

25 September 2023

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

Interim results for the six months ended 30 June 2023

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 its interim results for the six months ended 30 June 2023.

Highlights

Financial

- Group revenue up 5% to £2,537k (H1 2022: £2,413k) due to German retail revenue increasing by 38% to £801k (H1 2022: £582k), partially offset by a decline in UK retail revenue of 23% to £468k (H1 2022: £609k).
- Operating loss increased by 11% to £355k (H1 2022: £320k) due to an increase in administration expenses including professional fees and staff costs.
- Loss after tax increased by 13% to £351k (H1 2022: £311k).
- Net cash outflow from operating activities of £1,058k (H1 2022: £470k) primarily due to reduction in creditors with a significant creditor as at 31 December 2022 being paid during H1 2023.
- Facility headroom at 30 June 2023 of £1,306k (30 June 2022: £1,368k) which has been increased post period end to £1,537k at 22 September 2023 (23 September 2022: £1,550k).
- Net bank debt as at 30 June 2023 has decreased by 25% to £763k (30 June 2022: £1,024k), with bank debt repayments of £323k since 30 June 2022.

Operational

- Transformation of UK retail division with the continued roll-out of Rock Up and Pop Up concept.
- Growth in German retail division with average number of RMUs in operation increasing to 95 during H1 2023 (H1 2022: 69).
- Further contract extension with Network Rail until September 2024.
- New trading relationship Multi Germany GmbH in Germany agreed during September 2023.

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David Foreman, Jamie Peel, Ed Beddows

Chief Executive's Interim Operating Statement

It is fantastic to be able to produce a report which is untainted by extraneous factors, such as Covid-19, for the first time since 2019. This half year has been encouraging for SpaceandPeople ("S&P"), with a drive to invest further across the business both in the UK and in Germany in order to develop products and services that are closely attuned to our customers evolving needs. I am pleased, therefore, to report a 5% increase in revenues from £2,413k in 2022 to £2,537k this period.

The growth in revenue in this first half year has been delivered mainly by strong results in our German retail division and steady performance in our UK promotions division, partially offset by a slight reduction in UK retail, as this division transforms towards our innovative Rock Up and Pop Up ("RUPU") concept of kiosk retailing.

This increase in revenue has driven an improvement in the gross profitability of the business, enabling us to invest in both staff and IT systems that will improve our customer experience and drive further revenue and profitability growth in H2 2023 and beyond.

UK

Pop up food and drink kiosks remain very popular as venue activity, particularly in the UK. However, it has been pleasing to see the growth of other fashion items such as eyewear, home products and fragrance. Our latest service, RUPU, is proving to be popular with both our venue clients and nascent businesses. During the first six months of the year, we introduced ten new retailers into our venues, including international, start-up and on-line only retailers. None of these retailers were in a position to launch their businesses in physical retail without the support that RUPU offered them. This product, given its ability to provide vibrant new names into our venues, is set to become an increasingly important aspect of the S&P service and we look forward to introducing many more new businesses into a widening portfolio of venues over the coming year.

S&P now has the operational capability and experience to take a business on the whole journey from being a pure play on-line brand to supplying it with a fully installed on-mall kiosk, designed to the brand's specification, with merchandising, marketing and business planning support, access to agency staff if required and all necessary equipment relating to the sale of its products. This means that we can now support a whole new generation of retailers who want to expand their businesses with a turnkey operation.

Our Brand Ex division had a very strong end of year in 2022, but the first quarter of 2023 produced lower revenue and activity levels than we had anticipated. I am therefore delighted to say that the second half of the year is looking significantly better for this division and we are seeing a marked resurgence in the scale of this activity across all venue types. Last year we launched our on-line website www.experientialspace.co.uk, which aims to provide brands and agencies with comprehensive information about venues and their site details. This website has been further developed this year with the addition of live on-line availability calendars.

Additionally, the brand market continues to require more sophisticated data regarding the sites they are purchasing and as a business, we have introduced functionality to increase the data available to buyers to grow this market further, along with working with technology partners to assess GDPR-compliant behaviour tracking mechanisms, which support brands' analysis of post event behaviour and campaign success.

Germany

In Germany we have had a strong start to 2023 with revenue up 38% to £801k (H1 2022: £582k) across our shopping centre portfolio. This was as a result of us having an average of 95 kiosks in operation compared with 69 in the first six months of 2022. The principal area of growth has been increasing the number of kiosks operating in additional venues that we have not previously had an agreement to trade in, along with an increase in the occupancy rates in our fixed rent portfolio.

Additionally, having launched two kiosks in Austria at the end of 2022, we have continued to trade successfully on these kiosks and are looking to develop further international opportunities.

Costs and Profitability

Our overall costs increased over the first six months by 5% to £3,004k (H1 2022: £2,865k) due to additional staff being employed both in London and Glasgow to support the growth of the business. As with all businesses, we are also not immune to inflationary pressures and therefore, costs have increased across the Group over the last few months and we have had some significant one-off costs related to professional and recruitment fees.

Other income of £112k is lower than in the same period of 2022, however, a significant proportion of this income in 2022 was made up of government grant support from Germany in relation to the Covid pandemic, which has not been repeated in 2023.

The cash position of £556k is slightly lower than at the same point last year (H1 2022: £618k) and headroom is correspondingly lower at £1,308k (2022: £1,368k). However, net debt has fallen from to £763k (H1 2022: £1,024k) as we have continued to repay our term loans. We have achieved this reduction in net debt whilst also clearing a large balance outstanding to a major client in this period.

Outlook

We are pleased, therefore, to report a solid first half of the year with stable results and we are seeing the investment in staff across the business delivering further growth. We are confident that plans are in place across both the UK and Germany to support and drive the business forward and we are very excited by the potential shown by new products such as RUPU.

We enter the second half of the year with confidence, as we have put in place the venue infrastructure, the products and the personnel to ensure that we can maximise the opportunities available to us during the busiest and most profitable period of the year.

I am absolutely delighted that we have recently agreed an extension of our relationship with Network Rail until September 2024. We look forward to continuing to work closely with the Network Rail team to deliver even more high quality brand events into their stations over the coming year.

We are also pleased to announce an agreement to supply new units into Centres operated by Multi Corporation in Germany, thus helping us to expand our German business beyond our core customer base.

Finally, I would like to take this opportunity to sincerely thank Steve Curtis, who served as a non-executive director with S&P for 9 years and who retired in June from his role. Steve provided invaluable support to the business throughout his tenure and was a tremendous support to us, not least during the lockdown/Covid affected period.



Nancy Cullen

22 September 2023

Independent Auditor's Review Report on Interim Financial Information

Conclusion

We have reviewed the accompanying balance sheet of Spaceandpeople plc as of June 30, 2023 and the related statements of income, changes in equity and cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information does not present fairly, in all material respects the financial position of the entity as at June 30, 2023, and of its financial performance and its cash flows for the six-month period then ended in accordance with UK adopted International Accounting Standard 34, "Interim Financial Reporting".

Basis for Conclusion

We conducted our review in accordance with International Standard on Review Engagements 2410 (UK), "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, 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 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.

As disclosed in note 2, the annual financial statements of the group are prepared in accordance with United Kingdom adopted International Accounting Standards. The condensed set of financial statements included in this half yearly financial report has been prepared in accordance with United Kingdom adopted international Accounting Standard 34, "Interim Financial Reporting".

Conclusions Relating to Going Concern

Based on our review procedures, which are less extensive than those performed in an audit as described in the Basis of Conclusion section of this report, nothing has come to our attention to suggest that management have inappropriately adopted the going concern basis of accounting or that management have identified material uncertainties relating to going concern that are not appropriately disclosed.

This conclusion is based on the review procedures performed in accordance with this ISRE, however future events or conditions may cause the entity to cease to continue as a going concern.

Responsibilities of directors

Management is responsible for the preparation and fair presentation of this interim financial information in accordance with UK adopted International Accounting Standard 34, "Interim Financial Reporting".

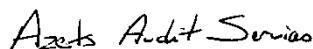
In preparing the half-yearly financial report, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the review of the financial information

In reviewing the half-yearly report, we are responsible for expressing to the Company a conclusion on the condensed set of financial statement in the half-yearly financial report. Our conclusion, including our Conclusions Relating to Going Concern, are based on procedures that are less extensive than audit procedures, as described in the Basis for Conclusion paragraph of this report.

Use of our report

This report is made solely to the company in accordance with International Standard on Review Engagements (UK) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Financial Reporting Council. Our work has been undertaken so that we might state to the company those matters we are required to state to it in an independent review 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 formed.



Azets Audit Services
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22 September 2023

Consolidated Group Statement of Comprehensive Income

For the six months ended 30 June 2023

| | Notes | 6 months to 30 June '23 (Unaudited) £'000 | 6 months to 30 June '22 (Unaudited) £'000 | 12 months to 31 December '22 (Audited) £'000 |
|---|-------|--|--|---|
| Revenue | 4 | 2,537 | 2,413 | 5,529 |
| Cost of sales | | (866) | (869) | (1,644) |
| Gross profit | | 1,671 | 1,544 | 3,885 |
| Administration expenses | | (2,138) | (1,996) | (4,101) |
| Other operating income | | 112 | 132 | 207 |
| Operating loss before non-recurring charges | | (355) | (320) | (9) |
| Non-recurring charges | | - | - | (1,500) |
| Operating loss | | (355) | (320) | (1,509) |
| Finance costs | | (69) | (57) | (116) |
| Loss before taxation | 4 | (424) | (377) | (1,625) |
| Taxation | | 73 | 66 | (89) |
| Loss after taxation | | (351) | (311) | (1,714) |
| Other comprehensive income | | | | |
| Foreign exchange differences on translation of foreign operations | | (5) | 11 | (25) |
| Total comprehensive loss for the period | | (356) | (300) | (1,739) |
| Loss per share | 10 | | | |
| Basic | | (18.4)p | (16.0)p | (88.4)p |
| Diluted | | (18.4)p | (16.0)p | (88.4)p |

Consolidated Group Statement of Financial Position

As at 30 June 2023

| | Notes | 30 June '23 (Unaudited) £'000 | 30 June '22 (Unaudited) £'000 | 31 December '22 (Audited) £'000 |
|--------------------------------------|-------|-------------------------------------|-------------------------------------|---------------------------------------|
| Assets | | | | |
| Non-current assets: | | | | |
| Goodwill | 5 | 5,381 | 6,881 | 5,381 |
| Property, plant & equipment | 6 | 469 | 640 | 545 |
| Deferred tax | | 281 | 364 | 208 |
| | | 6,131 | 7,885 | 6,134 |
| Current assets: | | | | |
| Trade & other receivables | | 1,937 | 2,134 | 2,524 |
| Cash & cash equivalents | 7 | 556 | 618 | 1,885 |
| | | 2,493 | 2,752 | 4,409 |
| Total assets | | 8,624 | 10,637 | 10,543 |
| Liabilities | | | | |
| Current liabilities: | | | | |
| Trade & other payables | | 4,227 | 3,999 | 5,591 |
| Lease liabilities | | 190 | 176 | 180 |
| Borrowings repayable within one year | 8 | 322 | 322 | 322 |
| | | 4,739 | 4,497 | 6,093 |
| Non-current liabilities: | | | | |
| Lease liabilities | | 192 | 284 | 240 |
| Borrowings repayable after one year | 8 | 997 | 1,320 | 1,158 |
| | | 1,189 | 1,604 | 1,398 |
| Total liabilities | | 5,928 | 6,101 | 7,491 |
| Net assets | | 2,696 | 4,536 | 3,052 |
| Equity | | | | |
| Share capital | 9 | 195 | 195 | 195 |
| Share premium | | 4,868 | 4,868 | 4,868 |
| Special reserve | | 233 | 233 | 233 |
| Own shares held | | (50) | - | (50) |
| Retained earnings | | (2,550) | (760) | (2,194) |
| Total equity | | 2,696 | 4,536 | 3,052 |

Consolidated Group Statement of Cash Flows

For the six months ended 30 June 2023

| | Notes | 6 months to 30 June '23 (Unaudited) £'000 | 6 months to 30 June '22 (Unaudited) £'000 | 12 months to 31 December '22 (Audited) £'000 |
|--|-------|--|--|---|
| Cash flow from operating activities | | | | |
| Cash (outflow) / inflow from operations | | (989) | (418) | 1,216 |
| Interest paid | | (69) | (57) | (116) |
| Taxation | | - | 5 | 6 |
| Net cash (outflow) / inflow from operating activities | | (1,058) | (470) | 1,106 |
| Cash flows from investing activities | | | | |
| Purchase of property, plant & equipment | 6 | (28) | (62) | (87) |
| Disposal of property, plant & equipment | 6 | - | 68 | - |
| Purchase of own shares | | - | - | (50) |
| Net cash (outflow) / inflow from investing activities | | (28) | 6 | (137) |
| Cash flows from financing activities | | | | |
| Bank loans repaid | 8 | (161) | (137) | (298) |
| Payment of finance lease obligations | | (82) | (161) | (166) |
| Net cash outflow from financing activities | | (243) | (298) | (464) |
| (Decrease) / increase in cash and cash equivalents | | (1,329) | (762) | 505 |
| Cash at beginning of period | | 1,885 | 1,380 | 1,380 |
| Cash at end of period | 7 | 556 | 618 | 1,885 |
| Reconciliation of operating loss to net cash flow from operating activities | | | | |
| Operating loss | | (355) | (320) | (1,509) |
| Goodwill impairment | | - | - | 1,500 |
| Loss on disposal | | - | - | (6) |
| Depreciation of property, plant & equipment | | 148 | 167 | 332 |
| Effect of foreign exchange rate moves | | (5) | 13 | (25) |
| Decrease / (increase) in receivables | | 587 | 62 | (328) |
| (Decrease) / increase in payables | | (1,364) | (340) | 1,252 |
| Cash flow from operating activities | | (989) | (418) | 1,216 |

Consolidated Group Statement of Changes in Equity

For the six months ended 30 June 2023

| Six months to 30 June '23 | Share capital | Share premium | Special reserve | Own Shares Held | Retained earnings | Total equity |
|---------------------------------|------------------|------------------|--------------------|-----------------------|----------------------|-----------------|
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| At 1 January '23 | 195 | 4,868 | 233 | (50) | (2,194) | 3,052 |
| Foreign currency translation | - | - | - | - | (5) | (5) |
| Loss for the period | - | - | - | - | (351) | (351) |
| At 30 June '23 | 195 | 4,868 | 233 | (50) | (2,550) | 2,696 |

| Six months to 30 June '22 | Share capital | Share premium | Special reserve | Own Shares Held | Retained earnings | Total equity |
|---------------------------------|------------------|------------------|--------------------|-----------------------|----------------------|-----------------|
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| At 1 January '22 | 195 | 4,868 | 233 | - | (460) | 4,836 |
| Foreign currency translation | - | - | - | - | 11 | 11 |
| Loss for the period | - | - | - | - | (311) | (311) |
| At 30 June '22 | 195 | 4,868 | 233 | - | (760) | 4,536 |

Notes to the financial statements

For the six months ended 30 June 2023

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 2022 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 2023.

2. Basis of preparation

This condensed consolidated interim financial information for the six months ended 30 June 2023 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 2022 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 UK, 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 2022.

Going Concern

The Directors are required to prepare the statutory financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business. In satisfaction of this responsibility the Directors have considered the Group's ability to meet its liabilities as they fall due.

The Group meets its day-to-day cash requirements through working capital management and the use of existing bank overdraft and loan. Management information tools including budgets and cash flow forecasts are used to monitor and manage current and future liquidity.

The current and future financial position of the Group, including its cash flows and liquidity, continue to be reviewed by the Directors. They take a prudent view on the continuing recovery in the Group's business post Covid and in light of current inflationary and other macroeconomic factors impacting on the business, its customers and suppliers. They have also considered the Group's ability to withstand the loss of key contracts and any mitigating actions that would be available to them.

The Group has term loans in place that mature in 2025 and 2027 along with overdraft facilities available until 2024. Financial covenants are in place that reflect the current and budgeted trading position and the Directors are confident of renewing the overdraft facilities in the normal course of business.

The Group continues to manage its cash flows prudently and the Directors are confident that the current resources and available funding facilities will provide sufficient headroom to meet the forecast cash requirements whilst remaining within its financial covenants.

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

4. Segmental reporting

The Group splits its business into two main areas, being promotions and retail. The retail business is further sub-divided into both UK and German territories. The Group maintains its head office in Glasgow and has a subsidiary office in Hamburg, Germany. The Group has determined that these, along with head office functions, are the principal operating segments as the performance of these segments is monitored separately and reviewed by the Board.

The following tables present revenues and loss/profitability regarding the Group's two core business segments - Promotional Sales and Retail, split by geographic area, after licence fees and management charges made between Group companies.

| | Promotions UK | Retail UK | Retail Germany | Head Office | Group |
|---|------------------|----------------|-------------------|----------------|----------------|
| | £'000 | £'000 | £'000 | £'000 | £'000 |
| Six months to 30 June '23 | | | | | |
| Revenue | 1,268 | 468 | 801 | - | 2,537 |
| Segment (loss) / profit before tax | 174 | (52) | (36) | (510) | (424) |
| Six months to 30 June '22 | | | | | |
| Revenue | 1,222 | 609 | 582 | - | 2,413 |
| Segment profit / (loss) before tax | 244 | 16 | (32) | (605) | (377) |
| 12 months to 31 December '22 | | | | | |
| Revenue | 3,011 | 1,236 | 1,282 | - | 5,529 |
| Segment profit / (loss) before tax | 944 | (1,312) | 31 | (1,455) | (1,625) |

5. Goodwill

| | 30 June '23 £'000 | 30 June '22 £'000 | 31 December '22 £'000 |
|------------------------------------|----------------------|----------------------|--------------------------|
| Net book value | | | |
| Opening and closing balance | 5,381 | 6,881 | 5,381 |

6. Property, plant and equipment

| | 30 June '23 £'000 | 30 June '22 £'000 | 31 December '22 £'000 |
|------------------------|----------------------|----------------------|--------------------------|
| Net book value | | | |
| Opening balance | 545 | 690 | 690 |
| IFRS16 Lease additions | 44 | 123 | 168 |
| Additions | 28 | 62 | 87 |
| Disposals | - | (68) | (68) |
| Depreciation | (148) | (167) | (332) |
| Closing balance | 469 | 640 | 545 |

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

7. Cash & cash equivalents

| | 30 June '23 £'000 | 30 June '22 £'000 | 31 December '22 £'000 |
|---------------------------------|----------------------|----------------------|--------------------------|
| Cash at bank and on hand | 556 | 618 | 1,885 |

8. Borrowings

At the reporting date the Group had the following borrowings:

| | 30 June '23 £'000 | 30 June '22 £'000 | 31 December '22 £'000 |
|-----------------------|----------------------|----------------------|--------------------------|
| Bank loans: | | | |
| Less than one year | 322 | 322 | 322 |
| Greater than one year | 997 | 1,320 | 1,158 |
| | 1,319 | 1,642 | 1,480 |

As at 30 June 2023, SpaceandPeople plc had £1.32 million (2022: £1.64 million) of CBILS term loans, £0.44 million of which expire in April 2025 and £0.88 million expire in January 2026. SpaceandPeople plc also had £0.75 million of overdraft facilities of which £nil was used as at 30 June 2023 (2022: £nil). The bank facilities are secured by floating charge over the Group's assets and are subject to interest between 3.25% to 3.8% plus base.

9. Called up share capital

| Allotted, issued and fully paid | | | 30 June '23 | 30 June '22 | 31 December '22 |
|---------------------------------|---------------|--------|-------------|-------------|-----------------|
| Class | Nominal value | | | | |
| Ordinary | 10p | £ | 195,196 | 195,196 | 195,196 |
| | | Number | 1,951,957 | 1,951,957 | 1,951,957 |

10. Earnings per share

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

| | 30 June '23 £'000 | 30 June '22 £'000 | 31 December '22 £'000 |
|--|----------------------|----------------------|--------------------------|
| Loss after tax for the period | (351) | (311) | (1,714) |
| Non-recurring charges | - | - | 1,500 |
| Loss after tax for the period before non-recurring costs | (351) | (311) | (214) |
| Weighted average number of shares in issue during the period | '000 | '000 | '000 |
| - Number of shares in issue during the period | 1,952 | 1,952 | 1,952 |
| - Impact from purchase of own shares on 28 September 2022 | (50) | - | (13) |
| - Weighted average number of 10p ordinary shares | 1,902 | 1,952 | 1,939 |
| - Weighted average number of share options | 182 | 110 | 137 |
| - Weighted average number of diluted ordinary 10p shares | 2,084 | 2,062 | 2,076 |

There are share options outstanding as at the end of each period which, if exercised, would increase the number of shares in issue. However, in these periods, there is an anti-dilutive effect and as such the effects of anti-dilutive potential ordinary shares are ignored in calculating diluted EPS.