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## THE CHARACTER GROUP PLC

("Character", the "Company")

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

Annual results for the year ended 31 August 2023

*"Results in line with market expectations"*

### EXECUTIVE REVIEW

KEY PERFORMANCE INDICATORS		
	12 months ended 31 August 2023	12 months ended 31 August 2022
Revenue	£122.6m	£176.4m
Operating profit before highlighted items *	£5.3m	£11.4m
Profit before tax before highlighted items *	£5.2m	£11.3m
Statutory profit before tax	£4.7m	£11.4m
EBITDA (earnings before interest, tax, depreciation and amortisation), before highlighted items	£8.9m	£14.2m
Basic earnings per share before highlighted items*	20.15p	45.73p
Diluted earnings per share before highlighted items*	20.00p	44.77p
Basic earnings per share after highlighted items	18.08p	46.37p
Diluted earnings per share after highlighted items	17.95p	45.39p
Dividends declared per share for the year	19.0p	17.0p
Net assets	£39.4m	£38.9m
Net cash	£9.6m	£20.0m
*Excludes: Mark to market (loss)/profit adjustments on FX derivative positions	£(0.5m)	£0.2m

### BUSINESS HIGHLIGHTS

- The resilience of the business to bounce back with an anticipated stronger second half performance was greatly assisted by the overall quality and depth of our product portfolio delivering an overall gross margin uplift and a profit before tax and highlighted items of £5.2m
- Our enlarged merchandise portfolio, features exciting and strong new toy product releases and brand extensions including *Goo Jit Zu*, *Chill Factor*, *Teenage Mutant Ninja Turtles*, *Fingerlings*, *Lankey Box* and *Aphmau* – other new ranges to be launched at the 2024 London Toy Fair
- Whilst the UK and Irish domestic markets will always remain critical to Character, the Board recognises that opportunities for significant sales and profit growth lie in further developing the Group's international markets
- Character Group continues to have a strong product offering, a robust balance sheet, with a net cash position cash and considerable unutilised working capital facilities in place
- Despite a challenging macro-economic environment, the business continues to trade satisfactorily, therefore we expect to increase sales and profitability for the current financial year as a whole, relative to FY 2023

## INTRODUCTION

In May 2023 we reported that, although the first half of the financial year had been disappointing owing to the challenging trading conditions, we expected the second half to deliver a significant improvement in the Group's revenue and profitability. We are therefore pleased to report that the anticipated stronger H2 performance, with revenues up on H1 outturn by 12%, has enabled the Group to deliver profit before tax and highlighted items in line with market expectations.

We acknowledge that many of the challenging conditions, such as the reduction in consumer spending and cost of living crisis, affected the Group's trading performance throughout the year and continue to impact the retail environment. Whilst this has truly tested the strength of the Character proposition, we are pleased that the overall result endorsed the approach of our management.

The resilience of the business to bounce back with a strong second half performance was greatly assisted by the overall quality and depth of our product portfolio delivering an overall gross margin uplift and a profit before tax and highlighted items of £5.2m.

## OPERATIONAL PERFORMANCE

Group revenue in the year ended 31 August 2023 was £122.6m, against £176.4m in the comparable 2022 period.

The gross profit margin was 26.7% (FY 2022: 23.4%). On an absolute basis, gross profit reported is £32.8m compared to £41.4m for the previous year. The profit before tax and highlighted item was £5.2m (2022: £11.3m).

A significant proportion of the Group's purchases are made in US dollars; therefore the business is exposed to foreign currency fluctuations. It 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 loss of £0.5m. This compares to a corresponding notional profit of £0.2m reported in the year to 31 August 2022. 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, after highlighted items, of £4.7m (FY 2022: £11.4m). Underlying earnings before interest, tax, depreciation and amortisation were £8.9m (FY 2022: £14.2m).

Underlying basic earnings per share before highlighted items amounted to 20.15p (FY 2022: 45.73p). Diluted earnings per share, on the same basis, were 20.0p (FY 2022: 44.77p).

Basic earnings per share after highlighted items were 18.08p (FY 2022: 46.37p). Diluted earnings per share, on the same basis, were 17.95p (FY 2022: 45.39p).

## FINANCIAL POSITION, WORKING CAPITAL & CASH FLOW

The Group's net assets at 31 August 2023 totalled £39.4m (31 August 2022: £38.9m).

Inventories were c.£ 8.2m lower at the end of the financial period at £18.0m (31 August 2022: £26.2m).

During the period, the Group generated cash from operations of £0.1m (FY 2022: £4.2m). Net interest charges on short-term use of working capital facilities during the year amounted to £0.1m (FY 2022: £0.2m).

At the end of the financial year, the Group had a net cash position of £9.6m, compared to £20.0m at the end of the 2022 comparative period.

## DIVIDEND

The Directors will be recommending to shareholders a final dividend of 11.0p (H2 2022: 10.0p per share). This, together with the interim dividend of 8.0p per share paid in July 2023, will bring the total dividend for the year to 19.0p per share (FY 2022: 17.0p), an increase of c.12%. The total dividend is covered approximately 1.1 times by underlying annual earnings (2022: 2.7 times).

Subject to approval by shareholders at the Annual General Meeting ("AGM") which is scheduled to be held at 11am on Friday, 19 January 2024, the following distribution timetable will apply:

Event	Date
Ex-dividend date	11 January 2024
Record date	12 January 2024
Payment date	26 January 2024

## OUR PRODUCT PORTFOLIO

The second half rebound was supported by the roll out of our enlarged 2023 spring/summer merchandise portfolio, featuring some exciting and strong new toy product releases and brand extensions: *Goo Jit Zu*, *Chill Factor*, *Teenage Mutant Ninja Turtles*, *Fingerlings*, *Lankey Box* and *Aphman*.

The Group continues to develop its own products which allows it to access international markets and is not merely dependent on distribution within our original domestic markets in the UK and Ireland.

Once again Character's products featured in the official 2023 Toy Retailers Association Dream listing. Selected by an independent panel of toy retailers and toy experts the annual DreamToys bills itself as the most authoritative prediction of what are expected to be the hottest new toys on the high street this festive season.

We are delighted to have achieved triple success from our portfolio in the Top 20 with:

- *Teenage Mutant Ninja Turtles Pizza Fire Van*
- *Fingerlings Monkey ASST*
- *MINTiD Dog-E*

The Group is launching several new product ranges at the London Toy Fair in January 2024 and the customer reactions to previews so far have been very encouraging.

The Group's current portfolio of products and brands can be viewed at [www.character-online.com](http://www.character-online.com).

## PROXY

The Scandinavian markets have been subjected to very similar conditions to our domestic market in the UK and the weakness of the Swedish Krona against the US Dollar in particular resulted in the Swedish Krona reaching all-time lows in currency markets. Despite this, Proxy contributed to the Group's profit that was generated in the second half of the financial year.

The integration of Proxy into the Group has been continuing with the alignment of processes and procedures being achieved during the year under review.

Proxy's existing stable of hero products, *Pokémon* (from Jazwares) and the extensive range of *Funko* collectable Pop! figurines, have all sold well during the year. These solid brands are being augmented as we move into 2024 by the addition of:

- *Topps Trading Cards* - based on the 2024 UEFA European Football Championship; and
- *Littlest Pet Shop* - a well-known collectible toy brand in Scandinavia

This should enable Proxy to continue to increase its turnover.

## SHARE BUY-BACK PROGRAMME

In the period under review, no ordinary shares in the Company were acquired in exercise of the authority granted at the AGM in January 2023, which authority will expire at the 2024 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 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 (representing approximately 15% of the total voting rights in the Company) at the 2024 AGM. This authority will also allow the Company to implement buybacks either by way of an announced buyback programme or by way of tenders for its issued shares. 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 chooses 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 2,100,159 ordinary shares in treasury, representing approximately 9.8 per cent. of the issued share capital. These treasury shares do not carry voting or dividend rights. Therefore, the total number of voting rights in the Company is 19,365,770. This figure of 19,365,770 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 209 permanent staff across its locations in the UK, Scandinavia and Asia (FY 2022: 216), supplemented by additional seasonal labour at its warehouses in Oldham, Lancashire 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 business 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 these results and for their continued support.

## THE BOARD

The Company yesterday received and accepted Richard King's notice of his intention to step down as the Company's Chairman and to retire from the Board at the commencement of the 2024 AGM and, therefore, not to offer himself for re-election.

Richard's management and leadership skills and entrepreneurial flair were critical to the Group's fledgling business back at the time of its formation in 1991. He, together with the other founding Directors, quickly forged a place and reputation for the Group in the toy market and the respect of many of the industry doyens, of which, in time, he became one himself. This coupled with his ability to identify, recruit, develop, promote and incentivise raw talent had a considerable impact on the growth trajectory and strategy of the Group. The industry's recognition of the Group's achievements over the years culminated in a lifetime achievement award being bestowed in 2016 on Richard King. Although Richard will always emphasise the team effort that was recognised by that award, there is little doubt that his leadership and drive motivated and directed the efforts of that team in the formative stages of the Group's history.

Whilst we are sad to see him depart from formal ties with the Group, Richard has accepted the Company's offer of an appointment to the new office within the Company as an "Honorary Adviser." This will not be a Board position. It will not give Richard the burden of responsibility of voting on matters along with Board members and Richard has required that it can only be accepted by him as an unpaid role. We are pleased that Richard has accepted this role and that we will, accordingly, be assured of being granted continued access to his wisdom and advice.

I am sure all shareholders will join me in thanking Richard for his energy, leadership and friendship. We wish him well and whilst we hope that he enjoys his formal retirement we look forward to collaborating with him in his advisory capacity over the coming years.

The Board is delighted to announce that, after due and careful consideration, it has unanimously resolved that when Mr King retires during the 2024 AGM, Carmel Warren (a non-executive Director of the Company) will, subject to being re-elected at the 2024 AGM, succeed Richard as the Company Chair. Mrs Warren was appointed to the Board in April 2021 and is Chair of the Audit Committee and a member of each of the Remuneration and Nominations Committees.

## THE 2024 ANNUAL GENERAL MEETING (AGM)

The Company's 2024 AGM will take place as an in-person meeting at 11:00 a.m. on Friday, 19 January 2024. The Meeting is to be held at the Group's head office in New Malden, Surrey.

The formal Notice of the Meeting is set out in the Audited Annual Report and Accounts published today. 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](mailto:info@charactergroup.plc.uk) (stating "Character Group: 2024 AGM virtual attendance" in the subject line of the email) by 11:00 a.m. on Wednesday, 17 January 2024 to ensure the issue to you of a Microsoft Teams invitation. Invitations enabling remote attendance will be issued by 6:00 p.m. on 18 January 2024. 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 notes to the Notice of Meeting, by no later than 11:00 a.m. on 17 January 2024. If the Chair of the AGM is appointed as proxy to a shareholder, she will vote in accordance with any instructions given to her. If the Chair of the meeting is given discretion as to how to vote, she 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](mailto:info@charactergroup.plc.uk) (stating "Character Group: 2024 AGM Questions" in the subject line of the email) by 11:00 a.m. on 17 January 2024. 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**

The Group has a strong product offering for its all markets going into Christmas 2023 and beyond, which is gaining support and recognition from our UK customers and global distributors. Despite this we have to recognise that trading conditions remain tough, with reduced consumer spending and changed priorities being an enduring effect of the cost-of-living crisis. Whilst we have adapted our product range to target lower price points to respond to consumer financial constraints, Christmas demand has been later than usual and is clearly very sensitive to discounting.

Whilst the UK and Irish domestic markets will always remain critical to Character, the Board recognises that opportunities for significant sales and profit growth lie in further developing the Group's international markets. We are focussing on this area of our business and we are pleased to report at this early stage that, following the recent previews and presentations of our 2024 ranges and new additions at the Global Toy Fair in Los Angeles to our retail and international distribution customers, our 2024 product offering has been very well received. Therefore, with International sales forecast to grow in the second half of the current financial year, this bodes well for the Group's strategic focus in this area.

In summary, Character Group continues to have a strong product offering, a robust balance sheet, with a net cash position cash and considerable unutilised working capital facilities in place. Despite a challenging macro-economic environment, the business continues to trade satisfactorily, therefore we expect to increase sales and profitability for the current financial year as a whole, relative to FY 2023.

We look forward to updating shareholders on the outcome of the 2023 Christmas trading period at the time of its forthcoming AGM.

**THE CHARACTER GROUP PLC**

11 December 2023

## GROUP INCOME STATEMENT

for the year ended 31 August 2023

	12 months ended 31 August 2023 Result before highlighted items	12 months ended 31 August 2023 highlighted items	12 months ended 31 August 2023 Statutory Result	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
Note	£'000	£'000	£'000	£'000	£'000	£'000
Revenue	122,591	-	122,591	176,402	-	176,402
Cost of sales	(89,805)	-	(89,805)	(135,036)	-	(135,036)
Gross profit	32,786	-	32,786	41,366	-	41,366
Other income	473	-	473	502	-	502
Selling and distribution expenses	(8,534)	-	(8,534)	(8,260)	-	(8,260)
Administrative expenses	(19,425)	-	(19,425)	(22,173)	-	(22,173)
Operating profit	5,300	-	5,300	11,435	-	11,435
Finance income	173	-	173	51	-	51
Finance costs	(269)	-	(269)	(207)	-	(207)
Changes in fair value of financial instruments	-	(510)	(510)	-	159	159
Profit before tax	5,204	(510)	4,694	11,279	159	11,438
Income tax	(1,305)	110	(1,195)	(2,018)	(30)	(2,048)
Profit for the period	3,899	(400)	3,499	9,261	129	9,390
<b>Attributable to owners of the parent</b>						
Profit for the period			3,499			9,390
Earnings per share (pence)	3					
Basic earnings per share			18.08p			46.37p
Diluted earnings per share			17.95p			45.39p

## GROUP STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 August 2023

	Total 2023 £000's	Total 2022 £000's
Profit for the year after tax	3,499	9,390
<b>Items that may be reclassified subsequently to profit and loss</b>		
Exchange differences on translation of foreign operations	421	1,070
Income tax on exchange differences	(301)	21
Other comprehensive income for the year, net of income tax	120	1,091
Total comprehensive income for the year attributable to equity holders of the parent	3,619	10,481

## GROUP BALANCE SHEET

As at 31 August 2023

	2023 £,000's	2022 £,000's
<b>Non – current assets</b>		
Intangible assets	2,338	1,963
Investment property	1,388	1,453
Property, plant and equipment	10,009	9,307
Right of use assets	747	1,216
Deferred tax assets	525	542
	<b>15,007</b>	<b>14,481</b>
<b>Current assets</b>		
Inventories	17,955	26,173
Trade and other receivables	26,696	24,728
Current income tax receivable	717	576
Derivative financial instruments	57	412
Cash and cash equivalents	10,894	26,646
	<b>56,319</b>	<b>78,535</b>
<b>Current liabilities</b>		
Short-term borrowings	(1,284)	(6,627)
Trade and other payables	(26,945)	(42,151)
Lease Liabilities	(486)	(577)
Income tax	(2,117)	(3,345)
Derivative financial instruments	(498)	(343)
	<b>(31,330)</b>	<b>(53,043)</b>
<b>Net current assets</b>	<b>24,989</b>	<b>25,492</b>
<b>Non-current liabilities</b>		
Deferred tax	(367)	(427)
Lease liabilities	(264)	(648)
	<b>(631)</b>	<b>(1,075)</b>
<b>Net assets</b>	<b>39,365</b>	<b>38,898</b>
<b>Equity</b>		
Called up share capital	1,074	1,074
Shares held in treasury	(1,762)	(1,813)
Capital redemption reserve	1,883	1,883
Share-based payment reserve	4,161	3,957
Share premium account	17,751	17,566
Merger reserve	651	651
Translation reserve	971	1,950
Profit and loss account	14,636	13,630
<b>Total equity attributable to equity holders of the parent</b>	<b>39,365</b>	<b>38,898</b>

## GROUP CASH FLOW

for the year ended 31 August 2023

	Group	
	2023	2022
	£'000's	£'000's
Cash flow from operating activities		
Profit before taxation for the year after highlighted items	4,694	11,438
Adjustments for:		
Depreciation of property, plant and equipment	791	556
Depreciation of investment property	65	66
Depreciation of right of use assets	609	632
Amortisation of intangible assets	2,175	1,509
(Profit) on disposal of property, plant and equipment	(52)	(3)
Net interest expense	96	156
Financial instruments fair value adjustments	510	(159)
Share-based payments	204	208
Decrease/(increase) in inventories	8,218	(15,280)
(Increase)/decrease in trade and other receivables	(1,968)	1,291
(Decrease)/increase in trade and other creditors	(15,206)	3,761
Cash generated from operations	136	4,175
Finance income	173	51
Finance expense	(269)	(207)
Income tax paid	(3,014)	(401)
Net cash (outflow)/inflow from operating activities	(2,974)	3,618
Cash flows from investing activities		
Payments for intangible assets	(2,550)	(1,666)
Payments for property, plant and equipment	(1,611)	(1,845)
Proceeds from disposal of property, plant and equipment	164	225
Net cash outflow from investing activities	(3,997)	(3,286)
Cash flows from financing activities		
Payment of lease liabilities	(671)	(538)
Proceeds from issue of share capital	236	299
Purchase of own shares for cancellation	-	(13,640)
Dividends paid	(3,486)	(3,280)
Net cash used in financing activities	(3,921)	(17,159)
Net decrease in cash and cash equivalents	(10,892)	(16,827)
Cash, cash equivalents and borrowings at the beginning of the year	20,019	35,920
Effects of exchange rate movements	483	926
Cash, cash equivalents and borrowings at the end of the year	9,610	20,019
Cash, cash equivalents and borrowings consist of:		
Cash and cash equivalents	10,894	26,646
Total borrowings	(1,284)	(6,627)
Cash, cash equivalents and borrowings at the end of the year	9,610	20,019



## GROUP STATEMENT OF CHANGES IN EQUITY

for the year ended 31 August 2023

	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	Total £000's
<b>The Group</b>									
<b>At 1 September 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>44,852</b>
Profit for the year after tax								9,390	9,390
Net exchange differences on translation of foreign operations	-	-	-	-	-	-	1,183	(92)	1,091
<b>Total other comprehensive income/(expense)</b>							<b>1,183</b>	<b>(92)</b>	<b>1,091</b>
<b>Total comprehensive income for the year</b>							<b>1,183</b>	<b>9,298</b>	<b>10,481</b>
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)
<b>At 31 August 2022</b>	<b>1,074</b>	<b>(1,813)</b>	<b>1,883</b>	<b>17,566</b>	<b>651</b>	<b>3,957</b>	<b>1,950</b>	<b>13,630</b>	<b>38,898</b>
Profit for the year after tax	-	-	-	-	-	-	-	3,499	3,499
Net exchange differences on translation of foreign operations	-	-	-	-	-	-	(979)	1,099	120
<b>Total other comprehensive income/(expense)</b>							<b>(979)</b>	<b>1,099</b>	<b>120</b>
<b>Total comprehensive income for the year</b>							<b>(979)</b>	<b>4,598</b>	<b>3,619</b>
Share-based payment	-	-	-	-	-	204	-	-	204
Deferred tax debit relating to share options	-	-	-	-	-	-	-	(106)	(106)
Dividends	-	-	-	-	-	-	-	(3,486)	(3,486)
Shares Issued	-	51	-	185	-	-	-	-	236
<b>At 31 August 2023</b>	<b>1,074</b>	<b>(1,762)</b>	<b>1,883</b>	<b>17,751</b>	<b>651</b>	<b>4,161</b>	<b>971</b>	<b>14,636</b>	<b>39,365</b>

**THE CHARACTER GROUP PLC**  
**NOTES TO THE STATEMENT**

**1. GEOGRAPHICAL DESTINATION OF REVENUE**

	12 months to 31 August 2023 £'000's	12 months to 31 August 2022 £'000's
United Kingdom	61,116	84,605
Rest of the world	61,475	91,797
<b>Total Group</b>	<b>122,591</b>	<b>176,402</b>

**2. EXPENSES BY NATURE – GROUP**

	12 months to 31 August 2023 £'000's	12 months to 31 August 2022 £'000's
Operating profit is stated after charging/(crediting):		
Cost of inventories recognised as an expense (included in cost of sales)	77,100	117,586
Product development costs incurred	2,609	1,957
Product development costs capitalised	(2,550)	(1,666)
Amortisation of capitalised product development costs	2,155	1,489
Product development costs expensed to cost of sales	2,214	1,780
Debit/(credit) financial instruments fair value adjustments	510	(159)
Inventories provisions	944	634
Exchange losses	1,513	2,406
Staff costs	11,358	15,171
Depreciation of tangible fixed assets		
- owned assets	791	556
Depreciation of investment property	65	66
Profit on disposal of property, plant and equipment	(52)	(3)
Depreciation – right of use assets	609	632
Auditor's remuneration	154	160

**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 2023 Profit after taxation £	Year ended 31 August 2022 Profit after taxation £
Profit attributable to equity shareholders of the parent	3,499,000	9,390,000
Financial instruments fair value adjustments net of tax	400,000	(129,000)
<b>Profit for adjusted earnings per share</b>	<b>3,899,000</b>	<b>9,261,000</b>
Weighted average number of ordinary shares in issue during the year – basic	19,348,548	20,251,532
Weighted average number of dilutive potential ordinary shares	148,497	436,409
<b>Weighted average number of ordinary shares for diluted earnings per share</b>	<b>19,497,045</b>	<b>20,687,941</b>
<b>Earnings per share before highlighted items</b>		
Basic earnings per share (pence)	20.15p	45.73p
Diluted earnings per share (pence)	20.00p	44.77p
<b>Earnings per share after highlighted items</b>		
Basic earnings per share (pence)	18.08p	46.37p
Diluted earnings per share (pence)	17.95p	45.39p

#### 4. DIVIDEND – GROUP

	12 months to 31 August 2023 £'000's	12 months to 31 August 2022 £'000's
On equity shares:		
Final dividend paid for the year ended 31 August 2022		
10.0 pence (2021: 9.0 pence) per share	1,937	1,929
Interim dividend paid for the year ended 31 August 2023		
8.0 pence (2022: 7.0 pence) per share	1,549	1,351
<b>18.0 pence (2022: 16.0 pence) per share</b>	<b>3,486</b>	<b>3,280</b>

The Directors recommend a final dividend of 11.00 pence per share (2022: 10.00 pence) amounting to £2,130,235 (2022: £1,936,577). If approved by shareholders, the final dividend will be paid on 26 January 2024 to shareholders on the register on 12 January 2024.

#### 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 2023 and 2022. The financial information for the year ended 31 August 2022 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 2023 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](http://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 2023 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, 19 January 2024 at 11.00am.

#### 7. ELECTRONIC COMMUNICATIONS

The full Financial Statements for the year ended 31 August 2023, incorporating the Notice of Meeting convening the Company's 2024 Annual General Meeting, is available for viewing on and download from the Group's website: [www.character.com](http://www.character.com).

#### Enquiries to:

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#### The Character Group plc

FTSE sector: leisure goods:

FTSE AIM All-share: symbol: CCT

Market cap: £55m

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](http://www.character-online.co.uk)