

4 March 2020

CML Group Limited (ASX:CGR) ("CML" or the "Company")

Response to COG announcement

CML notes the announcement by COG made on 4 March 2020, which it considers to be materially inaccurate in several respects.

The Scheme with Scottish Pacific is the only binding proposal that is before CML shareholders, and the CML Board continues to unanimously recommend that CML shareholders vote in favour of the Scheme with Scottish Pacific, in the absence of a superior proposal and subject to the independent expert to be appointed by CML opining that the Scheme with Scottish Pacific is in the best interests of CML shareholders.

CML responds to the COG announcement as follows:

1. **Any transaction proposed by COG is highly uncertain:** COG has not presented to CML any transaction that is capable of implementation. This is because, when COG acquired securities in CML, COG appears to have spent the equity capital finance COG raised specifically to meet its obligation to fund the scheme consideration. As such, CML's board considers that the type of transaction described in COG's announcement has significant risks, largely associated with COG's ability to fund the cash component of any such transaction.
2. **The Scheme with Scottish Pacific is highly capable of implementation:** On the other hand, the Scheme with Scottish Pacific is binding, is entirely for cash, and has no material funding risk.
3. **The negative impact of COG's breaches are an impediment to any transaction with COG:** The CML board is also concerned that the type of transaction described in COG's announcement does not address the material breaches of the Scheme Implementation Agreement by COG that arose because COG used money that it raised to fund the cash consideration under the proposed scheme to instead buy CML shares on-market. Importantly, CML considers that those breaches had the impact of unfairly disadvantaging CML shareholders and may have breached law and ASIC policy on takeovers. CML remains concerned that COG has refused to remedy those breaches despite the requests of CML. CML is presently considering its legal options in relation to those breaches.

This announcement has been authorised by the board of CML.

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ABOUT CML GROUP

CML provides finance to SME businesses.

CML's primary service is receivables finance. Through the receivables finance 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.