

2022 Interim Financial Report

AS OF JUNE 30, 2022



Table of contents

1	2022 Interim Management Report 3
2	Condensed Interim Consolidated Financial Statements and Notes 17
	2.1 Condensed interim consolidated financial statements 19
	2.2 Notes to the interim condensed consolidated financial statements 25
3	Statutory Auditors' Report on the Interim Financial Information 58
4	Statement by the Person Responsible for the Document 61

2022 Interim Management Report

1. 2022 First-half highlights

1.1. Very strong rebound of the activity

The Group's business rebounded significantly in H1 2022 after two years of major pandemic-related disruptions in the tourism and hospitality industry. In Q2 2022, activity recovered to levels close to, if not above, the 2019 levels in almost all of our geographies. The only laggards were China, which is impacted by travel restrictions as part of its strict enforcement of a "zero-Covid" policy, and South East Asia, which is highly dependent on Chinese visitors.



Group RevPAR back to 2019 level, supported by pricing power

This rebound reflects both the recovery of the number of business and leisure domestic guests, and border reopenings which accelerated the return of international travelers. It was accompanied by a sharp increase in prices, driven by demand and emphasized by inflation.

1.2. Hotel portfolio and pipeline as of June 30, 2022

During first-half 2022, Accor opened 85 hotels, representing 11,700 rooms, i.e., net system growth of 1.8% in the last 12 months.

At end-June 2022, the Group had a hotel portfolio of 777,945 rooms (5,300 hotels) and a pipeline of 212,000 rooms (1,215 hotels).

For 2022, the Group is confirming its forecast of net unit growth in the network of around 3.5%.



Hotel portfolio – June 2022

June 2022	Hotel	assets	Mar	naged	Frar	Franchised Total		
June 2022	Hotels	Rooms	Hotels	Rooms	Nb hôtels	Hotels	Rooms	Hotels
Luxury & Upscale	2	1,339	39	7,403	37	3,016	78	11,758
Midscale	1	51	167	25,045	366	35,285	534	60,381
Economy	0	0	251	31,567	1,040	76,771	1,291	108,338
South Europe	3	1,390	457	64,015	1,443	115,072	1,903	180,477
Luxury & Upscale	2	388	71	13,091	45	9,486	118	22,965
Midscale	0	0	194	34,742	252	31,630	446	66,372
Economy	4	865	315	44,576	269	29,001	588	74,442
North Europe	6	1,253	580	92,409	566	70,117	1,152	163,779
Luxury & Upscale	11	2,217	260	64,047	78	14,651	349	80,915
Midscale	18	2,853	233	54,068	218	35,290	469	92,211
Economy	1	186	162	29,993	301	34,005	464	64,184
ASPAC	30	5,256	655	148,108	597	83,946	1,282	237,310
Luxury & Upscale	2	525	182	48,359	28	6,860	212	55,744
Midscale	5	796	82	15,605	23	4,391	110	20,792
Economy	10	1,681	74	13,669	15	2,309	99	17,659
IMEAT	17	3,002	338	77,633	66	13,560	421	94,195
Luxury & Upscale	3	469	101	32,233	24	5,317	128	38,019
Midscale	12	2,071	73	12,034	34	5,422	119	19,527
Economy	43	8,976	88	13,841	164	21,821	295	44,638
Americas	58	11,516	262	58,108	222	32,560	542	102,184
Luxury & Upscale	20	4,938	653	165,133	212	39,330	885	209,401
Midscale	36	5,771	749	141,494	893	112,018	1,678	259,283
Economy	58	11,708	890	133,646	1,789	163,907	2,737	309,261
Total	114	22,417	2,292	440,273	2,894	315,255	5,300	777,945

1.3. 2022 Interim consolidated results

1.3.1. Consolidated revenue

The Group reported H1 2022 **revenue** of €1,725 million, up 97% like-for-like compared with H1 2021. By activity, this growth breaks down into a 119% increase for HotelServices and 57% for Hotel Assets & Other. To provide a comparison with RevPAR (presented as the change versus 2019 throughout this release), the like-for-like decline in revenue versus H1 2019 is 10%.

In € millions	H1 21	H1 22	Change (as reported)	Change (LFL) (1) vs H1 21	Change (LFL) (1) vs H1 19
HotelServices	545	1,276	+134%	+119%	(12)%
Hotel Assets & Other	281	462	+64%	+57%	(8)%
Holding & Intercos	(3)	(14)	N/A	N/A	N/A
TOTAL	824	1,725	+109%	+97%	(10)%

(1) Like-for-like: at constant scope of consolidation and exchange rates

HotelServices revenue

HotelServices, which includes fees from Management & Franchise (M&F) and Services to Owners, reported €1,276 million in revenue, up 119% like-for-like versus H1 2021 (down 12% like-for-like versus H1 2019). This increase reflects the significant recovery seen in the first half of the year.

Revenue in **Management & Franchise (M&F)** stood at €434 million, up 153% like-for-like versus H1 2021 (down 15% like-for-like versus H1 2019), with regional performances correlated to the business recovery in the considered countries. In general, the slightly sharper decline in M&F revenue compared with RevPAR (down 11% in H1 2022 versus H1 2019) can be attributed to the decrease in incentive fees based on the hotel operating margin generated from management contracts.

			Change	Change
In € millions	H1 21	H1 22	(LFL)(1) vs H1 21	(LFL)(1) vs H1 19
South Europe	41	115	+175%	(9)%
North Europe	24	105	+302%	(19)%
ASPAC	43	58	+28%	(41)%
IMEAT	25	75	+205%	+17%
Americas	31	81	+141%	(11)%
total	163	434	+153%	(15)%

(1) Like-for-like: at constant scope of consolidation and exchange rates

Consolidated **RevPAR** was down 11% overall in H1 2022 versus H1 2019 and up 1% in Q2 2022 versus Q2 2019. These figures reflect a month-after-month sequential improvement in business with a sharp increase in prices, driven by demand and exacerbated by inflation. Therefore, activity reached levels close to, or even higher above 2019 levels inalmost all of our regions in the second quarter.

In Q2 2022, RevPAR in **South Europe** was 2% above the Q2 2019 level.

- In **France**, Q2 2022 RevPAR was 3% above the Q2 2019 level. The recovery of international travelers helped Paris to close the gap with province, both now above 2019 level in Q2. Prices were higher than those of the same period in 2019, with a favorable combination of public events in May (UEFA Champions League Final, Roland-Garros Tournament,...).
- In **Spain**, RevPAR was up 2% in Q2 2022 versus Q2 2019.

In Q2 2022, RevPAR in **North Europe** was down 7% versus Q2 2019, but business improved sequentially month after month.

- In the **United Kingdom**, the strength of the recovery was comparable to that seen in France. Both London and the province recovered to RevPAR levels above those of Q2 2019.
- In **Germany**, which took longer to lift its health restrictions related to the Covid crisis, business recovered at a slower pace. Nevertheless, in June, the country's RevPAR performance nevertheless came close to the levels recorded in neighboring countries.

RevPAR continued to improve sequentially in **Asia-Pacific** (+25 percentage points between QI 2022 and Q2 2022). It was down 18% in Q2 2022 versus Q2 2019.

- **Pacific** confirmed the recovery already seen in QI 2022 and ended the second quarter up 9% versus Q2 2019. The reopening of internal and external borders since the end of 2021 accelerated this recovery.
- **China** saw a slight month-after-month pick-up in business in Q2 2022. However, the restrictions implemented as part of the strict enforcement of its "zero-Covid" policy adversely affected its performance and resulted in a 38% decline in RevPAR versus Q2 2019.
- In **South East Asia**, RevPAR was down 31% in Q2 2022 versus Q2 2019. Although the main travel restrictions have been lifted, the region's dependence on Chinese visitors had an adverse impact on the recovery speed.

In the **India, Middle East, Africa & Turkey** region, the rebound in RevPAR, which exceeded 2019 level (+32% in Q2 2022), was confirmed for a third consecutive quarter.

- The **United Arab Emirates** continued to outperform after a strong Q1 boosted by the world Expo 2020.
- In **Saudi Arabia**, the broader reopening of the holy cities for pilgrimages has led to a sharp rebound in activity, particularly during April Ramadan period. This recovery is also expected to continue with the Hajj in July.

In the **Americas**, Q2 2022 RevPAR was 5% higher than in Q2 2019.

- In North/Central America and the Caribbean, RevPAR was in line with 2019 levels in Q2 2022, driven by a sharp increase in prices.
- In **South America**, and particularly Brazil, the pick-up in business volumes was notably impressive, with occupancy rates above the 2019 level throughout Q2 2022.

H1 2022	Occup	Occupancy rate		rage 1 rate	RevPAR		
vs. H1 2019	%	chg pts LFL	€	chg % LFL	€	chg % LFL	
Luxury & Upscale	53.2	(10.5)	235.6	+16.6	125.4	(1.0)	
Midscale	57.8	(9.9)	112.2	+6.1	64.8	(9.3)	
Economy	60.9	(8.1)	67.5	+5.1	41.1	(7.1)	
South Europe	59.4	(8.8)	91.0	+6.3	54.0	(7.2)	
Luxury & Upscale	48.4	(22.1)	190.0	+15.8	91.9	(20.1)	
Midscale	54.6	(16.4)	92.3	+2.4	50.4	(21.0)	
Economy	55.9	(15.9)	70.9	+2.0	39.6	(20.3)	
North Europe	54.4	(16.6)	94.0	+3.4	51.1	(20.5)	
Luxury & Upscale	43.8	(20.4)	112.4	(5.1)	49.2	(34.3)	
Midscale	52.7	(18.1)	74.5	(0.7)	39.3	(25.7)	
Economy	55.7	(19.4)	38.6	(7.7)	21.5	(32.0)	
ASPAC	50.3	(19.4)	75.8	(4.4)	38.1	(30.9)	
Luxury & Upscale	55.7	(10.2)	168.9	+46.0	94.0	+23.8	
Midscale	63.8	(2.1)	69.2	+11.2	44.1	+7.8	
Economy	57.2	(5.8)	48.5	+14.6	27.7	+4.3	
IMEAT	57.5	(7.6)	122.6	+36.3	70.6	+20.7	
Luxury & Upscale	51.3	(16.0)	276.1	+20.9	141.5	(7.2)	
Midscale	55.0	(5.1)	73.4	+10.1	40.4	+1.2	
Economy	54.2	(0.3)	37.7	+12.3	20.4	+11.6	
Americas	53.3	(7.1)	123.6	+8.8	65.9	(3.8)	
Luxury & Upscale	49.4	(16.0)	174.4	+22.1	86.1	(6.9)	
Midscale	55.5	(13.0)	88.0	+4.0	48.8	(15.5)	
Economy	57.5	(10.7)	57.5	+3.7	33.1	(12.4)	
Total	54.6	(12.8)	95.6	+9.3	52.2	(11.2)	

RevPAR excluding tax by segment – H1 2022

Services to Owners revenue, which includes the Sales, Marketing, Distribution and Loyalty division, as well as shared services and the reimbursement of hotel staff costs, came to €842 million in H1 2022, down 10% compared with 2019, in line with consolidated RevPAR for the period.

Hotel Assets & Other revenue

At end-June 2022, this segment, which includes owned and leased hotels, represented 114 hotels and 22,417 rooms.

Revenue in the "Hotel Assets & Other" segment was up 57% like-for-like in H1 2022 versus H1 2021 and down 8% like-for-like versus H1 2019. This segment, which is closely tied to activity in Australia, benefited in particular from renewed leisure and business tourism demand.

Since early 2021, this segment has included concierge services, luxury home rentals, private sales of hotel stays and digital services for hotel owners. All these activities benefited from the uptrend in tourism.

1.3.2. Positive EBITDA

Consolidated EBITDA was €205 million in H1 2022, versus €(120) million in H1 2021. This performance was linked to the activity recovery. In the first half, immediate marketing actions were activated to capture and convert this rebound. On top, we are faced with an unexpected cost inflation, which structurally affects our cost base. The RESET cost saving plan, that is being delivered per plan, is helping to offset all the above.

In € million	H1 21	H1 22	Change (as reported)	Change (LFL) (1) vs H1 21	Change (LFL)(1) vs. H1 19
HotelServices	(78)	208	N/A	N/A	(35)%
Hotel Assets & Other	25	58	+132%	+133%	(15)%
Holding & Intercos	(66)	(60)	N/A	N/A	N/A
Total	(120)	205	N/A	N/A	(35)%

(1) Like-for-like: at constant scope of consolidation and exchange rates.

The EBITDA margin came to 12% in H1 2022 versus (15)% in H1 2021.

Hotel Services	Hotel Assets & Other	Holding & Intercos	ACCOR
1,276	462	(14)	1,725
208	58	(60)	205
16%	12%	N/A	12%
545	281	(3)	824
(78)	(25)	(66)	(120)
(14)%	(9)%	N/A	(15)%
	Services 1,276 208 16% 545 (78)	Services Other 1,276 462 208 58 16% 12% 545 281 (78) (25)	Services Other Intercos 1,276 462 (14) 208 58 (60) 16% 12% N/A 545 281 (3) (78) (25) (66)

HotelServices EBITDA by business

HotelServices EBITDA was positive at €208 million in H1 2022. This performance breaks down as positive EBITDA for Management & Franchise (M&F) and a negative contribution from Services to Owners. This negative contribution reflects both marketing expenses incurred to capture the pick-up in business and general cost inflation. Rebilling of hotel costs (with revenue at €497 million), included in Services to Owners, structurally remains at breakeven at the EBITDA level.

	Services to Owners							
In € millions	M&F	SMDL	Reimbursed costs	Other services	STO	– Hotel Services		
Revenue H1 22	434	326	497	18	842	1,276		
EBITDA H1 22	297	(64)	0	(25)	(89)	208		
Revenue H1 21	163	161	201	21	383	545		
EBITDA H1 21	55	(120)	0	(13)	(133)	(78)		

SMDL = Sales Marketing, Distribution & Loyalty

STO = Service to Owners

Management & Franchise EBITDA by region

In € million	H1 21	H1 22	Change (LFL) (1) vs H1 21	Change (LFL) (1) vs H1 19
South Europe	24	87	+254%	(12)%
North Europe	4	71	+1,454%	(23)%
ASPAC	21	30	+38%	(53)%
IMEAT	11	57	+421%	+20%
Americas	(6)	52	N/A	(18)%
TOTAL	55	297	+426%	(19)%

(1) Like-for-like: at constant scope of consolidation and exchange rates.

The **Management & Franchise** division of **HotelServices** reported an EBITDA of €297 million in H1 2022, significantly higher than in H1 2021 (at €55 million) but still below H1 2019 ((19)% like-for-like). All regions are now generating positive EBITDA.

Hotel Assets & Other EBITDA

Hotel Assets & Other EBITDA came to €58 million in H1 2022 versus €25 million in H1 2021. This segment is driven mainly by Australia, where the activity has recovered. New Businesses, included in this segment since early 2021, reported positive EBITDA in the first half of the year.

1.3.3. Net profit

In € million	H1 21	H1 22
Revenue	824	1,725
EBITDA	(120)	205
EBITDA margin	(15)%	12%
EBIT	(239)	99
Share of net profit of associates & JVs	(213)	(27)
Non-recurring items	585	25
Operating profit	134	97
Net profit/(loss) before profit from discontinued operations	81	32
Profit from discontinued operations	(14)	-
Net profit, Group share	67	32

Net profit, Group share was €32 million in H1 2022, compared with €67 million in H1 2021.

- The **Share of net profit of associates & JVs** came to €(27) million in H1 2022, stemming very largely from AccorInvest's contribution, which was much more limited than in H1 2021. AccorInvest's results improved significantly due to the business pick-up in Europe.
- Non-recurring items in H1 2021 mainly included a €649 million positive impact recognized following the partial sale of a 1.5% stake owned in Huazhu in February 2021.

1.3.4. Cash flow generation

In € million	H1 21	H1 22
EBITDA	(120)	205
Cost of net debt	(40)	(40)
Income tax paid	(6)	(31)
Payment of lease liabilities	(42)	(36)
Non-cash revenue and expenses included in EBITDA and other	29	23
Funds from operations excluding non-recurring items	(179)	121
Recurring investments	(39)	(55)
Change in working capital and contract assets	(43)	(25)
Recurring free cash flow	(260)	41

During H1 2022, the Group's **recurring free cash flow** improved significantly, from €(260) million in H1 2021 to €41 million in H1 2022.

Cost of net debt was stable between H1 2021 and H1 2022, demonstrating the quality of our financing policy.

The Group's **recurring expenditure**, which includes "key money" paid by HotelServices for its development, digital and IT investments, remained under control to end the period at €55 million.

Change in working capital is seasonal in nature and reflects the activity recovery reported in H1 2022.

The Group's **net financial debt** as of end-June 2022 reached €2,025 million, versus €1,844 million as of December 31, 2021. This slight increase is related to the finalization of the restructuring plan and some investments including in Reef, a US dark kitchen operator.

On June 30, 2022, the **average cost of Accor's debt** was 1.9% (a decrease due to the redemption of bonds that had a higher coupon) with an average maturity of about 4 years and with no major repayments due before 2026.

As of end-June 2022, combined with the undrawn credit facilities of €1.2 billion, Accor had a liquidity position of €2.5 billion. The €560 million line, negotiated in May 2020, matured in May 2022.

1.4. Other significant events

Other significant events that occurred during the period, detailed in the notes of the Interim Condensed Consolidated Financial Statements (Note 3) are:

- The acquisition of Lido in February 2022,
- The disposal of the subsidiary ResDiary in exchange for shares in Reef Technology Inc. in June 2022, followed by an additional acquisition of shares, bringing Accor's stake to 4.92% of the share capital of Reef Technology,
- The acquisition of the remaining 50% stake in Orient Express SAS in June 2022,
- The start of exclusive negotiations on the disposal of a 10.8% interest in Ennismore in June 2022.

1.5. Outlook

EBITDA guidance for FY22

Based on the activity recorded in the first half,and taking into account current macro-economic uncertainties in the second half-year, the Group expects EBITDA to exceed €550 million for the full-year 2022.

Transformation and simplification of the Group's structure

On July 5, 2022, the Group announced that it is evolving its structure to capitalize on the transformation undertaken in recent years, consolidate its leadership positions, focus its efforts, strengthen its know-how, accelerate its growth and continue to improve its profitability. As such, Accor will leverage two divisions comprising separate and distinctive expertise with the aim of further strengthening the excellence of each of these business lines, improving their operational and financial performance, offering their owners and guests even more relevant products and services, and attracting the best talents.

From October 1, 2022, Accor will be structured around two dedicated divisions:

- "Economy, Midscale & Premium Division", comprising notably the Group's brands ibis, Novotel, Mercure, Swissôtel, Mövenpick and Pullman.
- "Luxury & Lifestyle Division", bringing together Accor's luxury brands as well as the Group's Lifestyle entity, Ennismore.

To support the implementation and ensure the roll-out of this new structure, Accor's Board of Directors has confirmed its support to the Group's leadership and unanimously decided to propose the renewal of Sébastien Bazin as Chairman and CEO at next Annual General Meeting called to approve the 2022 financial statements.

2. Main risks and uncertainties

Main risks and uncertainties that may affect the Group in the remaining six months of the year are presented in the 2021 Universal Registration Document under "Risk Factors."

Considering the persisting impacts of the Covid-19 pandemic on the tourism and travel industry worldwide, and the strong geopolitical tensions in Eastern Europe since February 2022, Accor decided to maintain "Unfavorable change in the geopolitical, health or economic environment" as its first risk.

The list of major risks to which the Group is exposed is as follows (risks are presented below in descending order of criticality):

- Unfavorable change in geopolitical, health or economic environment
- Climate risk
- Malicious harm to the integrity of digital personal data
- Unavailability of digital operating data
- Talent attraction and retention risk
- Integration of acquisitions
- Non-compliance with standards, laws and regulations

3. Main related-party transactions

The main related-party transactions are presented in detail in Note 12.3 to the interim consolidated financial statements.

4. Subsequent events

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

Condensed Interim Consolidated Financial Statements and Notes

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AND NOTES

>	Consolidated income statement	p. 19
>	Consolidated statement of other comprehensive income	p. 20
>	Consolidated statement of financial position	p. 21
>	Consolidated statement of cash flows	p. 23
>	Consolidated statement of changes in equity	p. 24
>	Notes to the interim financial statements	p. 25

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

Consolidated income statement

(€ in million)	Notes	lst semester 2021	lst semester 2022
Revenue	4	824	1,725
Operating expense		(944)	(1,520)
Recurring EBITDA	4	(120)	205
Depreciation and amortization		(118)	(107)
Recurring EBIT		(239)	99
Share of net profit/(loss) of equity-investments	5	(213)	(27)
EBIT including share of net profit/(loss) of equity investments		(451)	72
Other income and expenses	6	585	25
Operating (loss)/profit		134	97
Net financial expense	9	(53)	(32)
Income tax	10	3	(25)
(Loss)/profit from continuing operations		84	40
(Loss)/profit from discontinued operations	3	(14)	-
Net (loss)/profit of the period		69	40
• Group share		67	32
from continuing operations		81	32
from discontinued operations		(14)	-
• Minority interests		3	8
from continuing operations		3	8
from discontinued operations		-	-
Basic earnings per share (in euros)			
Earnings per share from continuing operations		0.18	(0.01)
Earnings per share from discontinued operations		(0.05)	-
Basic earnings per share		0.12	(0.01)
Diluted earnings per share (in euros)			
Diluted earnings per share from continuing operations		0.18	(0.01)
Diluted earnings per share from discontinued operations		(0.05)	-
Diluted earnings per share	11	0.12	(0.01)

Consolidated statement of other comprehensive income

(€ in million)	Notes	lst semester 2021	lst semester 2022
Net profit of the period		69	40
Currency translation adjustments	11	82	207
Effective portion of gains and losses on hedging instruments	11	7	53
Currency translation adjustments from discontinued operations	11	-	-
Items that may be reclassified subsequently to profit or loss		89	261
Changes in the fair value of non-consolidated investments	11	(45)	26
Actuarial gains and losses on defined benefit plans	11	3	6
Items that will not be reclassified to profit or loss		(42)	32
Other comprehensive income, net of tax		48	293
Total comprehensive income of the period		117	334
• Group share		113	310
• Minority interests		3	24

Consolidated statement of financial position

Assets

(€ in million)	Notes Dec. 2021 (*)	June 2022
Goodwill	7 2,053	2,130
Other intangible assets	7 3,112	3,203
Property, plant and equipment	7 230	235
Right-of-use assets	7 318	344
Equity-accounted investments	5 898	918
Other non-current financial assets	9 595	809
Non-current financial assets	1,494	1,726
Deferred tax assets	192	193
Non-current contract assets	4 289	307
Other non-current assets	3	3
Non-current assets	7,691	8,142
Inventories	4 9	וו
Trade receivables	4 697	859
Other current assets	4 256	288
Current financial assets	9 45	32
Cash and cash equivalents	9 1,666	1,298
Assets classified as held for sale	3 406	417
Current assets	3,079	2,904
TOTAL ASSETS	10,769	11,046

(*) Restated amounts following the provisional purchase price allocation of the Lifestyle business of Ennismore Holding Limited acquired in 2021.

Equity and Liabilities

(€ in million)	Notes	Dec. 2021 (*)	June 2022
Share capital	11	786	789
Additional paid-in capital and reserves	11	2,412	2,756
Net profit of the year		85	32
Ordinary shareholders' equity		3,283	3,577
Perpetual subordinated bonds	11	1,000	1,000
Shareholders' equity - Group share		4,283	4,577
Minority interests	11	315	313
Shareholders' equity		4,597	4,890
Non-current financial debt	9	2,572	2,585
Non-current lease liabilities	9	263	291
Deferred tax liabilities		561	574
Non-current provisions	8	63	64
Pensions and other benefits		56	53
Non-current contract liabilities	4	23	32
Non-current liabilities		3,537	3,599
Current financial debt	9	630	389
Current lease liabilities	9	90	89
Current provisions	8	282	284
Trade payables	4	441	467
Other current liabilities	4	559	593
Current contract liabilities	4	159	221
Loyalty program liabilities	4	180	234
Liabilities classified as held for sale	3	294	279
Current liabilities		2,635	2,557
TOTAL EQUITY AND LIABILITIES		10,769	11,046

(*) Restated amounts following the provisional purchase price allocation of the Lifestyle business of Ennismore Holding Limited acquired in 2021.

Consolidated statement of cash flows

(€ in million)	Notes	lst semester 2021	lst semester 2022
Recurring EBITDA	4	(120)	205
Interests received / (paid)	9	(40)	(40)
Income tax paid		(6)	(31)
Non-cash revenue and expense included in recurring EBITDA		29	15
Dividends received		-	8
Funds from (used in) operations		(137)	157
Decrease / (increase) in working capital	4	(55)	(151)
Decrease / (increase) in contract assets and liabilities	4	(1)	118
Net cash flows from (used in) recurring operating activities		(192)	123
Cash received / (paid) on non-recurring items		(55)	(24)
Net cash flows from (used in) operating activities (A)		(248)	99
Acquisition of subsidiaries, net of cash acquired		(21)	(3)
Acquisition of property, plant and equipment and intangible assets		(20)	(29)
Acquisition of equity-investments and non-current financial assets		(212)	(108)
Loans granted to third parties		(9)	(5)
Proceeds from disposal of subsidiaries, net of cash transferred		249	9
Net cash from (used in) investing activities (B)		(13)	(136)
Increase / (decrease) of rights granted over share capital		(1)	(1)
Acquisition of minority interests		-	(19)
Coupons on perpetual subordinated bonds	11	(35)	(35)
Dividends paid		(1)	(8)
New loans issued		356	971
Repayment of loans		(815)	(1,222)
Repayment of lease liabilities		(44)	(36)
Changes in other short-term financial debts		(9)	(1)
Net cash flows from (used in) financing activities (C)		(549)	(351)
Net change in cash and cash equivalents (D) = (A) + (B) + (C)		(810)	(388)
Cash and cash equivalents at beginning of the period		2,419	1,658
Net change in cash and cash equivalents		(810)	(388)
Effect of changes in exchange rates on cash and cash equivalents		(10)	14
Fair value restatement on cash and cash equivalents		15	-
Reclassification of change in cash and cash equivalents from assets held for sale		(9)	(4)
Cash and cash equivalents at end of the period		1,605	1,279

Consolidated statement of changes in equity

(€ in million)	Number of shares	Share capital		Currency translation reserve	Retained earnings	Equity Group share	Minority interests	Total Equity
Balance at January 1, 2021	261,382,728	784	1,675	(481)	2,120	4,098	66	4,164
Capital increase	456,316	1	0	-	(2)	(1)	(O)	0
Dividends paid	-	-	-	-	0	0	(1)	(1)
Share-based payments	-	-	-	-	18	18	-	18
Perpetual subordinated bonds	-	-	-	-	(35)	(35)	-	(35)
Effects of scope changes	-	-	-	-	0	0	0	1
Transactions with shareholders	456,316	1	0	-	(18)	(17)	(1)	(16)
Net profit of the period	-	-	-	-	67	67	3	69
Other comprehensive income	-	-	-	81	(34)	47	1	48
Total comprehensive income	-	-	-	81	33	113	3	117
Balance at June 30, 2021	261,839,044	786	1,675	(400)	2,134	4,195	69	4,264

(€ in million)	Number of shares	Share capital		Currency translation reserve	Retained earnings	Equity Group share	Minority interests	Total Equity
Restated Balance at January 1, 2022 (*)	261,856,268	786	1,675	(229)	2,051	4,283	315	4,597
Capital increase	1,139,946	3	(O)	-	(3)	0	0	0
Change in treasury shares	-	-	-	-	(1)	(1)	-	(1)
Dividends paid	-	-	-	-	-	-	(8)	(8)
Share-based payments	-	-	-	-	22	22	-	22
Perpetual subordinated bonds	-	-	-	-	(35)	(35)	-	(35)
Effects of scope changes	-	-	-	-	(5)	(5)	(16)	(21)
Other movements	-	-	-	-	3	3	(1)	2
Transactions with shareholders	1,139,946	3	(0)	-	(19)	(16)	(25)	(41)
Net profit of the period	-	-	-	-	32	32	8	40
Other comprehensive income	-	-	-	192	86	278	15	293
Total comprehensive income	-	-	-	192	118	310	24	334
Balance at June 30, 2022	262,996,214	789	1,675	(37)	2,150	4,577	313	4,890

(*) Restated amounts following the provisional purchase price allocation of the Lifestyle business of Ennismore Holding Limited acquired in 2021.

Notes to the interim condensed consolidated financial statements

Note 1. Basis of preparation 2	26
Note 2. Significant events in the current period 2	29
Note 3. Group Structure	31
Note 4. Operating activities 3	34
Note 5. Equity-accounted investments 4	40
Note 6. Other income and expenses	41
Note 7. Intangible assets and property, plant & equipment	42
Note 8. Provisions 4	46
Note 9. Financing and financial instruments 4	47
Note 10. Income tax5	53
Note 11. Shareholder's equity5	54
Note 12. Unrecognized items and related parties5	56

Note 1. Basis of preparation

The interim condensed consolidated financial statements of Accor Group for the six months ended June 30, 2022, were approved for issue by the Board of Directors on July 27, 2022.

1.1. Accounting framework

The interim condensed consolidated financial statements have been prepared in accordance with IAS 34 *Interim financial reporting*. Accordingly, the interim financial report does not include all the information and disclosures required in an annual report and should be read in conjunction with the annual report for the year ended December 31, 2021.

The accounting policies applied are consistent with those of the previous financial year, except for the adoption of new standards and amendments effective at January 1, 2022 as set out below. The specific measurement principles applied in the interim reporting period are described in Note 4.5 for employee benefits and Note 10 for income tax.

1.2 Evolution of accounting framework

1.2.1 New standards and amendments

The application of the amendments to IAS 37 *Onerous Contracts – Cost of Fulfilling a Contract*, mandatory as at January 1, 2022, had no significant impact on the Group's interim consolidated financial statements. They clarify that the direct costs of fulfilling a contract include both the incremental costs of fulfilling the contract, such as direct labor costs, and an allocation of other costs directly related to fulfilling contracts.

The Group carries on the identification and the analysis of contracts affected by the final decision of the IFRS Interpretation Committee ("IFRS IC") on configuration and customization costs associated with a Software as a Service (SaaS) cloud arrangement in order to assess the impact on its consolidated accounts. The contracts covered by this decision provide to the client access to software functionalities hosted on an infrastructure operated by an external provider via an internet connection. Configuration and customization costs must be recognized as operating expenses when the service is received. However, when the configuration and customization service does not constitute a separate service from the SaaS service, the payments are initially recognized as prepaid expenses, and subsequently recognized as operating expenses over the term of SaaS contract. Besides, the costs incurred for the creation of additional software code, distinct from the SaaS and controlled by the Group, should be recognized as intangible assets.

1.2.2 Future standards, amendments and interpretations

The Group has not applied any standards, amendments to standards or interpretations early applicable on January 1, 2022, regardless of whether they were adopted by the European Union.

1.3 Use of estimates and judgments

The preparation of the interim condensed consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at closing date, income and expenses of the period and accompanying disclosures. Management also needs to exercise judgement in applying the Group's accounting policies. 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 other factors considered to be decisive given the environment and circumstances.

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

- The 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 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 interim financial statements, the Group has considered the impact of climate change and the transition to a lower carbon economy. There has been no material impact on the 2022 interim consolidated financial reporting judgements and estimates arising from the management's considerations.

Management has established its business plan on a recovery assumption consistent with the macroeconomic trends from independent market studies. Those studies reflect a reduction in international travel on medium term, especially in business travel. Companies, committed to reduce carbon emissions, may have to diminish business travel of their employees.

In line with its strategy of reducing its greenhouse gas emissions to become carbon neutral by 2050, the Group issued Sustainability-Linked Bonds on November 18, 2021, whose coupons are linked to the greenhouse gas emissions reduction targets of the Group and its network. As at June 30, 2022, when determining the effective interest rate of the debt, Accor considered that the targets will be met.

Note 2. Significant events in the current period

2.1 Impacts of the Covid-19 health crisis

Impacts on Group's activities

The first half of 2022 recorded a significant rebound in the Group's activity after two years of health crisis, which had sharply impacted the travel and hospitality industry. This recovery is the result of the return of business travel and leisure domestic tourism, and the reopening of borders leading to an acceleration in the recovery of international travel. It is associated with a sharp rise in prices, driven by demand and amplified by inflation. The "RevPAR" (revenue per available room) of the hotels of our network is only down 11% with respect to 2019, compared with the 60% drop recorded in the first half of 2021. The hotel occupancy rate has increased steadily and reached 55% (compared with 34% in the first half of 2021). It increased from 47% in the first quarter to 62% in the second.

In the first half, consolidated revenue amounted to \leq 1,725 million, up 109% compared to \leq 824 million for the first semester of 2021. It is only down 10.5% from \leq 1,926 million recorded in the first half of 2019, used as the reference year by the Group.

Cash management and going concern basis

As at June 30, 2022, Accor had a stable financial structure, with a net cash and cash equivalents position of \in 1,279 million, after the redemption of the two bonds of \in 60 million and CHF150 million, issued in 2014, and maturing in February and June 2022 respectively (see Note 9.2). The Group also has an undrawn credit facility for an amount of \in 1,200 million, maturing June 2025 (for 1,114 million) and June 2024 (for 86 million). The Group has decided not to renew its \$560 million credit facility maturing in May 2022.

Assuming, conservatively, a level of operating cash outflows equivalent to that of the last 12 months, the net cash and cash equivalents position of the Group is more than sufficient to cover at least 12 months of operations. At the date of authorization for issue of the interim condensed financial statements as at June 30, 2022, the Group concluded that there was no material uncertainty that might cast significant doubt on its ability to continue as going concern for, at least, the next 12 months.

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

Accor has reviewed the recoverable value of its non-current assets (see Note 7.3). No evidence has been identified that requires the Group to perform impairment tests on its goodwill and brands. An analysis was carried out, on a case-by-case basis, for hotel management contracts and equity-accounted investments, with no significant impact on the interim consolidated financial statements.

Furthermore, Accor has not identified either factors showing a significant change in the credit risk of its main customers since December 31, 2021, or facts and circumstances that would cast significant doubts on the recoverability of its deferred tax assets.

2.2. Conflict in Ukraine

The invasion of Ukraine by Russia in February 2022 has no significant impact for Accor. The Group operates 7 hotels in Ukraine, under management and franchise contracts, of which 5 were still open on June 30, 2022. Employees, their families, NGO and international media workers are currently staying at these hotels.

The Group has mobilized its teams in Poland, Hungary and Slovakia to welcome citizens fleeing Ukraine and set up solidarity action financing mechanisms through the All Heartist and Accor Solidarity funds.

On March 7, 2022, Accor suspended:

- Development and hotel openings planned in Russia,
- Partnerships set up with Russian companies as part of the ALL loyalty program,
- All contractual obligations relative to owners under international sanctions.

On June 30, 2022, the Group operated 57 hotels in Russia, representing around 1% of its global network.

2.3. Other significant events

Other significant events that occurred in the period are:

- The acquisition of Lido in February 2022 (see Note 3.1.1),
- The disposal of the subsidiary ResDiary in exchange for shares in Reef Technology Inc. in June 2022, followed by an additional acquisition of shares, bringing Accor's stake to 4.92% of the share capital of Reef Technology (see Note 3.1.2),
- The acquisition of the remaining 50% stake in Orient Express SAS in June 2022 (see Note 3.1.3).

Note 3. Group Structure

3.1 Scope consolidation changes

3.1.1 Acquisition in the period

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 to operate 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 a symbolic \in 1. Based on the net asset acquired of \in 9 million, including the fair value of Lido brand (\in 3 million), the Group has recognized a provisional badwill for \in 9 million. The badwill is recorded within other income and expenses in the consolidated income statement and mainly reflects the future costs that the Group will incur to restructure and modernize the venue. The purchase price allocation will be finalized within the 12-month measurement period following the acquisition date.

This transaction resulted in a total cash inflow of €14 million (including the cash acquired) in the interim consolidated statement of cash flows.

3.1.2 Disposal in the period

On June 21, 2022, Accor sold 100% of its shares in ResDiary, the subsidiary specialized in table booking management optimization tools for restaurants, to Reef Technology Inc., in exchange for shares issued by the latter worth \$85 million (€81 million).

Reef Technology Inc. is a US-based leader in parking real estate and delivery kitchens. It optimizes and transforms open spaces into multi-purpose places that support the on-demand economy.

The net gain on disposal of ResDiary, recognized in other income and expenses in the consolidated income statement, amounts to €53 million. It is calculated as the difference between:

- on the one hand, the fair value of the shares sold for €81 million, decreased by the reclassification to profit and loss of cumulative exchange losses previously recognized in other comprehensive income for €(4) million, and
- on the other hand, the net assets of ResDiary, as recognized in the Group's financial statements at completion date, for €24 million.

Besides, Accor has subscribed to an increase in shares of Reef Technology Inc. for \$75 million (€71 million). Following these two transactions, Accor holds 4.92% of the company's share capital for a total investment of \$160 million (€152 million). This investment is recognized as a non-consolidated investment measured at fair value through other comprehensive income.

Those transactions resulted in a total cash outflow of \in 77 million (net of cash disposed) in the interim consolidated statement of cash flows.

3.1.3 Other transactions

Acquisition of Orient Express SAS non-controlling interests

On June 8, 2022, Accor, which owned 50%, plus one share, of the share capital of Orient Express SAS since 2018, acquired the remaining 50% stake owned by SNCF Voyageurs SA for \leq 19 million, increasing its ownership to 100% of the share capital and voting rights of the company. This transaction enables the Group to gain flexibility in the development of this iconic brand.

This transaction has no impact on the control of the company, which has been fully consolidated since 2018 in the Group's financial statements. Being analyzed as a transaction with non-controlling interests, the difference between the purchase price of the remaining shares (\in 19 million) and the additional share of consolidated equity acquired (\in 16 million) has been recognized as a reduction in Equity - Group share.

This operation resulted in a total cash outflow of €19 million in the interim consolidated statement of cash flows.

Negotiations to dispose 10.8% interest in Ennismore

On June 21, 2022, Accor entered into exclusive negotiations to sell a 10.8% stake in its subsidiary Ennismore, the 66.67% owned Lifestyle hotel operator created through the merger with Ennismore Holdings Limited ("EHL") in October 2021, to a Qatari consortium for €185 million. The contemplated transaction includes, beforehand, the contribution to Ennismore of the Group's shareholdings in Rixos, a 70% owned hotel operator dedicated to "All-Inclusive" hotels in the Middle East, and Paris Society, a collection of upscale restaurants and high-end entertainment events. At completion date, Paris Society will be 93.5% owned by the Group after exercise of its option to acquire an additional stake of 45% providing control.

Upon completion, Ennismore will combine the Group's Lifestyle and Leisure activities. Accor is expected to retain a controlling stake of 62.2% in Ennismore, the remaining shares will be held by EHL and the new investors.

On June 30, 2022, Ennismore comprises a unique collective of world leading Lifestyle brands including 21c Museum Hotel, 25hours, Delano, Gleneagles, Hyde, Jo&Joe, Mama Shelter, Mondrian, Morgans Originals, SLS, SO/ and The Hoxton. The new group should include more than 130 hotels operating in nearly 40 countries, with more than 275 restaurants & bars.

Closing is expected to occur in the second half of 2022.

3.2 Assets held for sale and discontinued operations

As at June 30, 2022, assets and liabilities classified as held for sale were as follows:

	Dec. 2	Dec. 2021		2022
(€ in million)	Assets	Liabilities	Assets	Liabilities
SCI Sequana	402	294	416	279
Others	3	-	1	0
Total	406	294	417	279

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

As at June 30, 2022, the SCI Sequana entity, which owns the Group's head office building located in Issy-Les-Moulineaux and associated financial debt, has been maintained as assets held for sale.

In a highly uncertain environment that affected all real estate transactions in Paris and the suburbs, the discussions initiated with potential investors in June 2020 were not conclusive yet but were pursued over the semester. 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 June 30, 2022, the comparison between the carrying value of the disposal group of assets and its fair value less costs to sell did not show any impairment.

Note 4. Operating activities

4.1 Segment information

In accordance with IFRS 8 *Operating Segments*, the segment information is based on the Group's internal reporting that is provided to the Executive Committee, Chief Operating Decision Maker of the Group.

The reportable segments of Accor 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:
 - o Southern Europe (including France),
 - o Northern Europe (including the United Kingdom and Germany),
 - o Asia-Pacific which comprises the three hubs Southeast Asia, Greater China and Pacific,
 - o Americas which gather North America, Central America & the Caribbean and South America,
 - India, Middle East, Africa and 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).

4.1.1 Revenue

_(€ in million)	lst semester 2021	lst semester 2022
Southern Europe	41	115
Northern Europe	24	105
Asia-Pacific	43	58
Americas	31	81
India, Middle East, Africa & Turkey	24	75
Management & Franchise	163	434
Services to owners	383	842
HotelServices	545	1,276
Hotel assets & Other	281	462
Holding/Intercos	(3)	(14)
Revenue	824	1,725

Revenue in France amounted to €261 million in the first half of 2022.

4.1.2 EBITDA

(€ in million)	lst semester 2021	lst semester 2022
Southern Europe	24	87
Northern Europe	4	71
Asia-Pacific	21	30
Americas	(6)	52
India, Middle East, Africa & Turkey	11	57
Management & Franchise	55	297
Services to owners	(133)	(89)
HotelServices	(78)	208
Hotel assets & Other	25	58
Holding/Intercos	(66)	(60)
EBITDA	(120)	205

4.2 Operating expenses

(€ in million)	lst semester 2021	lst semester 2022
Cost of goods sold	(25)	(33)
Personnel expenses	(376)	(483)
Personnel expenses recharged to owners	(192)	(418)
Variable property lease payments	(7)	(30)
Energy, maintenance and repairs	(20)	(29)
Taxes	(15)	(28)
Other operating expenses	(308)	(497)
Operating expenses	(944)	(1,520)

Staff costs increase over the first half, under the combined effect of the business recovery, the reopening of hotels and the end of government support measures.

Personnel expenses incurred on behalf of hotel owners under hotel management contracts (and fully reinvoiced to them) mainly increased in North America reflecting the strong recovery in activity in this area with the reopening of almost all the hotels.

The increase in property lease payments, corresponding to the variable rents based on the performance of hotel assets operated under lease contracts, mainly concerns Brazil.

Other operating expenses, which mainly comprise marketing, advertising and promotion, distribution and IT costs, increase in line with the recovery in activity, even though the Group is pursuing its effort to contain costs. This line item also includes the costs incurred and fully re-invoiced under the accommodation management agreement for the Football World Cup in Qatar in November and December 2022.
4.3 Working capital

The working capital is composed as follows:

			N	leutralization of non-cash	Cash flow statement
(€ in million)	Dec. 2021	June 2022	Variation	items	items
Inventories	9	11	2	1	1
Trade receivables	697	859	161	11	150
Other current assets	256	288	32	(4)	36
Current assets	962	1,157	195	8	187
Trade payables	441	467	26	(19)	45
Other current liabilities	559	593	34	43	(9)
Current liabilities	1,000	1,060	60	24	36
Working capital	(38)	97	135	(17)	151

4.4 Contract assets and liabilities

Contract assets and liabilities are composed as follows:

				Neutralization of non-cash	Cash flow statement	
(€ in million)	Dec. 2021	June 2022	Variation	items	items	
Advance payments to hotel owners	289	307	18	13	5	
Contract assets	289	307	18	13	5	
Deferred income	182	252	70	(35)	105	
Contract liabilities	182	252	70	(35)	105	
Loyalty program liability	180	234	54	36	18	
Net contract assets and liabilities	(73)	(179)	(106)	12	(118)	

The increase in contract liabilities compared to December 31, 2021, is mainly explained by advances received by Accor under the accommodation management agreement for the FIFA World Cup organized in Qatar in November and December 2022.

4.5 Employee benefits

4.5.1 Pensions and other benefits

Accounting policy

The post-employment and other long-term employee benefits obligation is calculated by projecting over a half-year period, the obligation as at 31 December of the previous financial year, taking into account the benefits paid and changes in plan assets. As at June 30, the actuarial assumptions used in the calculation of the employee benefits obligation are updated in the event of significant change over the period.

Following the increase in market interest rates over the semester of 2022, the Group updated the rates assumptions on post-employment benefits resulting in a €6 million decrease of post-employment benefits obligation recognized in other comprehensive income.

The main discount rates used are as follows:

	Discou	Discount rate			
	Dec. 2021	June 2022			
France	0.9% - 2.0%	2% - 3.2%			
Switzerland	0.3%	2.3%			
Canada	2.8% - 3.0%	5.0%			

4.5.2 Share-based payments

In the first half of 2022, personnel expenses included €22 million related to share-base payments.

New plan

On April 7, 2022, the Group granted 1,437,634 performance shares to some of its employees, subject to a three-year vesting period. At this date, the fair value of the performance share was \leq 24.88, corresponding to the share price of \leq 27.29 adjusted downwards to reflect the expected dividends forgone over the vesting period and the probability of meeting the market conditions.

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

- <u>Non-market conditions</u> (80% weighting): level of achievement of Group EBITDA (40%) and Recurring free cash flows (20%) compared to the budget over the years 2022 to 2024 and carbon reduction targets at the end of 2024 compared to 2019 (20%).
- <u>Market condition</u> (20% weighting): change in Accor's Total Shareholder Return (TSR) compared to a reference synthetic index composed of European and international hotel groups.

The total fair value of this plan amounts to \in 36 million and will be recognized on a straight-line basis over the vesting period under employee benefits expenses, with a corresponding adjustment to equity. The expense recognized over the first half amounted to \in 3 million.

Note 5. Equity-accounted investments

5.1 Share of net results of equity-accounted investments

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

(€ in million)	lst semester 2021	lst semester 2022
AccorInvest	(172)	(29)
Others	(36)	(1)
Associates	(208)	(30)
Joint ventures	(5)	3
Share of net results of equity-accounted investments	(213)	(27)

5.2 Carrying value of equity-accounted investments



Other variations include a capital increase in the investment fund Kasada for €12million.

Note 6. Other income and expenses

(€ in million)	lst semester 2021	lst semester 2022
Impairment losses	(23)	1
Restructuring costs	(17)	(26)
Gains and losses on disposal	645	51
Other non-recurring income and expenses	(20)	(٦)
Other income and expenses	585	25

In the first half of 2022, other income and expenses mainly include a \in 53 million gain recognized on the disposal of ResDiary (see Note 3.1.2) and restructuring costs for \in (26) million.

In the comparative period, a €649 million gain was recognized on the partial disposal of Huazhu Group Ltd shares.

Note 7. Intangible assets and property, plant & equipment

7.1 Intangible assets

€ in million	Goodwill	Trademarks	Contracts	Licences, software	Others	Total
Gross value						
At January 1, 2022 (*)	2,645	2,264	1,402	365	254	6,930
Business combinations	2	3	-	-	-	6
Additions	-	-	-	10	24	34
Disposals	(18)	-	-	(18)	(2)	(38)
Exchange differences	102	91	60	2	-	255
Others	-	-	(39)	17	(21)	(42)
At June 30, 2022	2,730	2,358	1,423	377	256	7,144
Depreciation and impairment						
At January 1, 2022	(592)	(321)	(486)	(275)	(91)	(1,764)
Depreciation	-	-	(13)	(23)	(16)	(53)
Impairment loss	-	-	(1)	-	-	(1)
Disposals	-	-	-	13	1	13
Exchange differences	(8)	(13)	(23)	(2)	-	(46)
Others	-	(1)	39	1	-	40
At June 30, 2022	(600)	(335)	(483)	(287)	(106)	(1,810)
Net book value						
At January 1, 2022 (*)	2,053	1,943	917	89	163	5,166
At June 30, 2022	2,130	2,024	939	91	150	5,334

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

(*) Restated amounts following the provisional purchase price allocation of the Lifestyle business of Ennismore Holding Limited acquired in 2021.

Goodwill

As at June 30, 2022, the breakdown of goodwill is as follows:

(€ in million)	Dec. 2021 (*)	Scope Variation	Exchange diff. & Others	June 2022
Management & Franchise				
Northern Europe	165	-	0	166
Southern Europe	170	-	-	170
India, Middle East, Africa & Turkey	285	2	21	307
South East Asia	288	-	22	309
Greater China	79	-	2	80
Pacific	93	-	3	97
North/Central America, the Caribbean	246	-	18	264
South America	66	-	וו	77
Hotel Assets & Other	279	(18)	6	266
Lifestyle	383	-	n	394
Net book value	2,053	(16)	93	2,130

(*) Restated amounts following the provisional purchase price allocation of the Lifestyle business of Ennismore Holding Limited acquired in 2021.

In the first half of 2022, the Group recognized, on a provisional basis, the purchase price allocation of the Lifestyle business of Ennismore Holding Ltd (« EHL ») acquired on October 1, 2021. The goodwill, determined using the partial goodwill approach, amounts to €114 million and corresponds to the difference between:

- On the one hand, the consideration transferred for €218 million, corresponding to the fair value of the interests in Accor's Lifestyle activities transferred to EHL, and minority interests measured at their share in net assets for €51 million, and
- On the other hand, the net asset acquired of €155 million, mainly comprising brands for €105 million, management contracts with hotel owners for €96 million and deferred tax assets for €51 million.

In accordance with IFRS 3 *Business combinations*, the values resulting from the provisional purchase price allocation have been incorporated in the restated statement of financial position as at December 31, 2021. The impact of these allocations on amortization and related tax effects in the consolidated income statement for the year 2021 is not material. Therefore, the consolidated income statement, comprehensive income statement and cash flows statement have not been restated.

The disposal of ResDiary (see Note 3.1.2) led to the derecognition of the respective goodwill for €18 million.

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

(€ in million)	Land Buildings	Leasehold improvements	Equipment, furniture	Assets in progress	Right-of- use assets	Total
Gross value						
At January 1, 2022	281	195	150	20	554	1,199
Business combinations	-	0	0	0	38	38
Additions	0	1	4	3	23	31
Disposals	(O)	(O)	(1)	-	(36)	(37)
Exchange differences	10	5	2	2	16	36
Others	(1)	(11)	(1)	0	(4)	(17)
At June 30, 2022	291	189	154	25	591	1,250
Depreciation and impairment						
At January 1, 2022	(172)	(152)	(88)	(4)	(236)	(652)
Depreciation	(3)	(6)	(5)	-	(40)	(53)
Impairment loss	-	-	-	-	-	-
Disposals	0	0	1	-	32	33
Exchange differences	(7)	(4)	(2)	(O)	(6)	(19)
Others	5	14	(2)	-	3	19
At June 30, 2022	(177)	(148)	(96)	(4)	(247)	(672)
Net book value						
At January 1, 2022	109	43	62	16	318	548
At June 30, 2022	114	41	58	21	344	579

Property, plant & equipment and right-of-use assets breakdown is as follows:

7.3 Impairment tests

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

As at June 30, 2022, the Group's forecasts were updated based on the revised budget for the year 2022 and « RevPAR » (revenue per available room) trends by geography. These forecasts are based on a central scenario assuming a return to a level of "RevPAR" equivalent to that of 2019 in 2023, i.e. one year earlier than the assumption used for the impairment tests conducted in 2021. This recovery assumption is consistent with the external data available at the date on which the interim consolidated financial statements were authorized for issue.

The combined effect of the acceleration of the recovery and the increase in discount rates over the period did not show any evidence that requires the Group to perform impairment tests. Besides, for each CGU or group of CGUs, the tests carried out at year end 2021 showed that the recoverable value were substantially higher than their carrying values. On this basis, as at June 30, 2022, the CGUs and groups of CGUs to which goodwill and brands are allocated have not been tested for impairment.

Accor performed a review of its hotel management contracts and its equity-accounted investments. The Group performed impairment tests on a case-by-case basis when an impairment indicator or an indication that a previously recognized impairment no longer exist was identified as a result of this analysis.

As a result, the Group recognized net impairment reversal of €1 million on its hotel management contracts presented as other income and expenses in the consolidated income statement of the period (see Note 6).

Note 8. Provisions

			Reve	ersal		
(€ in million)	Dec. 2021	Allowance	Utilizations	Unused provisions	Exchange diff. & others	June 2022
Litigation and others risks	269	14	(17)	(8)	10	268
Restructuring	75	24	(17)	(3)	1	80
Provisions	344	38	(35)	(11)	11	348
 of which non-current 	63	0	(O)	(O)	2	64
\cdot of which current	282	38	(35)	(11)	9	284

Changes in provisions over the first half of 2022 can be analyzed as follows:

As at June 30, 2022, provisions amounted to \in 348 million and mainly comprised a provision of \in 109 million covering the risks associated with guarantees given as part of AccorInvest disposal and a provision of \in 53 million related to the dividend withholding tax litigation (see Note 12.2).

Note 9. Financing and financial instruments

9.1 Net financial result

The net financial result is analyzed as follows:

(€ in million)	lst semester 2021	lst semester 2022
Interests on bonds and bank borrowings	(40)	(40)
Interests on loans and securities	1	(5)
Interests on lease liabilities	(5)	(4)
Cost of net debt	(45)	(50)
Other financial income and expenses	(8)	17
Net financial result	(53)	(32)

Other financial income and expenses of €17 million comprise exchange gains for €15 million.

9.2 Group net financial debt

9.2.1 Breakdown of net financial debt

As at June 30, 2022, the Group net financial debt amounts to €2,025 million and is analyzed as follows:

_		Dec. 2021		June 2022			
(€ in million)	Curent	Non current	Total	Curent	Non current	Total	
Bonds	238	2,343	2,581	31	2,353	2,384	
Negotiable commercial papers (NEU CP)	302	-	302	264	-	264	
Bank overdrafts	8	-	8	19	-	19	
Other bank borrowings	4	61	65	4	63	66	
Bonds and bank borrowings	551	2,404	2,955	318	2,415	2,733	
Other financial debts	51	167	218	37	170	206	
Derivative financial instruments	29	-	29	35	-	35	
Gross financial debt	630	2,572	3,202	389	2,585	2,974	
Lease liabilities	90	263	353	89	291	380	
Total financial debt	720	2,835	3,555	478	2,876	3,354	
Cash and cash equivalents	1,666	-	1,666	1,298	-	1,298	
Other current financial assets	37	-	37	23	-	23	
Derivative financial instruments	8	-	8	9	-	9	
Financial assets	1,711	-	1,711	1,330	-	1,330	
Net financial debt	(991)	2,835	1,844	(852)	2,876	2,025	

In the first half of 2022, changes in financial debt were as follows:

			Other changes					
(€ in million)	Dec. 2021	Cash flows	Scope effects	Exchange differences	Fair value	Others	IFRS 5	June 2022
Bonds	2,581	(208)	-	4	-	7	0	2,384
Negotiable commercial papers (NEU CP)	302	(37)	-	-	-	0	-	264
Bank borrowings	73	(6)	0	11	-	4	3	85
Other financial debts	218	(16)	1	3	-	(O)	-	206
Derivative financial instruments	29	-	-	-	(23)	16	13	35
Gross financial debt	3,202	(267)	1	18	(23)	27	16	2,974
Lease liabilities	353	(40)	38	11	-	18	-	380
Total debt	3,555	(307)	39	29	(23)	45	16	3,354

In the period, Accor redeemed two bonds:

- The bond of €60 million issued in December 2014 and maturing in February,
- The bond of CHF 150 million issued in June 2014 and maturing in June.

Accor has a short-term financing program in the form of commercial papers (NEU CP) capped at €500 million. As at June 30, 2022, this program is drawn for €264 million, representing a decrease of €37 million compared to December 31, 2021.

As at June 30, 2022, the Group has one undrawn confirmed credit line for a \leq 1,200 million, maturing in June 2025 (for \leq 1,114 million) and in June 2024 (for \leq 86 million). The \leq 560 million credit line negotiated in May 2020, matured in May 2022.

9.2.2 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. As at June 30, 2022, maturities were as follows:



9.3 Non-current financial assets

(€ in million)	Dec. 2021	June 2022
(€ in million) Long-term loans	23	27
Security deposits	24	27
Financial assets at amortized cost	47	53
Non-consolidated investments	410	606
Other non-current financial assets	138	149
Financial assets at fair value	549	755
Total	595	809

The change in non-consolidated investments mainly relates to the acquisition of a 4.92% shareholding interest in Reef Technology Inc. for €152 million (see Note 3.1.2) and the change in fair value of Huazhu Group Ltd shares for €26 million, recognized in other comprehensive income.

Other non-current financial assets mainly consist of investments in convertible bonds (\leq 41 million), units held in investment funds (\leq 59 million) and the earn-out in relation to the disposal of the Lifestyle hotel assets portfolio to KNSA Hotels France (\leq 49 million). In the period, the Group recognized a change in fair value of \leq 10 million in financial income.

9.4 Financial instruments

9.4.1 Breakdown of financial assets and liabilities

	By class of instrument				
	Amortized	Fair value	Fair value	Derivatives	
(€ in million)	cost	through equity	through P&L	qualified as hedges	Dec. 2021
	27				27
Long-term loans	23	-	-	-	23
Deposits	24	-	-	-	24
Non-consolidated investments	-	410	-	-	410
Other non-current financial assets	-	-	138	-	138
Trade receivables	697	-	-	-	697
Cash and cash equivalents	1,526	-	139	-	1,666
Other current financial assets	37	-	-	-	37
Derivative instruments	-	-	8	-	8
Financial assets	2,307	410	286	-	3,004
Bonds	2,581	-	-	-	2,581
Negotiable commercial papers (NEU CP)	302	-	-	-	302
Bank borrowings	73	-	-	-	73
Other financial debts	218	-	-	-	218
Trade payables	441	-	-	-	441
Derivative instruments	-	-	4	25	29
Financial liabilities	3,615	-	4	25	3,643

	By class of instrument				
	Amortized	Fair value	Fair value	Derivatives	
(€ in million)	cost	through equity	through P&L	qualified as hedges	June 2022
Long-term loans	27	_	_		27
Deposits	27	_	_	-	27
	27	-	-	-	
Non-consolidated investments	-	606	-	-	606
Other non-current financial assets	-	-	149	-	149
Trade receivables	859	-	-	-	859
Cash and cash equivalents	1,191	-	107	-	1,298
Other current financial assets	23	-	-	-	23
Derivative instruments	-	-	9	-	9
Financial assets	2,126	606	265	-	2,997
Bonds	2,384	-	-	-	2,384
Negotiable commercial papers (NEU CP)	264	-	-	-	264
Bank borrowings	85	-	-	-	85
Other financial debts	206	-	-	-	206
Trade payables	467	-	-	-	467
Derivative instruments	-	-	4	31	35
Financial liabilities	3,406	-	4	31	3,442

9.4.2 Fair value hierarchy

	Dec. 2021		Hierarchy	
(€ in million)	Fair value	Level 1	Level 2	Level 3
Non-consolidated investments	410	33	-	377
Other non-current financial assets	138	-	-	138
Mutual funds units	139	139	-	-
Derivative instruments - assets	8	-	8	-
Financial assets	696	172	8	516
Derivatives - liabilities	29	-	29	-
Financial liabilities	29	-	29	-

	June 2022		Hierarchy	
(€ in million)	Fair value	Level 1	Level 2	Level 3
Non-consolidated investments	606	418	-	188
Other non-current financial assets	149	-	-	149
Mutual funds units	107	107	-	-
Derivative instruments - assets	9	-	9	-
Financial assets	871	525	9	337
Derivatives - liabilities	35	-	35	-
Financial liabilities	35	-	35	-

Note 10. Income tax

Accounting policy

In the interim financial statements, the tax charge is calculated, for each tax jurisdiction in which the group operates, by applying to the interim period net income before "income tax" and "other income and expenses" the estimated effective annual tax rate.

The tax effects related to "other income and expenses" are recognized in the period in which these nonrecurring events occur and are not considered in the calculation of the effective annual tax rate.

(€ in million)	1st semester 2021	lst semester 2022
Current tax	1	(30)
Deferred tax	2	5
Income tax	3	(25)

In the first half of 2022, the Group recognized an income tax expense for \in (25) million.

The current income tax expense of €(30) million mainly includes:

- Income tax expense for €(37) million, mainly in Canada and Egypt,
- Reversals of provisions for tax risks for €7 million.

Over the comparative period, the current tax income of \in 1 million is the result of a tax charge of \in (6) million, offset by a reversal of provisions for tax risks of \in 8 million.

Note 11. Shareholder's equity

11.1. Share capital

11.1.1 Shareholders

As at June 30, 2022, Jin Jiang is Accor's leading shareholder with 12.9% 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 11.2% and 6.3% of the Company's share capital, representing 17.2% and 9.6% of voting rights. Harris Associates owns 7.5% of the share capital and 5.8% of voting rights. Finally, Huazhu Group Ltd holds 3.9% of the share capital and 3.0% of voting rights.

11.1.2 Changes in share capital

Changes in the number of outstanding shares during the first semester 2022 are as follows:

In number of shares	2022
Number of issued shares at January 1, 2022	261,856,268
Performance shares vested	1,139,946
Number of issued shares at June 30, 2022	262,996,214

11.1.3 Dividends distribution

No dividend paid over the period.

11.1.4 Perpetual subordinated notes

In the first half of 2022, interest payments on perpetual subordinated notes amounted to €35 million. These payments are analyzed as a profit distribution, directly deducted from equity.

11.1.5 Reserves

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

(€ in million)	Dec. 2021 (*)	Change	June 2022
Currency translation reserve	(229)	192	(37)
Changes in fair value of financial Instruments	(250)	79	(170)
• of which non-consolidated investments	(227)	26	(201)
 of which derivative instruments 	(23)	53	30
Reserve for actuarial gains/losses	(97)	6	(90)
Share based payments	339	22	361
Retained earnings and others	2,058	(9)	2,049
Reserves - Group share	1,822	291	2,113

(*) Restated amounts following the provisional purchase price allocation of the Lifestyle business of Ennismore Holding Limited acquired in 2021 (see Note 7.1).

11.2 Minority interests

As at June 30, 2022, minority interests breakdown is as follows:

€ in million	Dec. 2021 (*)	Change	June 2022
Ennismore	253	14	267
Rixos Hotels & Resorts	17	5	21
Orient Express	16	(16)	-
Other minority interests	29	(4)	25
Minority interests	315	(1)	313

(*) Restated amounts following the provisional purchase price allocation of the Lifestyle business of Ennismore Holding Limited acquired in 2021 (see Note 7.1).

The change over the period is mainly explained by the reclassification of Orient Express's minority interests in Shareholders' equity - Group share following the acquisition of the remaining 50% stake in June 2022 (see Note 3.1.3).

Note 12. Unrecognized items and related parties

12.1 Litigations, contingent assets and liabilities

Précompte litigation

On May 12, 2022, the Court of Justice of the European Union ("CJEU") ruled that the withholding tax infringed the European parent-subsidiary regime. This decision should force the Council of State to reject the appeal of the tax administration. If confirmed, the Group would not have to reimburse the amount of €307 million received in respect of the withholding tax paid over the period 1999-2004 and related late interests. Although this decision is favorable to the Group, the provision of €53 million has been maintained until the decision of the Council of State is final.

Tax audit

As part of the tax audit of the years 2016 to 2018, a departmental interlocution procedure was held on May 19, 2022, during which Accor SA had the opportunity to present its arguments. The Company is still awaiting a formal return from the tax authorities. The Group has maintained its provision for tax risks of \in 2 million, corresponding to its net exposure, after use of sponsorship tax credits and loss carried forward.

12.2 Subsequent events

No significant event occurred between the closing date and the date of authorization for issue of the interim condensed financial statements.

12.3 Related parties

On June 28, 2022, Accor entered into a new partnership with SASP Paris Saint Germain Football, whose owner is Qatar Sport Investment (QSI), a subsidiary of QIA, to become one of the official sponsors of Paris-Saint-Germain for the next four years from 2022/2023 season. Under this new partnership, ALL-Accor Live Limitless will now be visible on the sleeve of PSG's training jersey. This collaboration aims to promote the ALL-Accor Live Limitless lifestyle loyalty program using Paris Saint-Germain assets all over the world and to offer unique and privileged experiences to ALL loyalty program members for four seasons until 2026.

The other transactions carried out during the first half of 2022 are of a similar nature as the transactions with related parties carried out during the financial year ended December 31, 2021.

AccorInvest, which is accounted for under the equity method, is the main client of the Group. Revenue with AccorInvest recognized in the first half of 2022 represent 8% of the total revenue of the Group. As at June 30, 2022, the gross value of receivables towards AccorInvest amounts to €214 million in the consolidated statement of financial position.

Statutory Auditors' Report on the Interim Financial Information

PricewaterhouseCoopers Audit

63 rue de Villiers 92208 Neuilly-sur-Seine cedex S.A.S. au capital de € 2 510 460

672 006 483 R.C.S. Nanterre

Commissaire aux Comptes Membre de la compagnie régionale de Versailles et du Centre

ERNST & YOUNG et Autres

Tour First TSA 14444 92037 Paris-La Défense cedex S.A.S. à capital variable 438 476 913 R.C.S. Nanterre

Commissaire aux Comptes Membre de la compagnie régionale de Versailles et du Centre

Statutory auditors' review report on the half-yearly financial information

(Period from January 1 to June 30, 2022)

To the Shareholders

ACCOR

82, rue Henri Farman

92445 Issy-les-Moulineaux Cedex

In compliance with the assignment entrusted to us by your annual general meeting and in accordance with the requirements of article L. 451-1-2 III of the French monetary and financial code ("code monétaire et financier"), we hereby report to you on:

- the review of the accompanying condensed half-yearly consolidated financial statements of Accor, for the period from January 1 to June 30, 2022;
- the verification of the information presented in the half-yearly management report.

These condensed half-yearly consolidated financial statements were prepared under the responsibility of the Board of Directors. Our role is to express a conclusion on these financial statements based on our review.

I – Conclusion on the financial statements

We conducted our review in accordance with professional standards applicable in France.

A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with professional standards applicable in

France and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed half-yearly consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34 – standard of the IFRSs as adopted by the European Union applicable to interim financial information.

II – Specific verification

We have also verified the information presented in the half-yearly management report on the condensed halfyearly consolidated financial statements subject to our review.

We have no matters to report as to its fair presentation and consistency with the condensed half-yearly consolidated financial statements.

Neuilly-sur-Seine and Paris-La Défense, July 28th, 2022

The Statutory Auditors

French original signed by:

PricewaterhouseCoopers Audit

ERNST & YOUNG et Autres

Cédric Haaser

Jean-Christophe Goudard François-Guillaume Postel

Statement by the Person Responsible for the Document

Statement by the person responsible for the 2022 interim financial report

I hereby declare that the information contained in this interim financial report is, to the best of my knowledge, in accordance with the facts and contains no omission likely to affect its import.

I hereby declare that, to the best of my knowledge, the interim consolidated financial statements have been prepared in accordance with the applicable accounting principles and give a true and fair view of the assets, liabilities, financial position and results of the Company and all of the entities within the scope of consolidation taken as a whole and that the interim management report includes a fair review of the material events that occurred in the first six months of the financial year, their impact on the financial statements and the main related-party transactions, and a description of the principal risks and uncertainties for the remaining six months of the year.

Issy-les-Moulineaux – July 28, 2022

Sébastien Bazin Chairman and Chief Executive Officer

