

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt as to the action you should take, you are recommended immediately to seek your own personal financial advice from your stockbroker, bank manager, solicitor, accountant or other independent financial adviser authorised under the Financial Services and Markets Act 2000.**

If you have sold or otherwise transferred all of your shares in Croma Security Solutions Group plc, you should pass this document, the accompanying proxy form and the annual report and accounts of Croma Security Solutions Group plc for the financial year ended 30 June 2017 without delay to the stockbroker, bank or other person who arranged the sale or transfer so they can pass these documents to the person who now holds the shares.

---

# **CROMA SECURITY SOLUTIONS GROUP PLC**

*(Incorporated in England and Wales, registered number 03184978)*

## **NOTICE OF ANNUAL GENERAL MEETING**

---

Notice of the annual general meeting of Croma Security Solutions Group plc (the "**Company**") to be held at Unit 2, Pennant Park, Standard Way, Fareham PO16 8XU at 12 noon on 1 December 2017 (the "**AGM**") is set out on pages 2 and 3 of this document. Whether or not you propose to attend the AGM, please complete and submit a proxy form in accordance with the instructions printed on the proxy form enclosed with this document. To be valid, the proxy form must be completed and signed and returned to the Company's registrars, Neville Registrars Limited, at Neville House, 18 Laurel Lane, Halesowen, West Midlands B63 3DA so that it is received no later than 12 noon on 29 November 2017.

# CROMA SECURITY SOLUTIONS GROUP PLC

(Incorporated in England and Wales, registered number 03184978)

*Directors:*

Sebastian Jake Finch Morley (*Executive Chairman*)  
Roberto Michele Fiorentino (*Chief Executive*)  
Richard Anthony Juett (*Finance Director*)  
Andrew Nicholas Hewson (*Non-Executive Director*)  
Charles Neil McMicking (*Non-Executive Director*)  
Paul Williamson (*Non-Executive Director*)

*Registered office:*

Unit 6 Fulcrum 4  
Solent Way  
Whiteley  
Fareham  
Hampshire  
PO15 7FT

7 November 2017

To holders of ordinary shares ("**Ordinary Shares**") in the capital of Croma Security Solutions Group plc (the "**Company**")

Dear Shareholder,

## **Annual General Meeting**

I am pleased to invite you to the annual general meeting of the Company, which will be held at the offices of Croma Locksmiths & Security Solutions Limited at Unit 2, Pennant Park, Standard Way, Fareham PO16 8XU at 12 noon on 1 December 2017 (the "**AGM**"). If you have elected to receive a printed copy of the Company's annual report and accounts for the year ended 30 June 2017 you will find a copy enclosed with this letter. Alternatively, a copy can be found on the company's website at [www.cssgroupplc.com/investorrelations](http://www.cssgroupplc.com/investorrelations).

The business to be conducted at the AGM is set out in the Notice of Annual General Meeting on pages 3 to 5 (inclusive) of this document (the "**Notice**"). You will be asked to consider and vote on the resolutions set out in the Notice. An explanation of those resolutions is given in the explanatory notes to the Notice of Annual General Meeting on pages 6 and 7 of this document.

Your attention is drawn, in particular, to the business to be conducted at resolution 5 set out in the Notice of the Annual General Meeting of the Company accompanying this letter with respect to the proposed purchase by the Company of 2,027,027 of its ordinary shares of 5 pence each (the "**Shares**") from Mark Whettingsteel, a former director of the Company. The Company announced on 3 November 2017 that it had entered into a conditional contract (the "**Contract**") with Mr. Whettingsteel to acquire the Shares from Mr. Whettingsteel. Under the terms of the Contract, the Company proposes to acquire the shares in two tranches, as follows:

- Tranche 1 – the Company will, within three business days of the Contract becoming unconditional, acquire 1,013,513 Ordinary Shares at a price of 35 pence per share, a discount of 18.6 per cent. to the closing middle market price on 2 November 2017, being the date immediately prior to the date of the Contract. The consideration for the tranche 1 shares of £354,729.55 will be payable in cash on completion of their acquisition by the Company.
- Tranche 2 – the Company will, on 31 May 2018 or earlier at the Company's option, acquire the balance of 1,013,514 Ordinary Shares at a price of 40 pence per share, a discount of 7 per cent. to the closing middle market price on 2 November 2017 being the date immediately prior to the date of the Contract. The consideration for the tranche 2 shares of £405,405.60 will be payable in cash on completion of their acquisition by the Company.

Once acquired the shares in both tranches 1 and 2 are expected to be cancelled.

The Contract is conditional on shareholders approving a resolution to grant the Company the authority necessary to purchase the Shares pursuant to the terms of the Contract. Resolution 5 set out in the Notice, if approved by Shareholders at the Company's AGM to be held on 1 December 2017, will provide

the necessary authority for the Company to proceed with the acquisition of the tranche 1 shares and the tranche 2 shares subject, in each case, to the Company having sufficient available distributable profits to pay the price for those shares in full at the time of each of such acquisitions.

As Mark Whettingsteel was a director of the Company within the last 12 months, the Contract constitutes a related party transaction. In accordance with the requirements of Rule 13 of the AIM Rules, the directors of the Company confirm that they consider, having consulted with WH Ireland Limited, the Company's nominated adviser, that the terms of the Contract are fair and reasonable insofar as the Company's shareholders are concerned.

Each of the directors of the Company has indicated that he proposes to vote in favour of Resolution 5 to authorise the Company to proceed with the acquisition of the Shares from Mr. Whettingsteel, subject to the terms of the Contract.

If you would like to vote on any of the resolutions but are unable to attend the AGM, please complete, sign and return (in accordance with the instructions printed on it) the proxy form enclosed with this document. To be valid, completed and signed proxy forms must be received by the Company's registrars, Neville Registrars Limited, at Neville House, 18 Laurel Lane, Halesowen, West Midlands B63 3DA, by no later than 12 noon on 29 November 2017. The completion and return of the proxy form will not affect your right to attend and vote in person at the AGM if you wish.

The Board considers that all the proposals to be considered at the AGM are in the best interests of the Company and its shareholders as a whole. Accordingly, the Board unanimously recommends that you vote in favour of all of the proposed resolutions, as they intend to do in respect of their own beneficial shareholdings.

Yours sincerely

Sebastian Jake Finch Morley  
*Chairman*

# CROMA SECURITY SOLUTIONS GROUP PLC

*(Incorporated in England and Wales, registered number 03184978)*

## NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the annual general meeting of Croma Security Solutions Group plc (the "**Company**") will be held at Unit 2, Pennant Park, Standard Way, Fareham PO16 8XU at 12 noon on 1 December 2017 for the following purposes:

### Ordinary business

1. That the Company's accounts for the financial year ended 30 June 2017 and the directors' report and the auditor's report on those accounts be received.
2. That Nexia Smith & Williamson LLP be re-appointed as auditor of the Company to hold office until the conclusion of the next general meeting of the Company at which accounts are laid before the Company.
3. That the directors be authorised to agree the auditor's remuneration.
4. That Andrew Nicholas Hewson, who retires and offers himself for re-election in accordance with Articles 109 and 110 of the Company's articles of association, be re-elected as a director of the Company.

### Special business

To consider and, if thought fit, to pass the following resolutions which will be proposed, in the case of Resolutions 5 and 6 as ordinary resolutions and, in the case of Resolutions 7 and 8, as special resolutions.

5. That the terms of the conditional contract dated 3 November 2017 (the "**Contract**") between the Company and Mr. Mark Whettingsteel for the purchase by the Company of 2,027,027 ordinary shares of £0.05 each in the capital of the Company held by Mr. Whettingsteel (the "**Shares**") in two tranches be approved and the Company be authorised to complete the Contract subject to and in accordance with its terms:
  - (A) by the purchase by the Company of the Tranche 1 Shares (as defined in the Contract) by the payment to Mr. Whettingsteel of £354,729.55, out of the available distributable profits of the Company forthwith after the passing of this resolution; and.
  - (B) subject to the Company having sufficient available distributable profits at the relevant time, by the purchase by the Company of the Tranche 2 Shares (as defined in the Contract) by the payment to Mr. Whettingsteel of £405,405.60, out of such distributable profits.

6. That:

- (A) the directors be generally and unconditionally authorised to allot shares in the Company ("**Shares**"), or to grant rights to subscribe for or to convert any security into shares in the Company, up to a maximum nominal amount of £245,605;
- (B) in addition to the authority contained in paragraph A, the directors be generally and unconditionally authorised to allot Shares, or to grant rights to subscribe for or to convert any security into Shares, comprising equity securities (within the meaning of section 560(1) of the Companies Act 2006 (the "**Act**") up to a maximum nominal amount of £491,210 (after deducting from such limit the aggregate nominal amount of any Shares allotted under paragraph (A) above) in connection with a Pre-Emptive Offer undertaken by means of a rights issue;
- (C) the authorities given by this resolution:
  - (1) are given pursuant to section 551 of the Act and shall be in substitution for all pre-existing authorities under that section; and
  - (2) unless renewed, revoked or varied in accordance with the Act, shall expire on 31 December 2018 or, if earlier, at the end of the next annual general meeting of the Company to be held in 2018 save that the Company may before such expiry make an offer or agreement which would or might require the allotment of Shares, or the grant of rights to subscribe for or to convert any security into Shares, after such expiry; and
- (D) for the purpose of this resolution, "**Pre-Emptive Offer**" means an offer of equity securities to:
  - (1) holders of ordinary shares (other than the Company) on a fixed record date in proportion to their respective holdings of such shares; and
  - (2) other persons entitled to participate in such offer by virtue of the rights attaching to any other equity securities held by them,

in each case, subject to such exclusions or other arrangements as the directors may deem necessary or appropriate in relation to fractional entitlements, legal, regulatory or practical problems under the laws or the requirements of any regulatory body or stock exchange of any territory or otherwise.

7. That:

- (A) subject to the passing of resolution 6 set out in the notice of annual general meeting dated 7 November 2017 (the "**Allotment Authority**"), the directors be given power pursuant to section 570 of the Companies Act 2006 (the "**Act**") to allot equity securities (within the meaning of section 560(1) of the Act) for cash pursuant to the Allotment Authority as if section 561(1) of the Act did not apply to any such allotment or sale, provided that such power shall be limited to the allotment of equity securities:
  - (1) in the case of paragraph (A) of the Allotment Authority:
    - (a) in connection with a Pre-Emptive Offer (as defined in the Allotment Authority); or
    - (b) otherwise than in connection with a Pre-Emptive Offer, up to a maximum nominal amount of £148,851; and
  - (2) in the case of paragraph (B) of the Allotment Authority, in connection with a Pre-Emptive Offer undertaken by means of a rights issue; and

- (B) the power given by this resolution:
- (1) shall be in substitution for all pre-existing powers under section 570 of the Act; and
  - (2) unless renewed in accordance with the Act, shall expire at the same time as the Allotment Authority, save that the Company may before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry.

8. That the Company be and is generally and unconditionally authorised to make market purchases, within the meaning of section 693 of the Companies Act 2006 (the "**Act**"), of ordinary shares in the Company ("**Shares**") provided that:

- (A) the maximum aggregate number of Shares in the Company which may be purchased under this authority is 1,488,514;
- (B) the minimum price, exclusive of expenses, which may be paid for each Share is 0.5p;
- (C) the maximum price, exclusive of expenses, which may be paid for each Share shall be an amount equal to 105% of the average of the middle market quotations for the Shares taken from the listing of the AIM market of London Stock Exchange plc over the five business days immediately preceding the day on which the Shares are contracted to be purchased;
- (D) the authority to purchase conferred by this resolution shall, unless renewed, revoked or varied in accordance with the Act, expire on 31 December 2018 or, if earlier, at the end of the next annual general meeting of the Company to be held in 2018 save that the Company may before such expiry make an offer or agreement to purchase Shares after such expiry.

7 November 2017

By Order of The Board

*Registered Office:*  
Unit 6 Fulcrum 4  
Solent Way  
Whiteley  
Fareham  
Hampshire  
PO15 7FT

Richard Juett  
*Finance Director*

## EXPLANATORY NOTES TO THE NOTICE OF ANNUAL GENERAL MEETING (“AGM”)

### General

The notes on the following pages give an explanation of the proposed resolutions. Resolutions 1 to 6 are proposed as ordinary resolutions. This means that for each of those resolutions to be passed, more than half of the votes cast must be in favour of the resolution. Resolutions 7 and 8 are proposed as special resolutions. This means that for these resolutions to be passed, at least three-quarters of the votes cast must be in favour of the resolutions.

### Resolution 1 – Annual report and accounts

The directors must lay the Company's accounts, the directors' report and the auditor's report before the shareholders in a general meeting. A copy of those accounts and reports are enclosed with this document and are also available on the Company's website at [www.cssgplc.com/investors/](http://www.cssgplc.com/investors/).

### Resolutions 2 and 3 – Re-appointment and remuneration of the auditor

The Company is required to appoint an auditor at each general meeting at which accounts are laid before the shareholders, to hold office until the end of the next such meeting. Resolution 2 proposes the re-appointment of Nexia Smith & Williamson LLP as the Company's auditor. Resolution 3 seeks authority for the directors to decide the auditor's remuneration.

### Resolution 4 – Re-election of a director retiring by rotation

Under Articles 109 and 110 of the Company's articles of association, at each Annual General Meeting of the Company one third of the directors (excluding the Chief Executive Officer of the Company), being those who have been longest in office, are required to retire from office and may offer themselves for re-election. Accordingly, Andrew Nicholas Hewson has resolved to retire voluntarily and to submit himself for re-election by the shareholders.

### Resolution 5 – Authority to make off market purchase own shares

The purpose of this resolution is to authorise the acquisition by the Company of 2,027,027 ordinary shares of 5 pence each from Mark Whettingsteel, a former director of the Company, in accordance with the terms of the conditional contract entered into between the Company and Mark Whettingsteel dated 3 November 2017 (the “**Contract**”). In accordance with the provisions of Part 18 of the Companies Act 2006 (the “**Act**”) and the Company's articles of association, the Company is empowered to purchase its own shares provided that the terms of such purchase are first approved by the shareholders in general meeting and provided that the payment of the price for such shares is paid in full at the time of the acquisition and is funded from the available distributable profits of the Company. As Mark Whettingsteel was a director of the Company within the last 12 months, the Contract constitutes a related party transaction under Rule 13 of the AIM Rules and, as such, requires confirmation by the directors of the Company that, having consulted with the Company's nominated adviser, WH Ireland Limited, the terms of the Contract are fair and reasonable insofar as the Company's shareholders are concerned. Subject to the passing of resolution 5, the acquisition of the shares from Mark Whettingsteel will happen in two tranches; the first tranche will be acquired within 3 business days following the AGM and the second tranche will be purchased by 31 May 2018 or earlier at the Company's option. As required by the Act, the Contract will be available for inspection by members during normal business hours at the Company's registered office for 15 days prior to the AGM and also at the AGM itself.

### Resolution 6 – Renewal of authority to allot shares

The purpose of this resolution is to confer upon the directors the power to allot shares. Section 551 of the Companies Act 2006 provides that the directors may not allot new shares (other than pursuant to employee share schemes) without shareholder approval.

The resolution proposes that a new authority be granted in substitution for any existing authority to allot securities up to a maximum amount of £245,605, representing approximately 33 per cent. of the Company's current issued Ordinary Share capital after deducting the nominal value of the shares proposed to be bought back by the Company from Mr. Mark Whettingsteel pursuant to the authority sought under Resolution 5. In addition (and as was the case at last year's annual general meeting), following guidance issued by the ABI, the Company is seeking additional authority to allot securities in connection with a fully pre-emptive rights issue up to a maximum amount of £491,210, representing approximately 66 per cent. of the Company's current issued Ordinary Share capital after deducting the nominal value of the shares proposed to be bought back by the Company from Mr. Mark Whettingsteel pursuant to the authority sought under Resolution 5 but subject to reduction by the nominal amount of

any equity securities issued under paragraph (A) of Resolution 6. The benefit to the Company of obtaining such authority on an annual basis is that it would allow the Company to implement a rights issue of an amount equal to two thirds of the issued Ordinary Share capital without the need to call an additional general meeting. This would shorten the implementation timetable of such a rights issue.

The directors have no present intention of exercising this authority. The authority will expire at the conclusion of the next annual general meeting or, if earlier, on 31 December 2018, unless previously cancelled or varied by the Company in general meeting. It is the intention of the directors to renew this authority annually at each annual general meeting.

#### **Resolution 7 – Disapplication of pre-emption rights**

Section 561(1) of the Companies Act 2006 provides that if the directors wish to allot any equity securities, or sell any treasury shares (if it holds any), for cash, the Company must first offer them to existing shareholders in proportion to their existing shareholdings. Section 561 does not apply in connection with allotments made pursuant to an employee share scheme.

The purpose of this resolution is to allow the directors to allot shares for cash as if section 561(1) of the Companies Act 2006 did not apply, in connection with rights issues, open offers and other pre-emptive offers pursuant to the authority to allot shares granted by resolution 7, and otherwise up to a total amount of £148,851, representing approximately 20 per cent. of the Company's current issued Ordinary Share capital after deducting the nominal value of the shares proposed to be bought back by the Company from Mr. Mark Whettingsteel pursuant to the authority sought under Resolution 5. The resolution proposes that a new authority be granted in substitution for any existing authority.

The power conferred by this resolution will expire at the conclusion of the next annual general meeting or, if earlier, on 31 December 2018, unless previously cancelled or varied by the Company in general meeting. It is the intention of the directors to renew this power annually at each annual general meeting.

#### **Resolution 8 – Authority to make market purchases own shares**

Under Article 12 of the Company's Articles of Association the Company may, from time to time, purchase its own shares subject to the terms of Article 13 and statutory requirements. This resolution is intended to grant the Directors authority to make market purchases of the Company's own ordinary shares of 5p each up to a maximum of 1,488,514 shares, being an amount equal to approximately 10 per cent. of the Company's current issued share capital after deducting the nominal value of the shares proposed to be bought back by the Company from Mr. Mark Whettingsteel pursuant to the authority sought under Resolution 5. The maximum price payable is an amount equal to 105 per cent. of the average of the middle market quotations for an ordinary share of the Company for the five business days immediately preceding the date of purchase and the minimum price is the nominal value of 5p per share.

Although the Directors have no current intention to make such purchases, they consider that it is in the best interests of the Company and its members to have the ability to make market purchases of the Company's own shares in appropriate circumstances without the cost and delay of holding a general meeting. The authority would only be exercised if the Directors believed that the purchase would enhance earnings per share and be in the best interests of shareholders generally.

The Company may hold in treasury any of its own shares that it purchases in accordance with the authority conferred by this resolution. As at the date of publication of this document, the Company did not hold any shares in treasury.

The power conferred by this resolution will expire at the conclusion of the next annual general meeting or, if earlier, on 31 December 2018, unless previously cancelled or varied by the Company in general meeting. It is the intention of the directors to renew this power annually at each annual general meeting.

## SHAREHOLDER NOTES

### Appointment of proxy

Any shareholder who is entitled to attend and vote at the AGM is entitled to appoint one or more proxies (who need not be shareholders) to attend the AGM and speak and vote instead of the shareholder. If more than one proxy is appointed each proxy must be appointed to exercise rights attached to different shares. Appointment of a proxy will not preclude a shareholder from attending and voting in person at the AGM.

In order for a proxy form to be valid, it must be completed and signed and returned to the Company's registrars, Neville Registrars Limited, at Neville House, 18 Laurel Lane, Halesowen, West Midlands B63 3DA so they receive it no later than 12 noon on 29 November 2017.

A shareholder wishing to appoint multiple proxies should contact the Shareholder Helpline on 0121 585 1131 to obtain additional proxy forms. Alternatively, you may wish to photocopy your proxy form. It will be necessary for the shareholder to indicate on each separate proxy form the number of shares in relation to which each proxy is authorised to act.

### Corporate representatives

Any corporation which is a shareholder can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a shareholder provided that they do not do so in relation to the same shares.

### Record date

To be entitled to attend and vote at the meeting (and for the purpose of the determination by the Company of the votes they may cast), shareholders must be registered in the register of members of the Company at 6 p.m. on 29 November 2017 (or, in the event of any adjournment, on the date which is two days before the time of the adjourned meeting). Changes to the register of members after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the meeting.

### Documents available for inspection

Copies of the following documents may be inspected at the registered office of the Company during normal business hours Monday to Friday (public holidays excepted) up to and including the day of the AGM, and at the venue for the AGM from half an hour before the time fixed for the AGM until the end of the AGM:

- the Company's annual report and accounts for the year ended 30 June 2017; and
- copies of the executive directors' service contracts and non-executive directors' letters of appointment.

### Shareholder helpline

Shareholders who have general queries about the AGM or need additional proxy forms should call our Shareholder Helpline on 0121 585 1131 (no other methods of communication will be accepted).

### Statement of capital and voting rights

As at 6 November 2017 (being the latest practical date prior to publication of this notice) the Company's issued share capital consisted of 16,912,169 Ordinary Shares which each carry one vote. Therefore, total voting rights in the Company as at 6 November 2017 are 16,912,169.

### Other matters

Shareholders may not use any electronic address provided in either this notice of AGM or any related documents (including the chairman's letter and proxy form), to communicate with the Company for any purposes other than those expressly stated.