



Financial statements

2022/2023

mazars



Contents

Introduction

04 Chairman's foreword

07 Executive summary

Governance

11 Our unique integrated model

14 Group Executive Board report

25 Group Governance Council report

30 Interview with Tim Hudson

Financial statements

33 Consolidated financial statements

102 Independent auditor's report

It is our utmost conviction that, as auditors and advisors, we are a central element in the chain of trust in our economies. Quintessentially, our core mission is to ensure greater accountability into the ways organisations create value and help secure the health of financial markets for the benefit of society. In line with our ongoing commitment to transparency, every year we publish our consolidated financial statements, jointly audited and presented under the International Financial Reporting Standards. Thanks to our unique integrated partnership model, we are the only firm in our profession able to do so. This year, we are pleased to announce a third consecutive year of double-digit growth, as we continue to build our global ambition.

Growing with purpose: strong and balanced performance in a testing environment

Over the past few years, growth prospects have been put to the test in a demanding and unpredictable global environment. We had just learned to manage the pandemic when sadly a war broke out in eastern Europe, which brought about important ramifications for businesses, governments and individuals alike across the globe – stretching from the energy crisis to rising interest rates and record inflation across nations. Furthermore, geopolitical tensions

between the largest economies continue to bring about ongoing challenges, and tragically today, we must contend with a new conflict in the Middle East. Despite this difficult macroeconomic context, our financial performance for 2022/2023 has again been strong – in the past year Mazars grew by 13% with global revenues reaching €2.8bn, and I am pleased to report double-digit growth across all our service lines and geographies. This is a direct translation of the quality and dedication to client service of our teams led by over 1,200 partners and made up of more than 33,000 professionals working across the 100+ countries and territories where Mazars operates.

Our performance confirms the strength of our multidisciplinary strategy. We are convinced that striking the right balance between our audit (43%) and non-audit activities (57%) is essential to serving the public interest with relevant, high-quality services and to attracting the brightest talent. It is what allows 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. Next year, we have set ourselves the ambitious objective of reaching the €3bn fee income milestone, and I am confident that we will achieve this.

Seizing opportunities: compliance, digitisation and sustainability remain high on the international business agenda

Staying true to our foundational values, we at Mazars are committed to helping our clients achieve their ambitions and capture opportunities in these unpredictable times. We recognise the increasing pressures felt by our clients worldwide, from intensified regulation to sustainability imperatives and digitisation. Yet, organisations face a lack of choice when it comes to finding the right audit and advisory support. This is why we are building an even stronger firm; a global platform equipped to serve our clients with an unparalleled quality of service wherever they are in the world. Working as one team, with deep local expertise and consistency across borders, we are creating a unique two-firm top ten global network with FORVIS, which will operate under a single brand, Forvis Mazars, from 1 June 2024. The network will be structured to be nimble, act fast and together with lean, aligned leadership to deliver more consistent and agile services worldwide to better serve all our client segments and support them as they grow.

This is an exciting time for our profession as it opens new fields of activity, impacted by stimulating developments including artificial intelligence (AI), ESG and taxation. To remain at the forefront of evolving regulation, we are investing where it matters the most for our people and clients, from talent to quality, sustainability to digitisation, and compliance. In 2022/2023, we increased our global workforce by more than 3,000 FTE and as of 1 January 2024, we welcomed 139 new partners, of which 31% are women. We take care to nurture a multicultural and education-based environment that responds to the evolving expectations of people in the workplace.

Regulators around the world are – rightly – pushing the sustainability agenda forward. Therefore, our sustainability assurance and consulting services are one of our most rapidly growing offerings that we can now offer across 43 countries. And like our clients, we are committed to progressing on our own ESG commitments. Equally conscious of the need for regulation in the digital space, new rules linked to the security of companies' information systems are also seeing the light. At Mazars we are strengthening our cyber security expertise to stand by our clients' side on this journey. Across our offerings, we explore and integrate the latest technological breakthroughs to develop tools that offer greater data analytics capabilities, provide deeper insights and assist decision-making, while allowing our teams to work more collaboratively and concentrate on higher added-value tasks.

Quality remains front of mind and we continue to foster a high-quality mindset at Mazars through our mandatory global code of conduct training, instilling our values and the behaviours we expect from all our people. Thanks to the introduction of the latest international quality management standards, ISQM1, we are moving towards a solid, structured and measurable quality management system. However, beyond compliance, our ambition is to provide the highest-quality experience and satisfaction to our clients.

Next summer, when our new network comes into effect, operating with the same standards for quality and service delivery under one brand, we are confident that we will have built the right model to support our clients' needs worldwide with the highest level of customer experience, as well as expand career opportunities for our people. In 2024 and beyond, we are set to support our clients, people, communities, and industry to explore new avenues for growth. We look to the future with a clear vision and a forward-thinking mindset, ready to turn challenges into opportunities.

“Quintessentially, our core mission is to ensure greater accountability into the ways organisations create value and help secure the health of financial markets for the benefit of society.”



Hervé Hélias
CEO and Chairman of the Group
Executive Board, Mazars



2023: another year of strong fee income growth

€2.8bn

fee income

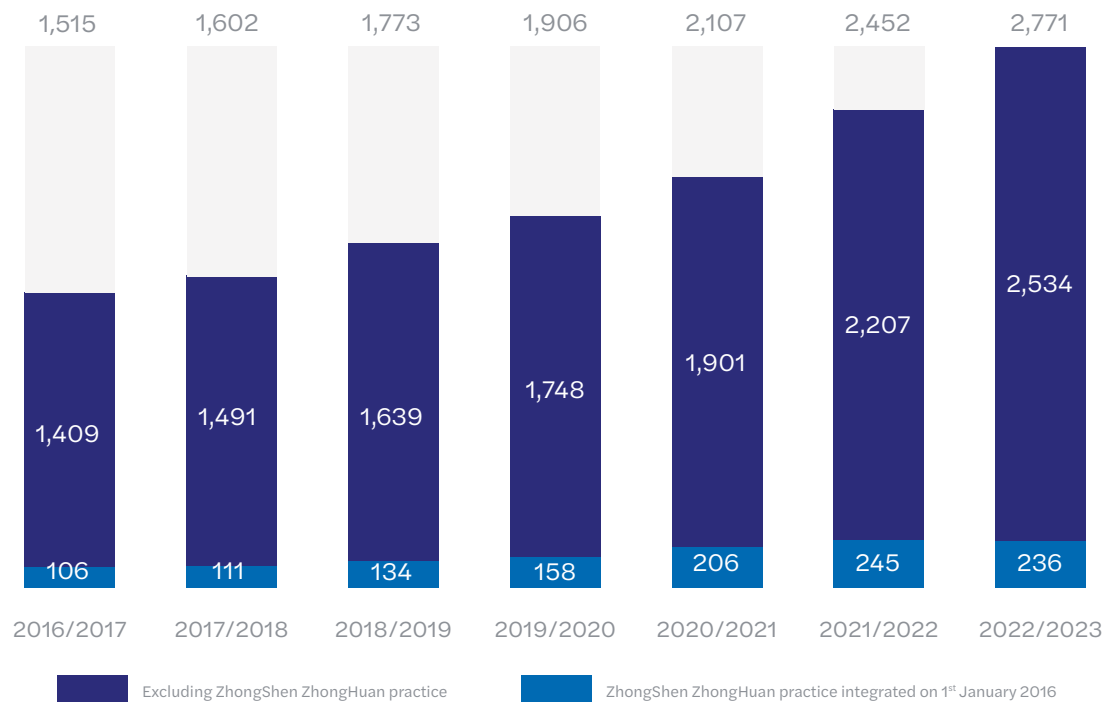
+13%

year-on-year growth*

* Including forex

Consolidated fee income

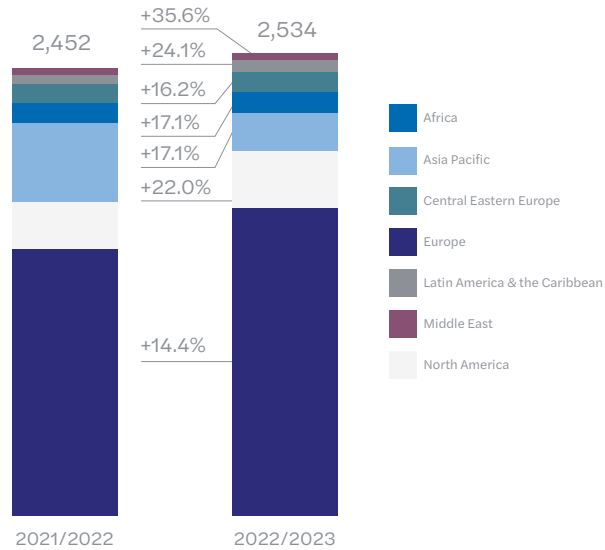
In millions of euros



Executive summary

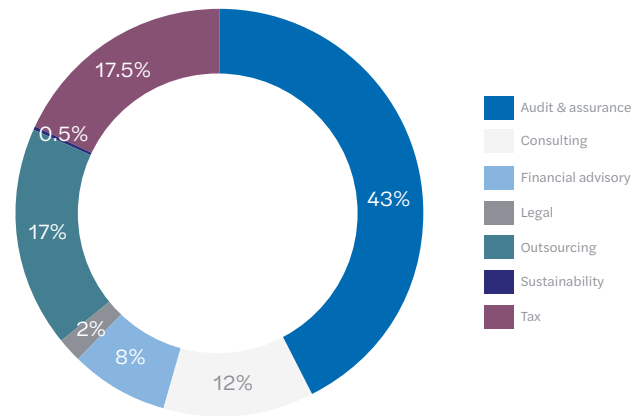
International coverage

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



A balanced offering

Fee income by service line
% of global fee income*



* Including -0.5% exchange rate impact

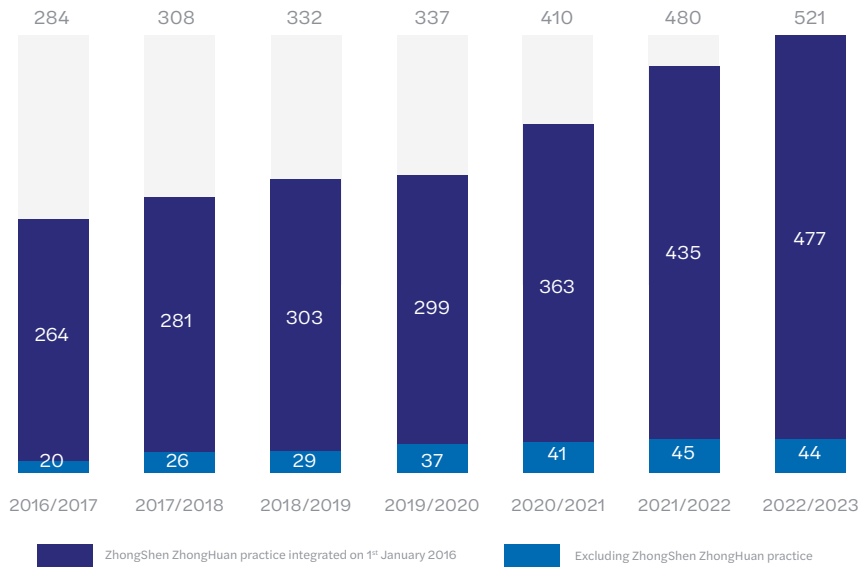
* Without ZhongShen ZhongHuan practice



Robust performance of our integrated model

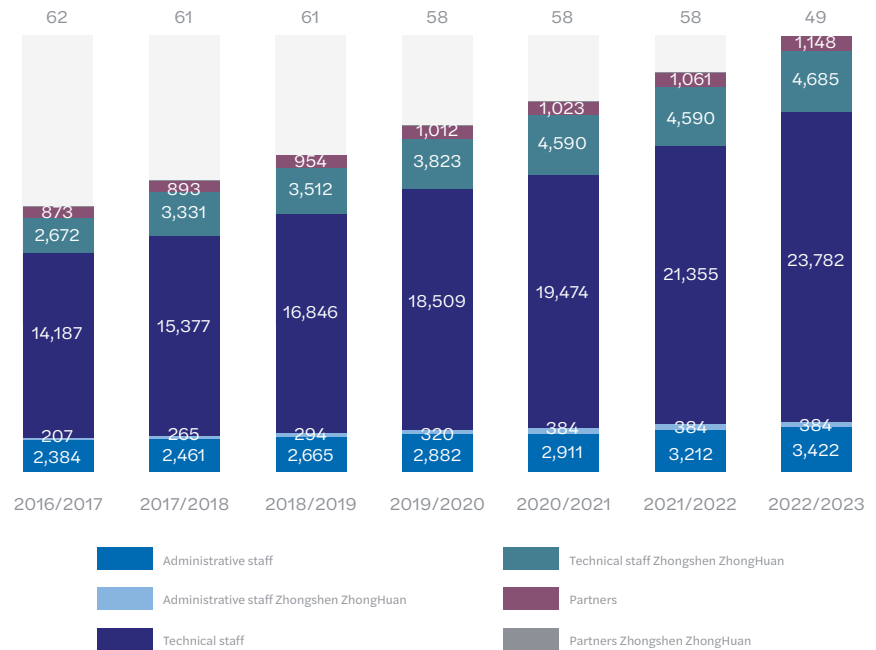
Surplus allocated to partners

In millions of euros



One integrated team

Focus of our professionals 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 of the Mazars Group Executive Board
- 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: Chairman
- Juliette Decoux: Vice-Chairman
- Gertrud R. Bergmann
- Frank Bournois (external member)
- Maria Cabodevilla
- Fabrice Demarigny
- Asa Andersson Eneberg
- Denise K. Fletcher (external member)
- Chris Fuggle
- Michelle Olckers
- Wendy Stevens
- 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.

Governance

Our unique integrated model

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 & the Caribbean, 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.



We are pleased to present the annual FY2022/2023 report on our business and earnings as evidence of our commitment to transparency.

2023: a challenging environment

The past few years have been full of challenging events and circumstances. The end of the Covid-19 crisis, the ongoing economic and political crisis in several regions of the world, a sharp rise in both inflation and interest rates, and a very tight labour market have all contributed to a demanding environment.

Our growth remains strong and balanced, showing our capacity to adapt across all geographic areas, while continuing to serve our clients' needs. In this context, Mazars' role, more than ever, is to stand by our clients and support them in their quest to grow responsibly.

In recent months, we have observed a few trends that are likely to have a lasting impact on the way we do business in the future:

- Regulation is increasing rapidly in audit, sustainability and the digital space. This impacts both our industry and our clients. Our industry is becoming increasingly multidisciplinary. We need to stay abreast of regulations, adapt, acquire skills and support our clients on these fronts.

- Technology and artificial intelligence (AI) are making giant steps. These exciting trends affect every aspect of our industry as we adapt to embrace the benefits they offer to our clients.
- We are ever more conscious of the urgent need to embrace sustainability as employees, regulators and businesses strive for a greener world for future generations.
- The Corporate Social Reporting Directive (CSRD) and International Standard on Quality Management (ISQM) have already reviewed the way we approach client engagements and will continue to make changes in the years ahead.
- The emergence of private equity in audit and accounting practices has created turbulence within our market. Nonetheless, we are confident that we have struck the right balance and remain fully confident of our capacity to grow as a multidisciplinary firm going forward.
- We are facing an unusually tight labour market; a challenge shared by many other firms.

Mazars continues to grow purposefully, remaining agile and reactive to the changes we face, investing wisely and strategically aligning our current actions with our future goals.

As a result of our international and local teams' efforts and commitment to the success of our firm, our teams all over the world are invited to major tenders and are closing in on important client wins. As a global firm, Mazars and mazarians continue to work together, both at a local level and cross-border to serve our clients.

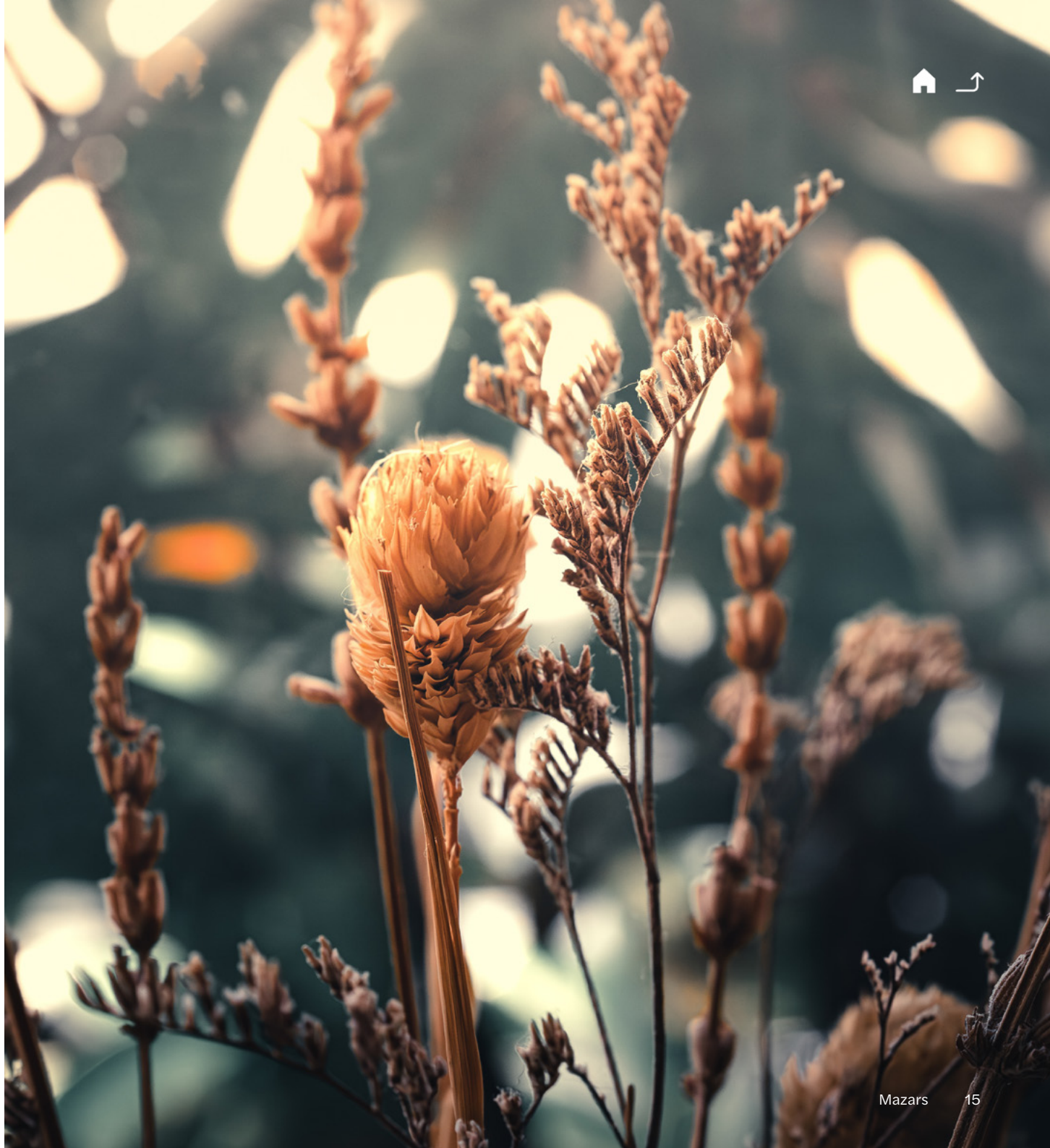
The competitive landscape and our clients' needs are constantly evolving and Mazars strives to adapt to these changes proactively. We will keep strengthening our international reach, investing and focusing our efforts on retaining and attracting the best talent globally.

2023: pursuing the delivery of the One24 strategic plan

In 2023, the GEB continued to meet at least every two weeks to share information throughout the largest countries and all regions.

We have continued to roll out our One24 strategy through:

- The launch of the new version of our global audit platform.
- Progressing towards becoming a fully IT-integrated firm, with the focus of achieving this to the highest IT security standards.
- The global implementation of ISQM1 and the associated digital tools, under the leadership of a single global Quality and Risk Management (Q&RM) Board.
- A continued commitment to our Corporate Sustainability Strategy. With the official commitment to achieve net zero emissions with the SBTi, establishing our baseline footprint and our global emissions reduction targets.
- Key wins in the large Public Interest Entities (PIEs) space solidifying our position in this space and a reinforcement of our position in the Privately owned business (POB) market.
- Growth of our Sustainability Services team in 2023, introducing new key talents.
- The continued development of our multicountry and multidisciplinary delivery platforms to help our member firms find resources to deliver consistent and secured services to clients.
- Investment in 30 innovative projects through our business investment fund.



2023: a strong balanced growth

Our performance this year is very good with 13.3% organic growth, spread across all regions, service lines and geographic areas. This can be attributed to your great achievements on a day-to-day basis. Already strong throughout Europe, we continue to strengthen our international reach in all our regions and prove our multidisciplinary model.

Double-digit fee income growth (13%) has been achieved across all service lines and all regions.

Our performance would not have been possible without the dedicated involvement of our teams. We have taken on just under 3000 full-time equivalent employees (FTEs) bringing our global workforce to around 33,500. In both established and newer markets, we are focusing our efforts on remaining an employer of choice, able to attract, develop and retain top talent, globally. Our number of CARL Partners has increased by 8%.

Our overheads have been contained below 27% of fee income, a target that was set for 2024. We continue to mitigate the increasing cost of energy, inflation and post-pandemic travel costs.

2024: a new era

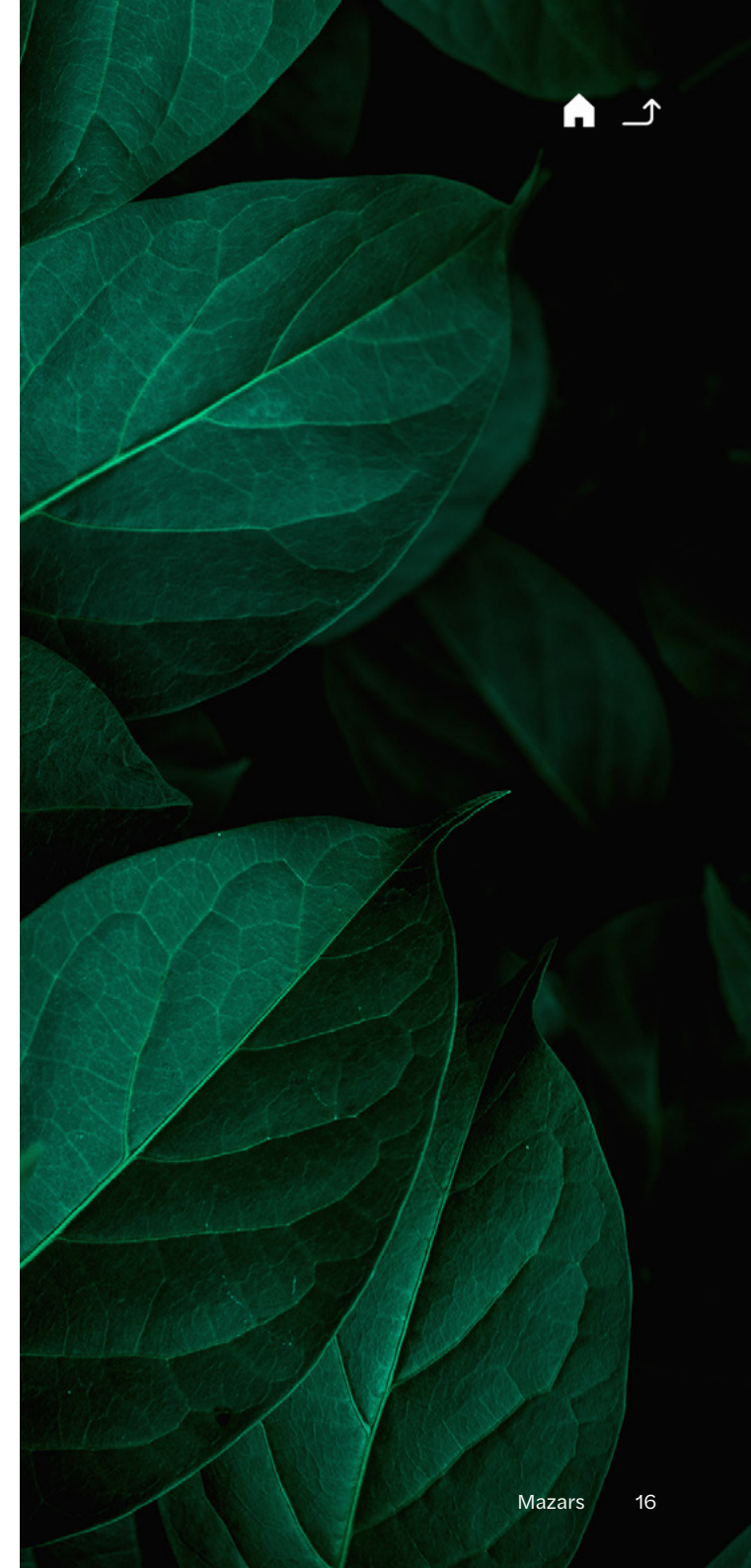
As we step into a new year, while striving for a fairer, more sustainable and prosperous world, we are shaping a stronger Mazars. Now and for the future, we are building on firm foundations, growing in a focused way and pushing boundaries. We are set for growth.

The creation of the Forvis Mazars network, which received strong support by our partners with a 93.4% vote in favour is a joint step in that direction. We are strengthening our global footprint, moving from an international firm to a truly global player with the creation of the network on 1 June 2024. We will be forming a top 10 network globally and will rank #8 in the US. A major stride for Mazars.

In a volatile environment, our budget for 2023/2024 is targeted to achieve a significant milestone with +€3bn in fee income.

Rising inflation and scarcity of resources will continue to put pressure on our profitability, while the tougher economic environment might slow down some of our clients' needs. We will remain cautious in monitoring the trends and adapt our capacity to match market evolution.

This report supports our Group's consolidated accounts. In the following pages, you will find more details on the achievements of our countries and service lines. We want to thank all mazarians who contributed to this successful year.



Governance reports

Group Executive Board report

Detailed report

2022/2023: another year of strong fee income growth

With ZhongShen ZhongHuan

€2.8bn

fee income

+13%

growth vs 2022/2023

33,470

FTEs

+13.3%

organic growth

100

countries

+0.5%

external growth

The ZhongShen ZhongHuan practice has grown by +0.6% organically but is showing a negative forex impact of -4.2%.

-0.8%

exchange rate impact

Governance reports

Group Executive Board report

Detailed report



Without ZhongShen ZhongHuan

€2.5bn

fee income

+14.8%

growth vs 2021/2022

28,352

FTEs

+14.7%

organic growth

+0.6%

external growth

-0.5%

exchange rate impact

In value terms, external growth amounted to +€14m and organic growth amounted to +€325m. The forex impact generated a decrease of -€12m compared to the previous year.

All data presented subsequently in the financial statements of this report do not include the contribution of the Group's Chinese practice, ZhongShen ZhongHuan.

With a fee income of €2,534m, the closing figures for 2022/2023 continue to show significant growth compared to the previous year, amounting to a total increase of €327m. As in 2021/2022 a €10m Business Investment Fund was allocated to investments in strategic areas that require concerted effort.

We have integrated seven new countries this year: Bosnia and Herzegovina, Burkina Faso, Cayman Islands, Latvia, Lithuania, North Macedonia, and Zimbabwe. This brings our global footprint to 100 integrated countries and territories in which we operate. Mazars is adding Finland, Panama and Togo to its footprint, increasing its presence to 101 countries.

Governance reports

Group Executive Board report

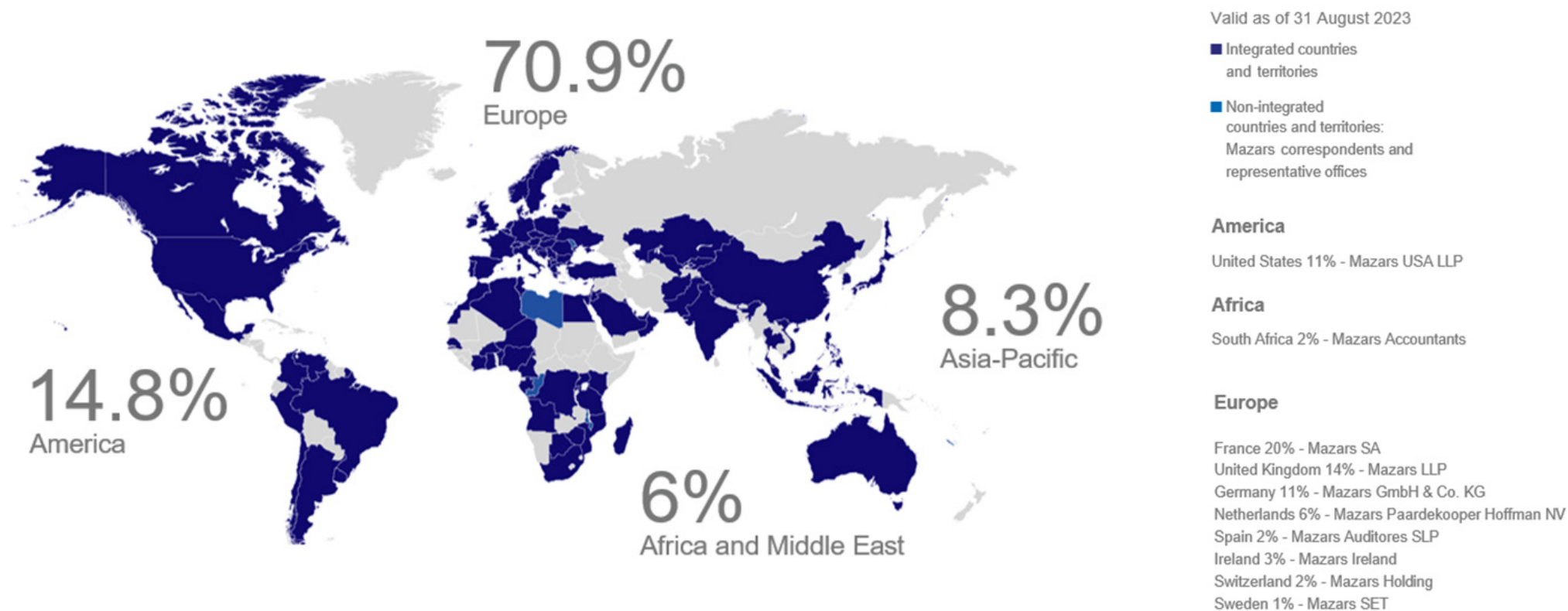
Detailed report



1. Operating segments

1.1 Main contributors

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



Governance reports

Group Executive Board report

Detailed report



1.2 Fee income by operating segments

Growth is strong in most segments, which all show double-digit organic growth. Europe has been particularly resilient, posting an organic growth of 15.7% on the back of the remarkable expansion in our four biggest countries as well as in all other countries in the region.

In thousands of euros	2021/2022	2022/2023
Europe G4	1 132	1 303
<i>Europe without G4</i>	330	384
<i>Europe</i>	1 462	1 686
North America	255	310
Asia Pacific	189	210
Africa	110	114
Central Eastern Europe	102	110
Central South America	53	67
Middle East	36	38
Total	2 207	2 534

Western Europe

France

In a dynamic market, 2022/2023 has been an excellent year for Mazars in France. They achieved a +14.9% growth of our fee income. All our service lines experienced a significant growth of both top line and margin.

Staff increased by 10% in number and the cost of technical staff increased by 16.4%. The French labour market is under pressure, which constrains us to salary increases.

United Kingdom

FY 2022/2023 delivered a strong performance against budget.

Fee income increased 16% demonstrating a commitment by partners and team members to both keep prices in line with inflation and win higher quality work, and we thank them for their efforts.

Against this revenue growth, pressure has remained on direct costs with wage inflation in the UK remaining persistently high. We recognise the importance of remuneration keeping pace with our competitors and maintaining a well-funded bonus scheme so that we can retain talent. Looking ahead, with the economic outlook still uncertain, the UK are doubling efforts to ensure they operate efficiently, achieve income growth by serving the right clients at the right price and continue to reduce our financial risk through careful working capital management.

Governance reports

Group Executive Board report

Detailed report



Germany

Another outstanding financial year for Germany, which underlines our growth ambition and strengthens our position in the national ranking of audit and tax firms as the eighth largest practice.

Germany's growth path continues with a fee income up by 21% versus the previous year. We saw double-digit growth rates in all service lines due to a mixture of strong organic growth, lateral new joiners, and external growth, from which we can now reap the benefits in an environment that remains competitive. Here, the acquisition of the German sustainability consultancy, Stakeholder Reporting, was a major success in laying the foundation for our ambition in environmental, social, and corporate governance (ESG) audit and advisory. Our priority continues to focus on further sustainable growth with the right level of profitability.

Nevertheless, the triad of impressive growth, high inflation in Germany and the competitive market environment put Germany's gross margin under pressure.

Netherlands

The Netherlands showed an excellent performance in 2022/2023 with an increase in fee income of over 11%, which was a budgeted.

Gross margin is under pressure. Also, the war on talent has increased our external hires.

The rest of Western Europe

The rest of the region achieved an amazing performance in 2022/2023. Fee income increased by 16% compared to the previous year to reach €384m.

North America

The North American region, as a whole, experienced solid revenue growth to €310m, achieving an overall 21% increase compared to the previous year and a 10% increase compared to budget driven mostly by organic growth in the US, mainly in audit and tax services.

Overall growth in the region continued to be inclusive of onboarding new partners and teams. The US Greenfield approach in the developing Boston, Massachusetts offices continued to be well received by the market and allowed us to expand our practice with the acquisition of Samet, a Boston-based firm. Other offices also continued to demonstrate strong and consistent growth in locations such as California, Dallas and Chicago in the US, and Toronto and Ottawa in Canada, reaching more international organisations.

The financial impact of high inflation was limited compared to the previous year, and the region was able to manage increased business demands efficiently.

Asia Pacific

Asia markets have shown resilience over the last 12 months despite global economic instability with moderate recovery and moderate levels of inflation. The main challenges in the region continue to be pricing and staffing in very tight labour markets.

In this context, the Asia Pacific (APAC) region grew by 11% to reach €210m of fee income in 2022/2023, consistent with budget. This growth is impacted by a negative forex of -2%, mainly in Japan. FTE grew by 10%. Most countries increased their activity by more than 10% with impressive performance in Singapore, and the Philippines and Taiwan.

Africa

Fee income from the African region increased by €4m (+3%) to €114m, resulting from +9% organic growth and -6% forex impact. In terms of business sectors, growth was mainly observed in banking and oil and gas as in the previous year. FTE increased by 10%.

In 2022/2023, the region has kept working actively to improve its geographic coverage, with the integration of a firm in Burkina Faso and our correspondent in Zimbabwe.

Central and Eastern Europe

In the Central and Eastern European region, 2022/2023 has been highly impacted by the political situation, with the halt of our activities in Russia in 2022 and the continuing solidarity demonstrated by the neighboring countries of Ukraine in welcoming our Mazars Ukraine teams and their families, mainly in Poland, Romania, Germany, and Slovakia.

Despite this very complex environment, the region has nevertheless significantly increased its activities, winning impressive new business in many countries, resulting in a fee income increase of +8% to €110m compared to 2021/2022.

Governance reports

Group Executive Board report

Detailed report



The region is also working actively to improve its geographic coverage. Several projects materialised during the year in the Baltic states with the integration of our correspondents in Latvia and Lithuania, and in the Balkan area with the integration of firms in both North Macedonia and Bosnia Herzegovina.

Latin America & the Caribbean

2022/2023 has been an excellent year for Latin America & the Caribbean. Fee income reached €67m resulting in an increase of 26% compared to last year the highest progress being recorded in Colombia, Mexico, and Uruguay.

The growth was composed of +15% organic growth, +3% external growth, and a very favourable forex impact at +6.5%. In local currency, growth has been impressive across all countries, despite inflation and the challenging social situation in many countries. The strongest performance comes from Outsourcing activity and Audit.

This year, the region has started the ESG practice with a strong and diverse technical team based in Chile that will operate as a hub for the region with the support of Mexico.

Middle East

Fee income in the Middle East region has increased by €2m (+6%) to €38m compared to last year. Organic growth amounted to +12%, external growth was -1% and a forex impact of -4%.

2. Service lines and sectors

2.1 Service lines

All service lines showed double-digit growth in 2022/2023.

Audit & assurance

Fee income growth and explanations

2022/2023 fee income was +15% compared to 2021/2022 actuals and +7% compared to the 2022/2023 final budget.

The growth was driven across all regions as follows: North America (+37%), Latin America & the Caribbean (+26%), Asia Pacific (+17%), Middle East (+15%), Europe (+14%), Central and Eastern Europe (+3%), Africa (+0.4%).

Impressive business wins

Last but not least, we have won two very significant PIE audit clients who are Foreign Private issuers (FPI) on the US stock exchange: Sanofi and Jumia. Those wins are opening opportunities for the future and have pushed us to massively invest in our SEC/PCAOB practice.

Consulting

Fee income growth and explanation

The Mazars Global Consulting practice experienced rapid growth in 2022/2023 – an impressive accomplishment considering the challenging global market conditions for consulting services throughout much of the fiscal year.

During 2022/2023, the Global Consulting practice grew revenues by over 21% while simultaneously delivering significant improvements in profitability. The growth was even more pronounced in our largest practices, where total revenue grew by almost 30% in 2022/2023. Even more encouraging is the fact that this growth largely reflects an increase in demand for Mazars' consulting services, which is supported by our Global Consulting headcount growing by almost 18%, totalling over 2,500 consultants as of 31 August 2023.

Although all three consulting lines of business grew in excess of 15% in 2022/2023, growth was particularly strong in our Technology & Digital Consulting practice, reflecting an increase in our capabilities and reputation in the marketplace.

Financial advisory

Fee income growth and explanation

Financial advisory (FA) has achieved excellent growth globally with fee income increasing +12%. It has been achieved during uncertain economic times, which has impacted the deals market.

Investment in key sectors and geographic areas

As a group we continue to invest and build for the future. Our investments have become more sector-specific and, recently, are in areas of strength for the firm such as financial services, energy, and pharma.

Key priorities and projects

People continue to be our most important asset. We have taken steps to increase our sharing of knowledge with the aim of developing our staff. Within the Deals

Governance reports

Group Executive Board report

Detailed report



business, international manager courses have been established in Europe and the Americas to allow more junior members to experience the power of our integrated partnership.

We continue to take on board the best local practices undertaken at a country level for developing skilled people and providing equal opportunities across our team. To enable the sharing of best practices more widely across the Group we have launched 'Women in FA' groupwide and are in the process of developing global training curriculums.

Legal

Fee income growth and explanation

2022/2023 has been another successful year for Legal.

Again, we achieved significant growth with fee income growing by +10%.

This is attributed to the performance of our main drivers in Europe (Germany, France, Spain, Belgium, Italy, Norway), Latin America & the Caribbean (Colombia), Asia Pacific (Thailand) and the growing strength of our legal teams in Africa (Nigeria and Kenya) and the Middle East (Jordan).

We were able to celebrate a number of significant wins, especially in the international POB segment.

In all regions, and particularly Central and Eastern Europe, we are focusing on further growth and enhancing our geographic coverage.

A wider service offering

Together with the M&A Group, we have developed a (multi-entity) integration model that allows us to offer fully integrated legal advisory services within Mazars in compliance with national professional law in most of our 100 countries.

Mazars' multidisciplinary partnership is becoming increasingly attractive to highly qualified legal partners, lawyers, and teams. This is because we are well equipped to offer our clients comprehensive and customised solutions and services at a global level. Not only is this recognised by our clients but also by potential employees, who are increasingly joining us from renowned international law firms to offer their clients an agile one-stop shop service delivery.

Outsourcing

Fee income growth and key wins

2022/2023 has been a prosperous year for the Outsourcing service line resulting in a fee income, up by 14% compared to 2021/2022.

Teams have successfully secured key business wins. In Global Compliance, our activity showed significant growth with new major additions to our list of international clients, demonstrating the attractiveness of our centralised approach through our Business Support Centres in Spain and Romania. In International Payroll we won new major global payroll assignments.

Sustainability

Fee income and key developments

In 2022/2023, there has been an increase in the global demand for Sustainability services, resulting in 43 countries being engaged in the development and delivery of client solutions. Fee income grew by 71% year-over-year.

Public Interest Entities accounted for approximately two-thirds of engagements performed in the past 12 months. The main market focal points were Materiality Assessments, CSRD readiness, Non-Financial Reporting, Assurance and Net Zero strategy. Projects for Privately Owned Businesses covered similar areas but also included GRI reporting and ESG Rating advisory. Public sector clients required support on ESG/Climate risk consulting and stakeholder engagement activities.

An impressive portfolio of clients and activities

Our investments have resulted in an encouraging range of successes.

To meet the needs of our large portfolio of Financial Services clients, we developed an end-to-end climate risk management offering. These offering and associated tools will be deployed progressively to support audit and advisory engagements.

CSRD update and opportunities

The Corporate Sustainability Reporting Directive (CSRD) is already shaping the landscape of our offerings. Mazars' teams in Europe have been actively participating in consultations for the

Governance reports

Group Executive Board report

Detailed report

implementation of CSRD into their jurisdictions. This has included working with local professional institutes and authorities to define the auditors' qualification requirements.

To align our financial reporting operations, we have established a global technical function department with dedicated teams for reporting and assurance. This department has been involved in consultations initiated by ISSB in relation to IFRS S1 and S2, EFRAG on European Sustainability Reporting Standards (ESRS) and, since August, the consultation opened by International Auditing and Assurance Standards Board (IAASB) on the International Standard on Sustainability Assurance (ISSA) 5000 General Requirements for Sustainability Assurance Engagements.

This past year has been particularly productive in terms of the materials we have developed to support our clients and the wider market to navigate the regulatory landscape; for example, CSRD, ESRS, IFRS and TNFD. Regulatory guidance can be found here: [Sustainability regulations](#).

We also launched our blog: '[Let's Talk Sustainability](#)'. The blog features articles on reporting and assurance, strategy, transformation, and sustainable finance topics.

Tax

Fee income growth and key wins

We reflect on a successful year marked by a fee income up by 12.6% compared to the previous financial year. This growth has been driven by more substantial cross-border tax assignments in both quantity and fees as we have taken on larger projects spanning multiple countries. These assignments fall predominantly within the domains of Transfer Pricing, Tax Compliance, and VAT & Indirect Tax.

In conclusion

This has been an excellent year in a challenging environment where Mazars managed to grow by over 13% and maintain high, while delivering a game-changing project for Mazars: the Forvis Mazars network project.

This report bears testimony to the extraordinary work of our people and our partnership. As the Group Executive Board, we feel confident we are on the right path, while continuously improving every day.

More than ever, client service and nurturing our people, balanced with ambitious growth and the continued transformation of technology, security, 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. This review is a summary of the GGC's activities and key decisions over the past year, and reflects on Mazars' progress against its 2024 strategic plan, the 'One24'.

The GGC is chaired by Tim Hudson and co-chaired by Juliette Decoux. It comprises 10 partners from around the globe elected every four years, and two external, non-partner members. The current GGC is three years into its mandate, with the next elections due in December 2024.

One of the most notable achievements for Mazars during the year was the announcement of the upcoming creation of 'Forvis Mazars', a unique global top ten two-firm network between Mazars and US accounting firm, FORVIS, which will come into effect on 1 June 2024. Despite the level of resources and management attention this landmark agreement required, strong momentum was maintained in progressing the Group's One24 growth strategy and wider development priorities. The performance of the Group in the year to 31 August 2023 was very strong in the context of tougher economic headwinds, including an inflationary environment. Turnover reached €2.8 billion (€2.5 billion excluding our Chinese firm, Zhongshen Zhonghuan), a 13% growth, with the surplus at €467 million (excluding Zhongshen Zhonghuan) growing by 9.9% versus last year.

Key topics monitored by the GGC during the year

Quality and risk management

A key role of the GGC is to provide oversight of the quality and risk management (Q&RM) processes within the Group, under the leadership of the Q&RM board.

During the year, the Risk Committee met regularly with the chair of the Q&RM board and relevant stakeholders, progressing a significant number of topics. The quality function was strengthened through investment in new tools and technologies such as Arengibox for quality management monitoring, MAPLE for methodology and policies, and 'know your client features' in WeCheck, contributing to an enhanced approach to quality.

The Group's approach to quality and risk is based on six pillars, which are expanded on below.

Group Governance Council report

1. System of Quality Management (SoQM)

This year was a critical year in which countries had to finalise the implementation of ISQM1 and test the controls to assess compliance; non-compliance can have severe consequences on a country both commercially and reputationally.

Group controls were tested by Group internal audit and the international quality monitoring team. Following testing at both Group and country level, some control designs will be refined and new controls designed for the FY24 control set.

For non-audit services, a baseline set of over 100 controls was identified as being directly applicable to all service lines. These controls will apply in each country during the year 2023/2024 and be ready for testing in the year to 31 August 2024. Some additional service line specific controls will be designed and implemented during FY24 with the support of service lines and countries, ready for testing in FY25.

2. Quality monitoring

Our annual international quality monitoring campaign involved 91 reviews across the Group, covering all the key service lines (Audit, Tax, Outsourcing and Financial advisory).

3. Enterprise risk management

Enterprise risk management (ERM) aims to identify, assess and mitigate the risks that may impact our firm-wide operations and objectives. We have identified that our primary risks are those related to quality, cybersecurity, people, operations, regulation and finance.

4. Independence and acceptance

The Group Independence and Acceptance (GIAC) team delivered a number of key projects, including a new WeCheck module on 'know your client'. It also monitored and provided updates on the implementation of Group acceptance policies relating to sanctions against Russia, digital assets and ESG.

5. Quality, culture and ethics

We observed positive progress on quality, culture and ethics. Further code of conduct training was rolled out, with the launch of mandatory unconscious bias training in June 2023. The partner quality and risk report (PQRR) was also published. This is applicable to all partners, across all service lines. The PQRR is designed to be incorporated into the partner performance review process. It includes a series of metrics and measures across three areas: quality contribution, quality performance and risk environment.

6. Global methodology

Significant time and resources were invested in the updates and roll out of our Atlas audit platform as well as scaling up our PCAOB expertise across more countries.

For the year ahead, ISA 600R for Group audits is the key standard that will require the most attention in terms of training and adapting our methodology.

The methodology team also worked also on the sustainability audit methodology (SAM), so the firm is fully prepared for assignments under the International Standard on Sustainability Assurance (ISSA) 5000.

Specific focus on artificial intelligence

Given the growing use of artificial intelligence (AI) by clients and staff, the GEB has been assessing our global guidance and a methodology for all countries and staff on the use of such technology with a focus on data protection and integrity.

Cyber security

Cyber risk remains one of the top risks for our firm. We continue to urge our partners and teams to focus on this topic and we support the GEB initiative to enhance security through the use of regional platforms. Cyber-attacks are often facilitated by human error or ignorance, even with the best systems and security in place. Our country leadership teams take the responsibility for ensuring our teams respect Group rules and policies as an absolute minimum.

Overall, there have been significant positive developments and improvements in Q&RM Group functions, in line with the investments made in recent years.

With the upcoming launch of the Forvis Mazars network next summer, the GGC is conscious that some Q&RM functions may move up to network level. It will be particularly vigilant on the way the organisation is structured going forwards, so as not to put Mazars Group and previous investments at risk.

Group Governance Council report

The Forvis Mazars partnership

The partnership voted overwhelmingly to support the creation of the Forvis Mazars network on 13 November 2023. The GEB is now working on preparing for the launch of the new network on 1 June 2024. The GGC spent significant time on the project during the year and reported to the partners with its opinion in advance of the General Assembly meeting. The GGC will continue its oversight of the project going forwards, to ensure successful implementation.

Global IT projects

We continue to strengthen our IT systems and capabilities as they remain critical for our transformation to support the business. The leadership is now organised around a strategic committee including representatives from the GEB. The strategic committee aims to provide cross-workstream governance and management, assist in removing any potential roadblocks, and give clear direction, enabling to accelerate execution and successful deployment of global IT and technology projects. The GGC is informed on a regular basis of the progression of our global strategic IT projects as well as the costs and budgets involved.

Corporate sustainability

Mazars has seen significant progress around the five pillars of our corporate sustainability strategy but we recognise that we must move forwards more quickly to reach our ambitions. To deliver on Groupwide objectives, the corporate sustainability team has

developed multiple initiatives together with other central Group stakeholders. These are rolled out and monitored at a country level. They include:

- The Group supplier code of conduct, setting ESG expectations and standards for our suppliers.
- The roll out of the global code of conduct and trainings on ESG.
- Our membership of the UN Global Impact, as we strive to adhere to all its 10 principles - six of which relate to human and labour rights.
- Sharing best practices deployed by countries on community work and donations, which saw the level of donations and engagement (volunteering and pro-bono) increase last year.
- The publication of a Group travel policy, providing guidelines on reducing our greenhouse gas (GHG) emissions linked to business travel.
- The publication of a Group sustainability report. This included our key performance indicators on issues such as people and community, GHG emissions, and energy and water consumption. These form the basis of our commitment to net zero, in line with the science-based targets initiative (SBTi), which Mazars joined last year. The publication of our consolidated data, notably on GHG emissions, was facilitated by new data collection tools and by the active engagement of countries and Mazars' dynamic corporate sustainability community around the world.

We recognise there is still a lot to achieve to fully play our part in relation to society and the environment, and to be compliant with our responsibilities and commitments to our staff and the global community.

In the context of the Forvis Mazars partnership, the GGC will work to ensure Mazars' objectives and ambitions in all five of our corporate sustainability pillars are at least maintained, if not uplifted.

Diversity and inclusion

Diversity and inclusion is a fundamental element of our corporate sustainability strategy. It remains firmly on the GEB's agenda and is followed closely by the GGC, particularly through the co-option process.

The year ahead will be critical for our journey towards a more diverse partnership. We strongly encourage all partners and country executives to identify and promote diverse candidates for the next executive teams, including managing partner positions.

Clients and markets

In our discussions with the GEB during the year, we sought to maintain a focus on our market positioning and our capability and capacity to enhance our relevance to diverse clients across a range of services. For example, the CSRD implementation in Europe needs our teams to be ready with suitable tools, methodologies and training. Creating time and team capacity will always be challenging. This will require effort and commitment from all partners to support the leaders of these initiatives.

Group Governance Council report

The creation of the Forvis Mazars network should provide significant opportunities across a wide range of services, both in audit and non-audit activities. We will need to invest to support our ability to capture these opportunities and be responsive to client needs.

Co-option of partners

The GGC approved the co-option of 139 CARL partners (including one associate partner in France) and recommended approval by the General Assembly. This is the highest ever number of new partners in a single year, up from 133 last year.

The process of approving new partners involves the submission of a business case and a candidacy file by the relevant country. Each candidate is subject to an independent review and service line leaders are informed about the candidates. The partner co-option process is overseen by the Partnership Development Committee to ensure it is properly implemented.

The 139 candidates represented 41 countries and 31% of the candidates were female. Although this is a slight reduction on last year's figure of 34% and below our One24 annual target of 33%, it is still in line with the Group's target to achieve at least 25% of women in the partnership by 2025.

The breakdown of partnership candidates by service line is as follows:

	2023	2022
Audit	47%	41%
Consulting	13%	11%
Tax	16%	13%
Financial advisory	6%	11%
Outsourcing	11%	13%
Sustainability	2%	n/a

Financial performance

The GGC has reviewed the financial performance and results for the year ended 31 August 2023 and is pleased to report another strong year. The continued strong financial performance has allowed the Group to invest in tools and technology through a centrally approved and funded investment pool.

2023/24 Budget

The GGC reviewed the Group budget, which is prepared from each country submission, and the CARL budget, which is prepared by the GEB. The 2023/2024 budgeted fee income stands at €2,831 million, an 11.7% increase. This reflects our continued investment in new partners and services and our confidence in the relevance of our services.

Overall, the budget seems achievable. However, significant risks remain. These include the evolution of the economic and political situation in certain geographic areas, our ability to deploy increased numbers of staff at appropriate utilisation rates, and ensuring remaining balances of inflation are passed on to clients. Savings and efficiency could be achievable through synergies and more operational integration between countries and Group, notably on IT costs and overheads.

GEB remuneration

The GGC is responsible for defining 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 in line with the One24 strategy, both individual and collective. During 2022/2023, GEB members were evaluated by GGC on their performance in 2021/2022, as well as a mid-mandate assessment of the status of achievement of long-term 2020-2024 objectives. Such evaluation follows a thorough process of reporting performance against objectives, interviews and feedback to each of the GEB member.

GGC composition

Kathryn Byrne has been replaced by Wendy Stevens on the GGC, as ratified by the General Assembly in December 2023. In addition, following the resignation from the CARL partnership of Liwen Zhang in October 2023 the General Assembly approved a reduction in the number of GGC seats from 12 to 11 for the remaining period of the mandate, until the next General Assembly in December 2024.

Looking ahead to 2024

Although we faced many challenges this year, such as the volatile economic environment, geopolitical tensions in key regions and ongoing conflict in Ukraine, Mazars made significant progress against its priorities and delivered some key achievements.

The next 12 months leading up the General Assembly in December 2024 will require a concerted focus on multiple projects and topics in line with our One24 strategy. These include:

- Network mobilisation: the Forvis Mazars network will go live on 1 June 2024.
- IT: the delivery of our global IT projects and ongoing investments in our cyber security.
- Risk and quality: focus on delivering high quality services and managing our risk as we move into the Forvis Mazars relationship.

- Clients: our partners must remain focused on our clients as we explain to them and the markets in which we operate the benefits of our model and the structure of the future Forvis Mazars network. Our net promoter score (NPS) will be a vital measurement of our success in achieving these objectives.

Conclusion

The collective efforts of our teams across the world have helped to ensure FY23 was a standout year for Mazars, not only in terms of the solid growth achieved in challenging circumstances, but also with the confirmation of the new upcoming Forvis Mazars network. These achievements create a strong foundation for the future development of the Group.

The GGC strives to provide the partnership with appropriate oversight of the executive management of Mazars, so we continue to reach the milestones we set out to achieve 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.



Sharing his thoughts on Mazars' 2022/2023 developments, Chairman of the GGC Tim Hudson remains positive on the outlook ahead. In particular, he reflects on the opportunities that the creation of the new network between Mazars and FORVIS will bring and confirms the strong synergy already in place between the two firms. In terms of challenges, he cites talent attraction and regulatory requirements as key areas to focus on, with inflation as another important issue to keep in mind.

Our four-year strategic plan, One24, comes to an end this year. Can you comment on the GEB's work so far – what key accomplishments have come out of this, where are we along the journey, and what's next for us?

The Group has continued to grow and develop at a fast pace despite the macroeconomic challenges we faced, in addition to being in a global environment that continues to be impacted by conflict and instability. In our recent progress review of the strategic goals we set forward in One24, we were pleased to see that we were on track including delivering on our new global audit platform, enhancing our capabilities in sustainability services and continuing to strengthen our sector focus, for example, in financial services. There will be ongoing focus on enhancing our integration, notably through the use of technology solutions, which will empower our teams to focus on the most valuable aspects of their work.

Mazars once again achieved double-digit growth this year; what are the GGC's views on the Group's financial performance?

Our financial performance has been solid, with revenue growth of 13% supported by all service lines and regions. Inflationary pressures, however, remain strong, particularly as we compete to recruit talented team members to support our growth, putting margins under pressure. We continue to invest in technology and innovation, enabling us to provide higher quality services, as well as increased efficiency and collaboration. Our growth will continue to be fuelled by our ability to deliver advice and services that are insightful and relevant to all our clients.

The secret is out that Mazars and FORVIS are joining forces to create a global network effective from 1 June 2024. What is the GGC's vision on what we can expect from this new network?

This is a really exciting development. The network will be comprised of just two members, covering the USA and the rest of the world. This is a unique structure that will provide a distinct alternative to the main industry players in the market. The network will represent a positive step forward on our journey as we continue to provide audit, tax and advisory services to both the largest global organisations, as well as privately owned businesses and their owners. The skills, ambitions and values of FORVIS and Mazars are highly complementary, and we are confident that this synergy will create significant new opportunities with our clients and for our team members. The launch of the network will be on 1 June 2024, so to prepare for it, the GGC will help ensure that the required structures and policies are in place so we can mobilise rapidly and respond to the expected market demands.

Group Governance Council Interview with Tim Hudson

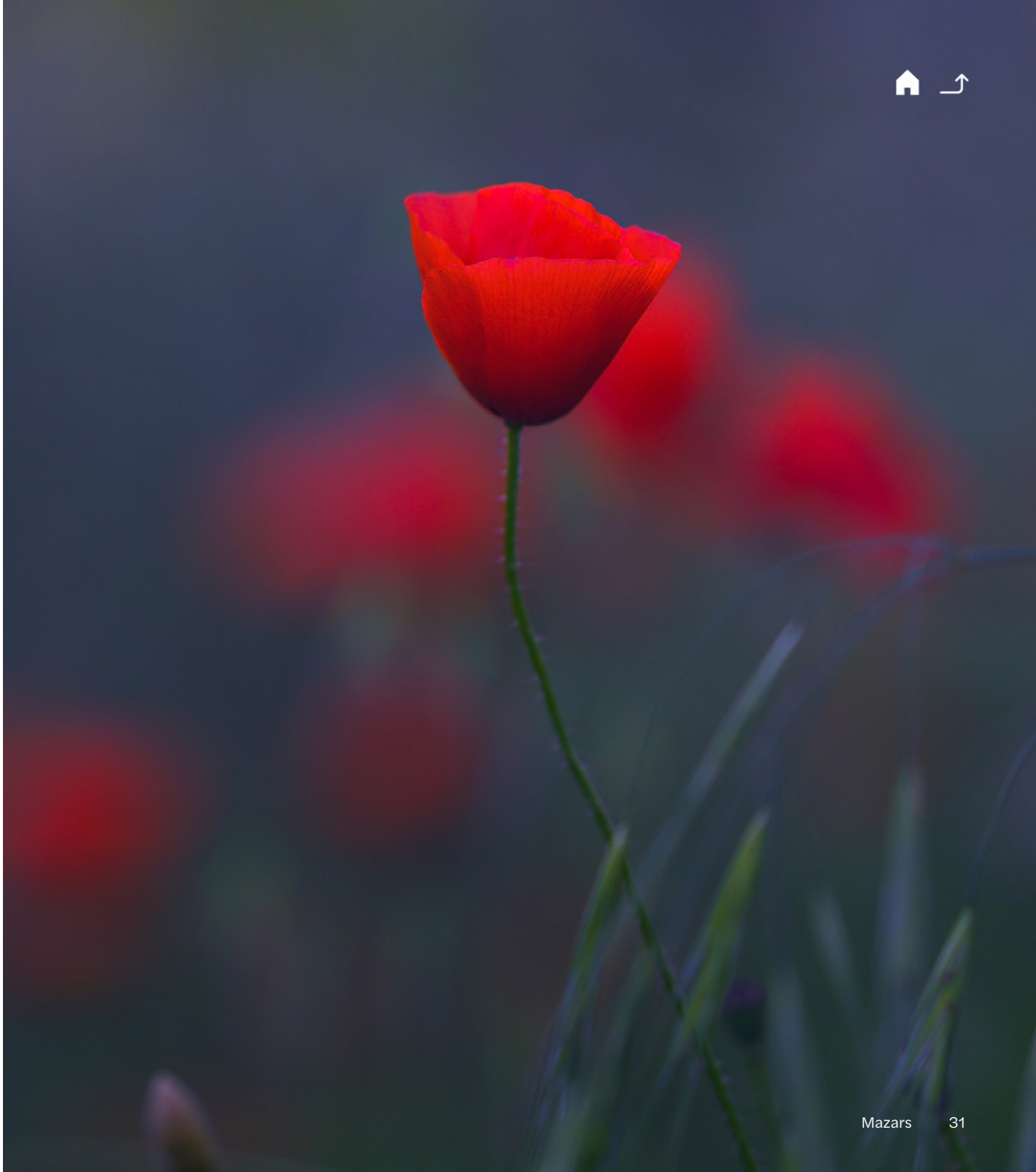


Mazars is determined to grow in the right way, building on our strong foundations. What are our priorities for the future?

The creation of the network is a clear signal of our determination to evolve without abandoning our roots and core values. We are motivated to remain a key participant in the audit, tax and advisory markets globally and will keep our focus on delivering high-quality service. At a time when organisations see increased obligations in both the financial and non-financial realms, Mazars' ambition is to provide choice in a concentrated market.

We see a strengthening of our regulated environment; what are the main challenges and opportunities for Mazars in this respect?

We already have the scale to invest in global tools that enable our teams to be at the cutting edge of service delivery and provide clients with consistent standards wherever they operate. Now, what we need as a partnership is to continually reinforce the quality agenda. Maintaining a high-quality culture and mindset is always demanding, but it is what the regulatory oversight of our profession rightly requires. We have invested heavily in our quality systems and processes, and in the year ahead will look carefully at what is needed to meet the regulatory requirements of both member firms of the new network.



Financial statements





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

2022/2023 financial year ended on 31 August 2023
In thousands of euros

Consolidated financial statements

- 34** Consolidated income statement
- 35** Consolidated statement of comprehensive income
- 36** Consolidated statement of financial position
- 38** Consolidated statement of changes in equity
- 39** Consolidated statement of cash flows

Notes to the consolidated financial statements

- 42** Note 1: Accounting policies
- 46** Note 2: Scope of consolidation
- 50** Note 3: Segment reporting
- 54** Note 4: Operating data
- 61** Note 5: Employee benefits
- 70** Note 6: Intangible assets and property, plant and equipment
- 81** Note 7: Financing and financial instruments
- 90** Note 8: Shareholders' equity and partnership financing
- 92** Note 9: Provisions and contingent liabilities
- 94** Note 10: Other current assets and trade and other payables
- 95** Note 11: Corporate income tax
- 96** Note 12: Consolidated statement of cash flows
- 97** Note 13: Surplus allocated to the members of the Group Executive Board and the Group Governance Council
- 98** Note 14: Off-balance sheet commitments relating to Group financing
- 99** Note 15: Pro forma consolidated income statement and employee data including ZhongShen ZhongHuan

Consolidated financial statements



Consolidated income statement

2022/2023 financial year ended on 31 August 2023

In thousands of euros	Notes	2021/2022	2022/2023
Revenue	4.1	2,267,302	2,603,189
Rebillable costs	4.1	- 60,612	- 68,901
Fee income	4.1	2,206,691	2,534,288
Direct costs		- 1,177,006	- 1,372,662
Gross margin	4.3	1,029,685	1,161,626
Cost of administrative staff	4.4	- 166,621	- 192,635
Other costs	4.4	- 311,509	- 372,570
Depreciation, amortisation and impairment	4.4, 6.2 and 6.3	- 91,269	- 85,051
Surplus of operations	4.4	460,286	511,370
Amort'n/imp't of client relationships and goodwill	6.1	- 15,151	- 15,904
Financing costs		- 9,869	- 18,091
Surplus allocated	4.5	435,266	477,375
Surplus allocated for future business investments		- 10,000	- 10,000
Surplus allocated to partners		- 425,227	- 467,341
Pre-tax result		39	34
Corporate income tax	11		
Post-tax result		39	34

Consolidated statement of comprehensive income

2022/2023 financial year ended on 31 August 2023

In thousands of euros	Notes	2021/2022	2022/2023
Post-tax result	1.2.3	39	34
Other comprehensive income			
Remeasurement of defined benefit schemes		- 11,543	- 1,396
Exchange rate adjustments		2,114	- 708
Attribution of other comprehensive income to partners		9,430	2,104
Comprehensive income		39	34

Consolidated statement of financial position

In thousands of euros	Notes	31 August 2022	31 August 2023
Assets			
Intangible assets	6.1	201,740	207,975
Right of use - IFRS16	6.2	354,850	315,461
Property, plant and equipment without IFRS 16	6.2	99,424	106,887
Other Non-current assets	7.4	17,453	18,666
Total non current assets		673,468	648,990
Trade accounts receivables and accrued income	4.2	563,700	638,491
Other current assets	10.1	100,575	100,898
Cash and cash equivalents	7.3	226,726	244,329
Total current assets		891,001	983,718
Total assets		1,564,468	1,632,707

In thousands of euros	Notes	31 August 2022	31 August 2023
Equity and liabilities			
Shareholders' equity	8.1	5,404	5,606
Partnership financing - non-current		252,197	260,807
Partnership financing - current		228,150	238,711
Reserves for future business investments		19,870	24,247
Total partnership financing	8.2	500,217	523,765
Long-term borrowings - non-current	7.3	62,867	69,390
Long-term borrowings - non-current IFRS 16	7.3	318,184	281,935
Long-term provisions	9.1	62,564	59,296
Total other non-current liabilities		443,614	410,622
Long-term borrowings - current	7.3	36,622	39,233
Long-term borrowings - current IFRS 16	7.3	59,379	60,494
Current bank financing	7.3	8,269	7,617
Trade and other payables	10.2	476,291	553,204
Current provisions	9.1	34,672	32,167
Total other current liabilities		615,232	692,715
Total equity and liabilities		1,564,468	1,632,707

Consolidated statement of changes in equity

In thousands of euros	Capital	Reserves	Shareholders' equity
Shareholders' equity as at 1 September 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
Movements in share capital	46	121	167
Other movements			
Transactions with shareholders	46	121	167
Comprehensive income for the period		34	34
Comprehensive income		34	34
Shareholders' equity as at 31 August 2023	580	5,026	5,606

Consolidated statement of cash flows

In thousands of euros	Notes	31 August 2022	31 August 2023
Operating activities			
Net result		39	34
Depreciation and amortisation		106,308	109,462
Elimination on gain or losses on disposal of assets		- 6,419	- 1,919
Allowance and write back on provisions		1,843	- 7,529
Self-financing capacity		101,771	100,049
Changes in current assets		- 67,756	- 79,596
Changes in other current liabilities		38,452	84,678
Changes in working capital requirements		- 29,304	5,082
Net cash generated by operating activities	12.1	72,467	105,130

In thousands of euros	Notes	31 August 2022	31 August 2023
Investing activities			
Acquisition of intangible and tangible assets	6.1/6.2	- 51,448	- 69,954
Acquisition of other non current assets	7.4	- 7,336	- 1,423
Proceed from tangible, intangible and financial assets		9,049	3,076
Proceed of other non current assets	7.4	4,932	2,505
Acquisition of subsidiaries, net of cash acquired		- 2,204	- 6,965
Proceed from sales of subsidiaries		144	1,510
Net cash used in investing activities	12.2	- 46,863	- 71,252

In thousands of euros	Notes	31 August 2022	31 August 2023
Financing activities			
Changes in capital		12	206
Changes in non-current partnership financing	8.2	10,009	20,129
Changes in current partnership financing	8.2	46,465	21,782
Issuance or subscription, of financial debt	7.3	14,170	35,333
Repayment of financial debt	7.3	- 28,752	- 24,471
Repayment of financial debt - IFRS 16	7.3	- 60,316	- 62,268
Cost of financial debt	7.3	1,187	1,177
Net cash from financing activities	12.3	- 17,226	- 8,112
Net change in cash		8,377	25,766
Cash and cash equivalents at the beginning of the year		205,218	218,457
Impact of foreign exchange		4,861	- 7,511
Net change in cash of the year		8,377	25,766
Cash and cash equivalents at the end of the year		218,457	236,713
Cash and equivalents	7.3	226,726	244,329
Bank overdrafts	7.3	8,269	7,617
Cash and cash equivalents at the end of the year		218,457	236,713

Note 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 14 November 2023 and submitted for review to the Group Governance Council. They were submitted for approval of the General Assembly of Mazars SC on 8 December 2023

1.1 Accounting framework

The consolidated financial statements together with the attached notes for the financial year ended 31 August 2023 have been prepared in accordance with IFRS as endorsed by the European Union.

1.1.1 New or amended standards and interpretations mandatory for the 2022/2023 financial year

The Group has applied all the new or amended standards and interpretations that are mandatory for the 2022/2023 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.

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 2022:

- 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.

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 Group considered the whole agenda on the decisions of IFRS Interpretations Committee published up to date. For the closing of 31 August 2023, the Group does not identify a decision that implies an accounting policy impact.

1.1.4 Surplus allocated to business investment funds (BIF)

As a reminder, the profit of the 2020/2021 financial year was allocated to partners except for €10m which was retained by the Group for future investment. The same has been done last year in 2021/2022.

These amounts are shown as “unallocated profit” under partner financing.

The Group Executive Board has decided to increase the Business Investment Fund (BIF) to €30m, by adding €10m in 2022/2023.

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.

Note 1: Accounting policies

1.2 Basis of preparation

1.2.1 Presentation currency for the consolidated financial statements

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

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

In accordance with IFRS, the preparation of consolidated financial statements requires the Group Executive Board to make a certain number of estimates and assumptions which have an impact on the amount of the Group's 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 contract assets and the valuation of receivables and associated impairment losses.
- The valuation of intangible assets: costs at the date of recognition and impairment of goodwill.
- The calculation of post-employment benefit obligations.

The main assets and liabilities as of 31 August 2023, subject to potential material adjustment arising from their basis of measurement, are as follows:

- Group provisions including €11.5m relating to professional exposures and €5.5m for other risks (see note 9.1).
- Post-employment benefit obligations: the applicable actuarial assumptions and calculations for each country are set out in note 5.2.

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

1.2.3 Particular features of Mazars' partnership model

Structure of the Group

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

Note 1: Accounting policies

Consequences in terms of accounting policies:

In legal terms, the partners are shareholders 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.
- 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.

Note 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.
- 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

Another strong year at Mazars with a growth rate of +14.8% most of which is organic.

Inflation remains high and most probably a little higher than what we have been able to pass onto our clients. Retaining and recruiting staff continues to be difficult.

Due to the above and to harder competition, our gross margin remains under pressure.

We have integrated a fairly large number of new countries this year: Bosnia and Herzegovina, Burkina Faso, Cayman Islands, Latvia, Lithuania, North Macedonia and Zimbabwe. Our footprint now covers 100 countries.

We have also seen some significant growth in our large markets, France +14.9%, UK +16%, USA +17.2% and Germany +21.2% while China 1 has remained flat year-on-year.

All service lines are showing a double-digit growth with Audit and Consulting trading ahead.

Venezuela has been subject to hyperinflation for several years. We have retained a nil value for the entity.

Argentina has been considered as a hyperinflation economy since July 2018. We have retained the spot EUR/ARS rate as of 31 August 2023 to consolidate Argentina in accordance with IAS 29.

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

1.2.5 Event after the financial year closing

On 15 November, Mazars and FORVIS have jointly announced they will create a new global network, effective from 1 June 2024. The network will operate under a single brand worldwide – Forvis Mazars – and will be formed of two members, Forvis in the USA and the consolidated Mazars in the rest of the world. The current Mazars USA practice will leave the CARL partnership and will integrate Forvis Mazars in the USA. The consolidated accounts of Mazars SC will not include Mazars USA from 1 June 2024. The consolidated balance sheet and surplus of Mazars SC will be reduced by the value of balance-sheet and surplus of the Mazars USA. There will be no other impact on the consolidated financial statements of Mazars SC.

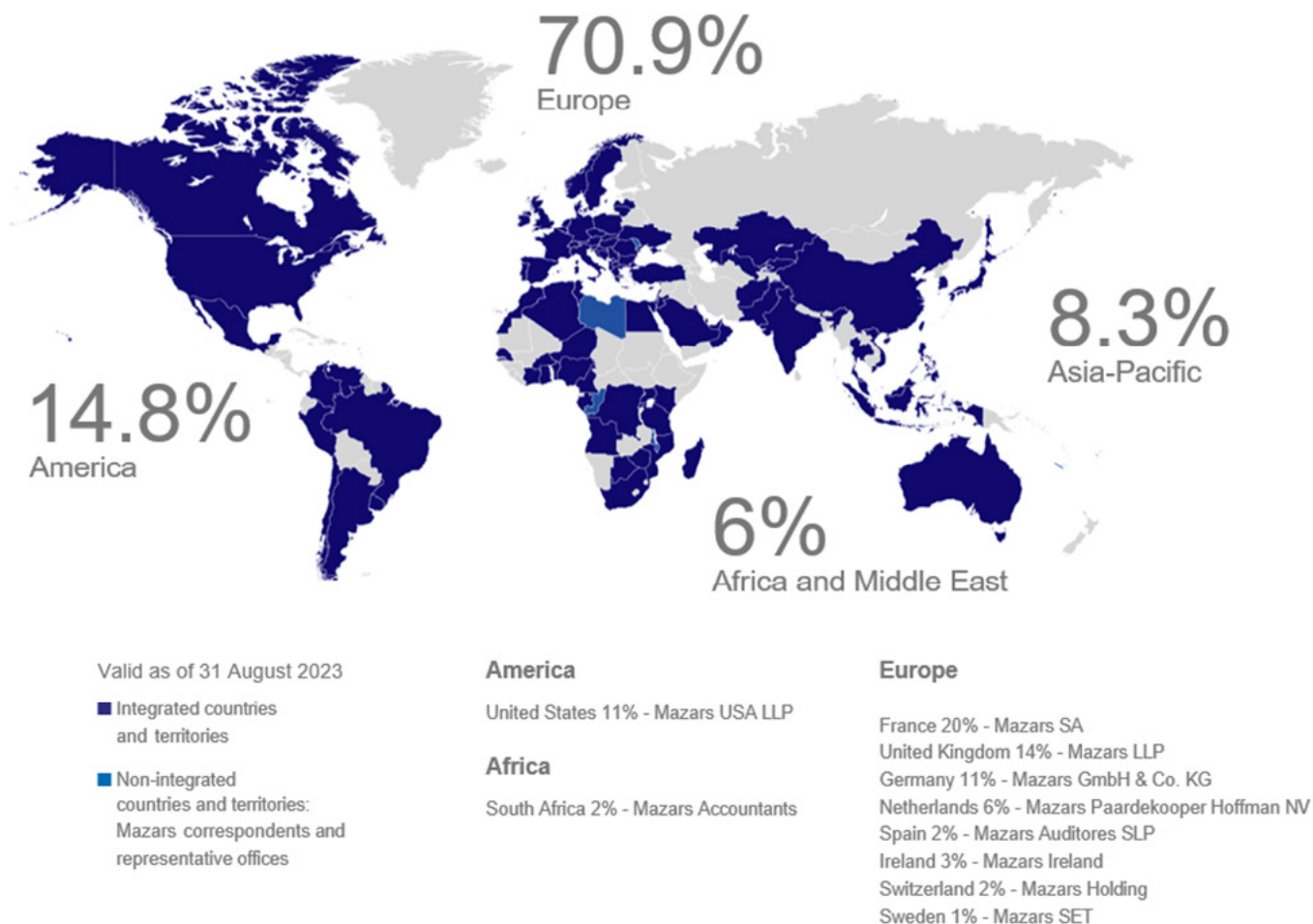
Note 2: Scope of consolidation

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 100 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:



Note 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.
- 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 the 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 following 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.
- 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 is recognised directly in profit or loss on the same basis as for any other change in estimates or any 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 2022/2023 financial year are as follows:

- The integration of seven new countries: Bosnia and Herzegovina, Burkina Faso, Cayman Islands, Latvia, Lithuania, North Macedonia and Zimbabwe.
- The exit of Oman and members firm in Taiwan (Mazars Consulting Taiwan), Singapore (Mazars Consulting Singapore Pte Ltd) and the disposal of the AOS activity in Sweden.
- The evolution of the scope with some mergers and acquisitions in Brazil, France, Germany, Norway and USA.

Note 2: Scope of consolidation

Evolution of the scope of consolidation

In thousands of euros	Bosnia and Herzegovina	Burkina Faso	Cayman Island	Latvia	Lithuania	North Macedonia	Zimbabwe	Total
Fee income	199	731	304	1,065	1,871	477	576	5,223
Gross margin	112	431	-22	421	539	135	393	2,008
Total surplus	60	107	-186	220	210		285	696

In thousands of euros	Bosnia and Herzegovina	Burkina Faso	Cayman Island	Latvia	Lithuania	North Macedonia	Zimbabwe	Total
Total non current assets	46	44	-225	60	22	119	117	183
Total current assets	109	848	339	482	1,093	230	204	3,304
Total assets	155	891	114	542	1,115	348	321	3,487
Shareholders' equity								
Total partnership financing	84	265	-193	347	240	61	314	1,118
Total other non current liabilities						87		87
Total other current liabilities	70	626	307	195	875	200	7	2,282
Total equity and liabilities	155	891	114	542	1,115	348	321	3,487

Staff numbers	Bosnia and Herzegovina	Burkina Faso	Cayman Island	Latvia	Lithuania	North Macedonia	Zimbabwe	Total
Partners	1			1	1		1	5
Technical staff	3	8	3	28	26	16	30	114
Administratif staff		2		1		2	6	10
Total	4	10	3	30	28	18	37	130

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 2023.
- 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 2022/2023, 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).



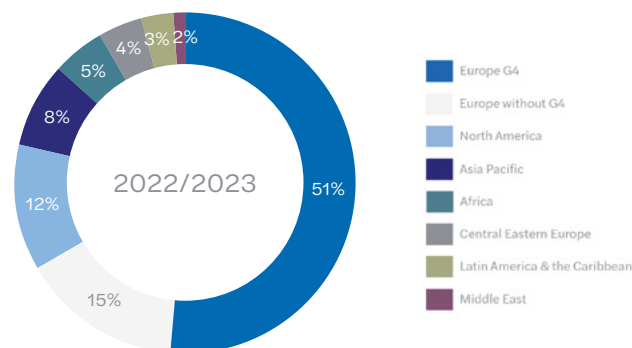
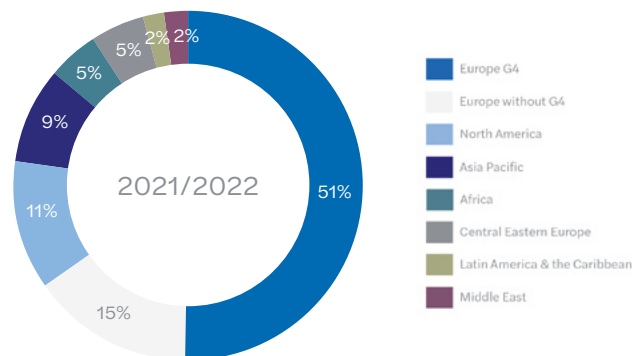
Note 3: Segment reporting

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.



Fee income by operating segment

In thousands of euros	2021/2022	2022/2023
Total Europe	1,462,311	1,686,224
<i>Europe G4</i>	<i>1,132,169</i>	<i>1,302,607</i>
<i>Europe without G4</i>	<i>330,142</i>	<i>383,616</i>
North America	255,007	309,512
Asia Pacific	188,893	210,287
Africa	110,448	114,307
Central Eastern Europe	101,547	109,574
Latin America & the Caribbean	52,935	66,593
Middle East	35,550	37,791
Total	2,206,691	2,534,288

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
- Latin America & the Caribbean
- Asia Pacific
- Africa
- Middle East

Note 3: Segment reporting

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

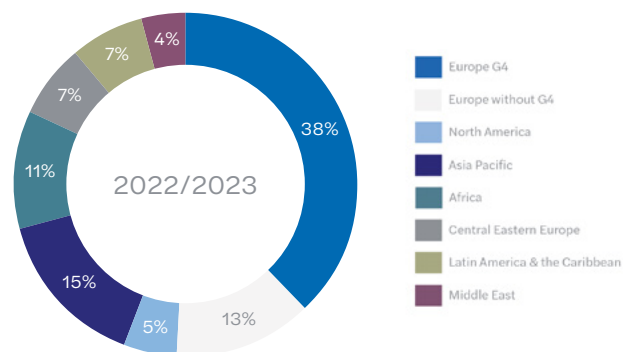
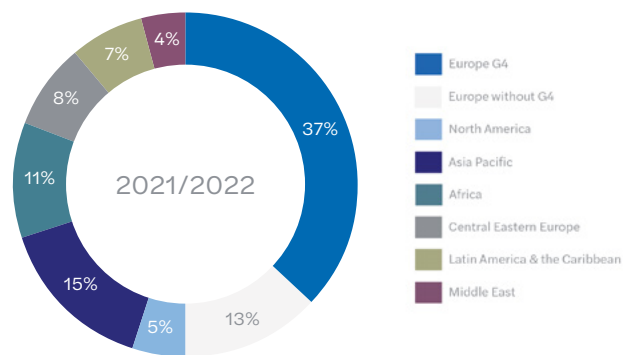
In thousands of euros	2021/2022		2022/2023	
	Gross margin	Gross margin rate	Gross margin	Gross margin rate
Total Europe	675,531	46.2%	756,053	44.8%
<i>Europe G4</i>	524,134	46.3%	584,411	44.9%
<i>Europe without G4</i>	151,397	45.9%	171,642	44.7%
North America	125,163	49.1%	157,720	51.0%
Asia Pacific	90,028	47.7%	101,675	48.4%
Africa	56,651	51.3%	58,431	51.1%
Central Eastern Europe	44,762	44.1%	47,518	43.4%
Latin America & the Caribbean	23,186	43.8%	27,834	41.8%
Middle East	14,366	40.4%	12,395	32.8%
Total	1,029,685	46.7%	1,161,626	45.8%

Notes to the consolidated financial statements

Note 3: Segment reporting

Weighted average full-time equivalent employees by operating segment

	2021/2022	2022/2023
Total Europe	12,890	14,602
Europe G4	9,519	10,843
Europe without G4	3,371	3,759
North America	1,222	1,352
Asia Pacific	3,887	4,266
Africa	2,720	2,980
Central Eastern Europe	2,003	1,934
Latin America & the Caribbean	1,873	2,103
Middle East	1,033	1,114
Total	25,628	28,352



Note 3: Segment reporting

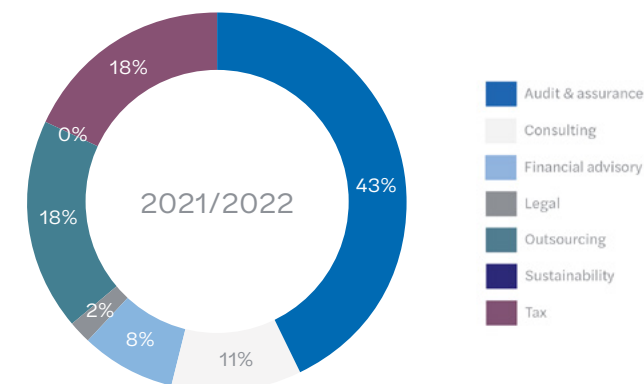
3.2 Information on service lines

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.
- **Tax**, providing tax advisory services and legal and regulatory tax compliance services at both the national and international levels.

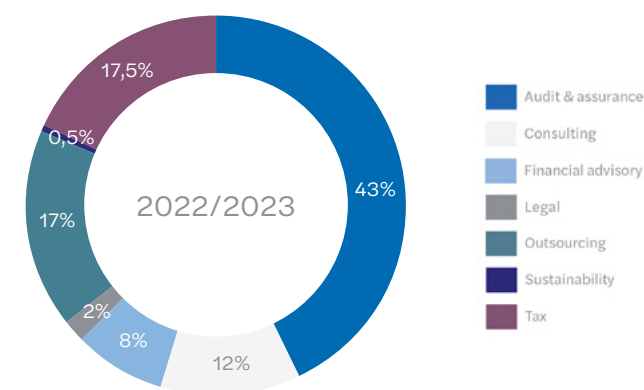
Fee income breakdown by service lines

In thousands of euros	2021/2022	2022/2023
Audit & assurance	944,358	1,087,218
Consulting	245,583	297,908
Financial advisory	177,427	198,291
Legal	49,062	54,166
Outsourcing	387,639	442,126
Sustainability	4,868	8,323
Tax	396,996	446,957
Total	2,206,691	2,534,288



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.



Note 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 contract assets.

Revenue is recognised over time as the services are provided. The stage of completion for determining the amount of revenue is assessed based on survey of work performed. 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	2021/2022	2022/2023
Fee notes rendered	2,255,590	2,580,804
Change in accrued income	11,713	22,385
Revenue	2,267,302	2,603,189
Rebillable costs	- 60,612	- 68,901
Fee income	2,206,691	2,534,288

Evolution of fee income

In millions of euros

€2,207m

2021/2022

€2,534m

2022/2023

€2,534m | +14.8%

Breakdown of growth composition

Organic growth	External growth	Exchange rate impact
+14.7%	+0.6%	-0.5%

The exchange rate impact mainly comes from an increase against euro of the US dollar, Swiss franc, Singapore dollar, Mexican peso and Brazilian real, and a decrease against Euro of British pound, South African rand, Chinese yuan, Swedish krona, Norwegian Krone, Japanese yen and Egyptian pound.

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 2023/2024 represents by service line the following percentage of total target:

Total	59%
Audit & assurance	81%
Consulting	33%
Financial advisory	11%
Legal	60%
Outsourcing	76%
Sustainability	37%
Tax	53%

4.2 Trade accounts receivable and accrued income

Accounting policies

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

Trade accounts receivable

Trade accounts receivable are measured at amortised cost.

Contract assets

Contract assets result from services provided that have not yet been invoiced. Calculation of the contract assets, 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. A contract asset is valued at its probable sales value (net of taxes).

Loss allowances

Loss allowances for trade receivables and contract assets are measured at an amount equal to lifetime expected credit loss (ECL) applicable under IFRS 9 § 5.5.15. The assessment of ECLs is performed at a country level based on the Group's historical experience and an individual review by partners.

The Group considers a financial asset to be in default when it is more than a year past due except for:

- Cash received within 30 days after year-end closing.
- 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.
- Receivables the ultimate recovery of which is guaranteed by contract.



Note 4: Operating data

As of 31 August 2023, trade accounts receivable, contract assets and contract liabilities were broken down as follows:

In thousand of euros	31 August 2022			31 August 2023		
	Gross	Impairment	Net	Gross	Impairment	Net
Client debtors	501,429	- 53,720	447,710	543,756	- 52,773	490,983
Accrued income	226,555	- 60,022	166,533	217,410	- 29,566	187,844
Payments on account	- 27,723		- 27,723	- 19,319		- 19,319
Contract liabilities	- 22,821		- 22,821	- 21,016		- 21,016
Client debtors and accrued income	677,441	-113,741	563,700	720,830	- 82,339	638,491
Ratio of trade accounts receivable and accrued not billed			24.9%			24.5%

The contract assets primarily relate to the Group's rights to consideration for work completed but not billed at the reporting date. The contract assets are transferred to client debtors when the rights become unconditional. This usually occurs when the Group issues an invoice to the customer.

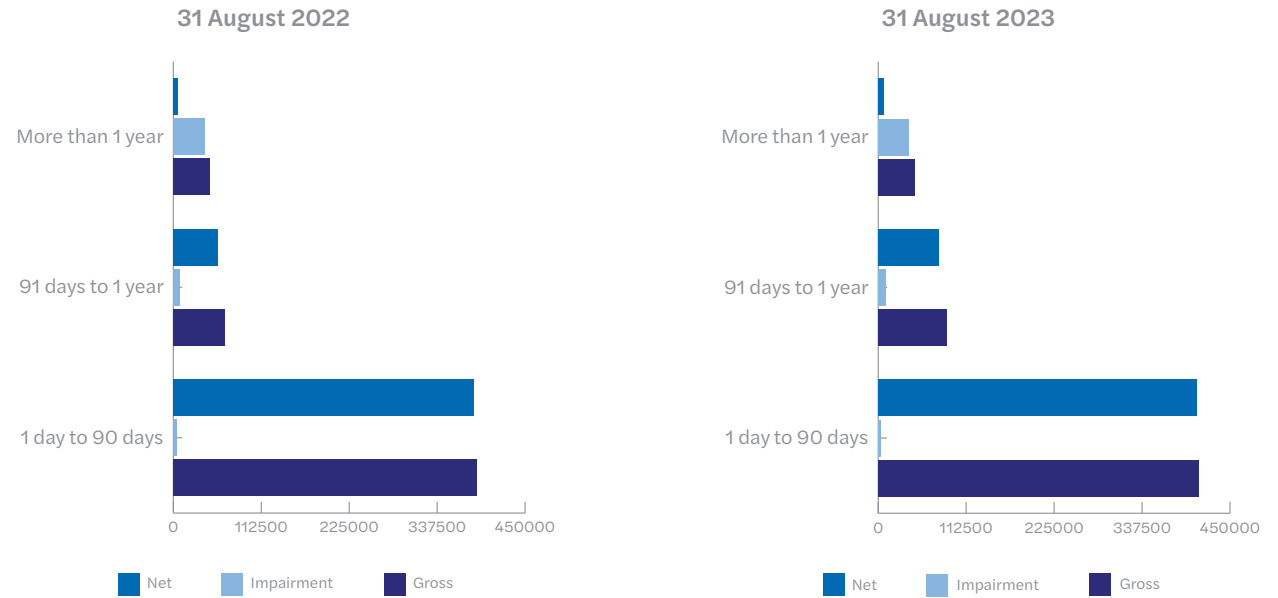
The contract liabilities primarily relate to the advance consideration received from customer for which revenue is recognised over time.

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

In thousand of euros	31 August 2022			31 August 2023		
	Gross	Impairment	Net	Gross	Impairment	Net
1 day to 90 days	388,512	- 4,514	383,998	409,944	- 3,128	406,815
91 days to 1 year	66,291	- 8,797	57,494	87,659	- 10,104	77,554
More than 1 year	46,627	- 40,409	6,218	46,154	- 39,541	6,613
Total	501,429	- 53,720	447,710	543,756	- 52,773	490,983

Note 4: Operating data

As of 31 August 2023, there was no reason to doubt the creditworthiness of receivables due but unimpaired. Almost half of the residual amount of receivables older than one year is composed of French VAT, which is not paid if not collected.



* Impairment: Chart in absolute value

Note 4: Operating data

4.3 Gross margin and direct costs

Accounting policies

Gross margin is derived from fee income less the cost of technical staff (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 97% of internal payroll costs and 3% of subcontracting expenses as follows:

In thousands of euros	2021/2022	2021/2022 Average FTE	2022/2023	2022/2023 Average FTE
Fee income	2,206,691		2,534,288	
Cost of technical staff	- 1,136,283	21,355	- 1,327,289	23,782
Cost of technical subcontracting	- 40,723		- 45,374	
Gross margin	1,029,685		1,161,626	
Gross margin rate	46.7%		45.8%	

The cost of technical staff increased by +16.8% in 2022/2023, slightly higher than the +14.8% fee income increase. Wage increases, bonus schemes, inflation and scarcity of resources are the main reasons behind the pressure on the gross margin.

Note 4: Operating data

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 the surplus of operations:

In thousands of euros	2021/2022	2022/2023
Gross margin	1,029,685	1,161,626
Cost of administrative staff	- 166,621	- 192,635
Other costs	- 311,509	- 372,570
Depreciation, amortisation and impairment	- 25,096	- 18,033
Depreciation, amortisation and impairment - IFRS 16	- 66,174	- 67,018
Surplus of operations	460,286	511,370
Ratio of surplus of operations to fee income	20.9%	20.2%

To support fee income growth of +14.8% over the previous year, the number of administrative personnel has increased by +15.6%. The weight of administrative staff remains stable at 12% of total FTEs.

In thousands of euros	2021/2022	2022/2023
Property costs	- 28,699	- 32,288
Tax, insurance and professional contributions	- 52,595	- 51,893
General services	- 82,739	- 88,890
Other	- 147,475	- 199,499
Other costs	- 311,509	- 372,570

The positions that are increasing most sharply are IT costs, travel, meetings and entertainment, marketing, communication and business development. It is mainly due to the return to normality post-covid.

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.

Notes to the consolidated financial statements

Note 4: Operating data

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	2021/2022	2022/2023
Surplus of operations	460,286	511,370
Amort/imp of client relationships and goodwill	- 15,151	- 15,904
Financing costs	- 9,869	- 18,091
Surplus allocated	435,266	477,375
Ratio of total surplus to fee income	19.7%	18.8%

The detail of the financing costs is as follows:

In thousands of euros	2021/2022	2022/2023
Financing interest	- 4,879	- 8,202
Exchange gains and losses	1,361	- 2,543
Other financial income and expenses	1,858	516
Financing cost - IFRS 16	- 8,209	- 7,862
Financing costs	- 9,869	- 18,091

The increase in the financing interest is mainly reflected by the rise in policy interest rates introduced by the ECB and the FED. French, German and American entities are those that have been most impacted by this interest rate increase.

UK has a very significant increase in exchange losses. This can be explained mainly by the increase of exchange rate on GBP intercompany loans within their foreign subsidiaries.



Note 5: Employee benefits

Accounting policies

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

- The remuneration of partners, and 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).
- 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

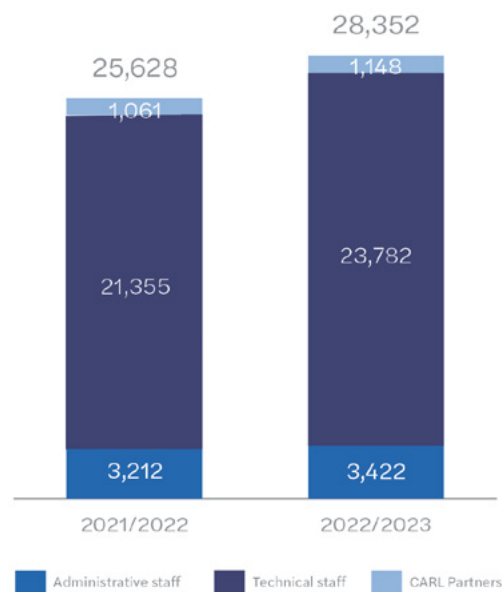
Post-employment benefits comprise lump-sum retirement benefits and complementary pensions (see note 5.2).

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.

Note 5: Employee benefits

5.1 Partners and employees

The group distinguishes between the three following categories of personnel with a total increase in the number from 25,628 in 2021/2022 to 28,352 in 2022/2023 (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

In accordance with the laws and practices of each country, Mazars participates in employee benefit plans offering retirement, death and disability, healthcare, and special termination benefits. These plans provide benefits based on various factors such as length of service, salaries, and contributions made to the governmental bodies responsible for the payment of benefits. These plans can be either defined contribution or defined benefit pension plans and may be entirely or partially funded with investments made in various non-consolidated instruments such as mutual funds, insurance contracts, and other instruments.

Accounting policies

The liabilities of the Group arising from defined benefit obligations, and the related current service cost, are determined using the projected unit credit method. Various assumptions are used in calculating the expenses, liabilities and assets related to the benefit plans. Actuarial advice is provided both by external consultants and by actuaries employed by the Group. Assumptions mainly include the discount rate, the inflation rate and the long-term salary increase rate. Statistical information is mainly related to demographic assumptions such as mortality, employee turnover, disability, and retirement age. The rate of salary increases is determined by each country based on a long-term salary policy and takes into consideration all of the relevant factors including market practices, as well as career development, promotion and seniority, among other inputs. The other assumptions (retirement age, employee turnover, mortality, and disability) reflect the demographic and economic situation of the countries and subsidiaries in which the plans are in force. The actual data (such as inflation, mortality, and real return on assets) may differ from the long-term actuarial assumptions used. The resulting difference is recognized as a gain or loss in other comprehensive income, with no possibility to subsequently recycle them to the income statement. The past service cost is recorded immediately in the statement of income, whether vested or unvested. The net periodic pension cost is recognised under 'Other operating expenses'.

For defined contribution plans, expenses correspond to the contributions paid.

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).

Note 5: Employee benefits

Characteristics of defined benefit plans

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

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

Apart from legally required social security arrangements, the majority of Group employees are eligible for benefits through pension plans in case of retirement, death in service, healthcare, disability and in case of resignation. Those plans are either defined contribution plans or defined benefit plans based on pensionable remuneration and length of service. The Group manages its pension plans by geographic area and the major plans, classified as defined benefit plans under IAS 19, are located in Europe (France, Switzerland, United Kingdom, Italy and Germany), and in the USA. In accordance with applicable legal frameworks, these plans have governing bodies that have a fiduciary responsibility to oversee the management. The main defined benefits schemes and their characteristics are as follows:

France - The French pension system is operated on a 'pay as you go' basis. Besides the basic and complementary pension systems, French law stipulates that employees are paid retirement indemnities in the form of lump sums on the basis of the length of service and final salary, which are considered as defined benefit obligations. In France there are also a defined benefit plan for former partners that has been closed to new members and the vesting period frozen at 31 August 2019, in accordance with government order 201-697 dated 3 July 2019.

In the USA the group provides a defined benefits retirement plan to current and former partners, which is inherited from the former employer Weiser. At retirement date a capital, based on average pensionable earnings before retirement, is paid by several installment. The plan is unfunded, and benefits are paid directly by the Group.

The pension plan in Switzerland is a legal mandatory cash balance plan where contributions are expressed as a percentage of the pensionable salary. The pension plan guarantees the amount accrued on the members' savings accounts, as well as a minimum interest on those savings accounts. At retirement date, the savings accounts are converted into pensions. However, members may opt to receive a part of the pension as a lump sum. The scheme is funded by contributions and accumulated Plan assets are held and managed by a pension fund which operates in the swiss second-pillar pension regulatory framework.

In the UK, the defined benefit pension plan was closed to new entrants during 1995. Accrued pensions are automatically revalued according to inflation, subject to caps. Similarly, pensions in payment are increased annually in line with inflation, subject to caps as applicable. At retirement, there is a lump sum option. Finally, the funding of the UK Pension Fund is defined on the basis of a triennial independent actuarial valuation in accordance with local regulations.

In Germany a pension plan is provided for former partners and closed to new members. In Italy commitments concern the TFR (Trattamento di Fine Rapporto), a legally required end of service allowance, paid regardless of the reason for the employee's departure from the company.

In other countries the group provides retirement lump sums or termination benefits in accordance with local regulations.

Risks associated with defined benefit plans

The main factors that affect the amount of the employee benefit obligation are returns on plan assets, actuarial assumptions (including the discount rate and future inflation), experience adjustments, changes in legislation and plan amendments. An adverse change in one or more of these factors could result in an increase in the amount of the net obligation and consequently require the Group to make additional contributions to make up for the funding shortfall.

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

Note 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:

In thousands of euros	31 August 2023					Total
	United States	Euro zone	United Kingdom	Switzerland	Other countries	
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
Opening liability (asset)	57,575	15,742	2,754	6,235	1,977	84,283
Costs of the period	3,696	1,458	119	2,267	577	8,117
Actuarial gains and losses recognized in OCI	-2,754	-467	1,573	2,353	608	1,313
Effect of Asset ceiling			-1,413			-1,413
Benefits & Contributions paid	-4,858	-1,290	-831	-2,604	-512	-10,096
Change in consolidation scope		127			250	377
Foreign exchange impact	-4,738		32	-1,208	-310	-6,224
Closing liability (asset)	48,922	15,570	2,234	7,042	2,589	76,358
of which - Partners	48,922	8,364		1,389	1,141	59,817
of which - staff		7,206	2,234	5,653	1,448	16,541
Present value of benefit obligations	48,922	18,932	28,528	67,176	3,264	166,823
- Fair value of plan assets		-3,363	-26,587	-60,134	-675	-90,758
+ Asset ceiling			293			293
(*) in the partner compensation	48,922	15,570	2,234	7,042	2,589	76,358

Note 5: Employee benefits

In thousands of euros	31 August 2022					Total
	United States	Euro zone	United Kingdom	Switzerland	Other countries	
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 recognized 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

Note 5: Employee benefits

5.2.2 Expenses recognised

The net expense for the 2022/2023 financial year may be broken down as follows:

In thousands of euros	2022 / 2023					Total
	Euro zone	United Kingdom	Switzerland	United States	Other countries	
Cost of services rendered	995		2,202	1,470	349	5,016
Interest expense	563	1,443	990	2,226	302	5,523
Expected return on plan assets	-100	-1,324	-924		-74	-2,422
Net expense for the period	1,458	119	2,267	3,696	577	8,117
Forex impact		32	-1,208	-4,738	-310	-6,224

In thousands of euros	2021/2022					Total
	Euro zone	United Kingdom	Switzerland	United States	Other countries	
Cost of services rendered	432		2,009	1,337	179	3,957
Interest expense	163	698	53	1,547	182	2,642
Expected return on plan assets	-26	-698	-45		-66	-835
Net expense for the period	570	3,698	2,016	2,883	295	9,462
Forex impact		77	713	8,488	-106	9,172

Note 5: Employee benefits

5.2.3 Actuarial gains and losses

Actuarial gains and losses for the 2022/2023 financial year amounted to a net gain of 99K€ and may be broken down as follows:

In thousands of euros	2022 / 2023					Total
	Euro zone	United Kingdom	Switzerland	United States	Other countries	
Actuarial gains & losses on the DBO	-477	-3,393	1,542	-2,754	133	-4,948
Experience loss gain	136		2,327	-636	237	2,065
Actuarial loss & gain due to change in financial assumptions	-1,334	-2,966	-814	-2,118	-104	-7,336
Actuarial loss & gain due to change in demographic assumptions	721	-427	30			324
Actuarial gains & losses on plan assets	10	4,966	811		475	6,262
Remeasurements recognised in other comprehensive income	-467	1,573	2,353	-2,754	608	1,314
Effect of asset ceiling		-1,413				-1,413
Total remeasurements included in OCI	-467	160	2,353	-2,754	608	-99

Note 5: Employee benefits

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

Globally, actuarial losses on plan assets offset gains generated due to the rise of discount rates.

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 2022					31 August 2023				
	Equities	Bonds	Derivatives	Real Estate	Cash	Equities	Bonds	Derivatives	Real Estate	Cash
Euro zone	30%	70%	0%	0%	0%	30%	70%	0%	0%	0%
United Kingdom	25%	66%	0%	0%	9%	24%	67%	0%	0%	9%
Switzerland	31%	34%	3%	32%	0%	29%	35%	3%	31%	0%

Note 5: Employee benefits

5.2.5 Applicable assumptions and sensitivity analysis

As of 31 August 2023, the financial assumptions retained for the benefit plans applicable to each of the Group's geographical zones were as follows:

	Discount rates 2022	Discount rates 2023	Inflation rates 2022	Inflation rates 2023
United States	4.60%	5.20%	3.00%	3.00%
Euro zone	3.00%	3.65%	2.00%	2.00%
United Kingdom	4.80%	5.20%	3.80%	3.60%
Switzerland	1.80%	2.00%	1.00%	1.30%

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:

In thousands of euros	31 August 2023					Total
	United States	Euro Zone	United Kingdom	Switzerland	Other countries	
Obligation as at 31 August 2021	48,922	18,932	28,528	67,176	3,264	166,823
Impact of an increase of 0.50%	47,111	18,093	26,816	64,906	3,152	160,079
Impact of a decrease of 0.50%	50,851	19,786	30,240	69,702	3,383	173,961
Weighted duration (in years)	7	9	12	7	7	8

Note 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 exist 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).
- 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 consolidated income statement.

Note 6: Intangible assets and property, plant and equipment

Intangible assets may be broken down as follows:

In thousands of euros	31 August 2022	Acquisitions	Amortisations	Disposals	Changes in consolidation scope	Others	Foreign currency gains and losses	31 August 2023
Gross values								
Client relationships	158,762	12,319		- 1,572	2,080	- 2,063	- 4,718	164,807
Goodwill	123,252	8,312		- 130		1,003	- 6,081	126,357
Other intangible assets	68,133	11,810		- 5,753	- 161	133	- 411	73,750
Total	350,147	32,441		- 7,455	1,919	- 927	- 11,210	364,914

In thousands of euros	31 August 2022	Acquisitions	Amortisations	Disposals	Changes in consolidation scope	Others	Foreign currency gains and losses	31 August 2023
Amortisation and provisions								
Client relationships Amort / Impairment	- 100,372		- 10,726	1,271		- 1,318	2,494	- 108,652
Goodwill Amort / Impairment	- 1,829			74		- 284	9	- 2,030
Other intangible assets Amort / Impairment	- 46,206		- 6,409	5,672	162	131	391	- 46,258
Total	- 148,407		- 17,135	7,017	162	- 1,471	2,895	- 156,940

In thousands of euros	31 August 2022	Acquisitions	Amortisations	Disposals	Changes in consolidation scope	Others	Foreign currency gains and losses	31 August 2023
Net values								
Client relationships	58,390	12,319	- 10,726	- 302	2,080	- 3,381	- 2,224	56,156
Goodwill	121,423	8,312		- 56		718	- 6,071	124,327
Other intangible assets	21,927	11,810	- 6,409	- 81	1	264	- 19	27,492
Total	201,740	32,441	- 17,135	- 439	2,081	- 2,398	- 8,315	207,975

Note 6: Intangible assets and property, plant and equipment

Acquisitions of client relationships are mainly explained by the development of France, Germany and USA.

The acquisitions of Goodwill are notably explained by the integration of Samet & Co. in USA.

The acquisitions of other intangible assets mainly correspond to the investment done in the frame of the Global IT platform (Atlas NextGen, Signals), and the investment of Netherlands for Oracle Fusion CRM.

As of 31 August 2022, 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
Amortisations 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

Note 6: Intangible assets and property, plant and equipment

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
Intangible assets - net	193,083	12,938	- 16,707	- 2,202	999	221	13,409	201,740

Client relationships and goodwill by operating segment:

In thousands of euros	31 August 2022		31 August 2023	
	Client relationships	Goodwill	Client relationships	Goodwill
Total Europe	35,733	43,101	36,484	44,454
Europe G4	35,360	42,601	36,284	43,690
Europe without G4	373	500	200	763
North America	10,638	59,558	10,255	62,407
Asia Pacific	10,459	14,185	8,445	13,249
Africa	739	527	376	440
Central Eastern Europe	821		596	
Latin America & the Caribbean		3,792		3,628
Middle East		259		149
Total	58,390	121,423	56,156	124,327

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.

Notes to the consolidated financial statements

Note 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.
- 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

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.

The Group applies IFRS 16 only for the real estate leases because the other types of leases are not material (see Note 6.4).

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



Notes to the consolidated financial statements

Note 6: Intangible assets and property, plant and equipment



IFRS 16 disclosure information:

	In thousand of euros	31 August 2022	31 August 2023
Assets	Right-of-use- IFRS16	509,727	515,594
	Depreciation and cut off	- 156,521	- 204,573
	Net right-of-use - IFRS 16	353,206	311,021
Liabilities	Long Term Debt	318,184	281,935
	Current Debt	59,379	60,494
	Total IFRS 16 debt	377,563	342,429
	Provision	130	132

	In thousand of euros	2021/2022	2022/2023
Income statement	Amortisation of right-of-use	- 66,173	- 67,038
	Interest IFRS 16	- 8,209	- 7,862
	Gain or losses on exchange	19	- 53
	Income or loss from disposal of tangible assets	- 59	- 318
	Expenses	- 74,422	- 75,271

Note 6: Intangible assets and property, plant and equipment

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

In thousands of euros	31 August 2022	IFRS 16 contracts evolution	Acquisitions	Depreciations	Disposals	Changes in consolidation scope	Others	Foreign currency gains and losses	31 August 2023
Gross values									
Right of use - IFRS 16	509,727	22,652	1			- 625	- 123	- 16,037	515,594
Fixtures and fittings	113,309		14,127		- 4,568	141	- 3,063	- 2,835	117,111
Vehicles and other items	6,460		1,832		- 523	154	5	- 236	7,692
Furniture and office equipment	127,400		21,555		- 17,604	371	2,150	- 3,450	130,422
Total	756,895	22,652	37,515		- 22,695	41	- 1,031	- 22,558	770,818

In thousands of euros	31 August 2022	IFRS 16 contracts evolution	Acquisitions	Depreciations	Disposals	Changes in consolidation scope	Others	Foreign currency gains and losses	31 August 2023
Amortisations and provisions									
Right of use - IFRS 16	- 154,876	15,801		- 67,038	19	1,152	73	4,736	- 200,133
Fixtures and fittings	- 58,633			- 8,189	4,275	- 64	905	1,131	- 60,576
Vehicles and other items	- 3,988			- 950	488	- 76	- 5	127	- 4,404
Furniture and office equipment	- 85,122			- 17,102	17,371	- 256	- 238	1,991	- 83,357
Total	- 302,620	15,801		- 93,280	22,153	756	735	7,985	- 348,469

Note 6: Intangible assets and property, plant and equipment

In thousands of euros	31 August 2022	IFRS 16 contracts evolution	Acquisitions	Depreciations	Disposals and reversals	Changes in consolidation scope	Others	Foreign currency gains and losses	31 August 2023
Net values									
Right of use - IFRS 16	354,850	38,453	1	- 67,038	19	527	- 50	- 11,301	315,461
Fixtures and fittings	54,676		14,127	- 8,189	- 293	77	- 2,158	- 1,704	56,535
Vehicles and other items	2,471		1,832	- 950	- 35	78		- 109	3,287
Furniture and office equipment	42,277		21,555	- 17,102	- 233	115	1,912	- 1,459	47,065
Total	454,275	38,453	37,515	- 93,280	- 542	797	- 296	- 14,573	422,349

In total, there were 289 active real state commitments under the IFRS 16 in reporting countries with a Mazars presence. For the 2022/2023 financial year, 54 countries have leased properties that fall within the scope set by the Group.

Notes to the consolidated financial statements

Note 6: Intangible assets and property, plant and equipment

The column “IFRS 16 contracts evolution” represents the new contracts engaged during the year (gross value) minus the end of contracts during the year (gross value and amortisation). The new contracts for the year – IFRS 16 represent a total asset of €38,8m mainly explained in six countries:

New contracts	Total +38.8m
Germany	+9.4m
Sweden	+4.2m
Spain	+3.9m
USA	+3.4m
France	+3.3m
UK	+2.6m
Other countries	+12.0m

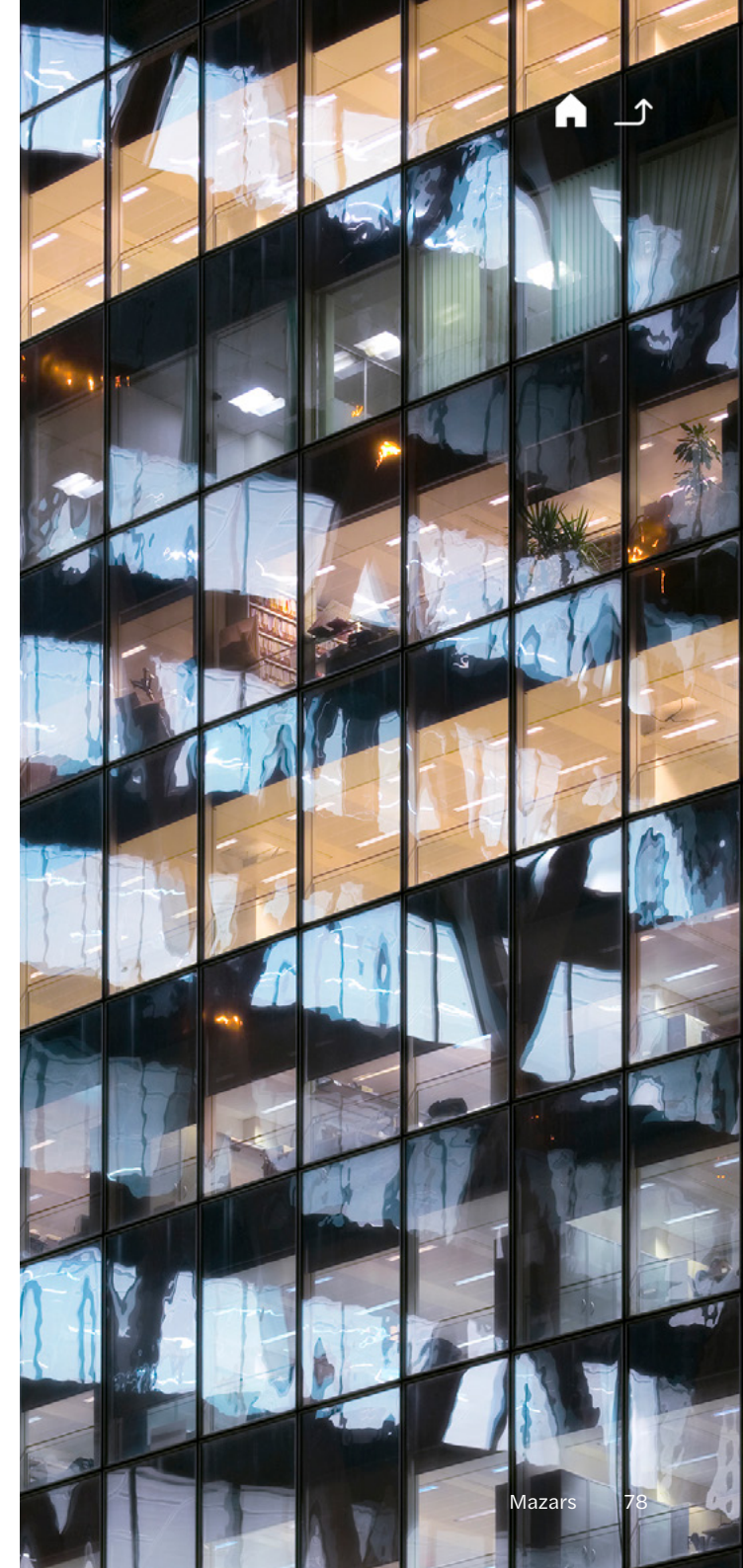
Nevertheless, the depreciation is higher than the amount engaged for the new contracts. Therefore, the total net right-of-use IFRS 16 decreases down to €315.4m. The higher amounts of net right-of-use are in USA, UK, France, Germany, Netherland and Italy: Those 6 countries explain the 75% of the net right-of-use – IFRS 16.

Country	Percentage of the net right-of-use
USA	27.0%
UK	16.0%
France	12.5%
Germany	11.4%
Netherlands	5.4%
Italy	2.6%
Other countries	25.0%

Acquisitions of property, plant and equipment amounting to €37m are essentially related to:

- €9m from France for work carried out in Paris and Lyon and two major orders for IT hardware and equipment.
- €3.3m from Germany principally includes equipment for IT department and network management.
- €2.7m from United States of America for their usual purchases of office supplies for the year.
- €1.4m from United Kingdom for new office in Edinburgh.

For the rest, the purchase of computer equipment and the partial renewal of existing computer infrastructure, as well as the renovation and refurbishment of office premises.



Notes to the consolidated financial statements

Note 6: Intangible assets and property, plant and equipment



6.3 Impairment of intangible assets and property, plant, and equipment

Accounting policies

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

Assets subject to impairment tests are included in cash-generating units (CGUs) corresponding to linked groups of assets which generate identifiable cash flows. The smallest independent 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 CGU 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 unit 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 of 2023 and 2022, no indication of impairment was identified on intangible and tangible assets and no impairment has been accounted for. The annual test on goodwill also concluded that no impairment had to be accounted for.

Note 6: Intangible assets and property, plant and equipment

6.4 Leases

Lease payments under the contracts that are beyond the scope of IFRS 16 are recognised under 'Other costs' in the consolidated income statement, on a straight-line basis over the duration of each contract.

Commitments related to these lease contracts are shown below:

In thousands of euros	31 August 2022	31 August 2023	Less than 1 year	1 year to 5 years	More than 5 years
Cars rental	7,614	8,733	3,387	5,346	
Office equipment	1,100	1,262	440	822	
IT equipment	13,691	15,703	9,644	6,059	
Rent cost (less than 12 months)	18	21			
Minimum rent	22,423	25,719	13,492	12,227	

Note 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;
- 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.

Financial assets and financial liabilities not measured at fair value at the origin are accounted for at nominal value.

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.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management.

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

Borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

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".

Note 7: Financing and financial instruments

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.

Notes to the consolidated financial statements

Note 7: Financing and financial instruments



7.3 Net financial debt

Net debt may be broken down as follows:

In thousands of euros	31 August 2022	31 August 2023
Long-term borrowings - current - IFRS 16	59,379	60,494
Long-term borrowings - non-current - IFRS 16	318,184	281,935
Long-term borrowings - IFRS 16	377,563	342,429
Long-term borrowings - current	36,622	39,233
Long-term borrowings - non-current	62,867	69,390
Long-term borrowings	99,488	108,623
Financial debts	477,051	451,052
Cash and cash equivalents	- 226,726	- 244,329
Current bank financing	8,269	7,617
Net cash	- 218,457	- 236,713
Net borrowings	258,594	214,340
Net debt excluding IFRS 16	- 118,968	- 128,089

Financial debts have decreased by €26m (including the decrease of €35m of IFRS 16 leases) and net borrowings have decreased by €44m.

The net debt excluding IFRS 16 improved by €10m, including an increase of €9m in long-term borrowing.

Notes to the consolidated financial statements

Note 7: Financing and financial instruments



Net debt may be broken down as follows:

By type of instrument and currency (Excluding IFRS 16)

In thousands of euros	Borrowing and other financial liabilities		Net cash position		Net borrowings	
	31 August 2022	31 August 2023	31 August 2022	31 August 2023	31 August 2022	31 August 2023
EUR	51,380	61,967	- 96,919	- 99,955	- 45,539	- 37,988
USD	14,949	11,513	- 15,012	- 25,814	- 62	- 14,301
GBP	2,280	2,389	- 36,928	- 40,678	- 34,647	- 38,289
SGD	1,806	199	- 5,032	- 3,919	- 3,226	- 3,720
ZAR	3,266	2,734	- 2,323	- 2,229	943	505
Other currencies	25,807	29,822	- 62,243	- 64,117	- 36,436	- 34,296
Total	99,488	108,623	- 218,457	- 236,713	- 118,968	- 128,089

Notes to the consolidated financial statements

Note 7: Financing and financial instruments



By cash flow

In thousands of euros	31 August 2022	IFRS 16 contracts evolution	Cash from Loans	Debt redemption	Variations in cash	Change in consolidation scope	Others	Foreign currency gains and losses	31 August 2023
Long-term borrowings - current IFRS 16	59,379	855		- 62,095			64,190	- 1,836	60,494
Long-term borrowings - non-current IFRS 16	318,184	38,379		- 173		608	- 64,365	- 10,698	281,935
Long-term borrowings IFRS 16	377,563	39,234		- 62,268		608	- 174	- 12,534	342,429
Long-term borrowings - current	36,622		7,168	- 18,884		628	13,987	- 286	39,233
Long-term borrowings - non-current	62,867		28,165	- 5,356			- 13,592	- 2,693	69,390
Long-term borrowings	99,488		35,333	- 24,240		628	395	- 2,979	108,623
Financial debts	477,051	39,234	35,333	- 86,508		1,236	220	- 15,513	451,052
Cash and cash equivalents	- 226,726				- 24,516	- 910		7,822	- 244,329
Current bank financing	8,269				- 351	10		- 312	7,617
Net cash	- 218,457				- 24,866	- 900		7,511	- 236,713
Net borrowings	258,594	39,234	35,333	- 86,508	- 24,866	335	220	- 8,002	214,340
Net debt excluding IFRS 16	- 118,968		35,333	- 24,240	- 24,866	- 273	395	4,531	- 128,089

IFRS 16 contracts evolution represents the new contracts and the end of agreements during the year 2022/2023.

Financial debts have decreased by €26m as the IFRS 16 debt decreased by €35m and the long-term borrowing increased by €9m.

The €35m of cash from loans mainly reflects the new borrowings for:

- €11.8m by France, corresponding to bonds issue and €2.5m for financing the external growth.
- €8m by Germany, corresponding to acquisition of stakeholder reporting entity.
- €2.5m by Mexico, corresponding to HSBC long term facility to finance the development and the working capital requirements.
- €2m by Hong Kong, corresponding the refinancing of a short-term debt.

The €24m decrease in bank loans mainly reflects the repayment of €9m by France, €2m by the United States and €1m by Sweden.

Notes to the consolidated financial statements

Note 7: Financing and financial instruments

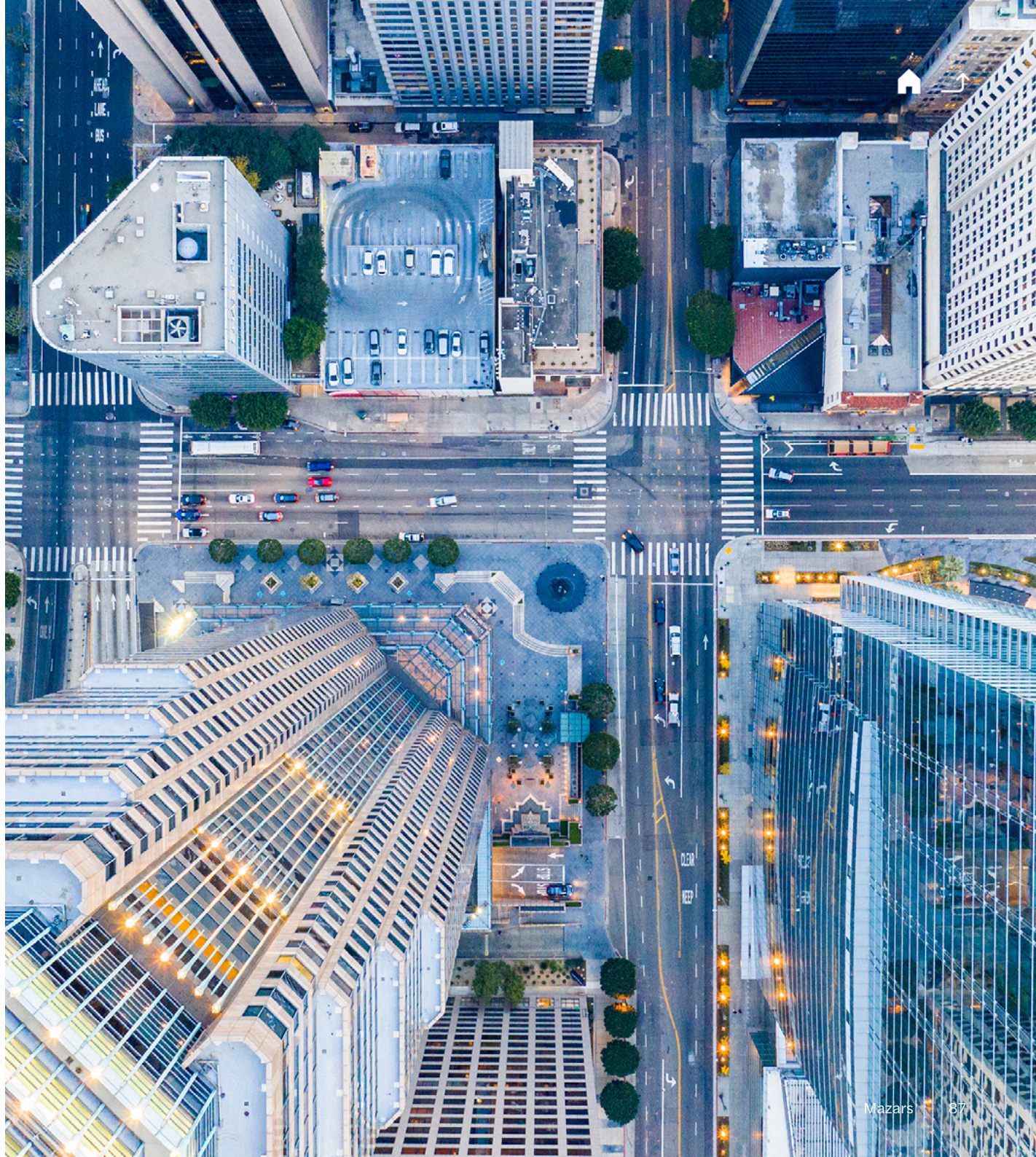


By maturities

In thousands of euros	31 August 2023	Current	Non current	2 to 5 years	+5 years
Long-term borrowings - current - IFRS 16	60,494	60,494			
Long-term borrowings - non-current - IFRS 16	281,935		281,935	225,606	56,329
Long-term borrowings - IFRS 16	342,429	60,494	281,935	225,606	56,329
Long-term borrowings - current	39,233	39,233			
Long-term borrowings - non-current	69,390		69,390	45,434	23,956
Long-term borrowings	108,623	39,233	69,390	45,434	23,956
Financial debts	451,052	99,727	351,326	271,040	80,285
Cash and cash equivalents	- 244,329	- 244,329			
Current bank financing	7,617	7,617			
Net cash	- 236,713	- 236,713			
Net borrowings	214,340	- 136,986	351,326	271,040	80,285
Net debt excluding IFRS 16	- 128,089	- 197,479	69,390	45,434	23,956

By operating segment (excluding IFRS 16)

In thousands of euros	31 August 2022	31 August 2023
Total Europe	- 87,692	- 82,238
Europe G4	- 43,611	- 31,699
Europe without G4	- 44,082	- 50,540
North America	10,249	- 7,282
Asia Pacific	- 23,882	- 20,758
Africa	- 6,146	- 5,256
Central Eastern Europe	- 10,009	- 11,158
Latin America & the Caribbean	2,661	3,228
Middle East	- 4,149	- 4,625
Net borrowings	- 118,968	- 128,089



Notes to the consolidated financial statements

Note 7: Financing and financial instruments



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 2022	Acquisitions	Amortisations / Reversal	Reimbursements	Accounting method change	Changes in consolidation scope	Others	Foreign currency gains and losses	31 August 2023
Gross values									
Shares in non-consolidated companies	1,161	7,980		- 1,624		- 3,049	- 475	- 19	3,975
Loans	967	321		- 640		110	- 239	420	939
Deposits & guarantees	6,801	640		- 849	- 16	35	- 1	- 360	6,249
Other long-term investments	9,260	703		- 1,016		2	- 781	- 55	8,113
Total	18,190	9,643		- 4,129	- 16	- 2,903	- 1,496	- 13	19,276

In thousands of euros	31 August 2022	Acquisitions	Amortisations / Reversal	Reimbursements	Accounting method change	Changes in consolidation scope	Others	Foreign currency gains and losses	31 August 2023
Depreciations									
Shares in non-consolidated companies	- 231		923				- 813	3	- 118
Loans									
Deposits & guarantees	- 8							1	- 8
Other long-term investments	- 499		2					13	- 484
Total	- 737		924				- 813	17	- 609

In thousands of euros	31 August 2022	Acquisitions	Amortisations / Reversal	Reimbursements	Accounting method change	Changes in consolidation scope	Others	Foreign currency gains and losses	31 August 2023
Net values									
Shares in non-consolidated companies	931	7,980	923	- 1,624		- 3,049	- 1,288	- 15	3,858
Loans	967	321		- 640		110	- 239	420	939
Deposits & guarantees	6,793	640		- 849	- 16	35	- 1	- 359	6,241
Other long-term investments	8,761	703	2	- 1,016		2	- 781	- 42	7,629
Total	17,453	9,643	924	- 4,129	- 16	- 2,903	- 2,309	3	18,666

Notes to the consolidated financial statements

Note 7: Financing and financial instruments



As of 31 August 2022, other non-current assets may be broken as follows:

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



Notes to the consolidated financial statements

Note 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.

Notes to the consolidated financial statements

Note 8: Shareholders' equity and partnership financing



Total partnership financing may be broken down as follows:

In thousands of euros	31 August 2022	Increases	Decreases	Amortisations	Changes in consolidation scope	Others	Recycling to profit and loss	Foreign currency gains and losses	31 August 2023
Shareholder's equity of operating entities	84,233				- 326	4,811		- 1,993	86,725
Blocked current account balances	124,242	10,965			322	- 7,697		- 3,059	124,772
Bond issues	27,296	9,593	- 1,652			1,279		- 83	36,433
Other comprehensive income	- 12,502				21	- 74	1,396	708	- 10,451
Currency translation adjustments	5,973				607	- 147		- 3,514	2,919
Partnership financing	229,242	20,559	- 1,652		624	- 1,829	1,396	- 7,941	240,399
Provisions for post-employment benefits	35,741			5,661	- 7	- 805	- 1,416	- 1,857	37,317
Deferred tax (net)	- 12,786		- 3,289		- 41	- 496	- 371	74	- 16,908
Partnership financing - non-current	252,197	18,428	- 4,941	5,661	576	- 3,129	- 391	- 9,725	260,807
Partnership financing - current	228,150	8,106	- 8,825	- 651	- 1,201	20,506		- 7,374	238,711
Reserves for future business investments	19,870	10,000	- 5,623						24,247
Total partnership financing	500,217	36,534	- 19,389	5,010	- 624	17,377	- 391	- 17,099	523,765

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.

€0.4m of the change in "Other comprehensive income" (see note 9.1) relates to non-partners.

The effect of the exchange rate included in "Provisions" is attributable to the increase in the applicable discount rate (cf. note 5.2.5).

As of 31 August 2023, "post-employment and similar obligations towards partners" includes €9.2m of retirement benefits for French partners payable when they retire.

Notes to the consolidated financial statements

Note 9: Provisions and contingent liabilities



9.1 Provisions

Accounting policies

Litigation is kept under regular review, on a case-by-case basis, by the Legal Department of each Member firm or by the Group's Legal Department, drawing on the help of external legal consultants in the most significant or complex cases.

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.
- 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 2022	Additions	Reversals	Changes in consolidation scope	Revaluation OCI	Others	Foreign currency gains and losses	31 August 2023
Professional risks	9,535	4,222	- 2,428			62	57	11,448
Post-employment benefit liabilit. except partners	59,999	3,025	- 8,605	54	416	4,601	- 2,705	56,785
Vacant properties	6,381	430	- 3,334				- 81	3,397
Other risks	21,321	4,726	- 5,565	26		- 532	- 143	19,833
Total	97,236	12,403	- 19,931	80	416	4,132	- 2,872	91,463

Notes to the consolidated financial statements

Note 9: Provisions and contingent liabilities

Post-employment benefit liabilities (except for partners) include €57m 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 2023	Current portion	Non-current portion
Professional risks	11,448	11,303	145
Post-employment benefit liabilit. except partners	56,785	7,189	49,597
Vacant properties	3,397	984	2,413
Other risks	19,833	12,692	7,141
Total	91,463	32,167	59,296

The balance of €11.3m of professional risks can be explained principally by:

- €5.7m from UK, for potential legal claims against the firm regarding work carried out or advice provided.
- €4.3m from France for legal expenses (clients and employees claims).

The balance of €12.7m for other risks current part principally corresponds to:

- €5.1m from France
- €3m from Germany

The non-current part of other risks for €7.1m corresponds mainly to Germany and Spain.

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 2023, 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 2023, any such risks have not been judged material.



Notes to the consolidated financial statements

Note 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 2022	31 August 2023
Social security receivables	3,647	3,180
Tax receivables	25,841	26,522
Current accounts and other receivables	31,085	23,386
Prepaid expenses	39,629	47,703
Unrealised foreign exchange losses	372	107
Total	100,575	100,898

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 2022	31 August 2023
Trade and other payables	223,706	274,163
Payroll liabilities	166,494	186,372
Tax payable	86,091	92,669
Total	476,291	553,204



Note 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	2021/2022	2022/2023
Tax payable by partners	20,034	22,881
Tax payable by the Group	8,040	6,589
Tax payable by Mazars SC		
Total	28,073	29,470

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	2021/2022	2022/2023
Deferred tax assets	14,869	19,088
Deferred tax liabilities	- 2,083	- 2,179
Total	12,786	16,908

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).

12.1 Net cash generated by operating activities

Net cash generated by operating activities amounted to €105.1m (compared with €72.5m as of 31 August 2022) and comprises:

- €100m self-financing capacity, plus
- €5m of increase in working capital requirements.

12.2 Net cash used in investing activities

The main components of the net cash outflows of €71.3m (against €46.9m as of 31 August 2022) for investment comprise:

- The acquisition of intangible assets mainly in the form of IT equipment, client relationship and computer software purchased or developed (see note 6.1).
- The acquisition of property, plant, and equipment mainly in the form of computer equipment, partial renewal of computer infrastructure and the renovation and refurbishment of office premises (see note 6.2).
- The acquisition of non-current financial assets in the form of deposits and guarantees (see note 7.4).

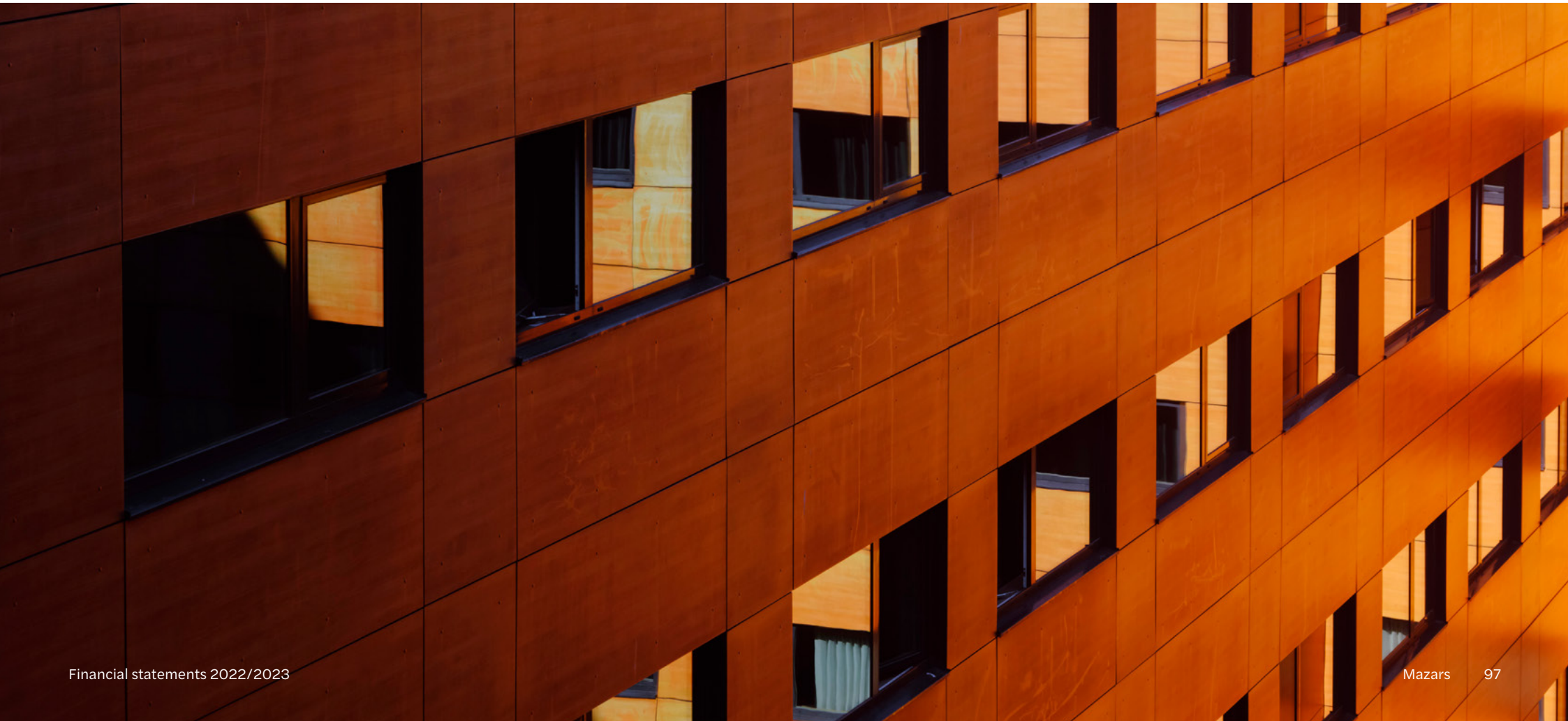
12.3 Net cash from financing activities

The main components of the net cash outflows of €8.1m (against €17.2m as of 31 August 2022) for financing activities comprises:

- €41.9 increase of partnership financing in the form of deferred remuneration (see note 8.2).
- €35.3m in new borrowings to finance both development and investment, €24.4m for repayment of bank loans (see note 7.3).
- €62.3m 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 €14.5m for the 2022/2023 financial year including €4.6m 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 IAS 24.



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 2022	31 August 2023
Guarantees provided	23,616	20,384



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 2022/2023 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.

Consolidated income statement

In thousands of euros	2021/2022			2022/2023		
	Consolidated	ZhongShen ZhongHuan	Pro forma	Consolidated	ZhongShen ZhongHuan	Pro forma
Revenue	2,267,302	245,134	2,512,436	2,603,189	236,279	2,839,468
Rebillable costs	- 60,612		- 60,612	- 68,901		- 68,901
Fee income	2,206,691	245,134	2,451,824	2,534,288	236,279	2,770,567
Cost of technical staff	- 1,177,006	- 131,052	- 1,308,057	- 1,372,662	- 126,118	- 1,498,780
Gross margin	1,029,685	114,082	1,143,767	1,161,626	110,161	1,271,787
Cost of administrative staff	- 166,621	- 10,022	- 176,643	- 192,635	- 12,429	- 205,064
Other costs	- 311,509	- 59,363	- 370,872	- 372,570	- 54,241	- 426,811
Depreciation, amortisation and impairment	- 91,269		- 91,269	- 85,051		- 85,051
Surplus of operations	460,286	44,697	504,983	511,370	43,491	554,861
Amort'n/imp't of client relationships and goodwill	- 15,151		- 15,151	- 15,904		- 15,904
Financing costs	- 9,869		- 9,869	- 18,091		- 18,091
Surplus allocated	435,266	44,697	479,962	477,375	43,491	520,866
Surplus allocated for future business investments	- 10,000		- 10,000	- 10,000		- 10,000
Surplus allocated to partners	- 425,227	- 44,697	- 469,924	- 467,341	- 43,491	- 510,832
Pre-tax result	39		39	34		34
Corporate income tax						
Post-tax result	39		39	34		34

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

Pro forma weighted average full-time equivalent employees

	2021/2022			2022/2023		
	Consolidated	ZhongShen ZhongHuan	Pro forma	Consolidated	ZhongShen ZhongHuan	Pro forma
CARL Partners	1,061	58	1,119	1,148	49	1,197
Technical and administrative staff	24,567	4,974	29,541	27,204	5,069	32,273
Total	25,628	5,032	30,660	28,352	5,118	33,470

Independent auditor's report

To the Partners of Mazars SC

In compliance with the terms of our engagement letter dated on September, 4th 2023, we have audited the consolidated financial statements of Mazars SC and the entities that form the Mazars organisation (the "Partnership"), which comprise the statement of financial position as at 31 August 2023 showing a total consolidated balance sheet of € (000) 1.632.707, and the income statement showing a consolidated allocated surplus of € (000) 477.375, 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 2023 and of its financial performance and cashflows 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 Auditor's 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 (IESBA) and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Group Executive Board's Responsibilities for the Consolidated Financial Statements

The Groups 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 controls 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.

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



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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 judgement and maintain professional scepticism throughout the planning and performance of the audit.

We also:

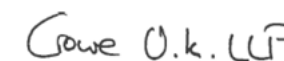
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of 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 Partnership to express an opinion on the consolidated financial statements.

Brussels and London, 22 November 2023



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Mazars is an internationally integrated partnership, specialising in audit, accountancy, advisory, tax and legal services*. Operating in over 100 countries and territories around the world, we draw on the expertise of more than 50,000 professionals – 33,000+ 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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