

ASX ANNOUNCEMENT - KPG

Friday, 3rd May 2024

Kelly Partners Growth Partnership Platform Kelly Partners Texas

In the Quality Shareholders #15 letter released on Thursday 18th April 2024, Kelly Partners Group Holdings Limited ("Company", ASX:KPG) announced **3 business models** to be tested to realise its strategic objectives to build *Australia's first Global Accounting Firm for successful Private Business Owners*.

Kelly Partners Group Holdings Limited is pleased to announce that a senior management team of Michael Hoyle, Jeromy Dixson and Ian McNickle (**Texas Senior Management Team**), who had considered building their own CPA group, have chosen to join the Company to build Kelly Partners' first Growth Partnership Platform – Kelly Partners Texas.

Kelly Partners Growth Partnership Platform – Kelly Partners Texas

Agreements have been executed whereby Kelly Partners Group Holdings (USA) Inc. (a wholly owned subsidiary of Kelly Partners Group Holdings Limited) and the Texas Senior Management Team own a 50.1% / 49.9% equity interest respectively in Kelly Partners Group Holdings (Texas) LLC.

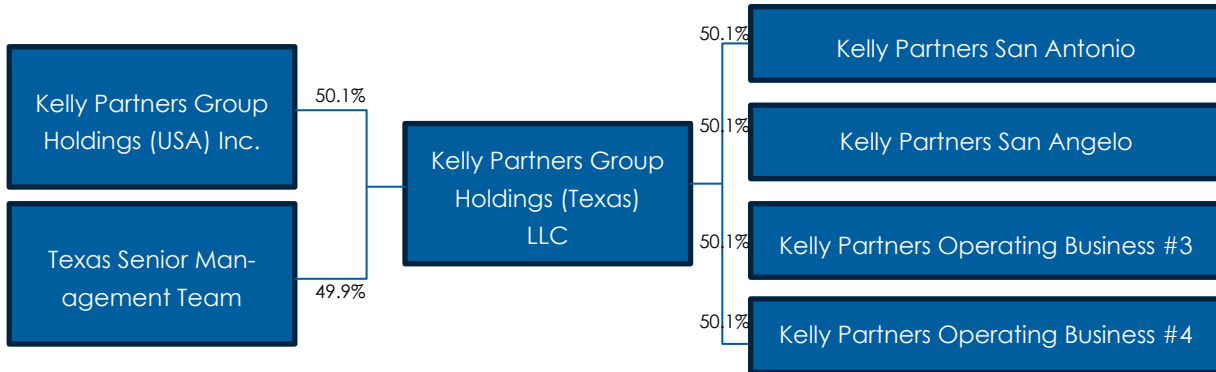
The Texas Senior Management Team will identify and acquire accounting businesses in the state of Texas through Kelly Partners Group Holdings (Texas) LLC.

The Texas Senior Management Team have signed agreements with a minimum 10-year commitment period. As part of the commencement of Kelly Partners Texas, two new operating businesses were established:

- *Kelly Partners San Angelo* - which will purchase a small fee base operated by Michael Hoyle (Hoyle CPA)
- *Kelly Partners San Antonio* - greenfield business in San Antonio, Texas

Both operating businesses will be owned 50.1% by Kelly Partners Group Holdings (Texas) LLC and 49.9% by Michael Hoyle.

Image 1: Kelly Partners Growth Partnership Platform – Kelly Partners Texas Structure



Kelly Partners Growth Partnership Platform

This opportunity was made available by finding management teams who share our mission, values and vision and can accelerate KPG’s impact globally.

Kelly Partners Growth Partnership Platform is 1 of 3 growth business models detailed in the Quality Shareholders #15 letter released on Thursday 18th April 2024 and the related paragraph has been included below.

“As Kelly Partners pursues a global expansion strategy and a realisation of the vision to become Australia’s global accounting business, we have developed a platform to partner with management teams across geographies.

Similar to Constellation Software’s (whom we admire) operating groups, we will establish a holding company in each geography led by capable management teams. We will identify and select management teams in each geography that could become great capital allocators, as well as demonstrating a deep level of understanding and experience in the accounting and other industries. The management teams will own 49.9% of the holding company, which will then identify and acquire accounting businesses in their respective geographies. We believe this structure aptly provides the right incentives to the management teams and aligns them to the business, as the late Charlie Munger would say “Show me the incentives, and I’ll show you the outcome”. Essentially these layers will form the nucleus of a partner services team in those regions and have ownership together with us of the opportunity in that region to deploy the Kelly+Partners model on a shared equity basis.”

The platform is not yet material to KPG, however it establishes the first step of building a Growth Partnership Platforms as part of Kelly+Partners’ strategy to grow globally and become Australia’s first global accounting firm.

Future plan

KPG expects to find talented management groups in many geographies over the next 25 years.

KPG will continue to maintain its strict discipline in selecting mission-based leaders rather than short term mercenaries looking for a quick payday.

The structure of the deal as a 10+10 commitment is set to deliver the mission and full value to all stakeholders.

Brett Kelly, the Founder, CEO and Executive Director of Kelly Partners Group Holdings Limited has approved the release of this document to the market.

Kelly Partners Group Holdings (Texas) LLC Senior Management Team

Michael Hoyle, CPA

Michael founded his first CPA firm at the age of 24 by placing an advertisement in a local newspaper offering tax services. During his 18 years of management, his firm grew to two locations and multi million dollars in revenue. After its successful exit in 2020, Michael has since worked as a consultant with various groups in looking after their financial affairs.

Jeromy R. Dixon, DMD, MBA

Dr. Dixon is a three-time INC Magazine 500/5000 awarded entrepreneur, top dental group practice (DSO) thought leader/influencer (Group Dentistry Now), Founder/CEO of Dental Capital Partners, Co-Founder of DSO Tech Solutions and SmartDiligence, and the Founder/CEO of The DSO Project. He is a visionary founder and investor who builds and advises unified individuals, teams, cultures, and world-class organizations. Dr. Dixon has helped create strategy and/or actively assisted the building of four \$150+ million valuation DSO's in various capacities.

Ian McNickle, MBA

Ian McNickle is a serial entrepreneur and thought leader in the dental industry. He has been named a leading consultant and educator for five consecutive years by Dentistry Today. Ian co-founded and built WEO Media, a 4-time "Best of Class" award-winning dental marketing agency that has provided marketing services to over 2,000 practices throughout North America. Ian currently serves as Co-founder and CEO of ICON Dental Partners, a rapidly growing and successful dental service organization with 50 dental practice locations throughout 8 states, and nearly \$100MM in annual revenue.

Kelly+Partners – Current Locations



About Kelly+Partners Group Holdings Ltd (ASX:KPG)

Kelly+Partners is a specialist chartered accounting network established in 2006 to provide a better service to private clients, private businesses & their owners, and families.

Growing from two greenfield offices in North Sydney and the Central Coast, Kelly+Partners now consists of 37 operating businesses across 34 locations in Australia, Hong Kong and the United States.

In total, the team consists of more than 500 people, including 91 partners, who service over 23,000 SME clients.

The holding company, Kelly Partners Group Holdings Limited, was listed on ASX on 21 June 2017. Over the past 17 years, Kelly+Partners has undertaken 70 individual transactions in order to build the current accounting network. This includes the transformation of 50+ external firms, and the launch of 20+ greenfield businesses.

KPG's Hold Co ownership structure and unique operating model (**Partner-Owner-Driver®**) is transforming the Australian accounting market and provides a strong platform for long-term sustainable growth. The combination of a proven business model and specialist operational expertise enables KPG to help solve many of the issues currently facing both the accounting sector and the SME clients of our firms.

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