22 March 2024

J D WETHERSPOON PLC
PRELIMINARY RESULTS
(For the 26 weeks ended 28 January 2024)

FINANCIAL HIGHLIGHTS	Var %
Before separately disclosed items	
• Like-for-like sales (vs FY23)	+9.9%
• Revenue £991.0m (2023: £916.0m)	+8.2%
• Profit before tax £36.0m (2023: £4.6m)	+682.6%
• Operating profit £67.7m (2023: £37.4m)	+81.0%
• Basic earnings per share 20.3p (2023: 1.0p)	+1930%
• Free cash outflow per share (4.8)p (2023: inflow 132.4p)	-103.6%
• Half year dividend 0.0p (2023: 0.0p)	-
After separately disclosed items[1]	
• Profit before tax £26.1m (2023: £57.0m)	-54.2%
• Operating profit £72.0m (2023: £37.4m)	+92.5%
• Basic earnings per share 15.2p (2023: 29.4p)	-48.3%

[1]Separately disclosed items as disclosed in account note 2.

Commenting on the results, Tim Martin, the Chairman of J D Wetherspoon plc, said:

“Sales continue to improve. In the last 7 weeks, to 17 March 2024, like-for-like sales increased by 5.8%.

“The company continues to be concerned about the possibility of further lockdowns and about the efficacy of the government enquiry into the pandemic, which will not be concluded for several years.

“In contrast, the World Health Organisation (WHO) reported on its findings in 2022.

“Professor Francois Balloux, director of the UCL Genetics Institute, writing in The Guardian, and Professor Robert Dingwall, of Trent University, writing in the Telegraph, provide useful synopses of the WHO report:

(see pages 54-56 of Wetherspoon News
https://www.jdwetherspoon.com/~/media/files/pdf-documents/wetherspoon-news/wetherspoon-news-autumn-2022.pdf)

“The conclusion of Professor Balloux, broadly echoed by Professor Dingwall, based on an analysis by the World Health Organisation of the pandemic, is that Sweden (which did not lock down), had a Covid-19 fatality rate “of about half the UK’s” and that “the worst performer, by some margin, is Peru, despite enforcing the harshest, longest lockdown.”

“Professor Balloux concludes that “the strength of mitigation measures does not seem to be a particularly strong indicator of excess deaths.”

“The company currently anticipates a reasonable outcome for the financial year, subject to our future sales performance.”

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Photographs are available at: www.newscast.co.uk

Notes to editors

1. J D Wetherspoon owns and operates pubs throughout the UK. The Company aims to provide customers with good-quality food and drink, served by well-trained and friendly staff, at reasonable prices. The pubs are individually designed and the Company aims to maintain them in excellent condition.
2. Visit our website jdwetherspoon.com
3. The financial information set out in the announcement does not constitute the company's statutory accounts for the periods ended 28 July 2024 or 30 July 2023. The financial information for the period ended 30 July 2023 is derived from the statutory accounts for that year which have been delivered to the Registrar of Companies. The auditors have reported on those accounts: their report was unqualified and did not contain a statement under section 498(2) or (3) of the Companies Act 2006. Statutory accounts for 2024 will be delivered to the registrar of companies in due course. This announcement has been prepared solely to provide additional information to the shareholders of J D Wetherspoon, in order to meet the requirements of the UK Listing Authority's Disclosure and Transparency Rules. It should not be relied on by any other party, for other purposes. Forward-looking statements have been made by the directors in good faith using information available up until the date that they approved this statement. Forward-looking statements should be regarded with caution because of inherent uncertainties in economic trends and business risks.
4. The annual report and financial statements 2023 has been published on the Company's website on 6 October 2023.
5. The current financial year comprises 52 trading weeks to 28 July 2024.
6. The next trading update will be issued on 8 May 2024.

CHAIRMAN'S STATEMENT

Background

The recovery from the effects of the pandemic continued in the period under review.

In the first full post-lockdown financial year (FY22), like-for-like (LFL) sales declined by 4.7% compared to the pre-pandemic FY19.

In the second post-lockdown year (FY23), LFL sales increased by 7.4%, compared to FY19 - and in the half year under review, LFL sales increased to 15.3% compared to the same period in FY19.

In the last decade, there has been a reduction in the number of trading Wetherspoon pubs, which peaked at 955 in December 2015. Some leasehold pubs have been surrendered to landlords at the end of the lease or by negotiation, and other pubs have been sold to third parties. At the end of the period under review, the company traded from 814 pubs.

In spite of a reduction in the overall number of pubs, sales have continued to increase - total sales are now about one third higher than in 2015, when the number of pubs peaked, and sales per pub have increased by about 50% since then.

Since 2010, the company has invested £448m in acquiring the freehold "reversions" of pubs where it was previously the tenant.

71% of pubs are now freehold, an increase from 41% in 2010.

Our best estimate is that the company has potential for about 1,000 pubs in the UK.

Examples of recent pub openings include the Captain Flinders near Euston Station, London; the Stargazer, The O2, Greenwich; The Star Light, Heathrow Airport and the Scribbling Mill, White Rose Shopping Centre, Leeds.

In addition, there is potential to expand existing successful pubs, by adding gardens or, for example, by expanding the existing customer area into adjacent buildings.

Examples of the substantial expansion of existing pubs include the Prince of Wales, Cardiff; the Sir John Moore, Glasgow; the Standing Order, Derby; the Five Swans, Newcastle; the Six Chimneys, Wakefield; Wetherspoons, Victoria Station, London; the Red Lion, Skegness and the Windmill, Stansted Airport.

As previously indicated, the company is also increasing investment in new staff rooms, changing rooms, glass racks above bars (to cater for increased usage of brewers' "branded glasses") and air conditioning.

In summary, the company has recovered steadily from the pandemic, with current sales at record levels, and plans to increase sales in the next decade by investing in the areas outlined above.

Trading Summary

Total sales for the first half of FY24 were £991.0 million, an increase of 8.2%, compared to the first half of FY23.

Like-for-like sales, compared to FY23, increased by 9.9%. Like-for-like bar sales increased by 11.6%, food sales by 7.6%, slot/fruit machine sales by 10.5% and hotel rooms by 2.8%.

Like-for-like (LFL) sales were stronger than total sales due to a small number of pub disposals and lease terminations.

The operating profit, before separately disclosed items, was £67.7 million (2023: £37.4 million). The operating margin, before separately disclosed items, was 6.8% (2023: 4.1%).

The profit before tax and separately disclosed items was £36.0 million (2023: £4.6 million), including property gains of £0.1 million (2023: £0.5 million).

In the period, the company sold five pubs, terminated the lease of five pubs and sublet three pubs. This gave rise to a cash inflow of £3.8 million.

There was a loss on disposal of £5.9 million, recognised in the income statement, relating to these pubs.

The company opened two pubs; The Star Light at Heathrow Airport and the Captain Flinders, close to Euston Station in London.

The first Wetherspoon franchise pub opened at Hull University in January 2022. The second opened at Newcastle University in September 2023. The third opened at Haven Primrose Valley Holiday Park, Filey, North Yorkshire in March 2024.

Earnings per share before separately disclosed items, were 20.3p (2023: 1.0p).

Total capital investment was £57.2 million (2023: £47.8 million). £10.5 million was invested in new pubs and pub extensions (2023: £10.7 million), £34.6 million in existing pubs and IT (2023: £27.1 million) and £12.1 million in freehold reversions of properties where Wetherspoon was the tenant (2023: £10.0 million).

Separately disclosed items

Overall, there was a pre-tax 'separately disclosed loss' of £9.8 million (2023: £52.3 million).

There was a £4.1 million depreciation credit in relation to previously impaired fixed assets. The company had, in previous financial years, continued to depreciate pubs at the level which applied before the impairments. This credit corrects the 'over-depreciation'.

There was also:
- a £0.6 million charge relating to the fair value movement of interest rate swaps.

- a £1.6 million credit relating to overcharged interest in respect of IFRS-16 leases.

- a £5.9 million charge, reflecting the loss on disposal referred to above.

- a £9.3 million property impairment charge, in respect of pubs which were deemed unlikely to generate sufficient cash flows, in the future, to support their carrying value.

The tax effect on separately disclosed items is a credit of £3.7 million (2023: debit of £16.8 million).

The net book value of the company's assets in the balance sheet is £1.38 billion, which is approximately seven times the company's EBITDA (pre IFRS-16), in the last 12 months, of £198 million.

Free cash flow

There was a free cash outflow of £6.1 million in the period (2023: £166.0 million inflow). The main reason for the outflow is that 'trade and other payables', the amount that the company owed to suppliers and other third parties, such as HMRC, were £329 million at the end of FY23, reducing to £281 million at the end of the period under review.

Free cash flow benefitted from proceeds of approximately £14.8 million from a sale of interest rate swaps (please see the 'Financing' section below).

Free cash flow was calculated after capital payments of £34.6 million for existing pubs (2023: £27.1 million), £6.6 million for share purchases for employees (2023: £7.5 million) and payments of tax and interest.

Balance sheet

Debt levels, excluding IFRS-16 lease debt, were £694.2 million at the period end (30 July 2023: £641.9 million). As indicated in the 'Free cash flow' section above, there was a reduction in trade and other payables of £48 million between the last year end and the end of the period under review, which contributed to the increase in borrowings.

On an IFRS-16 basis, which includes notional debt from leases, debt increased from £1.06 billion to £1.11 billion in the first half of FY24.
Debt levels, excluding IFRS-16 lease debt, have decreased from £804.5 million to £694.2 million since January 2020, just before the first lockdown. On an IFRS-16 basis, debt decreased from £1.45 billion to £1.11 billion.

Dividends and return of capital

The board has not recommended the payment of an interim dividend (2023: £0).

During the period, 4,497,959 shares (3.5% of the share capital) were purchased by the company for cancellation, at a cost of £34.1m, including stamp duty and fees, representing an average cost per share of 779p.

Financing

The company has total available finance facilities of £963 million.

On 22 August 2023, the company disposed of all interest rate swaps in place, receiving £14.8 million to do so. At the same time, the company took out a new interest-rate swap of £200 million from 23 August 2023 through to 6 February 2025 at a rate of 5.665%. On 25 September 2023, the company took out a further interest-rate swap of £400 million from 6 February 2025 to 6 February 2028 at a rate of 4.225%.

The total cost of the company's debt, in the period under review, including the banks' margin was 7.03%.

Taxation

The total tax charge for the period was £11.1 million in respect of profits before separately disclosed items (2023: £3.3 million).

The total tax charge comprises two parts. The first part is the actual current tax (the 'cash' tax) which this year is £0.1 million (2023: £0.9 million).

The second part is deferred tax (the 'accounting' tax), which is tax payable in future periods, that must be recognised in the current period for accounting purposes. The accounting tax charge for the period is £11.1 million (2023: £2.4 million).

Scottish Business Rates

In **appendix 1** below, we explain how business rates for Scottish pubs, theoretically based on property values, have, by a strange process of legal reasoning, become a de facto sales tax, based on the sales performance of the occupier. As the famous baseball coach, Yogi Berra said: "In theory there is no difference between theory and practice - in practice, there is."

VAT equality

Wetherspoon, along with many in the hospitality industry, has been a strong advocate of tax equality between the off-trade, which consists mainly of supermarkets, and the on-trade, consisting mainly of pubs, clubs and restaurants.

Pubs, clubs and restaurants pay 20% VAT in respect of food sales but supermarkets pay nothing. Supermarkets also pay far less business rates per pint or meal than pubs.

It does not make economic sense for the tax system to favour mainly out-of-town supermarkets over mainly high-street pubs. This imbalance is a major factor in town centre and high street dereliction.

Our more detailed arguments on this point, from our last annual report, can be found in **appendix 2**.

How pubs contribute to the economy

Wetherspoon and other pub and restaurant companies have always generated far more in taxes than are earned in profit.

In the six months ended 28 January 2024, the company generated taxes of £383.1 million.

The table below shows the £5.8 billion of tax revenue generated by the company, its staff and customers in the last nine and a half years. Each pub, on average, generated £6.6 million in tax during that period. The tax generated by the company, during this period, equates to approximately 28 times the company's profits after tax.

	2024 H1	2023	2022	2021	2020	2019	2018	2017	2016	2015	TOTAL 2015 to 2024 H1
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
VAT	193.0	372.3	287.7	93.8	244.3	357.9	332.8	323.4	311.7	294.4	**2,811.3**
Alcohol duty	80.9	166.1	158.6	70.6	124.2	174.4	175.9	167.2	164.4	161.4	**1,443.7**
PAYE and NIC	65.8	124.0	141.9	101.5	106.6	121.4	109.2	96.2	95.1	84.8	**1,046.5**
Business rates	20.2	49.9	50.3	1.5	39.5	57.3	55.6	53.0	50.2	48.7	**426.2**
Corporation tax	6.6	12.2	1.5	-	21.5	19.9	26.1	20.7	19.9	15.3	**143.7**
Corporation tax credit (historic capital allowances)	-	-	-	-	-	-	-	-	-	-2.0	**-2.0**
Fruit/slot Machine duty	8.1	15.7	12.8	4.3	9.0	11.6	10.5	10.5	11.0	11.2	**104.7**
Climate change levies	4.2	11.1	9.7	7.9	10.0	9.6	9.2	9.7	8.7	6.4	**86.5**
Stamp duty	0.4	0.9	2.7	1.8	4.9	3.7	1.2	5.1	2.6	1.8	**25.1**
Sugar tax	1.4	3.1	2.9	1.3	2.0	2.9	0.8	-	-	-	**14.4**
Fuel duty	1.0	1.9	1.9	1.1	1.7	2.2	2.1	2.1	2.1	2.9	**19.0**
Apprenticeship levy	1.2	2.5	2.2	1.9	1.2	1.3	1.7	0.6	-	-	**12.6**
Carbon tax	-	-	-	-	-	1.9	3.0	3.4	3.6	3.7	**15.6**
Premise licence and TV licences	0.3	0.5	0.5	0.5	1.1	0.8	0.7	0.8	0.8	1.6	**7.6**
Landfill tax	-	-	-	-	-	-	1.7	2.5	2.2	2.2	**8.6**
Furlough tax	-	-	-4.4	-213.0	-124.1	-	-	-	-	-	**-341.5**
Eat out to help out	-	-	-	-23.2	-	-	-	-	-	-	**-23.2**
Local government grants	-	-	-1.4	-11.1	-	-	-	-	-	-	**-12.5**
TOTAL TAX	**383.1**	**760.2**	**666.9**	**38.9**	**441.9**	**764.9**	**730.5**	**695.2**	**672.3**	**632.4**	**£5.8bn**
TAX PER PUB (£m)	**0.47**	**0.92**	**0.78**	**0.05**	**0.51**	**0.87**	**0.83**	**0.78**	**0.73**	**0.66**	**£6.6m**
TAX AS % OF NET SALES	**38.7%**	**39.5%**	**38.3%**	**5.0%**	**35.0%**	**42.1%**	**43.1%**	**41.9%**	**42.1%**	**41.8%**	**38.6%**
PROFIT/(LOSS) AFTER TAX	**24.9**	**33.8**	**-24.9**	**-146.5**	**-38.5**	**79.6**	**83.6**	**76.9**	**56.9**	**57.5**	**203.3**

Note – this table is prepared on a cash basis. IFRS-16 from FY20 onwards

Corporate governance

Wetherspoon has been a strong critic of the composition of the boards of UK-quoted companies.

Directors of UK PLCs have, on average, relatively little experience of the companies they govern, due to the "nine-year rule", which limits their tenure, combined with the fact that most directors are part-time, and have never worked for the company in question, on a full-time basis.

In addition, those responsible for overseeing governance, among institutional shareholders, are often responsible for several hundred companies each, making genuine board engagement impossible, and thereby necessitating a "tick-box" approach, which is the antithesis of good governance.

The combination of arbitrary rules, the preponderance of part-time directors and overloaded institutional governance departments means that bureaucracy and virtue-signalling, rather than innovation and efficacy, dominate most UK PLC boardrooms.

In appendix 3, further details are provided on this issue from our last annual report.

Further progress

The company has always tried to improve as many areas of the business as possible, on a continuing basis.

In the period Wetherspoon awarded £21.2 million in respect of bonuses and free shares to employees, of which 99.0% was paid to staff below board level and 89.6% was paid to staff working in our pubs.

Tenure continued to improve. The average length of service of a pub manager is now 14.6 years, and of a kitchen manager is 10.7 years.

Wetherspoon has been recognised by the Top Employers Institute as a Top Employer United Kingdom 2024. It is the 19th time that Wetherspoon has been certified by the Top Employers' Institute.

The company has an extensive training programme for its employees, including 'kitchen of excellence' training, as well as cellar, dispense and coffee academy training.

Wetherspoon has recently been included in the Financial Times 'FT - Statista Leaders 2024' report, which highlights Europe's leading companies in diversity and inclusion.

The company's UK nominated charity is Young Lives vs Cancer (previously CLIC Sargent). It supports children and young people with cancer. Since our partnership began in 2002, Wetherspoon has raised over £23 million for the charity, thanks to the generosity of our customers and employees.

In January 2024, the company was awarded the highest rating by the Sustainable Restaurant Association – the world's largest accreditation scheme for pubs and restaurants, see Link to SRA article.

Wetherspoon came first in the 'Out to Lunch' league table, compiled by the Soil Association, when last awarded, in 2019 and 2021. Restaurants and pubs are judged and scored on a range of criteria: family friendliness, healthy options, food quality, value, sustainability and ingredients' provenance.

Wetherspoon is seeking to extend the appeal of its menu. For example, 36% of the dishes on the menu that is available in the majority of pubs are vegetarian, 10% are vegan and 21% are under 500 calories.

Cod and haddock are sourced from fisheries which have been certified to the MSC's (Marine Stewardship Council) standards for well-managed and sustainable fisheries.

We are introducing a new chip scuttle to our kitchens, which helps to keep chips hot, while also reducing the risk of fire, and reducing energy consumption by around 10%.

We have introduced a food oil monitoring device to improve oil quality checks, which should reduce oil consumption and improve food quality.

Guinness have a 'Quality Accreditation Programme'. Independent assessors review 17 aspects of quality. All Wetherspoon pubs have received accreditation.

Since 2008, Wetherspoon has invited brewers from overseas to feature their ales in its real-ale festivals. To date, these brewers have contributed 234 ales, from 147 breweries in 29 countries. In addition, the company works with over 250 UK brewers, mostly small or “micro” brewers.

Since 1999, Wetherspoon has worked with independent real-ale quality assessor Cask Marque to gauge the quality of ale being served in its pubs. Cask Marque carries out an 11-point audit covering stock rotation, beer line cleanliness, equipment maintenance, glasswashing cleanliness and hygiene. A star rating is awarded from 1 to 5, with a target or 4 to 5 stars for all pubs. Cask Marque state that 66% of pubs achieve 4 or 5 stars. 99% of Wetherspoon pubs have achieved 4 or 5 stars.

Sustainability, recycling and the environment

Wherever possible, Wetherspoon separates waste into eight streams: glass; tins/cans; cooking oil; paper/cardboard; plastic; lightbulbs; food waste and general waste.

9,911 tonnes of recyclable waste were processed last year at our national recycling centre. In addition, food waste is sent for ‘anaerobic digestion’ and used cooking oil is converted to biodiesel for agricultural use.

Smart meters are installed in the majority of pubs to facilitate energy consumption reporting.

According to ISTA, a leading company providing energy services, Wetherspoon has reduced greenhouse gas emissions by 60% over the last 10 years, after adjusting for sales growth. During that time, the company has also contributed £107m in climate change levies and carbon taxes.

The company has ‘Cleaner Power Certification’ from its electricity supplier, Total Gas & Power Ltd, that states that “the electricity supplied by Total Gas & Power Ltd for the supply period of 01/10/22 to 30/09/24 will be 100% generated from renewable schemes as accredited by OFGEM”.

Bonuses and free shares

As indicated above, Wetherspoon has, for many years (see table below), operated a bonus and share scheme for all employees. Before the pandemic, these awards increased, as earnings increased for shareholders.

Financial year	Bonus and free shares £m	Profit/(loss) after tax[1] £m	Bonus and free shares as % of profits
2007	19	47	41%
2008	16	36	45%
2009	21	45	45%
2010	23	51	44%
2011	23	52	43%
2012	24	57	42%
2013	29	65	44%
2014	29	59	50%
2015	31	57	53%
2016	33	57	58%
2017	44	77	57%
2018	43	84	51%
2019	46	80	58%
2020	33	(39)	-
2021	23	(146)	-
2022	30	(25)	-
2023	36	34	106%
2024 H1	21	25	84%
Total	**524**	**616**	**55%[2]**

[1](IFRS-16 was implemented in the year ending 26 July 2020 (FY20). From this period all profit numbers in the above table are on a Post IFRS-16 basis. Prior to this date all profit numbers are on a Pre IFRS-16 basis.

[2] Excludes 2020, 2021 and 2022.

Length of service

The table below provides details of the improved retention levels of pub and kitchen managers, key areas for any pub company, in the last decade.

Financial year	Average pub manager length of service (Years)	Average kitchen manager length of service (Years)
2014	10.0	6.1
2015	10.1	6.1
2016	11.0	7.1
2017	11.1	8.0
2018	12.0	8.1
2019	12.2	8.1
2020	12.9	9.1
2021	13.6	9.6
2022	13.9	10.4
2023	14.3	10.6
2024	14.6	10.7

Food hygiene ratings

Wetherspoon has always emphasised the importance of hygiene standards.

We now have 744 pubs rated on the Food Standards Agency's website (see table below). The average score is 4.99, with 99.1% of the pubs achieving a top rating of five stars. We believe this to be the highest average rating for any substantial pub company.

In the separate Scottish scheme, which records either a 'pass' or a 'fail', all of our 57 pubs have passed.

Financial Year	Total pubs scored	Average rating	Pubs with highest rating %
2014	824	4.91	92.0
2015	858	4.93	94.1
2016	836	4.89	91.7
2017	818	4.89	91.8
2018	807	4.97	97.3
2019	799	4.97	97.4
2020	781	4.96	97.0
2021	787	4.97	98.4
2022	775	4.98	98.6
2023	753	4.99	99.2
2024	744	4.99	98.7

Property litigation

Some years ago, Wetherspoon took successful legal action for fraud against its own property advisors Van de Berg, who were found, by the court, to have diverted freehold properties to third parties, leaving Wetherspoon with an inferior leasehold interest. Following the Van de Berg case, Wetherspoon instigated further legal actions against a number of individuals and companies who had freehold properties introduced to them by Van de Berg. Liability was denied by all. The cases were contested and settled out of court. Details can be found in **appendix 4**.

Press corrections

In the febrile atmosphere of the first UK lockdown, a number of harmful inaccuracies were published in the press. A large number of corrections and apologies were received, as a result of legal representations by Wetherspoon.

In order to try to set the record straight, a special edition of Wetherspoon News was published, which includes details of the apologies and corrections. It can be found on the company's website:

(https://www.jdwetherspoon.com/~/media/files/pdf-documents/wetherspoon-news/does-truth-matter_.pdf).

Pubwatch

As Wetherspoon has previously highlighted, Pubwatch is a forum which has improved wider town and city environments, by bringing together pubs, local authorities and the police, in a concerted way, to encourage good behaviour and to reduce antisocial activity.

Wetherspoon pubs are members of 541 schemes country wide, with 5 new schemes and 2 less schemes due to disposals.

The company also helps to fund National Pubwatch, founded in 1997 by just two licensees and a police office. This is the umbrella organisation which helps to set up, co-ordinate and support local schemes.

It is our experience that in some towns and cities, where the authorities have struggled to control antisocial behaviour, the setting up of a Pubwatch has been instrumental in improving safety and security - of not only licensed premises, but also the town and city in general, as well as assisting the police in bringing down crime.

Conversely, we have found, in several towns, including some towns on the outskirts of London, that the absence of an effective Pubwatch scheme results in higher incidents of crime, disorder and antisocial behaviour.

In our view, Pubwatch is integral to making towns and cities a safe environment for everyone.

Current trading and outlook

As indicated above, sales continue to improve. In the last 7 weeks, to 17 March 2024, like-for-like sales increased by 5.8%.

The company continues to be concerned about the possibility of further lockdowns and about the efficacy of the government enquiry into the pandemic, which will not be concluded for several years.

In contrast, the World Health Organisation (WHO) reported on its findings in 2022.

Professor Francois Balloux, director of the UCL Genetics Institute, writing in The Guardian, and Professor Robert Dingwall, of Trent University, writing in the Telegraph, provide useful synopses of the WHO report:

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The conclusion of Professor Balloux, broadly echoed by Professor Dingwall, based on an analysis by the World Health Organisation of the pandemic, is that Sweden (which did not lock down), had a Covid-19 fatality rate “of about half the UK’s” and that “the worst performer, by some margin, is Peru, despite enforcing the harshest, longest lockdown.”

Professor Balloux concludes that “the strength of mitigation measures does not seem to be a particularly strong indicator of excess deaths.”

The company currently anticipates a reasonable outcome for the financial year, subject to our future sales performance.

APPENDIX 1 Extract from Wetherspoon FY23 Annual report, Chairman's Statement

Business rates transmogrified to a sales tax

Business rates are supposed to be based on the value of the building, rather than the level of trade of the tenant. This should mean that the rateable value per square foot is approximately the same for comparable pubs in similar locations. However, as a result of the valuation approach adopted by the government "Assessor" in Scotland, Wetherspoon often pays far higher rates per square foot than its competitors.

This is highlighted (in the tables below) by assessments for the Omni Centre, a modern leisure complex in central Edinburgh, where Wetherspoon has been assessed at more than double the rate per square foot of the average of its competitors, and for The Centre in Livingston (West Lothian), a modern shopping centre, where a similar anomaly applies.

As a result of applying valuation practice from another era, which assumed that pubs charged approximately the same prices, the raison d'être of the rating system – that rates are based on property values, not the tenant's trade – has been undermined.

Similar issues are evident in Galashiels, Arbroath, Anniesland – and, indeed, at most Wetherspoon pubs in Scotland. In effect, the application of the rating system in Scotland discriminates against businesses like Wetherspoon, which have lower prices, and encourages businesses to charge higher prices. As a result, consumers are likely to pay higher prices, which cannot be the intent of rating legislation.

Omni Centre, Edinburgh			
Occupier Name	**Rateable Value (RV)**	**Customer Area (ft²)**	**Rates per square foot**
Playfair (JDW)	**£218,750**	**2,756**	**£79.37**
Unit 9 (vacant)	£48,900	1,053	£46.44
Unit 7 (vacant)	£81,800	2,283	£35.83
Frankie & Benny's	£119,500	2,731	£43.76
Nando's	£122,750	2,804	£43.78
Slug & Lettuce	£108,750	3,197	£34.02
The Filling Station	£147,750	3,375	£43.78
Tony Macaroni	£125,000	3,427	£36.48
Unit 6 (vacant)	£141,750	3,956	£35.83
Cosmo	£200,000	7,395	£27.05
Average (exc JDW)	**£121,800**	**3,358**	**£38.55**

The Centre, Livingston			
Occupier Name	**Rateable Value (RV)**	**Customer Area (ft²)**	**Rates per square foot**
The Newyearfield (JDW)	**£165,750**	**4,090**	**£40.53**
Paraffin Lamp	£52,200	2,077	£25.13
Wagamama	£67,600	2,096	£32.25
Nando's	£80,700	2,196	£36.75
Chiquito	£68,500	2,221	£30.84
Ask Italian	£69,600	2,254	£30.88
Pizza Express	£68,100	2,325	£29.29
Prezzo	£70,600	2,413	£29.26
Harvester	£98,600	3,171	£31.09
Pizza Hut	£111,000	3,796	£29.24
Hot Flame	£136,500	4,661	£29.29
Average (exc JDW)	**£82,340**	**2,721**	**£30.40**

In summary, as a result of the approach taken in Scotland, business rates for pubs are de facto a sales tax, rather than a property tax, as the above examples clearly demonstrate.

APPENDIX 2 Extract from Wetherspoon FY23 Annual report, Chairman's Statement:

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.
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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 – the same taxes should apply to businesses which sell the same products.

APPENDIX 3 Extract from Wetherspoon FY23 Annual report, Chairman's Statement

Corporate Governance

As a result of the 'nine-year rule', limiting the tenure of NEDs and the presumption in favour of 'independent', part-time chairmen, boards are often composed of short-term directors, with very little representation from those who understand the company best - people who work for it full time, or have worked for it full time.

Wetherspoon's review of the boards of major banks and pub companies, which teetered on the edge of failure in the 2008-10 recession, highlighted the short "tenure", on average, of directors.

In contrast, Wetherspoon noted the relative success, during this fraught financial period, of pub companies Fuller's and Young's, the boards of which were dominated by experienced executives, or former executives.

As a result, Wetherspoon increased the level of experience on the Wetherspoon board by appointing four "worker directors".

All four worker directors started on the 'shop floor' and eventually became successful pub managers. Three have been promoted to regional management roles. They have worked for the company for an average of 24 years.

Board composition cannot guarantee future success, but it makes sensible decisions, based on experience at the coalface of the business, more likely.

The UK Corporate Governance Code 2018 (the 'Code') is a vast improvement on previous codes, emphasising the importance of employees, customers and other stakeholders in commercial success. It also emphasises the importance of its comply-or-explain ethos, and the consequent need for shareholders to engage with companies in order to understand their explanations.

A major impediment to the effective implementation of comply or explain seems to be the undermanning of the corporate governance departments of major shareholders.

For example, Wetherspoon has met a compliance officer from one major institution who is responsible for around 400 companies - an impossible task.

As a result, it appears that compliance officers and governance advisors, in practice, often rely on a "tick-box" approach, which is, itself, in breach of the Code.

A further issue is that many major investors, in their own companies, for sensible reasons, do not observe the nine-year rule, and other rules, themselves. An approach of "do what I say, not what I do" is clearly unsustainable.

APPENDIX 4 Extract from Wetherspoon FY23 Annual report, Chairman's Statement:

Property Litigation

In 2013, Wetherspoon agreed an out-of-court settlement of approximately £1.25 million with developer Anthony Lyons, formerly of property leisure agent Davis Coffer Lyons, relating to claims that Mr Lyons had been an accessory to frauds committed by Wetherspoon's former retained agent Van de Berg and its directors Christian Braun, George Aldridge and Richard Harvey in respect of properties in Leytonstone (which currently trades as the Walnut Tree), Newbury (which was leased to Café Rouge) and Portsmouth (which currently trades as The Isambard Kingdom Brunel).

Of these three properties, only Portsmouth was pleaded by Wetherspoon in its case 2008/9 case against Van de Berg. Mr Lyons denied the claim and the litigation was contested.

In the Van de Berg litigation, Mr Justice Peter Smith ruled that Van de Berg, but not Mr Lyons (who was not a party to the case), fraudulently diverted the freehold of Portsmouth from Wetherspoon to Moorstown Properties Limited, a company owned by Simon Conway, which leased the property to Wetherspoon.

As part of a series of cases, Wetherspoon also agreed out-of-court settlements with:

1) Paul Ferrari of London estate agent Ferrari Dewe & Co, in respect of properties referred to as the 'Ferrari Five' by Mr Justice Peter Smith in the Van de Berg case, and

2) Property investor Jason Harris, formerly of First London and now of First Urban Group who paid £400,000 to Wetherspoon to settle a claim in which it was alleged that Harris was an accessory to frauds committed by Van de Berg. Harris contested the claim and did not admit liability.

Messrs Ferrari and Harris both contested the claims and did not admit liability.

INCOME STATEMENT for the 26 weeks ended 28 January 2024

J D Wetherspoon plc, company number: 1709784

	Notes	**Unaudited 26 weeks ended 28 January 2024 before separately disclosed items £000**	**Unaudited 26 weeks ended 28 January 2024 separately disclosed items £000**	**Unaudited 26 weeks ended 28 January 2024 after separately disclosed items £000**	Unaudited 26 weeks ended 29 January 2023 before separately disclosed items £000	Unaudited 26 weeks ended 29 January 2023 separately disclosed items £000	Unaudited 26 weeks ended 29 January 2023 after separately disclosed items £000
Revenue	1	**990,954**	**-**	**990,954**	915,956	-	915,956
Other operating income	2	**-**	**4,356**	**4,356**	-	-	-
Operating costs		**(923,272)**	**-**	**(923,272)**	(878,536)	-	(878,536)
Operating profit		**67,682**	**4,356**	**72,038**	37,420	-	37,420
Property gains/(losses)	2	**88**	**(15,179)**	**(15,091)**	489	(11,665)	(11,176)
Finance income	2	**1,195**	**1,567**	**2,762**	247	65,091	65,338
Finance costs	2	**(32,931)**	**(636)**	**(33,567)**	(33,592)	(1,037)	(34,629)
Profit/(loss) before tax		**36,034**	**(9,892)**	**26,142**	4,564	52,389	56,953
Income tax charge	4	**(11,147)**	**3,653**	**(7,494)**	(3,271)	(16,767)	(20,038)
Profit/(loss) for the period		**24,887**	**(6,239)**	**18,648**	1,293	35,622	36,915
Profit/(loss) per ordinary share (p)							
- Basic	5	**20.3**	**5.1**	**15.2**	1.0	28.4	29.4
- Diluted[1]	5	**19.6**	**4.9**	**14.7**	1.1	27.9	29.0

[1]Restated, see note 5.

STATEMENT OF COMPREHENSIVE INCOME for the 26 weeks ended 28 January 2024

	Notes	**Unaudited 26 weeks ended 28 January 2024 £000**	Unaudited 26 weeks ended 29 January 2023 £000	Audited 52 weeks ended 30 July 2023 £000
Items which will be reclassified subsequently to profit or loss:				
Interest-rate swaps: gain taken to other comprehensive income	10	**38**	37,529	37,529
Interest-rate swaps: loss reclassification to the income statement	10	**(5,601)**	(1,913)	(13,310)
Tax on items taken directly to other comprehensive income		**–**	(8,904)	(6,055)
Currency translation differences		**(1,388)**	3,211	1,633
Net (loss)/gain recognised directly in other comprehensive income		**(6,951)**	29,923	19,797
Profit for the period		**18,648**	36,915	59,587
Total comprehensive profit for the period		**11,697**	66,838	79,384

CASH FLOW STATEMENT for the 26 weeks ended 28 January 2024

J D Wetherspoon plc, company number: 1709784

	Notes	**Unaudited 26 weeks ended 28 January 2024 £000**	**Unaudited free cash flow[1] 26 weeks ended 28 January 2024 £000**	Unaudited 26 weeks ended 29 January 2023 £000	Unaudited free cash flow[1] 26 weeks ended 29 January 2023 £000	Audited 53 weeks ended 30 July 2023 £000	Audited free cash Flow[1] 53 weeks ended 30 July 2023 £000
Cash flows from operating activities							
Cash generated from operations	6	**78,719**	**78,719**	84,187	84,187	270,686	270,686
Interest received		**1,053**	**1,053**	71	71	1,011	1,011
Interest paid		**(26,770)**	**(26,770)**	(21,245)	(21,245)	(50,545)	(50,545)
Cash proceeds on termination of interest-rate swaps		**14,783**	**14,783**	169,413	169,413	169,413	169,413
Corporation tax paid		**(6,600)**	**(6,600)**	(8,730)	(8,730)	(12,200)	(12,200)
Lease interest		**(7,321)**	**(7,321)**	(8,172)	(8,172)	(15,954)	(15,954)
Net cash flow from operating activities		**53,864**	**53,864**	215,524	215,524	362,411	362,411
Cash flows from investing activities							
Reinvestment in pubs		**(33,612)**	**(33,612)**	(24,333)	(24,333)	(41,646)	(41,646)
Reinvestment in business and IT projects		**(975)**	**(975)**	(2,804)	(2,804)	(5,315)	(5,315)
Investment in new pubs and pub extensions		**(10,510)**	**–**	(10,669)	–	(20,361)	–
Freehold reversions and investment properties		**(12,122)**	**–**	(9,994)	–	(11,202)	–
Proceeds of sale of property, plant and equipment		**10,688**	**–**	3,327	–	11,349	–
Net cash flow from investing activities		**(46,531)**	**(34,587)**	(44,473)	(27,137)	(67,175)	(46,961)
Cash flows from financing activities							
Purchase of own shares for cancellation		**(34,081)**	**–**	–	–	–	–
Purchase of own shares for share-based payments		**(6,630)**	**(6,630)**	(7,454)	(7,454)	(12,332)	(12,332)
Advances/(repayments) under bank loans		**15,000**	**–**	(140,033)	–	(200,033)	–
Other loan receivables		**370**	**–**	393	–	889	–
Lease principal payments		**(18,729)**	**(18,729)**	(14,904)	(14,904)	(32,023)	(32,023)
Asset-financing principal payments		**(2,107)**	**–**	(2,855)	–	(4,911)	–
Net cash flow from financing activities		**(46,177)**	**(25,359)**	(164,853)	(22,358)	(248,410)	(44,355)
Net change in cash and cash equivalents		**(38,844)**		6,198		46,826	
Opening cash and cash equivalents		**87,173**		40,347		40,347	
Closing cash and cash equivalents		**48,329**		46,545		87,173	
Free cash flow[1]			**(6,082)**		166,029		271,095

[1] Free cash flow is a measure not required by accounting standards; a definition is provided in the accounting policies within the 2023 Annual Report.

BALANCE SHEET as at 28 January 2024

J D Wetherspoon plc, company number: 1709784	Notes	**Unaudited 28 January 2024 £000**	Unaudited 29 January 2023 £000	Audited 30 July 2023 £000
Assets				
Non-current assets				
Property, plant and equipment		**1,374,806**	1,417,559	1,377,816
Intangible assets		**6,489**	5,670	6,505
Investment property		**18,652**	23,276	18,740
Right-of-use assets	11	**364,072**	400,739	387,353
Other loan receivable		**1,523**	2,749	1,986
Derivative financial instruments	10	**–**	326	11,944
Lease assets	11	**9,771**	8,662	8,450
Total non-current assets		**1,775,313**	1,858,981	1,812,794
Current assets				
Lease assets	11	**1,617**	2,001	1,361
Assets held for sale	8	**1,750**	1,533	400
Inventories		**29,374**	32,483	34,558
Receivables		**27,543**	14,650	27,267
Current income tax receivables		**6,301**	4,049	8,351
Cash and cash equivalents		**48,329**	46,545	87,173
Total current assets		**114,914**	101,261	159,110
Total assets		**1,890,227**	1,960,242	1,971,904
Current liabilities				
Borrowings	9	**(2,093)**	(4,324)	(4,200)
Derivative financial instruments	10	**–**	(66)	(78)
Trade and other payables		**(281,294)**	(258,733)	(329,098)
Provisions		**(2,817)**	(2,877)	(2,395)
Lease liabilities	11	**(48,413)**	(47,409)	(51,486)
Total current liabilities		**(334,617)**	(313,409)	(387,257)
Non-current liabilities				
Borrowings	9	**(742,879)**	(789,296)	(727,643)
Derivative financial instruments	10	**(9,116)**	(9,631)	–
Deferred tax liabilities		**(64,359)**	(56,984)	(65,752)
Lease liabilities	11	**(369,938)**	(406,529)	(391,794)
Total non-current liabilities		**(1,186,292)**	(1,262,440)	(1,185,189)
Total liabilities		**(1,520,909)**	(1,575,849)	(1,572,446)
Net assets		**369,318**	384,393	399,458
Shareholders’ equity				
Share capital		**2,485**	2,575	2,575
Share premium account		**143,170**	143,294	143,170
Capital redemption reserve		**2,337**	2,337	2,337
Other reserves		**234,669**	234,579	234,579
Hedging reserve		**26,218**	40,329	31,781
Currency translation reserve		**578**	4,529	2,148
Retained earnings		**(40,139)**	(43,250)	(17,132)
Total shareholders’ equity		**369,318**	384,393	399,458

STATEMENT OF CHANGES IN EQUITY

	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**
As at 29 January 2023		**2,575**	**143,294**	**2,337**	**234,579**	**40,329**	**4,529**	**(43,250)**	**384,393**
Total comprehensive income		-	-	-	-	(8,548)	(2,381)	23,476	12,547
Profit for the period		-	-	-	-	-	-	22,673	22,673
Interest-rate swaps: amount reclassified to the income statement	10	-	-	-	-	(11,397)	-	-	(11,397)
Tax on items taken directly to comprehensive income	10	-	-	-	-	2,849	-	-	2,849
Currency translation differences		-	-	-	-	-	(2,381)	803	(1,578)
Share capital expenses		-	(124)	-	-	-	-	-	(124)
Share-based payment charges		-	-	-	-	-	-	7,420	7,420
Tax on share-based payment	4	-	-	-	-	-	-	100	100
Purchase of own shares for share-based payments		-	-	-	-	-	-	(4,878)	(4,878)
As at 30 July 2023		**2,575**	**143,170**	**2,337**	**234,579**	**31,781**	**2,148**	**(17,132)**	**399,458**
Total comprehensive income		-	-	-	-	(5,563)	(1,570)	18,830	11,697
Profit for the period		-	-	-	-		-	18,648	18,648
Interest-rate swaps: cash flow hedges	10	-	-	-	-	38	-	-	38
Interest-rate swaps: amount reclassified to the income statement	10	-	-	-	-	(5,601)	-	-	(5,601)
Currency translation differences		-	-	-	-	-	(1,570)	182	(1,388)
Purchase of own shares and cancelled		(90)	-	-	90	-	-	(39,458)	(39,458)
Share-based payment charges		-	-	-	-	-	-	4,013	4,013
Tax on share-based payment	4	-	-	-	-	-	-	238	238
Purchase of own shares for share-based payments		-	-	-	-	-	-	(6,630)	(6,630)
As at 28 January 2024		**2,485**	**143,170**	**2,337**	**234,669**	**26,218**	**578**	**(40,139)**	**369,318**

The share premium account represents those proceeds received in excess of the nominal value of new shares issued. £124,000 was recognised in the 2023 in relation to the issue of shares in previous periods.

The capital redemption reserve represents the nominal amount of share capital repurchased and cancelled in previous periods.

Other reserves contain net proceeds received for share placements which took place in previous periods. The other reserve is determined to be distributable for the purposes of the Companies Act 2006.

During the year, 4,497,959 shares were repurchased by the company and cancelled, representing approximately 3.5% of the issued share capital, at a cost of £34.1 million, including stamp duty and fees, representing an average cost per share of 779p. As at 28 January 2024, the company had committed to, but not yet purchased 630,000 shares.

See note 10 for details on the hedging reserve.

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 retranslation of the opening reserves in the overseas branch at the current period end’s currency exchange rate.

As at 28 January 2024, the company had distributable reserves of £221.3 million (2023: £251.4 million).

NOTES TO THE FINANCIAL STATEMENTS

1. Revenue

	Unaudited 26 weeks ended 28 January 2024 £000	Unaudited 26 weeks ended 29 January 2023 £000	Audited 53 weeks ended 30 July 2023 £000
Bar	**570,810**	521,088	1,093,368
Food	**374,714**	351,741	742,067
Slot/fruit machines	**32,232**	30,269	62,579
Hotel	**12,131**	11,863	24,939
Other	**1,067**	995	2,091
	990,954	915,956	1,925,044

2. Separately disclosed items

	Unaudited 26 weeks ended 28 January 2024 £000	Unaudited 26 weeks ended 29 January 2023 £000
Operating items		
Other	203	–
Government grants	14	–
Depreciation overcharge on impaired assets	4,139	–
Operating income	**4,356**	–
Total operating profit	**4,356**	–
Property losses		
Loss on disposal of pubs	(5,913)	(3,052)
	(5,913)	(3,052)
Other property (gains)/losses		
Impairment of assets under construction	(4,583)	–
Reversal of intangible assets impairment	–	74
Impairment of property, plant and equipment	(5,848)	(7,311)
Reversal of property, plant and equipment impairment	358	–
Impairment of right-of-use assets	–	(1,376)
Reversal of right-of-use assets impairment	807	–
	(9,266)	(8,613)
Total property losses	**(15,179)**	(11,665)
Other items		
Finance costs	(636)	(1,037)
Finance income	1,567	65,091
	931	64,054
Taxation		
Current income tax charge	–	(5,847)
Tax effect on separately disclosed items	3,653	(10,920)
	3,653	(16,767)
Total separately disclosed items	**(6,239)**	**35,622**

2. Separately disclosed items (continued)

Other operating income
Other income of £1,402,000 has been recognised in the period relating to a settlement agreement (2023: nil). This is offset by costs of £517,000 (2023: nil) due to an ongoing contractual dispute with a large supplier, as outlined in note 14 and costs of £682,000 (2023: nil) in relation to a historic employment tax issue.

Included within other operating income is a reversal of overcharged depreciation in relation to previously impaired fixed assets and right-of-use assets, totalling £4,139,000. The overcharge of depreciation occurred between the periods ended 26 July 2020 through to 30 July 2023, and was not material in any one period to any line item. As such, the overcharge has been reversed in the current year.

Local government support grants
The company has recognised £14,000 (2023: £nil) of local government support grants in the UK and the Republic of Ireland, associated with the COVID-19 pandemic.

Property losses
Costs classified under the 'loss on disposal of pubs' relate to sites sold or surrendered during the year.

Other property (gains)/losses
Property impairment relates to pubs which are deemed unlikely to generate sufficient cash flows in the future to support their carrying value. In the year, a total impairment charge of £9,266,000 (2023: £8,613,000) was incurred in respect of the impairment of assets as required under IAS 36. Included within this charge were impairment reversals of £1,165,000 recognised in the year (2023: £74,000).

Separately disclosed finance costs and income
The separately disclosed finance costs in the prior period of £1,037,000 relate to covenant-waiver fees. The separately disclosed finance costs in the current year of £636,000 (2023: income of £65,091,000) relate to interest-rate swaps.

A charge of £6,237,000 (2023: income of £49,887,000) relates to the fair value movement on interest-rate swaps. Income of £176,000 (2023: income of £1,913,000) relates to the amortisation of the hedge reserve to the P&L relating to discontinued hedges and, £5,425,000 (2023: income of £13,291,000) relates to hedge ineffectiveness reclassified from the reserve to the P&L in relation to terminated swaps.

Included within separately disclosed finance income during the 26 weeks ended 28 January 2024 is the reversal of overcharged interest relating to IFRS-16 leases, of £1,567,000.

Taxation
The tax effect on separately disclosed items is a credit of £3,653,000 (2023: income of £16,767,000).

3. Employee benefits expenses

	Unaudited 26 weeks ended 28 January 2024 £000	Unaudited 26 weeks ended 29 January 2023 £000
Wages and salaries	**345,684**	321,363
Employee support grants	**(289)**	(768)
Social security costs	**21,506**	20,174
Other pension costs	**5,682**	5,165
Share-based payments	**4,013**	4,053
	376,596	349,987

Employee support grants disclosed above are amounts claimed by the company under the coronavirus job retention schemes in the UK and the Republic of Ireland.

	Unaudited 2024 Number	Unaudited 2023 Number
Full-time equivalents		
Head office	**382**	354
Pub managerial	**4,490**	4,563
Pub hourly paid staff	**19,593**	19,295
	24,465	24,212

	2024 Number	2023 Number
Total employees		
Head office	**382**	362
Pub managerial	**4,744**	5,069
Pub hourly paid staff	**36,628**	36,629
	41,754	42,060

The totals above relate to the monthly average number of employees during the period, not the total of employees at the end of the period.

Share-based payments	Unaudited 26 weeks ended 28 January 2024	Unaudited 26 weeks ended 29 January 2023
Shares awarded during the year (shares)	**1,548,446**	1,971,414
Average price of shares awarded (pence)	**658**	477
Market value of shares vested during the year (£000)	**4,835**	1,445
Share awards not yet vested (£000)	**15,116**	9,484

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.

4. Income tax expense

The taxation charge for the 26 weeks ended 28 January 2024 is based on the pre-separately disclosed items profit before tax of £36.0 million and the estimated effective tax rate before separately disclosed items for the 26 weeks ended 28 January 2024 of 33.0% (July 2023: 20.5%). This comprises a pre-separately disclosed current tax rate of 0.3% (July 2023: 0%) and a pre-separately disclosed deferred tax charge of 32.7% (July 2023: 20.5% charge).

The UK standard weighted average tax rate for the period is 25% (2023: 21%). The current tax rate is lower than the UK standard weighted average tax rate owing to tax losses in the period.

The exceptional current tax charge relates entirely to the tax on profit crystallised when terminating interest rate SWAP contracts in the previous period. For tax purposes the profits are spread over the remaining life of the underlying hedged item which results in the high exceptional ETR in the current period. A deferred tax liability is recognised in respect of this item.

	Unaudited 26 weeks ended 28 January 2024 before separately disclosed items £000	**Unaudited 26 weeks ended 28 January 2024 after separately disclosed items £000**	Unaudited 26 weeks ended 29 January 2023 before separately disclosed items £000	Unaudited 26 weeks ended 29 January 2023 after separately Disclosed Items £000	Audited 52 weeks ended 30 July 2023 before separately disclosed Items £000	Audited 52 weeks Ended 30 July 2023 after separately disclosed Items £000
Taken through income statement						
Current income tax:						
Current income tax charge	**75**	**8,895**	866	6,625	–	5,552
Previous period adjustment	**–**	**(245)**	–	88	–	293
Total current income tax	**75**	**8,650**	866	6,713	–	5,845
Deferred tax:						
Origination and reversal of temporary differences	**11,072**	**(1,156)**	2,405	15,771	13,602	29,947
Prior year deferred tax credit	**–**	**–**	–	(36)	(4,868)	(4,868)
Impact of change in UK tax rate	**–**	**–**	–	(2,410)	–	–
Total deferred tax	**11,072**	**(1,156)**	2,405	13,325	8,734	25,079
Tax charge	**11,147**	**7,494**	3,271	20,038	8,734	30,924
Taken through equity						
Current tax	**(52)**	**(52)**	–	–	–	–
Deferred tax	**(186)**	**(186)**	–	–	(100)	(100)
Tax credit	**(238)**	**(238)**	–	–	(100)	(100)
Taken through comprehensive income						
Deferred tax charge on swaps	**–**	**–**	7,479	7,479	–	6,055
Impact of change in UK tax rate	**–**	**–**	1,425	1,425	–	–
Tax (credit)/charge	**–**	**–**	8,904	8,904	–	6,055

5. Basic earnings/(loss) per share

Weighted average number of shares

Basic earnings/(loss) per share is calculated by dividing the profit/(loss) after tax for the period by the weighted average number of ordinary shares in issue during the financial year of 127,671,463 (2023: 128,750,155) less the weighted average number of shares held in trust during the financial year of 4,618,943 (2023: 3,296,278). Shares held in trust are shares purchased by the company to satisfy employee share schemes that have not yet vested.

Diluted earnings/(loss) per share is calculated by dividing the profit/(loss) after tax for the period by the weighted average number of ordinary shares in issue during the financial year adjusted for both shares held in trust and the effects of potentially dilutive shares. For the company, the dilutive shares are those that relate to employee share schemes that have not been purchased in advance and have not yet vested. In the event of making a loss during the year, the diluted loss per share is capped at the basic earnings per share as the impact of dilution cannot result in a reduction in the loss per share.

Weighted average number of shares	**Unaudited 26 weeks ended 28 January 2024**	Unaudited 26 weeks ended 29 January 2023 Restated[1]	Audited 52 weeks ended 30 July 2023
Shares in issue	**127,671,463**	128,750,155	128,750,155
Shares held in trust	**(4,618,943)**	(3,337,132)	(3,296,278)
Shares in issue - Basic	**123,052,520**	**125,413,023**	**125,453,877**
Dilutive shares[1]	**3,466,567**	2,046,258	2,810,231
Shares in issue - Diluted	**126,519,087**	**127,459,281**	**128,264,108**

[1] Impact of dilutive shares from FY 2023 has been restated.

Earnings / (loss) per share

26 weeks ended 28 January 2024 unaudited	Profit/(loss) £000	Basic EPS pence	Diluted EPS pence
Earnings (profit after tax)	18,648	15.2	14.7
Exclude effect of separately disclosed items after tax	6,239	5.1	4.9
Earnings before separately disclosed items	24,887	20.3	19.6
Exclude effect of property gains/(losses)	(88)	(0.1)	(0.1)
Underlying earnings before separately disclosed	24,799	20.2	19.5

26 weeks ended 29 January 2023 unaudited	Profit/(loss) £000	Basic EPS pence	Diluted EPS Pence[1]
Earnings (profit after tax)	36,915	29.4	29.0
Exclude effect of exceptional items after tax	(35,622)	(28.4)	(27.9)
Earnings before separately disclosed items	1,293	1.0	1.1
Exclude effect of property gains/(losses)	(489)	(0.4)	(0.4)
Underlying earnings before separately disclosed	804	0.6	0.7

[1] Impact of dilutive shares from FY 2023 has been restated.

6. Cash used in/generated from operations

	Unaudited 26 weeks ended 28 January 2024 £000	Unaudited 26 weeks ended 29 January 2023 £000	Audited 53 weeks ended 30 July 2023 £000
Profit for the period	**18,648**	36,915	59,587
Adjusted for:			
Tax (note 4)	**7,494**	20,038	30,924
Share-based charges	**4,013**	3,125	10,545
Loss on disposal of property, plant and equipment	**5,964**	3,738	10,871
Gain on remeasurement of capitalised leases	**(1,568)**	(489)	(2,273)
Gain on disposal of capitalised leases	**-**	(686)	-
Net impairment charge (note 2)	**9,266**	8,613	38,287
Interest payable & receivable	**25,718**	24,411	49,223
Lease interest	**5,782**	7,966	22,456
Separately disclosed depreciation overcharge on impaired assets	**(4,139)**	-	-
Separately disclosed Interest (note 2)	**636**	(64,054)	(96,686)
Amortisation of bank loan and private placement issue costs	**236**	968	1,246
Depreciation and amortisation	**53,814**	54,847	109,741
Aborted properties costs	**397**	688	1,719
Foreign exchange movements	**(1,388)**	(3,214)	1,633
Lease premiums	**(51)**	-	-
	124,822	92,866	237,273
Change in inventories	**5,184**	(6,081)	(8,157)
Change in receivables	**(312)**	14,143	2,133
Change in payables	**(50,975)**	(16,741)	39,437
Cash flow from operating activities	**78,719**	84,187	270,686

7. Analysis of change in net debt

	Unaudited 29 January 2023 £000	Cash flows £000	Other changes £000	Audited 30 July 2023 £000	Cash flows £000	Other changes £000	Unaudited 28 January 2024 £000
Borrowings							
Cash and cash equivalents	**46,545**	40,628	–	**87,173**	(38,844)	–	**48,329**
Other loan receivable - before one year	**402**	401	–	**803**	(6)	–	**797**
Asset-financing obligations – before one year	**(4,324)**	76	48	**(4,200)**	2,107	–	**(2,093)**
Current net borrowings	**42,623**	41,105	48	**83,776**	(36,743)	–	**47,033**
Bank loans – due after one year	**(689,528)**	60,000	(256)	**(629,784)**	(15,000)	(212)	**(644,996)**
Asset-financing obligations – after one year	**(1,931)**	1,976	(45)	**–**	–	–	**–**
Other loan receivable - after one year	**2,739**	(753)	–	**1,986**	(379)	–	**1,607**
Private placement – after one year	**(97,837)**	–	(23)	**(97,860)**	–	(23)	**(97,883)**
Non-current net borrowings	**(786,557)**	61,223	(324)	**(725,658)**	(15,379)	(235)	**(741,272)**
Net debt	**(743,934)**	102,328	(276)	**(641,882)**	(52,122)	(235)	**(694,239)**
Derivatives							
Interest-rate swaps asset - after one year	**326**	(169,413)	181,031	**11,944**	–	(11,944)	**–**
Interest-rate swaps liability – within one year	**(66)**	–	(12)	**(78)**	–	78	**–**
Interest-rate swaps liability – after one year	**(9,631)**	–	9,631	**–**	–	(9,116)	**(9,116)**
Total derivatives	**(9,371)**	(169,413)	190,650	**11,866**	–	(20,982)	**(9,116)**
Net debt after derivatives	**(753,305)**	(67,085)	190,374	**(630,016)**	(52,122)	(21,217)	**(703,355)**
Leases							
Lease assets – before one year	**1,213**	(851)	999	**1,361**	(427)	683	**1,617**
Lease assets – after one year	**9,448**	–	(998)	**8,450**	–	1,321	**9,771**
Lease obligations – before one year	**(47,409)**	17,196	(21,273)	**(51,486)**	19,156	(16,083)	**(48,413)**
Lease obligations – after one year	**(406,529)**	–	14,735	**(391,794)**	–	21,856	**(369,938)**
Net lease liabilities	**(443,277)**	16,345	(6,537)	**(433,469)**	18,729	7,777	**(406,963)**
Net debt after derivatives and lease liabilities	**(1,196,582)**	(50,740)	183,837	**(1,063,485)**	(33,393)	(13,440)	**(1,110,318)**

Lease obligations represent long-term payables, while lease assets represent long-term receivables – both are, therefore, disclosed in the table above.

The non-cash movement in bank loans and the private placement relate to the amortisation of loan issue costs. 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.

8. Assets held for sale

These relate to situations in which the company had exchanged contracts to sell a property, but the transaction is not yet complete. As at 28 January 2024, one site was classified as held for sale (2023: one site)

	Unaudited 28 January 2024 £000	Unaudited 29 January 2023 £000	Audited 30 July 2023 £000
Property, plant and equipment	**1,750**	1,533	400

9. Borrowings

	Unaudited 28 January 2024 £000	Unaudited 29 January 2023 £000	Audited 30 July 2023 £000
Current (due within one year)			
Other			
Lease liabilities	**48,413**	47,409	51,486
Asset-financing obligations	**2,093**	4,324	4,200
Total current borrowings (including lease liabilities)	**50,506**	51,733	55,686
Non-current (due after one year)			
Bank loans			
Variable-rate facility	**645,000**	690,000	630,000
Unamortised bank loan issue costs	**(4)**	(472)	(217)
	644,996	689,528	629,783
Private placement			
Fixed-rate facility	**98,000**	98,000	98,000
Unamortised private placement issue costs	**(117)**	(163)	(140)
	97,883	97,837	97,860
Other			
Lease liabilities	**369,938**	406,529	391,794
Asset-financing	**–**	1,931	–
	369,938	408,460	391,794
Total non-current borrowings (including lease liabilities)	**1,112,817**	1,195,825	1,119,437
Total borrowings (including lease liabilities)	**1,163,323**	1,247,558	1,175,123

Lease liabilities
The carrying amounts of lease liabilities and the movements during the period are outlined in note 11.

Asset-financing obligations
Asset-financing obligations relate to asset finance leases of equipment in pubs.

Variable-rate facility
The secured revolving credit facility is £875 million. As at 28 January 2024, £645 million was drawn down (30 July 2023: £630 million). There are 14 participating lenders. £20 million matured in February 2024 while £855 million matures in February 2025. The company has hedged its interest-rate liabilities to its banks by swapping the floating-rate debt into fixed-rate debt, see note 10.

Unamortised bank loan issue costs
Unamortised bank loan issue costs primarily relate to refinancing, securing and extending the variable-rate facility.

Private placement
The fixed-rate facility relates to senior secured notes of £98 million. The notes mature in 2026.

The company has an overdraft facility of £10 million, which is undrawn as at 28 January 2024.

10. Financial instruments

The below table outlines the movements in fair value among the hedging reserve, comprehensive income and the income statement during the year.

Interest-rate swaps	**Unaudited 28 January 2024 £000**	Audited 30 July 2023 £000
Carrying value of derivative financial instruments - Liability	**(9,116)**	(78)
Carrying value of derivative financial instruments - Asset	**-**	11,944
Change in fair value of continuing derivatives	**(21,048)**	1,147
Change in fair value of discontinued derivatives	**65**	(48,617)
Hedge (gain)/loss recognised in comprehensive income in respect of continuing hedges	**(38)**	(50,819)
Hedge (gain)/loss recognised in P&L in respect of hedges held at fair value through the profit or loss	**21,020**	(71,124)
Transaction proceeds received in respect of terminated hedges (net of termination fees)	**14,783**	169,413
Hedge ineffectiveness	**-**	(13,290)
Amortisation to P&L of cash flow hedge reserve relating to discontinued hedge relationship	**(5,601)**	(13,310)
Hedging reserve balance in respect of continuing hedges	**-**	346
Hedging reserve balance in respect of discontinued hedges	**(26,218)**	(32,127)

Hedging reserve	**Unaudited 28 January 2024 £000**	Audited 31 July 2022 £000
Opening	**(31,781)**	(13,617)
Hedging (gains)/losses recognised in comprehensive income	**(38)**	(50,819)
Hedge ineffectiveness reclassified from the reserves to the P&L in respect of terminated swaps	**-**	13,290
Amortisation to P&L of cash flow hedge reserve relating to discontinued hedge relationships	**5,601**	13,310
Deferred tax posted to comprehensive income	**-**	6,055
Closing	**(26,218)**	(31,781)

At the beginning of the reporting period, the company had four designated hedge relationships, each of which held several interest-rate swaps. Hedge relationships refer to interest-rate swaps entered into at the same time. Hedge accounting was applied to two of these hedge relationships. The following changes have taken place during the 26 weeks ended 28 January 2024:

- On 31 July 2023, the two hedge relationships whereby hedge accounting applied matured (hedge relationships one and four).

- On 22 August 2023, the company terminated the remaining two of its interest-rate swaps (hedge relationships nine and ten. On termination, the company received a cash inflow of £14,783,000, being proceeds less termination fees. Hedge accounting did not apply to either interest-rate swap and therefore their fair value was realised in the P&L.

- On 23 August 2023, a new interest-rate swap was entered into (hedge relationship eleven), with a total nominal value of £200 million. On 25 September 2023, a further interest-rate swap was entered into (hedge relationship twelve), with a nominal value of £400m. Management elected not to apply hedge accounting to the hedge relationships from inception, as they did not meet the company's risk strategy.

The liability of £9.1 million (30 July 2023: £0.078 million) is made up of the two remaining active interest-rate swaps (eleven and twelve) whereby hedge accounting does not apply. The hedge reserve of £26.2 million is made up of fair value relating to hedges which have been previously been derecognised/discontinued (30 July 2023: £0.3m of fair value relating to continuing hedges and £32.1 million relating to those which have been derecognised/discontinued).

11. Leases

The following amounts, relating to lease cash flows, were debited/credited to the income statement during the period.

Rent cash flow analysis	Unaudited weeks ended 28 January 2024 £000	Unaudited weeks ended 29 January 2023 £000	Audited weeks ended 30 July 2023 £000
Cash outflows relating to capitalised leases	**26,352**	24,081	49,994
Expense relating to short term leases	**(935)**	194	504
Expense relating to variable element of concessions	**7,401**	7,665	16,980
Total rent cash outflows for period	**32,818**	31,940	67,478
Cash inflows relating to capitalised leases	**(567)**	(1,005)	(2,017)
Income relating to lessor sites	**(1,259)**	(1,188)	(2,506)
Total rent cash Inflows for period	**(1,826)**	(2,193)	(4,523)

The balance sheet shows the following amounts relating to leases. These have been reconciled in sections (a) to (d) below:

Amounts Recognised in the balance sheets	Unaudited 26 weeks ended 28 January 2024 £000	Unaudited 26 weeks ended 29 January 2023 £000	Audited 53 weeks ended 30 July 2023 £000
Right-of-use asset[1]			
Current	**-**	-	-
Non-current	**364,072**	400,739	387,353
Lease Assets[2]			
Current	**1,617**	2,001	1,361
Non-current	**9,771**	8,662	8,450
Total Assets	**375,460**	411,402	397,164
Lease Liabilities			
Current	**(48,413)**	(47,409)	(51,486)
Non-current	**(369,938)**	(406,529)	(391,794)
Total Liabilities	**(418,351)**	(453,938)	(443,280)

[1]Right-of-use assets and lease liabilities relate to leasehold properties occupied by J D Wetherspoon.
[2]Lease assets relate to leasehold properties sublet by J D Wetherspoon.

12. Going Concern

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.

In line with accounting standards, the going concern assessment period is the 12-months from the date of approval of this report (approximately the end of quarter 3 of FY25).

The Company has modelled a 'base case' forecast in which recent momentum of sales and profit is sustained. The Company has anticipated within this forecast continued high levels of inflation, particularly on wages, utility costs and repairs. The base case scenario indicates that the Company will have sufficient resources to continue to settle its liabilities as they fall due and operate comfortably within its leverage covenants for the going concern assessment period.

A more cautious but plausible scenario has been analysed, in which lower sales growth is realised. The Company has reviewed, and is satisfied with, the mitigating actions that it could take if such an outcome were to occur. Such actions could include reducing discretionary expenditure and/or implementing price increases. Under this scenario, the Company would still have sufficient resources to settle liabilities as they fall due and headroom within its covenants throughout the going concern review period.

The Company has also performed a 'reverse stress case' which shows that the Company could withstand a 9% reduction in sales from those assessed in the 'base case' throughout the going concern period, as well as similar cost assumptions to the 'base case' scenario, before the covenant levels would be exceeded towards the end of the period. The directors consider this scenario to be remote as, other than when the business was closed during the pandemic, it has never seen such sales declines. Furthermore, the Company has concluded it could take additional mitigating actions, in such a scenario, to prevent a covenant breach.

The Company's secured Revolving Credit Facility totalling £855 million matures in February 2025. As part of the ongoing refinancing process, the feedback we have received from existing and potential new lenders to date, provides the Directors with appropriate assurance that the prospect of not being able to refinance is remote and as such no material uncertainty exists.

After due consideration of the matters set out above, 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.

13. Contingent liability

The company is in an ongoing contractual dispute with a large supplier. The outcome of the dispute is yet to be determined and may be resolved by a legal process. Disclosing any further information at this stage about the ongoing contractual dispute, its financial effect (if any) and uncertainties relating to the amount or timing of any outflow might be prejudicial to the company's position.