Maroc Telecom

Un monde nouveau vous appelle

FINANCIAL REPORT 2020

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1. CONSOLIDATED RESULTS OF THE PAST THREE YEARS

1. CONSOLIDATED RESULTS OF THE PAST THREE YEARS

Maroc Telecom Group's consolidated financial data is summarized in the following table. Selected financial data from the three fiscal years ended December 31, 2018, 2019, and 2020, were drawn from Group consolidated financial statements prepared in compliance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) and audited by the statutory auditors.

1.1. CONSOLIDATED RESULTS IN MOROCCAN DIRHAMS

Statement of comprehensive income

(In MAD million)	2018	2019	2020
Revenues	**36,032**	**36,517**	**36,769**
Operating expenses	24,980	28,286	24,750
Earnings from operations	**11,052**	**8,231**	**12,018**
Earnings from continuing operations	11,040	8,220	10,505
Net earnings	**6,938**	**3,598**	**6,289**
Attributable to equity holders of the parent	6,010	2,726	5,423
Earnings per share (in MAD)	**6.84**	**3.10**	**6.17**
Diluted earnings per share (in MAD)	6.84	3.10	6.17

Statement of financial position

ASSETS (in MAD million)	2018	2019	2020
Non-current assets	48,053	51,485	48,579
Current assets	14,078	13,365	14,960
Total assets	**62,131**	**64,851**	**63,540**

SHAREHOLDERS' EQUITY AND LIABILITIES (in MAD million)	2018	2019	2020
Share capital	5,275	5,275	5,275
Shareholders'equity, attributable to equity holders of the	15,668	12,069	12,721
Non-controlling interests	3,822	3,934	3,968
Shareholders'equity	19,490	16,003	16,688
Non-current liabilities	4,185	4,939	5,314
Current liabilities	38,456	43,908	41,538
Total Shareholders' equity and liabilities	**62,131**	**64,851**	**63,540**

1.2. CONSOLIDATED RESULTS IN EUROS

The Group reports its financial data in Moroccan dirhams. This section is intended to provide investors with comparable data in Euros.

For 1 euro	2018	2019	2020
The closing rate at the balance sheet	10.9503	10.7495	10.9081
Average rate used for the income statement	11.0936	10.7928	10.8258

The above table shows the average dirham/euro conversion rates used in preparing the financial statements for fiscal years 2018, 2019 and 2020.

The exchange rates are shown for indicative purposes only, to help the reader. The Group does not guarantee that the amounts expressed in dirhams were, could have been or could be converted to euros at those exchange rates or at any other rate.

The following table shows selected financial data for Maroc Telecom Group, presented in euros at the exchange rate used in preparing the Group's consolidated statement of financial position and income statement for fiscal years 2018, 2019 and 2020.

Statement of comprehensive income

(In € millions)	2018	2019	2020
Revenues	**3,248**	**3,383**	**3,396**
Cost of purchases	2,252	2,621	2,286
Earnings from operations	**996**	**763**	**1,110**
Earnings from continuing operations	995	762	970
Net earnings	**625**	**333**	**581**
Attributable to equity holders of parent	542	253	501
Earnings per share (in Euro)	**0.62**	**0.29**	**0.57**
Diluted earnings per share (in Euro)	0.62	0.29	0.57

Statement of financial position

ASSETS (In € millions)	2018	2019	2020
Non-current assets	4,388	4,790	4,454
Current assets	1,286	1,243	1,371
TOTAL ASSETS	**5,674**	**6,033**	**5,825**

SHAREHOLDERS' EQUITY AND LIABILITIES (In € millions)	2018	2019	2020
Share capital	482	491	484
Shareholders'equity, attributable to equity holders of the	1,431	1,123	1,166
Non-controlling interests	349	366	364
Shareholders'equity	1,780	1,489	1,530
Non-current liabilities	382	460	487
Current liabilities	3,512	4,085	3,808
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**5,674**	**6,033**	**5,825**

2. OVERVIEW

2. OVERVIEW

The discussion and analysis that follow should be read in conjunction with the entire document, particularly with the audited consolidated financial statements that comprise the statement of financial position, the statement of comprehensive income, the statement of cash flows, the statement of changes in equity, and the notes to the financial statements for the years ended December 31, 2018, 2019, and 2020.

2.1. SCOPE OF CONSOLIDATION

As at December 31, 2020, Maroc Telecom consolidated the following companies in its financial statements :

Mauritel

Maroc Telecom acquired on April 12, 2001, 51.5% of the voting rights of Mauritel, the incumbent operator in Mauritania and operator of a fixed-line and mobile telecommunications network, subsequent to the merger of Mauritel SA (fixed line) and Mauritel Mobile. Mauritel S.A. is owned by the holding company Compagnie Mauritanienne de Communications (CMC), in which Maroc Telecom holds an 80% equity stake and consequently a 41.2% interest in Mauritel. Mauritel has been fully consolidated by Maroc Telecom since July 1, 2004.

Onatel

On December 29, 2006, Maroc Telecom acquired a 51% stake in the Burkinabe operator Onatel. The Group increases its stake in Onatel, its stake is 61% as of April 17, 2018. The subsidiary has been fully consolidated in Maroc Telecom's financial statements since January 1, 2007.

Gabon Telecom

On February 9, 2007, Maroc Telecom acquired 51% of the capital of Gabon Telecom. Gabon Telecom has been fully consolidated by Maroc Telecom since March 1, 2007.

Gabon Telecom bought out Maroc Telecom to acquire 100% of the subsidiary Atlantique Telecom Gabon, which was absorbed by Gabon Telecom on June 29, 2016.

Sotelma

On July 31, 2009, Maroc Telecom acquired a 51% stake in Mali’s incumbent operator, Sotelma. Sotelma has been fully consolidated by Maroc Telecom since August 1, 2009.

Casanet

Casanet is a Moroccan provider of Internet access created in 1995. In 2008, the company became a 100% subsidiary of Maroc Telecom and expands its activities by specializing in information engineering. Casanet has been fully consolidated by Maroc Telecom since January 1, 2011.

Atlantique Telecom Côte d'Ivoire

On January 26, 2015, Maroc Telecom acquired an 85% stake in the capital of the Côte d’ivoire mobile operator. Atlantique Telecom Côte d’Ivoire has been fully consolidated in the financial statements of Maroc Telecom since January 31, 2015.

Moov Africa Benin

On January 26, 2015, Maroc Telecom acquired 100% of the capital of the Benin mobile operator. Etisalat Benin has been fully consolidated in the financial statements of Maroc Telecom since January 31, 2015.

Moov Africa Togo

On January 26, 2015, Maroc Telecom acquired a 95% stake in the capital of the Togo mobile operator. Atlantique Telecom Togo has been fully consolidated in the financial statements of Maroc Telecom since January 31, 2015.

Moov Africa Niger

On January 26, 2015, Maroc Telecom acquired 100% of the capital of the Niger mobile operator. Atlantique Telecom Niger has been fully consolidated in the financial statements of Maroc Telecom since January 31, 2015.

Moov Africa Centrafrique

On January 26, 2015, Maroc Telecom acquired 100% of the capital of the Central African Republic mobile operator. Atlantique Telecom RCA has been fully consolidated in the financial statements of Maroc Telecom since January 31, 2015.

Moov Africa Chad

On June 26, 2019, Maroc Telecom acquired 100% of the capital of the Chadian operator Millicom Chad. Millicom Chad has been fully consolidated by Maroc Telecom since July 1, 2019.

Moov Africa brand

The new visual identity "Moov Africa" is launched on January 1, 2021. The ten subsidiaries of Maroc Telecom Group (present in Mauritania, Burkina Faso, Gabon, Mali, Ivory Coast, Benin, Togo, Niger, Central African Republic and Chad) are now united around a common identity.

Other non-consolidated investments

Investments that are not material in relation to the consolidated financial statements or in which Maroc Telecom does not directly or indirectly exercise exclusive control, joint control or significant influence are not consolidated and are recorded under "Non-current financial assets".

This is the case for MT Cash, MT Fly, Moov Money as well as minority interests held in Médi1 TV, RASCOM, Autoroutes du Maroc, Arabsat and other investments

2.2. COMPARISON OF RESULTS BY GEOGRAFICAL AREA

GROUP CONSOLIDATED ADJUSTED RESULTS*

IFRS in MAD million	Q4-2019	Q4-2020	Change	Change on a like-for-like basis[1]	2019	2020	Change	Change on a like-for-like basis[1]
Revenues	9,209	**9,271**	**+0.7%**	**+0.4%**	36,517	**36,769**	**+0.7%**	**-0.8%**
EBITDA	4,525	**4,740**	**+4.8%**	**+4.6%**	18,922	**19,100**	**+0.9%**	**+0.5%**
Margin (%)	*49.1%*	***51.1%***	***+2.0 pt***	***+2.1 pt***	*51.8%*	***51.9%***	***+0.1 pt***	***+0.7 pt***
Adjusted EBITA	2,552	**2,886**	**+13.1%**	**+13.1%**	11,540	**11,598**	**+0.5%**	**+0.8%**
Margin (%)	*27.7%*	***31.1%***	***+3.4 pt***	***+3.5 pt***	*31.6%*	***31.5%***	***-0.1 pt***	***+0.5 pt***
Group Share of adjusted Net Income	1,382	**1,475**	**+6.7%**	**+6.7%**	6,029	**6,001**	**-0.5%**	**-0.4%**
Margin (%)	*15.0%*	***15.9%***	***+0.9 pt***	***+0.9 pt***	*16.5%*	***16.3%***	***-0.2 pt***	***+0.1 pt***
CAPEX[2]	2,184	**1,417**	**-35.1%**	**-34.9%**	6,788	**3,448**	**-49.2%**	**-50.6%**
Of which frequencies and licenses	*102*	***124***			*1,418*	***135***		
CAPEX/Rev (excluding frequencies and licenses)	*22.7%*	***13.9%***	***-8.7 pt***	***-8.7 pt***	*14.7%*	***9.0%***	***-5.7 pt***	***-5.5 pt***
Adjusted CFFO	4,185	**4,498**	**+7.5%**	**+7.4%**	13,352	**15,719**	**+17.7%**	**+17.8%**
Net Debt	17,350	**17,619**	**+1.6%**	**+2.4%**	17,350	**17,619**	**+1.6%**	**+2.4%**
Net debt / EBITDA[3]	0.9x	**0.9x**			0.9x	**0.8x**		

** Details of the financial indicator adjustments are provided in Appendix 1.*

2.2.1 Comparison of financial data for fiscal years 2020 and 2019

2.2.1.1 Group Consolidated results

Revenues

Maroc Telecom Group generated revenues[4] of MAD 36,769 million, up 0.7% (-0.8% on a like-for-like basis[1]). The increase in the revenues of the Moov Africa subsidiaries and Fixed Broadband in Morocco offsets the slowdown in Mobile activities in Morocco, heavily impacted by the competitive context.

In the fourth quarter alone and despite the decrease in Mobile call termination rates in Morocco in December 2020, the Group's revenues increased by 0.7% (+0.4% on a like-for-like basis[1]), thanks to the sustained increase in the activities of the Moov Africa subsidiaries and Fixed Broadband in Morocco.

Earnings from operations before depreciation and amortization

At the end of December 2020, Maroc Telecom Group's adjusted earnings from operations before depreciation and amortization (EBITDA) reached MAD 19,100 million, up 0.9% (+0.5% on a like-for-like basis[1]). The adjusted EBITDA margin was 51.9%, up 0.1 pt (+0.7 pt on a like-for-like basis[1]), thanks to rigorous cost management

Earnings from operations

At the end of 2020, Maroc Telecom Group's adjusted earnings from operations (EBITA)[5] amounted to MAD 11,598 million, up 0.8% on a like-for-like basis[1], thanks to the increase in EBITDA. The adjusted EBITA margin stood at 31.5%, up 0.5 pt on a like-for-like basis[1].

Group share of net income

The adjusted Group share of Net Income decreased slightly by 0.4% on a like-for-like basis[(1)].

Investments

The capital expenditures[(2)] excluding frequencies and licenses, down 38.3% over one year, were adapted to the context of the health crisis and focused on meeting strong demand for Fixed Internet access, extensions of Data infrastructures, and quality of service. They represent 9.0% of revenues, a level in line with the objective announced for the year.

Cash-Flow

Adjusted Cash Flow From Operations (CFFO)[(6)] improved by +17.8% on a like-for-like basis[(1)], reaching MAD 15,719 million mainly due to the decrease in investments.

At 31 December 2020, Maroc Telecom Group's consolidated net debt[(7)] represented 0.8 times[(3)] the Group's annual EBITDA.

Highlights of the fourth quarter

In Morocco, the ANRT is implementing a multi-annual framework for Mobile and Fixed termination rates, implying a 35% reduction in Mobile tariffs for Maroc Telecom vs. 25% for Orange and 22% for Inwi, maintaining asymmetry.

In Mauritania, Mauritel obtained a 4G licence for a total amount of MAD 124 million.

The new visual identity "Moov Africa" was launched on 1 January 2021. The ten subsidiaries of the Maroc Telecom Group (based in Mauritania, Burkina Faso, Gabon, Mali, Côte d'Ivoire, Benin, Togo, Niger, Central African Republic and Chad) are now united around a common visual identity.

Dividend

At the General Meeting of Shareholders of 30 April 2021, the Supervisory Board of Maroc Telecom will propose the distribution of a dividend of MAD 4.01 per share, representing a total amount of MAD 3.5 billion.

Outlook for Maroc Telecom group for 2021 at constant scope and exchange rates :

Based on recent market developments and insofar as no new major exceptional event disrupts the Group's activity, Maroc Telecom forecasts for 2021, at constant scope and exchange rates:

- **Decrease in revenues;**
- **Decrease in EBITDA;**
- **CAPEX of maximum 15% of revenues, excluding frequencies and licences**.

2.2.1.2 Activities in Morocco

(IFRS in MAD million)	Q4-2019	Q4-2020	Change	2019	2020	Change
Revenues	5,378	**5,152**	**-4.2%**	21,690	**20,881**	**-3.7%**
Mobile	3,557	**3,219**	**-9.5%**	14,276	**13,351**	**-6.5%**
Services	3,523	3,084	-12.4%	14,046	13,009	-7.4%
Equipment	35	135	ns	230	342	+48.9%
Fixed-Line	2,306	**2,424**	**+5.1%**	9,261	**9,517**	**+2.8%**
*O/w Data Fixed line**	886	**966**	**+9.1%**	3,186	**3,608**	**+13.2%**
Eliminations and other income	-485	-491		-1,846	-1,987	
EBITDA	2,948	**2,979**	**+1.1%**	12,294	**11,950**	**-2.8%**
Margin (%)	54.8%	**57.8%**	**+3.0 pt**	56.7%	**57.2%**	**+0.5 pt**
Adjusted EBITA	1,917	**2,024**	**+5.6%**	8,294	**8,079**	**-2.6%**
Margin (%)	35.6%	**39.3%**	**+3.6 pt**	38.2%	**38.7%**	**+0.5 pt**
CAPEX(2)	1,289	**584**	**-54.7%**	3,022	**1,466**	**-51.5%**
Of which frequencies and licenses	102			102		
CAPEX/Rev (excluding frequencies and licenses)	22.1%	**11.3%**	**-10.8 pt**	13.5%	**7.0%**	**-6.4 pt**
Adjusted CFFO	3,000	**3,246**	**+8.2%**	9,425	**10,300**	**+9.3%**
Net Debt	11,101	**11,515**	**+3.7%**	11,101	**11,515**	**+3.7%**
Net debt / EBITDA(3)	0.9x	**0.9x**		0.8x	**0.9x**	

The Group's activities in Morocco generated revenues down 3.7% compared with 2019, affected in particular by the effects of the Covid-19 pandemic on Mobile activities and partially offset by the solid momentum of Fixed and Internet. This change was more marked in the fourth quarter of the year due in particular to the fall in national call termination prices, which has applied from December, 1st 2020.

At the end of 2020, the adjusted earnings from operations before depreciation and amortisation (EBITDA) amounted to MAD 11,950 million, down 2.8% compared with 2019. The adjusted EBITDA margin increased by 0.5 pt to a high level of 57.2%, thanks to the control of operating costs.

The adjusted earnings from operations (EBITA)(5) reached MAD 8,079 million, down 2.6%. It represents an adjusted margin rate of 38.7%, up 0.5 pt.

Adjusted Cash Flow From Operations (CFFO)(6) in Morocco increased by 9.3% to MAD 10,300 million due to efficient investment management adapted to the context of the crisis.

* Fixed-Line Data includes Internet, ADSL TV and corporate Data services

Mobile

	Unit	2019	2020	Change
Customer base[8]	**(000)**	**20,054**	**19,498**	**-2.8%**
Prepaid	(000)	17,752	17,181	-3.2%
Postpaid	(000)	2,302	2,317	+0.6%
Of which 3G/4G+ Internet(9)	**(000)**	**11,789**	**11,060**	**-6.2%**
ARPU[10]	**(MAD/month)**	**58.3**	**54.3**	**-6.9%**

At the end of 2020, the Mobile customer base[8] totaled 19.5 million customers, down 2.8% over one year.

Mobile revenues fell by 6.5% compared to the same period in 2019, to MAD 13,351 million impacted by the Covid-19 pandemic effects and the competitive context.

The 2020 combined ARPU[10] stood at MAD 54.3, down 6.9% over one year.

Fixed-Line and Internet

	Unit	2019	2020	Change
Fixed-lines	**(000)**	1,882	**2,008**	**+6.6%**
Broadband access[11]	**(000)**	1,573	**1,738**	**+10.4%**

The Fixed customer base maintained its good momentum and increased by 6.6% to 2 million lines. The Broadband customer base now has 1.7 million subscribers, up 10.4%.

The Fixed and Internet activities in Morocco continue to improve their performance and generate revenues of MAD 9,517 million, up 2.8% compared to 2019. This growth accelerated in the last three months of the year, thanks to the enthusiasm for the FTTH offers and the ADSL service.

2.2.1.3 International activities

Financial indicators

(IFRS in MAD million)	Q4-2019	Q4-2020	Change	Change on a like-for-like basis[1]	2019	2020	Change	Change on a like-for-like basis[1]
Revenues	4,102	**4,367**	**+6.4%**	**+5.8%**	16,095	**16,883**	**+4.9%**	**+1.4%**
Of which Mobile Services	*3,752*	***4,031***	***+7.4%***	***+6.8%***	*14,693*	***15,507***	***+5.5%***	***+1.7%***
EBITDA	1,576	**1,761**	**+11.7%**	**+11.2%**	6,629	**7,150**	**+7.9%**	**+6.5%**
Margin (%)	*38.4%*	***40.3%***	***+1.9 pt***	***+2.0 pt***	*41.2%*	***42.4%***	***+1.2 pt***	***+2.0 pt***
Adjusted EBITA	635	**861**	**+35.7%**	**+35.7%**	3,246	**3,520**	**+8.4%**	**+9.6%**
Margin (%)	*15.5%*	***19.7%***	***+4.3 pt***	***+4.4 pt***	*20.2%*	***20.8%***	***+0.7 pt***	***+1.6 pt***
CAPEX[2]	895	**832**	**-7.0%**	**-6.3%**	3,766	**1,982**	**-47.4%**	**-50.0%**
Of which frequencies and licenses		***124***			*1,316*	***135***		
CAPEX/Rev (excluding frequencies and licenses)	*21.9%*	***16.2%***	***-5.7 pt***	***-5.6 pt***	*15.2%*	***10.9%***	***-4.3 pt***	***-3.8 pt***
Adjusted CFFO	1,185	**1,252**	**+5.7%**	**+5.3%**	3,927	**5,419**	**+38.0%**	**+38.4%**
Net Debt	8,748	**7,517**	**-14.1%**	**-12.3%**	8,748	**7,517**	**-14.1%**	**-12.3%**
Net debt / EBITDA[3]	1.3x	**1.0x**			1.3x	**1.0x**		

The Group's international activities recorded revenues of MAD 16,883 million, up 1.4% on a like-for-like basis[1], explained by the recovery in post-lockdown activities and the growth in Data Mobile and Mobile Money services.

In 2020, the adjusted earnings from operations before depreciation and amortisation (EBITDA) amounted to MAD 7,150 million, up 7.9% (+6.5% on a like-for-like basis[1]). The adjusted EBITDA margin was 42.4%, up 1.2 pt (+2.0 pt on a like-for-like basis[1]). This performance comes from the improvement in the gross margin rate and rigorous cost management.

During the same period, the adjusted earnings from operations (EBITA)[5] improved by 8.4% (+9.6% on a like-for-like basis[1]) to MAD 3,520 million, thanks to the increase in EBITDA.

Adjusted Cash Flow From Operations (CFFO)[6] from international activities improved by +38.4% on a like-for-like basis[1] to MAD 5,419 million.

Operating indicators

	Unit	2019	2020	Change
Mobile				
Customer base[8]	**(000)**	**43,531**	**49,226**	
Mauritania		2,470	2,641	+6.9%
Burkina Faso		8,546	9,388	+9.8%
Gabon		1,621	1,632	+0.6%
Mali		7,447	9,684	+30.0%
Côte d'Ivoire		8,975	10,050	+12.0%
Benin		4,377	4,682	+6.9%
Togo		3,030	3,380	+11.6%
Niger		2,922	3,005	+2.8%
Central African Republic		168	189	+12.0%
Chad		3,975	4,577	+15.2%
Fixed-Line				
Customer Base	**(000)**	**324**	**337**	
Mauritania		56	57	+0.9%
Burkina Faso		75	75	-0.3%
Gabon		22	25	+13.9%
Mali		171	180	+5.1%
Fixed-Line Broadband				
Customer base[11]	**(000)**	**116**	**131**	
Mauritania		10	18	+82.7%
Burkina Faso		15	14	-2.2%
Gabon		18	22	+19.9%
Mali		73	77	+5.2%

Notes :

(1) "Like-for-like" refers to the effects of consolidating Moov Africa Chad as if it had taken place on January 1, 2019, and an unchanged MAD/Ouguiya/CFA franc exchange rate.

(2) CAPEX corresponds to purchases of tangible and intangible assets recognized for the period.

(3) The ratio Net Debt/EBITDA excludes the impact of IFRS 16.

(4) Maroc Telecom consolidates in its financial statements Casanet and Moov Africa subsidiaries in Mauritania, Burkina Faso, Gabon, Mali, Côte d'Ivoire, Benin, Togo, Niger, Central African Republic and Chad since July 1, 2019.

(6) EBITA corresponds to EBIT before the amortization of intangible assets acquired through business combinations, write-downs of goodwill and other intangible assets acquired through business combinations, and other income and expenses relating to financial investment transactions and transactions with shareholders (except when recognized directly in equity).

(6) CFFO includes net cash flow from operations before tax, as set out in the cash flow statement, as well as the dividends received from companies accounted for by the equity method and non-consolidated equity investments. CFFO also includes net capital expenditure, which corresponds to net uses of cash for acquisitions and disposals of tangible and intangible assets.

(7) Loans and other current and non-current liabilities less cash and cash equivalents, including cash held in escrow for bank loans.

(8) The active customer base consists of prepaid customers who have made or received a voice call (excluding ERPT or Call-Center calls) or received an SMS/MMS or used Data services (excluding ERPT services) during the past three months, and postpaid customers who have not terminated their agreements.

(9) The active customer base for 3G and 4G+ Mobile Internet includes holders of a postpaid subscription agreement (with or without a voice offer) and holders of a prepaid Internet subscription agreement who have made at least one top-up during the past three months or whose top-up is still valid and who have used the service during that period.

(10) ARPU is defined as revenues (generated by inbound and outbound calls and by data services) net of promotional offers, excluding roaming and equipment sales, divided by the average customer base for the period. In this instance, blended ARPU covers both the prepaid and postpaid segments.

(11) The broadband customer base includes ADSL access, FTTH and leased lines as well as the CDMA customer base in Mauritania, Burkina Faso and Mali.

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Appendix 1: Transition from adjusted financial indicators to published financial indicators

Adjusted EBITDA, adjusted EBITA, Group share of adjusted Net Income, and adjusted CFFO are not strictly accounting measures, and should be considered as additional information. They are a better indicator of the Group's performance as they exclude non-recurring items.

	2019			2020		
(in MAD million)	Morocco	International	Group	Morocco	International	Group
Adjusted EBITDA	**12,294**	**6,629**	**18,922**	**11,950**	**7,150**	**19,100**
Exceptional items:						
Dispute resolution				+420		+420
Published EBITDA	**12,294**	**6,629**	**18,922**	**12,370**	**7,150**	**19,520**
Adjusted EBITA	**8,294**	**3,246**	**11,540**	**8,079**	**3,520**	**11,598**
Exceptional items:						
Restructuring costs		-9	-9			
Dispute resolution				+420		+420
ANRT fine	-3,300		-3,300			
Published EBITA	**4,994**	**3,237**	**8,231**	**8,499**	**3,520**	**12,018**
Group share of adjusted Net Income			**6,029**			**6,001**
Exceptional items:						
Restructuring costs			-4			
Dispute resolution						+469
COVID contributions						-1,047
ANRT fine			-3,300			
Published net income – Group share			**2,726**			**5,423**
Adjusted CFFO	**9,425**	**3,927**	**13,352**	**10,300**	**5,419**	**15,719**
Exceptional items:						
Licences Payment	-102	-1,835	-1,937		-143	-143
ANRT fine				-3,300		-3,300
Published CFFO	**9,324**	**2,091**	**11,415**	**7,000**	**5,277**	**12,276**

2020 CFFO was marked by the disbursement of MAD 3,300 million linked to the full payment of the ANRT fine in Morocco as well as MAD 143 million for licences obtained in Mauritania, Gabon and Togo.

2019 CFFO included the payment of MAD 1,937 million corresponding to the licences obtained in Burkina Faso, Mali, Côte d'Ivoire and Togo as well as the widening of the bandwidth spectrum in Morocco.

Appendix 2: Impact of the adoption of IFRS 16

As at end-December 2019, the impacts of this standard on Maroc Telecom's key indicators were as follows:

	2020		
(in MAD million)	Morocco	International	Group
Adjusted EBITDA	+266	+292	**+557**
Adjusted EBITA	+33	+29	**+62**
Group share of adjusted Net Income			**-17**
Adjusted CFFO	+266	+292	**+557**
Net Debt	+838	+801	**+1,639**

2.2.2 Comparison of financial data for fiscal years 2019 and 2018

2.2.2.1 Group Consolidated results

Revenues

In 2019, Maroc Telecom Group generated total revenues of MAD 36,517 million, up 1.3% (+0.9% on a like-for-like basis). This performance reflects both the continued growth in activities in Morocco and the resilience of international activities despite the increased competition and regulatory pressure.

In the fourth quarter alone, the Group's revenues were up 3.5% (+1.0% on a like-for-like basis), thanks to the sustained growth of Mobile Data in Morocco and in the subsidiaries.

Earning from operations before depreciation and amortization

Thanks to a robust management of costs, Maroc Telecom Group earnings from operations before depreciation and amortization (EBITDA) amounted to MAD 18,922 million, up 3.4% on a like-for-like basis.The EBITDA margin reached 51.8%, up 1.2 pt on a like-for-like basis.

Earnings from operations

At the end of 2019, Maroc Telecom Group's adjusted earnings from operations (EBITA) amounted to MAD 11,540 million, up 4.3% on a like-for-like basis. This increase was mainly due to an increased EBITDA. The adjusted EBITA margin increased by 0.9 pt (+1.0 pt on a like-for-like basis) to 31.6%.

Group share of net income

The Group share of adjusted Net Income was up 1.0% on a like-for-like basis.

Investments

The capital expenditures reached MAD 6,788 million up 2.2% year-on-year and representing 14.7% of revenues (excluding frequencies and licences). This level of capital expenditures remains in line with the stated objective for the year.

Cash-Flow

Adjusted Cash Flow From Operations (CFFO) was up 33.8% (+29.0% on a like-for-like basis), to MAD 13,352 million due to the increased EBITDA and effective management of working capital requirements (WCR).

At December 31, 2019, Maroc Telecom Group's consolidated net debt represented 0.9 time the Group's annual EBITDA excluding the impact of IFRS16.

2.2.2.2 Activities in Morocco

IFRS in MAD million	2018	2019
Revenues	**21,414**	**21,690**
Mobile	**13,966**	**14,276**
Services	*13,731*	*14,046*
Equipment	*235*	*230*
Fixed-Line	**9,239**	**9,261**
Of which Fixed-Line Data*	*2,935*	*3,186*
Eliminations and other income	**-1,790**	**-1,846**
EBITDA	**11,460**	**12,294**
Margin (%)	*53.5%*	*56.7%*
Adjusted EBITA	**7,620**	**8,294**
Margin (%)	*35.6%*	*38.2%*
CAPEX	**2,749**	**3,022**
Of which frequencies & licenses		*102*
CAPEX/revenues (excl. frequencies &	*12.8%*	*13.5%*
Adjusted CFFO	**7,498**	**9,425**
Net debt	**10,422**	**11,101**
Net debt/EBITDA	*0.9 x*	*0.8x*

At end-December 2019, activities in Morocco had generated revenues of MAD 21,690 million, up 1.3%, thanks to a 2.2%-increase in revenues from Mobile, still sustained by Data.

At the end of 2019, earnings from operations before depreciation and amortization (EBITDA) amounted to MAD 12,294 million, up 7.3% (+5.3% on a like-for-like basis), thanks to the improvement of gross margin and the reduction in operational costs. The EBITDA margin was thus unchanged at the high rate of 56.7%, up 2.1 pt on a like-for-like basis.

The adjusted earnings from operations (EBITA) reached MAD 8,294 million, up 8.8% (+8.5% on a like-for-like basis) thanks to the increase in EBITDA. The adjusted EBITA margin was 38.2%, up 2.5 pt on a like-for-like basis.

Adjusted Cash Fows From Operations (CFFO) in Morocco were up 22.7% (on a like-for-like basis), to MAD 9,425 million, in connection with the increase in EBITDA and optimal management of working capital requirements.

* Fixed-line data includes Internet, ADSL TV and Data services to businesses

Mobile

	Unit	2018	2019
Mobile			
Customer base	**(000)**	**19,062**	**20,054**
Prepaid	(000)	17,068	17,752
Postpaid	(000)	1,993	2,302
Of which 3G/4G+ Internet	**(000)**	**10,828**	**11,789**
ARPU	**(MAD/month)**	**58.6**	**58.3**

By the end of 2019, the Mobile customer base totaled 20.1 million customers, up 5.2% year-on-year, thanks to combined increases of postpaid and prepaid by 15.5% and 4.0% respectively.

Revenues from Mobile amounted to MAD 14,276 million up 2.2%, driven by the growth in Mobile Data, the traffic of which continues to increase significantly (+36% in 2019).

In 2019, blended ARPU amounted to MAD 58.3, down slightly by 0.5% year-on-year.

Fixed-Line and Internet

	Unit	2018	2019
Fixed lines	**(000)**	**1,818**	**1,882**
Broadband access	**(000)**	**1,484**	**1,573**

At the end of December 2019, growth in the Fixed line customer base continued (+3.5% year-on-year), bringing the number of lines to 1,882 thousand. The Broadband customer base increased by 6.1% to 1.6 million subscribers.

The Fixed-Line and Internet activities in Morocco generated revenues of MAD 9,261 million, up 0.2%.

2.2.2.3 International activities

Financial indicators

IFRS in MAD million	2018	2019
Revenues	**16,041**	**16 ,095**
Of which Mobile Services	14,647	14,693
EBITDA	**6,397**	**6,629**
Margin (%)	39.9%	41.2%
Adjusted EBITA	**3,432**	**3,246**
Margin (%)	21.4%	20.2%
CAPEX	**3,894**	**3,766**
Of which frequencies & licenses	719	1,316
CAPEX/revenues (excluding frequencies & licenses)	19.8%	15.2%
Adjusted CFFO	**2,484**	**3,927**
Net Debt	**6,514**	**8,748**
Net debt/EBITDA	1.0 x	1.3x

In a difficult competitive and regulatory environment, the Group's international activities generated revenues of MAD 16,095 million, practically unchanged compared with the same period in 2018 (+0.3% on a reported basis and -0.6% on a like-for-like basis). This change is mainly attributable to the reduction in Mobile termination rates and in international incoming revenues, partially offset by the increase in Mobile Data and Mobile Money services. Excluding the impact of the reduction in call termination rates, revenues were up 1.2% on a like-for-like basis.

In 2019, earnings from operations before depreciation and amortization (EBITDA) amounted to MAD 6,629 million, unchanged on a like-for-like basis. The EBITDA margin rose 0.2 points on a like-for-like basis to 41.2%.This performance was due to an improved gross margin related to the reduction in call termination, despite the fiscal and sectoral growing pressure in certain countries. Excluding the impact of fiscal and sectoral taxes, the EBITDA margin would have been improved by 1.7 pt.

Over the same period, adjusted earnings from operations (EBITA)(5) were down 5.4% (- 5.0% on a like-for-like basis) to MAD 3,246 million, owing to increased amortization and depreciation expenses.

Adjusted cash flows from operations (CFFO) from International activities were up by 58.1% (+47.3% on a like-for-like basis) to MAD 3,927 million. This performance is explained by optimal management of working capital requirements

Operating indicators

	Unit	2018	2019
Mobile			
Customer base	(000)	**37,926**	**43,531**
Mauritania		2,397	2,470
Burkina Faso		7,634	8,546
Gabon		1,620	1,621
Mali		7,320	7,447
Côte d'Ivoire		8,646	8,975
Benin		4,279	4,377
Togo		3,405	3,030
Niger		2,485	2,922
Central African Republic		140	168
Chad			3,975
Fixed-Line			
Customer base	(000)	**318**	**324**
Mauritania		55	56
Burkina Faso		77	75
Gabon		22	22
Mali		164	171
Fixed-Line Broadband			
Customer base	(000)	**114**	**116**
Mauritania		13	10
Burkina Faso		15	15
Gabon		17	18
Mali		69	73

2.3. TRANSITION FROM SEPARATE FINANCIAL STATEMENTS TO CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements are derived from the separate financial statements of Maroc Telecom and its subsidiaries, as prepared under the generally accepted accounting principles of each country. Various adjustments have been made to these separate financial statements, in compliance with IFRS consolidation and presentation requirements.

The main adjustments to the presentation of the statement of comprehensive income are the :

- Recognition of revenues related to the point loyalty program (fidelio) at the time of exchange or expiration of points;
- Recognition of sales commissions as consolidated operating expenses. These costs were initially netted against revenues in the separate financial statements;
- Activation of payroll costs relating to the deployment of fixed assets;
- Recognition of SIM cards in intangible assets;
- Inventory values of handsets sold but not activated are adjusted to account for the recognition of revenues upon activation;
- Elimination of capitalized costs from the balance sheet and recognition in the income statement of the change in the period;
- The recognition in the income statement of the exchange adjustements;
- Recognition of the impact of unwinding the retirement benefits provision discounting in financial income;
- Capitalization of deferred taxes on temporary differences arising from the separate financial statements, IFRS adjustments and tax loss carryforwards;
- Reclassification under net operating income of noncurrent operating items, and under net financial income of noncurrent financial items;
- The identification of leases for the right of use and the capitalization of rental expenses that meet the duration and value criteria required by IFRS 16 in fixed assets. This restatement gives rise to the creation of a new financial liability and the corresponding interest charges and the recognition of depreciation of rental expenses converted into fixed assets;
- Reclassification under current assets of assets held for sale;
- Reclassification of the corporate income tax liability component of tax debts;
- Reclassification under current items, of loan, financial debt and provision components maturing in less than a year.
- The other consolidation adjustments basically concern all consolidation transactions (elimination of consolidated securities, intra-group transactions and internal capital gains or losses, etc.).

3. CONSOLIDATED FINANCIAL STATEMENTS OF MAROC TELECOM GROUP

3. CONSOLIDATED FINANCIAL STATEMENTS AT DECEMBER 31 2018, 2019 AND 2020

Pursuant to regulation (EC) no. 1606/2002 of the European Parliament of July 19, 2002, Maroc Telecom Group's consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IAS/IFRS), as endorsed by the European Union.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS (In MAD million)	Note	2018	2019	2020
Goodwill	3	8,548	9,201	9,315
Other intangible assets	4	7,681	8,808	8,120
Property, plant, and equipment	5	31,301	31,037	28,319
Droit d'usage de l'actif	34	0	1,630	1,592
Titres mis en équivalence	6	0	0	0
Noncurrent financial assets	7	299	470	654
Deferred tax assets	8	224	339	580
Noncurrent assets		**48,053**	**51,485**	**48,579**
Inventories	9	348	321	271
Trade accounts receivable and other	10	11,839	11,380	11,816
Short term financial assets	11	138	128	130
Cash and cash equivalents	12	1,700	1,483	2,690
Assets available for sale		54	54	54
Current assets		**14,078**	**13,365**	**14,960**
TOTAL ASSETS		**62,131**	**64,851**	**63,540**

SHAREHOLDERS' EQUITY AND LIABILITIES (In MAD million)	Note	2018	2019	2020
Share capital		5,275	5,275	5,275
Retained earnings		4,383	4,069	2,023
Net earnings		6,010	2,726	5,423
Shareholders'equity attributable to equity holders of the parent	13	15,668	12,069	12,721
Noncontrolling interests		3,822	3,934	3,968
Shareholders'equity		**19,490**	**16,003**	**16,688**
Noncurrent provisions	14	464	504	521
Borrowings and other long-term financial liabilities	15	3,475	4,178	4,748
Deferred tax liabilities	8	246	258	45
Other noncurrent liabilities		0	0	0
Noncurrent liabilities		**4,185**	**4,939**	**5,314**
Trade accounts payable	16	24,095	23,794	24,007
Current tax liabilities		906	733	671
Current provisions	14	1,325	4,634	1,247
Borrowings and other short term financial liabilities	15	12,129	14,748	15,612
Current liabilities		**38,456**	**43,908**	**41,538**
TOTAL SHAREHOLDERS'EQUITY AND LIABILITIES		**62,131**	**64,851**	**63,540**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(In MAD million)	Note	2018	2019	2020
Revenues	17	**36,032**	**36,517**	**36,769**
Cost of purchases	18	-6,011	-5,670	-5,416
Payroll costs	19	-2,891	-3,098	-3,005
Taxes and duties	20	-2,818	-3,183	-3,344
Other operating income (expenses)	21	-5,923	-5,610	-8,746
Net depreciation, amortization, and provisions	22	-7,337	-10,724	-4,240
Earnings from operations		**11,052**	**8,231**	**12,018**
Other income and charges from ordinary activities		-11	-11	-1,513
Income from equity affiliates	23	0	0	0
Earnings from continuing operations		**11,040**	**8,220**	**10,505**
Income from cash and cash equivalents		3	2	17
Gross borrowing costs		-527	-756	-888
Net borrowing costs		**-524**	**-754**	**-871**
Other financial income and expenses		99	-38	26
Net financial income (expense)	24	**-425**	**-792**	**-844**
Income tax	25	-3,677	-3,830	-3,372
Net income		**6,938**	**3,598**	**6,289**
Exchange gain or loss from foreign activities		-239	-226	134
Other income and expenses		-5	43	-14
Total comprehensive income for the period		**6,693**	**3,415**	**6,409**
Net income		**6,938**	**3,598**	**6,289**
Attributable to equity holders of the parent		6,010	2,726	5,423
Noncontrolling interests	26	928	873	866
Total comprehensive income for the period		**6,693**	**3,415**	**6,409**
Attributable to equity holders of the parent		5,855	2,604	5,511
Noncontrolling interests	26	839	811	899

EARNINGS PER SHARE		2018	2019	2020
Net earnings attributable to equity holders of the parent (in MAD millions)		**6,010**	**2,726**	**5,423**
Number of shares at December 31		879,095,340	879,095,340	879,095,340
Net earnings per share (in MAD)	27	**6.84**	**3.10**	**6.17**
Diluted net earnings per share (in MAD)	27	**6.84**	**3.10**	**6.17**

CONSOLIDATED STATEMENT OF CASH FLOW

(In MAD million)	Note	2018	2019	2020
Earnings from operations		11,052	8,231	12,018
Depreciation, amortization and other non-cash movements		7,318	10,721	2,719
Gross cash from operating activities		**18,370**	**18,952**	**14,738**
Other changes in net working capital		-883	419	139
Net cash from operating activities before tax		**17,487**	**19,372**	**14,877**
Income tax paid		-2,967	-4,091	-3,789
Net cash from operating activities (a)	12	**14,520**	**15,281**	**11,088**
Purchase of PP&E and intangible assets		-8,075	-7,949	-4,141
Purchases of consolidated investments after acquired cash		-469	-1,096	0
Investments in equity affiliates		0	0	0
Increase in financial assets		-194	-73	-249
Disposals of PP&E and intangible assets		31	6	14
Decrease in financial assets		335	287	144
Dividends received from nonconsolidated investments		2	6	14
Net cash used in investing activities (b)		**-8,369**	**-8,819**	**-4,219**
Capital increase		0		
Dividends paid by Maroc Telecom	13	-5,732	-6,003	-4,870
Dividends paid by subsidiaries to their noncontrolling interests		-798	-838	-855
Changes in equity		**-6,529**	**-6,841**	**-5,725**
Proceeds from borrowings and increase in other long-term financial liabilities		1,347	2,270	2,307
Payments on borrowings and decrease in other noncurrent financial liabilities		0	0	0
Proceeds from borrowings and increase in other short-term financial liabilities		1,933	2,860	1,167
Payments on borrowings and decrease in other current financial liabilities		-2,682	-4,548	-2,687
Change in net current accounts		0	0	0
Net interest paid (cash only)		-575	-473	-626
Other cash expenses (income) used in financing activities		6	-13	-35
Change in borrowings and other financial liabilities		**29**	**96**	**125**
Net cash used in financing activities (d)	12	**-6,501**	**-6,744**	**-5,600**
Translation adjustment and other noncash items (g)		**40**	**65**	**-62**
Total cash flows (a)+(b)+(d)+(g)	12	**-310**	**-217**	**1,207**
Cash and cash equivalents at beginning of period		**2,010**	**1,700**	**1,483**
Cash and cash equivalents at end of period	12	**1,700**	**1,483**	**2,690**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(In MAD millions)	Note	Share capital	Earnings and retained earnings	Other comprehensive income	**Total Group share**	Non controling interest	Total capitaux propres
Restated position at January 1, 2018		**5,275**	**10,710**	**-150**	**15,835**	**3,916**	**19,750**
Total comprehensive income for the period			**6,010**	**-156**	**5,855**	**839**	**6,694**
Change in gains and losses recognized directly in equity and recyclable in profit or loss			0	**-155**	**-155**	**-84**	**-239**
Gains and losses on translation				-155	-155	-84	-239
Change in gains and losses recognized directly in equity and recyclable in profit or loss				**-1**	**-1**	**-5**	**-5**
Actuarial difference				13	13	-5	9
Actuarial gains and loses				-14	-14		-14
Capital increase					0		0
Capital decrease					0		0
Share-based compensation					0		0
Change in percentage without assumption/loss of control			-346		-346	-126	-471
Change in percentage with assumption/loss of control					0		0
Dividends			-5,696		-5,696	-807	-6,503
Treasury stock			20		20		20
Other adjustements					0		0
Restated position at December 31, 2018		**5,275**	**10,699**	**-306**	**15,668**	**3,822**	**19,490**
Total comprehensive income for the period			**2,726**	**-122**	**2,604**	**811**	**3,415**
Change in gains and losses recognized directly in equity and recyclable in profit or loss			0	**-147**	**-147**	**-79**	**-226**
Gains and losses on translation				-147	-147	-79	-226
Change in gains and losses recognized directly in equity and recyclable in profit or loss				**25**	**25**	**18**	**43**
Actuarial difference				25	25	18	43
Actuarial gains and loses					0		0
Capital increase					0		0
Capital decrease					0		0
Share-based compensation					0		0
Change in percentage without assumption/loss of control					0		0
Change in percentage with assumption/loss of control			14		14		14
Dividends			-6,003		-6,003	-857	-6,860
Treasury stock			-1		-1		-1
Other adjustements			-213		-213	157	-56
Position at December 31, 2019		**5,275**	**7,222**	**-428**	**12,069**	**3,933.7**	**16,003**
Total comprehensive income for the period			**5,423**	**88**	**5,511**	**899**	**6,409**
Change in gains and losses recognized directly in equity and recyclable in profit or loss			0	**100**	**100**	**34**	**134**
Gains and losses on translation				100	100	34	134
Revaluation differences					0		0
Revaluation differences on hedging instruments					0		0
Revaluation differences on equity instruments					0		0
Change in gains and losses recognized directly in equity and recyclable in profit or loss				**-12**	**-12**	**-2**	**-14**
Actuarial difference				-1	-1	-2	-3
Revaluation differences on equity instruments				-11	-11	0	-11
Capital increase					0		0
Capital decrease					0		0
Share-based compensation					0		0
Change in percentage without assumption/loss of control					0		0
Change in percentage with assumption/loss of control					0		0
Dividends			-4,870		-4,870	-865	-5,735
Treasury stock					0		0
Other adjustements			11		11		11
Position at December 31, 2020		**5,275**	**7,786**	**-340**	**12,721**	**3,968**	**16,688**

At December 31, 2020, Maroc Telecom's share capital comprised 879,095,340 ordinary shares. Ownership of the shares was divided as follows :

- Etisalat: 53% through a holding company 91.3%-owned by Etisalat and 8.7%-owned by the Abu Dhabi Development Fund;
- Kingdom of Morocco: 22%;
- Other: 25%.

The reserves consist mainly of accumulated prior year retained earnings of which MAD 3,073 million of undistributable reserves at December 31, 2020 and Group part net income for the current year.

NOTE 1. ACCOUNTING PRINCIPLES AND VALUATION METHODS

Group companies are consolidated on the basis of their fiscal year ending December 31,2020 except for CMC, whose fiscal year ends March 31, 2020.

The financial statements and notes were approved by the Management Board on January 26, 2021.

New acquisition :

Maroc Telecom finalized the acquisition of Moov Africa Chad in 2019. Maroc Telecom has a 100% interest in the capital of the new subsidiary.

Moov Africa Chad has been fully consolidated since July 1, 2019.

In accordance with international standards, the goodwill of the new subsidiary was determined as of June 30, 2020. Goodwill as of December 31, 2020 is as follows:

(In MAD million)	12/31/2020
Aggregate net equity at 12/31/2020	374
Overall acquisition price	1,175
Goodwill	801

1. CONTEXT FOR THE PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR 2020 AND THE FINANCIAL STATEMENTS FOR THE YEARS 2019 AND 2018

Pursuant to regulation (EC) no.1606/2002 of July 19, 2002, concerning the adoption of international accounting standards, the consolidated financial statements of Maroc Telecom Group for the year ended December 31, 2019, were prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), applicable as endorsed by the European Union (EU). For purposes of comparison, the 2020 financial statements also include financial information on 2019 and 2018.

2. COMPLIANCE WITH ACCOUNTING STANDARDS

The consolidated financial statements of Maroc Telecom SA have been prepared in accordance with International Financial Reporting Standards (IFRS) and International Financial Reporting Interpretations Committee (IFRIC) interpretations endorsed by the European Union and mandatory at December 31, 2020. The accounting standards applied to the consolidated financial statements do not differ from those issued by the International Accounting Standards Board (IASB).

2.1 Standards and interpretations applied by Maroc Telecom for fiscal year 2020

All the new standards, interpretations and amendments published by the IASB and mandatory in the European Union from January 1, 2020 have been applied.

2.1.1 Impact of application of the standards and interpretations adopted in 2020

On October 12, 2020, the IASB published in the official bulletin the amendment to IFRS 16 Leases on rent relief related to Covid-19. Analyses carried out by the Group have not revealed any significant difference between the economic lives and the terms of the contracts.

2.2 Standards and interpretations applied by Maroc Telecom for fiscal year 2021

The Group considers that improvements texts planned for 2021 will have no material impact on its consolidated statements.

3. PRESENTATION AND PRINCIPLES GOVERNING THE PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENT

Pursuant to IFRS principles, the consolidated financial statements have been prepared on an historical-cost basis, with the exception of certain asset and liability categories.

The categories concerned are mentioned in the notes below. The consolidated financial statements are presented in Dirham and all values are rounded to the nearest million unless otherwise noted. They include the accounts of Maroc Telecom and its subsidiaries after elimination of intra-group transactions.

3.1 Statement of comprehensive income

Maroc Telecom has chosen to present its statement of comprehensive income in a format that breaks down income and expenses by type.

3.1.1 Earnings from operations and earnings from continuing operations

Earnings from operations, which in documents previously issued by Maroc Telecom was called operating income, includes revenues, cost of purchases, payroll costs, taxes and duties, other operating income and expenses, as well as net depreciation, amortization and provisions.

Earnings from continuing operations includes earnings from operations, other income from continuing operations, other expenses on continuing operations (including impairment of goodwill and other intangible assets), as well as the share of net earnings of equity associates.

3.1.2 Financing costs and other financial income and expenses

Net financing costs comprise:

- Gross financing costs which includes interest payable on loans calculated using the effective-interest rate method;
- Financial income received from cash investments.

Other financial income and expenses mainly include gains and losses on currency translation (other than those relating to operating activities recognized under earnings from operations), dividends received from non-consolidated companies, earnings from consolidated activities or companies not recognized under earnings from discontinued activities or in the process of being discontinued.

3.2 Statement of financial position

Assets and liabilities with maturities shorter than the operating cycle, i.e. generally less than 12 months, are recognized under current assets or liabilities. If their maturities are longer than this, they are recognized under noncurrent assets or liabilities, except for operating expenses.

3.3 Consolidated statement of cash flows

Maroc Telecom group has chosen to present its consolidated cash flow statement using the indirect method. Working capital requirements from operations correspond to changes in the balance sheet items of trade receivables, inventories and trade payables.

3.4 Use of estimates and assumptions

The preparation of consolidated financial statements in accordance with IFRS requires Maroc Telecom to make certain estimates and assumptions that it deems reasonable and realistic. Despite regular reviews of these estimates and assumptions based on past or anticipated achievements, facts and circumstances may lead to changes in these estimates and assumptions that could have an impact on the carrying value of Group assets, liabilities, equity, or earnings.

The main estimates and assumptions concern changes in the following items:

- provisions: risk estimates, performed on an individual basis; the occurrence of events during risk-measurement procedures may lead at any time to a reassessment of the risk in question (see Note 14);
- impairment of trade receivables and inventories: estimates of nonrecovery risk for trade receivables and obsolescence risk for inventories;
- employee benefits: assumptions, updated annually, include the probability of employees remaining with the Group until retirement, expected changes in future compensation, the discount rate, and the inflation rate (see Note 14);
- revenue recognition: estimates of benefits granted as part of customer-loyalty programs, to be deducted from certain revenue items, and of deferred revenue relating to distributors (see Note 17);
- goodwill: valuation methods adopted for the identification of intangible assets acquired through business combinations (see Note 3);

- goodwill, indefinite useful lives of intangible assets, and assets in progress: assumptions are updated annually for impairment tests performed on each of the Group's cash-generating units (CGUs), determined by future cash flows and discount rates;
- deferred taxes: estimates concerning the recognition of deferred tax assets are updated annually; estimates include the Group's future tax results and expected changes in temporary differences between assets and liabilities (see Note 8).
- IFRS 16 : the discount rate is estimated by taking into account risk, economic conditions and country specificities.

3.5 Consolidation methods

The generic name Maroc Telecom refers to the group of companies composed of the parent company Itissalat Al-Maghrib S.A. and its subsidiaries.

A list of the Group's principal subsidiaries is presented in Note 2, "Scope of consolidation at December 31, 2018, 2019, and 2020.

Maroc Telecom's scope of consolidation comprises wholly owned companies exclusively; therefore the only consolidation method employed by the Group is that of full consolidation.

The accounting method described below was applied consistently to all the periods presented in the consolidated financial statements.

Full consolidation

All companies in which Maroc Telecom has a controlling interest, namely those in which it has the power to govern financial and operational policies to obtain benefits from their operations, are fully consolidated.

The new standard for consolidation, introduced by IFRS 10 as replacement of IAS 27 (amended) - Consolidated and Separate Financial Statements and by SIC 12 Special Purpose Vehicles, is based on the following three criteria that must be met simultaneously for Maroc Telecom to assume control :

- Maroc Telecom has power over the subsidiary when it has existing rights that give it the ability to direct the relevant activities (i.e., the activities that significantly affect the investee's returns); Power arises from existing and/or potential voting rights and/or contractual arrangements. The voting rights must be substantial (i.e., they may be employed at any time and without limitation, particularly during votes on important activities). Assessment of whether a parent has power over a subsidiary depends on the relevant activities of the subsidiary, it's decision-making procedures, and the breakdown of votes among the other shareholders.
- Maroc Telecom has exposure or rights to variable returns from its involvement with the subsidiary. These returns may vary in accordance with the subsidiary's performance. The notion of return is defined broadly and includes dividends and other forms of distributed economic benefits, the investment's valuation, cost savings, synergies, etc. ;
- Maroc Telecom has the ability to exercise its power to affect the returns. Any power that cannot affect returns is considered non-controlling.

The Group's consolidated financial statements are presented as those of a single economic entity with two types of owners: 1. the owners of Maroc Telecom Group (shareholders of Maroc Telecom SA), and 2. holders of non-controlling interests (minority shareholders of the subsidiaries). A non-controlling interest is defined as a stake in a subsidiary that cannot be directly or indirectly attributed to a parent company (hereinafter "non-controlling interests"). Consequently any changes in percentage of ownership of a parent company in a subsidiary that do not result in the loss of control affects only equity, because control is not changed within the economic entity.

Transaction eliminated in the consolidated financial statements

Revenues, expenses, and balance-sheet positions resulting from intra-group transactions are eliminated during the preparation of the consolidated financial statements.

3.6 Business combinations

Business combinations from January 1, 2009

The acquisition method is used to account for business combinations. Under this method, upon the initial consolidation of an entity over which the Group has acquired exclusive control:

- the identifiable assets acquired and the liabilities assumed are measured at their fair value on the acquisition date.

- the noncontrolling interests are measured either at fair value or at their proportionate share of the acquiree's identifiable net assets. This option is available on a transaction-by-transaction basis.

On the acquisition date, goodwill is measured as the difference between:

- the fair value of the consideration transferred plus the amount of noncontrolling interest in the acquiree, and, in a business combination achieved in stages, the acquisition-date fair value of the equity interest held previously by the acquirer in the acquiree;

and

- the net amount on the acquisition date for identifiable assets acquired and liabilities assumed.

The fair-value measurement of noncontrolling interests increases goodwill up to the share attributable to the noncontrolling interests, thereby resulting in the recognition of full goodwill. The purchase price and its allocation must be completed within 12 months of the acquisition date. If goodwill is negative, it is recognized as profit directly in profit or loss. After the acquisition date, goodwill is measured at its initial amount, less any recorded impairment losses;

The following principles also apply to business combinations:

- beginning on and after the acquisition date, to the extent possible, goodwill is allocated to each cash-generating unit likely to benefit from the business combination;
- any adjustment to the purchase price is recorded at fair value on the acquisition date, and any subsequent adjustment after the purchase-price allocation period is recognized in profit or loss;
- acquisition-related costs are recognized as expenses when incurred;
- in the event of acquisition of an additional interest in a consolidated subsidiary, Maroc Telecom recognizes the difference between the acquisition cost and the carrying value of noncontrolling interests as a change in equity attributable to shareholders of Maroc Telecom;

Goodwill is not amortized.

Business combinations prior to January 1, 2009

Pursuant to IFRS 1, Maroc Telecom elected not to restate business combinations that occurred before January 1, 2004. IFRS 3, as published by the IASB in March 2004, had already retained the acquisition method. Its provisions, however, differed from those of the revised standard on the following main points:

- noncontrolling interests were measured on the basis of their proportionate share in the acquired net identifiable assets; the option of fair-value measurement did not exist;
- contingent consideration was recognized in the cost of acquisition only if payment was likely to occur and the amounts could be measured reliably;
- costs attributable directly to the acquisition were recognized under the cost of the business combination.
- In the event of acquisition of an additional interest in a consolidated subsidiary, Maroc Telecom recognizes as goodwill the difference between the acquisition cost and the carrying value of acquired noncontrolling interests.

3.7 Foreign-currency translation

Foreign-currency transactions are initially recorded in the functional currency at the exchange rate prevailing on the date of the transaction. At the end of the period, monetary assets and liabilities denominated in a foreign currency are translated into the functional currency at the exchange rate prevailing on that date. All translation differences are recognized in profit or loss for the period.

3.8 Translation of financial statements for foreign activities

Assets and liabilities relating to foreign activities, including goodwill and fair-value adjustments arising from consolidation, are translated into Moroccan dirhams at the exchange rate prevailing at the end of the period.

Income and expenses are translated into dirhams at the average exchange rate over the period.

Foreign exchange differences arising from translation are recorded as foreign currency translation differences, as a separate component of shareholders' equity.

3.9 Assets

3.9.1 Other intangible assets

Intangible assets acquired separately are recorded at cost, and intangible assets acquired in connection with a business combination are recorded at their fair value at the acquisition date. Subsequent to initial recognition, the historical cost model is applied to intangible assets that are amortized when they are ready for use. Depreciation is recorded for assets with limited useful life. The useful lives are reviewed at each closing.

The estimated useful lives are between 2 and 5 years.

IAS 38 does not recognize brands, subscriber bases and market segments generated internally as intangible assets.

Licenses for the operation of telecommunications networks are recorded at historical cost and are amortized on a straight-line basis as of the effective date of the service for the period of validity of the license.

The Maroc Telecom group chose not to use the option offered by IFRS 1 to choose to measure certain intangible assets at fair value on January 1, 2004 at this date.

Expenditures posted to intangible enterprises are capitalized only if they enhance the future economic benefits associated with the asset. Other expenses are recognized as expenses when incurred.

3.9.2 Research and development costs

Research costs are expensed when incurred. Development expenses are capitalized when the project can reasonably be considered feasible.

Pursuant to IAS 38 Intangible Assets, development costs are capitalized only after the technical and financial feasibility of the asset for sale or use have been established, where it is likely that the future economic benefits attributable to the asset will flow to the company, and where the cost of the asset can be measured reliably.

3.9.3 Property, plant, and equipment

Property, plant, and equipment are carried at historical cost less any accumulated depreciation and impairment losses. Historical cost includes acquisition or production costs as well as costs directly attributable to transporting the asset to its physical location and to preparing it for use in operations. For the purposes of IAS 23, borrowing costs directly attributable to the acquisition, construction, or production of a qualifying asset are included in the cost of the asset. Other borrowing costs are recognized as an expense for the period in which they are incurred. When property, plant, and equipment include significant components with various useful lives, the components are recorded and depreciated separately.

Property assets comprising the items “land” and “buildings” are derived in part from the contribution in kind granted in 1998 by the Moroccan government (in connection with the breakup of ONPT) to Maroc Telecom when it was established.

When these assets were transferred, the property titles could not be registered with the property registry.

Fully 97.97% of such assets had been assigned property titles at the end of December 2020. Although uncertainty over the property titles remains, the risk is limited, because the Moroccan government has guaranteed Maroc Telecom use of the transferred property as at this time, and because to date there have been no significant incidents related to this situation.

The assets transferred by the Moroccan government on February 26, 1998, to establish Maroc Telecom as a public operator were recorded as a net amount in the opening statement of financial position, as approved by:

- the Postal Services and Information Technology Act no. 24-96;
- the joint order no. 341-98 of the Ministry of Telecommunications and the Ministry of Finance, Commerce, and Industry, approving the inventory of assets transferred to Maroc Telecom Group.

Depreciation is calculated using the straight-line method over the estimated useful lives of the assets. Useful lives are reviewed at the end of each reporting period and are as follows:

• Construction and buildings	20 years
• Civil engineering projects	15 years
• Network equipment:	
• Transmission (mobile)	10 years
• Switching	8 years
• Transmission (fixed line)	10 years
• Fixtures and fittings	10 years for various facilities 20 years for the fitting out of buildings
• Computer equipment	5 years
• Office equipment	10 years
• Transportation equipment	5 years

Assets not yet in service are recorded as assets in progress. Assets financed through finance leases are recorded at the lower of the fair value of the asset and the present value of the minimum lease payments, and related debt is recorded under “Borrowings and other financial liabilities.” These assets are depreciated on a straight-line basis over their estimated useful lives.

Depreciation of assets acquired under finance leases is recorded as a general depreciation expense.

Maroc Telecom has elected not to apply the option provided in IFRS 1 to remeasure property, plant, and equipment at fair value as at January 1, 2004.

The carrying value of an item of property, plant, and equipment includes the replacement cost of a component of such an item if this cost is incurred, if it is probable that the future economic benefits associated with the asset will flow to Maroc Telecom Group, and if the cost can be measured reliably.

All maintenance costs are expensed when incurred.

3.9.4 Impairment of fixed assets

Goodwill and other intangible assets with indefinite useful lives are subject to an impairment test at the close of each annual period, and are also tested whenever there is an indication that they may be impaired. The carrying value of other fixed assets is also subject to an impairment test whenever events or circumstances indicate that the carrying value of such assets may not be recoverable. The impairment test compares the asset's carrying amount with its recoverable amount (i.e., the higher of fair value less disposal costs and value in use).

The recoverable amount is determined for an individual asset as long as the asset generates cash inflows that are largely independent of those from other assets or groups of assets. If such is the case, as it is for goodwill, the recoverable amount is determined for the cash-generating unit. Maroc Telecom has selected as its cash generating units its fixed and Mobile business units (BU).

3.9.5 Accounting treatment of lease assets

The MT Group adopted IFRS 16 with effect from January 1, 2019. The application of this standard removes the IAS 17 distinction between operating leases and finance leases, and requires the recognition of almost all leases on the balance sheet with an asset representing the right-of-use of the leased asset for the duration of the lease term, in exchange for a liability in respect of the obligation to pay rent.

3.9.5.1 Definition of right-of-use

Maroc Telecom's right-of-use is derived from its leases. Under IFRS 16, "*a contract is, or contains, a lease if it conveys to the tenant the right to control the use of an identified asset for a period of time in exchange for consideration*". This definition provided by the standard focuses on two main points: the identification of the asset and the control of its use by the lessee.

Following the analysis of the leases of its various subsidiaries and regions, the Group has defined four main categories of right-of-use:

- Land;
- Buildings;
- Technical facilities;
- Transportation equipment.

Acquisition costs are not capitalized in accordance with the transitional provisions provided for in paragraph C10d.

3.9.5.2 Exemptions

Based on the criteria provided, the MT Group has included in the scope of application of the standard all eligible contracts with the exception of:

- Contracts relating to intangible assets (licenses and software);
- Leases for which the Group is the lessor;
- Contracts meeting the low-value exemption (asset replacement value below the equivalent of $5,000) or the short-term exemption (remaining term at the transition date is less than 12 months). These exemptions are provided for by the standard and applied by the Group.

3.9.5.3 Separation of contract components

IFRS 16 includes a clause on the separation of contract components: "Where a contract is or contains a lease, the entity shall recognize each lease component of the contract as a separate lease, independent of the non-lease components of the contract, unless it applies the simplification measure set out in paragraph 15."

The MT Group has opted for the simplification option by recognizing the lease components and related non-lease components as one single lease component. As mentioned in paragraph 15, the choice is made by category of underlying assets and does not apply to embedded derivatives that meet the conditions defined in paragraph 4.3.3 of IFRS 9 "Financial Instruments".

3.9.5.4 Definition of lease term

In order to quantify the IFRS 16 impacts of a contract, the MT Group must define the period for which it is enforceable. The enforceable period, as defined by paragraph 18 of IFRS 16, includes the period during which the contract is non-cancellable, to which is added:

- the portion of the contractual term in which the entity has a termination option that it is reasonably certain not to exercise;
- the period for which the entity has an extension option that it is reasonably certain to exercise.

Reasonable certainty is at the discretion of the Group. The latter exercises its options in accordance with the facts and circumstances and in such a way as to preserve its economic and competitive interests.

As underlined by the IFRS IC in its decision on the economic definition of the enforceable period, as well as the CNCC (French National Institute of Statutory Auditors) and the ANC (French Accounting Standards Authority) through their analysis work, the enforceable period is not limited to the contractual terms. In reality, it is linked to the economic advantage derived by the lessee from the asset and the significant penalties that may apply in the event of termination of the contract prior to the end of the economic term. Ultimately, the enforceable period may be modified independently of the contractual terms when the reality of the economic context is more meaningful.

Documentation work has been carried out to identify and measure the impact of the decisions made on the consolidated financial statements. The results of the analyses carried out reveal no significant differences between the Group's current model for measuring the enforceable periods of contracts and the new provisions introduced by the IFRS IC.

Due to their proximity to operations, the regional departments and subsidiaries are best placed to assess the advantages of the options for each contract. To take into account the specificities and completeness of the contracts, the decision was taken to appoint these entities as the parties responsible for determining the enforceable periods of the contracts.

3.9.5.5 Determining the discount rate

The discount rate is also a fundamental parameter used to accurately measure the impacts of IFRS 16. Indeed, this element is a condition imposed by the standard which stipulates: *"At the start date [of a lease], the lessee must measure the lease liability at the present value of the lease payments that have not yet been paid. The present value of lease payments should be calculated using the interest rate implicit in the lease, if that rate can be readily determined. Otherwise, the lessee must use its incremental borrowing rate."*

The Group has opted for the incremental borrowing rate: the rate of interest that a lessee would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of similar value to the right-of-use assets in a similar economic environment. It is determined by reference to currency risk, country risk, entity risk and maturity. As a result, each entity and each maturity has a different discount rate.

To ensure its reliability, the Group recommends an approach of regular direct consultation with its banking partners in order to update the Group's debt ratios by maturity and by subsidiary twice a year.

3.9.5.6 Measurements

When adopting IFRS 16, the Group is required to perform two measurements. A first measurement, at the effective date of the contract, called the initial measurement, and a second after the effective date of the contract called the subsequent measurement.

3.9.5.6.1 Initial measurement

The initial measurement of the liability is based on the present value of unpaid lease payments, using the discount rate.

At the effective date, the Group also measures the cost of the asset on the basis of:

- the initial measurement of the lease liability;
- the amount of rent paid on or before the effective date (after deduction of any lease incentives received).

3.9.5.6.2 Subsequent measurement

After the effective date of the contract, the standard provides for three models of subsequent measurement: the cost model, the fair value model and the revaluation model.

The MT Group has chosen to apply the cost model in order to maintain consistency with the preferred models for other standards. Under the terms of this model, the right-of-use asset is measured at cost, less any accumulated depreciation and any accumulative impairment losses, and adjusted for any remeasurement of the lease liability.

The Group must depreciate the right-of-use asset in accordance with the depreciation provisions of IAS 16 "Property, plant and equipment". The depreciation period corresponds to the period between the effective date of the contract and the earlier of the end of the useful life of the underlying asset and the end of the lease term. However, if the depreciation period is longer than that of the contract, the depreciation period shall match the lease term.

Under the cost model, impairment of the right-of-use asset is determined in accordance with IAS 36 "Impairment of Assets".

3.9.5.7 Lease modifications

In the event of a lease modification, on the effective date of the modification, the MT Group:

a) allocates the consideration provided for in the amended lease in accordance with the terms of the standard (paragraphs 13 to 16);

b) determines the lease term as amended in accordance with the terms of the standard (paragraphs 18 and 19);

c) remeasures the lease liability by discounting the revised lease payments using the incremental borrowing rate on the effective date of the modification.

Paragraph 44 of the standard states that a change in the scope of a lease and the consideration for the lease does not constitute a contract amendment. These two conditions together require the creation of a separate lease.

3.9.5.8 Presentation

The elements of IFRS 16 must be presented in the Group's primary financial statements. The standard suggests two ways of doing so: the first consists of highlighting the impacted items by asset category and the second requires the creation of a separate section dedicated to the IFRS 16 elements. The MT Group has opted for the second presentation. On the asset side of the balance sheet, the right-of-use asset and its depreciation constitute a separate category of fixed assets. On the liability side, the lease obligation is included in the Group's financial liabilities, but a separate line is included in the notes.

3.9.5.9 Out-of-scope contracts

Contracts outside the scope of IFRS 16 are recognized as rental expenses and appear in the Group income statement.

3.9.5.10 Application to portfolios

IFRS 16 allows for the grouping of leases with similar characteristics in a portfolio, and the application of the measures by portfolio, provided that it is reasonably expected that the effects on the financial statements of applying a portfolio approach will not differ materially from applying IFRS 16 to the individual leases within that portfolio.

The MT Group has chosen to continue to recognize individual leases and not opted for a portfolio approach.

3.9.5.11 Combining contracts

According to Appendix B paragraph B2 of the standard, two or more contracts are accounted for as a single contract when:

"a) contracts are negotiated as a package and have an overall business objective that would not be understood if the contracts were not considered collectively;

b) the amount of consideration to be paid under one of the contracts depends on the price or performance of the other contract; or

c) the right-of-use of underlying assets conferred by the contracts (or some of the right-of-use of underlying assets conferred by each of the contracts) constitute a single lease component as described in paragraph B32".

If one of the aforementioned conditions is met, the Group must combine the contracts entered into at the same time or nearly the same time with the same party (or parties related to said party) and recognize them as one single contract.

3.9.5.12 Deferred taxes

As the standard is not clear as to whether or not deferred tax should be recognized on the initial recognition of a right of use and a lease liability when IFRS 16 is implemented, Maroc Telecom Group does not recognize deferred tax on contracts subject to IFRS 16 at the time of recognition.

3.9.6 Financial assets

The Group has applied the provisions of IFRS 9 to financial instruments that were not derecognized on the initial application date of 1 January 2017. All financial assets recognized within the scope of IFRS 9 have been measured at amortized cost or fair value based on the two criteria mentioned above, hereinafter the categories of financial assets identified by Maroc Telecom:

- Financial assets classified as held-to-maturity and loans and receivables are measured at amortised cost in accordance with IFRS 9 because they are held in a business model to collect contractual cash flows. These cash flows consist solely of the payment of principal and interest on the outstanding principal.
- Equity securities classified as available-for-sale have been irrevocably classified as fair value through other comprehensive income.
- Investments in treasury shares held for trading continue to be measured at fair value through net income.

- Held-for-trading financial assets continue to be measured at fair value through net income under IFRS 9 because these investments are managed as a trading portfolio and settlement is based on changes in the fair value of the underlying securities and interest.

Thus, no change in the classification of the Group's active financial instruments has been identified in accordance with the new IFRS 9 standard, which has not generated any material impact on the financial statements.

3.9.7 Inventories

Inventories are composed of :

- goods corresponding to inventory intended for sale to customers when their line is opened and consisting of Fixed-line, Mobile Internet or Multimedia terminals and their accessories, with the exception of SIM cards. These inventories are valued using the CUMP method;
- handsets delivered to distributors and not activated at the balance sheet date are recognized in inventories, while handsets not activated within nine months of delivery are recognized simultaneously in revenue and costs.
- materials and supplies corresponding to items not dedicated to the network. These inventories are valued at their average acquisition cost.

Inventories are valued at the lower of cost or net realizable value. Impairment is recognized on the basis of the prospects for the sale and condition of the inventory (whether for mobile, fixed-line, Internet or technical assets).

3.9.8 Trade accounts receivable and other receivables

This item comprises trade receivables and other receivables, initially recognized at fair value and subsequently at amortized cost less impairment losses.

Trade accounts receivable includes trade receivables and government receivables:

- trade receivables : receivables held against individuals, distributors, businesses, and national and international operators;
- Government receivables: held against local authorities and the Moroccan government.

3.9.9 Cash and cash equivalents

“Cash and cash equivalents” include cash on hand, sight deposits, current accounts, and short-term, highly liquid investments with maturities of three months or less.

3.10 Assets held for sale and discontinued operations

A noncurrent asset or a group of assets and liabilities qualifies as held for sale when its carrying value may be recovered principally through its disposal and not by its continued utilization. To qualify as held for sale, the asset must be available for immediate sale and the disposal must be highly probable. Such assets and liabilities are reclassified as assets held for sale and as liabilities associated with assets held for sale, without possibility of offset. The reclassified assets are recorded at the lower of fair value (net of disposal fees) and cost less accumulated depreciation and impairment losses, and are no longer depreciated.

An operation is qualified as discontinued when the criteria for classification as an asset held for sale have been met or when Maroc Telecom has sold the operation. Discontinued operations are reported on a single line of the statement of comprehensive income for the periods reported, comprising the earnings after tax of the discontinued operations until the divestiture date and the gain or loss after tax on the sale or fair-value measurement, less costs to sell the assets and liabilities of the discontinued operations. In addition, operating, investing, and financing cash flows generated by discontinued operations are reported on the statement of cash flows.

3.10.1 Financial liabilities

Financial liabilities comprise borrowings, accounts payable, and bank overdrafts.

3.10.2 Borrowings

All borrowings are initially accounted for at fair value of the amount received, net of borrowing costs.
The allocation of borrowings to current and noncurrent liabilities is performed on the basis of contractual maturity.

3.11 Provisions

Provisions are recognized when, at the end of the reporting period, the Group has a legal, regulatory, or contractual obligation as a result of past events, when it is probable that an outflow of resources (without any expected related inflow) will be required to settle the obligation, and when the obligation can be estimated reliably. Where the effect of the time value of money is material, provisions are discounted to their present value using a pretax discount rate that reflects current market assessments of the time value of money. If no reliable estimate can be made of the amount of the obligation, no provision is recorded and a disclosure is made in the notes to the consolidated financial statements.

Restructuring provisions are recorded when the Group has approved a formal and detailed restructuring program and has either begun to implement the program or has announced the program publicly. Future operating expenses are not provisioned.

Pension commitments are estimated for the subsidiaries, taking into account actuarial assumptions. The Group applies the projected unit credit method to recognize the value of its defined benefit obligation as a liability on the balance sheet.

3.12 Deferred taxes

Deferred taxes are accounted for using the liability method, for differences existing at closing between the tax-base value of assets and liabilities and their carrying value on the balance sheet.

Deferred tax liabilities are recognized for all taxable temporary differences:

- except for temporary differences generated by the initial recognition of goodwill;

and

- for taxable temporary differences arising from investments in subsidiaries, affiliates, and joint ventures, unless the date on which the temporary difference will reverse can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, tax-loss carry forwards, and unused tax credits, insofar as it is probable that a taxable profit will be available, or when a current tax liability exists to make use of those deductible temporary differences, tax-loss carryforwards, and unused tax credits:

- except where the deferred tax asset associated with the deductible temporary difference is generated by initial recognition of an asset or liability in a transaction that is not a business combination and that at the transaction date does not impact accounting earnings, taxable income, or taxable losses;
- for deductible temporary differences arising from investments in subsidiaries, affiliates, and joint ventures, deferred tax assets are recorded to the extent that it is probable that the temporary difference will reverse in the foreseeable future and that taxable profit will be available against which the temporary difference can be utilized.

The carrying value of deferred tax assets is reviewed at each closing date and reduced to the extent that it is no longer probable that a taxable profit will be available to allow the deferred tax asset to be utilized.

Deferred tax assets and liabilities are measured at the expected tax rates for the year during which the asset will be realized or the liability settled, on the basis of tax rates (and tax regulations) enacted or substantially enacted by the closing date.

Taxes for items credited or charged directly to equity are recognized in equity, not in profit or loss.

3.13 Trade accounts payable

Trade accounts payable include trade payables and other accounts payable. These are measured initially at historical cost and subsequently at amortized cost.

3.14 Share-based compensation

Pursuant to IFRS 2, share-based compensation is recorded as a payroll cost at the value of the equity instruments granted, which are assessed using a binomial model. However, depending on whether the equity instruments granted are settled through the issuance of Maroc Telecom shares or in cash, the valuation of the expense differs:

- For equity-settled instruments, the value of the instruments granted is initially estimated and fixed at grant date, then allocated over the vesting period on the basis of features of equity-settled instruments. The obligation is recorded in equity.
- For cash-settled instruments, the value of the instruments granted is initially estimated and fixed at grant date and is then re-estimated at each reporting date; the expense is adjusted pro rata for subsequent changes in the value of the vested rights. The obligation is allocated over the vesting period on the basis of features of cash-settled instruments. The corresponding obligation is recorded as a noncurrent provision.

Pursuant to the transitional provisions of IFRS 1 for IFRS 2, Maroc Telecom elected to apply IFRS 2 retroactively, to January 1, 2004.

In 2018, 2019 and 2020 no compensation paid in shares is recognized.

3.15 Revenues

Maroc Telecom revenues arise primarily from the sale of Mobile, Fixed-line and Internet telecommunication services and from the sale of equipment:

- The sale of services of the Mobile, Fixed-line and Internet activities consists of:
    - ✓ Revenues from subscriptions to classic offers as well as the amounts of postpaid plans;
    - ✓ Revenues from outgoing national and international calls (excluding rate plans), as and when they are used;
    - ✓ Income from incoming national and international calls;
    - ✓ Revenues generated by ADSL, Fiber Optic and Mobile Internet offers;
    - ✓ Revenues generated by mobile customers not resident in Morocco using Maroc Telecom's networks (Roamers);
    - ✓ Revenues generated by data transmission provided to the business market and to Internet service providers and other telecom operators ;
    - ✓ Revenues from the sale of advertising inserts in printed and electronic directories, which are taken into account when they are published;
    - ✓ Revenues generated by Value-Added Services (VAS).

- Equipment sales include all sales of equipment (mobile terminals, broadband equipment, connected objects and accessories).

Income from contracts with customers is recognized under revenues when the provider's obligations are met immediately or gradually. Revenues from incoming and outgoing call traffic are recognized when the service is provided. For prepaid services, revenues are recognized as calls are made. Revenues from equipment is recognized when the line is activated.

Revenues from contracts with customers is recognized if the following conditions are met:

- The parties to the contract have approved it (in writing, orally, or according to other normal business practices) and have undertaken to fulfill their respective obligations;
- The company can identify each party's rights to the goods or services to be provided;
- The company can identify the payment terms agreed for the goods or services to be provided;
- The contract has commercial substance (causes an identifiable and measurable change in the economic circumstances of the entity or associated risk);
- It is probable that the entity will receive the consideration to which it is entitled in exchange for the goods or services that it will provide to the customer.

Revenues from telephone subscriptions are recognized on a straight-line basis over the subscription contract period.

Revenues from Value-Added Services (VAS) are recognized as follows:

- Sales of services developed by Maroc Telecom are recorded gross;
- Sales of services to customers managed by Maroc Telecom on behalf of content providers (mainly premium-rate numbers) are recorded net of related expenses.
- When sales are made via a third-party distributor supplied by the Group and involve a discount on the retail price, revenues are recorded as gross revenues and commissions granted are recognized as operating expenses.

The criteria for determining whether Maroc Telecom is acting as a “principal” or “agent” are analyzed in line with the indicators in paragraph B37 of IFRS 15: "Entity acting as principal or agent".

Benefits granted by Maroc Telecom and its subsidiaries to customers under loyalty programs in the form of free services or reductions are recognized in accordance with IFRS 15 and deferred until such time as the acquired points are used or expire.

3.16 Cost of purchases

Purchases consumed mainly include purchases of Mobile and Fixed-line equipment and interconnection costs.

3.17 Other operating income and expenses

This item comprises mainly commissions to distributors, network-maintenance expenses, advertising and marketing costs, and restructuring charges.

3.18 Net financing costs

Net financing costs include interest payable on loans (calculated using the effective-interest method) and interest on investments.

Investment income is recognized in the statement of earnings when acquired.

3.19 Tax expenses

Tax expense includes income tax payable and deferred tax expense (or income). Tax is expensed unless it applies to items recorded directly to equity.

4. CONTRACTUAL COMMITMENTS AND CONTINGENT ASSETS AND LIABILITIES

On an annual basis, Maroc Telecom and its subsidiaries draw up a detailed list of all contractual obligations, financial and commercial commitments and contingent obligations to which they are party or exposed. This list is regularly updated by the relevant departments and reviewed by the Group's management.

Off-balance sheet commitments to suppliers of fixed assets are measured on the basis of actual orders placed. The commitment corresponds to the difference between the orders issued and the completion of these orders.

In addition, commitments relating to real estate lease contracts are estimated on the basis of the notice period provided for in the termination clause of the contract. The Group only includes commitments that do not fall within the scope of the new IFRS16 standard.

5. SEGMENT DATA

A segment is a distinguishable component of the Group that is engaged either in providing products or services within a particular economic environment (geographical segment) or in providing related products or services (business segment) and is subject to risks and returns that are different from those of other segments.

In order to comply with the internal reporting indicators set out in IFRS 8, Maroc Telecom has chosen to present its main financial and operating indicators by geographical area, through the creation, in parallel with Morocco, of a new international segment grouping its current subsidiaries in Mauritania, Burkina Faso, Gabon, Mali, Cote d’Ivoire, Benin, Togo, Niger, Central African and Chad.

6. NET CASH POSITION

It corresponds to cash, cash equivalents and cash blocked for borrowing less borrowings.

7. EARNING PER SHARE

Earnings per share, as presented in the statement of comprehensive income, are calculated by dividing net earnings (Group share) for the period by the average number of shares outstanding over the period.

Diluted earnings per share are calculated by dividing:

- net profit of the fiscal year (Group share); and
- by the average number of shares outstanding over the period plus the average number of ordinary shares that would have been issued upon conversion of all potentially dilutive instruments that are convertible into ordinary shares.

At December 31, 2020, there were no potentially dilutive instruments.

NOTE 2. SCOPE OF CONSOLIDATION

The scope of consolidation of Maroc Telecom Group expanded with the acquisition of a new subsidiary in Chad (Moov Africa Chad), the impact of which on the consolidated financial statements has been taken into account since July 1, 2019, the effective date of entry into the scope of consolidation of MT.

Company	Legal form	% Group interest	% Capital held	Consolidation method
Maroc Telecom	**SA**	**100%**	**100%**	**FC**
Avenue Annakhil Hay Riad Rabat-Maroc				
Compagnie Mauritanienne de Communication (CMC)	**SA**			
Dec 31, 20		**80%**	**80%**	**FC**
Dec 31, 19		80%	80%	FC
Dec 31, 18		80%	80%	FC
563, Avenue Roi Fayçal Nouakchott-Mauritanie				
Mauritel SA	**SA**			
Dec 31, 20		**41%**	**52%**	**FC**
Dec 31, 19		41%	52%	FC
Dec 31, 18		41%	52%	FC
Avenue Roi Fayçal Nouakchott-Mauritanie				
Onatel	**SA**			
Dec 31, 20		**61%**	**61%**	**FC**
Dec 31, 19		61%	61%	FC
Dec 31, 18		61%	61%	FC
705, AV. de la nation 01 BP10000 Ouagadougou – Burkina Faso				
Gabon Telecom	**SA**			
Dec 31, 20		**51%**	**51%**	**FC**
Dec 31, 19		51%	51%	FC
Dec 31, 18		51%	51%	FC
Immeuble 9 étages, BP 40 000 Libreville-Gabon				
Sotelma	**SA**			
Dec 31, 20		**51%**	**51%**	**FC**
Dec 31, 19		51%	51%	FC
Dec 31, 18		51%	51%	FC
ACI 2000 près du palais de sport BP-740 – Bamako, Mali				
Casanet	**SA**			
Dec 31, 20		**100%**	**100%**	**FC**
Dec 31, 19		100%	100%	FC
Dec 31, 18		100%	100%	FC
Imm Riad 1, RDC, Avenue Annakhil Hay Riad Rabat-Maroc				
Atlantique Telecom Côte d'Ivoire	**SA**			
Dec 31, 20		**85%**	**85%**	**FC**
Dec 31, 19		85%	85%	FC
Dec 31, 18		85%	85%	FC
Abidjan-Plateau, Immeuble KARRAT, Avenue Botreau Roussel				
Moov Africa Benin	**SA**			
Dec 31, 20		**100%**	**100%**	**FC**
Dec 31, 19		100%	100%	FC
Dec 31, 18		100%	100%	FC
Cotonou, ilot 553, quartier Zongo Ehuzu, zone résidentielle, avenue Jean Paul 2, immeuble Etisalat				
Moov Africa Togo	**SA**			
Dec 31, 20		**95%**	**95%**	**FC**
Dec 31, 19		95%	95%	FC
Dec 31, 18		95%	95%	FC
Boulevard de la Paix, Route de l'Aviation, Immeuble Moov-Etisalat - Lomé				
Moov Africa Niger	**SA**			
Dec 31, 20		**100%**	**100%**	**FC**
Dec 31, 19		100%	100%	FC
Dec 31, 18		100%	100%	FC
720 Boulevard du 15 avril Zone Industrielle, BP 13 379, Niamey				
Moov Africa Centrafrique	**SA**			
Dec 31, 20		**100%**	**100%**	**FC**
Dec 31, 19		100%	100%	FC
Dec 31, 18		100%	100%	FC
Bangui, BP 2439, PK 0, Place de la République, Immeuble SOCIM, rez-de-chaussée				
Prestige Telecom Côte d'Ivoire	**SA**			
Dec 31, 18		100%	100%	FC
Grand Bassam Zone Franche VITIB ex-Complexe IIAO, 01 BT 8592 Abidjan				
Moov Africa Chad	**SA**			
Dec 31, 20		**100%**	**100%**	**FC**
Dec 31, 19		100%	100%	FC
N'Djamena, BP 6505, Avenue Charles DE GAULLE, Chad				

NOTE 3. GOODWILL

CGU	Valuation method	Discount rate in local currency	Perpetual growth rate in local currency
Mauritel	DCF*	13,50%	1,50%
Onatel	DCF	13,00%	1,50%
Gabon Telecom	DCF	11,50%	1,50%
Sotelma	DCF	12,00%	3,00%
Moov subsidiaries	DCF	[8% - 14%]	3,00%
Casanet	Market multiples	Average of 11,3 x 2020 EBITDA and 12,4 x 2021 EBITDA	

From July 1, 2009, business combinations are recognized using the full goodwill method. Goodwill is allocated to cash generating units (CGU) identified under IAS 36. Goodwill of Sotelma and the new Moov subsidiaries has been calculated in accordance with the revised IFRS 3 standard.

Goodwill is tested for impairment at least once a year and whenever there is evidence of loss of value.

An impairment test consists of comparing the carrying amount of each CGU with its market value. The latter is estimated on the basis of discounted cash flows, derived from individual 5-year business plans. In the case of Casanet, the market value is estimated using the stock market multiples method. The recently acquired subsidiary in Chad will be tested for impairment in 2020. The goodwill of Millicom Chad presented in the financial statements at 31 December 2020 is final; the calculation has been finalized and published in the consolidated financial statements for the first half of 2020.

Goodwill-impairment tests are based on the following assumptions :

(In MAD millions)	2018	2019	2020
Mauritel	136	136	136
Onatel	1,838	1,838	1,838
Gabon Telecom	656	647	654
Sotelma	4,669	4,584	4,651
Moov subsidiaries	1,243	1,211	1,229
Casanet	5	5	5
Moov Africa Chad		780	801
Total net	**8,548**	**9,201**	**9,315**

* : Discounted Cash Flows

Goodwill variation table

(in MAD million)	Beginning of period	Impairment	Translation adjustment	Reclassification	Change in scope of consolidation	End of period
2018	**8,695**	**0**	**-147**	**0**	**0**	**8,548**
Mauritel	136		0			136
Onatel	1,838					1,838
Gabon Telecom	668		-12			656
Sotelma	4,776		-107			4,669
Casanet	5					5
Moov subsidiaries	1,271		-28			1,243
2019	**8,548**	**0**	**-129**	**0**	**782**	**9,201**
Mauritel	136		0			136
Onatel	1,838					1,838
Gabon Telecom	656		-9			647
Sotelma	4,669		-86			4,584
Casanet	5					5
Moov subsidiaries	1,243		-23		-9	1,211
Millicom Chad			-11		791	780
2020	**9,201**	**0**	**104**	**10**	**0**	**9,315**
Mauritel	136	-	0			136
Onatel	1,838					1,838
Gabon Telecom	647		7			654
Sotelma	4,584		68			4,651
Casanet	5					5
Moov subsidiaries	1,211		18			1,229
Moov Africa Chad	780		12	10		801

NOTE 4. OTHER INTANGIBLE ASSETS

(in MAD million)	2018	2019	2020
Software	1,508	1,442	1,093
Telecom license	4,554	5,682	5,344
Other intangible assets	1,618	1,685	1,683
Net total	**7,681**	**8,808**	**8,120**

The “telecom licenses” item includes the following licenses.

- The 2G licenses of ITISSALAT AL-MAGHRIB SA, Mauritel, Moov Africa Togo, Moov Africa Niger and Moov Africa Chad;
- The 3G licenses of ITISSALAT AL-MAGHRIB SA, Mauritel, Moov Africa Togo, Moov Africa Niger and Moov Africa Chad;
- The global Mobile licenses of Gabon Telecom, Moov Africa Benin and Moov Africa Central African Republic;
- The global licenses of Onatel, Sotelma and AT Côte d’Ivoire;
- The 4G licenses of ITISSALAT AL-MAGHRIB SA, Mauritel, Sotelma, Moov Africa Togo and Moov Africa Chad.

"Other intangible non-current assets" primarily includes patents, trademarks, and assets reflecting business combinations such as customer bases identified when measuring the goodwill of acquired subsidiaries.

2020

(in MAD million)	2019	Acquisitions and additions	Disposals and withdrawals	Translation adjustment	Change in scope of consolidation	Reclassification	2020
Gross	**25,387**	**687**	**-673**	**166**	**0**	**-35**	**25,532**
Software	9,222	287	-667	42		-46	8,838
Telecom license	9,882	124		110		0	10,116
Other intangible assets	6,283	276	-6	14		10	6,578
Amortization and impairment	**-16,578**	**-1,415**	**672**	**-92**	**0**	**2**	**-17,412**
Software	-7,780	-620	666	-28		18	-7,745
Telecom license	-4,200	-500		-52		-19	-4,772
Other intangible assets	-4,598	-295	6	-11		3	-4,895
Net total	**8,808**	**-728**	**-1**	**74**	**0**	**-33**	**8,120**

Intangible assets recorded a gross increase of MAD 687 million relating to new acquisitions, detailed as follows :

- Investments in software amounting to MAD 287 million.
- Investments in patents and trademarks amounting to MAD 187 million in Morocco.
- Investments in telecom licenses amounting to MAD 124 million.

2019

(in MAD million)	2018	Acquisitions and additions	Disposals and withdrawals	Translation adjustment	Change in scope of consolidation	Reclassification	2019
Gross	**22,752**	**2,324**	**-4**	**-236**	**644**	**-94**	**25,387**
Software	8,662	668	-4	-74	89	-119	9,222
Telecom license	8,165	1,316		-144	543	2	9,882
Other intangible assets	5,925	340		-18	12	23	6,283
Amortization and impairment	**-15,071**	**-1,382**	**3**	**134**	**-270**	**7**	**-16,578**
Software	-7,154	-624	3	54	-66	7	-7,780
Telecom license	-3,610	-447		66	-199	-10	-4,200
Other intangible assets	-4,307	-311		14	-5	10	-4,598
Net total	**7,681**	**942**	**0**	**-102**	**374**	**-86**	**8,808**

2018

(in MAD million)	2017	Acquisitions and additions	Disposals and	Translation adjustment	Change in scope of	Reclassification	2018
Gross	**21,574**	**1,628**	**-150**	**-244**	**0**	**-57**	**22,752**
Software	8,478	486	-147	-75		-80	8,662
Telecom license	7,588	719		-149		6	8,165
Other intangible assets	5,507	423	-3	-20		17	5,925
Amortization and impairment	**-14,089**	**-1,286**	**148**	**126**	**0**	**29**	**-15,071**
Software	-6,804	-562	146	52		14	-7,154
Telecom license	-3,299	-382		71		0	-3,610
Other intangible assets	-3,985	-342	2	4		15	-4,307
Net total	**7,485**	**342**	**-2**	**-118**	**0**	**-27**	**7,681**

The reclassification column concerns transfers between line items of intangible assets.

NOTE 5. PROPERTY, PLANT, AND EQUIPMENT

(in MAD million)	2018	2019	2020
Land	1,593	1,637	1,659
Buildings	2,982	3,041	3,020
Technical installations, machinery and equipment	25,542	25,321	22,659
Transportation, equipment	319	279	242
Office equipment, furniture, and fittings	617	634	627
Other property, plant, and equipment	248	125	111
Net total	**31,301**	**31,037**	**28,319**

The “Other property, plant, and equipment” item mainly includes advances and deposits for property, plant and equipment orders.

2020

(in MAD million)	2019	Acquisitions & dotations	Disposals and withdrawals	Translation adjustment	Change in scope of consolidation	Reclassification	Assets held for sale	2020
Gross	**113,637**	**2,761**	**-1,147**	**483**	**0**	**23**	**0**	**115,758**
Land	1,663	14		9		1		1,686
Buildings	9,393	253	-5	15		17		9,671
Technical plant, machinery and equipment	95,601	2,186	-1,078	429		114		97,252
Transportation, equipment	781	8	-35	6		0		760
Office equipment furniture and fittings	5,948	164	-27	22		34		6,141
Other property, plant, and equipment	252	137	-2	4		-143		248
Depreciation and impairment	**-82,600**	**-5,613**	**1,142**	**-349**	**0**	**-19**	**0**	**-87,439**
Land	-26	-2		1				-27
Buildings	-6,352	-293	5	-12		1		-6,651
Technical plant, machinery, and equipment	-70,280	-5,066	1,072	-311		-9		-74,593
Transportation equipment	-502	-45	35	-5		0		-517
Office equipment, furniture, and fittings	-5,313	-199	26	-19		-9		-5,514
Other property, plant, and equipment	-127	-9	3	-2		-2		-137
Net total	**31,037**	**-2,852**	**-4**	**134**	**0**	**4**	**0**	**28,319**

Acquisitions of property, plant and equipment amounted to MAD 2,761 million, mainly due to investments made in network infrastructure in 2020, as follows

- MAD1,192 million in Morocco ;
- MAD1,569 million in subsidiaries.

2019

(in MAD million)	2018	Acquisitions & dotations	Disposals and withdrawals	Translation adjustment	Change in scope of consolidation	Reclassification	Assets held for sale	2019
Gross	**107,145**	**4,464**	**-84**	**-816**	**3,024**	**-96**	**0**	**113,637**
Land	1,619	21	-17	-14	55	0		1,663
Buildings	9,008	264		-31	105	46		9,393
Technical plant, machinery and equipment	89,605	3,917	-53	-727	2,652	207		95,601
Transportation, equipment	792	22	-14	-10	57	-66		781
Office equipment furniture and fittings	5,720	194	0	-28	149	-87		5,948
Other property, plant, and equipment	401	46		-7	7	-196		252
Depreciation and impairment	**-75,843**	**-5,637**	**83**	**557**	**-1,921**	**161**	**0**	**-82,600**
Land	-26	-2		1				-26
Buildings	-6,027	-306	17	24	-32	-28		-6,352
Technical plant, machinery, and equipment	-64,062	-5,046	53	496	-1,729	9		-70,280
Transportation equipment	-473	-59	14	8	-48	56		-502
Office equipment, furniture, and fittings	-5,103	-219	0	25	-112	95		-5,313
Other property, plant, and equipment	-152	-6		3		29		-127
Net total	**31,301**	**-1,173**	**0**	**-260**	**1,104**	**65**	**0**	**31,037**

2018

(in MAD million)	2017	Acquisitions & dotations	Disposals and withdrawals	Translation adjustment	Change in scope of consolidation	Reclassification	Assets held for sale	2018
Gross	**103,303**	**5,015**	**-341**	**-840**	**0**	**7**	**0**	**107,145**
Land	1,631	13	-9	-15		-1		1,619
Buildings	8,650	401	-3	-31		-9		9,008
Technical plant, machinery and equipment	86,534	3,985	-308	-745		138		89,605
Transportation, equipment	549	273	-19	-10		0		792
Office equipment furniture and fittings	5,604	193	-2	-31		-44		5,720
Other property, plant, and equipment	336	150	-1	-8		-77		401
Depreciation and impairment	**-71,213**	**-5,572**	**354**	**568**	**0**	**20**	**0**	**-75,843**
Land	-24	-2		0		0		-26
Buildings	-5,774	-281	3	26		0		-6,027
Technical plant, machinery, and equipment	-59,922	-4,963	330	503		-11		-64,062
Transportation equipment	-457	-51	19	8		7		-473
Office equipment, furniture, and fittings	-4,892	-264	2	27		24		-5,103
Other property, plant, and equipment	-144	-12	0	3		0		-152
Net total	**32,090**	**-557**	**13**	**-272**	**0**	**28**	**0**	**31,301**

NOTE 6. INVESTMENTS IN EQUITY AFFILIATES

No equity interest was accounted for by the equity method in 2018, 2019 and 2020.

NOTE 7. NONCURRENT FINANCIAL ASSETS

(in MAD million)	Note	2018	2019	2020
Unconsolidated investments	7.1	73	87	87
Other financial assets		226	383	567
Net total		**299**	**470**	**654**

At December 31, 2020, other long-term investments mainly comprised:

- MAD 483 million in guarantee deposits for the mobile money business at the Moov Africa Togo, Moov Africa Benin, Moov Africa Central African Republic and Moov Africa Chad subsidiaries;
- MAD 50 million in cash blocked for borrowings at Moov Africa Togo and Sotelma;
- loans granted for an amount of MAD 34 million.

At December 31, 2020, the maturities of other financial assets were as follows :

(in MAD million)	Note	2018	2019	2020
Due in less than 12 months		168	244	437
Due in 1 to 5 years		57	105	95
Due in more than 5 years		0	33	35
Net total		**226**	**383**	**567**

7.1 Unconsolidated interests

2020

(in MAD million)	Percentage held	Gross value	Impairment	Carrying amount
Arabsat	NS	12		**12**
Autoroute du Maroc	NS	20	4	**16**
Thuraya	NS	10	8	**2**
Médi1 TV	8%	169	161	**9**
RASCOM	9%	45	35	**11**
Sonatel	NS	7		**7**
CMTL	25%	6	6	**0**
INMARSAT	NS	12	12	**0**
IMT/GIE	20%	0		**0**
MT Fly	100%	20	20	**0**
Hôtels de la Gare	NS	1	1	**0**
MT CASH	100%	20		**20**
Incubateur numérique Gabon	5%	0		**0**
Moov Money	100%	10		**10**
Total		**333**	**246**	**87**

In 2020, the share of non-consolidated companies in gross value is up 4% mainly due to the increase in the gross value of MT Cash and Moov Money in which Maroc Telecom holds 100% of the shares.

2019

(in MAD million)	Percentage held	Gross value	Impairment	Carrying amount
Arabsat	NS	12		**12**
Autoroute du Maroc	NS	20	4	**16**
Thuraya	NS	10	8	**2**
Médi1 TV	8%	169	147	**23**
RASCOM	9%	45	34	**10**
Sonatel	NS	8		**8**
CMTL	25%	6	6	**0**
INMARSAT	NS	12	12	**0**
IMT/GIE	20%	1		**1**
MT Fly	100%	20	20	**0**
Hôtels de la Gare	NS	1	1	**0**
MT CASH	100%	10		**10**
Incubateur numérique Gabon	5%	0		**0**
Moov Money	100%	5		**5**
Total		**319**	**231**	**87**

2018

(in MAD million)	Percentage held	Gross value	Impairment	Carrying amount
Arabsat	NS	12		**12**
Autoroute du Maroc	NS	20	4	**16**
Thuraya	NS	10	8	**2**
Fond d'amorçage Sindibad	10%	5	5	**0**
Médi1 TV	8%	169	147	**23**
RASCOM	9%	46	35	**11**
Sonatel	NS	9		**9**
CMTL	25%	6	6	**0**
INMARSAT	NS	12	12	**0**
IMT/GIE	20%	1		**1**
MT Fly	100%	20	20	**0**
Hôtels de la GARE	NS	1	1	**0**
Total		**310**	**237**	**73**

NOTE 8. CHANGE IN DEFERRED TAXES

8.1 Net position

(in MAD million)	2018	2019	2020
Assets	224	339	580
Liabilities	246	258	45
Net position	**-23**	**81**	**534**

8.2 Change in deferred taxes

2020

(in MAD million)	2019	Charge to profit or loss	Impact on shareholders' equity	Change in scope of consolidation	Reclassifications	Translation adjustment	2020
Assets	339	372	2		-138	6	580
Liabilities	258	11	0		-224	0	45
Net position	**81**	**361**	**1**	**0**	**86**	**5**	**534**

Deferred tax assets varied by MAD 241 million while deferred tax liabilities decreased by MAD 212 million compared to 2019, mainly through reclassifications.

The change in the amount of deferred tax assets recognized in the income statement is 372 million and is mainly due to the recognition of the Covid-19 donation expense.

2019

(in MAD million)	2018	Charge to profit or loss	Impact on shareholders' equity	Change in scope of consolidation	Reclassifications	Translation adjustment	2019
Assets	224	64	-14	18	51	-5	339
Liabilities	246	4	2	7	-1	-1	258
Net position	**-23**	**60**	**-15**	**10**	**52**	**-4**	**81**

2018

(in MAD million)	2017	Charge to profit or loss	Impact on shareholders' equity	Change in scope of consolidation	Reclassifications	Translation adjustment	2018
Assets	273	-25	-28		9	-5	224
Liabilities	244	15	-1		-11	-1	246
Net position	**29**	**-39**	**-27**	**0**	**19**	**-5**	**-23**

Components of deferred taxes

(in MAD million)	2018	2019	2020
Impairment deductible in later period	55	55	55
Restatement (IFRS) of revenues	-21	-19	-26
Deferred losses	62	62	62
Other	-119	-17	443
Net position	**-23**	**81**	**534**

NOTE 9. INVENTORIES

(in MAD million)	2018	2019	2020
Inventories	530	498	419
Impairment (-)	-182	-177	-148
Net total	**348**	**321**	**271**

Gross inventories at December 31, 2020 mainly comprise inventories in Morocco, including :

- MAD 102 million in inventories;
- MAD 71 million of inventories of consumable materials and supplies.

The breakdown of inventories at the level of subsidiaries follows the same trend as that of Maroc Telecom.
Changes in inventories are recorded under purchases consumed.
Impairment of inventories is recorded under "Net depreciation, impairment and provisions".

NOTE 10. TRADE ACCOUNTS RECEIVABLE AND OTHER

(in MAD million)	2018	2019	2020
Trade receivables and related accounts	8,534	8,112	8,263
Other receivables and accruals	3,305	3,268	3,553
Net total	**11,839**	**11,380**	**11,816**

10.1 Trade receivables and related accounts

(in MAD million)	2018	2019	2020
Trade receivables	14,882	14,422	15,020
Gouvernment receivables	1,391	1,480	1,338
Depreciation of trade receivables (-)	-7,739	-7,790	-8,095
Net total	**8,534**	**8,112**	**8,263**

Net trade receivables are down compared to 2019.

10.2 Other receivables and accruals

(in MAD million)	2018	2019	2020
Trade receivables, advances, and deposits	464	186	211
Employee receivables	59	79	82
Tax receivables	1,064	1,371	1,558
Other receivables	1,298	1,282	1,383
Accruals	419	351	319
Net total	**3,305**	**3,268**	**3,553**

The "tax receivables" item mainly represents VAT and corporate income tax receivables.

In 2020, the balance of tax receivables amounts to MAD 1,558 million (compared to MAD 1,371 million in 2019), an increase of 14%. This is essentially the recoverable VAT which increased by MAD 78 million. The increase in advances and deposits is recorded in the international subsidiaries in particular.

NOTE 11. SHORT-TERM FINANCIAL ASSETS

(in MAD million)	2018	2019	2020
Term deposit > 90 days			
Escrow account	138	126	130
Marketable securities			
Other short-term financial assets		3	
Net total	**138**	**128**	**130**

Maroc Telecom commissioned Rothschild Martin Maurel to execute a liquidity contract on the Paris stock exchange and a share price adjustment agreement on the Casablanca stock exchange to maintain the liquidity of its stock.

NOTE 12. CASH AND CASH EQUIVALENTS

(in MAD million)	2018	2019	2020
Cash	1,664	1,479	2,644
Cash equivalents	35	4	47
Cash and cash equivalents	**1,700**	**1,483**	**2,690**

Cash and cash equivalents increased by MAD 1,207 million. This change is in line with the increase in borrowings and bank overdrafts compared to 2019 and comes mainly from the international segment.

Change in cash and cash equivalents

(in MAD million)	2018	2019	2020
Net cash from operating activities	14,520	15,281	11,088
Net cash used in investing activities	-8,369	-8,819	-4,219
Net cash used in financing activities	-6,501	-6,744	-5,600
Foreign-currency translation adjustments	40	65	-61
Change in cash and cash equivalents	**-310**	**-217**	**1,207**
Cash and cash equivalents at beginning of period	2,010	1,700	1,483
Cash and cash equivalents at end of period	1,700	1,483	2,690
Change in cash and cash equivalents	**-310**	**-217**	**1,207**

The increase in cash and cash equivalents is due to the general decline in investment and financing cash disbursements as well as a decrease in net cash from operating activities. Indeed, the Group has adapted its investment projects to the global pandemic context.

Net cash from operating activities

In 2020, net cash from operating activities amounted to MAD 11,088 million, down MAD 4,193 million compared with 2019. This change is consistent with the impact of the Covid-19 global pandemic on the flows generated by the business.

Net cash used in investing activities

Net cash used in investing activities amounted to MAD -4,219 million, a decrease of MAD 4,600 million compared with 2019. This change is explained by the adjustment of investment projects to the global pandemic context as well as the optimization of these expenses in fiscal year 2020.

Net cash used in financing activities

This cash flow is mainly due to dividend payments to shareholders for MAD 5,725 million and debt servicing disbursements of MAD 2,687 million. The main cash inflows during the period were MAD 2,307 million in borrowings contracted with banks and MAD 1,128 million in overdraft facilities dedicated to the financing of current operations.

NOTE 13. DIVIDENDS

13.1 Dividends

(in MAD million)	2018	2019	2020
Dividends paid by subsidiaries to their noncontrolling interests			
Total (a)	**807**	**857**	**855**
Dividends paid by Maroc Telecom to its shareholders			
-Kingdom of Morocco	1,709	1,801	1,071
-Société de Participation dans les Télécommunications (SPT)	3,019	3,182	2,581
-Other	968	1,020	1,217
Total (b)	**5,696**	**6,003**	**4,870**
Total dividends paid (a)+(b)	**6,503**	**6,860**	**5,725**

13.2 Dividends allocated in fiscal year 2020

Dividends distributed by Maroc Telecom and its subsidiaries to their shareholders decreased by 17% compared to 2019 under the impact of the MAD3.3 billion penalty recognized in the 2019 financial statements.

NOTE 14. PROVISIONS

Provisions for contingencies and losses are analyzed as follows :

(in MAD million)	2018	2019	2020
Noncurrent provisions	**464**	**504**	**521**
Provisions for life annuities	16	15	15
Provisions for termination benefits	389	345	373
Provisions for disputes with third parties	38	123	113
Other provisions	21	20	20
Current provisions	**1,325**	**4,634**	**1,247**
Provisions for voluntary redundancy plan	-	-	-
Provisions for employee-related expenses	-	-	-
Provisions for disputes with third parties	1,268	4,596	1,209
Other provisions	57	37	38
Total	**1,789**	**5,137**	**1,768**

“Non-current provisions" mainly include provisions for retirement indemnities, provisions for disputes with third parties, provisions for life annuities and non-current tax provisions.

“Current provisions" mainly include provisions for litigation with third parties and current tax provisions.

2020

(in MAD million)	2019	charges	Used	change in scope of consolidation	Translation adjustment	Reversals	Reclassification	2020
Noncurrent provisions	**504**	**28**	**-94**	**-**	**5**	**-**	**78**	**521**
Provisions for life annuities	15							15
Provisions for termination benefits	345	17	-19		3		28	373
Provisions for disputes with third parties	123	3	-65		2		50	113
Other provisions	20	9	-10		0		0	20
Current provisions	**4,634**	**468**	**-3924**	**-**	**8**	**-**	**62**	**1,247**
Provisions for voluntary redundancy plan	-							-
Provisions for employee-related expenses	-							-
Provisions for disputes with third parties	4,596	468	-3924		7		62	1,209
Other provisions	37				1			38
Total	**5,137**	**496**	**-4018**	**-**	**13**	**-**	**140**	**1,768**

Overall, the decrease in provisions between 2019 and 2020 is induced by the reversal of the MAD 3.3 billion penalty provision applied by the regulator in 2019 which was recorded as an expense in fiscal year 2020.

2019

(in MAD million)	2018	charges	Used	change in scope of consolidation	Translation adjustment	Reversals	Reclassification	2019
Noncurrent provisions	**464**	**108**	**-28**	**39**	**-10**	**0**	**-70**	**504**
Provisions for life annuities	16						-1	15
Provisions for termination benefits	389	13	0	6	-8		-55	345
Provisions for disputes with third parties	38	87	-20	34	-1		-15	123
Other provisions	21	8	-9		0			20
Current provisions	**1,325**	**3574**	**-498**	**241**	**-12**	**0**	**4**	**4,634**
Provisions for voluntary redundancy plan								0
Provisions for employee-related expenses								0
Provisions for disputes with third parties	1,268	3574	-416	241	-11		-59	4,596
Other provisions	57		-82		-1		63	37
Total	**1,789**	**3683**	**-527**	**280**	**-22**	**0**	**-66**	**5,137**

2018

(in MAD million)	2017	charges	Used	change in scope of consolidation	Translation adjustment	Reversals	Reclassification	2018
Noncurrent provisions	**570**	**57**	**-113**	**0**	**-11**	**-13**	**-26**	**464**
Provisions for life annuities	17		-1					16
Provisions for termination benefits	428	46	-59		-9		-17	389
Provisions for disputes with third parties	94	11	-53		-1	-11	-1	38
Other provisions	32				-1	-2	-8	21
Current provisions	**838**	**813**	**-266**	**0**	**-10**	**-53**	**4**	**1,325**
Provisions for voluntary redundancy plan	0							0
Provisions for employee-related expenses	0							0
Provisions for disputes with third parties	834	759	-266		-9	-53	4	1268
Other provisions	4	54			-1			57
Total	**1,408**	**870**	**-379**	**0**	**-20**	**-67**	**-22**	**1,789**

NOTE 15. BORROWINGS AND OTHER FINANCIAL LIABILITIES

15.1. Net cash position

(in MAD million)	2018	2019	2020
Bank loans due in more than one year	3,475	2,935	3,553
Lease obligation at more than 1 year		1,244	1,195
Bank loans due in less than one year	2,748	2,559	2,352
Lease obligation at less than 1 year		408	444
Bank overdrafts	9,381	11,780	12,816
Borrowing and other financial liabilities	**15,605**	**18,926**	**20,360**
Cash and cash equivalents	1,700	1,483	2,690
Cash held in escrow for repayment of bank loans	34	94	50
Net cash position	**-13,872**	**-17,349**	**-17,619**

(in MAD million)	2018	2019	2020
Outstanding debt and accrued interest (a)	15 605	18 926	20 360
Cash assets (b)	1 733	1 577	2 741
Net cash position (b)-(a)	**-13 872**	**-17 349**	**-17 619**

The Group's financial debt increased by 8% compared to 2019. This change is explained by :

- The MAD 1,283 million increase in subsidiaries' debts, mainly to finance investments and licenses;
- The increase in the IFRS16 rental obligation for MAD90 million;
- The increase in bank overdrafts for MAD 1,344 million;
- The repayment of financial debts for MAD 1,283 million.

15.2. Net cash by maturity

The breakdown by maturity is based on the repayment terms and conditions of the borrowings:

2020

(in MAD million)	< 1 an	1 à 5 ans	> 5 ans	Total
Bank loans	2,352	3,129	424	5,905
Lease obligation	444	952	243	1,639
Bank overdrafts	12,816			12,816
Borrowing and other financial liabilities	**15,612**	**4,081**	**667**	**20,360**
Cash and cash equivalents	2,690			2,690
Cash held in escrow for repayment of bank loans	50			50
Net cash position	**-12,871**	**-4,081**	**-667**	**-17,619**

2019

(in MAD million)	<1 year	1-5 years	>5 years	Total
Bank loans	2,560	2,469	465	5,494
Lease obligation	408	1,151	93	1,652
Bank overdrafts	11,780			11,780
Borrowing and other financial liabilities	**14,748**	**3,620**	**558**	**18,926**
Cash and cash equivalents	1,483			1,483
Cash held in escrow for repayment of bank loans	94			94
Net cash position	**-13,171**	**-3,620**	**-558**	**-17,349**

2018

(in MAD million)	<1 year	1-5 years	>5 years	Total
Bank loans	2,748	3,433	43	6,223
Lease obligation				
Bank overdrafts	9,381			9,381
Borrowing and other financial liabilities	**12,129**	**3,433**	**43**	**15,605**
Cash and cash equivalents	1,700			1,700
Cash held in escrow for repayment of bank loans	34			34
Net cash position	**-10,396**	**-3,433**	**-43**	**-13,872**

15.3 Statement of analysis

Company	loan (In MAD millions)	Currency	Maturity	2018	2019	2020
Maroc Telecom	Loan ETISALAT	EUR	January-19	728		
Maroc Telecom	Loan ETISALAT	USD	November-19	1,979		
Maroc Telecom	Banks, overdrafts IAM	MAD	December-19	8,118	10,404	11,243
Maroc Telecom	IFRS 16	MAD			901	835
Mauritel	Leasing contracts ZTE 12 site solaire	USD	August-19	5	0	
Mauritel	Loan 4G	MRO	-	0	0	98
Mauritel	Loan QNB	MRO	July-19	28	0	
Mauritel	overdraft Mauritel	MRO	-	49	31	18
Mauritel	IFRS 16	MRO			38	33
Onatel	CREDIT SPOT BICIA B ONATEL	FCFA	30-avr.-21	84	125	100
Onatel	CREDIT SPOT SGBF ONATEL	FCFA	March-19	7	0	0
Onatel	CREDIT SPOT SGBF ONATEL	FCFA	April-19	80	0	0
Onatel	CREDIT SPOT CBAO ONATEL	FCFA	September-21	53	0	68
Onatel	CREDIT SPOT ORABANK ONATEL	FCFA	30-avr.-21	20	25	20
Onatel	CREDIT SPOT BICIA B ONATEL 2	FCFA	April-19	45	0	0
Onatel	CREDIT SPOT WBI ONATEL	FCFA	May-21		45	19
Onatel	CREDIT SPOT UAB ONATEL	FCFA	May-21		45	70
Onatel	Loan BICIA 2016	FCFA	août-22	68	50	34
Onatel	Loan CBAO 2015	FCFA	May-21	42	25	8
Onatel	Loan SGBB 2015	FCFA	May-21	42	25	8
Onatel	Loan ORABANK 2019 LTN	FCFA	September-26	0	83	79
Onatel	Loan SGBF 2019 LTN	FCFA	March-26	0	166	155
Onatel	loan BABF N°E565978/1 2019 LTN	FCFA	March-26	0	333	310
Onatel	loan BABF N°E593684/1 2019 LTN	FCFA	March-26	0	125	116
Onatel	loan BABF N°A162934/1 2019 LTN	FCFA	March-26	0	125	116
Onatel	loan BABF N°E599998/1 2019 LTN	FCFA	March-26	0	83	78
Onatel	loan CBAO BURKINA 2019 LTN	FCFA	March-26	0	150	139
Onatel	loan CBAO BENIN 2019 LTN	FCFA	March-26	0	33	31
Onatel	loan CBAO NIGER 2019 LTN	FCFA	March-26	0	33	31
Onatel	loan CBAO SENEGAL 2019 LTN	FCFA	March-26	0	117	108
Onatel	Banks, overdrafts Onatel	FCFA	December-19	32	40	0
Onatel	IFRS 16	FCFA			42	58
Gabon Télécom	loan AFD	FCFA	December-20	2	2	2
Gabon Télécom	loan UGB (CMT 1)	FCFA	December-20	359	182	0
Gabon Télécom	loan UGB (CMT 2)	FCFA	July-21	200	125	48
Gabon Télécom	loan UGB (CMT 3)	FCFA	May-22			184
Gabon Télécom	Banks, overdrafts GT	FCFA	December-21	35	305	259
Gabon Télécom	IFRS 16	FCFA			49	57
Sotelma	loan DGDP/CFD OP	FCFA	April-20	0	0	
Sotelma	loan BIM 58 Milliards	FCFA	April-19	293		
Sotelma	loan BIM 10 Milliards	FCFA	oct.-19	97		
Sotelma	loan BIM 10 Milliards	FCFA	June-22			128
Sotelma	loan DGDP/RASCOM	USD		9	9	9
Sotelma	loan BAM 7,5 Milliards	FCFA	févr.-23		103	75
Sotelma	loan BAM 5,5 Milliards	FCFA	févr.-23		81	58
Sotelma	loan BIM 6 Milliards	FCFA	nov.-21		100	52
Sotelma	loan BDM 10 Milliards	FCFA	August-21		145	65
Sotelma	loan ECO 14 Milliards	FCFA	September-21		202	88
Sotelma	loan ECO 10 Milliards	FCFA	August-22			148
Sotelma	loan BAM 13 Milliards	FCFA	December-19	219	0	
Sotelma	IFRS 16	FCFA			38	40
Sotelma	Banks, overdrafts Sotelma	FCFA	-	272	289	260
Casanet	IFRS 16	MAD			2	3
Moov CDI	loan SIB	EUR	January-27	209	268	354
Moov CDI	BANQUE ATLANTIQUE COTE D'IVOIRE	FCFA	April-23	417	524	935
Moov CDI	SIB ICNE	EUR	January-24	3	26	49
Moov CDI	BOA	FCFA	June-20	117	115	
Moov CDI	ECOBANK	FCFA	June-20	50	131	83
Moov CDI	Banks, overdrafts Moov CDI	FCFA	January-21	200	121	258
Moov CDI	IFRS 16	FCFA			343	404
Moov Africa Bénin	CORIS BANK	FCFA				333
Moov Africa Bénin	loans BABE	FCFA	January-19	19	0	
Moov Africa Bénin	loan CAA pour construction câble ACE	FCFA	April-20	22	18	16
Moov Africa Bénin	overdrafts bancaires Moov Bénin	FCFA	January-19	104	151	297
Moov Africa Bénin	IFRS 16	FCFA			53	73
Moov Africa Togo	loan ECOBANK	FCFA	December-24	156	98	0
Moov Africa Togo	BANQUE ATLANTIQUE TOGO	FCFA	June-24	177	236	150
Moov Africa Togo	ORABANK TOGO	FCFA	June-27			108
Moov Africa Togo	CREDIT DE TRESORERIE BOA	FCFA	September-19	43	0	
Moov Africa Togo	BIA TOGO	FCFA	June-23	250	219	164
Moov Africa Togo	Banks, overdrafts Togo	FCFA	December-21	263	278	286
Moov Africa Togo	IFRS 16	FCFA			18	15
Moov Africa Niger	CMT BOA	FCFA	March-22	87	63	
Moov Africa Niger	overdraft Eco DEP	FCFA	December-21	11	18	43
Moov Africa Niger	overdraft CBAO	FCFA	December-21	21	37	38
Moov Africa Niger	overdraft BAN	FCFA	December-21	53	65	47
Moov Africa Niger	loan CBAO 1	FCFA	April-20	7	4	
Moov Africa Niger	loan CBAO 2	FCFA	May-20	11	5	
Moov Africa Niger	loan CBAO 3	FCFA	September-20	15	15	1
Moov Africa Niger	CMT BAN 6,5	FCFA	October-28	183	127	108
Moov Africa Niger	CMT BOA 15 Mds	FCFA			23	
Moov Africa Niger	CMT 13 Mds	FCFA	November-29		19	212
Moov Africa Niger	CMT BAN 5MDS	FCFA	December-22		40	47
Moov Africa Niger	CMT BOA 15 MDF	FCFA	December-27		223	249
Moov Africa Niger	CMT BOA 7MDF	FCFA	March-22			52
Moov Africa Niger	CMT BOA 1.9MDF	FCFA	June-25			30
Moov Africa Niger	CMT BIA 2.176 MDF	FCFA	November-25			35
Moov Africa Niger	CMT BIA 1698 MDF	FCFA	October-22			28
Moov Africa Niger	CMT BIA 566 MDF	FCFA	October-22			9
Moov Africa Niger	CMT BIA 736 MDF	FCFA	October-22			12
Moov Africa Niger	loan CBAO 13 MDFCA	FCFA	November-29		194	
Moov Africa Niger	overdraft BOA	FCFA	December-21	3	17	1
Moov Africa Niger	overdraft ORABANK	FCFA	December-21	217	17	29
Moov Africa Niger	overdraft coris bank	FCFA	December-21			21
Moov Africa Niger	overdraft HBANK	FCFA	December-21			12
Moov Africa Niger	Crédit trésorerie	FCFA				5
Moov Africa Niger	IFRS 16	FCFA			97	57
Moov Africa Centrafrique	BANQUE POPULAIRE MAROCO	FCFA	September-22	39	32	34
Moov Africa Centrafrique	POOL BPMC-CBCA	FCFA	March-22	56	48	52
Moov Africa Centrafrique	loan DPA ERICSSON	USD	January-20	2	2	
Moov Africa Centrafrique	Banks, overdrafts RCA	FCFA	-	3	8	4
Moov Africa Tchad	IFC	FCFA	August-19		526	391
Moov Africa Tchad	IFRS 16	FCFA			73	64
Total loans et autres passifs financiers				**15,605**	**18,926**	**20,360**

NOTE 16. TRADE ACCOUNTS PAYABLE

(in MAD million)	2018	2019	2020
Trade payables and related accounts	14,442	13,807	12,757
Accruals	2,798	2,860	3,274
Other payables	6,855	7,127	7,976
Total	**24,095**	**23,794**	**24,007**

Trade payables and related accounts include amounts due for the acquisition of fixed assets and trade receivables – advances and deposits on orders in progress.

In 2020, operating debts are slightly lower. Other operating liabilities mainly comprise tax liabilities (excluding corporate income tax) for MAD4,538 million.

NOTE 17. REVENUES

(in MAD million)	2018	2019	2020
Morocco	21,414	21,690	20,881
International	16,041	16,095	16,883
Elimination of transactions between the parent company and subsidiaries	-1,423	-1,268	-995
Total consolidated revenues	**36,032**	**36,517**	**36,769**

At the end of December 2020, Maroc Telecom group consolidated revenues totaled MAD36,769 million, up 0.7% compared with the end of December 2019. The group's growth was driven by the increase in revenues subsidiaries.

NOTE 18. COST OF SALES

(in MAD million)	2018	2019	2020
Cost of handsets	683	622	628
Domestic and international interconnection charges	4,040	3,550	3,202
Other cost of sales	1,287	1,499	1,586
Total	**6,011**	**5,670**	**5,416**

The cost of purchasing terminals comes mainly from Morocco.

Domestic and international interconnection charges are down in the Morocco segment.

Other purchases" refers to energy purchases (fuel and electricity) and top-up cards..

NOTE 19. PAYROLL COSTS

(in MAD million)	2018	2019	2020
Wages	2,472	2,617	2,511
Payroll taxes	419	481	495
Wages and taxes	**2,891**	**3,098**	**3,005**
Payroll costs	**2,891**	**3,098**	**3,005**
Average headcount (in number of employees)	**10,714**	**10,606**	**10,242**

This item includes the payroll costs for the fiscal year (wages, payroll taxes, training costs) but excludes employee severance plan costs, which were recognized as other operating expenses.

In 2020, the 3,0% decrease in personnel costs is closely linked to the decrease in the average number of employees in the MT Group.

NOTE 20. TAXES, DUTIES, AND FEES

(in MAD million)	2018	2019	2020
Taxes and duties	772	951	1,023
Fees	2,046	2,231	2,321
Total	**2,818**	**3,183**	**3,344**

Royalties include amounts owed to telecom market regulatory authorities in Morocco and internationally.

The overall level of taxes and fees increased by 5% between 2019 and 2020. This variation is driven by Morocco and is explained by the increase in the fee for the occupation of the public domain compared to 2019.

NOTE 21. OTHER OPERATING INCOME AND EXPENSES

(in MAD million)	2018	2019	2020
Communication	825	800	637
Commissions	1,946	2,035	2,019
Other including:	**3,151**	**2,774**	**6,089**
Rental expenses	903	429	353
Maintenance, repair, and property-service charges	1,027	1,032	1,197
Fees	850	887	879
Postage and banking service	141	136	149
Voluntary redundancy plan	11	9	
Other	219	281	3,511
Total	**5,923**	**5,610**	**8,746**

In 2020, other operating income and expenses increased due to a penalty imposed by the regulator in the amount of MAD 3.3 billion.

The decrease in rental expenses is a natural consequence of the application of IFRS 16 for the second year, while the increase in maintenance expenses is due to the pandemic context which has led the Group to further strengthen health measures.

« Other » mainly includes operating foreign exchange gains and losses, transfers of operating expenses and capital gains and losses on disposals of fixed assets.

NOTE 22. DEPRECIATION, IMPAIRMENT AND PROVISIONS

The following table sets out changes in this item for the fiscal years ended December 31, 2018, 2019, and 2020:

(in MAD million)	2018	2019	2020
Depreciation and impairment of fixed assets	6,821	7,419	7,511
Net provisions and impairment	516	3,305	-3,272
Total	**7,337**	**10,724**	**4,240**

Net amortization, impairment and provisions amounted to MAD4,240 million at the end of December 2020, compared with MAD10,724 million at the end of December 2019. This variation is due to the reversal of the provision for the regulator's penalty in Morocco amounting to MAD 3.3 billion, while it was recorded in 2019.

The acquisition of new fixed assets leads to an increase in depreciation and amortization of fixed assets of MAD 92 million between 2019 and 2020.

Depreciation and impairment of fixed assets

The following table sets out the depreciation and impairment of Maroc Telecom Group's fixed assets for the fiscal years ended December 31, 2018, 2019, and 2020:

(in MAD million)	2018	2019	2020
Other intangible assets	1,273	1,368	1,414
Building and civil engineering	281	306	295
Technical plant and pylons	4,939	5,048	5,064
Other property, plant, and equipment	328	285	252
Right to use assets		412	487
Total	**6,821**	**7,419**	**7,511**

Net charges to provisions and impairment

The following table sets out the net charges to provisions and impairment of Maroc Telecom Group for the fiscal years ended December 31, 2018, 2019, and 2020:

(in MAD million)	2018	2019	2020
Impairment of trade receivables	153	66	267
Impairment of inventories	-21	-12	-25
Impairment of other receivables	21	39	8
Provisions	363	3,213	-3,522
Net charges and reversals	**516**	**3,305**	**-3,272**

NOTE 23. INCOME FROM EQUITY AFFILIATES

No equity interest was accounted for by the equity method in 2018, 2019, or 2020.

NOTE 24. NET FINANCIAL INCOME OR EXPENSE

24.1 Borrowing costs

(in MAD million)	2018	2019	2020
Income from cash and cash equivalents	3	2	17
Interest expense on loans	-527	-681	-798
Interest expense on rental obligation		-76	-90
Net borrowing costs	**-524**	**-754**	**-871**

Cost of net debt includes interest expense on borrowings less income from cash and cash equivalents (investment income). Since January 1, 2019, following the adoption of the new IFRS 16 standard, this indicator also includes interest expense on rental obligations. Nevertheless, interest expense on borrowings represents the largest portion of the cost of net debt (90%).

Interest expense on borrowings increased by 17%. This variation is due to the increase in the Group's financial debt in support of business expansion.

24.2 Other financial income and expense

(in MAD million)	2018	2019	2020
Foreign-exchange gains and losses	64	13	-2
Other financial income (+)	149	55	80
Other financial expenses (-)	-115	-106	-52
Other financial income and expenses	**99**	**-38**	**26**

Other financial income consists mainly of interest income on loans and income from non-consolidated investments.

Other financial expenses decreased by 51% to MAD 54 million. The International segment generates 83% of the Group's financial expenses.

NOTE 25. TAX EXPENSE

Like all Moroccan corporations (sociétés anonymes), Maroc Telecom is subject to income tax.

“Income tax expense” includes current and deferred taxes.

Deferred tax reflects temporary differences between the carrying value of assets and liabilities and their tax-base value.

The following table shows Maroc Telecom Group’s payable and deferred taxes for the years ended December 31, 2018, 2019, and 2020:

(in MAD million)	2018	2019	2020
Income tax expense	3,591	3,972	3,733
Deferred tax	40	-60	-361
Provisions for tax	45	-82	
Current tax	**3,677**	**3,830**	**3,372**
Consolidated effective tax rate	**35%**	**36%**	**35%**

(in MAD million)	2018	2019	2020
Net earnings	6,938	3,598	6,289
Income tax expense	3,632	3,912	3,372
Provision for tax	45	-82	0
Pretax earnings	**10,615**	**7,428**	**9,661**
Moroccan statutory tax rate	31%	31%	31%
Theoretical income tax expense	3,291	2,303	2,995
Impact of changes in tax rate	-81	-75	-72
Other differences	467	1,602	449
Effective income tax expense	3,677	3,830	3,372

Other net differences mainly include the withholding tax of MAD 184 million and the solidarity contribution amounting to MAD 207 million.

The deferred tax rates of the Group are as follows:

Entity	The deffered tax rate
Maroc Telecom	31.0%
Casanet	31.0%
Mauritel	25.0%
Onatel	27.5%
Gabon Telecom	30.0%
Sotelma	30.0%
Atlantique Telecom Côte d'Ivoire	30.0%
Moov Africa Benin	30.0%
Moov Africa Togo	27.0%
Moov Africa Niger	30.0%
Moov Africa Centrafrique	30.0%
Moov Africa Chad	35.0%

NOTE 26. NONCONTROLLING INTERESTS

(In MAD million)	2018	2019	2020
Total noncontrolling interests	**928**	**873**	**866**

Minority interests reflect the rights of shareholders other than Maroc Telecom on the earnings of Mauritel, Onatel, Gabon Telecom, Sotelma, AT CDI and Moov Africa Togo.

NOTE 27. EARNINGS PER SHARE

27.1 Earnings per share

(in MAD million)	2018		2019		2020	
	Basic	Diluted	Basic	Diluted	Basic	Diluted
Net earnings, Group share	6,010	6,010	2,726	2,726	5,423	5,423
Adjusted net earnings, Group share	6,010	6,010	2,726	2,726	5,423	5,423
Number of shares (millions)	879	879	879	879	879	879
Earnings per share (in MAD)	6.84	6.84	3.10	3.10	6.17	6.17

27.2 Change in the number of shares

(In share number)	2018	2019	2020
Weighted average number of shares outstanding for the period	879,095,340	879,095,340	879,095,340
Adjusted weighted average number of shares outstanding for the period	879,095,340	879,095,340	879,095,340
Potential dilutive effect of financial instruments outstanding			
Number of shares including potential dilutive effect	879 095 340	879 095 340	879 095 340

NOTE 28. SEGMENT DATA

28.1 Statement of financial position: items by geographical area

2020

(in MAD million)	Morocco	International	Eliminations	Total groupe Maroc Telecom
Noncurrent assets	34,191	27,183	-12,795	48,579
Current assets	8,250	8,665	-1,955	14,960
Total assets	**42,442**	**35,848**	**-14,750**	**63,540**
Shareholders'equity	16,086	11,990	-11,387	16,688
Noncurrent liabilities	638	6,085	-1,409	5,314
Current liabilities	25,719	17,774	-1,955	41,538
Total shareholders'equity and liabilities	**42,442**	**35,848**	**-14,750**	**63,540**
Acquisitions of PP&E and intangible assets	1,467	1,982		**3,448**

2019

(in MAD million)	Morocco	International	Eliminations	Total groupe Maroc Telecom
Noncurrent assets	37,402	27,969	-13,886	51,485
Current assets	7,750	7,672	-2,057	13,365
Total assets	**45,152**	**35,641**	**-15,943**	**64,851**
Shareholders'equity	15,430	11,960	-11,387	16,003
Noncurrent liabilities	910	6,529	-2,499	4,939
Current liabilities	28,813	17,153	-2,057	43,908
Total shareholders'equity and liabilities	**45,152**	**35,642**	**-15,943**	**64,851**
Acquisitions of PP&E and intangible assets	3,022	3,766		**6,788**

2018

(in MAD million)	Morocco	International	Eliminations	Total groupe Maroc Telecom
Noncurrent assets	36,351	24,654	-12,952	48,053
Current assets	7,776	8,242	-1,939	14,078
Total assets	**44,126**	**32,896**	**-14,891**	**62,131**
Shareholders'equity	18,236	11,146	-9,892	19,490
Noncurrent liabilities	2,217	5,028	-3,060	4,185
Current liabilities	23,674	16,722	-1,939	38,456
Total shareholders'equity and liabilities	**44,126**	**32,896**	**-14,891**	**62,131**
Acquisitions of PP&E and intangible assets	2,749	3,894		**6,655**

28.2 Segment earnings by geographical area

2020

(in MAD million)	Morocco	International	Eliminations	Total groupe Maroc Telecom
Revenues	20,881	16,883	-995	**36,769**
Earnings from operations	8,499	3,520		**12,018**
Net depreciation and impairment	434	3,806		**4,240**
Voluntary redundancy plan				**-**

2019

(in MAD million)	Morocco	International	Eliminations	Total groupe Maroc Telecom
Revenues	21,690	16,095	-1,268	**36,517**
Earnings from operations	4,994	3,237	0	**8,231**
Net depreciation and impairment	7,302	3,422		**10,724**
Voluntary redundancy plan		9		**9**

2018

(in MAD million)	Morocco	International	Eliminations	Total groupe Maroc Telecom
Revenues	21,414	16,041	-1,423	**36,032**
Earnings from operations	8,294	3,237	0	**11,052**
Net depreciation and impairment	3,849	2,973		**6,821**
Voluntary redundancy plan	2	9		**11**

NOTE 29. RESTRUCTURING PROVISIONS

In 2018, 2019 and 2020, no provision for restructuring was recorded at group level.

NOTE 30. RELATED-PARTY TRANSACTIONS

30.1. Compensation of corporate officers, senior managers, and directors in 2018, 2019, and 2020

(in MAD million)	2018	2019	2020
Short-term benefits (1)	96	93	83
Termination benefits (2)	117	117	104
Total	**213**	**210**	**187**

30.2. Equity affiliates

In 2018, 2019 and 2020 no company is consolidated by the equity method.

30.3. Other related parties

In 2020, Maroc Telecom completed transactions mainly with Emirates Telecommunications Corporation, EDCH, Etihad Etisalat Company (Mobily), and other sister companies as part of its strategic cooperation with the Etisalat group. These various transactions can be summarized as follows:

2020

(in MAD million)	Etisalat	EDCH	Mobily	Others
Revenues	126	13	1	0
Expenses	25	9	1	0
Receivables	39	82	0	2
Payables	34	65	0	1

2019

(in MAD million)	Etisalat	EDCH	Mobily	Autres
Revenues	175	16	0	1
Expenses	39	12	1	1
Receivables	47	85	0	1
Payables	30	62	3	3

2018

(in MAD million)	Etisalat	EDCH	Mobily	Autres
Revenues	201	29	9	1
Expenses	61	10	2	1
Receivables	64	84	6	2
Payables	2,723	58	5	3

(1) Wages and salaries, compensation, incentives and bonuses paid, social security contributions, paid leave and nonmonetary benefits recognized

(2) Severance pay

NOTE 31. CONTRACTUAL COMMITMENTS AND CONTINGENT ASSETS AND LIABILITIES

31.1. Contractual obligations and commercial commitments recorded in the balance sheet

(in MAD million)	Total	Less than 12 months	1-5 years	>5 years
Long-term debt	**4,748**		4,081	667
Capital lease obligations	**55**	55		
Total	**4,803**	**55**	**4,081**	**667**

31.2. Other commitments given and received as part of the current activity

Commitments given

The commitments given include:

(in MAD million)	2018	2019	2020
Commitment given	**3,147**	**8,453**	**6,272**
Investment commitment	1,499	7,293	5,590
Outgoing commitments ans signature with banks	1,030	607	451
operating and financinn lease commitments	154	37	55
Sattellite rental commitments	34	46	104
Other commitments	***427***	***471***	***72***
Network maintenance contracts with Ericsson	*82*	*61*	*46*
Commitments on operating exprenses	*345*	*410*	*26*
Other commitments	***2***	***0***	***0***
Recovery of guarantees given by Etisalat on the financing of the Atlantic Subsidiaries	*2*	*0*	*0*
Forward sale commitment	*0*	*0*	*0*

Commitments received

The commitments received include:

(in MAD million)	2018	2019	2020
Commitments received	**1,327**	**1,352**	**1,286**
Guarantees and endorsements	1,327	1,352	1,286
Other commitments received	0	0	0
Forward purchase commitment	0	0	0
Commitment of the Moroccan State to contribute the assets of	0	0	0
***Investment agreement** : exemption from customs duties on imports related to investments*	0	0	0

NOTE 32. RISK MANAGEMENT

The Group is exposed to different risks of market related to its activity.

Credit risk:

Maroc Telecom minimizes its credit risk by engaging only in credit transactions with commercial banks or financial institutions with high credit ratings and by spreading transactions among the selected institutions.

Maroc Telecom's receivables do not carry a significant concentration of credit risk, given their significant dilution rate.

Currency risk:

Maroc Telecom Group is exposed to exchange rate fluctuations to the extent that inflows and outflows are in different currencies.

Maroc Telecom receives inflows in foreign currencies in the form of international operator's revenues, and makes expenditures in foreign currencies in the form of payments to international suppliers (notably, as capital expenditure and when buying terminals) and payments for interconnections with foreign operators. These outflows are mainly denominated in euros.

In Morocco, the proportion of foreign currency disbursements denominated in euros represented 80.2% of total foreign currency disbursements at December 31, 2020, which amounted to MAD 1,930 million. Disbursements in foreign currencies are lower than receipts in foreign currencies, which amounted to MAD 3,532 million in 2020.

At the international level, the portion of foreign currency disbursements denominated in US dollars represented 5.4% of total foreign currency disbursements at December 31, 2020, which amounted to MAD 721 million. These foreign currency disbursements are higher than the amount of foreign currency receipts, which totaled MAD 23.9 million in 2020.

In addition, Maroc Telecom had MAD 20,360 million in debt at December 31, 2020, compared with MAD 18,926 million at December 31, 2019, denominated mainly in Moroccan dirhams and CFA francs.

(in MAD million)	2018	2019	2020
Euro	937	268	403
Moroccan dirham	8,118	11,307	12,081
Other (mainly CFA franc)	6,550	7,352	7,876
Current debt	**15,605**	**18,926**	**20,360**

Maroc Telecom cannot offset its foreign currency disbursements and receipts, as current Moroccan regulations only allow it to retain 80% of its foreign currency telecom revenues in a foreign currency account, the remaining 20% having to be settled in dirhams. Maroc Telecom Group results may therefore be sensitive to fluctuations in exchange rates, particularly in terms of dirham, US dollars or euros.

In 2020, the Euro appreciated by 3.58% against the Dirham (from MAD 10.9028 at December 31, 2019 to MAD 11.2928 for 1 Euro at December 31, 2020). Over the same period, the US Dollar depreciated by 5.65%, from MAD 9.7312 on December 31, 2019 to MAD 9.1811 for 1 dollar on December 31, 2020. It should be noted that Bank Al Maghrib widened the MAD fluctuation band from 2.5% to 5%.

The subsidiaries whose accounting currency is the CFA Franc and the Mauritanian subsidiary whose currency is the Ouguiya, increase the Group's exposure to foreign exchange risk, in particular with respect to fluctuations in the exchange rates of the Euro and the Ouguiya against the Moroccan dirham.

However, a 1% depreciation of the Moroccan dirham against the euro would have the following limited impacts on the basis of the Group's 2020 financial statements:

- revenues = + MAD 193 million
- earnings from operations = + MAD 55 million
- net earnings, Group share = + MAD 14 million

At Maroc Telecom, assets in foreign currencies consist mainly of receivables from its subsidiaries and foreign operators. Liabilities in foreign currencies consist mainly of debts to the parent company, suppliers and operators.

Internationally, assets in foreign currencies consist mainly of receivables from foreign operators. The Group's currency liabilities are made up primarily of payables to foreign suppliers and operators.

(in MAD million)	Euro /FCFA	USD	MRO	Total foreign currencies	MAD	Balance sheet total
Total assets	33,143	257	1,672	1	28,467	63,540
Total shareholders' equity and liabilities	-20,329	-414	-1,236	-8	-41,553	-63,540
Net position	**12,814**	**-157**	**436**	**-7**	**-13,087**	**0**

The following table shows the Company's net foreign-currency positions in euros and US dollars, and the aggregate of other currencies, at December 31, 2020:

(in million)	Euro (2)	USD (2)	Other currencies (euro equivalent*) (1)
Assets	1,334	53	11
Liabilities	-270	-39	-13
Net position	1,064	15	-2
Commitments (3)			
Aggregate net position	**1,064**	**15**	**-2**

* based on 1 euro = 10.9351 dirhams the Bank-Al Maghrib average rate at Dec.31, 2020.

Liquidity risk:

Maroc Telecom believes that the cash flows generated by its operating activities, its cash position and the funds available through credit lines will be sufficient to cover the expenses and investments necessary for its operations, the servicing of its debt, the distribution of dividends and the external growth operations in progress at December 31, 2020.

Interest-risk:

Maroc Telecom group's debt is mainly at fixed rates. As the proportion of floating-rate debt is relatively low, Maroc Telecom group is not significantly exposed to favorable or unfavorable changes in interest rates.

NOTE 33. EVENTS AFTER THE END OF THE REPORTING PERIOD

33.1 Highlights:

None.

(1) Other currencies are mainly the Japanese yen (YEN), Swiss franc (CHF) and Swedish krona (SEK).

(2) The foreign-currency position in euros and in dollars is calculated by applying, to receivables and debts expressed in Special Drawing Rights (SDR) of foreign operators at December 31, 2020, the proportion per currency of inflows in 2020.

(3) For the balance of commitments owed on contracts in progress, the breakdown by currency corresponds to the actual remaining part of the contracts signed.

NOTE 34: IFRS 16 AT DECEMBER 31, 2020

34.1 Right of use:

(In millions MAD)	Carrying value	Entry of assets	Depreciation/Amortization
Land	965	105	-176
Buildings	629	134	-121
Technical facilities	731	-30	-91
Transportation equipment	232	230	-99
Office equipment			
Other assets			
Total	**2,557**	**439**	**-487**

34.2 Rental obligation:

	12/31/2020
Lease-related payments	-552

34.3 Expenses from contracts outside the scope of IFRS 16 :

	12/31/2020
Leases with term ≤12 months	352
Leases with low underlying asset value	1
Leases with variable payments	
Leases with no presumed control of occupancy right	

STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2020

Opinion

We have audited the accompanying consolidated financial statements of ITISSALAT Al MAGHRIB (IAM) S.A. and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at December 31, 2020, 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 a summary of significant accounting policies and other explanatory information. These consolidated financial statements show an amount of consolidated equity of MMAD 16 688 including a consolidated net profit of MMAD 6 289.

These statements were approved by the Management Board on January 26th, 2021 in the evolving context of the health crisis of the Covid-19 epidemic, on the basis of the information available at that date.

In our opinion, the consolidated financial statements referred to in the first paragraph above, are regular, sincere and provide in all material aspects a true and fair view of the financial position of the group comprising the persons and entities of ITISSALAT AL-MAGHRIB (IAM) S.A. at December 31st, 2020, and the financial performance and cash flows for the year then ended, in accordance with the International Financial Reporting Standards (IFRS), as adopted by the European Union.

Basis for Opinion

We conducted our audit in accordance with Moroccan auditing standards. 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 Entity in accordance with the ethical requirements that are relevant to our audit of the Consolidated Financial Statements in Morocco, 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 the current period. These matters were addressed in the context of the Consolidated Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matters	**Our Response**
Revenue recognition for telecommunication activities Revenues in the consolidated financial statements at December 31, 2020 amount to MAD 36,769 million. There is an inherent risk in the recognition of recorded revenues, given the multitude of products, the complexity of information systems and the impact of changes in pricing models (pricing structures, incentive systems, rebates, etc.). The application of revenue recognition accounting standards involves a number of key judgments and estimates. As a result, we consider revenue from telecommunications activities as a key issue in our audit. Revenue recognition methods are detailed in note 3.15 of the consolidated financial statements.	th the assistance of our IT (Information Technology) ecialists, we reviewed the key processes and controls plemented by IAM S.A., including the IT systems used for venue recognition purposes. articular, we have : - Gained an understanding of the general control environment, including IT, implemented by the company ; - Identified and assessed the key controls implemented by the company and relevant to our audit; - Tested the operating effectiveness of the relevant controls, in particular on the application systems involved in the process of generating, evaluating and accounting revenues; Performed analytical procedures and tested a sample of manual entries as of December 31, 2020.

Valuation of goodwill	
As part of its development, the Group has been led to carry out external growth operations and to recognize several goodwills. These goodwills, which corresponds to the difference between the price paid and the fair value (market value) of the assets and liabilities acquired, are described in note 3 of the consolidated financial statements. Each year, management ensures that the carrying amount of the goodwill attached to each CGU, shown in the balance sheet at December 31, 2020, in the amount of MAD 9,315 million, does not exceed its recoverable amount and does not present a risk of impairment. The terms of the impairment test and details of the assumptions used are described in note 3. The recoverable amount is determined by reference to the value in use calculated on the basis of the present value of the cash flows expected from the group of assets comprising it. The determination of the recoverable amount of goodwill is based on management's judgment, particularly assumptions of future income of concerned CGU and the discount rate applied to cash flow projections. We therefore considered the valuation of goodwill as a key point of the audit.	We examined the compliance of the methodology used by the Group with the applicable accounting standards. We also performed a review of the procedures related to impairment tests of goodwill and verified in particular that: the completeness of the elements making up the carrying amount of each CGUs tested and the consistency of the methods used to determine this amount with the cash flow projections used to determine value in use; the reasonableness of the cash flow projections and the reliability of the estimates by examining the main reasons for differences between forecasts and actual results; the consistency of these cash flow projections with management's latest estimates; the consistency of the growth rate used for the projected cash flows with market analyses; the calculation of the discount rate applied to the cash flows expected from each CGU; and management's sensitivity analysis of value in use to changes in the main assumptions used. Finally, we have verified that Note 3 provides appropriate disclosures.

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 IFRS as adopted by EU, 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 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 Moroccan auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Moroccan auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 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.

Casablanca, February 18th, 2021

The Statutory auditors

DELOITTE AUDIT	**COOPERS AUDIT MAROC S.A**
French original signed by	**French original signed by**
Sakina Bensouda-Korachi	**Abdelaziz Almechatt**
Partner	**Partner**

4. STATUTORY FINANCIAL STATEMENTS

4. STATUTORY FINANCIAL STATEMENTS

Year ended 12/31/2020

ASSETS (in MAD thousands)	GROSS	EXERCICE Amortization and provisions	NET	PREVIOUS EXERCICE NET 12/31/2019
CAPITALIZED COSTS (A)	**1,500,000**	**300,000**	**1,200,000**	**0**
.Start-up costs	0	0	0	0
.Deferred costs	1,500,000	300,000	1,200,000	0
.Bond redemption premiums	0	0	0	0
INTANGIBLE ASSETS (B)	**12,086,410**	**10,005,815**	**2,080,595**	**2,305,319**
.Research and development costs	0	0	0	0
.Patents, trademarks, and similar rights	11,821,162	9,935,216	1,885,946	1,886,639
.Goodwill	70,717	70,598	119	864
.Other intangible assets	194,531	0	194,531	417,816
PROPERTY, PLANT, AND EQUIPMENT (C)	**71,977,666**	**56,239,641**	**15,738,026**	**17,688,321**
.Land	955,383	0	955,383	955,383
.Buildings	8,102,687	5,331,660	2,771,028	2,806,147
.Technical plant, machinery, and equipment	56,427,966	46,060,534	10,367,432	11,639,908
.Vehicles	279,237	83,796	195,441	208,030
.Office equipment, furniture, and fittings	4,966,801	4,562,406	404,395	432,710
.Other property, plant, and equipment	11,048	0	11,048	11,048
.Work in progress	1,234,545	201,245	1,033,300	1,635,097
FINANCIAL ASSETS (D)	**12,409,024**	**193,074**	**12,215,950**	**13,421,598**
.Long-term loans	649,437	0	649,437	1,779,880
.Other financial receivables	4,084	0	4,084	4,084
.Equity investments	11,755,503	193,074	11,562,429	11,637,634
.Other investments and securities	0	0	0	0
UNREALISED FOREIGN EXCHANGE LOSSES (E)	**1,378**	**0**	**1,378**	**21,017**
.Decrease in long-term receivables	1,378	0	1,378	21,017
.Increase in long-term debt	0	0	0	0
TOTAL I (A+B+C+D+E)	**97,974,479**	**66,738,529**	**31,235,949**	**33,436,256**
INVENTORIES (F)	**213,236**	**112,372**	**100,865**	**173,090**
.Merchandise	142,166	95,273	46,893	100,956
.Raw materials and supplies	71,070	17,099	53,971	72,135
.Work in progress	0	0	0	0
.Intermediary and residual goods	0	0	0	0
.Finished goods	0	0	0	0
CURRENT RECEIVABLES (G)	**16,429,557**	**8,645,782**	**7,783,775**	**7,500,720**
.Trade payables, advances and deposits	11,046	0	11,046	11,112
.Accounts receivable and related accounts	14,594,224	8,323,183	6,271,041	6,203,987
.Employees	3,771	0	3,771	14,402
.Tax receivable	560,205	0	560,205	449,251
.Shareholders' current accounts	0	0	0	0
.Other receivables	1,235,567	322,599	912,969	801,242
.Accruals	24,743	0	24,743	20,725
MARKETABLE SECURITIES (H)	**131,611**	**0**	**131,611**	**129,922**
UNREALIZED FOREIGN EXCHANGE LOSSES (I) (current items)	**35,510**	**0**	**35,510**	**51,786**
TOTAL II (F+G+H+I)	**16,809,914**	**8,758,154**	**8,051,761**	**7,855,517**
CASH AND CASH EQUIVALENTS	**554,212**	**0**	**554,212**	**213,687**
.Checks	0	0	0	0
.Bank deposits	551,555	0	551,555	211,289
.Petty cash	2,657	0	2,657	2,398
TOTAL III	**554,212**	**0**	**554,212**	**213,687**
TOTAL GENERAL I+II+III	**115,338,605**	**75,496,683**	**39,841,922**	**41,505,461**

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SHAREHOLDERS' EQUITY AND LIABILITIES (in MAD thousands)		Year ended 12/31/2020 EXERCICE	EXERCICE NET 12/31/2019
SHAREHOLDERS' EQUITY	**(A)**	**14,603,256**	**13,224,863**
Share capital (1)		5,274,572	5,274,572
Less: capital subscribed and not paid-in		0	0
Paid-in capital		0	0
Additional paid-in capital		0	0
Revaluation difference		0	0
Statutory reserve		527,457	879,095
Other reserves		2,552,808	3,811,903
Retained earnings (2)		0	0
Unallocated income (2)		0	0
Net income of the year (2)		6,248,419	3,259,293
QUASI-EQUITY	**(B)**	**0**	**0**
Investment subsidies		0	0
Regulated provisions		0	0
DEBENTURE BONDS	**(C)**	**6,874**	**6,874**
Debenture bonds		0	0
Other long-term debt		6,874	6,874
PROVISIONS	**(D)**	**14,710**	**35,414**
Provisions for contingencies		1,378	21,017
Provisions for losses		13,332	14,396
UNREALIZED FOREIGN EXCHANGE GAINS	**(E)**	**3,784**	**0**
Increase in long-term receivables		3,784	0
Decrease in long-term debt		0	0
	TOTAL I (A+B+C+D+E)	**14,628,624**	**13,267,151**
CURRENT LIABILITIES	**(F)**	**13,026,067**	**13,213,682**
Accounts payable and related accounts		6,700,916	7,111,716
Trade receivables, advances and down payments		82,047	82,480
Payroll costs		1,050,832	1,059,639
Social security contributions		85,582	88,424
Tax payable		2,912,001	2,790,460
Shareholders' current accounts		1	1
Other payables		430,523	470,581
Accruals		1,764,165	1,610,381
OTHER PROVISIONS FOR CONTINGENCIES AND LOSSES	**(G)**	**1,055,726**	**4,747,496**
UNREALIZED FOREIGN EXCHANGE GAINS (Current items)	**(H)**	**80,725**	**38,685**
	Total II (F+G+H)	**14,162,517**	**17,999,863**
BANK OVERDRAFTS		**11,050,780**	**10,238,446**
Discounted bills		0	0
Treasury loans		0	0
Bank loans and overdrafts		11,050,780	10,238,446
	Total III	**11,050,780**	**10,238,446**
TOTAL GENERAL I+II+III		**39,841,922**	**41,505,461**

STATEMENT OF COMPREHENSIVE INCOME (EXCLUSIVE OF VAT)

From 01/01/2020 to 12/31/2020

(in MAD thousands)	OPERATIONS		FISCAL YEAR	TOTALS
	Current year	Previous year	TOTAL	12/31/2019
I- OPERATING INCOME	21 096 060	0	21 096 060	21 422 198
Sales of goods	424 294	0	424 294	350 898
Sales of manufactured goods and services rendered	19 864 933	0	19 864 933	20 628 008
Operating revenues	20 289 226	0	20 289 226	20 978 906
Change in inventories	0	0	0	0
Company-constructed assets	0	0	0	0
Operating subsidies	0	0	0	0
Other operating income	25 433	0	25 433	27 715
Operating write-backs: expense transfers	781 401	0	781 401	415 577
TOTAL I	**21 096 060**	**0**	**21 096 060**	**21 422 198**
II- OPERATING EXPENSES	12 846 696	0	12 846 696	13 291 437
Cost of goods sold	554 477	0	554 477	568 844
Raw materials and supplies	3 115 886	0	3 115 886	3 379 494
Other external expenses	2 537 575	0	2 537 575	2 751 695
Taxes (except corporate income tax)	286 362	0	286 362	228 309
Payroll, costs	2 108 018	0	2 108 018	2 182 623
Other operating expenses	2 540	0	2 540	2 540
Operating allowances for amortization	3 502 875	0	3 502 875	3 564 746
Operating allowances for provisions	738 963	0	738 963	613 187
TOTAL II	**12 846 696**	**0**	**12 846 696**	**13 291 437**
III- OPERATING INCOME I-II	**8 249 364**	**0**	**8 249 364**	**8 130 761**
IV- FINANCIAL INCOME	1 417 233	0	1 417 233	1 580 551
Income from equity investments and other financial investments and other financial investments	942 932	0	942 932	958 413
Foreign exchange gains	294 632	0	294 632	320 649
Interest and other financial income	106 866	0	106 866	213 522
Financial write - backs: expense transfers	72 803	0	72 803	87 967
TOTAL IV	**1 417 233**	**0**	**1 417 233**	**1 580 551**
V- FINANCIAL EXPENSES	667 653	0	667 653	637 364
Interest and loans	348 950	0	348 950	295 455
Foreign exchange losses	267 044	0	267 044	268 811
Other financial expenses	775	0	775	295
Financial allowances	50 884	0	50 884	72 803
TOTAL V	**667 653**	**0**	**667 653**	**637 364**
VI- FINANCIAL INCOME IV - V	**749 580**	**0**	**749 580**	**943 187**
VII- ORDINARY INCOME III + VI	**8 998 945**	**0**	**8 998 945**	**9 073 947**
VIII- EXTRAORDINARY INCOME	5 129 924	2	5 129 926	546 077
Proceeds from disposal of fixed assets	4 901	0	4 901	7 493
Subsidies received	0	0	0	0
Write-backs of investment subsidies	0	0	0	0
Other extraordinary income	71 602	2	71 604	234 831
Extraordinary write-backs: expense transfers	5 053 421	0	5 053 421	303 753
TOTAL VIII	**5 129 924**	**2**	**5 129 926**	**546 077**
IX- EXTRAORDINARY EXPENSES	5 584 046	27	5 584 073	3 972 217
Net book value of disposed assets	3 578	0	3 578	30 020
Subsidies granted	0	0	0	0
Other extraordinary expenses	5 005 053	27	5 005 080	225 309
Regulated provisions	0	0	0	0
Extraordinary allowances for depreciation and provisions	575 415	0	575 415	3 716 888
TOTAL IX	**5 584 046**	**27**	**5 584 073**	**3 972 217**
X- EXTRAORDINARY INCOME VIII - IX	**-454 123**	**-24**	**-454 147**	**-3 426 140**
XI- INCOME BEFORE TAX VII + X	**8 544 822**	**-24**	**8 544 797**	**5 647 807**
XII- CORPORATE INCOME TAX	**2 296 379**	**0**	**2 296 379**	**2 388 514**
XIII- NET INCOME XI - XII	**6 248 443**	**-24**	**6 248 419**	**3 259 293**

The presentation guidelines and valuation methods used in preparing these documents comply with the rules and regulations in force.

The table below summarizes the trends of the main financial indicators of Maroc Telecom over the last three fiscal years:

in MAD million	2018	2019	2020	Variation 20/19
Revenues	20,734	20,979	**20,289**	**-3.3%**
Operating income	7,394	8,131	**8,249**	**1.5%**
Financial income	1,096	943	**750**	**-20.5%**
Income tax expense	-2,375	-2,389	**-2,296**	**-3.9%**
Non-current income	185	-3,426	**-454**	**86.7%**
Net income	6,301	3,259	**6,248**	**91.7%**
Investments	2,646	2,903	**1,353**	**-53.4%**

Key elements of the income statement

Revenues

Maroc Telecom's revenues in 2020 was MAD 20,289 million, down 3.3% compared with 2019.

Operating income and net income

Operating income at 31 December 2020 was MAD 8,249 million, up 1.5% compared with 2019. This improvement was mainly due to the controls placed on operating expenses.

Financial income fell by 20.5% to MAD 750 million compared with MAD 943 million in 2019. This fall was mainly due to fluctuations in exchange rates, an increase in interest expense and a fall in income from subsidiaries (dividends and interest on shareholder loans).

Non-current income rise by 86.7% to MAD -454 million compared with MAD -3,426 million in 2019. This fall was mainly due to the recognition in 2019 of an exceptional provision for risks of MAD 3,300 million (following the decision of the Management Committee of the Moroccan National Telecommunications Regulatory Agency on anti-competitive practices in the landline market and fixed broadband access).

With a pre-tax profit of MAD 8,545 million and corporate income tax expense of MAD 2,296 million, net income was MAD 6,248 million, up 91.7%.

Balance sheet

At December 31, 2020, the balance sheet total reached MAD 39,842 million, a 4% fall compared with the previous financial year

Assets and their compenents

(Assets in MAD million)	NET			Change 20/19
	2018	2019	2020	
Non-valued fixed assets	-	-	1,200	-
Intangible assets	2,340	2,305	2,081	-9.7%
Property, plant and equipment	18,430	17,688	15,738	-11.0%
Long-term investments	12,506	13,422	12,216	-9.0%
Translation difference - loss	19	21	1	-93.4%
Total net non-current assets	**33,296**	**33,436**	**31,236**	**-6.6%**
Current assets	**7,678**	**7,856**	**8,052**	**2.5%**
Cash assets	**398**	**214**	**554**	**159.4%**
Total assets	**41,372**	**41,505**	**39,842**	**-4.0%**

At December 31, 2020, net fixed assets amounted to MAD 31,236 million, compared with MAD 33,436 million the previous financial year. They represented 78% of total assets and fell by 6.6% compared with 2019.

Intangible assets were MAD 2,081 million in 2020, compared with MAD 2,305 million in 2019.

Net property, plant and equipment fell by 11%, from MAD 17,688 million in 2019 to MAD 15,738 million in 2020.

Long-term investments were MAD 12,216 million in 2020, compared with MAD 13,422 million in 2019. This fall was mainly caused by the repayment of loans granted to subsidiaries in the amount of MAD 1,156 million.

Current assets excluding investments (except assets relating to price adjustments) were MAD 8,052 million in 2020, compared with MAD 7,856 million in 2019, an increase of 2.5% mainly due to the increase in receivables.

Net cash, including investments (except cash relating to price adjustments), was MAD -10,497 million at 31 December 2020, compared with MAD -10,025 million at 31 December 2019.

Liabilities and their components

(Liabilities in MAD million)	NET			Change 20/19
	2018	2019	2020	
Shareholders' Equity	15,969	13,225	14,603	10.4%
including net profit for the fiscal year	6,301	3,259	6,248	91.7%
Financial borrowings	2,714	7	7	0.0%
Long-term provisions for risks and losses	34	35	15	-58.5%
Translation difference - profit	0	0	4	-
Total permanent funds	18,716	13,267	**14,629**	**10.3%**
Current liabilities	14,666	18,000	**14,163**	**-21.3%**
Cash liabilities	7,990	10,238	**11,051**	**7.9%**
Total liabilities	41,372	41,505	**39,842**	**-4.0%**

Given the profit for the financial year of MAD 6,248 million and nil-value of fixed assets of MAD 1,200 million, the net equity at 31 December 2020 was MAD 13,403 million, compared with MAD 13,225 million in 2019.

At 31 December 2020, current liabilities stood at MAD14,163 million, compared with MAD 18,000 million in 2019. This fall was mainly due to the reversal of an exceptional provision for risks of MAD 3,300 million (following the decision of the Management Committee of the Moroccan National Telecommunications Regulatory Agency on anti-competitive practices in the landline market and fixed broadband access).

STATUTORY AUDITORS' GENERAL REPORT YEAR ENDED DECEMBER 31, 2020

AUDIT OF STATUTORY FINANCIAL STATEMENTS

Opinion

In accordance with the terms of our appointment by your General meetings, we have audited the accompanying financial statements of ITISSALAT AL-MAGHRIB (IAM) S.A., including the statement of financial position concerning the year ended December 31, 2020, the statement of revenues and losses, the statement of operating data, the statement of cash flows, and the additional disclosures (ETIC). These financial statements show a shareholders' equity and reserves of MAD 14 603 256 thousand and a net profit of MAD 6 248 419 thousand.

These financial statements

These statements were approved by the Management Board on January 26th, 2021 in the evolving context of the health crisis of the Covid-19 epidemic, on the basis of the information available at that date.

In our opinion, the financial statements referred to in the first paragraph above are regular, sincere and give a true and fair view of ITISSALAT ALMAGHRIB (IAM) S.A.'s assets, liabilities, and financial position at December 31st, 2020, and of its operations for the year then ended, in accordance with the accounting principles generally accepted in Morocco.

Basis for Opinion

We conducted our audit in accordance with Moroccan auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Morocco, 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 financial statements of the current period. These matters were addressed in the context of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matters	**Our Response**
Revenue recognition of telecommunication activities Revenues in the financial statements at December 31, 2020 amount to MAD 20,289,226 thousand. There is an inherent risk in the recognition of revenues, given the multitude of products and services, the complexity of information systems and the impact of changes in pricing models (pricing structures, incentive systems, discounts, etc.). The application of recognition accounting standards to telecommunications revenues is complex and involves a number of key judgments and estimates. As a result, we consider revenues from telecommunications activities as a key issue in our audit. The methods used to recognize revenue are detailed in Statement A1 of ETIC- Supplementary Information Statements (SIFS).	With the assistance of our IT (Information Technology) specialists, we reviewed the key processes and controls implemented by IAM S.A., including the IT systems used for revenue recognition purposes. In particular, we have : - Gained an understanding of the general control environment, including IT, implemented by the company ; - Identified and assessed the key controls implemented by the company and relevant to our audit; - Tested the operating effectiveness of the relevant controls, in particular on the application systems involved in the process of generating, evaluating and accounting revenues; - Performed analytical procedures and tested a sample of manual entries as of December 31, 2020.

Valuation of investments	Our work consisted mainly in reviewing the valuation process of investments and figures used. We particularly:
Investments in subsidiaries and affiliates, shown in the balance sheet at December 31, 2020 amount to MAD 11,562,429 thousand. They are recognized at their acquisition date at cost and depreciated on the basis of their present value. As indicated in note A1-4 of the ETIC, present value is estimated by management by reference to the share of equity that the shares represent, adjusted when necessary to take into account, in particular, their perspectives of development and earnings. The estimate of the present value of these securities requires management to exercise its judgment in selecting the items to be considered depending on the equity interests concerned, which may correspond to historical data (i.e shareholders' equity) and/or forecasts (i.e profitability perspectives), as the case may be. In this context, we considered that the valuation of the equity investments as a key point of the audit.	obtained cash flow and operating forecasts for the activities of the entities concerned and assess their consistency with the forecasts resulting from the most recent strategic plans prepared by senior management; Checked the consistency of the assumptions used with the economic environment at the closing and preparation dates of the financial statements; compared forecasts for previous periods with corresponding actual results in order to assess the achievement of past objectives; Checked that the shareholders' equity used is consistent with the financial statements of the entities, and that any adjustments made to this equity are based on documentary evidence.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Moroccan accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor’s Responsibilities for the Audit of the Financial Statements

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

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

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.

Specific controls and information

We have also performed the specific verifications required by law. In particular, we ensured that the information contained in the Management board's report to the Shareholders was consistent

with the Company's financial statements.

Casablanca, February 18th, 2021

The Statutory Auditors

DELOITTE AUDIT	**COOPERS AUDIT MAROC S.A**
French original signed by	French original signed by
Sakina Bensouda-Korachi	Abdelaziz Almechatt
Partner	Partner

Un monde nouveau vous appelle

MAROC TELECOM

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