



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.

LONDON: Thursday, 22 December 2022

THE CHARACTER GROUP PLC

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

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

AUDITED ANNUAL RESULTS FOR THE YEAR ENDED 31 AUGUST 2022

The information contained within this announcement is a summary taken from the Group's audited 2022 Annual Report and Accounts, which can be viewed in full on the Company's website at: www.thecharacter.com. The 2022 Annual Report and Accounts will also be posted to shareholders who have elected to receive printed copies.

The Company gives notice that the 2023 Annual General Meeting of the Company will be held at, 86 – 88 Coombe Road, New Malden, Surrey, KT3 4QS on Friday, 20 January 2023 at 11.00 am. The Notice of AGM appears at the end of the 2022 Annual Report and Accounts.

Highlights:

KEY PERFORMANCE INDICATORS	12 months ended 31 August 2022	12 months ended 31 August 2021
Revenue	£176.4m	£140.0m
Operating profit (before highlighted items) *	£11.4m	£11.2m
Profit before tax (before highlighted items) *	£11.3m	£11.1m
Statutory profit before tax	£11.4m	£15.3m
EBITDA	£14.2m	£14.0m
Basic earnings per share before highlighted items*	45.73p	40.92p
Diluted earnings per share before highlighted items*	44.77p	40.37p
Basic earnings per share after highlighted items	46.37p	56.86p
Diluted earnings per share after highlighted items	45.39p	56.09p
Dividends declared per share for the year	17.0p	15.0p
Net assets	£38.9m	£44.9m
Net cash	£20.0m	£35.9m

*Excludes:

Mark to market profit adjustments on FX derivative positions

£0.2m

£2.1m

Profit on sale of property

-

£2.0m

- Notable performers in 2022 included *Goo Jit Zu* - distributed in over 40 territories, *Chill Factor*, *Weebles*, *Cra-Z-Art Shimmer 'n Sparkle* and *Peppa Pig*
- Toy Retailers Association's prestigious "DreamToys", 'Top 12 list' for Christmas included two of our products, namely *Heroes of Goo Jit Zu* and *Jiggly Pets Gigi the Giraffe*

Going into 2023:

- the Group has a strong product offering for its markets and has been very well received by customers
- The new ranges and additions include new products under our multi-territory *Stretch Armstrong* product range including *Star Wars* and *Transformers*; a line of *Teenage Mutant Ninja Turtles* products from Playmates International for domestic distribution to coincide with a new Turtles movie to be released in the second half; and the distribution of exciting toy ranges from Bonkers Toys based on the *Aphmau* and *Lanky Box* brands.

“The strength of our brands and products portfolio in 2022 has enabled us to significantly increase sales despite intense margin pressure. Trading conditions have become more challenging and sales have slowed in the lead up to Christmas and combined with other factors will adversely affect the Group’s performance in the first half of the current financial year.”

This being said, as we look ahead on the back of a strong 2023 offering, international sales are forecast to grow significantly in the second half of the current financial year with margin improvement from that time. Although we expect domestic sales to be flat in the second half, the substantial reductions in freight rates, together with reduced costs of production from factories in China and strengthening of Sterling against the US Dollar from its recent low point has given the Board considerable optimism for a second half rebound.”

ENQUIRIES:

The Character Group plc

Jon Diver, Joint Managing Director

Kiran Shah, Joint Managing Director & Group Finance Director

Office: +44 (0) 208 329 3377

Mobile: +44 (0) 7831 802219 (JD)

Mobile: +44 (0) 7956 278522 (KS)

Email: info@charactergroup.plc.uk

FTSE sector: leisure

FTSE AIM All-share: symbol: CCT.L

Market cap: £82m

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

Panmure Gordon

(Nominated Adviser and Joint Broker)

Atholl Tweedie, Investment Banking

Rupert Dearden / Charles Leigh-Pemberton, Corporate Broking

Tel: +44 (0) 20 7886 2500

Allenby Capital Limited

(Joint Broker)

Nick Athanas, Corporate Broking

Amrit Nahal, Sales & Corporate Broking

Tel: +44 (0) 20 3328 5656

TooleyStreet Communications Limited

(Investor and media relations)

Fiona Tooley

Tel: +44 (0) 7785 703523

Email: fiona@tooleystreet.com

Note:

The Key Performance Indicators (KPI’s) table shown at the top of this Announcement provide the data on an underlying basis and, also by reference to Generally Accepted Accounting Practice (GAAP) as adopted and applied consistently by the Group.



THE CHARACTER GROUP plc

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

FINAL AUDITED RESULTS FOR THE YEAR ENDED 31 AUGUST 2022

INTRODUCTION

The preliminary indications given in the trading update issued by the Company on 4 October 2022 have been confirmed in the final results for the year ended 31 August 2022, with the Group delivering a creditable profit before tax before highlighted items, of £11.3m. The turnover in the year improved significantly to £176.4m (FY 2021: £140.0m), driven primarily by increased sales of the Group's *Goo Jit Zu* product line in the USA. However, increases in costs of materials, production and freight throughout the year, resistance to price increases and, increasingly in the second half, the strengthening of the US Dollar have eroded margins and denied the Group a corresponding uplift in profitability.

The Group continued to be cash generative, delivering £4.2m of cash from operations in the year (2021: £27.3m), despite an increase in inventories of £15.3m due to a conscious decision to bring stock in early. We finished the year with a net cash balance of £20.0m (2021: £35.9m), after funding the £13.6m tender offer buyback of shares, which completed in February 2022.

OPERATIONAL PERFORMANCE

Group revenue in the year to 31 August 2022 was £176.4m, against a turnover of £140.0m in the comparable 2021 period. The gross profit margin was 23.5% (FY 2021: 28.9%) and, on an absolute basis, the gross profit was £41.3m compared to £40.4m for the previous year.

A significant proportion of the Group's purchases are made in US dollars; the Group 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 this financial period results in a notional profit of £0.2m. This compares to a corresponding notional 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 relevant balance sheet dates. To present the results on a "normal" basis, these "mark to market" profit adjustments on FX derivative positions are excluded, although shown separately as "highlighted items" to demonstrate the "underlying" position.

The Group is reporting a profit before tax in the period under review after highlighted items, of £11.4m (FY 2021: £15.3m). Underlying earnings before interest, tax, depreciation and amortisation were £14.2m (FY 2021: £14.0m).

Underlying basic earnings per share before highlighted items amounted to 45.73p (FY 2021: 40.92p). Diluted earnings per share, on the same basis, were 44.77p (FY 2021: 40.37p).

Basic earnings per share after highlighted items were 46.37p (FY 2021: 56.86p). Diluted earnings per share, on the same basis, were 45.39p (FY 2021: 56.09p).

FINANCIAL POSITION, WORKING CAPITAL & CASH FLOW

The Group's net assets at 31 August 2022 totalled £38.9m (FY 2021: £44.9m), the reduction reflecting the £13.6m buyback of approximately 10% of the Company's issued voting share capital pursuant to the tender offer by the Company in the financial period.

Inventories were c.£15.3m higher at the end of the financial period at £26.2m (FY 2021 £10.9m), reflecting the Group's policy this year of making our purchases early; this stock is largely current product and should sell through.

During the period, the Group generated cash from operations of £4.2m (FY 2021: £27.3m), which was impacted by the substantially increased inventories held at the year-end. Net interest charges on short-term use of working capital facilities during the year amounted to £0.2m (FY 2021: £0.1m).

At the end of the financial year, the Group had a net cash position of £20.0m, compared to £35.9m at the end of the 2021 comparative period, despite financing the £13.6m tender offer buyback.

DIVIDEND

The Board remains committed to maintaining a progressive dividend policy. Accordingly, the Directors will be recommending to shareholders a final dividend of 10.0p (2021 H2: 9.0p per share). This, together with the interim dividend of 7.0p per share paid in July 2022, will bring the total dividend for the year to 17.0p per share (FY 2021: 15.0p), an increase of 13.3%. The total dividend for the year is covered approximately 2.7 times by underlying annual earnings (2021: 2.7 times).

Subject to approval by shareholders at the Annual General Meeting (“AGM”) at 11am on Friday, 20 January 2023, the following timetable will apply for this dividend:

Event	Date
Ex-dividend date	12 January 2023
Record date	13 January 2023
Payment date	27 January 2023

OUR PRODUCT PORTFOLIO

The strength of our brands and products portfolio has enabled us to significantly increase sales at a time when margins have come under intense pressure. The notable performers during the year under review were *Goo Jit Zu* (our star product range which is being distributed in over 40 territories and continues to maintain a strong presence), *Chill Factor* (the brand acquired in 2021 which we have reinvigorated and which has significantly increased its domestic and international penetration), *Weebles* (the “wibbly wobbly fun” concept that has proved to have lasting consumer appeal and now features in our *Peppa Pig*, *Bluey*, *Cocomelon* and *My Little Pony* licensed product ranges), *Cra-Z-Art Shimmer 'n Sparkle* (the popular ranges of play makeup, nail bar, body art and beauty products and accessories) and *Peppa Pig* (our range of toys developed through our continued and valued collaboration with Hasbro).

Once again, in November 2022 we featured in the Toy Retailers Association’s prestigious “DreamToys”, which showcases the most sought-after toy categories in the UK for Christmas 2022. We were delighted that the “Top 12 list” included two of our products, namely *Heroes of Goo Jit Zu* and *Jiggly Pets Gigi the Giraffe*.

A number of exciting new brand concepts, additions and extensions, including of our own brands, will be added to our offering and unveiled during the London Toy Fair in January 2023 and through to Spring next year.

The Group’s current portfolio of products and brands can be viewed at www.character-online.com.

PROXY

The Scandinavian markets have been subjected to very similar conditions to our domestic market in the UK and the strength of the US Dollar in particular resulted in a broadly comparable outcome for the Group’s Scandinavian operations to that of the previous year. The integration of Proxy into the Group has continued with a large degree of alignment in the product listings, processes and procedures being achieved during the year under review.

It is encouraging to report that two of Proxy’s hero products, the *Pokémon* toy products range from Jazwares and the extensive range of *Funko* collectable Pop! figurines, have sold well in the Scandinavian territories and continue to be solid brands.

SHARE BUY-BACK PROGRAMME

In the period under review, the Company acquired for cancellation a total of 2,142,572 ordinary shares in the Company at an aggregate cost of £13.5m (excluding associated costs) and a cost of £6.30 per ordinary share (FY 2021: nil). This buyback was made pursuant to a tender offer issued on behalf of the Company on 28 January 2022 and completed in February 2022. The Company currently has a remaining authority to buy-back up to a further 1,057,428 ordinary shares under the authority granted at the AGM in January 2022, which authority will expire at the 2023 AGM.

It remains part of the Group’s overall strategy to continue to repurchase the Company’s own shares, when considered appropriate. The Board believes that it is in the Company’s and all investors’ interests to provide shareholders who wish to realise part or all of their investment in the Company with an opportunity to access liquidity that is not otherwise available in the market and to return excess capital to shareholders. Therefore, the Board will be seeking a new authority to buy back up to 2,890,000 ordinary shares (constituting approximately 15% of the total voting rights in the Company) at the 2023 AGM. This authority will also allow the Company to implement buybacks either by way of an announced buyback programme or by way of further tenders for its issued shares. In line with the Board’s buyback strategy, the Company will continue to repurchase the Company’s own shares as and when considered appropriate. Details of any intention to exercise this authority will be announced and any tender proposal(s) will be fully communicated to shareholders if and when the Board resolves to implement such arrangements.

TOTAL VOTING RIGHTS

As at today's date, the Company has 21,465,929 ordinary shares in issue, excluding shares held in treasury. The Company holds 2,149,477 ordinary shares in treasury, representing approximately 10.0 per cent. of the issued share capital, which do not carry voting or dividend rights. Therefore, the total number of voting rights in the Company is 19,316,452. This figure of 19,316,452 may be used by shareholders as the denominator for the calculations by which they may determine if they are required to notify their interest, or change to their notified interest, in the Company under the Financial Conduct Authority's Disclosure Guidance and Transparency Rules.

OUR PEOPLE

The Group employs approximately 216 permanent staff across its locations in the UK, Scandinavia and Asia (FY 2021: 209), supplemented by additional seasonal labour at its warehouses in Oldham during peak demand periods. The longevity of staff employment with the Group, many with over 15 years' service, demonstrates the bond and loyalty that many of them feel towards their colleagues and the Group as a whole.

On behalf of our shareholders, the Board pays tribute to and thanks all our personnel for their dedication and hard work in delivering the results for the year under review and for their continued support.

THE BOARD

The Board was delighted to announce the appointment of Jonathan Shearman as an additional independent, non-executive director in June 2022. Jonathan has been appointed to all of the Board's committees and to the Chair of the Board's Remuneration Committee and has already had a positive impact on the Company's governance.

David Harris, who joined us in 2004 and is the longest serving non-executive director, has notified the Board that he wishes to retire and therefore he will not be offering himself for re-election at our AGM in January 2023. On behalf of all shareholders and staff around the business, the Board thanks David for his valued service and wise counsel over the years; we wish him all the best for the future.

As announced in June 2022, Mike Hyde, the Managing Director of the Group's Far East operations, will be relinquishing his executive role from 31 December 2022 to pursue other challenges. He will, however, remain on the Board in a non-executive capacity from 1 January 2023. We have greatly appreciated Mike's contributions over the years. Since July this year, he has worked closely with the general manager appointed to replace him, to ensure an orderly transition of responsibilities.

THE 2023 ANNUAL GENERAL MEETING (AGM)

The Company's 2023 AGM will take place as an in-person meeting at 11:00 a.m. on Friday, 20 January 2023. The Meeting is to be held at the Group's head office in New Malden, Surrey and the formal notice of the meeting is set out in the Audited Annual Report and Accounts. Explanatory notes in relation to the resolutions to be proposed at the AGM are set out at the end of the notice of meeting. Attendance can be in person or by proxy or, in the case of a company or organisation, by appointment of a corporate representative.

The Company is providing facilities which will enable shareholders to:

- view the live meeting electronically. If you wish to attend in this fashion, please email info@charactergroup.plc.uk (stating "Character Group: 2023 AGM virtual attendance" in the subject line of the email) by 11:00 a.m. on Wednesday, 18 January 2023 to ensure the issue to you of a Microsoft Teams invitation. Invitations enabling remote attendance will be issued by 6:00 p.m. on 19 January 2023. Please note, however, that joining remotely will not constitute attendance at the meeting for the purposes of being counted in the quorum for the AGM and that virtual attendees will not be able to vote at the AGM. Shareholders wishing to attend the meeting virtually in this fashion are, therefore, requested to exercise their votes by submitting their forms of proxy appointing the Chair of the AGM as their proxy, in accordance with the instructions set out in the notice of meeting by no later than 11:00 a.m. on 18 January 2023. If the Chair of the AGM is appointed as proxy to a shareholder, he will vote in accordance with any instructions given to him. If the Chair of the meeting is given discretion as to how to vote, he will vote in favour of each of the resolutions to be proposed at the AGM; and
- submit written questions prior to the AGM. Any shareholder that wishes to put questions to the Board is invited to submit those questions in writing in advance of the meeting by sending them to info@charactergroup.plc.uk (stating "Character Group: 2023 AGM Questions" in the subject line of the email) by 11:00 a.m. on 18 January 2023. The Board will seek to respond to questions which are put forward in this way either in advance of the AGM, during the AGM and/or by publishing written responses on the Company's website after the AGM, together with results of voting. Although it will be possible to take questions during the course of the meeting itself, time may not permit responses to all of the questions to be given at the meeting and, in those circumstances, written responses will be published on the Company's website after the meeting.

OUTLOOK

As we anticipated at the time of the update in October 2022, trading conditions have become more challenging and sales have slowed in the lead up to Christmas. Whilst this has been a trend in both our domestic markets and in our other major international markets, the effect has been particularly discernible in the USA. In addition, the weakening of sterling in September and October 2022 has continued to squeeze margins in our domestic markets. These factors will adversely affect the Group's performance in the first half of the current financial year. The slow-down in sales means the Group's stock levels remain unseasonably high but the Board expects these will sell through as it is largely current inventory.

The Group has a strong product offering for its markets going into 2023. The recent previews and presentations of our 2023 ranges and new additions to our retail and distribution customers have been very well received by customers. The new ranges and additions include:

- new products under our multi-territory *Stretch Armstrong* product range, including *Star Wars* and *Transformers*;
- a line of *Teenage Mutant Ninja Turtles* products from Playmates International for domestic distribution in the UK and Ireland, to coincide with a new Turtles movie to be released in the second half; and
- the distribution of exciting toy ranges from Bonkers Toys based on the *Aphmau* and *Lanky Box* brands established by two influencer concepts that have generated large followings on social media and created YouTube stars.

International sales, other than those to USA, are forecast to grow significantly in the second half of the current financial year. Although we expect domestic sales to be flat in the second half, the substantial reductions in freight rates, which have now returned to (if not reduced below) pre-pandemic levels, together with reduced costs of production from factories in China and strengthening of Sterling against the US Dollar from its recent low point, should improve our margins. This is greatly heartening and has given the Board considerable grounds for optimism for a second half rebound.

Character Group has a strong balance sheet and is debt-free, with cash and considerable unutilised working capital facilities. The business continues to trade satisfactorily and shall be profitable for the financial year as a whole. The Board is, accordingly, committed to maintaining its progressive dividend policy.

The Board looks forward to further updating shareholders at the time of its forthcoming AGM on the outcome of the 2022 Christmas trading period.

22 December 2022

GROUP INCOME STATEMENT

for the year ended 31 August 2022

		12 months ended 31 August 2022 Result before highlighted items	12 months ended 31 August 2022 highlighted items	12 months ended 31 August 2022 Statutory Result	12 months ended 31 August 2021 Result before highlighted items	12 months ended 31 August 2021 highlighted items	12 months ended 31 August 2021 Statutory Result
	Note	£'000	£'000	£'000	£'000	£'000	£'000
Revenue	1	176,402	-	176,402	139,997	-	139,997
Cost of sales		(135,036)	-	(135,036)	(99,553)	-	(99,553)
Gross profit		41,366	-	41,366	40,444	-	40,444
Other income		502	-	502	332	-	332
Selling and distribution expenses		(8,260)	-	(8,260)	(8,248)	-	(8,248)
Administrative expenses		(22,173)	-	(22,173)	(21,301)	-	(21,301)
Profit on sale of property		-	-	-	-	2,016	2,016
Operating profit	2	11,435	-	11,435	11,227	2,016	13,243
Finance income		51	-	51	36	-	36
Finance costs		(207)	-	(207)	(113)	-	(113)
Changes in fair value of financial instruments		-	159	159	-	2,128	2,128
Profit before tax		11,279	159	11,438	11,150	4,144	15,294
Income tax		(2,018)	(30)	(2,048)	(2,353)	(737)	(3,090)
Profit for the period		9,261	129	9,390	8,797	3,407	12,204
Attributable to:							
Owners of the parent				9,390			12,156
Non-controlling interest				-			48
Profit for the period				9,390			12,204
Earnings per share before highlighted items (pence)							
Basic earnings per share	3			45.73p			40.92p
Diluted earnings per share	3			44.77p			40.37p
Earnings per share after highlighted items (pence)							
Basic earnings per share	3			46.37p			56.86p
Diluted earnings per share	3			45.39p			56.09p
Dividend per share (pence)	4			16.0p			9.0p
EBITDA (earnings before interest, tax, depreciation, amortisation and gain on property disposal)				14,195			14,036

GROUP STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 August 2022

	Total 2022 £'000's	Total 2021 £'000's
Profit for the year after tax	9,390	12,204
Items that may be reclassified subsequently to profit and loss		
Exchange differences on translation of foreign operations	1,070	-
Income tax on exchange differences	21	7
Other comprehensive income/(expense) for the year, net of income tax	1,091	7
Total comprehensive income for the year	10,481	12,211
Total comprehensive income for the year attributable to:		
Equity holders of the parent	10,481	12,163
Non-controlling interest	-	48
	10,481	12,211

GROUP BALANCE SHEET

as at 31 August 2022

	2022 £,000's	2021 £,000's
Non – current assets		
Intangible assets	1,963	1,806
Investment property	1,453	1,519
Property, plant and equipment	9,307	8,230
Right of use assets	1,216	1,454
Deferred tax assets	542	243
	14,481	13,252
Current assets		
Inventories	26,173	10,893
Trade and other receivables	24,728	26,019
Current income tax receivable	576	766
Derivative financial instruments	412	75
Cash and cash equivalents	26,646	35,920
	78,535	73,673
Current liabilities		
Short-term borrowings	(6,627)	-
Trade and other payables	(42,151)	(38,390)
Lease Liabilities	(577)	(557)
Income tax	(3,345)	(1,610)
Derivative financial instruments	(343)	(165)
	(53,043)	(40,722)
Net current assets	25,492	32,951
Non-current liabilities		
Deferred tax	(427)	(405)
Lease liabilities	(648)	(946)
	(1,075)	(1,351)
Net assets	38,898	44,852
Equity		
Called up share capital	1,074	1,181
Shares held in treasury	(1,813)	(1,870)
Capital redemption reserve	1,883	1,776
Share-based payment reserve	3,957	3,749
Share premium account	17,566	17,324
Merger reserve	651	651
Translation reserve	1,950	767
Profit and loss account	13,630	21,274
Attributable to equity holders of the parent	38,898	44,852
Total equity	38,898	44,852

GROUP CASH FLOW STATEMENT

as at 31 August 2022

	Group	
	2022 £000's	2021 £000's
Cash flow from operating activities		
Profit before taxation for the year after highlighted items	11,438	15,294
Adjustments for:		
Depreciation of property, plant and equipment	556	567
Depreciation of investment property	66	65
Depreciation of right of use assets	632	556
Amortisation of intangible assets	1,509	1,621
Write off plant and equipment	-	132
(Profit) on disposal of property, plant and equipment	(3)	(2,028)
Net interest expense	156	77
Financial instruments fair value adjustments	(159)	(2,128)
Share-based payments	208	380
(Increase)/decrease in inventories	(15,280)	3,853
Decrease / (increase) in trade and other receivables	1,291	(3,006)
Increase in trade and other creditors	3,761	11,957
Cash generated/(utilised) from operations	4,175	27,340
Finance income	51	36
Finance expense	(207)	(113)
Income tax paid	(401)	(1,788)
Net cash inflow/(outflow) from operating activities	3,618	25,475
Cash flows from investing activities		
Purchase of business	-	(945)
Payments for intangible assets	(1,666)	(1,615)
Payments for property, plant and equipment	(1,845)	(7,128)
Proceeds from disposal of property, plant and equipment	225	3,458
Net cash outflow from investing activities	(3,286)	(6,230)
Cash flows from financing activities		
Payment of lease liabilities	(538)	(606)
Proceeds from issue of share capital	299	-
Purchase of own shares for cancellation	(13,640)	-
Dividends paid	(3,280)	(1,924)
Net cash used in financing activities	(17,159)	(2,530)
Net (decrease)/increase in cash and cash equivalents	(16,827)	16,715
Cash, cash equivalents and borrowings at the beginning of the year	35,920	19,124
Effects of exchange rate movements	926	81
Cash, cash equivalents and borrowings at the end of the year	20,019	35,920
Cash, cash equivalents and borrowings consist of:		
Cash and cash equivalents	26,646	35,920
Total borrowings	(6,627)	-
Cash, cash equivalents and borrowings at the end of the year	20,019	35,920

GROUP STATEMENT OF CHANGES IN EQUITY

for the year ended 31 August 2022

	Called up share capital £000's	Shares held in treasury £000's	Capital redemption reserve £000's	Share premium account £000's	Merger reserve £000's	Share- based payment reserve £000's	Translation reserve £000's	Profit and loss account £000's	Non- controlling interest £000's	Total £000's
The Group										
At 1 September 2020	1,181	(1,870)	1,776	17,324	651	3,369	727	11,231	(343)	34,046
Profit for the year after tax								12,156	48	12,204
Other comprehensive income/(expense)										
Net exchange differences on translation of foreign operations	-	-	-	-	-	-	40	(28)	(5)	7
Total other comprehensive expense							40	(28)	(5)	7
Total comprehensive income for the year							40	12,128	43	12,211
Transactions with owners, recorded directly in equity										
Change in non controlling interest	-	-	-	-	-	-	-	(300)	300	-
Share-based payment	-	-	-	-	-	380	-	-	-	380
Deferred tax debit relating to share options	-	-	-	-	-	-	-	139	-	139
Dividends	-	-	-	-	-	-	-	(1,924)	-	(1,924)
At 31 August 2021	1,181	(1,870)	1,776	17,324	651	3,749	767	21,274	-	44,852
Profit for the year after tax								9,390		9,390
Other comprehensive income/(expense)										
Net exchange differences on translation of foreign operations	-	-	-	-	-	-	1,183	(92)	-	1,091
Total other comprehensive expense							1,183	(92)	-	1,091
Total comprehensive income for the year							1,183	9,298	-	10,481
Transactions with owners, recorded directly in equity										
Share-based payment	-	-	-	-	-	208	-	-	-	208
Current tax credit relating to exercised share options	-	-	-	-	-	-	-	18	-	18
Deferred tax debit relating to share options	-	-	-	-	-	-	-	(40)	-	(40)
Dividends	-	-	-	-	-	-	-	(3,280)	-	(3,280)
Shares Issued	-	57	-	242	-	-	-	-	-	299
Tender offer fees	-	-	-	-	-	-	-	(142)	-	(142)
Shares cancelled on tender offer	(107)	-	107	-	-	-	-	(13,498)	-	(13,498)
At 31 August 2022	1,074	(1,813)	1,883	17,566	651	3,957	1,950	13,630	-	38,898

The financial statements were approved by the Board of Directors on 21 December 2022, and were signed on its behalf by:

J J Diver
Joint Managing Director

K P Shah
Joint Managing Director and Group Finance Director

NOTES

1. GEOGRAPHICAL DESTINATION OF REVENUE

	31 August 2022 £'000's	31 August 2021 £'000's
United Kingdom	84,605	79,509
Rest of the world	91,797	60,488
Total Group	176,402	139,997

2. EXPENSES BY NATURE – GROUP

	12 months to 31 August 2022 £'000's	12 months to 31 August 2021 £'000's
Operating profit is stated after charging/(crediting):		
Cost of inventories recognised as an expense (included in cost of sales)	117,586	88,729
Product development costs incurred	1,957	1,736
Product development costs capitalised	(1,666)	(1,615)
Amortisation of capitalised product development costs	1,489	1,619
Product development costs expensed to cost of sales	1,780	1,740
(Credit)/debit financial instruments fair value adjustments	(159)	(2,218)
Inventories debit / (credit)	634	(1,022)
Exchange losses	2,406	130
Staff costs	15,171	13,958
Depreciation of tangible fixed assets		
- owned assets	556	567
Depreciation of investment property	66	65
(Profit)/loss on disposal of property, plant and equipment	(3)	(2,028)
Depreciation – right of use assets	632	556
Auditor's remuneration	160	141

3. EARNINGS PER SHARE - GROUP

The earnings used in the calculation of basic and diluted earnings per share are as follows:

	Year ended 31 August 2022 Profit after taxation £	Year ended 31 August 2021 Profit after taxation £
Profit attributable to equity shareholders of the parent	9,390,000	12,156,000
Financial instruments fair value adjustments net of tax	(129,000)	(1,724,000)
Profit on sale of property net of tax	-	(1,683,000)
Profit for adjusted earnings per share	9,261,000	8,749,000
Weighted average number of ordinary shares in issue during the year – basic	20,251,532	21,379,781
Weighted average number of dilutive potential ordinary shares	436,409	291,974
Weighted average number of ordinary shares for diluted earnings per share	20,687,941	21,671,755
Earnings per share before highlighted items		
Basic earnings per share (pence)	45.73p	40.92p
Diluted earnings per share (pence)	44.77p	40.37p
Earnings per share after highlighted items		
Basic earnings per share (pence)	46.37p	56.86p
Diluted earnings per share (pence)	45.39p	56.09p

4. DIVIDEND - GROUP

	12 months to 31 August 2022 £'000's	12 months to 31 August 2021 £'000's
On equity shares:		
Final dividend paid for the year ended 31 August 2021		
9.0 pence (2020: 3.0 pence) per share	1,929	642
Interim dividend paid for the year ended 31 August 2022		
7.0 pence (2021: 6.0 pence) per share	1,351	1,282
16.0 pence (2021: 9.0 pence) per share	3,280	1,924

The directors recommend a final dividend of 10.0 pence per share (2021: 9.00 pence) amounting to £1,930,745(2021: £1,924,000). If approved by shareholders, the final dividend will be paid on 27 January 2023 to shareholders on the register on 13 January 2023.

5. ANNUAL REPORT AND ACCOUNTS

The financial information set out in the announcement does not constitute the Company's statutory accounts for the years ended 31 August 2022 and 2021. The financial information for the year ended 31 August 2021 is derived from the statutory accounts for that year which have been delivered to the Registrar of Companies. The financial information for the year ended 31 August 2022 is derived from the statutory accounts for that year and those accounts have today been published and may be viewed and/or downloaded from the Company's website at www.thecharacter.com. The auditors reported on each of those accounts: their report was unqualified, did not draw attention to any matters by way of emphasis and did not contain a statement under s498(2) or (3) of the Companies Act 2006. The audited statutory accounts for the year ended 31 August 2022 will be delivered to the Registrar of Companies following the Company's Annual General Meeting.

6. ANNUAL GENERAL MEETING

The Annual General Meeting will be held at 2nd Floor, 86-88 Coombe Road, New Malden, Surrey KT3 4QS on Friday, 20 January 2023 at 11.00am.

7. ELECTRONIC COMMUNICATIONS

The full Financial Statements for the year ended 31 August 2022, incorporating the Notice of Meeting convening the Company's 2023 Annual General Meeting, is available for viewing on and download from the Group's website: www.character.com