

# Group Financial Statements

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# Statement of Directors' Responsibilities

## Financial Statements and accounting records

The Directors are required to prepare the Annual Report and Form 20-F and the Financial Statements for the Company and the Group at the end of each financial year in accordance with applicable law and regulations. Under company law, directors must not approve the Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and the Group and the profit or loss of the Group for that period. The Directors have prepared the Consolidated Financial Statements in accordance with UK-adopted international accounting standards and International Financial Reporting Standards ('IFRSs') issued by the International Accounting Standards Board ('IASB'). The Company Financial Statements have been prepared in accordance with UK accounting standards, comprising Financial Reporting Standard 101 'Reduced Disclosure Framework' ('FRS 101'), and applicable law.

In preparing these Financial Statements, IHG Directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable;
- state whether the Consolidated Financial Statements have been prepared in accordance with UK-adopted international accounting standards;
- state for the Company Financial Statements whether applicable UK accounting standards, comprising FRS 101, have been followed; and
- prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Company and the Group will continue in business.

The Directors have responsibility for ensuring that the Company and the Group keep adequate accounting records sufficient to show and explain the Company's and the Group's transactions, and which disclose with reasonable accuracy the financial position of the Company and the Group to enable them to ensure that the Financial Statements and the Directors' Remuneration Report comply with the Companies Act 2006.

The Directors are also responsible for the system of internal control, for safeguarding the assets of the Company and the Group, and taking reasonable steps to prevent and detect fraud and other irregularities.

## Disclosure Guidance and Transparency Rules

The Board confirms that to the best of its knowledge:

- The Consolidated Financial Statements have been prepared in accordance with UK-adopted international accounting standards, and IFRSs as issued by the IASB, and give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group taken as a whole;
- The Company Financial Statements have been prepared in accordance with UK accounting standards, comprising FRS 101, and give a true and fair view of the assets, liabilities and financial position of the Company; and
- The Annual Report, including the Strategic Report, includes a fair review of the development and performance of the business and the position of the Company and the Group taken as a whole, together with a description of the principal risks and uncertainties that it faces.

## UK Corporate Governance Code

Having taken advice from the Audit Committee, the Board considers that this Annual Report and Form 20-F, taken as a whole, is fair, balanced and understandable and that it provides the information necessary for shareholders to assess the Company's and the Group's position and performance, business model and strategy.

## Disclosure of information to Auditor

The Directors who held office as at the date of approval of this report confirm that they have taken steps to make themselves aware of relevant audit information (as defined by Section 418(3) of the Companies Act 2006). None of the Directors are aware of any relevant audit information that has not been disclosed to the Company's and Group's Auditor.

## Management's report on internal control over financial reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting for the Group, as defined in Rule 13a-15(f) and 15d-15(f) under the Securities Exchange Act of 1934 as a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRSs.

The Group's internal control over financial reporting includes policies and procedures that:

- pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the Group's transactions and dispositions of assets;
- are designed to provide reasonable assurance that transactions are recorded as necessary to permit the preparation of the Consolidated Financial Statements in accordance with UK-adopted international accounting standards and IFRSs as issued by the IASB, and that

receipts and expenditure are being made only in accordance with authorisation of management and the Directors of the Company; and

- provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use or disposition of the Group's assets that could have a material effect on the Consolidated Financial Statements.

Any internal control framework has inherent limitations and internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or the degree of compliance with the policies or procedures may deteriorate.

Management has undertaken an assessment of the effectiveness of the Group's internal control over financial reporting at 31 December 2024 based on criteria established in the Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 Framework).

Based on this assessment, management has concluded that as at 31 December 2024 the Group's internal control over financial reporting was effective.

During the period covered by this document there were no changes in the Group's internal control over financial reporting that have materially affected or are reasonably likely to materially affect the effectiveness of the internal controls over financial reporting.

The Group's internal control over financial reporting at 31 December 2024, together with the Group's Consolidated Financial Statements, were audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm. Their auditor's report can be found on page 187.

For and on behalf of the Board



**Elie Maalouf**  
Chief Executive Officer  
17 February 2025



**Michael Glover**  
Chief Financial Officer  
17 February 2025



# Independent Auditor's UK Report

## Independent auditors' report to the members of InterContinental Hotels Group PLC

### Report on the audit of the Financial Statements

#### Opinion

In our opinion:

- InterContinental Hotels Group PLC's Group Financial Statements and Parent Company Financial Statements (the "Financial Statements") give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2024 and of the Group's profit and the Group's cash flows for the year then ended;
- the Group Financial statements have been properly prepared in accordance with UK-adopted international accounting standards as applied in accordance with the provisions of the Companies Act 2006;
- the Parent company Financial Statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework", and applicable law); and
- the Financial Statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the Financial Statements, included within the Annual Report and Form 20-F (the "Annual Report"), which comprise: the Group and Parent Company statements of financial position as at 31 December 2024; the Group income statement, Group statement of comprehensive income, Group statement of cash flows and Group and Parent Company statements of changes in equity for the year then ended; the accounting policies; and the notes to the Financial Statements.

The Schedule 1: Condensed Parent Company Financial information which is included on pages 304 to 307 of the Annual Report, within additional information, does not form part of the Financial Statements. Accordingly, it is not within the scope of this opinion.

Our opinion is consistent with our reporting to the Audit Committee.

### Separate opinion in relation to IFRSs as issued by the IASB

As explained in the accounting policies to the Financial Statements, the Group, in addition to applying UK-adopted international accounting standards, has also applied international financial reporting standards (IFRSs) as issued by the International Accounting Standards Board (IASB).

In our opinion, the Group Financial Statements have been properly prepared in accordance with IFRSs as issued by the IASB.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the Financial Statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Independence

We remained independent of the Group in accordance with the ethical requirements that are relevant to our audit of the Financial Statements in the UK, which includes the FRC's Ethical Standard, as applicable to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC's Ethical Standard were not provided.

Other than those disclosed in note 5 to the Group Financial Statements, we have provided no non-audit services to the Parent Company or its controlled undertakings in the period under audit.

### Our audit approach

#### Overview

#### Audit scope

- PwC component audit teams were engaged to perform a full scope audit in the US and specified procedures over transactions processed at the Group's Global Financial Services Centre in India. The Group audit team carried out audit procedures over the consolidation and balances that are material due to risk or size and transactions processed centrally. The territories where we conducted audit procedures, together with work performed at corporate functions and at the Group level, accounted for approximately: 89% of the Group's revenue; 83% of the

Group's statutory profit before tax; and 76% of the Group's profit before tax adjusted for exceptional items and the System Fund result.

- The Group audit team performed substantive procedures over all of the material balances and transactions of the Parent Company.

### Key audit matters

- Breakage assumption used to estimate IHG One Rewards loyalty programme deferred revenue (Group).
- Allocation of revenue and expenses to the System Fund (Group).
- Recognition of the UK deferred tax asset (Parent).

### Materiality

- Overall Group materiality: \$46.0 million (2023: \$48.0 million) based on approximately 5% of profit before tax adjusted for exceptional items and the System Fund result.
- Overall Parent Company materiality: £19.7 million (2023: £21.9 million) based on approximately 1% of net assets.
- Performance materiality: \$34.5 million (2023: \$36.0 million) (Group) and £14.7 million (2023: £16.4 million) (Parent Company).

### The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the Financial Statements.

### Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the Financial Statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

This is not a complete list of all risks identified by our audit.

Recognition of the UK deferred tax asset, which was a key audit matter last year, is no longer included because of increased certainty of the utilisation. Otherwise, the key audit matters below are consistent with last year.

**Key audit matter****Breakage assumption used to estimate IHG One Rewards loyalty programme deferred revenue (Group)**

At 31 December 2024, the deferred revenue balance relating to the IHG One Rewards loyalty programme was \$1,653m (2023: \$1,529m).

The loyalty programme, IHG One Rewards, enables members to earn points during each qualifying stay at an IHG branded hotel and through other partnerships and programmes. Members are able to consume those points at a later date for free or reduced accommodation or other benefits. The Group recognises deferred revenue in an amount that reflects the Group's unsatisfied performance obligations, valued at the stand-alone selling price of the future benefit to the member. The amount of revenue recognised and deferred is impacted by the estimate of breakage (points that will never be consumed). On an annual basis, the Group engages an external actuary who uses statistical formulae to assist in the estimate of breakage. If future member behaviour deviates significantly from expectations, breakage estimates could increase or decrease.

There is significant management judgement and estimation uncertainty in projecting members' future consumption activity, and small changes in breakage assumptions can materially impact deferred revenue and revenue recognition. There is a high degree of auditor judgement, subjectivity and effort in performing procedures and evaluating management's breakage assumption, which requires the use of professionals with specialised skill and knowledge.

Refer to the estimates section of the accounting policies and to note 3 to the Group Financial Statements for management's disclosures.

**Allocation of revenue and expenses to the System Fund (Group)**

For the year ended 31 December 2024, the Group recorded System Fund revenues of \$1,611m (2023: \$1,564m) and expenses of \$1,694m (2023: \$1,545m).

The Group operates a System Fund (the 'Fund') to collect and administer cash assessments from hotel owners for specified purposes of use including marketing, reservations, certain hotel services and the Group's loyalty programme, IHG One Rewards. The Fund is not managed to generate a surplus or deficit for IHG over the longer term, but is managed for the benefit of the IHG System with the objective of driving revenues for the hotels in the System. Services are provided by the Fund and are funded by assessment fees and costs are incurred and allocated to the Fund in accordance with the principles agreed with the IHG Owners Association and ensuring appropriate consistency of application. The Group has entered into a new agreement with its current issuing partner to continue providing co-branded IHG One Rewards credit cards in the US, impacting the recognition of fees within the System Fund. Judgement is required in estimating stand-alone selling prices of performance obligations associated with the new co-branded credit card agreement. From 1 January 2024, as agreed with the IHG Owners Association, a portion of revenue relating to the consumption of certain IHG One Rewards points sold is reported within fee business revenue, with the remaining amount reported within System Fund revenues.

There is significant judgement by management when developing the Group's internal policies in order to apply the principles agreed with the IHG Owners Association to expenses incurred and a high degree of auditor judgement, subjectivity, and effort in performing procedures and assessing the consistency of management's allocation of expenses to the System Fund in line with the agreed principles. There is significant judgement by management when estimating stand-alone selling prices associated with the new co-branded credit card agreement and a high degree of auditor judgement, subjectivity, and effort in performing procedures related to the determination of stand-alone selling prices of performance obligations associated with the new co-branded credit card agreement. There is significant judgement by management when estimating the IHG One Rewards deferred revenue balance incorporating the impact of the change agreed with the IHG Owners Association and a high degree of auditor judgement, subjectivity, and effort in performing procedures and evaluating management's significant assumptions incorporating the change agreed with the IHG Owners Association related to reporting of revenue associated with certain IHG One Rewards points.

**How our audit addressed the key audit matter**

We evaluated and tested the design and operating effectiveness of key controls in place over management's determination of the breakage assumption.

We tested a sample of data used by management's external actuary in deriving the breakage assumption to underlying records.

We assessed the competence and objectivity of management's actuary.

We deployed our own actuarial experts to develop an independent estimate of a reasonably possible range for deferred revenue based on independently determined breakage assumptions, and compared the deferred revenue balance with our independently calculated range.

We assessed the appropriateness of the related disclosures including sensitivity analysis in the estimates section of the accounting policies and in note 3 to the Group Financial Statements.

Based on the procedures performed, we noted no material issues arising from our work.

We evaluated and tested the design and operating effectiveness of key controls relating to allocation of expenses to the System Fund, the estimation of stand-alone selling prices of performance obligations associated with the new co-branded credit card agreement and the changes agreed with the IHG Owners Association during the year.

We understood and assessed the internal policies that the Group has put in place in order to consistently apply the principles agreed with the IHG Owners Association to expenses incurred. We tested a sample of expenses that had been allocated to the System Fund to assess whether they were in compliance with the Group's internal policies and consistent with historical practice.

We tested management's process for determining the stand-alone selling prices of performance obligations associated with the new co-branded credit card agreement, involving deploying our own valuation experts to assist in evaluating the appropriateness of the methodology and the reasonableness of the assumptions used by management. We tested the completeness and accuracy of the underlying data used in the model.

We deployed our own actuarial experts to develop an independent estimate, incorporating the impact of the changes agreed with the IHG Owners Association, of a reasonably possible range for deferred revenue based on independently determined breakage assumptions, and compared the deferred revenue balance with our independently calculated range.

We evaluated the reasonableness of a sample of journal entries transferring expenses to or revenues from the System Fund.

Based on the procedures performed, we noted no material issues arising from our work.

## Independent Auditor's UK Report continued

### Key audit matter

#### Allocation of revenue and expenses to the System Fund (Group) continued

System Fund revenues and expenses are excluded from the Group result to determine operating profit from reportable segments. These allocation policies therefore impact a key reporting metric used by the Group.

Refer to the accounting policies and to note 31 to the Group Financial Statements for management's disclosures.

#### Recognition of the UK deferred tax asset (Parent)

At 31 December 2024, the Parent Company, which is part of the UK tax group, recognised a deferred tax asset of £44m (2023: £43m).

The asset largely represents brought forward revenue tax losses. Judgement is used when assessing the extent to which deferred tax assets, particularly in respect of tax losses, should be recognised. Deferred tax assets are only recognised to the extent that it is regarded as probable that there will be sufficient and suitable taxable profits or deferred tax liabilities in the relevant legal entity or tax group against which such assets can be utilised in the future. Tax assumptions are overlaid to profit forecasts to estimate the future taxable profits. This process has demonstrated that the UK deferred tax assets should reverse over a six to ten year period, with the lower end of the range based on the Group's base case forecast and the upper end of the range based on the Group's severe downside case forecast. The losses do not expire, although they can only be offset against 50% of annual UK taxable profits. The potential downside risks have been considered in the context of the UK deferred tax asset recoverability assessment, without taking account of opportunities or mitigating actions.

Refer to note 8 to the Group Financial Statements and note 5 to the Parent Company Financial Statements for management's disclosures.

### How our audit addressed the key audit matter

We evaluated and tested the design and operating effectiveness of key controls in place over the recognition of deferred tax assets and over the Group's forecasting process.

Where recognition is supported by the availability of sufficient probable taxable profits in future periods against which brought forward tax losses can be utilised, we evaluated the appropriateness of the assumptions reflected in the UK forecasts, including assessing the reasonableness of growth projections compared to historical experience and industry data. As part of this assessment, we benchmarked management's estimates to third-party sources.

Where recognition is supported by the availability of sufficient probable taxable profits in future periods against which brought forward tax losses can be utilised, we deployed tax specialists to assess the appropriateness of tax overlay adjustments applied to the forecasts by reference to applicable UK tax legislation and to assess whether the UK deferred tax asset met the recognition criteria of IAS 12.

We assessed the reasonableness of the recovery period of six to ten years. We assessed the consistency of the forecasts used to justify the recognition of deferred tax assets to those used elsewhere in the business, including for the going concern assessment and longer term viability statement.

We assessed the appropriateness of the related disclosures in note 5 to the Parent Company Financial Statements. Based on the procedures performed, we noted no material issues arising from our work.

### How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the Financial Statements as a whole, taking into account the structure of the Group and the Parent Company, the accounting processes and controls, and the industry in which they operate.

The Group Financial Statements are a consolidation of over 450 reporting units. The Group operates a Global Financial Services Centre ("GFS") in India which processes transactions for the majority of the Group's reporting units. We identified one aggregation of components in the US which required a full scope audit due to its risk and size and because this aggregated component holds the IHG One Rewards loyalty programme and System Fund. We engaged a PwC component audit team in the US to carry out this audit. We also instructed our US component team to undertake specified procedures over certain balances and transactions in certain other US reporting units.

We engaged a second PwC component audit team in India to undertake testing of transactions processed by GFS encompassing all reporting units within GFS's scope.

Where work was performed by component auditors, we determined the appropriate level of direction and supervision we needed to have over that audit work to ensure that we could conclude that sufficient appropriate audit evidence had been obtained for the Group Financial Statements as a whole. In addition to instructing and reviewing the reporting from our component audit teams, we conducted file reviews and participated in key meetings with local management. We made site visits to the US and India to meet with our component teams and local management in person and we supplemented these site visits with regular dialogue with component teams throughout the year.

The Group consolidation, Financial Statement disclosures and certain balances and transactions processed centrally by management in the UK,

including certain Parent Company balances and transactions that were included in Group audit scope, were audited by the Group audit team. Taken together, the audit procedures carried out by the Group and component audit teams provided coverage of 90% of the Group's revenue, 85% of the Group's statutory profit before tax and 78% of the Group's profit before tax adjusted for exceptional items and the System Fund. This provided the evidence we needed for our opinion on the Group Financial Statements taken as a whole. This was before considering the contribution to our audit evidence from performing audit work at the Group level, including disaggregated analytical review procedures, which covered certain of the Group's smaller and lower risk components that were not directly included in our Group audit scope.

Our audit of the Parent Company Financial Statements was undertaken by the Group audit team and included substantive procedures over all material balances and transactions.

### The impact of climate risk on our audit

Management considers that there are no climate-related estimates or assumptions that have a material impact on the Financial Statements. We assessed that the key areas in the Financial Statements which are more likely to be materially impacted by climate change are areas which involve forecasting future cash flows, such as going concern, impairment of certain assets and deferred tax assets recognition.

We tailored our audit approach to respond to the audit risks identified in these areas. In particular, we:

- Evaluated whether the impact of both physical and transition risks arising due to climate risk had been appropriately reflected by management in the estimates of the recoverable value of the Group's non-financial assets including the discounted cash flows prepared by management for impairment assessment purposes; and
- Checked whether the impact of climate risk in the Directors' assessments and disclosures related to going concern, deferred tax asset recoverability and viability were consistent with management's climate impact assessment.
- Considered the consistency of the disclosures in relation to climate change (including the disclosures in the Task Force on Climate-related Financial Disclosures ("TCFD") section) in the Annual Report with the Financial Statements and with our knowledge obtained from our audit.

Our procedures did not identify any material impact in the context of our audit of the Financial Statements as a whole or on our key audit matters for the year ended 31 December 2024.

### Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual Financial Statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the Financial Statements as a whole.

Based on our professional judgement, we determined materiality for the Financial Statements as a whole as follows:

	Financial statements – Group	Financial statements – Parent company
<b>Overall materiality</b>	\$46.0 million (2023: \$48.0 million).	£19.7 million (2023: £21.9 million).
<b>How we determined it</b>	Approximately 5% of profit before tax adjusted for exceptional items and the System Fund result.	Approximately 1% of net assets.
<b>Rationale for benchmark applied</b>	The Group's principal measure of performance is operating profit from reportable segments, which excludes exceptional items and the System Fund result, in order to present results from operating activities on a consistent basis and to exclude the impact of the System Fund, which is not managed to generate a surplus or deficit for the Group over the longer term. We took this measure into account in determining our materiality as it is the metric against which the performance of the Group is most commonly assessed by management and reported to shareholders. From operating profit from reportable segments, we deducted net financial expenses and fair value losses on contingent purchase consideration to arrive at adjusted profit before tax. For the year ended 31 December 2024, we also deducted System Fund interest.	InterContinental Hotels Group PLC is the ultimate Parent Company which holds the Group's investments and some of the Group's bonds. The strength of the balance sheet is the key measure of financial health that is important to shareholders since the primary concern for the Parent Company is the payment of dividends. We therefore considered net assets to be an appropriate benchmark.

For each component in the scope of our Group audit, we allocated a materiality that is less than our overall Group materiality. The range of materiality allocated across components was \$11 million to \$45 million. Certain components were audited to a local statutory audit materiality that was also less than our overall Group materiality.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% (2023: 75%) of overall materiality, amounting to \$34.5 million (2023: \$36.0 million) for the Group Financial Statements and £14.7 million (2023: £16.4 million) for the Parent Company Financial Statements.

In determining the performance materiality, we considered a number of factors – the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls – and concluded that an amount at the upper end of our normal range was appropriate.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above \$2.4 million (Group audit) (2023: \$2.4 million) and £0.9 million (Parent Company audit) (2023: £1.0m) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.



## Independent Auditor's UK Report continued

### Conclusions relating to going concern

Our evaluation of the Directors' assessment of the Group's and the Parent Company's ability to continue to adopt the going concern basis of accounting included:

- Evaluation and testing of key controls over the Group's budgeting process and the assessment of going concern;
- Evaluation of management's Base Case and Severe Downside Case scenarios and reverse stress testing calculations, understanding and evaluating the key assumptions, including assumptions related to RevPAR growth;
- Validation that the cash flow forecasts used to support management's impairment, deferred tax asset recoverability, going concern and viability assessments were consistent and in line with the Group's Board approved plan;
- Assessment of the historical accuracy and reasonableness of management's forecasting;
- Identification of RevPAR as the key assumption inherent in management's cash flow forecasts and validation of this assumption to industry sources;
- Consideration of the Group's available financing and debt maturity profile and evaluation of the reasonableness of management's assumption that bank facilities will remain undrawn over the period of the going concern assessment;
- Testing of the mathematical integrity of management's models and liquidity headroom, covenant compliance, sensitivity and reverse stress testing calculations;
- Assessment of the reasonableness of management's planned or potential mitigating actions;
- Review of the related disclosures in the Annual Report.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's and the Parent Company's ability to continue as a going concern for a period of at least twelve months from when the Financial Statements are authorised for issue.

In auditing the Financial Statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the Financial Statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the Group's and the Parent Company's ability to continue as a going concern.

In relation to the Directors' reporting on how they have applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the Directors' statement in the Financial Statements about whether the Directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

### Reporting on other information

The other information comprises all of the information in the Annual Report other than the Financial Statements and our auditors' report thereon. The Directors are responsible for the other information. Our opinion on the Financial Statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Financial Statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the Financial Statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

### Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' Report for the year ended 31 December 2024 is consistent with the Financial Statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the Group and Parent Company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' Report.

### Directors' Remuneration

In our opinion, the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006.

### Corporate governance statement

The Listing Rules require us to review the Directors' statements in relation to going concern, longer-term viability and that part of the corporate governance statement relating to the Parent Company's compliance with the provisions of the UK Corporate Governance Code specified for our review. Our additional responsibilities with respect to the corporate governance statement as other information are described in the Reporting on other information section of this report.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement, included within the Statement of compliance is materially consistent with the Financial Statements and our knowledge obtained during the audit, and we have nothing material to add or draw attention to in relation to:

- The Directors' confirmation that they have carried out a robust assessment of the emerging and principal risks;
- The disclosures in the Annual Report that describe those principal risks, what procedures are in place to identify emerging risks and an explanation of how these are being managed or mitigated;

- The Directors' statement in the Financial Statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them, and their identification of any material uncertainties to the Group's and Parent Company's ability to continue to do so over a period of at least twelve months from the date of approval of the Financial Statements;
- The Directors' explanation as to their assessment of the Group's and Parent Company's prospects, the period this assessment covers and why the period is appropriate; and
- The Directors' statement as to whether they have a reasonable expectation that the Parent Company will be able to continue in operation and meet its liabilities as they fall due over the period of its assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Our review of the Directors' statement regarding the longer-term viability of the Group and Parent Company was substantially less in scope than an audit and only consisted of making inquiries and considering the Directors' process supporting their statement; checking that the statement is in alignment with the relevant provisions of the UK Corporate Governance Code; and considering whether the statement is consistent with the Financial Statements and our knowledge and understanding of the Group and Parent Company and their environment obtained in the course of the audit.

In addition, based on the work undertaken as part of our audit, we have concluded that each of the following elements of the corporate governance statement is materially consistent with the Financial Statements and our knowledge obtained during the audit:

- The Directors' statement that they consider the Annual Report, taken as a whole, is fair, balanced and understandable, and provides the information necessary for the members to assess the Group's and Parent Company's position, performance, business model and strategy;
- The section of the Annual Report that describes the review of effectiveness of risk management and internal control systems; and

- The section of the Annual Report describing the work of the Audit Committee.

We have nothing to report in respect of our responsibility to report when the Directors' statement relating to the Parent Company's compliance with the Code does not properly disclose a departure from a relevant provision of the Code specified under the Listing Rules for review by the auditors.

### **Responsibilities for the Financial Statements and the audit** **Responsibilities of the directors for the Financial Statements**

As explained more fully in the Statement of Directors' Responsibilities, the Directors are responsible for the preparation of the Financial Statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The Directors are also responsible for such internal control as they determine is necessary to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, the Directors are responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

### **Auditors' responsibilities for the audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the Group and industry, we identified that the principal risks of non-compliance with laws and regulations related to the failure to comply with employment laws and regulations, and we considered the extent to which non-compliance might have a material effect on the Financial Statements. We also considered those laws and regulations that have a direct impact on the Financial Statements such as the Listing Rules, UK and overseas tax legislation and the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the Financial Statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries and management bias in allocating revenues and expenses to the System Fund and in accounting for key estimates. The Group engagement team shared this risk assessment with the component auditors so that they could include appropriate audit procedures in response to such risks in their work. Audit procedures performed by the Group engagement team and/or component auditors included:

- Inquiries of management, internal audit and the Group's legal counsel, including considerations of known or suspected instances of non-compliance with laws and regulations and fraud and the results of management's investigation of such matters;
- Review of correspondence received, if any, from regulators and consideration of the impact on our audit and the disclosures made in the Financial Statements;
- Evaluation and testing of the effectiveness of management's controls designed to prevent and detect irregularities;
- Assessment of matters reported on the Group's whistleblowing helpline and the results of management's investigation of such matters;



## Independent Auditor's UK Report continued

- Identification and testing of significant manual journal entries, in particular any journal entries which resulted in an increase to revenue from fee business or from owned, leased and managed lease hotels through unusual account combinations and any journal entries which resulted in a reduction to the System Fund result; and
- Challenging assumptions and judgements made by management in making significant accounting estimates.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the Financial Statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

### Use of this report

This report, including the opinions, has been prepared for and only for the Parent Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

### Other required reporting

#### Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- the Parent Company Financial Statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

### Appointment

Following the recommendation of the Audit Committee, we were appointed by the members at the Annual General Meeting on 7 May 2021 to audit the Financial Statements for the year ended 31 December 2021 and subsequent financial periods. The period of total uninterrupted engagement is four years, covering the years ended 31 December 2021 to 31 December 2024.

### Other matters

The company is required by the Financial Conduct Authority Disclosure Guidance and Transparency Rules to include these Financial Statements in an annual financial report prepared under the structured digital format required by DTR 4.1.15R – 4.1.18R and filed on the National Storage Mechanism of the Financial Conduct Authority. This auditors' report provides no assurance over whether the structured digital format annual financial report has been prepared in accordance with those requirements.

#### Andrew Hammond (Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Birmingham  
17 February 2025

# Independent Auditor's US Report

## Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders of InterContinental Hotels Group PLC

### Opinions on the Financial Statements and Internal Control over Financial Reporting

We have audited the accompanying Group statements of financial position of InterContinental Hotels Group PLC and its subsidiaries (the "Group") as of 31 December 2024 and 2023 and the related Group income statements and Group statements of comprehensive income, changes in equity and cash flows for each of the three years in the period ended 31 December 2024, including the accounting policies, the related notes and Schedule 1: condensed parent company financial information, as of 31 December 2024 and 2023 and for each of the three years in the period ended 31 December 2024, appearing on pages 304 to 307 (collectively referred to as the "Financial Statements"). We also have audited the Group's internal control over financial reporting as of 31 December 2024, based on criteria established in Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the Financial Statements referred to above present fairly, in all material respects, the financial position of the Group as of 31 December 2024 and 31 December 2023, and the results of its operations and its cash flows for each of the three years in the period ended 31 December 2024 in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board and UK-adopted International Accounting Standards. Also in our opinion, the Group maintained, in all material respects, effective internal control over financial reporting as of 31 December 2024, based on criteria established in Internal Control – Integrated Framework (2013) issued by the COSO.

### Basis for Opinions

The Group's management is responsible for these Financial Statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in management's report on internal control over financial reporting on page 179. Our responsibility is to express opinions on the Financial Statements and on the Group's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Group in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the Financial Statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the Financial Statements included performing procedures to assess the risks of material misstatement of the Financial Statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the Financial Statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the Financial Statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other

procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

### Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

## Independent Auditor's US Report continued

### Critical Audit Matters

The critical audit matters communicated below are matters arising from the current period audit of the Financial Statements that were communicated or required to be communicated to the audit committee and that (i) relate to accounts or disclosures that are material to the Financial Statements and (ii) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the Financial Statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

#### Breakage assumption used to estimate IHG One Rewards loyalty programme deferred revenue

As described in the Estimates section of the Accounting policies and in Note 3 to the Financial Statements, deferred revenue relating to the IHG One Rewards loyalty programme was \$1,653m as of 31 December 2024. The loyalty programme, IHG One Rewards, enables members to earn points during each qualifying stay at an IHG branded hotel and through other partnerships and programmes. Members are able to consume those points at a later date for free or reduced accommodation or other benefits. The Group recognises deferred revenue in an amount that reflects the Group's unsatisfied performance obligations, valued at the stand-alone selling price of the future benefit to the member. The amount of revenue recognised and deferred is impacted by the estimate of breakage (points that will never be consumed). On an annual basis, the Group engages an external actuary who uses statistical formulae to assist in the estimate of

breakage. If future member behaviour deviates significantly from expectations, breakage estimates could increase or decrease.

The principal considerations for our determination that performing procedures relating to the breakage assumption used to estimate IHG One Rewards loyalty programme deferred revenue is a critical audit matter are (i) the significant judgement and estimation by management when projecting members' future consumption activity; (ii) a high degree of auditor judgement, subjectivity and effort in performing procedures and evaluating management's breakage assumption; and (iii) the audit effort involved the use of professionals with specialised skill and knowledge.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the Financial Statements. These procedures included testing the effectiveness of controls relating to management's determination of the breakage assumption. These procedures also included, among others, (i) testing the completeness and accuracy of the data used by management's specialist in deriving the breakage assumption; (ii) assessing the competence and objectivity of management's specialist; (iii) involving professionals with specialized skill and knowledge to assist in evaluating the reasonableness of management's estimate by developing an independent estimate of a reasonably possible range for deferred revenue based on independently determined breakage assumptions; (iv) comparing the deferred revenue balance with our independently calculated range; and (v) assessing the appropriateness of the related disclosures including sensitivity analysis in the Financial Statements.

### Allocation of revenue and expenses to the System Fund

As described in the System Fund and other co-brand revenues section of the Accounting policies, and Note 31 to the Financial Statements, System Fund revenues and expenses were \$1,611m and \$1,694m, respectively, as of 31 December 2024. The Group operates a System Fund (the 'Fund') to collect and administer cash assessments from hotel owners for specified purposes of use including marketing, reservations, certain hotel services and the Group's loyalty programme, IHG One Rewards. The Fund is not managed to generate a surplus or deficit for IHG over the longer term, but is managed for the benefit of the IHG System with the objective of driving revenues for the hotels in the System. Services are provided by the Fund and are funded by assessment fees and costs are incurred and allocated to the Fund in accordance with the principles agreed with the IHG Owners Association and ensuring appropriate consistency of application. The Group has entered into a new agreement with its current issuing partner to continue providing co-branded IHG One Rewards credit cards in the US, impacting the recognition of fees within the System Fund. Judgement is required in estimating stand-alone selling prices of performance obligations associated with the new co-branded credit card agreement. From 1 January 2024, as agreed with the IHG Owners Association, a portion of revenue relating to the consumption of certain IHG One Rewards points sold is reported within fee business revenue, with the remaining amount reported within System Fund revenues.



The principal considerations for our determination that performing procedures relating to accounting for System Fund and reimbursable revenues and expenses is a critical audit matter are (i) significant judgement by management when developing the Group's internal policies in order to apply the principles agreed with the IHG Owners Association to expenses incurred and a high degree of auditor judgement, subjectivity, and effort in performing procedures and assessing the consistency of management's allocation of expenses to the System Fund in line with the agreed principles; (ii) significant judgement by management when estimating stand-alone selling prices associated with the new co-branded credit card agreement and a high degree of auditor judgement, subjectivity, and effort in performing procedures related to the determination of stand-alone selling prices of performance obligations associated with the new co-branded credit card agreement; (iii) significant judgement by management when estimating the IHG One Rewards deferred revenue balance incorporating the impact of the change agreed with the IHG Owners Association and a high degree of auditor judgement, subjectivity, and effort in performing procedures and evaluating management's significant assumptions incorporating the change agreed with the IHG Owners Association related to reporting of revenue associated with certain IHG One Rewards points; and (iv) the audit effort involved the use of professionals with specialised skill and knowledge.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the Financial Statements. These procedures included testing the effectiveness of controls relating to the allocation of expenses to the System Fund, the estimation of stand-alone selling prices of performance obligations associated with the new co-branded credit card agreement and the changes agreed with the IHG Owners Association during the year. These procedures also included, among others, (i) understanding and assessing the internal policies that the Group has put in place in order to consistently apply the principles agreed with the IHG Owners Association to expenses incurred; (ii) testing a sample of expenses that had been allocated to the System Fund to assess whether they were in compliance with the Group's internal policies and consistent with historical practice; (iii) testing management's process for determining the stand-alone selling prices of performance obligations associated with the new co-branded credit card agreement, involving professionals with specialised skill and knowledge to assist in evaluating the appropriateness of the methodology and the reasonableness of the assumptions used by management and testing the completeness and accuracy of the underlying data used in the model; (iv) involving professionals with specialised skill and knowledge to assist in evaluating the reasonableness of management's loyalty deferred revenue estimate by developing an independent estimate, incorporating the impact of the changes agreed

with the IHG Owners Association, of a reasonably possible range for deferred revenue based on independently determined breakage assumptions and comparing management's deferred revenue balance with our independently calculated range; and (v) evaluating the reasonableness of a sample of journal entries transferring expenses to or revenues from the System Fund.

**/s/PricewaterhouseCoopers LLP**  
Birmingham, United Kingdom  
17 February 2025

We have served as the Group's auditor since 2021.

# Group income statement

For the year ended 31 December 2024	Note	2024 \$m	2023 \$m	2022 \$m
Revenue from fee business	3	1,774	1,672	1,434
Revenue from owned, leased and managed lease hotels	3	515	471	394
Revenue from insurance activities	3, 20	23	21	15
System Fund and reimbursable revenues	31	2,611	2,460	2,049
<b>Total revenue</b>	2	<b>4,923</b>	<b>4,624</b>	<b>3,892</b>
Cost of sales		(745)	(742)	(648)
System Fund and reimbursable expenses	31	(2,694)	(2,441)	(2,154)
Administrative expenses		(359)	(338)	(353)
Insurance expenses	20	(29)	(23)	(11)
Share of profits/(losses) of associates and joint ventures		10	31	(59)
Other operating income		10	21	29
Depreciation and amortisation	2	(65)	(67)	(68)
Impairment (loss)/reversal on financial assets		(10)	1	(5)
Other net impairment reversals/(charges)		-	-	5
<b>Operating profit</b>	2	<b>1,041</b>	<b>1,066</b>	<b>628</b>
Operating profit analysed as:				
Operating profit before System Fund, reimbursables and exceptional items		1,124	1,019	828
System Fund and reimbursable result		(83)	19	(105)
Operating exceptional items	6	-	28	(95)
		<b>1,041</b>	<b>1,066</b>	<b>628</b>
Financial income	7	63	39	22
Financial expenses	7	(203)	(91)	(118)
Fair value (losses)/gains on contingent purchase consideration	24	(4)	(4)	8
<b>Profit before tax</b>		<b>897</b>	<b>1,010</b>	<b>540</b>
Tax	8	(269)	(260)	(164)
<b>Profit for the year</b>		<b>628</b>	<b>750</b>	<b>376</b>
Attributable to:				
Equity holders of the parent		628	750	375
Non-controlling interest		-	-	1
		<b>628</b>	<b>750</b>	<b>376</b>
<b>Earnings per ordinary share</b>	10			
Basic		<b>389.6¢</b>	443.8¢	207.2¢
Diluted		<b>385.3¢</b>	441.2¢	206.0¢

**+** Accounting policies and notes on pages 197 to 256 form an integral part of these Group Financial Statements.

# Group statement of comprehensive income

For the year ended 31 December 2024

	2024 \$m	2023 \$m	2022 \$m
<b>Profit for the year</b>	<b>628</b>	<b>750</b>	<b>376</b>
<b>Other comprehensive income/(loss)</b>			
Items that may be subsequently reclassified to profit or loss:			
(Losses)/gains on cash flow hedges, including related tax charge of \$11m (2023: \$nil, 2022: \$2m credit)	(124)	(30)	35
(Losses)/gains on net investment hedges	(7)	15	(6)
Costs of hedging	(11)	-	3
Hedging losses/(gains) reclassified to financial expenses	165	28	(43)
Exchange gains/(losses) on retranslation of foreign operations, including related tax charge of \$2m (2023: \$4m charge, 2022: \$5m credit)	4	(137)	187
	27	(124)	176
Items that will not be reclassified to profit or loss:			
Gains/(losses) on equity instruments classified as fair value through other comprehensive income, including related tax of \$nil (2023: \$1m charge, 2022: \$2m credit)	2	(3)	1
Re-measurement gains/(losses) on defined benefit plans, including related tax of \$nil (2023: \$nil, 2022: \$6m charge)	4	(2)	15
	6	(5)	16
<b>Total other comprehensive income/(loss) for the year</b>	<b>33</b>	<b>(129)</b>	<b>192</b>
<b>Total comprehensive income for the year</b>	<b>661</b>	<b>621</b>	<b>568</b>
Attributable to:			
Equity holders of the parent	661	621	568
Non-controlling interest	-	-	-
	661	621	568

**+** Accounting policies and notes on pages 197 to 256 form an integral part of these Group Financial Statements.



# Group statement of changes in equity

	Equity share capital \$m	Capital redemption reserve \$m	Shares held by employee share trusts \$m	Other reserves \$m	Fair value reserve \$m	Cash flow hedge reserves \$m	Currency translation reserve \$m	Retained earnings \$m	IHG share-holders' equity \$m	Non-controlling interest \$m	Total equity \$m
<b>At 1 January 2024</b>	141	14	(35)	(2,863)	23	(2)	376	396	(1,950)	4	(1,946)
<b>Profit for the year</b>	-	-	-	-	-	-	-	628	628	-	628
<b>Other comprehensive income</b>											
Items that may be subsequently reclassified to profit or loss:											
Losses on cash flow hedges	-	-	-	-	-	(124)	-	-	(124)	-	(124)
Losses on net investment hedges	-	-	-	-	-	-	(7)	-	(7)	-	(7)
Costs of hedging	-	-	-	-	-	(11)	-	-	(11)	-	(11)
Hedging losses reclassified to financial expenses	-	-	-	-	-	165	-	-	165	-	165
Exchange gains on retranslation of foreign operations	-	-	-	-	-	-	4	-	4	-	4
	-	-	-	-	-	30	(3)	-	27	-	27
Items that will not be reclassified to profit or loss:											
Gains on equity instruments classified as fair value through other comprehensive income	-	-	-	-	2	-	-	-	2	-	2
Re-measurement gains on defined benefit plans	-	-	-	-	-	-	-	4	4	-	4
	-	-	-	-	2	-	-	4	6	-	6
<b>Total other comprehensive income for the year</b>	-	-	-	-	2	30	(3)	4	33	-	33
<b>Total comprehensive income for the year</b>	-	-	-	-	2	30	(3)	632	661	-	661
Repurchase of shares, including taxes and transaction costs	(2)	2	-	-	-	-	-	(812)	(812)	-	(812)
Purchase of own shares by employee share trusts	-	-	(27)	-	-	-	-	-	(27)	-	(27)
Transfer of treasury shares to employee share trusts	-	-	(33)	-	-	-	-	33	-	-	-
Release of own shares by employee share trusts	-	-	31	-	-	-	-	(31)	-	-	-
Equity-settled share-based cost (note 27)	-	-	-	-	-	-	-	60	60	-	60
Tax related to share schemes	-	-	-	-	-	-	-	15	15	-	15
Equity dividends paid (note 9)	-	-	-	-	-	-	-	(259)	(259)	-	(259)
Exchange adjustments	(2)	-	1	1	-	-	-	-	-	-	-
<b>At 31 December 2024</b>	137	16	(63)	(2,862)	25	28	373	34	(2,312)	4	(2,308)

All items within total comprehensive income are shown net of tax.

**+** Accounting policies and notes on pages 197 to 256 form an integral part of these Group Financial Statements.

	Equity share capital \$m	Capital redemption reserve \$m	Shares held by employee share trusts \$m	Other reserves \$m	Fair value reserve \$m	Cash flow hedge reserves \$m	Currency translation reserve \$m	Retained earnings \$m	IHG share- holders' equity \$m	Non- controlling interest \$m	Total equity \$m
<b>At 1 January 2023</b>	137	10	(37)	(2,856)	26	–	498	607	(1,615)	7	(1,608)
<b>Profit for the year</b>	–	–	–	–	–	–	–	750	750	–	750
<b>Other comprehensive loss</b>											
Items that may be subsequently reclassified to profit or loss:											
Losses on cash flow hedges	–	–	–	–	–	(30)	–	–	(30)	–	(30)
Gains on net investment hedges	–	–	–	–	–	–	15	–	15	–	15
Hedging losses reclassified to financial expenses	–	–	–	–	–	28	–	–	28	–	28
Exchange losses on retranslation of foreign operations	–	–	–	–	–	–	(137)	–	(137)	–	(137)
	–	–	–	–	–	(2)	(122)	–	(124)	–	(124)
Items that will not be reclassified to profit or loss:											
Losses on equity instruments classified as fair value through other comprehensive income	–	–	–	–	(3)	–	–	–	(3)	–	(3)
Re-measurement losses on defined benefit plans	–	–	–	–	–	–	–	(2)	(2)	–	(2)
	–	–	–	–	(3)	–	–	(2)	(5)	–	(5)
<b>Total other comprehensive loss for the year</b>	–	–	–	–	(3)	(2)	(122)	(2)	(129)	–	(129)
<b>Total comprehensive income for the year</b>	–	–	–	–	(3)	(2)	(122)	748	621	–	621
Repurchase of shares, including taxes and transaction costs	(3)	3	–	–	–	–	–	(765)	(765)	–	(765)
Purchase of own shares by employee share trusts	–	–	(8)	–	–	–	–	–	(8)	–	(8)
Transfer of treasury shares to employee share trusts	–	–	(21)	–	–	–	–	21	–	–	–
Release of own shares by employee share trusts	–	–	32	–	–	–	–	(32)	–	–	–
Equity-settled share-based cost (note 27)	–	–	–	–	–	–	–	51	51	–	51
Tax related to share schemes	–	–	–	–	–	–	–	11	11	–	11
Equity dividends paid (note 9)	–	–	–	–	–	–	–	(245)	(245)	(3)	(248)
Exchange adjustments	7	1	(1)	(7)	–	–	–	–	–	–	–
<b>At 31 December 2023</b>	141	14	(35)	(2,863)	23	(2)	376	396	(1,950)	4	(1,946)

All items within total comprehensive income are shown net of tax.

**+** Accounting policies and notes on pages 197 to 256 form an integral part of these Group Financial Statements.

## Group statement of changes in equity continued

	Equity share capital \$m	Capital redemption reserve \$m	Shares held by employee share trusts \$m	Other reserves \$m	Fair value reserve \$m	Cash flow hedge reserves \$m	Currency translation reserve \$m	Retained earnings \$m	IHG share-holders' equity \$m	Non-controlling interest \$m	Total equity \$m
<b>At 1 January 2022</b>	154	10	(22)	(2,873)	25	5	316	904	(1,481)	7	(1,474)
<b>Profit for the year</b>	-	-	-	-	-	-	-	375	375	1	376
<b>Other comprehensive income</b>											
Items that may be subsequently reclassified to profit or loss:											
Gains on cash flow hedges	-	-	-	-	-	35	-	-	35	-	35
Losses on net investment hedges	-	-	-	-	-	-	(6)	-	(6)	-	(6)
Costs of hedging	-	-	-	-	-	3	-	-	3	-	3
Hedging gains reclassified to financial expenses	-	-	-	-	-	(43)	-	-	(43)	-	(43)
Exchange gains on retranslation of foreign operations	-	-	-	-	-	-	188	-	188	(1)	187
	-	-	-	-	-	(5)	182	-	177	(1)	176
Items that will not be reclassified to profit or loss:											
Gains on equity instruments classified as fair value through other comprehensive income	-	-	-	-	1	-	-	-	1	-	1
Re-measurement gains on defined benefit plans	-	-	-	-	-	-	-	15	15	-	15
	-	-	-	-	1	-	-	15	16	-	16
<b>Total other comprehensive income for the year</b>	-	-	-	-	1	(5)	182	15	193	(1)	192
<b>Total comprehensive income for the year</b>	-	-	-	-	1	(5)	182	390	568	-	568
Repurchase of shares, including taxes and transaction costs	(1)	1	-	-	-	-	-	(513)	(513)	-	(513)
Purchase of own shares by employee share trusts	-	-	(1)	-	-	-	-	-	(1)	-	(1)
Transfer of treasury shares to employee share trusts	-	-	(26)	-	-	-	-	26	-	-	-
Release of own shares by employee share trusts	-	-	12	-	-	-	-	(12)	-	-	-
Equity-settled share-based cost (note 27)	-	-	-	-	-	-	-	44	44	-	44
Tax related to share schemes	-	-	-	-	-	-	-	1	1	-	1
Equity dividends paid (note 9)	-	-	-	-	-	-	-	(233)	(233)	-	(233)
Exchange adjustments	(16)	(1)	-	17	-	-	-	-	-	-	-
<b>At 31 December 2022</b>	137	10	(37)	(2,856)	26	-	498	607	(1,615)	7	(1,608)

All items within total comprehensive income are shown net of tax.

**+** Accounting policies and notes on pages 197 to 256 form an integral part of these Group Financial Statements.



# Group statement of financial position

31 December 2024	Note	2024 \$m	2023 \$m
<b>ASSETS</b>			
Goodwill and other intangible assets	11	1,042	1,099
Property, plant and equipment	12	146	153
Right-of-use assets	13	276	273
Investment in associates and joint ventures	14	51	48
Retirement benefit assets	26	3	3
Other financial assets	15	212	185
Derivative financial instruments	23	4	20
Deferred compensation plan investments		286	250
Non-current other receivables	16	35	13
Deferred tax assets	8	122	134
Contract costs	3	90	82
Contract assets	3	612	424
<b>Total non-current assets</b>		<b>2,879</b>	<b>2,684</b>
Inventories		4	5
Trade and other receivables	16	785	740
Current tax receivable		22	15
Other financial assets	15	7	7
Cash and cash equivalents	17	1,008	1,322
Contract costs	3	5	5
Contract assets	3	38	35
<b>Total current assets</b>		<b>1,869</b>	<b>2,129</b>
<b>Total assets</b>		<b>4,748</b>	<b>4,813</b>
<b>LIABILITIES</b>			
Loans and other borrowings	21	(398)	(599)
Lease liabilities	13	(26)	(30)
Derivative financial instruments	23	-	(25)
Trade and other payables	18	(650)	(711)
Deferred revenue	3	(766)	(752)
Provisions	19	(22)	(10)
Insurance liabilities	20	(14)	(12)
Current tax payable		(52)	(51)
<b>Total current liabilities</b>		<b>(1,928)</b>	<b>(2,190)</b>
Loans and other borrowings	21	(2,876)	(2,567)
Lease liabilities	13	(388)	(396)
Derivative financial instruments	23	(78)	-
Retirement benefit obligations	26	(68)	(66)
Deferred compensation plan liabilities		(286)	(250)
Trade and other payables	18	(78)	(75)
Deferred revenue	3	(1,294)	(1,096)
Provisions	19	(17)	(26)
Insurance liabilities	20	(25)	(25)
Deferred tax liabilities	8	(18)	(68)
<b>Total non-current liabilities</b>		<b>(5,128)</b>	<b>(4,569)</b>
<b>Total liabilities</b>		<b>(7,056)</b>	<b>(6,759)</b>
<b>Net liabilities</b>		<b>(2,308)</b>	<b>(1,946)</b>
<b>EQUITY</b>			
IHG shareholders' equity		(2,312)	(1,950)
Non-controlling interest		4	4
<b>Total equity</b>		<b>(2,308)</b>	<b>(1,946)</b>

The Group Financial Statements were approved by the Board on 17 February 2025 and were signed on its behalf by Michael Glover,

**Michael Glover**  
17 February 2025

**+** Accounting policies and notes on pages 197 to 256 form an integral part of these Group Financial Statements.

# Group statement of cash flows

For the year ended 31 December 2024	Note	2024 \$m	2023 \$m	2022 \$m
<b>Profit for the year</b>		<b>628</b>	750	376
Adjustments reconciling profit for the year to cash flow from operations	25	<b>521</b>	469	585
<b>Cash flow from operations</b>		<b>1,149</b>	1,219	961
Interest paid		<b>(170)</b>	(119)	(126)
Interest received		<b>57</b>	36	22
Deferred purchase consideration paid	24	<b>(3)</b>	–	–
Tax paid	8	<b>(309)</b>	(243)	(211)
<b>Net cash from operating activities</b>		<b>724</b>	893	646
<b>Cash flow from investing activities</b>				
Purchase of property, plant and equipment		<b>(29)</b>	(28)	(54)
Purchase of intangible assets		<b>(49)</b>	(54)	(45)
Investment in associates and joint ventures		<b>(6)</b>	(3)	(1)
Investment in other financial assets		<b>(32)</b>	(60)	–
Deferred purchase consideration paid	24	<b>(10)</b>	–	–
Disposal of property, plant and equipment		<b>9</b>	–	3
Repayments of other financial assets		<b>11</b>	8	13
Finance lease receipts		<b>4</b>	–	–
Other investing cash flows		<b>3</b>	–	6
<b>Net cash from investing activities</b>		<b>(99)</b>	(137)	(78)
<b>Cash flow from financing activities</b>				
Repurchase of shares, including taxes and transaction costs	28	<b>(804)</b>	(790)	(482)
Purchase of own shares by employee share trusts		<b>(27)</b>	(8)	(1)
Dividends paid to shareholders	9	<b>(259)</b>	(245)	(233)
Dividend paid to non-controlling interest		<b>–</b>	(3)	–
Issue of long-term bonds, including effect of currency swaps	22	<b>834</b>	657	–
Repayment of long-term bonds	22	<b>(547)</b>	–	(209)
Settlement of currency swaps	22	<b>(45)</b>	–	–
Principal element of lease payments	22	<b>(46)</b>	(28)	(36)
<b>Net cash from financing activities</b>		<b>(894)</b>	(417)	(961)
<b>Net movement in cash and cash equivalents in the year</b>		<b>(269)</b>	339	(393)
Cash and cash equivalents at beginning of the year	17	<b>1,278</b>	921	1,391
Exchange rate effects		<b>(18)</b>	18	(77)
<b>Cash and cash equivalents at end of the year</b>	17	<b>991</b>	1,278	921

 Accounting policies and notes on pages 197 to 256 form an integral part of these Group Financial Statements.

# Accounting policies

## General information

The Consolidated Financial Statements of InterContinental Hotels Group PLC (the 'Group' or 'IHG') for the year ended 31 December 2024 were authorised for issue in accordance with a resolution of the Directors on 17 February 2025. InterContinental Hotels Group PLC (the 'Company') is incorporated and registered in England and Wales.

## Basis of preparation

The Consolidated Financial Statements of IHG have been prepared on a going concern basis (see below) and under the historical cost convention, except for assets and liabilities measured at fair value under relevant accounting standards. The Consolidated Financial Statements have been prepared in accordance with UK-adopted international accounting standards and with applicable law and regulations, including the Companies Act 2006, and with International Financial Reporting Standards ('IFRSs') as issued by the International Accounting Standards Board ('IASB'). UK-adopted international accounting standards differ in certain respects from IFRSs as issued by the IASB. However, the differences have no impact on the Consolidated Financial Statements for the years presented.

## Going concern

The period to 30 June 2026 has been used to complete the going concern assessment.

In adopting the going concern basis for preparing the Group financial statements, the Directors have considered a 'Base Case' scenario, as prepared by management, which assumes Global RevPAR in 2025 and 2026 continues to grow in line with market expectations in each of our regions. The assumptions applied in the Base Case scenario are consistent with those used for Group planning purposes, for impairment testing (impairment tests adjusted for factors specific to individual properties or portfolios) and for assessing recoverability of deferred tax assets.

The Directors have also reviewed a 'Severe Downside Case' which is based on a severe but plausible scenario equivalent to the market conditions experienced through the 2008/2009 global financial crisis. This assumes that trading performance during 2025 starts to worsen and then RevPAR decreases significantly by 17% in 2026.

A large number of the Group's principal risks would result in an impact on RevPAR, which is one of the sensitivities assessed against the headroom available in the Base Case and Severe Downside Case scenarios. Climate risks are not considered to have a significant impact over the period of assessment. Other principal risks that could result in a large one-off incident that has a material impact on cash flow have also been considered, for example a cybersecurity event.

The final one-year extension to the Group's revolving credit facility of \$1,350m was exercised in April 2024 and the facility now matures in 2029. The Group's key covenant requires net debt:EBITDA below 4.0x. See note 23 for additional information. In September 2024 the Group issued a €750m bond. The only debt maturity in the period under consideration is the £300m bond in August 2025. The Base Case assumes new funding is completed in 2025 and 2026 for refinancing purposes, however no additional funding is modelled in the Severe Downside Case.

Under the Base Case and Severe Downside Case, bank covenants are not breached and there is significant headroom to the covenants to absorb multiple additional risks and uncertainties. The Directors also reviewed a number of actions that could be taken, if required, to reduce discretionary spend, creating substantial additional headroom to the covenants.

The Directors reviewed a reverse stress test scenario to determine what decrease in RevPAR would create a breach of the covenants. The Directors concluded that it was very unlikely that a single risk or combination of the risks considered could create the sustained RevPAR impact required, except for a significant global event.

Having reviewed these scenarios, the Directors have a reasonable expectation that the Group has sufficient resources to continue operating until at least 30 June 2026. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

## Presentational currency

The Consolidated Financial Statements are presented in millions of US dollars reflecting the profile of the Group's revenue and operating profit which are primarily generated in US dollars or US dollar-linked currencies.

In the Consolidated Financial Statements, equity share capital, the capital redemption reserve and shares held by employee share trusts are translated into US dollars at the relevant rate of exchange on the last day of the period; the resultant exchange differences are recorded in other reserves.

The functional currency of the Company is sterling since this is a non-trading holding company located in the United Kingdom that has sterling denominated share capital and whose primary activity is the payment and receipt of sterling dividends and of interest on sterling denominated external borrowings and intercompany balances.

## Critical accounting policies and the use of judgements, estimates and assumptions

In determining and applying the Group's accounting policies, management are required to make judgements, estimates and assumptions. An accounting policy is considered to be critical if its selection or application could materially affect the reported amounts of assets and liabilities at the date of the Consolidated Financial Statements, or the reported amounts of revenues and expenses during the reporting period, or could do so within the next financial year.



## Accounting policies continued

### Judgements

#### System Fund

The Group operates a System Fund (the 'Fund') to collect and administer cash assessments from hotel owners for specified purposes of use including marketing, reservations, certain hotel services and the Group's loyalty programme, IHG One Rewards. Assessments are generally levied as a percentage of hotel revenues but may also be volume-based or fixed monthly fees.

The Fund is not managed to generate a surplus or deficit for IHG over the longer term, but is managed for the benefit of the IHG System with the objective of driving revenues for the hotels in the System.

In relation to marketing and reservation services, the Group's performance obligation under IFRS 15 'Revenue from Contracts with Customers' is determined to be the continuous performance of the services rather than the spending of the assessments received. Accordingly, assessment fees are recognised as hotel revenues occur, Fund expenses are charged to the Group income statement as incurred and no constructive obligation is deemed to exist under IAS 37 'Provisions, Contingent Liabilities and Contingent Assets'. Accordingly, no liability is recognised relating to the balance of unspent funds.

No other critical judgements have been made in applying the Group's accounting policies.

### Estimates

Management consider that significant estimates and assumptions are used as described below. Estimates and assumptions are evaluated by management using historical experience and other factors believed to be reasonable based on current circumstances.

#### Loyalty programme

The loyalty programme, IHG One Rewards, enables members to earn points during each qualifying stay at an IHG branded hotel and through other partnerships and programmes. Members are able to consume those points at a later date for free or reduced accommodation or other benefits. Points revenue includes hotel assessments, revenue from third-party partners and proceeds from points purchased directly by members.

The Group recognises deferred revenue in an amount that reflects IHG's unsatisfied performance obligations, valued at the stand-alone selling price of the future benefit to the member. The amount of revenue recognised and deferred is impacted by 'breakage' (points that will never be consumed). On an annual basis the Group engages an external actuary who uses statistical formulae to assist in the estimate of breakage.

Significant estimation uncertainty exists in projecting members' future consumption activity. If future member behaviour deviates significantly from expectations, breakage estimates could increase or decrease.

At 31 December 2024, deferred revenue relating to the loyalty programme was \$1,653m (2023: \$1,529m, 2022: \$1,411m). Based on the conditions existing at the balance sheet date, a one percentage point decrease/increase in the breakage estimate relating to earned points would increase/reduce the deferred revenue liability by \$86m and would correspondingly impact the value of System Fund and reimbursable revenues recognised.

### Material accounting policies

#### Basis of consolidation

The Consolidated Financial Statements comprise the financial statements of the Parent Company and entities controlled by the Group. Control exists when the Group has:

- power over an investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee);
- exposure, or rights, to variable returns from its involvement with the investee; and
- the ability to use its power over the investee to affect its returns.

All intra-group balances and transactions are eliminated on consolidation.

The assets, liabilities and results of those businesses acquired or disposed of are consolidated for the period during which they were under the Group's control.

### Foreign currencies

Within the Group's subsidiaries, transactions in foreign currencies are translated to the subsidiary's functional currency at the exchange rates ruling on the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are retranslated to the subsidiary's functional currency at the relevant rates of exchange ruling on the last day of the period. On consolidation:

- The assets and liabilities of foreign operations of the Group's subsidiaries with a functional currency other than US dollars are translated into US dollars at the relevant rates of exchange ruling on the last day of the period. The revenues and expenses of foreign operations are translated into US dollars at average rates of exchange for each month of the reporting period. The Group treats specific intercompany loan balances, which are not intended to be repaid in the foreseeable future, as part of its net investment. The exchange differences arising on retranslation are taken to the currency translation reserve; and
- Exchange differences arising from the translation of instruments that are designated as a hedge against a net investment in a foreign operation are taken to the currency translation reserve.

On disposal of a foreign operation, the cumulative amount recognised in the currency translation reserve relating to that particular foreign operation is recycled as part of the gain or loss on disposal.

### Revenue recognition

Revenue is recognised at an amount that reflects the consideration to which the Group expects to be entitled in exchange for transferring goods or services to a customer.

#### Fee business revenue

Under franchise agreements, the Group's performance obligation is to provide a licence to use IHG's trademarks and other intellectual property. Franchise royalty fees are typically charged as a percentage of hotel gross rooms revenues and are treated as variable consideration, recognised as the underlying hotel revenues occur.

Under management agreements, the Group's performance obligation is to provide hotel management services and a licence to use IHG's trademarks and other intellectual property. Base and incentive management fees are typically charged. Base management fees are

typically a percentage of total hotel revenues and incentive management fees are generally based on the hotel's profitability or cash flows. Both are treated as variable consideration. Like franchise fees, base management fees are recognised as the underlying hotel revenues occur. Incentive management fees are recognised over time when it is considered highly probable that the related performance criteria for each annual period will be met, provided there is no expectation of a subsequent reversal of the revenue.

Application and re-licensing fees are not considered to be distinct from the franchise performance obligation and are recognised over the life of the related agreement.

Under franchise and management agreements, the Group agrees to maintain and develop certain aspects of the technology ecosystem benefitting hotels, in exchange for a monthly technology fee based on either gross rooms revenues or the number of rooms in the hotel. The technology fee is charged and recognised over time as these services are delivered. Technology fee income is included in Central revenue.

Technical service fees are received in relation to design and engineering support provided prior to the opening of certain hotel properties. These services are a distinct performance obligation and the fees are recognised as revenue over the pre-opening period in line with the Group's assessment of the stage of completion of the project, based on the latest expectation of hotel opening date and its knowledge and experience of the pattern of work performed on comparable projects.

The Group has applied the practical expedient in IFRS 15 not to disclose the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied or partially unsatisfied as at the end of the reporting period for all amounts where the Group has a right to consideration in an amount that corresponds directly with the value to the customer of the Group's performance completed to date (including franchise and management fees).

### Contract assets

Amounts paid to hotel owners to secure management and franchise agreements ('key money') are treated as consideration payable to a customer. A contract asset is recorded which is recognised as a deduction to revenue over the initial term of the agreement.

In limited cases, loans can be provided to an owner, in such cases the initial credit risk will be low. The difference, if any, between the face and market value of the loan on inception is recognised as a contract asset.

In limited cases, the Group may provide performance guarantees to hotel owners. The expected value of payments under performance guarantees reduces the overall transaction price and is recognised as a deduction to revenue over the term of the agreement.

Typically, contract assets are not financial assets as they represent amounts paid by the Group at the beginning of a contract, and so are tested for impairment based on value in use rather than with reference to expected credit losses. Contract assets are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. If carrying values exceed the recoverable amount, determined by reference to estimated future cash flows discounted to their present value using a pre-tax discount rate, the contract assets are written down to the recoverable amount.

### Deferred revenue

Deferred revenue is recognised when payment is received before the related performance obligation is satisfied.

Revenue is also deferred when key money is committed and is highly likely to be paid. The annual revenue deferral is equal to the reduction to revenue that would arise if the key money were paid at inception of the contract. When payment is made, a net contract asset is recorded which is amortised over the remaining initial term of the agreement.

### Contract costs

Certain costs incurred to secure management and franchise agreements, typically developer commissions, are capitalised and amortised as an expense over the initial term of the related agreement. These costs are presented as contract costs in the Group statement of financial position.

Contract costs are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable with reference to the future expected cash flows from the contract.

### Revenue from owned, leased and managed lease hotels

At its owned, leased and managed lease hotels, the Group's performance obligation is to provide accommodation and other goods and services to guests. Revenue includes rooms revenue and food and beverage sales, which are recognised when the rooms are occupied and food and beverages are sold. Guest deposits received in advance of hotel stays are recorded as deferred revenue in the Group statement of financial position. They are recognised as revenue along with any balancing payment from the guest when the associated stay occurs.

### System Fund and reimbursable revenues

#### System Fund and other co-brand revenues

The Group operates the Fund to collect and administer cash assessments from hotel owners for specified purposes of use including marketing, reservations, certain hotel services and IHG One Rewards. The Fund also benefits from certain proceeds from the sale of loyalty points under third-party co-branding arrangements and the sale of points directly to members and other third parties. The Fund is not managed to generate a surplus or deficit for IHG over the longer term, but is managed for the benefit of the IHG System with the objective of driving revenues for the hotels in the System.

The growth in the IHG One Rewards programme means that, although assessments are received from hotels up front when a member earns points, more revenue is deferred each year than is recognised in the Fund. This can lead to accounting losses in the Fund each year as the deferred revenue balance grows.

Under both franchise and management agreements, the Group is required to provide marketing and reservations services, as well as other centrally managed programmes. These services are provided by the Fund and are funded by assessment fees. Costs are incurred and allocated to the Fund in accordance with the principles agreed with the IHG Owners Association and

## Accounting policies continued

ensuring appropriate consistency of application. The Group acts as principal in the provision of most services as the related expenses primarily comprise payroll and marketing expenses under contracts entered into by the Group. Assessment fees from hotel owners are generally levied as a percentage of hotel revenues, but may also be volume-based or fixed monthly fees, and are recognised at the point the Group is entitled to raise the invoice.

Certain travel agency commission and other revenues within the Fund are recognised on a net basis, where it has been determined that IHG is acting as agent.

In respect of IHG One Rewards, the performance obligations are to arrange for the provision of future benefits to members on consumption of previously earned reward points and Milestone Rewards. Points are exchanged for reward nights at an IHG hotel or other goods or services provided by third parties. Milestone Rewards comprise points or other benefits such as upgrades and food and beverage vouchers.

Under its franchise and management agreements, IHG receives assessment fees based on total qualifying hotel revenue from IHG One Rewards members' hotel stays.

The Group's performance obligation is not satisfied in full until the member has consumed the relevant benefits. Accordingly, loyalty assessments are allocated between points and Milestone Rewards and deferred in an amount that reflects the stand-alone selling price of the future benefit to the member.

From 1 January 2024, as agreed with the IHG Owners Association, a portion of revenue relating to the consumption of certain points sold is reported within fee business revenue, with the remaining amount reported within System Fund and reimbursable revenues. Revenue relating to points earned at hotels continues to be reported within System Fund and reimbursable revenues.

Revenue is impacted by a 'breakage' estimate of the benefits that will never be consumed. On an annual basis, the Group engages an external actuary who uses statistical formulae to assist in formulating this estimate, which is adjusted to reflect actual experience up to the reporting date.

As materially all of the awards will be either consumed at IHG managed or franchised hotels owned by third parties, or exchanged for awards provided by third parties, IHG is deemed to be acting as agent on consumption and therefore recognises the related revenue net of the cost of reimbursing the hotel or third party that is providing the benefit.

Performance obligations under the Group's co-brand credit card agreements comprise:

- a) Arranging for the provision of future benefits to members who have earned points or free night certificates;
- b) Providing the co-brand partners with access to our loyalty programme and customer base, and rights to use our brands; and
- c) Marketing services.

Revenue from a) is reported within System Fund and reimbursable revenues and revenue from b) is reported within fee business revenue. Revenue from c) is recognised in either fee business revenue or System Fund and reimbursable revenues depending on the nature of marketing services performed.

Fees from these agreements comprise fixed amounts normally payable at the beginning of the contract, and variable amounts paid on a monthly basis. Variable amounts are typically based on the number of points and free night certificates issued to members and the marketing services performed by the Group. Total fees are allocated to the performance obligations based on their estimated stand-alone selling prices. Revenue allocated to marketing and licensing obligations is recognised on a monthly basis as the obligations are satisfied. Revenue relating to points and free night certificates is recognised when the member has consumed the points or certificates at a participating hotel or has selected a reward from a third party, net of the cost of reimbursing the hotel or third party that is providing the benefit.

Judgement is required in estimating the stand-alone selling prices which are based upon generally accepted valuation methodologies regarding the value of the licence provided and the number of points and certificates expected to be issued. However, the value of revenue recognised and the deferred revenue balance at the end of the year is not materially sensitive to changes in these assumptions.

### Reimbursable revenues

In a managed property, the Group typically acts as employer of the general manager and, in some cases, other employees at the hotel and is entitled to reimbursement of these costs. The performance obligation is satisfied over time as the employees perform their duties, consistent with when reimbursement is received. Reimbursements for these services are shown as revenue with an equal matching employee cost, with no profit impact. Certain other costs relating to both managed and franchised hotels are also contractually reimbursable to IHG and, where IHG is deemed to be acting as principal in the provision of the related services, the revenue and cost are shown on a gross basis.

### Segmental information

The Group has four reportable segments reflecting its geographical regions (Americas, EMEAA, Greater China) and its Central functions.

Central functions include technology, sales and marketing, finance, human resources, corporate services and insurance results. Central revenue arises principally from technology fee income and ancillary revenues including co-brand licensing fees and, from 2024, a portion of revenue from the consumption of certain IHG One Rewards points.

No operating segments are aggregated to form these reportable segments.

Management monitors the operating results of these reportable segments for the purpose of making decisions about resource allocation and performance assessment. Each of the geographical regions is led by its own Chief Executive Officer who reports to the Group Chief Executive Officer.

The System Fund is not managed to generate a profit or loss for IHG over the longer term and cost reimbursements do not impact in-year profit or loss. System Fund and reimbursable revenues and results are therefore not regularly reviewed by the Chief Operating Decision Maker ('CODM') and do not constitute an operating segment under IFRS 8 'Operating Segments'.

Segmental performance is evaluated based on operating profit or loss and is measured consistently with operating profit or loss in the Group Financial Statements, excluding System Fund, reimbursables and exceptional items. Group financing activities, fair value gains or losses on contingent purchase consideration and income taxes are managed on a Group basis and are not allocated to reportable segments.

### Financial income and expenses

Financial income and expenses include income and charges on the Group's financial assets and liabilities and related hedging instruments, and foreign exchange gains and losses primarily related to the Group's internal funding structure.

Finance charges relating to bank and other borrowings, including transaction costs and any discount or premium on issue, are recognised in the Group income statement using the effective interest rate method.

In the Group statement of cash flows, interest paid and received is presented within cash from operating activities, including any fees and discounts on issuance or settlement of borrowings.

### Exceptional items

The Group discloses certain financial information both including and excluding exceptional items. The presentation of information excluding exceptional items allows a better understanding of the underlying trading performance and trends of the Group and its reportable segments. It also provides consistency with the Group's internal management reporting.

In determining whether an event or transaction is exceptional, quantitative and qualitative factors are considered. Exceptional items are identified by virtue of their size, nature or incidence, with consideration given to consistency of treatment with prior years and between gains and losses.

The tax effect of exceptional items is also presented as exceptional.

Examples of exceptional items include, but are not restricted to, gains and losses on the disposal of assets, impairment charges and reversals, the costs of individually significant legal cases or commercial disputes and reorganisation costs. All exceptional items are subject to review by the Audit Committee.

### Earnings per share

Basic earnings per ordinary share is calculated by dividing the profit for the year available for IHG equity holders by the weighted average number of ordinary shares, excluding investment in own shares, in issue during the year.

Diluted earnings per ordinary share is calculated by adjusting basic earnings per ordinary share to reflect the notional exercise of the weighted average number of dilutive ordinary share awards outstanding during the year. Where the effect of the notional exercise of outstanding ordinary share awards is anti-dilutive, these are excluded from the diluted earnings per share calculation.

### Business combinations and goodwill

On the acquisition of a business, identifiable assets acquired and liabilities assumed are measured at their fair value. Contingent liabilities assumed are measured at fair value unless this cannot be measured reliably, in which case they are not recognised but are disclosed in the same manner as other contingent liabilities.

The measurement of deferred tax assets and liabilities arising on acquisition is as described in the general principles detailed within the 'Taxes' accounting policy note on page 205 with the exception that no deferred tax is provided on taxable temporary differences in connection with the initial recognition of goodwill.

The cost of an acquisition is measured as the aggregate of the fair value of the consideration transferred. Contingent purchase consideration is measured at fair value on the date of acquisition and is re-measured at fair value at each reporting date with changes in fair value recognised on the face of the Group income statement below operating profit.

Deferred purchase consideration is subsequently measured at amortised cost and the effect of unwinding the discount is recorded in financial expenses.

Payments of contingent and deferred purchase consideration reduce the respective liabilities. In respect of contingent purchase consideration, the portion of each payment relating to its original estimate of fair value on acquisition is reported within cash flow from investing activities in the Group statement of cash flows and the portion of each payment relating to the increase or decrease in the liability since the acquisition date is reported within cash flow from operating activities. In respect of deferred purchase consideration, the cash paid in excess of the initial fair value is reported within interest paid, and the remainder is reported within cash flows from investing activities.

Goodwill is recorded at cost, being the difference between the fair value of the consideration and the fair value of net assets acquired. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses and is not amortised.

Transaction costs are expensed and are not included in the cost of acquisition.

### Intangible assets

#### Brands

Externally acquired brands are initially recorded at cost if separately acquired or fair value if acquired as part of a business combination, provided the brands are controlled through contractual or other legal rights, or are separable from the rest of the business. Brands are tested for impairment at least annually if determined to have indefinite lives.

The costs of developing internally generated brands are expensed as incurred.



## Accounting policies continued

### Management agreements

Management agreements acquired as part of a business combination are initially recognised at the fair value attributed to those contracts on acquisition and are subsequently amortised on a straight-line basis over the term of the agreements, including any extension periods at the Group's option.

### Software

Internally generated software development costs are capitalised when all of the following can be demonstrated:

- The ability and intention to complete the project;
- That the completed software will generate probable future economic benefits;
- The availability of adequate technical, financial and other resources to complete the project; and
- The ability to measure the expenditure.

Amounts capitalised typically include internal and third-party labour and consultancy costs. Costs incurred before the above criteria are satisfied in the research phase are expensed. In addition, configuration and customisation costs relating to cloud computing arrangements are expensed.

Following initial recognition, the asset is carried at cost less any accumulated amortisation and impairment losses. Costs are generally amortised over estimated useful lives of three to five years on a straight-line basis with the exception of the Guest Reservation System which is amortised over seven to 10 years (see page 224).

### Property, plant and equipment

Property, plant and equipment are stated at cost less depreciation and any accumulated impairment.

Repairs and maintenance costs are expensed as incurred.

Land is not depreciated. All other property, plant and equipment are depreciated to a residual value over their estimated useful lives, namely:

- Buildings – over a maximum of 50 years; and
- Fixtures, fittings and equipment – three to 25 years.

All depreciation is charged on a straight-line basis. Residual value is reassessed annually.

Where the Group holds land or other property which it intends to occupy and provide hotel services, either as owner or manager, it is classified as property, plant and equipment.

### Leases

#### The Group as lessee

On inception of a contract, the Group assesses whether it contains a lease. A contract contains a lease when it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The right to use the asset and the obligation under the lease to make payments are recognised in the Group statement of financial position as a right-of-use asset and a lease liability.

Lease contracts may contain both lease and non-lease components. The Group allocates payments in the contract to the lease and non-lease components based on their relative stand-alone prices and applies the lease accounting model only to lease components.

The right-of-use asset recognised at lease commencement includes the amount of lease liability recognised, initial direct costs incurred and lease payments made at or before the commencement date, less any lease incentives received. Right-of-use assets are depreciated to a residual value over the shorter of the asset's estimated useful life and the lease term. Right-of-use assets are also adjusted for any re-measurement of lease liabilities and are subject to impairment testing. Residual value is reassessed annually.

A lease liability is recorded when the leased asset is available for use by the Group and is initially measured at the present value of the lease payments to be made over the lease term. The lease payments include fixed payments (including 'in-substance fixed' payments) and variable lease payments that depend on an index or a rate (initially measured using the index or rate at commencement), less any lease incentives receivable. 'In-substance fixed' payments are payments that may, in form, contain variability but that, in substance, are unavoidable. In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease term includes periods subject to extension options which the Group is reasonably certain to exercise and excludes the effect of early termination options where the Group is reasonably certain that it will not exercise the option. Minimum lease payments include the cost of a purchase option if the Group is reasonably certain it will purchase the underlying asset after the lease term.

After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for lease payments made. The carrying amount of lease liabilities is re-measured if there is a modification, a change in the lease term or a change in lease payments as a result of a rent review or change in the relevant index or rate.

Variable lease payments are payable under certain of the Group's hotel leases and arise where the Group is committed to making lease payments that are contingent on the performance of these hotels. Such lease payments that do not depend on an index or a rate are recognised as an expense in the period over which the event or condition that triggers the payment occurs.

The Group has opted not to apply the lease accounting model to intangible assets, leases of low-value assets or leases which have a term of less than 12 months. Costs associated with these leases are recognised as an expense on a straight-line basis over the lease term.

Payments and receipts are presented as follows in the Group statement of cash flows:

- Short-term lease payments, payments for leases of low-value assets and variable lease payments that are not included in the measurement of the lease liabilities are presented within cash flows from operating activities;
- Payments for the interest element of recognised lease liabilities are included in interest paid within cash flows from operating activities; and
- Payments for the principal element of recognised lease liabilities are presented within cash flows from financing activities.

### The Group as lessor

Leases, including subleases, for which the Group is a lessor are classified as finance or operating leases.

Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the lease is classified as a finance lease. All other leases are classified as operating leases. Where a leased property earns rentals under an operating sublease outside of the normal course of business, the Group's interest in the lease is classified as an investment property within right-of-use assets; these are subsequently measured under the cost model.

When the lease is classified as an operating lease, rental income arising is accounted for on a straight-line basis in the Group income statement.

When the lease is classified as a finance lease, the Group's interest in the lease is derecognised and is replaced by a finance lease receivable. Any difference between those amounts is recognised in the Group income statement.

Finance lease receivables are presented within other receivables and are initially measured at the present value of lease payments receivable under the sublease plus any initial direct costs. Finance lease interest is recognised within financial income in the Group income statement.

Receipts are presented as follows in the Group statement of cash flows:

- Receipts from operating leases are presented within cash flows from operating activities; and
- Receipts of principal from finance leases are presented within cash flows from investing activities.

### Associates and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the entity, but is not control or joint control over those policies. A joint venture exists when two or more parties have joint control over, and rights to the net assets of, the venture. Joint control is the contractually agreed sharing of control which only exists when decisions about the relevant activities require the unanimous consent of the parties sharing control.

In determining the extent of power or significant influence, consideration is given to other agreements between the Group, the investee entity, and the investing partners. This includes any related management or franchise agreements and the existence of any performance guarantees.

Associates and joint ventures are accounted for using the equity method unless the associate or joint venture is classified as held for sale. Under the equity method, the Group's investment is recorded at cost adjusted by the Group's share of post-acquisition profits and losses, and other movements in the investee's reserves, applying consistent accounting policies. When the Group's share of losses exceeds its interest in an associate or joint venture, the Group's carrying amount is reduced to \$nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of an associate or joint venture.

If there is objective evidence that an associate or joint venture is impaired, an impairment charge is recognised if the carrying amount of the investment exceeds its recoverable amount.

Upon loss of significant influence over an associate or joint control of a joint venture, any retained investment is measured at fair value with any difference to carrying value recognised in the Group income statement.

### Impairment of non-financial assets

Non-financial assets are tested for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable and, in the case of goodwill and brands with indefinite lives, at least annually.

Assets that do not generate independent cash inflows are allocated to the cash-generating unit ('CGU'), or group of CGUs, to which they belong. For impairment testing of owned and leased hotel properties, each hotel is deemed to be a CGU.

If carrying values exceed their estimated recoverable amount, the assets or CGUs are written down to the recoverable amount. Recoverable amount is the greater of fair value less costs of disposal and value in use. Value in use is assessed based on estimated future cash flows, including the effect of inflation,

discounted to their present value using a pre-tax nominal discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

With the exception of goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. A previously recognised impairment loss is reversed only if there has been a significant change in the assumptions used to determine the asset's recoverable amount since the impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation or amortisation, had no impairment loss been recognised for the asset in prior years.

Impairment losses, and any subsequent reversals, are recognised in the Group income statement.

### Financial assets

On initial recognition, the Group classifies its financial assets as being subsequently measured at amortised cost, fair value through other comprehensive income ('FVOCI') or fair value through profit or loss ('FVTPL').

Financial assets which are held to collect contractual cash flows and give rise to cash flows that are solely payments of principal and interest are subsequently measured at amortised cost. Interest on these assets is calculated using the effective interest rate method and is recognised in the Group income statement as financial income. The Group recognises a provision for expected credit losses for financial assets held at amortised cost. With the exception of trade receivables, where there has not been a significant increase in credit risk since initial recognition, provision is made for defaults that are possible within the next 12 months. Where there has been a significant increase in credit risk since initial recognition, for example trade deposits and loans where the borrower is in financial difficulty or has not met repayments as they fall due, provision is made for credit losses expected over the remaining life of the asset.

## Accounting policies continued

The Group has elected to irrevocably designate equity investments as FVOCI as they mainly comprise strategic investments in entities that own hotels which the Group manages. Changes in their value are recognised within gains or losses on equity instruments classified as FVOCI in the Group statement of comprehensive income and are never recycled to the Group income statement. On disposal, any related balance within the fair value reserve is reclassified to retained earnings. Dividends from equity investments classified as FVOCI are recognised in the Group income statement as other operating income when the dividend has been declared, when receipt of the funds is probable and when the dividend is not a return of invested capital. Equity instruments classified as FVOCI are not subject to an impairment assessment.

Financial assets not meeting the above criteria are measured at FVTPL. These include money market funds, investments which do not meet the definition of equity and other financial assets which do not meet the criteria to be measured at amortised cost or FVOCI.

### Trade receivables

A trade receivable is recorded when the Group has an unconditional right to receive payment. In respect of franchise fees, base and incentive management fees, technology fees and revenues from owned, leased and managed lease hotels, the invoice is typically issued as the related performance obligations are satisfied, as described on pages 198 and 199. Trade receivables typically do not bear interest and are generally on payment terms of up to 30 days.

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost. A provision for impairment is made for lifetime expected credit losses. The Group has established a provision matrix that is based on its historical credit loss experience by region and number of days past due. Where the historical experience is not relevant to defined owner groups, for example those in financial distress, lifetime expected credit losses are calculated by reference to recent credit loss experience for that specific population.

Trade receivables are written off once determined to be uncollectable.

### Cash and cash equivalents

Cash comprises cash on hand and demand deposits.

Cash and cash equivalents comprise short-term deposits, money market funds and repurchase agreements that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. They generally have an original maturity of three months or less.

Cash and cash equivalents may include amounts which are subject to regulatory or other contractual restrictions and are not available for general use by the Group.

Cash balances are classified as other financial assets when the Group is not able to freely access the funds because they are subject to a specific charge or other restrictions.

### Money market funds

Money market funds are held at FVTPL, with distributions recognised in financial income.

### Bank and other borrowings

Bank and other borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs. They are subsequently measured at amortised cost.

Borrowings are classified as non-current when the repayment date is more than 12 months from the period-end date or where they are drawn on a facility with more than 12 months to expiry.

### Derivative financial instruments and hedging

Derivatives are initially recognised and subsequently measured at fair value. The subsequent accounting treatment depends on whether the derivative is designated as a hedging instrument and, if so, the nature of the item being hedged.

Changes in the fair value of derivatives which have either not been designated as hedging instruments or relate to the ineffective portion of hedges are recognised immediately in the Group income statement.

Documentation outlining the measurement and effectiveness of any hedging arrangement is maintained throughout the life of the hedge relationship.

Interest arising from currency derivatives and interest rate swaps is recorded in either financial income or expenses over the term of the agreement, unless the accounting treatment for the hedging relationship requires the interest to be taken to reserves.

Within the Group statement of cash flows, interest paid includes interest paid on the Group's bonds and the related derivative financial instruments.

### Cash flow hedges

Financial instruments are designated as cash flow hedges when they hedge exposure to variability in cash flows that are attributable to either a highly probable forecast transaction or a particular risk associated with a recognised asset or liability.

Changes in the fair value are recorded in other comprehensive income and cash flow hedge reserves to the extent that the hedges are effective. When the hedged item is recognised, the cumulative gains and losses on the related hedging instrument are reclassified to the Group income statement, within financial expenses.

### Net investment hedges

Financial instruments are designated as net investment hedges when they hedge the Group's net investment in foreign operations.

Changes in the fair value are recorded in other comprehensive income and the currency translation reserve to the extent that the hedges are effective. The cumulative gains and losses remain in equity until the relevant foreign operation is disposed, at which point they are reclassified to the Group income statement as part of the gain or loss on disposal.

### Financial guarantee contracts

In limited cases, the Group may guarantee part of mortgage loans made to facilitate third-party ownership of hotels under IHG management or franchise arrangements. The Group has elected to apply the requirements of IFRS 9 'Financial Instruments' to these arrangements. Financial guarantee contracts are initially recognised at fair value and subsequently measured at the higher of the amount calculated under the Group's expected credit loss model and any amount initially recognised less cumulative amounts recognised in accordance with the Group's revenue recognition policy.

The carrying value of financial guarantee liabilities is immaterial for all periods presented.

#### Fair value measurement

The Group measures each of the following at fair value on a recurring basis:

- Financial assets and liabilities measured at FVTPL;
- Financial assets measured at FVOCI; and
- Derivative financial instruments.

Other assets are measured at fair value when impaired or re-measured on classification as held for sale by reference to fair value less costs of disposal.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. Fair value is measured by reference to the principal market for the asset or liability assuming that market participants act in their economic best interests.

The fair value of a non-financial asset assumes the asset is used in its highest and best use, either through continuing ownership or by selling it.

The Group uses valuation techniques that maximise the use of relevant observable inputs using the following valuation hierarchy:

- Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities.
- Level 2: Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.
- Level 3: Techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

For assets and liabilities measured at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Further disclosures on the particular valuation techniques used by the Group are provided in note 24.

Where significant assets, such as property, are valued by reference to fair value less costs of disposal, an external valuation will normally be obtained using professional valuers who have appropriate market knowledge, reputation and independence.

#### Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the Group statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis or to realise the assets and settle the liabilities simultaneously. To meet these criteria, the right of set-off must not be contingent on a future event and must be legally enforceable in all of the following circumstances: the normal course of business; the event of default; and the event of insolvency or bankruptcy of the Group and all of the counterparties.

#### Taxes

##### Current tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from, or paid to, the tax authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the end of the reporting period.

The calculation of the Group's current tax charge involves consideration of applicable tax laws and regulations in many jurisdictions throughout the world. From time to time, the Group is subject to tax audits and uncertainties in these jurisdictions. The issues involved can be complex and audits may take a number of years to conclude. Where the interpretation of local tax law is not clear, management relies on judgement and accounting estimates to ensure all uncertain tax positions are adequately provided for in the Group Financial Statements, in accordance with IFRIC 23 'Uncertainty over Income Tax Treatments', representing the Group's view of the most likely outcome or, where multiple issues are considered likely to be settled together, the probability weighted amounts of the range of possible outcomes.

This may involve consideration of some or all of the following factors:

- strength of technical argument, impact of case law and clarity of legislation;
- professional advice;
- experience of interactions, and precedents set, with the particular taxing authority; and
- agreements previously reached in other jurisdictions on comparable issues.

##### Deferred tax

Deferred tax assets and liabilities arise and are generally recognised in respect of temporary differences between the tax base and carrying value of assets and liabilities.

Deferred tax is calculated at the tax rates that are expected to apply in the periods in which the asset is released or the liability will be settled, based on tax rates and laws enacted or substantively enacted at the end of the reporting period.

Judgement is used when assessing the extent to which deferred tax assets, particularly in respect of tax losses, should be recognised. Deferred tax assets are only recognised to the extent that it is regarded as probable that there will be sufficient and suitable taxable profits or deferred tax liabilities in the relevant legal entity or tax group against which such assets can be utilised in the future. For this purpose, forecasts of future profits are considered by assessing estimated future cash flows, consistent with those disclosed on page 197 within 'Going concern'. Tax assumptions are overlaid to these profit forecasts to estimate the future taxable profits.

Deferred tax is not provided on temporary differences arising on investments in subsidiaries where the Group is able to control the timing of the reversal and it is probable that the temporary difference will not reverse in the foreseeable future.

Where deferred tax assets and liabilities arise in the same entity, or group of entities, and there would be a legal right to offset the assets and liabilities were they to reverse, the assets and liabilities are also offset in the Group statement of financial position.



## Accounting policies continued

The Group has applied the exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes.

### Retirement benefits

#### Defined contribution plans

Payments to defined contribution plans are charged to the Group income statement as they fall due.

#### Defined benefit plans

Plan assets are measured at fair value and plan liabilities are measured on an actuarial basis using the projected unit credit method, discounted at an interest rate equivalent to the current rate of return on a high-quality corporate bond of equivalent currency and term to the plan liabilities. The difference between the value of plan assets and liabilities at the period-end date is the amount of surplus or deficit recorded in the Group statement of financial position as an asset or liability. An asset is recognised when the employer has an unconditional right to use the surplus at some point during the life of the plan or on its wind-up.

The service cost of providing pension benefits to employees, together with the net interest expense or income for the year, is charged to the Group income statement within administrative expenses. Net interest is calculated by applying the discount rate to the net defined benefit asset or liability, after any asset restriction.

Re-measurements comprise actuarial gains and losses, the return on plan assets and changes in the amount of any asset restrictions. Actuarial gains and losses may result from differences between the actuarial assumptions underlying the plan liabilities and actual experience during the year or changes in the actuarial assumptions used in the valuation of the plan liabilities. Re-measurement gains and losses, and taxation thereon, are recognised in other comprehensive income and are not reclassified to profit or loss in subsequent periods.

Actuarial valuations are carried out on a regular basis and are updated for material transactions and other material changes in circumstances (including changes in market prices and interest rates) up to the end of the reporting period.

### Deferred compensation plan

The Group operates a deferred compensation plan in the US which allows certain employees to make additional provision for retirement through the deferral of salary with matching company contributions within a dedicated trust. The related assets and liabilities are recognised in the Group statement of financial position. The Group's obligation to employees under the plan is limited to the fair value of assets held by the plan and so the assets and liabilities are valued at the same amount, with no net impact on profit or loss.

### Share-based payments

The cost of equity-settled share-based payment transactions with employees is measured by reference to fair value at the date at which the right to the shares is granted. Fair value is determined by an external valuer using option pricing models.

The cost of equity-settled share-based payment transactions is recognised, together with a corresponding increase in equity, over the period in which any performance or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (vesting date).

The Group income statement charge represents the movement in cumulative expense recognised at the beginning and end of that year. No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market or non-vesting condition, which are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

### Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event, it is probable that a payment will be made and a reliable estimate of the amount payable can be made. If the effect of the time value of money is material, the provision is discounted using a current pre-tax discount rate that reflects the risks specific to the liability. No amounts are currently discounted.

### Commercial litigation and disputes

A provision is made when management consider it probable that payment may occur and the amount can be reliably estimated even though the defence of the related claim may still be ongoing through the court or arbitration process.

### Self insurance reserves

The Group holds insurance policies with third-party insurers against certain risks relating to its corporate operations and owned and leased properties. Certain risks are reinsured through the Group's captive insurance company (the 'Captive'), SCH Insurance Company. This reduces the cost of insurance to the Group.

For both the Group's self insurance provisions and its external insurance obligations, in addition to the Captive obtaining regulatory approval, each line of insurance is subject to review and approval by the Insurance Executive Sub-Committee. The level of retained risk and expected loss is reviewed annually to balance the level of risk against external risk transfer costs.

Insurance reserves are held principally in the Captive. They are established using independent actuarial assessments, which reflect current expectations of the future economic outlook, or are based on past claims experience provided by third parties.

Amounts utilised are principally paid to third-party insurers or dedicated claims handlers for subsequent settlement with the claimant.

### Insurance

The Group's insurance reserves relating to managed hotels are included in the Group statement of financial position as insurance liabilities. Insurance liabilities include both claims which are incurred but not reported ('IBNR') and those reported but not yet settled. Reserves are established using IFRS 17's premium allocation approach, as all policies have a duration of 12 months or less, and incorporate independent actuarial assessments which reflect current expectations of the future economic outlook and past claims experience.

The Group assesses other arrangements with guarantees and similar features to determine whether an insurance contract exists. No material contracts have been identified to date.

Insurance revenue and insurance expenses are presented separately within the Group income statement. Insurance revenue comprises reinsurance premiums which are recognised over the period of coverage; insurance expenses comprise the cost of claims and associated expenses. The effect of discounting is immaterial.

In order to protect certain third-party insurers against the solvency risk of the Captive, the Group obtains stand-by letters of credit ('SBLCs') from various banks with a total value of \$84m (2023: \$68m). Other Group companies indemnify the banks against losses under these SBLCs, however this represents a secondary guarantee of the Group's obligations which are already recorded on the statement of financial position, either as insurance liabilities under IFRS 17 or as self-insurance provisions. No additional liability is therefore recorded in respect of these indemnities.

#### Disposal of non-current assets

The Group recognises sales proceeds and any related gain or loss on disposal on completion of the sales process. In determining whether the gain or loss should be recorded, the Group considers whether it:

- has a continuing managerial involvement to the degree associated with asset ownership;
- has transferred the significant risks and rewards associated with asset ownership; and
- can reliably measure and will actually receive the proceeds.

#### Equity share capital and reserves

##### Equity share capital

Equity share capital includes the total net proceeds (both nominal value and share premium) on issue of the Company's equity share capital. Share premium represents the amount of proceeds received for shares in excess of their nominal value.

#### Capital redemption reserve

The capital redemption reserve maintains the nominal value of the equity share capital of the Company when shares are repurchased and cancelled.

#### Shares held by employee share trusts

Shares held by employee share trusts comprise ordinary shares held by employee share trusts.

#### Other reserves

Other reserves comprise the merger and revaluation reserves previously recognised under UK GAAP, together with the reserve arising as a consequence of the Group's capital reorganisation in June 2005. The revaluation reserve relates to the previous revaluations of property, plant and equipment which were included at deemed cost on adoption of IFRS. Following the change in presentational currency to US dollars in 2008, this reserve also includes exchange differences arising on retranslation to period-end exchange rates of equity share capital, the capital redemption reserve and shares held by employee share trusts.

#### Fair value reserve

The fair value reserve comprises movements in the value of financial assets measured at fair value through other comprehensive income.

#### Cash flow hedge reserves

The cash flow hedge reserves comprise:

- Cash flow hedge reserve: the effective portion of the cumulative net change in the fair value of hedging instruments used in cash flow hedges pending subsequent recognition in profit or loss; and
- Cost of hedging reserve: the gain or loss which is excluded from the designated hedging instrument relating to the foreign currency basis spread of currency swaps.

#### Currency translation reserve

The currency translation reserve comprises the movement in exchange differences arising from the translation of foreign operations and exchange differences on foreign currency borrowings and derivative financial instruments that provide an effective hedge against net investments in foreign operations. On adoption of IFRS, cumulative exchange differences were deemed to be \$nil.

#### Non-controlling interest

A non-controlling interest is equity in a subsidiary of the Group not attributable, directly or indirectly, to the Group.

#### Climate change

There are no climate-related estimates and assumptions that have a material impact on asset values in the Group Financial Statements. In particular, the following have been considered:

- In the case of goodwill and brands, the carrying value is recovered in less than five years under the Base Case forecasts and is not susceptible to medium-term risks.
- In the case of the InterContinental Boston, for which the lease expires in 2105, the last impairment test performed indicated headroom above recoverable value of approximately 25% of the asset value before the asset would be impaired.
- In the case of other hotel assets (within property, plant and equipment, right-of-use assets, associates or other financial assets) the remaining economic lives, whether they are sensitive to the impact of transitional risks or are susceptible to physical risks.
- In the case of contract assets, the term of the management agreement and the significant headroom of fee income over the asset carrying value.
- In the case of trade deposits and loans, the short-term repayment period of these assets.
- The period of coverage of performance guarantees and owner loan guarantees, together with caps on the Group's exposure.
- In the case of the recoverability of the UK deferred tax asset, the impact of the potential downside risk on the Group's forecasts (see disclosure on page 221).

Additionally, increasing operating costs over a medium term, for example energy, are not expected to have a material impact on any of the Group's assets.

While there is currently no material medium-term impact expected from climate change, the risks attached to climate change continue to evolve and these will continue to be assessed against the Group's judgements and estimates.

## Accounting policies continued

### New accounting standards and other presentational changes

#### Adoption of new accounting standards

From 1 January 2024, the Group has applied the following amendments:

- IAS 1 – Classification of Liabilities as Current or Non-Current;
- IAS 1 – Non-current Liabilities with Covenants;
- IFRS 16 – Lease Liability in a Sale and Leaseback; and
- IAS 7 and IFRS 7 – Supplier Finance Arrangements.

None of these amendments have had a material impact on the Group's reported financial performance or position.

#### New standards issued but not yet effective

From 1 January 2025, the Group will apply the amendments to:

- IAS 21 – Lack of Exchangeability.

From 1 January 2026, the Group will apply the amendments to:

- IFRS 7 and 9 – Amendments to the Classification and Measurement of Financial Instruments;
- IFRS 7 and 9 – Contracts referencing Nature-dependent Electricity; and
- Amendments arising from the IASB's Annual Improvements Volume 11.

There is no anticipated material impact from these amendments on the Group's reported financial performance or position.

### IFRS 18 Presentation and Disclosure in Financial Statements

The Group will adopt IFRS 18 with effect from 1 January 2027. This will replace IAS 1 'Presentation of Financial Statements'. IFRS 18 will introduce defined subtotals within the Group income statement and will require entities to classify all income and expenses within the income statement into the following categories: operating, investing, financing, income taxes and discontinued operations.

IFRS 18 will also require new disclosures within the notes to the Group financial statements for management-defined performance measures and introduce new principles around aggregation and disaggregation of information within the financial statements.

Related amendments to IAS 7 'Statement of Cash Flows' will require the Group statement of cash flows to start with operating profit or loss and will change the Group's classification of cash flows from dividends and interest.

IFRS 18 will require restatement of comparative periods. The Group is currently assessing the impact of the standard.

# Notes to the Group Financial Statements

## 1. Exchange rates

	2024		2023		2022	
	Average	Closing	Average	Closing	Average	Closing
\$1 equivalent						
Sterling	£0.78	£0.80	£0.80	£0.78	£0.81	£0.83
Euro	€0.92	€0.96	€0.92	€0.90	€0.95	€0.94

## 2. Segmental information

### Revenue

Year ended 31 December	2024 \$m	2023 \$m	2022 \$m
Americas	1,141	1,105	1,005
EMEA	748	677	552
Greater China	161	161	87
Central	262	221	199
<b>Revenue from reportable segments</b>	<b>2,312</b>	<b>2,164</b>	<b>1,843</b>
System Fund and reimbursable revenues	2,611	2,460	2,049
<b>Total revenue</b>	<b>4,923</b>	<b>4,624</b>	<b>3,892</b>

### Profit

Year ended 31 December	2024 \$m	2023 \$m	2022 \$m
Americas	828	815	761
EMEA	270	215	152
Greater China	98	96	23
Central	(72)	(107)	(108)
<b>Operating profit from reportable segments</b>	<b>1,124</b>	<b>1,019</b>	<b>828</b>
System Fund and reimbursable result	(83)	19	(105)
Operating exceptional items (note 6)	–	28	(95)
<b>Operating profit</b>	<b>1,041</b>	<b>1,066</b>	<b>628</b>
Net financial expenses	(140)	(52)	(96)
Fair value (losses)/gains on contingent purchase consideration	(4)	(4)	8
<b>Profit before tax</b>	<b>897</b>	<b>1,010</b>	<b>540</b>
Tax	(269)	(260)	(164)
<b>Profit for the year</b>	<b>628</b>	<b>750</b>	<b>376</b>

## Notes to the Group Financial Statements continued

## 2. Segmental information continued

## Non-cash items included within operating profit from reportable segments

Year ended 31 December 2024	Americas \$m	EMEA \$m	Greater China \$m	Central \$m	Group \$m
Depreciation and amortisation <sup>a</sup>	24	12	3	26	65
Contract assets deduction in revenue	24	18	1	–	43
Equity-settled share-based payments cost	10	5	3	19	37
Share of profit of associates and joint ventures	(4)	(6)	–	–	(10)
Year ended 31 December 2023	Americas \$m	EMEA \$m	Greater China \$m	Central \$m	Group \$m
Depreciation and amortisation <sup>a</sup>	24	12	4	27	67
Contract assets deduction in revenue	21	15	1	–	37
Equity-settled share-based payments cost	9	4	2	16	31
Share of profit of associates and joint ventures (excluding exceptional items)	(5)	(8)	–	–	(13)
Year ended 31 December 2022	Americas \$m	EMEA \$m	Greater China \$m	Central \$m	Group \$m
Depreciation and amortisation <sup>a</sup>	23	13	4	28	68
Contract assets deduction in revenue	18	13	1	–	32
Equity-settled share-based payments cost	8	4	2	14	28
Share of profit of associates (excluding exceptional items)	(1)	–	–	–	(1)

a. Includes \$16m (2023: \$17m, 2022: \$15m) relating to cost of sales in owned, leased and managed lease hotels and \$49m (2023: \$50m, 2022: \$53m) relating to other assets. A further \$80m (2023: \$83m, 2022: \$86m) was recorded within System Fund and reimbursable expenses.

Additions to non-current assets by operating segment are not disclosed as this information is no longer regularly shared with the CODM.

## Geographical information

Year ended 31 December	2024 \$m	2023 \$m	2022 \$m
<b>Revenue</b>			
United Kingdom	291	263	243
United States	1,902	1,777	1,659
Rest of World	1,119	1,020	773
	3,312	3,060	2,675
System Fund revenues (note 31)	1,611	1,564	1,217
	4,923	4,624	3,892

For the purposes of the above table, fee business, owned, leased and managed lease and reimbursable revenues are determined according to the location of the hotel and other revenue is attributed to the country of origin. In addition to the United Kingdom, revenue relating to an individual country is separately disclosed when it represents 10% or more of total revenue. System Fund revenues are not included in the geographical analysis as the Group does not monitor the Fund's revenue by location of the hotel or, in the case of the loyalty programme, according to the location where members consume their rewards.

31 December	2024 \$m	2023 \$m
<b>Non-current assets</b>		
United Kingdom	104	100
United States	1,370	1,332
Rest of World	778	660
	2,252	2,092

For the purposes of the above table, non-current assets comprise goodwill and other intangible assets, property, plant and equipment, right-of-use assets, investments in associates and joint ventures, non-current other receivables, non-current contract costs and non-current contract assets. In addition to the United Kingdom, non-current assets relating to an individual country are separately disclosed when they represent 10% or more of total non-current assets, as defined above.



### 3. Revenue

#### Disaggregation of revenue

Year ended 31 December 2024

	Americas \$m	EMEA \$m	Greater China \$m	Central \$m	Group \$m
Franchise and base management fees	958	277	122	–	1,357
Incentive management fees	21	118	39	–	178
Central revenue	–	–	–	239	239
Revenue from fee business	979	395	161	239	1,774
Revenue from owned, leased and managed lease hotels	162	353	–	–	515
Revenue from insurance activities	–	–	–	23	23
	1,141	748	161	262	2,312
System Fund revenues (note 31)					1,611
Reimbursable revenues (note 31)					1,000
<b>Total revenue</b>					<b>4,923</b>

Following execution of a revised agreement with the IHG Owners Association, a portion of ancillary revenue from the consumption of certain IHG One Rewards points are reported in Central revenue. The agreed change initially applies to 50% of proceeds from points sold to consumers from 1 January 2024, resulting in approximately \$25m of fee business revenue in 2024 which would have previously been recognised in System Fund and reimbursable revenues, and will increase to 100% from 1 January 2025. In line with the Group's accounting policy (see page 200), revenue from the sale of points is deferred until the future benefit has been consumed by the member.

Year ended 31 December 2023

	Americas \$m	EMEA \$m	Greater China \$m	Central \$m	Group \$m
Franchise and base management fees	936	253	115	–	1,304
Incentive management fees	21	101	46	–	168
Central revenue	–	–	–	200	200
Revenue from fee business	957	354	161	200	1,672
Revenue from owned, leased and managed lease hotels	148	323	–	–	471
Revenue from insurance activities	–	–	–	21	21
	1,105	677	161	221	2,164
System Fund revenues (note 31)					1,564
Reimbursable revenues (note 31)					896
<b>Total revenue</b>					<b>4,624</b>

Year ended 31 December 2022

	Americas \$m	EMEA \$m	Greater China \$m	Central \$m	Group \$m
Franchise and base management fees	861	215	71	–	1,147
Incentive management fees	18	69	16	–	103
Central revenue	–	–	–	184	184
Revenue from fee business	879	284	87	184	1,434
Revenue from owned, leased and managed lease hotels	126	268	–	–	394
Revenue from insurance activities	–	–	–	15	15
	1,005	552	87	199	1,843
System Fund revenues (note 31)					1,217
Reimbursable revenues (note 31)					832
<b>Total revenue</b>					<b>3,892</b>

#### Contract balances

31 December

	2024 \$m	2023 \$m
Trade receivables (note 16)	651	580
Contract assets	650	459
Deferred revenue	(2,060)	(1,848)

## Notes to the Group Financial Statements continued

## 3. Revenue continued

## Contract assets

	2024 \$m	2023 \$m
At 1 January	459	367
Additions	237	129
Recognised as a deduction to revenue	(43)	(37)
Impairment reversals (note 6)	3	-
Repayments	-	(7)
Exchange and other adjustments	(6)	7
<b>At 31 December</b>	<b>650</b>	<b>459</b>
Analysed as:		
Current	38	35
Non-current	612	424
	<b>650</b>	<b>459</b>

The increase in the balance of contract assets in the year is due to payments in the year exceeding amounts recognised as a reduction to revenue over the term of the relevant management and franchise agreements, reflecting the growth in the Group's system size including the NOVUM conversion portfolio.

The Group also has future commitments for key money payments which are contingent upon future events and may reverse.

At 31 December 2024, the maximum exposure remaining under performance guarantees was \$77m (2023: \$80m).

## Deferred revenue

	Loyalty programme \$m	Other co-brand fees \$m	Application & re-licensing fees \$m	Other \$m	Total \$m
At 1 January 2023	1,411	33	167	113	1,724
Increase in deferred revenue	672	-	27	63	762
Recognised as revenue	(554)	(11)	(23)	(48)	(636)
Exchange and other adjustments	-	-	-	(2)	(2)
At 31 December 2023	1,529	22	171	126	1,848
Increase in deferred revenue	726	97	23	61	907
Recognised as revenue	(602)	(8)	(23)	(58)	(691)
Exchange and other adjustments	-	-	-	(4)	(4)
<b>At 31 December 2024</b>	<b>1,653</b>	<b>111</b>	<b>171</b>	<b>125</b>	<b>2,060</b>
Analysed as:					
Current	661	12	23	70	766
Non-current	992	99	148	55	1,294
	<b>1,653</b>	<b>111</b>	<b>171</b>	<b>125</b>	<b>2,060</b>
At 31 December 2023 analysed as:					
Current	649	11	22	70	752
Non-current	880	11	149	56	1,096
	<b>1,529</b>	<b>22</b>	<b>171</b>	<b>126</b>	<b>1,848</b>

Increase in deferred revenue includes both amounts received and recognised as revenue in the same year. Amounts recognised as revenue were included in deferred revenue at the beginning of the year.

Loyalty programme revenues, shown gross in the table above, are presented net of the corresponding redemption cost in the Group income statement.

Other deferred revenue includes technical service fees and guest deposits received by owned, leased and managed lease hotels.

### 3. Revenue continued

#### Transaction price allocated to remaining performance obligations

The expected timing of recognition of amounts received and not yet recognised relating to performance obligations that were unsatisfied at the year end are as follows:

	2024			2023		
	Loyalty and co-brand \$m	Other \$m	Total \$m	Loyalty and co-brand \$m	Other \$m	Total \$m
Less than one year	673	93	766	660	92	752
Between one and two years	355	43	398	346	43	389
Between two and three years	214	30	244	195	32	227
Between three and four years	140	24	164	118	24	142
Between four and five years	95	22	117	73	20	93
More than five years	287	84	371	159	86	245
	1,764	296	2,060	1,551	297	1,848

#### Contract costs

	2024 \$m	2023 \$m
At 1 January	87	80
Costs incurred	18	15
Charged to income statement	(8)	(8)
Exchange and other adjustments	(2)	–
<b>At 31 December</b>	<b>95</b>	<b>87</b>
Analysed as:		
Current	5	5
Non-current	90	82
	95	87

### 4. Staff costs and Directors' remuneration

#### Staff costs and average number of employees

Staff costs	2024 \$m	2023 <sup>a</sup> \$m	2022 <sup>a</sup> \$m
Wages and salaries	1,890	1,752	1,558
Social security costs	159	143	117
Share-based payment costs (note 27)	67	56	46
Pension and other post-retirement benefits:			
Defined benefit plans	7	4	2
Defined contribution plans	62	58	53
	2,185	2,013	1,776
Analysed as:			
Costs borne by IHG <sup>b</sup>	800	747	646
Costs borne by the System Fund or reimbursed	1,385	1,266	1,130
	2,185	2,013	1,776

a. Re-presented to separate share-based payment costs.

b. In 2022, included \$1m classified as exceptional relating to the costs of ceasing operations in Russia.

## Notes to the Group Financial Statements continued

## 4. Staff costs and Directors' remuneration continued

## Staff costs and average number of employees continued

Monthly average number of employees, including part-time employees	2024	2023	2022
Employees whose costs are borne by IHG:			
Americas	1,612	1,578	1,548
EMEA	3,635	3,642	3,638
Greater China	357	352	333
Central	1,783	1,720	1,528
	7,387	7,292	7,047
Employees whose costs are borne by the System Fund or are reimbursed	20,752	20,306	18,833
	28,139	27,598	25,880

## Directors' remuneration

	2024 \$m	2023 \$m	2022 \$m
Base salaries, fees, annual performance payments and benefits	6.9	6.9	7.9

**+** More detailed information on the remuneration including pensions, share awards and shareholdings for each Director is shown in the Directors' Remuneration Report on pages 144 and 152. In addition, amounts received or receivable under long-term incentive schemes are shown on page 144.

## 5. Auditor's remuneration paid to PricewaterhouseCoopers LLP

	2024 \$m	2023 \$m	2022 \$m
Audit of the Financial Statements	7	7	6
Audit of subsidiaries	3	3	2
Other assurance services <sup>a</sup>	1	1	1
	11	11	9
Under SEC regulations analysed as:			
Audit	10	10	8
Other audit-related	1	1	1
	11	11	9

a. Other assurance services consists of IT assurance and audit of System Fund financial information.

## 6. Exceptional items

	Note	2024 \$m	2023 \$m	2022 \$m
Administrative expenses:				
Costs of ceasing operations in Russia	(a)	–	–	(12)
Commercial litigation and disputes	(b)	(12)	–	(28)
		(12)	–	(40)
Share of profits/(losses) of associate	(c)	–	18	(60)
Other operating income	(d)	–	10	–
Impairment reversal on financial assets	(e)	6	–	–
Other net impairment reversals/(charges):				
Management agreements – reversal	11	–	–	12
Property, plant and equipment – charge	12	–	–	(10)
– reversal	12	3	–	3
Right-of-use assets – charge	12	–	–	(2)
– reversal	13	–	–	2
Associates – reversal	14	–	–	2
Contract assets – charge	(f)	–	–	(5)
– reversal	(f)	3	–	3
		6	–	5
<b>Operating exceptional items</b>		–	28	(95)
Tax on exceptional items	(g)	–	(7)	26
<b>Tax</b>		–	(7)	26
Operating exceptional items analysed as:				
Americas		4	27	(46)
EMEAA		(4)	1	(49)
		–	28	(95)

**+** The above items are defined by management as exceptional as further described on page 201.



## Notes to the Group Financial Statements continued

### 6. Exceptional items continued

#### (a) Costs of ceasing operations in Russia

On 27 June 2022, the Group announced it was in the process of ceasing all operations in Russia consistent with evolving UK, US and EU sanction regimes and the ongoing and increasing challenges of operating there. The costs associated with the cessation of corporate operations in Moscow and long-term management and franchise contracts were presented as exceptional due to the nature of the war in Ukraine which drove the Group's response.

#### (b) Commercial litigation and disputes

From time to time, the Group is subject to legal proceedings the ultimate outcome of each being always subject to many uncertainties inherent in litigation. In the year to 31 December 2024, the charge for commercial disputes relates to the EMEAA region and includes legal costs. There are several uncertainties remaining including the timing and nature of resolution of the disputes and the value of legal costs ultimately incurred. The 2022 provision was utilised in full in 2023 following settlement of the disputed matters. The costs are presented as exceptional reflecting the quantum of the costs and nature of the disputes.

#### (c) Share of profits/losses of associate

As part of an agreed settlement of a 2021 commercial dispute in relation to the Barclay associate, in 2022 the Group was allocated expenses in excess of its actual percentage share which directly reduced the Group's current interest in the associate. This resulted in \$60m of additional expenses being allocated to the Group in 2022, with a current tax benefit of \$15m and, applying equity accounting to this additional share of expenses, reduced the Group's investment to \$nil. In addition, a liability of \$18m was recognised, reflecting an unavoidable obligation to repay this amount in certain circumstances. The value of the liability was linked to the value of the hotel; increases in the property value were attributed first to the Group and were reflected as a reduction of the liability until it was reduced to \$nil.

In 2023, the increase in fair value of the hotel (according to pricing opinions provided by a professional external valuer) resulted in a full reversal of the liability but no further trigger for reversal of previous impairment charges.

The 2023 gain was presented as exceptional by reason of its size, the nature of the agreement and for consistency with the associated charges in 2022 and 2021.

#### (d) Other operating income

Related to amounts receivable from the Group's insurer under its business interruption policy for certain owned, leased and managed lease hotels due to Covid-19.

The income was presented as exceptional due to its size.

#### (e) Impairment reversal on financial assets

The 2024 reversal of \$6m relates to impairments originally recorded in 2020. These reversals are presented as exceptional for consistency with the treatment of the corresponding impairments.

#### (f) Impairment reversal/charge on contract assets

The 2024 reversal of \$3m relates to an impairment originally recorded in 2020.

In 2022, the \$5m charge related to key money pertaining to managed and franchised hotels in Russia and is presented as exceptional for consistency with (a) above. The \$3m reversal related to other impairments originally recorded in 2020.

The reversals in both 2022 and 2024 are presented as exceptional for consistency with the treatment applied in prior years.

#### (g) Tax on exceptional items

The tax impacts of the exceptional items are shown in the table below:

	2024		2023		2022	
	Current tax \$m	Deferred tax \$m	Current tax \$m	Deferred tax \$m	Current tax \$m	Deferred tax \$m
Costs of ceasing operations in Russia	-	-	-	-	3	-
Commercial litigation and disputes	-	2	-	-	8	(2)
Share of (profits)/losses of associate	-	-	-	(4)	15	-
Other operating income	-	-	(3)	-	-	-
Impairment reversal on financial assets	-	(1)	-	-	-	-
Other net impairment (reversals)/charges	-	(1)	-	-	1	(5)
Adjustments in respect of prior years <sup>a</sup>	-	-	-	-	6	-
	-	-	(3)	(4)	33	(7)
<b>Total current and deferred tax</b>	-	-		(7)		26

a. In 2022, related to the release of tax contingencies no longer needed; one of these was as a result of the closure of a tax audit of the 2014 US federal income tax return.

## 7. Financial income and expenses

	2024 \$m	2023 \$m	2022 \$m
<b>Financial income</b>			
Financial income on deposits and money market funds	48	33	17
Interest income on loans and other assets	15	6	5
	63	39	22
<b>Financial expenses</b>			
Interest expense on external borrowings	131	85	92
Interest expense on lease liabilities	30	29	29
Unwind of discount on deferred purchase consideration	–	1	–
Foreign exchange losses/(gains)	25	(35)	(10)
Other charges	17	11	7
	203	91	118

Financial income comprises \$47m (2023: \$24m, 2022: \$12m) relating to financial assets held at amortised cost and \$16m (2023: \$15m, 2022: \$10m) relating to financial assets held at FVTPL.

Interest expense on external borrowings and unwind of discount on deferred purchase consideration relate to financial liabilities which are held at amortised cost. Other charges includes bank charges and non-bank interest expense.

In 2024, \$49m (2023: \$43m, 2022: \$15m) was payable to the System Fund in relation to interest accumulated on the balance of cash received in advance of the consumption of points awarded through the IHG One Rewards loyalty programme. The expense and corresponding System Fund interest income are eliminated within financial expenses. On a net basis, financial income and expenses includes \$1m (2023: \$1m, 2022: \$1m) of other interest which is also attributable to the System Fund.

+ Net interest payable as calculated for bank covenants can be found on page 238.

## 8. Tax

### Tax on profit for the year

	United Kingdom			Other jurisdictions			Total		
	2024 \$m	2023 \$m	2022 \$m	2024 \$m	2023 \$m	2022 \$m	2024 \$m	2023 \$m	2022 \$m
<b>Current tax</b>									
Current period <sup>a</sup>	24	16	6	292	245	177	316	261	183
Adjustments in respect of prior periods	–	–	(2)	–	12	(5)	–	12	(7)
	24	16	4	292	257	172	316	273	176
<b>Deferred tax</b>									
Origination and reversal of temporary differences	11	1	(1)	(56)	(21)	(6)	(45)	(20)	(7)
Changes in tax rates and tax laws	–	–	–	–	2	–	–	2	–
Adjustments to unprovided or unrecognised deferred tax <sup>b</sup>	–	–	(2)	–	5	–	–	5	(2)
Adjustments in respect of prior periods	(2)	1	2	–	(1)	(5)	(2)	–	(3)
	9	2	(1)	(56)	(15)	(11)	(47)	(13)	(12)
<b>Income tax charge for the year<sup>c</sup></b>	33	18	3	236	242	161	269	260	164

a. Includes \$2m (2023: \$nil, 2022: \$nil) in respect of taxes arising under the Pillar Two framework.

b. Represented a reassessment of the recovery of deferred taxes in line with the Group's profit forecasts.

c. 'Other jurisdictions' includes \$169m (2023: \$172m, 2022: \$134m) in respect of US taxes.

## Notes to the Group Financial Statements continued

## 8. Tax continued

## Reconciliation of tax charge

	2024 %	2023 %	2022 %
Tax at UK blended rate	25.0	23.5	19.0
Tax credits	(0.6)	(0.5)	(0.1)
System Fund <sup>a</sup>	1.2	(1.3)	3.1
Foreign exchange losses/(gains)	1.0	(1.0)	(0.9)
Other permanent differences <sup>b</sup>	(0.5)	0.9	0.5
Non-recoverable foreign taxes	2.4	1.3	3.5
Net effect of different rates of tax <sup>c</sup>	1.5	1.5	6.3
Effects of substantive enactment of UAE tax rates and laws <sup>d</sup>	–	(0.9)	–
Effect of changes in other tax rates and laws	–	0.2	0.1
Items on which deferred tax arose but where no deferred tax is recognised <sup>e</sup>	0.2	0.2	1.2
Effect of adjustments to unprovided or unrecognised deferred taxes <sup>f</sup>	–	0.5	(0.4)
Adjustment to tax charge in respect of prior periods <sup>g</sup>	(0.2)	1.3	(1.9)
	30.0	25.7	30.4

a. The System Fund is, in general, not subject to taxation.

b. Includes (1.0)%pts (2023: (0.6)%pts, 2022: (1.0)%pts) in respect of the US Foreign-derived intangible income regime.

c. Includes 1.2%pts (2023: 1.3%pts, 2022: 6.9%pts) driven by the relatively high blended US rate, which includes US Federal and State taxes.

d. During 2023, law implementing a new corporate income tax regime was substantively enacted in the UAE. This resulted in the recognition of a deferred tax asset of \$9m in the UAE. Absent further law change, this benefit is not likely to reoccur.

e. Predominantly in respect of losses arising in the year.

f. Adjustments relating to estimated recoverable deferred tax assets. In 2023, also included 0.7%pts relating to the provision of previously unprovided deferred tax liabilities which arise on temporary differences in subsidiaries.

g. Relates to the finalisation of tax returns, activity from tax authorities such as tax audits and the reassessment of provisions for uncertain tax positions.

## Factors that may affect the future tax charge

Many factors will affect the Group's future tax rate, the main ones being future legislative developments, future profitability of underlying subsidiaries and tax uncertainties.

In 2021, the OECD made proposals for worldwide tax reform under a two 'pillar' system – Pillar One and Pillar Two. Pillar One (broadly, the reallocation of certain taxing rights to countries where customers are located) has not been enacted in any jurisdiction and, in any event, the Group would not expect to be impacted. Pillar Two seeks to impose a global minimum tax, essentially establishing a floor on corporate tax competition by ensuring a large multinational enterprise is subject to tax in each jurisdiction at a 15% effective minimum tax rate. Pillar Two rules were enacted in the UK with effect from 1 January 2024 and, for 2024, the Group's Pillar Two liability is estimated to be less than \$2m.

From an administrative and compliance perspective, the Group will rely upon transitional 'safe harbour' exemptions that operate on a jurisdiction-by-jurisdiction basis and which remove the need to prepare full calculations for Pillar Two for qualifying territories. Once the transitional exemptions cease to be available (from 1 January 2027), the Group will be required to perform full Pillar Two calculations for every jurisdiction. The Group will continue to assess the future impact of Pillar Two, taking into account the issuance of new guidance and law changes, as well as wider socio-political factors. However, given that a significant proportion of the Group's profit before tax was earned in legal entities in the US, UK and China, each of which has a blended future statutory tax rate of 25% or higher, the Group considers the likelihood of material future Pillar Two taxes arising to be low, based upon the current profile of the Group's business.

The Group continues to monitor external tax developments, most notably in the US where the new government is reviewing retaliatory options against perceived aggressive tax behaviours by other territories against the US.

## 8. Tax continued

### Tax paid

Total tax paid (net of refunds) is entirely in respect of operating activities. This comprises taxes paid directly by Group entities to taxing authorities and taxes withheld at source in respect of fees payable to the Group. Taxes withheld at source are paid by hotel owners to their local taxing authorities on behalf of the Group. The table below shows the territories to whom taxes are directly paid by the Group which exceed \$5m in the current or comparative periods, in addition to the UK, the Group's headquarter jurisdiction. The year-on-year increases are predominantly driven by the corresponding increases to Group profitability and movements in deferred taxes.

	2024 \$m	2023 \$m	2022 \$m
China <sup>a</sup>	11	5	10
Singapore <sup>a</sup>	7	4	1
United Kingdom	10	8	3
United States	220	171	165
Other jurisdictions	23	18	10
	271	206	189
Taxes withheld at source	38	37	22
<b>Tax paid per cash flow</b>	<b>309</b>	<b>243</b>	<b>211</b>

a. Tax payments are typically based upon the previous year's profits.

A reconciliation of tax paid to the current tax charge in the Group income statement is as follows:

	2024 \$m	2023 \$m	2022 \$m
Current tax charge in the Group income statement	316	273	176
Current tax credit in the Group statement of comprehensive income	(3)	(6)	(2)
Current tax credit taken directly to equity	(6)	(5)	-
Total current tax charge	307	262	174
Movements to tax contingencies <sup>a</sup>	(4)	(2)	10
Timing differences of cash tax paid and foreign exchange differences	6	(17)	27
<b>Tax paid per cash flow</b>	<b>309</b>	<b>243</b>	<b>211</b>

a. Tax contingency movements are included within the current tax charge but do not impact cash tax paid in the year. Settlements of tax contingencies are included within cash tax paid in the year but not recorded in the current year tax charge.



## Notes to the Group Financial Statements continued

## 8. Tax continued

## Deferred tax

	Property, plant, equipment and software \$m	Application fees \$m	Deferred gains on loan notes <sup>c</sup> \$m	Associates \$m	Losses <sup>d</sup> \$m	Deferred compensation and employee benefits <sup>e</sup> \$m	Deferred revenue <sup>a,b</sup> \$m	Research and development <sup>a</sup> \$m	Intangible assets excluding software \$m	Other short-term temporary differences <sup>a,e</sup> \$m	Total \$m
At 1 January 2023	(53)	41	(34)	(59)	79	84	–	8	(40)	22	48
Group income statement	22	1	–	(1)	–	4	–	7	(9)	(11)	13
Group statement of comprehensive income	–	–	–	–	(6)	–	–	–	–	(5)	(11)
Group statement of changes in equity	–	–	–	–	–	6	–	–	–	–	6
Exchange and other adjustments	1	–	–	–	3	1	–	–	3	2	10
At 31 December 2023	(30)	42	(34)	(60)	76	95	–	15	(46)	8	66
Group income statement	21	–	–	1	(7)	9	30	18	(14)	(11)	47
Group statement of comprehensive income	–	–	–	–	(3)	–	–	–	–	(13)	(16)
Group statement of changes in equity	–	–	–	–	–	9	–	–	–	–	9
Exchange and other adjustments	–	–	–	–	(1)	–	–	–	–	(1)	(2)
At 31 December 2024	(9)	42	(34)	(59)	65	113	30	33	(60)	(17)	104

a. The above table has been re-presented in order to separately disclose the deferred tax on 'Deferred revenue' and 'Research and development' (both previously disclosed in 'Other short-term temporary differences'), to aggregate deferred tax on 'Deferred compensation' with 'Employee benefits' (previously both disclosed separately), and to present deferred tax on 'Expected credit losses on trade receivables' within 'Other short-term temporary differences' (previously disclosed separately).

b. The movements in 2024 and the closing balance arise as a result of the revised agreement with the IHG Owners Association (see note 3) and deferred revenue in respect of co-branding agreements.

c. Becomes due in 2025 unless prevailing law at that time allows further deferral.

d. Wholly in respect of revenue losses.

e. Primarily in respect of contract costs, right-of-use assets, unrealised foreign exchange and expected credit losses on trade receivables, none of which has a balance exceeding \$20m.

The analysis of the deferred tax balance after considering the offset of assets and liabilities within entities where there is a legal right to do so and an analysis of the deferred tax balance showing all territories with balances greater than \$10m in either the current or prior year are as follows:

	2024 \$m	2023 \$m
Deferred tax assets	122	134
Deferred tax liabilities	(18)	(68)
	104	66
Analysed as:		
United Arab Emirates	12	9
United Kingdom	99	113
United States	–	(53)
Other	(7)	(3)
	104	66

A deferred tax asset of \$3m (2023: \$nil) has been recognised in legal entities which have made a loss in the current or the previous year.

## 8. Tax continued

### Recoverability of UK deferred tax assets

The Group has recognised UK deferred tax assets of \$99m (2023: \$113m), including revenue losses of \$62m (2023: \$73m). The deferred tax assets have been recognised following the consideration of both positive and negative evidence in respect of the probability of future taxable profits against which the assets could be recovered. The losses have arisen by identifiable non-recurring events, for example special contributions into a former Group pension scheme and the impact of Covid-19, absent which, the UK tax group would have been profitable. The losses do not expire, although they can only be offset against 50% of annual UK taxable profits. The UK deferred tax asset should reverse over a six- to ten-year period (2023: seven- to ten-year period), with the lower end of this range based on the Group's Base Case forecast (see page 197 within 'Going concern') and the upper end of the range based on the Group's Severe Downside Case forecast.

The Group's TCFD disclosures describe how physical and transitional climate risks present both risks and opportunities for the Group. The potential downside risk has been considered in the context of the UK deferred tax asset recoverability, without taking account of opportunities or mitigating actions, and could be absorbed within the sensitivities disclosed above.

### Unrecognised deferred tax assets

The Group does not recognise deferred tax assets if it cannot anticipate being able to offset them against existing deferred tax liabilities or against future profits or gains.

The total unrecognised deferred tax position is as follows:

	Gross		Unrecognised deferred tax	
	2024 \$m	2023 \$m	2024 \$m	2023 \$m
Revenue losses	432	450	75	79
Capital losses	580	580	146	146
	1,012	1,030	221	225
Tax credits	46	32	46	32
Other <sup>a</sup>	22	16	7	5
	1,080	1,078	274	262

a. Primarily relates to costs incurred for which tax relief has not been obtained.

There is no expiry date to any of the above unrecognised assets other than for the losses and tax credits as shown in the table below:

	Gross		Unrecognised deferred tax	
Expiry date	2024 \$m	2023 \$m	2024 \$m	2023 \$m
2024	-	6	-	1
2025	11	11	2	2
2026	7	7	1	1
2027	7	7	1	1
2028	-	6	-	1
2029	10	10	10	10
After 2031	36	22	36	22

### Unprovided deferred tax liabilities

No deferred tax liability has been provided in respect of \$0.5bn (2023: \$0.5bn) of taxable temporary differences relating to subsidiaries (comprising undistributed earnings and net inherent gains).

### Uncertain tax positions

Current tax payable includes \$9m (2023: \$14m) in respect of uncertain tax positions, with the largest single item not exceeding \$3m (2023: \$3m). There are no amounts recognised in relation to uncertain tax positions within deferred tax in either the current or prior year.

The Group's most material territories for tax are the US and the UK, although the Group has now agreed all US federal tax returns up to and including 2020. The US Internal Revenue Service opened routine audits of the 2021 and 2022 US federal tax return periods in the second half of 2024, which are currently at the information gathering stage. The Group considers the risk of material adjustment to be low. In the UK, the Group has agreed all UK Corporation Tax returns for periods up to 2022, having agreed the outstanding 2016 period, without adjustment, during 2024.

## Notes to the Group Financial Statements continued

## 9. Dividends

	2024		2023		2022	
Paid during the year	cents per share	\$m	cents per share	\$m	cents per share	\$m
Final (declared for previous year)	104.0	172	94.5	166	85.9	154
Interim	53.2	87	48.3	79	43.9	79
	157.2	259	142.8	245	129.8	233

The final dividend in respect of 2024 of 114.4¢ per ordinary share (amounting to approximately \$180m) is proposed for approval at the AGM on 8 May 2025. The final dividend is first determined in US dollars and the sterling amount will be announced on 28 April 2025 using the average of the daily exchange rates for the three working days commencing 23 April 2025.

## 10. Earnings per ordinary share

Basic earnings per ordinary share	2024	2023	2022
Profit available for equity holders (\$m)	628	750	375
Basic weighted average number of ordinary shares (millions)	161.2	169.0	181.0
<b>Basic earnings per ordinary share (cents)</b>	<b>389.6</b>	<b>443.8</b>	<b>207.2</b>
Diluted earnings per ordinary share			
Profit available for equity holders (\$m)	628	750	375
Diluted weighted average number of ordinary shares (millions)	163.0	170.0	182.0
<b>Diluted earnings per ordinary share (cents)</b>	<b>385.3</b>	<b>441.2</b>	<b>206.0</b>
Basic and diluted share denominators are calculated as follows:			
	2024 millions	2023 millions	2022 millions
Weighted average number of ordinary shares in issue	168.6	177.0	187.0
Weighted average number of treasury shares <sup>a</sup>	(7.4)	(8.0)	(6.0)
<b>Basic weighted average number of ordinary shares</b>	<b>161.2</b>	<b>169.0</b>	<b>181.0</b>
Dilutive potential ordinary shares	1.8	1.0	1.0
<b>Diluted weighted average number of ordinary shares</b>	<b>163.0</b>	<b>170.0</b>	<b>182.0</b>

a. Includes other shares that do not receive dividends.

## 11. Goodwill and other intangible assets

	Goodwill \$m	Brands \$m	Software \$m	Management agreements \$m	Other intangibles \$m	Total \$m
<b>Cost</b>						
At 1 January 2023	513	439	825	122	26	1,925
Additions	–	–	52	–	1	53
Fully amortised assets written off	–	–	(52)	–	(3)	(55)
Disposals	–	–	(1)	–	–	(1)
Exchange and other adjustments	3	–	1	–	–	4
At 31 December 2023	516	439	825	122	24	1,926
Additions	–	–	48	–	1	49
Fully amortised assets written off	–	–	(49)	–	(1)	(50)
Disposals	–	–	(4)	–	–	(4)
Exchange and other adjustments	(5)	–	–	–	–	(5)
<b>At 31 December 2024</b>	<b>511</b>	<b>439</b>	<b>820</b>	<b>122</b>	<b>24</b>	<b>1,916</b>
<b>Amortisation and impairment</b>						
At 1 January 2023	(178)	–	(486)	(101)	(16)	(781)
Provided	–	–	(18)	(1)	(2)	(21)
System Fund expense	–	–	(76)	–	(1)	(77)
Fully amortised assets written off	–	–	52	–	3	55
Disposals	–	–	1	–	–	1
Exchange and other adjustments	(2)	–	(1)	(1)	–	(4)
At 31 December 2023	(180)	–	(528)	(103)	(16)	(827)
Provided	–	–	(17)	(1)	(1)	(19)
System Fund expense	–	–	(77)	–	(1)	(78)
Impairment charge	–	–	(2)	–	–	(2)
System Fund impairment charge	–	–	(3)	–	–	(3)
Fully amortised assets written off	–	–	49	–	1	50
Disposals	–	–	4	–	–	4
Exchange and other adjustments	–	–	1	–	–	1
<b>At 31 December 2024</b>	<b>(180)</b>	<b>–</b>	<b>(573)</b>	<b>(104)</b>	<b>(17)</b>	<b>(874)</b>
<b>Net book value</b>						
<b>At 31 December 2024</b>	<b>331</b>	<b>439</b>	<b>247</b>	<b>18</b>	<b>7</b>	<b>1,042</b>
At 31 December 2023	336	439	297	19	8	1,099
At 1 January 2023	335	439	339	21	10	1,144

## Notes to the Group Financial Statements continued

### 11. Goodwill and other intangible assets continued

#### Goodwill and brands

##### Brands

Brands relate to the acquisitions of Kimpton (\$193m), Regent (\$57m) and Six Senses (\$189m). They are each considered to have an indefinite life given their strong brand awareness and reputation, and management's commitment to continued investment in their growth. The brands are protected by trademarks and there are not believed to be any legal, regulatory or contractual provisions that limit the useful lives of the brands. In the hotel industry there are a number of brands that have existed for many years and IHG has brands that are over 60 years old.

#### Allocation of goodwill and brands to CGUs

	At 1 January 2023 \$m	Exchange adjustments \$m	At 31 December 2023 \$m	Exchange adjustments \$m	At 31 December 2024 \$m	Analysed as:	
						Goodwill \$m	Brands \$m
Americas (group of CGUs)	419	–	419	–	419	132	287
EMEAA (group of CGUs)	331	1	332	(5)	327	191	136
Greater China	24	–	24	–	24	8	16
	774	1	775	(5)	770	331	439

The recoverable amounts of the CGUs, or groups of CGUs, have been determined from value in use calculations. The key assumptions are RevPAR growth (detailed on page 197 within 'Going concern'), terminal growth rates and pre-tax discount rates. Cash flows beyond the five-year period are extrapolated using terminal growth rates that do not exceed the average long-term growth rates for the relevant markets. Cash flow projections are discounted using pre-tax rates that are based on the Group's weighted average cost of capital and incorporate adjustments reflecting risks specific to the territory of the CGU.

The weighted average terminal growth rates and pre-tax discount rates are as follows:

	2024		2023	
	Terminal growth rate %	Pre-tax discount rate %	Terminal growth rate %	Pre-tax discount rate %
Americas	2.1	11.6	1.6	13.0
EMEAA	2.5	13.6	2.4	15.1
Greater China	2.5	10.5	2.5	12.1

The recoverable amounts of the CGUs, or groups of CGUs, exceeded their carrying value such that no impairment has arisen. Assumptions were sensitised using the Severe Downside Case scenario (detailed on page 197 within 'Going concern'), with no impairment arising reflecting the number of years of Base Case forecasts required to recover the carrying value.

#### Software

Software includes \$102m relating to the development of the next-generation Guest Reservation System with Amadeus. Internally developed software with a net book value of \$80m is being amortised over seven to 10 years, with four years remaining at 31 December 2024, reflecting the Group's experience of the long life of guest reservation systems and the initial term over which the Group is party to a technology agreement with Amadeus. The remaining project value relates to enhancements to existing systems as part of the project, which are amortised over five years.

In 2024, a total of \$5m impairment was charged relating to assets which had been replaced as a result of more recent initiatives.

#### Management agreements

Management agreements relate to contracts recognised at fair value on acquisition. The weighted average remaining amortisation period for all management agreements is 13 years (2023: 14 years).

#### 2022 impairment reversal

The impairment reversal of \$12m related to the Kimpton management agreement portfolio in the Americas region and arose due to strong trading conditions in 2022 and significantly improved industry forecasts.



## 12. Property, plant and equipment

	Land and buildings \$m	Fixtures, fittings and equipment \$m	Total \$m
<b>Cost</b>			
At 1 January 2023	112	292	404
Additions	1	20	21
Fully depreciated assets written off	–	(15)	(15)
Disposals	(2)	(3)	(5)
Exchange and other adjustments	–	6	6
At 31 December 2023	111	300	411
Additions	–	27	27
Fully depreciated assets written off	(3)	(27)	(30)
Disposals	(8)	(8)	(16)
Exchange and other adjustments	(1)	(4)	(5)
<b>At 31 December 2024</b>	<b>99</b>	<b>288</b>	<b>387</b>
<b>Depreciation and impairment</b>			
At 1 January 2023	(51)	(196)	(247)
Provided	(6)	(18)	(24)
System Fund expense	–	(4)	(4)
Fully depreciated assets written off	–	15	15
Disposals	2	3	5
Exchange and other adjustments	1	(4)	(3)
At 31 December 2023	(54)	(204)	(258)
Provided	(3)	(21)	(24)
System Fund expense	–	(4)	(4)
Impairment reversal	–	3	3
Fully depreciated assets written off	3	27	30
Disposals	–	8	8
Exchange and other adjustments	1	3	4
<b>At 31 December 2024</b>	<b>(53)</b>	<b>(188)</b>	<b>(241)</b>
<b>Net book value</b>			
<b>At 31 December 2024</b>	<b>46</b>	<b>100</b>	<b>146</b>
At 31 December 2023	57	96	153
At 1 January 2023	61	96	157

The Group's property, plant and equipment mainly comprises buildings and leasehold improvements on 17 hotels (2023: 17 hotels), but also offices and computer hardware, throughout the world.

Assets with a net book value of \$99m (2023: \$107m) are located in the United States.

## Notes to the Group Financial Statements continued

### 12. Property, plant and equipment continued

#### Impairment and impairment reversals

##### 2024 impairment reversal

An impairment reversal of \$3m was recognised in relation to one hotel in the UK portfolio (EMEAA region) as a result of continued strong performance. The original impairment was recorded in 2020 as a result of the pandemic and was treated as exceptional; the reversal is also classified as exceptional for consistency.

##### 2022 impairment

An impairment charge of \$10m was recognised on property, plant and equipment relating to one hotel in the EMEAA region. A further \$2m impairment of right-of-use assets was recognised in relation to the same hotel. The charge arose, and was classed as exceptional, due to recent cost inflation which impacted operating costs but also the projected variable rent payments.

##### 2022 impairment reversal

An impairment reversal of \$3m was recognised in relation to the UK portfolio (EMEAA region) and arose as a result of the renegotiation of contractual agreements which enhanced the cash-generating potential of those hotels.

### 13. Leases

#### Right-of-use assets

	Land and buildings \$m	Investment property \$m	Other \$m	Total \$m
<b>Cost</b>				
At 1 January 2023	571	50	2	623
Additions and other re-measurements	15	–	2	17
Transfers to investment property	(2)	2	–	–
Terminations	(51)	–	(1)	(52)
Exchange and other adjustments	1	–	–	1
At 31 December 2023	534	52	3	589
Additions and other re-measurements	28	–	5	33
Transfers to finance lease receivable	(13)	(14)	(4)	(31)
Terminations	(11)	–	(1)	(12)
Exchange and other adjustments	(5)	–	–	(5)
<b>At 31 December 2024</b>	<b>533</b>	<b>38</b>	<b>3</b>	<b>574</b>
<b>Depreciation and impairment</b>				
At 1 January 2023	(294)	(47)	(2)	(343)
Provided	(22)	–	–	(22)
System Fund expense	(2)	–	–	(2)
Transfers to investment property	2	(2)	–	–
Terminations	51	–	1	52
Exchange and other adjustments	(1)	–	–	(1)
At 31 December 2023	(266)	(49)	(1)	(316)
Provided	(21)	–	(1)	(22)
System Fund expense	2	–	–	2
Transfers to finance lease receivable	8	13	–	21
Terminations	11	–	1	12
Exchange and other adjustments	5	–	–	5
<b>At 31 December 2024</b>	<b>(261)</b>	<b>(36)</b>	<b>(1)</b>	<b>(298)</b>
<b>Net book value</b>				
<b>At 31 December 2024</b>	<b>272</b>	<b>2</b>	<b>2</b>	<b>276</b>
At 31 December 2023	268	3	2	273
At 1 January 2023	277	3	–	280

### 13. Leases continued

The Group's leased assets mainly comprise hotels and offices. Leases contain a wide range of different terms and conditions. The term of property leases ranges from one to 99 years. The weighted average lease term remaining on the Group's top eight leases (which comprise 95% (2023: 94%) of the right-of-use asset net book value) is 56 years (2023: 56 years). The InterContinental Boston lease, expiring in 2105, has a significant impact on this weighted average lease term; excluding this lease the weighted average lease term is seven years (2023: eight years). Undiscounted cash flows on the Boston lease of \$3,191m (2023: \$3,212m) represent 95% (2023: 94%) of the total undiscounted cash flows relating to lease liabilities.

Many of the Group's property leases contain extension or early termination options, which are used for operational flexibility. The lease agreement over the US corporate headquarters contains a material extension option which is not included in the calculation of the lease asset and liability as the extension would not take effect before 2031 and there is no reasonable certainty the option will be exercised. The value of the undiscounted rental payments relating to this lease and not included in the value of the lease asset and liability is \$301m. Additionally, the Group has the option to extend the term of the InterContinental Boston lease for two additional 20-year terms, the first of which would take effect from 2105. These extension options have not been included in the calculation of the lease liability.

#### Impairment and impairment reversals

##### 2022 impairment

Details of the \$2m impairment charge are contained in note 12.

##### 2022 impairment reversal

An impairment reversal of \$2m was recognised in relation to one hotel in the EMEAA region and arose due to improved recovery forecasts as well as strong 2022 trading.

#### Lease liabilities

The majority of the Group's lease liabilities are discounted at incremental borrowing rates of up to 10%. The rate implicit in the InterContinental Boston lease was 9.7% and was derived from a valuation of the hotel at lease inception in 2006.

Currency	2024 \$m	2023 \$m
US dollars	357	357
Sterling	31	32
Euros	3	4
Other	23	33
	414	426
Analysed as:		
Current	26	30
Non-current	388	396
	414	426

The maturity analysis of lease liabilities is disclosed in note 23.

The Group's lease liability is not materially sensitive to inflation as \$335m (2023: \$342m) relates to the InterContinental Boston and the US corporate headquarters, which both include fixed payments and are not subject to inflationary adjustments.

#### Amounts recognised in the Group income statement

	2024 \$m	2023 \$m	2022 \$m
Depreciation of right-of-use assets	22	22	25
System Fund depreciation of right-of-use assets	(2)	2	3
Expense relating to variable lease payments	77	62	47
Expense relating to short-term leases and low-value assets	1	2	1
Income from operating subleases	(3)	(2)	(1)
<b>Recognised in operating profit</b>	<b>95</b>	<b>86</b>	<b>75</b>
Interest on lease liabilities	30	29	29
<b>Total recognised in the Group income statement</b>	<b>125</b>	<b>115</b>	<b>104</b>

## Notes to the Group Financial Statements continued

### 13. Leases continued

#### Variable lease payments

The UK portfolio leases contain guarantees that the Group will fund any shortfalls in lease payments up to an annual and cumulative cap. These caps limit the Group's exposure to trading losses, meaning that rental payments are reduced if insufficient cash flows are generated by the hotels. Since there is no floor to the rent reduction applicable under these leases, they are treated as fully variable. In the event that rent reductions are not applicable, annual base rental payments stabilise at £34m over the remaining lease to 2043. Additional performance-based rental payments are calculated using hotel revenues and net cash flows.

In addition, two German hotel leases under a similar structure are treated as fully variable.

#### Amounts recognised in the Group statement of cash flows

	2024 \$m	2023 \$m	2022 \$m
Operating activities	108	92	72
Investing activities	(4)	–	(6)
Financing activities	46	28	36
<b>Net cash paid</b>	<b>150</b>	<b>120</b>	<b>102</b>

### 14. Investment in associates and joint ventures

	2024 \$m	2023 \$m
<b>Cost</b>		
At 1 January	101	89
Additions	6	3
Share of profits <sup>a</sup>	10	13
System Fund share of losses	(2)	(3)
Dividends and distributions	(7)	(1)
<b>At 31 December</b>	<b>108</b>	<b>101</b>
<b>Impairment</b>		
At 1 January	(53)	(53)
Impairment charge	(4)	–
<b>At 31 December</b>	<b>(57)</b>	<b>(53)</b>
<b>Net book value</b>	<b>51</b>	<b>48</b>
Analysed as:		
Barclay associate	7	3
Other associates	39	43
Joint ventures	5	2
	<b>51</b>	<b>48</b>

a. In 2023 and 2022, the total share of profits/(losses) from associates and joint ventures in the Group income statement included \$18m gain and \$18m loss, respectively, due to the liability recognised in 2022 and its subsequent reversal (see note 6). In 2022, \$42m was included within exceptional items in addition to the \$18m.

#### Barclay associate

The Group held one associate investment which had a significant impact on profit for the prior year, a 19.9% interest in 111 East 48th Street Holdings, LLC (the 'Barclay associate') which owns InterContinental New York Barclay, a hotel managed by the Group. The investment is classified as an associate and equity accounted. While the Group has the ability to exercise significant influence through certain decision rights, approval rights relating to the hotel's operating and capital budgets rest solely with the 80.1% majority member. The Group's ability to receive cash dividends is dependent on the hotel generating sufficient income to satisfy specified owner returns.

#### 14. Investment in associates and joint ventures continued

Summarised financial information in respect of the Barclay associate is set out below:

	2024 \$m	2023 \$m
Non-current assets	449	462
Current assets	112	86
Current liabilities	(21)	(23)
Non-current liabilities	(236)	(256)
<b>Net assets</b>	<b>304</b>	<b>269</b>
Group's share of reported net assets at 19.9%	60	53
Adjustments to reflect impairment, capitalised costs and additional rights and obligations under the shareholder agreement	(11)	(8)
Effect of specially allocated expenses (note 6)	(42)	(42)
<b>Carrying amount</b>	<b>7</b>	<b>3</b>
	2024 \$m	2023 \$m
Revenue	130	131
Profit from continuing operations and total comprehensive income for the year	15	15
<b>Group's share of profit for the year<sup>a</sup></b>	<b>4</b>	<b>3</b>

a. Includes specially allocated expenses and the cost of funding owner returns.

#### Impairment and impairment reversals of other associates

##### 2024 impairment

In 2024, the impairment charge of \$4m related to an associate in the Americas region and arose due to a decline in trading conditions.

##### 2022 impairment reversal

In 2022, an impairment reversal of \$2m related to an associate in the Americas region and arose due to strong trading conditions and significantly improved industry forecasts.

#### 15. Other financial assets

	2024 \$m	2023 \$m
Equity securities	97	102
Restricted funds:		
Ring-fenced amounts to satisfy insurance claims:		
Cash	1	2
Money market funds	10	14
Accounts pledged as security	31	32
Other	1	2
	43	50
Trade deposits and loans	79	40
	219	192
Analysed as:		
Current	7	7
Non-current	212	185
	219	192



## Notes to the Group Financial Statements continued

## 15. Other financial assets continued

## Equity securities

The methodology to calculate fair value and the sensitivities to the relevant significant unobservable inputs are detailed in note 24. The most significant investments are as follows:

	2024		2023	
	Fair value \$m	Dividend income \$m	Fair value \$m	Dividend income \$m
Investment in entity which owns:				
InterContinental The Willard Washington DC	27	1	27	1
InterContinental Grand Stanford Hong Kong	36	–	37	–

## Restricted funds

Amounts ring-fenced to satisfy insurance claims are principally held in the Group's Captive, which is a regulated entity.

The accounts pledged as security are subject to a charge in favour of the members of the UK unfunded pension arrangement (see note 26). The accounts will be pledged as security until the date at which the UK unfunded pension liabilities have been fully discharged, unless otherwise agreed with the trustees, and amounts pledged may change in future years.

## Expected credit losses

Other financial assets with a net value of \$50m (2023: \$68m) are subject to the expected credit loss model requirements of IFRS 9. Equity securities, money market funds and other amounts measured at fair value are excluded. The gross value of trade deposits and loans that were subject to the expected credit loss requirements is \$51m with credit loss allowances of \$3m (2023: \$40m gross, \$9m allowance). Other expected credit losses are considered to be immaterial.

## Credit risk

Restricted funds are held with bank counterparties which are rated at least A+ based on S&P's ratings. Trade deposits and loans are entered into with creditworthy third parties, subject to credit verification procedures. The maximum exposure to credit risk of other financial assets at the end of the reporting period is their carrying value of \$219m (2023: \$192m).

## 16. Trade and other receivables

	2024 \$m	2023 \$m
<b>Current</b>		
Trade receivables	651	580
Other receivables	41	68
Prepayments	93	92
	785	740
<b>Non-current</b>		
Finance lease receivables	12	6
Other receivables	5	3
Prepayments	18	4
	35	13

## 16. Trade and other receivables continued

### Expected credit losses

The ageing of trade receivables shown below reflects the initial terms under the invoice rather than the revised terms in cases where payment flexibility has been provided to owners. The net balances presented in the table below could result in additional credit losses if they are ultimately found to be uncollectable. Expected credit losses relating to other receivables following their initial recognition are immaterial.

	2024			2023		
	Gross \$m	Credit loss allowance \$m	Net \$m	Gross \$m	Credit loss allowance \$m	Net \$m
Not past due	384	–	384	354	(1)	353
Past due 1 to 30 days	90	(4)	86	88	(5)	83
Past due 31 to 90 days	80	(5)	75	69	(6)	63
Past due 91 to 180 days	53	(8)	45	51	(8)	43
Past due 181 to 360 days	66	(19)	47	38	(11)	27
Past due more than 361 days	98	(84)	14	86	(75)	11
	771	(120)	651	686	(106)	580

Movement in the allowance for expected credit losses	2024 \$m	2023 \$m
At 1 January	(106)	(117)
Impairment (loss)/reversal	(16)	1
System Fund impairment loss	(9)	–
Amounts written off	8	9
Exchange and other adjustments	3	1
<b>At 31 December</b>	<b>(120)</b>	<b>(106)</b>

In 2024, the Group refined its expected credit loss model to calculate historical experience for certain populations of owner groups with different risk profiles to the core population. The difference between providing on this basis and using the regional provision matrix is immaterial.

### Credit risk

The Group trades only with recognised, creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. The maximum exposure to credit risk for trade and other receivables, excluding prepayments, at the end of the reporting period is their carrying value of \$709m (2023: \$657m).

## 17. Cash and cash equivalents

	2024 \$m	2023 \$m
Cash at bank and in hand	142	179
Short-term deposits	411	632
Money market funds	415	375
Repurchase agreements	40	136
<b>Cash and cash equivalents as recorded in the Group statement of financial position</b>	<b>1,008</b>	<b>1,322</b>
Bank overdrafts	(17)	(44)
<b>Cash and cash equivalents as recorded in the Group statement of cash flows</b>	<b>991</b>	<b>1,278</b>

Cash at bank and in hand includes bank balances of \$33m (2023: \$51m) which are matched by bank overdrafts of \$17m (2023: \$44m) under the Group's cash pooling arrangements. Under these arrangements, each pool contains a number of bank accounts with the same financial institution and interest is paid/received on pooled net balances for each currency. The cash pools are used for day-to-day cash management purposes and are managed as closely as possible to a zero balance on a net basis for each pool. Overseas subsidiaries are typically in a cash-positive position with the matching overdrafts, which are repayable on demand, held by the Group's central treasury company in the UK. Accordingly, bank overdrafts are included within cash and cash equivalents for the purposes of the cash flow statement.

## Notes to the Group Financial Statements continued

## 17. Cash and cash equivalents continued

## Cash and cash equivalents with restrictions on use

	2024 \$m	2023 \$m
Countries with restrictions on repatriation	2	30
Capital expenditure under lease agreements	15	14
Other restrictions	5	12
	22	56

Details of the credit risk on cash and cash equivalents is included in note 23.

## 18. Trade and other payables

	2024 \$m	2023 \$m
<b>Current</b>		
Trade payables	111	127
Other tax and social security payables	61	47
Other payables	116	135
Deferred purchase consideration	–	13
Accruals	362	389
	650	711
<b>Non-current</b>		
Other payables	5	6
Contingent purchase consideration (note 24)	73	69
	78	75

## Third-party bank loan guarantees

At 31 December 2024, the Group has issued financial guarantee contracts of up to \$31m (2023: \$50m). The carrying amount of these guarantees was \$nil in all periods presented. The largest guarantee has a gross guaranteed amount of \$21m (2023: \$21m) and the underlying loan matures in 2029. Should the Group fund any amount under the guarantee, there is a cross-indemnity that the Group would seek to pursue for the other parties' share.

## 19. Provisions

	Commercial litigation and disputes \$m	Self insurance reserves \$m	Dilapidations and other \$m	Total \$m
At 31 December 2023	7	14	15	36
Provided	10	4	4	18
Utilised	–	(9)	–	(9)
Released	(3)	–	(2)	(5)
Exchange and other adjustments	–	–	(1)	(1)
<b>At 31 December 2024</b>	<b>14</b>	<b>9</b>	<b>16</b>	<b>39</b>
Analysed as:				
Current	13	3	6	22
Non-current	1	6	10	17
	14	9	16	39

**19. Provisions continued****Self insurance reserves**

Self insurance reserves consist of \$6m of incurred but not reported ('IBNR') reserves and \$3m of claims reported but not yet settled. \$7m of these amounts relates to employment-related obligations. The utilisation of IBNR reserves is dependent on the timing of claims being reported and ultimately being settled; based on historical experience this is expected to be settled within five years. The maximum liabilities of the last five policy years is \$103m, noting that actual claims did not significantly differ to estimates in 2024 or 2023.

**20. Insurance**

	2024 \$m	2023 \$m
At 1 January	37	32
Insurance expenses	28	21
Claims and other amounts paid	(23)	(15)
Impact of discounting and other changes	(3)	(1)
<b>At 31 December</b>	<b>39</b>	<b>37</b>
Analysed as:		
Current	14	12
Non-current	25	25
	39	37
Incurred but not reported claims <sup>a</sup>	18	20
Reported but not settled claims	21	17
	39	37

a. Includes unallocated loss expenses.

Of the total reserves, \$15m (2023: \$19m) relates to international general liability and \$17m (2023: \$14m) relates to workers' compensation. The utilisation of IBNR reserves is dependent on the timing of claims being reported and ultimately being settled; based on historical experience the majority are expected to be settled within five years (2023: five years). The maximum liabilities of the last five policy years is \$71m (2023: \$49m). Actual claims have not significantly differed from estimates in the last five years.

	2024 \$m	2023 \$m
Revenue from insurance activities	23	21
Insurance expenses (inclusive of overhead costs)	(29)	(23)
<b>Insurance result</b>	<b>(6)</b>	<b>(2)</b>

## Notes to the Group Financial Statements continued

## 21. Loans and other borrowings

	Maturity date	Discount at issue %	2024 \$m	2023 \$m
<b>Current</b>				
Bank overdrafts (note 17)	n/a	n/a	17	44
€500m 1.625% bonds 2024	8 October 2024	0.437	–	555
£300m 3.75% bonds 2025	14 August 2025	0.986	381	–
			398	599
<b>Non-current</b>				
£300m 3.75% bonds 2025	14 August 2025	0.986	–	387
£350m 2.125% bonds 2026	24 August 2026	0.550	441	449
€500m 2.125% bonds 2027	15 May 2027	0.470	526	559
£400m 3.375% bonds 2028	8 October 2028	1.034	502	509
€600m 4.375% bonds 2029	28 November 2029	0.098	623	663
€750m 3.625% bonds 2031	27 September 2031	0.116	784	–
			2,876	2,567
<b>Total loans and other borrowings</b>			3,274	3,166
Denominated in the following currencies:				
Sterling			1,324	1,345
US dollars			16	44
Euros			1,933	1,777
Other			1	–
			3,274	3,166

**Bonds**

Interest is payable annually on the dates in the table, at the rates stated.

**Revolving Credit Facility ('RCF')**

The \$1,350m facility matures in 2029. A variable rate of interest is payable on amounts drawn. There were no amounts drawn as at 31 December 2024 or 31 December 2023.

The Group has no uncommitted facilities at 31 December 2024 (2023: \$nil).



**22. Net debt**

	2024 \$m	2023 \$m
Cash and cash equivalents	1,008	1,322
Loans and other borrowings – current	(398)	(599)
– non-current	(2,876)	(2,567)
Lease liabilities – current	(26)	(30)
– non-current	(388)	(396)
Principal amounts payable on maturity of derivative financial instruments (note 23)	(102)	(2)
<b>Net debt</b>	<b>(2,782)</b>	<b>(2,272)</b>
Movement in net debt	2024 \$m	2023 \$m
Net (decrease)/increase in cash and cash equivalents, net of overdrafts	(269)	339
Add back financing cash flows in respect of other components of net debt:		
Principal element of lease payments	46	28
Issue of long-term bonds	(834)	(657)
Repayment of long-term bonds	547	–
Settlement of currency swaps	45	–
	(196)	(629)
Increase in net debt arising from cash flows	(465)	(290)
Other movements:		
Lease liabilities	(36)	(25)
Increase in accrued interest	(6)	(2)
Exchange and other adjustments	(3)	(104)
	(45)	(131)
Increase in net debt	(510)	(421)
Net debt at beginning of the year	(2,272)	(1,851)
<b>Net debt at end of the year</b>	<b>(2,782)</b>	<b>(2,272)</b>

+ Net debt as calculated for bank covenants can be found on page 238.

## Notes to the Group Financial Statements continued

### 22. Net debt continued

Loans and other borrowings (excluding bank overdrafts), lease liabilities and currency swaps and forwards comprise the liabilities included in the financing activities section of the Group statement of cash flows and their movements are analysed as follows:

	At 1 January 2024 \$m	Financing cash flows \$m	Exchange adjustments \$m	Other <sup>a,b</sup> \$m	At 31 December 2024 \$m
Lease liabilities	426	(46)	(2)	36	414
Bonds	3,122	287	(157)	5	3,257
	3,548	241	(159)	41	3,671
Currency swaps	20	(45)	–	103	78
Currency forwards	(15)	–	–	11	(4)
	3,553	196	(159)	155	3,745

  

	At 1 January 2023 \$m	Financing cash flows \$m	Exchange adjustments \$m	Other <sup>a,b</sup> \$m	At 31 December 2023 \$m
Lease liabilities	427	(28)	2	25	426
Bonds	2,341	657	123	1	3,122
	2,768	629	125	26	3,548
Currency swaps	4	–	–	16	20
Currency forwards	–	–	–	(15)	(15)
	2,772	629	125	27	3,553

a. The non-cash increase in lease liabilities principally arises from additions and other re-measurements.

b. The change in value of currency swaps represents fair value movements and additions.

### 23. Financial risk management and derivative financial instruments

#### Overview

The Group is exposed to financial risks that arise in relation to underlying business activities. These risks include: market risk, liquidity risk, credit risk and capital risk. There are Board approved policies in place to manage these risks. Treasury activities to manage these risks may include money market funds, repurchase agreements, spot and forward foreign exchange instruments, currency swaps, interest rate swaps and forward rate agreements.

#### Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises: foreign exchange risk and interest rate risk. Financial instruments affected by market risk include loans and other borrowings, cash and cash equivalents, debt and equity investments and derivatives.

#### Foreign exchange risk

Movements in foreign exchange rates can affect the Group's reported profit or loss, net liabilities and its interest cover. The most significant exposures of the Group are in currencies that are freely convertible. The Group's reported debt has an exposure to borrowings held in sterling and euros. After the effect of currency swaps, the Group holds its bond debt in sterling, which is the primary currency of shareholder returns, and in US dollars, the predominant currency of the Group's revenue and cash flows. US dollar borrowings or currency derivatives also act as a net investment hedge of US dollar denominated assets.

When the Group borrows in currencies different from the functional currency of the borrowing entity, currency swaps are transacted at the same time to minimise foreign exchange risk. Currency swaps were transacted against the €500m 2.125% 2027 and €500m 1.625% 2024 bonds, in November 2018 and October 2020 respectively, swapping the bonds' proceeds and interest flows into sterling. Similar currency swaps were transacted against the €600m 4.375% 2029 bonds in November 2023 and €750m 3.625% 2031 bonds in September 2024, swapping the bond proceeds and interest flows into US dollars (see page 237).

#### Interest rate risk

The Group is exposed to interest rate risk in relation to its fixed and floating rate borrowings. The Group's policy requires a minimum of 50% fixed rate debt. With the exception of overdrafts, 100% of borrowings were fixed rate debt at 31 December 2024 (2023: 100%).

## 23. Financial risk management and derivative financial instruments continued

### Derivative financial instruments

Derivatives are recorded in the Group statement of financial position at fair value (see note 24) as follows:

Derivatives	2024 \$m	2023 \$m
Currency swaps	(78)	(20)
Currency forwards	4	15
	(74)	(5)
Analysed as:		
Non-current assets	4	20
Current liabilities	-	(25)
Non-current liabilities	(78)	-
	(74)	(5)

The carrying amount of currency swaps and forwards comprises \$102m loss (2023: \$2m loss) relating to exchange movements on the underlying principal, included within net debt (see note 22), and a \$28m gain (2023: \$3m loss) relating to other fair value movements.

Details of the credit risk on derivative financial instruments are included on page 239.

Currency swaps and forwards have been transacted as follows:

Date of designation	Hedge type	Pay leg	Interest rate	Receive leg	Interest rate	Maturity	Risk	Hedged item
November 2018	Cash flow	£436m	3.5%	€500m	2.125%	May 2027	Foreign exchange	€500m 2.125% bonds 2027
October 2020	Cash flow	£454m	2.7%	€500m	1.625%	October 2024	Foreign exchange	€500m 1.625% bonds 2024
November 2023	Cash flow	\$657m	6.0%	€600m	4.375%	November 2029	Foreign exchange	€600m 4.375% bonds 2029
September 2024	Cash flow	\$834m	4.9%	€750m	3.625%	September 2031	Foreign exchange	€750m 3.625% bonds 2031
October 2023	Net investment	\$425m	n/a	£344m	n/a	October 2028	Spot foreign exchange	Net assets of specified subsidiaries with US dollar foreign currency

### Cash flow hedges

There is an economic relationship between the hedged item and the hedging instrument as the critical terms are aligned, such that the hedge ratio is 1:1.

The change in the fair value of hedging instruments used to measure hedge ineffectiveness in the period mirrors that of the hypothetical derivative (hedged item) and was a \$90m loss (2023: \$14m loss).

Hedge ineffectiveness arises where the cumulative change in the fair value of the swaps exceeds the change in fair value of the future cash flows of the bonds, and may be due to any opening fair value of the hedging instrument, or a change in the credit risk of the Group or counterparty. There was no cumulative ineffectiveness in 2024 or 2023.

Amounts recognised in the cash flow hedge reserves are analysed in note 28.

### Net investment hedges

The Group currently designates the following as net investment hedges of its foreign operations, being the net assets of certain Group subsidiaries with a US dollar functional currency:

- Borrowings under the RCF;
- Long-dated currency forward contracts; and
- Certain short-dated foreign exchange swaps.

There is an economic relationship between the hedged item and the hedging instrument as the net investment creates a foreign exchange risk that will match the foreign exchange risk on the US dollar borrowings or foreign exchange swaps or forwards. The hedge ratio is 1:1 as the underlying risk of the hedging instrument is identical to the hedged risk component. Hedge effectiveness is assessed by comparing changes in the carrying amount of the hedging instrument that is attributable to a change in the spot rate with changes in the investment in the foreign operation due to movements in the spot rate.

The change in value of hedging instruments recognised in the currency translation reserve through other comprehensive income was a loss of \$7m (2023: \$15m gain). There was no ineffectiveness recognised in the Group income statement during the current or prior year.

## Notes to the Group Financial Statements continued

### 23. Financial risk management and derivative financial instruments continued

#### Interest and foreign exchange risk sensitivities

The following table shows the impact of a general strengthening in the US dollar against sterling and euro on the Group's profit or loss before tax and net liabilities, and the impact of a rise in US dollar and sterling interest rates on the Group's profit before tax. The impact of the strengthening in the euro against sterling on net liabilities is also shown, as this impacts the fair value of the currency swaps.

		2024 \$m	2023 \$m	2022 \$m
<b>(Decrease)/increase in profit before tax</b>				
Sterling: US dollar exchange rate	\$0.05 fall	(38)	(14)	(3)
Euro: US dollar exchange rate	\$0.05 fall	(7)	(3)	–
US dollar interest rates	1% increase	4	2	4
Sterling interest rates	1% increase	3	9	4
<b>Decrease/(increase) in net liabilities</b>				
Sterling: US dollar exchange rate	\$0.05 fall	3	(12)	27
Euro: US dollar exchange rate	\$0.05 fall	25	49	50
Sterling: euro exchange rate	€0.05 fall	31	64	60

A strengthening of US dollar against sterling has a greater effect on profit before tax than on net liabilities as this mainly impacts balances between Group companies which are eliminated on consolidation.

Interest rate sensitivity relates to cash balances and would only be realised to the extent deposit rates increase by 1%.

Interest rate sensitivities include the impact of hedging and are calculated based on the year-end net debt position.

#### Liquidity risk

Group policy ensures sufficient liquidity is maintained to meet all foreseeable medium-term cash requirements and provide headroom against unforeseen obligations.

Cash and cash equivalents are held in short-term deposits, repurchase agreements and cash funds which allow daily withdrawals of cash. Most of the Group's funds are held in the UK or US, although \$2m (2023: \$30m) is held in countries where repatriation is restricted (see note 17).

Medium- and long-term borrowing requirements are met through committed bank facilities and bonds as detailed in note 21.

The RCF contains two financial covenants: interest cover (Covenant EBITDA: Covenant interest payable) and a leverage ratio (Covenant net debt: Covenant EBITDA). These are tested at half year and full year on a trailing 12-month basis.

			31 December 2024 <sup>a</sup>
<b>Covenant test levels for RCF</b>			
Leverage			<4.0x
Interest cover			>3.5x
	2024	2023	2022
<b>Covenant measures</b>			
Covenant EBITDA (\$m)	1,195	1,086	896
Covenant net debt (\$m)	2,804	2,328	1,898
Covenant interest payable (\$m)	123	88	109
Leverage	2.35	2.14	2.12
Interest cover	9.72	12.34	8.22

a. The same covenant test levels also applied at 31 December 2023 and 2022.

The interest margin payable on the RCF is linked to the Group's credit rating and is currently 0.60%.

### 23. Financial risk management and derivative financial instruments continued

The following are the undiscounted contractual cash flows of financial liabilities, including interest payments and derivative financial instruments. Liabilities relating to the Group's deferred compensation plan are excluded; their settlement is funded entirely by the realisation of the related deferred compensation plan investments and no net cash flow arises.

	Less than 1 year \$m	Between 1 and 2 years \$m	Between 2 and 5 years \$m	More than 5 years \$m	Total \$m
31 December 2024					
Non-derivative financial liabilities:					
Bank overdrafts	17	–	–	–	17
Bonds	482	531	1,859	837	3,709
Lease liabilities	52	50	139	3,125	3,366
Trade and other payables (excluding deferred and contingent purchase consideration)	589	1	1	3	594
Contingent purchase consideration	–	39	42	–	81
Financial guarantee contracts	31	–	–	–	31
Derivative financial instruments:					
Currency swaps hedging bonds inflows	(66)	(66)	(1,324)	(837)	(2,293)
Currency swaps hedging bonds outflows	101	100	1,457	916	2,574
Forward currency contract inflows	–	–	(431)	–	(431)
Forward currency contract outflows	–	–	425	–	425
31 December 2023					
Non-derivative financial liabilities:					
Bank overdrafts	44	–	–	–	44
Bonds	644	464	1,681	694	3,483
Lease liabilities	57	52	130	3,164	3,403
Trade and other payables (excluding deferred and contingent purchase consideration)	651	1	3	2	657
Deferred and contingent purchase consideration	13	–	81	–	94
Financial guarantee contracts	50	–	–	–	50
Derivative financial instruments:					
Currency swaps hedging bonds inflows	(604)	(41)	(664)	(694)	(2,003)
Currency swaps hedging bonds outflows	653	59	704	696	2,112
Forward currency contract inflows	–	–	(438)	–	(438)
Forward currency contract outflows	–	–	425	–	425

#### Credit risk

Credit risk on cash and cash equivalents is minimised by operating a policy on the investment of surplus cash that generally restricts counterparties to those with a BBB- credit rating or better or those providing adequate security. The Group uses long-term credit ratings from S&P, Moody's and Fitch Ratings as a basis for setting its counterparty limits.

In order to manage the Group's credit risk exposure, the treasury function sets counterparty exposure limits using metrics including credit ratings, the relative placing of credit default swap pricings, tier 1 capital and share price volatility of the relevant counterparty.

Repurchase agreements are fully collateralised investments, with a maturity of three months or less. The Group accepts only government or supranational bonds where the lowest credit rating is AA- or better as collateral. In the event of default, ownership of these securities would revert to the Group. The securities held as collateral are to protect against default by the counterparty.

The Group's exposure to credit risk arises from default of the counterparty, with the maximum exposure equal to the carrying amount of each financial asset, including derivative financial instruments. The expected credit loss on cash and cash equivalents is considered to be immaterial.



## Notes to the Group Financial Statements continued

### 23. Financial risk management and derivative financial instruments continued

The table below analyses the Group's short-term deposits, money market funds and repurchase agreement collateral classified as cash and cash equivalents by counterparty credit rating:

31 December 2024	AAA \$m	AA+ \$m	AA \$m	AA- \$m	A+ \$m	A \$m	A- \$m	BBB+ and below \$m	Total \$m
Short-term deposits	–	–	–	41	107	249	–	14	411
Money market funds	415	–	–	–	–	–	–	–	415
Repurchase agreement collateral	26	9	2	3	–	–	–	–	40

  

31 December 2023	AAA \$m	AA+ \$m	AA \$m	AA- \$m	A+ \$m	A \$m	A- \$m	BBB+ and below \$m	Total \$m
Short-term deposits	–	–	–	129	147	258	77	21	632
Money market funds	375	–	–	–	–	–	–	–	375
Repurchase agreement collateral	110	6	–	20	–	–	–	–	136

#### Capital risk management

The Group's capital structure consists of net debt, issued share capital and reserves. The structure is managed with the objective of maintaining an investment grade credit rating, to provide ongoing returns to shareholders and to service debt obligations, while maintaining maximum operational flexibility and ensuring the Group is able to continue as a going concern. A key characteristic of IHG's managed and franchised business model is that it is highly cash generative, with a high return on capital employed. Surplus cash is either reinvested in the business, used to repay debt or returned to shareholders.

The Group's debt is monitored on the basis of a cash flow leverage ratio, being net debt divided by adjusted EBITDA. The Group has a stated aim of maintaining this ratio at 2.5x to 3.0x. The ratio at 31 December 2024 (which differs from the ratio as calculated for covenant tests) was 2.34 (2023: 2.09).

The Group currently has a senior unsecured long-term credit rating of BBB from S&P and a Baa2 rating from Moody's. In the event of the S&P rating being downgraded below BBB- (a downgrade of two levels) there would be an additional step-up coupon of 1.25% payable on the bonds maturing between 2025 and 2029 and in the event of the Moody's rating being downgraded below Baa3 (a downgrade of two levels) there would be an additional step-up coupon of 1.25% payable on the bonds maturing in 2029. The bonds maturing in 2031 do not have a step-up coupon.

### 24. Classification and measurement of financial instruments

#### Accounting classification and fair value hierarchy

		2024				2023			
	Hierarchy of fair value measurement	Fair value <sup>a</sup> \$m	Amortised cost \$m	Not categorised as a financial instrument \$m	Total \$m	Fair value <sup>a</sup> \$m	Amortised cost \$m	Not categorised as a financial instrument \$m	Total \$m
<b>Financial assets</b>									
Other financial assets	1,3 <sup>b</sup>	169	50	–	219	124	68	–	192
Cash and cash equivalents	1	415	593	–	1,008	375	947	–	1,322
Derivative financial instruments	2	4	–	–	4	20	–	–	20
Deferred compensation plan investments	1	286	–	–	286	250	–	–	250
Trade and other receivables	–	–	697	123	820	–	651	102	753
<b>Financial liabilities</b>									
Derivative financial instruments	2	(78)	–	–	(78)	(25)	–	–	(25)
Deferred compensation plan liabilities	1	(286)	–	–	(286)	(250)	–	–	(250)
Loans and other borrowings	–	–	(3,274)	–	(3,274)	–	(3,166)	–	(3,166)
Trade and other payables	3	(73)	(594)	(61)	(728)	(69)	(670)	(47)	(786)

a. With the exception of equity securities of \$89m (2023: \$87m) measured at fair value through other comprehensive income, all are measured at fair value through profit or loss. Of those, the financial assets related to the deferred compensation plan investments were designated as such upon initial recognition.

b. Of those measured at fair value, \$43m (2023: \$14m) are Level 1 and \$126m (2023: \$110m) are Level 3.

## 24. Classification and measurement of financial instruments continued

Financial assets and liabilities measured at amortised cost whose carrying amount is not a reasonable approximation of fair value are as follows:

	Hierarchy of fair value measurement	2024		2023	
		Carrying value \$m	Fair value \$m	Carrying value \$m	Fair value \$m
€500m 1.625% bonds 2024	1	–	–	555	545
£300m 3.75% bonds 2025	1	381	373	387	373
£350m 2.125% bonds 2026	1	441	418	449	416
€500m 2.125% bonds 2027	1	526	513	559	535
£400m 3.375% bonds 2028	1	502	471	509	476
€600m 4.375% bonds 2029	1	623	658	663	689
€750m 3.625% bonds 2031	1	784	786	–	–

### Right of offset

Cash pooling arrangements (see note 17) and derivative financial instruments (see note 23) are entered into under master netting arrangements and other similar agreements. These instruments are not offset in the Group statement of financial position. Certain loans to and from an associate are offset as described in note 30. There are no other financial instruments with a significant fair value which are subject to enforceable master netting agreements.

### Valuation techniques

#### Money market funds, deferred compensation plan investments and bonds

The fair value of money market funds (including accounts pledged as security in note 15), deferred compensation plan investments and bonds is based on their quoted market price.

#### Unquoted equity securities

Unquoted equity securities are fair valued using a discounted cash flow model, either internally or using professional external valuers. The significant unobservable inputs used to determine the fair value of the equity securities are RevPAR growth (based on the market-specific growth assumptions used by external valuers), pre-tax discount rate which ranged from 6.4% to 10.0% (2023: 6.4% to 10.0%), and a non-marketability factor which ranged from 20.0% to 30.0% (2023: 20.0% to 30.0%).

There is no material sensitivity arising from changes in assumptions.

#### Trade deposits and loans

The value of trade deposits and loans measured at FVTPL are reassessed as market interest rates and credit risk assessments change. The amount recognised is the discounted value of the total expected amount receivable of \$31m, discounted using unobservable interest rates for loans with similar term and risk. There is no significant sensitivity arising from changes in interest rates.

#### Derivative financial instruments and other payables

Currency swaps and currency forwards are measured at the present value of future cash flows discounted back based on quoted forward exchange rates and the applicable yield curves derived from quoted interest rates. Adjustments for credit risk use observable credit default swap spreads.

The put option over part of the Group's investment in the Barclay associate was valued at \$nil at 31 December 2024 and 2023. The value is equal to the excess of the amount receivable under the option (which is based on the Group's capital invested to date) over fair value. The fair value of the hotel was derived from a pricing opinion provided by a professional external valuer which is categorised as a Level 3 fair value measurement.

#### Deferred purchase consideration

Deferred purchase consideration arose in respect of the acquisition of Regent (see below). The final instalment of \$13m was paid in 2024.

## Notes to the Group Financial Statements continued

## 24. Classification and measurement of financial instruments continued

## Contingent purchase consideration

In 2018, the Group acquired a 51% controlling interest in Regent Hospitality Worldwide, Inc ('RHW'), with put and call options existing over the remaining 49% shareholding exercisable in a phased manner from 2026 to 2033. The Group has a present ownership interest in the remaining shares and the acquisition was accounted for as 100% owned with no non-controlling interest recognised and contingent purchase consideration comprising the present value of the expected amounts payable on exercise of the options based on the annual trailing revenue of RHW in the year preceding exercise with a floor applied.

The value of the contingent purchase consideration is subject to periodic reassessment as interest rates and RHW revenue expectations change. At 31 December 2024, it is assumed that \$39m will be paid in 2026 to acquire an additional 25% of RHW with the remaining 24% acquired in 2028 for \$42m. This assumes that the options will be exercised at the earliest permissible date which is consistent with the assumption made on acquisition. The amount recognised is the discounted value of the total expected amount payable of \$81m. The discount rate applied is based on observable US corporate bond rates of similar term to the expected payment dates. The range of possible outcomes remains unchanged from the date of acquisition at \$81m to \$261m (undiscounted).

The significant unobservable inputs used to determine the fair value of the contingent purchase consideration are the projected trailing revenues of RHW and the date of exercising the options. If the annual trailing revenue of RHW were to exceed the floor by 10%, the amount of the contingent purchase consideration recognised in the Group Financial Statements would increase by \$7m (2023: \$7m). If the date for exercising the options is assumed to be 2033 and the amount payable is based on the floor, the amount of the undiscounted contingent purchase consideration would be \$86m (2023: \$86m).

## Level 3 reconciliation

	Other financial assets \$m	Other payables \$m	Contingent purchase consideration \$m
At 1 January 2023	103	(18)	(65)
Valuation losses recognised in other comprehensive income	(2)	–	–
Additions	8	–	–
Unrealised changes in fair value <sup>a</sup>	–	18	(4)
Exchange and other adjustments	1	–	–
At 31 December 2023	110	–	(69)
Additions	20	–	–
Unrealised changes in fair value	–	–	(4)
Repayments and disposals	(4)	–	–
<b>At 31 December 2024</b>	<b>126</b>	<b>–</b>	<b>(73)</b>

a. The change in the fair value of other payables was recognised within share of profits/(losses) from associates and joint ventures in the Group income statement and was presented as an exceptional item (see note 6).

**25. Reconciliation of profit for the year to cash flow from operations**

	2024 \$m	2023 \$m	2022 \$m
<b>Profit for the year</b>	<b>628</b>	750	376
Adjustments for:			
Net financial expenses	140	52	96
Fair value losses/(gains) on contingent purchase consideration	4	4	(8)
Income tax charge	269	260	164
Operating profit adjustments:			
Impairment loss/(reversal) on financial assets	10	(1)	5
Other net impairment (reversals)/charges	-	-	(5)
Other operating exceptional items	12	(28)	100
Depreciation and amortisation	65	67	68
	87	38	168
Contract assets deduction in revenue	43	37	32
Share-based payments cost	44	36	30
Share of profits of associates and joint ventures (before exceptional items)	(10)	(13)	(1)
	77	60	61
System Fund adjustments:			
Depreciation and amortisation	80	83	86
Impairment loss on financial assets	9	-	7
Other impairment charges	3	-	-
Share-based payments cost	23	20	16
Share of losses of associates	2	3	1
	117	106	110
Working capital and other adjustments:			
Increase in deferred revenue	214	123	108
Increase in trade and other receivables	(106)	(70)	(132)
(Decrease)/increase in trade and other payables	(45)	31	121
Other adjustments	(7)	(5)	4
	56	79	101
Cash flows relating to exceptional items	8	(29)	(43)
Contract acquisition costs, net of repayments	(237)	(101)	(64)
<b>Total adjustments</b>	<b>521</b>	469	585
<b>Cash flow from operations</b>	<b>1,149</b>	1,219	961

In 2024, increase in deferred revenue includes \$100m of initial upfront payments received in relation to co-branding agreements which will be recognised over the term of those agreements.

## Notes to the Group Financial Statements continued

### 26. Retirement benefits

#### UK

Since 2014, UK retirement and death in service benefits are provided for eligible employees by the IHG UK Defined Contribution Pension Plan. Members are provided with defined contribution arrangements under this plan; benefits are based on each individual member's personal account. The plan is HM Revenue & Customs registered and governed by an independent trustee, assisted by professional advisers as and when required. The overall operation of the plan is subject to the oversight of The Pensions Regulator.

The former defined benefit plan, the InterContinental Hotels UK Pension Plan, was wound up in 2015 following the completion of the buy-out and transfer of the defined benefit obligations to Rothesay Life.

Residual defined benefit obligations remain in respect of additional benefits provided to members of an unfunded pension arrangement ('UK plan') who were affected by lifetime or annual allowances under the former defined benefit arrangements. Accrual under this arrangement ceased with effect from 1 July 2013 and a cash-out offer in 2014 resulted in the extinguishment of approximately 70% of the unfunded pension obligations. The Group meets the benefit payment obligations of the remaining members as they fall due. A charge over certain ring-fenced accounts totalling \$31m (£25m) at 31 December 2024 (see note 15) is currently held as security on behalf of the remaining members.

#### US

During 2018, the Group completed a termination of the US funded Inter-Continental Hotels Pension Plan, which involved certain qualifying members receiving lump-sum cash-out payments with the remaining pension obligations subject to a buy-out by Banner Life Insurance Company, a subsidiary of Legal & General America.

The Group continues to maintain the unfunded Inter-Continental Hotels Non-qualified Pension Plans ('US plans') and unfunded Inter-Continental Hotels Corporation Postretirement Medical, Dental, Vision and Death Benefit Plan ('US post-retirement plan'), both of which are defined benefit plans. Both plans are closed to new members. A Retirement Committee, comprising senior Group employees and assisted by professional advisers as and when required, has responsibility for oversight of the plans.

#### Other post-employment benefits

The Group maintains immaterial post-employment benefit plans in countries including the Philippines, Dubai, India, Mexico and Thailand which are accounted for as defined benefit plans.

At 31 December 2024, the net retirement benefit asset relating to the Philippines plan was \$3m (2023: \$3m) comprising plan assets of \$13m (2023: \$12m) and a defined benefit obligation of \$10m (2023: \$9m).

A retirement benefit liability totalling \$7m was recognised in respect of all other countries' plans. Disclosures in this note concerning assumptions, sensitivities, estimates future benefit payments and duration of pension obligations relate to the UK and US plans and the US post-retirement plan and are not provided in relation to these immaterial plans.

**26. Retirement benefits** continued**Movement in retirement benefit obligations**

	2024 \$m	2023 \$m	2022 \$m
At 1 January	66	66	92
<b>Recognised in profit or loss</b>			
Interest expense	5	3	2
	5	3	2
<b>Recognised in other comprehensive income</b>			
Actuarial (gain)/loss arising from changes in:			
Demographic assumptions	–	(1)	(1)
Financial assumptions	(3)	2	(22)
Experience adjustments	(1)	1	2
Re-measurement (gain)/loss	(4)	2	(21)
Exchange and other adjustments	7	–	(2)
	3	2	(23)
<b>Other</b>			
Group contributions	(6)	(5)	(5)
	(6)	(5)	(5)
<b>At 31 December</b>	<b>68</b>	<b>66</b>	<b>66</b>
Comprising:			
UK plan	17	19	18
US plans	31	34	35
US post-retirement plan	13	13	13
Other post-employment benefit plans	7	–	–
	68	66	66

The value of benefits paid is equal to contributions paid into the plans by the Group.

**Assumptions**

The principal financial assumptions used by the actuaries to determine the defined benefit obligations are:

	2024 %	2023 %	2022 %
UK plan only:			
Pension increases	3.2	3.1	3.2
Inflation rate	3.2	3.1	3.2
Discount rate:			
UK plan	5.6	4.8	5.0
US plans	5.3	4.7	4.9
US post-retirement plan	5.3	4.7	4.9
US healthcare cost trend rate assumed for the next year:			
Pre-65 (ultimate rate reached in 2035)	8.6	7.8	6.9
Post-65 (ultimate rate reached in 2035)	9.7	8.6	7.3
Ultimate rate that the cost rate trends to	4.5	4.5	4.5



## Notes to the Group Financial Statements continued

### 26. Retirement benefits continued

Mortality is the most significant demographic assumption. The current assumptions for the UK are based on the S3PA 'light' year of birth tables with projected mortality improvements using the CMI\_2023 model and a 1.25% per annum long-term trend and a smoothing parameter ('s-kappa') of 7.0 with weightings of 92% and 86% for pensioners and 87% and 86% for non-pensioners, male and female respectively. In the US, the current assumptions use rates from the Pri-2012 Mortality Study and Generationally Projected with Scale MP-2021 mortality tables.

The assumptions applied to the UK plan and US plans for life expectancy at retirement age are as follows:

	UK			US		
	2024 years	2023 years	2022 years	2024 years	2023 years	2022 years
Current pensioners at 65 <sup>a</sup> – male	23	23	24	22	22	22
– female	25	25	26	23	23	23
Future pensioners at 65 <sup>b</sup> – male	23	23	25	23	23	23
– female	25	25	27	25	25	25

a. Relates to assumptions based on longevity following retirement at the end of the reporting period.

b. Relates to assumptions based on longevity relating to an employee retiring in 2044.

The assumptions allow for expected increases in longevity.

#### Sensitivities

Changes in assumptions used for determining retirement benefit costs and obligations may have an impact on the Group income statement and the Group statement of financial position. The key assumptions are the discount rate, the rate of inflation, the assumed mortality rate and the healthcare costs trend rate. The sensitivity analysis below relates to the increase/(decrease) in the benefit obligation and is based on extrapolating reasonable changes in these assumptions, using year-end conditions and assuming no interdependency between the assumptions:

		2024 \$m	2023 \$m
Discount rate	1% decrease	5	6
	1% increase	(5)	(6)
Inflation rate	0.25% decrease	(1)	(1)
	0.25% increase	–	1
Mortality rate	One-year increase	2	3
Healthcare costs trend rate	1% decrease	(1)	(1)
	1% increase	1	1

#### Estimated future benefit payments

	2024 \$m	2023 \$m
Within one year	5	5
Between one and five years	20	21
More than five years	81	86
	106	112

#### Average duration of pension obligations

	2024 years	2023 years
UK plan	12.0	13.0
US plans	7.1	7.5
US post-retirement plan	7.4	8.0

#### Defined contribution plans

The Group also operates a number of smaller pension plans outside the UK, the most significant of which is a defined contribution plan in the US which is designed to comply with the requirements of the Internal Revenue Code Section 409A.

## 27. Share-based payments

In 2023, the new Deferred Award Plan rules ('DAP') replaced the IHG Annual Performance Plan ('APP') and Long Term Incentive Plan ('LTIP') as a simplified, combined set of plan rules which govern the Company's discretionary incentive plans.

Awards granted under the DAP can consist of Deferred Annual Incentive ('DAI'), Long-Term Incentive ('LTI'), Restricted Stock Unit ('RSU') and other ad hoc awards.

The DAP rules were approved at the AGM on 5 May 2023, with all LTI and RSU awards granted after this date and DAI awards granted in respect of 2024 and future APP years being subject to the rules of the DAP. All previously granted awards are subject to the LTIP and APP rules respectively.

### Annual Performance/Deferred Annual Incentive Awards

Eligible employees (including Executive Directors) may receive all or part of their bonus in the form of deferred shares and/or receive one-off awards of shares. Deferred shares in relation to annual performance-related bonus plans are released on the third anniversary of the award date. Awards are conditional on the participants remaining in the employment of a participating company or leaving for a qualifying reason. The grant of deferred shares under the APP/DAP is at the discretion of the Remuneration Committee.

The number of shares is calculated by dividing a specific percentage of the participant's annual performance-related bonus award by the average of the middle market quoted prices on the three consecutive business days following the announcement of the Group's results for the relevant financial year.

### Long Term Incentive and Restricted Stock Units

Executive Directors and eligible employees may receive conditional share awards, which normally have a vesting period of three years, subject to continued employment. In addition, certain LTI awards made to Executive Directors are normally subject to a further two-year holding period after vesting.

LTI awards are subject to performance-based vesting conditions set by the Remuneration Committee, which are normally measured over the vesting period.

Awards are normally made annually and, except in exceptional circumstances, do not exceed the limit set out in the Directors' Remuneration Policy and DAP Rules.

### Colleague Share Plan

The Colleague Share Plan gives eligible corporate employees the opportunity to purchase shares up to an annual limit. After the end of the plan year, the participant will be awarded the right to receive one matching share for every purchased share (subject to continued employment). If the participant holds the purchased shares until the second anniversary of the end of the plan year, the conditional right to matching shares vests.

The total fair value of the Colleague Share Plan is not significant.

**+** More detailed information on the performance measures for awards to Executive Directors is shown in the Directors' Remuneration Report on pages 144 to 149.

### Costs relating to share-based payment transactions

	2024 \$m	2023 \$m	2022 \$m
<b>Equity-settled</b>			
Operating profit before System Fund, reimbursables and exceptional items	37	31	28
System Fund	23	20	16
	60	51	44
<b>Cash-settled</b>			
Operating profit before System Fund, reimbursables and exceptional items	7	5	2
	67	56	46

No consideration was received in respect of ordinary shares issued under option schemes during 2024, 2023 or 2022.

## Notes to the Group Financial Statements continued

## 27. Share-based payments continued

## Option pricing models, assumptions and movements in awards outstanding

Option pricing models and assumptions	APP			LTIP		
	Binomial valuation model			Monte Carlo Simulation, Binomial and Finnerty valuation models		
	2024	2023	2022	2024	2023	2022
Weighted average share price (pence)	8,481.8	5,571.7	5,018.3	7,940.0	5,318.0	4,875.0
Expected dividend yield				2.12%	2.52% to 2.77%	2.29% to 2.67%
Risk-free interest rate				4.20%	3.85%	1.29%
Volatility <sup>a</sup>				26%	29% to 30%	35% to 45%
Term (years)	2.2	2.3	1.7	3.0	3.0	3.0

a. The expected volatility was determined by calculating the historical volatility of the Company's share price corresponding to the expected life of the share award.

	APP/DAP		LTIP/DAP	
	Deferred shares/ one-off awards	Performance-related awards/LTI	Restricted stock units	
Number of share awards (thousands)				
Outstanding at 1 January 2022	348	872	1,350	
Granted	236	323	706	
Vested	(254)	(23)	(391)	
Lapsed or cancelled	(9)	(239)	(90)	
Outstanding at 31 December 2022	321	933	1,575	
Granted	214	329	683	
Vested	(186)	(180)	(533)	
Lapsed or cancelled	(17)	(246)	(63)	
Outstanding at 31 December 2023	332	836	1,662	
Granted	104	279	495	
Vested	(44)	(136)	(402)	
Lapsed or cancelled	(6)	(148)	(106)	
<b>Outstanding at 31 December 2024</b>	<b>386</b>	<b>831</b>	<b>1,649</b>	

Fair value of awards granted during the year (cents)			
<b>2024</b>	<b>10,837.6</b>	<b>5,812.6</b>	<b>10,302.3</b>
2023	6,926.4	3,169.7	6,351.0
2022	6,180.2	3,770.0	5,656.4

Weighted average remaining contract life (years)			
<b>At 31 December 2024</b>	<b>0.9</b>	<b>1.1</b>	<b>1.1</b>
At 31 December 2023	1.5	1.3	1.3
At 31 December 2022	1.0	1.1	1.2

The above awards do not vest until the performance and service conditions have been met.

The weighted average share price at the date of exercise for share awards vested during the year was 8,225.7p (2023: 5,470.3p, 2022: 4,950.5p) including Colleague Share Plan. The closing share price on 31 December 2024 was 9,954.0p (31 December 2023: 7,090.0p, 31 December 2022: 4,744.0p) and the range during the year was 7,016.0p to 10,180.0p (2023: 4,832.0p to 7,118.0p, 2022: 4,193.0p to 5,338.0p).

## 28. Equity

### Equity share capital

Allotted, called up and fully paid	Number of shares millions	Nominal value \$m	Share premium \$m	Equity share capital \$m
At 1 January 2022 (ordinary shares of 20 <sup>340</sup> / <sub>399</sub> p each)	187	53	101	154
Repurchased and cancelled under share repurchase programme	(4)	(1)	–	(1)
Exchange adjustments	–	(6)	(10)	(16)
At 31 December 2022 (ordinary shares of 20 <sup>340</sup> / <sub>399</sub> p each)	183	46	91	137
Repurchased and cancelled under share repurchase programme	(11)	(3)	–	(3)
Exchange adjustments	–	3	4	7
At 31 December 2023 (ordinary shares of 20 <sup>340</sup> / <sub>399</sub> p each)	172	46	95	141
Repurchased and cancelled under share repurchase programme	(7)	(2)	–	(2)
Exchange adjustments	–	(1)	(1)	(2)
<b>At 31 December 2024 (ordinary shares of 20<sup>340</sup>/<sub>399</sub>p each)</b>	<b>165</b>	<b>43</b>	<b>94</b>	<b>137</b>

In February 2024, the Board approved a \$800m share buyback programme which completed on 27 December 2024.

In February 2023, the Board approved a \$750m share buyback programme which completed on 29 December 2023.

In August 2022, the Board approved a \$500m share buyback programme which completed on 31 January 2023.

In the year ended 31 December 2024, 7.5m shares were repurchased for total consideration of \$812m including \$20m taxes and transaction costs and subsequently cancelled. The cost of treasury shares and related transaction costs have been deducted from retained earnings.

In the year ended 31 December 2023, 10.9m shares were repurchased for total consideration of \$790m including \$28m taxes and transaction costs and subsequently cancelled. Of the total consideration, \$38m related to the completion of the 2022 programme and \$752m related to the 2023 programme.

In the year ended 31 December 2022, 9.1m shares were repurchased for total consideration of \$482m including \$2m taxes and transaction costs, of which 4.5m were held as treasury shares and 4.6m were cancelled.

When approving shareholder returns in 2024, 2023 and 2022, the Board first reviewed the Parent Company Financial Statements to confirm availability of sufficient distributable reserves.

For each of the share buyback programmes undertaken, authority was given to the Company at the respective AGM prior to commencement of the buyback.

In February 2025, the Board approved a further \$900m share buyback programme to be completed by the end of 2025. A resolution to renew the authority to repurchase shares will be put to shareholders at the AGM on 8 May 2025.

The Company no longer has an authorised share capital.

### Shares held by employee share trusts

	Number of shares millions	Carrying value \$m	Market value \$m
<b>31 December 2024</b>	<b>1.2</b>	<b>63.0</b>	<b>144.9</b>
31 December 2023	0.8	35.0	73.6
31 December 2022	1.1	37.0	62.8

Shares held by employee share trusts includes 0.2m shares (2023: 0.2m shares) held in a nominee account on behalf of participants.

## Notes to the Group Financial Statements continued

## 28. Equity continued

## Treasury shares

	Number of shares millions	Nominal value \$m
At 1 January 2022	3.7	1.0
Transferred to employee share trusts	(0.7)	(0.2)
Repurchased under share repurchase programme	4.5	1.1
At 31 December 2022	7.5	1.9
Transferred to employee share trusts	(0.5)	(0.1)
Exchange adjustments	–	0.1
At 31 December 2023	7.0	1.9
Transferred to employee share trusts	(0.8)	(0.2)
Exchange adjustments	–	(0.1)
<b>At 31 December 2024</b>	<b>6.2</b>	<b>1.6</b>

## Cash flow hedge reserves

	Cash flow hedge reserve \$m	Cost of hedging reserve \$m	Total \$m
At 1 January 2022	16	(11)	5
Costs of hedging deferred and recognised in other comprehensive income	–	3	3
Change in fair value of currency swaps recognised in other comprehensive income	33	–	33
Reclassified from other comprehensive income to profit or loss – included in financial expenses	(43)	–	(43)
Deferred tax	2	–	2
At 31 December 2022	8	(8)	–
Change in fair value of currency swaps recognised in other comprehensive income	(30)	–	(30)
Reclassified from other comprehensive income to profit or loss – included in financial expenses	28	–	28
At 31 December 2023	6	(8)	(2)
Costs of hedging deferred and recognised in other comprehensive income	–	(11)	(11)
Change in fair value of currency swaps recognised in other comprehensive income	(113)	–	(113)
Reclassified from other comprehensive income to profit or loss – included in financial expenses	165	–	165
Deferred tax	(11)	–	(11)
<b>At 31 December 2024</b>	<b>47</b>	<b>(19)</b>	<b>28</b>

Amounts reclassified from other comprehensive income to financial expenses comprise \$28m (2023: \$14m, 2022: \$14m) net interest payable on the currency swaps and an exchange loss of \$137m (2023: \$14m loss, 2022: \$57m gain) which offsets a corresponding gain or loss on the hedged bonds.

## 29. Contingencies and commitments

### 2022 criminal unauthorised access to technology systems

On 6 September 2022, the Group announced that parts of the Group's technology systems had been subject to unauthorised activity causing disruption to IHG's booking channels and other applications. No evidence of unauthorised access to systems storing guest data was identified and precautionary regulatory notifications were filed and have been closed. A previously filed class action was dismissed in its entirety during 2024 and the contingent liability has been eliminated.

#### Litigation

From time to time, the Group is subject to legal proceedings the ultimate outcome of each being always subject to many uncertainties inherent in litigation. These legal claims and proceedings are in various stages and include disputes related to specific hotels where the potential materiality is not yet known; such proceedings, either individually or in the aggregate, have not in the recent past and are not likely to have a material effect on the Group's financial position or profitability. Previously reported contingent liabilities have been resolved or are considered remote.

It is the view of the Directors that, other than to the extent that liabilities have been provided for in these Group Financial Statements (see note 19), it is not possible to quantify any loss to which these proceedings may give rise, however, as at the date of reporting, the Group does not believe that the outcome of these matters will have a material effect on the Group's financial position.

#### Other items

The Group had total commitments for capital expenditure of \$8m at 31 December 2024 (2023: \$10m). The Group has also committed to invest \$16m in one joint venture (2023: \$3m in one associate).

## 30. Related party disclosures

### Key management personnel

	2024 \$m	2023 \$m	2022 \$m
Total compensation			
Short-term employment benefits	20.1	18.6	18.7
Contributions to defined contribution pension plans	0.4	0.5	0.5
Equity compensation benefits <sup>a</sup>	16.4	15.8	13.4
	36.9	34.9	32.6

a. As measured in accordance with IFRS 2 'Share-based Payment'.

There were no other transactions with key management personnel, defined as the Board and Executive Committee, during the years ended 31 December 2024, 2023 or 2022.

### Associates and joint ventures

	2024 \$m	2023 \$m	2022 \$m
Fee revenue	12	11	9
Amounts receivable (net)	41	19	10
Amounts payable	–	(10)	–

The Group has a performance guarantee with a maximum exposure remaining of \$4m (2023: \$6m) for one associate.

The Group funds shortfalls in owner returns relating to the Barclay associate (see note 14). In addition, loans both to and from the Barclay associate of \$237m (2023: \$237m) are offset in accordance with the provisions of IAS 32 'Financial Instruments: Presentation' and presented net in the Group statement of financial position. Interest payable and receivable under the loans is equivalent. The loans have an average interest rate of 4.1% (2023: 4.0%) and interest is presented net in the Group income statement. Notes 6 and 14 contain details of other transactions with the Barclay associate.

Amounts receivable include \$34m preferred equity investments in three associates (2023: \$12m in two associates) which are presented within other financial assets. The face value of these receivables is \$43m, the difference to book value being due to discounting for time value of money and provisions for expected credit losses.

The closing loan and preferred equity balances above represent the maximum amount outstanding during the year.



## Notes to the Group Financial Statements continued

### 31. System Fund and reimbursables

System Fund and reimbursable revenues and expenses comprise:

	2024 \$m	2023 \$m	2022 \$m
System Fund revenues	1,611	1,564	1,217
Reimbursable revenues	1,000	896	832
<b>System Fund and reimbursable revenues</b>	<b>2,611</b>	<b>2,460</b>	<b>2,049</b>
System Fund expenses	(1,694)	(1,545)	(1,322)
Reimbursable expenses	(1,000)	(896)	(832)
<b>System Fund and reimbursable expenses</b>	<b>(2,694)</b>	<b>(2,441)</b>	<b>(2,154)</b>

System Fund revenues include:

	2024 \$m	2023 \$m	2022 \$m
Loyalty programme revenues, net of the cost of point redemptions	355	379	228
Marketing, reservation and other hotel fees	1,256	1,185	989

System Fund expenses include:

	2024 \$m	2023 \$m	2022 \$m
Marketing	520	498	408
Staff costs	436	399	341
Depreciation and amortisation	80	83	86
Impairment loss on trade receivables (note 16)	9	–	7
Other net impairment charges (note 11)	3	–	–

### 32. Events after the reporting period

On 17 February 2025, the Group completed the acquisition of the Ruby brand and related intellectual property (“Ruby brand”) from the Ruby Group for initial purchase consideration of €110.5m (\$116m). Future payments to incentivise growth may be payable in 2030 and/or 2035 totalling up to €181m (\$190m), contingent on the number of Ruby branded rooms operated by the seller at the end of the preceding year.

The Group expects to account for the transaction as an asset purchase and to recognise an intangible asset for the Ruby brand at cost, comprising the initial payment and the present value of expected future payments. Due to the proximity of the transaction to the date of these financial statements, the estimate has not been finalised. Further details will be provided in the interim results for 2025.

### 33. Group companies

In accordance with Section 409 of the Companies Act 2006, a full list of entities in which the Group has an interest of greater than or equal to 20%, the registered office and effective percentage of equity owned as at 31 December 2024 are disclosed below. Unless otherwise stated, the ownership interest disclosed comprises either ordinary shares, certificated or un-certificated membership interests which are indirectly held by InterContinental Hotels Group PLC.

#### Fully owned subsidiaries

10000 Champion Acquisition LLC (k)  
24th Street JV Development LLC (k)  
24th Street Operator Sub, LLC (k)  
2250 Blake Street Hotel, LLC (k)  
36th Street IHG Sub, LLC (k)  
426 Main Ave, LLC (k)  
46 Nevins Street Associates, LLC (k)  
Alpha Kimball Hotel, LLC (k)  
Asia Pacific Holdings Limited (n)  
Barclay Operating Corp. (k)  
BHMC Canada Inc. (o)  
BHR Holdings B.V. (p)  
BHR Pacific Holdings, Inc. (k)  
BHTC Canada Inc. (o)  
Blythswood Square Glasgow Hotel  
OpCo Limited (n)  
BOC Barclay Sub LLC (k)  
Bristol Oakbrook Tenant Company (k)  
Cambridge Lodging LLC (k)  
Capital Lodging LLC (k)  
CECNY Land Holdings LLC (k)  
CF Irving Owner, LLC (k)  
CF McKinney Owner, LLC (k)  
Compañía Inter-Continental De Hoteles  
El Salvador SA (n)  
Crowne Plaza, LLC (k)  
Cumberland Akers Hotel, LLC (k)  
Dunwoody Operations, LLC (k)  
Edinburgh George Street Hotel OpCo Limited (n)  
EVEN Real Estate Holding LLC (k)  
Grand Central Glasgow Hotel OpCo Limited (n)  
Guangzhou SC Hotels Services Ltd. (t)  
Hawthorne Land Holdings LLC (k)  
HC International Holdings, Inc. (k)  
HH France Holdings SAS (x)  
HH Hotels (EMEA) B.V. (p)  
HH Hotels (Romania) SRL (y)  
HIM (Aruba) NV (z)  
Hoft Properties LLC (k)  
Holiday Hospitality Franchising, LLC (k)  
Holiday Inn Mexicana S.A. (ab)  
Holiday Inns (China) Limited (cu)  
Holiday Inns (Courtalin) Holding SAS (x)  
Holiday Inns (Courtalin) SAS (x)  
Holiday Inns (Germany), LLC (k)  
Holiday Inns (Jamaica), Inc. (k)  
Holiday Inns (Middle East) Limited (cu)  
Holiday Inns (Philippines), Inc. (k)  
Holiday Inns (Saudi Arabia), Inc. (k)  
Holiday Inns (Thailand) Limited (cu)  
Holiday Inns (U.K.), Inc. (k)  
Holiday Inns Crowne Plaza (Hong Kong), Inc. (k)  
Holiday Inns Holdings (Australia) Pty Limited (aa)  
Holiday Inns, Inc. (k)  
Holiday Inns of Belgium N.V. (ad)  
Holiday Pacific Equity Corporation (k)  
Holiday Pacific Limited Liability Company (k)  
Holiday Pacific Partners Limited Partnership (k)  
Hotel InterContinental London (Holdings)  
Limited (n)  
Hotel Inter-Continental London Limited (n)

Hoteles Y Turismo HIH SRL (n)  
IC Hotelbetriebsführungs GmbH (ae)  
IC Hotels Management (Portugal) Unipessoal,  
Lda (af)  
IC International Hotels Limited Liability  
Company (ag)  
IHC Arabia for Management, LLC (u)  
IHC Hopkins (Holdings) Corp. (k)  
IHC Hotel Limited (n)  
IHC Hotel Management (EGY) LLC (ac)  
IHC London (Holdings) (s)  
IHC May Fair Hotel Limited (n)  
IHC M-H (Holdings) Corp. (k)  
IHC Overseas (U.K.) Limited (n)  
IHC Willard (Holdings) Corp. (k)  
IHG (Dominica) Ltd. (bk)  
IHG (Marseille) SAS (x)  
IHG (Myanmar) Limited (ah)  
IHG (Thailand) Limited (bu)  
IHG Bangkok Ltd. (v)  
IHG Brasil Administracao de Hoteis e  
Servicos Ltda (ak)  
IHG Commissions Services SRL (co)  
IHG de Argentina SA (al)  
IHG ECS (Barbados) SRL (co)  
IHG Finance LLC (k)  
IHG Franchising Brasil Ltda. (bd)  
IHG Franchising DR Corporation (k)  
IHG Franchising, LLC (k)  
IHG Honduras S. de R.L. (cq)  
IHG Hotels (New Zealand) Limited (an)  
IHG Hotels Limited (n)  
IHG Hotels Management (Australia) Pty  
Limited (aa)  
IHG Hotels Nigeria Limited (ao)  
IHG Hotels South Africa (Pty) Limited (ap)  
IHG International Partnership (n)  
IHG Istanbul Otel Yönetim Limited Sirketi (bx)  
IHG Japan (Management), LLC (ar)  
IHG Japan (Osaka), LLC (ar)  
IHG Korea Management LLC (cj)  
IHG Management (Maryland), LLC (k)  
IHG Management (Netherlands) B.V. (p)  
IHG Management d.o.o. Beograd (cc)  
IHG Management MD Barclay Sub, LLC (k)  
IHG Management SL d.o.o. (bo)  
IHG Mexico Operaciones SA de CV (ab)  
IHG Middle East Management  
Consultancies LLC (br)  
IHG Peru SRL (cf)  
IHG PS Nominees Limited (n)  
IHG Systems Pty Ltd. (aa)  
IHG Szalloda Budapest Szolgaltato Kft. (at)  
IHG Technology Solutions, LLC (k)  
IHG Universal Blvd Member LLC (k)  
InterContinental Berlin Service Company  
GmbH (au)  
InterContinental (PB) 1 (n)  
InterContinental (PB) 3 Limited (n)  
Intercontinental D.C. Operating Corp. (k)  
Inter-Continental Florida Partner Corp. (k)  
InterContinental Gestion Hotelera SLU (by)  
InterContinental Hotel Berlin GmbH (au)

Inter-Continental Hoteleira Limitada (aw)  
Inter-Continental Hotels (Montreal)  
Operating Corp. (ax)  
InterContinental Hotels (Puerto Rico) Inc. (az)  
Inter-Continental Hotels Corporation (k)  
Intercontinental Hotels Corporation Limited (m)  
InterContinental Hotels Group (Asia Pacific)  
Pte Ltd. (ai)  
InterContinental Hotels Group (Australia) Pty  
Limited (aa)  
InterContinental Hotels Group (Canada), Inc. (o)  
InterContinental Hotels Group (Greater China)  
Limited (cu)  
InterContinental Hotels Group (India) Private  
Limited (aq)  
InterContinental Hotels Group (Japan), Inc. (k)  
InterContinental Hotels Group (New Zealand)  
Limited (an)  
InterContinental Hotels Group (Shanghai)  
Ltd. (bb)  
InterContinental Hotels Group (Vietnam)  
Company Limited (q)  
InterContinental Hotels Group Customer  
Services Limited (s)  
InterContinental Hotels Group do Brasil  
Limitada (bc)  
InterContinental Hotels Group Healthcare  
Trustee Limited (n)  
InterContinental Hotels Group Operating  
Corp. (e) (k)  
InterContinental Hotels Group Resources,  
LLC (k)  
InterContinental Hotels Group Services  
Company (n)  
InterContinental Hotels Italia, S.r.L. (be)  
InterContinental Hotels Limited (a) (n)  
InterContinental Hotels  
Managementgesellschaft mbH (bf)  
InterContinental Hotels Management  
Montenegro d.o.o. (ce)  
InterContinental Hotels Nevada Corporation (k)  
InterContinental Hotels of San Francisco, Inc. (k)  
Intercontinental IOHC (Mauritius) Limited (bg)  
InterContinental Management AM, LLC (cm)  
InterContinental Management Bulgaria EOOD (bp)  
InterContinental Management France SAS (x)  
InterContinental Management Poland sp.  
z.o.o. (cn)  
InterContinental Overseas Holdings, LLC (k)  
KG Benefits, LLC (k)  
KG Gift Card Inc. (k)  
KG Liability LLC (k)  
KG Technology, LLC (k)  
KHRG 851 LLC (k)  
KHRG Aertson LLC (k)  
KHRG Allegro, LLC (k)  
KHRG Argyle, LLC (k)  
KHRG Atlanta Midtown LLC (k)  
KHRG Austin Beverage Company, LLC (k)  
KHRG Baltimore, LLC (k)  
KHRG Born LLC (k)  
KHRG Boston Hotel, LLC (k)  
KHRG Bozeman LLC (k)

## Notes to the Group Financial Statements continued

### 33. Group companies continued

KHRG Buckhead LLC (k)  
 KHRG Canary LLC (k)  
 KHRG Cayman LLC (k)  
 KHRG Cayman Employer Ltd. (cl)  
 KHRG Charlottesville LLC (k)  
 KHRG Dallas LLC (k)  
 KHRG Dallas Beverage Company, LLC (k)  
 KHRG Employer, LLC (k)  
 KHRG Gray LLC (k)  
 KHRG Gray U2 LLC (k)  
 KHRG Huntington Beach LLC (k)  
 KHRG Key West LLC (k)  
 KHRG King Street, LLC (k)  
 KHRG La Peer LLC (k)  
 KHRG Miami Beach LLC (k)  
 KHRG New Orleans LLC (k)  
 KHRG NPC LLC (k)  
 KHRG Palladian LLC (k)  
 KHRG Palomar Phoenix LLC (k)  
 KHRG Philly Monaco LLC (k)  
 KHRG Porsche Drive LLC (k)  
 KHRG Reynolds LLC (k)  
 KHRG Riverplace LLC (k)  
 KHRG Sacramento LLC (k)  
 KHRG Schofield LLC (k)  
 KHRG SFD LLC (k)  
 KHRG SF Wharf LLC (k)  
 KHRG SF Wharf U2 LLC (k)  
 KHRG South Beach LLC (k)  
 KHRG State Street LLC (k)  
 KHRG Sutter LLC (k)  
 KHRG Sutter Union LLC (k)  
 KHRG Taconic LLC (k)  
 KHRG Tariff LLC (k)  
 KHRG Texas Hospitality, LLC (k)  
 KHRG Texas Operations, LLC (k)  
 KHRG Tryon LLC (k)  
 KHRG Vero Beach, LLC (k)  
 KHRG Vintage Park LLC (k)  
 KHRG Wabash LLC (k)  
 KHRG Westwood, LLC (k)  
 KHRG Wilshire LLC (k)  
 Kimpton Hollywood Licenses LLC (k)  
 Kimpton Hotel & Restaurant Group, LLC (k)  
 Kimpton Hotel Frankfurt GmbH (bf)  
 Kimpton Phoenix Licenses Holdings LLC (k)  
 Louisiana Acquisitions Corp. (k)  
 Luxury Resorts and Spas (France) SAS (ck)  
 Manchester Oxford Street Hotel OpCo Limited (n)  
 Mercer Fairview Holdings LLC (k)  
 Met Leeds Hotel OpCo Limited (s)  
 MH Lodging LLC (k)  
 Oxford Spires Hotel OpCo Limited (n)

Oxford Thames Hotel OpCo Limited (n)  
 PML Services LLC (k)  
 Pollstrong Limited (n)  
 Powell Pine, Inc. (k)  
 Priscilla Holiday of Texas, Inc. (k)  
 Project Capital Lending LLC (k)  
 PT Regent Indonesia (bh)  
 PT SC Hotels & Resorts Indonesia (bh)  
 Raison d'Etre Holdings (BVI) Limited (v)  
 Raison d'Etre Spas, Sweden AB (av)  
 Ravinia Republica Dominicana SRL (cs)  
 Regent Asia Pacific Hotel Management Limited (bw)  
 Regent Asia Pacific Management Limited (cp)  
 Regent Berlin GmbH (bf)  
 Regent International Hotels Ltd (bw)  
 Roxburghe Hotel Edinburgh OpCo Limited (n)  
 Russell London Hotel OpCo Limited (n)  
 SBS Maryland Beverage Company LLC (k)  
 SC Leisure Group Limited (n)  
 SC NAS 2 Limited (s)  
 SC Quest Limited (s)  
 SC Reservations (Philippines) Inc. (k)  
 SCH Insurance Company (bi)  
 Semiramis for training of Hotel Personnel and Hotel Management SAE (ch)  
 Six Continents Holdings Limited (n)  
 Six Continents Hotels Belize Limited (cb)  
 Six Continents Hotels de Colombia SA (bj)  
 Six Continents Hotels International Limited (n)  
 Six Continents Hotels, Inc. (k)  
 Six Continents International Holdings B.V. (p)  
 Six Continents Investments Limited (f) (n)  
 Six Continents Limited (n)  
 Six Continents Overseas Holdings Limited (n)  
 SixCo North America, Inc. (k)  
 Six Senses Americas IP, LLC (k)  
 Six Senses North America Management, LLC (k)  
 SLC Sustainable Luxury Cyprus Limited (cr)  
 SPHC Management Ltd. (bq)  
 SS Aetna Acquisition, LLC (k)  
 St. David's Cardiff Hotel OpCo Limited (n)  
 Sustainable Luxury Holdings (BVI) Limited (v)  
 Sustainable Luxury Lanka Private Ltd. (ci)  
 Sustainable Luxury Maldives Private Limited (w)  
 Sustainable Luxury Mauritius Limited (as)  
 Sustainable Luxury Services (BVI) Limited (v)  
 Sustainable Luxury Singapore Private Limited (ai)  
 Sustainable Luxury UK Limited (n)  
 Wotton House Hotel OpCo Limited (s)  
 WY BLL Owner, LLC (k)  
 York Station Road Hotel OpCo Limited (s)

### Subsidiaries where the effective interest is less than 100%

IHG ANA Hotels Group Japan LLC (74.66%) (ar)  
 IHG ANA Hotels Holdings Co., Ltd. (66%) (ar)  
 Regent Hospitality Worldwide, Inc. (51%) (bt)  
 Sustainable Luxury Holding (Thailand) Limited (49%) (c) (j) (aj)  
 Sustainable Luxury Hospitality (Thailand) Limited (73.99%) (c) (j) (bl)  
 Sustainable Luxury Management (Thailand) Limited (73.99%) (c) (j) (aj)  
 Sustainable Luxury Operations (Thailand) Limited (99.9998%) (j) (aj)  
 Universal de Hoteles SA (99.99%) (j) (bj)

### Associates, joint ventures and other

111 East 48th Street Holdings LLC (19.9%) (g) (h) (k)  
 131 West 23rd Owner, LLC (0%) (b) (ct)  
 Alkoer, Sociedad de Responsabilidad Limitada de Capital Variable (50%) (h) (cg)  
 ASR-JV One, LLC (0%) (d) (h) (l)  
 Beijing Orient Express Hotel Co., Ltd. (16.25%) (bm)  
 Blue Blood (Tianjin) Equity Investment Management Co., Limited (30.05%) (bn)  
 Carr SWW Subventure, LLC (26.67%) (g) (ca)  
 Carr Waterfront Hotel, LLC (11.73%) (g) (h) (ca)  
 China Hotel Investment Ltd. (30.05%) (i) (am)  
 Desarrollo Alkoer Irapuato S. de R.L. de C.V. (50%) (cg)  
 Desarrollo Alkoer Saltillo S. de R.L. de C.V. (50%) (cg)  
 Desarrollo Alkoer Silao S. de R.L. de C.V. (50%) (cg)  
 EDG Alpharetta EH, LLC (0%) (b) (h) (r)  
 Gestion Hotelera Gestel, C.A. (50%) (c) (h) (ba)  
 Groups360, LLC (12.02%) (h) (l)  
 Inter-Continental Hotels Saudi Arabia Ltd. (40%) (bs)  
 NF III Seattle, LLC (25%) (g) (r)  
 NF III Seattle Op Co, LLC (25%) (g) (r)  
 Nuevas Fronteras S.A. (23.66%) (cd)  
 President Hotel & Tower Co Ltd. (30%) (bu)  
 Sustainable Luxury Gravity Global Private Limited (51%) (h) (bz)  
 SURF-Samui Pte. Ltd. (49%) (ay)  
 Tianjin ICBCI IHG Equity Investment Fund Management Co., Limited (21.04%) (bv)  
 Universal Blvd Hotel Venture LLC (25%) (k)

### 33. Group companies continued

#### Key

- a) Directly owned by InterContinental Hotels Group PLC
- b) 8% cumulative preference shares
- c) Ordinary A and ordinary B shares
- d) 12.5% cumulative preference shares
- e) ¼ vote ordinary shares and ordinary shares
- f) Ordinary shares, 5% cumulative preference shares and 7% cumulative preference shares
- g) The entities do not have share capital and are governed by an operating agreement
- h) Accounted for as associates and joint ventures due to IHG's decision-making rights contained in the partnership agreement
- i) Accounted for as an other financial asset due to IHG being unable to exercise significant influence over the financial and operating policy decisions of the entity
- j) Minority interest relates to one or more individual shareholders who are employed or were previously employed by the entity

#### Registered addresses

- (k) Three Ravinia Drive, Suite 100, Atlanta, GA 30346, USA
- (l) 251 Little Falls Drive, Suite 400, Wilmington, New Castle County, DE19808, USA
- (m) Clarendon House, 2 Church Street, Hamilton HM11, Bermuda
- (n) 1 Windsor Dials, Arthur Road, Windsor, Berkshire, SL4 1RS, UK
- (o) 333 Bay Street, Suite 400, Toronto M5H 2R2, Ontario, Canada
- (p) Kingsfordweg 151, 1043 GR Amsterdam, The Netherlands
- (q) Room No. 23, Floor 16, Saigon Tower Building, 29 Le Duan Street, Ben Nghe Ward, District 1, Ho Chi Minh City, Vietnam
- (r) The Corporation Trust Centre, 1209 Orange Street, Wilmington, DE 19801, USA
- (s) c/o BDO LLP, 5 Temple Square, Liverpool, L2 5RH, UK
- (t) Building 4, No 13 Xiao Gang Zhong Ma Road, Zhuhai District, Guangzhou, Guangdong, P.R. China
- (u) Building 7229, Al Aqeeq District, Riyadh 13519, Saudi Arabia
- (v) Flemming House, Wickhams Cay, P.O. Box 662, Road Town, Tortola VG1110, British Virgin Islands
- (w) c/o Premier Corporate Services Limited, 3B, MA. Maadheli, Majeedhee Magu, Male, Republic of Maldives
- (x) 31-33 rue Mogador, 75009 Paris, France
- (y) Bucharest, 2nd District, 2 Gara Herăstrău Street, 2nd floor, module 33, Romania
- (z) J E Irausquin Boulevard 93, 1Eagle/ Paardenbaai, Oranjestad West, Aruba
- (aa) Level 11, 20 Bond Street, Sydney NSW 2000, Australia
- (ab) Ontario # 1050, Col. Providencia, Guadalajara, Jalisco CP44630, Mexico
- (ac) Administrative unit no. 8, the ground floor of the building F1, El Emdad and El Tamween Street, Nasr City, Cairo, the Arab Republic of Egypt
- (ad) Rond-Point Robert Schuman 11, 1040 Brussels, Belgium
- (ae) QBC 4 – Am Belvedere 4, 1100, Vienna, Austria
- (af) Avenida da Republica, no 52 – 9, 1069 – 211, Lisbon, Portugal
- (ag) Room 60, Section 11 Floor 3 Premises I, Building 1, House 125, Varshavskoye shosse Str, Vn.Ter.G. Municipal District Severnoye Chertanovo, Moscow City, 117587, Russia
- (ah) No. 84, Pan Haliain Street, Unit #1, Level 8, Uniteam Marine Office Building, Sanchuang Township, Yangon, Myanmar
- (ai) 230 Victoria Street, #13-00 Bugis Junction Towers, 188024, Singapore
- (aj) 57, 9th Floor, Park Ventures Ecoplex, Unit 902-904, Wireless Road, Limpini, Pathum Wan Bangkok 103330, Thailand
- (ak) Alameda Jau 536, Suite 3S-B, 01420-000 São Paulo, Brazil
- (al) Avenida Cordoba 1547, piso 8, oficina A, 1055 Buenos Aires, Argentina
- (am) The Phoenix Centre, George Street, Belleville St. Michael, Barbados
- (an) Level 10, 55 Shortland Street, Auckland Central, Auckland 1010, New Zealand
- (ao) 1, Murtala Muhammed Drive, Ikoyi, Lagos, Nigeria
- (ap) Central Office Park Unit 4, 257 Jean Avenue, Centurion 0157, South Africa
- (aq) 11th Floor, Building No. 10, Tower C, DLF Phase-II, DLF Cyber City, Gurgaon, Haryana-122002, India
- (ar) 20th Floor, Toranomom Kotoshira Tower, 2-8, Toranomom 1-chom, Minato-ku, 105-0001, Tokyo, Japan
- (as) Venture Corporate Services (Mauritius) Ltd, Level 3, Tower 1, Nexteracom Towers, Cybercity, Ebene, Mauritius
- (at) 1103 Budapest, Kőér utca 2/A. C. ép., Hungary
- (au) Budapest Str. 2, 10787 Berlin, Germany
- (av) Grevatan 15, 11453 Stockholm, Sweden
- (aw) Alameda Jau 536, Suite 3S-E, 01420-000 São Paulo, Brazil
- (ax) 1980 Pérodeau Street, Vaudreuil-Dorion, J7V 8P7, Quebec, Canada
- (ay) 168 Robinson Road, #16-01 SIF Building, 068899, Singapore
- (az) 361 San Francisco Street Penthouse, San Juan, PR 00901, Puerto Rico
- (ba) Hotel Tamanaco Inter-Continental, Final Av. Ppal, Mercedes, Caracas, Venezuela
- (bb) 22/F Citigroup Tower, No. 33 Huayanshiqiao Road, Lujiazui, Pudong New Area, 200120, Shanghai, P.R. China
- (bc) Alameda Jau 536, Suite 3S-C, 01420-000 São Paulo, Brazil
- (bd) Alameda Jau 536, Suite 3S-D, 01420-000 São Paulo, Brazil
- (be) Viale Monte Nero n.84, 20135 Milano, Italy
- (bf) Thurn-und-Taxis-Platz 6 – 60313 Frankfurt am Main, Germany
- (bg) Juris Tax Services Ltd. Level 12, NeX Teracom Tower II, Ebene, Mauritius
- (bh) Menara Imperium 22nd Floor, Suite D, Jl. HR. Rasuna Said Kav.1, Guntur Sub-district, Setiabudi District, South Jakarta 12980, Indonesia
- (bi) Primmer Piper Eggleston & Cramer PC, 30 Main St., Suite 500, P.O. Box 1489, Burlington, VT 05402-1489, USA
- (bj) Calle 49, Sur 45 A 300, Oficina 1102, 055422 Envigado, Antioquia, Colombia
- (bk) 10 Kings Lane, Roseau, Dominica
- (bl) No. 56 Moo 5, Tambol Koh Yao Noi, Amphur Ko Yao, Pang-nga Province 82160, Thailand
- (bm) Room 311, Building 1, No. 6 East Wen Hua Yuan Road, Beijing Economy and Technology Development Zone, Beijing, P.R. China

## Notes to the Group Financial Statements continued

### 33. Group companies continued

- (bn) Room N306, 3rd Floor, Building 6, Binhai Financial Street, No. 52 West Xincheng Road, Tianjin Economy and Technology Development Zone, Tianjin, P.R. China
- (bo) Cesta v Mestni log 1, 1000 Ljubljana, Slovenia
- (bp) 37A Professor Fridtjof Nansen Street, 5th Floor, District Sredets, Sofia, 1142, Bulgaria
- (bq) C/o Holiday Inn & Suites, Cnr Waigani Drive & Wards Road, Port Moresby, National Capital District, Papua New Guinea
- (br) Suite 2201, Festival Tower, Dubai Festival City, Al Rebbat St., P.O. Box 58191, Dubai, United Arab Emirates
- (bs) Madinah Road, Jeddah, P.O. Box 9456, Post Code 21413, Jeddah, Saudi Arabia
- (bt) Maples Corporate Services Ltd.  
– PO Box 309, Ugland House, Grand Cayman – KY-1104, Cayman Islands
- (bu) 971, 973 Ploenchit Road, Lumpini, Pathumwan, Bangkok 10330, Thailand
- (bv) Room R316, 3rd Floor, Building 6, Binhai Financial Street, No. 52 West Xincheng Road, Tianjin Economy and Technology Development Zone, Tianjin, P.R. China
- (bw) 14th Floor, South China Building, 1–3 Wyndham Street, Hong Kong, SAR
- (bx) Maslak Mah. Eski Büyükdere Cad. Orjin Maslak İş, Merkezi Sitesi No: 27 IC Kapil No: 4 Sariyer/Istanbul, Turkey
- (by) Paseo de Recoletos 37 – 41, 28004 Madrid, Spain
- (bz) B-11515 Bhikaj Cama Place, New Delhi, South Delhi, 110066 India
- (ca) Carr Hospitality, LLC, 1455 Pennsylvania Avenue, NW, Suite 200, Washington, DC 20004, USA
- (cb) 84 Albert Street, Belize City, Belize, C.A.
- (cc) Krunska 73, 3rd floor, office no.3, Vračar, 11000 Belgrade, Serbia
- (cd) Moreno 809 2 Piso, C1091AAQ Buenos Aires, Argentina
- (ce) Bulevar Svetog Petra Cetinjskog 149 – 81000 Podgorica, Montenegro
- (cf) Bernard Monteagudo 201, 15076, Lima, Peru
- (cg) Avenida Ejercito Nacional Mexicano No. 769, Torre B Piso 8, Granada, Miguel Hidalgo, Ciudad de Mexico, CP 11520, Mexico
- (ch) Ground Floor, Al Kamel Law Building, Plot 52-b, Banks Area, Six of October City, Egypt
- (ci) Shop No. L3–6, Amity Building, No. 125 High Level Road, Maharagama, Colombo, Sri Lanka
- (cj) Units 3082, 30th Floor, aYeongdong-daero, Gangnam-gu, Seoul, Republic of Korea
- (ck) 291 Rue des Tovets, Courchével 1850, 73120, Courchével, France
- (cl) PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands
- (cm) 23/6 D, Anghaght Str., Yerevan, 0069, Armenia
- (cn) Generation Park Z – ul. Towarowa 28, 00-839 Warsaw, Poland
- (co) Suite 1, Ground Floor, The Financial Services Centre, Bishops Court Hill, St. Michael, BB14004, Barbados
- (cp) Brumby Centre, Lot 42, Jalan Muhibbah, 87000 Labuan F.T., Malaysia
- (cq) Blvd, Morazan, Centro Comercial El Dorado, 6th Floor, Tegucigalpa, Honduras
- (cr) ATS Services Limited, Capital Center, 9th Floor, 2–4 Arch, Makarios III Ave., 1065 Nicosia, Cyprus
- (cs) Max Henriquez Ureña N° 11, Ensanche Naco, Santo Domingo de Guzman, Distrito Nacional, Santo Domingo
- (ct) Harvard Business Services, Inc. 16192 Coastal Hwy, Lewes, Delaware 19958, USA
- (cu) Room 1928, 19/F, Lee Garden One, 33 Hysan Avenue, Causeway Bay, Hong Kong