

25 January 2023

J D WETHERSPOON PLC

Trading Update Announcement

J D Wetherspoon plc ('Wetherspoon' or 'the company') announces an update on current trading, before entering its close period for its interim results, for the six months ending 29 January 2023, which are expected to be announced on 24 March 2023.

Current trading

In the 25 weeks to 22 January 2023, like-for-like sales were 13.1% higher than the same period a year ago and 0.7% lower than the same period immediately before the pandemic - the 25 weeks to 26 January 2020.

Like-for-like sales in the last 12 weeks were 17.8% higher than the same period a year ago and were 2.0% lower than the pre-pandemic period.

The Coffey CGA Business Tracker monitors sales for the UK pub and restaurant sector. It reported that one-year like-for-like sales for the sector in December 2022 were +15.0%. Wetherspoon's like-for-like sales in December were +21.3%.

As has been widely reported, costs in the hospitality industry are far higher than the pre-pandemic period, especially in respect of labour, food, energy and maintenance.

Free cash flow is expected to be substantially in excess of profits, as a result of a cash inflow of approximately £170 million from the October 2022 sale of interest rate swaps, as previously announced.

Financing

As at 22 January 2023, the company's net debt was £745 million, approximately £60 million lower than the company reported at the same stage in FY2020, before the pandemic.

Since January 2020, the company has invested £80.4 million in the freehold reversions of 31 properties, of which Wetherspoon was previously the tenant.

In the period under review, the company has repaid government "CLBILS" loans of £100 million, which had been due to mature in August 2023.

Financial headroom at the period-end (29 January 2023) is expected to be c£225 million.

Property

The company has opened two pubs in the period and has sold ten. The sale of the ten pubs has resulted in a cash inflow of £2.9 million. 35 pubs remain on the market. The company currently has a trading estate of 844 pubs.

Top Employer

Wetherspoon has recently been recognised by the Top Employers Institute as a 'Top Employer in the United Kingdom' for 2023. It is the 18th time that Wetherspoon has been certified by the Institute.

The Institute said: "Being certified as a Top Employer showcases an organisation's dedication to a better world of work and exhibits this through excellent HR policies and people practices."

Outlook

Wetherspoon chairman Tim Martin said:

"We are cautiously optimistic about the company's prospects for the financial year.

"The biggest threat to the hospitality industry is the vast disparity in tax treatment between pubs and restaurants and supermarkets.

"Supermarkets pay zero VAT in respect of food sales, whereas pubs and restaurants pay 20%. This tax benefit allows supermarkets to subsidise the selling price of beer.

"We estimate that supermarkets have taken about half of the pub industry's beer volumes since Wetherspoon started trading in 1979, a process that has likely accelerated following the pandemic.

"Pub industry directors have, in general, failed to campaign for tax equality, which is an important principle of taxation.

"A recent exception is Peter Borg-Neal of Oakman Inns and Restaurants, who said:

*"In my opinion, we need to stop campaigning for short-term interventions to support our sector. The focus needs to be on long-term structural change. Our sector is ridiculously overtaxed compared with the rest of Europe. We should focus our efforts and campaign on two issues only – business rates and VAT. The first is an antiquated tax that delivers an unfair burden on our sector. The second is a nonsense. For there to be no VAT on processed meals but for VAT to be charged on food in our sites is an abject nonsense. Furthermore, I think it can be proven these taxes reduce income for the (government) by depressing growth in our sector." **

Mr Martin added:

"Unless the industry campaigns strongly for equality, it will inevitably shrink relative to supermarkets, which will not help high streets, tourism, the economy overall, or the ancient institution of the pub."

* quote from Propel News Briefing, Wednesday 18th Jan 2023.

Ends.

Enquiries:

John Hutson	Chief Executive Officer	01923 477777
Ben Whitley	Finance Director	01923 477777
Eddie Gershon	Company spokesman	07956 392234

Notes to editors

1. J D Wetherspoon owns and operates pubs throughout the UK and Ireland. The Company aims to provide customers with good-quality food and drink, served by well-trained and friendly staff, at reasonable prices. The pubs are individually designed, and the Company aims to maintain them in excellent condition.
2. Visit our website: www.jdwetherspoon.com
3. This announcement has been prepared solely to provide additional information to the shareholders of J D Wetherspoon, to meet the requirements of the FCA's Disclosure and Transparency Rules. It should not be relied on by any other party, for any other purposes. Forward-looking statements have been made by the directors in good faith, using information available up until the date on which they approved this statement. Forward-looking statements should be regarded with caution, because of the inherent uncertainties in economic trends and business risks.
4. This announcement contains inside information on J D Wetherspoon plc.
5. The current financial year comprises 52 trading weeks to 30 July 2023.
6. The next trading update is expected to be the Company's interim results statement on 24 March 2023.