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LONDON, WEDNESDAY, 17 DECEMBER 2025

THE CHARACTER GROUP PLC
(the "Company" or "Group" or Character")

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

ANNUAL FINANCIAL RESULTS FOR THE YEAR ENDED 31 AUGUST 2025

KEY PERFORMANCE INDICATORS	12 months ended 31 August 2025	12 months ended 31 August 2024
Revenue	£100.5m	£123.4m
Operating profit before highlighted items*	£1.1m	£6.5m
Profit before tax and highlighted items*	£1.2m	£6.6m
Statutory (loss) / profit before tax after highlighted items*	£(1.8)m	£5.7m
EBITDA (earnings before interest, tax, depreciation and amortisation), before highlighted items	£3.9m	£10.1m
Basic earnings per share before highlighted items*	5.59p	29.76p
Diluted earnings per share before highlighted items*	5.59p	29.72p
Basic (loss) / earnings per share after highlighted items	(6.74p)	25.96p
Diluted (loss) / earnings per share after highlighted items	(6.74p)	25.92p
Dividends declared per share for the year	6.0p	19.0p
Net assets	£33.1m	£38.6m
Net cash	£12.6m	£13.2m
*Excludes:		
Fair value loss adjustments on FX derivative positions	£(3.0m)	£(1.0m)
Statutory (loss) / profit before tax after highlighted items*	£(1.8)m	£5.7m
Depreciation	£1.4m	£1.4m
Amortisation	£1.5m	£2.1m
Financial instruments fair value adjustments	£3.0m	£1.0m
Net interest (income) / interest	£(0.2)m	£(0.1)m
Adjusted EBITDA	£3.9m	£10.1m

INTRODUCTION

This has been a difficult year for the Group. As we announced earlier in the year, the imposition of tariffs on imports to the USA severely impacted the Group's second half performance. The US accounted for approximately 20% of the Group's turnover in the prior financial year and, with most of the Group's production sourced from China, our sales to the USA immediately stalled and remained weak for the rest of the financial year. In addition, lingering economic uncertainty and political instability in many regions has also had a dampening effect in all our markets and has left the industry subdued globally.

Despite these conditions and the impact on sales, the Group has delivered a profit before highlighted items and continued to generate cash from operations, ending the year with a strong cash balance of £12.6m, up from £1.06m in executing its

generate cash from operations, ending the year with a strong cash balance at £12.0m, even after spending £1.9m in executing its share buyback programme. There is no doubt that the strength and breadth of our product portfolio and the determination and ingenuity of our personnel were the main contributors to this result.

OPERATIONAL PERFORMANCE

Group revenue in the year ended 31 August 2025 was £100.5m, against £123.4m in the comparable 2024 period.

The gross profit margin was 26.2% (FY 2024: 26.5%). On an absolute basis, gross profit reported is £26.4 million compared to £32.8m for the previous year. The profit before tax and highlighted items was £1.2m (FY 2024: £6.6m).

A significant proportion of the Group's purchases are made in US dollars; therefore, the business is exposed to foreign currency fluctuations. The Group 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 "fair value" valuation of such financial instruments. The "fair value" adjustment for this financial period results in a notional loss of £3.0m. This compares to a corresponding notional loss of £0.97m reported in the year to 31 August 2024. These "fair value" 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 "fair value" profit adjustments on FX derivative positions are excluded, although shown separately as "fair value" to demonstrate the "underlying" position.

The Group is reporting a statutory loss before tax in the period, after highlighted items, of £1.8m (FY 2024: a profit of £5.7m).

Underlying earnings before interest, tax, depreciation and amortisation were £3.9m (FY 2024: £10.1m).

Underlying basic earnings per share before highlighted items amounted to 5.59p (FY 2024: 29.76p). Diluted earnings per share, on the same basis, were 5.59p (FY 2024: 29.72p).

Basic loss per share after highlighted items was 6.74p (FY 2024: earnings 25.96p). Diluted loss per share, on the same basis, was 6.74p (FY 2024: earnings 25.92p).

FINANCIAL POSITION, WORKING CAPITAL & CASH FLOW

The Group's net assets at 31 August 2025 totalled £33.1m (31 August 2024: £38.6m), after completing share buybacks in the year of £1.96m and paying dividends totalling £2.6m.

Inventories were c.£3.8m lower at the end of the financial period at £16.3m (31 August 2024: £20.1m).

During the period, the Group generated cash from operations of £7.0m (FY 2024: £14.9m). Net interest received during the year amounted to £0.16m (FY 2024: £0.1m).

At the end of the financial year, the Group had a net cash position of £12.6m, compared to £13.2m at the end of the 2024.

DIVIDEND

The Directors will be recommending to shareholders a final dividend of 3.0p (H2 2024: 11.0p per share). This, together with the interim dividend of 3.0p per share paid in July 2025, will bring the total dividend for the year to 6.0p per share (FY 2024: 19.0p). The total dividend is covered approximately 0.9 times by underlying annual earnings (2024: 1.56 times).

Subject to approval by shareholders at the Annual General Meeting ("AGM") which is scheduled to be held at 11am on Friday, 16 January 2026, the following distribution timetable will apply:

Event	Date
Ex-dividend date	15 January 2026
Record date	16 January 2026
Payment date	30 January 2026

OUR PRODUCT PORTFOLIO

Character continues to have a strong innovative portfolio of brands and products. We are encouraged also by additions to our basket that will be marketed over the coming 2026 season.

A summary of the key ranges is below:

- Ø *Goo Jit Zu* is our leading brand. We will unveil a range of new *Goo Jit Zu* branded products at the forthcoming London Toy Fair in January 2026, including new figurines based on Minecraft, Marvel and Sonic the Hedgehog.
- Ø *Sticki Rolls*, our popular girls' range, delivered strong growth during the year and was one of the Group's fastest-growing brands. Performance was supported by innovative social media marketing initiatives, and the range was again recognised in the Toy Retailers Association's *Dream Toys* list for 2025. Further growth is anticipated in 2026, with the planned launch of licensed extensions based on Minecraft and Squishmallows.
- Ø The evergreen *Peppa Pig* range continued to deliver steady performance, reflecting the enduring strength of the brand. Sales were further supported by significant media exposure generated by extensive coverage surrounding the birth of Baby Evie Pig, which drove increased consumer awareness. The newly launched *Peppa Pig Whizz Around* line also performed well, achieving strong sell-through across both domestic and international markets.
- Ø *Mighty Morphin Power Rangers* returned to the market, supported by the relaunch of the original animated series on the Netflix streaming platform. Sales for the coming Christmas season are encouraging. Additional momentum is expected from the release of a second animation series later in 2026.
- Ø During the financial year, we commenced distribution of a range of games from US-based company *Relatable Games*, an award-winning, market-leading publisher targeting Gen Z and Millennial consumers. This has broadened our portfolio and strengthened our presence in the adult and family games category. New to the range in 2026 will be the best-selling murder mystery game series *Hunt A Killer*, further enhancing the offer and supporting continued growth in this segment.

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

SHARE BUY-BACK PROGRAMME

The Company announced a share buyback programme on 29 October 2024 to purchase ordinary shares with a maximum aggregate consideration (including associated dealing costs) of two million pounds (£2.0m) and a longstop expiry date of 30 May 2025 (the "Share Buyback Programme"). On 30 May 2025, the Company announced that it had extended the longstop expiry date for the Share Buyback Programme to 15 January 2026 and increased maximum aggregate consideration to £3.0m. During the financial year to 31 August 2025, the Company acquired for cancellation a total of 757,499 ordinary shares in the Company at

an aggregate cost of approximately £1.96m (including associated dealing costs), with the average cost being approximately £2.58 per ordinary share (FY 2024: £2.82). In the period following the year end to the date of this report, the Company has, under the Share Buyback Programme, acquired for cancellation a further 301,900 ordinary shares in the Company at an aggregate cost of approximately £843,000 (excluding associated costs) with the average cost being approximately £2.79 per ordinary share.

The Company currently has an unutilised authority to buy-back up to a further 1,879,308 ordinary shares. It remains part of our overall strategy to continue to repurchase the Company's own shares when 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 which may not otherwise be 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 2,650,000 ordinary shares (representing approximately 15% of the total voting rights in the Company) at the 2026 AGM. This authority will also allow the Company to implement buybacks either by way of an announced share buyback programme or by way of tenders for its issued shares.

TOTAL VOTING RIGHTS

As at today's date, the Company has 19,698,058 ordinary shares in issue, excluding shares held in treasury. The Company holds 1,983,059 ordinary shares in treasury, representing approximately 10 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 17,714,999. This figure of 17,714,999 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 Character teams in all our offices have learned over the years to adapt in an ever-changing and dynamic environment. The US tariffs introduced in February 2025 created an immense challenge (which still continues) for the Group, but our team has adeptly managed the market volatility and achieved what the Board considers to be a commendable result.

We continue to be blessed with a loyal, dedicated and hard-working team and, on behalf of all our shareholders, we would like to thank them all for their valiant efforts and in achieving the outcome for the year reported in these accounts.

THE BOARD

The year has witnessed several changes to the composition of the Company's Board:

- Ø Two of our non-executive directors, Mike Hyde and Clive Crouch, retired from the Board. We are greatly appreciative of the considerable contributions these two made to the Group over the years and wish them well for the future.
- Ø Hamun Shah, who joined the Group in March 2024 as the Group's Chief Financial Officer, was appointed to the Board as the Group Finance Director on 1 February 2025 in succession to Kiran Shah (not a relative). Hamun has had an immediate impact on the Board with his mixture of natural enthusiasm and his sound commercial skills and financial abilities.
- Ø Kiran Shah had for many years very skilfully combined the roles of Group Finance Director and Joint Managing Director. Since relinquishing the primary Board Finance role, he has been able to focus on the Group's corporate strategy and commercial affairs.
- Ø The Board's search for a new independent non-executive director, following the retirements from the Board in the year, was successful and resulted in the appointment of Kevin Wall on 1 October 2025. Kevin is a welcome addition to the Board, and his calm and measured approach has quickly won the respect and support of his fellow directors.

The newly constituted Board looks forward to meeting the opportunities and challenges that lie ahead and reporting its progress to shareholders over the coming years.

THE 2026 ANNUAL GENERAL MEETING (THE MEETING OR AGM)

The Company's 2026 AGM will take place as an in-person meeting at 11:00 a.m. on Friday, 16 January 2026. The Meeting is to be held at the Group's head office in New Malden, Surrey. Attendance can be in person, by proxy or, in the case of a company or organisation, by appointment of a corporate representative.

The formal Notice of the Meeting and an associated explanatory summary of the special business to be transacted at the Meeting are set out in the full 2025 Annual Report and Financial Statements, which is being uploaded to view on and download from the Company's website today.

Shareholders who wish to join the Meeting remotely should register for access by no later than 11:00am. on Wednesday, 14 January 2026. This can be done by emailing info@charactergroup.plc.uk (stating in the subject line of the email "Character Group: 2026 AGM virtual attendance"). Invitations enabling remote attendance will be issued by 5:00 pm on Thursday, 15 January 2026.

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 Wednesday, 11.00 am on 14 January 2026. If the Chair of the AGM is appointed as proxy to a shareholder, he/she will vote in accordance with any instructions given to him/her. If the Chair of the Meeting is given discretion as to how to vote, he/she will vote in favour of each of the resolutions to be proposed at 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: 2026 AGM Questions" in the subject line of the email) by no later than Wednesday, 11.00 am on 14 January 2026. The Board will seek to respond to questions asked in person or submitted online either during the AGM and/or by written responses post the event.

OUTLOOK

Sales in the lead up to Christmas 2025 have been slow and have declined from the comparable period in 2024. The landscape in all the Group's markets is still looking unsettled, and we expect that conditions are likely to remain challenging for the rest of the first half of this financial year. Whilst these predictions for the current financial year may seem somewhat downbeat, the launch of new product ranges together with enhancements to the ongoing ones should support an improvement in the Group's performance in the second half of the year. Although revenue derived from USA is likely to decline further, we expect increases in other territories to balance this. However, whilst the overall annual turnover is likely to remain flat for the current financial year, the Board expects the Group's FY26 profit (before tax and highlighted items) to more than double.

The Group emerges from this difficult year with a strong balance sheet, cash reserves, and substantial unutilised finance facilities. As an expression of that confidence in the Group's prospects for the year ahead, the Board has made its recommendation regarding the final dividend for the year under review and confirms its commitment to continue with a new share buyback programme if the authority is granted at the forthcoming AGM.

The Board looks forward to welcoming shareholders to the Company's Annual General Meeting in January 2026 and updating shareholders at that time.

GROUP INCOME STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2025

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		12 months ended 31 August 2025 Result before highlighted items	12 months ended 31 August 2025 highlighted items	12 months ended 31 August 2025 Statutory Result	12 months ended 31 August 2024 Result before highlighted items	12 months ended 31 August 2024 highlighted items	12 months ended 31 August 2024 Statutory Result
	Note	£'000	£'000	£'000	£'000	£'000	£'000
Revenue	1	100,465	-	100,465	123,419	-	123,419
Cost of sales		(74,094)	-	(74,094)	(90,668)	-	(90,668)
Gross profit		26,371	-	26,371	32,751	-	32,751
Other income		420	-	420	547	-	547
Selling and distribution expenses		(5,725)	-	(5,725)	(6,417)	-	(6,417)
Administrative expenses		(20,005)	-	(20,005)	(20,335)	-	(20,335)
Operating profit		1,061	-	1,061	6,546	-	6,546
Finance income		290	-	290	184	-	184
Finance costs		(134)	-	(134)	(81)	-	(81)
Changes in fair value of financial instruments		-	(3,032)	(3,032)	-	(966)	(966)
(Loss)/profit before tax		1,217	(3,032)	(1,815)	6,649	(966)	5,683
Income tax		(186)	758	572	(973)	242	(731)
(Loss)/profit for the period		1,031	(2,274)	(1,243)	5,676	(724)	4,952
Attributable to:							
Owners of the parent							
(Loss)/Profit for the period				(1,243)			4,952
(Loss) /Earnings per share (pence)							
Basic (loss)/earnings per share	3			(6.74)p			25.96p
Diluted (loss) /earnings per share	3			(6.74)p			25.92p

GROUP STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 AUGUST 2025

	Total 2025 £000's	Total 2024 £000's
(Loss)/profit for the year after tax	(1,243)	4,952
Items that will not be reclassified subsequently to profit and loss		
Current tax credit relating to exercised share options	-	1
	-	1
Items that may be reclassified subsequently to profit and loss		
Exchange differences on translation of foreign operations	22	(110)
Income tax on exchange differences	(37)	(41)
	(15)	(151)
Other comprehensive income for the year, net of income tax	(15)	(150)
Total comprehensive income for the year attributable to equity holders of the parent	(1,258)	4,802

GROUP BALANCE SHEET
AS AT 31 AUGUST 2025

	2025 £000's	2024 £000's
Non - current assets		
Intangible assets	1,682	1,618
Investment property	1,257	1,323
Property, plant and equipment	10,282	10,065
Right of use assets	634	836
Deferred tax assets	1,939	993
	15,794	14,835
Current assets		
Inventories	16,288	20,103
Trade and other receivables	19,113	23,991
Current income tax receivable	712	591
Derivative financial instruments	16	16
Cash and cash equivalents	13,295	14,599

	49,424	59,300
Current liabilities		
Short-term borrowings	(708)	(1,446)
Trade and other payables	(25,524)	(31,197)
Lease Liabilities	(393)	(438)
Income tax	(478)	(192)
Derivative financial instruments	(4,455)	(1,424)
	(31,558)	(34,697)
Net current assets	17,866	24,603
Non-current liabilities		
Deferred tax	(294)	(377)
Lease liabilities	(274)	(431)
	(568)	(808)
Net assets	33,092	38,630
Equity		
Called up share capital	1,000	1,038
Shares held in treasury	(1,664)	(1,756)
Capital redemption reserve	1,957	1,919
Share-based payment reserve	4,266	4,231
Share premium account	17,902	17,761
Merger reserve	651	651
Translation reserve	573	698
Profit and loss account	8,407	14,088
Total equity attributable to equity holders of the parent	33,092	38,630

GROUP CASH FLOW
FOR THE YEAR ENDED 31 AUGUST 2025

	Group 2025 £000's	2024 £000's
Cash flow from operating activities		
(Loss)/profit before taxation for the year after highlighted items	(1,815)	5,683
Adjustments for:		
Depreciation of property, plant and equipment	827	833
Depreciation of investment property	66	65
Depreciation of right of use assets	471	536
Amortisation of intangible assets	1,485	2,096
(Profit) on disposal of property, plant and equipment	(25)	(13)
Net interest (income) / expense	(156)	(103)
Financial instruments fair value adjustments	3,032	966
Share-based payments	35	70
Decrease / (increase) in inventories	3,815	(2,148)
Decrease in trade and other receivables	4,878	2,705
(Decrease)/increase in trade and other creditors	(5,673)	4,252
Cash generated from operations	6,940	14,942
Finance income	290	184
Finance expense	(134)	(81)
Income tax paid	(329)	(3,028)
Net cash inflow from operating activities	6,767	12,017
Cash flows from investing activities		
Payments for intangible assets	(1,549)	(1,376)
Payments for property, plant and equipment	(1,069)	(858)
Proceeds from disposal of property, plant and equipment	47	14
Net cash outflow from investing activities	(2,571)	(2,220)
Cash flows from financing activities		
Payment of lease liabilities	(483)	(555)
Proceeds from issue of share capital	233	16
Purchase of own shares for cancellation	(1,955)	(2,000)
Dividends paid	(2,593)	(3,623)
Net cash used in financing activities	(4,798)	(6,162)
Net (decrease) / increase in cash and cash equivalents	(602)	3,635
Cash, cash equivalents and borrowings at the beginning of the year	13,153	9,610
Effects of exchange rate movements	36	(92)
Cash, cash equivalents and borrowings at the end of the year	12,587	13,153

Cash, cash equivalents and borrowings consist of:

Cash and cash equivalents	13,295	14,599
Total borrowings	(708)	(1,446)
Cash, cash equivalents and borrowings at the end of the year	12,587	13,153

GROUP STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 AUGUST 2025

	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
The Group									
At 1									
September									
2023	1,074	(1,762)	1,883	17,751	651	4,161	971	14,636	39,365
Profit for the year after tax	-	-	-	-	-	-	-	4,952	4,952
Other comprehensive income/(expense)									
Net exchange differences on translation of foreign operations	-	-	-	-	-	-	(273)	122	(151)
Total other comprehensive income/(expense)							(273)	122	(151)
Total comprehensive income for the year							(273)	5,074	4,801
Transactions with owners, recorded directly in equity									
Share- based payment	-	-	-	-	-	70	-	-	70
Deferred tax debit relating to share options	-	-	-	-	-	-	-	1	1
Dividends	-	-	-	-	-	-	-	(3,623)	(3,623)
Shares issued	-	6	-	10	-	-	-	-	16
Shares cancelled	(36)	-	36	-	-	-	-	(2,000)	(2,000)
At 31									
August									
2024	1,038	(1,756)	1,919	17,761	651	4,231	698	14,088	38,630
Loss for the year after tax								(1,243)	(1,243)
Other comprehensive income/(expense)									
Net exchange differences on translation of foreign operations	-	-	-	-	-	-	(125)	110	(15)
Total other comprehensive income/(expense)							(125)	110	(15)
Total comprehensive expense for the year							(125)	(1,133)	(1,258)
Transactions with owners, recorded directly in equity									
Share- based payment	26	-	-	-	-	35	-	-	35
Dividends	-	-	-	-	-	-	-	(2,593)	(2,593)
Shares issued	-	92	-	141	-	-	-	-	233
Shares cancelled	(38)	-	38	-	-	-	-	(1,955)	(1,955)
At 31									
August									
2025	1,000	(1,664)	1,957	17,902	651	4,266	573	8,407	33,092

THE CHARACTER GROUP PLC
NOTES TO THE STATEMENT

1. GEOGRAPHICAL DESTINATION OF REVENUE

	12 months ended 31 August 2025 £000's	12 months ended 31 August 2024 £000's
United Kingdom	49,574	59,174
Europe	28,377	32,586
Rest of the world	22,514	31,659
Total Group	100,465	123,419

2. EXPENSES BY NATURE - GROUP

12 months ended
31 August 2025

12 months ended
31 August 2024

FTSE sector: treasure goods:
FTSE AIM All-share: symbol: CCT

Email: info@thecharactergroup plc.uk
Group website: www.thecharacter.com

Enquiries to:

The Character Group plc

Jon Diver, Joint Managing Director
Kiran Shah, Joint Managing Director
Hamun Shah, Group Finance Director
Office: +44 (0) 208 329 3377

Panmure Liberum *(Nominated Adviser and Joint Broker)*

Atholl Tweedie, Investment Banking
Rupert Dearden, Corporate Broking
Tel: +44 (0) 20 7886 2500

Allenby Capital Limited *(Joint Broker)*

Nick Athanas, Corporate Finance
Amrit Nahal / Tony Quirke, 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

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