

KP+GH

KELLY PARTNERS GROUP HOLDINGS LIMITED

Kelly+Partners – Barcelona Quality Shareholders

Brett Kelly, Founder and CEO

11th April 2024

Fundacio Privada Institut D'Estudis Financers



KPG IN 10 SECONDS (1H24)

PROFIT & LOSS



REVENUE



MARGIN



PARENT NPATA

	1H24	1H23
Revenue	\$52.9m	\$42.9m
Margin	29.3%	26.9%
Parent NPATA	\$4.4m	\$3.5m

Revenue from ordinary activities

Underlying EBITDA pre AASB 16 to Revenue

Underlying NPATA attributable to parent

Supplementary Statistics

	Revenue / FTE	Firm EBITDA %	Underlying Group NPATA
1H24	\$239K / FTE	30.6%	\$11.1m
1H23	\$209K / FTE	30.3%	\$8.6m

BALANCE SHEET



RETURN



GEARING

	1H24	1H23
Return	35.3% [^]	42.7%
Gearing	1.94x	1.93x

Underlying Group NPATA on Group Equity

Net Debt on Underlying Group EBITDA

	Group ROIC*	Lockup Days
1H24	19.9%	55.2
1H23	21.5%	56.4

CASHFLOW



CASHFLOW



EFFICIENCY

	1H24	1H23
Cashflow	\$17.0m	\$14.0m
Efficiency	101.4%	106.4%

Operating Cashflow pre AASB 16

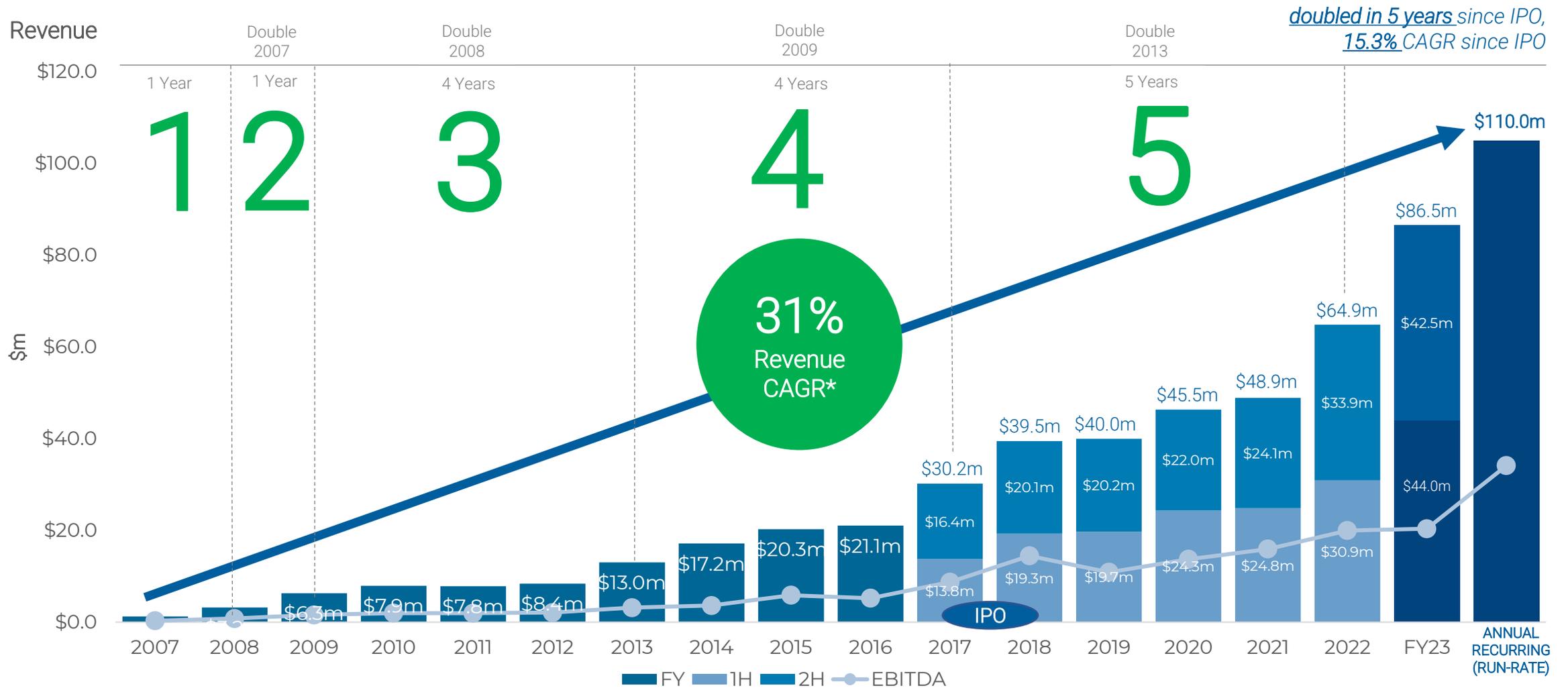
Operating Cashflow (before finance costs and tax) on EBITDA

	Receipts from Customers	Operating Cashflow
1H24	\$59.0m	\$17.0m
1H23	\$48.4m	\$14.0m

[^] Return on equity impacted by in year acquisitions that do not contribute full year earnings. Adjusting for this results in a 40.6% ROE

*Return on invested capital impacted by in year acquisitions that do not contribute full year earnings. Adjusting for this results in a 21.9% ROIC

Founder-Led Firm with Proven Results



**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, and the calculation based on 2007 representing the first full year of operations). Audited numbers from FY2013 onwards.

Overview

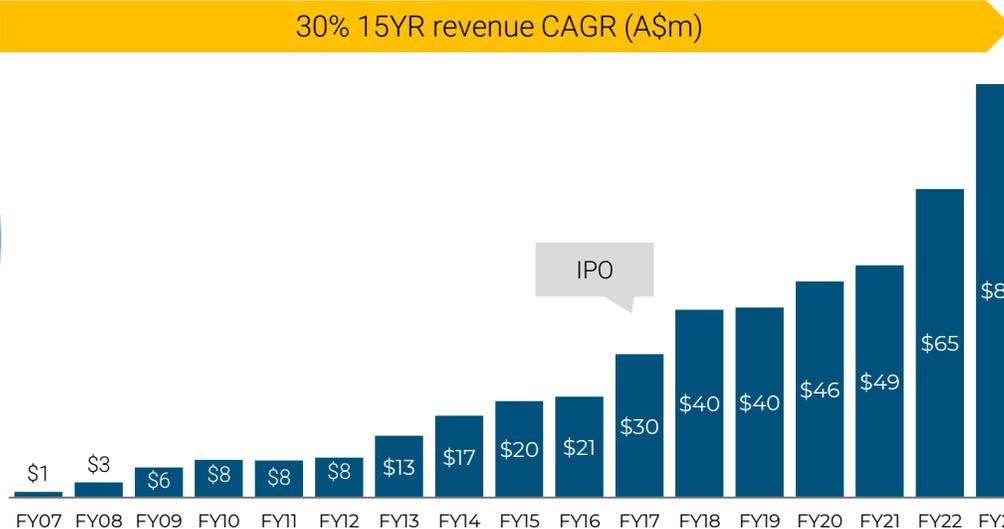
Leading Accounting & Tax Platform

- Kelly+Partners Group Holdings Limited (ASX: KPG, OTC: KPGHF) is one of the fastest growing accounting platforms in Australia with market cap of ~\$300m AUD⁽¹⁾
- Since inception 17 years ago, the business has achieved 30% average revenue growth p.a., successfully executing a programmatic acquisition strategy within the Australian accounting services market
- KPGH owns a ~51% interest in its operating businesses, which are run by highly engaged and incentivised co-owners who benefit from the group's established platform

Key Business Attributes

- Annuity revenue stream
- >20,000 client groups across diverse industries
- Leading operating business margins of >30% vs industry average of 19.0%
- ROE > 40%
- ROIC > 25%
- Cash Conversion > 95%
- Moderate Gearing < 2.5x

Revenue mix



Objective To become Australia's first global accounting services firm, leveraging a proven 'Partner-Owners-Driver'® model and programmatic acquisition strategy

(1) As of February 15, 2024.
 (2) FY 2023 revenue.
 Source: IBIS World Accounting Services in Australia Industry Report (April 2020), Company filings.

Footprint

34 Office Locations
28 Australia and 6 global

70 Partnerships
Since inception

1 Brand
Across the world



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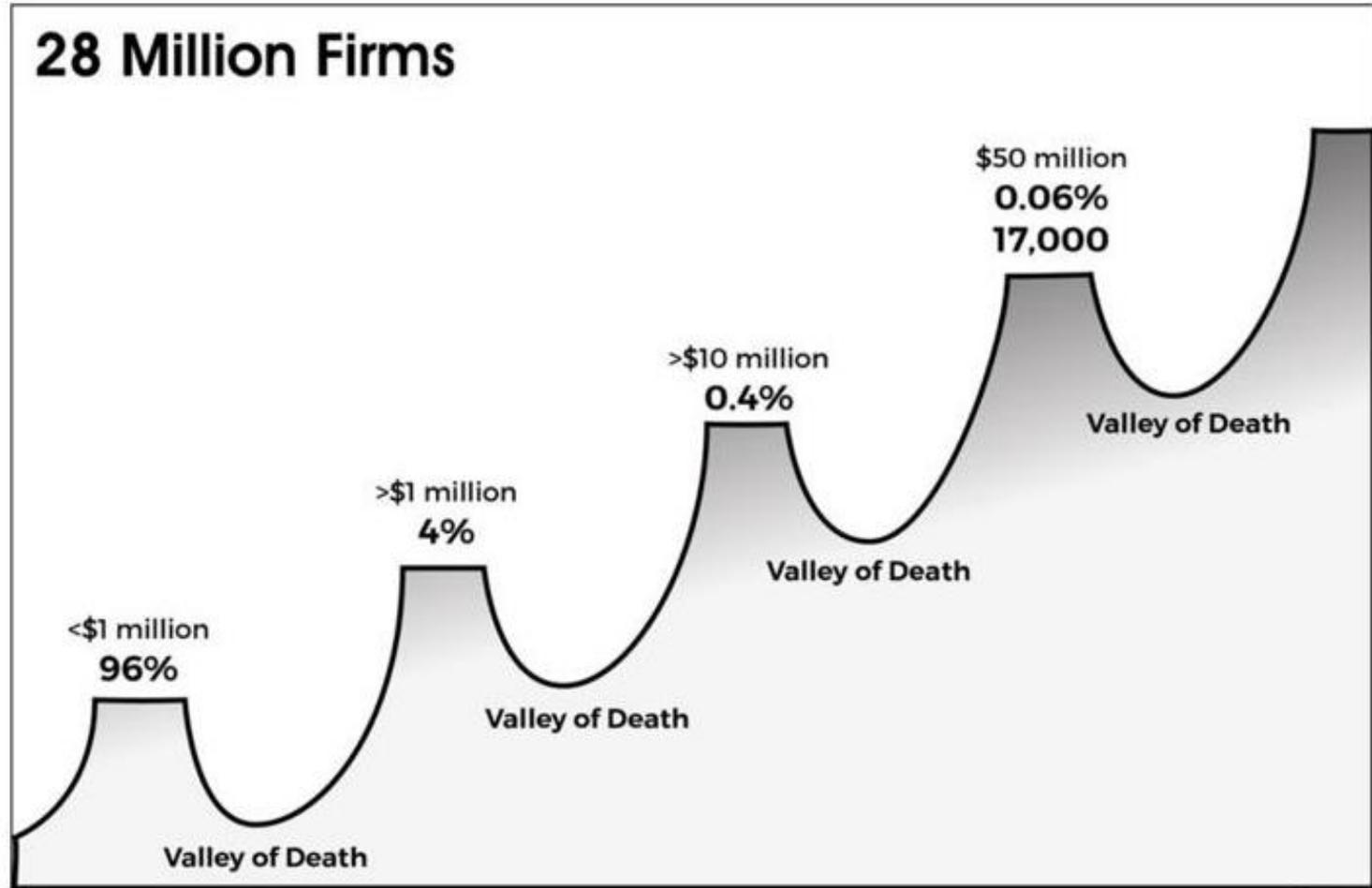
KELLY PARTNERS GROUP HOLDINGS LIMITED

Mission



Why?

- 70% of all Australia, USA, UK are employed by SME businesses
- 90% of small businesses fail within their first decade
- Business failure causes family failure
- Family failure causes..
- 77% of Americans feel financial anxiety



Our Purpose

Mission

We exist to help our people, private business owners and the communities we work in Be Better Off

Values

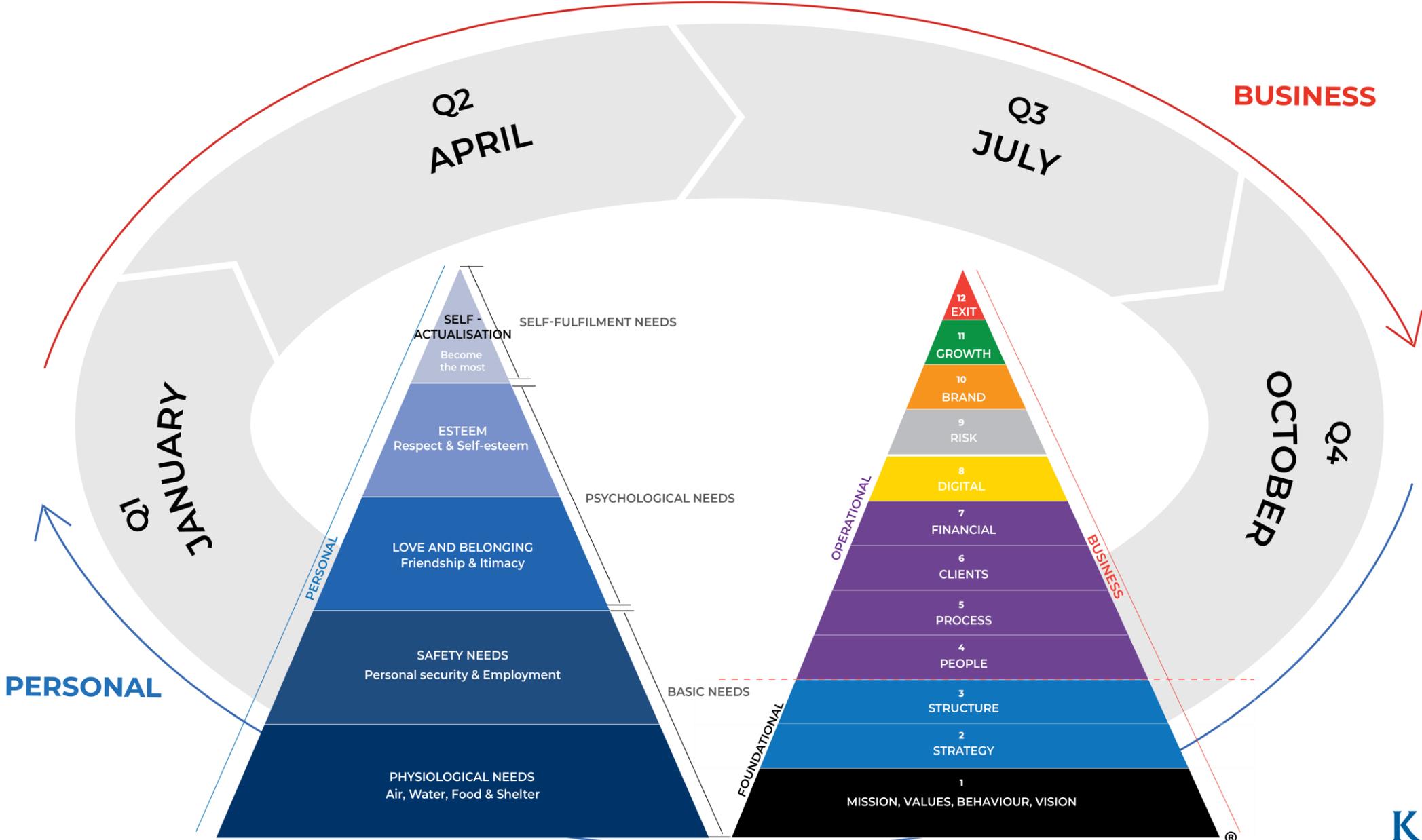
- ✓ *We want the best for others*
- ✓ *We do what we say*
- ✓ *One team one best way*

Vision

PEOPLE
First Choice Employer

CLIENTS
First Choice Accountant to Private Business Owners in Australia and any market in which we operate

KELLY+PARTNERS PROGRESS PYRAMID®



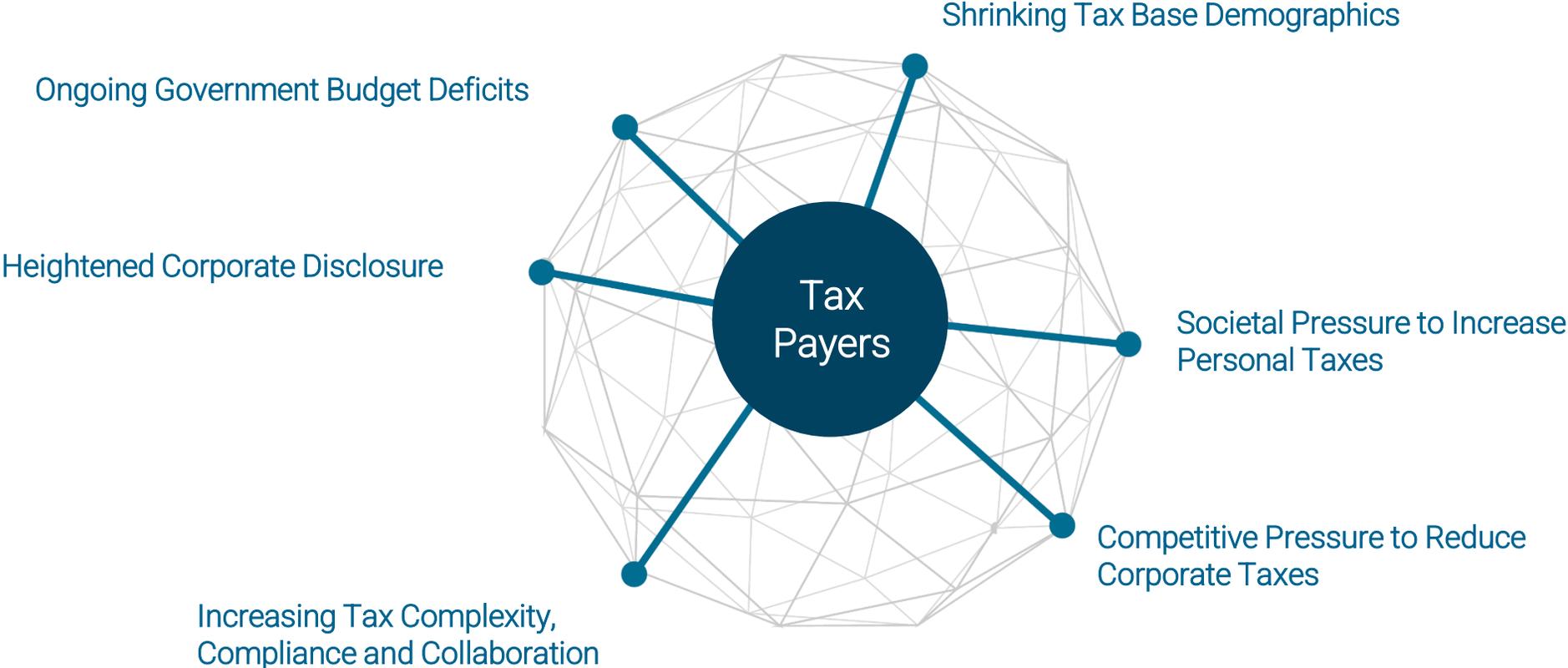
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Business



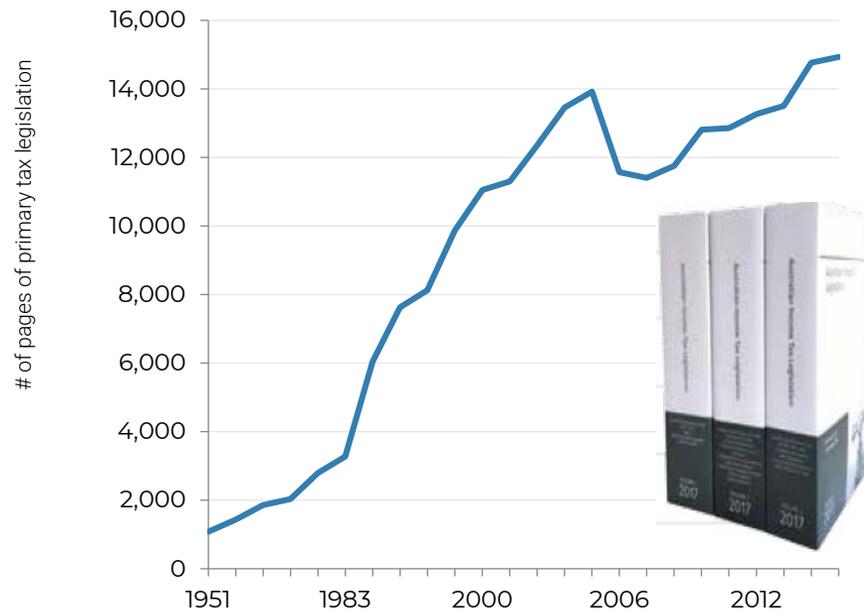
Death & Taxes



Increasingly Complex AUS Tax Laws

Increasing tax compliance and legislative complexity are key drivers for accounting and taxation services in Australia

Tax law volume growth
of ~14x since 1950s



Source: Australian Treasury, Rethink Presentation, June 2015

Paying taxes in Australia is considered more difficult relative to some other developed economies

Ease of paying taxes (ranked easiest to hardest)¹

United Arab Emirates	1	Switzerland	18
Hong Kong / China	3	Netherlands	20
Ireland	5	Australia	25
Denmark	7	Norway	26
Singapore	8	Sweden	28
United Kingdom	10	United States	36
New Zealand	11	Germany	48
Finland	13	France	63
Canada	17	Japan	70

¹Represents overall ranking including post filing index, ranked against 190 economies globally.
Source: World Bank, Doing Business Report, 2017

Kelly+Partners is focussed on the SME segment

SME clients typically have stable, long-term relationships with their accountants, whilst tax compliance provide highly recurring revenue.

Long term relationships...

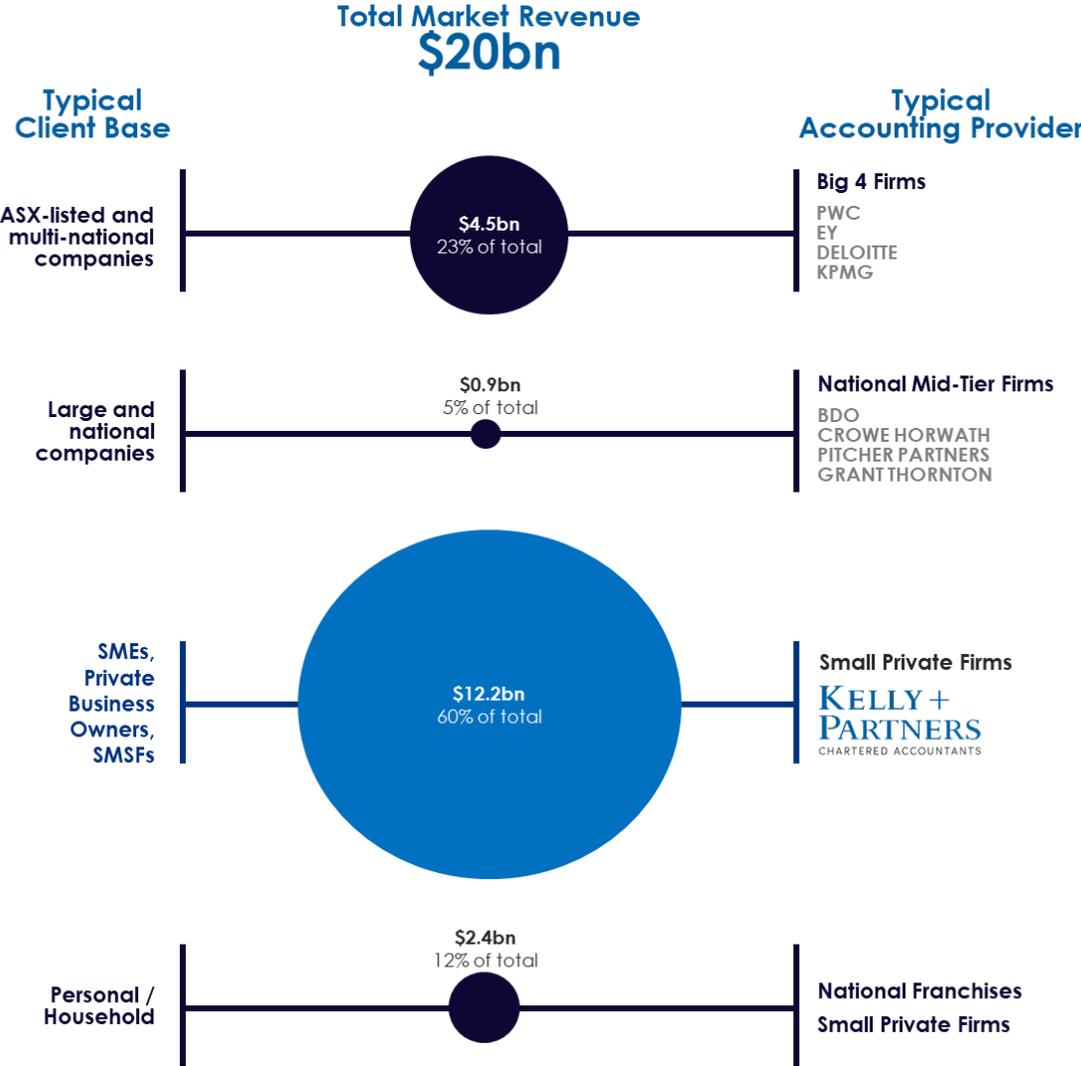
Client Type	Typical Tenure	Typical Service Providers
Large Corporates	3-5 years	Big 4, National Mid-Tier
SMEs	10+ years	Kelly+Partners
Retail	Annual	National Franchises

Highly recurring revenues...

Business Line	Revenue Risk	Typical Service Providers
Consulting and Advisory	High – volatile, project based	Big 4
Audit	Low – stable, but commoditised	Big 4, National Mid-Tier
Tax and Compliance	Low – stable, recurring	Kelly+Partners
Bookkeeping	High – digital disruption, outsourcing	Small Private Firms Software Providers

Highly fragmented accounting markets

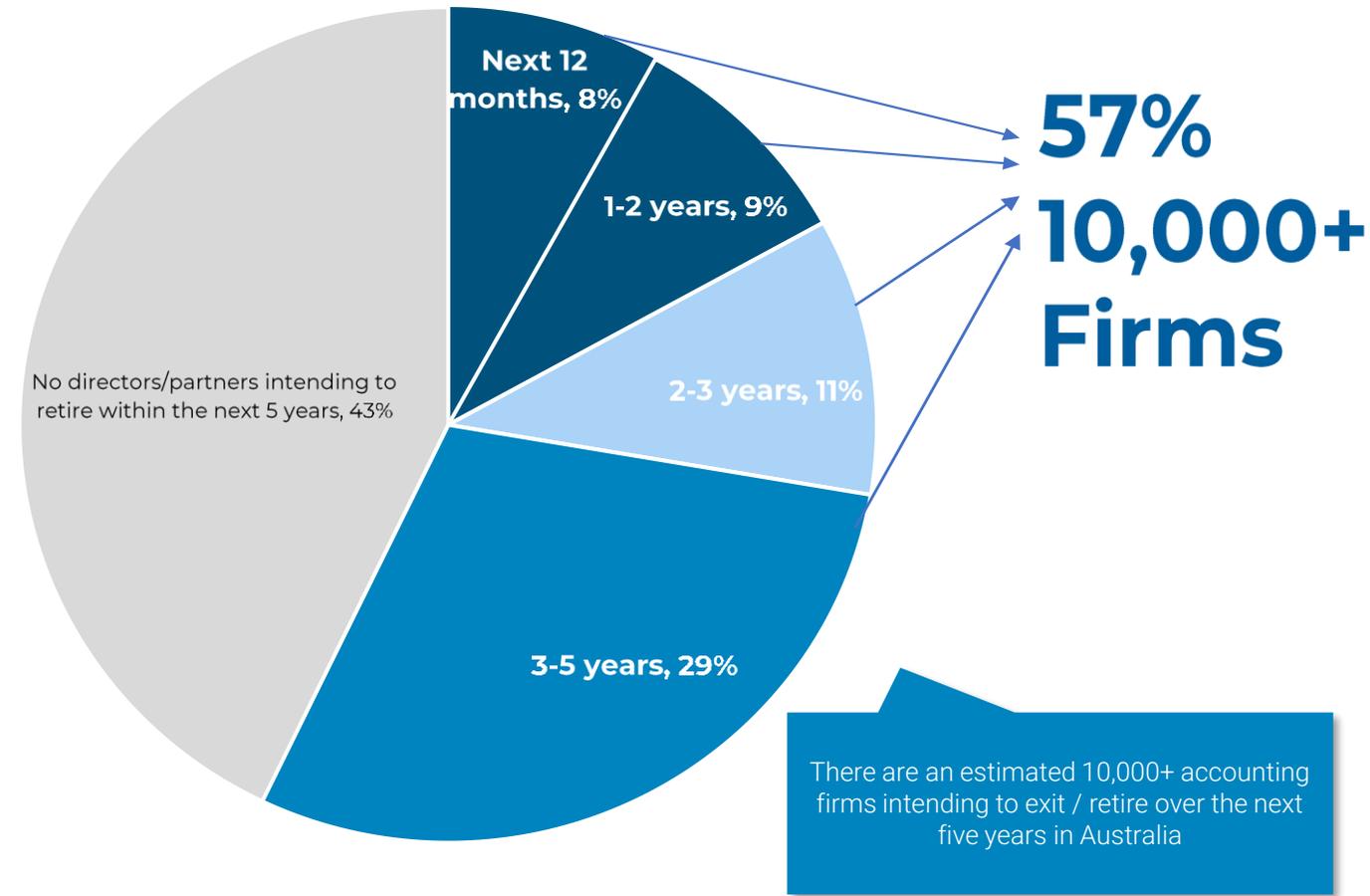
Example Australian accounting industry



AUS Accounting Firms Need Succession Solutions

Accounting firms intending to exit / retire

Source: Good Bad Ugly Insight Report – Succession 2018 report

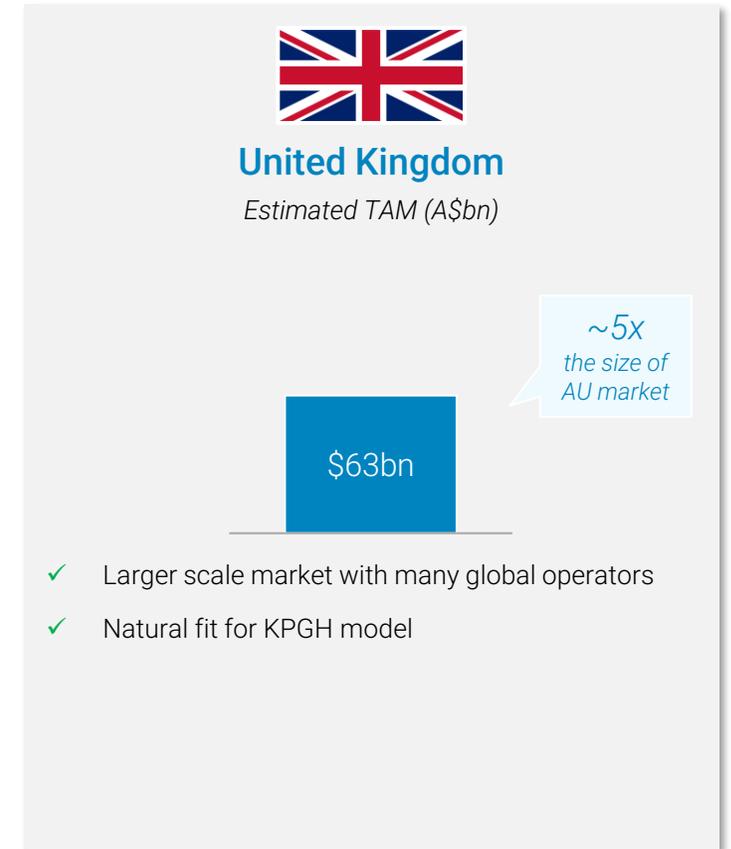
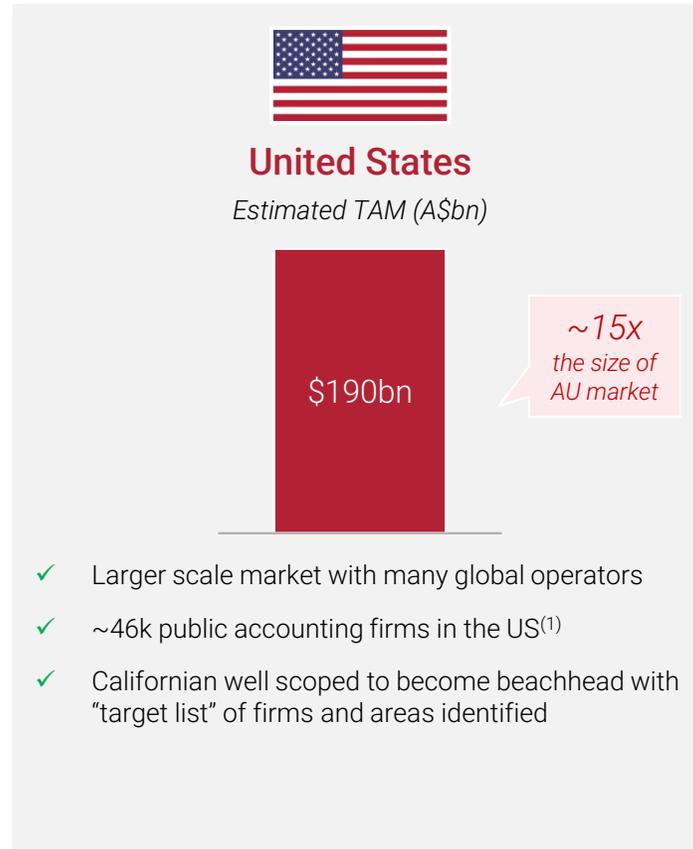
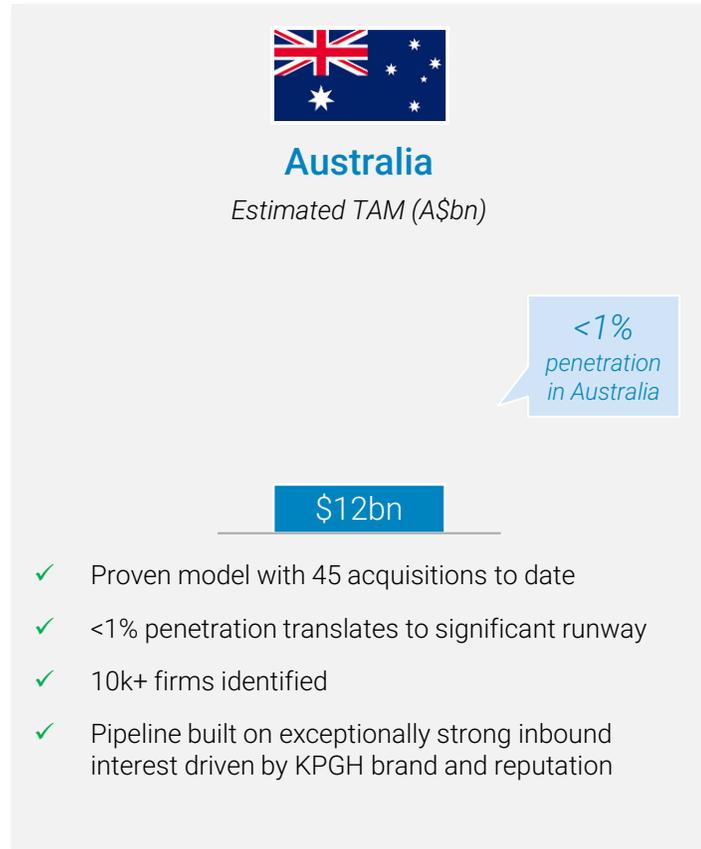


Global tax megatrends

- ✓ Shrinking tax base demographic
- ✓ Societal pressure to increase personal taxes
- ✓ Competitive pressure to reduce corporate taxes
- ✓ Increasing tax complexity and compliance
- ✓ Heightened corporate disclosure
- ✓ Ongoing government budget deficits

Significant Runway for Growth Globally

US and UK markets have similar, attractive characteristics to Australia on a significantly larger scale.



Combined TAM of \$265bn for target geographies, which display similar market dynamics to Australia, including:

- ✓ **Highly complex tax regimes**
- ✓ **High compliance costs**
- ✓ **Lack of trust towards global incumbents**
- ✓ **Succession crisis for smaller firms**

Source: Accounting Today, Inside Public Accounting, American Institute of Certified Public Accountants, Statista, World Bank and OECD. Note charts not to same scale.

Notes: (1) Represents American Institute of Certified Public Accountants' estimate of public accounting firms in the US.

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KELLY PARTNERS GROUP HOLDINGS LIMITED

About



Business Model



Service With Outstanding Stakeholder Feedback

People

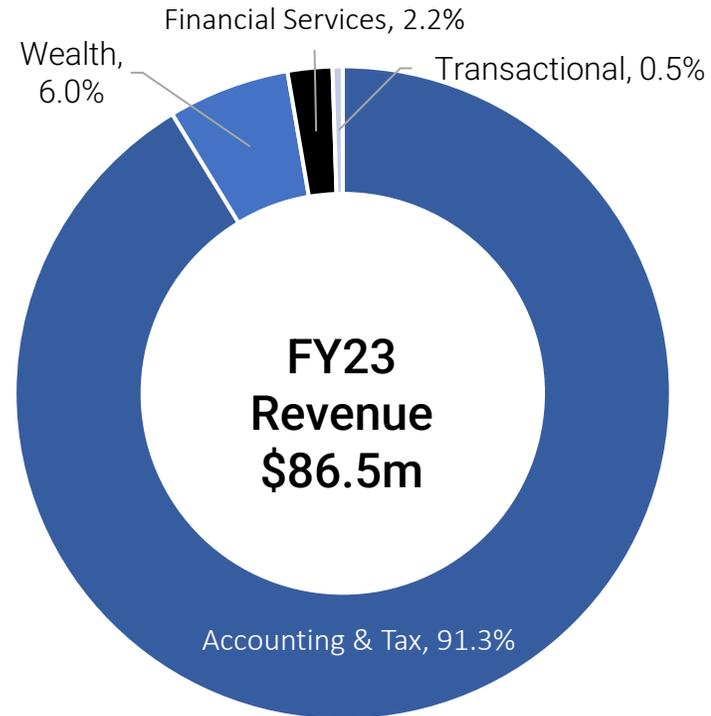
'Great Place to Work' certified



542 Team Members

Services

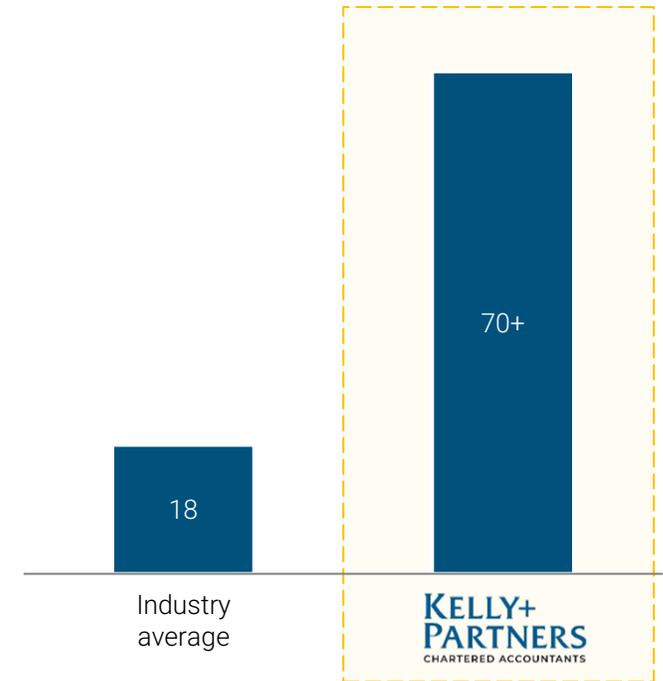
Revenue mix (FY23)



\$86.5m Revenue (+33%)

Clients

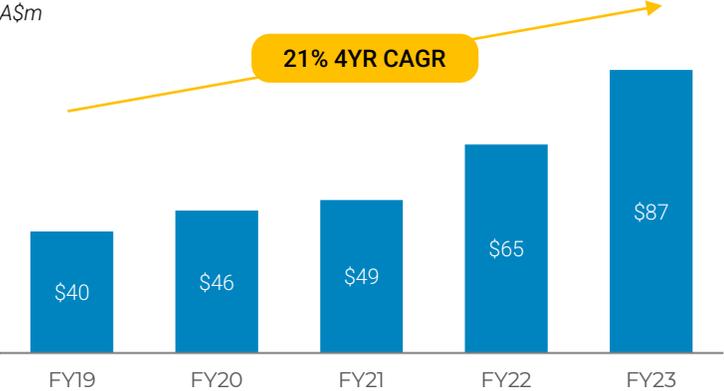
Net Promoter Score vs industry average



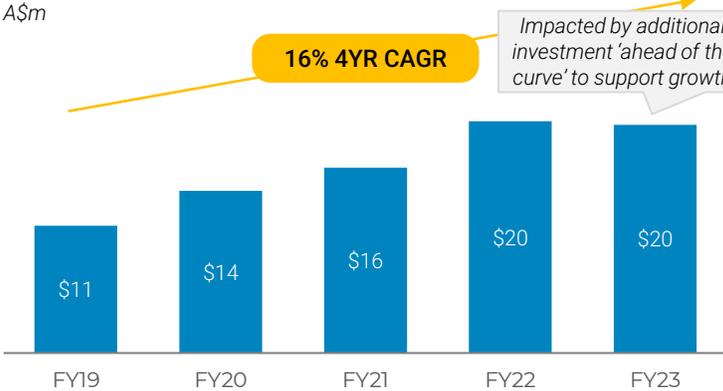
23,000 Groups (+22%)

KPGH's Financial Performance

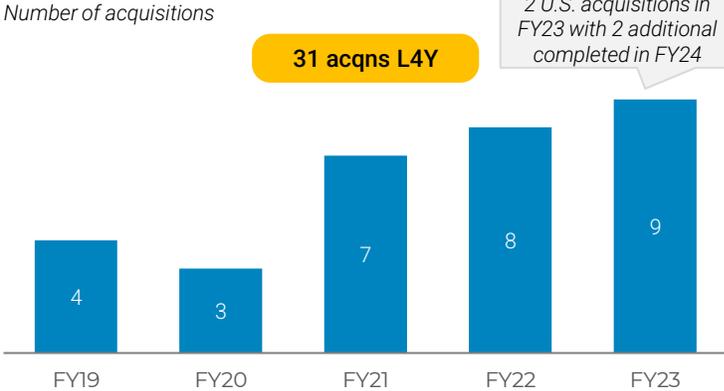
Consistent revenue growth



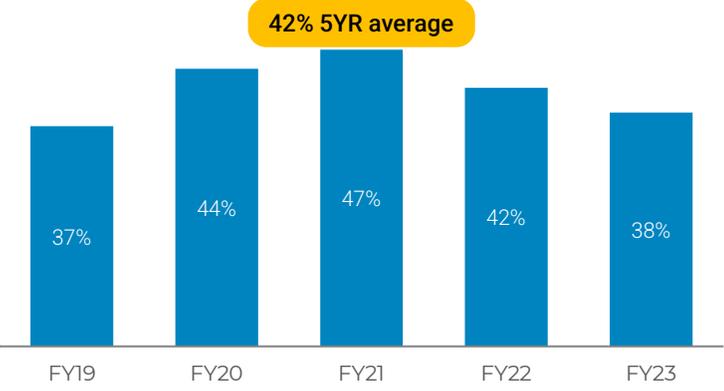
EBITDA approximately doubled since FY19⁽¹⁾



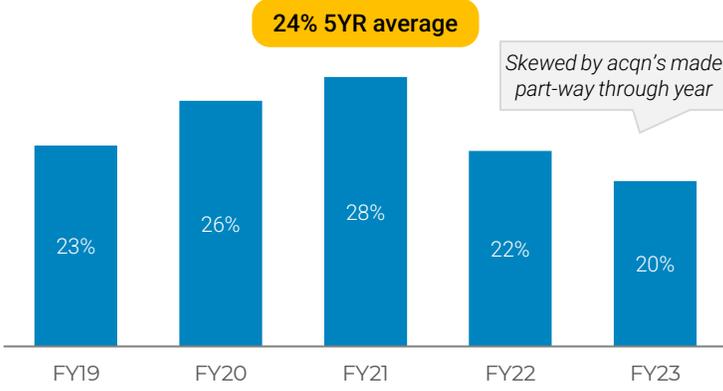
Successful programmatic acquisition strategy



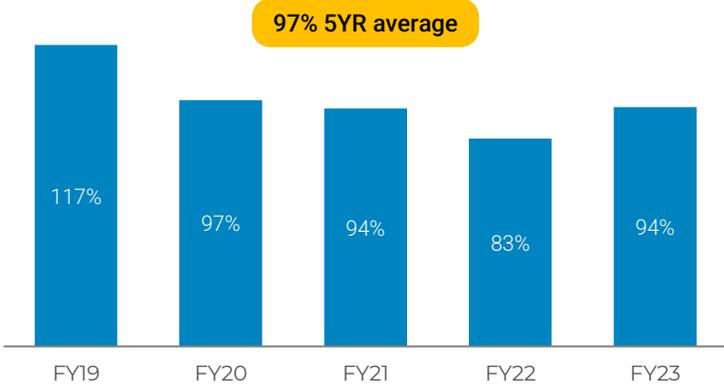
+40% Return on Equity⁽²⁾



+25% Return on Invested Capital⁽³⁾



Cash conversion⁽⁴⁾

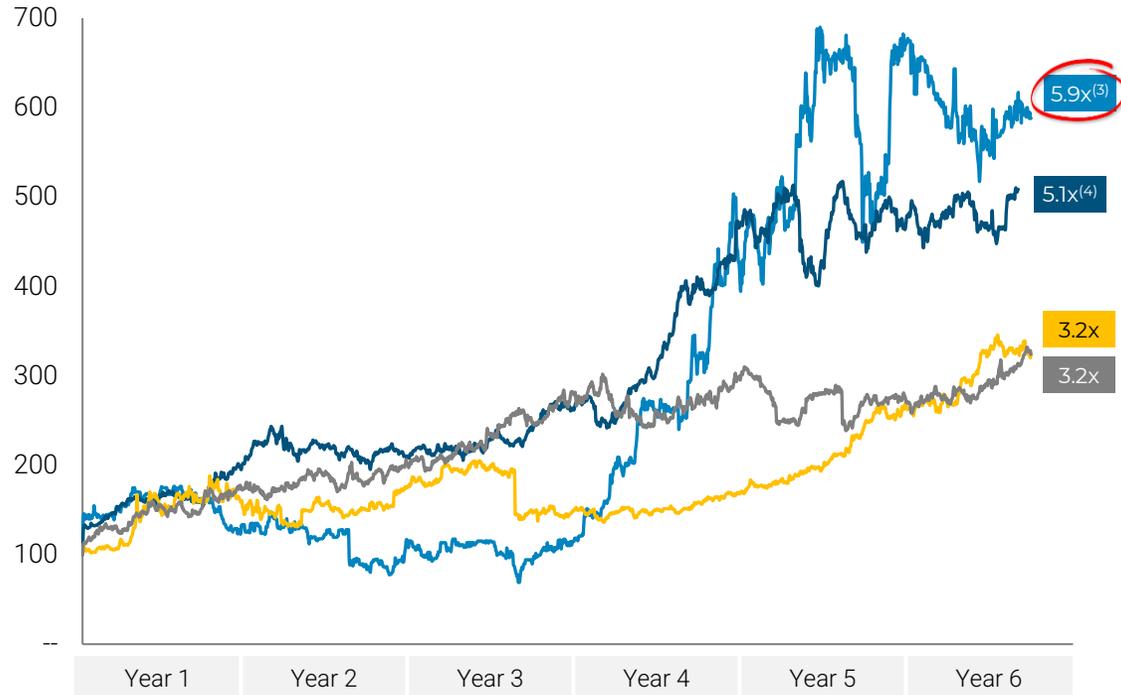


Note: (1) Pre AASB 16. (2) ROE calculated as underlying NPATA / Equity. (3) ROIC calculated as (NPAT plus interest) / (Equity + Debt). (4) Cash conversion calculated as last reported operating cash flow divided by EBITDA.

KPG HAS OUTPERFORMED SELECT SECTOR PARTICIPANTS AND BEST-IN-CLASS COMPOUNDERS SINCE LISTING IN 2017

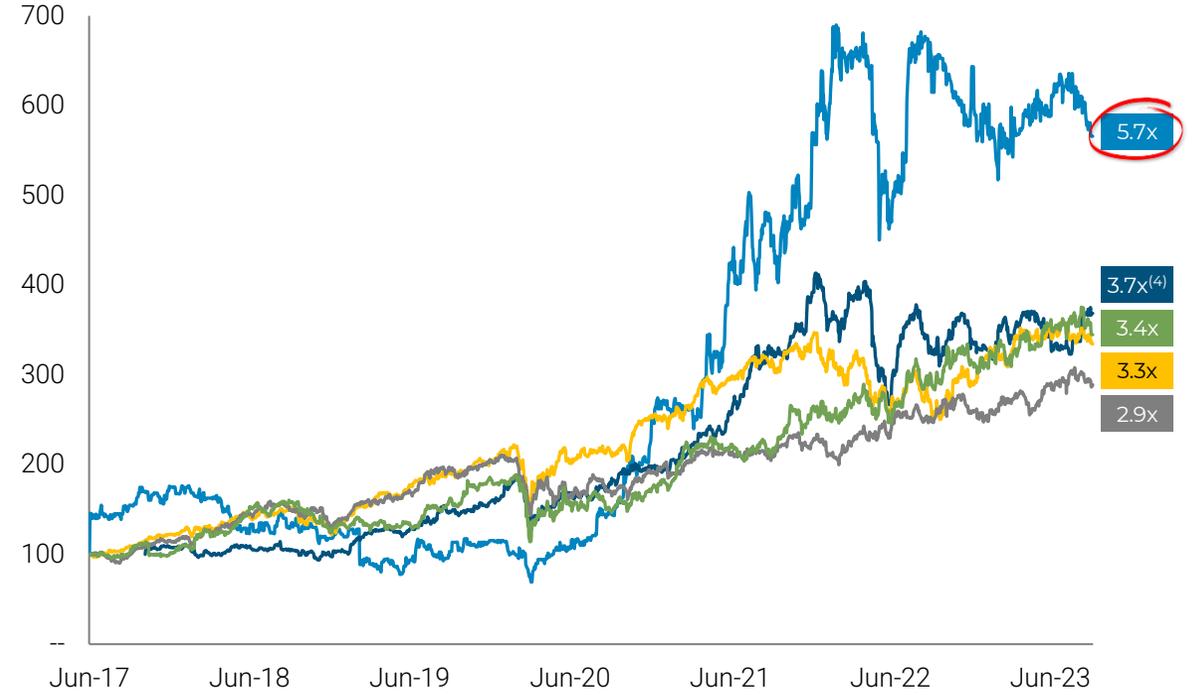
KPG TSR during the first six years of listing vs. select sector participants

(Daily, rebased to 100)^(1,2)



KPG TSR during the period it has been listed vs. select sector participants

(Jun-17 – Sep-23, rebased to 100)⁽¹⁾



Source: Bloomberg as at 25 September 2023. TSR calculated as daily share price appreciation, adjusted to include the reinvestment of dividends.

Notes: (1) Index TSRs calculated as a simple average for constituents in each group rebased to 100, starting from the date all constituents were publicly trading.

(2) CBIZ excluded due to volatile trading in years following IPO as a result of a corporate activity during this period.

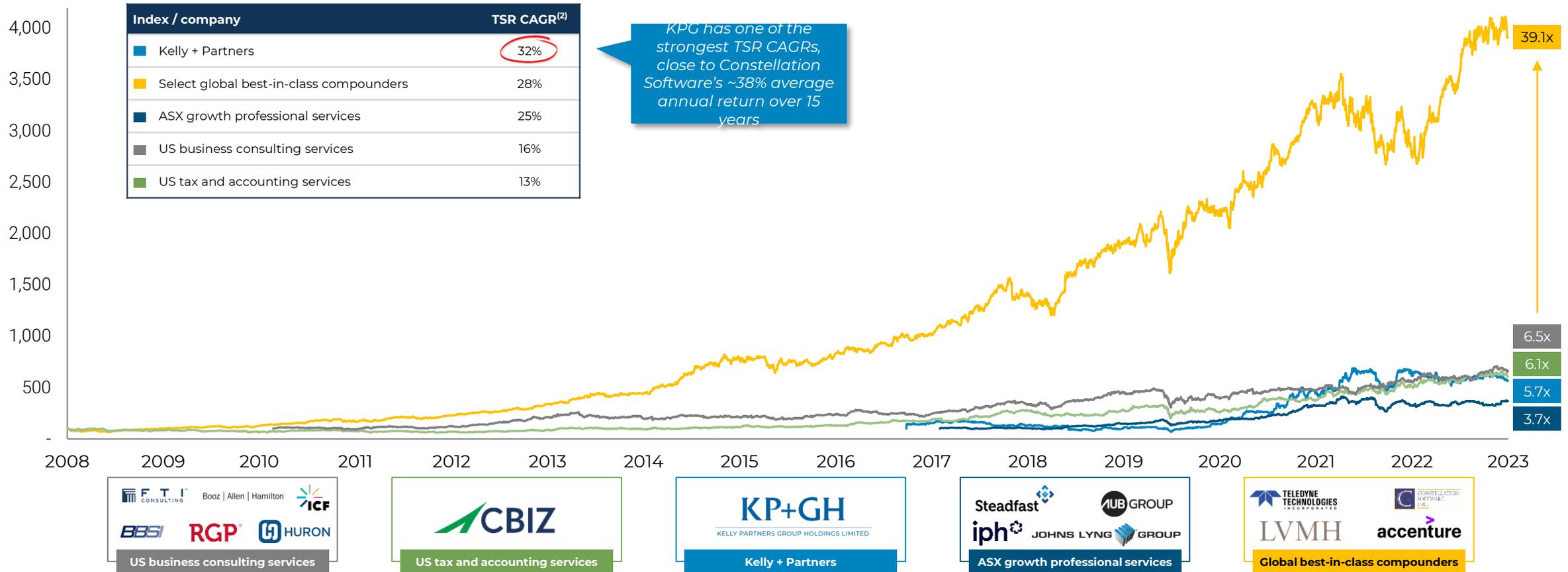
(3) KPG TSR multiple chart reflects six years of trading through to 20 June 2023 since listing (note adjacent chart on right side of page presents time series data up to 25 September 2023).

(4) ASX growth professional services index begins 26 October 2017 when all constituents were publicly trading.

KPG GENERATES ONE OF THE STRONGEST TSRs AMONG SELECT SECTOR PARTICIPANTS AND BEST-IN-CLASS COMPOUNDERS

KPG has generated average annual TSR of 32% which is among the strongest of select sector participants.

Total Shareholder Return (TSR) over the last 15 years (rebased to 100)⁽¹⁾



Source: Bloomberg as at 25 September 2023. TSR calculated as daily share price appreciation, adjusted to include the reinvestment of dividends.

Notes: (1) Index TSRs calculated as a simple average for constituents in each group rebased to 100, starting from the date all constituents were publicly trading.

(2) TSR CAGR reflects average of index constituents, starting from the date all constituents were publicly trading up until 25 September 2023.

KPG OUTPERFORMS SELECT SECTOR PARTICIPANTS AND COMPARES FAVOURABLY WITH BEST-IN-CLASS COMPOUNDERS

Median estimates	US business consulting services	US tax and accounting services	ASX growth professional services	Kelly+Partners Group Holdings Limited ⁽¹⁾	Select global best-in-class compounders
Constituents	     		   	 <small>KELLY PARTNERS GROUP HOLDINGS LIMITED</small>	   
Market cap (A\$)	\$3.1bn	\$3.9bn	\$2.5bn	\$192m	\$183.3bn
FY24E revenue growth	9%	8%	15%	21%	8%
FY24E EBITDA margin	11%	15%	31%	33%	25%
FY24E EV / EBITDA	12.9x	13.2x	12.1x	12.3x	15.1x
FY24E P / E	19.2x	20.1x	21.9x	18.3x	23.0x
TSR CAGR⁽²⁾	16%	13%	25%	32%	28%
ROE⁽³⁾	14%	15%	14%	26%	27%
ROIC⁽³⁾	11%	12%	10%	24%	18%

Generally lower growth, margin and return



Generally higher growth, margin and return

Source: Company filings, Capital IQ, broker consensus. Market data as at 25-September-23. Presented on a pre-AASB 16 / IFRS 16 basis and calendarised to June year-end.

Note: (1) KPG revenue growth, EBITDA margin and valuation multiples based on published FY24 run-rate guidance of \$100-110m revenue and ~32.5% EBITDA margin (taking 51% for parent proportionate share) and ~10% NPATA margin (for parent).

(2) TSR CAGR reflects average of index constituents, starting from the date all constituents were publicly trading up until 25 September 2023.

(3) ROE and ROIC calculated as NPAT / Equity and (NPAT plus interest) / (Equity + Debt), respectively. Calculated on a last reported basis and represents parent metrics for KPG.

Comparison Against Select US Operator

A comparison to CBIZ demonstrates KPG's relative performance and provides a reference point for valuation in the US listed market

	KP+GH	CBIZ																								
Overview	Top 20 and founder-led Australian tax and accounting services platform with market cap of ~A\$255m	Top 15 US provider of tax, accounting, insurance and advisory services with market cap of US\$3.7bn																								
Network size	34 offices 550 employees 23,000 clients	120 offices 6,500 employees 100,000 clients																								
Business mix	99% recurring services (tax and accounting represents > 90% of total revenue)	75% recurring services (tax and accounting represents ~ 65% of total revenue)																								
Growth strategy	Programmatic acquisition strategy with 49 acquisitions to date generating exceptional returns	Programmatic acquisition strategy having successfully acquired over 200 companies in last 25 years																								
Valuation and returns benchmarking	<p>■ Trading valuations⁽¹⁾ ■ Return metrics⁽²⁾</p> <table border="1"> <tr> <td>Metric</td> <td>Value</td> </tr> <tr> <td>FY24E EV/EBITDA</td> <td>14.3x</td> </tr> <tr> <td>FY24E P/E</td> <td>23.2x</td> </tr> <tr> <td>ROIC</td> <td>24.4%</td> </tr> <tr> <td>ROE</td> <td>26.3%</td> </tr> <tr> <td>TSR</td> <td>20.9%</td> </tr> </table>	Metric	Value	FY24E EV/EBITDA	14.3x	FY24E P/E	23.2x	ROIC	24.4%	ROE	26.3%	TSR	20.9%	<table border="1"> <tr> <td>Metric</td> <td>Value</td> </tr> <tr> <td>FY24E EV/EBITDA</td> <td>17.0x</td> </tr> <tr> <td>FY24E P/E</td> <td>27.5x</td> </tr> <tr> <td>ROIC</td> <td>11.2%</td> </tr> <tr> <td>ROE</td> <td>17.4%</td> </tr> <tr> <td>TSR</td> <td>22.3%</td> </tr> </table>	Metric	Value	FY24E EV/EBITDA	17.0x	FY24E P/E	27.5x	ROIC	11.2%	ROE	17.4%	TSR	22.3%
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Source: Company filings and Capital IQ market data as of February 22, 2024. Calendarized to June year-end.

1. KPG valuation multiples based on published FY24 run-rate guidance of \$110m revenue and ~10% NPATA margin (for parent). CBIZ based on consensus estimates.

2. ROE and ROIC calculated as Net Operating Profit After Tax Before Amortization ("NPATA") / Equity and (NPATA + interest) / (Equity +

Debt), respectively. KPG ROE and ROIC presented as parent only. TSR represents CAGR since KPG's IPO in 2017.

3. Revenue CAGR represents LTM June 2018-23. EBITDA margin and Net Debt / EBITDA shown pre-AASB 16 for KPG and as of June 2023.

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KELLY PARTNERS GROUP HOLDINGS LIMITED

Investment Highlights



Investment Highlights

1

Mission driven organisation

2

Industry leading disruptive operator in highly attractive accounting services market

3

Exceptional track record of disciplined founder-led growth, pursuing programmatic acquisitions to drive profitability and returns

4

Annuity-style revenue mix supported by long-standing and diverse SME client base

5

Unique 'Partner-Owner-Driver'[®] model that empowers operators with equity and a platform that delivers operational excellence and enhanced financial return

6

Significant runway for continued growth within accounting services and complementary offerings, both in Australia and offshore

7

Founder-led company with proven ability to deliver strategy and generate strong shareholder value

Vision: Next 5 Years (FY25-FY29)

OBJECTIVE

TOP 10 IN AUSTRALIA

Grow to become a top 10 accounting firm in Australia

SCALE COMPLEMENTARY

Build vs. Buy vs. Partner

GO GLOBAL

Growing Kelly+Partners System, Business Model and Partner-Owner-Driver® model in markets globally

SCOPE

Financial Review Top 100 Accounting Firms (\$m)		Rev (\$m)
1	PwC	3,170.0
2	Deloitte	2,850.0
3	EY	2,660.0
4	KPMG	2,378.0
5	BDO	474.9
6	Findex	403.9
7	RSM Australia	331.6
8	Grant Thornton	328.1
9	Pitcher Partners	326.0
10	PKF	158.8
11	William Buck	155.8
12	Bentleys Network	135.0
13	Nexia Australia	131.8
14	HLB Mann Judd	120.2
15	Synergy Group	119.4
16	McGrathNicol	118.7
	Kelly Partners (FY24 est.)	110.0
17	Walker Wayland Australasia	92.1
18	Count Limited	88.9
	Kelly Partners (FY23)	86.5
19	Hall Chadwick	88.9
20	Moore Australia	88.4



1	Finance	?
2	Insurance	
3	Wealth	?

We intend to discover the natural conversion rate of finance (10%), insurance (10%) and wealth (30%) services required by our accounting clients.



Country	TAM in AUD
US	\$190bn
UK	\$63bn
Canada	\$17bn
NZ	\$3bn
Total TAM	\$273bn (20x AUS)

ADVANTAGE

Kelly+Partners System, Kelly+Partners Business Model, Partner-Owner-Driver®, Central Progress Team

1 Industry Leading Disruptive Operator

The Kelly+Partners Business System

1. The Kelly+Partners Business System powers our performance, builds our culture & drives our competitive advantage
2. Kelly+Partners continues to build dominant firms & seeding network effects
3. Kelly+Partners generates superior cashflow and is a superior capital allocator



2 Programmatic M&A Delivers Shareholder Returns

Target partner profile



- Alignment with KPGH's vision and culture
- Capacity to meet KPGH's target financial and operating metrics
- Long-term commitment of Operating Business Owners via ~49% ownership
- Long-term client relationships, with strong SME / SMSF profile
- Focus on accounting and taxation services
- Provides geographic expansion opportunities for KPGH

Key terms of operating model



- Parent ownership ⇒ **>50%**
- Agreement term ⇒ **10 years + rollover**
- Consideration ⇒ **partial upfront + earn-out**
- Standardised branding and marketing
- Fees paid for centralised back-office services and IP
- Defined base salaries and monthly distributions
- Agreed operating methods, metrics and protocols
- Non-recourse debt to parent

17-year track record

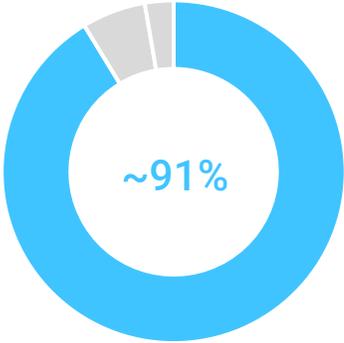
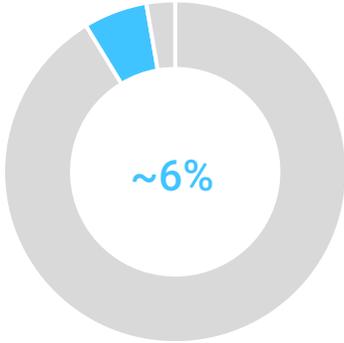
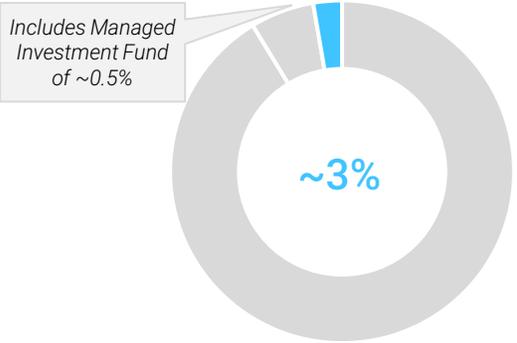
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KELLY PARTNERS GROUP HOLDINGS LIMITED

- ✓ 30% revenue CAGR since inception
- ✓ 45 acquisitions completed to date with robust inbound pipeline
- ✓ Track record of almost doubling operating margins post-acquisition
- ✓ +40% return on equity (last five years)
- ✓ Nil equity capital raised
- ✓ ~610% TSR since IPO

KPGH's programmatic acquisition strategy and Partner-Owner-Driver® model has been validated in Australia and is highly portable into offshore markets

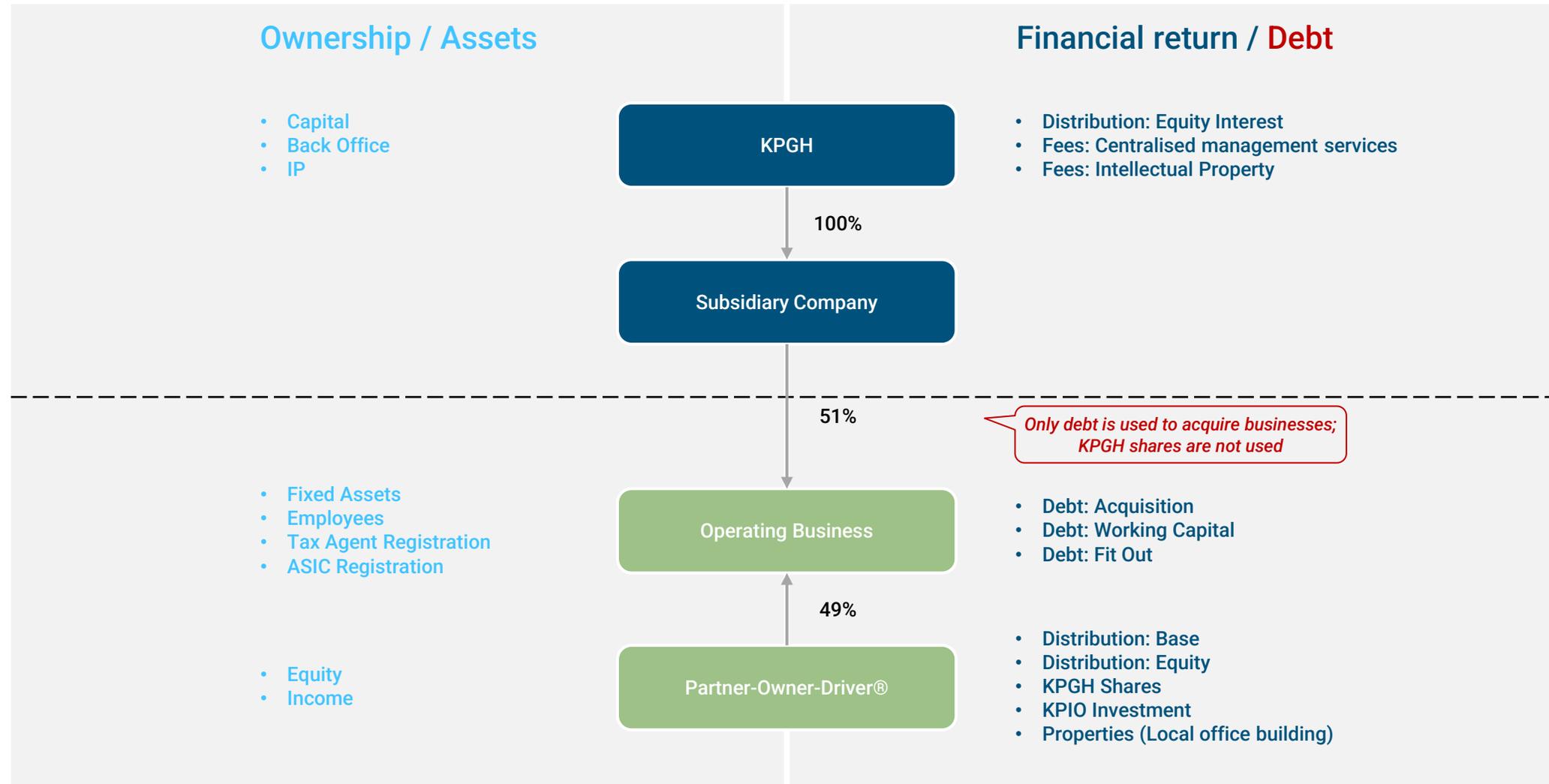
3 Annuity Revenue Mix & Diverse Clients

	Accounting & Tax services	Wealth Management Services	Mortgage, Finance Services & Other
% of FY23 revenue	 <p>~91%</p>	 <p>~6%</p>	 <p>~3%</p> <p><i>Includes Managed Investment Fund of ~0.5%</i></p>
Products & services	<ul style="list-style-type: none"> ✓ Business Audit ✓ Business, Personal Structures ✓ Corporate Services ✓ Full-service Accounting ✓ Outsourced CFO Services ✓ Payroll Services ✓ Tax Audits ✓ Taxation Advice and Compliance 	<ul style="list-style-type: none"> ✓ Financial Advice & Planning ✓ Asset Allocation Strategies Investment Portfolios ✓ Administration and Reporting ✓ SMSF Investments ✓ Building Diverse Income Streams 	<ul style="list-style-type: none"> ✓ Small Business Lending ✓ Commercial Property Lending ✓ Equipment & Asset Finance ✓ Insurance Premium Funding ✓ Motor vehicle / Chattel Mortgages ✓ Franchising ✓ Invoice / Debtor Financing ✓ Other includes Special Opportunities Fund

99%+ annuity services revenue

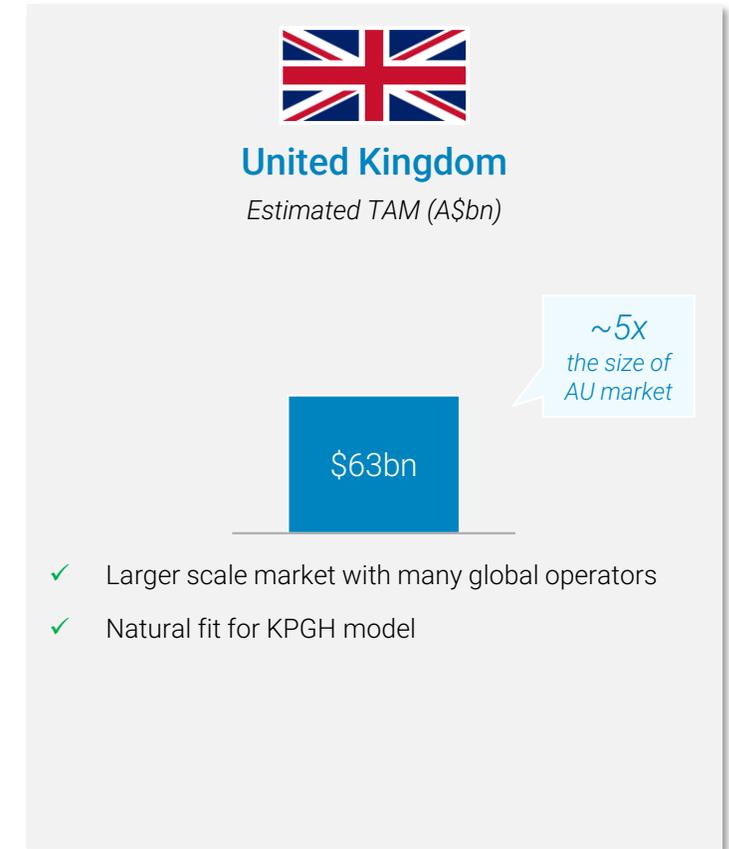
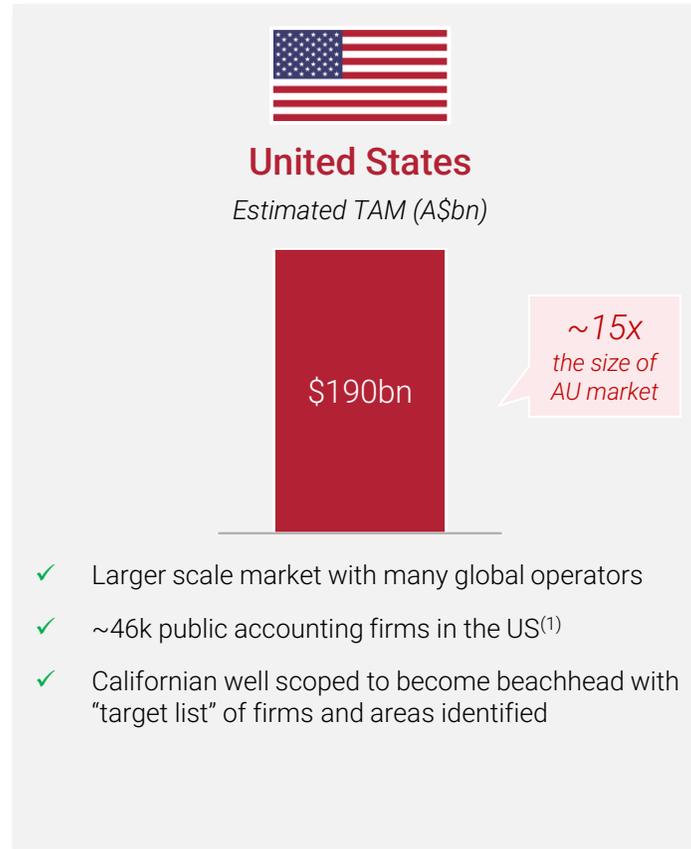
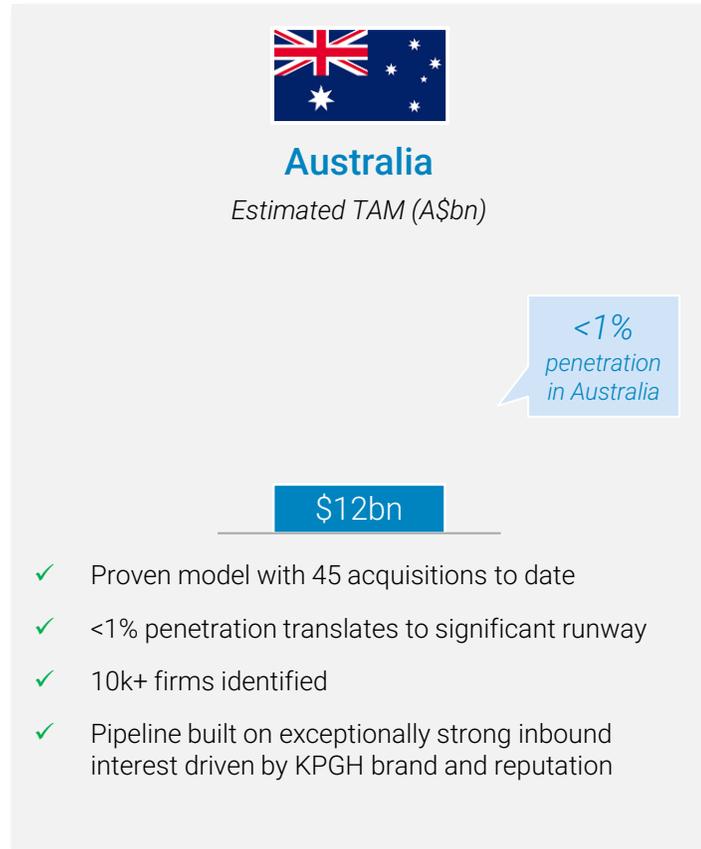
4 Unique 'Partner-Owner-Driver'® Model

27 Operating Businesses structured as individual partnerships with individual P&Ls; this model empowers operators with equity, drives operational excellence and delivers enhanced financial return.



5 Significant Runway for Growth Globally

US and UK markets have similar, attractive characteristics to Australia on a significantly larger scale.



Combined TAM of \$265bn for target geographies, which display similar market dynamics to Australia, including:

- ✓ **Highly complex tax regimes**
- ✓ **High compliance costs**
- ✓ **Lack of trust towards global incumbents**
- ✓ **Succession crisis for smaller firms**

Source: Accounting Today, Inside Public Accounting, American Institute of Certified Public Accountants, Statista, World Bank and OECD. Note charts not to same scale.

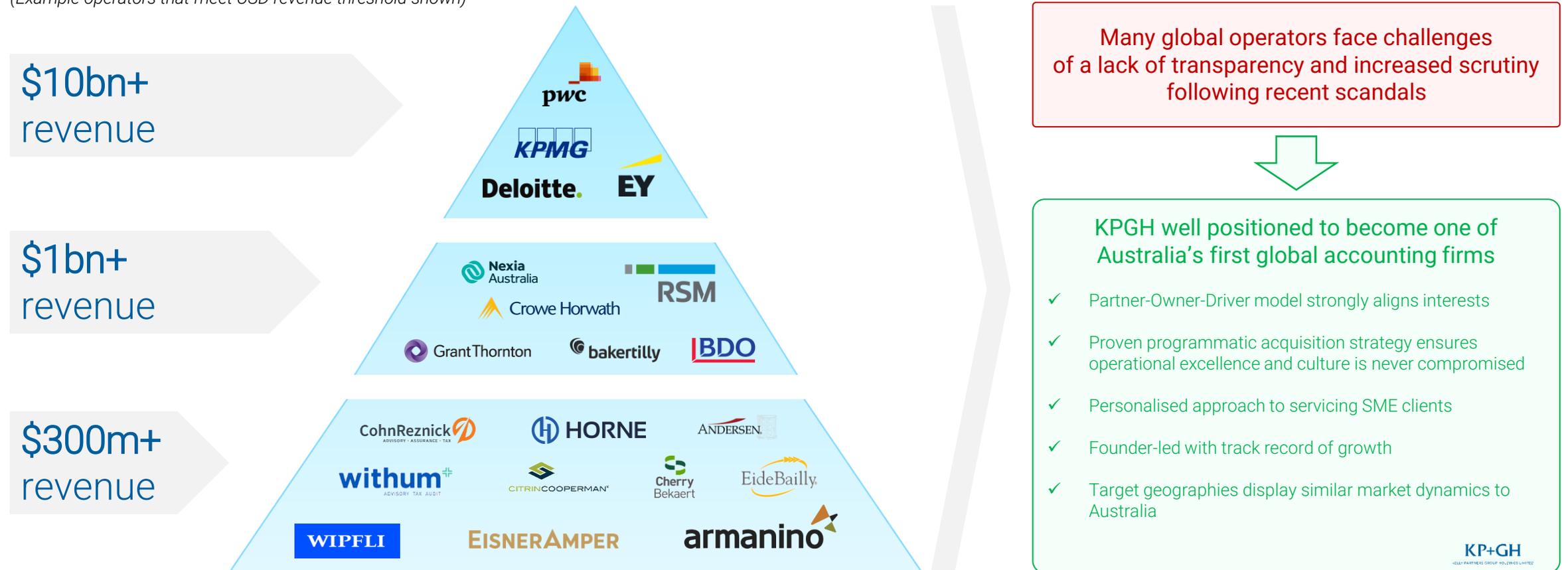
Notes: (1) Represents American Institute of Certified Public Accountants' estimate of public accounting firms in the US.

Many Global Accounting Firms, with an Opportunity for KPGH to Emerge as Australia's First

KPGH's differentiated model positions the company to continue growing to become one of Australia's first global accounting firms.

Example US-based global accounting firms

(Example operators that meet USD revenue threshold shown)



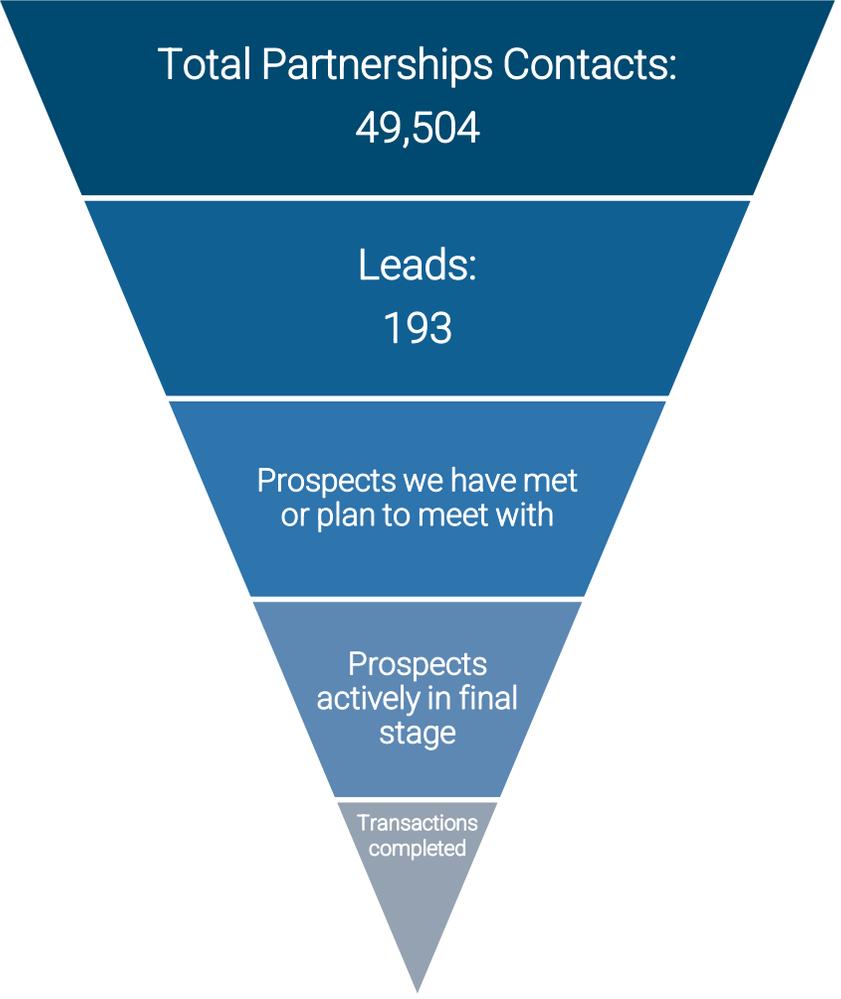
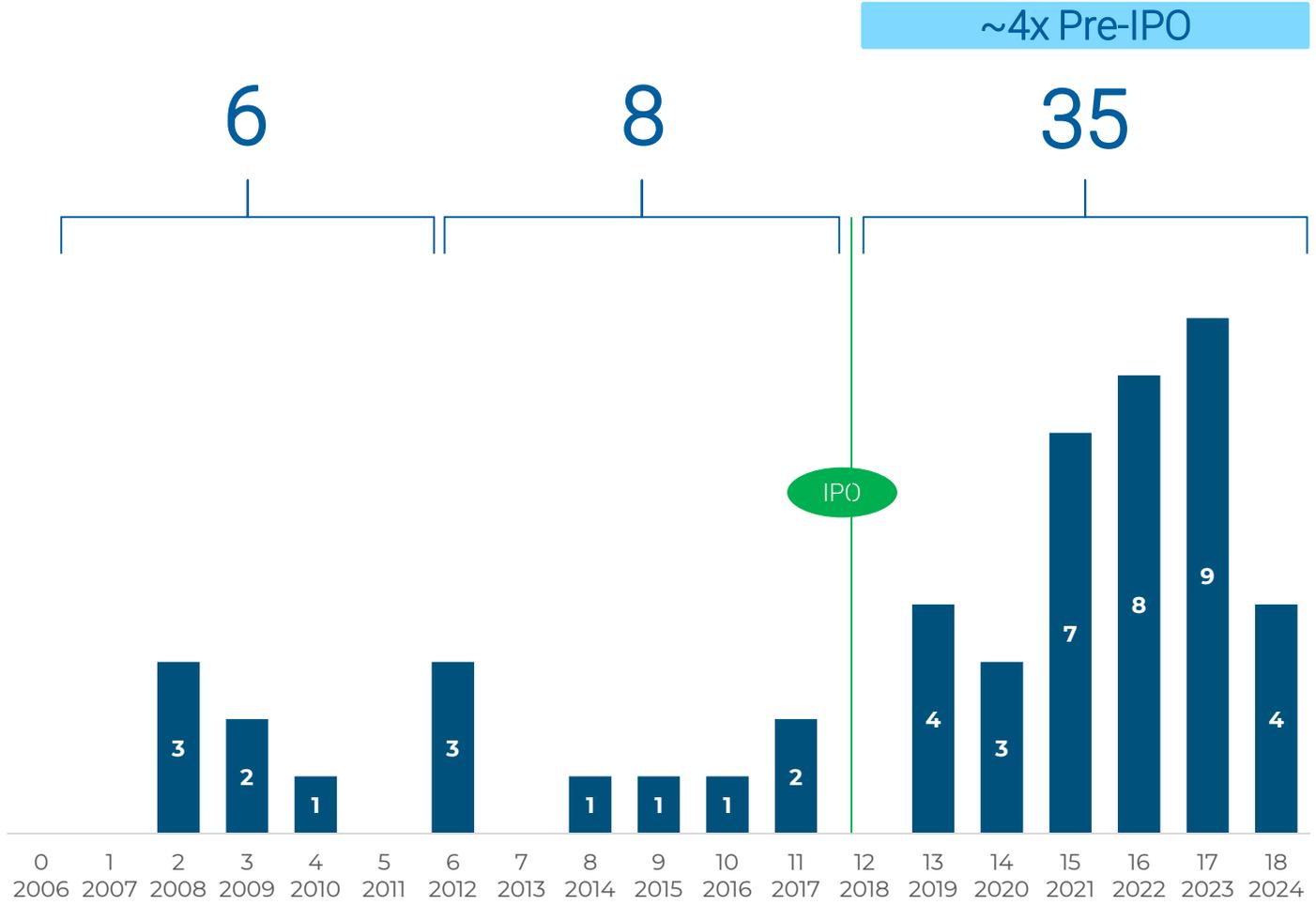
KP+GH

KELLY PARTNERS GROUP HOLDINGS LIMITED

Partnerships
vs
Acquisitions

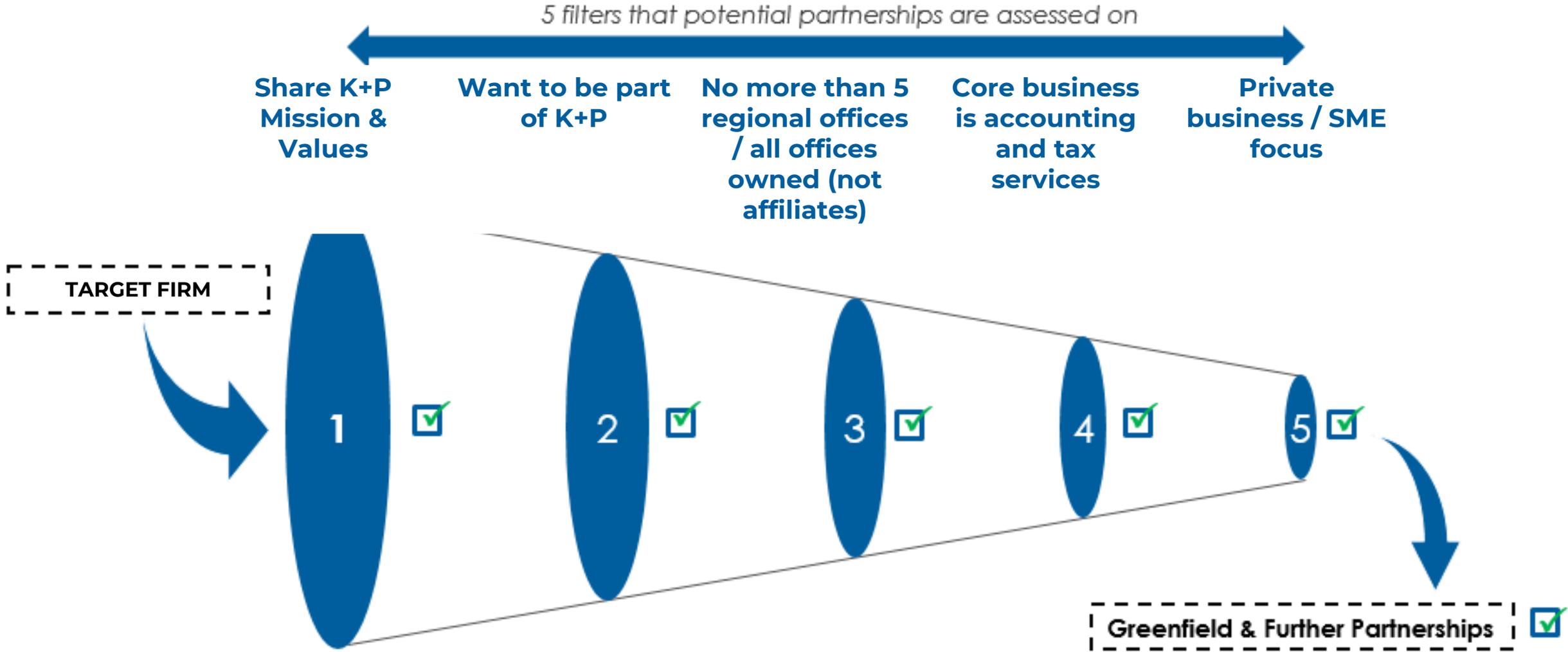


Programmatic partnerships



Note: based on acquisitions that are announced in the stated financial year, e.g. acquisition that was announced in FY22 but completed in FY23 is shown in FY22.

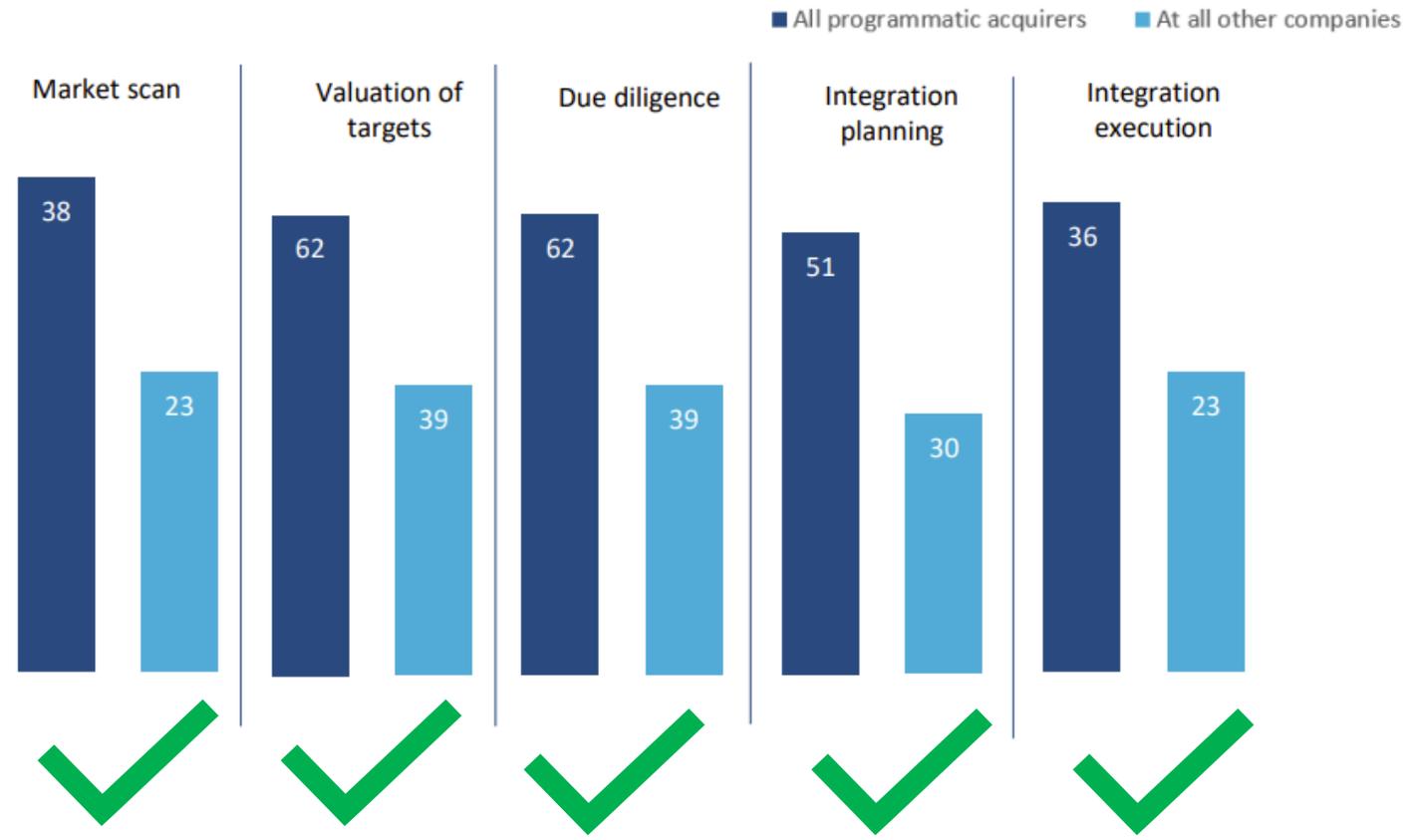
Programmatic partnerships



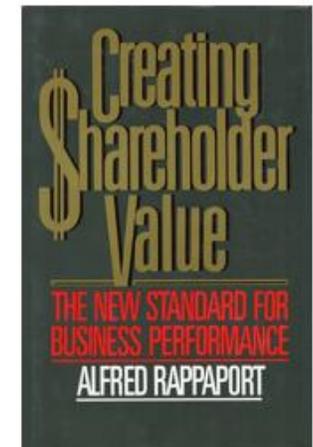
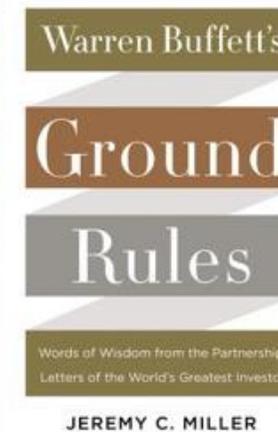
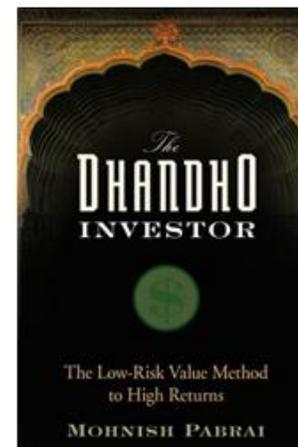
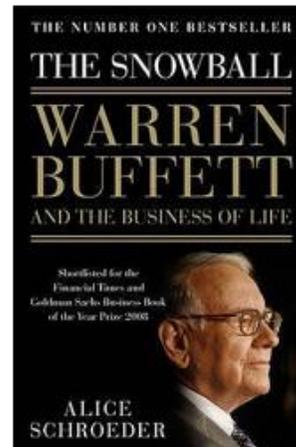
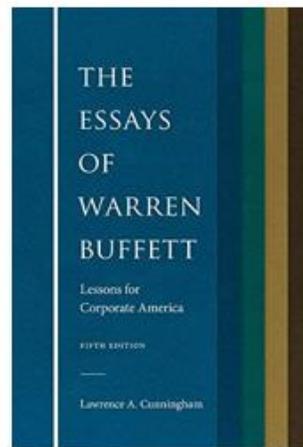
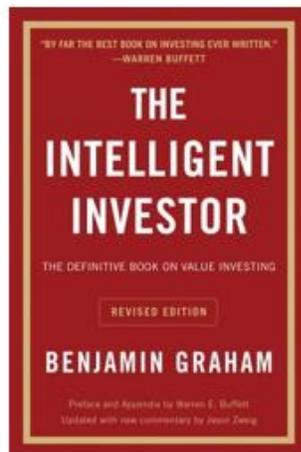
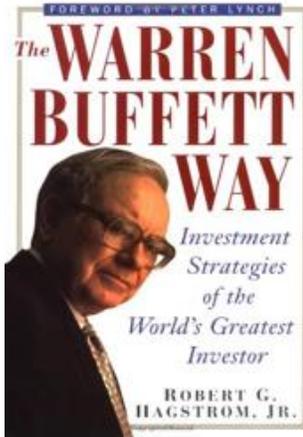
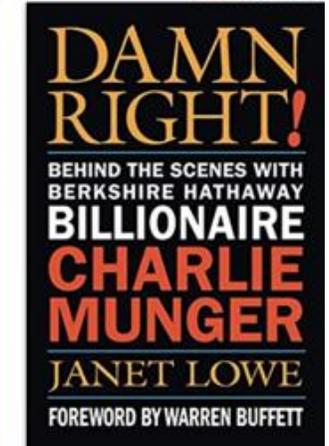
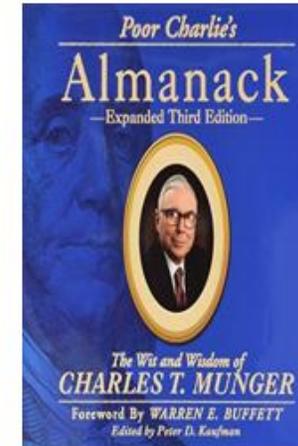
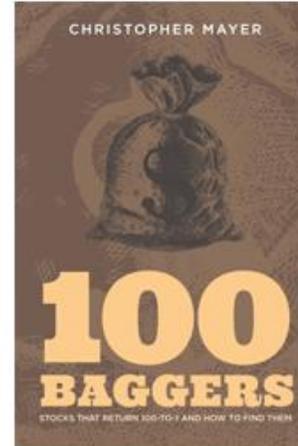
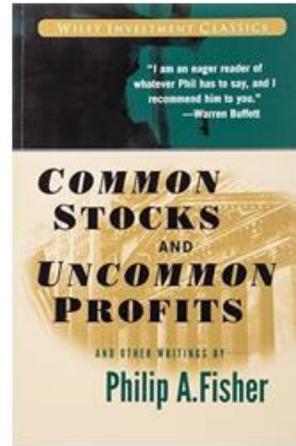
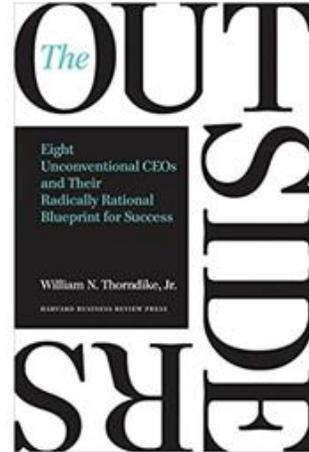
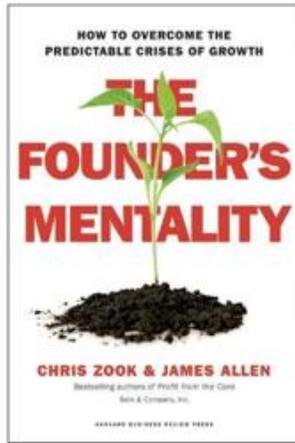
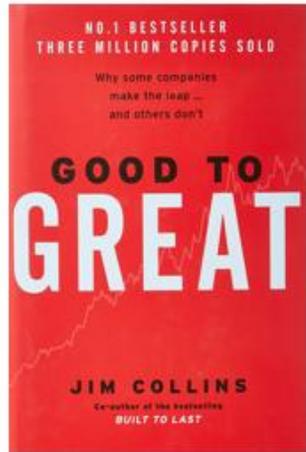
Programmatic partnerships

In each phase of the M&A process, programmatic acquirers are likelier than other companies to use playbooks.

Share of respondents who say their companies have a playbook or how-to-guide for a given M&A-phase (%)



Recommended Reading



Thank you

KP+GH