Financial statements 2021/2022

Contents

Chairman's foreword

Dear reader,

I am pleased to present to you Mazars' 2021-2022 consolidated financial statements, jointly audited and presented under the International Financial Reporting Standards. As auditors and advisors, we believe it is our duty to foster trust in society and help build the economic foundations of a fairer, more prosperous world. This annual publication is an example of our promise in action, demonstrating our ongoing commitment to transparency and accountability. In this regard, I am proud to say that, thanks to our unique integrated partnership model, we are the only organisation in our profession able to publish internationally consolidated accounts.

The past year certainly tested the agility of companies, governments and individuals alike, with geopolitical turmoil, macroeconomic volatility and the remaining effects of the pandemic taking centre stage. 2022 was also marked by the tragic return of war in Europe. As events unfolded in Ukraine, we did our utmost to protect the safety and welfare of our people and their families. After careful consideration, we decided to stop all Mazars activities in Russia and worked to make this exit as seamless as possible for our clients, our Russian partners and our staff.

Alongside these challenges, business leaders are now navigating new territories as they take on a quest to further digitise their operations, become more sustainable and respond to stakeholders' expectations. In this complex global environment, Mazars' mission has never been so compelling: we are dedicated to supporting organisations as they work to comply with increasing regulations, successfully transform their operations, strengthen internal control systems and grow responsibly. Now, more than ever, businesses must develop new ways to create value and build a future that is fit for generations to come.

Strong and balanced performance across our organisation

2022 was an excellent year for Mazars across geographies and service lines. Once again, we achieved double-digit growth, with global revenues reaching €2.45bn, representing a year-on-year increase of 16.4%. This marks our highest annual growth since 2007, confirming Mazars' market position as a leading international audit, tax and advisory firm.

Today, Mazars has 30,000 professionals present in nearly 100 countries, and access to a further 17,000 professionals via the Mazars North America Alliance, all of whom act as one team to deliver high-quality services to our clients. Our performance attests to the strength and resilience of our unique integrated model and international development strategy, enabling us to continuously secure significant new business across large and listed companies, as well as privately owned businesses of all sizes, in all sectors of activity.

It also confirms the relevance of our multidisciplinary approach, which we believe is essential to the public interest. Indeed, the possibility of offering audit and advisory services has several benefits, including relevance, quality and talent attraction. This is why we always strive for the right balance between the regulated and non-regulated services we offer our clients.

Technology and sustainability continue to drive the business agenda

Looking beyond financial performance, it is clear that technology and sustainability remain key business priorities to enable us to retain talent, foster quality and enhance client experience. In this regard, Mazars has mobilised important resources to further enrich its technology-powered services. From audit, legal and financial advisory to consulting and sustainability, Mazars uses its advanced data analytics capabilities to offer an augmented experience to clients, identify and manage risks, and provide deeper insights.

Likewise, as new regulation emerges, such as the Corporate Sustainability Reporting Directive in Europe, corporations will need to provide high-quality, reliable reporting on both their financial and non-financial performance. To prepare for what's ahead, we are devoting resources to upskilling our teams and integrating new capabilities into our core business.

Finally, quality remains our top priority and serves as a guiding value in everything we do. We welcome evolving standards and see them as opportunities to further invest in our people, tools and quality management processes.

In 2023, we intend to continue investing where it counts for our people, our clients and society. We will concentrate on acting now to prepare for what's next by developing our teams; supporting our clients as they navigate uncertainty; and playing our part in creating a fairer, more sustainable world.

Hervé Hélias
CEO and Chairman of the Group Executive Board

Executive summary

2021/2022, an excellent year

€2.45bn
Fee income
2021-2022

+16.4%
Year-on-year
growth*

*including forex

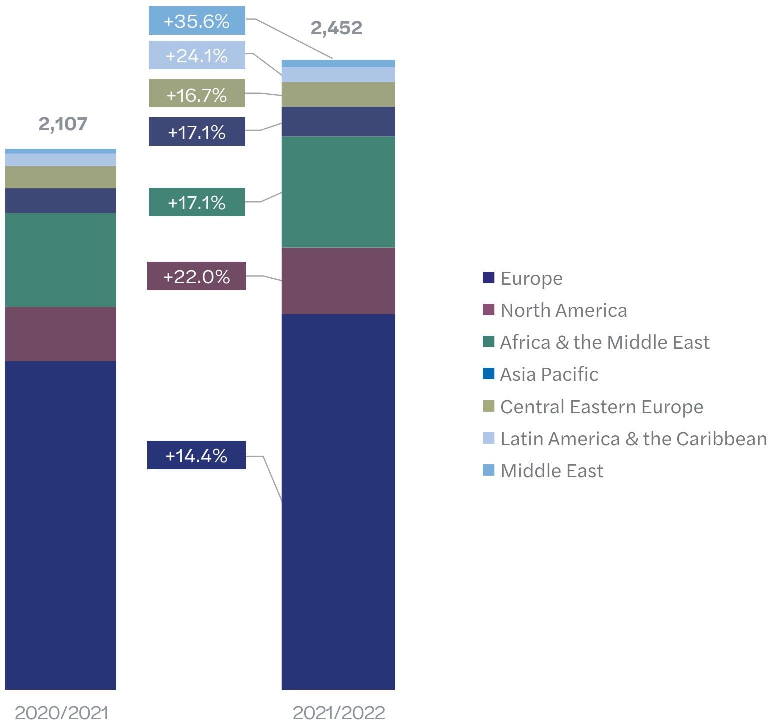
Consolidated fee income

In millions of euros

Executive summary

International coverage

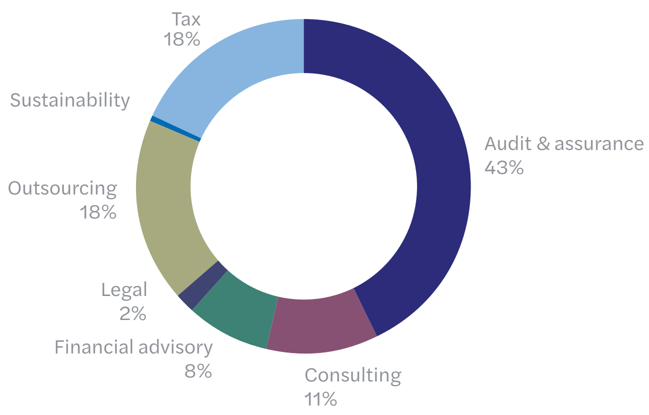
Fee income and year-on-year growth* by region
In millions of euros



* Including +2.9% exchange rate impact

A balanced offering

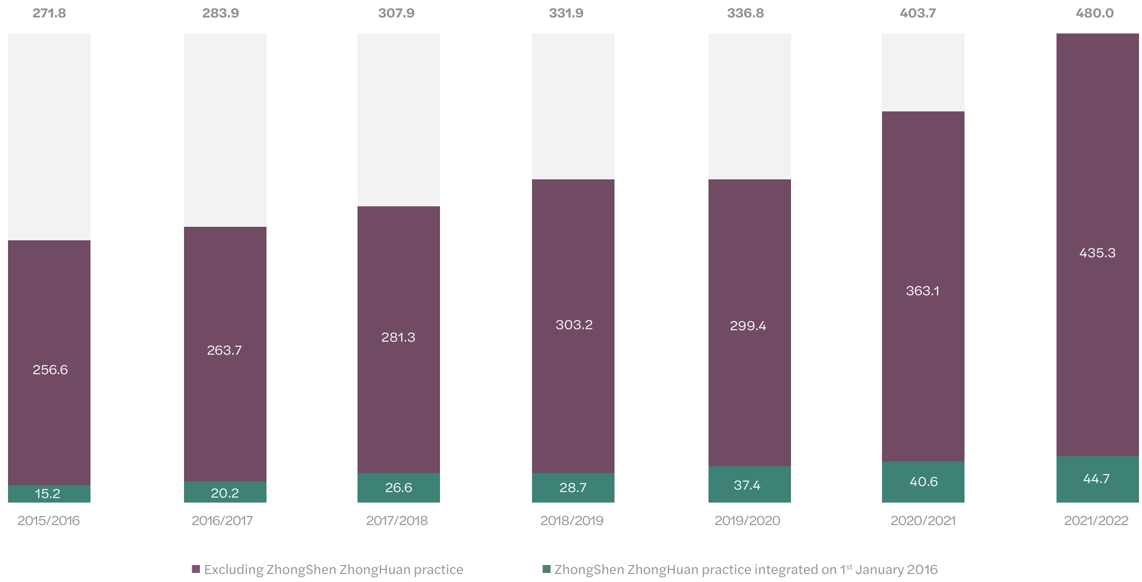
Fee income by service line, % of global fee income*
In millions of euros



* Without ZhongShen ZhongHuan practice

Robust performance of our integrated model

Surplus allocated to partners
In millions of euros



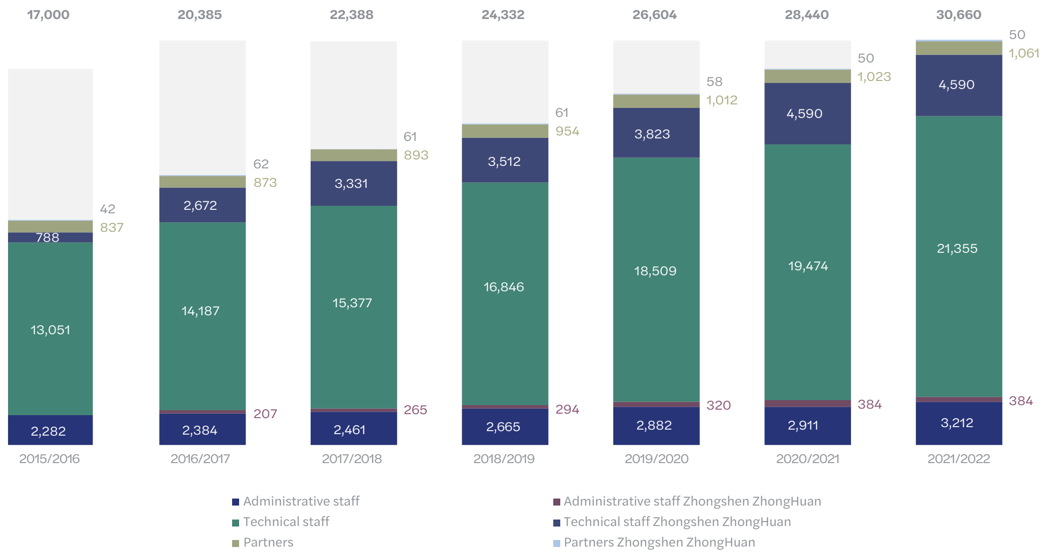
One integrated team

47,000+
professionals

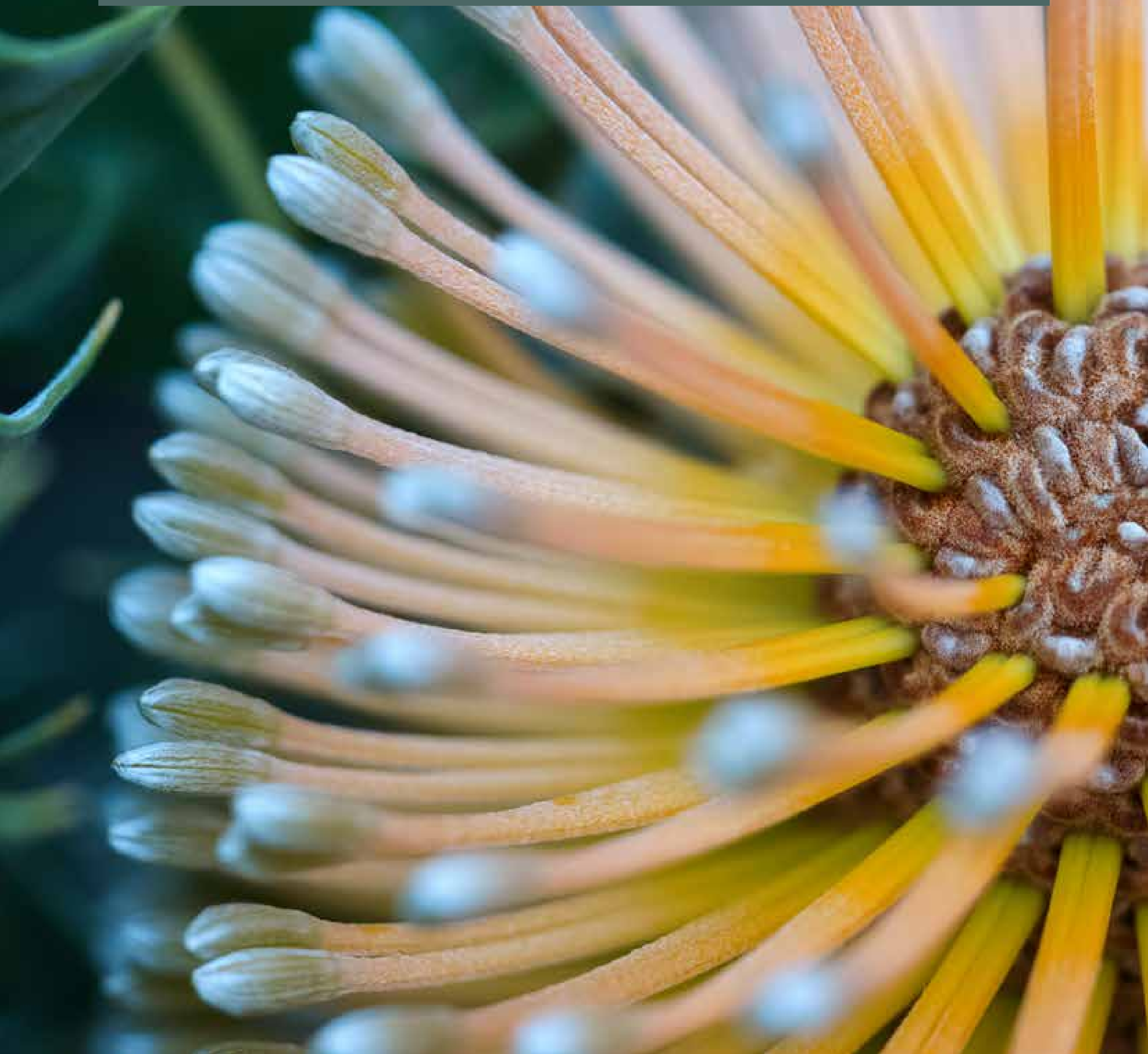
30,000+
in Mazars' integrated partnership

17,000+
via the Mazars North America Alliance.

Focus of our professionnals in Mazars' integrated partnership



Governance



Our unique integrated model

Since 1945, Mazars has taken-on the challenge of being a truly integrated firm. Our organisation is modelled as a democratic partnership where every partner has the right to vote on strategic decisions that will shape the future of the organisation.

Integration for consistency and quality

Mazars is committed to quality. Our integrated partnership is designed to ensure the delivery of consistent, high-quality services to every client every single day. We do so by setting and maintaining global service standards while giving local auditors and advisors the freedom to remain agile and personal in their approach.

We preserve our ability to deliver consistent quality by only integrating partners around the globe who share our values, our commitment to quality, and our vision for the future of our industry.

We are determined to continue building a strong, international organisation made up of professionals who share the same values and ambitions and make strategic decisions together.

A set of strong guiding values and principles

Mazars has always remained true to our founder's values, deep ethical commitment, sense of responsibility and belief that technical excellence is the key to success.

We approach every piece of work with integrity, independence, accountability and a social conscience. Our values are set out in our code of conduct. They guide us in everything we do, including how we meet the needs of our clients, how we develop our people and the role we play in our communities.

Our values:

- Integrity
- Responsibility
- Diversity and respect
- Technical excellence
- Independence
- Stewardship

We have successfully grown our organisation around the world by letting our values guide everything we do and by merging with firms and recruiting professionals with the same values, vision and objectives.

These values not only underpin our decades-long story of growth but also illustrate our commitment to going above and beyond what is expected of us – today and tomorrow.

Our global code of conduct serves as a moral compass in all our daily activities. It clearly states who we are, what we expect from our people and how we expect everyone at Mazars to interact with clients, stakeholders and communities at large.

Acting as a practical guide, this code helps every Mazarian navigate dilemmas by drawing a clear line between acceptable behaviours and behaviours that would put our reputation and the trust of our stakeholders at risk.

Democracy and transparency

Our organisational model is democratic and transparent, both internally and externally. The Group Executive Board (GEB), whose members are elected every four years based on a clearly defined road map, is tasked with guiding Mazars along this set path.

Mazars has also created a Group Governance Council (GGC) whose members are elected every four years and who have the task of overseeing GEB decisions and ensuring that the Group's ethical rules are not infringed.

The Group Executive Board

The GEB oversees the management of our operational performance. As our primary executive management body, the GEB is responsible for the operational management and oversight of the partnership, under the supervision of the GGC, with regard to our collectively defined key strategic objectives.

The GEB is appointed for a four-year term as follows:

- The partners elect the chairman of the GEB during the general meeting.
- The partners then elect the other members of the GEB based on a proposal from the elected chairman.

The current members of the GEB are:

- Hervé Hélias : CEO and Chairman
- Pascal Jauffret
- Mark Kennedy
- Rudi Lang
- Julie Laulusa
- Taïbou M'Baye
- Christoph Regierer
- Véronique Ryckaert
- Ton Tuinier
- Phil Verity
- Victor Wahba

The Group Governance Council

Elected for the same term as the GEB, the GGC is the Group's impartial and independent supervisory body. Since December 2011, it has included independent, external members who are also elected by the partners at the general assembly. On top of its oversight function on GEB actions and management, the GGC has decision-making powers in three specific areas: the approval of partnership candidates and external growth operations, the compensation of GEB members and the approval of disciplinary action decided by the latter.

The current members of the GGC are:

- Tim Hudson: Chair
- Juliette Decoux: Vice-Chair
- Asa Andersson Eneberg
- Gertrud R. Bergmann
- Frank Bournois (***external member***)
- Kathryn Byrne
- Maria Cabodevilla
- Fabrice Demarigny
- Denise K. Fletcher (***external member***)
- Chris Fuggle
- Michelle Olckers
- Liwen Zhang

National governing bodies

Each Mazars country is led by an executive committee whose members are elected by the country's partners, following approval by the GEB. In addition, in some countries an oversight body is implemented. So far, this is the case in the Netherlands, the UK, Germany, France and South Africa.

Value creation throughout our organisation is supported by cooperation between the GEB and the GGC, as well as between the GEB and service lines, sectors and region/country-level entities.

Representative of our partnership's international scope and diversity, the GEB and GGC meet several times each year and maintain regular contact allowing them to work together and exchange opinions in accordance with the Group Charter.

All country-level managing partners are consulted at least twice each year during Mazars country forums. Held throughout our six regions (Europe, Central & Eastern Europe, North America, Latin America, Africa & Middle East and Asia Pacific), these forums allow the GEB and GGC to explain strategies and foster dialogue so that country-level partners can adequately apply global operational decisions and ensure their local actions are implemented in line with the Group's overarching strategy.

2021/2022: an excellent year

With ZhongShen ZhongHuan

€2.45bn	+16.4%	30,660	93
fee income	year-on-year growth (2021-2022)*	FTEs	countries

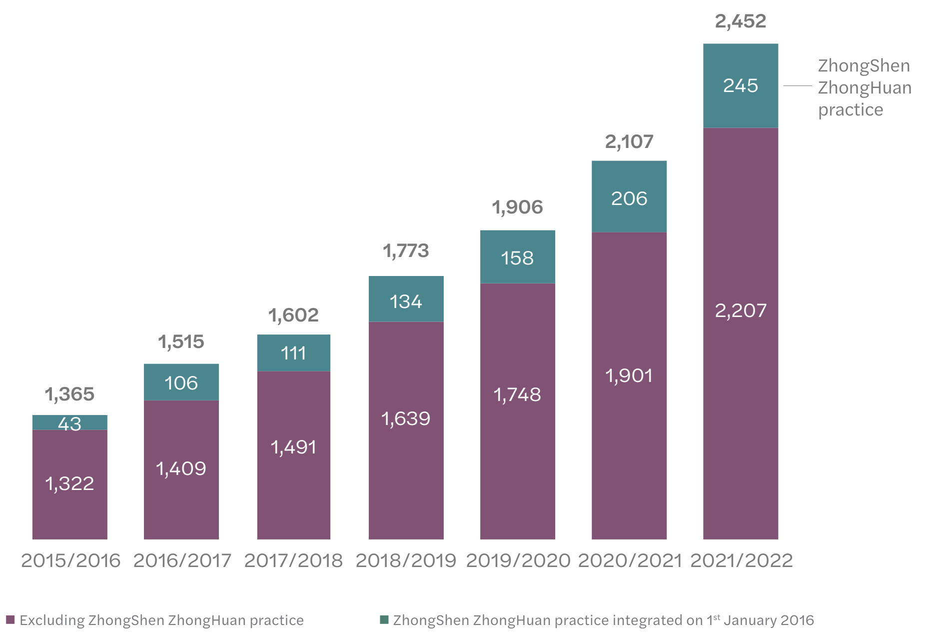
* including forex

+16.4%	+13.3%	-0.1%	+2.9%
growth vs 2020/2021	organic growth	external growth	exchange rate impact

The ZhongShen ZhongHuan practice has grown by 19.1% vs 2020/2021 of which 8.9% was organic and 9.3% was due to the forex impact.

Fee income evolution

In millions of euros



Without ZhongShen ZhongHuan

€2.2bn fee income	+16.1% year-on-year growth (2021-2022)*	23,400 FTEs

* including forex

+16.1% growth vs 2020/2021	+13.7% organic growth	-0.1% external growth	+2.2% exchange rate impact

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

Key figures

With a fee income of €2,207m, the closing figures for 2021/2022 continue to show significant growth compared to the previous year:

In millions of euros	2020/2021	2021/2022
Fee Income	€1,901m	€2,207m
Fee income growth	+8.7%	16.1%
Gross margin	46.9%	46.7%
Overheads	27.3%	26.9%
Surplus	€363.1m	€425.3m

An increase in our gross margin of 15.5%, similar to our revenue growth, together with a decrease in our overheads of 0.4 percentage points, has resulted in 17.1% surplus growth (+€62m year-on-year).

The €425m surplus reached in 2021/2022 is net of a €10m business investment fund (BIF), the same amount as in 2020/2021.

The aim of this investment allocation is to support business investments in strategic areas that require a concerted effort. The allocation of this BIF will be closely monitored and approved by the Group Executive Board (GEB). The Group Governance Council (GGC) will be informed twice a year of how these funds are used.

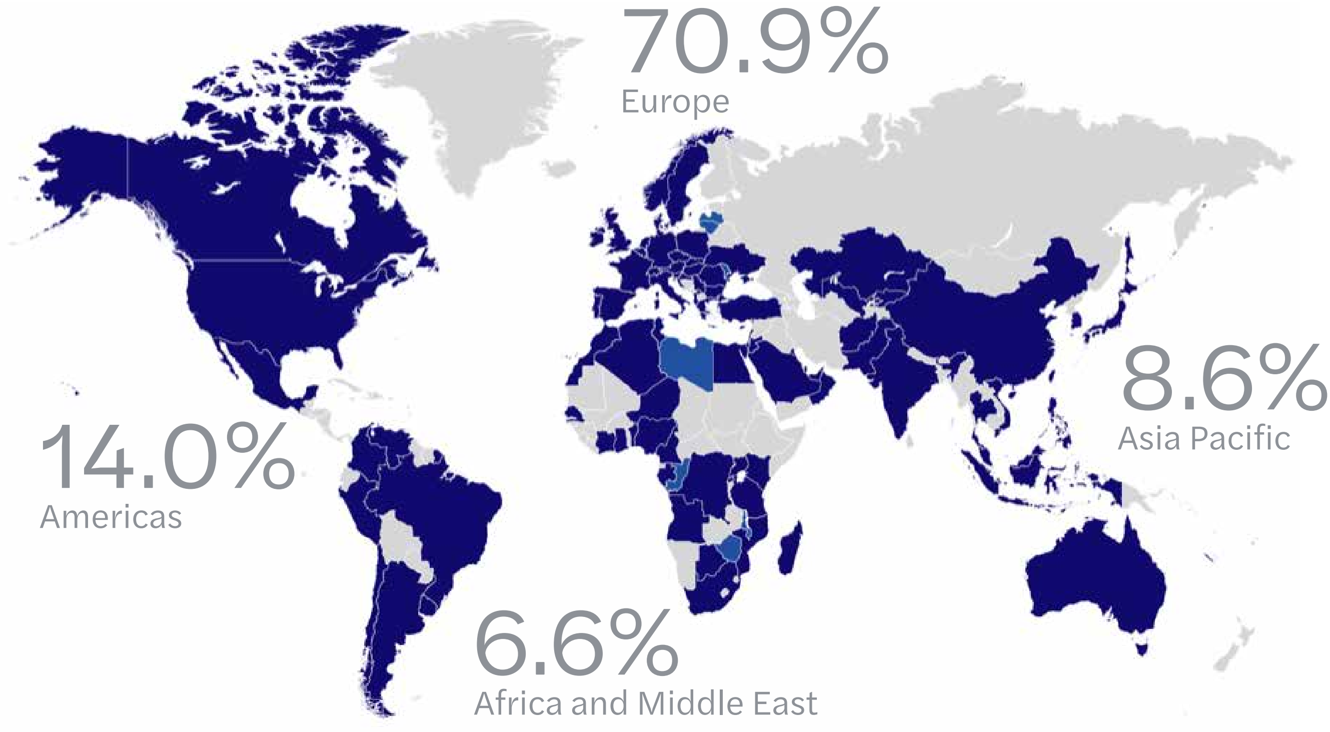
We have integrated one new country this year: Gabon. We ended the cooperation agreement with our Russian member firms, in mutual agreement, on 5 July following the tragic war between Russia and Ukraine.

Our global footprint therefore remained at 93 integrated countries and territories in which we operate. In December 2022 Mazars partners confirmed during its General Assembly the addition of 6 new countries to its footprint increasing its presence to 99 countries.

1. Operating segments

1.1 Ten main contributors

The 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

Europe including

France 20% - Mazars SA
United Kingdom 15% - Mazars LLP
Germany 10% - Mazars GmbH & Co. KG
Netherlands 6% - Mazars NV
Spain 2% - Mazars Auditores SLP
Ireland 2% - Mazars Ireland
Switzerland 2% - Mazars Holding
Sweden 2% - Mazars SET

1.2 Fee income by operating segments

In millions of euros	2020/2021	2021/2022	Variation	In value
Europe G4	*989*	*1,132*	*14.5%*	*143*
Europe without G4	*289*	*330*	*14.3%*	*41*
Europe	1,278	1,462	14.4%	185
North America	209	255	22.1%	46
Asia Pacific	165	189	14.7%	24
Africa	94	110	17.8%	17
Central Eastern Europe	87	102	16.7%	15
Latin America & the Caribbean	43	53	24.1%	10
Middle East	26	36	35.6%	9
Total	**1,901**	**2,207**	**16.1%**	**306**

Growth is strong in all segments, which all show double-digit growth. Europe, which represents two thirds of Mazars' business, has been particularly resilient, posting growth of 14.4% on the back of the remarkable expansion in our four biggest countries as well as in all other countries.

1.3 Operating segment details

France

Full year fee income increased by 8.0% (of which 7,5% is organic growth) compared to last year, reaching €450.7m, gross margin increased by 6.6%.

Most of the Channel 2 businesses (Tax Paris, Sustainability, Risk & Compliance, Financial Advisory (FA), Consulting, Accounting & Outsourcing Solutions (AOS) Paris, and Actuaries) and three French regions (Aquitaine, Rhône-Alpes, and Provence-Alpes-Côte d'Azur) recorded double digit growth in 2021/2022, thanks to a dynamic market and an impressive recruitment plan (more than 1,000 new joiners, including partners).

Gross margin of 44.9% increased by around €12m compared to last year, up to €202m. A new delivery platform has been launched in Morocco to support the audit business with around 70 employees working with Mazars France audit teams.

Overheads have gradually returned to pre-Covid levels. The rate now stands at 26.4%, slightly lower than last year.

As a result, the surplus stands at €83.3m (+€4.3m compared to last year) and represents 18.5% of fee income.

United Kingdom

FY2021/2022 was another record year for the UK firm.

Fee income rose by £52m (23%) to £274m, a very substantial increase and £20m above budget. A considerable proportion of this growth was achieved through better pricing and portfolio profitability and the firm is extremely grateful to partners and team members for their efforts on this.

Against the increase in revenues there has been significant pressure on direct costs, which derive from our efforts to keep pay in line with inflation (running at almost 10%) and to increase the team size and stay ahead of the growth curve.

Whilst the net impact has been a fall in the gross margin percentage, the increase in absolute terms is £23m to £122m.

On overheads, even with the challenge and cost of relocating to a new London office and a return of more discretionary spending as we moved out of Covid, on top of further investment in support teams, we still landed £5m below budget at £69.7m. The outcome is therefore a surplus for the year of £52.6m – up from £40m in the preceding year and £12m above budget. We are delighted with this result but at the same time cautious about what lies ahead.

Germany

Mazars in Germany has again shown excellent performance in a challenging environment in FY2021/2022, which is reflected in outstanding annual results. Germany has thus reached key financial milestones at the halfway point in the implementation of the '*One24*', our strategic plan, which aims to set a clear direction for growth and in achieving our purpose of building the economic foundations of a fair and prosperous world.

Germany's growth significantly exceeds expectations, with fee income of €226m, up €26m (+13%) on the previous year. The forecast for 2021/2022 was also exceeded by 2% (€5m). The double-digit growth rate is split between 10% organic growth and 3% lateral expansion and is spread across almost all service lines. This reaffirmed Germany's clear and ambitious growth plans, which reinforce a key objective of Germany's corporate strategy: expanding its offering in a difficult and competitive environment.

Despite market tensions and difficulties due to various factors, Germany was able to increase year-on-year net fee income per hour by 8% to €133, but the cost of technical staff increased by €13.3m (+14%), slightly higher than the fee income. These contrasting developments meant the gross margin remained almost the same, continuing to exceed the 50% mark. This enabled Germany to make the necessary investments in digitalisation, innovation, and transformation in line with the 2021/2022 business plan and the *One24* strategy, while again reducing the overhead ratio by 0.6 percentage points to 29.4%.

At the same time, this development can also be seen as further confirmation of the growth trajectory for Germany's non-regulated activities in Consulting (+12%), Tax (+14%) and Legal (+18%). In addition, the activities in the regulated activities of Audit (+13%) and Outsourcing (+17%) showed further growth.

Due to intensive efforts within the second half of FY2021/2022, Germany was able to increase the forecasted surplus of €42.9m by 9% to a final surplus of €46.8m.

Netherlands

The Netherlands had an excellent financial year in FY2021/2022. Fee income rose by 11% to €132m (5% above budget). The largest increase in fee income of €7.4m was in Audit, largely due to the expansion in the Public Interest Entity (PIE) market. Corporate Finance had an outstanding year as well, with over €2m in success fees. The gross margin remained stable at 48.4%, with a lower gross margin in the growing market of Consulting. Overheads (with a ratio of 26.6%) are well under control, ahead of *One24*, the Group's targets set forth in Mazar's strategic plan, and -1.3 percentage points better than budgeted, while still investing in the *One24* focus areas of quality, innovation, learning & development, sustainability, recruitment, business development and diversity.

Other operating segments

Central and Eastern Europe

In the Central and Eastern European (CEE) region, 2021/2022 has been highly impacted by the political situation. Countries neighbouring Ukraine showed an impressive solidarity in welcoming the Mazars Ukraine teams and families. Poland, Romania, Germany, and Slovakia, in particular, have been at the forefront in this.

We also need to highlight the consequences of the situation which led Mazars to stop its activities with the firm in Russia.

In this very complex environment, the region has nevertheless significantly increased its activities, winning significant new projects and continuing to map out its regional approach with very active and successful working groups.

The region is also working actively to improve its geographic coverage, with several projects in the Baltic states and the Balkan area, and also our new office in Kazakhstan is now up and running at full speed.

The countries have been very active in working together as a region, with working groups involved in service lines, sectors, and support functions. As a result, they have been able to take advantage of more synergies and share investments for the benefit of everyone.

Many initiatives have also continued during 2021/2022, such as:

- Developing Financial Services (FS) in the region under the leadership of Poland, thanks to the development of FS teams in several countries;
- The continuing development of data and technology offerings as well as significant development of our Consulting practice;
- The region also continued implementing a common and coordinated business development approach facilitated by a common Content Resource Management (CRM) tool (Salesforce) in over 13 countries;
- Financial advisory has been growing with increasing exchanges between the countries and the team recruitment of highly experienced staff;
- Synergies are being implemented by other service lines, such as AOS with, for example, the creation of a coordinated payroll working group; and
- Tax has experienced steady growth, with increased regional cooperation and numerous joint Marketing & Communications/ Business Development activities.

Countries in the region have continued to establish regional support functions, in particular in HR (with the help of Ukraine) and IT (with the help of the Czech Republic). To that end, the region is implementing a plan to become ISO 27001 compliant across most countries.

From the above, it is clear that the region has experienced rapid growth and there have been a number of success stories.

North America

The North American region, as a whole, experienced solid revenue growth, achieving an overall 12% increase over the previous year, before any adjustment for local foreign currency exchange fluctuations and 22% after adjustment. The US experienced a 12% increase in local currencies, while Canada experienced a near 17% increase, driven solely by organic growth and confirming the rebound experienced last year. Much of the growth was driven by high market demand for advisory and tax services, and several major successes following international audit tenders.

Overall growth in the region continued to be inclusive of onboarding new partners and teams – there were no mergers or acquisitions during 2021/2022. The US greenfield approach in developing our Dallas, Texas and, more recently, Boston, Massachusetts offices continued to be well received by the market and allowed us to expand our practice. Other offices also continued to demonstrate strong and consistent growth in locations such as California and Chicago in the US and Toronto in Canada, reaching more international organisations.

The Mazars North America Alliance, which has expanded our global reach across all of North America with the addition of 17,000 professionals throughout the US and Canada, continued to show significant progress in connecting team members across all the member firms and securing new global client wins. The Alliance serves to complement and further enhance the Mazars US and Canadian expansion and development plans.

While significant cost containment initiatives and programmes implemented to maintain adequate profitability to counter the financial impact of high inflation were successful, the increased business demands have created short-term capacity constraints, driven mostly by higher rates of staff turnover. Measures focused on talent attraction and acquisition have been ramped up with investments to expand affected teams and related recruitment activities. The introduction of a regional platform for the North American region in audit, tax and financial advisory to develop synergies and find appropriate solutions among the various countries also saw its first successes.

Latin America & the Caribbean

FY2021/2022 fee income increased by 24.1% compared to last year of which 15.2% organic to reach €52.9m. This increase was driven by the growth and strengthening of our portfolio, mainly composed of local clients with an international presence. Mexico, Brazil, and Chile contributed 83% of total fee income for the region. The progress in these countries is linked to an increase in market share in the south of Brazil, where we set up a financial advisory practice, along with the Nearshoring project in Mexico and the development and renewal of large clients, including PIE clients, in Chile.

Colombia is a good example of our progress within the region during 2021/2022, the highlight being our merger with a Colombian law firm, helping to boost our growth in the country by 50%.

The region has recorded a surplus of €7.7m, a 27% increase over last year. The strongest performance comes from the outsourcing activity, which represents 43% of the portfolio, as well as audit, with a 33% share.

However, inflation has become a challenge for all countries, reaching an average of 10% across the region, taking hyperinflationary countries out of the picture. Social and political tensions have also contributed to the uncertainty in the region.

Many Latin American (Latam) countries have also been very active in working together as a region, with strong support from Spain. This year we are very proud of the Financial Services and Environmental, Social and Governance (ESG) regional teams that have worked together on a project to develop the service and sector lines in the region, with the financial support of the Group.

Asia Pacific

2021/2022 has been a good year for Asia Pacific (APAC), confirming the robustness of our business model in the post-pandemic environment. Whilst Taiwan, Mainland China and Hong Kong continued well into 2022 with a zero-Covid policy and ongoing lockdowns, restrictions loosened across the region and borders started to open.

Group Executive Board report

Regional fee income of €189m exceeded the original budget by 2% and was 14% (€23m) up on FY2020/2021.

This was positively impacted by 4.8% of forex adjustments and negatively impacted by the exit of the India Consulting practice at the end of FY2020/2021 and of the APAC Financial Services practice in Singapore and Taiwan towards the end of FY2021/2022. If these two factors are discounted, organic growth stands at 11.5%.

This is the result of all service lines being firmly focused on business development:

- Audit & assurance is the largest segment with 43% of fee income and the main driver of growth (+22.6%, €15m). Some larger practices exceeded last year's revenues, such as Singapore (+36%) due to the backlog arising from Covid delays and Japan (+26%) due to further developing its PIE client base and benefitting from a major Chinese referral;
- Outsourcing continued to grow solidly (+21%, €8m), driven by the larger established practices in Thailand, Singapore, Japan, and China. Mazars Australia launched this service line four years ago and it is now gaining good traction and contributing sizeable growth to the region;
- Tax grew by 33% (+€5.4m), of which almost half comes from Australia with a new service line in Sydney (carved out from Consulting) and strong growth in Brisbane. Mazars in Korea and India also saw an increase in activity with a number of new client wins; and
- Financial advisory experienced a difficult year with a decline in fee income compared to last year of 10% (€787k) largely in Japan, which was impacted by the relaunch of this service following the departure of the service line head, and Hong Kong, which faced a significant decline in forensic and transaction service projects as a result of Covid-19 lockdowns.

One of the largest practices, Hong Kong has had a challenging year due to economic unrest and ongoing Covid-19 lockdowns, which negatively impacted all service lines, with project delays especially on large and listed projects and forensic assignments. Despite the difficulties, Hong Kong still managed to post overall growth of 6% compared to FY2020/2021.

China also faced severe lockdown policies and difficult market conditions with many clients downsizing. This impacted heavily on Channel 2 services but was offset with strong growth in Audit and Outsourcing, enabling it to reach 22% growth compared to FY2021/2022.

In mid-2021, Taiwan was set up as a regional greenfield initiative fully financed by APAC countries. Thanks to a dynamic team, it successfully expanded its service offering from Outsourcing to include Audit and Tax, with a total fee income of around €700k. Most impressively, it managed to break even in its first full year of practice.

Labour markets remain very tight throughout APAC, with high staff turnover and closed borders. Rising staff costs impacted the gross margin, which dropped by 2.3 percentage points to 47.8%.

As a response, in 2022 the region invested into a new Malaysian delivery platform (resource model), which already employs a technical team of 33 full-time equivalents (FTE), providing Audit, FA and AOS staff to Mazars firms in Singapore, Australia and Japan, plus a small support team covering Finance, MarCom and IT.

Other delivery platforms exist (with over 220 FTEs) in Mazars India and Philippines, supporting Mazars in the US, the UK, Ireland, and Malta.

Africa

The momentum in the African region post Covid has been extremely strong, confirming its huge potential.

This momentum is demonstrated by significant organic growth in most of the geographies and in all our service lines and notably in audit, outsourcing, transactions, and tax.

We continue to win significant PIE audit assignments with an international dimension. West Central Africa is also progressing well, confirming the interest in its regional approach. We also invested in countries such as the Democratic Republic of Congo and Gabon where highly qualified professionals joined our teams to develop our business.

In terms of business sectors, we have also experienced significant growth in several sectors, notably banking, telecommunications, and oil and gas.

In line with our strategic plan adopted in 2021, the integration of Algeria is now complete, giving a clear boost to the region and allowing us to work on new projects in countries where we hope to have a presence in the coming months.

Quality Resource Management (QRM) remains high on the agenda with the two regional QRM teams helping countries to operationalise their action plans, to perform self-assessments and to put in place an efficient monitoring system, and we have seen improvement in many areas.

The appointment of two regional Chief Information Officers (CIO) has proved to be a real success, as it has helped significantly improve the level of our IT security and Africa is also harmonising the infrastructure and processes to comply with Group requirements. Business continuity is also high on the agenda with regular control exercises.

Regional business development platform is very active and regular meetings are held to steer the implementation of BD plans for prospects, namely pan-African PIEs, financial services groups, and development agencies.

Regional committees for FA and Tax are very active and have completed, or are engaged in, several pan-regional assignments in the areas of transaction services, tax due diligence and transfer pricing.

Middle East

2021/2022 has been an important year for the Middle East as, for the first time, it has been organised as a region with a board. This allows the countries in the region to share more, to undertake common projects and to invest as one.

It has also allowed synergies to develop and therefore regional growth in most countries. The region has also won some significant PIE assignments including several locally listed companies in Qatar with international reach.

In line with strategic plan, Jordan and Kuwait have now been integrated, giving a clear boost to the region, allowing our firm to work on new projects to reinforce the regional footprint.

QRM remains high on the agenda with the help of a regional QRM leader, who helps countries to operationalise their action plans, perform self-assessments and put in place an efficient monitoring system.

Similarly, a regional CIO has helped to significantly improve the level of IT security and is also harmonising the infrastructure and processes to comply with Group requirements. The region will also implement a common CRM tool to leverage the synergies and improve regional efficiency.

1.4 Full time equivalent employees by operating segment

In millions of euros	2020/2021	2021/2022	Variation	In value
Europe G4	*8,663*	*9,518*	*9.9%*	*855*
Europe without G4	*3,134*	*3,371*	*7.6%*	*237*
Total Europe	11,797	12,889	9.3%	1,092
North America	1,067	1,222	14.6%	155
Asia Pacific	3,662	3,887	6.2%	225
Africa	2,557	2,720	6.4%	163
Central Eastern Europe	1,779	2,003	12.6%	224
Latin America & the Caribbean	1,650	1,873	13.5%	223
Middle East	897	1,033	15.2%	136
Total	**23,408**	**25,628**	**9.5%**	**2,219**

Our full-time equivalent numbers grew at a slower pace than the fee income growth of 9.5%. The highest growth in the numbers of professional staff was in Financial Advisory with +16.8% and in Legal with +20.2%.

2. Service lines and sectors

2.1 Service lines

All service lines showed double-digit growth in 2021/2022, with fee income per service line broken down as follows:

In millions of euros	2020/2021	2021/2022	Variation
Audit & assurance	817	944	15.5%
Consulting	224	246	9.6%
Financial advisory	137	177	29.7%
Legal	41	49	18.6%
Outsourcing	339	388	14.3%
Sustainability		5	
Tax	343	397	15.9%
Total	**1,901**	**2,207**	**16.1%**

Audit & assurance

This year, the growth of our audit practice has accelerated with important developments. Our fee income came to €944.4m, +15.5% compared to FY2020/2021 thanks to key business wins in Europe and other countries.

In addition, many countries worldwide showed double-digit growth in 2021/2022, including: UK (+37%), US (+19%), Switzerland (+30%), Netherlands (+16%), Luxembourg (+28%), China (+24%), Singapore (+37%), India (+42%), Belgium (+18%), Brazil (+33%), UAE (+24%) and Mexico (+9%).

Through our significant efforts in the development of Atlas NextGen and Atlas Analytics NextGen, our proprietary audit software/tool, we have developed new functionalities, made it more user-friendly, improved the client experience and offer deeper insights.

We have launched a global audit delivery platform in Morocco to serve the G4 countries (France, Germany, United Kingdom, and United States) with the objective of agreeing a blueprint to be rolled out in other countries and regions in the coming years.

We can also report major progress on key projects:

- Definition of audit quality indicators and roll out in first countries;
- Launch of the global audit learning path accessible to all auditors on U-Learn, our global online learning platform;
- Launch of an audit quality survey dedicated to Group audits where both central and local teams can be appraised; and
- Reinventing Audit team in place (including business analysts in 90+ countries) and working actively on the development and deployment of new digital solutions (e.g., Mazars Conso Reco now released, with Market in Crypto Assets (MiCA) and Mazars Financial Analytics to be released imminently).

We also have invested in several initiatives at Group level to improve the retention and attraction of talent and address the resourcing challenges faced by all countries, including:

- The preparation of a global audit employer branding campaign to reinforce our brand, which will be launched internationally; and
- The organisation of an international recruitment day (France, Germany and the United Kingdom) in early 2022 and revamping of our international mobility programmes.

And finally, our audit reform task force and public affairs team have continued to play an active role on the European and global scenes, promoting joint audits and participating in public debates.

Consulting

2021/2022 has been another great year for Consulting. In addition to growing revenues, the practice took a significant step forward in strengthening its governance and collaboration capabilities to support the growth anticipated under *One24* as well as executing several impressive marketing campaigns to further strengthen awareness of Mazars' consulting capabilities and create a pipeline of new opportunities.

As called for under *One24*, we established a Global Consulting Advisory Board, and it held regular quarterly meetings throughout 2021/2022. The Board consists of the CEOs and consulting leaders for each of the G6 countries (China, France, Germany, Netherlands, United Kingdom and the United States) along with the consulting GEB sponsors and global consulting leader. The Board is a critical contributor to ensuring that the global growth strategy for Consulting remains aligned with market needs and ensuring Board members serve as powerful advocates for implementing that shared strategy within the largest and most mature markets.

Another significant organisational achievement in 2021/2022 was the expansion of the global consulting leadership team to include a regional consulting leader representing the consulting practices within each of the six regions. The creation of regional consulting leaders has led to increasingly vibrant collaboration within the regions and gives every country an opportunity to influence our global consulting priorities and more easily access the global support needed to accelerate growth within local markets.

With a view of becoming more globally integrated while increasing quality and cross border collaboration, Consulting has made significant progress in the development of two global methodologies – one for internal audit and another for IT security.

Consulting launched a tri-annual newsletter to provide regular access to and insight into our global consulting community. This includes updates on activities around the world in consulting such as new business wins, internal projects, business line development, thought leadership and important news and updates.

Regarding our go-to-market strategy, Consulting also impressed with its activities in 2021/2022. We launched an external global thought leadership report, the Cyber security: Is your safety net strong enough?' The result of a survey we conducted of more than 1,000 C-suite executives worldwide for our annual C-suite barometer, the report concluded that cyber security is now a major preoccupation among corporate leaders. Consulting also developed a promotional toolkit to share with clients and contacts to raise awareness of our offerings and capabilities.

In 2021/2022, our Technology & Digital Consulting practice joined forces with DataGalaxy, a leading provider of collaborative data governance solutions, to launch a new global study that explores the data maturity of businesses. Based on a survey of over 1,000 experts and managers responsible for data governance in businesses across 21 countries worldwide, we sought to identify which businesses meet data governance best practices and which businesses still have a lot of ground to make up.

Financial advisory

Financial Advisory (FA) has seen significant growth globally with fee income increasing from €137m to €177m. This represents a €16m over performance compared to the initial budget. Although we have seen a strong performance across the FA practice at both a service line and country level, there were particularly strong performances in our four largest countries (the UK, France, Germany, and the US). These four countries delivered 75% of the 2021/2022 growth and are expected to deliver 73% of the budgeted growth in 2022/2023.

The growth that we have experienced, and that we expect to continue, is the fruit of an investment mindset by local executives who have seen, and are experiencing, the benefits of investing in their FA offering. Outside of our four largest countries, we have seen strong developments in Australia, Canada, Italy, Mexico, Switzerland, Brazil, and several other countries.

Our regional platforms – Africa and Middle East, Latam, CEE and APAC (the first two of which were launched in 2021/2022) – have continued to see the benefits of greater collaboration and sharing of resources within their respective regions, allowing them to adapt to client and market demands.

Mazars is becoming a more attractive proposition for potential partners, who in joining us help accelerate our growth plans as part of *One24*. In 2021/2022 we welcomed several high-profile hires in our key geographies to help strengthen our core offerings and provide additional sector experience within the PIE and FS markets. Further investment will be required to deliver the *One24* strategy, and this will require the continued support of local executives.

Group Executive Board report

2021/2022 has seen further development of new service offerings including deal value creation, capital markets, debt advisory and a sectorial approach to FS. Although these offerings are concentrated in our more established country practices, they allow us to go to market as a one-stop-shop advisor and leverage off our fully integrated global partnership.

Quality is at the heart of everything we do, and we continue to accelerate our international quality controls. Our internal licence policy is now well in place, with 241 licences approved globally in FA. We also took the final step towards implementation of our FA Quality Management Centre roadmap, with field reviews being undertaken in four countries per year.

Innovation continues to be an area of importance within FA. New tools are currently under trial to provide efficiency gains when performing data analytics, and we have expanded use of the Upslide tool to provide more consistent global reporting and proposal offerings. An innovation committee is being created to explore further opportunities to improve working practices.

We recognise that people are our most important asset. We continue to take on board the best local practices to develop talent and provide equal opportunities across our team. To enable the sharing of best practices more widely across the Group, and improve diversity in the service line, we have launched 'Women in FA', a Group-wide initiative, and are in the process of developing global training programmes.

Legal

Following the updated strategy of the Legal service line as part of the *One24* strategic plan, we started to implement our ambitious goals in 2021/2022.

To advance our vision and mission, we have taken on the role of a globally active full-service legal advisor embedded within a multidisciplinary approach. In providing quality legal advisory services that play an important role in helping solve problems for our clients, we have achieved significant growth (+16% fee income, +25% technical staff) by showing resilience (profitable growth with a stable gross margin at 51%) and assisting in the creation, monitoring and advancement of projects within our focus areas.

We also made significant steps towards activating our global legal community at Mazars and thereby also contributed to ensuring that the Mazars brand is increasingly associated with legal services. Most notable was our first-ever Global legal service line meeting, held in Milan, Italy on 27/28 April 2022, with almost 100 experienced lawyers from more than 20 countries worldwide.

We have endeavoured to boost growth by:

- Enhancing geographic coverage, with new legal service lines in Italy, Colombia, Jordan, and Norway;
- Working on several projects to strengthen legal service lines in more countries, with a focus on key countries and regions such as France, the UK, the CEE, and the Middle East; and
- Strengthening market positioning through a number of new CARL partner co-options for Legal in several countries.

We also have developed our service offerings and delivery by establishing a common understanding across countries and service lines of what we consider as legal advisory services in various expertise areas (corporate/Mergers & Acquisitions (M&A), labour law, energy law, IT law, intellectual property, data privacy, banking and financial services, real estate, commercial and competition law, corporate governance and compliance, public services, private equity, venture capital, business succession, and dispute resolution).

We have obtained a number of significant wins, at both national and international level.

Thanks to Marcalliance, we ensure that our clients are also advised in regions where Mazars does not (or does not yet) provide the full range of legal advisory services or is not allowed to provide legal services for regulatory reasons or ongoing conflicts.

We have also launched several BD projects and marketing initiatives, including a project to digitalise a global directory of all legal experts at Mazars.

Outsourcing

In FY2021/2022 we demonstrated growth, resilience and significant progress in our development and transformation roadmap.

The Outsourcing Board added new members to reach 15 members in total.

This team will focus on meeting our 2024 strategic objectives on global compliance, global payroll, delivery platforms, processes, and tools.

Our progress with these projects can be summarised as follows:

Global compliance

Our activity showed significant growth with new major additions to our list of international clients. This growth confirms our strategy initiated last year.

Our centralised approach, with our two Business Support Centres in Bucharest and Barcelona, helped us to develop new delivery models and attract new clients.

We still need to work on developing specific global compliance processes, but we have now a strong foundation on which we can reliably build in the next phase.

International payroll

We appointed Ioana Vlad Radulescu to lead and develop our international payroll offering. We see a huge potential for development of this specific offering as global payroll assignments have steadily grown in volume and geographical footprint in the last year. We generated over €12m international payroll leads and won more than €4.5m recurring assignments over the year.

Mazars was recognised by the Global Payroll Association as a major player in the industry and was presented with the Judges Award 2022 in September 2022 in Dublin. This is a great achievement in increasing Mazars awareness in the market.

Business Support Centres

We now have Business Support Centres in Asia (Kuala Lumpur), Europe (Bucharest, Barcelona and Tunis) and North America (Mexico). These centres support countries at different levels depending on service offerings:

- Kuala Lumpur: resources;
- Bucharest: BD support, contract management, progress on global compliance commitments;
- Barcelona: global compliance delivery and accounting task force;
- Tunis: transactional activities (accounting & payroll) in France; and
- Mexico: transactional activities (accounting) in the United States.

Due to a shortage of resources in the vast majority of countries and our clients' need for consistency in our service delivery, we are confident that these new models will help us to drive growth, efficiency and profits.

Tools and processes

Tools

- Signals, our digital collaboration platform for clients, is now live, or is being implemented, in 20 countries. It was and will be a key focus area for us. Signals represents a great opportunity to create a secure, shared platform for us to communicate and work with our clients. A dedicated team worked on the project to identify necessary adjustments for the purposes of outsourcing and the functional roadmap. We expect these adjustments to be completed during the first half of FY2022/2023 and to move to the delivery phase soon thereafter.
- Best in class solutions: clients expect Mazars to be able to provide them with a suite of best-in-class applications to record their personal expenses, process their invoices and manage their compliance in a seamless environment. Outsourcing teams in many countries have a dedicated team who can provide turnkey solutions to their clients. For example, France, the UK, the Netherlands, Spain and Belgium, to name a few, have implemented new tools with embedded document management systems, and optical character recognition artificial intelligence and reporting capabilities, to serve their local clients with the best tools available.

Processes

Our international payroll teams initiated a project to get key European countries System and Organisation Controls (SOC) 1 certified. This is now a must for large countries as SOC 1 certification is always requested as part of international payroll RFPs (requests for proposals) and not having it could significantly affect our win ratio.

Finally, all the above achievements were delivered thanks to our great community organised across regions.

Each region is at a different stage of maturity; however, we adopt a consistent approach across our organisation.

Group Executive Board report

Sustainability

Over the last 12 months, we have delivered on our key objective: to empower our global teams, further their knowledge and strengthen their commitment in the rapidly evolving sustainability landscape. Notably, we have ensured our leadership teams have remained proactive in seizing significant client opportunities and have continued to develop the capabilities and resources required to drive key wins in the coming months. To this end, we have made significant investments to develop the strength of our talent in key countries, with clear successes in France, Germany, the UK, the US and the Netherlands, alongside other countries, and regions, where we are building collaborative teams with the necessary strength and depth to deliver on our objectives.

We now have well-defined service offerings, most notably our Sustainability Consulting, Sustainability Finance and Sustainability Assurance services, and have developed targeted go-to-market campaigns and materials to communicate our expertise in this space. Tailored training has been successfully implemented, including crash courses on sustainability to scale up internal talent development, and a further two modules of Mazars' global Sustainability Foundation Course.

As expected, the regulatory landscape has also changed significantly over the year, and we have remained agile in proactively seeking new Channel 1 and advisory opportunities:

- At the international level, we have seen the establishment of the International Sustainability Standards Board (ISSB) and the release of the first two draft standards International Financial Reporting Standards (IFRS) S1 and S2;
- In the EU, the rules agreed under the Corporate Sustainability Reporting Directive (CSRD) expand the scope of companies subject to sustainability reporting obligations and require more detailed reporting. A new set of standards, EU Sustainability Reporting Standards (ESRS) has been released and will be the backbone of future sustainability reporting for European companies. As it will require limited and next reasonable assurance, this opens the way to a complete change in the needs and expectations from our clients on the assurance services we provide; and
- In the US, the Securities and Exchange Commission (SEC) has proposed that climate disclosures be made mandatory for certain reporting organisations.

Although changing regulations are one element driving our clients to incorporate sustainability into the agendas of board meetings, we are experiencing an increase in client requests due to a multitude of other drivers – supply chains, investors, clients, and labour shortages, along with geopolitical challenges and public expectations driving accelerated change across all sectors.

Our investments have resulted in an encouraging range of successes, and our published sustainability credentials continue to showcase our key wins, which will help countries in future proposals. Our Global Business Hub database credentials include engagements for organisations, alongside confidential client wins.

Over FY2022/2023, it will be vitally important that our countries continue to collaborate, invest in the development of specialist talent, and remain prepared for upcoming regulatory and market changes. It is also critical that all EU audit practices meet the challenge of training their teams to the new ESRS standards to keep their relevance on the market.

Tax

First, digitalisation is key to accelerating changes to our Tax service line. With global mobility being one of our key services, emphasis in 2021/2022 was on the related software solution and the final stages of its implementation. We are very pleased that the platform was launched mid-2022. This solution will help us cover all aspects of our clients' globally mobile workforce, transforming how we collaborate with both our clients and the workforce. Currently we are in the middle of the phase of adopting and raising awareness of the tool.

In addition, we have started a project to introduce a software for transfer pricing. We have chosen the right tools for realising this project and are now in the initial phase of building the platform. The advantages of this tool include improved consistency and uniformity of work practices across all Mazars countries, decreasing manual and repetitive work, and expanding opportunities for advisory work that adds value for clients. We expect to launch the tool in mid-2023.

In other technology-related news, in 2021 we introduced a new business service: Tax, Technology & Transformation. The team is focused on enhancing international coherence and connectivity, acting as facilitators in the area of global technology solutions so we can innovate and transform the Tax service line and the business communities it serves.

Secondly, we have strengthened our community. For instance, we held two global meetings in 2021/2022 with colleagues from around the world to discuss the topic of "Technology & Tooling" and share thoughts.

Thirdly, when it comes to maintaining the highest level of quality, we have created various global learning paths on U-Learn, our global online learning platform, and we will continue to do so over the course of 2022/2023, whilst also focussing on the onboarding of new talent. Furthermore, our LL.M. programme's fifth cohort, which includes 12 professionals from African, Asian and European countries and the US, kicked off in September 2022. We are happy to see the alumni group expanding as more colleagues graduate from this programme at King's College London, one of the top legal universities in the world.

Fourthly, we have further developed thought leadership. Owing to the current business climate, the Tax service line has had to adjust swiftly. We were able to modify accordingly to suit our clients' demands, whether it was to help them navigate changes in remote working, the effects of the war in Ukraine, or more stringent ESG rules. We kept in touch with our clients and prospects by giving worldwide tax webinars on a variety of issues, particularly VAT and indirect tax, transfer pricing, and M&A tax. We typically held one webinar every month, with an average of 100 to 500 participants. We also remotely hosted Mazars' largest annual client event, the International Tax Conference. Approximately 500 people attended the online sessions on Tax Sustainability and Transparency.

Finally, we have developed our business to serve larger, more complex clients, and as a result, our global Tax service line has begun receiving more multi-country RFPs every day. This surge in requests reinforces why we needed to optimise and streamline the RFP process from A to Z. Thanks to additional support and resources, we already see the benefits, including more consistency in the RFP process. We have plans to expand this collaboration to cover specific tax business communities, starting with global mobility.

The new wins demonstrate that we have the right global tax expertise and capabilities to serve large clients. These wins are all fully in line with our *One24* strategy, under which we have set out our key proposals to further both global compliance services and global mobility tax services, including collaboration with other service lines and with key account managers.

2.2 Sectors

Financial services

Banking & Capital Markets

Our Banking & Capital Markets teams have continued to roll out and execute the Mazars *One24* strategic plan, further aligning our organisations across borders, developing a common set of solutions based on an active client listening process, increasing international connectivity, onboarding new teams and countries, and further structuring our account management programme. By implementing these various initiatives, we were able to reach our *One24* financial target two years before the end of the strategic plan. But not only have we reached our financial goals, we have also reached some of qualitative targets.

We were able to convert a number of core prospects, including top tier banks and capital markets institutions. We were awarded with highly exposed risks and regulation engagements at tier one banks in Europe, the US, and Africa in the areas of market risks and credit risk measurement and management, financial crime risk assessment, and the definition of regulatory remediation plan, as well as being engaged to help with climate change stress testing and ESG transformation plans.

Our teams were active in bringing in new talent, in strengthening our capabilities in audit, tax, risk and regulatory consulting, and financial advisory services in multiple countries (Mexico, Brazil, South Africa, Germany, the US, the UK, France, Ireland, Poland and many other).

We have been proactively supportive of the Asset Management team in developing relationships with core targets.

We are working to adjust our internal tools and methodologies, bringing in new experts such as Mazars' macroeconomists to match stakeholders', regulators' and supervisors' expectations by giving market participants the right level of confidence.

Group Executive Board report

In the next two years, we will boost our regional platforms, leveraging the strengths of our centres of excellence and our extended community.

Beyond our impressive growth and commercial successes with world leading financial institutions, the team has worked hard to deepening its expertise, and deploying high-quality, value-added solutions.

Insurance

The Insurance team has:

- Worked extensively on IFRS 17 on both the consulting and auditing side;
- Developed ESG services in the main territories;
- Won several large audit mandates; and
- Developed consulting through a key client audit programme and winning new clients.

Asset management

Our value proposition continues to be successful and 2021/2022 has been an impressive year in terms of growth and significant client wins. This is another example of the strength of our "one firm" proposition.

We have completed the mutual funds audit tool, and this will be presented to the Asset Management team shortly.

We have also incorporated a Mazars entity in the Cayman Islands, whose initial function will be the review and sign off of financial statements of Cayman Islands investment funds.

Industry and services

Consumer

Once again, our Consumer Cluster teams have had an extremely active year, with a number of Channel 1 tenders and Channel 2 proposals in several countries.

The teams' focus has been on understanding the resilience of the consumer markets worldwide, which has been demonstrated over the last few years. We have carefully built our approach to the market around service lines, to offer clients the most suitable solutions. Our offerings continue to cover finance-specific transformations, the roll-out of IT systems outsourcing, ESG-related consulting, smart data, and business transformation offerings. Cybersecurity has been high on the agenda in 2021/2022.

Several thought leadership publications have also come out this year including our; Chinese Consumer lifestyle report 2021', our contributions to the annual C-Suite barometer and our Cyber security report. Furthermore, the teams have developed a podcast on 'Let's talk luxury' to help clients navigate the recovery period we have gone through post pandemic. These campaigns have been featured in country events, newspaper articles, blogs, webinars, and conferences with the aim of generating new business development leads.

The teams have also continued their partnership with Arianee on the use of technology in the consumer sector.

Unsurprisingly, these activities have together had an impact on both the Audit and Channel 2 service lines, leading to key wins and strengthening client relationships.

Automotive

In the automotive sector, we again enjoyed impressive wins and key initiatives and projects. We provided insights into the mobility sector's transformation as it responds to evolving consumer expectations and demands for cleaner, more connected, and sharable mobility solutions. Continuing our global thought leadership campaign 'Reinventing the wheel', we published a series of interviews with mobility experts and senior executives from leading automotive players. After a two-year wait, we were finally able to hold the first physical meeting of our sector group, which took place in Madrid with more than 15 attendees from all over the world, supplemented by regular bi-monthly calls discussing trends and presenting automotive developments in different countries and certain services to support our cross-selling within the sector. Additionally, we began cooperating with automotive experts from Plante Moran.

Technology, media, and telecommunications

The technology sector proved to be resilient during the pandemic, demonstrating its agility in adapting as customers' needs changed and as more organisations were forced to embrace or accelerate their digital transformation. Growth of the sector was driven by M&A transactions, global compliance and outsourced accounting services as tech companies continued to look to outsource certain functions due to talent shortage and focus instead on innovation as a way to fuel the next wave of growth in the sector as well as in other industries.

Climate change is a reality and technology industry leaders are aware of the threat it poses to their operations and reputation. Many tech and telecom companies need to increase their efforts to protect their assets and infrastructure. Tech companies are also facing new challenges arising from changes in the regulatory landscape and growing pressure from employees, customers, and investors to operate more sustainably. This trend has led to opportunities in ESG services as tech companies continue to improve their governance, data management processes and controls to comply with upcoming changes in global environmental, social and governance standards and disclosure requirements.

Public sector

Events in 2021/2022 have shown that the public sector drives society. In many countries we have seen a different, more active public sector, endeavouring to address the most difficult challenges faced in these societies. Not only is Covid-19 still defining the agenda of the public sector, but there are also other major challenges like adapting to extreme weather conditions, such as floods, storms, and earthquakes. And help for refugees is much needed. Refugees who have fled their homes due to war, poverty or the consequences of climate change are a worldwide issue on the agenda of governments and NGOs.

Mazars' Public Sector team have developed a new marketing strategy. We have started to look deeper into the needs of our clients. That has proved a big challenge, as we work for many public sector organisations worldwide and also for several categories of public sector organisations, such as governments, educational institutions, medical organisations, social housing organisations, NGOs and many more. All these entities have different needs, but major themes common to them all are digitalisation, efficiency, sustainability, social value, transparency, and public trust.

We will help our clients to ensure compliance with regulations, be transparent in their business activities, be more efficient and resilient, and accelerate the transformation to sustainability. We have combined ESG and the public sector to commit to the future with purpose, to be inclusive and progressive, and to have sustainability at the core of our team.

For our three main markets (the UK, France, and the Netherlands) we will focus globally on governmental organisations, including local government (especially in France and the UK), and on not-for-profit organisations (including donor organisations and NGOs).

Not-for-profit organisations are looking to Mazars more and more. We have won many new assignments around the world.

Our investments in Channel 2 work in our sector is paying off as we won several ESG, forensic work, technology and digital, and tax engagements in the public sector.

Our ambition for 2022/2023 is to recruit new talent for this sector to support the growing demand for trusted auditors and advisors in this domain.

3. Profitability and financing

3.1 Profitability

Profitability has improved once again with a surplus ratio growing by 0.2 points as a percentage of fee income.

While gross margin remains under pressure, with challenges in attracting and retaining staff, together with growing inflation, we have been efficient in reducing the size of our overheads, thereby slightly improving our overall profitability.

In millions of euros	2020/2021		2021/2022		Variation in value	Variation
	Surplus	Surplus / Fee income	Surplus	Surplus / Fee income		
Europe - G4	*189*	*19.1%*	*221*	*19.5%*	*32*	*17.2%*
Europe - without G4	*58*	*19.9%*	*69*	*21.0%*	*12*	*20.2%*
Europe	246	19.3%	290	19.9%	44	17.9%
North America	44	21.2%	50	19.6%	6	13.0%
Asia Pacific	39	23.4%	42	22.0%	3	7.9%
Africa	20	21.6%	25	23.1%	5	25.8%
Central Eastern Europe	15	17.5%	17	17.0%	2	13.4%
Latin America & the Caribbean	6	14.2%	8	14.5%	2	27.0%
Middle East	4	15.4%	6	16.9%	2	49.4%
Other	-11		-13		-2	
Total	**363**	**19.1%**	**425**	**19.3%**	**62**	**17.1%**

(*) Including for 2020/2021 and for 2021/2022 €-10m Surplus allocated to future business investments (BIF)

3.2 Financing

The financing of our activities is essentially provided by the partners. It may be in different forms (equity shares, loans, current accounts, deferred compensation, etc.).

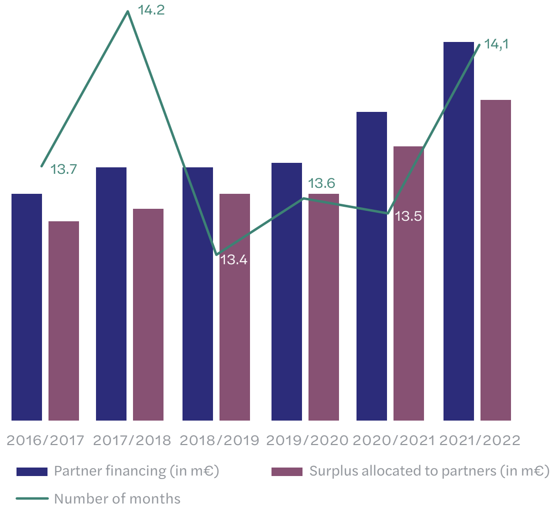
In total, financing by the partners in 2021/2022 has increased to 14.1 months of their total yearly earnings.

As usual, GEB and GGC have reviewed and will continue to review in detail the level of partner financing.

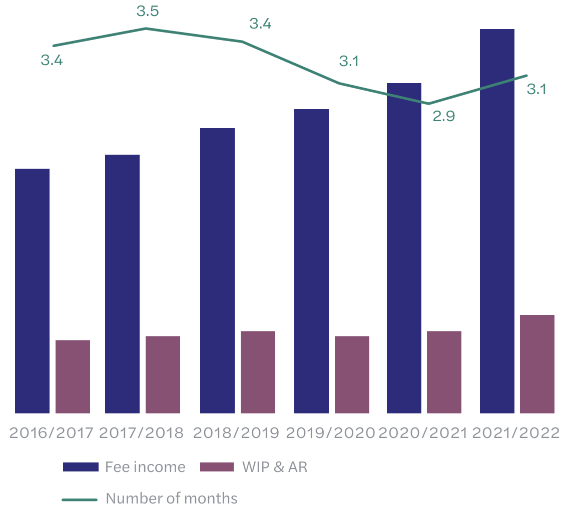
Our work in progress and receivables ratio slightly increased to 3.1 months of annual fee income from 2.9 months in 2020/2021.

Financing analysis

Months of financing



Months of lockup



4. Support functions

Ukraine/Russia Crisis Task Force 2021/2022

On 24 February 2022, we put together a Crisis Task Force to address issues arising from the war in Ukraine.

The task force's agenda covered four main areas of concern: protecting our people, ensuring the continuity of services to our clients and operating capabilities, monitoring internal and external communications, and preparing for rebound.

Initially, the task force gathered daily and then weekly from June. All sessions were recorded and are available in the crisis ledger. We want to commend all task force members for their dedication and their commitment to support our teams throughout the crisis.

Audit/Atlas

Over the last year, we have continued to experience growth in the usage of the Atlas platform, with 91 countries now live and more than 9,000 auditors using the platform regularly across over more than 26,000 engagements, including over 15,000 that have been completed in the platform.

46 countries have significantly increased the number of 2022 engagements created in the current Atlas platform compared to the number of 2021 engagements that had been created by the same time last year. With the upcoming launch of Atlas NextGen, all countries are expected to adopt the new platform and have 100% of engagements performed in Atlas by 2024.

At the same time, the Atlas core team has been working on finalising the next generation of Atlas, proposing the global integration of the audit solutions available for our employees. This new platform will bring with it an enhanced user interface with the latest navigation tools, fully customisable suite of functions, the ability to translate content, a dedicated tool to migrate data from Atlas 1 to Atlas NextGen, acceptance section and the associated load of the trial balances for new engagements and the new, fully integrated Atlas Analytics NextGen solution.

Group Executive Board report

Quality management & compliance

Solid progress at the halfway mark of our *One24* Quality roadmap

Under the leadership of our Global Quality & Compliance Board and related sub-committees, we continued to make progress with key elements of the quality roadmap, including:

- Design and implementation of the International Standard for Quality Management (ISQM 1);
- Robust group independence and acceptance procedures;
- Continued use and development of a global approach to both Audit and Sustainability;
- Corporate culture initiatives to align behaviours with our values; and
- Global coordination of our International Quality Control (IQC) inspection programme.

ISQM 1

- The System of Quality Management Committee heavily focused on the design and implementation of a new system of quality management aligned with ISQM 1 – a new standard that introduces a risk-based approach to managing quality at every firm within Mazars;
- Embracing the strategic ambition to drive global consistency, we have designed a global risk assessment process and guidance for use in all countries, along with an identified set of globally mandated baseline country controls, as well as further global-level controls over global processes;
- Earlier in the year, we identified a shared IT tool, Arengibox, for ISQM 1 risk assessment and testing, and the work is well advanced with our IT developers, with a roll out planned in the autumn. A Global Testing & Evaluation Guide is currently under development and will accompany the roll out of the Arengibox tool; and
- Work is ongoing on the revision of the Global Quality Assurance Manual with phase 1 now released and phase 2 planned for December 2022.

Group Independence & Acceptance Committee

- Our Group Independence & Acceptance Committee (GIAC) continues the oversight of rigorous acceptance procedures, and now benefits from the release earlier in the year of automated software for GIAC approval, which was developed through the collaboration of the Acceptance group and the Innovation team in Italy;
- Development of a know your client/anti-money laundering procedures tool – one of GIAC's key deliverables – is progressing well;
- There are now 79 live countries on WeCheck, our global independence tool, covering around 97% of turnover. We are tracking progress of the remaining countries yet to adopt WeCheck continues. To date, 14 countries are still to onboard the WeCheck tool, with around half of them making progress towards onboarding in 2023;
- The Annual Independence Declaration and SEC Independence processes have been completed, and the results reported to the GEB. The 2022 Annual Independence Survey was launched; and
- During FY2021/2022, GIAC received 320 requests for approval of in-scope assignments, from 44 different countries.

Methodology

- We successfully relaunched our 'ReConnect' series to focus on key methodology-related topics and provide a forum for knowledge sharing. Through this series, we connect people who design, implement, train in, manage methodology, in addition to those who embed it within the tools; and
- The Methodology Committee continued their ongoing annual maintenance of the Mazars Audit Methodology (MAM), including the revision of the MAM to incorporate guidance on new and/or revised standards. This included a focus on supporting the implementation of the revised International Standard on Auditing (ISA) 315 through updated tools and materials, a dedicated ReConnect session on the topic and several training webinars and e-learnings in collaboration with GAASL.

Culture

Renewed focus on a number of company culture initiatives to align the behaviour of all our people with our values, including the development of a set of quality and risk metrics to form part of a partner scorecard and development and release of modules for training on the Global Code of Conduct.

International Quality Control inspection programme

- Continued global coordination of our International Quality Control inspection programme covering the Audit, Outsourcing, Tax and, from 2022 for the first time, FA service lines;
- Post Covid we have moved to a mix of in-person and virtual inspections – of the 58 inspections performed in 2022, 35 were in-person. The 2021/2022 campaign covered approximately 40 countries, and four service lines: Audit Tax, AOS and FAS (for the first time); and
- For FY2022/2023 our focus has now shifted to designing the IQC monitoring programme under ISQM 1.

We have changed the role and standing of, and the extent to which we rely on, regional Quality Control (QC) leaders and now have a regional QC leader in every region following the appointment in early 2022 of two new regional QC leaders for Western Europe and the North Americas.

We continue dialogue with stakeholders, our partners and staff, governance bodies, our peers at Mazars and in the profession, national professional bodies, regulatory bodies, and government ministries and departments.

The Quality & Compliance team has been reinforced thanks to our global and regional recruitment drive. We now have quality management leaders in all the regions and have increased the size of the global team, in particular with a view to supporting our successful implementation of ISQM 1.

Enterprise Risk Management

Enterprise Risk Management plays a crucial role in establishing a more robust business, building resilience to unpredictable events, and supporting operational decision making.

Mazars has adopted an integrated approach to raise awareness at all levels of the organisation, with the goal of constructing an adequate risk assessment and management capable of creating and preserving value for the Firm.

Brand, marketing & communication

2021/2022 has been a very intense and productive year for our Group marketing, communications and business development support team. Here is an overview of the main achievements and initiatives:

Brand, communications & public affairs

We have reviewed our brand positioning and implementation through a survey to evaluate our performance and have audited our websites to assess the strength of the implementation of our brand. We have improved our corporate communication through the implementation of a new digital experience, supported by a full suite of corporate materials including the Yearbook and the Sustainability Report.

Internal communication and thought leadership have seen some major progress with the launch of the new intranet and important studies such as the C-Suite barometer or cybersecurity.

We have also been very active on Public Affairs namely in the light of the EU Audit reform.

Marketing our services, sector expertise and POB offerings

Through strategic workshops with PIE, Privately Owned Businesses (POB), sector, and service line leaders we developed targeted go-to-market plans to drive business strategies, resulting in key business wins.

We have launched 12 global marketing campaigns covering key topics for our clients and have continued to release regular content for expert blogs, as well as sponsoring some major industry events.

M&A

The Covid pandemic continued to significantly restrict our M&A activities going into the year in review, with the global travel freeze denying us an essential component of the M&A process – the ability to engage face to face with potential partners in order to build relationships and trust.

Emerging from Covid, the momentum has picked up considerably:

- Working hand in hand with our regional boards, the M&A team is now actively prospecting the markets in countries designated as *One24* priorities and targeting potential clients, notably in Europe and Asia.

The following projects are subject to the vote of the December 2022 General Assembly:

- Burkina Faso: integration of ACS Burkina, with 1 CARL partner and 35 staff;
- Zimbabwe: integration of our correspondent KLMCA with 2 CARL partners and 34 staff;

Group Executive Board report

- Bosnia: integration of Markat and Askom with 2 CARL partners and 18 staff;
- Latvia: integration of our correspondent Taxlink, with 2 CARL partners and 30 staff;
- Lithuania: integration of our correspondent Persense with 2 CARL partners and 36 staff; and
- US: acquisition of Samet & Co with 6 CARL partners and 65 staff joining.

There were also projects which were finalised in Portugal, Gabon, Germany, Norway and North Macedonia, but these did not involve a vote in the General Assembly.

Corporate sustainability

At Mazars, sustainability is at the core of our value creation model, which is reflected in our firm's purpose statement:

"To help build the economic foundations of a fair and prosperous world by caring for the success of our people and clients, the health of financial markets, and the integrity of our industry."

How we work is as important to us as what we do. Since the founding of our firm, serving the public interest has always been at the heart of who we are. We empower our leaders do what is right for our clients, our people, local communities, the environment and society at large.

As climate change, ongoing health crises, food insecurity, human rights abuses and war continue to test the resilience of businesses and the communities in which we operate, a purpose-driven strategy is fundamental. Guided by our values and our purpose, we are proud to play this pivotal role in shaping the future and ensuring that we do everything we can to operate more sustainably.

Our global sustainability strategy is shaped around five key pillars: integrity and responsibility; people; climate and environment; community; and supporting business on their sustainability journey. Over the course of FY2021/2022, we leveraged the momentum we had created previously, to implement various initiatives across each of the pillars and drive positive change worldwide.

We published our Group Sustainability Report for the third consecutive year and this year's report marked a clear change in our reporting journey as we adopted a data-centric and impact-driven approach to help our stakeholders understand our strategy, our actions, and where we stand in terms of our performance on key sustainability indicators. Here are some highlights of our sustainability performance:

- Training module on the Global Code of Conduct has been rolled in 90% of Mazars' countries;
- Women represented 54% of our global workforce and 20% of partners worldwide;
- 78% of our countries supported flexible work and promote work-life balance;
- Employees on average completed 40 hours of training while auditors completed 62 hours of training;
- We gathered data from 45 countries covering over 64% of our global headcount, in order to start the process of calculating our environmental footprint;
- Notwithstanding the impact of Covid, our employees contributed over 15,600 hours through volunteering and pro bono engagements, and we made donations of over €1.3m to support public initiatives.
- We kicked off our global Diversity & Inclusion (D&I) Programme in July 2021 by engaging our 93 countries in a global transformation of Mazars' culture and talent management. Our programme covered four pillars:
  - Fact-based country engagement;
  - Global awareness and D&I;
  - Review of key HR mechanisms, such as how we select, retain and promote talent; and
  - Development of tools and knowledge: launch of Mazars flagship thought leadership on 'The myths and barriers preventing women from advancement'; development of a comprehensive toolkit.
- We implemented a Supplier Code of Conduct and integrated specific questions on ESG factors into our due diligence process to evaluate potential Group level suppliers, to ensure we engage with organisations that are just as responsible and sustainable as Mazars; and
- We adopted an official position on our contribution to climate change:
  - We will go beyond carbon neutrality to ensure we take concrete steps to first reduce our emissions before looking at purchasing carbon credits to offset emissions; and

- Our ultimate objective is to achieve net zero emissions and in order to do so with integrity and responsibility, we will adopt a science-based approach to calculating our emissions and establish targets and timelines by which we need to reduce our emissions over the coming years.

IT

Our IT platform went through significant transformation with an increased coverage of our ISO 27001 certification and the setting up of our core global IT infrastructure. Such transformation penetrates all layers of our organisation, including the management of our technology team with the arrival in July of Raphael Helion, our new global Chief Information & Technology Officer. Cyber risks remain our first area of focus and we can gladly report no major incident occurred during 2021/2022.

Our global IT infrastructure aims at further supporting our digital strategy especially around Atlas, our proprietary audit solution, data analytics solutions and Signals, our global client interface.

We are actively working on building a global IT platform that will ensure seamless collaboration between all Mazarians and help us achieve the highest levels of security throughout our regions.

Innovation

This year, we reinforced our League of Hubs with two new entrants: Spain and the UK. Our international League of Hubs now counts nine hubs in total, who all comprise dedicated teams to innovation and technology with strong ties to the business lines.

Our *One24* commitment to put business in the driver's seat was fulfilled this year. The "Reinventing Audit Programme", initially led by France and Germany, was ramped up. There is now a community of 200 audit business analysts drawn from 91 countries, spreading existing solutions and working on new, innovative projects for the business line.

Outsourcing is also making huge progress with a strongly international approach by design. The service line also has its own programme to reinvent itself, including an innovation challenge.

The growth of our business innovators, with the Reinventing teams on the one hand and the rise of the tech hubs on the other, signals the emergence of a marketplace for technology and innovation that is supported by IT. We are analysing new trends, including topics such as web 3.0 and virtual reality, and presenting these to clients. As our portfolio of solutions expands, we try to keep the right balance between off-the-shelf third-party solutions and proprietary applications as we want to retain ownership of our technology to stay in control of our data.

Leadership, education, and culture

The overall mission of the Leadership, education, and culture department is to secure a lasting improvement in the quality of the Mazars partnership, foster education as the backbone of our people value proposition and promote a modern firm culture across the wider partnership and its scope of operations.

In 2021/2022, 116 new CARL partners were co-opted in 38 countries. Though above the 20% of women in the partnership, the new cohort of partners only numbered 28% of women, below the minimum percentage of 30% which is required if we are to reach our target of 25% of women in our partnership by 2025. As a result, the process of co-option has been revamped to allow the GEB to have more involvement in possible changes to the partnership. This included a detailed partnership review in the largest 25 countries, supported by the design of a comprehensive partnership scorecard.

As planned, the ReCoach programme has been extended in 2021/2022 to new partners, leading to the widest possible coverage of our current partnership. The process is also now anticipated in our LEAD programme, which evolved in 2021/2022 into a hybrid format with 80+ participants starting their development centre programme in Milan in spring 2022, to be continued by a nine-session peer-coaching, assessment, and training curriculum by year-end 2022.

We also held a Women Leadership Seminar, an essential pipeline for our global pool of women talent, which took place under its digital format, with the number of participants growing year by year (120+ participants this year).

In 2021/2022, we also launched our leadership development programme to prepare Mazars' next generations of leaders. 70+ partners from over 40 countries are now engaged in a two-year assessment and development programme, supported by an external appraisal process and two new cohorts of Mazars' executive MBA, which kicked off in Madrid in spring 2022.

Group Executive Board report

On the education front, the Mazars School of Excellence programme is ongoing. Many changes are underway following the extensive audit initiated at the beginning of 2022 with 13 countries. To mention a few: the learning community is in place and meets regularly; the U-learn platform is currently being revamped ready for deployment; a prototype of our learning architect function is being tested by the Consulting service line and will be extended by year-end 2022 to all service lines; specific programmes have been delivered, both on the business side (e.g., global audit learning path, IFRS global seminars, POB client global change, global sustainability course) as well as on the quality side (e.g., training on the Global Code of Conduct, Global AOS Quality e-learning, MetaCompliance course, IT security programmes). Also, the LinkedIn Learning Global contract has been renegotiated on favourable terms for the next three years.

Overall, the LEC team has supported numerous activities to reinforce the local and business culture. Videos, podcasts, and e-learning programmes have been released under the Mazars HR series branding and have had a significant impact both internally and externally.

In conclusion

This has been an exceptional year in an exceptionally tough environment, with Covid still very much present in many parts of the world, the war in Ukraine and an unexpected surge in inflation rates not seen in the last 30 years. Against this background, Mazars still managed to grow by over 16% and to improve its profitability by increasing client charge-out rates and closely monitoring costs.

This report bears testimony to the extraordinary resilience of our people and our partnership. As the Group Executive Board, we feel confident we are on the right path, whilst continuously improving every day. More than ever, client service, innovation, people, technology, and quality remain at the heart of our strategy.

As a multicultural and united partnership, we take pride in our collective achievements over the past year and are enthusiastic about our future.

The Group Executive Board

Group Governance Council report

The Group Governance Council (GGC) is an elected body that exercises an oversight role within Mazars. The below report provides a summary of the past year and reflects on the Group's position mid-way through its 2024 strategic plan.

The GGC is chaired by Tim Hudson, co-chaired by Juliette Decoux, and made up of 12 women and men from all around the globe, including two external members. Elected every four years, Mazars' current supervisory body is half-way through its mandate.

Any reflection on the 2021/2022 financial year must start with the impact of the war in Ukraine. Of course, there have been significant economic effects, but the impact on the people of Ukraine, and particularly Mazars colleagues, has been the primary focus of the Group's response. We have been truly amazed by the resilience of our Ukrainian team, who continue to work and serve our clients in the face of such adversity.

The GGC would like to express its sincere thanks to all partners and teams for their hard work and commitment over the past fiscal year. The performance of the Group in the year to 31 August 2022 has been very strong in the context of a rapid rise in inflation, with the headline rate of revenue growth at over 16%.

Key topics monitored by the GGC during this period

Quality and risks

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

The implementation of our 2024 strategic plan (*One24*) has led to a reorganisation of the Quality and Risk Management team, which now operates under two branches: Quality Management Control (QMC) and Enterprise Risk Management (ERM), closely monitored by two Group Executive Board (GEB) members.

This year, the GGC oversaw the implementation of the International Standard on Quality Management 1 (ISQM 1), quality control campaigns and cyber security measures, as well as the ERM programme.

ISQM 1

ISQM 1 implementation remained a critical project for the year, requiring the mobilisation of all countries with the support of regional quality control leaders assigned to seven regions. They were a significant support to the ISQM 1 rollout and quality control campaigns. The project will continue into the next year as we begin to test the effectiveness of the ISQM 1 controls and work towards the implementation of ISQM 2.

Quality control

Quality control campaigns took place throughout the year, covering four service lines: Audit, Tax, Outsourcing and Financial Advisory.

As a major audit firm, Mazars is under a high level of scrutiny from regulators; and so next year will be critical in revamping our quality control processes to support the monitoring of ISQM 1 compliance.

ERM

Progress was also made with the ERM processes in the year. We recruited a new ERM leader, who has put together a strategic plan to restore momentum towards a common and shared ERM reporting. The ERM team are developing an ERM community and a framework which will include Country Risk Champions.

IT security and cyber risks

One of the top risks identified by our firm is failures in our cyber security. We have already seen improvements in Group-wide compliance with minimum standards and a decrease in vulnerabilities. As this is a matter that concerns all of us, we strongly encourage all partners and teams to focus on the topic and take the compulsory *MetaCompliance* e-learning courses.

We are pleased to see an increase in the number of countries obtaining ISO 27001 certification so we can better respond to our clients' concerns, and we expect this to continue into the next year.

Overall, this year has been a year of change in the organisational structure for both QMC and ERM and there is a solid plan for leadership change at the top levels.

One24: Mazars' four-year strategic plan

As a key part of our regular meetings with the GEB and the exercise of our oversight, we ensured that we covered a range of topics during the year, which enabled us to discuss progress on the *One24* priorities.

There is no fundamental shift in the strategic direction and our focus is on continuing to thrive as a multidisciplinary, integrated global firm that remains relevant to the wide range of client segments that we serve. Investment in quality is at the top of the agenda and we know we must accelerate in areas linked to transformation and innovation. Finally, we have an ambitious programme to place education at the heart of our strategy.

The GGC will undertake a review of mid-term progress against long-term strategic objectives during the first quarter of 2023.

Sustainability services

In response to the critical need to be ready to provide assurance over sustainability reports and ESG metrics, as well as the growing demand from modern organisations for support with their sustainability journey, Mazars will continue to further develop its Sustainability service line.

Timing is especially important given the recently adopted Corporate Sustainability Reporting Directive (CSRD) by the EU, which introduces a mandatory requirement for limited assurance over sustainability reports.

Whilst there is still a long way to go, and progress must be monitored closely, the GGC is pleased to see the level of investment countries and the Group have made during the last 12 months to grow our Sustainability service line, including both assurance and advisory services.

Overall, the firm has more than tripled the number of sustainability experts employed since January 2022 and there is a strong governance in place to maximise cross-country collaboration.

We urge all teams to continue to engage with the central Sustainability team to ensure they leverage all the training, expertise and go-to-market support already available.

Corporate sustainability

We have significantly progressed in our own corporate sustainability strategy. Mazars recently signed up to the Science Based Targets initiative (SBTi). A project is underway to measure the carbon footprint of every one of our countries and thereafter the firm will be able to set ambitious, science-based emissions reduction targets.

Aside from starting to define our net zero trajectory, a taskforce has also been created to plan for the launch of Mazars' own CSRD reporting. As has always been the case with our financial reporting, it is critical that we set an example to the market and practise what we preach, with high-quality, best-in-class non-financial reporting.

Diversity and inclusion

Diversity and inclusion (D&I) remains firmly on the GEB's agenda and is followed closely by the GGC notably, but not exclusively, through the co-option process for new partners.

As we look to the second half of the mandate, the focus will also include ensuring that there is a diverse choice available when considering future country, service line and Group leadership roles.

Diversity is our partners' collective responsibility towards our staff and stakeholders, and we must continue to improve, with gender being only one aspect.

Global IT platform

The global IT platform project is in its second year and is making good progress in building a technology-powered organisation within Mazars. This year, Raphael Helion was appointed Group Chief Information and Technology Officer to take over the leadership of the Mazars Global IT transformation. This transformation is a strategic priority for Mazars as part of the *One24* strategy.

The IT teams globally have been working together with the aim of fostering an open culture where ideas are shared and collaboration across teams is key.

The GGC will continue monitoring the project, tracking the key success factors, including engagement with all country managing partners, making sure a functioning governance is in place

Group Governance Council report

and resources are managed to ensure the project succeeds in delivering an effective, integrated Global IT platform.

Atlas

Atlas, our bespoke global audit platform, is being used to deliver audits in a wide range of countries but has not yet reached the anticipated level of development that would lead to 100% adoption across the Group.

Despite encountering delays and challenges, the project oversight and project risk management processes are operating effectively. The project team are now confident that the Atlas NextGen version will be adopted across the organisation for December 2023 audits of all sizes and complexities.

The team should seek to ensure that learnings from the rollouts in major countries are shared with others that will transition in 2023.

Co-option of partners

As reported last year, the GGC, the GEB and the Group Learning, Education and Culture (LEC) team have reviewed and adapted the co-option process.

The process now starts earlier in the year with a review of the talent list by country and a dialogue organised between the LEC team, the GEB and each of our 26 largest countries, to ensure future candidates will support the firm's strategic needs. Then, each candidate is subject to an independent review.

This year 133 candidates were proposed for co-option and we noted the following:

- The number of candidates rose from 116 last year to 133 this year, the highest ever number of proposed co-options, reflecting the momentum of the business;
- Candidates are from 40 countries (38 last year) and 60% are from Europe;
- Gender split this year is 34% women in the total proposed co-options vs 28% last year and 29% in 2020. This welcome increase exceeds the objective of 33% women co-opted per year set out in the *One24*. These efforts should continue to maintain the trend and drive towards our goal of a minimum of 25% women in our partnership.

Financial performance

The GGC has reviewed the financial performance and results for the year ended 31 August 2022. 2021/2022 has put our fee income and surplus one year ahead of the plans set out in *One24*. Whilst this is an excellent performance, we must acknowledge that the increases are partly driven by inflation.

The key highlights are:

- Total fee income growth of 16.1%, supported by double digit growth in all regions. The growth is relatively balanced across audit and non-audit services;
- Overheads reduced from 27.3% in 2020/2021 to 26.9%. Given that Covid restrictions generally ended last year, this is encouraging;
- Our partnership finished the year reporting a small surplus; and
- In China, Zhongshen Zhonghuan is excluded from the above analysis as it is not consolidated in the statutory financial reporting.

2022/2023 budget

The GGC reviewed the Group budget, which is prepared bottom up from each country submission, and the CARL budget, which is prepared by the GEB.

Overall, although the budget looks achievable, there remain risks, notably around inflation and our ability to recruit and retain the teams necessary to deliver at the required level of quality of service and achieve our ambitions. Inflation must be managed by the Group and countries very carefully.

GEB remuneration

The GGC is in charge of defining the GEB members' remuneration, following a thorough process involving a yearly performance review of each GEB member based on achievement of defined short- and long-term objectives. Starting in January 2023, the GGC will review GEB members' progress towards achievement of long-term objectives at the mid-point of the 2020-2024 mandate. The GGC will report to all partners on the results of this process in 2023.

Other key topics monitored by the GGC

Exit from Russia

As set out in the introduction, the war in Ukraine had a pervasive impact on the second half of 2021/2022. One of the significant consequences was the need to sever the connection with our Russian firm. We reviewed the conditions of this exit and following discussions around the requirements of the sanctions, the needs and policies of our major clients, we supported the plan and the severance agreement was concluded in July 2022.

European audit reform

In 2022, the European Union made several steps towards a review of the corporate reporting and audit legal and regulatory framework. An extensive consultation and a call for evidence was launched by the European Commission covering the three pillars of corporate governance, audit quality and auditors' supervision, and aimed at ensuring proper financial information disclosure by public interest entities (PIEs).

Mazars' contribution to the policy discussion to further improve corporate reporting has highlighted that audit quality is the cornerstone to building trust amongst investors and other stakeholders, ensuring efficient allocation of capital, and contributing to the development of sustainable and prosperous economies.

The GGC has been informed on a regular basis of the work of Mazars teams and the recommendation to focus future discussions on the practical experience of preparers, auditors, investors, and supervisors, and on identifying the conditions for an efficient way to combine more than one auditor in the form of a joint audit, to improve audit quality and create a vibrant audit market.

Geographic expansion

We have continued to integrate new countries in recent years to enhance our global coverage. The GGC has approved this year's merger & acquisition operations and the integration of new firms in Burkina Faso, Bosnia-Herzegovina, Latvia, Lithuania, US and Zimbabwe.

The GGC has regular reports from the GEB on the strategic focus and planned developments set in our *One24* strategy.

The year ahead

While we faced many challenges this year, with Covid-19 still very much present in many parts of the world, the war in Ukraine and an unexpected surge in inflation rates not seen in the last 30 years, we have nevertheless made great achievements that we can all be very proud of.

Looking ahead, we have, alongside the GEB, identified several priorities we want to focus on in line with our *One24* strategy, including:

- Targeted international growth;
- Talent development and performance, in terms of people engagement, preparing leaders for tomorrow and partners' remuneration and performance;
- Quality as a backbone, especially around ISQM 1 and audit methodology;
- Transformation through Atlas, the IT transformation and the development of delivery platforms; and
- Expanding the development of our ESG services and resources.

Conclusion

We are proud of the collective effort and perseverance that our teams across the world have demonstrated, as evident in the firm's excellent performance.

We strive in our GGC role to provide the partnership, as a whole, with an appropriate oversight of the executive management of our Group so that we continue to reach the milestones we set out to achieve in our *One24* strategy.

The GGC will continue to exercise its oversight function, a responsibility that we take very seriously. We will maintain cooperation and open dialogue with our Group CEO and Chairman, Hervé Hélias, and the whole GEB.

Group Governance Council
Interview with Tim Hudson

As Chairman of the GGC, Tim Hudson shares his thoughts on Mazars' 2021/2022 developments and performance. Notably, the Chairman reflects on the firm's key opportunities, such as the development of its global sustainability service line, the growing call for a more competitive audit market and its investment strategy in key transformations that support continued focus on quality. In terms of the challenges ahead, talent attraction and high inflation remain at the top of the agenda and call for caution.

Despite this past year's turbulent context, Mazars achieved remarkable results. What are the GGC's views on the Group's financial performance?

The growth we have achieved this year would not have been possible without the dedication of our people: the GEB, the partners and all our teams across the world, to whom we have extended our congratulations. The rate of headline growth in revenue stands at just over 16%, with double-digit growth achieved across all geographies and service lines. While this has in part been supported by the rise in inflation in all major economies, the underlying growth shows that we continue to provide a wide range of services that are relevant to our clients and the markets we serve. Moving forward, we clearly cannot be complacent as the economic challenges of high inflation and rising interest rates will impact our clients and could slow future growth.

What opportunities lie ahead for Mazars and how can we best leverage these?

Our continued ability to act as one team to serve clients around the world will remain a core asset for our firm, allowing us to invest in new services and innovative tools for our teams that now operate in 99 countries. The steady progress of our recently developed sustainability service line has already proven the value of our adaptability and investment strategy; as the reporting landscape is changing rapidly, we are helping organisations navigate this complexity with confidence. Looking ahead, it is clear that regulators will keep pushing for increased choice in concentrated audit markets. We welcome this momentum and see many opportunities in both the major European economies and emerging markets.

Conversely, what are the biggest challenges and how can Mazars best prepare to overcome these?

Attracting and retaining sufficient talent will remain a key constraint to our business development. As many businesses in our industry, and beyond, grapple with ever-increasing competition in the job market, we are focusing our efforts on remaining an employer of choice, able to appeal to top talent on a global scale. To do so, we will continue to provide great training and development supported by our Mazars School of Excellence programme. Education is the backbone of our people management strategy, and through this programme we are focusing our efforts on deploying a global training strategy for all teams that is digitally enabled and covers all aspects of professional and managerial development. We will also increase our investment in technology and innovation, which will support new and stimulating ways of working and provide a dynamic culture for our teams whilst supporting our focus on client service of the highest quality.

Mazars has invested in some significant transformation projects. Can you comment on these and our progress?

We have developed an investment strategy that will keep us on the path of continued growth, in line with our objectives for 2024, which targets quality, innovation, learning and development, sustainability, recruitment, business development and diversity. One key project is advancing our IT capabilities by enhancing standardisation across the Group. The multi-year programme aims to improve efficiency and enhance the connectivity of our teams. The team leading the project is well established and is successfully delivering on the agreed milestones. We expect tangible benefits to begin to emerge during 2023.

The further development of Atlas, our proprietary audit tool, is also a top priority for our firm. As expected with a project of this complexity, we have encountered some hurdles along the way, which have prolonged our initial plan, but the long-term benefits are clear for both our teams and our clients: improved user experience, deeper insights and enhanced quality.

At the end of 2021, our partners approved the financing of a specific fund to support investment in projects across the Group to accelerate our development in a number of key sectors and boost several innovation initiatives. Deployment is underway, and, as a result, we will be able to achieve several of our strategic goals at a faster pace. The investment will be repeated in 2023, reflecting the success of the initiative and the ambition of our partners. In this next round, we will look to further strengthen our audit digital workplace, our global outsourcing capabilities and our sustainability service offering.

Mazars is halfway through its 2024 strategic plan. What will be on top of the GGC's agenda moving forward to make sure the firm achieves its ambitions?

To date, we have accomplished many of the targets set in the 2024 strategic plan. To keep up the momentum, we must retain our rate of growth whilst maintaining excellent quality and client service. Working alongside the GEB, one of our main areas of focus will be strengthening our presence in key regions, which will allow us to work with an even wider range of international clients.

Financial statements

Consolidated financial statements prepared in accordance with IFRS as endorsed for use by the European Commission

2021/2022 financial year ended on 31 August 2022
In thousands of euros

Consolidated income statement

2021/2022 financial year ended on 31 August 2022

In thousands of euros	Notes	2020/2021	2021/2022
Revenue	4.1	1,945,946	2,267,302
Rebillable costs	4.1	- 44,972	- 60,612
Fee income	4.1	**1,900,973**	**2,206,691**
Cost of technical staff		- 1,009,606	- 1,177,006
Gross margin	4.3	**891,368**	**1,029,685**
Cost of administrative staff	4.4	- 139,754	- 166,621
Other costs		- 261,676	- 311,509
Depreciation, amortisation and impairment	4.4, 6.2 and 6.3	- 87,253	- 91,269
Surplus of operations	4.4	**402,686**	**460,286**
Amort'n/imp't of client relationships and goodwill	6.1	- 15,140	- 15,151
Financing costs		- 14,404	- 9,869
Surplus allocated	4.5	**373,142**	**435,266**
Surplus allocated for future business investments		- 10,000	- 10,000
Surplus allocated to partners		- 363,111	- 425,227
Pre-tax result		**31**	**39**
Corporate income tax	11		
Post-tax result		**31**	**39**

Consolidated statement of comprehensive income

2021/2022 financial year ended on 31 August 2022

In thousands of euros	Notes	2020/2021	2021/2022
Post-tax result	1.2.3	31	39
Other comprehensive income			
Remeasurement of defined benefit schemes		- 2,011	- 11,543
Exchange rate adjustments		21	2,114
Attribution of OCI to Partners		1,990	9,430
Comprehensive income		**31**	**39**

Consolidated financial statements

Consolidated statement of financial position

2021/2022 financial year ended on 31 August 2022

In thousands of euros	Notes	31 August 2021	31 August 2022
Assets			
Intangible assets	6.1	193,083	201,740
Right of use - IFRS16	6.2	318,487	354,850
Property, plant and equipment without IFRS 16	6.2	80,534	99,424
Other non-current assets	7.4	13,043	17,453
Total non-current assets		**605,147**	**673,468**
Trade accounts receivables and accrued income	4.2	454,579	563,700
Other current assets	10.1	89,108	100,575
Cash and cash equivalents	7.3	222,375	226,726
Total current assets		**766,061**	**891,001**
Total assets		**1,371,209**	**1,564,468**

In thousands of euros	Notes	31 August 2021	31 August 2022
Equity and liabilities			
Shareholders' equity	**8.1**	**5,354**	**5,404**
Partnership financing - non-current		240,166	252,197
Partnership financing - current		159,217	228,150
Reserves for future business investments		10,000	19,870
Total partnership financing	**8.2**	**409,383**	**500,217**
Long-term borrowings - Non-current	7.3	76,406	62,867
Long-term borrowings - Non-current IFRS 16	7.3	276,519	318,184
Long-term provisions	9.1	63,561	62,564
Total other non-current liabilities		**416,485**	**443,614**
Long-term borrowings - current	7.3	32,960	36,622
Long-term borrowings - current IFRS 16	7.3	56,630	59,379
Current bank financing	7.3	17,156	8,269
Trade and other payables	10.2	402,618	476,291
Current provisions	9.1	30,622	34,672
Total other current liabilities		**539,985**	**615,232**
Total equity and liabilities		**1,371,209**	**1,564,468**

Consolidated statement of changes in equity

2021/2022 financial year ended on 31 August 2022

In thousands of euros	Capital	Reserves	Shareholders' equity
Shareholders' equity as at 1 September 2020	**488**	**4,624**	**5,113**
Movements in share capital	37	174	210
Other movements			
Transactions with Shareholders	**37**	**174**	**210**
Comprehensive income for the period		31	31
Comprehensive income		**31**	**31**
Shareholders' equity as at 31 August 2021	**525**	**4,829**	**5,354**
Movements in share capital	9	3	12
Other movements			
Transactions with Shareholders	**9**	**3**	**12**
Comprehensive income for the period		39	39
Comprehensive income		**39**	**39**
Shareholders' equity as at 31 August 2022	**534**	**4,870**	**5,404**

Consolidated statement of cash flows

2021/2022 financial year ended on 31 August 2022

In thousands of euros	Notes	2020/2021	2021/2022
Operating activities			
Net result		31	39
Depreciation and amortisation		105,483	113,357
Self-financing capacity		**105,514**	**113,396**
Changes in current assets		- 8,432	- 67,756
Changes in other current liabilities		55,103	33,247
Changes in working capital requirements		**46,671**	**- 34,510**
Net cash generated by operating activities	**12.1**	**152,185**	**78,886**
Investing activities			
Purchases of property, plant and equipment and intangible assets	6.1/6.2	- 46,996	- 51,448
Disposals of property, plant and equipment and intangible assets		6,475	9,049
Gains and losses on disposal		182	- 6,419
Purchases of other non-current assets	7.4	- 1,881	- 7,336
Disposals of other non-current assets		4,842	5,076
Net cash flows from acquisition and disposal of subsidiaries		- 907	- 2,204
Net cash used in investing activities	**12.2**	**- 38,285**	**- 53,283**
Financing activities			
Capital increase		210	12
Changes in non-current partnership financing	8.2	- 723	10,009
Changes in current partnership financing	8.2	36,966	46,465
Issuance or subscription, of long-term debt	7.3	26,698	14,170
Repayment of long-term debt	7.3	- 53,339	- 27,566
Repayment of long-term debt - IFRS 16	7.3	- 60,394	- 60,316
Net cash from financing activities	**12.3**	**- 50,582**	**- 17,227**
Net change in cash		**63,319**	**8,376**
Cash and cash equivalents at the beginning of the year		**141,072**	**205,219**
Net change in cash		63,319	8,376
Impact of exchange rate variation		828	4,861
Cash and cash equivalents at the end of the year		**205,219**	**218,457**
Cash and cash equivalents		222,375	226,726
Current bank financing		- 17,156	- 8,269
Net cash and cash equivalents at the end of the year		**205,219**	**218,457**

Notes to the consolidated financial statements

1. Accounting policies

The company's consolidated financial statements Mazars SC, cooperative society having its registered office avenue du boulevard 21/B8 – B 1210 Brussels – Belgium, were approved by the Group Executive Board on 17 November 2022 and submitted for review to the Group Governance Council. They were submitted for approval of the General Assembly of Mazars SC on 19 December 2022.

1.1 Accounting framework

The consolidated financial statements together with the attached notes for the financial year ended 31 August 2022 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 2021/2022 financial year

The Group has applied all the new or amended standards and interpretations that are mandatory for the 2021/2022 financial year. None of them has led to a change in accounting policy or has had more than an insignificant impact on the financial statements.

The Group has not benefited from Covid-19 related rent concessions. Therefore, the corresponding amendments to IFRS 16 have not been applied.

1.1.2 New standards published by the IASB but not yet mandatory

The Group has not yet applied the standards, interpretations and amendments listed below the application of which was not mandatory as of 1 September 2021:

- Amendments to IAS 1 on the presentation of financial statements;
- Amendments to IAS 8 on the definition of accounting estimates;
- Amendments to IAS 12 on accounting for deferred tax related to assets and liabilities arising from a single transaction;
- Amendments to IAS 16 on proceeds selling before intended use;
- Amendments to IAS 37 on cost of fulfilling a contract; and
- Amendments to IFRS 10 and IAS 28 relating to sales or contributions of assets between the group and entities accounted for by the equity method.

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

1.1.3 Agenda decisions issued by the IFRS Interpretations Committee

The application of the agenda decision published in May 2021 as an addendum to IFRIC Update of April 2021, relating to IAS 19 – Attributing Benefit to Periods of Service, did not significantly impact the financial statements, as only one scheme in Greece is affected. The change in the defined benefit obligation calculation led to a decrease of the liability of €150th, which was recorded in retain earning.

The Group considered the whole agenda on the decisions of IFRS Interpretations Committee published up to date. For the closing of 31 August 2022, the Group does not identify a decision that implies an accounting policy impact.

1.1.4 Surplus allocated to business investment funds

The profit for the 2021/2022 financial year was allocated to partners except for €10m which was retained by the Group for future investment. This amount is shown as 'unallocated profit' under partner financing.

37 projects were submitted representing an aggregate funding request of €13.4m.

The Group Executive Board has decided to increase the Business Investment Fund to €20m.

This is part of our strategic plan and constitutes a transparent mechanism for monitoring the allocation of these investments, put in place by the Mazars Governance.

1.2 Basis of preparation

The financial statements have been prepared using the historical cost method. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. The main accounting methods are presented below.

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 total assets, liabilities, shareholders' equity and profit and loss during the financial year.

These estimates are made on the assumption that entities will continue as 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 are based change or where new information becomes available.

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

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

The main assets and liabilities as of 31 August 2022, subject to potential material adjustment arising from their basis of measurement, are as follows:

- Provisions for contingencies and future costs including €9,535th relating to professional exposures and €4,766th for other risks (see note 9.1); and
- 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 SC, 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 SC (the "Mazars agreements") provide for the devolution of control over entities to Mazars SC to the extent compatible with national legislation and regulations.

As the Group's activity is performed within its entities, Mazars SC 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 "Surplus allocated" (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 SC.

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 (OCI) items of the consolidating entity, Mazars SC.

Notes to the consolidated financial statements

1. Accounting policies

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 and 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 SC 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

Owing to the Russian/Ukrainian conflict, Mazars exited from Russia as of 5th of July 2022.

Global inflation has strongly risen in 2021/2022, notably after the outbreak of the Russian/Ukrainian war. Central banks have in response increased interest rates. Despite the volatile geopolitical environment, Mazars has again shown very good results in this financial year. However, there is growing pressure on hiring and retaining our staff, and most countries are struggling to pass on the full impact of inflation to clients. This will continue to be closely monitored in 2022/2023.

As mentioned above, Mazars' greats results of the year can be seen with the revenues reaching €2,207m, representing a +16.1% year-on-year growth. This year, growth has broken a 15-year record. Organic growth stands at +13.7% while forex has had a significant impact at +2.2% mainly driven by the USA, the UK and China.

This exceptional growth is driven by some of our largest markets such as the UK (+23.3%), Germany (+13.1%), USA (+12.1%), Italy (+27.8%) and Luxembourg (+29.4%).

All service lines are performing very well with growth of +15.5% for Channel 1 and +16.4% for Channel 2.

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 a hyperinflation economy since July 2018. We have retained the spot EUR/ARS rate as of 31 August 2022 to consolidate Argentina in accordance with IAS 29.

Turkey has been considered in hyperinflation since 30 June 2022. However, given the fact that a significant part of their activities trades in USD, the rates retained for consolidation remain the yearly average for the P&L statement and the closing spot rate for the balance sheet.

1.2.5 Event after the financial year closing

No significant event occurred after the year-end.

Notes to the consolidated financial statements

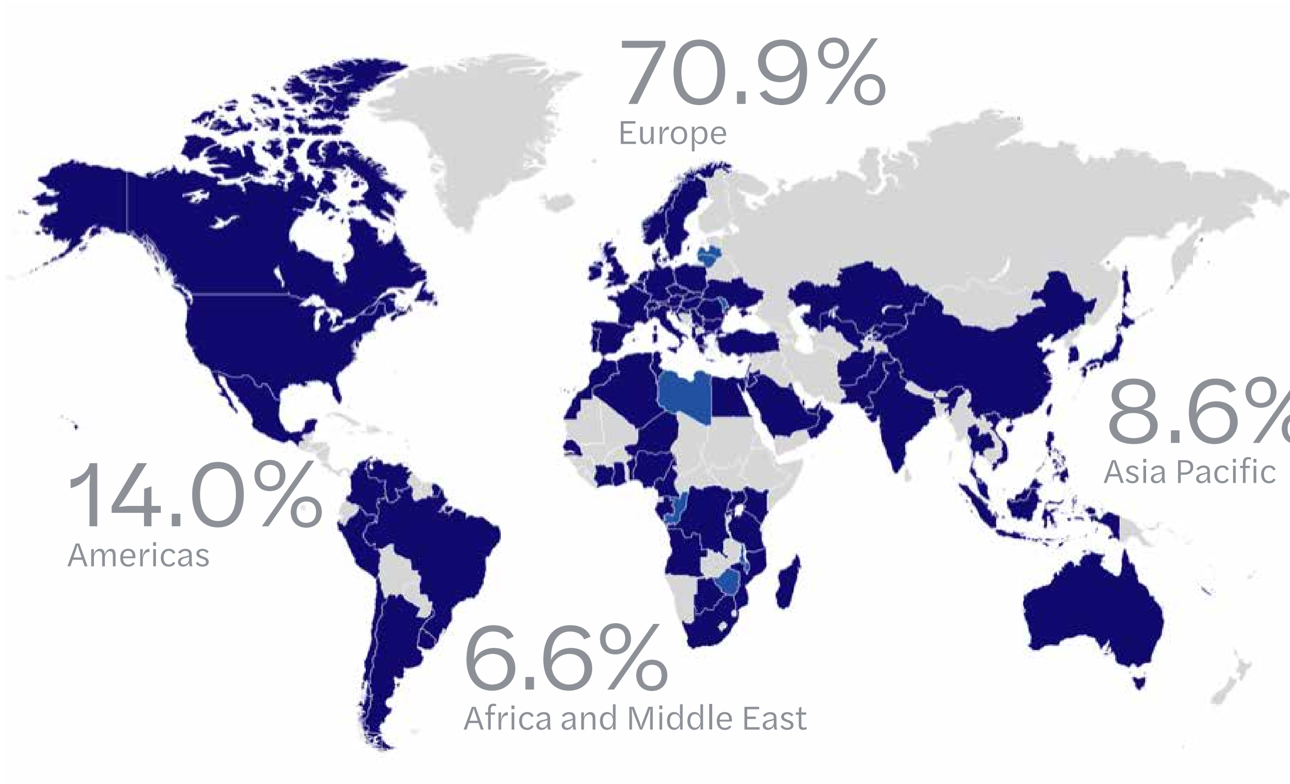
2. Scope of consolidation

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 SC (the consolidating entity), and those of the entities in which the partners carry out their professional activities and of the 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 in 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 Accountant

Europe including

France 20% - Mazars SA
United Kingdom 15% - Mazars LLP
Germany 10% - Mazars GmbH & Co. KG
Netherlands 6% - Mazars NV
Spain 2% - Mazars Auditores SLP
Ireland 2% - Mazars Ireland
Switzerland 2% - Mazars Holding
Sweden 2% - Mazars SET

2. Scope of consolidation

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 SC 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:

- 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 impact 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 2021/2022 financial year are as follows:

- The integration of new country (Gabon);
- The exit of Russia and of a member firm in India (Mazars India Limited);
- The evolution of the French scope with various mergers (Paris, Bordeaux, Besancon) and acquisitions (Galet-Oldra in Annecy);
- The creation of a new legal entity Mazars Business Support, to host business support and internal services, mainly but not exclusively related to our Global IT platform, internal tools, innovation projects and Delivery platforms; and
- The creation of Delivery platforms, all subsidiaries of Mazars Business Support:
  - Global compliance platform: implementation of Mazars Performance SL (Spain); and
  - Audit delivery platform: implementation of Mazars Business Services (Morocco) to deliver global audit services.

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 2022; 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 2021/2022, 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 eight operating segments monitored by the Group Executive Board are as follows:

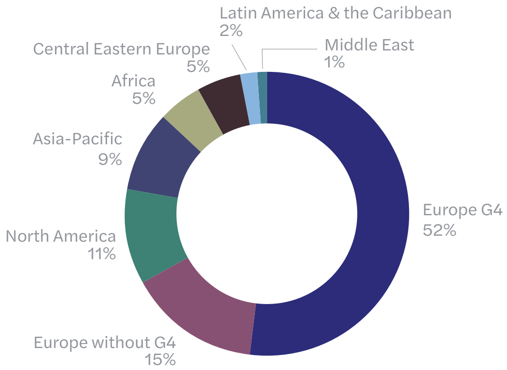
- Europe G4 (France, United Kingdom, Germany, Netherlands)
- Europe without G4
- North America
- Central Eastern Europe
- Central South America
- Asia Pacific
- Africa
- Middle East

Fee income by operating segment

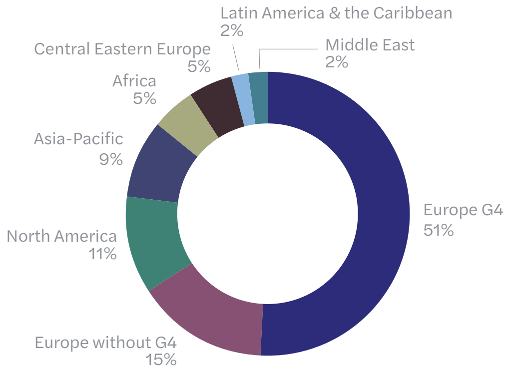
In thousands of euros	2020/2021	2021/2022
Europe G4	*988,981*	*1,132,169*
Europe without G4	*288,759*	*330,142*
Europe	1,277,739	1,462,311
North America	208,905	255,007
Asia Pacific	164,693	188,893
Africa	93,742	110,448
Central Eastern Europe	87,019	101,547
Latin America & the Caribbean	42,656	52,935
Middle East	26,219	35,550
Total	**1,900,973**	**2,206,691**

Fee income by operating segment

% of global fee income



2020/2021



2021/2022

Notes to the consolidated financial statements
3. Segment reporting

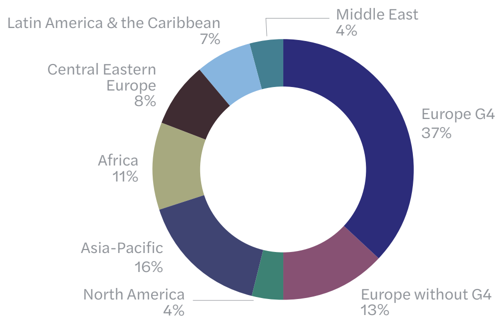
Gross margin by operating segment (% based on fee income)

In thousands of euros	2020/2021		2021/2022	
	Gross margin	Gross margin rate	Gross margin	Gross margin rate
Europe G4	*459,812*	*46,5%*	*524,134*	*46.3%*
Europe without G4	*130,175*	*45,1%*	*151,397*	*45.9%*
Europe	589,987	46,2%	675,531	46,2%
North America	104,013	49,8%	125,163	49.1%
Asia Pacific	81,371	49,4%	90,028	47.7%
Africa	48,178	51,4%	56,651	51.3%
Central Eastern Europe	38,627	44,4%	44,762	44.1%
Latin America & the Caribbean	17,998	42,2%	23,186	43.8%
Middle East	11,194	42,7%	14,366	40.4%
Total	**891,368**	**46,9%**	**1,029,685**	**46.7%**

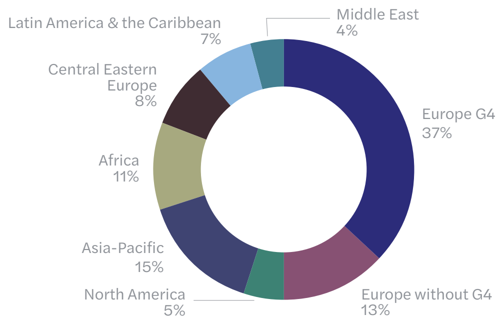
	2020/2021	2021/2022
Europe G4	*8,663*	*9,519*
Europe without G4	*3,134*	*3,371*
Europe	11,796	12,890
North America	1,067	1,222
Asia Pacific	3,662	3,887
Africa	2,558	2,720
Central Eastern Europe	1,779	2,003
Latin America & the Caribbean	1,650	1,873
Middle East	897	1,033
Total	**23,408**	**25,628**

Weighted average full-time equivalent employees by operating segment

% of global full-time equivalent



2020/2021



2021/2022

3.2 Information on service lines

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

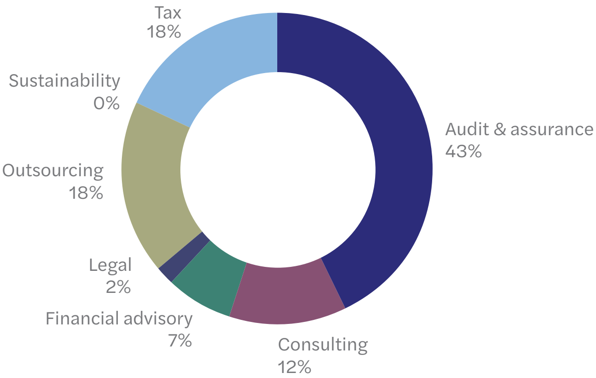
- **Audit & assurance,** i.e. those services designed to provide the assurance of reliable and relevant financial reporting;
- **Consulting,** designed to help organisations focus on their strategies and succeed in the transformation required to achieve improved overall performance;
- **Financial advisory,** consists of providing financial diagnosis for business operations, valuation and transmission, as well as support for the resolution of financial disputes;
- **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;
- **Outsourcing,** providing financial and accounting management with a comprehensive response to their requirements ranging from day-to-day accounting to complex projects;
- **Sustainability,** providing services related to implementation and transformation of corporate culture, reporting and strategy for sustainability and development for Environment Social and Governance; and
- **Tax,** providing tax advisory services and legal and regulatory tax compliance services at both the national and international levels.

Fee income breakdown by service lines

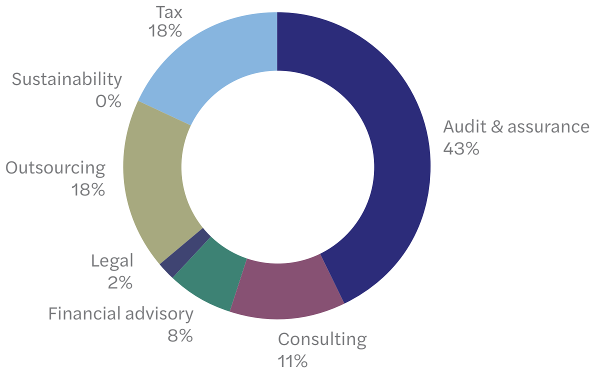
In thousands of euros	2020/2021	2021/2022
Audit and assurance	817,430	944,358
Consulting	224,005	245,583
Financial Advisory	136,847	177,427
Legal	41,366	49,062
Outsourcing	339,182	387,639
Sustainbility		4,868
Tax	342,509	396,996
Total	**1,900,973**	**2,206,691**

Fee income by service lines

% of global fee income



2020/2021



2021/2022

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.

Notes to the consolidated financial statements
4. Operating data

4.1 Fee income

Accounting policies

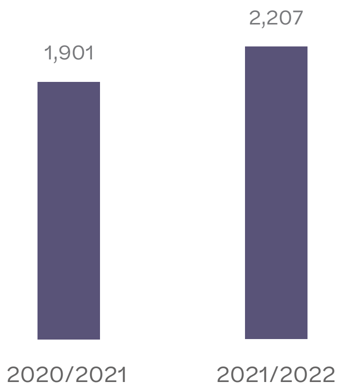
Fee income represents the fair value of payments received or receivable for services rendered to clients over the course of the year, after considering changes in accrued income. To better assess the level of gross margin, rebillable costs related to the provision of services (notably travel and accommodation) 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	2020/2021	2021/2022
Fee notes rendered	1,955,398	2,255,590
Change in accrued income	-9,452	11,713
Revenue	**1,945,946**	**2,267,302**
Rebillable costs	-44,972	-60,612
Fee income	**1,900,973**	**2,206,691**

Evolution of fee income
In millions of euros



2,207 | + 16.1 %

Breakdown of growth composition

Organic growth	External growth	Exchange rate impact
+13.7%	-0.1%	+2.2%

The exchange rate impact mainly comes from an increase against Euro of the US dollar, British pound, Swiss franc, Chinese yuan and South African rand and a decrease against Euro of Turkish lira.

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 2022/2023 represents by service lines the following percentage of total target:

Audit & assurance	Consulting	Financial advisory	Legal	Outsourcing	Sustainability	Tax	**Total**
76%	40%	19%	69%	73%	47%	53%	**61%**

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 2022, trade accounts receivable and accrued income were broken down as follows:

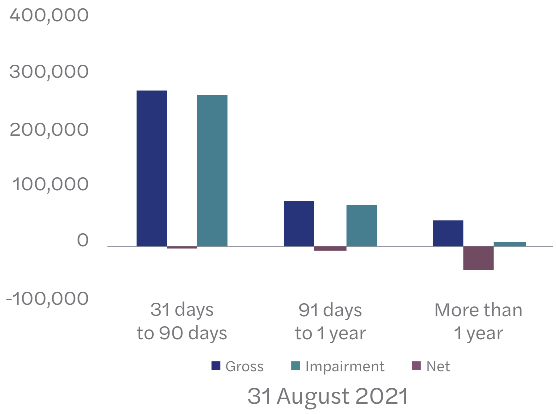
	31 August 2021			31 August 2022
In thousands of euros	Net	Gross	Impairment	Net
Client debtors	346,500	501,429	- 53,720	447,710
Accrued income	142,052	226,555	- 60,022	166,533
Payments on account	- 16,557	- 27,723		- 27,723
Contract liabilities	- 17,417	- 22,821		- 22,821
Client debtors and accrued income	**454,579**	**677,441**	**- 113,741**	**563,700**
Ratio of trade accounts receivable and not billed	**23.4%**			**24.9%**

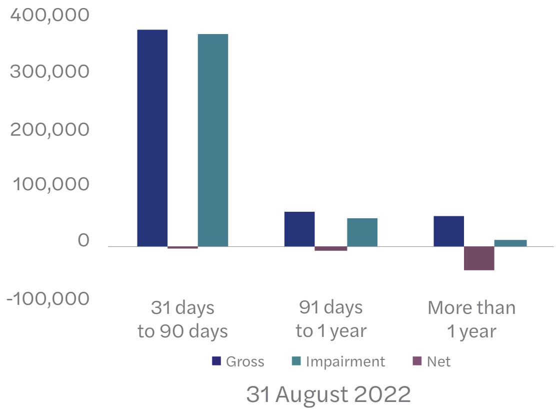
The ageing of trade accounts receivable based on their invoicing dates may be analysed as follows:

			31 August 2021			31 August 2022
In thousands of euros	Gross	Impairment	Net	Gross	Impairment	Net
31 days to 90 days	273,273	- 5,152	268,121	388,512	- 4,514	383,998
91 days to 1 year	79,696	- 8,230	71,466	66,291	- 8,797	57,494
More than 1 year	47,350	- 40,437	6,913	46,627	- 40,409	6,218
Total	**400,319**	**- 53,819**	**346,500**	**501,429**	**- 53,720**	**447,710**

Trade accounts receivable

In thousands of euros





As of 31 August 2022, there was no reason to doubt the creditworthiness of receivables due but unimpaired. Almost half of the unimpaired amount is composed of French VAT, which is not due if 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 within the framework of the Group's various service lines. The cost of technical staff amounts to 98% of internal payroll costs and 2% of subcontracting expenses as follows:

In thousands of euros	2020/2021	Average FTE 2020/2021	2021/2022	Average FTE 2021/2022
Fee income	**1,900,973**		**2,206,691**	
Cost of technical staff	-974,954	19,474	- 1,136,283	21,355
Cost of technical subcontracting	-34,652		- 40,723	
Gross margin	**891,368**		**1,029,685**	
Gross margin rate	**46,9%**		**46,7%**	

The cost of technical staff increased by +16.5% in 2021/2022, slightly higher than the +16.1% fee income increase. Wage increases, bonus schemes, inflation and scarcity of resources are the main reasons behind the pressure on the gross margin.

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	2020/2021	2021/2022
Gross margin	**891,368**	**1,029,685**
Cost of administrative staff	-139,754	-166,621
Other costs	-261,676	-311,509
Depreciation, amortisation and impairment	-24,344	-25,096
Depreciation, amortisation and impairment IFRS 16	-62,909	-66,174
Surplus of operations	**402,686**	**460,286**
Ratio of surplus of operations to fee income	**21.2%**	**20.9%**

In thousands of euros	2020/2021	2021/2022
Property costs	-24,027	-28,699
Tax, insurance and professional contributions	-47,117	-52,595
General services	-72,427	-82,739
Other	-118,105	-147,475
Other costs	**-261,676**	**-311,509**

To support fee income growth of +16.1% over the previous year, the number of administrative personnel has increased by +10.3%. The weight of administrative staff remains stable at 12% of total FTEs.

The "Other" category is largely composed of training, travel and entertainments costs. The total of other costs increased by 19% compared with a fee income increases of 16.1%.

4.5 Surplus allocated

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 the surplus of operations to arrive at the surplus allocated:

In thousands of euros	2020/2021	2021/2022
Surplus of operations	402,686	460,286
Amort'n/imp't of client relationships and goodwill	-15,140	- 15,151
Financing costs	-6,781	- 1,660
Financing costs IFRS 16	-7,622	- 8,209
Surplus allocated	**373,142**	**435,266**
Ratio of total surplus to fee income	**19.6%**	**19.7%**

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.

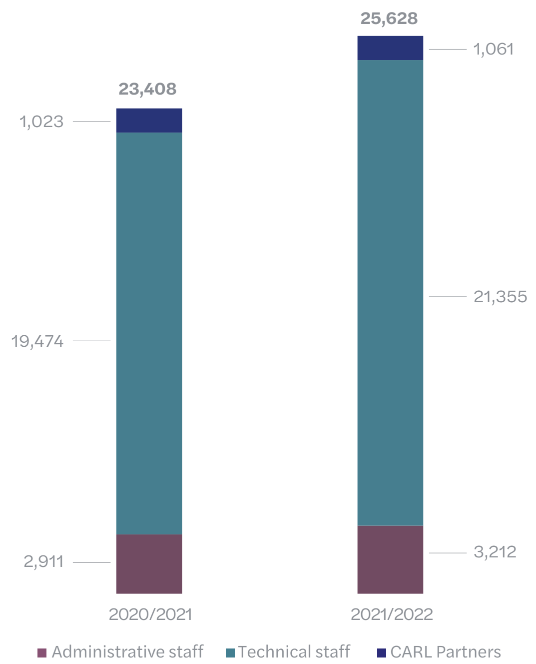
Post-employment benefits

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 increase in the number from 23,408 in 2020/2021 to 25,628 in 2021/2022 (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 notes 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 entries provided in the following tables are broken down over those geographical zones.

Notes to the consolidated financial statements
5. Employee benefits

5.2.1 Evolution of benefit obligations, plan assets and net provisions

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

						31 August 2022
In thousands of euros	United States	Euro Zone	United Kingdom	Switzerland	Other countries	Total
Present value of benefit obligations	56,941	22,348	41,972	51,649	2,547	175,456
Fair value of plan assets		-3,458	-45,683	-42,774	-986	-92,901
Asset ceiling			3,712			3,712
Opening liability (asset)	**56,941**	**18,890**		**8,875**	**1,561**	**86,267**
Costs of the period	2,883	570	3,698	2,016	295	9,462
Actuarial gains and losses recognised in OCI	-5,331	-4,656	2,002	-3,072	387	-10,670
Effect of Asset ceiling			-2,177			-2,177
Benefits & Contributions paid	-5,407	-871	-845	-2,298	-159	-9,580
Change in consolidation scope		1,809				1,809
Foreign exchange impact	8,488		77	713	-106	9,172
Closing liability (asset)	**57,575**	**15,742**	**2,754**	**6,235**	**1,977**	**84,283**
of which - Partners	57,575	9,372		1,373	764	69,085
of which - staff		6,369	2,754	4,861	1,213	15,198
Present value of benefit obligations	**57,575**	**19,150**	**33,034**	**58,687**	**3,084**	**171,530**
Fair value of plan assets		-3,408	-31,897	-52,452	-1,107	-88,864
Asset ceiling			1,617			1,617
(*) in the partner compensation	**57,575**	**15,742**		**6,235**	**1,977**	**84,283**

						31 August 2021
In thousands of euros	United States	Euro Zone	United Kingdom	Switzerland	Other countries	Total
Present value of benefit obligations	60,821	22,742	39,953	46,647	2,403	172,567
Fair value of plan assets		-3,498	-41,404	-37,234	-738	-82,873
Asset ceiling			1,451			1,451
Opening liability (asset)	**60,821**	**19,245**		**9,413**	**1,666**	**91,144**
Costs of the period	2,891	607		1,692	290	5,480
Actuarial gains and losses recognised in OCI	-1,626	-51	814	-288	31	-1,119
Effect of Asset ceiling						
Benefits & Contributions paid	-5,759	-911	-814	-1,909	-264	-9,658
Change in consolidation scope						
Foreign exchange impact	614			-33	-162	420
Closing liability (asset)	**56,941**	**18,890**		**8,875**	**1,561**	**86,267**
of which - Partners	56,941	13,010		1,020	700	71,672
of which - staff		5,879		7,855	861	14,595
Present value of benefit obligations	**56,941**	**22,348**	**41,972**	**51,649**	**2,547**	**175,456**
Fair value of plan assets		-3,458	-45,683	-42,774	-986	-92,901
Asset ceiling			3,712			3,712
(*) in the partner compensation	**56,941**	**18,890**		**8,875**	**1,561**	**86,267**

Liability for pension in Italy was included for the first time in the scope of consolidation.

The additional funding required for the coming financial year amounts to €2.9m for the United States and €3.7m for the United Kingdom. The major part of the actuarial gap incurred results from losses on US and UK schemes.

5.2.2 Expenses recognised

The net expense for the 2021/2022 financial year may be broken down as follows:

In thousands of euros	2021/2022					
	United States	Euro zone	United Kingdom	Switzerland	Other countries	Total
Cost of services rendered	1,337	432	3,698	2,009	179	7,655
Interest expense	1,547	163	698	53	182	2,642
Expected return on plan assets		-26	-698	-45	-66	-835
Change in consolidation scope						
Amortization of actuarial (gain) and losses						
Impact of curtailments and settlements						
Net expense for the period	**2,883**	**570**	**3,698**	**2,016**	**295**	**9,462**
Forex impact	**8,488**		**77**	**713**	**-106**	**9,172**

In thousands of euros	2020/2021					
	United States	Euro zone	United Kingdom	Switzerland	Other countries	Total
Cost of services rendered	1,311	434		1,677	162	3,584
Interest expense	1,579	208	652	89	176	2,705
Expected return on plan assets		-34	-652	-74	-48	-809
Change in consolidation scope						
Amortization of actuarial (gain) and losses						
Impact of curtailments and settlements						
Net expense for the period	**2,891**	**607**	**0**	**1,692**	**290**	**5,480**
Forex impact						

5.2.3 Actuarial gains and losses

Actuarial gains and losses for the 2021/2022 financial year amounted to a net gain of €12.8m and may be broken down as follows:

In thousands of euros	2021/2022					
	United States	Euro zone	United Kingdom	Switzerland	Other countries	Total
Actuarial gains & losses on the DBO	**-5,331**	**-4,588**	**-11,785**	**-1,046**	**421**	**-22,330**
Experience loss gain	1,159	424	-11	7,410	443	9,424
Actuarial loss & gain due to change in financial assumptions	-6,490	-5,012	-11,690	-8,456	-22	-31,670
Actuarial loss & gain due to change in demographic assumptions	0	0	-84	0	0	-84
Actuarial gains & losses on plan assets	0	-68	13,787	-2,026	-34	11,659
Actuarial gains & losses on defined benefit plans	0	0	0	0	0	0
Remeasurements recognised in other comprehensive income	**-5,331**	**-4,656**	**2,002**	**-3,072**	**387**	**-10,670**
Effect of asset ceiling	**0**	**0**	**-2,177**	**0**	**0**	**-2,177**
Total remeasurements included in OCI	**-5,331**	**-4,656**	**-175**	**-3,072**	**387**	**-12,847**

Large actuarial gains generated in the 2021/2022 financial year are mainly due to the rise in discount rates.

5. Employee benefits

Actuarial gains and losses for the 2020/2021 financial year amounted to a net gain of €1.1m and may be broken down as follows:

In thousands of euros	2021/2022					
	United States	Euro zone	United Kingdom	Switzerland	Other countries	Total
Actuarial gains & losses on the DBO	**-1,626**	**2**	**826**	**3,594**	**70**	**2,866**
Experience loss gain	-950	475	1,291	5,187	94	6,096
Actuarial loss & gain due to change in financial assumptions	-675	-473	-373	419	-24	-1,126
Actuarial loss & gain due to change in demographic assumptions	0	0	-92	-2,012	0	-2,104
Actuarial gains & losses on plan assets	0	-53	-2,137	-3,881	-38	-6,110
Actuarial gains & losses on defined benefit plans	0	0	0	0	0	0
Remeasurements recognised in other comprehensive income	**-1,626**	**-51**	**-1,311**	**-287**	**31**	**-3,244**
Effect of asset ceiling	**0**	**0**	**2,125**	**0**	**0**	**2,125**
Total remeasurements included in OCI	**-1,626**	**-51**	**814**	**-287**	**31**	**-1,119**

The variation of the other comprehensive income come from experience gains 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 2021					31 August 2022				
	Equities	Bonds	Derivatives	Real Estate	Cash	Equities	Bonds	Derivatives	Real Estate	Cash
Euro zone	30%	70%				30%	70%			
United Kingdom	32%	61%			6%	25%	66%			9%
Switzerland	25%	41%	6%	28%		31%	34%	3%	32%	

5.2.5 Applicable assumptions and sensitivity analysis

As of 31 August 2022, the financial assumptions retained for the benefit plans applicable to each of the Group's geographical zones were as follows:

	Discount rates 2021	Discount rates 2022	Inflation rates 2021	Inflation rates 2022
United States	2.75%	4.60%	2.50%	3.00%
Euro zone	0.75%	3.00%	1.50%	2.00%
United Kingdom	1.70%	4.80%	3.60%	3.80%
Switzerland	0.10%	1.80%	1.00%	1.00%

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

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 2022					
In thousands of euros	United States	Euro Zone	United Kingdom	Switzerland	Other countries	Total
Obligation as at 31 August 2022	57,575	19,150	33,034	58,687	3,084	171,530
Impact of an increase of 0.50%	55,459	18,264	30,722	56,652	2,941	164,038
Impact of a decrease of 0.50%	59,833	20,097	35,677	60,721	3,236	179,564
Weighted duration (in years)	7	9	14	7	9	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.

Goodwill and other long-term assets should be tested for impairment at the member firm level at least annually or more frequently if events and circumstances exists that indicate that an impairment test should be performed.

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.

An intangible asset is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss.

Intangible assets may be broken down as follows:

In thousands of euros	31 August 2021	Acquisitions	Amortisations	Disposals	Changes in consolidation scope	Others	Foreign currency gains and losses	31 August 2022
Gross values								
Client relationships	148,057	3,950		- 764	1,007	133	6,378	158,762
Goodwill	112,208	580					10,464	123,252
Other intangible assets	63,388	8,408		- 3,832	- 49	- 226	444	68,133
Total	**323,653**	**12,938**		**- 4,596**	**958**	**- 94**	**17,287**	**350,147**

In thousands of euros	31 August 2021	Acquisitions	Amortisations	Disposals	Changes in consolidation scope	Others	Foreign currency gains and losses	31 August 2022
Amortisation and provisions								
Client relationships	- 86,120		- 11,491	292		220	- 3,274	- 100,372
Goodwill	- 1,841					- 19	32	- 1,829
Other intangible assets	- 42,610		- 5,216	2,102	41	113	- 636	- 46,206
Total	**- 130,571**		**- 16,707**	**2,394**	**41**	**314**	**- 3,878**	**- 148,407**

In thousands of euros	31 August 2021	Acquisitions	Amortisations	Disposals	Changes in consolidation scope	Others	Foreign currency gains and losses	31 August 2022
Net values								
Client relationships	61,936	3,950	- 11,491	- 472	1,007	354	3,104	58,390
Goodwill	110,368	580				- 19	10,496	121,423
Other intangible assets	20,778	8,408	- 5,216	- 1,730	- 8	- 114	- 191	21,927
Total	**193,083**	**12,938**	**- 16,707**	**- 2,202**	**999**	**221**	**13,409**	**201,740**

Acquisitions of other intangibles assets mainly relates to software for internal use such as Atlas Blue and Signals and investments in IT transformations.

Acquisitions of client relationships mainly relate to certain developments in France, Canada, and United Kingdom.

The exchange rate impact on the gross values mainly relates to the USA and Brazil.

6. Intangible assets and property, plant and equipment

As of 31 August 2021, intangible assets may be broken down as follows:

In thousands of euros	31 August 2020	Acquisitions	Amortisations	Disposals	Changes in consolidation scope	Others	Foreign currency gains and losses	31 August 2021
Gross values								
Client relationships	135,456	181		-1,403	1,071	11,902	851	148,057
Goodwill	102,520			-90		8,864	915	112,208
Other intangible assets	58,536	5,496		-1,028	2	37	345	63,388
Total	**296,511**	**5,677**		**-2,521**	**1,073**	**20,802**	**2,111**	**323,654**

In thousands of euros	31 August 2020	Acquisitions	Amortisations	Disposals	Changes in consolidation scope	Others	Foreign currency gains and losses	31 August 2021
Amortisation and provisions								
Client relationships	-74,281		-11,849	851		-121	-720	-86,120
Goodwill	-1,268		-70			-486	-16	-1,841
Other intangible assets	-33,875		-8,970	542		-38	-269	-42,610
Total	**-109,424**		**-20,889**	**1,392**		**-645**	**-1,005**	**-130,571**

In thousands of euros	31 August 2020	Acquisitions	Amortisations	Disposals	Changes in consolidation scope	Others	Foreign currency gains and losses	31 August 2021
Net values								
Client relationships	61,175	181	-11,849	-552	1,071	11,780	130	61,936
Goodwill	101,252		-70	-90		8,378	899	110,368
Other intangible assets	24,661	5,496	-8,970	-486	1	-1	76	20,778
Total	**187,087**	**5,677**	**-20,889**	**-1,128**	**1,072**	**20,157**	**1,106**	**193,083**

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

In thousands of euros	31 August 2021		31 August 2022	
	Client relationships	**Goodwill**	**Client relationships**	**Goodwill**
Europe G4	*40,016*	*42,643*	*35,360*	*42,601*
Europe without G4	*627*	*500*	*373*	*500*
Europe	40, 643	43,143	35,733	43,101
North America	9,078	50,701	10,638	59,558
Asia Pacific	10,283	12,891	10,459	14,185
Africa	861	544	739	527
Central Eastern Europe	1,071	-2	821	
Latin America & the Caribbean		2,821		3,792
Middle East		270		259
Total	**61,936**	**110,368**	**58,390**	**121,423**

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 1 September 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. Intangible assets and property, plant and equipment

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.

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

IFRS 16

Leases has been applied by the Group since 1 September 2019. The standard 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 (arising from the obligation to pay rent). In the income statement, depreciation of right-of-use assets is presented separately from the interest expenses on lease liabilities. In the statement of cash flows, cash outflows relating to interest expenses impact operating cash flows, while repayment of lease liabilities impacts financing cash flows.

The Group applies the two exemptions provided for in IFRS 16, concerning leases with a term of 12 months or less that are not tacitly renewable and leases where the value, when new, of the underlying asset is less than approximately 5,000 euros. Leases covered by either of these two exemptions concern mainly the long-term property contracts.

These real estate leases entered in France generally have long terms (nine-year commercial leases with early termination options after three and six years). However, depending on the geographical location of the leases, their legal term may vary, and the Group may be required to adopt a specific enforceable period considering the local legal and economic environment.

The depreciations are calculated on a straight-line basis over the term of the contract.

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); and
- Depreciation is calculated on a straight-line basis over the term of the contract.

IFRS 16 disclosure information:

In thousands of euros	31 August 2021	31 August 2022
Assets		
Right of use - IFRS16	424,793	509,727
Right of use - IFRS16 - Depreciation	-106,306	-154,876
Cut off	-2,857	-1,645
Net Right of Use - IFRS 16	**315,630**	**353,206**
Liabilities		
Long Term Debt	276,519	318,184
Current Debt	56,630	59,379
Total IFRS 16 debt	333,149	377,563
Reserves	-8,791	-18,208
Provision	**131**	**130**
Income statements		
Rent paid	61,638	68,143
Amortization of RoU	-62,909	-66,173
Interest IFRS 16	-7,622	-8,209
Gain or losses on exchange	5	19
Income or loss from disposal of tangible assets	29	-59
Surplus Impact	**-8,859**	**-6,279**

6. Intangible assets and property, plant and equipment

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

In thousands of euros	31 August 2021	IFRS 16 contracts evolution	Acquisi-tions	Deprecia-tions	Disposals	Changes in consolidation scope	Others	Foreign currency gains and losses	31 August 2022
Gross values									
Right of use - IFRS 16	424,793	67,397	366		- 392	- 2,214	- 2,480	22,258	509,727
Fixtures and fittings	94,576	70	17,867		- 2,201	- 443	- 138	3,577	113,309
Vehicles and other items	5,964		1,303		- 590	- 385	- 13	180	6,460
Furniture and office equipment	109,545		18,975		- 5,286	- 534	751	3,949	127,400
Total	**634,878**	**67,467**	**38,510**		**- 8,470**	**- 3,576**	**- 1,879**	**29,964**	**756,895**

In thousands of euros	31 August 2021	IFRS 16 contracts evolution	Acquisi-tions	Deprecia-tions	Disposals	Changes in consolidation scope	Others	Foreign currency gains and losses	31 August 2022
Amortisations and provisions									
Right of use - IFRS 16	- 106,306	18,597		- 66,173	271	845	2,386	- 4,498	- 154,876
Fixtures and fittings	- 52,605			- 7,415	1,966	443	- 14	- 1,006	- 58,633
Vehicles and other items	- 3,588			- 882	532	120	- 67	- 104	- 3,988
Furniture and office equipment	- 73,358			- 15,129	5,017	343	- 64	- 1,931	- 85,122
Total	**- 235,857**	**18,597**		**- 89,599**	**7,786**	**1,751**	**2,241**	**- 7,540**	**- 302,620**

In thousands of euros	31 August 2021	IFRS 16 contracts evolution	Acquisi-tions	Deprecia-tions	Disposals and reversals	Changes in consolidation scope	Others	Foreign currency gains and losses	31 August 2022
Net values									
Right of use - IFRS 16	318,487	85,994	366	- 66,173	- 121	- 1,369	- 94	17,760	354,850
Fixtures and fittings	41,971	70	17,867	- 7,415	- 236		- 153	2,571	54,676
Vehicles and other items	2,376		1,303	- 882	- 58	- 265	- 79	76	2,471
Furniture and office equipment	36,187		18,975	- 15,129	- 269	- 191	687	2,018	42,277
Total	**399,022**	**86,064**	**38,510**	**- 89,599**	**- 684**	**- 1,825**	**362**	**22,425**	**454,275**

IFRS 16 contracts evolution represents the new contracts and the end of agreements during the year 2021/2022.

In total, there were 327 active real state commitments under the IFRS 16 in reporting countries with a Mazars presence. For the 2021/2022 financial year, 4 countries exited the scope: Colombia, Denmark, Turkey, and Russia; and 4 countries entered to the scope: Kenya, Morocco, Nigeria, and Taiwan. Therefore, the scope of IFRS 16 in the 2021/2022 financial year is 59 countries declaring out of a total of 93 Mazars countries.

The net Right of Use – IFRS 16 rose to €357m as of 31 August 2022. This amount is mainly derived from 5 countries: the USA (€98m), France (€54m), the United Kingdom (€53m), Germany (€34m) and the Netherlands (€18m). The 5 countries represent the 72% of Mazars' total Right of Use (RoU).

The Net Right of Use increased from €318m in 2021 to €357m in 2022, the difference of €39m is mainly explained by the acquisition of new real estate. The most important acquisitions were in the United Kingdom, that increased its Net Right of Use for €32m with the expansion of the London offices, and in Germany, where Mazars increased by €7.5m with the new offices in Cologne and Leipzig.

The disposal of the RoU, concerns the end of the contracts, mainly in the United Kingdom for €6m and France for €3m.

Acquisitions of property, plant and equipment amounting to €38m are essentially related to €12m from UK for new office in London and equipment for the new office, and €5.3m from France for the partial renewal of existing computer infrastructure and server hardware. As for the remaining amount, it mainly refers to purchase of computer equipment and 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

As of 31 August 2021, property, plant, and equipment may be broken down as follows:

In thousands of euros	31 August 2020	Accounting method change	Acquisi-tions	Deprecia-tions	Disposals	Changes in consolidation scope	Others	Foreign currency gains and losses	31 August 2021
Gross values									
Right of use - IFRS16	303,711	133,060			-16,416		-844	5,281	424,793
Fixtures and fiftings	83,371		20,352		-3,951	-26	-5,898	728	94,576
Vehicles and other items	5,576		1,344		-1,009	-10	5	58	5,964
Furniture and office equipment	96,398		19,623		-7,018	-97	-991	1,630	109,545
Total	**489,057**	**133,060**	**41,318**		**-28,393**	**-133**	**-7,729**	**7,698**	**634,878**

In thousands of euros	31 August 2020	Accounting method change	Acquisi-tions	Deprecia-tions	Disposals	Changes in consolidation scope	Others	Foreign currency gains and losses	31 August 2021
Amortisations and provisions									
Right of use - IFRS16	-53,125			-62,909	11,034		-317	-988	-106,306
Fixtures and fiftings	-51,168			-6,692	3,901	13	1,698	-357	-52,605
Vehicles and other items	-3,565			-843	836	-6	20	-30	-3,588
Furniture and office equipment	-65,757			-14,217	7,496	168	41	-1,089	-73,358
Total	**-173,616**			**-84,661**	**23,267**	**176**	**1,441**	**-2,464**	**-235,857**

In thousands of euros	31 August 2020	Accounting method change	Acquisi-tions	Deprecia-tions	Disposals and reversals	Changes in consolidation scope	Others	Foreign currency gains and losses	31 August 2021
Net values									
Right of use - IFRS16	250,586	133,060		-62,909	-5,382		-1,162	4,293	318,487
Fixtures and fiftings nets	32,202		20,352	-6,692	-49	-13	-4,200	371	41,971
Vehicles and other items	2,011		1,344	-843	-173	-16	25	28	2,376
Furniture and office equipment	30,642		19,623	-14,217	478	71	-951	541	36,187
Total	**315,441**	**133,060**	**41,318**	**-84,661**	**-5,126**	**43**	**-6,287**	**5,233**	**399,022**

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 CGU is the country in which the applicable acquisition took place.

Impairment testing is performed by comparing the recoverable amounts and carrying amounts of the CGUs with which the goodwill is associated.

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

As of 31 August 2022, no impairment has to be accounted for.

6.4 Leases

The lease payments under these contracts out of the scope IFRS 16 are recognised under "Other costs" in the consolidated income statement, on a straight-line basis over the duration of each contract.

In thousands of euros	31 August 2021	31 August 2022
Less than 1 year	8,610	10,327
1 to 5 years	11,121	12,038
More than 5 years		59
Minimum rent	**19,730**	**22,423**

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.

No debts or receivables are accounted for at fair value. The nominal value mentioned for debts and receivables is equal to the fair value.

Cash and cash equivalents include cash in hand and in the 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 the 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), under 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 arising from 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, so that they are able 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 whom 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

7.3 Net debt

Net debt may be broken down as follows:

In thousands of euros	31 August 2021	31 August 2022
Long-term borrowings - current - IFRS 16	56,630	59,379
Long-term borrowings - non-current - IFRS 16	276,519	318,184
Long-term borrowings - IFRS 16	**333,149**	**377,563**
Long-term borrowings - current	32,960	36,622
Long-term borrowings - non-current	76,406	62,867
Long-term borrowings	**109,366**	**99,488**
Financial debts	**442,515**	**477,051**
Cash and cash equivalents	- 222,375	- 226,726
Current bank financing	17,156	8,269
Net Cash	**- 205,219**	**- 218,457**
Net borrowings	**237,295**	**258,594**
Net debt excluding IFRS 16	**- 95,854**	**- 118,968**

Financial debts have increased by €35m (including €44m under IFRS 16) and net borrowings have increased by €21m.

Net debt may be broken down as follows:

The net debt excluding IFRS 16 improved by €23m, including a €10m reduction in long-term borrowing.

By type of instrument and currency

(Excluding IFRS 16)

	Borrowing and other financial liabilities		Net cash position		Net borrowings	
In thousands of euros	31 August 2021	31 August 2022	31 August 2021	31 August 2022	31 August 2021	31 August 2022
EUR	69,021	51,380	- 97,475	- 96,919	- 28,455	- 45,539
USD	12,851	14,949	- 23,348	- 15,012	- 10,496	- 62
GBP	2,645	2,280	- 19,116	- 36,928	- 16,471	- 34,647
SGD	1,331	1,806	- 4,781	- 5,032	- 3,450	- 3,226
ZAR	2,010	3,266	- 1,209	- 2,323	801	943
Other currencies	21,507	25,807	- 59,289	- 62,243	- 37,782	- 36,436
Total	**109,366**	**99,488**	**- 205,219**	**- 218,457**	**- 95,854**	**- 118,968**

7. Financing and financial instruments

By cash flow

In thousands of euros	31 August 2021	IFRS16 contracts evolution	Cash from loans	Debt redemption	Variations in cash	Change in consolidation scope	Others	Foreign currency gains and losses	31 August 2022
Long-term borrowings - current IFRS 16	56,630	1,184		- 57,961		- 453	57,342	2,636	59,379
Long-term borrowings - non-current IFRS 16	276,519	85,561		- 2,355		- 1,016	- 57,045	16,520	318,184
Long-term borrowings IFRS 16	**333,149**	**86,745**		**- 60,316**		**- 1,469**	**297**	**19,156**	**377,563**
Long-term borrowings - current	32,960	119	8,391	- 20,551		- 979	15,543	1,139	36,622
Long-term borrowings - non-current	76,406		5,779	- 7,015		167	- 15,772	3,302	62,867
Long-term borrowings	**109,366**	**119**	**14,170**	**- 27,566**		**- 812**	**- 229**	**4,441**	**99,488**
Financial debts	**442,515**	**86,864**	**14,170**	**- 87,883**		**- 2,281**	**68**	**23,597**	**477,051**
Cash and cash equivalents	- 222,375				- 1,533	2,129		- 4,948	- 226,726
Current bank financing	17,156				- 9,049	75		87	8,269
Net Cash	**- 205,219**				**- 10,582**	**2,204**		**- 4,861**	**- 218,457**
Net borrowings	**237,295**	**86,864**	**14,170**	**- 87,883**	**- 10,582**	**- 76**	**68**	**18,736**	**258,594**
Net debt excluding IFRS 16	**- 95,854**	**119**	**14,170**	**- 27,566**	**- 10,582**	**1,393**	**- 229**	**- 420**	**- 118,968**

IFRS 16 contracts evolution represents the new contracts and the end of agreements during the year 2021/2022.

Regarding "Long-term borrowings non-current IFRS 16", the expansion of the London offices along with the addition of new real estate contracts, led to an increase of €90m.

The amount reclassified as Current financial debt IFRS 16 came to €60m.

For a total of €318m of IFRS 16 long term financial debt as of 31 August 2022.

The €13m decrease in bank loans mainly reflects:

- The reimbursement of €8m by France corresponds to €2.4m from bank Société Générale and €2.3m from bank Bred and the rest from bank Palatine; and
- The reimbursement of €5m by Netherlands corresponding to a bank loan related to IT investments.

The €9m decrease in current bank financing is mostly explained by France.

By operating segment

(Excluding IFRS 16)

In thousands of euros	31 August 2021	31 August 2022
Europe G4	*- 14,617*	*- 43,611*
Europe without G4	*- 39,198*	*- 44,082*
Europe	- 53,815	- 87,692
North America	- 2,933	10,249
Asia Pacific	- 22,999	- 23,882
Africa	- 5,275	- 6,146
Central Eastern Europe	- 9,649	- 10,009
Latin America & the Caribbean	531	2,661
Middle East	- 1,713	- 4,149
Net borrowings	**- 95,854**	**- 118,968**

7.4 Other non-current assets

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

In thousands of euros	31 August 2021	Acquisitions	Amortisations / Reversal	Reimbursements	Accounting method change	Changes in consolidation scope	Others	Foreign currency gains and losses	31 August 2022
Gross values									
Shares in non-consolidated companies	807	1,615		- 247		- 1,430	414	2	1,161
Loans		2,482		- 2,872		- 17	1,641	- 268	967
Deposits & guarantees	4,923	2,089		- 406	- 80	- 69	133	211	6,801
Other long-term investments	13,314	1,151		- 1,551		- 170	- 3,578	95	9,260
Total	**19,044**	**7,336**		**- 5,076**	**- 80**	**- 1,685**	**- 1,390**	**40**	**18,190**

In thousands of euros	31 August 2021	Acquisitions	Amortisations / Reversal	Reimbursements	Accounting method change	Changes in consolidation scope	Others	Foreign currency gains and losses	31 August 2022
Amortisations and provisions									
Shares in non-consolidated companies	- 247		- 1				17		- 231
Loans			630				- 630		
Deposits & guarantees	- 8								- 8
Other long-term investments	- 5,746		1				5,220	26	- 499
Total	**- 6,001**		**630**				**4,607**	**26**	**- 737**

In thousands of euros	31 August 2021	Acquisitions	Amortisations / Reversal	Reimbursements	Accounting method change	Changes in consolidation scope	Others	Foreign currency gains and losses	31 August 2022
Net values									
Shares in non-consolidated companies	560	1,615	- 1	- 247		- 1,430	431	2	931
Loans		2,482	630	- 2,872		- 17	1,011	- 268	967
Deposits & guarantees	4,916	2,089		- 406	- 80	- 69	133	211	6,793
Other long-term investments	7,567	1,151	1	- 1,551		- 170	1,642	122	8,761
Total	**13,043**	**7,336**	**630**	**- 5,076**	**- 80**	**- 1,685**	**3,217**	**67**	**17,453**

8. Shareholders' equity and partnership financing

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 SC, 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 2021	Increases	Decreases	Amort-isations	Changes in consolidation scope	Recycling to profit and loss	Others	Foreign currency gains and losses	31 August 2022
Shareholder's equity of operating entities	98,735				- 1,692	- 13,279		469	84,233
Blocked current account balances	111,084	8,823			- 1,483	3,901		1,916	124,242
Bond issues	31,797	1,897	- 711			- 5,633		- 53	27,296
Other comprehensive income	- 23,333					1,401	11,543	- 2,114	- 12,502
Currency translation adjustments	- 2,910				- 44	1,242		7,685	5,973
Partnership financing	**215,373**	**10,720**	**- 711**		**- 3,219**	**- 12,369**	**11,543**	**7,904**	**229,242**
Provisions for post-employment benefits	36,234			4,415		- 5,708	- 3,264	4,064	35,741
Deferred tax (net)	- 11,441		- 1,581		- 149	934		- 548	- 12,786
Partnership financing - non-current	**240,166**	**10,720**	**- 2,292**	**4,415**	**- 3,368**	**- 17,144**	**8,279**	**11,420**	**252,197**
Partnership financing - current	159,217	38,220	- 1,625	66	269	28,085		3,918	228,150
Reserves for future business investments	10,000	9,870							19,870
Total partnership financing	**409,383**	**58,810**	**- 3,917**	**4,481**	**- 3,100**	**10,941**	**8,279**	**15,338**	**500,217**

In accordance with the Mazars agreements, the financing of each entity and each subsidiary is provided 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 financial year.

€9.5m of the change in "Other comprehensive income" (see note 9.1) relates to non-partners. The effect of the exchange rate included in Provisions are attributable to the increase in the applicable discount rate (cf. note 5.2.5).

As of 31 August 2022, "Post-employment and similar obligations towards partners" includes €7.6m of retirement benefits for French partners payable when they retire.

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 2021	Additions	Reversals	Changes in consolidation scope	Revaluation OCI	Others	Foreign currency gains and losses	31 August 2022
Professional risks	6,841	5,192	-2,319			-119	-60	9,535
Post-employment benefit liabilit. except partners	64,971	3,715	-9,618	-21	-9,554	4,359	6,146	59,999
Vacant properties	4,869	2,049	-916			393	-15	6,381
Other risks	17,503	7,181	-2,085	-270		-1,193	186	21,321
Total	**94,183**	**18,138**	**-14,937**	**-291**	**-9,554**	**3,441**	**6,256**	**97,236**

Post-employment benefit liabilities (except for partners) include €60m 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 2022	Current portion	Non-current portion
Professional risks	9,535	9,453	82
Post-employment benefit liabilit. except partners	59,999	7,397	52,602
Vacant properties	6,381	3,122	3,259
Other risks	21,321	14,700	6,621
Total	**97,236**	**34,672**	**62,564**

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 of 31 August 2022, provisions have been recognised for the Group's uninsured professional risks that meet the criteria for recognition of a liability as provided for by IAS 37.

Risks not meeting these criteria may constitute contingent liabilities. As of 31 August 2022, 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 as other current assets are measured at their face 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 2021	31 August 2022
Social security receivables	7,772	3,647
Tax receivables	26,861	25,841
Current accounts and other receivables	20,591	31,085
Prepaid expenses	33,691	39,629
Unrealised foreign exchange losses	192	372
Total	**89,108**	**100,575**

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 2021	31 August 2022
Trade and other payables	160,997	223,706
Payroll liabilities	151,406	166,494
Tax payable	90,214	86,091
Total	**402,617**	**476,291**

11. Corporate income tax

Accounting policies

Surpluses are taxed in accordance with the requirements of the countries in which they are generated: i.e., either in the name of the relevant entity (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 its 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 payable at the expense of partners.

The portion of corporate tax which is not considered as an element of partners' remuneration is payable 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 SC, 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	2020/2021	2021/2022
Tax payable by partners	15,059	20,034
Tax payable by the Group	5,932	8,040
Tax payable by Mazars SC		
Total	**20,991**	**28,073**

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 likely that sufficient taxable profits will be available to allow their use in full or in part.

The Group's deferred tax assets and liabilities were as follows:

In thousands of euros	2020/2021	2021/2022
Deferred tax assets	17,879	14,869
Deferred tax liabilities	- 6,438	- 2,083
Total	**11,441**	**12,786**

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 €78.8m (compared with €152.1m as of 31 August 2021) and comprises:

- €113.3m self-financing capacity, minus
- €34.5m decrease in working capital requirements.

12.2 Net cash used in investing activities

The main components of the net cash outflows of €53.3m (against €38.3m as of 31 August 2021) for investment comprise :

- 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); and
- The acquisition of non-current financial assets in the form of deposits and guarantees (see note 7.4).

12.3 Net cash from financing activities

The main components of the net cash outflows of €17.2m (against €50.6m as of 31 August 2021) for financing activities comprises:

- €46.4m increase of partnership financing in the form of deferred remuneration (see note 8.2);
- €14.1m in new borrowings to finance both development and investment, €27.5m for repayment of bank loans (see note 7.3); and
- €60.3m for repayment of long-term debt in accordance with IFRS 16.

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

The surplus allocated to the 11 members of Group Executive Board, the executive body of Mazars SC, and to the 12 members of the Group Governance Council amounted to €14m for the 2021/2022 financial year including €4.3m allocated by the Group for their role in the Group governance. 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.

Note 14: Off-balance sheet commitments relating to Group financing

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

In thousands of euros	31 August 2021	31 August 2022
Guarantees provided	7,350	23,616

Note 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 its activity over the full 12 months of the 2021/2022 financial year.

The Chinese firm's contribution has not been verified for compliance with the Group's accounting policies, nor has been reviewed by external auditors.

Pro forma consolidated income statement

2021/2022 financial year ended on 31 August 2022

	2020/2021			2021/2022		
In thousands of euros	Consolidated	ZhongShen ZhongHuan	Pro forma	Consolidated	ZhongShen ZhongHuan	Pro forma
Revenue	1,945,946	205,890	2,151,836	2,267,302	245,134	2,512,436
Rebillable costs	-44,972		-44,972	-60,612		-60,612
Fee income	**1,900,973**	**205,890**	**2,106,864**	**2,206,691**	**245,134**	**2,451,824**
Cost of technical staff	-1,009,606	-102,992	-1,112,597	-1,177,006	-131,052	-1,308,057
Gross margin	**891,368**	**102,898**	**994,266**	**1,029,685**	**114,082**	**1,143,767**
Cost of administrative staff	-139,754	-7,983	-147,737	-166,621	-10,022	-176,643
Other costs	-261,676	-54,362	-316,037	-311,509	-59,363	-370,872
Depreciation, amortisation and impairment	-87,253		-87,253	-91,269		-91,269
Surplus of operations	**402,686**	**40,554**	**443,239**	**460,286**	**44,697**	**504,983**
Amort'n/imp't of client relationships and goodwill	-15,140		-15,140	-15,151		-15,151
Financing costs	-14,404		-14,404	-9,869		-9,869
Surplus allocated	**373,142**	**40,554**	**413,696**	**435,266**	**44,697**	**479,962**
Surplus allocated for future business investments	-10,000		-10,000	-10,000		-10,000
Surplus allocated to partners	-363,111	-40,554	-403,664	-425,227	-44,697	-469,924
Pre-tax result	**31**		**31**	**39**		**39**
Corporate income tax						
Post-tax result	**31**		**31**	**39**		**39**

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

Pro forma weighted average full-time equivalent employees

2021/2022 financial year ended on 31 August 2022

	2020/2021			2021/2022		
	Consolidated	ZhongShen ZhongHuan	Pro forma	Consolidated	ZhongShen ZhongHuan	Pro forma
CARL Partners	1,023	58	1,081	1,061	58	1,119
Technical and administrative staff	22,385	4,974	27,359	24,567	4,974	29,541
Total	**23,408**	**5,032**	**28,440**	**25,628**	**5,032**	**30,660**

Independent auditor's report

To the Partners of Mazars SC

In compliance with the terms of our non-statutory appointment, we have audited the consolidated financial statements of Mazars SC and the entities that form the Mazars organisation, which comprise the statement of financial position as at 31 August 2021, 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 SC* and the entities that form the Mazars organisation as at 31 August 2021, 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.

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, 2 December 2022

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Mazars is an internationally integrated partnership, specialising in audit, accountancy, advisory, tax and legal services*. Operating in nearly 100 countries and territories around the world, we draw on the expertise of more than 47,000 professionals – 30,000+ in Mazars' integrated partnership and 17,000+ via the Mazars North America Alliance – to assist clients of all sizes at every stage in their development.

*where permitted under applicable country laws.

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