

# 2023 Interim Financial Report

**AS OF JUNE 30, 2023** 



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# 2023 Interim Management Report

# 1. 2023 First-half highlights

# 1.1. Solid activity growth

The first quarter of 2023 demonstrated once again the robustness of the business recovery, quarter after quarter. This further acceleration in RevPAR (up 19% compared with first-quarter 2019) notably reflects the rebound of hotels in Asia following the lifting of the strict zero-COVID policy in China in late 2022. All the other regions also contributed to maintaining business activity at a substantially higher level than before the crisis.

Business trends in Q2 2023 were solid in the Group's two divisions. Hotel demand from both leisure and business guests remained buoyant. This was shown by the improvement in occupancy rates and a sustained increase in average room rates.

# 1.2. Hotel portfolio and pipeline as of June 30, 2023

During first-half 2023, Accor opened 114 hotels, representing 14,500 rooms, i.e., net unit growth of 3.5% in the last 12 months. At end-June 2023, the Group had a hotel portfolio of 805,436 rooms (5,487 hotels) and a pipeline of 217,000 rooms (1,262 hotels).

For 2023, the Group is confirming its forecast of net unit growth of the network between 2% and 3%.

# **Hotel Portfolio – June 2023**

June 2023	Owned & leased		Managed		Franchised		Total	
Julie 2023	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms
ENA (1)	8	2,493	928	139,175	2,012	184,876	2,948	326,544
MEASPAC (2)	42	7,474	779	178,455	754	107,595	1,575	293,524
Americas	56	11,395	168	29,566	226	31,760	450	72,721
Premium, Mid. & Eco. (3)	106	21,362	1,875	347,196	2,992	324,231	4,973	692,789
Luxury	5	839	296	73,990	74	7,510	375	82,339
Lifestyle	2	152	110	22,205	27	7,951	139	30,308
Luxury & Lifestyle	7	991	406	96,195	101	15,461	514	112,647
Total	113	22,353	2,281	443,391	3,093	339,692	5,487	805,436

<sup>(1)</sup> ENA = Europe North Africa

<sup>(3)</sup> Premium, Mid. & Eco. = Premium, Midscale and Economy



<sup>(2)</sup> MEASPAC = Middle East Asia-Pacific

## 1.3. 2023 Interim consolidated results

#### 1.3.1. Consolidated revenue

The Group reported H1 2023 revenue of €2,402 million, up 35% like-for-like (LFL) versus H1 2022. This growth breaks down into a 34% increase for the Premium, Midscale and Economy division and 40% for the Luxury & Lifestyle division.

In € millions	H1 2022	H1 2023	Change (as reported)	Change (LFL) <sup>(1)</sup>
Management & Franchise	296	403	+36%	+39%
STO	363	521	+44%	+41%
HA & Other	420	494	+18%	+24%
Premium, Mid. & Eco.	1,079	1,418	+31%	+34%
Management & Franchise	138	210	+52%	+58%
STO	479	655	+37%	+36%
HA & Other	42	155	+269%	+20%
Luxury & Lifestyle	659	1,020	+55%	+40%
Holding & Intercos	(14)	(37)	N/A	N/A
TOTAL	1,725	2,402	+39%	+35%
			<del>)</del>	

<sup>(1)</sup> LFL = Like-for-like: at constant scope of consolidation

## Premium, Midscale and Economy revenue

Premium, Midscale and Economy, which includes fees from Management & Franchise (M&F), Services to Owners and Hotel Assets & Other activities of the Group's Premium, Midscale and Economy brands, generated revenue of €1,418 million, up 34% LFL versus H1 2022. This increase was in line with the recovery in business over the period.

Management & Franchise (M&F) revenue stood at €403 million, up 39% LFL versus H1 2022 and in line with the increase in RevPAR over the period (+39%). The regional performance of Management & Franchise is detailed in the following pages.

Services to Owners revenue, which includes the activities of Sales, Marketing, Distribution and Loyalty, as well as shared services and the reimbursement of hotel staff costs, reached €521 million in H1 2023, up 41% LFL year on year.

Hotel Assets & Other revenue was up 24% LFL relative to H1 2022. This segment is closely tied to Australia, which recovered faster than the rest of the Group, impacting the year over year growth.

## **Luxury & Lifestyle revenue**

Luxury & Lifestyle, which includes fees from Management & Franchise (M&F), Services to Owners and Hotel Assets & Other activities of the Group's Luxury & Lifestyle brands, generated revenue of €1,020 million, up 40% LFL versus H1 2022. This increase also reflected the surge in business over the period.

Management & Franchise (M&F) revenue stood at €210 million, up 58% LFL versus H1 2022, driven by the increase in RevPAR and a sharp acceleration in hotel incentive fees under management contracts. The segment performance of Management & Franchise is detailed in the following pages.

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  $\leq$ 655 million in H1 2023, up 36% LFL year on year.

Hotel Assets & Other revenue was up 20% LFL relative to H1 2022. It included a significant scope effect following the consolidation of Paris Society at end-2022.

# Management & Franchise revenue

In € millions	H1 2022	H1 2023	Change (reported)	Change (LFL)
ENA	193	242	26%	26%
MEASPAC	80	128	59%	68%
Americas	23	33	44%	45%
Premium, Mid. & Eco.	296	403	36%	39%
Luxury	99	153	55%	60%
Lifestyle	40	57	44%	54%
Luxury & Lifestyle	138	210	52%	58%
TOTAL	434	613	41%	45%
			j	

Management & Franchise (M&F) revenue stood at €613 million, up 45% LFL versus H1 2022. This reflected the increase in RevPAR in the Group's various regions and segments (+38% vs. H1 2022) which was accelerated by the surge in incentive fees.

Consolidated RevPAR continued its sequential rise in H1 2023, up 25% in Q2 compared with Q2 2022 (and +27% vs. Q2 2019).

# RevPAR excluding tax by segment - H1 2023

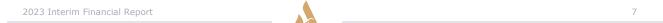
H1 2023	Occi	upancy rate	Avera	ge room rate	RevPAR	
VS. H1 2022	%	chg pts LFL	€	chg % LFL	€	chg % LFL
ENA	65.1	8.0	97	15.9	63	31.9
MEASPAC	65.2	12.0	86	23.9	56	50.9
Americas	56.8	3.3	66	27.2	37	34.9
Premium, Mid. & Eco.	64.2	9.0	90	19.9	58	39.2
Luxury	61.2	12.7	250	9.3	153	36.8
Lifestyle	62.8	7.9	219	9.9	138	24.8
Luxury & Lifestyle	61.6	11.6	243	9.6	149	34.2
Total	63.9	9.4	109	17.9	70	37.7

# RevPAR excluding tax by segment - Q2 2023

Occupancy rate			_	RevPAR	
%	chg pts LFL	€	chg % LFL	€	chg % LFL
72.1	3.2	104	15.0	75	20.3
66.0	8.5	85	19.4	56	36.6
57.0	0.1	66	23.4	38	23.7
68.0	5.0	93	17.0	63	26.0
62.8	7.5	257	10.1	162	24.5
66.9	3.2	216	14.4	144	19.8
63.9	6.6	246	11.2	157	23.5
67.4	5.2	112	15.9	76	25.3
	% 72.1 66.0 57.0 68.0 62.8 66.9 63.9	% chg pts LFL  72.1 3.2  66.0 8.5  57.0 0.1  68.0 5.0  62.8 7.5  66.9 3.2  63.9 6.6	%     chg pts LFL     €       72.1     3.2     104       66.0     8.5     85       57.0     0.1     66       68.0     5.0     93       62.8     7.5     257       66.9     3.2     216       63.9     6.6     246	%       chg pts LFL       €       chg % LFL         72.1       3.2       104       15.0         66.0       8.5       85       19.4         57.0       0.1       66       23.4         68.0       5.0       93       17.0         62.8       7.5       257       10.1         66.9       3.2       216       14.4         63.9       6.6       246       11.2	%     chg pts LFL     €     chg % LFL     €       72.1     3.2     104     15.0     75       66.0     8.5     85     19.4     56       57.0     0.1     66     23.4     38       68.0     5.0     93     17.0     63       62.8     7.5     257     10.1     162       66.9     3.2     216     14.4     144       63.9     6.6     246     11.2     157

The Premium, Midscale and Economy division grew its RevPAR by 26% versus Q2 2022, still mostly driven by prices rather than the rise in occupancy rates.

- The Europe North Africa (ENA) region posted RevPAR up 20% relative to Q2 2022.
  - o In France, which accounts for 45% of the region's room revenue, RevPAR remained solid, underpinned in particular by the influx of international leisure and business guests to Paris for major events such as the Paris Air Show, Viva Tech and the French Open tennis tournament at



Roland-Garros. Social unrest at end-June had no significant impact on the quarter or on summer bookings.

- o The United Kingdom, which represents 12% of the region's room revenue, posted balanced growth in RevPAR between London and other cities.
- o In Germany, which accounts for 13% of the region's room revenue, RevPAR improved significantly in the second quarter, but nevertheless continued to lag behind the rest of Europe.
- The Middle East Asia-Pacific region reported a 37% increase in RevPAR compared with Q2 2022, benefiting from a considerable rebound in business in Asia.
  - Accounting for 27% of the region's room revenue, the Middle East continued to post solid performances despite the end of last year's exceptional events (Expo 2020 in Dubai and the Soccer World Cup in Qatar). The holy cities in Saudi Arabia notably benefited from religious pilgrimages for Ramadan (beginning of the second quarter) and the Hajj (end of the second quarter).
  - o The Pacific, which accounts for 25% of room revenue for the region, maintained stable revenue compared with previous quarters.
  - South-East Asia, which accounts for 27% of the region's room revenue, restored pre-crisis levels,
     especially in major cities, bolstered by the return of international business clients.
  - o In China, which represents 21% of room revenue for the region, while a strong recovery has been noticeable since the start of the year, there is still room for considerable growth, as business has not yet returned to pre-crisis levels.
- The Americas region, which mainly reflects the performances of Brazil (63% of room revenue for the region), maintained a solid level of business driven solely by prices, since the region had already returned to its 2019 occupancy rate.

The Luxury & Lifestyle division reported a 24% increase in RevPAR compared with Q2 2022, driven by both higher occupancy rates and prices.

Luxury, which accounts for 77% of the division's room revenue, posted a 25% increase in RevPAR
compared with second-quarter 2022. This increase was particularly driven by the MEASPAC region
where growth was very robust.

• Lifestyle RevPAR increased 20% compared with Q2 2022. This performance reflected a less favorable base effect as it was the segment to stage the most substantial recovery at the end of the crisis.

#### 1.3.2. Consolidated EBITDA

Consolidated EBITDA stood at €447 million in H1 2023, i.e. more than double the figure reported in H1 2022. This performance was linked to the strong recovery in activity and strict discipline in costs of Services to Owners, enabling the Group to post a marginally positive EBITDA as expected in this activity.

In € million	H1 2022	H1 2023	Change (reported)	Change (LFL)
M&F	212	276	+30%	+33%
STO	(68)	2	N/A	N/A
HA & Other	57	52	-10%	-5%
Premium, Mid. & Eco.	201	330	+64%	+71%
M&F	85	141	+67%	+76%
STO	(21)	19	N/A	N/A
HA & Other	1	14	N/A	N/A
Luxury & Lifestyle	65	174	+169%	+176%
Holding & Interco	(60)	(57)	N/A	N/A
TOTAL	205	447	+118%	+109%

# Premium, Midscale and Economy EBITDA

The Premium, Midscale and Economy division generated EBITDA of €330 million, up 71% LFL versus H1 2022. The Management & Franchise (M&F) business posted EBITDA of €276 million, up 33% LFL versus H1 2022. Services to Owners EBITDA came to €2 million in H1 2023, slightly positive as a result of strict cost control. Hotel Assets & Other EBITDA was down 5% LFL relative to H1 2022. This decline was mainly due to cost inflation in Australia.

## **Luxury & Lifestyle EBITDA**

The Luxury & Lifestyle division generated EBITDA of €174 million, up 176% LFL relative to H1 2022. The Management & Franchise (M&F) business posted EBITDA of €141 million, up 76% LFL versus H1 2022. Services to Owners EBITDA came to €19 million in H1 2023, also slightly positive as a result of strict cost control.

Hotel Assets & Other EBITDA mostly reflected the consolidation of Paris Society since end-2022.

# 1.3.3. Net profit

In € million	H1 2022	H1 2023
Revenue	1,725	2,402
EBITDA	205	447
EBITDA margin	12%	19%
EBIT	99	316
Share of net profit of associates & JVs	(27)	9
Non-recurring items	25	26
Operating profit	97	351
Net profit/(loss) before profit from discontinued operations	32	248
Profit from discontinued operations	-	-
Net profit, Group share	32	248

Net profit, Group share was €248 million in H1 2023, compared with €32 million in H1 2022.

The improvement in the share of net profit of equity-accounted investments, positive at  $\leq$ 9 million vs a negative of  $\leq$ (27) million in H1 2022, is primarily driven by the recovery at Accordingest, which enjoyed a rebound in business, particularly in Europe.

# 1.3.4. Cash-flow generation

In € million	H1 2022	H1 2023
EBITDA	205	447
Cost of net debt	(40)	(28)
Income tax paid	(31)	(67)
Payment of lease liabilities	(36)	(49)
Non-cash revenue and expenses included in EBITDA and other	23	23
Funds from operations excluding non-recurring items	121	325
Recurring investments	(55)	(80)
Change in working capital and contract assets	(25)	(88)
Recurring free cash-flow	41	157

During H1 2023, the Group's recurring free cash flow improved significantly, from €41 million in H1 2022 to €157 million in H1 2023.

The cost of net debt decreased from H1 2022 to H1 2023, benefiting from the rise in interest rates on cash investments.

Recurring expenditure, which includes "key money" paid for development as well as digital and IT investments, was slightly higher than in first-half 2022 at €80 million, given the Group's acceleration in the Luxury & Lifestyle segment. Recurring investments in 2023 are expected to be higher than €200 million.

Change in working capital is seasonal in nature and reflects the recovery in business reported in H1 2023.

Group net financial debt stood at €1,837 million at end-June 2023, versus €1,658 million at December 31, 2022.

On June 30, 2023, Accor's average cost of debt was 2.5% with an average maturity of around three years, with no major repayments due before 2026.

At end-June 2023, combined with the undrawn credit facility of €1.2 billion, Accor had a liquidity position of €2.7 billion.

# 1.4. Other significant events

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

- The sale of SCI Seguana that owns the Group's head office,
- The disposal of the residual stake in H World Group Ltd (formerly Huazhu Group Ltd),
- The restructuring of the Group's stake in Reef Technology Inc.,
- The ongoing liquidation of the SPAC (Special Purpose Acquisition Company) Accor Acquisition Company (AAC).

## 1.5. Outlook

# **EBITDA guidance for FY23**

Based on the first-half performance and considering the current macro-economic uncertainties, the Group raises its guidance for fiscal year 2023:

- Growth in RevPAR now expected at the top end of the 15-20% range
- Consolidated EBITDA now expected between €930 million and €970 million (previously between €920 million and €960 million).

# 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 2022 Universal Registration Document under "Risk Factors."

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

- Climate risk
- Malicious harm to the integrity of digital personal data
- Talent attraction and retention risk
- Deterioration of the economic, geopolitical or health environment
- Unavailability of digital operating data
- 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

Subsequent events are described in Note 12.2 of the interim consolidated financial statements.



# Condensed Interim Consolidated Financial Statements and Notes

# INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AND NOTES

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



# Consolidated income statement

<u>(</u> € in million)	Notes	1st semester 2022	1st semester 2023
Revenue	4	1,725	2,402
Operating expense	4	(1,520)	(1,955)
Current EBITDA	4	205	447
Depreciation and amortization		(107)	(131)
Current EBIT		99	316
Share of net profit/(loss) of equity-investments	5	(27)	9
EBIT including share of net profit/(loss) of equity investments		72	325
Other income and expenses	6	25	26
Operating profit		97	351
Net financial expense	9	(32)	(45)
Income tax	10	(25)	(48)
Profit from continuing operations		40	258
(Loss)/profit from discontinued operations		-	-
Net profit of the period		40	258
• Group share		32	248
from continuing operations		32	248
from discontinued operations		-	-
Minority interests		8	10
from continuing operations		8	10
from discontinued operations		-	-
Basic earnings per share (in euros)			
Earnings per share from continuing operations		(0.01)	0.81
Earnings per share from discontinued operations		-	-
Basic earnings per share		(0.01)	0.81
Diluted earnings per share (in euros)			
Diluted earnings per share from continuing operations		(0.01)	0.81
Diluted earnings per share from discontinued operations			-
Diluted earnings per share		(0.01)	0.81



# Consolidated statement of other comprehensive income

(€ in million)	1st semester 2022	1st semester 2023
Net profit of the period	40	258
Currency translation adjustments	207	(30)
Effective portion of gains and losses on hedging instruments	53	3
Items that may be reclassified subsequently to profit or loss	261	(28)
Changes in the fair value of non-consolidated investments	26	67
Actuarial gains and losses on defined benefit plans	6	(O)
Items that will not be reclassified to profit or loss	32	67
Other comprehensive income, net of tax	293	39
Total comprehensive income of the period	334	297
· Group share	310	291
· Minority interests	24	6



# Consolidated statement of financial position

# Assets

<u>(</u> € in million)	Notes	Dec. 2022	June 2023
Goodwill	7	2,282	2,266
Other intangible assets	7	3,128	3,059
Property, plant & equipment	7	305	326
Right-of-use assets	7	430	587
Equity-accounted investments	5	1,012	1,133
Other non-current financial assets	9	438	347
Non-current financial assets		1,450	1,480
Deferred tax assets		193	151
Non-current contract assets	4	339	335
Other non-current assets		2	2
Non-current assets		8,129	8,206
Inventories	4	19	37
Trade receivables	4	794	906
Other current assets	4	403	557
Current financial assets	9	37	150
Cash and cash equivalents	9	1,643	1,561
Assets classified as held for sale	3	687	53
Current assets		3,584	3,265
TOTAL ASSETS		11,713	11,470



# **Equity and Liabilities**

(€ in million)	Notes	Dec. 2022	June 2023
Share capital	11	789	795
Additional paid-in capital and reserves	11	2,868	3,046
Net profit of the year		402	248
Ordinary shareholders' equity		4,059	4,088
Perpetual subordinated bonds	11	1,000	1,000
Shareholders' equity - Group share		5,059	5,088
Minority interests	11	397	391
Shareholders' equity		5,456	5,479
Non-current financial debt	9	2,261	2,258
Non-current lease liabilities	9	377	556
Deferred tax liabilities		540	508
Non-current provisions	8	79	80
Pensions and other benefits		47	48
Non-current contract liabilities	4	33	33
Non-current liabilities		3,337	3,483
Current financial debt	9	608	510
Current lease liabilities	9	92	94
Current provisions	8	165	138
Trade payables	4	489	463
Other current liabilities	4	859	805
Current contract liabilities	4	193	223
Loyalty program liabilities	4	239	275
Liabilities classified as held for sale	3	276	0
Current liabilities		2,920	2,508
TOTAL EQUITY AND LIABILITIES		11,713	11,470

# Consolidated statement of cash flows

<u>(</u> € in million)	Notes	1st semester 2022	1st semester 2023
Current EBITDA	4	205	447
Interests received / (paid)	9	(40)	(28)
Income tax paid	9	(31)	(67)
Non-cash revenue and expense included in current EBITDA		15	23
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Funds from (used in) operations		149	374
Decrease / (increase) in working capital	4	(151)	(310)
Decrease / (increase) in contract assets and liabilities	4	118	69
Net cash flows from (used in) recurring operating activities		115	133
Cash received / (paid) on non-recurring items		(24)	(24)
Net cash flows from (used in) operating activities (A)		91	110
Acquisition of subsidiaries, net of cash acquired		(3)	(17)
Acquisition of property, plant and equipment & intangible assets		(29)	(83)
Acquisition of equity-investments and non-current financial assets		(108)	(49)
Loans granted to third parties		(5)	(58)
Proceeds from disposal of subsidiaries, net of cash transferred		9	106
Proceeds from disposal of equity-investments and non-current financial assets		_	302
Dividends received		8	5
Net cash flows from (used in) investing activities (B)		(128)	205
Increase / (decrease) of rights granted over share capital		(1)	(O)
Acquisition of minority interests		(19)	-
Coupons on perpetual subordinated bonds	11	(35)	(35)
Dividends paid		(8)	(288)
New loans issued		971	356
Repayment of loans		(1,222)	(399)
Repayment of lease liabilities		(36)	(49)
Changes in other short-term financial debts		(1)	1
Net cash flows from (used in) financing activities (C)		(351)	(414)
Net change in cash and cash equivalents (D) = (A) + (B) + (C)		(388)	(100)
Cash and cash equivalents at beginning of the period		1,658	1,625
Net change in cash and cash equivalents		(388)	(100)
Effect of changes in exchange rates on cash and cash equivalents		14	(21)
Reclassification of change in cash and cash equivalents from assets held for sale		(4)	35
Cash and cash equivalents at end of the period		1,279	1,539



# Consolidated statement of changes in equity

_(€ in million)	Number of shares	Share capital	-	Currency translation reserve	Reserves	Equity Group share	Minority interests	Total Equity
Balance as at January 1st, 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		-	-	-	(O)	(O)	(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 as at June 30, 2022	262,996,214	789	1,675	(37)	2,150	4,577	313	4,890

(€ in million)	Number of shares	Share capital	•	Currency translation reserve	Reserves	Equity Group share	Minority interests	Total Equity
Balance as at January 1st, 2023	263,031,794	789	1,675	(133)	2,728	5,059	397	5,456
Capital increase	1,862,048	6	(3)	-	(2)	-	0	0
Change in treasury shares	-	-	-	-	(O)	(O)	-	(O)
Dividends paid	-	-	-	-	(277)	(277)	(12)	(288)
Share-based payments	-	-	-	-	19	19	-	19
Perpetual subordinated bonds	-	-	-	-	(35)	(35)	-	(35)
Effects of scope changes	-	-	-	-	1	1	(O)	0
Other movements	-	-	-	-	32	32	(1)	31
Transactions with shareholders	1,862,048	6	(3)	-	(263)	(261)	(13)	(274)
Net profit of the period	-	-	-	-	248	248	10	258
Other comprehensive income	-	-	-	(27)	70	43	(4)	39
Total comprehensive income	-	-	-	(27)	318	291	6	297
Balance as at June 30, 2023	264,893,842	795	1,671	(160)	2,783	5,088	391	5,479

# Notes to the interim condensed consolidated financial statements

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# Note 1. Basis of preparation

The interim condensed consolidated financial statements of Accor Group for the six months ended June 30, 2023, were approved for issue by the Board of Directors on July 26, 2023.

# 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, 2022.

The accounting policies applied are consistent with those of the previous financial year, except for the adoption of new standards and amendments effective as at January 1, 2023 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

#### **IFRS 17 Insurance Contracts**

The application of IFRS 17, mandatory from January 1, 2023, had no significant impact on the Group's interim consolidated financial statements. This new standard replaces IFRS 4 and applies to all insurance contracts, i.e., contracts under which the issuer accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event adversely affects the policyholder.

IFRS 17 applies to Comura's business. This subsidiary, specialized in reinsurance, covers notably property damages and third-party liability risks for half of the hotels of the network.

The Group also analyzed its hotel management contracts where a contractually agreed performance is provided to owners and concluded that these contracts do not contain any significant insurance contract. These guarantees must therefore be analyzed regarding the IFRS 15 revenue recognition requirements.

Income from reinsurance activities and expenses arising from these contracts amounted to €31 million and €29 million respectively in the first half of 2023.

#### Amendments to standards

The application of following amendments, mandatory from January 1, 2023, had no significant impact on the Group's interim consolidated financial statements:

- Amendment to IAS 1 *Disclosure of accounting policies* clarifies the information to be provided regarding "material" accounting policies, which are those that could influence the decisions that users make on the basis of the financial statements.
- Amendment to IAS 8 Definition of accounting estimates clarifies how to distinguish changes in accounting policies from changes in accounting estimates as the accounting treatments are not the same.
- Amendments to IAS 12 Deferred tax related to Assets and Liabilities arising from a Single Transaction require to recognize a deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences (lease contracts and decommissioning obligations).

## 1.2.2 Future standards, amendments and interpretations

The Group has not applied any standards, amendments to standards or interpretations early applicable on January 1st, 2023, regardless of whether they were adopted by the European Union.

- The amendment to IAS 1 Classification of liabilities as current or non-current has not yet been adopted by the European Union. The text clarifies that the classification as a current or non-current liability should be based on the rights, which exist at the end of the reporting period, to defer settlement for at least twelve months after the reporting date.
- The amendment to IAS 12 introduces a temporary exception from accounting for deferred taxes arising from the implementation of the Pillar II model rules, but requires targeted disclosure on the current tax expense related to the Pillar II income taxes ("top-up tax"). Pending the adoption by the European Union of this amendment, given the lack of clarity of the current provisions of IAS 12 and the complexity of the application of the Pillar II rules, the Group has decided not to recognize deferred taxes arising from the application of the Pillar II model rules.

# 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 of consideration transferred and intangible assets acquired in a business combination at fair value,
- 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 measurement of unexercised benefits granted to customers under the loyalty program ("breakage"),
- 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 financial assets at fair value,
- The measurement of provisions.



# Note 2. Significant events in the current period

## 2.1 New acceleration in activities

#### **Group's activities**

The first half of 2023 experienced a significant rebound in activity compared to the first half of 2022, which was still largely impacted by restrictions and the latest epidemic waves in Europe and Asia. The hotel performance now significantly exceeds the level of 2019 in all geographical areas and segments, driven notably by the increase in prices. Europe, which experienced a gradual recovery in the first quarter of 2022, further benefited from the return of international travels at the beginning of 2023, resulting in occupancy levels close to pre-crisis references, combined with substantially higher prices than in 2019. Asia, after experiencing a late recovery in activity at the end of 2022, has sustained growth owing to the price momentum along with a significant improvement in occupancy.

The RevPAR (Revenue Per Available Room) of the hotel network increased by 38% compared to the first half of 2022. The occupancy rate reached 64%.

In the first half of 2023, consolidated revenue amounted to  $\leq$ 2,402 million, up by 39% compared to the  $\leq$ 1,725 million revenue for the comparative period. It significantly exceeded the revenue of  $\leq$ 1,926 million in the first half of 2019, which the Group used as a reference period in the context of the Covid-19 health crisis.

#### Cash management

As at June 30, 2023, Accor had a stable financial structure, with a net cash and cash equivalents position of €1,539 million. The Group has also an undrawn credit facility for an amount of €1,200 million, maturing June 2024 (for 86 million) and June 2025 (for 1,114 million).

It should also be noted that the Group's credit ratings were revised favorably during the first semester:

	Rating	Outlook	Last review
Standard & Poor's	BB+	Positive	March 24, 2023
Fitch Rating	BBB-	Stable	April 5, 2023

# 2.2 Change in the Group's organization

In a context of acceleration of its activity, the Group has changed its organization to meet the expectations of its customers more efficiently and effectively, addressing their needs and facing the challenges related to the transformation of its markets. Accor aims to specialize its teams, simplify and industrialize its operational processes in order to accelerate its growth.

This change resulted in the setting up, on January 1, 2023, of two independent divisions, with clearly identified expertise, ambitions and objectives:

- The "Premium, Midscale and Economy" division, organized by geographical area, which notably includes Ibis, Novotel, Mercure, Swissôtel, Mövenpick and Pullman brands,
- The "Luxury & Lifestyle" division, organized by brand, which brings together the Group's collection of Luxury brands such as Fairmont, Orient Express, Raffles, Sofitel and MGallery as well as its Lifestyle activity carried by Ennismore.

This new organization led the Group to modify its internal reporting and, consequently, to review the identification of its operating segments (see Note 4) and the composition of its groups of cash-generating units (see Note 7.1).

# 2.3 Other significant events

Other significant events that occurred in the period are:

- The sale of SCI Sequana that owns the Group's head office,
- The disposal of the residual stake in H World Group Ltd (formerly Huazhu Group Ltd),
- The restructuring of the Group's stake in Reef Technology Inc.,
- The ongoing liquidation of the SPAC (Special Purpose Acquisition Company) Accor Acquisition Company (AAC).





# **Note 3. Group Structure**

# 3.1 Scope consolidation changes

## 3.1.1 Disposal of the period

On June 21, 2023, the Group sold 99% of its shares in SCI Sequana, which owns its head office building located in Issy-les-Moulineaux and the related bank debt, to The Valesco Group. The transaction was negotiated on the basis of a value for the building of  $\leq$ 460 million. Prior to this sale, SCI Sequana partially reimbursed its bank debt for  $\leq$ 23 million, reducing it to  $\leq$ 250 million.

The transaction structure included a 12-year leaseback agreement with an initial annual rent of  $\le$ 22 million. Accor also granted The Valesco Group a subordinated loan of  $\le$ 100 million, which is repayable no later than April 25, 2027. The contract includes a step-up clause that will be applied in the event of non-reimbursement before the end of June 2024. As a result, the Group expects a reimbursement within 12 months.

The Group applied the provisions of IFRS 16 *Leases* on sale and leaseback transactions to the disposal of SCI Sequana shares followed by a leaseback of the building, which limit the gain on disposal to the proportion of the gain that relates to the rights transferred to the buyer-lessor.

This transaction resulted in:

- The derecognition of assets and liabilities held for sale (see Note 3.2),
- The recognition of a right-of-use asset for €188 million and a lease liability of €211 million, and
- The recognition of a gain on disposal net of transaction costs of €45 million, recognized in other income and expenses in the income statement of the period.

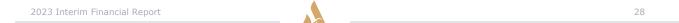
In the consolidated statement of cash flows, this transaction resulted in a cash inflow of €106 million in respect of the disposal of the subsidiary, presented within cash flows from investing activities, and a cash outflow of €23 million in respect of the early repayment of bank debt, presented within cash flows from financing activities.

# 3.1.2 Equity-accounted investment

In June 2022, the Group acquired a 4.92% minority stake in Reef Technology Inc. ("Reef"), a US-based leader in parking real estate and delivery kitchens. This investment was recognized as non-consolidated investments at fair value through other comprehensive income.

On May 31, 2023, following an internal reorganization that led to the separation of the two activities of Reef, Accor exchanged its shares in Reef for a 19.8% stake in Reef Proximity Aggregator ("Proximity") and 1.6% stake in Parking Aggregator ("Parking"). Proximity provides proximity services developing technology solutions and providing operational capabilities that transform urban spaces into community hubs, connecting people to top-tier brands, goods, services, and experiences, at this stage mainly through kitchens dedicated to delivering high-quality products. Parking is dedicated to managing, leasing and operating commercial parking facilities.

Accor also invested \$25 million (€23 million) in convertible bonds issued by Reef Proximity TopCo, a subsidiary of Proximity. The bonds have a 10-year maturity and are convertible, by Accor, into Proximity shares starting May 2025. If exercised, Accor would hold 38% of Proximity shares and voting rights.



Pending the finalization of the valuation work of the investments in Proximity and Parking as well as the convertible bonds, the Group has derecognized its investment in Reef and recognized:

- Proximity shares within equity-accounted investments for \$160 million (€150 million),
- Convertible bonds within other non-current financial assets measured at fair value through profit or loss for \$25 million),
- Parking shares within non-consolidated investments measured at fair value through other comprehensive income with a nil impact.

This operation resulted in a cash outflow of €23 million presented within cash flows from investing activities in the consolidated statement of cash flows.

#### 3.1.3 Other transactions

## **Liquidation of the SPAC (Special Purpose Acquisition Company)**

In April 2021, Accor incorporated the Accor Acquisition Company (AAC) vehicle, a « Special Purpose Acquisition Company » (SPAC), whose purpose was to complete one or several business combinations in services adjacent to hospitality. On June 1, 2021, AAC completed an Initial Public Offering, through the issuance 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. The proceeds of the public offering, the purpose of which was to finance the business combination, were deposited in an escrow account.

Accor owned 25.1% of the share capital of AAC for a total investment of €34 million. It comprised 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 five-year period starting from the completion date of the business combination.

On April 27, 2023, the Board of Directors of AAC resolved that the company has not completed an Initial Business Combination within the deadlines provided in its Articles of Association and decided to proceed with the early buy-back of all its market shares to be immediately cancelled by way of capital reduction. On June 2, 2023, all the 27,702,143 market shares were repurchased, at a unit price of €10, in accordance with the Articles of Association and the terms and conditions of the market shares. Accor received €20 million from the buy-back and became the majority shareholder of AAC. On June 27, 2023, the combined general meeting voted to dissolve the company and appointed Accor SA as liquidator.

In the Group's financial accounts, these operations result in:

- The derecognition of the equity-accounted investment in AAC (see Note 5),
- A cash inflow of €22 million (including the cash acquired), and
- The recognition of a €9 million expense comprising:
  - o €2 million for Accor share in AAC losses until June 2, 2023, and
  - o €7 million for the revaluation at fair value of AAC shares, presented within other income and expenses.

## Disposal of residual stake in H World Group Ltd (formerly Huazhu Group Ltd)

At the end of 2022, the Group decided to sell its entire stake in H World Group Ltd. Following the disposal of the 1.2% stake in the market between November 29, and December 31, 2022, the Group executed the disposal of its residual stake of 2.1% in January 2023 for \$297 million (€277 million). In accordance with IFRS 5 *Non-current assets held for sale and discontinued operations*, those remaining shares, which had a net book value of €264 million as at December 31, 2022, were classified as assets held for sale (see Note 3.2).

The disposal of shares resulted in the reclassification to Group reserves of  $\in$  (56) million of cumulative changes in fair value and  $\in$ 15 million of currency translation adjustments recognized in other comprehensive income, representing a total amount of  $\in$  (41) million.

Following those transactions, Accor no longer holds shares in H World Group Ltd. These transactions contribute to the Group's asset light strategy and aim to finalize the value creation on the investment initiated in 2016. The accumulated gain on disposal since 2019 reached \$1.2 billion (€1.1 billion) compared to an initial investment of \$189 million (€173 million).

In addition, H World Group Ltd had a put option on its 28.1% stake in the Luxury and Upscale business of Accor in China, which expired during the half-year of 2023. The related debt of €62 million was therefore written off against equity (see Note 9.2.1).



# 3.2 Assets held for sale and discontinued operations

As at June 30, 2023, assets and liabilities classified as held for sale were as follows:

	Dec. 2022		June 2	2023
<u>(</u> € in million)	Assets	Liabilities	Assets	Liabilities
SCI Sequana	422	276	-	-
H World Group Ltd	264	0	-	-
Risma	-	-	53	-
Total	687	276	53	-

As indicated above, the assets and the liabilities of SCI Sequana and the H World Group Ltd shares were sold during the period (see notes Notes 3.1.1 et 3.1.3)

Furthermore, on June 26, the Group announced that it had reached an agreement with Mutris – a Moroccan investment company composed of private and institutional investors – under which Accor undertakes to sell its 33% stake in Risma, Morocco's leading publicly listed hotel operator, at a price of 130 dirhams per share (a total of €57 million). The Group also undertakes to sell the Risma bonds it holds.

This transaction, which completion is subject to certain regulatory approvals, is expected to be closed in the third quarter of 2023. It will have no impact on current contractual agreements between Accor and Risma, which remain unaffected.

In accordance with IFRS 5 *Non-current assets held for sale and discontinued operations*, the shares and the bonds, which had a net book value of €53 million as at June 30, 2023, were classified as assets held for sale.



# **Note 4. Operating activities**

# 4.1 Segment information

The Group has undergone a reorganization to capitalize on the transformation undertaken in recent years. Accor aims to consolidate its leadership positions, strengthen its know-how, accelerate its growth, and continue to improve its profitability.

Since January 1<sup>st</sup>, 2023, the Group's organization has been structured around two dedicated divisions, each comprising distinctive expertise. The aim is to further strengthen the excellence of each brand and improve their operational and financial performance:

- « Premium, Midscale and Economy (Premium, Mid. & Eco.) », comprising notably the Group's brands ibis, Novotel, Mercure, Swissôtel, Mövenpick and Pullman, covering 4,973 hotels (692,789 rooms) worldwide and 1,017 projects in development (169,000 rooms). This division has leadership positions in Europe, Latin America, Asia-Pacific and the Middle East. It focuses its strategy on accelerating its development notably through franchises, the rejuvenation of its brands and the industrialization of its operating model. It is structured around four regions:
  - o Europe & North Africa (ENA),
  - Middle East, Asia-Pacific (MEASPAC),
  - o Americas,
  - o China.
- « Luxury & Lifestyle », bringing together the Group's luxury brands as well as its lifestyle entity, Ennismore, covering 514 hotels (112,647 rooms) worldwide and 245 projects in development (48,000 rooms). This division is committed to strengthening the identities of its iconic brands, selecting the best locations and offering unique and innovative experiences. Luxury & Lifestyle is structured by brand around 4 pillars:
  - o Raffles & Orient Express,
  - o Fairmont,
  - o Sofitel & MGallery & Emblems,
  - o Ennismore.

Both divisions are supported by a Global Shared Platform that provides expertise and services, including Digital, Technology and Suppliers referencing to both divisions.

The Management Board is responsible for ensuring consistency and alignment between the two divisions, both in terms of strategic orientation and cross-functional performance levers within the Group.

This new organization led the Group to redefine its internal reporting reviewed by the Management Board (Chief Operating Decision Maker) and to review the identification of its operating segments accordingly. The Group has identified two segments: "Premium, Midscale & Economy" division and "Luxury & Lifestyle" division. Strategic decisions are taken and resource allocations are determined based on this internal reporting.

For each division, the internal reporting presents information at a more granular level by typology of revenue:

- « Management & Franchise » The hotel management and franchise business involves collecting fees from hotel owners and includes commissions received on centralized purchases.
- « Services to Owners », which gathers all the services rendered in terms of sales, marketing, distribution and loyalty program as well as shared services and reimbursement of costs incurred on behalf of hotel owners.
- « Hotel Assets & Other », which includes the activities that are not part of the Group's core business as hotel operator:
  - Hotel Assets corresponding to the hotel owner-operator business (owned and leased hotels),
     including accommodation and F&B sales to guests as well as management of the asset portfolio,
  - Other activities including the high-end catering and event management business carried out by Paris Society (acquired in 2022), the AccorPlus (discount card program), Accor Vacation Club (timeshare business) and Strata (room distribution and hotel common area management business) businesses carried out in Asia Pacific, as well as the other businesses developed by the Group, primarily through external growth operations (Private luxury home rentals, Digital sales, Hotel booking services, Concierge services and operation of performance halls with the Lido).

The comparative segment information presented for the first semeste 2022 has been restated to reflect the Group's new organization.

#### 4.1.1 Revenue

(€ in million)	1st semester 2022	1st semester 2023
Management & Franchise	296	403
Services to Owners	363	521
Hotel Assets & Other	420	494
Premium, Mid. & Eco.	1,079	1,418
Management & Franchise	138	210
Services to Owners	479	655
Hotel Assets & Other	42	155
Luxury & Lifestyle	659	1,020
Holding & Intercos	(14)	(37)
Revenue	1,725	2,402

Revenue in France amounted to €474 million in the first half of 2023.

The Management & Franchise revenue is composed as follows:

(€ in million)	lst semester 2022	1st semester 2023
ENA	193	242
MEASPAC	80	128
Americas	23	33
Premium, Mid. & Eco.	296	403
Luxury	99	153
Lifestyle	40	57
Luxury & Lifestyle	138	210
Revenue M&F	434	613

# **4.1.2 EBITDA**

<u>(</u> € in million)	1st semester 2022	1st semester 2023
Management & Franchise	212	276
Services to Owners	(68)	2
Hotel Assets & Other	57	52
Premium, Mid. & Eco.	201	330
Management & Franchise	85	141
Services to Owners	(21)	19
Hotel Assets & Other	1	14
Luxury & Lifestyle	65	174
Holding & Intercos	(60)	(57)
EBITDA	205	447

# 4.2 Operating expenses

<u>(</u> € in million)	1st semester 2022	1st semester 2023
Cost of goods sold	(33)	(54)
Personnel expenses	(483)	(578)
Personnel expenses recharged to owners	(418)	(557)
Variable property lease payments	(30)	(58)
Energy, maintenance and repairs	(29)	(36)
Taxes	(28)	(33)
Other operating expenses	(498)	(637)
Operating expenses	(1,520)	(1,955)

The cost of goods sold increased due to the combined effect of business recovery in the hotels and the integration of Paris Society at the end of 2022.

Staff costs increased over the first half, driven by the business recovery in the hotels, head office activities, the end of government support measures and the impact of inflation on the Group's wages policy.

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, wages increase and resumption of lounge management activity in Asia.

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, Pullman Montparnasse Hotel and Paris Society activity.

Other operating expenses, which mainly comprise marketing, advertising and promotion, distribution and IT costs, increase in line with high activity levels.



# 4.3 Working capital

The working capital is composed as follows:

(€ in million)	Dec. 2022	June 2023	Variation	Neutralization of non-cash items	Cash flow statement items
,					
Inventories	19	37	17	15	2
Trade receivables	794	906	112	(16)	128
Other current assets	403	557	154	(1)	155
Current assets	1,217	1,500	283	(2)	285
Trada payablas	489	/ 67	(25)	(12)	(17)
Trade payables	469	463	(25)	(12)	(13)
Other current liabilities	859	805	(54)	(42)	(11)
Current liabilities	1,348	1,268	(79)	(54)	(25)
Working capital	(131)	231	362	52	310

# **4.4 Contract assets and liabilities**

Contract assets and liabilities are composed as follows:

(€ in million)	Dec. 2022	June 2023	Variation	Neutralization of non-cash items	Cash flow statement items
(C III TIIIIIOTI)	DCC. ZOZZ	Suite 2025	Variation	items	items
Advance payments to hotel owners	339	335	(4)	(3)	(1)
Contract assets	339	335	(4)	(3)	(1)
Deferred income	225	256	31	(O)	31
Contract liabilities	225	256	31	(0)	31
Loyalty program liability	239	275	36	(1)	37
Net contract assets and liabilities	(125)	(196)	(71)	(2)	(69)

#### 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 December 31, 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 first semester of 2023, the Group updated the rates assumptions on post-employment benefits resulting in a  $\leq$ 0.5 million increase of post-employment benefits obligation recognized in other comprehensive income.

The global pension reform enacted on April 14, 2023, raising the retirement age from 62 to 64, has no impact on the amount of the Group's pension obligation as at June 30, 2023.

The main discount rates used are as follows:

	Discou	Discount rate			
	Dec. 2022	June 2023			
France	2% - 3.9%	2% - 3.6%			
Switzerland	2.4%	2.0%			
Brazil	9.9%	5.3%			

#### 4.5.2 Share-based payments

In the first half of 2023, personnel expenses included €19 million related to share-base payments. On May 17, 2023, the Group granted 1,556,152 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 €27.52, corresponding to a share price of €31.55 adjusted downwards to reflect the expected dividends forgone over the vesting period and the probability of meeting the market conditions.

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

- Non-market conditions (80% weighting): level of achievement of Group EBITDA (40%) and Recurring Free Cash flows (20%) compared to the budget over the financial years 2023 to 2025 and carbon reduction targets at the end of 2025 compared to 2019 (20%).
- Market condition (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 €48 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 in the first half amounted to €2 million.

## Note 5. Equity-accounted investments

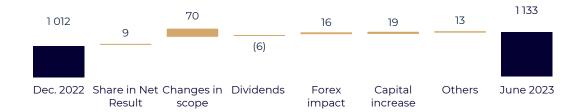
#### 5.1 Share of net results of equity-accounted investments

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

(€ in million)	1st semester 2022	1st semester 2023
Kasada	4	10
Ken Group	(1)	4
Risma	2	3
Accorlnvest	(29)	(10)
Others	(6)	(1)
Associates	(30)	6
Joint ventures	3	3
Share of net results of equity-accounted investments	(27)	9

#### 5.2 Carrying value of equity-accounted investments

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



The main scope variations (see Note 3.1) include:

- The equity-accounted investment in Reef Proximity recognized in exchange of shares in Reef Technology, previously booked as a non-consolidated investment for €150 million,
- The reclassification of equity-accounted investment in Risma, within assets held for sale for €(44) million and,
- The derecognition of Accor Acquisition Company (AAC) for €(27) million following the buy-back by AAC of its markets shares prior to its liquidation.

## Note 6. Other income and expenses

(€ in million)	lst semester 2022	1st semester 2023
Capital gain or loss	51	40
Restructuring costs	(26)	(1)
Asset impairment	1	(9)
Other non-recurring income and expenses	(1)	(4)
Other income and expenses	25	26

In the first half of 2023, other income and expenses mainly included:

- A gain on disposal of SCI Sequana for €45 million (see Note 3.1.1),
- A net impairment expense of €(9) million (see Note 7.3), and
- Costs related to the Group reorganization for €(10) million.

In the comparative period, other income and expenses mainly included a  $\in$ 53 million gain recognized on the disposal of ResDiary and restructuring costs for  $\in$ (26) million.



## Note 7. Intangible assets and property, plant & equipment

## 7.1 Intangible assets

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

€ in million	Goodwill	Trademarks	Contracts	Licences, software	Others	Total
Gross value						
As at January 1, 2023	2,868	2,334	1,363	396	255	7,215
Additions	-	-	· -	17	19	37
Disposals	-	-	(3)	(8)	(4)	(14)
Exchange differences	(27)	(17)	(29)	-	-	(73)
Others	3	-	(71)	26	(31)	(73)
As at June 30, 2023	2,843	2,317	1,260	432	239	7,092
Depreciation and impairment						
As at January 1, 2023	(585)	(329)	(457)	(300)	(133)	(1,805)
Depreciation	-	-	(26)	(26)	(14)	(66)
Impairment loss	-	15	(20)	-	-	(4)
Disposals	-	-	-	8	4	11
Exchange differences	8	-	13	-	-	21
Others	-	-	71	1	4	77
As at June 30, 2023	(577)	(313)	(420)	(317)	(139)	(1,766)
Net book value						
As at January 1, 2023	2,282	2,005	905	96	121	5,410
As at June 30, 2023	2,266	2,004	840	115	100	5,325

#### Goodwill

The Group's reorganization had an impact on the composition of cash-generating units (CGU) to which a goodwill was affected.

In accordance with IAS 36 *Impairment of assets*, when a reorganization affects the reporting structure and changes the composition of CGUs to which goodwill has been allocated, the goodwill shall be reallocated to the affected units. The standard also specifies that the group of CGUs to which the goodwill is affected shall:

- a. represent the lowest level to which the goodwill is monitored for internal management purposes, and
- b. not be larger than an operational segment as defined by IFRS 8 *Operating Segments* before aggregation.

Following the Group's reorganization, the goodwill is now monitored separately within each division (Premium, Mid. & Eco. and Luxury & Lifestyle) by activity (Hotel Services and Hotel Assets & Other).

- Premium, Mid. & Eco. division: a breakdown per geographic areas of Hotel Services and Hotel Assets was established. The geographic areas generate cash flows that are largely independent of each other, allowing for a more granular allocation of goodwill. Regarding the other businesses, monitoring is carried out for each line of business.
- <u>Luxury & Lifestyle division</u>: the assets and cash flows by activity are differentiated and monitored at the level of each division of Luxury and Lifestyle.

On January 1st, 2023, the goodwill was reallocated between the groups of CGUs affected by the reorganization considering the relative value of each CGU group. This reallocation did not reveal any impairment loss.

As at June 30, 2023, the breakdown of goodwill is as follows:

		Exchange diff. &	
(€ in million)	January 1st, 2023	Others	June 2023
HotelServices ENA	797	3	800
HotelServices MEASPAC	436	(13)	423
HotelServices Americas	28	1	30
Hotel Assets & Other	250	(6)	243
Premium, Mid. & Eco.	1,510	(14)	1,496
HotelServices Luxury	194	(2)	191
HotelServices Lifestyle	389	(2)	387
Hotel Assets & Other Luxury	9	-	9
Hotel Assets & Other Lifestyle	180	3	182
Luxury & Lifestyle	772	(2)	770
Net book value	2,282	(17)	2,266

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

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

<u>(</u> € in million)	Land Buildings	Leasehold improvements	Equipment, furniture	Assets in progress	Right-of- use assets	Total
Gross value						
As at January 1, 2023	294	184	214	38	699	1,429
Additions	-	3	15	32	214	265
Disposals	-	(1)	(5)	-	(31)	(37)
Exchange differences	(9)	(4)	(3)	-	(10)	(27)
Others	3	(1)	1	(7)	1	(3)
As at June 30, 2023	288	180	223	63	873	1,626
Depreciation and impairment						
As at January 1, 2023	(177)	(146)	(101)	(2)	(269)	(694)
Depreciation	(7)	(5)	(11)	-	(45)	(67)
Impairment loss	-	-	-	-	(8)	(8)
Disposals	-	1	3	-	30	34
Exchange differences	7	4	2	-	6	18
Others	-	-	2	-	-	2
As at June 30, 2023	(176)	(146)	(104)	(2)	(286)	(714)
Net book value						
As at January 1, 2023	118	37	114	36	430	735
As at June 30, 2023	112	34	119	61	587	913

The increase in right-of-use assets is mainly due to the sale and leaseback transaction of the Group head office (see Note 3.1.1).

The amount of contractual commitments for the acquisition of property, plant & equipment amounted to €36 million as at June 30, 2023.



#### 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. If such indications exist, the Group estimates the recoverable value of the respective asset.

As at June 30, 2023, the Group updated its forecasts to consider the revised budget for 2023, which reflects the Group's new strategic orientations and latest "RevPAR" (Revenue Per Available Room) trends by geography.

Based on these forecasts, the Group has not identified any impairment indicators that require the performance of impairment tests on its goodwill.

Accor also conducted a review of its trademarks, hotel management contracts, right-of-use assets and equity-accounted investments. Impairment tests were carried out on a case-by-case basis when an impairment indicator, or on an indication that an impairment loss recognized in prior periods may no longer exist or may have decreased, was identified.

As a result, the Group recognized a net impairment loss of €(9) million presented in other income and expenses in the consolidated income statement of the period (see Note 6). It includes:

- An impairment loss of €(20) million on management & franchise contracts, mainly relating to unrealized projects,
- A net reversal of impairment of €15 million on brands, including reversals for €41 million (mainly on Fairmont, Raffles and Mantra) and impairment losses recognized for €(25) million (Swissôtel and Mövenpick),
- An impairment loss of €(8) million on right-of-use assets of the Hotel assets activity, and
- A net reversal of impairment of €4 million on equity-accounted investments.



### **Note 8. Provisions**

Changes in provisions in the first half of 2023 can be analyzed as follows:

			Reve	ersal		
<u>(</u> € in million)	Dec. 2022	Allowance	Utilizations	Unused provisions	Exchange diff. & others	June 2023
Litigation and others risks	171	9	(9)	(6)	(1)	164
Insurance liabilities	37	8	(7)	-	-	38
Restructuring	36	0	(18)	(3)	(O)	16
Provisions	245	17	(34)	(9)	(1)	218
· of which non-current	79	3	(O)	(2)	-	80
· of which current	165	14	(34)	(6)	(1)	138

As at June 30, 2023, provisions amounted to  $\leq$ 218 million and mainly comprised a provision of  $\leq$ 50 million covering the risks associated with guarantees given as part of Accordnvest disposal and a provision of  $\leq$ 53 million related to the dividend withholding tax litigation (see Note 12.1). It also comprised an insurance liability for  $\leq$ 38 million.

## Note 9. Financing and financial instruments

#### 9.1 Net financial result

The net financial result is analyzed as follows:

<u>(</u> € in million)	1st semester 2022	1st semester 2023
Interests on bonds and bank borrowings	(47)	(48)
Interests expenses on current accounts	(2)	(5)
Interests income on loans and securities	3	23
Interests on lease liabilities	(4)	(8)
Cost of net debt	(49)	(39)
Other financial income and expenses	17	(6)
Net financial result	(32)	(45)

## 9.2 Group net financial debt

#### 9.2.1 Breakdown of net financial debt

As at June 30, 2023, the Group net financial debt amounts to €1,837 million and is analyzed as follows:

_	Dec. 2022 June 2023				June 2023	
(€ in million)	Current	Non current	Total	Current	Non current	Total
Bonds	323	2,069	2,391	324	2,078	2,402
Negotiable commercial papers (NEU CP)	109	-	109	100	-	100
Bank overdrafts	18	-	18	22	-	22
Other bank borrowings	19	119	139	22	107	129
Bonds and bank borrowings	469	2,188	2,657	469	2,185	2,653
Other financial debts	117	73	190	38	74	111
Derivative financial instruments	22	-	22	3	-	3
Gross financial debt	608	2,261	2,869	509	2,258	2,768
Lease liabilities	92	377	469	95	556	651
Total financial debt	700	2,638	3,338	604	2,814	3,419
Cash and cash equivalents	1,643	-	1,643	1,561	-	1,561
Other current financial assets	23	-	23	-	-	-
Derivative financial instruments	14	-	14	21	-	21
Financial assets	1,680	-	1,680	1,582	-	1,582
Net financial debt	(980)	2,638	1,658	(977)	2,814	1,837

In the first half of 2023, changes in financial debt were as follows:

			Other changes				
(€ in million)	Dec. 2022	Cash flows	Scope effects	Exchange differences	Fair value	Others	June 2023
Bonds	2,391	-	-	(O)	-	11	2,402
Negotiable commercial papers (NEU CP)	109	(9)	-	-	-	-	100
Bank borrowings	157	(7)	(1)	(1)	-	4	151
Other financial debts	190	(13)	(O)	(2)	-	(64)	111
Derivative financial instruments	22	-	-	(2)	0	(17)	3
Gross financial debt	2,869	(29)	(1)	(4)	0	(67)	2,768
Lease liabilities	469	(56)	(3)	(5)	-	247	651
Total debt	3,338	(86)	(4)	(10)	0	180	3,419

Accor has a short-term financing program in the form of commercial papers (NEU CP) capped at €500 million. As at June 30, 2023, this program is drawn for €100 million, representing a decrease of €9 million compared to December 31, 2022.

The change in other financial debts reflects the reversal of the €62 million liability associated to the unexercised put option held by H World Group Ltd upon expiry of the exercise period.

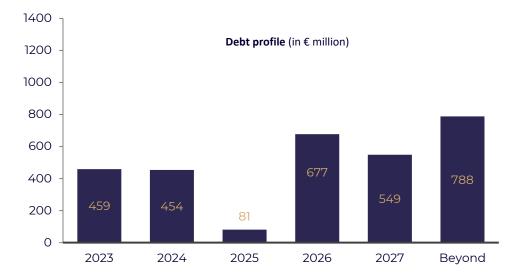
The increase in lease liability mainly corresponds to the sale and leaseback transaction of Accor head office for €211 million.

As at June 30, 2023, the Group has an undrawn confirmed credit line for a €1,200 million, maturing in June 2024 (for €86 million) and June 2025 (for €1,114 million).

#### 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, 2023, maturities were as follows:



#### 9.3 Financial assets

(€ in million)	Dec. 2022	June 2023
Short-term loans	-	130
Long-term loans	38	86
Security deposits	30	19
Financial assets at amortized cost	69	234
Non-consolidated investments	248	99
Other non-current financial assets	121	143
Financial assets at fair value	369	243
Total actifs financiers	438	477
o/w current financial assets	-	130
o/w non-current financial assets	438	347

The short-term loans correspond mainly to the subordinate loan granted to The Valesco group following the sale of SCI Sequana shares (see Note 3.1.1).

The change in non-consolidated investments mainly relates to the derecognition of Reef Technology shares for  $\in$  (150) million in exchange for the shares in Reef Proximity (see Note 3.1.2).

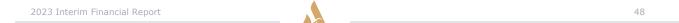
Other non-current financial assets mainly consist of units held in investment funds ( $\in$ 56 million), investments in convertible bonds ( $\in$ 46 million) and the earn-out on the disposal of the Lifestyle hotel assets portfolio to KNSA Hotels France ( $\in$ 42 million). In the first half, the Group recognized a change in fair value of  $\in$ (3) million in financial income.



## 9.4 Financial instruments

## 9.4.1 Breakdown of financial assets and liabilities

	By class of instrument						
				Derivatives			
	Amortized	Fair value	Fair value	qualified as			
(€ in million)	cost th	rough equity	through P&L	hedges	Dec. 2022		
Long-term loans	38	_	_	_	38		
Deposits	30	-	-	-	30		
Non-consolidated investments	-	248	-	-	248		
Other non-current financial assets	-	-	121	-	121		
Trade receivables	794	-	-	-	794		
Cash and cash equivalents	1,261	-	382	-	1,643		
Other current financial assets	23	-	-	-	23		
Derivative instruments	-	-	9	5	14		
Assets classified as held for sale	-	264	-	-	264		
Financial assets	2,147	512	512	5	3,176		
Bonds	2,391	-	-	-	2,391		
Negotiable commercial papers (NEU CP)	109	-	-	-	109		
Bank borrowings	157	-	-	-	157		
Other financial debts	190	-	-	-	190		
Trade payables	489	-	-	-	489		
Derivative instruments	-	-	8	14	22		
Financial liabilities	3,336	-	8	14	3,358		



	By class of instrument				
				Derivatives	
	Amortized	Fair value	Fair value	qualified as	
(€ in million)	cost th	rough equity	through P&L	hedges	June 2023
Long-term loans	86	_	_	_	86
Deposits	19	-	-	-	19
Non-consolidated investments	-	99	-	-	99
Other non-current financial assets	-	-	143	-	143
Trade receivables	906	-	-	-	906
Cash and cash equivalents	1,091	-	470	-	1,561
Other current financial assets	-	-	-	-	-
Derivative instruments	-	-	9	12	21
Financial assets	2,102	99	622	12	2,835
Bonds	2,402	-	-	-	2,402
Negotiable commercial papers (NEU CP)	100	-	-	-	100
Bank borrowings	151	-	-	-	151
Other financial debts	111	-	-	-	111
Trade payables	463	-	-	-	463
Derivative instruments	-	-	3	-	3
Financial liabilities	3,228		3	-	3,231

## 9.4.2 Fair value hierarchy

	Dec. 2022		Hierarchy	
(€ in million)	Fair value	Level 1	Level 2	Level 3
Non-consolidated investments	248	36	-	212
Other non-current financial assets	121	-	-	121
Mutual funds units	382	382	-	-
Derivative instruments - assets	14	-	14	-
Assets classifies as held for sale	264	264	-	-
Financial assets	1,029	682	14	333
Derivatives - liabilities	22	-	22	-
Financial liabilities	22	-	22	-

	June 2023		Hierarchy	
(€ in million)	Fair value	Level 1	Level 2	Level 3
Non-consolidated investments	99	37	-	62
Other non-current financial assets	143	-	-	143
Mutual funds units	470	470	-	-
Derivative instruments - assets	21	-	21	-
Financial assets	734	507	21	206
Derivatives - liabilities	3	-	3	-
Financial liabilities	3	-	3	-

#### 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 non-recurring events occur and are not considered in the calculation of the effective annual tax rate.

In the first half of 2023, the Group recognized an income tax expense for €(48) million, which mainly comprise:

- Income tax expense for €(55) million, mostly in Canada and United States,
- Reversals of tax risk liabilities for €18 million.

In the comparative period, the €(25) million tax expense included a reversal of tax risk liabilities for €7 million.



## Note 11. Shareholder's equity

#### 11.1. Share capital

#### 11.1.1 Changes in share capital

Changes in the number of outstanding shares during the first half of 2023 are as follows:

In number of shares	2023
Number of issued shares as at January 1, 2023	263,031,794
Performance shares vested	1,862,048
Number of issued shares as at June 30, 2023	264,893,842

#### 11.1.2 Dividends distribution

On May 25, 2023, Accor SA paid a dividend of  $\le$ 1.05 per share ( $\le$ 0.71 for 2022 financial year results and  $\le$ 0.34 as an exceptional dividend) in the form of a cash payment of  $\le$ 277 million.

#### 11.1.3 Perpetual subordinated notes

In the first half of 2023, interest payments on perpetual subordinated notes amounted to €35 million. These payments are analyzed as a profit distribution, directly deducted from equity.

#### 11.1.4 Reserves

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

<u>(</u> € in million)	Dec. 2022	Change	June 2023
Currency translation reserve	(133)	(27)	(160)
Changes in fair value of financial Instruments	(39)	69	30
· of which non-consolidated investments	(85)	67	(18)
· of which derivative instruments	46	2	48
Reserve for actuarial gains/losses	(83)	(O)	(83)
Share based payments	383	19	401
Retained earnings and others	2,467	(33)	2,434
Reserves - Group share	2,595	28	2,622

## 11.2 Minority interests

As at June 30, 2023, minority interests breakdown is as follows:

€ in million	Dec. 2022	Change	June 2023
Ennismore	309	(4)	305
Rixos Hotels & Resorts	68	5	73
Paris Society	(9)	(3)	(12)
Others minority interests	29	(4)	25
Minority interests	397	(6)	391

## Note 12. Unrecognized items and related parties

#### 12.1 Litigations, contingent assets and liabilities

#### Précompte litigation

Since 2022, the Group has taken legal actions to obtain the repayment of the "précompte" dividend withholding tax paid in respect of 1999-2001 and 2002-2004 financial years.

Regarding the 2002-2024 period, the Group has recognized a provision of  $\le$ 53 million to deal with the risk of refunding part of the  $\le$ 307 million reimbursed by the French State following the favorable decision of the Administrative Court of Appeal of Versailles on July 7, 2020.

On May 27, 2023, following the decision of the Court of Justice of the European Union (CJEU) dated May 12, 2022, the French Supreme Court confirmed that the "précompte" was infringing the European parent subsidiary regime. However, the French Supreme Court did not conclude on the definitive "précompte" amount attributed to the Group and referred to the Versailles Court of Appeal to settle this claim. Pending a new decision, on April 21, 2023, the Division of Major Enterprises (DGE) asked Accor to refund the amount of €53 million. The Versailles Court of Appeal will therefore have to rule definitively on the reimbursement of this amount to the Group. As at 30 June 2023, Accor recognized an asset of €53 million in respect of the payment made to the DGE.

Furthermore, this decision confirms that the reimbursement of "précompte" received in 2020 for €307 million for the period 2002-2004 is acquired by the Group in the amount of €254 million, which corresponds to the income recognized in the consolidated financial statements for the year 2020.

As a reminder, regarding the "précompte" for the 1999-2001 period, following the decision of the French Supreme Court on December 10, 2012, requiring Accor to refund €185 million, the Group brought against an action for State liability and continue to assert its rights.

#### 12.2 Subsequent events

The Group has entered into exclusive negotiations to acquire an additional stake of 63% in Potel & Chabot for an estimated amount of €49 million (net of cash acquired). Following this operation, Accor will become the sole shareholder of Potel & Chabot, which will be integrated into the Group's Luxury & Lifestyle division. The proposed transaction is subject to the usual regulatory authorizations. Closing is expected in the second semester.

Founded in 1820, Potel & Chabot has developed incomparable know-know in organizing tailor-made prestigious receptions and has become the leading caterer for major events in France and abroad through its two brands Potel & Chabot and Saint-Clair. It covers three activities: receptions for large companies and private customers, major sporting and cultural events and management of exceptional venues.

Accor will fully benefit from synergies resulting from this acquisition and from Potel & Chabot's recognized know-how in catering and organization of high-end events.



#### 12.3 Related parties

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 2023 represent 9% of the total revenue of the Group. As at June 30, 2023, the gross value of receivables towards AccorInvest amounts to €187 million in the interim consolidated statement of financial position.

The other transactions carried out with related parties during the first half of 2023 are similar in nature to the transactions carried out during the financial year ended December 31, 2022.



# 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

This is a free translation into English of the statutory auditors' review report on the half-yearly financial information issued in French and is provided solely for the convenience of English-speaking users. This report includes information relating to the specific verification of information given in the Group's half-yearly management report. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

#### Accor

Period from January 1st to June 30th, 2023

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

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, 2023,
- the verification of the information presented in the half-yearly management report.

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



#### 1. 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.

#### 2. Specific verification

We have also verified the information presented in the half-yearly management report on the condensed half-yearly 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, 2023

The Statutory Auditors
French original signed by

PricewaterhouseCoopers Audit

**ERNST & YOUNG et Autres** 

François Jaumain

Cédric Haaser

François-Guillaume Postel



## Statement by the Person Responsible for the Document

## Statement by the person responsible for the 2023 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, 2023

Sébastien Bazin Chairman and Chief Executive Officer



