



Designers, developers and international distributor of toys, games and giftware

The information contained within this announcement is deemed by the Company to constitute inside information stipulated under the Market Abuse Regulation (EU) No. 596/2014. Upon the publication of this announcement via the Regulatory Information Service, this inside information is now considered to be in the public domain.

LONDON: Tuesday, 24 March 2020

THE CHARACTER GROUP PLC

("Group", "Company" or "Character")

Trading Update

The Character Group (AIM: CCT) the designer, developer and international distributor of branded toys, games and giftware, today provides an update in light of recent developments regarding COVID-19, the issue of governmental guidance, the implementation of mitigation measures and the rapidly changing landscape in its markets.

Character is not immune from the damaging effects of COVID-19. We continue to prioritise the health and safety of all employees and partners.

The Group's supply side operations in the Far East have experienced temporary disruption, however, they have been broadly restored, with most factories now reporting a return to near normal production capabilities. Orders for direct shipments from the Far East to international distributors and customers in the UK (FOB) are being received and processed through the Group's Far East offices. The demand side of the business, particularly in the UK, is being deeply impacted by closures of non-essential stores, shops and warehousing and distribution centres, albeit that some online retailer customers continue to place a modest level of orders.

The Board is anticipating a significant drop in revenue in H2 FY20 compared to current market expectations, which will inevitably impact profitability for FY20 but, without knowing for how long closures will last or how soon usual retail footfall levels will return, it is too early to assess the quantum of this impact.

The Group has a strong balance sheet and is debt-free, with a substantial cash balance and considerable unutilised working capital facilities. The premises from which the Character operates in the UK are freehold properties owned by the Group and are, therefore, free from rent liabilities. In addition, the Company has taken measures to reduce costs, wherever it can.

It is now anticipated that the Group's interim results for the six months ended 29 February 2020 will be issued during the last week of May 2020 and, in the absence of any further material developments in the meantime, the Board plans to provide an update at that time.

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