



This announcement contains inside information for the purposes of Article 7 of the Market Abuse Regulation (EU) 596/2014 as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018 ("UK MAR"), and is disclosed in accordance with the Company's obligations under Article 17 of UK MAR. Upon the publication of this announcement via the Regulatory Information Service, this inside information is now considered to be in the public domain.

The Character Group plc
Designers, developers and international distributor of toys, games, and giftware

HALF YEARLY FINANCIAL REPORT
for the six months ended 28 February 2021

KEY PERFORMANCE INDICATORS			
CONTINUING OPERATIONS	Half-year ended 28 February 2021	Half-year ended 29 February 2020	Year ended 31 August 2020
Revenue up 44%	£74.5m	£51.7m	£108.9m
Underlying operating profit*	£6.1m	£2.7m	£5.4m
Underlying pre-tax profit*	£6.1m	£2.5m	£5.0m
Underlying basic earnings per share*	23.0p	9.60p	18.12p
Underlying diluted earnings per share*	22.93p	9.58p	18.08p
Profit before tax	£7.6m	£2.2m	£3.9m
Basic earnings per share	28.76p	8.57p	14.76p
Diluted earnings per share	28.67p	8.55p	14.73p
Dividend per share	6.0p	2.0p	5.0p
EBITDA	£7.9m	£4.3m	£8.2m
Cash and cash equivalents increased substantially	£34.9m	£16.8m	£19.1m
Net assets	£39.6m	£32.8m	£34.0m
*Excludes			
Mark to market (loss) adjustments on FX derivative positions	£(0.48)m	£(0.27)m	£(2.0)m
Profit on sale of property	£2.02m	-	-
Gain on buy back on loan	-	-	£0.90m

- Following the successful alignment of its product offering with the rest of the Group, Character's Scandinavian business returned a profit
- Sale of freehold property, Vernon Mill in January 2021 returned a gain of £2m
- The Group has one of the strongest portfolios that it has ever taken to both domestic and international markets and this performance is expected to continue through the second half of the financial year and beyond Christmas 2021
- Character's top brands have all shown significant sales growth. *Goo Jit Zu* is now the Group's Number One brand and is penetrating all major international markets, with distribution so far achieved in over 40 countries. Other major brands (*Peppa Pig*, *Pokémon*, *Little Live Pets*, *Shimmer 'n Sparkle Instaglam*, *Stretch Armstrong*, *Fireman Sam*, *Scooby Doo*) are also all out-performing expectations
- Character appointed Master Toy Partner by Moonbug Entertainment, the creator of the *My Magic Pet Morphle* brand, to collaborate on the design and roll out of a full and sustainable toy products programme for this new brand
- Focus on developing a sustainable, Eco-friendly range of products over numerous brands as well as the Group's Eco-Plush multi-licenced ranges (products manufactured from recycled materials)
- New product and range launches to build on the Group's success are scheduled to take place throughout the summer and into the autumn. Crucial to maintaining a fresh and vibrant portfolio, the planning and design of new concepts and developments for 2022 is now well advanced and close to fruition

“The performance of our current portfolio of products, coupled with our success in further building sales growth momentum in our international and domestic markets, has resulted in a very strong performance by the Group in the period under review.”

“We have continued to see a strong performance in sales of our product portfolio in all our territories from the commencement of the second half of the year. This growth is forecast to continue through to and beyond Christmas 2021 and we are on target to deliver the best performance in any calendar year in the Group’s history. Accordingly, we expect the 2021 full financial year’s underlying profit before tax will be materially ahead of the published market consensus of £10.5m.”

“Regardless of market challenges, the resilience of the Group’s cash-generative business has been proved and its powerful performance will be further enhanced with the reopening of non-essential retail shops in the UK and will be further supported beyond Christmas 2021 and into 2022 by the anticipated global relaxation of restrictions in coming months.”

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The Character Group plc

FTSE sector: leisure goods:

FTSE AIM All-share: symbol: CCT

Market cap: £100.9m

Group website: www.thecharacter.com

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

HALF YEARLY FINANCIAL REPORT
for the six months ended 28 February 2021

INTRODUCTION

Character presents its results for the half-year ended 28 February 2021.

The sales achieved from our current portfolio of products, coupled with our success in further building sales growth momentum in our international and domestic markets, has resulted in a very strong performance by the Group in the period under review.

Underlying profit before tax was £6.1m, substantially higher than the previous period (HY 2020: £2.5m), and turnover for the period was also increased by 44% to £74.5m (HY 2020: £51.7m). Further, following the successful alignment of its product offering with the rest of the Group, our Scandinavian business also posted an operating profit for the period.

Cash and cash equivalents at 28 February 2021 increased substantially to £34.9m (HY 2020: £16.8m).

During the period, the Group also made a gain of £2m on the sale of one of its freehold properties (Vernon Mill).

The period under review has witnessed a combination of unique events (the further global COVID-19 lockdowns and the end of the Brexit transition period) which have resulted in seismic challenges being faced by traditional retail customers and generally in the global goods transportation sector. Whilst these factors have had their effect, the Directors are delighted to report that the Group's business has seen healthy growth in all its markets in the period.

This has been an astounding achievement all round and the Board is extremely proud of how effectively the individuals and teams throughout the business have pulled together to achieve this result.

OUR PORTFOLIO

As always, our portfolio of brands and products is key to our prospects and we are delighted to report that the Group's performance in the first six months demonstrates that we currently have one of the strongest portfolios that we have ever taken to both our domestic and international markets. This performance is expected to continue through the second half of the financial year and beyond Christmas 2021. Our top brands have all shown significant sales growth. *Goo Jit Zu* is now our Number One brand and is penetrating all major international markets, with distribution so far achieved in over 40 countries. Our other major brands (*Peppa Pig*, *Pokémon*, *Little Live Pets*, *Shimmer 'n Sparkle Instaglam*, *Stretch Armstrong*, *Fireman Sam*, *Scooby Doo*) are also out-performing management's expectations.

Our move to focus on developing a sustainable, Eco-friendly range of products over numerous brands with our World of Licensed Wood range of figures, vehicles and playsets (which includes products produced under the *Peppa Pig*, *Disney Princess*, *Batman* and *Fireman Sam* brands) as well as our Eco-Plush multi-licenced ranges (products manufactured from recycled materials) are being enthusiastically embraced by the industry and consumers alike.

The Group's product portfolio also continues to be strengthened through the development of new and exciting additions that will further enhance its breadth and appeal. This momentum in evolving the Group's product offering not only builds and supports the existing and new brands it also reassures the Company that the performance of the Group's portfolio is not overly dependent on any one brand.

The Group continues successfully to source licences for brands and characters that inspire and have substantial followings amongst young children. Trends in the development of these brands and characters have changed considerably in recent years. Whilst in the past, many of these have emerged from films, television series, books or comics, now YouTube, popular social media and dedicated digital channels are fast emerging as platforms that children are drawn to and engage with. The trends and characters originating from these sources are now very much part of the focus for our attention. An exciting example of this phenomenon is *My Magic Pet Morphle* (an energetic little red creature who can transform into anything). Over 300 episodes of his adventures have been released to date on non-traditional, digital media and there has been a growing international audience for this enchanting character. Based on the Group's expertise and successes in toy brand management, Moonbug Entertainment, the creator of *My Magic Pet Morphle*, has selected Character as its Master Toy Partner to collaborate with it to design and roll out a full and sustainable toy products programme for this new brand. This is proving to be a great working relationship and we look forward to launching this exciting new range in the coming autumn.

New product and range launches to build on the Group's success are scheduled to take place throughout the summer and into the autumn. Crucial to maintaining a fresh and vibrant portfolio, the planning and design of new concepts and developments for 2022 is now well advanced and close to fruition.

To view our full current portfolio of products and brands, go to www.character-online.co.uk.

GROUP TRADING

As anticipated, the first half of the current year was the beneficiary of the deferral of the strong trading that, prior to the onset of the pandemic, had been projected for the second half of the last financial year.

Revenue in the period was up 44% on the same period last year at £74.5m (HY 2020 £51.7m; FY 2020: £108.9m).

The Group is reporting an underlying profit before tax for the period of £6.1m (HY 2020: £2.45m; FY 2020: £5.0m). In addition, the Group made a gain of £2.0m from the sale of the Vernon Mill freehold property in January 2021. Underlying earnings before interest, tax, depreciation and amortisation (EBITDA) were £7.9m (HY 2020 £4.3m; FY 2020: £8.2m).

Gross profit margin in the period came in at 29.2%, compared to 33.2% in the same 2020 period and 27.7% for the August 2020 financial year. The reduction in margin reflects the increased proportion of lower margin, international FOB sales in the first half compared with the same period in 2020, with some measure of pressure on the margin on domestic sales caused by container shortages and reduced shipping capacity resulting in substantial increases in freight rates on our domestic imports.

Underlying basic earnings per share amounted to 23.0p (HY 2020: 9.6p; FY 2020: 18.12p). Diluted earnings per share, on the same basis, were 22.93p (HY 2020: 9.58p; FY 2020: 18.08p).

A significant proportion of the Group's purchases are made in US dollars. The business is therefore exposed to foreign currency fluctuations and manages the associated risk through the purchase of forward exchange contracts and derivative financial instruments. Under International Financial Reporting Standards (IFRS), at the end of each reporting period the Group is required to make an adjustment in its financial statements to incorporate a 'mark to market' valuation of such financial instruments. The 'mark to market' adjustment for the financial period under review results in a charge of £0.48m. This compares to a charge of £0.27m shown in the corresponding period in 2020 and a charge of £2.0m reported in the year to 31 August 2020. These 'mark to market' adjustments are non-cash items, calculated by reference to unpredictable and sometimes volatile currency spot rates at the respective balance sheet dates.

FINANCIAL POSITION, WORKING CAPITAL & CASH FLOW

The Group's capital base remained solid, with net assets at 28 February 2021 of £39.6m (HY 2020: £32.8m; FY 2020: £34.0m). Inventories at 28 February 2021 reduced to £9.1m (HY 2020: £10.6m; FY 2020: £14.7m). During the period, the Group generated cash from operations of £21.3m (HY 2020: £15.1m; FY 2020: £19.6m).

The Group has no long-term debt. Net interest charges on the use of working capital facilities during the period were £0.1m (HY 2020: £0.2m; FY 2020: £0.34m). After making dividend payments, the Group had cash and cash equivalents of £34.9m (HY 2020: £16.8m; FY 2020: £19.1m) at the end of the first-half period. In addition, the Group had unutilised headroom of over £50m under its banking and other finance facilities.

DIVIDEND

The Board remains committed to maintaining a progressive dividend policy. Reflecting its confidence in the Company's ability to continue to grow profits and generate and develop further sustainable cash flow, the Board is declaring an interim dividend of 6.0p per share (HY 2020: 2.0p; final dividend 2020: 3.0p). This interim dividend, which is covered 3.8 times by the underlying earnings (HY 2020: 4.8 times), will be paid on 30 July 2021 to shareholders on the Register as at the close of business on 16 July 2021. The shares will be marked ex-dividend on 15 July 2021.

SHARE BUYBACK PROGRAMME

Although no share buybacks were achieved in the period under review, shareholders passed a resolution at the Company's Annual General Meeting held in January 2021 authorising the Company to effect buybacks (including by way of tender offers) of up to 3,200,000 issued ordinary shares of 5p each in the Company ("Ordinary Shares"). The Board believes that it is in the interests of all shareholders to provide investors who wish to realise part or all their investment in the Group with an opportunity to access liquidity that is not otherwise available in the market and to return excess capital to shareholders.

The Board has therefore resolved to pursue a new buyback initiative to purchase Ordinary Shares to a value of up to £10.0m. This new share buyback initiative is consistent with the Group's approach to capital allocation and reflects the Group's strong, ongoing cash generation. Further details will be announced in the coming weeks.

The Group continues to have considerable financial flexibility to fund its growth strategy and is supported by its robust financial position.

TOTAL VOTING RIGHTS (TVR)

As at today's date, the Company's issued share capital consists of 23,608,501 Ordinary Shares. The Company holds 2,228,720 Ordinary Shares in treasury which do not carry voting rights and, accordingly, the total number of voting rights in Character is 21,379,781. The figure of 21,379,781 may be used by shareholders as the denominator for the calculations by which they will determine if they are required to notify their interest, or change to their interest, in the Company under the FCA's Disclosure Guidance and Transparency Rules.

OUR PEOPLE

The efforts of, and results delivered by, our experienced and dedicated teams across our bases of operations in the UK, Scandinavia and Asia to overcome the challenges posed by the pandemic to our supply chain and fulfilment capabilities have been truly inspiring. By working tirelessly and in close partnership with our customers, suppliers and brand owners, our personnel have delivered a seamless, efficient and safe transition from the old to the new "normal". This experience has stress-tested our collaborative culture, business processes and relationships, however, the results achieved in the period under review have delivered a ringing endorsement of their effectiveness. Every one of our team members has played a significant role in this achievement and the Directors wish to express their gratitude to them on behalf of all the Group's stakeholders.

COVID-19

Whilst the current relaxation of restrictions in the UK and those that have been implemented in other territories throughout the world have been greatly welcomed, it is clear from the further COVID-19 waves fast developing in India and which are already being experienced in parts of the EU and elsewhere that it will be necessary for all people and organisations to continue to be vigilant and act responsibly with appropriate safety and distancing measures. The COVID-19 procedures that have been in place at all our sites for many months now (in line with government guidelines and other good practice) will remain in place for the foreseeable future to ensure the safety and wellbeing of our staff and visitors to our premises. Although it is not possible to determine what, if any significant, impact the threat of further COVID-19 "spikes" will have in the coming months, the Board is reassured by the Group's proven ability to continue to operate effectively in these challenging conditions and confident that the business is well positioned and robust in its stance to deal with future developments with this virus.

OUTLOOK

Building further on the substantial increase in Group sales in the first half, we have continued to see a strong performance in sales of our product portfolio in all our territories from the commencement of the second half of the year. This growth is forecast to continue through to and beyond Christmas 2021 and we are on target to deliver the best sales performance in any calendar year in the Group's history. Accordingly, we expect the 2021 full financial year's underlying profit before tax will be materially ahead of the published market consensus of £10.5m.

In the short term, the Group will face challenges with the ongoing delays at ports, shipping shortages and opportunistic pricing on freight rates (all principally fall-out resulting from the COVID-19 pandemic) together with mounting pressure on the costs of production in China. Gross profit margins will also reduce with the anticipated growth in FOB sales to our international customers.

Regardless of these market challenges, the resilience of the Group's cash-generative business has been proved and its powerful performance in the first half and into the second of the financial year will be further enhanced with the reopening of non-essential retail shops in the UK and will be further supported beyond Christmas 2021 and into 2022 by the anticipated global relaxation of restrictions in coming months.

The Board looks forward to updating shareholders with further news of these developments in due course.

29 April 2021

The Character Group plc
Consolidated Income Statement
Six months ended 28 February 2021

	6 months ended 28 February 2021	6 months ended 28 February 2021	6 months ended 28 February 2021	6 months ended 29 February 2020	6 months ended 29 February 2020	6 months ended 29 February 2020	12 months ended 31 August 2020	12 months ended 31 August 2020	12 months ended 31 August 2020
	*highlighted items	*highlighted items	(unaudited)	*highlighted items	*highlighted items	(unaudited)	*highlighted items	*highlighted items	(audited)
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(audited)	(audited)	(audited)
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Revenue	74,543	-	74,543	51,732	-	51,732	108,867	-	108,867
Cost of sales	(52,751)	-	(52,751)	(34,554)	-	(34,554)	(78,704)	-	(78,704)
Gross profit	21,792	-	21,792	17,178	-	17,178	30,163	-	30,163
Other income	256	-	256	244	-	244	501	-	501
Selling and distribution expenses	(5,469)	-	(5,469)	(5,472)	-	(5,472)	(7,355)	-	(7,355)
Administrative expenses	(10,468)	-	(10,468)	(9,297)	-	(9,297)	(17,949)	-	(17,949)
Profit on sale of property	-	2,016	2,016	-	-	-	-	-	-
Operating profit	6,111	2,016	8,127	2,653	-	2,653	5,360	-	5,360
Finance income	15	-	15	9	-	9	47	-	47
Finance costs	(66)	-	(66)	(208)	-	(208)	(388)	-	(388)
Changes in fair value of financial instruments	-	(482)	(482)	-	(265)	(265)	-	(1,980)	(1,980)
Gain on buy back of loan	-	-	-	-	-	-	-	886	886
Profit before tax	6,060	1,534	7,594	2,454	(265)	2,189	5,019	(1,094)	3,925
Income tax	(1,095)	(303)	(1,398)	(651)	45	(606)	(1,312)	376	(936)
Profit for the period	4,965	1,231	6,196	1,803	(220)	1,583	3,707	(718)	2,989

*highlighted items comprise material items that are disclosed separately by virtue of their size or incidence and because they are considered relevant to an understanding of the overall performance of the company.

The Character Group plc
Consolidated Income Statement
Six months ended 28 February 2021

		6 months ended 28 February 2021 (unaudited) £'000	6 months ended 29 February 2020 (unaudited) £'000	12 months ended 31 August 2020 (audited) £'000
	Notes			
Attributable to:				
Owners of the parent		6,148	1,831	3,154
Non- controlling interest		48	(248)	(165)
Profit for the period		6,196	1,583	2,989
Earnings per share before significant items (pence)				
	4			
Basic earnings per share		23.00p	9.60	18.12p
Diluted earnings per share		22.93p	9.58	18.08p
Earnings per share after significant items (pence)				
	4			
Basic earnings per share		28.76p	8.57	14.76p
Diluted earnings per share		28.67p	8.55	14.73p
Dividend per share (pence)	3	3.00p	13.00p	15.00p
EBITDA (earnings before interest, tax, depreciation and amortisation)		7,889	4,318	8,158

The Character Group plc
Consolidated Statement of Comprehensive Income
Six months ended 28 February 2021

		6 months ended 28 February 2021 (unaudited) £'000	6 months ended 29 February 2020 (unaudited) £'000	12 months ended 31 August 2020 (audited) £'000
Profit for the period after tax		6,196	1,583	2,989
Items that will not be reclassified subsequently to profit and loss				
Current tax credit relating to exercised share options		-	-	-
Deferred tax relating to share options		19	(15)	(6)
		19	(15)	(6)
Items that may be reclassified subsequently to profit and loss				
Net exchange differences on translation of foreign operations		(247)	(296)	(98)
Total comprehensive income for the period		5,968	1,272	2,885
Total comprehensive income for the period attributable to:				
Equity holders of the parent		5,925	1,499	3,050
Non-controlling interest		43	(227)	(165)
		5,968	1,272	2,885

The Character Group plc
Consolidated Balance Sheet
at 28 February 2021

	28 February 2021 (unaudited) £'000	29 February 2020 (unaudited) £'000	31 August 2020 (audited) £'000
Non-current assets			
Intangible assets – product development	446	447	891
Investment property	1,551	1,616	1,584
Property, plant and equipment	7,422	3,351	3,226
Right of use assets	1,718	1,068	2,069
Deferred tax assets	658	502	704
	11,795	6,984	8,474
Current assets			
Inventories	9,145	10,563	14,736
Trade and other receivables	11,651	13,508	23,013
Current income tax receivable	244	-	244
Derivative financial instruments	206	66	75
Cash and cash equivalents	35,037	19,582	22,292
	56,283	43,719	60,360
Current liabilities			
Short term borrowings	(140)	(1,891)	(3,168)
Trade and other payables	(22,589)	(12,142)	(26,432)
Lease liabilities	(538)	(236)	(550)
Income tax payable	(951)	(1,331)	(777)
Derivative financial instruments	(2,906)	(570)	(2,293)
	(27,124)	(16,170)	(33,220)
Net current assets	29,159	27,549	27,140
Non – current liabilities			
Deferred tax	(90)	-	(21)
Lease liabilities	(1,221)	(848)	(1,547)
Long term borrowings	-	(921)	-
	39,643	32,764	34,046
Net assets			
Equity			
Called up share capital	1,181	1,181	1,181
Shares held in treasury	(1,870)	(1,870)	(1,870)
Capital redemption reserve	1,776	1,776	1,776
Share based payment reserve	3,640	3,276	3,369
Share premium account	17,324	17,324	17,324
Merger reserve	651	651	651
Translation reserve	590	855	727
Profit and loss account	16,351	10,215	11,231
Attributable to equity holders of the parent	39,643	33,408	34,389
Non-controlling interest	-	(644)	(343)
Total equity	39,643	32,764	34,046

The Character Group plc
Consolidated Statement of Cash Flows
Six months ended 28 February 2021

	6 months ended 28 February 2021 (unaudited) £'000	6 months ended 29 February 2020 (unaudited) £'000	12 months ended 31 August 2020 (audited) £'000
Cash flow from operating activities			
Profit before taxation for the period	7,594	2,189	3,925
Adjustments for:			
Depreciation of property, plant and equipment	284	347	544
Depreciation of investment property	33	33	65
Depreciation of right of use assets	278	-	412
Amortisation of intangible assets	1,187	1,285	1,783
Gain on buyback of loan	-	-	(886)
(Profit)/loss on disposal of property, plant and equipment	(2,020)	(2)	(9)
Interest expense	51	199	341
Financial instruments fair value adjustments	482	265	1,980
Share based payments	271	96	189
Decrease in inventories	5,591	5,842	1,669
Decrease in trade and other receivables	11,362	21,465	11,960
Decrease in trade and other creditors	(3,843)	(16,624)	(2,334)
Cash generated from operations	21,270	15,095	19,639
Interest paid	(51)	(199)	(341)
Income tax paid	(1,065)	(347)	(1,728)
Net cash inflow from operating activities	20,154	14,549	17,570
Cash flows from investing activities			
Payments for intangible assets	(742)	(829)	(1,771)
Payments for property, plant and equipment	(5,918)	(360)	(528)
Proceeds from disposal of property, plant and equipment	3,450	4	12
Net cash outflow from investing activities	(3,210)	(1,185)	(2,287)
Cash flows from financing activities			
Reduction of borrowings	-	-	1,408
Buyback of loan	-	-	(521)
Payment of leasing liabilities	(338)	(86)	(378)
Proceeds from issue of share capital	-	205	205
Purchase of own shares for cancellation	-	(163)	(163)
Dividends paid	(642)	(2,779)	(3,207)
Net cash used in financing activities	(980)	(2,823)	(2,656)
Net increase in cash and cash equivalents	15,964	10,541	12,627
Cash, cash equivalents and borrowings at the beginning of the period	19,124	6,504	6,504
Effects of exchange rate movements	(191)	(275)	(7)
Cash, cash equivalents and borrowings at the end of the period	34,897	16,770	19,124

Cash, cash equivalents and borrowings consist of:			
Cash, cash equivalents	35,037	19,582	22,292
Short term borrowings	(140)	(2,812)	(3,168)
Cash, cash equivalents and borrowings at the end of the period	34,897	16,770	19,124

The Character Group plc
Consolidated Statement of Changes in Equity
Six months ended 28 February 2021

	Called up share capital £'000	Treasury shares £'000	Capital redemption reserve £'000	Share premium account £'000	Merger reserve £'000	Share based payment £'000	Translation reserve £'000	Profit and loss account £'000	Non- controlling interest £'000	Total £'000
Balance as at 31 August 2019 (unaudited)	1,183	(1,912)	1,774	17,161	651	3,180	1,223	11,290	(417)	34,133
Profit/(loss) for the period	-	-	-	-	-	-	-	1,831	(248)	1,583
Exchange differences on translation of foreign operations	-	-	-	-	-	-	(368)	51	21	(296)
Deferred tax relating to share options	-	-	-	-	-	-	-	(15)	-	(15)
Total comprehensive income/(expense) for the period	-	-	-	-	-	-	(368)	1,867	(227)	1,272
Transactions with owners										
Dividend paid	-	-	-	-	-	-	-	(2,779)	-	(2,779)
Share based payment	-	-	-	-	-	96	-	-	-	96
Shares issued	-	42	-	163	-	-	-	-	-	205
Shares cancelled	(2)	-	2	-	-	-	-	(163)	-	(163)
Six months ended 29 February 2020	1,181	(1,870)	1,776	17,324	651	3,276	855	10,215	(644)	32,764
Balance as at 1 September 2019 (audited)	1,183	(1,912)	1,774	17,161	651	3,180	1,223	11,293	(416)	34,137
Profit/(loss) for the year after tax	-	-	-	-	-	-	-	3,154	(165)	2,989
Net exchange differences on translation of foreign operations	-	-	-	-	-	-	(496)	398	-	(98)
Deferred tax debit relating to share options	-	-	-	-	-	-	-	(6)	-	(6)
Total comprehensive income/(expense) for the year	-	-	-	-	-	-	(496)	3,546	(165)	2,885
Transactions with owners										
Change in non controlling interest	-	-	-	-	-	-	-	(238)	238	-
Share based payment	-	-	-	-	-	189	-	-	-	189
Dividends	-	-	-	-	-	-	-	(3,207)	-	(3,207)
Shares issued	-	42	-	163	-	-	-	-	-	205
Shares cancelled	(2)	-	2	-	-	-	-	(163)	-	(163)
At 31 August 2020	1,181	(1,870)	1,776	17,324	651	3,369	727	11,231	(343)	34,046
Profit for the period	-	-	-	-	-	-	-	6,148	48	6,196
Exchange differences on translation of foreign operations	-	-	-	-	-	-	(137)	(105)	(5)	(247)
Deferred tax relating to share options	-	-	-	-	-	-	-	19	-	19
Total comprehensive income/(expense) for the period	-	-	-	-	-	-	(137)	6,062	43	5,968
Transactions with owners										
Change in non controlling interest	-	-	-	-	-	-	-	(300)	300	-
Dividend paid	-	-	-	-	-	-	-	(642)	-	(642)
Share based payment	-	-	-	-	-	271	-	-	-	271
Six months ended 28 February 2021	1,181	(1,870)	1,776	17,324	651	3,640	590	16,351	-	39,643

The Character Group plc
Notes to the Financial Statements

1. Basis of Preparation

The financial information set out in this Half Yearly Financial Report has been prepared in accordance with the recognition and measurement principles of International Financial Reporting Standards (IFRS) in conformity with the Companies Act 2006 and in accordance with the accounting policies which will be adopted in presenting the Group's Annual Report and Financial Statements for the year ending 31 August 2021. These are consistent with the accounting policies used in the financial statements for the year ended 31 August 2020 as described in those annual financial statements.

As permitted, this Half Yearly Financial Report has been prepared in accordance with the AIM rules and not in accordance with IAS 34 'Interim Financial Reporting'.

The consolidated financial statements are prepared under the historical cost convention, as modified by the revaluation of certain financial instruments and share based payments at fair value.

These Half Yearly Financial Statements and the financial information for the six months ended 28 February 2021 do not constitute full statutory accounts within the meaning of section 434 of the Companies Act 2006 and are unaudited. These unaudited Half Yearly Financial statements were approved by the Board of Directors on 28 April 2021.

The information for the year ended 31 August 2020 is based on the consolidated financial statements for that year on which the Group's auditor's report was unqualified and did not contain a statement under section 498 (2) or (3) of the Companies Act 2006.

2. Going concern

The Directors acknowledge the Financial Reporting Council's 'Guidance for companies on Corporate Governance Reporting' issued in December 2020.

In assessing the Group and Company's ability to continue as a going concern, the Board reviews and approves the annual budget and updated forecasts, including forecasts of cash flows, borrowing requirements and headroom. The Board reviews the Group's sources of available funds and the level of headroom available against its committed borrowing facilities. The Group's financial forecasts, taking into account possible sensitivities in trading performance including the potential impact of Covid-19, indicate that the Group will be able to operate within the level of its committed borrowing facilities for the foreseeable future. The banks remains supportive of the Group and in the UK has an ongoing invoice discount facility of £20m, together with overdraft and trade finance facilities of £21m which were renewed in April 2020. The Directors have a reasonable expectation that the Group and Company have adequate resources to continue their operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis of accounting in preparing the Interim report.

3. Dividends

	6 months ended 28 February 2021 (unaudited) £'000	6 months ended 29 February 2020 (unaudited) £'000	12 months ended 31 August 2020 (audited) £'000
On equity shares:			
Final dividend paid for the year ended 31 August 2020			
- 3.00p (2019: 13.00p) per share	642	2,779	2,777
- Interim	-	-	430
	642	2,779	3,207

4. Earnings per share

Basic earnings per share is calculated by dividing the earnings attributable to ordinary shareholders by the weighted average number of ordinary shares during the period.

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares in issue on the assumption of conversion of all dilutive potential ordinary shares. The Group has one category of dilutive potential ordinary shares, being share options granted where the exercise price is less than average price of the company's ordinary shares during this period.

An adjusted earnings per share has also been calculated as, in the opinion of the directors, this will allow shareholders to gain a clearer understanding of the trading performance of the Group.

The calculations are based on the following:

	six months ended 28 February 2021 (unaudited) £'000	six months ended 29 February 2020 (unaudited) £'000	12 months ended 31 August 2020 (audited) £'000
Profit attributable to equity shareholders of the parent	6,148	1,831	3,154
Financial instruments fair value adjustments net of tax	391	220	1,604
Gain on buyback of loan	-	-	(886)
Gain on sale of property net of tax	(1,622)	-	-
Profit for adjusted earnings per share	4,917	2,051	3,872
Weighted average number of shares			
In issue during the year – basic	21,379,781	21,355,507	21,367,710
Dilutive potential ordinary shares	66,078	60,164	50,590
Weighted average number of ordinary for diluted earnings per share	21,445,859	21,415,671	21,418,300

Earnings per share			
Basic earnings per share (pence)	28.76	8.57	14.76
Diluted earnings per share (pence)	28.67	8.55	14.73

Adjusted earnings per share			
Basic earnings per share (pence)	23.00	9.60	18.12
Diluted earnings per share (pence)	22.93	9.58	18.08

5. Electronic Communications

The Half Yearly Financial Report for the six months ended 28 February 2021 will shortly be available for viewing and download on the Group's website, www.thecharacter.com.

Independent Review Report to The Character Group plc

Introduction

We have been engaged by The Character Group plc (the Company) to review the condensed set of financial statements in the Half Yearly Financial Report for the six months ended 28 February 2021 which comprises the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated Balance Sheet, the Consolidated Statements of Cash flows, the Consolidated Statement of Changes in Equity, and related notes 1 to 4. 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 for the Company in accordance with guidance contained in International Standard on Review Engagements 2410 (UK and Ireland) "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company, for our work, for this report, or for the conclusions we have formed.

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 of the London Stock Exchange which requires that the accounting policies and presentation applied to the financial information in the Half Yearly Financial Report are consistent with those which will be adopted in the annual accounts having regard to the accounting standards applicable for such accounts.

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 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 28 February 2021 is not prepared, in all material respects, in accordance with the AIM rules of the London Stock Exchange.

Other matter

As disclosed in note 1, the annual financial statements of the Group are prepared using the recognition and measurement principles of International Financial Reporting Standards in conformity with the Companies Act 2006. In preparing these interim condensed financial statements the directors have not applied the requirements of IAS 34 – Interim Financial Reporting. The directors have instead applied the requirements of the AIM rules of the London Stock Exchange.

Our conclusion is not modified in this respect.

MHA MacIntyre Hudson

Statutory Auditors and Chartered Accountants
2 London Wall Place
London EC2Y 5AU

28 April 2021