Investor Presentation

H1 FY20 Results, Acquisition of Wellbeing and Equity Raising

18 February 2020

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Investors should note that this presentation includes both audited and unaudited financial information for Wellbeing that has been prepared by the Wellbeing vendors for various periods and has been adjusted by CGL based on its due diligence. Pro-forma adjustments have been made in order to exclude one-off transaction costs associated with the Placement and Acquisition from reported earnings. Investors should note that this information has not been audited and is based on management estimates and not on financial statements prepared in accordance with applicable statutory requirements. Accordingly, investors should treat this information with appropriate caution.

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Agenda

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Citadel is an enterprise software and managed service business

Highlights

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Citadel expects FY20 revenue to be in line with Company's prior outlook statement

Citadel's existing business is expected to deliver between $128-$132 million in revenue with EBITDA of $28-$30 million

The acquisition of Wellbeing delivers upon Citadel's strategy of a more diversified and recurring revenue base

Post-acquisition, recurring revenue is expected to increase from 41% to 48% of FY20 pro forma normalised estimates[1]

Gross profits from software are expected to contribute in excess of 60% of Citadel's total gross profit

Post-acquisition, the FY20 gross profit contribution of software is expected to increase from 47% to 63%

Successful integration of Noventus

Noventus achieved $10.9 million in revenue in H1, expected to achieve $20+m revenue in FY20, up 11%+ on expectations.

Dividends for FY20 expected to be in line with FY19

H1 FY20 dividend declared is 4.8cps in line with HY19

Acquisition of Wellbeing Software for £103m (c. A$198m)[2]

The acquisition is expected to deliver high single digits accretion[3] in FY20 and FY21

1 Pro-forma normalised FY20 estimates based on a full year estimate for Wellbeing
2 The Enterprise Value is subject to a ticking fee of ~A$875,000, which is captured in transaction costs
3 FY20 accretion based on a pro-forma normalised number. Accretion for FY21 based on expected EBITDA and inclusive of known cost synergies but excludes revenue synergies

Segment Update

Two key segments

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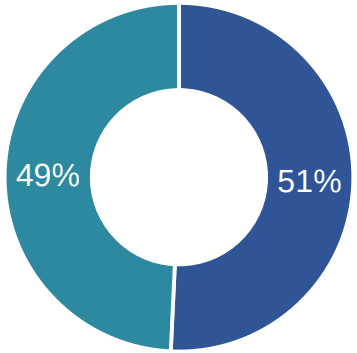
H1 FY20 Revenue mix*

H1 FY20 Business update

Software



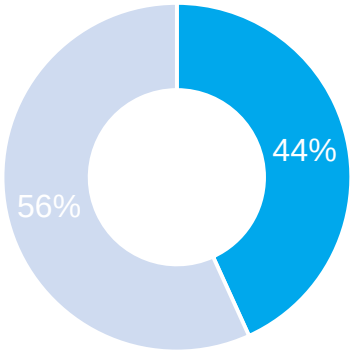
$18.9m

31% Total Revenue

■ Health ■ Enterprise

- ✓ 10 year contract extension with Queensland Health to 2029
- ✓ Upgrade of Queensland Health to latest version of Auslab™ Evolution™
- ✓ Contract signed with Melbourne Genomics Health Alliance for hosting and managed services for the clinical genomics platform
- ✓ Commenced large program of work for business intelligence and analytics across the Austender platform for Government procurement
- ✓ Launched goTrim Pro in Q2

Services



$41.5m

69% Total Revenue

■ Technology ■ Advisory

- ✓ Early extension of Defence contract out to July 2021
- ✓ Successful integration of Noventus into Services business – revenue currently up 21% on expectations
- ✓ 3 year managed services contract for AV/VC support with University of Melbourne – now working with three out of the Group of Eight (G8) universities
- ✓ Additional work orders from Defence and Inner Agencies commenced in Q2 FY20 – run rate will continue to improve throughout FY20
- ✓ AVAssist launched in Q2, a SaaS enabled offering extending on our AV/VC help desk

* Excludes $0.7m of revenue not directly related to a segment

Four key verticals

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	Software (H1 FY20 Revenue $18.9m, 31% ; GP $11.6m, 46%)		Services (H1 FY20 Revenue $41.5m, 69% ; GP $13.5m, 54%)	
	Health (Rev $9.6m; GP $8.0m, GP Margin 83%)	**Enterprise** (Rev $9.3m; GP $3.6m, GP Margin 39%)	**Technology** (Rev $18.2m; GP $5.9m, GP Margin 32%)	**Advisory** (Rev $23.3m; GP $7.6m, GP % 33%)
Clients / Market	▪ Public Health Sector ▪ Private Health Sector	▪ All levels of government (Federal, State and Local) ▪ Large enterprise	▪ Tertiary Education ▪ All levels of government (Federal, State and Local) ▪ Large enterprise ▪ Health	▪ Defence ▪ All levels of government (Federal, State and Local) ▪ Large enterprise

Products	▪ Software
	  ▪ Pathology (Auslab™/Evolution™)
	  ▪ Oncology (CHARM™)
	  ▪ Anaesthetist billing and practice management (APP)
		▪ Software
		  ▪ Kapish
		  ▪ Citadel-IX
		  ▪ Austender
		  ▪ Grant Connect
			▪ Product Sales and Installation (including design and architecture)
			▪ Managed services
				▪ Managed services
				▪ Consulting and professional services

Growth Plan	▪ Growth of CHARM™ ▪ International expansion for pathology and oncology into UK market	▪ Development of channel partnerships	▪ Further penetration of university clients into QLD and NSW ▪ Growth from increased opportunities for building projects	▪ Product expansion with existing customers ▪ Further penetration into large enterprise clients

Delivering on Strategy

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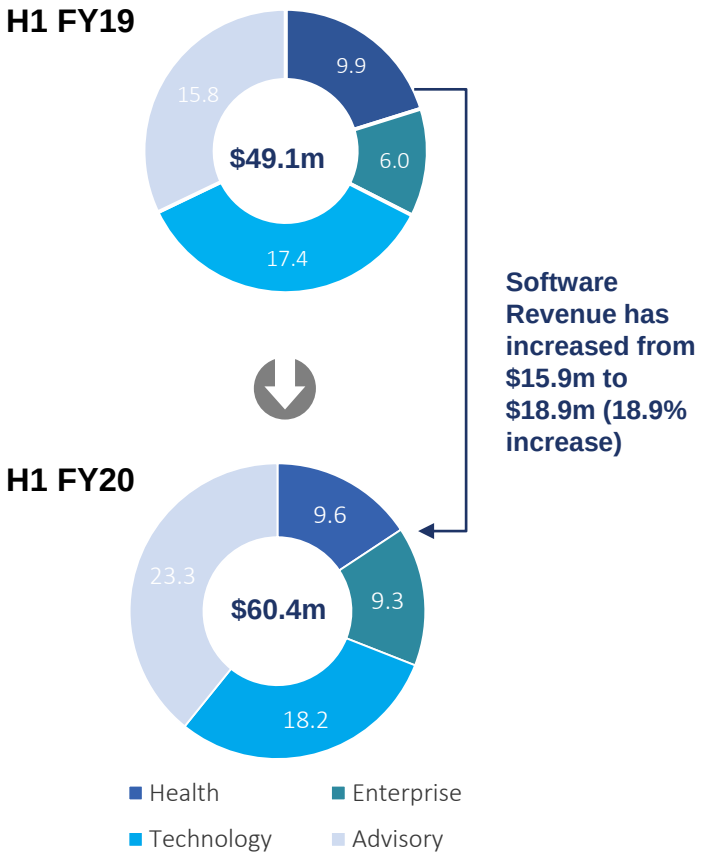
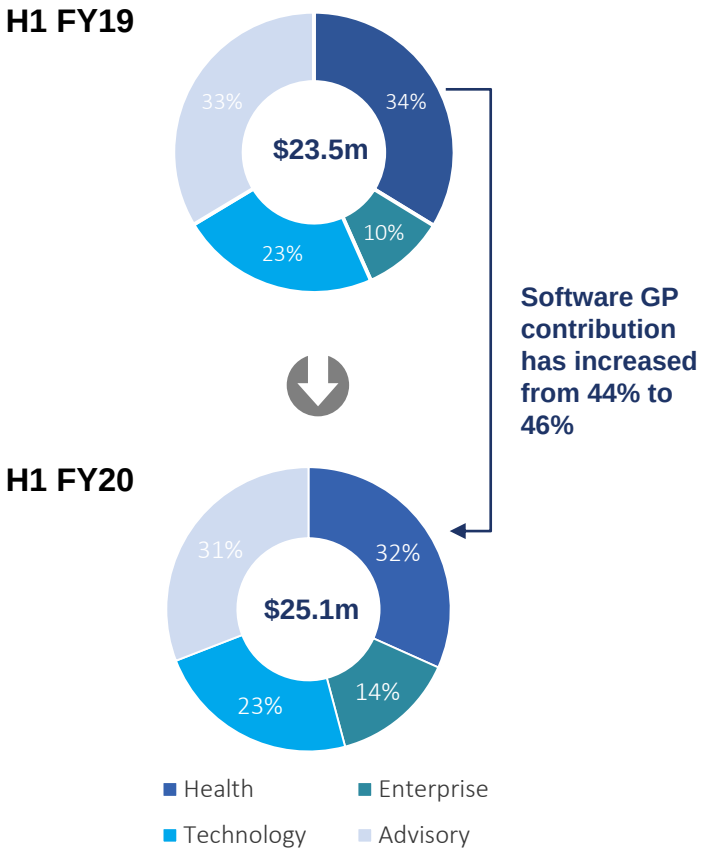
Significant improvement in the mix of the base business

Revenue by segment



Software Revenue has increased from $15.9m to $18.9m (18.9% increase)

Gross Profit by segment



Software GP contribution has increased from 44% to 46%

Strategic Direction

- Shift in the business mix to increase the proportion of Enterprise Software and Health Software in order to provide long term, recurring revenue streams
- Citadel has continued to drive a shift to recurring revenue from Software, with an 18% increase in software revenue from PCP
- Enterprise Software revenue continues to grow, up 55% from PCP. Health revenue is slightly behind H1 FY19 due to a lower number of non-recurring licence fees in H1 FY20
- Advisory revenue has grown from the acquisition of Noventus, which is currently tracking at 21% above expectations
- International expansion opportunities leveraging Citadel's strong Australian IP and leading products, directly and through exclusive channel partnerships

Increasing Software revenue

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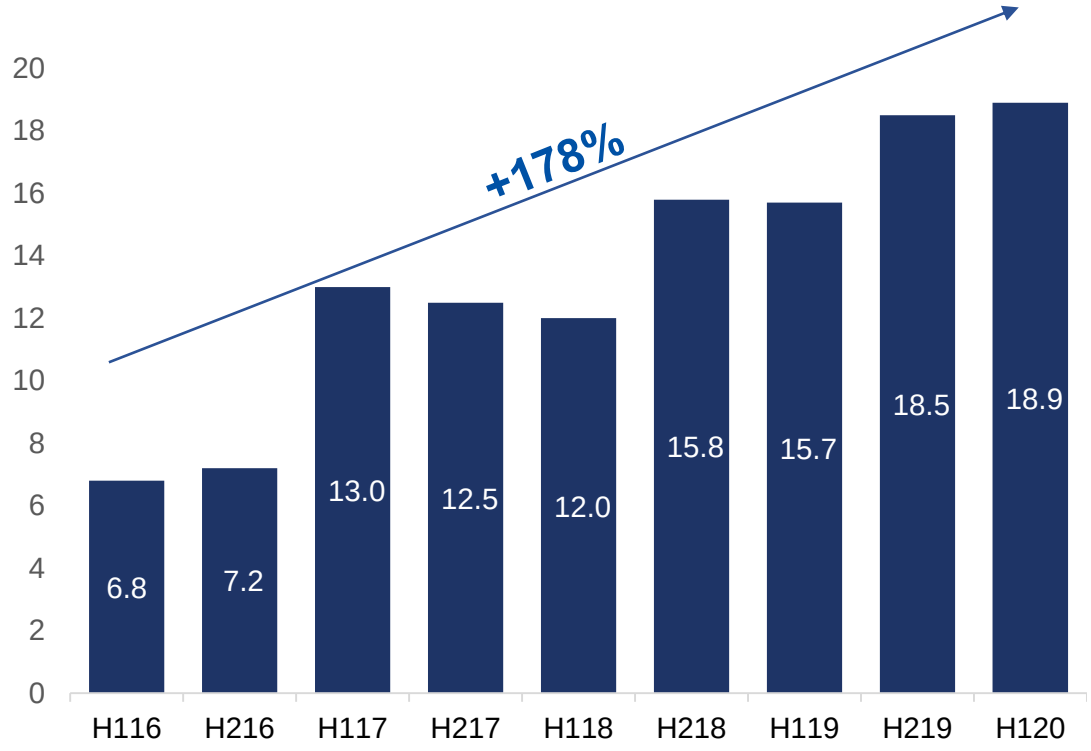
Growing Software revenue from continuing operations (A$m)



- Strong revenue growth from Software following investments made to develop and enhance software and platform capabilities
- Citadel-IX continues to grow, up 15% from H1 FY19
- Citadel-IX has over 25,500 users – targeting 200,000 by end FY21
- Key development in H1 FY20 on AVAssist™ and goTRIM™ – now launched
- Citadel Share to launch in H2 FY20

Wellbeing acquisition is on strategy and will assist the company in further progressing to a recurring revenue model

Investing to support software growth

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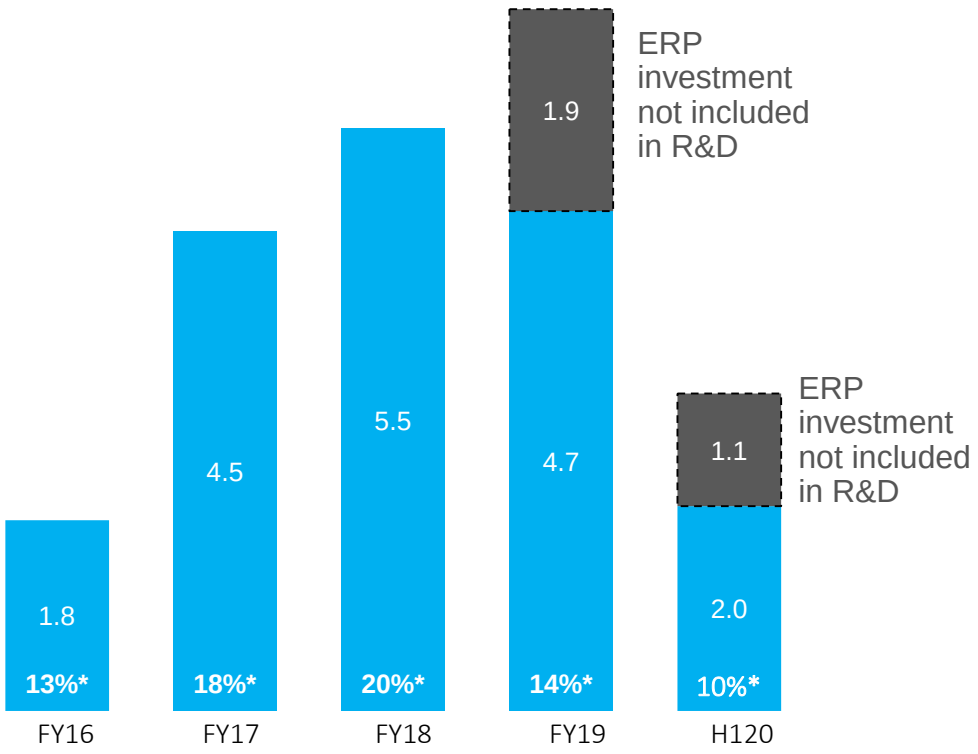
Current spend is supporting future margin growth

R&D Investment (Opex and Capex) ($m)



- Citadel continues to make investments in core Health and Enterprise Software
  - Auslab/Evolution ™
  - CHARM ™
  - goTRIM Pro™
  - AVAssist ™
  - Citadel Share ™
- Focus is on developing secure cloud-based software solutions that have large addressable markets, and a high degree of contracted, recurring revenue models

* Percentage spend of Software/SaaS revenue

More than 150+ long standing customer relationships

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Citadel has formed significant long term relationships with blue chip companies – leveraging our trusted pedigree in national security

Australian Government
Department of Defence

TELSTRA

The Royal Melbourne Hospital

Austin HEALTH

MONASH University

DEAKIN UNIVERSITY AUSTRALIA

RESERVE BANK OF AUSTRALIA

NSW GOVERNMENT Health Pathology

Ramsay Health Care

NSW GOVERNMENT TAFE NSW

Australian Government
Department of Finance

Brisbane City Council

Peter Mac
Peter MacCallum Cancer Centre
Victoria Australia

ICON GROUP

THE UNIVERSITY OF MELBOURNE

SWINBURNE UNIVERSITY OF TECHNOLOGY

Ballarat Health Services
Putting your health first®

RMIT UNIVERSITY

ACU
AUSTRALIAN CATHOLIC UNIVERSITY

- We have worked with our top 10 clients for an average of **>15 years**
- Relationships continue to **evolve** and **develop**
- **Strong history of renewal** through exceeding client's requirements

H1 FY20
Financial Performance

Financial performance

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Reflects increased focus on scalable software solutions and product contracts

$m	H1 FY20	H1 FY19	Change
Total Revenue	61.1	49.1	24.4%
Gross Profit	**25.2**	**23.3**	**8.2%**
Gross Profit Margin	41.2%	47.5%	
EBITDA	**12.5**	**13.2**	**(5.3%)**
EBITDA Margin	20.5%	26.9%	
Depreciation & Amortisation	5.5	3.8	44.7%
EBIT	**7.0**	**9.4**	**(25.5%)**
Finance Costs	0.4	0.5	(20.0%)
NPBT	**6.6**	**8.8**	**(25.0%)**
Tax Expense	1.9	2.1	(9.5%)
NPAT from Continuing Operations	**4.7**	**6.7**	**(29.9%)**
NPAT from Discontinued Operations	-	-	n/a

Revenue $61.1 million

- H1 Revenue in line with outlook statement
  - Noventus revenue $10.9m, 21% ahead of expectations
  - Q2 revenue run rate 19% ahead of Q1 reflecting additional work flowing through from Defence and National Security clients
- Positive momentum leading into H2

Gross margin of 41.2% (46.2% excluding Noventus)

- Gross Margin has been impacted by Noventus outperformance and lower Q1 Revenue

EBITDA $12.5 million

- Includes $800k of restructure costs and one off expenses ($650k in the PCP), offsetting positive impact of AASB16 adjustments of $1.1m
- Group-wide restructure in February 2020, resulting in $2.1m of annualised savings. Some of the annualised savings will be reinvested back into the business in H2 to fund new growth strategies

Balance sheet

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Strong balance sheet to continue supporting business investment and growth initiatives

$m	31 Dec 19	30 Jun 19
Cash	12.3	14.0
Trade & Other Receivables	21.8	21.5
Income Accrual	14.6	14.9
Plant & Equipment	1.9	2.1
Intangible Assets	84.0	84.6
Other Assets	17.2	6.5
Total Assets	**151.8**	**143.6**
Debt	19.6	12.0
Trade & Other Payables	15.5	18.6
Other Liabilities	31.6	26.7
Total Liabilities	**66.7**	**57.3**
Shareholders Equity	**85.1**	**86.3**

- Strong cash position at $12.3m
- Trade & Other Receivables up $0.3m and Income Accrual down $0.3m – consistent with 30 June 19 balances
  - Income accrual expected to continue to reduce over H2 FY20/H1 FY21
- Reduction in Trade & Other Payables of $3.1m has had a negative impact on cash flow
- Debt increased by $7.6m due to draw down on debt facility to fund the acquisition of Noventus
- Other Assets have increased by $5.1m and Other Liabilities have increased by $6.7m as a result of the implementation of AASB16

Cash flow

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Cash balance used to invest in the business through acquisitions and R&D

$m	H1 FY20	H1 FY19
Opening cash	14.0	23.9
Cash from operations	5.1	3.6
Investment in capital expenditure	(3.5)	(3.2)
Acquisitions of subsidiaries, net of cash	(3.1)	(1.1)
(Repayment)/Advance of loans	3.8	(2.7)
Dividends paid	(4.0)	(5.7)
Closing cash balance	**12.3**	**14.8**

- Cash from operations up by $1.5m
- Capital expenditure includes $1.1m toward new ERP system, $1.2m on Citadel Health product development, with remaining investments across development of various products and items of PP&E
- Draw down on loan facility to fund the cash payment for the acquisition of Noventus

Acquisition of Wellbeing

Summary

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Transaction Details[1]	– The Citadel Group Limited (**Citadel**) has entered into a binding agreement to acquire 100% of Wellbeing Software Group Limited (**Wellbeing**) for an enterprise value of £103 million (A$198 million)[2] (**Enterprise Value**) (the **Acquisition**), comprising £4.8 million (A$9 million) in Citadel shares to Wellbeing Management[3], issued at A$4.65 per share, and £98 million (A$189 million) cash – Implied Acquisition multiple of approximately 13.2x Enterprise Value / CY20 EBITDA based on Wellbeing's forecast EBITDA for the 12 months ending 31 December 2020 of £7.8m, and approximately 12.0x taking into account the full year impact of synergies expected to be realised post completion of the Acquisition[4,5,6]

Acquisition Funding	– The cash component of the Enterprise Value and transaction costs will be funded by a combination of:
	  – An Underwritten two tranche placement of approximately 27.4 million new ordinary shares in the Issuer (**New Shares**) to new and existing institutional investors to raise approximately A$127 million (the Offer), comprising:
	  – An underwritten unconditional placement to new and existing institutional investors to raise approximately A$34 million under Citadel's existing 15% placement capacity (**Tranche 1** or **Placement**)
	  – An underwritten conditional placement to new and existing institutional investors to raise approximately A$93 million (subject to shareholder approval at an Extraordinary General Meeting (**EGM**), expected to be held on 30 March 2020) (**Tranche 2** or **Conditional Placement**)
	  – Underwritten Senior Secured term loan of A$90 million and undrawn revolving working capital facility of A$10 million[7]

Financial Impact	– The Acquisition is expected to deliver high single digit EPS accretion in FY20 and FY21[4,5] – Net run-rate cost synergies of ~A$1.5 million per annum[8] – Realisation of synergies to commence in FY20 – Net debt / pro forma FY20 EBITDA of <2.0x expected post adjustments and synergies[8]
Timing and Conditions	– Completion of the Acquisition is subject to successful completion of the placement and shareholder approval of the issuance of shares to Wellbeing Management – The Acquisition is expected to complete in early April 2020
Management Escrow	– Mark McConnell, CEO and Managing Director of Citadel, and entities he controls, has agreed to enter into voluntary escrow arrangements, in respect of the Company's securities in which he has a relevant interest, for a period of 24 months commencing from 18 February 2020
Share Purchase Plan (SPP)	– SPP to eligible Citadel shareholders with a registered address in Australia and New Zealand to invest up to A$30,000 in new shares per shareholder, subject to maximum SPP size of A$10 million – Price of A$4.65 per share, equal to the price of shares issued under the Placement & Conditional Placement – The record date for the SPP is 17 February 2020 and further details will be provided in a separate SPP booklet – All new shares issued under the SPP will rank pari passu with existing ordinary shares in the Company

(1) GBP / AUD conversion rate of 1.92
(2) The Enterprise Value is subject to a ticking fee of ~A$875,000, which is captured in transaction costs
(3) 100% of Citadel shares issued to the majority of management will be restricted from sale for 12 months. 50% of Citadel shares issued to members of senior management, who will continue as part of the key leadership team, will be restricted from sale for 12 months, and the remaining 50% will be restricted from sale for 24 months
(4) Slide 28 outlines further detail on forecast assumptions. FY20 accretion is based pro-forma normalised EBITDA and inclusive of known cost synergies but excludes revenue synergies
(5) EPS accretion is calculated as the incremental FY20 pro forma EPS over Citadel's FY20 standalone EPS; Based on Citadel's NPAT; Assumes completion of the Acquisition on 3 April 2020
(6) CY19 Aggregated pro forma EBITDA of A$38m is based on Citadel's CY19 pro forma EBITDA of A$24m and Wellbeing's CY19 pro forma EBITDA of A$14m
(7) Full debt documentation to be completed prior to transaction close
(8) Net run-rate cost synergies of approximately A$1.5m per annum (not including revenue synergies) expected to be fully realised from FY20
Source: Financial Due-Diligence Report, CGL Management Estimates

Overview of Wellbeing

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Leading UK healthcare software company that manages patient workflow and data

- Grown over 25+ years through a combination of organic development and acquisitions
- Wellbeing's software provides end-to-end digitisation and builds a consolidated view of patient information for health care providers
- Aligned to the UK NHS' long-term care agendas, with one or more Wellbeing solutions used in 81% of NHS Trusts across England

£16.6 million

CY19A Revenue[1]

£6.5 million

CY19A EBITDA

£10.1 million

CY19A Gross Profit

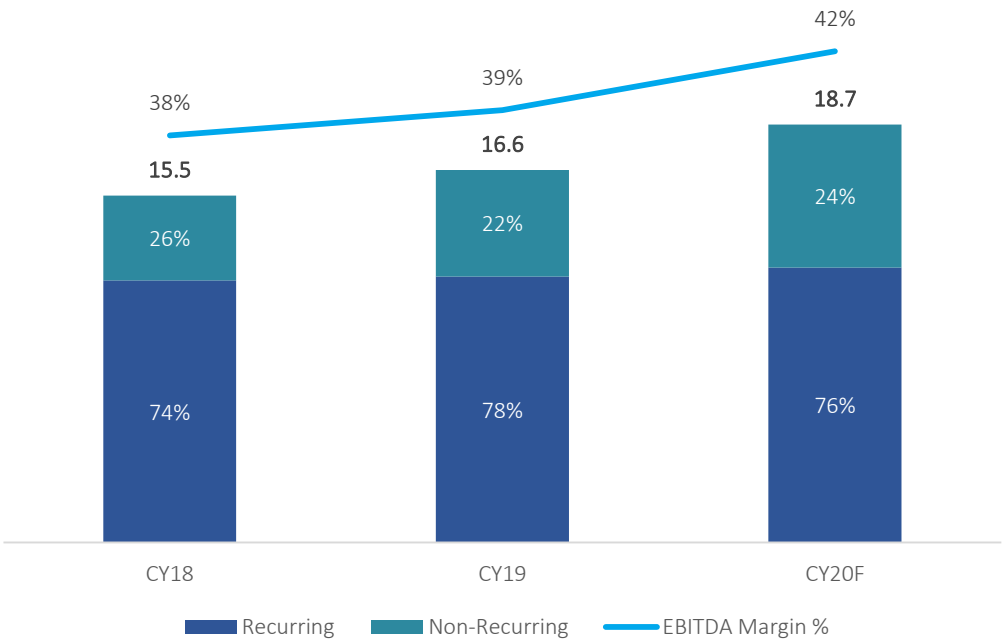
(61%+ Margin)

39%

CY19A EBITDA Margin

↑ 10%
CY18-CY20F
Revenue CAGR

Revenue (£m) and EBITDA margins (%)



Source: Financial Due-Diligence Report, CGL Management Estimates
Note: Wellbeing's financial year ends on 31 December, and is labelled as CY. Wellbeing's results, where presented as FY, have been calendarised to a 30 June year end
(1) Wellbeing's recurring revenue includes Research & Development Expenditure Credit (RDEC) revenue

Key Business Strengths

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wellbeing software

- **Market leading provider of radiology and maternity workflow solutions in the UK, with a market share of 59% and 22% of the respective NHS acute trusts in England**
- **High value, diversified client mix with over 150+ clients in the UK and no single client representing more than 4% of total revenue**
- **Embedded clients, with an average annual retention rate of 99% in the last 3 years and an average relationship length of 12+ years across the top 10 customers**
- **Highly attractive financial profile, with ~70% recurring revenue and ~40% EBITDA margins[1,2]**
- **Opportunity to cross-sell Citadel's existing enterprise software offerings to Wellbeing's large client base**

Source: Financial Due-Diligence Report, CGL Management Estimates, Vendor Commercial Due Diligence

(1) Based on Wellbeing's CY19 reported results

(2) Wellbeing's recurring revenue = maintenance revenue

Wellbeing Product Offering

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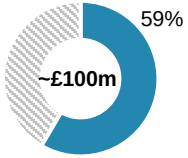
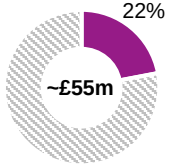
Domain-specific Wellbeing products are fully interoperable as specialist care solutions and are interconnected such that the benefits and functionality of the whole platform provides significant incremental benefits addressing major priorities of the NHS

	Radiology	Maternity	Data Management	Electronic Health Records ("EHR")
Description	Provides an intuitive platform for managing the information that keeps radiology departments running smoothly	Provides seamless access to all records related to pregnancy and birth to deliver safer maternity care	Provides primary care data that supports PHM, clinical research and business intelligence in a secure and compliant manner	Provides electronic treatment consent, digitisation and visualisation of health documents across primary and secondary care
Care Type	Secondary	Secondary	Primary	Secondary
Reach	700 locations and supporting 25m imaging events per year	39 contracted NHS trusts in England, supporting 129k births per year	Processing 30m+ patient data records with software installed in 4,000+ of ~7,400 GP systems in England and Ireland	7 large NHS trust customers; strong pipeline of 50+ NHS acute trusts
Market Share / Total Addressable Market (TAM)	**#1 In UK market** 	**#1 In UK market** 	**TAM: ~£380m**	**TAM: ~£55m**
Brands	cris	euroking	apollo	stratus & econsent
CY19A Revenue[1]	**£12.8m**	**£1.6m**	**£1.5m**	**£0.3m**

Source: Vendor Due-Diligence Report, Financial Due-Diligence Report, CGL Management Estimates, Vendor Commercial Due-Diligence

(1) CY19A revenue by product does not include Research & Development Expenditure Credit (RDEC) revenue

Wellbeing Customer Overview

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Wellbeing has maintained diversified, trusted and long term customer relationships, with an average tenor of 12+ years across the top 10 customers and low overall customer concentration

- Wellbeing has a high-value, diversified client base
- No one customer representing more than 4% of total revenue
- There is a significant opportunity to cross-sell products to existing customers

Top 10 Customers (by CY19 Revenue)	Relationship (Years)	% of Total CY19 Revenue
Customer 1	12+	3.8%
Customer 2	7+	3.7%
Customer 3	12+	3.3%
Customer 4	15+	3.0%
Customer 5	13+[1]	2.1%
Customer 6	20+	1.7%*
Customer 7	17+	1.7%
Customer 8	1+	1.6%
Customer 9	18+	1.6%*
Customer 10	11+	1.5%

Average relationship length of 12+ years

Source: Vendor Due-Diligence Report, Financial Due-Diligence Report, CGL Management Estimates
** Customer revenue streams are derived from more than one product offering*
(1) Fully hosted managed services to a region (five trusts). Historically this was provided as a single contract through a prime vendor. This has since been renewed as five separate but centrally and uniformly negotiated contracts with each trust in 2018.

Financial Profile of Wellbeing

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Over 70% of Wellbeing's Revenue is recurring

£m	CY18A	CY19A	CY20F
Recurring Revenue	11.7	11.9	12.3
Non-Recurring Revenue	3.8	4.8	6.4
Total Revenue	**15.5**	**16.6**	**18.7**
Revenue Growth	*6.1%*	*7.4%*	*12.2%*
Gross Profit	**9.7**	**10.1**	**11.8**
Gross Profit Margin	*62.6%*	*60.7%*	*63.2%*
EBITDA	**5.9**	**6.5**	**7.8**
EBITDA Margin	*38.1%*	*39.1%*	*41.8%*

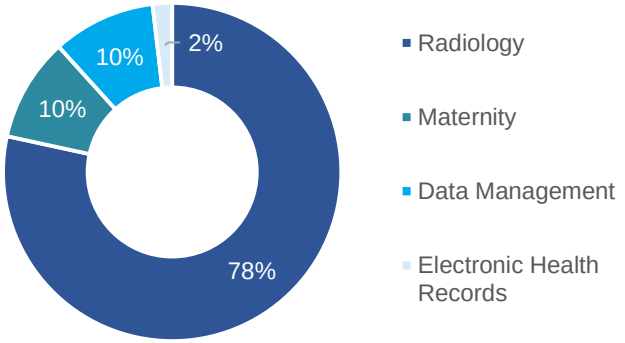
Revenue growth driven by more multi-product sales to new and existing customers

Consistently robust gross profit margins above 60%

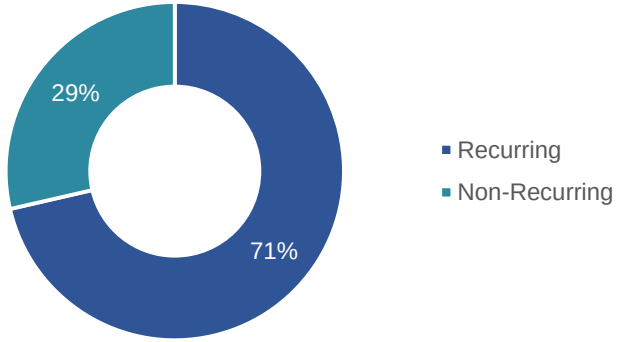
EBITDA margins of ~40%, forecast to continue growing

Wellbeing's focus is shifting to selling its products at scale after a period of investing in R&D and AI enablement

CY2019A Revenue by Product



CY2019A Revenue by Type



Source: Financial Due-Diligence Report, CGL Management Estimates

(1) Wellbeing's recurring revenue includes Research & Development Expenditure Credit (RDEC) revenue

Acquisition Rationale and Financial Impact

Acquisition Rationale

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Wellbeing is on strategy for Citadel with a focus of diversifying into high quality Software based recurring revenue streams

High Quality, Recurring Revenues with Strong Margins	▪ Shifts Citadel's segment mix, increasing pro forma FY20 health software from ~31% to ~52% of gross profit and ~15% to ~32% of revenue ▪ Improves Citadel's pro forma FY20 margins, with gross profit margins increasing from ~41% to ~46% and EBITDA margins increasing from ~22% to ~26% ▪ Strengthens Citadel's recurring revenue, increasing from ~41% to ~48% of total revenue based on pro forma FY20 figures
Immediate Market Share in New Geography	▪ Provides Citadel with entry into a new region via a strong, established business with a compelling market share in Radiology (~59%) and Maternity (~22%) NHS acute trusts in England ▪ Citadel has been focused on the healthcare sector in the UK for 2 years
Broadens Product Suite in Health Sector	▪ Adds Radiology and Maternity offerings to Citadel's existing Pathology and Oncology products, providing a full suite solution to health care providers ▪ Enhances Citadel's existing offerings in information systems, data and workflow management categories ▪ Provides significant near-term cross-sell opportunities in Wellbeing's market
Customer Diversification	▪ Enhances and diversifies Citadel's customer base whilst maintaining a focus on core industries (Health, Government and Defence) ▪ Wellbeing has over 150+ customers in the UK, with no one customer representing more than 4% of total revenue ▪ Wellbeing has trusted, long-term customer relationships, with an average relationship length of 12+ years and an average contract length of ~4 years across the top 10 customers
Strong and Aligned Management Team	▪ Wellbeing has a capable and experienced management team who are able to continue to drive growth in the UK and form a new Citadel pillar ▪ A performance-based remuneration plan customary for Wellbeing's market and management equity roll-over provide incentives for the Wellbeing management team to deliver continued growth post-combination ▪ Key Management member's rolling equity will be subject to an escrow period of 12 months for 50% and 24 months for the remaining 50%

Note: Assumes GBP / AUD conversion rate of 1.92
Source: Vendor Due-Diligence Report, Financial Due-Diligence Report, Management Estimates

Alignment with Citadel's Strategic Focus

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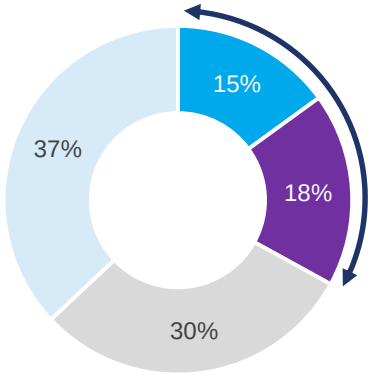
The acquisition will shift Citadel's earnings profile towards Health Software

PF FY20 Revenue[1]

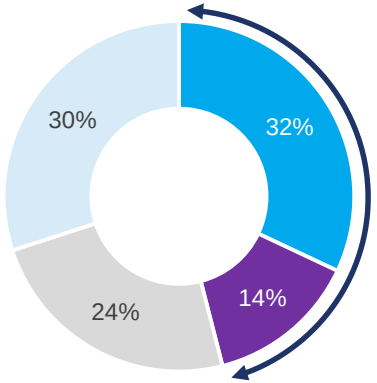
Citadel Standalone



33% Software Revenue

Including Wellbeing (%)

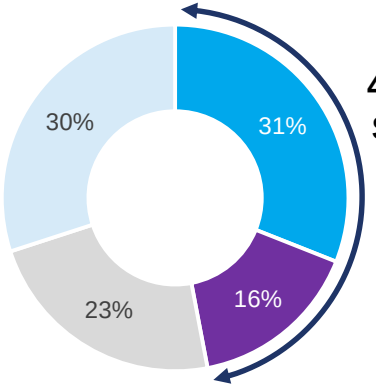
- Health Software
- Enterprise Software
- Tech Service
- Advisory Services + Corporate



46% Software Revenue

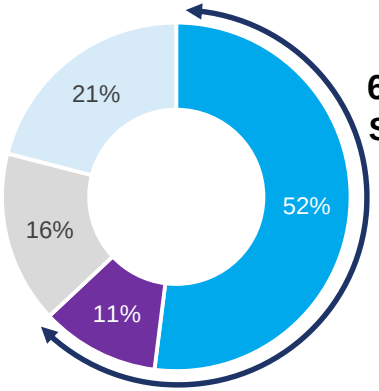
PF FY20 Gross Profit[1]

Citadel Standalone



47% Software Gross Profit

Including Wellbeing (%)



63% Software Gross Profit

Note: Assumes GBP / AUD conversion rate of 1.92
Source: Financial Due-Diligence Report, CGL Management Estimates
(1) Segment splits are based on FY20 guidance; see slide 28 for details

Unaudited Pro Forma Combined Statements

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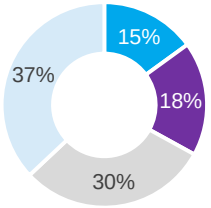
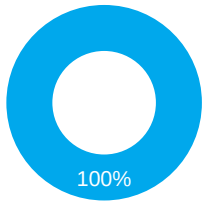
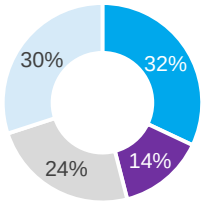
A$m, June year end[5]	citadel group	wellbeing software	Aggregated[6] citadel group + wellbeing software
	FY2020	**FY2020**	**FY2020**
Recurring Revenue[1]	**52.8**	**24.7**	**77.5**
Non-Recurring Revenue[2]	**77.2**	**8.3**	**85.5**
Total Revenue[3]	**130.0**	**33.1**	**163.1**
Gross Profit	**53.6**	**20.6[4]**	**74.2**
Gross Profit Margin %	***41.2%***	***62.2%***	***45.5%***
EBITDA[2]	**29.0**	**13.9**	**42.9**
EBITDA Margin (%)	***22.3%***	***42.0%***	***26.3%***

Segment Mix by Revenue (FY20)

- Health Software
- Enterprise Software
- Tech Service
- Advisory Services + Corporate







Enhances gross profit and EBITDA margins

Continued margin expansion expected as the business scales and achieves greater operating leverage

Revenue mix shifted towards more attractive, recurring software revenues

Note: Assumes GBP / AUD conversion rate of 1.92
Source: Vendor Due-Diligence Report, Financial Due-Diligence Report, Management Estimates

(1) Citadel's recurring revenue includes contracted managed services revenue and software annual support and maintenance revenue. Wellbeing's recurring revenue includes maintenance revenue and Research & Development Expenditure Credit (RDEC) revenue
(2) Citadel's non-recurring revenue includes consulting and professional services, upfront licence fees, project work and product installation and design. Wellbeing's non-recurring revenue includes software licences and professional services, and transactional and hardware revenue
(3) Underlying revenue and EBITDA before synergies and Acquisition costs; Citadel's guidance is the midpoint of expected range
(4) Indicative Gross Profit Margin after allocation of staff costs and direct third party costs
(5) Wellbeing's financial year is 31 December. For the purposes of this document, Wellbeing financials presented as FY are calendarised to a 30 June year end
(6) Financial metrics comprise Citadel's and Wellbeing's financial metrics for the relevant period, and assume completion of the acquisition prior to the commencement of the relevant period

Highly Complementary Acquisition

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Health Software Division – Moving towards a leading, international clinical workflow and data specialist

	citadel group MANAGING COMPLEXITY **Australian Market Share (%)[1]**	wellbeing software **UK Market Share (%)[1]**
Pathology	**42%**	**NA**
Oncology	**27%**	**NA**
Maternity	**NA**	**59%**
Radiology	**NA**	**22%**

Full-suite product offering

- ✓ Expansion into well understood, complementary market
- ✓ Acquiring a strong product suite in Maternity and Radiology
- ✓ Scale base in the UK provides scope to achieve cross-sell within the near-medium term
- ✓ Cross-sell opportunities in Pathology and Oncology to drive growth and entrench value add to customers
- ✓ Management incentives linked to outperformance of the base business as well as achieving product cross-sell

Source: Vendor Due-Diligence Report, Financial Due-Diligence Report, Management Estimates
(1) Citadel's market share is based on public health pathology and public and private oncology in Australia, Wellbeing's market share is based on radiology information systems and maternity workflow in England

Indicative Pro Forma Balance Sheet

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	Illustrative 31 Dec-19 A$m	Audited 31-Dec-19	1	2	3	4 Wellbeing Software:illustrative Impact of acquisition			31-Dec-19
A$m	**Wellbeing Reported BS**	**Reported Citadel BS**	**New debt facility**	**Equity raise**	**Transaction costs + Repayment of loans**	**Acquisition of Wellbeing**	**Placement to Vendor + Vendor cash**	**Indicative Asset allocation**	**PF consolidated BS**
Intangible assets	4.1	84.0						187.9	271.9
Tangible assets	0.3	7.4						0.3	7.7
Non-current assets	**4.4**	**91.3**	**-**	**-**	**-**	**-**		**188.2**	**279.5**
									-
Cash	9.1	12.3	90.0	127.4	(36.9)	(198.1)	12.7	9.1	16.6
Trade debtors	4.6	21.8					0.8	4.6	27.3
Other current assets	7.2	26.3						7.2	33.5
Current assets	**20.9**	**60.5**	**90.0**	**127.4**	**(36.9)**	**(198.1)**	**13.5**	**20.9**	**77.4**
								-	-
Trade creditors	(1.4)	(15.5)						(1.4)	(17.0)
Deferred income	(5.8)	(8.6)					0.8	(5.8)	(13.5)
Accruals, provisions and other liabilities	(3.9)	(6.7)	-	-	-	-	-	(3.9)	(10.6)
Current liabilities	**(11.1)**	**(30.8)**	**-**	**-**	**-**	**-**	**0.8**	**(11.1)**	**(41.0)**
									-
Loan notes	(46.2)	(19.6)	(90.0)		19.6	46.2			(90.0)
Capitalised debt costs	-	-			2.9				2.9
Wellbeing preferred shares	(9.6)	-				9.6			-
Other non-current liabilities	-	(5.1)							(5.1)
Deferred tax	-	(11.2)							(11.2)
Non-current liabilities	**(55.8)**	**(35.9)**	**(90.0)**	**-**	**22.5**	**55.8**		**-**	**(103.5)**
Net assets	**(41.6)**	**85.1**	**-**	**127.4**	**(14.5)**	**n/a**	**14.4**	**n/a**	**212.4**

(1) Citadel intends to retire its existing debt on completion and will draw down new facilities in both GBP and AUD. The final quantum and split of this debt are subject to variation.

(2) $127.4m equity raise increasing both cash and equity. Equity raising costs have been included separately.

(3) Acquisition and equity fees are indicative and may vary (subject to equity raised and other factors). These are assumed to be a cash cost. Certain acquisition and debt raising costs may be capitalised. These transaction costs include cash payments for the Daily Ticker to transaction close to compensate the Vendor for increased cash and net working capital at transaction close.

(4) Based on the Enterprise Value and identifiable assets and subject to PPA, the purchase will generate Goodwill. Additionally, the Balance Sheet (BS) for the Target is under UK GAAP whereas Citadel reports under Australian Accounting Standards which may lead to a material variation on consolidated and consistent GAAP basis. Key considerations include the application of AASB 15, 16 and 9. Wellbeing's BS is based on information provided in the Vendor due diligence Trading Update.

Note: Assumes GBP / AUD conversion rate of 1.92
Source: Financial Due Diligence, Management Estimates

Acquisition Funding

Acquisition Funding and Terms

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Acquisition Consideration[1]	– The Citadel Group Limited (**Citadel**) has entered into a binding agreement to acquire 100% of Wellbeing Software Group Limited (**Wellbeing**) for an enterprise value of £103 million (A$198 million)[2] (**Enterprise Value**) (the **Acquisition**), comprising £4.8 million (A$9 million) in Citadel shares to Wellbeing Management[3], issued at A$4.65 per share, and £98 million (A$189 million) cash – Implied Acquisition multiple of approximately 13.2x Enterprise Value / CY20 EBITDA based on Wellbeing's forecast EBITDA for the 12 months ending 31 December 2020 of £7.8m, and approximately 12.0x taking into account the full year impact of synergies expected to be realised post completion of the Acquisition[4,5,6]

Acquisition Funding	– The cash component of the Enterprise Value and transaction costs will be funded by a combination of:
	  – An Underwritten two tranche placement of approximately 27.4 million new ordinary shares in the Issuer (**New Shares**) to new and existing institutional investors to raise approximately A$127 million (the Offer), comprising:
	  – An underwritten unconditional placement to new and existing institutional investors to raise approximately A$34 million under Citadel's existing 15% placement capacity (**Tranche 1** or **Placement**)
	  – An underwritten conditional placement to new and existing institutional investors to raise approximately A$93 million (subject to shareholder approval at an Extraordinary General Meeting (**EGM**), expected to be held on 30 March 2020) (**Tranche 2** or **Conditional Placement**)
	  – Underwritten Senior Secured term loan of A$90 million and undrawn revolving working capital facility of A$10 million[7]

Key Terms of Debt Facility	– **Covenants:** DSCR, Leverage and Gearing – **All-In Interest Rate:** Interest rate on new debt comprised of a margin (depending on a leverage grid) over the applicable AUD or GBP base rate. Assumed to be ~3.6% – **Tenor:** 3 years – **Facility Size:** A$100 million (comprising Underwritten Senior Secured term loan of A$90 million and undrawn revolving working capital facility of A$10 million)
Vendor Ownership in Combined Group	– Wellbeing vendors to own approximately 2.5% of Citadel shares post-Acquisition – 100% of Citadel shares issued to the majority of management will be restricted from sale for 12 months. 50% of Citadel shares issued to members of senior management, who will continue as part of the key leadership team, will be restricted from sale for 12 months, and the remaining 50% will be restricted from sale for 24 months
Timing and Conditions	– The Acquisition is expected to complete in April 2020

(1) GBP / AUD conversion rate of 1.92
(2) The Enterprise Value is subject to a ticking fee of ~A$875,000, which is captured in transaction costs
(3) 100% of Citadel shares issued to the majority of management will be restricted from sale for 12 months. 50% of Citadel shares issued to members of senior management, who will continue as part of the key leadership team, will be restricted from sale for 12 months, and the remaining 50% will be restricted from sale for 24 months
(4) Slide 28 outlines further detail on forecast assumptions
(5) Net run-rate cost synergies of approximately A$1.5m per annum (not including revenue synergies) expected to be fully realised from FY20
(6) CY19 Aggregated pro forma EBITDA of A$38m is based on Citadel's CY19 pro forma EBITDA of A$24m and Wellbeing's CY19 pro forma EBITDA of A$14m
(7) Full debt documentation to be completed prior to transaction close

Sources and Uses

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Sources of Funds	A$m
Scrip issued to Wellbeing vendors	9.2
Public equity issuance	127.4
New debt facility drawn	90.0
Citadel cash on balance sheet	19.8
Total Sources	**246.5**

Uses of Funds	A$m
Wellbeing Enterprise Value	198.1
Repayment of current Citadel debt	19.6
Working capital float	11.5
Fees, completion costs & expenses	17.3
Total Uses	**246.5**

(1) GBP / AUD conversion rate of 1.92

Offer Details

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Offer Structure	– An Underwritten two tranche placement of approximately 27.4 million new ordinary shares in the Issuer (**New Shares**) to new and existing institutional investors to raise approximately A$127 million (the Offer), comprising:
	  – Tranche 1: Unconditional Placement of approximately 7.4 million shares to raise approximately A$34 million under Citadel's existing 15% placement capacity
	  – Tranche 2: Conditional Placement of approximately 20.0 million shares to raise approximately A$93 million (subject to shareholder approval at an EGM expected to be held on 30 March 2020)
	– The New Shares represent approximately 56% of existing shares on issue

Offer Price	– All shares under the Offer will be issued at A$4.65 per New Share (**Offer Price**), representing a:
	  – 21.2% discount to last close at 17 February 2020 of A$5.90
	  – 12.1% discount to the 10 day VWAP of A$5.29
	  – Tranche 1 shares to receive H1 FY20 dividend of 4.8cps

Underwriting	– The Offer is underwritten by Royal Bank of Canada (trading as RBC Capital Markets)
Ranking	– New Shares issued under the Offer will rank pari passu with existing shares on issue
Major Shareholder Support	– Mr Mark McConnell, who currently has a relevant interest in 6,066,170 Citadel shares (representing approximately 12.3% pre-capital raise of the total number of Citadel shares on issue), has confirmed to the directors of Citadel that he intends to vote, or procure the vote of, those shares in favour of the placement and the issue of the Wellbeing Management Shares – Dr Miles Jakeman AM, who currently has a relevant interest in 6,276,181 Citadel shares (representing approximately 12.7% pre-capital raise of the total number of Citadel shares on issue), has confirmed to the directors of Citadel that he intends to vote, or procure the vote of, those shares in favour of the placement and the issue of the Wellbeing Management Shares – Mr Philip Allison, who currently has a relevant interest in 3,259,282 Citadel shares (representing approximately 6.6% pre-capital raise of the total number of Citadel shares on issue), has confirmed to the directors of Citadel that he intends to vote, or procure the vote of, those shares in favour of the placement and the issue of the Wellbeing Management Shares
Share Purchase Plan (SPP)	– SPP to eligible Citadel shareholders with a registered address in Australia and New Zealand to invest up to A$30,000 in new shares per shareholder, subject to maximum SPP size of A$10 million – Price of A$4.65 per share, equal to the price of shares issued under the Placement & Conditional Placement – The record date for the SPP is 17 February 2020 and further details will be provided in a separate SPP booklet – All new shares issued under the SPP will rank pari passu with existing ordinary shares in the Company

(1) All dates and times are indicative and subject to change without notice

Equity Raising Timetable

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Key Event	Date
Record Date for SPP	7:00pm AEDT, Monday, 17 February 2020
Trading halt and announcement of the Offer	Tuesday, 18 February 2020
Placement and Conditional Placement opens	9:00am AEDT, Tuesday, 18 February 2020
Placement and Conditional Placement closes	By 4:00pm AEDT, Tuesday, 18 February 2020
Results of the Placement announced to ASX	Wednesday, 19 February 2020
Trading Halt lifted - Shares recommence trading on ASX	Wednesday, 19 February 2020
Settlement of Placement	Friday, 21 February 2020
Allotment and normal trading of New Shares under the Placement	Monday, 24 February 2020
Despatch of SPP terms and offer letter, and opening date of SPP	Wednesday, 26 February 2020
Despatch of notice of EGM	Thursday, 27 February 2020
Citadel EGM to approve Conditional Placement (expected date)	Monday, 30 March 2020
Settlement of Conditional Placement	Wednesday, 1 April 2020
Allotment and normal trading of New Shares under the Conditional Placement	Thursday, 2 April 2020
Closing date of SPP	Monday, 6 April 2020
Announcement of results of SPP	Tuesday, 7 April 2020
Settlement of SPP	Wednesday, 8 April 2020

(1) All dates and times are indicative and subject to change without notice (including, without limitation, the closing time of the bookbuild for the Placement and Conditional Placement may be brought forward)

Appendix A - Key Risks

Key Risks

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This section discusses some of the key risks associated with any investment in Citadel, which may affect the value of Citadel shares. The risks set out below are not listed in order of importance and do not constitute an exhaustive list of all risks involved with an investment in Citadel. Before investing in Citadel, you should be aware that an investment in Citadel has a number of risks, which are specific to Citadel and some of which relate to listed securities generally, and all of which are beyond the control of Citadel.

Before investing in New Shares, you should consider whether this investment is suitable for you. Potential investors should consider publicly available information on Citadel (such as that available on the websites of Citadel and ASX), carefully consider their personal circumstances and consult their stockbroker, solicitor, accountant or other professional adviser before making an investment decision.

Acquisition Risks

Topic	Summary
Information has been provided by the vendors of Wellbeing	Citadel undertook a due diligence process in respect of Wellbeing, which relied in part on the review of financial and other information (including unaudited financial information) concerning the business and corporate structure of Wellbeing, which was provided to Citadel by the vendors of Wellbeing. Despite making reasonable efforts, Citadel has not been able to verify the accuracy, reliability or completeness of all the information which was provided to it against independent data. Similarly, Citadel has prepared (and made assumptions in the preparation of) the financial information relating to Wellbeing (on a stand-alone basis and also with Citadel post-Acquisition of Wellbeing) included in this Presentation from financial and other information (including unaudited financial information) provided by the vendors of Wellbeing. Citadel is unable to verify the accuracy, reliability or completeness of all of this information. If any of the data or information provided to and relied upon by Citadel 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 Wellbeing and the combined group may be materially different to the financial position and performance expected by Citadel and reflected in this Presentation. Furthermore, there is a risk that due diligence conducted has not identified issues that would have been material to the decision to enter into the Acquisition. A material adverse issue that was not identified prior to entry into the Acquisition could have an adverse impact on the financial performance or operations of Citadel. As is usual in the conduct of acquisitions, the due diligence process undertaken by Citadel identified a number of risks associated with Wellbeing, which Citadel had to evaluate and manage. The mechanisms used by Citadel to manage these risks included in certain circumstances the acceptance of the risk as tolerable on commercial grounds such as materiality. There is a risk that the approach taken by Citadel may be insufficient to mitigate the risk, or that the materiality of these risks may have been underestimated or unforeseen, and hence they may have a material adverse impact on Citadel's operations, earnings and financial position.
Future earnings may not be as expected	Citadel has undertaken financial and business analysis of Wellbeing in order to determine its attractiveness to Citadel and whether to pursue the Acquisition. It is possible that such analysis, and the best estimate assumptions made by Citadel, draw conclusions and forecasts in relation to guidance and synergy statements that are inaccurate or which will not be realised in due course. To the extent that the actual results achieved by Wellbeing are different than those anticipated or any unforeseen difficulties emerge in integrating the operations of Wellbeing, there is a risk that the profitability and future earnings of the operations of Citadel may differ (including in a materially adverse way) from the performance as described in this Presentation.
Citadel may not successfully integrate Wellbeing	The integration of a business of the size and nature of Wellbeing carries risk, including potential delays or costs in implementing necessary changes and difficulties in integrating various operations. The success of the Acquisition, and the ability to realise the expected benefits of the Acquisition outlined in this Presentation, is dependent on the effective and timely integration of Wellbeing's business alongside Citadel's business following completion of the Acquisition. A failure to fully integrate the operations of Wellbeing, or a delay in the integration process, could impose unexpected costs that may adversely affect the financial performance and position of Citadel.

Key Risks

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Acquisition Risks

Topic	Summary
Citadel will assume Wellbeing' historical liabilities	Following completion of the Acquisition, Citadel will be responsible for any outstanding liabilities that Wellbeing has incurred prior to the Acquisition, including any liabilities that were not identified during Citadel's due diligence or which are greater than expected, or for which warranty and indemnity insurance may not be available, and for which Citadel may not have post-Acquisition recourse under the agreement for the Acquisition and which may result in Citadel being liable for fines and penalties or subject to other sanctions. Such liabilities could include liabilities relating to current or future litigation or other proceedings, failure by Wellbeing to hold required regulatory approvals, authorisations or licences, regulatory actions (including without limitation in relation to any such failure), health and safety claims, warranty or performance claims, liabilities relating to deferred consideration payable under acquisition agreements previously entered into by Wellbeing, historical tax liabilities and other liabilities. Such liabilities may adversely affect the financial performance or position of Citadel and even put at risk the group's capacity to carry on its business, either at all or in one or more of the geographic regions in which the group currently operates, and may be more costly than expected to remedy.
Uncovered warranty and indemnity breaches	The ability of Citadel to achieve its stated objectives will depend on the performance by the parties of their obligations under the agreements for, and related to, the Acquisition. If any party defaults in the performance of their obligations, it may be necessary for Citadel to approach a court to seek a legal remedy, which can be expensive and time consuming. Citadel may suffer a loss as a result of the conduct of the vendors of Wellbeing for which the representations, warranties and indemnities under the agreement for the Acquisition turn out to be inadequate in the circumstances. This could include Citadel becoming liable for unknown liabilities which are not able to be covered by the warranty and indemnity package negotiated with the insurer. The warranty and indemnity protection that Citadel has negotiated with the vendors is also limited by the fact that the majority seller is a private equity fund, and it is customary practice in the United Kingdom for private equity sellers to only provide limited warranty and indemnity protection. Citadel has put in place warranty and indemnity insurance to support the warranties and indemnities received from the vendors of Wellbeing, however, that policy will not respond on all matters and is subject to a maximum liability cap and retention amount, and therefore, may provide no coverage on a particular liability for Citadel. Any inability to recover amounts claimed under the agreement for the Acquisition could materially adversely affect Citadel's financial position and performance.
The Acquisition may not complete	If any of the conditions precedent are not satisfied or waived or take longer than anticipated to satisfy, completion of the Acquisition may be deferred or delayed, or may not occur on the current terms or at all. There is no guarantee that Citadel will obtain all necessary approvals to complete the Acquisition within any particular timeframe, or at all. If the Acquisition is not completed as a result of a failure to satisfy conditions (or otherwise), Citadel is liable to pay the vendors a break fee in the amount of GBP3,090,000 and would also need to consider alternative uses for the proceeds of the Placement, or ways to return such proceeds to shareholders. If completion of the Acquisition is delayed, Citadel may incur additional costs and it may take longer than anticipated for Citadel to realise the benefits of the Acquisition. Any failure to complete, or delay in completing, the Acquisition and/or any action required to be taken to return capital raised to shareholders may have a material adverse effect on Citadel's financial position and performance.
Acquisition accounting	Citadel is required to undertake an assessment of the fair value of the tangible and intangible assets acquired as well as the actual and contingent liabilities of Wellbeing at the date of the Acquisition. Accounting standards provide twelve months from completion for this assessment to be finalised. The outcome of this assessment could give rise to different values being applied than those used in the pro-forma financial information contained in this Presentation. Such an outcome will impact the values of assets and liabilities reported in the consolidated balance sheet by Citadel. There will also be differences in the depreciation and amortisation charges recognised in the consolidated profit or loss account which may impact reported profit before tax and net profit after tax.
Wellbeing's customer contracts may be breached, terminated, not renewed or renewed on less favourable terms	Wellbeing is party to contracts to provide its solutions to customers, and those contracts are responsible for the majority of Wellbeing's revenue. If Wellbeing breaches a customer contract (for example by not meeting service level requirements), Wellbeing may be liable for damages under the relevant contract and in certain cases the counterparty may be entitled to terminate the contract. Wellbeing's customer contracts may also not be renewed for a number of reasons, including performance below required service levels, adverse publicity or increased competition, or renewed on terms less favourable than those currently enjoyed by Wellbeing. Any breach, termination, non-renewal or renewal on less favourable terms of a customer contract could materially adversely affect Wellbeing's financial position and prospects.

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Business Risks

While the risks set out in this section are stated to relate to Citadel and its business, investors should consider that these risks will also apply to Wellbeing and its business, which Citadel will own following completion of the Acquisition.

Topic	Summary
Citadel may not achieve anticipated benefits from past acquisitions	Citadel has in part historically grown its business by acquisition (including the recent acquisitions of Gruden and Noventus), and growth through acquisition is likely to remain an important part of Citadel's strategy in the future. This growth has placed, and may continue to place, significant demands on management, information and reporting resources and financial and internal controls and systems. Effective management of Citadel's growth will require continued development and appropriate resourcing of these controls and systems, failing which Citadel may not be able to take advantage of market opportunities, satisfy customer requirements, execute its business plan or respond to competitive threats. There are a range of additional risks associated with strategic acquisitions, including one or more past or future acquisitions giving rise to significant actual or contingent liabilities or loss which it cannot recover under the relevant acquisition agreement, Citadel may fail to achieve expected synergies and cost savings in relation to an acquisition, customers and key employees of acquired businesses may not be retained after completion of the acquisition and the services contracts of acquired businesses may contain unusual or onerous terms, including in relation to termination rights. Any of the above factors, either individually or in combination, may have a material adverse effect on Citadel's financial position and future prospects.
Citadel relies on the effective performance of IT infrastructure	Technology is the key enabler of Citadel's services. Citadel and its clients are dependent on the effective performance, reliability and availability of Citadel's technology platforms, software, third party data centres and communications systems. Citadel may fail to successfully achieve the required development of its technology and systems to meet clients' needs, match competitors or meet regulatory requirements, which may, in turn, adversely affect its operations, relationship with clients, financial performance and financial condition.
Citadel may fail to attract and retain key personnel	A key driver of Citadel's performance is the recruitment and retention of effective and qualified employees. Citadel faces risks of loss of key management personnel, loss of other key employees, delay in finding suitable replacements for lost personnel and the inability to find suitably qualified personnel to meet Citadel's business needs as it grows. If any of these risks were to materialise, they could have a material adverse impact on Citadel's or Wellbeing's business, financial performance and financial condition.
Citadel's competitive position may deteriorate	Citadel operates in a competitive industry. Citadel's competitive position may be impacted by a number of factors, including the level of innovation relative to that of competitors, commercial factors including pricing and liability, its ability to keep up with technological or regulatory change, its ability to respond to client preferences for products and services and the ability to maintain strong relationships with existing clients by upholding the consistency and quality of its services. In addition, Citadel needs to respond effectively to any changes in the competitive landscape, which may evolve as a result of a number of factors, including the entry of new competitors into the market and the consolidation of existing market participants. Increased competition may adversely affect Citadel's business, financial performance and financial condition.
Citadel's intangible assets may be impaired	Citadel has a material amount of intangible assets on its balance sheet relating to goodwill and identifiable intangible assets such as client contracts and relationships, software and licences. Under Australian Accounting Standards, goodwill and indefinite life intangible assets must be regularly tested for impairment. If impaired, Citadel would need to write down the value of its intangible assets, which would result in an expense in the income statement, thereby potentially materially impacting Citadel's financial condition and reported earnings.

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Business Risks

Topic	Summary
Citadel's reputation may be damaged	Citadel's brand and reputation is important in attracting and retaining clients. There is a risk that Citadel's brand and reputation may be tarnished by incidents such as negative publicity, a data security breach or a one-off unforeseen events that negatively impacts Citadel's operations. The occurrence of any such incidents may lead to client loss and the failure to attract new clients, which, in turn, may have an adverse impact on Citadel's financial performance.
Citadel's or a third party's information technology systems may fail or be subject to attack	Citadel relies on its information technology systems to perform key functions critical to its ability to service its customers by providing data management solutions. The use of information technology and the effectiveness of Citadel's proprietary technology platforms are critical to Citadel's ability to deliver services to its clients and to continue to grow its business. By their nature, Citadel's information technology systems, as well as those provided by third party technology vendors, are vulnerable to damage, interruption or failure from a number of sources, including limitations in processing increasing transaction volumes, natural disasters, power losses, computer systems failures, internet and telecommunications or data network failures, operator negligence, improper operation by or supervision of employees, physical and electronic losses of data and similar events, computer viruses, penetration by hackers seeking to disrupt operations or misappropriate information and other breaches of security. It is possible that the measures taken by Citadel or relevant third parties to protect its proprietary information and the private information of its clients may not be sufficient to prevent unauthorised access to, or disclosure of, sensitive financial, proprietary or personal information. Furthermore, Citadel's reliance on third parties and their systems to provide key services decreases its control over the delivery of these services and the quality and reliability of the services provided. Any damage or interruption to, or failure of, Citadel's information systems or those provided by third party technology vendors could significantly curtail, directly and indirectly, Citadel's ability to conduct its business and generate revenue and could result in significant costs being incurred, for example to rebuild systems, respond to regulatory inquiries or actions, pay damages, or take other remedial steps with respect to third parties. Further, accidental or deliberate security breaches or other unauthorised access to, or disclosure of, Citadel's or a third party technology vendor's information technology systems or customer data may subject Citadel to reputational damage, a loss of confidence in the products and services it provides, claims by customers, loss of customers, a disruption to services, legal action and regulatory scrutiny.
Citadel may be involved in disputes or litigation	Citadel may in the ordinary course of business become involved in litigation and disputes, for example with its suppliers or clients. Any such litigation or dispute could involve significant economic costs and damage to relationships with suppliers, clients and/or other stakeholders. If Citadel is involved in any litigation or disputes or protracted settlement negotiations in relation to that litigation or dispute, this may disrupt Citadel's business operations, cause Citadel to incur significant legal costs, and may divert management's attention away from the daily operations of the business. Any such outcomes may have an adverse impact on Citadel's business, reputation and financial condition and financial performance.
Citadel may fail to realise benefits from research and development investments	Developing software and technology is expensive and the investment in the development of these product and service offerings often involves an extended period of time to achieve a return on investment. An important element of Citadel's corporate strategy is to continue to make investments in innovation and related product and service opportunities through internal investments and the acquisition of intellectual property from companies that it has acquired. Citadel believes that it must continue to dedicate resources to its innovation efforts to develop its software and technology service offering and maintain its competitive position. However, Citadel may not receive significant revenues from those investments for several years, or may not realise such benefits at all.

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Business Risks

Topic	Summary
Citadel's intellectual property may be compromised or lost	Citadel relies and expects to continue to rely on a combination of confidentiality, assignment provisions and licence agreements with its employees, consultants and third parties with whom it has relationships, as well as trademarks, copyright and patents, to protect its proprietary rights. Third parties may knowingly or unknowingly infringe Citadel's proprietary rights, and/or may challenge proprietary rights held by Citadel, and pending and future trademark and patent applications may not be approved. In addition, effective intellectual property protection may not be available in every country in which Citadel operates or intends to operate its business. In any or all of these cases, Citadel may be required to expend significant time and expense in order to prevent infringement or to enforce its rights. If the protection of its proprietary rights is inadequate to prevent unauthorised use or appropriation by third parties, its competitors may be able to more effectively mimic its products, services, and methods of operation. Any of these events could have an adverse effect on its business, financial condition and financial performance.
Citadel may infringe a third party's intellectual property rights	Citadel may receive notices from third parties claiming infringement of their intellectual property rights and/or breach of its agreements with them, including from its competitors in the industries it which it operates. Such claims may require protracted negotiation, including litigation, to resolve, or the payment of monetary damages or the satisfaction of indemnification obligations in the agreements with suppliers. In addition, such claims may increase as Citadel continues to acquire new businesses and enter new markets. In such cases, if a determination was made that Citadel had infringed such third party rights, Citadel's business and financial condition may be adversely affected.
Citadel is exposed to changes in general economic conditions, legislation and regulation which may adversely impact spending and confidence	Citadel's customers and the end users of Citadel's products (including customers of Citadel's customers) may be impacted by changes in general economic conditions, such as movements in inflation and interest rates, the level of business spending and consumer confidence generally and to changes to fiscal or monetary policies, legislation and regulation. A prolonged downturn in general economic conditions either globally or in any geographic region in which Citadel operates may therefore impact demand for Citadel's products and services from its customers and end-user's willingness to use Citadel's products. Any such downturn may have a material adverse impact on Citadel's operations and financial results.
Citadel may be unable to refinance, repay or renew its debt	Citadel utilises debt to partially fund its business operations and may need to access additional debt financing to grow its operations. If Citadel is unable to refinance, repay or renew its debt facilities or otherwise obtain debt finance on favourable terms, Citadel may not meet its growth targets, which may adversely impact its financial performance.

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Business Risks

Topic	Summary
Underwriting risk	Citadel has entered into an underwriting agreement under which the Lead Manager has agreed to underwrite the Placement, subject to the terms and conditions of the underwriting agreement between Citadel and the Lead Manager (Underwriting Agreement). The Lead Manager's obligations to underwrite the Placement is conditional on certain customary matters, including Citadel delivering certain certificates to the Lead Manager. The Underwriting Agreement is also conditional upon a binding debt commitment letter and term sheet being entered into and not being terminated, rescinded or varied in any material respect without the Lead Manager's prior written approval, and that no condition precedent under such agreements is able to be waived or becomes incapable of being satisfied. Furthermore, if certain events occur, the Lead Manager may terminate the Underwriting Agreement. Those events include where: • ASX announces that Citadel will be removed from the official list of ASX or that its shares will be delisted or suspended from quotation by ASX for any reason; • Documents and materials relating to the Placement (including this presentation) include content that is misleading or deceptive or likely to mislead or deceive, in each case, in a material respect, • Certain action is taken by ASIC in relation to the Placement; • There are certain delays in the timetable for the Placement without the Lead Manager's consent; • Citadel withdraws the Placement or any part of it; • There is a change to the chief executive officer; and • Citadel or any of its material subsidiaries suffers certain insolvency events. They also include the following events where any occurrence is or is likely to have a material adverse effect on the financial position or prospects of the Group, or the success of the Placement: • Any representation or warranty by the Citadel is or becomes incorrect, untrue or misleading; • Citadel fails to perform its obligations under the Placement Agreement; • There is an omission from or misstatement in the information provided to the Lead manager; • Certain applications are made to Governmental Authorities or proceedings are commenced in relation to the Placement; • A director or senior manager of Citadel is the subject of a public action, charged with an indictable offence, or disqualified from managing a corporation; • There is a change in laws (excluding a change to regulations relating exemptions applicable to stamping fees); • Citadel or any of its directors or officers engages in fraud whether or not in connection with the Placement; • There is an adverse change, or an event occurs likely to give rise to an adverse change in the financial position, results, condition, operations or prospects of the Group excluding any change to general economic or financial conditions; • There are certain banking disruptions in Australia, the United States, the United Kingdom, Hong Kong or Singapore, or trading is suspended or limited on ASX, LSE or NYSE; • Hostilities not presently existing commence Australia, New Zealand, the United States of America, Japan, Hong Kong the People's Republic of China or the United Kingdom; and • There is a change to the board of directors or chief financial officer. Termination of the Underwriting Agreement could have an adverse impact on the amount of proceeds raised under the Placement and would result in the Company being unable to satisfy the conditions to completion of the Acquisition (with the implications that are disclosed above). Citadel has sought to mitigate this risk by ensuring that the Acquisition is conditional on the successful completion of the Placement.

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General Investment Risks

Topic	Summary
There are risks associated with an investment in shares	There are general risks associated with investments in equity capital such as Citadel shares. The trading price of Citadel shares may fluctuate with movements in equity capital markets in Australia and internationally. This may result in the market price for the New Shares being less or more than the Offer Price. Generally applicable factors that may affect the market price of shares include: • general movements in Australian and international stock markets; • investor sentiment; • Australian and international economic conditions and outlooks; • changes in interest rates and the rate of inflation; • changes in government legislation and policies, in particular taxation laws; • announcement of new technologies; • geo-political instability, including international hostilities and acts of terrorism; • demand for and supply of Citadel shares; • announcements and results of competitors; and • analyst reports. No assurance can be given that the New Shares will trade at or above the Offer Price or that there will be an active market in Citadel shares. None of Citadel, its directors or any other person guarantees the performance of the New Shares. The operational and financial performance and position of Citadel and Citadel's share price may be adversely affected by a worsening of general economic conditions in Australia, as well as international market conditions and related factors. It is also possible that new risks might emerge as a result of Australian or global markets experiencing extreme stress, or existing risks may manifest themselves in ways that are not currently foreseeable. The equity markets have in the past and may in the future be subject to significant volatility.
Dividends may not be paid	The payment of dividends by Citadel is determined by the Board from time to time at its discretion, depending on the profitability and cash flow of Citadel's business. While Citadel does not have a stated dividend policy, the Acquisition may cause Citadel to not be in a position to pay dividends given Citadel will divert cash flows to the repayment of debt.
There may be changes in accounting standards	There may be changes in accounting standards. This may affect the reported earnings of Citadel and its financial position from time to time. There are multiple pending, or recently adopted, changes to accounting standards that may impact Citadel, including those governing leases (adopted on 1 July 2019). Citadel has previously and will continue to assess and disclose, when known, the impact of adopting new accounting standards in its periodic financial reporting.
Adverse changes to tax laws may occur	Future changes in taxation laws in jurisdictions in which Citadel operates, including changes in interpretation or application of the law by the courts or taxation authorities, may affect the taxation treatment of an investment in Citadel shares or the holding and disposal of those shares. Further, changes in tax law, or changes in the way tax law is expected to be interpreted, in the various jurisdictions in which Citadel operates, may impact the future tax liabilities of Citadel. An investment in shares involves tax considerations that differ for each investor. Investors are encouraged to seek professional tax advice in connection with any investment in Citadel.

Appendix B – International Offer Restrictions

International Offer Restrictions

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International Offer Restrictions

This document does not constitute an offer of new ordinary shares ("New Shares") of the Company in any jurisdiction in which it would be unlawful. In particular, this document may not be distributed to any person, and the New Shares may not be offered or sold, in any country outside Australia except to the extent permitted below.

Hong Kong

WARNING: This document has not been, and will not be, registered as a prospectus under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong, nor has it been authorised by the Securities and Futures Commission in Hong Kong pursuant to the Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong (the "SFO"). No action has been taken in Hong Kong to authorise or register this document or to permit the distribution of this document or any documents issued in connection with it. Accordingly, the New Shares have not been and will not be offered or sold in Hong Kong other than to "professional investors" (as defined in the SFO and any rules made under that ordinance).

No advertisement, invitation or document relating to the New Shares has been or will be issued, or has been or will be in the possession of any person for the purpose of issue, in Hong Kong or elsewhere that is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to New Shares that are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors. No person allotted New Shares may sell, or offer to sell, such securities in circumstances that amount to an offer to the public in Hong Kong within six months following the date of issue of such securities.

The contents of this document have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the offer. If you are in doubt about any contents of this document, you should obtain independent professional advice.

New Zealand

This document has not been registered, filed with or approved by any New Zealand regulatory authority under the Financial Markets Conduct Act 2013 (the "FMC Act"). The New Shares are not being offered or sold in New Zealand (or allotted with a view to being offered for sale in New Zealand) other than to a person who:

- is an investment business within the meaning of clause 37 of Schedule 1 of the FMC Act;
- meets the investment activity criteria specified in clause 38 of Schedule 1 of the FMC Act;
- is large within the meaning of clause 39 of Schedule 1 of the FMC Act;
- is a government agency within the meaning of clause 40 of Schedule 1 of the FMC Act; or
- is an eligible investor within the meaning of clause 41 of Schedule 1 of the FMC Act.

Singapore

This document and any other materials relating to the New Shares have not been, and will not be, lodged or registered as a prospectus in Singapore with the Monetary Authority of Singapore. Accordingly, this document and any other document or materials in connection with the offer or sale, or invitation for subscription or purchase, of New Shares, may not be issued, circulated or distributed, nor may the New Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except pursuant to and in accordance with exemptions in Subdivision (4) Division 1, Part XIII of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA"), or as otherwise pursuant to, and in accordance with the conditions of any other applicable provisions of the SFA.

This document has been given to you on the basis that you are (i) an existing holder of the Company's shares, (ii) an "institutional investor" (as defined in the SFA) or (iii) an "accredited investor" (as defined in the SFA). In the event that you are not an investor falling within any of the categories set out above, please return this document immediately. You may not forward or circulate this document to any other person in Singapore.

Any offer is not made to you with a view to the New Shares being subsequently offered for sale to any other party. There are on-sale restrictions in Singapore that may be applicable to investors who acquire New Shares. As such, investors are advised to acquaint themselves with the SFA provisions relating to resale restrictions in Singapore and comply accordingly.

International Offer Restrictions

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United Kingdom

Neither this document nor any other document relating to the offer has been delivered for approval to the Financial Conduct Authority in the United Kingdom and no prospectus (within the meaning of section 85 of the Financial Services and Markets Act 2000, as amended ("FSMA")) has been published or is intended to be published in respect of the New Shares.

This document is issued on a confidential basis to "qualified investors" (within the meaning of section 86(7) of the FSMA) in the United Kingdom, and the New Shares may not be offered or sold in the United Kingdom by means of this document, any accompanying letter or any other document, except in circumstances which do not require the publication of a prospectus pursuant to section 86(1) of the FSMA. This document should not be distributed, published or reproduced, in whole or in part, nor may its contents be disclosed by recipients to any other person in the United Kingdom.

Any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received in connection with the issue or sale of the New Shares has only been communicated or caused to be communicated and will only be communicated or caused to be communicated in the United Kingdom in circumstances in which section 21(1) of the FSMA does not apply to the Company.

In the United Kingdom, this document is being distributed only to, and is directed at, persons (i) who have professional experience in matters relating to investments falling within Article 19(5) (investment professionals) of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005 ("FPO"), (ii) who fall within the categories of persons referred to in Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the FPO or (iii) to whom it may otherwise be lawfully communicated (together "relevant persons"). The investments to which this document relates are available only to, and any offer or agreement to purchase will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents.