The information contained within this announcement is deemed by the Company to constitute inside information as stipulated under the Market Abuse Regulations (EU) No. 596/2014 ("MAR"). Upon the publication of this announcement via Regulatory Information Service ("RIS"), this inside information is now considered to be in the public domain.

**SpaceandPeople plc**

**25 September 2017**

**SpaceandPeople plc**
**("SpaceandPeople" or the "Group")**

**Interim Results for the 6 months to 30 June 2017**

SpaceandPeople (AIM:SAL), the retail, promotional and brand experience specialist which facilitates and manages the sale of promotional and retail merchandising space in shopping centres and other high footfall venues, announces interim results for the six months ended 30 June 2017.

**Highlights**

- Consolidated net revenue £4.804m (2016: £4.646m) – Up £158k – 3%
- Profit before taxation from continuing operations £173k (2016: loss £174k) – Up £347k
    - UK promotions £489k (2016: £385k) – Up £104k
    - UK retail and MPK £106k (2016: (£169k)) – Up £275k
    - German promotions £16k (2016: £145k) – Down £129k
    - German retail £90k (2016: £1k) – Up £89k
    - Head office and other (£528k) (2016: (536k) – Up £8k
- Net cash inflow from operating activities £489k (2016: outflow £424k)
- Net cash of £781k (2016: negative £422k)
- Basic earnings per share 0.73p (2016: negative 2.96p)

**Contact details:**


| | |
|---|---|
| SpaceandPeople Plc | 0845 241 8215 |
| Matthew Bending, Gregor Dunlay | |
| Cantor Fitzgerald Europe | 020 7894 7000 |
| David Foreman, Will Goode (Corporate Finance) | |
| Alexander Pollen (Sales) | |

**Chief Executive's Interim Operating Statement**

2017 is an important year for SpaceandPeople and its stakeholders, as it has to demonstrate that the focus on our core business is both sustainable and profitable. I am pleased to note the interim results confirm this. The reorganisation that was completed in late 2016, along with sales software upgrades, has enabled us to cut costs and improve productivity ensuring that each division is contributing positively to the Group.

The UK sales reorganisation and the bedding in of the Network Rail contract has enabled growth in the UK promotions division of 20% and within that growth in Brand Experience activity of 38%. The renegotiation of rents in the German retail business along with improvements in occupancy levels and average sales values has seen this division jump from breakeven in the first half of 2016 to a profit of £90k in the first half of this year.

The UK retail division saw a turnaround from a loss of £169k to a profit of £106k through the continued expansion of the Mobile Promotions Kiosk ("MPK") business, improved sales, improved productivity and headcount reductions. Overall, through our focusing on core divisions I am pleased to report we have turned a loss of £174k before discontinued operations in the first half of last year into a profit of £173k this year.

**Divisional review**

**The UK**

The strong performance of the UK promotions division continued to be driven by large scale brand experience activity, as advertisers are increasingly convinced of the benefits of creating major set piece events which can be amplified through social media. Overall, revenues increased 20% to £1,802k (2016: £1,502k) and we booked activations for some notable new brands including Porsche in Glasgow and McLaren F1 in central London.

**Our bespoke MPKs** saw an increase in revenue of 50% to £991k (2016: £661k). The average number of units in operation increased by 19% from 62 in the first half of 2016 to 74 in the first half of 2017. As well as expanding into new venues we exited a number of venues where we were experiencing poorer occupancy and lower commission rates. The increase in like for like revenue was due to higher occupancy rates combined with achieving a higher average booking value. Increasing MPK numbers in the most suitable locations is a key objective of the team moving forward, having demonstrated this novel concept is both an attractive proposition to our clients and a profitable revenue stream.

**UK RMUs**

As a result of the sale of two significant venues by our clients, unit numbers retrenched from 123 to 92. Consequently, revenue declined by 17% from £801k to £661k. However, this department saw the largest restructuring of all divisions at the end of 2016 and therefore, the rebranded POP Retail division is now set to return to profitability in the second half of this year when it delivers the majority of its revenue.

We expect to continue to improve profitability in the second half year as the visibility of forward sales is clear and the pipeline of new business is strong.

**Germany**

**The retail division** saw a planned reduction in the number of RMUs from 112 to 89, driven by a greater focus on the most profitable centres. Revenue dropped 16%, as a consequence, from £1,068k in 2016 to £900k in 2017. However, as a result of the positive renegotiation of our rental obligation and headcount reductions undertaken in 2016, operating profit improved from break even in 2016 to a profit of £90k in 2017. The new management team has focussed on new retailers and new product generation and has brought an energy and forward momentum to this division. The pipeline for the second half is encouraging. We are currently negotiating with our major client a new offer for 2018 and beyond and will update the market as appropriate in due course.

**The promotions division** saw revenue fall to £429k (2016: £544k) and profitability drop to £16k (2016: £145k) as long-term contracts were not renewed. We have been aware of the impending loss of this revenue stream for some time and the structure of the business has been amended to reflect this. The renewal of the overarching contract with their main client is also being negotiated currently and we will update the market accordingly.

The continuation of both divisions in Germany is dependent upon the successful renegotiation of the current contracts that end in January 2018. Although the Board is hopeful that these contracts will be renewed, if this were not the case, then closure costs would be limited and would not have a material impact on Group profitability going forward.

**Outlook**

The focus during the second half of 2017 will be to continue to drive our core UK market. We are in negotiation with several UK property companies which we hope will conclude before the end of the year.

The UK retail division are in discussions with a number of new and interesting retailers and there are new products in the pipeline which we are optimistic will enable our UK retail business to continue its profitable growth trend. The large reorganisation at the end of 2016 saw headcount drop and profits improve and this has been helped by significant IT and CRM enhancements. The first half year results are encouraging and we look to carry this into the second half of the year. Cash generation has been strong in the first half of the year and this will continue in the second half. In addition, the Board remain confident the Group will meet market expectations for the full year and intend to recommence paying a dividend if this momentum is maintained.

Matthew Bending
22 September 2017

**Independent Review Report to SpaceandPeople plc**

***Introduction***

We have been engaged by the company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2017 which comprises, the consolidated statement of comprehensive income, the consolidated statement of financial position, the consolidated statement of cash flows, the consolidated statement of changes in equity and the related explanatory notes. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the company in accordance with the terms of our engagement. Our review has been undertaken so that we might state to the company those matters we are required to state to it in this 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 for our review work, for this report, or for the conclusions we have reached.

***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 AIM Rules for Companies.

As disclosed in note 2, the annual financial statements of the group are prepared in accordance with IFRSs 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, as adopted by the European Union.

***Our Responsibility***

Our responsibility is to express to the Company a conclusion 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, issued by the Auditing Practices Board for use in the United Kingdom. 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 Ireland) 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 six months ended 30 June 2017 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the AIM Rules for Companies.

Campbell Dallas LLP
Chartered Accountants
Statutory Auditors
Titanium 1
King's Inch Place
Renfrew
PA4 8WF

Date: 22 September 2017

Consolidated Group Statement of Comprehensive Income

For the 6 months ended 30 June 2017

| | Notes | **6 months to 30 June '17 (Unaudited) £'000** | **6 months to 30 June '16 (Unaudited) £'000** | **12 months to 31 December '16 (Audited) £'000** |
|---|---|---|---|---|
| **Revenue** | 5 | **4,804** | **4,646** | **9,661** |
| Cost of Sales | | (1,743) | (1,725) | (4,133) |
| **Gross Profit** | | **3,061** | **2,921** | **5,528** |
| Administration expenses | | (2,979) | (3,220) | (5,618) |
| Other operating income | | 110 | 114 | 194 |
| **Operating profit / (loss) before non-recurring costs** | | **192** | **(185)** | **104** |
| Non-recurring costs | | - | - | (289) |
| **Operating Profit / (Loss)** | | **192** | **(185)** | **(185)** |
| Finance income | | - | 31 | - |
| Finance costs | | (19) | (20) | (40) |
| **Profit / (Loss) before taxation** | | **173** | **(174)** | **(225)** |
| Taxation | | (36) | - | (44) |
| **Profit / (Loss) after taxation from continuing operations** | | **137** | **(174)** | **(269)** |
| Discontinued Operations | 6 | - | **(552)** | **(543)** |
| **Profit / (Loss) after taxation** | | **137** | **(726)** | **(812)** |
| **Other comprehensive income** | | | | |
| Foreign exchange differences on translation of foreign operations | | 21 | 143 | 104 |
| **Total comprehensive income for the period** | | **158** | **(583)** | **(708)** |
| **Profit / (Loss) attributable to:** | | | | |
| Owners of the Company | | 143 | (578) | (660) |
| Non-controlling interests | | (6) | (148) | (152) |
| | | **137** | **(726)** | **(812)** |
| **Total comprehensive income for the period attributable to:** | | | | |
| Owners of the Company | | 164 | (435) | (556) |
| Non-controlling interests | | (6) | (148) | (152) |
| | | **158** | **(583)** | **(708)** |
| **Earnings per share** | 14 | | | |
| Basic | | 0.73p | (2.96p) | (3.38p) |
| Diluted | | 0.67p | (2.74p) | (3.12p) |

Consolidated Group Statement of Financial Position

At 30 June 2017

| | Notes | **30 June '17 (Unaudited) £'000** | **30 June '16 (Unaudited) £'000** | **31 December '16 (Audited) £'000** |
|---|---|---|---|---|
| **Assets** | | | | |
| **Non-current assets:** | | | | |
| Goodwill | 7 | 8,225 | 8,225 | 8,225 |
| Other intangible assets | 8 | 21 | 32 | 21 |
| Property, plant & equipment | 9 | 1,431 | 1,702 | 1,558 |
| | | **9,677** | **9,959** | **9,804** |
| **Current assets:** | | | | |
| Trade & other receivables | | 3,067 | 3,685 | 3,350 |
| Cash & cash equivalents | 10 | 1,781 | 778 | 1,584 |
| | | **4,848** | **4,463** | **4,934** |
| **Total assets** | | **14,525** | **14,422** | **14,738** |
| **Liabilities** | | | | |
| **Current liabilities:** | | | | |
| Trade & other payables | | 4,060 | 3,807 | 4,266 |
| Current tax receivable | | (111) | (96) | (146) |
| Other borrowings | 11 | - | - | 1,000 |
| | | **3,949** | **3,711** | **5,120** |
| **Non-current liabilities:** | | | | |
| Deferred tax liabilities | | 90 | 58 | 90 |
| Long term loan | 11 | 1,000 | 1,200 | 200 |
| | | **1,090** | **1,258** | **290** |
| **Total liabilities** | | **5,039** | **4,969** | **5,410** |
| **Net assets** | | **9,486** | **9,453** | **9,328** |
| **Equity** | | | | |
| Share capital | 13 | 195 | 195 | 195 |
| Share premium | | 4,868 | 4,868 | 4,868 |
| Special reserve | | 233 | 233 | 233 |
| Retained earnings | | 3,926 | 3,883 | 3,762 |
| **Equity attributable to owners of the Company** | | **9,222** | **9,179** | **9,058** |
| Non-controlling Interest | | 264 | 274 | 270 |
| **Total equity** | | **9,486** | **9,453** | **9,328** |

Consolidated Group Statement of Cash Flows

For the 6 months ended 30 June 2017

| | Notes | **6 months to 30 June '17 (Unaudited) £'000** | **6 months to 30 June '16 (Unaudited) £'000** | **12 months to 31 December '16 (Audited) £'000** |
|---|---|---|---|---|
| **Cash flows from operating activities** | | | | |
| Cash inflow / (outflow) from operations | | 509 | (290) | 335 |
| Interest paid | | (19) | (20) | (40) |
| Taxation | | (1) | (114) | 128 |
| **Net cash inflow / (outflow) from operating activities** | | **489** | **(424)** | **423** |
| **Cash flows from investing activities** | | | | |
| Interest received | | - | 31 | - |
| Purchase of intangible assets | | (8) | (23) | (25) |
| Purchase of property, plant & equipment | 9 | (84) | (300) | (308) |
| **Net cash outflow from investing activities** | | **(92)** | **(292)** | **(333)** |
| **Cash flows from financing activities** | | | | |
| Bank facility (repaid) / received | 11 | (200) | 200 | 200 |
| Dividends paid | 12 | - | (429) | (429) |
| **Net cash outflow from financing activities** | | **(200)** | **(229)** | **(229)** |
| **Increase / (Decrease) in cash and cash equivalents** | | **197** | **(945)** | **(139)** |
| Cash at beginning of period | | 1,584 | 1,723 | 1,723 |
| **Cash at end of period** | 10 | **1,781** | **778** | **1,584** |
| **Reconciliation of operating profit to net cash flow from operating activities** | | | | |
| Operating profit / (loss) | | 192 | (185) | (185) |
| Operating (loss) from discontinued operations | 6 | - | (300) | (543) |
| Amortisation of intangible assets | | 8 | 8 | 16 |
| Depreciation of property, plant & equipment | | 211 | 223 | 328 |
| Effect of foreign exchange rate moves | | 21 | 143 | 104 |
| Decrease in receivables | | 283 | 520 | 855 |
| (Decrease) in payables | | (206) | (699) | (240) |
| **Cash flow from operating activities** | | **509** | **(290)** | **335** |

Consolidated Group Statement of Changes in Equity

For the 6 months ended 30 June 2017

| 6 months to 30 June '17 | Share capital | Share premium | Special reserve | Retained earnings | Non-controlling Interest | Total equity |
|---|---|---|---|---|---|---|
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| At 1 January '17 | 195 | 4,868 | 233 | 3,762 | 270 | 9,328 |
| Foreign currency translation | - | - | - | 21 | - | 21 |
| Profit / (loss) for the period | - | - | - | 143 | (6) | 137 |
| **At 30 June '17** | **195** | **4,868** | **233** | **3,926** | **264** | **9,486** |

| 6 months to 30 June '16 | Share capital | Share premium | Special reserve | Retained earnings | Non-controlling Interest | Total equity |
|---|---|---|---|---|---|---|
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| At 1 January '16 | 195 | 4,868 | 233 | 4,747 | 170 | 10,213 |
| Foreign currency translation | - | - | - | 143 | - | 143 |
| (Loss) for the period | - | - | - | (578) | (148) | (726) |
| Elimination of non-controlling interest in S&P+ | - | - | - | - | 252 | 252 |
| Dividends paid | - | - | - | (429) | - | (429) |
| **At 30 June '16** | **195** | **4,868** | **233** | **3,883** | **274** | **9,453** |

| 12 months to 31 December '16 | Share capital | Share premium | Special reserve | Retained earnings | Non-controlling Interest | Total equity |
|---|---|---|---|---|---|---|
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| At 1 January '16 | 195 | 4,868 | 233 | 4,747 | 170 | 10,213 |
| Foreign currency translation | - | - | - | 104 | - | 104 |
| (Loss) for the period | - | - | - | (660) | (152) | (812) |
| Elimination of non-controlling interest in S&P+ | - | - | - | - | 252 | 252 |
| Dividends paid | - | - | - | (429) | - | (429) |
| **At 31 December '16** | **195** | **4,868** | **233** | **3,762** | **270** | **9,328** |

Notes to the financial statements

For the 6 months ended 30 June 2017

**1. General information**

SpaceandPeople plc is a limited liability company incorporated and domiciled in Scotland (registered number SC212277) which is listed on AIM (ticker: SAL).

This condensed consolidated interim financial information has been reviewed, but not audited, by the auditors, and their independent review is set out on page 3 of this report. It does not constitute statutory accounts as defined by Section 434 of the Companies Act 2006. The financial information for the 12 months to 31 December 2016 has been extracted from the statutory accounts for that period. These published accounts were reported on by the auditors without qualification or an emphasis of matter reference, and did not include a statement under section 498 of the Companies Act 2006, and have been delivered to the Registrar of Companies.

This condensed consolidated interim financial information was approved by the board on 22 September 2017.

**2. Basis of preparation**

This condensed consolidated interim financial information for the 6 months ended 30 June 2017 has been prepared in accordance with IAS 34 'Interim financial reporting'. The condensed consolidated interim financial information should be read in conjunction with the financial statements of the Group for the period ending 31 December 2016 which were prepared on a going concern basis under the historical cost convention in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union, and those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

**3. Accounting policies**

The accounting policies adopted in the preparation of the condensed consolidated interim financial information are consistent with those applied in the financial statements of the Group for the year ended 31 December 2016.

**4. Seasonality of operations**

Due to the seasonal nature of the retail business, higher revenues and operating profits are usually expected in the second half of the year than in the first six months, particularly for subsidiary companies POP Retail Limited and Retail Profile Europe GmbH.

## 5. Segmental reporting

The Group maintains its head office in Glasgow and an office in Hamburg, Germany. These are reported separately. The Group operates both Promotional Sales and Retail businesses in both the UK and Germany. The Group has determined that these are the principal operating segments as the performance of these segments is monitored separately and reviewed by the board.

The following table presents revenue and profit and loss information regarding the Group's two business segments - Promotional Sales and Retail, split by geographic area. Other segment represents the Groups investments in SpaceandPeople India.

| | Promotions UK | Promotions Germany | Retail UK | Retail Germany | Head Office | Other | Group |
|---|---|---|---|---|---|---|---|
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| 6 months to 30 June '17 | | | | | | | |
| Revenue | 1,802 | 429 | 1,652 | 900 | - | 21 | 4,804 |
| **Segment profit/(loss) before tax** | **489** | **16** | **106** | **90** | **(513)** | **(15)** | **173** |
| 6 months to 30 June '16 | | | | | | | |
| Revenue | 1,502 | 544 | 1,462 | 1,068 | - | 70 | 4,646 |
| **Segment profit/(loss) before tax** | **385** | **145** | **(169)** | **1** | **(456)** | **(80)** | **(174)** |
| 12 months to 31 December '16 | | | | | | | |
| Revenue | 3,185 | 917 | 3,244 | 2,226 | - | 89 | 9,661 |
| **Segment profit/(loss) before tax** | **1,340** | **(155)** | **(215)** | **(272)** | **(908)** | **(15)** | **(225)** |

## 6. Discontinued operations

During the prior period, the Group took decision to close its S&P+ business, which operated in a niche sector distinct from SpaceandPeople's core business. SpaceandPeople owned 51% of S&P+ and didn't consider it prudent to continue funding the venture beyond what had already been provided.

| **Profit / (Loss) for the year from discontinued operations** | 6 months to 30 June '17 £'000 | 6 months to 30 June '16 £'000 | 12 months to 31 December '16 £'000 |
|---|---|---|---|
| Revenue | - | 487 | 487 |
| Cost of Sales | - | (343) | (343) |
| **Gross Profit** | - | **144** | **144** |
| Administration expenses | - | (444) | (435) |
| Results from operating activities (net of tax) to date of disposal | - | (300) | (291) |
| Non-controlling interest eliminated | - | (252) | (252) |
| **(Loss) / profit for period from discontinued operations** | - | **(552)** | **(543)** |

## 7. Goodwill

| *Net book value* | 6 months to 30 June '17 £'000 | 6 months to 30 June '16 £'000 | 12 months to 31 December '16 £'000 |
|---|---|---|---|
| Opening Balance | 8,225 | 8,225 | 8,225 |
| Closing Balance | **8,225** | **8,225** | **8,225** |

## 8. Other intangible assets

| *Net book value* | 6 months to 30 June '17 £'000 | 6 months to 30 June '16 £'000 | 12 months to 31 December '16 £'000 |
|---|---|---|---|
| Opening Balance | 21 | 17 | 17 |
| Additions | 8 | 23 | 25 |
| Elimination of S&P+ | - | - | (8) |
| Amortisation | (8) | (8) | (16) |
| Elimination of S&P+ | - | - | 3 |
| Closing Balance | **21** | **32** | **21** |

## 9. Property, plant and equipment

| *Net book value* | 6 months to 30 June '17 £'000 | 6 months to 30 June '16 £'000 | 12 months to 31 December '16 £'000 |
|---|---|---|---|
| Opening Balance | 1,558 | 1,625 | 1,625 |
| Additions | 84 | 300 | 326 |
| Disposals | - | - | (18) |
| Elimination of S&P+ | - | - | (127) |
| Depreciation | (211) | (223) | (328) |
| Elimination of S&P+ | - | - | 80 |
| Closing Balance | **1,431** | **1,702** | **1,558** |

## 10. Cash & cash equivalents

| | 30 June '17 £'000 | 30 June '16 £'000 | 31 December '16 £'000 |
|---|---|---|---|
| Cash at Bank and on hand | 1,781 | 778 | 1,584 |
| | **1,781** | **778** | **1,584** |

## 11. Non-current liabilities

As at 30 June 2017, SpaceandPeople had drawn down £1.0 million (June 2016: £1.2m) of its agreed long-term bank facility of £1 million (2016: £2 million). The amount drawn is part of a revolving credit facility which is repayable by 31 July 2019. The additional short-term revolving credit facility of £1 million that was repayable by 31 July 2017 was fully repaid as at 30 June 2017.

## 12. Dividends

| | 30 June '17 £'000 | 30 June '16 £'000 | 31 December '16 £'000 |
|---|---|---|---|
| Paid during the period | - | 429 | 429 |

## 13. Called up share capital

| Allotted, issued and fully paid | | | 30 June '17 | 30 June '16 | 31 December '16 |
|---|---|---|---|---|---|
| Class | Nominal value | | | | |
| Ordinary | 1p | £ | 195,196 | 195,196 | 195,196 |
| | | Number | 19,519,563 | 19,519,563 | 19,519,563 |

## 14. Earnings per share

Earnings per share has been calculated using the profit / (loss) after taxation attributable to owners of the company for the period and the weighted average number of shares in issue.

| | 30 June '17 | 30 June '16 | 31 December '16 |
|---|---|---|---|
| | £'000 | £'000 | £'000 |
| Profit / (loss) after taxation attributable to owners of the company | 143 | (578) | (660) |

| | | | |
|---|---|---|---|
| Weighted average number of shares in issue during the period | '000 | '000 | '000 |
| - 1p ordinary shares | 19,520 | 19,520 | 19,520 |
| - Share options | 1,858 | 1,562 | 1,649 |
| - Diluted ordinary shares | 21,378 | 21,082 | 21,169 |

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