

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AND NOTES

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Unless stated otherwise, the amounts presented are in millions of euros, rounded to the nearest million. In general, the amounts presented in the consolidated financial statements and related notes are rounded to the nearest unit. This may result in a non-material difference between the sum of the rounded amounts and the reported total. All ratios and variances are calculated using the underlying amounts rather than the rounded amounts.

Consolidated income statement

<i>(€ in million)</i>	Notes	1st semester 2020	1st semester 2021
Revenue	4	917	824
Operating expense	4	(1,143)	(944)
EBITDA	4	(227)	(120)
Depreciation, amortization and provision expenses		(137)	(118)
EBIT		(363)	(239)
Share of losses of associates and joint ventures	5	(353)	(213)
EBIT including share of losses of associates and joint ventures		(716)	(451)
Other income and expenses	6	(1,000)	585
Operating (loss)/profit		(1,716)	134
Net financial expense	9	(52)	(53)
Income tax	10	(5)	3
(Loss)/profit from continuing operations		(1,774)	84
(Loss)/profit from discontinued operations	3	260	(14)
Net (loss)/profit of the period		(1,514)	69
• Group share		(1,512)	67
from continuing operations		(1,772)	81
from discontinued operations		259	(14)
• Minority interests		(2)	3
from continuing operations		(2)	3
from discontinued operations		0	-
Basic earnings per share (in euros)			
Earnings per share from continuing operations		(6.74)	0.18
Earnings per share from discontinued operations		0.97	(0.05)
Basic earnings per share		(5.78)	0.12
Diluted earnings per share (in euros)			
Diluted earnings per share from continuing operations		(6.74)	0.18
Diluted earnings per share from discontinued operations		0.97	(0.05)
Diluted earnings per share	11	(5.78)	0.12

Consolidated statement of comprehensive income

<i>(€ in million)</i>	Notes	1st semester 2020	1st semester 2021
Net profit of the period		(1,514)	69
Currency translation adjustments	11	(93)	82
Effective portion of gains and losses on cash flow hedges	11	(27)	7
Currency translation adjustments from discontinued operations	11	(10)	0
Items that may be reclassified subsequently to profit or loss		(130)	89
Changes in the fair value of non-consolidated investments	11	(15)	(45)
Actuarial gains and losses on defined benefit plans	11	2	3
Actuarial gains and losses from discontinued operations	11	0	0
Items that will not be reclassified to profit or loss		(14)	(42)
Other comprehensive income, net of tax		(143)	48
Total comprehensive income of the period		(1,657)	117
• Group share		(1,655)	113
• Minority interests		(2)	3

Consolidated statement of financial position

Assets

<i>(€ in million)</i>	Notes	Dec. 2020 (*)	June 2021
Goodwill	7	1,807	1,862
Other intangible assets	7	2,720	2,733
Property, plant and equipment	7	242	241
Right-of-use assets	7	377	348
Investments in associates and joint ventures	5	1,168	1,011
Other non-current financial assets	9	170	637
Non-current financial assets		1,337	1,648
Deferred tax assets	10	173	171
Contract assets		201	217
Other non-current assets		3	3
Non-current assets		6,860	7,223
Inventories	4	21	9
Trade receivables	4	534	574
Other current assets	4	222	284
Current financial assets	9	38	52
Cash and cash equivalents	9	2,474	1,669
Current assets		3,289	2,588
Assets classified as held for sale	3	395	483
TOTAL ASSETS		10,544	10,294

(*) Restated amounts following the provisional purchase price allocation of sbe acquired in 2020 (see Note 7.1)

Equity and Liabilities

<i>(€ in million)</i>	Notes	Dec. 2020 (*)	June 2021
Share capital	11	784	786
Additional paid-in capital and reserves	11	4,294	2,335
Net profit of the year		(1,988)	67
Ordinary shareholders' equity		3,091	3,187
Perpetual subordinated bonds	11	1,000	1,000
Shareholders' equity - Group share		4,091	4,187
Minority interests	11	66	69
Shareholders' equity		4,157	4,256
Long-term financial debt	9	2,473	2,436
Long-term lease debt	9	314	288
Deferred tax liabilities	10	513	529
Non-current provisions	8	132	127
Non-current contract liabilities		23	24
Non-current liabilities		3,456	3,404
Trade payables	4	327	361
Current liabilities	4	579	567
Current provisions	8	423	443
Current contract liabilities		205	207
Short-term financial debt	9	969	598
Short-term lease debt	9	102	98
Current liabilities		2,606	2,275
Liabilities associated with assets classified as held for sale	3	326	359
TOTAL EQUITY AND LIABILITIES		10,544	10,294

(*) Restated amounts following the provisional purchase price allocation of sbe acquired in 2020 (see Note 7.1)

Consolidated statement of cash flows

(€ in million)	Notes	1st semester 2020	1st semester 2021
+ EBITDA	4	(227)	(120)
+ Cost of net debt	9	(28)	(40)
+ Income tax paid		1	(6)
- Non-cash revenue and expense included in EBITDA		63	29
- Reversal of provisions included in net financial expense and non-recurring taxes		-	(0)
+ Dividends received from associates and joint ventures		6	-
+ Funds from operations of discontinued operations	3	12	0
= Funds from (used in) operations		(173)	(137)
+ Decrease (increase) in operating working capital	4	(187)	(48)
+ Decrease (increase) in operating working capital of discontinued operations	3	(24)	-
+ Decrease (increase) in contract assets and liabilities		(14)	(8)
= Net cash from (used in) operating activities (before non-recurring items)		(399)	(192)
+ Cash received (paid) on non-recurring items (incl. related taxes)		(70)	(55)
+ Cash received (paid) on non-recurring items of discontinued operations		(1)	(0)
= Net cash from (used in) operating activities (A)		(469)	(248)
- Renovation and maintenance expenditure		(34)	(20)
- Development expenditure		(46)	(242)
+ Proceeds from disposals of assets		1,076	249
+ Net cash flows used in investing activities of discontinued operations	3	(7)	-
= Net cash from (used in) investing activities (B)		990	(13)
+ Repayment of perpetual subordinated bonds	11	(127)	-
+ Increase (decrease) of rights granted over share capital		(1)	(1)
- Dividends paid		(0)	(1)
- Coupons on perpetual subordinated bonds		(34)	(35)
- Repayment of long-term debt		(17)	(2)
+ New long term debt		3	9
= Increase (decrease) in long-term debt		(175)	(30)
+ Share buyback program	11	(300)	-
+ Increase (decrease) in short-term debt		148	(475)
+ Repayment of lease liability		(48)	(44)
+ Net cash flows used in financing activities of discontinued operations	3	1	-
= Net cash flows from (used in) financing activities (C)		(374)	(549)
+ Effect of changes in exchange rates (D)		14	(10)
+ Effect of changes in exchange rates on discontinued operations (D)	3	(30)	-
= Net change in cash and cash equivalents (E) = (A) + (B) + (C) + (D)		130	(819)
- Cash and cash equivalents at beginning of period		2,236	2,419
- Effect of changes in fair value of cash and cash equivalents		0	15
- Reclassification of cash and cash equivalents from assets held for sale		2	-
- Net change in cash and cash equivalents from assets held for sale		3	(9)
- Net change in cash and cash equivalents for discontinued operations		54	-
+ Cash and cash equivalents at end of period		2,426	1,605
= Net change in cash and cash equivalents		130	(819)

Consolidated changes in equity

(€ in million)	Number of shares	Share capital	Additional paid-in capital	Currency translation reserve	Retained earnings	Equity Group share	Minority interests	Total Equity
Balance at January 1, 2020	270,932,350	813	1,943	(163)	4,237	6,830	148	6,978
Capital increase	(10,080,841)	(30)	(268)	-	(2)	(301)	0	(301)
Dividends paid		-	-	-	(0)	(0)	(0)	(0)
Share-based payments		-	-	-	13	13	-	13
Perpetual subordinated bonds		-	-	-	(160)	(160)	-	(160)
Effects of scope changes		-	-	-	(22)	(22)	(64)	(86)
Transactions with shareholders	(10,080,841)	(30)	(268)	-	(171)	(470)	(64)	(534)
Net profit of the period		-	-	-	(1,512)	(1,512)	(2)	(1,514)
Other comprehensive income		-	-	(102)	(40)	(143)	(1)	(143)
Total comprehensive income		-	-	(102)	(1,553)	(1,655)	(2)	(1,657)
Balance at June 30, 2020	260,851,509	783	1,675	(265)	2,513	4,705	81	4,787

(€ in million)	Number of shares	Share capital	Additional paid-in capital	Currency translation reserve	Retained earnings	Equity Group share	Minority interests	Total Equity
Balance at January 1, 2021	261,382,728	784	1,675	(480)	2,112	4,091	66	4,157
Capital increase	456,316	1	0	-	(2)	(1)	(0)	(1)
Dividends paid		-	-	-	0	0	(1)	(1)
Share-based payments		-	-	-	18	18	-	18
Perpetual subordinated bonds		-	-	-	(35)	(35)	-	(35)
Effects of scope changes		-	-	-	0	0	0	1
Transactions with shareholders	456,316	1	0	-	(18)	(17)	(1)	(17)
Net profit of the period		-	-	-	67	67	3	69
Other comprehensive income		-	-	81	(34)	47	1	48
Total comprehensive income		-	-	81	33	113	3	117
Balance at June 30, 2021	261,839,044	786	1,675	(399)	2,126	4,187	69	4,256

Notes to the interim condensed consolidated financial statements

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Note 1. Basis of preparation

The interim condensed consolidated financial statements of Accor Group for the six months ended June 30, 2021 were examined by the Board of Directors on July 28, 2021.

1.1. Accounting framework

The interim condensed consolidated financial statements have been prepared in accordance with IAS 34 *Interim financial reporting*. Accordingly, the interim financial report does not include all the information and disclosures required in an annual report and should be read in conjunction with the Group's annual report for the year ended December 31, 2020.

The accounting policies applied are consistent with those of the previous financial year, except for the adoption of new standards and amendments effective at January 1, 2021 as set out below. The specific measurement principles applied in the interim reporting period are described in Note 4.4 for employee benefits and Note 10 for income tax.

1.2 Evolution of accounting framework

1.2.1 New standards and amendments adopted by the Group

The adoption of amendments to IAS 39, IFRS 7 and IFRS 9 *Interest Rate Benchmark Reform (phase 2)*, which are mandatorily effective for periods beginning from January 1, 2021, had no impact on the Group's interim condensed consolidated financial statements. These amendments provide a practical expedient to account for contractual changes that are required by the Interest Rate Benchmark ("IBOR") Reform.

Accor identified a limited number of financial instruments that are affected by the IBOR Reform. The Group has a variable financial debt based on 3-month US Libor rate, acquired as part of sbe's takeover in November 2020, which had not been amended yet. At June 30, 2021, the carrying amount of this debt is €42 million. Besides, two derivative instruments are based on Euribor, which has been considered compliant by the European regulator as part of IBOR reform: a swap, maturing in October 2026, fixing the mortgage loan rate set-up for the acquisition of the Group's head office, as well as a floor on this swap, maturing in October 2021. The Group also subscribed to a Cross Currency Swap, maturing in December 2028, to hedge a AUD 900 million intragroup loan, based on 3-month Euribor and BBSW ("Bank Bill Swap rate"), the Australian reference rate. As part of the IBOR Reform, the Euribor and BBSW will continue to be issued in their revised version.

The implementation of IBOR Reform is not expected to have a significant impact on the Group's consolidated financial statements.

1.2.2 Future standards, amendments and interpretations

The Group has not opted for the early application of any other standards, amendments or interpretations applicable after January 1, 2021, regardless of whether they were adopted by the European Union.

On March 31, 2021, the IASB issued an amendment that extends by one year the provisions of the amendment to IFRS 16 *Covid-19 Related Rent Concessions* issued in May 2020, which was early adopted by the Group in its consolidated financial statements for the year 2020. At the date of issuance of the interim condensed consolidated financial statements, this amendment, which is effective for financial years beginning on or after April 1st, 2021 with retrospective application, has not been endorsed by the European Union. The Group does not expect the application of this amendment to result in a significant impact on its consolidated financial statements.

In April 2021, the IFRS Interpretations Committee issued its final decision *Attributing Benefit to Periods of Service* (IAS 19), which provides clarifications on how to determine the periods to which retirement benefit is attributed in some defined benefit plans. The Group identified some collective bargaining agreements that could be affected by this decision. Analyzes are in progress to determine the impacts on the Group's consolidated financial statements.

1.3 Use of estimates and judgments

The preparation of the interim condensed consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at closing date, income and expenses of the period and accompanying disclosures. Management also needs to exercise judgement in applying the Group's accounting policies. Ultimate results may differ from these estimates, due to changes in facts and circumstances.

The estimates and assumptions used are reviewed on an on-going basis, based on historical experience and all other factors considered to be decisive given the environment and circumstances.

The main areas that involved significant estimates and a high degree of judgment for the preparation of the interim condensed consolidated financial statements are:

- The measurement of the fair value of consideration transferred and intangible assets acquired in business combinations,
- The measurement of the recoverable amounts of goodwill and other non-current assets,
- The measurement of the recoverable value of equity-accounted investments,
- The assessment of lease term and measurement of lease liability,
- The measurement of variable considerations from contracts with hotel owners,
- The assessment of available future taxable profits over which deferred tax assets can be utilized,
- The measurement of the fair value of financial assets.

Note 2. Significant events in the current period

2.1 Impacts of the Covid-19 health crisis

Impacts on the Group's activities

Since early 2020, the spread of the Covid-19 pandemic and related containment measures initiated by the governments (travel bans, border closings and stay-at-home directives) sharply affected the travel and hospitality industries. Over the first semester 2021, the Group's operations continued to be heavily impacted. « RevPAR » (revenue per available room) for Accor branded hotels decreased by (60)% compared to 2019, whereas it was down by (59)% over the first semester 2020 compared to 2019. In the first half of the year, nearly 85% of the Group's network is open. The occupancy rate, steadily increasing, reaches 34%. It was 15% over the second quarter 2020, which corresponds to the peak of the crisis.

Over the period, consolidated revenue amounted to €824 million, compared to €917 million over the comparative period (see Note 4.1). It is down by 57.2% compared to reported revenue of €1,926 million for the first semester 2019, considered as a reference period by the Group.

Cash management and going concern basis

Over the semester, Accor pursued and strengthened the mitigation measures initiated in 2020 to adapt its variable costs to the drop in business and preserve its liquidity position. The Group maintained furloughing and partial unemployment measures and increased its efforts in terms of reduction in sales and marketing expenses and recurring investments.

Accor has a strong financial position, with net cash and cash equivalent totaling €1,631 million at June 30, 2021, after the redemption of the €550 million outstanding amount of the €900 million bond issued in February 2014, matured in February 2021 (see Note 9.2). Considering the expected maturities of financial liabilities, and assuming a level of operating cash outflows equivalent to the one of the last twelve months, the net cash and cash equivalent position of the Group is more than sufficient to cover at least twelve months of operations, and thus face a potential prolongation of the crisis.

Besides, the Group has two undrawn credit facilities for a total of €1,760 million. On February 8, 2021, Accor obtained a one-year extension of the covenant holiday for the €1,200 million revolving credit facility concluded on June 2018. Accordingly, the covenant will not be tested until June 30, 2022. On April 19, 2021, the Group exercised the first 6-month extension option on the 12-month revolving credit facility of €560 million, concluded in May 2020, thus extending the maturity to November 2021. The Group has a second 6-month extension option. This revolving credit facility is covenant free.

Based on the above, and although there are still uncertainties on how the health crisis will impact the Group's operations in future periods, at the date of authorization of the interim condensed consolidated financial statements at June 30, 2021, the Group concluded that there was no material uncertainty that may cast significant doubt on its ability to continue to operate as a going concern for, at least, the next twelve months.

Other impacts on the Group's interim condensed consolidated financial statements

The Group reviewed the value of its non-current assets (see Note 7.3). Regarding goodwill and brands, the Group did not identify any indication of a decrease in the recoverable values compared to December 31, 2020. The Group's projections remain consistent with those used for the impairment tests conducted in 2020. Regarding hotels management contracts and equity-accounted investments, the Group conducted impairment tests, on a case-by-case basis, based on a review of impairment indicators. This analysis led the Group to recognize impairment losses for €23 million in the consolidated income statement for the period, presented in other income and expenses (see Note 6), including €17 million for equity-accounted investments and €6 million for hotel management contracts.

Besides, Accor did not identify any indication of a material increase in the credit risk of its main customers since December 31, 2020. Over the semester, the Group did not recognize any significant additional loss allowance for expected credit losses on its trade receivables. The Group did not identify either any fact or circumstance that would cast significant doubts on the recoverability of its deferred tax assets.

2.2. Other significant events

Other significant events that occurred during the period are:

- The takeover of Mama Shelter in May 2021 (see Note 3.1.1)
- The partial disposal of Huazhu Group Ltd shares in February 2021 (see Note 3.1.2)
- The subscription to two capital increases of AccorInvest for a total of €154 million in January and March 2021 (see Note 3.1.3)
- The incorporation and Initial Public Offering of a SPAC « Special Purpose Acquisition Company » in June 2021 (see Note 3.1.3)
- The implementation of the Group's new organization leading to a change in segment information (see Note 4.1)

Note 3. Group Structure

3.1 Changes in the scope of consolidation

3.1.1 Acquisitions for the period

On May 4, 2021, Accor, which then owned 70% of the share capital and voting rights of Mama Shelter, acquired the 30% remaining stake for €30 million (including a €15 million deferred payment due in 2022), increasing its ownership to 100% of the share capital and voting rights of the company. The consideration transferred amounts to €74 million taking into account the remeasurement to fair value of the previously held equity investment for €44 million. The provisional goodwill amounts to €55 million. Its allocation will be completed within the 12-month measurement period following acquisition date.

Mama Shelter's contribution to the Group's consolidated revenue and net profit was not material, neither from acquisition date, nor on a proforma basis if the acquisition had occurred on January 1, 2021.

The transaction resulted in a cash outflow of €14 million (net of the cash acquired) in the consolidated statement of cash flows for the period.

3.1.2 Disposals over the period

On February 18, 2021 Accor sold 1.5% of its shares in Huazhu Group Ltd for €239 million. This transaction resulted in a loss of significant influence, leading the Group to recognize a gain on disposal on its entire investment, in accordance with the principles of IAS 28 *Investments in associates and joint ventures*. The gain recognized, which amounts to €649 million, is presented as other income and expenses in the consolidated income statement for the period. It is computed as the difference between:

- On the one hand, the proceeds from the sale of the 1.5% stake for €239 million, increased by the fair value of the 3.3% retained interest for €508 million, and adjusted by the recycling in the income statement of the cumulative exchange losses previously recognized in other comprehensive income for €(9) million,
- And, on the other hand, the carrying amount of the equity investment of €89 million.

After completion of this transaction, the interest retained by the Group was reclassified as a non-consolidated investment measured at fair value through other comprehensive income for €508 million.

On April 16, 2021, Accor sold 100% of the share capital of its subsidiary Adoria, acquired in 2018, which offers centralized solutions to catering industry to optimize supply management, for €5 million.

These two disposals resulted in a cash inflow (net of the cash sold) of €243 million in the consolidated statement of cash flows for the period.

3.1.3 Other transactions

Capital increase of AccorInvest

On January 14, 2021, the Extraordinary General Meeting of AccorInvest's shareholders approved the completion of a €150 million capital increase subscribed by almost all shareholders in proportion to their ownership, representing €45 million for Accor. On March 1, 2021, the Extraordinary General Meeting of the entity approved the completion of a second capital increase of €327 million, including €109 million for Accor. These two transactions are part of the financial debt restructuring negotiated by AccorInvest, which comprised an extension of existing debt maturities until 2025, an addendum to the associated covenants clauses and a loan guaranteed by the French State for €477 million.

Based on the above, and although there are still uncertainties on how the health crisis will impact AccorInvest's operations in future periods, the Group concluded that, at the date of authorization of the interim condensed consolidated financial statements at June 30, 2021, there was no material uncertainty that may cast significant doubt on AccorInvest's ability to continue to operate as a going concern for, at least, the next twelve months.

Upon completion of the aforementioned transactions, the Group's percentage interest is 30.5%.

Sponsoring of a SPAC (« Special Purpose Acquisition Company »)

On April 30, 2021, Accor incorporated the vehicle Accor Acquisition Company (AAC), a « Special Purpose Acquisition Company » (SPAC), whose purpose is to complete one or several business combinations in services adjacent to hospitality: Food & Beverage, Flexible working, Wellness, Entertainment & Events and Travel Technology. Accor's objective is to better serve hotel owners, by providing additional services in adjacent activities, while continuing to focus on its core business as hotel manager.

On June 1, 2021 AAC completed an Initial Public Offering, raising gross proceeds of €300 million from qualified investors in a private placement (including €25 million dedicated to a stabilization mechanism operated by Goldman Sachs Bank Europe SE acting as stabilizing manager). The listing was completed through the admission to negotiation of 30 million units, each comprising one market share and one market warrant, with a reference price of €10 per unit, on the Professional Segment of the regulated market of Euronext Paris. AAC has 24 months to complete a business combination. The proceeds from the offering (excluding the portion allocated to the stabilization mechanism) were deposited in an escrow account and shall be used only in connection with the business combination.

Upon completion of the offering, and before the end of the stabilization period, Accor owns 24.5% of the share capital of AAC for an investment of €35 million. It comprises 7.3 million unlisted preferred shares and 2 million market shares subscribed under the same conditions as qualified investors, along with 3.5 million warrants exercisable over a 5-year period starting from the completion date of the business combination.

Accor also subscribed to a forward purchase agreement allowing to participate in a private offering of additional shares for up to 10 million units at the price of €10 per unit, each comprising one preferred share and one warrant. The partial or complete exercise of these options is conditional upon the notification of an investment decision.

In accordance with the principles of IFRS 10 *Consolidated Financial Statements*, the Group concluded that it does not have exclusive control over AAC to the extent its rights held as sponsor and shareholder do not give it the power to unilaterally direct its relevant activities, i.e. identification and approval of investment decisions. Consequently, the investment in AAC is accounted for as an equity-investment in the Group's consolidated statement of financial position for €35 million.

The warrants held by the Group are accounted for as derivative instruments in the consolidated statement of financial position. At June 30, 2021, their fair value is not material.

Agreement with Ennismore with a view to develop the « Lifestyle » segment

On November 24, 2020, Accor announced that it has entered into exclusive negotiations with Ennismore, a London-based hotel operator, with a view to complete a merger through asset contributions and form the world's leading lifestyle operator in the hospitality sector. Lifestyle hotels benefit from a unique design and offer to their guests, gathering both international travelers and local communities, a differentiating experience focused on a friendly welcome, restaurants animated by the atmosphere of their neighborhood and entertainment.

The negotiations resulted in an agreement signed on May 7, 2021, according to which Accor will own a 67% interest in the new entity. Focusing on the fastest growing segment in the hospitality industry, the new entity would operate a portfolio of 73 existing hotels under 12 brands (including Mondrian, SLS, The Hoxton, Gleneagles, 21C Museum Hotels, Mama Shelter, 25hours, Jo&Joe, SO/) and over 150 restaurants and bars.

Based on the contemplated governance rules, Accor is expected to exercise exclusive control over the entity. Completion of the transaction is expected to occur in the second half of 2021.

Agreement with a view to take control over 25hours

On January 15, 2021, Accor signed an agreement to acquire the 50% remaining stake in 25hours, currently accounted for under the equity method in Group's interim condensed consolidated financial statements, for €61 million. This transaction is part of the Group's development strategy on the Lifestyle segment. The company, which offers a dynamic concept of a wide range of boutique-hotels design for city travelers, is expected to be brought into the new entity that will be created with Ennismore. This transaction is subject to precedent conditions, that would lead to a takeover of 25hours upon closing of the transaction with Ennismore.

3.2 Assets held for sale and discontinued operations

At June 30, 2021, assets and liabilities held for sale were as follows:

(€ in million)	Dec. 2020		June 2021	
	Assets	Liabilities	Assets	Liabilities
SCI Sequana	392	307	397	301
Mama Shelter	-	-	85	57
Others	4	19	1	-
Total	395	326	483	359

Sale-and-lease back project of Group's head office

At June 30, 2021, the SCI Sequana entity which owns the Group's head office building located in Issy-Les-Moulineaux and associated financial debt has been maintained as assets held for sale. In a highly uncertain environment that affected all real estate transactions in Paris and the suburbs, the discussions initiated with potential investors in June 2020 were not conclusive yet. However, these discussions were pursued over the semester and the Group remains actively committed to its disposal plan. At the date on which the interim condensed consolidated financial statements were issued, Accor considers that the completion of this project, which was delayed by circumstances that are beyond its control, is still highly probable and that the criteria required by IFRS 5 *Non-current assets held for sale and Discontinued operations* are still met. At June 30, 2021, the comparison of the carrying value of the disposal group with its fair value less costs to sell did not reveal any impairment.

Disposal project of Mama Shelter and Jo&Joe leased hotels

On May 7, 2021, Accor signed an agreement with Keys Asset Management, an investment fund dedicated to asset management, and Norlake, a related party to Ennismore, the Group's partner on the Lifestyle hotel management segment (see Note 3.1.3), in order to sell the hotels of the segment operated under leases (5 hotels under Mama Shelter brand acquired on May 4, 2021, one hotel under Jo&Joe brand, as well as the hotels that will be acquired as part of the takeover of 25 hours). These hotels will be contributed to a new entity, in which Accor will retain a minority stake representing 24.5% of the share capital and voting rights. These hotels will be managed by the new entity created with Ennismore under management agreements.

Accor considers that the contemplated disposal will lead to a loss of control of the entity, in accordance with the principles of IFRS 10 *Consolidated Financial Statements*. On completion of the transaction, the rights held by the Group (voting rights retained combined with contractual rights resulting from the management agreements) will not give it the power to unilaterally direct the entity's relevant activities, i.e. operation of the hotels and strategic management of hotel portfolio. Upon completion, the assets and liabilities of the entity will be derecognized and the Group's retained residual interest will be accounted for as an equity investment.

The Group expects to finalize the transaction over the second semester 2021, concurrently with the closing of the transaction with Ennismore. At June 30, 2021, the assets and liabilities related to Mama Shelter and Jo&Joe leased hotels have been classified as disposal group held for sale, in accordance with IFRS 5 *Non-current assets held for sale and Discontinued Operations*.

Note 4. Operating activities

4.1 Segment information

Operating in a market undergoing profound changes, particularly competitive for several years, and facing a health crisis of an unprecedented scale, Accor launched over the second half of 2020 a transformation project in order to achieve its transition to an “asset-light” model. This is the final stage of the Group's long-term strategy aiming at adapting its organizational and operational model to its business model, refocused on the hotel management and franchise business.

This transformation plan notably resulted in a change in the Group's internal organization, which was implemented in early 2021. The hotel management and franchise business is now managed within eight geographic hubs (instead of five regions previously) in order to reinforce the proximity with hotel owners. Thus, Europe, the Group's main region, is split into Southern Europe (including France) and Northern Europe (including the United Kingdom and Germany). The Asia-Pacific region is divided into three hubs, Southeast Asia, Greater China and Pacific. The Middle East & Africa region, into which was transferred India (previously in the Asia-Pacific region) and Turkey (previously in Europe), is renamed India, Middle East, Africa & Turkey. The organization of the two regions North America, Central America & the Caribbean and South America remains unchanged.

This new organization led the Group to redefine its internal reporting reviewed by the Executive Committee (Chief Operating Decision Maker) and to review the identification of its operating segments accordingly. On this basis, and after taking into consideration the aggregation criteria as permitted by IFRS 8 *Operating segments*, the reportable segments are as follows:

- **Five « Management & Franchise » segments** – The hotel management and franchise business is based on the collection of fees from hotel owners. It also includes the commissions received on centralized purchases. Its performance is presented for the following five geographic areas:
 - Southern Europe,
 - Northern Europe,
 - Asia-Pacific which comprises the 3 hubs Southeast Asia, Greater China and Pacific,
 - Americas which gather North America, Central America & the Caribbean and South America,
 - India, Middle East, Africa & Turkey.
- **« Services to owners » segment** – It gathers all the services rendered for which the Group spends the remuneration received from hotel owners (sales, marketing and distribution, loyalty program, shared services as well as reimbursement of costs incurred on behalf of hotel owners).
- **« Hotel assets & others » segment** – It includes the activities that are not part of the Group's core business as hotel operator:
 - Hotel assets – this corresponds to the hotel owner-operator business (owned and leased hotels), comprising accommodation and F&B sales to guests as well as management of the asset portfolio (hotel design, construction, refurbishment and maintenance activities),
 - 3 activities conducted in Asia-Pacific: AccorPlus (rewards cards program), Accor Vacation Club (timeshare business) and Strata (room distribution and management of hotels common areas),
 - And, since early 2021, the new activities developed by the Group, mainly through external growth transactions (Digital services, Private luxury home rentals, Digital sales, Hotel booking services and Concierge services).

The comparative segment information presented for the first half of 2020 has been restated to reflect the Group's new organization.

A. Revenue

(€ in million)	1st semester 2020	1st semester 2021	Actual	L/L (1)
Southern Europe	31	41	+33.5%	+33.6%
Northern Europe	30	24	(19.3)%	(17.7)%
Asia-Pacific	27	43	+59.9%	+60.2%
Americas	31	31	(1.1)%	(2.7)%
India, Middle East, Africa & Turkey	20	24	+16.9%	+27.3%
Management & Franchise	139	163	+17.0%	+18.5%
Services to owners	511	383	(25.1)%	(23.3)%
HotelServices	650	545	(16.1)%	(14.4)%
Hotel assets & Others	283	281	(0.5)%	+8.3%
Holding/Intercos	(16)	(3)	n.a.	n.a.
Revenue	917	824	(10.1)%	(6.3)%

(1) L/L: Like-for-like change

Revenue in France amounted to €98 million in the first half of 2021.

Revenue with the equity-accounted investment AccorInvest represented 6% of the Group's consolidated revenue over the first semester 2021.

B. EBITDA

(€ in million)	1st semester 2020	1st semester 2021	Actual	L/L (1)
Southern Europe	(1)	24	n.a.	n.a.
Northern Europe	(1)	4	n.a.	n.a.
Asia-Pacific	(2)	21	n.a.	n.a.
Americas	4	(6)	n.a.	n.a.
India, Middle East, Africa & Turkey	(0)	11	n.a.	n.a.
Management & Franchise	0	55	n.a.	n.a.
Services to owners	(141)	(133)	+5.0%	+18.6%
HotelServices	(141)	(78)	+44.2%	+61.2%
Hotel assets & Others	(26)	25	n.a.	n.a.
Holding/Intercos	(60)	(66)	n.a.	n.a.
EBITDA	(227)	(120)	+47.1%	+58.4%

(1) L/L: Like-for-like change

4.2 Operating expenses

<i>(€ in million)</i>	1st semester 2020	1st semester 2021
Cost of goods sold	(29)	(25)
Personnel expenses	(395)	(376)
Personnel expenses recharged to owners	(268)	(192)
Property Rents	(9)	(7)
Energy, maintenance and repairs	(22)	(20)
Taxes	(24)	(15)
Other operating expenses	(396)	(308)
Operating expenses	(1,143)	(944)

Staff costs incurred on behalf of owners as part of hotel management (and recharged to them) decreased over the period as a result of two effects, on the one hand, an adaptation of resources on the first semester 2021 and, on the other hand, a first semester 2020 with full staff over the first three months.

Property rents expense corresponds to the variable part of rents for hotel properties operated under lease contracts, which are contractually based on their performance, hence slightly decreasing over the period.

Other operating expenses, which mainly comprise marketing, advertising & promotions, distribution and information systems costs, decreased as a result of the implementation of costs reduction measures (see Note 2.1).

4.3 Working capital

The working capital can be analyzed as follows:

<i>(€ in million)</i>	Dec 2020	Cash change	Others	June 2021
Inventories	21	0	(12)	9
Trade receivables	534	38	3	574
Other current assets	222	50	13	284
Current assets	776	88	4	867
Trade payables	327	31	3	361
Other current liabilities	579	9	(21)	567
Current liabilities	907	40	(18)	929
Working capital	131	(48)	(21)	61

4.4 Employee benefit expenses

4.4.1 Pensions and other benefits

Accounting policy

The post-employment and other long-term employee benefits obligation is calculated by projecting the December 31, 2020 obligation over a six-month period, taking into account any benefits paid and any changes to plan assets. At June 30, 2021, the actuarial assumptions used in the calculation of the employee benefit obligations are updated in the event of significant change over the period.

At June 30, 2021 the update of discount rates had no material impact on the Group's obligations.

4.4.2 Share-based payments

Over the first semester 2021, employee benefits expenses included €18 million related to share-based payments.

New plans

On May 17, 2021, the Group granted 336,410 free shares to some of its employees, subject to a two-year vesting period. At this date, the fair value of the free share was €30.61, corresponding to the share price of €32.42 less the discounted present value of dividends not received during the vesting period. The total fair value of this plan amounts to €10 million.

On June 23, 2021, the Group granted 1,353,236 performance shares to its employees, subject to a three-year vesting period. At this date, the fair value of the performance share was €30.05, corresponding to the share price of €33.64 less the discounted present value of dividends not received during the vesting period and the effect of external conditions.

The shares will vest provided the grantee remains within the Group until the end of the vesting period, and the following performance conditions are fulfilled over the years 2021 to 2023:

- Internal conditions (70% weighting): level of achievement of Group EBITDA (50%) and Group recurring free cash flows (20%) compared to the budget,
- External condition (30% weighting): change in Accor's Total Shareholder Return (TSR) compared with that of a reference synthetic index composed of European and international hotel groups. The estimated probability of this performance condition being fulfilled was taken into account to determine the fair value of the performance shares at grant date.

The total fair value of this plan amounts to €41 million.

The total cost for these plans will be recognized on a straight-line basis over the vesting period under employee benefits expenses, with a corresponding adjustment to equity. The expense recognized in that respect over the first semester 2021 amounted to €1 million.

Plans modifications

On March 5, 2021, the Board of Directors decided to modify the external conditions attached to the performance plans granted in 2019 and 2020. For the plans granted on May 28 and October 21, 2020, the change in Accor's TSR will be assessed compared to a reference synthetic index composed of European and international hotel groups instead of the Eurostoxx 600 Travel & Leisure index. For the plans granted on May 31 and October 25, 2019, the new reference index will be used to assess the change in Accor's TSR for the years 2020 and 2021; the Eurostoxx 600 Travel & Leisure index being maintained for the year 2019.

The Group assessed the impact of these modifications by comparing, at the date of modification, the fair value of the equity instruments granted after modification of the performance conditions with that of the original equity instruments. This resulted in an additional cost of €6 million for the incremental value. This expense will be recognized on a straight-line basis over the remainder of the vesting period of related plans. Over the first semester 2021, the expense recognized in that respect amounted to €1 million.

Note 5. Equity-accounted investments

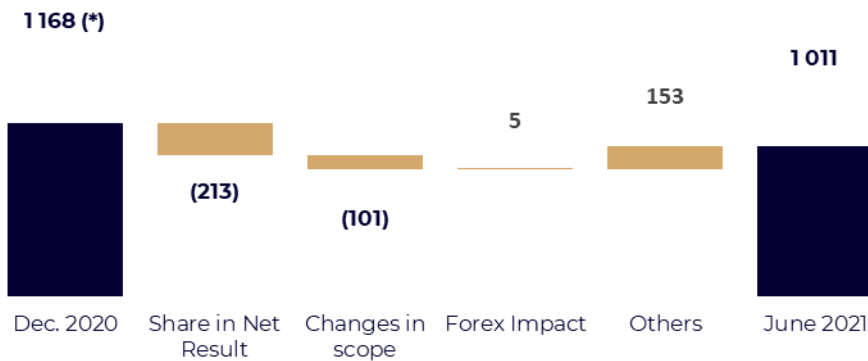
5.1 Share in net results of equity-accounted investments

The main contributions of associates and joint ventures are as follows:

<i>(€ in million)</i>	1st semester 2020	1st semester 2021
AccorInvest	(216)	(172)
Huazhu Group Ltd	(27)	3
Others	(32)	(38)
Associates	(275)	(208)
sbe	(66)	-
Others	(13)	(5)
Joint ventures	(78)	(5)
Share in net results of equity-accounted investments	(353)	(213)

5.2 Carrying value of equity-accounted investments

Change in equity-accounted investments (€m)



(*) Restated amount following the provisional purchase price acquisition of sbe acquired in 2020 (Note 7.1)

At June 30, 2021, changes in scope mainly comprise:

- the derecognition of Huazhu Group Ltd investment for €89 million, following the partial disposal of a 1.5% stake in February 2021 that resulted in loss of significant influence and a reclassification of the remaining 3.3% stake as a non-consolidated investment (see Note 3.1.2),
- the derecognition of Mama Shelter investment for €48 million as part of the takeover of the entity (see Note 3.1.1),
- the recognition of an investment in AAC, the Special Purpose Acquisition Company (« SPAC ») sponsored by Accor (see Note 3.1.3).

Others variations comprise the subscription to AccorInvest's capital increases for a total of €154 million in January and March 2021 (see Note 3.1.3).

Note 6. Other income and expenses

(€ in million)	1st semester 2020	1st semester 2021
Impairment losses	(984)	(23)
Restructuring expenses	(5)	(17)
Gains and losses on disposal	7	649
Other non-recurring income and expenses	(18)	(24)
Other income and expenses	(1,000)	585

Over the first semester 2021, other income and expenses mainly include:

- A €649 million gain recognized on the partial disposal of Huazhu Group Ltd shares (see Note 3.1.2);
- Impairment losses for €(23) million, of which €(17) million for equity-accounted investments (mainly Potel & Chabot for €(11) million) and €(6) million for hotel management contracts (see Note 7.3);
- Restructuring costs for €(17) million.

Over the comparative period, impairment losses were recognized for €(984) million, of which €(633) million on intangible assets and property, plant & equipment, €(260) million on a loan granted to an equity-accounted investment and €(91) million on equity-accounted investments.

Note 7. Intangible assets and property, plant & equipment

7.1 Intangible assets

Changes in the carrying amount of intangible assets over the period were as follows:

€ in million	Goodwill	Trademarks	Contracts	Licences, software	Others	Total
Gross value						
At January 1, 2021 (*)	2,385	1,945	1,259	379	242	6,210
Business combinations	55	27	1	-	2	85
Additions	-	0	0	2	6	9
Disposals	(6)	(0)	0	(0)	(5)	(12)
Exchange differences	38	31	25	2	0	96
Others	0	(0)	(21)	(28)	(28)	(77)
Assets held for sale	(27)	(0)	-	0	(0)	(27)
At June 30, 2021	2,445	2,003	1,265	355	217	6,285
Depreciation and impairment						
At January 1, 2021	(577)	(310)	(410)	(298)	(88)	(1,683)
Amortization	-	-	(22)	(23)	(11)	(56)
Impairment loss	(0)	-	(6)	-	-	(6)
Disposals	-	0	-	-	2	2
Exchange differences	(5)	(4)	(8)	(1)	(0)	(19)
Others	(0)	(1)	18	36	20	73
Assets held for sale	-	(0)	-	(0)	(0)	(0)
At June 30, 2021	(582)	(316)	(428)	(286)	(77)	(1,690)
Net book value						
At January 1, 2021 (*)	1,807	1,635	849	81	154	4,528
At June 30, 2021	1,862	1,687	836	69	140	4,595

(*) Restated amounts following the provisional purchase price allocation of sbe acquired in 2020.

Goodwill

The Group reorganization, which affected the structure of the internal reporting, resulted in modifying the level at which goodwill is monitored for internal purposes. Thus, the goodwill related to Management & Franchise business is now monitored at a lower level, reflecting the eight geographic hubs (new operating segments identified before aggregation, see Note 4.1). It was previously monitored at the level of the five regional segments.

On January 1st, 2021, the goodwill of the five Management & Franchise regions has been reallocated to the eight geographic hubs. This reallocation, presented in the table hereafter, was performed based on the relative values of the geographic hubs, and did not reveal any impairment loss.

On June 30, 2021, the breakdown of goodwill is as follows:

<i>(€ in million)</i>	Dec. 2020 (*)	Reallocation	Acquisition	Disposal	IFRS 5 reclass.	Exchange diff. & Others	June 2021
Management & Franchise							
Europe	345	(345)	-	-	-	-	-
Northern Europe	-	169	-	-	-	(0)	169
Southern Europe	-	174	-	-	-	-	174
India, Middle East, Africa & Turkey	267	14	-	-	-	6	287
Asia-Pacific	457	(457)	-	-	-	-	-
South East Asia	-	278	-	-	-	6	284
Greater China	-	71	-	-	-	2	73
Pacific	-	95	-	-	-	2	97
North/Central America, the Caribbean	263	-	-	-	-	6	269
South America	68	-	-	-	-	5	73
HotelAssets & others	288	-	27	(6)	(27)	4	285
Not allocated	120	-	28	-	-	3	150
Net book value	1,807	-	55	(6)	(27)	33	1,862

(*) Restated amounts following the provisional purchase price allocation of sbe acquired in 2020.

Over the first semester 2021, the Group recognized a provisional goodwill of €55 million in relation to the takeover of Mama Shelter (see Note 3.1.1), of which €27 million was allocated to the leased hotels under disposal process and immediately reclassified as assets held for sale. The disposal of Adoria in April 2021 (see Note 3.1.2) resulted in the derecognition of related goodwill for €6 million.

The purchase price allocation of sbe, acquired on November 24, 2020, was completed on a provisional basis over the period. The goodwill recognized, which amounts to \$146 million (€123 million at acquisition date), corresponds to difference between:

- On the one hand, the consideration transferred for \$44 million (€37 million), comprising the remeasurement to fair value of the previously held equity investment contributed in exchange for the takeover,
- And, on the other hand, the negative net asset acquired of \$(102) million (€(86) million), mainly comprising brands with indefinite useful life for \$120 million, management and franchise contracts with hotel owners for \$117 million, deferred tax assets for \$20 million and a financial debt of \$(348) million, of which \$(288) million was restructured as part of the transaction.

The provisional goodwill has not been allocated to the group of CGUs yet.

In accordance with IFRS 3 *Business combinations*, the values resulting from the provisional purchase price allocation have been adjusted in the restated statement of financial position at December 31st, 2020.

7.2 Property, plant & equipment and right-of-use assets

Changes in the carrying amount of property, plant & equipment and right-of-use assets over the period were as follows:

<i>(€ in million)</i>	Land Buildings	Leasehold improv.	Equipment, furniture	Assets in progress	Right-of-use assets	Total
Gross value						
At January 1, 2021	240	188	169	15	570	1,184
Business combinations	3	3	1	0	56	63
Additions	-	1	2	11	8	22
Disposals	-	(0)	(0)	(0)		(0)
Exchange differences	4	3	1	1	10	18
Others	27	6	(12)	(1)	(8)	11
Assets held for sale	(3)	(3)	(1)	(0)	(56)	(62)
At June 30, 2021	271	198	159	26	580	1,235
Depreciation and impairment						
At January 1, 2021	(130)	(137)	(101)	(4)	(193)	(565)
Depreciation	(3)	(7)	(6)	-	(46)	(62)
Impairment loss	-	(0)	-	(0)	0	(0)
Disposals	-	0	0	-		0
Exchange differences	(2)	(2)	(1)	(0)	(3)	(8)
Others	(28)	(6)	13	(0)	4	(17)
Assets held for sale	(0)	0	(0)	(0)	6	6
At June 30, 2021	(163)	(151)	(95)	(4)	(232)	(646)
Net book value						
At January 1, 2021	110	52	68	12	377	619
At June 30, 2021	108	47	64	23	348	589

Assets held for sale correspond to Mama Shelter leased hotels (see Note 3.2).

7.3 Impairment tests

In accordance with IAS 36 *Impairment of Assets*, Accor is required to assess, at each closing date, whether there is an indication that an asset may be impaired and, if so, estimate the recoverable amount of this asset.

On June 30, 2021, the Group carried out a review of its goodwill and its brands. Considering the performance achieved over the first semester, and the sensitivity analyses performed, Accor did not identify any indication of a decrease in the recoverable amounts compared to December 31, 2021. At the date of authorization of the interim condensed consolidated financial statements, the Group's projections were updated based on the revised budget for the year 2021 and « RevPAR » (revenue per available room) trends by geography. These projections remain consistent with those used for the impairment tests conducted in 2020. Besides, for each CGU or group of CGUs, these tests showed that the recoverable amounts were substantially higher than their carrying values. On this basis, on June 30, 2021, the CGUs and groups of CGUs to which goodwill is allocated as well as the brands have not been tested for impairment.

The Group also reviewed its hotel management contracts and its equity-accounted investments, and conducted impairment tests, on a case-by-case basis, when an impairment indicator was identified as a result of this analysis.

Over the period, the Group recognized impairment losses for €23 million, of which:

- €6 million on hotel management contracts, and
- €17 million on equity-accounted investments, mainly Potel & Chabot (€11 million).

Impairment losses are presented as other income and expenses in the consolidated income statement of the period (see Note 6).

Note 8. Provisions

Changes in provisions over the first semester 2021 can be analyzed as follows:

<i>(€ in million)</i>	Dec. 2020	Compre- hensive income	Reversal			Exchange diff. & others	June 2021
			Allowance	Utilizations	Unused provisions		
Pensions and other benefits	74	(5)	2	(0)	(3)	1	69
Restructuring	140	-	2	(17)	(2)	(0)	124
Litigation and others risks	341	-	43	(2)	(7)	3	378
Total	555	(5)	47	(19)	(11)	3	570
· of which non-current	132	(5)	2	(1)	(3)	1	127
· of which current	423	-	45	(19)	(8)	2	443

At June 30, 2021, provisions amounted to €570 million and mainly comprised a provision covering the risks associated with guarantees given as part of AccorInvest disposal for €228 million and a provision related to the dividend withholding tax litigation for €53 million.

Note 9. Financing and financial instruments

9.1 Net financial result

The net financial expense is analyzed as follows:

<i>(€ in million)</i>	1st semester 2020	1st semester 2021
Interests on bonds and bank borrowings	(29)	(40)
Other interest income and expenses	12	1
Interests on lease debt	(7)	(5)
Cost of net debt	(24)	(45)
Other financial income and expenses	(28)	(8)
Net financial result	(52)	(53)

Other financial income and expenses for €(8) million comprise:

- Exchange losses for €(6) million,
- Changes in the fair value of derivative instruments for €5 million,
- Other financial expenses for €(7) million.

9.2 Group net financial debt

9.2.1 Breakdown of net financial debt

At June 30, 2021, the Group net financial debt amounts to €1,700 million and is analyzed as follows:

(€ in million)	Dec. 2020			June 2021		
	Curent	Non current	Total	Curent	Non current	Total
Bonds	550	2,305	2,856	60	2,252	2,312
Negotiable commercial paper	296	-	296	398	-	398
Bank overdraft	29	-	29	38	-	38
Other bank borrowings	(1)	50	49	4	64	68
Bonds and bank borrowings	875	2,355	3,230	500	2,316	2,816
Other financial debts	58	118	177	57	120	177
Derivative financial instruments	36	-	36	41	-	41
Gross financial debt	969	2,473	3,442	598	2,436	3,034
Lease liability	102	314	416	98	288	386
Total financial debt	1,071	2,787	3,859	696	2,724	3,420
Cash and cash equivalents	2,474	-	2,474	1,669	-	1,669
Other current financial assets	28	-	28	36	-	36
Derivative financial instruments	10	-	10	16	-	16
Financial assets	2,513	-	2,513	1,721	-	1,721
Net financial debt	(1,441)	2,787	1,346	(1,024)	2,724	1,700

Over the first half of 2021, changes in financial debt were as follows:

(€ in million)	Dec. 2020	Cash flows	Other changes					June 2021
			Scope effects	Exchange differences	Fair value	Others	IFRS 5	
Bonds	2,856	(550)	-	(1)	-	8	-	2,312
Negotiable commercial paper	296	102	-	-	-	-	-	398
Bank borrowings	78	8	0	2	-	(0)	18	106
Other financial debts	177	(16)	0	2	-	14	0	177
Derivative financial instruments	36	16	-	-	(15)	-	4	41
Gross financial debt	3,442	(441)	0	3	(15)	23	22	3,034
Lease liability	416	(44)	52	8	-	3	(50)	386
Total debt	3,859	(485)	53	10	(15)	26	(27)	3,420

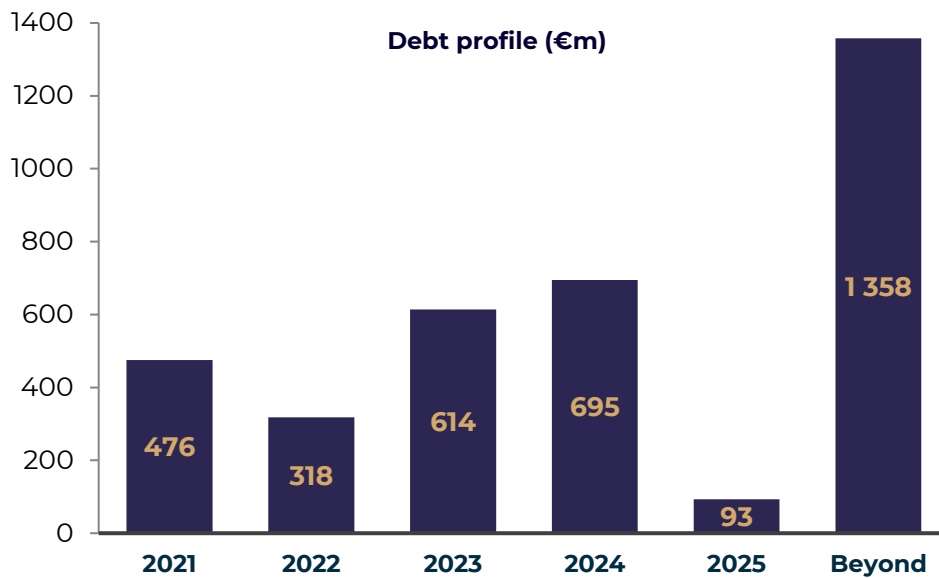
At June 30, 2021, the lease liability of Mama Shelter leased hotels acquired on May 4, 2021 has been reclassified as liabilities held for sale (see Note 3.2).

On February 5, 2021, Accor redeemed the €550 million bond issued in February 2014 and matured in February 2021, through the issuance of a €500 million bond convertible and/or exchangeable into new and/or existing shares (OCEANE) on December 7, 2020.

Accor has a short-term financing program in the form of commercial paper (NEU CP) capped at €500 million. At June 30, 2021, this program is drawn for €398 million, representing an increase of €102 million compared to December 31, 2020.

9.2.2 Debt profile

The profile of bonds and bank borrowings (corresponding to contractual undiscounted cash-flows) is one of the indicators used to assess the Group's liquidity position. At June 30, 2021, maturities were as follows:



9.3 Non-current financial assets

	Dec. 2020	June 2021
<i>(€ in million)</i>	Net book value	Net book value
Long-term loans	33	21
Security deposits	23	24
Financial assets at amortized cost	56	45
Investments in non-consolidated companies	47	516
Other non-current financial assets	66	76
Financial assets at fair value	113	593
Total	170	637

The change in non-consolidated investments mainly includes the reclassification of the 3.3% stake in Huazhu Group Ltd for €508 million, following the partial sale of a 1.5% stake in February 2021 that resulted in a loss of significant influence. In that respect, over the period, the Group recognized a change in fair value for €(45) million in other comprehensive income.

Other non-current assets are mainly composed of convertible bonds (€41 million) and units in investment funds (€35 million).

9.4 Financial instruments

9.4.1 Breakdown of financial assets and liabilities

(€ in million)	By class of instrument				Dec. 2020
	At amortized cost	Fair value through equity	Fair value through P&L	Derivatives qualified as hedges	
Long-term loans	33	-	-	-	33
Deposits	23	-	-	-	23
Investments in non-consolidated companies	-	47	-	-	47
Others non-current financial assets	-	-	66	-	66
Trade receivables	534	-	-	-	534
Cash and cash equivalents	1,945	-	529	-	2,474
Others current financial assets	28	-	-	-	28
Derivative instruments	-	-	4	5	10
Financial assets	2,564	47	599	5	3,216
Bonds	2,856	-	-	-	2,856
Negotiable commercial paper	296	-	-	-	296
Bank borrowings	78	-	-	-	78
Others financial liabilities	177	-	-	-	177
Trade payables	327	-	-	-	327
Derivative instruments	-	-	9	27	36
Financial liabilities	3,734	-	9	27	3,769

(€ in million)	By class of instrument				June 2021
	At amortized cost	Fair value through equity	Fair value through P&L	Derivatives qualified as hedges	
Long-term loans	21	-	-	-	21
Deposits	24	-	-	-	24
Investments in non-consolidated companies	-	514	2	-	516
Others non-current financial assets	-	1	75	-	76
Trade receivables	574	-	-	-	574
Cash and cash equivalents	1,532	-	137	-	1,669
Others current financial assets	36	-	-	-	36
Derivative instruments	-	-	16	-	16
Financial assets	2,187	515	230	-	2,932
Bonds	2,312	-	-	-	2,312
Negotiable commercial paper	398	-	-	-	398
Bank borrowings	106	-	-	-	106
Others financial liabilities	177	-	-	-	177
Trade payables	361	-	-	-	361
Derivative instruments	-	-	15	26	41
Financial liabilities	3,354	-	15	26	3,395

9.4.2 Fair value hierarchy

<i>(€ in million)</i>	Dec. 2020	Hierarchy		
	Fair value	Level 1	Level 2	Level 3
Investments in non-consolidated companies	47	30	-	17
Other non-current financial assets	66	-	-	66
Mutual funds units	529	529	-	-
Derivative instruments - assets	10	-	10	-
Financial assets	652	559	10	83
Derivatives - liabilities	36	-	36	-
Financial liabilities	36	-	36	-

<i>(€ in million)</i>	June 2021	Hierarchy		
	Fair value	Level 1	Level 2	Level 3
Investments in non-consolidated companies	516	498	-	18
Other non-current financial assets	76	-	-	76
Mutual funds units	137	137	-	-
Derivative instruments - assets	16	-	16	-
Financial assets	746	635	16	95
Derivatives - liabilities	41	-	41	-
Financial liabilities	41	-	41	-

Note 10. Income tax

Accounting policy

Income tax expense is recognized based on applying, on the one hand, the estimated annual average tax rate expected for the full financial year to profit before tax and non-recurring items of the period and, on the other hand, the current tax rate of each country to the non-recurring items of the period.

<i>(€ in million)</i>	1st semester 2020	1st semester 2021
Current tax	(2)	1
Deferred tax	(3)	2
Income tax	(5)	3

The current tax income of €1 million mainly includes:

- Reversals of provisions for tax risks for €8 million, mainly in China (€5 million) and Italy (€2 million),
- Tax expenses for €(5) million, mainly in the United States for €(2) million and in China for €(2) million.

At June 30, 2021, the Group did not recognize any significant tax income in relation to losses incurred over the first semester.

Note 11. Shareholder's equity

11.1. Share capital

11.1.1 Shareholders

At June 30, 2021, Jin Jiang is Accor's leading shareholder with 13.0% of the share capital corresponding to 16.9% of voting rights. Qatar Investment Authority (QIA) and Kingdom Holding Company (KHC), which became shareholders as part of FRHI Group acquisition in July 2016, respectively hold 11.3% and 6.3% of the Company's share capital, representing 17.2% and 9.6% of voting rights. Harris Associates holds 8.6% of the share capital and 6.6% of voting rights. Finally, Huazhu Group Ltd holds 4.2% of the share capital and 3.2% of voting rights.

11.1.2 Changes in share capital

Changes in the number of outstanding shares during the first semester 2021 are as follows:

<i>In number of shares</i>	2021
Number of issued shares at January 1, 2021	261,382,728
Performance shares vested	456,316
Number of issued shares at June 30, 2021	261,839,044

11.1.3 Dividends distribution

No dividend was paid over the period.

11.1.4 Perpetual subordinated notes

Over the first semester 2021, interest payments on perpetual subordinated notes amounted to €35 million. These payments are analyzed as a profit distribution.

11.1.5 Reserves

Items recognized directly in shareholders' equity Group share are as follows:

<i>(€ in million)</i>	Dec. 2020	Change	June 2021
Currency translation reserve	(480)	81	(399)
Changes in fair value of financial Instruments	(79)	(38)	(117)
· of which non-consolidated investments	(37)	(45)	(82)
· of which derivative instruments	(43)	7	(35)
Reserve for actuarial gains/losses	(111)	4	(107)
Share based payments	299	18	317
Retained earnings and others	2,005	30	2,033
Total Group share	1,633	95	1,727

11.2 Minority interests

At June 30, 2021, minority interests breakdown as follows:

<i>€ in million</i>	Dec. 2020	Change	June 2021
Rixos Hospitality	24	1	25
Orient-Express	17	(0)	17
21c Museum Hotels	4	(0)	3
Others minority interests	21	2	23
TOTAL	66	3	69

Note 12. Unrecognized items and related parties

12.1 Off-balance sheet commitments

At June 30, 2021, commitments given by the Group amount to €482 million. They are mainly composed of commitments given in the normal course of the Group's hotel development and commitments on lease contracts not yet commenced. At this date, the Group did not receive any material commitment.

12.2 Litigations, contingent assets and liabilities

In June 2021, Accor SA received a reassessment notice in relation to the tax audit of the years 2016 to 2018. The tax authorities challenged the valuation, determined by independent experts, of the shares of a subsidiary sold to AccorInvest as part of the legal restructuring carried out prior to its disposal. The tax base of the reassessment amounts to €37 million. The Group recognized a provision for tax risk of €2 million, corresponding to its net exposure, after use of sponsorship tax credits and tax losses carried forward.

Besides, as a collateral effect, the tax authorities notified a reassessment to the subsidiary of AccorInvest, considering that the valuation retained was deemed to be a taxable subsidy. AccorInvest claimed its right to compensation from Accor SA in accordance with the provisions of the share disposal agreement signed between Accor SA and its investors in 2018. Although the Group intends to contest the grounds raised by the tax authorities, a provision of €20 million was accounted for to cover for the entire risk. The allowance is presented under the net result from discontinued operations.

No significant change occurred during the first half of 2021 regarding other litigations, in which the Group is involved.

12.3 Subsequent events

No significant event occurred between the closing date and the date of issuance of the interim condensed consolidated financial statements.

12.4 Related parties

No new related party agreement was signed in the first half of 2021.

AccorInvest, which is recorded under the equity method in the interim condensed consolidated financial statements, is the main customer of the Group. At June 30, 2021, the receivables towards AccorInvest amounted to €217 million in the consolidated statement of financial position.

Transactions realized over the first semester 2021 are of a similar nature than the transactions with related parties realized over the year ended December 31, 2020.