INVESTOR PRESENTATION

FULL YEAR RESULTS ENDING 30 JUNE 2017
ACQUISITION AND EQUITY RAISING

11 AUGUST 2017

25 YEARS
KONEKT
1992 – 2017

Local Knowledge. National Strength.

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SUMMARY

KONEKT LIMITED (ASX: KKT) IS A LEADING OUTSOURCED PROVIDER OF WORKPLACE EMPLOYMENT, HEALTH AND SAFETY AND RETURN-TO-WORK SERVICES FOR INDIVIDUALS AND THEIR EMPLOYERS. FOUNDED IN 1992, THIS YEAR MARKS OUR 25TH YEAR OF OPERATIONS

FY17 RESULTS

- Continued strong growth in FY17 (revenue at upper end of guidance)
- Continued excellence in Return-to-Work (RTW) performance
- Revenue and margin growth delivered increased underlying NPAT (+16%) and EPS (+15%)
- Increased final dividend of 0.75 cents per share (up 50%) - fully franked

ACQUISITION

- Agreement executed to acquire 100% of Mission Providence for cash consideration of $24.0m
- Mission Providence is a leading provider of Employment Services (c80% of revenues) and the New Enterprise Incentive Scheme (NEIS) under the Federal Government's *jobactive* program
- In line with strategy, skill set and provides a significant avenue for additional future growth

FUNDING

- Institutional Placement, raising $8.7m (18.2m new shares at $0.48 per share). The Placement shares will not participate in the rights issue
- Underwritten non-renounceable 1-for-5 rights issue at $0.48 per new share, raising $7.0m
- New shares issued pursuant to the placement and rights issue will not be entitled to the final FY17 dividend announced today
- In addition to equity raising, credit approved acquisition facility for $18.3m

FY17 RESULTS

FY17 RESULTS

STRONG YEAR WITH CONTINUED GROWTH IN OPERATIONAL AND UNDERLYING FINANCIAL PERFORMANCE

Underlying	Revenue	EBITDA	NPAT	EPS	DPS
FY17 (1)	$53.1m	$5.85m	$3.22m	4.40 cents	0.75 cents
FY16 (2)	$43.9m	$4.41m	$2.78m	3.82 cents	0.5 cents
Change	21 % ▲	33% ▲	16% ▲	15% ▲	50% ▲

1) *Underlying FY17: deducts write back of $367,000 of deferred consideration included in statutory results*

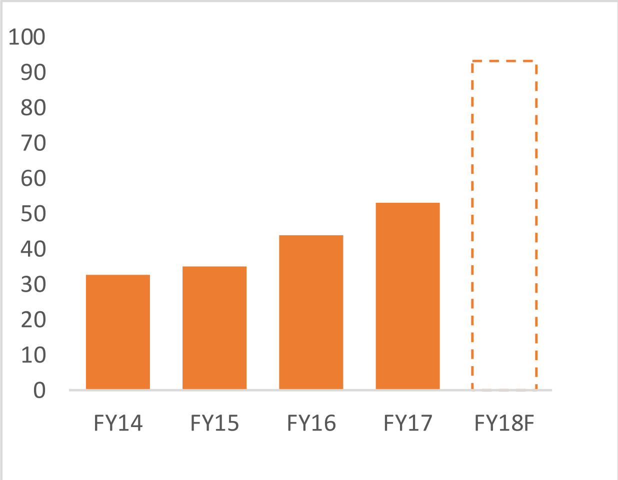
2) *Underlying FY16: adds back one-off acquisition related costs of $570,000 less estimated acquired EBITDA from acquisitions of $180,000*

- Revenue and margin growth delivered increased underlying NPAT (+16%) and underlying EPS (+15%)
- Revenue growth of 21% vs pcp - at upper end of guidance
- Underlying EBITDA margin increased to 11.0% from 10.0% in pcp
- Increased final dividend of 0.75 cents per share (up 50%) – fully franked
- Share buyback of 513,688 shares (representing 0.7% of issued capital - cost of $0.26m)
- Strong balance sheet – net cash of $2.5m as at financial year end

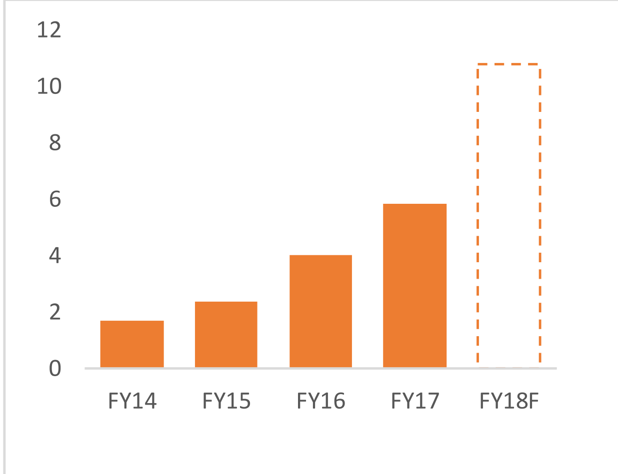
FY17 RESULTS AND OUTLOOK

GROWTH WILL BE ACCELERATED THROUGH THE ACQUISITION OF MISSION PROVIDENCE

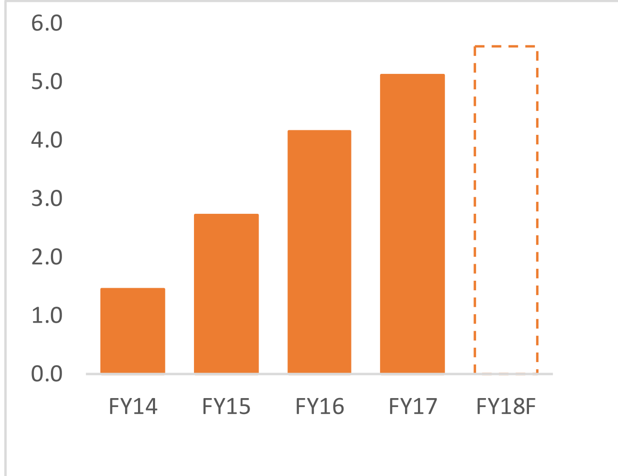
Underlying Revenue ($m)



Underlying EBITDA ($m)



Underlying EPS before amortisation (EPSA) (cents)



1) *Underlying Revenue / EBITDA / EPSA FY18F reflect the statutory forecast, including 9 months of forecast Mission Providence trading (assuming the acquisition completed on 29 September 2017) and excluding one-off transaction and integration costs*
2) *Underlying Revenue / EBITDA / EPSA FY17 deducts write back of $367,000 of deferred consideration included in statutory results in accordance with accounting standards*
3) *Underlying EBITDA / EPSA FY16 adds back one-off acquisition related costs of $570,000 less estimated acquired EBITDA from SRC and CommuniCorp of $180,000*
4) *Underlying EBITDA / EPSA FY15 includes one-off "Strengthening the Core" investment of $425,000 fully expensed in FY15*

- On a pro forma basis (assuming the acquisition completed on 30 June 2017 and excluding one off acquisition related transaction and integration costs) the merged business is projected to approximately double revenue and EBITDA and deliver EPS before amortisation (EPSA) accretion of c20% in FY18
- In FY19 the combined business is expected to show a strongly accretive EPSA
- Amortisation of intangible assets arising from the acquisition is expected to have a material impact on statutory results over the period to 30 June 2020

FY17 OPERATIONAL HIGHLIGHTS

EXCELLENT DELIVERY ON NON-FINANCIAL METRICS

Strengthened customer relations

- Executed new *Medibank Health Solutions* contract in May 2017, term to October 2018
- Significant panel appointment in Commonwealth Government sector
- Appointed to *icare* NSW workers compensation panel for FY18
- Additional 30+ new employer customers in FY17

Expanded product and service offering

- Leveraging extensive proprietary database with new capabilities to deliver injury prevention services

Continued investment

- Capex of $1.3m invested in product development and technology platforms, continuing our data driven thematic

Staff engaged and retained

- Improvement in staff retention, excellent engagement scores, including from acquired businesses

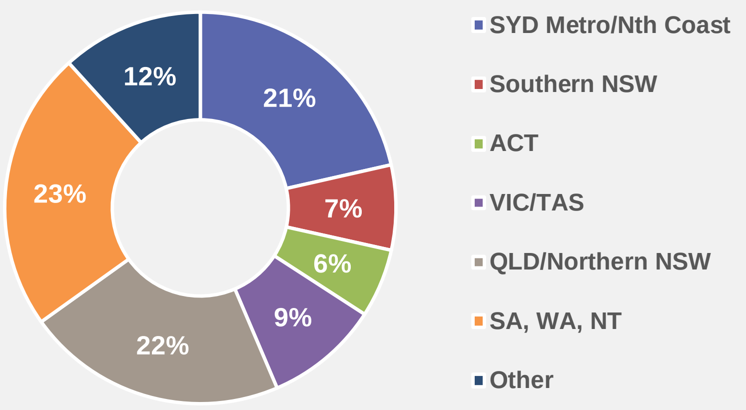
Continued strong Return-to-Work rates

- 94% level maintained for the past two years

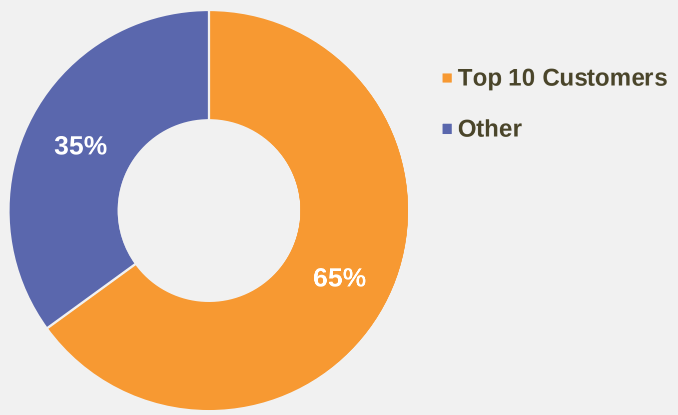
FY17 REVENUE FEATURES

DIVERSIFIED REVENUE GEOGRAPHY AND FUNDING SOURCES

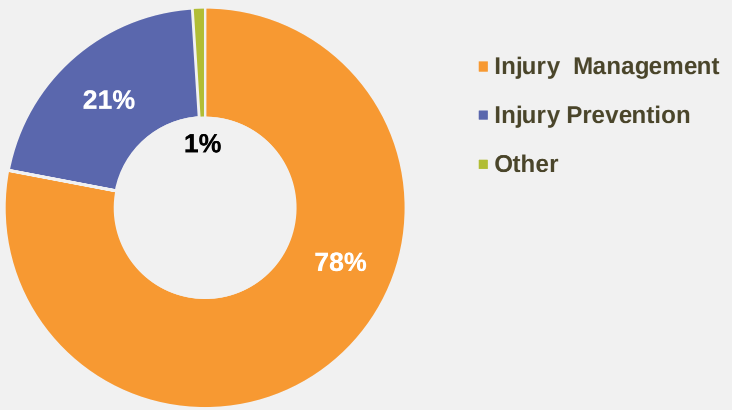
Revenue by Geography (FY17)



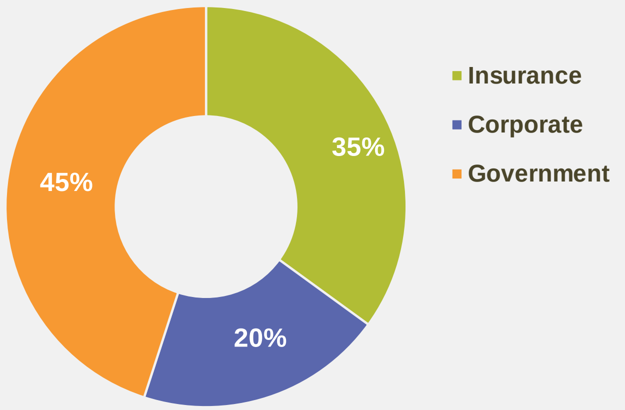
Revenue by Customer (FY17)



Revenue by Service (FY17)



Revenue by Funding Source (FY17)



FY17 RESULTS

STRONG FINANCIAL PERFORMANCE IN FY17

Year ended 30 June	FY17	FY16	Change %
Revenue ($m)	53.5	43.9	22%
Revenue – underlying ($m)[(1)]	**53.1**	**43.9**	**21%**
EBITDA ($m)	6.2	4.0	55%
EBITDA margin (%)	*11.6%*	*9.2%*	*+248 bp*
EBITDA – underlying ($m)[(1)(2)]	**5.8**	**4.4**	**33%**
EBITDA Margin – underlying (%)	***11.0%***	***10.0%***	***+100 bp***
Interest ($m)[(3)]	(0.3)	(0.2)	94%
Depreciation & Amortisation ($m)	(1.1)	(0.7)	57%
Net profit before Tax ($m)	4.8	3.2	52%
Tax ($m)	(1.3)	(0.7)	87%
Net Profit after Tax ($m)	3.6	2.5	43%
Net Profit after Tax – underlying ($m)[(1)(2)]	3.2	2.8	16%
EPS (cents)	4.9	3.5	42%
EPS – underlying (cents) [(1)(2)]	**4.4**	**3.8**	**15%**
DPS (cents - fully franked)	**0.75**	**0.50**	**50%**

1) *Underlying FY17: deducts write back of $367,000 of deferred consideration included in statutory results*
2) *Underlying FY16: adds back one-off acquisition related costs of $570,000 less estimated acquired EBITDA from acquisitions of $180,000*
3) *FY17 includes Interest expense unwind of $313,000 for deferred consideration in relation to acquisitions in accordance with accounting standards (FY16: $186,000)*

STRONG BALANCE SHEET AND CASH FLOW

NET CASH BUILT WITH STRONG OPERATING CASH FLOWS

As at 30 June (Sm)	2017	2016
Cash	2.8	0.2
Other current assets	9.7	9.2
Intangible assets	12.7	12.4
Other non-current	3.1	3.0
Total Assets	**28.3**	**24.8**
Current liabilities	(10.5)	(9.4)
Non-current liabilities	(2.1)	(2.8)
Total Liabilities	**(12.6)**	**(12.2)**
Net Assets	**15.7**	**12.6**

Net cash of $2.5m as at 30 June 2017 ($2.8m cash on hand less $0.3m debt)

Year ended 30 June ($m)	FY17	FY16
Cash flow from operating activities	4.9	2.3
Net cash used in investing activities	(1.7)	(5.3)
Net cash used in financing activities	(0.6)	0.2
Net increase (decrease) in cash	**2.6**	**(2.8)**
Cash at the end of the financial year	**2.8**	**0.2**

Strong operating cash flow of $4.9m due to EBITDA growth and working capital management

ACQUISITION

ACQUISITION OF MISSION PROVIDENCE

IN LINE WITH STATED STRATEGY, ENHANCES SCALE AND PROVIDES FURTHER GROWTH PLATFORM

Transaction overview

- Acquisition of Mission Providence, a leading provider of Employment Services (c80% of revenues) and the New Enterprise Incentive Scheme (NEIS) under the Federal Government's *jobactive* program
- Acquisition doubles Konekt's scale
- Cash consideration of $24.0m
- Completion subject only to the consent of the Commonwealth Department of Employment

Strategic rationale

- Attractive acquisition consistent with Konekt's Return-to-Work focus and purpose of maximising individuals workforce participation
- Expansion into adjacent return to work and employment placement services markets to diversify and expand revenue streams
- Large established infrastructure, experienced management team and complementary footprint
- Additional recurring annual revenues, within the current $1.4bn per annum *jobactive* program
- Enables Konekt to expand further into employment and related return to work programs, leveraging its experience in workplace rehabilitation services together with Mission Providence's expertise

Funding

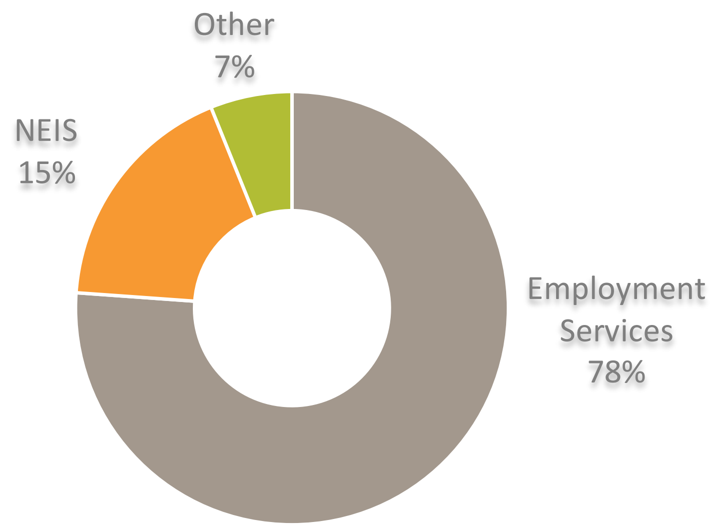
- Institutional placement of 18.2m new shares at $0.48 per new share (raising $8.7m) and fully underwritten
- Fully underwritten 1-for-5 non-renounceable rights issue, at the same price, to raise a further $7.0m. New shares issued under the placement and rights issue are not eligible for final FY17 Konekt dividend
- Credit approved acquisition facility of $18.3m with the Commonwealth Bank of Australia (CBA)

OVERVIEW OF MISSION PROVIDENCE

A LEADING PROVIDER WITH STRONG HERITAGE, STRONG PERFORMER READY TO GROW FURTHER

- A leading provider of return to work employment services through the Federal Government's c.$1.4bn per annum *jobactive* program.
- Mission Providence is one of 43 *jobactive* providers
- Established by Mission Australia and The Providence Service Corporation (US) to tender and secure a *jobactive* contract in 2015. After establishing its infrastructure in FY15, Mission Providence generated FY16 revenues of $38m
- The current *jobactive* contract runs for 5 years to 30 June 2020, when it is expected to be put up for review including potential for roll-over or restructuring of the program
- The *jobactive* contract covers Employment Services, New Enterprise Incentive Scheme and other ancillary services
- Employment Services Revenue is generated by:
  - Administration fees (representing 40% of the program) payable every 6 months driven by the number of jobseekers (case load); and
  - Outcome fees (stage payments representing 60% of the program) dependent on the time jobseekers spend in their roles
- Mission Providence has a national footprint of 85 branches, over 400 FTE's and FY17 revenues of over $51m
- Strong and experienced management team led by CEO, Anthony Steel, who will continue to lead the business post completion of the acquisition

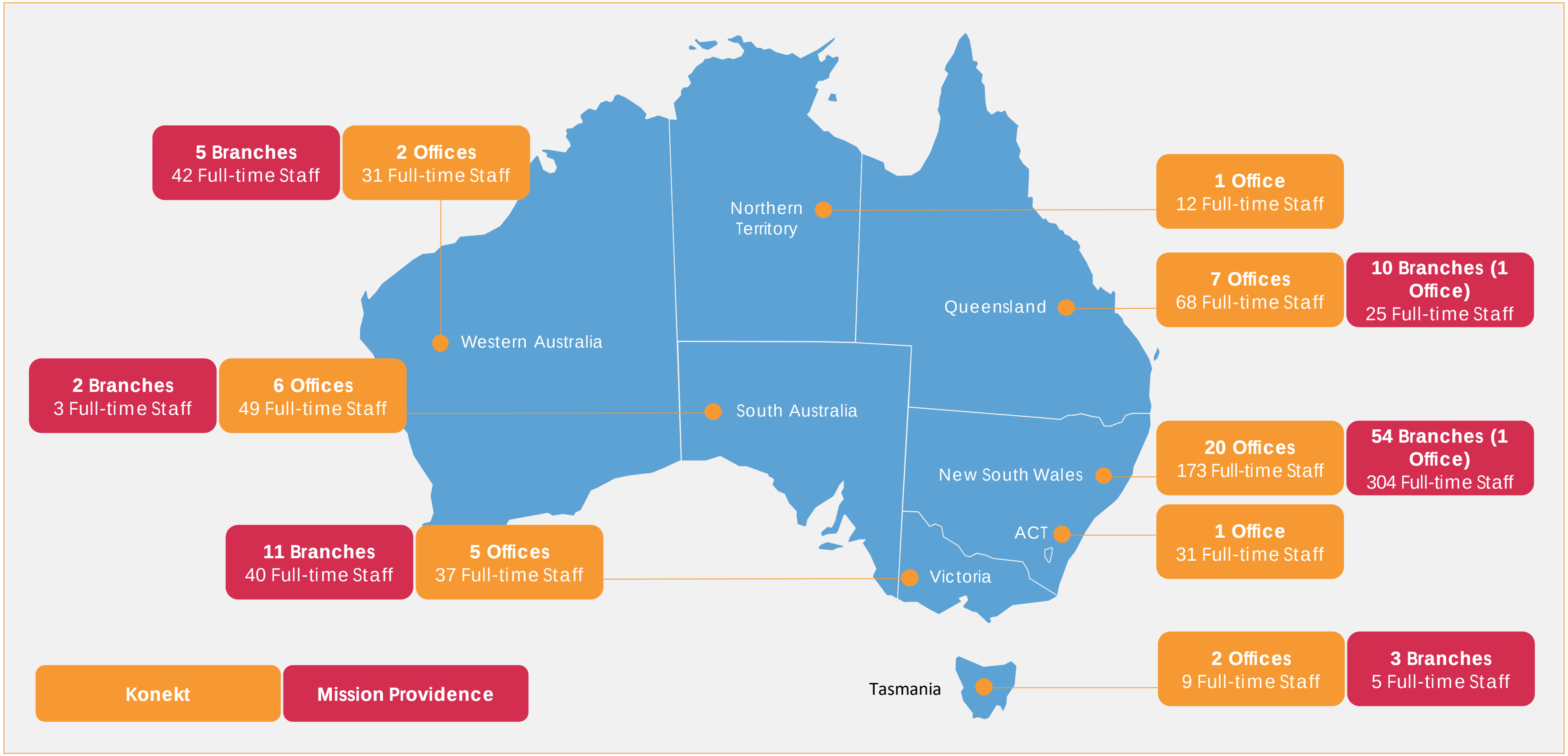
Mission Providence
FY17 Revenue by Contribution



Source: Nexia Analysis

COMPLEMENTARY FOOTPRINT

THE ACQUISITION WILL RESULT IN AN ADDITIONAL 85 SITES (TOTAL 129) AND DOUBLING IN PERMANENT STAFF TO MORE THAN 800



ATTRACTIVE ACQUISITION

LARGE MARKET REWARDS PERFORMING PROVIDERS. BUSINESS WELL POSITIONED FOR GROWTH BEYOND 2020

A leading provider in the *jobactive* market

- Mission Providence, one of the leading operators in the sector, provides an experienced management team, sector expertise, operating scale and an established platform for growth

Stable macroeconomic trends

- The outsourcing of assisting jobseekers to find employment by the Federal Government has existed in various forms since 1994, including Working Nation, Job Network, Job Services Australia and, most recently, *jobactive*
- Under *jobactive*, the Federal Government has committed funding of approximately $1.4bn per annum

Complementary operating footprint

- Mission Providence operates in a number of parallel markets to Konekt nationwide, which is expected to enhance Konekt's ability to deliver return to work employment and return to work from injury programs
- Ability to leverage each other's expertise and networks to expand presence in existing regions and enter new or underserviced markets

Ability to expand into adjacent markets

- Currently Mission Providence operates under the *jobactive* Employment Services and NEIS program A combination of RTW, *jobactive* Employment Services and NEIS programs will enable the consolidated Konekt group to offer a broader service to individuals
- Increased scale provides a platform to grow both organically and by acquisition

Meets financial criteria

- Risk adjusted returns meet Konekt's acquisition criteria
- The acquisition is expected to be c20% EPS (before amortisation) accretive in FY18
- Synergies are available through scale, purchasing and duplication. These synergies present upside to the information presented
- Significant impact on earnings and EPS (before amortisation) expected to be achieved in FY19

OUTLOOK AND DIVIDEND POLICY

UNDERLYING REVENUE AND EBITDA EXPECTED TO APPROXIMATELY DOUBLE

Outlook

- On a pro forma basis the merged business is expected to approximately double revenue and EBITDA and deliver EPS before amortisation (EPSA) accretion of c20% in FY18
- In FY19 the combined business is expected to show a strongly accretive EPSA
- Amortisation of intangible assets arising from the acquisition is expected to have a material impact on statutory results over the period to 30 June 2020

Dividend Policy

- The Board will consider future dividends after taking into account the capital requirements of the Company and NPAT before amortisation (NPATA)

FUNDING

ACQUISITION TERMS AND FUNDING

EQUITY AND DEBT FUNDING LEAVES KONEKT WELL POSITIONED

Purchase price	• Cash consideration of $24.0m • Funded through equity raising and debt totalling $32.7m, providing funds for working capital, transaction and integration costs
Equity funding	• Underwritten institutional placement of 18.2m new shares (25% of issued share capital) at an issue price of $0.48 per new share to raise $8.7m. Placement shares will not participate in rights issue • 1-for-5 non-renounceable rights issue at $0.48 per new share to raise $7m, fully underwritten by Taylor Collison • Rights issue price represents a 11.2% discount to the Theoretical Ex-Rights Price • Konekt Directors have committed that they, and their associated entities, will subscribe for up to $4m of new shares in the rights issue via a combination of taking up their entitlements and sub-underwriting commitments • Newly issued shares will rank equally with existing shares, but not be eligible for the final FY17 dividend • The equity raising is not conditional on completion of the acquisition. In the event that the acquisition does not complete for any reason, Konekt will consider options in relation to the use of funds raised
Debt funding	• $18.3m acquisition facility with the CBA, replacing the existing $5m facility • Drawdown of the debt funding is conditional on an equity raising of not less than $13m • 3 year term with principal reductions of $1.0m each quarter commencing 3 months after the funding date.
Timing	• Expected completion date 29 September 2017 • The only condition precedent to completing the acquisition is obtaining consent from the Federal Government Department of Employment for the change of control

SOURCE AND APPLICATION OF FUNDS

SOURCE ($m)		APPLICATION ($m)	
Institutional placement	8.7	Cash consideration	24.0
Rights issue	7.0	Transaction and integration costs[1]	4.0
Debt	17.0	Working capital funding[2]	4.7
TOTAL	**32.7**	**TOTAL**	**32.7**

1) *Transaction and integration costs include transaction fees ($2.3m), re-branding ($1.0m) and IT integration ($0.7m)*
2) *Working capital funding includes any completion working capital adjustment payment*

PRO FORMA BALANCE SHEET

SIGNIFICANT CASH TO FUND WORKING CAPITAL REQUIREMENTS

PRO FORMA BALANCE SHEET
As at 30 June 2017

$000	Konekt	Mission Providence[(1)]	Acquisition / capital raise adjustments	Pro forma
Cash	2,849	944	2,052	5,844
Trade receivables	9,001	2,370	-	11,371
Other current assets	657	(2,220)	-	(1,563)
TOTAL CURRENT ASSETS	**12,507**	**1,094**	**2,052**	**15,653**
PP&E	1,269	3,634	-	4,903
Intangibles	12,665	1,794	27,478	41,936
Other non-current	1,854	8,168	-	10,022
TOTAL NON-CURRENT ASSETS	**15,788**	**13,596**	**27,478**	**56,861**
Trade payables	(5,572)	(58)	-	(5,630)
Deferred income	(709)	(5,301)	-	(6,010)
Debt	(26)	(3,388)	(4,000)	(7,414)
Employee entitlements	(1,562)	(3,007)	-	(4,569)
Other current liabilities	(2,704)	(749)	-	(3,453)
TOTAL CURRENT LIABILITIES	**(10,573)**	**(12,503)**	**(4,000)**	**(27,076)**
Debt	(315)	-	(13,000)	(13,315)
Other	(1,750)	(1,290)	-	(3,040)
TOTAL NON-CURRENT LIABILITIES	**(2,065)**	**(1,290)**	**(13,000)**	**(16,355)**
NET ASSETS	**15,657**	**897**	**12,529**	**29,083**

1) Mission Providence balance sheet as at 30 June 2017 is based on unaudited management accounts

Notes

The pro forma balance sheet shows consolidated balances as if the transaction was completed on 30 June 2017

The following adjustments have been made:

- Value of intangibles has been increased to reflect the indicative purchase price allocation
- Borrowings have been adjusted to reflect the debt funded portion of the purchase consideration (including the transaction costs)
- Mission Providence includes the indicative fair value of net identifiable assets at acquisition date. Upon completion a formal purchase price allocation will be undertaken
- Pro forma reflects assumed net debt and completion working capital adjustments

Pro forma debt to pro forma FY18 forecast EBITDA expected to be less than 2x

INDICATIVE TIMETABLE

KEY DATES – PLACEMENT AND RIGHTS ISSUE

9 August 2017	Trading halt
11 August 2017	Announcement of FY17 Results, Dividend, Acquisition of Mission Providence, Institutional Placement and Entitlement Offer
17 August 2017	Record date for FY17 Dividend (7.00pm AEST) (shares go ex-dividend 16 August 2017)
17 August 2017	Record date for the Entitlement Offer (7.00pm AEST) (shares go ex-entitlement 16 August 2017)
21 August 2017	Entitlement Offer opens
21 August 2017	Settlement of Institutional Placement
22 August 2017	Allotment and normal trading of new shares issued under the Institutional Placement
24 August 2017	Trading of new shares issued under the Institutional Placement
8 September 2017	Entitlement Offer closes (5.00pm AEST)
14 September 2017	Allotment of shares issued under the Entitlement Offer
15 September 2017	Normal trading of shares issued under the Entitlement Offer
22 September 2017	Dispatch of Holding Statements for shares issued under the Entitlement Offer
End of 1Q	Expected completion

SUMMARY

ACQUISITION STRENGTHENS BOTH BUSINESSES AND ENHANCES CAPABILITY FOR THE EMPLOYMENT NEEDS OF INDIVIDUALS

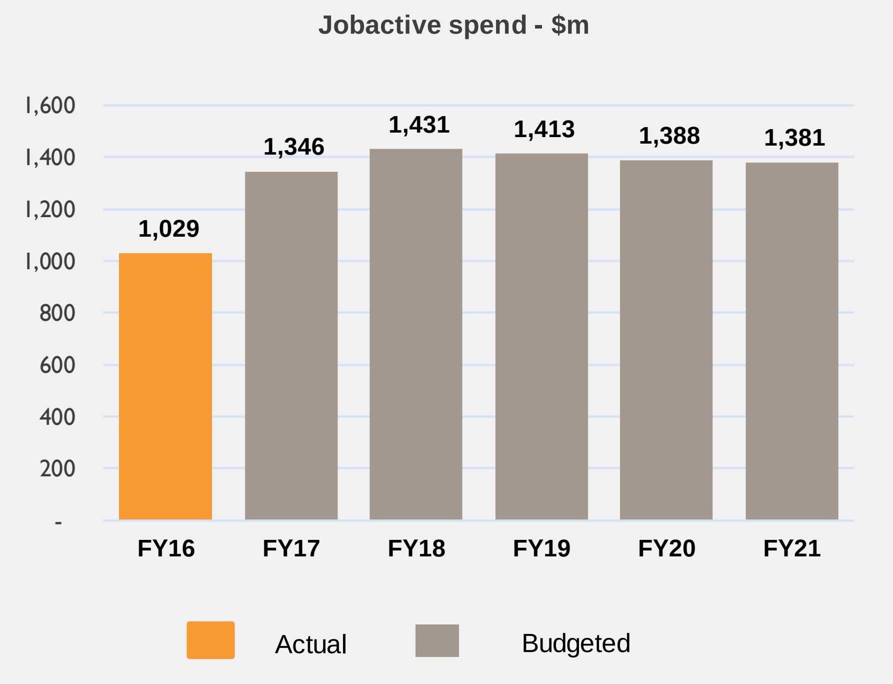
- Mission Providence acquisition will double Konekt's scale
- Provides an attractive and logical expansion into adjacent RTW employment placement services markets to diversify and expand Konekt's revenue streams
- Consistent with Konekt's RTW focus and purpose of maximising workforce participation for individuals
- Large established infrastructure, experienced management team and complementary footprint
- Additional, recurring revenues within the current $1.4bn per annum *jobactive* program to June 2020
- Acquisition provides scale and platform for growth into employment and related return to work programs, leveraging Konekt's infrastructure and experience in workplace rehabilitation services with Mission Providence's expertise
- On a pro forma basis the merged business is projected to approximately double revenue and EBITDA and deliver EPS before amortisation (EPSA) accretion of c20% in FY18

APPENDICIES AND KEY RISKS

JOBACTIVE MARKET c$1.4BN PER ANNUM

FEDERAL GOVERNMENT FUNDING IS EXPECTED TO BE BROADLY CONSTANT FROM FY17 TO FY21

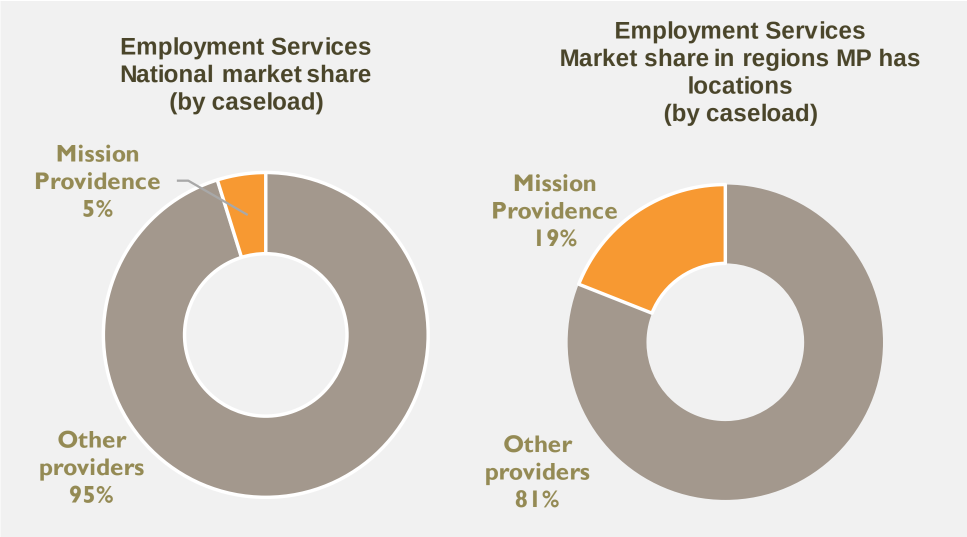
- Federal Government funding for the *jobactive* program is approximately $1.4bn per annum through to FY20, with funding skewed towards outcomes (continued employment by jobseekers) 60% and administration fees of 40%
- Funding is budgeted to be relatively consistent at a macro level
- Mission Providence's growth strategy is driven by an increase in outcomes based fees and improved performance rather than administrative fees
- Opportunity for Konekt to enhance Mission Providence's performance and to grow market share post acquisition



Source: Department of Employment Budget Statements

JOBACTIVE AND NEIS MARKET SHARE

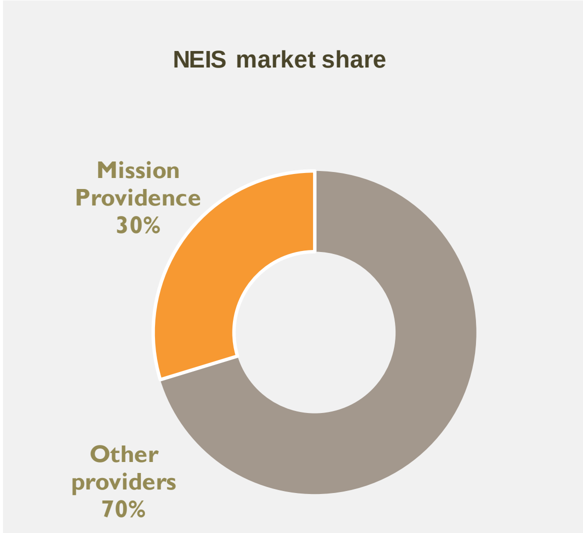
Mission Providence primed for growth in a fragmented market through leveraging the Konekt footprint and potential increased consolidation of Employment Services providers at re-tender



Source: Mission Providence data; Advancy Analysis

- Mission Providence holds a 5% market share in the national Employment Services segment based on caseload handled
- In the regions in which Mission Providence has operations, it has an estimated 19% market share
- At the re-tender in 2020 there is the opportunity to increase its market presence, by leveraging the Konekt footprint, and increasing total market share

Mission Providence is a market leader in the NEIS program with a 30% market share and excellent historical performance



Source: Mission Providence data; Advancy analysis

- The NEIS has been running for over 30 years
- NEIS attracted additional funding in the 2016-2017 Federal Budget with consequent increased annual spend to $83m in FY17 from $61-65m (FY10 - FY15)
- Total of 8,600 NEIS places available each year. Mission Providence holds a market share of approximately 30%
- Relatively high barriers to entry with a cap of 3 providers per employment region

KEY RISKS

Introduction

- Konekt is subject to a variety of risk factors. Some of these are specific to its business activities, while others are of a more general nature. Individually, or in combination, these risk factors may affect the future operating and financial performance of Konekt, its investment returns and the value of an investment in shares in Konekt

- The risks listed below are not an exhaustive list of risks associated with an investment in Konekt, either now or in the future, and this information should be considered in conjunction with all other information in this Presentation. Many of the risks described below are outside the control of Konekt, its Directors and management. There is no guarantee that Konekt will achieve its stated objectives or that any forward looking statements or forecasts will eventuate

- This section discusses the key risks attaching to an investment in shares in Konekt, which may affect the future operating and financial performance of Konekt and the value of Konekt shares (before and after the proposed acquisition of Mission Providence). Before investing in Konekt shares, you should consider whether this investment is suitable for you having regard to publicly available information (including this Presentation), your personal circumstances and following consultation with financial or other professional advisers. Additional risks and uncertainties that Konekt is unaware of, or that it currently considers to be immaterial, may also become important factors that adversely affect Konekt's operating and financial performance

KONEKT (EXISTING BUSINESS) RISKS

RISK	DESCRIPTION
Government policy and regulation	The operations of Konekt's businesses are heavily dependent on the regulatory framework and policy around return-to-work services, which is subject to government policy and legal and regulatory oversight; including the potential for regulatory changes which could have a material adverse effect on the future financial performance and position of Konekt.
Customer relationships and outcomes	Konekt's ability to maintain relationships with major customers (including government departments and insurers) is integral to its financial performance. This in turn depends on its ability to offer competitive service standards and deliver superior outcomes for clients. Poor performance in either area may lead to a loss of major customers or removal from applicable panels which may have a material impact on Konekt's financial performance.
Key personnel	The operational and financial performance of Konekt's businesses is dependent on their ability to attract and retain experienced management. The loss or unavailability of key personnel involved in the management of the businesses could have an adverse impact on Konekt's financial performance.
Future acquisitions	Konekt's business strategy involves it continuing to seek growth opportunities, including through acquisitions. Similar to the proposed acquisition of Mission Providence, risks exist in respect of integrating an acquisition, including the risk that potential synergies may not be realised and that Konekt's financial performance may be impacted.
Economic conditions	The operating and financial performance of Konekt's businesses are influenced by a variety of general economic and business conditions including the level of inflation, interest rates and exchange rates and government fiscal, monetary and regulatory policies. A prolonged deterioration in domestic or general economic conditions could be expected to have a material adverse impact on the financial performance of Konekt's businesses.
Litigation and disputes	Konekt may become involved in litigation or disputes, which could adversely affect financial performance and reputation.

KONEKT (EXISTING BUSINESS) RISKS

RISK	DESCRIPTION
Interest rate risk	The nature of Konekt's financing arrangements exposes Konekt to interest rate risk, including from the movement in underlying interest rates, which impacts on Konekt's cost of funding and may adversely impact Konekt's financial performance.
Financing risk	Konekt has outstanding debt facilities, and will take on additional debt financing in relation to the transaction. Such indebtedness may result in Konekt being subject to certain covenants restricting its ability to engage in certain types of activities or to pay dividends to Konekt shareholders. General economic and business conditions that impact the debt or equity markets could impact Konekt's ability to refinance its operations.
Dividends	Future determinations as to the payment of dividends by Konekt will be at the discretion of the directors of Konekt and will depend upon the availability of distributable earnings and franking credits, the operating results and financial condition of Konekt and its subsidiaries and associates (including the Mission Providence business), future capital requirements, covenants in relevant financing agreements, general business and financial conditions and other factors considered relevant by the directors of Konekt. No assurance is, therefore, given in relation to the payment of future dividends or the extent to which any such dividends may be franked.
Taxation	The risk that changes in tax law (including goods and services taxes and stamp duties), or changes in the way tax laws are interpreted in the jurisdictions in which Konekt operates, may impact the tax liabilities of Konekt. In addition, the ability of Konekt to obtain the benefit of existing tax losses and claim other beneficial tax attributes will depend on future circumstances and may be adversely affected by changes in ownership, business activities, levels of taxable income and any other conditions relating to the use of the tax losses or other attributes in the jurisdictions in which Konekt operates.
Trading price of Konekt shares	There are risks associated with any share market investment. It is important to recognise that share prices and dividends might fall or rise. Factors affecting the operating and financial performance of Konekt and the ASX trading price of Konekt shares include domestic and international economic conditions and outlook, changes in government fiscal, monetary and regulatory policies, changes in interest rates and inflation rates, variations in general market conditions and/or market conditions which are specific to a particular industry. Furthermore, share prices of many companies are affected by factors which might be unrelated to the operating performance of the relevant company. Such factors might adversely affect the market price of Konekt shares.

RISK	DESCRIPTION
Expiry of the *jobactive* contract	Mission Providence revenues are dependent on one contract with the Department of Employment for the provision of the *jobactive* program. The current 5-year *jobactive* contract with the Department of Employment expires on 30 June 2020. There is no guarantee that : • the *jobactive* program is continued in its current form or on terms which are substantially the same as its current form after 30 June 2020; • the Australian government continues to outsource some or all of the services currently provided under the *jobactive* program to third party providers; • Mission Providence is selected as a provider (either at all or on the same or substantially similar terms) for any further period of the *jobactive* program or any successor program. The success of Mission Providence in being selected as a provider in any extended, replacement or successor program to *jobactive* is expected to depend on factors including: • its performance during the term of the current *jobactive* contract; • Its relationship with the Department of Employment or any successor department performing the same or similar function as the Department of Employment; and • Its ability to provide competitive services and/or pricing. If the *jobactive* program is terminated in full or in part, or Mission Providence was not selected as a provider on the same or on substantially similar terms as the existing *jobactive* program after 30 June 2020 there would be a material adverse impact on the financial performance and position of Mission Providence.
Increased competition from existing or additional entrants	Mission Providence's ability to re-tender for any extended, replacement or successor program to *jobactive* is subject to increased competition from existing participants or new entrants in the jobseekers market. If new industry entrants or existing participants are successful in providing services under the *jobactive* or similar program, this may result in lower caseload allocations for Mission Providence.

MISSION PROVIDENCE RISKS

RISK	DESCRIPTION
Reliance on the *jobactive* contract	Mission Providence revenues are dependent on one contract with the Department of Employment for the provision of the *jobactive* program. Cases under the *jobactive* program are allocated by the Department of Employment within each employment region based on specified workflow proportions, as modified based on the star rating described below. Revenue under the *jobactive* program is based on the administration of and job outcomes for allocated places. Allocations of caseload as between *jobactive* providers is assessed every 18 months, based on the star ratings attained by the providers in each employment region. Regions with a star rating of 2 or lower can be at risk of having caseload re-assigned to other providers. Performance reviews are undertaken in each quarter and are assessed by the Department of Education. Mission Providence has achieved an overall star rating of 3, with a star rating of 2 in four of the employment regions in which it operates . During the most recent reallocation (December 2016), MP lost net 50 cases. The next reallocation occurs in June 2018. A significant decrease in the allocation of caseload to Mission Providence could adversely affect its financial performance and position.
Retention of key management	The operational and financial performance of Mission Providence is dependent on its ability to attract and retain experienced management. The loss or unavailability of key personnel that have been involved in the management of Mission Providence prior to the proposed acquisition could have an adverse impact on Mission Providence's financial performance and could adversely impact the ability of Mission Providence to renew the *jobactive* contract.
Availability of tax losses	Mission Providence has historically generated losses which can be used to offset future profits provided certain criteria are met. If those criteria are not met, Konekt will be unable to use those tax losses in the future. The inability to access those tax losses may adversely affect the financial performance and expected return on investment of Mission Providence.

TRANSACTION RISKS

RISK	DESCRIPTION
Completion risk	Completion of the acquisition of Mission Providence is expected to occur around September 2017, subject to delay due to Department of Employment consent. Should this consent not be received, for whatever reason, or should consent be granted on terms or conditions which are not acceptable to Konekt, the acquisition of Mission Providence may not proceed. If the acquisition does not complete for any reason, Konekt will consider options in relation to the use of funds raised under the Entitlement Offer, including use of the funds for working capital purposes, growth initiatives and/or a return of capital to Konekt shareholders. The alternative deployment of this capital may generate lower returns than the acquisition.
Analysis of acquisition opportunity	Konekt has undertaken financial, business and other analyses of Mission Providence in order to determine its attractiveness to Konekt and whether to pursue the acquisition. It is possible that such analyses, and the best estimate assumptions made by Konekt, draws conclusions and forecasts that are inaccurate or which are not realised in due course. To the extent that the actual results achieved by Mission Providence are different than those indicated by Konekt's analysis, there is a risk that the profitability and future earnings of the operations of the Combined Group may be materially different from the profitability and earnings expected as reflected in this Presentation.
Reliance on information provided	Konekt undertook a due diligence process in respect of Mission Providence, which relied in part on the review of financial and other information provided by the vendors of Mission Providence. Despite taking reasonable efforts, Konekt has not been able to verify the accuracy, reliability or completeness of all the information which was provided to it against independent data. Similarly, Konekt has prepared (and made assumptions in the preparation of) the financial information relating to Mission Providence on a stand- alone basis and also to the Konekt Group post-acquisition ("Combined Group") included in this Presentation in reliance on limited financial information and other information provided by the vendors of Mission Providence. Konekt is unable to verify the accuracy or completeness of all of that information. If any of the data or information provided to and relied upon by Konekt in its due diligence process and its preparation of this Presentation proves to be incomplete, incorrect, inaccurate or misleading, there is a risk that the actual financial position and performance of Mission Providence and the Combined Group may be materially different to the financial position and performance expected by Konekt and reflected in this Presentation. Investors should also note that there is no assurance that the due diligence conducted was conclusive and that all material issues and risks in respect of the acquisition have been identified. Therefore, there is a risk that unforeseen issues and risks may arise, which may also have a material impact on Konekt.
Integration risk	The acquisition involves the integration of the Mission Providence business, which has previously operated independently to Konekt. As a result, there is a risk that the integration of Mission Providence may be more complex than currently anticipated, encounter unexpected challenges or issues and takes longer than expected, diverts management attention or not deliver the expected benefits and this may affect Konekt's operating and financial performance. Further, the integration of Mission Providence's accounting functions may lead to revisions, which may impact on the Combined Group's reported financial results.

TRANSACTION RISKS

RISK	DESCRIPTION
Financing risk	The acquisition is partly funded by a new debt facility agreement, pursuant to which the Commonwealth Bank of Australia (CBA) will agree to provide debt financing for the transaction, subject to the terms and conditions of a debt financing agreement. If certain conditions are not satisfied or certain events occur, The CBA may terminate the debt financing agreement. Termination of the debt financing agreements would have an adverse impact on Konekt's sources of funding for the transaction.
Historical liability	If the acquisition of Mission Providence completes, Konekt may become directly or indirectly liable for any liabilities that Mission Providence has incurred in the past, which were not identified during its due diligence or which are greater than expected, and for which Konekt is unable to recover under the acquisition agreement. Such liability may adversely affect the financial performance or position of Konekt post-acquisition.
Change of control provisions	Some contracts to which Mission Providence is a party (including property leases and licences) contain change of control provisions that will be triggered by the sale of Mission Providence. Such provisions allow the counterparty to, variously, demand immediate or earlier repayment of borrowed monies, review or adversely modify or terminate the contract. If a counterparty to any such contract was to exercise some or all of those rights, this may, individually or in aggregate, have an adverse effect on Konekt, depending on the relevant contract.
Acquisition accounting	In accounting for the acquisition in the pro-forma combined balance sheet, Konekt has performed a preliminary fair value assessment of all of the assets, liabilities and contingent liabilities of Mission Providence. Konekt will undertake a formal fair value assessment of all of the assets, liabilities and contingent liabilities of Mission Providence post-acquisition, which may give rise to a materially different fair value allocation to that used for purposes of the pro-forma financial information set out in this Presentation. Such a scenario will result in a reallocation of the fair value of assets and liabilities acquired to or from goodwill and also an increase or decrease in depreciation and amortisation charges in the Combined Group's income statement (and a respective increase or decrease in net profit after tax).

OFFER RISKS

RISK	DESCRIPTION
Underwriting risk	Konekt has entered into an underwriting agreement under which an underwriter has agreed to fully underwrite the Placement and Entitlement Offer, subject to the terms and conditions of the underwriting agreement. If certain conditions are not satisfied or certain events occur, the underwriter may terminate the underwriting agreement. Termination of the underwriting agreement would have an adverse impact on the proceeds raised under the Entitlement Offer and Konekt's sources of funding for the acquisition. If the underwriting agreement is terminated Konekt will not be entitled to terminate the sale and purchase agreement for the Mission Providence acquisition. In these circumstances Konekt would need to find alternative funding to meet its contractual obligations. Termination of the underwriting agreement could materially adversely affect Konekt's business, cash flow, financial condition and results of operations. The underwriter's obligations to underwrite the Entitlement Offer are conditional on certain matters. These matters include that: • the Underwriter receiving certain sign-offs from the Company; and • the ASX approving the quotation of shares issued under the Entitlement Offer. The ability of the underwriters to terminate the underwriting agreement in respect of some events will depend on whether the event has or is likely to have a material adverse effect on the success, marketing or settlement of the Entitlement Offer, the value of the securities, or the willingness of investors to subscribe for securities, or where they may give rise to liability for the underwriter. In addition to these termination events, the occurrence of certain other events (including market disruption, hostilities, regulatory action or material adverse change) may affect the underwriter's obligation to underwrite the Entitlement Offer at the offer price under the underwriting agreement
Risk of dilution	You should note that if you do not take up all of your entitlement, then your percentage shareholding in Konekt will be diluted by not participating to the full extent in the Entitlement Offer.

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25 YEARS
KONEKT
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Local Knowledge. National Strength.