

19 January 2022

J D WETHERSPOON PLC

TRADING UPDATE

J D Wetherspoon plc ('Wetherspoon' or 'the Company') announces an update on current trading, before entering its close period for its interim results, for the six months ending 23 January 2022, which are expected to be announced on 18 March 2022.

Current trading

In the financial year to date (25 weeks to 16 January 2022), like-for-like sales decreased by 11.7% and total sales by 13.3%, compared to the similar period in financial year 2020.

Sales in the second quarter were affected by the "Plan B" restrictions announced by the government in December. In the 12 weeks to 16 January 2022, like-for-like sales decreased by 15.6% and total sales by 16.6%.

Partygate

Public anger regarding "partygate" relates mainly to hypocrisy - the public was prevented from seeing friends and family, while the same rules were not observed at 10 Downing Street.

However, the circumstances also highlight other ramifications of "lockdowns" and pub closures.

If, instead of partying in No. 10 on the 20 May 2020, for example, the attendees had been able to visit a pub (pubs were locked down at the time) there would have been a number of advantages for the nation, including:

- 1) Central London pubs employ experienced staff, including highly trained managers, who would have easily dealt with the "high jinks" alleged to have occurred at No. 10.
- 2) CCTV is in operation in Central London pubs, so subsequent enquiries as to events are facilitated by the ready availability of evidence.
- 3) In 2020, before vaccinations were available, Covid controls in pubs were superior to private parties, with screens, sanitisers, optimal seating layouts and so on.

Wetherspoon, for example, registered over 50 million customer visits in the second half of 2020, when pubs were permitted to reopen, and there were no outbreaks of the virus among customers, as defined by the public health authorities, during this time.

As Councillor Ian Ward, leader of Birmingham City Council said, in September 2020:

"The data we have shows that the infection rate has risen mainly due to social interactions, particularly private household gatherings. In shops and hospitality venues there are strict measures in place to ensure they are Covid-safe, whereas it is much easier to inadvertently pass on the virus in someone's house, where people are more relaxed and less vigilant."

- 4) Public finances would be in better shape - as Wetherspoon's annual report shows, Wetherspoon, its staff and customers, normally pay around £15 million of taxes a week, about one pound in every thousand collected by the government. Pubs did not open for a further 6 weeks (4 July, 2020) after this event, so the Treasury lost large sums from Wetherspoon alone – a fraction of the contribution from the hospitality, travel and leisure industries.

5) There are well documented social and health benefits from open hospitality venues, especially for people who don't, or can't, attend private parties.

Blackrock

Blackrock is reported to be the largest fund manager in the world, with \$10 trillion of funds under management and, we understand, owns 3.51% of Wetherspoon shares, on behalf of its clients.

Blackrock is highly profitable, having made around \$1.7 billion of profits in its last quarter.

Blackrock voted against all Wetherspoon's non-executive directors, for alleged shortfalls in corporate governance standards, at our November AGM.

Blackrock corporate governance executives, at the time of the AGM vote, had never met anyone from Wetherspoon – and there was no advance indication of their voting intention.

Nor have Blackrock fund managers, with whom the Company has had a positive relationship, queried Wetherspoon's governance in the years since our 1992 flotation.

Blackrock itself infringes UK corporate governance guidelines, since its chairman is also CEO and it does not appear to observe the "nine-year" maximum tenure guideline for NEDs.

Wetherspoon has fully complied with the "comply or explain" provisions of the corporate governance code and believes that Blackrock has not taken account of Wetherspoon's explanations, as it is bound to do by the code.

VAT

A historic anomaly of a previous era, when most beer was sold in pubs, is that pubs pay far higher taxes than supermarkets.

Pubs pay 20% VAT on food sales, but supermarkets pay nothing. Pubs pay around 20 pence per pint of business rates, whereas supermarkets pay around 2 pence.

The result is that supermarkets can afford to subsidise beer selling prices, using their tax advantage.

The situation is crazy. If you hold a garden party at No. 10, or Chequers for example, and buy the food from Waitrose, employing staff to prepare and serve it, no VAT is payable. However, fish and chips at your nearest pub will have 20% VAT added to the bill.

The Chancellor temporarily reduced VAT during the pandemic - but is shortly putting it back up to 20%, at a time when pubs are on their knees - and when supermarkets are reporting record profits.

It is an accepted principle that taxation should be fair and equitable. The far more onerous taxation of pubs and restaurants, often located next to tax-favoured supermarkets, is unfair and inequitable - and leads, paradoxically, to lower employment and taxes.

The end of the pandemic is an excellent opportunity for a sensible rebalancing of the tax system.

Outlook

The chairman of J D Wetherspoon, Tim Martin, said:

"As mentioned in our update on 13 December 2021, the uncertainty created by the introduction of plan B Covid-19 measures makes predictions for sales and profits hazardous.

“The company will be loss-making in the first half of the financial year, but hopes that, with the ending of restrictions, improved customer confidence and better weather, it will have a much stronger performance in the second half.”

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Notes to editors

1. J D Wetherspoon owns and operates pubs throughout the UK and Ireland. The Company aims to provide customers with good-quality food and drink, served by well-trained and friendly staff, at reasonable prices. The pubs are individually designed, and the Company aims to maintain them in excellent condition.
2. Visit our website: www.jdwetherspoon.com
3. This announcement has been prepared solely to provide additional information to the shareholders of J D Wetherspoon, to meet the requirements of the FCA’s Disclosure and Transparency Rules. It should not be relied on by any other party, for any other purposes. Forward-looking statements have been made by the directors in good faith, using information available up until the date on which they approved this statement. Forward-looking statements should be regarded with caution, because of the inherent uncertainties in economic trends and business risks.
4. This announcement contains inside information on J D Wetherspoon plc.
5. The current financial year comprises 53 trading weeks to 31 July 2022.
6. The next trading update is expected to be the Company’s interim results statement on 18 March 2022.