

*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 ("MAR"), and is disclosed in accordance with the Company's obligations under Article 17 of 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

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

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

### Trading Update

**London: Wednesday 15 September 2021:** The Board of Character provides the following update to shareholders on Group trading ahead of the publication of its results for the year ended 31 August 2021 which are scheduled to be released in December 2021.

#### Trading

The re-opening of the bricks and mortar retail sector following the easing and, subsequently, the lifting of COVID-19 restrictions in many of our markets has had a buoyant impact on sales generally. Throughout the second half of the year, the Group continued to experience a strong performance in sales of its product portfolio, with many brands outperforming management expectations.

Despite this strong performance, the outcome for the full year has been affected by several factors that we identified at the time of our interim results announcement in April 2021, which have since deteriorated further. Like many companies, the global logistical challenges (such as the ongoing delays at ports, shipping and container shortages, exponential increases in freight rates, and increased costs of inland transportation in China and the UK), coupled with the pressure on the costs of production in China due to higher raw material and labour costs, has had an impact on profitability. The immediate outlook for an early improvement in supply chain efficiency to ensure timely fulfilment is currently unclear. Notwithstanding this and the variety of challenges that the Group has faced and is facing, our determined and unswerving dedicated teams in UK, Scandinavia, Hong Kong, and China have reacted positively to these issues. They have all worked extremely hard in tackling the logistics problems from the Far East, to focusing on getting product containers delivered to our warehouses, and onward deliveries to our customers. Consequently, there has been limited downside and we expect the Group's underlying profit before tax for the year ended 31 August 2021 to decrease by no more than 10% of market expectations\*.

As stakeholders are aware, ongoing work on the development of new concepts is important to our success in formulating new ranges for future sales as well as to replace licence and distribution product agreements which expire. New opportunities are looked at on an on-going basis. Development of the Group's product portfolio for the new calendar year is well advanced and the reception to date from the Group's customers, following early previews and presentations, has once again been very positive. Order levels continue to be strong and the prospects for a good sell through remain very favourable.

Against the backdrop of challenges noted above the Group has finished its financial year in a strong position, with a robust balance sheet, a sizeable cash balance, and with substantial unutilised working capital facilities.

Overall, the Group is in great shape to address the opportunities and challenges that lie ahead.

#### Tender Offer

Character expects to update the market regarding the launch of its tender offer later this month.

#### Note:

*\*Current market consensus compiled by the Company for the year ended 31 August 2021, prior to the release of this announcement, is revenue of c.£140m and underlying profit before tax of c.£12.0m*

#### The Character Group plc

FTSE sector: leisure goods:

FTSE AIM All-share: symbol: CCT

Market cap: £148.1m

Email: [info@charactergroup.plc.uk](mailto:info@charactergroup.plc.uk)

Group website: [www.thecharacter.com](http://www.thecharacter.com)

Product ranges can also be viewed at [www.character-online.co.uk](http://www.character-online.co.uk)

[CHARACTER GROUP PLC CCT Stock | London Stock Exchange](#)

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