

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**

**28 September 2018**

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

**Interim Results for the 6 months to 30 June 2018**

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 2018.

**Highlights**

- Consolidated net revenue £3.85m (2017: £4.80m) – Down £0.95m – 20%
- Retail division (UK and Germany) revenue fell £0.38m but contribution before tax increased £0.09m to £0.28m
- Promotions division (UK and Germany) revenue fell £0.57m and contribution before tax fell £0.47m to £0.04m
- Group loss before taxation £0.09m (2017: profit £0.17m) – Down £0.26m. However, new revenue strategies and cost savings actioned in the first half, together with the Group's activities being second half weighted, mean the Board expects to generate a profit of not less than £0.2m for the full year
- Net cash outflow from operating activities £1.72m (2017: inflow £0.49m)
- Net cash of £0.51m (2017: £0.78m)
- Basic earnings per share (0.40)p (2017: 0.73p)

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David Foreman, Will Goode

## Chief Executive's Interim Operating Statement

We went into 2018 on the back of a strong performance in 2017 with the key objective of winning new clients following the recruitment of additional client and venue focused resources. We also had the aim of extending our PopUp concept into new venues during 2018. I am happy to report that we are making progress on both of these objectives with momentum now being established. However, progress, although positive, has not occurred as quickly as we had originally anticipated. I remain confident that we will be on plan for new business and kiosks by the end of this year.

As I mentioned in my report for the year to December 2017, experiential sales in the UK had been slower than expected at the start of 2018. Unfortunately, this trend continued with adverse weather conditions in two quarters and the diversion of the World Cup. These events have had an adverse effect on footfall in Germany and the UK and a reduction of advertising spend in the UK, that said we have seen sales return to anticipated sales levels in Quarter 3.

Revenue has reduced by 20% in the first half of 2018 compared with the previous year. Some of this reduction was anticipated in the UK retail and German promotional divisions, however the fall in UK promotional and German retail revenue was disappointing.

### Divisional review

#### The UK

As I mentioned above, promotional revenue in the UK was lower in the first half of 2018 compared with the previous year. The 19% reduction was predominantly in the Brand Experience department. Two significant campaigns that we enabled in 2017 rebooked at significantly lower volumes in 2018 plus tactical advertising spend was diverted away from Experiential campaigns up to and during the World cup.

Revenue in the retail and MPK division was 12% lower than in 2017 due to the removal of a number of units from venues and a lower sales volume for MPK's. Although revenue fell, the contribution margin of this division increased significantly from 6% to 25%, as several of the units that were removed had not been making a profit.

#### Germany

**The retail division** saw a reduction in the number of RMUs from 94 units at the start of 2018 to 70 at the end of June. This reduction in units was as a result of the agreement with ECE for the extension of the contract into 2018, where an agreed number of RMUs were removed from some centres during the first quarter of 2018. This reduction happened earlier in the year than had been anticipated and an element of forecasted revenue was lost as a result. Additionally, average occupancy of the RMUs in the first half of the year was poorer than had been expected. The cause of this has been identified and we are putting in place new contracts with operators to address this going forward. Overall, the German RMU division made a loss of £0.08m in the first half year (2017: profit of £0.09m). The team in Germany are working hard to deliver POP Up units in the second half of the year and they are also trialling units with potential new venues.

**The promotions division** saw revenue fall to £0.20m (2017: £0.43m) and profitability drop to a loss of £0.1m (2017: profit of £0.02m). This was as a result of the remaining long-term contracts with ECE coming to an end with no new long-term contracts being concluded to replace them. As stated previously, we were aware of the impending loss of this revenue stream and the size of the team in this division has now been reduced substantially while they seek new opportunities.

## **Outlook**

The focus during the second half of 2018 is to get back on track with UK promotional revenue and continue to develop the PopUp business in both the UK and Germany. We are currently having positive conversations with multiple venue owners both in the UK and Germany and we feel that although the reduced revenue in 2018 is a setback, it does not structurally undermine our strategy of new venue acquisition and product solutions to our venue owners.

There have been a number of cost savings achieved in the year so far, mostly through a decrease in headcount. This will result in a like for like reduction in overheads of £0.3m in 2019 compared with 2018. The group is now properly resourced for the scale of the current business, but also has the ability to develop new business opportunities for the future.

As a result of the slower than expected first half year along with the reduced expectations for Popup units in the second half of the year, the Board has revised market expectations for the full year to being an operating profit of £0.2m, down from the previous expectation of £1.0 million.

We are confident that we can regain sales momentum for next year which combined with the costs savings already identified. Our 2019 forecasts being unchanged despite the lower than anticipated 2018 outturn.

The group will generate a profit this year and it is the Board's intention to maintain our dividend policy.

Matthew Bending  
27 September 2018

## **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 2018 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 2018 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  
Chartered Accountants  
Statutory Auditors  
Titanium 1  
King's Inch Place  
Renfrew  
PA4 8WF

Date: 27 September 2018

Consolidated Group Statement of Comprehensive Income

For the 6 months ended 30 June 2018

	Notes	<b>6 months to 30 June '18 (Unaudited) £'000</b>	<b>6 months to 30 June '17 (Unaudited) £'000</b>	<b>12 months to 31 December '17 (Audited) £'000</b>
Revenue	5	3,851	4,804	9,995
Cost of sales		(1,276)	(1,743)	(3,389)
<b>Gross profit</b>		<b>2,575</b>	<b>3,061</b>	<b>6,606</b>
Administration expenses		(2,733)	(2,979)	(5,640)
Other operating income		69	110	210
<b>Operating (loss) / profit before non-recurring costs</b>		<b>(89)</b>	<b>192</b>	<b>1,176</b>
<b>Operating (loss) / profit</b>		<b>(89)</b>	<b>192</b>	<b>1,176</b>
Finance income		1	-	12
Finance costs		-	(19)	(35)
<b>(Loss) / profit before taxation</b>		<b>(88)</b>	<b>173</b>	<b>1,153</b>
Taxation		-	(36)	(237)
<b>(Loss) / profit after taxation from continuing operations</b>		<b>(88)</b>	<b>137</b>	<b>916</b>
<b>(Loss) / profit after taxation</b>		<b>(88)</b>	<b>137</b>	<b>916</b>
<b>Other comprehensive income</b>				
Foreign exchange differences on translation of foreign operations		8	21	3
<b>Total comprehensive income for the period</b>		<b>(80)</b>	<b>158</b>	<b>919</b>
<b>(Loss) / profit attributable to:</b>				
Owners of the Company		(77)	143	930
Non-controlling interests		(11)	(6)	(14)
		<u><b>(88)</b></u>	<u><b>137</b></u>	<u><b>916</b></u>
<b>Total comprehensive income for the period attributable to:</b>				
Owners of the Company		(69)	164	933
Non-controlling interests		(11)	(6)	(14)
		<u><b>(80)</b></u>	<u><b>158</b></u>	<u><b>919</b></u>
<b>Earnings per share</b>	13			
Basic		(0.40)p	0.73p	4.8p
Diluted		(0.35)p	0.67p	4.3p

Consolidated Group Statement of Financial Position

At 30 June 2018

	Notes	30 June '18 (Unaudited) £'000	30 June '17 (Unaudited) £'000	31 December '17 (Audited) £'000
<b>Assets</b>				
<b>Non-current assets:</b>				
Goodwill	6	8,225	8,225	8,225
Other intangible assets	7	9	21	15
Property, plant & equipment	8	1,026	1,431	1,147
		<b>9,260</b>	<b>9,677</b>	<b>9,387</b>
<b>Current assets:</b>				
Trade & other receivables		3,180	3,067	3,367
Cash & cash equivalents	9	512	1,781	2,661
		<b>3,692</b>	<b>4,848</b>	<b>6,028</b>
<b>Total assets</b>		<b>12,952</b>	<b>14,525</b>	<b>15,415</b>
<b>Liabilities</b>				
<b>Current liabilities:</b>				
Trade & other payables		3,095	4,060	5,120
Current tax receivable		(111)	(111)	(46)
		<b>2,984</b>	<b>3,949</b>	<b>5,074</b>
<b>Non-current liabilities:</b>				
Deferred tax liabilities		91	90	91
Long term loan	10	-	1,000	-
		<b>91</b>	<b>1,090</b>	<b>91</b>
<b>Total liabilities</b>		<b>3,075</b>	<b>5,039</b>	<b>5,165</b>
<b>Net assets</b>		<b>9,877</b>	<b>9,486</b>	<b>10,250</b>
<b>Equity</b>				
Share capital	12	195	195	195
Share premium		4,868	4,868	4,868
Special reserve		233	233	233
Retained earnings		4,336	3,926	4,698
<b>Equity attributable to owners of the Company</b>		<b>9,632</b>	<b>9,222</b>	<b>9,994</b>
Non-controlling Interest		245	264	256
<b>Total equity</b>		<b>9,877</b>	<b>9,486</b>	<b>10,250</b>

Consolidated Group Statement of Cash Flows

For the 6 months ended 30 June 2018

	Notes	6 months to 30 June '18 (Unaudited) £'000	6 months to 30 June '17 (Unaudited) £'000	12 months to 31 December '17 (Audited) £'000
<b>Cash flows from operating activities</b>				
Cash inflow / (outflow) from operations		(1,660)	509	2,559
Interest received		1	-	12
Interest paid		-	(19)	(35)
Taxation		(65)	(1)	(136)
<b>Net cash inflow / (outflow) from operating activities</b>		<b>(1,724)</b>	<b>489</b>	<b>2,400</b>
<b>Cash flows from investing activities</b>				
Purchase of intangible assets		-	(8)	(12)
Purchase of property, plant & equipment	8	(132)	(84)	(111)
<b>Net cash outflow from investing activities</b>		<b>(132)</b>	<b>(92)</b>	<b>(123)</b>
<b>Cash flows from financing activities</b>				
Bank facility (repaid) / received	10	-	(200)	(1,200)
Dividends paid	12	(293)	-	-
<b>Net cash outflow from financing activities</b>		<b>(293)</b>	<b>(200)</b>	<b>(1,200)</b>
<b>Increase / (decrease) in cash and cash equivalents</b>		<b>(2,149)</b>	<b>197</b>	<b>1,077</b>
Cash at beginning of period		2,661	1,584	1,584
<b>Cash at end of period</b>	9	<b>512</b>	<b>1,781</b>	<b>2,661</b>
<b>Reconciliation of operating profit to net cash flow from operating activities</b>				
Operating (loss) / profit		(89)	192	1,176
Amortisation of intangible assets		6	8	18
Depreciation of property, plant & equipment		253	211	522
Effect of foreign exchange rate moves		8	21	6
(Increase) / decrease in receivables		187	283	(17)
Increase / (decrease) in payables		(2,025)	(206)	854
<b>Cash flow from operating activities</b>		<b>(1,660)</b>	<b>509</b>	<b>2,559</b>

Consolidated Group Statement of Changes in Equity

For the 6 months ended 30 June 2018

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)
Profit / (loss) for the period	-	-	-	(77)	(11)	(88)
<b>At 30 June '18</b>	<b>195</b>	<b>4,868</b>	<b>233</b>	<b>4,336</b>	<b>245</b>	<b>9,877</b>

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
<b>At 30 June '17</b>	<b>195</b>	<b>4,868</b>	<b>233</b>	<b>3,926</b>	<b>264</b>	<b>9,486</b>

12 months to 31 December '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	-	-	-	3	-	3
Profit / (loss) for the period	-	-	-	933	(14)	919
<b>At 31 December '17</b>	<b>195</b>	<b>4,868</b>	<b>233</b>	<b>4,698</b>	<b>256</b>	<b>10,250</b>



## 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 2017 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 2018.

### **2. Basis of preparation**

This condensed consolidated interim financial information for the 6 months ended 30 June 2018 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 2017 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 2017.

### **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 '18							
Revenue	1,465	199	1,447	722	-	18	3,851
<b>Segment profit/(loss) before tax</b>	<b>156</b>	<b>(107)</b>	<b>361</b>	<b>(77)</b>	<b>(394)</b>	<b>(27)</b>	<b>(88)</b>
6 months to 30 June '17							
Revenue	1,802	429	1,652	900	-	21	4,804
<b>Segment profit/(loss) before tax</b>	<b>489</b>	<b>16</b>	<b>106</b>	<b>90</b>	<b>(513)</b>	<b>(15)</b>	<b>173</b>
12 months to 31 December '17							
Revenue	3,695	807	3,438	1,993	-	62	9,995
<b>Segment profit/(loss) before tax</b>	<b>1,950</b>	<b>(19)</b>	<b>401</b>	<b>163</b>	<b>(1,307)</b>	<b>(35)</b>	<b>1,153</b>

## 6. Goodwill

<i>Net book value</i>	6 months to 30 June '18 £'000	6 months to 30 June '17 £'000	12 months to 31 December '17 £'000
Opening balance	8,225	8,225	8,225
Closing balance	<b>8,225</b>	<b>8,225</b>	<b>8,225</b>

## 7. Other intangible assets

<i>Net book value</i>	6 months to 30 June '18 £'000	6 months to 30 June '17 £'000	12 months to 31 December '17 £'000
Opening balance	15	21	21
Additions	-	8	12
Amortisation	(6)	(8)	(18)
Closing balance	<b>9</b>	<b>21</b>	<b>15</b>

**8. Property, plant and equipment**

<i>Net book value</i>	6 months to 30 June '18 £'000	6 months to 30 June '17 £'000	12 months to 31 December '17 £'000
Opening balance	1,147	1,558	1,558
Additions	132	84	111
Disposals	-	-	-
Depreciation	(253)	(211)	(522)
Closing balance	<u>1,026</u>	<u>1,431</u>	<u>1,147</u>

**9. Cash & cash equivalents**

	30 June '18 £'000	30 June '17 £'000	31 December '17 £'000
Cash at bank and on hand	512	1,781	2,661
	<u>512</u>	<u>1,781</u>	<u>2,661</u>

**10. Non-current liabilities**

As at 30 June 2018, SpaceandPeople had not drawn down (June 2017: £1.0m) of its agreed long-term revolving credit facility of £1 million (2017: £1 million) which is repayable by 31 July 2019.

**11. Dividends**

	30 June '18 £'000	30 June '17 £'000	31 December '17 £'000
Paid during the period	293	-	-

**12. Called up share capital**

Allotted, issued and fully paid			30 June '18	30 June '17	31 December '17
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 '18 £'000	30 June '17 £'000	31 December '17 £'000
Profit / (loss) after taxation attributable to owners of the company	(77)	143	930

Weighted average number of shares in issue during the period	'000	'000	'000
- 1p ordinary shares	19,520	19,520	19,520
- Share options	2,550	1,858	2,320
- Diluted ordinary shares	22,070	21,378	21,840

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