

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt as to what action you should take you are advised to consult with an appropriate independent adviser (for example your stockbroker, bank manager, solicitor, accountant or other professional adviser authorised under the Financial Services and Markets Act 2000) immediately.**

If you have sold or otherwise transferred all your Shares, please send this document and the accompanying form of proxy at once to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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## **The Character Group plc**

*(incorporated and registered in England with registered no. 3033333)*

### **Notice of the 2021 Annual General Meeting**

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A letter from the Chairman of The Character Group plc ("the Company"), is set out on pages 2 to 7 of this document. Notice of the 2021 Annual General Meeting of the Company (the "AGM"), convened for 11:00 a.m. on Friday, 22 January 2021 to be held at 2nd Floor, 86-88 Coombe Road, New Malden, Surrey, KT3 4QS, is set out at the end of this document. A form of proxy for use at the AGM is enclosed.

In light of current Government measures, and restrictions in place to combat the COVID-19 pandemic, and associated guidance on social distancing, the Company is, at this time, unable to hold general meetings in the usual format and will be conducting its forthcoming AGM as a closed meeting. The minimum necessary quorum for a valid general meeting of the Company is two Shareholders present in person or by proxy and two of the directors will be present to provide that quorum. Regretfully, while in normal circumstances the Board greatly values the opportunity to meet Shareholders in person at the AGM, Shareholders who seek to attend the general meeting in person on this occasion cannot be admitted to the meeting.

Instead of attending the forthcoming AGM, Shareholders are asked to exercise their votes by submitting their forms of proxy by post so as to reach the Company's registrars, Neville Registrars Limited, by hand or by post, at Neville House, Steelpark Road, Halesowen, West Midlands B62 8HD or scanned copies to [info@nevilleregistrars.co.uk](mailto:info@nevilleregistrars.co.uk) by no later than 11:00 a.m. on 20 January 2021.

As an alternative to returning a hard copy Form of Proxy, you may submit your Proxy electronically at [www.sharegateway.co.uk](http://www.sharegateway.co.uk) by using your Personal Proxy Registration Code as shown on the Form of Proxy. For an electronic proxy appointment to be valid, the appointment must be received by Neville Registrars Limited by no later than 11:00 a.m. on 20 January 2021.

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## PART I

### Letter from the Chairman of The Character Group plc

# The Character Group plc

*(incorporated and registered in England with registered no. 3033333)*

*Directors:*

Richard King (*Non-Executive Chairman*)  
Jonathan James Diver (*Joint Managing Director*)  
Kirankumar Premchand Shah (*Joint Managing Director and Group Finance Director*)  
Joseph John Patrick Kissane (*Managing Director – UK Operations*)  
Michael Spencer Hyde (*Managing Director – Far East Operations*)  
Jeremiah Healy (*Group Marketing Director*)  
David Harris (*Senior Non-Executive Director*)  
Clive William Crouch (*Non-Executive Director*)

*Registered Office:*

Citypoint,  
16<sup>th</sup> Floor,  
One Ropemaker Street,  
London,  
EC2Y 9AW

23 December 2020

*To Shareholders, and, for information only, to Optionholders*

Dear Shareholder

### **The 2021 Annual General Meeting**

#### **Introduction**

The 2021 annual general meeting of the Company (the "**AGM**") is to be held at 2nd Floor, 86-88 Coombe Road, New Malden, Surrey, KT3 4QS on Friday, 22 January 2021 at 11:00 a.m. The formal notice convening the meeting is set out on pages 10 to 15 of this document.

Although the Board greatly values and enjoys the opportunity to meet Shareholders in person, in view of the ongoing government restrictions in response to COVID-19 (including social distancing), the Company is, at the time of approval of this Notice of AGM, unable to hold its AGM in the usual format and will be conducting the forthcoming AGM as a closed meeting. The minimum necessary quorum for a valid general meeting of the Company is two Shareholders present in person or by proxy and two of the directors will be present to provide that quorum. Regrettably, anyone seeking to attend in person will be refused entry and Shareholders are, accordingly, discouraged from attempting personal attendance.

In the lead up to the AGM, the Company will closely monitor the impact of the COVID-19 virus in the United Kingdom and changes to the relative government measures and guidance issued in that regard. Any necessary changes to the arrangements for the AGM will be communicated to Shareholders before the meeting through the Company's website [www.thecharacter.com](http://www.thecharacter.com) and, where appropriate, by a Regulatory News Service announcement.

This letter provides you with an explanation of the resolutions to be proposed at the AGM and makes recommendations as to the action you should take.

### **Resolution 1 - Report and accounts**

Resolution 1 is an ordinary resolution which proposes that the Company's annual accounts for the financial year ended 31 August 2020, together with the directors' and the auditors' reports, (the "2020 Report and Accounts") are received and adopted by the Company. A copy of the 2020 Annual Report may be viewed on the Company's website, at: [www.thecharacter.com](http://www.thecharacter.com).

### **Resolution 2 - Dividend declaration**

Resolution 2 is an ordinary resolution proposing the declaration of a final cash dividend, subject to Shareholders' approval of the 2020 Report and Accounts. The directors recommend a final dividend of 3 pence per ordinary share in respect of the year ended 31 August 2020, and, if resolution is passed and this recommendation is approved by Shareholders, this dividend will be payable on 29 January 2021 to Shareholders on the register at the close of business on 15 January 2021.

### **Resolutions 3 to 5 - Re-election of directors**

Resolutions 3 to 5 are ordinary resolutions which propose the re-election of Richard King, David Harris and Clive Crouch who, retiring in accordance with the terms of their letters of appointment, offer themselves for re-election.

Biographical details of the directors standing for re-election are as follows:

**Richard King** (aged 75), Non-Executive Chairman, was appointed to the board in May 1995. Mr King has extensive experience in the toy industry and has been involved in importing consumer products from the Far East since 1969. He established the original business of The Character Group plc jointly with Mr Kissane and Mr Shah in 1991 and was, until February 2016, the Group's Executive Chairman.

Mr King is responsible for ensuring the quality of and sound approach to high standards of corporate governance and the effectiveness of the Board as a working group. He is Chairman of the Corporate Governance and Risk Management Committee and of the Nominations Committee and a member of the Audit and Remuneration Committees

**David Harris** (aged 70), Senior, Independent Non-Executive Director, was appointed to the Board in May 2004. Mr Harris has very broad financial experience, gained over a 40-year career, in both executive and non-executive capacities. He is currently a non-executive director of Manchester and London Investment Trust plc and BMO Managed Portfolio Trust plc, both of which are quoted companies on the London Stock Exchange. He is also a non-executive director of Chalfont Productions Ltd, a private film production company.

Mr Harris is Chairman of the Remuneration Committee and a member of the Corporate Governance and Risk Management, Audit and Nominations Committees.

**Clive Crouch** (aged 67), Independent Non-Executive Director, was appointed to the Board in February 2016. Mr Crouch's 35-year career in media has included senior roles within GMTV, a company he helped launch and position. From 1992 to 2007, he was GMTV's Sales and Marketing Director. He attended The London Business School Senior Executive Programme in 2003. From 2007, he served as GMTV's Chief Operating Officer until 2010, taking responsibility for the Channel's License and Compliance to the Ofcom Broadcasting Codes.

Mr Crouch was a founder member of Thinkbox, the ITV programme marketing company, and Clearcast, the quango that pre-clears all advertising copy for compliance to the advertising guidance codes.

Mr Crouch now operates his own media consulting business and he remains actively involved in the toy industry, advising on such matters as regulatory, promotional activity and licensing. He brings a wealth of relevant management and industry experience to the Board.

Mr Crouch is Chairman of the Audit Committee and a member of the Corporate Governance and Risk Management, Remuneration and Nomination Committees.

### **Resolution 6 – Re-appointment of Auditors**

Resolution 6 is an ordinary resolution proposing the reappointment of MacIntyre Hudson LLP as auditor of the Company, until the conclusion of the next general meeting at which accounts are laid before the Company, and that their remuneration be fixed by the directors.

### **Resolution 7 – Authority to allot unissued shares**

Under section 551 of the Companies Act 2006 (the “**2006 Act**”) the directors may allot relevant securities, if authorised to do so. Relevant securities, in this context, include unissued shares in the Company.

Resolution 7 is an ordinary resolution that seeks approval from Shareholders to renew the Directors’ authority to allot unissued ordinary shares of 5 pence each in the capital of the Company (“**Ordinary Shares**”) up to an aggregate nominal amount of £356,000, which represents 7,120,000 Ordinary Shares (approximately 33.3 per cent. of the issued share capital of the Company as at 31 August 2020, excluding shares held in treasury). A corresponding authority was given to the Directors at the last annual general meeting and that authority expires at the conclusion of the AGM.

The Company will consider the allotment of unissued shares to finance business opportunities, to reduce gearing and/or to raise further working capital for the Group if/as appropriate. The Directors will use their discretion to exercise this authority in a manner calculated to manage the Company’s capital base as effectively as possible and generally in a manner most likely to promote the success of the Company for the benefit of Shareholders.

The authority proposed by resolution 7 will expire at the conclusion of the next annual general meeting to be held after the passing of this resolution or (if sooner) on the date being 15 months following the passing of the resolution.

There are no present plans to allot unissued Ordinary Shares pursuant to this authority.

### **Resolution 8 – Authority to make market purchases of own shares**

Where it is proposed that a Company is to be authorised to make market purchases of its own shares, the exercise of that authority is subject to the authority being granted in accordance with the requirements of section 701 of the 2006 Act.

Resolution 8 is an ordinary resolution that seeks approval from Shareholders of the grant of an authority to make market purchases of Ordinary Shares, either by way of a share buyback (for cancellation or into treasury) or pursuant to any tender offer made by (or on behalf) of the Company, if

and when the Directors consider that it would be in the best interests of the Company and Shareholders generally to do so. The current buyback authority (which does not extend expressly to making tender offers) was given to the Directors at the last annual general meeting and that authority expires at the conclusion of the AGM.

If a buyback programme is to be implemented pursuant to this authority, details of the programme will be announced before the programme commences. If a tender offer is to be made by (or on behalf of) the Company, details of that tender offer (including the tender price, terms of the tender offer and the timetable for such tender offer) will be posted to Shareholders and made available on the Company's website at the relevant time. There is no immediate intention to exercise this share purchase authority but it remains part of the Board's overall strategy to continue to repurchase the Company's own shares when appropriate under either an announced share buyback programme or a tender offer. The Board believes that it is in the Company's interests, and in the interest of Shareholders as a whole, to provide Shareholders who wish to realise part or all of their investment in the Company with an opportunity to access liquidity that is not otherwise available in the market and to return excess capital to Shareholders.

The Directors will only exercise the authority to purchase ordinary shares where they consider that such purchases will be in the best interests of Shareholders generally and will result in an increase in earnings per ordinary share.

The maximum number of shares that may be acquired through exercise of this proposed authority is 3,200,000 Ordinary Shares (representing approximately 15 per cent. of the issued share capital of the Company as at 22 December 2020). The resolution specifies the minimum and maximum prices which may be paid for any Ordinary Shares purchased under this authority, which reflect current best practice and (where applicable) the applicable requirements of the Market Abuse Regulation.

The Company may either cancel any shares it purchases under this authority or transfer them into treasury (and subsequently sell or transfer them out of treasury or cancel them). The Directors currently intend to cancel all shares purchased under this authority.

The authority proposed by resolution 8 will expire at the conclusion of the next annual general meeting to be held after the passing of this resolution or (if sooner) on the date being 15 months following the passing of the resolution.

### **Resolution 9 – Dis-application of pre-emption rights**

Where shares are allotted pursuant to a general authority, as provided in resolution 7, and they are to be subscribed for in cash, that allotment must be made subject to the provisions of section 570 of the Act, where applicable. Similarly, section 570 of the Act also applies to the sale of shares held in treasury for cash. Section 570 of the Act requires that any new shares to be allotted or treasury shares to be sold in each case for cash are offered on a pre-emptive basis to existing Shareholders, i.e. in proportion to their existing holdings prior to being allotted or sold in any other fashion. There may, however, be circumstances where the Directors wish to allot or sell shares for cash other than to Shareholders strictly pro-rata to their holdings but this may not be done unless Shareholders have first waived their pre-emption rights. A disapplication of these provisions was granted at the last annual general meeting and that disapplication expires at the conclusion of the AGM.

Resolution 9, which will be proposed as a Special Resolution of the Company, seeks approval from Shareholders to a disapplication of the statutory pre-emption rights to allow the Directors to allot equity securities (which includes Ordinary Shares) or sell Ordinary Shares held in treasury for cash, as if section 561(1) of the Act did not apply to such allotment. The authority will allow the Directors to allot

equity securities or sell Ordinary Shares held in treasury for cash other than in accordance with section 570 of the Act in connection with rights issues and other offers of shares pro-rata to existing holdings (but allowing for certain adjustments to Shareholders entitlements to be made for practical purposes to deal with fractional entitlements and overseas restrictions on offers of shares in UK companies). A further limited disapplication of the statutory pre-emption rights is proposed by the Resolution in relation to the allotment of Ordinary Shares for cash and/or the sale of shares held in treasury for cash of up to an aggregate nominal amount of £53,400, representing 1,068,000 Ordinary Shares (equivalent to approximately 5 per cent. of the issued share capital of the Company as at 31 August 2020, excluding shares held in treasury).

The disapplication proposed by resolution 9 will expire at the conclusion of the next annual general meeting to be held after the passing of this resolution or (if sooner) on the date being 15 months following the passing of the resolution.

There is no present intention on the part of the Directors to exercise this authority, either in respect of unissued shares in the Company or shares held in treasury.

### **Resolution 10 – Amendment to the Articles of Association**

The opportunity is being taken to ask Shareholders to approve a number of amendments to the Company's Articles of Association, primarily to provide practical mechanisms and means by which the Company may convene and hold general meetings on a hybrid basis (particularly in the context of the current restrictions on social distancing), to reflect advances in technology, to reinforce good corporate governance practices and generally to update them. A summary of the proposed changes to the Articles of Association and additional background to the changes are set out in Part II of this letter. The summary has been prepared in order to assist Shareholders in understanding the rationale for and substance of the proposed amendments. Both a clean and redlined version of the proposed amended Articles of Association may be viewed at the Company's website at [www.thecharacter.com](http://www.thecharacter.com) from the date of this circular to the date of the AGM.

### **Voting at the AGM and action to be taken**

Resolutions 1 to 8 (inclusive) are to be proposed as ordinary resolutions, requiring approval by more than 50 per cent. of the votes cast at the meeting (whether in person or by proxy). Resolutions 9 and 10 are to be proposed as special resolutions, requiring approval by at least 75 per cent. of the votes at the meeting (whether in person or by proxy).

You will find enclosed with this letter a reply-paid form of proxy for use in connection with the AGM. You are requested to complete the form of proxy and return it in accordance with the instructions set out on the form to Neville Registrars as soon as possible and, in any event, so as to arrive by no later than 11:00 a.m. on Wednesday 20 January 2021. Proxy voting in respect of uncertificated shares may also be registered through CREST (see note 11 on page 14 of this letter). In view of the fact that the AGM is to be conducted as a closed meeting, and Shareholders will not be allowed to attend the meeting in person, all Shareholders are asked to exercise their votes by submitting their proxy by post and are encouraged to appoint the Chairman of the meeting as their proxy.

In addition, should a Shareholder have a question that they would have raised at the meeting, we ask that they send it by e-mail to [info@charactergroup.plc.uk](mailto:info@charactergroup.plc.uk). Shareholders are requested, politely, to keep their questions brief and to the point. The Company will publish these questions (other than any questions which the Directors consider to be frivolous or vexatious, or which cannot be addressed for legal or regulatory reasons) and answers on its website as soon as practicable after the AGM.

The Board will keep these AGM arrangements under review and the Board will update Shareholders via the Regulatory News Service ("RNS") as appropriate, with any such announcements also uploaded to the Company's website ([www.thecharacter.com](http://www.thecharacter.com)). The Company encourages Shareholders to check its website regularly for the latest information on the arrangements for the AGM.

### **Recommendation**

The directors consider that all the resolutions to be put to the AGM are in the best interests of the Company and its Shareholders as a whole. Accordingly, the directors unanimously recommend that you vote in favour of the resolutions to be proposed at the AGM as they intend to do (or, as appropriate, intend to procure that the holders of shares in which they are interested do) in relation to holdings amounting in aggregate to 4,892,548 Ordinary Shares (representing approximately 22.88 per cent. of the existing Ordinary Shares, excluding shares held in treasury, and voting rights in the Company).

Yours sincerely

Richard King  
Chairman



**PART II**

**EXPLANATORY NOTES OF PRINCIPAL CHANGES TO THE COMPANY'S**

**ARTICLES OF ASSOCIATION**

The following is a summary of the principal changes to the Company's articles of association (the "**Articles**"). This summary is qualified in its entirety by the full text of the Company's Articles, a copy of which (both in clean and redline format showing the changes proposed) is available to view and/or download free of charge on the Company's website, [www.thecharacter.com](http://www.thecharacter.com).

**1 Share Capital (Former Article 4)**

- 1.1 The current articles of association refer to an authorised share capital of £5,500,000. The inclusion of an "authorised" share capital stemmed from a requirement under the Companies Act 1985, however, this was abolished under the Companies Act 2006. The amended Articles remove the reference to the legacy restriction on authorised share capital.
- 1.2 It should be noted that removing the authorised share capital restriction will not circumvent the requirement for directors to seek authority from Shareholders, usually at each annual general meeting, to allot shares pursuant to section 551 of the Companies Act 2006.

**2 Change of Name (Article 4)**

The Articles allow for the Company's name to change by an ordinary resolution of the Shareholders, this overrides the default requirement for a special resolution to change the name of the Company under the Companies Act 2006.

**3 General Meetings (Articles: 64, 65, 68, 69, 73, 74, 75, 76,79, 93)**

- 3.1 The amended Articles remove reference to 'Extraordinary General Meetings'. All meeting other than annual general meetings will now simply be 'general meetings' in accordance with the Companies Act 2006.
- 3.2 The amended Articles provide that the Company may hold "satellite" general meetings, i.e. more than one physical location for a general meeting.
- 3.3 The amended Articles also provide that the Company may hold 'hybrid' general meetings in such a way that enables members to attend and participate in the business of the meeting by attending a physical location or by attending by means of an electronic facility or facilities enabled by the Company. The amended Articles do not permit the Company to hold general meetings wholly by electronic means. This change will make it easier for members (including those based overseas) to attend and participate in future general meetings and will potentially facilitate wider engagement with Shareholders. The amended Articles include a number of consequential changes to enable hybrid meetings.
- 3.4 Voting at a hybrid general meeting will, by default, be taken by poll.

3.5 The changes will provide the board with greater flexibility to align its practices with technological advances, changes in investor sentiment and evolving with best practice, particularly in light of lessons learnt during the lockdowns and restrictions that followed the outbreak of the COVID-19 pandemic in 2020. In line with the views expressed by the Investment Authority and Institutional Shareholder Services, the changes will not permit the Company to be held exclusively on an electronic basis. In deciding whether to facilitate attendance at general meeting by electronic means in future, the Company will have regard to the views of Shareholders and institutional governance bodies at the relevant time.

#### **4 Alternate Directors (Article 132)**

The amended Articles provide that a director may only appoint another director of the Company to act as his alternate; previously they could appoint any third party.

#### **5 Directors' Fees and Expenses (Article 136)**

In accordance with current and anticipated needs of the Company, the Articles include an increased cap for directors' fees (excluding executive directors' remuneration) to an aggregate limit of £300,000, or such higher amount as the Company may determine by ordinary resolution.

#### **6 General**

As the Company is proposing to make the changes described above, the opportunity has been taken generally to incorporate amendments of a more minor, technical or clarifying nature, to reflect changes in applicable law or current market best practice, to remove provisions in the Articles which refer to Companies Act 1985 and legislation that does not apply to an AIM listed company and to include some clearer language in other parts of the Articles.

## Notice of Meeting

### The Character Group plc

*(incorporated and registered in England with registered no. 3033333)*

NOTICE IS HEREBY GIVEN THAT the 2021 Annual General Meeting of The Character Group plc will be held at 2nd Floor, 86-88 Coombe Road, New Malden, Surrey, KT3 4QS on Friday 22 January 2021 at 11:00 a.m. to transact the following business:

#### ORDINARY BUSINESS

1. To receive and adopt the directors' report and the accounts of the Company for the year ended 31 August 2020 and the report of the auditors thereon (the "Accounts").
2. Subject to the adoption of the Accounts in accordance with Resolution 1 above, to declare a final dividend on the ordinary shares in the capital of the Company (other than ordinary shares held by the Company in treasury) for the year ended 31 August 2020 of 3 pence per share.
3. To consider an ordinary resolution of the Company that Mr. R. King, who retires in accordance with the terms of his letter of appointment, be and is hereby re-elected as a director of the Company.
4. To consider an ordinary resolution of the Company that Mr. D. Harris, who retires in accordance with the terms of his letter of appointment, be and is hereby re-elected as a director of the Company.
5. To consider an ordinary resolution of the Company that Mr. C. Crouch, who retires in accordance with the terms of his letter of appointment, be and is hereby re-elected as a director of the Company.
6. To consider an ordinary resolution of the Company that MHA MacIntyre Hudson be and are hereby re-appointed as auditors of the Company, on terms as to remuneration to be determined by the directors.

#### SPECIAL BUSINESS

To consider and, if thought fit, to pass the following resolutions of the Company:

##### Ordinary Resolution

7. That, in accordance with section 551 of the Companies Act (the "Act"), the directors be and are hereby generally and unconditionally authorised to allot shares in the Company or grant rights to subscribe for or to convert any security into shares in the Company ("Rights") up to an aggregate nominal amount of £356,000, such authority to expire on the earlier of fifteen months following the date upon which this resolution was passed and the conclusion of the Annual General Meeting of the Company next following the date upon which this resolution was passed, unless renewed, varied or revoked by the Company in general meeting provided that the Company may at any time before the expiry, variation or revocation of such authority make offers or agreements which will or might require shares in the Company to be allotted or Rights to be granted and the directors may allot shares or grant Rights after the expiry, variation or revocation of such authority as if such authority had not expired or been varied or revoked. This authority shall replace all existing authorities conferred on the directors in

respect of the allotment of shares in the Company or grant Rights under section 551 of the Act to the extent that the same have not previously been utilised.

#### Ordinary Resolution

8. That the Company be and is hereby generally and unconditionally authorised for the purposes of section 701 of the Act to make one or more market purchases (as defined in section 693(4) of the Act) of ordinary shares of 5p each in the capital of the Company ("**Ordinary Shares**") on such terms as the Directors think fit provided that:
- (A) the maximum number of Ordinary Shares hereby authorised to be acquired is 3,200,000;
  - (B) the minimum price (exclusive of all expenses) which may be paid for Ordinary Shares is 5p per share; and
  - (C) where such acquisition is to be effected:-
    - (i) pursuant to tenders made in relation to any tender offer effected by (or on behalf of) the Company, the maximum price (exclusive of expenses) which shall be paid for an Ordinary Share pursuant to this authority shall be no more than 150 per cent. of the average of the middle market quotations as as derived from the London Stock Exchange's Daily Official List for the five business days immediately preceding the date on which a circular is posted to Shareholders notifying Shareholders of the terms and conditions of the tender offer; or
    - (ii) otherwise than pursuant to tenders made in relation to any tender offer effected by (or on behalf of) the Company, the maximum price (exclusive of expenses) which may be paid for an Ordinary Share is, in respect of a share contracted to be purchased on any day, is an amount equal to the higher of:
      - (A) 105 per cent of the average closing middle market quotations of ordinary shares of 5p in the Company as derived from the London Stock Exchange's Daily Official List for the five business days immediately preceding the day on which such share is contracted to be purchased; and
      - (B) where the relevant purchase is carried out so as to comply with Article 5(1) of Regulation (EU) No 596/2014, the value of an ordinary share of 5p in the Company calculated on the basis of the higher of the price of the last independent trade and the highest current independent purchase bid on the trading venue where the relevant purchase is contracted; and
  - (D) the authority hereby conferred shall expire at the earlier of the conclusion of the next Annual General Meeting following the date upon which this resolution was passed or 15 months following the date upon which this resolution was passed; and
  - (E) the Company may contract to purchase its own shares under the authority hereby conferred prior to the expiry of such authority, which will or may be executed wholly

or partly after the expiry of such authority, and may make a purchase of its own shares in pursuance of any such contract; and

- (F) all Ordinary Shares so purchased in pursuance of this authority shall be cancelled or held as treasury shares immediately upon completion of the purchase and the amount of the Company's issued share capital shall be reduced by the nominal amount of the shares so purchased.

#### Special Resolutions

9. That:

(A) in accordance with section 570 of the Companies Act 2006 (the "Act"), the directors be and are hereby given the general power to allot equity securities (as defined in Section 560 of the Act) pursuant to the authority conferred on them for the purposes of Section 551 of the Act by an ordinary resolution of the Company of even date herewith and/or to sell equity securities held as treasury shares (within the meaning of section 724 of the Act) for cash in each case as if Section 561(1) of the Act did not apply to any such allotment or sale, provided that this power shall be limited:

- (i) to the allotment and/or sale of equity securities in connection with any offer by way of rights to holders of ordinary shares in the capital of the Company (other than to the holder(s) of treasury shares) notwithstanding that, by reason of such exclusions or other arrangements as the directors may deem necessary or desirable to deal with legal or other problems arising in any overseas territory, in connection with fractional entitlements, record dates or otherwise howsoever, the equity securities to be allotted are not offered to all such holders in proportion to the respective number of ordinary shares held by them;
- (ii) the allotment of equity securities and/or the sale of equity securities held as treasury shares (otherwise than pursuant to paragraph (i) above) up to an aggregate nominal value of £53,400;

(B) the power hereby conferred shall expire at the earlier of the conclusion of the next Annual General Meeting following the date on which this resolution was passed or fifteen months following the date upon which this resolution was passed;

(C) the power hereby conferred shall enable the Company to make an offer or agreement that would or might require equity securities to be allotted and/or sale after such power expires and the directors may allot and/or sell equity securities in pursuance of any such offer or agreement made within the limits prescribed in paragraph (A) above as if the power hereby conferred had not expired; and

(D) this power shall replace all existing powers granted to the directors to allot and/or sell equity securities as if the said Section 561(1) of the Act did not apply to the extent that the same have not been previously utilised.

10. That the amended Articles of Association of the Company as produced and tabled to the meeting and initialed by the Chairman be and are hereby adopted by the Company.

By order of the Board,

R B Smyth Secretary 23 December 2020	Registered Office: Citypoint, 16 <sup>th</sup> Floor, One Ropemaker Street, London, EC2Y 9AW
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Notes:

**Shareholders are requested to note the special arrangements for the AGM taken by the Company as reflected in these notes**

1. Shareholders should note that, in accordance with current UK Government regulations in relation to COVID-19, the Company will not permit Shareholders to attend the meeting in person. **We recommend that all Shareholders vote on the resolutions in advance of the AGM by submitting a proxy form in accordance with the instructions in these notes. Shareholders are encouraged to appoint the chairman of the AGM as their proxy rather than a named person who will not be permitted to attend the physical meeting.** For further information on how to appoint a proxy, please see note 6 below.
2. Voting on the resolutions at the AGM will be by way of a poll rather than a show of hands. A poll ensures that the votes of Shareholders who have appointed proxies that are in attendance at the meeting will be taken into account in the final voting results.
3. Should Shareholders wish to ask any questions in relation to the resolutions or otherwise in relation to the business of the meeting, which they may otherwise have asked at the AGM had they been in attendance, they are encouraged to contact the Company prior to the AGM by email at [info@charactergroup.plc.uk](mailto:info@charactergroup.plc.uk). The Company will publish these questions (other than any questions which the Directors consider to be frivolous or vexatious, or which cannot be addressed for legal or regulatory reasons) and answers on its website as soon as practicable after the AGM.
4. A member entitled to attend and vote at the Annual General Meeting convened by the Notice above is entitled to appoint a proxy or proxies to attend, speak and vote in his/her place. However, in light of the evolving COVID-19 situation and the ongoing government restrictions on social distancing in response to COVID-19, any person appointed other than the Chairman will, on this unusual occasion, not be able to attend and vote at the meeting. A member may only appoint more than one proxy if each proxy is appointed to exercise the voting rights attached to different shares. A member may not appoint more than one proxy to exercise rights attached to the same shares.
5. To be valid, hard copy forms of proxy must be lodged with Neville Registrars Limited, Neville House, Steelpark Road, Halesowen, West Midlands B62 8HD or scanned copies to [info@nevilleregistrars.co.uk](mailto:info@nevilleregistrars.co.uk) not less than 48 hours before the time appointed for holding the Annual General Meeting. A form of proxy is enclosed with this notice. If you do not have a proxy form and believe that you should have one, or if you require additional forms, please contact Neville Registrars Limited by email at [info@nevilleregistrars.co.uk](mailto:info@nevilleregistrars.co.uk) or by phone on 0121 585 1131. In the case of joint holders of shares, the vote of the first named in the register of members who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of other joint holders.

6. A member that is a company or other organisation not having a physical presence cannot attend in person but can appoint someone to represent it. This can be done in one of two ways: either by the appointment of a proxy (described in Notes 5 above and notes 10 – 13 below) or of a corporate representative. However, in light of the evolving COVID-19 situation and the ongoing government restrictions on social distancing in response to COVID-19, any person appointed other than the Chairman will, on this unusual occasion, not be able to attend and vote at the meeting. Members considering the appointment of a corporate representative should check their own legal position, the Company's articles of association and the relevant provision of the Companies Act 2006.
7. Completion of a form of proxy or any CREST Proxy Instruction (as described in notes 10 - 13 below) will not prevent a member from attending and voting at the Annual General Meeting should he or she so wish. Given the limitations on physical participation **it is strongly recommended that Shareholders appoint the Chairman of the meeting as their proxy**, as physical attendance at the meeting by others will be restricted in line with current guidance and legislation.
8. For the purposes of Regulation 41 of the Uncertificated Securities Regulations 2001, the members entitled to attend, speak and/or vote at the Annual General Meeting shall be those entered on the Company's register of members at 6:00 p.m. on 20 January 2021 (or if the meeting is adjourned, on the day which is two business days before the time fixed for the adjourned meeting). Changes to entries on the register of members after that time (including as to the number of votes they may they may cast) will be disregarded in determining the rights of any person to attend and/or vote at the meeting.
9. As at 22 December 2020 (being the last business day prior to the publication of this Notice) the Company's issued share capital (excluding shares held in treasury) consisted of 21,379,781 ordinary shares, carrying one vote each. Therefore, the total voting rights in the Company as at 22 December 2020 was 21,379,781.
10. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual. CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.
11. In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications, and must contain the information required for such instruction, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the issuer's agent (ID 7RA11) by 11:00 a.m. on 20 January 2021. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Application Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.
12. CREST members and, where applicable, their CREST sponsors, or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular message. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member, or sponsored member, or has appointed a voting service provider, to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting system providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

13. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.
14. As an alternative to returning a hard copy Form of Proxy, you may submit your Proxy electronically at [www.sharegateway.co.uk](http://www.sharegateway.co.uk) by using your Personal Proxy Registration Code as shown on the Form of Proxy. For an electronic proxy appointment to be valid, the appointment must be received by Neville Registrars Limited not less than 48 hours before the time appointed for the meeting.