

**MARKET RELEASE**

25 May 2020

**TRANSFORMATION STRATEGY PROGRESSING, FUNDING OPTIONS BEING ASSESSED**

New Zealand wool and carpet company, Cavalier Corporation Limited (NZX: CAV) is continuing to progress with its transformation strategy as it pivots to focus on wool and natural fibres.

As previously advised, the company is investigating a range of opportunities to realise additional funds to facilitate the transformation strategy and strengthen the company's balance sheet in light of the COVID-19 impact. This includes the potential sale and long-term lease back of land and buildings, which would require shareholder approval.

Cavalier has a constructive and supportive relationship with its banking partner, with the bank recently approving an increase to the company's facilities to provide it with additional funding headroom to cope with the challenges posed by COVID-19. However, the company may not require this increase as a result of careful cost controls and its inventory and debt reduction programme.

Cavalier remains committed to the rollout of its natural fibre strategy, leveraging the growing demand for greener, healthier, natural and more sustainable products. Cavalier believes this strategy will not only benefit the company, but will help New Zealand's wool growers, and the broader New Zealand primary sector.

Further details with respect to this transformation initiative will be communicated to shareholders in coming weeks.

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**For further information please contact:**

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