

Kelly Partners Group Holdings Limited

("Group", "Company")

Annual General Meeting
Wednesday, 25 November 2020
Auditorium, Dexus Place, Level 15,
1 Farrer Place Sydney NSW 2000

Chairman's Address

Dear Shareholders,

Good morning and welcome to the Kelly Partners Group Holdings Limited Annual General Meeting for the financial year ended 30 June 2020.

I would like to welcome my fellow directors and the leadership team who are here today. I also welcome our employees, shareholders, and the visitors who are present.

Executing the 5-Year Growth Strategy

Let me start by acknowledging some key events that have occurred over the past 12-months as the Group continued to execute on its 5-year growth strategy to build per-share value through organic growth, network expansion, and the provision of new services. Taken together, the Board and Management team believe that this strategy lays the foundation for future long-term growth.

We continue to grow the Company organically, and the Group achieved total FY20 revenue of \$46.4m, representing a 16% increase from FY19. Underlying NPATA attributable to the parent entity was \$4.0m, representing a 25% increase from FY19. The Group's strong performance through the COVID-19 pandemic period is a testament to the defensive nature of the Group's business model (with ~99% of annuity style revenue), as well as the proactive measures taken by the Group early on in the COVID-19 period. These proactive measures included the Group investing in advance in infrastructure to allow for large scale remote working, review and reduction of all ongoing expenses and negotiations of rent abatements, as well as ensuring ample liquidity in our operating businesses.

Regarding network expansion, the Company continues to make good progress and during the financial year, the Group completed 2 acquisitions in Melbourne, VIC and Glenbrook, NSW. These acquisitions have been successfully integrated and made a contribution of \$2.3m to FY20 revenue. In financial year 2021, these businesses are expected to make a contribution of between \$3 - \$4 million to Group revenue.

Subsequent to the end of the financial year, the Company continues to be in discussion with multiple accounting businesses on joining the Group. The Company seeks to continue to execute on expanding its network through acquisitions.

New Complementary Services

In terms of new services, the Company is pleased to announce the commencement of two new complementary businesses in FY21 – Kelly Partners General Insurance and Kelly Partners Alternative Investments. Kelly Partners General Insurance is expected to service the insurance needs of the Group as well as its private business owner clients and their businesses. The business is led by Paul Butler, who has over 20 years of comprehensive insurance broking experiences across multiple segments in Australia and London.

Kelly Partners Alternative Investments will aggregate 2,000+ wholesale investors onto a platform that will showcase alternative investment opportunities from the Group's client base and extensive relationships. The business will be led by a senior director of a major Australian financial institution, who has signed a 10 year agreement with the Group. We believe these new services, together with our Wealth Management and Finance businesses, will complement our existing accounting businesses in providing a more comprehensive service to our clients

Continued Growth in Dividend & Ongoing Share Buyback

During the financial year, total dividends of 5.39c per share were paid, including a special dividend of 0.55c per share. Further to the end of the financial year, the Q1 dividend of 1.33c per share was paid, with the Q2 dividend of 1.33c per share expected to be paid in early January 2021. These quarterly dividends represent a 10% increase from the FY20 quarterly dividends. **We are also pleased to announce from January 2021 the Company will change to a monthly dividend cycle with monthly dividends expected to be ~0.33c per share.** The cash-generative nature of the Kelly Partners business allows the Company to change to a monthly dividend cycle. Pending the full year results for FY21, the final dividend for FY21 will be paid in November 2021.

In continuation of the Company's on-market share buyback program, 95,000 shares were bought back during FY20 and with an additional 297,616 shares bought back in recent months. The on-market buyback conducted to date represents a c.23.2% discount to the last closing price (\$1.62). In line with our strategy to build per-share intrinsic value, the Company will continue to repurchase shares when they are available at a meaningful discount from intrinsic value.

Appointment of CFO

We welcome Kenneth Ko, who has been the Group's Finance Manager since March 2015, to assume the role as Chief Financial Officer following the departure of Justin Sweeting in October 2020.

Employee share plan

The Group has established an Employee Share Plan (ESP) which enables all eligible KPG team members to participate in the overall success and growth of the Group. The plan has been designed to assist in the attraction, retention and reward of employees and eligible participants by allowing them to become an owner, think like an owner, and align the interests of employees and shareholders. The plan does not include partners or senior executive management.

2021 Outlook

Let me now address the financial year 2021 outlook and our strategy going forward.

We started the year strongly in the first quarter as announced on 14 October 2020, delivering a 5.6% increase in Q1 revenue and a 75.8% increase in Q1 underlying attributable NPATA against the prior corresponding period.

The Group will continue to drive organic and acquired growth through its proven business model.

This will include continuing to implement on operational efficiencies to ensure EBITDA margins of at least 32.5% are achieved and maintained across our individual practices; driving market share gains underpinned by a strong brand presence; and, continually reviewing acquisition opportunities.

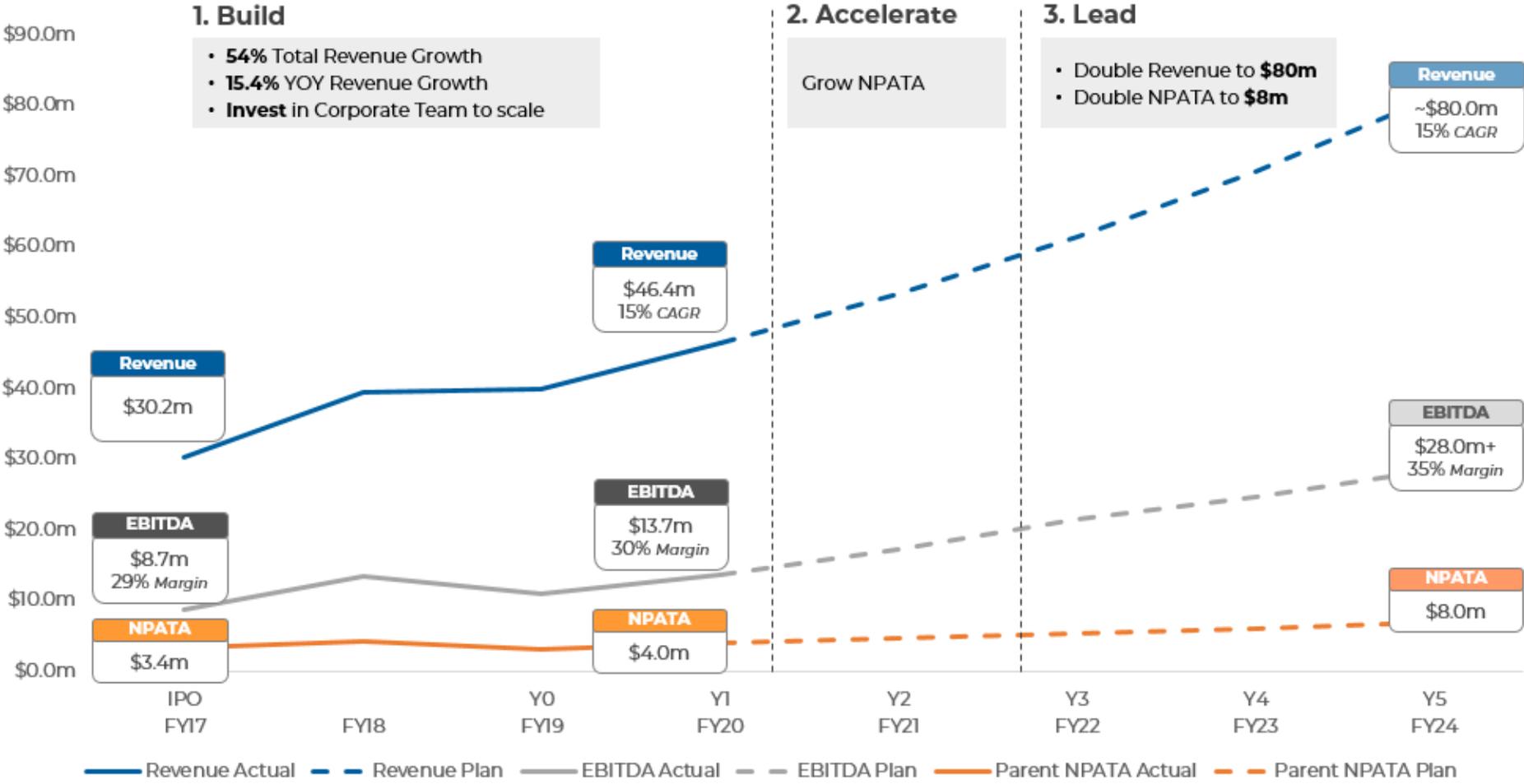
This will be complemented by an efficient capital management program, to deliver improved returns for shareholders, that includes the continuation of the Company's on-market share buyback program.

In closing, I would again like to thank all employees for their commitment to Kelly Partners and I would also like to thank the Board for their counsel, strategic input, commitment and support. I look forward to reporting on our successes and progress in financial year 2021.

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

K+P 5 Years Strategy

Build, Accelerate and Lead



5 Year Growth Plan

Three pronged growth plan

EXISTING GROUP	ORGANIC	NETWORK EXPANSION			NEW SERVICES	TARGET GROUP	
	ORGANIC GROWTH	ACQUISITION – TUCK-IN	ACQUISITION – MARQUEE	OR			GREENFIELD
	5% p.a.	<ul style="list-style-type: none"> • 2+ tuck-ins per year • 8 existing sites • \$1.0m+ revenue each • 112 spare seats • Integration cost 10% of price • 60 days integration • Target ROI – 30%+ 	<ul style="list-style-type: none"> • 5 new sites • \$2.0m+ revenue each • 2+ partners • Integration cost 20% of price • 2 year integration • Target ROI – 30%+ 		<ul style="list-style-type: none"> • 5 new sites • \$2.0m revenue target • 2 partners target • Start-up cost \$50-\$250k • 3 years to target metrics • Target ROI - 30%+ after 3 years 	<ul style="list-style-type: none"> • Wealth • Finance • Investment Office • General Insurance [NEW] • Alternative Investments [NEW] 	
	Self Funded / Overdraft	Self Funded / Overdraft	Self Funded / KPG / Overdraft		Self Funded / Overdraft	Self Funded / Overdraft	
FY19 ~\$40.0m Revenue	\$12m+ Revenue Opportunity	\$12m+ Revenue Opportunity	\$10m+ Revenue Opportunity		\$5m+ Revenue Opportunity	\$80m+ Revenue Opportunity	
FY2020 REVENUE ~\$46.4m	+\$3.4m	+\$0.7m In Year \$1.2 - \$1.4m Full Year Run Rate (Blue Mountains)	+\$1.6m In Year \$2.0 - \$2.5m Full Year Run Rate (Melbourne)		-	+\$6.4m In year \$6.6 - \$7.3m Run Rate	
EBITDA	\$4.2m+ EBITDA Opportunity	\$4.2m+ EBITDA Opportunity	\$3.5m+ EBITDA Opportunity		\$1.8m+ EBITDA Opportunity	\$28m+ EBITDA Opportunity	

Kelly+Partners – Current Office Locations



About Kelly+Partners

Kelly+Partners is a specialist chartered accounting network established in 2006 to provide a better service to private clients, private businesses & their owners, and families. Growing from two greenfield offices in North Sydney and the Central Coast, Kelly+Partners now consists of 2 operating businesses across 15 locations in Greater Sydney, Melbourne and Hong Kong. In total, the team consists of more than 250 people, including 48 partners, who service over 8,000 SME clients. Our holding company, Kelly Partners Group Holdings, was successfully listed on ASX on 21 June 2017. Over the past 14 years, Kelly+Partners has undertaken 37 individual transactions in order to build the current accounting network. This includes the transformation of 22 external firms, and the launch of 15 greenfield businesses. Our ownership structure and operating model is unique in the Australian accounting market, and provides a strong platform for long-term sustainable growth. The combination of a proven business model and specialist operational expertise enables Kelly+Partners to help solve many of the issues currently facing both the accounting sector and our SME clients.

For more information, please contact:

Brett Kelly

Executive Chairman and CEO

P: +612 9923 0800

E: brett.kelly@kellypartnersgroup.com.au

W: kellypartnersgroup.com.au