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1H20 RESULTS ROADSHOW

ASX: KPG

PRESENTED BY

Brett Kelly CEO and Executive Chairman

Justin Sweeting CFO

Kenneth Ko Group Finance Manager

February 2020

kellypartnersgroup.com.au

KPG IN 10 SECONDS

PROFIT & LOSS

23% REVENUE GROWTH

REVENUE

Revenue increased 23% to $24.3m (1H19: $19.7m)

Trailing 12 months revenue $205K / FTE

30% EBITDA MARGIN

MARGIN

1H20 Underlying EBITDA (pre AASB 16) $7.3m to Revenue of $24.3m

Average firm EBITDA margin 32.9%

53% UNDERLYING NPATA GROWTH

RETURN

1H20 Underlying NPATA increased 53% to $1.96m (1H19: $1.28m)

p25

BALANCE SHEET

41% RETURN ON EQUITY

RETURN

NPATA $9.4m (trailing 12 months) on Group Equity of $22.9m

Lockup 62.8 days

1.3X NET DEBT TO UNDERLYING EBITDA

GEARING

Net Debt of $17m on Underlying Group EBITDA (pre AASB 16) (trailing 12 months) of $13.5m

Cash at bank $4.0m

p27

CASHFLOW

15% INCREASE IN OPERATING CASHFLOW

CASHFLOW

1H20 Operating Cashflow pre AASB 16 increased 15% to $6.2m (1H19: $5.4m)

101% CASH CONVERSION

EFFICIENCY

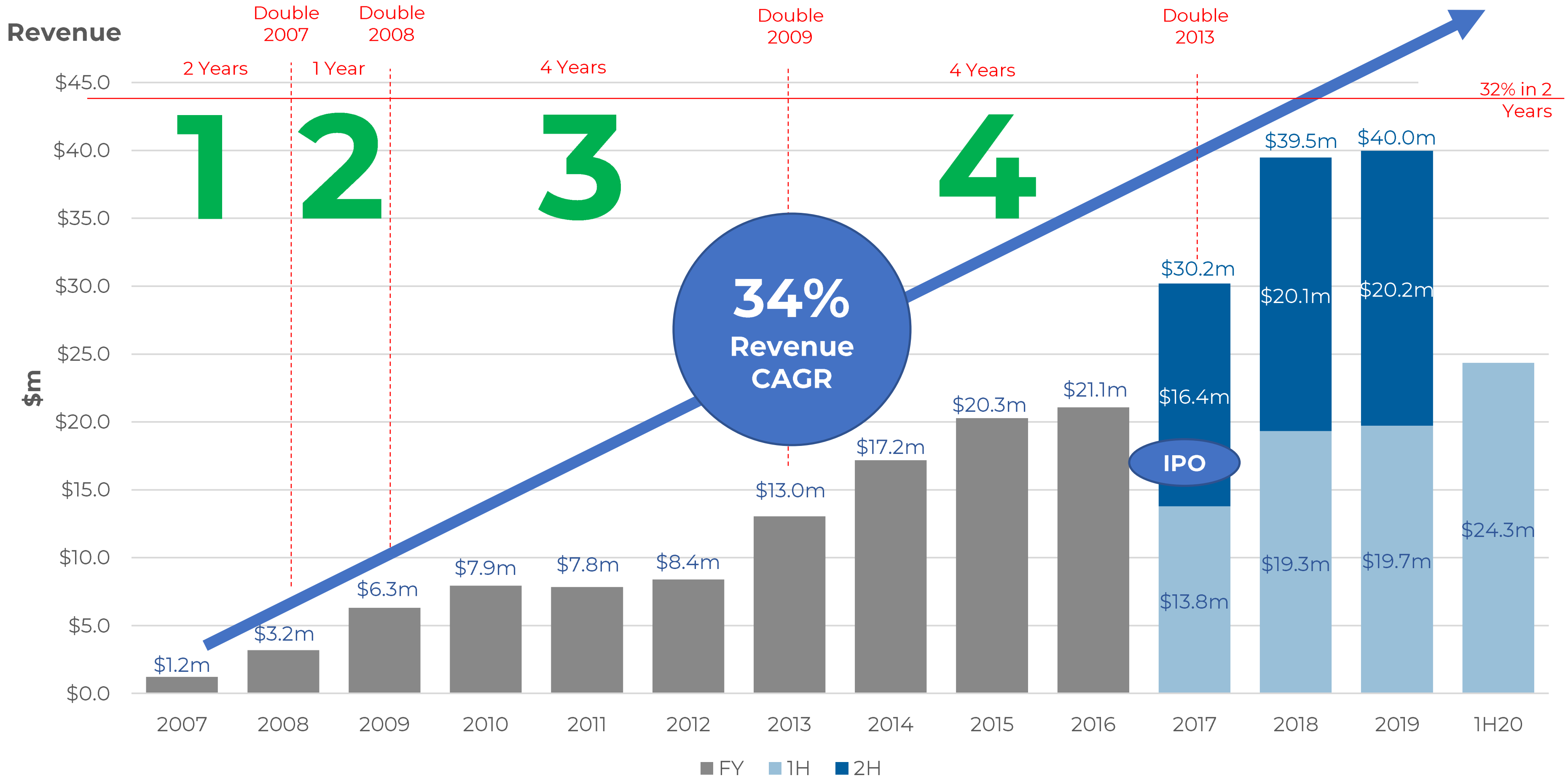
1H20 Operating Cashflow* $8.3m to Statutory EBITDA $8.2m

p28

** excluding finance costs and income taxes paid*

1H20 Growth and Performance Continues

13 years of continual growth. The business has doubled on average every 3 years, 4 times in a row.



* *CAGR means Compound Annual Growth Rate and represents the constant rate of compound revenue growth over the period since inception (with the business founded in 2006, with the calculation based on 2007 representing the first full year of operations). Audited numbers from FY2013 onwards.*

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5 Year Growth Plan

Three pronged growth plan

EXISTING GROUP	ORGANIC	NETWORK EXPANSION				NEW SERVICES	TARGET GROUP
	ORGANIC GROWTH	***ACQUISITION – TUCK-IN***	***ACQUISITION – MARQUEE***	**OR**	***GREENFIELD***		
	5% p.a.	• 2+ tuck-ins per year • 8 existing sites • $1.0m+ revenue each • 112 spare seats • Integration cost 10% of price • 60 days integration • Target ROI – 30%+	• 5 new sites • $2.0m+ revenue each • 2+ partners • Integration cost 20% of price • 2 year integration • Target ROI – 30%+		• 5 new sites • $2.0m revenue target • 2 partners target • Start-up cost $50-$250k • 3 years to target metrics • Target ROI - 30%+ after 3 years	• Wealth • Finance • Corporate Advisory • Investment Office	
	Self Funded / Overdraft	Self Funded / Overdraft	Self Funded / KPG / Overdraft		Self Funded / Overdraft	Self Funded / Overdraft	Self Funded / Overdraft
FY19 ~$40.0m Revenue	$12m+ Revenue Opportunity	$12m+ Revenue Opportunity	$10m+ Revenue Opportunity			$5m+ Revenue Opportunity	$80m+ Revenue Opportunity
FY2020 REVENUE PROGRESS	**+$3.4m**	**+$1.2 - $1.4m Annual Fees Blue Mountains**	**+$2.0 - $2.5m Annual Fees Melbourne**			**-**	**+$6.6 - $7.3m Additional *Run Rate***
EBITDA	$4.2m+ EBITDA Opportunity	$4.2m+ EBITDA Opportunity	$3.5m+ EBITDA Opportunity			$1.8m+ EBITDA Opportunity	$28m+ EBITDA Opportunity

AGENDA

> “TO BE SYDNEY AND MELBOURNE’S FIRST CHOICE ACOUNTANTS AND ADVISORS FOR PRIVATE BUSINESS OWNERS.”

SECTION ONE

MISSION AND MOMENTUM

KPG continues to focus on building out a scalable and difficult to replicate model. We have proven the model in Sydney and have commenced expansion geographically, with Melbourne as the first new target.

It is estimated that the addressable market in Sydney and Melbourne for accounting services is in excess of $7bn per annum and currently KPG’s market share is less than 1%.

STRATEGIC PILLARS

CHALLENGE

Continue to challenge the status quo by delivering to our professionals in our team and clients of our industry our core values and unique systematic approach embodied in our **Kelly+Partners Purple File Program('PFP')** and **Kelly+Partners Financial Advice System ('KPFAS**).

FOCUS & STRUCTURE

Focus on deep expertise and market penetration making an industry of one type of client, the Private Business Owner and win the Sydney and Melbourne market before expanding geographically by deploying the **Partner-Owner-Driver ('POD')** ownership model to ensure we have the most aligned team of professionals in the market.

GROWTH

Scale our network of offices as we continue to drive our mission to become "the first choice accountant" to private business owners in Sydney and Melbourne leveraging our **Specialist Accounting Services ('SAS'),** Centralised Management Function and our proven **Acquisition Integration Process ('AIP')**.

PERFORMANCE

Delivering strong value to our clients, people, communities and investors.

' BETTER OFF '

Driven by our Mission & Values we are making our people, clients and communities better off.

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INDUSTRY SIZE AND STRUCTURE PROVIDES A SIGNIFICANT GROWTH OPPORTUNITY

Similar to the insurance-broking industry, there is significant opportunity to grow under the Partner-Owner-Driver model

Accounting Services Market
$20.3b Annual Revenue*

Typical Client Base	Market size	Typical Accounting Provider
ASX listed and multi-national Companies	**$4.7 billion** 23% of total	**Big 4 Firms** PWC, EY, DELOITTE, KPMG
Large and national companies	**$1.2 billion** 6% of total	**National Mid-Tier Firms** BDO, FINDEX, PITCHER PARTNERS, GRANT THORNTON
SMEs, Private Business Owners, SMSF's and Other	**$12.2 billion** 60% of total	**Smaller Private Practices** KELLY+ PARTNERS CHARTERED ACCOUNTANTS
Personal and Household	**$2.2 billion** 11% of total	**National Franchises / Smaller Private Practices**

Insurance Brokers Market
$13.2b Annual Revenue

Market size	Players
$6.7 billion 50.6% of total	**Major Players** STEADFAST GROUP, AUB GROUP, IBNA
$6.5 billion 49.4% of total	**Minor Players**

Source: Management estimates. $12.2bn represents the national market for SME's, Private Business Owners, SMSF's and Others, of which we estimate Sydney and Melbourne target markets are ~$7.0b. Our estimate of Big 4 revenues excludes consulting/advisory and other non traditional accounting fees, including consulting and advisory and other non traditional accounting fees, the Big 4 revenue is circa $8.6b.
** Source: IBIS World Accounting Services in Australia Industry Report (August 2019)*

Source: IBIS World Insurance Brokerage in Australia Industry Report (October 2019)

WE ARE THE 24TH LARGEST ACCOUNTING FIRM IN AUSTRALIA AND THE OPPORTUNITY REMAINS ENORMOUS

BUILDING A PLATFORM BUSINESS FOR PROFESSIONAL SERVICES FIRMS

Financial Review Top 100 Accounting Firms

	Firm		Revenue FY19 ($m)	Revenue Change (% YOY)	Total Partners	Total New Partners	
1	PWC	$8.6b	2600.00	10.6%	734	41	Big 4
2	Deloitte		2300.00	14.3%	883	67	
3	EY		1887.00	5.7%	569	54	
4	KPMG		1780.00	8.5%	582	104	
5	Findex	$1.2b	367.59	1.0%	300	11	Next 4
6	BDO		299.17	11.5%	196	13	
7	Grant Thornton		266.25	4.2%	163	8	
8	Pitcher Partners		261.48	3.7%	124	2	
9	RSM	$1.2b	202.19	6.8%	102	5	National Mid Tier
10	William Buck		118.72	7.9%	98	9	
11	PKF		115.5	-1.3%	87	9	
12	Bentley's Network		113.86	7.7%	71	2	
13	HLB Mann Judd		103.3	1.1%	79	2	
14	CountPlus		97.5	-3.5%	61	1	
15	Nexia Australia		96.59	4.4%	89	12	
16	McGrath Nicol		88	25.7%	35	1	
17	Walker Wayland Australasia		84.12	8.3%	74	9	
18	Moore Stephens		80.19	9.0%	69	2	
19	Hall Chadwick		73.37	7.2%	56	2	
20	ShineWing		59	5.4%	34	0	
24	**Kelly Partners**		**42.92**	**5.1%**	**44**	**2**	**K+P**

Source: Australian Financial Review 13 November 2019

DIFFERENT ON PURPOSE

... TO TRADITIONAL ACCOUNTING FIRMS

EXECUTING OUR 5 YEAR PLAN

OUR ADDRESSABLE MARKET IS VERY LARGE

We must expand in our target markets and dominate the market for Private Business Owners accounting and advice services within 5 years.

Improve EBITDA margin in underlying businesses

Lower operating cost base of Central Management Services

Accelerate tuck ins within disciplined proven deal framework

Build out Complementary Services businesses

Establish additional marquee sites on strategy

2024 PLAN

SECTION TWO:

Investment Case and Strategy

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KPG Strategy

To build per-share intrinsic value

Kelly Partners Group Holdings Limited aims to build per-share intrinsic value by:

1	Improving the earning power of our many operating businesses	✓	23.9% to 30.1%
2	Further increasing their earnings through tuck-in acquisitions	✓	1 tuck-in 1 marquee
3	Participating in the growth of our businesses	✓	16.5% organic growth
4	Repurchasing KPG shares when they are available at a meaningful discount from intrinsic value	✓	97,181 shares bought back
5	Making an occasional large acquisition (i.e. greater than $5m in revenue)	✗	None in 1H20

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KPG – Business Model

1	Recurring, defensive, diversified (geographic, business and client) revenue streams	✓	21 businesses
2	Proven 'Partner-Owner-Driver' ("POD") operating model which creates alignment of interests	✓	42 partners
3	Longstanding client relationships across a diverse SME focussed client base	✓	7,500+ client groups
4	Single brand with a long-term strategy to drive organic growth	✓	16.5% organic growth
5	Experienced Partner-Owner-Driver model in a highly fragmented market	✓	13 years+ Partner-Owner-Driver model
6	High margin but capital light business model	✓	30.1% EBITDA margin
7	Very large ($12bn and growing 2xGDP) and underserviced market segment	✓	$12bn market

Network Expansion Update

Melbourne	Blue Mountains
	
Marquee	Tuck-in
Revenue: $2.0-$2.5m	Revenue: $1.2 - $1.4m
EBITDA contribution*: ~ $500k	EBITDA contribution*: ~ $300k
Completion Date: 1 November 2019	Completion Date: 1 November 2019
• Existing K+P partner of 5 years is now running the office. • The vendor will remain in the business • Relocation occurred same day, no interruption to clients.	• Existing K+P partner of 6 years is now running the new office • The vendor is remaining in the business • The firm is over 15 years old, with the business operating out of the existing location
 	 

**Expected EBITDA contribution is post transaction improvement*

Existing Kelly+Partners Office Locations

NSW and VICTORIA

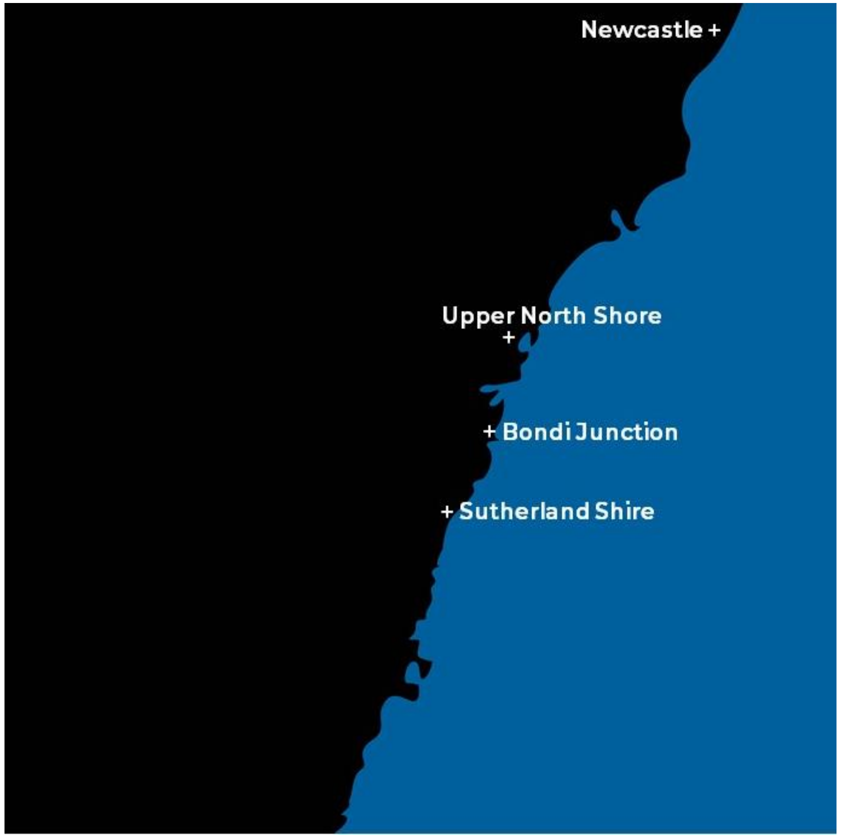
NSW

VICTORIA

Acquisition: Tuck-in & Marquee

Targeted acquisitions sites - NSW

TUCK-IN	4 existing sites targeted



MARQUEE	4 new sites

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Acquisition: Tuck-in & Marquee

Targeted acquisitions sites - VICTORIA

TUCK-IN	1 existing site targeted
MARQUEE	5 new sites

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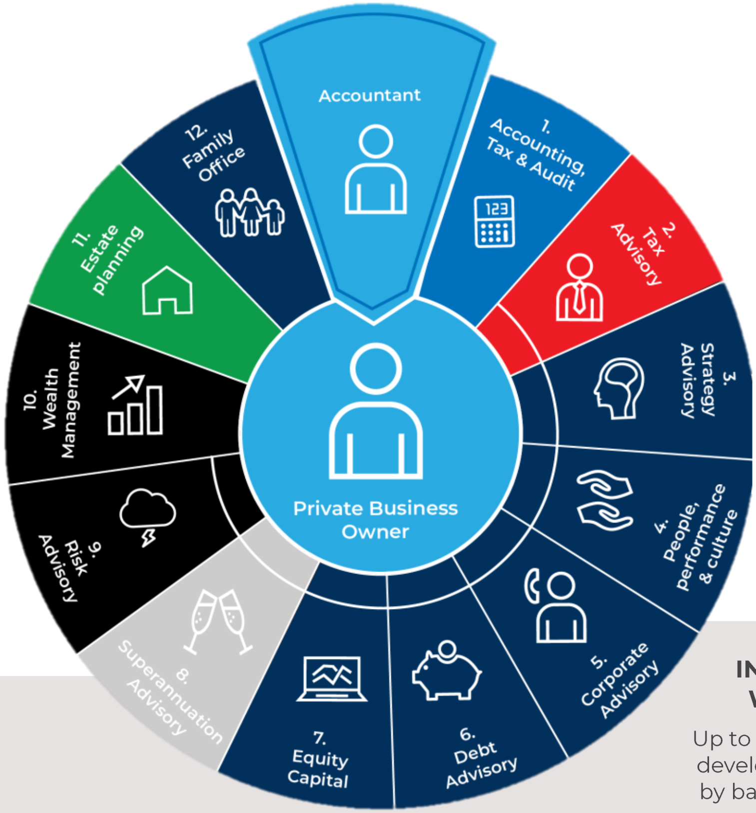
Organic Growth Driven by Focussed Differentiated Offer

Only firm focussed exclusively on Private Business Owner clients, at scale, with a unique offer



PRIVATE BUSINESS OWNERS ARE THE FASTEST GROWING GROUP IN **THE ECONOMY**

KEEP THEIR ACCOUNTANTS **THE LONGEST**

GENERATORS OF **NEW AND EXTRA WEALTH**

LARGE USERS OF **SERVICES FROM ADVISORS**

INTERGENERATIONAL WEALTH TRANSFER

Up to 80% of private businesses in developed economies are owned by baby boomers. The Australian private business sector is estimated to be worth well in excess of $1.5 trillion

KELLY+PARTNERS IS UNIQUELY POSITIONED TO BENEFIT FROM THIS SHIFT

AVERAGE AGE OF THE K+P CLIENT DIRECTOR GROUP IS 42

vs an industry average in excess of 60 ensures alignment with next generation opportunity

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Complementary Business^ Progress

The complementary established are now undergoing rapid and significant growth

	WEALTH	FINANCE	CORPORATE ADV	INVESTMENT OFFICE*	TOTAL
ESTABLISHMENT DATE	Dec-16	Sep-17	Sep-17	Jun-18	
INVESTMENT	< $5k	$34k	$90K	$110k	< $250k
KPG share of profit	51.0%	51.0%	51.0%	75.5%	
1H20 Revenue	$493K	$338K	$859K	$317K	$902K
Growth % on pcp	*48%*	*10%*	*318%*	*447%*	*122%*
1H20 EBITDA	$125K	$232K	$384K	$307K	$1,048K
EBITDA Margin %	*25%*	*69%*	*45%*	*97%*	*52%*
Annual Growth %	*249%*	*34%*	*1000%+*	*741%*	*377%*
ROE	111%	241%	479%	100%	245%
SIZE	**$158.0m** (FUA)	**$144.0m** (Trail Book)	n/a	**$5.7m** (Fund size)	
NEXT STEPS TO SCALE	Greater access to existing client base				

* *Includes carry*

^ *Complementary businesses now reported under "Other services segment" in the financial statements*

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SECTION THREE:
Result Highlights

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Operational Highlights

Strong growth - Total Customer Group Numbers grew to 7,924 up +11.1%.

ORGANIC GROWTH

- Organic Revenue up 16.5%, driven by both volume and price growth.
- Target 5% organic growth

NETWORK EXPANSION

FY19 acquisitions

- $1.7m revenue YTD
- Additional $0.9m revenue growth flowing through from acquisitions made through FY19

1H20 acquisitions

- 1 Tuck in acquisition
- 1 Marquee acquisition
- $3.2-$4.0m expected full year revenue contribution
- $0.6m revenue YTD (2 months)

OTHER SERVICES

- 123% revenue growth in Other Services (Wealth Management, Finance, Corporate Advisory, Investment Office)
- Complementary service to existing client base.

DEVELOPING PEOPLE, SYSTEMS AND PROCESSES

- Installation of additional resource servers and storage to support growth through acquisitions
- Migration of acquired databases to central software stack
- Upgraded branch network firewall hardware
- Ongoing client managers and business managers training

SECTION FOUR:
Financials

1H20 Financial Highlights

Strong 1H20 performance significantly above prior corresponding period

1H20 Financial Highlights ($m)	KPGHL & Controlled Entities				KPGHL Attributed (parent only)			
P&L and Cashflow	1H20	1H19	% Change	FY19	1H20	1H19	% Change	FY19
Revenue	**$24.3**	**$19.7**	**23.4%**	**$40.0**	**$6.1**	**$4.8**	**26.5%**	**$8.4**
Underlying EBITDA (pre AASB 16)	**$7.3**	**$4.7**	**55.6%**	**$10.9**	**$3.2**	**$2.0**	**56.4%**	**$5.1**
Margin %	**30.1%**	**23.9%**	**-**	**27.2%**	**53%**	**46%**	**15.5%**	**61%**
EBITDA (pre AASB 16)	$7.0	$4.7	47.8%	$10.2	$2.9	$2.0	44.4%	$4.5
Underlying NPATA	**$5.6**	**$3.6**	**53.8%**	**$8.8**	**$2.0**	**$1.3**	**52.9%**	**$3.2**
Margin%	23.0%	18.5%	-	22.1%	32%	27%	20.9%	38%
NPATA	$5.2	$3.6	42.1%	$7.9	$1.7	$1.3	35.9%	$2.8
Dividends & Distributions Paid	$4.9	$4.8	0.7%	$6.7	$1.3	$1.5	-10.7%	$2.0
Cashflow From Operations (CfO)	**$7.1**	**$5.4**	**33.0%**	**$10.0**	**–**	**–**	**–**	**–**
Owners' Earnings (CfO - Maint. Capex)	**$7.0**	**$5.2**	**34.0%**	**$9.7**	**–**	**–**	**–**	**–**
Gearing (Net Debt / Underlying EBITDA pre AASB 16)	1.3x	1.1x	–	1.3x	2.1x	3.0x	–	1.4x
Cash Conversion (Operating Cash Flow /Statutory EBITDA)	101.1%	124.2%	–	117.0%	-	-	–	-
Earnings per share (Stat NPATA) (cents)	**–**	**–**	**–**	**–**	**3.84c**	**2.82c**	**36.1%**	**6.15c**
Earnings per share (Stat NPAT) (cents)	–	–	–	–	3.40c	2.43c	39.7%	5.35c
Dividend Per Share (cents)	–	–	–	–	4.07c	3.20c	27.2%	4.30c
Equity Partners	42	41	-	40	-	-	–	-
Revenue per Equity Partner (Trailing 12 months)	$1.1	$1.0	9.1%	$1.0	-	-	–	-
Balance sheet	31-Dec-19	31-Dec-18	% Change	30-Jun-19	31-Dec-19	31-Dec-18	% Change	30-Jun-19
Lockup (Debtors + WIP)[1]	$7.7	$8.7	-12.1%	$7.6	-	-	-	-
Net Debt	$17.1	$15.2	12.4%	$14.7	$6.8	$6.5	4.6%	$7.2
Total Equity	$22.9	$22.6	1.6%	$24.1	$14.5	$14.5	-2.3%	$14.9
Return on Equity[2]	41.1%	46.6%	–	32.0%	-	-	-	-
Return on Invested Capital[3]	23.4%	26.5%	–	21.4%	-	-	-	-
Days Lockup[4]	62.8	79.9	-21.4%	69.6	-	-	-	-
Equity Ratio[5]	35.7%	46.7%	–	48.7%	-	-	-	-

[1] Lockup – calculated as the total of Trade and other receivables, Accrued income and Contract liabilities
[2] Return on Equity – calculated as trailing 12 months NPATA / Total Equity
[3] Return on Invested Capital – calculated as (Trailing 12 months NPATA + Trailing 12 months cash interest) / (Total Equity + Debt)
[4] Days Lockup – calculated as Lockup divided by trailing 12 months revenue multiplied by 365
[5] Equity Ratio– calculated as Equity / Total Assets

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1H20 Income Statement

Strong revenue & earnings growth driven by acquisitions and existing businesses

- Revenue from ordinary activities grew to $24.3m (+$4.6m, up 23.4%), driven by $0.6m in current year acquisitions, $0.9m in acquisitions completed in the prior year and the remaining $3.1m resulting from strong organic growth in existing businesses
- Operating expenses of $17.0m (+$1.9m on 1H20), of which $0.5m relates to ongoing operating expenses in the acquired entities, and the remaining $1.4m from existing businesses.
- Rent expense previously classified as operating expenses are now classified under depreciation expense and finance costs as per AASB 16.

Income Statement Summary ($m)*	1H20	1H19	Δ%
Revenue	$24.3	$19.7	23.4%
Commissions & Other Income	$0.0	$0.0	-88.3%
Total Revenue, Commissions & Other Income	**$24.3**	**$19.8**	**23.1%**
Operating Expenses	-$17.0	-$15.1	13.0%
Underlying EBITDA pre AASB 16	**$7.3**	**$4.7**	**55.6%**
Acquisition and integration costs	-$0.4	$0.0	-
Statutory EBITDA pre AASB 16	**$7.0**	**$4.7**	**47.8%**
AASB 16 implementation	$1.3	$0.0	-
Statutory EBITDA	**$8.2**	**$4.7**	**74.7%**
D&A	-$1.9	-$0.5	254.7%
Finance Costs	-$0.8	-$0.4	97.7%
Income Tax	-$0.8	-$0.5	57.3%
Statutory NPAT	**$4.8**	**$3.3**	**44.9%**
Amortisation	$0.4	$0.4	17.1%
Statutory NPATA	**$5.2**	**$3.6**	**42.1%**
Underlying NPATA	**$5.6**	**$3.6**	**53.8%**
Underlying EBITDA margin (pre AASB 16)	*30.1%*	*23.9%*	
Statutory NPATA Margin	*21.3%*	*18.5%*	

* *Rounded to the nearest $100,000.*

1H20 Margins

Targeting EBITDA margins of 32.5% across the Group

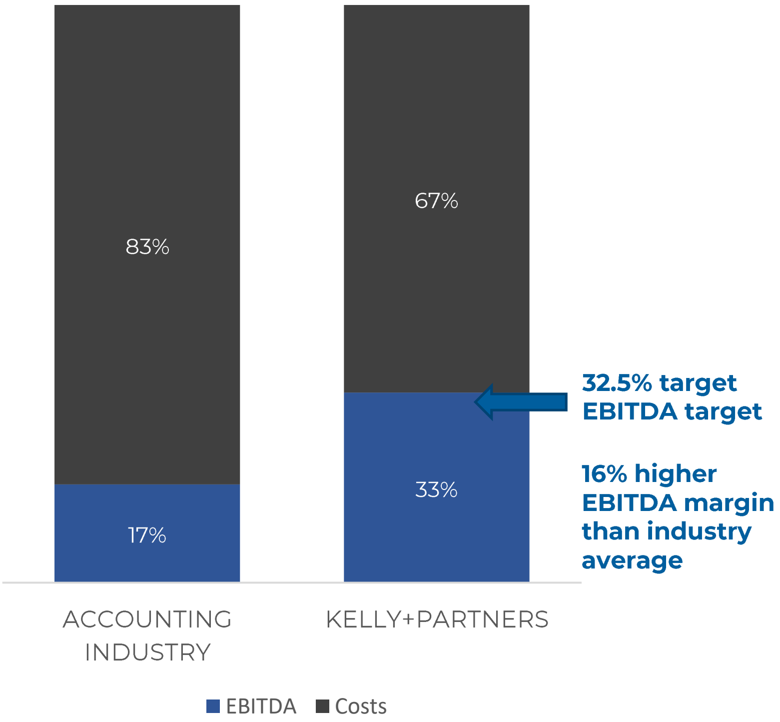
Margins by Cohort

Operating Businesses	Established	Growth	Start-ups	Other Services	Total
Revenue	$17.7	$4.4	$0.2	$2.0	$24.3
EBITDA^	$5.7	$1.2	$0.0	$1.1	$8.0
EBITDA Margin %	*32.40%*	*26.70%*	*16.04%*	*52.27%*	*32.88%*

^EBITDA before head office costs; EBITDA after deducting head office costs is 30.1%

Impact Of Acquisitions On Margins:

- **Integration Costs:** Typically initially dilutive to margins, before returning to benchmark. Transaction costs in the first year typically represent c. 10% of the acquisition price.
- **Tuck in:** Margin uplift on tuck in's typically takes 6-12 months, with longer dated time frames typically due to locked in leases. Margin uplift in some instances can be substantially higher than 32.5% due to increased operating leverage.
- **Marquee:** Margin uplift to benchmark on Marquee acquisitions typically takes 12-24 months, due to the greater integration operational requirements.
- As the business grows, the initial margin drag of an acquisition to the overall group is expected to be less material to the group result.



* *Kelly+Partners data based on 1H20 accounts before head office costs and is after Base Distributions to Operating Business Owners*

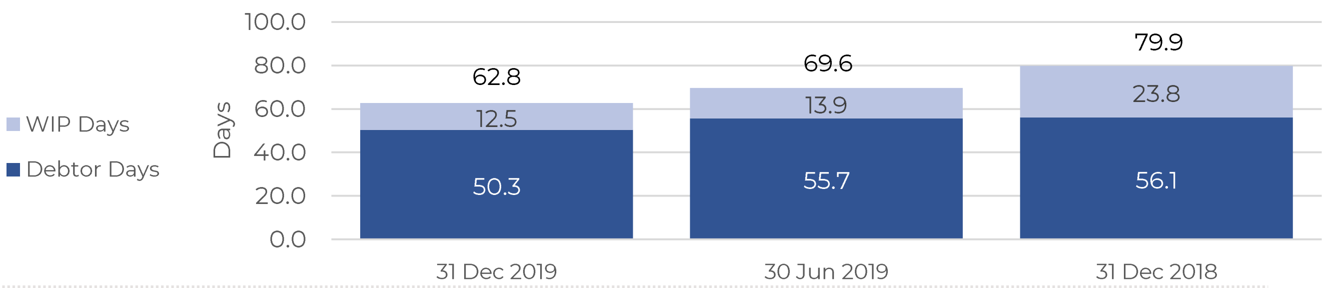
Source: *IBIS World*

Balance Sheet as at 31 December 2019

Conservatively geared balance sheet

- Total Asset growth to $64.3m (+$14.8m) driven mainly by acquisitions, property purchases and the recognition of right of use assets as part of the leasing standard
- Conservative capital structure with 35.7% Equity / Total Assets ratio, and Net Debt / Underlying EBITDA pre AASB 116 of 1.3x
- Lock up days reduced to 62.8 days from 69.6 days with a tighter management of WIP and debtors
- Intangible assets increased to $30.4m as a result of the two acquisitions that were completed in the current half year
- Leases are now recognised as Right of use assets and lease liabilities as part of AASB 16
- Return on equity is 41.1%, calculated as NPATA $9.4m (trailing 12 months) on Group Equity of $22.9m

LOCKUP DAYS



$m (consolidated)*	Balance Sheet 31 Dec 2019	30 Jun 2019	31 Dec 2018
Cash	4.0	4.0	3.5
Lock up (Debtors + WIP)	7.7	7.6	8.7
Right of use assets	9.0	0.0	0.0
Intangibles	30.4	27.2	27.2
Total Assets	**64.3**	**49.5**	**48.3**
Borrowings	21.1	18.6	18.7
Lease liabilities	10.7	0.0	0.0
Total Liabilities	**41.3**	**25.4**	**25.7**
Net Assets	**22.9**	**24.1**	**22.6**
Non-Controlling Interest	8.4	9.3	8.0
Equity attributable to KPGH shareholders	**14.5**	**14.9**	**14.5**

* *Rounded to the nearest $100,000*

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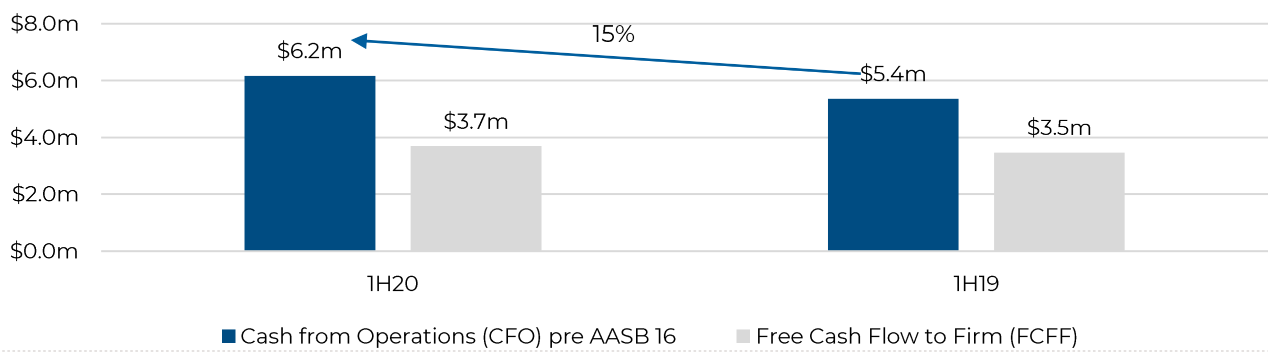
1H20 Cashflow

Strong cash conversion

- Strong cashflow supports dividend payment
- Lease payments as a financing activity have a $0.9m impact on cash conversion metrics
- Strong Cash from Operations driven by billings growth and reduction in lock up.
- Strong Cash Conversion of 101% (Operating Cashflow to EBITDA). We expect ongoing cash conversion of c. 85%-100%.
- Disciplined debt reduction on acquisitions facilities.
- Growth capex includes purchase of the Bathurst and Central Coast properties
- Drawn debt used to fund acquisitions, growth capex and other items.

CASHFLOW COMPARATIVES



Cash flow ($m)*	1H20	1H19	Diff $	Diff%
Cash from Operations (CFO) pre AASB 16	**$6.2**	**$5.4**	**$0.8**	**15.0%**
- Maintenance Capex	-$0.2	-$0.2		
- Schedule Debt Reductions	-$2.3	-$1.7		
Free Cash Flow to Firm (FCFF)	**$3.7**	**$3.5**	**$0.2**	**6.5%**
- Acquisitions	-$2.5	-$2.6		
- Growth Capex	-$1.7	-$1.2		
- Net Debt Drawn	$5.0	$5.3		
- Net Partner Loans Advanced	$0.8	-$0.4		
- Dividends to Shareholders	-$1.3	-$1.5		
- Distributions to minorities	-$3.6	-$3.4		
- Share buy backs	-$0.1	$0.0		
Change in Net Cash**	**$0.3**	**-$0.3**		

* *Rounded to nearest $100,000. Refer to Appendix for a reconciliation from Statutory NPAT to Cash from Operations*

** *As per the Statutory Cash Flow Statement*

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Borrowings as at 31 December 2019

Borrowings increased to $21.1m as a result of acquisitions completed in the half year

- Total Borrowings of $21.1m include $3.5m debt attributable to equity partners; $7.6m debt attributable to the parent (which includes acquisition funding of controlled entities, parent working capital, and some equipment finance); $7.7m debt attributable to the business; and $2.3m relating to overdrafts, which are covered c. 3.3x by $7.7m in Lockup.
- Debt per partner excluding parent attributable and property related debt averages $295k per partner (42 equity partners)
- Net Debt / Underlying EBITDA pre AASB 16 of 1.26x (30 June 2019: 1.35x). Gearing is expected to continue reducing as full year earnings flow through from the acquisitions completed in the last 12 months.

Debt ($m)	Revolver / Overdraft	Equipment funding, insurance & fitout	Acquisition / Property	Amortiser	Total Debt	Cash	Net Debt
Parent							
Parent	$2.0	$0.7	$0.0	$1.2	$3.8	$0.9	$3.0
Partnership							
Parent Attributable	$0.0	$0.0	$3.8	$0.0	$3.8		$3.8
Partner Attributable	$0.0	$0.0	$3.5	$0.0	$3.5		$3.5
Business Attributable	$2.3	$1.2	$6.4	$0.0	$10.0	$3.2	$6.8
Subtotal	$2.3	$1.2	$13.7	$0.0	$17.3	$3.2	$14.1
Total	**$4.3**	**$1.9**	**$13.7**	**$1.2**	**$21.1**	**$4.0**	**$17.1**

1H20 Dividends

Dividend growth of 10%+ per annum

	Payment date	Total fully franked dividends paid	Amount per security Cents	Fully Franked amount per security Cents
For the year ended 30 June 2019				
Final dividend	1 July 2019	$500,445	1.10	1.10
For the year ended 30 June 2020				
Special dividend	18 September 2019	$249,881	0.55	0.55
First interim dividend	30 September 2019	$549,737	1.21	1.21
Second interim dividend	2 January 2020	$549,340	1.21	1.21
Total Fully Franked dividends paid		**$1,849,403**	**4.07c**	**4.07c**

- Consistent quarterly dividends with payout increased to 1.21c per share
- On 18 September 2019, the Group paid a special fully franked dividend of 0.55c per share as a special dividend.

Property Strategy

		Owned/Leased	$Value
1	Sydney CBD	Leased	-
2	North Sydney	Leased	-
3	Northern Beaches	Leased	-
4, 5	**Central Coast**	**Owned x2**	**$650,000** **$780,000**
6	**Inner West**	**Owned x1 (settlement in Apr-20)**	**$3,150,000**
7	Norwest	Leased	-
8	Western Sydney	Leased	-
9	**Central Tablelands – Bathurst**	**Owned**	**$600,000**
10	Central Tablelands – Glenbrook	Leased	-
11	Oran Park	Leased	-
12	South West Sydney	Leased	-
13	Southern Highlands	Leased	-
14	Wollongong	Leased	-
15	Melbourne	Leased	-
	TOTAL	**4 Owned and 11 Leased**	**$5,180,000**

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Appendix

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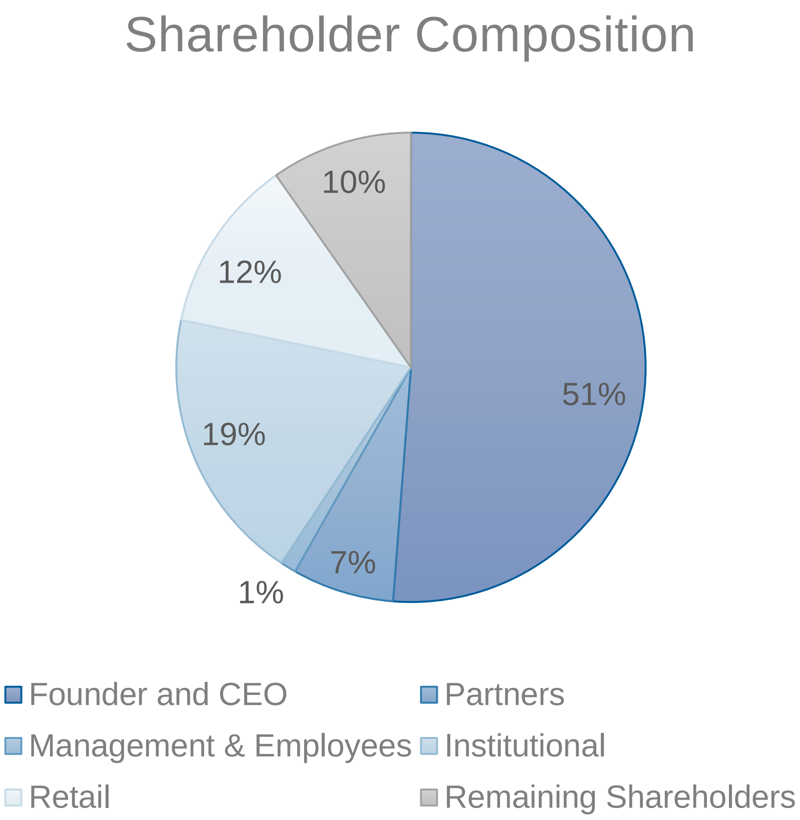
Top 50 Shareholders at 31 December 2019

Strong alignment of employee, partners and owners, holding 59.3%

Holder Type	No shares	%
Founder and CEO	23,253,378	51.2%
Partners	3,178,251	7.0%
Management & Employees	493,550	1.1%
Top 50 - Internal	26,925,179	59.3%
Institutional	8,597,738	18.9%
Retail	5,453,123	12.0%
Top 50 - External	14,050,861	30.9%
Top 50 - Total	40,976,040	90.3%
Remaining Shareholders	4,423,960	9.7%
Total Shareholders	45,400,000	100.0%



NPAT to Operating Cashflow Reconciliation

Reconciliation of NPAT to Operating Cashflow ($m)	1H20	1H19	FY19
Reported NPAT	4.8	3.3	7.1
Adjustments for:			
Depreciation and amortisation	0.8	0.5	1.2
Change in fair value of contingent consideration	-	-	-0.2
Net fair value (gain) /loss on other financial assets	-	-	-
Unwinding of interest on contingent consideration	0.1	-	-
Other non-cash movements	0.5	0.0	-
Change in operating assets and liabilities:			
Decrease / (increase) in trade and other receivables	-0.1	1.2	1.8
Decrease / (increase) in deferred tax assets	0.0	-0.2	-0.7
Increase / (decrease) in trade and other payables	0.8	0.0	0.1
Increase in provision for income tax	0.3	0.6	0.5
Net cash from operating activities	**7.1**	**5.4**	**10.0**

Attributable NPAT to Underlying NPATA Reconciliation

Reconciliation of attributed NPAT/NPATA ($m)	1H20	1H19
Reported attributed NPAT	1.5	1.1
Acquisition and integration costs:		
Add:		
Acquisition and integration costs	0.3	–
Less:		
Tax effect of acquisition and integration costs	-0.1	–
Underlying NPAT	**1.7**	**1.1**
Add back amortisation of intangibles (after tax)	0.2	0.2
Underlying attributed NPATA (pre amortisation)	**2.0**	**1.3**

* *totals impacted by rounding*

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Interests in operating businesses

No.	Established Entities	Interest
1	Kelly Partners North Sydney	58.50%
2	Kelly Partners South West Sydney	50.50%
3	Kelly Partners Sydney	50.05%
4	Kelly Partners Tax Consulting	51.00%
5	Kelly Partners Wollongong	51.00%
6	Kelly Partners Northern Beaches	51.00%
7	Kelly Partners Melbourne	66.00%

No.	Growth Entities	Interest
8	Kelly Partners Central Coast	50.10%
9	Kelly Partners Inner West	51.00%
10	Kelly Partners Norwest	51.00%
11	Kelly Partners Oran Park*	25.30%
12	Kelly Partners Southern Highlands	51.00%
13	Kelly Partners Western Sydney	51.00%
15	Kelly Partners Central Tablelands	68.00%

* *Control in the Oran Park business is via KPGH's controlling interest in the South West Sydney business, which in turn has a controlling interest in the Oran Park Business.*

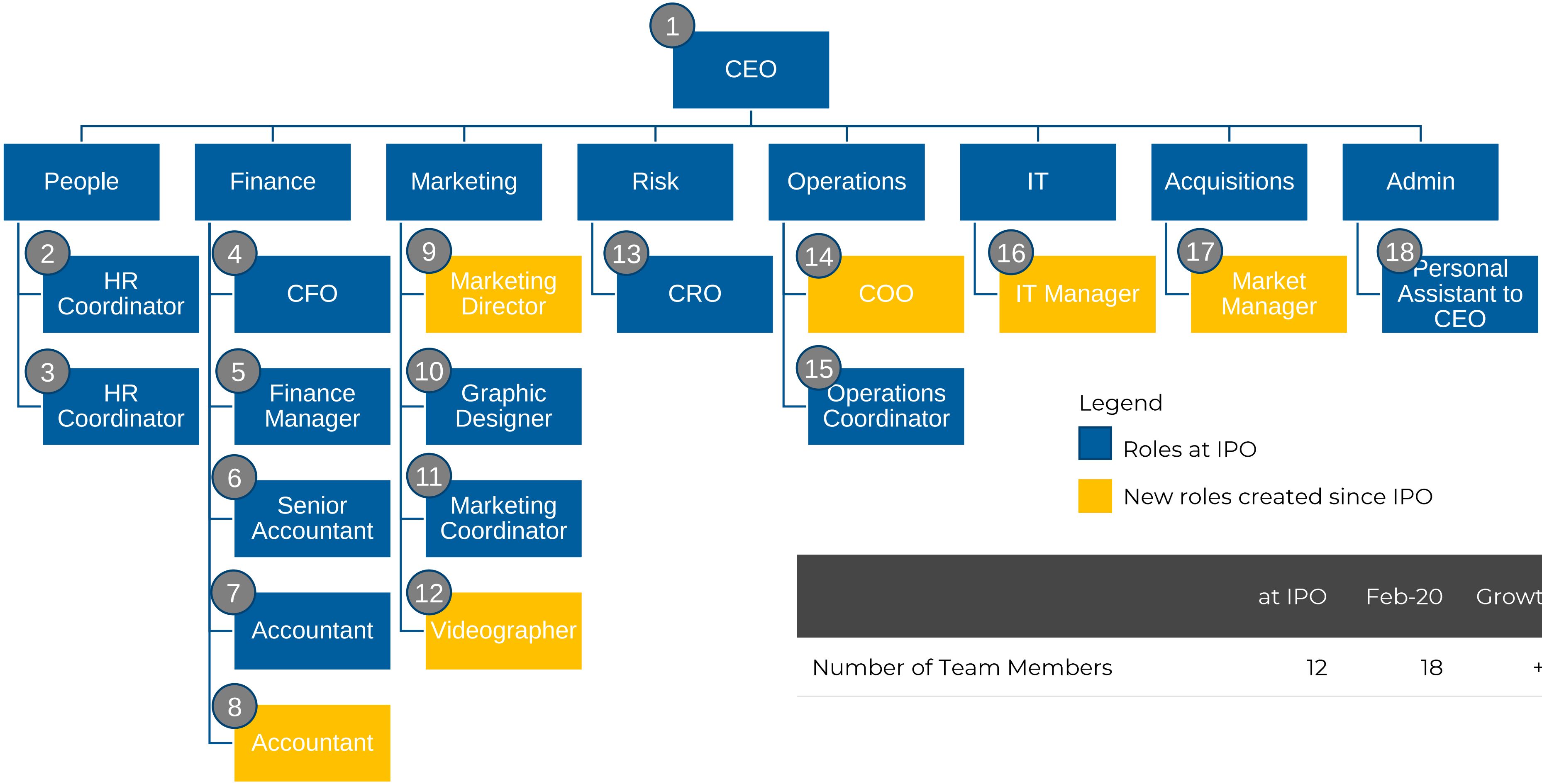
No.	Start-up entities	Interest
15	Kelly Partners Hong Kong	51.00%
16	Kelly Partners New Zealand	51.00%

No.	Other services	Interest
17	Kelly Partners Private Wealth Sydney	51.00%
18	Kelly Partners Finance	51.00%
19	Kelly Partners Corporate Advisory	51.00%
20	Kelly Partners Investment Office	75.50%
21	Kelly Partners Strategy Consulting	100.00%

- KPGH has controlling stakes in all its subsidiaries.
- The Partner – Owner – Driver model, drives long term alignment and helps solve the succession dilemma.

K+P Central Services Team – Investing for Growth

K+P continues to invest in people to support organic and acquisition growth



	at IPO	Feb-20	Growth
Number of Team Members	12	18	+6

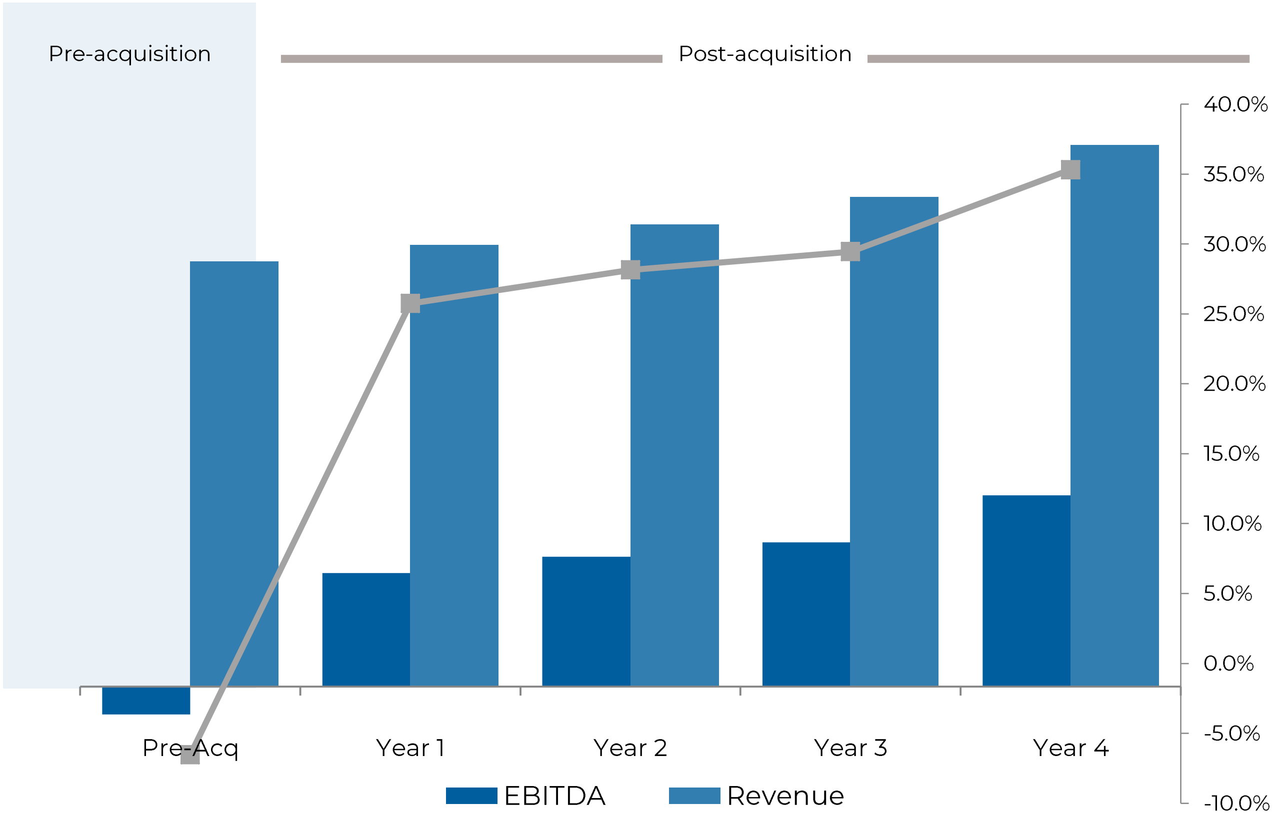
Case Study: Business Transformation

Kelly+Partners has a proven track record of delivering transformational outcomes for smaller firms

- Significant improvement in margins and revenue in the first 5 years after joining the network.
- Following an acquisition, transformation typically entails five deliverables including:
- expense reduction, better working capital management, better client experience, better staff experience, and higher revenue growth.

"After 32 years, Kelly+Partners offered us the opportunity to take our service offering to clients one step higher. We have not only seen the business grow, but our people have new opportunities and resources, and we have provided a higher level of service to our clients."

Tim Bryan
Former Senior Client Director
Kelly Partners South West Sydney



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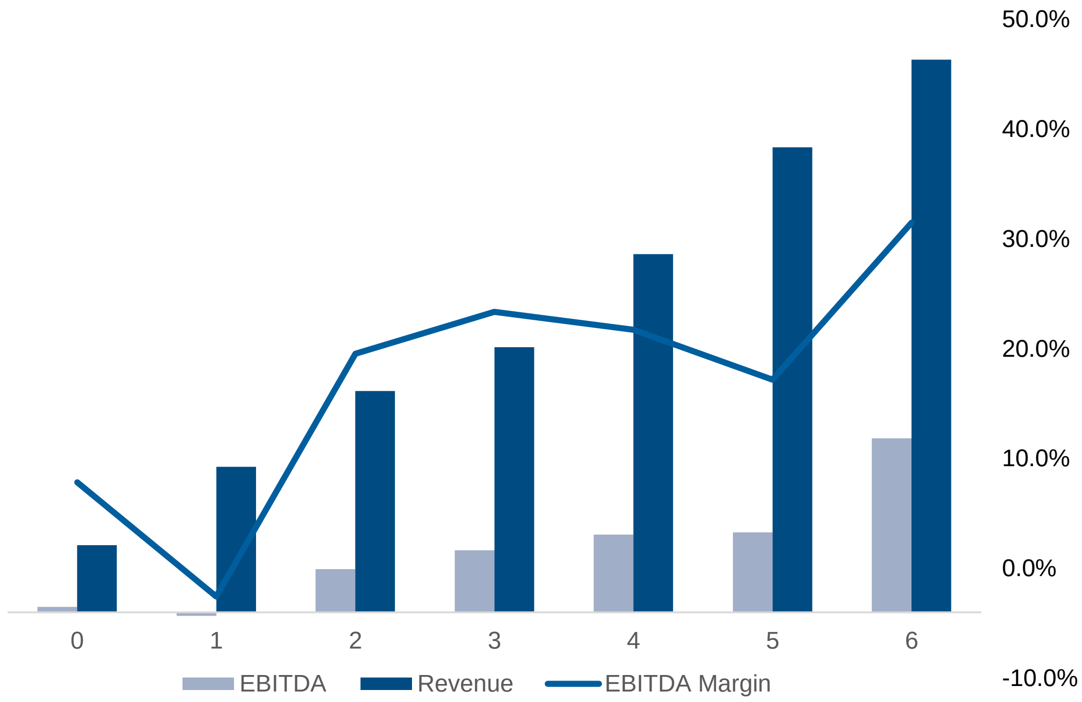
Case Study: Greenfield Expansion

Kelly+Partners has successfully launched 7 greenfield operating businesses since its inception

- The Kelly Partners Norwest business has exhibited very strong growth in revenue and earnings, with a significant increase in margins. This has been achieved by targeted marketing and the roll-out of the proprietary Kelly+Partners systems and processes, leading to numerous new client acquisitions across private SMEs / families, franchisees, and other clients.

"I sat down one evening with Brett Kelly, and he showed me the Kelly+Partners systems and what the firm was doing for its people and its clients. After the first 2 years, the Kelly Partners Norwest business was performing very well, and so we started to add more people. The future is looking bright, and I'm happier in myself and my family is happier."

Paul Kuchta
Senior Client Director and
Company Director
Kelly Partners Norwest



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Disclaimer

SUMMARY INFORMATION

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