1. Company details

Name of entity:	Kelly Partners Group Holdings Limited
ABN:	25 124 908 363
Reporting period:	For the half-year ended 31 December 2024
Previous period:	For the half-year ended 31 December 2023

2. Results for announcement to the market

		%		$'000
Revenues from ordinary activities	up	22.8%	to	64,927
Profit for the half-year attributable to the owners of Kelly Partners Group Holdings Limited	up	27.6%	to	2,499
Underlying Net Profit After Tax before Amortisation ('Underlying NPATA') attributable to owners of Kelly Partners Group Holdings Limited	up	12.0%	to	4,925

Refer below and to the 'Review of operations' section of the Directors' report accompanying this Appendix 4D for further commentary.

Dividends
There were no dividends paid, recommended or declared during the current financial period.

Comments
The profit for the Group after providing for income tax attributable to owners of Kelly Partners Group Holdings Limited amounted to $2,499,000 (31 December 2023: $1,958,000).

Total comprehensive income for the half-year attributable to the owners of Kelly Partners Group Holdings Limited after providing for income tax and non-controlling interests amounted to $3,225,000 (31 December 2023: $1,907,000).

The underlying Net Profit After Tax before Amortisation ('Underlying NPATA') for the half-year attributable to the owners of Kelly Partners Group Holdings Limited after providing for income tax and non-controlling interests amounted to $4,925,000 (31 December 2023: $4,399,000).

Underlying NPATA is a financial measure not prescribed by Australian Accounting Standards (`AAS') and represents the profit under AAS adjusted for non-operating items and amortisation. The directors consider Underlying NPATA to reflect the core earnings of the Group. This financial measure has not been subject to specific audit or review procedures by the Company's auditor, but has been extracted from the accompanying financial statements.

The following table provides a reconciliation of Statutory Net Profit After Tax ('NPAT') to Underlying NPATA attributable to owners of Kelly Partners Group Holdings Limited.

	Consolidated	
	1H25 $'000	1H24 $'000
Statutory NPAT from continuing operations attributable to owners of Kelly Partners Group Holdings Limited	2,499	1,831
Amortisation of customer relationship intangibles	1,706	1,490
NPATA attributable to owners of Kelly Partners Group Holdings Limited	4,205	3,321
Add: Non-recurring expenses or non-cash adjustments		
Acquisition costs, including unwinding of interest on contingent consideration	1,085	544
Strategic review costs	183	972
Impact of AASB 16	187	-
Less: Non-recurring revenue		
Government grants in relation to Australian Apprenticeships Incentives Program	-	(30)
Change in fair value of contingent consideration	(440)	(13)
Other non-recurring income	111	-
Net non-recurring items	1,126	1,473
Less: Tax effect of non-recurring items	(406)	(395)
Underlying NPATA attributable to owners of Kelly Partners Group Holdings Limited	4,925	4,399

3. Net tangible assets

	31 Dec 2024 Cents	30 Jun 2024 Cents
Net tangible assets per ordinary security	(74.55)	(55.25)

4. Control gained over entities

During the current financial period, the Group acquired accounting and accounting networking businesses through the following controlled entities as follows:

Entity	Location of business acquired	Date of acquisition
Kelly Partners San Angelo	San Angelo, Texas, USA	01/07/2024
Kelly Partners FRS	St Petersburg, Florida, USA	16/08/2024
Kudos International Network	Swansea, United Kingdom	31/10/2024
Kelly Partners Sydney	Sydney, NSW, Australia	12/12/2024

The acquired businesses contributed revenues of $4,766,000 and a net profit before tax and amortisation of $41,000 to the Group for the period from the date businesses were acquired to the period ended 31 December 2024.

5. Loss of control over entities

Entity	Date of sale	Contributed profit / (loss) before tax during the period	Contributed profit / (loss) before tax during the prior year
Kelly Partners Private Wealth (Central & Hunter Region) Pty Ltd and Kelly Partners Life Insurance Services (Central Coast & Hunter Region) Pty Ltd	1/12/2023	160,560	125,595

6. Dividends

On 5 February 2024 the Company announced that it will cease dividend payments and no dividends have been paid since February 2024.

Current period ended 31 December 2024
There were no dividends paid, recommended or declared during the current financial period.

Previous period ended 31 December 2023

	Amount per security Cents	Franked amount per security Cents
For the year ending 30 June 2024:		
First interim dividend paid on 31 July 2023	0.439	0.439
Second interim dividend paid on 31 August 2023	0.439	0.439
Third interim dividend paid on 29 September 2023	0.439	0.439
Fourth interim dividend paid on 31 October 2023	0.439	0.439
Fifth interim dividend paid on 30 November 2023	0.439	0.439
Sixth interim dividend paid on 29 December 2023	0.439	0.439
	2.634	2.634

7. Dividend reinvestment plans

Not applicable.

8. Details of associates and joint venture entities

Not applicable.

9. Foreign entities

Details of origin of accounting standards used in compiling the report:

Not applicable.

10. Audit qualification or review

Details of audit/review dispute or qualification (if any):

The financial statements were subject to a review by the auditors and the review report is attached as part of the Interim Report.

11. Attachments

Details of attachments (if any):

The Interim Report of Kelly Partners Group Holdings Limited for the half-year ended 31 December 2024 is attached.

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12. Signed

Authorised by the Board of Directors.

Signed ____________________________ Date: 5 February 2025

Brett Kelly
Executive Chairman and Chief Executive Officer
Sydney

KELLY PARTNERS GROUP HOLDINGS LIMITED

ABN 25 124 908 363

INTERIM REPORT – 31 December 2024

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The directors present their report, together with the financial statements, of the consolidated entity (referred to hereafter as the 'Group') consisting of Kelly Partners Group Holdings Limited (referred to hereafter as the 'Company' or 'parent entity') and the entities it controlled at the end of, or during, the half-year ended 31 December 2024.

Directors
The following persons were directors of Kelly Partners Group Holdings Limited during the whole of the financial half-year and up to the date of this report, unless otherwise stated:

Brett Kelly - Chairman
Stephen Rouvray - Deputy Chairman
Ryan Macnamee
Lawrence Cunningham
Paul Kuchta
Ada Poon

Principal activities
During the financial half-year, the principal continuing activities of the Group were the provision of chartered accounting and other professional services, predominantly to private businesses and high net worth individuals.

Strategy
The Company aims to build per-share intrinsic value by:

		Target
(1)	Improving the earning power of the operating businesses;	35% EBITDA
(2)	Further increase the earnings of the operating businesses through acquisitions;	5% p.a. growth
(3)	(a) Growing the accounting businesses;	5% p.a. growth
	(b) Growing the complementary businesses;	
(4)	(a) Making programmatic acquisitions;	
	(b) Making an occasional large acquisition where there is strategic alignment (i.e. greater than $5m in revenue); and	
(5)	Repurchasing Company’s shares when available at a meaningful discount from intrinsic value.	

Structure
Kelly Partners’ businesses operate using the Kelly Partners’ **Partner-Owner-Driver® model**, where Kelly Partners and the operating partners respectively own a 51%/49% interest in the operating business. The Partner-Owner-Driver® structure drives long term strategic alignment and establishes a foundation for long term success and growth for the clients, people and partners of Kelly Partners.

The following tables present the performance of the business against the comparative periods in delivering the Group's strategy.

	Half-year metrics **Half-years since** **Strategy**	**IPO** **Measure**	**Average**	**8** **1H25**	**7** **1H24**	**6** **1H23**	**5** **1H22**	**4** **1H21**	**3** **1H20**	**2** **1H19**	**1** **1H18**
(1)	Improving the earning power of the operating businesses	EBITDA margin of operating businesses	30.5%	28.1%	30.6%	30.3%	33.5%	36.6%	32.5%	25.5%	26.9%
		EBITA margin of operating businesses	28.9%	27.0%	29.2%	28.8%	31.4%	35.0%	30.8%	22.9%	26.0%
(2)	Further increase earnings through acquisitions	Contribution to revenue growth from acquired businesses	15.5%	18.8%	20.4%	34.5%	17.0%	6.5%	7.5%	3.9%	-
(3) a.	Growing our accounting businesses	Contribution to revenue growth from existing accounting businesses	3.3%	3.7%	3.1%	5.6%	5.1%	0.0%	10.7%	(5.4%)	-
(3) b.	Growing our complementary businesses	Contribution to revenue growth from existing complementary businesses	1.9%	0.3%	(0.4%)	2.1%	2.4%	0.4%	5.2%	3.6%	-
		Wealth	0.7%	0.3%	0.2%	1.3%	1.0%	0.5%	0.8%	0.9%	-
		Finance	0.3%	(0.2%)	(0.7%)	0.6%	0.9%	0.0%	0.2%	1.1%	-
		Investment office	0.3%	0.0%	0.0%	0.2%	0.5%	(0.1%)	1.3%	0.3%	-
		Human resource	0.3%	0.3%	0.2%	-	-	-	-	-	-
(4) a.	Making programmatic acquisitions	Number of acquisitions	3	4	3	6	2	2	2	3	-
(4) b.	Making an occasional large acquisition (i.e. greater than $5m in revenue)	Number of large acquisitions		1	-	-	-	-	-	-	-
(5)	Repurchasing the Company's shares when available at a meaningful discount from intrinsic value	(i) Number of shares repurchased		100k	-	-	-	344k	95k	-	-
		(ii) % of shares issued repurchased		0.2%	-	-	-	0.8%	0.2%	0.0%	0.0%
		(iii) number of shares on issue		44.9m	45.0m	45.0m	45.0m	45.0m	45.3m	45.5m	45.5m

	Full year metrics **Years since IPO** **Strategy**	**Measure**	**Average**	**7** **FY24**	**6** **FY23**	**5** **FY22**	**4** **FY21**	**3** **FY20**	**2** **FY19**	**1** **FY18**
(1)	Improving the earning power of the operating businesses	EBITDA margin of operating businesses	30.8%	29.6%	27.3%	30.9%	33.4%	32.5%	27.7%	34.0%
		Less: Depreciation on PPE	(1.8%)	(1.3%)	(2.4%)	(2.3%)	(2.4%)	(1.6%)	(1.3%)	(1.0%)
		EBITA margin of operating businesses	29.0%	28.3%	24.9%	28.6%	31.0%	30.9%	26.4%	33.0%
(2)	Further increase earnings through acquisitions	Contribution to revenue growth from acquired businesses	16.6%	26.3%	28.7%	26.5%	4.8%	6.6%	6.4%	17.2%
(3) a.	Growing our accounting businesses	Contribution to revenue growth from existing accounting businesses	3.1%	2.7%	2.9%	4.7%	1.4%	6.6%	(6.9%)	10.5%
(3) b.	Growing our complementary businesses	Contribution to revenue growth from existing complementary businesses	1.8%	0.3%	1.8%	1.5%	1.2%	2.8%	1.8%	3.1%
		Wealth	0.8%	0.5%	1.4%	0.9%	1.0%	0.4%	0.7%	1.0%
		Finance	0.4%	(0.1%)	0.3%	0.6%	0.2%	0.4%	0.7%	0.8%
		Investment office	0.2%	0.0%	0.1%	(0.2%)	0.0%	0.9%	0.0%	0.4%
		Human resource		0.2%	-	-	-	-	-	-
(4) a.	Making programmatic acquisitions	Number of acquisitions	5	6	8	8	7	3	4	-
(4) b.	Making an occasional large acquisition (i.e. greater than $5m in revenue)	Number of large acquisitions		-	1	-	-	-	-	-
(5)	Repurchasing the Company's shares when available at a meaningful discount from intrinsic value	(i) Number of shares repurchased	71k	-	-	-	400k	95k	2k	-
		(ii) % of shares issued repurchased		-	-	-	0.88%	0.21%	-	-
		(iii) number of shares on issue		45.0m	45.0m	45.0m	45.0m	45.4m	45.5m	45.5m

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Key financial metrics

The Company uses Return on Equity ('ROE'), Return on Invested Capital ('ROIC'), Earnings Per Share ('EPS') and Owners' earnings as key financial metrics to measure the performance of the Group and its return to shareholders. The Group continues to achieve superior returns on equity and invested capital, as measured by ROE and ROIC. The following tables summarise the key financial metrics used by the Company to measure the performance of the Group and its return to shareholders against comparative periods.

Half-year metrics Half-year since IPO			8	7	6	5	4	3	2	1
Key financial metric	Formula	Average	1H25	1H24	1H23	1H22	1H21	1H20	1H19	1H18
Return to owners										
Free Cashflow / Owners' earnings - Group ($'000)[1]	Cash from operating activities *less* repayment of lease liabilities *less* maintenance capex		14,025	11,109	9,991	9,098	8,053	6,623	5,286	3,020
Free Cashflow / Owners' earnings - Parent ($'000)	Cash from operating activities *less* repayment of lease liabilities *less* maintenance capex		4,943	4,168	3,536	3,380	2,640	1,948	1,257	n/a
Return on equity	Trailing Twelve Months ('TTM') Underlying NPATA / Equity	42.2%	36.5%	35.3%	42.7%	42.2%	44.5%	45.6%	48.9%	-
Return on invested capital	(TTM Underlying NPATA+ cash interest) / (Equity + debt)	24.2%	22.2%	19.9%	21.5%	23.3%	28.1%	25.8%	28.4%	-
Earnings per share (EPS) (cents per share)	Underlying attributed NPATA / Weighted average number of shares		10.96	9.78	7.82	7.42	6.24	4.01	2.82	3.99
	Annual increase (EPS)	18.6%	12.2%	25.0%	5.3%	19.0%	55.7%	42.1%	(29.3%)	-
Closing share price	Closing share price		$10.50	$4.92	$4.49	$4.35	$2.12	$0.99	$1.15	$1.74
Market capitalisation	Share price x number of shares outstanding		$472m	$221m	$202m	$196m	$95m	$45m	$52m	$79m
Cash conversion / debt										
Cash conversion	Operating cashflow / Statutory EBITDA	98.7%	103.0%	101.4%	106.4%	88.9%	92.9%	100.5%	124.2%	72.3%
Gearing ratio	Net Debt / Underlying EBITDA	1.36x	1.49x	1.94x	1.93x	1.32x	0.76x	1.19x	1.09x	1.17x
Net debt per partner ($'000)	Net Debt / Number of Partners		533	518	520	415	267	407	380	295
Number of partners	Number of partners		104	88	72	57	49	42	40	38

1 The Group uses owners' earnings to measure cash flow available to the Group. Owners' earnings is a non-IFRS measure which is used to measure cash flow to the Group (after taxes and finance costs) and after taking into account the movements in working capital, deductions for maintenance capital expenditures and repayment of lease liabilities.

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Full year metrics

Years since IPO Key financial metric	Formula	Average	7 FY24	6 FY23	5 FY22	4 FY21	3 FY20	2 FY19	1 FY18
Return to owners									
Free Cashflow / Owners' earnings - Group ($'000)[2]	Cash from operating activities *less* repayment of lease liabilities *less* maintenance capex	12,761	19,471	14,934	13,959	12,808	12,174	9,673	6,305
Free Cashflow / Owners' earnings-Parent ($'000)	Cash from operating activities *less* repayment of lease liabilities *less* maintenance capex	5,365	7,847	5,999	6,313	5,015	3,885	3,129	n/a
Return on equity	Underlying NPATA / Equity	42.6%	40.6%	38.4%	41.7%	46.7%	44.2%	36.6%	47.8%
Return on invested capital	(Underlying NPATA + cash interest) / (Equity + Debt)	25.0%	24.8%	20.0%	22.3%	27.9%	26.1%	22.7%	31.2%
Earnings per share (EPS) (cents per share)	Underlying attributed NPATA / Weighted average number of shares	11.48	17.84	12.01	13.99	11.32	8.67	7.02	9.51
	Annual increase (EPS)	10.5%	48.5%	(14.2%)	23.5%	30.7%	23.5%	(26.2%)	25.6%
Dividends (cents per share)	Dividends paid (inc. special dividends)	5.60	3.50	7.32	8.17	7.08	4.84	4.40	4.00
Ordinary dividends (cents per share)[3]	Ordinary dividends paid (exc. special dividends)	4.67	3.50[4]	4.79	5.86	5.32	4.84	4.40	4.00
Dividends payout ratio	Dividends per share / EPS (underlying NPATA)	56.8%	19.6%	61.0%	57.0%	62.0%	55.8%	62.7%	42.1%
Closing share price	Closing share price		$8.25	$4.72	$3.88	$3.40	$0.88	$0.89	$1.23
Market capitalisation	Share price x number of shares outstanding		$371m	$212m	$175m	$153m	$40m	$40m	$56m
Cash conversion / debt									
Cash conversion	Operating cashflow / Statutory EBITDA	91.5%	96.9%	94.4%	83.3%	93.5%	97.3%	116.8%	63.5%
Gearing ratio	Net Debt / Underlying EBITDA	1.18x	1.28x	1.65x	1.36x	0.84x	0.96x	1.35x	0.85x
Net debt per partner ($'000)	Net Debt / Number of Partners	398	470	512	506	297	346	367	291
Number of partners	Number of partners		96	78	62	54	45	41	40

2 The Group uses owners' earnings to measure cash flow available to the Group. Owners' earnings is a non-IFRS measure which is used to measure cash flow to the Group (after taxes and finance costs) and after taking into account the movements in working capital, deductions for maintenance capital expenditures and repayment of lease liabilities.

3 Dividends paid represent the dividends paid relating to the stated financial year. For example, dividends paid in FY23 relating to FY22 is shown in the FY23 column. Ordinary dividends exclude special dividends.

4 On 5 February 2024 the Company announced that it will cease dividends payment and no dividends have been paid since February 2024.

Review of operations

In the half-year ended 31 December 2024 ('1H25'), the Group has recorded a consolidated statutory net profit after income tax from continuing operations of $8,653,000 (half-year ended 31 December 2023 ('1H24'): $7,325,000), an increase of 18.1%. The statutory net profit attributable to the members of the parent entity was $2,499,000 (1H24: $1,831,000), an increase of 36.5%.

Owners' earnings for the 6 months were $14,025,000 (1H24: $11,109,000) up 26.2% from the prior corresponding period. Owners' earnings for the parent entity were $4,943,000 (1H24: $4,168,000), up 18.6% from the prior corresponding period.

The Directors consider Underlying Earnings Before Interest, Tax, Depreciation and Amortisation ('Underlying EBITDA') and Underlying Net Profit After Tax Before Amortisation ('Underlying NPATA') reflects the core earnings of the Group. Underlying EBITDA and Underlying NPATA are financial measures not prescribed by Australian Accounting Standards ('AAS') and represents the profit under AAS adjusted for non-cash and other items which management consider to be one-off in nature.

Underlying EBITDA and Underlying NPATA are key measurements used by management and the board to assess and review business performance.

Underlying EBITDA as a core measure ignores the cash implications of capital investment requirements. Kelly Partners has historically used EBITDA as a measure of performance because typically depreciation charges have been extremely low or negligible (1.5% of revenue prior to FY20), reflecting the minimal capital requirements in accounting businesses. Where depreciation charges have been minimal, EBITDA equates roughly to EBITA. However, depreciation charges for the Group have increased in recent years due to depreciation of the cost of fitouts completed across Kelly Partners offices during COVID-19 to repurpose the offices and now amounts to ~2.5% of Group revenues. In light of this, management has introduced EBITA as a measure of business performance. The targeted EBITA ratio will be 32.5% (35.0% EBITDA target less depreciation of ~2.5%).

The following table provides a reconciliation between the NPAT and the Underlying EBITDA of the consolidated Group.

	Consolidated	
	1H25 $'000	1H24 $'000
Statutory net profit after income tax ('NPAT') from continuing operations	8,653	7,325
Finance costs	3,284	3,134
Income tax expense	1,060	997
Depreciation and amortisation expense	6,777	5,591
Earnings before interest, tax, depreciation and amortisation ('EBITDA')	19,774	17,047
Add: Non-recurring expenses / Non-cash adjustments		
Acquisition costs	860	373
Strategic review costs	183	972
Less: Non-recurring income		
Government subsidies in relation to Australian Apprenticeships Incentive Program	-	(58)
Change in fair value of contingent consideration	(574)	(25)
Other non-recurring items	111	-
Underlying EBITDA	20,354	18,309
Less: Depreciation expense	(3,323)	(2,849)
Underlying EBITA	17,031	15,460

Underlying EBITDA of the Group was $20,354,000 (1H24: $18,309,000), an increase of 11.2%.

Underlying EBITA of the Group was $17,031,000 (1H24: $15,460,000), an increase of 10.2%.

The following table provides a reconciliation between the NPAT and the Underlying NPATA which is attributable to the owners of Kelly Partners Group Holdings Limited.

	Consolidated	
	1H25 $'000	**1H24 $'000**
Statutory NPAT from continuing operations attributable to owners of Kelly Partners Group Holdings Limited	2,499	1,831
Amortisation of customer relationship intangibles	1,706	1,490
NPATA attributable to owners of Kelly Partners Group Holdings Limited	4,205	3,321
Add: Non-recurring expenses or non-cash adjustments		
Acquisition costs, including unwinding of interest on contingent consideration[5]	1,085	544
Strategic review costs	183	972
Impact of AASB16[6]	187	-
Less: Non-recurring income		
Government grants in relation to Australian Apprenticeships Incentives Program	-	(30)
Change in fair value of contingent consideration	(440)	(13)
Other non-recurring items	111	-
Net non-recurring items	1,126	1,473
Less: Tax effect of non-recurring items	(406)	(395)
Underlying NPATA attributable to owners of Kelly Partners Group Holdings Limited	4,925	4,399

Underlying NPATA attributable to members of the parent entity was $4,925,000 (1H24: $4,399,000), an increase of 12.0%.

For details on the above non-recurring items please refer to the section “Non-recurring and one-off items” below.

5 Contingent consideration in relation to acquisitions are initially accounted for at a discount to net present value. As time lapses this value is grossed up such that when the contingent consideration is due the value of the liability equates to the actual payment amount. The grossed up amount is recorded as an interest expense in the profit or loss.

6 Impact of AASB 16 – difference between cash rent expense and the expense derived under AASB 16. This has been added back this year as the impact is becoming more significant as the Group increases the number of offices.

Financial performance

Acquisitions and integration

During 1H25, the Group announced and completed four acquisitions with estimated total annual revenues in the range of $14.4m to $17.1m, representing 13.3% to 15.8% of FY24 revenue. The Group's revenue run rate (annualised revenue including all acquisitions completed to date) is ~$134m.

The completed acquisitions are listed in the table below.

#	Details	Location	Type	Acquired revenue
(1)	Jul-24	San Angelo, Texas, United States	Marquee	$0.1m to $0.2m
(2)	Aug-24	St Petersburg, Florida, United States	Marquee	$10.8m to $12.5m
(3)	Oct-24	United Kingdom	Marquee	$0.3m to $0.4m
(4)	Dec-24	Sydney CBD, NSW	Tuck-in	$3.2m to $4.0m
	Total acquisitions completed in 1H25			**$14.4m to $17.1m**
	% of FY24 Revenue ($108.1m)			**13.3% to 15.8%**

Offices and partners

As at 31 December 2024, the Group operated 35 offices (30 June 2024: 33). During the half-year, the Group commenced businesses in the following new locations through partnering with local accounting firms and establishing new greenfield sites:

(1) St Petersburg, Florida, United States
(2) Cary, North Carolina, United States

As at 31 December 2024, the total number of equity partners (including CEO, Brett Kelly) was 104 (30 June 2024: 96) with 2 partners promoted internally and 9 partners joining from completed acquisitions. The Group is pleased to have grown the number of equity partners significantly in line with the revenue growth. The Group continues its focus in developing and recruiting new partners as part of its strategy to retain and motivate key talent and to drive revenue growth.

Revenue

Revenue for 1H25 increased 22.8% to $64.9m (1H24: $52.9m). A reconciliation of acquisition and organic growth is set out below:

	$'000	Contributed growth %	Growth on prior half-year %
1H24 Revenue	53,729	-	-
Less: Discontinued Operations	(867)	-	-
1H24 Revenue from continuing operations	52,862	-	-
Accounting business growth	1,913	3.7	3.8
Complementary business growth	179	0.3	6.4
Total organic growth	2,092	4.0	4.0
Acquired growth	9,972	18.8	-
1H25 Revenue	64,926	22.8	22.8

Acquired revenue growth of $9.9m contributed 18.8% to revenue growth, with in year acquisitions completed to date in 1H25 contributing $4.7m and revenue from the acquisitions completed in FY24 contributing $5.2m.

Organic revenue grew 4.0% on prior half-year.

Operating expenses
Employment and related expenses have increased 27.1% and operating expenses have increased 35.4%. Note employment and related expenses include direct and indirect (oncosts) of partners, professional team members (“fee-generating”) and administrative team members, including team members of the parent entity (“central services team”).

Underlying EBITDA
Underlying EBITDA before the impact of AASB 16 of our operating business was 28.1% (1H24: 30.6%) and was impacted by our four US operating businesses (Woodland Hills [Dec-23], Burbank [Jan-24], San Angelo [Jul-24] and Florida/North Carolina [Aug-24]) which generated total EBITDA margins of 8.1%. All of the US operating businesses have been with Kelly+Partners for 12 months or less.

Underlying EBITDA of our Australian operating business was 31.0% (1H24: 30.6%).

Including the additional investments by the parent entity, the underlying EBITDA margin of the Group was 26.8% (1H24: 29.3%).

A reconciliation of Underlying EBITDA before and after adjustments to reverse the impact of AASB 16 'Leases' is set out in the table below.

Half-Years since IPO ('000)	Average	8 1H25	7 1H24	6 1H23	5 1H22	4 1H21	3 1H20	2 1H19	1 1H18
EBITDA		19,774	17,047	13,536	13,362	10,905	7,848	4,709	4,810
Non recurring one-off items		580	1,262	202	(1,492)	(1,313)	367	-	971
Underlying EBITDA		20,354	18,309	13,738	11,870	9,592	8,215	4,709	5,781
Growth %	23.7%	+11.2%	+33.3%	+15.7%	+23.8%	+16.8%	+74.4%	-9.5%	-
AASB 16 - rent expense		(2,958)	(2,842)	(2,170)	(1,585)	(1,306)	(1,268)	n/a	n/a
Underlying EBITDA before AASB 16		**17,396**	**15,467**	**11,568**	**10,284**	**8,286**	**6,947**	**4,709**	**5,781**
Growth %	**20.4%**	**+12.5%**	**+33.7%**	**+12.5%**	**+24.1%**	**+19.3%**	**+47.5%**	**-9.5%**	**-**
As a % of revenue	**28.7%**	**26.8%**	**29.3%**	**26.9%**	**33.2%**	**33.3%**	**29.6%**	**23.9%**	**29.9%**
Less: Depreciation on PPE		(991)	(1,020)	(903)	(661)	(395)	(410)	(181)	(186)
Underlying EBITA before AASB 16		**16,405**	**14,447**	**10,665**	**9,623**	**7,891**	**6,537**	**4,528**	**5,595**
Growth %	**19.6%**	**+13.6%**	**+35.5%**	**+10.8%**	**+22.0%**	**+20.7%**	**+44.3%**	**-9.1%**	**-**
As a % of revenue	**27.5%**	**25.3%**	**27.3%**	**24.8%**	**31.1%**	**31.8%**	**27.8%**	**22.9%**	**28.9%**

Years since IPO ('000)	**Average**	**7 FY24**	**6 FY23**	**5 FY22**	**4 FY21**	**3 FY20**	**2 FY19**	**1 FY18**
EBITDA		33,504	25,529	24,790	18,887	16,849	10,165	13,554
Non recurring one-off items		1,721	(1,974)	(1,676)	(233)	(927)	724	(123)
Underlying EBITDA		35,225	23,555	23,114	18,654	15,922	10,889	13,431
Growth %	19.0%	+49.6%	+1.9%	+23.9%	+17.2%	+46.2%	-24.7%	-
AASB 16 - rent expense		(5,195)	(3,936)	(3,129)	(2,704)	(2,456)	-	-
Underlying EBITDA before AASB 16		**30,030**	**19,621**	**19,985**	**15,950**	**13,467**	**10,889**	**13,431**
Growth %	**15.7%**	**+53.1%**	**-1.8%**	**+25.3%**	**+18.4%**	**+23.7%**	**-24.7%**	**-**
As a % of revenue	**29.7%**	**27.8%**	**23.4%**	**30.8%**	**32.6%**	**29.6%**	**27.2%**	**34.0%**
Less: Depreciation on PPE		(2,073)	(1,994)	(1,491)	(1,177)	(714)	(510)	(386)
Underlying EBITA before AASB 16		**27,957**	**17,625**	**18,494**	**14,773**	**12,753**	**10,379**	**13,045**
Growth %	**15.3%**	**+58.6%**	**-4.7%**	**+25.2%**	**+15.8%**	**+22.9%**	**-26.3%**	**-**
As a % of revenue	**27.9%**	**25.9%**	**21.1%**	**28.5%**	**30.2%**	**28.0%**	**26.0%**	**33.1%**

Additional investment expenditure by the parent entity

Since the IPO, the parent entity has continued to invest to further develop the capabilities of the central services team and to enable the business to be positioned for long term growth as well as to increase its competitive advantage. These investments have sometimes exceeded the central Services Fee and IP Fee income that the parent entity receives from its operating businesses, as shown in the table below.

Half-Years since IPO	**Average**	**8 1H25**	**7 1H24**	**6 1H23**	**5 1H22**	**4 1H21**	**3 1H20**	**2 1H19**	**1 1H18**
Group revenue ($'000)	-	64,927	53,729	42,931	30,940	24,846	23,486	19,732	19,324
Revenue growth	19.5%	+20.8%	+25.2%	+38.8%	+24.5%	+5.8%	+19.0%	+2.1%	-
Additional investment ($'000)	-	818	726	1,454	76	150	1,039	317	912
% of Revenue	2.2%	1.3%	1.4%	3.4%	0.2%	0.6%	4.4%	1.6%	4.7%

Years since IPO	**Average**	**7 FY24**	**6 FY23**	**5 FY22**	**4 FY21**	**3 FY20**	**2 FY19**	**1 FY18**
Group revenue ($'000)	-	109,492	86,524	64,862	48,906	45,495	39,975	39,469
Revenue growth	19.2%	+26.5%	+33.4%	+32.6%	+7.5%	+13.8%	+1.3%	-
Additional investment ($'000)	-	1,948	2,479	78	371	1,631	742	372
% of Revenue	1.7%	1.8%	2.9%	0.1%	0.8%	3.6%	1.9%	0.9%

Group revenue includes revenues from discontinued operations to provide a consistent comparison.

Non-recurring one-off items and non-cash expenses

Total non-recurring income for the Group for the half-year was $574,000 (1H24: $83,000) and included:

(1) $574,000 (1H24: $25,000) in non-cash income relating to the change in fair value of contingent considerations. This relates to acquisitions completed in FY23 where the vendors had not achieved the required targets for the payment of the contingent consideration in full.

Total non-recurring expenses and non-cash expenses for the half-year of $1,155,000 (1H24: $1,345,000) included:

(1) $860,000 (1H24: $373,000) in legal costs and one-off implementation costs relating to the three acquisitions completed this half-year.
(2) $183,000 (1H24: $972,000) in costs for undertaking the Strategic Review as disclosed in market announcements. This included legal costs with US and Australian legal counsels on exploring potential redomiciliation of the Company to the US and/or Canada.
(3) $111,000 (1H24: $0) in other non-recurring expenses relating to one off bank fees in relation to establishing the $22m amortising line of credit for the parent entity.

The Group classifies costs related to acquiring businesses under non-recurring and one-off items on the basis that those specific acquisition costs (related to specific businesses acquired) are not comparable in future periods whilst their associated revenues and earnings are expected to continue into future periods. As part of its growth strategy, management continue to identify acquisition targets and any future acquisition expenses are expected to be accompanied by future revenues and earnings associated with those expenses. The separate classification of acquisition costs into non-recurring and one-off items provides transparency to look-through to the underlying performance of the Group.

Depreciation and amortisation and finance costs

Depreciation and amortisation expense increased to $6,777,000 (1H24: $5,591,000) and includes depreciation expense of $3,323,000 (1H24: $2,849,000) and amortisation expense of $3,454,000 (1H24: $2,742,000). The increase in depreciation expenses is due to an increased number of leases (leading to higher number of 'right-of-use assets' that need to be depreciated). Depreciation of property, plant and equipment is consistent with the prior half-year. The increase in amortisation expense is due to recent acquisitions completed creating customer relationship intangible assets that are amortised in accordance with Australian Accounting Standards. Please see the subsequent section for an explanation on amortisation expenses.

Half-Years since IPO ($'000)	Average	8 1H25	7 1H24	6 1H23	5 1H22	4 1H21	3 1H20	2 1H19	1 1H18
Depreciation – PPE		991	1,020	903	661	395	410	181	186
Depreciation – ROU		2,332	1,830	1,554	1,216	1,078	1,091	n/a	n/a
Amortisation expense		3,454	2,742	1,862	876	503	424	362	324
Total depreciation and amortisation expense		6,777	5,592	4,319	2,753	1,976	1,925	543	510
Depreciation – PPE as a % of revenue	1.6%	1.5%	1.9%	2.1%	2.1%	1.6%	1.7%	0.9%	1.0%

Years since IPO ($'000)	Average	7 FY24	6 FY23	5 FY22	4 FY21	3 FY20	2 FY19	1 FY18
Depreciation – PPE		2,072	1,994	1,491	1,177	714	510	386
Depreciation – ROU		4,238	3,330	2,477	2,175	2,103	n/a	n/a
Amortisation expense		5,821	3,903	2,362	1,075	924	739	651
Total depreciation and amortisation expense		12,131	9,227	6,330	4,427	3,741	1,249	1,037
Depreciation – PPE as a % of revenue	1.8%	1.9%	2.4%	2.3%	2.4%	1.6%	1.3%	1.0%

Finance costs

Finance costs increased to $3,284,000 (1H24: $3,134,000). Finance costs include interest on lease liabilities recognised due to the requirements of AASB 16. Finance costs on bank overdrafts and loans increased to $2,062,000 (1H24: $1,852,000) due to increased term debt in the past 12 months for the acquisitions completed.

Half-Years since IPO ($'000)	**Average**	**8 1H25**	**7 1H24**	**6 1H23**	**5 1H22**	**4 1H21**	**3 1H20**	**2 1H19**	**1 1H18**
Lease interest costs		996	1,013	616	291	213	304	n/a	n/a
Interest on unwinding retention		226	270	278	121	93	62	n/a	n/a
Bank interest costs		2,062	1,851	1,114	480	431	409	392	310
Total		3,284	3,134	2,008	892	737	775	392	310
Bank Interest as a % of revenue	2.2%	3.2%	3.5%	2.6%	1.5%	1.7%	1.7%	2.0%	1.6%

Years since IPO ($'000)	**Average**	**7 FY24**	**6 FY23**	**5 FY22**	**4 FY21**	**3 FY20**	**2 FY19**	**1 FY18**
Lease interest costs		1,813	1,274	652	505	555	n/a	n/a
Interest on unwinding retention		516	539	345	202	158	53	-
Bank interest costs		3,422	2,447	1,041	844	823	816	611
Total		5,751	4,260	2,038	1,551	1,536	869	611
Bank Interest as a % of revenue	2.1%	3.2%	3.0%	1.6%	1.7%	1.8%	2.2%	1.5%

An explanation on customer relationship intangible assets and its amortisation

Our reported results have been impacted significantly in the past (and continues to be) by the amortisation of customer relationship intangible assets.

Under accounting standards, when a business is purchased, the acquirer is required to recognise separately the identifiable assets acquired separately from goodwill[7]. Based on experience, a portion of the acquisition cost is required to be attributed to "customer relationships / client lists" and this is required to be amortised[8] (straight line) over its expected life.

Whilst our financial statements comply with the accounting standard outlined above, clients of an accounting firm rarely attrit. For example, an accounting business that we acquired 10 years ago continues to generate the same revenues every year since it has joined the Group, if not much more with compounded organic growth. The accounting treatment that may better reflect the economics of the acquired business is not to continue to carry the intangible asset at acquisition cost subject to recognising any impairment from a loss of clients or income should this occur.

The continual amortisation impacts reported earnings. Hence, since IPO in June 2017 we have used NPATA (net profit after tax before amortisation) as a measurement of performance rather than NPAT. The amortisation expense has continued to grow substantially, in line with the increased acquisitions, as shown in the table below:

Half-Years since IPO ($m)	**8 1H25**	**7 1H24**	**6 1H23**	**5 1H22**	**4 1H21**	**3 1H20**	**2 1H19**	**1 1H18**
Net Profit After Tax (NPAT)	8.7	7.3	6.5	8.0	7.1	4.4	3.3	3.4
Amortisation expense	3.3	2.7	1.9	0.9	0.5	0.4	0.3	0.3
Net Profit After Tax Before Amortisation (NPATA)	12.0	10.0	8.4	8.9	7.6	4.8	3.6	3.7

Years since IPO ($m)	**7 FY24**	**6 FY23**	**5 FY22**	**4 FY21**	**3 FY20**	**2 FY19**	**1 FY18**
Net Profit After Tax (NPAT)	13.5	10.9	13.3	10.9	10.1	7.1	10.0
Amortisation expense	5.5	3.6	2.2	0.9	0.9	0.8	0.6
Net Profit After Tax Before Amortisation (NPATA)	19.0	14.5	15.5	11.8	11.0	7.9	10.6

7 AASB 3 Business Combinations paragraph 10
8 AASB 138 Intangible Assets

Income tax expense
The Group's Income Tax Expense has increased to $1,060,000 (1H24: $997,000). The tax for the Group is calculated on the parent entity's share of partnership income, 100% of the profit of operating businesses structured as companies, and 100% of the net parent entity expenses. The movement in income tax expense may be disproportionate to the movement in profits due to permanent differences arising from non-assessable or non-deductible items.

Cash flow
Cash from operations
Receipts from customers increased 23.0% to $72,573,000 (1H24: $59,024,000). Payments to suppliers and employees increased 24.6% to $52,347,000 (1H24: $42,015,000). Operating Cashflow (defined as Receipts from customers less Payments to suppliers and employees) excluding Other Income (which mainly consists of one-off items) was up 17.8% to $20,371,000.

Half-Years since IPO	Average	8 1H25	7 1H24	6 1H23	5 1H22	4 1H21	3 1H20	2 1H19	1 1H18
Operating cashflow ($'000)		20,371	17,009	14,048	10,535	8,812	8,318	5,849	3,480
Growth %	29.4%	15.9%	21.1%	33.3%	19.6%	5.9%	42.2%	68.1%	-

Years since IPO	Average	7 FY24	6 FY23	5 FY22	4 FY21	3 FY20	2 FY19	1 FY18
Operating cashflow ($'000)		32,191	23,750	18,532	16,420	15,956	11,870	8,606
Growth %	25.3%	35.6%	28.1%	12.9%	2.9%	34.4%	37.9%	-

Cash from investing activities
In 1H25 the Group spent $1,194,000 on property, plant and equipment capital expenditure. Of this, $669,000 was spent on office improvements. The remaining $525,000 represents general office and computer equipment, new motor vehicles and other capital expenditures.

Cash from financing activities
In 1H25 the Group's borrowings (excluding overdrafts considered as working capital) increased by $7,651,000 to $51,871,000 (30 June 2024: $44,220,000). New borrowings of $13,078,000 were taken out during the half-year, mainly for the completion of in year acquisitions, refinancing of existing loans and financing the buy ins of our equity partners. The difference reflects the principal repayments made during the half-year of $5,428,000 and reflects the Group's strong and disciplined approach in repaying debt. Proceeds from borrowings of $13,078,000 included $9,659,000 for acquisition funding, $273,000 for fitout funding, $594,000 relating to the buy in of new and existing partners, and the remaining amount being for refinancing of existing loans.

Working capital
The Group continues to maintain a disciplined approach to managing its lockup (defined as trade receivables and accrued income less contract liabilities), with lockup of 51.6 days or $18,959,000 (calculated on run rate revenue with annualised revenue contributions from completed acquisitions) compared with the prior half-year (31 December 2023: 55.2 days, $16,079,000).

This continues to be a strong result and has been achieved alongside strong acquisition and organic growth. Note that lockup calculated on actual revenue (which is used to calculate lockup) does not include the full 12 months' revenue of the in-year acquisitions. For the purposes of achieving a more meaningful comparison, the lockup based on annualised revenue has been used.

Half-Years since IPO	Average	8 1H25	7 1H24	6 1H23	5 1H22	4 1H21	3 1H20	2 1H19	1 1H18
Lockup ($'000)		18,959	16,079	13,362	8,656	7,107	7,670	8,730	8,136
Lock up days	60.0	51.6	55.2	56.4	57.4	55.4	64.0	79.9	60.0
Debtor ($'000)		15,809	12,664	10,656	6,832	5,648	6,148	6,128	5,549
Debtor days	46.1	43.1	43.4	45.0	45.3	44.0	51.3	56.1	40.9
Accrued income & contract liabilities ($'000)		3,151	3,414	2,706	1,824	1,460	1,523	2,602	2,586
Accrued income & contract liabilities (days)	13.8	8.6	11.7	11.4	12.1	11.4	12.7	23.8	19.1

Years since IPO	Average	7 FY24	6 FY23	5 FY22	4 FY21	3 FY20	2 FY19	1 FY18
Lockup ($'000)		17,993	14,090	11,623	6,841	6,875	7,626	10,087
Lock up days	61.3	56.1	48.1	55.8	51.1	55.2	69.6	93.3
Debtor ($'000)		16,791	12,380	9,905	6,205	5,783	6,099	6,603
Debtor days	50.2	52.3	42.3	47.6	46.3	46.4	55.7	61.1
Accrued income & contract liabilities ($'000)		1,202	1,709	1,718	637	1,092	1,526	3,484
Accrued income & contract liabilities (days)	11.1	3.7	5.8	8.3	4.8	8.8	13.9	32.2

Capital structure
The business continues to maintain a capital structure that supports its accelerated growth. As at 31 December 2024, the Group's Gearing Ratio (defined as Net Debt / Underlying EBITDA) increased to 1.49x (30 June 2024: 1.28x). Net debt increased by $9,888,000 or 21.7% primarily due to term debt taken out to complete acquisitions (see the preceding section "Cash from financing activities" for further details).

Acquisition debt is amortised and repaid through profits generated from the acquired business and is expected to be repaid in full over a 4-5 year term. Net Debt is a non-IFRS measure and means Total Borrowings less Cash and Cash Equivalents.

Half-Years since IPO	Average	8 1H25	7 1H24	6 1H23	5 1H22	4 1H21	3 1H20	2 1H19	1 1H18
Net Debt ($'000)		55,472	45,583	36,917	23,679	13,087	17,078	15,193	11,221
Underlying EBITDA TTM ($'000)		37,270	23,479	19,093	16,781	20,806	14,395	13,968	9,560
Gearing Ratio (Net Debt / Underlying EBITDA)	1.36x	1.49x	1.94x	1.93x	1.41x	0.63x	1.19x	1.09x	1.17x

Years since IPO	Average	7 FY24	6 FY23	5 FY22	4 FY21	3 FY20	2 FY19	1 FY18
Net Debt ($'000)		45,163	39,918	31,368	15,728	15,233	14,673	11,356
Underlying EBITDA ($'000)		35,225	24,263	23,114	18,654	15,923	10,889	13,431
Gearing Ratio (Net Debt / Underlying EBITDA)	1.18x	1.28x	1.65x	1.36x	0.84x	0.96x	1.35x	0.85x

Dividends
On 5 February 2024 the Company announced that it will cease dividend payments and no dividends have been paid since February 2024.

Dividends
Dividends paid, recommended or declared during the half-year ended 31 December 2024 were $nil (31 December 2023: $1,182,000).

Dividends paid were as follows:

	Consolidated 31 Dec 2024 $'000	Consolidated 31 Dec 2023 $'000
First interim dividend of $0.00439 per ordinary share, paid on 31 July 2023	-	197
Second interim dividend of $0.00439 per ordinary share, paid on 31 August 2023	-	197
Third interim dividend of $0.00439 per ordinary share, paid on 29 September 2023	-	197
Fourth interim dividend of $0.00439 per ordinary share, paid on 31 October 2023	-	197
Fifth interim dividend of $0.00439 per ordinary share, paid on 30 November 2023	-	197
Sixth interim dividend of $0.00439 per ordinary share, paid on 29 December 2023	-	197
Total dividends	-	1,182

Significant changes in the state of affairs
In 1H25, the Company bought back 100,000 shares (on market) at an average share price of $7.79. The number of shares outstanding as at the date of this report is 44,900,000.

On 16 August 2024, a subsidiary of the Company executed agreements to partner with an accounting firm located in Florida, United States through acquiring a 50.1% interest. Completion occurred on the same day. The partnership is expected to contribute approximately $USD7.0m to $USD8.2m ($AUD10.8m to $AUD12.5m) in annual revenues to the consolidated Group and approximately $USD0.7m to $USD0.8m ($AUD1.08m to $AUD1.25m) NPATA to the Company (based on achieving benchmark profitability metrics post improvements).

There were no other significant changes in the state of affairs of the Group during the financial half-year.

Rounding of amounts

The Company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the directors

Brett Kelly
Executive Chairman and Chief Executive Officer

5 February 2025
Sydney

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DECLARATION OF INDEPENDENCE BY JESHAN VELUPILLAI TO THE DIRECTORS OF KELLY PARTNERS GROUP HOLDINGS LIMITED

As lead auditor for the review of Kelly Partners Group Holdings Limited for the half-year ended 31 December 2024, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Kelly Partners Group Holdings Limited and the entities it controlled during the period.

Jeshan Velupillai

Jeshan Velupillai
Director

BDO Audit Pty Ltd

Sydney, 5 February 2025

Kelly Partners Group Holdings Limited
Consolidated statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2024

	Note	Consolidated 31 Dec 2024 $'000	Consolidated 31 Dec 2023 $'000
Revenue from continuing operations			
Professional services revenue	4	64,927	52,862
Government grants and subsidies	5	3	58
Other income	6	834	276
Total revenue and other income		65,764	53,196
Expenses			
Employment and related expenses		(32,671)	(25,703)
Occupancy costs		(868)	(761)
Other expenses		(11,296)	(8,341)
Business acquisition and restructuring costs		(1,155)	(1,344)
Depreciation and amortisation expense	7	(6,777)	(5,591)
Finance costs	7	(3,284)	(3,134)
Total expenses		(56,051)	(44,874)
Profit before income tax expense from continuing operations		9,713	8,322
Income tax expense	8	(1,060)	(997)
Profit after income tax expense from continuing operations		8,653	7,325
Profit after income tax expense from discontinued operations	9	-	425
Profit after income tax expense for the half-year		8,653	7,750
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation		919	(88)
Other comprehensive income for the half-year, net of tax		919	(88)
Total comprehensive income for the half-year		9,572	7,662
Profit for the half-year is attributable to:			
Non-controlling interests		6,154	5,792
Owners of Kelly Partners Group Holdings Limited		2,499	1,958
		8,653	7,750
Profit for the half-year is attributable to:			
Continuing operations		6,154	5,494
Discontinued operations		-	298
Non-controlling interests		6,154	5,792
Continuing operations		2,499	1,831
Discontinued operations		-	127
Owners of Kelly Partners Group Holdings Limited		2,499	1,958
		8,653	7,750

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

	Note	Consolidated 31 Dec 2024 $'000	31 Dec 2023 $'000
Total comprehensive income for the half-year is attributable to:			
Continuing operations		6,347	5,457
Discontinued operations		-	298
Non-controlling interests		6,347	5,755
Continuing operations		3,225	1,780
Discontinued operations		-	127
Owners of Kelly Partners Group Holdings Limited		3,225	1,907
		9,572	7,662

		Cents	Cents
Earnings per share for profit from continuing operations attributable to the owners of Kelly Partners Group Holdings Limited			
Basic earnings per share	10	5.56	4.07
Diluted earnings per share	10	5.56	4.07
Earnings per share for profit from discontinued operations attributable to the owners of Kelly Partners Group Holdings Limited			
Basic earnings per share	10	-	0.28
Diluted earnings per share	10	-	0.28
Earnings per share for profit attributable to the owners of Kelly Partners Group Holdings Limited			
Basic earnings per share	10	5.56	4.35
Diluted earnings per share	10	5.56	4.35

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

	Note	Consolidated 31 Dec 2024 $'000	Consolidated 30 Jun 2024 $'000
Assets			
Current assets			
Cash and cash equivalents		2,857	3,272
Trade and other receivables		16,723	16,791
Lease receivables		8	25
Accrued income		9,909	3,885
Other financial assets	11	5,316	3,447
Other assets		1,755	1,956
Total current assets		36,568	29,376
Non-current assets			
Other financial assets	11	11,777	9,700
Property, plant and equipment		13,616	13,431
Right-of-use assets		27,901	24,390
Intangible assets	12	101,440	81,789
Other assets		1,059	630
Total non-current assets		155,793	129,940
Total assets		192,361	159,316
Liabilities			
Current liabilities			
Trade and other payables		7,002	7,162
Contract liabilities		6,758	2,682
Borrowings	13	19,438	14,218
Lease liabilities		2,229	3,602
Current tax liabilities		3,037	2,373
Provisions		4,717	4,587
Contingent consideration	14	3,390	1,989
Other financial liabilities	15	1,443	999
Total current liabilities		48,014	37,612
Non-current liabilities			
Borrowings	13	38,890	34,217
Lease liabilities		30,919	25,363
Deferred tax liabilities		4,816	3,446
Provisions		822	741
Contingent consideration	14	3,437	4,230
Other financial liabilities	15	2,747	1,355
Total non-current liabilities		81,631	69,352
Total liabilities		129,645	106,964
Net assets		62,716	52,352

The above consolidated statement of financial position should be read in conjunction with the accompanying notes

	Note	Consolidated 31 Dec 2024 $'000	Consolidated 30 Jun 2024 $'000
Equity			
Issued capital	16	12,689	13,470
Reserve		682	(44)
Retained profits		11,304	9,213
Equity attributable to the owners of Kelly Partners Group Holdings Limited		24,675	22,639
Non-controlling interests		38,041	29,713
Total equity		62,716	52,352

The above consolidated statement of financial position should be read in conjunction with the accompanying notes

Kelly Partners Group Holdings Limited
Consolidated statement of changes in equity
For the half-year ended 31 December 2024

KP+GH
KELLY PARTNERS GROUP HOLDINGS LIMITED

Consolidated	Issued capital $'000	Reserve $'000	Retained profits $'000	Non-controlling interests $'000	Total equity $'000
Balance at 1 July 2023	13,470	(30)	7,099	14,932	35,471
Profit after income tax expense for the half-year	-	-	1,958	5,792	7,750
Other comprehensive income for the half-year, net of tax	-	(51)	-	(37)	(88)
Total comprehensive income for the half-year	-	(51)	1,958	5,755	7,662
Transactions with owners in their capacity as owners:					
Equity attributable to acquisitions	-	-	-	9,209	9,209
Sale of equity interest in subsidiary	-	-	-	(192)	(192)
Distributions to non-controlling interests	-	-	-	(5,337)	(5,337)
Dividends paid (note 17)	-	-	(1,182)	-	(1,182)
Balance at 31 December 2023	13,470	(81)	7,875	24,367	45,631

Consolidated	Issued capital $'000	Reserve $'000	Retained profits $'000	Non-controlling interests $'000	Total equity $'000
Balance at 1 July 2024	13,470	(44)	9,213	29,713	52,352
Profit after income tax expense for the half-year	-	-	2,499	6,154	8,653
Other comprehensive income for the half-year, net of tax	-	726	-	193	919
Total comprehensive income for the half-year	-	726	2,499	6,347	9,572
Transactions with owners in their capacity as owners:					
Share buy-back (note 16)	(781)	-	-	-	(781)
Equity attributable to acquisitions	-	-	-	11,428	11,428
Purchase and sale of equity interest in subsidiary	-	-	(408)	-	(408)
Other contributions	-	-	-	98	98
Distributions to non-controlling interests	-	-	-	(9,545)	(9,545)
Balance at 31 December 2024	12,689	682	11,304	38,041	62,716

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes

	Note	Consolidated 31 Dec 2024 $'000	Consolidated 31 Dec 2023 $'000
Cash flows from operating activities			
Receipts from customers		72,573	59,024
Payments to suppliers and employees		(52,347)	(42,015)
Government grants received		3	58
Other income		146	225
Finance costs paid		(2,063)	(1,868)
Income taxes paid		(674)	(1,471)
Net cash from operating activities		17,638	13,953
Cash flows from investing activities			
Payment for purchase of business	19	(7,553)	(5,432)
Payment for contingent consideration		(1,424)	(1,542)
Net proceeds from purchase and sale of equity interest in subsidiary		470	2,159
Payments for property, plant and equipment		(1,194)	(2,570)
Payments for intangibles		-	(811)
Payments to employee share scheme trust		(492)	(64)
Loans advanced to partners		(3,877)	(3,196)
Proceeds from repayments of loans to partners		2,030	198
Proceeds from fitout contribution		-	454
Proceeds from disposal of intangibles		76	-
Payments for deposits		(501)	(8)
Net cash used in investing activities		(12,465)	(10,812)
Cash flows from financing activities			
Proceeds from borrowings		13,078	15,852
Loans advanced to related party	18	(2,142)	-
Repayment of borrowings		(5,428)	(5,428)
Payments for share buy-backs		(781)	-
Proceeds from equity contribution, non-controlling interests		98	207
Dividends paid	17	-	(1,182)
Distributions paid to non-controlling interests		(9,545)	(5,337)
Repayment of lease liabilities		(3,128)	(2,526)
Proceeds from sub-lease		18	30
Net cash (used in)/from financing activities		(7,830)	1,616
Net (decrease)/increase in cash and cash equivalents		(2,657)	4,757
Cash and cash equivalents at the beginning of the financial half-year		(943)	(5,783)
Cash and cash equivalents at the end of the financial half-year		(3,600)	(1,026)

Reconciliation to cash and cash equivalents at the end of the financial half-year
The above figures are reconciled to cash and cash equivalents at the end of the financial half-year as shown in the statement of cash flows as follows:

	Consolidated 31 Dec 2024 $'000	Consolidated 31 Dec 2023 $'000
Cash at bank and in hand	2,857	3,374
Bank overdrafts	(6,457)	(4,400)
	(3,600)	(1,026)

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes

Note 1. General information

The financial statements cover Kelly Partners Group Holdings Limited (the 'Company' or 'parent entity') and its controlled entities as a consolidated entity consisting of Kelly Partners Group Holdings Limited and the entities (the 'Group') it controlled at the end of, or during, the half-year. The financial statements are presented in Australian dollars, which is Kelly Partners Group Holdings Limited's functional and presentation currency.

Kelly Partners Group Holdings Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Level 8, 32 Walker Street
North Sydney
NSW 2060

A description of the nature of the Group's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 5 February 2025.

Note 2. Material accounting policy information

These general purpose financial statements for the interim half-year reporting period ended 31 December 2024 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2024 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

Rounding of amounts

The Group is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

New or amended Accounting Standards and Interpretations adopted

The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Group during the financial half-year ended 31 December 2024 and are not expected to have a significant impact for the full financial year ending 30 June 2025.

Any new or amended Accounting Standards, amendments or Interpretations that are not yet mandatory have not been early adopted.

Net deficiency in working capital

As at 31 December 2024, the consolidated statement of financial position reflected an excess of current liabilities over current assets of $11,446,000 (30 June 2024: $8,236,000). The working capital deficit was caused by current lease liabilities and current bank loan balances relating to acquisitions, both of which are repaid from earnings rather than from working capital. The business manages its working capital effectively which includes regular profit distributions to the parent entity and NCI. These distributions are discretionary and could be ceased which will increase working capital.

The directors are satisfied that the Group is able to meet its working capital liabilities through the normal cyclical nature of receipts and payments.

Note 3. Operating segments

The Group is organised into two reportable segments: (1) Accounting and (2) Other services.

The principal products and services of each of these reportable segments are as follows:

Accounting	Accounting and taxation services, corporate secretarial, outsourced CFO, audits, business structuring, bookkeeping, and all other accounting related services.
Other services	Financial broking services, wealth management, investment office and all other non-accounting services.

The operating segments are based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources.

The CODM reviews EBITDA (earnings before interest, tax, depreciation and amortisation). The accounting policies adopted for internal reporting to the CODM are consistent with those adopted in the financial statements.

Operating reportable segment information

Consolidated	Accounting $'000	Other services $'000	Discontinued operations $'000	Total $'000
Half-year ended 31 December 2024:				
Revenue	61,879	3,048	-	64,927
EBITDA	18,708	1,066	-	19,774
Profit before income tax expense	8,732	981	-	9,713
EBITDA				19,774
Depreciation and amortisation expense				(6,777)
Finance costs				(3,284)
Income tax expense				(1,060)
Profit after income tax expense				8,653
Segment assets, liabilities and net assets at 31 December 2024:				
Current assets	33,159	3,409	-	36,568
Non-current assets	153,327	2,466	-	155,793
Current liabilities	(46,444)	(1,570)	-	(48,014)
Non-current liabilities	(80,017)	(1,614)	-	(81,631)
Net assets	60,025	2,691	-	62,716

Note 3. Operating segments (continued)

Consolidated	Accounting $'000	Other services $'000	Discontinued operations $'000	Total $'000
Half-year ended 31 December 2023:				
Revenue	50,062	2,800	867	53,729
EBITDA	16,060	987	708	17,755
Profit before income tax expense	7,481	841	606	8,928
EBITDA				17,755
Depreciation and amortisation expense				(5,674)
Finance costs				(3,154)
Income tax expense				(1,177)
Profit after income tax expense				7,750
Segment assets, liabilities and net assets at 30 June 2024:				
Current assets	25,889	2,649	838	29,376
Non-current assets	128,526	1,414	-	129,940
Current liabilities	(36,246)	(1,037)	(329)	(37,612)
Non-current liabilities	(68,185)	(1,167)	-	(69,352)
Net assets	49,983	1,859	510	52,352

EBITDA and profit before income tax of discontinued operations include a gain on disposal of the subsidiaries and assets. Please refer to note 9 for details.

The segment information for the period ended 31 December 2023 has been expanded to include a reconciliation between EBITDA to profit after income tax expense.

Note 4. Professional services revenue

From continuing operations	Consolidated 31 Dec 2024 $'000	Consolidated 31 Dec 2023 $'000
Professional services revenue	64,927	52,862

Disaggregation of revenue
The Group derives its revenue from the provision of accounting and tax services. Refer to note 3 for more information on segments.

Timing of revenue recognition
The revenue from provision of services from contracts with customers is recognised over time.

Note 5. Government grants and subsidies

From continuing operations	Consolidated 31 Dec 2024 $'000	Consolidated 31 Dec 2023 $'000
Government apprenticeship support programme	3	58

Note 6. Other income

From continuing operations	Consolidated 31 Dec 2024 $'000	Consolidated 31 Dec 2023 $'000
Remeasurement of lease liabilities	-	5
Change in fair value of contingent consideration	574	25
Interest	113	123
Commissions	107	108
Other income	40	15
Other income	834	276

Note 7. Expenses

	Consolidated 31 Dec 2024 $'000	Consolidated 31 Dec 2023 $'000
Profit before income tax from continuing operations includes the following specific expenses:		
Depreciation and amortisation		
Depreciation right-of-use of assets	2,332	1,830
Depreciation property, plant and equipment	991	1,019
Amortisation	3,454	2,742
	6,777	5,591
Finance costs		
Interest and finance charges paid/payable on lease liabilities	996	1,012
Interest on bank overdrafts and loans	2,062	1,852
Interest on unwinding retention	226	270
	3,284	3,134

Note 8. Income tax expense

As the majority of operating businesses are structured as partnerships, the income tax expense attributable to the non-controlling interests in these partnerships is not included in the consolidated accounts. This is with the exception of subsidiaries that are in a corporate structure where the consolidated income tax expense is included in the profit attributable to non-controlling interests in these subsidiaries. The remaining balance of the consolidated income tax expense is included in the profit attributable to the shareholders in the parent entity.

Note 9. Discontinued operations

Description
In December 2023, Kelly Partners sold all of the Company's shares in Kelly Partners Private Wealth (Central Coast & Hunter Region) Pty Ltd and Kelly Partners Life Insurance Services (Central Coast & Hunter Region) Pty Ltd as well as its retail wealth management business operated from Kelly Partners Private Wealth Retail Partnership.

In June 2024, Kelly Partners Private Wealth Northern Beaches Partnership sold its retail wealth management business.

The business' cashflows and operations can clearly be distinguished operationally and financially from the rest of the Group and hence these were disclosed as discontinued operations.

Note 9. Discontinued operations (continued)

	Consolidated 31 Dec 2024 $'000	Consolidated 31 Dec 2023 $'000
Professional services revenue	-	867
Other income	-	24
Total revenue	-	891
Employment and related expenses	-	(549)
Other expenses	-	(89)
Business acquisition and restructuring costs	-	(28)
Depreciation and amortisation expense	-	(83)
Finance costs	-	(20)
Total expenses	-	(769)
Profit before income tax expense	-	122
Gain on disposal before income tax	-	484
Income tax expense	-	(181)
Profit after income tax expense from discontinued operations	-	425

Cash flow information

	Consolidated 31 Dec 2024 $'000	Consolidated 31 Dec 2023 $'000
Net cash from operating activities	-	170
Net cash from investing activities	-	518
Net cash used in financing activities	-	(440)
Net increase in cash and cash equivalents from discontinued operations	-	248

Carrying amounts of assets and liabilities disposed

	Consolidated 31 Dec 2024 $'000	Consolidated 31 Dec 2023 $'000
Cash and cash equivalents	-	29
Trade and other receivables	-	40
Accrued income	-	20
Other financial assets	-	1,946
Other current assets	-	15
Intangibles	-	3,118
Total assets	-	5,168
Trade and other payables	-	294
Borrowings	-	2,158
Other liabilities	-	412
Total liabilities	-	2,864
Net assets	-	2,304

Note 9. Discontinued operations (continued)

Details of the disposal of subsidiaries

	Consolidated 31 Dec 2024 $'000	Consolidated 31 Dec 2023 $'000
Total sale consideration	-	2,596
Carrying amount of net assets disposed	-	(2,304)
Derecognition of non-controlling interest	-	192
Gain on disposal before income tax	-	484

Note 10. Earnings per share

	Consolidated 31 Dec 2024 $'000	Consolidated 31 Dec 2023 $'000
Earnings per share for profit from continuing operations		
Profit after income tax	8,653	7,325
Non-controlling interest	(6,154)	(5,494)
Profit after income tax attributable to the owners of Kelly Partners Group Holdings Limited	2,499	1,831

	Cents	Cents
Basic earnings per share	5.56	4.07
Diluted earnings per share	5.56	4.07

	Consolidated 31 Dec 2024 $'000	Consolidated 31 Dec 2023 $'000
Earnings per share for profit from discontinued operations		
Profit after income tax	-	425
Non-controlling interest	-	(298)
Profit after income tax attributable to the owners of Kelly Partners Group Holdings Limited	-	127

	Cents	Cents
Basic earnings per share	-	0.28
Diluted earnings per share	-	0.28

	Consolidated 31 Dec 2024 $'000	Consolidated 31 Dec 2023 $'000
Earnings per share for profit		
Profit after income tax	8,653	7,750
Non-controlling interest	(6,154)	(5,792)
Profit after income tax attributable to the owners of Kelly Partners Group Holdings Limited	2,499	1,958

Note 10. Earnings per share (continued)

	Cents	Cents
Basic earnings per share	5.56	4.35
Diluted earnings per share	5.56	4.35

	Number	Number
Weighted average number of ordinary shares		
Weighted average number of ordinary shares used in calculating basic earnings per share	44,931,176	45,000,000
Weighted average number of ordinary shares used in calculating diluted earnings per share	44,931,176	45,000,000

Note 11. Other financial assets

	Consolidated	
	31 Dec 2024 $'000	30 Jun 2024 $'000
Current assets		
Loans to partners	2,117	2,400
Loans to related parties (note 18)	3,199	1,047
	5,316	3,447
Non-current assets		
Loans to partners	9,299	7,576
Loans to related parties (note 18)	2,478	2,124
	11,777	9,700
	17,093	13,147

Loans to partners primarily represents amounts of money which have first been borrowed on the balance sheet of various controlled entities, and then secondly on lent to partners to assist them with their purchase of equity into that entity. This results in the controlled entity having both a financial liability to the financier, and a corresponding financial asset to the partner. These loans are typically repaid over a four to eight year period. As the loans are repaid by the partners and the financial asset amortises, there is a corresponding amortisation of the financial liability. Repayment of these loans is typically from partner equity distributions.

Note 12. Intangible assets

	Consolidated 31 Dec 2024 $'000	Consolidated 30 Jun 2024 $'000
Non-current assets		
Goodwill - at cost	59,190	48,104
Brand names and intellectual property - at cost	3,300	3,300
Customer relationships - at cost	59,058	47,042
Less: Accumulated amortisation	(20,835)	(17,535)
	38,223	29,507
Computer software and other intangible assets - at cost	1,949	1,949
Less: Accumulated amortisation	(1,222)	(1,071)
	727	878
	101,440	81,789

Reconciliations
Reconciliations of the written down values at the beginning and end of the current financial half-year are set out below:

Consolidated	Goodwill $'000	Brand names and intellectual property $'000	Customer relationships $'000	Computer software $'000	Total $'000
Balance at 1 July 2024	48,104	3,300	29,507	878	81,789
Additions	-	-	-	-	-
Additions through business combinations (note 19)	11,024	-	11,909	-	22,933
Disposals	-	-	(179)	-	(179)
Exchange differences	62	-	289	-	351
Amortisation expense	-	-	(3,303)	(151)	(3,454)
Balance at 31 December 2024	59,190	3,300	38,223	727	101,440

Brand names and intellectual property have indefinite useful lives and are not amortised.

Note 13. Borrowings

	Consolidated 31 Dec 2024 $'000	Consolidated 30 Jun 2024 $'000
Current liabilities		
Bank overdrafts	6,457	4,215
Bank loans	11,806	8,828
Related party loans (note 18)	1,175	1,175
	19,438	14,218
Non-current liabilities		
Bank loans	38,890	34,217
	58,328	48,435

Note 13. Borrowings (continued)

Controlled entities' facilities
The Group has banking facilities in place with Westpac for all of its operating businesses. The facilities consist of overdraft facilities, term loans, bank guarantees and other ancillary facilities.

Each subsidiary's debt facilities is granted security by that entity, the corporate partners of that entity, limited personal guarantees of the operating business owners, and a guarantee provided by the parent over all existing and future assets and undertakings.

Subsidiaries also have bilateral arrangements in place with Westpac and other financiers for other facilities including credit cards, equipment finance, and bank guarantees. These facilities and their securities are permitted under the Westpac arrangements.

Parent entity facilities
As at 31 December 2024, the parent has $30,000,000 amortising line of term credit. The debt facilities are granted security over the parent entity, as well as the guarantor group which comprises Kelly Partners Group Holdings Limited and the majority of its wholly owned subsidiaries.

The parent entity also has bilateral arrangements in place with Westpac and other financiers for ancillary facilities including credit cards, equipment finance, and bank guarantees. These facilities and their securities are permitted under the Westpac arrangements.

Covenants
The Group's financier has financial covenants in place, which may act to limit the total indebtedness of the Group under certain circumstances, such as if there were a significant drop in earnings. The Group's covenants were amended in the half-year to accommodate the Group's expansion into other geographies. As at balance date, the Group is in compliance with its financial covenants.

Financing arrangements
Unrestricted access was available at the reporting date to the following lines of credit:

	Consolidated	
	31 Dec 2024 $'000	30 Jun 2024 $'000
Total facilities		
Bank overdraft	16,611	15,995
Bank loans	63,503	68,404
Related party loan	1,175	1,175
	81,289	85,574
Used at the reporting date		
Bank overdraft	6,457	4,215
Bank loans	50,696	43,045
Related party loan	1,175	1,175
	58,328	48,435
Unused at the reporting date		
Bank overdraft	10,154	11,780
Bank loans	12,807	25,359
Related party loan	-	-
	22,961	37,139

Note 14. Contingent consideration

	Consolidated	
	31 Dec 2024 $'000	30 Jun 2024 $'000
Current liabilities		
Contingent consideration	3,390	1,989
Non-current liabilities		
Contingent consideration	3,437	4,230
	6,827	6,219

Reconciliation
Reconciliation of the fair values at the beginning and end of the current and previous financial half-year are set out below:

	31 Dec 2024 $'000	30 Jun 2024 $'000
Opening balance	6,219	6,482
Additions through business combination (note 19)	2,335	3,973
Change in fair value of contingent consideration	(574)	(756)
Remeasurement of contingent consideration	-	(950)
Effect of movements in exchange rates	39	(1)
Disposal of subsidiaries	-	(87)
Settled in cash	(1,424)	(2,977)
Fair value movement - unwinding of interest	232	535
Closing balance	6,827	6,219

Contingent consideration relates to the fair value of the contingent component of the purchase price of the acquisitions completed in the current and prior period(s).

Contingent consideration is classified as Level 3 in the fair value hierarchy and has been estimated using a present value approach. The contingent consideration fair value is estimated by discounting the future cash outflows by the discount rate of 8.5%. The discount rate is calculated using the WACC of the Group.

Note 15. Other financial liabilities

	Consolidated	
	31 Dec 2024 $'000	30 Jun 2024 $'000
Current liabilities		
Loans from partners	76	74
Loans from others	1,367	925
	1,443	999
Non-current liabilities		
Loans from partners	975	1,017
Loans from others	1,772	338
	2,747	1,355
	4,190	2,354

'Loans from others' relates to working capital loans provided by vendors to Kelly Partners' operating businesses as per the terms of the acquisitions. These loans are typically repaid at the same time as the payment of the contingent consideration.

Note 15. Other financial liabilities (continued)

Refer to note 11 for details on loans to and from partners.

Note 16. Issued capital

	Consolidated			
	31 Dec 2024 Shares	30 Jun 2024 Shares	31 Dec 2024 $'000	30 Jun 2024 $'000
Ordinary shares - fully paid	44,900,000	45,000,000	12,689	13,470

Details	Date	Shares	Issue price	$'000
Balance	1 July 2024	45,000,000		13,470
Share buy-back	15 July 2024	(25,000)	$7.73	(194)
Share buy-back	16 July 2024	(25,000)	$7.56	(190)
Share buy-back	7 Oct 2024	(7,055)	$7.63	(54)
Share buy-back	8 Oct 2024	(7,000)	$7.69	(54)
Share buy-back	9 Oct 2024	(7,945)	$7.92	(63)
Share buy-back	10 Oct 2024	(23,626)	$8.08	(191)
Share buy-back	11 Oct 2024	(4,374)	$8.07	(35)
Balance	31 December 2024	44,900,000		12,689

Ordinary shares
Ordinary shares entitle the holder to participate in any dividends declared and any proceeds attributable to shareholders should the Company be wound up, in proportions that consider both the number of shares held and the extent to which those shares are paid up. The fully paid ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Share buy-back
On 17 August 2024, the Company announced the continuation of its share buy-back program of up to 500,000 Company's shares outstanding. During the financial half-year ended 31 December 2024, the Company bought back 100,000 shares.

Note 17. Dividends

On 5 February 2024 the Company announced that it will cease dividend payments and no dividends have been paid since February 2024.

Dividends
Dividends paid, recommended or declared during the half-year ended 31 December 2024 were $nil (31 December 2023: $1,182,000).

Note 17. Dividends (continued)

Dividends paid were as follows:

	Consolidated	
	31 Dec 2024 $'000	31 Dec 2023 $'000
First interim dividend of $0.00439 per ordinary share, paid on 31 July 2023	-	197
Second interim dividend of $0.00439 per ordinary share, paid on 31 August 2023	-	197
Third interim dividend of $0.00439 per ordinary share, paid on 29 September 2023	-	197
Fourth interim dividend of $0.00439 per ordinary share, paid on 31 October 2023	-	197
Fifth interim dividend of $0.00439 per ordinary share, paid on 30 November 2023	-	197
Sixth interim dividend of $0.00439 per ordinary share, paid on 29 December 2023	-	197
Total dividends	-	1,182

Note 18. Related party transactions

Parent entity
Kelly Partners Group Holdings Limited is the parent entity.

Transactions with related parties
Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

Loans to/(from) related parties

Key management personnel

	31 Dec 2024 $	30 June 2024 $
Loans to directors:		
Balance at the beginning of the period	1,047,302	860,681
- loans advanced	2,142,243	805,703
- interest on loans	92,866	51,466
- repayment of loans advanced	(94,534)	(671,502)
- exchange differences	10,890	954
Balance at the end of the period	3,198,767	1,047,302

On 30 October 2022, the Board of Directors approved a loan facility to Brett Kelly. The facility is secured and personally guaranteed by Brett Kelly with interest charged at commercial rates.

Kelly Partners (Canberra) Property Trust

	31 Dec 2024 $	30 Jun 2024 $
Loans from related party:		
Balance at the beginning of the period	(1,175,000)	(1,175,000)
- interest on loan	(68,118)	(124,679)
- payment	68,118	124,679
Balance at the end of the period	(1,175,000)	(1,175,000)

Kelly Partners (Investment Office) Pty Ltd is the investment manager of Kelly Partners Investment Office Special Opportunities Fund #2. Kelly Partners (Canberra) Property Trust is a wholly owned subsidiary of Kelly Partners Group Holdings Limited.

Note 18. Related party transactions (continued)

On 20 December 2021, the Kelly Partners Investment Office Special Opportunities Fund #2 advanced a short term loan facility of $2.2 million to Kelly Partners (Canberra) Property Trust, to assist with the purchase of Unit 141, 39 Eastlake Parade, Kingston ACT ('the Canberra Property'). The facility is secured by a mortgage over the Canberra Property and is guaranteed by Kelly Partners Group Holdings Limited. On 11 January 2023, $1.0 million of the loan was refinanced with a commercial bank. Interest is charged at commercial rates and the term of the related party loan was extended to 31 December 2025.

Employee Share trust
In 1H25, a number of operating businesses paid amounts to an Employee Share Trust as part of the Employee Share Scheme ('ESS'). The monies received by the Employee Share Trust were used to acquire the shares of Kelly Partners Group Holdings Limited (KPG.ASX).

	31 Dec 2024 $	30 Jun 2024 $
Loans to Employee Share trust:		
Balance at the beginning of the period	2,124,036	1,717,894
- loans advanced	492,100	273,851
- interest on loan	112,612	151,356
- repayment of loans	(251,126)	(19,065)
Balance at the end of the period	2,477,622	2,124,036

Partners
Loans (to)/from partners are set out in note 11 and note 15.

Other loans
Loans from others are set out in note 15.

Direct interest in subsidiaries
The following related parties hold a direct interest in the respective subsidiary of the Group:

Related party	Subsidiary	31 Dec 2024 Interest held	30 Jun 2024 Interest held
Paul Kuchta	Kelly Partners East Sydney Partnership	10.20%	10.20%
Paul Kuchta	Kelly Partners (Sydney) Pty Ltd	3.50%	10.20%
Ada Poon	Kelly Partners North Sydney Partnership	10.00%	10.00%
Paul Kuchta	Kelly Partners Norwest Partnership	25.50%	-

Note 19. Business combinations

Acquisitions during the half-year ended 31 December 2024

Kelly Partners acquired a 50.05% - 51.0% equity interest in the following accounting and accounting networking businesses.

Details of businesses acquired

Entity	Location of business acquired	Date of acquisition
Kelly Partners San Angelo	San Angelo, Texas, USA	01/07/2024
Kelly Partners FRS	St Petersburg, Florida, USA	16/08/2024
Kudos International Network	Swansea, United Kingdom	31/10/2024
Kelly Partners Sydney	Sydney, NSW, Australia	12/12/2024

The goodwill is attributable to synergies expected to be achieved from integrating the business in to the Kelly Partners system. The goodwill recognised is not deductible for tax purposes.

Contingent consideration is based on the acquired business achieving the target revenue post completion.

Note 19. Business combinations (continued)

The fair value of the contingent consideration represents the Group's estimate of the probable cash outflows discounted using a discount rate of 8.5%.

The NCI is valued based on a proportion of net assets.

The acquired businesses contributed revenues of $4,766,000 and a net profit before tax and amortisation of $41,000 to the Group for the period from the date businesses were acquired to the period ended 31 December 2024. Note the revenue and profit figures disclosed here may be part year and include implementation and restructuring costs that may be one off and non-recurring in nature.

Details of the acquisition are as follows:

	Fair value $'000
Trade receivables and accrued income	2,496
Customer relationships	11,909
Right-of-use assets	1,208
Deferred tax liabilities	(1,648)
Employee benefits	(538)
Lease liability	(1,690)
Other liabilities	(1,445)
Net assets acquired	10,292
Goodwill	11,024
Fair value of the total consideration transferred	21,316
Representing:	
Cash paid to vendor	7,553
Equity contribution from NCI	11,428
Contingent consideration	2,335
	21,316

Acquisitions during the half-year ended 31 December 2023

Kelly Partners acquired a 50.1% - 51.0% equity interest in the following accounting and HR businesses.

Details of businesses acquired

Entity	Location of business acquired	Date of acquisition
Kelly Partners Griffith	Griffith, NSW, AU	03/07/2023
Kelly Partners HR & Payroll Services (Riverina)	Griffith, NSW, AU	03/07/2023
Kelly Partners Bundall	Bundall, QLD, AU	15/08/2023
Kelly Partners Woodland Hills	Los Angeles, CA, USA	01/12/2023

The goodwill is attributable to synergies expected to be achieved from integrating the business in to the Kelly Partners system. The goodwill recognised is not deductible for tax purposes.

Contingent consideration is based on the acquired business achieving the target revenue post completion.

The fair value of the contingent consideration represents the Group's estimate of the probable cash outflows discounted using a discount rate of 7.7%.

The NCI is valued based on a proportion of net assets.

Note 19. Business combinations (continued)

The acquired businesses contributed revenues of $6,234,000 and a net profit before tax and amortisation of $1,683,000 to the Group for the period from the date businesses were acquired to the period ended 31 December 2023. Note the revenue and profit figures disclosed here may be part year and include implementation and restructuring costs that may be one off and non-recurring in nature.

Details of the acquisition are as follows:

	Fair value $'000
Trade receivables and accrued income	2,321
Plant and equipment	77
Right-of-use assets	4,147
Customer relationships	8,921
Deferred tax liabilities	(1,227)
Employee benefits	(813)
Lease liability	(4,346)
Other liabilities	(15)
Net assets acquired	9,065
Goodwill	8,170
Fair value of the total consideration transferred	17,235
Representing:	
Cash paid to vendor	5,432
Equity contribution from NCI	8,878
Contingent consideration*	2,925
	17,235

* Where an existing partner of the acquired business acquired an interest together with Kelly Partners Group Holdings Limited, contingent consideration may include an NCI component.

Note 20. Events after the reporting period

No matter or circumstance has arisen since 31 December 2024 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;

- the attached financial statements and notes give a true and fair view of the Group's financial position as at 31 December 2024 and of its performance for the financial half-year ended on that date; and

- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the directors

Brett Kelly
Executive Chairman and Chief Executive Officer

5 February 2025
Sydney

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INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Kelly Partners Group Holdings Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Kelly Partners Group Holdings Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2024, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, material accounting policy information and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of the Group does not comply with the *Corporations Act 2001* including:

i. Giving a true and fair view of the Group's financial position as at 31 December 2024 and of its financial performance for the half-year ended on that date; and

ii. Complying with Accounting Standard AASB 134 *Interim Financial Reporting and the Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to the audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001* which has been given to the directors of the Company, would be the same terms if given to the directors as at the time of this auditor's review report.

Responsibility of the directors for the financial report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act*

2001 and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's responsibility for the review of the financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2024 and its financial performance for the half-year ended on that date and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

BDO Audit Pty Ltd

BDO

Jeshan Velupillai

Jeshan Velupillai
Director

Sydney, 5 February 2025

KELLY PARTNERS GROUP HOLDINGS LIMITED
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