

NOTICE OF ANNUAL GENERAL MEETING and Explanatory Memorandum to shareholders

CML Group Limited
ABN: 88 098 952 277

**Please read the Notice of Annual General Meeting
and Explanatory Memorandum carefully**

If you are unable to attend the meeting,
please complete and return the enclosed
Proxy Form in accordance with the
instructions provided.

CML Group Limited ABN: 88 098 952 277 Notice of Annual General Meeting

Notice is hereby given that the 2020 Annual General Meeting ("AGM" or "the Meeting") of CML Group Limited ("Company") will be held by virtual meeting on Thursday 19th November 2020 beginning at 3:00pm.

Due to the continuing developments in relation to coronavirus (COVID-19), we are making some changes to our approach this year, with the health and safety of our shareholders and employees being of paramount importance. In light of the current government restrictions on large gatherings, it is not feasible or advisable for shareholders to physically attend this year's AGM.

Accordingly, we have adopted measures to allow shareholders to participate in the AGM online this year. Specifically, the AGM will be made accessible to shareholders via online platform which will include live webcast, the facility for shareholders to ask questions in relation to the business of the meeting and to vote in real time at the meeting.

Your Directors encourage shareholders to participate in the meeting via the online platform. Shareholders who are unable to participate in the online AGM or choose not to attend the meeting are encouraged to appoint a proxy ahead of the meeting to cast their vote at the meeting. If you wish to appoint a proxy, please lodge your proxy online at www.investorvote.com.au.

How to participate in the AGM online

Shareholders can participate in the AGM and watch the webcast online by entering the URL in their browser; https://us02web.zoom.us/webinar/register/WN_IQRbudOdR7m1_i9m7mG5Wg


Voting using the Online Platform during the Meeting

Due to the virtual nature of the event, Computershare will facilitate voting during the meeting by an application downloadable on your desktop or any other mobile device.

If you wish to cast your vote during the meeting, please follow the steps below.

Step 1: Visit <https://web.lumiagm.com/368299698> on your desktop or mobile device

Step 2: Enter username (SRN or HIN) and Password (Postcode or Country Code)

Step 3: When the poll is open, the vote icon  will be accessible by selecting the voting icon at the top of your screen.

Step 4: Select your voting option (For/Against/Abstain) for each resolution.

A message will appear at the top of the screen indicating the number of resolutions that you have voted on.

Unable to attend the AGM

If you are unable to attend the AGM, please visit www.investorvote.com.au and follow the instructions on the enclosed Proxy Form to complete and lodge the proxy online. Alternatively, we encourage you to complete and return the enclosed Proxy Form. Proxies (and any power of attorney or other authority under which the proxy is signed) must be received by the Company, at the address or at the facsimile number specified below no later than 3.00pm Sydney time on Tuesday 17th November 2020. Proxy Forms must be posted to the Company's registry, Computershare Investor Services Pty Limited, at GPO Box 242, Melbourne, Victoria 3001 or sent by facsimile to 1800 783 447 (within Australia) or +61 3 9473 2555 (outside Australia).

Ordinary business

Receipt of financial report

To receive and consider the annual financial report of the Company for the year ended 30 June 2020, the accompanying Directors' Report and Auditors' Report.

Resolution 1: Remuneration Report

To consider, and if thought fit, to pass the following resolution as an ordinary resolution:

"That the Remuneration Report for the year ended 30 June 2020 be adopted."

Note: the vote on this resolution is advisory only and does not bind the Directors or the Company.

The Remuneration Report is set out on pages 15 to 22 of the Company's 2020 Financial Report, available on the company's website <https://cml-group.com.au>

Voting Exclusion

A vote on Resolution 1 must not be cast (in any capacity) by or on behalf of either of the following persons:

- a member of the key management personnel, details of whose remuneration are included in the Remuneration Report; or
- a closely related party of such a member (those parties being "**Restricted Voters**").

However, a person (the voter) described above may cast a vote on Resolution 1 as a proxy if the vote is not cast on behalf of a person described above and the voter is appointed as a proxy by writing that specifies the way the proxy is to vote on Resolution 1 or, in the case of the chair of the meeting, where an express authorisation to vote undirected proxies is given.

Voting Note

Directors of the Company who are key management personnel whose remuneration details are included in the 2020 remuneration report, any other key management personnel whose remuneration details are included in the 2020 remuneration report, or any of their closely related parties, will not be able to vote on Resolution 1 or to vote undirected proxies held by them on Resolution 1.

Resolution 2: Re-election of Director – Mr Greg Riley

To consider, and if thought fit, pass the following resolution as an ordinary resolution:

"That Greg Riley be re-elected as a Director of the Company, effective from the close of the meeting."

Greg Riley being eligible, offers himself for election.

Under the Company's constitution, one third of the directors (with the exception of the Managing Director, any Alternate director and any director appointed by the Board to fill a casual vacancy) retire every year.

Resolution 3: Ratification of prior issue of shares

To consider, and if thought fit, pass the following resolution as an ordinary resolution:

"That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, shareholders ratify the previous issue of 2,192,341 shares at a deemed issue price of \$0.3421 to the vendor of The Invoice Exchange Pty Ltd on 15 September 2020, on the terms set out in the Explanatory Memorandum accompanying this Notice of Meeting."

Voting Exclusion Statement for Resolution 3

Under Listing Rule 14.11, the Company will disregard any votes cast in favour of Resolution 3 by a person who participated in the issue or is a counterparty to the agreement being approved and their associates.

However, the Company will not disregard a vote cast in favour of this resolution if:

- (a) It is cast by a person as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with directions given to the proxy or attorney to vote on the resolution in that way; or
- (b) It is cast by the person chairing the meeting as proxy or attorney for a person who is entitled to vote on the resolution, in accordance with a direction given to the person chairing the meeting to vote on the resolution as the person chairing the meeting decides; or
- (c) It is cast by a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting,

and is not an associate of a person excluded from voting, on the resolution; and

- the holder votes on the resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Resolution 4: Approval of 10% Placement Facility

To consider and, if thought fit, to pass, with or without amendment, the following resolution as a special resolution:

“That, pursuant to and in accordance with Listing Rule 7.1A and for all other purposes, Shareholders approve the Company having capacity to issue equity securities up to 10% of the issued capital of the Company (at the time of issue) calculated in accordance with the formula prescribed in Listing Rule 7.1A.2 and on the terms and conditions in the Explanatory Memorandum which accompanies the Notice of Meeting.”

Voting Note

If as at the time of the Meeting, the Company:

- is included in the S&P/ASX 300 index; and
- has a market capitalisation of greater than AU\$300 million,

then resolution 4 will be withdrawn.

Resolution 5: Change of name

To consider and, if thought fit, to pass, with or without amendment, the following resolution as a special resolution:

“That, for the purposes of sections 136(2) and 157(1)(a) of the Corporations Act 2001 (Cth) and for all other purposes, approval is given for the name of the Company to be changed to “EarlyPay Limited” and that the constitution of the Company be amended to reflect the change of name of the Company to EarlyPay Limited by changing all references to the name of the Company to EarlyPay Limited, with effect from when ASIC changes the name of the Company.”

Resolution 6: Amendment to constitution

To consider and, if thought fit, to pass, with or without amendment, the following resolution as a special resolution:

“That, for the purposes of section 136(2) of the corporations Act 2001 (Cth) and for all other purposes, the constitution of the Company be amended as set out in Annexure A to the Explanatory Memorandum which accompanies the Notice of Meeting, with effect immediately upon passing of this Resolution.”

Other business

To deal with any other business that may be brought forward in accordance with the Constitution, the Listing Rules of ASX and the Corporations Act 2001.

Explanatory Memorandum

Shareholders are referred to the Explanatory Memorandum accompanying and forming part of this Notice of AGM.

Entitlement to vote

It has been determined that, in accordance with Corporations Regulation 7.11.37, for the purposes of the AGM, shares in the Company will be taken to be held by the persons who are registered holders at 7pm Sydney time on Tuesday 17th November 2020. Accordingly, share transfers registered after that time will be disregarded in determining entitlements to attend and vote at the AGM.

Voting restrictions

Certain categories of persons (including Directors and the Chairman of the meeting) are prohibited from voting on resolutions relating to the remuneration of key management personnel (as disclosed in the Remuneration Report), including as proxy in some circumstances.

To ensure that your vote counts, please read the guidance on voting restrictions and proxy appointment set out below.

The Corporations Act provides that no member of the key management personnel or their closely related parties may vote on a resolution on the Remuneration Report (**Resolution 1**).

These restrictions apply in relation to votes cast by or on behalf of any of the persons specified above. However, the restrictions will not apply where votes are cast:

- (a) by any of the persons mentioned above as proxy for a person who is permitted to vote if the vote is cast in accordance with the directions on the Proxy Form; or
- (b) by the Chairman of the meeting as a proxy for a person who is permitted to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Proxies

As noted above, certain categories of persons (including Directors and the Chairman of the meeting) are now prohibited from voting on resolutions relating to the remuneration of key management personnel, including as proxy in some circumstances.

If you are appointing a proxy, to ensure that your vote counts, please read the following and the instructions on the Proxy Form carefully.

If you appoint the Chairman of the meeting as your proxy, you should note that the Chairman of the meeting is a member of the key management personnel and may only exercise your vote on the resolution on the Remuneration Report (Resolution 1), if you direct him how to vote, or mark the appropriate box in Step 1 on the Proxy Form.

If you appoint a member of the key management personnel of the Company other than the Chairman of the meeting (which includes the Directors) or a closely related party of such a member as your proxy you must direct him/her how to vote on the resolution on the Remuneration Report (Resolution 1) – otherwise they are not permitted to vote undirected proxies on the resolution and your votes will not be counted in calculating the required majority if a poll is called.

The Chairman of the meeting intends to vote all available proxies in favour of all resolutions.

Shareholders are advised that:

- (a) each shareholder entitled to attend and vote at the AGM has a right to appoint a proxy to attend and vote instead of the shareholder;
- (b) the proxy need not be a shareholder of the Company and may be an individual or body corporate;
- (c) a shareholder who is entitled to cast two or more votes may appoint not more than two proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If no proportion or number is specified, each proxy may exercise half of the shareholder's votes;
- (d) a shareholder may specify the way in which the proxy is to vote on the resolution or may allow the proxy to vote at his or her discretion; and
- (e) if a shareholder appoints a body corporate as a proxy, that body corporate will need to ensure that it:
 - (i) appoints an individual as its corporate representative to exercise its powers at the meeting, in accordance with section 250D of the Corporations Act 2001 (Cth); and
 - (ii) provides satisfactory evidence of the appointment of its corporate representative prior to commencement of the meeting.

A Proxy Form accompanies this Notice of AGM and, to be effective, must be received at the Company's share registry, Computershare Investor Services:

Postal address:

GPO Box 242, Melbourne, Victoria 3001

Facsimile number:

(within Australia) 1800 783 447

(outside Australia) +61 3 9473 2555

Vote Online:

Go to www.investorvote.com.au and follow the instructions on the enclosed Proxy Form.

Proxies (and any power of attorney or other authority under which the proxy is signed) must be received by the Company, at the address or at the facsimile number specified above no later than 3.00pm Sydney time on Tuesday 17th November 2020.

Special Resolution

For a special resolution to be passed at least 75% of the votes validly cast on the resolution by shareholders (by numbers of shares) must be in favour of the resolution. Resolutions 4, 5 and 6 are special resolutions.

By order of the Board



Steve Shin
Company Secretary
16th October 2020

Explanatory Memorandum to shareholders

Explanatory Memorandum

This Explanatory Memorandum has been prepared to provide the shareholders of the Company with material information to enable them to make an informed decision on the business to be conducted at the forthcoming 2020 AGM of the Company to be held on Thursday 19th November 2020 at 3:00pm.

This Explanatory Memorandum is an important document. Please read it carefully.

Ordinary business

Annual financial report

The Corporations Act 2001 (Cth) (Corporations Act) requires that:

- a. the annual financial report for the year ended 30 June 2020; and
- b. the reports of the Directors and auditors,

be laid before the AGM. Neither the Corporations Act nor the Constitution requires a vote of the shareholders on these reports. However, shareholders will be given reasonable opportunity to raise questions and comment on the reports and management of the Company at the AGM.

Shareholders will also be given reasonable opportunity at the AGM to ask the Company's auditor for the 2019 financial year, Pitcher Partners, questions relevant to the conduct of the audit, the preparation and content of the Auditor's Report, the accounting policies adopted by the Company in relation to the preparation of the financial statements and the independence of the auditor in relation to the conduct of the audit.

Resolution 1: Remuneration Report

Shareholders are asked to adopt the Company's Remuneration Report.

The Remuneration Report is set out on pages 15 to 22 of the Company's 2020 Financial Report, available on the company's website <https://cashflowfinance.com.au/cml-group/>.

Shareholders will be given reasonable opportunity for discussion of the Remuneration Report at the AGM. The shareholder vote on this resolution is advisory only and does not bind the Company or its Directors. The Remuneration Committee will, however, take into account the discussion on this resolution and the outcome of the vote when considering the Company's future remuneration arrangements.

Under the Corporations Act, if 25% or more of votes that are cast are voted against the adoption of the Remuneration Report at two consecutive Annual General Meetings ("AGM") (treating this AGM as the first such meeting), shareholders will be required to vote at the second of those AGM's on a resolution (a "spill resolution") that another meeting be held within 90 days at which all of the Company's Directors (other than the Managing Director and CEO) must be put up for re-election. The vote on the Remuneration Report contained in the Company's 2019 Annual Financial Statements was passed with the support of more than 75% of votes thus a spill resolution will not be required in the event that 25% or more of votes that are cast are against the adoption of the 2020 Remuneration Report. However, in the event 25% or more of votes that are cast are against the adoption of the 2020 Remuneration Report, shareholders should be aware that if there is a 'no' vote of 25% or more at the same resolution at the 2021 AGM the consequences are that it may result in the re-election of the Board.

Note that voting restrictions apply to Resolution 1 in the terms set out in the Notice of AGM accompanying this Explanatory Memorandum.

The Board recommends that shareholders vote in favour of the resolution.

Resolution 2: Re-election of a Director – Greg Riley

Greg Riley's current responsibilities include Chairman of the Board, Member of Nomination and Remuneration Committee, Member of Audit committee and Member of Risk committee.

Greg founded CML Group in 2002 and the business was listed on the ASX in 2010. Since 2010 Greg has overseen the growth and transformation of CML to a wider services business including invoice factoring, invoice discounting and equipment finance. Greg was Managing Director from 2002 until late 2010, Director until November 2014 and Chairman to the present. Outside CML Group, Greg is a councillor on the Dungog Shire Council.

The Board (excluding Greg Riley who is abstaining because of his interest) recommends unanimously that shareholders vote in favour of the re-election of Greg Riley as a Director of the Company.

Resolution 3: Ratification of prior issue of shares

Resolution 3 seeks Shareholder ratification pursuant to Listing Rule 7.4 for the prior issue of 2,192,341 Shares at a deemed issue price of \$0.3421 per share to the vendor of The Invoice Exchange Pty Ltd (**Skippr**) (who is not, and was not at the date of issue, a related party of the Company) as part consideration for the acquisition by the Company of 100% of the issued capital of Skippr. The shares were issued under the existing placement capacity of the Company under Listing Rule 7.1 on 15 September 2020 and an Appendix 2A was released to ASX on that date.

Further details regarding the acquisition by the Company of 100% of the issued capital of Skippr are set out in the announcements of the Company released to ASX on 28 July 2020 and 19 August 2020, as well as in the Prospectus of the Company dated 14 September 2020 and lodged with ASIC and released to ASX on that date.

Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue during any 12 month period any equity securities, or other securities with rights to conversion to equity (such as an option), if the number of those securities exceeds 15% of the Company's issued capital at the commencement of that 12 month period.

Listing Rule 7.4 sets out an exception to Listing Rule 7.1. It provides that where a company in general meeting subsequently ratifies the previous issue of securities made pursuant to Listing Rule 7.1 (and provided that the previous issue did not breach Listing Rule 7.1) those securities will be deemed to have been made with shareholder approval for the purpose of Listing Rule 7.1.

The Company is seeking Shareholder ratification of the prior issue of shares to the vendor of Skippr as described above. The Board believes that it is in the best interests of the Company to maintain the ability to issue up to its full placement capacity set out in Listing Rule 7.1 without the requirement to obtain prior Shareholder approval so that the Company retains financial flexibility and can take advantage of commercial opportunities that may arise.

If shareholders pass Resolution 3, the 2,192,341 shares will be treated as having not used the placement capacity of the Company under the Listing Rules and the Company will be able to issue securities using the refreshed placement capacity without shareholder approval. If shareholders do not pass Resolution 3 then the 2,192,341 shares will continue to use the placement capacity available to the Company under the Listing Rules.

Specific Information required by ASX Listing Rule 7.5

In accordance with the requirements of Listing Rule 7.5 the following information is provided in relation to the prior issue:-

Recipients: the vendor of The Invoice Exchange Pty Ltd (**Skippr**). The vendor is not, and was not at the date of issue, a related party of the Company

Number of shares issued: 2,192,341

Price of the shares issued: \$0.3421

The terms of the shares issued: shares rank equally in all respects with the existing shares. The shares were issued to vendor of The Invoice Exchange Pty Ltd.

Date the shares were issued: 15 September 2020 (an Appendix 2A was also released to ASX on this date).

Purpose of the issue: part of the consideration for the acquisition by the Company of 100% of the issued capital of Skippr.

Summary of agreement: the shares the subject of Resolution 3 were issued as part of the consideration for the acquisition by the Company of 100% of the issued capital of Skippr pursuant to the terms of a share purchase agreement (**SPA**). A summary of the terms of the SPA is set out below:

- The purchase price is \$6.5 million, \$750,000 of which was satisfied through the issue of fully paid ordinary shares in the Company (which are the subject of this Resolution 3).
- The acquisition by the Company of Skippr was subject to and conditional upon various conditions precedent including, but not limited to, receipt of required approvals and consents, entry by employees of Skippr into agreements with the Company or its subsidiaries and ownership by Skippr of the Skippr technology platform and the elements necessary.
- The SPA provides for the Company making various tranches of payments (50/50 cash and equity) depending on metrics related to funds in use of existing and new clients of the Skippr technology platform. These payments may be accelerated in certain circumstances.
- The vendor provided various warranties for the benefit of the Company, including in respect of title and power, ownership of 100% of the equity in Skippr, the financial position of Skippr, tax, the assets of Skippr, material contracts and no false statements.
- The Company provided power and authority warranties for the benefit of the vendor.
- Any claim by the Company against the vendor (other than in respect of tax warranty) is limited to the purchase price prior to any adjustment.
- The SPA otherwise contained terms typical for arrangement of this kind, including in respect of confidentiality, dispute resolution, service of notices and governing law.

A voting exclusion statement in respect of this resolution is contained in the Notice of AGM accompanying this Explanatory Memorandum.

The Board considers the adoption of this resolution to be appropriate and reasonable and recommends you vote in favour.

Resolution 4: Approval of 10% Placement Facility

General

ASX Listing Rule 7.1A enables eligible entities to issue Equity Securities (as defined in the ASX Listing Rules) totaling up to 10% of their issued capital through placements over a 12 month period after the annual general meeting ("10% Placement Facility"). The 10% Placement Facility is in addition to the Company's 15% placement capacity under Listing Rule 7.1.

An eligible entity for the purposes of Listing Rule 7.1A is an entity that is not included in the S&P/ASX 300 Index and has a market capitalisation of \$300 million or less. The Company is an eligible entity.

The Company is now seeking Shareholder approval by way of a special resolution to have the ability to issue Equity Securities under the 10% Placement Facility during the 10% Placement Period (defined below).

The exact number of Equity Securities to be issued under the 10% Placement Facility will be determined in accordance with the formula prescribed in Listing Rule 7.1A.2 at the time of issue of the Equity Securities. Equity Securities issued under the 10% Placement Facility may only be issued for cash consideration.

The Board considers the adoption of this resolution to be appropriate and reasonable and recommends you vote in favour.

Description of Listing Rule 7.1A

(a) Shareholder approval

The ability to issue Equity Securities under the 10% Placement Facility is subject to Shareholder approval by way of a special resolution at an annual general meeting.

(b) Equity Securities

Any Equity Securities issued under the 10% Placement Facility must be in the same class as an existing quoted class of Equity Securities of the Company.

As at the date of the Notice of AGM accompanying this Explanatory Memorandum, the Company has one class of quoted Equity Securities, being ordinary shares ("Shares").

(c) Formula for calculating 10% Placement Facility

Listing Rule 7.1A.2 provides that eligible entities which have obtained shareholder approval at an annual general meeting may issue or agree to issue, during the 12 month period after the date of the annual general meeting, a number of Equity Securities calculated in accordance with the following formula:

(A x D) – E

A is the number of fully paid ordinary shares on issue 12 months before the date of issue or agreement:

- (a) plus the number of fully paid ordinary shares issued in the 12 months under an exception in Listing Rule 7.2 other than exception 9, 16 or 17;
- (b) plus the number of fully paid ordinary shares issued in the relevant period on the conversion of convertible securities within ASX Listing Rule 7.2 exception 9 where:
 - a. the convertible securities were issued or agreed to be issued before the commencement of the relevant period; or
 - b. the issue of, or agreement to issue, the convertible securities was approved, or taken under those rules to have been approved, under ASX Listing Rule 7.1 or 7.4;
- (c) plus number of fully paid ordinary shares issued in the relevant period under an agreement to issue securities within ASX Listing Rule 7.2 Exception 16 where:
 - a. the agreement was entered into before the commencement of the relevant period; or
 - b. the agreement or issue was approved, or taken under those rules to have been approved, under ASX Listing Rule 7.1 or 7.4;
- (d) plus the number of partly paid shares that became fully paid in the 12 months;
- (e) plus the number of fully paid ordinary shares issued in the 12 months with approval of holders of shares under Listing Rule 7.1 and 7.4. This does not include an issue of fully paid ordinary shares under the entity's 15% placement capacity without shareholder approval;
- (f) less the number of fully paid shares cancelled in the 12 months.

Note that A has the same meaning in Listing Rule 7.1 when calculating an entity's 15% placement capacity.

D is 10%.

E is the number of Equity Securities issued or agreed to be issued under Listing Rule 7.1A.2 in the 12 months before the date of the issue or agreement to issue that are not issued with the approval of shareholders under Listing Rule 7.1 or 7.4.

(d) Listing Rule 7.1 and Listing Rule 7.1A

The ability of an entity to issue Equity Securities under Listing Rule 7.1A is in addition to the entity's 15% placement capacity under Listing Rule 7.1.

At the date of this Notice of Annual General Meeting, the Company has on issue 220,818,130 Shares.

Assuming shareholders pass Resolution 3 and that no further shares are issued prior to the Meeting, the Company will have capacity to issue:

- (i) 33,122,719 Equity Securities under Listing Rule 7.1; and
- (ii) 22,081,813 Equity Securities under Listing Rule 7.1A, subject to the Shareholder approval being sought under Resolution 4.

The actual number of Equity Securities that the Company will have capacity to issue under Listing Rule 7.1A will be calculated at the date of issue of the Equity Securities in accordance with the formula prescribed in Listing Rule 7.1A.2.

(e) Minimum Issue Price

The issue price of Equity Securities issued under Listing Rule 7.1A must be not less than 75% of the VWAP of Equity Securities in the same class calculated over the 15 Trading Days on which trades were recorded in that class immediately before:

- (i) the date on which the price at which the Equity Securities are to be issued is agreed by the Company and the recipient of the relevant Equity Securities; or
- (ii) if the Equity Securities are not issued within 10 Trading Days of the date in paragraph (i) above, the date on which the Equity Securities are issued.

(f) 10% Placement Period

Shareholder approval of the 10% Placement Facility under Listing Rule 7.1A is valid from the date of the annual general meeting at which the approval is obtained and expires on the earlier to occur of:

- (i) the date that is 12 months after the date of the annual general meeting at which the approval is obtained; or
- (ii) the date and time of the next annual general meeting after the AGM at which the approval is obtained; or
- (iii) the date of the approval by shareholders of a transaction under Listing Rules 11.1.2 (a significant change to the nature or scale of activities) or 11.2 (disposal of main undertaking) ("10% Placement Period").

Listing Rule 7.1A

The effect of Resolution 4 will be to allow the Directors to issue the Equity Securities under Listing Rule 7.1A during the 10% Placement Period without using the Company's 15% placement capacity under Listing Rule 7.1.

Resolution 4 is a special resolution and therefore requires approval of 75% of the votes cast by Shareholders present and eligible to vote (in person, by proxy, by attorney or, in the case of a corporate Shareholder, by a corporate representative).

Specific information required by Listing Rule 7.3A

Pursuant to and in accordance with Listing Rule 7.3A, information is provided in relation to the approval of the 10% Placement Facility as follows:

- (a) The Equity Securities will be issued at an issue price of not less than 75% of the VWAP of the Company's Equity Securities in the same class calculated over the 15 Trading Days on which trades were recorded in that class immediately before:
 - (i) the date on which the price at which the Equity Securities are to be issued is agreed by the Company and the recipient of the relevant Equity Securities; or
 - (ii) if the Equity Securities are not issued within 10 Trading Days of the date in paragraph (i) above, the date on which the Equity Securities are issued.
- (b) If Resolution 4 is approved by Shareholders and the Company issues Equity Securities under the 10% Placement Facility, the existing Shareholders' voting power in the Company will be diluted as shown in the below table. There is a risk that:
 - (i) the market price for the Company's Equity Securities may be significantly lower on the date of the issue of the Equity Securities than on the date of the Meeting; and
 - (ii) the Equity Securities may be issued at a price that is at a discount to the market price for the Company's Equity Securities on the issue date or the Equity Securities are issued as part of the consideration for the acquisition of a new asset (provided such Equity Securities are issued for cash); which may have an effect on the amount of funds raised by the issue of the Equity Securities.

The table below shows the dilution of existing Shareholders calculated in accordance with the formula in Listing Rule 7.1A.2 based on the number of Shares on issue at the date of this Notice of Annual General Meeting (variable 'A') and the market price of Shares as at 2 October 2020. The formula in Listing Rule 7.1A.2 is outlined in section (c) above.

The table also shows:

- (i) Two examples where variable 'A' has increased, by 50% and 100%. Variable 'A' is based on the number of Shares the Company currently has on issue. The number of Shares on issue may increase as a result of issues of ordinary securities that do not require Shareholder approval (for example, a pro rata entitlements issue or scrip issued under a takeover offer) or future specific placements under Listing Rule 7.1 that are approved at a future Shareholders' meeting; and
- (ii) Two examples of where the issue price of ordinary securities has decreased by 50% and increased by 50% as against the closing share price on 2 October 2020.

As at the date of this Notice of Annual General Meeting, the Company has 220,818,130 Shares on issue and the below table is calculated on the basis of that number.

Variable 'A' in Listing Rule 7.1A		Dilution		
		\$0.16.5 50% decrease in Issue Price	\$0.33 Issue Price	\$0.49.5 50% increase in Issue Price
Current Variable A 220,818,130 Shares	10% Voting Dilution	22,081,813 Shares	22,081,813 Shares	22,081,813 Shares
	Funds Raised	\$3,643,499	\$7,286,998	\$10,930,497
50% increase in Current Variable A 331,227,195 Shares	10% Voting Dilution	33,122,719 Shares	33,122,719 Shares	33,122,719 Shares
	Funds Raised	\$5,465,248	\$10,930,497	\$16,395,746
100% increase in Current Variable A 441,636,260 Shares	10% Voting Dilution	44,163,626 Shares	44,163,626 Shares	44,163,626 Shares
	Funds Raised	\$7,286,998	\$14,573,996	\$21,860,994

The table has been prepared on the following assumptions:

- (i) The Company issues the maximum number of Equity Securities available under the 10% Placement Facility.
 - (ii) The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.
 - (iv) The table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the 10% Placement Facility, based on that Shareholder's holding at the date of the Meeting.
 - (v) The table shows only the effect of issue of Equity Securities under Listing Rule 7.1A, not under the 15% placement capacity under Listing Rule 7.1.
 - (vi) The issue of Equity Securities under the 10% Placement Facility consists only of Shares.
 - (vii) The issue price is \$0.33, being the closing price of the Shares on the ASX on 2 October 2020. The issue price is indicative only and does not consider the 25% discount to market that the securities may be placed at.
 - (viii) No options or other rights to acquire shares on issue in the Company are exercised into shares before the date of the issue of securities under ASX Listing Rule 7.1A. At the date of the Notice of Annual General Meeting, the Company has 10,000,000 unlisted options on issue with an exercise price of 27 cents per option and an expiry date of 9 March 2022.
- (c) The Company will only issue and allot the Equity Securities during the 10% Placement Period. The approval under Resolution 4 for the issue of the Equity Securities will cease to be valid upon the earlier to occur of 12 months after the date of the meeting, the time and date of the 2021 Annual General Meeting or in the event that Shareholders approve a transaction under Listing Rule 11.1.2 (a significant change to the nature or scale of activities) or Listing Rule 11.2 (disposal of main undertaking).

- (d) The Company may seek to issue the Equity Securities for cash consideration for funding requirements and/or for general working capital. In addition, the Company may use the cash consideration for the acquisition of new assets and investments.

The Company will comply with the disclosure obligations under Listing Rules 7.1A.4 upon issue of any Equity Securities.

The Company's allocation policy is dependent on the prevailing market conditions at the time of any proposed issue pursuant to the 10% Placement Facility. The identity of the allottees of Equity Securities will be determined on a case-by-case basis having regard to the factors including but not limited to the following:

- (i) the methods of raising funds that are available to the Company, including but not limited to, rights issues or other issues in which existing security holders can participate;
- (ii) the effect of the issue of the Equity Securities on the control of the Company;
- (iii) the financial situation and solvency of the Company; and
- (iv) advice from corporate, financial and broking advisors (if applicable).

The allottees under the 10% Placement Facility have not been determined as at the date of this Notice of AGM but may include existing substantial Shareholders and/or new Shareholders who are not related parties or associates of a related party of the Company.

- (e) The Company previously obtained Shareholder approval under Listing Rule 7.1A at its 2019 AGM. No equity securities were issued under the 10% Placement Facility approved at the 2019 AGM in the 12 months prior to the Meeting.
- (f) A voting exclusion statement is not included in the Notice of Annual General Meeting accompanying this Explanatory Memorandum as the Company has not approached any particular existing Shareholder or security holder or an identifiable class of existing security holders to participate in the issue of the Equity Securities at the date of the Notice of Annual General Meeting.

Resolution 5: Change of name

Section 157(1)(a) of the Corporations Act provides that a company may change its name if the company passes a special resolution adopting a new name. In addition, Section 136(2) of the Corporations Act provides that a company may modify its constitution, or a provision of its constitution, by special resolution.

Resolution 5 seeks the approval of shareholders for the Company to change its name to "EarlyPay Limited". The Board proposes this change of name on the basis that it more accurately reflects the operations of the Company.

Resolution 5 also seeks the approval of shareholders of the Company to make minor amendments to the constitution to reflect the change of the name of the Company to EarlyPay Limited by changing all references in the constitution to the name of the Company to EarlyPay Limited. The constitution amendment proposed under Resolution 5 is distinct from the amendments to the constitution proposed under Resolution 5.

If Resolution 5 is passed the change of name and amendments to the constitution of the Company when ASIC alters the details of the Company's registration.

If Resolution 5 is passed, the Company will lodge a copy of the special resolution with ASIC in order to effect the change.

Resolution 5 is a special resolution. For a special resolution to be passed, at least 75% of the votes validly cast on the Resolution by shareholders (by number of shares) must be in favour of the resolution.

Resolution 6: Amendment to constitution

It is proposed that the Constitution of the Company be amended as set out in Annexure A. A summary of the effect of the amendments that are proposed to the Constitution are set out below:

Restricted Securities

The Constitution is proposed to be amended to reflect changes to the ASX Listing Rules with respect to restricted securities. The proposed amendment specifically addresses the terms of ASX Listing Rule 15.12 (which was amended in December 2019) which, subject to transitional arrangements for existing listed entities, provides that the constitution of a listed entity must include specific text relating to restricted (escrowed) securities.

An outline of the impact of these changes is set out below:

- adding that, if restricted securities are in the same class as quoted securities, the holder will be taken to have agreed in writing that the restricted securities are to be kept on the entity's issuer sponsored sub-register and to have a holding lock applied for the duration of the escrow period applicable to those securities. This formalises prior

requirements of ASX that each holder of restricted securities must sign a written restriction agreement with respect to those restricted securities; and

- adding that a holder of restricted securities will not be entitled to participate in any return of capital on those securities during the escrow period applicable to those securities except as permitted by the listing rules of ASX. This amendment contains similar content to ASX Listing Rule 7.24A which provides an entity must not return capital to holders of restricted securities; and
- other consequential drafting changes to clarify the application of ASX Listing Rule 15.12.

As the Company is already listed, any existing restricted securities on issue are subject to transitional arrangements. However, if the Company:

- undertakes a transaction requiring re-compliance with Chapters 1 & 2 of the ASX Listing Rules under ASX Listing Rule 11.1.3 (full re-compliance) involving the issue of restricted securities;
- issues restricted securities to a party referred to in ASX Listing Rule 10.1 for the acquisition of a substantial classified asset from that party,

it will be required to comply with the new terms of ASX Listing Rule 15.12 in respect of any of its restricted securities following the above transaction(s). Noting the above, the Company considers the Meeting an appropriate time to update its Constitution to address the changes to the ASX Listing Rules as described above.

Conduct of shareholder meetings

The COVID-19 pandemic has resulted in entities adopting practices in connection with shareholder meetings to facilitate shareholder participation by virtual means without the need for attendance at a physical location. Whilst the Constitution does not prohibit the holding of a shareholder meeting by electronic means, the Company considers the Meeting an appropriate time to update its Constitution to clarify and expand upon provisions relating to the conduct of shareholder meetings by electronic means, including without the need for a physical location, for the benefit and convenience of the shareholders of the Company. The Company also proposes amending provisions that require resolutions in general meetings to be determined on a show of hands to instead state that such resolutions are to be determined by a poll in accordance with recent ASIC and ASX guidance.

Paper transfers

The Company proposes amending the Constitution such that the Directors may in their discretion charge a fee in connection with paper transfers of securities (i.e. transfers effected other than via electronic means including the ASX). Such a fee would otherwise be required to be met by the Company from its cash reserves.

General

The specific amendments to the Constitution are set out in Annexure A.

Resolution 6 is a special resolution and therefore requires approval of 75% of the votes cast by Shareholders present and eligible to vote (in person, by proxy, by attorney or, in the case of a corporate shareholder, by a corporate representative).

Note: unless otherwise specified, all monetary amounts are expressed in Australian dollars.

ANNEXURE A AMENDMENTS TO CONSTITUTION

References in this Annexure to amendments and clauses are to amendments proposed to the constitution of the Company and to clauses of the constitution of the Company.

Restricted securities

Amendment of clause 29.4 by deleting, with the exception of the heading, clause 29.4 in full and substituting the following:

“At times when the Company’s shares are listed for quotation on the ASX, for so long as the Company has any restricted securities on issue and despite any other provision in this Constitution:

- (a) a holder of restricted securities must not dispose of, or agree or offer to dispose of, the securities during the escrow period applicable to those securities except as permitted by the Listing Rules or ASX;
- (b) if the securities are in the same class as quoted securities, the holder will be taken to have agreed in writing that the restricted securities are to be kept on the Company’s issuer sponsored subregister and are to have a holding lock applied for the duration of the escrow period applicable to those securities;
- (c) the Company will refuse to acknowledge any disposal (including, without limitation, to register any transfer) of restricted securities during the escrow period applicable to those securities except as permitted by the Listing Rules or ASX;
- (d) a holder of restricted securities will not be entitled to participate in any return of capital on those securities during the escrow period applicable to those securities except as permitted by the Listing Rules or ASX;
- (e) if a holder of restricted securities breaches a restriction deed or a provision of the Company’s constitution restricting a disposal of those securities, the holder will not be entitled to any dividend or distribution, or to exercise any voting rights, in respect of those securities for so long as the breach continues; and
- (f) in this clause 29.4, and for the purposes of this Constitution generally when used in connection with this clause 29.4 or its subject matter, the following words and phrases have the meaning given to them in the Listing Rules: “class”; “dispose” or “disposal” (which include using an asset as collateral - see chapter 19 of the Listing Rules); “holding lock”; “issuer sponsored subregister”; “restriction deed”; and “securities”.

Conduct of shareholder meetings

Amendment of clause 13.7 by adding as a new sentence after the final “.” of the existing clause 13.7:

“The Company may hold a meeting solely by audio/visual or other electronic means where able and/or permitted by law to do so.”

Amend clause 14.2 by adding as a new sentence after the final “.” of the existing clause 14.2:

“A member who is deemed present under clause 14.1 participating in a meeting solely by audio, video and/or other communications technology is (if the meeting is able and/or permitted by law to be so held) treated as being present for all purposes including determining that a quorum is present.”

Amend clause 14.9 by adding after “place” and before “.” in the final sentence of the existing clause 14.9, add:

“(or if able and/or permitted by law to be so held, solely by audio, video and/or other communications technology without requiring a physical venue), and/or by use of different technology from the initial meeting and/or at a venue instead of by communications technology.”

Amend clause 17.1 by deleting, with the exception of the heading, clause 17.1 in full and substituting the following:

“A resolution, other than a procedural resolution which shall include the election of a Chairperson, put to the vote of a meeting is decided by a poll in accordance with the Act unless otherwise determined by the Chairperson. Notwithstanding the remainder of this clause 17.1, a poll may be demanded at the times and in the circumstances permitted by the Act. The demand for a poll may be withdrawn.”

Paper transfers

Amend clause 29.1 by removing the sentence:

"The Company must not charge any fee on transfer of a fee"

And replace it with:

"The Directors may in their discretion and if permitted by the Act, the Listing Rules and applicable law, charge a fee for a transfer of securities effected by written transfer form."

Need assistance?



Phone:

1300 850 505 (within Australia)
+61 3 9415 4000 (outside Australia)



Online:

www.investorcentre.com/contact

CGR

MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030



YOUR VOTE IS IMPORTANT

For your proxy appointment to be effective it must be received by **3:00 pm (Sydney time) Tuesday, 17 November 2020**.

CML Group Limited Annual General Meeting

This year, as part of the Australian Government's response to the Coronavirus crisis, temporary modifications have been made to the *Corporations Act 2001* under the *Corporations (Coronavirus Economic Response) Determination (No.3) 2020*.

These modifications allow notices of meeting, and other information regarding a meeting to be provided online where it can be viewed and downloaded. We are relying on technology to facilitate shareholder engagement and participation in the meeting. Details of where you can access the notice of meeting, lodge a proxy and participate in the meeting are contained in this letter.

Meeting date and location:

The Annual General Meeting of CML Group Limited will be a virtual meeting, which will be conducted

online on Thursday, 19 November 2020 at 03:00 pm (Sydney time).

Attending the meeting online:

If you choose to participate online on the day of the meeting you will be able to view a live webcast of the meeting, ask the Directors questions online and submit your vote in real time.

Webcast and Questions

To view the live webcast and ask questions online you will need to visit https://us02web.zoom.us/webinar/register/WN_IQRbudOdR7m1_i9m7mG5Wg

Voting

To vote online during the meeting you will need to visit

web.lumiagm.com/368299698 on your smartphone, tablet or computer.

You will need the latest versions of Chrome, Safari, Internet Explorer 11, Edge or Firefox. Please ensure your browser is compatible. For further instructions on how to participate online please view the online meeting user guide at https://www.computershare.com/news/Lumi_Lite_Online_Voting_Guide.pdf

Access the meeting documents and lodge your proxy online:

Online:

Access the meeting documents and lodge your vote online at www.investorvote.com.au using your secure access information or use your mobile device to scan the personalised QR code.

Your secure access information is



Control Number: 999999

SRN/HIN: I9999999999

PIN: 99999

For Intermediary Online subscribers (custodians) go to www.intermediaryonline.com



PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.

Need assistance?



Phone:

1300 850 505 (within Australia)
+61 3 9415 4000 (outside Australia)



Online:

www.investorcentre.com/contact

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YOUR VOTE IS IMPORTANT

For your proxy appointment to be effective it must be received by **3:00 pm (Sydney time) Tuesday, 17 November 2020.**

Proxy Form

How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

APPOINTMENT OF PROXY

Voting 100% of your holding: Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote or abstain as they choose (to the extent permitted by law). If you mark more than one box on an item your vote will be invalid on that item.

Voting a portion of your holding: Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

Appointing a second proxy: You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

A proxy need not be a securityholder of the Company.

SIGNING INSTRUCTIONS FOR POSTAL FORMS

Individual: Where the holding is in one name, the securityholder must sign.

Joint Holding: Where the holding is in more than one name, all of the securityholders should sign.

Power of Attorney: If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

Lodge your Proxy Form:

XX

Online:

Lodge your vote online at www.investorvote.com.au using your secure access information or use your mobile device to scan the personalised QR code.

Your secure access information is



Control Number: 999999

SRN/HIN: I9999999999

PIN: 99999

For Intermediary Online subscribers (custodians) go to www.intermediaryonline.com

By Mail:

Computershare Investor Services Pty Limited
GPO Box 242
Melbourne VIC 3001
Australia

By Fax:

1800 783 447 within Australia or
+61 3 9473 2555 outside Australia



PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.

MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

☐

Change of address. If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.



I 9999999999

I ND

Proxy Form

Please mark ☒ to indicate your directions

Step 1 Appoint a Proxy to Vote on Your Behalf

XX

I/we being a member/s of CML Group Limited hereby appoint

☐

the Chairman
of the Meeting

OR

PLEASE NOTE: Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the Annual General Meeting of CML Group Limited to be held as a virtual meeting on Thursday, 19 November 2020 at 3:00 pm (Sydney time) and at any adjournment or postponement of that meeting.

Chairman authorised to exercise undirected proxies on remuneration related resolutions: Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), I/we expressly authorise the Chairman to exercise my/our proxy on Item 1 (except where I/we have indicated a different voting intention in step 2) even though Item 1 is connected directly or indirectly with the remuneration of a member of key management personnel, which includes the Chairman.

Important Note: If the Chairman of the Meeting is (or becomes) your proxy you can direct the Chairman to vote for or against or abstain from voting on Item 1 by marking the appropriate box in step 2.

Step 2 Items of Business

PLEASE NOTE: If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

		For	Against	Abstain
Resolution 1	Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Re-election of Director – Mr Greg Riley	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Ratification of prior issue of shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Approval of 10% Placement Facility	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5	Change of name	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6	Amendment to constitution	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business. In exceptional circumstances, the Chairman of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

Step 3 Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1

Sole Director & Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

/ /

Date

Update your communication details (Optional)

Mobile Number

Email Address

By providing your email address, you consent to receive future Notice of Meeting & Proxy communications electronically

CGR

2 6 9 0 1 0 A



Computershare

