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.

16 October 2020

SpaceandPeople plc
(“SpaceandPeople” or the “Group”)

Interim Results for the 6 months to 30 June 2020

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 2020.

Highlights

Financial

- Consolidated net revenue down 72% to £1.1m (H1 2019: £3.8m)
- Group loss before non-recurring costs and taxation £1.6m (H1 2019: loss £0.0m)
- Net cash outflow from operating activities £0.3m (H1 2019: outflow £0.2m)
- Facility headroom at 30 June 2020 of £2.2m (June 2019: £1.8m) and £1.6m at 30 September 2020 (September 2019: £0.9m)
- Basic loss per share before non-recurring costs 8.3p (H1 2019: loss per share 0.0p)

Operational

- Nancy Cullen promoted to Group Chief Executive Officer and Andrew Keiller as Chief Operating Officer
- Successful application for £1 million under CBIL Scheme
- Business effectively ceased for three months in quarter two of the year with venues beginning to reopen from May in Germany and June in the UK
- Substantial overhead reduction programme now completed

Contact details:

SpaceandPeople Plc **0845 241 8215**

Nancy Cullen, Gregor Dunlay

Zeus Capital Limited (Nominated Adviser and Broker) **0203 829 5000**

David Foreman, Jamie Peel, Rishi Majithia

Chief Executive's Interim Operating Statement

As you would expect, 2020 has been a very challenging year for the Group so far. The Covid-19 pandemic has impacted all areas of our business in every territory we operate. The challenge to our staff, clients, promoters and operators has been enormous and I am extremely grateful to them all for their help, resilience and understanding. I would have liked for my first report as CEO to have been during more normal times, however, I am proud of how the Group has coped with the challenges it has faced and I look forward to better times in the future.

Trading during the period

Prior to lockdown, trading in the UK and Germany had been going to plan and we were looking forward to a successful 2020. However, the period of lockdown from mid-March until the summer and the continuing restrictions and economic climate have had a profound effect on our key territories of the UK and Germany.

During lockdown, almost all of our activities had to stop and as a result, all bookings for that period were cancelled or postponed. For three months, we recorded virtually no revenue. Additionally, for revenue that had already been recognised for confirmed bookings, significant credits had to be raised and provisions of £464k made in relation to possible cancellations of existing promotional bookings in the UK. This led to a substantial decrease in revenue across the Group and significant losses in the first half of 2020.

This put considerable strain on the existing cash reserves of the business, however, we have been able to stabilise and underpin our position by utilising the UK Government backed CBIL Scheme to borrow an additional £1 million as well as salary support schemes in both the UK and Germany. The effect of this has been that we continue to function as normal and meet our commitments as they become due, while still having significant cash headroom in the business. Unfortunately, we also had to take the decision to rationalise and reshape the business to cope with the immediate and anticipated medium term reduction in trade. As a result, we had to make a number of redundancies, predominantly in the UK. This is particularly upsetting as a number of these people had been with the business for many years. We have also made significant savings in office rents with a move to smaller and less expensive, although more suitable and attractive accommodation in Glasgow, and other overheads as we have looked to reduce costs wherever appropriate.

The Board also took the unprecedented step of cancelling the final dividend for 2019. I am very grateful for the messages of support that we had from shareholders supporting this decision. We have always been a business that likes to pay dividends and we will aim to reintroduce them as soon as it is prudent for us to do so.

Emerging from lockdown

Germany began to emerge from lockdown before the UK and after a few months of rebuilding trade, we are now almost back to normal levels of trading in Germany in each month. However, confidence among some operators remains fragile and we are working hard to rebuild this before the important Christmas trading period begins.

In the UK, we have been emerging from lockdown in stages. The first of our main venues to reopen were retail parks in June, followed by shopping centres a few weeks later. Since then, the majority of our trade has been in retail bookings as brand experience and customer acquisition business has remained difficult to implement. Restrictions on media budgets and nervousness about running activations whilst social distancing needs to be maintained has led to activity cancellation and has had a strong depressive effect on the brand business. We have, however, successfully retained good levels of retail business driven by the demand for short-term pop-up style activity which can operate without long term commitment and we have focussed our sales resource to selling key products and services that are relevant to the current market.

The one major venue type that remained closed for the majority of bookings was railway stations, but I am happy to advise that we have now restarted booking in selected stations with promoters showing interest in resuming their business. The fact that we are not solely focused on one venue type has been crucial in restarting the business and we continue to look to diversify our venue portfolio further.

We have also launched a new initiative called "Revive" which specifically targets occupation of vacant retail shops with local, online and new-to-market retailers. There is real demand for this from property owners and we have successfully delivered our first bookings.

<u>Outlook</u>

As I write this, Covid-19 cases in the UK are on the rise again and local restrictions are being put in place in many areas of the country. Our industry is slowly recovering, but is by no means back to normal. When we forecast the outlook for our business earlier this year, we assumed scenarios where there were further lockdowns. Although this would be extremely unwelcome news for us, we are confident that we will be able to trade through such events and emerge in a position to take advantage of the recovery. We have good cash headroom, are streamlined and very focused on achieving results and seeing the grass roots of recovery in bookings from 2021 onwards.

Finally, it was announced recently that my co-founder of the business and previous CEO, Matthew Bending, has retired from the business. I would like personally to thank Matt for leading the business for the past 20 years and for all the effort he put in to developing the idea of commercialisation into what it has become. I wish him well for the future.

Nancy Cullen
15 October 2020

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 2020 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 2020 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.

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

Date: 15 October2020

Consolidated Group Statement of Comprehensive Income

For the 6 months ended 30 June 2020

	Notes	6 months to 30 June '20 (Unaudited) £'000	6 months to 30 June '19 as restated (Unaudited) £'000	12 months to 31 December '19 (Audited) £'000
Revenue	4	**1,075**	**3,785**	**7,735**
Cost of sales		(829)	(1,410)	(2,865)
Gross profit		**246**	**2,375**	**4,870**
Administration expenses		(1,914)	(2,481)	(4,955)
Other operating income		44	98	175
Operating (loss) / profit before non-recurring costs		**(1,624)**	**(8)**	**90**
Non-recurring costs	5	(497)	-	-
Operating (loss) / profit		**(2,121)**	**(8)**	**90**
Finance income		5	3	4
Finance costs		(14)	(9)	(23)
(Loss) / profit before taxation		**(2,130)**	**(14)**	**71**
Taxation		-	-	(21)
Loss after taxation		**(2,130)**	**(14)**	**50**
Other comprehensive income				
Foreign exchange differences on translation of foreign operations		3	10	(21)
Total comprehensive income for the period		**(2,127)**	**(4)**	**29**
Loss attributable to:				
Owners of the Company		(1,892)	(1)	68
Non-controlling interests		(238)	(13)	(18)
		(2,130)	**(14)**	**50**
Total comprehensive income for the period attributable to:				
Owners of the Company		(1,889)	9	47
Non-controlling interests		(238)	(13)	(18)
		(2,127)	**(4)**	**29**
Earnings per share	14			
Basic – Before non-recurring costs		(8.3)p	(0.0)p	0.4p
Basic – After non-recurring costs		(9.7)p	(0.0)p	0.4p
Diluted – Before non-recurring costs		(7.6)p	(0.0)p	0.3p
Diluted – After non-recurring costs		(8.8)p	(0.0)p	0.3p

Consolidated Group Statement of Financial Position

At 30 June 2020

	Notes	30 June '20 (Unaudited) £'000	30 June '19 as restated (Unaudited) £'000	31 December '19 (Audited) £'000
Assets				
Non-current assets:				
Goodwill	7	7,981	7,981	7,981
Other intangible assets	8	-	1	-
Property, plant & equipment	9	940	934	894
		8,921	**8,916**	**8,875**
Current assets:				
Trade & other receivables		1,486	3,469	3,428
Cash & cash equivalents	10	1,729	1,056	1,227
		3,215	**4,525**	**4,655**
Total assets		**12,136**	**13,441**	**13,530**
Liabilities				
Current liabilities:				
Trade & other payables		2,825	3,423	3,259
Current tax payable / (receivable)		138	42	82
		2,963	**3,465**	**3,341**
Non-current liabilities:				
Deferred tax liabilities		(3)	101	(3)
Lease liabilities		271	126	160
Long term loans	11	1,750	500	750
		2,018	**727**	**907**
Total liabilities		**4,981**	**4,192**	**4,248**
Net assets		**7,155**	**9,249**	**9,282**
Equity				
Share capital	13	195	195	195
Share premium		4,868	4,868	4,868
Special reserve		233	233	233
Retained earnings		1,882	3,733	3,771
Equity attributable to owners of the Company		**7,178**	**9,029**	**9,067**
Non-controlling Interest		(23)	220	215
Total equity		**7,155**	**9,249**	**9,282**

Consolidated Group Statement of Cash Flows

For the 6 months ended 30 June 2020

	Notes	6 months to 30 June '20 (Unaudited) £'000	6 months to 30 June '19 as restated (Unaudited) £'000	12 months to 31 December '19 (Audited) £'000
Cash flow from operating activities				
Cash inflow / (outflow) from operations		(387)	9	252
Interest received		5	3	4
Interest paid		(14)	(9)	(23)
Taxation		56	(176)	(262)
Net cash (outflow) from operating activities		**(340)**	**(173)**	**(29)**
Cash flows from investing activities				
Purchase of intangible assets		-	-	(1)
Purchase of property, plant & equipment	9	(21)	(16)	(47)
Net cash outflow from investing activities		**(21)**	**(16)**	**(48)**
Cash flows from financing activities				
Bank loans drawn	11	1,000	500	750
Payment of finance lease obligations		(137)	-	(191)
Dividends paid	12	-	(98)	(98)
Net cash inflow / (outflow) from financing activities		**863**	**402**	**461**
Increase / (decrease) in cash and cash equivalents		**502**	**213**	**384**
Cash at beginning of period		1,227	843	843
Cash at end of period	10	**1,729**	**1,056**	**1,227**
Reconciliation of operating profit to net cash flow from operating activities				
Operating loss		(2,121)	(8)	90
Amortisation of intangible assets		-	3	5
Depreciation of property, plant & equipment		219	194	551
Effect of foreign exchange rate moves		8	10	(13)
Decrease in receivables		1,942	84	125
Decrease in payables		(435)	(274)	(506)
Cash flow from operating activities		**(387)**	**9**	**252**

Consolidated Group Statement of Changes in Equity

For the 6 months ended 30 June 2020

6 months to 30 June '20	Share capital	Share premium	Special reserve	Retained earnings	Non-controlling Interest	Total equity
	£'000	£'000	£'000	£'000	£'000	£'000
At 1 January '20	195	4,868	233	3,771	215	9,282
Foreign currency translation	-	-	-	3	-	3
Loss for the period	-	-	-	(1,892)	(238)	(2,130)
At 30 June '20	**195**	**4,868**	**233**	**1,882**	**(23)**	**7,155**

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 as originally stated for interim to 30/6/2019	195	4,868	233	3,726	233	9,255
Prior period adjustment	-	-	-	96	-	96
Restated total equity at 1 January '19	195	4,868	233	3,822	233	9,351
Foreign currency translation	-	-	-	10	-	10
Dividends	-	-	-	(98)	-	(98)
Loss for the period	-	-	-	(1)	(13)	(14)
At 30 June '19	**195**	**4,868**	**233**	**3,733**	**220**	**9,249**

12 months to 31 December '19	Share capital	Share premium	Special reserve	Retained earnings	Non-controlling Interest	Total equity
	£'000	£'000	£'000	£'000	£'000	£'000
At 1 January '19 as originally stated for year to 31/12/2018	195	4,868	233	3,726	233	9,255
Prior period adjustment	-	-	-	96	-	96
Restated total equity at 1 January '19	195	4,868	233	3,822	233	9,351
Foreign currency translation	-	-	-	(21)	-	(21)
Dividends	-	-	-	(98)	-	(98)
Loss for the period	-	-	-	68	(18)	50
At 31 December '19	**195**	**4,868**	**233**	**3,771**	**215**	**9,282**

Notes to the financial statements

For the 6 months ended 30 June 2020

1. General information

SpaceandPeople plc is a limited liability company incorporated and domiciled in Scotland (registered number SC212277) which is quoted 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 2019 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 15 October 2020.

2. Basis of preparation

This condensed consolidated interim financial information for the 6 months ended 30 June 2020 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 2019 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 2019.

A reclassification of right of use assets and lease obligations arising from the application of IFRS 16 has been reported within the comparative 6 month period to 30 June 2019. There is no impact on the previously reported profit or equity as a result of the reclassification.

Going Concern

Given the current and ongoing COVID-19 pandemic and the effect that it has had on the business, the Directors feel that it is appropriate for specific mention to be made in these Interim Results.

As disclosed in the 2019 Financial Statements, the Group had ensured that it had sufficient liquidity as a result of utilising the CBIL and Job Retention schemes as well as carrying out an overhead reduction plan and agreeing payment plans with HMRC and cancelling the final dividend. This has helped the Group manage the financial implications of the pandemic well and cash reserves are better than had been anticipated at this time.

The majority of the Group's clients are now conducting business with us again and given the reduced running costs of the Group and the current cash position, the financial projections beyond October 2020 demonstrate that the Group is able to operate within its current funding arrangements for the foreseeable future. Although the Directors cannot foresee all possible circumstances that may affect the Group in the future, they believe that, taking account of the forecasts, future plans and available cash resources, the Group will have sufficient resources to meet its financial commitments as they fall due.

As such, the Directors consider that it is appropriate to prepare the financial statements on a going concern basis.

4. 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 '20							
Revenue	9	64	584	418	-	-	1,075
Segment loss before tax	**(799)**	**(63)**	**(18)**	**(275)**	**(465)**	**(510)**	**(2,130)**
6 months to 30 June '19 as restated							
Revenue	1,790	150	1,362	471	-	12	3,785
Segment profit/(loss) before Tax	**535**	**24**	**116**	**(246)**	**(416)**	**(27)**	**(14)**
12 months to 31 December '19							
Revenue	3,519	312	2,839	993	-	72	7,735
Segment profit/(loss) before tax	**1,060**	**83**	**407**	**(597)**	**(841)**	**(41)**	**71**

UK promotional revenue and loss before tax in the 6 months to 30 June 2020 has been reduced by £464k as a result of a provision made for both possible and confirmed cancellations of bookings as a result of the temporary closure of venues during that period.

5. Non-recurring costs

Management continued to assess the viability of the Indian business during the period. Following a review of the carrying value of assets and liabilities in S&P India Pvt Limited, debtors with the previous book value of £497k were deemed to be impaired and were written down in full. The directors consider this adjustment to be a non-recurring cost.

6. Prior year adjustment

In the second half of 2019 a required adjustment was identified to reflect the impact of revenue under recognised as a result of a material error in the application of contract terms in the revenue calculation. This resulted in a prior period adjustment being made in the 2018 results. The 2019 adjustment included £26k in relation to the first 6 months and as such revenue has been increased by £26k in the six month period to 30 June 2019. The full amount of this revenue has been recovered.

7. Goodwill

Net book value	6 months to 30 June '20	6 months to 30 June '19	12 months to 31 December '19
	£'000	£'000	£'000
Opening balance	7,981	7,981	7,981
Impairment charge	-	-	-
Closing balance	**7,981**	**7,981**	**7,981**

8. Other intangible assets

Net book value	6 months to 30 June '20	6 months to 30 June '19	12 months to 31 December '19
	£'000	£'000	£'000
Opening balance	-	4	4
Additions	-	-	1
Amortisation	-	(3)	(5)
Closing balance	**-**	**1**	**-**

9. Property, plant and equipment

Net book value	6 months to 30 June '20 £'000	6 months to 30 June '19 £'000	12 months to 31 December '19 £'000
Opening balance	894	849	849
Additions on application of IFRS16	-	263	328
IFRS16 Lease additions	248	-	-
Additions	21	16	276
Forex	5	-	(8)
Disposals	(9)	-	-
Depreciation	(219)	(194)	(551)
Closing balance	**940**	**934**	**894**

The right of use lease liabilities are secured against the right of use assets.

10. Cash & cash equivalents

	30 June '20 £'000	30 June '19 £'000	31 December '19 £'000
Cash at bank and on hand	1,729	1,056	1,227
	1,729	**1,056**	**1,227**

11. Non-current liabilities

As at 30 June 2020, SpaceandPeople had drawn down £750k (June 2019: £500k) of its agreed long-term revolving credit facility of £1 million (2019: £1 million) which is repayable by 31 October 2021. Additionally, a £1 million CBILS loan with a term of five years was drawn down as at 30 June 2020 (June 2019: £ nil). The Group also has a £250k overdraft facility that was not drawn.

12. Dividends

	30 June '20 £'000	30 June '19 £'000	31 December '19 £'000
Paid during the period	-	98	98

13. Called up share capital

Allotted, issued and fully paid			30 June '20	30 June '19	31 December '19
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 '20 £'000	30 June '19 as restated £'000	31 December '19 as restated £'000
(Loss) / profit after tax for the period attributable to owners of the Company	(1,892)	(1)	68
Non-recurring items	273	-	-
(Loss) / profit after tax for the period before non-recurring costs attributable to owners of the Company	(1,619)	(1)	68
Weighted average number of shares in issue during the period	'000	'000	'000
- 1p ordinary shares	19,520	19,520	19,520
- Share options	1,874	1,033	1,471
- Diluted ordinary shares	21,394	20,553	20,991