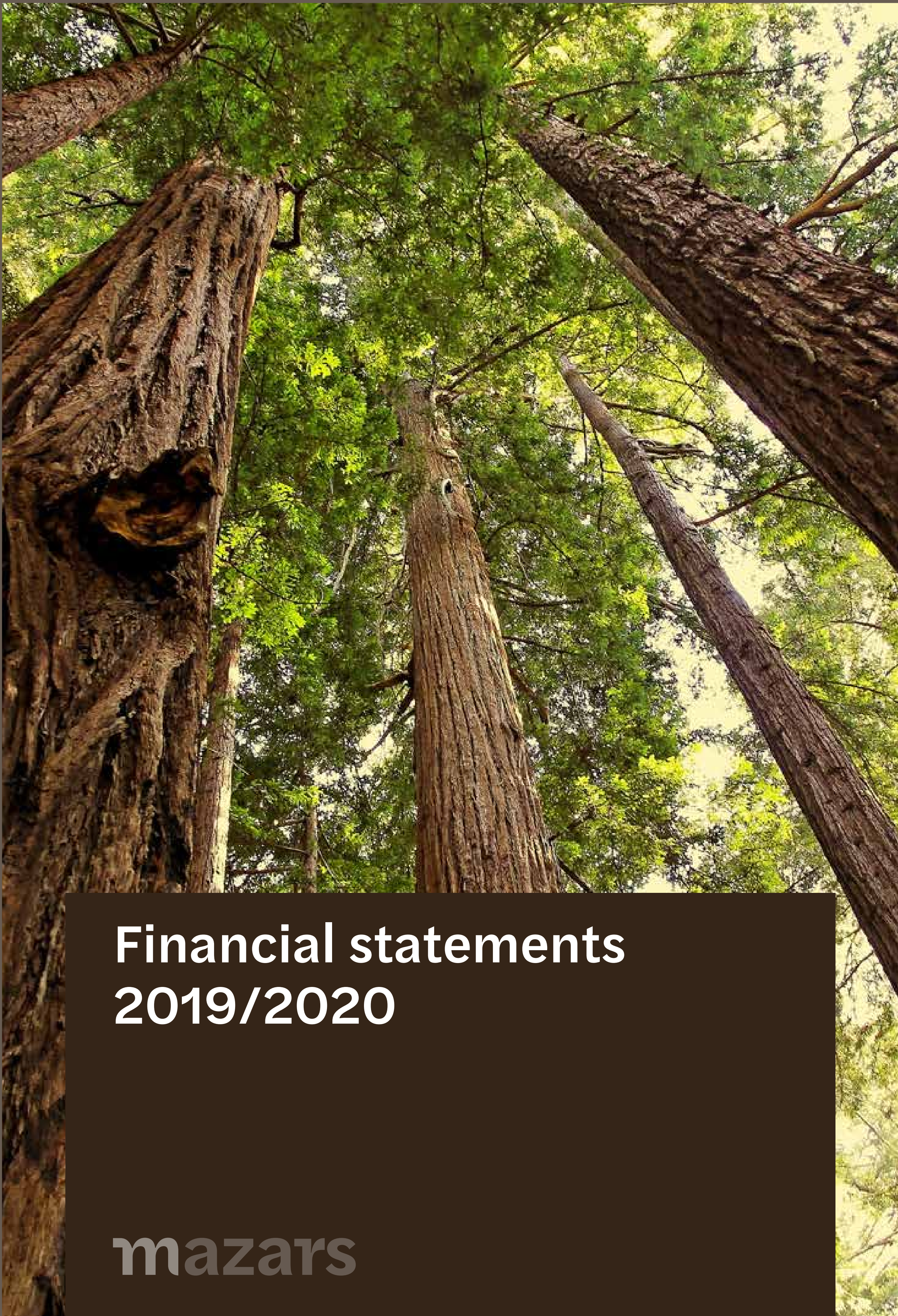


Financial statements 2019/2020

mazars

Contents

Foreword

Financial statements 2019/2020

For the 16th year in a row now, we are proud to publish our consolidated Financial Statements, jointly audited and presented under IFRS. We consider this yearly exercise as proof of our dedication to promote transparency and accountability, in line with our overarching goal of contributing to build the economic foundations of a fairer and more prosperous world.

However, while financial results do matter, we primarily look back upon the past 12 months with another perspective. As the Covid-19 hit individuals, businesses and societies alike, our priorities did change, and our main focus shifted to the protection of our people.

I truly believe these are the criteria against which our performance should be measured and assessed: how our response to the pandemic did help keep Mazarians and their loved ones safe and secure and how all of our people and teams mobilised to carry out their assignments and serve our clients despite extremely stringent health requirements.

Judging by these standards, we did exceptionally well. I want to commend all our partners and staff for their remarkable efforts, in such a difficult and demanding environment. We know we will continue to experience a challenging period, but we also know we can rely on extraordinary people who are willing to give their best to help our firm weather the storm and emerge even stronger.

What 2020 also highlighted is the robustness and resilience of our integrated model. The Covid-19 pandemic was the first such crisis Mazars ever had to face, and we fared more than just well. We kept developing and achieved a 7.5% growth, most of it organic. We continued to develop our position as a leading international audit firm, and won significant new mandates in Europe, especially in France and the UK. We reinforced our North America Alliance, and integrated three new countries into our partnership.

It is fair to say that we are now a true tier one organisation, one that brings choice and a different perspective to a market which is looking for more variety. This is what our new brand identity wants to reflect: as we are entering a new phase in our development, we aim at building on our multi-disciplinary approach to make Mazars a legitimate major league global player, with solid foundations, values and principles and the desire to always do what is right for clients, ecosystems and societies as a whole.

Hervé Hélias
CEO and Chairman of the Group Executive Board

Executive summary

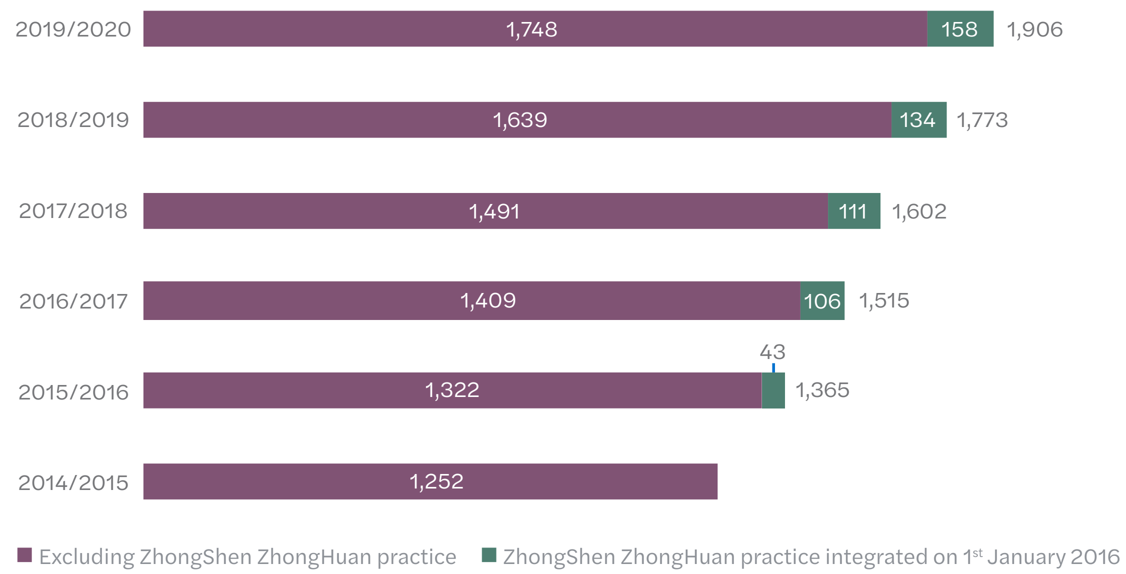
Fee income: 2019/2020, a year of unprecedented challenges

€1.9bn
Fee income

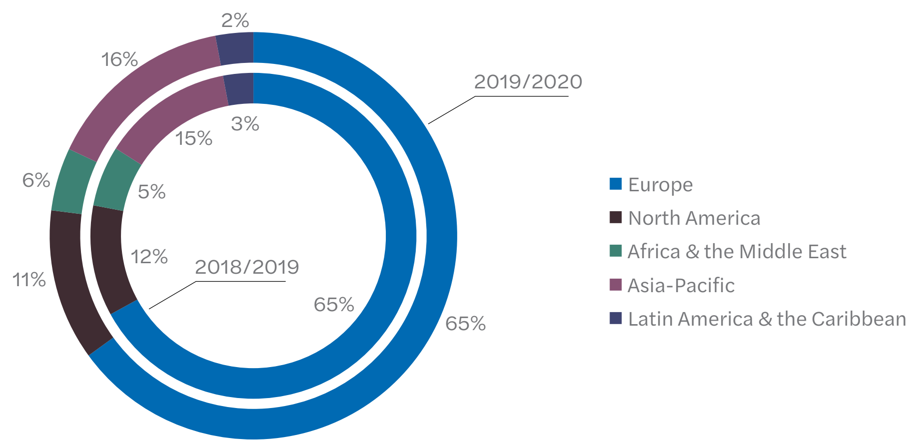
+7.5%
growth*

*Including forex, +7.8% without forex

In millions of euros



In millions of euros

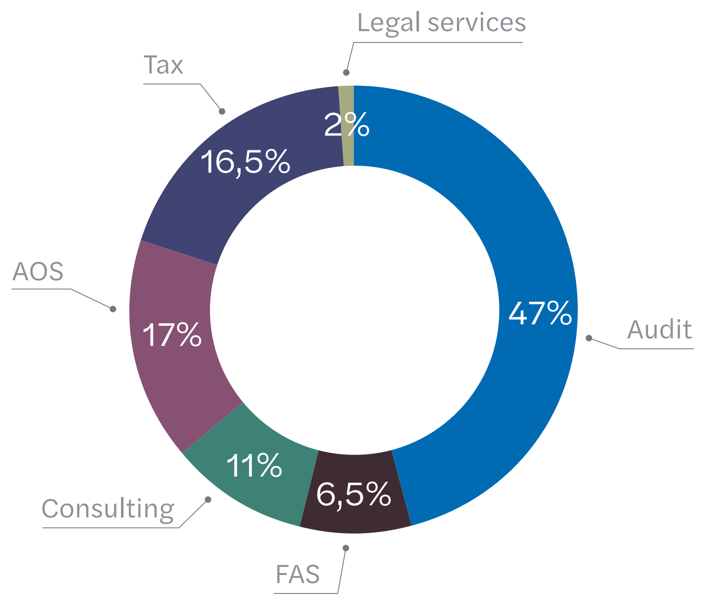


Growth by geographic area

In millions of euros	2018/2019	2019/2020	Variation
Europe	1,161	1,240	6.8%
North America	206	210	1.9%
Africa & the Middle East	97	106	9.2%
Asia Pacific	263	307	16.9%
Latin America and the Caribbean	46	42	-7.2%
TOTAL	**1 ,773**	**1,906**	**7.5%**

* Including -0.3% exchange rate impact.

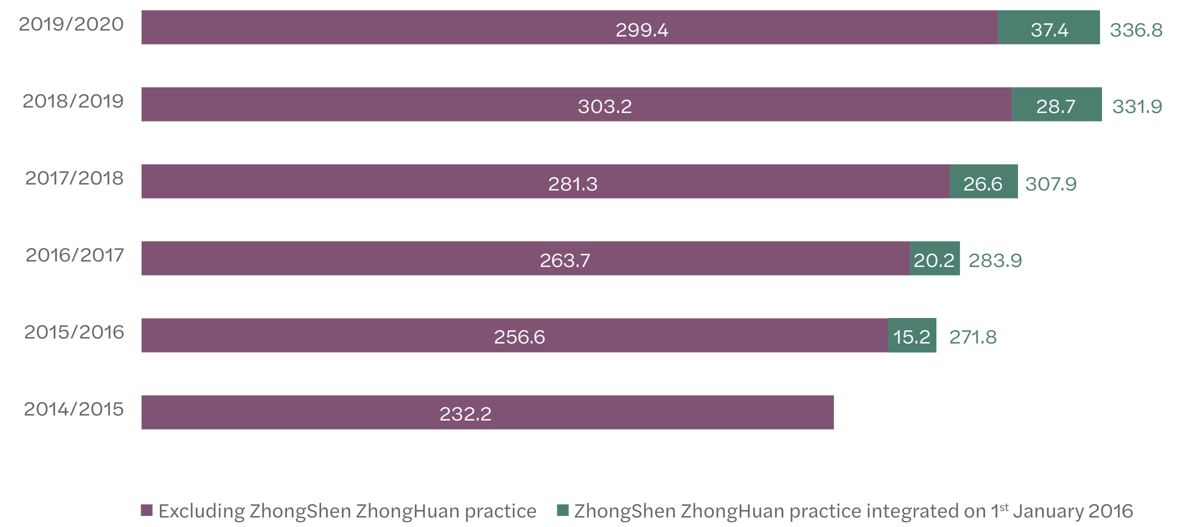
Breakdown by services lines*: a balance between audit and non-audit services



* Without ZhongShen ZhongHuan practice

Profitability: a highly resilient model

Surplus allocated to partners
In millions of euros

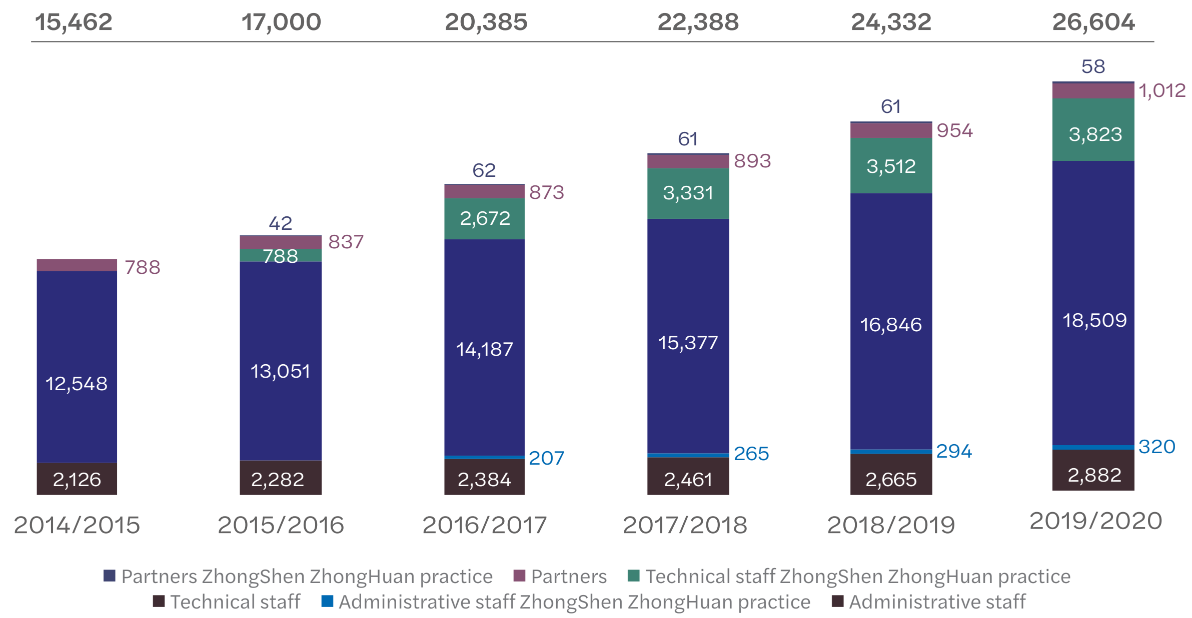


26,000+ professionals around the world in our integrated partnership and 16,000+ professionals via the Mazars North America alliance.

42,000+ professionals

26,000+ in the Mazars integrated partnership

16,000+ via the Mazars North America Alliance



Governance

Mazars' governance model

Mazars draws its strength and singularity from its integrated and independent partnership model, founded 25 years ago in 1995. This model is based on the democratic expression of our partners, who together elect our governing bodies, co-opt the new women and men who join us and make us collectively stronger, and approve major strategic decisions.

Our partners: the heart of the model

All of our 1 070 partners are part of a collective adventure. They all share a common vision of their profession, a sense of technical and ethical excellence and the determination to offer the best services to their clients. Individually and collectively, they embody the entrepreneurial spirit that is the foundation of our identity and our actions. Our partners also share all risks and benefits and, together, make decisions regarding their common future. They meet at the end of each year at the General Assembly where they approve the appointment of new partners and the consolidated results for the year and vote on strategic and operational new measures. Every four years, the partners elect the new members of the governing bodies.

Two governing bodies with complementary roles

Our two governing bodies have distinct roles that are defined in the Charter that outlines the functioning of our partnership.

The Group Executive Board

The Group Executive Board (GEB) is Mazars' executive body. It is in charge of the operational management of the partnership, with regard to collectively defined key strategic objectives. It focuses first and foremost on pursuing and accelerating growth, particularly by ensuring the Group's development and the quality and sustainability of our activities.

The Group Executive Board in place as of 31 August 2020 was mainly elected during the partners' general assembly in December 2016. Its mandate ends with the General Assembly approving the 2019/2020 financial statements.

As of 31 August 2020, the Group Executive Board was therefore made up of eleven members:

- Hervé Hélias (France): CEO and Chairman of the Mazars Group Executive Board
- Antonio Bover (Spain)
- Pascal Jauffret (Singapore)
- Rudi Lang (United Kingdom)
- Taïbou M'Baye (Senegal)
- Christoph Regierer (Germany)
- Véronique Ryckaert (Belgium)
- Wenxian Shi (China)
- Ton Tuinier (The Netherlands)
- Phil Verity (United Kingdom)
- Victor Wahba (United States)

The Group Governance Council

Elected for the same term as the GEB, the Group Governance Council (GGC), is the Group's supervisory body. Since December 2011, it has included independent external members, elected by the partners at the General Assembly. The GGC has decision-making powers in three specific areas as set out in the partnership's Internal Rules: the approval of partnership candidates and external growth operations, the compensation of the members of the Group Executive Board and the approval of disciplinary action decided by the latter.

As of 31 August 2020, the GGC was made up of 12 members:

- Tim Hudson (United Kingdom): Chairman
- Thierry Blanchetier (France): Vice-Chairman
- Gertrud R. Bergmann (Germany)
- Frank Bournois (external member)
- Kathryn Byrne (United States)
- Juliette Decoux (France)
- Fabrice Demarigny (France)
- Bharat Dhawan (India)
- Denise K. Fletcher (external member)
- Chris Fuggle (Singapore)
- Michelle Olckers (South Africa)
- Liwen Zhang (China)

National governing bodies

Each Mazars country is led by an executive committee whose members are elected, following approval by the Group Executive Board, by the partners of the country.

Governance for value creation

Value creation throughout our organisation is bolstered and optimised through the complementarity and smooth functioning of our two governing bodies and the cooperation the GEB has built with our service lines and country-level entities. Our governing bodies are representative of our partnership's international scope. Our two governing bodies meet several times each year and maintain regular contact, which enables them to work together and exchange opinions in accordance with the Group Charter. All Country Managing Partners are informed and consulted at least twice per year during Country Forums. They are then asked to explain strategies to national partners, foster dialogue so that each partner can adequately apply global operational decisions, and ensure that local actions are implemented in line with the Group's overarching strategy.

The decision in 2004/2005 to prepare and publish an annual report, including our consolidated financial statements under IFRS and audited by two external auditors remains a distinctive feature of our integrated global Partnership.
We are therefore pleased to present you, as evidence of our commitment to transparency, the annual FY 2019/2020 report on our business and earnings.

1. 2019/2020, a year of unprecedented challenges

With ZhongShen ZhongHuan

€1.9bn fee income

+7.5% growth*

26,000+ FTEs

90+ countries

* including forex

Resilience of our organisation

The main 2019/2020 event is the Covid-19 pandemic which has hit economies worldwide. In this very complicated economic turmoil, Mazars has shown an incredible resilience in managing to maintain the bulk of its activities and sending most of its staff working from home almost overnight. Mazars has grown at an incredible pace of +7.5% most of which being organic as expected in these circumstances.

Our fee income has grown by €+133M, €20M of which coming from the ZhongShen ZhongHuan practice, to reach €1.9bn in line with our Next20 objective.

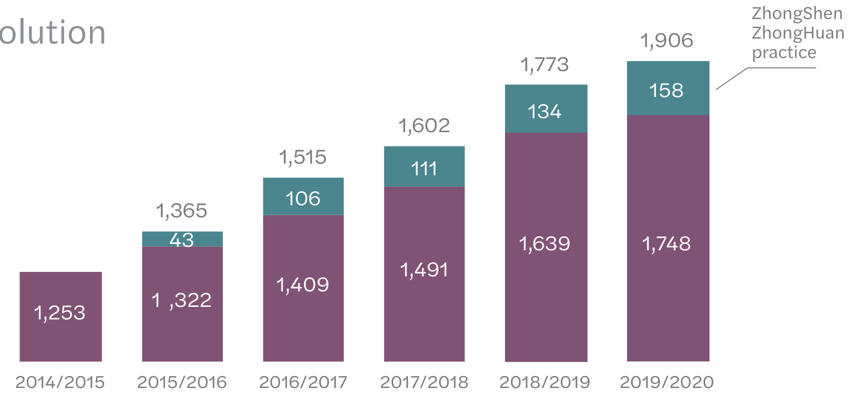
+7.5% growth vs 2018/2019

+5.9% organic growth

+1.8% external growth

-0.3% exchange rate impact

Fee income evolution
In millions of euros



The ZhongShen ZhongHuan practice has grown by +17.9% vs 2018/2019, of which +18.8% organic and -0.8% due to forex impact.

Without ZhongShen ZhongHuan

€1.75bn fee income

+6.7% growth*

22,000+ FTEs

* including forex

All numbers presented onwards do not include data for the ZhongShen ZhongHuan practice.

With a fee income of €1,748M, the 2019/2020 closing shows Mazars' continued dynamism:

- A +6.7% growth rate;
- Representing an increase of €109M.

In millions of euros	2018/2019	2019/2020 Achievement
Fee income growth	+9.9%	+6.7%
Gross margin	47.5%	46.1%
Overheads	29.0%	29.0%
Surplus	303.2	299.4

The 2019/2020 figures remain strong even compared to the previous year. A good management of direct costs and overheads were key in achieving this performance.

Some key facts

The closing situation vs pre-covid forecast which was also pre-Covid is the following:

- Fee income is down by €-65M;
- Direct costs are lower by €19M of which €11M of government grants;
- Overheads savings of €28M including an increase in bad debts of €-7.1M;
- All this having a negative impact on the Surplus and distribution by €-19M.

In millions of euros	2019/2020 Pre-covid forecast	2019/2020 Actual	Variation Pre-covid
Fee income	1,814	1,748	-65
Direct costs	-960	-942	19
Gross margin	853	807	-47
Gross margin %	47.0%	46.1%	
Total overheads	-535	-507	28
Total overheads / fee income %	-29.5%	-29.0%	
Surplus	318	299	-19
Surplus / fee income %	17.5%	17.1%	

Key figures

We integrated 3 new countries this year: Niger, Saudi Arabia and Serbia.

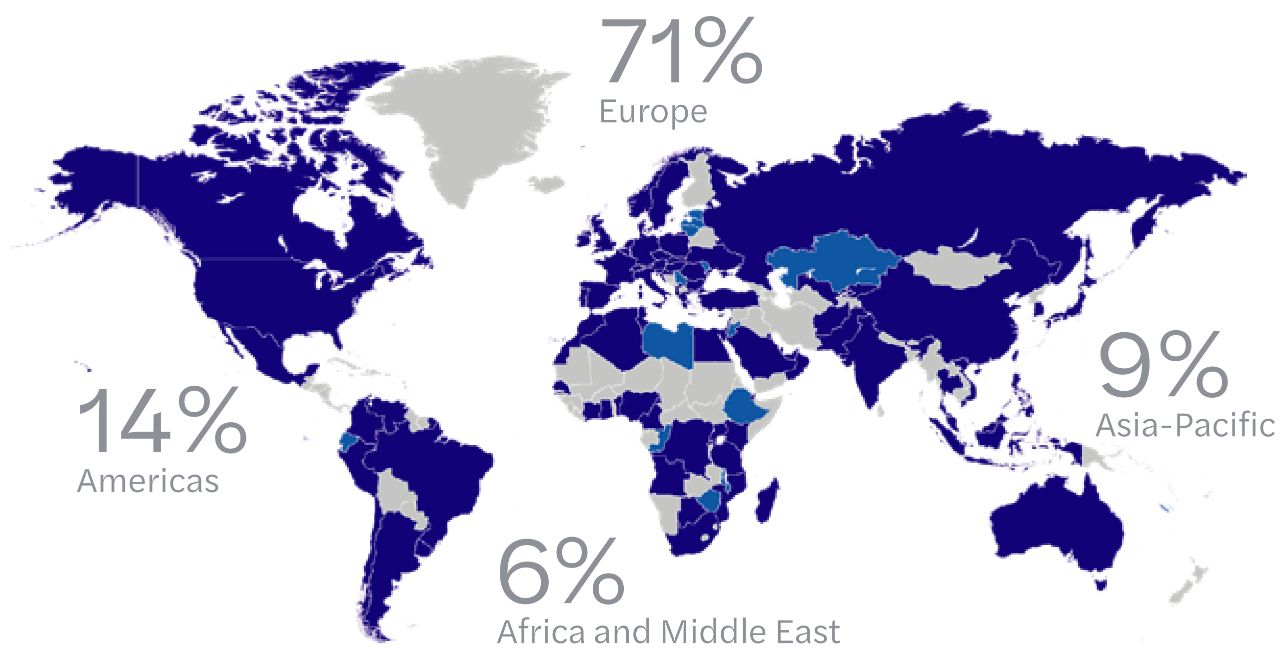
Our global footprint has increased to 93 integrated countries and territories in which we now operate.

In millions of euros	2018/2019	2019/2020	Variation	In value
Fee income	1,639	1,748	6.7%	109
Surplus allocated to partners	303	299	-1.2%	-4

Without the ZhongShen ZhongHuan practice the growth rate is of +6.7%. The external growth amounts to +2.0% or €+34M and organic +4.9% or €+80M. The forex impact is negative by -0.3% and represents a limited decrease of €-5.1M.

2. Operating segments

The ten main contributors are detailed on the map below with their percentage of contribution to the Group's total fee income:



- Integrated countries and territories
- Non-integrated countries and territories: Mazars correspondents and representative offices

Americas including

United States 11% - Mazars USA LLP

Africa and Middle East including

South Africa 2% - Mazars Accountants South Africa

Europe including

France 22% - Mazars SA
United Kingdom 13% - Mazars LLP
Germany 10% - RBS Mazars
Netherlands 7% - Mazars Paardekooper Hoffman NV
Spain 2% - Mazars Auditores SLP
Ireland 2% - Mazars Ireland
Sweden 2% - Mazars SET
Switzerland 2% - Mazars Holding

2.1 Fee income by operating segment

In millions of euros	2018/2019	2019/2020	Variation	In value
France	405	398	-1.9%	-8
United Kingdom	207	219	6.0%	13
Rest of Europe	549	623	13.5%	74
North America	206	210	1.9%	4
Latin America & the Caribbean	46	42	-7.2%	-3
Asia-Pacific	129	149	15.9%	20
Africa & the Middle east	97	106	9.2%	9
Total	**1,639**	**1,748**	**6.7%**	**109**

2.2 Operating segment details

France

Full year fee income of €397.8M is decreasing by €7.6M (-1.9%) compared to last year's performance of €405.3M.

A year clearly in two halves, with a second half strongly hit by the Covid-19 crisis:

- With our advisory business losing circa €20M (-19%) compared to last year;
- But sustained by our regulated activities Audit and AOS, showing a good resilience with €+8.8M.

The Channel 1 activity lived a new year of gain in mandates (Credit Agricole, Renault, Cap Gemini, Enedis, Exel Industries or GL Events...), while preserving our current mandates coming to term (almost exhaustively renewed).

Geographically, this year also confirms the very good performance from our regions, achieving €139.1M of fee income (€+0.7M compared to last year).

Our staff, initially planned to increase by 60 FTEs in order to meet the budget target of €+21.2M increase in fee income, finally landed flat at 3,140 technical FTEs due to:

- The remaining investment to be maintained in audit staff; and
- The necessary adaptation to the Covid-19-related downturn in some activities.

Our gross margin, impacted by these effects, is therefore contracted by -1.8pt, landing at 43.3% of fee income.

Overheads, also initially planned to grow by €7.5M in order to meet specific identified needs (IT upgrade, Innovation...) were limited to a €+1.5M increase, which must be analysed as a €-2.3M excluding non-recurring elements (such as litigation & depreciation provision).

As a result, Surplus stands at €66.6M (€-13.9M versus €80.5M last year) and represents 16.8% of the Fee income.

United Kingdom

A game of two halves. H1 saw us deliver the strong top line growth budgeted (up 11% on the previous year) but no-one could have predicted what lay in store for H2. The impact of Covid-19 was sharp and dramatic, with monthly fee income immediately failing between 10%-15% against budget expectations. Ultimately the pandemic hit our H2 income by 13.5%, so we ended the year at £192M versus a budget of £207M, a shortfall of £15M (7.3%). However, this still represents growth of £10M (6%) against the prior year.

Crucially the business responded promptly and decisively to the sudden fall in income. Amongst other things recruitment was suspended and discretionary spend was halted. The United Kingdom Government's furlough scheme also enabled us to retain staff at a reduced cost to the business without having to immediately implement a formal and potentially damaging redundancy programme. These measures gave us the time required to both review our direct cost base in order to align it with revised income expectations, and to accelerate parts of our process transformation project, particularly within our Wealth Management arm. We stopped taking the public-funded Government support as soon as we could* and whilst, sadly, we ended up reducing our headcount through a voluntary exit scheme, the actions taken meant direct costs landed £5M below budget (at £105M) thus partly mitigating the fall in income. These actions also leave us well placed for the year ahead. Furthermore, the various measures applied to our indirect cost base led to a positive variance against budget of £8M and this, together with the direct cost variance, resulted in a surplus just £2M below budget at £25.8M.

*The funds were also returned in full post year end

Other operating segments

Rest of Europe

In the other European countries, we would like to highlight four growth projects:

- A merger in Austria with a firm of over 130 talented people which places Mazars in among the top 10 firms in Austria;
- We also improved our geographic coverage with a fully integrated Mazars office in Serbia created with the help of Croatia;
- We have a new office in Togliatti in Russia where we welcomed a full team of over 35 people deeply involved in the audit of Renault's local company;
- We also now have a correspondent in Moldova with a promising development.

These other European countries have also been very active in working together as a region with working groups either on service lines, sectors or support functions. As a result, European countries take advantage of more and more synergies and make common investments for the benefit of everyone. Many initiatives are rolled out such as:

- Developing Financial Services in the region, thanks to the development of a Polish team with a strong FS expertise;
- The development of an RPA and technology offer both from Slovakia and Russia;
- The region completed the implementation of a common and coordinated business development approach facilitated by a common CRM tool (Salesforce) in over 13 countries;
- FAS has been growing with increasing exchanges between the countries and the recruitment of very experienced teams;
- Synergies are being implemented by other service lines, such as AOS with for example the creation of a coordinated payroll working group;
- The region keeps on structuring regional support functions as it has been the case in particular in HR with the help of Ukraine or in IT with the help of Russia and Hungary.

All this enabled to demonstrate a very solid resilience in a European economy learning on how to work in a Covid environment.

North America

The US and Canada revenues were flat, as compared with the prior year. Expectations for planned growth were removed when the impact of the CovidD-19 pandemic took hold of the business environment in March 2020. While recurring type income from service lines such as Audit, AOS and Tax compliance have performed consistently well during the pandemic, consulting and advisory services (including financial and tax related) remained flat, when planned growth expectations were set to reach levels achieved in the prior year. Healthcare consulting related services declined, as clients such as hospitals and other related providers delayed or eliminated projects. Financial Advisory and Government Compliance type services were challenged after experiencing strong growth rates leading up to the pandemic. Overall growth in the region was organically developed, inclusive of onboarding new Partners and teams, as there were no mergers or acquisitions during the year. The greenfield approach in developing the Dallas, Texas office saw its first year of operations and Los Angeles, California continued to grow, as well. To counter the financial impact of the pandemic, significant cost containment initiatives and programs were implemented to maintain adequate liquidity levels, as well as yielding financial results and profitability to levels near prior year results.

The Mazars North American Alliance was launched last year, expanding our global reach across North America with the addition of 16,000 professionals throughout the US and Canada. As we have progressed on our initiatives, connectivity and operations amongst the Alliance members have activated the formulation of working plans, arrangements and oversight. The operations are structured around 4 main service offer domains (Audit, Tax, Consulting and Financial Services) with dedicated leaders in each discipline. The Alliance was also able to record the first wins in common and has demonstrated a highly collaborative spirit among the members firms. The Alliance will serve to complement and further enhance the US and Canadian expansion and development plans.

Latin America and the Caribbean

All Latin American economies suffered significantly in 2019-2020. Brazil's GDP, the largest in the region, contracted by a record 11.4 percent year-on-year in the second quarter of 2020, while Colombia's took a 9% dive year-on-year in the third quarter of 2020.

Mexico's gross domestic product shrank by 8.6 percent year-on-year in the third quarter of 2020, following a record 18.7 percent plunge in the previous period.

In such a difficult environment, Mazars Latam has grown their Fee income by 7% organically in euro, with the highest progress being recorded in Colombia (39%), Argentina (26%) and Mexico (20%). All Mazars countries increased their business volume except for Brazil, and Uruguay.

Nevertheless, Latam faced a high negative forex impact of -13.2 % as average due to highly negative foreign exchange devaluation. As a consequence, the region experienced a 7% decrease in terms of fee income in Euros. The highest forex impact has been in Argentina 26% and Brazil 17%.

One again, we want to express all our solidarity towards our Mazars Venezuela colleagues, who are doing their best to manage the firm in the middle of a storm in which every day is worse than the day before.

Asia Pacific

Despite a year of considerable upheaval due to the Covid-19, revenues grew by +16%, slightly exceeding our original budget for 2019/2020. Growth was principally organic (+9.5%) with external growth factors contributing +5.6%.

External growth came in part from the full year impact of the new Australian practices in Brisbane and Melbourne (joined January 2018) and in part from the new Cyber and IT Consulting team that joined Mazars India in 2019 bringing on board a team of 19 CARL partners and 260 staff. Revenue streams in India have however suffered from the impact of the Covid-19 lock-down and we continue to carefully monitor the situation as India is one of the countries worse hit by the pandemic. 2019 was also the year we set up a presence in Afghanistan primarily to serve Donor funded clients.

Our main drivers of organic growth are AOS (+12%) and Audit services (+11%):

- We continued to gain considerable market share in some key economies especially Japan which grew for the second year running at 36%. Our teams in Vietnam (+16%) and Thailand (+16%) also recorded strong growth driven by their strong foothold on the domestic market and some of our smaller practices such as Philippines (+21%) and Indonesia (+14%) were also able to withstand the pressures of the last few months. Our practice in North India grew by 21%.
- Although Hong Kong (4%) has continued to be impacted by uncertainty due to local social unrest and the ongoing trade war between China and the US, we saw an uplift in Audit listed companies and special projects resulting in a 22% growth of our audit business. Singapore also experienced only moderate growth (6%) due to slow down in transactions and one off projects.

We have been growing our APAC Financial Services team, previously based in Singapore and Taiwan, in Hong Kong, thus providing a fully integrated regional FS service offering.

Although fee pressures and renegotiations are experienced across all Service lines, the business model remains robust. Despite some challenges on the gross margin, overall surplus level was maintained owing to some considerable government subsidies related to Covid-19 response plans in several countries.

Africa & the Middle East

The African Middle East Region showed a very strong resilience during the Covid-19 and has been able to adjust to the situation and work efficiently on remote control in many offices. A strong organic growth of 7.8% for Africa and 21.7% for Middle East testifies for the huge effort made by the partnership and the dynamic and mindset to increase our positioning in most geographies. We have also won some significant PIE assignment with international reach. The South African Banking Project is also on track and seems promising.

In line with our strategic plan, we have integrated a new country, Niger. Saudi Arabia formalities were finally concluded, and Nigeria's integration process is now well advanced. AOC is also progressing well, confirming the interest of such a regional approach. However, we need to grow in some countries where we are too small and also need to transform our business to be able to serve PIEs and significant audit clients.

QRM remains high on our agenda. The 2 Regional QRM teams are helping countries to operationalize their action plans, realize their self-assessment and put in place an efficient monitoring and we see the improvement in many aspects, but the effort needs to be sustained and better oriented. There has been a total change of mindset and some countries are starting to dedicate full-time resources to quality.

The appointment of 2 Regional CIO has proved to be a real success as we have significantly improved our level of IT security and are also harmonizing our infrastructure and processes to comply with Group requirements. Most countries are in the Gate and are using Wecheck. Business Continuity is the next challenge to overcome by 2021.

A regional business development platform has also been created and regular meetings are being held to steer the implementation of our BD plans for our target prospects, namely pan-African PIEs, Financial Services Groups and Development agencies. With our "One Team" approach, we have recently had successful engagements in the Region with Choppies and Steinhoff.

Regional committees for FAS and TAX have been established and several Pan-regional assignments in Transaction services, Tax DD & Transfer Pricing engagements are in progress or completed.

We have also established a Marcom working group and started producing a regional, Partner level newsletter.

The AME Board continues to meet with a structured Agenda on a monthly basis with key management information templates also being developed. One of the standing items recently introduced is a detailed presentation by individual countries of their strategic plans and key challenges.

2.3 Full time equivalent employees by operating segment

	2018/2019	2019/2020	Variation	In value
France	3,720	3,752	0.9%	32
United Kingdom	2,089	2,265	8.4%	176
Rest of Europe	6,151	6,920	12.5%	769
North America	1,043	1,054	1.1%	11
Latin America & the Caribbean	1,580	1,596	1.0%	16
Asia Pacific	2,846	3,509	23.3%	663
Africa & the Middle east	3,038	3,307	8.9%	269
Total	**20,465**	**22,403**	**9.5%**	**1,938**

Our full-time equivalent numbers grew faster than the fee income growth of +6.7% including forex. The highest growths in professional staff were in Consulting, with +24.3% and in Legal, with +15.5%.

3. Service lines and sectors

A year in context - Covid-19

2020 has been defined in many ways by the global Covid-19 pandemic. The coronavirus has created public-health crisis, had a profound economic impact and has challenged the business models of many of our clients. It has also had an impact on our business, and notably in the area of business development. Our teams have been challenged in winning and delivering new work as old modes of networking have been impossible. Nonetheless, we have found that our existing clients have relied on us and sought our support, and that long-standing relationships have led to new opportunities, even in the months of lockdown. We have seen services like Audit, AOS, Legal and Taxation grow during the year, whereas Financial Advisory has decreased, and Consulting proved resilient, developing responses to the crisis for our clients, and creating opportunities through the determined application of their expertise.

The 2019/2020 fee income breakdown per service line is as follows:

In millions of euros	2018/2019	2019/2020	Variation
Audit	706	754	6.8%
FAS	126	118	-6.0%
Consulting	199	208	4.5%
AOS	290	319	10.0%
Tax	289	316	9.2%
Legal services	29	34	16.0%
Total	**1,639**	**1,748**	**6.7%**

The growth of +7.7% in Channel 1 (Audit and Accounting and Outsourcing Services (AOS)) is stronger than Channel 2 with +5.1%. This is mainly due to Financial Advisory Services (FAS) and Consulting being harder hit by the pandemic. Channel 1 represents 61.4% of total against 60.8% last year.

3.1 Service lines

Audit

2019/20 has seen Mazars continue to develop our position as a leading audit firm internationally, taking advantage of the ongoing international focus on the issues relating to the audit reform. This has created opportunities for Mazars to demonstrate our strengths and to acquire a number of important new mandates, including Steinhof, CapGemini, AIG and the PSA Group.

Our focus remains very firmly on growing our presence both in the Public Interest and Privately Owned segments of the market, and despite the public health restrictions required by Covid-19, our firm grew the audit offering by 6.8%. during a challenging year. Our service and quality remained at high levels despite the interruptions to normal processes, and the impact on our clients, of the pandemic.

The keystone of our development strategy is the delivery of our Augmented Audit concept, which is driven by a focus on a number of inter-related projects. Amongst our initiatives in 2020 were;

Group Executive Board report

- Continued development and deployment of Atlas, and of a suite of technology solutions to reinforce quality and boost efficiency;
- Development of capacity and capability (notably through technical training) to meet current demand and identified opportunities;
- Continuous structuring of the service line teams to offer a genuinely integrated international service;
- Contributions to One24 streams 1 and the development of our geographic coverage where we have critical needs, and the identification of the best market-led strategies for our future growth;
- Working closely with Mazars USA and firms of the Mazars North America Alliance to make our first year of collaboration a success.

Audit reform discussions continue unabated across the world. We have created momentum for meaningful reform on the back of increasing regulatory and public concern about the quality and scope of audit in a number of countries. The next 12 months will be critical to define future legislative and regulatory environment for audit. Margins remain under pressure from clients and increased regulatory oversight. We will continue our efforts across all countries to address this challenge, while we invest for future growth.

Financial Advisory Services

The planned internationalisation of our Financial Advisory business has continued during the year - notably we have seen some benchmark assignments and business developments:

- A number of significant cross border projects won/ delivered including notably advising Alstom on its acquisition of Bombardier (€6bn deal);
- Very recently a 3-year global framework signed with Rio Tinto;
- BD programme launched for Covid related services (Cash flow modelling, distressed M&A, debt advisory and independent business review)
- Global PE survey launched with over 500 downloads of the results. 2nd survey launching before the end of 2020.

We have also continued to invest in our business capacity, focusing on quality, integration and methodology and tools as key themes:

- Implemented stage 2 of global QRM procedures (self-assessment for over 60 countries);
- Further strengthening of ties with the ZhongShen ZhongHuan practice (strategic priority);
- Roll out of new client deliverables by using a software called UpSlide in line with the new branding;
- Formalisation of the Restructuring Services community (now the 6th global practice within the FAS umbrella);
- Upgrade of the international M&A tool (CFxB).

We have enhanced our geographic coverage with a new FAS presence in Australia, Serbia, Thailand, Mexico & Israel. We have also invested in existing teams, strengthening in France (PMI), Poland (M&A), Italy (M&A), India (Forensic), Switzerland (FIS), Brazil (M&A and RS).

Consulting

Building our Consulting offering to a truly international service line has been a key focus for our team. We have made good progress, developing on the strategy agreed by the GEB in 2019. This has seen our teams win a number of significant new clients – with assignments for significant players such as Coty, Deutsche bank, La Perla, Capita, BNP Paribas and BBVA showing the strength of our market offering. The team has also worked hard to deliver on some of the headline projects that will expand our operational and delivery capacity, strengthening our international leadership team, surveying our capacities internationally and beginning to work on filling identified gaps, standardising training, response tools and timelines and engaging with our Global Marketing team to enhance our communication with the market.

A number of successful external campaigns have taken place over the recent months including client webinars and articles on topics such as organisational resilience, considerations for pandemic event preparedness and stress testing and scenario analysis. We also released a crisis report to help heads of internal audit assess the key risks, redefine priorities and prepare for the future.

Covid-19 has inevitably been a factor during the year but our Consulting teams have continued to pursue opportunities and deliver new work despite the pandemic impact. We have also embarked a regional leadership model which supports the growth of more mature offerings in those countries new to the disciplines that make up a strong consulting offering.

Accounting and Outsourcing Services

Again, our AOS (Accounting and Outsourcing Services) activity proved more than resilient in the course of the year, showing 10% increase in revenues, and with many of the teams finding an increase in demand because of the public health restrictions on travel. The team has continued to develop a number of projects designed to enhance our offering in the marketplace, both individually and in collaboration with other services and sectors:

- Global Compliance – AOS, Tax and Legal joining forces. Combine BD/Marketing, expertise and technology to create guidelines, define BD objectives and implement KAM;
- Global Payroll – Focus on growth and UI. 3 main objectives to Develop and Consolidate our Global Payroll offering; Define BD targets, elevate our offer and raise our profile;
- Apollo – Optimise processes/Standard SOP's, make the model scalable and open access to other countries.

These activities, and the efforts of the entire team both at national and international level have led to some fantastic new global wins including assignments for Blackrock, Kering, Garrett, Givaudan, Marshall Wace, BIC and CBRE.

Tax

Our Tax practice has continued to push for growth through the development of a consistently high-quality offering both at national and international level. It has been especially gratifying to see some very significant new work wins this year including assignments for Arkema and TOTAL and Randstad. From a geographical perspective, our Africa/Middle East teams have started to act as a regional team, putting our 'one team' spirit into action.

A key focus for the Tax Service Line has been the development of high-expertise communities who work proactively to share their knowledge both internally and with clients. This year has seen the launch of the DAC-6 community and a very successful Tax & Legal tracker and webinar series responding to the challenges of Covid-19. The quality agenda remains to the fore, and the Tax team has implemented its programme of country monitoring on a remote basis. Further the Tax Team has renewed the programme to connect with countries and regions from a business perspective. From an education perspective, the Global Tax Training plan has been launched and we have also seen the first International LLM cohort reach their dissertation stage and the third cohort of students commence their course with Kings College, London.

Legal services

The goal of the Mazars Legal Services Line is to be a trusted advisor to our clients which can provide high quality legal services. The service line approach is based on sharing and developing together through the work of legal expert groups: COSEC, Labour Law, Transaction Services and data privacy. These teams are a platform for specialists to network, develop tools, share and improve knowledge, and the basis on which we provide our clients with the assurance of an excellent international service.

The focus in 2019/2020 has been on developing our offering within these communities of experts. We have also seized the opportunity of creating a true compliance offering with our partners in the Taxation and AOS service lines, providing clients with a comprehensive solution to interrelated compliance needs.

We continue to foster the use and development of common tools in order to make our legal service offerings more sustainable. We have built a market strategy and approach and have created a uniform message on what Mazars legal services can do, what makes us a different legal advisor, and for what type of clients we can work with. We have also focused on Mazars and Marcalliance joining forces and focusing on expanding services in key countries, UK & France notably.

The proof of our progress? A key win for legal in 2019/2020 was VERBRAEKEN INFRA – INFRA GROUP. This was a great example of teams and countries working together to win work from a major player, showcasing the breadth of what our legal teams can offer.

3.2 Sectors

Financial services

Our Financial services teams have continued their growth during 2019/2020, with a number of significant new assignments and renewals during the period. Successful proposals in all of our sub-sectors; Banking, Insurance, Real Estate and Asset Management have seen new work with clients such as: Cigna, Natixis, Société Générale, Santander, Bank of America, KBC, Englewood, Smith and Williamson, and Frogmore.

From a developmental perspective, our leadership teams have invested efforts in some key projects during the year:

Insurance

International training (Oct 26-29), IFRS 17 Webinars (RUS/ITA).

Banking

- H1 Banking Financial Statements European benchmarks survey;
- Hackathon: Finastra, Conferences co-hosted with OMFIF;
- Regulation Trends in the US and Global Patterns, Gender Diversity;
- Mazars - CACIB -PSL Fintech Chaire Conferences: The use cases for CBDC;
- Early consideration of a planned expansion in Boston, USA.

Real Estate

- Currently in U.S. and European Countries. Have connectivity with Africa, and Asia Pacific;
- Belgium and Luxembourg developing an automated tool for UCITS audit.

Industry

The Industry teams have focused on developing relationships and business development content throughout the year – with some notable successes; new clients such as Haier, Bon Chef, Haldirams Food, Enedis, Enel and of course the PSA Group, one of our largest clients this year. The team has also collaborated in a number of thought leadership campaigns, positioning our teams in the marketplace;

- Our mobility campaign launched by Global marketing, together with many sectoral expert groups has focused on reflecting the trends in the industry sectors: digitisation, evolving business models and disrupted supply chains;
- There are still two priority sectors in Industry: Energy and Automotive. The Energy group recently started a multidisciplinary sectorial expert group in our key market Germany. The automotive sector is pitching for increasingly important (C1 and C2) opportunities – leveraging the relationship for multiple C2 offers in the key targets world. There are more sector expert groups to come.

The focus in our Industry teams has been on developing more content to support both channel 1 and channel 2 approaches to target clients.

Services

Our Services Sector teams have had an extremely active year, with record numbers of tenders responded to in several countries. There have been a number of very significant new or renewed assignments achieved in both audit and Channel 2. Lead by seven active sub-sector teams, some key development projects include; development of specific AOS and CSR Audit offerings, sponsorship of important conferences (French American Chamber of Commerce – The Next Era of Luxury, Grand Prix de l'horlogerie in Geneva) and 3 Thought leadership publications with campaigns this year : "Are you missing the tech train" (Technology), "the future of Telco (telecom), and "Chinese Brand consumer: a generational, gender and city -tier analysis" (Luxury) – all campaigns have led in country newspaper articles , blogs, webinars, conferences targeted business development contact building (Media), launching a technology community, a Hospitality and Leisure Community and several partnerships including Institut Montaigne for Telco and Arianee for Luxury

Some of the key wins during the year, both in audit and C2 service lines, include L'Oréal, Coty, Steinhoff, Lagardere, FNAC Darty, Adolfo Dominguez, Omantel, Casino, EEFT, You and Mister Jones, Richemont and Cap Gemini.

Public Sector

The Public sector is doing well. The sector is showing its relevance in society, as Covid-19 issues are mainly solved by Public sector organizations (such as medical issues, income support to companies/employers, research on the virus and the vaccine). In the three major Public sector countries of Mazars, our business in the sector is doing really well:

In the UK there is still steady growth. We won several engagements at hospitals, the NHS trusts and many more. The main targets for the coming period is to qualify for strategic framework contracts with several bodies/organizations. Also, we are connecting the social value report issued with the new brand.

In France, we are winning a lot of audit work in the public sector, including new local municipality engagements, both in audit and consulting. We won major Consulting work at La Poste and FAS restructuring work at the National Association for professional vocation education and training.

In the Netherlands, there have been several audit engagements won at social housing organizations, as the major social housing organizations are now a PIE due to new legislation. Only six audit firms still have a PIE audit license in NL. We have enjoyed several successes in audits for Charities and international NGO's: Pax Peace organisation, specific project audit work for Red Cross, Terre des Hommes, Oxfam, Refugees Support Organisation in NL. Action is being taken to increase Channel 2 services to our large client portfolio of audit clients.

From a group perspective, we are making contacts for future audit tenders with Red Cross (NL), Oxfam international network (Netherlands), Medecins sans Frontieres (Switzerland), Terre des Hommes (Netherlands), World Wildlife Foundation (Switzerland).

The EU desk (Isabelle Sapet & Marius Skarstein) has had many successes with different engagements (DG Budget, Europe Aid, a.o.).

3.3 The POB segment – serving clients in all sectors & all service lines

Privately Owned Business

A very significant portion of our work is in the POB segment, across all service lines. POB had a steady performance in 2020 despite the Covid impact, with good growth across AOS, Audit and Tax. The POB focus on 'go to market' has led to good quality client wins across key POB sectors. The POB Covid task force was initiated in March to ensure the collaboration and delivery of articles, client information leaflets and webinars targeted at POBs worldwide and development of client programmes to support their response to Covid e.g. Covid defence approach and our innovative 'RESHAPE' programme. The RESHAPE crisis recovery programme, supports clients to develop new operational and financial plans to combat the crisis was launched in July and has been well received in the marketplace.

An increased use of digital marketing to promote POB across social and digital channels leading to enhanced lead generation and client wins. Strategic business planning training was delivered to 10 countries in February and the Reshape programme training was delivered across 25 countries. The first global marketing campaign for POBs was also launched; 'Business – it's personal' a series of 10 articles collaborated on by POB leaders worldwide to address common business issues. Also released in July, the POB website pages have been completely re-developed to focus on client needs and incorporate on brand messaging. Some key wins over the past year include KAAK Group, Aspen Healthcare and Cooper & Turner International.

4. Profitability and financing

Profitability

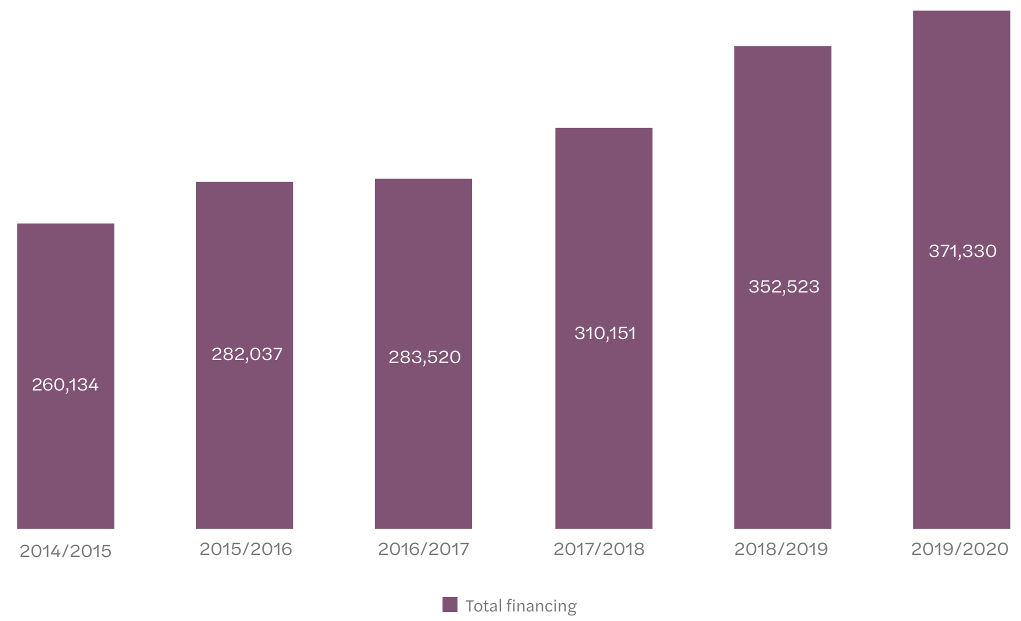
Group gross margin has slightly decreased from 47.5% in 2018/2019 to 46.1% of fee Income this year and represents €807M. Covid, pricing and salary pressure have continued to erode our margins.

The overheads are stable in weight at 29.0% in 2019/2020.

	2018/2019		2019/2020		Variation in value	Variation
	Surplus	Surplus / FI	Surplus	Surplus / FI		
France	80	19.9%	67	16.8%	-14	-17.2%
United Kingdom	34	16.5%	29	13.4%	-5	-13.6%
Rest of Europe	99	18.0%	105	16.9%	6	6.3%
North America	38	18.6%	43	20.3%	4	10.9%
Latin America & Caribbean	7	14.3%	4	10.5%	-2	-32.0%
Asia-Pacific	27	20.7%	31	20.8%	4	16.3%
Africa & Middle east	20	20.7%	20	19.1%	0	0.8%
Other	-2					
Total	**303.2**	**18.5%**	**299.4**	**17.1%**	**-3.7**	**-1.2%**

Financing

Partners' financing is stable year-on-year driven by an increase of permanent financing in order to protect Mazars' financial independence.



5. Highlights of the year

Quality Risk Management

2020 and looking ahead:

We maintain the highest quality standards by having a:

- · Dedicated Quality & Risk Management Board;
- Global code of conduct;
- Rigorous acceptance procedures;
- Global Quality manual and Mazars audit methodology;
- Global coordination of Quality control system.

So, in a nutshell, a Quality and Independence framework, now used in all countries, well recognized and accepted as "technical backbone", with proven value through client's feedback and external inspections.

What has been done in addition in 2020:

- A reinforced Group Quality control system team (regional recruitment & trainings);
- Monitoring of all action plans every 1.5 year;
- New Methodology guidance and tools, being deployed and used via audit tools (Atlas);
- WeCheck in all countries (100% coverage, 65 countries with direct upload of client's data, 85% of answers in less than 2 days), Enablon (a global internal control and inspection software used by all countries);
- Worldwide inspection program for Audit, AOS and Tax, including an annual self-assessment (FAS added this year) for each country and an inspection, from every 3 years for PIE audit countries, to every 4 or 5 years.

All IQC campaigns have been done remotely in 2020. It has taken more time, for reviewers and reviewees, as they had to adapt to this process. To note a good cooperation from the countries, but nevertheless approx. 1-month delay in the completion of the campaign, even if the final report was delivered on time mid-November. There have been 51 inspections (22 in Audit, 15 in AOS and 14 in Tax) performed this year in 34 countries by 85 reviewers.

Main highlights of FY2019/2020:

- A New code of Conduct launched worldwide end of 2019;
- The first inspection of China 2 has been launched in 2020, on the self-assessment part for Audit (review of audit engagements is expected to take place in 2021);
- The first QC campaign has been launched for the FAS practice with a self-assessment done in 2020 on the 63 countries where there is a FAS practice (QC inspections to come in 2021).

Looking ahead:

More than 2,000 PIE audit clients of Mazars through the globe, as of today, with more than 1,000 based in Europe. The overall increasing demand from stakeholders and/or regulators will lead to increasing investment needed in Quality.

Need of a cultural change, towards Quality management and compliance.

Audit/Atlas

Atlas is currently live in more than 80 countries with 6.000 regular auditors using the platform regularly across over 8.500 engagements. In parallel, Atlas Analytics has recently been launched and is being progressively adopted by our auditors worldwide.

Preparing a full transition to Atlas on all engagements in 2021 depends on every one of us. The adoption of the tool and its correct application are key.

In this respect from a Group perspective, we are supporting the Atlas deployment in countries through:

- An ambitious and realistic development plan taking into consideration your feedback and the feedback of your teams, and proposing in the coming months substantial improvements in terms of user experience, performance, services offered and a global integration of the audit solutions available for our Mazarians;
- A strong governance covering both software developments and progress of deployment with regular communication to key stakeholders;
- Central training through e-learning, webinars, presentations on Atlas and Atlas functionalities directly accessible to all Atlas users;
- An Atlas central support team that supports all live countries' active users, 20 hours a day, all year long.

Group Executive Board report

Business development

In 2019/2020 we have dramatically enhanced, aligned and harmonized how we present Mazars to clients, and developed key tools to support sector and services integration and collaboration, as well as strengthened our approach in tenders, and collect client feedback consistently across the firm

- Rolled out a new global tender toolkit (release of audit templates, guidelines, best practices) and training module enabling, all aiming to produce consistent quality proposals: tools available on GBH in February 2020, enhanced and rebranded for the brand launch in October 2020;
- Launched of new Global Business Hub interface with enhanced content for business development;
- Launched Client Listening (net promoters score survey) platform;
- Launched Mazars Live with dedicated SL, sector and business news channels, relaunched the global business news process (wins update) and enhanced credential database;
- Launched a new set of business tools (business presentation aligned with on brand messages, with credentials, new presentations of our areas of expertise, service lines, and sector expertise, as well as regional presentations);
- Developed CSR pack for tenders.

Brand, marketing & communication update

This year, we put our focus on building brand consistency and awareness of our expertise. As a matter of fact, we:

- Developed, harmonised and revamped corporate tools (yearbook, CSR report, financial report, corporate presentation, videos…);
- Generated broad and global corporate media coverage (annual results);
- Developed communications guidelines and tools to spread good practices (social media, risk, teams back screens);
- Coordinated global communication in Covid-crisis (internal memos, external statements);
- Developed and coordinated the Global Tax & legal tracker and Covid-19 Global resource centre; developed global content and promoted it on social media channels and through new channels (webex series);
- Developed the new brand positioning, and created a new brand platform, narrative, architecture, visual identity; rolled out with 400 brand ambassadors for 9 months to pilot the brand execution;
- Launched global thought leadership and marketing campaigns supporting brand awareness and business development, involving Mazars experts from around the world: Tech Train, Telco, Innovators, Sustainable finance (OMFIIF report on Climate risk and gender and regular series of articles), POB’s « Business it’s personal », Covid-19 series, Restarting Auto Industry, Let’s talk podcasts; created new sector blogs (e.g., Energy blog);
- Supported POB with re-positioning, value proposition and narratives, revamped POB webpage content, and launched the «Reshape» program and interactive tool on the global website, internally, and in social media;
- Relaunched Mazars Live internally, to build a more connected community globally, created channels for regions and countries, and reached adoption of 12,000 Mazarians in 6 months;
- Shaped the debate on audit reform, creating content (CEO’s blogs) and supporting conversations with media in key countries.

IT

In 2019/2020, Group IT has achieved a lot on security as well as to support our businesses:

- On Security, we now have 75+ of our countries that reach Level 3 compared to less than 65 last year. In addition, Bitsight rates Mazars overall security as ‘Advanced’ which is very good as it is visible to external parties especially clients and prospects. These great results were made possible thanks to the Regional CIOs which we have been deploying for two years now. This year we welcome a regional CIO for LATAM, one for English-speaking Africa and one for French-speaking Africa and Middle East. We are now recruiting one for Western Europe to complete the map;
- Supporting the business. This year was very special due to the pandemic which forced us to accelerate our digitisation and our mobility. Our IT teams did a fantastic job in making sure our teams went digital and mobile within hours and without disruption of services to our clients. We even succeeded in developing our support to the business projects as we further deployed WeCheck (operational now in 65 countries) and we tested the Client Vault to consolidate our client databases for business development purposes. We also started a global negotiation with Microsoft in order to leverage on our size to get the best prices in a single contract for all Mazarians.

IT played its part within the One24 project as we designed an ambitious project to achieve a common global IT infrastructure to facilitate innovation and collaboration across Mazars. This project will be deployed over the period 2020/2024.

Innovation

The innovation community launched 3 years ago keeps expanding, with new ambassadors that bring the total number of countries with an innovation representative to over 50, and more recently with more Innovation Hubs. This year, Italy and Hungary both launched a hub. Mazars Group thus boast a network of seven Innovation Hubs, combining new tech profiles with business experts from our traditional service lines.

Our portfolio of innovation projects is well balanced and has delivered solutions that are presented to our prospects and clients and receive excellent feedback. These first solutions constitute a marketplace, where innovators from all service lines can share their solutions with adopters from all around the world. More solutions are expected to be delivered in the coming months. The innovation community has been fueling the portfolio pipeline. For example, Germany and France are no longer tackling a few projects but managing entire innovation programs with the first concrete deliveries expected soon.

The innovation strategy is taking a new turn with initiatives being led by business lines and not only countries. The Outsourcing leading team is tackling disruption head-on and leveraged the BIM application to identify the most promising initiatives. The shortlisted projects will be accelerated by the service lines and the Group Innovation Team. The Audit service line is also looking at industrializing the deployments of new solutions.

The latest contracts with start-ups were negotiated at Group level with the help of the Group Legal Team to future proof the scaling of new external solutions: liability, confidentiality, transferability, intellectual property management and economies of scale were all taken into account. In addition, Group IT is preparing the ground for more internal solutions with a common infrastructure supporting new light initiatives.

In conclusion

The 2019/2020 results are exceptional in the times in which we are living. Thankfully, there are some positive signs for 2020/2021 with the possibility of having a safe and effective vaccine being introduced to beat the coronavirus and return to our normal lives.

Some further challenges lay ahead of us, but our financials and cash situation are sound, and we are well positioned for when the rebound comes.

Mazars will also be deploying the One24 strategy next year which will help overturn the situation and launch us towards our new objective of reaching a fee income target of €2.7bn in 2024.

Part of the One24 strategy is the Fit for 24 initiative which has the objective of generating a €50M overheads saving in 2024 enabling Mazars to invest heavily in growth initiatives.

More than ever, client service, innovation, people, technology and quality remain at the heart of our strategy.

Finally, we want to thank all our Partners and teams across the globe for having shown incredible resilience throughout the year enabling Mazars to remain strong and growing all the way through.

The Group Executive Board

Group Governance Council report

The Group Governance Council (GGC) is Mazars' supervisory body. Elected by the global partnership in December 2016, the current GGC team is made of women and men from all around the globe, under the chair of Tim Hudson.

2019/2020 was the last year of the current GGC's term and proved to be a year like no other, during which all efforts were primarily directed to providing an individual and collective response to the Covid-19, in order to protect Mazars's people and maintain our support and service to our clients.

The GGC wants to express sincere thanks to all partners and staff for their hard work and commitment during these exceptional times.

Despite the Covid-19-induced shift in our focus, the GGC also did work on the following topics.

Quality and Risks

One of the key roles of the GGC is to provide oversight of the quality and risk management processes in the Group.

Response to the Covid-19 crisis

The Group Executive Board (GEB) is responsible for the management of enterprise-wide risks which this year included the COVID response. As soon as national measures – such as complete or partial lockdowns-, were taken by governments to limit the spread of the pandemic, the GEB set up task forces and communicated with the managing partners, partners and staff on events that were taking place during the critical early stages of the pandemic.

IT Security and cyber risks

Cyberattacks have been identified as one of the most important risks that the group faces. The group IT team has done a tremendous job in creating an information security dashboard that shows KPI's by group, region, and country.

Over the last 3 years, the number of vulnerabilities has been significantly reduced and business continuity plans updated.

Training is used as a preventative tool against cyberattacks and the IT team has put together a training program for all staff and partners. We strongly encourage all countries to include this in their learning and development plan.

We are encouraged by the GEB supporting the recruitment of regional CIOs, which has proved to be a success at improving our IT overall framework.

Quality control

All international quality control campaigns (audit, AOS and tax) were done remotely and have been completed.

- Regional Quality Control leaders have been used to monitor action plans that come out of each quality control campaign.
- For AOS and Tax, the main challenge is to implement more consistent quality standards between service lines, so the ratings can be consistently applied across all service lines and to allow an easier comparison of partner performance on issues of quality.
- Our Financial Advisory service line completed a self-assessment campaign in 63 countries and next year will have a full quality control campaign.

As a major audit firm, Mazars is under a high level of scrutiny from regulators. Quality remains of paramount importance.

Financial performance

2019/20 was a year of unprecedented challenges. However, our financial performance demonstrates the resilience of our model and is a performance we can all be proud of.

The Covid-19 pandemic slowed down our expansion, but our global fee income grew by 6.7% (4.9% of which through organic growth). This is an impressive achievement in difficult times and represents a growth of €109m over our 2018/19 performance.

Our audit and audit related activities showed strong resilience with 7.7% growth over last year. This was supported by success in a large number of audit tenders. Our advisory activities have been impacted more than audit but have still shown strong resilience

Budget 2020/21

By respecting the budget timetable, a timely GEB country by country budget review could be completed and the consolidated group budget approved before the start of the financial year. It shows a 6.5% increase over the 19/20 landing. Countries by now have generally adapted themselves to the Covid environment and therefore we believe we can be cautiously optimistic in achieving this bounce back.

Partnership growth and development

New partners

This year 78 candidates were proposed for co-option. Despite the challenge of Covid-19 all the internal reviews and processes were completed on time.

The proposed candidates come from 29 countries. 57 of them are internal co-options and 21 are external hires. Women account for 29% of the new candidates. There is a bias towards audit partners reflecting the continuing opportunities that the Group observes in the market.

Mazars North America Alliance

2020 has seen the first full year of operation of the Mazars North America Alliance. The governance structures have been established and the modus operandi for the response to referrals or proposal opportunities has also been implemented. The response from our clients and potential clients has been very positive.

Integration and External growth

There has been limited opportunity to execute external growth projects which fundamentally must be based on common values and requires face to face contact to develop.

Despite that there has been good progress on the integration in a number of recent acquisitions including Austria, Saudi Arabia and Israel.

In China, the pace of integration has not been as was expected or desired. ZongShen ZongHuan' partners and staff have been focused on the integration of their own domestic activities, and have recently renewed their commitment to the ambition of integrating with Mazars to support the international needs of their domestic client base. There is increasing regulatory pressure locally to have integrated domestic firms, the largest of which will be able to provide audit services to SOE's.

This will remain a priority in One 24.

Innovation, brand and diversity

Innovation

The pace of innovation within the group continues to accelerate. We are encouraged to see that the number of new innovation labs or hubs has continued to grow and the Covid pandemic has led to greater coordination and sharing between these hubs.

There is increasing structure around the coordinated development of tools to avoid the risk of duplication and to facilitate the scale up and roll out of projects when appropriate. This is to be supported and requires all countries to participate through the innovation ambassadors.

Diversity

Diversity remains an important topic which is monitored by the GGC. The GEB required all the large countries to submit their action plans, set their targets and identify gender diversity champions.

The GEB has also acknowledged that diversity is broader than just gender diversity and a focus on inclusivity has become part of the conversation at group level and in countries. To improve the culture of diversity, specific training has been made mandatory with regard to diversity, inclusion and belonging.

Group Governance Council report

We are pleased with the focus and progress made as well as the actions planned for 2021 and beyond by the GEB and will continue to monitor and influence this going forward.

Brand launch

Although Covid again had an impact and delayed the launch, we should all commend the entire marketing and communication team for the work that was done throughout the year leading up the launch of the new brand with all Mazarians and then to the outside world.

GGC has followed the project closely during the year and it has been really encouraging to see that a global team has been mobilised to support and that there has been continued interaction with a range of partners to refine and confirm the brand messages.

We should be justifiably proud of the brand that we have and it is now the responsibility of all the partners to ensure consistency not just of the logo and image but more importantly the way in which we conduct ourselves and lead our teams and to protect the investment we have all made.

The years ahead

One 24 implementation and execution

The one 24 plan is ambitious and the various streams that supported the plan identified a large number of initiatives. Many partners, including young leaders, were involved in the process, making the whole exercise a key element in the development of the future leaders of Mazars.

We will now want to ensure that below the GEB, the leadership and organisational structures are in place to deploy the plan, monitor progress and measure success.

The CARL budget includes a contingency to support some of the strategic investment required and we will exercise oversight of the selection of projects by the GEB.

European audit reform

Over the last 2 years, several audit failures occurred and the most recent one, connected to the Wirecard collapse, has triggered EU policy makers willingness to review the audit market to ensure greater independence and a wider capacity to detect frauds.

Changes in the regulatory landscape could present threats to Mazars' business model but also an opportunity to promote the quality and independence benefits of Joint Audits and its positive effect on audit market diversity.

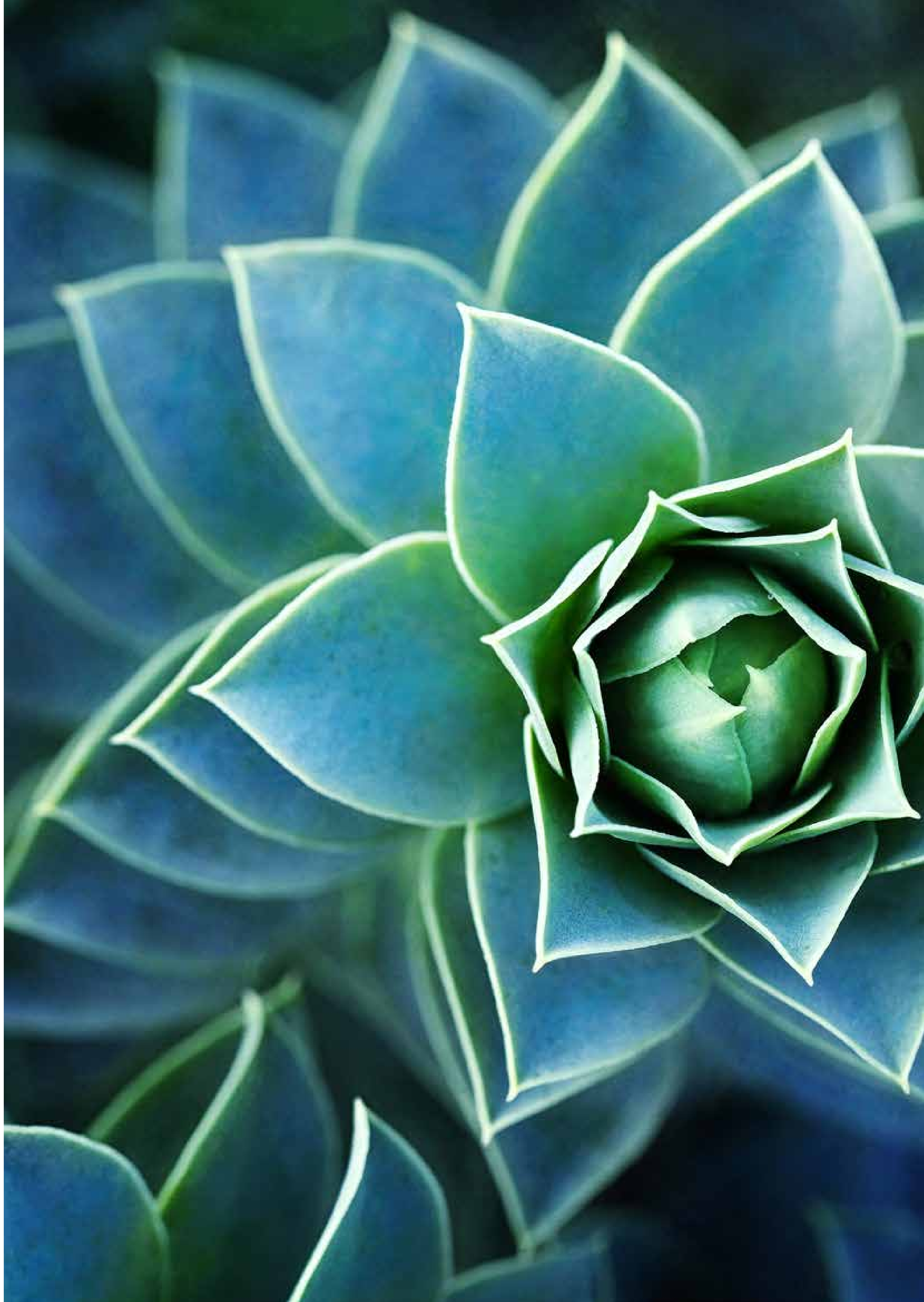
Continued investment will be required to enable the desired increase of Mazars' market share in the EU Audit market.

During 2021, the European Commission will decide whether it intends to propose changes to the current EU legislative framework and to what extent. The GGC will pay specific attention on the manner the GEB anticipates possible regulatory changes impacting Mazars and sets a strategic plan that strikes the right balance between the various objectives identified.

Conclusion

As we reflect back on all of the hard work over the four-year mandate, we can be proud of all that has been achieved. Clearly when plans are ambitious and when an event such as Covid arrives unexpectedly there will remain unfinished business. But the Group's plans and ambitions have been refreshed and revised through the One 24 process and the prospects for the Group look very encouraging.

We are sure that the newly elected GGC team will seek to maintain constructive and open dialogue with the GEB and we will challenge and hold them accountable as we need to.



Financial statements

Consolidated financial statements prepared in accordance with IFRS 2019/2020 financial year ended on August 31, 2020 In thousands of euros

Consolidated income statement

2019/2020 financial year ended on 31 August 2020

In thousands of euros	Notes	2018/2019	2019/2020
Revenue	4.1	1,708,349	1,810,354
Rebillable costs	4.1	-69,021	-61,898
Fee income	4.1	**1,639,328**	**1,748,456**
Cost of technical staff		-860,385	-941,794
Gross margin	4.3	**778,944**	**806,662**
Cost of administrative staff	4.4	-124,648	-134,509
Other costs	4.4	-322,842	-254,933
Depreciation, amortisation and impairment	4.4.,6.2,et,6.3	-12,551	-88,150
Surplus of operations	4.4	**318,904**	**329,069**
Amort'n/imp't of client relationships and goodwill	6.1	-9,838	-11,594
Financing costs		-5,788	-17,943
Total Surplus	4.5	**303,278**	**299,532**
Surplus allocated to partners		**-303,228**	**-299,446**
Pre-tax result		**50**	**86**
Corporate income tax	11		
Post-tax result		**50**	**86**

Consolidated statement of comprehensive income

2019/2020 financial year ended on 31 August 2020

In thousands of euros	Notes	2018/2019	2019/2020
Post-tax result	1.2.3	50	86
Other comprehensive income			
Remeasurement of defined benefit schemes		11,009	6,138
Exchange rate adjustments		556	-16
Attribution of OCI to Partners		-11,566	-6,122
Comprehensive income		**50**	**86**

Consolidated statement of financial position

2019/2020 financial year ended on 31 August 2020

In thousands of euros	Notes	31 August 2019	31 August 2020
Assets			
Intangible assets	6.1	192,475	187,087
Property, plant and equipment	6.2	59,956	315,441
Other non-current assets	7.4	17,415	15,125
Total non-current assets		**269,847**	**517,654**
Trade accounts receivables and accrued income	4.2	471,221	446,744
Other current assets	10.1	88,584	78,694
Cash and cash equivalents	7.3	103,743	158,855
Total current assets		**663,548**	**684,292**
Total assets		**933,395**	**1,201,947**

In thousands of euros	Notes	31 August 2019	31 August 2020
Equity and liabilities			
Shareholders' equity	8.1	**4,949**	**5,113**
Partnership financing - non-current		199,027	211,298
Partnership financing - current		139,298	127,639
Total partnership financing	8.2	**338,325**	**338,938**
Long-term borrowings - non-current	7.3	77,325	264,434
Long-term provisions	9.1	67,470	70,744
Total other non-current liabilities		**144,795**	**335,178**
Long-term borrowings - current	7.3	32,975	119,348
Current bank financing	7.3	38,543	17,782
Trade and other payables	10.2	351,870	361,033
Current provisions	9.1	21,939	24,555
Total other current liabilities		**445,327**	**522,719**
Total equity and liabilities		**933,395**	**1,201,947**

Consolidated statement of changes in equity

2019/2020 financial year ended on 31 August 2020

In thousands of euros	Capital	Reserves	Shareholders' equity
Shareholders' equity as at 1 September 2018	**460**	**4,384**	**4,844**
Movements in share capital	17	37	54
Other movements			
Transactions with Shareholders	**17**	**37**	**54**
Comprehensive income for the period		50	50
Comprehensive income		**50**	**50**
Shareholders' equity as at 31 August 2019	**478**	**4,471**	**4,949**
Movements in share capital	11	67	78
Other movements			
Transactions with Shareholders	**11**	**67**	**78**
Comprehensive income for the period		86	86
Comprehensive income		**86**	**86**
Shareholders' equity as at 31 August 2020	**488**	**4,624**	**5,113**

Consolidated statement of cash flows

2019/2020 financial year ended on 31 August 2020

In thousands of euros	Notes	2018/2019	2019/2020
I-Operating activities			
Net result		50	86
Depreciation and amortisation		26,185	92,206
Gains and losses on disposal		-531	157
Self-Financing capacity		**25,704**	**92,449**
Changes in currents assets		-30,697	29,726
Changes in other current liabilities		29,341	11,750
Changes in working capital requirements		**-1,357**	**41,476**
Net cash generated by operating activities	12.1	**24,347**	**133,925**
II-Investing activities			
Purchases of property, plant and equipment and intangible assets	6.1/6.2	-35,237	-34,765
Disposals of property, plant and equipment and intangible assets		1,077	897
Purchases of other non-current assets	7.4	-1,839	-1,985
Disposals of other non-current assets		3,466	2,287
Net cash flows from acquisition and disposal of subsidiaries		-10,949	-764
Net cash used in investing activities	12.2	**-43,482**	**-34,330**
III-Financing activities			
Capital increase		54	78
Changes in non-current partnership financing	8.2	9,033	18,094
Changes in current partnership financing	8.2	7,990	-5,970
Issuance or subscription, of long-term debt	7.3	22,965	62,316
Repayment of long-term debt	7.3	-33,419	-43,796
Repayment of long-term debt IFRS 16	7.3		-49,533
Net cash from financing activities	12.3	**6,624**	**-18,812**
Net cash variation		**-12,511**	**80,783**
Impact of exchange rate changes		1,262	-4,912
Technical variation of cash		**-11,249**	**75,872**
Cash and cash equivalents at the beginning of the year		76,449	65,201
Cash and cash equivalents at the end of the year		**65,201**	**141,072**
Cash and cash equivalents		103,743	158,855
Current bank financing		-38,543	-17,782
Net cash and cash equivalents at the end of the year		**65,201**	**141,072**

1. Accounting policies

The consolidated financial statements were approved by the Group Executive Board on November 20, 2020 and submitted for review to the Group Governance Council. They will be submitted for approval of the General Assembly of Mazars SCRL on December 11, 2020.

1.1 Accounting framework

The consolidated financial statements together with the attached notes for the financial year ended 31 August 2020 have been prepared in accordance with IFRS as adopted by the European Union.

1.1.1 New or amended standards and interpretations mandatory for the 2019/2020 financial year

The Group has applied all the new or amended standards and interpretations mandatory for the 2019/2020 financial year, as follows:

- IFRS 16 – *Leases*
- IFRIC 23 – *Uncertainty over Income Tax Treatments*
- The interpretation of IAS 12, Income Taxes, provides guidance for the recognition and measurement of income taxes in situations of uncertainty.

Focus on IFRS 16 – Leases

The standard IFRS 16 - Leases, adopted by the European Union on 31 October 2017, replaces the standard IAS 17 - *Leases* and its related interpretations including IFRIC 4 - *Determining whether an Arrangement contains a Lease*. Its application is mandatory for all financial years starting on or after 1 January 2019.

The standard introduces new principles for the recognition, measurement, presentation, and disclosure of leases. It requires lessees to account for all leases, irrespective of whether they would be classified as operating or finance leases according to former IAS 17, on the balance sheet using a single accounting model, and to recognise a “right-of-use asset” against a lease liability.

Accounting for lease liabilities

At the inception date of the lease, the Group recognizes a lease liability, measured at the present value of the lease payments to be made over the term of the lease. The present value of payments is mainly measured using the incremental borrowing rate of the contracting entity, at the contract starting date. That incremental borrowing rate takes into account the market interest rates in the country, and the level of indebtedness of the Group entity party to the contract.

Lease payments include fixed payments (net of rental incentives receivable), variable payments based on an index or rate and amounts that should be paid under any residual value guarantees.

Lease payments also include, when applicable, the exercise price of a purchase option that the Group is reasonably certain to exercise and the payment of penalties for the termination of a lease, if the lease term takes into account the fact that the Group will exercise an early termination option.

Variable lease payments that are not dependent on an index or rate are recognized as an expense in the period in which the event or condition that triggers the payment occurs. They are not included in the lease liability or in the carrying amount of the right of use asset.

After inception of the lease, the amount of the lease liability is increased to reflect the accrual of interest and decreased for lease payments made.

The amount of the lease liability will be remeasured in the event of a modification of the lease contract or a reassessment of the lease term (e.g. change in the contractual term of the lease, exercise of a renewal option that was not originally considered in the lease term), or due to the application of annual indexation.

Accounting for Right-of-use assets

The Group accounts for the right-of-use asset arising from the lease at the lease inception date (i.e. the date on which the underlying asset is made available by the lessor). Right of use assets are measured at cost, less accumulated amortization and impairment losses, and adjusted for the revaluation of lease liabilities. The cost of a right-of-use asset includes the amount of the lease liability, initial direct costs incurred to enter the lease, and lease payments made on or before the inception date, minus any lease incentive received. Unless the Group is reasonably certain that it will become the owner of the leased asset at the end of the lease term, the right-of-use assets is depreciated on a straight-line basis over the shortest period between the estimated useful life of the underlying asset and the duration of the lease. The right-of-use assets are subject to impairment testing.

Initial application of IFRS 16 by the Group

Transition method

The Group has applied IFRS 16 on 1 September 2019, according to the simplified retrospective method. Under this approach, the lease liabilities have been measured for the discounted value of the remaining lease payments, using a discount rate consistent with the market rates as at 1 September 2019, the remaining lease term and the credit risk of the Group entities party to the lease contracts. The corresponding right of use assets have been recognised for the same amount as the lease liability. Accordingly, there has been no impact on equity at the date of initial application of IFRS 16.

As authorised by IFRS 16, the Group has elected not to recognise right of use assets and lease liabilities for all leases of low-value assets along with all short-term leases (i.e. not exceeding 12 months and without purchase options).

The group has assessed that real estate leases are the only material leases relevant to the group and hence have only recognized real estate leases under IFRS 16.

The key effects of the application of IFRS 16 on 1 September 2019 are as follows:

In thousands of euros	1 September 2019
Right of use - IFRS 16	308,977
Financial debt IFRS 16 - Non-Current	239,429
Financial debt IFRS 16 - Current	69,548

The Group has recognized right-of-use assets and lease liabilities for contracts previously classified as operating leases.

Lease liabilities have been recognized based on the present value of the remaining lease payments, discounted using the country's incremental borrowing rate of the contracting entity at the date of the first application.

Assets related to the right-of-use of operating leases have been recognized based on an amount equal to the lease liability of the contract, adjusted for any prepaid or outstanding rents, at transition date.

The reconciliation between the rental obligation on 1 September 2019, and operating lease commitments presented under IAS 17 as of 31 August 2019 is as follows:

In thousands of euros	1 September 2019
Operating lease commitments at 31.08.2019	300,787
Leases on low-value assets or those expiring in 2019/2020	-21,319
Other (free rent, lease renewals,..)	60,053
Lease liability before discounting at 01.09.2019	**339,521**
Discounting	-30,545
Lease liability at 1 september 2019	**308,977**

The accounting principles below are effective for annual periods beginning on 1 September, 2019. According to the modified retrospective approach in IFRS 16, the comparative figures for the 2018/2019 financial year have not been restated. Therefore, IAS 17 still applies for the 2018/2019 comparative period.

1.1.2 New standards published by the IASB but not yet mandatory

The Group has not made early application of the standards, interpretations and amendments listed below the application of which as at 1 September 2019 was not mandatory. These are the following standards:

- Amendments to IAS 1 and IAS 8 on the definition of "Material";
- Amendments to IFRS 3 on the definition of a business;
- Amendments to IFRS 9 and IFRS 7 relating to the benchmark interest rates reform (IBOR);
- Amendments to IAS 1 on the classification of financial liabilities as current or non-current liabilities;
- Amendments to IAS 37 relating to the identification of onerous contracts;
- Annual improvements 2018/2020 cycle.

The Group has only listed here the standards and amendments that might apply to the Group's activities. Those amendments are not expected to have a significant impact on future financial statements.

1.2 Basis of preparation

1.2.1 Presentation currency for the consolidated financial statements

Mazars' consolidated financial statements have been prepared in euro and are presented in thousands of euros (except where otherwise stated).

1.2.2 Main uncertainties arising from the use of estimates and judgements by the Group Executive Board

In accordance with IFRS, the preparation of consolidated financial statements requires the Group Executive Board to make a certain number of estimates and assumptions which have an impact on the amount of the Group's assets, liabilities, shareholders' equity and items of profit and loss during the financial year.

These estimates are made on the assumption that entities will continue a going concern and are based on information available at the time of their preparation. Estimates may be revised where the circumstances on which they were based change or where new information becomes available.

The main estimates and assumptions liable to have a significant impact on the Group's financial performance are as follows:

- Operating data relative to the firm's engagements: the amount of accrued fee notes and the valuation of receivables and associated impairment losses;
- The valuation of intangible assets: costs at the date of recognition and impairment of goodwill;
- The calculation of post-employment benefit obligations.

The main assets and liabilities as at 31 August 2020 subject to material potential adjustment, because of their basis of measurement, are as follows:

- Provisions for contingencies and future costs including €4,026 thousand relating to professional exposures and €4,102 thousand for other risks (see note 9.1);
- Post-employment benefit obligations: the applicable actuarial assumptions and calculations for each country are set out in note 5.2.

The accounting policies and basis of measurement applicable to each item are set out in the corresponding notes.

1.2.3 Particular features of Mazars' partnership model

Structure of the Group

Mazars Group is an integrated and independent international partnership founded in the effective and democratic participation of each shareholder (the "partners") of Mazars SCRL, the consolidating entity.

All the partners share in the risks and rewards of the integrated partnership (see the basis of partnership financing set out in note 8.2). They all practise in the framework of Mazars entities (the "entities") which have a range of legal forms depending on national practices or legal constraints: general partnerships, limited liability partnerships or limited liability companies.

The articles of association and other institutional documents of Mazars SCRL (the "Mazars agreements") provide for the devolution of control over entities to Mazars SCRL to the extent compatible with national legislation and regulations.

As the Group's activity is performed within its entities, Mazars SCRL does not engage in any professional activities directly and has no employees. It invoices other entities in the Group for management and development services as well as brand royalties. It derives the necessary resources to carry out its tasks from entities' contributions or from external sources and, in accordance with the Mazars agreements, it is not intended to generate significant profits.

Consequences in terms of accounting policies:

In legal terms, the partners are shareholders or partners in the entities in which they practise. The Mazars agreements provide for:

- The prohibition for an outgoing partner to retain shares in an entity albeit no longer engaged in collaboration with Mazars Group; and
- The obligation for the entity to acquire the shares of the outgoing partner.

Entities' equity thus meets the definition (under IFRS) of a financial liability and is presented as partnership financing (by the partners), separately from other financing instruments such as borrowings, etc.

Partnership financing is detailed in note 8.2 summarising all forms of liabilities due to partners.

Remuneration of partners

Given the partnership nature of the Group's various entities, the consolidated income statement includes an intermediate balance entitled "Total surplus" (see note 4.5) which constitutes the source of partners' remuneration.

Partners' remuneration thus comprises all sums payable, whatever their form, to or by Mazars' partners at the level of entities or their subsidiaries:

- Due to differences in the partners' legal, tax and corporate status (mainly employees and shareholders in limited liability companies, profit-sharing partners in partnerships) under the various national legislations applicable, the sums which are payable to them for each financial year may take different forms: salaries, bonuses and social contributions (including to pension schemes), dividends, dividend-related tax, partnership profits, fees, non-commercial profits, etc.
- The same applies to corporate income tax payable by entities (see note 11).

Partnership financing

Mazars Group's operations are essentially financed by the partners in various forms: shares, loans, current account balances, deferred remuneration, etc...

The Group's partnership financing thus comprises the elements included in partners' remuneration plus their contributions in the form of shares or loans, other comprehensive income (in as much as it comprises elements due to or payable by the partners), bond issues and entities' deferred tax assets and liabilities.

Details of the above elements are provided in note 8.2.

Result of the Group

The Group's result is net of partners' remuneration. The pre and post-tax result presented in the Group's consolidated financial statements, and the corporate income tax charge, equate with the sole activity of Mazars SCRL.

Other comprehensive income

The components of comprehensive income are reclassified and presented either in the consolidated statement of comprehensive income, if related to the consolidating entity's equity, or as part of partnership financing if related to operating entities (see note 8.2).

Shareholders' equity

The shareholders' equity disclosed in the consolidated statement of financial position uniquely comprises the share capital, retained earnings, reserves and other comprehensive income items of the consolidating entity (OCI), Mazars SCRL.

Group governance

To manage its activities and financial risks, the Group has implemented the following structure of governance:

- The Group Executive Board has responsibility for Mazars' development strategy, growth, operational performance and for preserving the unity of the Mazars partnership;
- The Group Governance Council provides overall supervision of the Group Executive Board; and
- The Country Executive Committees are responsible for directing member entities and their operations at national level, in accordance with the framework defined by the Group and including strategic and operational coordination with the Group.

The shareholders of Mazars SCRL elect the members of the Group Executive Board, the Group Governance Council and the Country Executive Committees of the countries in which they practise.

1.2.4 Significant events

The most significant event of the 2019/2020 financial year is the Covid-19 pandemic. As for many companies, Mazars has experienced a slowdown of its activities in the second half of the year negatively impacting its revenues by around €65M vs our forecast. This negative hit was mitigated by savings of around €47M, of which government subsidies represent €11M or around 1% of our staff cost. Finally, surplus, i.e. distribution to partners is negatively impacted by €19M vs the mid-year forecast.

However, Mazars has shown a particularly strong resilience with a fee income growth of +6.7% vs previous year representing an increase of +€109M.

Organic growth remained strong at +4.9% while external growth ended as expected at +2.0%.

We have seen some high growth in some of our major markets such as Luxembourg +21%, Germany +16%, Switzerland +14% and Italy +13%.

The forex variation has had a low impact this year of -0.3% globally with major countries affected being Brazil and South Africa.

Channel 1 services (Audit and AOS) have been extremely resilient with a growth rate of +7.7% while the Channel 2 activities have grown by +5.1%.

Some of our offices have received government subsidies related to the exceptional health crisis we encounter. The assistance provided is mainly related to job retention schemes. The grants received in this context have been presented as reduction of staff cost. A fraction of the subsidies (€0.5M) is not definitely acquired therefore is recorded as a debt and could be recognized as a profit in 2020/2021.

Venezuela has been subject to hyperinflation for several years. Mazars Venezuela continues to meet the criteria for consolidation but, given the impossibility of assessing the value in euro of the financial data reported, we have retained a nil value for the entity.

Argentina has been considered as a hyperinflationary economy since July 2018. Mazars Argentina's contribution to the consolidated financial statements has thus been restated in accordance with IAS 29 since 31 August 2018 and as a result, the entity's contribution to the consolidated income statement has been translated into euro at the applicable closing rate.

1.2.5 Event after the financial year closing

No significant event occurred after the year-end.

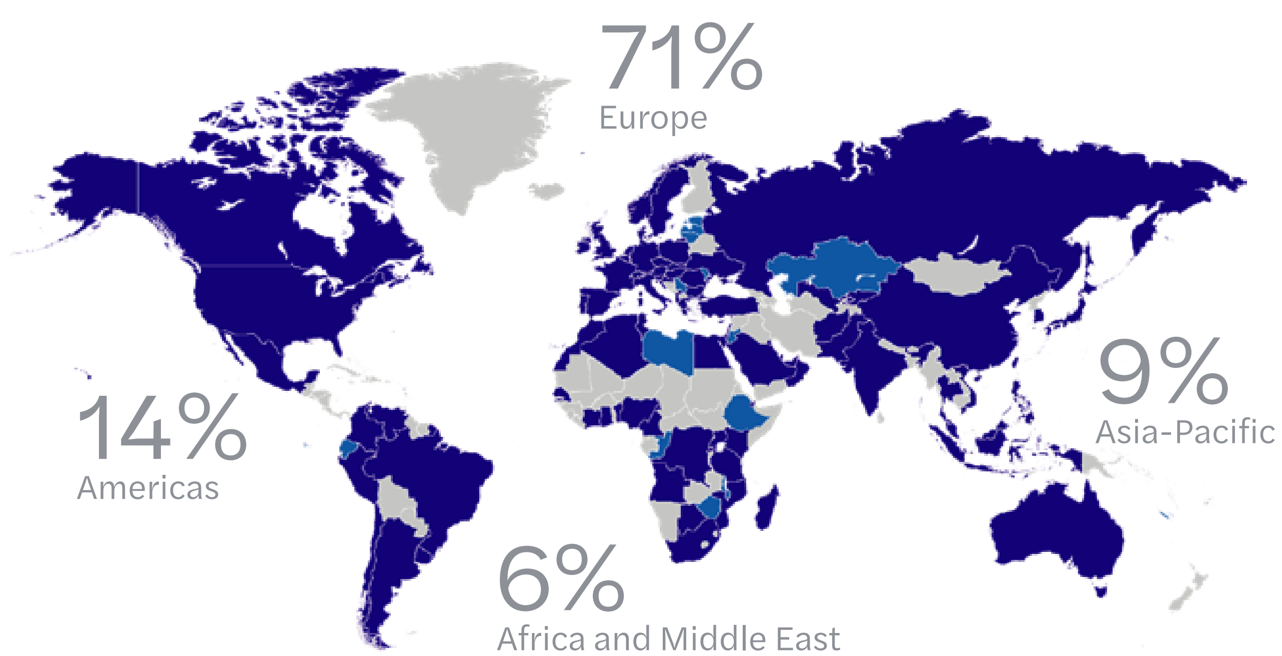
2. Scope of consolidation

2.1 Accounting policies related to the scope of consolidation

2.1.1 Definition of the scope of consolidation

The consolidated financial statements comprise the financial statements of Mazars SCRL (the "consolidating entity"), those of the entities in which the partners carry out their professional activities and of companies that are majority owned (either directly or indirectly) by those entities. In addition to the consolidating entity, the Group's scope of consolidation comprises operating entities located in 93 countries and territories.

The ten main contributory entities are detailed on the map below with their percentage of contribution to the Group's total fee income:



■ Integrated countries and territories

■ Non-integrated countries and territories: Mazars correspondents and representative offices

Americas including

United States 11% - Mazars USA LLP

Africa and Middle East including

South Africa 2% - Mazars Accountants South Africa

Europe including

France 22% - Mazars SA
United Kingdom 13% - Mazars LLP
Germany 10% - RBS Mazars
Netherlands 7% - Mazars Paardekooper Hoffman NV
Spain 2% - Mazars Auditores SLP
Ireland 2% - Mazars Ireland
Sweden 2% - Mazars SET
Switzerland 2% - Mazars Holding

2.1.2 Conversion of financial statements drawn up in currencies other than the euro

Accounting policies

The financial statements of entities located outside the Eurozone are drawn up in local currency, which is generally their functional currency, and converted into euro as follows:

- Assets and liabilities are converted at the applicable exchange rates prevailing at the financial year-end; and
- The consolidated income statement is converted at the applicable average exchange rates for the period.

The resulting conversion differences are included under "Other comprehensive income" (see note 1.2.3) in "Partnership financing" (see note 8.2).

2.1.3 Business combinations and goodwill

The requirements of IFRS for business combinations were applied retrospectively from 1 September 1995 when Mazars SCRL was created.

A retrospective review has been carried out at country level for mergers prior to 31 August 2003 which primarily related to France, the United Kingdom and the Netherlands.

Under the Mazars agreements, each business combination results in control with shareholdings approaching 100%.

Accounting policies

Business combinations are accounted for using the acquisition method under which:

- The cost of an acquisition is measured at the fair value of the consideration transferred, inclusive of any price adjustment, as at the date of control. Any subsequent fair value impact of a price adjustment is recognised in profit or loss or other comprehensive income in accordance with the applicable standards; and
- Any difference between the consideration transferred and the net fair value of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed represents the goodwill attributable to the acquisition which is recognised as an asset in the consolidated statement of financial position.

Adjustments to the fair value of the identifiable assets acquired and the liabilities assumed, initially recognised on a provisional basis (pending the results of professional valuation or additional analysis), are treated as retrospective adjustments to goodwill if they arise within a year of the acquisition date and are attributable to facts and circumstances that were in existence at the acquisition date. Any impacts identified beyond that period of a year are recognised directly in profit or loss on the same basis as for any other change in estimate or correction of an error.

Acquisition costs are expensed as incurred.

2.2 Evolution of the scope of consolidation

The main evolution of the Group's scope of consolidation during the 2019/2020 financial year has included:

- The integration of new countries (Saudi Arabia, Niger and Serbia);
- The integration of new member firms in Austria and in Israel;
- The integration of a team in advisory services in India.

The following table presents the main impact for 2019/2020, at the level of the Group's main line items and aggregates, of the changes in scope of consolidation. To be noted that the new Austrian member firm has been merged in an existing entity, as a result the consolidation impact of this operation has not been disclosed in the following table.

2. Scope of consolidation

Consolidated income statement

2019/2020 financial year ended on 31 August 2020

In thousands of euros	Israel	India	Saudi Arabia	Niger	Serbia	Total
Fee income	2,107	2,652	4,119	358	102	9,338
Gross margin	1,005	-633	2,310	144	47	2,873
Total Surplus	628	-1,658	555	34	18	-423

Consolidated statement of financial position

2019/2020 financial year ended on 31 August 2020

In thousands of euros	Israel	India	Saudi Arabia	Niger	Serbia	Total
Total non current assets	11	43	25	10	12	100
Total current assets	662	2,294	4,986	215	96	8,252
Total assets	**673**	**2,337**	**5,010**	**225**	**107**	**8,353**
Shareholders' equity		0	0	0	0	0
Total partnership financing	376	-2,559	2,389	131	-10	327
Total other non-current liabilities			880		11	891
Total other current liabilities	297	4,896	1,741	94	106	7,134
Total equity and liabilities	**673**	**2,337**	**5,010**	**225**	**107**	**8,353**

Weighted average full-time equivalent employees

In thousands of euros	Israel	India	Saudi Arabia	Niger	Serbia	Total
CARL Partners	1	19	2	1		24
Technical staff	14	261	63	14	6	357
Administrative staff	2	12	22	2	1	38
Total	**16**	**292**	**87**	**8**	**6**	**410**

Acquisitions have also taken place in Germany and Switzerland.

The contribution of the Group's Chinese firm ZhongShen ZhongHuan has not been included within the consolidated financial statements because the requirements of IFRS 10 have not yet been fully met, given:

- The effective implementation of the governance structure for the new Chinese entity which was still in progress on 31 August 2020; and
- The progressive implementation of the terms and conditions of the merger agreement.

Nevertheless, developing cooperation between ZhongShen ZhongHuan and other Group entities has been in place since 2016. The Chinese entity has thus contributed to the Group's performance during 2019/2020, and the converse is also true. For that reason, it has been deemed appropriate to make specific presentation of the global performance thus achieved (see note 15).

3. Segment reporting

Accounting policies

To evaluate its operating performance and allocate resources, the Group monitors its activity mainly based on geographical zones.

In accordance with IFRS 8, the following segment presentation is based on the Group's internal management reports prepared for review and used by the Group Executive Board, the Group's chief operating decision maker.

The accounting policies applied in preparing the internal management reports are the same as the ones applied to prepare the Group's consolidated financial statements.

3.1 Information on operating segments

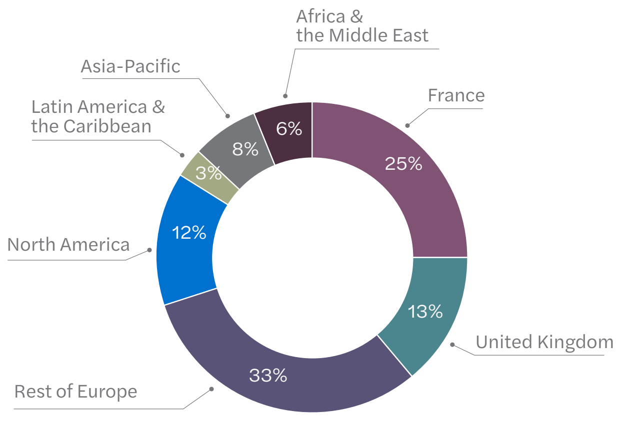
The seven operating segments monitored by the Group Executive Board are as follows:

- France
- United Kingdom
- Rest of Europe
- North America
- Latin America and the Caribbean
- Asia Pacific
- Africa and Middle East

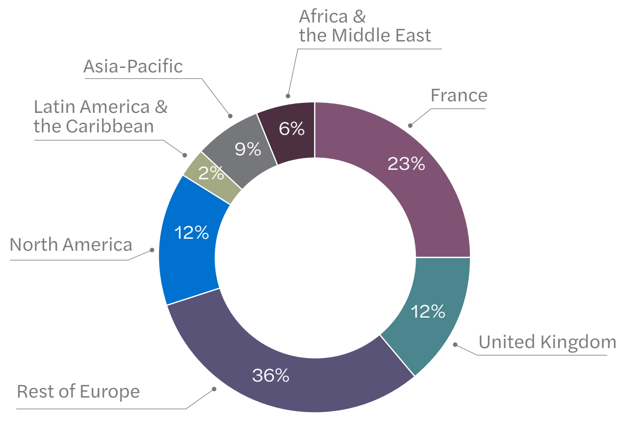
The three indicators applicable to segment reporting are fee income, gross margin, employees.

Fee income by operating segment

In thousands of euros	2018/2019	2019/2020
France	405,324	397,754
United Kingdom	206,729	219,236
Rest of Europe	549,330	623,381
North America	206,035	210,030
Latin America & Caribbean	45,639	42,368
Asia-Pacific	128,865	149,359
Africa & Middle east	97,406	106,328
Total	**1,639,328**	**1,748,456**



2018/2019



2019/2020

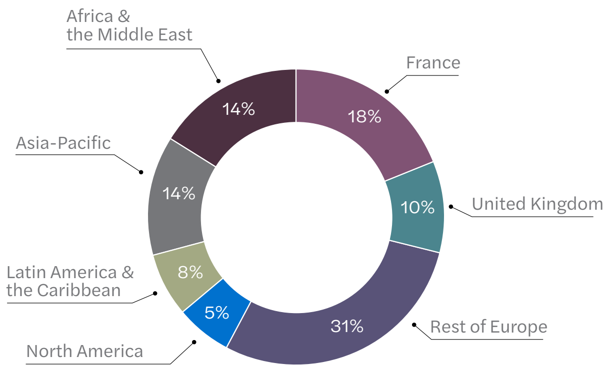
3. Segment reporting

Gross margin by operating segment (% based on fee income)

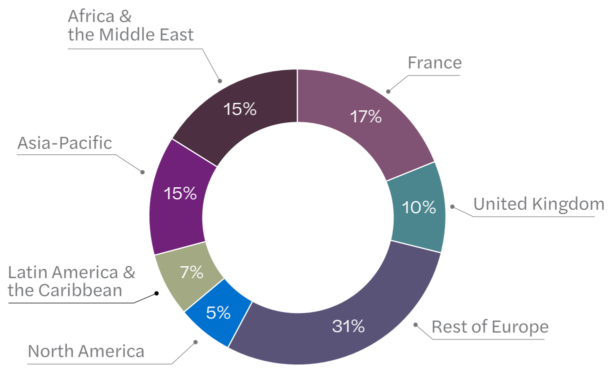
In thousands of euros	2018/2019		2019/2020	
	Gross margin	Gross margin rate	Gross margin	Gross margin rate
France	184,584	45,5%	172,273	43.3%
United Kingdom	98,272	47,5%	99,191	45.2%
Rest of Europe	257,418	46,9%	284,850	45.7%
North America	104,142	50,5%	104,299	49.7%
Latin America & the Caribbean	19,554	42,8%	17,009	40.1%
Asia-Pacific	64,146	49,8%	74,098	49.6%
Africa & the Middle East	50,828	52,2%	54,943	51.7%
Total	**778,944**	**47,5%**	**806,662**	**46.1%**

Weighted average full-time equivalent employees by operating segment

	2018/2019	2019/2020
France	3,720	3,752
United Kingdom	2,089	2,265
Rest of Europe	6,152	6,920
North America	1,043	1,054
Latin America & Caribbean	1,580	1,596
Asia-Pacific	2,846	3,509
Africa & Middle east	3,037	3,307
Total	**20,465**	**22,403**



2018/2019



2019/2020

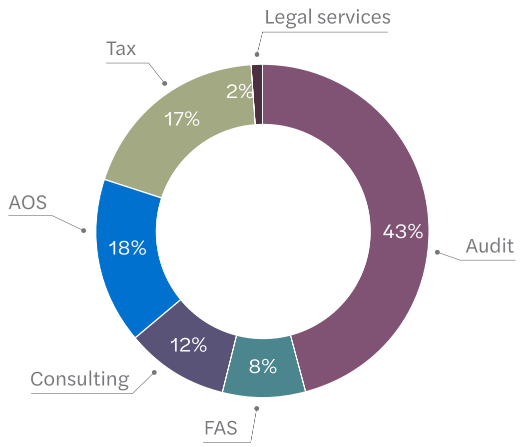
3.2 Information on service lines

The Group's operating teams are organised by service lines as follows:

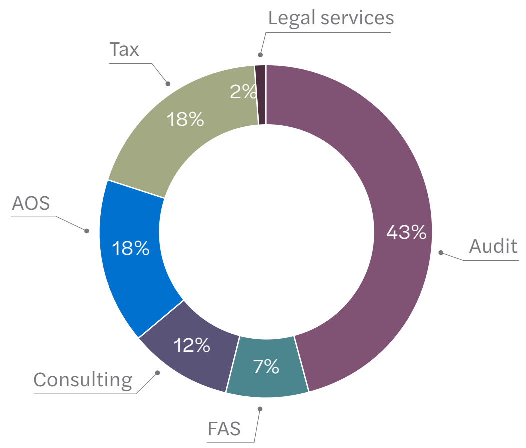
- **Audit**, i.e. those services designed to provide the assurance of reliable and relevant financial reporting;
- **Financial Advisory Services (FAS)**, consists of providing financial diagnosis for business operations, valuation and transmission, as well as support for the resolution of financial disputes;
- **Consulting**, designed to help organisations focus on their strategies and succeed in the transformation required to achieve improved overall performance;
- **Accounting and Outsourcing Services (AOS)**, providing financial and accounting management with a comprehensive response to their requirements ranging from day-to-day accounting to complex projects;
- **Tax services (TAX)**, consists of the provision of tax advisory services and of legal and regulatory tax compliance services at both the national and international levels; and
- **Legal services (Legal)**, includes the provision of tailored responses to issues and related to commercial law, tax law and to the laws applicable to stock market transactions and capital markets.

Fee income breakdown by service lines

In thousands of euros	2018/2019	2019/2020
Audit	705,820	753,544
FAS	125,779	118,233
Consulting	198,777	207,645
AOS	290,345	319,290
Tax	289,452	316,123
Legal	29,152	33,814
Total	**1,639,328**	**1,748,456**



2018/2019



2019/2020

3.3 Information on the Group's main clients

The Group acts for a very large number of clients, none of which represents more than 5% of its total fee income.

4. Operating data

4.1 Fee income

Accounting policies

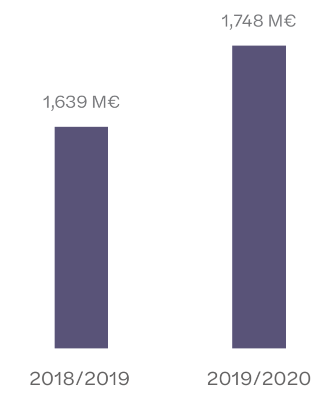
Fee income represents the fair value of payments received or receivable for services rendered to clients over the course of the year, after considering changes in accrued income. To better assess the level of gross margin, rebillable costs related to the provision of services (notably travel and accommodation) are deducted from revenue to present fee income.

Fee income is recognised based on the percentage of completion (see note 4.2).

Fee income may be broken down as follows:

In thousands of euros	2018/2019	2019/2020
Fee notes rendered	1,692,913	1,811,613
Change in accrued income	15,436	-1,259
Revenue	**1,708,349**	**1,810,354**
Rebillable costs	-69,021	-61,898
Fee income	**1,639,328**	**1,748,456**

Evolution of fee income



1,748 M€ | + 6.7 %

Breakdown of growth composition

Organic growth	External growth	Exchange rate impact
+4.9%	+2.1%	-0.3%

The exchange rate impact mainly comes from an increase against Euro of the US dollar, Swiss franc, British pound, and a decrease against Euro of the South Africa rand and Brasilian real.

Backlog

Backlog as defined by IFRS 15 equates to the revenue firmly contracted with clients but in respect of which the applicable performance obligations were yet unfulfilled, or only partially fulfilled, at year-end.

The backlog provided by the main countries for budget 2020/2021 represents by service line the following percentage of total target:

Audit	FAS	Consulting	AOS	Tax	Legal	Total
83%	11%	30%	79%	45%	43%	67%

4.2 Trade accounts receivable and accrued income

Accounting policies

Trade accounts receivable and accrued income are disclosed as a single line item in the consolidated statement of financial position.

Trade accounts receivable

Trade accounts receivable are recognised at amortised cost.

Impairment losses are recognised against trade accounts receivable and other receivables where there is a risk of non-recovery.

Trade accounts receivable are individually reviewed by the partners for the purpose of recognising any impairment.

100% impairment allowances are recognised against receivables past due by more than a year except for:

- Receivables settled within 30 days of the year-end;
- Receivables for long-term (public sector) contracts if it can be proven that the clients concerned have not been responsible for payment defaults over the last two accounting periods; and
- Receivables the ultimate recovery of which is guaranteed by contract.

When making provisions for current trade receivables and accrued income the Group has considered the expected credit loss model (ECL) applicable under IFRS 9. The assessment has been performed at a country level as the level of loss varies between countries.

Accrued income

Accrued income covers services provided that have not yet been invoiced. Calculation of accrued income, and thus of the income from services rendered, is based on a specific review of services performed, billed and to be billed, according to the stage of completion of engagements. Accrued income is valued at its probable sales value (net of taxes).

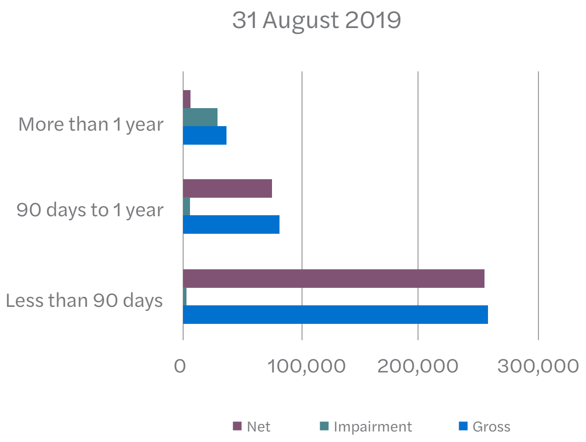
As at 31 August 2020, trade accounts receivable and accrued income were broken down as follows:

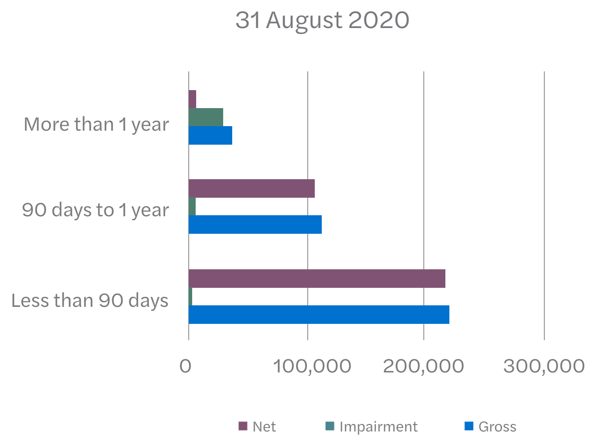
	31 August 2019			31 August 2020
In thousands of euros	Net	Gross	Impairment	Net
Client debtors	356,201	390,448	-51,073	339,374
Accrued income	150,394	183,799	-35,134	148,665
Payments on account	-23,629	-28,290		-28,290
Deferred income	-11,745	-13,005		-13,005
Client debtors and Accrued income	**471,221**	**532,951**	**-86,207**	**446,744**
Ratio of trade accounts receivable and not billed	**27.6%**			**24.7%**

The ageing of trade accounts receivable based on their invoicing dates may be analysed as follows:

			31 August 2019			31 August 2020
In thousands of euros	Gross	Impairment	Net	Gross	Impairment	Net
31 days to 90 days	279,394	-3,709	275,685	226,349	-3,288	223,061
91 days to 1 year	77,807	-7,150	70,656	117,409	-8,775	108,634
More than 1 year	44,760	-34,902	9,858	46,689	-39,010	7,679
Total	**401,961**	**-45,761**	**356,201**	**390,448**	**-51,073**	**339,374**

As at 31 August 2020, there was no reason to doubt the creditworthiness of receivables due but not impaired. More than half of the not impaired amount is composed by French VAT, because it is not due whether not collected.





4.3 Gross margin and cost of technical staff

Accounting policies

Gross margin is derived from fee income less the cost of technical personnel alone (both employees of the Group and technical subcontractors).

Technical staff comprises the firm's operating personnel (except partners) working on engagements performed in the framework of the Group's various service lines. The cost of technical staff breaks down as to 96% of internal payroll costs and 4% of subcontracting expenses as follows:

In thousands of euros	2018/2019	Average FTE 2018/2019	2019/2020	Average FTE 2019/2020
Fee income	**1,639,328**		**1,748,456**	
Cost of technical staff	-829,108	16,846	-906,783	18,509
Cost of technical subcontracting	-31,276		-35,011	
Gross margin	**778,944**		**806,662**	
Gross margin rate	**47.5%**		**46.1%**	

The cost of technical staff increased by 9.5% in 2019/2020, compared to the fee income increase by 6.7% which result from the decision by Mazars to maintain the staff despite the Covid crisis.

4.4 Surplus of operations

Accounting policies

Surplus of operations represents the result of the Group's activities realised through its operating resources. It includes depreciation, amortisation and/ or impairment of assets other than client relationships, impairment of goodwill, finance costs, income tax charges and partners' remuneration (see note 4.5).

The table below provides a breakdown of the costs deducted from the Group's gross margin to arrive at surplus of operations:

In thousands of euros	2018/2019	2019/2020
Gross margin	**778,944**	**806,662**
Cost of administrative staff	-124,648	-134,509
Other costs	-322,842	-254,933
Depreciation, amortisation and impairment	-12,551	-33,955
Depreciation, amortisation and impairment IFRS 16		-54,195
Surplus of operations	**318,904**	**329,069**
Ratio of surplus of operations to fee income	**19.5%**	**18.8%**

In thousands of euros	2018/2019	2019/2020
Property costs	86,016	32,253
Tax, Insurance and professional contributions	37,000	35,433
General services	52,725	68,861
Other	147,101	118,386
Other costs	**322,842**	**254,933**

The decrease of the property costs is related to IFRS 16 application (see note 6.2). The "Other" category is essentially composed by training, travel and entertaining. The significant decrease is mainly due to saving costs related to the Covid-19 (cancellation of events, travels ...).

4.5 Total surplus

Accounting policies

In accordance with the Mazars agreements, the concept of surplus is the measure used to assess the performance of entities and partners and as a point of reference, after eliminating any exceptional items as defined by the Mazars agreements, for determining partners' remuneration. A sub-total is thus calculated which allows the Group's performance to be measured before any form of remuneration is paid to the partners.

Surplus equates with operating surplus net of the impact of amortisation and impairment of client relationships and goodwill as well as of financing costs.

The table below provides a breakdown of the costs deducted from surplus of operations to arrive at total surplus:

In thousands of euros	2018/2019	2019/2020
Surplus of operations	318,904	329,069
Amort'n/imp't of client relationships and goodwill	-9,838	-11,594
Financing costs	-5,788	-11,006
Financing costs IFRS16		-6,937
Total Surplus	**303,278**	**299,532**
Ratio of total surplus to fee income	**18.5%**	**17.1%**

5. Employee benefits

Accounting policies

Employee benefits are measured in accordance with IAS 19 and comprise:

- The remuneration of partners, technical and administrative staff; and
- Short-term and long-term employee benefits.

The remuneration applicable to each category of employees is analysed over distinct line items in the consolidated income statement.

Accrued remuneration for the current and prior accounting periods is presented:

- For technical and administrative personnel, as part of payroll liabilities (current portion) or post-employment benefit liabilities (non-current portion) (see notes 10.2 and 9.1); and
- For partners, as part of current and non-current partnership financing (see note 8.2).

Short-term benefits

Group employees receive short-term benefits such as salaries, paid vacation and sick leave, bonuses, profit-sharing, dividends* and other benefits (other than termination benefits) payable during the period of performance of the corresponding services or within twelve months after the end of that period.

The benefits are charged to profit or loss at the time of performance of the corresponding services.

* In certain entities, dividends are paid to employees who are not partners: such dividends, along with the related tax, are considered as an element of the employees' remuneration.

Post-employment benefits

Post-employment benefits comprise lump-sum retirement benefits and complementary pensions (see note 5.2).

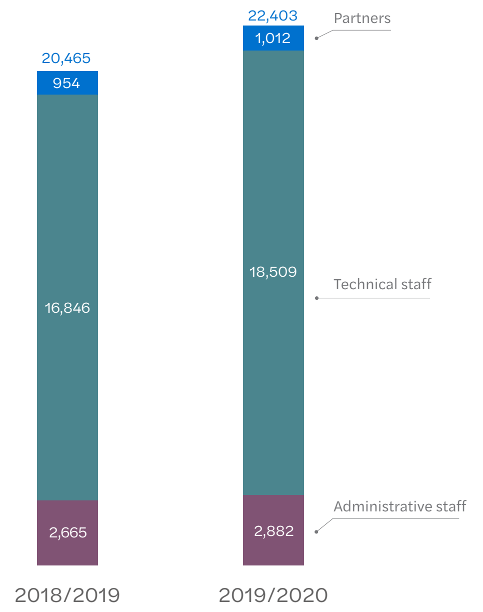
The various benefits offered to each partner or employee depend on local legislation as well as on the agreements in force within each Group entity.

5.1 Partners and employees

The Group distinguishes between the three following categories of personnel with a total movement from 20,465 for 2018/2019 to 22,403 for 2019/2020 (numbers are expressed on an average full-time equivalent basis):

The breakdown by operating segment is presented in note 3.1.

The costs of technical and administrative staff are detailed in note 4.3 and 4.4.



5.2 Post-employment benefits

Accounting policies

In certain countries, the Group's partners and employees are entitled to complementary pensions paid annually after retirement, or to lump-sum benefits paid at the time retirement is taken. The benefits may be covered by defined contribution or defined benefit plans.

In the case of defined contribution plans, the Group's obligation is limited to payment of the stipulated contributions which are charged to profit or loss in the period in which they are incurred.

In the case of defined benefit plans, the Group has an obligation to pay defined benefits to beneficiaries whatever the basis of financing of the obligation. Such plans thus give rise to the recognition of provisions calculated by means of the so-called projected unit credit method. In addition to partners' and employees' remuneration of reference, the calculation considers the following factors and assumptions:

- Status, age and past service periods for each beneficiary and category of beneficiary;
- Average staff turnover for each category of beneficiary;
- Anticipated rates of increase in remuneration;
- Applicable social contribution rates;
- Life expectancy based on mortality tables recognised in each applicable country; and
- A discount rate based on the yield for high quality private sector bonds and equating with the duration of the benefit obligation.

In accordance with IAS 19, actuarial gains and losses on post-employment benefits are immediately recognised in other comprehensive income of the applicable entities, but given the specific partnership features of those entities and of the Group, such gains and losses are simultaneously allocated to the non-current portion of partnership financing since they contribute to the Group's partnership financing requirements (see note 1.2.3).

The geographical zones within which material defined post-employment benefit plans exist are as follows:

	Lump-sum retirement benefits	Complementary pensions
Germany		X
United States		X
France	X	X
United Kingdom		X
Switzerland		X

The elements provided in the following tables are broken down over those geographical zones.

5.2.1 Evolution of benefit obligations, plan assets and net provisions

Benefit obligations, plan assets and net provisions have evolved as follows over the last two accounting periods:

						31 August 2020
In thousands of euros	United States	Euro Zone	United Kingdom	Switzerland	Other countries	Total
Present value of benefit obligations	61,862	23,402	34,581	36,862	2,407	159,113
Fair value of plan assets		-3,559	-39,425	-29,128	-202	-72,314
Asset ceiling			4,844			4,844
Opening liability (asset)	**61,862**	**19,843**	**0**	**7,734**	**2,205**	**91,644**
Costs of the period	3,036	421	2,047	1,541	337	7,382
Actuarial gains and losses recognized in OCI	4,285	-289	1,536	1,928	96	7,557
Effect of Asset ceiling			-3,583			-3,583
Benefits & Contributions paid	-3,188	-1,042		-1,871	-884	-6,984
Change in consolidation scope		312				312
Foreign exchange impact	-5,173			81	-89	-5,182
Closing liability (asset)	**60,821**	**19,245**	**0**	**9,413**	**1,666**	**91,144**
Present value of benefit obligations	60,821	22,742	39,953	46,647	2,403	172,567
Fair value of plan assets	0	-3,498	-41,404	-37,234	-738	-82,873
Asset ceiling			1,451			1,451
(*) in the partner compensation	**60,821**	**19,245**	**0**	**9,413**	**1,666**	**91,144**

						31 August 2019
In thousands of euros	United States	Euro Zone	United Kingdom	Switzerland	Other countries	Total
Present value of benefit obligations	54,803	20,492	32,952	26,228	2,033	136,508
Fair value of plan assets		-3,553	-35,014	-22,092	-179	-60,838
Asset ceiling			2,062			2,062
Opening liability (asset)	**54,803**	**16,939**	**0**	**4,135**	**1,854**	**77,732**
Costs of the period	7,629	598	176	1,597	432	10,433
Actuarial gains and losses recognized in OCI	4,612	3,257	-2,239	3,524	45	9,199
Effect of Asset ceiling			2,797			2,797
Benefits & Contributions paid	-5,184	-980	-735	-1,523	-126	-8,548
Change in consolidation scope		30				30
Foreign exchange impact						
Closing liability (asset)	**61,862**	**19,843**	**0**	**7,734**	**2,205**	**91,644**
Present value of benefit obligations	61,862	23,402	34,581	36,862	2,407	159,113
Fair value of plan assets		-3,559	-39,425	-29,128	-202	-72,314
Asset ceiling			4,844			4,844
(*) in the partner compensation	**61,862**	**19,843**	**0**	**7,734**	**2,205**	**91,644**

The additional funding required for the coming financial year amounts to €7.6 million for the United States, €0.2 million for the United Kingdom, and €1.6 million for Switzerland. The major part of the actuarial gap incurred results from losses on US and Swiss schemes.

5.2.2 Expenses recognised

The net expense for the 2019/2020 financial year may be broken down as follows:

						2019/2020
In thousands of euros	Euro zone	United Kingdom	Switzerland	United States	Other countries	Total
Cost of services rendered	416	2,047	1,522	1,297	157	5,440
Interest expense	116	569	113	1,738	181	2,717
Expected return on plan assets	-18	-569	-94		-14	-694
Change in consolidation scope						
Amortization of actuarial (gain) and losses					13	13
Impact of curtailments and settlements						-93
Net expense for the period	**421**	**2,047**	**1,541**	**3,036**	**337**	**7,382**
Forex impact	**0**	**0**	**81**	**-5,173**	**-89**	**-5,182**

						2018/2019
In thousands of euros	Euro zone	United Kingdom	Switzerland	United States	Other countries	Total
Cost of services rendered	352	176	1,319	1,765	141	3,753
Interest expense	299	851	252	2,314	168	3,884
Expected return on plan assets	-53	-851	-222		-15	-1,141
Change in consolidation scope						
Amortization of actuarial (gain) and losses					22	22
Impact of curtailments and settlements						
Net expense for the period	**598**	**176**	**1,349**	**4,079**	**316**	**6,518**
Forex impact	**0**	**0**	**248**	**3,551**	**116**	**3,915**

5.2.3 Actuarial gains and losses

Actuarial gains and losses for the 2019/2020 financial year amounted to a net loss of €4M, due to the discount rate reduction and may be broken down as follows:

						2019/2020
In thousands of euros	Euro zone	United Kingdom	Switzerland	United States	Other countries	Total
Actuarial gains & losses on the DBO	**-220**	**1,718**	**2,367**	**4,285**	**73**	**8,224**
Experience loss gain	160	580	2,371	2,826	108	6,044
Actuarial loss & gain due to change in financial assumptions	-380	114	-3	1,459	23	1,213
Actuarial loss & gain due to change in demographic assumptions	0	1,024	0	0	-58	966
Actuarial gains & losses on plan assets	**-69**	**-182**	**-439**	**0**	**36**	**-654**
Actuarial gains & losses on defined benefit plans	0	0	0	0	13	13
Remeasurements recognised in other comprehensive income	**-289**	**1,536**	**1,928**	**4,285**	**96**	**7,557**
Effect of asset ceiling	**0**	**-3,583**	**0**	**0**	**0**	**-3,583**
Total remeasurements included in OCI	**-289**	**-2,047**	**1,928**	**4,285**	**96**	**3,973**

The variation of the other comprehensive income come from experience losses on US and Swiss schemes.

5.2.4 Plan assets

The Group's post-employment benefit obligations are partially covered by dedicated funds allocated as follows for the main benefit plans financed:

					31 August 2019					31 August 2020
	Equities	Bonds	Derivatives	Real Estate	Cash	Equities	Bonds	Derivatives	Real Estate	Cash
Euro zone	30%	70%				30%	70%			
United Kingdom	33%	66%			1%	32%	61%			6%
Switzerland	25%	41%	6%	28%		25%	41%	6%	28%	

5.2.5 Applicable assumptions and sensitivity analysis

As at 31 August 2020, the financial assumptions retained for the benefit plans applicable to each of the Group's geographical zones were as follows:

	Discount rates 2019	Discount rates 2020	Inflation rates 2019	Inflation rates 2020
United States	2.90%	2.60%	2.50%	2.50%
Euro zone	0.50%	0.90%	2.00%	2.00%
United Kingdom	1.60%	1.60%	3.30%	3.30%
Switzerland	0.20%	0.20%	1.00%	1.00%

Discount rates are determined by reference to market yields at the end of the reporting period on high quality corporate bonds.

The assumptions as to salary increases correspond, for each country, to the anticipated rates of inflation and individual salary increases.

The following table discloses the sensitivity to a 0.5% increase or decrease in the discount rates applied:

						31 August 2020
In thousands of euros	United States	Euro Zone	United Kingdom	Switzerland	Other countries	Total
Obligation as at 31 August 2019	22,742	39,953	46,647	60,821	2,403	172,567
Impact of an increase of 0.50%	21,421	36,757	44,341	58,542	2,375	163,437
Impact of a decrease of 0.50%	24,197	43,149	48,953	63,256	2,583	182,139
Weighted duration (in years)	12	16	10	7	2	9

6. Intangible assets and property, plant and equipment

6.1 Intangible assets

Accounting policies

Any difference between the consideration transferred and the net fair value of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed represents the goodwill attributable to the acquisition which is recognised as an asset in the consolidated statement of financial position.

Given the Group's principles of solidarity, goodwill and other long-term assets are not subject to systematic annual impairment testing.

Intangible assets acquired through a business combination are recognised at their fair value at the date of acquisition and accounted for separately from any goodwill if the two following conditions are met:

- They are identifiable (i.e. they result from legal or contractual rights); and
- They can be separated from the acquired entity and can be measured.

Intangible assets which fall into this category are included under "Client relationships". They include audit appointments, contracts (for accounting services in particular) and portfolios of client relationships. The fair value of "Client relationships" is calculated by reference to the expected cash flows from contracts, appointments and portfolios over their respective durations, discounted at a rate determined by the expected rate of return on equity weighted according to the Group's financing structure. Client relationships are amortised on a straight-line basis over their estimated average lives.

Other intangible assets acquired separately are accounted for at the value of the consideration paid. They are subject to straight-line amortisation over their period of use which varies, depending on the country, between 7 and 20 years.

Intangible assets other than goodwill mainly comprise software amortised on a straight-line basis over periods of 1 to 5 years.

Intangible assets may be broken down as follows:

In thousands of euros	31 August 2019	Acquisitions		Disposals	Changes in consolidation scope	Others	Foreign currency gains and losses	31 August 2020
Gross values								
Client relationships	126,393	1,668		-89	6,372	3,541	-2,429	**135,456**
Goodwill	106,666				0	1,339	-5,485	**102,520**
Other intangible assets	52,514	6,537		42	136	41	-735	**58,536**
Total	**285,573**	**8,206**		**-47**	**6,508**	**4,921**	**-8,650**	**296,511**

In thousands of euros	31 August 2019		Amortisations	Disposals	Changes in consolidation scope	Others	Foreign currency gains and losses	31 August 2020
Amortisations and provisions								
Client relationships	-64,368		-11,558	91	-291	427	1,418	**-74,281**
Goodwill	-1,251		-36			-10	29	**-1,268**
Other intangible assets	-27,479		-6,635	-118	-89	-74	520	**-33,875**
Total	**-93,098**		**-18,229**	**-27**	**-379**	**343**	**1,967**	**-109,424**

In thousands of euros	31 August 2019	Acquisitions	Amortisations	Disposals	Changes in consolidation scope	Others	Foreign currency gains and losses	31 August 2020
Net values								
Client relationships	62,025	1,668	-11,558	1	6,081	3,968	-1,011	**61,175**
Goodwill	105,415		-36		0	1,329	-5,456	**101,252**
Other intangible assets	25,035	6,537	-6,635	-76	47	-33	-215	**24,661**
Total	**192,475**	**8,206**	**-18,229**	**-74**	**6,129**	**5,263**	**-6,682**	**187,087**

The acquisitions of client relationships were mainly related to Austria and USA.

The change in consolidation scope primarily concerns Germany and Austria.

The foreign exchange rates impact predominantly reflects the loss in value against the euro of the US dollar.

Acquisitions of intangible assets are essentially related to software for internal use, such as the new ERP system in the Netherlands, and Italy and computer licences especially in France.

6. Intangible assets and property, plant and equipment

The following table provides a breakdown of the Group's main intangible assets:

	31 August 2019		31 August 2020	
In thousands of euros	Client relationships	Goodwill	Client relationships	Goodwill
France	28,111	34,168	25,646	34,158
United Kingdom	5,873	5,128	5,099	5,201
Rest of Europe	14,132	4,347	18,448	4,333
North America	12,051	52,876	10,283	49,960
Latin America & the Caribbean		3,497		2,668
Asia-Pacific	986	4,424	649	4,142
Africa & the Middle East	873	973	1,051	789
Total	**62,025**	**105,415**	**61,175**	**101,252**

The main amounts disclosed in the consolidated statement of financial position relate to France and the United States. In France, they mainly originated in the September 1, 1995 business combination between Cabinet Robert Mazars and Guérard-Viala, and from acquisitions made in recent years in consulting. In North America, they arose in 2010 when Weiser was consolidated within the Mazars Group.

6.2 Property, plant and equipment

Accounting policies

Property, plant and equipment are measured at cost less accumulated depreciation and any recognised impairment losses.

Where necessary, the total cost of an asset is divided into its component parts which are subject to different estimated useful lives. Each component is separately accounted for and depreciated over its applicable useful life.

Assets are subject to straight-line depreciation over their estimated useful lives. The most common depreciation periods are as follows:

- Fixtures and fittings: 7 to 10 years;
- Vehicles: 3 to 5 years; and
- Furniture and office equipment: 3 to 10 years.

IFRS 16

Group applied IFRS 16 – Leases at 1, September 2019. This standard replaces IAS 17 and the IFRIC 4, SIC 15 and SIC 27 interpretations.

For the lessees, recognition is now based on a single model, resulting from the elimination of the distinction between operating leases and finance leases.

IFRS 16 stipulates the recognition of any leases on the balance sheet of the lessees, with the recognition of an asset (representing the right-of-use of the leased asset for the term of the lease) and of a debt (for the obligation to pay rent).

The assumption used by Group from among the transition options provided by IFRS 16 are the following:

- Use of the prospective approach;
- Restatement only of a long-term property contracts (i.e with a term of more than 12 months);
- Depreciation is calculated on a straight-line basis over the term of the contract.

Property, plant and equipment may be broken down as follows:

In thousands of euros	31 August 2019	Accounting method change	Acquisitions	Depreciations	Disposals	Changes in consolidation scope	Others	Foreign currency gains and losses	31 August 2020
Gross values									
Right of use - IFRS16		308,977					650	-5,915	**303,711**
Fixtures and fittings	78,926		11,179		-5,157	696	-425	-1,849	**83,371**
Vehicles and other items	5,978	0	575		-868	99	52	-259	**5,576**
Furniture and office equipment	96,917		14,806		-13,750	641	304	-2,520	**96,398**
Total	**181,821**	**308,977**	**26,560**		**-19,775**	**1,436**	**582**	**-10,543**	**489,057**

In thousands of euros	31 August 2019	Accounting method change		Depreciations	Disposals	Changes in consolidation scope	Others	Foreign currency gains and losses	31 August 2020
Amortisations and provisions									
Right of use - IFRS16 - Depreciation				-54,195			0	1,070	**-53,125**
Fixtures and fittings	-50,335	0		-6,691	4,552	-213	428	1,091	**-51,168**
Vehicles and other items	-3,530			-791	755	-88	-63	153	**-3,565**
Furniture and office equipment	-67,999			-12,422	13,444	-323	-228	1,772	**-65,757**
Total	**-121,864**	**0**		**-74,099**	**18,750**	**-625**	**137**	**4,086**	**-173,616**

In thousands of euros	31 August 2019	Accounting method change	Acquisitions	Depreciations	Disposals and reversals	Changes in consolidation scope	Others	Foreign currency gains and losses	31 August 2020
Net values									
Right of use - IFRS16		308,977		-54,195			650	-4,845	**250,586**
Fixtures and fittings nets	28,591	0	11,179	-6,691	-606	483	4	-757	**32,202**
Vehicles and other items	2,448	0	575	-791	-113	10	-12	-106	**2,011**
Furniture and office equipment	28,918		14,806	-12,422	-306	318	76	-748	**30,642**
Total	**59,956**	**308,977**	**26,560**	**-74,099**	**-1,025**	**811**	**718**	**-6,457**	**315,441**

The Right of use net of €251M as at 31 August 2020 is mainly composed by France €64M, Germany €39M, USA €25M, United Kingdom €20M and Netherlands €20M.

Acquisitions of property, plant and equipment amounting to €27M are essentially related to the purchase of computer equipment and the partial renewal of existing computer infrastructure, as well as to the renovation and refurbishment of office premises.

6. Intangible assets and property, plant and equipment

6.3 Impairment of intangible assets and property, plant and equipment

Accounting policies

In accordance with IAS 36, intangible assets and property, plant and equipment are subject to impairment testing whenever there is an indication that the value of an asset has been impaired.

Assets subject to impairment tests are included in cash-generating units (CGUs) corresponding to linked groups of assets which generate identifiable cash flows. The smallest independent cash-generating unit is the country in which the applicable acquisition took place.

Impairment testing is performed by comparing the recoverable amounts and carrying amounts of the cash-generating units with which the goodwill is associated.

The recoverable amount of a cash-generating unit is the higher of fair value (usually the arm's length price that might be expected to apply to a sale, e.g. based on the multiples of earnings observed in recent transactions for similar assets) net of selling costs and value in use. Value in use is determined by discounting future cash flows to their present value.

The future cash flows discounted are those reflected in the annual budgets, and long-range plans, prepared for each CGU by each country's Executive Committee and approved by the Group Executive Board.

The calculation is based on the present value of an estimate of three years' future cash flows plus a terminal value reflecting a growth rate into perpetuity. The discount rate considers the current market expectations of the time value of money and the specific risks related to each cash-generating unit. The after-tax rate is applied to after-tax cash flows and corresponds to the weighted average cost of capital. This rate derives from the specific rates applied to each CGU.

When the carrying amount of a cash-generating unit exceeds its recoverable amount, considering the Group's principles of internal solidarity, the assets of the cash-generating unit are written down to their recoverable value. Any impairment is first recognised against goodwill and is accounted for in the consolidated income statement.

6.4 Leases

The lease payments under these contracts are recognised under "Other costs" in the consolidated income statement, on a straight-line basis over the duration of each contract.

The decrease of commitments under non-cancellable operating leases is related to IFRS 16 application (note 6.2).

Commitments under non-cancellable operating leases are shown below:

In thousands of euros	31 August 2019	31 August 2020
Less than 1 year	67,130	9,781
1 to 5 years	179,417	5,490
More than 5 years	54,239	
Minimum rent	**300,786**	**15,271**

7. Financing and financial instruments

7.1 Accounting policies applicable to financial instruments

Accounting policies

Financial instruments are financial assets and financial liabilities held or issued for the purposes of financing the Group's activities. They mainly comprise the following items:

- Financial assets: other non-current assets (see note 7.4), trade accounts receivable (see note 4.2), cash and cash equivalents (see note 7.3) and derivative instruments with asset balances; and
- Financial liabilities: current portion of partnership financing (see note 8.2), bank borrowings (see note 7.3), current bank financing (see note 7.3), trade and other payables (see note 10.2) and derivative instruments with liability balances.

Financial assets are initially recognised at fair value. At the financial year-end, they are measured either at fair value (cash and cash equivalents and derivative instruments with asset balances) or at amortised cost (trade accounts receivable and related loans) less any applicable impairment losses.

Cash and cash equivalents include cash on hand and in bank as well as short-term investments (with original maturities not exceeding three months) that are immediately available as cash or are readily convertible into a known amount of cash and which are subject to an insignificant risk of change in their value.

Bank loans are accounted for at amortised cost using the effective interest rate.

Derivative financial instruments are measured and recognised at their market values as at the financial year-end. Whenever those instruments are identified in a hedging relationship, prospective and retrospective testing of its effectiveness is undertaken in line with market practices, based on market data provided by an independent supplier (Bloomberg). The effective portion of the change in fair value of derivative instruments is recognised under "Non-current portion of partnership financing".

7.2 Management of financial risks

The Group is financed by partners' partnership financing, by undistributed partners' remuneration (see note 8.2) and by entities' borrowings.

The management of financial risks is the primary responsibility of the Country Executive Committees (see note 1.2.3), for their respective scopes of intervention, and is the subject of discussion with the Group's other governance bodies depending on the magnitude and of the risk of the issues involved.

Group entities may be exposed to liquidity risk, foreign currency risk and counterparty risk. They make no use of speculative financial instruments and do not have any significant exposure to interest rate risk.

7.2.1 Management of liquidity risk

The Country Executive Committees are responsible for the operational management of member entities in their countries and therefore organise their financing on a basis enabling them to continue to operate as going concerns.

That financing may take many forms: equity or current account contributions by partners, bank loans, current bank financing, etc.

7.2.2 Management of currency risk

Each Mazars Group entity undertakes almost all its transactions in the local currency of the environment in which it operates and accordingly, exposure to foreign exchange rate risk is negligible.

7.2.3 Management of counterparty risk

Counterparty risk is assessed by the responsible partners and by the Country Executive Committees in the case of significant transactions and decisions committing member entities. The Group's exposure is spread over a very large number of clients the failure of any one of which would not have material consequence for the Group.

Cash and cash equivalents are deposited or invested with first-class banking institutions subject to negligible counterparty risk.

7. Financing and financial instruments

7.3 Net debt

Net debt may be broken down as follows:

In thousands of euros	31 August 2019	31 August 2020
Long-term borrowings - current IFRS 16		62,204
Long-term borrowings - non-current IFRS 16		194,629
Long-term borrowings IFRS 16		**256,833**
Long-term borrowings - current	32,975	57,144
Long-term borrowings - non-current	77,325	69,804
Long-term borrowings	**110,301**	**126,948**
Financial debts	**110,301**	**383,781**
Cash and cash equivalents	-103,743	-158,855
Current bank financing	38,543	17,782
Net Cash	**-65,201**	**-141,072**
Net borrowings	**45,100**	**242,709**
Net debt excluding IFRS 16	**45,100**	**-14,124**

Financial debts have increased by €273M (including €257M for IFRS 16) and net borrowings have increased by €197M. Last year, the net debt was €45M, compared this year to an asset of €14M (excluding the impact of IFRS 16). The impact of IFRS 16 is analysed in note 1.1.1.

Net debt excluding IFRS 16 may be broken down as follows:

By type of instrument and currency

	Borrowing and other financial liabilities		Cash and cash equivalents		Current bank financing		Net borrowings	
In thousands of euros	31 August 2019	31 August 2020	31 August 2019	31 August 2020	31 August 2019	31 August 2020	31 August 2019	31 August 2020
EUR	76,274	94,943	-45,736	-77,500	12,823	3,714	43,362	21,157
USD	4,781	5,710	-8,831	-15,562	133	0	-3,918	-9,852
GBP			-5,805	-8,002	21,093	9,227	15,287	1,225
SGD	862	806	-2,640	-4,673			-1,778	-3,867
ZAR	2,872	1,344	-911	-2,346	2,027	1,152	3,987	150
Other currencies	25,512	24,146	-39,820	-50,772	2,468	3,689	-11,839	-22,937
Total	**110,301**	**126,948**	**-103,743**	**-158,855**	**38,543**	**17,782**	**45,100**	**-14,124**

By flow

In thousands of euros	31 August 2019	Accounting method change	Cash from loans	Debt redemption	Variations in cash	Change in consolidation scope	Others	Foreign currency gains and losses	31 August 2020
Long-term borrowings - current IFRS 16		69,548		-43,657			37,282	-968	62,204
Long-term borrowings - non-current IFRS 16		239,429		-5,875			-34,834	-4,090	194,629
Long-term borrowings IFRS 16		**308,977**		**-49,533**			**2,447**	**-5,058**	**256,833**
Long-term borrowings - current	32,975		36,471	-27,313		291	15,397	-677	57,144
Long-term borrowings - non-current	77,325		25,845	-16,483		302	-15,962	-1,222	69,804
Long-term borrowings	**110,301**		**62,316**	**-43,796**		**593**	**-565**	**-1,899**	**126,948**
Financial debts	**110,301**	**308,977**	**62,316**	**-93,329**		**593**	**1,882**	**-6,958**	**383,781**
Cash and cash equivalents	-103,743				-58,498	-1,383		4,769	-158,855
Current bank financing	38,543				-20,911	1		151	17,782
Net Cash	**-65,201**				**-79,409**	**-1,382**		**4,919**	**-141,072**
Net borrowings	**45,100**	**308,977**	**62,316**	**-93,329**	**-79,409**	**-789**	**1,882**	**-2,038**	**242,709**
Net debt excluding IFRS 16	**45,100**		**62,316**	**-43,796**	**-79,409**	**-789**	**-565**	**3,020**	**-14,124**

The €62M increase in bank loans mainly reflects:

- Mazars SA for a loan of a €39M broken down as follow:
  - Working capital financing from BRED for €17M;
  - The subscription of €2M bond loan;
  - Issue of 2 loans guaranteed by the State (French PGE): €12M from BRED and €8M from Banque Palatine;
- The subscription by Mazars USA of €6M from City National Bank for the construction of the NY office.
- The subscription by Mazars Mexico of €1.4M from HSBC to finance IT investments and to cover working capital needs;
- The subscription by Mazars Canada of €1M for IT equipment acquisition;
- The subscription by Mazars Italy of €3M for renewal of Milan office;
- The subscription by Mazars Germany of €5.8M from Commerzbank needed for the acquisition of the entity "Lohrmann & Partner";
- The subscription by Mazars South Africa of €1.2M from Investec to finance IT equipment.

By operating segment

In thousands of euros	31 August 2019	31 August 2020
France	54,082	52,835
United Kingdom	15,287	1,225
Rest of Europe	-20,811	-43,824
North America	3,023	-3,233
Latin America & Caribbean	1,231	924
Asia-Pacific	-4,129	-12,929
Africa & Middle east	-3,583	-9,123
Net borrowings	**45,100**	**-14,124**

7.4 Other non-current assets

Other non-current assets comprise of investments in non-consolidated entities, loans and guarantee deposits.

In thousands of euros	31 August 2019	Acquisi-tions	Amorti-sations	Disposals	Reimburse-ments	Changes in consolidation scope	Others	Foreign currency gains and losses	31 August 2020
Gross values									
Shares in non consolidated companies	557	1,920		-136		-1,538	510	-1	1,311
Loans	0	54			-90		-85	20	0
Deposits & guarantees	3,940	570		-1	-302	20	-50	-198	3,979
Other long-term investments	14,261	1,361		0	-1,508	36	179	-208	14,021
Total	**18,758**	**3,905**		**-138**	**-1,900**	**-1,483**	**555**	**-387**	**19,310**

In thousands of euros	31 August 2019		Amorti-sations	Reversals		Changes in consolidation scope	Others	Foreign currency gains and losses	31 August 2020
Depreciations									
Shares in non consolidated companies	-11		-17	11		1	0	0	-16
Loans			-2,990						-2,990
Deposits & guarantees							-8	0	-7
Other long-term investments	-1,332		-206				359	8	-1,172
Total	**-1,343**		**-3,213**	**11**		**1**	**351**	**9**	**-4,185**

In thousands of euros	31 August 2019	Acquisi-tions	Amorti-sations	Disposals	Reimburse-ments	Changes in consolidation scope	Others	Foreign currency gains and losses	31 August 2020
Net values									
Shares in non consolidated companies	546	1,920	-17	-126		-1,538	510	-1	1,295
Loans	0	54	-2,990		-90		-85	20	-2,990
Deposits & guarantees	3,940	570		-1	-302	20	-58	-198	3,971
Other long-term investments	12,929	1,361	-206	0	-1,508	36	538	-200	12,849
Total	**17,415**	**3,905**	**-3,213**	**-127**	**-1,900**	**-1,482**	**905**	**-379**	**15,125**

€1.920K of Group shares acquisition mainly comes from France.

€1.361K in the other long-term investments acquisition mainly comes from Netherlands and France.

8.1 Shareholders' equity

Accounting policies

The shareholders' equity disclosed in the consolidated statement of financial position uniquely comprises the equity of the consolidating entity, Mazars SCRL, since the equity of the other Mazars entities, which is entirely held by the partners (see note 1.2.3), is treated as debt under IFRS and, by virtue of the provisions of the partnership charter applicable to departing partners, is included in the consolidated statement of financial position within the non-current portion of total partnership financing.

8.2 Partnership financing

Accounting policies

Partners' contributions to the partnership financing of entities (see note 1.2.3) are included in the consolidated statement of financial position within the non-current portion of total partnership financing.

The portion of their remuneration deferred until after the financial year-end is included in the consolidated statement of financial position within the current portion of total partnership financing.

8. Shareholders' equity and partnership financing

Total partnership financing may be broken down as follows:

In thousands of euros	31 August 2019	Increases	Decreases	Amort-isations	Changes in consolidation scope	Recycling to profit and loss	Others	Foreign currency gains and losses	31 August 2020
Sharedolder's equity of operating entities	57,631	7,966			3,496		-424	-1,134	67,536
Blocked current account balances	101,456	7,095					2,621	-2,274	108,898
Bond issues	33,674	-179					2,231	24	35,751
Other comprehensive income	-21,464					-6,138	-377	1,216	-26,763
Currency translation adjustments	827				-5	21		-1,729	-886
Partnership financing	**172,123**	**14,882**			**3,491**	**-6,117**	**4,051**	**-3,896**	**184,535**
Provisions for post-employment benefits	32,744	490		1,614		2,991	40	-1,906	35,974
Deferred tax (net)	-5,840			-3,687	59		-381	639	-9,210
Partnership financing - non-current	**199,027**	**15,372**		**-2,073**	**3,551**	**-3,126**	**3,710**	**-5,163**	**211,298**
Partnership financing - current	**139,298**	**31,131**	**-37,101**		**2,178**	**3**	**-4,422**	**-3,448**	**127,639**
Total	**338,325**	**46,503**	**-37,101**	**-2,073**	**5,728**	**-3,122**	**-711**	**-8,611**	**338,938**

The financing of each entity and any subsidiaries is provided, in accordance with the Mazars agreements, by the partners controlling them.

The impact of "Other comprehensive income" reflects the actuarial gains and losses for post-employment benefit obligations for both partners and staff recognised on application of IAS 19 (revised) during the 2013/2014 accounting period.

€3.1M of the change in "Other comprehensive income" (see note 9.1) relates to non-partners.

The contra-entry is included in "Provisions" and is attributable to the fall in the applicable discount rate (cf. note 5.2.5).

As at 31 August 2020 "Post-employment and similar obligations towards partners" includes €12.3M of retirement benefits for French partners payable when they retire.

The changes in scope of consolidation mainly reflect the consolidation of Saudi Arabia, USA and the Austrian member firm.

9. Provisions and contingent liabilities

9.1 Provisions

Accounting policies

A provision is recognised when:

- The Group has a present obligation (legal or implied) resulting from a past event;
- It is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- The amount of the obligation can be reliably estimated.

Where the effect of the time value of money is significant, provisions are discounted. The increase in provisions relating to the passing of time is accounted for as a financial cost.

The Group's provisions may be broken down as follows:

In thousands of euros	31 August 2019	Additions	Reversals	Changes in consolidation scope	Revaluation	Others	Foreign currency gains and losses	31 August 2020
Professional risks	3,770	1,800	-1,603			44	16	**4,026**
Post-employment benefit liabilit. except partners	69,336	2,495	-5,393	1,268	3,052	4,265	-3,648	**71,375**
Vacant properties	1,675	1,516	-27		86	94	-59	**3,285**
Other risks	14,627	4,180	-2,518	464		396	-536	**16,614**
Total	**89,408**	**9,990**	**-9,540**	**1,732**	**3,138**	**4,798**	**-4,228**	**95,300**

Post-employment benefit liabilities (except for partners) include €71 million of lump-sum benefits payable at the date of retirement.

The current and non-current portions of provisions are as follows:

In thousands of euros	31 August 2020	Current portion	Non-current portion
Professional risks	**4,026**	3,732	294
Post-employment benefit liabilit. except partners	**71,375**	5,943	65,432
Vacant properties	**3,285**	1,089	2,196
Other risks	**16,614**	13,791	2,822
Total	**95,300**	**24,555**	**70,744**

9.2 Contingent liabilities

Group entities may be subject to a certain number of professional risks inherent in the exercise of audit, advisory and other financial services. For mitigating those risks, the entities subscribe insurance cover.

As at 31 August 2020, provisions have been recognised for the Group's uninsured professional risks meeting the criteria provided for by IAS 37.

Risks not meeting the criteria for recognition of a liability defined by IAS 37 may constitute contingent liabilities. As at 31 August 2020 any such risks have not been judged material.

10. Other current assets and trade and other payables

10.1 Other current assets

Accounting policies

Amounts recorded for other current assets are measured at their nominal value, given that the interest component is negligible.

The Group's other current assets may be broken down as follows:

In thousands of euros	31 August 2019	31 August 2020
Social security receivables	5,129	3,848
Tax receivables	33,160	27,094
Current accounts and other receivables	18,596	17,056
Prepaid expenses	31,639	30,668
Unrealised foreign exchange losses	60	28
Total	**88,584**	**78,694**

10.2 Trade and other payables

Accounting policies

The interest component being negligible, trade and other payables are recorded at their nominal amount.

Payroll liabilities consist of liabilities towards employees and social organisations.

Tax payable relates to operating taxes and levies.

Payroll liabilities and tax payable are recorded at the amount the Group expects to pay to the parties these are due to.

The Group's trade and other payables may be broken down as follows:

In thousands of euros	31 August 2019	31 August 2020
Trade and other payables	133,235	136,793
Payroll liabilities	129,988	128,331
Tax payable	88,648	95,910
Total	**351,870**	**361,033**

11. Corporate income tax

Accounting policies

Surpluses are taxed according to the requirements of the countries in which they are generated: i.e. either in the name of the entities (principally in the case of limited liability companies subject to corporate income tax and for the portion of the surplus which is not composed of tax-deductible costs) or in the name of their partners (principally in the case of partnerships).

Due to the specific functioning of Mazars' partnership model (see note 1.2.3), corporate income tax with respect to the Group's entities is included within "Surplus allocated to partners" for the portion considered as an element of partners' remuneration. This relates to corporate tax at the expense of partners.

The portion of corporate tax which is not considered as an element of partners' remuneration is at the expense of the Group. It is thus included under "Other costs".

Consequently, the tax disclosed in the consolidated income statement is limited to the tax payable by Mazars SCRL, and the deferred tax related to the surplus not allocated to the partners.

11.1 Current tax

Current tax payable by the Group's entities may be broken down as follows:

In thousands of euros	2018/2019	2019/2020
Tax payable by partners	12,707	12,115
Tax payable by the Group	2,324	2,490
Tax payable by Mazars SCRL		
Total	**15,031**	**14,605**

11.2 Deferred tax

Accounting policies

Deferred tax is recognised on temporary differences between the tax and book values of assets and liabilities in the consolidated statement of financial position and is measured using the balance sheet liability method based on the tax rates applicable at the financial year-end.

The carrying amount of deferred tax assets is reviewed at each financial year-end and reduced when it is no longer probable that sufficient taxable profits will be available to allow use of all or part of them.

The amount of the Group's deferred tax is as follows:

In thousands of euros	31 August 2019	31 August 2020
Deferred tax assets	10,639	13,974
Deferred tax liabilities	-4,799	-4,764
Total	**5,840**	**9,210**

The deferred tax assets are primarily generated by elements of partners' remuneration (provisions for post-employment benefit obligations).

The deferred tax liabilities relate to amortisable client relationships for which the requisite financing is provided by the partners, and the deferred tax related to the surplus not allocated to the partners.

Net deferred tax assets are thus treated as a deduction from "Non-current portion of partnership financing" (see note 8.2).

12. Consolidated statement of cash flows

12.1 Net cash generated by operating activities

Net cash generated by operating activities amounted to €133.9M (compared with €24.3M as at 31 August 2019) and is reflected by:

- €56.5M of rent payment cancellation (IFRS 16 adjustment);
- €41.5M of variation of the working capital requirements.

12.2 Net cash used in investing activities

The main components of the net cash outflows of €34.3M (against €43.4M at 31 August 2019) for investment comprises:

- The acquisition of intangible assets mainly in the form of computer software purchased or developed internally and client relationships (see note 6.1);
- The acquisition of property, plant and equipment mainly in the form of computer equipment, partial renewal of computer infrastructure and the renovation and refurbishment of office premises (see note 6.2);
- The acquisition of non-current financial assets in the form of deposits and guarantees (see note 7.4); and
- The net cash outflows for business combinations (excluding any cash acquired) amounting to €0.8M (see note 7.4).

In thousands of euros	2019/2020
Acquisition of financial assets	-1,920
Income from disposal of investments	-226
Cash acquired subsidiaries	1,382
Net cash / Acquisition & sale of subsidiaries	-764

12.3 Net cash from financing activities

The main components of the net cash outflows of €18.8M (2019: net inflows of €6.6M) for financing activities comprises:

- • €18M of long-term additional partnership financing and -€6M of decrease of partnership financing in the form of deferred remuneration (see note 8.2);
- • €62M of new borrowings financing both development and investment, €44M of repayment of bank loans (see note 7.3);
- • €50M of repayment of long-term debt IFRS 16.

13. Surplus allocated to the members of the Group Executive Board and the Group Governance Council

The surplus allocated to the eleven members of Group Executive Board, the executive body of Mazars SCRL, and to the twelve members of the Group Governance Council amounted to €11M for the 2019/2020 financial year. It was either paid during the financial year or constituted a current liability at the end of the period presented in "Partners financing – current".

Those members are the only Mazars related parties as defined by IAS24.

14. Off-balance sheet commitments relating to group financing

At year end, the total amount of guarantees granted by the Group is the following:

In thousands of euros	31 August 2019	31 August 2020
Guarantees provided	7,375	9,010

15. Pro forma consolidated income statement and employee data including ZhongShen ZhongHuan

As mentioned in note 2.2 on evolution of the scope of consolidation, the pro forma consolidated income statement presented hereafter reflects the contribution of our Chinese member firm ZhongShen ZhongHuan which joined the partnership on 1 January 2016.

The revenue and costs of the Chinese firm represent 12 months of activity in 2019/2020.

Verification of the compliance of the Chinese firm's contribution with the Group's accounting policies and its review by external auditors have not been performed.

Pro forma consolidated income statement

2019/2020 financial year ended on 31 August 2020

In thousands of euros	2018/2019 Consolidated	ZhongShen ZhongHuan	2018/2019 Pro forma	2019/2020 Consolidated	ZhongShen ZhongHuan	2019/2020 Pro forma
Revenue	1,708,349	133,723	1,842,073	1,810,354	157,624	1,967,978
Rebillable costs	-69,021		-69,021	-61,898		-61,898
Fee income	**1,639,328**	**133,723**	**1,773,052**	**1,748,456**	**157,624**	**1,906,080**
Cost of technical staff	-860,385	-68,651	-929,036	-941,794	-79,185	-1,020,979
Gross margin	**778,944**	**65,072**	**844,016**	**806,662**	**78,439**	**885,101**
Cost of administrative staff	-124,648	-6,319	-130,966	-134,509	-7,077	-141,586
Other costs	-322,842	-28,626	-351,468	-254,933	-32,635	-287,568
Depreciation, amortisation and impairment	-12,551	-1,401	-13,952	-88,150	-1,320	-89,471
Surplus of operations	**318,904**	**28,727**	**347,631**	**329,069**	**37,407**	**366,476**
Amort'n/imp't of client relationships and goodwill	-9,838		-9,838	-11,594		-11,594
Financing costs	-5,788	4	-5,784	-17,943	4	-17,939
Total Surplus	**303,278**	**28,731**	**332,009**	**299,532**	**37,411**	**336,943**
Surplus allocated to partners	**-303,228**	**-28,731**	**-331,959**	**-299,446**	**-37,411**	**-336,857**
Pre-tax result	**50**		**50**	**86**	0	**86**
Corporate income tax						
Post-tax result	**50**		**50**	**86**	0	**86**

Pro forma weighted average full-time equivalent employees

2019/2020 financial year ended on 31 August 2020

	2018/2019 Consolidated	ZhongShen ZhongHuan	2018/2019 Pro forma	2019/2020 Consolidated	ZhongShen ZhongHuan	2019/2020 Pro forma
CARL Partners	954	61	1,015	1,012	58	1,070
Technical and administrative staff	19,511	3,806	23,317	21,391	4,143	25,534
Total	**20,465**	**3,867**	**24,332**	**22,403**	**4,201**	**26,604**

Independent auditor's report

To the Partners of Mazars SCRL*

In compliance with the terms of our non-statutory appointment, we have audited the consolidated financial statements of Mazars SCRL* and the entities that form the Mazars organisation, which comprise the statement of financial position as at 31 August 2020, and the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, a summary of significant accounting policies and other explanatory information (notes 1 to 14).

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the financial position of Mazars SCRL* and the entities that form the Mazars organisation as at 31 August 2020, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company within the meaning of the IFAC Code of Ethics for Professional Accountants (IESBA) and have fulfilled our other responsibilities under those ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion

Group Executive Board's Responsibilities for the Consolidated Financial Statements

The Group Executive Board is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union, and for such internal control as it determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibilities for the Audit of the Consolidated 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 auditors' 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 International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the planning and performance of the audit.

* Mazars SCRL became Mazars SC as of January, 1st 2020

We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities and business activities within the Group to express an opinion on the consolidated financial statements.

Brussels and London, 7 December 2020

Crowe U.K. LLP

RSM InterAudit SC Scrl	RSM InterAudit SC	Crowe U.K. LLP
Luc Toelen	**Luis Laperal**	**Matthew Stallabrass**
Belgium	Belgium	United Kingdom

Glossary

A

AME: Africa Middle-East

AOC: Afrique occidentale et centrale (Western and Central Africa)

AO : Accounting & Outsourcing Services

APAC: Asia Pacific

B

BD: Business Development

C

CBDC: Central Bank Digital Currency

CIO: Chief Information Officer

CRM: Customer Relationship Management

CSR: Corporate Social Responsibility

D

DD: Due Diligence

E

EU: European Union

F

FAS: Financial Advisory Services

FIS: Forensic Investigation Services

FS: Financial Services

FTEs: Full-Time Equivalents

FY: Financial Year

G

GEB: Group Executive Board

GGC: Group Governance Council

GDP: Gross Domestic Product

I

IAS: International Accounting Standards

IFRS: International Financial Reporting Standards

IQC: Internal Quality Control

K

KAM: Key Account Management

L

LLM: Master of Laws

M

M&A: Mergers & Acquisitions

N

NGO: Non Governmental Organisation

NHS: National Health Service (UK)

O

OMFIF: Official Monetary and Financial Institutions Forum

P

PE: Private Equity

PIE: Public Interest Entity

PMI: Petite et Moyenne Industrie (SME)

POB : Privately Owned Business

Q

QC: Quality Control

QRM: Quality & Risk Management

R

RPA: Robotic Process Automation

RS : Restructuring Services

S

SL: Service Line

SOE: State-Owned Enterprise

SOP: Standard Operating Procedure

U

UCITS: Undertakings for the Collective Investment of Transferable Securities

Credits

These financial statements have been prepared by

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Mazars is an internationally integrated partnership, specialising in audit, accountancy, advisory, tax and legal services*. Operating in over 90 countries and territories around the world, we draw on the expertise of more than 42,000 professionals – 26,000+ in Mazars' integrated partnership and 16,000+ via the Mazars North America Alliance – to assist clients of all sizes at every stage in their development.

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