



Wednesday, 14 September 2016

**The Character Group plc**

("Company" or "Group")

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

**Trading update**

The Directors are pleased to report that solid progress continues to be made and the Board expects to deliver results for the year ended 31 August 2016 that will meet market expectations.

The Group's portfolio continues to be derived from own-developed, in-house ranges, including those produced 'under licence' and others sourced through exclusive distribution agreements. All our major product ranges have performed well. We are very fortunate to continue to have strength and depth across our brands, coupled with a high number of long established customer and supplier relationships.

A recent extension to our portfolio is the iconic *Stretch Armstrong*; this range, produced under a master license agreement from Hasbro, is marketed and sold on a global basis. Sales in both the UK and international markets have started extremely well and we are currently developing a wider range of interesting products within the brand.

Another exciting new product range launched recently is *Twozies* (a girls' collectable item). Early results are very promising, and the Board is confident that *Twozies* will become one of our Top10 brands in 2017.

A significant proportion of the Company's purchases are made in US dollars and, therefore, the increasing strength of the US\$ against £Sterling continues to put pressure on Group profitability. Nevertheless, the Board remains of the view that it can continue to mitigate the resulting increased costs. This is being achieved through the expansion of our international business, which generates revenue and profit in US\$, and by our continuing active programme of monitoring all costs and rationalising operations where possible through increased efficiencies.

The Balance sheet continues to strengthen, working capital has been tightly managed, there is no long-term debt and the business continues to generate cash.

Against this backdrop, the Directors remain confident that the Group shall continue to deliver progressive returns which will further enhance shareholder value. The Board looks forward to updating shareholders further when preliminary results are announced in early December.

*Prior to its release, certain of the information contained in this announcement was considered by the Company to be inside information, for the purposes of Article 7 of EU Market Abuse Regulation 596/2014.*

**Enquiries:**

**The Character Group plc**

Jon Diver, Joint Managing Director

Kiran Shah, Joint Managing Director

Mark Dowding, Group Finance Director and Company Secretary

**Office: +44 (0) 208 329 3377**

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

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

Mobile: +44 (0) 7967 185269 (MD)

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

**FTSE sector:** leisure:

**FTSE AiM All-share: symbol:** CCT.L:

**Market cap:** £101.5 million

**Panmure Gordon** (*Nominated Adviser and Joint Broker*)

Andrew Godber, Investment Banking

Tom Salvesen, Corporate Broking

**Tel: +44 (0) 20 7886 2500**

**Allenby Capital Limited** (*Joint Broker*)

Nick Athanas

Katrina Perez

**Tel: +44 (0) 20 3328 5656**

**TooleyStreet Communications Limited** (*Investor and media relations*)

Fiona Tooley

**Tel: +44 (0) 7785 703523**

Email: [fiona@tooleystreet.com](mailto:fiona@tooleystreet.com)

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)

Product names in *italics* represent copyright or registered trademarks.