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If you have sold or otherwise transferred all of your shares in Croma Security Solutions Group plc, please forward this document, together with the accompanying Form of Proxy, to the person through whom the sale or transfer was effected, for transmission to the purchaser or transferee. If you have sold or otherwise transferred only part of your shares in Croma Security Solutions Group plc, please immediately contact the person through whom the sale or transfer was effected.

The Company and the Directors, whose names are set out on page 9, accept responsibility, both collectively and individually, for the information contained in this document. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser. AIM securities are not admitted to the Official List of the Financial Conduct Authority.

Croma Security Solutions Group plc

(incorporated and registered in England and Wales under number 03184978)

PROPOSED DISPOSAL OF VIGILANT SECURITY (SCOTLAND) LIMITED AND NOTICE OF GENERAL MEETING

Your attention is drawn to the letter from the Chairman of Croma Security Solutions Group plc (the “Company”) set out in this document in which the Directors unanimously recommend that you vote in favour of the Resolutions to be proposed at the General Meeting. The action to be taken in respect of the General Meeting is set out in the letter from the Chairman of the Company.

A notice convening a General Meeting of the Company to be held at the offices of the Company, Unit 7 & 8 Fulcrum 4, Solent Way, Whiteley, Fareham, Hampshire PO15 at 9.00 a.m. on 30 June 2023 is set out at the end of this document.

No person has been authorised to give any information or make any representations other than those contained in this document and, if given or made, such information or representations must not be relied on as having been so authorised. The delivery of this document shall not, under any circumstances, create any implication that there has not been any change in the affairs of the Company since the date of this document or that the information is correct as of any subsequent time.

WH Ireland, which is authorised and regulated in the United Kingdom by the FCA, is acting as Nominated Adviser and Joint Bookrunner exclusively for the Company and no one else in connection with the contents of this document and will not regard any other person (whether or not a recipient of this document) as its client in relation to the contents of this document nor will it be responsible to anyone other than the Company for providing the protections afforded to its clients or for providing advice in relation to the contents of this document. Apart from the responsibilities and liabilities, if any, which may be imposed on WH Ireland by FSMA or the regulatory regime established thereunder, WH Ireland accepts no responsibility whatsoever, and makes no representation or warranty, express or implied, for the contents of this document including its accuracy, completeness or verification or for any other statement made or purported to be made by it, or on behalf of it, the Company or any other person, in connection with the Company and the contents of this document, whether as to the past or the future. WH Ireland accordingly disclaims all and any liability whatsoever,

whether arising in tort, contract or otherwise (save as referred to above), which it might otherwise have in respect of the contents of this document or any such statement. The responsibilities of WH Ireland as the Company's nominated adviser under the AIM Rules for Companies and the AIM Rules for Nominated Advisers are owed solely to London Stock Exchange and are not owed to the Company or to any director or shareholder of the Company or any other person, in respect of its decision to acquire shares in the capital of the Company in reliance on any part of this document, or otherwise.

No representation, responsibility or warranty, expressed or implied, is made by WH Ireland, Croma Security Solutions Group plc or any of their respective directors, officers, employees or agents as to any of the contents of this document in connection with the Disposal or any other matter referred to in this document. WH Ireland will not be offering advice and will not otherwise be responsible for providing customer protections to recipients of this document or for advising them on the contents of this document or any other matter.

Copies of this document will be available free of charge to the public during normal business hours on any day (Saturdays, Sundays and public holidays excepted) at the offices of the Company, Croma Security Solutions, Unit 7 & 8, Fulcrum 4 Solent Way, Whiteley, Fareham, PO15 7FT and on the Company's website www.cssgplc.com/investors/.

This document is dated 6 June 2023.

IMPORTANT INFORMATION

Cautionary note regarding forward-looking statements

This document may contain statements about the Company that are or may be “forward-looking statements”. All statements, other than statements of historical facts, included in this document may be forward-looking statements. Without limitation, any statements preceded or followed by, or that include, the words “targets”, “plans”, “believes”, “expects”, “aims”, “intends”, “will”, “may”, “should”, “anticipates”, “estimates”, “projects”, “would”, “could”, “continue”, “potential” or words or terms of similar substance or the negative thereof, are forward-looking statements. Forward-looking statements include statements relating to the following: (i) future capital expenditures, expenses, revenues, earnings, synergies, economic performance, indebtedness, financial condition, dividend policy, losses and future prospects and (ii) business and management strategies and the expansion and growth of the operations of the Company. These forward-looking statements are not guarantees of future performance and have not been reviewed by the auditors of the Company. These forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of any such person, or industry results, to be materially different from any results, performance or achievements expressed or implied by such forward-looking statements. These forward-looking statements are based on numerous assumptions regarding the present and future business strategies of such persons and the environment in which each will operate in the future. Investors should not place undue reliance on such forward-looking statements and, save as is required by law or regulation (including to meet the requirements of the AIM Rules), the Company does not undertake any obligation to update publicly or revise any forward-looking statements (including to reflect any change in expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based). All subsequent oral or written forward-looking statements attributed to the Company or any persons acting on their behalf are expressly qualified in their entirety by the cautionary statement above. All forward-looking statements contained in this document are based on information available to the Directors of the Company at the date of this document, unless some other time is specified in relation to them, and the posting or receipt of this document shall not give rise to any implication that there has been no change in the facts set forth herein since such date.

No incorporation of website information

The contents of the Company’s website or any hyperlinks accessible from the Company’s website do not form part of this document and Shareholders should not rely on them.

Interpretation

Certain terms used in this document are defined and certain technical and other terms used in this document are explained at the section of this document under the heading “Definitions”.

All times referred to in this document and the Form of Proxy are, unless otherwise stated, references to London time.

All references to legislation in this document and the Form of Proxy are to the legislation of England and Wales unless the contrary is indicated. Any reference to any provision of any legislation or regulation shall include any amendment, modification, re-enactment or extension thereof.

Words importing the singular shall include the plural and *vice versa*, and words importing the masculine gender shall include the feminine or neutral gender.

Shareholders should not construe the contents of this document as legal, tax or financial advice, and should consult with their own advisers as to the matters described herein.

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EXPECTED TIMETABLE OF PRINCIPAL EVENTS

2023

Announcement of the proposed Disposal	7.00 a.m. on 6 June
Publication and posting of this document and Form of Proxy	6 June
Latest time for receipt of Form of Proxy	9.00 a.m. on 28 June
General Meeting	9.00 a.m. on 30 June
Completion of the Disposal	30 June

Notes:

- i. References to times in this document are to London time (unless otherwise stated).
- ii. If any of the above times or dates should change, the revised times and/or dates will be notified by an announcement to an RIS.
- iii. The timing of the events in the above timetable and in the rest of this document is indicative only.

DEFINITIONS

The following definitions apply throughout this document and the accompanying Form of Proxy, unless the context requires otherwise or unless it is otherwise specifically provided:

“Act”	the Companies Act 2006 (as amended)
“AIM”	the market of that name operated by the London Stock Exchange
“AIM Rules”	the AIM Rules for Companies published by the London Stock Exchange from time to time
“Announcement”	the announcement of the Disposal made by the Company on 6 June 2023
“Buy-Back”	the buy-back of the Buy-Back Shares from Sebastian Morley and Paul Williamson at a price of 47.5 pence which represents an off-market transaction pursuant to Section 694 of the Act.
“Buy-Back Agreement”	the agreement to be entered into on or around the date of the General meeting between the Company, Sebastian Morley and Paul Williamson
“Buy-Back Shares”	798,422 Ordinary Shares to be purchased by the Company pursuant to the Buy-Back
“Buyer”	M&W Security Limited a limited company number incorporated in Scotland with registered number SC753198 and with its registered office at 1st Floor Left, 161 Brooms Road, Dumfries, United Kingdom, DG1 2SH with Sebastian Jake Finch Morley and Paul Williamson as directors
“Company” or “Croma”	Croma Security Solutions Group plc a public limited company incorporated in England and Wales with registered number 03184978 and with its registered office at Unit 7 & 8, Fulcrum 4 Solent Way, Whiteley, Fareham, England, PO15 7FT
“Completion”	completion of the Disposal on the terms set out in the Disposal Agreement
“Consideration”	the consideration payable by the Buyer to the Company for the Disposal amounting in total to £6.5 million comprised of the Initial Consideration and the Loan Note Consideration
“Continuing Group”	the Company together with its subsidiaries after completion of the proposed Buyback and Disposal, being Croma Locks and Croma Systems
“Croma Group”	the Company together with its subsidiaries which at the date of this document are Vigilant and Croma Locks and Croma Systems
“Croma Locks”	Croma Locksmiths and Security Solutions Limited, a limited company incorporated in England and Wales with registered number 03909669 and with its registered office at Unit 7 & 8, Fulcrum 4 Solent Way, Whiteley, Fareham, England, PO15 7FT
“Croma Systems”	CSS Total Security Limited, a limited company incorporated in England and Wales with registered number 02432869 and with its registered office at Unit 7 & 8, Fulcrum 4 Solent Way, Whiteley, Fareham, England, PO15 7FT

“Current Articles”	the articles of association of the Company at the date of this document
“Directors” or “Board”	the directors of the Company or any duly authorised committee thereof
“Disposal”	the proposed sale of the entire issued share capital of Vigilant (including Vigilant’s wholly-owned subsidiary, Croma Proception Limited (registered number: SC695543) in accordance with the terms of the Disposal Agreement
“Disposal Agreement”	the agreement dated 5 June 2023 made between the Company and M&W Security Limited
“EBITDA”	Earnings Before Interest Tax and Depreciation
“Existing Share Capital”	15,898,656 Ordinary Shares, of which 996,514 Ordinary Shares are held in treasury
“Form of Proxy”	the form of proxy accompanying this document for use in connection with the General Meeting
“General Meeting”	the general meeting of the Company convened for 9.00 a.m. on 30 June 2023 (or any adjournment thereof) notice of which is set out at the end of this document
“Initial Consideration”	£1,073,314 in cash on Completion and (at the sole discretion of the Buyer) the payment of a further £1,300,000 in cash on Completion or the issue of the Redeemable Share
“Loan Note Consideration”	the balance of the Consideration, being the Loan Notes
“Loan Notes”	consideration loan notes of £4,126,686 issued in the Buyer, as further described in paragraph 5 of Part I (<i>Letter from the Chairman</i>)
“Locks and Systems”	Croma Locks and Croma Systems
“M&W Security Limited”	M&W Security Limited, a limited company registered in Scotland (No. SC753198) with its registered office at 1st Floor Left, 161 Brooms Road, Dumfries, United Kingdom, DG1 2SH
“New Articles”	the proposed new articles of association of the Company, which will be proposed for adoption by the Company at the General Meeting, in replacement of the Current Articles
“Notice”	the notice of the General Meeting of Shareholders set out at the end of this document
“Ordinary Shares”	ordinary shares of 5 pence each in the capital of the Company
“Redeemable Share”	£0.01 redeemable consideration A ordinary share issued in the capital of the Buyer, as further described in paragraph 6 of Part I (<i>Letter from the Chairman</i>)
“Resolutions”	the resolutions to be proposed to the Company’s members at the General Meeting
“Shareholders”	the holders of Ordinary Shares

“Vigilant”

Vigilant Security (Scotland) Limited, a limited company number incorporated in Scotland with registered number SC212151 and with its registered office at 1st Floor Left, 161 Brooms Road, Dumfries, Scotland, DG1 2SH

“WH Ireland”

WH Ireland Limited, nominated adviser and sole broker to the Company

“£”, “pounds sterling”, “pence” or “p”

are references to the lawful currency of the United Kingdom

DIRECTORS, SECRETARY AND ADVISER

Directors	Barbara Joanne (" <u>Jo</u> ") Haigh Rosser – <i>Non-Executive Chairman</i> <u>Roberto</u> Michele Fiorentino – <i>Chief Executive Officer</i> Teodora (" <u>Teo</u> ") Angelova Andreeva – <i>Chief Financial Officer</i> Stephen (" <u>Steve</u> ") Naylor – <i>Non-Executive Director</i>
Company Secretary	Teodora (" <u>Teo</u> ") Angelova Andreeva
Registered Office	Unit 7 & 8 Fulcrum 4 Solent Way Whiteley Fareham PO15 7FT
Nominated Adviser & Broker	WH Ireland Limited 24 Martin Lane London EC4R 0DR
Legal Adviser	Shoosmiths LLP Forum 5 The Forum, Parkway Whiteley Fareham PO15 7PA
Registrar	Neville Registrars Limited Neville House Steelpark Road, Halesowen West Midlands B62 8HD
Website	www.cssgplc.com

PART I

LETTER FROM THE CHAIRMAN

CROMA SECURITY SOLUTIONS GROUP PLC

(incorporated and registered in England and Wales under number 03184978)

Directors

Barbara Joanne (“Jo”) Haigh Rosser – *Non-Executive Chairman*
Roberto Michele Fiorentino – *Chief Executive Officer*
Teodora (“Teo”) Angelova Andreeva – *Chief Financial Officer*
Stephen (“Steve”) Naylor – *Non-Executive Director*

Registered Office

Unit 7 & 8
Fulcrum 4 Solent Way
Whiteley
Fareham
PO15 7FT

6 June 2023

Dear Shareholder

PROPOSED DISPOSAL OF VIGILANT SECURITY (SCOTLAND) LIMITED AND NOTICE OF GENERAL MEETING

1. Introduction

On 6 June 2023, the Company announced that it had entered into a conditional agreement to sell the entire issued share capital of its subsidiary Vigilant Security (Scotland) Limited (“Vigilant”) to M&W Security Limited for a total consideration of £6.5 million.

The Consideration will be satisfied as to (i) £1,073,314 payable in cash on Completion; (ii) £4,126,686 by the issue of the Loan Notes; and (iii) either (at the Buyer’s sole discretion) the payment of an additional £1,300,000 in cash on Completion or the issue of the Redeemable Share on Completion. In addition, inter-company balances of £1,067,913 owed by Vigilant to the Company will be settled on Completion. Therefore on Completion the Company will receive in aggregate cash of either £2,141,227 if the Redeemable Share is issued or £3,441,227 if the Redeemable Share is not issued.

M&W Security Limited, is owned and controlled by Sebastian Morley and Paul Williamson, both former directors of the Company who stepped down from the Board at the annual general meeting held on 6 December 2022 to pursue a buy-out of Vigilant from the Company. In order to part fund the cash consideration, Messrs Morley and Williamson wish to sell all of the shares they hold in the Company, being in aggregate 798,422 Ordinary Shares. The Company has agreed to buy-back these shares at a price of 47.5 pence pursuant to the Buy-Back Agreement further details of which are set out in paragraph 7 of this Part I.

In view of the size of Vigilant relative to the existing size of the Croma Group, it is a requirement of the AIM Rules that the Disposal be approved by Shareholders at a general meeting of the Company. The Disposal is therefore conditional on, *inter alia*, the passing of Resolution 4 to be proposed at the General Meeting.

The Buy-Back represents a purchase of own shares by the Company in an off-market transaction pursuant to Section 694 of the Act. As a result, the Act requires that such a transaction be authorised by a special resolution and the Act also provides that the parties from which the shares are proposed to be purchased must not exercise the voting rights attached to those shares on that resolution. The Buy-Back is therefore conditional on the passing of Resolutions 2 and 3 to be proposed at the General Meeting

As the Disposal and Buy-Back are transactions with former directors of the Company, they represent related party transactions in accordance with AIM Rule 13. The Directors, all of whom are independent, consider that, having consulted the Company’s nominated adviser, that the terms of the Disposal and the Buy-Back are fair and reasonable in so far as Shareholders are concerned.

The Board is also taking this opportunity to ask Shareholders to approve the adoption by the Company of new articles of association primarily for the purposes of updating the Company's existing articles of association primarily to take account of changes in English company law brought about by the Act. An explanation of the key provisions of the New Articles are set out in Part II (*Explanation of the key provisions of the New Articles*) of this document. The New Articles are available to view on the Company's website at www.cssgplc.com.

The purpose of this document is provide you with further details of the Disposal and Buy-Back and to set out the background and reasons for the Disposal and recommend that you vote in favour of the Resolutions, required to be passed to implement them and the adoption of the New Articles. The notice of General Meeting is set out at the end of this document.

2. Information on Vigilant

Vigilant provides manned guarding and reception services for property assets and individuals and employs over 900 security personnel throughout the UK.

For the year ended 30 June 2022, Vigilant generated sales of £29.3 million (2021: £27.4 million), operating profit of £0.7 million (2021: £1.1 million) and an EBITDA of £0.8 million (2021: £1.3 million). As at 30 June 2022 Vigilant had net assets of approximately £4 million, including Goodwill.

For the six months ended 31 December 2022 ("H1 2022") Vigilant recorded revenues up 7 per cent. to £15.92 million (H1 2021: £14.86 million). However, profit before tax reduced to £0.13 million (H1 2021: £0.36 million) as it was held back by a number of factors including non-recurring exceptional costs, up-front investment in staff costs ahead of the start of a substantial contract (that commenced successfully, as planned, in January 2023) as well as general wage inflation which has impacted staff retention and the ability to recruit. The increased wage costs are beginning to be passed on in adjusted contract rates and will be reflected in all new contracts. EBITDA for H1 2022 was £0.28 million.

3. Background and reasons for recommending the Disposal

On 6 December 2022, the Company announced that it had decided to divest the Croma Group's manned guarding business, Vigilant.

The Directors believe that the sale of Vigilant is in the best interests of Shareholders for the following reasons:

- the strategy of combining Locks and Systems with Vigilant has not generated the opportunities for cross marketing and cross sales that had been expected;
- it will enable the Continuing Group to focus its strategy around the development of Locks and Systems where margins are high and cash generation remains strong and where the Board believes there are good opportunities for profitable growth; and
- the cash to be received pursuant to the Disposal will enable the Company to pursue acquisition opportunities for both Croma Locks and Croma Systems.

The Directors consider that the Consideration to be received for the Disposal from M&W Security Limited, fairly reflects the value of Vigilant. In reaching this view, the Directors have taken into account, factors including:

- their expectations of Vigilant's trading performance for 30 June 2023 and for 30 June 2024; and
- the fact that the market has been aware of the Company's intention to dispose of Vigilant since 6 December 2022 and no other offers of equivalent value have been received from third parties.

The Consideration to be received for the Disposal of £6.5 million represents approximately 91.8 per cent. of the Company's market capitalisation of £7.1 million as at the close of business on 2 June 2023, being the latest practical date prior to the Announcement. For the year ended 30 June 2022 Vigilant generated approximately 42 per cent. of the Croma Group's EBITDA and for the six months ended 31 December Vigilant generated approximately 29 per cent. of the Croma Group's EBITDA.

4. Principal terms of the Disposal

Under the terms of the Disposal Agreement, the Company has agreed to sell the entire issued share capital of Vigilant to M&W Security Limited for an aggregate consideration of £6.5 million. In addition, M&W Security Limited has agreed to procure that Vigilant repays the debt of £1,067,913 which Vigilant owes to the Company.

The Consideration will be satisfied as to (i) £1,073,314 payable in cash on Completion; (ii) £4,126,686 by the issue of the Loan Notes; and (iii) either (at the Buyer's sole discretion) the payment of an additional £1,300,000 in cash on Completion or the issue of the Redeemable Share on Completion. The terms of the Loan Notes and the Redeemable Share are set out in paragraphs 5 and 6 respectively of this Part I.

Warranties have only been given by the Company to the Buyer in respect of good title to the shares of Vigilant, subject to certain limitations on liability.

Completion of the Disposal is conditional upon (a) the passing of Resolutions 2 and 3 approving the completion of the Buy-Back and the passing of Resolution 4 to be proposed at the General Meeting, and (b) the Buy-Back being completed in accordance with its terms.

5. Terms of the Loan Notes

On Completion of the Disposal, and as part of the Consideration, the Company shall receive the Loan Notes pursuant to a loan note instrument executed by the Buyer, the principal terms of which are as follows:

- the Loan Notes shall attract annual interest at a rate of 4.5 per cent. per annum;
- the Loan Notes (being both capital amounts and accrued interest), shall be repaid as follows:
 - a) the first payment shall be nine months following Completion;
 - b) thereafter payments shall be made on each quarter date for a further nine payments;
- the Loan Notes shall be secured over the assets of the Buyer, Vigilant and Vigilant's wholly-owned subsidiary, Croma Proception Limited (registered number: SC695543);
- if the Buyer defaults on the payment of any principal or interest payable under the Loan Notes default interest will accrue at a rate of 4 per cent. above the base interest rate of 4.5 per cent. Such interest would accrue from day to day and be compounded quarterly;
- in the event that the Buyer defaults on any one payment due to the Company under the Loan Notes the Company shall have step-in rights to enable the Company to assume control of Vigilant at board and shareholder level.

6. Terms of the Redeemable Share

On Completion of the Disposal, and as part of the Consideration, at the Buyer's sole discretion, the Company will either receive an additional payment of £1,300,000 in cash or the issue of the Redeemable Share on Completion. If the Redeemable Share is issued by the Buyer, then the principal share rights will be as follows:

- the date for the redemption of the Redeemable Share shall be the earlier of: (i) 1 July 2024; and (ii) any debt or equity raise by the Buyer. Upon such an event, the Redeemable Share shall immediately become due for redemption and the Buyer shall pay the Company £1,300,000 in cash;
- after 1 July 2024, if the Redeemable Share has not yet been redeemed in full, a fixed preferential dividend shall accrue at a rate of 4.5 per cent;
- for so long as the Company holds the Redeemable Share and/or any sums remain outstanding under the Loan Notes, the Company shall have the right to appoint a director to the board of the Buyer (the "A Director") and its group companies, such A Director cannot be removed by the Buyer until such date as both the redemption of the Redeemable Share has occurred and the Loan Note has been repaid in full;
- in the event that the Redeemable Share is not redeemed in full on the redemption date or any of the default events set out in condition 4.2 of the Loan Note have occurred the A Director may serve notice on the Buyer which will cause the Company to be able to take control at the board and shareholder level.

7. Terms of the Buy-Back Agreement

Prior to Completion, the Company shall enter into a Buy-Back Agreement with Sebastian Morley and Paul Williamson to acquire in aggregate 798,422 Ordinary Shares held by Sebastian Morley and Paul Williamson at a price of 47.5 pence per Buy-Back Share being the five day average mid-market price, to 2 June 2023, being the latest practical date prior to the Announcement. The consideration payable under the Buy-Back Agreement will be paid in cash out of the Company's distributable reserves at Completion.

The Buy-Back Agreement will be made available on the Company's website at www.cssgplc.com/investors.

8. Effect of the Disposal and use of proceeds

Once the Buy-Back Shares have been purchased pursuant to the Buy-Back Agreement, the Company intends to hold the Buy-Back Shares in treasury.

Immediately following Completion, the Company will have 15,898,656 Ordinary Shares in issue of which 1,794,936 Ordinary Shares will be held in treasury. Therefore the number of voting shares will be 14,103,720 immediately following Completion.

If the Disposal and the Buy-Back are approved by Shareholders and completes in accordance with their terms, on Completion the Company will receive cash pursuant to the Disposal Agreement of either £2,141,227 if the Redeemable Share is issued or £3,441,227 if the Redeemable Share is not issued. The Directors estimate that following receipt of the cash pursuant to the Disposal Agreement and following the Buy-Back of £0.38 million, the Company will have cash balances of approximately £2.06 million if the Redeemable Share is issued or £3.36 million if the Redeemable Share is not issued, on Completion after paying certain expenses, excluding any taxes relating to the Disposal (stamp duty taxes in respect of the Disposal shall be payable by the Buyer).

The Company intends to deploy these funds to advance the Company's strategy as set out in paragraph 10 of this Part I.

9. Current trading and prospects

On 14 March 2023, the Company announced its interim results to 31 December 2022. In those results, Locks and Systems were reported as the continuing group and Vigilant as an asset held for resale.

Trading across the Cromia Group has been stronger so far in the second half of the year ending 30 June 2023 than it was in the first half of the year, being the six months ending 31 December 2022, and the Cromia Group's overall trading performance is expected to be comfortably ahead of last year. Reported results will however be impacted by a number of one-off exceptional costs incurred in relation to Vigilant and the Disposal.

10. Strategy and prospects

Following the Disposal the Continuing Group's business will comprise Cromia Locks and Cromia Systems where margins are high (relative to Vigilant) and cash generation remains strong and where the Board believes there are good opportunities for profitable growth.

The Board remains focused on creating a national chain of modern security centres and believes there are opportunities to expand further. The strategy is to be a leading British security brand and to that end the continuing Group will carefully extend its footprint of security centres across the country. The Continuing Group currently operates through 14 security centres and the objective is to acquire between three and five centres each year. The market can be very generally split into locksmith and security systems providers. Cromia's strategy is to combine the traditional offerings of each under one roof, providing comprehensive security solutions in a broader security centre. To date these centres have started as locksmiths but could also be systems providers and have been relatively small acquisitions. The acquisition of large systems and solution providers will also be considered where they can complement and extend the Continuing Group's existing offerings.

To complement and improve its range of services, the Continuing Group will also consider engaging in strategic partnerships with providers of innovative security solutions, such as the partnership it currently has with its Scandinavian partner, iLOQ.

The cash proceeds of the Disposal will provide the Continuing Group with additional financial stability and cash resources to accelerate our development in line with the strategy for the benefit of our shareholders.

11. New Articles

The Company's Current Articles were adopted in May 2000 and primarily to take into account the changes in English company law brought about by the Act, the Board are proposing the adoption of New Articles. The draft set of proposed New Articles is available on the Company's website at www.cssgplc.com/investors.

Set out in Part II (*Explanation of the key provisions of the New Articles*) of this document is a summary of the proposed key provisions of the New Articles if Resolution 1 to be proposed at the General Meeting is approved by Shareholders. This summary is intended only to highlight the key provisions which the Directors consider are likely to be of interest to Shareholders. Other provisions, which are of a minor, technical or procedural nature and also some which merely reflect changes made by the Companies Act 2006 have not been noted. It is not intended to be exhaustive and should not be relied upon to identify all amendments or issues which may be of interest to all Shareholders. Therefore, this summary is not a substitute for Shareholders reviewing the full terms of the New Articles for themselves.

12. General Meeting

Set out at the end of this document is a notice convening a General Meeting of the Company to be held at the offices of the Company, Unit 7 & 8 Fulcrum 4, Solent Way, Whiteley, Fareham, Hampshire PO15 at 9.00 a.m. on 30 June 2023. The Notice of General Meeting sets out three proposed Resolutions upon which Shareholders will be asked to vote.

Resolution 1 is a special resolution to approve the New Articles and to be passed will require a majority of 75 per cent. of those shareholders voting.

Resolution 2 is a special resolution to approve the Buy-Back Agreement in accordance with section 694 of the Act and to be passed will require a majority of 75 per cent. of those shareholders voting (excluding Sebastian Morley and Paul Williamson in respect of their own Buy-Back Shares).

Resolution 3 is a special resolution to approve the payment by the Company of the consideration payable under the Buy-Back Agreement out of the distributable reserves of the Company.

Resolution 4 is an ordinary resolution to approve the Disposal, on the terms set out in the Disposal Agreement, and to be passed will require a simple majority of those shareholders voting.

13. Action to be taken

Shareholders will find accompanying this document a Form of Proxy for use in connection with the General Meeting. The Form of Proxy should be completed and returned in accordance with the instructions thereon so as to be received by Neville Registrars Limited at Neville House, Steelpark Road, Halesowen, West Midlands, United Kingdom, B62 8HD as soon as possible and in any event not later than 48 hours before the time of the General Meeting. Completion and return of the Form of Proxy will not prevent a Shareholder from attending and voting at the General Meeting should he/she/it so wish.

14. Recommendation

The Directors, having consulted with the Company's nominated adviser, WH Ireland Limited, consider the terms of the Disposal and Buy-Back are fair and reasonable insofar as Shareholders are concerned and that the Disposal and Buy-Back are in the best interests of Shareholders as a whole. Accordingly, the Directors unanimously recommend Shareholders to vote in favour of the Resolutions 2, 3 and 4 required to implement them and for Resolution 1 to adopt the New Articles, as they intend so to do in respect of their shareholdings amounting to 3,902,175 Ordinary shares representing 26.19 per cent. of the Company's total voting rights.

Yours faithfully

Barbara Joanne ("Jo") Haigh Rosser
Non-Executive Chairman

PART II

EXPLANATION OF THE KEY PROVISIONS OF THE NEW ARTICLES

Capitalised terms used in this note shall be as defined in the New Articles (unless otherwise stated).

1 General

The opportunity has been taken to bring clearer language into the articles of the Company in a number of respects, to clarify any ambiguities and to update any statutory references due to the enactment of new legislation.

2 Companies Act 2006

Provisions in the current articles are to be updated to bring them into line with the Companies Act 2006. No regulations or articles set out in any legislation shall apply as the articles of the Company; for example, the Model Articles are specifically excluded in the New Articles (as the Table A Articles have been excluded in the current articles). The articles of association shall be those that are set out in the New Articles only. The key provisions are detailed below.

3 Limited Liability of Members (Article 4)

The liability of the members of the Company is limited to the amount, if any, unpaid on the shares in the Company held by them.

4 Allotment of Shares (Article 7)

Subject to company law legislation and other provisions of the New Articles, the Board may offer, allot, grant options over or otherwise deal with or dispose of shares or grant rights to subscribe for or convert any security (i.e. loan notes) into shares to such persons, at such times and upon such terms as the Board may decide. No share may be issued at a discount.

5 Redeemable Shares (Article 8)

Subject to company law legislation and to any rights attaching to existing shares, any share may be issued which can be redeemed or is liable to be redeemed at the option of the Company or the holder. The Board may determine the terms, conditions and manner of redemption of any redeemable shares which are issued.

6 Pari Passu (Rank Equal) Share Issues (Article 9)

If new shares are created or issued which rank equally with any other existing shares, the rights of the existing shares will not be regarded as changed unless the terms of the existing shares expressly say otherwise.

7 Variation of Share Rights and Class Meetings (Article 10)

Subject to company law legislation, the rights attached to any class of shares can be varied etc either with the consent in writing of the holders of not less than three-quarters in nominal value of the issued share of that class (excluding any shares of that class held as treasury shares) or with the authority of a special resolution passed at a separate meeting of the holders of the relevant class of shares known as a “**class meeting**”. The Board may convene a class meeting whenever it thinks fit and whether or not the business to be transacted involves a variation etc. of class rights.

8 Application of Proceeds of Sale (Article 18)

The net proceeds of any sale of shares after payment of costs etc, shall be applied: first, towards satisfaction of any amount due to the Company in respect of such shares; and second, any residue shall be paid to the person who was entitled to the share at the time of the sale but only after the certificate for the shares sold

has been surrendered to the Company for cancellation, or an indemnity for any lost certificates have been given by the relevant member.

9 Transmission/Transfer of Shares on Death (Articles 37 and 38)

If a member dies, the survivor(s) and his or her executors or administrators (where the member was a sole or the only survivor of joint holders), shall be the only persons recognised by the Company as having any title to his or her shares. Nothing in the New Articles shall release the estate of a deceased member from any liability for any share which has been solely or jointly held by such member.

Any person becoming entitled to a share because of the death or bankruptcy of a member, or otherwise by operation of law, may (upon providing evidence) elect either to become registered as a member or to have some person nominated by him or her registered as a member. If such person elects to become registered himself or herself, he or she shall notify the Company to that effect and, (upon the satisfaction of the Board), the Board shall within five business days after proof cause the entitlement of that person to be noted in the Register of the Company.

10 Sub-Division of Shares (Article 41)

Any resolution authorising the Company to sub-divide any of its shares may determine that any of them may have any preference or advantage or be subject to any restriction as compared with the others.

11 Annual General Meetings and General Meetings (Articles 43, 44, 45 and 46)

An annual general meeting shall be held once a year, at such time and place, including partly (but not wholly) by means of electronic facilities i.e. conference calls, as may be determined by the Board.

The Board may, whenever it thinks fit, and shall on request in accordance with company law legislation, proceed to convene a general meeting.

The Board shall determine in relation to each general meeting the means of attendance at and participation in the meeting, including by means of electronic facilities i.e. conference calls.

An annual general meeting shall be called by at least 21 days and any other member/general meeting shall be called by at least 14 days.

Two members present in person or by proxy and entitled to attend and to vote on the business to be transacted shall be a quorum at any general meeting.

12 Voting at General Meetings (Articles 60 and 63)

A resolution put to the vote at a general meeting held partly by means of electronic facility, i.e. conference call, shall be decided on a poll.

Subject to the above, at any general meeting a resolution put to a vote of the meeting shall be decided on a show of hands (one vote), unless a poll is duly demanded.

In the case of equality of votes whether on a show of hands or on a poll, the chair of the meeting at which the show of hands takes place or at which the poll is demanded shall not be entitled to a casting vote.

13 Number and Appointment of Directors (Articles 72, 73, 74)

Unless otherwise determined by the Company by ordinary resolution, the number of Directors (other than any alternate Directors) shall be at least three and not more than ten in number.

Subject to the New Articles and company law legislation, (1) the Company may by ordinary resolution; and (2) the Board shall have power at any time to, appoint a person who is willing to act to be a Director, either to fill a vacancy or as an addition to the existing Board but the total number of Directors shall not exceed the maximum number fixed.

14 Retirement of Directors (Article 76)

At each annual general meeting of the Company, other than the chief executive, any Director then in office (1) who has been appointed by the Board since the previous annual general; or (2) for whom it is the third annual general meeting following the annual general meeting at which he or she was elected or last re-elected, shall retire from office but shall be eligible for re-appointment.

The chief executive for the time being of the Company shall not, while he continues to hold such office, be subject to the retirement by rotation provision.

15 Removal of Directors (Article 79)

In addition to any power of removal conferred by company law legislation, the Company may by special resolution, or by ordinary resolution of which special notice has been given, remove a Director before the expiry of his or her period of office and may (subject to the New Articles) by ordinary resolution appoint another person who is willing to act to be a Director in his or her place.

16 Powers of the Board and Delegation to Committees (Articles 92 and 95)

Subject to company law legislation, the New Articles and to any directions given by special resolution of the Company, the business of the Company will be managed by the Board, which may exercise all the powers of the Company, whether relating to the management of the business or not.

The Board may delegate any of its powers, authorities and discretions (with power to sub-delegate) for such time on such terms and subject to such conditions as it thinks fit to any committee consisting of one or more Directors and (if thought fit) one or more other persons provided that: (1) a majority of the members of a committee shall be Directors; and (2) no resolution of a committee shall be effective unless a majority of those present when it is passed are Directors or alternate Directors.

17 Board Meetings (Articles 102, 103 and 104)

The Board can decide when and where to have meetings and how they will be conducted i.e. by conference call. A Board meeting can be called by any Director.

Notice of a Board meeting shall be deemed to be duly given to a Director if it is given to the Director personally or by word of mouth or given in writing or by electronic means to the Director at his or her last known address or any other address given by him to the Company for that purpose.

The quorum necessary for the transaction of business may be determined by the Board and until otherwise determined shall be two persons.

18 Chairman (Article 105)

The Board may appoint one or more of its body as chair or joint chair and one or more of its body as deputy chair of its meetings and may determine the period for which he or she is or they are to hold office and may at any time remove him, her or them from office.

19 Voting at Board Meetings (Article 106)

Questions arising at any Board meeting shall be determined by a majority of votes. In the case of an equality of votes the chair of that meeting shall have a second or casting vote (unless he or she is not entitled to vote on the resolution in question).

20 Dividends (Articles 118 and 119)

Subject to company law legislation and the New Articles, the Company may by ordinary resolution declare dividends to be paid to members. For example, the Board may declare and pay such interim dividends as appears to the Board to be justified by the profits of the Company available for distribution.

21 Information to be sent to Members (Article 131)

In respect of each financial year, a copy of the Company's annual accounts, the strategic report, the Directors' report, and the auditor's report on those accounts shall be sent or supplied to, among others, every member.

NOTICE OF GENERAL MEETING

Croma Security Solutions Group plc

(the "Company")

(incorporated and registered in England and Wales under number 03184978)

NOTICE IS HEREBY GIVEN that a General Meeting of Croma Security Solutions Group plc ("the Company") will be held at the offices of the Company, Unit 7 & 8 Fulcrum 4, Solent Way, Whiteley, Fareham, Hampshire PO15 on 30 June 2023 at 9.00 a.m. for the following purposes:

To consider, and if thought fit, pass the following resolutions will be proposed as special resolutions in respect of Resolutions 1, 2 and 3 and an ordinary resolution in respect of Resolution 4.

SPECIAL RESOLUTIONS

1 RESOLUTION 1

- 1.1 **THAT**, the articles of association, available to view on the Company's website at www.cssgplc.com/investors and to be presented to the meeting, be adopted as the articles of association of the Company to the exclusion of, and in substitution for, the existing articles of association of the Company and (for the avoidance of doubt) to the exclusion of, and in substitution for, the relevant provisions of the memorandum of association that would otherwise be treated as provisions of the articles under section 28 of the Companies Act 2006.

2 RESOLUTION 2

- 2.1 **THAT**, the terms of an agreement between (among others) the Company and Sebastian Morley and Paul Williamson for the purchase by the Company of 601,000 ordinary shares in the capital of the Company held by Sebastian Morley and the 197,422 ordinary shares in the capital of the Company held by Paul Williamson as set out in the draft agreement to be presented at the meeting, available to view on the Company's website www.cssgplc.com, (the "**Agreement**") be approved and the Company be authorised to enter into the Agreement.

3 RESOLUTION 3

- 3.1 **THAT**, the payment by the Company of £379,250.45, out of the distributable profits of the Company for the purchase of the shares referred to in resolution 2 above be approved.

ORDINARY RESOLUTION

4 RESOLUTION 4

- 4.1 **THAT**, the proposed disposal by the Company of Vigilant Security (Scotland) Limited, on the terms and subject to the conditions set out in the conditional sale and purchase agreement to be presented to the meeting (the "**Disposal Agreement**"), be and is hereby approved for all purposes and that the directors of the Company (or any duly authorised committee thereof) be and they are hereby authorised to take all such steps as they consider necessary or appropriate to effect the same and to agree all such modifications, variations, amendments or revisions to the Disposal Agreement as they consider necessary or appropriate, and to do or to procure to be done such other things in connection with such disposal, as they consider to be in the best interests of the Company.

BY ORDER OF THE BOARD

Teodora Angelova Andreeva
(Company Secretary)

Dated: 6 June 2023

Registered Office
Unit 7 & 8
Fulcrum 4 Solent Way
Whiteley
Fareham
PO15 7FT

Notes

1. The notes to the proxy form explain how to direct your proxy how to vote on the Resolutions or withhold their vote. To appoint a proxy using the proxy form, the form must be:
 - (a) completed and signed;
 - (b) sent or delivered to the Company's Registrar at Neville Registrars Limited at Neville House, Steelpark Road, Halesowen, West Midlands, United Kingdom, B62 8HD; and
 - (c) received by the Company's Registrar on or prior to 9.00 a.m. on 28 June 2023 or not less than 48 hours before the time of any adjourned meeting.

In the case of a member which is a company, the proxy form must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company.

Any power of attorney or any other authority under which the proxy form is signed (or a duly certified copy of such power or authority) must be included with the proxy form.

2. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first-named being the most senior).
3. As at 6.00 p.m. on the day immediately prior to the date of posting this notice of General Meeting, the Company's issued share capital comprised 14,902,142 ordinary shares of 5 p each (excluding shares held in treasury). Each Ordinary Share carries the right to one vote at a general meeting of the Company and, therefore, the total number of voting rights in the Company as at 6.00 p.m. on the day immediately prior to the date of posting of this notice of General Meeting is 14,902,142.
4. CREST members who wish to appoint a proxy or proxies for the meeting, including any adjournments of the meeting, through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual (available via www.euroclear.com). CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf. In order for a proxy appointment made using the CREST service to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & International Limited's ("Euroclear") specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy, must, in order to be valid, be transmitted so as to be received by Neville Registrars Limited (ID 7RA11) on or prior to 9.00 a.m. on 28 June 2023 or not less than 48 hours before the time of any adjourned meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which Neville Registrars is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time, any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means. CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear does not make available special procedures in CREST for any particular message. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member, or has appointed a voting service provider(s), to procure that his or her CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings. The Company may treat a CREST Proxy Instruction as invalid in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.