessel loading berth measuring 581 metres with a loading capacity of 15 million tonnes per year; a train unloading facility measuring 412 metres with an unloading capacity of 15 million tonnes per year; handling, storage and recovery facilities, including storage hangers with a capacity of 350,000 tonnes, storage and recovery conveyors measuring 25 km and an automatic weighing and surveying station; and other structures, including administrative buildings and maintenance facilities.
Laâyoune.............	A dock terminal for loading ships with phosphate and an intermediate dock for unloading ships carrying crude oil for the processing plant; two vessel loading machines; two speedboats; a series of phosphate recovery conveyors; electrical stations; and marine structures (winches, etc.)
Jorf Lasfar...........	Two phosphate loading gantries
Safi......................	A phosphate unloading nave; a phosphate storage facility with a capacity to hold 240,000 tonnes of phosphate; and two ship loading circuits

The wharf at Laâyoune is 17 metres in length, which allows the docking of ships with the capacity to carry up to 70,000 tonnes of cargo.

Sea Transportation of Phosphoric Acid and Phosphate-Based Fertilisers

The Group's phosphoric acid and phosphate-based fertiliser products are primarily exported through the ports of Jorf Lasfar, Safi and Casablanca.

In FY 2020 and FY 2019, approximately 52.6% and 46.4%, respectively, of the Group's phosphoric acid export sales by volume were exported through the port of Safi and approximately 47.4% and 53.6%, respectively, were exported through the port of Jorf Lasfar. The following table sets forth information on export sales of the Group's phosphoric acid, by port, for the periods indicated:

	Fiscal Year		
	2020	**2019**	**2018**
		(thousand tonnes)	
Jorf Lasfar.............................	916	1,121	1,078
Safi	1,015	1,971	986
Total.....................................	**1,931**	**2,092**	**2,064**

In FY 2020 and FY 2019, approximately 81.8% and 85.2%, respectively, of the Group's phosphate-based fertilisers export sales by volume were exported through the port of Jorf Lasfar, approximately 7.6% and 8.5%, respectively, were exported through the port of Safi and 10.6% and 6.3%, respectively, were exported through other ports. The following table sets forth information on export sales of the Group's phosphate-based fertilisers, by port, for the periods indicated:

	Fiscal Year		
	2020	**2019**	**2018**
		(thousand tonnes)	
Jorf Lasfar	**9,383**	**7,783**	**6,875**
Of which:			
MAP	3,094	3,035	2,218
DAP	4,000	2,710	2,959
NPS	985	896	777
NPK	682	659	682
TSP	283	293	239
ASP	221	163	—
Other	118	28	—
Safi	**875**	**779**	**878**
Of which:			
TSP	784	708	794
Other	90	71	84
Other Ports	**1,215**	**576**	**541**
Of which:			
MAP	538	193	165
NPK	113	165	199
DAP	308	89	83
TSP	111	52	38
NPS	104	36	14
Other	40	41	41
Total	**11,472**	**9,138**	**8,294**

Compared to shipping in bulk, container shipping allows the Group to increase the number of customers to which it can ship its products by selling its products in smaller consignments to customers that cannot afford to purchase enough quantity to ship it in a bulk cargo. As a result, the Group can export its products by container to small- and medium-scale distributors all over the world, where shipping in bulk would not be economical.

The Group has a number of facilities at the ports from which it ships its phosphoric acid and phosphate based fertilisers.

Port	**Facilities**
Jorf Lasfar	Two fertiliser loading gantries; one solid sulphur unloading gantry; one liquid sulphur unloading gantry; two phosphoric acid loading gantries and ammonia unloading gantries; two solid sulphur storage facilities; eight ammonia tanks; three liquid sulphur intermediary storage bins; two sulphur fusion units; sulphur unloading conveyors; and fertiliser loading conveyors
Safi	An unloading nave for fertilisers; two storage facilities for fertilisers with storage capacities of 60,000 tonnes and 70,000 tonnes, respectively; vessel loading circuits; sulphur unloading naves; a storage facility for sulphur with a storage capacity of 35,000 tonnes; a sulphur wagon loading circuit; two truck loading extractors; phosphoric acid decanting circuits; 11 storage bins for phosphoric acid; three phosphoric acid truck decanting stations; and two phosphoric acid vessel loading stations

The ports of Jorf Lasfar and Safi are owned by the State and there has been a concession between the State and the Issuer in relation to dock handling and loading facilities for phosphate at such ports since 1924. The Issuer has owned the wharf at Laâyoune since 1967.

Development of the Group's Transportation Network

As part of the first phase of its Capital Expenditure Programme, the Group completed a number of projects to develop its transportation network, including:

- The Group began operating a slurry pipeline in April 2014 to transport phosphate rock from Khouribga to Jorf Lasfar (with a length of 234km, including secondary pipes, and an annual capacity of up to 38 million tonnes). This pipeline has enabled the Group to decrease its reliance on rail transportation, to save energy and water by eliminating the drying procedures required for transporting phosphate rock intended for local use by train;

- The Group increased its capacity at the Jorf Lasfar port from 30 million tonnes in 2007 to 50 million tonnes in 2017.

Research and Development

The Group's research and development ("**R&D**") has been outsourced to the Mohammed VI Polytechnic University ("**UM6P**") since 2018, which has enabled the Group to consolidate its R&D activities within a single dedicated structure, access capabilities and resources across scientific disciplines that can influence the Group's growth and increase cooperation with world leading universities in the field of research innovation and development. The evolution of the Group's R&D reflects the Group's ambition to pursue growth opportunity diversification and niche products. As a result, the Group seeks to follow best practices for R&D, including a R&D expenditure target of approximately 2% of revenue.

Farming Solutions: Exploring the Group's diversification opportunities through the search for new quality fertilisers and the Group's downstream integration through an offer of services to farmers, particularly in the African market.

Hacking Phosphate: Focus on the possibilities of accessing new industrial sectors from the elements present in phosphate rock.

Circular Economy: Analysing the impact of the Group's activity during the life cycle of its various products and proposes ways of improvement.

Operational Efficiency: Exploring ways to improve the Group's existing business.

Digitalization: A lever for growth and efficiency for all companies, especially industrial ones.

The Group's flagship projects for R&D include:

(i) New qualities of biofertilisers;

(ii) Agricultural techniques adapted to the Group's growth markets, such as biosaline agriculture and water-stressed agriculture;

(iii) The valuation of the main by-product of the Group's activity such as fluoride, phosphogypsum and washing sludge;

(iv) Experimental Mine and Experimental Plant Program to explore new processes; and

(v) The development of new materials for key equipment used by the Group, such as filtering canvases and pump materials.

Competition

The Group was established as the national phosphates mining and extraction company, and the State has granted the Issuer exclusive access to Morocco's phosphate rock reserves. Accordingly, the Group has no domestic competition for its phosphate rock, although certain foreign companies export phosphate-based fertilisers into the Moroccan market.

The Group is subject to competition from foreign producers. Fertilisers are global commodities, and customers make their purchasing decisions principally on the basis of delivered price, customer service, product quality and time to market. The Group competes with a number of foreign producers, including state- owned and government-subsidised entities. The Group's traditional competitors include, among others, Ma'aden (Saudi Arabia), PhosAgro (Russia), Mosaic (USA), Jordan Phosphates Mines Company (Jordan), Kailin (China), Wengfu (China) and Yuantianhua (China).

The Group has faced increasing competition in recent years, in part due to capacity increases by other industry players, which has led to an increase in the world supply of fertilisers has and a corresponding decline in fertiliser prices. Notwithstanding this trend, the Group has continued to expand its capacity as the Group believes its cost leadership gives it a competitive advantage. See "*Risk Factors—Risks Relating to the Phosphates and Fertiliser Industry—The phosphate and fertiliser market is competitive*".

Sustainability

As a major contributor in the global fertiliser market, the Group supports progress towards a more prosperous, sustainable and resilient agriculture. The Group is vertically integrated, with operations across the full phosphate value chain. Fertilisers and phosphate are key to improve agricultural yields as they guarantee food security in the short, medium, and long term. Also, food security concerns increase due to the consequences of climate change and the depletion of precious natural resources, such as water and fertile soils. Intensive agricultural practices have a significant impact on the quality and availability of these resources. Soil erosion and the loss of topsoil lower; soil nutrient content and contribute directly to lower crop yields. In this context, the Group's primary goal is to meet the exponential demand for food by optimising the use of natural resources. To this aim, the Group works to improve soil fertility and help farmers increase their yields. As an African company, the Group seeks to contribute to the economic and social development of the African continent.

The Group aims to produce positive impacts on the communities in which it operates, contributing to the sustainable development goals, specifically to those that aim at ending poverty, zero hunger, decent work, the fight against climate change and protecting lands and oceans. To identify important areas where the Group can have the largest impact, the Group continuously conducts stakeholder and materiality analysis. The material topics include, among others, occupational health and safety, water management, community engagement, food security, waste management, renewable energy, environmental compliance of activities, circular economy model, and soil and biodiversity management. In order to maintain its leading position in the fertiliser industry and progress towards sustainable farming, the Group places a considerable focus on sustainability in its strategy.

Policies and due diligence

The Group has focused its strategy according to financial and non-financial risks and opportunities that allow the Group to have a wider perspective in its management. The Group has created an ESG governance that oversees the strategy, the compliance of applicable laws and corporate commitments for best sustainability practices.

The policy development and due diligence system is a mechanism for risk monitoring, mitigation and response. Amongst other commitments, these policies intend to promote an ethical culture, a strong climate change response, environmental impact reduction and minimization, social development and community involvement, and a healthy and safe place to work.

- **Sustainability policy**: Shows our global strategy and commitments around sustainability.

- **Environmental management policy and its operational policies**: Sets out our commitments related to environmental management and is developed by specific policies, each of them related to a relevant business practice

- **Climate change policy:** Shows intention to align to TCFD and reduce our carbon footprint. Its operational policies develop issues such as water, energy and emissions.

- **Human Rights policy and its operational policies,** which establish our commitments regarding different stakeholders: communities, suppliers, etc

- **People policy and its operational policies,** which establish human resources issues such as D&I, H&S, etc.

- **Innovation and Quality Policies,** which set out our quality standard and innovation strategy.

- **Purchasing Policy and Supplier Code of Conduct,** which help promoting sustainability across our value chain.

- **Community engagement policy**, which explains OCP's strategy regarding local communities (Act4Community).

- **Tax Policy,** establishes compliance with local tax regulations and international tax standards.

Environment

Similarly to other companies working with chemicals and hazardous substances, the Group's activities may have an adverse impact on the environment, including due to the discharge of pollutants containing hazardous materials into the atmosphere, discharge of polluted waste water into the environment or generation of waste and hazardous materials.

OCP has sought put in place technical, human and organizational means to ensure operational control of these environmental factors. In 2020, the following environmental milestones were achieved:

- More than 99% of waste is diverted from disposal, including mining waste and waste generated by operation and maintenance activities;

- A 77% reduction of fluoride gas annual pollutant load in 2020 compared to 2019, mainly due to the generalisation of the fluorinated gas scrubbing system on all phosphoric acid production lines in Safi;

- A 60% ammonia reduction in 2020 compared to 2019, mainly due to the operational control of emissions at the level of the fertiliser units in Jorf Lasfar;

- A 34% dust reduction in 2020 compared to 2019, mainly due to operational control of emissions at the fertiliser unit level in Jorf Lasfar;

- A 6% reduction of SO_2 emissions in 2020 compared to 2019;

- A 1.2% reduction of liquid effluents in 2020 compared to 2019; and

- A 6.4% increase in recycled water used either internally or sent to a third party organization representing 31 million cubic metres.

The Group is also committed to replacing electrical equipment that uses polychlorobiphenyls (PCBs) as part of an integrated programme in coordination with the Moroccan Ministry of the Environment and United Nations Industrial Development Organization.

The Group's chemical, processing and loading activities have been certified ISO 14001, ISO 9001, OHSAS 18001, FSCC 22000 and ISO/CEI 17025. All OCP industrial operation sites have been awarded the "Protect and Sustain" label (an IFA product stewardship initiative) in relation to quality control, environment, health and worksite safety. In Morocco, environmental protection is increasingly gaining importance. The liberalisation of trade as well as various international agreements on environmental protection have increased the pressure to introduce internationally recognised environmental standards in production. Accordingly, measures have been taken by the Government in recent years towards environmental protection and the conservation of resources. The Group's management believes that the Group is in compliance in all material respects with all applicable environmental legislation and safety laws and regulations, and is not aware of any past, current, pending or threatened material environmental claims against it. The Group's liability insurance may not cover or fully cover the Group against certain environmental risks. See "*Risk Factors—Risks Relating to the Group's Business—Accidents involving the Group's production facilities could cause severe damage or injury, which could result in the incurrence of significant costs*" and "*—The Group is subject to increasingly onerous environmental and health and safety laws and regulations*".

Climate change

Facing climate change and aware of its responsibility to contribute to Morocco's goal of 44.2% greenhouse gas emissions cut by 2030, the Group pursues a cutting-edge strategy to reduce its CO2 emissions. The Group's carbon footprint evolution over the last decade has remained steady in spite of the Group's tripling in the production of fertilisers. The Group's carbon footprint has reduced by 14%, while production of phosphate rock, phosphoric acid and fertiliser has increased by 6% from 2018 to 2019.

The Group has developed an energy program with the goal of diversifying its energy mix and achieving self-sufficiency. Of the Group's total energy requirements, approximately 87% was produced from clean energy sources (including cogeneration and renewable energy sources) in 2019. From 2017 to 2019, the ratio of clean energy per the total electricity consumed increased from 71% to 87%, taking only electricity consumption into consideration. The Group is committed to increasing its energy efficiency and has adopted an alternative energy strategy. The Group uses energy generated from its chemical production activities to generate power through a heat recovery system that converts heat (steam) from sulphuric acid production into electricity. The Group then uses this electricity for its internal needs. This energy-recycling programme enables the Group to make costs savings with respect to its energy and to reduce the Group's carbon footprint. The heat recovery system is currently used in two of the Group's plants and is expected to be implemented in other plants in due course.

In addition, 40% of the electricity consumption of the Khouribga mine and 100% of the electricity consumed by the Youssoufia, Benguerir and Boucraa mines are supplied by wind energy. The slurry pipeline which is used to transport phosphate from the Khouribga mine to the Jorf Lasfar fertiliser complex, in place of transport by railway, creates a reduction of 665 kt CO_2/ year. These savings are expected to reach one million ton of CO_2 / year at its full capacity which is planned to be reached in 2025.

Slurry pipeline

Among the Group's flagship innovations is the slurry pipeline. In 2014, the slurry pipeline connected the Khouribga mine site and Jorf Lasfar. The slurry pipeline transports washed phosphate as pulp to the main processing platform. With a total transport capacity of 38 million tonnes, it allows the transport of more phosphate rock than traditional transport by train, removing all intermediary processing like drying at the mine level and re-adding water at the chemical platform level, resulting in significant CO2 emissions and water reduction. Compared to the traditional transport in 2020, it prevented 665,000 million tonnes of CO2 emissions, and 1.5 million cubic metres of fresh water.

Water

Thirty percent of the Group's water needs are met by unconventional water resources, such as treated wastewater from the cities of Khouribga, Benguerir and Youssoufia, as well as desalinated seawater from Jorf Lasfar and Laayoune. The Group is actively engaged in reducing its water footprint, defining ambitious goals in the mid-term:

- Construct two wastewater treatment plants at Safi and Kasba Tadla by 2023, which is expected to result in an overall additional capacity of 10 million cubic meters of water per year recovered from urban wastewater;
- Has taken the decision to stop using underground water resources, which are considered strategic resources for the Kingdom of Morocco;
- The intended recovery of 90% of water used in phosphate washing plants;
- The investment in new filtration technologies at the Merah, Daoui and Youssoufia washing plants with the intention to recover 50% of the remaining water from the residual sludge starting 2021;
- The intended 90% reduction of water used for watering mine runways;
- Leveraging cutting edge runway treatment technology in order to save an estimated 2 million cubic meters of water per year;
- The investment into research and development of new desalination technologies to maximise efficiency and minimise water costs;
- The intention of 15% water consumption reduction, on mining by 2024; and
- The intention of 100% of water needs covered by non-conventional sources by 2030, including through the construction of an additional desalination capacity of approximately 100 Mm3 by 2030 in Jorf Lasfar and in Safi.

Health and Safety

Mining of phosphate ore and production of phosphate rock, phosphoric acid and phosphate-based fertilisers can be dangerous activities. Similar to other companies operating in these industries, there is a general risk of accidents involving heavy equipment, machines, structures, explosives and hazardous materials used in these industries.

The Group considers the health and safety of its employees to be its most significant responsibility in connection with its operations. The Group follows Moroccan industry safety standards applicable to each of its operations. In addition, the Group has developed its own safety standards beyond regulatory requirements. The Group strives to create a healthy and safe working environment at each of its mining and production sites or facilities by assessing the potential risks faced by its employees and implementing appropriate safety measures. The Group also educates its personnel as to these risks through occupational safety workshops and seeks to ensure that they have a sufficient knowledge of workplace safety procedures before they are permitted to work on a site or in a facility. Areas of improvements exist and include stricter adherence by the employees to the existing health and safety policies. The Safi site is certified OSHAS 18001 and the Group strives to go beyond this standard to promote a safety culture across its operations.

Despite these measures, lost time injury frequency rates (LTIFR) involving the Group's employees and subcontractors remains above zero-incident level. The total combined LTIFR was 1.34, 1.40 and 1.95, respectively for FY 2020, FY 2019 and FY 2018. While the number of casualties for the Group employees was zero between 2017 and 2020 and the number of casualties for subcontractors was 1, 1 and 1 in FY 2020, FY 2019 and FY 2018, respectively. The occupational illness frequency rate (OIFR) for the Group employees remains at zero-level between 2017 and 2020.

The Group's occupational health and safety management system has been implemented based on ISO 45001 standards and covers employees and workers who are not employees but whose work and/or workplace is controlled by the OCP Group. The Group has a corporate team dedicated to health and safety management for all OCP sites and which defines overarching guidelines based on feedback from the field. Each site implements a program to identify, assess and mitigate specific safety risks. These programs are coordinated by a safety manager who manages a network of safety correspondents assigned to different areas of the relevant site. The Group also regularly holds health and safety committees of employee representatives to ensure the co-construction and the efficiency of the upward performance reporting and feedback culture.

Although the Group's management believes that the Group's operations have sufficient safety measures in place, the nature of the Group's business is such that accidents may occur. Moreover, while the Group strives to reduce its injury rates by implementing safety standards at its mining and production sites and facilities, there can be no assurance that accidents in the future will not occur. See "*Risk Factors—Risks Relating to the Group's Business—Accidents involving the Group's production facilities could cause severe damage or injury, which could result in the incurrence of significant costs*" and "*—The Group is subject to increasingly onerous environmental and health and safety laws and regulations*".

Health and Wellness

The Group's Occupational Health Department, HSE Department and site safety managers work together to prevent negative health effects on workers. OCP has established occupational health clinics and employed occupational physicians and nurses at each site to provide the health expertise and facilities needed to support this responsibility. OCP's approach to maintaining the health and wellness of its employees has been developed in line with the World Health Organization's standards, and is structured around three pillars: healthy bodies, healthy workplace and healthy minds.

Addressing Covid-19 Challenges in the Workplace

OCP has taken a number of measures internally to prevent the spread of Covid-19 in the workplace and to ensure that employees have access to the resources they need to work around the unique situation presented by the pandemic:

- Awareness campaigns: OCP instituted a series of regular communication and awareness campaigns across the Group in an effort to contain the spread of COVID-19, including regular communication updates (for example, to promote vaccinations), videos about hygiene precautions, visual guidelines at work and at home, socially-distanced in-person awareness sessions at sites and exchange meetings with social partners (union representatives and delegates). These measures have been implemented across all Group entities, subsidiaries, representation offices and joint-ventures.

- Actions to fight COVID-19: The Group has installed multiple distributors of hydro-alcoholic gel at each site; instituted disinfection campaigns at all sites, including associates' transportation; and has supplied equipment such as protective masks, infrared thermometers, gloves, other personal protective equipment, surgical masks, thermal cameras and bio-cleaners.

- Medical Emergency Service: Employees or family members experiencing one or more of the Covid-19 symptoms can contact the Group's medical emergency service, 24/7 by phone or on site, for medical or psychological assistance and support.

- Teleworking: OCP has instituted an expanded temporary policy allowing all employees who can perform their duties from home to work remotely, including our subsidiaries and joint-ventures. OCP has also expanded virtual work capabilities using a series of tools that support employees/teams collaboration, productivity and culture continuity. OCP has enhanced virtual work support to enable new ways of working by providing several user guides for digital and collaboration tools, a help desk hotline and webinars (for example, covering topics such as mental and emotional wellbeing and tips on remote working) for all the associates. During the Covid-19 pandemic, over 13,700 of the Group's associates have worked from home. A flexibility at work charter providing guideline for remote working has also been established and communicated to our associates.

- Operations and service continuity: The OCP Group is fully mobilized to maintain critical activities during the Covid-19 pandemic. OCP is aiming to take all measures possible to ensure continued health and safety and to protect associates whose physical presence at work is necessary while they perform their critical jobs. A series of preventive measures have been implemented, adapted and are continually reassessed in real time, according to the recommendations of the public health authorities. These measures include installation of sanitising equipment, provision of COVID-19 screening and provision of funds to cover COVID-19-related hospitalisation of staff.

- Continuous learning: OCP offers virtual trainings and e-learning classes to all associates in order to ensure that associates are able to maintain and improve their skill levels as needed or otherwise desired.

Non-Core Activities

The Group engages in a number of non-core projects, including activities to support its phosphates activities, which comprise the construction and operation of facilities designed to provide social services to employees and their families in the areas in which the Group operates, as well as, more generally, to improve infrastructure in Morocco in order to facilitate transportation of the Group's products. The Group is also engaged in a number of non-core projects that are not directly related to its phosphates activities. A number of these projects involve significant amounts of capital expenditure. In addition, the Group is subject to requests from various Government authorities to participate in, and provide funding for, social, infrastructure and other projects.

The Group believes that providing support to the Moroccan agriculture sector and supporting the employability of young people who live near the Group's facilities, enhances the Group's competitiveness by increasing its local partners' competitiveness and strengthening the Group's links in the communities in which it operates.

The following table sets forth the Group's operational expenditures and capital expenditures in respect of non-core activities for the periods indicated.

	Fiscal Year		
	2020	2019	2018
		(Dh billion)	
Non-core activities			
Operational expenditures	1.6	2	1.2
Capital expenditures	3.8	2.7	1.7

OCP Foundation

In 2007, the Group established the OCP Foundation, a non-profit organization, recognized as a public utility in 2012. In line with the values and ambition of the Group, the OCP Foundation promotes sustainable human development in Morocco and in many other African countries. The OCP Foundation uses its expertise and network of partners to co-build sustainable solutions that meet the priority needs of the communities it serves. Furthermore, the Foundation adopts an agile action model based on collective intelligence and operates in different fields such as Education and knowledge dissemination, R&D, and the Social Solidarity Economy, among others.

The OCP Foundation implements a number of projects and promotes innovative approaches in partnership with Moroccan institutions and other national and international organizations. Its integrated projects range from providing Morocco with additional research capacity through the development of R&D projects and institutions to sponsoring public schools, granting scholarships to deserving students, enhancing the capacity building of cooperatives and improving access to healthcare services by supporting medical caravans in rural areas, or endorsing medical care to people with special needs. The OCP Foundation conducts a wide range of projects with its African partners by assisting them in the implementation of their fertility map and improving the living conditions of local populations by supplying livestock and farming materials, as well as training courses to farmers. Through its promotion of a knowledge ecosystem, OCP Foundation supports many independent structures like the Mohammed VI Polytechnic University, the Lycée d'Excellence de Benguerir, and the Mascir Foundation.

The Group funds the OCP Foundation and determines the level of funding it will receive at the beginning of each year. In FY 2020 and FY 2019, the Issuer provided OCP Foundation with Dh 1.4 billion and Dh 1.6 billion, respectively, of which, Dh 0.8 billion and Dh 0.9 billion, respectively, were dedicated to Education projects and Dh 0.1 billion and Dh 0.1 billion, respectively, were dedicated to R&D projects. The OCP Foundation also provides incentive-based contributions to farmers in Morocco for the purchase of fertilisers for a value of Dh 0.1 billion in FY 2020 and Dh 0.3 billion in FY 2019.

Mohammed VI Polytechnic University

Mohammed VI Polytechnic University ("**UM6P**") was founded and is supported by the OCP Foundation. UM6P is a hub of education, research, innovation and entrepreneurship, with the goal of becoming an educational bridge between Morocco, the wider continent of Africa, and the rest of the world. UM6P was inaugurated in 2017 in order to support the R&D Agenda of OCP Group, and to contribute to educating a new generation of African leaders. In 2018, the Group outsourced it R&D to UM6P. For additional information, see "*—Research and Development*" above. UM6P is a multi-campus University (Benguerir, Laayoun, Rabat and soon Casablanca and El Jadida). It applies a "learning by doing" approach and develops sound partnerships with world class universities, to promote leadership and training in focused research areas.

By contributing to the training of a new generation of researchers, entrepreneurs and leaders, UM6P is committed to positioning Morocco and Africa at the forefront of technology and human sciences.

Lydex

The Lycée d'Excellence of Benguerir ("**Lydex**") is the product of a public/private partnership between the Ministry of National Education, Vocational Training, Higher Education and Scientific Research and the OCP Foundation to promote a high standard of education. Three founding principles underpin the operation of the Lydex: (i) to encourage excellence, (ii) to promote access for bright students from vulnerable backgrounds and (iii) the inclusion of all the regions of the Kingdom.

Ibn Rochd Foundation for Sciences and Innovation

The Ibn Rochd Foundation for Sciences and Innovation ("**FIRSI**") is a non-profit organization founded by UM6P to support the development of youth through research and entrepreneurship, funded by financial support programs targeting university-level students, researchers and start-ups. FIRSI aims to promote academic excellence and encourage scientific research and entrepreneurship to support the inclusion of Moroccans and Africans regardless of their financial means.

1337

1337 is a peer-learning computer programming school at UM6P, with locations in both Benguerir and Khouribga. It is the first of its kind in Morocco and the wider continent of Africa to provide IT training, completely free of charge, open and accessible to anyone between the ages of 18 and 30. The 1337 educational approach is based on peer-learning. A participatory operating style allows students to hone their creativity through project-based learning. 1337 does not require candidates and students to have a degree or extensive IT training. The only criteria for admission is to succeed at the selection process.

UM6P Ventures

UM6P has launched UM6P Ventures, a venture capital firm aimed at providing access to early stage capital for start-ups and accelerating science and technology innovation. UM6P Ventures has partnered with the following universities: University Cadi Ayyad, Mohammed 5th University, Hassan II University and AlAkhawayn University of Ifran. These partnerships provide access to the resources of these universities, including laboratories. UM6P has also partnered with the MIT Sandbox Innovation Fund to create synergies and connect a wide network of local and international mentors and experts.

Global Phosphorus Institute

The Global Phosphorus Institute ("**GPI**") was established to promote global networks of research, innovation and dialogue on the vital role of phosphorus in supporting and improving earth life-cycles. The GPI aims to bring together the wide range of specialties necessary to gain a complete picture of the current phosphorus cycle, including geology, mining, chemical engineering; soil and plant sciences; agricultural and environmental sciences, economics, policy, and behavioural science.

African Plant Nutrition Institute ("APNI")

The APNI was created in March 2019 as a not-for-profit Moroccan Association located in Benguerir. The APNI is an independent scientific organization working solely on improving plant nutrition across the African continent to strengthen and contribute to the existing research for development efforts in Africa.

The APNI's mission is to enhance plant nutrition for a food-secure continent. To support its mission, APNI envisions excellent science supported through farmer-centric co-innovation with public and private sector partners, and a clear focus on outreach and capacity building.

Institut de Promotion Socio-Educative (IPSE)

IPSE is an OCP institution providing high-quality education to children through the use of new technologies, development of language skills, introduction to the experimental approach, and the promotion of science. It has partnerships with 33 prestigious academic institutions. The Group offers high-quality education to 19 000 children of employees enrolled in 2019 and the group has set an enrolment ambition of 32,000 students by 2025. IPSE allocated Dh 428 million for construction costs and Dh 81 million for school equipment for the period 2018-2019 and plans to spend a further Dh 390 million over the period 2020-2022.

Other Non-Core Activities

The Group is engaged in a number of non-core projects at various stages of development. These projects are intended both to support the Group's core businesses by, for example, improving the infrastructure that is used by the Group in its core businesses or promoting education and the development of expertise in order to ensure the Group's access to a skilled workforce, and to promote the development of the local economy.

The Group's non-core projects are principally focused on eight sectors of the Moroccan economy: (i) infrastructure and large projects, such as the construction of port facilities, roads and commuter facilities; (ii) utility projects, such as the development of renewable energy plants, as well as pipelines and desalination plants; (iii) industry and construction venture projects, such as the development of a construction business; (iv) city planning and development projects, including the development of accommodation and associated facilities; (v) hospitality and services projects, such as the establishment of service companies; (vi) agricultural projects, such as the support of farming and processing projects; (vii) educational and R&D projects, such as the development of educational facilities; and (viii) training and recruitment projects. The Group may develop further activities in the future.

Moroccan Hospitality Company

In 2019, the Group, ONCF and Hassan II Fund for Economic and Social Development announced an alliance in the high-end hotel sector with the aim of supporting growth and employment in the Moroccan economy and is expected to include historic hotel assets in Morocco, which are owned by ONCF, including Mamounia in Marrakech,Palais Jamai in Fez, Michlifen in Ifrane as well as Marchica Lagoon Resort in Nador.

In early 2020, the Group and Hassan II Fund for Economic and Social Development created a 50/50 joint venture, Moroccan Hospitality Company ("**MHC**"), as a national center for the development of the hotel sector in Morocco. In March 2020, MHC acquired 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 such acquisition is estimated at Dh 2.3 billion, with OCP’s share being 50%. The evaluation of the acquisition of hotel assets is being finalized.

In August 2020, MHC acquired 45% of the shares of Foncière de la Lagune (“**SFL**”) and 95% of the shares of Palais Jamaï (“**SPJ**”) from ONCF. In May 2021, MHC acquired an additional 5% of the share capital of both SFL and SPJ, to achieve a stake of 50% and 100% of the share capital of SFL and SPJ, respectively. OCP Hospitality, a 100% subsidiary of OCP SA, currently holds 50% of MHC’s share capital.

Green City and Green Mine Projects

In line with its sustainable development strategy, the Group is developing two major projects, "*Ville Verte de Benguerir*" (Green City of Benguerir) in Ben Guerir and "*Mine Verte*" (Green Mine) in Khouribga.

Green City of Benguerir project is a 1,000 hectares new urban area near Ben Guerir. The project aims to provide residential, health, education, leisure and administrative infrastructure for the existing local population, as well as up to an estimated 100,000 people who are expected to move to the city. The Green City of Benguerir notably includes the Mohammed VI Polytechnic University, which focuses on research and development activities and offers bachelors and masters degrees. The Project has been under development for 8 years and features more than 250 hectares of landscaped land and 250,000 square metres of developed buildings, including flagship projects such as the Data Center (TIER 3 (with redundant power and network links) with 8,700 square metres), STARTGATE (a workspace for incubation and acceleration programs with 200 work seats), two research platforms in solar energy and eco-construction, and other research and innovation laboratories under development.

The target is for Green City of Benguerir to be home to 15,000 people by the end of the current development phase. It is anticipated that by 2045, Green City of Benguerir will be home to 100,000 people, of which 10,000 students and researchers as well as 1,000 academic staff. Green City of Benguerir will be built in accordance with Leadership in Energy and Environmental Design for Neighbourhood Development Standards (LEED-ND) and will promote sustainable development technology. A technology park (Bentech Technology Park and Area of Innovation) designed for businesses focussed on research and development as well as entrepreneurs is currently under construction next to the Mohammed VI Polytechnic University. The Green City of Benguerir is expected to be completed by 2045 and to cost approximately Dh 25 billion.

The Khouribga Green Mine project aims to convert approximately 300 hectares of former mining facilities into an "environmentally-friendly" residential, leisure and tourist complex comprising tourist attractions, approximately 7,000 homes, a vacation village and two hotels. The Khouribga Green Mine project is expected to be completed by 2040 and to cost approximately Dh 6 billion.

SADV is considering its own external debt and equity financing and also expects to use in part internally-generated project cash flows in order to fund the Green City and Green Mine projects.

Insurance

The terms of the Group's insurance coverage are similar to those that are generally accepted in the phosphates industry and are tailored to address the specific activities of the Group. The Group's insurance coverage includes property damage, business interruption, civil responsibility, sabotage, terrorism, environmental remediation, employer's liability insurance, hazardous object insurance, IT and directors' and officers' liability insurance. The Group maintains insurance policies with Moroccan and international (in particular, in England, France, Germany and the United States) brokers and insurance companies. See "*Risk Factors—Risks Relating to the Group's Business—There are certain events for which the Group may not be adequately insured*".

Information Technology

The Group initiated in 2017 an impact driven digital transformation to leverage new technologies in order to accelerate the execution of its strategy and unlock the Group’s value creation potential. This requires a balanced view between digitalization (such as end-to-end business processes optimization) and digital (such as new business models and analytics), while creating a sustainable impact on the ecosystem. The Group’s digital strategy is built on the following pillars:

- Digitalizing end-to-end business processes mainly around the Group's operations (such as supply chain, industrial and commercial) to better connect the production engine to more sophisticated customer needs;

- Creating a new customer/farmer experience (through transparency, customization and services) for core customers and farmers;

- Developing new business opportunities to support the Group's strategy of diversification for non-core activities;

- Creating a positive environmental and societal footprint on the Group's ecosystem (for example, with green technology, digital education and smart cities);

- Transforming ways of working within the Group to foster innovation and increase productivity within our operations (such as through the Digital Workplace and Productivity tools).

The current application footprint is mainly based on an Oracle E-Business Suite ERP which covers the functional areas related to corporate finance, consolidations in Moroccan accounting standards and IFRS, purchases, industrial maintenance, human resources and order management. A major project "Operational Backbone" is in progress to implement the SAP S4HANA cloud enterprise resource planning system for all enterprise management processes including Industrial, manufacturing and supply chain operations.

Furthermore, several systems addressing specific operational activities have been deployed, including the MES (Manufacturing Execution System), a mine fleet management system, a laboratory Information Management System, as well as a downstream logistics planning.

In terms of IT infrastructure, the Group implemented virtualization and cloud computing capacities. In collaboration with the Mohammed VI Polytechnic University (UM6P), OCP built the Benguerir Data Center (the biggest in Morocco and certified Tier 3 and 4 (which provided fully-redundant systems)) and a High Performance Computing Infrastructure (the most powerful in Africa). The Group also obtained ISO 27001 certification through an Information Security Management System (ISMS).

On the methodological aspect of its IT, the Group has deployed several approaches and standards based on best practices in order to support the completion of projects and industrialize and improve the quality of its operations (Agile methodology for product delivery, ITIL based operations).

Litigation

Due to the nature of its business and the industry in which it operates, the Group faces an inherent business risk of exposure to various types of claims and lawsuits, and the Group has been involved in lawsuits, claims, proceedings and investigations that are currently pending or have been concluded in recent years. However, the Group has not been involved in any governmental, legal or arbitration proceedings (including such proceedings which are pending or threatened of which the Group is aware), during the last 12 months, which may have, or have had in the recent past, significant effects upon the financial position or profitability of the Group, except as set forth below:

- The Group is in early discussions with Samsung C&T Corporation regarding a dispute arising from delays in the construction of two platform units at Jorf Lasfar, for which Samsung C&T Corporation was a construction contractor for a total provisional contract value of U.S.$412 million (of which more than 90% has already been paid by the Group). Based on the quantity of work performed by the contractor, the Group's view is that the final contract value is U.S.$380 million. The Group claims that it is entitled to apply for liquidated damages and recover back-charges – this is contested by Samsung C&T Corporation. Samsung C&T Corporation has claimed the remaining contractual payments as well as additional damages of U.S.$471 million resulting from the delays, which the Group believes are mostly unfounded. The parties are seeking to resolve the issue using alternative dispute mechanisms provided by the contract between the parties, although there can be no assurance that formal court proceedings will not be commenced in the event the parties do not come to a resolution. As at the date of this Prospectus, no formal court proceedings have been commenced.

- As has been publicly disclosed by Jacobs Engineering Group Inc. ("**Jacobs**"), the Enforcement Division of the SEC made a request of Jacobs on 31 October 2019 for the voluntary production of certain information and documents in relation to potential U.S. Foreign Corrupt Practices Act ("**FCPA**") issues, including in relation to the operations of JESA S.A. ("**JESA**"), a joint venture in Morocco that is 50% owned by the Group and was previously owned in part by Jacobs. As of the date hereof, the Group is not aware of any specific allegations by the SEC against the Group or JESA, but can make no assurance that the SEC will not take further action that could impact JESA or the Group.

- In January 2015, the Group acquired approximately 10% of the shares in Fertilizantes Heringer S.A. ("**Heringer**"), a Brazilian fertiliser company. In February 2019, Heringer filed for judicial reorganisation in Brazilian courts due to financial difficulties and its recovery plan was approved by the court in February 2020. Under the recovery plan, the Group, as a creditor of Heringer, is expected to recover the full amount due to the Group of U.S.$3.7 million and BRL 88 million in several installments until 2045 with a three-year grace period, with payments starting in February 2023. However, the Group also benefits from security granted by Heringer and its shareholders (which are not affected by the ongoing judicial reorganisation) on 95% of the amounts due to the Group by Heringer, and the Group is currently seeking to enforce such security in order to try to recover the entire amount due to the Group.

- With effect from 30 November 2020, imports into the United States of certain of the Group's fertiliser products are subject to countervailing duties, currently at a rate of 19.97%, following a pair of related regulatory decisions published by the United States Department of Commerce on 16 February 2021 and by the United States International Trade Commission on 5 April 2021. The regulatory decisions were issued in response to a countervailing duty petition initiated by the Mosaic Company on 26 June 2020. The Group intends to defend itself vigorously against the countervailing duties assessed as a result of these recent regulatory decisions, including through potential judicial challenges to the duties in the USCIT. On 6 May 2021, OCP filed the summons necessary to preserve its right to appeal these regulatory decisions to the USCIT. On 4 June 2021, OCP filed a complaint in the USCIT appealing the imposition of countervailing duties on U.S. imports of phosphate fertilizers from Morocco. The complaints respectively challenge the final determinations by the U.S. International Trade Commission with respect to injury to the U.S. fertilizer industry and by the U.S. Department of Commerce regarding the applicable duty rate. By approximately 11 June 2021, OCP also intends to oppose the efforts by the Mosaic Company to increase the level of duties that now applies by filing a motion to intervene in the appeal initiated by Mosaic Company.

MANAGEMENT AND EMPLOYEES

Governance Bodies

The Issuer's management structure consists of its shareholders—the Moroccan State, Infra-Maroc Capital, Prev Invest SA, SADV, SOCINVEST, and BCP,—and its Board of Directors.

Shareholders and General Meeting of Shareholders

The Issuer is 94.12% owned by the Moroccan State. The remaining interests in the Issuer are held by Infra Maroc Capital (2.98%), Prev Invest SA (1.10%), SADV (0.88%), SOCINVEST (0.82%), and BCP (0.10%). BCP is a major Moroccan bank. Infra Maroc Capital and SOCINVEST are owned by BCP. Prev Invest SA is wholly-owned by RCAR, a major Moroccan pension fund. SADV is wholly-owned by the Issuer.

The Issuer's shareholders exercise their rights through the General Meeting of shareholders (the "**General Meeting**"). The General Meeting is the supreme governing body of the Issuer. Pursuant to Article 27 of the Issuer's charter, an ordinary General Meeting, which must be convened at least once a year, may take any decision that is not within the competence of the Board of Directors, save for any decision to amend the Issuer's charter. Pursuant to Article 28 of the Issuer's charter, an extraordinary General Meeting, which is convened on an *ad hoc* basis, is the only body authorised to amend the charter of the Issuer and, notably, to make decisions relating to the transformation of the Issuer into another corporate form.

Board of Directors

The Board of Directors of the Issuer is responsible for determining the activities of the Issuer and overseeing their implementation. The Board of Directors has authority to make decisions on all aspects of the Issuer's activities, except those matters expressly reserved to the shareholders pursuant to law and the Issuer's charter. Each member of the Board of Directors must hold a share in the Issuer (or be the representative of a shareholder).

As at the date of this Prospectus, the Issuer's Board of Directors consists of the following members:

Name	Age	Appointed	Current Position
Mr. Mostafa Terrab	66	2008	Chairman of the Board of Directors and Chief Executive Officer
Mr. Abdelouafi Laftit	53	2018	Interior Minister
Mr. Moulay Hafid Elalamy ...	61	2014	Minister of Industry, Investment, Trade, Digital and Green Economy
Mr. Nasser Bourita	52	2018	Minister of Foreign Affairs, African Cooperation and Moroccan expatriates
Mr. Mohamed Benchaaboun.	60	2019	Minister of Economy and Finance
Mr. Aziz Rabbah	59	2018	Minister of Energy, Mines and Sustainable Development
Mr. Mohammed Sadiki	64	2015	General Secretary of the Ministry of Agriculture and Fisheries
Banque Centrale Populaire ...	-	2009	Represented by its President and CEO Mohamed Karim Mounir

Pursuant to Article 15 II of the Issuer's charter, in the instance of a tie in voting at meetings of the Board of Directors, the Chairman of the Board of Directors has a casting vote.

Biographies

The following is a summary of the business experience of the members of the Board of Directors. The business address for each of the members of the Board of Directors is the registered office of the Issuer at 2-4, Rue Al Abtal, Hay Erraha, BP 5196 Casablanca, Morocco.

Mr. Mostafa Terrab

Mostafa Terrab was appointed Chief Executive Officer of the Group and Chairman of the Board of Directors in June 2008. After being appointed Director General of the *Office Chérifien des Phosphates*, the Issuer's predecessor entity, in February 2006, he led its transformation from a state administration to a global corporation. Mr. Terrab's career has spanned the public, private and university sectors and a range of expert fields. Prior to joining the Group, Mr. Terrab served as lead regulatory specialist in the Global Information and Communications Department of the World Bank, heading the World Bank's "Information for Development" programme, from 2002 to 2006. He was the first director general of Morocco's National Telecommunications Regulatory Agency, which he served from 1998 to 2002. Between 1992 and 1998, Mr. Terrab was an advisor in the Royal Cabinet, during which time he also served as secretary general to the Executive Secretariat of the Economic Summit for the Middle East and North Africa. From 1990 to 1992, Mr. Terrab worked as assistant professor at Rensselaer Polytechnic Institute, Troy, New York. From 1988 to 1990 he was a fellow of Draper Laboratory, Cambridge, Massachusetts. From 1983 to 1985, Mr. Terrab worked as an analyst at Bechtel Civil and Minerals in San Francisco. Mr. Terrab obtained a diploma in Engineering from *l'École Nationale des Ponts et Chaussées* of Paris in 1979, a masters degree in Engineering from the Massachusetts Institute of Technology in 1982 and a PhD in Operational Research from the Massachusetts Institute of Technology in 1990.

Mr. Abdelouafi Laftit

Abdelouafi Laftit was appointed to the Board of Directors in 2018. He is the Minister of the Interior of Morocco since April 2017. He started his professional career in finance in France before joining the "Office National des Ports" where he held various positions between 1992 and 2002.

Mr. Laftit served as Governor of the province of Fahs-Anjra as well as the province of Nador. He also served as CEO of the *Société d'aménagement pour la reconversion de la zone portuaire de Tanger ville* from 2010 to 2014. In 2014, he was appointed as a Governor of Rabat-Salé-Zemmour-Zaer region. Mr Laftit graduated from École polytechnique de Paris & l'École nationale des ponts et chaussées.

Mr. Moulay Hafid Elalamy

Moulay Hafid Elalamy was appointed to the Board of Directors in March 2014. He is the Minister of Industry, Investment, Trade, Digital and Green Economy of Morocco since October 2013. Mr. Elalamy is the founder of a leading Moroccan holding operating in finance and insurance, which he presides since 1995. Prior to that, Mr. Elalamy served as chief executive officer of the African Insurance Company, a subsidiary of the Omnium Nord-Africain ("**ONA**") Group. Mr. Elalamy began his professional career in Canada as a senior advisor to the Minister of Finance of the province of Quebec, Canada, before becoming director of information systems in a Canadian insurance company. He served as the president of Morocco's General Confederation of Enterprises from 2006 to 2009. Mr. Elalamy is currently vice-president of the Moroccan Federation of Insurance and Reinsurance Companies, a member of the Mohammed V Foundation for Solidarity and a director and treasurer of the Lalla Salma Association for the prevention and treatment of cancer. Mr. Elalamy obtained a degree in Information Systems from the University of Sherbrooke in Canada, where he served as governor of the Faculty of Administration.

Mr. Nasser Bourita

Nasser Bourita was appointed to the Board of Directors in 2018. He is the Minister of Foreign Affairs, African Cooperation and Moroccan expatriates of Morocco since April 2017. Mr. Bourita held several positions within the Foreign Affairs Ministry in Rabat. He also served at the Moroccan Embassies in Vienna and Brussels. Mr. Bourita respectively occupied the positions of head of the Minister of Foreign Affairs Cabinet, Ambassador, and Secretary General of the Ministry. He holds a degree in international public law from Faculty of Rabat.

Mr. Mohamed Benchaaboun

Mohamed Benchaaboun was appointed to the Board of Directors in 2019. He is the Minister of Economy and Finance of Morocco since august 2018. Prior to that, Mr. Benchaaboun served as Chairman and Chief Executive Officer of "Banque Centrale populaire", a position which he has held since 2008. Mr. Benchaaboun also serves as chairman of Maroc Leasing S.A, director of Union des Banques Arabes et Francaises (UBAF) and BANCA UBAE S.p.A. and non-executive director of British Arab Commercial Bank Ltd. He is also an expert with the International Monetary Fund. Between 2005 and 2006, Mr. Benchaaboun was president of the Francophone Network of Telecommunications Regulation (FRATEL), after serving as the head of Morocco's National Agency of Telecommunications Regulation ("ANRT") from 2003 to 2005. Mr. Benchaaboun graduated from Ecole nationale supérieure des télécommunications Paris in 1984.

Mr. Aziz Rabbah

Aziz Rabbah was appointed to the Board of Directors in 2018. He is the Minister of Energy, Mines and Sustainable Development since April 2017. Prior to that, he served as the Minister of Energy, Mines and Sustainable Development of Morocco from 2012 to 2017. Mr. RABBAH has held several positions in the Ministries of Economic and General Affairs, Foreign Trade, as well as Trade and Industry. M. Rabbah was elected Mayor of Kenitra city in 2009 and was re-elected in 2015. He was elected member of the Moroccan parliament in 2007, 2011 and 2016. Mr Rabbah graduated from l'Institut national de statistique et d'économie appliquée in 1985 and Laval University Quebec in 1992.

Mr. Mohammed Sadiki

Mohammed Sadiki was appointed to the Board of Directors in March 2015. He was appointed as Secretary General of the Ministry of Agriculture and Maritime Fishing in January 2013. Prior to his current role, Mr Sadiki served as General Manager of the *Institut Agronomique et Vétérinaire Hassan II* in Rabat from 2009 to 2013. Before that, Mr Sadiki was the Director of Scientific Research and Doctorate Studies at the *Institut Agronomique et Vétérinaire Hassan II* from 2005 to 2009, as well as the Director of Administrative Affairs from 2007 to 2008. He joined the *Institut Agronomique et Vétérinaire Hassan II* in 1984 as a Research Professor. Mr Sadiki has been an expert at the *Agence Nationale de la Recherche Française* (ANR) since 2010 and an expert at the *Institut International des Ressources Génétiques des Plantes* (IPGRI) since 2000. Mr Sadiki holds a degree in agronomy and in 1990 he obtained a PhD in agronomy science from the University of Minnesota.

Representative of Banque Centrale Populaire

BCP is represented on the Board of Directors by its chairman and chief executive officer Mohamed Karim Mounir, a position which he held since 2018. He is graduated from l'Ecole Mohammadia des Ingénieurs in Rabat and Conservatoire national des arts et métiers in Paris. He started his carrier as an engineer at OCP where he held several positions from 1982 to 1997. Mohamed Karim Mounir has then joined BCP in 1997 where he had various responsibilities before being nominated in 2018 as chairman and CEO of the bank.

BCP was incorporated in 1961 and is registered in the Casablanca commercial registry under registration number 28173. Since 2004, BCP has been listed on the Casablanca Stock Exchange. BCP owns 3.9% of the shares of the Issuer.

Audit and Risk Committee

The Board of Directors is assisted by the Audit and Risk Committee. The main responsibilities of the Audit and Risk Committee include:

- evaluating the adequacy of the Group's internal control function, and monitoring the Group's internal and external audit functions;
- approving the annual programme for the Group's internal audit control function;
- evaluating the Group's accounting principles and methods;
- examining the risks to the Group and evaluating the importance of such risks;
- monitoring the Group's compliance with previous recommendations made by the Audit and Risk Committee; and
- recommending measures to the Board of Directors to improve the Group's internal control, risk management and information security functions.

The Audit and Risk Committee consists of the following members:

Name	**Position**
Abderrahmane Semmar	Director of DEPP (Department of Public Enterprises and Privatization), Chairman
Allal Totts	Government Commissioner, Vice-Chairman
Adil Rzal	BCP (Banque Centrale Populaire) representative
Karim Lotfi Senhadji	CFO of OCP S.A, Secretary of the Committee

The Director in charge of the Audit and Risk Management attends all meetings of the Audit and Risk Committee. The Audit and Risk Committee may also, on occasion, invite the Group's internal and external auditors and other independent external experts to participate in meetings of the Audit and Risk Committee. The Audit and Risk Committee meets twice per year, or more frequently as needed.

Senior Management

The Group's Senior Management is structured on two levels:

– Senior Management is made up of the CEO, the Chief Transformation Officer, the Chief Human Capital & Services Officer, the Chief Growth Officer and the Chief Financial Officer who administer the Group's long-term processing strategy, ensure cross-functional cohesion, and oversee the Executive Vice Presidents;

– Executive Vice Presidents are in charge of the operational management of the Group's main business lines/operations.

The following table sets out the names and the current positions of the Senior Management as at the date of this Prospectus:

Name	Age	Position
Mr. Mostafa Terrab..............	66	Chief Executive Officer
Mr. Faris Derrij.....................	44	Chief Human Capital & Services Officer
Mr. Soufiyane El Kassi.........	45	Chief Growth Officer
Ms. Nadia Fassi Fehri...........	49	Chief Transformation Officer
M. Karim Lotfi Senhadji.......	49	Chief Financial Officer

Biographies

The following is a summary of the business experience of the Group's Senior Management (for the biography of Mr. Mostafa Terrab, see "—*Board of Directors*", above). The business address for each of the Group's Senior Management members is the registered office of the Issuer at 2-4, Rue Al Abtal, Hay Erraha, BP 5196 Casablanca, Morocco.

Mr. Faris Derrij, Chief Human Capital & Services Officer

Mr. Faris Derrij joined the Group in 2010 as Global Mining Performance Director before taking on multiple roles within the Group, including Production Direction of the Merah Béni Idir Axis – Khouribga site, Director of Gantour site and Director of the Safi site. In 2016, he became Executive Vice President of Human Capital. He was appointed Chief Human Capital & Services Officer in 2020. Previously, M. Derrij occupied several positions at TOTAL France and Meditel. Mr. Derrij holds a degree in engineering from the Ecole Centrale de Lyon.

Mr. Soufiyane El Kassi, Chief Growth Officer

Mr. Soufiyane El Kassi joined the Group in 2000 as an engineer and production manager at the Khouribga mining site, before taking on multiple roles within the Group, including head of the Business Steering division, director of the Gantour mining site and Executive Director, Central Axis. Mr. El Kassi was a member of the task force in charge of the Group's Industrial Development Programme in 2007. In 2015, he became Executive Vice-President of Industrial Development. He was appointed Chief Growth Officer in 2020. Mr. El Kassi holds an Engineering degree from the École des Mines de Paris.

Ms. Nadia Fassi Fehri, Chief Transformation Officer

Ms Nadia Fassi Fehri joined the Group in November 2020 as the Chief Transformation Officer. Prior to joining the Group, she held various management positions within the Al Mada group including INWI, ONA holding, NAREVA and Managem. Ms Fassi Fehri graduated from Ecole Polytechnique, Ecole Nationale des ponts et chaussées as well as the ESCP-EAP European School of Management.

Mr Karim Lotfi Senhadji, Chief Financial Officer

Mr Lotfi Senhadji joined the Group in 2010 as Management Control Director. Then he served as Vice-President of Shipment & Logistics before his appointment as CEO at OCP Africa in October 2016. In February 2021, he was appointed Chief Financial Officer of the Group. Prior to joining the Group, Mr Lotfi Senhadji held several management positions within multinational companies. Mr Lotfi Senhadji graduated from Ecole Royale de l'Air and ESSEC Business School.

Senior Management Committees

The management structure is organised around three committees: the Strategic Committee, the Management Committee and the Operational Committee.

Strategic Committee

The Strategic Committee is responsible for formulating, validating and implementing medium and long-term decisions affecting the Group, such as the Group's business plan, budgetary matters, strategic plans for submission to the management and Board of Directors, partnerships and mergers and acquisitions and business development and innovation initiatives.

Management Committee

The Management Committee is responsible for validating medium- and long-term strategic planning decisions approved by the Strategic Committee.

Operational Committee

The Operational Committee is responsible for taking short-term decisions and operational coordination.

Remuneration

In accordance with the Issuer's charter, the total remuneration of the members of the Board of Directors is determined by the General Meeting and the remuneration of the Chief Executive Officer of the Group is set in accordance with the SA Law. For each of the years ended 31 December 2019, 2018 and 2017, the total remuneration of the members of the Board of Directors was nil.

The gross aggregate compensation of key management (which includes the Senior Management, the Executive Vice-Presidents, the Vice-Presidents and advisors to the Chief Executive Officer) in the year ended 31 December 2020 was Dh 156 million (including payroll taxes, social security and retirement contributions, healthcare and workers' compensation insurance, paid short-term employee benefits, paid compensation for termination of employment and Dh 25.5 million in gross bonuses).

Conflicts of Interest

Save as described in "*Risk Factors—Risks Relating to the Kingdom of Morocco—The Moroccan State, in its capacity as shareholder, may cause the Group to engage in business practices that may not be in the interests of the Noteholders*", "*Management and Employees*" and "*Relationship with the Government*" on pages 40, 171 and 182 respectively, there are no potential conflicts of interest between any duties owed to the Issuer by members of the Board of Directors or the Group's General Directorate or Executive Directorate and their private interests or other duties.

Employees

The following table sets forth the number of employees of the Group in Morocco, by business unit or entity, as at the dates indicated:

	FY 2020	FY 2019	FY 2018
Khouribga[1]	**6,083**	**6,438**	**6,182**
of which:			
Engineers and equivalent	*341*	*264*	*290*
Technicians, supervisors and admin. staff.......................	*1,698*	*2,018*	*1,842*

	FY 2020	FY 2019	FY 2018
Workers and employees	*4,044*	*4,156*	*4,050*
Ben Guerir	**1,177**	**1,084**	**1,120**
of which:			
Engineers and equivalent	*171*	*87*	*111*
Technicians, supervisors and admin. staff	*405*	*385*	*403*
Workers and employees	*601*	*612*	*606*
Youssoufia	**1,353**	**1,540**	**1,468**
of which:			
Engineers and equivalent	*82*	*88*	*87*
Technicians, supervisors and admin. staff	*436*	*558*	*503*
Workers and employees	*835*	*894*	*878*
Laâyoune	**1,980**	**1,670**	**1,797**
of which:			
Engineers and equivalent	*91*	*74*	*90*
Technicians, supervisors and admin. staff	*706*	*515*	*603*
Workers and employees	*1,183*	*1,081*	*1,104*
Jorf Lasfar	**4,203**	**5,311**	**4,915**
of which:			
Engineers and equivalent	*662*	*519*	*601*
Technicians, supervisors and admin. staff	*1,535*	*2,265*	*2,022*
Workers and employees	*2,006*	*2,527*	*2,292*
Safi	**2,307**	**2,795**	**2,610**
of which:			
Engineers and equivalent	*194*	*177*	*193*
Technicians, supervisors and admin. staff	*831*	*1,148*	*1,040*
Workers and employees	*1,282*	*1,470*	*1,377*
Casablanca(2)	**1,186**	**1,203**	**1,311**
of which:			
Engineers and equivalent	*928*	*756*	*884*
Technicians, supervisors and admin. staff	*219*	*302*	*283*
Workers and employees	*39*	*145*	*144*
Other	**68**	—	*14*
of which:			
Engineers and equivalent	*68*	—	*14*
Technicians, supervisors and admin. staff	-	—	—
Workers and employees	-	—	—
Total	**18,357**	**20,041**	**19,417**

(1) Including the workforce of the Port of Casablanca.

(2) Workforce excluding the port of Casablanca.

The Group is one of the largest corporate employers in Morocco with 18,357 employees as at 31 December 2020 and more than 24,000 employees throughout the world. As at 31 December 2020, the Group had approximately 923 employees at PPL in India and 1,345 employees at Prayon in Belgium. The Group also has personnel dedicated to JESA (1,544 employees as at 31 December 2020).

All employees of the Group are free to join the four independent trade unions who are the most representative within the Group in accordance with the Group's social policy. As at 31 December 2020, independent unions represent 86% of employees and all associates are covered by collective bargaining agreements.

The Group and its social partners have a solid contractual framework, through the Social Charter, which defines the principles, rules, and obligations related to social dialogue. The charter puts in place the strong standards for trade union rights. The Group signed the Social Charter with the trade unions in recognition of the importance of effective consultation, participation and engagement with employees and workers' representatives to ensure social peace.

The Group engages in annual negotiations with employee representatives. At the end of the negotiations, an agreement protocol is signed consolidating the socio-professional achievements of employees in terms of compensation, skills and career development, social welfare and benefits.

The Group promotes an attractive and fair compensation policy based on adequate recognition and appreciation of the performance and potential of each associate. As one of Morocco's largest employers, the Group strives to be exemplary in terms of compensation policy.

The compensation and benefits policy of OCP associates is structured around three main components with distinct, objective and transparent criteria to ensure fairness:

– Base compensation: Each collaborator is given a base salary based on the key areas of responsibility, job characteristics, required experience, location and skill set. The base salary is reviewed annually, and any increase take into account the range of the remuneration in the pay bands & the Potential / Sustainable Performance level as well as market movements. Salary revisions are implemented through guidelines ensuring internal & external equity.

– Short term incentive plan is based on the combination of business results, team and individual performance

– Benefits: OCP offers diversified benefits to its employees, covering up to housing benefits, medical coverage, social benefits, children scholarship, summer holidays and others.

As part of its general social policy, the Group offers a number of benefits to its employees, including:

– schemes to encourage home ownership (through mortgage assistance, financial donation, home & land sales) in order to become a home owner. In 2020, 1,043 associates received property ownership.

– access to social infrastructure such as sports facilities in OCP cites.

– access and to vacation centers and summer camps. The Group offers its employees and their families a panoply of partner hotels and resorts to spend their holidays in the different Moroccan cities as well as the group-specific vacation centers.

– In addition, the Group provides medical care both for current employees and their families, as well as for former employees.

The overall aim of the Group's social policy is to provide all employees with a balance between their professional and personal lives.

Diversity

As a global company, OCP is committed to create an inclusive work environment that allows all of its employees to express their full potential, regardless of their differences, without discrimination of any kind, including gender including pregnancy, disability, age, academic profile, culture, religion and nationality and any other characteristics protected by applicable laws and regulations. OCP's ambition and vision is to consolidate its position as socially responsible company.

OCP is committed to diversity and the elimination of all forms of discrimination, by:

- Respecting the principle of non-discrimination in all stages of the employee's professional career
- Putting in place mechanisms for diversity and inclusion
- Raise managers and employees awareness to the challenges of diversity and inclusion
- Communicating to its employees and its ecosystem its commitment to non-discrimination and diversity

OCP is resolutely committed to the effort to promote women managers to key positions at every level of the company’s management. Indeed, the rate of women within OCP increased from 5% to 9.3% in the last 10 years and the rate of women in managerial roles increased from 16% to 32% over the same period.

Pensions

In September 2008, the Issuer and the Ministry of Economy and Finance agreed to transfer the Issuer's internal pension scheme to a Government collective benefit scheme. The Group retained a part of its internal pension scheme, only with respect to employees hired by the Group before 2001 and personnel who retired before 2001. The cost to the Issuer of the transfer in 2008 was Dh 28 billion, and it was funded, in part, through borrowings from domestic banks. A subsequent cost of Dh 7 billion was incurred in 2010, which was funded by cash.

The types of retirement and benefit schemes offered by the Group are as follows:

- *Post-employment defined-contribution schemes*, for which the Group's obligation is limited to the payment of a contribution, which does not obligate the employer as to the level of payments made by the collective retirement benefit scheme. The contributions are recognized in charges in the period during which the employees have rendered the corresponding services.
- *Post-employment defined-benefit plans*, which include all post-employment benefits to retired personnel for which the Group is committed to provide a certain level of benefits, including death benefit, retirement indemnities and post-employment medical cover for the Group's staff.
- *Other long-term employee benefits* (other than post- employment benefits and termination benefits), which include insurance benefits in relation to death insurance, disability and work-related accidents. These benefits are not due wholly within 12 months after the end of the year during which the employees rendered the relevant services. Obligations for other long-term benefits are measured using an actuarial method similar to that applied to post-employment defined benefits.

For more information regarding the Group's defined benefit plans and its liabilities relating thereto, see Note 5 to the Financial Statements.

Training and Development

The Group seeks to invest heavily in the development of its associates' competencies and skills. In 2020, 74% of Group associates followed at least one training programme, with an average duration of 31 hours and 51,531 man-days of training.

Ultimately, OCP created many innovative and accessible programs offering everyone a training course that is unique and tailored to their needs:

- ***The Learning Institute***: The Learning Institute's mission is to adjust skills in order to adapt to changes in business lines and roles, support ongoing professional development programs, and provide personalized support for employees throughout their careers starting when they begin working for OCP Group.

- **Industrial Expertise Centers (IEC):** The mission of the IECs is to train employees in operational activities so that they are able to support OCP Group's industrial ambitions. The IECs work in synergy with the sites to ensure the sharing of expertise. The Khouribga and Benguerir centers provide training in mine-related business lines, while the Safi and Jorf Lasfar centers focus on processing. A fifth center will be opened in Laayoune. The IECs use modern and adapted teaching tools such as e-learning, simulators, and training workbenches in an environment closely resembling OCP Group's real-life industrial experience.

- **OCP Professors:** The Group has implemented "OCP Professors", which is a reflection of "OCP by OCP" learning, a program that allows any OCP employee or retired employee to transfer his or her know-how and expertise for the benefit of the Group's internal and external ecosystem.

- **KAFAATI:** The KAFAATI program is a springboard to the learning enterprise. This TAMCA-OE associate development system was launched in 2019 to set up the conditions for the company of learners, with a view to providing employees with a framework for developing global and integrated skills. KAFAATI is a competency-based process based on a corpus of competencies/ skills, linked to a learning journal, individualized learning paths and co-constructed with the Direct Managers, with a 70/20/10 logic.

- ***MOVEMENT:*** Created in April 2016, the Movement Program provides employees with the financial and human resources necessary to work on a topic of their choice, as long as it creates sustainable value for the Group. The program enables employees to fuel their career path through lateral professional development and cross-functional teamwork, to acquire additional skills, enrich their job content and work on topics they care about, as well as broaden accountability.

- ***BEYOND:*** The new talent development program BEYOND was created in 2019 to support the growth of OCP and continue to sustain our business model around a 2-year curriculum for young talent with a 4-principle approach:

  – On-the-job and academic learning: including two-thirds of on the-job learning on both exploitation and exploration projects

  – Industrial DNA and functional exposure: including a minimum of 6 months at an industrial site to understand the product and its production process as much as the client

  – Connection & networking: placing participants into group and team environments to develop and test their collaborative skills, providing opportunities to network with different profiles (e.g. faculty, business coaches, project managers, subject matter experts)

  - Techno fluency: learning to innovate and integrate technology in a meaningful way

- ***1 PACTE:*** In 2019, OCP launched '1 Pacte' – a collective intelligence initiative to involve OCP employees and ecosystem in shaping the company's strategy. 1 Pacte aims to gather employees and ecosystem energies, foster strategic dialogue in decision-making, catalyze sustainable change and to co-build a common understanding of how to build a better OCP for the future.

RELATIONSHIP WITH THE GOVERNMENT

The Issuer is 94.12% owned by the Moroccan State. The remaining interests in the Issuer are held by Infra Maroc Capital (2.98%), Prev Invest SA (1.10%), SADV (0.88%), SOCINVEST (0.82%), and BCP (0.10%). BCP is a major Moroccan bank. Infra Maroc Capital and SOCINVEST are owned by BCP. Prev Invest SA is wholly-owned by RCAR, a major Moroccan pension fund. SADV is wholly-owned by the Issuer.

The State, as a shareholder, has the right to nominate, approve the appointment of, and remove, the members of the Issuer's Board of Directors. The State may also influence the Group's results or financial condition through shareholder approval of the Group's budget and capital-related matters. For example, dividend payments are subject to the approval of the General Meeting of shareholders on an annual basis.

Board of Directors

The Issuer's Board of Directors is predominantly comprised of Government ministers and other senior Government officials, including: the Interior Minister, the Minister of Industry, Investment, Trade, Digital and Green Economy, the Minister of Foreign Affairs and International Cooperation, the Minister of Economy and Finance, the Minister of Energy, Mines and Sustainable Development, and the General Secretary of the Ministry of Agriculture and Fisheries. Government representatives on the Board of Directors do not receive salaries for sitting on the Board of Directors of the Issuer. These individuals are paid in connection with their official responsibilities as Ministers and Government officials out of the State budget.

Dividends

Dividend payments made by the Issuer are subject to the approval of the General Meeting of shareholders and the percentage of the Issuer's profits to be paid to the shareholders is set forth in a resolution of the General Meeting of shareholders. Under Moroccan law, insofar as the legal limits relating to the distribution of dividends are complied with (legally, the net asset value cannot be inferior to the amount of the share capital increased by the non-distributable reserves), a Moroccan company can decide to distribute to its shareholders up to 100% of the distributable profits of the company for the previous year. The Issuer paid net dividends of Dh 4.5 billion in respect of FY 2020, Dh 3.3 billion in respect of FY 2019 and Dh 2.5 billion in respect of FY 2018, representing 156.9%, 61.7% and 54.3% of the Group's consolidated net profit (Group share), respectively. At the General Meeting of shareholders held on 30 April 2021, the shareholders of OCP Group decided to distribute dividends of Dh 5,125 million (net) in respect of profits distributable for 2020.

Contribution to the National COVID-19 Fund

In Q1 2020, the Group contributed Dh 3 billion to the government's special fund against COVID-19 fund in 2020 on a voluntary basis to support the Government's efforts to combat the spread of COVID-19 and its consequences on the national economy. See also "*Risk Factors—Risks Relating to the Phosphates and Fertiliser Industry—The recent coronavirus (COVID-19) pandemic has led to significant volatility in financial, commodities and other markets and could negatively impact demand for the Group's products"* and *"Operating and Financial Review—Results of Operations— Comparison of Results of Operations for Q1 2021 and Q1 2020—Other non-recurring operating income and expenses*".

Related Party Transactions

The Group enters into certain transactions with the Moroccan State, its joint ventures and other State and national companies and organisations, which are deemed to be related parties to the Issuer.

The following table sets forth the Group's outstanding balances with the Government and entities under Government control as at 31 March 2021 and 31 December 2020:

	State and state-controlled companies		BCP companies	
	Q1 2021	**FY 2020**	**Q1 2021**	**FY 2020**
	(Dh millions)			
Trade payables	618	717	—	—
Other receivables and payables creditor	348	580	—	—
Cash and cash equivalents	298	183	1,508	759
Investments	0	500	—	—
Loans	1,686	1,730	4,123	4,162

The following table sets forth the Group's transactions with the Government and entities under Government control for the periods indicated:

	State and state-controlled companies		BCP companies	
	Q1 2021	**FY 2020**	**Q1 2021**	**FY 2020**
	(Dh millions)			
Interest on investments	1	55	3	36
Utility costs	275	992	—	—
Other operating expenses	55	324	—	—
Interest on loans	10	39	34	148
Social charges	132	550	—	—
Transport expenses ONCF	247	995	—	—
Subscription ONCF / lump-sum contributions	100	400	—	—
Assets and inventories purchases	4	35	—	—

TERMS AND CONDITIONS OF THE NOTES

Terms and Conditions of the 2031 Notes

The following is the text of the Terms and Conditions of the Notes which (subject to modification and except for the paragraphs in italics) will be endorsed on the Certificates issued in respect of the Notes:

The U.S.$750,000,000 3.750% Notes due 2031 (the "**Notes**"), which expression shall in these Conditions, unless the context otherwise requires, include any further notes issued pursuant to Condition 14 and forming a single series with the Notes) of OCP S.A. (the "**Issuer**") were authorised by a resolution of the ordinary shareholders' general assembly (*Assemblée Générale Ordinaire des Actionnaires*) of the Issuer dated 4 June 2021 and a resolution of the Board of Directors (*Conseil d'administration*) of the Issuer dated 10 June 2021.

The Notes are issued subject to and with the benefit of an Agency Agreement dated 23 June 2021 (such agreement as amended, supplemented or restated from time to time, the "**Agency Agreement"**) made between the Issuer, Citibank N.A., London Branch as fiscal agent and principal paying agent, and as transfer agent (in such capacities, the "**Fiscal Agent"** which expression includes any successor fiscal agent appointed from time to time in connection with the Notes and, together with any further or other paying agents or transfer agents appointed from time to time in respect of the Notes, the "**Paying Agents**" and the "**Transfer Agents**", respectively which expressions include any successor paying agents or transfer agents appointed from time to time in connection with the Notes) and Citigroup Global Markets Europe AG as registrar (the "**Registrar**" which expression includes any successor registrar appointed from time to time in connection with the Notes and, together with the Fiscal Agent, the Transfer Agent, and any other Paying Agents or Transfer Agents, the "**Agents**"). The holders of the Notes (the "**Noteholders**") are entitled to the benefit of a Deed of Covenant (the "**Deed of Covenant**") dated 23 June 2021 and made by the Issuer. The original of the Deed of Covenant is held by the Fiscal Agent on behalf of the Noteholders at its specified office.

The statements in these Conditions include summaries of, and are subject to, the detailed provisions of and definitions in the Agency Agreement and the Deed of Covenant. Copies of the Agency Agreement and the Deed of Covenant are available for inspection during normal business hours by the Noteholders at the specified office of each of the Paying Agents. The Noteholders are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Agency Agreement and the Deed of Covenant applicable to them. References in these Conditions to the Fiscal Agent, the Registrar, the Paying Agents and the Agents shall include any successor appointed under the Agency Agreement.

*The owners shown in the records of Euroclear Bank SA/NV ("**Euroclear**"), Clearstream Banking, société anonyme ("**Clearstream**") and the Depository Trust Company ("**DTC**") of book-entry interests in Notes are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Agency Agreement applicable to them.*

1. FORM, DENOMINATION AND TITLE

1.1 Form and Denomination

The Notes are issued in registered form in principal amounts of U.S.$200,000 and integral multiples of U.S.$1,000 in excess thereof (referred to as the "**principal amount**" of a Note). A certificate (each, a "**Certificate**") will be issued to each Noteholder in respect of its registered holding of Notes. Each **Certificate** will be numbered serially with an identifying number which will be recorded on the relevant Certificate and in the register of Noteholders which the Issuer will procure to be kept by the Registrar.

1.2 Title

Title to the Notes passes only by registration in the register of Noteholders. The holder of any Note will (except as otherwise required by law) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any interest therein or any writing on (other than the endorsed form of transfer), or the theft or loss of, the Certificate issued in respect of it) and no person will be liable for so treating the holder. In these Conditions, "**Noteholder**" and (in relation to a Note) "**holder**" means the person in whose name a Note is registered in the register of Noteholders.

For a description of the procedures for transferring title to book- entry interests in the Notes, see "Clearing and Settlement—The Clearing Systems".

2. TRANSFERS OF NOTES AND ISSUE OF CERTIFICATES

2.1 Transfers

Subject to paragraphs 2.4 (*Closed Periods*) and 2.5 (*Regulations*) below, and the terms of the Agency Agreement, a Note may be transferred by depositing the Certificate issued in respect of that Note, with the form of transfer on the back duly completed and signed, at the specified office of the Registrar or any Transfer Agent together with such evidence as the Registrar or (as the case may be) such Transfer Agent may reasonably require to prove the title of the transferor and the authority of the individuals who have executed the form of transfer; provided, however, that a Note may not be transferred unless the principal amount of Notes transferred and (where not all of the Notes held by a Holder are being transferred) the principal amount of the balance of Notes not transferred are Authorised Denominations. Where not all the Notes represented by the surrendered Note Certificate are the subject of the transfer, a new Note Certificate in respect of the balance of the Notes will be issued to the transferor.

For a description of certain restrictions on transfers of interests in the Notes, see "Transfer Restrictions".

2.2 Delivery of new Certificates

Each new Certificate to be issued upon transfer of Notes will, within five business days of receipt by the Registrar or the relevant Transfer Agent of the duly completed form of transfer endorsed on the relevant Certificate, be mailed by uninsured mail at the risk of the holder entitled to the Note to the address specified in the form of transfer. For the purposes of this Condition, "**business day**" shall mean a day on which banks are open for business in the city in which the specified office of the Registrar or Transfer Agent with whom a Certificate is deposited in connection with a transfer is located.

Except in the limited circumstances described herein (see "The Global Certificates—Registration of Title"), owners of interests in the Notes will not be entitled to receive physical delivery of Certificates. Issues of Certificates upon transfer of Notes are subject to compliance by the transferor and transferee with the certification procedures described above and in the Agency Agreement and, in the case of Restricted Notes, compliance with the Securities Act Legend.

Where some but not all of the Notes in respect of which a Certificate is issued are to be transferred a new Certificate in respect of the Notes not so transferred will, within five business days of receipt by the Registrar or the relevant Transfer Agent of the original Certificate (or such longer period as may be required to comply with any fiscal or other regulations), be mailed by uninsured mail at the risk of the holder of the Notes not so transferred to the address of such holder appearing on the register of Noteholders or as specified in the form of transfer.

2.3 Formalities free of charge

Registration of transfer of Notes will be effected without charge by or on behalf of the Issuer, the Registrar or any Transfer Agent but upon payment by the Noteholder (or the giving of such indemnity as the Issuer or any Transfer Agent may reasonably require) in respect of any tax or other governmental charges which may be imposed in relation to such transfer.

2.4 Closed Periods

No Noteholder may require the transfer of a Note to be registered during the period of 15 calendar days ending on the due date for any payment of principal or interest on that Note.

2.5 Regulations

All transfers of Notes and entries on the register of Noteholders will be made subject to the detailed regulations concerning transfer of Notes scheduled to the Agency Agreement. The regulations may be changed by the Issuer with the prior written approval of the Registrar. A copy of the current regulations will be mailed (free of charge) by the Registrar to any Noteholder who requests a copy of such regulations in writing.

3. STATUS

The Notes constitute direct, unconditional, unsubordinated, and (subject to the provisions of Condition 4) unsecured obligations of the Issuer and (subject as provided above) rank and will rank *pari passu*, without any preference among themselves and *pari passu* with all other outstanding unsecured and unsubordinated obligations of the Issuer, present and future, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.

4. COVENANTS

4.1 Negative Pledge

So long as any of the Notes remain outstanding (as defined in the Agency Agreement) the Issuer will not, and will ensure that none of its Material Subsidiaries will, create or have outstanding any mortgage, charge, lien, pledge or other security interest (each a "**Security Interest**") (other than a Permitted Security Interest) upon, or with respect to, any of its or, as the case may be, its Material Subsidiaries' present or future business, undertaking, assets or revenues (including any uncalled capital) to secure any Relevant Indebtedness (as defined below), unless the Issuer, in the case of the creation of a Security Interest, before or at the same time and, in any other case, promptly, takes any and all action necessary to ensure that:

(a) all amounts payable by it under the Notes are secured by the Security Interest equally and rateably with the Relevant Indebtedness; or

(b) such other Security Interest or other arrangement (whether or not it includes the giving of a Security Interest) is provided and is approved by the General Assembly of the Noteholders (as defined below).

4.2 Interpretation

For the purposes of these Conditions:

(a) **Material Subsidiary** means at any time a Subsidiary of the Issuer

(i) whose gross revenues (consolidated in the case of a Subsidiary which itself has Subsidiaries) or whose total assets (consolidated in the case of a Subsidiary which itself has Subsidiaries) represent in each case (or, in the case of a Subsidiary acquired after the end of the financial period to which the then latest audited consolidated accounts of the Issuer and its Subsidiaries relate, are equal to) not less than 10% of the consolidated gross revenues, or, as the case may be, consolidated total assets, of the Issuer and its Subsidiaries taken as a whole, all as calculated respectively by reference to the then latest audited accounts (consolidated or, as the case may be, unconsolidated) of such Subsidiary and the then latest audited consolidated accounts of the Issuer and its Subsidiaries, provided that in the case of a Subsidiary of the Issuer acquired after the end of the financial period to which the then latest audited consolidated accounts of the Issuer and its Subsidiaries relate, the reference to the then latest audited consolidated accounts of the Issuer and its Subsidiaries for the purposes of the calculation above shall, until consolidated accounts for the financial period in which the acquisition is made have been prepared and audited as aforesaid, be deemed to be a reference to such first mentioned accounts as if such Subsidiary had been shown in such accounts by reference to its then latest relevant audited accounts, adjusted as deemed appropriate by the Issuer;

(ii) to which is transferred the whole or substantially the whole of the undertaking and assets of a Subsidiary of the Issuer which immediately prior to such transfer is a Material Subsidiary, provided that the transferor Subsidiary shall upon such transfer forthwith cease to be a Material Subsidiary and the transferee Subsidiary shall cease to be a Material Subsidiary pursuant to this subclause (ii) on the date on which the consolidated accounts of the Issuer and its Subsidiaries for the financial period current at the date of such transfer have been prepared and audited as aforesaid but so that such transferor Subsidiary or such transferee Subsidiary may be a Material Subsidiary on or at any time after the date on which such consolidated accounts have been prepared and audited as aforesaid by virtue of the provisions of subclause 4.2(a)(i) above or, prior to or after such date, by virtue of any other applicable provision of this definition; or

(iii) to which is transferred an undertaking or assets which, taken together with the undertaking or assets of the transferee Subsidiary, generated (or, in the case of the transferee Subsidiary being acquired after the end of the financial period to which the then latest audited consolidated accounts of the Issuer and its Subsidiaries relate, generate gross revenues equal to) not less than 10% of the consolidated gross revenues, or represent (or, in the case aforesaid, are equal to) not less than 10% of the consolidated total assets, of the Issuer and its Subsidiaries taken as a whole, all as calculated as referred to in subclause 4.2(a)(i) above, provided that the transferor Subsidiary (if a Material Subsidiary) shall upon such transfer forthwith cease to be a Material Subsidiary unless immediately following such transfer its undertaking and assets generate (or, in the case aforesaid, generate gross revenues equal to) not less than 10% of the consolidated gross revenues, or its assets represent (or, in the case aforesaid, are equal to) not less than 10% of the consolidated total assets, of the Issuer and its Subsidiaries taken as a whole, all as calculated as referred to in subclause 4.2(a)(i) above, and the transferee Subsidiary shall cease to be a Material Subsidiary pursuant to this subclause (iii) on the date on which the consolidated accounts of the Issuer and its Subsidiaries for the financial period current at the date of such transfer have been prepared and audited but so that such transferor Subsidiary or such transferee Subsidiary may be a Material Subsidiary on or at any time after the date on which such consolidated accounts have been prepared and audited as aforesaid by virtue of the provisions of subclause 4.2(a)(i) above or, prior to or after such date, by virtue of any other applicable provision of this definition.

For the purposes of this definition:

(i) if there shall not at any time be any relevant audited consolidated accounts of the Issuer and its Subsidiaries, references thereto herein shall be deemed to be references to a consolidation (which need not be audited) by the Issuer of the relevant audited accounts of the Issuer and its Subsidiaries;

(ii) if, in the case of a Subsidiary which itself has Subsidiaries, no consolidated accounts are prepared and audited, its consolidated gross revenues and consolidated total assets shall be determined on the basis of *pro forma* consolidated accounts (which need not be audited) of the relevant Subsidiary and its Subsidiaries prepared for this purpose by the Issuer;

(iii) if (i) any Subsidiary shall not in respect of any relevant financial period for whatever reason produce audited accounts or (ii) any Subsidiary shall not have produced at the relevant time for the calculations required pursuant to this definition audited accounts for the same period as the period to which the latest audited consolidated accounts of the Issuer and its Subsidiaries relate, then there shall be substituted for the purposes of this definition the management accounts of such Subsidiary for such period;

(iv) where any Subsidiary is not wholly owned by the Issuer there shall be excluded from all calculations all amounts attributable to minority interests;

(v) in calculating any amount all amounts owing by or to the Issuer and any Subsidiary to or by the Issuer and any Subsidiary shall be excluded; and

(vi) in the event that accounts of any companies being compared are prepared on the basis of different generally accepted accounting principles, there shall be made such adjustments to any relevant financial items as are necessary to achieve a true and fair comparison of such financial items.

A report by the auditors of the Issuer that in their opinion a Subsidiary of the Issuer is or is not or was or was not at any particular time or throughout any specified period a Material Subsidiary of the Issuer shall (in the absence of manifest error) be conclusive and binding on all parties;

(b) **Permitted Security Interest** means any Security Interest created for the purpose of any Project Financing, provided that such Security Interest is only upon (x) assets which are the subject of such Project Financing and (y) revenues or claims which arise from the operation, failure to meet specifications, exploitation, sale or loss of, or failure to complete or damage to, such assets;

(c) **Project Financing** means any arrangement for the provision of funds which are to be used solely to finance the acquisition, construction, development or exploitation of any assets pursuant to which the persons providing such funds agree that the only source of repayment of such funds will be the project and the assets and revenues (including insurance proceeds) generated by such project or a source other than the Issuer and its Subsidiaries;

(d) **Relevant Indebtedness** means (i) any present or future indebtedness (whether being principal, premium, interest or other amounts) for or in respect of any notes, bonds, debentures, debenture stock, loan stock or other securities, which are for the time being quoted, listed or ordinarily dealt in on any stock exchange, over-the-counter or other securities market, in each case, outside Morocco and (ii) any guarantee or indemnity of any such indebtedness referred to in (i) above; and

(e) **Subsidiary** means, in relation to the Issuer, any company (i) in which the Issuer holds a majority of the voting rights or (ii) of which the Issuer is a member and has the right to appoint or remove a majority of the board of directors or (iii) of which the Issuer is a member and controls a majority of the voting rights, and includes any company which is a Subsidiary of a Subsidiary of the Issuer.

4.3 Financial Statements

So long as any of the Notes remains outstanding, the Issuer shall deliver to the Fiscal Agent promptly once available but in any event (i) within six months of the end of each financial year of the Issuer, a copy of the Issuer's audited annual consolidated financial statements for such financial year, together with the report thereon by the Issuer's independent auditors, and (ii) within 90 days of the end of the first six months of each such financial year, a copy of the unaudited consolidated financial statements for the Issuer and its consolidated Subsidiaries for such six-month period, certified by two duly authorised officers of the Issuer as presenting fairly the consolidated financial position of the Issuer as at the end of such period, and the results of operations and changes in financial position of the Issuer and its Subsidiaries for such period, each prepared and presented in accordance with International Financial Reporting Standards. The Issuer shall procure that the Fiscal Agent delivers a copy of such financial statements, together with the relevant report of the auditors thereon (if applicable), to any Noteholder promptly upon written request by such Noteholder.

5. INTEREST

5.1 Interest Rate and Interest Payment Dates

The Notes bear interest from and including 23 June 2021 (the "**Issue Date**") at the rate of 3.750% per annum, payable semi-annually in arrear on each of 23 June and 23 December in each year (each an "**Interest Payment Date**"). The first payment (representing a full six months' interest) shall be made on 23 December 2020.

5.2 Interest Accrual

Each Note will cease to bear interest from and including its due date for redemption unless, upon due presentation, payment of the principal in respect of the Note is improperly withheld or refused or unless default is otherwise made in respect of payment. In such event, interest will continue to accrue at such rate until whichever is the earlier of:

(a) the date on which all amounts due in respect of such Note have been paid; and

(b) five days after the date on which the full amount of the moneys payable in respect of such Notes has been received by the Fiscal Agent, as the case may be, and notice to that effect has been given to the Noteholders in accordance with Condition 12.

5.3 Calculation of Broken Interest

When interest is required to be calculated in respect of a period of less than a full six months, it shall be calculated on the basis of a 360-day year consisting of 12 months of 30 days each and, in the case of an incomplete month, the actual number of days elapsed on the basis of a month of 30 days.

6. Payments

6.1 Payments in respect of Notes

Payments of principal and interest will be made by transfer to the registered account of the Noteholder or by U.S. dollar cheque drawn on a bank that processes payments in U.S. dollars mailed to the registered address of the Noteholder if it does not have a registered account. Payments of principal and interest due otherwise than on an Interest Payment Date will only be made against surrender of the relevant Certificate at the specified office of any of the Paying Agents. Interest on Notes due on an Interest Payment Date will be paid to the holder shown on the register of Noteholders at the close of business on the date (the "**record date**") being the fifteenth day before the due date for the payment of interest.

For the purposes of this Condition, a Noteholder's "**registered account"** means the U.S. dollar account maintained by or on behalf of it with a bank that processes payments in U.S. dollar, details of which appear on the register of Noteholders at the close of business, in the case of principal, on the second Business Day (as defined in Condition 6.4 below) before the due date for payment and, in the case of interest, on the relevant record date, and a Noteholder's registered address means its address appearing on the register of Noteholders at that time.

6.2 Payments subject to Applicable Laws

Payments in respect of principal and interest on the Notes are subject in all cases to any fiscal or other laws and regulations applicable in the place of payment, but without prejudice to the provisions of Condition 8.

6.3 No commissions

No commissions or expenses shall be charged to the Noteholders in respect of any payments made in accordance with this Condition.

6.4 Payment on Business Days

Where payment is to be made by transfer to a registered account, payment instructions (for value the due date or, if that is not a Business Day, for value the first following day which is a Business Day) will be initiated and, where payment is to be made by cheque, the cheque will be mailed, (i) on the Business Day preceding the due date for payment or, (ii) in the case of a payment of principal or a payment of interest due otherwise than on an Interest Payment Date, if later, on the Business Day on which the relevant Certificate is surrendered at the specified office of a Paying Agent.

Noteholders will not be entitled to any interest or other payment for any delay after the due date in receiving the amount due if the due date is not a Business Day, if the Noteholder is late in surrendering its Certificate (if required to do so) or if a cheque mailed in accordance with this Condition arrives after the due date for payment.

In these Conditions, "**Business Day**" means a day (other than a Saturday or Sunday) on which commercial banks are open for business (including dealings in foreign currencies) in London and New York City and, in the case of presentation of a Certificate, in the place in which the Certificate is presented.

6.5 Partial Payments

If the amount of principal or interest which is due on the Notes is not paid in full, the Registrar will annotate the register of Noteholders with a record of the amount of principal or interest in fact paid.

6.6 Agents

The names of the initial Agents and their initial specified offices are set out at the end of these Conditions. The Issuer reserves the right at any time to vary or terminate the appointment of any Agent and to appoint additional or other Agents provided that:

(a) there will at all times be a Fiscal Agent;

(b) there will at all times be a Paying Agent in a jurisdiction other than Morocco; and

(c) there will at all times be a Registrar.

Notice of any termination or appointment and of any changes in specified offices will be given to the Noteholders in accordance with Condition 12 as soon as practicable.

7. Redemption And Purchase

7.1 Redemption at Maturity

Unless previously redeemed or purchased and cancelled as provided below, the Issuer will redeem the Notes at their principal amount on 23 June 2031 (the "**Maturity Date**").

7.2 Residual Maturity Call Option

The Issuer may, on not less than 30 nor more than 60 days' notice to the Noteholders in accordance with Condition 12 (*Notices*) (which notice shall be irrevocable and shall specify the date fixed for redemption), redeem all (but not some only) of the Notes at any time during the period commencing on (and including) 23 March 2031 to (but excluding) the Maturity Date at their principal amount, together with interest accrued to the date fixed for redemption.

7.3 Redemption for Taxation Reasons

If:

(a) as a result of any change in, or amendment to, the laws or regulations of a Relevant Jurisdiction (as defined in Condition 8), or any change in the application or official interpretation of the laws or regulations of a Relevant Jurisdiction, which change or amendment becomes effective after 21 June 2021, on the next Interest Payment Date the Issuer would be required to pay additional amounts as provided or referred to in Condition 8 beyond the prevailing applicable rates on 21 June 2021; and

(b) the requirement cannot be avoided by the Issuer taking reasonable measures available to it,

the Issuer may at its option, having given not less than 30 nor more than 60 days' notice to the Noteholders in accordance with Condition 12 (which notice shall be irrevocable), redeem all the Notes, but not some only, at any time at their principal amount together with interest accrued to but excluding the date of redemption. Prior to the publication of any notice of redemption pursuant to this paragraph, the Issuer shall deliver to the Fiscal Agent a certificate signed by two Directors of the Issuer stating that the requirement referred to in (a) above will apply on the next Interest Payment Date and cannot be avoided by the Issuer taking reasonable measures available to it and an opinion of independent legal advisers of recognised standing to the effect that the Issuer has or will become obliged to pay such additional amounts as a result of the change or amendment.

7.4 Redemption at the Option of the Holders Upon a Change of Control

If, at any time while any of the Notes remains outstanding, a Change of Control (as defined below) occurs, each Noteholder shall have the option (unless, prior to the giving of the Change of Control Notice (as defined below), the Issuer shall have given notice under Condition 7.2) to require the Issuer to redeem or, at the option of the Issuer, purchase (or procure the purchase of) that Noteholder's Note(s) at 101% of the principal amount of the Notes then outstanding, together with (or, where purchased, together with an amount equal to) interest (if any) accrued to (but excluding) the Change of Control Put Date (as defined below). Such option (the "**Change of Control Put Option**") shall operate as follows:

(a) if a Change of Control occurs the Issuer shall, within 14 days of the occurrence of such Change of Control, give notice (a "**Change of Control Notice**") to the Noteholders in accordance with Condition 12 specifying the nature of the Change of Control and the procedure for exercising the Change of Control Put option contained in this Condition 7.3;

(b) to exercise the Change of Control Put Option, the Noteholder must deliver at the specified office of any Agent on any Business Day falling within the period (the "**Change of Control Put Period**") of 45 days after that on which a Change of Control Notice is given, a duly signed and completed notice of exercise in the form (for the time being current) obtainable from the specified office of any Agent (a "**Change of Control Put Notice**") and in which the holder must specify a bank account complying with the requirements of Condition 6 to which payment is to be made under this Condition 7.3, accompanied by the Certificate for such Notes or evidence satisfactory to the Agent concerned that the Certificate for such Notes will, following the delivery of the Change of Control Put Notice, be held to its order or under its control;

(c) the Issuer shall redeem or, at its option, purchase (or procure the purchase of) the relevant Note on the date (the "**Change of Control Put Date**") being the fifteenth day after the date of expiry of the Change of Control Put Period, unless previously redeemed or purchased and cancelled. Payment in respect of any Note so delivered shall be made, if the holder duly specifies a bank account in the Change of Control Put Notice to which payment is to be made on the Change of Control Put Date, by transfer to that bank account, subject in any such case as provided in Condition 6; and

(d) a Change of Control Put Notice given by a holder of any Note shall be irrevocable except where, prior to the due date of redemption, an Event of Default has occurred and is continuing in which event such holder, at its option, may elect by notice to the Issuer to withdraw the Change of Control Put Notice and instead to give notice that the Note is immediately due and repayable under Condition 10.

For the purpose of this Condition 7.3, "**Change of Control**" means, in relation to the Issuer, Morocco, or any instrumentality or agency thereof, ceases to (i) hold, directly or indirectly, more than 50% of the shares in the Issuer or (ii) hold, directly or indirectly, the right to appoint a majority of the directors of the Issuer or (iii) otherwise control or have the power to control the affairs and policies of the Issuer.

7.5 Purchases

The Issuer or any of its Subsidiaries (as defined above) may at any time purchase Notes in any manner and at any price. Such Notes may be held, re- issued, resold or, at the option of the Issuer, surrendered to any Paying Agent or the Registrar for cancellation.

7.6 Notices Final

Upon the expiry of any notice as is referred to in Conditions 7.2 or 7.3 above the Issuer shall be bound to redeem the Notes to which the notice refers in accordance with the terms of such paragraph.

8. TAXATION

8.1 Payment without Withholding

All payments in respect of the Notes by or on behalf of the Issuer shall be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature ("**Taxes**") imposed or levied by or on behalf of a Relevant Jurisdiction, unless the withholding or deduction of the Taxes is required by law. In that event, the Issuer will pay such additional amounts as may be necessary in order that the net amounts received by the Noteholders after the withholding or deduction shall equal the respective amounts which would have been receivable in respect of the Notes in the absence of the withholding or deduction; except that no additional amounts shall be payable in relation to any payment in respect of any Note:

(a) where such withholding or deduction is imposed on a payment to a holder who is liable to the Taxes in respect of the Note by reason of such holder having some connection with any Relevant Jurisdiction other than the mere holding of the Note; or

(b) presented for payment in Morocco; or

(c) presented for payment by or on behalf of a holder who would have been able to avoid such withholding or deduction by presenting the relevant Note to another Paying Agent in a Member State of the European Union; or

(d) presented for payment (when presentation is required) more than 30 days after the Relevant Date (as defined below) except to the extent that a holder would have been entitled to additional amounts on presenting the same for payment on the last day of the period of 30 days assuming that day to have been a Business Day.

Notwithstanding the foregoing, the Issuer shall be permitted to withhold or deduct any amounts required by the rules of U.S. Internal Revenue Code of 1986, as amended, Sections 1471 through 1474 (or any amended or successor provisions), pursuant to any inter-governmental agreement or implementing legislation adopted by another jurisdiction in connection with these provisions, or pursuant to any agreement with the U.S. Internal Revenue Service ("**FATCA withholding**") as a result of a holder, beneficial owner or an intermediary not being entitled to receive payments on the Notes free of FATCA withholding. The Issuer will not have any obligation to pay additional amounts or otherwise indemnify an investor for any such FATCA withholding deducted or withheld by the Issuer, an Agent or any other party.

8.2 Interpretation

In these Conditions:

(a) "**Relevant Date**" means the date on which the payment first becomes due but, if the full amount of the money payable has not been received by the Fiscal Agent on or before the due date, it means the date on which, the full amount of the money having been so received, notice to that effect has been duly given to the Noteholders by the Issuer in accordance with Condition 12; and

(b) "**Relevant Jurisdiction**" means Morocco or any political subdivision or any authority thereof or therein having power to tax or any other jurisdiction or any political subdivision or any authority thereof or therein having power to tax to which the Issuer becomes subject in respect of payments made by it of principal and interest on the Notes.

8.3 Additional Amounts

Any reference in these Conditions to any amounts in respect of the Notes shall be deemed also to refer to any additional amounts which may be payable under this Condition.

9. PRESCRIPTION

Claims in respect of principal and interest will become prescribed unless made within 10 years (in the case of principal) and five years (in the case of interest) from the Relevant Date, as defined in Condition 8.

10. EVENTS OF DEFAULT

10.1 Events of Default

If any of the following events ("**Events of Default**") shall have occurred and be continuing:

(a) if default is made in the payment of any principal or interest when due in respect of the Notes or any of them and, in the case of interest, the default continues for a period of 14 days or, in the case of principal, the default continues for a period of seven days; or

(b) if the Issuer fails to perform or observe any of its other obligations under these Conditions and (except in any case where the failure is incapable of remedy, when no continuation or notice as is hereinafter mentioned will be required) the failure continues for the period of 30 days following the service by any Noteholder on the Issuer (with a copy to the Fiscal Agent at its specified office) of written notice requiring the same to be remedied; or

(c) (i) any Indebtedness for Borrowed Money of the Issuer or any of its Material Subsidiaries becomes due and repayable prematurely by reason of an event of default (however described); (ii) the Issuer or any of its Material Subsidiaries fails to make any payment in respect of any Indebtedness for Borrowed Money on the due date for payment or (as the case may be) within any originally applicable grace period for the payment thereof; (iii) any security given by the Issuer or any of its Material Subsidiaries for any Indebtedness for Borrowed Money becomes enforceable; or (iv) default is made by the Issuer or any of its Material Subsidiaries in making any payment due under any guarantee and/or indemnity given by it in relation to any Indebtedness for Borrowed Money of any other person, provided that the aggregate nominal amount of any such Indebtedness for Borrowed Money of the Issuer or such Material Subsidiary in the case of (i) or (ii) above, or amount of Indebtedness for Borrowed Money in relation to which such guarantee and/or indemnity of the Issuer or such Material Subsidiary has been given in the case of (iv) above, is at least U.S.$25,000,000 (or its equivalent in any other currency); or

(d) if the Issuer or any of its Material Subsidiaries ceases or threatens to cease to carry on all or substantially all of its business (otherwise than, in the case of a Material Subsidiary of the Issuer, for the purposes of or pursuant to an amalgamation, consolidation, reorganisation or other similar restructuring whilst solvent); or

(e) an order is made by any competent court or an effective resolution is passed for the winding-up, dissolution or liquidation of the Issuer or any of its Material Subsidiaries, save for the purposes of or pursuant to an amalgamation, consolidation, reorganisation or restructuring while solvent (I) in the case of a Material Subsidiary, by which the assets and undertaking of that Material Subsidiary are transferred to the Issuer and/or any other Material Subsidiary(ies) of the Issuer or (II) on terms approved by the General Assembly of the Masse (as defined below); or

(f) the Issuer or any of its Material Subsidiaries stops or threatens to stop payment, or is unable to, or admits its inability to, pay all, or a material part of, its debts (or any class of its debts) as they fall due or is deemed by law or a court to be unable to pay its debts pursuant to or for the purposes of any applicable law, or is adjudicated or found bankrupt or insolvent; or

(g) if (i) proceedings are initiated against the Issuer or any of its Material Subsidiaries under any applicable liquidation, insolvency, composition, reorganisation or other similar laws or an application is made (or documents filed with a court) for the appointment of an administrative or other receiver, manager, administrator or other similar official, or an administrative or other receiver, manager, administrator or other similar official is appointed, in relation to the Issuer or any of its Material Subsidiaries or, as the case may be, in relation to the whole or any part of the undertaking or assets of any of them or an encumbrancer takes possession of the whole or a substantial part of the undertaking or assets of any of them, or a distress, execution, attachment, sequestration or other process is levied, enforced upon, sued out or put in force against the whole or a substantial part of the undertaking or assets of any of them, and (ii) in any such case (other than the appointment of an administrator) unless initiated by the relevant company, any amount (A) in respect of which such proceedings are initiated or (B) of any indebtedness in respect of which such application is made or which is secured by the relevant encumbrance, is at least US$25,000,000 and the relevant proceedings, application, appointment, taking of possession or process is not discharged within 60 days; or

(h) if the Issuer or any of its Material Subsidiaries (or their respective directors or shareholders) initiates or consents to judicial proceedings relating to itself under any applicable liquidation, insolvency, composition, reorganisation or other similar laws (including the obtaining of a moratorium) or makes a conveyance or assignment for the benefit of, or enters into any composition or other arrangement with, its creditors generally (or any class of its creditors) or any meeting is convened to consider a proposal for an arrangement or composition with its creditors generally (or any class of its creditors); or

(i) any event occurs which under the laws of Morocco or any other applicable jurisdiction has an analogous effect to any of the events referred to in paragraphs (d) to (h) inclusive above,

then:

(i) in the case of an event referred to in (a) above, any Noteholder may, by written notice addressed to the Issuer and delivered to the Issuer or to the Specified Office of the Fiscal Agent, declare the Notes held by it to be immediately due and payable together with accrued interest; and

(ii) in the case of any event referred to in (b) to (i) above any Noteholder may, by written notice addressed to the Issuer and delivered to the specified office of the Fiscal Agent (each an **Event Notice**), notify such event, in respect of the Notes held by it, *provided that* an Event of Default shall only be declared, and such Notes shall only become immediately due and payable (at their principal amount together with accrued interest) if Event Notices are sent by Noteholders representing not less than 5% in aggregate principal amount of the Notes then outstanding,

whereupon such Notes shall immediately become so due and payable at their principal amount together with accrued interest without further action or formality. Notice of any such declaration shall promptly be given to all Noteholders by the Issuer.

10.2 Interpretation

For the purposes of this Condition 10 "**Indebtedness for Borrowed Money**" means any indebtedness (whether being principal, interest or other amounts) for or in respect of any borrowed money.

11. REPLACEMENT OF CERTIFICATES

If any Certificate is lost, stolen, mutilated, defaced or destroyed it may be replaced at the specified office of the Registrar, subject to all applicable laws and stock exchange requirements, upon payment by the claimant of the expenses incurred in connection with the replacement and on such terms as to evidence, security, indemnity and otherwise as the Issuer may reasonably require. Mutilated or defaced Certificates must be surrendered before replacements will be issued.

12. NOTICES

12.1 Notices to the Noteholders

All notices to the Noteholders will be valid if mailed to them at their respective addresses in the register of Noteholders maintained by the Registrar and shall also be duly given or published in a manner which complies with the rules and regulations of any stock exchange or other relevant authority on which the Notes are for the time being listed. Any notice shall be deemed to have been given on the day after being so mailed or on the date of publication or, if so published more than once or on different dates, on the date of the first publication.

12.2 Notices from the Noteholders

Notices to be given by any Noteholder shall be in writing and given by lodging the same, together with the relative Certificate, with the Fiscal Agent or, if the Certificates are held in a clearing system, may be given through the clearing system in accordance with its standard rules and procedures.

13. Representation of Noteholders and Modification

13.1 The Masse

Pursuant to article 299 of law No. 17-95 relating to *sociétés anonymes* dated 30 August 1996 as amended by law No. 20-05 (the "**Law No. 17-95**"), the Noteholders are automatically grouped in a masse endowed with legal personality for the defence of their common interests (the "**Masse**").

13.2 Legal personality, representatives and general assembly

The Masse is a separate legal entity by virtue of article 299 of Law No.17-95, acting either through one or more agents (the "**Representative**") and in part through a general assembly of the Noteholders (the "**General Assembly**"). Articles 299 et seq. of Law No. 17-95 define the extent of the respective powers of the Representative and of the General Assembly, which are summarised in Conditions (f) below.

13.3 The Representative

The office of the Representative may be conferred on a person or several persons of any nationality. However, the following persons may not be selected as Representatives:

(a) any director of the Issuer; or

(b) any person providing services to the Issuer.

Pending the General Assembly which will appoint the initial Representative, the board of directors of the Issuer has appointed a temporary representative of the Noteholders (*mandataire provisoire*), in accordance with article 300 of the Law No. 17-95 (the "**Temporary Representative**").

The Temporary Representative will be Mr. Mohamed Hdid and its mandate will terminate on the date of the General Assembly appointing the initial Representative.

According to article 300 of Law No.17-95, the General Assembly shall be convened by the Issuer with a view to confirming the appointment of the initial Representative or electing a new Representative not later than 30 days before the first Interest Payment Date.

13.4 Powers of the Representative

Pursuant to articles 302, 303 and 304 of Law No. 17-95:

(a) In the absence of any decision to the contrary by the General Assembly, the Representative has the power to take, on behalf of the Masse, any acts of management (apart from alienation and conservatory actions) necessary to protect the common interests of the Noteholders taken as a whole.

(b) The Representative, when duly authorised to do so by the General Assembly, is the only person entitled to take legal action on behalf of all the Noteholders.

(c) Legal proceedings initiated against all the Noteholders may only be brought against the Representative.

(d) The Representative shall not be entitled to interfere in the management of the corporate affairs of the Issuer.

(e) The Representative may attend shareholder meetings of the Issuer, but will not have voting rights.

(f) The Representative has the right to access documents made available to the shareholders of the Issuer In the same conditions as the shareholders of the Issuer.

13.5 The General Assembly

(a) Pursuant to article 308 of Law No. 17-95, the General Assembly is empowered to deliberate on any measures designed to ensure the defence of the Noteholders and the execution of the Conditions of the Notes and, in general, on all measures of a conservatory or administrative nature.

(b) Pursuant to article 309 of Law No. 17-95, any decision of the Issuer to modify the Conditions in a way that alters the rights of the Noteholders must be approved by the General Assembly. In the absence of such approval, the Issuer may implement its decision only by offering to repay Noteholders requesting the redemption of their Notes within three months from the date of the decision affecting their rights.

(c) Notwithstanding anything to the contrary set forth herein, the general assembly of the shareholders of the Issuer may not increase the obligations of the Noteholders, establish an unequal treatment between Noteholders or decide to convert the Notes into shares.

The Agency Agreement includes provisions for convening a General Assembly.

14. FURTHER ISSUES

The Issuer may from time to time without the consent of the Noteholders create and issue further notes, having terms and conditions the same as those of the Notes, or the same except for the amount of the first payment of interest, which may be consolidated and form a single series with the outstanding Notes.

15. GOVERNING LAW AND SUBMISSION TO JURISDICTION

15.1 Governing Law

The Notes, and any non-contractual obligations arising out of or in connection with the Notes, are governed by, and will be construed in accordance with, English law save that the provisions of Condition 13, relating to the Masse and representation of the Noteholders, are governed by, and shall be construed in accordance with Moroccan law.

15.2 Jurisdiction of English courts

The Issuer has irrevocably agreed for the benefit of the Noteholders that the courts of England are to have exclusive jurisdiction to settle any disputes which may arise out of or in connection with the Notes, and any non- contractual obligations arising out of or in connection with the Notes, and accordingly has submitted to the exclusive jurisdiction of the English courts. The Issuer has waived any objection to the courts of England on the grounds that they are an inconvenient or inappropriate forum.

To the extent permitted by law, the Noteholders may take any suit, action or proceeding arising out of or in connection with the Notes (including any proceeding relating to any non-contractual obligations arising out of or in connection with the Notes) (together referred to as "**Proceedings**") against the Issuer in any other court of competent jurisdiction and concurrent Proceedings in any number of jurisdictions.

15.3 Appointment of Process Agent

The Issuer hereby irrevocably and unconditionally appoints Law Debenture Corporate Services Limited at its registered office at Fifth Floor, 100 Wood Street, London EC2V 7EX, United Kingdom, as its agent for service of process in England in respect of any Proceedings and undertakes that in the event of such agent ceasing so to act it will appoint another person as its agent for that purpose.

15.4 Other Documents

The Agency Agreement and the Deed of Covenant, and any non-contractual obligations arising out of or in connection with the Agency Agreement or the Deed of Covenant, are governed by, and will be construed in accordance with, English law. The Issuer has in the Agency Agreement and the Deed of Covenant submitted to the jurisdiction of the English courts and appointed an agent in England for service of process, on terms substantially similar to those set out above.

16. RIGHTS OF THIRD PARTIES

No rights are conferred on any person under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this Note, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

Terms and Conditions of the 2051 Notes

The following is the text of the Terms and Conditions of the 2051 Notes which (subject to modification and except for the paragraphs in italics) will be endorsed on the Certificates issued in respect of the Notes:

The Terms and Conditions of the 2051 Notes will be identical to those described under "*Terms and conditions of the 2031 Notes*" above, except as follows:

(i) the definition of the "Notes" in the introductory paragraph shall be replaced with "U.S.$750,000,000 3.750% Notes due 2031 (the "**Notes**")";

(ii) Condition 5.1 shall be replaced with the following:

"The Notes bear interest from and including 23 June 2021 (the "**Issue Date**") at the rate of 5.125% per annum, payable semi-annually in arrear on each of 23 June and 23 December in each year (each an "**Interest Payment Date**"). The first payment (representing a full six months' interest) shall be made on 23 December 2020.

(iii) the definition of the "Maturity Date" in Condition 7.1 shall be replaced with "23 June 2051 (the "**Maturity Date**")";

(iv) Condition 7.2 shall be replaced with the following:

"The Issuer may, on not less than 30 nor more than 60 days' notice to the Noteholders in accordance with Condition 12 (*Notices*) (which notice shall be irrevocable and shall specify the date fixed for redemption), redeem all (but not some only) of the Notes at any time during the period commencing on (and including) 23 December 2050 to (but excluding) the Maturity Date at their principal amount, together with interest accrued to the date fixed for redemption."; and

(v) the reference to "23 March 2021" in Condition 7.2 shall be replaced with "23 December 2050".

THE GLOBAL CERTIFICATES

The Global Certificates contain the following provisions which apply to the Notes in respect of which they are issued whilst they are represented by the Global Certificates, some of which modify the effect of the Conditions of the Notes. Terms defined in the Conditions have the same meaning in paragraphs in this "The Global Certificates" section.

Accountholders

For so long as any of the Notes are represented by the Global Certificates, each person (other than another clearing system) who is for the time being shown in the records of DTC or Euroclear or Clearstream (as the case may be), as the holder of a particular aggregate principal amount of such Notes (each an "**Accountholder**") (in which respect any certificate or other document issued by DTC or Euroclear or Clearstream (as the case may be) as to the aggregate principal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes) shall be treated as the holder of such aggregate principal amount of such Notes (and the expression "*Noteholders*" and references to "*holding of Notes*" and to "*holder of Notes*" shall be construed accordingly) for all purposes other than with respect to payments on such Notes, the right to which shall be vested, as against the Issuer, solely in the nominee of a common depositary for the relevant clearing system (the "**Relevant Nominee**") in accordance with and subject to the terms of the Global Certificates. Each Accountholder must look solely to DTC or Euroclear or Clearstream, as the case may be, for its share of each payment made to the Relevant Nominee.

Cancellation

Cancellation of any Note following its redemption or purchase by the Issuer or any of its subsidiaries will be effected by a reduction in the aggregate principal amount of the Notes in the register of Noteholders and by the annotation of the appropriate schedule to the relevant Global Certificate.

Payments

Payments of principal and interest in respect of Notes represented by a Global Certificate will be made upon presentation or, if no further payment falls to be made in respect of the Notes, against presentation and surrender of such Global Certificate to or to the order of the Fiscal Agent or such other Paying Agent as shall have been notified to the holders of the Global Certificates for such purpose.

Distributions of amounts with respect to book-entry interests in the Regulation S Notes held through Euroclear or Clearstream will be credited, to the extent received by the Fiscal Agent, to the cash accounts of Euroclear or Clearstream participants in accordance with the relevant system's rules and procedures.

Holders of book-entry interests in the Rule 144A Notes holding through DTC will receive, to the extent received by the Fiscal Agent, all distribution of amounts with respect to book-entry interests in such Notes from the Fiscal Agent through DTC. Distributions in the United States will be subject to relevant U.S. tax laws and regulations.

A record of each payment made will be endorsed on the appropriate schedule to the relevant Global Certificate by or on behalf of the Fiscal Agent and shall be *prima facie* evidence that payment has been made.

Notices

So long as the Notes are represented by a Global Certificate and such Global Certificate is held on behalf of a clearing system, notices to Noteholders may be given by delivery of the relevant notice to that clearing system for communication by it to entitled Accountholders in substitution for notification as required by Condition 12. Any such notice shall be deemed to have been given to the Noteholders on the day after the day on which such notice is delivered to such clearing system.

For so long as any of the Notes held by a Noteholder are represented by a Global Certificate, notices to be given by such Noteholder may be given by such Noteholder (where applicable) through the applicable clearing system's operational procedures and otherwise in such manner as the Fiscal Agent and the applicable clearing system may approve for this purpose.

Change of Control Put Exercise Notice

For so long as any Note is represented by a Global Certificate, to exercise the right to require redemption of this Note under Condition 7.3 the Noteholder must, within the notice period set out in Condition 7.3, give notice to a Paying Agent of such exercise in accordance with the standard procedures of Euroclear, Clearstream or DTC, as applicable (which may include notice being given on such Noteholder's instruction by Euroclear, Clearstream, DTC or any depositary for them to any Agent by electronic means) in a form acceptable to Euroclear, Clearstream or DTC, as applicable, from time to time.

Any notice given in accordance with the standard procedures of Euroclear, Clearstream or DTC, as applicable, by a Noteholder under Condition 7.3 shall be irrevocable except where, prior to the due date of redemption, an Event of Default has occurred and is continuing in which event such Noteholder, at its option, may elect by notice to the Issuer to withdraw such notice and instead to give notice that the Note is immediately due and repayable under Condition 10.

Registration of Title

Registration of title to Notes in a name other than that of the Relevant Nominee will not be permitted unless Euroclear or Clearstream or DTC, as appropriate, notifies the Issuer that it is unwilling or unable to continue as a clearing system in connection with a Global Certificate or, in the case of DTC only, DTC ceases to be a clearing agency registered under the U.S.Securities Exchange Act of 1934, and in each case a successor clearing system is not appointed by the Issuer within 90 days after receiving such notice from Euroclear, Clearstream or DTC or becoming aware that DTC is no longer so registered. In these circumstances title to a Note may be transferred into the names of holders notified by the Relevant Nominee in accordance with the Terms and Conditions of the Notes, except that Certificates in respect of Notes so transferred may not be available until 21 days after the request for transfer is duly made.

The Registrar will not register title to the Notes in a name other than that of the Relevant Nominee for a period of 15 calendar days preceding the due date for any payment of principal or interest in respect of the Notes.

If only one of the Global Certificates (the "**Exchanged Global Certificate**") becomes exchangeable for Certificates in accordance with the above paragraphs, transfers of Notes may not take place between, on the one hand, persons holding Certificates issued in exchange for beneficial interests in the Exchanged Global Certificate and, on the other hand, persons wishing to purchase beneficial interests in the other Global Certificate.

Transfers

Transfers of book-entry interests in the Notes will be effected through the records of Euroclear, Clearstream and DTC and their respective participants in accordance with the rules and procedures of Euroclear, Clearstream and DTC and their respective direct and indirect participants, as more fully described under "*Book—Entry Clearance Systems*".

CLEARING AND SETTLEMENT

*The information set out below is subject to any change in or reinterpretation of the rules, regulations and procedures of DTC, Euroclear or Clearstream (together, the "**Clearing Systems**") currently in effect. The information in this section concerning the Clearing Systems has been obtained from sources that the Issuer believes to be reliable. None of the Joint Lead Managers takes any responsibility for the accuracy of the information contained in this section. Investors wishing to use the facilities of any of the Clearing Systems are advised to confirm the continued applicability of the rules, regulations and procedures of the relevant Clearing System. None of the Issuer nor any other party to the Agency Agreement will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the Notes held through the facilities of any Clearing System or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests. DTC, Euroclear and Clearstream are under no obligation to perform or continue to perform the procedures described below, and they may modify or discontinue them at anytime.*

The Clearing Systems

Custodial and depository links are to be established between DTC, Euroclear and Clearstream to facilitate the initial issue of the Notes and cross- market transfers of the Notes associated with secondary market trading. See "*—Book-Entry Ownership*" and "*—Settlement and Transfer of Notes*".

Investors may hold their interests in a Global Certificate directly through DTC, Euroclear or Clearstream if they are accountholders ("**Direct Participants**") or indirectly (**"Indirect Participants**" and together with Direct Participants, **"Participants**") through organisations which are accountholders therein.

Euroclear and Clearstream

Euroclear and Clearstream each hold securities for their customers and facilitate the clearance and settlement of securities transactions through electronic book-entry transfer between their respective accountholders. Indirect access to Euroclear and Clearstream is available to other institutions which clear through or maintain a custodial relationship with an accountholder of either system. Euroclear and Clearstream provide various services including safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Euroclear and Clearstream also deal with domestic securities markets in several countries through established depository and custodial relationships. Euroclear and Clearstream have established an electronic bridge between their two systems across which their respective customers may settle trades with each other. Their customers are worldwide financial institutions including underwriters, securities brokers and dealers, banks, trust companies and clearing corporations. Indirect access to Euroclear and Clearstream is available to other institutions that clear through, or maintain a custodial relationship with, an account holder of either system.

DTC

DTC has advised the Issuer as follows: DTC is a limited purpose trust company organised under the laws of the State of New York, a "banking organization" under the laws of the State of New York, a member of the U.S. Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial code and a "clearing agency" registered pursuant to the provisions of Section 17A of the Exchange Act. DTC was created to hold securities for its Participants and facilitate the clearance and settlement of securities transactions between Participants through electronic computerised book-entry changes in accounts of its Participants, thereby eliminating the need for physical movement of certificates. Participants include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organisations. Indirect access to DTC is available to others, such as banks, securities brokers, dealers and trust companies, which clear through or maintain a custodial relationship with a DTC Direct Participant, either directly or indirectly.

Investors may hold their interests in the Restricted Global Certificate directly through DTC if they are Direct Participants in the DTC system, or as Indirect Participants through organisations which are Direct Participants in such system.

Under the rules, regulations and procedures creating and affecting DTC and its operations (the "**Rules**"), DTC makes book-entry transfers of Rule 144A Notes represented by the Restricted Global Certificate among Direct Participants on whose behalf it acts with respect to Rule 144A Notes and receives and transmits distributions of principal and interest on Rule 144A Notes. The Rules are on file with the Securities and Exchange Commission. Direct Participants and Independent Participants with which beneficial owners of Rule 144A Notes have accounts with respect to the Rule 144A Notes similarly are required to make book-entry transfers and receive and transmit such payments on behalf of their beneficial owners. Accordingly, although beneficial owners who hold Rule 144A Notes through Direct Participants or Indirect Participants will not possess Rule 144A Notes, the Rules, by virtue of the requirements described above, provide a mechanism by which Participants will receive payments and will be able to transfer their interest in respect of the Rule 144A Notes.

DTC has advised the Issuer that it will take any action permitted to be taken by a holder of Notes only at the direction of one or more Direct Participants and only in respect of such portion of the aggregate principal amount of the Restricted Global Certificate as to which such Participant or Participants has or have given such direction. However, in the circumstances described under "*The Global Certificates—Registration of Title"*, DTC will cause its custodian to surrender the Restricted Global Certificate for exchange for Definitive Notes (which will bear the legend applicable to transfers pursuant to Rule 144A).

Payments through DTC

Payments of principal and interest in respect of a Global Certificate registered in the name of, or in the name of a nominee for, DTC will be made to the order of such nominee as the registered holder of such Note.

Book-Entry Ownership

Euroclear and Clearstream

The Unrestricted Global Certificate evidencing Regulation S Notes will have an ISIN and a Common Code and will be registered in the name of a nominee for, and deposited with a common depositary on behalf of, Euroclear and Clearstream.

DTC

The Restricted Global Certificate evidencing the Rule 144A Notes will have an ISIN, Common Code and a CUSIP number and will be deposited with the Custodian and registered in the name of Cede & Co. as nominee of DTC. The Custodian and DTC will electronically record the principal amount of the Notes held within the DTC System.

Relationship of Participants with Clearing Systems

Each of the persons shown in the records of DTC, Euroclear or Clearstream as the holder of a Note evidenced by a Global Certificate must look solely to DTC, Euroclear or Clearstream (as the case may be) for its share of each payment made by the Issuer to the holder of such Global Certificate and in relation to all other rights arising under such Global Certificate, subject to and in accordance with the respective rules and procedures of DTC, Euroclear or Clearstream (as the case may be). The Issuer expects that, upon receipt of any payment in respect of Notes evidenced by a Global Certificate, the common depositary by whom such Note is held, or nominee in whose name it is registered, will immediately credit the relevant Participants' or accountholders' accounts in the relevant Clearing System with payments in amounts proportionate to their respective beneficial interests in the principal amount of the relevant Global Certificate as shown on the records of the relevant Clearing System or its nominee. The Issuer also expects that payments by Direct Participants in any Clearing System to owners of interests in a Global Certificate held through such Direct Participants in any Clearing System will be governed by standing instructions and customary practices. Save as aforesaid, such persons shall have no claim directly against the Issuer in respect of payments due on the Notes for so long as the Notes are evidenced by such Global Certificate and the obligations of the Issuer will be discharged by payment to the registered holder, as the case may be, of such Global Certificate in respect of each amount so paid. None of the Issuer, the Trustee or any Paying and Transfer Agent will have any responsibility or liability for any aspect of the records relating to or payments made on account of ownership interests in any Global Certificate or for maintaining, supervising or reviewing any records relating to such ownership interests.

Settlement and Transfer of Notes

Subject to the rules and procedures of each applicable Clearing System, purchases of Notes held within a Clearing System must be made by or through Direct Participants, which will receive a credit for such Notes on the Clearing System's records. The ownership interest of each actual purchaser of each such Note (the "**Beneficial Owner**") will in turn be recorded on the Direct Participants' and Indirect Participants' records.

Beneficial Owners will not receive written confirmation from any Clearing System of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which such Beneficial Owner entered into the transaction.

Transfers of ownership interests in Notes held within the Clearing System will be effected by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in such Notes, unless and until interests in a Global Certificate held within a Clearing System are exchanged for Definitive Notes.

No Clearing System has knowledge of the actual Beneficial Owners of the Notes held within such Clearing System and their records will reflect only the identity of the Direct Participants to whose accounts such Notes are credited, which may or may not be the Beneficial Owners. The Participants will remain responsible for keeping account of their holdings on behalf of their customers. Conveyance of notices and other communications by the Clearing Systems to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time-to-time.

The laws of some jurisdictions may require that certain persons take physical delivery in definitive form of securities. Consequently, the ability to transfer interests in a Global Certificate to such persons may be limited. As DTC can only act on behalf of Direct Participants, who in turn act on behalf of Indirect Participants, the ability of a person having an interest in a Restricted Global Certificate to pledge such interest to persons or entities that do not participate in DTC, or otherwise take actions in respect of such interest, may be affected by a lack of a physical certificate in respect of such interest.

Trading between Euroclear and Clearstream Participants

Secondary market sales of book entry interests in the Notes held through Euroclear or Clearstream to purchasers of book entry interests in the Notes held through Euroclear or Clearstream will be conducted in accordance with the normal rules and operating procedures of Euroclear and Clearstream and will be settled using the procedures applicable to conventional Eurobonds.

Trading between DTC Participants

Secondary market sales of book-entry interests in the Notes between DTC Participants will occur in the ordinary way in accordance with DTC rules and will be settled using the procedures applicable to United States corporate debt obligations in DTC's Same-Day Funds Settlement system in same-day funds, if payment is effected in U.S. Dollars, or free of payment, if payment is not effected in U.S. Dollars. Where payment is not effected in U.S. Dollars, separate payment arrangements outside DTC are required to be made between the DTC participants.

Trading between DTC Seller and Euroclear/Clearstream Purchaser

When book-entry interests in Notes are to be transferred from the account of a DTC Participant holding a beneficial interest in the Restricted Global Certificate to the account of a Euroclear or Clearstream accountholder wishing to purchase a beneficial interest in the Unrestricted Global Certificate (subject to the certification procedures provided in the Paying Agency Agreement), the DTC participant will deliver instructions for delivery to the relevant Euroclear or Clearstream accountholder to DTC by 12 noon, New York time, on the settlement date. Separate payment arrangements are required to be made between the DTC Participant and the relevant Euroclear or Clearstream Participant. On the settlement date, the custodian of the Restricted Global Certificate will instruct the Registrar to (i) decrease the amount of Notes registered in the name of Cede & Co. and evidenced by the Restricted Global Certificate and (ii) increase the amount of Notes registered in the name of the nominee of the common depositary for Euroclear and Clearstream and evidenced by the Unrestricted Global Certificate. Book-entry interests will be delivered free of payment to Euroclear or Clearstream, as the case may be, for credit to the relevant accountholder on the first business day following the settlement date.

Trading between Euroclear/Clearstream Seller and DTC Purchaser

When book-entry interests in the Notes are to be transferred from the account of a Euroclear or Clearstream accountholder to the account of a DTC Participant wishing to purchase a beneficial interest in the Restricted Global Certificate (subject to the certification procedures provided in the Paying Agency Agreement), the Euroclear or Clearstream Participant must send to Euroclear or Clearstream delivery free of payment instructions by 7:45 p.m., Brussels or Luxembourg time, one business day prior to the settlement date. Euroclear or Clearstream, as the case may be, will in turn transmit appropriate instructions to the common depositary for Euroclear and Clearstream and the Registrar to arrange delivery to the DTC Participant on the settlement date. Separate payment arrangements are required to be made between the DTC Participant and the relevant Euroclear or Clearstream accountholder, as the case may be. On the settlement date, the common depositary for Euroclear and Clearstream will (i) transmit appropriate instructions to the custodian of the Restricted Global Certificate who will in turn deliver such book-entry interests in the Notes free of payment to the relevant account of the DTC Participant and (ii) instruct the Registrar to (a) decrease the amount of Notes registered in the name of the nominee of the common depositary for Euroclear and Clearstream and evidenced by the Unrestricted Global Certificate and (b) increase the amount of Notes registered in the name of Cede & Co. and evidenced by the Restricted Global Certificate.

Although DTC, Euroclear and Clearstream have agreed to the foregoing procedures in order to facilitate transfers of beneficial interests in Global Certificates among Participants and accountholders of DTC, Euroclear and Clearstream, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time. None of the Issuer, the Fiscal Agent, the Agents or any of their agents will have any responsibility for the performance by DTC, Euroclear, Clearstream or their respective Direct or Indirect Participants of their respective obligations under the rules and procedures governing their operations.

Settlement of Pre-issue Trades

It is expected that delivery of Notes will be made against payment therefor on the Issue Date, which could be more than three business days following the date of pricing. Under Rule 15c6-1 under the Exchange Act, trades in the United States secondary market generally are required to settle within two business days (T+2), unless the parties to any such trade expressly agree otherwise.

Accordingly, purchasers who wish to trade Notes in the United States on the date of pricing or the next succeeding business days until two days prior to the Issue Date will be required, by virtue of the fact the Notes initially will settle beyond T+2, to specify an alternate settlement cycle at the time of any such trade to prevent a failed settlement. Settlement procedures in other countries will vary.

Purchasers of Notes may be affected by such local settlement practices and purchasers of Notes between the relevant date of pricing and the Issue Date should consult their own advisers.

TAXATION

Certain Moroccan Tax Considerations

The following section describes the main tax consequences of an investment in the Notes by a person or entity that is not a resident of Morocco. This summary is not a comprehensive description of all of the tax considerations that may be relevant to a decision to make an investment in the Notes. Each investor should consult its own tax advisers concerning the tax considerations applicable to its particular situation. This summary is based upon laws and relevant interpretations thereof in effect as at the date of this Prospectus, all of which are subject to change, possibly with a retroactive effect. In addition, it does not describe any tax considerations: (i) arising under the laws of any taxing jurisdiction other than Morocco or (ii) applicable to a resident of Morocco.

*As used in this section, a "**non-resident individual**" is a person who does not have his permanent home (or domicile) in Morocco, who does not have the center of his economic interest in Morocco and who is present in Morocco for less than 183 days in any period of 365 days, and a "**non-resident entity**" is a legal entity which has neither its registered office (seat) nor a permanent establishment in Morocco. A Noteholder will not become resident of Morocco for Moroccan income tax purposes merely by acquiring Notes.*

Principal and Interest

Under current Moroccan laws and regulations, interest payments under the Notes made to non-resident individuals or non-resident entities is subject to Moroccan withholding tax at a rate of 10%. Such withholding tax is the final tax for a non-resident individual or entity and no further declaration is required. However, based on articles 6.I.C.3° and 45 of the Moroccan tax code, which grant an exemption of the withholding tax to interest paid to non-resident entities or individuals in the case of loans in foreign hard currency for a period equal or greater than 10 years, the interest payments under the Notes will not be subject to withholding tax in Morocco.

If a double taxation treaty is in effect between Morocco and the country of residence of the holder of the Notes, it may provide for the application of different taxation. Each Noteholder should consult its own tax advisers concerning the tax considerations applicable to its particular situation taking into account the existence or not of a double taxation treaty signed between Morocco and such Noteholder's country of residence.

Principal repaid under the Notes is currently not subject to Moroccan withholding tax.

Capital Gain

Unless otherwise specified in a double taxation treaty signed between Morocco and the country of residence of the Noteholder, for Moroccan tax purposes, a capital gain derived from the disposal of Notes issued by a Moroccan entity is considered sourced in Morocco, and therefore subject to taxation in Morocco. A non-resident individual or non-resident entity will be subject to Moroccan capital gains tax only by virtue of realizing a capital gain on the Notes issued by the Moroccan entity.

Non-Resident Entity

Under current Moroccan laws and regulations, the capital gain made by a non-resident entity from the disposal of the Notes is taxed in Morocco at a progressive tax rate capped at 31% depending on the amount of the capital gain:

- Less than or equal to Dh 300,000: 10%.

- From Dh 300,001 to Dh 1,000,000: 20%
- More than Dh 1,000,000: 31%

This tax is subject to a declaration in Morocco. It is the responsibility of the non-resident entity to file a tax return and to pay the applicable tax no later than 30 days after the month of sale.

Non-Resident Individual

Under current Moroccan laws and regulations, the capital gain made by a non-resident individual from the disposal of the Notes is subject to tax levied at the rate of 20%. A tax exemption is applicable to the capital gain if the annual sale price of securities issued by Moroccan entities is less or equal to Dh 30,000. As the Notes are not registered in an account with a Moroccan financial intermediary, it is the responsibility of the seller to file a tax return and to pay the applicable tax by no later than 31 March of the calendar year following the date of sale.

Double Taxation Treaties

If a double taxation treaty is in effect between Morocco and the country of residence of the Noteholders, it may provide for the application of different taxation aiming to eliminate or reduce double taxation. Each Noteholder should consult its own tax advisers concerning the tax considerations applicable to its particular situation taking into account the existence or not of a double taxation treaty signed between Morocco and such Noteholder's country of residence.

The double taxation treaties signed between Morocco and the following countries state that the capital gain arising from the disposal of Notes issued by a Moroccan entity shall not be taxable in Morocco:

Arab Maghreb Union	France	Kuwait	Pakistan	Syria
Austria	Gabon	Latvia	Poland	Turkey
Bahrain	Germany	Lebanon	Portugal	Ukraine
Belgium	Greece	Luxembourg[(1)]	Qatar	United Arab Emirates
Bulgaria	Guinea	Macedonia	Romania	United Kingdom
Canada	Hungary	Malaysia	Russia	United States of America[(3)]
China	India	Mali	Senegal	Vietnam
Croatia	Indonesia	Malta	Singapore	
Czech Republic	Ireland	Netherlands[(2)]	South Korea	
Denmark	Italy	Norway	Spain	
Finland	Ivory Coast	Oman	Switzerland	

(1) The double taxation treaty signed with Luxembourg is not applicable to "holding companies" within the meaning of the Luxembourg law of 31 July 1929 and the order-law of 17 December 1938.

(2) The Morocco-Netherlands tax treaty does not cover the Netherlands Antilles.

(3) A United States corporation that makes a capital gain on the sale of the Notes will not be entitled to the benefits of the double taxation treaty between Morocco and the United States if (i) by reason of special measures the tax imposed by the United States with respect to capital gains is substantially less than the tax generally imposed by the United States on corporate profits and (ii) 25% or more of the capital of such corporation is held of record or is otherwise determined, after consultation between the competent authorities of the United States and Morocco to be owned, directly or indirectly, by one or more persons who are not individual residents of the United States.

However, a non-resident individual that has been a resident of Morocco at any point of time should consult his own tax advisers concerning the tax considerations applicable to his particular situation.

Inheritance Taxes

No Moroccan inheritance or similar tax will be payable by a Noteholder who is a non-resident of Morocco.

Stamp Duties

No stamp, registration or similar duties or taxes will be payable in Morocco by Noteholders on the creation, offering, issue delivery or transfer of the Notes.

Certain U.S. Federal Income Tax Considerations

The following summary discusses the principal U.S. federal income tax consequences relevant to U.S. Holders and Non-U.S. Holders (as defined below) of the acquisition, ownership and disposition of the Notes. Except as specifically noted below, this discussion applies only to:

- Notes purchased on original issuance at their "issue price" (the first price at which a substantial amount of the Notes are sold to the public for cash, excluding sales to bond houses, brokers or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers); and

- Notes held as capital assets for U.S. federal income tax purposes (generally, property held for investment).

The discussion does not address any aspect of U.S. federal taxation other than U.S. federal income taxation (such as the estate and gift tax, the alternative minimum tax or the Medicare tax on net investment income). This discussion also does not describe all of the tax consequences that may be relevant in light of a U.S. Holder's particular circumstances or to U.S. Holders subject to special rules, such as:

- financial institutions;
- insurance companies;
- individual retirement accounts and other tax-deferred accounts;
- tax-exempt organisations;
- dealers in securities or foreign currencies;
- persons holding Notes as part of a hedging transaction, "straddle," conversion transaction or other integrated transaction;
- certain former citizens and residents of the United States;
- U.S. Holders whose functional currency is not the U.S. dollar; or
- partnerships or other entities classified as partnerships for U.S. federal income tax purposes.

Additionally, this discussion does not address purchasers of Notes who participate in the Tender Offer.

The following summary is based on the U.S. Internal Revenue Code of 1986, as amended (the "**Code**"), U.S. Treasury Regulations thereunder, published rulings of the U.S. Internal Revenue Service (the "**IRS**") and judicial and administrative interpretations thereof, in each case as available on the date of this Prospectus. Changes to any of the foregoing, or changes in how any of these authorities are interpreted, may affect the tax consequences set out below, possibly retroactively. No ruling will be sought from the IRS with respect to any statement or conclusion in this discussion, and there can be no assurance that the IRS will not challenge such statement or conclusion in the following discussion or, if challenged, a court will uphold such statement or conclusion.

As used herein, the term "**U.S. Holder**" means a beneficial owner of a Note that is for U.S. federal income tax purposes:

- a citizen or individual resident of the United States;
- a corporation created or organized in or under the laws of the United States or any state thereof, or the District of Columbia;
- an estate the income of which is subject to U.S. federal income taxation regardless of its source; or
- a trust if a court within the United States is able to exercise primary supervision over the administration of the trust and one or more U.S. persons have the authority to control all substantial decisions of the trust, or the trust has validly elected to be treated as a domestic trust for U.S. federal income tax purposes.

A "**Non-U.S. Holder**" is a beneficial owner of Notes that is neither a U.S. Holder nor a partnership. If an entity that is classified as a partnership for U.S. federal income tax purposes invests in Notes, the U.S. federal income tax treatment of a partner will generally depend on the status of the partner and upon the activities of the partnership. Partnerships investing in Notes should consult their own tax advisors regarding the tax consequences of their investment.

This discussion assumes that certain features of the Notes do not cause them to be subject to the U.S. federal income tax rules that apply to contingent payment debt instruments. If the Notes were subject to the contingent payment debt instrument rules, this would affect the character, timing and amount (in a given tax period) of income earned by a U.S. Holder, possibly negatively.

This discussion also assumes that a substantial amount of the Notes that are sold pursuant to this offering are purchased by investors who are not holders of Existing Notes participating in the Tender Offer or are purchasing Notes in excess of the Notes they tendered in the Tender Offer, which the Issuer expects to be the case. If there are not a substantial amount of such Notes, the issue price of the Notes may be determined by reference to the fair market value of the Notes or the Existing Notes, in which case the Notes (including Notes purchased by investors who are not participating in the Tender Offer) may be treated as issued with original issue discount for U.S. federal income tax purposes (as discussed in more detail below). If the Issuer determines that is the case, it intends to satisfy its reporting obligations under the original issue discount rules. Prospective purchasers should consult their own tax advisers concerning the U.S. federal income tax consequences to them of the acquisition of Notes hereby and the sale of the Existing Notes pursuant to the Tender Offer.

***Payments of Interest*[6]**

Payments of interest on a Note, including amounts withheld (if any), will be taxable to a U.S. Holder as foreign source ordinary income at the time they are received or accrued, depending on the holder's method of accounting for U.S. federal income tax purposes.

If the issue price (as defined above) of the Notes is less than their principal amount by more than a *de minimis* amount, U.S. Holders will be subject to special U.S. federal income tax rules with respect to this original issue discount ("**OID**"). OID will be considered to be *de minimis* if it is less than 0.25% of the principal amount multiplied by the number of complete years to maturity. U.S. Holders will be required to include any OID in income for U.S. federal tax purposes as it accrues in accordance with a constant yield method based on a compounding of interest, even though the cash attributable to this

[6] A&O U.S.Tax: Subject to confirmation that the notes will not be priced with OID for U.S.tax purposes.

income will not be received until the Notes are sold, exchanged or retired. U.S. Holders should consult their own tax advisor concerning how to account for any OID that may accrue on the Notes.

Sale, Exchange or Retirement of the Notes

A U.S. Holder will generally recognize gain or loss on the sale, exchange or retirement of a Note equal to the difference between the amount realized on the sale, exchange or retirement and the U.S. Holder's basis in the Note. The amount realized does not include the amount attributable to accrued but unpaid interest not previously included in income, which will be treated like a payment of interest as described under "—*Payments of Interest*." A U.S. Holder's basis in a Note will generally be the acquisition cost of the Note, increased by any OID and unpaid interest previously included in income. Any gain or loss that a U.S. Holder recognizes upon the sale, exchange or other disposition of a Note generally will be U.S. source capital gain or loss and will be long term capital gain or loss if, at the time of disposition, the U.S. Holder's holding period for the Note is more than one year.

Gain or loss realised by a U.S. Holder on the sale or retirement of a Note generally will be U.S. source. Consequently, if Moroccan tax is imposed on such gain, the U.S. Holder generally will not be able to use the corresponding foreign tax credit, unless the holder has other foreign-source income of the appropriate type in respect of which the credit may be used. The U.S. foreign tax credit rules are very complex. U.S. Holders should consult their tax advisers with respect to the application of these rules to their particular circumstances.

Non-U.S. Holders

Subject to the discussion of backup withholding below, a Non-U.S. Holder generally should not be subject to U.S. federal income or withholding tax on any payments on the Notes and gain from the sale, redemption or other disposition of the Notes unless: (i) that payment and/or gain is effectively connected with the conduct by that Non-U.S. Holder of a trade or business in the U.S.; (ii) in the case of any gain realized on the sale or exchange of a Note by an individual Non-U.S. Holder, that Holder is present in the U.S. for 183 days or more in the taxable year of the sale, exchange or retirement and certain other conditions are met; or (iii) the Non-U.S. Holder is subject to tax pursuant to provisions of the Code applicable to certain expatriates.

Information Reporting and Backup Withholding

Information returns may be filed with the IRS in connection with payments of principal and interest in respect of, and the proceeds from sales of, Notes held by a U.S. Holder unless the U.S. Holder establishes, if required, that it is exempt from the information reporting rules, for example by properly establishing that it is a corporation. If the U.S. Holder does not establish that it is exempt from these rules, the U.S. Holder may be subject to backup withholding on these payments if it fails to provide a taxpayer identification number or otherwise comply with the backup withholding rules. The amount of any backup withholding from a payment to a U.S. Holder will be allowed as a credit against the U.S. Holder's U.S. federal income tax liability and may entitle the U.S. Holder to a refund, provided that the required information is timely furnished to the IRS. In general, payments of principal and interest in respect of, and the proceeds from sales of, the Notes, payable to a Non-U.S. Holder by a U.S. paying agent or other U.S. intermediary will not be subject to backup withholding tax and information reporting requirements if appropriate certification (IRS Form W-8BEN or other appropriate form) is provided by the Non-U.S. Holder to the payor and the payor does not have actual knowledge that the certificate is false.

U.S. Holders should consult their advisors regarding any additional tax reporting or filing requirements they may have as a result of the acquisition, ownership or disposition of the Notes. Failure to comply with certain reporting obligations could result in the imposition of substantial penalties.

The Proposed Financial Transactions Tax ("FTT")

On 14 February 2013, the European Commission has published a proposal (the "**Commission's Proposal**") for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the "**participating Member States**"). However, Estonia has since stated that it will not participate.

The Commission's Proposal has very broad scope and could, if introduced, apply to certain dealings in the Notes (including secondary market transactions) in certain circumstances. The issuance and subscription of the Notes should, however, be exempt.

Under Commission's proposals the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in the Notes where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, "established" in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

However, the FTT proposal remains subject to negotiation between the participating Member States. It may therefore be altered prior to implementation, the timing of which remains unclear. Additional EU Member States may decide to participate. Prospective holders of the Notes are advised to seek their own professional advice in relation to the FTT.

SUBSCRIPTION AND SALE

Barclays Bank PLC, BNP Paribas and J.P. Morgan Securities plc (the "**Joint Lead Managers**") have, pursuant to a Subscription Agreement dated 21 June 2021, severally (and not jointly) agreed with the Issuer, subject to the satisfaction of certain conditions, to subscribe for the aggregate principal amount of the Notes listed next to its name in the table below at the issue price of 99.365%, in the case of the 2031 Notes and 98.241%, in the case of the 2051 Notes. The Issuer has agreed to pay to the Joint Lead Managers a combined management and underwriting and selling concession in respect of the Notes. In addition, the Issuer has agreed to reimburse the Joint Lead Managers for certain of their expenses in connection with the issue of the Notes. The Subscription Agreement entitles the Joint Lead Managers to terminate it in certain circumstances prior to payment being made to the Issuer.

Joint Lead Manager	**2031 Notes Principal Amount**	**2051 Notes Principal Amount**
Barclays Bank PLC	U.S.$250,000,000	U.S.$250,000,000
BNP Paribas	U.S.$250,000,000	U.S.$250,000,000
J.P. Morgan Securities plc	U.S.$250,000,000	U.S.$250,000,000
Total	**U.S.$750,000,000**	**U.S.$750,000,000**

General

No action has been or will be taken in any jurisdiction by the Issuer or the Joint Lead Managers that would, or is intended to, permit a public offering of the Notes, or possession or distribution of this Prospectus or any other offering material, in any country or jurisdiction where action for that purpose is required. Persons into whose hands this Prospectus comes are required by the Issuer and the Joint Lead Managers to comply with all applicable laws and regulations in each country or jurisdiction in which they purchase, offer, sell or deliver Notes or have in their possession, distribute or publish this Prospectus or any other offering material relating to the Notes, in all cases at their own expense.

United States

The Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Joint Lead Managers have agreed to offer the Notes only to persons who they reasonably believe to be QIBs in reliance on Rule 144A and outside the United States to persons other than U.S. persons in offshore transactions in reliance on Regulation S. Terms used in this paragraph have the respective meanings given to them by Regulation S.

The Notes are being offered and sold by the Joint Lead Managers outside the United States in accordance with Regulation S. The Subscription Agreement provides that the Joint Lead Managers may through their respective U.S. affiliates resell a portion of the Notes within the United States only to QIBs in reliance on Rule 144A.

In addition, until 40 days after the commencement of the offering, an offer or sale of Notes within the United States by a dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in reliance on Rule 144A or another available exemption from registration under the Securities Act.

United Kingdom

Prohibition of Sales to UK Retail Investors

Each Joint Lead Manager has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes to any retail investor in the UK. For the purposes of this provision the expression "retail investor" means a person who is one (or more) of the following: (a) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the EUWA; or (b) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA.

Other regulatory restrictions

Each Joint Lead Manager has represented, warranted and agreed that:

(a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 (the "**FSMA**") received by it in connection with the issue or sale of the Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and

(b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

Prohibition of Sales to EEA Retail Investors

Each Joint Lead Manager has represented, warranted and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes to any retail investor in the EEA. For these purposes the expression "retail investor" means a person who is one (or more) of the following: (a) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU ("**MiFID II**"); or (b) a customer within the meaning of Directive (EU) 2016/97, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II.

Morocco

Each Joint Lead Manager has represented, warranted and agreed that it has not offered or sold, and will not offer or sell, directly or indirectly, any Notes to the public in Morocco, and that it will not distribute this Prospectus or any other offering material relating to the Notes to the public in Morocco.

Hong Kong

Each Joint Lead Manager has represented and agreed that:

(a) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Notes other than: (i) to persons whose ordinary business is to buy or sell shares or debentures (whether as principal or agent); or (ii) to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the **SFO**) and any rules made under the SFO; or (iii) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong (the "**C(WUMP)O**") or which do not constitute an offer to the public within the meaning of the C(WUMP)O; and

(b) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to any Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the SFO and any rules made under the SFO.

Singapore

Each Joint Lead Manager has acknowledged that this Prospectus has not been and will not be registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Joint Lead Manager has represented, warranted and agreed that it has not offered or sold any Notes or caused the Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell any Notes or cause the Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Prospectus or any other document or material in connection with the offer or sale or invitation for subscription or purchase of the Notes, whether directly or indirectly, to any person in Singapore other than: (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act, Chapter 289 of Singapore (the SFA)) pursuant to Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA, or (iii) pursuant to, and in accordance with the conditions of, any other applicable provisions of the SFA. Where Notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

(a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the SFA except:

(i) to an institutional investor or to a relevant person, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;

(ii) where no consideration is or will be given for the transfer;

(iii) where the transfer is by operation of law;

(iv) pursuant to Section 276(7) of the SFA; or

(v) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018 of Singapore.

Notification of Product Classification by the Issuer under Section 309B(1)(c) of the SFA – In connection with Section 309B of the SFA and the SF (CMP) Regulations, the Issuer has determined the classification of the Notes as prescribed capital markets products (as defined in the SF (CMP) Regulations) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

Switzerland

The offering of the Notes in Switzerland is exempt from the requirement to prepare and publish a prospectus under the Swiss Financial Services Act ("**FinSA**") because the Notes have a minimum denomination of CHF 100,000 (or equivalent in another currency) or more and the Notes will not be admitted to trading on any trading venue (exchange or multilateral trading facility) in Switzerland. This Prospectus does not constitute a prospectus pursuant to the FinSA, and no such prospectus has been or will be prepared for or in connection with the offering of the Notes.

United Arab Emirates (excluding Dubai International Financial Centre)

Each Joint Lead Manager has represented and agreed that the Notes have not been and will not be offered, sold or publicly promoted or advertised by it in the United Arab Emirates other than in compliance with any laws applicable in the United Arab Emirates governing the issue, offering and sale of securities.

Dubai International Financial Centre

Each Joint Lead Manager has represented and agreed that it has not offered and will not offer the Notes to any person in the Dubai International Financial Centre unless such offer is:

(a) an "Exempt Offer" in accordance with the Markets Rules (MKT) Module of the rulebook of the Dubai Financial Services Authority (the "**DFSA Rulebook**"); and

(b) made only to persons who meet the Professional Client criteria set out in Rule 2.3.3 of the DFSA Conduct of Business Module of the DFSA Rulebook.

TRANSFER RESTRICTIONS

Rule 144A Notes

Each purchaser of Rule 144A Notes, by accepting delivery of this Prospectus and the Notes, will be deemed to have represented, agreed and acknowledged that:

1. It is (a) a QIB, (b) acting for its own account, or for the account of a QIB, (c) not formed for the purpose of investing in the Issuer, and (d) aware, and each beneficial owner of such Notes has been advised, that the sale of such Notes to it is being made in reliance on Rule 144A. If it is acquiring any Notes for the account of one or more QIBs, it represents that it has sole investment discretion with respect to each such account and that it has the full power to make the foregoing representations, agreements and acknowledgements on behalf of each such account.

2. It understands that (1) the Notes have not been and will not be registered under the Securities Act and may not be offered, sold, pledged or otherwise transferred except (a) in accordance with Rule 144A to a person that it, and any person acting on its behalf, reasonably believes is a QIB purchasing for its own account or for the account of one or more QIBs, (b) in an offshore transaction in accordance with Rule 903 or Rule 904 of Regulation S under the Securities Act, (c) pursuant to an exemption from registration under the Securities Act provided by Rule 144 thereunder (if available), (d) pursuant to an effective registration statement under the Securities Act or (e) to the Issuer or any of its affiliates and (2) it will, and each subsequent holder of the Rule 144A Notes is required to, notify any purchaser of the Rule 144A Notes from it of the resale restrictions applicable to the Rule 144A Notes.

3. The Issuer has the right to refuse to honour the transfer of an interest in the Rule 144A Notes in the U.S. to a person who is not a QIB.

4. It understands that the Rule 144A Notes, unless otherwise agreed between the Issuer and the Fiscal Agent in accordance with applicable law, will bear a legend to substantially the following effect:

   THIS NOTE HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT (1) IN ACCORDANCE WITH RULE 144A UNDER THE SECURITIES ACT ("**RULE 144A**") TO A PERSON THAT THE HOLDER AND ANY PERSON ACTING ON ITS BEHALF REASONABLY BELIEVE IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A (A "**QIB**"), THAT IS ACQUIRING THIS NOTE FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF ONE OR MORE QIBS, (2) IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT OR (3) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT PROVIDED BY RULE 144 THEREUNDER, IF AVAILABLE, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES AND THE HOLDER WILL, AND EACH SUBSEQUENT HOLDER IS REQUIRED TO, NOTIFY ANY PURCHASER OF THE RESALE RESTRICTIONS REFERRED TO ABOVE. NO REPRESENTATION CAN BE MADE AS TO THE AVAILABILITY OF ANY EXEMPTION UNDER THE SECURITIES ACT FOR RESALES OF THE NOTES.

5. It acknowledges that the Issuer, the Registrar, the Joint Lead Managers and their affiliates, and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and agrees that, if any of the acknowledgements, representations or agreements deemed to have been made by it by its purchase of Rule 144A Notes is no longer accurate, it shall promptly notify the Issuer and the Joint Lead Managers. If it is acquiring any Notes as a fiduciary or agent for one or more investor accounts, it represents that it has sole investment discretion with respect to each of those accounts and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each account.

6. It understands that the Rule 144A Notes will be evidenced by the Restricted Global Certificate. Before any interest in a Restricted Global Certificate may be offered, sold, pledged or otherwise transferred to a person who takes delivery in the form of an interest in a Unrestricted Global Certificate, it will be required to provide a Paying and Transfer Agent with a written certification (in the form provided in the Paying Agency Agreement) as to compliance with applicable securities laws.

7. Prospective purchasers are hereby notified that sellers of the Notes may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A.

Regulation S Notes

Each purchaser of the Regulation S Notes, by accepting delivery of this Prospectus and the Notes, will have been deemed to have represented, agreed and acknowledged that:

1. It is, or at the time the Regulation S Notes are purchased will be, the beneficial owner of such Regulation S Notes and (a) that it is not a U.S. person and it is purchasing the Regulation S Notes in an offshore transaction (within the meaning of Regulation S) and (b) it is not an affiliate of the Issuer or a person acting on behalf of such an affiliate.

2. It understands that such Notes have not been and will not be registered under the Securities Act and may not be offered, sold, pledged or otherwise transferred except (a) until the expiration of the "40-day distribution compliance period" within the meaning of Rule 903 of Regulation S, any offer or sale of the Notes shall not be made to a U.S. person or for the account or benefit of U.S. person within the meaning of Rule 902 of Regulation S except in accordance with Rule 144A to a person that it and any person acting on its behalf reasonably believe is a QIB purchasing for its own account or the account of one or more QIBs or (b) in an offshore transaction in accordance with Rule 903 or Rule 904 of Regulation S, in each case in accordance with any applicable securities laws of any State of the United States.

3. It understands that Regulation S Notes will be evidenced by an Unrestricted Global Certificate. Before any interest in a Unrestricted Global Certificate may be offered, sold, pledged or otherwise transferred to a person who takes delivery in the form of an interest in the corresponding Restricted Global Certificate, it will be required to provide a Paying and Transfer Agent with a written certification (in the form provided in the Paying Agency Agreement) as to compliance with applicable securities laws.

4. It acknowledges that the Issuer, the Registrar, the Joint Lead Managers and their affiliates, and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and agrees that, if any of the acknowledgements, representations or agreements deemed to have been made by it by its purchase of the Regulation S Notes is no longer accurate, it shall promptly notify the Issuer and the Joint Lead Managers. If it is acquiring any Notes as a fiduciary or agent for one or more investor accounts, it

represents that it has sole investment discretion with respect to each of those accounts and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each account.

GENERAL INFORMATION

1. Authorisations

The Issuer has obtained all necessary consents, approvals and authorisations in Morocco in connection with the issue and performance of the Notes. The issue of the Notes was authorised by a shareholders' resolution dated 4 June 2021 and a Board of Directors' resolution dated 10 June 2021.

2. Shareholders' Approval

Under Article 294 of the SA Law, the ordinary shareholders' meeting has the sole authority to decide or authorise the issue of notes. This shareholders' meeting may delegate to the board of directors all necessary powers to proceed within five years to one or several bonds issue and to finalise its terms and conditions.

In accordance with the aforementioned article, the issue of the Notes has been authorised by the General Meeting of the Issuer on 4 June 2021. The General Meeting of the Issuer has delegated to the Board of Directors the power to issue one or more series of notes over a five year period. On 10 June 2021, the Board of Directors approved the issuance of the Notes.

3. AMMC

Under article 9 of Law No. 44-12 on public offerings and information required from legal persons and organisations making public offerings, as amended from time to time, any person considered as making a public offering who intends to perform a public offering operation outside Morocco is required to inform the AMMC thereof within 15 business days before the launch of the operation. The Issuer notified the AMMC regarding the issuance of the Notes on 21 May 2021.

4. Clearing Systems

The Notes have been accepted for clearance through Euroclear, Clearstream and DTC. The Common Code and International Securities Identification Number ("**ISIN**") for the Regulation S Notes and the Common Code, ISIN and CUSIP for the Rule 144A Notes are as follows:

2031 Notes

Regulation S Notes	***Rule 144A Notes***
ISIN: XS2355149316	ISIN: US67091TAD72
Common Code: 235514931	CUSIP: 67091TAD7

2031 Notes

Regulation S Notes	***Rule 144A Notes***
ISIN: XS2355172482	ISIN: US67091TAE55
Common Code: 235517248	CUSIP: 67091TAE5

The address of Euroclear is 1 Boulevard du Roi Albert II, B-1210 Brussels, Belgium. The address of Clearstream is 42 Avenue JF Kennedy, L-1855 Luxembourg. The address of DTC is 55 Water Street, New York, NY 10041, United States of America.

5. Admission to Trading

Application has been made to Euronext Dublin for the Notes to be admitted to the Official List and trading on the regulated market. of Euronext Dublin on the Issue Date.

Arthur Cox Listing Services Limited is acting solely in its capacity as listing agent for the Issuer in relation to the Notes and is not itself seeking admission of the Notes to the Official List or to trading on the regulated market of Euronext Dublin.

The total expenses related to the admission to trading of the Notes are expected to be approximately €4,800.

6. Significant or Material Adverse Change

There has been no significant change in the financial position or performance of the Issuer since 31 March 2021 and no material adverse change in the prospects of the Issuer since 31 December 2020.

7. Litigation

Save as disclosed in this Prospectus on page 169-170, there are no governmental, legal or arbitration proceedings, (including any such proceedings which are pending or threatened, of which the Issuer is aware), which may have, or have had during the 12 months prior to the date of this Prospectus, a significant effect on the financial position or profitability of the Issuer.

8. Documents on Display

For so long as any of the Notes is outstanding, copies of the following documents may be inspected at the specified offices of each of the Paying and Transfer Agents during normal business hours. The Issuer’s charter may be viewed on the Issuer’s website (*https://www.ocpgroup.ma/Capital-Market-Documentation*). The Financial Statements, the Fiscal Agency Agreement and this Prospectus and any supplements thereto may be viewed on the Issuer’s website (*https://www.ocpgroup.ma/en/investors*).

(a) the Issuer's charter;

(b) the Financial Statements;

(c) the Fiscal Agency Agreement; and

(d) this Prospectus and any supplements thereto.

In addition, the Prospectus are available on, in electronic format, on the website of Euronext Dublin (https://live.euronext.com/).

9. Auditors

The Annual Financial Statements have been prepared in accordance with IFRS and have been audited by Ernst & Young and Deloitte Audit, who issued an unqualified opinion on such accounts of the Group for each of these years, which is included in this Prospectus. The Interim Financial Statements have been prepared in accordance with the requirements of IAS 34, "Interim Financial Reporting" and have been reviewed by Ernst & Young and Deloitte Audit, who issued an unqualified opinion. The address of Ernst & Young is 37, Bd Abdellatif Benkaddour, 20050 Casablanca, Morocco and are members of the *Ordre des experts comptables du Maroc* and registered auditors qualified to practise in Morocco. The address of Deloitte Audit is 2 Bd Sidi Mohammed Benabdellah, Bâtiment C, Tour Ivoire 3, 3ème étage, La Marina, Casablanca, Morocco and are members of the *Ordre des experts comptables du Maroc* and registered auditors qualified to practise in Morocco.

10. Joint Lead Managers Transacting with the Issuer

The Joint Lead Managers may have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services for, the Issuer and its affiliates in the ordinary course of business. Certain of the Joint Lead Managers and their affiliates may have positions, deal or make markets in the Notes, related derivatives and reference obligations, including (but not limited to) entering into hedging strategies on behalf of the Issuer and its affiliates, investor clients, or as principal in order to manage their exposure, their general market risk, or other trading activities.

In addition, in the ordinary course of their business activities, the Joint Lead Managers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer and its affiliates. Certain of the Joint Lead Managers of their affiliates that have a lending relationship with the Issuer routinely hedge their credit exposure to the Issuer and its affiliates consistent with their customary risk management policies. Typically, such Joint Lead Managers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Notes. Any such positions could adversely affect future trading prices of the Notes. The Joint Lead Managers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

Save for any fees payable to the Joint Lead Managers pursuant to the Subscription Agreement as discussed in "*Subscription and Sale*", so far as the Issuer is aware, no person involved in the issue or the Notes has an interest material to the issue.

11. Temporary Representative of the Noteholders

The SA Law provides that the Noteholders are automatically grouped in a Masse endowed with legal personality for the defence of their common interests.

Pending the General Assembly which will appoint the initial Representative, the Board of Directors of the Issuer has appointed Mr. Mohamed Hdid as a temporary representative of the Noteholders (*mandataire provisoire*), in accordance with article 300 of the SA Law. The SA Law prohibits directors or officers of an issuer and any person providing services to the issuer, from serving as a representative of Noteholders.

12. Subscription

Article 298 of the SA Law provides that the issue of the notes shall be fully subscribed otherwise the subscription will be considered as void.

13. Legal Entity Identifier

The legal entity identifier (LEI) code of the Issuer is 213800D26TAPVTCVWG40.

14. Foreign Text

The language of this Prospectus is English. Certain legislative references and technical terms have been cited in their original language in order that the correct technical meaning may be ascribed to them under applicable law.

APPENDIX I—GLOSSARY OF FREQUENTLY USED DEFINED TERMS

2011 Constitution	The constitution of Morocco approved by a vote of the Moroccan people in a referendum on 1 July 2011.
AFD	*L'Agence Française de Développement.*
AMMC	*Autorité marocaine du marché des capitaux.*
Annual Financial Statements	The Group's audited consolidated financial statements as at and for each of the years ended 31 December 2019, 2018 and 2017 (together with the accompanying notes thereto)
BCP	Banque Centrale Populaire S.A.
CAGR	Compound annual growth rate.
CAP	The EU's Common Agriculture Policy.
Central Bank	*Bank Al-Maghrib*, the Moroccan Central Bank.
Conditions	The terms and conditions of the Notes.
Dh or **Dirham**	The Moroccan Dirham, the lawful currency of the Kingdom of Morocco.
EMAPHOS	Euro-Maroc Phosphore, a joint venture among the Issuer, Prayon and Chemische Fabrik Bundenheim for the production of purified phosphoric acid. The Issuer owns 50% of the share capital of EMAPHOS (of which directly 33.33% and the remaining interest indirectly through Prayon).
EU	European Union.
EUR, **Euros** or **€**	The currency of the participating member states in the third stage of the Economic and Monetary Union of the Treaty establishing the European community.
Financial Statements	The Annual Financial Statements and the Interim Financial Statements, collectively.
Fitch	Fitch Ratings Limited.
GDP	Gross domestic product.
Government	The Government of the Kingdom of Morocco.
Group	The Issuer together with its consolidated subsidiaries and joint ventures.
IFA	The International Fertiliser Industry Association.
IFAC	International Federation of Accountants.

IFRS .... The International Financial Reporting Standards as promulgated by the International Accounting Standards Board as adopted by the European Union.

IMACID............................ Indo Maroc Phosphore, a joint venture among the Issuer, Chambal Fertiliser-Ind and Tat Chemicals Ltd- Inde for the production of phosphoric acid. The Issuer owns 33.33% of the share capital of IMACID.

Interim Financial Statements.......................... The Group's unaudited interim consolidated financial statements as at and for the three months ended 31 March 2021, including the financial information for the three months ended 31 March 2020 included for comparative purposes (together with the accompanying notes thereto).

Issuer .... OCP S.A.

JFC V .... Jorf Fertiliser Company V (originally Bunge Maroc Phosphore, a 50/50 joint venture with the Bunge group), a wholly-owned subsidiary of the Group since the Group's acquisition of the remaining 50% stake in 2013, producing phosphoric acid, MAP, DAP and TSP at Jorf Lasfar.

Joint Lead Managers .... Barclays Bank PLC, BNP Paribas and J.P. Morgan Securities.

LIBOR .... The London Inter Bank Offered Rate.

Morocco .... The Kingdom of Morocco.

Notes.................................. The Notes of the Issuer offered pursuant to this Prospectus.

OCP.................................... The Issuer.

OCP Law .... Law No 46-07 promulgated on 26 February 2008, pursuant to which the Issuer became a *société anonyme*.

ONCF .... *Office National des Chemins de Fer*, the Moroccan state-owned railway company.

PMP................................... Pakistan Maroc Phosphore, a 50/50 joint venture between the Issuer and the Fauji group for the production of phosphoric acid.

PPL.................................... Paradeep Phosphates Limited, a joint venture in which the Issuer indirectly owns 40.25% through ZPML, which produces DAP and NPK fertilisers in India using phosphate rock and phosphoric acid produced by the Group.

Prayon .... Prayon S.A., a 50/50 joint venture among the Issuer and *Société Régionale d'Investissement de Wallonie—Belgique* and *Société Prayon technologie* for the production of fertilisers, phosphoric acid and other chemical products, which is located in Belgium.

R&D .... Research and development.

S&P	S&P Global Rating Europe Limited.
SA Law...............................	Law No 17-95 of 30 August 1996 relating to *sociétés anonymes*, as amended from time to time.
SADV	*Société d'Aménagement et de Développement Vert*
Securities Act.....................	The U.S. Securities Act of 1933, as amended.
Stabilising Manager..........	J.P. Morgan Securities plc.
U.S.$ or **U.S. Dollar**...........	The lawful currency of the United States of America.
USGS..................................	U.S. Geological Survey.
WTO...................................	The World Trade Organisation.
ZPML.................................	Zauri Maroc Phosphates Limited, a 50/50 joint venture between the Issuer and the Birla Group (through its subsidiary, Zauri Industrie Limited).

APPENDIX II—GLOSSARY OF MEASUREMENT AND TECHNICAL TERMS

Certain Abbreviations and Related Terms

km	kilometre
km^2	square km
m	metre
mm	millimetres

Certain Terminology

ASP	Ammonium sulphate phosphate, a fertiliser used primarily in alkaline soils.
beneficiation	The treatment of raw material to improve physical or chemical properties prior to processing.
BPL......................................	Bond Phosphate of Lime, reference to the amount (by percentage of weight) of calcium phosphate contained in phosphate rock or phosphate ore. A higher BPL corresponds to a higher percentage of calcium phosphate.
Btu	British thermal unit.
CFR	Cost and Freight (named port). The Group regularly enters into CFR contracts with customers.
COA	Contract of affreightment. The Group makes certain sales on COA terms.
DAP	Diammonium phosphate, a type of multi-nutrient fertiliser containing 18% nitrogen and 46% P_2O_5. Production of DAP is based on the neutralisation of phosphoric acid with ammonia and subsequent drying and granulating.
DAF	Delivered At Frontier (named place). The Group makes certain export sales on DAF terms.
DCP	Dibasic calcium phosphate, a type of feed phosphate product.
FOB	Free on Board (named loading port). The Group regularly enters into FOB contracts with customers.
MAP	Monoammonium phosphate, a type of multi-nutrient fertiliser containing 11% nitrogen and 46% P_2O_5. Production of MAP is based on the neutralisation of phosphoric acid with ammonia and subsequent drying and granulating.
MDCP	Mono dibasic calcium phosphate, a type of feed phosphate product.

NPK .... Nitrogen-phosphorus-potassium, a type of multi-nutrient fertiliser containing nitrogen, phosphorus and potassium. Production of NPK is based on the neutralisation of phosphoric acid with ammonia, potassium chloride is then added to the finished product.

NPS .... A fertiliser comprised of phosphoric acid mixed with ammonia and sulphuric acid developed by the Group and currently used in Africa and Latin America.

phosphoric acid .... H_3PO_4.

purified phosphoric acid ... Phosphoric acid that has been purified so as to be of food-grade for human consumption.

Teractiv© .... A fertiliser comprised of phosphate rock and gypsum developed by the Group and currently used in Africa.

TSP .... Triple superphosphate, a type of fertiliser produced through the decomposition of phosphate rock using phosphoric acid, which results in a fertiliser with a double concentrate of phosphate.

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

AT 31 MARCH 2021

Contents

Key figures

(In millions of dirhams)	Note	Q1 2021	Q1 2020
Revenue	4.1.1.2	**14,288**	**12,270**
Profit (loss) from joint ventures	6.2	104	19
EBITDA		**5,336**	**3,345**
Operating profit (loss) before exceptionnal items		3,341	1,278
Cost of net financial debt	10.1.5	(537)	(524)
Net profit (loss) -Group share		**1,924**	**(2,639)**
Consolidated Equity -Group share		77,494	73,573
Net financial debt		51,658	53,163
Net operating investments		(1,995)	(2,125)
Basic and diluted earnings per share	12.2	**22.25**	**(33.38)**

Subsequent events

At its General Meeting on April 30, 2021, the shareholders of OCP Group decided to distribute dividends net of tax for an amount of MAD 5,125 million in respect of profit distributable for 2020.

The debt arrangements of the Group contain certain financial covenants applicable as long as the Group does not have at least one investment grade rating from any of the three major rating agencies (Fitch, Moody's and S&P). As long as the Group does not have at least one investment grade rating, the Group's agreements with international financial institutions would be required to maintain (a) a ratio of net debt to EBITDA of not more than 4: (i) on 2020, 2021 and 2022 and (ii) not more than 3:1 on 2023 and beyond; and (b) and a debt service coverage ratio of (i) not less than 0.9:1 on 2020 (ii) not less than 1.25:1 on 2021 and 2022 and (iii) not less than 1.5:1 on 2023 and beyond. As at 31 March 2021, the Group is not, and has not been, in breach of any of the financial and other restrictive covenants applicable in its debt arrangements.

Consolidated Statement of Profit and Loss

(In millions of dirhams)	Note	Q1 2021	Q1 2020
Revenue	4.1.1.2	14,288	12,270
Production held as inventory		(277)	(54)
Purchases consumed	4.2.2	(4,744)	(4,676)
External expenses	4.2.2	(1,856)	(2,152)
Personnel expenses	5.1	(2,310)	(2,272)
Taxes		(99)	(111)
Profit (loss) from joint ventures	6.2	104	19
Exchange gains and losses on operating receivables and payables		174	331
Other operating income and expenses		58	(8)
EBITDA		**5,336**	**3,345**
Amortization, depreciation and operating provisions	8.3-9.1	(1,995)	(2,067)
Operating profit (loss) before non recurring items		**3,341**	**1,278**
Other non-recurring operating income and expenses	7.1	(199)	(3,305)
Operating profit (loss)		**3,142**	**(2,027)**
Cost of gross financial debt		(567)	(639)
Financial income from cash investments		30	115
Cost of net financial debt	**10.1.5**	**(537)**	**(524)**
Exchange gains and losses on financial receivables and payables	10.2.2	(18)	(915)
Other financial income and expenses	10.2.2	(390)	(47)
Financial profit (loss)		**(945)**	**(1,485)**
Profit (loss) before tax		**2,197**	**(3,512)**
Corporate Income Tax	11.2 -11.3	(254)	930
Net profit (loss) for the period		**1,943**	**(2,582)**
Net profit (loss) - Group share		1,924	(2,639)
Net profit (loss) - Non-controlling interests		19	57
Basic and diluted earnings per share in dirhams	12.2	**22.25**	**(33.38)**

Consolidated Statement of Comprehensive Income

(In millions of dirhams)	Q1 2021	Q1 2020
Net profit (loss) for the period	**1,943**	**(2,582)**
Actuarial gains or losses	29	155
Taxes	(6)	(31)
Items that will not be reclassified to profit or loss	**24**	**124**
Translation differences	(20)	110
Share of gains and losses recognized in equity for equity-accounted (CFH variation)*	(345)	(1,148)
Taxes	76	254
Items that may be reclassified to profit or loss	**(289)**	**(784)**
Income and expenses for the period, recognized directly in equity	**(266)**	**(659)**
Consolidated comprehensive income	**1,678**	**(3,241)**
Including Group share	*1,659*	*(3,298)*
Including non-controlling interests' share	*19*	*57*

(*) Changes in fair value of cash flow hedges are recognized in other comprehensive income for the effective portion of the hedge of cash flows.

Consolidated Statement of Financial Position

(In millions of dirhams)	Note	31 March 2021	31 December 2020
ASSETS			
Current assets			
Cash and cash equivalents	10.1.3.1	7,014	6,428
Cash financial assets		4	7
Inventories	4.2.4	13,280	13,552
Trade receivables	4.1.2.2	9,361	8,657
Other current assets	7.2	18,603	17,689
Total current assets		**48,263**	**46,333**
Non-current assets			
Non-current financial assets	10.2.1	1,265	1,119
Investments in equity-accounted companies	6.1	5,368	5,286
Deferred tax assets	11.4	700	620
Property, plant and equipment	8.1	109,587	109,493
Intangible assets	8.2	2,237	2,476
Total non-current assets		**119,156**	**118,994**
Total Assets		**167,424**	**165,326**

(In millions of dirhams)	Note	31 March 2021	31 December 2020
LIABILITIES			
Current liabilities			
Current loans and financial debts	10.1.2.1-10.1.2.2	12,157	11,795
Current provisions	9.2	475	448
Trade payables	4.2.5	15,571	15,332
Other current liabilities	7.3	6,346	5,661
Total current liabilities		**34,549**	**33,236**
Non-current liabilities			
Non-current loans and financial debts	10.1.2.1-10.1.2.2	46,519	46,964
Non-current provisions for employee benefits	9.2	5,564	5,646
Other non-current provisions	9.2	611	591
Deferred tax liabilities	11.4	1,221	1,295
Other non-current liabilities			3
Total non-current liabilities		**53,914**	**54,500**
Equity - Group share			
Issued capital	12.1	8,288	8,288
Paid-in capital		18,698	18,698
Consolidated reserves - Group share		48,584	45,927
Net profit (loss) - Group share		1,924	3,231
Equity - Group share		**77,494**	**76,143**
Non-controlling interests		1,466	1,447
Total equity		**78,960**	**77,591**
Total liabilities and equity		**167,424**	**165,326**

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 31 December 2019	**8,288**	**18,698**	**(3,244)**	**9,075**	**42,618**
Allocation of profit (loss) for FY 2019					2,843
Consolidated comprehensive income for Q1 2020			**124**		
Subordinated debt's coupons				(103)	
Change in scope					
Dividends paid					
Others					(217)
Equity as at 31 March 2020	**8,288**	**18,698**	**(3,119)**	**8,973**	**45,245**
Global consolidated income from 1st April to 31 December 2020			**(365)**		
Subordinated debt's coupons				(308)	
Change in scope					
Dividends paid					(4,461)
Others					36
Equity as at 31 December 2020	**8,288**	**18,698**	**(3,484)**	**8,665**	**40,820**
Allocation of profit (loss) for FY 2020					3,231
Consolidated comprehensive income for Q1 2021			**24**		
Subordinated debt's coupons				(97)	
Change in scope					
Dividends paid					
Others					(210)
Equity as at 31 March 2021	**8,288**	**18,698**	**(3,460)**	**8,568**	**43,841**

[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, 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 19 revised.

[2] OCP SA closed two perpetual subordinated bond issue with early repayment and deferred payment options for a total amount of MAD 10 billion issued in five tranches. Given the characteristics of this hybrid issue, the financing is 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
(274)	**(521)**	**(292)**	**2,843**	**77,191**	**1,436**	**78,626**
			(2,843)			
110		**(894)**	**(2,639)**	**(3,298)**	**57**	**(3,241)**
				(103)		(103)
				(217)		(217)
(163)	**(521)**	**(1,184)**	**(2,639)**	**73,573**	**1,493**	**75,066**
(237)		**2,032**	**5,870**	**7,300**	**103**	**7,403**
				(308)		(308)
				(4,461)	(170)	(4,631)
				38	22	60
(401)	**(521)**	**846**	**3,231**	**76,143**	**1,448**	**77,591**
			(3,231)			
(20)		**(269)**	**1,924**	**1,659**	**19**	**1,678**
				(97)		(97)
				(210)		(211)
(421)	**(521)**	**579**	**1,924**	**77,494**	**1,466**	**78,960**

[3] Represents the depreciation of the Group's participation in Heringer.

[4] The Group sets up a cash-flow hedge. The hedging strategy results in recognition in OCI (Other Comprehensive Income), for the effective part, of the currency effect on the debt until maturity.

[5] Represents interests of minority shareholders in the JFCV subsidiary's equity.

Consolidated Statement of Cash Flows

(In millions of dirhams)	Note	Q1 2021	Q1 2020	FY 2020
EBITDA		5,336	3,345	18,657
Subsidies and donations		(168)	(3,268)	(3,963)
Other non-current operating income and expenses		(5)		(68)
Other non-current operating income and expenses- prior period		19	1	(23)
Profit or loss of associates and joint ventures		(104)	(19)	(342)
Other movements		(491)	11	(895)
Funds from operations		**4,588**	**70**	**13,366**
Impact of the change in WRC:		**(819)**	**(1,636)**	**(2,409)**
Inventories		*269*	*(508)*	*1,324*
Trade receivables		*(807)*	*(88)*	*(546)*
Trade payables		*331*	*550*	*(38)*
Other current assets and liabilities		*(612)*	*(1,590)*	*(3,149)*
Taxes paid		**(434)**	**(60)**	**(1,288)**
Total net cash flows related to operating activities		**3,335**	**(1,626)**	**9,669**
Acquisitions of PP&E and intangible assets		(1,750)	(2,125)	(9,566)
Disposals of PP&E and intangible assets		(38)	1	174
Net financial investments		(90)	(973)	(58)
Impact of changes in scope		(22)	(1,000)	(947)
Acquisitions of financial assets		(10)		(32)
Disposal of financial assets		1		3
Dividends received				158
Total net cash flows related to investing activities		**(1,910)**	**(4,097)**	**(10,269)**
Loan issue			7,653	7,750
Loan repayement		(1,044)	(1,610)	(6,689)
TSDI coupon's		(97)	(103)	(410)
Net financial interest payments		(62)	26	(2,550)
Cashpooling advances*		353	10	122
Dividends paid to Group shareholders				(4,461)
Dividends paid to minority shareholders				(170)
Total net cash flows related to financing activities		**(850)**	**5,977**	**(6,408)**
Impact of changes in exchange rates on cash and cash equivalents		5	7	(44)
Net increase/(decrease) in cash and cash equivalents		**580**	**261**	**(7,051)**
Opening cash and cash equivalents	10.1.3.1	6,425	13,477	13,477
Closing cash and cash equivalents	10.1.3.1	7,005	13,737	6,425

(*) Advances from subsidiaries accounted by the equity method (PMP, IMA, EMA) to OCP SA, as part of the cash pooling agreement.

Note 1- Accounting rules and methods

1.1. BASES FOR THE PREPARATION OF THE FINANCIAL STATEMENTS

OCP Group's 1st quarter consolidated financial statements ended March 31, 2021 include a set of condensed financial statements prepared and presented in accordance with the disposals of IAS 34 «Interim Financial Reporting». These financial statements should be read in conjunction with the IFRS consolidated financial statements as at December 31, 2020.

They are presented with a comparison at December 31, 2020 and March 31, 2020.

The accounting principles and methods used to prepare OCP Group's 1st quarter consolidated financial statements ended March 31, 2021 are identical to those used for the preparation of the consolidated financial statements for the year ended December 31, 2020. These financial statements are prepared in accordance with the accounting standards IFRS as adopted in the European Union.

1.2. STANDARDS AND INTERPRETATIONS APPLIED AT JANUARY 1, 2021

There are no IFRS standards and IFRIC interpretations that have been applicable since 1st January 2021.

Note 2 - Consolidation scope

2.1. CONSOLIDATION SCOPE

Entity	Country of location	Currency	31 March 2021		31 December 2020	
			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 - EMAPHOS	Morocco	MAD	Equity method	33.33	Equity method	33.33
Indo Morocco Phosphore - IMACID	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	Equity method	20.00
Trading						
OCP AFRICA	Morocco	MAD	Full	100.00	Full	100.00
OCP Fertilizantes	Brazil	BRL	Full	100.00	Full	100.00
Black Sea Fertilizer Trading Company	Turkey	TRY	Full	100.00	Full	100.00
SAFTCO	Switzerland	USD	Full	100.00	Full	100.00
OCP North America	USA	USD	Full	100.00	Full	100.00
Others						
OCP International	Netherlands	USD	Full	100.00	Full	100.00
OCP International SAS	France	EUR	Full	100.00	Full	100.00
Fondation OCP	Morocco	MAD	Full	100.00	Full	100.00
Association pour la Promotion de l'Enseignement d'Excellence - APEE	Morocco	MAD	Full	100.00	Full	100.00
Foncière Endowment 1 - FE1	Morocco	MAD	Full	100.00	Full	100.00
Université MED6 polytechnique Endowment Holding - UM6PEH	Morocco	MAD	Full	100.00	Full	100.00
Université MED6 polytechnique - UM6P	Morocco	MAD	Full	100.00	Full	100.00
Lycée d'Excellence de Benguerir - Lydex	Morocco	MAD	Full	100.00	Full	100.00
Fondation PB	Morocco	MAD	Full	100.00	Full	100.00
Jacobs Engineering - JESA	Morocco	MAD	Equity method	50.00	Equity method	50.00
Dupont Ocp Operations Consulting - DOOC	Morocco	MAD	Full	100.00	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	Full	100.00
OCP Innovation Fund For Agriculture - OIFFA	Morocco	MAD	Full	100.00	Full	100.00
Maghrib Hospitality Company-MHC	Morocco	MAD	Equity method	50.00	Equity method	50.00
OCP Hospitality	Morocco	MAD	Full	100.00	Full	100.00
Société de Transports Régionaux - SOTREG	Morocco	MAD	Full	100.00	Full	100.00
Centre d'Etudes et de Recherches des Phosphates Minéraux (CER)	Morocco	MAD	Full	100.00	Full	100.00
OCP Solutions	Morocco	MAD	Full	100.00	Full	100.00
TEAL Technology & Services - TTS	Morocco	MAD	Equity method	49.00	Equity method	49.00

2.2. SCOPE CHANGE

In the first quarter 2021, OCP Group increased its shares in Dupont OCP Operations Consulting. This entity is now 100 % owned and controlled by OCP.

Note 3 - Segment reporting

The presentation of the Group' segment information is made by production:

- **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 at Jorf Lasfar.

- **Central Axis (Youssoufia and Benguerir – 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 the Safi port;
  - 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 the 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 & Phosboucraâ*		*Head-office and other activities*		*Intersegment eliminations*		*TOTAL*	
	Q1 2021	*Q1 2020*	*Q1 2021*	*Q1 2020*	*Q1 2021*	*Q1 2020*	*Q1 2021*	*Q1 2020*	*Q1 2021*	*Q1 2020*
Revenue	**11,232**	**9,568**	**2,807**	**2,298**	**1,134**	**924**	**(885)**	**(519)**	**14,288**	**12,270**
Production held as inventory	(142)	(487)	(15)	95	(120)	337			(277)	(54)
Purchases consumed	(3,777)	(3,386)	(777)	(681)	(1,011)	(1,024)	819	415	(4,744)	(4,676)
External expenses	(1,029)	(1,283)	(498)	(587)	(438)	(386)	109	104	(1,856)	(2,152)
Personal expenses	(1,006)	(943)	(653)	(635)	(652)	(694)			(2,310)	(2,272)
Taxes	(30)	(40)	(19)	(23)	(50)	(48)			(99)	(111)
Income from joint ventures	94	(45)			10	64			104	19
Exchange gains and losses on operating recevables and payables	25	93	7	21	142	217			174	331
Other operating income and expenses	11	(93)			89	85	(43)		58	(8)
EBITDA	**5,377**	**3,385**	**853**	**488**	**(895)**	**(525)**			**5,336**	**3,345**
Amortization, depreciation and operating provisions	(1,384)	(1,358)	(198)	(181)	(413)	(528)			(1,995)	(2,067)
Current operating profit (loss)	**3,994**	**2,027**	**655**	**307**	**(1,308)**	**(1,053)**			**3,341**	**1,278**
Other non-curent operating income and expenses	(43)	(93)	(48)	(75)	(108)	(3,138)			(199)	(3,305)
Operating profit (loss)	**3,950**	**1,934**	**607**	**231**	**(1,416)**	**(4,191)**			**3,142**	**(2,027)**

The Group's revenue amounted to MAD 14.3 billion, up 16 % in the first quarter of 2021 compared to the first quarter of 2020, due to the increase in sales prices combined with the increase in export volumes across the three segments.

The Revenue of the Northern axis, which represents 78 % of the total revenue, reached MAD 11.2 billion, an increase of 17 % compared to the first quarter of 2020. This increase is mainly driven by fertilizers sales destined to Asia (India, Pakistan and Bangladesh).

Sales prices during this first quarter are on the rise, impacted by the prices of raw materials and by supply chain disruptions caused by health measures linked to Covid-19 pandemic.

Sales of the central axis also increased compared to the first quarter of 2020, mainly for phosphoric acid, as many customers resumed production following the shutdown periods witnessed last year.

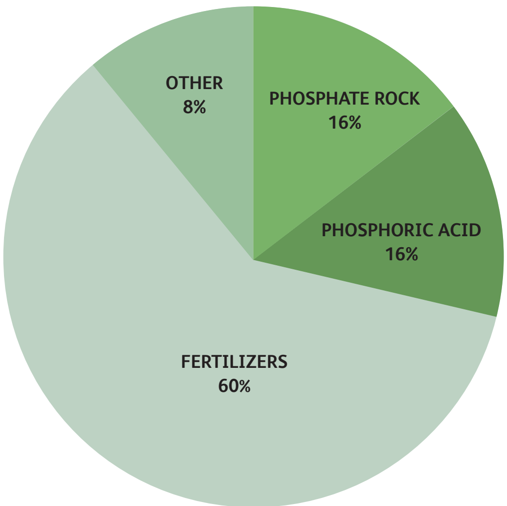
Phosphoric acid prices increased over the period, correlated with rising raw material and fertilizer prices.

The Group's EBITDA was up 60 % compared to the first quarter of 2020, driven by the increase in revenues and supported by the decrease in operating expenses resulting from the Group's efforts in terms of optimization and costs monitoring.

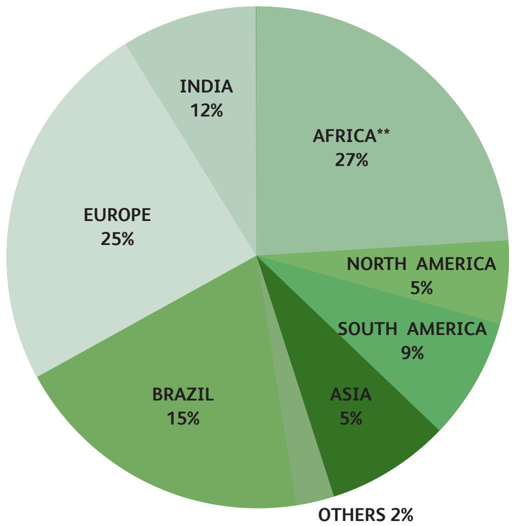
3.2. REVENUE BY PRODUCT AND BY GEOGRAPHIC AREA

The breakdown of net consolidated sales by region and by product as at 31 March 2021 is detailed as follows:

REVENUE BY PRODUCT



REVENUE BY GEOGRAPHICAL AREA*



* Revenue of Phosphate, Phosphoric acid and Fertilizers.

** Including sales in Morocco

The Group generates revenues with a diversified customer base. No customer alone represents more than 10 % of the consolidated revenues.

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)	*Q1 2021*	*Q1 2020*
Phosphates	2,237	1,808
Phosphoric acid	2,284	1,721
Fertilizers	8,553	7,384
Other income	1,214	1,356
Revenue	**14,288**	**12,270**

(In millions of dirhams)	Phosphates		Phosphoric acid		Fertilizers	
Main markets	*Q1 2021*	*Q1 2020*	*Q1 2021*	*Q1 2020*	*Q1 2021*	*Q1 2020*
Local sales	597	152	263	331	142	89
Europe	696	586	840	595	1,955	1,386
North America			33		673	1,455
India	365	339	733	654	357	28
Africa	1				2,190	2,020
South America	284	562	414	92	2,603	2,380
Asia	253	124		49	476	25
Oceania	40	45			158	
Total	**2,237**	**1,808**	**2,284**	**1,721**	**8,553**	**7,384**

(In millions of dirhams)	Phosphates		Phosphoric acid		Fertilizers	
Breakdown by third parties	*Q1 2021*	*Q1 2020*	*Q1 2021*	*Q1 2020*	*Q1 2021*	*Q1 2020*
Revenue	**3,687**	**2,973**	**2,284**	**1,721**	**9,320**	**7,939**
Outside the group	1,622	1,481	2,047	1,114	8,553	7,359
Joints ventures	615	327	236	607	-	25
Intercompany sales	1,451	1,165			767	555
Eliminations	**1,451**	**1,165**			**767**	**555**
Total	**2,237**	**1,808**	**2,284**	**1,721**	**8,553**	**7,384**

Revenue for the first quarter of 2021 is up 16.4 % compared to the first quarter of 2020.

- **Phosphate rock sales show an increase of 23.7% between the first quarter of 2020 and 2021:**

  Phosphate rock volumes were higher during the quarter, supported by increased sales to Asia, Europe as well as the domestic market. This increase was, however, largely offset by lower exports to Latin America.

  Sales volumes in Asia were driven mainly by Pakistan, where production resumed at normal pace after shutdowns caused by the spread of Covid-19 in the country in the first quarter of 2020.

  In Europe, an increase in shipments was recorded in Norway, following the collapse of the Murmansk bridge in Russia, which gave OCP the opportunity to send more volumes.

  Sales volumes on the local market recorded a strong progression growing by MAD +370 million as a result of increased production at PMP and IMACID, compared to last year's levels which were impacted by the prolonged shutdowns during the first quarter of 2020 due to Covid-19.

  The decrease in export volumes to Latin America was mainly a result of anticipated imports underpinned by the favorable freight rates in Mexico at the end of 2020, while in Brazil Mosaic Fertilizantes do Brazil enjoyed more competitive prices from the Bayovar mine.

  Phosphate prices increased in the first quarter of 2021, supported by favorable demand, and stood at $ 81 / T FOB compared to $ 75 / T FOB in the first quarter of 2020.

- **Phosphoric acid sales increased by 32.7% between the first quarter of 2020 and that of 2021, equivalent to a MAD +563 million variation:**

  This increase is explained in part by higher year on year sales volumes, mainly in India where demand has recovered following production disruptions induced by preventive measures linked to the COVID-19 pandemic. Sales also increased in other parts of Asia, such as Pakistan, where several plants were undergoing maintenance in 2020.

  In addition, sales increased in Latin America, supported by new volumes exported to Mexico's Fertinal Group as well as an increased demand in Brazil particularily to ICL Brasil.

  Phosphoric Acid prices have increased during the period, in line with rising sulfur prices.

- **Fertilizer sales also recorded an increase of MAD 1.2 billion between the first quarters of 2020 and 2021 (+ 15.8%):**

  This increase is explained by a slight improvement in sales volumes, driven by Africa where the Group won the tender in Benin, and to a lesser extent by Asia, particularly in Bangladesh and Pakistan, where demand has recovered compared to the same period in 2020.

  This increase in volumes was largely offset by the decrease observed in the American continent. In North America, more specifically in the United States, where the new 19 % import tax is imposed on OCP following the request filed by Mosaic in 2020. In Latin America, where volumes exported to Brazil where loadings were deferred and Argentina where stock levels were high due to allocated import subsidies.

  Fertilizers prices recorded an increase in the international market as a result of higher input prices, in particular ammonia, sulfuric acid and sulfur (+ 36 %). The average market price per ton therefore rose from $ 283 / T in the first quarter 2020 to $ 349 / T in the first quarter 2021.

  Other revenues mainly refer the «Freight» activity and other auxiliary products, in particular the sales of liquid sulfur, urea, ammonium nitrate, potassium chloride, etc. This line amounts to MAD 1.2 billion, in the first quarter of 2021, compared with MAD 1.4 billion in the first quarter of 2020, ie a decrease of 10.5 % mainly linked to a drop in demand, which was triggered by higher price levels.

4.1.2 TRADE RECEIVABLES

4.1.2.1 ACCOUNTING TREATMENT OF TRADE RECEIVABLES

This category includes operating receivables, deposits and guarantees, as well as loans. Upon initial recognition, loans and receivables are recorded in the balance sheet at their fair value plus transaction costs directly attributable to the acquisition or issue of the asset. At the closing date, these assets are measured using the amortized cost method. A loss in value is recorded depending on the risk of non-recovery.

4.1.2.2 ANALYSIS OF TRADE RECEIVABLES

(In millions of dirhams)	*31 March 2021*	*31 December 2020*
Trade receivables invoiced	10,457	9,758
Provisions - trade receivables	(1,095)	(1,101)
Net trade receivables	**9,361**	**8,657**

Trade receivables increased by MAD 699 million between December 31, 2020 and March 31, 2021, i.e. + 7 % , in correlation with the high level of sales during this first quarter of 2021.

It should be noted that the trade receivables are mainly related to the depreciation of the receivables of Heringer due to its financial difficulties for an amount MAD 466 million in December 2019. This impairment as of 31 March 2021 remains stable.

4.1.3 MANAGEMENT OF EXCHANGE RISK AND CREDIT RISKS

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.

FOREIGN EXCHANGE RISK ON FINANCING FLOWS

Setting up foreign exchange 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 a foreign exchange rate effect in income under IAS 21. In this context, OCP aimed to limit this impact by using hedge accounting.

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 % .

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.

OCP Group is present in more than fifty countries in the world. Its Revenue 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)	Q1 2021	Q1 2020
Purchases of materials and supplies	**(148)**	**(322)**
Purchases of raw materials	**(3,153)**	**(2,493)**
Sulfur	*(1,567)*	*(1,091)*
Ammonia	*(1,125)*	*(1,014)*
Sulfuric acid	*(229)*	*(162)*
KCL	*(153)*	*(124)*
Other raw materials	*(79)*	*(101)*
Energy comsumption	**(617)**	**(627)**
Electric energy	*(291)*	*(284)*
Fuel	*(204)*	*(182)*
Diesel	*(96)*	*(138)*
Heating gas	*(17)*	*(16)*
Steam and others	*(8)*	*(6)*
Spare parts	**(167)**	**(274)**
Purchases of works, studies and services	**(335)**	**(520)**
Water supply	**(38)**	**(29)**
Auxiliary materials and othe purchases	**(287)**	**(413)**
Purchased consumables of materials and supplies	**(4,744)**	**(4,676)**

Purchases of raw materials show an increase of MAD 660 million between the first quarter of 2020 and that of 2021. This variation is mainly due to the increase in consumed purchases of sulfur.

In fact, sulfur purchases increased by MAD 476 million following an increase in the volumes consumed in line with the increase in the production of phosphoric acid, as well as a 36 % increase in the price of the current tonne this first quarter 2021 ($ 98 / T CFR in first quarter 2021 compared to $ 72 / T CFR in first quarter 2020) due to an increase in demand greater than that of international supply.

Ammonia consumption also shows an increase of MAD 111 million which is also explained by an increase in the price per ton which goes from $ 239 / T CFR during the first quarter of 2020 to $ 271 / T in the following first quarter of 2021 the same uptrend due to strong international demand.

Energy consumption amounted to MAD 617 million during the first quarter of 2021, a slight decrease of 2 % compared to the first quarter of 2020. This decrease is explained by a higher level of fuel consumption mainly at Gantour due to the increase in the processing activity and at Safi following the revisions of the sulfuric lines. This increase has been offset by a drop in gasoil consumption following the decline in the extraction activity at the mining sites.

The decrease in services of MAD 185 million compared to the first quarter of 2020 is explained by the general decrease in services of the various sites resulting from the cost optimization initiatives implemented by the Group to deal with the COVID-19 context.

Furthermore, these cost management and optimization efforts have also allowed to post a decrease in other items relating to spare parts and other purchases consumed.

External expenses:

(In millions of dirhams)	*Q1 2021*	*Q1 2020*
Transport	(1,144)	(1,222)
ONCF transport on sales	*(220)*	*(193)*
Shipping on sales-Freight	*(697)*	*(821)*
Truck phosphates transport	*(82)*	*(71)*
Personal transport	*(21)*	*(16)*
Other operating transport	*(124)*	*(121)*
Consulting and fees	(74)	(63)
Contributions and donations	(156)	(83)
Maintenance and repairs	(241)	(409)
Leases ans lease expenses	(24)	(36)
Insurance premiums	(66)	(67)
Advertising, publications and public relations	(18)	(31)
Postal and telecommunications expenses	(22)	(26)
Study, analysis, research and documentation	(18)	(31)
Remuneration of personal outside the company	(35)	(43)
Other external expenses	(58)	(142)
External expenses	**(1,856)**	**(2,152)**

External charges during the first quarter of 2021 reached MAD 1.9 billion dirhams, down 14% compared to the first quarter of 2020. This drop is mainly observed in the item of maintenance and repair charges following the continuation of efforts to reduce and optimize maintenance costs, as well as work to record part of these expenses in the balance sheet due to their nature as plant and equipment in accordance with IAS16.

Other external expenses as well as various charge lines are down thanks to an optimized management and cost control.

4.2.3 RISKS RELATED TO RAW MATERIALS

No changes were made to the management of risks related to raw materials in the first quarter of 2021.

4.2.4 INVENTORIES

(In millions of dirhams)	*31 March 2021*			*31 December 2020*		
	Gross	*Depreciation*	*Net*	*Gross*	*Depreciation*	*Net*
Consumable materials and supplies	5,892	(1,544)	4,348	5,834	(1,519)	4,315
In-process inventory	6,679	(76)	6,603	6,759	(88)	6,671
Finished products	2,556	(227)	2,329	2,800	(234)	2,566
Total Inventories	**15,127**	**(1,847)**	**13,280**	**15,393**	**(1,841)**	**13,552**

Inventories of consumables and supplies consist mainly of non-strategic spare parts for installations. Due to their short useful lifetime, these spare parts are not classified as an immobilization. The risk of obsolescence of parts is an indication of impairment that is reviewed annually to estimate whether any impairment is required.

Total inventories at the end of March 2021 amounted to MAD 13.3 billion, a slight decrease of 2 % compared to the end of December 2020. This decrease is mainly related to the decline in finished products inventories mainly Phosphate.

4.2.5 TRADE PAYABLES

(In millions of dirhams)	*31 March 2021*	*31 December 2020*
Trade payables	5,099	4,915
Fixed assets liabilities	10,472	10,416
Trade payables	**15,571**	**15,332**

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 239 million as of March 31, 2021 compared to December 31, 2020.

Note 5 - Expenses and employee benefits

5.1 PERSONNEL EXPENSES

(In millions of dirhams)	*Q1 2021*	*Q1 2020*
Employee remuneration and related social charges	(1,956)	(1,757)
Retirement benefits and medical cover	(316)	(446)
Other employee benefits	(38)	(69)
Personnel expenses	**(2,310)**	**(2,272)**

Personnel costs in the first quarter of 2021 are up slightly by MAD 38 million compared to the first quarter of 2020. This increase is mainly explained by the increase in the payroll following the implementation of the 2020 Protocol of Agreement, and the entry into the scope of new subsidiaries, notably OCP North America and the integration of Dupont, as well as the increase in payroll at UM6P, OCP Solution and APEE. This increase was offset by the drop in social measures in favor of employees (home ownership, leisure, summer camps, etc.).

5.2 POST-EMPLOYMENT BENEFIT AND OTHER BENEFITS

5.2.1 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.

There was no change in the main assumptions in comparison with FY 2020.

5.2.2 OBLIGATIONS RELATED TO SOCIAL LIABILITIES

(In millions of dirhams)	*Post-employment benefits*				*Other long-term benefits*	*Total employee benefits*
	Pension supplement	*Medical plans*	*Fixed retirement allocation*	*Total post-employment benefits*		
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**
Benefits paid	(4)	(135)	(7)	(145)		(145)
Service cost	1	10	15	26		26
Expenses related to discounting of obligations	5	36	7	48		48
Actuarial losses or (gains) for the period resulting from changes in:	4	(27)	(6)	(29)		(29)
Contributions		18		18		18
Net obligations recognized at 31 March 2021	**603**	**4,041**	**799**	**5,443**	**120**	**5,564**

5.3 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)	*31 March 2021*	*31 March 2020*
Short-term employee benefits	20	24
Post-employment benefits	5	5
Total management compensation	**25**	**29**

Note 6 - Investments in Joint Ventures and associates

6.1 ANALYSIS OF INVESTMENTS IN JOINT-VENTURES AND ASSOCIATES

The Group's investments in join ventures and associates are analyzed as follows:

(In millions of dirhams)	31 March 2021	31 December 2020
Paradeep Phosphates Limited - PPL	1,147	1,132
Groupe PRAYON	1,239	1,274
Pakistan Maroc Phosphore - PMP	771	732
Euro Maroc Phosphore - EMA	258	196
Indo Maroc Phosphore - IMA	417	370
Fertinagro Biotech	381	384
Société d'Aménagement et de Développement de Mazagan - SAEDM	288	288
Maghrib Hospitality Company - MHC	930	953
Teal Technology Services - TTS	12	12
Others	(75)	(55)
Total interests in joint-ventures	**5,367**	**5,286**

In sight of the current context relating to Covid-19, and although the tourism sector was among the sectors most affected by this pandemic, the Group studied the impact of this impairment indicator on the recoverable value its participation in the company La Mamounia; subsidiary of MHC. Based on discouted forecasts of future cash flows, the test did not generate any impairment impact during the first quarter of 2021.

6.2 BALANCE SHEETS AND INCOME STATEMENTS OF ASSOCIATES AND JOINT VENTURES

The note hereafter details the balance sheet and income statement of the joint ventures and associates for the first quarter 2021:

Balance sheet

(In millions of dirhams)	PRAYON	EMAPHOS	IMACID	PMP	PPL	SAEDM	TTS	MHC	FERTINAGRO	OTHERS
ASSETS										
Current assets										
Cash and cash equivalents	491	179	89	34	26	87	41	4	74	339
Cash financial assets		4			32					
Inventories	1,925	314	184	236	1,173	1,201			93	
Trade receivables	572	335	566	505	2,373		78		117	1,662
Current tax receivables			10	17			7			43
Other current assets	131	165	555	903	447	112	21	6	3	772
Total current assets	**3,119**	**997**	**1,404**	**1,695**	**4,052**	**1,400**	**146**	**10**	**287**	**2,815**
Non-current assets										
Non-current financial assets	12				4				18	8
Investments in equity-accounted companies	870									
Equity securities	16					1		2,445		135
Deferred tax assets	127									
Property, plant and equipment	2,070	150	487	596	1,914	4	3	300	86	52
Intangible assets	102	192	22	9	2	7	0	6	9	22
Total non-current assets	**3,197**	**342**	**509**	**604**	**1,919**	**11**	**4**	**2,751**	**113**	**217**
Total Assets	**6,316**	**1,339**	**1,913**	**2,300**	**5,971**	**1,410**	**150**	**2,762**	**401**	**3,031**

(In millions of dirhams)	PRAYON	EMA	IMA	PMP	PPL	SAEDM	TTS	MHC	FERTINAGRO	OTHERS
LIABILITIES										
Current liabilities										
Current loans and financial debts	1,182				2,408					
Current provisions	13		1		95		2			8
Trade payables	1,220	469	522	708	1,105	315	69	20		735
Current tax liabilities			36	25	100					9
Other current liabilities	402	(46)	38	3	210	165	54	799	224	1,127
Total current liabilities	**2,817**	**424**	**597**	**736**	**3,918**	**481**	**126**	**819**	**224**	**1,878**
Non-current liabilities										
Non-current loans and financial debts	746	132				365				
Non-current provisions for employee benefits	185									
Other non-current provisions	21				30					
Deferred tax liabilities	212									
Other non-current liabilities	10								1	
Total non-current liabilities	**1,174**	**132**			**30**	**365**			**1**	
Equity - Group share	530	347	620	800	712	608	15	2,000	61	51
Paid-in capital		110								
Reserves	1,746	212	241	458	1,202	(1)	0	(18)	91	8
Retained earnings		93	312	227	106	(43)	9	(18)	21	1,076
Net profit (loss) - Group share	49	21	142	78	1	(0)	(0)	(22)	3	18
Total equity	**2,325**	**783**	**1,316**	**1,563**	**2,022**	**565**	**24**	**1,942**	**176**	**1,153**
Total liabilities and equity	**6,316**	**1,339**	**1,913**	**2,300**	**5,971**	**1,410**	**150**	**2,761**	**401**	**3,031**

Income statement

(In millions of dirhams)	PRAYON	EMA	IMA	PMP	PPL	SAEDM	TTS	MHC	FERTINAGRO	OTHERS
Revenue	2,126	367	728	539	1,922	0	98		100	430
Production held as inventory	(60)	(34)	50	27	(150)	30	(0)		(0)	
Purchases consumed	(1,173)	(267)	(495)	(364)	(1,438)	(41)	(74)		(67)	(167)
External expenses	(420)	(32)	(100)	(75)	(201)	(1)	(1)	(21)	(16)	(28)
Personnel expenses	(305)			**(2)**	(45)	(3)	(22)		(13)	(203)
Taxes					(31)					(1)
Exchange gains and losses on operating receivables and payables			(4)	(6)						
Other operating income and expenses	(12)	(2)	13	11		15				2
EBITDA	**155**	**32**	**193**	**130**	**57**	**(1)**	**1**	**(21)**	**5**	**34**
Amortization, depreciation and operating provisions	(84)	(2)	(13)	(26)	(26)	(1)	(1)	2		(5)
Operating profit (loss) before exceptional items	**71**	**31**	**180**	**104**	**31**	**(1)**		**(19)**	**5**	**29**
Other non-current operating income and expenses		(1)	(1)	(3)	2					(2)
Operating profit (loss)	**71**	**29**	**178**	**101**	**33**	**(1)**		**(19)**	**5**	**27**
Cost of net financial debt		(1)		3		(5)		(3)	(1)	
Exchange gains and losses on financial receivables and payables										
Other financial income and expenses	(34)				(32)	6				
Financial profit (loss)	**(34)**	**(1)**		**3**	**(32)**	**1**		**(3)**	**(1)**	
Profit (loss) before tax	**37**	**28**	**179**	**104**	**1**			**(22)**	**4**	**27**
Corporate tax	(10)	(7)	(36)	(25)					(1)	(9)
Profit (loss) from joint ventures	22									
Net profit (loss) for the period	**49**	**21**	**142**	**78**	**1**			**(22)**	**3**	**18**

Teal Technology & Services-TTS and OCP concluded a Master Services Agreement through which TTS provides data management (data center), digital transformation and outsourcing services for existing activities.

Note 7 – Other operating items

7.1 ANALYSIS OF OTHER OPERATING ITEMS

(In millions of dirhams)	*Q1 2021*	*Q1 2020*
Granted subsidies	(95)	(139)
Donations, legacies, liberalities	(73)	(3,129)
Others	(31)	(38)
Other non-current operating income and expenses	**(199)**	**(3,305)**

Other non-recurring operating income and expenses amounted to MAD -199 million during the first quarter of 2021, down 3.1 billion dirhams compared to the first quarter 2020. This decrease in expenses is explained by the contribution of OCP (MAD 3 billion) to the Special Fund for the management of Covid-19 pandemic.

7.2 OTHER CURRENT ASSETS

(In millions of dirhams)	*31 March 2021*			*31 December 2020*		
	Gross	*Depreciation*	*Net*	*Gross*	*Depreciation*	*Net*
Receivables from suppliers, advances and payments on account	8,264		8,264	8,003		8,003
Personnel	69	(1)	68	66	(1)	65
Social organizations	339	(32)	307	342	(32)	310
State (excluding corporate income tax)	9,028		9,028	8,963		8,963
Tax receivables	106		106	11		11
Other receivables	854	(24)	830	361	(24)	336
Total other current assets	**18,660**	**(57)**	**18,603**	**17,746**	**(57)**	**17,689**

State (excluding corporate income tax) mainly includes VAT, the phosphate exploitation fee and other taxes.

The Other receivables at March 31, 2020 mainly includes deferred charges relating to social cohesion, donations and insurance expenses paid during the first quarter of 2021 and which cover the entire year.

7.3 OTHER CURRENT LIABILITIES

(In millions of dirhams)	*31 March 2021*	*31 December 2020*
Trade receivable credit balances, advances and payments on account	821	816
State-VAT	849	932
Social payables	1,660	1,275
Tax liabilities	25	42
Other creditors	2,991	2,596
Total other current liabilities	**6,346**	**5,661**

Other current liabilities recorded a slight increase of MAD 685 million between December 2020 and March 2021.

Social payables mainly correspond to the cut off on wages and social expenses, this item recorded an increase of MAD385 million between December 31, 2020 and March 31, 2021.

Other creditors also recorded an increase of MAD 395 million mainly relating to commitments undertaken by the OCP foundation towards its partners.

Note 8 – Property, plant & equipment and intangible assets

8.1 PROPERTY, PLANT & EQUIPMENT

(In millions of dirhams)	*31 December 2020*	*Aquisitions*	*Amortization*	*Reductions / Reversals*	*Reclassifi-cation*	*Translation difference*	*Other changes*	*31 March 2021*
Gross amount:								
Land	6,482				39	(1)		6,519
Buildings	53,675	(45)			396	(4)		54,022
Technical installations, equipment and tools	99,362	85		(3)	464	(1)		99,906
Transport equipment	898	3			(4)			897
Furniture, office equipment and various fittings	3,602	8			(9)	(1)	2	3,603
Right of use of other tangible assets	4,266	24		(1)		1		4,289
Other property, plant and equipment	12,078	1,731			(878)		(21)	12,911
Total gross amount	**180,362**	**1,807**		**(6)**	**9**	**(7)**	**(19)**	**182,147**
Depreciations:								
Land	(1,145)		(5)					(1,150)
Buildings	(13,859)		(298)			1		(14,157)
Technical installations, equipment and tools	(49,971)		(1,180)	3	1	1		(51,146)
Transport equipment	(833)		(10)		3	3		(839)
Furniture, office equipment and various fittings	(1,583)		(54)					(1,636)
Right of use of other tangible assets	(1,963)		(77)					(2,040)
Other property, plant and equipment	(1,372)		(376)	1	302		(1)	(1,446)
Impairment losses								
Land	(141)							(141)
Buildings	(3)							(3)
Total depreciation and impairment losses	**(70,869)**		**(2,001)**	**3**	**306**	**2**	**(1)**	**(72,559)**
Net carrying amount	**109,493**	**1,807**	**(2,001)**	**(2)**	**315**	**(5)**	**(20)**	**109,587**

(In millions of dirhams)	*31 December 2019*	*Aquisitions*	*Provisions*	*Reductions / Reversals*	*Reclassifi-cation*	*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**

The main increases during the first quarter of 2021 concern the following projects:

Mining activity:

- Commissioning of the second motor of the rippable conveyor at the Béni Amir mine, the latter thus having a nominal production capacity of 5.5 million ton per year of phosphate.
- Launch of new construction sites for the laundromat in Benguerir (Charpente Lot n° 2 and electrical buildings). It aims to ensure a production of 3 MT /year by 2020 and 9 MTSM by the horizon 2025 in order to respond to the needs of the Safi site, while reducing the cost of transport by train to Youssoufia and Safi by transporting the washed floated product instead of the raw phosphate.
- The Boucraâ mine has had several achievements, mainly the finalization of the earthworks of the storage halls and the civil engineering work of the storage tanks of the fertilizer complex. This complex aims to enhance the phosphates of Boucraâ by producing phosphoric acid and fertilizers with an annual capacity of one million tons of the fertilizer's equivalent DAP / MAP and 0.5 million ton of P_2O_5 . In addition, the site has started in situ testing of tubular piles for the access bridge to the new phosphate port and has launched the first phase of development of the new substation.

Chemical activity:

- Global progress of 95 % for the purchases of the new TSPS lines project. This project aims to build three fertilizer production units with a capacity of one million ton per year of DAP equivalent with the possibility of TSP production.
- Testing and commissioning of the fourth sulfur melting & filtration line at the Jorf Lasfar site.
- In Jorf Lasfar port: Project to rehabilitate and increase the capacities of the installations in order to follow the development of the Jorf platform, and this through the launch of the dismantling work of the screw gantries and the progress of the fabrication work on the new metal structure of its screw gantries.
- Completion of offshore manufacturing of equipment (converter, gas exchangers, acid towers and furnace) for the PS4 sulfuric line at the Safi site.

8.2 INTANGIBLE ASSETS VARIATION

(In millions of dirhams)	*31 December 2020*	*Aquisitions*	*Dotations*	*Reclassifi-cation*	*31 March 2021*
Gross amount:					
R&D assets	115				115
Patents, trademarks, rights and similar items	155	2			158
Licences and software	1,972	(10)			1,961
Other intangible assets	955	109			1,064
Total gross amount	**3,197**	**101**			**3,298**
Amortization:					
Amortization of R&D assets	(75)		(4)		(79)
Amortization of patents, trademarks, rights and similar items	(76)		(6)	1	(81)
Amortization of licences and software	(298)		(6)	(10)	(313)
Amortizaiton of other intangible assets	(274)		(21)	(293)	(587)
Total amortization and impairment losses	**(723)**		**(36)**	**(302)**	**(1,061)**
Net carrying amount	**2,476**	**101**	**(36)**	**(302)**	**2,237**

(In millions of dirhams)	*31 December 2019*	*Aquisitions*	*Dotations*	*Reclassifi-cation*	*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)		(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**

8.3 NET DEPRECIATION AND AMORTIZATION

(In millions of dirhams)	*Q1 2021*	*Q1 2020*
Net depreciation and amortization	**(1,879)**	**(1,762)**

Net depreciation and amortization increased by MAD 117 million in the first quarter 2021 compared to the first quarter of 2020, driven by the increase of the investments implemented.

Note 9 – Provisions and contingent liabilities

9.1 NET PROVISIONS

(In millions of dirhams)	*Q1 2021*	*Q1 2020*
Net provisions	**(116)**	**(305)**

Net provisions during the first quarter of 2021 amounted to MAD -116 million, a decrease of 189 million dirhams compared to the first quarter of 2020. This decrease is mainly due to the impairs Group's receivables towards Heringer for a total amount of MAD 213 million ($ 21 million).

9.2 PROVISIONS FOR LIABILITIES AND CHARGES

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

(In millions of dirhams)	*31 December 2020*	*Increase*	*Reversals*		*Other changes*	*31 March 2021*
			Used	*Unused*		
Non-current provisions	**6,237**	**24**	**(1)**		**(85)**	**6,175**
Provisions for employee benefits	5,646				(83)	5,564
Provisions for environmental risks & for site rehabilitation	296					296
Other non-current provisions	295	23	(1)		(1)	315
Current provisions	**448**	**31**	**(3)**			**475**
Other current provisions	448	31	(3)			475
Total provisions	**6,686**	**55**	**(4)**		**(85)**	**6,650**

Assessment of provisions for employee benefits

The provisions for employee benefits cover benefits related to the post-life benefit, medical plans, fixed retirement allocations and other long-term benefits.

Assessment of site rehabilitation provisions

The environment risks and 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 soils and local climatic conditions, the crops and activities introduced are based on local know-how. The old Khouribga mine attests to the value of this approach.

9.3 CONTINGENT LIABILITIES

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

9.4 COMMITMENT GIVEN

(In millions of dirhams)	*31 March 2021*	*31 December 2020*
Letters of credit	1,473	1,650
Miscellaneous rights and commitments	689	728
Total Commitments given	**2,162**	**2,378**

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 March 2021*	*31 December 2020*
Current financial debts		
Government credits	63	64
Long-term bank loans, portion due in less than one year	10,056	10,142
Finance leases, portion due in less than one year	243	253
Accrued interest not yet due	1,084	572
Other credits	712	764
Total current financial debts	**12,157**	**11,795**
Non-current financial debts		
Government credits	237	244
Long-term bank loans, portion due in more than one year	17,493	18,213
Bond issue	25,384	24,936
Finance leases, portion due in more than one year	1,541	1,569
Other credits	1,864	2,003
Total non-current financial debts	**46,519**	**46,964**
Total financial debts	**58,676**	**58,760**

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 March 2021*
Government credits				**63**
Denominated in EUR	[1,30 % -2,50 %]	2,10 %		63
Long-term bank loans, portion due in less than one year				**10,056**
Denominated in USD	[2,94 % -4,15 %]	3,57 %		1,274
Denominated in MAD	[3,25 % -3,95 %]	3,82 %		8,278
Denominated in EUR	[0,63 % -4,47 %]	2,37 %		504
Finance lease debts				**243**
Denominated in MAD	[3,50 % -4,70 %]	3,87 %		243
Accrued interest not yet due				**1,084**
Other credits				**712**
Total current financial debts				**12,157**
Government credits				**237**
Denominated in EUR	[1,30 % -2,50 %]	2,43 %	11	237
Long-term bank loans, portion due in more than one year				**17,493**
Denominated in EUR	[0,63 % -4,47 %]	1,96 %	6	4,144
Denominated in MAD	[3,30 % -3,90 %]	3,75 %	4	10,582
Denominated in USD	[2,94 % -4,15 %]	3,55 %	4	2,767
Finance lease debts				**1,541**
Denominated in MAD	[3,50 % -4,70 %]	4,24 %		1,541
Bond issue				**25,384**
Denominated in USD	[4,50 % -6,88 %]	5,49 %	8	25,384
Other credits				**1,864**
Total non-current financial debts				**46,519**
Total financial debts				**58,676**

10.1.2.3 FINANCIAL DEBT MATURITIES

The table below shows the maturities of financial debts as at 31 March 2021:

(in millions of dirhams)	*<1 yr*	*1-5 yrs*	*> 5 yrs*	*Total as at 31 March 2021*
Medium and long-term debt	**12,158**	**39,287**	**7,231**	**58,676**

10.1.3 ANALYSIS OF FINANCIAL ASSETS

10.1.3.1 CASH AND CASH EQUIVALENTS

(In millions of dirhams)	*31 March 2021*	*31 December 2020*
Cash	3,284	2,938
Cash equivalents	3,730	3,490
Total cash and cash equivalents	**7,014**	**6,428**
Bank (credit balances)	9	1
Cash and cash equivalents in the consolidated statement of Cash Flows	**7,005**	**6,427**

10.1.3.2 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 investment. As such, assets portfolio is composed of a 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	3,572				3,572
Term deposit	162				162
Total as at 31 March 2021	**3,734**				**3,734**

10.1.4 ANALYSIS OF NET DEBT

(In millions of dirhams)	*31 March 2021*	*31 December 2020*
Financial credits	27,734	28,560
Bonds	25,384	24,936
Other loans and assimilated debts	3,766	3,441
Bank overdrafts	9	3
Gross financial and bond debt	**56,893**	**56,939**
Cash equivalents	3,730	3,490
Cash	3,284	2,938
Financial assets for cash management	4	7
Financial assets	**7,018**	**6,435**
Net financial and bond debt	**49,875**	**50,504**
Financial debts from IFRS 16 leases	1,783	1,820
Other Financial debts	**1,783**	**1,820**
Total gross financial debt	**58,676**	**58,759**
Total net financial debt	**51,658**	**52,324**

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

(In millions of dirhams)	*31 March 2021*	*31 December 2020*
Net change in cash	(580)	7,051
Change in marketable securities	3	567
Insuance/ repayment of loans	(83)	(800)
Other variations	(6)	8
Change in net financial debt	**(666)**	**6,826**

10.1.5 COST OF NET DEBT

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

(In millions of dirhams)	*Q1 2021*	*Q1 2020*
Interest expenses	(567)	(639)
Cost of gross financial debt	**(567)**	**(639)**
Financial income from cash investments	12	68
Other financial income	18	47
Financial income from cash investments	**30**	**115**
Cost of net financial debt	**(537)**	**(524)**

The cost of gross financial debt shows a decrease of MAD 72 million between the first quarter of 2021 and 2020. The drop in interest expenses due to loan repayments made in 2021 and the absence of new debt issues explain this decrease.

10.2 OTHER FINANCIAL ASSETS

10.2.1 NON-CURRENT FINANCIAL ASSETS

(In millions of dirhams)	*31 March 2021*			*31 December 2020*		
	Gross	*Revaluation*	*Net*	*Gross*	*Revaluation*	*Net*
Financial assets at fair value by OCI	648	(532)	116	628	(523)	105
Financial assetsat fair value through profit or loss	22		22	22		22
Receivables from fixed assets disposals	65	(5)	61	19	(5)	14
Other financial receivables	1,067	(1)	1,066	977	(1)	976
Total non-current financial assets	**1,802**	**(537)**	**1,265**	**1,646**	**(528)**	**1,118**

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.

Other financial receivables mainly correspond to receivables from OCP Hospitality towards its new joint venture MHC.

10.2.2 OTHER FINANCIAL INCOME AND EXPENSES

Other financial income and expenses are as follows:

(In millions of dirhams)	*Q1 2021*	*Q1 2020*
Exchange income from financing operations	(18)	(915)
Revenue from financial receivables	(370)	(28)
Other	(20)	(18)
Other financial income and expenses	**(408)**	**(961)**

Other financial income and expenses increased by MAD 553 million compared to the first quarter of 2020. Mainly explained by the variation in MAD/$ exchange rates on loans and financial debts denominated in foreign currencies. The exchange rate at the end of March 2021 amounted to MAD/$ 9.06 compared to 8.90 at the end of December 2020.

In addition, the net financial charge of MAD 370 million corresponds to the discounting of the VAT credit which generated a financial charge of MAD 347 million in March 2021, and to the discounting of the debt relating to interest deducted post- paid under the VAT credit financing agreement. This discount generated a financial charge of MAD 23 million over during the first quarter of 2021.

10.2.3 COMMITMENTS RECEIVED

(In millions of dirhams)	*31 March 2021*	*31 December 2020*
Unused borrowings	8,285	5,661
Other commitments received for contracts	9,637	9,772
Loans guaranteed by the State	299	308
Total Commitments received	**18,221**	**15,741**

Other commitments received for contracts relate to commitments received from suppliers relating to advances paid within the industrial programs undertaken by the Group. The analysis of government guaranteed loans is presented in Note 13 «Relations with shareholders».

Note 11 – Corporate Income taxes

11.1 ACCOUNTING TREATMENT OF INCOME TAXES

Corporate Income tax 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 taxable 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;
- 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 the same taxable entity that has the right to set off current tax assets against current tax liabilities.

From 1st January 2019, IFRIC 23 "Uncertainty over Income Tax Treatments" supplements IAS 12 "Income Taxes" by specifying arrangements for measuring and recognizing uncertainty relating to income tax.

Procedures carried out by the Group did identify a first time application impacts that have been accounted for in equity.

11.2 ANALYSIS OF TAX EXPENSE

(In millions of dirhams)	Q1 2021	Q1 2020
Current tax expense/current tax income	(313)	(83)
Deferred tax expense/deferred tax income	59	1,013
Corporate income tax	**(254)**	**930**

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

(In millions of dirhams)	Q1 2021	Q1 2020
+Net income - Group share	1,924	(2,639)
+Net income - Minorities' share	19	57
-Share of profit (loss) of equity-accounted companies	(104)	(19)
+/-Tax for the period	254	(930)
Consolidated accounting income before tax	**2,093**	**(3,531)**
+/- Permanent differences*	360	452
= Consolidated taxable income	**2,453**	**(3,080)**
Theorical tax rate	21.95 %	22.14 %
=Theoretical tax **	**(539)**	**682**
Difference in tax rate in relation to OCP SA	4	242
Prior years' income taxes	42	22
Other items	238	(15)
= Corporate income tax	**(254)**	**930**
including		
current tax	*(313)*	*(83)*
deferred tax	*59*	*1,013*

(*) The main permanent differences are the previous exercises' expenses, tax control expenses subsidies and non-deductible donations and dividends received from unconsolidated entities.
(**) 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 2020*	*Activity changes in income*	*Change in consolidation scope*	*31 March 2021*
Gross deferred tax assets	620	80		700
Unrecognized deferred tax assets				
Net deferred tax assets	**620**	**80**		**700**
Deferred tax liabilities	**1,295**	**(74)**		**1,221**

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

(In millions of dirhams)	*31 March 2021*	*31 December 2020*
Temporary differences	1,655	1,604
Eliminations of intercompany transactions	602	547
Intangible assets	(18)	58
Tangible assets	20	20
Financial assets at fair value by OCI	49	49
Inventories	2	
Other asset items	158	83
Provisions for employee benefits	1,617	1,617
Other provisions	664	664
Tax loss carryforwards	434	379
Offsetting	(4,484)	(4,402)
Total deferred tax assets	**700**	**620**

(In millions of dirhams)	*31 March 2021*	*31 December 2020*
Temporary differences	3	3
Eliminations of intercompany transactions	(223)	(223)
Intangible assets	118	114
Tangible assets	5,504	5,343
Financial assets at fair value by OCI	49	49
Inventories	399	399
Other assets items	(248)	(190)
Other provisions	297	353
Tax loss carryforwards	(422)	(380)
Other	229	229
Offsetting	(4,484)	(4,402)
Total deferred tax liabilities	**1,221**	**1,295**

Note 12 – Equity and earnings per share

12.1 ISSUED CAPITAL

As at 31 March 2021, the share capital amounts to MAD 8,288 million. It is composed of 82,875,000 shares with a nominal value of MAD100. 729,300 OCP shares are held by its subsidiary SADV.

(In number of shares)	*Ordinary shares*
Outstanding as at 1st January 2021	**82,875,000**
Issues of shares for cash in Q1 2021	
Outstanding as at 31 March 2021	**82,875,000**
Nominal value	**100 Dirhams**

12.2 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)	*Q1 2021*	*Q1 2020*
Net profit, Group share (in millions of dirhams)*	**1,827**	**(2,742)**
Average number of shares in circulation during the period	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)	**22.25**	**(33.38)**

(*) 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 -97 millions).

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 owns 3.91 % of OCP capital. 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.

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 organizations.

Loan subject	*Loan currency*	*Date of loan*	*Amount in millions of dirhams as at 31 March 2021*	*Amount in millions of dirhams as at 31 December 2020*
AFD outstanding loans consolidation	EUR	2005	246	253
Sidi Chennane mining operations	EUR	2002	49	50
Renewal of the sulphur unit circulation tank and supply circuit	EUR	2007	5	5
TOTAL	**EUR**		**299**	**308**

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

The following table shows the transactions performed with the State or with State-controlled companies:

(In millions of dirhams)	*Q1 2021*		*Q1 2020*	
	State and State-controlled enterprises	*BCP*	*State and State-controlled enterprises*	*BCP*
Interest on investments	1	3	16	6
Utility costs	275		230	
Other operating expenses	55		70	
Interest on loans	10	34	6	38
Social charges	132		120	
Transport expenses ONCF	247		220	
Subscription ONCF / lump-sum contributions	100		100	
Assets and inventories purchases	4		9	

(In millions of dirhams)	*31 March 2021*		*31 December 2020*	
	State and State-controlled enterprises	*BCP*	*State and State-controlled enterprises*	*BCP*
Trade payables	618		717	
Other receivables and payables (creditor)	348		580	
Cash and cash equivalents	298	1,508	183	759
Investments			500	
Loans	1,686	4,123	1,730	4,162

This is a free translation into English of the review report issued in French and it is provided solely for the convenience of English-speaking users.

OCP S.A.

REVIEW REPORT ON THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AS AT MARCH 31, 2021

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20 050 Casablanca
Maroc

La Marina Casablanca, Bâtiment C /
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Maroc

To the Shareholders of
OCP S.A.
2, Rue Al Abtal - Hay Erraha - Immeuble OCP
Casablanca

Review report on the condensed consolidated financial statements as at March 31, 2021

Introduction

We have reviewed the accompanying condensed consolidated statement of financial position of OCP S.A. and its subsidiaries (the Group), as at March 31, 2021 and the related condensed consolidated statements of profit and loss, condensed consolidated statements of comprehensive income, condensed consolidated statements of changes in equity and condensed consolidated statements of cash flows for the three-month period then ended and notes to the condensed consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and presentation of these interim financial information in accordance with IAS 34 – Interim Financial Reporting as adopted by the European Union (EU).

The condensed consolidated financial statements have been authorized for issue on May 28th, 2021 based on the information available at that date in an evolving context of the Covid-19 crisis. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”.

A review of condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34 – standard of the IFRSs as adopted by the European Union relating to interim financial information.

Casablanca, May 28th, 2021

The independent auditors

ERNST & YOUNG

French original signed by
Bachir TAZI
Partner

DELOITTE AUDIT

French original signed by
Sakina BENSOUDA KORACHI
Partner

CONSOLIDATED FINANCIAL STATEMENTS

AT 31 DECEMBER 2020

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.

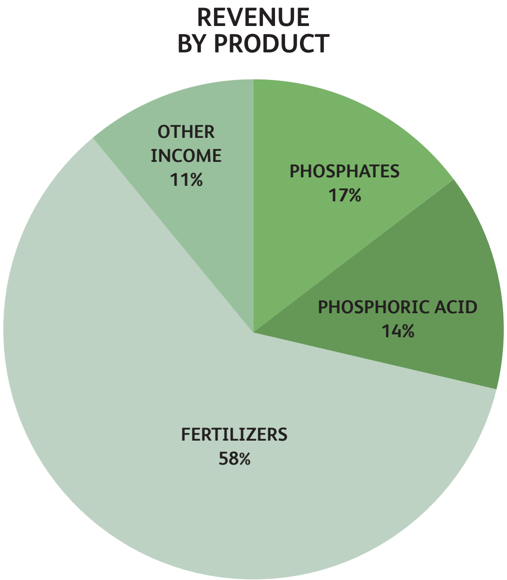
The Group's operating expenses fell by 13% compared to 2019, a decrease of MAD 5.2 billion. This decrease is mainly observed in the item of raw material purchases, in particular sulfur and sulfuric acid, following the decline in the prices of the latter, and in the item of external charges thanks to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

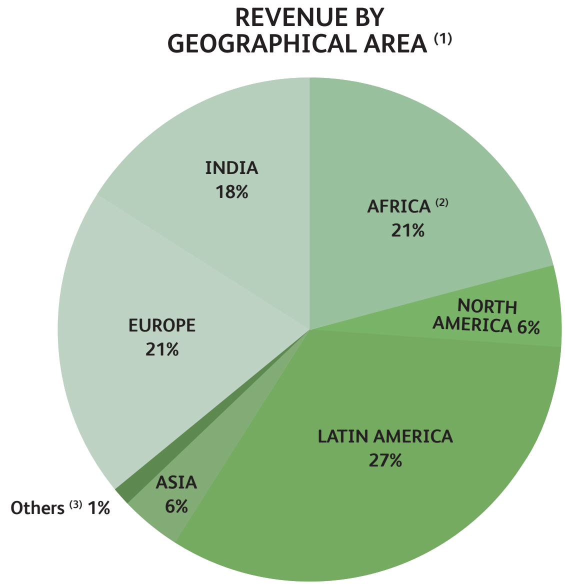
The northern axis recorded a 12% drop in its operating expenses, ie a variation of MAD 3.2 billion, observed mainly in sulfur purchases, which fell by more than 28%.

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:





(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 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*				*Other long-term benefits*	*Total employee benefits*
	Pension supplement	*Medical plans*	*Fixed retirement allocation*	*Total post-employment 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*	*Reclassifi-cation*	*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

This is a free translation into English of the statutory audit report issued in French and it is provided solely for the convenience of English-speaking users.

OCP S.A.

INDEPENDENT AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31,2020

37, Bd Abdellatif Ben Kaddour
20 050 Casablanca
Maroc

La Marina Casablanca, Bâtiment C /
Ivoire III, Bd Sidi Mohammed Ben
Abdellah, 27223 Casablanca
Maroc

To the Shareholders of
OCP S.A.
2, Rue Al Abtal - Hay Erraha - Immeuble OCP
Casablanca

INDEPENDENT AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31,2020

We have audited the consolidated financial statements of OCP S.A. and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at December 31, 2020, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies. These consolidated financial statements show an amount of consolidated shareholders' equity of MMAD 77,591 including a consolidated net profit of MMAD 3,391.

These consolidated financial statements have been adopted by the Board of Directors on March 17th, 2021 based on the information available at that date in an evolving context of the Covid-19 crisis.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2020, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union (EU).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with International Code of Ethics for Accountants' (including international standards of independence) published by *the International Ethics Standards Board for Accountants* (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of 2020. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, established under the conditions referred above, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	Our audit response :
Valuation of Property, Plant & Equipment: *(Refer to note 8.1 «Accounting treatment of assets» and 8.2 «Property, Plant & Equipment variation»))* As of December 31, 2020, the net book value of the Property, Plant & Equipment amounts to MMAD 109.494 (66% of total assets). Property, Plant & Equipment are recognized at their historical acquisition cost, production cost or entry cost to the Group, less depreciation and possible loss of value. This cost includes the borrowing costs incurred during the construction of these assets. Property, Plant & Equipment are depreciated according to the methods defined in the notes. Their useful life is reviewed at each closing so that it reflects the expected useful lives. The Group performs impairment tests on tangible assets with a finite useful life when there are indications of impairment as defined in the notes. These assets are tested at the cash generating units (CGUs), as defined by the Group, based on the discounted future cash flows. We considered that the valuation of tangible fixed assets is a key audit matter due to: - The weight of these assets in the Group's accounts, the continuation by the Group of its investment program; - The significant impact of the effective capitalization dates on the depreciation of the period and on the net value of the asset; - the fact that the valuation of these assets requires management to exercise judgment and use estimates in: ▪ The definition of the useful lives used by components; ▪ The determination of discounted future cash flows used for impairment tests.	The work that we carried out mainly consisted in: ▪ Gaining an understanding of the internal control procedures relating to the accounting of Property, Plant & Equipment, the capitalization of investments and the commissioning of fixed assets, the estimation of the useful life of depreciable assets as well as their valuation and their depreciation. ▪ Testing the effectiveness of the key controls relating to these procedures, in particular those relating to the capitalization of Property, Plant & Equipment, to the duration and to the starting date of their depreciation. ▪ Also, on the basis of sampling, we carried out a review of the effective dates of commissioning of fixed assets and their depreciation periods by consulting the available documentation and by interviewing project managers. ▪ We carried out a critical examination of the possible existence of impairment indicators as of December 31, 2020 through the analysis of production, industrial and commercial performance indicators versus production capacities, budgets, and historical performances. ▪ For assets / CGUs showing indicators of impairment, we examined the impairment tests performed by the Group during the financial year, through the analysis of the documentation relating to the determination of the recoverable value, and the assessment of the consistency of the cash flow projections established by the Management and of the assumptions retained in relation to historical performance and market prospects.
Exchange rate hedge accounting *(Refer to note 4.1.3 «Management of exchange risk and credit risks»)* As part of its activities, the Group realizes the majority of its sales in dollars and has issued two bonds in dollars respectively in April 2014 and April 2015, redeemable at maturity for respectively 1.25 billion dollars and 1 billion dollars. At each closing, these debts used to generate an exchange rate effect in income under IAS 21. In order to limit this impact, the Group put in place starting from September 1st 2018, a cash flow hedge (CFH) between the highly probable future sales in dollars (hedged item) and the two bonds issues in dollars (hedging instrument). The hedged item corresponds to the amounts of future sales	The work that we carried out mainly consisted in: ▪ Performing a critically examination of the hedging relationship documentation prepared by the Group with regard to the requirements of IAS 39. ▪ Examining in particular : - The eligibility to hedge accounting for future sales as a hedged item in accordance with IAS 39, and in particular their highly probable nature in view of historical achievements and budgets

<table>
<tr>
<td>which would be made respectively from April 2024 and October 2025, dates on which the bond debts mature.

Under this hedge accounting, a prospective test is performed by the Group at each closing in order to control the highly probable nature of future sales designated as hedged item, as well as a prospective effectiveness test in accordance with the requirements of IAS 39.

This hedging strategy, in application of the principles of IAS 39, results in:

▪ The recognition in OCI (Other Comprehensive Income), for the effective part, of the exchange effect on the debt until maturity
▪ The recognition in the P&L for the ineffective part
▪ The recycling in the P&L of OCI accumulated at the maturity of the debt.

We considered this topic as a key audit matter given the significant impacts of changes in exchange rates on the Group's earnings and equity.</td>
<td>- The existence of the debts and their validity as a hedging instrument for currency risk in accordance with IAS 39

▪ Analysing the effectiveness tests of the hedging relationship.

▪ Examining the accounting impacts of this hedge accounting on the financial statements for the effective part and for the ineffective part.</td>
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<tr>
<td>Provision for employee benefits
(Refer to note 5.3.1 «General presentation of schemes existing within the Group and accounting treatment»)

The Group has several post-employment benefit plans with defined contributions and benefits.

A significant part is made up of defined benefit plans, for which the Group is committed to a level of benefits. These plans include in particular: death benefit, end-of-career benefits and post-employment medical coverage.

The actuarial value of the accumulated employee benefits related to these commitments amount to MMAD 5.525 as of December 31, 2020.

Defined benefit plans are subject to an actuarial valuation of the commitment using the projected unit credit method, taking into account demographic and financial assumptions and which actuarial assumptions are reviewed on an annual basis. Differences related to changes in actuarial assumptions and adjustments related to experience constitute actuarial differences recognized in non-recyclable equity in accordance with IAS 19 revised.

The assessment of the liabilities of the commitments for employee benefits as well as the actuarial charge for the financial year requires judgment to determine the appropriate assumptions to be retained such as the discount and inflation rates, the projected date of changeover to AMO (Assurance Maladie Obligatoire : Compulsory Health Insurance), the rate of change in medical costs, future salary increases, mortality tables ...</td>
<td>We gained an understanding of the process for evaluating commitments for post-employment benefits applied by the Group.

With the assistance of our actuarial experts, our work included:

▪ Examining the main assumptions used, in particular the discount and inflation rates in light of market conditions;

▪ Assessing the consistency of the assumptions relating in particular to salary developments and demographic data (mortality tables, inflation rate of medical costs) with the specific features of the plans and those of the entity;

▪ Examining the calculations prepared by the Group, in particular those supporting the sensitivity of the liability to changes in the discount rate and to changes in the rate of change in medical costs;

▪ Analyzing the hypothesis relating to the changeover from the health insurance plan to AMO in 2022, with regards to the evolution of regulatory texts;

▪ Examining, on the basis of samplings, the correct transcription in the calculation of commitments made by the Group of individual data and actuarial and demographic assumptions adopted by Management;

▪ Examining the consistency of the sensitivity analysis presented in particular in the notes to the consolidated financial statements.</td>
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It should be noted that OCP Group has planned the changeover from the health insurance plan to AMO in 2022. The variation of some of these assumptions could have a significant impact on the determination of the recognized liability as well as on the Group's result. Therefore, we considered the evaluation of the provision for employee benefits as a key audit matter.	

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

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

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

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern;

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

Casablanca, March 17, 2021

The independent auditors

ERNST & YOUNG	**DELOITTE AUDIT**
French original signed by	**French original signed by**
Bachir TAZI **Partner**	**Sakina BENSOUDA KORACHI** **Partner**

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

GROUPE OCP

CONSOLIDATED FINANCIAL STATEMENTS

These consolidated financial statements for the years ended December 31, 2019, 2018 and 2017 were prepared in connection with a forthcoming international bond issuing.

This set of consolidated financial statements does not replace the IFRS consolidated financial statements of the Group prepared for each of the years ended December 31, 2019, 2018 and 2017 for its regulatory information as a publicly traded group. Events occurring subsequent to the dates on which the latter were prepared for issue are not reflected in these consolidated financial statements included in the Prospectus, in accordance with the decision of the IASB Interpretation Committee (IFRS IC Rejection – IAS 10 Events After the Reporting Period: Reissuing Previously Issued Financial Statements of May 2013).

Contents

Key figures

(In millions of dirhams)	Note	FY 2019	FY 2018	FY 2017
Revenue	**4.1.1.2**	**54 092**	**55 906**	**48 503**
Profit (loss) from joint ventures	6.1	360	399	337
EBITDA		**15 333**	**17 076**	**12 722**
Operating profit (loss) before exceptional items		7 866	11 256	6 572
Cost of net financial debt	10.1.5	(1 511)	(1 567)	(1 168)
Net profit (loss) - Group share		**2 843**	**5 425**	**4 567**
Consolidated equity - Group share		77 191	78 859	72 411
Net financial debt		45 499	35 193	43 866
Net operating investments		13 964	10 801	9 045
Basic and diluted earnings per share (in dirhams)	12.4	**29,56**	**62,04**	**53,41**
Dividend per share (in dirhams)	12.3	**40,73**	**30,17**	**20,22**

Significant events of 2019

Impact of the first application of IFRS 16 for OCP Group

Since 1st January 2019, the Group is applying IFRS 16 «Leases» using the «simplified retrospective» method: the cumulative effects of the first application were insignificant and therefore had no impact on opening equity at January 1st, 2019. In addition, the 2018 data, presented for comparative purposes, has not been adjusted. With the application of this new standard, OCP Group now accounts for all of its leases in the Balance sheet, except for contracts within 12 months of the end of the year or for contracts of value unitary new to less than $ 5,000. (see Note11.1-A)

Events subsequent to the 2019 financial year closing

Creation of a national hotel center of excellence

To support the development of a sector with high growth potential and employement for the Moroccan economy, OCP Group, ONCF and the Hassan II Fund annouced an alliance in the high-end hotel sector to create a reference player. This pole will include historic hotel assets from Morocco, owned and developed so far by ONCF: Mamounia in Marrakech, Palais Jamai in Fez, Michlifen in Ifrane and Marchica Lagoon Resort in Nador.
The structuring of this alliance is currently underway. The new partnership scheme will be published in 2020.

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. It should be noted that the health crisis related to Covid-19 doesn't jeopardize the continuity of the OCP Group's activities.

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 market 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.
The Group's business sector, being highly strategic in the global food security chain, 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. As an example, we can cite Argentina, Australia, Belgium, China, Ivory Coast, France or even India. These countries together account for around 60% of world fertilizer consumption and include some of the world's largest food producing and exporting countries.
In addition, demand from OCP customers remains at a normal level and the various Group units operate at full capacity to meet the order books, which are filling up at a regular rate. The OCP Group intends to consolidate its achievements in the second quarter thanks to the positive performance observed in April as well as the outlook in line with the forecasts for the months of May and June.

Significant events of 2018

Business

During 2018, OCP realized major achievements in its industrial development program, among which:

• Completion and commissioning of the fourth fertilizer production unit JFC IV. This unit, with a fertilizer production capacity of 1 million tons per year, brings the total capacity of the Group to 12 million tons per year.
• Extension of the Merah washing plant in Khouribga for the treatment of high, medium and low grade. This extension offers an
additional capacity of 3 million tons per year and brings the overall capacity of the laundromat to 12 million tons per year.
• Completion of the adaptation and revamping program of phosphoric unit, with the commissioning of the last two phosphoric lines.
• New infrastructure at the port of Jorf Lasfar with the commissioning of solid sulfur unloading gantry cranes and acid.

Funding

• On 8 October 2018, an agreement was concluded between the Moroccan State and a consortium of Moroccan banks attended by OCP Group for the reimbursement, by way of non-recourse factoring, of the VAT credit arrears amounting to 20.5 billion dirhams. The total cost of the operation was 4.2 billion dirhams and will be payable on a 9-year schedule. The terms of this transaction are detailed in note «10.2.2 Non-current financial assets».

• In May 2018, OCP issued its second perpetual subordinated bond, following the one issued in December 2016, with early redemption and deferred payment options in the amount of 5 billion dirhams. This public offering involves the issue of 50,000 bonds with a par value of 100,000 dirhams each. This transaction will continue to strengthen the group's financial structure as well as its credit ratios while supporting its transformation.

Significant events of 2017

OCP continues its industrial development program, with key achievements in particular on the Jorf Lasfar platform:

• Commissioning of the third fertilizer production unit (JFC3): Completely integrated in the industrial platform of Jorf Lasfar, this new plant is composed of a fertilizer line that can produce 1 million tons of DAP per year, a sulfuric acid line with a capacity of 1.4 million tons per year and a phosphoric acid line of 450,000 tons per year. The unit also has a thermoelectric power plant with a capacity of 62 MW and storage facilities with a capacity of 200,000 tons of fertilizer, more than two months of autonomy.

• Construction of a new sulfur line, a power plant, and the start of the second drying line.

Creation of Teal Technology Services (TTS) : a joint venture specialized in IT in partnership with IBM.

Consolidated Statement of Profit and Loss

(In millions of dirhams)	Note	FY 2019	FY 2018	FY 2017
Revenue	4.1.1.2	54 092	55 906	48 503
Production held as inventory		1 901	1 728	201
Purchases consumed	4.2.2	(21 768)	(22 398)	(18 786)
External expenses	4.2.2	(9 738)	(9 780)	(8 534)
Personnel expenses	5.1	(9 213)	(8 481)	(8 478)
Taxes		(319)	(288)	(227)
Profit (loss) from joint ventures	6.1	360	399	337
Exchange gains and losses on operating receivables and payables		(68)	(60)	(266)
Other operating income and expenses		86	49	(27)
EBITDA		**15 333**	**17 076**	**12 722**
Amortization, depreciation and operating provisions	8.4 - 9.2	(7 467)	(5 820)	(6 150)
Operating profit (loss) before exceptional items		**7 866**	**11 256**	**6 572**
Other non-recurring operating income and expenses	7.2	(1 504)	(1 250)	(1 107)
Operating profit (loss)		**6 362**	**10 006**	**5 465**
Cost of gross financial debt		(1 988)	(1 865)	(1 388)
Financial income from cash investments		477	299	220
Cost of net financial debt	**10.1.5**	**(1 511)**	**(1 567)**	**(1 168)**
Exchange gains and losses on financial receivables and payables	10.2.3	50	(410)	2 901
Other financial income and expenses	10.2.3	(161)	(1 328)	(880)
Financial profit (loss)		**(1 622)**	**(3 304)**	**853**
Profit (loss) before tax		**4 741**	**6 702**	**6 318**
Corporate Income Tax	11.2 -11.3	(1 725)	(1 100)	(1 629)
Net profit (loss) for the period		**3 016**	**5 602**	**4 689**
Net profit (loss) - Group share		**2 843**	**5 425**	**4 567**
Net profit (loss) - Non-controlling interests		**173**	**178**	**122**

Consolidated Statement of Comprehensive Income

(In millions of dirhams)	FY 2019	FY 2018	FY 2017
Net profit (loss) for the period	**3 016**	**5 602**	**4 689**
Actuarial gains or losses	(711)	(377)	130
Taxes	143	71	(24)
Financial assets at fair value by OCI	**-**	**(521)**	
Items that will not be reclassified to profit or loss	**(568)**	**(827)**	**107**
Translation differences	(37)	(13)	(73)
Share of gains and losses recognized in equity for equity-accounted (CFH variation)*	(55)	(321)	
Taxes**	12	68	
share of gains and losses recognized in equity on joint ventures	-	13	(13)
Items that may be reclassified to profit or loss	**(80)**	**(253)**	**(86)**
Income and expenses for the period, recognized directly in equity	**(647)**	**(1 080)**	**20**
Consolidated comprehensive income	**2 368**	**4 522**	**4 710**
Including Group share	***2 195***	***4 344***	***4 588***
Including non-controlling interests' share	***173***	***178***	***122***

(*) 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 result.
(**) Tax effects related to changes in the fair value of cash flow hedging instruments (effective portion) and hedging costs.

Consolidated Statement of Financial Position

(In millions of dirhams)	Note	31 December 2019	31 December 2018	31 December 2017
ASSETS				
Current assets				
Cash and cash equivalents	10.1.3.1	13 487	17 141	8 419
Cash financial assets		573	5 654	2 709
Inventories	4.2.4.2	14 996	13 213	10 343
Trade receivables	4.1.2.2	8 142	10 279	6 036
Other current assets	7.3	15 124	9 383	10 204
Total current assets		**52 323**	**55 669**	**37 711**
Non-current assets				
Non-current financial assets	10.2.2	1 020	872	15 215
Investments in equity-accounted companies	6.1	3 882	3 802	3 726
Deferred tax assets	11.4	79	16	16
Property, plant and equipment	8.2	108 464	101 589	97 015
Intangible assets	8.3	1 095	510	321
Total non-current assets		**114 541**	**106 788**	**116 293**
Total Assets		**166 864**	**162 458**	**154 005**

(In millions of dirhams)	Note	31 December 2019	31 December 2018	31 December 2017
LIABILITIES				
Current liabilities				
Current loans and financial debts		7 267	7 123	8 753
Current provisions	9.3	353	328	263
Trade payables	4.2.5	15 010	12 230	13 706
Other current liabilities	7.4	6 383	5 257	5 268
Total current liabilities		**29 014**	**24 939**	**27 991**
Non-current liabilities				
Non-current loans and financial debts	10.1.2.1 / 10.1.2.2	52 292	50 864	46 244
Non-current provisions for employee benefits	9.3	5 380	4 616	4 307
Other non-current provisions	9.3	519	757	521
Deferred tax liabilities	11.4	1 031	993	1 112
Total non-current liabilities		**59 223**	**57 230**	**52 184**
Equity - Group share				
Issued capital	12.1	8 288	8 288	8 287
Paid-in capital		18 698	18 698	18 698
Consolidated reserves - Group share		47 364	46 450	40 858
Net profit (loss) - Group share		2 843	5 424	4 567
Equity - Group share		**77 192**	**78 859**	**72 411**
Non-controlling interests		1 436	1 430	1 419
Total equity		**78 628**	**80 290**	**73 830**
Total liabilities and equity		**166 864**	**162 458**	**154 005**

Consolidated Statement of Changes in Equity

(In millions of dirhams)	Issued capital	Paid-in capital	hybrid securities	actuarial gains or losses	Other consolidated reserves	Translation difference	financial assets at fair value by OCI	Share of gains and losses recognized in equity (CFH variation)	Net profit (loss)	Total equity - Group share	Non-controlling interests	Total equity
Equity as at 31 December 2017	**8 288**	**18 698**	**(2 370)**	**4 817**	**38 613**	**(223)**	**0**	**(9)**	**4 567**	**72 382**	**1 419**	**73 801**
Allocation of profit (loss) for FY 2018					4 567				(4 567)	-		-
Consolidated comprehensive income for FY 2018			**(306)**	**-**		**(13)**	**(521)**	**(240)**	**5 425**	**4 344**	**178**	**4 522**
The issue of subordinated debts				5 000						5 000		5 000
Subordinated debt's coupons				**(328)**						(328)		(328)
Change in scope					-					-		-
Dividends paid					(2 478)					(2 478)	(170)	(2 648)
Others					(60)					(60)	4	(57)
Equity as at 31 December 2018	**8 288**	**18 698**	**(2 676)**	**9 489**	**40 642**	**(236)**	**(521)**	**(250)**	**5 425**	**78 859**	**1 430**	**80 290**
Policies' changes as at January 1st , 2019*					(72)					(72)		(72)
Equity as at 1st January 2019	**8 288**	**18 698**	**(2 676)**	**9 489**	**40 570**	**(236)**	**(521)**	**(250)**	**5 425**	**78 787**	**1 430**	**80 218**
Allocation of profit (loss) for FY 2019					5 425				(5 425)			
Consolidated comprehensive income for FY 2019			**(568)**	**-**		**(37)**	**-**	**(43)**	**2 843**	**2 195**	**173**	**2 368**
Subordinated debt's coupons				**(414)**						(414)		(414)
Change in scope										-		-
Dividends paid					(3 346)					(3 346)	(170)	(3 516)
Others					(31)					(31)	2	(29)
Equity as at 31 December 2019	**8 288**	**18 698**	**(3 244)**	**9 075**	**42 618**	**(274)**	**(521)**	**(292)**	**2 843**	**77 191**	**1 436**	**78 627**

(*) Change in accounting methods related to the first application of IFRIC 23 Interpretation «Uncertainty over Income Tax Treatments» as at 1 January 2019.

Consolidated Statement of Cash Flows

(In millions of dirhams)	Note	31 December 2019	31 December 2018	31 Décembre 2017
EBITDA		15 333	17 076	12 722
Subsidies and donations		(1 140)	(797)	(705)
Other non-current operating income and expenses		(51)	(35)	(112)
period		(91)	(333)	(207)
Profit or loss of associates and joint ventures		(360)	(399)	(337)
Other movements		(652)	(136)	(533)
Funds from operations		**13 039**	**15 375**	**10 829**
Impact of the change in WRC:		**248**	**(6 820)**	**(2 371)**
Inventories		(1 777)	(3 008)	(255)
Trade receivables		2 142	(4 291)	(1 069)
Trade payables		1 506	(416)	(521)
Other current assets and liabilities		(1 622)	895	(526)
Taxes paid		**(1 291)**	**(855)**	**(114)**
Total net cash flows related to operating activities		**11 996**	**7 700**	**8 345**
Acquisitions of PP&E and intangible assets (1)		(13 964)	(10 801)	(9 045)
Disposals of PP&E and intangible assets		29	95	150
Net financial investments (2)		5 032	9 540	(705)
Impact of changes in scope		0	20	(0)
Acquisitions of financial assets		(373)	(441)	(8)
Dividends received		285	256	75
Total net cash flows related to investing activities		**(8 990)**	**(1 331)**	**(9 533)**
Loan issue	10.1.2.4	6 228	11 338	8 075
Loan repayement		(6 765)	(8 791)	(5 277)
Issue of hybrid securities			5 000	
Net financial interest payments		(2 613)	(2 504)	(2 379)
Dividends paid to Group shareholders	12.3	(3 346)	(2 478)	(1 661)
Dividends paid to minority shareholders		(170)	(170)	(170)
Total net cash flows related to financing activities		**(6 666)**	**2 395**	**(1 412)**
Impact of changes in exchange rates on cash and cash equivalents		(3)	(12)	(21)
Net increase/(decrease) in cash and cash		**(3 663)**	**8 751**	**(2 621)**
Opening cash and cash equivalents	10.1.3.1	17 140	8 388	11 009
Closing cash and cash equivalents	10.1.3.1	13 477	17 140	8 388
Change in net cash		**(3 663)**	**8 752**	**(2 621)**

(1) Acquisitions of PP&E and intangible assets are net of fixed assets liabilities for Dh -1,866 million for 2019 vs. Dh 1,289 million for 2018, Dh 1,135 million for 2017

(2) The change in financial investments is mainly due to the change in term deposits with maturities of more than 3 months, which generated a positive cash flow of Dh 5 billion.

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 Conseil Déontologique des Valeurs Mobilières (CDVM – Securities Commission), entered into force on 1 April 2012, the consolidated financial statements of the 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 accounting principles and methods adopted for the preparation of the consolidated accounts of Group OCP as at December 31, 2019 are identical to those used for the preparation of the consolidated financial statements for the year ended December 31, 2018, 2017, 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 2019.

1.2. Standards and interpretations applied at 1 January 2019

The impacts from 1 January 2019 of applying IFRS 16 “Leases” and IFRIC 23 “Uncertainty over Income Tax Treatments” are described in sections A and B detailed below.

The other standards and interpretations mandatorily applicable from 1 January 2019 have no significant impact on OCP’s consolidated financial statements at 1 January 2019. These are mainly:

• Amendments to IFRS 9 “Prepayment Features with Negative Compensation”;
• Amendments to IAS 28 “Investments in Associates and Joint Ventures”;
• Amendments to IAS 19 “Plan Amendment, Curtailment or Settlement”;
• Annual Improvements 2015-2017.

A. IFRS 16 « Leases »

On January 1st ,2019, the Group applied IFRS 16 to leases in existence on the transition date according to the “simplified retrospective”approach. Therefore 2018 figures, presented for comparison purposes, have not been adjusted in accordance with the transitional provisions of IFRS 16.

IFRS 16 “Leases” results in major changes in the way that lessees recognize leases. It is replacing the IAS 17 accounting standard along with the IFRIC 4, SIC 15 and SIC 27 interpretations. IFRS 16 requires lessees to use a single method for recognizing leases, affecting the Statement of Financial Position in a similar way to finance leases as recognized untilDecember 31, 2018 in accordance with IAS 17. The Group is not a party to any material leases in which it is the lessor, other than some intragroup leases. The accounting treatment of leases in which it is the lessor has not been substantially changed under IFRS 16 as compared with the accounting rules applicable until December31, 2018.

The Group applies the IFRS 16 provisions described below for all its leases relating to underlying assets whose value, in brand-new condition, is worth more than $ 5000 and/or where the lease term is more than 12 months taking into account renewal options included in the lease contract.

Leases designated as finance leases at 31 december 2018

On the transition date, the Group did not adjust the value of assets and liabilities related to leases designated as finance leases under IAS 17. The assets were reclassified as usage rights and finance lease liabilities are now presented under overall lease liabilities. The provisions of IFRS 16 will be applied to events that may take place after the transition date

Leases designated as operating leases at 31 december 2018:

Since IFRS 16 came into force, the Group has recognized a lease liability reflecting the sum of lease payments still to be made, discounted at the marginal interest rate of the liability determined according to the method explained below, with a balancing entry consisting of the right to use the underlying asset. According to the simplified approach, the amount of usage rights is equal to the amount of the lease liability recognized.

Leases with term less than 12 months or relating to low-value assets are still recognized in the income statement with no impact on the Group's Statement of Financial Position.

Lease terms include the minimum lease terms and any renewal periods provided for in the lease.

Variable lease payments or services related to the lease are not taken into account in determining the amount of the right of use and the lease liabilities, and are recognized as expenses when incurred.
To determine the marginal interest rate used to calculate the lease liability, the Group took into account the weighted average duration of payments and country risk.

As set out below, the first-time application of IFRS 16 resulted in an increase of the rights of use of tangible assets (technical equipment and transport equipment) and an increase in financial debts.

Consolidated Statement of Financial Position as 1 January 2019 :

(In millions of dirhams)	31 December 2018	IFRS 16 Impact	1 January 2019
ASSETS			
Current assets			
Cash and cash equivalents	17 141		17 141
Cash financial assets	5 654		5 654
Inventories	13 213		13 213
Trade receivables	10 279		10 279
Other current assets	9 383		9 383
Total current assets	**55 669**		**55 669**
Non-current assets			-
Non-current financial assets	872		872
Investments in equity-accounted companies	3 802		3 802
Deferred tax assets	16		16
Property, plant and equipment	101 589	1 887	103 476
Intangible assets	510		510
Total non-current assets	**106 789**	**1 887**	**108 676**
Total Assets	**162 458**	**1 887**	**164 345**

(In millions of dirhams)	31 December 2018	IFRS 16 Impact	1 January 2019
LIABILITIES			
Current liabilities			
Current loans and financial debts	7 123	263	7 386
Current provisions	328		328
Trade payables	12 230		12 230
Other current liabilities	5 257		5 257
Total current liabilities	**24 939**	**263**	**25 202**
Non-current liabilities			
Non-current loans and financial debts	50 864	1 624	52 488
Non-current provisions for employee benefits	4 616		4 616
Other non-current provisions	757		757
Deferred tax liabilities	993		992
Total non-current liabilities	**57 230**	**1 624**	**58 854**
Equity - Group share			
Issued capital	8 288		8 288
Paid-in capital	18 698		18 698
Consolidated reserves - Group share	46 450		46 450
Net profit (loss) - Group share	5 424		5 424
Equity - Group share	**78 859**		**78 859**
Non-controlling interests	1 430		1 430
Total equity	**80 289**		**80 290**
Total liabilities and equity	**162 458**	**1 887**	**164 345**

B. IFRIC 23 “Uncertainty over Income Tax Treatments”

IFRIC 23 supplements IAS 12 “Income Taxes” by specifying arrangements for measuring and recognizing uncertainty relating to income tax.

Procedures carried out by the Group did identify a first-time application impacts that have been accounted for in equity.

1.3 Standards and interpretations adopted by the IASB but not yet applicable at 31 December 2019

The Group has not applied early the following standards and interpretations that could concern the Group and of which application was non mandatory at 1 January 2019:

• Amendments to IAS 1 and IAS 8 “Definition of Material”;

• Amendments to IFRS 3 “Definition of a Business”

A study of the impacts and practical consequences of applying these amendments has been proceeded It results in no significant impacts in the Group financials.

Note 2- Consolidation scope

2.1. Consolidation scope

Entity	Country of location	Currency	31 december 2019		31 december 2018		31 december 2017	
			Consolidation method	% Interest	Consolidation method	% Interest	Consolidation method	% Interest
Industrial								
OCP SA - Holding	Morocco	MAD	Parent Company	100.00	Parent Company	100.00	Parent Company	100.00
Phosboucraa	Morocco	MAD	Full	100.00	Full	100.00	Full	100.00
Jorf Fertilizer Company I - JFC I	Morocco	MAD	Full	100.00	Full	100.00	Full	100.00
Jorf Fertilizer Company II - JFC II	Morocco	MAD	Full	100.00	Full	100.00	Full	100.00
Jorf Fertilizer Company III - JFC III	Morocco	MAD	Full	100.00	Full	100.00	Full	100.00
Jorf Fertilizer Company IV - JFC IV	Morocco	MAD	Full	100.00	Full	100.00	Full	100.00
Jorf Fertilizer Company V - JFC V	Morocco	MAD	Full	60.00	Full	60.00	Full	60.00
Euro Morocco Phosphore- EMA	Morocco	MAD	Equity method	33.33	Equity method	33.33	Equity method	33.33
Indo Morocco Phosphore - IMA	Morocco	MAD	Equity method	33.33	Equity method	33.33	Equity method	33.33
Pakistan Morocco Phosphore - PMP	Morocco	MAD	Equity method	50.00	Equity method	50.00	Equity method	50.00
Paradeep Phosphates Ltd. - PPL	India	INR	Equity method	50.00	Equity method	50.00	Equity method	50.00
Groupe PRAYON	Belgium	EUR	Equity method	50.00	Equity method	50.00	Equity method	50.00
Trading								
OCP AFRICA	Morocco	MAD	Full	100.00	Full	100.00	Full	100.00
Black Sea Fertilizer Trading Company	Turkey	TRY	Full	70.00	Full	70.00	Full	70.00
OCP Fertilizantes	Brazil	BRL	Full	100.00	Full	100.00	Full	100.00
SAFTCO	Swiss	USD	Full	100.00	Full	100.00	Full	100.00
Others								
OCP International	Netherlands	USD	IG	100.00	IG	100.00	IG	100.00
OCP International SAS	France	EUR	IG	100.00	IG	100.00	IG	100.00
Fondation OCP	Morocco	MAD	IG	100.00	IG	100.00	IG	100.00
Fondation PB	Morocco	MAD	IG	100.00	IG	100.00	IG	100.00
Université MED6 polytechnique - UM6P	Morocco	MAD	IG	100.00	IG	100.00	IG	100.00
Lycée d'Excellence de Benguerir - Lydex	Morocco	MAD	IG	100.00	IG	100.00		
Association pour la Promotion de l'Enseignement d'Excellence - APEE*	Morocco	MAD	IG	100.00				
Foncière Endowment 1 - FE1 *	Morocco	MAD	IG	100.00				
Jacobs Engineering - JESA	Morocco	MAD	Equity method	50.00	Equity method	50.00	Equity method	50.00
Dupont Ocp Operations Consulting - DOOC	Morocco	MAD	Equity method	50.00	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	Equity method	51.00
Société d'Aménagement et de Développement Vert - SADV	Morocco	MAD	IG	100.00	IG	100.00	IG	100.00
OCP Innovation Fund For Agriculture - OIFFA	Morocco	MAD	IG	100.00	IG	100.00	IG	100.00
OCP Services	Morocco	MAD	IG	100.00	IG	100.00	IG	100.00
Société de Transports Régionaux - SOTREG	Morocco	MAD	IG	100.00	IG	100.00	IG	100.00
Centre d'Etudes et de Recherches des Phosphates Minéraux (CER)	Morocco	MAD	IG	100.00	IG	100.00	IG	100.00
OCP Solutions (Ex SMESI)	Morocco	MAD	IG	100.00	IG	100.00	IG	100.00
TEAL Technology & Services - TTS	Morocco	MAD	Equity method	49.00	Equity method	49.00		

* New entities

2.2. Scope change

During 2019, the Group’s consolidation scope has changed with the creation of two entities : the “Association pour la Promotion de l’Enseignement d’Excellence” and “Foncière Endowment – I”. These two entities are 100% owned and controlled by OCP. They meet the needs for restructuring the activities of the OCP Foundation and the Mohammed VI Polytechnic University
During 2018, «Teal Technology & Services-TTS» was included in the consolidation scope, a joint venture with IBM, this entity aims to activate the digital transformation of African companies. It is consolidated under the equity method. Furthermore, Lycée d’Excellence of Benguérir (LYDEX) was fully integrated. It is a scientific and technological institution resulting from a public-private partnership. The “Lycée d’Excellence” is supported by the OCP Foundation.

Note 3- Segment reporting

The presentation of the Group's segment information is done by 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 fertilizer. The finished products are exported from the 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 the 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 the 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)	FY 2019				
	Nortern axis	Central axis & Phosboucraa	Head-office and other activities	Intersegment eliminations	TOTAL
Revenue	41,038	11,102	3,931	(1,979)	54,092
Production held as inventory	1,598	682	(379)		1,901
Purchases consumed	(16,470)	(3,466)	(3,527)	1,694	(21,768)
External expenses	(5,116)	(2,420)	(2,703)	501	(9,738)
Personal expenses	(4,234)	(2,799)	(2,180)		(9,213)
Taxes	(163)	(83)	(73)		(319)
Income from joint ventures	211		150		361
Exchange gains and losses on operating recevables and payables	(16)		(52)		(68)
Other operating income and expenses	154	2	145	(216)	86
EBITDA	**17,002**	**3,018**	**(4,688)**	**-**	**15,333**
Amortization, depreciation and operating provisions	(5,357)	(814)	(1,292)		(7,467)
Current operating profit (loss)	**11,646**	**2,206**	**(5,981)**		**7,866**
Other non-curent operating income and expenses	(239)	(292)	(973)		(1,504)
Operating profit (loss)	**11,403**	**1,908**	**(6,959)**		**6,362**

(In millions of dirhams)	Nortern axis	Central axis & Phosbouccraa	Head-office and other activities	Intersegment eliminations	TOTAL
	FY 2018				
Revenue	42,493	12,968	2,709	(2,265)	55,906
Production held as inventory	934	396	398	-	1,728
Purchases consumed	(16,968)	(4,009)	(3,634)	2,213	(22,398)
External expenses	(5,320)	(2,574)	(2,412)	526	(9,780)
Personal expenses	(4,115)	(2,694)	(1,671)	-	(8,480)
Taxes	(159)	(101)	(27)	-	(288)
Income from joint ventures	262	-	137	-	399
Exchange gains and losses on operating recevables and payables	(3)	11	(68)	-	(60)
Other operating income and expenses	48	(2)	477	(474)	49
EBITDA	**17,172**	**3,994**	**(4,091)**	**0**	**17,076**
Amortization, depreciation and operating provisions	(4,017)	(764)	(1,039)		(5,820)
Current operating profit (loss)	**13,155**	**3,230**	**5,129**	**0**	**11,256**
Other non-curent operating income and expenses	(324)	(188)	(738)		(1,250)
Operating profit (loss)	**12,831**	**3,042**	**(5,867)**	**0**	**10,006**

(In millions of dirhams)	Nortern axis	Central axis & Phosboucraa	Head-office and other activities	Intersegment eliminations	TOTAL
	FY 2017				
Revenue	36,897	11,253	2,403	(2,051)	48,503
Production held as inventory	(42)	177	66	-	201
Purchases consumed	(14,261)	(3,406)	(2,237)	1,118	(18,786)
External expenses	(4,230)	(2,436)	(2,210)	342	(8,534)
Personal expenses	(3,949)	(2,607)	(1,922)	-	(8,478)
Taxes	(135)	(76)	(16)	-	(227)
Income from joint ventures	153	-	183	-	337
Exchange gains and losses on operating recevables and payables	(7)	(9)	(250)	-	(266)
Other operating income and expenses	(342)	0	(275)	590	(27)
EBITDA	**14,084**	**2,897**	**(4,259)**	**0**	**12,722**
Amortization, depreciation and operating provisions	(4,741)	(558)	(852)	-	(6,150)
Current operating profit (loss)	**9,343**	**2,340**	**(5,111)**	**0**	**6,572**
Other non-curent operating income and expenses	293	(375)	(1,026)	-	(1,108)
Operating profit (loss)	**9,636**	**1,965**	**(6,136)**	**0**	**5,465**

Full year 2019 compared to Full year 2018:

The Group sales decreased by 3% in 2019 compared to 2018, due to the drop of prices during 2019.

In 2019, sales on the northern axis amounted to MAD 41 billion, 3% lower compared to 2018, due to the impact of falling fertilizer prices.

Sales on the central axis decreased significantly during 2019, i.e -14% compared to 2018. The decline in Phosphoric acid and Phosphates sales from Phosboucraâ impacted the revenue of this axis.

In 2019, the Group's operating expenses remained stable compared to 2018. The North and Center axis recorded lower expenses, mainly on the consumption of raw materials, offset by an increase in personnel expenses.

The Group's EBITDA decreased by 10% , mainly impacted by the decline in sales in 2019.

Full year 2018 compared to Full year 2017:

In 2018, the Group's sales increased by 15% compared to 2017, ie +7.4 billion dirhams, driven by higher price levels on acid (+ 31%) and fertilizers (+ 20%) in 2018.

Per 2018, sales on the northern axis increased by 15% compared to 2017, representing +5.6 billion dirhams corresponding to 76% of the Group's growth. This good performance is supported by price increase for Acid and fertilizers segments, driven by the rise in input prices, mainly sulfur.

The central axis also improved its sales in 2018 compared to 2017, by 15%, achieving +1.7 billion dirhams. This increase is also driven by the price of phosphoric acid, which has risen sharply during this year.

In 2018, the Group's operating expenses increased by 12% compared to 2017, ie +4.5 billion dirhams. The purchase of materials is the expenses item having increased the most in 2018, by 25%, that is +2.8 billion dirhams

Per 2018,the Northern axis recorded a 16% increase in its operating expenses compared to 2017, ie +3.6 billion dirhams, the main variations of which relate to the increase in purchases consumed by + 19%, that is +2.7 billion dirhams, impacted by the increase in sulfur purchases. As well as the increase in external expenses of +26% (+1.1 billion dirhams), mainly related to ocean freight which is invoiced to end customers.

In 2018, the Central axis recorded a 10% increase in expenses compared to 2017, ie +0.8 billion dirhams, mainly for sulfur purchases.

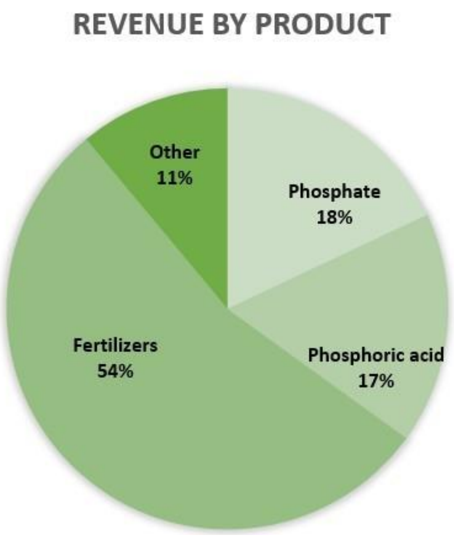
The external and staff costs of the central axis remain under control (+ 6% and + 3% respectively).

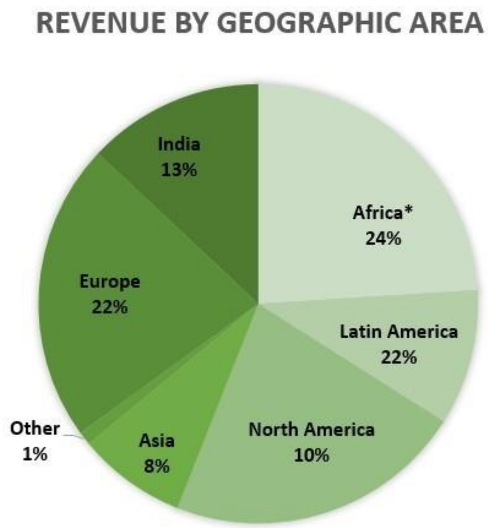
In 2018, the Group thus achieved a 34% increase in EBITDA compared to 2017, ie +4.4 billion dirhams, with a contribution to this increase of the northern axis of MAD3 billion and the central axis of MAD 1.1 billion.

3.2 Revenue by country and geographical area

In 2019, revenue amounted to MAD 54,092 million, 3% lower compared to 2018.
In 2018, revenue amounted to 55,906 MMAD, up 15% compared to 2017.
The breakdown of net consolidated sales by geographic area and by product for the last 3 years (2019,2018 and 2017) –cf. Note 4.1.1.2 below

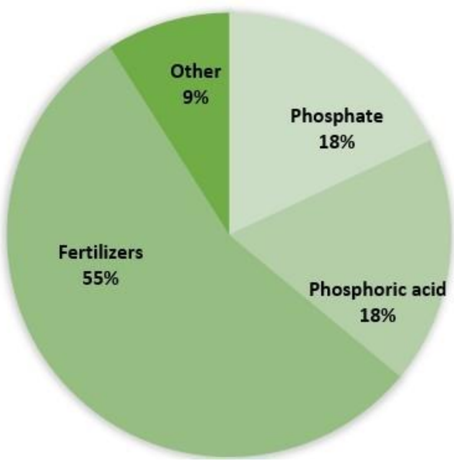
As per 2019:

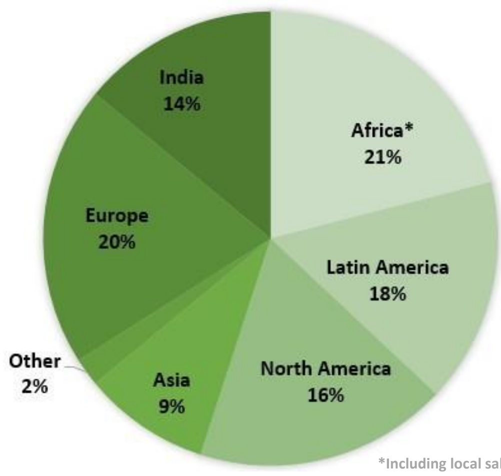




*Including local sales

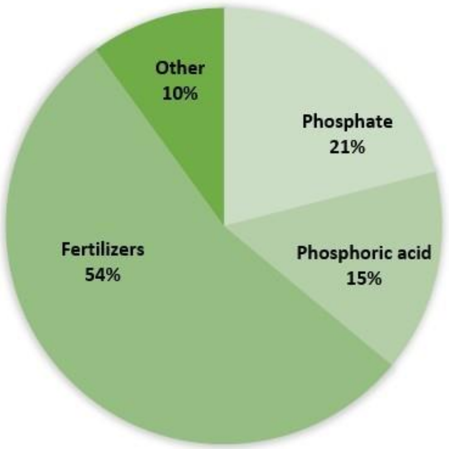
As per 2018:

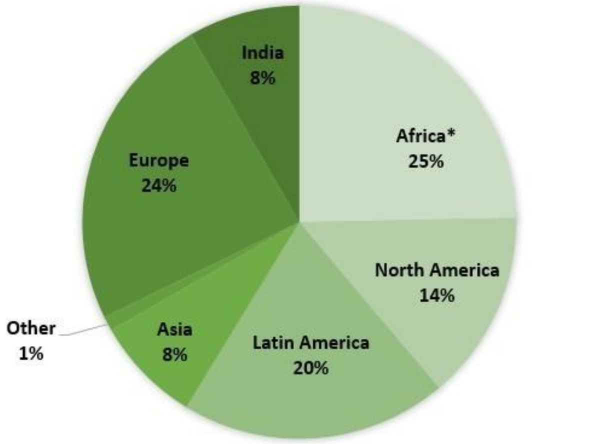




*Including local sales

As per 2017:





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

It should also be noted that 99% 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 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 2019	FY 2018	FY 2017
Phosphates	9,474	9,900	10,245
Phosphoric acid	9,433	9,813	7,273
Fertilizer	29,257	30,490	26,220
Other income	5,929	5,703	4,767
Revenue	**54,092**	**55,906**	**48,503**

(In millions of dirhams)	Phosphates			Phosphoric acid			Fertilizers		
Main markets	FY 2019	FY 2018	FY 2017	FY 2019	FY 2018	FY 2017	FY 2019	FY 2018	FY 2017
Export sales	**7,137**	**8,298**	**8,381**	**8,187**	**8,437**	**6,165**	**28,584**	**29,864**	**25,220**
Europe	2,152	2,340	2,398	3,103	3,666	2,589	5,852	4,811	5,471
South America	1,812	2,022	1,845	502	413	263	8,949	7,262	6,580
North America	-	907	1,375	55	-	-	5,077	7,569	4,824
India	1,768	1,572	1,193	3,812	2,625	2,251	349	2,705	194
Africa	5	6	2	43	46	19	5,900	5,292	6,801
Asia	1,068	1,091	1,132	673	1,687	1,043	2,445	2,138	1,314
Oceania	331	359	435	-	-	-	11	86	36
Local sales	**2,336**	**1,601**	**1,864**	**1,245**	**1,378**	**1,108**	**674**	**627**	**1,001**
Total	**9,474**	**9,900**	**10,245**	**9,433**	**9,814**	**7,273**	**29,257**	**30,490**	**26,220**

(In millions of dirhams)	Phosphates			Phosphoric acid			Fertilizers		
Break down by third parties	FY 2019	FY 2018	FY 2017	FY 2019	FY 2018	FY 2017	FY 2019	FY 2018	FY 2017
Revenue	**15,825**	**14,448**	**11,908**	**9,433**	**9,814**	**7,273**	**30,885**	**32,380**	**27,494**
Outside the group	6,171	7,450	7,610	6,749	7,326	5,138	29,273	30,516	26,204
Joints ventures	3,303	2,450	2,635	2,683	2,488	2,135	- 16	- 25	17
Intercompany sales	6,351	4,548	1,663		-	-	1,628	1,890	1,273
Eliminations	**6,351**	**4,548**	**1,663**		**-**	**-**	**1,628**	**1,890**	**1,273**
Total	**9,474**	**9,900**	**10,245**	**9,433**	**9,814**	**7,273**	**29,257**	**30,490**	**26,220**

Full year 2019 compared to Full year 2018

Phosphates sales posted a net decrease of 4 % between 2018 and 2019. This variation is explained by:

- The decline in volumes exported to North America and Latin America. Indeed, the new strategy of the Canadian group Nutrien - the merger between Potash Corp and Agrium- has led to the cancellation of its supply of Phosphates from OCP.

-The drop in sales in Brazil following the acquisition of the client Vale Cubatao Fertilizantes by Mosaic.

-The decline in volumes exported to Europe during 2019 mainly explained by the lower sales, most particularly in Poland and Bulgaria.

Furthermore, the prices remained stable year-on-year at $ 78 / T FOB on the international market.

Phosphoric acid sales posted a net decrease of 4% between 2018 and 2019. This variation is mainly attributable to a drop in prices with a total impact of Dh -471 million due to lower sulfur prices.

In addition, volumes exported during 2019 were broadly stable.

Fertilizer sales also decreased by 4% between 2018 and 2019 (Dh -1,234 million) where increased export volumes were largely offset by decreased prices.

Indeed, the drop in prices had an impact of Dh -5,083 million, due to lower raw material prices, namely sulfur and ammonia, and a slightly oversupplied market.

The exported volumes increased by Dh +3,037 million. In fact, the Group was able to benefit from a good agricultural season in Europe, a favorable demand in Latin America prompted by the low level of Brazilian inventories at the start of the year, and government subsidies in Argentina, which encouraged the purchase of fertilizers.

Other revenues are mainly comprised of "Freight" business and other ancillary products, particularly the sale of gypsum, sulfuric acid, ammonia, etc.), this line amounts to Dh 5.9 billion, i.e + 4% year-on-year.

Full year 2018 compared to Full year 2017:

Phosphate sales posted a net decrease of 3% between 2017 and 2018. This decrease is explained by:

-The increase in volumes exported to Latin America and to Europe as a result of the continuity of the Group's strategy of offering rock at more competitive costs.

-The decline in sales in North America and the decline in Asian demand due to the closure of some capacities.

-The decline in volumes sold on the local market following the prolonged shutdown of the Pakistan Maroc Phosphore subsidiary during the first half of 2018.

It should be noted that average prices remained stable at $ 78 / T FOB on the international market between the two years of 2017 and 2018.

Phosphoric acid sales increased significantly by Dh 2.5 billion between 2017 and 2018 (+ 35%). This variation is mainly attributable to a 31% rise in average prices, due in particular to the rise in sulfur prices on the international market.

The volumes sold for export also increased by 8% with an impact of Dh +489 million which mainly concerns Mexico and the European continent.

Fertilizer sales increased Dh 4.3 billion between 2017 and 2018 (+ 16%). This trend is explained by a positive price effect of +5 billion dirhams (the average price, all products combined, amounts to $ 383 / t in 2018 against $ 319 / t in 2017 following, on the one hand, the rise in input prices namely sulfur, and on the other hand, a slight decline in supply on the international fertilizer market.

Volumes remained virtually stable over the period, nevertheless recording a positive effect of Dh 47 million following these variations:

-A greater demand in India and Latin America following a restriction of local supply, thus orienting the interest of operators towards import.

Offset by, the decline in volumes sold in Africa and Europe due to unfavorable weather conditions that delayed the season.

The other products mainly concern the freight business and other ancillary products, particularly the sale of gypsum, sulfuric acid, ammonia, etc.). This line amounts to 5.7 billion dirhams, ie + 20% in 2018 compared to 2017.

In addition, this increase in revenue achieved in 2018 was mitigated by a negative overall foreign exchange effect of 1.2 billion dirhams following the depreciation of the dollar exchange rate (9.67 dirhams in 2017 against 9.40 dirhams in 2018).

4.1.2 Trade receivables

4.1.2.1 Accounting treatment of trade receivables

This category includes operating receivables, deposits and guarantees, as well as loans. Upon initial recognition, loans and receivables are recorded in the balance sheet at their fair value plus transaction costs directly attributable to the acquisition or issue of the asset. At the closing date, these assets are measured using the amortized cost method. A loss in value is recorded depending on the risk of non-recovery.

4.1.2.2 Analysis of trade receivables

(In millions of dirhams)	31 December 2019	31 December 2018	31 December 2017
Trade receivables invoiced	9 133	10 659	6 276
Provisions - trade receivables	(991)	(380)	(240)
Net trade receivables	**8 142**	**10 279**	**6 037**

Trade receivables show a decrease of MAD 2 billion between 2018 and 2019 in line with the decline in export sales mainly in the fourth quarter, as well as the decline in sales of intermediate products and other industrial services related to the shaping operations.
Provisions –trade receivables as of 31 December 2019 are mainly relate to the depreciation of the receivables of the customer Heringer for an amount of MAD 466 million due to his financial difficulties.
Trade receivables rose by MAD 4.3 billion between 2017 and 2018, +989 million dirhams between 2016 and 2017 in correlation with the increase in revenue.

Net trade receivable maturities as at 31 December 2019 are as follows:

(In millions of dirhams)	Unmatured receivables	Matured receivables < 30 days	30 - 180 days	more than 180 days	Total
Net trade receivables	5 819	389	635	1 299	8 142

Net trade receivable maturities as at 31 December 2018 are as follows:

(In millions of dirhams)	Unmatured receivables	Matured receivables < 30 days	30 - 180 days	more than 180 days	Total
Net trade receivables	7,533	900	633	1,213	10,279

Net trade receivable maturities as at 31 December 2017 are as follows:

(In millions of dirhams)	Unmatured receivables	Matured receivables < 30 days	30 - 180 days	more than 180 days	Total
Net trade receivables	4,564	59	421	992	6,037

4.1.3 Management of exchange risk and credit risks

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.

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 would like to limit this impact by using hedge accounting under IAS 39.

Accordingly, it was envisaged to document under IAS 39 a cash flow hedge (CFH) between the highly probable future sales in dollars (hedged item) and the two bond issues in dollars (hedging instrument). The hedge started on September 1, 2018.

Thus, the hedged item relates to the highly probable revenue that will be realized:

• from April 2024 for a total amount equal to the nominal value of the first bond issue, ie 1, 25 billion dollars.

• from October 2025 for a total amount equal to the nominal value of the first bond issue, ie $ 1 billion.

Both bond issues will be used as hedging instruments.

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

The hedging strategy described above will result in the following accounting treatment:

• Recognition in OCI (Other Comprehensive Income), for the effective part, of the currency effect on the debt until maturity.

• Recycling as a result of the OCI accumulated at the maturity of the debt. This recycling will be progressive depending on the achievement of the turnover in dollars

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 covers credit risk through a non-recourse credit insurance and factoring program signed with world-class players.

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 2019	FY 2018	FY 2017
Purchases of materials and supplies	**(990)**	**(525)**	**(412)**
Purchases of raw materials	**(12 759)**	**(14 091)**	**(11 318)**
Sulfur	*(6 989)*	*(8 069)*	*(5 106)*
Ammonia	*(3 714)*	*(3 873)*	*(3 945)*
Sulfuric acid	*(1 106)*	*(1 276)*	*(700)*
KCL	*(572)*	*(560)*	*(712)*
Other raw materials	*(377)*	*(312)*	*(855)*
Energy comsumption	**(2 911)**	**(3 273)**	**(2 860)**
Electric energy	*(1 255)*	*(1 476)*	*(1 448)*
Fuel	*(983)*	*(1 123)*	*(885)*
Diesel	*(569)*	*(583)*	*(457)*
Steam and others	*(105)*	*(92)*	*(70)*
Spare parts	**(1 129)**	**(1 076)**	**(1 099)**
Purchases of works, studies and services	**(2 281)**	**(1 945)**	**(1 690)**
Water supply	**(153)**	**(149)**	**(100)**
Auxiliary materials and othe purchases	**(1 545)**	**(1 338)**	**(1 306)**
Purchased consumables of materials and supplies	**(21 768)**	**(22 397)**	**(18 786)**

Full year 2019 compared to Full year 2018:

Commodities purchases decreased by MAD 1.3 billion (-9%) between 2018 and 2019. This variation is mainly due to the drop in sulfur purchases.
In fact, sulfur purchases decreased by MAD 1.08 billion following a 23% drop in the price per ton during 2019 ($ 112 / T CFR in 2019 compared to $ 145 / T CFR in 2018) as a result of the oversupply on the international market. Volumes increased by 10% over the same period in correlation with the evolution in production of sulfuric acid.
Energy consumption amounted to MAD 2,911 million in 2019, a decrease of MAD 362 million compared to 2018. This decrease mainly concerns:
- Electric energy: an impact of MAD -221 million ,explained by the decrease in purchases in Jorf Lasfar platform, which experienced disruptions in the production tools of JFCV and PMP during 2018.
- Fuel : an impact of MAD -140 million, mainly due to the drop in dried volumes at Khouribga and Youssoufia.

Purchases of works, studies and services, increased by MAD 336 million in 2019 compared to 2018. This variation is explained by the increase in charges for digitization projects for MAD +122 million, as well as by the increase in logistics services (bagging, unloading, etc.) for MAD +156 million linked to the increase in sales to Ethiopia.

Full year 2018 compared to Full year 2017:

Commodities purchases increased by MAD 3.6 billion (+18%) between 2017 and 2018. This variation is mainly due to higher purchases of sulfur and sulfuric acid.
In fact, sulfur purchases increased by MAD 2,963 million following a 54% increase in the price per ton during 2018 ($ 94 /T CFR in 2017 compared to $ 145 /T CFR in 2018). As for volumes, they increased by 7% over the same period in line with production trends.
Sulfuric acid consumption rose by 576 million dirhams, which is also explained by a surge in the price per ton, which went from $ 46 /T CFR in 2017 to 83 /T in 2018 (+ 81%). Volumes increase by 5% 2017 and 2018 in correlation with the evolution of production.
Energy consumption amounted to 3,276 million dirhams in 2018, an increase of 413 million dirhams over 2017. This trend mainly concerns fuel oil and gas oil, which experienced a rise in prices over the period.

External expenses:

(In millions of dirhams)	FY 2019	FY 2018	FY 2017
Transport	(5 164)	(5 843)	(5 315)
ONCF transport on sales	*(851)*	*(980)*	*(1 173)*
Shipping on sales-Freight	*(3 436)*	*(3 848)*	*(3 114)*
Truck phosphates transport	*(255)*	*(365)*	*(384)*
Personal transport	*(102)*	*(140)*	*(110)*
Other operating transport	*(520)*	*(511)*	*(534)*
Consulting and fees	(547)	(446)	(464)
Contributions and donations	(656)	(369)	(463)
Maintenance and repairs	(1 562)	(1 321)	(764)
Leases ans lease expenses	(173)	(309)	(320)
Insurance premiums	(261)	(215)	(190)
Advertising, publications and public relations	(284)	(244)	(221)
Postal and telecommunications expenses	(114)	(71)	(82)
Study, analysis, research and documentation	(86)	(165)	(106)
Remuneration of personal outside the company	(166)	(161)	(99)
Other external expenses	(725)	(636)	(511)
External expenses	**(9 737)**	**(9 780)**	**(8 534)**

Full year 2019 compared to Full year 2018:

External charges amounted to MAD 9.7 billion in 2019, it remained virtually stable compared to 2018, explained by the following variations:

- The decrease in shipping costs of MAD 412 million between 2018 and 2019 due to the reduction in ancillary costs (demurrage) , explained by the decrease in the number of days of consignment of ports.
- The increase of the “maintenance and repairs” item of MAD 241 million following in particular the combination of overhaul works at the Jorf Lasfar and Phosboucraa sites and maintenance on the Group social infrastructures in Benguerir and Youssoufia, as well as digitalization work at the head office in connection with the extension of the application park.

- The increase in contributions and donations granted for MAD 287 million in 2019 compared to 2018, this is due to the increased scholarships granted to students and donations to different partners.

Full year 2018 compared to Full year 2017:

In 2018, The increase in external expenses of 1.2 billion dirhams is mainly due to:

• The increase in shipping costs of 734 million dirhams between 2017 and 2018, in line with the increase in volumes shipped and the increase in transportation costs per ton.
• The rise on the «maintenance and repairs» item of MAD 557 million, due in particular to the ramp-up of outsourcing projects on Jorf Lasfar mainly in the maintenance sector. It should be noted that the retirements of the OCP staff responsible for this activity have not been replaced (about 700 departures per year).

4.2.3 Risks related to raw materials

Sulphur supplies

On a global trade of 35 million tons per year, OCP Group imports nearly 6 million (2018) tons and is expected to import 7 million tons after the start of the new fertilizer production units (Horizon 2020-2021), equaling 25% 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 their 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 is fixed quarterly. The prices negotiated by the OCP Group are among the most competitive 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 very regional one due to the high logistics costs involved. The Group's annual procurements represent around 1.8 million tons per year and should reach 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)

The new dynamic of shale gas in North America and the ammonia projects announced in Russia will provide further potential supply sources for the Group in the future.

Ammonia prices

The price of ammonia is volatile and consequently 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 measured 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.

At the moment of the sale, inventories are 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.
Incorporable costs exclude the portion of sub-activity.

4.2.4.2 Analysis of the inventories evolution

(In millions of dirhams)	31 December 2019			31 December 2018			31 December 2017		
	Gross	Depreciation	Net	Gross	Depreciation	Net	Gross	Depreciation	Net
Consumable materials and supplies	5 332	(1 499)	3 832	5 737	(1 409)	4 327	4 674	(1 450)	3 224
In-process inventory	6 758	(13)	6 744	5 735	-	5 735	4 719	-	4 719
Finished products	4 466	(48)	4 419	3 241	(90)	3 151	2 631	(231)	2 400
Total Inventories	**16 556**	**(1 560)**	**14 996**	**14 713**	**(1 500)**	**13 213**	**12 023**	**(1 680)**	**10 343**

The inventory remediation work has led to the depreciation of certain qualities of fertilizer stock for MAD 220 million in 2017.

Inventories of consumables and supplies consists mainly of non-strategic spare parts for installations. Due to their short useful lifetime, these spare parts are not classified as an immobilization. The risk of obsolescence of parts is an indication of impairment that is reviewed annually to estimate whether impairment is required.

4.2.5 Trade payables

(In millions of dirhams)	31 december 2019	31 December 2018	31 December 2017
Trade payables	5 460	3 702	4 967
Fixed assets liabilities	9 550	8 529	8 739
Trade payables	**15 010**	**12 230**	**13 706**

Trade payables correspond to payables and fixed assets liabilities. This item shows a slight increase of 22,7% at December 2019 compared to December 2018, closely related to the continuation of the Group's investment program.
At December 31, 2018, this item shows a slight decrease of 10.8% compared to 31 December 2017. This improvement was made possible thanks to OCP's privileged relationship with its diversified ecosystem. Moreover, the Group has conducted a reengineering of processes, a reorganization of resources and the implementation of dematerialization and digitization solution throughout the process.

Note 5- Expenses and employee benefits

5.1 Personnel expenses

(In millions of dirhams)	FY 2019	FY 2018	FY 2017
Employee remuneration and related social charges	(7 239)	(6 639)	(6 669)
Retirement benefits and medical cover	(1 308)	(1 178)	(1 168)
Other employee benefits	(666)	(664)	(641)
Personnel expenses	**(9 213)**	**(8 481)**	**(8 478)**

Personnel costs during 2019 amounted to MAD 9,213 million, + 9% compared to 2018.
This is explained by the implementation of the 2018 Protocol of Agreement and the provision relating to the 2019 Protocol of Agreement, as well as by the increase in payroll following a series of recruitments deployed in particular at new subsidiaries (OCP Solution, UM6P.)
Personnel costs remained virtually stable between 2017 and 2018. This is explained by the increase in payroll following the implementation of the 2018 Protocol of Agreement, that was mitigated by the impact of the retirements.

5.2 Number of employees

(On number)	31 December 2019	31 December 2018	31 December 2017
Non-excecutives	3 560	2 844	2 376
Technicians, Supervisors and Administrative executives	6 123	6 782	6 972
Manual workers and Clerical staff	10 182	10 463	11 102
Number of employees	**19 865**	**20 089**	**20 450**

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 600 million in 2019 compared to MAD 564 million in 2018.
• 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 2019	31 December 2018	31 December 2017
Discount rate			
Pension supplement	3,94%	4,52%	4.58%
Medical plans	3,54%	4,22%	4.28%
Expected salary increase rate	**5,10%**	**5,10%**	**5.10%**
Rate of increase in medical costs	**1,00%**	**1,00%**	**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 durations equivalent 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.

5.3.3 Obligations related to social liabilities

	Post-employment benefits					
(In millions of dirhams)	Pension supplement *	Medical plans	Fixed retirement allocation	Total post-employment benefits	Other long-term benefits	Total employee benefits
Net obligations recognized at 1st January 2018	**445**	**3 045**	**669**	**4 159**	**148**	**4 307**
Benefits paid	(9)	(579)	(88)	(676)	(18)	(694)
Service cost	5	83	78	166		166
Expenses related to discounting of obligations	20	130	29	179		179
Actuarial losses or (gains) for the period resulting from changes in:	(34)	434	(22)	378		378
Contributions		250		250		250
Other changes	30			30		30
Net obligations recognized at 31 December 2018	**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**

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 2019 Pension supplement	31 December 2019 Medical plans	31 December 2018 Pension supplement	31 December 2018 Medical plans	31 December 2017 Supplementary pension	31 December 2017 Medical plans
Discount rate						
Impact on the current value of gross obligations at 31 December	-16%	-10%	-16%	-10%	-17%	-9%
Rate of change in medical costs						
Impact on the current value of gross obligations at 31 December		16%		12%		16%

(as % of the item measured) Sensitivity analysis -1%	31 December 2019 sionsuppleme	31 December 2019 Medical plans	31 December 2018 Pension supplement	31 December 2018 Medical plans	31 December 2017 Supplementary pension	31 December 2017 Medical plans
Discount rate						
Impact on the current value of gross obligations at 31 December	21%	13%	21%	13%	22%	12%
Rate of change in medical costs						
Impact on the current value of gross obligations at 31 December		-13%		-10%		-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 2019	FY 2018	FY 2017
Short-term employee benefits	133	130	127
Post-employment benefits	22	21	20
Termination benefits employment contract		1	1
Total management compensation	**156**	**151**	**148**

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 2019	31 December 2018	31 December 2017
Paradeep Phosphates Limited- PPL	1 099	1 049	1 079
Groupe PRAYON	1 184	1 132	1 061
Pakistan Maroc Phosphore - PMP	775	729	764
Euro Maroc Phosphore - EMAPHOS	164	140	141
Indo Maroc Phosphore - IMACID	362	422	348
Société d'Aménagement et de Développement de Mazagan - SAEDM*	289	287	294
Teal Technology Services - TTS*	12	4	
Others**	(1)	39	40
Total interests in joint-ventures	**3 884**	**3 802**	**3 726**

*SAEDM and TTS being two associated companies.
** includes JESA, TEAM and DOOC

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 2019

(In millions of dirhams)	PRAYON	EMAPHOS	IMACID	PMP	PPL	SAEDM	Others*
ASSETS							
Current assets							
Cash and cash equivalents	497	224	100	36	28	189	737
Cash financial assets	-	-	-	-	35	-	0
Inventories	1 948	290	233	194	1 274	1 005	-
Trade receivables	579	233	565	488	2 578	-	1 685
Current tax receivables	-	-	22	-	-	-	65
Other current assets	133	74	207	829	486	67	445
Total current assets	**3 157**	**820**	**1 127**	**1 547**	**4 402**	**1 261**	**2 932**
Non-current assets							
Non-current financial assets	12	-	0	-	4	0	8
Investments in equity-accounted companies	880	-	-	-	-	-	-
Equity securities	16	-	-	-	-	-	121
Deferred tax assets	128	-	-	-	-	-	-
Property, plant and equipment	2 096	75	463	678	2 079	4	47
Intangible assets	104	153	23	12	2	1	11
Total non-current assets	**3 236**	**228**	**485**	**690**	**2 085**	**5**	**187**
Total Assets	**6 392**	**1 048**	**1 613**	**2 237**	**6 487**	**1 266**	**3 119**

(In millions of dirhams)	PRAYON	EMAPHOS	IMACID	PMP	PPL	SAEDM	Others*
LIABILITIES							
Current liabilities							
Current loans and financial debts	1 196	0	-	0	2 617	-	7
Current provisions	13	0	1	-	103	-	2
Trade payables	1 235	361	447	637	1 200	178	850
Current tax liabilities	-	1	0	28	109	-	91
Other current liabilities	407	53	20	4	228	4	870
Total current liabilities	**2 851**	**415**	**467**	**669**	**4 257**	**182**	**1 820**
Non-current liabilities	-	-	-	-	-	-	-
Non-current loans and financial debts	755	134	-	1	-	517	-
Non-current provisions for employee benefits	187	-	-	-	-	-	-
Other non-current provisions	21	-	-	-	33	-	0
Deferred tax liabilities	214	-	-	-	-	-	-
Other non-current liabilities	10	-	-	-	-	-	-
Total non-current liabilities	**1 188**	**134**	**-**	**1**	**33**	**517**	**0**
	-	**-**	**-**	**-**	**-**	**-**	**-**
Equity - Group share	536	180	620	800	774	608	116
Paid-in capital	-	110	-	-	-	-	0
Reserves	(60)	128	223	480	1 305	(0)	8
Retained earnings	1 777	-	165	20	(22)	(46)	981
Net profit (loss) - Group share	100	80	137	267	140	5	194
Total equity	**2 353**	**499**	**1 145**	**1 567**	**2 197**	**567**	**1 299**
Total liabilities and equity	**6 392**	**1 048**	**1 613**	**2 237**	**6 487**	**1 266**	**3 119**

* includes JESA, TEAM and DOOC

Statement of Financial Position 2018

(In millions of dirhams)	PRAYON	EMAPHOS	IMACID	PMP	PPL	SAEDM	Others*
ASSETS							
Current assets							
Cash and cash equivalents	23	96	81	695	17	413	593
Cash financial assets	-	-	-	-	-	-	0
Inventories	1 994	305	158	107	1 791	790	-
Trade receivables	1 123	388	514	70	2 506	-	1 390
Current tax receivables	-	0	2	-	-	-	65
Other current assets	121	129	722	148	469	29	209
Total current assets	**3 260**	**919**	**1 477**	**1 020**	**4 783**	**1 232**	**2 258**
Non-current assets							
Non-current financial assets	10	-	0	0	16	0	11
Investments in equity-accounted companies	819	-	-	-	-	-	-
Equity securities	16	-	-	-	-	-	121
Deferred tax assets	135	-	-	-	-	-	-
Property, plant and equipment	1 715	79	405	749	1 870	0	36
Intangible assets	92	0	22	21	1	1	5
Total non-current assets	**2 787**	**79**	**427**	**770**	**1 888**	**2**	**173**
Total Assets	**6 047**	**998**	**1 904**	**1 790**	**6 671**	**1 233**	**2 432**

(In millions of dirhams)	PRAYON	EMAPHOS	IMACID	PMP	PPL	SAEDM	Others*
LIABILITIES							
Current liabilities							
Current loans and financial debts	1 394	-	-	0	2 747	-	5
Current provisions	13	0	2	-	90	-	15
Trade payables	1 308	562	407	276	1 497	59	336
Current tax liabilities	-	8	60	22	-	-	68
Other current liabilities	364	9	127	12	218	3	784
Total current liabilities	**3 080**	**579**	**596**	**310**	**4 552**	**62**	**1 208**
Non-current liabilities	-	-	-	-	-	-	-
Non-current loans and financial debts	294	-	-	1	-	608	-
Non-current provisions for employee benefits	171	-	-	-	-	-	-
Other non-current provisions	24	-	-	-	20	-	0
Deferred tax liabilities	208	-	-	-	-	-	-
Other non-current liabilities	20	-	-	-	-	-	-
Total non-current liabilities	**718**	**-**	**-**	**1**	**20**	**608**	**0**
	-	-	-	-	-	-	-
Equity - Group share	471	180	620	800	789	608	116
Paid-in capital	-	110	-	-	-	-	0
Reserves	(30)	59	216	507	1 140	(1)	8
Retained earnings	1 682	-	7	8	-	(32)	991
Net profit (loss) - Group share	127	69	466	164	169	(13)	108
Total equity	**2 250**	**418**	**1 308**	**1 479**	**2 098**	**563**	**1 223**
Total liabilities and equity	**6 047**	**998**	**1 904**	**1 790**	**6 671**	**1 233**	**2 432**

* includes JESA, TEAM and DOOC

Statement of Financial Position 2017

(In millions of dirhams)	PRAYON	EMAPHOS	IMACID	PMP	PPL	SAEDM	Others*
ASSETS							
Current assets							
Cash and cash equivalents	26	108	540	410	52	128	373
Cash financial assets	-	-	-	-	-	-	0
Inventories	1 762	201	151	211	953	699	-
Trade receivables	1 181	230	301	578	2 834	-	941
Current tax receivables	-	2	-	7	-	-	80
Other current assets	120	72	224	235	454	19	96
Total current assets	**3 090**	**614**	**1 217**	**1 440**	**4 293**	**846**	**1 490**
	-	-	-	-	-	-	-
Non-current assets	-	-	-	-	-	-	-
Non-current financial assets	8	-	0	0	3	0	7
Investments in equity-accounted companies	747	-	-	-	-	-	-
Equity securities	17	-	-	-	-	-	121
Deferred tax assets	130	-	-	-	-	-	-
Property, plant and equipment	1 642	72	351	768	1 938	0	32
Intangible assets	140	0	16	28	1	2	9
Total non-current assets	**2 683**	**72**	**367**	**796**	**1 941**	**2**	**168**
Total Assets	**5 773**	**686**	**1 584**	**2 236**	**6 234**	**848**	**1 658**

(In millions of dirhams)	PRAYON	EMAPHOS	IMACID	PMP	PPL	SAEDM	Others*
LIABILITIES							
Current liabilities							
Current loans and financial debts	1 336	-	-	3	2 595	-	13
Current provisions	(57)	(0)	2	5	94	-	2
Trade payables	1 183	241	431	655	1 151	19	186
Current tax liabilities	-	-	32	-	-	-	69
Other current liabilities	344	24	37	17	220	3	288
Total current liabilities	**2 806**	**265**	**501**	**680**	**4 060**	**22**	**558**
Non-current liabilities	-	-	-	-	-	-	-
Non-current loans and financial debts	261	-	-	1	-	250	-
Non-current provisions for employee benefits	190	-	-	-	-	-	-
Other non-current provisions	95	-	-	-	16	-	0
Deferred tax liabilities	182	-	-	-	-	-	-
Other non-current liabilities	131	-	-	-	-	-	-
Total non-current liabilities	**859**	**-**	**-**	**1**	**16**	**250**	**0**
	-	-	-	-	-	-	-
Equity - Group share	481	180	620	800	841	608	101
Paid-in capital	-	110	-	-	-	-	0
Reserves	(87)	90	226	458	941	(2)	8
Retained earnings	1 713	-	68	132	-	(19)	869
Net profit (loss) - Group share	1	42	170	165	376	(11)	122
Total equity	**2 109**	**421**	**1 083**	**1 555**	**2 158**	**576**	**1 100**
Total liabilities and equity	**5 773**	**686**	**1 584**	**2 236**	**6 234**	**848**	**1 658**

* includes JESA, TEAM and DOOC

Income statement FY 2019

(In millions of dirhams)	PRAYON	EMAPHOS	IMACID	PMP	PPL	SAEDM	Others*
Revenue	7 907	1 622	2 319	2 522	6 026	-	3 088
Production held as inventory	(16)	(21)	85	83	(190)	156	-
Purchases consumed	(5 049)	(1 355)	(1 698)	(1 840)	(4 294)	(141)	(1 683)
External expenses	(1 385)	(126)	(469)	(364)	(634)	(6)	(190)
Personnel expenses	(1 106)	-	(0)	(9)	(203)	(13)	(921)
Taxes	-	(2)	(3)	(1)	(1)	(0)	(2)
Exchange gains and losses on operating receivables and payables	118	2	(2)	0	-	(0)	0
Other operating income and expenses	206	(1)	(4)	0	(134)	0	4
EBITDA	**675**	**119**	**229**	**391**	**570**	**(4)**	**297**
Amortization, depreciation and operating provisions	(351)	(9)	(55)	(106)	(105)	(0)	(4)
Operating profit (loss) before exceptional items	**324**	**110**	**174**	**285**	**465**	**(4)**	**293**
Other non-current operating income and expenses	19	(4)	(14)	45	(16)	0	(2)
Operating profit (loss)	**343**	**106**	**160**	**330**	**450**	**(4)**	**290**
Cost of net financial debt	(78)	1	7	13	(180)	9	4
Exchange gains and losses on financial receivables and payables	(103)	-	-	-	(62)	-	(0)
Other financial income and expenses	(25)	(4)	1	0	-	(0)	(0)
Financial profit (loss)	**(206)**	**(3)**	**7**	**13**	**(242)**	**9**	**4**
Profit (loss) before tax	**137**	**103**	**167**	**343**	**208**	**5**	**294**
Corporate tax	(37)	(23)	(30)	(75)	(68)	(0)	(100)
Net profit (loss) for the period	**100**	**80**	**137**	**267**	**140**	**5**	**194**

* includes JESA, TEAM and DOOC

Income statement FY 2018

(In millions of dirhams)	PRAYON	EMAPHOS	IMACID	PMP	PPL	SAEDM	Others*
Revenue	7 643	1 641	2 959	1 778	4 016	-	1 992
Production held as inventory	176	102	(3)	(95)	518	54	-
Purchases consumed	(4 875)	(1 495)	(1 849)	(1 082)	(4 748)	(76)	(834)
External expenses	(1 449)	(131)	(520)	(313)	(569)	(4)	(154)
Personnel expenses	(1 118)	-	(1)	(9)	(179)	(11)	(800)
Taxes	-	(2)	(3)	(1)	(55)	(0)	(2)
Exchange gains and losses on operating receivables and payables	116	(2)	5	(6)	-	(0)	1
Other operating income and expenses	174	1	5	13	1 651	22	(4)
EBITDA	**667**	**115**	**593**	**286**	**634**	**(16)**	**199**
Amortization, depreciation and operating provisions	(326)	(12)	(48)	(96)	(138)	(0)	(23)
Operating profit (loss) before exceptional items	**341**	**103**	**546**	**190**	**496**	**(16)**	**176**
Other non-current operating income and expenses	(5)	(8)	10	8	(9)	(0)	(11)
Operating profit (loss)	**336**	**95**	**555**	**198**	**487**	**(16)**	**166**
Cost of net financial debt	(63)	2	13	13	(115)	(12)	7
Exchange gains and losses on financial receivables and payables	(129)	-	-	-	(97)	-	(0)
Other financial income and expenses	0	(0)	0	0	(2)	15	(1)
Financial profit (loss)	**(192)**	**2**	**13**	**13**	**(215)**	**3**	**6**
Profit (loss) before tax	**145**	**97**	**569**	**211**	**272**	**(13)**	**171**
Corporate tax	(17)	(28)	(103)	(47)	(103)	(0)	(63)
Net profit (loss) for the period	**127**	**69**	**466**	**164**	**169**	**(13)**	**108**

* includes JESA, TEAM and DOOC

Income statement FY 2017

(In millions of dirhams)	PRAYON	EMAPHOS	IMACID	PMP	PPL	SAEDM	Others*
Revenue	7 334	1 405	2 297	2 165	5 517	-	1 480
Production held as inventory	64	(14)	(18)	(49)	34	20	-
Purchases consumed	(4 544)	(1 175)	(1 568)	(1 453)	(3 765)	(9)	(526)
External expenses	(1 394)	(142)	(475)	(338)	(577)	(4)	(126)
Personnel expenses	(1 070)	-	(5)	(8)	(168)	(12)	(627)
Taxes	-	(2)	(3)	(1)	(4)	(10)	(2)
Exchange gains and losses on operating receivables and payables	130	2	(14)	(8)	-	(0)	(1)
Other operating income and expenses	117	1	(3)	4	(166)	0	(5)
EBITDA	**636**	**76**	**211**	**311**	**871**	**(15)**	**193**
Amortization, depreciation and operating provisions	(342)	(22)	(64)	(100)	(99)	(0)	(13)
Operating profit (loss) before exceptional items	**294**	**54**	**146**	**211**	**772**	**(15)**	**180**
Other non-current operating income and expenses	0	(0)	58	(10)	(1)	(0)	2
Operating profit (loss)	**294**	**54**	**205**	**201**	**771**	**(15)**	**182**
Cost of net financial debt	(60)	2	8	4	(155)	4	5
Exchange gains and losses on financial receivables and payables	(132)	-	-	-	(54)	-	0
Other financial income and expenses	(24)	0	(0)	(5)	-	-	(0)
Financial profit (loss)	**(217)**	**2**	**8**	**(1)**	**(210)**	**4**	**5**
Profit (loss) before tax	**77**	**56**	**213**	**200**	**561**	**(11)**	**186**
Corporate tax	(76)	(14)	(43)	(34)	(185)	(0)	(65)
Net profit (loss) for the period	**1**	**42**	**170**	**165**	**376**	**(11)**	**122**

* includes JESA, TEAM and DOOC

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

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

OCP also supplies phosphoric acid to its joint ventures EMAPHOS, Paradeep Phosphates Limited (PPL) and PRAYON. In these sales, OCP recorded a revenue of MAD 2,496 million in 2019 against MAD 2,478 million in 2018.

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 mainly concern the use of the infrastructures of Jorf Lasfar, the supply of utilities (liquid sulfur, water, steam etc.) 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 services of rental of materials of storage.

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.
OCP has also entered into a lease agreement with the TTS joint venture for the rental of a workspace at OCP headquarters

6.3.4 Financial agreement

OCP and Prayon entered into a subordinated loan agreement EUR 9 million in 2013 to tackle the

company's cash requirements. The interest rate applied is 5.5%. The outstanding amount of this loan amounts to EUR 3.4 million was converted into share capital on 3 December 2019. There are no more financial agreements between Prayon and OCP to date.
OCP has also concluded cash pooling agreements with certain joint ventures (Indo Maroc Phosphore-IMACID, Pakistan Maroc Phosphore-PMP, etc.)

6.3.5 Other services

OCP also provides marketing services (marketing products manufactured by the joint venture) and chartering 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 in 2015, 2017 and 2018.
Jacobs Engineering-JESA provides OCP with engineering services through the Framework Services Agreement signed in 2017.
Teal Technology & Services 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 2019	FY 2018	FY 2017
Gains and losses on other assets	8	27	59
Subsidies granted	(525)	(421)	(295)
Donations, legacies, liberalities	(615)	(376)	(409)
Tax inspection	(87)	(218)	(110)
Others	(284)	(262)	(351)
Other non-current operating income and expenses	**(1 504)**	**(1 250)**	**(1 107)**

Operating income and expenses recorded a net loss of MAD 254 million between 2018 and 2019. This variation is mainly explained by the increase in subsidies granted of MAD 239 million, including in particular, recognition during the 2019 of the tax on social cohesion for MAD 154 million.
Operating income and expenses recorded a net loss of MAD 142 million between 2017 and 2018. This variation is mainly explained by the increase in subsidies granted of MAD 125 million, including MAD 95 million in favor of the Institute of Socio-Educational Promotion (IPSE).

7.3 Other current assets

(In millions of dirhams)	31 December 2019			31 December 2018			31 December 2017		
	Gross	Depreciation	Net	Gross	Depreciation	Net	Gross	Depreciation	Net
Receivables from suppliers, advances and payments on account	7 478	(6)	7 472	4 113	(6)	4 107	3 053	(6)	3 047
Personnel	68	(1)	67	76	(1)	75	60	(1)	58
Social organizations	316	(32)	284	293	(17)	277	268	-	268
State (excluding corporate income tax)	6 945	-	6 945	4 610	-	4 610	5 703	-	5 703
Tax receivables	39	-	39	34	-	34	106	-	106
Other receivables	330	(13)	317	290	(10)	280	1 029	(9)	1 021
Total other current assets	**15 177**	**(52)**	**15 124**	**9 417**	**(34)**	**9 383**	**10 220**	**(16)**	**10 204**

"State (excluding corporate income tax)" mainly includes VAT, the phosphate royalty and other taxes.

The tax receivable maturities as at 31 December 2019 are detailed in the table below:

(In millions of dirhams)	Total	Unmatured	Matured <30 days	30 - 120 days	> 120 days
State, VAT	1,916	1,670		116	130
VAT credit	4,757	2,071	-	-	2,687
State, other taxes	272	152	-	-	120
Total	**6,945**	**3,893**	**-**	**116**	**2,937**

The tax receivable maturities as at 31 December 2018 are detailed in the table below:

(In millions of dirhams)	Total	Unmatured	Matured <30 days	30 - 120 days	> 120 days
State, VAT	2,198	2,188	2		8
VAT credit	2,143	1,396	-	693	54
State, other taxes	267	42	-	-	226
Total	**4,610**	**3,627**	**2**	**693**	**287**

The tax receivable maturities as at 31 December 2017 are detailed in the table below:

(In millions of dirhams)	Total	Unmatured	Matured <30 days	30 - 120 days	> 120 days
State, VAT	2,829	2,770		2	55
VAT credit	2,729	1,118	-	1,587	23
State, other taxes	145	83	-	-	62
Total	**5,703**	**3,971**	**2**	**1,589**	**140**

7.4 Other current liabilities

(In millions of dirhams)	31 December 2019	31 December 2018	31 December 2017
Trade receivable credit balances, advances and payments on account	1 511	763	442
State	992	1 229	1 750
Social payables	1 227	1 079	1 220
Tax liabilities	212	30	68
Other creditors	2 441	2 156	1 788
Total other current liabilities	**6 383**	**5 257**	**5 268**

Other current liabilities increased by MAD 1,126 million between the end of 2018 and the end of 2019. This variation is mainly explained by the effect of the increase in advances and deposits relating to the granting of bonuses, regularizations and commissions granted to Foreign customers.

In 2018, Other payables mainly include adjustments to the cost of outsourcing the pension plan to RCAR for 737 million dirhams, the credit position towards IMACID for cashpooling for MAD 440 million and certain lines of credit. Commitments with social partners taken by the OCP Foundation for 450 million dirhams and by the Phosboucraâ Foundation for 150 million dirhams.

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

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.

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. IFRS 16 will be applied to events that may occur after the date of transition.

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 635 million in 2019, versus an amount of MAD 817 million in 2018 and MAD 1,207 million in 2017.

8.1.2 Intangible assets

Initial and subsequent measurement

Intangible assets are composed of patents, licenses, software, and research and development costs. They are recognized at 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 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 at Jorf Lasfar.

• **Central Axis (Youssoufia and Benguérir – Safi):** this axis hosts: the integrated phosphate chemical processing hub. The phosphate extracted at Youssoufia and Benguerir 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

• **Axe Phosboucraâ:** 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 or where there is an indication that an impairment loss has arisen.
- *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.

No impairment losses were identified at the close of financial years 2017, 2018 and 2019, and of the 1st quarter of 2020.

8.2 Property, plant and equipment variation

(In millions of dirhams)	31 December 2018	Aquisitions	Provisions	Reductions / Reversals	Reclassifi-cation	Translation difference	Other changes	31 December 2019
Gross amount:								
Land	6 120	(16)	-	-	98	(1)	(0)	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)	0	97 110
Transport equipment	971	25	-	(13)	(90)	-	0	893
Furniture, office equipment and various fittings	2 702	109	-	(28)	544	(2)	0	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	-	(0)	(9 105)	(0)	(0)	9 904
Total gross amount	**158 669**	**11 787**	**-**	**(389)**	**53**	**(6)**	1 887	**172 001**
Depreciations:								-
Land	(1 098)	-	(24)	-	-	-	0	(1 121)
Buildings	(11 633)	-	(1 344)	3	61	0	-	(12 913)
Technical installations, equipment and tools	(41 792)	-	(4 418)	353	840	0	(0)	(45 017)
Transport equipment	(738)	-	(56)	13	54	-	(0)	(727)
Furniture, office equipment and various fittings	(1 184)	-	(300)	16	17	0	(0)	(1 452)
Right of use of other tangible assets	-	-	(468)	-	(1 037)	-	-	(1 505)
Other property, plant and equipment	(631)	-	(238)	7	63	-	(0)	(799)
Impairment losses								-
Buildings	(3)	-	(0)	1	-	0	-	(3)
Total depreciation and impairment losses	**(57 079)**	**-**	**(6 848)**	**393**	**(3)**	**1**	**(0)**	**(63 536)**
Net carrying amount	**101 590**	**11 787**	**(6 848)**	**4**	**50**	**(5)**	1 887	**108 464**

(In millions of dirhams)	31 December 2017	Aquisitions	Provisions	Reductions / Reversals	Reclassifi-cation	Translation difference	Other changes	31 December 2018
Gross amount:								
Land	6 011	473	-	(433)	70	(1)	(0)	6 120
Buildings	36 029	1 723	-	(669)	3 535	(3)	-	40 615
Technical installations, equipment and tools	101 471	3 345	-	(488)	(6 981)	(1)	3	97 349
Transport equipment	953	32	-	(4)	(11)	-	0	971
Furniture, office equipment and various fittings	2 508	143	-	(25)	52	(2)	25	2 702
Other property, plant and equipment	2 847	3 878	-	463	3 713	(0)	11	10 911
Total gross amount	**149 821**	**9 593**	**-**	**(1 156)**	**379**	**(7)**	38	**158 668**
Depreciations:								-
Land	(1 028)	-	(69)	-	-	-	(0)	(1 098)
Buildings	(11 142)	-	(995)	494	9	0	-	(11 633)
Technical installations, equipment and tools	(38 330)	-	(3 915)	461	(8)	0	(0)	(41 792)
Transport equipment	(694)	-	(48)	3	(0)	-	-	(738)
Furniture, office equipment and various fittings	(997)	-	(197)	14	(1)	0	(4)	(1 184)
Other property, plant and equipment	(612)	-	(80)	61	-	-	(0)	(631)
Impairment losses								
Buildings	(3)	-	(1)	1	-	0	-	(3)
Total depreciation and impairment losses	**(52 806)**	**-**	**(5 304)**	**1 035**	**0**	**1**	**(5)**	**(57 079)**
Net carrying amount	**97 015**	**9 593**	**(5 304)**	**(122)**	**380**	**(6)**	33	**101 589**

(In millions of dirhams)	31 December 2016	Aquisitions	Provisions	Reductions / Reversals	Reclassifi-cation	Translation difference	Other changes	31 December 2017
Gross amount:								
Land	5 968	7	-	(2)	36	2	(0)	6 011
Buildings	36 317	3 955	-	(35)	(4 213)	7	(1)	36 029
Technical installations, equipment and tools	86 526	4 993	-	(367)	10 323	2	(5)	101 471
Transport equipment	925	45	-	(6)	(10)	-	(0)	953
Furniture, office equipment and various fittings	2 180	248	-	(92)	172	5	(5)	2 508
Other property, plant and equipment	7 184	2 088	-	(97)	(6 301)	(0)	(26)	2 847
Total gross amount	**139 099**	**11 336**	**-**	**(599)**	**8**	**16**	**(38)**	**149 821**
Depreciations:								
Land	(955)	-	(73)	-	-	-	0	(1 028)
Buildings	(10 308)	-	(823)	2	(12)	(1)	-	(11 142)
Technical installations, equipment and tools	(33 757)	-	(4 833)	363	(102)	(0)	-	(38 330)
Transport equipment	(655)	-	(44)	6	(1)	-	0	(694)
Furniture, office equipment and various fittings	(905)	-	(187)	96	(1)	(0)	0	(997)
Other property, plant and equipment	(281)	-	(447)	-	116	-	0	(612)
Impairment losses								
Buildings	(3)	-	(1)	1	-	(0)	-	(3)
Total depreciation and impairment losses	**(46 865)**	**-**	**(6 408)**	**468**	**0**	**(2)**	**0**	**(52 806)**
Net carrying amount	**92 234**	**11 336**	**(6 408)**	**(131)**	**8**	**14**	(38)	**97 015**

The main achievements during the past 3 years (2019, 2018 and 2017):

- During 2019:

• **Mining activity:**

• Start-up of the binding conveyor, which links the Mzinda mine to the Youssoufia processing plant.

• Launch of construction works for the Benguerir laundromat, this project aims to:

- ✓ Ensure a production of 3 MT / year by 2020 and 9 MTSM by 2025 in order be in line with the needs of the Safi site;
- ✓ Reduce the cost of transport by train to Youssoufia and Safi by transporting the washed floated product instead of raw phosphate;
- ✓ Enrich all the phosphate layers of the Benguerir mine without operating constraints.

• Continuation of construction work on the Laâyoune laundromat intended for the treatment of the new phosphate layers in Boucraâ to ensure rational and balanced exploitation of the deposit with an annual washing capacity of 3 million tons. This new washing and flotation unit will have two washing lines and four flotation lines.

Chemical activity:

• Start-up of the sulfuric line D with a capacity of 1.5 million tons per year as well as the launch of production of soluble MAP at the Jorf Lasfar platform.

• Building of three new sulfuric lines with an overall annual capacity of 4.8 million tons and two power stations in Jorf Lasfar,
• Launch of the construction of the PS4 sulfuric line at Safi with an annual capacity of 700,000 tons;
• Continuation of construction work for the new phosphoric acid unit in Jorf Lasfar.
• Launch of the construction of three fertilizer production lines with a unit capacity of 1 MT / year, identical to the model installed at the JFCs with the possibility of producing TSP.

Environnement:

Installation of gas washing technology in 8 production lines of Phosphoric Acid and 3 production lines of Sulfuric Acid at the Safi site.

➢ During 2018:

Mining activity:

• Extension of the Merah washing plant in Khouribga for the treatment of high, medium and low grade. This extension provides an additional capacity of 3 million tons per year and brings the global laundry capacity to 12 million tons per year,
• Opening of the new Beni Amir mine with a production capacity of 5.5 million tons per year of phosphate in selective mode;

Chemical activity:

• Complete start-up of the fourth fertilizer production unit JFC4. This unit, with a capacity of 1 million tons per year, brings the total capacity of the Group to 12 million tons.
• Building of a new plant producing crystalline MAP (soluble fertilizer suitable for irrigation: fertigation of irrigated crops), with a capacity of 100,000 tons per year and equipped with ancillary units (storage of raw materials, utilities, administrative building, technical rooms, storage of the finished product,...).
• Building of a new phosphoric acid unit (line F) with a capacity of 1,400 tons of P2O5 per day (450 KT/year).

➢ During 2017:

Mining activity:
• Construction of a new complete production line at Merah laundromat (capacity of 3 million of tons / year) with higher, middle and lower grade quality
• The opening of the new phosphate mine "Béni Amir" with a production capacity of 5.5 million tons /year of phosphate in selective mode;
• Operation of second semi-mobile hopper and the improvement of the functioning of the first one.

For the chemical activity:

• OCP continues the investment at JFC's in Jorf Lasfar, especially in JFC III and IV. Each production unit has its own sulfuric line (4,200 TMHD/D), thermal power station (62MW), and a fertilizer line with a capacity of 1Mt/of DAP equivalent.
• 2 new sulfuric lines with integrated center. At the end of 2017, the achievement of the SAP D line is estimated at 33%;
• The adaptation of the phosphoric acid workshop facilities to receive the pulp;
• Revamping of the phosphoric workshop of MP 3&4 to use the phosphate pulp that has been transported from the mine of Khouribga, and the construction of a new unit of 1,400 T P2OR/d in order to offset the gap of the units production while the adaptation work.

8.3 Intangible assets variation

(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**

(In millions of dirhams)	31 December 2017	Aquisitions	Dotations	Reclassifi-cation	31 December 2018
Gross amount:					
R&D assets	74	10	-	0	85
Patents, trademarks, rights and similar items	72	6	-	0	78
Licences and software	443	64	-	45	551
Other intangible assets	54	495	-	(316)	233
Total gross amount	**643**	574	-	(271)	**947**
Amortization:					
Amortization of R&D assets	(27)	-	(12)	(0)	(40)
Amortization of patents, trademarks, rights and similar items	(51)	-	(6)	2	(55)
Amortization of licences and software	(170)	-	(64)	(0)	(235)
Amortizaiton of other intangible assets	(75)	-	(31)	(2)	(107)
Total amortization and impairment losses	**(322)**	**-**	**(114)**	**(1)**	**(437)**
Net carrying amount	**321**	**574**	**(114)**	**(271)**	**510**

(In millions of dirhams)	31 December 2016	Aquisitions	Dotations	Reclassifi-cation	31 December 2017
Gross amount:					
R&D assets	28	46	-	-	74
Patents, trademarks, rights and similar items	65	4	-	3	72
Licences and software	235	209	-	-	443
Other intangible assets	157	23	-	(126)	54
Total gross amount	**485**	282	-	(124)	**643**
Amortization:					
Amortization of R&D assets	(23)	-	(4)	0	(27)
Amortization of patents, trademarks, rights and similar items	(46)	-	(6)	1	(51)
Amortization of licences and software	(138)	-	(32)	0	(170)
Amortizaiton of other intangible assets	(48)	-	(25)	(1)	(75)
Total amortization and impairment losses	**(255)**	**-**	**(67)**	**(0)**	**(322)**
Net carrying amount	**230**	**282**	**(67)**	**(124)**	**321**

8.4 Net depreciation and amortization

(In millions of dirhams)	FY 2019	FY 2018	FY 2017
Net depreciation and amortization	**(6 956)**	**(5 489)**	**(5 778)**

The increase in net depreciation and amortization during 2019, driven by the effect of the investments commissioned in 2019.

However, the decrease in net depreciation for the full year 2018 is due to the combined effects below:
• During its transition to IFRS in 2008, the Group defined economic useful lives for calculating depreciation of fixed assets. Considering the importance of the investments made during these last financial years, in 2018 the Group reviewed the useful lives to reflect the technological evolution of its fixed assets.
• Suspension of amortization of part of the Downstream project. This project involves the construction of a plant with three components namely filtration, drying and storage. Indeed, technical problems related to the ignition and the control of the flame of the drying furnaces delayed the ramp-

up of the project which is expected during 2019.

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 Net provisions

(In millions of dirhams)	FY 2019	FY 2018	FY 2017
Net provisions	**(511)**	**(332)**	**(373)**

Net to provisions increased by MAD 179 million in 2019 compared to 2018, mainly related to:
- The depreciation of Heringer's receivables for an amount of MAD 466 million due to its financial difficulties,
- The decrease in allocations for risks and charges of MAD -499 million due to the recognition in 2018 of the provision concerning litigation on the market for MAD -220 million and the tax audit provision for MAD -110 million.

9.3 Provisions for liabilities and charges

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

(In millions of dirhams)	31 December 2018	Increase	Reversals		Other changes	31 December 2019
			Used	Unused		
Non-current provisions	**5,373**	**116**	**(134)**	**(220)**	**765**	**5,900**
Provisions for employee benefits	4,616	25	(15)		755	5,380
Provisions for environmental risks & for site rehabilitation	307	13	-		-	320
Other non-current provisions	450	79	(119)	(220)	10	200
Current provisions	**328**	**35**	**(10)**		**-**	**353**
Other current provisions	328	35	(10)		-	353
Total provisions	**5,701**	**151**	**(144)**	**(220)**	**765**	**6,253**

(In millions of dirhams)	31 December 2017	Increase	Reversals		Other changes	31 December 2018
			Used	Unused		
Non-current provisions	**4,828**	**360**	**(29)**		**214**	**5,373**
Provisions for employee benefits	4,307	15	(16)		311	4,616
Provisions for environmental risks & for site rehabilitation	294	13	(0)		0	307
Other non-current provisions	227	332	(13)		(97)	450
Current provisions	**263**	**63**	**(0)**			**328**
Other current provisions	263	63	(0)		-	328
Total provisions	**5,092**	**423**	**(29)**		**214**	**5,701**

(In millions of dirhams)	31 December 2016	Increase	Reversals Used	Reversals Unused	Other changes	31 December 2017
Non-current provisions	**5,007**	**112**	**(26)**		**(264)**	**4,828**
Provisions for employee benefits	4,562	16	(17)		(254)	4,307
Provisions for environmental risks & for site rehabilitation	277	17	-		-	294
Other non-current provisions	168	79	(10)		(10)	227
Current provisions	**188**	**133**	**(1)**		**(56)**	**263**
Total provisions	**5,194**	**245**	**(27)**		**(320)**	**5,092**

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.

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 2019	31 december 2018	31 december 2017
Letters of credit	1,774	1,289	1,135
Miscellaneous rights and commitments	650	295	426
Total Commitments given	**2,424**	**1,583**	**1,561**

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 require ed to settle the corresponding obligation, less related costs. Upon subsequent measurement, these financial liabilities are evaluated 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 2019	31 december 2018	31 december 2017
Current financial debts			
Government credits	64	65	67
Long-term bank loans, portion due in less than one year	5 347	5 178	5 288
Finance leases, portion due in less than one year	484	114	110
Bond issue			2 000
Financial debts resulting from Murabaha		387	818
Accrued interest not yet due	574	588	437
Other credits	797	789	33
Total current financial debts	**7 266**	**7 123**	**8 753**
Non-current financial debts			
Government credits	303	374	449
Long-term bank loans, portion due in more than one year	20 930	20 105	19 172
Bond issue	26 840	26 718	26 010
Finance leases, portion due in more than one year	1 645	134	239
Other credits	2 573	3 533	373
Total non-current financial debts	**52 292**	**50 864**	**46 244**
Total financial debts	**59 558**	**57 987**	**54 997**

Year ended as at 31 December 2019

The financial debts increased by MAD 1,571 million at the end of December 2019 compared to the end of 2018, this is mainly explained by the application from January 1, 2019 of the new IFRS 16 standard on leases. In fact, the Group now recognizes a rental debt reflecting the sum of the rents still to be paid, discounted at the marginal rate of debt determined, in return for a right to use the underlying asset (see Note 1.2.A - IFRS 16 standard "Leases").

Year ended as at 31 December 2018

In 2018, The change in financial debts is explained by:
• the conclusion during 2018 of new financing contracts for a global amount of MAD 6 billion (see Note «10.1.2.4 Main financing contracts
of the Group»), in addition to the recognition of a debt of MAD 4 billion corresponding to the cost of factoring the VAT credit.
• repayment of MAD 7.5 billion of debt in the same year, mainly the MAD 2 billion bond issue.

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 2019
Government credits				**64**
Denominated in EUR	[1.30%-2.50%]	2.09%		64
Long-term bank loans, portion due in less than one year				**5,347**
Denominated in USD	[2.94%-4.15%]	3.57%		1,349
Denominated in MAD	[3.20%-3.95%]	3.53%		3,603
Denominated in EUR	[1.13%-4.47%]	2.61%		394
Finance lease debts				**484**
Denominated in MAD	[3.50%-4.70%]	3.54%		484
Accrued interest not yet due				574
Other credits				**797**
Total current financial debts				**7,267**
Government credits				
Denominated in EUR	[1.30%-2.50%]	2.36%	11	303
Long-term bank loans, portion due in more than one year				**20,930**
Denominated in EUR	[1.13%-4.47%]	2.09%	6	2,168
Denominated in MAD	[3.25%-3.95%]	3.75%	4	14,483
Denominated in USD	[2.94%-4.15%]	3.56%	5	4,279
Finance lease debts				**1,645**
Denominated in MAD	[3.50%-4.70%]	3.76%	3	1,645
Bond issue				**26,840**
Denominated in USD	[4.50%-6.88%]	5.49%	9	26,840
Other credits				**2,573**
Total non-current financial debts				**52,292**
Total financial debts				**59,559**

(In millions of dirhams)	Interest rate	Weighted average interest rate	Weighted average residual maturity	31 December 2018
Government credits				
Denominated in EUR	[1.30%-2.50%]	2.09%		65
Long-term bank loans, portion due in less than one year				
Denominated in USD	[2.94%-4.15%]	3.57%		1,345
Denominated in MAD	[3.00%-3.90%]	3.46%		3,570
Denominated in EUR	[1.13%-4.47%]	3.36%		263
Finance lease debts				
Denominated in MAD	[3.50%-4.70%]	3.54%		114
Financial debts resulting from Murabaha				
Denominated in USD				387
Accrued interest not yet due				588
Other credits				789
Total current financial debts				**7,123**
Government credits				
Denominated in EUR	[1.30%-2.50%]	2.31%	12	374
Long-term bank loans, portion due in more than one year				
Denominated in EUR	[1.13%-4.47%]	2.17%	7	2,607
Denominated in MAD	[3.20%-3.90%]	3.62%	5	11,886
Denominated in USD	[2.94%-4.15%]	3.56%	6	5,612
Finance lease debts				
Denominated in MAD	[3.50%-4.70%]	3.58%	2	134
Bond issue				
Denominated in USD	[4.50%-6.88%]	5.49%	10	26,718
Other credits				3,533
Total non-current financial debts				**50,864**
Total financial debts				**57,988**

(In millions of dirhams)	Interest rate	Weighted average interest rate	Weighted average residual maturity	31 December 2017
Government credits				
Denominated in EUR	[1.30%-2.50%]	2.09%		67
Long-term bank loans, portion due in less than one year				
Denominated in USD	[2.39%-4.15%]	3.51%		1,386
Denominated in MAD	[3%-3.65%]	3.23%		3,633
Denominated in EUR	[1.12%-4.47%]	3.36%		269
Finance lease debts				
Denominated in MAD	[3.5%-4.7%]	3.51%		110
Bond issue				
Denominated in MAD	4.46%	4.46%		2,000
Financial debts resulting from Murabaha				
Denominated in USD	2.75%	2.75%		818
Accrued interest not yet due				437
Other credits				33
Total current financial debts				**8,753**
Government credits				
Denominated in EUR	[1.30%-2.50%]	2.28%	11	449
Long-term bank loans, portion due in more than one year				
Denominated in EUR	[1.12%-4.47%]	2.28%	7	2,931
Denominated in MAD	[3.00%-3.65%]	3.45%	3	9,456
Denominated in USD	[2.94%-4.15%]	3.57%	6	6,784
Finance lease debts				
Denominated in MAD	[3.5%-4.7%]	3.51%	2	239
Bond issue				
Denominated in USD	[4.50%-6.88%]	5.49%	10	26,010
Other credits				373
Total non-current financial debts				**46,244**
Total financial debts				**54,997**

10.1.2.3 Financial debt maturities

The table below shows the maturities of financial debts:

(in millions of dirhams)	<1 yr	1-5 yrs	> 5 yrs	Total at 31 december 2019
Medium and long-term debt	**7 267**	**45 356**	**6 936**	**59 559**

(in millions of dirhams)	<1 yr	1-5 yrs	> 5 yrs	Total at 31 december 2018
Medium and long-term debt	**7 123**	**34 153**	**16 711**	**57 988**

(in millions of dirhams)	<1 yr	1-5 yrs	> 5 yrs	Total at 31 december 2017
Medium and long-term debt	**8 753**	**17 159**	**29 084**	**54 997**

10.1.2.4 The Group's main financing agreements

The Group's main financing agreements concluded during 2019 amounted to MAD 6,228 million and are as following:

- The subsidiary Phosboucraa concluded three financing contracts for a total amount of MAD 4 billion at fixed interest rates. Outstanding as of December 31, 2019 is MAD 4 billion.

- In December 2019, OCP SA concluded a loan for a total amount of MAD 1.25 billion at a fixed interest rate. The line at December 31, 2019 of this line is MAD 600 million.

• In December 2019, OCP SA concluded a loan for a total amount of MAD 3.3 billion at a fixed interest rate. The amount Outstanding at December 31, 2019 of this line is MAD 1.6 billion.

The Group’s main financing agreements as at 31 December 2018 amounted to MAD 11,338 million are as follows:

• OCP S.A. successfully closed on May 14, 2018, the perpetual subordinated bond issue with early repayment and deferred payment options for a total amount of MAD 5 billion issued in Five tranches. Given the characteristics of this hybrid issue, financing is recognized in equity under IFRS9.
• In March 2018, OCP S.A. concluded a loan totaling MAD 2 billion at fixed interest rates and maturing in March 2025 with «Société Générale Maroc”. The borrowing outstanding as of December 31, 2018 is 2 billion dirhams.
• In April 2018, OCP S.A. concluded a loan totaling MAD 1 billion at a fixed interest rate maturing April 2023 with the “Banque Marocaine pour le Commerce et l’Industrie –BMCI”. The amount outstanding at December 31, 2018 for this line is MAD 1 billion.
• In April 2018, OCP S.A. concluded a loan totaling MAD 2 billion at fixed interest rates and maturing in December 2024 with “Banque Centrale Populaire”. The amount outstanding as of December 31, 2018 for this line is 2 billion dirhams.
• In April 2018, OCP S.A. concluded a loan totaling 1.5 billion dirhams at a fixed interest rate and maturing in June 2025 with “Crédit Agricole du Maroc”. The borrowing outstanding as of December 31, 2018 for this line is 500 million dirhams.
• In September 2018, OCP S.A. concluded a loan for an aggregate amount of MAD 500 million at fixed interest rates maturing in July 2023 with “Crédit du Maroc”. Outstanding as of December 31, 2018 for this line is 500 million dirhams.

The Group’s main financing agreements as at 31 December 2017 amounted to MAD 8,075 million are as follows:

• In the second half 2017, three drawings totaling EUR130 million was carried out on the agreement with BEI; The amount outstanding is EUR 130 million at December 2017;
• In November 2017, OCP SA issued a loan of MAD 1.5 billion with CDM. The borrowing outstanding is MAD 500 million at December 2017. The amount outstanding this credit line at 31 December 2017 is MAD 1.2 billion .
• In August 2017, OCP SA issued a loan of MAD 1.5 billion with fixed interest rate and fixed maturity date at August 2024 with “Société Générale Marocaine des Banques”. This lines’ outstanding amounts to MAD 1.5 billion as at 31 December 2017;
• In June 2017, OCP SA issued a loan of MAD 3 billion with fixed interest rate and fixed maturity date at June 2024 with “Attijari Wafa Bank”. The borrowing outstanding is MAD 3 billion as at 31 December 2017.
• In the first half 2017, two drawings totaling USD 12.3 million was carried out on the agreement with BID totaling USD 150 million, signed on 27 February 2013. it aimed to help finance the expansion and rehabilitation project of the Jorf Lasfar’s seaport . The amount outstanding of this credit line at 31 December 2017 is USD 135 million;
• In 2017, two drawings of MAD 1.5 billion each were carried out on the agreement with “BMCE” totaling MAD 2 billion on 03 August 2016. The amount outstanding this credit line at 31 December 2017 is MAD 1.9 billion.

10.1.3 Analysis of financial assets

10.1.3.1 Cash and cash equivalent

(In millions of dirhams)	31 december 2019	31 december 2018	31 december 2017
Cash	2 848	3 252	3 670
Cash equivalents	10 639	13 889	4 750
Total cash and cash equivalents	**13 487**	**17 141**	**8 419**
Bank (credit balances)	4	1	31
Cash and cash equivalents in the consolidated statement of Cash Flows	**13 483**	**17 140**	**8 388**

10.1.3.2 Cash management financial assets

(In millions of dirhams)	31 december 2019	31 december 2018	31 december 2017
Cash financial assets	573	5 654	2 709
Total	**573**	**5 654**	**2 709**

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 investment.
As such, assets portfolio is composed of a 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 month	3-6 months	6-12 months	>1 year	Total
Money market funds	6,978				6,978
Term deposit	3,500	733			4,233
Total as at 31 December 2019	**10,478**	**733**	**-**	**-**	**11,211**

(In millions of dirhams)	0-3 month	3-6 months	6-12 months	>1 year	Total
Money market funds	6,873	-	-	-	6,873
Term deposit	6,350	6,319	-	-	12,669
Total as at 31 December 2018	**13,223**	**6,319**	**0**	**0**	**19,543**

(In millions of dirhams)	0-3 month	3-6 months	6-12 months	>1 year	Total
Money market funds	4,748				4,748
Term deposit		2,709			2,709
Total as at 31 December 2017	**4,748**	**2,709**	**-**	**-**	**7,458**

10.1.4 Analysis of net debt

(In millions of dirhams)	31 December 2019	31 December 2018	31 December 2017
Financial credits	26,646	25,726	24,905
Bonds	26,840	26,718	28,010
Other loans and assimilated debts	3,944	4,580	548
Gross financial and bond debt	**57,430**	**57,023**	**53,463**
Cash equivalents	10,639	13,889	4,750
Cash	2,848	3,252	3,670
Financial assets for cash management	573	5,654	2,709
Financial assets	**14,060**	**22,795**	**11,128**
Net financial and bond debt	**43,370**	**34,228**	**42,335**
Financial debts from IFRS 16 leases	2,129	578	716
Financial debts resulting from Murabaha	-	387	818
Other Financial debts	**2,129**	**965**	**1,534**
Total financial debt	**45,499**	**35,193**	**43,868**

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

(In millions of dirhams)	31 December 2019	31 December 2018	31 December 2017
Net change in cash	3,663	(8,752)	2,621
Change in marketable securities	5,081	(2,945)	2,176
Insuance/ repayment of loans	1,572	2,978	2,798
Other variations	(10)	43	(1,746)
Change in net financial debt	**10,306**	**(8,676)**	**5,849**

10.1.5 Cost of net debt

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

(In millions of dirhams)	FY 2019	FY 2018	FY 2017
Interest expenses	(1 988)	(1 865)	(1 388)
Cost of gross financial debt	**(1 988)**	**(1 865)**	**(1 388)**
Financial income from cash investments	191	122	77
Other financial income	286	177	142
Financial income from cash investments	**477**	**299**	**220**
Cost of net financial debt	**(1 511)**	**(1 567)**	**(1 168)**

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 primarily include income from loans and receivables calculated using the effective interest rate method, dividends from non-consolidated entities, exchange gains and losses on financing operations, accretion of provisions and of receivables and payables, impairment losses and income relating to financial assets.

10.2.2 Non-current financial assets

(In millions of dirhams)	31 December 2019			31 December 2018			31 December 2017		
	Gross	Revaluation	Net	Gross	Revaluation	Net	Gross	Revaluation	Net
Financial assets at fair value by OCI	1,103	(564)	539	1,020	(612)	408	573	(78)	495
Financial assetsat fair value through profit or loss	27		27	27		27	27		27
Receivables from fixed assets disposals	39	(5)	34	34	(5)	30	47	(5)	42
VAT credit							14,575		14,575
Other financial receivables	420	(1)	419	407	(1)	407	76	(1)	76
Total non-current financial assets	**1,589**	**(568)**	**1,020**	**1,489**	**(617)**	**872**	**15,298**	**(83)**	**15,215**

As at 31 December 2019, 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.

As at 31 December 2018, the receivables relating to the VAT credit were repaid following the agreement signed between the State, OCP Group and moroccan banks. This is a non-recourse factoring contract with transfer of all the risks and benefits to banks. This transaction enabled the Group to break down the VAT credit for its current and non-current portion totaling MAD 20.5 billion in return for the recognition of a financial debt of MAD 4.2 billion corresponding to the overall cost of the factoring. This debt will be repaid on a 9-year schedule.

10.2.3 Other financial income and expenses

Other financial income and expenses are as follows:

(In millions of dirhams)	FY 2019	FY 2018	FY 2017
Exchange income from financing operations	50	(412)	2 901
Revenue from financial receivables	(97)	(1 321)	(851)
Other	(64)	(4)	(30)
Other financial income and expenses	**(110)**	**(1 737)**	**2 021**

Full Year 2019 compared to Full year 2018

The net foreign exchange result on borrowings amounted to 50 million dirhams for the 2019 financial year, explained by the stagnation of the MAD / $ exchange rates between December 31, 2018 and December 31, 2019.

Note that the exchange loss was limited by the establishment of an accounting hedging relationship as of September 1, 2018 (see Note 4.1.3 Management of currency and credit risk).

As a reminder, the exchange result was -412 MMAD in December 2018 due to the increase in the MAD / $ exchange rate from 9.33 on December 2017 to 9.56 on December 2018.

In addition, the net financial charge of MAD 97 million corresponds to the discounting of the debt relating to post-paid prepaid interest under the VAT credit financing agreement.

Full Year 2018 compared to Full year 2017

The foreign exchange loss on borrowings recorded in the 2018 financial year amounted to MAD -410 million, explained by the increase in MAD / $ exchange rates. In fact, the closing rate goes from 9.32 MAD / $ at 31 December 2017 to 9.56 MAD / $ at 31 December 2018.

As a reminder, the foreign exchange result was particularly positive in 2017 of MAD 2.9 billion due to the fall in the MAD / $ exchange rate, which went from 10.08 at 31/12/2016 to 9.32 at 31 December 2017

This foreign exchange loss was limited by the implementation of an accounting hedge relationship as of September 1, 2018.

The total foreign exchange loss of MAD 535 million was recorded in foreign exchange on the statement of profit and loss for MAD 204 million for the period up to August 31, 2018 and in shareholders' equity for the change in exchange rate recorded from September 1 to end December 2018 (331 million dirhams) corrected for the effective portion of the hedging for 2 million dirhams.

The «VAT receivable credit discount» shows a decrease of MAD 471 million compared to the 2017 financial year. This is due to the recognition, during the 2018 financial year, of a net additional provision of MAD1,321 million following the agreement to finance VAT credit by non-recourse factoring. The overall cost of the operation is 4.2 billion dirhams.

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 measure 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 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**
Cash and cash equivalents	13,487	13,487	13,487		
Cash financial assets	573	573		573	
Financial assets at fair value by OCI	539	539			539
Financial assets measured at fair value through	27	27			27
Total financial assets	**14,627**	**14,626**	**13,487**	**573**	**566**
Current loans and financial debts	7,267	7,267		7,267	
Non-current loans and financial debts	52,292	57,828	29,969	27,859	
Total financial liabilities	**59,559**	**65,095**	**29,969**	**35,126**	**-**

(in millions of dirhams)			At 31 December 2018		
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**
hv Cash and cash equivalents	17,141	17,141	17,141		
Cash financial assets	5,654	5,654		5,654	
Financial assets at fair value by OCI	408	408			408
Financial assets measured at fair value through profit or loss	27	27			27
Total financial assets	**23,230**	**23,230**	**17,141**	**5,654**	**435**
Current loans and financial debts	7,123	7,123		7,123	
Non-current loans and financial debts	50,864	53,326	28,783	24,543	
Total financial liabilities	**57,988**	**60,450**	**28,783**	**31,666**	

(in millions of dirhams)			At 31 December 2017		
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**
Cash and cash equivalents	8,419	8,419	8,419		
Cash financial assets	2,709	2,709		2,709	
Financial assets at fair value by OCI	495	495			495
Financial assets measured at fair value through profit or loss	27	27			27
Other financial receivables	14,575	14,575			14,575
Total financial assets	**26,225**	**26,225**	**8,419**	**2,709**	**15,097**
Current loans and financial debts	8,753	8,781	2,028	6,753	
Non-current loans and financial debts	46,244	49,280	28,192	21,088	
Total financial liabilities	**54,997**	**58,060**	**30,220**	**27,840**	

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.

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 granted to Group entities. These reserves represent a total of MAD 3.6 billion in 2019, MAD 6.0 billion in 2018 and 2017, 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 2019	31 december 2018	31 december 2017
Unused borrowings	8 705	3 097	2 707
Other commitments received for contracts	9 624	6 954	8 632
Loans guaranteed by the State	368	440	517
Total Commitments received	**18 697**	**10 492**	**11 856**

“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 State".

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 M2 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 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 the said 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 objectives of the investment policy.

Note 11 – Corporate Income taxes

11.1Accounting 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.

11.2Analysis of tax expense

(In millions of dirhams)	FY 2019	FY 2018	FY 2017
Current tax expense/current tax income	(1 502)	(1 071)	(1 012)
Deferred tax expense/deferred tax income	(223)	(29)	(617)
Corporate income tax	**(1 725)**	**(1 100)**	**(1 629)**

11.3Reconciliation between the total tax expense and the theoretical tax expense

(In millions of dirhams)	FY 2019	FY 2018	FY 2017
+Net income - Group share	2,843	5,425	4,567
+Net income - Minorities' share	173	178	122
-Share of profit (loss) of equity-accounted companies	(360)	(399)	(337)
+/-Tax for the period	1,725	1,100	1,629
Consolidated accounting income before tax	**4,381**	**6302**	**5980**
+/- Permanent differences*	1,208	136	1,808
= Consolidated taxable income	5,589	6,438	7,789
Theorical tax rate	22.50%	21.11%	20.00%
=Theoretical tax **	**(1,257)**	**(1,359)**	**(1,571)**
Tax losses		45	(52)
Difference in tax rate in relation to OCP SA	(574)	77	(60)
Prior years' income taxes	113	53	(1)
Other items	(7)	85	56
= Corporate income tax	**(1,725)**	**(1,100)**	**(1,629)**
including			
current tax	(1,502)	(1,071)	(1,012)
deferred tax	(223)	(29)	(617)

(*)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 31% for FY2019 and FY2018 and 30% for FY2017, and export sales realized in foreign currency taxed at 17.5%

11.4 Deferred tax assets and liabilities

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

(In millions of dirhams)	31 December 2018	Activity changes in income	Change in consolidation scope	31 December 2019
Gross deferred tax assets	16	63	0	79
Unrecognized deferred tax assets				
Net deferred tax assets	**16**	**63**	**0**	79
Deferred tax liabilities	**993**	**39**	**-**	**1,031**

	31 December 2017	Activity changes in income	Change in consolidation scope	31 December 2018
Gross deferred tax assets	16			16
Unrecognized deferred tax assets				
Net deferred tax assets	**16**			**16**
Deferred tax liabilities	**1 112**	**(119)**		**993**

	31 December 2016	Activity changes in income	Change in consolidation scope	31 December 2017
Gross deferred tax assets	12	5		16
Unrecognized deferred tax assets				
Net deferred tax assets	**12**	**5**		**16**
Deferred tax liabilities	**462**	**650**		**1 112**

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

(In millions of dirhams)	31 December 2019	31 December 2018	31 December 2017
Temporary differences	1,323	903	630
Eliminations of intercompany transactions	632	500	447
Intangible assets	(348)	(179)	(21)
Tangible assets	20	13	14
Financial assets at fair value by OCI	49	49	49
Other asset items	5	(16)	(70)
Provisions for employee benefits	1,617	1,617	1,617
Other provisions	664	664	664
Tax loss carryforwards	73	9	9
Offsetting	(3,956)	(3,545)	(3,323)
Total deferred tax assets	**79**	**16**	**16**

(In millions of dirhams)	31 December 2019	31 December 2018	31 December 2017
Temporary differences	3	3	3
Eliminations of intercompany transactions	(223)	-	
Intangible assets	109	81	72
Tangible assets	4,659	4,027	3,533
Financial assets at fair value by OCI	49	49	49
Inventories	399	399	399
Other assets items	(238)	(332)	(79)
Other provisions	93	127	221
Tax loss carryforwards	(91)	(43)	
Other	228	226	235
Offsetting	(3,956)	(3,545)	(3,323)
Total deferred tax liabilities	**1,031**	**993**	**1,112**

Note 12 – Equity, perpetual subordinated debt, dividends and earnings per share

12.1 Issued capital

As at 31 March 2020, the share capital amounts to MAD 8,288 million. It is composed of 82,875,000 shares with a nominal value of MAD100. 729,300 OCP shares are held by its subsidiary SADV.

(In number of shares)	Ordinary shares
Outstanding at 1 January 2020	**82 875 000**
Issues of shares for cash in Q1 2020	-
Outstanding at 31 March 20202	82 875 000
Nominal value	**100 Dirhams**

12.2 Perpetual subordinated debt

Ocp Group has issued a MAD 5 billion- subordinated debt twice in 2016 and 2018. The main characteristics of these bond issues are detailed hereafter:

2016 bond issue:

On December 16, 2016 OCP Group issued a perpetual subordinated bond with options for prepayment and deferred payment of interest, of 5 billion dirhams. This public offering is made by issuing 50,000 perpetual subordinated bonds with a nominal value of 100 dirhams each.

This transaction enables OCP Group to diversify its sources of financing within the framework of its investment plan to 2025 and is part of the strategy to consolidate its position as world leader. This operation also strengthens the Group's financial structure and supports its transformation while strengthening its credit ratios.

The Group issued:

• MAD 1,683.3 million to 4.07% of yield on unlisted tranche A/ reviewable 10 years and listed tranche B/ reviewable 10 years.

• MAD 3,021.1 million to 3.28% of yield on unlisted tranche C/ reviewable 52 weeks.

• MAD 295.6 million to 3.67% of yield on unlisted tranche E/ reviewable 5 years.

This instrument includes the following features:

-Bonds are subordinated securities. The principal and interest related to the bonds constitute unconditional direct commitments without security and subordinate rank.

- The Coupon Amounts payable will be paid annually on each anniversary of the issue date of December 23 of each year or the next following Business Day, if the latter is not a Business Day. - At the discretion of the issuer, the payment of the coupon payable may be deferred subject to notification of the shareholders.

- If the issuer, at its discretion, has elected to defer the coupon payment payable it is no longer entitled to Declare or pay dividends on shares of the issuer for the current year, pay interest on a tranche of the same rank as the bond Refund, cancel, buy or redeem securities equal to the bonds, or common shares.

- The issue is not rated

In accordance with IAS 32.11 and considering its characteristics, this instrument is accounted for in equity. The coupon cost attributable to holders of super-subordinated securities amounted to MAD 180 million for financial year 2017.

2018 bond issue:

OCP Group closed on May 4th, 2018, a perpetual subordinated bond issue with early repayment and deferred payment options in the amount of MAD 5 billion. This issue by Public offering concerns the issue of 50,000 perpetual subordinated bonds with a nominal value of 100,000 dirhams each.

This transaction enables OCP Group to diversify its sources of financing within the framework of its investment plan to 2025 and is part of the strategy to consolidate its position as world leader. This operation also strengthens the Group's financial structure and supports its transformation while strengthening its credit ratios.

The Group issued:

• MAD 1,058 million to 4.03% of yield on unlisted tranche A/ reviewable 10 years and listed tranche B/ reviewable 10 years.

• MAD 109 million to 3% of yield on unlisted tranche C/ reviewable 52 weeks.

• MAD 2,708 million to 4.72% of yield on unlisted tranche D/ reviewable 5 years.

• MAD 1,125million to 5.08% of yield on unlisted tranche D/ reviewable 5 years.

This instrument includes the following features:

- Bonds are subordinated securities. The principal and interest related to the bonds constitute unconditional direct commitments without security and subordinate rank.

- At the discretion of the issuer, the payment of the coupon payable may be deferred subject to notification of the shareholders. If the issuer, at its discretion, has elected to defer the coupon payment payable it is no longer entitled to:

- Declare or pay dividends on shares of the issuer for the current year, pay interest on a tranche of the same rank as the bonds.

- Refund, cancel, buy or redeem securities equal to the bonds, or common shares.

The issue is not rated in accordance with IFRS 9 and considering its characteristics, this instrument is accounted for in equity.

The coupon cost attributable to holders of super-subordinated securities amounted to MAD328 million for the financial year of 2018 compared with MAD180 million for the financial year 2017.

12.3 Dividends

The MAD 3,346 billion in dividends paid in respect of FY 2019 correspond to a net dividend per share of MAD 40.73.

The MAD 2.478 billion in dividends paid in respect of FY 2018 correspond to a net dividend per share of MAD 30.17.

The MAD 1.661 billion in dividends paid in respect of FY 2017 correspond to a net dividend per share of MAD 20.22.

	31 december 2019	31 december 2018	31 december 2017
Amount of dividends (in millions of dirhams)	3,346	2,478	1,661
Dividend per share (in dirhams)	40,73	30,17	20,22

12.4 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 2019	FY 2018	FY 2017
Net profit, Group share (in millions of dirhams)*	**2 428**	**5 097**	**4 388**
Average number of shares in circulation as at 31 December	82 875 000	82 875 000	82 875 000
Average number of own shares in circulation during the period	729 300	729 300	729 300
Number of shares used for the calculation of income	**82 145 700**	**82 145 700**	**82 145 700**
Basic and diluted net earnings per share	**29,56**	**62,04**	**53,41**

*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

Note 13 – Relations with the State

The Moroccan State is the majority shareholder of OCP with a 94.12% stake. As such, the State receives 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 2019, the Moroccan State received dividends net of taxes amounting to MAD 3.35 billion in respect of the distributable profit for financial year 2018.

In 2018, the Moroccan State received dividends net of taxes amounting to MAD 2.478 billion in respect of the distributable profit for financial year 2017.

In 2017, the Moroccan State received dividends net of taxes amounting to MAD 1.661 billion in respect of the distributable profit for financial year 2017.

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 organizations.

Objet de l'emprunt	Loan currency	Date of loan	Amount in millions of dirhams as at 31 December 2019	Amount in millions of dirhams as at 31 December 2018	Amount in millions of dirhams as at 31 December 2017
AFD outstanding loans consolidation	EUR	2005	279	313	351
Sidi Chennane mining operations	EUR	2002	82	117	154
Renewal of the sulphur unit circulation tank and supply circuit	EUR	2007	6	7	8
Renewal of three absorption towers	EUR	2003			1
Acquisition of two hydraulic excavators	EUR	2001	1	2	4
TOTAL	**EUR**		**368**	**439**	**517**

In the same way as all companies resident in Morocco, OCP 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 State-controlled companies for the past three years:

(In millions of dirhams)	FY 2019		FY 2018		FY 2017	
	State and State-controlled enterprises	BCP	State and State-controlled enterprises	BCP	State and State-controlled enterprises	BCP
Interest on investments	84	63	64	55	21	18
Utility costs	1,014		1,382		1,372	
Other operating expenses	272		281		360	
Interest on loans	20	101	9	83		59
Social charges	538		503		496	
Transport expenses ONCF	962		1,088		1,281	
Subscription ONCF / lump-sum contributions	400		400		400	
Assets and inventories purchases	95		50		38	

(In millions of dirhams)	31 December 2019		31 December 2018		31 December 2017	
	State and State-controlled enterprises	BCP	State and State-controlled enterprises	BCP	State and State-controlled enterprises	BCP
Trade payables	531		581		848	
Other receivables	702		911		1,029	
Cash and cash equivalents	382	2,365	2,716	1,841	878	1,533
Investments	2,000		3,846	3,560	1,000	
Loans	807	4,635	872	4,111		1,714

Statutory auditors' opinion on the consolidated financial information

This is a free translation into English of the statutory audit report issued in French and it is provided solely for the convenience of English-speaking users.

OCP S.A.

INDEPENDENT AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2017, 2018 AND 2019

Building a better working world

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Casablanca

INDEPENDENT AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2017, 2018 AND 2019

We have audited the consolidated financial statements of OCP S.A. and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at December 31, 2017, 2018 and 2019, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies. These consolidated financial statements have been established under the responsibility of Management on June 22nd, 2020 based on the information available at that date in an evolving context of the Covid-19 crisis, and in the context of a planned international bond issue.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2017, 2018 and 2019, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards as adopted by the European Union (EU).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with International Code of Ethics for Accountants' (including international standards of independence) published by *the International Ethics Standards Board for Accountants* (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of 2019. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, established under the conditions referred above, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of Property, Plant & Equipment:
(Refer to note 8.1 «Accounting treatment of assets» and 8.2 «Property, Plant & Equipment variation»)

Key audit matter	**Our audit response :**

As of December 31, 2019, the net book value of the Property, Plant & Equipment amounts to MMAD 108.464 (65% of total assets).
 	
Property, Plant & Equipment are recognized at their historical acquisition cost, production cost or entry cost to the Group, less depreciation and possible loss of value. This cost includes the borrowing costs incurred during the construction of these assets.
 	
Property, Plant & Equipment are depreciated according to the methods defined in the notes. Their useful life is reviewed at each closing so that it reflects the expected useful lives.
 	
The Group performs impairment tests on tangible assets with a finite useful life when there are indications of impairment as defined in the notes. These assets are tested at the cash generating units (CGUs), as defined by the Group, based on the discounted future cash flows.
 	
We considered that the valuation of tangible fixed assets is a key audit matter due to:
 	
- The weight of these assets in the Group's accounts, the continuation by the Group of its investment program;
- The significant impact of the effective capitalization dates on the depreciation of the period and on the net value of the asset;
- the fact that the valuation of these assets requires management to exercise judgment and use estimates in:
  o The definition of the useful lives used by components;
  o The determination of discounted future cash flows used for impairment tests.
	The work that we carried out mainly consisted in:
	
	▪ Gaining an understanding of the internal control procedures relating to the accounting of Property, Plant & Equipment, the capitalization of investments and the commissioning of fixed assets, the estimation of the useful life of depreciable assets as well as their valuation and their depreciation.
	
	▪ Testing the effectiveness of the key controls relating to these procedures, in particular those relating to the capitalization of Property, Plant & Equipment, to the duration and to the starting date of their depreciation.
	
	▪ Also, on the basis of sampling, we carried out a review of the effective dates of commissioning of fixed assets and their depreciation periods by consulting the available documentation and by interviewing project managers.
	
	▪ We carried out a critical examination of the possible existence of impairment indicators as of December 31, 2019 through the analysis of production, industrial and commercial performance indicators versus production capacities, budgets, and historical performances.
	
	▪ For assets / CGUs showing indicators of impairment, we examined the impairment tests performed by the Group during the financial year, through the analysis of the documentation relating to the determination of the recoverable value, and the assessment of the consistency of the cash flow projections established by the Management and of the assumptions retained in relation to historical performance and market prospects.

Exchange rate hedge accounting
(Refer to note 4.1.3 «Management of exchange risk and credit risks»)

Key audit matter	**Our audit response :**
As part of its activities, the Group realizes the majority of its sales in dollars and has issued two bonds in dollars respectively in April 2014 and April 2015, redeemable at maturity for respectively 1.25 billion dollars and 1 billion dollars. At each closing, these debts used to generate an exchange rate effect in income under IAS 21. In order to limit this impact, the Group put in place starting from September 1st 2018, a cash flow hedge (CFH) between the highly probable future sales in dollars (hedged item) and the two bonds issues in dollars (hedging instrument). The hedged item corresponds to the amounts of future sales which would be made respectively from April 2024 and October 2025, dates on which the bond debts mature. Under this hedge accounting, a prospective test is performed by the Group at each closing in order to control the highly probable nature of future sales designated as hedged item, as well as a prospective effectiveness test in accordance with the requirements of IAS 39. This hedging strategy, in application of the principles of IAS 39, results in: ▪ The recognition in OCI (*Other Comprehensive Income*), for the effective part, of the exchange effect on the debt until maturity ▪ The recognition in the P&L for the ineffective part. ▪ The recycling in the P&L of OCI accumulated at the maturity of the debt. We considered this topic as a key audit matter given the significant impacts of changes in exchange rates on the Group's earnings and equity.	The work that we carried out mainly consisted in: ▪ Performing a critically examination of the hedging relationship documentation prepared by the Group with regard to the requirements of IAS 39. ▪ Examining in particular : • The eligibility to hedge accounting for future sales as a hedged item in accordance with IAS 39, and in particular their highly probable nature in view of historical achievements and budgets. • The existence of the debts and their validity as a hedging instrument for currency risk in accordance with IAS 39. ▪ Analysing the effectiveness tests of the hedging relationship. ▪ Examining the accounting impacts of this hedge accounting on the financial statements for the effective part and for the ineffective part.

Provision for employee benefits

(Refer to note 5.3.1 «General presentation of schemes existing within the Group and accounting treatment»)

Key audit matter	Our audit response :
The Group has several post-employment benefit plans with defined contributions and benefits. A significant part is made up of defined benefit plans, for which the Group is committed to a level of benefits. These plans include in particular: death benefit, end-of-career benefits and post-employment medical coverage. The actuarial value of the accumulated employee benefits related to these commitments amount to MMAD 5,380 as of December 31, 2019. Defined benefit plans are subject to an actuarial valuation of the commitment using the projected unit credit method, taking into account demographic and financial assumptions and which actuarial assumptions are reviewed on an annual basis. Differences related to changes in actuarial assumptions and adjustments related to experience constitute actuarial differences recognized in non-recyclable equity in accordance with IAS 19 revised. The assessment of the liabilities of the commitments for employee benefits as well as the actuarial charge for the financial year requires judgment to determine the appropriate assumptions to be retained such as the discount and inflation rates, the projected date of changeover to AMO (*Assurance Maladie Obligatoire* : Compulsory Health Insurance), the rate of change in medical costs, future salary increases, mortality tables ... It should be noted that OCP Group has planned the changeover from the health insurance plan to AMO in 2022. The variation of some of these assumptions could have a significant impact on the determination of the recognized liability as well as on the Group's result. Therefore, we considered the evaluation of the provision for employee benefits as a key audit matter.	We gained an understanding of the process for evaluating commitments for post-employment benefits applied by the Group. With the assistance of our actuarial experts, our work included: ▪ Examining the main assumptions used, in particular the discount and inflation rates in light of market conditions. ▪ Assessing the consistency of the assumptions relating in particular to salary developments and demographic data (mortality tables, inflation rate of medical costs) with the specific features of the plans and those of the entity. ▪ Examining the calculations prepared by the Group, in particular those supporting the sensitivity of the liability to changes in the discount rate and to changes in the rate of change in medical costs. ▪ Analyzing the hypothesis relating to the changeover from the health insurance plan to AMO in 2022, with regards to the evolution of regulatory texts. ▪ Examining, on the basis of samplings, the correct transcription in the calculation of commitments made by the Group of individual data and actuarial and demographic assumptions adopted by Management; ▪ Examining the consistency of the sensitivity analysis presented in particular in the notes to the consolidated financial statements.

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

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

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

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

Casablanca, June 25, 2020

The independent auditors

ERNST & YOUNG	**DELOITTE AUDIT**
French original signed by **Bachir TAZI** Partner	French original signed by **Sakina BENSOUDA KORACHI** Partner

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