

# J D Wetherspoon plc

INTERIM REPORT 2021

**Wetherspoon owns and operates pubs throughout the UK and Ireland. The company aims to provide customers with good-quality food and drinks, 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.**

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## **Financial calendar**

**Year end**  
25 July 2021

**Preliminary announcement for 2021**  
10 September 2021

**Report and accounts for 2021**  
10 September 2021

**Annual general meeting**  
18 November 2021

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# FINANCIAL HIGHLIGHTS

Like-for-like sales  
-53.9%

Revenue £431.1m  
(2020: £933.0m)  
-53.8%

Free cash flow<sup>1</sup> -£77.3m  
(2020: £49.0m)  
-257.9%

Free cash flow<sup>1</sup> per share -64.5p  
(2020: 46.7p)  
-238.1%

Bonuses and free shares:  
£428m awarded over 15  
years, 55% of profit after tax

Contribution to the economy:  
£6.1b taxes paid by the company,  
its employees and customers over  
10 years

## Before exceptional items

Operating (loss)/profit<sup>4</sup>:  
-£20.7m (2020: £76.6m)

Post IFRS 16: -£17.6m (2020: £80.8m)

(Loss)/profit before tax<sup>4</sup>:  
-£46.2m (2020: £57.9m)

Post IFRS 16: -£52.8m (2020: £51.6m)

## Earnings per share<sup>4</sup>

-36.4p (2020: 44.3p)

Post IFRS 16: -38.7p (2020: 39.3p)

## After exceptional items<sup>2</sup>

Operating (loss)/profit<sup>4</sup>:  
-£28.3m (2020: £76.6m)

Post IFRS 16: -£25.2m (2020: £80.8m)

(Loss)/profit before tax<sup>4</sup>:  
-£61.4m (2020: £42.0m)

Post IFRS 16: -£68.0m (2020: £35.7m)

## Earnings per share<sup>4</sup>

-43.1p (2020: 30.5p)

Post IFRS 16: -49.1p (2020: 25.5p)

## Non-financial measures

Food hygiene rating<sup>3</sup> 4.96 out of 5  
(2020: 4.96)  
No change

Pub manager's length of service  
13.2 years  
(2020: 12.5 years)

<sup>1</sup> Free cash flow is defined in note 8 and in the company's accounting policies. The calculation of free cash flow can be found on the cash flow statement.

<sup>2</sup> Exceptional items as disclosed in the notes to the annual report and financial statements, note 4.

<sup>3</sup> Information in this table was sourced from [www.scoresonthedoors.org.uk](http://www.scoresonthedoors.org.uk) on 3/2/21, listing 793 Wetherspoon pubs in England, Wales and Northern Ireland, with an average food hygiene rating of 4.96. Please note that, where councils are yet to assess or submit their pub inspection, there may be a slight gap in the number of pubs, compared with that in our records. Businesses are rated from zero to five which is displayed at their premises and online. The top score is five.

<sup>4</sup> Excluding impact of IFRS 16.

# CHAIRMAN'S STATEMENT AND OPERATING REVIEW

## Chairman's statement

When Wetherspoon published its annual results on 16 October 2020, we criticised the constant changes of direction by the government, following the first UK lockdown.

The criticism fell on deaf ears- the government instigated a second national lockdown in November, followed by a reopening in December under changing "tier" systems, which closed two thirds of our pubs by Christmas. After Christmas, a third lockdown was instigated.

In recent weeks a beer-garden-only reopening has been decreed for April, followed by table-service-only for May, before a full reopening in June.

The hospitality trade has made strenuous efforts to comply with capacity, social distancing and hygiene regulations, with great success - there have been very few outbreaks of the virus in pubs, as many commentators have noted.

The conclusions of many studies are encapsulated in a comment from Councillor Ian Ward, leader of Birmingham City Council, who said on 11 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-free, whereas it is much easier to inadvertently pass on the virus in someone's house, where people are more relaxed and less vigilant".

Greg Fell, Director of Public Health, Sheffield City Council, in evidence to Parliament's Select Committee on Science and Technology (27 January 2021) said:

"Most of the transmission events are household-to-household transmissions. Hospitality does not crop up as a terribly big factor on our risk radar. When we look at the common exposures dataset, hospitality is not a huge risk".

Dr Richard Harling MBE, Director of Health and Care, Staffordshire County Council, in evidence to the same committee said:

"Similarly, back in the summer and autumn, once you put transmission between household members aside, the next most important one was transmission between different households. The hospitality sector did feature, but much lower down the list".

A study by Imperial College (27 November 2020) said that "...households showed the highest transmission rates".

The evidence of Sweden v the UK and Florida v California perhaps suggests that draconian lockdowns can be counterproductive, whereas there is strong evidence that social distancing and hygiene measures work.

By the time pubs were closed by the government after Christmas, a total of 1,244 or 3.3% of 37,800 Wetherspoon employees had tested positive for Covid-19, from reopening in July. For the UK as a whole, 2.3 million people had tested positive by then, according to the UK government website (<https://coronavirus.data.gov.uk/>), 3.4% of the population. Since pub employees spend more time in pubs than anyone else, these statistics do not indicate that pubs are centres of transmission, which some commentators have suggested. There were no reported instances of the virus being transmitted from staff to customers in Wetherspoon pubs, or vice versa, since the reopening last July.

Wetherspoon recorded over 50 million customer visits to its pubs from reopening in July to the year end, and there has been no evidence of even a single outbreak, as defined by the health authorities, during this time.

The main problem is that the government and SAGE have been unscientific in their approach- ignoring evidence, such as the evidence above, which contradicts their "narrative". Rather than embracing, debating and investigating anomalies and counterintuitive information, as real scientists do, they have, instead tried to discredit dissenters, as Wetherspoon News has pointed out. These tactics can work in an election campaign, but risk disaster in the day-to-day management of problems.

Examples of entirely unscientific initiatives include the introduction of a curfew, the requirement for a "substantial meal" with a drink and the wearing of face masks to visit the bathroom.

This approach has contributed to the UK having one of the biggest hits to the economy of any country, and the worst health outcomes of any large country, according to the Times (below).

Country*	Fatalities per million population
UK	1,854
Italy	1,695
US	1,604
Spain	1,549
Mexico	1,512

\*Countries with populations greater than 20m Figures as of 7pm, 17 March 2021  
Source: WHO  
US figures source: CDC

The government's response to Covid-19, and its effects on the hospitality industry, have been discussed, at some length, in the latest edition of Wetherspoon News (see link: [https://www.jdwetherspoon.com/~media/files/pdf-documents/wetherspoon-news/wetherspoon-news-spring-2021\\_single-pages.pdf](https://www.jdwetherspoon.com/~media/files/pdf-documents/wetherspoon-news/wetherspoon-news-spring-2021_single-pages.pdf)).

It remains to be seen whether the government will adhere to its reopening plan, following the successful vaccination programme - or whether the knee-jerk reaction to the latest news, which seems to have been the main generator of policy and regulations, will continue.

It is impossible to decipher a pattern in sales, given the lockdowns and changes in regulations. In the 26 weeks ended 24 January 2021, like-for-like sales decreased by 53.9%, with total sales decreasing by 53.8% to £431.1m (2020: £933.0m).

Like-for-like bar sales decreased by 57.3% (2020: +4.2%), food by 48.4% (2020: +5.6%) and fruit/slot machines by 53.7% (2020: +20.3%). Like-for-like hotel room sales decreased by 51.8% (2020: -1.3%).

Pre-IFRS 16 operating profit decreased to -£20.7m (2020: £76.6m). The operating margin was -4.8% (2020: 8.2%). Loss before tax and exceptional items is £46.2m (2020: £57.9m profit), including property losses of £1.3m (2020: £0.2m).

Earnings per share, including shares held in trust by the employee share scheme, and before exceptional items, were -36.4p (2020: 43.3p).

Total capital investment was £19.0m in the period (2020: £135.8m). £1.4m was spent on freehold reversions of properties where Wetherspoon was the tenant (2020: £70.6m), £7.1m on new pub openings and extensions, mainly in respect of the Keavan's Port Hotel in Dublin (2020: £34.8m), and £9.6m on existing pubs (2020: £32.8m).

Post IFRS16 exceptional items totalled £12.4m (2020: £14.1m). There was a £0.1m (2020: £3.6m) loss on disposal and an impairment charge of £2.1m (2020: £12.3m), relating to the company's decision to vacate a leasehold pub on the 'break date'. The cash effect of the exceptional charges was an outflow of £7.5m. The cash outflow mainly relates to items such as pub screens between tables to improve social distancing, 'top ups' to furlough payments and associated taxes.

Free cash flow, after capital investment of £9.6m in existing pubs (2020: £32.8m), £6.8m for share purchases for employees (2020: £9.3m) and payments of tax and interest, was -£77.3m (2020: £49.0m). Free cash flow per share was -64.5p (2020: 46.7p).

### Comment on IFRS 16

As indicated previously, I believe IFRS 16 to be confusing and misleading. Common sense suggests that rent should be regarded as a cost in the income statement. Instead, a complex formula disregards actual rent paid and substitutes a notional asset (the 'right to occupy'), which attracts a depreciation charge, and a notional interest charge based on the total rental liability for the lease term, even though the great majority of the rental liability does not crystallise, in almost all cases, for many years.

Part of the purpose may be to equate rent with debt. However, for companies like Wetherspoon at least, rent bears almost no resemblance to debt.

Debt is invariably for a fixed term, with the full amount repayable at the end of the term. Debt therefore carries a refinancing risk.

In contrast, Wetherspoon's leases, for example, carry no refinancing risk – there is just a liability to pay the rent when it falls due.

Of course leases carry a great risk – as so many restaurant companies and retailers have unfortunately demonstrated. However, it does not make sense to treat future liabilities in this way – why not treat future business rates or VAT liabilities in this way, if it's appropriate for rent?

The most important criticism of IFRS 16 is that the complexity which it creates means that it will be understood by only experts – in general, good for the experts, but bad for business efficiency, shareholders and the public.

For the period ended 24 January 2021, as a result of the new standard, operating profit has increased by £3.1m and finance costs by £10.8m. There will be no impact on cash flows.

### Share buybacks

No shares were purchased by the company for cancellation in the period under review (2020: £6.5m).

The company raised c£93.7m new equity in January 2021.

### Property

During the period, we opened two new pubs and closed or sold two, bringing the number open at the period end to 872. Following a review of our estate, in recent years, we placed around 100 pubs on the market, most of which have now been sold.

Ten years ago (FY11) our freehold/leasehold split was 43.4/56.6%. At the half year end, it was 64.4/35.6%.

### Financing

As at 24 January 2021, the company's net debt, including bank borrowings and finance leases, but excluding derivatives, was £811.9m (2020: £817.0m).

Net debt plus 'trade and other payables' have remained at approximately the same levels from year end 2019, as shown in the table below:

	Half Year 2021	Year End 2020	Half Year 2020	Year End 2019
	£m	£m	£m	£m
Net Debt	812	817	805	737
Trade and other payables	197	268	315	308
<b>Net Debt + Trade and other payables</b>	<b>1,009</b>	<b>1,085</b>	<b>1,119</b>	<b>1,045</b>

As a result of the pub closures, the normal net-debt-to-EBITDA covenant has been waived by the company's lenders. The net-debt-to-EBITDA ratio has been replaced by a minimum liquidity covenant of £75m. As at 24 January 2021, the company had liquidity of £225.0m.

There has been an increase in total facilities to £1,041.3m (2020: £993.0m), following the addition of a CLBILS loan in August 2020.

Post period end, in March 2021, the company agreed a further £51.7m CLBILS loan.

The company previously stated that its intention to keep the net-debt-to-EBITDA ratio at around 3.5 times for the foreseeable future.

The ratio might rise for a temporary period, if there were, for example, a sudden deterioration in trading, in which instance the company would seek to reduce the level in a timely manner. Insofar as it is possible to generalise, the board believes that debt levels of between 0 and 2 times EBITDA are a sensible long-term benchmark. A higher level of debt may be justifiable – at times when interest rates are low and other factors are favourable.

Since 2003, the company has bought back 116.8m shares at a cost of £515.9m. In addition, since 2011, the company has bought the freeholds of 159 pubs at a cost of £379.8m. In the last 12 months, the company has issued 24.1m shares to raise £235m.

### Dividends

In the current circumstances, the board has not recommended the payment of an interim dividend (2020: £0).

### Corporation tax

Owing to the losses sustained in the period, and expected for the rest of the year, we expect the overall corporation tax charge for the financial year, including current and deferred taxation, to be 12.1%.

# CHAIRMAN'S STATEMENT AND OPERATING REVIEW

## Contribution to the economy

### Wetherspoon Tax Payments In Financial Years 2011 To 2020

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
VAT	244.3	357.9	332.8	323.4	311.7	294.4	275.1	253.0	241.2	204.8
Alcohol duty	124.2	174.4	175.9	167.2	164.4	161.4	157	144.4	136.8	120.2
PAYE and NIC	106.6	121.4	109.2	96.2	95.1	84.8	78.4	70.2	67.1	65.2
Business rates	39.5	57.3	55.6	53.0	50.2	48.7	44.9	46.4	43.9	39.8
Corporation tax	21.5	19.9	26.1	20.7	19.9	15.3	18.1	18.4	18.2	21.2
Corporation tax credit (historic capital allowances)	-	-	-	-	-	-2.0	-	-	-	-
Fruit/slot machine duty	9.0	11.6	10.5	10.5	11.0	11.2	11.3	7.2	3.3	2.9
Climate change levies	10.0	9.6	9.2	9.7	8.7	6.4	6.3	4.3	1.9	1.6
Stamp duty	4.9	3.7	1.2	5.1	2.6	1.8	2.1	1.0	0.8	1.1
Sugar tax	2.0	2.9	0.8	-	-	-	-	-	-	-
Fuel duty	1.7	2.2	2.1	2.1	2.1	2.9	2.1	2.0	1.9	1.9
Carbon tax	-	1.9	3.0	3.4	3.6	3.7	2.7	2.6	2.4	0.8
Premise licence and TV licences	1.1	0.8	0.7	0.8	0.8	1.6	0.7	0.7	0.5	0.4
Landfill tax	-	-	1.7	2.5	2.2	2.2	1.5	1.3	1.3	1.1
Furlough Tax Rebate	-124.1	-	-	-	-	-	-	-	-	-
<b>TOTAL TAX</b>	<b>440.7</b>	<b>763.6</b>	<b>728.8</b>	<b>694.6</b>	<b>672.3</b>	<b>632.4</b>	<b>600.2</b>	<b>551.5</b>	<b>519.3</b>	<b>461.0</b>
<b>TAX PER PUB (£000)</b>	<b>533</b>	<b>871</b>	<b>825</b>	<b>768</b>	<b>705</b>	<b>673</b>	<b>662</b>	<b>632</b>	<b>617</b>	<b>560</b>
<b>TAX AS % of NET SALES</b>	<b>34.9%</b>	<b>42.0%</b>	<b>43.0%</b>	<b>41.8%</b>	<b>42.1%</b>	<b>41.8%</b>	<b>42.6%</b>	<b>43.1%</b>	<b>43.4%</b>	<b>43.0%</b>

\*Source: J D Wetherspoon plc Annual Reports and Accounts 2012 – 2020 (including amendments)

## Contribution to the economy

Wetherspoon is proud to pay its share of tax and, in this respect, is a major contributor to the economy. Wetherspoon, its customers and employees have paid £6.1 billion of tax to the government in the last 10 years.

The table above shows the tax generated by the company in its financial years 2011–20. During this period, taxes amounted to about 42 per cent of every pound which went 'over the bar', net of VAT – about 11 times the company's profit.

## VAT equality

As we have previously stated, the government would generate more revenue and jobs if it were to create tax equality among supermarkets, pubs and restaurants. Supermarkets pay virtually no VAT in respect of food sales, whereas pubs pay 20%.

This has enabled supermarkets to subsidise the price of alcoholic drinks, widening the price gap, to the detriment of pubs and restaurants.

Pubs also pay around 20 pence a pint in business rates, whereas supermarkets pay only about 2 pence, creating further inequality.

Pubs have lost 50% of their beer sales to supermarkets in the last 35 or so years.

It makes no sense for supermarkets to be treated more leniently than pubs, since pubs generate far more jobs per pint or meal than do supermarkets, as well as far higher levels of tax. Pubs also make an important contribution to the social life of many communities and have better visibility and control of those who consume alcoholic drinks.

Tax equality is particularly important for residents of less affluent areas, since the tax differential is more important there – people can less afford to pay the difference in prices between the on and off trade.

As a result, in these less affluent areas, there are often fewer pubs, coffee shops and restaurants, with less employment and increased high-street dereliction.

Tax equality would also be in line with the principle of fairness in applying taxes to different businesses.

On 3 March 2021, the chancellor, Rishi Sunak, announced a six-month extension to the temporary reduction of VAT to 5% in respect of food and non-alcoholic drinks sales. In July 2020, when this reduction was first announced, the company lowered its pricing on a wide range of products, including food, soft drinks and real ale. If the chancellor decides to make these VAT reductions permanent, the company intends to retain these lower prices indefinitely.

## Further progress

As previously highlighted, the company's philosophy is to try continuously to upgrade as many areas of the business as possible.

The Food Standards Agency, in association with local authorities, regularly inspects licensed and other food businesses in the UK and awards marks from zero to five, according to the standards it finds.

Currently, 97% of our pubs have obtained the maximum five rating (2020: 97%), under the FSA scheme, with 99% receiving a rating of four or above (2020: 99%). This record reflects extremely hard work by our central catering, audit and operations team, as well as by the excellent teams in our pubs.

In addition, the company runs a government-approved apprenticeship scheme and participates in a professional management diploma and degree course, in conjunction with Leeds Beckett University.

## Corporate governance

In the 2019 annual report, the company made a number of criticisms of the corporate governance system, which can be found in appendix 1.

## ESG

There is an increasing focus from investors on ESG matters. We have provided commentary in numerous previous press announcements on the company's moves over many years on these matters, which were driven by our desire to do what was best for our employees, customers and, as a result, the company. Our initiatives have included pay increases, bonuses and free shares, improved staff training, internal promotion, recycling initiatives and, we believe, appropriate governance arrangements.

## Bloomberg

In the immediate aftermath of the first lockdown, in early 2020, a number of inaccurate statements regarding Wetherspoon appeared in the media.

When media organisations were made aware of the inaccuracies, in line with normal journalistic principles, corrections and/or apologies were published by the BBC, SKY, the Times, the Independent, the Sun, the Daily Mail, the Daily Star, the Mirror, Forbes and others.

The corrections and apologies have been published in Wetherspoon News, a magazine for pub customers (see link: <https://www.jdwetherspoon.com/~media/files/pdf-documents/events-2021/press-corrections-180321.pdf>).

However, Bloomberg Businessweek, a weekly magazine, published an article recently, containing many inaccuracies, which, apart from a few points, it has refused to correct.

Some of the inaccuracies may seem minor, but they have been used as a "factual" base, which creates an unfavourable impression of Wetherspoon.

For example, the article says that Wetherspoon is "sacrificing worker pay for affordable prices".

However, Wetherspoon pays at or above the rates of its main, publicly-quoted, pub competitors and at or above the rates of McDonald's, for example. Since our prices are substantially lower than pub competitors, it is untrue, and illogical, to say that there has been a "sacrifice", as Bloomberg has asserted.

In addition, Wetherspoon has awarded bonuses and free shares to employees, equivalent to 55% of its profits after tax, in the last 15 years (see table below). Approximately 83% of the awards have been to employees working in pubs. 15,032 employees own shares in the company. Since the share scheme was introduced, Wetherspoon has awarded 20.6 million free shares to employees, approximately 16% of the shares in issue today. Few companies in any industry match this record, which further undermines the Bloomberg allegation of a "sacrifice".

## Wetherspoon: bonuses and free shares vs profits, 2006 - 2020

Financial Year	Bonus and free shares £m	Profit after tax £m	Bonus etc as % of profits
2020	33	-30	-
2019	46	80	58%
2018	43	84	51%
2017	44	77	57%
2016	33	57	58%
2015	31	57	53%
2014	29	59	50%
2013	29	65	44%
2012	24	57	42%
2011	23	52	43%
2010	23	51	44%
2009	21	45	45%
2008	16	36	45%
2007	19	47	41%
2006	17	40	41%
<b>Total</b>	<b>428</b>	<b>777</b>	<b>55%</b>

\*Source: J D Wetherspoon plc Annual Reports and Accounts 2006 – 2020

The article also says that Wetherspoon "took advantage of a beer supply surplus to secure cheap contracts". This is pure fiction. Wetherspoon beer contracts usually run for five to ten years and beer is brewed in short cycles of a few weeks, reflecting current demand. It is therefore nonsense to claim that Wetherspoon secured "contracts" due to an imaginary, short-term "beer supply surplus".

The article says that Wetherspoon plays "host to drunken students". "Playing host", which infers a premeditated strategy, would be unlawful, since pubs have a legal obligation, strictly enforced by the licensing authorities, to prevent drunkenness. Pub liquor licences can be lost if legislation is not adhered to. Wetherspoon has never, in its history, lost a licence on these grounds – or on any other grounds, although many companies have.

The Bloomberg article says that Wetherspoon "unlike traditional pubs ... divides its pubs into gridlike seating plans...reducing the frequency of chance interactions". This claim is completely nonsensical. There is no observable difference between Wetherspoon seating layouts and those of many competitors. Indeed, since Wetherspoon normally converts unlicensed buildings, which vary in size and shape, into pubs, there is a vast difference in the type of seating layouts that are used. Implying some sort of strategy to reduce "chance interactions" is absurd.

The article says that Wetherspoon is "Most-loved, Most-hated". "Most-hated" is tribal and sectarian, and is untrue. An independent market research survey by CGA BrandTrack of 5,000 consumers in 2018, for example, reported that Wetherspoon is "the preferred brand to eat out at". A similar survey in 2019, also by CGA BrandTrack, found that Wetherspoon was the "standout choice for branded drinking occasions".

The article says that I (Tim Martin) am a "lifelong skeptic of the EU" and that I "began in the 1990s to push for Britain to prune its ties with Brussels, then to sever them entirely". This is complete cobbler's.

My first opposition to EU policy, which was NOT opposition to the EU itself, was when it was proposed that the UK join the euro in around 2000, following the failure of the euro's predecessor, the exchange rate mechanism, in the early 1990s.

# CHAIRMAN'S STATEMENT AND OPERATING REVIEW

I did not vote in the 2014 European elections, won by UKIP, which precipitated a referendum, nor did I ever personally campaign for there to be a referendum on the issue.

I only decided to "vote leave", as did millions of others, following the then Prime Minister's difficulty in obtaining the "fundamental (EU) reform" he had sought in early 2016.

It is obviously ridiculous to describe someone as a "lifelong skeptic" of the EU, if they decide to "vote leave" at the age of 60.

The article repeats the myth, since corrected by, for example, the Times, that I said "go work at Tesco". I never said those words, as reputable news organisations have now acknowledged. In fact, I said, at a time of high anxiety about empty supermarket shelves, with Tesco alone seeking 45,000 extra workers, "if you think it's a good idea (to work at a supermarket), do it, I can completely understand it. If you've worked for us before I promise you, we'll give you first preference if you want to come back". Bloomberg appears to be unaware that hospitality workers are entitled to earn a second income from supermarkets, in addition to their furlough payments.

The article says that Wetherspoon "leverage[ed] its scale to beat out smaller competitors". This is misleading. The main historical competitors to Wetherspoon, as is clearly obvious, have been large pub and restaurant companies, and supermarkets. Many smaller pub competitors, trading in close proximity to Wetherspoon, like Loungers, Fuller's, Young's and St Austell have grown substantially.

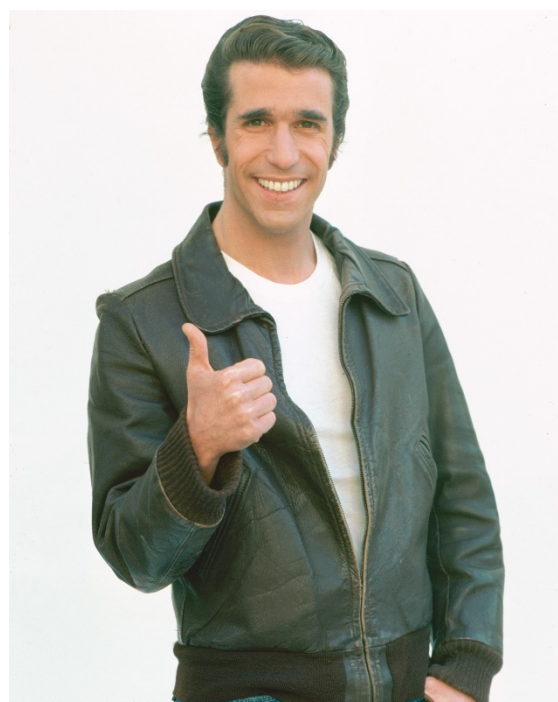
As a final example, the article incorrectly said that Wetherspoon "brought in" workers from Europe and "staff were as likely to be from Warsaw or Sofia as Wiltshire or Suffolk". In fact, Wetherspoon did not "bring in" anyone - and only 8% of our workforce, invariably excellent employees, have European passports.

The article contains too many other errors to correct, without boring shareholders - including basic errors as to the number of pubs the company has operated at various stages.

Bloomberg is not a member of the Independent Press Standards Organisation ("IPSO"), the UK's press regulatory body, which can compel corrections to inaccuracies. However, Bloomberg's own code ("The Bloomberg Way") says, "Show, don't tell: back up statements with facts...". It also says:

"Be accurate: there is no such thing as being first if the news is wrong".

"The Bloomberg Way" was written by Bloomberg News Editor-in-Chief emeritus, Matthew Winkler. A possible explanation for the errors is that the UK journalist, who wrote the article, contacted HENRY Winkler, known as "The Fonz", by mistake. This may be unlikely, since The Fonz frequently intoned "exactamundo" and "correctamundo" - not a creed that is evident in the article.



Henry Winkler, aka "The Fonz"

## Outlook

As indicated above, Wetherspoon and its employees, along with the hospitality industry, have worked very hard to comply with ever-changing government guidelines. It is disappointing that so many regulations, implemented at tremendous cost to the nation, appear to have had no real basis in common sense or science - for example, curfews, "substantial meals" with drinks and masks for bathroom visits.

The future of the industry, and of the UK economy, depends on a consistent set of sensible policies, based on scientific evidence, rather than on political expediency.

Tim Martin  
Chairman  
19 March 2021



### Appendix 1 – Corporate Governance, Extract from Wetherspoon 2019 Annual Report

The underlying ethos of corporate governance is to comply with the guidelines or to explain why you do not.

The original creators of the rules must have realised that business success takes many forms, so a rigid structure, applicable to all companies cannot be devised – hence the requirement to explain non-compliance.

Wetherspoon has always explained its approach. For example, in 2016, our approach to corporate governance was summed up in the annual report as follows:

"...I have said that many aspects of current corporate governance advice, as laid out in the Combined Code, are deeply flawed..."

I then went on to say:

"I believe that the following propositions represent the views of sensible shareholders:

The Code itself is faulty, since it places excessive emphasis on meetings between directors and shareholders and places almost no emphasis on directors taking account of the views of customers and employees which are far more important, in practice, to the future well-being of any company.

For example, in the UK Corporate Governance Code (September 2014), there are 64 references to shareholders, but only three to employees and none to customers – this emphasis is clearly mistaken.

- The average institutional shareholder turns over his portfolio twice annually, so it is advisable for directors to be wary of the often perverse views of 'Mr Market' (in the words of Benjamin Graham), certainly in respect of very short-term shareholders.
- A major indictment of the governance industry is that modern annual reports are far too long and often unreadable. They are full of semiliterate business jargon, including accounting jargon, and are cluttered with badly written and incomprehensible governance reports.
- It would be very helpful for companies, shareholders and the public, if the limitations of corporate governance systems were explicitly recognised. Common sense, management skills and business savvy are more important to commercial success than board structures.

All of the major banks and many supermarket and pub companies have suffered colossal business and financial problems, in spite of, or perhaps because of, their adherence to inadvisable governance guidelines.

- There should be an approximately equal balance between executives and non-executives. A majority of executives is not necessarily harmful, provided that non-executives are able to make their voice heard.
- It is often better if a chairman has previously been the chief executive of the company. This encourages chief executives, who may wish to become a chairman in future, to take a long-term view, avoiding problems of profit-maximisation policies in the years running up to the departure of a chief executive.
- A maximum tenure of nine years for non-executive directors is not advisable, since inexperienced boards, unfamiliar with the effects of the 'last recession' on their companies, are likely to reduce financial stability.

- An excessive focus on achieving financial or other targets for executives can be counter-productive. There's no evidence that the type of targets preferred by corporate governance guidelines actually works and there is considerable evidence that attempting to reach ambitious financial targets is harmful.
- As indicated above, it is far more important for directors to take account of the views of employees and customers than of the views of institutional shareholders. Shareholders should be listened to with respect, but caution should be exercised in implementing the views of short-term shareholders. It should also be understood that modern institutional shareholders may have a serious conflict of interest, as they are often concerned with their own quarterly portfolio performance, whereas corporate health often requires objectives which lie five, 10 or 20 years in the future."

I also quoted Sam Walton of Walmart in the 2014 annual report. He said:

"What's really worried me over the years is not our stock price, but that we might someday fail to take care of our customers or that our managers might fail to motivate and take care of our (employees)... Those challenges are more real than somebody's theory that we're heading down the wrong path.... As business leaders, we absolutely cannot afford to get all caught up in trying to meet the goals that some ... institution ... sets for us. If we do that, we take our eye off the ball.... If we fail to live up to somebody's hypothetical projection for what we should be doing, I don't care. We couldn't care less about what is forecast or what the market says we ought to do."

# PRE-IFRS 16 INCOME STATEMENT

for the 26 weeks ended 24 January 2021

J D Wetherspoon plc, company number: 1709784

The pre-IFRS 16 statements are included for information purposes only and do not form part of the GAAP primary statements

	Notes	Unaudited 26 weeks ended 24 January 2021 Before exceptional items £000	Unaudited 26 weeks ended 24 January 2021 After exceptional items £000	Unaudited 26 weeks ended 26 January 2020 Before exceptional items £000	Unaudited 26 weeks ended 26 January 2020 After exceptional items £000	Unaudited 52 weeks ended 26 July 2020 Before exceptional items £000	Unaudited 52 weeks ended 26 July 2020 After exceptional items £000
<b>Revenue</b>	1	<b>431,072</b>	<b>431,072</b>	933,021	933,021	1,262,048	1,262,048
Operating costs		(451,816)	(451,816)	(856,461)	(856,461)	(1,254,896)	(1,254,896)
Operating costs – exceptional	4	–	(7,536)	–	–	–	(13,201)
<b>Operating (loss)/profit</b>	2	<b>(20,744)</b>	<b>(28,280)</b>	76,560	76,560	7,152	(6,049)
Property (losses)/gains	3	(1,320)	(1,320)	(172)	(172)	(641)	(641)
Property losses – exceptional	3	–	(57)	–	(15,948)	–	(47,476)
<b>(Loss)/profit before interest and tax</b>		<b>(22,064)</b>	<b>(29,657)</b>	76,388	60,440	6,511	(54,166)
Finance income		167	167	41	41	161	161
Finance costs		(24,275)	(24,275)	(18,508)	(18,508)	(40,767)	(40,767)
Finance costs – exceptional		–	(5,511)	–	–	–	–
<b>(Loss)/profit before tax</b>		<b>(46,172)</b>	<b>(59,276)</b>	57,921	41,973	(34,095)	(94,772)
Income tax (expense)/credit		2,510	2,510	(12,487)	(12,487)	4,158	4,158
Income tax expense – exceptional		–	5,171	–	1,801	–	1,004
<b>(Loss)/profit for the period</b>		<b>(43,662)</b>	<b>(51,595)</b>	45,434	31,287	(29,937)	(89,610)
<b>(Loss)/earnings per ordinary share (p)</b>							
- Basic <sup>1</sup>	8	(36.4)	(43.1)	44.3	30.5	(27.6)	(82.6)
- Diluted <sup>1</sup>	8	(36.4)	(43.1)	43.3	29.8	(27.6)	(82.6)

## RECONCILIATION TO STATUTORY PROFIT

for the 26 weeks ended 24 January 2021

	Notes	Unaudited 26 weeks ended 24 January 2021 Before exceptional items £000	Unaudited 26 weeks ended 24 January 2021 After exceptional items £000	Unaudited 26 weeks ended 26 January 2020 Before exceptional items £000	Unaudited 26 weeks ended 26 January 2020 After exceptional items £000	Unaudited 52 weeks ended 26 July 2020 Before exceptional items £000	Unaudited 52 weeks ended 26 July 2020 After exceptional items £000
<b>(Loss)/profit before IFRS 16</b>		<b>(43,662)</b>	<b>(51,595)</b>	45,434	31,287	(29,937)	(89,610)
Operating costs		26,078	26,078	28,443	28,443	58,503	58,503
Amortisation and depreciation	23						
Right-of-use assets		(23,042)	(23,042)	(24,425)	(24,425)	(49,059)	(49,059)
Lease premium		86	86	192	192	368	368
Disposal of leases	3	1,088	1,088	347	347	1,125	1,125
Impairment	3						
Right-of-use assets		–	(2,133)	–	–	–	(4,722)
Property, plant and equipment		–	–	–	–	–	3,311
Onerous leases provision		–	–	–	–	–	1,411
Finance costs	6	(11,015)	(11,015)	(11,078)	(11,078)	(21,980)	(21,980)
Finance income	6	210	210	225	225	451	451
Income tax expense	7	3,887	1,532	1,189	1,189	2,012	2,641
<b>(Loss)/profit for the period</b>		<b>(46,370)</b>	<b>(58,791)</b>	40,327	26,180	(38,517)	(97,561)

<sup>1</sup> See page 26 for the basis of calculation

# PRE-IFRS 16 CASH FLOW STATEMENT

for the 26 weeks ended 24 January 2021

J D Wetherspoon plc, company number: 1709784

The pre-IFRS 16 statements are included for information purposes only and do not form part of the GAAP primary statements

	Notes	Unaudited cash flow	Unaudited free cash flow <sup>1</sup>	Unaudited cash flow	Unaudited free cash flow <sup>1</sup>	Unaudited cash flow	Unaudited free cash flow <sup>1</sup>
		26 weeks ended 24 January 2021 £000	26 weeks ended 24 January 2021 £000	26 weeks ended 26 January 2020 £000	26 weeks ended 26 January 2020 £000	52 weeks ended 26 July 2020 £000	52 weeks ended 26 July 2020 £000
<b>Cash flows from operating activities</b>							
Cash used in/generated from operations	9	(42,944)	(42,944)	131,546	131,546	38,718	38,718
Interest received		105	105	40	40	59	59
Interest paid		(29,185)	(29,185)	(17,027)	(17,027)	(29,914)	(29,914)
Corporation tax paid		12,201	12,201	(21,480)	(21,480)	(10,971)	(10,971)
<b>Net cash flow from operating activities</b>		<b>(59,823)</b>	<b>(59,823)</b>	<b>93,079</b>	<b>93,079</b>	<b>(2,108)</b>	<b>(2,108)</b>
<b>Cash flows from investing activities</b>							
Reinvestment in pubs		(9,602)	(9,602)	(32,764)	(32,764)	(43,370)	(43,370)
Reinvestment in business and IT projects		(872)	(872)	(1,768)	(1,768)	(926)	(926)
Investment in new pubs and pub extensions		(7,115)	–	(34,773)	–	(50,408)	–
Freehold reversions and investment properties		(1,423)	–	(70,633)	–	(98,467)	–
Proceeds of sale of property, plant and equipment		–	–	4,160	–	4,810	–
<b>Net cash flow from investing activities</b>		<b>(19,012)</b>	<b>(10,474)</b>	<b>(135,778)</b>	<b>(34,532)</b>	<b>(188,361)</b>	<b>(44,296)</b>
<b>Cash flows from financing activities</b>							
Equity dividends paid	11	–	–	(8,371)	–	(8,371)	–
Purchase of own shares for cancellation		–	–	(6,455)	–	(6,456)	–
Purchase of own shares for share-based payments		(6,771)	(6,771)	(9,260)	(9,260)	(11,125)	(11,125)
Loan issue cost	10	(238)	(238)	(321)	(321)	(1,323)	(1,323)
Advances under private placement		–	–	98,000	–	98,000	–
Advances under/repayment of bank loans	10	48,333	–	(25,000)	–	100,000	–
Advances under asset-financing	10	–	–	–	–	16,152	–
Issue of share capital	26	91,523	–	–	–	137,995	–
Asset financing principal payments	10	(3,439)	–	(1,431)	–	(2,902)	–
<b>Net cash flow from financing activities</b>		<b>129,408</b>	<b>(7,009)</b>	<b>47,162</b>	<b>(9,581)</b>	<b>321,970</b>	<b>(12,448)</b>
<b>Net change in cash and cash equivalents</b>	10	<b>50,573</b>	<b>–</b>	<b>4,463</b>	<b>–</b>	<b>131,501</b>	<b>–</b>
Opening cash and cash equivalents	18	174,451	–	42,950	–	42,950	–
Closing cash and cash equivalents	18	225,024	–	47,413	–	174,451	–
<b>Free cash flow</b>	8	<b>–</b>	<b>(77,306)</b>	<b>–</b>	<b>48,966</b>	<b>–</b>	<b>(58,852)</b>
<b>Free cash flow per ordinary share</b>	8	<b>–</b>	<b>(64.5)p</b>	<b>–</b>	<b>46.7p</b>	<b>–</b>	<b>(54.2)p</b>

<sup>1</sup> Free cash flow is a measure not required by accounting standards; a definition is provided in our accounting policies.

# PRE-IFRS 16 BALANCE SHEET

as at 24 January 2021

J D Wetherspoon plc, company number: 1709784

The pre-IFRS 16 statements are included for information purposes only and do not form part of the GAAP primary statements

	Notes	Unaudited 24 January 2021 £000	Unaudited 26 January 2020 £000	Unaudited Restated 26 July 2020 £000
<b>Assets</b>				
<b>Non-current assets</b>				
Property, plant and equipment		1,422,888	1,458,531	1,439,467
Intangible assets	12	8,956	12,378	8,895
Investment property	14	6,037	11,572	11,527
Other non-current assets		7,434	7,696	7,520
Deferred tax assets		11,580	9,706	15,617
<b>Total non-current assets</b>		<b>1,456,895</b>	1,499,883	1,483,026
<b>Current assets</b>				
Assets held for sale	17	–	350	–
Inventories	15	22,369	23,453	23,095
Receivables		26,187	27,544	36,387
Cash and cash equivalents	18	225,024	47,413	174,451
Current income tax receivables	7	–	–	7,672
<b>Total current assets</b>		<b>273,580</b>	98,760	241,605
<b>Total assets</b>		<b>1,730,475</b>	1,598,643	1,724,631
<b>Liabilities</b>				
<b>Current liabilities</b>				
Borrowings	20	(7,610)	(3,286)	(7,610)
Trade and other payables		(197,335)	(314,831)	(267,677)
Current income tax liabilities	7	(4,180)	(1,275)	–
Provisions		(4,518)	(3,116)	(4,759)
<b>Total current liabilities</b>		<b>(213,643)</b>	(322,508)	(280,046)
<b>Non-current liabilities</b>				
Borrowings	20	(1,029,343)	(848,654)	(983,828)
Derivative financial instruments	22	(65,477)	(57,096)	(82,194)
Deferred tax liabilities	7	(30,273)	(38,212)	(42,138)
Provisions	21	(1,488)	(1,659)	(1,488)
Other liabilities	23	(9,738)	(10,607)	(9,738)
<b>Total non-current liabilities</b>		<b>(1,136,319)</b>	(956,228)	(1,119,386)
<b>Total liabilities</b>		<b>(1,349,962)</b>	(1,278,736)	(1,399,432)
<b>Net assets</b>		<b>380,513</b>	319,907	325,199
<b>Shareholders' equity</b>				
Share capital	26	2,575	2,094	2,408
Share premium account		143,294	143,294	143,294
Capital redemption reserve		2,337	2,337	2,337
Other reserves		234,579	–	141,002
Hedging reserve		(49,369)	(47,390)	(66,577)
Currency translation reserve		5,089	1,603	7,089
Retained earnings		42,008	217,969	95,646
<b>Total shareholders' equity</b>		<b>380,513</b>	319,907	325,199

<sup>1</sup> Restated for share placement proceeds net of fees which have been reclassified as other reserves. See the note on page 17.

# INCOME STATEMENT

for the 26 weeks ended 24 January 2021

J D Wetherspoon plc, company number: 1709784

	Notes	Unaudited 26 weeks ended 24 January 2021 Before exceptional items £000	Unaudited 26 weeks ended 24 January 2021 After exceptional items £000	Unaudited 26 weeks ended 26 January 2020 Before exceptional items £000	Unaudited 26 weeks ended 26 January 2020 After exceptional items £000	Audited 52 weeks ended 26 July 2020 Before exceptional items £000	Audited 52 weeks ended 26 July 2020 After exceptional items £000
<b>Revenue</b>	1	<b>431,072</b>	<b>431,072</b>	933,021	933,021	1,262,048	1,262,048
Operating costs		(448,694)	(448,694)	(852,251)	(852,251)	(1,245,084)	(1,245,084)
Operating costs – exceptional		–	(7,536)	–	–	–	(13,201)
<b>Operating (loss)/profit</b>	2	<b>(17,622)</b>	<b>(25,158)</b>	80,770	80,770	16,964	3,763
Property gains	3	(232)	(232)	175	175	484	484
Property losses – exceptional	3	–	(2,190)	–	(15,948)	–	(47,476)
<b>(Loss)/profit before interest and tax</b>		<b>(17,854)</b>	<b>(27,580)</b>	80,945	64,997	17,448	(43,229)
Finance income	6	377	377	266	266	612	612
Finance costs	6	(35,290)	(35,290)	(29,586)	(29,586)	(62,747)	(62,747)
Finance costs – exceptional	6	–	(5,511)	–	–	–	–
<b>(Loss)/profit before tax</b>		<b>(52,767)</b>	<b>(68,004)</b>	51,625	35,677	(44,687)	(105,364)
Income tax (expense)/credit	7	6,397	6,397	(11,298)	(11,298)	6,170	6,170
Income tax (expense)/credit – exceptional	7	–	2,816	–	1,801	–	1,633
<b>(Loss)/profit for the period</b>		<b>(46,370)</b>	<b>(58,791)</b>	40,327	26,180	(38,517)	(97,561)
<b>Earnings per ordinary share (p)</b>							
– Basic <sup>1</sup>	8	(38.7)	(49.1)	39.3	25.5	(35.5)	(89.9)
– Diluted <sup>1</sup>	8	(38.7)	(49.1)	38.5	25.0	(35.5)	(89.9)

## STATEMENT OF COMPREHENSIVE INCOME

for the 26 weeks ended 24 January 2021

	Notes	Unaudited 26 weeks ended 24 January 2021 £000	Unaudited 26 weeks ended 26 January 2020 £000	Audited 52 weeks ended 26 July 2020 £000
Items which will be reclassified subsequently to profit or loss:				
Interest-rate swaps: gain/(loss) taken to other comprehensive income	22	21,245	(8,024)	(33,122)
Tax on items taken directly to other comprehensive income	7	(4,037)	1,364	7,275
Currency translation differences		(1,933)	(3,109)	1,293
<b>Net gain/(loss) recognised directly in other comprehensive income</b>		<b>15,275</b>	<b>9,769</b>	<b>(24,554)</b>
(Loss)/profit for the period		(58,791)	26,180	(97,561)
<b>Total comprehensive (loss)/income for the period</b>		<b>(43,516)</b>	<b>16,411</b>	<b>(122,115)</b>

<sup>1</sup> See page 26 for the basis of calculation

# CASH FLOW STATEMENT

for the 26 weeks ended 24 January 2021

J D Wetherspoon plc, company number: 1709784

	Notes	Unaudited cash flow	Unaudited free cash flow <sup>1</sup>	Unaudited cash flow	Unaudited free cash flow <sup>1</sup>	Audited cash flow	Audited free cash flow <sup>1</sup>
		26 weeks ended 24 January 2021 £000	26 weeks ended 24 January 2021 £000	26 weeks ended 26 January 2020 £000	26 weeks ended 26 January 2020 £000	52 weeks ended 26 July 2020 £000	52 weeks ended 26 July 2020 £000
<b>Cash flows from operating activities</b>							
Cash (used in)/generated from operations	9	(28,749)	(28,749)	160,036	160,036	75,665	75,665
Interest received		105	105	40	40	59	59
Interest paid		(29,185)	(29,185)	(17,027)	(17,027)	(29,914)	(29,914)
Corporation tax paid		12,201	12,201	(21,480)	(21,480)	(10,971)	(10,971)
Lease interest		(10,843)	(10,843)	(9,134)	(9,134)	(18,080)	(18,080)
<b>Net cash flow from operating activities</b>		<b>(56,471)</b>	<b>(56,471)</b>	<b>112,435</b>	<b>112,435</b>	<b>16,759</b>	<b>16,759</b>
<b>Cash flows from investing activities</b>							
Reinvestment in pubs		(9,602)	(9,602)	(32,764)	(32,764)	(43,370)	(43,370)
Reinvestment in business and IT projects		(872)	(872)	(1,768)	(1,768)	(926)	(926)
Investment in new pubs and pub extensions		(7,115)	–	(34,773)	–	(50,408)	–
Freehold reversions and investment properties		(1,423)	–	(70,633)	–	(98,467)	–
Proceeds of sale of property, plant and equipment		–	–	4,160	–	4,810	–
<b>Net cash flow from investing activities</b>		<b>(19,012)</b>	<b>(10,474)</b>	<b>(135,778)</b>	<b>(34,532)</b>	<b>(188,361)</b>	<b>(44,296)</b>
<b>Cash flows from financing activities</b>							
Equity dividends paid	11	–	–	(8,371)	–	(8,371)	–
Purchase of own shares for cancellation	26	–	–	(6,455)	–	(6,456)	–
Purchase of own shares for share-based payments		(6,771)	(6,771)	(9,260)	(9,260)	(11,125)	(11,125)
Loan issue cost	10	(238)	(238)	(321)	(321)	(1,323)	(1,323)
Advances under private placement		–	–	98,000	–	98,000	–
Advances under/repayment of bank loans	10	48,333	–	(25,000)	–	100,000	–
Advances under asset-financing	10	–	–	–	–	16,152	–
Lease principal payments	23	(3,352)	(3,352)	(19,356)	(19,356)	(18,867)	(18,867)
Issue of share capital	26	91,523	–	–	–	137,995	–
Asset-financing principal payments	10	(3,439)	–	(1,431)	–	(2,902)	–
<b>Net cash flow from financing activities</b>		<b>126,056</b>	<b>(10,361)</b>	<b>27,806</b>	<b>(28,937)</b>	<b>303,103</b>	<b>(31,315)</b>
<b>Net change in cash and cash equivalents</b>	10	<b>50,573</b>	<b>–</b>	<b>4,463</b>	<b>–</b>	<b>131,501</b>	<b>–</b>
Opening cash and cash equivalents	18	174,451	–	42,950	–	42,950	–
Closing cash and cash equivalents	18	225,024	–	47,413	–	174,451	–
<b>Free cash flow</b>	8	<b>–</b>	<b>(77,306)</b>	<b>–</b>	<b>48,966</b>	<b>–</b>	<b>(58,852)</b>
<b>Free cash flow per ordinary share</b>	8	<b>–</b>	<b>(64.5)p</b>	<b>–</b>	<b>46.7p</b>	<b>–</b>	<b>(55.2)p</b>

<sup>1</sup> Free cash flow is a measure not required by accounting standards; a definition is provided in our accounting policies.

# BALANCE SHEET

as at 24 January 2021

J D Wetherspoon plc, company number: 1709784

	Notes	Unaudited 24 January 2021 £000	Unaudited 26 January 2020 Restated <sup>1</sup> £000	Audited 26 July 2020 Restated <sup>1</sup> £000
<b>Assets</b>				
<b>Non-current assets</b>				
Property, plant and equipment	13	1,425,570	1,458,531	1,442,778
Intangible assets	12	8,956	12,378	8,895
Investment property	14	6,037	11,572	11,527
Right-of-use assets	23	527,614	597,590	532,584
Deferred tax assets	7	11,580	9,706	15,617
Lease assets	23	10,506	11,319	11,115
<b>Total non-current assets</b>		<b>1,990,263</b>	2,101,096	2,022,516
<b>Current assets</b>				
Inventories	15	22,369	23,453	23,095
Assets held for sale	17	–	350	–
Receivables	16	27,268	22,391	32,176
Cash and cash equivalents	18	225,024	47,413	174,451
Current income tax receivables	7	–	–	10,313
Lease assets	23	1,691	1,561	1,736
<b>Total current assets</b>		<b>276,352</b>	95,168	241,771
<b>Total assets</b>		<b>2,266,615</b>	2,196,264	2,264,287
<b>Liabilities</b>				
<b>Current liabilities</b>				
Borrowings	20	(7,610)	(3,286)	(7,610)
Trade and other payables	19	(184,742)	(315,773)	(255,085)
Current income tax liabilities	7	–	(86)	–
Provisions	21	(2,797)	(3,116)	(3,038)
Lease liabilities	23	(72,481)	(59,328)	(65,343)
<b>Total current liabilities</b>		<b>(267,630)</b>	(381,589)	(331,076)
<b>Non-current liabilities</b>				
Borrowings	20	(1,029,343)	(848,654)	(983,828)
Derivative financial instruments	22	(65,477)	(57,096)	(82,194)
Deferred tax liabilities	7	(30,273)	(38,212)	(42,138)
Lease liabilities	23	(508,518)	(555,913)	(507,803)
<b>Total non-current liabilities</b>		<b>(1,633,611)</b>	(1,499,875)	(1,615,963)
<b>Total liabilities</b>		<b>(1,901,241)</b>	(1,881,464)	(1,947,039)
<b>Net assets</b>		<b>365,374</b>	314,800	317,248
<b>Shareholders' equity</b>				
Share capital	26	2,575	2,094	2,408
Share premium account		143,294	143,294	143,294
Capital redemption reserve		2,337	2,337	2,337
Other reserves		234,579	–	141,002
Hedging reserve		(49,369)	(47,390)	(66,577)
Currency translation reserve		5,089	1,603	7,089
Retained earnings		26,869	212,862	87,695
<b>Total shareholders' equity</b>		<b>365,374</b>	314,800	317,248

<sup>1</sup> Restated for: share placement proceeds net of fees which have been reclassified as other reserves (see note on page 17) and note 31 disclosure of prior period errors.

John Hutson  
Director

Ben Whitley  
Director

# STATEMENT OF CHANGES IN EQUITY

J D Wetherspoon plc, company number: 1709784

	Notes	Share capital £000	Share premium account £000	Capital redemption reserve £000	Other Reserves £000	Hedging reserve £000	Currency translation reserve £000	Retained earnings £000	Total £000
<b>At 28 July 2019</b>		<b>2,102</b>	<b>143,294</b>	<b>2,329</b>	<b>–</b>	<b>(40,730)</b>	<b>5,370</b>	<b>204,447</b>	<b>316,812</b>
Total comprehensive income		–	–	–	–	(6,660)	(3,767)	26,838	16,411
Profit for the period		–	–	–	–	–	–	26,180	26,180
Interest-rate swaps: cash flow hedges	22	–	–	–	–	(8,024)	–	–	(8,024)
Tax on items taken directly to comprehensive income	7	–	–	–	–	1,364	–	–	1,364
Currency translation differences		–	–	–	–	–	(3,767)	658	(3,109)
Purchase of own shares for cancellation		(8)	–	8	–	–	–	(6,455)	(6,455)
Share-based payment charges		–	–	–	–	–	–	5,543	5,543
Tax on share-based payment	7	–	–	–	–	–	–	120	120
Purchase of own shares for share-based payments		–	–	–	–	–	–	(9,260)	(9,260)
Dividends	11	–	–	–	–	–	–	(8,371)	(8,371)
<b>At 26 January 2020</b>		<b>2,094</b>	<b>143,294</b>	<b>2,337</b>	<b>–</b>	<b>(47,390)</b>	<b>1,603</b>	<b>212,862</b>	<b>314,800</b>
Total comprehensive income		–	–	–	–	(19,187)	5,486	(124,825)	(138,526)
Loss for the period		–	–	–	–	–	–	(123,741)	(123,741)
Interest-rate swaps: cash flow hedges	22	–	–	–	–	(25,097)	–	–	(25,097)
Tax on items taken directly to comprehensive income	7	–	–	–	–	5,910	–	–	5,910
Currency translation differences		–	–	–	–	–	5,486	(1,084)	4,402
Issued share capital		314	137,681	–	–	–	–	–	137,995
Purchase of own shares for cancellation		–	–	–	–	–	–	(1)	(1)
Share-based payment charges		–	–	–	–	–	–	5,162	5,162
Tax on share-based payment	7	–	–	–	–	–	–	(317)	(317)
Purchase of own shares for share-based payments		–	–	–	–	–	–	(1,865)	(1,865)
Dividends	11	–	–	–	–	–	–	–	–
<b>At 26 July 2020</b>		<b>2,408</b>	<b>280,975</b>	<b>2,337</b>	<b>–</b>	<b>(66,577)</b>	<b>7,089</b>	<b>91,016</b>	<b>317,248</b>
Reserve reclassification (prior period correction)		–	(137,681)	–	141,002	–	–	(3,321)	–
<b>At 26 July 2020 restated</b>		<b>2,408</b>	<b>143,294</b>	<b>2,337</b>	<b>141,002</b>	<b>(66,577)</b>	<b>7,089</b>	<b>87,695</b>	<b>317,248</b>
Total comprehensive income		–	–	–	–	17,208	(2,000)	(58,724)	(43,516)
Loss for the period		–	–	–	–	–	–	(58,791)	(58,791)
Interest-rate swaps: cash flow hedges	22	–	–	–	–	21,245	–	–	21,245
Tax on items taken directly to comprehensive income	7	–	–	–	–	(4,037)	–	–	(4,037)
Tax on items taken directly to comprehensive income		–	–	–	–	–	(2,000)	67	(1,933)
Issued share capital		167	–	–	93,577	–	–	(2,222)	91,522
Share-based payment charges		–	–	–	–	–	–	6,420	6,420
Tax on share-based payment		–	–	–	–	–	–	471	471
Purchase of own shares for share-based payments		–	–	–	–	–	–	(6,771)	(6,771)
<b>At 24 January 2021</b>		<b>2,575</b>	<b>143,294</b>	<b>2,337</b>	<b>234,579</b>	<b>(49,369)</b>	<b>5,089</b>	<b>26,869</b>	<b>365,374</b>



## Statement of Change in Equity (continued)

The currency translation reserve contains the accumulated currency gains and losses on the long-term financing and balance sheet translation of the overseas branch. The currency translation difference reported in retained earnings is the restatement of the opening reserves in the overseas branch at the current period end currency exchange rate.

As at 24 January 2021, the company had distributable reserves of £217.2m.

On 20 January 2021, the company raised gross proceeds of £93.7m via a share placing. The placing shares were issued for non-cash consideration by way of a 'cash box' structure, involving a newly incorporated Jersey subsidiary of the company ('JerseyCo'). This structure involved the issue of ordinary and preference shares by JerseyCo to the investment bank advising the company in respect of the placing. These preference and ordinary shares were subsequently acquired by the company and the preference shares redeemed by JerseyCo. The acquisition by the company of the ordinary shares in JerseyCo held by the investment bank resulted in the company securing over 90% of the equity share capital of JerseyCo. The company was able to rely, therefore, on section 612 of the Companies Act 2006, which provides relief from the requirements under section 610 of the Companies Act 2006 to create a share premium account. Therefore, no share premium was recorded in relation to the placing shares. The premium over the nominal value of the placing shares was credited to another reserve. This other reserve is determined to be distributable for the purposes of the Companies Act 2006.

Within the period the company reclassified the net proceeds from a share placing completed on 30 April 2020 which had been structured in exactly the same way as the more recent placing. The financial statements for the last financial year have been restated as a result.

## 1. Revenue

Revenue disclosed in the income statement is analysed as follows:	Unaudited 26 weeks ended 24 January 2021 £000	Unaudited 26 weeks ended 26 January 2020 £000	Audited 52 weeks ended 26 July 2020 £000
Bar	239,927	559,426	761,065
Food	174,326	337,241	452,150
Slot/fruit machines	12,046	26,080	35,931
Hotel	4,570	9,468	11,780
Other	203	806	1,122
	<b>431,072</b>	<b>933,021</b>	<b>1,262,048</b>

Included within food and drink revenue for the 26 weeks ended 24 January 2021 is an amount of £23.2m received from the government in relation to the Eat Out to Help Out scheme which operated during August 2020.

## 2. Operating (loss)/profit – analysis of costs by nature

This is stated after charging/(crediting):	Unaudited 26 weeks ended 24 January 2021 £000	Unaudited 26 weeks ended 26 January 2020 £000	Audited 52 weeks ended 26 July 2020 £000
Variable concession rental payments	2,607	4,293	4,609
Short term leases	102	108	204
Repairs and maintenance	25,609	46,112	75,861
Net rent receivable	(1,076)	(841)	(1,484)
Share-based payments (note 5)	6,420	5,543	10,705
Depreciation of property, plant and equipment (note 13)	37,014	37,718	75,386
Amortisation of intangible assets (note 12)	1,694	1,925	3,806
Depreciation of investment properties (note 14)	12	34	79
Amortisation of right of use assets (note 23)	23,042	24,425	49,059

Analysis of continuing operations	Unaudited 26 weeks ended 24 January 2021 £000	Unaudited 26 weeks ended 26 January 2020 £000	Audited 52 weeks ended 26 July 2020 £000
Revenue	431,072	933,021	1,262,048
Cost of sales	(439,375)	(828,189)	(1,217,521)
Gross (loss)/profit	(8,303)	104,832	44,527
Administration costs	(16,855)	(24,062)	(40,764)
Operating profit/(loss) after exceptional items	(25,158)	80,770	3,763

Included within cost of sales is £145.9m (2020: £325.9m) relating to cost of inventory recognised as expense.

### 3. Property gains and losses

	<b>Unaudited 26 weeks ended 24 January 2021 £000</b>	Unaudited 26 weeks ended 26 January 2020 £000	Audited 52 weeks ended 26 July 2020 £000
<b>Non-exceptional property (gains)/losses</b>			
Disposal of fixed assets	1,268	(90)	1,002
Additional costs of disposal	52	217	258
Disposal of leases	(1,088)	(347)	(1,125)
Other property gains	–	45	(619)
	<b>232</b>	<b>(175)</b>	<b>(484)</b>
<b>Exceptional property (gains)/losses</b>			
Disposal of fixed assets	–	3,003	2,769
Additional costs of disposal	57	619	684
Impairment of property, plant and equipment	–	2,786	28,602
Impairment of intangible assets	–	9,540	10,699
Impairment of right of use assets	2,133	–	4,722
	<b>2,190</b>	<b>15,948</b>	<b>47,476</b>
<b>Total property losses</b>	<b>2,422</b>	<b>15,773</b>	<b>46,992</b>

Non-exceptional property losses, excluding disposal of lease assets (note 8d), were £1,320,000 in the period (2020: £172,000).

#### 4. Exceptional items

	Unaudited 26 weeks ended 24 January 2021 £000	Unaudited 26 weeks ended 26 January 2020 £000	Audited 52 weeks ended 26 July 2020 £000
<b>Operating exceptional items</b>			
Stock losses	2,200	–	5,862
Duty drawback	(3,699)	–	–
Equipment	2,516	–	6,167
Local government support grants	(5,238)	–	–
Staff costs	11,562	–	17,062
Gaming machine settlement	–	–	(15,890)
Other	195	–	–
<b>Total exceptional operating costs</b>	<b>7,536</b>	<b>–</b>	<b>13,201</b>
<b>Exceptional property losses</b>			
<b>Disposal programme</b>			
Loss on disposal of pubs	57	3,622	3,453
Impairment of property plant and equipment	–	1,496	4,698
	57	5,118	8,151
<b>Other property losses</b>			
Impairment of property, plant and equipment	–	1,290	23,904
Impairment of intangible assets	–	9,540	10,699
Impairment of right-of-use asset	2,133	–	4,722
	2,133	10,830	39,325
<b>Total exceptional property losses</b>	<b>2,190</b>	<b>15,948</b>	<b>47,476</b>
Exceptional finance costs	5,511	–	–
<b>Exceptional tax</b>			
Exceptional tax items	(2,816)	–	4,252
Tax effect on exceptional items	–	(1,801)	(5,885)
	(2,816)	(1,801)	(1,633)
<b>Total exceptional items</b>	<b>12,421</b>	<b>14,147</b>	<b>59,044</b>

##### Stock and duty drawback

A provision of £2,200,000 was made for perished stock, as a result of the current closure period. A credit of £3,699,000 for supplier credits was received for perished stock during the first closure period.

##### Exceptional equipment

The company has recognised £2,516,000 for personal protective equipment and hygiene products relating to the COVID-19 pandemic.

##### Local government support grants

The company has recognised £5,238,000 income of local government support grants relating to the COVID-19 pandemic. These are recognised on receipt.

##### Staff costs

The company has recognised an exceptional charge of £11.6m which included £5.4m of payments made by the company to staff over and above the furlough grants received and £6.2m of redundancy and restructuring payments.

##### Exceptional finance costs

The company has recognised an exceptional charge of £5.5m, £4.5m of which relates to an ineffective portion of hedge accounting which has been recognised in the income statement in the period. The company adopts hedge accounting, meaning that the effective portion of the changes in the fair value of the derivatives is recognised in comprehensive income, with any gain or loss relating to an ineffective portion accounted for immediately in the income statement. The remaining £1.0m is related to covenant-waiver fees.

##### Taxation

The exceptional deferred tax credit of £2.8m relates to the creation of a deferred tax asset in respect of tax losses arising from exceptional expenditure (£5.4m) and a prior-year adjustment to a deferred tax liability recognised as exceptional in a prior period (£2.6m).

## 5. Employee benefits expenses

	<b>Unaudited</b> <b>26 weeks</b> <b>ended</b> <b>24 January</b> <b>2021</b> <b>£000</b>	Unaudited 26 weeks ended 26 January 2020 £000	Audited 52 weeks ended 26 July 2020 £000
Wages and salaries	256,022	299,199	565,032
Government grants	(97,539)	–	(131,539)
Social security costs	11,130	18,077	31,710
Other pension costs	4,058	4,324	8,308
Share-based payments	6,420	5,543	10,705
Redundancy and restructuring costs (exceptional)	6,179	–	–
	<b>186,270</b>	<b>327,143</b>	<b>484,216</b>

Government grants disclosed above are amounts claimed by the company under the coronavirus job retention scheme.

<b>Employee numbers</b>	<b>Unaudited</b> <b>2021</b> <b>Number</b>	Unaudited 2020 Number	Audited 2020 Number
<b>Full-time equivalents</b>			
Managerial/administration	4,613	4,594	4,696
Hourly paid staff	19,659	21,647	20,952
	<b>24,272</b>	<b>26,241</b>	<b>25,648</b>
	<b>2021</b> <b>Number</b>	2020 Number	2020 Number
<b>Total employees</b>			
Managerial/administration	4,722	4,687	4,792
Hourly paid staff	34,694	38,517	38,427
	<b>39,416</b>	<b>43,204</b>	<b>43,219</b>

The totals above relate to the monthly average number of employees during the period (including directors on a service contract).

	<b>Unaudited</b> <b>26 weeks</b> <b>ended</b> <b>24 January</b> <b>2021</b>	Unaudited 26 weeks ended 26 January 2020	Audited 52 weeks ended 26 July 2020
Shares awarded during the year (shares)	852,261	568,821	568,821
Average price of shares awarded (pence)	957	1,542	1,542
Market value of shares vested during the year (£000)	4,150	9,774	14,097
Total liability of the share-based payments scheme (£000)	15,047	14,999	14,999

The shares awarded as part of the above schemes are based on the cash value of the bonuses at the date of the awards. These awards vest over three years, with their cost spread over their three-year life. The share-based payment charge above represents the annual cost of bonuses awarded over the past three years. All awards are settled in equity.

The company operates two share-based compensation plans. In both schemes, the fair values of the shares granted are determined by reference to the share price at the date of the award. The shares vest at a £Nil exercise price – and there are no market-based conditions to the shares which affect their ability to vest.

## 6. Finance income and costs

	<b>Unaudited 26 weeks ended 24 January 2021 £000</b>	Unaudited 26 weeks ended 26 January 2020 £000	Audited 52 weeks ended 26 July 2020 £000
<b>Finance costs</b>			
Interest payable on bank loans and overdrafts	11,725	9,738	21,292
Amortisation of bank loan issue costs (note 10)	860	722	1,541
Interest payable on swaps	9,115	6,561	14,522
Interest payable on asset-financing	352	207	503
Interest payable on private placement	2,223	1,280	2,909
Finance costs, excluding lease interest	24,275	18,508	40,767
Interest payable on leases	11,015	11,078	21,980
<b>Total finance costs</b>	<b>35,290</b>	29,586	62,747
Bank interest receivable	(167)	(41)	(161)
Lease interest receivable	(210)	(225)	(451)
<b>Total finance income</b>	<b>(377)</b>	(266)	(612)
<b>Net finance costs before exceptional items</b>	<b>34,913</b>	29,320	62,135
Exceptional finance costs (note 4)	5,511	–	–
<b>Net finance costs after exceptional items</b>	<b>40,424</b>	29,320	62,135

## 7. Income tax expense

### (a) Tax on profit on ordinary activities

The standard rate of corporation tax in the UK is 19.00%. The company's profits for the accounting period are taxed at a rate of 19.00% (2020: 19.00%).

	Unaudited 26 weeks ended 24 January 2021 Before exceptional items £000	Unaudited 26 weeks ended 24 January 2021 After exceptional items £000	Unaudited 26 weeks ended 26 January 2020 Before exceptional items £000	Unaudited 26 weeks ended 26 January 2020 After exceptional items £000	Audited 52 weeks ended 26 July 2020 Before exceptional items £000	Audited 52 weeks ended 26 July 2020 After exceptional items £000
<b>Taken through income statement</b>						
Current income tax:						
Current year current income tax (credit)/charge	–	–	12,367	10,858	(2,827)	(10,329)
Previous year current income tax charge/(credit)	–	2,641	(18)	(18)	227	227
<b>Total current income tax</b>	<b>–</b>	<b>2,641</b>	<b>12,349</b>	<b>10,840</b>	<b>(2,600)</b>	<b>(10,102)</b>
Deferred tax:						
Origination and reversal of temporary differences	(6,297)	(9,192)	(1,051)	(1,343)	(3,660)	(2,043)
Previous year deferred tax (credit)/charge	(100)	(2,662)	–	–	90	90
Impact of change in UK tax rate	–	–	–	–	–	4,252
<b>Total deferred tax</b>	<b>(6,397)</b>	<b>(11,854)</b>	<b>(1,051)</b>	<b>(1,343)</b>	<b>(3,570)</b>	<b>2,299</b>
<b>Tax (credit)/charge</b>	<b>(6,397)</b>	<b>(9,213)</b>	<b>11,298</b>	<b>9,497</b>	<b>(6,170)</b>	<b>(7,803)</b>
<b>Taken through equity</b>						
Current tax	4	4	(259)	(259)	(226)	(226)
Deferred tax	(8)	(8)	139	139	423	423
	(4)	(4)	(120)	(120)	197	197
<b>Taken through comprehensive income</b>						
Deferred tax charge/(credit) on swaps	4,037	4,037	(1,364)	(1,364)	(5,720)	(5,720)
Impact of change in UK tax rate	–	–	–	–	(1,555)	(1,555)
<b>Tax charge/(credit)</b>	<b>4,037</b>	<b>4,037</b>	<b>(1,364)</b>	<b>(1,364)</b>	<b>(7,275)</b>	<b>(7,275)</b>

## 7. Income tax expense (continued)

### (b) Reconciliation of the total tax charge

The taxation charge for the 26 weeks ended 24 January 2021 is based on the pre-exceptional loss before tax of £52.8m and the estimated effective tax rate before exceptional items for the 26 weeks ended 24 January 2021 of 12.1% (2020: 13.8%). This comprises a pre-exceptional current tax rate of 0% (2020: 5.8%) and a pre-exceptional deferred tax charge of 13.2% (2020: 8.0% charge).

The UK standard weighted average tax rate for the period is 19.0% (2020: 19.0%). The current tax rate is lower than the UK standard weighted average tax rate, owing to tax losses in the period.

	Unaudited 26 weeks ended 24 January 2021 Before exceptional items £000	Unaudited 26 weeks ended 24 January 2021 After exceptional items £000	Unaudited 26 weeks ended 26 January 2020 Before exceptional items £000	Unaudited 26 weeks ended 26 January 2020 After exceptional items £000	Audited 52 weeks ended 26 July 2020 Before exceptional items £000	Audited 52 weeks ended 26 July 2020 After exceptional items £000
(Loss)/profit before income tax	(52,767)	(68,004)	51,625	35,677	(44,687)	(105,364)
(Loss)/profit multiplied by the UK standard rate of corporation tax 19.00% (2019: 19.00%)	(10,027)	(12,921)	9,463	6,539	(8,491)	(20,019)
Abortive acquisition costs and disposals	–	–	95	95	6	6
Expenditure not allowable	69	69	(357)	199	86	216
Other allowable deductions	(34)	(34)	(33)	(33)	(35)	(35)
Non-qualifying depreciation and disposals	2,287	2,287	1,442	2,009	83	5,122
Capital gains - effects of reliefs	168	168	150	150	603	603
Share options and SIPs	181	181	41	41	622	622
Deferred tax on balance-sheet-only items	–	–	(23)	(23)	(67)	(67)
Effect of different tax rates and unrecognised losses in overseas companies	1,059	1,059	539	539	706	1,180
Adjust current year deferred tax movement to average of 19%	–	–	–	–	–	4,252
Previous year adjustment – current tax	–	2,640	(19)	(19)	227	227
Previous year adjustment – deferred tax	(100)	(2,662)	–	–	90	90
<b>Total tax expense reported in the income statement</b>	<b>(6,397)</b>	<b>(9,213)</b>	<b>11,298</b>	<b>9,497</b>	<b>(6,170)</b>	<b>(7,803)</b>



## 7. Income tax expense (continued)

### (c) Deferred tax

The deferred tax in the balance sheet is as follows:

Deferred tax liabilities	Accelerated tax depreciation £000	Other temporary differences £000	Total £000
<b>At 26 July 2020</b>	<b>36,217</b>	<b>6,739</b>	<b>42,956</b>
Previous year movement posted to the income statement	–	(2,561)	(2,561)
Movement during year posted to the income statement	142	(116)	26
<b>At 24 January 2021 (unaudited)</b>	<b>36,359</b>	<b>4,062</b>	<b>40,421</b>

Deferred tax assets	Share based payments	Tax losses & interest capacity carried forward £000	Interest- rate swaps £000	Total £000
<b>At 26 July 2020</b>	<b>818</b>	–	<b>15,617</b>	<b>16,435</b>
Movement during year posted to the income statement	5	9,317	–	9,322
Movement during year posted to comprehensive income	–	–	(4,037)	(4,037)
Movement during year posted to equity	8	–	–	8
<b>At 24 January 2021 (unaudited)</b>	<b>831</b>	<b>9,317</b>	<b>11,580</b>	<b>21,728</b>

The company has recognised deferred tax assets of £21.7m (2020: £16.4m), which are expected to offset against future profits. This includes a deferred tax asset of £9.3m (2020: £Nil) in respect of UK tax losses and current-year interest restrictions capable of reactivation in future periods. This is on the basis that it is probable that profits will arise in the foreseeable future, enabling the assets to be utilised.

Deferred tax assets and liabilities have been offset as follows:

	2021 £000	2020 £000
Deferred tax liabilities	40,421	42,956
Offset against deferred tax assets	(10,148)	(818)
Deferred tax liability	30,273	42,138
Deferred tax assets	21,728	16,435
Offset against deferred tax liabilities	(10,148)	(818)
Deferred tax asset	11,580	15,617

As at 24 January 2021, the company had a potential deferred tax asset of £7.4m (2020: £4.9m) relating to capital losses and tax losses in the Republic of Ireland. A deferred tax asset has not been derecognised, as there is insufficient certainty of recovery.

On 3 March 2021 the Chancellor confirmed that the UK rate of corporation tax will increase to 25% from 1 April 2023. Deferred tax has been calculated at the rate of 19%, being the rate substantively enacted at the balance sheet date. The overall impact of the rate change on the deferred tax liability is expected to increase the net liability by £6m.

## 8. Earnings and free cash flow per share

### (a) Weighted average number of shares

Earnings per share are based on the weighted average number of shares in issue of 120,565,127 (2020: 104,810,288), including those held in trust in respect of employee share schemes. Earnings per share, calculated on this basis, are usually referred to as 'diluted', since all of the shares in issue are included.

Accounting standards refer to 'basic earnings' per share – these exclude those shares held in trust in respect of employee share schemes.

During a period where a company makes a loss, accounting standards require that 'dilutive' shares – for the company, those held in trust in respect of employee share schemes – not be included in the earning per share calculation, because they will reduce the reported loss per share; consequently, all per-share measures in the current period are based on the number of shares in issue less shares held in trust of 119,827,162.

From financial year 2021, the weighted average number of shares held in trust for employee share schemes has been adjusted to exclude those shares which are expected to vest, yet remain in trust.

Weighted average number of shares	Unaudited	Unaudited	Audited
	26 weeks ended 24 January 2021	26 weeks ended 26 January 2020	52 weeks ended 26 July 2020
Shares in issue	120,565,127	104,810,288	108,550,647
Shares held in trust	(737,965)	(2,143,674)	(1,996,358)
Shares in issue less shares held in trust	119,827,162	102,666,614	106,554,289

### (b) Earnings per share

26 weeks ended 24 January 2021 unaudited	Loss £000	Basic EPS pence	Diluted EPS pence
Earnings (loss after tax)	(58,791)	(49.1)	(49.1)
Exclude effect of exceptional items after tax	12,421	10.4	10.4
Earnings before exceptional items	(46,370)	(38.7)	(38.7)
Exclude effect of property gains/(losses)	232	0.2	0.2
Underlying earnings before exceptional items	(46,138)	(38.5)	(38.5)

26 weeks ended 24 January 2021 unaudited - Pre IFRS16	Loss £000	Basic EPS pence	Diluted EPS pence
Earnings (loss after tax)	(51,595)	(43.1)	(43.1)
Exclude effect of exceptional items after tax	7,933	6.7	6.7
Earnings before exceptional items	(43,662)	(36.4)	(36.4)
Exclude effect of property gains/(losses)	1,320	1.1	1.1
Underlying earnings before exceptional items	(42,342)	(35.3)	(35.3)

26 weeks ended 26 January 2020 unaudited	Profit £000	Basic EPS pence	Diluted EPS pence
Earnings before IFRS 16	31,287	30.5	29.8
Impact of IFRS 16	(5,107)	(5.0)	(4.8)
Earnings (profit after tax)	26,180	25.5	25.0
Exclude effect of exceptional items after tax	14,147	13.8	13.5
Earnings before exceptional items	40,327	39.3	38.5
Impact of IFRS16	5,107	5.0	4.8
Earnings before exceptional items and IFRS 16	45,434	44.3	43.3
Exclude effect of property gains/(losses)	172	0.1	0.2
Underlying earnings before exceptional items	45,606	44.4	43.5

**8. Earnings and free cash flow per share (continued)**

<b>52 weeks ended 26 July 2020</b>	Loss £000	Basic EPS pence	Diluted EPS pence
Earnings (loss after tax)	(97,561)	(91.6)	(91.6)
Exclude effect of exceptional items after tax	59,044	55.5	55.5
Earnings before exceptional items	(38,517)	(36.1)	(36.1)
Exclude effect of property gains/(losses)	(484)	(0.5)	(0.5)
Underlying earnings before exceptional items	(39,001)	(36.6)	(36.6)

**(c) Free cash flow per share**

The calculation of free cash flow per share is based on the net cash generated by business activities and available for investment in new pub developments and extensions to current pubs, after funding interest, corporation tax, all other reinvestment in pubs open at the start of the period and the purchase of own shares under the employee Share Incentive Plan ('free cash flow'). It is calculated before taking account of proceeds from property disposals, inflows and outflows of financing from outside sources and dividend payments. The weighted average number of shares in issue is defined in the same way as it is for earnings per share (see note 8a).

	Free cash flow £000	Basic free cash flow per share pence	Diluted free cash flow per share pence
<b>26 weeks ended 24 January 2021</b>	<b>(77,306)</b>	(64.5)	(64.5)
26 weeks ended 26 January 2020	48,966	47.7	46.7
52 weeks ended 26 July 2020	(58,852)	(55.2)	(55.2)

**(d) Owners' earnings per share**

Owners' earnings measure those earnings attributable to shareholders from current activities adjusted for significant non-cash items and one-off items. Owners' earnings are calculated as profit before tax, exceptional items, depreciation and amortisation and property gains and losses less reinvestment in current properties and cash tax. Cash tax is defined as the current year's current tax charge. The weighted average number of shares in issue is defined in the same way as it is for earnings per share (see note 8a).

<b>26 weeks ended 24 January 2021 unaudited</b>	Owners' Earnings £000	Basic Owners' EPS pence	Diluted Owners' EPS pence
Loss before tax and exceptional items (pre-IFRS 16 income statement)	(46,172)	(38.5)	(38.5)
Exclude depreciation and amortisation (note 2)	38,719	32.3	32.3
Less reinvestment in current properties and IT	(7,633)	(6.3)	(6.3)
Exclude property gains and losses (note 3)	1,320	1.1	1.1
Less cash tax (note 7a)	-	-	-
Owners' earnings	(13,766)	(11.4)	(11.4)

## 8. Earnings and free cash flow per share (continued)

<b>26 weeks ended 26 January 2020 unaudited</b>	<b>Owners' Earnings £000</b>	Basic Owners' EPS pence	Diluted Owners' EPS pence
Loss before tax and exceptional items (pre-IFRS 16 income statement)	<b>57,921</b>	56.4	55.3
Exclude depreciation and amortisation (note 2)	<b>39,677</b>	38.6	37.9
Less reinvestment in current properties and IT	<b>(34,124)</b>	(33.2)	(32.6)
Exclude property gains and losses (note 3)	<b>172</b>	0.2	0.2
Less cash tax (note 7a)	<b>(12,367)</b>	(12.0)	(11.8)
Owners' earnings	<b>51,279</b>	50.0	49.0

<b>52 weeks ended 26 July 2020 audited</b>	<b>Owners' Earnings £000</b>	Basic Owners' EPS pence	Diluted Owners' EPS pence
Loss before tax and exceptional items (pre-IFRS 16 income statement)	(34,095)	(32.0)	(31.4)
Exclude depreciation and amortisation (note 2)	79,271	74.4	73.0
Less reinvestment in current properties and IT	(32,062)	(30.1)	(29.5)
Exclude property gains and losses (note 3)	641	0.6	0.6
Less cash tax (note 7a)	2,827	2.7	2.6
Owners' earnings	16,582	15.6	15.3

<b>Analysis of additions by type</b>	<b>Unaudited 26 weeks ended 24 January 2021</b>	Unaudited 26 weeks ended 26 January 2020	Audited 52 weeks ended 26 July 2020
Reinvestment in existing pubs	<b>8,130</b>	34,124	32,062
Investment in new pubs and pub extensions	<b>7,663</b>	23,679	41,047
Lease premiums	<b>276</b>	–	–
Freehold reversions and investment properties	<b>1,359</b>	70,732	98,463
	<b>17,248</b>	128,535	171,572

<b>Analysis of additions by category</b>	<b>Unaudited 26 weeks ended 24 January 2021</b>	Unaudited 26 weeks ended 26 January 2020	Audited 52 weeks ended 26 July 2020
Property, plant and equipment (note 13)	<b>15,194</b>	121,687	164,450
Intangible assets (note 12)	<b>2,234</b>	773	1,047
Investment properties	<b>–</b>	6,075	6,075
	<b>17,428</b>	128,535	171,572

## 9. Cash (used in)/generated from operations

	Unaudited 26 weeks ended 24 January 2021 £000	Unaudited* 26 weeks ended 24 January 2021 £000	Unaudited 26 weeks ended 26 January 2020 £000	Audited 52 weeks ended 26 July 2020 £000
(Loss)/profit for the period	(58,791)	(51,595)	26,180	(97,561)
Adjusted for:				
Tax (note 7)	(9,213)	(2,510)	9,497	(7,803)
Share-based charges (note 2)	6,420	6,420	5,543	10,705
Loss/(gain) on disposal of property, plant and equipment (note 3)	1,268	1,268	2,913	3,771
Disposal of capitalised leases (note 3)	(1,088)	–	(347)	(1,125)
Net impairment charge (note 3)	2,133	–	12,326	44,023
Interest receivable (note 6)	(167)	(167)	(41)	(161)
Interest payable (note 6)	23,415	23,415	17,786	39,226
Lease interest receivable (note 6)	(210)	–	(225)	(451)
Lease interest payable (note 6)	11,015	–	11,078	21,980
Exceptional interest (note 6)	5,511	5,511	–	–
Amortisation of bank loan issue costs (note 6)	860	860	722	1,541
Depreciation of property, plant and equipment (note 13)	37,014	37,014	37,718	75,386
Amortisation of intangible assets (note 12)	1,694	1,694	1,925	3,806
Depreciation on investment properties (note 14)	12	12	34	79
Aborted properties costs	17	9	33	33
Cancelled principal payments (note 23)	(7,322)	–	–	–
Amortisation of right-of-use assets (note 23)	23,042	–	24,425	49,059
	35,611	21,931	149,567	142,508
Change in inventories	726	726	264	622
Change in receivables	4,908	2,429	(6,341)	(17,052)
Change in payables	(69,994)	(68,030)	16,546	(50,413)
Cash flow from operating activities	(28,749)	(42,944)	160,036	75,665

\*This column shows the cash generated from operations as it would have been reported, before the introduction of IFRS 16.

## 10. Analysis of change in net debt

	26 July 2020 Restated £000	Cash flows £000	Non-cash movement £000	24 January 2021 £000
<b>Borrowings</b>				
Cash and cash equivalents	174,451	50,573	–	225,024
Asset-financing creditor – due before one year	(7,610)	–	–	(7,610)
Current net borrowings	166,841	50,573	–	217,414
Bank loans – due after one year	(870,572)	(48,096)	(836)	(919,504)
Asset-financing creditor – due after one year	(15,533)	3,439	–	(12,094)
Private placement – due after one year	(97,722)	–	(23)	(97,745)
Non-current net borrowings	(983,827)	(44,671)	(859)	(1,029,343)
<b>Net debt</b>	(816,986)	5,916	(859)	(811,929)
<b>Derivatives</b>				
Interest-rate swaps liability – due after one year	(82,194)	–	16,717	(65,477)
<b>Total derivatives</b>	(82,194)	–	16,717	(65,477)
<b>Net debt after derivatives</b>	(899,180)	5,902	15,858	(877,420)
<b>Leases</b>				
Lease assets – due before one year	1,736	(655)	610	1,691
Lease assets – due after one year	11,115	–	(609)	10,506
Lease obligations – due before one year	(65,343)	4,007	(11,145)	(72,481)
Lease obligations – due after one year restated	(507,803)	–	(715)	(508,518)
<b>Net lease liabilities</b>	(560,295)	3,352	(11,859)	(568,802)
<b>Net debt after derivatives and lease liabilities</b>	(1,459,475)	9,254	3,899	(1,446,223)

The cash movement on bank loans is the addition of a £48,333,332 CLBILS loan offset by associated loan issue costs. The cash movement on asset-financing is principal payments of £3,439,000.

**Non-cash movements**

The non-cash movement in bank loans and the private placement relate to the amortisation of loan issue costs. The amortised charge for the half year of £860,000 is disclosed in note 6. These are arrangement fees paid in respect of new borrowings and are charged to the income statement over the expected life of the loans.

The movement in interest-rate swaps relates to the change in the 'mark to market' valuations for the year for swaps subject to hedge accounting.

<b>Non-cash movement in net lease liabilities</b>	Unaudited 26 January 2020 £000
Recognition of new leases (note 23c)	(12,483)
Remeasurements of existing leases (note 23c)	(8,485)
Cancelled principal payments	7,322
Disposals of lease (note 23c)	1,761
Exchange differences (note 23c)	26
<b>Non-cash movement in net lease liabilities</b>	<b>(11,859)</b>

## 10. Analysis of change in net debt (continued)

The table below calculates a ratio between net debt, being borrowing less cash and cash equivalents, and earnings before interest, tax, and depreciation (EBITDA). The numbers in this table are all before the effect of IFRS 16.

	<b>Unaudited 26 weeks ended 24 January 2021 £000</b>	Unaudited 26 weeks ended 26 January 2020 £000	Audited 52 weeks ended 26 July 2020 £000
(Loss)/Profit before tax (income statement)	(46,172)	57,921	(34,095)
Interest (note 6)	24,108	18,467	40,606
Depreciation (note 2)	38,719	39,869	79,639
<b>Earnings before interest, tax and depreciation (EBITDA)</b>	<b>16,655</b>	116,257	86,150
<b>Rolling EBITDA</b>			
Last full year	86,150	219,327	–
Last half year	(116,257)	(108,111)	–
<b>Earnings before interest, tax and depreciation (EBITDA)</b>	<b>(13,452)</b>	227,473	86,150
Net debt/EBITDA	(60.36)	3.54	9.48

## 11. Dividends paid and proposed

	<b>Unaudited 26 weeks ended 24 January 2021 £000</b>	Unaudited 26 weeks ended 26 January 2020 £000	Audited 52 weeks ended 26 July 2020 £000
<b>Paid in the period</b>			
2019 final dividend	–	8,371	8,371
2020 interim dividend	–	–	–
2020 final dividend	–	–	–
	–	8,371	8,371
<b>Dividends in respect of the period</b>			
Interim dividend	–	–	–
Final dividend	–	–	–
	–	–	–
Dividend per share (p)	–	–	8
Dividend cover	–	3.1	–

Dividend cover is calculated as profit after tax and exceptional items over dividend paid. Dividend cover has not been shown for the prior year, as the company reported a loss.

## 12. Intangible assets

	Computer software and development £000	Assets under construction £000	Total £000
At 26 January 2020	74,081	1,338	75,419
Additions	459	(185)	274
Transfers	349	(349)	–
Disposals	(41,472)	–	(41,472)
At 26 July 2020	33,417	804	34,221
Additions	849	1,385	2,234
<b>At 24 January 2021</b>	<b>34,266</b>	<b>2,189</b>	<b>36,455</b>
<b>Accumulated amortisation and impairment:</b>			
At 26 January 2020	(63,041)	–	(63,041)
Provided during the period	(1,881)	–	(1,881)
Impairment loss	(1,159)	–	(1,159)
Disposals	40,755	–	40,755
At 26 July 2020	(25,326)	–	(25,326)
Provided during the period	(1,694)	–	(1,694)
Disposals / Other	(479)	–	(479)
<b>At 24 January 2021</b>	<b>(27,499)</b>	<b>–</b>	<b>(27,499)</b>
<b>Net book amount at 24 January 2021</b>	<b>6,767</b>	<b>2,189</b>	<b>8,956</b>
Net book amount at 26 July 2020	8,091	804	8,895
Net book amount at 26 January 2020	11,040	1,338	12,378

The majority of intangible assets relates to computer software and software development. Examples include the development costs of our SAP accounting system, our Wisdom property-maintenance system and the Wetherspoon app.



## 13. Property, plant and equipment

	Freehold and long- leasehold property £000	Short- leasehold property £000	Equipment, fixtures and fittings £000	Assets under construction £000	Total £000
<b>Cost:</b>					
At 28 July 2019	1,229,172	327,159	656,261	69,051	2,281,643
Additions	64,215	480	15,650	41,342	121,687
Transfers	18,826	636	5,963	(25,425)	–
Exchange differences	(1,426)	(148)	(424)	(1,608)	(3,606)
Transfer to held for sale	(1,335)	–	(458)	–	(1,793)
Disposals	(4,677)	(3,828)	(4,492)	–	(12,997)
Reclassification	24,914	(24,914)	–	–	–
At 26 January 2020	1,329,689	299,385	672,500	83,360	2,384,934
Additions	33,204	1,984	8,958	(1,383)	42,763
Transfers	(7,022)	1,039	3,449	2,534	–
Exchange differences	2,111	187	544	2,113	4,955
Transfer to held for sale	1,335	–	458	–	1,793
Disposals	(1,335)	(2,462)	(1,177)	–	(4,974)
Reclassification	5,124	(5,124)	–	–	–
At 26 July 2020	1,363,106	295,009	684,732	86,624	2,429,471
Additions	4,356	–	3,434	7,404	15,194
Transfers	3,964	901	1,321	(6,186)	–
Exchange differences	(58)	(5)	(13)	(61)	(137)
Disposals	–	(1,878)	(1,262)	–	(3,140)
Reclassification	676	(676)	–	–	–
Movement from investment property	5,768	–	–	–	5,768
<b>At 24 January 2021</b>	<b>1,377,812</b>	<b>293,351</b>	<b>688,212</b>	<b>87,781</b>	<b>2,447,156</b>
<b>Accumulated depreciation and impairment:</b>					
At 28 July 2019	(253,825)	(176,452)	(466,395)	–	(896,672)
Provided during the period	(9,697)	(5,501)	(22,520)	–	(37,718)
Exchange differences	122	(40)	178	–	260
Impairment loss	(495)	(682)	(1,609)	–	(2,786)
Transfer to held for sale	1,028	–	415	–	1,443
Disposals	1,030	3,841	4,199	–	9,070
Reclassification	(14,860)	14,860	–	–	–
At 26 January 2020	(276,697)	(163,974)	(485,732)	–	(926,403)
Provided during the period	(9,978)	(5,325)	(22,365)	–	(37,668)
Exchange differences	(169)	(37)	(340)	–	(546)
Impairment loss	(17,136)	(3,440)	(5,240)	–	(25,816)
Transfer to held for sale	(1,028)	–	(415)	–	(1,443)
Disposals	1,021	2,457	1,705	–	5,183
Reclassification	(3,310)	3,310	–	–	–
At 26 July 2020	(307,297)	(167,009)	(512,387)	–	(986,693)
Provided during the period	(9,585)	(5,688)	(21,741)	–	(37,014)
Exchange differences	–	–	–	–	–
Disposals	–	1,325	1,086	–	2,411
Reclassification	419	(419)	–	–	–
Movement from investment property	(290)	–	–	–	(290)
<b>At 24 January 2021</b>	<b>(316,753)</b>	<b>(171,791)</b>	<b>(533,042)</b>	<b>–</b>	<b>(1,021,586)</b>
<b>Net book amount at 24 January 2021</b>	<b>1,061,059</b>	<b>121,560</b>	<b>155,170</b>	<b>87,781</b>	<b>1,425,570</b>
Net book amount at 26 July 2020	1,055,809	128,000	172,345	86,624	1,442,778
Net book amount at 26 January 2020	1,052,992	135,411	186,768	83,360	1,458,531
Net book amount at 28 July 2019	975,347	150,707	189,866	69,051	1,384,971

### 13. Property, plant and equipment (continued)

#### Impairment of property, plant and equipment

In assessing whether a pub has been impaired, the book value of the pub is compared with its anticipated future cash flows and fair value. Assumptions are used about sales, costs and profit, using a pre-tax discount rate for future years of 7% (2020: 7%).

If the value, based on the higher of future anticipated cash flows and fair value, is lower than the book value, the difference is written off as property impairment.

As a result of this exercise, no impairment was charged at the half year.

### 14. Investment property

The company owns two (2020: three) freehold properties with existing tenants – and these assets have been classified as investment properties. During the year, the company developed one of its investment properties into a pub. The property has been transferred to property, plant and equipment.

	<b>£000</b>
<b>Cost:</b>	
At 26 January 2020	11,842
At 26 July 2020	11,842
Transfer to property, plant and equipment	(5,768)
<b>At 24 January 2021</b>	<b>6,074</b>
<b>Accumulated depreciation and impairment:</b>	
At 28 July 2019	(236)
Provided during the period	(34)
At 26 January 2020	(270)
Provided during the period	(45)
At 26 July 2020	(315)
Provided during the period	(12)
Transfer to property, plant and equipment	290
<b>At 24 January 2021</b>	<b>(37)</b>
<b>Net book amount at 24 January 2021</b>	<b>6,037</b>
Net book amount at 26 July 2020	11,527
Net book amount at 26 January 2020	11,572
Net book amount at 28 July 2019	5,531

Rental income received in the period from investment properties was £161,250 (2020: £326,000).

Operating costs, excluding depreciation, incurred in relation to these properties amounted to £2,000 (2020: £2,000).

In the opinion of the directors, the fair value of the investment property is approximately equal to its book value.

## 15. Inventories

Bar, food and non-consumable stock held at our pubs and national distribution centre.

	<b>Unaudited</b> <b>24 January</b> <b>2021</b> <b>£000</b>	Unaudited 26 January 2020 £000	Audited 26 July 2020 £000
Goods for resale at cost	<b>22,369</b>	23,453	23,095

## 16. Receivables

This category relates to situations in which third parties owe the company money. Examples include rebates from suppliers and overpayments of certain taxes.

Prepayments relate to payments which have been made in respect of liabilities after the period's end.

	<b>Unaudited</b> <b>24 January</b> <b>2021</b> <b>£000</b>	Unaudited 26 January 2020 £000	Audited 26 July 2020 £000
Other receivables	<b>1,015</b>	1,810	974
Accrued income	<b>440</b>	1,777	737
Prepayment	<b>25,813</b>	18,804	30,465
	<b>27,268</b>	22,391	32,176

Accrued income relates to discounts which are calculated based on certain products delivered at an agreed rate per item.

Included in prepayments is £16.5m in government grants receivable under the coronavirus job retention scheme.

<b>Credit risk</b>	<b>Unaudited</b> <b>24 January</b> <b>2021</b> <b>£000</b>	Unaudited 26 January 2020 £000	Audited 26 July 2020 £000
Due from suppliers – not due	<b>883</b>	1,451	–
Due from suppliers – overdue	<b>132</b>	359	974
	<b>1,015</b>	1,810	974

Credit risk is the risk that a counterparty does not settle its financial obligation with the company. At the period's end, the company has assessed the credit risk on amounts due from suppliers, based on historic experience, meaning that the expected lifetime credit loss was £nil. Cash and cash equivalents are also subject to the impairment requirements of IFRS 9 – the identified impairment loss was immaterial.

## 17. Assets held for sale

These relate to situations in which the company has exchanged contracts to sell a property, but the transaction is not yet complete. As at 24 January 2021, no sites were classified as held for sale (2020: one).

	<b>Unaudited</b> <b>24 January</b> <b>2021</b> <b>£000</b>	Unaudited 26 January 2020 £000	Audited 26 July 2020 £000
Property, plant and equipment	<b>–</b>	350	–

## 18. Cash and cash equivalents

	Unaudited 24 January 2021 £000	Unaudited 26 January 2020 £000	Audited 26 July 2020 £000
Cash and cash equivalents	225,024	47,413	174,451

Cash at bank earns interest at floating rates, based on daily bank deposit rates.

## 19. Trade and other payables

This category relates to money owed by the company to third parties.

Accruals refer to allowances made by the company for future anticipated payments to suppliers and other creditors.

	Unaudited 24 January 2021 £000	Unaudited 26 January 2020 £000	Audited 26 July 2020 £000
Trade payables	67,406	165,309	104,145
Other payables	16,835	27,362	27,260
Other tax and social security	48,502	55,398	54,135
Accruals and deferred income	51,999	67,704	69,545
	184,742	315,773	255,085

## 20. Borrowings

	Unaudited 24 January 2021 £000	Unaudited 26 January 2020 £000	Audited 26 July 2020 £000
<b>Current (due within one year)</b>			
<b>Other</b>			
Asset-financing	7,610	3,286	7,610
<b>Total current borrowings</b>	7,610	3,286	7,610
<b>Non-current (due after one year)</b>			
<b>Bank loans</b>			
Variable-rate facility	875,000	750,000	875,000
CLBILS	48,333	–	–
Unamortised bank loan issue costs	(3,829)	(4,222)	(4,428)
	919,504	745,778	870,572
<b>Private placement</b>			
Fixed-rate facility	98,000	98,000	98,000
Unamortised private placement issue costs	(255)	(301)	(278)
	97,745	97,699	97,722
<b>Other</b>			
Asset-financing	12,094	5,177	15,534
<b>Total non-current borrowings</b>	1,029,343	848,654	983,828
<b>Total borrowings</b>	1,036,953	851,940	991,438

The coronavirus large business interruption loan scheme (CLBILS) was agreed on by the company on 7 August 2020.

## 21. Provisions

	Legal claims £000
<b>As at 26 July 2020</b>	<b>3,038</b>
Charged to the income statement:	
– Additional charges	1,724
– Unused amounts reversed	(1,096)
– Used during year	(869)
<b>At 24 January 2021</b>	<b>2,797</b>

### Legal claims

The amounts represent a provision for ongoing legal claims brought against the company in the normal course of business by customers and employees. Owing to the nature of the business, we expect to have a continuous provision for outstanding employee and public liability claims. All claim provisions are considered current and are not, therefore, discounted to take into account the passage of time.

## 22. Financial instruments

The table below analyses the company's financial liabilities in relevant maturity groupings, based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

### Maturity profile of financial liabilities

	Within					More than		
	1 year	1–2 years	2–3 years	3–4 years	4–5 years	5 years	Total	
	£000	£000	£000	£000	£000	£000	£000	£000
<b>At 24 January 2021 (unaudited)</b>								
Bank loans	21,547	21,547	21,547	42,248	855,637	–	962,526	
Bank loans – CLBILS	920	920	48,841	–	–	–	50,681	
Private placement	3,655	3,655	3,655	3,656	3,656	101,655	119,932	
Trade and other payables	136,240	–	–	–	–	–	136,240	
Derivatives	15,381	12,189	10,315	8,428	8,292	31,096	85,701	
Lease liabilities	72,481	54,150	53,329	52,653	49,564	478,722	760,899	
Asset-financing obligations	7,610	6,788	4,317	2,154	–	–	20,869	
	Within					More than		
	1 year	1–2 years	2–3 years	3–4 years	4–5 years	5 years	Total	
	£000	£000	£000	£000	£000	£000	£000	£000
<b>At 26 July 2020</b>								
Bank loans	21,809	17,013	17,013	177,340	723,693	–	956,868	
Private placement	3,288	2,920	2,920	2,920	2,920	102,381	117,349	
Trade and other payables	200,950	–	–	–	–	–	200,950	
Derivatives	18,171	12,044	11,959	8,280	8,061	34,381	92,896	
Lease liabilities (restated)	66,043	53,245	52,516	51,844	50,313	482,506	756,467	
Asset-financing obligations	7,610	7,610	5,145	4,324	–	–	24,689	

The lease liabilities restated for 26 July 2020 reflect the recalculation of a lease liability.

## 22. Financial instruments (continued)

On 20 January 2021, the company agreed on a one-year extension for a further £140m of its existing bank loans, having previously agreed on an extension of £715m in January 2020.

On 7 August 2020, the company agreed a three-year secured loan under the coronavirus large business interruption loan scheme (CLBILS) for £48,333,332.

At the balance sheet date, the company had loan facilities of £1,041m (2020: £993m) as detailed below:

- Secured revolving-loan facility of £875m
  - £20m matures February 2024
  - £855m February 2025
  - 14 participating lenders
- Sale of senior secured notes £98m
  - Matures August 2026
  - Five participating lenders
- CLBILS secured loan of £48m
  - Matures August 2023
  - Three participating lenders
- Overdraft facility of £20m

The company has hedged its interest-rate liabilities to its banks by swapping the floating-rate debt into fixed-rate debt which has fixed £770m of these borrowings at rates of 0.61–3.84%. The effective weighted average interest rate of the swap agreements used during the year is 2.42% (2020: 2.82%), fixed for a weighted average period of 3.6 years (2020: 4.6 years). In addition, the company has entered into forward-starting interest-rate swaps as detailed in the table below.

### Weighted average by swap period:

From	To	Total swap value £m	Weighted average interest %
2/7/2018	29/7/2021	770	2.42
30/7/2021	30/7/2023	770	1.61
31/7/2023	30/7/2026	770	1.10
31/7/2026	30/6/2028	770	1.33
1/7/2028	29/3/2029	770	1.32

At the balance sheet date, £875m (2020: £750m) was drawn down under the £875m secured-term revolving-loan facility. The amounts drawn under this agreement can be varied, depending on the requirements of the business. It is expected that the draw-down required by the company will not drop below £770m for the duration of the interest-rate swaps detailed above.

### Capital risk management

The company's capital structure comprises shareholders' equity and loans. The objective of capital management is to ensure that the company is able to continue as a going concern and provide shareholders with returns on their investment, while managing risk.

The company does not have a specific measure for managing capital structure; instead, the company plans its capital requirements and manages its loans, dividends and share buybacks accordingly. In a normal trading year, the company measures loans using a net debt to EBITDA ratio which was 3.54 times in 2020. With covenant waivers agreed, management's primary metric is liquidity.

Financial risks associated with financial instruments, including credit risk and liquidity risk, are discussed in the annual report 2020 in the section 2, page 65.

### Fair value of financial assets and liabilities

IFRS 13 requires disclosure of fair value measurements by level, using the following fair value measurement hierarchy:

- Quoted prices in active markets for identical assets or liabilities (level 1)
- Inputs other than quoted prices included in level 1 which are observable for the asset or liability, either directly or indirectly (level 2)
- Inputs for the asset or liability which are not based on observable market data (level 3)

The fair value of the interest-rate swaps is considered to be level 2. All other financial assets and liabilities are measured in the balance sheet at amortised cost, with their valuation also considered to be level 2.

### Interest-rate and currency risks of financial liabilities

An analysis of the interest-rate profile of financial liabilities, after taking account of all interest-rate swaps, is set out in the following table.

## 22. Financial instruments (continued)

Interest-rate and currency risks of financial liabilities

	Unaudited 24 January 2021 £000	Unaudited 26 January 2020 £000	Audited 26 July 2020 £000
Analysis of interest-rate profile of financial liabilities			
Floating rate due after one year	101,171	–	100,572
Fixed rate due after one year	818,333	745,778	770,000
	919,504	745,778	870,572
Asset-financing obligations			
Fixed rate due in one year	7,610	3,286	7,610
Fixed rate due after one year	12,094	5,177	15,534
	19,704	8,463	23,144
Private placement			
Fixed rate due after one year	97,745	97,699	97,722
	97,745	97,699	97,722
	1,036,953	851,940	991,438

The floating-rate borrowings are interest-bearing borrowings at rates based on LIBOR, fixed for periods of up to one month. The fixed-rate loan is the element of the company's borrowings which has been fixed with interest-rate swaps.

### Fair values

In some cases, payments which are due to be made in the future by the company or due to be received by the company have to be given a fair value. The table below highlights any differences between book value and fair value of financial instruments.

	Unaudited 24 January 2021 Book value £000	Unaudited 24 January 2021 Fair value £000	Unaudited Restated 26 January 2020 Book value £000	Unaudited Restated 26 January 2020 Fair value £000	Audited Restated 26 July 2020 Book value £000	Audited Restated 26 July 2020 Fair value £000
<b>Financial assets at amortised cost</b>						
Cash and cash equivalents	225,024	225,024	47,413	47,413	174,451	174,451
Receivables	1,015	1,015	1,810	1,810	974	974
Lease assets	12,197	12,185	12,880	12,955	12,851	12,939
	238,236	238,224	62,103	62,178	188,276	188,364
<b>Financial liabilities at amortised cost</b>						
Trade and other payables	(136,240)	(136,240)	(260,375)	(260,375)	(200,950)	(200,950)
Asset-financing obligations	(19,704)	(19,712)	(8,463)	(8,478)	(23,144)	(23,485)
Lease obligations	(580,999)	(593,892)	(596,825)	(606,018)	(573,146)	(578,456)
Private placement	(97,745)	(99,358)	(97,699)	(99,457)	(97,722)	(99,171)
Borrowings	(919,504)	(928,699)	(745,778)	(746,554)	(870,572)	(879,088)
	(1,754,192)	(1,777,901)	(1,709,140)	(1,720,882)	(1,765,534)	(1,781,150)
<b>Derivatives – cash flow hedges</b>						
Non-current derivative financial liability	(65,477)	(65,477)	(57,096)	(57,096)	(82,194)	(82,194)
	(65,477)	(65,477)	(57,096)	(57,096)	(82,194)	(82,194)

The lease obligations restated for 26 January 2020 and 26 July 2020 reflect the recalculation of a lease.

## 22. Financial instruments (continued)

The fair value of derivatives has been calculated by discounting all future cash flows by the market yield curve at the balance sheet date. The fair value of borrowings has been calculated by discounting the expected future cash flows at the year end's prevailing interest rates.

### Obligations under asset-financing

The minimum lease payments under asset-financing fall due as follows:

	<b>Unaudited</b> <b>24 January</b> <b>2021</b> <b>£000</b>	Unaudited 26 January 2020 £000	Audited 26 July 2020 £000
Within one year	<b>7,610</b>	3,286	7,610
In the second to fifth year, inclusive	<b>13,244</b>	5,751	17,079
	<b>20,854</b>	9,037	24,689
Less future finance charges	<b>(1,150)</b>	(574)	(1,545)
Present value of lease obligations	<b>19,704</b>	8,463	23,144
	<b>(7,610)</b>	(3,286)	(7,610)
Amount due for settlement during the second to fifth year, inclusive	<b>12,094</b>	5,177	15,534

All asset-financing obligations are in respect of various equipment used in the business. No escalation clauses are included in the agreements.



## 22. Financial instruments (continued)

### Interest-rate swaps

At 24 January 2021, the company had fixed-rate swaps designated as hedges of floating-rate borrowings. The floating-rate borrowings are interest-bearing borrowings at rates based on LIBOR, fixed for periods of up to one month.

	Loss/(gain) on interest-rate swaps £000	Deferred tax £000	Charged to equity £000
As at 26 January 2020	57,096	(9,706)	47,390
Change in fair value posted to comprehensive income	25,098	–	25,098
Deferred tax posted to comprehensive income	–	(5,911)	(5,911)
As at 26 July 2020	82,194	(15,617)	66,577
Change in fair value posted to comprehensive income	(16,717)	–	(16,717)
Hedge ineffectiveness	–	–	(4,528)
Deferred tax posted to comprehensive income	–	4,037	4,037
<b>As at 24 January 2021</b>	<b>65,477</b>	<b>(11,580)</b>	<b>49,369</b>

The company adopts hedge accounting, meaning that the effective portion of changes in the fair value of derivatives is recognised in comprehensive income, with any gain or loss relating to an ineffective portion accounted for in the income statement. A change in fair value of £4,528,000 has been recognised in the income statement for hedge ineffectiveness.

### Interest-rate hedges

The company's interest-rate swap agreements are in place as protection against future changes in borrowing costs. Under these agreements, the company pays a fixed interest charge and receives variable interest income which matches the variable interest payments made on the company's borrowings.

There is an economic relationship among the company's revolving-loan facility, the hedged item and the company's interest-rate swaps, the hedging instruments, where the company pays a floating interest charge on the loan and receives a floating interest-rate credit on the interest-rate swap. The interest-rate swap agreement allows the company to receive a floating interest-rate credit and requires the company to pay an agreed fixed interest charge.

The company has established a hedging ratio of 1:1 between the interest-rate swaps and the company's floating-rate borrowings, meaning that floating interest rates paid should be identical to those amounts received for a given amount of borrowings.

These hedges could be ineffective if the:

- period over which the borrowings were drawn were changed. This could result in the borrowings being made at a different floating rate than the interest-rate swap.
- gross amount of borrowings were less than the value swapped.
- impact of LIBOR reform were to cause a mismatch between the interest rate of the swaps and that of the company's debt.

The company tests hedge effectiveness prospectively using the hypothetical derivative method and compares the changes in the fair value of the hedging instrument with those in the fair value of the hedged item attributable to the hedged risk.

### Interest-rate sensitivity

During the 26 weeks ended 24 January 2021, if the interest rates on UK-denominated borrowings had been 1% higher, with all other variables constant, pre-tax profit for the year would have been reduced by £524,000 and equity increased by £62,092,000. The movement in equity arises from a change in the 'mark to market' valuation of the interest-rate swaps into which the company has entered, calculated by a 1% shift of the market yield curve. The company considers that a 1% movement in interest rates represents a reasonable sensitivity to potential changes. However, this analysis is for illustrative purposes only.

### 23. Leases

About 36% of the company's pubs are leasehold. New leases are normally for 30 years, with a break clause after 15 years. Most leases have upwards-only rent reviews, based on open-market rental at the time of review, but most new pub leases have an uplift in rent which is fixed at the start of the lease.

#### (a) Right-of-use assets

The table below shows the movements in the company's right-of-use assets.

	£000
<b>Cost</b>	
As at 26 July 2020	562,793
Restatement	18,819
As at 26 July 2020 restated	581,612
Additions	12,483
Remeasurement	2,116
Exchange differences	10
Disposals and derecognised leases	(1,815)
<b>At 24 January 2021 (unaudited)</b>	<b>594,406</b>
<b>Accumulated depreciation and impairment:</b>	
At 26 July 2020	(48,624)
Restatement	(404)
As at July 2020 restated	(49,028)
Provided during the period	(23,042)
Exchange differences	8
Impairment loss	(2,134)
Remeasurement	7,281
Disposals and derecognised leases	123
<b>At 24 January 2021 (unaudited)</b>	<b>(66,792)</b>
<b>Net book amount at 24 January 2021 (unaudited)</b>	<b>527,614</b>
Net book amount at 26 July 2020 restated	532,584

During the period, 17 leases were remeasured as a result of changes in the agreed payments under the lease contracts and changes in the lease terms.

Disposals and derecognised leases in the period represent the purchasing of one formerly leasehold property.

The July-2020 position has been restated to reflect a recalculation of lease assets. See note 31 for further details.

## 23. Leases (continued)

### (b) Lease maturity profile

The tables below analyse the company's lease liabilities and assets in relevant maturity groupings, based on the remaining period at the balance sheet date to the end of the lease. The amounts disclosed in the table are the contractual undiscounted cash flows. The impact of discounting reconciles these amounts to the values disclosed in the balance sheet.

Lease liabilities	Unaudited	Audited
	2021 £000	Restated 2020 £000
Within one year	72,481	66,043
Between one and two years	54,150	53,245
Between two and three years	53,329	52,516
Between three and four years	52,653	51,844
Between four and five years	49,564	50,313
After five years	478,722	482,185
Lease commitments payable	760,899	756,146
Discounting lease liability	(179,900)	(183,000)
Lease liability	580,999	573,146
<b>Lease assets</b>	<b>Unaudited</b>	<b>Audited</b>
	<b>2021</b>	<b>2020</b>
	<b>£000</b>	<b>£000</b>
Within one year	1,691	1,736
Between one and two years	1,604	1,638
Between two and three years	1,360	1,586
Between three and four years	1,114	1,130
Between four and five years	1,070	1,084
After five years	7,790	8,325
	14,629	15,499
Discounting lease asset	(2,432)	(2,648)
Lease asset	12,197	12,851

The comparative numbers disclosed above are those included in the 2020 annual report.

## 23. Leases (continued)

### (c) Lease liability

The tables below show the movements in the period of the lease liability and the lease asset.

Lease liability	Unaudited 2020 £000
At 26 July 2020	554,731
Restatement of lease liability	18,416
As at 26 July 2020 restated	573,147
Additions	12,483
Remeasurements of leases	8,485
Cancelled principal payments	(7,322)
Disposals	(1,761)
Exchange differences	(26)
Lease liabilities before payments	585,006
Interest due	9,478
Payments made	(13,485)
Net principal repayments	(4,007)
At 24 January 2021	580,999

The company has applied the practical expedient in the May-2020 amendment to IFRS 16 – an amendment which allows reductions in rent payments made before June 2021 to be credited to the profit and loss account, rather than requiring the remeasuring of the lease and spreading rent reduction received in this period over the term of the lease. The application of this amendment results in principal payments of £8,019,000 being credited to the profit and loss account and a reduction in associated interest charges of £1,532,000, resulting in a total credit to the profit and loss account of £8,854,000. Future rental payments, up to the end of the lease, are capitalised, including any agreed increases.

Future rent payments could change as a result of open-market rent reviews or options being exercised to terminate a lease early. Any changes in the minimum unavoidable lease payments will be included as a remeasurement of the lease liability. Leases with lease terms of under one year are not capitalised.

Lease assets	Unaudited 2020 £000
At 26 July 2020	12,851
Exchange differences	1
Lease assets before payments	12,852
Interest due	214
Payments received	(869)
Net principal repayments	(655)
At 24 January 2021	12,197

The company has sublet several of its leases which have been capitalised above, with lease assets being the capitalised future rent receivables from sublet sites. The company monitors the receipts of rental charges on sublet sites and will take the appropriate steps where any amounts remain unpaid. It is the company's view that there are no significant credit losses on the sublease assets. The interest payable and receivable shown in the tables above is the interest element of the payments made and received in the period. These amounts differ from the lease interest charged/credited to the income statement in the period – see note 6. The amounts charged/credited to the income statement in the period will also include amounts due, but not paid, in the period. The incremental borrowing rate applied to lease liabilities and assets was 2.7–3.9%, depending on the lease's length.

Transition: On 29 July 2019, the company adopted the standard using the modified retrospective approach. For the full details of transition, please see pages 49–51 of the annual report for 2020.

## 24. Capital commitments

At 24 January 2021, the company had £5.0m (July 2020: £7.1m) of capital commitments, relating to the purchase of six (July 2020: eight) sites, for which no provision had been made in respect of property, plant and equipment.

The company had some other sites in the property pipeline; however, any legal commitment is contingent on planning and licensing. Therefore, there are no commitments at the balance sheet date.

## 25. Related-party disclosures

J D Wetherspoon is the owner of the share capital of the following companies:

Company name	Country of incorporation	Ownership	Status
J D Wetherspoon (Scot) Limited	Scotland	Wholly owned	Dormant
J D Wetherspoon Property Holdings Limited	England	Wholly owned	Dormant
Moon and Spoon Limited	England	Wholly owned	Dormant
Moon and Stars Limited	England	Wholly owned	Dormant
Moon on the Hill Limited	England	Wholly owned	Dormant
Moorsom & Co Limited	England	Wholly owned	Dormant
Sylvan Moon Limited	England	Wholly owned	Dormant
Checkline House (Head Lease) Limited	Wales	Wholly owned	Dormant
Project Lima Ltd.	Jersey	Wholly owned	Live

All of these companies are dormant and contain no assets or liabilities and are, therefore, immaterial. As a result, consolidated accounts have not been produced. The company has an overseas branch in the Republic of Ireland.

## 26. Share capital

	Number of shares 000s	Share capital £000
<b>Balance at 28 July 2019 (audited)</b>	105,098	2,102
Repurchase of shares	(420)	(8)
Balance at 26 January 2020 (unaudited)	104,678	2,094
Repurchase of shares	–	–
Issue of shares	15,702	314
Balance at 26 July 2020 (audited)	120,380	2,408
Issue of shares	8,370	167
<b>Balance at 24 January 2021 (unaudited)</b>	<b>128,750</b>	<b>2,575</b>

The total authorised number of 2p ordinary shares is 500,000,000 (2020: 500,000,000). All issued shares are fully paid.

On 20 January 2021, 8,370,000 shares were issued by the company, representing 6.95% of the issued share capital, at a value of £93.6m, before fees, representing an average cost per share of 1,120p.

While the memorandum and articles of association allow for preferred, deferred or special rights to attach to ordinary shares, no shares carried such rights at the balance sheet date.

## 27. Events after the balance sheet date

Following the prime minister's announcement of the 'road map' for the easing of lockdown restrictions, J D Wetherspoon announced that it will be opening beer gardens, roof-top gardens and patios at 394 of its pubs in England from 12 April 2021.

On 18 March 2021, the company agreed on a two year five months secured loan, under the coronavirus large business interruption loan scheme, for £51,700,000

## 28. General information

J D Wetherspoon plc is a public limited company, incorporated and domiciled in England and Wales. Its registered office address is: Wetherspoon House, Central Park, Reeds Crescent, Watford, WD24 4QL

The company is listed on the London Stock Exchange.

This condensed half-yearly financial information was approved for issue by the board on 19 March 2021.

This interim report does not comprise statutory accounts within the meaning of sections 434 and 435 of the Companies Act 2006. Statutory accounts for the year ended 26 July 2020 were approved by the board of directors on 16 October 2020 and delivered to the Registrar of Companies. The report of the auditors on those accounts was unqualified, did not contain an emphasis-of-matter paragraph or any statement under sections 498–502 of the Companies Act 2006.

There are no changes to the principal risks and uncertainties as set out in the financial statements for the 52 weeks ended 26 July 2020 which may affect the company's performance in the next 26 weeks. The most significant risks and uncertainties relate to widespread pub closures, the taxation on, and regulation of, the sale of alcohol, cost increases and UK disposable consumer incomes. For a detailed discussion of the risks and uncertainties facing the company, refer to pages 64–65 of the annual report for 2020.

## 29. Basis of preparation

This condensed half-yearly financial information of J D Wetherspoon plc (the 'Company'), which is abridged and unaudited, has been prepared in accordance with the Disclosure and Transparency Rules of the Financial Services Authority and with International Accounting Standards (IAS) 34, Interim Financial Reporting, in conformity with the requirements of the Companies Act 2006. This interim report should be read in conjunction with the annual financial statements for the 52 weeks ended 26 July 2020 which were prepared in accordance with IFRSs as adopted by the European Union.

The directors have made enquiries into the adequacy of the Company's financial resources, through a review of the Company's budget and medium-term financial plan, including capital expenditure plans and cash flow forecasts. All of the Company's pubs are currently closed, with revenue at zero.

The Company has modelled a range of scenarios in which sales recover to pre-COVID levels gradually over the next 12–18 months. These scenarios consider a range of pub reopening dates and sales performance.

The directors are satisfied that the Company has sufficient liquidity to withstand all of the scenarios considered. The length of the liquidity period, in relation to each outcome, depends on those actions which the Company chooses to take (eg the extent to which cash expenditure is reduced) and also the level of government financial support (eg reduced business rates) which the Company might receive.

In addition, the directors have noted the range of possible additional liquidity options available to the Company, should they be required.

Material uncertainty, which may cast significant doubt over the Company's ability to trade as a going concern, has resulted from the impact of the COVID-19 pandemic on the economy and the hospitality industry. It is unclear when operating restrictions, such as social distancing measures and reduced pub opening times, will be removed, allowing trade to return to 'normal' pre-COVID levels, once pubs have reopened.

The Company has agreed with its lenders to replace existing financial covenant tests with a minimum liquidity covenant for the period up to and including July 2021. There is material uncertainty beyond this date about whether financial covenant tests will be satisfied or whether further waivers will be agreed on by lenders. The Company will remain in regular dialogue with its lenders throughout the period.

As a result, the directors have satisfied themselves that the Company will continue in operational existence for the foreseeable future. For this reason, the Company continues to adopt the going-concern basis in preparing its financial statements.

The financial information for the 52 weeks ended 26 July 2020 is extracted from the statutory accounts of the Company for that year.

The interim results for the 26 weeks ended 24 January 2021 and the comparatives for 26 January 2020 are unaudited, yet have been reviewed by the independent auditor. A copy of the review report is included at the end of this report.

### 30. Accounting policies

The accounting policies adopted in the preparation of the interim report are consistent with those applied in the preparation of the Company's annual report for the year ended 26 July 2020, with the same methods of computation and presentation used.

#### Income tax

Taxes on income in the interim periods are accrued using the tax rate which would be applicable to expected total annual earnings.

### 31. Disclosure of prior period errors

In the period, it was identified that two restatements should be made.

First, the share placement funds (net of fees) have been reclassified as other reserves. This affects the balance sheet (including the pre IFRS 16 balance sheet) and the SOCIE. £137.7m has been reclassified from the share premium account to other reserves and retained earnings (both of which are deemed distributable). Further explanation is on page 17.

Secondly, there was an error in the calculation of a lease asset and liability affecting the numbers reported for the 26 January 2020 and 26 July 2020. The asset and liability had previously been understated by £18.4m. As a result, the balance sheet has been restated, the P&L has not been restated as the impact is not material and the following notes have been restated:

- Note 10: Analysis of change in net debt:
  - Line: Lease obligations – due after one year
- Note 22: Financial instruments
  - Lines: Lease liabilities and the fair values table
- Note 23: Leases
  - (a) Right-of-use assets
  - (b) Lease maturity profile
  - (c) Lease liability



# STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors confirm that this condensed interim financial information has been prepared in accordance with IAS 34, in conformity with the requirements of the Companies Act 2006, and that the interim management report includes a fair review of the information required by DTR 4.2.7 and DTR 4.2.8, namely:

- an indication of important events which have occurred during the first 26 weeks and their impact on the condensed set of financial statements, plus a description of the changes in principal risks and uncertainties for the remaining 26 weeks of the financial year.
- material related-party transactions in the first 26 weeks and any material changes in the related-party transactions described in the last annual report.

The directors of J D Wetherspoon plc are listed in the J D Wetherspoon annual report for 26 July 2020. A list of current directors is maintained on the J D Wetherspoon plc website: [jdwetherspoon.com](http://jdwetherspoon.com)

By order of the board

**John Hutson**  
Director  
19 March 2021

**Ben Whitley**  
Director  
19 March 2021

## Introduction

We have reviewed the condensed set of financial statements in the half-yearly financial report of J D Wetherspoon plc (the 'company') for the 26 week period ended 24 January 2021 which comprises the Income Statement, the Statement of Comprehensive Income, Cash Flow Statement, Balance Sheet, Statement of Changes in Equity and the related notes. We have read the other information contained in the half-yearly financial report which comprises the Financial Highlights and Chairman's Statement and Operating Review and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

## Directors' responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

As disclosed in note 29 the annual financial statements of the Company were prepared in accordance with International Financial Reporting Standards as adopted by the European Union. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting', in conformity with the requirements of the Companies Act 2006.

## Our responsibility

Our responsibility is to express a conclusion to the company on the condensed set of financial statements in the half-yearly financial report based on our review.

## Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity'. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the 26 week period ended 24 January 2021 is not prepared, in all material respects, in accordance with International Accounting Standard 34, 'Interim Financial Reporting', in conformity with the requirements of the Companies Act 2006 and the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

## Material uncertainty related to going concern

We draw attention to note 29 and the principal risks and uncertainties in note 28 in the half yearly financial statements, which highlight the risks on the company's ability to continue trading as a going concern due to the impact of the Covid-19 virus on the economy and hospitality sector. It is not clear when operating restrictions, such as social distancing measures and reduced pub opening times, will be removed allowing trade to return to 'normal' pre-Covid levels, once pubs have reopened. There is a second uncertainty in place for compliance of the financial covenant tests, beyond July 2021 when the existing 'waiver' period expires. Based on the uncertainties reported, there are two material uncertainties which may cast significant doubt on the company's ability to continue as a going concern. Our review opinion is not modified in respect of this matter.

## Use of our report

This report is made solely to the company, as a body, in accordance with International Standard on Review Engagements (UK and Ireland) 2410, 'Review of Interim Financial Information performed by the Independent Auditor of the Entity'. Our review work has been undertaken so that we might state to the company those matters we are required to state to it in an independent review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company as a body, for our review work, for this report, or for the conclusion we have formed.

Grant Thornton UK LLP  
Statutory Auditor, Chartered Accountants  
London  
19 March 2021

## PUBS OPEN AND CLOSED SINCE 26 JULY 2020

### Pubs opened since 26 July 2020

<b>Name</b>	<b>Address</b>	<b>Town</b>	<b>Postcode</b>	<b>Country</b>
The Cross Inn	High Street	Kingswinford	DY6 8AA	England
The London and South Western	276-288 Lavender Hill	Clapham Junction	SW11 1LJ	England

### Pubs closed since 26 July 2020

<b>Name</b>	<b>Address</b>	<b>Town</b>	<b>Postcode</b>	<b>Country</b>
The Sanderling	Glasgow Airport, After Security	Glasgow	PA3 2SW	Scotland
The Crown	Crown Square	Matlock	DE4 3AT	England

**J D Wetherspoon plc**  
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