



Prior to its release, certain of the information contained in this announcement was considered by the Company to be inside information, for the purposes of Article 7 of EU Market Abuse Regulation 596/2014.

The Character Group plc

Designers, developers and international distributor of toys, games and giftware
("Company", "Group" or "Character")

Trading update

London: Friday, 20 January 2017: The Character Group plc (AIM: CCT), which holds its Annual General Meeting today, publishes the following update ahead of the Meeting:

As we highlighted in the 2016 Annual Report, we continue to develop our strong and diverse portfolio of 'in-demand' products. This, in conjunction with our strengthening financial position, underpins our corporate profile and reputation within the industry as the UK's leading independent toy company.

Whilst we are confident that the market expectation for the 2017 financial year shall be achieved, we expect the results for the first half to be lower than those reported in the comparative period last year. In the four months to December 2016, sales were marginally lower than the same period last year and as expected UK gross margin was adversely affected by the devaluation of sterling. The steps taken to mitigate the reduction in margin are currently starting to take effect and will be fully implemented in the second half. We are expecting both our international and domestic sales to grow in the remainder of the financial year.

Our balance sheet, including cash position continues to strengthen considerably; we shall maintain our progressive dividend policy.

The ongoing performance of our established cornerstone brands, which includes *Peppa Pig, Little Live Pets, Teletubbies, Minecraft, Fireman Sam, Scooby Doo and Stretch Armstrong*, remains very encouraging. The reaction to our 2017 product ranges and marketing plans has been excellent; we are confident that the new season's offering will deliver in terms of demand and sales at consumer level across both our UK and international markets.

Once again, as part of our domestic and international marketing programmes, Character will be exhibiting at The London Toy Fair 2017, which is being held at Kensington Olympia and starts on Tuesday, 24 January. Over the three-day Expo, we will officially unveil to the trade our new season's portfolio. <http://www.btha.co.uk/toy-fair/2017>.

In summary, the Board remains confident about the future and we shall provide an update in April, when the half-year financial results for the period ending 28 February 2017 are released.

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FTSE sector: leisure:

FTSE AIM All-share: symbol: CCT.L:

Market cap: £110.98 million

A copy of this statement can be viewed at www.thecharacter.com.

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

Product names in *italics* represent copyright or registered trademarks.

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