



**Croma Security Solutions Group Plc**

("CSSG", "Croma", "the "Company" or the "Group")

**Full Year Results**

***Core Business and Acquisitions Deliver Ahead of Expectations***

Croma, the AIM listed innovation and service-focused security solutions provider, is pleased to report its trading results for the 12 months to 30 June 2023 (the "Period" or "FY23") as well as provide an update on its strategy. The core businesses are delivering strong organic growth and acquisitions are performing ahead of expectations, affirming the Group's strategy to refocus on its core businesses and to identify acquisition opportunities where there is significant scope to enhance sales growth and profitability.

**Financial Highlights**

- Group revenue for the Period including Vigilant of £42.83 million (FY22: £35.17 million)
- Revenues on continuing operations for the period up 38% at £8.03 million (FY22: £5.83 million)
- Like-for-like sales growth on continuing businesses of 21%
- Gross margin improvement on continuing businesses of 300 basis points to 47% (FY22: 44%)
- EBITDA on continuing businesses of £0.95 million (FY22: £0.55 million)
- Strong balance sheet with net cash of £2.14 million at the end of the Period
- Proposed final dividend of 2.2 p per share (FY22: 2.1 p)

**Operational Highlights**

- Vigilant was sold on 30 June 2023 for a total consideration of £6.5 million plus intercompany balances of £1.07 million
- Acquisition of Southern Stronghold Limited and Safecell Security Group Limited for net cash of £1.22 million adds an online business and three new security centres to the network, increasing our total security centres to 14
- Refreshed Board of Directors - Jo Haigh joins as Chair, Steve Naylor as a NED and Teo Andreeva, previously Group Financial Controller was appointed CFO and joined the Board

**Outlook**

- FY24 has started well with a number of new commercial orders and the ongoing sales of iLOQ
- Acquisition pipeline is encouraging - the Group continues to identify opportunities to expand its security centre network where it sees the chance to enhance product offering to drive sales growth as well as to benefit from efficiencies of scale and expertise
- The Group will continue to drive organic growth by investing in our security centres and expanding its sales network
- The acquisition pipeline is promising.

**Croma CEO, Roberto Fiorentino commented:** "We are truly excited to be starting a new chapter for Croma as we focus our efforts on our core businesses, Croma Locksmiths and Croma Fire & Security (formerly branded Croma Systems), where we see strong growth prospects. There is real scope for us to build out a nationwide presence and we have a proven track-record of acquiring businesses and enhancing their in-store product offer, sales growth, profitability and delivering ahead of targets. FY24 has started well and there are a number of acquisition opportunities in the pipeline; I am confident that we will deliver a strong performance this year."

**For further information visit [www.cssgroupplc.com](http://www.cssgroupplc.com) or contact:**

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This announcement contains inside information for the purposes of Article 7 of the UK version of Regulation (EU) No 596/2014 which is part of UK law by virtue of the European Union (Withdrawal) Act 2018, as amended ("MAR"). Upon the publication of this announcement via a Regulatory Information Service, this inside information is now considered to be in the public domain

## **Croma - Unlocking Growth Potential**

Croma, the AIM listed innovation and service-focused security solutions provider is pleased to report its trading results for the 12 months to 30 June 2023 (the "Period" or "FY23") as well as to provide an update on its strategy.

### **Chairman's Statement**

When I joined Croma Group as non-executive Chairman in April this year, it was with the conviction that I was joining a Group with a truly exciting future. My career has been focused on providing advisory services to growth companies such as Croma. Following the divestment of Vigilant, the management team has a clear vision. I am thrilled to join the Board to help execute on that vision. It is with great pleasure that I am able to report on the progress that we have made this year with the successful divestment of Vigilant; on the opportunity that lies ahead within our core businesses; as well as on the financial results for the 12 months to 30 June 2023.

I am very pleased to report that our core businesses delivered a strong performance in the Period and have performed ahead of management expectations in spite of the time and energy devoted by management to secure the disposal of Vigilant. For the Period, sales growth within the Group's core businesses was up 38% with total sales of £8.03 million (FY22: £5.83 million). EBITDA (as analysed in the Consolidated Statement of Comprehensive Income) on continuing businesses increased 73% to 0.95 million (FY22 £0.55 million). We are in a strong cash position with net cash of £2.14 million at the year-end after the £1.2 million expensed on acquisitions and the share buyback from the Vigilant directors. This demonstrates the cash generative nature of our core business in addition to the proceeds received and to be received from the Vigilant disposal.

The strategic decision to divest Vigilant was made in 2022 in order to refocus efforts on our core businesses, Croma Fire & Security (Rebranded from Croma Systems) and Croma Locksmiths and to allow us to scale up these businesses. Vigilant was sold for a total consideration of £6.5 million plus intercompany balances of just over £1 million. I believe that this represents an excellent outcome in terms of price and gives us the firepower to scale our core businesses.

With a strong balance sheet, the business refocused and a refreshed Board, we are excited to be entering a new chapter for the Group. We are focused on growing our core businesses both organically and via acquisition, fully capitalising on the expansion opportunity ahead and investing in growth. We have ambitions to roll out our security centre network nationwide, building on our current network of 14 security centres. This will allow us to exploit cross-selling opportunities as we expand our full product offering into new locations and deliver cost synergies. We already have a strong track record of acquiring businesses, adding value and increasing returns.

The Board is determined to work with a sense of rigour, openness, and transparency, both within the Group as well as with our external stakeholders. As a team, we will carefully assess the opportunities ahead and be accountable for delivery.

The current financial year has started well and I believe that we will be able to build on the growth that we achieved last year with a number of new clients and the expansion of current services to new locations, alongside a good acquisition pipeline. This expansion will require up-front investment in people and infrastructure but we believe this is the right strategy to manage anticipated future growth.

The Board is pleased to recommend a final dividend to shareholders of 2.2p per share and subject to approval at the Annual General Meeting to be held on 1 December 2023, the final dividend will be paid on 15 December 2023 to all shareholders on the register at the close of business on 1 December 2023. The shares will be marked ex-dividend on 30 November 2023.

I would like to thank the team for welcoming me so warmly to Croma as well as for their determination and hard work. I have no doubt that as we turn the page to a new chapter, we do so with renewed energy and focus and I look forward to working together with the Croma team to unlock growth, capitalising on the opportunities that lie ahead.

J Haigh - Chairman  
**6 November 2023**

## CEO's Statement

FY23 was a busy year for Cromax. In December 2022, we announced our intention to divest Vigilant in order to focus on our core businesses and I am pleased to report that this disposal was completed at the end of June 2023. I am delighted to confirm that our core businesses, Cromax Fire & Security and Cromax Locksmiths, have delivered results ahead of our expectations, very much underlining the opportunity that lies ahead.

I am very pleased to welcome Jo Haigh and Steve Naylor to the Board as we take this opportunity to reset. Their collective experience and advice will be invaluable in supporting us on a new growth path. Teo Andreeva was appointed CFO in April 2023, prior to this she was Group Financial Controller and I would like to thank her for her long-term support and welcome her to the Board. As a Board, we are determined to work together, to be transparent with all stakeholders and, with the completion of the Vigilant disposal, we can fully focus our attention on the task ahead.

Our decision to divest Vigilant and focus on scaling up Cromax Locksmiths and Cromax Fire & Security was based on our belief that the real growth opportunity lies within these higher margin businesses. Its disposal marks a transformational moment for Cromax and gives us the financial resource to unlock growth as we identify and capitalise on the opportunities ahead.

The Cromax Locksmiths and Cromax Fire & Security businesses are our heritage, they are where the business started and have served us well over many years. Both businesses have a loyal client base, reliable recurring and repeat revenues and are profitable and cash generative. Cromax Locksmiths currently operates out of 14 security centres across the UK which offer one-stop shop security solutions to commercial and retail customers. This business boasts a diversified and loyal customer base. Within the Cromax Fire & Security businesses, we have very strong relationships and expertise within the hospital and leisure sector and are well-known for our innovative and technology-led offers as well as for our reliability and high levels of service.

There is significant scope for Cromax Locksmiths and Cromax Fire & Security to grow as we build out a nationwide presence and bring together our product offer and expertise across both businesses in new locations. We are seeking to acquire retail locksmith businesses typically located just off the high street. The UK locksmith market is fragmented, characterised by small, often family-owned, local players. We have a proven track record of acquiring these businesses, significantly enhancing their in-store offer and developing them into modern security centres with a full product range for commercial and individual customers. We have acquired many decades of expertise in the industry and are able to apply our know-how and state-of-the-art software to acquired businesses as well as deliver benefits of scale, as we drive real efficiencies and support businesses with our central services.

This has proven very successful in the past and we believe that many more such opportunities lie ahead at valuation levels where we can apply the same template, add value and deliver good returns. Of course, we will need to ensure that identified businesses and valuations stand scrutiny and we are rigorous in due diligence but we believe there are significant opportunities open on the horizon.

Roberto Fiorentino - CEO  
6 November 2023

The directors present the Group Strategic Report for Cromax Security Solutions Group plc and its subsidiary companies for the year ended 30 June 2023.

## Financial and Operational Review

Group sales for the Period were £42.83 million (FY22: £35.17 million) including a full year of Vigilant which was divested as at close of year end on 30 June 2023.

Sales from continuing businesses, Cromax Locksmiths and Cromax Fire and Security were up 38% to £8.03 million, (FY22 £5.83 million), reflecting acquisitions made during the period as well as strong organic growth within the core businesses of 21% for the year.

Gross margins on continuing businesses increased by 300 basis points to 47% (FY22: 44%). EBITDA on continuing businesses before central costs for the Period was £1.60 million (FY22: £1.34 million), an increase of 19%. Adjusting for

central Group overheads, EBITDA was up 73% at £0.95 million (FY22: £0.55 million).

Group net profit on continuing businesses for the Period was £3.24 million (FY22: £(0.61) million) and EPS was 21.7p (FY22: (4.1)p), including disposal proceeds, excluding disposal proceeds EPS was 1.11p.

Over the year, we invested £1.68 million on acquisitions to include two freeholds - Totton (Southampton) and Coventry. In addition to the above figure, we purchased our existing security centre property in Southsea (Portsmouth). These investments reflect our long-term belief in the prospects of our security centre network.

Vigilant posted sales of £34.80 million and EBITDA of £0.92 million for FY23. The total consideration to be received for the disposal will amount to £6.5 million plus outstanding intercompany balances of £1.07 million. The Group incurred non-recurring costs related to the disposal of Vigilant totalling £0.23 million for the Period.

The proceeds from the divestment of Vigilant as well as solid underlying cash generation enabled us to end the year ungeared, with a net cash balance of £2.14 million (FY22: £2.56 million). Our cash position and ungeared balance sheet should allow us to continue our stated strategy of acquiring locksmiths and building out our security centres network where there is scope to enhance the offering and deliver synergies.

### ***Croma Locksmiths***

Croma Locksmiths consists of the following subsidiaries - Croma Locksmiths & Security Solutions Limited, Basingstoke Locksmiths Limited, Safeguard (NW) Limited, Southern Stronghold Ltd and Authorized Access Systems Ltd.

The Croma Locksmiths business delivers one-stop-shop security solutions to both commercial and residential customers and now comprises 14 security centres across the UK.

Sales for the Period within Croma Locksmiths were up 45% to £4.70 million (FY22: £3.25 million), while EBITDA of £0.97 million was up 31% from £0.74 million. We see a significant opportunity within this business for cross-selling. For example, we have an important housing maintenance client who has moved from using one local security centre to using a greater number of our security centres on a national basis to service their needs. As a result, this is expected to be a £0.20 million client for us in FY24 vs £0.02 million in FY23.

Our partnership with ILOQ, as their preferred mainstream Locksmith supplier in the UK market, continues to show great potential. Sales for the Period were £0.32 million. We secured further orders in the second half which will be delivered in the first half of the current financial year.

### ***Croma Fire and Security (formerly Croma Systems)***

Croma Fire & Security consists of the following subsidiaries - CSS Total Security Ltd, Safecell Security Ltd and The Safecell Security Group Ltd.

Croma Fire and Security provides a full range of electronic security solutions and services to commercial and individual customers and has strong commercial relationships across the public health and hospitality sectors.

Croma Fire and Security recorded sales for the Period of £3.48 million (FY22: £2.58 million) up 35%. EBITDA for the period was up 5% to £0.63 million compared to £0.60 million in FY22. The business invested for the future and appointed a commercial manager as a new role. During the Period, sales were supported by ongoing customer relationships as well as some new customer wins with CCTV orders from transport and infrastructure clients. A number of new hospital contracts were also secured in second half of the year which will be recognised in current year numbers.

FASTVEIN/Biometrics - We have seen little progress in our innovative technology and moving forwards it is unlikely to play a large role in our strategic plan. However, we continue to provide a number of established clients with software and maintenance contracts contributing to our annual recurring revenues and will also continue to support any new enquiries.

### ***Sale of Vigilant***

The Vigilant disposal was completed on 30 June 2023. The total consideration to be received for the disposal will amount to £6.50 million plus the outstanding intercompany balance of £1.07 million. £0.67 million was paid in cash on completion together with £1.07 million of intercompany loan repayments and circa 800,000 shares owned by S. Morley and P. Williamson, former Directors (with a value of £0.38 million) which have been placed into treasury. Croma is scheduled to receive the balance of the proceeds as the loan notes and redeemable shares are settled over the next 36 months.

The consideration of £6.50 million (excluding the intercompany balance of £1.07 million) is broken down as follows:

- i) £0.67 million was paid in cash on completion
- ii) £0.38 million via the buyback of shares from S. Morley and P. Williamson (non-cash transaction)
- iii) £4.13 million covered by the issue of Loan Notes and
- iv) £1.30 million was paid on completion via the issue of redeemable shares.

### ***Acquisitions***

The Group completed two acquisitions for the Croma Fire & Security and Croma Locksmiths division during the period, Southern Stronghold Limited and Safecell Security Group Limited. These acquisitions increased the number of the Group's security centres to 14. Southern Stronghold Limited is a well-established locksmith business that operates from two premises, one in Coventry which has a large master key systems business, and one in Totton near Southampton. Stronghold also has an online business, Stronghold Direct, which has significant potential for the Group. Safecell is a long-standing Greater Manchester security business with a focus on electronic, physical security and fire systems, with a strong commercial and retail customer base in the North of England. Both these businesses provide an opportunity for Croma to roll out its offering into new locations as well as to leverage its central services and are performing well to date.

### ***Outlook***

The year has started well with a number of new commercial orders and the continued success of ILOQ. We believe that we will be able to drive sales growth organically through new sales and marketing initiatives, expanding our network of sales people, and focusing on the development of our online presence. We will also expand the network via acquisition - the pipeline is promising. The Cromia balance sheet is strong, we are cash generative, and we are well-placed to take advantage of the opportunities ahead.

Group financials	FY2023	FY2022	FY2022
	Continuing operations	Continuing operations	Continuing and discontinued operations
	£000s	£000s	£000s
Revenue	8,025	5,831	35,165
Gross profit	3,749	2,558	6,396
Gross margin %	46.7%	43.9%	18.2%
Other operating income	3	56	86
Impairment of goodwill	-	(627)	(627)
Operating profit	427	(479)	245
EBITDA	4,023	548	1,590
Profit for the year	3,235	(612)	63
Earnings per share*	1.11p	(4.11p)	0.42p
Net assets	15,151	-	12,143
Cash (used in) / generated from operations	2,406	-	(860)
Cash and cash equivalents	2,144	-	2,556
Dividends per share in relation to the year	2.2p	-	2.1p

The above financials relate to continuing operations for 2023, compared to 2022, which includes the divested division.

Profit from discontinued operations for FY2023 was £465k (FY2022: £675k).

\*The earnings per share figure stated excludes the profit from disposal of discontinued operations of £3,069k which contributed 20.6p to the earnings per share figure for the year of 21.7p.

Below is a detailed EBITDA breakdown:

	Cromia Locksmiths £,000	Cromia Fire & Security £,000	Group £,000	Total £,000
EBITDA	970	630	2,423	4,023
Vigilant - Profit on Disposal			(3,069)	(3,069)
EBITDA, Continuing Operations	970	630	(646)	954

EBITDA on continued operations for 30 June 2023, on a like for like basis, was £954k compared with £548k for 30 June

EBITDA on continued operations for 30 June 2023, on a like for like basis, was £954k compared with £548k for 30 June 2022 an increase of 73%.

Cash collection has improved in the year compared to last year with debtors reducing by 11 days from 54 to 43.

#### CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2023

Continuing operations:	Notes	2023	2022
		£000s	£000s
Revenue		8,025	5,831
Cost of sales		(4,276)	(3,273)
Gross profit		3,749	2,558

		2023	2022
<b>Gross profit</b>			
Administrative expenses		(3,325)	(3,093)
Other operating income		3	56
<b>Operating profit/(loss)</b>		427	(479)
<b>Analysed as:</b>			
Earnings before interest, tax, depreciation and amortisation	954	548	
Impairment	-	(627)	
Amortisation of intangible assets	(60)	(82)	
Depreciation	(467)	(318)	
	427	(479)	
Financial expenses		(24)	(45)
Profit on disposal of discontinued operations		3,069	-
Profit before tax		3,472	(524)
Tax	5	(237)	(88)
Profit for the year from continuing operations		3,235	(612)
<b>Discontinued operations</b>			
Profit after tax for the year from discontinued operations	8	465	675
<b>Profit/(loss) after tax and total other comprehensive income</b>		3,700	63
<b>Earnings per share</b>			
Basic and diluted earnings per share (pence) from continuing operations	6	21.7	(4.1)
Basic and diluted earnings per share (pence) from discontinued operations	6	3.1	4.5

#### CONSOLIDATED STATEMENT OF FINANCIAL POSITION FOR THE YEAR ENDED 30 JUNE 2023

	Notes	2023 £000s	2022 £000s
<b>Assets</b>			
<b>Non-current assets</b>			
Goodwill		5,042	5,827
Other intangible assets		147	207
Property, plant and equipment		1,950	1,477
Right-of-use assets		656	1,120
Other receivables		3,122	-
		10,917	8,631
<b>Current assets</b>			
Inventories		1,106	1,076
Trade and other receivables		3,551	6,778
Cash and cash equivalents		2,144	2,556
		6,801	10,410
<b>Total assets</b>		<b>17,718</b>	<b>19,041</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables		(1,754)	(5,609)
Borrowing and lease liabilities		(114)	(376)
		(1,868)	(5,985)
<b>Non-current liabilities</b>			
Deferred tax		(154)	(117)
Lease liabilities		(545)	(796)
		(699)	(913)

Total liabilities	(2,567)	(6,898)
Net assets	<u>15,151</u>	<u>12,143</u>
Issued capital and reserves attributable to owners of the parent		
Share capital	794	794
Treasury shares	(778)	(399)
Share premium	6,133	6,133
Merger reserves	2,139	2,139
Capital redemption reserve	51	51
Retained earnings	<u>6,812</u>	<u>3,425</u>
Total equity	<u>15,151</u>	<u>12,143</u>

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2023

	2023 £000s	2022 £000s
<b>Cash flows from operating activities</b>		
Profit before taxation	3,937	200
Depreciation, amortisation and impairment losses	527	1,345
(Profit) on sale of discontinued operations	(3,069)	-
(Profit) on sale of property, plant and equipment	1	(21)
Net changes in working capital	(78)	(2,091)
Financial expenses	24	45
Corporation tax paid	(68)	(338)
<b>Net cash (used in) / generated from operations</b>	<b>1,273</b>	<b>(860)</b>
<b>Cash flows from investing activities</b>		
Purchase of subsidiaries net of cash acquired	(1,225)	(94)
Purchase of property, plant and equipment	(411)	(1,216)
Proceeds on disposal of discontinued operations	670	-
Proceeds on disposal of property, plant and equipment	-	31
<b>Net cash used in investing activities</b>	<b>(967)</b>	<b>(1,279)</b>
<b>Cash flows from financing activities</b>		
Payments to reduce lease liabilities	(374)	(445)
Treasury shares acquired	-	-
Financial expenses	-	-
(Decrease)/Increase in borrowings	(31)	5
Dividends paid	(313)	(298)
<b>Net cash used in financing activities</b>	<b>(718)</b>	<b>(738)</b>
<b>Net (decrease)/increase in cash</b>	<b>(412)</b>	<b>(2,877)</b>
Cash and cash equivalents at beginning of period	2,556	5,433
<b>Cash and cash equivalents at end of period</b>	<b>2,144</b>	<b>2,556</b>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2023

Attributable to owners of parent	Share capital	Capital redemption reserve	Treasury shares	Share premium	Merger reserve
	£000s	£000s	£000s	£000s	£000s
At 1 July 2021	794	51	(399)	6,133	2,139
Profit for the year	-	-	-	-	-

Dividends paid	-	-	-	-	-
<b>At 30th June 2022</b>	<b>794</b>	<b>51</b>	<b>(399)</b>	<b>6,133</b>	<b>2,139</b>
Treasury shares acquired	-	-	(379)	-	-
Profit for the year	-	-	-	-	-
Dividends paid	-	-	-	-	-
<b>At 30th June 2023</b>	<b>794</b>	<b>51</b>	<b>(778)</b>	<b>6,133</b>	<b>2,139</b>

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

### 1. Basis of preparation

The Group financial statements have been prepared under the historical cost convention and approved by the Directors in accordance with UK-adopted international accounting standards.

While the financial information included in this preliminary announcement has been computed in accordance with Adopted IFRSs, this announcement does not itself contain sufficient information to comply with Adopted IFRSs.

This announcement does not constitute statutory accounts of the Group for the years ended 30 June 2022 or 30 June 2023.

The financial information has been extracted from the statutory accounts of the Company for the year ended 30 June 2023. The auditors reported on those accounts; their reports were unqualified and did not include references to any matters to which the auditors drew attention by way of emphasis without qualifying their report and did not contain a statement under either Section 498 (2) or Section 498 (3) of the Companies Act 2006.

The accounts for the year ended 30 June 2022 have been delivered to the Registrar of Companies, whereas those for the year ended 30 June 2023 will be delivered to the Registrar of Companies following the Company's Annual General Meeting.

The Annual Report will be posted to all shareholders who have requested a copy on shortly and will be available on request from Unit 7 & 8 Fulcrum 4, Solent Way, Whiteley, Hampshire PO15 7FT and on the Company website at <http://www.cssgplc.com/investors/>. The Annual Report contains full details of the principal accounting policies adopted in the preparation of these financial statements.

### 2. Accounting policies

The accounting policies applied by the Group in this report are the same as those applied by the Group in the consolidated financial statements for the year ended 30 June 2023 and the year ended 30 June 2022. The directors expect similar accounting policies for the year ended 30 June 2024.

#### Discontinued operations

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which represents a separate major line of business operation.

Classification as a discontinued operation occurs at the earlier of disposal or when the operation meets the criteria to be classified as held-for-sale under IFRS 5.

When an operation is classified as a discontinued operation, the comparative statement of profit or loss and OCI is represented as if the operation had been discontinued from the start of the comparative year.

#### Disposal of subsidiaries

At the date of disposal of a subsidiary all assets and liabilities of the disposed subsidiary are derecognised in the financial statements. The fair value of consideration is recognised in the financial statements and any resulting gain or loss in profit or loss attributable to the parent.

<b>3. Segmental reporting</b>	<b>Croma Vigilant (Guarding)</b>	<b>Croma Fire and Security</b>	<b>Croma Locksmiths (Locks)</b>	<b>Central</b>	<b>Total</b>
	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>
<b>2023 Business Segments</b>					
Segment revenues	-	3,480	4,696	-	8,176
Gross profit	-	1,683	2,007	-	3,690
Administrative expenses	-	(1,057)	(1,043)	(639)	(2,739)
Amortisation	-	-	(60)	-	(60)
Depreciation	-	(179)	(288)	-	(467)
Other operating income	-	-	3	-	3
Operating profit/(loss) before impairment	-	447	619	(639)	427
Discontinued operations	465	-	-	-	465
Profit/(loss) on disposal	-	-	-	3,069	3,069
Impairment of goodwill	-	-	-	-	-



Operating profit/(loss) before impairment	465	447	619	2,430	3,961
Segment assets	-	2,805	5,554	10,712	19,071
Segment (liabilities)	-	(1,010)	(2,494)	(416)	(3,920)
Segment net assets	-	1,795	3,060	10,296	15,151
Additions to non-current assets	-	202	403	-	605
The difference between the segments revenue and gross profit and the consolidated income revenue and gross profit is due to internal sales between the segments of £151k.					
Vigilant is a discontinued operation that was disposed of during the year to 30 June 2023.					
<b>2022 Business Segments</b>					
Segment revenues	-	2,579	3,252	-	5,831
Gross profit	-	1,215	1,343	-	2,558
Administrative expenses	-	(637)	(646)	(795)	(2,078)
Amortisation	-	-	(82)	-	(82)
Depreciation	-	(104)	(214)	-	(318)
Other operating income	-	15	41	-	56
Operating profit/(loss) before impairment	-	489	442	(795)	136
Impairment of goodwill	-	(627)	-	-	(627)
Profit/(loss) on disposal	-	9	3	-	12
Discontinued operations	675	-	-	-	675
Operating profit/(loss) before impairment	675	(129)	445	(795)	196
Segment assets	8,421	4,276	5,527	817	19,041
Segment (liabilities)	(4,425)	(826)	(1,598)	(49)	(6,898)
Segment net assets	3,996	3,450	3,929	768	12,143
Additions to non-current assets	-	255	1,100	-	1,355
<b>4. Expenses</b>				<b>2023</b>	<b>2022</b>
				<b>£000s</b>	<b>£000s</b>
Amount of inventory expensed as cost of sales				3,359	2,373
Lease rentals - low value assets				-	5
Impairment costs				-	627
Depreciation - owned assets				331	239
Depreciation - right of use assets				136	398
Amortisation				60	83
Auditors' remuneration:					
Audit of parent company and consolidated financial information payable to CLA Evelyn Partners Limited				76	53

<b>5. Taxation</b>	<b>2023</b>	<b>2022</b>
	<b>£000s</b>	<b>£000s</b>
<b>Analysis of the tax charge in the year</b>		
Current year tax charge		
UK corporation tax charge on profit for the year	200	123
Adjustments for prior periods	-	(11)
Total current tax	200	112
<b>Deferred tax</b>		
Current year	37	25
Adjustments for prior periods	-	-
Total deferred tax	37	25
<b>Tax on profit on ordinary activities</b>	<b>237</b>	<b>137</b>
<b>Factors which may affect future tax charges</b>		
The tax assessed for the year is higher than the standard rate of corporation tax in the UK of 25% (2022: 19%).		
The difference is explained below:		
<b>Factors affecting the tax charge for the year</b>		

Finance Act 2021 includes legislation to increase the main rate of corporation tax from 19% to 25% from 1st April 2023.

The fully anticipated effect of these changes is reflected in the above deferred tax balances.

	<b>2023</b>	<b>2022</b>
	<b>£000s</b>	<b>£000s</b>
Profit before taxation	3,472	200
Profit multiplied by the standard rate of corporation tax of 25% (2022: 19%)	868	38
Effects of:		
Expenses not deductible for tax purposes	136	110
Non-taxable gain on disposal of subsidiary	(767)	-
Adjustment to tax charge for previous periods	-	(11)
<b>Total tax charge for the year</b>	<b>237</b>	<b>137</b>

## 6. Earnings per share

The calculation of basic earnings per share is based on the profit attributable to ordinary shareholders, from continuing operations, divided by the weighted average number of shares in issue during the year, calculated on a daily basis.

The calculation of diluted earnings per share is based on the basic earnings per share adjusted to allow for the issue of shares and the post-tax effect of dividends and interest on the assumed conversion of all other dilutive options and other potential ordinary shares.

Continued and discontinued operations	<b>2023</b>	<b>2022</b>
	<b>£000s</b>	<b>£000s</b>
Numerator		
Earnings for the year on continuing operations and used in basic and diluted EPS	3,700	63
Denominator		
Weighted average number of shares used in basic and diluted EPS (000s)*	14,902	14,902
	<b>Pence</b>	<b>Pence</b>
Basic and diluted earnings / (loss) per share	24.8	0.4
Continued operations	<b>2023</b>	<b>2022</b>
	<b>£000s</b>	<b>£000s</b>
Numerator		
Earnings for the year on continuing operations and used in basic and diluted EPS	3,235	(612)
Denominator		
Weighted average number of shares used in basic and diluted EPS (000s)*	14,902	14,902
	<b>Pence</b>	<b>Pence</b>
Basic and diluted earnings / (loss) per share	21.7	(4.1)
Discontinued operations	<b>2023</b>	<b>2022</b>
	<b>£000s</b>	<b>£000s</b>
Numerator		
Earnings for the year on discontinuing operations and used in basic and diluted EPS	465	675
Denominator		
Weighted average number of shares used in basic and diluted EPS (000s)*	14,902	14,902
	<b>Pence</b>	<b>Pence</b>
Basic and diluted earnings / (loss) per share	3.1	4.5

\* Share options have an average exercise price of £0.9 and are not dilutive at 30 June 2023.

EPS for earnings for the year on continuing operations (excluding the profit on disposal of discontinued operations) and used in basic and diluted EPS 1.11p.

The earnings per share figure stated excludes the profit from disposal of discontinued operations of £3,069k which contributed 20.6p to the earnings per share figure for the year on continuing operations of 21.7p.

The fair value of net assets acquired is set out below:

**£000s**

Purchase consideration (satisfied entirely by cash)	969
Less: The fair value of assets acquired	
Property, plant and equipment	470
Inventories	64
Trade and other receivables	95
Cash and cash equivalents	116
Add: the fair value of liabilities	
Trade and other payables	(46)
Goodwill	270
	-

Transaction costs of £23k relating to the acquisition of Southern Stronghold Limited have been recognised as an expense and included within administrative expenses in the statement of profit or loss.

If the acquisition of Southern Stronghold Limited had been completed on the first day of the financial year, Group revenues for the period would have been £8,025k and Group profit attributable to equity holders of the parent would have been £3,700k. Southern Stronghold Limited contributed £607k to the Group's revenue and £197k to the Group's profit before tax for the period from the date of acquisition to the year-end date.

The amounts recognised at acquisition date in respect of property, plant and equipment acquired include fair value adjustments of £337k to recognise the uplift to market value. Furthermore, the amounts recognised at acquisition date in respect of inventories acquired include a negative fair value adjustments of £274k to recognise inventories at the lower of cost and net realisable value. All other book amounts are considered to approximate their fair values.

In addition to the above acquisition, the group acquired Manchester based Safecell Security Group Limited and its two 100% owned subsidiaries on 19th December 2022, trading out of a retail shop and office space in Bury, North Manchester.

The fair value of net assets acquired is set out below:	<b>£000s</b>
Purchase consideration (satisfied entirely by cash)	712
Less: The fair value of assets acquired	
Property, plant and equipment	45
Inventories	48
Trade and other receivables	169
Cash and cash equivalents	340
Add: the fair value of liabilities	
Trade and other payables	(231)
Goodwill	341
	-

Transaction costs of £30k relating to the acquisition of Safecell Security Group Limited have been recognised as an expense and included within administrative expenses in the statement of profit or loss.

If the acquisition of Safecell Security Group Limited had been completed on the first day of the financial year, Group revenues for the period would have been £8,505k and Group profit attributable to equity holders of the parent would have been £3,748k. Safecell Security Group Limited contributed £499k to the Group's revenue and £83k to the Group's profit before tax for the period from the date of acquisition to the year-end date.

The amounts recognised at acquisition date in respect of property, plant and equipment acquired include a negative fair value adjustments of £16k to recognise the write down of plant and equipment. All other book amounts are considered to approximate their fair values.

## 8. Discontinued operations

Vigilant Security (Scotland) Limited, a wholly owned subsidiary, was discontinued with effect from 30 June 2023. The result of these discontinued activities were as follows:

	<b>2023</b>	<b>2022</b>
	<b>£000s</b>	<b>£000s</b>
Profit/(loss) on disposal of discontinued operations	3,069	-
Profit/(loss) after taxation	3,069	-

The results from the discontinued operation of the group for the year ended 30th June 2023 have been re-presented, as required by IFRS 5, so that the disclosures relate to all operations that been discontinued by 30th June 2023 for all periods presented.

During the year the discontinued operation paid £188k (2022: £1,435) to the group's net operating cash flows, received £nil (2022: £nil) in respect of investing activities and paid £ (1,183k 2022: £694k) in respect of financing activities.

Goodwill of £1.396k in relation to discontinued operations was written off in the year to 30th June 2023.

	<b>2023</b>	<b>2022</b>
	<b>£000s</b>	<b>£000s</b>
Revenue	34,802	29,334
Cost of sales	(30,432)	(25,496)
Gross profit	4,370	3,838
Administrative expenses	(3,915)	(3,144)
Other operating income	10	30
Operating profit	465	724
Taxation	-	(49)
Profit after tax	465	675
<b>Earnings per share</b>		
Basic and diluted earnings per share (pence) from discontinuing operations	3.1	4.5



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