



The Character Group plc

("Group" or the "Company")

designers, developers and international distributors of toys, games and giftware

Trading update

LONDON: Wednesday, 11 October 2017: The Board of The Character Group plc (AIM: symbol: CCT.L), provides the following trading update.

As reported in the Trading statement issued by the Company on 19 September 2017, conditions in the Group's markets remain challenging. The Board notes, however, that the portfolio of brands serviced from our UK base continue to trade well, with domestic sales holding up at levels comparable to the same period last year and against the year to date trends of the toy industry as a whole.

Our international and "FOB" sales have been adversely effected by a combination of several factors, not least of which is one of the world's largest toy retailers entering into Chapter 11 bankruptcy protection in the US and Canada, which has had subsequent knock-on repercussions in every market where it trades (including the UK). Our international customers are also taking a very conservative approach to purchases.

At this early stage of the Group's new financial year the Board consider that, based on the latest sales and market data available to them, the Group's performance for the year ending 31 August 2018 is now expected to be significantly below current market estimates. Nevertheless, the Directors believe this to be a temporary downturn and that the Group anticipates returning to its previous growth pattern during the second half of the 2018 calendar year, and this ultimately is expected to be reflected in the financial performance for the year ending 31 August 2019.

The single biggest factor underpinning our optimism is that during 2018 we shall be introducing exceptionally exciting new products, many developed in-house which, together with the current product portfolio will, the Directors believe, give the Group its strongest ever product line up.

Additionally, even in these tough trading conditions, we expect our cash flow to remain positive, our reserves to grow, and our Christmas stocks to remain under control.

Furthermore, we are committed to maintaining our progressive dividend policy and continuing our share buy-back programme, as and when considered appropriate.

2017 financial results

As reported in September, the business has had a solid finish to the 2017 financial year. Accordingly, the Directors anticipate that, Group underlying pre-tax profits for the year ended 31 August 2017 are projected to meet current market estimates. The Group's balance sheet remains strong.

The Character Group will be updating the market further when the Company announces its preliminary results during the week commencing 4 December 2017.

ENQUIRIES

The Character Group plc

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FTSE sector: leisure: FTSE AIM All-share: symbol: CCT.L: Market cap: £93m

Copies of this statement can be viewed at www.thecharacter.com.

Product ranges can be viewed at www.character-online.co.uk.

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