

# 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 the notes to the financial statements 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>	<b>Notes</b>	<b>2020</b>	<b>2021</b>
<b>Revenue</b>	4	<b>1,621</b>	<b>2,204</b>
Operating expense	4	(2,012)	(2,182)
<b>Recurring EBITDA</b>	4	<b>(391)</b>	<b>22</b>
Depreciation and amortization		(274)	(249)
<b>Recurring EBIT</b>		<b>(665)</b>	<b>(228)</b>
Share of net profit/(loss) of equity-investments	6	(578)	(273)
<b>EBIT including share of net profit/(loss) of equity-investments</b>		<b>(1,243)</b>	<b>(501)</b>
Other income and expenses	7	(958)	554
<b>Operating (loss)/profit</b>		<b>(2,201)</b>	<b>53</b>
Net financial expense	11	(108)	(109)
Income tax	12	62	69
<b>(Loss)/profit from continuing operations</b>		<b>(2,247)</b>	<b>13</b>
(Loss)/profit from discontinued operations	3	257	77
<b>Net (loss)/profit of the year</b>		<b>(1,990)</b>	<b>90</b>
<b>• Group share</b>		<b>(1,988)</b>	<b>85</b>
from continuing operations		(2,244)	8
from discontinued operations		257	77
<b>• Minority interests</b>		<b>(2)</b>	<b>6</b>
from continuing operations		(2)	6
from discontinued operations		-	-
<b>Basic earnings per share (in euros)</b>			
Earnings per share from continuing operations		(8.69)	(0.10)
Earnings per share from discontinued operations		0.98	0.29
<b>Basic earnings per share</b>	<b>13</b>	<b>(7.71)</b>	<b>0.19</b>
<b>Diluted earnings per share (in euros)</b>			
Diluted earnings per share from continuing operations		(8.69)	(0.10)
Diluted earnings per share from discontinued operations		0.98	0.29
<b>Diluted earnings per share</b>	<b>13</b>	<b>(7.71)</b>	<b>0.19</b>

## Consolidated statement of other comprehensive income

<i>(€ in million)</i>	<b>Notes</b>	<b>2020</b>	<b>2021</b>
<b>Net profit of the year</b>		<b>(1,990)</b>	<b>90</b>
Currency translation adjustments	13	(310)	256
Effective portion of gains and losses on hedging instruments	13	(28)	20
Currency translation adjustments from discontinued operations	13	(10)	0
<b>Items that may be reclassified subsequently to profit or loss</b>		<b>(348)</b>	<b>275</b>
Changes in the fair value of non-consolidated investments	13	(27)	(193)
Actuarial gains and losses on defined benefit plans	13	3	14
<b>Items that will not be reclassified to profit or loss</b>		<b>(24)</b>	<b>(179)</b>
<b>Other comprehensive income, net of tax</b>		<b>(372)</b>	<b>96</b>
<b>Total comprehensive income of the year</b>		<b>(2,362)</b>	<b>186</b>
· Group share		(2,357)	177
· Minority interests		(5)	10

## Consolidated statement of financial position

### Assets

<i>(€ in million)</i>	Notes	Dec. 2020 (*)	Dec. 2021
<b>Goodwill</b>	8	<b>1,786</b>	<b>2,158</b>
<b>Other intangible assets</b>	8	<b>2,751</b>	<b>2,908</b>
<b>Property, plant &amp; equipment</b>	8	<b>242</b>	<b>230</b>
<b>Right-of-use assets</b>	9	<b>377</b>	<b>318</b>
Equity-accounted investments	6	1,155	898
Other non-current financial assets	11	180	595
<b>Non-current financial assets</b>		<b>1,335</b>	<b>1,494</b>
Deferred tax assets	12	175	192
Contract assets	4	201	289
Other non-current assets		3	3
<b>Non-current assets</b>		<b>6,869</b>	<b>7,591</b>
Inventories	4	21	9
Trade receivables	4	534	697
Other current assets	4	222	256
Current financial assets	11	38	45
Cash and cash equivalents	11	2,474	1,666
Assets classified as held for sale	3	395	406
<b>Current assets</b>		<b>3,684</b>	<b>3,079</b>
<b>TOTAL ASSETS</b>		<b>10,553</b>	<b>10,669</b>

(\*) Restated amounts following the purchase price allocation of sbe acquired in 2020 (see Note 8.1)

## Equity and Liabilities

<i>(€ in million)</i>	<b>Notes</b>	<b>Dec. 2020 (*)</b>	<b>Dec. 2021</b>
Share capital	13	784	786
Additional paid-in capital and reserves	13	4,298	2,422
Net profit of the year		(1,988)	85
<b>Ordinary shareholders' equity</b>		<b>3,094</b>	<b>3,292</b>
Perpetual subordinated bonds	13	1,000	1,000
<b>Shareholders' equity - Group share</b>		<b>4,094</b>	<b>4,292</b>
Minority interests	13	66	256
<b>Shareholders' equity</b>	13	<b>4,161</b>	<b>4,549</b>
Non-current financial debt	11	2,473	2,572
Non-current lease liabilities	9	314	263
Deferred tax liabilities	12	513	510
Non-current provisions	10	61	63
Pensions and others benefits	5	74	56
Non-current contract liabilities	4	23	23
<b>Non-current liabilities</b>		<b>3,459</b>	<b>3,486</b>
Trade payables	4	327	441
Current liabilities	4	579	718
Current provisions	10	425	282
Current contract liabilities	4	205	180
Current financial debt	11	969	630
Current lease liabilities	9	102	90
Liabilities classified as held for sale	3	326	294
<b>Current liabilities</b>		<b>2,934</b>	<b>2,635</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>10,553</b>	<b>10,669</b>

(\*) Restated amounts following the purchase price allocation of sbe acquired in 2020 (see Note 8.1)

## Consolidated statement of cash flows

(€ in million)	Notes	2020	2021
Recurring EBITDA	4	(391)	22
Interests received / (paid)	11	(66)	(83)
Income tax paid		16	(36)
Non-cash revenue and expenses included in recurring EBITDA		152	39
Dividends received		8	10
<b>Funds from (used in) operations</b>		<b>(281)</b>	<b>(49)</b>
Decrease / (increase) in working capital	4	(270)	34
Decrease / (increase) in contract assets and liabilities	4	(35)	(73)
<b>Net cash flows from (used in) recurring operating activities</b>		<b>(586)</b>	<b>(88)</b>
Cash received / (paid) on non-recurring items		135	(146)
Net cash flows used in operating activities of discontinued operations	3	(13)	-
<b>Net cash flows from (used in) operating activities (A)</b>		<b>(463)</b>	<b>(234)</b>
Acquisition of subsidiaries, net of cash acquired	8	(9)	(9)
Acquisition of property, plant and equipment and intangible assets	8	(66)	(82)
Acquisition of equity-investments and non-current financial assets	8	(97)	(248)
Loans granted to third parties		(3)	(15)
Proceeds from disposal of subsidiaries, net of cash transferred		1,067	(7)
Proceeds from disposal of equity-investments and non-current financial assets		-	248
Net cash flows used in investing activities of discontinued operations	3	(7)	-
<b>Net cash flows from (used in) investing activities (B)</b>		<b>885</b>	<b>(113)</b>
Increase (decrease) of rights granted over share capital	13	61	(0)
Share buyback programs	13	(300)	-
Proceeds from issue of perpetual subordinated bonds		(127)	-
Coupons on perpetual subordinated bonds	13	(34)	(35)
Dividends paid		(2)	(1)
New loans issued	11	1,738	2,204
Repayment of loans	11	(1,465)	(2,517)
Repayment of lease liabilities	9	(83)	(88)
Changes in other short-term debts	11	(18)	(18)
Net cash flows used in investing activities of discontinued operations		1	-
<b>Net cash flows from (used in) financing activities (C)</b>		<b>(229)</b>	<b>(456)</b>
Effect of changes in exchange rates (D)		(64)	26
<b>Net change in cash and cash equivalents (E) = (A) + (B) + (C) + (D)</b>		<b>129</b>	<b>(777)</b>
Cash and cash equivalents at beginning of the year		2,236	2,419
Fair value restatement on cash and cash equivalents		(2)	26
Net change in cash and cash equivalents from assets held for sale		56	(11)
Cash and cash equivalents at end of the year		2,419	1,658
<b>Net change in cash and cash equivalents</b>		<b>129</b>	<b>(777)</b>

## Consolidated statement of changes in equity

<i>(€ in million)</i>	Number of shares	Share capital	Additional paid-in capital	Currency translation reserve	Retained earnings	Equity Group share	Minority interests	Total Equity
<b>Balance at January 1, 2020</b>	<b>270,932,350</b>	<b>813</b>	<b>1,943</b>	<b>(163)</b>	<b>4,229</b>	<b>6,822</b>	<b>153</b>	<b>6,975</b>
Capital decrease	(10,175,309)	(31)	(270)	-	(2)	(303)	(0)	(303)
Capital increase	625,687	2	2	-	-	4	-	4
Dividends paid	-	-	-	-	0	0	(2)	(2)
Share-based payments	-	-	-	-	32	32	-	32
Perpetual subordinated bonds	-	-	-	-	(160)	(160)	-	(160)
OCEANE equity component	-	-	-	-	44	44	-	44
Effects of scope changes	-	-	-	(0)	13	13	(80)	(67)
<b>Transactions with shareholders</b>	<b>(9,549,622)</b>	<b>(29)</b>	<b>(268)</b>	<b>(0)</b>	<b>(74)</b>	<b>(371)</b>	<b>(82)</b>	<b>(453)</b>
Net (loss)/profit of the year	-	-	-	-	(1,988)	(1,988)	(2)	(1,990)
Other comprehensive income	-	-	-	(318)	(52)	(369)	(2)	(372)
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(318)</b>	<b>(2,039)</b>	<b>(2,357)</b>	<b>(5)</b>	<b>(2,362)</b>
<b>Balance at December 31, 2020</b>	<b>261,382,728</b>	<b>784</b>	<b>1,675</b>	<b>(481)</b>	<b>2,116</b>	<b>4,094</b>	<b>66</b>	<b>4,161</b>
Restatement IAS 19 (*)	-	-	-	-	4	4	-	4
<b>Restated Balance at January 1, 2021</b>	<b>261,382,728</b>	<b>784</b>	<b>1,675</b>	<b>(481)</b>	<b>2,120</b>	<b>4,098</b>	<b>66</b>	<b>4,164</b>
Capital increase	473,540	1	(0)	-	(1)	(0)	(0)	(0)
Dividends paid	-	-	-	-	(0)	(0)	(1)	(1)
Share-based payments	-	-	-	-	41	41	-	41
Perpetual subordinated bonds	-	-	-	-	(35)	(35)	-	(35)
Effects of scope changes	-	-	-	-	18	18	182	200
Other movements	-	-	-	-	(6)	(6)	0	(6)
<b>Transactions with shareholders</b>	<b>473,540</b>	<b>1</b>	<b>(0)</b>	<b>-</b>	<b>16</b>	<b>17</b>	<b>181</b>	<b>198</b>
Net profit of the year	-	-	-	-	85	85	6	90
Other comprehensive income	-	-	-	252	(159)	92	4	96
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>252</b>	<b>(75)</b>	<b>177</b>	<b>10</b>	<b>186</b>
<b>Balance at December 31, 2021</b>	<b>261,856,268</b>	<b>786</b>	<b>1,675</b>	<b>(229)</b>	<b>2,061</b>	<b>4,292</b>	<b>256</b>	<b>4,549</b>

(\*) See Note 1.1 on IFRS IC decision.

## Notes to the Consolidated Financial Statements

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## Note 1. Basis of preparation

The consolidated financial statements of Accor Group for the year ended December 31, 2021 were authorized for issue by the Board of Directors on February 23, 2022. They will be submitted to shareholders for final approval at the Annual General Meeting on May 20, 2022.

The consolidated financial statements comprise the financial statements of Accor SA (“the Company”) and its subsidiaries (collectively “the Group”) as well as the Group’s interests in entities accounted for under the equity method (associates and joint ventures).

### 1.1 Accounting framework

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (« IASB ») and adopted for use in the European Union at December 31, 2021. These standards are available on the European Commission’s website (\*).

#### New standards and amendments

As at December 31, 2021, the Group applied the same accounting policies and measurement methods as were applied in its consolidated financial statements for the year ended December 31, 2020, except for changes required by new IFRS applicable from January 1, 2021.

#### Amendments to IAS 39, IFRS 7, IFRS 9 Interest Rate Benchmark Reform (phase 2)

The IASB has issued amendments to IAS 39, IFRS 7, IFRS 9 *Interest rate benchmark reform (phase 2)*, which are mandatory as at January 1, 2021. Those amendments provide certain reliefs to account for changes to financial instruments measured at amortized cost and hedging instruments, that are made necessary by the implementation of new benchmark rates.

Accor identified a limited number of financial instruments that are affected by the Interest Rate Benchmark (IBOR) reform. The Group has a variable financial debt indexed to the US 3-month Libor rate, acquired as part of the takeover of sbe in November 2020, which has not been amended yet. As at December 31, 2021, the carrying amount of this debt is €45 million. In addition, two derivative instruments are indexed to the Euribor rate, which has been deemed compliant by the European regulator: a swap, maturing in October 2026, fixing the rate of the mortgage loan (which is indexed to the Euribor 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 has also subscribed a Cross Currency Swap, maturing in December 2028, to hedge an AUD 900 million intragroup loan, indexed to the 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 those amendments had no significant impact on the Group’s consolidated financial statements.

#### Amendment to IFRS 16 Rent Concessions beyond 30 June 2021

The Group applied the amendment that extended 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 2020 consolidated financial statements. These amendments allow a lessee to recognize concessions granted by lessors (such as rent allowances and rent-free periods), as negative variable lease payment recognized in profit or loss over the period in which the event that triggers those payments occurs. The application of this amendment does not have a significant impact on the consolidated financial statements.

#### Decision on Attributing Benefit to Periods of Service (IAS 19)

In April 2021, the IFRS Interpretations Committee (“IFRS IC”) provided clarifications on how to determine the periods to which retirement benefit is attributed for some defined benefit plans. For pension plans whose rights depend on the seniority of the employee on retirement date and are capped after a certain number of years of seniority, the entity’s obligation would only raise from the last years of service that provide rights to the employee (and not over the full period of service within the company). The application of those new provisions resulted in a €4 million increase in equity as at January 1, 2021.

### **Future standards, amendments and interpretations**

The Group has not applied any standards, amendments to standards or interpretations early applicable on January 1, 2021, regardless of whether they were adopted by the European Union.

#### Amendment to IAS 37 Onerous Contracts – Cost of Fulfilling the Contract

IAS 37 has been amended to clarify that the direct costs of fulfilling a contract, when determining whether a contract is onerous, include both the incremental costs (such as direct labor costs) and an allocation of other directly related costs. This amendment is mandatory from January 1, 2022. Its application should not have a material impact on the Group's financial statements.

#### Decision on configuration and customization costs of SaaS cloud arrangements

In April 2021, the IFRS IC issued its final decision on configuration and customization costs associated with a Software as a Service (SaaS) cloud arrangement, which provides to the client, access to software functionalities hosted on an infrastructure operated by an external provider via an internet connection. These costs should be recognized immediately as operating expenses, except when the configuration and customization service does not constitute a service that is distinct from the SaaS arrangement. In that case, the payments made for the configuration and customization service are recognized as prepaid expenses and recognized as operating expenses over the term of the SaaS contract as the services are received.

The Group has started identifying the contracts affected by this decision. Analyses are in progress to determine their impact on the Group's consolidated financial statements.

## 1.2 Foreign currency translation

The consolidated financial statements are presented in euro, which is the Company's functional currency.

### Translation of the financial statements of foreign operations

The financial statements of consolidated companies are prepared in their functional currency, corresponding to the currency of the primary economic environment in which the company operates. The financial statements of foreign operations whose functional currency is not the euro are translated into euro as follows:

- Assets and liabilities are translated at the closing exchange rate,
- Income and expenses are translated at the average exchange rate of the exercise, unless the use of the average rate is inappropriate due to significant fluctuations in exchange rates,
- The resulting translation gains and losses are recognized in other comprehensive income on the line "Currency translation adjustments" and are recycled to profit or loss when all or part of the investment in the foreign operation is derecognized (i.e., when the Group no longer exercises control, joint control or significant influence over the company).

### Foreign currency transactions

Transactions by Group companies that are denominated in a currency other than the company's functional currency are translated at the transaction date exchange rate. At closing date, the corresponding receivables and payables are translated using the closing exchange rate. The resulting unrealized translation gains and losses are generally recognized in financial income and expenses.

## 1.3 Use of estimates and judgments

The preparation of the 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 year and accompanying disclosures. Management also needs to exercise judgement in applying the Group's accounting policies. Actual outcome may vary 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 judgement are:

- The useful lives of PP&E and intangible assets,
- The measurement at fair value of consideration transferred and intangible assets acquired in business combinations,
- The measurement of the recoverable value 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 assumptions used to determine obligations under pension plans and share-based payment plans,
- The assessment of available future taxable profits over which deferred tax assets can be utilized,
- The measurement of the fair value of financial assets,
- The measurement of provisions.

## 1.4 Climate risks

In preparing its financial statements, Accor has considered the impact of climate change and the transition to a lower carbon economy. There has been no material impact on the 2021 consolidated financial reporting judgements and estimates arising from our considerations.

The risks and opportunities related to climate change, which could affect the Group's revenue in the long term, cannot be reliably assessed today.

Business travel, which experienced a very sharp drop during the health crisis, could also be negatively affected in the medium term as most companies, committed to reducing carbon emissions, may have to reduce the business trips of their employees.

Management has established its business plan, used for the impairment tests of its non-current assets, on a recovery assumption consistent with the macroeconomic trends from independent market studies, which reflect a reduction in international travel on medium term. In addition, Accor performed sensitivity analyses on the perpetuity growth rate, which are presented in Note 8.3.

Given its “asset-light” model, the Group holds few hotel assets located in high-risk areas, the book value of which could be significantly affected by climate change.

Furthermore, the Group is accelerating its transition towards a more sustainable model and has set a goal of reducing its greenhouse gas emissions to become carbon neutral by 2050. In line with this strategy, on November 18, 2021, the Group issued Sustainability-Linked Bonds, whose coupons are linked to the greenhouse gas emission reduction targets of the Group and its network (see note 11.2.1). As at December 31, 2021, when determining the effective interest rate of the debt, the Group considered that the targets will be met. In addition, when building its business plan, the Group has estimated that it would not bear additional costs for the achievement of the objectives assigned to the hotels of its network.

In 2021, Accor performed its first climate-related risk mapping. This assessment allowed the Group to identify the probable physical impacts in a +4°C world by 2100, as well as the risks and opportunities of transition on scenarios of a +1.5°C constraint world by 2100.

The Group considers that climate change could have physical impacts by 2030-2050, particularly in extreme scenarios (increase in temperature by 4°C). Some hotels could be threatened by flooding due to rising water levels or severe heat waves leading to increased investment and operating costs.

Besides, the paradigm shift will also create many revenue opportunities in short-haul leisure travel and for more competitive low carbon hotels, in line with Accor's objectives.

## Note 2. Significant events in the current year

### 2.1 Impacts of the Covid-19 health crisis

#### Impacts on the Group's activities

Since early 2020, the spread of the Covid-19 virus and related confinement measures initiated by the governments to contain its transmission (travel bans, border closings, stay-at-home directives and closures of shops and public places) has sharply affected the travel and hospitality industry. In 2021, the Group's operations continued to be impacted by the health crisis. The current year shows a positive trend between the first and second semester due to the combined effect of vaccination campaigns to curb the pandemic and less restrictive confinement measures, with a disparity among regions. The "RevPAR" (revenue per available room) for Accor branded hotels decreased by 46% compared to 2019, whereas it was down by 62% in 2020. The hotel occupancy rate regularly increased to reach 42%. It was 15% over the second quarter of 2020, which corresponds to the peak of the crisis.

Over the year, the consolidated revenue amounted to €2,204 million, compared to €1,621 million in 2020 (see Note 4.1). It is down by 45.6% compared to reported revenue of €4,049 million in the fiscal year 2019, used as a reference year by the Group.

#### Cash management and going concern basis

Over the year, Accor pursued and strengthened the mitigation measures initiated in 2020 to adapt its structure costs to the decrease in activity and preserve its liquidity position (partial unemployment measures and efforts in terms of reducing its sales and marketing expenses and recurring investments). The Group also decided not to pay any dividend with respect to fiscal year 2020.

To optimize its financial structure, on November 18, 2021, Accor issued a bond indexed to the Group's sustainable development objectives ("Sustainability-Linked Bond") for €700 million. This new funding enabled a partial repayment of €448 million on the bonds issued in September 2015 and January 2017 for a total of €652 million, maturing in 2023 and 2024 respectively. On February 5, 2021, the Group had also repaid the €550 million remaining balance of the €900 million bond, issued in February 2014, matured in February 2021 (see Note 11.2.1).

As at December 31, 2021, Accor has a strong financial position, with net cash and cash equivalent of €1,658 million. Considering the expected maturities of the financial debts, and assuming, conservatively, a level of operating cash outflows equivalent to 2021, 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 November 15, 2021, the Group favorably rearranged the terms of its €1,200 million credit facility maturing in June 2025. The initial leverage covenant, which was suspended until June 2022 in the context of health crisis, will be effective again from June 2024. Only a covenant of minimum cash will be applied in 2022 and 2023. Furthermore, on April 15, 2021 and October, 27 2021, the Group exercised the two six-month extension options on the twelve-month revolving credit facility of €560 million, concluded in May 2020, thus extending the maturity to May 2022. This 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 for issue of the consolidated financial statements at December 31, 2021, the Group concluded that there was no material uncertainty that might cast significant doubt on its ability to continue to operate as going concern for, at least, the next twelve months.

## Other impacts on the consolidated financial statements

Accor reviewed the recoverable amount of its non-current assets (see Note 8.3). Impairment tests carried out on cash-generating units (“CGUs”) or groups of CGUs to which goodwill is attached led to the recognition of an impairment loss for €8 million on some hotel assets operated in Australia. The Group also performed impairment tests, on a case-by-case basis, on its other non-current assets, based on a review of impairment indicators. This analysis led the Group to recognize a loss of €43 million (€27 million on hotel management contracts and €17 million on equity-accounted investments). Impairment losses are presented within other income and expenses in the consolidated income statement (see Note 7).

Furthermore, Accor has not identified any indicator of a material increase in credit risk of its main customers since December 31, 2020. Accordingly, in 2021, the Group did not recognize any material additional loss allowance for expected credit losses on its trade receivables.

## 2.2. Other significant events

Other main features of the financial year are summarized below:

- The takeover of Mama Shelter (May 2021), 25hours (September 2021) and Ennismore (October 2021) with a view to develop the Group’s Lifestyle hotel management business, followed by the disposal of the Lifestyle hotels operated under leases in October 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

The list of the main consolidated companies as at December 31, 2021 is presented in Note 15.3.

#### **Accounting policy**

##### **Basis of consolidation**

###### Full consolidation method

Entities over which the Group exercises exclusive control, directly or indirectly, are fully consolidated. Control is deemed to exist when the Group is exposed, or has rights, to variable returns from its involvement with an investee and has the ability to affect those returns through its power. In the hospitality industry, assessment of power relies on the ability to make all operational, financial and strategic management decisions. In practice, this means that the investor has the power to appoint the hotel's management and to approve the business plan. More specifically, for the case of managed hotels, Accor acts on behalf and for the benefit of the hotel owner and, as such, is considered as an agent for the owner.

All transactions between consolidated companies are eliminated, together with all intra-group profits (gains, dividends, etc.). Newly acquired subsidiaries are consolidated from the date when control is acquired.

###### Equity method (applied to associates and joint ventures)

Entities over which the Group exercises significant influence (associates) and arrangements whereby the Group shares joint control and has rights only to the net assets of the arrangement (joint ventures) are accounted for by the equity method.

Significant influence is the power to participate in the financial and operating policy decisions of the investee without having control or having joint control of those policies. If the Group holds 20% or more of the voting power of the investee, it is presumed to have significant influence. In some countries, Accor may choose to acquire a minority interest in a local company that is then used as a vehicle for developing hotel projects. In exchange for its investment, Accor may be granted the right to manage the hotels concerned. In most cases, Accor has a seat on the Board, allowing it to participate in decisions.

Joint control is the contractually agreed sharing of control of an arrangement between two or more partners, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The principles applicable to investments accounted for by the equity method are presented in Note 6.

###### Investments in non-consolidated companies

When the Group does not exercise control, joint control or significant influence over the financial and operating policy decisions of an investee, the investment is accounted for as a financial asset measured at fair value, as explained in Note 11.2. It is presented as an investment in non-consolidated companies under "Other non-current financial assets" in the statement of financial position.

## **Business combinations**

Business combinations are accounted for using the acquisition method.

The acquisition price corresponds to the acquisition-date fair value of the consideration transferred to the vendor in exchange for control of the investee, including any contingent consideration. Goodwill arising from a business combination is measured as the difference between:

- The fair value of consideration transferred, increased by the amount of any non-controlling interest recognized and, if applicable, the fair value of any previously held interest in the acquiree, and
- The acquisition-date fair value of the assets acquired, and liabilities assumed.

In the case of a bargain purchase, the negative goodwill is recognized immediately as profit in the consolidated income statement.

In a business combination involving the acquisition of an interest of less than 100%, non-controlling interests in the acquiree are measured at either:

- Their proportionate share in the acquiree's identifiable net assets, leading to the recognition of a goodwill only for the share acquired ("partial goodwill" method); or
- Their fair value, leading to the recognition of the goodwill attributable to these non-controlling interests ("full goodwill" method).

Identifiable assets acquired and liabilities assumed are initially measured at their fair value at acquisition date. The accounting for the business combination is completed during a twelve-month measurement period following the acquisition date.

Contingent consideration is included in the acquisition price at its acquisition-date fair value, regardless of the probability that it will be paid. Adjustments to the provisional accounting for the business combination during the measurement period are recognized by adjusting goodwill when they relate to facts and circumstances that existed at the acquisition date. When this is not the case, and after the end of the measurement period, adjustments are recognized directly in the income statement.

When a business combination is achieved in stages, the previously held equity interest is remeasured at fair value at the acquisition date through profit or loss. The attributable other comprehensive income, if any, is fully reclassified to profit or loss. In order to determinate the goodwill, the acquisition price is increased with the fair value of previously held interest.

The costs directly related to the acquisition are recorded under "Other income and expenses" in the period in which they are incurred, except for the costs of issuing equity instruments.

## **Disposals resulting in a loss of control**

If a transaction leads to a loss of exclusive control, the carrying amounts of the subsidiary's assets (including goodwill) and liabilities are derecognized, together with minority interests, and the disposal gain, or loss is recognized in the income statement. If the Group retains a residual interest in the subsidiary sold, the remaining investment is reclassified under "Investments in associates and joint ventures" or "Investments in non-consolidated companies" as appropriate and remeasured at fair value through profit or loss. The total gain or loss recognized on the date when control is lost corresponds to the sum of the gain or loss realized on the sold interest and the gain or loss arising from remeasurement at fair value of the residual interest.



In 2021, the changes in the scope of consolidation mainly relate to the operations carried out by the Group in order to develop its management business on Lifestyle activities, which are experiencing strong growth. These hotels benefit from an innovative design and offer to their customers, gathering both international travellers and local communities, an original experience focused on a friendly welcome, warm restaurants and entertainment.

### **3.1.1 Development of Lifestyle management business**

#### **Takeover of Mama Shelter and 25hours**

The two below transactions meet the definition of a business combination and are accounted for under the acquisition method, in accordance with IFRS 3 *Business Combinations*.

On May 4, 2021, Accor, which owned 70% of the share capital and voting rights of Mama Shelter, acquired the remaining 30% 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 €78 million, including the remeasurement to fair value of the previously held equity investment (€48 million).

The purchase price allocation, carried out on a provisional basis, leads to net assets acquired for €26 million, primarily including the Mama Shelter brand (€27 million), and a goodwill of €52 million.

On September 15, 2021, Accor acquired the remaining 50% stake in 25hours for €66 million (including a €46 million deferred payment due in two instalments in 2022 and 2023), increasing its stake to 100% of the share capital and voting rights of the company. The consideration transferred amounts to €145 million, including the remeasurement to fair value of the previously held equity investment (€79 million). This remeasurement led to a €16 million profit recognized in other income and expenses in the consolidated income statement.

The purchase price allocation, carried out on a provisional basis, leads to net assets acquired for €54 million, primarily including the 25hours brand (€47 million), and a goodwill of €91 million.

In 2021, the contribution of Mama Shelter and of 25hours to the Group's consolidated revenue and net profit, from their acquisition date, is not material.

These two transactions resulted in a total cash outflow (net of the cash acquired) of €7 million in the consolidated statement of cash flows for the year.

#### **Merger with Ennismore Holdings Ltd**

On October 1, 2021, Accor finalized the merger with Ennismore Holdings Limited ("EHL"), a London-based hotel operator, carried out exclusively through exchanges of shares. This transaction gave rise to a new "asset-light" entity, called Ennismore, which operates a portfolio of 84 existing hotels under 14 brands (including Mondrian, SLS, The Hoxton, Gleneagles, 21C Museum Hotels, Mama Shelter, 25hours, Jo&Joe, SO/) and over 150 restaurants and bars. Ennismore aims to become the world's leading lifestyle operator in the hospitality sector.

Pursuant to this transaction, the new entity Ennismore is 66.67% owned by Accor and 33.33% by EHL. The governance arrangements agreed between the parties allow Accor to exercise exclusive control over the entity. In the Group's financial statements, this transaction is accounted for as an acquisition of 66.67% of the activities contributed by EHL in exchange for the disposal of 33.33% of its own Lifestyle activity.

Accordingly, this operation is accounted for as two transactions:

- An acquisition of EHL's activities meeting the definition of a business combination in accordance with IFRS 3 *Business Combinations* and accounted for under the acquisition method. Accor recognized a €217 million provisional goodwill based on a consideration transferred of €219 million, corresponding to the fair value of the interests in its Lifestyle activities transferred to EHL. The purchase price allocation will be completed within the 12-month measurement period following the acquisition date.
- A 33.33% decrease in the interest held by the Group in its Lifestyle activities with no loss of control. As a result, Accor recognized a €29 million increase in equity Group share corresponding to the gain from disposal, computed as the difference between the carrying value of the interests transferred to EHL reclassified within minority interests (€190 million) and their fair value.

In 2021, the contribution of EHL's lifestyle activities to the Group's consolidated revenue and net profit is not material.

### **Disposal of Lifestyle leased assets**

On October 1, 2021, Accor finalized the sale of its portfolio of Lifestyle hotels operated under lease contracts (23 hotels under the brands Mama Shelter, 25hours and Jo&Joe, of which four pipeline hotels). Notably following the acquisition of Mama Shelter in May 2021 and 25hours in September 2021, this transaction is part of the Group's "Asset-light" strategy.

Pursuant to the agreement signed with Keys Asset Management, an investment fund dedicated to asset management, and Norlake, a related party of EHL, the portfolio of hotel assets was transferred to KNSA Hotels France, a newly incorporated company, in which Accor holds a 24.5% minority stake, accounted for under the equity method in the Group's consolidated financial statements. The hotels transferred are now managed by Ennismore under management agreements.

In accordance with the principles of IFRS 10 *Consolidated Financial Statements*, this transaction leads to a loss of control of the hotel assets transferred, as the rights held by Accor (voting rights in KNSA Hotels France combined with the rights resulting from management agreements) do not allow the Group to unilaterally direct their relevant activities.

Being a sale of a business to an associate with loss of exclusive control ("downstream" transaction as defined by IAS 28 *Interests in Associates and Joint Ventures*), the Group applies the provisions of IFRS 10 *Consolidated financial statements* that requires the recognition of the entire gain on disposal.

The Group recognized a capital loss on disposal of €2 million, calculated as the difference between:

- On the one hand, the selling price of €79 million, including a price adjustment of €10 million payable in 2022 and an estimated earn-out of €49 million payable in 2025, and
- On the other hand, the net book value of the business sold, as recognized in the Group's financial statements on completion date for €81 million.

This transaction resulted in a negative impact of €(6) million in the consolidated cash flow statement of the year, corresponding to the proceeds received net of the cash transferred.

In addition, on October 1, 2021, Accor, along with other the shareholders, subscribed to a capital increase of KNSA Hotels France and granted a shareholder loan in an amount proportional to its shareholding for a total of €7 million.

### 3.1.2 Disposals

#### Partial Disposal of shares in Huazhu

On February 18, 2021, Accor sold part of its shares in Huazhu Group Ltd representing 1.5% of the company's share capital 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 requirements of IAS 28 *Investments in associates and joint ventures*. The gain recognized, which amounts to €649 million, is presented within other income and expenses in the consolidated income statement of the financial year. It corresponds to 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.

This disposal resulted in a cash inflow of €239 million in the consolidated statement of cash flows of the financial year.

#### Disposal of Adoria

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.

This disposal resulted in a cash inflow (net of the cash sold) of €5 million in the consolidated statement of cash flows for the year.

### 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 included 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 years, the Group concluded that, at the date of authorization for issue of the consolidated financial statements at December 31, 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 fore mentioned 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 broaden its offer for hotel owners, by providing additional services in adjacent activities, while continuing to focus on its core business of hotel management.

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.

In accordance with the provisions of IFRS 10 *Consolidated Financial Statements*, the Group concluded that it does not have exclusive control over AAC to the extent where the 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.

As at December 31, Accor owns 23.52% of the share capital of AAC for an investment of €34 million. It comprises 6.8 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.

The warrants held by the Group are accounted for as derivative instruments in the consolidated statement of financial position. As at December 31, 2021, their fair value is not material.

## 3.2 Assets or disposal groups held for sale and discontinued operations

### Accounting policy

When the carrying amount of a non-current asset or disposal group is expected to be recovered principally through a sale transaction rather than through continuing use, it is presented separately in the consolidated statement of financial position under “Assets classified as held for sale”. Any related liabilities are also reported on a separate line under “Liabilities associated with assets classified as held for sale”. For the reclassification to be made:

- the sale must be highly probable,
- management must be committed to a plan to sell the asset (or disposal group), and
- the asset (or disposal group) must be available for immediate sale in its present condition.

Assets and liabilities held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Depreciation of the assets ceases when it is reclassified as held for sale.

A discontinued operation is a component of an entity that either has been disposed of, or is classified as held for sale, and:

- Represents a separate major line of business or geographical area of operations, or is a part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations; or
- Is a subsidiary acquired exclusively with a view to resale.

The post-tax profit or loss of the discontinued operation and related disposal gains or losses are presented as a single amount on a separate line of the income statement, with restatement of the prior year as a comparative. Cash flows from discontinued operations are also reported separately in the consolidated statement of cash flows.

### 3.2.1 Assets held for sale

As at December 31, 2021, assets and liabilities classified as held for sale were as follows:

<i>(€ in million)</i>	Dec. 2020		Dec. 2021	
	Assets	Liabilities	Assets	Liabilities
SCI Sequana	392	307	402	294
Others	4	19	3	-
<b>Total</b>	<b>395</b>	<b>326</b>	<b>406</b>	<b>294</b>

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

As at December 31, 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 are not conclusive yet. However, these discussions were pursued over the year and the Group remains actively committed to its disposal plan. 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. As at December 31, 2021, the comparison between the carrying value of the disposal group and its fair value less costs to sell did not reveal any impairment.

### **3.2.1 Discontinued operations**

In 2021, the profit of discontinued operations amounts to €77 million and mainly corresponds to items recognized in relation to the guarantees given as part of the sale of AccorInvest in June 2018. Over the year, the Group recognized a €85 million reversal of provision, net of deferred taxes, on the risks associated with the assets (see Note 10) and a provision of €(21) million on tax guarantees, following the tax reassessment of AccorInvest (see Note 14.2)).

In 2020, the €257 million profit of discontinued operations comprised the capital gain on disposal of Orbis hotel assets and their contribution to net profit until completion date.

## Note 4. Operating activities

### Note 4.1 Segment information

#### Accounting policy

In accordance with IFRS 8 *Operating segments*, the segment information presented below is based on the Group's internal reporting that is provided to the Executive Committee (defined as the Chief Operating Decision Maker as defined by the standard) to assess operating performance and make decisions about resources allocation.

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 consists in collecting 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 three 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 by the Division Sales, Marketing, Distribution and Loyalty (sales, marketing and distribution, loyalty program) as well as shared services and reimbursement of costs incurred on behalf of hotel owners.

- **“Hotel assets & other” 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),
  - Three 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 year 2020 has been restated to reflect the Group’s new organization.



#### 4.1.1 Revenue

<i>(€ in million)</i>	<b>2020</b>	<b>2021</b>
Southern Europe	80	141
Northern Europe	51	91
Asia-Pacific	72	98
Americas	52	111
India, Middle East, Africa & Turkey	36	77
<b>Management &amp; Franchise</b>	<b>292</b>	<b>518</b>
<b>Services to owners</b>	<b>850</b>	<b>1,064</b>
<b>HotelServices</b>	<b>1,142</b>	<b>1,582</b>
Hotel assets & Other	489	633
Holding/Intercos	(9)	(11)
<b>Revenue</b>	<b>1,621</b>	<b>2,204</b>

Revenue in France amounted to €342 million in 2021 compared to €203 million in 2020. No other country represents more than 10% of the Group's revenue.

“Services to owners” revenue includes reimbursement of costs incurred on behalf of hotel owners for €555 million in 2021.

#### 4.1.2 EBITDA

<i>(€ in million)</i>	<b>2020</b>	<b>2021</b>
Southern Europe	14	96
Northern Europe	(12)	47
Asia-Pacific	21	51
Americas	0	40
India, Middle East, Africa & Turkey	1	41
<b>Management &amp; Franchise</b>	<b>25</b>	<b>275</b>
<b>Services to owners</b>	<b>(282)</b>	<b>(182)</b>
<b>HotelServices</b>	<b>(257)</b>	<b>93</b>
Hotel assets & Other	(22)	48
Holding/Intercos	(112)	(119)
<b>EBITDA</b>	<b>(391)</b>	<b>22</b>

## 4.2 Revenue

### Accounting policy

Revenue corresponds to the value of goods and services sold by the Group in the ordinary course of business. The Group recognizes revenue when it transfers the control of the promised goods and services to the customer, which may be overtime or at a point in time. Revenue is recognized in an amount that reflects the consideration to which the Group is expected to be entitled in exchange for transferring promised goods or services.

The Group applies the guidance provided in IFRS 15 to determine whether it acts as the principal or an agent in its contractual relationships with hotel owners. It is considered as acting as the principal if it controls the promised service before that service is transferred to a customer. In such a case, revenues and related expenses are reported separately in the income statement. Otherwise, the Group is considered as acting as an agent and only the remuneration corresponding to the agency fee is recognized in revenue.

### Fees billed to franchised hotels and hotels under management contracts

- Trademark royalty fees received from hotel owners under licenses for the use of the Group's brands. These fees are generally based on the hotel's Room revenue.
- Management fees received from the owners of hotels managed by the Group. These fees are generally based on hotel's revenue. In some cases, they also include an incentive fee subject to hotel profitability.
- Other fees for support services provided to hotels within our network such as marketing, distribution, and information system...

The Group applies the IFRS 15 guidance for recognition of revenue related to licenses of intellectual property with sales-based royalties, which allows to account for trademark royalty fees when the hotel's room revenue is recognized.

Other fees relate to services representing distinct performance obligations which are generally satisfied over time, when the hotel owners simultaneously receive and consume the benefits provided. The Group elects the practical expedient to recognize revenue based on amounts invoiced to the customer, when this method of measuring progress best depicts the performance provided. Invoicing is based on contractual prices, which represent the stand-alone selling prices of specified promised goods or services.

The Group may provide a contractually agreed performance to hotel owners, generally during the first years of hotel operations. These variable considerations, which are definitely earned at the end of the period over which they are applied, are estimated using the most likely amount method, based on all reasonably available information, and are, if need be, capped at the minimum amount considered as highly probable. At each reporting period, the Group revises its estimates of variable considerations and assesses whether a constraint should apply.

### Loyalty program

Accor manages the loyalty program on behalf of the Group's hotels. This service is considered as a single distinct performance obligation, which is satisfied in full when the reward points and other advantages are redeemed for a stay by members or expire. Loyalty program fees invoiced to hotel owners are deferred in an amount that reflects the stand-alone selling price of the future benefit to the member. They are recognized as revenue when the reward points and other advantages are redeemed or when they expire.

The Group acts as an agent for hotel owners to the extent that it does not control the services rendered to members upon redemption. Accordingly, revenue is presented net of the redemption cost paid to the hotel that is providing the service to the member.

## Hotel revenue

It corresponds to all the revenue received from guests by owned and leased hotels. The services rendered (including room sales, food and beverage sales and other ancillary services) are distinct performance obligations, for which prices invoiced to the guests are representative of their stand-alone selling prices. These obligations are fulfilled over time when they relate to room sales, along the stay in the hotel, and at a point in time for other goods or services, when they have been delivered or rendered.

The disaggregation of revenue is outlined in the Note 4.1 above.

## 4.3 Operating expenses

<i>(€ in million)</i>	<b>2020</b>	<b>2021</b>
Cost of goods sold	(49)	(54)
Personnel expenses	(1,115)	(1,300)
Variable property lease payments	(12)	(27)
Energy, maintenance and repairs	(41)	(45)
Taxes	(41)	(39)
Other operating expenses	(753)	(717)
<b>Operating expenses</b>	<b>(2,012)</b>	<b>(2,182)</b>

Personnel expenses are disclosed in Note 5.2.

Variable property lease payments, which increased over the year, correspond to the variable part of rents for hotel properties operated under lease contracts, that is contractually based on their performance.

Other operating expenses, which mainly include marketing, advertising & promotions, distribution and information systems costs, remain steady over the year.

## 4.4 Working capital

The working capital can be analyzed as follows:

<i>(€ in million)</i>	<b>Dec. 2020</b>	<b>Dec. 2021</b>	<b>Variation</b>	<b>Neutralization of non-cash items</b>	<b>Cash flow statement items</b>
Inventories	21	9	(12)	(12)	0
Trade receivables	534	697	164	42	121
Other current assets	222	256	34	10	24
<b>Current assets</b>	<b>776</b>	<b>962</b>	<b>186</b>	<b>40</b>	<b>146</b>
Trade payables	327	441	114	18	96
Other current liabilities	579	718	139	55	84
<b>Current liabilities</b>	<b>907</b>	<b>1,159</b>	<b>253</b>	<b>73</b>	<b>180</b>
<b>Working capital</b>	<b>131</b>	<b>197</b>	<b>66</b>	<b>33</b>	<b>34</b>

As at December 31, 2021, the increase in current assets and liabilities is mainly explained by the activity recovery.

### 4.4.1 Current assets

#### Accounting policy

Trade receivables are measured at amortized cost. They are impaired based on their expected lifetime credit losses, using the simplified approach under IFRS 9 *financial instruments*. When a credit event has been identified, the loss allowance is measured on an individual basis considering the risk profile of the counterparty, historical probabilities of default and estimated losses.

Trade receivables can be analyzed as follows:

<i>(€ in million)</i>	<b>Dec. 2020</b>	<b>Dec. 2021</b>
Gross value	703	842
Loss allowance	(169)	(145)
<b>Trade receivables, net</b>	<b>534</b>	<b>697</b>

In 2021, the Group recognized a reversal of €29 million on its net trade receivables.

The maturity of trade receivables (excluding accrued receivables) is presented in Note 11.3.4.

Other current assets breakdown as follows:

<i>(€ in million)</i>	<b>Dec. 2020</b>	<b>Dec. 2021</b>
Recoverable VAT	56	75
Income tax and other taxes receivables	11	8
Other receivables	104	119
Prepaid expenses	61	69
<b>Gross value</b>	<b>232</b>	<b>271</b>
Loss allowance	(10)	(15)
<b>Other current assets, net</b>	<b>222</b>	<b>256</b>

#### 4.4.2 Current liabilities

Other current liabilities breakdown as follows:

<i>(€ in million)</i>	<b>Dec. 2020</b>	<b>Dec. 2021</b>
VAT payable	36	61
Wages salaries and payroll tax payables	167	192
Income tax and other tax payables	68	60
Other payables	232	281
Deferred income	76	124
<b>Other current liabilities</b>	<b>579</b>	<b>718</b>

## 4.5 Contract assets and liabilities

### Accounting policy

In accordance with IFRS 15 *Revenue from Contracts with Customers*, the Group recognizes assets and liabilities on its contracts with customers:

- Contract assets represent a right for the Group to receive consideration in exchange for goods or services already transferred to a customer, when that right is conditioned on something other than the passage of time. They mainly include amounts paid to hotel owners to secure management and franchise contracts (“key moneys”) and, when applicable, expected value of payments under performance guarantees provided to hotel owners. They are subsequently recognized as a reduction to revenue over the life of the contract.
- Contract liabilities represent the Group’s obligation to transfer goods or services, for which the customer has already paid a consideration, or when the amount is unconditionally due from the customer. They mainly correspond to loyalty fees invoiced to hotel owners that are deferred in the statement of financial position and, subsequently, recognized in revenue upon redemption or expiry of rewards points and other advantages (net of the amount to be paid to hotel owners and partners, who rendered the service). This category also comprises entrance fees that are invoiced upon signing of management and franchise contracts.

Contract assets and liabilities are as follows:

<i>(€ in million)</i>	<b>Dec. 2020</b>	<b>Dec. 2021</b>
Advance payments to hotel owners	201	289
<b>Contract assets</b>	<b>201</b>	<b>289</b>
Loyalty program deferred fees	205	180
Other deferred fees to hotel owners	23	23
<b>Contract liabilities</b>	<b>229</b>	<b>203</b>
<b>Net contract assets and liabilities</b>	<b>(28)</b>	<b>86</b>

## Note 5. Personnel expenses and employee benefits

### 5.1 Headcount

The Group's headcount is as follows:

	2020	2021
Average employees	15,247	14,466

It corresponds to the arithmetic average of the employees present in the Group at the end of each quarter. Employees recharged to hotel owners, as well as employees from equity investments are not included.

### 5.2 Personnel expenses

#### Accounting policy

Group employees are entitled to short-term benefits such as paid annual leave, paid sick leave, bonuses and profit-shares payable within twelve months of the end of the period in which the corresponding services are rendered. These benefits are recorded in current liabilities and expenses when the service is rendered by the employee.

Employees are also entitled to various long-term benefits, including:

- Post-employment benefits payable after the employee leaves the Group, such as retirement termination benefits and pension benefits.
- Other long-term benefits payable during employment, such as long-service bonuses, loyalty bonuses and seniority bonuses.

Benefit plans depend on local legislation and on collective bargaining in force in each of the Group's countries. Post-employment benefits are broken down into two categories:

- Defined contribution plans, under which the Group pays periodic contributions to external organizations that are responsible for the administrative and financial management of the plans. The Group has legal or constructive obligation to pay further contributions. These are recognized as expenses for the period to which they relate.
- Defined benefit plans, under which the Group guarantees a contractually future level of benefits. The Group's obligation is recognized as a liability in the consolidated statement of financial position.

Equity-settled long-term incentive plans have also been set up for executive officers and certain employees. The accounting treatment of these plans is presented in Note 5.4.

The personnel expenses are presented as follows:

<i>(€ in million)</i>	<b>2020</b>	<b>2021</b>
Salaries and social security charges	(684)	(750)
Salaries and social security charges recharged to owners	(402)	(512)
Share-based payments	(30)	(38)
<b>Personnel expenses</b>	<b>(1,115)</b>	<b>(1,300)</b>

In 2021, the increase in salaries and social security charges is mainly driven by the reduction in government supports measures, the end of partial unemployment measures and the hotels reopening.

Staff costs incurred on behalf of hotel owners in connection with hotels management (and fully recharged to them) mainly relate to hotel assets in North America. Their increase in 2021 reflects the economic recovery in this region during the second half of the year.

### 5.3 Pensions and other benefits

#### Accounting policy

The pensions liability corresponds to the present value of the projected benefit obligation less the fair value of plan assets in funds allocated to finance such benefits, if any. If plan assets exceed the projected benefit obligation, the surplus is recognized only if it represents future economic benefits that are available to the Group.

The projected benefit obligation is determined by independent actuaries using the projected unit credit method, based on actuarial assumptions such as increase in salaries, retirement age, mortality, employee turnover and discount rate. These assumptions take into account the macro-economic environment and other specific conditions in the various countries in which the Group operates.

The expense recorded in the consolidated income statement includes:

- Current service cost and past service cost resulting from a new plan, a plan amendment or a plan curtailment or settlement, recognized in operating expenses, and
- Net interest cost on defined benefit obligation and plan assets, recognized in net financial expense.

Actuarial gains and losses on post-employment benefit plans that arise from changes in actuarial assumptions and experience adjustments are recognized in the statement of comprehensive income.

Actuarial gains and losses on other long-term benefit plans are recognized immediately in profit or loss.



### 5.3.1 Pensions and other post-employment benefit obligations

(€ in million)	Dec. 2020	Dec. 2021
Pension plans	71	54
Other long-term benefits	3	2
<b>Pension commitments</b>	<b>74</b>	<b>56</b>
Surplus on pension plans	3	3
<b>Pensions asset</b>	<b>3</b>	<b>3</b>
<b>Net commitment</b>	<b>70</b>	<b>53</b>
· of which net pension commitments	68	51
· of which net commitments for other benefits	3	2

### 5.3.2 Description of the plans

In the Group, the main post-employment defined benefit plans concern:

- **Pension plans:** the main pension plans are in France (31% of the obligation), in the United Kingdom (30% of the obligation) and in Canada (26% of the obligation). Pension benefit obligations are determined based on end-on-career salaries and number of years of service within the Group. They are funded by payments to external organizations that are legally separated from the Group. Pension rights are unvested and plan participants receive annuities.
- **Length-of-service awards in France:** these are lump sum benefits determined based on the number of years of service and annual salary upon retirement.
- **Supplementary pension plan in France:** this plan provides for the payment of periodic benefits to executive officers and senior executives whose final annual compensation represents more than five times the annual ceiling used for calculating social security contributions ("PASS"), provided that they are employed by the Group up to their retirement.

### 5.3.3 Actuarial assumptions

The main actuarial assumptions used by the Group to estimate the obligations are as follows:

	Discount rate		Salary growth rate	
	Dec. 2021	Dec. 2020	Dec. 2021	Dec. 2020
France	0,9% - 2%	0.3%	3% - 4%	3% - 4%
Canada	2,8% - 3%	2% - 2,5%	2.8%	2.8%
Belgium	0.9%	0.3%	2.8%	2.8%
Switzerland	0.3%	0.1%	1.0%	1.0%
United Kingdom	1.8%	1.3%	n.a.	n.a.

The discount rate in each country is determined by reference to market yield on investment grade corporate bonds with maturities equivalent to the related employee benefits. If the local corporate bond market is not sufficiently liquid, the government bond rate is used.

### 5.3.4 Breakdown and changes in the pension obligations

As at December 31, 2021, pension obligations breakdown by country as follows:

<i>(€ in million)</i>	France	Canada	Belgium	United Kingdom	Others	<b>Total</b>
Present value of obligations	60	50	15	58	11	193
Fair value of plan assets	(32)	(38)	(10)	(61)	(5)	(146)
Asset ceiling	-	3	-	-	-	3
<b>Net obligation</b>	<b>28</b>	<b>15</b>	<b>6</b>	<b>(3)</b>	<b>5</b>	<b>51</b>

The movements in the net obligation for pensions over the year are as follows:

<i>(€ in million)</i>	<b>Present value of obligation</b>	<b>Fair value of plan assets</b>	<b>Asset ceiling</b>	<b>Net</b>
<b>At December 31, 2020</b>	<b>215</b>	<b>(149)</b>	<b>1</b>	<b>68</b>
IAS 19 restatement (*)	(4)	(0)	-	(4)
<b>At January 1, 2021</b>	<b>211</b>	<b>(149)</b>	<b>1</b>	<b>64</b>
Current service cost	6	-	-	6
Interest expense/(income)	3	(2)	-	1
Others	(3)	-	-	(3)
<b>Total recognized in profit or loss</b>	<b>5</b>	<b>(2)</b>	<b>-</b>	<b>3</b>
Actuarial (gains)/losses related to experience adjustments	(9)	-	-	(9)
Actuarial (gains)/losses related to changes in demographic assumptions	(1)	-	-	(1)
Actuarial (gains)/losses related to changes in financial assumptions	(9)	3	-	(6)
Change in asset ceiling (excluding net interest)	-	-	2	2
<b>Actuarial (gains)/losses</b>	<b>(19)</b>	<b>3</b>	<b>2</b>	<b>(15)</b>
Benefits paid	(11)	8	-	(2)
Exchange differences and others	8	(6)	0	2
<b>At December 31, 2021</b>	<b>193</b>	<b>(146)</b>	<b>3</b>	<b>51</b>

(\*) See Note 1.1 on IFRS IC decision.

### 5.3.5 Plan assets

The Group's pension obligations are funded under insured plans or by external funds. The assets of insured plans are invested in investment funds in each of the countries concerned.

As at December 31, 2021, the breakdown of plan assets is as follows:

<i>(€ in million)</i>	United Kingdom	Canada	France	Belgium	Others	<b>Total</b>
Bonds	-	9	25	-	1	35
Shares	-	28	4	-	1	33
Insurance contracts	-	-	-	10	2	12
Liquidity	3	0	1	-	0	4
Real Estate	-	-	2	-	1	3
Others	58	-	0	-	0	58
<b>Plan assets</b>	<b>61</b>	<b>38</b>	<b>32</b>	<b>10</b>	<b>5</b>	<b>146</b>

The expected long-term return on plan assets is aligned with the discount rate.

### 5.3.6 Sensitivity analysis

As at December 31, 2021, the sensitivity of provisions for pensions to a change in discount rate is as follows:

<i>(€ in million)</i>	<b>Impact on obligation</b>
Impact of increase in discount rate by 0.5 pt	(8)
Impact of decrease in discount rate by 0.5 pt	8

### 5.3.7 Expected cash flows

The following table shows expected cash outflows for the coming years, without taking into account any cash inflows generated by plan assets:

<i>(€ in million)</i>	<b>2022</b>	<b>2023</b>	<b>Hereafter</b>	<b>Total</b>
Expected cash flows	10	12	76	<b>98</b>

## 5.4 Share-based payments

### Accounting policy

#### Performance share plans

Performance share plans are set up regularly for executive officers and certain employees. The plans generally have a vesting period between two and four years and the shares vest only if the grantee is still employed by the Group on the vesting date.

The fair value of the employee benefit is determined by independent experts using the “Monte Carlo” model. It corresponds to the share price at grant date, less (i) the present value of dividends not received during the vesting period, and (ii) a discount reflecting the estimated probability of the external performance conditions being fulfilled. The total cost of each plan is calculated at grant date and is not adjusted in subsequent periods.

Internal performance conditions (continued presence within the Group at vesting date and internal performance objectives) are not considered for the fair value calculations. However, they are taken into account for the purpose of estimating the number of shares that are likely to vest. This estimate is updated at each period end.

#### Stock option plans

No stock options have been granted since 2013. The plans set up in previous years included plans for which the only condition was the grantee’s continued presence within the Group at the exercise date and performance stock option plans.

The cost of these plans corresponds to the fair value of the options, as determined using the Black & Scholes option-pricing model based on the plan’s characteristics and market data (such as the underlying share price and stock market volatility). The number of potentially exercisable options is reviewed at each period end.

#### Employee share plans

As part of its incentive policy, the Group may organize employee rights issues giving staff the opportunity to purchase Accor SA shares at a discount. The employee benefit corresponds to the difference between the price at which the shares are offered to employees and the Accor SA share price on the date the rights are exercised.

The cost of share-based payment plans is recognized in employee benefits expenses on a straight-line basis over the vesting period, with the corresponding liability recognized in:

- Shareholders’ equity for equity-settled plans.
- Employee benefit obligations for cash-settled plans, adjusted at each period end.

If the plan is not subject to any vesting conditions, the cost is recognized in full on the grant date.

All ongoing plans as at December 31, 2021 were equity-settled plans.

The dilutive effect of plans that have not yet vested is reflected in diluted earnings per share calculations.

In 2021, the expense recognized in respect of share-based plans amounts to €41 million, of which €3 million presented within other income and expenses in the consolidated income statement.

<i>(€ in million)</i>	2020	2021
2017 plans	5	-
2018 plans	6	3
2019 plans	12	13
2020 plans	8	15
2021 plans	-	10
<b>Total</b>	<b>32</b>	<b>41</b>

### 5.4.1 Free and performance share plans

The movements over the year are as follows:

<i>(Number of shares)</i>	2020	2021
<b>Number of shares at beginning of the year</b>	<b>3,819,606</b>	<b>3,631,642</b>
Shares granted	1,834,941	1,739,851
Shares cancelled or expired during the year	(1,491,686)	(233,095)
Shares vested during the year	(531,219)	(473,540)
<b>Number of shares at end of the year</b>	<b>3,631,642</b>	<b>4,664,858</b>

### New plans

On May 17, 2021, the Group granted 336,410 free shares to some of its employees and managers, subject to a two-year vesting period, as part of its retention strategy. At that 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.

On June 23, 2021, the Group granted 1,353,236 performance shares to its employees, subject to a three-year vesting period. At that 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 only if the grantee remains within the Group until the end of the vesting period, and if 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 considered to determine the fair value of the performance shares at grant date.

On October 29, 2021, the Group set up a plan of 50,205 performance shares with similar characteristics to the June plan, whose fair value was €27.79.

The fair value of these plans amounts to €52 million and will be recognized on a straight-line basis over the vesting period within employee benefits expenses with a corresponding entry in equity. The expense recognized in respect of these plans amounted to €10 million in 2021.

## 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, on the modification date, 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 remaining vesting period of related plans. In 2021, the expense recognized in that respect amounted to €3 million.

## 5.4.2 Stock options plans

The movements over the year are as follows:

	December 31, 2020		December 31, 2021	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
<b>Options outstanding at beginning of the year</b>	<b>190,777</b>	<b>26.60 €</b>	<b>10,000</b>	<b>30.13 €</b>
Options cancelled or expired during the year	(86,309)	26.41 €	(10,000)	30.13 €
Options exercised during the year	(94,468)	26.41 €	-	0.00 €
<b>Options outstanding at end of the year</b>	<b>10,000</b>	<b>30.13 €</b>	<b>-</b>	<b>0.00 €</b>
<b>Options exercisable at end of the year</b>	<b>10,000</b>	<b>30.13 €</b>	<b>-</b>	<b>0.00 €</b>

The 10,000 outstanding options granted in September 2013 expired in September 2021.

## 5.5 Compensation of key management personnel

Key management personnel include the members of the Executive Committee and the members of the Board of Directors. As at December 31, 2021, the Executive Committee had 19 members (17 members as at December 31, 2020).

The compensation granted to the members of the Executive Committee is as follows:

<i>(€ in million)</i>	<b>2020</b>	<b>2021</b>
Short term employee benefits	18	21
Share-based payments	8	8
Termination benefits	11	2
Post-employment benefits	2	4
<b>Total compensation</b>	<b>38</b>	<b>34</b>

Members of the Board of Directors do not receive any compensation, they only receive attendance fees. The amount granted in 2021 was €1 million.

## Note 6. Equity-accounted investments

### Accounting policy

The consolidated financial statements include the Group's share of changes in the net assets of associates and joint ventures accounted for by the equity method. Investments in associates and joint ventures are initially recorded at cost in the consolidated statement of financial position and are subsequently adjusted at each period end to include the Group's share of their undistributed net profit.

In the following specific cases, the investment is initially recognized at fair value:

- Upon loss of control of an investee with a retained interest providing joint-control or significant influence,
- Upon gain of significant influence or joint control over a previously non-consolidated investment.

Goodwill arising on acquisition of associates and joint ventures is included in the carrying amount of the investment.

If the carrying amount of an investment is reduced to zero due to the cumulative losses of the associate or joint venture, the Group's share of any further losses is not recognized unless it has a legal or constructive obligation in relation to the investee's negative net assets. Investments in associates and joint ventures are tested for impairment when there is an indication that they may be impaired.

Entities accounted for under the equity method are an integral part of the Group's operations.

### 6.1 Share of net results of equity-accounted investments

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

<i>(€ in million)</i>	<b>2020</b>	<b>2021</b>
AccorInvest	(390)	(234)
Risma	(6)	(10)
Kasada	-	(3)
Accor Acquisition Company (AAC)	-	(2)
Huazhu Group Ltd (*)	(21)	3
Paris Society	(2)	3
Others	(60)	(27)
<b>Associates</b>	<b>(480)</b>	<b>(270)</b>
sbe	(66)	-
Other	(32)	(3)
<b>Joint ventures</b>	<b>(98)</b>	<b>(3)</b>
<b>Share in net results of equity-accounted investments</b>	<b>(578)</b>	<b>(273)</b>

(\*) Contribution until the loss of significant influence (2 months activity in 2021)

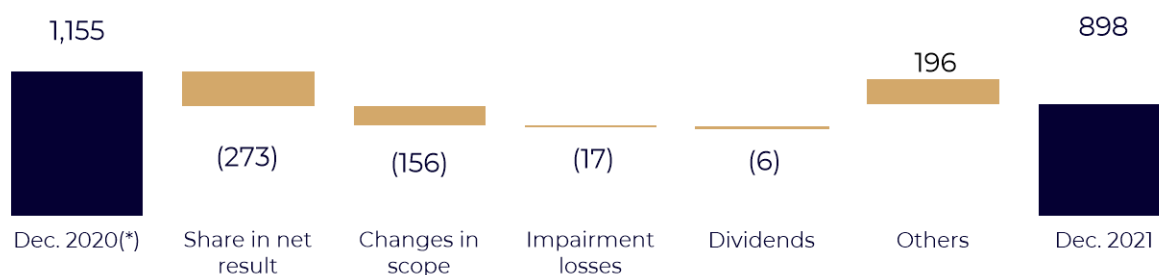


## 6.2 Carrying value of equity-accounted investments

(€ in million)	Déc. 2020 (*)	Déc. 2021
AccorInvest	621	549
Huazhu Group Ltd	84	-
Kasada	34	41
Risma	48	39
Paris Society	24	39
Accor Acquisition Company (AAC)	-	33
Others	300	157
<b>Associates</b>	<b>1,111</b>	<b>859</b>
<b>Joint-ventures</b>	<b>44</b>	<b>39</b>
<b>Carrying value</b>	<b>1,155</b>	<b>898</b>

(\*) Restated amounts following the purchase price allocation of sbe acquired in 2020 (see Note 8.1)

### Change in equity-accounted investments (€ in million)



As at December 31, 2021, changes in scope mainly composed of:

- 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 a significant loss of influence and a reclassification of the remaining 3.3% stake as a non-consolidated investment (see Note 3.1.2),
- The derecognition of 25hours (€64 million) and Mama Shelter (€48 million) investments as part of the takeover of those entities (see Note 3.1.1),
- The recognition of an investment in AAC, the Special Purpose Acquisition Company (“SPAC”) sponsored by Accor for €34 million (see Note 3.1.3),
- The purchase of a 13.5% additional stake in Paris Society for €12 million.

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

## 6.3 Summarized financial information

Accor owns a 30.5% stake in AccorInvest, a hotel operator.

Key financial information of the entity on a 100% basis is as follows:

	<b>Dec. 2021</b>
<i>(€ in million)</i>	<b>AccorInvest</b>
<b>Balance sheet</b>	
Current assets	1,108
Non-current assets	6,614
Assets held for sale	12
Current liabilities	(1,311)
Non-current liabilities	(7,364)
Liabilities associated with assets held for sale	-
<b>Net assets</b>	<b>(941)</b>
Group's share in %	30.5%
Group's share in net assets	(287)
Goodwill	835
<b>Carrying amount of equity-accounted investment</b>	<b>549</b>
<b>Income statement</b>	
Revenue	1,663
<b>Net profit/(loss)</b>	<b>(768)</b>
Other comprehensive income	36
<b>Total comprehensive income</b>	<b>(732)</b>

As at December 31, 2021, the net loss recognized by AccorInvest has been considered as an indicator of potential impairment by the Group. An impairment test was carried out and did not lead to the recognition of an impairment loss on the carrying value of the investment.

The other associates and joint ventures are individually not material.

## Note 7. Other income and expenses

### Accounting policy

To facilitate assessment of the Group's underlying performance, unusual items of income and expenses that are material at Group level, and income and expense items which, by definition, do not contribute to the Group's operating performance, are presented separately in the income statement on the line "Other income and expenses". This caption is used primarily to report restructuring costs, impairment losses recognized following impairment tests, gains and losses on disposals of non-current assets as well as the impacts related to scope changes (transaction costs, gains and losses arising on disposals of assets and remeasurement of any previously hold interest).

<i>(€ in million)</i>	<b>2020</b>	<b>2021</b>
Impairment losses	(1,031)	(51)
Restructuring costs	(167)	(14)
Gains and losses on disposal	1	646
Other non-recurring income and expenses	240	(26)
<b>Other income and expenses</b>	<b>(958)</b>	<b>554</b>

In 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 €(51) million, of which €(27) million on hotel management contracts, €(17) million on equity-accounted investments and €(8) million on some hotel assets in Australia (see Note 8.3.1);
- Restructuring costs for €(14) million.

In the comparative year, impairment losses were recognized for €(1,031) million, of which €(668) million on intangible assets and property, plant & equipment, €(266) million on a loan granted to the equity-accounted investment sbe and €(96) million on equity-accounted investments.

## Note 8. Intangible assets and property, plant and equipment

### Accounting policy

#### Intangible assets

In accordance with IAS 38, *Intangible assets*, separately acquired intangible assets are measured initially at cost. Identifiable intangible assets acquired in a business combination are measured initially at fair value. After initial recognition, intangible assets are measured at cost less accumulated amortization and impairment losses.

Brands and other intangible assets are generally amortized on a straight-line basis over their estimated useful life. These assets are tested for impairment whenever there is an indication that they may be impaired and, at least once a year, for intangible assets, whose useful life cannot be determined.

Software costs incurred during the development phase are capitalized as internally-generated intangible assets if the Group can demonstrate all of the following in accordance with IAS 38, *Intangible assets*: (i) its intention to complete the project and the availability of adequate technical, financial and other resources for this purpose, (ii) how the intangible asset will generate probable future economic benefits, and (iii) its ability to measure reliably the expenditure attributed to the intangible asset during its development.

Goodwill is initially recorded on business combinations. It is not amortized in subsequent periods but is tested for impairment at least once a year and as soon as there is an indication that it may be impaired. Goodwill is allocated to the cash generating units (CGU) that are expected to benefit from the synergies of the business combination.

#### Property, plant and equipment

Property, plant & equipment are measured initially at acquisition or production cost. For hotel assets that take a substantial period to get ready for their intended use ("qualifying assets" as defined in IAS 23 *Borrowing costs*), the initial cost includes borrowing costs that are directly attributed to these assets. After initial recognition, they are measured at cost less accumulated depreciation and any accumulated impairment losses.

Property, plant & equipment are depreciated on a straight-line basis over their estimated useful lives, determined by the component's method, from the date when they are put in service, as follows:

	<b>Economy Hotels</b>	<b>Luxury Upscale and Midscale Hotels</b>
Buildings and related cost	35 years	50 years
Building improvements, fixtures and fittings	7 to 25 years	7 to 25 years
Equipment	5 to 15 years	5 to 15 years

In the case leasehold improvements are undertaken in a leased property asset, the depreciation period is aligned with the duration of the lease agreement of the underlying asset.

Useful lives are reviewed regularly and adjusted prospectively if necessary.

## 8.1 Intangible assets

Intangible assets can be analyzed as follows:

<i>(€ in million)</i>	Goodwill	Trademarks	Contracts	Licences, software	Others	Total
<b>Gross value</b>						
<b>At January 1, 2020</b>	<b>2,295</b>	<b>1,917</b>	<b>1,207</b>	<b>347</b>	<b>202</b>	<b>5,969</b>
Business combinations	104	128	107	-	3	341
Additions	-	2	7	20	18	47
Disposals	(7)	-	(7)	-	-	(14)
Exchange differences	(84)	(81)	(66)	(3)	(1)	(236)
Others	(2)	-	16	6	(16)	4
Assets held for sale	88	6	-	10	37	140
<b>At December 31, 2020 (*)</b>	<b>2,394</b>	<b>1,973</b>	<b>1,263</b>	<b>379</b>	<b>242</b>	<b>6,252</b>
Business combinations	360	75	10	-	3	449
Additions	-	15	-	21	72	108
Disposals	(69)	-	-	-	(6)	(75)
Exchange differences	94	99	60	2	1	257
Others	(30)	(5)	(29)	(38)	(58)	(160)
Assets held for sale	-	(0)	-	(0)	(0)	(1)
<b>At December 31, 2021</b>	<b>2,749</b>	<b>2,156</b>	<b>1,305</b>	<b>365</b>	<b>254</b>	<b>6,830</b>
<b>Depreciation and impairment</b>						
<b>At January 1, 2020</b>	<b>(348)</b>	<b>(52)</b>	<b>(179)</b>	<b>(251)</b>	<b>(61)</b>	<b>(891)</b>
Depreciation	-	(3)	(61)	(47)	(23)	(134)
Impairment loss	(182)	(263)	(189)	-	-	(634)
Disposals	-	-	1	-	-	1
Exchange differences	(3)	7	16	2	1	23
Others	-	-	2	5	3	10
Assets held for sale	(75)	-	-	(6)	(7)	(88)
<b>At December 31, 2020</b>	<b>(608)</b>	<b>(310)</b>	<b>(410)</b>	<b>(298)</b>	<b>(88)</b>	<b>(1,714)</b>
Depreciation	-	-	(55)	(49)	(26)	(130)
Impairment loss	(8)	-	(27)	-	-	(35)
Disposals	-	-	-	-	2	2
Exchange differences	(6)	(13)	(19)	(2)	(1)	(40)
Others	30	3	24	73	22	153
<b>At December 31, 2021</b>	<b>(592)</b>	<b>(321)</b>	<b>(486)</b>	<b>(275)</b>	<b>(91)</b>	<b>(1,764)</b>
<b>Net Book Value</b>						
At December 31, 2020 (*)	1,786	1,662	853	81	154	4,537
<b>At December 31, 2021</b>	<b>2,158</b>	<b>1,836</b>	<b>819</b>	<b>89</b>	<b>163</b>	<b>5,066</b>

(\*) Restated amounts following the 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. As at January 1, 2021, the goodwill of the five Management & Franchise regions has been reallocated to the eight geographic hubs.

Besides, following the merger with Ennismore Holding Ltd on October 1, 2021, the Group now monitors the goodwill related to its Lifestyle hotel management business separately. This change led to a reallocation of goodwill from the geographic hubs to the Lifestyle business.

Those reallocations, presented in the table hereafter, have been performed based on the relative values of the geographic hubs and the Lifestyle business. They did not reveal any impairment loss.

As at December 31, 2021, the breakdown of goodwill is as follows:

<i>(€ in million)</i>	<b>Dec. 2020 (*)</b>	<b>Reallocation</b>	<b>Acquisition</b>	<b>Disposal</b>	<b>Impair- ment</b>	<b>Exchange diff. &amp; Others</b>	<b>Dec. 2021</b>
<b>Management &amp; Franchise</b>							
Europe	345	(345)	-	-	-	-	-
<i>Northern Europe</i>	-	165	-	-	-	0	165
<i>Southern Europe</i>	-	170	-	-	-	(0)	170
India, Middle East, Africa & Turkey	267	(3)	-	-	-	20	285
Asia-Pacific	457	(457)	-	-	-	-	-
<i>South East Asia</i>	-	267	-	-	-	21	288
<i>Pacific</i>	-	91	-	-	-	2	93
<i>Greater China</i>	-	71	-	-	-	7	79
North/Central America, the Caribbean	263	(35)	-	-	-	18	246
South America	68	(1)	-	-	-	(1)	66
<b>HotelAssets &amp; other</b>	288	-	63	(69)	(8)	5	279
<b>Lifestyle</b>	-	173	298	-	-	16	487
<b>Not allocated</b>	98	(98)	-	-	-	-	-
<b>Net book value</b>	<b>1,786</b>	<b>-</b>	<b>360</b>	<b>(69)</b>	<b>(8)</b>	<b>88</b>	<b>2,158</b>

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

Over the year 2021, the Group recognized goodwill for a total of €360 million split as follows:

- A €217 million provisional goodwill arising from the acquisition of Ennismore Holdings Limited's Lifestyle activities (see Note 3.1.1), which was fully allocated to the Lifestyle business.
- A €52 million goodwill arising from the takeover of Mama Shelter (see Note 3.1.1), including €31 million allocated to the Lifestyle business and €21 million to the hotel assets, which were sold over the year (see Note 3.1.2).
- A €91 million goodwill arising from the takeover of 25hours (see Note 3.1.1), including €49 million allocated to the Lifestyle business and €42 million to the hotel assets, which were sold over the year (see Note 3.1.2).

Furthermore, the determination of the purchase price of sbe, acquired on November 24, 2020, and its allocation were finalized over the year. Definitive goodwill amounts \$120 million (€101 million at acquisition date) and has been allocated to the Lifestyle business. It is calculated as the difference between:

- On the one hand, the consideration transferred for \$49 million (€41 million), including 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 \$(71) million (€(60) million). This latter mainly comprises brands with indefinite useful lives for \$153 million, management and franchise contracts with hotel owners for \$122 million, deferred tax assets for \$22 million and a financial debt of \$(348) million, including \$(288) million restructured as part of the transaction.

In accordance with IFRS 3 *Business combinations*, the values resulting from the final purchase price allocation have been presented in the restated statement of financial position as at December 31, 2020. The impact of these allocations on amortization and related tax effects in the consolidated income statement of 2020 is not significant. As a result, the consolidated income statement, statement of comprehensive income and statement of cash flows have not been restated accordingly.

The disposal of Mama Shelter's and 25hours's hotel assets acquired over the year and the disposal of Adoria (see Note 3.1.2) resulted in the derecognition of their goodwill for a total of €69 million.

In addition, impairment losses were recognized in 2021 for €8 million, in respect of hotel assets in Australia (see Note 8.3).

## Brands

The Group's brands are as follows:

<i>(€ in million)</i>	Dec. 2020 (*)	Dec. 2021		Net book value
	Net book value	Gross value	Impairment loss	
Fairmont	830	1,021	(144)	878
Swissôtel	184	259	(68)	192
Mövenpick	135	140	-	140
Raffles	113	149	(27)	122
Rixos	99	99	-	99
Mantra	64	89	(24)	66
25hours	-	50	-	50
SLS	41	45	-	45
Orient-Express	40	40	-	40
Mondrian	36	39	-	39
Other trademarks	120	225	(59)	167
<b>Brands</b>	<b>1,662</b>	<b>2,157</b>	<b>(321)</b>	<b>1,836</b>

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

As at December 31, 2021, currency effect on brands was €86 million.

## **Management contracts**

They relate to management and franchise agreements with hotel owners recognized as part of business combinations, mainly in relation to FRHI Hotels & Resort (acquired in 2016), Mantra (2018), Mövenpick (2019) and, more recently, sbe (2020).

In 2021, impairment losses have been recognized for €27 million on management contracts (see Note 8.3).

## **Other intangible assets**

On December 8, 2021, Accor signed a partnership agreement with the Organizing Committee "Paris 2024" and became an official partner of the Olympic and Paralympic Games Paris 2024. The Group is committed to provide, in addition to cash contribution, services, including management of accommodation in both athletes and media Villages, in exchange for the right to use the brands of the Olympics and Paralympics Games and some other benefits. An intangible asset has been recognized for this right, which is amortized on a straight-line basis over the duration of the contract (until December 31, 2024).



## 8.2 Property, plant & equipment

Property, plant & equipment breakdown as follows:

<i>(€ in million)</i>	<b>Lands, Buildings</b>	<b>Leasehold improvements</b>	<b>Equipment, furniture</b>	<b>Assets in progress</b>	<b>Total</b>
<b>Gross value</b>					
<b>At January 1, 2020</b>	<b>668</b>	<b>192</b>	<b>135</b>	<b>17</b>	<b>1,012</b>
Additions	4	6	54	5	69
Disposals	-	(3)	(1)	(1)	(5)
Exchange differences	(15)	(4)	(6)	(2)	(27)
Others	(2)	4	(11)	(4)	(13)
Assets held for sale	(415)	(6)	(2)	-	(423)
<b>At December 31, 2020</b>	<b>240</b>	<b>188</b>	<b>169</b>	<b>15</b>	<b>614</b>
Business combinations	3	3	10	-	16
Additions	-	2	6	7	16
Disposals	-	(2)	(5)	-	(7)
Exchange differences	8	5	-	-	13
Others	32	4	(21)	(3)	12
Assets held for sale	(3)	(5)	(9)	-	(17)
<b>At December 31, 2021</b>	<b>281</b>	<b>195</b>	<b>150</b>	<b>20</b>	<b>645</b>
<b>Depreciation and impairment</b>					
<b>At January 1, 2020</b>	<b>(149)</b>	<b>(126)</b>	<b>(104)</b>	<b>(2)</b>	<b>(380)</b>
Depreciation	(16)	(16)	(15)	-	(48)
Impairment loss	(28)	(3)	(1)	(2)	(33)
Disposals	-	1	1	-	2
Exchange differences	10	3	4	-	17
Others	3	(2)	11	-	12
Assets held for sale	49	6	3	-	58
<b>At December 31, 2020</b>	<b>(130)</b>	<b>(137)</b>	<b>(101)</b>	<b>(4)</b>	<b>(372)</b>
Depreciation	(5)	(14)	(11)	-	(30)
Disposals	-	3	4	-	7
Exchange differences	(5)	(4)	-	-	(9)
Others	(32)	(3)	20	-	(15)
Assets held for sale	-	2	1	-	3
<b>At December 31, 2021</b>	<b>(172)</b>	<b>(152)</b>	<b>(88)</b>	<b>(4)</b>	<b>(416)</b>
<b>Net Book Value</b>					
At December 31, 2020	110	52	68	12	242
<b>At December 31, 2021</b>	<b>109</b>	<b>43</b>	<b>62</b>	<b>16</b>	<b>230</b>

## 8.3 Impairment tests

### Accounting policy

The carrying amounts of property, plant & equipment, intangible assets and right-of-use assets are reviewed and tested for impairment when there is any indication that they may be impaired. These tests are performed at least once a year for goodwill and intangible assets for which the useful life cannot be determined.

### Criteria used for impairment tests

The main criteria considered by the Group as indicator of a possible impairment is the same for all businesses, 15% drop in revenue compared to budget.

### Impairment tests

Each brand is tested for impairment separately. Goodwill is tested for impairment at the level of the cash-generating unit (“CGU”) or group of CGUs to which it is allocated for internal management purposes. A CGU corresponds to the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. Goodwill is monitored as follows:

- Management & Franchise: at the level of the geographic area as presented in the segment information in Note 4.1,
- Hotel Assets and other:
  - at the level of the hotel assets on an individual basis,
  - at the level of the activity for other activities conducted in Asia-Pacific (room distribution and management of hotel common areas, timeshare),
  - at the level of the business lines for other activities (Digital services, Hotel reservation services, Concierge services, Digital sales and Private rentals).

### Determination of recoverable value

The recoverable value of a group of CGUs, or a CGU, corresponds to the higher of its fair value less costs to sell and its value in use.

For all activities, except Hotel Assets, the recoverable value of the groups of CGUs are estimated using the value in use. Cash flow projections over five years are discounted at a rate corresponding to the year-end weighted average cost of capital. The projected perpetual growth rate reflects each country/region’s economic outlook. Each calculation takes into account the specific features of the country or region concerned.

For Hotel Assets, recoverable value is first estimated using fair value calculated based on a standard EBITDA multiple. For hotel properties, this method is considered as the most appropriate approach for estimating fair value less costs of disposal, as it most closely reflects the amount that would be expected to be recovered through the sale of the asset. The method consists of calculating each hotel’s average EBITDA for the last two years and applying a multiple based on the hotel’s location and category. If the recoverable value is less than the carrying amount, the recoverable value is recalculated using the discounted cash flows method.

The recoverable value of brands is determined by applying royalty rates agreed with hotel owners on a five-year revenue projection on hotels managed by the Group.

### Impairment loss measurement

If the recoverable value is less than the carrying amount, an impairment loss is recognized in the income statement in “non-current income and expenses”. An impairment loss recognized on an asset other than goodwill may be reversed if there has been a change in circumstances indicating that the impairment loss might have decreased or no longer exists. If this is the case, the carrying amount of the asset is increased to its recoverable value. However, the increased carrying amount of an asset other than goodwill attributable to a reversal of an impairment loss may not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years.

In accordance with IAS 36 *Impairment of assets*, the Group carried out impairment tests on CGU or group of CGUs to which goodwill and intangible assets whose useful life cannot be determined (mainly brands) are attached:

- Management & Franchise: brands and related goodwill by geographic hub,
- Hotel Assets & Other: individual hotel assets, room distribution and management of hotel common areas and timeshare, digital services, hotel booking services, concierge services, digital sales and luxury home rentals activities.

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.

### 8.3.1 Impairment

As at December 31, 2021, the impairment tests conducted led the Group to recognize impairment losses for €51 million presented within other income and expenses in the consolidated income statement (see Note 7) in respect of the following assets:

- Management & Franchise management contracts for €27 million,
- Hotel assets in Australia for €8 million fully allocated to goodwill,
- And equity accounted investments for €17 million, of which €11 million on Potel & Chabot.

### 8.3.2 Methodology for impairment tests

The impairment tests were carried out based on discounted future cash flows that reflect the Group's current best estimate of the expected impacts of the health crisis and the economic conditions for recovery at closing date. The Group prepared a five-year business plan, based on a central scenario assuming a return to a level of “RevPAR” (revenue per available room) equivalent to that of 2019 in 2024, consistently with the external data available at the date on which the consolidated financial statements were authorized for issue. This key assumption regarding the recovery assumption is unchanged compared to December 31, 2020.

The revenue forecasts were based on, one hand, on the 2022 budget prepared by the Group's entities, in line with “RevPAR” trends by geography and specific local conditions, and, on the other hand, on assumptions by geography retained by the Group for the 2022-2026 period, consistently with macroeconomic trends from market studies prepared by independent firms, and on development perspectives of the Group's network.

The terminal value was calculated by extrapolating future cashflows beyond five years based on normative inflation rates by region (perpetuity growth rate) and impacted, over a limited period, by development assumptions.

The discount rate retained corresponds to the Group's weighted average cost of capital as at December 31, 2021, based on available market data at that date and considering the specific risks of each region. For other activities, the weighted average cost of capital is calculated using a specific industry beta.

The main key assumptions used are detailed below:

	Perpetual growth rate		Discount rate	
	Dec. 2020	Dec. 2021	Dec. 2020	Dec. 2021
Management & Franchise Europe	+0.9%	-	+8.2%	-
Management & Franchise Southern Europe	-	+0.9%	-	+8.5%
Management & Franchise Northern Europe	-	+1.6%	-	+8.8%
Management & Franchise Asia Pacific	+2.5%	-	+10.0%	-
Management & Franchise Southeast Asia	-	+0.9%	-	+8.0%
Management & Franchise Greater China	-	+2.3%	-	+9.1%
Management & Franchise Pacific	-	+1.6%	-	+8.7%
Management & Franchise North America, Central America & Caribbean	+1.9%	+1.8%	+8.6%	+8.6%
Management & Franchise South America	+3.6%	+4.0%	+13.1%	+11.7%
Management & Franchise India, Middle East, Africa & Turkey	+2.0%	+3.9%	+10.3%	+13.1%
Digital services	+2.5%	+2.5%	+10.1%	+8.5%
Hotel booking services	+5.0%	+5.0%	+10.6%	+9.8%

Projections used for the impairment tests of brands are based on the RevPAR assumptions by geography used by the Group in its business plan.

### 8.3.3 Sensitivity of recoverable values

The Group carried out sensitivity analyses, particularly on the main recovery assumption retained, for the recoverable values of brands and CGUs to which goodwill is attached. As at December 31, 2021:

- Assuming a slower recovery from 2022 resulting in a return to a “RevPAR” level equivalent to that of 2019 in 2025 (instead of 2024), the Group would have recognized on December 31, 2021, an additional impairment loss of €12 million, of which:
  - €11 million on the brands of the Managed & Franchise business,
  - €1 million related to hotel assets in Australia.
- Conversely, assuming a return to a “RevPAR” level equivalent to that of 2019 in 2023, the amount of impairment losses recognized would have been reduced by €1 million on hotel assets in Australia.

Furthermore, the recoverable values may be equal to the carrying amounts, should one or the other of the main financial assumptions used at December 31, 2021 be modified as follows (in number of basis points):

	Dec. 2021	
	Discount rate	Perpetual growth rate
Management & Franchise Southern Europe	+4 315 pts	n.a.
Management & Franchise Northern Europe	+3 315 pts	n.a.
Management & Franchise Southeast Asia	+1 079 pts	n.a.
Management & Franchise Greater China	+2 602 pts	n.a.
Management & Franchise Pacific	+2 307 pts	n.a.
Management & Franchise North America, Central America & Caribbean	+310 pts	-2 448 pts
Management & Franchise South America	+616 pts	n.a.
Management & Franchise India, Middle East, Africa & Turkey	+822 pts	n.a.
Digital services	+894 pts	-1 338 pts
Hotel booking services	+965 pts	-1 421 pts

## 8.4 Capital expenditure

In 2021, main capital expenditure include:

- The subscription to capital increases of AccorInvest in January and March 2021, for a total of €154 million (see Note 3.1.3),
- A €34 million investment following the incorporation and the Initial Public Offering of a SPAC (Special Purpose Acquisition Company) in June 2021 (see Note 3.1.3),
- The acquisition of the remaining 30% stake in Mama shelter in May 2021 and the remaining 50% stake in 25hours in September 2021 for €7 million, net of cash acquired (see note 3.1.1),
- The acquisition of the remaining 45% stake in the entity, which holds the Tribe brand for €15 million,
- The acquisition of an additional 13.5% stake in Paris Society for €12 million.

In 2020, capital expenditure mainly comprised the acquisition of additional stakes in Kasada, Fairmont Ghirardelli Square Residence and Mama Shelter and the takeover of sbe for a total of €72 million.

## Note 9. Leases

### Accounting policy

#### Definition of a lease

A contract is, or contains, a lease when it conveys the right to use an underlying asset for a period of time, in exchange for consideration. At inception of a contract, the Group assesses whether it meets the two following cumulative conditions to be qualified as a lease: its execution involves the use of an identified asset, and it conveys the right to direct the use of that identified asset.

Leases are recognized on the Group's statement of financial position as follows:

- An asset representing the right to use the underlying asset over the lease term,
- A liability for the obligation to make lease payments.

#### Right-of-use asset

The right-of-use asset is initially measured at cost at the lease commencement date, i.e., the date at which the underlying asset is available for use by the Group. The cost of a right-of-use asset comprises:

- The initial amount of the lease liability recognized,
- Lease prepayments made to the lessor, less any lease incentives received,
- Initial direct costs incurred, and
- Estimated restoration costs of the underlying asset, when applicable.

The right-of-use asset is subsequently depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. It is subject to impairment tests in accordance with IAS 36, *Impairment of assets*.

#### Lease liability

The lease liability is initially measured at the present value of lease payments to be made over the lease term.

These lease payments comprise:

- Fixed payments (including in-substance fixed payments), less any lease incentive receivable,
- Variable lease payments that are based on an index or a rate; and
- Payments of penalties for terminating the lease when the Group is reasonably certain to exercise the exit option at the lease commencement date.

The Group applies the practical expedient permitted by the standard allowing not to separate the lease component from other service components included in its lease agreements. Accordingly, all fixed payments provided for in the lease agreement, whatever their nature, are included in the lease liability.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the commencement date if the interest rate implicit in the lease is not readily determinable. It corresponds to the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment, with similar terms and conditions. This rate is determined based on sovereign bond yields and credit spreads specific to the country in which the leased asset is located and contract maturity, adjusted for a duration factor in order to reflect the pattern of lease payments.

The lease liability is measured at amortized cost using the effective interest method. At each closing date, the lease liability is increased to reflect the accretion of interests and reduced by the lease payments made.

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, or if the Group changes its assessment of whether it will exercise an option to extend or terminate the lease. In such a case, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded to the income statement if the carrying amount of the right-of-use asset has been reduced to zero.

### **Determination of lease term**

The lease term is defined as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease if it is reasonably certain not to be exercised. Management applies judgement to determine the lease term when lease contracts include renewal options. It considers all relevant factors that create an economic incentive to exercise the renewal option, such as the existence of leasehold improvements with a significant remaining value in its leased property assets. After the commencement date, the Group reassesses the lease term if there is a significant event or a change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew, or to terminate the lease.

### **Short-term leases and leases of low-value assets**

The Group applies the recognition exemption for short-term leases (i.e., lease with a lease term of 12 months or less from the commencement date) and leases of low-value assets (mainly comprising IT equipment). Associated lease payments are recognized as an expense in the income statement on a straight-line basis over the lease term.

### **Variable leases payments**

Some leases for hotel properties contain contingent rent payments that are based on the hotel's performance, as defined by the agreement. These payment terms are common practices in the Hospitality industry. Variable lease payments are recognized in the income statement in the period in which the condition that triggers those payments occurs.

In the case variable leases include guaranteed amounts payable to the lessor, such guaranteed amounts are in-substance fixed payments and are included in the lease liability.

The Group mainly leases lands and buildings for its hotel properties and headquarters. The leases for hotels are typically made for a period from 15 to 20 years and may include a renewal option. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

The Group also identified lease agreements on other assets such as car parks, restaurants and stores located in its hotels and vehicles.

## Note 9.1 Right-of-use assets

The table below details the right-of-use assets by category of underlying assets:

<i>(€ in million)</i>	Right-of-use assets			Total
	Buildings	Other property assets	Vehicles	
<b>At December 31, 2020</b>	<b>304</b>	<b>66</b>	<b>8</b>	<b>377</b>
Additions	399	0	2	402
Derecognitions	(381)	(1)	(0)	(382)
Depreciation expense	(82)	(3)	(3)	(88)
Impairment loss	0	-	-	0
Exchange differences	8	0	0	9
<b>At December 31, 2021</b>	<b>249</b>	<b>62</b>	<b>7</b>	<b>318</b>

## Note 9.2 Lease liability

As at December 31, 2021, changes in the lease liability are analyzed as follows:

<i>(€ in million)</i>	
<b>At December 31, 2020</b>	<b>416</b>
Additions	400
Payment	(97)
Other derecognitions	(385)
Accretion of interest	9
Foreign exchange impacts	10
<b>At December 31, 2021</b>	<b>353</b>

Over the year, the changes in the lease liability are impacted by scope effects, with the acquisition followed by the disposal of Mama Shelter and 25hours leased hotel assets (see Note 3.1.1).



The maturity analysis of lease payments (before discounting impact) is as follows:

<i>(€ in million)</i>	<b>2021</b>
Less than 1 year	100
1 to 5 years	203
More than 5 years	114
<b>Total</b>	<b>417</b>

### Note 9.3 Amounts recognized in the income statement

In 2021, following amounts were recognized in the consolidated income statement in relation to leases:

<i>(€ in million)</i>	<b>2020</b>	<b>2021</b>
Rent expense for variable lease payments	(14)	(28)
Rents concessions related to the health crisis	4	2
Rent expense for short-term leases and low-value assets	(2)	(1)
Depreciation expense and impairment of right-of-use assets	(94)	(88)
Interest expense on lease liabilities	(12)	(9)
<b>Total</b>	<b>(119)</b>	<b>(123)</b>

Variable lease payments relate to leases for hotel properties that are based on the performance of the hotel, notably in Brazil.

The total cash outflow for leases in 2021 was €126 million of which:

- €88 million presented in cash flows from financing activities for the repayment of lease liability, and
- €38 million presented in cash flows from operating activities for the payment of interests on lease liability (€9 million) and the payment for leases not recognized in the statement of financial position (€29 million).

## Note 10. Provisions

### Accounting policy

A provision is recognized when the Group has a present obligation (legal, contractual or implicit) as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, but whose amounts and maturity are uncertain. Provisions are determined based on the best estimate of the expenditure required to settle the obligation, in application of certain assumptions. Provisions are discounted when the effect of the time value of money is material.

Provisions for restructuring costs are recognized when the Group has a detailed formal plan for the restructuring and the main features have been announced raising a valid expectation in those affected at the closing date. Other provisions are intended to cover specifically identified risks and claims and litigation arising in the normal course of business.

Movements in provisions in 2021 can be analyzed as follows:

( <i>€ in million</i> )	Dec. 2020 (*)	Allowance	Reversal		Translation adjustments and other	Dec. 2021
			Utilizations	Unused provisions		
Litigation and other risks	346	64	(4)	(139)	1	269
Restructuring	140	6	(43)	(28)	0	75
<b>Provisions</b>	<b>486</b>	<b>70</b>	<b>(47)</b>	<b>(167)</b>	<b>1</b>	<b>344</b>
· of which non-current	61	0	(0)	(1)	2	63
· of which current	425	70	(47)	(166)	(0)	282

(\*) Restated amounts following the purchase price allocation of sbe acquired in 2020 (see Note 8.1)

Litigation and other risks provisions mainly include:

- a €53 million provision recorded in 2020 related to the dividend withholding tax litigation (see Note 14.2),
- and a provision covering the risks associated with guarantees provided as part of AccorInvest disposal for €110 million. Over the year, the Group has partially reversed this provision for €(112) million, following a reassessment of the risks incurred to date. Furthermore, a €21 million allowance was recognized on the tax risks covered by these same guarantees (see Note 14.2).

The decrease in restructuring provisions is explained by a €(72) million reversal mainly related to the transformation plan initiated by the Group.

## Note 11. Financing and financial instruments

### 11.1 Net Financial result

#### Accounting policy

Cost of net debt includes interests paid on financial debts, gain and loss on derivatives related to financial debt, as well as interests received on loans and income earned from cash and cash equivalents.

Other financial income and expenses mainly comprise the gains and losses arising from ineffective portion of hedging instruments, foreign exchange gains and losses, dividend income from non-consolidated companies, the change in fair value of financial assets measured at fair value through profit or loss, movements in financial provisions and costs on credit lines.

The net financial result is analyzed as follows:

<i>(€ in million)</i>	2020	2021
Interests on bonds and bank borrowings	(60)	(83)
Interests on loans and securities	19	3
Interests on lease debt	(12)	(9)
Cost of net debt	(52)	(89)
Other financial income and expenses	(56)	(20)
<b>Net financial result</b>	<b>(108)</b>	<b>(109)</b>

The increase in interests on bonds is mainly due to the downgrading of Accor's financial rating by S&P to "Non-Investment grade" on August 17, 2020, which triggered the 1.25% step-up clause on bonds coupons, effective from early 2021 (representing a €18 million increase in 2021).

Other financial income and expenses include the following items:

<i>(€ in million)</i>	2020	2021
Hedging	(20)	(10)
Exchange gains/(losses)	(14)	0
Loss on debt modification	-	(5)
Change in fair value of non-current financial assets	(9)	10
Dividend income	1	3
Others financial expenses	(14)	(19)
<b>Other financial income and expenses</b>	<b>(56)</b>	<b>(20)</b>

## 11.2 Financial instruments

### Accounting policy

Financial instruments are classified under the categories defined by IFRS 9 *Financial instruments*.

### Financial Assets

The classification of financial assets is based on the nature of their contractual cash-flows as well as the Group's business model for managing the assets.

- Assets at amortized cost: these are financial assets held to collect contractual cash-flows that consist solely of payments of principal and interests at specified dates. They are initially measured at fair value, and subsequently measured at amortized cost using the effective interest method. This category mainly includes cash, trade receivables, security deposits and loans to non-consolidated entities.
- Assets at fair value through other comprehensive income: these are equity instruments not held for trading, for which the Group had irrevocably elected at initial recognition, and on a line-by-line basis, to present changes in fair value in other comprehensive income. This category mainly comprises investments in non-consolidated companies. Derivative instruments that are designated as cash flow hedge are also classified in this category.
- Assets at fair value through profit or loss: these include equity instruments, for which the Group had not, when applicable, elected the option of fair value through other comprehensive income as well as all other financial assets qualified as debt instruments that are not included in either of the above categories (in particular, when they do not have a fixed maturity or cash flows that can be determined). This category mainly includes units in mutual funds, derivatives instruments that are designated as fair value hedge and other derivative instruments that are not eligible to hedge accounting.

### Financial liabilities

- Financial liabilities at amortized cost: these are initially recognized at the fair value of the consideration transferred and are subsequently measured at amortized cost using the effective interest method. Transaction costs and premiums directly attributable to issuance of a financial liability are deducted from the initial fair value. Financial liabilities at amortized cost are amortized by the yield-to-maturity method over the life of the liability, based on the effective interest rate. This category consists primarily of bonds, drawdowns on bank lines of credit, bank overdrafts, trade payables and other payables.
- Financial liabilities at fair value through other comprehensive income: this category mainly comprises derivative instruments that are designated as cash flow hedge.
- Financial liabilities at fair value through profit or loss: these are financial liabilities held for trading. This category mainly corresponds to derivative instruments that are designated as fair value hedge and other derivative instruments that are not eligible to hedge accounting.

### **Put options on non-controlling interests**

The Group may grant put options to non-controlling interests on all or part of their investments. These options represent a financial liability for the Group. This liability is measured at the present value of the option's exercise price, with a corresponding reduction in shareholders' equity attributable to minority interests. The difference between the present value of the option's exercise price and the carrying value of the non-controlling interests is recorded in shareholders' equity – Group share, as a deduction to consolidated reserves. The financial liability is remeasured at each period end to reflect changes in the option's exercise price, with a corresponding adjustment to shareholders' equity.

### **Convertible bonds**

In accordance with IAS 32 *Financial instruments: Presentation*, convertible bonds are analyzed as compound instruments that contain two elements: (i) a liability and (ii) an equity component for the embedded conversion option, when it is settled through delivery of a fixed number of the Group's own equity instruments for a fixed amount of cash.

On initial recognition, the liability is measured by discounting the contractual stream of future cash flows (interests and repayment value) to the present value, using a market interest rate applicable to instruments of comparable features, but without the conversion option. The value of the conversion option is measured as the residual amount after deducting the fair value of the liability component from the bond's issue price. The option is recorded in equity under "Retained earnings". Issue costs are allocated between the two components in proportion to their respective values.

Subsequently, the liability is measured at amortized cost using the effective interest rate, comprising the interests, the conversion premium and the allocated share of costs. Thus, the carrying amount of the liability in the statement of financial position is increased, at each period, so that at maturity date, it is equal to its repayment value.

The equity component is not remeasured after initial recognition.

## 11.2.1 Net financial debt

As at December 31, 2021, the Group net financial debt amounts to €1,844 million and is analyzed as follows:

(€ in million)	Dec. 2020			Dec. 2021		
	Current	Non-current	Total	Current	Non-current	Total
Bonds	550	2,305	2,856	238	2,343	2,581
Negotiable commercial paper (NEU CP)	296	-	296	302	-	302
Bank overdraft	29	-	29	8	-	8
Other bank borrowings	(1)	50	49	4	61	65
<b>Bonds and bank borrowings</b>	<b>875</b>	<b>2,355</b>	<b>3,230</b>	<b>551</b>	<b>2,404</b>	<b>2,955</b>
Other financial debts	58	118	177	51	167	218
Derivative financial instruments	36	-	36	29	-	29
<b>Gross financial debt</b>	<b>969</b>	<b>2,473</b>	<b>3,442</b>	<b>630</b>	<b>2,572</b>	<b>3,202</b>
Lease liability	102	314	416	90	263	353
<b>Total financial debt</b>	<b>1,071</b>	<b>2,787</b>	<b>3,859</b>	<b>720</b>	<b>2,835</b>	<b>3,555</b>
Cash and cash equivalents	2,474	-	2,474	1,666	-	1,666
Other current financial assets	28	-	28	37	-	37
Derivative financial instruments	10	-	10	8	-	8
<b>Financial assets</b>	<b>2,513</b>	<b>-</b>	<b>2,513</b>	<b>1,711</b>	<b>-</b>	<b>1,711</b>
<b>Net financial debt</b>	<b>(1,441)</b>	<b>2,787</b>	<b>1,346</b>	<b>(991)</b>	<b>2,835</b>	<b>1,844</b>

## Changes in financial debt

In 2021, changes in financial debt were as follows:

(€ in million)	Dec. 2020	Cash flows	Other changes				Dec. 2021
			Scope effects	Exchange differences	Fair value	Others	
Bonds	2,856	(314)	0	6	-	33	2,581
Negotiable commercial paper (NEU CP)	296	6	-	-	-	0	302
Bank borrowings	78	2	21	7	-	(35)	73
Other financial debts	177	2	4	8	-	28	218
Derivative financial instruments	36	7	8	-	(22)	0	29
<b>Gross financial debt</b>	<b>3,442</b>	<b>(297)</b>	<b>33</b>	<b>21</b>	<b>(22)</b>	<b>25</b>	<b>3,202</b>
Lease liability	416	(88)	4	10	-	12	353
<b>Total debt</b>	<b>3,859</b>	<b>(385)</b>	<b>37</b>	<b>31</b>	<b>(22)</b>	<b>37</b>	<b>3,555</b>

### Repayment of bonds

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

### Refinancing of bonded debt

On November 18, 2021, the Group issued a bond indexed to the Group's sustainable development objectives (Sustainability-Linked Bond) for €700 million, with a 2.375% coupon, maturing in November 2028.

Issued pursuant to the Sustainability-Linked Bond Framework, these bonds are indexed to the Group's greenhouse gas emission reduction targets of 25.2% for Scopes 1 and 2 and 15.0% for Scope 3 by 2025 in comparison with 2019. If Accor does not meet its gas emission targets, a 12.5bps step-up per target will be applied to the coupon.

This new financing enabled a partial repayment of €206 million and €243 million on the bonds maturing in 2023, issued in September 2015, and maturing in 2024, issued in January 2017 respectively. The exchanged portion of the two bonds has been accounted for as a debt modification since the terms and conditions of the debts have not been substantially modified. The carrying amount of the debts has been adjusted to reflect the value of modified future cash flows, discounted at the original effective interest rate, leading to the recognition of a €5 million loss in the consolidated income statement of the year.

### Short-term financing

Accor has a short-term financing program in the form of commercial papers (NEU CP) capped at €500 million. As at December 31, 2021, this program is drawn for €302 million, representing an increase of €6 million compared to December 31, 2020.

## **Breakdown of bonds**

As at December 31, 2021, bonds break down as follows:

Nominal (in local currency)	Local currency	Nature	Date of issuance	Maturity	Interest rate (%)		Carrying amount	
					nominal	effective	Dec. 2020	Dec. 2021
550	EUR	Bond	02/14	02/21	2.63%		550	-
150	CHF	Bond	06/14	06/22	3.00%	1.89%	138	146
60	EUR	Bond	12/14	02/22	2.93%	1.84%	60	62
295	EUR	Bond	09/15	09/23	3.63%	2.77%	493	296
357	EUR	Bond	01/17	01/24	2.50%	1.81%	596	364
600	EUR	Bond	02/19	02/26	3.00%	2.62%	583	602
500	EUR	OCEANE	12/20	12/27	0.70%	0.69%	435	445
700	EUR	Bond	11/21	11/28	2.38%	3.18%	-	666
<b>Bonds borrowings</b>							<b>2,856</b>	<b>2,581</b>

## 11.2.2 Current financial assets

As at December 31, 2021, current financial assets breakdown as follows:

<i>(€ in million)</i>	<b>Dec. 2020</b>	<b>Dec. 2021</b>
Cash	1,143	816
Fixed-term deposits	803	711
Mutual funds units	529	139
Cash and cash equivalents	2,474	1,666
Short-term loans	28	37
Other current financial assets	28	37
Derivative instruments	10	8
<b>Current financial assets</b>	<b>2,513</b>	<b>1,711</b>

## 11.2.3 Non-current financial assets

### Accounting policy

Non-current loan and receivables are measured at amortized cost using the effective interest rate method. On initial recognition, a loss allowance is recognized for credit losses that result from default events that are possible within the next 12-months. In case of significant deterioration of the counterpart's credit risk since initial recognition, the initial loss allowance is completed to cover for credit losses expected over the remaining life of the exposure.

Non-consolidated equity investments are equity instruments initially recorded at cost, and subsequently measured at fair value. The Group generally elects to present changes in the fair value in other comprehensive income. The fair value reserves thus accumulated cannot be subsequently recycled in the income statement upon disposal. Only dividends received are recognized in financial result.

Other non-current financial assets correspond to debt instruments that do not meet the definition of a « basic lending arrangement » under IFRS 9 *financial instruments*, because they give rise to cash flows that are not solely payments of principal and interests. This category mainly comprises bonds convertible into shares subscribed by the Group and units held in investment funds. These financial assets are measured at fair value through profit or loss.



As at December 31, 2021, non-current financial assets breakdown as follows:

<i>(€ in million)</i>	<b>Dec. 2020 (*)</b>	<b>Dec. 2021</b>
Long term loans	33	71
Security deposits	23	24
<b>Financial assets at amortized cost</b>	<b>56</b>	<b>96</b>
Investments in non-consolidated companies	57	410
Other non-current financial assets	66	90
<b>Financial assets at fair value</b>	<b>123</b>	<b>500</b>
<b>Total</b>	<b>180</b>	<b>595</b>

(\*) Restated amounts following the purchase price allocation of sbe acquired in 2020 (see Note 8.1)

As at December 31, 2021, the long-term loans comprised the €49 million earn-out in relation to the disposal of the Lifestyle hotel assets portfolio to KNSA Hotels France.

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 disposal of a 1.5% stake in February 2021 that resulted in a loss of significant influence. In that respect, over the year, the Group recognized a change in fair value for €(189) million in other comprehensive income.

Other non-current assets are mainly composed of convertible bonds (€43 million) and shares in investment funds (€47 million).

Changes in fair value of financial assets measured at fair value were recognized in other comprehensive income for €(193) million and in financial income for €11 million.

## 11.2.4 Derivative instruments

### Accounting policy

Derivative financial instruments are used to hedge exposures to the risks, to which the Group is exposed in the frame of its activities, mainly changes in interest rates and exchange rates.

The accounting for changes in fair value of derivative instruments depends on whether or not they are qualified as hedge accounting.

### Derivative instruments designated as hedging instruments

Accor uses three types of hedges:

- Fair value hedges of recognized assets and liabilities in the statement of financial position: the hedged items are measured at fair value in the statement of financial position. Changes in fair value are recognized in the income statement and offset by the effective portion of changes in fair value of the derivative instruments.
- Cash flow hedges: the effective portion of the gain or loss on the derivative instruments is recognized in other comprehensive income and, subsequently, reclassified to profit or loss when the hedged item affects profit or loss. The ineffective portion of the gain or loss is recognized immediately in financial result.
- Hedge of a net investment in a foreign operation: the effective portion of the gain or loss on the hedging instrument is initially recognized in other comprehensive income and, subsequently, reclassified to profit or loss upon disposal of the investment, either on a full-basis, in case of loss of control, or up to the Group's share otherwise. The ineffective portion of the gain or loss is recognized immediately in financial result.

The Group uses the "cost of hedging" option permitted by IFRS 9 *Financial instruments*, allowing to limit the volatility in profit or loss resulting from forward points, currency basis spreads and the time value of options.

Hedge accounting is applied when, at the inception of the hedging relationship, there is a formal designation and documentation of the hedging relationship, and it meets all of the hedge effectiveness requirements at inception and throughout the duration of the hedge.

### Other derivative instruments

Other derivative instruments are measured at fair value, with changes in fair value recognized in financial result.

As at December 31, 2021, derivative instruments are as follows:

(€ in million)	Dec. 2020		Dec. 2021	
	Assets	Liabilities	Assets	Liabilities
Interest rate hedges	5	(0)	-	-
Foreign currency hedges	4	36	8	29
<b>Derivatives financial instruments</b>	<b>10</b>	<b>36</b>	<b>8</b>	<b>29</b>

## 11.2.5 Breakdown of financial assets and liabilities

<i>(€ in million)</i>	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	-	57	-	-	57
Other non-current financial assets	-	-	66	-	66
Trade receivables	534	-	-	-	534
Cash and cash equivalents	1,945	-	529	-	2,474
Other current financial assets	28	-	-	-	28
Derivative instruments	-	-	4	5	10
<b>Financial assets</b>	<b>2,564</b>	<b>57</b>	<b>599</b>	<b>5</b>	<b>3,226</b>
Bonds	2,856	-	-	-	2,856
Negotiable commercial paper (NEU CP)	296	-	-	-	296
Bank borrowings	78	-	-	-	78
Other financial debt	177	-	-	-	177
Trade payables	327	-	-	-	327
Derivative instruments	-	-	9	27	36
<b>Financial liabilities</b>	<b>3,733</b>	<b>-</b>	<b>9</b>	<b>27</b>	<b>3,769</b>

(\*) Restated amounts following the purchase price allocation of sbe acquired in 2020 (see Note 8.1)

<i>(€ in million)</i>	By class of instrument				Dec. 2021
	At amortized cost	Fair value through equity	Fair value through P&L	Derivatives qualified as hedges	
Long term loans	71	-	-	-	71
Deposits	24	-	-	-	24
Investments in non-consolidated companies	-	410	-	-	410
Others non-current financial assets	-	-	90	-	90
Trade receivables	697	-	-	-	697
Cash and cash equivalents	1,526	-	139	-	1,666
Other current financial assets	37	-	-	-	37
Derivative instruments	-	-	8	-	8
<b>Financial assets</b>	<b>2,356</b>	<b>410</b>	<b>237</b>	<b>-</b>	<b>3,004</b>
Bonds	2,581	-	-	-	2,581
Negotiable commercial paper (NEU CP)	302	-	-	-	302
Bank borrowings	73	-	-	-	73
Other financial debt	218	-	-	-	218
Trade payables	441	-	-	-	441
Derivative instruments	-	-	4	25	29
<b>Financial liabilities</b>	<b>3,615</b>	<b>-</b>	<b>4</b>	<b>25</b>	<b>3,643</b>

Derivative instruments documented in a hedging relationship are reported under the column “Derivatives qualified as hedges”. Other derivative instruments are reported under “Fair value through P&L”.

## 11.2.6 Hierarchies at fair value

### Accounting policy

IFRS 13 *Fair value* establishes a hierarchy of valuation techniques for financial instruments as follows:

- Level 1 - inputs based on quoted prices (unadjusted) in active markets for a similar instrument,
- Level 2 - valuation techniques using observable data in active markets for a similar instrument,
- Level 3 - valuation techniques primarily using non-observable inputs.

Valuation techniques used to determine the fair value of assets and liabilities measured at fair value in the statement of financial position are as follows:

( <i>€ in million</i> )	Dec. 2020 (*)	Hierarchy		
	Fair value	Level 1	Level 2	Level 3
Investments in non-consolidated companies	57	30	-	27
Other non-current financial assets	66	-	-	66
Mutual funds units	529	529	-	-
Derivative instruments - assets	10	-	10	-
<b>Financial assets</b>	<b>662</b>	<b>559</b>	<b>10</b>	<b>93</b>
Derivatives - liabilities	36	-	36	-
<b>Financial liabilities</b>	<b>36</b>	<b>-</b>	<b>36</b>	<b>-</b>

( <i>€ in million</i> )	Dec. 2021	Hierarchy		
	Fair value	Level 1	Level 2	Level 3
Investments in non-consolidated companies	410	33	-	377
Other non-current financial assets	90	-	-	90
Mutual funds units	139	139	-	-
Derivative instruments - assets	8	-	8	-
<b>Financial assets</b>	<b>647</b>	<b>172</b>	<b>8</b>	<b>467</b>
Derivatives - liabilities	29	-	29	-
<b>Financial liabilities</b>	<b>29</b>	<b>-</b>	<b>29</b>	<b>-</b>

(\*) Restated amounts following the purchase price allocation of sbe acquired in 2020 (see Note 8.1)

No change in the fair value hierarchy has been carried out in the measurement of assets and liabilities at fair value over the year.

The fair value of mutual fund units corresponds to the net asset values at closing date.

The fair value of investments in non-consolidated companies corresponds either to the share price (level 1) for shares listed on an active market, or to an estimate for non-listed shares determined using the most appropriate and specific financial criteria (level 3).

The fair value of derivatives is measured based on models commonly used by market participants to value these financial instruments using observable market data (level 2). The impact of the default risk of the counterparty (CVA) and the entity's own credit risk (DVA) is not material on the derivatives fair value.

The fair value of financial assets and liabilities recognized at amortized cost is equal to the carrying amount, except for bonds. The fair value of the bonds is determined based on quoted prices (level 1) and amounts to €2,955 million on December 31, 2021.

## 11.3 Financial risk management

### 11.3.1 Foreign exchange risk

#### Bonds and bank borrowings by currency

(€ in million)	Before hedging			After hedging		
	Amount	Rate	% of total debt	Amount	Rate	% of total debt
Euro	2,745	2%	93%	2,021	2%	68%
Australian dollar (AUD)	-	-	-	603	2%	20%
Pound sterling (GBP)	-	-	-	143	1%	5%
US dollar (USD)	48	3%	2%	94	2%	3%
Japanese yen (JPY)	-	-	-	34	0%	1%
UAE dirham (AED)	-	-	-	34	1%	1%
Mauritian rupee (MUR)	16	6%	1%	16	6%	1%
Saudi riyal (SAR)	-	-	-	6	1%	0%
Hong Kong dollar (HKD)	-	-	-	2	1%	0%
Swiss franc (CHF)	146	3%	5%	-	-	-
Other currencies	-	-	-	4	-	0%
<b>Bonds and bank borrowings</b>	<b>2,955</b>	<b>2%</b>	<b>100%</b>	<b>2,955</b>	<b>2%</b>	<b>100%</b>

#### Foreign currency hedges

As at December 31, 2021, characteristics of the foreign currency hedges are as follows:

(€ in million)	Hedging maturity	Accounting classification	Dec. 2021					Others currencies	Nominal	Fair value
			AUD	USD	CHF	GBP				
Currency swaps	< 1 an	Trading	21	26	(194)	85	54	(7)	6	
Currency swaps	< 1 an	CFH	-	-	(4)	-	-	(4)	0	
Cross currency swaps	2,028	CFH	574	-	-	-	-	574	(26)	
<b>Financing operations</b>			<b>595</b>	<b>26</b>	<b>(198)</b>	<b>85</b>	<b>54</b>	<b>562</b>	<b>(20)</b>	
<b>Commercial operations</b>	< 1 an	Trading	5	20	6	19	5	55	-	
<b>Trading operations</b>	< 1 an	Trading	-	-	-	39	0	39	(0)	
<b>Total</b>			<b>600</b>	<b>46</b>	<b>(192)</b>	<b>142</b>	<b>59</b>	<b>656</b>	<b>(20)</b>	

Trading: Fair value hedging

CFH: Cash-Flow Hedge

## Sensitivity analysis

Accor's policy is to hedge balances in the statement of financial position related to financing. Hence, the sensitivity of foreign exchange risk on such balances is not material.

Regarding commercial operations in the statement of financial position, exposures are mainly centralized at Accor SA level, the Group's policy being to invoice the fees to subsidiaries in their functional currency (with minor exceptions). As at December 31, 2021, most of the trade balances are hedged and the corresponding foreign currency derivatives are qualified as trading instruments.

### 11.3.2. Interest rate risk

#### Bonds and bank borrowings by interest rate

<i>(€ in million)</i>	Current		Non-current		Dec. 2021	
	Fixed	Variable	Fixed	Variable	Fixed	Variable
Bonds and bank borrowings	506	11	2,356	49	2,862	60
Cash and cash equivalents	(726)	(932)	-	-	(726)	(932)
<b>Net exposure</b>	<b>(220)</b>	<b>(921)</b>	<b>2,356</b>	<b>49</b>	<b>2,136</b>	<b>(872)</b>

As at December 31, 2021, 78% of bonds and bank borrowings were at fixed rate, with an average rate of 2.0%, and 22% were at a variable rate, with an average rate of 2.2%. The fixed rate debt is denominated primarily in Euro (89%).

#### Interest rate hedges

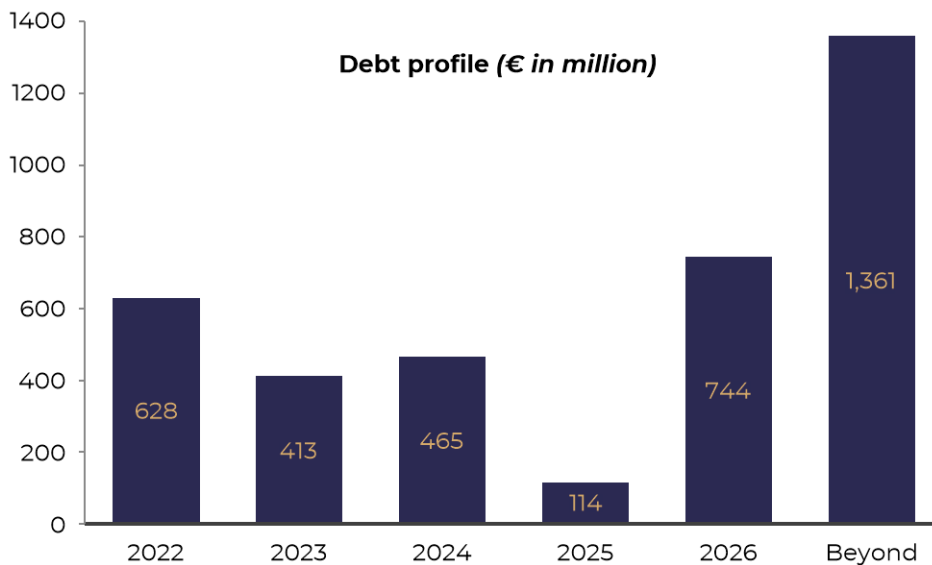
As at December 31, 2021, the Group has one interest rate swap fixing the rate of the €280 million mortgage debt negotiated to fund the acquisition of the Group's head office. This swap and associated debt are classified as liabilities held for sale. The fair value of this instrument, qualified as cash flow hedge, is €(13) million. The change in fair value over 2021 was recognized in other comprehensive income for €(8) million.

Other interest rate swaps with variable rates allowing to convert part of the Group's bonds, with a nominal of €300 million, expired in February 2021.

### 11.3.3 Liquidity risk

#### Debt profile

The bonds and bank borrowings profile (corresponding to contractual undiscounted cash flows) is one of the indicators used to assess the Group's liquidity position. At December 31, 2021, maturities were as follows:



#### Credit lines

As at December 31, 2021, the Group has two undrawn confirmed credit lines for a total of €1,760 million, of which a €1,200 million credit line, negotiated in June 2018, maturing in June 2025 (for €1,114 million) and in June 2024 (for €86 million) and a €560 million credit line negotiated in May 2020, maturing in May 2022.

#### Covenants

There is no early repayment clause that would be triggered following a deterioration in the Group's rating. However, part of the bonds and bank borrowings (€2,136 million out of the €2,955 million) is subject to an early repayment clause in the event of a change of control (in case 50% of Accor SA's voting rights are acquired by a third party) along with a downgrade of the rating to "Non-Investment Grade".

The €1,200 million undrawn bank credit line contained, at contract inception, an early repayment clause that can be triggered in the event of non-compliance with a financial leverage ratio (consolidated net debt reported to consolidated EBITDA before application of IFRS 16 Leases). In the context of the health crisis, Accor obtained a first covenant holiday until June 2021, which was extended on February 8, 2021, until June 2022. Since November 15, 2021, this covenant has been replaced by a minimum liquidity covenant, applicable for the years 2022 and 2023. From 2024, the initial "Leverage ratio" will apply again.

Regarding the €300 million mortgage debt negotiated in October 2018 to fund the acquisition of the Group's head office (classified as liability held for sale in the statement of financial position as at December 31, 2021), the early redemption clause can be triggered in case of non-compliance with the Loan-to-Value (debt to the value of the asset) and Interest cover ratios. At closing date, no contemplated reasonable scenario would lead to trigger such a clause.

Last, no cross-default clause, by which default on one debt can lead to default on another debt, is included in the financing contracts negotiated by Accor. Only cross acceleration clauses exist, these clauses can only be triggered if the cross acceleration relates to financial debts of the same nature and for a significant amount.

## Rate

The Group is rated BB+ with a stable outlook according to Fitch and BB+ with a negative outlook according to S&P.

### 11.3.4 Credit and counterparty risk

The Group is likely to be exposed to a concentration of counterparty risks related to trade receivables, cash, investments and derivatives.

The business relationship between Accor and hotel owners is formalized through services contracts. Accor considers that the concentration of counterparty risks related to its trade receivables is limited given the number of clients, their geographical dispersion, the nature of the services provided and the frequency of invoicing of the services (usually monthly). As at December 31, 2021, the maximum counterparty risk value on trade receivables is the net carrying amount.

The maturity of trade receivables (excluding accrued receivable of €182 million) is as follows:

Receivables not yet due	Receivables due			Gross receivables	Provisions	Net receivables
	Less than 90 days	Between 90 and 180 days	More than 180 days			
303	137	61	159	660	(145)	515

Financial investments are diversified. They relate to first rank securities and are negotiated with first rank banks. The Accor Group subscribes over-the-counter derivatives with first-class banks under agreements for offsetting the amounts due and receivable in the event of default by one of the contracting parties. In the Group's financial statements, these derivatives are not offset.



## Note 12. Income tax

### Accounting Policy

Income tax expense (or benefit) includes both current and deferred tax expense.

Deferred taxes are recognized using the liability method on temporary differences between the carrying amount of assets and liabilities and their tax base. They are measured using the tax rates enacted or substantively enacted by the end of the reporting period that are expected to apply to the period when the asset is realized, or the liability is settled. The effects of changes in tax rates (and tax laws) are recognized in the income statement, except to the extent that it relates to items recognized in other comprehensive items, for the period in which the rate change is announced.

Deferred tax assets are recognized only to the extent that they can be utilized against future taxable profits. The recoverability of deferred tax assets is reviewed periodically by taxable entity. Based on the results of the review, previously recognized deferred tax assets may be derecognized. The recoverability of deferred tax assets is assessed based on business plans prepared the Group companies, taking into account projected taxable profits (usually over a five-year period), past experience and local legal and tax environment.

The Group recognizes deferred taxes on the temporary differences resulting from the assets and liabilities recognized in relation to its lease agreements. On initial recognition, there is no temporary difference as the values of the asset equals the value of the liability. Subsequently, a deferred tax is recognized for the net amount of taxable and deductible temporary differences.

The tax assessed on the value added by the business ("CVAE") is included in the income tax for the year.

The Group applies the IFRIC 23 guidance for income tax:

- A liability is recognized in the consolidated statement of financial position when a tax risk arising from positions taken by the Group, or one of its subsidiaries, is considered as probable, assuming that the tax authorities have full knowledge of all relevant information when making their examination,
- The Group determines the level, which is the more relevant, to assess a tax risk considering the specific facts and circumstances and the nature of the risk considered,
- When applicable, the liability recognized corresponds to the amount expected to be paid, and is measured using the method, which reflects the Group's best estimate of the underlying risk.

## 12.1 Income tax in consolidated income statement

### 12.1.1 Income tax expense for the period

<i>(€ in million)</i>	<b>2020</b>	<b>2021</b>
Current tax	16	(30)
Deferred tax	46	99
<b>Income Tax</b>	<b>62</b>	<b>69</b>

In 2021, the Group generated tax income of €69 million, driven by the recognition of deferred tax assets for €99 million, mainly in the United States and Germany, and reversals of provisions for tax risks for €14 million, notably in China. The Group has assessed the recoverability of its deferred tax assets in light of the current situation, based on 5-year projections of expected tax results consistently with the operational assumptions used in the Group's business plan.

This income is partly offset by current tax expense for €(45) million, including the tax effect of the assets transfers to the new Ennismore entity as part of the development of Lifestyle business, mainly in Germany.

### 12.1.2 Income tax expense analysis

<i>(€ in million)</i>		<b>2020</b>	<b>2021</b>
<b>Profit before tax</b>		<b>(2,309)</b>	<b>(56)</b>
Share of profit/(loss) of equity investments		578	273
Non deductible impairment losses		237	(58)
Untaxed profit or profit taxed at a reduced rate		(94)	(529)
Others		1	(2)
<b>Profit taxed at standard rate</b>	(a)	<b>(1,588)</b>	<b>(372)</b>
<b>Standard tax rate in France</b>	(b)	<b>+32.0%</b>	<b>+28.4%</b>
<b>Theoretical tax at standard French tax rate</b>	(c) = (a) x (b)	<b>508</b>	<b>106</b>
. Differences in foreign tax rates		(68)	9
. Unrecognized tax losses for the year		(296)	(141)
. Utilization of tax losses carryforward		1	36
. Net charges to/reversals of provisions for tax risks		2	14
. Company value-added contribution (CVAE)		(2)	(1)
. Changes in tax rates		9	1
. Other items		(91)	44
<b>Total effects on tax at standard French tax rate</b>	(d)	<b>(445)</b>	<b>(37)</b>
<b>Income/(Expense) tax</b>	(e) = (c) + (d)	<b>62</b>	<b>69</b>

As at December 31, 2021, the income tax rate in France is at 28.41%, including the French “Contribution sociale de solidarité” tax of 3.3% based on the standard tax rate of 27.5%.

## 12.2 Deferred taxes

The main natures of deferred tax assets and liabilities are the following:

<i>(€ in million)</i>	<b>Dec. 2020 (*)</b>	<b>Dec. 2021</b>
Intangible assets	(451)	(440)
Property, plant and equipment	(13)	(11)
Recognized tax losses	29	80
Provision for employee benefits	30	30
Provision for risks and contingencies	62	32
Impairment losses	3	4
Others	3	(12)
<b>Total net deferred tax</b>	<b>(338)</b>	<b>(317)</b>
· Deferred tax assets	175	192
· Deferred tax liabilities	(513)	(510)

(\*) Restated amounts following the purchase price allocation of sbe acquired in 2020 (see note 8.1)

Deferred taxes liabilities on intangible assets mainly relate to assets recognized as part of FRHI Hotels & Resort group acquisition in 2016.

Deferred tax assets on tax losses are mainly in the United States (€55 million) and Australia (€12 million).

Deferred tax assets on provision for risks and contingencies mainly relate to the €89 million provision covering the future risks associated with the guarantees on assets granted as part of AccorInvest disposal.

## 12.3 Unrecognized deferred tax

As at December 31, 2021, unrecognized deferred tax assets amount to €978 million (compared to €803 million as at December 31, 2020). They mainly relate to evergreen tax losses carryforwards in France (€402 million), Belgium (€85 million) and Luxembourg (€83 million).

Unrecognized deferred tax assets will expire in the following periods if not utilized:

<i>(€ in million)</i>	Deductible temporary differences	Tax loss carry forwards	<b>Total</b>
From 2021 to 2024	-	10	10
2025 and beyond	-	19	19
Evergreen	205	744	949
<b>Total</b>	<b>205</b>	<b>773</b>	<b>978</b>

## Note 13. Shareholders' Equity and Earning per share

### Accounting policy

Shareholders' equity is attributable to two categories of owners: owners of the parent (Accor SA shareholders) and owners of non-controlling interests (minority interests).

### Transactions with minority interests

Transactions with minority interests leading to a change in a parent's ownership interest in a subsidiary that does not result in the parent losing control of the subsidiary are equity transactions (i.e. transactions with owners in their capacity as owners). If an additional interest is acquired in a controlled company, the difference between the purchase price of the shares and the additional share of net assets acquired is recognized in shareholders' equity, Group share. The carrying amount of the subsidiary's assets and liabilities, including goodwill, is unchanged.

### Equity instruments

The classification in shareholders' equity depends on the specific analysis of the characteristics of each instrument issued by the Group. An instrument is classified as an equity instrument if it does not include any contractual obligation to pay cash or another financial asset to the holder. In particular, an instrument whose redemption is at the Group's initiative and whose remuneration is subject to the payment of a dividend is classified as equity.

## 13.1 Share capital

### 13.1.1 Shareholders

As at December 31, 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 17.3% and 9.6% of voting rights. Harris Associates owns 9.0% of the share capital and 6.9% of voting rights. Last, Huazhu Group Ltd holds 4.7% of the share capital and 3.6% of voting rights.

### 13.1.2 Changes in share capital

As at December 31, 2021, Accor SA's share capital was made up of 261,856,268 shares with a par value of €3 each, each fully paid. Changes in the number of outstanding shares during 2021 were as follows:

<i>In number of shares</i>	<b>2021</b>
<b>Number of issued shares at January 1, 2021</b>	<b>261,382,728</b>
Performance shares vested	473,540
<b>Number of issued shares at December 31, 2021</b>	<b>261,856,268</b>

### 13.1.3 Distribution of dividends

No dividend was paid over the year.

### 13.1.4 Perpetual subordinated notes

In 2021, coupons paid to holders on perpetual subordinated notes amounted to €35 million. These payments are analyzed as a distribution of profit, directly deducted from equity.

### 13.1.5 Consolidated reserves

Items recognized directly in shareholders' equity Group share are the followings:

<i>(€ in million)</i>	<b>Dec. 2020</b>	IAS 19	Change	<b>Dec. 2021</b>
Currency translation reserve	(481)	-	252	(229)
Changes in fair value of financial Instruments	(79)	-	(170)	(250)
· of which non-consolidated investments	(37)	-	(190)	(227)
· of which derivative instruments	(43)	-	19	(23)
Reserve for actuarial gains/losses	(111)	-	14	(97)
Share based payments	299	-	41	339
Retained earnings and others	2,007	4	57	2,068
<b>Reserves - Group share</b>	<b>1,635</b>	<b>4</b>	<b>193</b>	<b>1,832</b>

### 13.1.6 Currency translation reserve

The currency translation reserve breaks down as follows:

<i>(€ in million)</i>	<b>2020</b>	Change	<b>2021</b>
British sterling (GBP)	(118)	17	(101)
Brazilian real (BRL)	(103)	(1)	(103)
United States dollar (USD)	(84)	162	78
Chinese yuan (CNY)	(53)	51	(2)
Canadian dollar (CAD)	(50)	44	(7)
Australian dollar (AUD)	(18)	3	(15)
Indian rupee (INR)	(13)	(58)	(71)
Other currencies	(48)	38	(11)
<b>Currency translation reserve</b>	<b>(488)</b>	<b>256</b>	<b>(232)</b>
Translating foreign operations, Group share	(480)	252	(229)
Translating foreign operations, minority interests	(8)	4	(4)

The €256 million positive change over the year is mainly driven by the appreciation of the US Dollar (€162 million), the Chinese Yuan (€51 million) and the Canadian Dollar (€44 million).

The year-end Euro/local currency exchange rates applied to prepare the consolidated financial statements were as follows:

	GBP	BRL	USD	CNY	CAD	AUD	INR
<b>December 2020</b>	0.8980	6.3608	1.2193	7.9624	1.5656	1.6039	89.6861
<b>December 2021</b>	0.8433	6.4157	1.1312	7.2087	1.4529	1.5685	84.8105

In 2021, the Group had no significant subsidiaries in hyper-inflationary countries.

## 13.2 Minority interests

### 13.2.1 Breakdown of minority interests

Minority interests break down as follows:

<i>(€ in million)</i>	<b>Dec. 2020</b>	Change	<b>Dec. 2021</b>
Ennismore	-	195	195
Rixos Hotels & Resorts	24	(7)	17
Orient-Express	17	(1)	16
Other minority interests	25	4	29
<b>Minority interests</b>	<b>66</b>	<b>190</b>	<b>256</b>

In 2021, the change is mainly explained by the recognition of the 33.33% minority interests on Ennismore Holdings Ltd for €195 million (see Note 3.1.1).

### 13.3 Earnings per share

#### Accounting policy

Basic earnings per share are calculated by dividing net profit Group share, less interest paid to holders of subordinated notes, by the weighted average number of shares outstanding during the year.

Diluted earnings per share are determined by adjusting the weighted average number of shares for the effects of all potentially dilutive instruments (stock options and performance shares). Instrument shares are treated as dilutive when their conversion to ordinary shares would decrease earnings per share or increase loss per share from continuing operations – Group share.

Earnings per share are calculated as follows:

<i>(€ in million)</i>	Continued activities	Discontinued activities	2020	Continued activities	Discontinued activities	2021
<b>Net profit - Group share</b>	(2,244)	257	<b>(1,988)</b>	8	77	<b>85</b>
Coupons on perpetual subordinated bonds	(34)	-	(34)	(35)	-	(35)
<b>Adjusted Net profit - Group share</b>	<b>(2,278)</b>	<b>257</b>	<b>(2,021)</b>	<b>(27)</b>	<b>77</b>	<b>50</b>
Weighted average number of ordinary shares	262,233,805	262,233,805	262,233,805	261,621,001	261,621,001	261,621,001
<b>Earnings per share (in euros)</b>	<b>(8.69)</b>	<b>0.98</b>	<b>(7.71)</b>	<b>(0.10)</b>	<b>0.29</b>	<b>0.19</b>
<b>Diluted earnings per share (in euros)</b>	<b>(8.69)</b>	<b>0.98</b>	<b>(7.71)</b>	<b>(0.10)</b>	<b>0.29</b>	<b>0.19</b>

On December 31, 2021, the weighted average number of ordinary shares is computed as follows:

<b>Outstanding shares</b>	<b>261,856,268</b>
Effect of share issued	(235,267)
<b>Weighted average number of ordinary shares</b>	<b>261,621,001</b>
Number of dilutive potential shares	-
<b>Fully diluted weighted average number of shares</b>	<b>261,621,001</b>

## Note 14. Unrecognized items

### 14.1 Off-Balance Sheet commitments

#### Accounting policy

Commitments given and received by the Group correspond to outstanding contractual obligations that are conditional upon the satisfaction of future conditions or the completion of future transactions. On December 31, 2021, to the best of the Group's knowledge, there were no commitments likely to have a material effect on the Group's current or future situation other than those disclosed in this note.

#### 14.1.1 Commitments given

The undiscounted off-balance sheet commitments given on December 31, 2021 breakdown is as follows:

<i>(€ in million)</i>	Less than 1 year	1 to 5 years	Beyond 5 years	<b>Total</b>
Commitments given in the normal course of business	45	123	71	239
Commitments increasing net debt	67	41	127	235
Commitments related to development	1	0	8	9
<b>Commitments given</b>	<b>113</b>	<b>165</b>	<b>206</b>	<b>484</b>

Commitments given for current operations mainly relate to commitments to hotel owners, generally, to secure the signing of a contract ("key money") or in respect of the performance guarantee granted as part of management of the hotel.

#### 14.1.2 Commitments received

The undiscounted off-balance sheet commitments received on December 31, 2021 breakdown is as follows:

<i>(€ in million)</i>	Less than 1 year	1 to 5 years	Beyond 5 years	<b>Total</b>
Guarantees received in the normal course of business	2	3	5	9
<b>Commitments received</b>	<b>2</b>	<b>3</b>	<b>5</b>	<b>9</b>

The guarantees received in the normal course of business mainly correspond to bank guarantees.



## 14.2 Litigations, contingent assets and liabilities

### Accounting policy

A contingent asset or liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence of one or more uncertain future events that are not within the control of the Group or a present obligation that is not recognized because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation. Contingent assets and liabilities are not recognized in the statement of financial position but are disclosed in the notes to the financial statements.

During the normal course of business, the Group may be exposed to claims, litigation and legal proceedings. All known outstanding claims, litigation and legal proceedings involving Accor SA or any Group company were reviewed at the date on which the consolidated financial statements were authorized for issue, and all necessary provisions were booked to cover the estimated risks. To the best of Management's knowledge, there are no contingent liabilities that could have a material adverse effect on the Group's financial position or business.

### Litigation on dividend withholding tax

In 2002, Accor SA challenged through legal means its obligation to pay "précompte" dividend withholding tax on the redistribution of European source dividends on the grounds that it breached European Union rules. Numerous and long-lasting procedures ensued in France and later at European level.

Regarding the "précompte" dividend withholding tax paid over the period 1999-2001, the Administrative Tribunal of Versailles ruled, in 2006, that Accor SA was entitled to a refund of €192 million (of which €36 million of late interests). This ruling was confirmed by the Administrative Court of Versailles of appeal on May 20, 2008. However, on December 10, 2012, the Supreme Court restricted the right to a refund of €7 million and, in 2013, Accor SA refunded €185 million to the French State. The Group intends to continue to assert his right and has brought an action for State liability at the Paris Administrative Court.

Regarding the "précompte" dividend withholding tax paid over the period 2002-2004, a decision from the European Union (EU) Court of Justice on October 4, 2018, convicted the French state again on the "précompte" refund litigations. On July 7, 2020, the Administrative Court of Appeal of Versailles, taking note of the European Court's decision, pronounced the refund to Accor SA of the full "précompte" amount paid over this period along late interests.

On July 23, 2020, Accor SA received a refund of €307 million (€180 million of principal and €127 million of late interests). In that respect, a €254 million gain was recognized in the income statement of the year 2020, presented in other income and expenses.

In September 2020, the tax authorities appealed before the French Supreme Court. The Group and its legal advisors were informed of and reviewed the grounds for cassation. On this basis, they concluded that Accor SA has serious chance of prevailing on part of the legal grounds pleaded in the ongoing procedure. A decision from the EU Court of Justice on the compatibility of the "précompte" with the EU parent subsidiary regime is awaited in 2022.

As at December 31, 2021, the Group considered that a refund of the amount received to the tax authorities was not probable.

## **Tax Control Accor SA**

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 €21 million was accounted for to cover for the entire risk. The allowance is presented under the net result from discontinued operations.

## **14.3 Subsequent Events**

On February 9, 2022, Accor acquired the company “Société d'Exploitation et de Gestion de Spectacles de Music Halls Internationaux” (SEGSMHI), whose main activity is the operation of the theater “Le Lido” in Paris. This transaction allows the Group to extend its hospitality offer, especially for ALL program members. The purchase price amounts to €1 increased by a price adjustment, based on among other things the financial situation of the company.

## Note 15. Other information

### 15.1 Related parties

#### Companies that exercise significant influence over Accor

As at December 31, 2021, the companies Qatar Investment Authority (QIA) and Kingdom Holding Company of Saudi Arabia (KHC), who become shareholders following the acquisition of FRHI Hotels & Resorts in 2016, exercise significant influence over Accor SA. In virtue of the agreements signed at the time of this transaction, QIA has two seats on the Board of Directors and KHC has one.

On February 21, 2019, Accor entered into a regulated agreement with SASP Paris Saint Germain Football whose owner is Qatar Sport Investment (QSI), subsidiary of QIA, to become a major partner and official shirt sponsor of Paris-Saint-Germain from 2019/2020 season.

#### Fully consolidated companies and associated companies accounted for by the equity method

Transactions between the Company and its subsidiaries, joint ventures and associates are concluded in the normal course of business operations. The transactions with subsidiaries are eliminated in the Group's consolidated financial statements. When appropriate, the main transactions with equity accounted investments are mentioned directly in the associated notes (see Notes 3.1 and 6).

AccorInvest, which is recorded under the equity method in the consolidated financial statements, is the main client of the Group. Revenue of AccorInvest recognized in 2021 represent 8% of the total revenue of the Group. As at December 31, 2021, the gross value of receivables towards AccorInvest amounted to €214 million in the consolidated statement of financial position.

Furthermore, on October 1, 2021, the Group sold its portfolio of Lifestyle leased assets to KNSA hotels France, a new entity accounted for under the equity method, for €79 million (see Note 3.1.2). This transaction was concluded at normal market conditions as part of the Group usual course of business. As at December 31, 2021, Accor has a €59 million receivable due by KNSA in this respect, including €49 million presented in long term loans (see Note 11.2.3) and €10 million in short-term loans.

#### Members of the Executive Committee and the Board of Directors

Transactions with members of the Executive Committee and Board of Directors are presented in Note 5. All transactions with companies in which a member of the Executive Committee or the Board of Directors holds material voting rights are conducted in the normal course of business on arm's length terms and are not material.

## 15.2 Fees paid to auditors

The table below shows the total fees billed by the auditors recognized in the Group's consolidated income statement for the financial years 2020 and 2021:

<i>(€ in million)</i>	2020			2021		
	PwC	EY	Total	PwC	EY	Total
<b>Fees related to certification of accounts</b>						
Issuer	1.3	1.3	2.6	1.1	1.0	2.1
Fully consolidated subsidiaries	1.5	1.9	3.4	1.6	1.4	3.0
<b>Subtotal</b>	<b>2.8</b>	<b>3.2</b>	<b>5.9</b>	<b>2.7</b>	<b>2.4</b>	<b>5.1</b>
<b>Fees for services other than certification of accounts</b>						
Services required by laws and regulations	0.0	-	0.0	0.0	0.2	0.2
Due diligence services	0.3	-	0.3	-	-	-
Tax services (*)	0.4	0.5	0.9	0.4	1.0	1.4
Other services (**)	0.9	0.4	1.3	0.2	0.2	0.4
<b>Subtotal</b>	<b>1.6</b>	<b>0.9</b>	<b>2.5</b>	<b>0.6</b>	<b>1.4</b>	<b>2.0</b>
<b>Total</b>	<b>4.4</b>	<b>4.0</b>	<b>8.4</b>	<b>3.3</b>	<b>3.8</b>	<b>7.1</b>

(\*) Tax services mainly related to compliance assignments performed for foreign subsidiaries

(\*\*) These services mainly related to assignments performed in France and abroad by members of respective auditors' networks

## 15.3 Main consolidated companies

The main subsidiaries and equity-investments represent at least 75% of consolidated revenue and EBITDA. The other entities are not material on these two aggregates.

As at December 31, 2021 the Group consolidates under the appropriate method all of its subsidiaries.

To the best of the Group's knowledge, there are no material restrictions on Accor's ability to have access to the assets of the subsidiaries controlled by the Group.

Main consolidated companies	Countries	Method	%	Main consolidated companies	Countries	Method	%
<b>Northern Europe</b>				<b>India, Middle East, Africa &amp; Turkey</b>			
ACCOR HOTELBETRIEBS GMBH	Austria	FC	100%	AAPC INDIA HOTEL MANAGEMENT PRIVATE LIMITED	India	FC	51%
ACCOR HOTELS BELGIUM	Belgium	FC	100%	ACCOR AFRIQUE	Africa structures	FC	100%
ACCOR HOTELS UK	United Kingdom	FC	100%	ACCOR GESTION MAROC	Morocco	FC	78%
ACCORHOTELS DEUTSCHLAND GMBH	Germany	FC	100%	ACCOR HOTEL SAE	Egypt	FC	100%
ACCORHOTELS SWITZERLAND SA	Switzerland	FC	100%	ACCORHOTELS MIDDLE EAST AND AFRICA FZ-LLC	United Arab Emirates	FC	100%
MÖVENPICK HOTELS & RESORTS MANAGEMENT AG	Switzerland	FC	100%	BELLE RIVIERE HOTEL	Mauritius	FC	100%
OU SWISSOTEL ESTONIA	Estonia	FC	100%	EL GEZIRAH HOTELS TOURISM CY	Egypt	FC	66%
RUSSIAN MANAGEMENT HOTEL COMPANY	Russia	FC	100%	FHR GULF MANAGEMENT FZ-LLC	United Arab Emirates	FC	100%
SWISSOTEL MANAGEMENT GMBH	Switzerland	FC	100%	MÖVENPICK HOTELS & RESORTS MANAGEMENT	United Arab Emirates	FC	100%
UKRAINIAN MANAGEMENT HOTEL COMPANY	Ukraine	FC	100%	SAUDI FRENCH COMPANY HOTEL MGT	Saudi Arabia	FC	100%
ACCOR HOTELSERVICES MAGYAORSZAG KFT.	Hungary	FC	100%	TAMARIS TURIZM TRY	Turkey	FC	100%
ACCOR SERVICES POLAND	Poland	FC	100%	RIXOS CONSULTANCY FZE	United Arab Emirates	FC	70%
FRHI HOTELS & RESORTS S.A.R.L.	Luxembourg	FC	100%	Kasada hospitality fund LP	Mauritius	EM	30%
ACCOR INVEST GROUP	Luxembourg	EM	30%	RISMA	Morocco	EM	33%
<b>Southern Europe</b>				<b>North/Central America, the Caribbean</b>			
ACADEMIE FRANCE	France	FC	100%	ACCOR MANAGEMENT CANADA INC	Canada	FC	100%
ACCOR SA	France	FC	100%	ACCOR MANAGEMENT US INC	United States	FC	100%
ACCORHOTELS & COMMUNITY SERVICES SPAIN, S.L.	Spain	FC	100%	SI HOTELERA DE MEXICO	Mexico	FC	100%
ACCORHOTELS ITALIA S.R.L.	Italy	FC	100%	Accor Canada Inc	Canada	FC	100%
IBIS BUDGET	France	FC	98%	<b>Lifestyle business</b>			
LEISURE HOTELS - HOTEL AND TOURISTIC ENTERPRISES SA	Greece	FC	100%	ENNISMORE INTERNATIONAL MANAGEMENT LIMITED	United Kingdom	FC	67%
SH DEFENSE GRANDE ARCHE	France	FC	100%	MAMA SHELTER France	France	FC	67%
SOCIETE DE MANAGEMENT INTERMARQUES	France	FC	100%	21C MUSEUM HOTELS	United States	FC	57%
<b>South East Asia</b>				<b>Other activities</b>			
AAPC SINGAPORE PTE LTD	Singapore	FC	100%	ENNISMORE HOTEL MANAGEMENT UK LTD	United Kingdom	FC	67%
RAFFLES INTERNATIONAL LIMITED	Singapore	FC	100%	MHG HOLDCO LLC	United States	FC	67%
<b>Greater China</b>				<b>Lifestyle business</b>			
AAPC HONG KONG CO LTD	China	FC	100%	SBE HOTEL GROUP LLC	United States	FC	67%
<b>Pacific</b>				<b>Lifestyle business</b>			
AAPC PROPERTIES PTY LTD	Australia / NZ	FC	100%	801 SMA LESSEE LLC	United States	FC	67%
MANTRA	Australia / NZ	FC	100%	MORGANS HOTEL GROUP MANAGEMENT LLC	United States	FC	67%
<b>South America</b>				<b>Lifestyle business</b>			
SOCIEDAD ANONIMA DE GESTION HOTELERA DE COLOMBIA	Colombia	FC	100%	HUDSON LEASECO LLC	United States	FC	67%
ACCORHOTELS ARGENTINA S.A	Argentina	FC	100%	<b>Other activities</b>			
ACCORHOTELS CHILE SPA	Chile	FC	100%	JOHN PAUL	France	FC	100%
ACCORHOTELS PERU SA	Peru	FC	100%	VERYCHIC	France	FC	100%
HOTELARIA ACCOR BRASIL SA	Brazil	FC	100%	RESDIARY	Singapore	FC	100%
				D EDGE	France	FC	100%
				D-EDGE HOSPITALITY SOLUTIONS PTE LTD	Singapore	FC	100%
				GEKKO	France	FC	100%
				LIFEALIKE LTD	United Kingdom	FC	100%

FC: Fully Consolidated

EM: accounted for by the Equity Method

The percentages correspond to the Group's percentage of interest