

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

30 September 2019

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

Interim Results for the 6 months to 30 June 2019

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 2019.

Highlights

Financial

- Consolidated net revenue broadly flat at £3.8m (H1 2018: £3.8m)
- UK promotional revenue increased £0.3m (20%) to £1.8m
- German retail revenue decreased £0.2m (35%) to £0.5m
- Group loss before taxation £0.04m (H1 2018: loss £0.09m) – improved by £0.05m.
- Net cash outflow from operating activities £0.2m (H1 2018: outflow £1.7m)
- Net cash of £0.56m (June 2018: £0.51m)
- Basic loss per share 0.14p (H1 2018: loss per share 0.40p)

Operational

- Average number of Mobile Promotions Kiosks ("MPKs") in operation increased to 64 (H1 2018: 49)
- Average number of UK Retail Merchandising Units ("RMUs") in operation decreased to 56 (H1 2018: 60)
- Average number of German RMUs in operation decreased to 48 (H1 2018: 74)
- Gained ISO 9001, 14001 & 45001 accreditation

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David Foreman, Will Goode

Chief Executive's Interim Operating Statement

I am happy to present the Group's interim results for 2019. Overall the numbers are quite similar to the same period last year, however, there have been significant movements in some divisions both positive and negative. The UK saw improvements in Brand Experience activity, but this was countered by a delayed roll out of German RMUs in the first half. New promotional and retail clients in the UK in the first half year have complemented a solid performance overall.

UK

Promotions

Unlike the first half of 2018, UK experiential sales were not affected by the football World Cup and very hot start to the summer. However, the way brands spent their money started to evolve with more brands using our clients' spaces for promotion, but utilising them for fewer days and at fewer locations to leverage their activities with social media. We therefore worked hard to deliver more bookings to achieve similar overall revenue. In this context, the 20% increase in UK promotions revenue to £1.8m was particularly pleasing. We also observed a movement away from "dramatic installation" PR led activity, to sampling and subscription sign ups. Agencies are increasingly using our clients' demographic data and footfall statistics to target locations more specifically. This is all symptomatic of their sophisticated strategic thinking in using experiential marketing as a channel to market. We believe that we have unrivalled resources and expertise in this market to manage this evolution. Revenue from operators selling food-to-go and leisure services such as hair dressing and beauty salons has been resilient despite the well documented pressures on the UK retail market overall. Spending has been increasing in retail parks which has mitigated the fall in shopping centre business and demand for our services in this challenging environment has never been as buoyant.

A notable new initiative in the UK has been the creation of "Activate!". The genesis of this programme was Network Rail seeking not just revenues from commercialisation, but wanting to bring educational, cultural and enlightening activities into their concourses. We identified the opportunity and have delivered a programme which has seen institutions such as the Imperial War Museum, Southbank Centre, National Army Museum and Art Academy London undertaking activities that engage rail commuters with interactive events. We anticipate growing this further in 2020 and see this as an important and unique offering for Network Rail demonstrating our keen eye for evolving our offer to meet customer needs.

Retail (MPK & RMU)

In the first half of 2019 we had 64 MPKs in locations throughout the UK (2018: 49 MPKs). This increase was due to the roll-out of MPKs throughout the Hammerson portfolio of shopping centres, however, revenue from these kiosks was lower than in the previous half year at £883k (H1 2018: £947k) due to a reduction in the average revenue achieved by each kiosk. We don't expect to see revenue from this source picking up sufficiently in the second half of the year to make up this shortfall.

The average number of RMUs in operation in the first half of 2019 decreased to 56 (H1 2018: 60) as they were removed from venues at the end of their contracts. As a result of this, revenue from RMUs fell slightly in the first half year.

Overall UK retail revenue fell by £0.1m (6%) compared with the first half of 2018 as a result of the reduction in RMU numbers and MPK average revenue.

ISO Accreditation

The whole UK team worked hard to attain ISO 9001, 14001 and 45001 accreditation for Quality Management Systems, Environmental Management and Occupational Health and Safety which were awarded in July this year. This shows the market our diligence in ensuring that not only do we deliver sales but that they are managed safely and conscientiously.

Germany

In Germany, we had a difficult first half of the year with RMU numbers below our expectations and as a result revenue was down 35% compared to the first half of 2018. However, we are now seeing a significant increase in demand for RMUs which will help recover our position to an extent for 2019 and deliver strong revenue in 2020. ECE/MEC, historically our major client, reduced the number of RMUs in operation in the first half of 2019 to 48 units, the lowest number of units we have operated with them. This has had a major effect on our revenue, but they have now indicated that they wish to expand the estate significantly again and this will see an additional 60 RMUs in place by the end of 2019. We had anticipated this occurring in the third quarter of the year, but will now occur mainly during the fourth quarter which will have some impact on revenue in 2019. We have also signed an agreement with MFI, part of Unibail Rodamco Westfield group, for the provision of RMUs across their estate which we anticipate being approximately 25 RMUs in place for November and December 2019 with a target of 35 units in place for 2020. This is the first time we will have worked with this portfolio and we look forward to working with them on developing other commercialisation streams to them. The estate includes premium malls across Germany.

As a result of these agreements, the outlook is increasingly positive and we anticipate having 140 to 150 RMUs in operation next year, leading to a resurgence in this division in 2020. We currently have the required RMUs available in our warehouses so we will not be required to invest significantly in any additional RMUs to fulfil these contracts. The contracts are on a revenue share basis, so we will have no significant revenue guarantee exposure.

USA

Over the past year we have been developing our relationship with MG Malls, the largest independent out-of-home media business in the USA. We notified the market of the signing of an exclusive sales agreement with MG Malls last year and since then they have been demonstrating the unique benefits of our MPK system has to various US Mall operators. This appears to be starting to move forward, with discussions regarding up to 85 MPKs being considered for 2020. We will be able to gauge their progress before the end of the year.

India

India continues to trade in line with expectations and has recently won new airport contracts in Chennai, Kolkata, Trivandrum and Udaipur. They are well advanced in discussions to engage in a franchise agreement with a client which will open the Sri Lankan market to our products. We continue to explore options to sell this business in 2020.

Overheads

During 2018, the Group carried out a programme of overhead reduction, by streamlining the management structure and reducing headcount in contracting divisions such as German promotions. This has resulted in a £0.2m (9%) reduction in administration expenses in the first half of 2019 compared with the same period in 2018. This programme has continued during 2019 and further savings will flow through in 2020.

Outlook

We were delighted to welcome ASDA to our service during the second quarter. We are initially focussing on a small group of supermarkets but hope to expand this further in 2020. This is part of our strategy to complement our shopping centre estate with alternative high footfall venues, ensuring we have the widest possible portfolio to offer our retail and promotional customers. This is an exciting new market for us and we are working closely with the ASDA asset team to identify opportunities which deliver new complimentary offers for their stores.

Overall 2019 will not see the return to the level of forecasted profits we had previously anticipated although we do anticipate profit before taxation in the region of £0.1m (2018: loss before taxation and non-recurring costs of £0.2m). The slower than expected contract approvals for German RMU expansion coupled with the drag in

the UK in the third quarter as budgets are held back due to market uncertainty will lead to lower than planned revenue in the second half of the year. Quarter four is traditionally the most important quarter for bookings and I am happy to say that the German RMU estate has predominantly been presold to retailers for Christmas 2019. However, in the UK Brexit headwinds are delaying our sales pipeline especially in the experiential market. Brand spend appears to be being held back and we are concerned this will not bounce back as strongly as normal before the end of the year. We will see a positive turnaround in profitability compared to 2018, but it will not be where we had planned. However, the foundations for a sustainable and significant turnaround have begun. Although the resurgence of German RMUs has come too late to have a significant impact on 2019, the new venues joining our service this year and the pipeline of additional venues in development for 2020 is the most positive it has been for many years. This will result in substantial revenue improvements next year.

Matthew Bending
27 September 2019

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 2019 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 2019 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 Audit Services
Accountants
Statutory Auditors
Titanium 1
King's Inch Place
Renfrew
PA4 8WF

Date: 27 September 2019

Consolidated Group Statement of Comprehensive Income

For the 6 months ended 30 June 2019

	Notes	6 months to 30 June '19 (Unaudited) £'000	6 months to 30 June '18 (Unaudited) £'000	12 months to 31 December '18 (Audited) £'000
Revenue	5	3,759	3,851	7,939
Cost of sales		(1,410)	(1,276)	(2,886)
Gross profit		2,349	2,575	5,053
Administration expenses		(2,481)	(2,733)	(5,360)
Other operating income		98	69	136
Operating loss before non-recurring costs		(34)	(89)	(171)
Non-recurring costs		-	-	(244)
Operating loss		(34)	(89)	(415)
Finance income		3	1	7
Finance costs		(9)	-	(7)
Loss before taxation		(40)	(88)	(415)
Taxation		-	-	(282)
Loss after taxation		(40)	(88)	(697)
Other comprehensive income				
Foreign exchange differences on translation of foreign operations		10	8	(5)
Total comprehensive income for the period		(30)	(80)	(702)
Loss attributable to:				
Owners of the Company		(27)	(77)	(674)
Non-controlling interests		(13)	(11)	(23)
		(40)	(88)	(697)
Total comprehensive income for the period attributable to:				
Owners of the Company		(17)	(69)	(679)
Non-controlling interests		(13)	(11)	(23)
		(30)	(80)	(702)
Earnings per share	13			
Basic – Before non-recurring costs		(0.14)p	(0.40)p	(2.2)p
Basic – After non-recurring costs		(0.14)p	(0.40)p	(3.5)p
Diluted – Before non-recurring costs		(0.13)p	(0.35)p	(2.2)p
Diluted – After non-recurring costs		(0.13)p	(0.35)p	(3.5)p

Consolidated Group Statement of Financial Position

At 30 June 2019

	Notes	30 June '19 (Unaudited) £'000	30 June '18 (Unaudited) £'000	31 December '18 (Audited) £'000
Assets				
Non-current assets:				
Goodwill	6	7,981	8,225	7,981
Other intangible assets	7	1	9	4
Property, plant & equipment	8	671	1,026	849
		8,653	9,260	8,834
Current assets:				
Trade & other receivables		3,469	3,180	3,553
Cash & cash equivalents	9	1,056	512	843
		4,525	3,692	4,396
Total assets		13,178	12,952	13,230
Liabilities				
Current liabilities:				
Trade & other payables		3,429	3,095	3,677
Current tax payable / (receivable)		21	(111)	197
		3,450	2,984	3,874
Non-current liabilities:				
Deferred tax liabilities		101	91	101
Long term loan	10	500	-	-
		601	91	101
Total liabilities		4,051	3,075	3,975
Net assets		9,127	9,877	9,255
Equity				
Share capital	12	195	195	195
Share premium		4,868	4,868	4,868
Special reserve		233	233	233
Retained earnings		3,611	4,336	3,726
Equity attributable to owners of the Company		8,907	9,632	9,022
Non-controlling Interest		220	245	233
Total equity		9,127	9,877	9,255

Consolidated Group Statement of Cash Flows

For the 6 months ended 30 June 2019

	Notes	6 months to 30 June '19 (Unaudited) £'000	6 months to 30 June '18 (Unaudited) £'000	12 months to 31 December '18 (Audited) £'000
Cash flow from operating activities				
Cash inflow / (outflow) from operations		9	(1,660)	(1,389)
Interest received		3	1	7
Interest paid		(9)	-	(7)
Taxation		(176)	(65)	(29)
Net cash (outflow) from operating activities		(173)	(1,724)	(1,418)
Cash flows from investing activities				
Purchase of intangible assets		-	-	-
Purchase of property, plant & equipment	8	(16)	(132)	(107)
Net cash outflow from investing activities		(16)	(132)	(107)
Cash flows from financing activities				
Bank facility (repaid) / received	10	500	-	-
Dividends paid	11	(98)	(293)	(293)
Net cash inflow / (outflow) from financing activities		402	(293)	(293)
Increase / (decrease) in cash and cash equivalents		213	(2,149)	(1,818)
Cash at beginning of period		843	2,661	2,661
Cash at end of period	9	1,056	512	843
Reconciliation of operating profit to net cash flow from operating activities				
Operating loss		(34)	(89)	(415)
Write off of goodwill		-	-	244
Amortisation of intangible assets		3	6	11
Depreciation of property, plant & equipment		194	253	405
Effect of foreign exchange rate moves		10	8	(5)
(Increase) / decrease in receivables		84	187	(186)
Decrease in payables		(248)	(2,025)	(1,443)
Cash flow from operating activities		9	(1,660)	(1,389)

Consolidated Group Statement of Changes in Equity

For the 6 months ended 30 June 2019

6 months to 30 June '19	Share capital	Share premium	Special reserve	Retained earnings	Non-controlling Interest	Total equity
	£'000	£'000	£'000	£'000	£'000	£'000
At 1 January '19	195	4,868	233	3,726	233	9,255
Foreign currency translation	-	-	-	10	-	10
Dividends	-	-	-	(98)	-	(98)
Loss for the period	-	-	-	(27)	(13)	(40)
At 30 June '19	195	4,868	233	3,611	220	9,127

6 months to 30 June '18	Share capital	Share premium	Special reserve	Retained earnings	Non-controlling Interest	Total equity
	£'000	£'000	£'000	£'000	£'000	£'000
At 1 January '18	195	4,868	233	4,698	256	10,250
Foreign currency translation	-	-	-	8	-	8
Dividends	-	-	-	(293)	-	(293)
Loss for the period	-	-	-	(77)	(11)	(88)
At 30 June '18	195	4,868	233	4,336	245	9,877

12 months to 31 December '18	Share capital	Share premium	Special reserve	Retained earnings	Non-controlling Interest	Total equity
	£'000	£'000	£'000	£'000	£'000	£'000
At 1 January '18	195	4,868	233	4,698	256	10,250
Foreign currency translation	-	-	-	(5)	-	(5)
Dividends	-	-	-	(293)	-	(293)
Loss for the period	-	-	-	(674)	(23)	(697)
At 31 December '18	195	4,868	233	3,726	233	9,255

Notes to the financial statements

For the 6 months ended 30 June 2018

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 earlier in 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 2018 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 27 September 2019.

2. Basis of preparation

This condensed consolidated interim financial information for the 6 months ended 30 June 2019 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 2018 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 2018.

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 '19							
Revenue	1,764	150	1,362	471	-	12	3,759
Segment profit/(loss) before tax	509	24	116	(246)	(416)	(27)	(40)
6 months to 30 June '18							
Revenue	1,465	199	1,447	722	-	18	3,851
Segment profit/(loss) before Tax	156	(107)	361	(77)	(394)	(27)	(88)
12 months to 31 December '18							
Revenue	3,238	369	3,062	1,236	-	34	7,939
Segment profit/(loss) before tax	378	(153)	494	(256)	(830)	(48)	(415)

6. Goodwill

<i>Net book value</i>	6 months to 30 June '19	6 months to 30 June '18	12 months to 31 December '18
	£'000	£'000	£'000
Opening balance	7,981	8,225	8,225
Impairment charge	-	-	(244)
Closing balance	7,981	8,225	7,981

7. Other intangible assets

<i>Net book value</i>	6 months to 30 June '19	6 months to 30 June '18	12 months to 31 December '18
	£'000	£'000	£'000
Opening balance	4	15	15
Additions	-	-	-
Amortisation	(3)	(6)	(11)
Closing balance	1	9	4

8. Property, plant and equipment

<i>Net book value</i>	6 months to 30 June '19 £'000	6 months to 30 June '18 £'000	12 months to 31 December '18 £'000
Opening balance	849	1,147	1,147
Additions	16	132	107
Disposals	-	-	-
Depreciation	(194)	(253)	(405)
Closing balance	671	1,026	849

9. Cash & cash equivalents

	30 June '19 £'000	30 June '18 £'000	31 December '18 £'000
Cash at bank and on hand	1,056	512	843
	1,056	512	843

10. Non-current liabilities

As at 30 June 2019, SpaceandPeople had drawn down £500k (June 2018: £nil) of its agreed long-term revolving credit facility of £1 million (2018: £1 million) which is repayable by 31 October 2021.

11. Dividends

	30 June '19 £'000	30 June '18 £'000	31 December '18 £'000
Paid during the period	98	293	293

12. Called up share capital

Allotted, issued and fully paid			30 June '19	30 June '18	31 December '18
Class	Nominal value				
Ordinary	1p	£	195,196	195,196	195,196
		Number	19,519,563	19,519,563	19,519,563

13. 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 '19 £'000	30 June '18 £'000	31 December '18 £'000
Loss after tax for the period attributable to owners of the Company	(27)	(77)	(679)
Non-recurring items	-	-	244
Loss after tax for the period before non-recurring costs attributable to owners of the Company	(27)	(77)	(435)
Weighted average number of shares in issue during the period	'000	'000	'000
- 1p ordinary shares	19,520	19,520	19,520
- Share options	1,033	2,550	2,028
- Diluted ordinary shares	20,553	22,070	21,548

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