



KELLY PARTNERS GROUP HOLDINGS

(ASX: KPG)

FY22 RESULTS PRESENTATION

5 YEAR REPORT SINCE IPO

PRESENTED BY

Brett Kelly Founder and CEO

Kenneth Ko CFO

August 2022

KPG IN 10 SECONDS

PROFIT & LOSS



REVENUE



MARGIN



PARENT NPATA

FY22	\$64.9m	30.8%	\$6.3m
FY21	\$48.9m	32.6%	\$5.1m

Revenue from ordinary activities

Underlying EBITDA pre AASB 16 to Revenue

Underlying NPATA attributable to parent

Supplementary Statistic

	TTM Revenue / FTE exc. partners	Firm EBITDA %	Underlying Group NPATA
FY22	\$240K / FTE	30.9%	\$14.2m
FY21	\$249K / FTE	33.4%	\$11.6m

BALANCE SHEET



RETURN



GEARING

41.7%^	1.36x*
46.0%	0.84x

Underlying Group NPATA on Group Equity

Net Debt on Underlying Group EBITDA

Group ROIC	Lockup Days
22.3%^	55.8
27.6%	51.1

CASHFLOW



CASHFLOW



EFFICIENCY

\$14.3m**	83.3%**
\$13.0m	93.5%

Operating Cashflow pre AASB 16

Operating Cashflow (before finance costs and tax) on EBITDA

Cash at Bank	Operating Cashflow
\$3.0m	\$20.6m
\$4.0m	\$17.7m

^ Measures impacted where revenue and earnings do not include a full 12 month contributions from in year acquisitions. Adjusted ROIC taking in to account annualised contributions from acquisitions is 25.5%

* Higher gearing resulting from funding in year acquisitions

** Cashflow metrics impacted due to first year accumulation of lockup (debtors + WIP). See slide 30 and 31 for worked example and presentation of normalized cash conversion of 98.0%

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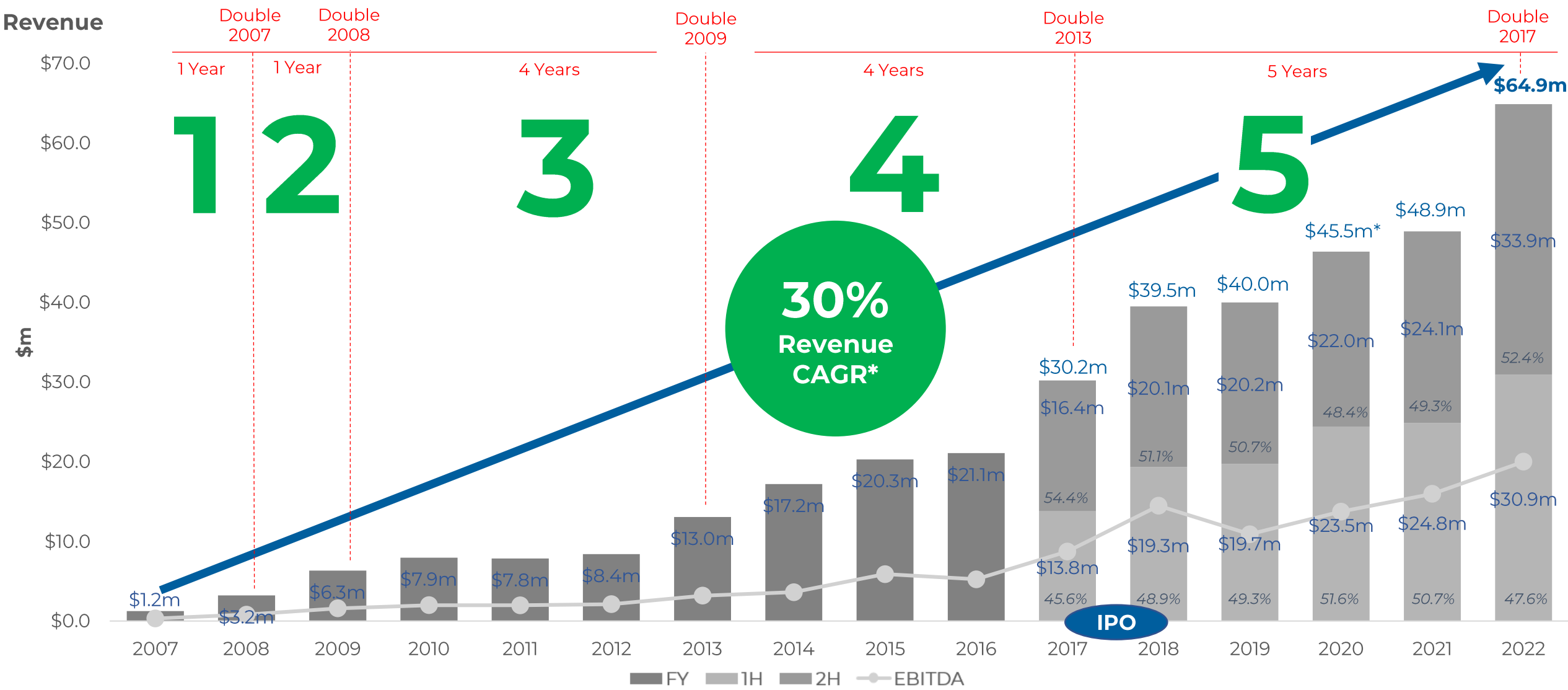
2 FINANCIALS

3 OUTLOOK

4 QUALITY SHAREHOLDERS

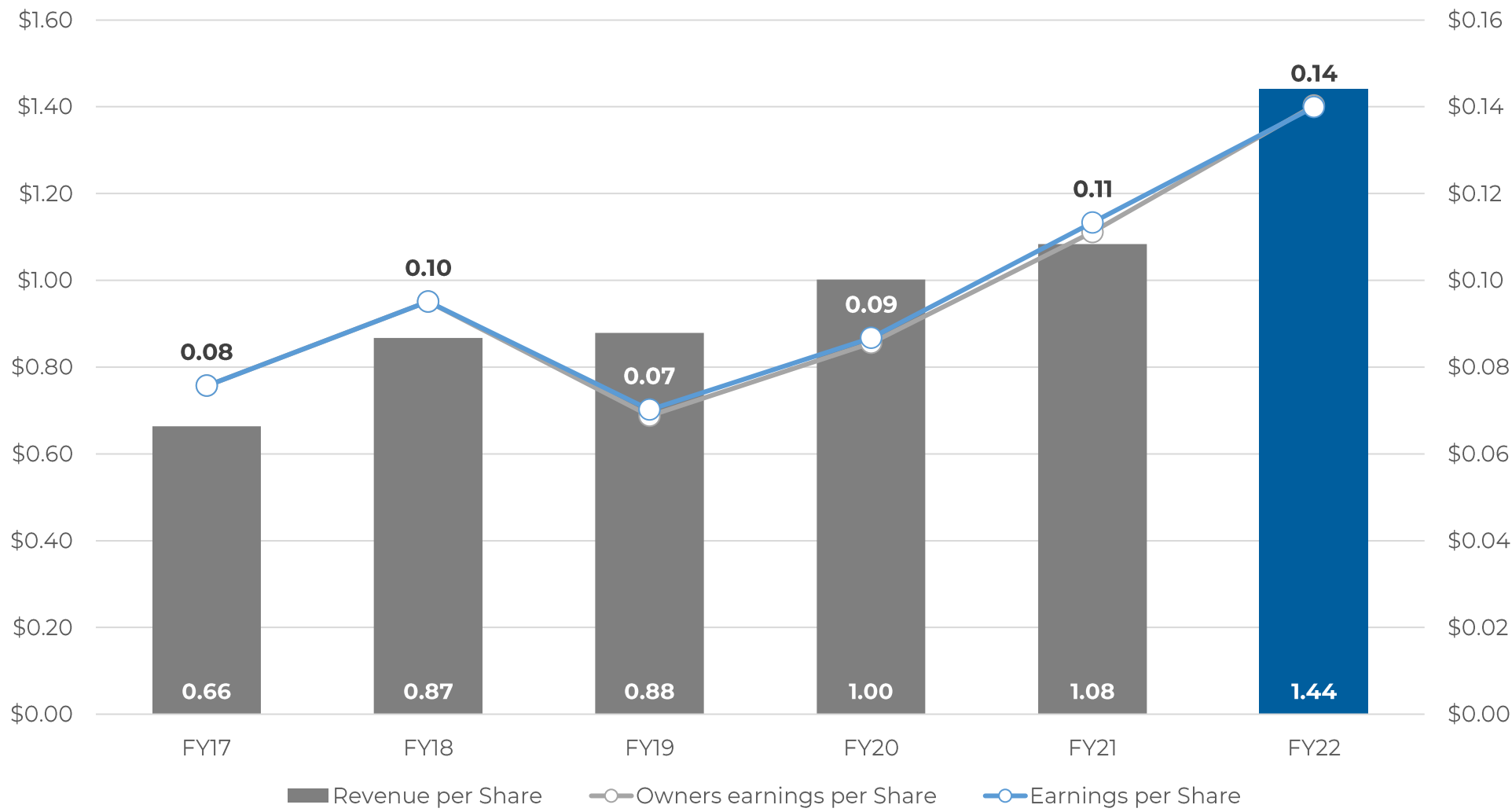
Note all totals and other calculations presented in the financial statements are impacted by rounding

TRACK RECORD: DOUBLE 5X



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

PER SHARE GROWTH



+16.8%
p.a.
Recurring
Revenue
per share
since IPO

+13.1%
p.a.
Owner
Earnings
(Parent) per
share & EPS
since IPO

ROIC

“And when we think about Invested Capital, we think about the shareholder capital that has been invested in the businesses, plus any Adjusted Net Income less any distributions. Obviously, when you divide Adjusted Net Income by Invested Capital, you get a measure of the return on our shareholders’ investment (i.e. ROIC). If you add Organic Net Revenue Growth to ROIC, you get what we believe is a proxy for the annual increase in Shareholders’ value. In a capital intensive business you couldn’t just add Organic Net Revenue Growth to ROIC, because growing revenues would require incremental Invested Capital. In our businesses we can nearly always grow revenues organically without incremental capital” – Mark Leonard, 2009 President’s Letter, page 2

Year	Group Underlying NPATA + Cash Interest	Invested Capital (Debt + Equity)	ROIC	Organic Revenue Growth (YOY)	ROIC + Organic Revenue Growth
2017	\$7,961,219	\$34,791,080	22.9%		22.9%
2018	\$12,132,817	\$38,886,264	31.2%	13.0%	44.2%
2019	\$9,650,748	\$42,755,818	22.6%	-4.3%	18.3%
2020	\$10,955,031	\$41,935,241	26.1%	8.0%	34.1%
2021	\$12,410,693	\$44,924,311	27.6%	2.7%	30.3%
2022*	\$15,209,546	\$68,289,664	22.3%	6.2%	28.4%
Average (2018 to 2022)			26.0%	5.1%	31.1%

* ROIC is impacted where Underlying NPATA does not include a full year contribution from in year acquisitions. Whereas a part year Underlying NPATA is included, the full debt capital used to complete the acquisition is included. Adjusted ROIC taking into account annualised contributions from acquisitions for FY22 is 25.5%

OWNER EARNINGS - PARENT

	FY19	FY20	FY21	FY22	CAGR since IPO
Owner earnings	\$3,128,904	\$3,885,041	\$5,014,894	\$6,312,568	
Owner earnings per share (cents)	6.88	8.55	11.11	14.03	
% Growth		24.2%	29.1%	25.9%	13.1%
Underlying NPATA	\$3,193,208	\$3,937,677	\$5,114,832	\$6,296,954	
Cashflow Conversion - Parent	98%	99%	98%	100%	

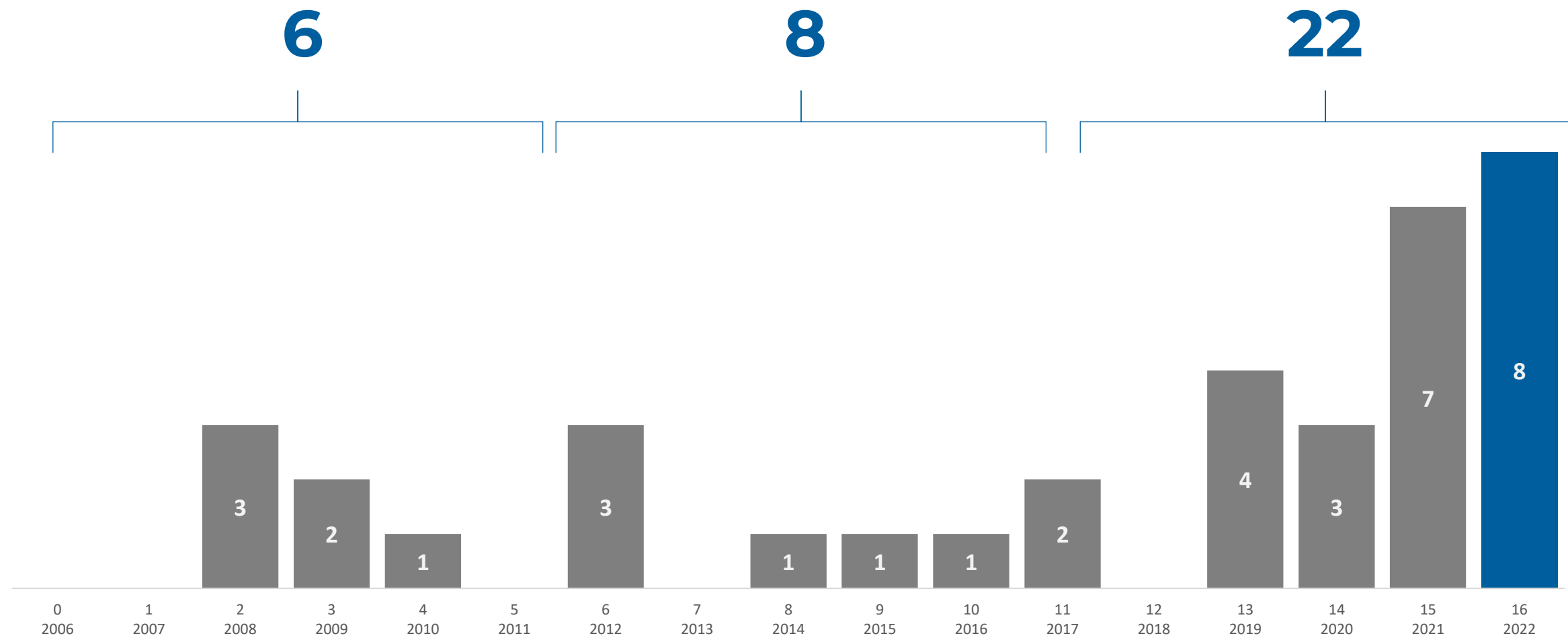
- **Owner earnings** represent the cashflow available to the parent entity. Owner earnings is used to measure cashflow to the Group (after taxes and finance costs) after taking in to account:
 - additions or reductions in working capital investment (debtors, creditors and other accrual movements);
 - deductions required for the maintenance capital expenditure of the business to maintain ongoing operations in the long term
- For the parent entity, Owner earnings equates to Cashflow from Operating Activities as there is minimal capital expenditure required to maintain the activities of the parent entity
- Cashflow conversion strong at 100% and consistent across years. Cash conversion on EBITDA is at 90.3% for FY22.

CAPITAL ALLOCATION

KPG aims to build per-share intrinsic value by:			FY18	FY19	FY20	FY21	FY22
1	Improving the earning power of our operating businesses	✓	34.0%	27.7%	32.5%	33.4%	30.9%*
			EBITDA margin of operating businesses				
2	Further increasing their earnings through acquisitions	✓	17.2%	6.4%	6.6%	4.8%	26.5%
			Contribution to revenue growth				
3a	Growing our existing accounting subsidiaries	✓	10.3%	(6.4%)	6.6%	1.5%	4.7%
			Contribution to revenue growth				
3b	Growing our existing complementary businesses	✓	2.7%	1.8%	1.4%	1.2%	1.5%
			Contribution to revenue growth				
4a	Making programmatic acquisitions	✓	0	4	3	7	8
			Number of acquisitions				
4b	Making an occasional large acquisition (i.e. >\$5m in revenue)	—	0	0	0	0	0
5	Repurchasing KPG shares	✓	0	2k	95k	400k	0
	Number of Shares On Issue	✓	45.5m	45.5m	45.4m	45.0m	45.0m

*see slide 24 "profitability" for EBITDA margins by cohorts.

PROGRAMMATIC ACQUISITIONS



above graph excludes greenfield office establishments of 19. Including greenfield office establishments, total number of Partner-Owner-Driver™ transactions is **55**

While I much prefer a 5 year test, I feel three years is an absolute minimum for judging performance. It is a certainty that we will have years when the partnership performance is poorer, perhaps substantially so, than the Dow. If any three year or longer period produces poor results, we all should start looking around for other places to have our money.” – Warren Buffett

Warren Buffett’s Ground Rules by Jeremy Miller, page xii

5 YEARS SINCE IPO

	At IPO	FY22	Total +/-	X	CAGR
Operating businesses	16	31	15	1.9x	14.1%
Office Locations	13	20	7	1.5x	9.0%
Partners	38	66	28	1.7x	11.7%
Team Members	192	370	178	1.9x	14.0%
Client Groups	5,300	13,500	8,200	2.5x	20.6%
Revenue (\$m)	\$30.2	\$64.9	\$34.7	2.1x	16.5%
EBITDA (\$m)	\$8.7	\$20.0	\$11.3	2.3x	18.0%
EBITDA Margin	28.9%	30.8%	1.9%		
Underlying NPATA – Parent (\$m)	\$3.4	\$6.3	\$2.9	1.8x	12.8%
Operating Cashflow (\$m)	\$7.9	\$20.6	\$12.8	2.6x	21.3%
Earnings per share (cents)	7.57	13.99	6.43	1.8x	13.1%
Share Price	\$1.00	\$4.22	\$3.22	4.2x	33.4%
Market Cap (\$m)	\$45.5	\$192.0	\$146.5	4.2x	33.4%

1 ABOUT KPG

KP+GH

ABOUT

370

Team

20

Offices

66

Partners

31

Operating
Businesses

436

Total Team



KP+GH

PEOPLE

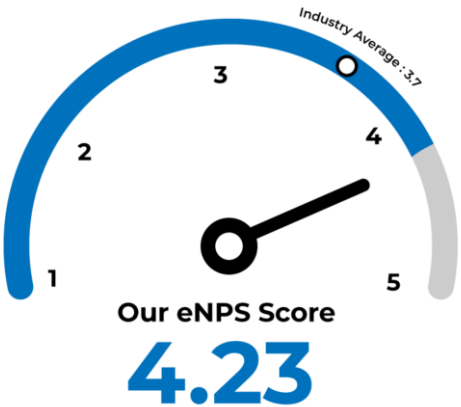
Awards



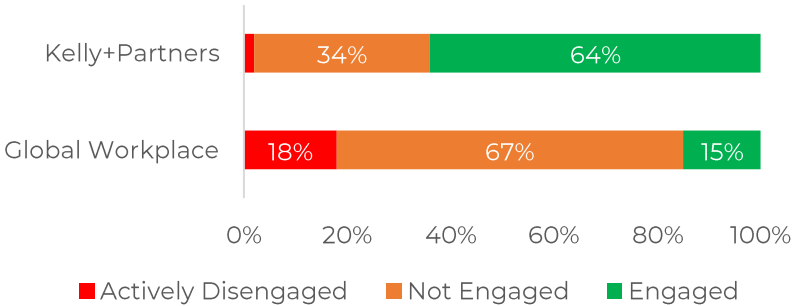
Our People as Owners

Group	No. of shares	% held
Board	23,520,434	52.27%
Partner	2,381,000	5.29%
Management	933,760	2.08%
Team Members (ESS)	256,112	0.57%
Team Members (Upstreet)	40,433	0.09%
Shares held by the business	27,131,739	60.29%
Total shares	45,000,000	100.00%

Team Member Satisfaction



236 Team Member Responses (85%)



SERVICES

91.1%

Accounting, Tax & Audit
Business Advisory

- Business Audit
- Business, Personal Structures
- Corporate Services
- Full-service Accounting
- Outsourced CFO Services
- Tax Audits
- Taxation Advice and Compliance

2.0%

Finance

- Small Business Lending
- Commercial Property Lending
- Equipment & Asset Finance
- Insurance Premium Funding
- Motor vehicle / Chattel Mortgages
- Franchising
- General Insurance Broking

0.0%

Insurance

6.3%

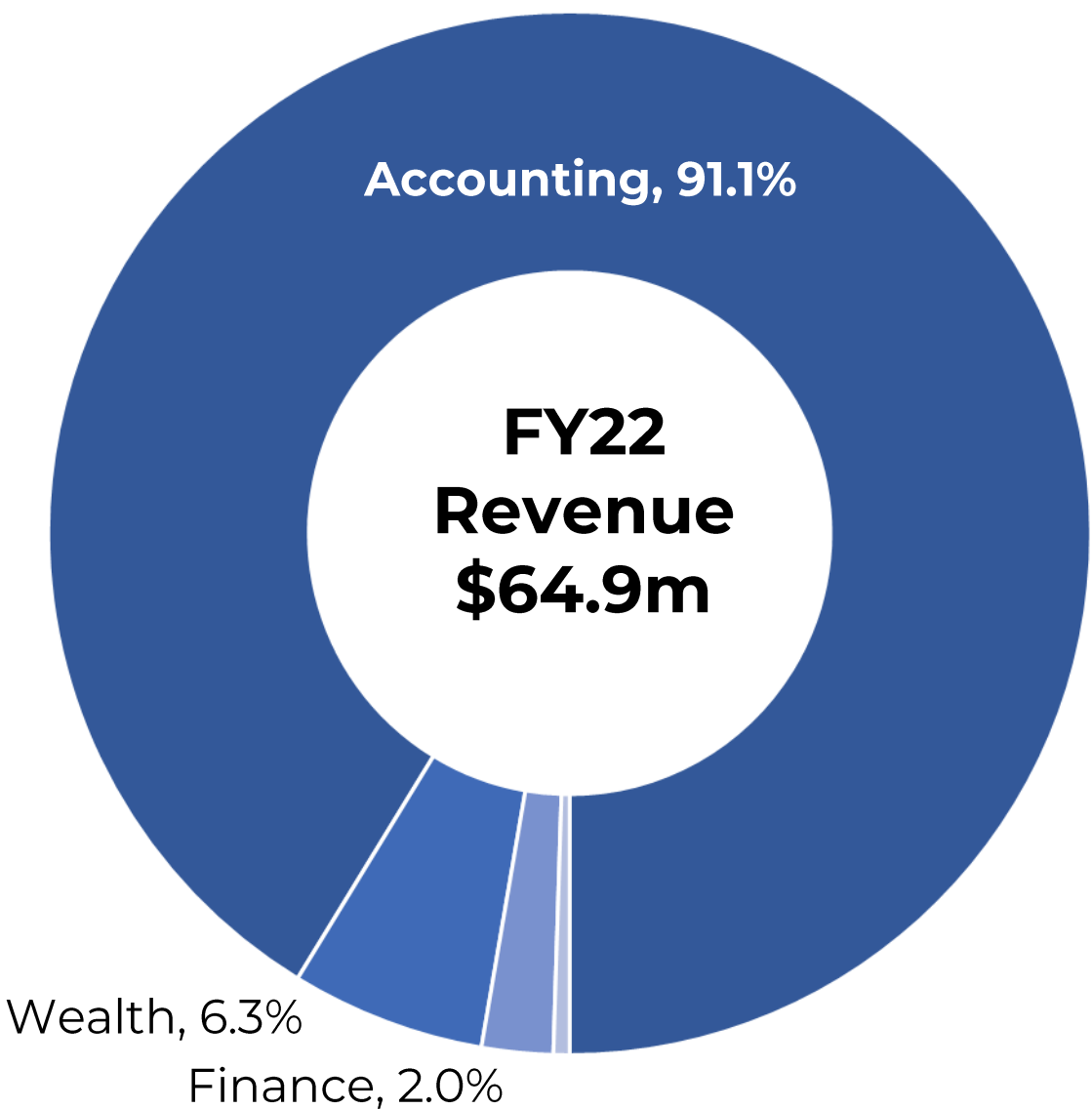
Wealth

- Financial Advice & Planning
- Asset Allocation Strategies Investment Portfolios
- Administration and Reporting
- SMSF Investments
- Building Diverse Income Streams

0.0%

Estate Office

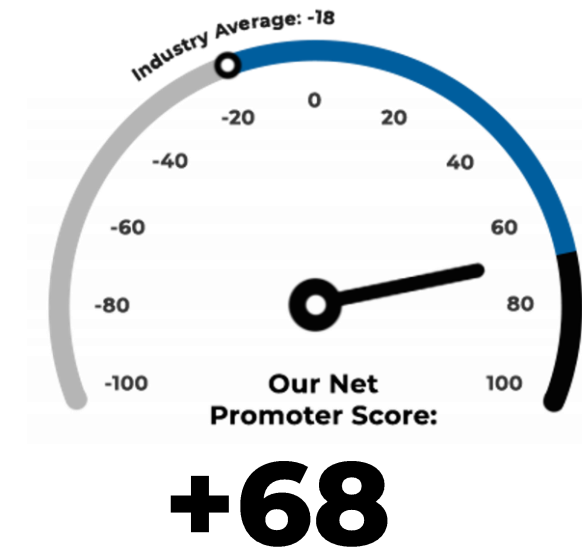
- Estate Office
- Succession Planning
- Retirement



CLIENTS

13,500+
Client Groups

40%+
Growth



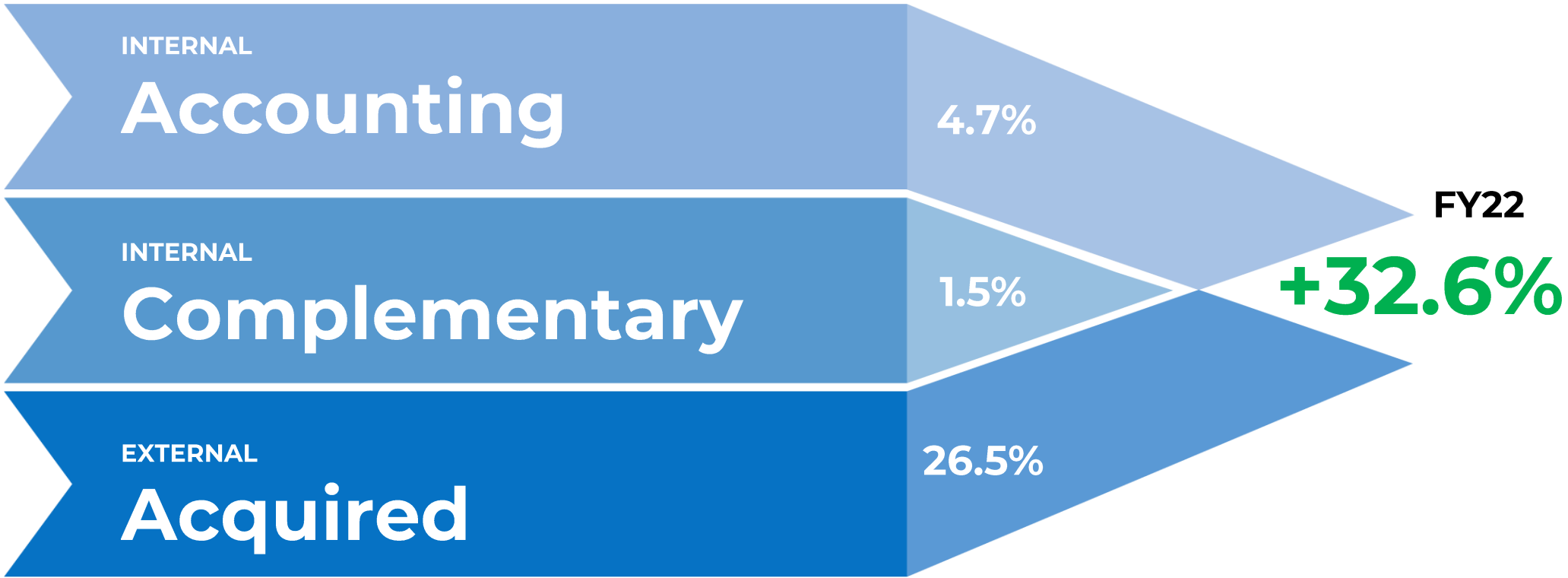
707 Client Responses

NPS Composition



** Industry average: The Evolved Group Australian B2B NPS® Industry Benchmarks*

REVENUE GROWTH



Compounded annual growth rate since 2006

30.3%

Earnings per share annual growth rate since IPO

13.1%

BRANDED

SIGNAGE

Updated external signages across offices



FITOUT

Fitting out 10 offices to create world class spaces for team and clients



DIGITAL

Developing KP App, tech stack and digital IP to build competitive advantage



2

FINANCIALS

KP+GH

HIGHLIGHTS

FY22 Financial Highlights (m)		KPGHL & Controlled Entities			KPGHL Attributed (parent only)		
P&L and Cashflow		FY21	FY22	% Change	FY21	FY22	% Change
Revenue		\$48.9	\$64.9	32.6%	–	–	–
Underlying EBITDA (pre AASB 16)		\$16.0	\$20.0	25.3%	–	–	–
Margin %		32.6%	30.8%	-5.5%	–	–	–
EBITDA (pre AASB 16)		\$16.2	\$21.7	33.8%	–	–	–
Underlying NPATA		\$11.6	\$14.2	22.5%	\$5.1	\$6.3	23.1%
Margin%		23.7%	21.8%	-7.6%	–	–	–
NPATA		\$11.8	\$15.5	31.3%	\$5.2	\$6.7	30.3%
Dividends & Distributions Paid		\$8.4	\$9.9	18.9%	\$2.4	\$3.1	27.7%
Cash from Operating Activities (pre AASB 16)		\$13.0	\$14.1	10.0%	–	–	–
Owners' Earnings ¹		\$12.8	\$14.0	9.0%	\$5.0	\$6.3	25.9%
Gearing (Net Debt / Underlying EBITDA)		0.8x	1.4x	–	–	–	–
Cash Conversion (Operating Cash Flow / EBITDA)		93.5%	83.3%	–	–	–	–
Earnings per share (Underlying NPATA) (cents)		–	–	–	11.33c	13.99c	23.5%
Earnings per share (Stat NPAT) (cents)		–	–	–	10.25c	12.37c	20.7%
Ordinary dividend Per Share (cents) ⁸		–	–	–	5.32c	5.86c	10.0%
Equity Partners		53	62	–	–	–	–
Revenue per Equity Partner (Trailing 12 months)		\$0.9	\$1.0	13.4%	–	–	–
Balance sheet		30-Jun-21	30-Jun-22	% Change	30-Jun-21	30-Jun-22	% Change
Lockup (Debtors + WIP) ²		\$6.8	\$11.6	69.9%	–	–	–
Net Debt ⁷		\$15.7	\$31.4	99.4%	\$1.1	\$1.0	-15.0%
Total Equity		\$25.2	\$34.0	35.0%	\$17.9	\$20.7	15.3%
Return on Equity ³		46.0%	41.7%	-9.2%	28.5%	30.4%	6.8%
Return on Invested Capital ⁴		27.6%	22.3%	-19.4%	27.4%	30.5%	11.3%
Days Lockup ⁵		51.1	55.8	9.3%	–	–	–
Equity Ratio (Equity / Total Assets) ⁶		37.2%	31.8%	-14.4%	–	–	–

¹ Owner earnings – calculated as Cash from Operating Activities less Payments for Lease Liabilities less Maintenance Capex. Note for the parent entity, we have presented Owners Earnings excluding tax movements (see Owners' Earnings slide for further explanation)

² Lockup – calculated as the total of trade and other receivables, accrued income less contract liabilities

³ Return on Equity – calculated as the Underlying NPATA / Total Equity

⁴ Return on Invested Capital – calculated as (Underlying NPATA + Interest) / (Total Equity + Debt)

⁵ Days Lockup – calculated as lockup divided by revenue multiplied by 365

⁶ Equity Ratio – calculated as Equity / Total Assets.

⁷ Net Debt for parent excludes attributable debt in subsidiary businesses.

⁸ Ordinary dividends for FY22 includes the estimated final ordinary dividends that will be paid in August to November 2022 and excludes special dividends. For more information refer to slide 33

METRICS SINCE IPO

KPGHL & Controlled Entities ("Group")							
P&L and Cashflow		1	2	3	4	5	
	FY17	FY18	FY19	FY20	FY21	FY22	CAGR
Revenue	\$30.2	\$39.5	\$40.0	\$45.5	\$48.9	\$64.9	16.5%
Underlying EBITDA (pre AASB 16)	\$8.7	\$14.5	\$10.9	\$13.5	\$16.0	\$20.0	18.0%
Margin %	28.9%	36.6%	27.2%	29.6%	32.6%	30.8%	
Underlying NPATA	\$7.3	\$11.5	\$8.8	\$10.1	\$11.6	\$14.2	14.2%
Margin%	24.2%	29.2%	22.1%	22.3%	23.7%	21.8%	
NPATA	\$1.5	\$10.6	\$7.9	\$11.0	\$11.8	\$15.5	
Dividends & Distributions Paid	-\$7.1	-\$5.2	-\$6.7	-\$10.5	-\$8.4	-\$9.9	
Cash From Operations (CfO)	\$6.9	\$6.6	\$10.0	\$14.3	\$15.1	\$17.6	20.5%
Owners' Earnings (CfO - Maint. Capex)	\$6.6	\$6.3	\$9.7	\$12.2	\$12.8	\$14.0	16.1%
Gearing (Net Debt / Underlying EBITDA)	1.3x	0.8x	1.3x	1.0x	0.8x	1.4x	0.1%
Cash Conversion (Operating Cash Flow / EBITDA)	269.6%	63.5%	116.8%	97.3%	93.5%	83.3%	
Equity Partners	36	39	40	44	53	62	11.5%
Revenue per Equity Partner (Trailing 12 months)	\$0.8	\$1.0	\$1.0	\$1.0	\$0.9	\$1.0	
Balance sheet							
	30-Jun-17	30-Jun-18	30-Jun-19	30-Jun-20	30-Jun-21	30-Jun-22	
Lockup (Debtors + WIP) ¹	\$7.8	\$10.1	\$7.6	\$6.9	\$6.8	\$11.6	
Net Debt	\$11.7	\$11.4	\$14.7	\$15.2	\$15.7	\$31.4	
Total Equity	\$19.8	\$24.1	\$24.1	\$22.9	\$25.2	\$34.0	
Return on Equity ²	36.9%	47.8%	36.6%	44.2%	46.0%	41.7%	
Return on Invested Capital ³	22.9%	31.2%	22.7%	26.1%	27.6%	22.3%	
Days Lockup ⁴	94.2	93.3	69.6	55.2	51.1	55.8	
Equity Ratio (Equity / Total Assets) ⁵	46.7%	54.2%	48.7%	39.7%	37.2%	34.6%	

KPGHL ("Parent")								
P&L and Cashflow		FY17	FY18	FY19	FY20	FY21	FY22	CAGR
Underlying NPATA		\$3.4	\$4.3	\$3.2	\$3.9	\$5.1	\$6.3	12.8%
Owners' Earnings (CfO)		\$3.4	\$4.3	\$3.1	\$3.9	\$5.0	\$6.3	12.9%
Earnings per share (Underlying NPATA) (cents)		7.57	9.51	7.02	8.67	11.33	13.99	13.1%
Dividends Per Share		0.00	4.00	4.40	4.84	7.08	7.98	18.9%
Balance sheet		30-Jun-17	30-Jun-18	30-Jun-19	30-Jun-20	30-Jun-21	30-Jun-22	
Return on Equity ²		29.5%	29.1%	21.5%	24.8%	28.5%	30.4%	
Return on Invested Capital ³		21.3%	21.6%	16.2%	21.9%	27.4%	30.5%	

¹ Lockup – calculated as the total of trade and other receivables, accrued income less contract liabilities

² Return on Equity – calculated as the Underlying NPATA / Total Equity

³ Return on Invested Capital – calculated as (Underlying NPATA + Interest) / (Total Equity + Debt)

⁴ Days Lockup – calculated as lockup divided by revenue multiplied by 365

⁵ Equity Ratio – calculated as Equity / Total Assets.

INCOME STATEMENT

- **Revenue of \$64.9m (+\$16.0m, up 32.6%)**, driven both by organic revenue growth (6.2%) and by contributions from acquisitions completed in FY22 (26.5%). Revenue increased organically by 6.2% compared to the prior period and has exceeded the Group's target annual organic growth of 5%
- **EBITDA margin at 30.8% (FY21: 32.6%)** and has been depressed due to large number of acquisitions completed this year and the initial phase required to transform the acquired businesses. We target increasing this to 35.0% over time
- **Underlying NPATA attributable to shareholders growing 23.2% to \$6.3m (FY21: \$5.1m)** as a result of strong revenue growth and acquisition activities
- Operating expenses increased 35.3% in line with revenue growth of 32.6%
- Depreciation includes depreciation of right of use assets
- Increased amortisation expense due to higher customer relationship intangibles resulting from increased acquisition activity"
- Income tax increase disproportionate to revenue due to increase in applicable tax rate from 26% (FY21) to 30% (FY22) as the Group's revenue for FY22 is >\$50m and has ceased to be a base rate entity
- Non-recurring items includes one off government incentives received for COVID-19 and apprenticeship subsidies as well as non recurring costs relating to acquisitions completed during the year

Income Statement Summary (\$m)*	FY21	FY22	Δ%
Professional services revenue	\$48.9	\$64.9	32.6%
Other income exc Non Recurring Income	\$0.2	\$0.1	-61.1%
Total Revenue	\$49.1	\$65.0	32.0%
Operating Expenses	-\$33.2	-\$45.0	35.3%
Underlying EBITDA pre AASB 16	\$16.0	\$20.0	25.3%
Underlying EBITDA margin (pre AASB 16)	32.6%	30.8%	
Non Recurring Income/Expenses	\$0.2	\$1.7	-
Statutory EBITDA pre AASB 16	\$16.2	\$21.7	33.8%
AASB 16 implementation	\$2.7	\$3.1	-
Statutory EBITDA	\$18.9	\$24.8	31.2%
D&A	-\$4.4	-\$6.3	43.0%
Finance Costs	-\$1.6	-\$2.0	31.4%
Income Tax	-\$2.0	-\$3.1	57.5%
Statutory NPAT - Group Total	\$10.9	\$13.3	21.8%
Non controlling interest	\$6.3	\$7.8	22.8%
Statutory NPAT - Parent entity	\$4.6	\$5.6	20.3%
Amortisation	\$0.6	\$1.2	114.0%
Non Recurring Income/Expenses	-\$0.1	-\$0.5	603.1%
Underlying NPATA to Shareholders	\$5.1	\$6.3	23.2%

REVENUE GROWTH

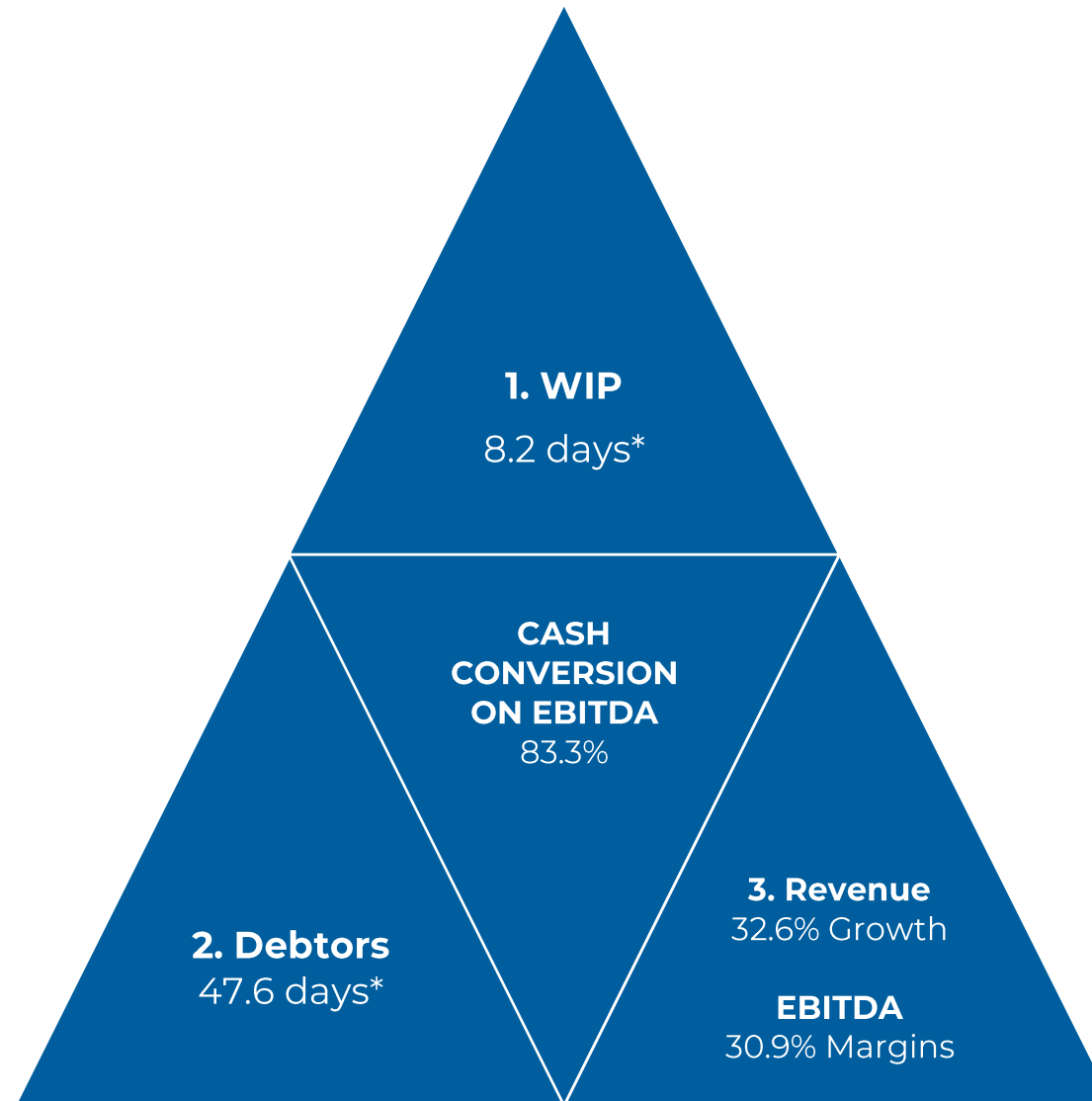
Revenue growth contributions by year

	FY18	FY19	FY20	FY21	FY22	AVG
Organic – Accounting	10.3%	-6.4%	6.6%	1.5%	4.7%	3.3%
Organic – Complementary	2.7%	1.8%	1.4%	1.2%	1.5%	1.7%
Organic – Total	13.0%	-4.6%	8.0%	2.7%	6.2%	5.1%
Acquired	17.2%	6.4%	6.6%	4.8%	26.5%	12.3%
Total	30.2%	1.8%	14.6%	7.5%	32.6%	17.3%

NPATA RECONCILIATION

Reconciliation of attributed NPAT/NPATA (\$m)	FY21	FY22
Statutory NPAT attributable owners of Kelly Partners Group Holdings Limited	4.6	5.6
Amortisation of customer relationship intangibles	0.6	1.2
NPATA attributable to owners of Kelly Partners Group Holdings Limited	5.2	6.7
Add: non-recurring expense items		
Acquisition costs	0.4	0.6
Other non recurring expenses	0.1	0.0
Restructuring costs	0.1	0.0
Non operating business losses	0.1	0.0
Less: Non-recurring revenue items		
One-off government grants in relation to COVID-19	-0.5	-0.7
Subsidies in relation to apprenticeship incentive scheme	0.0	-0.3
Change in fair value of contingent consideration	0.0	-0.2
Other non recurring income	-0.3	0.0
Less: Tax effect of non recurring items	0.0	0.2
Net non recurring items	-0.1	-0.5
Underlying NPATA attributable to Shareholders	5.1	6.3

** totals impacted by rounding*

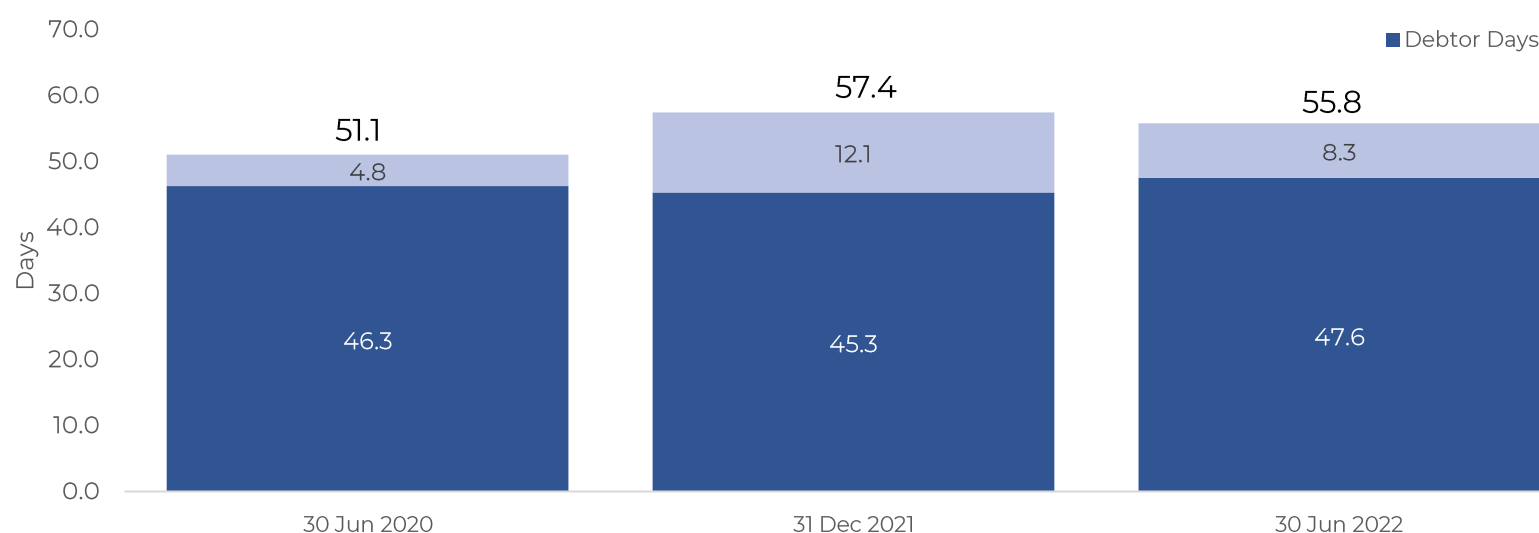


** Calculated on estimated annualised run rate revenue*

BALANCE SHEET

- Conservative capital structure with 31.8% Equity / Total Assets ratio, and Net Debt / Underlying EBITDA of 1.36x (FY21: 0.84x)
- Group ROE of 41.7% (Group Underlying NPATA \$14.2m / Group Equity of \$34.0m) (FY21: 46.0%)
- Parent ROE of 30.4% (FY21: 28.5%)
- Lock up days at 55.8 days and is calculated based on annualised run rate revenue
- Total Asset \$106.6m (+57.7%) driven mainly due to increases in intangible assets and goodwill acquired through completed in year acquisitions, as well as completed fitouts
- Intangible assets increased to \$55.9m (FY22: \$34.5m)

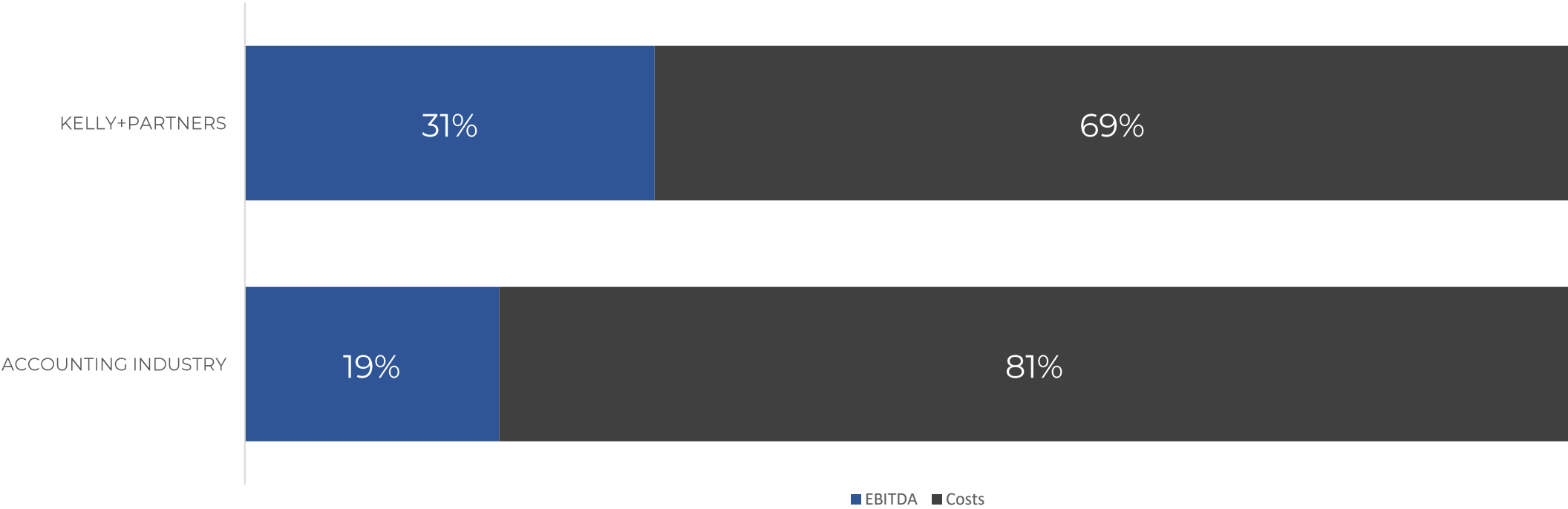
LOCKUP DAYS



	Balance Sheet (selected line items displayed)		
\$m (consolidated)*	30 Jun 2021	31 Dec 2021	30 Jun 2022
Cash	4.0	4.8	3.0
Lock up (Debtors + WIP)	6.8	8.7	11.6
Right of use assets	9.5	10.8	15.9
Intangibles	34.5	46.1	55.9
Total Assets	67.6	87.9	106.6
Borrowings	19.8	28.4	34.3
Lease liabilities	11.0	12.5	18.3
Total Liabilities	42.5	57.5	72.7
Net Assets	25.2	30.4	34.0
Non-Controlling Interest	7.2	10.8	13.3
Equity attributable to KPGH shareholders	17.9	19.6	20.7

PROFITABILITY

Operating Businesses	Established (>\$2m)	Growth (\$1m-\$2m)	Other Services	Subscale (<\$1m)	Total exc. Acquired	Acquired	Total inc. Acquired
Revenue	\$42.3	\$4.8	\$5.5	\$2.2	\$54.8	\$10.1	\$64.9
EBITDA [^]	\$14.5	\$0.6	\$1.7	\$0.1	\$17.0	\$3.1	\$20.1
EBITDA Margin %	34.2%	13.0%	31.6%	6.7%	31.1%	30.3%	30.9%



■ EBITDA ■ Costs

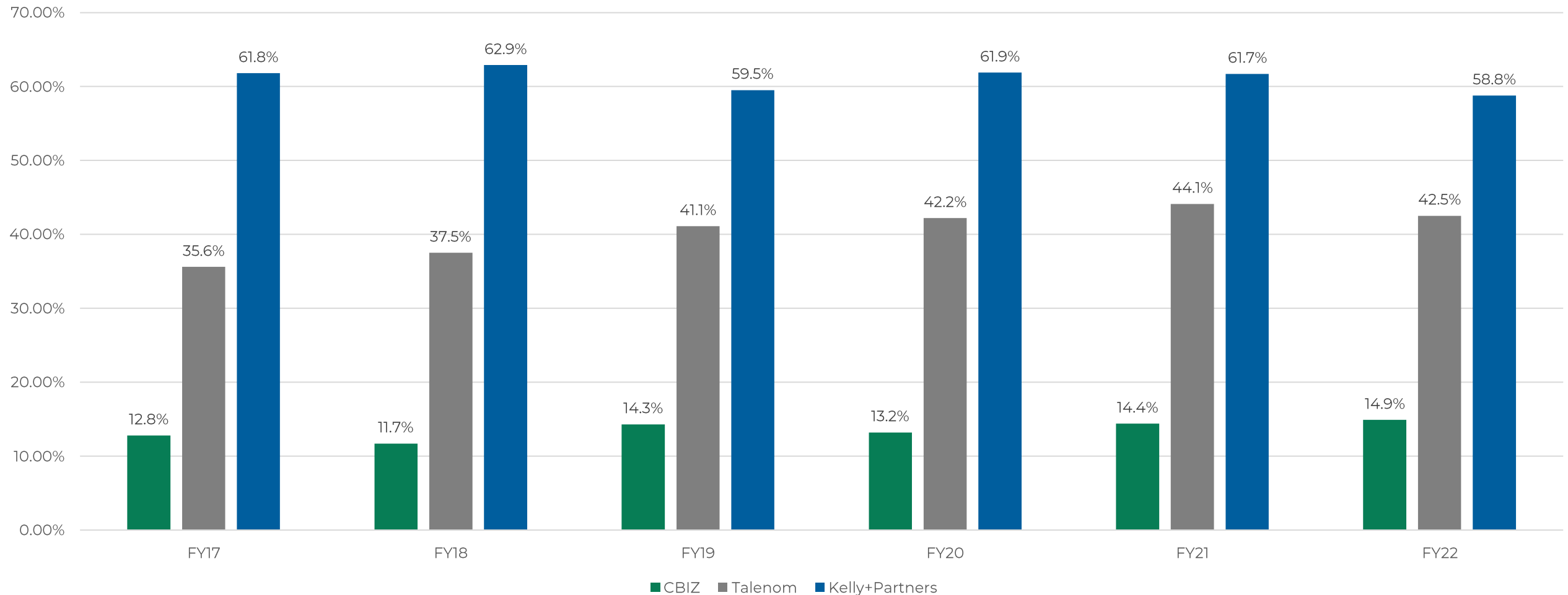
Source: IBIS World Accounting Services in Australia Industry Report (April 2020)

Kelly+Partners data based on FY21 accounts before head office costs and is after Base Distributions to Operating Business Owners

[^]EBITDA before head office costs and pre AASB 16

GROSS MARGIN

“high gross margins are the most important single factor of long run performance. The resilience of gross margins pegs companies to a level of performance.” – Matthew Berry, “Mean Reversion in Corporate Returns”¹



¹“100 Baggers Stocks that Return 100-to-1 and How to find them”, Christopher Mayer, Page 127-128

Fy22 Gross margins impacted by in year acquisitions where GP is at 57%

CASHFLOW

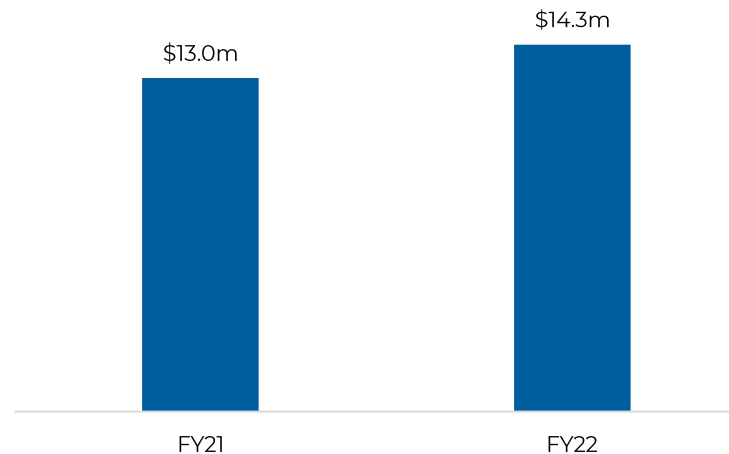
- Cash from Operations pre AASB 16 of \$14.3m increased 10.0% (FY21: \$13.0m). Normalising for the first year of lockup accumulated from in year acquisitions, Cash from Operations pre AASB 16 is \$17.9m and is a 38.1% increase on FY21
- Free Cashflow to Firm has decreased due to increased cashflow committed to repayment of debt. Acquisition debt is accelerated and repaid over 4-5 years
- Cash Conversion¹ of 83.3% (FY21: 93.5%) and is below our expected 85%-100% conversion ratio. The lower cash conversion is due to the first year accumulation of lockup (debtors and WIP balances) from in year acquisitions (for further explanation and a worked example, see the next two slides)
- Growth capex includes purchase of Canberra property and refit of 6 offices during the year
- Maintenance capex increased to \$300k per annum given growth in Group
- Drawn debt used primarily to fund acquisitions, property purchase, fitout costs and new partner buy-in loans

¹ Cash Conversion is calculated as Operating Cashflow divided by Reported EBITDA. Operating Cashflow means cash from operations but before finance and cash taxes

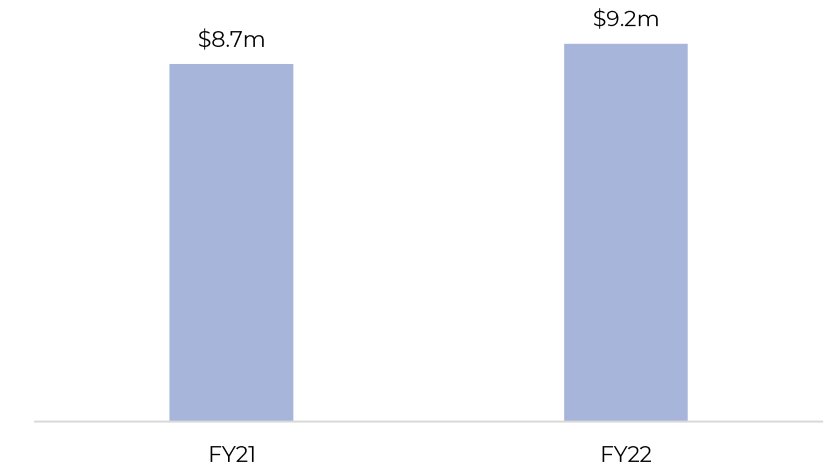
² Distribution to minorities higher than Dividends to Shareholders as tax is paid in the parent entity prior to payment of dividends

* Rounded to nearest \$100,000. Refer to slide "Cash Reconciliation" for a reconciliation from Statutory NPAT to Cash from Operations

CASH FROM OPERATIONS (CFO)



FREE CASHFLOW TO FIRM (FCFF)



Cash flow (\$m)*	FY21	FY22	Diff \$	Diff%
Cash from Operations (CFO) pre AASB 16	\$13.0	\$14.3	\$1.3	10.0%
- Maintenance Capex	-\$0.2	-\$0.3		
- Schedule Debt Reductions	-\$4.1	-\$4.8		
Free Cash Flow to Firm (FCFF)	\$8.7	\$9.2	\$0.5	5.6%
- Net Debt Drawn	\$6.5	\$23.4		
- Acquisitions	-\$2.8	-\$12.5		
- Growth Capex	-\$2.0	-\$6.1		
- Distributions to minorities	-\$6.4	-\$5.9		
- Additional debt repayments	-\$2.3	-\$2.8		
- Dividends to Shareholders	-\$1.9	-\$3.1		
- Net Partner Loans Advanced	\$0.6	-\$1.3		
- Payments in to Employee Share Scheme Trust	-\$0.2	-\$0.8		
- Proceeds from sale of Equity Interests	\$0.0	\$0.2		
- Deposits	\$0.0	-\$0.1		
- Share buy backs	-\$0.6	\$0.0		
Change in Net Cash**	-\$0.4	\$0.2		

ACQ IMPACT ON CASH CONV.

Example

- Business with \$1.2m annual recurring revenue, commences in the Group 2 months prior to end of Year 1.
- KPG does not buy WIP & Debtors. WIP & Debtors start accumulating from Day 1.
- In below example, \$200K billed in Year 1 but only \$19K is collected in cash (\$200K-\$181K)

	Year 1	Year 2
Revenue	\$200,000	\$1,200,000
EBITDA	\$70,000	\$420,000
Opening lockup \$	\$0	\$180,822
Closing lockup \$	\$180,822	\$180,822
Closing lockup days	55 days	55 days
Cash Movement	(\$180,822)	\$0
Cash EBITDA	(\$110,822)	\$420,000
Conversion	(158.5%)	100%

ACQ IMPACT ON CASH CONV.

Statutory EBITDA

\$24,789,615

Cash from Operating Activities before Interest and Tax

\$20,640,628

Cash Conversion - Actual

83.3%

days

Debtors from in year acquisitions

\$2,764,726

55.3

WIP from in year acquisitions

\$876,549

17.5

Lockup from in year acquisitions

\$3,641,275

72.8

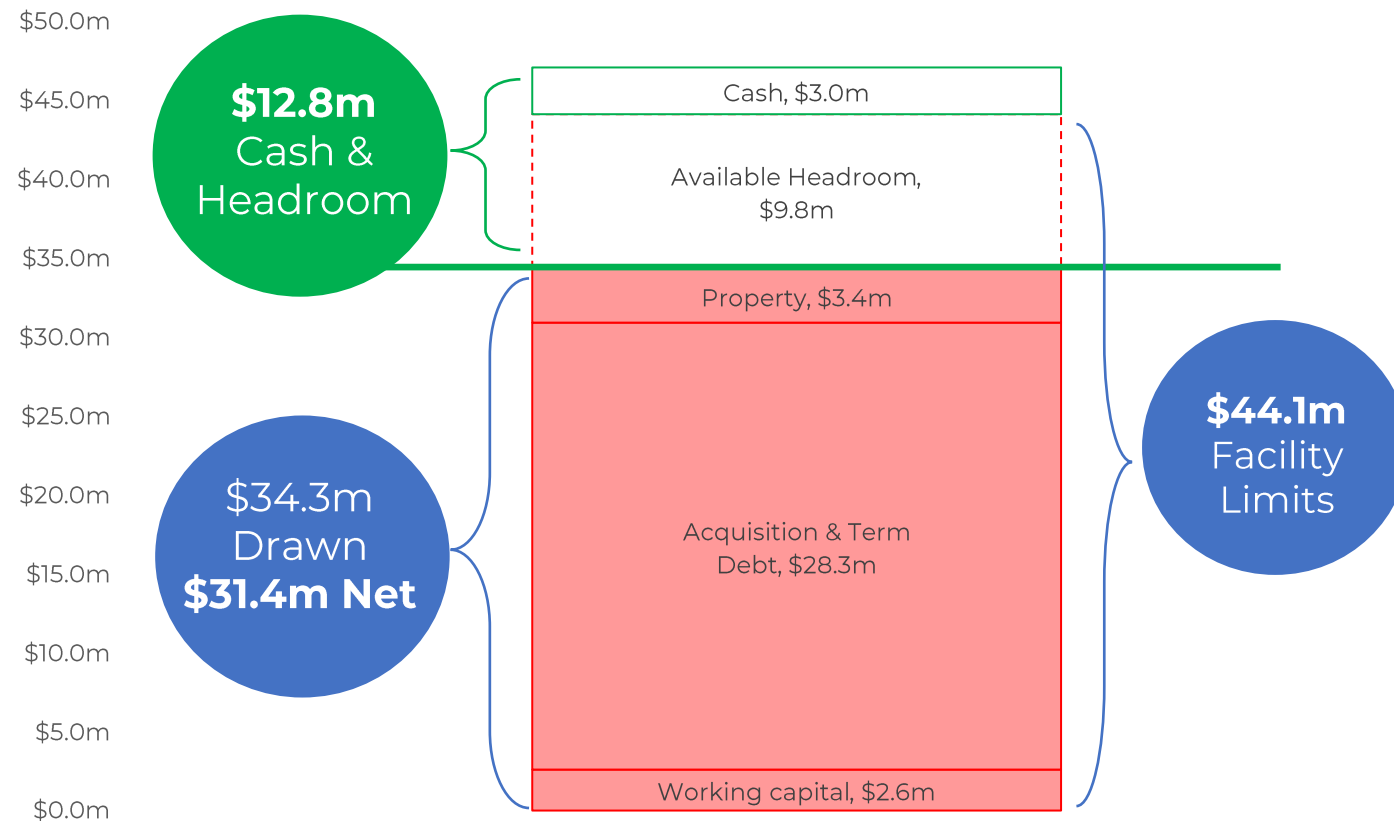
Cash from Operating Activities normalised for acquisition lockup

\$24,281,903

Cash Conversion – Normalised for acquisition lockup

98.0%

DEBT & LIQUIDITY



- Working Capital debt of \$2.6m is covered 4.5x by WIP and Debtors
- Acquisition & Term Debt of \$28.3m is supported by annuity style cashflows and repaid over 4-5 years
- Acquisition & Term Debt includes \$2.4m drawn at the end of Jun-22 in anticipation for the Hunter Region acquisition that was completed on 1 July 2022.

Loan type (m)	Parent	Op. Bus	Total Debt
Working Capital Debt	\$0.6	\$2.0	\$2.6
Property Debt	\$0.0	\$3.4	\$3.4
Acquisition & other term debt	\$0.4	\$27.9	\$28.3
Gross Debt - FY22	\$1.0	\$33.3	\$34.3
Cash - FY22	\$0.0	-\$2.9	-\$3.0
Net Debt - FY22	\$1.0	\$30.4	\$31.4

FY21			
Gross Debt - FY21	\$1.3	\$18.4	\$19.8
Cash - FY21	-\$0.2	-\$3.8	-\$4.0
Net Debt - FY21	\$1.1	\$14.6	\$15.7

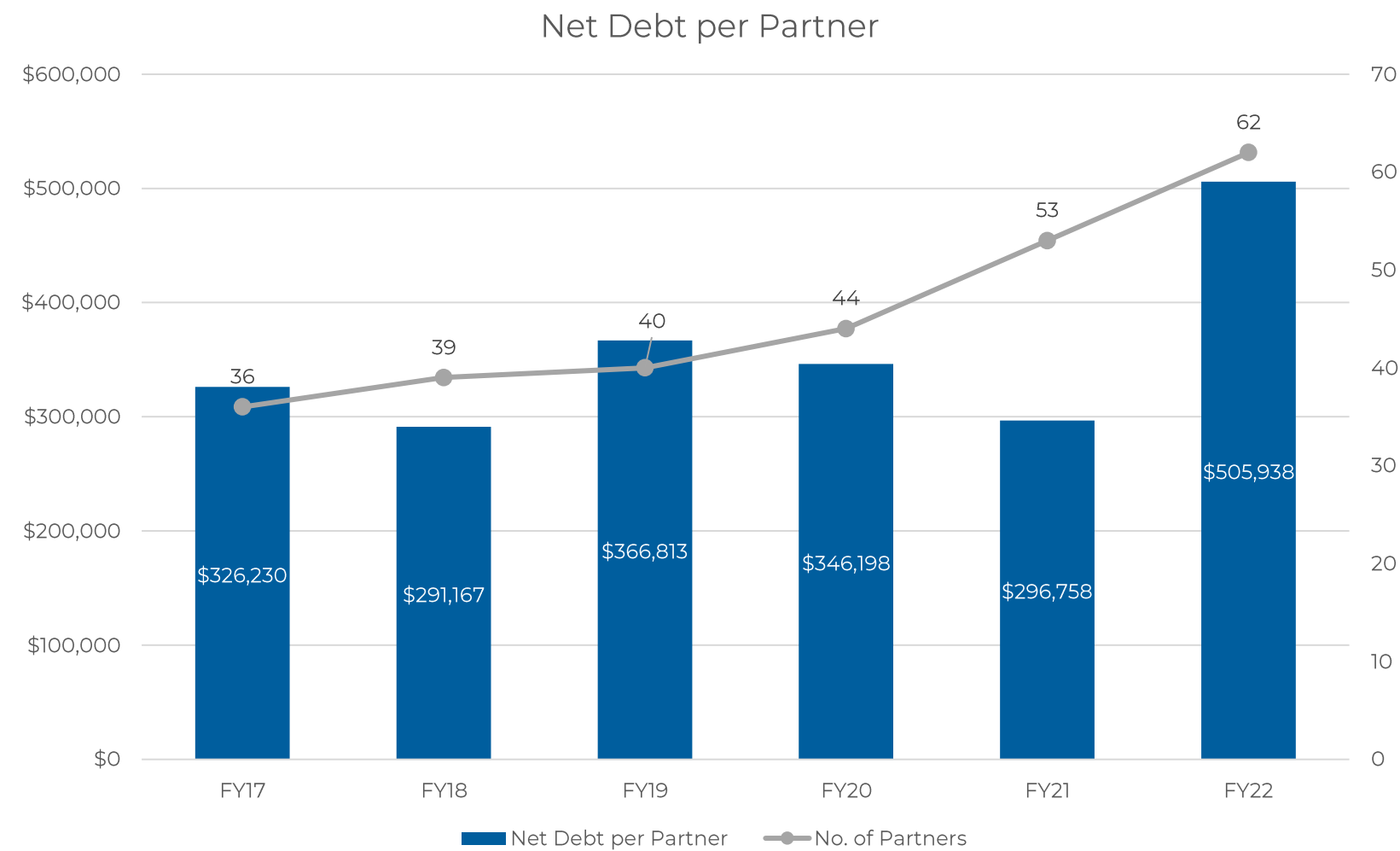
Movement			
Gross Debt	-\$0.4	\$14.9	\$14.6
Cash	-\$0.2	-\$0.9	-\$1.1
Net Debt	-\$0.2	\$15.8	\$15.6

* Rounded to nearest \$100,000.

- Net debt increased \$15.6m from prior year despite new borrowings of \$21.2m reflecting repayments of debt (\$7.5m principal repaid in FY22)
- Group gearing increased to 1.36x (FY21: 0.84x) mainly from funding in year acquisitions and fitout loans

NET DEBT PER PARTNER

- Total number of equity partners increased to 62:
 - 2 new partners promoted internally
 - 8 new partners from completed acquisitions
- On 1 July 2022, four new partners joined the group from completed acquisitions, bringing the total number of equity partners to 66
- Net debt per partner increased from \$297k per partner to \$506K per partner due to increased debt with the completion of a record number of acquisitions and fitouts
- The group continues to focus on developing and recruiting new partners as part of its strategy to retain and motivate key talent and to drive top line growth



PARENT & NCI

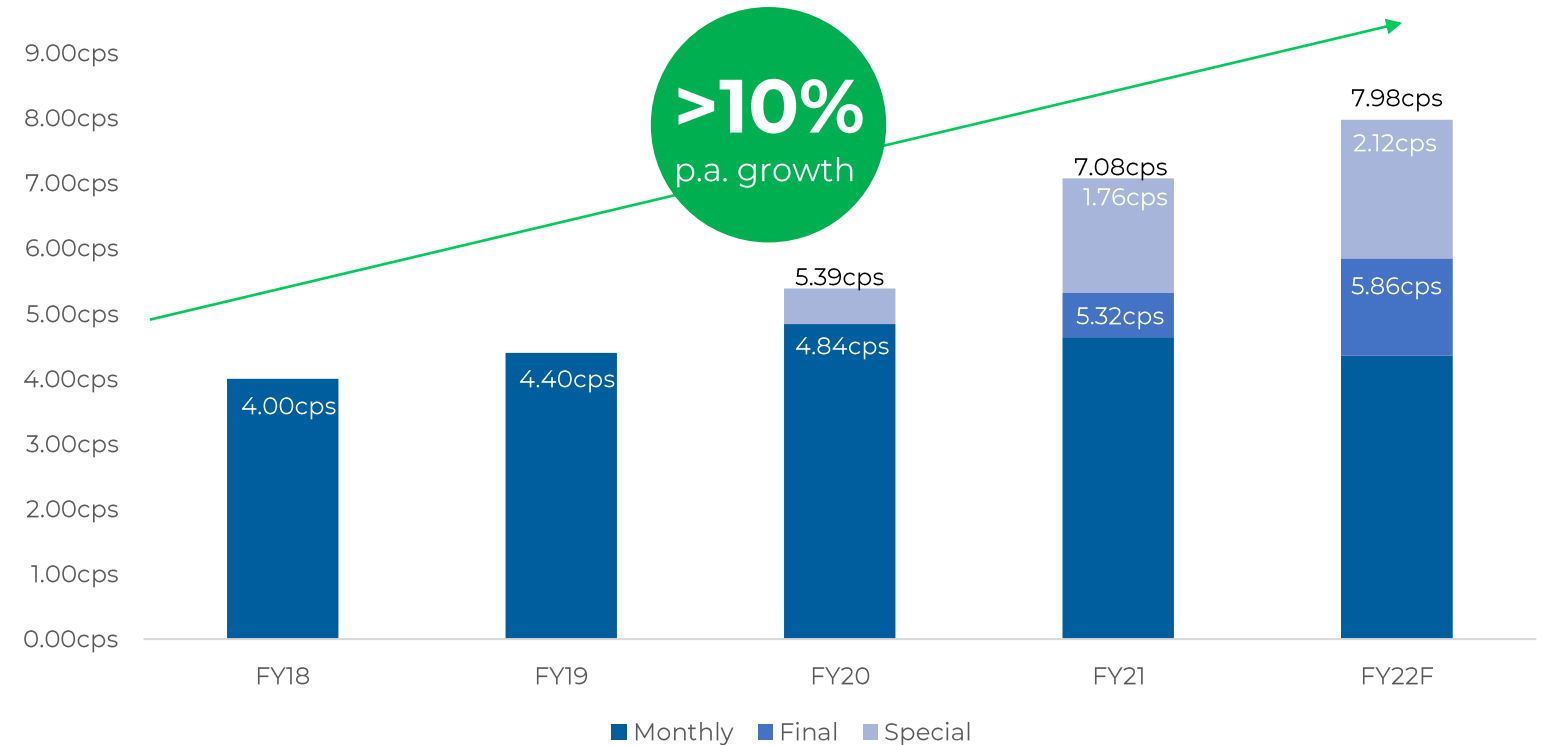
- Profit after income tax expense for the year was \$13.0m, with:
 - Profit attributable to shareholders of Kelly Partners Group Holdings Limited of \$5.6m
 - Profit attributable to non controlling interests (NCI) of \$7.8m
- The profit attributable to the parent vs. NCI represent a 49%/51% split and differs from the ownership interests of 51%/49%. This is due to the following items:
 - Income tax expense of \$2.4m of the parent entity. As the majority of operating businesses are structured as partnerships, the income tax expense attributable to non controlling interests in these partnership is not included in the consolidated accounts
 - Parent entity additional investments (including applicable interest and depreciation) above the Services Fee and IP License Fee income that it receives of \$0.6m (tax effected) which is borne 100% by the parent entity
- Adding back the above items, the resulting split is 51%/49%.

(m)	NCI	Parent	Total
Group NPAT - Statutory	\$7.8	\$5.6	\$13.0
	58%	42%	
Add Back: Income Tax Expense	\$0.7	\$2.4	\$3.1
Group NPBT	\$8.4	\$8.0	\$16.4
	51%	49%	
Add Back: Parent Entity Additional Investment (tax effected)		\$0.6	\$0.6
Group NPBT before parent entity overspend	\$8.4	\$8.6	\$17.1
	49%	51%	

Totals subject to rounding

DIVIDENDS

- Since IPO in June 2017, the Company has consistently paid out dividends growing at >10% per annum
- The Company has paid out monthly dividends from Jan-21, reflecting the resilience and strength of its earnings and cashflow
- The Group intends to maintain a through-the-cycle payout ratio of **50-70% of Underlying NPATA**, whilst growing dividends at >10% p.a.
- The Group will continue to pay monthly dividends of 0.399 cps for FY23 (representing a 10% increase on FY22 monthly dividends)
- In early FY23, the Group will pay final and special dividends relating to FY22. The total dividends for FY22 is estimated to be 7.98 cents per share, representing a ~57% payout ratio for FY22



The above graph represents the dividends paid relating to the respective financial year. For example, dividends paid in FY22 relating to FY21 is shown in FY21 and not FY22.

	FY17 (IPO)	FY18	FY19	FY20	FY21	FY22
Underlying attributed NPATA	\$2,262,219	\$4,325,976	\$3,193,208	\$3,937,677	\$5,114,832	\$6,296,954
Weighted average no. of shares	45,495,518	45,495,923	45,496,894	45,418,414	45,142,289	45,000,000
EPS (cents per share)	4.97	9.51	7.02	8.67	11.33	13.99
Dividends (cents per share)	N/A	4.00	4.40	5.39	7.02	7.98
Dividend payout ratio	N/A	42.1%	62.7%	62.2%	62.0%	57.0%

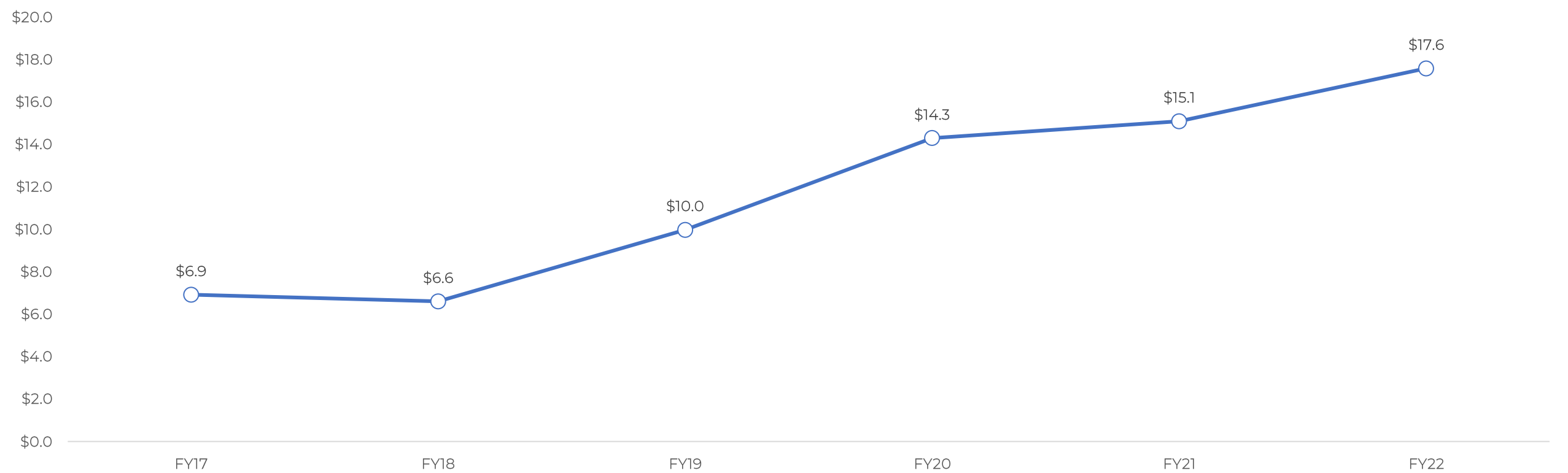
CASH RECONCILIATION

Reconciliation of NPAT to Operating Cashflow (\$m)	FY21	FY22
Reported NPAT	10.9	13.3
Adjustments for:		
Depreciation and amortisation	4.4	6.3
Unwinding of interest on contingent consideration	0.2	0.3
Other non-cash movements	(1.4)	(3.1)*
Change in operating assets and liabilities:		
Decrease / (increase) in trade and other receivables	-0.1	-5.0
Decrease / (increase) in deferred tax assets	0.3	1.9
Increase / (decrease) in trade and other payables	0.5	2.8
Increase in provision for income tax	0.3	0.9
Net cash from operating activities	15.1	17.6

*Other non cash movements include balance sheet items recognised as part of completed acquisitions, e.g. employee leave liabilities and deferred taxes that are non-cash

CASHFLOW SINCE IPO

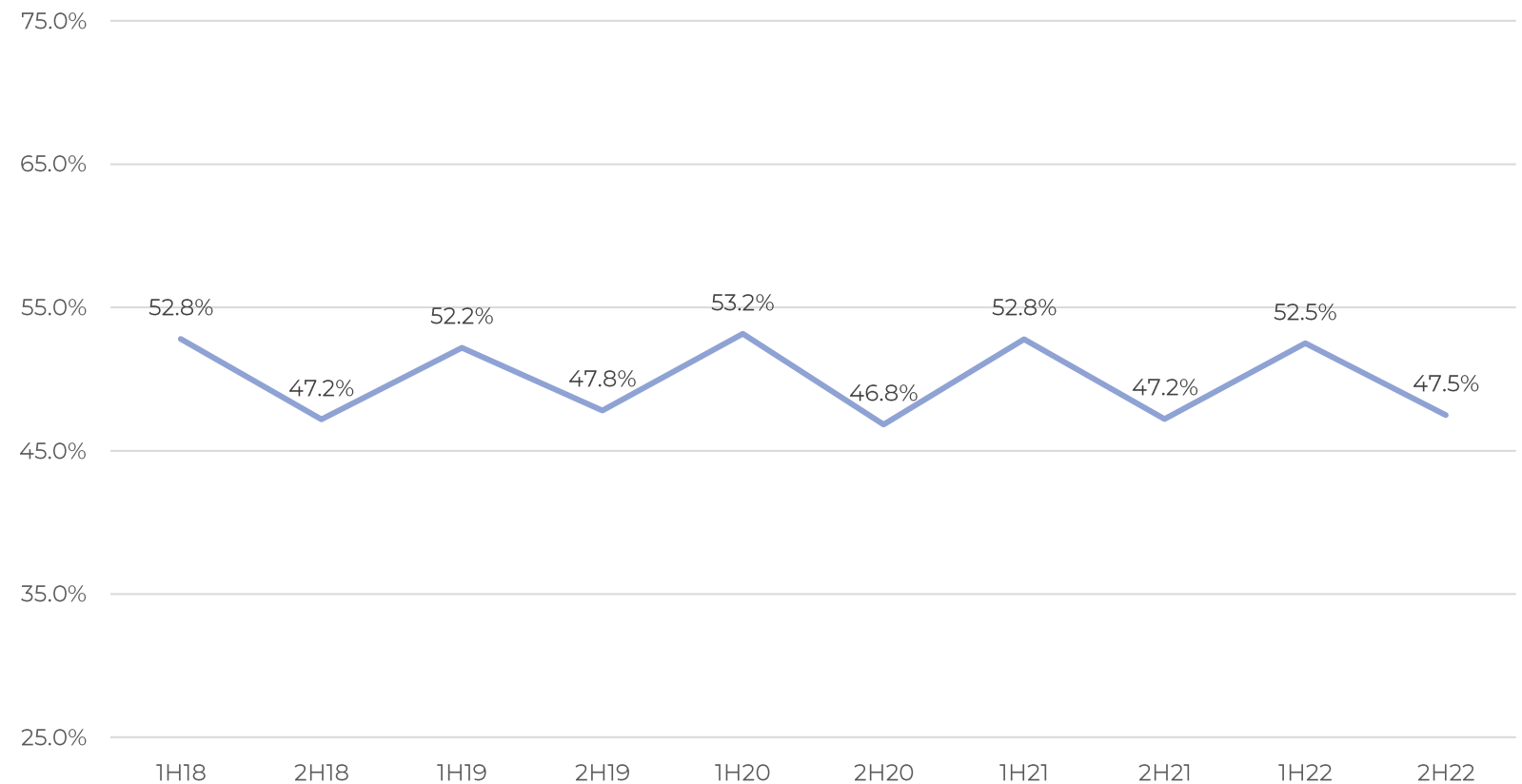
P&L and Cashflow	FY17	FY18	FY19	FY20	FY21	FY22	CAGR
Cash From Operations (CfO)	\$6.9	\$6.6	\$10.0	\$14.3	\$15.1	\$17.6	20.5%
Owners' Earnings (CfO - Maint. Capex)	\$6.6	\$6.3	\$9.7	\$12.2	\$12.8	\$14.0	16.1%
Cash Conversion (Operating Cash Flow / Reported EBITDA)	269.6%	63.5%	116.8%	97.3%	93.5%	83.3%	
Days Lockup ⁴	94.2	93.3	69.6	55.2	51.1	55.8	



1H/2H SKEWS

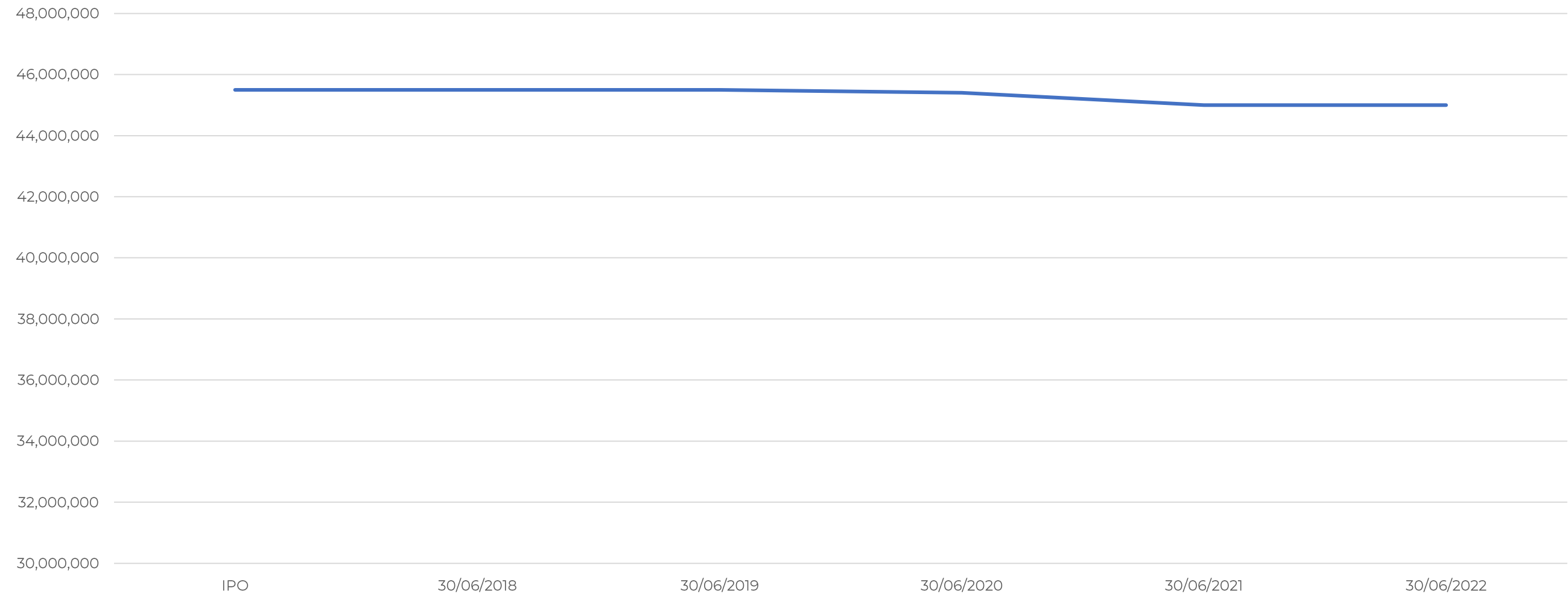
- Revenue seasonality in the accounting businesses is approximately **1H: 53% / 2H: 47%**, equating to a 5% (or c. \$2.4m swing) down swing in 2H22.
- Seasonality is predominantly due to **timing of tax work related to 30 June year end**, with most work typically completed in the first 9 months of the year.
- The Group also engages in a small amount of **audit work which is mostly completed by the 31 October lodgement deadline**. Audit work represents less than 3.0% of group revenues.

Revenue seasonality in accounting business
(excludes acquisitions)



ISSUED SHARES

Number of shares on issue since IPO

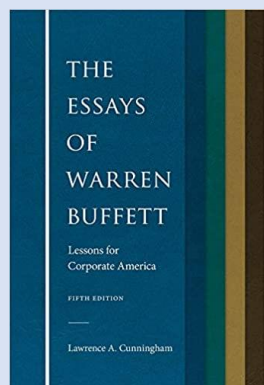


3 OUTLOOK

KP+GH

TWO BIG LEARNINGS

PROGRAMMATIC

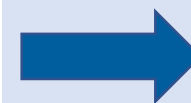
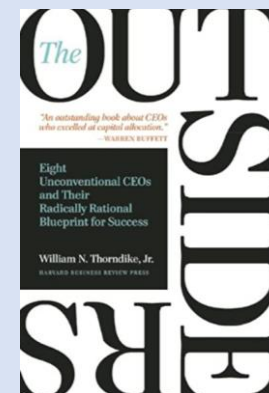


**Keep making
many small deals!
Win in Australia
and look globally!**

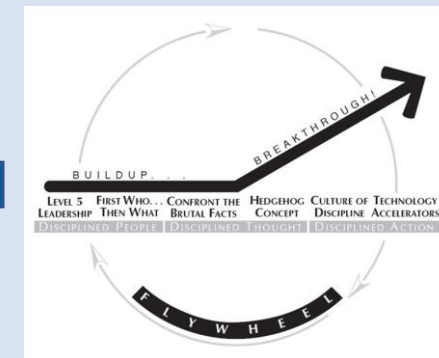


**CONSTELLATION
SOFTWARE
INC.**

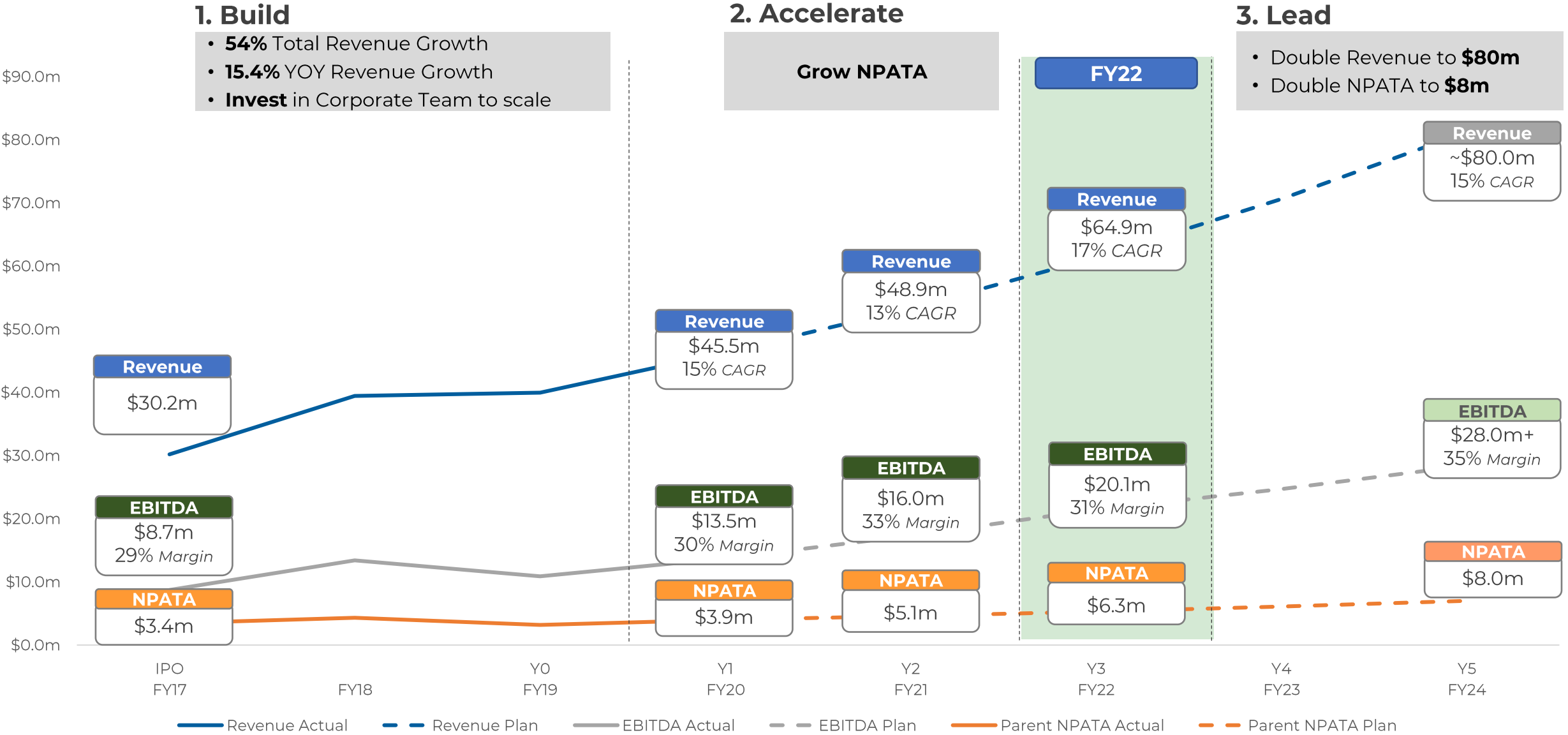
FLYWHEEL



**Keep turning
your flywheel!**



5 YEAR PLAN 1 : FY19-FY24



MANAGEMENT BENCH

1. COMPLETED BUILD OUT OF **SENIOR EXECUTIVE TEAM**
 - I. PEOPLE
 - II. OPERATIONS
 - III. CLIENT EXPERIENCE
 - IV. FINANCE
 - V. IT & DIGITAL
2. SENIOR EXECUTIVE TEAM IN PLACE TO DELIVER 2nd 5 YEAR GROWTH PLAN (FY25-FY29)

MANAGEMENT LTI



DOUBLE BUSINESS BY FY24 PER 1ST 5 YEAR PLAN



CASH BASED PERFORMANCE







NO EXECUTIVE OPTIONS



SHARE COUNT: 45M, NO SHARE ISSUANCE

NEXT 5 YEARS (FY25-FY29)

OBJECTIVE	TOP 10 IN AUSTRALIA	SCALE COMPLEMENTARY	GO GLOBAL																					
	Grow to become a top 10 accounting firm in Australia	Build vs. Buy vs. Partner	Growing Kelly+Partners System, Business Model and Partner Owner Driver™ model in markets globally																					
SCOPE	<div><div>Accounting, Tax & Audit</div><div>Business Advisory</div><div>Finance, Insurance & Wealth</div><div>Estate Office</div></div>	<table><tr><td>1</td><td>Finance</td><td>?</td></tr><tr><td>2</td><td>Insurance</td><td></td></tr><tr><td>3</td><td>Wealth</td><td>?</td></tr></table> <p>We intend to discover the natural conversion rate of finance (10%), insurance (10%) and wealth (30%) services required by our accounting clients.</p>	1	Finance	?	2	Insurance		3	Wealth	?	 <table><tr><th>Country</th><th>TAM in AUD</th></tr><tr><td>US</td><td>\$190bn</td></tr><tr><td>UK</td><td>\$63bn</td></tr><tr><td>Canada</td><td>\$17bn</td></tr><tr><td>NZ</td><td>\$3bn</td></tr><tr><td>Total TAM</td><td>\$273bn (20x AUS)</td></tr></table>	Country	TAM in AUD	US	\$190bn	UK	\$63bn	Canada	\$17bn	NZ	\$3bn	Total TAM	\$273bn (20x AUS)
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Total TAM	\$273bn (20x AUS)																							
ADVANTAGE	Kelly+Partners System, Kelly+Partners Business Model, Partner Owner Driver™ , Central Progress Team																							

ADVANTAGE

GROUP

MODEL

BUSINESS

TEAM



Partner-Owner-Driver™

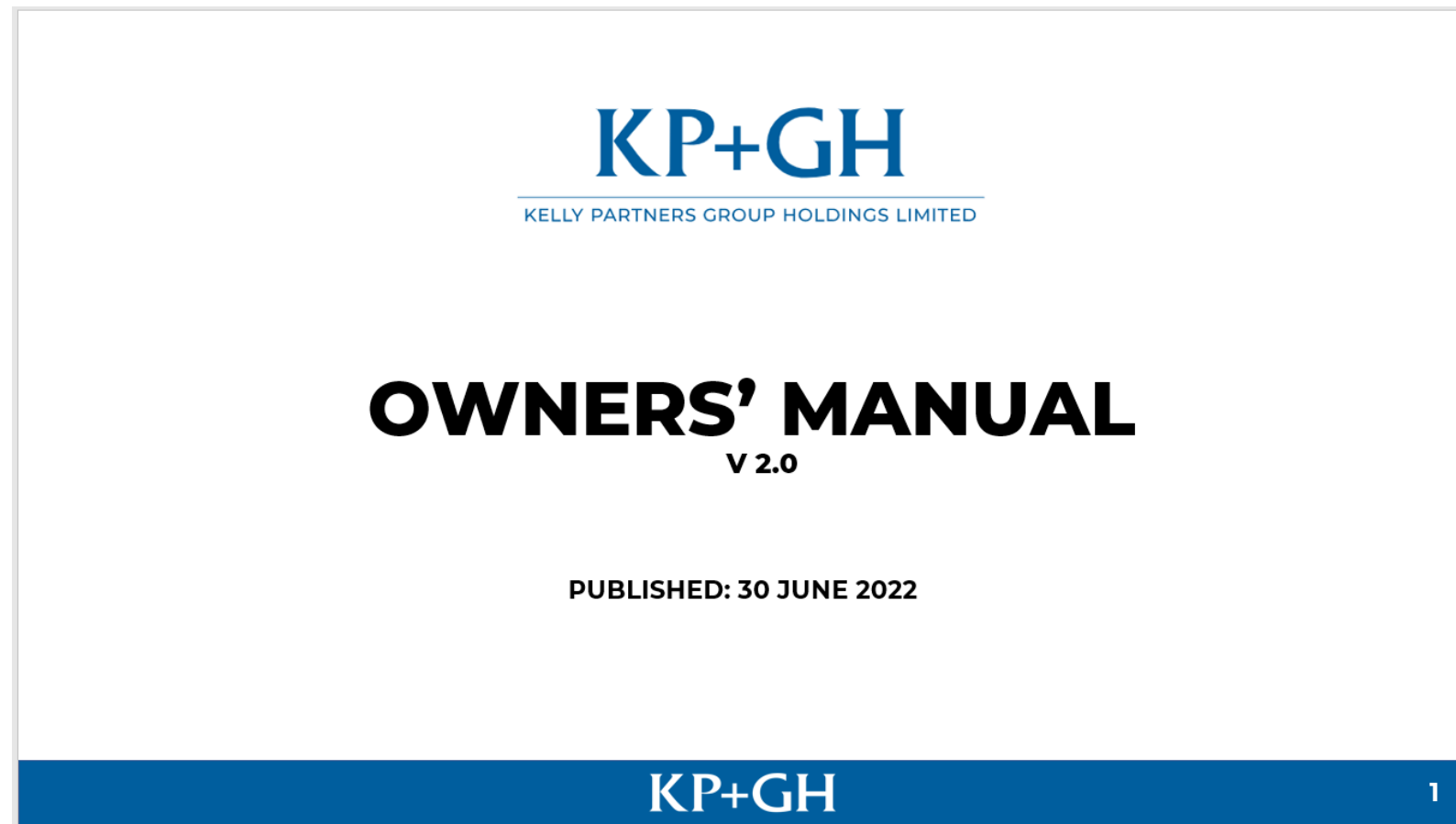


4 QUALITY SHAREHOLDERS

KP+GH

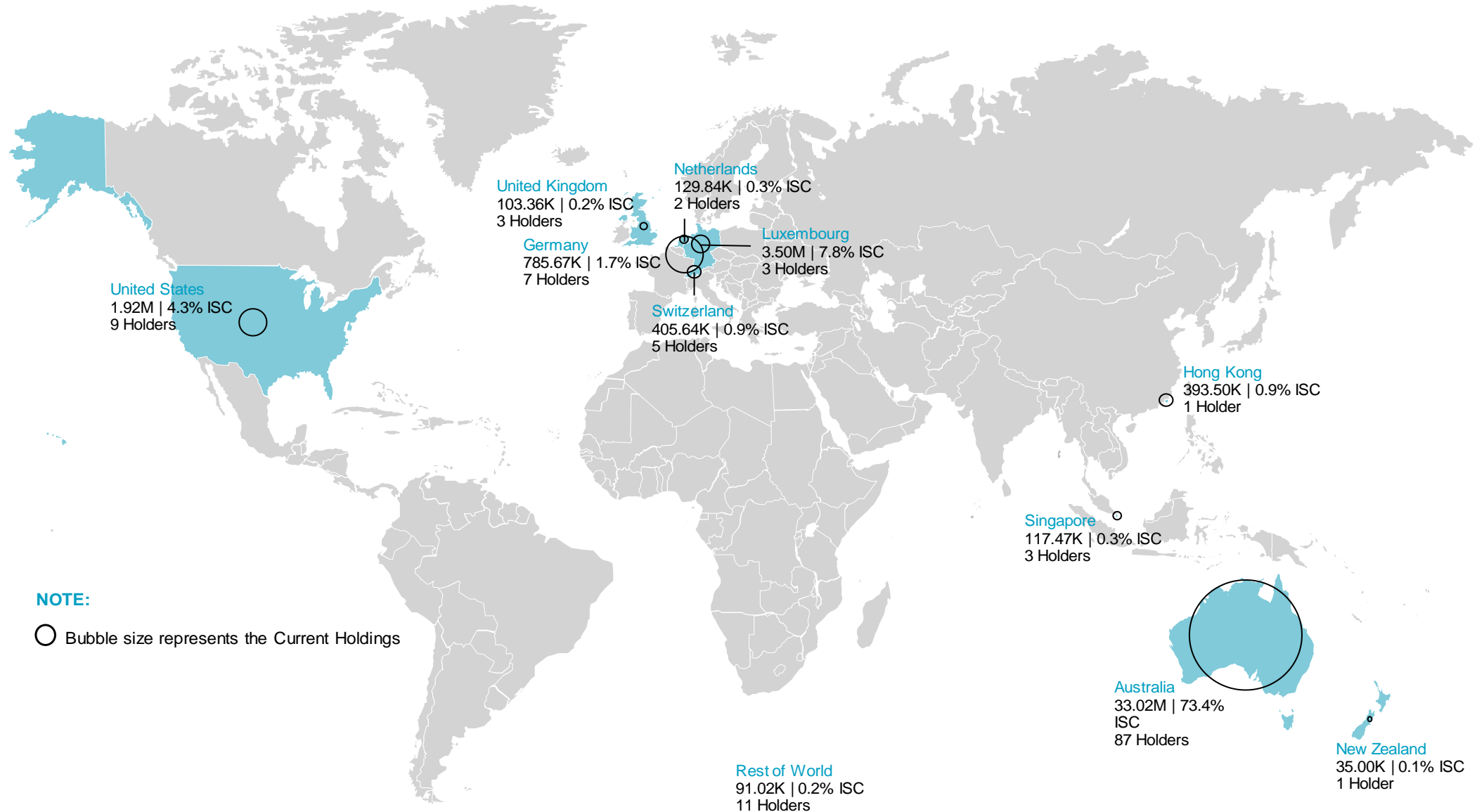
UPDATED OWNERS' MANUAL v2.0

We recommend shareholders to read these results together with the Owner's Manual for a full comprehension of the business



<https://kellypartnersgroup.com.au/investor-centre/kpg-owners-manual>

GLOBAL SHAREHOLDERS



EXPANDED BOARD



**Brett
Kelly**

Founder, Executive
Chair,
CEO



**Stephen
Rouvray**

Deputy Chairman,
Non Executive
Director



**Ryan
Macnamee**

Non Executive
Director



**Paul
Kuchta**

Executive Director



**Ada
Poon**

Executive Director



**Lawrence
Cunningham**

Non Executive
Director
appointed 1 July 2022

Thank you

KP+GH