

4 November 2019

Completion of acquisition

CML Group Limited (ASX: CGR “CML” or the “Company”) is pleased to confirm it has completed the purchase of Classic Funding Group (“CFG”).

The acquisition was first announced on 9th September 2019.

CFG is a leading financial services company with over 25 years’ experience in providing asset finance solutions to a broad range of customers across both Equipment Finance and Invoice Discounting.

Strategic Benefits to CML

The acquisition will accelerate CML’s strategy to gain market share in the expanded service offerings that CML has developed in-house and launched over the last 2 years, namely:

Invoice Discounting

- CFG’s Invoice Discounting division is financed through a \$45m warehouse facility provided by a major Australian Bank
- The loan book is currently \$30m+ and will add approximately 40 clients and \$400m+ of annual invoice turnover to CML’s invoice finance portfolio
- In addition to CML’s existing invoice finance portfolio across Invoice Discounting and Factoring (FY’19: \$1.6b), CML’s annual invoice turnover is more than \$2 billion on a run rate basis

Equipment Finance

- CFG’s Equipment Finance division is financed through a separate \$130m warehouse facility provided by a major Australian Bank
- The loan book is currently \$100m+, with a long history of strong credit performance and well-established channels to market
- The addition of CFG’s Equipment Finance book will add critical scale to CML’s business and take Funds Advanced from \$20m to \$120m+
- In addition, the improved funding structure within the CFG Equipment Finance division brings forward CML’s plan to transition to significantly cheaper funding for its Equipment Finance product and will enable CML’s Equipment Finance growth strategy.

We are excited by the acquisition and the growth we are achieving organically. We are confident that the acquisition will stimulate our business even further and look forward to reporting on our progress through the year.

Sincerely,



Daniel Riley, CEO

ABOUT CML GROUP

CML provides finance to SME businesses.

CML's primary service is 'factoring' or 'receivables finance'. Through the factoring facility CML provides an advance payment of up to 80% of a client's invoice to help their business overcome the cash pressure of delivering goods or services in advance of payment from their customers (often 30 to 60 days). This is a flexible line of credit that is utilised in line with sales volume. CML will consider an additional advance to a client (above the usual 80%) on occasion, for an additional fee and when there is adequate security from the client to cover the position.

Other services include trade finance to assist clients finance purchases, as well as equipment finance to assist SME's with capital expenditure on items required to operate their business.