



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 as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018. Upon the publication of this announcement via the Regulatory Information Service, this inside information is now considered to be in the public domain.

LONDON, THURSDAY 12 MAY 2022

**The Character Group plc**

(the "Company" or "Group" or "Character")

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

**HALF YEARLY FINANCIAL REPORT**

for the six months ended 28 February 2022

<b>KEY PERFORMANCE INDICATORS</b>	<b>Six months ended 28 February 2022</b>	Six months ended 28 February 2021	Full-year ended 31 August 2021
<b>CONTINUING OPERATIONS</b>			
Revenue	<b>£90.9m</b>	£74.5m	£140.0m
Operating profit before highlighted items*	<b>£6.5m</b>	£6.1m	£11.2m
Pre-tax profit before highlighted items*	<b>£6.5m</b>	£6.1m	£11.1m
Basic earnings per share before highlighted items*	<b>25.15p</b>	23.00p	40.92p
Diluted earnings per share before highlighted items*	<b>24.62p</b>	22.93p	40.37p
Profit before tax	<b>£6.5m</b>	£7.6m	£15.3m
Basic earnings per share	<b>25.21p</b>	28.76p	56.86p
Diluted earnings per share	<b>24.68p</b>	28.67p	56.09p
Dividend per share	<b>7.0p</b>	6.0p	15.0p
EBITDA	<b>£8.4m</b>	£7.9m	£14.0m
Cash and cash equivalents (after a share buy-back of £13.6m)	<b>£21.5m</b>	£34.9m	£35.9m
Net assets (after a share buy-back of £13.6m)	<b>£35.2m</b>	£39.6m	£44.9m
*Excludes			
Mark to market (loss)/profit adjustments on FX derivative positions	-	£(0.48)m	£2.1m
Profit on sale of property	-	£2.02m	£2.0m

- Against a backdrop of challenging operational conditions, the Group has delivered a very solid result first half result
- [Goo Jit Zu](#), our number 1 brand continues to sell well in UK and internationally in over 30 countries. We are also seeing consistent growth in other brands - [Fireman Sam](#), [Mashems](#), [Jiggly Pets](#) and [Stretch Armstrong](#)
- New exciting products launched at the London Toy Fair in January 2022 and being well received by our customers
- The Group's strategy is to increasingly develop its own products, either under its own brands or under well-known marques licenced from global brand owners. This strategy has enabled the Group to expand its global sales

*"The momentum seen in sales in the first half is continuing, particularly in the strong performance from our international FOB business. We remain mindful, however, of the current difficult macro-economic conditions and the recent weakness of Sterling. Like many others across the industry, we also continue to experience inbound shipping delays and other operational adversities due to continuing COVID-19 concerns, particularly in China. Despite these challenges, we expect the profit before tax and highlighted items for the full financial year ending 31 August 2022 to be in line with market expectations."*

**FTSE sector:** leisure: **FTSE AIM All-share:** symbol: CCT.L: **Market cap:** £112.3m

Copies of this statement can be viewed at [www.thecharacter.com](http://www.thecharacter.com). Product ranges can be viewed at [www.character-online.co.uk](http://www.character-online.co.uk).

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## The Character Group plc

(the "Company" or "Group" or "Character")

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

### HALF YEARLY FINANCIAL REPORT

for the six months ended 28 February 2022

#### INTRODUCTION

Against a backdrop of challenging operational conditions, the Group has delivered a very solid result for the period under review.

The Group's income in the period was £90.9m, an increase of 22% over the same six months in 2021 (HY 2021: £74.5m). This is a great achievement given the global logistics challenges encountered in the first half, particularly in the lead up to Christmas 2021. The profit before tax and highlighted items was £6.5m, an increase of 7.7% over the same period in the previous year (HY 2021: £6.1m). The Group also generated cash of £3.4m from operations. At the end of the period, cash at bank was £21.5m after a share buyback of c.£13.6m.

COVID-19 concerns and effects remained at the core of the global supply chain difficulties. Although the majority of countries where we sell or distribute our products relaxed or even eliminated COVID-19 restrictions, the strict controls applied in China, where almost all of the Group's manufacturing takes place, resulted in delays in production at factories and shipping exports to our global markets. Consequently, this led to extended lead times, uncertainty over delivery dates and significant cost increases. In the UK, the shortage of HGV driver capacity and delays at ports added to the convolutions that all these factors have presented to the business.

Despite such difficulties, the business has traded well in the first six months of the current financial year, as the Group's reported revenue reflects, and the sales momentum is continuing into the second half.

#### GROUP TRADING

As stated, revenue in the period at £90.9m was up 22% on the comparable period last year (HY 2021 £74.5m; FY 2021: £140.0m).

The Group is reporting a profit before tax and highlighted items for the period of £6.5m (HY 2021: £6.1m; FY 2021: £11.1m). Earnings before interest, tax, depreciation and amortisation (EBITDA) were £8.4m (HY 2021 £7.9m; FY 2021: £14.0m).

Gross profit margin in the period came in at 24.8%, compared to 29.2% in the same 2021 period and 28.9% for the August 2021 financial year. The reduction in margin reflects the growth in international FOB sales, particularly in the competitive USA market, which attracts a lower margin than the Group's domestic sales. The increases in costs of production in the Far East and the continuing high freight costs also affected the margin.

Basic earnings per share before highlighted items amounted to 25.15p (HY 2021: 23.0p; FY 2021: 40.92p). Diluted earnings per share, on the same basis, were 24.62p (HY 2021: 22.93p; FY 2021: 40.37p).

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 profit of £16,000. This compares to a charge of £0.48m shown in the corresponding period in 2021 and a profit of £2.1m reported in the year to 31 August 2021. 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 2022 of £35.2m, after a share buyback of £13.6m (HY 2021: £39.6m; FY 2021: £44.9m). During the period, the Group generated cash from operations of £3.4m (HY 2021: £21.3m; FY 2021: £27.3m). The reduction in cash generation is mainly due to the increase in the inventory position.

The Group has no long-term debt. Net interest charges on the use of working capital facilities during the period were £23,000 (HY 2021: £0.1m; FY 2021: £0.1m). After implementing the £13.6m tender offer in February 2022 and making dividend payments, the Group had cash and cash equivalents of £21.5m (HY 2021: £34.9m; FY 2021: £35.9m) 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.

One of the difficulties experienced in the lead up to Christmas 2021 was the Group's inability to satisfy all customer demand due to the shortage of stock. Inventory at 28 February 2022 of £17.9m was materially up against the comparative period last year (HY 2021: £9.1m). These remain high, due in part to late arrivals of stock but increasingly to a conscious decision to bring stock in early to ensure the ability of the Group to satisfy demand and maintain sales in the second half.

#### **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 7.0p per share (HY 2021: 6.0p; final dividend 2021: 9.0p). This interim dividend, which is covered 3.6 times by the earnings before highlighted items (HY 2021: 3.8 times), will be paid on 29 July 2022 to shareholders on the register as at the close of business on 15 July 2022. The shares will be marked ex-dividend on 14 July 2022.

#### **SHARE BUYBACK PROGRAMME**

Shareholders passed a resolution at the Annual General Meeting held in January 2022 authorising the Company to effect share 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 Company announced a Tender Offer to buyback up to 10% of the Company's total voting rights on 28 January 2022. The exercise was successfully completed in February 2022 and the Company bought back a total of 2,142,572 Ordinary Shares at a price of £6.30 per Ordinary Share pursuant to the Tender Offer. The Company has a remaining unutilised capacity to buyback up to a further 1,057,428 ordinary shares under the authority granted at the 2022 AGM.

The Board continues to believe that it is in the interests of all shareholders to provide investors who wish to realise part or all of 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 will consider further buyback initiatives in the future, reflecting its confidence in the Group's ability to maintain strong, ongoing cash generation in excess of the current and projected requirements of the business.

#### **TOTAL VOTING RIGHTS (TVR)**

As at today's date, the Company's issued share capital consists of 21,465,929 Ordinary Shares. The Company holds 2,165,577 Ordinary Shares in treasury which do not carry voting rights and, accordingly, the total number of voting rights in Character is 19,300,352. The figure of 19,300,352 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 PRODUCT PORTFOLIO**

*Goo Jit Zu*, our number 1 brand continues to sell well in the UK and internationally in over 30 countries. We are also seeing consistent growth in other brands - *Fireman Sam*, *Mashems*, *Jiggly Pets* and *Stretch Armstrong*.

We introduced some exciting new products at the London Toy Fair in January 2022:

- *Weebles*, including licenced ranges featuring *Peppa Pig*, *Cocomelon* and *Bluey*;
- *Chill Factor* (the brand we acquired last year), with a number of new brand extensions;
- *Mouse in the House*, a new concept and brand that we have wholly developed in-house; and
- *Shimmer and Sparkle*, including the *Instaglam* make up-range.

The Group's strategy is to increasingly develop its own products, either under its own brands or under well-known marques licenced from global brand owners. This approach has enabled the Group to expand its global sales in recent years. Whilst opportunities to capture distribution rights for third-party products in our domestic markets in the UK and Scandinavia continue to be sought and taken, the increase in investment in our own product development demonstrates that we remain committed to developing this successful strategy further and enhancing our global toy company credentials.

To view our full current portfolio of products and brands, go to [www.character-online.co.uk](http://www.character-online.co.uk).

## OUR PEOPLE

The teams at Character in the UK, Scandinavia and the Far East have consistently demonstrated an ability to anticipate and adapt to the conditions in our markets.

The onset of COVID-19 could not have been anticipated. However, the Board believes that the manner in which the Group initially preserved and subsequently grew the business, and has continued to do so, is a testament to the enterprising spirit, consummate skills, irrepressible optimism and uncompromising dedication of every member of the Group's global teams. Collaboration is in our DNA and sees its expression in the seamless coordination of our teams' responses to market intelligence and data from our business. This, combined with our close working relationships with our customers and suppliers, underpins our proven ability to identify and profitably exploit brand and product development opportunities in the market.

As always, on behalf of all stakeholders in the business, the Board wishes to express thanks to all our colleagues for their efforts and commitment.

## OUTLOOK

As we indicated earlier in this report, the momentum seen in sales in the first half is continuing, particularly in the strong performance from our international FOB business. We remain mindful, however, of the current difficult macro-economic conditions and the recent weakness of Sterling. Like many others across the industry, we also continue to experience inbound shipping delays and other operational adversities due to continuing COVID-19 concerns, particularly in China.

Despite these challenges, we expect the profit before tax and highlighted items for the full financial year ending 31 August 2022 to be in line with market expectations.

The Board will keep shareholders updated as we progress through the year.

**12 May 2022**

**The Character Group plc**  
**Consolidated Income Statement**  
six months ended 28 February 2022

	six months ended 28 February 2022 Result before *highlighted items (unaudited) £'000	six months ended 28 February 2022 *highlighted items (unaudited) £'000	<b>six months ended 28 February 2022 Statutory Result (unaudited) £'000</b>	six months ended 28 February 2021 Result before *highlighted items (unaudited) £'000	six months ended 28 February 2021 *highlighted items (unaudited) £'000	<b>six months ended 28 February 2021 Statutory Result (unaudited) £'000</b>	12 months ended 31 August 2021 Result before *highlighted items (audited) £'000	12 months ended 31 August 2021 *highlighted items (audited) £'000	<b>12 months ended 31 August 2021 Statutory Result (audited) £'000</b>
Revenue	90,947	-	<b>90,947</b>	74,543	-	<b>74,543</b>	139,997	-	<b>139,997</b>
Cost of sales	(68,347)	-	<b>(68,347)</b>	(52,751)	-	<b>(52,751)</b>	(99,553)	-	<b>(99,553)</b>
Gross profit	22,600	-	<b>22,600</b>	21,792	-	<b>21,792</b>	40,444	-	<b>40,444</b>
Other income	339	-	<b>339</b>	256	-	<b>256</b>	332	-	<b>332</b>
Selling and distribution expenses	(5,140)	-	<b>(5,140)</b>	(5,469)	-	<b>(5,469)</b>	(8,248)	-	<b>(8,248)</b>
Administrative expenses	(11,251)	-	<b>(11,251)</b>	(10,468)	-	<b>(10,468)</b>	(21,301)	-	<b>(21,301)</b>
Profit on sale of property	-	-	-	-	2,016	<b>2,016</b>	-	2,016	<b>2,016</b>
Operating profit	6,548	-	<b>6,548</b>	6,111	2,016	<b>8,127</b>	11,227	2,016	<b>13,243</b>
Finance income	17	-	<b>17</b>	15	-	<b>15</b>	36	-	<b>36</b>
Finance costs	(40)	-	<b>(40)</b>	(66)	-	<b>(66)</b>	(113)	-	<b>(113)</b>
Changes in fair value of financial instruments	-	16	<b>16</b>	-	(482)	<b>(482)</b>	-	2,128	<b>2,128</b>
Profit before tax	6,525	16	<b>6,541</b>	6,060	1,534	<b>7,594</b>	11,150	4,144	<b>15,294</b>
Income tax	(1,188)	(3)	<b>(1,191)</b>	(1,095)	(303)	<b>(1,398)</b>	(2,353)	(737)	<b>(3,090)</b>
Profit for the period	5,337	13	<b>5,350</b>	4,965	1,231	<b>6,196</b>	8,797	3,407	<b>12,204</b>

\*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 2022

	Notes	six months ended 28 February 2022 (unaudited) £'000	six months ended 28 February 2021 (unaudited) £'000	12 months ended 31 August 2021 (audited) £'000
<b>Attributable to:</b>				
Owners of the parent		5,350	6,148	12,156
Non- controlling interest		-	48	48
<b>Profit for the period</b>		<b>5,350</b>	<b>6,196</b>	<b>12,204</b>
<b>Earnings per share before highlighted items (pence)</b>				
Basic earnings per share	4	<b>25.15p</b>	23.00p	40.92p
Diluted earnings per share		<b>24.62p</b>	22.93p	40.37p
<b>Earnings per share after highlighted items (pence)</b>				
Basic earnings per share	4	<b>25.21p</b>	28.76p	56.86p
Diluted earnings per share		<b>24.68p</b>	28.67p	56.09p
<b>Dividend per share (pence)</b>				
	3	<b>9.00p</b>	3.00p	15.0p
<b>EBITDA</b> (earnings before interest, tax, depreciation and amortisation)				
		<b>8,407</b>	7,889	14,036

**The Character Group plc**  
**Consolidated Statement of Comprehensive Income**  
six months ended 28 February 2022

	six months ended 28 February 2022 (unaudited) £'000	six months ended 28 February 2021 (unaudited) £'000	12 months ended 31 August 2021 (audited) £'000
Profit for the period after tax	5,350	6,196	12,204
<i>Items that may be reclassified subsequently to profit and loss</i>			
Net exchange differences on translation of foreign operations	201	(247)	7
<b>Total comprehensive income for the period</b>	<b>5,551</b>	<b>5,949</b>	<b>12,211</b>
<b>Total comprehensive income for the period attributable to:</b>			
Equity holders of the parent	5,551	5,906	12,163
Non-controlling interest	-	43	48
	<b>5,551</b>	<b>5,949</b>	<b>12,211</b>

**The Character Group plc**  
**Consolidated Balance Sheet**  
at 28 February 2022

	28 February 2022 (unaudited) £'000	28 February 2021 (unaudited) £'000	31 August 2021 (audited) £'000
<b>Non-current assets</b>			
Intangible assets	1,567	446	1,806
Investment property	1,485	1,551	1,519
Property, plant and equipment	8,471	7,422	8,230
Right of use assets	1,162	1,718	1,454
Deferred tax assets	432	658	243
	<b>13,117</b>	<b>11,795</b>	<b>13,252</b>
<b>Current assets</b>			
Inventories	17,946	9,145	10,893
Trade and other receivables	14,827	11,651	26,019
Current income tax receivable	596	244	766
Derivative financial instruments	44	206	75
Cash and cash equivalents	21,550	35,037	35,920
	<b>54,963</b>	<b>56,283</b>	<b>73,673</b>
<b>Current liabilities</b>			
Short term borrowings	(3)	(140)	-
Trade and other payables	(29,133)	(22,589)	(38,390)
Lease liabilities	(545)	(538)	(557)
Income tax payable	(1,936)	(951)	(1,610)
Derivative financial instruments	(118)	(2,906)	(165)
	<b>(31,735)</b>	<b>(27,124)</b>	<b>(40,722)</b>
<b>Net current assets</b>	<b>23,228</b>	<b>29,159</b>	<b>32,951</b>
<b>Non-current liabilities</b>			
Deferred tax	(430)	(90)	(405)
Lease liabilities	(676)	(1,221)	(946)
	<b>(1,106)</b>	<b>(1,311)</b>	<b>(1,351)</b>
<b>Net assets</b>	<b>35,239</b>	<b>39,643</b>	<b>44,852</b>
<b>Equity</b>			
Called up share capital	1,074	1,181	1,181
Shares held in treasury	(1,826)	(1,870)	(1,870)
Capital redemption reserve	1,883	1,776	1,776
Share based payment reserve	3,857	3,640	3,749
Share premium account	17,540	17,324	17,324
Merger reserve	651	651	651
Translation reserve	887	590	767
Profit and loss account	11,173	16,351	21,274
<b>Total equity attributable to equity holders of the parent</b>	<b>35,239</b>	<b>39,643</b>	<b>44,852</b>



**The Character Group plc**  
**Consolidated Statement of Cash Flows**  
six months ended 28 February 2022

	six months ended 28 February 2022 (unaudited) £'000	six months ended 28 February 2021 (unaudited) £'000	12 months ended 31 August 2021 (audited) £'000
<b>Cash flow from operating activities</b>			
Profit before taxation for the period	6,541	7,594	15,294
<b>Adjustments for:</b>			
Depreciation of property, plant and equipment	304	284	567
Depreciation of investment property	33	33	65
Depreciation of right of use assets	276	278	556
Amortisation of intangible assets	1,246	1,187	1,621
Write off plant and equipment	-	-	132
(Profit)/loss on disposal of property, plant and equipment	-	(2,020)	(2,028)
Interest expense	23	51	77
Financial instruments fair value adjustments	(16)	482	(2,128)
Share based payments	108	271	380
(Increase)/decrease in inventories	(7,053)	5,591	3,853
Decrease/(increase) in trade and other receivables	11,192	11,362	(3,006)
(Decrease)/increase in trade and other creditors	(9,257)	(3,843)	11,957
<b>Cash generated from operations</b>	<b>3,397</b>	<b>21,270</b>	<b>27,340</b>
Interest paid	(23)	(51)	(77)
Income tax paid	(841)	(1,065)	(1,788)
<b>Net cash inflow from operating activities</b>	<b>2,533</b>	<b>20,154</b>	<b>25,475</b>
<b>Cash flows from investing activities</b>			
Purchase of business	-	-	(945)
Payments for intangible assets	(1,007)	(742)	(1,615)
Payments for property, plant and equipment	(547)	(5,918)	(7,128)
Proceeds from disposal of property, plant and equipment	-	3,450	3,458
<b>Net cash outflow from investing activities</b>	<b>(1,554)</b>	<b>(3,210)</b>	<b>(6,230)</b>
<b>Cash flows from financing activities</b>			
Payment of leasing liabilities	(268)	(338)	(606)
Proceeds from issue of share capital	260	-	-
Purchase of own shares for cancellation	(13,640)	-	-
Dividends paid	(1,929)	(642)	(1,924)
<b>Net cash used in financing activities</b>	<b>(15,577)</b>	<b>(980)</b>	<b>(2,530)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(14,598)</b>	<b>15,964</b>	<b>16,715</b>
Cash, cash equivalents and borrowings at the beginning of the period	35,920	19,124	19,124
Effects of exchange rate movements	225	(191)	81
<b>Cash, cash equivalents and borrowings at the end of the period</b>	<b>21,547</b>	<b>34,897</b>	<b>35,920</b>
<b>Cash, cash equivalents and borrowings consist of:</b>			
Cash, cash equivalents	21,550	35,037	35,920
Short term borrowings	(3)	(140)	-
<b>Cash, cash equivalents and borrowings at the end of the period</b>	<b>21,547</b>	<b>34,897</b>	<b>35,920</b>

**The Character Group plc**  
**Consolidated Statement of Changes in Equity**  
six months ended 28 February 2022

	Called up share capital £'000	Shares held in treasury £'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
<b>Balance as at 31 August 2020 (unaudited)</b>	<b>1,181</b>	<b>(1,870)</b>	<b>1,776</b>	<b>17,324</b>	<b>651</b>	<b>3,369</b>	<b>727</b>	<b>11,231</b>	<b>(343)</b>	<b>34,046</b>
Profit for the period	-	-	-	-	-	-	-	6,148	48	6,196
Exchange differences on translation of foreign operations	-	-	-	-	-	-	(137)	(105)	(5)	(247)
<b>Total comprehensive income/(expense) for the period</b>	-	-	-	-	-	-	(137)	6,043	43	5,949
<b>Transactions with owners</b>										
Change in non-controlling interest	-	-	-	-	-	-	-	(300)	300	-
Dividend paid	-	-	-	-	-	-	-	(642)	-	(642)
Deferred tax relating to share options	-	-	-	-	-	-	-	19	-	19
Share based payment	-	-	-	-	-	271	-	-	-	271
<b>Six months ended 28 February 2021</b>	<b>1,181</b>	<b>(1,870)</b>	<b>1,776</b>	<b>17,324</b>	<b>651</b>	<b>3,640</b>	<b>590</b>	<b>16,351</b>	<b>-</b>	<b>39,643</b>
<b>Balance as at 1 September 2020 (audited)</b>	<b>1,181</b>	<b>(1,870)</b>	<b>1,776</b>	<b>17,324</b>	<b>651</b>	<b>3,369</b>	<b>727</b>	<b>11,231</b>	<b>(343)</b>	<b>34,046</b>
Profit for the year after tax	-	-	-	-	-	-	-	12,156	48	12,204
Net exchange differences on translation of foreign operations	-	-	-	-	-	-	40	(28)	(5)	7
<b>Total comprehensive income for the year</b>	-	-	-	-	-	-	40	12,128	43	12,211
<b>Transactions with owners</b>										
Change in non-controlling interest	-	-	-	-	-	-	-	(300)	300	-
Share based payment	-	-	-	-	-	380	-	-	-	380
Deferred tax relating to share options	-	-	-	-	-	-	-	139	-	139
Dividends	-	-	-	-	-	-	-	(1,924)	-	(1,924)
<b>At 31 August 2021</b>	<b>1,181</b>	<b>(1,870)</b>	<b>1,776</b>	<b>17,324</b>	<b>651</b>	<b>3,749</b>	<b>767</b>	<b>21,274</b>	<b>-</b>	<b>44,852</b>
Profit for the period	-	-	-	-	-	-	-	5,350	-	5,350
Net exchange differences on translation of foreign operations	-	-	-	-	-	-	120	81	-	201
<b>Total comprehensive income/(expense) for the period</b>	-	-	-	-	-	-	120	5,431	-	5,551
<b>Transactions with owners</b>										
Share based payment	-	-	-	-	-	108	-	-	-	108
Deferred tax relating to share options	-	-	-	-	-	-	-	37	-	37
Dividend paid	-	-	-	-	-	-	-	(1,929)	-	(1,929)
Shares issued	-	44	-	216	-	-	-	-	-	260
Tender offer fees	-	-	-	-	-	-	-	(142)	-	(142)
Cancellation on tender offer	(107)	-	107	-	-	-	-	(13,498)	-	(13,498)
<b>Six months ended 28 February 2022</b>	<b>1,074</b>	<b>(1,826)</b>	<b>1,883</b>	<b>17,540</b>	<b>651</b>	<b>3,857</b>	<b>887</b>	<b>11,173</b>	<b>-</b>	<b>35,239</b>

## The Character Group plc

### Notes to the Financial Statements

six months ended 28 February 2022

#### 1. BASIS OF PREPARATION

The financial information set out in this Half Yearly Financial Report has been prepared under International Financial Reporting Standards (IFRS) as adopted by the European Union 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 2022. These are consistent with the accounting policies used in the financial statements for the year ended 31 August 2021 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 11 May 2022.

The information for the year ended 31 August 2021 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 on the going concern basis of accounting and reporting on solvency and liquidity risks' issued in April 2016.

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 remain supportive of the Group and has an ongoing invoice discount facility of £20m, together with overdraft and trade finance facilities of £38m. 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 Half Yearly Report.

#### 3. DIVIDENDS

	six months ended 28 February 2022 (unaudited) £'000	six months ended 28 February 2021 (unaudited) £'000	12 months ended 31 August 2021 (audited) £'000
On equity shares:			
Final dividend paid for the year ended 31 August 2021			
- 9.00p (2020: 3.00p) per share	1,929	642	642
Interim dividend paid for the year ended 31 August 2021			
- 6.00p per share	-	-	1,282
	1,929	642	1,924

**The Character Group plc**  
**Notes to the Financial Statements**  
six months ended 28 February 2022

<b>4. EARNINGS PER SHARE</b>			
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 (2021: 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:			
	<b>six months ended 28 February 2022 (unaudited) £'000</b>	six months ended 29 February 2021 (unaudited) £'000	12 months ended 31 August 2021 (audited) £'000
Profit attributable to equity shareholders of the parent	5,350	6,148	12,156
Financial instruments fair value adjustments net of tax	(13)	391	(1,724)
Gain on sale of property net of tax	-	(1,622)	(1,683)
Profit for adjusted earnings per share	5,337	4,917	8,749
<b>Weighted average number of shares</b>			
In issue during the year – basic	21,217,582	21,379,781	21,379,781
Dilutive potential ordinary shares	457,318	66,078	291,974
Weighted average number of ordinary for diluted earnings per share	21,674,900	21,445,859	21,671,755
<b>Earnings per share after highlighted items</b>			
Basic earnings per share (pence)	25.21	28.76	56.86
Diluted earnings per share (pence)	24.68	28.67	56.09
<b>Earnings per share before highlighted items</b>			
Basic earnings per share (pence)	25.15	23.00	40.92
Diluted earnings per share (pence)	24.62	22.93	40.37
<b>5. ELECTRONIC COMMUNICATIONS</b>			
The Half Yearly Financial Report for the six months ended 28 February 2022 will shortly be available for viewing and download on the Group's website, <a href="http://www.thecharacter.com">www.thecharacter.com</a> .			