

ANNUAL GENERAL MEETING 17.12.2020 - QUESTIONS FROM SHAREHOLDERS

Due to Covid-19 restrictions, JD Wetherspoon PLC's AGM on 17th December 2020 was not open to shareholders, and its usual post-meeting shareholder Q+A could not take place. In order to allow shareholders to ask questions, the company invited shareholders to send questions in writing. The questions and the company's responses are set out below. The company thanks shareholders who submitted questions and comments.

	Shareholder Name	Shareholder Question/Comment	JD Wetherspoon Response
1.	This question was asked by a number of private shareholders.	Why can the company not offer discount vouchers to shareholders?	Some companies offer inducements to shareholders to buy shares. We don't think it's a good idea. Shares should be bought for their long-term investment potential, not for shorter-term 'perks'. We try to offer the lowest prices to all customers and shareholders.
2.	Private Shareholder	Why are hot dogs no longer on the menu?	Some time ago, we decided that the menu was too extensive. We expanded the burger range and removed hot dogs – a better all-round solution.
3.	Private Shareholder	Due to the current pandemic economic crisis all of us are going through, would it be possible to devolve dividends due to shareholders or any additional remuneration to directors and auditors for the financial year ended 26 July 2020 or due in the next financial year to the loyal employees on the shop floor, for their enormous contribution?	<p>We have 15,960 employees who are shareholders. Employees are eligible to receive free shares once they have worked with the company for 18 months. Through this share scheme and other bonus schemes, we paid a total of £46m to employees who worked in pubs in the financial year 2018/2019 and £33m in the financial year 2019/2020 (when pubs were closed for a substantial period of time.)</p> <p>Overall, we think this share and bonus scheme works better than temporarily 'devolving' awards from one group of people to another.</p>

4.	Private Shareholder	My expectation was to see Wetherspoon reach 1000 pubs, but I am disappointed to note the closure of 9 (offset by 2 new outlets) - Covid aside, were these not viable or is there a refocusing agenda?	<p>It is unfortunate to close or sell any pubs. The way to avoid this is to put maximum effort into selecting the right sites to start with.</p> <p>We mostly get this right but, very regrettably (and expensively), we sometimes make a mistake.</p> <p>Our future strategy is to avoid daft errors of site selection.</p>
5.	Private Shareholder	Why were private shareholders not given the chance to participate in the share placing that took place in June 2020, given that the directors were involved? If there is another placement, will private shareholders be allowed to join in?	<p>In a rights issue, private shareholders are given the chance to buy shares. In order to save time, necessary in an emergency, and in common with most companies which raised money during the pandemic, the company decided to undertake a 'share placing', which is a much faster process.</p> <p>We have no current plans for a further share placing. If funds were to be needed urgently, we cannot guarantee that we would have time for a rights issue.</p>
6.	Private Shareholder	You are not in a financial position for a share buy-back so why are you seeking approval at the AGM for a resolution (number 15) to authorise share buybacks?	<p>Before the pandemic, the company had bought back about half its shares over about 15 years. Since our profits increased substantially over that period, the effect of the buybacks was to increase 'value' for shareholders. The company is not intending to buy back any shares at the current time, but feels it's a good idea to have the ability to do so, should circumstances change.</p>
7.	Private Shareholder	Will the price of a pint go up because of lockdown when everything is back to normal?	<p>It's difficult to be precise, but we will try and avoid price rises if we can. Before 2020, pubs paid 20% VAT in respect of food sales, but supermarkets paid nothing. The Chancellor temporarily reduced VAT for pubs and restaurants to 5% this year – it will help to keep prices down if the reduction becomes permanent.</p>
8.	Private Shareholder	Will you be selling properties to cover loss of income?	<p>We have no plans to do so.</p>

9.	Private Shareholder	Can customers expect higher prices as a result of Brexit?	Most people do not realise that the government can end all tariffs on imports, reducing prices in the shops, once we have left the EU. We will encourage the government to end tariffs on the more-than 12000 products which are currently subject to them.
10.	Private Shareholder	Why are there not employee representatives on the board?	Pub employees attend head office meetings with the executive directors every week, so are involved in all the main decisions we take. We are not sure it would be advantageous for employees to be members of the board, which tends to deal with 'esoteric' issues, which are far removed from the day-to-day business. However, this is something we intend to keep under review.
11.	Private Shareholder	Why did management at pub level receive an "across the board" increase rather than a performance based one?	Sometimes increases are across the board but, from time to time, there are performance-based increases as well. Over the decades, we have used both types of increase.
12.	Private Shareholder	Will the Company increase directors' pay to pre-Covid level once profit is achieved?	No decision has been taken about future directors' pay, which will be considered at a later date.
13.	Private Shareholder	There is an ancient saying "First cut your prices, then cut your quality, then cut your throat". Wetherspoon's prices are very low but some pubs could do with a lick of paint. Why?	Our prices have been low since the pubs started 41 years ago and we have never been asked by customers to put them up. We spend about £80,000 per pub per annum on repairs and maintenance, and in addition, we also spend, on average, about £60,000 per pub per annum on capital investment. The combined expenditure of £140,000 per annum per pub should keep every pub in good condition, but at some point every pub needs a 'lick of paint'. As regards prices generally, we prefer the expression "a quick sixpence is better than a slow shilling".

14.	Private Shareholder	Can shareholders still have dividends paid by cheque for people who are not online or likely to be in the foreseeable future? The elderly and disabled cannot always manage these changes.	We have not heard of dividends being paid by cheque for a long time. Our registrar's (Computershare) website says "one of the key benefits of chequeless dividends is the eradication of cheque fraud". Even if someone does not do online banking, we can still transfer funds to their accounts electronically.
15.	Private Shareholder	Please come back to Enniskillen. We miss you.	Fair comment. We hope to have a look at Enniskillen in due course. There is good fishing on Lough Erne and Lough Melvin.
16.	Private Shareholder	Please stop share buybacks. I would like a dividend?	We are doing neither at the moment, but hope to do both in the future.
17.	Private Shareholder	Could pubs in Tier 3 areas in England and where permitted elsewhere, remain open for takeaway?	We have looked at this but our pubs are not really built for takeaways and it would be extremely expensive.
18.	Private Shareholder	What is the current total of pubs and hotels in the Wetherspoon estate and what is the percentage of them that are held freehold?	We have 874 pubs and hotels and 64% are freehold.
19.	Immersion Capital (Institutional investor)	Are pubs in most Tier 2 areas generating positive or negative free cash flow?	<p>As many companies have indicated, sales in Tier 2 areas are poor, since pubs in those areas are not operating as pubs, but as restaurants, a different type of business. Since rules and tiers keep changing (for example Wales will have been on five different regulatory regimes in about 3 months, by the end of December), the company has tended to look at an overall cash flow for the company, rather than a more dissection cash flow, tier by tier.</p> <p>We estimate that the company would have a positive cash flow if all pubs were in tier 2 for a sustained period, although that eventuality seems unlikely at the moment.</p>
20.	Immersion Capital	What do LFL trends in Tier 2 areas look like?	Since most of the current tiers started on 2 December, it's too early to say. In general, sales improve once customers get used to a particular tier, but the problem is that government hyperactivity keeps "rolling the dice".

21.	Immersion Capital	Are there any changes in your expectations of a £14m monthly cash burn rate if the full estate is closed?	There have been no changes in our expectations.
22.	Immersion Capital	What would you expect cash flow to look like if the full estate were in Tier 2?	Please see the response to question 18 above.
23.	Immersion Capital	Can you provide an update on Wetherspoon's latest liquidity position?	We are due to issue a trading statement on 20 January 2021, when there will be an update on our liquidity position.
24.	Artemis Fund Managers (Institutional investor)	What does the board consider the right balance to be between balance sheet repair and investing in further growth opportunities in a post-covid environment?	<p>It is very difficult to be precise and comes down to the balance of risk and reward. Some of our best sites, over the years, have been acquired in difficult economic circumstances.</p> <p>In reality, we and other companies will inevitably be more cautious in the aftermath of the Covid-19 crisis.</p>
25.	Man GLG (Institutional investor)	We have always thought about you as the 'Ryanair of UK Pubs' – A cost leader reinvesting operational efficiency into keen pricing to grow share by providing fantastic value and thus putting pressure on the competition. During this incredibly uncertain period even Ryanair itself is not pushing as hard on the price-discounting lever and allowing yields to perform slightly better as capacity has pulled out and demand looks to snap-back as restrictions end. Would it not be sensible for Wetherspoon to break with tradition and do the same now, recouping some of the lost profit from a very challenging year?	In reality, due to the constantly changing regulations, any move on pricing or costs would likely be quickly overtaken by events. It's probably best to maintain our current position on pricing for the time being, but this is an area we will keep under review. There are no 'easy wins' in this area, given the level of government hyperactivity.
26.	Columbia Threadneedle (Institutional investor)	How do you see the landscape with the pub and casual dining industry changing next year and how does Wetherspoons expect to fare?	The greatest problem, as indicated above, is that regulations are being changed under emergency powers, at an unprecedented rate, so predictions about the industry are difficult. Property is likely to be cheaper, as it always is in recessions but, beyond that, the crystal ball is very murky.

27.	Columbia Threadneedle	What has the business done through this Covid crisis period which you are most proud of?	With the reservation that pride comes before a fall, the main achievement for any hospitality company is to have kept the show on the road in an extraordinarily difficult period - and to have retained the confidence of employees, customers, suppliers, banks and shareholders.
28.	Franklin Templeton (Institutional investor)	What is the opportunity for the group over the medium and longer term as life starts to return to some sort of normality after the restrictions have been lifted? There will undoubtedly be a withdrawal of industry capacity in both the pub sector and casual dining sector as many operators shrink their estate, and many smaller/independent operators may unfortunately never reopen. This provides an opportunity for the stronger businesses to eventually take market share. How does the group think about taking advantage of these opportunities?	As indicated above, unpredictability is the greatest enemy. There are likely to be property opportunities, although fewer than in past recessions, since Wetherspoon has already occupied most corners of the land. Since the last recession, Wetherspoon has added approximately £1 billion of sales. We will try to do the same again in the next ten years, but it may be a tall order.
29.	Private Shareholder	Please congratulate staff on their standard of hygiene both before and after lockdown. I was very impressed by the staff cleaning door finger plates, which were lovely before 1 st lockdown at the Windsor venue. I have since been back and it is even better.	Very many thanks for your compliments. Pub staff have had to jump through fiery hoops, as the government has constantly changed regulations, but have been extremely resilient. Wetherspoon hygiene standards, as confirmed by the local authority "Scores on the Doors" schemes, are the top of the whole industry. Our average score, across all pubs, is 4.96 out of a maximum of 5.
30.	Private Shareholder	Well done in trying times.	Many thanks!
31.	Private Shareholder	My very best wishes to you all in the difficult times.	Thank you.

32.	Private Shareholder	<p>I am impressed by the directors' voluntary pay cuts. Well done.</p> <p>I would not worry about Caitlin Moran saying Tim Martin is a member of the Commercial Union Netball Team; in the 10 years I have been reading her column in the Times, I cannot recall one single thing she has said of any consequence.</p>	<p>Tim says: "Agreed. It's the first time anyone has ever accused me of being a member of that team, maybe because I'm 6'6" and 17 stone....."</p>
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