

KONEKT LIMITED

ACN 009 155 971

Entitlement Offer

**1 for 5 non-renounceable entitlement
offer of Konekt ordinary shares at
A\$0.48 per New Share**

The Entitlement Offer is fully underwritten

Entitlement Offer closes: 8 September 2017

This is an important document that requires your immediate attention. This document and the accompanying personalised Entitlement and Acceptance Form should be read in their entirety. This document is not a prospectus under the Corporations Act 2001 (Cth) and has not been lodged with the Australian Securities and Investments Commission. You should consult your stockbroker, solicitor, accountant or other professional adviser if you have any questions.

NOT FOR DISTRIBUTION OR RELEASE IN THE UNITED STATES

IMPORTANT NOTICES

This Information Booklet is dated 15 August 2017. Capitalised terms in this section have the meaning given to them in this Information Booklet.

The Entitlement Offer is made in accordance with section 708AA of the Corporations Act (as notionally modified by ASIC Corporations (Non-Traditional Rights Issues) Instrument 2016/84). This Information Booklet does not contain all of the information which an investor may require to make an informed investment decision. The information in this Information Booklet does not constitute financial product advice and does not take into account your investment objectives, financial situation or particular needs.

This Information Booklet should be read in its entirety before you decide to participate in the Entitlement Offer. This Information Booklet is not a prospectus or other disclosure document under the Corporations Act and has not been lodged with ASIC.

By returning an Entitlement and Acceptance Form or otherwise paying for your New Shares through BPAY®¹ in accordance with the instructions on the Entitlement and Acceptance Form, you acknowledge that you have read this Information Booklet and you have acted in accordance with and agree to the terms of the Entitlement Offer detailed in this Information Booklet.

No overseas offering

This Information Booklet and the accompanying Entitlement and Acceptance Form do not constitute an offer or invitation in any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation. In particular, this Information Booklet does not constitute an offer to Ineligible Shareholders and may not be distributed in the United States and the New Shares may not be offered or sold, directly or indirectly, to persons in the United States.

This Information Booklet is not to be distributed in, and no offer of New Shares is to be made, in countries other than Australia and New Zealand.

No action has been taken to register or qualify the Entitlement Offer, the Entitlements or the New Shares, or otherwise permit the public offering of the New Shares, in any jurisdiction other than Australia and New Zealand.

The distribution of this Information Booklet (including an electronic copy) outside Australia and New Zealand, is restricted by law. If you come into possession of the information in this booklet, you should observe such restrictions and should seek your own advice on such restrictions. Any non-compliance with these restrictions may contravene applicable securities laws.

Foreign exchange control restrictions or restrictions on remitting funds from your country to Australia may apply. Your Application for New Shares is subject to all requisite authorities and clearances being obtained for Konekt to lawfully receive your Application Monies.

New Zealand

The New Shares are not being offered or sold to the public within New Zealand other than to existing shareholders of Konekt with registered addresses in New Zealand to whom the offer of New Shares is being made in reliance on the Securities Act (Overseas Companies) Exemption Notice 2013 (New Zealand).

This document has been prepared in compliance with Australian law and has not been registered, filed with or approved by any New Zealand regulatory authority. This document is not an investment statement or prospectus under New Zealand law and is not required to, and may not, contain all the information that an investment statement or prospectus under New Zealand law is required to contain.

United States disclaimer

None of the information in this booklet or the Entitlement and Acceptance Form that will accompany this booklet when it is despatched to Eligible Shareholders (as set out in the Key Dates section) constitutes an offer to sell, or the solicitation of an offer to buy, any securities in the United States. Neither this booklet (or any part of it), the accompanying ASX announcement nor the Entitlement and Acceptance Form when that is to be made available, may be released or distributed directly or indirectly, to persons in the United States.

The New Shares have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended or the securities laws of any state or other jurisdiction of the United States. The Entitlements may not be taken up by persons in the United States or by persons (including nominees or custodians) who are acting for the account or benefit of a person in the United States, and the New Shares may not be offered, sold or resold in the United States or to, or for the account or benefit of, a person in the United States except in transactions exempt from, or not subject to, the registration requirements of the US Securities Act and applicable securities laws of any state or other jurisdiction in the United States.

Definitions, currency and time

Defined terms used in this Information Booklet are contained in section 6. All references to time are to the time in Sydney (Australia), unless otherwise indicated.

Foreign exchange

All references to '\$' are AUD unless otherwise noted.

Taxation

There will be tax implications associated with participating in the Entitlement Offer and receiving New Shares. Section 5 provides for a general guide to the Australian income tax, goods and services tax and stamp duty implications of the Entitlement Offer for Eligible Shareholders. The guide does not take account of the individual circumstances of particular Eligible Shareholders and does not constitute tax advice. Konekt recommends that you consult your professional tax adviser in connection with the Entitlement Offer.

Privacy

Konekt collects information about each Applicant provided on an Entitlement and Acceptance Form for the purposes of processing the Application and, if the Application is successful, to administer the Applicant's shareholding in Konekt.

By submitting an Entitlement and Acceptance Form, you will be providing personal information to Konekt (directly or through the Share Registry). Konekt collects, holds and will use that information to assess your Application. Konekt collects your personal information to process and administer your shareholding in Konekt and to provide related services to you. Konekt may disclose your personal information for purposes related to your shareholding in Konekt, including to the Share Registry, Konekt's related bodies corporate, agents, contractors and third party service providers, including mailing houses and professional advisers, and to ASX and regulatory bodies. You can obtain access to personal information that Konekt holds about you. To make a request for access to your personal information held by (or on behalf of) Konekt, please contact Konekt through the Share Registry.

Governing law

This Information Booklet, the Entitlement Offer and the contracts formed on acceptance of the Applications are governed by the law of New South Wales, Australia. Each Applicant submits to the exclusive jurisdiction of the courts of New South Wales, Australia.

No representations

No person is authorised to give any information or to make any representation in connection with the Entitlement Offer which is not contained in this Information Booklet. Any information or representation in connection with the Entitlement Offer not contained in the Information Booklet may not be relied upon as having been authorised by Konekt or any of its officers.

Past performance

Investors should note that Konekt's past performance, including past share price performance, cannot be relied upon as an indicator of (and provides no guidance as to) Konekt's future performance including Konekt's future financial position or share price performance.

Future performance

This Information Booklet contains certain forward-looking statements with respect to the financial condition, results of operations, projects and business of Konekt and certain plans and objectives of the management of Konekt. These forward-looking statements contained in this Information Booklet involve known and unknown risks, uncertainties and other factors which are subject to change without notice, and may involve significant elements of subjective judgement and assumptions as to future events which may or may not be correct.

Forward-looking statements are provided as a general guide only and there can be no assurance that actual outcomes will not differ materially from these statements. Neither Konekt, nor any other person, gives any representation, warranty, assurance or guarantee that the occurrence of the events expressed or implied in any forward-looking statement will actually occur. In particular, such forward-looking statements are subject to significant uncertainties and contingencies, many of which are outside the control of Konekt. A number of important factors could cause actual results or performance to differ materially from the forward looking statements. Investors should consider the forward looking statements contained in this Information Booklet in light of those disclosures. Except as required by law or regulation (including the ASX Listing Rules), Konekt undertakes no obligation to provide any additional or updated information whether as a result of new information, future events or results or otherwise.

Risks

Refer to the 'Risk' section of the Investor Presentation included in section 3 of this Information Booklet for a summary of general and specific risk factors that may affect Konekt.

Trading New Shares

Konekt will have no responsibility and disclaims all liability (to the maximum extent permitted by law) to persons who trade New Shares they believe will be issued to them before they receive their holding statements, whether on the basis of confirmation of the allocation provided by Konekt or the Share Registry or otherwise, or who otherwise trade or purport to trade New Shares in error or which they do not hold or are not entitled to.

If you are in any doubt, as to these matters you should first consult with your stockbroker, solicitor, accountant or other professional adviser.

¹ ® registered to BPAY Pty Ltd ABN 69 079 137 518.

Chairman's letter

15 August 2017

Dear Shareholder

As a valued shareholder of Konekt Limited (**Konekt**), I am pleased to offer you the opportunity to participate in Konekt's recently announced fully underwritten 1 for 5 non-renounceable entitlement offer of new Konekt ordinary shares (**New Shares**) at an offer price of A\$0.48 (**Offer Price**) per New Share to raise approximately A\$7 million (**Entitlement Offer**).

Offer and Use of Proceeds

On 11 August 2017, Konekt announced its intention to raise approximately A\$15.7 million through an equity raising comprising:

- the Entitlement Offer to raise approximately A\$7 million; and
- an institutional placement of New Shares at an offer price of A\$0.48 per New Share (**Placement** and together with the Entitlement Offer, the **Offer**) to raise approximately A\$8.7 million.

Attached to this letter is the information booklet (**Information Booklet**) relating to the Entitlement Offer (**Entitlement Offer**). The Entitlement Offer is expected to raise approximately A\$7 million.

The proceeds of the Offer will be applied to funding the acquisition by Konekt of Mission Providence Pty Ltd (**Mission Providence**) as announced on 11 August 2017 and also to provide working capital for Konekt. The Entitlement Offer is fully underwritten.

Mission Providence is one of 43 providers holding a *jobactive* contract with the Federal Government's Department of Employment. The *jobactive* contract runs to 30 June 2020 when it is expected to be put up for review prior to expiry, which may include tender, roll-over or restructuring of the program. The business operates from 85 locations and has more than 400 staff. In FY17, it generated revenues of over \$51.0m.

Entitlement Offer

The number of New Shares for which you are entitled to subscribe under the Entitlement Offer (**Entitlement**) is set out in your personalised Entitlement and Acceptance Form that will accompany this Information Booklet when it is dispatched to Eligible Shareholders on 21 August 2017.

The Offer Price of A\$0.48 per New Share represents a 11.2% discount to the Theoretical Ex-Rights Price (**TERP**)².

If you take up your full Entitlement, you may also apply for additional New Shares in excess of your Entitlement at the Offer Price (**Top Up Facility**). The allocation of additional New Shares will be subject to the availability of New Shares under the Offer. Konekt retains the flexibility to scale back applications for additional New Shares at its discretion (refer to section 4 of this Information Booklet for more information).

The Entitlement Offer is non-renounceable and therefore your Entitlement will not be tradeable on the ASX, cannot be sold and is not otherwise transferable. I encourage you to consider this offer carefully.

The Konekt directors have committed that they, and their associated entities, will together subscribe for up to A\$4 million of New Shares in the Entitlement Offer via a combination of taking up some or all their respective Entitlements and additional sub-underwriting commitments.

² The Theoretical Ex-Rights Price (**TERP**) is calculated by reference to Konekt's closing price of A\$0.56 per share on 8 August 2017, being the last trading day prior to the announcement of the Entitlement Offer. TERP is a theoretical calculation only and the actual price at which Konekt's shares trade immediately after the ex-date of the Entitlement Offer will depend on many factors and may not approximate TERP.

Other information

This Information Booklet contains important information, including:

- ASX announcements relating to the Offer, including the Investor Presentation released to the ASX on 11 August 2017, and provides information on Konekt, the Offer and key risks for you to consider;
- instructions on how to participate in the Entitlement Offer if you choose to do so and a timetable of key dates;
- information regarding the personalised Entitlement and Acceptance Form that will accompany this Information Booklet when it is dispatched to Eligible Shareholders, which will detail your Entitlement, to be completed in accordance with the instructions in this Information Booklet and your personalised Entitlement and Acceptance Form; and
- instructions on how to take up all or part of your Entitlement via BPAY or by cheque.

You should carefully read this Information Booklet in its entirety and consult your financial adviser before making your investment decision. In particular, you should read and consider the “Key Risks” section of the Investor Presentation included in Section 3 of this Information Booklet, which contains a summary of some of the key risks associated with an investment in Konekt. If you are uncertain about taking up your Entitlement you should consult your stockbroker, solicitor, accountant or other professional adviser to evaluate whether or not to participate in the Entitlement Offer.

If you have any questions in relation to any of the above matters, please contact the Company's share registry, Computershare Investor Services Pty Limited on 1300 850 505 (within Australia) or +61 3 9415 4000 (outside Australia) from 8.30am to 5.00pm (Sydney time) Monday to Friday. For other questions, you should contact your stockbroker, accountant, taxation advisor, financial adviser or other professional adviser.

The Entitlement Offer closes at 5.00pm (Sydney time) on 8 September 2017.

If you do not wish to take up any of your Entitlement, you do not have to take any action.

If you decide to take this opportunity to increase your investment in Konekt please ensure that, before 5.00pm (Sydney time) on 8 September 2017, you have paid your Application Monies, preferably via BPAY pursuant to the instructions that are set out in the personalised Entitlement and Acceptance Form that will accompany this Information Booklet when it is dispatched to you, or otherwise that your completed Entitlement and Acceptance Form and your Application Monies are received in cleared funds by the Share Registry.

On behalf of the board of Konekt, I have pleasure in inviting you to consider this investment opportunity and thank you for your ongoing support of Konekt.

Yours sincerely

Doug Flynn
Chairman

Summary of the Offer

Offer	
Ratio	1 New Share for every 5 existing Konekt ordinary shares
Offer Price	A\$0.48 per New Share
Size	Approximately 14.6 million New Shares under the Entitlement Offer
Gross proceeds	A\$15.7 million, comprising approximately A\$8.7 million under the Placement and approximately A\$7 million under the Entitlement Offer

Key dates

Activity	Date
Announcement of the Offer	11 August 2017
Information Booklet lodged with the ASX	15 August 2017
Record Date (7.00pm Sydney time)	17 August 2017
Information Booklet and Entitlement and Acceptance Form despatch complete	21 August 2017
Entitlement Offer opens	21 August 2017
Allotment of New Shares under the Placement	22 August 2017
New Shares issued under the Placement commence trading	23 August 2017
Entitlement Offer closes (5.00pm Sydney time)	8 September 2017
Results of Entitlement Offer announced	13 September 2017
Allotment of New Shares issued under the Entitlement Offer	14 September 2017
New Shares issued under the Entitlement Offer commence trading	15 September 2017
Dispatch of holding statements for New Shares issued under the Entitlement Offer	22 September 2017

This Timetable above is indicative only and may change. Konekt reserves the right to amend any or all of these dates and times without notice, subject to the Corporations Act, the ASX Listing Rules and other applicable laws. In particular, Konekt reserves the right to extend the closing date for the Entitlement Offer, to accept late applications under the Entitlement Offer (either generally or in particular cases) and to withdraw the Entitlement Offer without prior notice. Any extension of the closing date will have a consequential effect on the allotment date of New Shares. The commencement of quotation of the New Shares is subject to confirmation from ASX.

Konekt also reserves the right not to proceed with the Offer in whole or in part at any time prior to allotment and issue of the New Shares. In that event, the relevant Application Monies (without interest) will be returned in full to Applicants. Cooling off rights do not apply to an investment in New Shares. You cannot withdraw your application once it has been accepted. Eligible Shareholders wishing to participate in the Entitlement Offer are encouraged to submit their Entitlement and Acceptance Form as soon as possible after the Entitlement Offer opens.

Enquiries

For further information on the Entitlement Offer, please contact the Company's share registry, Computershare Investor Services Pty Limited on 1300 850 505 (within Australia) or +61 3 9415 4000 (outside Australia) from 8.30am to 5.00pm (Sydney time) Monday to Friday. For other questions, you should contact your stockbroker, accountant, taxation advisor, financial adviser or other professional adviser.

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1 Summary of options available to you

If you are an Eligible Shareholder³, you may take one of the following actions:

- take up all of your Entitlement and also apply for additional New Shares under the Top Up Facility;
- take up all of your Entitlement but not apply for any additional New Shares under the Top Up Facility;
- take up part of your Entitlement and allow the balance to lapse, in which case you will receive no value for the lapsed Entitlement; or
- do nothing, in which case your Entitlement will lapse and you will receive no value for the lapsed Entitlement.

If you are a Shareholder that is not an Eligible Shareholder, you are an **"Ineligible Shareholder"**. Ineligible Shareholders are not entitled to participate in the Entitlement Offer.

Options available to you	Key considerations
Take up all of your Entitlement	<p>You may elect to purchase New Shares at the Offer Price (see section 2 "How to Apply" for instructions on how to take up your Entitlement).</p> <p>The New Shares will rank equally in all respects with existing Shares (including rights to dividends and distributions).</p> <p>If you take up all of your Entitlement, you may also apply for additional New Shares under the Top Up Facility. There is no guarantee that you will be allocated any additional New Shares under the Top Up Facility.</p>
Take up part of your Entitlement	<p>If you only take up part of your Entitlement, the part not taken up will lapse. You will not be entitled to apply for additional New Shares under the Top Up Facility.</p> <p>If you do not take up your Entitlement in full the balance not taken up will lapse and you will not receive any payment or value for those Entitlements not taken up.</p> <p>If you do not take up your Entitlement in full, you will have your percentage holding in Konekt reduced as a result of dilution by the shares issued under the Entitlement Offer (in addition to the dilution by the shares issued under the Placement).</p>
Do nothing, in which case your Entitlement will lapse and you will receive no value for the lapsed Entitlement	<p>If you do not take up your Entitlement, you will not be allocated New Shares and your Entitlement will lapse. Your Entitlement to participate in the Entitlement Offer is non-renounceable, which means it is non-transferrable and cannot be sold, traded on ASX or any other exchange, nor can it be privately transferred.</p> <p>If you do not take up your Entitlement, you will have your percentage holding in Konekt reduced as a result of dilution by the shares issued under the Entitlement Offer (in addition to the dilution by the shares issued under the Placement).</p>

³ See Section 4.1.

2 How to apply

2.1 Entitlement Offer

The Entitlement Offer constitutes an offer to Eligible Shareholders, who are invited to apply for 1 New Share for every 5 Shares held on the Record Date at 7.00pm on 17 August 2017. The Offer Price of A\$0.48 per New Share represents a discount of 11.2% to TERP.

The Entitlement Offer is non-renounceable. Accordingly, Entitlements do not trade on the ASX, nor can they be sold, transferred or otherwise disposed of.

The Entitlement Offer opens on 21 August 2017. The Information Booklet will be dispatched on 21 August 2017, along with a personalised Entitlement and Acceptance Form, to Eligible Shareholders. The Entitlement Offer is expected to close at 5.00pm (Sydney time) on 8 September 2017.

The Entitlement Offer is being made pursuant to section 708AA of the Corporations Act (as modified by ASIC Corporations (Non-Traditional Rights Issues) Instrument 2016/84) which allows rights issues to be offered without a prospectus, provided certain conditions are satisfied.

As a result, this offer is not being made under a prospectus and it is important for Eligible Shareholders to read and understand the information on Konekt and the Entitlement Offer made publicly available by Konekt, prior to taking up all or part of their Entitlement. In particular, please refer to the materials enclosed in section 3, Konekt's interim and annual reports, other announcements made available at <http://www.konekt.com.au/investors/annual-reports/or/www.asx.com.au> (including Konekt's full year results for the year ended 30 June 2017 released to ASX on 11 August 2017) and all other parts of this Information Booklet carefully before making any decisions in relation to your Entitlement.

2.2 Your Entitlement

An Entitlement and Acceptance Form setting out your Entitlement (calculated as 1 New Share for every 5 Shares held on the Record Date with fractional entitlements rounded up to the nearest whole number of New Shares) will accompany this Information Booklet when it is despatched to Eligible Shareholders. Eligible Shareholders may subscribe for all or part of their Entitlement. If you have more than one registered holding of Shares, you will be sent more than one personalised Entitlement and Acceptance Form and you will have a separate Entitlement for each separate holding.

2.3 Options available to you

The number of New Shares to which Eligible Shareholders are entitled is shown on the Entitlement and Acceptance Form that will accompany this Information Booklet when it is dispatched to you. Eligible Shareholders may:

- (a) take up their Entitlement in full and, if they do so, they may apply for additional New Shares under the Top Up Facility (refer to section 2.4);
- (b) take up part of their Entitlement, in which case the balance of the Entitlement would lapse (refer to section 2.5); or
- (c) allow their Entitlement to lapse (refer to section 2.6).

Ineligible Shareholders may not take up any of their Entitlements.

Konekt reserves the right to reject any Entitlement and Acceptance Form that is not correctly completed or that is received after the Closing Date.

The Closing Date for acceptance of the Entitlement Offer is **5.00pm (Sydney time) on 8 September 2017** (however, that date may be varied by Konekt, in accordance with the Listing Rules and the Underwriting Agreement).

2.4 Taking up all of your Entitlement or taking up all of your Entitlement and participating in the Top Up Facility

If you wish to take up all or part of your Entitlement, payment must be made via BPAY by following the instructions set out on the personalised Entitlement and Acceptance Form.

Payment must be received by no later than 5.00pm (Sydney time) on 8 September 2017. If you apply to take up all of your Entitlement, you may also apply for additional New Shares under the Top Up Facility. Amounts received by Konekt in excess of the Offer Price multiplied by your Entitlement may be treated as an Application to apply for as many additional New Shares as your Application Monies will pay for in full.

If you apply for additional New Shares under the Top Up Facility and if your application is successful (in whole or in part), your New Shares will be issued to you at the same time that other New Shares are issued under the Entitlement Offer. Additional New Shares will only be allocated to Eligible Shareholders if available. If you apply for additional New Shares, there is no guarantee that you will be allocated any additional New Shares.

Any New Shares referable to Entitlements not taken up by the Closing Date may be made available to those Eligible Shareholders who took up their full Entitlement and applied for additional New Shares under the Top Up Facility. There is no guarantee that such Shareholders will receive the number of New Shares applied for under the Top Up Facility, or any. Additional New Shares will only be allocated to Eligible Shareholders if available and then only if and to the extent that Konekt so determines, in its absolute discretion.

Refund amounts, if any, will be paid in Australian dollars. You will be paid either by direct credit to the nominated bank account as noted on the share register as at the Closing Date or by cheque sent by ordinary post to your address as recorded on the share register (the registered address of the first-named in the case of joint holders). If you wish to advise or change your banking instructions with the Share Registry you may do so by going to www.computershare.com/au and logging into the Investor Centre.

2.5 Taking up part of your Entitlement and allowing the balance to lapse

If you wish to take up part of your Entitlement, payment must be made by following the instructions set out on the personalised Entitlement and Acceptance Form. If Konekt receives an amount that is less than the Offer Price multiplied by your Entitlement, your payment may be treated as an Application for as many New Shares as your Application Monies will pay for in full.

2.6 Allowing your Entitlement to lapse

If you do not wish to accept all or any part of your Entitlement, do not take any further action and all or that part of your Entitlement will lapse.

2.7 Consequences of not accepting all or part of your Entitlement

If you do not accept all or part of your Entitlement in accordance with the instructions set out above, those New Shares for which you would have otherwise been entitled under the Entitlement Offer (including New Shares that relate to the portion of your Entitlement that has not been accepted) may be acquired by the Underwriter or any sub-underwriters or by Eligible Shareholders under the Top Up Facility.

By allowing your Entitlement to lapse, you will forgo any exposure to increases or decreases in the value of the New Shares had you taken up your Entitlement and you will not receive any value for your Entitlement. Your interest in Konekt will also be diluted (in addition to the dilution by the shares issued under the Placement).

2.8 Payment

Payment should be made using BPAY if possible. Payments can also be made by cheque (see below at 2.10).

Cash payments will not be accepted. Receipts for payment will not be issued.

Konekt will treat you as applying for as many New Shares as your payment will pay for in full up to your Entitlement.

Any Application Monies received for more than your final allocation of New Shares will be refunded as soon as practicable after the close of the Entitlement Offer. No interest will be paid to applicants on any Application Monies received or refunded.

2.9 Payment by BPAY

For payment by BPAY, please follow the instructions on the personalised Entitlement and Acceptance Form.

You can only make payment via BPAY if you are the holder of an account with an Australian financial institution that supports BPAY transactions.

If you are paying by BPAY, please make sure you use the specific Biller Code and your unique Customer Reference Number (**CRN**) on your personalised Entitlement and Acceptance Form.

If you have multiple holdings and consequently receive more than one personalised Entitlement and Acceptance Form, when taking up your Entitlement in respect of one of those holdings only use the CRN specific to that holding. If you do not use the correct CRN specific to that holding your application will not be recognised as valid.

Please note that by paying by BPAY:

- (a) you do not need to submit your personalised Entitlement and Acceptance Form but are taken to make the declarations, representations and warranties referred to on that Entitlement and Acceptance Form and in section 2.11; and
- (b) if you do not pay for your full Entitlement, you are deemed to have taken up your Entitlement in respect of such whole number of New Shares which is covered in full by your Application Monies.

It is your responsibility to ensure that your BPAY payment is received by the Share Registry by no later than 5.00pm (Sydney time) on 8 September 2017. You should be aware that your financial institution may implement earlier cut-off times with regard to electronic payment and you should therefore take this into consideration in the timing of when you make payment.

2.10 If you are unable to pay by BPAY

Konekt encourages payments by BPAY if possible.

For payment by cheque, you should complete your personalised Entitlement and Acceptance Form in accordance with the instructions on the form and return it accompanied by a cheque in Australian currency for the amount of the Application Monies, payable to 'Konekt Entitlement Offer' and crossed 'Not Negotiable'.

It is your responsibility to ensure that your payment by cheque is received by the Share Registry by no later than 5.00pm (Sydney time) on 8 September 2017. You must ensure cleared funds are held in your account as your cheque will be banked as soon as it is received. Please note that you should consider postal and cheque clearance timeframes in meeting this deadline.

Your cheque must be:

- (a) for an amount equal to A\$0.48 multiplied by the number of New Shares that you are applying for; and
- (b) in Australian currency drawn on an Australian branch of a financial institution. Payment cannot be made in New Zealand dollars. New Zealand resident shareholders must arrange for payment to be made in Australian dollars.

You should ensure that sufficient funds are held in relevant account(s) to cover the Application Monies as your cheque will be processed on the day of receipt. If the amount of your cheque for Application Monies (or the amount for which the cheque clears in time for allocation) is insufficient to pay in full for the number of New Shares you have applied for in your personalised Entitlement and Acceptance Form, you will be taken to have applied for such lower whole number of New Shares as your cleared Application Monies will pay for (and to have specified that number of New Shares on your personalised Entitlement and Acceptance Form). Alternatively, your application will not be accepted.

If you make payment via cheque, you should mail your completed personalised Entitlement and Acceptance Form together with the cheque to:

Computershare Investor Services Pty Limited
GPO Box 505
Melbourne Victoria 3001
Australia

Personalised Entitlement and Acceptance Forms and Application Monies will not be accepted at Konekt's registered or corporate offices or other offices of the Konekt Share Registry.

2.11 Entitlement and Acceptance Form is binding

A payment made through BPAY or a completed and lodged Entitlement and Acceptance Form together with the payment of requisite Application Monies constitutes a binding offer to acquire New Shares on the terms and conditions set out in this Information Booklet and, once lodged or paid, cannot be withdrawn. If the Entitlement and Acceptance Form is not completed correctly it may still be treated as a valid application for New Shares. Konekt's decision whether to treat an acceptance as valid and how to construe, amend or complete the Entitlement and Acceptance Form is final.

By making a payment by BPAY or by completing and returning your personalised Entitlement and Acceptance Form with the requisite Application Monies, you will also be deemed to have acknowledged, represented and warranted on behalf of each person on whose account you are acting that:

- (a) you have read and understand this Information Booklet and your personalised Entitlement and Acceptance Form in their entirety;
- (b) you agree to be bound by the terms of the Entitlement Offer, the provisions of this Information Booklet, and Konekt's constitution;
- (c) you authorise Konekt to register you as the holder(s) of New Shares allotted to you;
- (d) you declare that all details and statements in the personalised Entitlement and Acceptance Form are complete and accurate;
- (e) you declare you are over 18 years of age and have full legal capacity and power to perform all of your rights and obligations under the personalised Entitlement and Acceptance Form;
- (f) once Konekt receives your personalised Entitlement and Acceptance Form or any payment of Application Monies via BPAY or cheque, you may not withdraw your application or funds provided except as allowed by law;

- (g) you agree to apply for and be issued up to the number of New Shares specified in the personalised Entitlement and Acceptance Form, or for which you have submitted payment of any Application Monies via BPAY, at the Offer Price per New Share;
- (h) you authorise Konekt, the Underwriter, the Share Registry and their respective officers or agents to do anything on your behalf necessary for New Shares to be issued to you, including to act on instructions of the Share Registry upon using the contact details set out in your personalised Entitlement and Acceptance Form;
- (i) you declare that you were the registered holder(s) at the Record Date of the Shares indicated on the personalised Entitlement and Acceptance Form as being held by you on the Record Date;
- (j) the information contained in this Information Booklet and your personalised Entitlement and Acceptance Form is not investment advice nor a recommendation that New Shares are suitable for you given your investment objectives, financial situation or particular needs;
- (k) this Information Booklet is not a prospectus, does not contain all of the information that you may require in order to assess an investment in Konekt and is given in the context of Konekt's past and ongoing continuous disclosure announcements to ASX;
- (l) the statement of risks in the "Key Risks" section of the Investor Presentation included in the Section 3 of this Information Booklet, and that investments in Konekt are subject to risk;
- (m) none of Konekt, the Underwriter, or their respective related bodies corporate and affiliates and their respective directors, officers, partners, employees, representatives, agents, consultants or advisers, guarantees the performance of Konekt, nor do they guarantee the repayment of capital;
- (n) you agree to provide (and direct your nominee or custodian to provide) any requested substantiation of your eligibility to participate in the Entitlement Offer and of your holding of Shares on the Record Date;
- (o) you authorise Konekt to correct any errors in your personalised Entitlement and Acceptance Form or other form provided by you;
- (p) you represent and warrant (for the benefit of Konekt, the Underwriter and their respective related bodies corporate and affiliates) that you are not an Ineligible Shareholder and are otherwise eligible to participate in the Entitlement Offer;
- (q) you represent and warrant that the law of any place does not prohibit you from being given this Information Booklet and the personalised Entitlement and Acceptance Form, nor does it prohibit you from making an application for New Shares and that you are otherwise eligible to participate in the Entitlement Offer;
- (r) you are an Eligible Shareholder and are not in the United States and are not a person (including nominees or custodians) acting for the account or benefit of a person in the United States and are not otherwise a person to whom it would be illegal to make an offer or issue New Shares under the Entitlement Offer;
- (s) the New Shares have not been, and will not be, registered under the US Securities Act or under the laws of any other jurisdiction outside Australia;
- (t) you have not and will not send any materials relating to the Entitlement Offer to any person in the United States or to any person (including nominees or custodians) acting for the account or benefit of a person in the United States; and
- (u) agree that if in the future you decide to sell or otherwise transfer the New Shares, you will only do so in transactions where neither you nor any person acting on your behalf knows, or has reason to know, that the sale has been pre-arranged with, or that the purchaser is, a person in the United States or who is acting for the account or benefit of a person in the United States.

2.12 Brokerage and stamp duty

No brokerage fee is payable by Eligible Shareholders who accept their Entitlement or additional New Shares under the Top Up Facility. No stamp duty is payable for subscribing for New Shares under the Entitlement Offer or for additional New Shares under the Top Up Facility.

2.13 Notice to nominees and custodians

The Entitlement Offer is being made to all Eligible Shareholders. Nominees with registered addresses in the eligible jurisdictions may be able to participate in the Entitlement Offer in respect of some or all of the beneficiaries on whose behalf they hold existing Shares, provided that the applicable beneficiary would satisfy the criteria for an Eligible Shareholder.

Nominees and custodians who hold Shares as nominees or custodians will have received, or will shortly receive, a letter from Konekt. Nominees and custodians should consider carefully the contents of that letter and note in particular that the Entitlement Offer is not available to:

- (a) beneficiaries on whose behalf they hold existing Shares who would not satisfy the criteria for an Eligible Shareholder; or
- (b) shareholders who are not eligible under all applicable securities laws to receive an offer under the Entitlement Offer.

In particular, persons acting as nominees for other persons may not take up Entitlements on behalf of, or send any documents relating to the Entitlement Offer to, any person in the United States.

Konekt is not required to determine whether or not any registered holder is acting as a nominee or the identity or residence of any beneficial owners of Shares. Where any holder is acting as a nominee for a foreign person, that holder, in dealing with its beneficiary, will need to assess whether indirect participation by the beneficiary in the Entitlement Offer is compatible with applicable foreign laws. Konekt is not able to advise on foreign laws.

2.14 Withdrawal of the Offer

Subject to applicable law, Konekt reserves the right to withdraw the Offer at any time before the issue of New Shares, in which case Konekt will refund any Application Monies already received in accordance with the Corporations Act and will do so without interest being payable to applicants.

2.15 Risks

Eligible Shareholders should be aware that an investment in Konekt involves risks. The key risks identified by Konekt are set out from page 27 of the Investor Presentation in section 3 of this book.

2.16 Further Enquiries

If you have not received or you have lost your personalised Entitlement and Acceptance Form, or have any questions regarding the Entitlement Offer, please contact the Konekt Entitlement Offer Information Line on 1300 850 505 (within Australia) or +61 3 9415 4000 (outside Australia) from 9.00am to 5.00pm (Sydney time) Monday to Friday, before the Entitlement Offer closes at 5.00pm (Sydney time) on 8 September 2017. If you have any further questions, you should contact your stockbroker, solicitor, accountant or other professional adviser.



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11 August 2017

Konekt Limited (ASX: KKT)

ASX Limited
Company Announcements Office
Exchange Centre
20 Bridge Street
Sydney NSW 2000

Konekt FY17 Underlying Revenue up 21% and Underlying EBITDA up 33%

Acquisition of Mission Providence (*jobactive* provider) for \$24.0m

Acquisition funding – Rights Issue \$7.0m and Placement of \$8.7m

Highlights

FY17 Results

- ▶ Continued strong growth in FY17 (underlying revenue \$53.1m - 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 a cash consideration of \$24.0m
- ▶ A leading provider of Employment Services (c80% of revenues) and the New Enterprise Incentive Scheme (NEIS) under the Federal Government's *jobactive* program
- ▶ Expansion into adjacent market, consistent with Konekt's RTW focus and purpose of maximising workforce participation for individuals
- ▶ In line with strategy, skill set and provides a significant additional avenue for future growth

Proudly part of the Konekt Group of Companies



Funding

- ▶ Placement and rights issue to raise \$15.7m in aggregate
- ▶ Institutional placement, raising \$8.7m (18.2m new shares at \$0.48 per new share)
- ▶ Fully underwritten non-renounceable 1-for-5 rights issue at \$0.48 per new share, raising \$7.0m
- ▶ New shares will not be entitled to final FY17 dividend announced today and the placement shares will not be entitled to participate in the rights issue
- ▶ In addition to the equity raising, credit approved acquisition facility for \$18.3m with the Commonwealth Bank of Australia (CBA)

FY17 results

Konekt Limited (ASX: KKT) today reported its full year results for the 12 months ended 30 June 2017 (FY17), showing continued strong growth across all financial and operational metrics over previous financial year.

Konekt Chief Executive Officer and Managing Director, Damian Banks, said: “We continued to grow our revenues and operating margins in FY17. We have successfully integrated the five acquisitions we completed in FY16, strengthened our national footprint and leveraged our expanded capabilities into the injury prevention, organisational health and risk management workplace sectors of the market.

We were pleased to execute a new contract with Medibank Health Solutions for the provision of rehabilitation services until October 2018 effective from 9 May 2017. The major change in the new contract is that Konekt’s rehabilitation services will now be directly supplied on-base through Medibank’s Garrison Health Services. The types of services offered are similar to the previous contract, with some improvements in relation to clinical governance, proximity and multi-disciplinary team capability.”

Financial Results Summary

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	54%
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	0.5	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 interest includes interest expense unwind of \$313,000 for deferred consideration in relation to acquisitions in accordance with accounting standards. FY16 interest expense unwind was \$186,000 due to timing of acquisitions completed during the period

FY17 Operational Highlights

- ▶ Strengthened customer relations - executed new Medibank Health Solutions contract in May 2017 and significant panel appointment in Commonwealth government sector
- ▶ Appointed to the *icare* NSW workers compensation panel for 2017/18
- ▶ Expanded customer base with an 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
- ▶ Diversified customer portfolio - insurance companies (35%), corporates (20%) and government institutions (45%)
- ▶ FY16 acquisitions successfully integrated and performing in line with expectations
- ▶ Continued strong RTW rates (Same Employer) achieved – 94% level maintained

Dividend

The Board has declared a fully franked final dividend for the year of 0.75 cents per share. The company's approach to dividends is to balance shareholder dividends with franking credit availability and the company's need to fund continued growth. The record date for the dividend is 17 August 2017 and payable on 8 November 2017.

Acquisition of Mission Providence

Konekt has today executed contracts to acquire 100% of Mission Providence Pty Ltd ("Mission Providence"), a leading provider of Employment Services and the New Enterprise Incentive Scheme (NEIS) under the Federal Government's *jobactive* program (the "Acquisition").

Mission Providence is a joint venture between Mission Australia and The Providence Service Corporation (US). It is one of 43 providers holding a *jobactive* contract with the Federal Government's Department of Employment. The *jobactive* contract runs for five years to 30 June 2020 when it is expected to be put up for review prior to expiry, which may include tender, roll-over or restructuring of the program.

The business operates from 85 locations and has more than 400 staff. In FY17, it generated revenues of over \$51m. The acquisition will double Konekt's scale.

Employment Services revenue (representing 78% of Mission Providence's FY17 revenues) comprises:

- ▶ administration fees (representing 40% of the program), payable every six months, driven by the number of jobseekers (case load); and
- ▶ outcome fees (stage payments representing 60% of the program), payable in respect of outcomes achieved by jobseekers (and, in particular, the time jobseekers spend in their roles following placement).

NEIS revenue represented 15% of FY17 revenues with the balance from ancillary sources.

Mission Providence has a strong and sector-experienced management team led by CEO, Anthony Steel, who will continue to lead the business.

Konekt Managing Director, Damian Banks, said: "The acquisition of Mission Providence makes strategic sense for our business and delivers value for all our stakeholders. It enables us to expand into adjacent employment markets with scale, consistent with our focus and purpose of maximising outcomes for the individuals with

whom we work. We are confident the Acquisition will deliver improved customer outcomes, enhanced returns for shareholders and new opportunities for employees.

We have been actively reviewing a range of opportunities in this field for the past 18 months and Mission Providence is a standout business.”

Importantly, Anthony Steel, CEO of Mission Providence, will continue in his role under Konekt’s ownership. We are pleased to welcome the Mission Providence staff to the Konekt group and look forward to working together to deliver great employment outcomes for individuals and build on our market presence.

Mr Steel said, “We have a proud heritage of helping individuals in Australia, and have a business which engages our staff to focus on individuals and achieving positive employment outcomes for them. Konekt offers an additional strength via its deep understanding of safe and healthy workplaces. Combining these businesses makes great sense and will allow our staff to flourish for the benefit of our clients.”

Strategic and Financial Rationale

- ▶ Attractive acquisition consistent with Konekt’s Return-to-Work focus and purpose of maximising workforce participation for individuals
- ▶ 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 national footprint
- ▶ Enables Konekt to expand further into employment and related return to work programs, leveraging Konekt’s experience in workplace rehabilitation services with Mission Providence’s expertise
- ▶ Financially compelling, with projected pro forma FY18 EPS (before amortisation) accretion of circa. 20% to KKT shareholders

Funding and Equity Raising

The purchase price is \$24.0m cash, subject to certain purchase price adjustments (including working capital). Completion is expected to occur towards the end of Q1 FY18, subject to Department of Employment consent. The consideration will be funded by debt (\$17.0m) and new equity (\$15.7m), providing funds for transaction and integration costs as well as working capital.

The equity component consists of:

- ▶ A placement of 18.2m new shares (25% of issued share capital) at an issue price of \$0.48 per new share raising \$8.7m; and
- ▶ 1-for-5 non-renounceable rights issue at \$0.48 per new share to raise \$7.0m.

The rights issue price represents:

- ▶ a 11.2% discount to the Theoretical Ex-Rights Price (“TERP”) based on the closing price of \$0.56 on Tuesday, 8 August 2017 (and after adjusting for the dividend), the last date on which Konekt shares were traded prior to the date of this announcement.

Approximately 32.7 million new KKT shares are expected to be issued under the Rights Issue and the Placement. The new ordinary shares will rank equally with existing ordinary shares but will not be eligible for the FY17 final dividend. Shares issued under the Placement do not have an entitlement to participate in the Rights Issue.

The Placement and Rights Issue are fully underwritten by Taylor Collison Limited.

Konekt Directors have committed that they, and their associated entities, will together subscribe for up to \$4m of new shares in the rights issue via a combination of taking up some or all their entitlements and additional sub-underwriting commitments.

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.

Konekt has secured a committed \$18.3m acquisition facility with the CBA, which replaces the previous facility. The new debt facility has a term of three years, with principal repayments of \$1.0m per quarter commencing 3 months after the funding date.

Outlook

- ▶ On a pro forma⁽¹⁾ 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

(1) Pro forma estimates assume the Acquisition is completed on 30 June 2017, reflect a full 12-month contribution from Mission Providence and exclude one off acquisition related transaction and integration costs

Indicative Timetable

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 issues under the Entitlement Issue
22 September 2017	Dispatch of Holding Statements for Shares issued under the Entitlement Offer
End of 1Q	Expected Completion

Additional Information / Further Enquiries

Further details of the Acquisition and the Rights Issue are set out in the investor presentation also provided to ASX today. The investor presentation contains important information including the terms and effects of the Acquisition, conditions and key risks. Any person considering an investment in Konekt should read the investor presentation, offer documentation and seek his or her own independent advice before making any decision in this regard.

Konekt has retained Nexia Australia as financial, accounting and tax adviser and Gilbert + Tobin as legal adviser. Taylor Collison Limited is underwriting the Placement and the Rights Issue.

Teleconference Details

Konekt will hold a teleconference to discuss FY17 results, the Acquisition and fund raising, hosted by its Managing Director, Mr Damian Banks and Chief Financial Officer, Ms Reena Minhas.

Details of the teleconference are as follows:

Time: 09:30 am, AEST
Date: Friday, 11 August 2017
Dial in details: +61 1800 558 698 or +61 2 9007 3187
Passcode: 927 363

Investor Contacts

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Managing Director

Reena Minhas
Chief Financial Officer

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E: tmugridge@konekt.com.au

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About Konekt

Konekt is Australia's largest outsourced provider of organisational health, risk management and return to work solutions. Konekt's focus is on helping organisations minimise the impact of workplace injury and related workplace costs. With 400 permanent staff and 44 offices around Australia, Konekt has both the reach and expertise to service local, multi-state and national business across all sectors.

INVESTOR PRESENTATION

FULL YEAR RESULTS ENDING 30 JUNE 2017
ACQUISITION AND EQUITY RAISING

11 AUGUST 2017



Konekt Limited | ACN 009 155 971

Local Knowledge. National Strength.

DISCLAIMER

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This investor presentation ("Presentation") has been prepared by Konekt Limited (ACN 009 155 971) ("KKT" or "Konekt").

SUMMARY INFORMATION

This Presentation contains summary information about the current activities of Konekt and its subsidiaries as at the date of this Presentation.

The information in this Presentation is of a general nature and does not purport to be complete.

This Presentation does not purport to contain all of the information that an investor should consider when making an investment decision nor does it contain all of the information which would be required in a product disclosure statement or prospectus prepared in accordance with the requirements of the Corporations Act. It should be read in conjunction with Konekt's other periodic and continuous disclosure announcements including Konekt's results for the year ended 30 June 2017 lodged with the Australian Securities Exchange ("ASX") on 11 August 2017 and other announcements to the ASX available at www.asx.com.au or www.konekt.com.au.

No member of the Konekt group, nor any of its officers, employees or advisers gives any representations or warranties, express or implied in relation to the statements or information in this Presentation.

FINANCIAL INFORMATION

All dollar values contained in this document are expressed in Australian dollars unless otherwise stated. Totals may vary slightly due to rounding.

Investors should be aware that certain financial data included in this presentation is "non-IFRS financial information" under ASIC Regulatory Guide 230:

"Disclosing non-IFRS financial information" published by the Australian Securities and Investments Commission ("ASIC"). Non-IFRS measures in this Presentation include EBITDA, EBITDA margin, NPATA, EPSA, free cash flow and all measures identified as "underlying" or "proportional".

Konekt believes the non-IFRS financial information provides useful information to users in measuring the financial performance and condition of Konekt. The non-IFRS financial information does not have a standardised meaning prescribed by Australian Accounting Standards. Therefore, the non-IFRS financial information is not a measure of financial performance, liquidity or value under the IFRS and may not be comparable to similarly titled measures presented by other entities, nor should the information be construed as an alternative to other financial measures determined in accordance with Australian Accounting Standards. Investors are cautioned, therefore, not to place undue reliance on any non-IFRS financial information included in this Presentation.

FUTURE PERFORMANCE

This Presentation may contain certain forward-looking statements. The words "anticipate", "believe", "expect", "project", "forecast", "estimate", "likely", "intend", "outlook", "should", "could", "may", "target", "plan" and other similar expressions are intended to identify forward-looking statements. Indications of, and guidance on, future earnings and financial position, distributions and performance are also forward-looking statements as are statements regarding Konekt's future developments and market outlook. Due care and attention have been used in the preparation of forward looking statements. Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors, many of which are beyond the control of Konekt, its officers, employees, agents and advisers, that may cause actual results to differ materially from those expressed or implied in such statements. There can be no assurance that actual outcomes will not differ materially from these statements. There are usually differences between forecast and actual results because events and actual circumstances frequently do not occur as forecast and their differences may be material. Investors should not place undue reliance on forward-looking statements.

DISCLAIMER

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To the maximum extent permitted by law, responsibility for the accuracy or completeness of any forward-looking statements whether as a result of new information, future events or results or otherwise is disclaimed. Konekt disclaims any responsibility to update or revise any forward-looking statement to reflect any change in Konekt's financial condition, status or affairs or any change in the events, conditions or circumstances on which a statement is based, except as required by law.

PAST PERFORMANCE

Past performance and pro forma historical financial information in this Presentation is given for illustrative purposes only and should not be relied on and is not an indication of future performance including future share price information. Historical information in this Presentation relating to Konekt is information that has been released to the market. For further information, please see past announcements released to the ASX.

NOT AN OFFER

This Presentation is for information purposes only and is not an offer or an invitation to acquire securities in Konekt or any other financial products in any place in which, or to any person to whom, it would be unlawful to make such an offer or invitation. This Presentation is not a prospectus, product disclosure statement or other disclosure document under Australian law (and will not be lodged with the Australian Securities and Investments Commission) or any law.

This Presentation may not be distributed or released in the United States. This Presentation does not constitute an offer to sell, or the solicitation of an offer to buy, any securities in the United States.

The New Shares have not been, and will not be, registered under the U.S. Securities Act of 1933, (U.S. Securities Act) or the securities laws of any State or other jurisdiction of the United States. The New Shares may not be offered or sold to, directly or indirectly, any person in the United States or to any

person that is, or is acting for the account or benefit of, any person in the United States, except in a transaction exempt from, or not subject to, the registration requirements of the U.S. Securities Act and any other applicable U.S. state securities laws.

The distribution of this Presentation (including an electronic copy) outside Australia may be restricted by law. If you come into possession of this Presentation, you should observe such restrictions and should seek your own advice on such restrictions. Any non-compliance with these restrictions may contravene applicable securities laws. By accepting this Presentation you represent and warrant that you are entitled to receive such Presentation in accordance with the above restrictions and agree to be bound by the limitations contained herein.

This Presentation is not a financial product or investment advice, a recommendation to acquire New Shares or accounting, legal or tax advice and

does not and will not form any part of any contract for the acquisition of New Shares. It has been prepared without taking into account the objectives, financial or tax situation or needs of individuals. Before making an investment decision, prospective investors should consider the appropriateness of the information having regard to their own objectives, financial and tax situation and needs and seek legal and taxation advice appropriate for their jurisdiction. Konekt is not licensed to provide financial product advice in respect of an investment in securities. Cooling off rights do not apply to the acquisition of New Shares.

Each recipient of this Presentation should make its own enquiries and investigations regarding all information included in this Presentation including the assumptions, uncertainties and contingencies which may affect Konekt's future operations and the values and the impact that future outcomes may have on Konekt.

SUMMARY

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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

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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

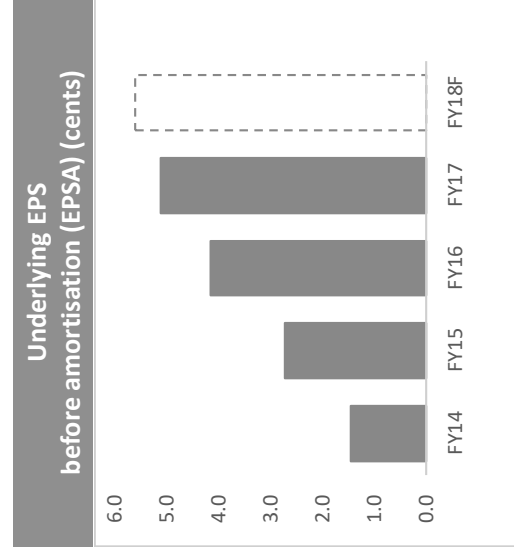
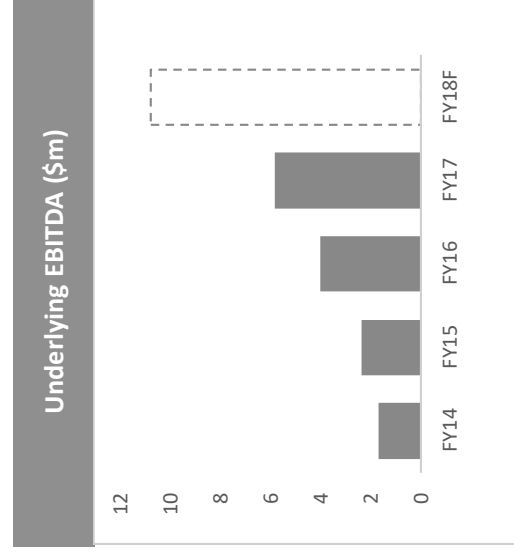
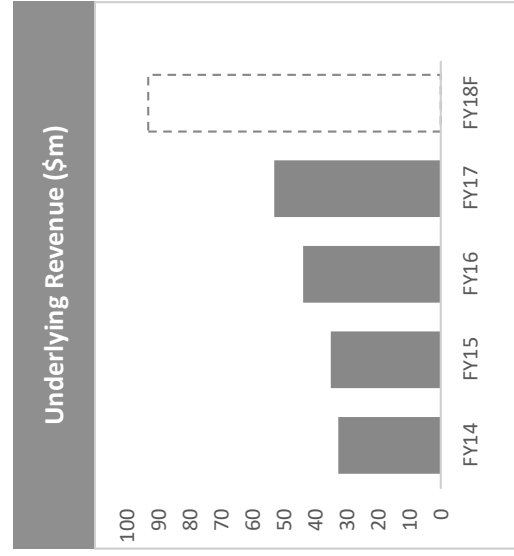
2) Underlying FY16: adds back one-off acquisition related costs of \$570,000 less estimated acquired EBITDA from acquisitions of \$180,000

- Revenue and margin growth delivered increased underlying NPAT (+16%) and underlying EPS (+15%)
- Revenue growth of 21% vs pcip - at upper end of guidance
- Underlying EBITDA margin increased to 11.0% from 10.0% in pcip
- 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

| 7

GROWTH WILL BE ACCELERATED THROUGH THE ACQUISITION OF MISSION PROVIDENCE



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

| 8

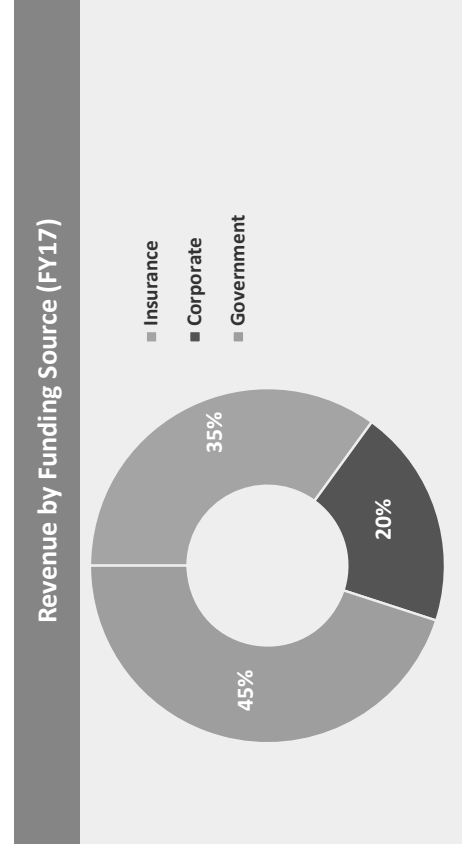
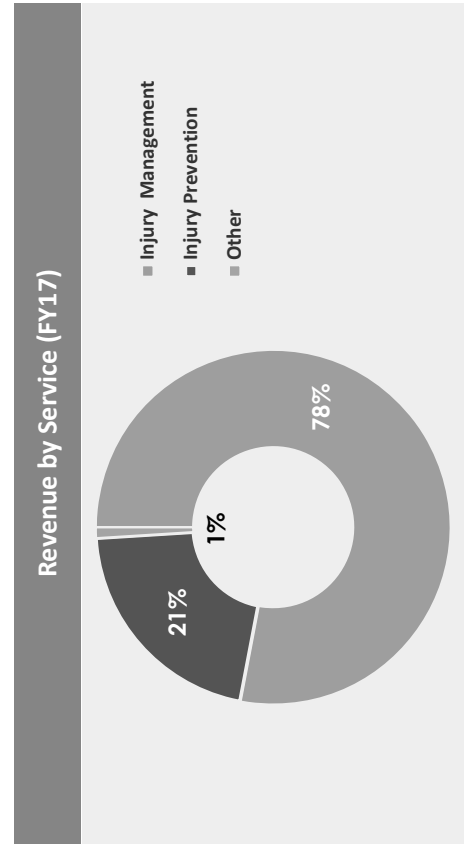
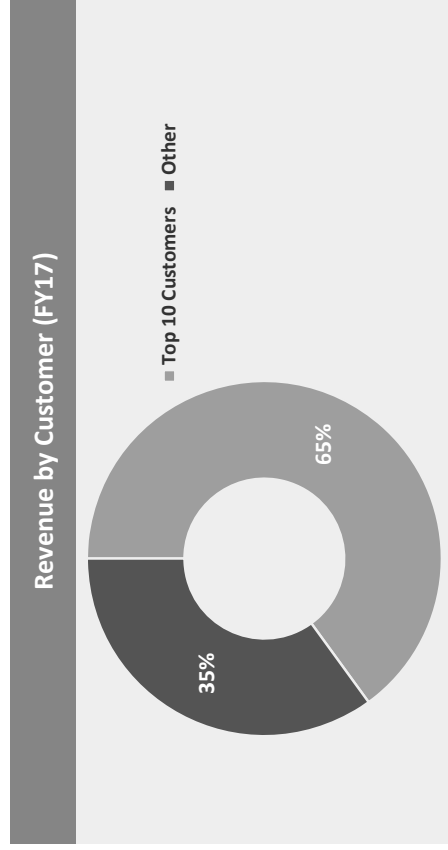
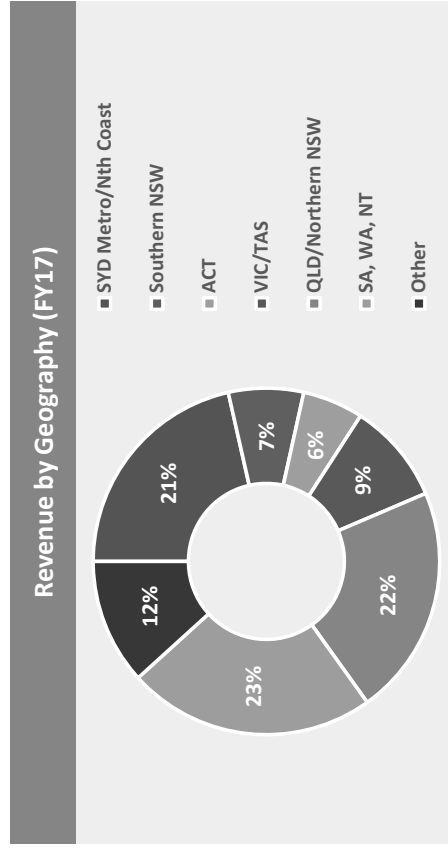
EXCELLENT DELIVERY ON NON-FINANCIAL METRICS

Strengthened customer relations	Expanded product and service offering	Staff engaged and retained
<ul style="list-style-type: none"> Executed new <i>Medibank Health Solutions</i> contract in May 2017, term to October 2018 Significant panel appointment in Commonwealth Government sector Appointed to <i>icare</i> NSW workers compensation panel for FY18 Additional 30+ new employer customers in FY17 	<ul style="list-style-type: none"> Leveraging extensive proprietary database with new capabilities to deliver injury prevention services 	<ul style="list-style-type: none"> Improvement in staff retention, excellent engagement scores, including from acquired businesses
	Continued investment	Continued strong Return-to-Work rates
	<ul style="list-style-type: none"> Capex of \$1.3m invested in product development and technology platforms, continuing our data driven thematic 	<ul style="list-style-type: none"> 94% level maintained for the past two years

FY17 REVENUE FEATURES

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DIVERSIFIED REVENUE GEOGRAPHY AND FUNDING SOURCES



FY17 RESULTS

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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%
<i>EBITDA margin (%)</i>	<i>11.6%</i>	<i>9.2%</i>	<i>+248 bp</i>
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

| 11

NET CASH BUILT WITH STRONG OPERATING CASH FLOWS

As at 30 June (\$m)	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

| 13

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

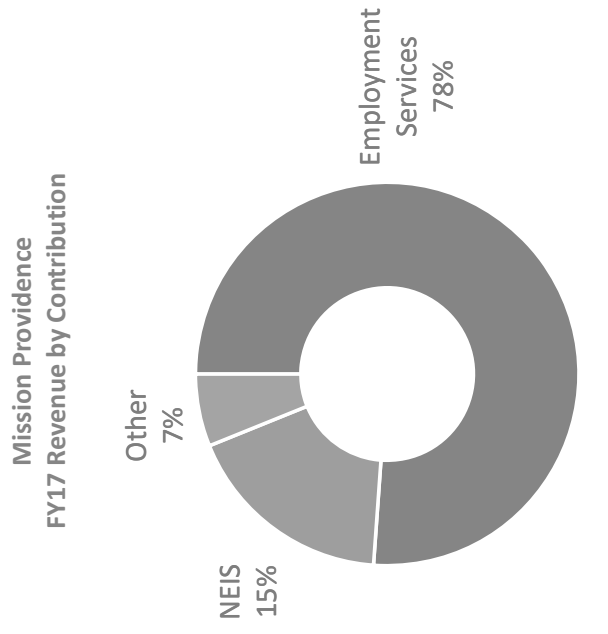
- Institutional placement of 18.2m new shares at \$0.48 per new share (raising \$8.7m) and fully underwritten
- Fully underwritten 1-for-5 non-renounceable rights issue, at the same price, to raise a further \$7.0m. New shares issued under the placement and rights issue are not eligible for final FY17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

OVERVIEW OF MISSION PROVIDENCE

| 14

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

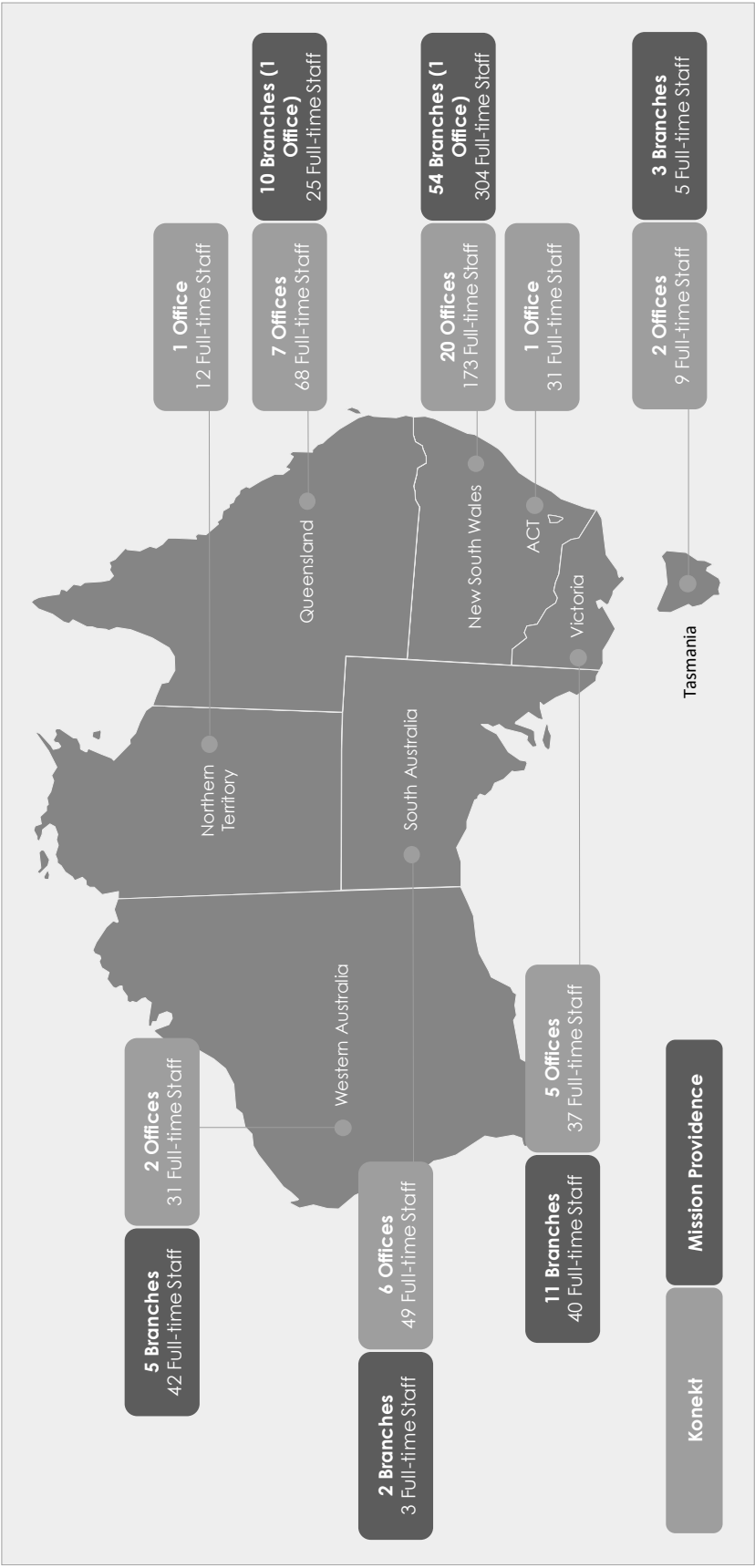
- A leading provider of return to work employment services through the Federal Government's c.\$1.4bn per annum *jobactive* program.
- Mission Providence is one of 43 *jobactive* providers
- Established by Mission Australia and The Providence Service Corporation (US) to tender and secure a *jobactive* 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



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

| 16

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 underserved 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

| 17

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

| 19

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

| 20

SOURCE (\$m)	APPLICATION (\$m)	
Institutional placement	8.7	24.0
Rights issue	7.0	4.0
Debt	17.0	4.7
TOTAL	32.7	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

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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

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

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

INDICATIVE TIMETABLE

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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

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

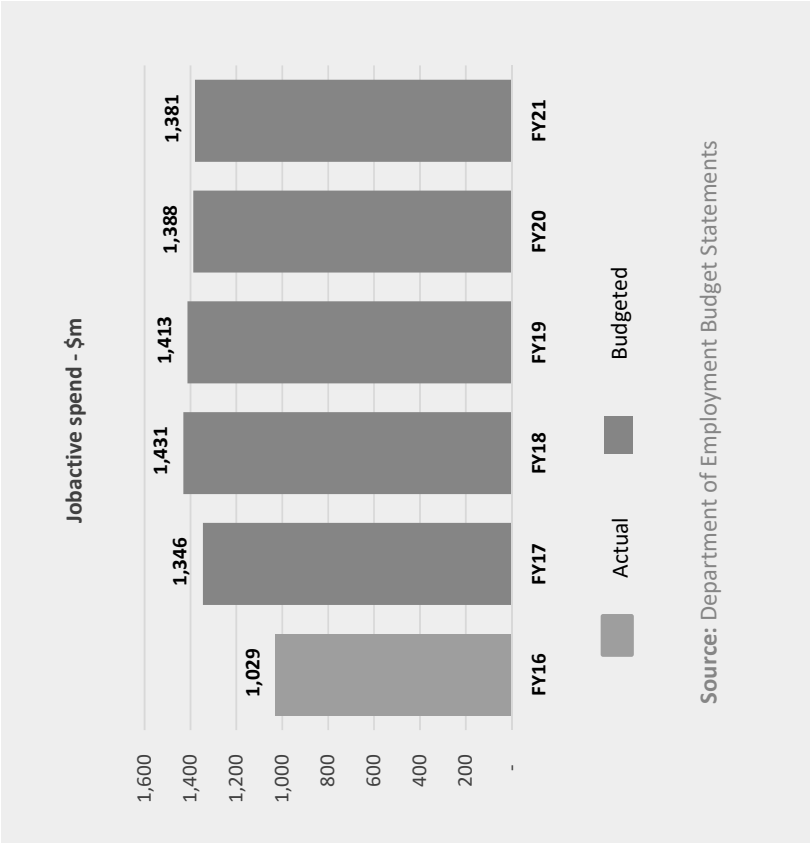
- Mission Providence acquisition will double Konekt's scale
- Provides an attractive and logical expansion into adjacent RTW employment placement services markets to diversify and expand Konekt's revenue streams
- Consistent with Konekt's RTW focus and purpose of maximising workforce participation for 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

APPENDICES 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

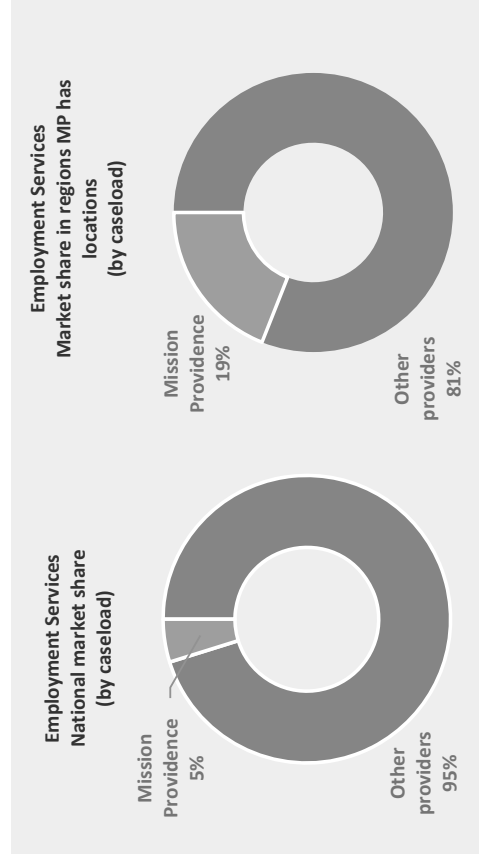


JOBACTIVE AND NEIS MARKET SHARE

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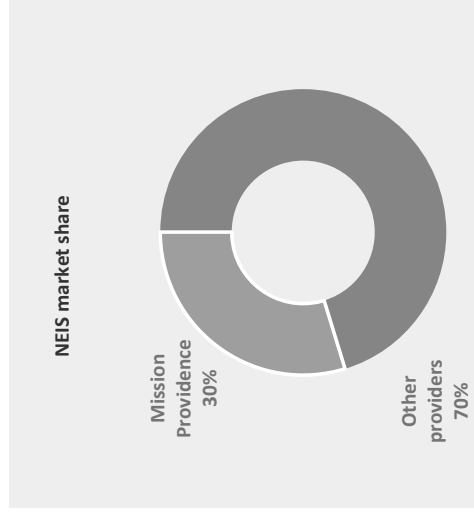
Mission Providence primed for growth in a fragmented market through leveraging the Konekt footprint and potential increased consolidation of Employment Services providers at re-tender

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

- 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



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

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

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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

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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.

MISSION PROVIDENCE RISKS

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RISK	DESCRIPTION
Expiry of the <i>jobactive</i> contract	<p>Mission Providence revenues are dependent on one contract with the Department of Employment for the provision of the <i>jobactive</i> program. The current 5-year <i>jobactive</i> contract with the Department of Employment expires on 30 June 2020.</p> <p>There is no guarantee that :</p> <ul style="list-style-type: none"> the <i>jobactive</i> 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 <i>jobactive</i> 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 <i>jobactive</i> program or any successor program. <p>The success of Mission Providence in being selected as a provider in any extended, replacement or successor program to <i>jobactive</i> is expected to depend on factors including:</p> <ul style="list-style-type: none"> its performance during the term of the current <i>jobactive</i> 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. <p>If the <i>jobactive</i> 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 <i>jobactive</i> program after 30 June 2020 there would be a material adverse impact on the financial performance and position of Mission Providence.</p>
Increased competition from existing or additional entrants	<p>Mission Providence's ability to re-tender for any extended, replacement or successor program to <i>jobactive</i> 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 <i>jobactive</i> or similar program, this may result in lower caseload allocations for Mission Providence.</p>

MISSION PROVIDENCE RISKS

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RISK	DESCRIPTION
Reliance on the <i>jobactive</i> contract	<p>Mission Providence revenues are dependent on one contract with the Department of Employment for the provision of the <i>jobactive</i> program. Cases under the <i>jobactive</i> 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 <i>jobactive</i> program is based on the administration of and job outcomes for allocated places.</p> <p>Allocations of caseload as between <i>jobactive</i> 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.</p> <p>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.</p>
Retention of key management	<p>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 <i>jobactive</i> contract.</p>
Availability of tax losses	<p>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.</p>

TRANSACTION RISKS

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RISK	DESCRIPTION
Completion risk	<p>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.</p>
Analysis of acquisition opportunity	<p>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.</p>
Reliance on information provided	<p>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.</p>
Integration risk	<p>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.</p>

TRANSACTION RISKS

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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

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RISK	DESCRIPTION
Underwriting risk	<p>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.</p> <p>The underwriter's obligations to underwrite the Entitlement Offer are conditional on certain matters. These matters include that:</p> <ul style="list-style-type: none"> • the Underwriter receiving certain sign-offs from the Company; and • the ASX approving the quotation of shares issued under the Entitlement Offer. <p>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.</p> <p>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</p>
Risk of dilution	<p>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.</p>

CONTACTS

INVESTORS

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MEDIA

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4 Additional information

4.1 Eligibility of Shareholders

The Entitlement Offer is being offered to all Eligible Shareholders only.

Eligible Shareholders are Shareholders on the Record Date who:

- (a) are registered as holders of existing Konekt shares as at 7:00pm (Sydney time);
- (b) have a registered address in Australia or New Zealand as noted on Konekt's share register or are a Shareholder that Konekt has otherwise determined is eligible to participate;
- (c) are not in the United States and are not a person (including nominees or custodians) acting for the account or benefit of a person in the United States; and
- (d) are eligible under all applicable securities laws to receive an offer under the Entitlement Offer.

By returning a completed personalised Entitlement and Acceptance Form or making a payment by BPAY or cheque, you will be taken to have represented and warranted that you satisfy each of the criteria listed above to be an Eligible Shareholder. Nominees, trustees or custodians are therefore advised to seek independent professional advice as to how to proceed.

Konekt has determined that it is unreasonable to extend the Entitlement Offer to Ineligible Shareholders because of the small number of such Shareholders, the number and value of Shares that they hold and the cost of complying with the applicable regulations in jurisdictions outside Australia and New Zealand, but reserves its right to do so (subject to compliance with relevant laws).

4.2 Ranking of New Shares

The New Shares issued under the Entitlement Offer will be fully paid and rank equally with Existing Shares.

4.3 Allotment

Konekt has applied for quotation of the New Shares on ASX in accordance with Listing Rule requirements. If ASX does not grant quotation of the New Shares, Konekt will repay all Application Monies (without interest).

It is expected that allotment of the New Shares under the Entitlement Offer will take place on 14 September 2017. Application Monies will be held by Konekt on trust for Applicants until the New Shares are allotted. No interest will be paid on Application Monies.

Subject to ASX approval being granted, it is expected that the New Shares allotted under the Entitlement Offer will commence trading on a normal basis on 15 September 2017.

It is the responsibility of Applicants to determine the number of New Shares allotted and issued to them prior to trading in the New Shares. The sale by an Applicant of New Shares prior to receiving their holding statement is at the Applicant's own risk.

4.4 Reconciliation

In any entitlement offer, investors may believe that they own more existing Shares on the record date than they ultimately do. This may result in a need for reconciliation to ensure all eligible Shareholders have the opportunity to receive their full Entitlement.

Konekt may need to issue a small quantity of additional New Shares to ensure all eligible Shareholders have the opportunity to receive their appropriate allocation of New Shares. The price at which these New Shares would be issued, if required, is the same as the Offer Price.

Konekt also reserves the right to reduce the number of an Entitlement or New Shares allocated to eligible Shareholders or persons claiming to be eligible Shareholders, if their Entitlement claims prove to be overstated, if they or their nominees fail to provide information requested to substantiate their Entitlement claims, or if they are not eligible Shareholders.

4.5 Underwriting

The Entitlement Offer is fully underwritten by the Underwriter.

Konekt and the Underwriter have entered into an Underwriting Agreement. Customary with these types of arrangements:

- (a) Konekt and the Underwriter have given certain representations, warranties and undertakings in connection with (among other things) the Entitlement Offer;
- (b) Konekt has agreed, subject to certain carve-outs, to indemnify the Underwriter, its directors, officers, employees and agents against all claims, demands, damages, losses, costs, expenses and liabilities arising out of or in respect of the Entitlement Offer;
- (c) the Underwriter may (in certain circumstances, having regard to the materiality of the relevant event) terminate the Underwriting Agreement and be released from its obligations under it on the occurrence of certain events, including (but not limited to) where:
 - (i) consent by ASX to official quotation of the New Shares is not given;
 - (ii) there is any material adverse change or material adverse disruption to the political or economic conditions of financial markets in certain jurisdictions or the international markets;
 - (iii) there is a delay in the timetable for the Entitlement Offer of more than 3 Business Days without the Underwriters' consent; or
 - (iv) Konekt does not lodge the offer documents by specific dates; and
- (d) the Underwriter will receive an underwriting fee of 4.0% and a management fee of 2.0% of the gross proceeds of the Offer.

The Underwriter may also be reimbursed for certain expenses.

Neither the Underwriter nor any of its related bodies corporate and affiliates, nor any of their respective directors, officers, partners, employees, representatives or agents have authorised or caused the issue of this Information Booklet. To the maximum extent permitted by law, the Underwriter and its related bodies corporate and affiliates and each of their respective directors, officers, partners, employees, representatives or agents exclude and disclaim all liability for any expenses, losses, damages or costs incurred by you as a result of your participation in the Entitlement Offer and this information being inaccurate or incomplete in any way for any reason, whether by negligence or otherwise. Neither the Underwriter nor any of its related bodies corporate and affiliates, nor any of their respective directors, officers, partners, employees, representatives or agents make any recommendations as to whether you or your related parties should participate in the Entitlement Offer, nor do they make any representations or warranties to you concerning this Entitlement Offer or any such information, and you represent, warrant and agree that you have not relied on any statements made by the Underwriter or any of its related bodies corporate and affiliates or any of their respective directors, officers, partners, employees, representatives or agents in relation to the New Shares or the Entitlement Offer generally.

4.6 Continuous Disclosure

Konekt is a "disclosing entity" under the Corporations Act and is subject to regular reporting and disclosure obligations under the Corporations Act and the ASX Listing Rules, including the preparation of annual reports and half yearly reports.

Konekt is required to notify ASX of information about specific events and matters as they arise for the purposes of ASX making that information available to the stock markets conducted by ASX. In particular, Konekt has an obligation under the Listing Rules (subject to certain exceptions) to notify ASX immediately of any information of which it is or becomes aware which a reasonable person would expect to have a material effect on the price or value of Konekt shares. That information is available to the public from ASX.

4.7 No cooling off rights

Cooling off rights do not apply to an investment in New Shares. You cannot withdraw your application once it has been accepted.

4.8 Rounding of Entitlements

Where fractions arise in the calculation of an Entitlement, they will be rounded up to the nearest whole number of New Shares.

4.9 Not investment advice

This Information Booklet is not a prospectus under the Corporations Act and has not been lodged with ASIC. It is also not financial product advice and has been prepared without taking into account your investment objectives, financial circumstances or particular needs. Konekt is not licensed to provide financial product advice in respect of the New Shares. The information contained in this Information Booklet does not purport to contain all the information that you may require to evaluate a possible application for New Shares, nor does it purport to contain all the information which would be required in a prospectus prepared in accordance with the requirements of the Corporations Act. It should be read in conjunction with Konekt's other periodic statements and continuous disclosure announcements lodged with ASX.

4.10 Governing law

This Information Booklet, the Entitlement Offer and the contracts formed on acceptance of the Entitlement and Acceptance Forms are governed by the laws applicable in New South Wales, Australia. Each applicant for New Shares submits to the non-exclusive jurisdiction of the courts of New South Wales, Australia.

4.11 Withdrawal of the Entitlement Offer

Konekt reserves the right to withdraw all or part of the Entitlement Offer and this Information Booklet at any time, subject to applicable laws, in which case Konekt will refund Application Monies in relation to New Shares not already issued in accordance with the Corporations Act and without payment of interest.

To the fullest extent permitted by law, you agree that any Application Monies paid by you to Konekt will not entitle you to receive any interest and that any interest earned in respect of Application Monies will belong to Konekt.

4.12 Privacy

As a shareholder, Konekt and its share registry have already collected certain personal information from you. If you apply for New Shares, Konekt and its share registry may update that personal information or collect additional personal information. Such information may be used to assess your acceptance of the New Shares, service your needs as a shareholder, provide facilities and services that you request and carry out appropriate administration.

To do that, Konekt and its share registry may disclose your personal information for purposes related to your shareholdings to their agents, contractors or third party service providers to whom they outsource services, in order to assess your application for New Shares, the Konekt share register for ongoing administration of that register, printers and mailing houses for the purposes of preparation of the distribution of shareholder information and for handing of mail, or as otherwise under the *Privacy Act 1988* (Cth).

5 Australian taxation consequences

Below is a general guide to the Australian income tax, goods and services tax (**GST**) and stamp duty implications of the Entitlement Offer for Eligible Shareholders that hold their New Shares or additional New Shares acquired under the Top Up Facility on capital account. In addition, the guide below applies only to Eligible Shareholders who are Australian resident individuals, companies or complying superannuation entities.

The guide does not take account of the individual circumstances of particular Eligible Shareholders and does not constitute tax advice. It does not purport to be a complete analysis of the potential tax consequences of the Entitlement Offer and is intended as a general guide to the Australian tax implications. Eligible Shareholders should seek advice from an appropriate professional advisor in relation to the tax implications of the Entitlement Offer based on their own individual circumstances.

The comments below are based on the Australian tax law as it applies as at 9.00am (Sydney time) on 15 August 2017. Other than as expressly discussed, the comments do not take into account or anticipate changes in Australian tax law or future judicial interpretations of law after this time unless otherwise specified. The comments also do not take into account tax legislation of any country other than Australia.

5.1 Issue of Entitlement

The issue of the Entitlement will not in itself result in any amount being included in the assessable income of an Eligible Shareholder.

5.2 Exercise of Entitlement and applying for additional New Shares

New Shares will be acquired where the Eligible Shareholder exercises all or part of their Entitlement under the Entitlement Offer. Additional New Shares will be acquired where the Eligible Shareholder acquires additional New Shares under the Top Up Facility.

An Eligible Shareholder will not derive any assessable income, or make any capital gain or capital loss at the time of exercising their Entitlement under the Entitlement Offer or acquiring additional New Shares under the Top Up Facility.

For Australian capital gains tax (**CGT**) purposes, New Shares will be taken to have been acquired on the day that an Eligible Shareholder exercises their Entitlement and additional New Shares will be taken to have been acquired on the date the additional New Shares were issued to the Eligible Shareholder. The cost base of each New Share and additional New Share will be equal to the Offer Price payable for each New Share and additional New Share respectively (plus any non-deductible incidental costs the Eligible Shareholder incurs in acquiring the New Shares and additional New Shares).

5.3 Lapse of Entitlement

If an Eligible Shareholder does not accept all or part of their Entitlement in accordance with the instructions set out above, then that Entitlement will lapse and the Eligible Shareholder will not receive any consideration for their Entitlement that is not taken up. There should be no tax implications for an Eligible Shareholder from the lapse of the Entitlement.

5.4 Taxation in respect of dividends on New Shares

Where dividends on a New Share are paid by Konekt, those dividends will constitute assessable income of an Australian tax resident Eligible Shareholder.

An Australian tax resident Eligible Shareholder who is an individual or complying superannuation entity should include the dividend in their assessable income in the year the dividend is paid, together with any franking credit attached to that dividend. Such Eligible Shareholder should be entitled to a tax offset equal to the franking credit attached to the dividend subject to being a 'qualified person' (refer to comments below). The tax offset can be applied to reduce the tax payable on the Eligible Shareholder's taxable income. Where the tax offset exceeds the tax payable on the Eligible Shareholder's taxable income, such Eligible Shareholder should be entitled to a refund of the excess franking offsets.

A corporate Eligible Shareholder is also required to include both the dividend and the associated franking credit as assessable income. A tax offset is then available up to the amount of the franking credit on the dividend. Excess franking credits received cannot give rise to a refund, but may be able to be converted into carry forward tax losses

Where a dividend paid by Konekt is unfranked, the Eligible Shareholder will be required to include the unfranked amount in their assessable income and there will be no offset entitlement.

The tax outcomes described above do not apply in the case of an Eligible Shareholder who is not a tax resident of Australia. Non-resident shareholders will need to separately consider the tax implications of receiving dividends, franked or unfranked, on the New Shares.

5.5 New Shares and additional New Shares held at risk

The benefit of franking credits can be denied where an Eligible Shareholder is not a 'qualified person' in which case the Eligible Shareholder will not be able to include an amount for the franking credits in their assessable income and will not be entitled to a tax offset.

Broadly, to be a qualified person, an Eligible Shareholder must satisfy the holding period rule and, if necessary, the related payment rule. The holding period rule requires an Eligible Shareholder to hold the New Shares and additional New Shares 'at risk' for more than 45 days continuously, measured as the period commencing the day after the Eligible Shareholder acquires the New Shares and additional New Shares (respectively) and ending on the 45th day after the New Shares and additional New Shares (respectively) become ex-dividend. The dates the New Shares and additional New Shares are acquired and disposed of are ignored for the purposes of determining the 45 day period. Any day on which an Eligible Shareholder has a materially diminished risk of loss or opportunity for gain in respect of the New Shares or additional New Shares (e.g. entering into a contract to sell the New Shares or additional New Shares) will not be counted as a day on which the Eligible Shareholder held the New Shares or additional New Shares 'at risk'. This holding period rule is subject to certain exceptions, including where the total franking offsets of an individual in a year of income do not exceed A\$5,000.

Under the related payment rule, a different testing period applies where the Eligible Shareholder has made, or is under an obligation to make, a related payment in relation to a dividend paid by Konekt. The related payment rule requires the Eligible Shareholder to have held the New Shares and additional New Shares at risk for a period commencing on the 45th day before, and ending on the 45th day after, the day the New Shares and additional New Shares become ex-dividend. Practically, this should not impact Eligible Shareholders who continue to hold New Shares and additional New Shares and also do not pass the benefit of the dividend to another person. Eligible Shareholders should obtain their own tax advice to determine if these requirements have been satisfied.

A recently enacted specific integrity rule prevents taxpayers from obtaining a tax benefit from additional franking credits where dividends are received as a result of dividend washing. Eligible Shareholders should consider the impact of this measure given their own personal circumstances.

5.6 Disposal of New Shares or additional New Shares

The disposal of New Shares or additional New Shares will constitute a disposal for CGT purposes.

On disposal of New Shares or additional New Shares, an Eligible Shareholder will make a net capital gain if the capital proceeds received on disposal exceed the total cost base of the New Shares or additional New Shares. An Eligible Shareholder will make a net capital loss if the capital proceeds are less than the total reduced cost base of the New Shares or additional New Shares.

Eligible Shareholders that are individuals or complying superannuation entities and that have held their New Shares or additional New Shares for 12 months or more (excluding the date of acquisition and the date of disposal) at the time of disposal should be entitled to apply the applicable CGT discount factor to reduce the capital gain (after offsetting capital losses). The CGT discount factor is 50% for individuals and 33.33% for complying superannuation entities.

For the purpose of determining whether the New Shares have been held for 12 months or more (excluding the date of acquisition and the date of disposal), Eligible Shareholders will be taken to have acquired them when they exercise their Entitlement under the Entitlement Offer. For the purpose of determining whether the additional New Shares acquired under the Top Up Facility have been held for 12 months or more (excluding the date of acquisition and the date of disposal), Eligible Shareholders will be taken to have acquired them at the date the additional New Shares were issued.

Eligible Shareholders that make a capital loss can only use that loss to offset other capital gains from other sources i.e. the capital loss cannot be used against taxable income on revenue account. However, if the capital loss cannot be used in a particular income year it can be carried forward to use in future income years, provided certain loss utilisation tests are satisfied.

5.7 Taxation of Financial Arrangements

The application of the Taxation of Financial Arrangements (**TOFA**) provisions depends on the specific facts and circumstances of the Eligible Shareholder. Eligible Shareholders should seek advice from an appropriate professional advisor in relation to the implications of the TOFA provisions.

5.8 GST

The taking up of the New Shares and additional New Shares will be classified as a “financial supply” for Australian GST purposes. Accordingly, Australian GST will not be payable in respect of amounts paid for the acquisition of the New Shares or additional New Shares. Subject to certain requirements, there may be a restriction on the entitlement of Eligible Shareholders to claim an input tax credit for any GST incurred on costs associated with the acquisition of New Shares or additional New Shares acquired under the Top Up Facility.

5.9 Stamp duty

Stamp duty will not be payable in respect of the taking up of New Shares or additional New Shares on the assumption no shareholder and associated person will hold an interest of 90% or more in Konekt.

6 Definitions

Applicant means an Eligible Shareholder who has submitted a valid Application.

Application means the arranging for payment of the relevant Application Monies through BPAY in accordance with the instructions on the Entitlement and Acceptance Form or the submission of an Entitlement and Acceptance Form accompanied by the relevant Application Monies.

Application Monies means the aggregate amount payable for the New Shares applied for through BPAY or in a duly completed Entitlement and Acceptance Form.

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited (ACN 008 624 691) and the securities exchange operated by it.

Business Day has the same meaning as in the Listing Rules.

Closing Date means 5.00pm (Sydney time) on 8 September 2017, the day the Entitlement Offer closes.

Corporations Act means the *Corporations Act 2001* (Cth).

Eligible Shareholder means a Shareholder who meets the eligibility requirements set out in section 4.1.

Entitlement means the right to subscribe for 1 New Share for every 5 Shares held by eligible Shareholders on the Record Date, pursuant to the Entitlement Offer.

Entitlement and Acceptance Form means the entitlement and acceptance form that will accompany this Information Booklet when it is dispatched to Eligible Shareholders.

Entitlement Offer means the non-renounceable entitlement offer to Eligible Shareholders to subscribe for 1 New Share for every 5 Shares of which the Shareholder is the registered holder on the Record Date, at an Offer Price of A\$0.48 per New Share pursuant to this Information Booklet.

Existing Shares means the Shares already on issue on the Record Date.

Ineligible Shareholder means a Shareholder (or beneficial holder of Shares) who is a Shareholder on the Record Date with a registered address outside Australia and New Zealand.

Information Booklet means this document.

Investor Presentation means the presentation to investors released to the ASX on 11 August 2017, incorporated in section 3 of this Information Booklet.

Konekt means Konekt Limited (ACN 009 155 971).

Listing Rules means the official listing rules of ASX.

New Shares means Shares to be allotted and issued under the Entitlement Offer, including (as the context requires) the shortfall from the Entitlement Offer issued under the Top Up Facility or to the Underwriter or any sub-Underwriters.

Offer means the Entitlement Offer and the Placement.

Offer Price means A\$0.48 per New Share.

Placement means the institutional placement of New Shares at an Offer Price of A\$0.48 per New Share to raise approximately A\$8.7 million, announced by Konekt on 11 August 2017.

Record Date means 7.00pm (Sydney time) on 17 August 2017.

Share means a fully paid ordinary share in the capital of Konekt.

Share Registry means Computershare Investor Services Pty Limited (ABN 48 078 279 277).

Shareholder means a holder of Shares.

TERP means the theoretical ex-rights price at which Konekt shares should trade immediately after the ex-date of the Entitlement Offer.

Timetable means the indicative table set out in the 'key dates' section of this Information Booklet.

Top Up Facility means the facility described in section 2.4 under which Eligible Shareholders may apply for New Shares in excess of their Entitlement.

Underwriter means Taylor Collison Limited (ABN 53 008 172 450).

Underwriting Agreement means the underwriting agreement dated 10 August 2017 between Konekt and the Underwriters.

US Securities Act means the US Securities Act of 1933, as amended.

Company

Konekt Limited
Level 3, 33 Erskine Street
Sydney NSW 2000

www.konekt.com.au/investors

Underwriter

Taylor Collison Limited
Level 10, 167 Macquarie Street
Sydney NSW 2000

Share Registry

Computershare Investor Services Pty Limited
Yarra Falls, 452 Johnston Street
Abbotsford VIC 3067

Legal Adviser

Gilbert + Tobin
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200 Barangaroo Avenue, Barangaroo NSW 2000

Konekt Entitlement Offer Information Line

Australia: 1300 850 505

International: +61 3 9415 4000

Open 9.00am to 5.00pm (Sydney time) Monday to Friday, before the Entitlement Offer closes at 5.00pm (Sydney time) on 8 September 2017.

www.konekt.com.au/