

ASX ANNOUNCEMENT

Wednesday, 21st August 2024

FY24 Revenue up +29.2% to \$108.1m (FY23: \$83.7m¹)
KPG FY24 Underlying attributed NPATA² up +52.2% to \$8.0m

FY24 Highlights – Overview

- KPG continues to execute its mission to become **Australia's global accounting firm for private business owners**.
- KPG now operates in Australia, Hong Kong (since 2015), India and USA (both since 2023).
- KPG global team now consists of 540 team members, including 96 partners. Including the recent Florida partnership, there are now ~600 team members, including 100 partners.
- KPG opened Mumbai, India in May 2023 and has grown to 30+ team members, building within the businesses an ability to work across time zones and distance.
- KPG expanded to Los Angeles, USA in January 2023 and have successfully established partnerships with two accounting businesses to date.
- KPG commenced its first growth partnership platform in May 2024, partnering with a local CPA to grow Kelly+Partners in Texas.
- KPG has recently announced the completion of a partnership with a CPA firm located in Florida with revenues of \$AUD10.8m-\$AUD12.5m.
- US businesses now account for AUD\$15.9m to AUD\$19.9m of revenues or 12.2% to 15.2% of the Group's revenue, which now totals \$130m annually. In all partnerships completed in the US, the existing owners of the original business have remained as equity partners with minimum commitment periods, confirming the attractiveness of the Kelly Partners Partner-Owner-Driver® model.
- In FY23 and in FY24, KPG made significant investments in building capabilities to grow materially on a global basis and to accommodate the doubling of revenue from \$64.9m to \$130m. This expenditure impacted the underlying earnings in FY23 and in FY24.
- KPG has reduced its additional investments by ~20% compared to the prior period.
- Strong performance from existing businesses.
- Underlying NPATA for the full year increased **+52.2%** on the prior period.

FY24 Highlights – Business

- **Mission, Values & Vision** – We exist to help our people, Private Business Owners and the communities in which we work in be better off.
- **Strategy** – 2 new locations in Los Angeles, USA, 1 new location in San Angelo, Texas and 2 new locations in Florida and North Carolina as a result of the Florida partnership. Our new office in Mumbai, India also now holds 30+ team members supporting our Australian businesses and is part of the Group's strategy to develop a global team.
- **Structure** – Partner-Owner-Driver® model implemented in 6 acquisitions completed in FY24.
- **People** – awarded Australia's Best Workplace for Women in 2023 by Great Place to Work®
- **Clients** – Net Promoter® Score³ of +70 vs an industry average of -18⁴, client groups increased by 22% to 23,000.
- **Financial** – secured \$22m in growth funding from Westpac.
- **Digital** – Be Better Off Challenge, Kelly+Partners app further developed.
- **Brand** – 80% of clients associate "Transparency" and "24/7 Access" attributes to Kelly Partners⁵
- **Growth** – 29.2% revenue growth in FY24, 26.2% acquired growth and 3.0% organic growth⁶
- **Succession** – assisted senior practitioners from 6 acquisitions manage their succession

¹ Excludes results from discontinued operations in FY24 for consistent comparison

² Underlying Attributed NPATA is adjusted for 1) amortisation of customer relationship intangible assets acquired; 2) other non recurring income and expense items; and represents the profit attributable to the parent after non-controlling interests.

³ NPS®, Net Promoter® & Net Promoter® Score are registered trademarks of Satmetrix Systems, Inc., Bain & Company and Fred Reichheld

⁴ The Evolved Group Australian B2B NPS® Industry Benchmarks

⁵ Sample population size 1,162 clients

⁶ Total impacted by rounding

FY24 Highlights - Financials

Consolidated Group

- Group Revenue up 29.2% to \$108.1m (FY23: \$83.7m)
- Underlying EBITDA (pre-AASB16) up 53.1% to \$30.0m (FY23: \$19.6m)
- Underlying EBITDA margin (pre-AASB16) of operating businesses at 29.6% (FY23: 27.3%)
- Cashflow from Operations (pre-AASB 16) up 30.7% to \$20.2m (FY23: \$15.4m)
- Number of active client groups up 22% to c.23,000 (FY23: c.19,000)

Attributed Parent

- Underlying NPATA up 52.3% to \$8.0m (FY23: \$5.3m)
- Free cashflow or Owner Earnings up 30.8% to \$7.8m (FY23: \$6.0m)
- Underlying NPATA Earnings Per Share (EPS) up 48.5% to 17.8c (FY23: 12.0c)

Financial Highlights (\$m)	KPGH & Controlled Entities			KPGH Parent Only		
	FY23	FY24	%	FY23	FY24	%
Revenue	\$83.7	\$108.1	29.2%			
Underlying EBITDA	\$23.6	\$35.2	49.6%			
Underlying EBITDA (pre. AASB16)	\$19.6	\$30.0	53.1%			
EBITDA Margin (%)	23.4%	27.8%	18.4%			
EBITDA Margin (%) - Operating Businesses	27.3%	29.6%	8.4%			
Underlying NPATA	\$13.6	\$21.3	56.6%	\$5.3	\$8.0	52.3%
NPATA Margin (%)	16.2%	19.7%	21.6%			
Statutory NPAT	\$10.9	\$13.5	23.9%	\$3.9	\$3.3	-15.4%
Earnings per share (cents) – Statutory				8.62	7.37	-14.5%
Return on Equity	38.4%	40.7%	6.0%	26.3%	35.5%	35.0%
Return on Invested Capital	20.0%	24.8%	24.2%	24.4%	29.9%	22.5%
Owners' Earnings	\$15.0	\$19.5	30.4%	\$6.0	\$7.8	30.8%

Financial Performance

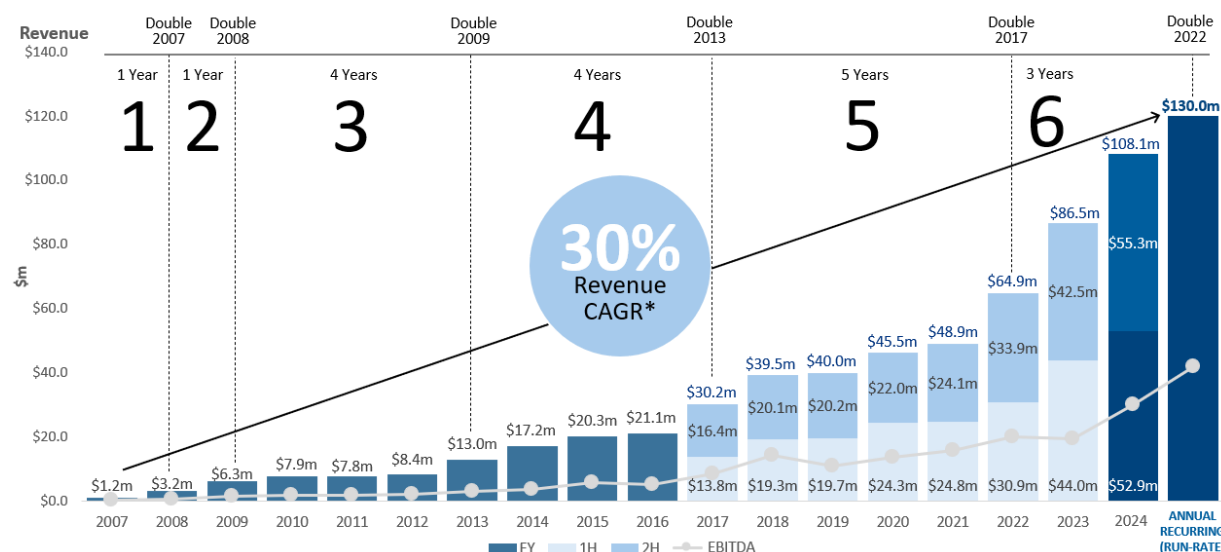
Consolidated Group

- **Revenue of \$108.1m (+\$24.4m, up 29.2%):** Acquired revenue growth of \$22.0m contributed 26.3% of revenue growth, with in year acquisitions completed to date in FY24 contributing \$18.8m and revenue from acquisitions completed in FY23 contributing \$3.2m. Revenue from organic growth contributed 3.0% of the overall growth. Excluding impacts of the finance broking business and the closure of subscale businesses, organic revenue growth was at 5.3%.
- **Group Underlying EBITDA of \$35.2m (+\$11.7m, up 49.6%):** Underlying EBITDA margin pre AASB 16 as a % of revenue was at 27.8% (FY23: 23.4%) and operating business EBITDA margin was at 29.6% (FY23: 27.3%). On a cohort level, our established operating businesses (i.e. with annual revenues >\$2.0m) generated EBITDA margins of 30.8% whilst our growth (\$1m-\$2m) and subscale businesses (<\$1m) generated EBITDA margins of 17.1% and 4.7% respectively. Acquired Australian businesses generated 33.3% EBITDA margins and acquired US businesses generated 20.0% EBITDA margins. Management continues to focus its efforts on improving all business' profitability to 35% EBITDA margin.
- **Cashflow from Operating Activities pre AASB 16 of \$20.2m was up 30.7% on FY23** with cash conversion ratio of 96.9%.
- **Group Net Debt of \$45.2m increased \$5.2m or 13.0% on FY23** as a result of new borrowings for FY24 in year acquisitions, fitouts and buy-ins of new and existing partners. Gearing ratio has decreased to 1.28x (FY23: 1.65x) (Net Debt / Underlying EBITDA) due to a full year's profit contribution from acquisitions completed in the prior year, as well as an increase in the profitability of the Group. Total debt repayments (scheduled and additional) totalled \$10.5m (23.2% of Net Debt) in FY24.

Attributed Parent

- **Underlying NPATA attributable to Shareholders of \$8.0m (+\$2.7m, up 52.3%)** which excludes non-recurring income and expenses. Refer to Directors Report and Results Presentation for reconciliation between Statutory NPAT and Underlying NPATA.
- **Owner earnings of \$7.8m (+\$1.8m, up 30.8%)** reflect the cash from operations to the parent and the strong conversion of profit to cash.
- **No shares issued since IPO in 2017**, issued shares are currently 45,000,000 shares. Further shares of 50,000 bought back on market in July 2024.

Revenue growth since inception and since IPO



Operational Highlights up to 30 June 2024

- **Number of offices increased from 30 to 33** mainly through completing the two US acquisitions as well as a new site in Bundall, QLD, Australia
 1. Bundall, QLD, Australia
 2. Woodland Hills, California, USA
 3. Burbank, California, USA
- **Number of operating business partners increased to 96 with 18 new partners joining the group**, 18 from completed acquisitions, 6 internal promotions and 3 external recruits.
- **Number of active client groups increased 22% from c.19,000 to c.23,000** providing further opportunities for growth and network effects.

Current Year Acquisitions

During FY24, the Group announced and completed six acquisitions with estimated total annual revenues in the range of \$10.0m to \$12.6m, representing 11.9% to 15.1% of FY23 revenue. On 19th August 2024, the Group announced the completion of a partnership with a CPA firm based in Florida with revenues of \$AUD10.0m-\$AUD12.5m.

The Group's revenue run rate for FY25 is expected to be ~\$130m, including the annual revenue contribution from the Florida CPA firm. The completed acquisitions are listed in the table below.

#	Acquired / scheduled	Location	Country	Type	Acquired Revenue
(1)	Aug-23	Bundall, QLD	Australia	Marquee	\$1.5m - \$2.1m
(2)	Dec-23	Woodland Hills, California	USA	Marquee	\$1.8m - \$2.5m
(3)	Jan-24	Burbank, California	USA	Marquee	\$4.0m - \$4.8m
(4)	Jan-24	Bendigo, VIC	Australia	Tuck-in	\$0.4m - \$0.5m
(5)	Feb-24	Brookvale, NSW	Australia	Marquee	\$1.3m - \$1.5m
(6)	Mar-24	Lower North Shore, NSW	Australia	Marquee	\$1.0m - \$1.2m
Total Acquisitions completed in FY24					\$10.0m - \$12.6m
% of FY23 Revenue (\$83.7m)					11.9%-15.1%
(7)	Aug-24	St Petersburg, Florida	USA	Marquee	\$10.0m-\$12.5m
Total Acquisitions completed in FY25					\$10.0m-\$12.5m
% of FY24 Revenue (\$108.1m)					9.3%-11.6%

US Expansion

Kelly+Partners completed the following partnerships in the US in FY24. US businesses now account for 12.2%-15.2% of the Group's revenue.

#	Date of completion	Location	Type	Revenue to Group (\$AUD)
1	1 December 2023	Woodland Hills, CA	Marquee	\$1.8m to \$2.5m
2	1 January 2024	Burbank, CA	Marquee	\$4.0m to \$4.8m
3	3 May 2024	San Angelo, TX	Marquee	\$0.1m
4	16 August 2024	St Petersburg, FL	Marquee	\$10.0m to \$12.5m
Total				\$15.9m to \$19.9m
% of Group Revenue				12.2% to 15.2%



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.

	FY18	FY19	FY20	FY21	FY22	FY23	FT24 ⁷
Group Revenue	\$39,468,666	\$39,975,031	\$45,495,584	\$48,906,446	\$64,862,110	\$86,524,364	\$109,492,000
Additional investments	\$371,913	\$742,439	\$1,630,905	\$371,127	\$77,836	\$2,479,110	\$1,948,000
%	0.9%	1.9%	3.6%	0.8%	0.1%	2.9%	1.8%

Dividends Paid in FY24

KPG continued to pay monthly dividends of 0.44 cents per share until February 2024 when the Company announced that it will cease dividend payments and no dividends have been paid since.

Total Shareholder Return ('TSR') since IPO in June 2017 up to 30 June 2024

Since IPO, KPG has delivered a 35.9% compounded annual return to its shareholders through an appreciation in share price as well as regular dividends paid up to February 2024.

KPG.ASX Return	Issue price at IPO	FY18	FY19	FY20	FY21	FY22	FY23	FY24	Total
Share Price	\$1.00							\$8.25	\$8.25
Div - Ordinary		\$0.04	\$0.04	\$0.05	\$0.05	\$0.06	\$0.05	\$0.04	\$0.33
Div - Special				\$0.01	\$0.02	\$0.02			\$0.05
Total Return (\$)									\$7.63
Total Return (%)									763.0%
Total Return Annual %									35.9%

Commenting on the FY24 performance of the Group, Founder & CEO Brett Kelly said:

"We continue to invest in order to deliver world class people, client and community impact. Our clients over the next 25 years are all going to have to earn a return on a global basis and will need their accountants to help them operate in this new global world.

To that end, we have been able to grow our Australian business to \$100m+ revenue (No. 21 largest accounting firm in Australia [AFR]) and we look to expand our international presence to the US and the UK, where we see significant opportunities exist (Australia's two largest expat communities). As such, we have invested heavily in our structure, our people, our brand and our digital infrastructure to facilitate this growth.

This market position as 'Australia's global accounting firm for Private Business Owners' will take effort to build out in the short term, investment in the medium term, and ultimately be a valuable differentiated market position over the long term that is inspiring to the talent we seek to attract, develop and have help us build the accounting firm of the future.

KPG aspires to continue to build its market leading programmatic acquisition business system in the accounting sector. Since 2006 using our proprietary Partner-Owner-Driver® model we have completed 80+ partnerships in total. Today we operate 30+ leading partnerships across 4 markets, Australia, Hong Kong, India and USA, notably:

- 1. Anyone can buy a business but you have to have the skill and perseverance to successfully integrate and transform that business;*

⁷ Revenue includes discontinued operations for consistent comparison to FY23

- 2. *KPG continues to work diligently to become the buyer of choice to Founders of leading accounting firms that seek a permanent partnership rather than a transaction with a party that seeks to buy them only to later sell them.***

Directors Report

Shareholders are encouraged to read the "Directors Report" contained in the FY24 Financial Report for management discussion and analysis on the financials, in addition to the above announcement.

Post-Results Conference Call

Kelly+Partners Group will be holding a FY24 results presentation at 11:00am (Sydney time) today 21 August 2024, followed by a Q&A session.

To register, please visit

https://us02web.zoom.us/webinar/register/WN_gcEQQuzTRq-02Hy5eW2ZpA

For more information, please contact:

A handwritten signature in black ink that reads "Brett Kelly". The signature is written in a cursive style with a long horizontal line extending from the bottom of the name.

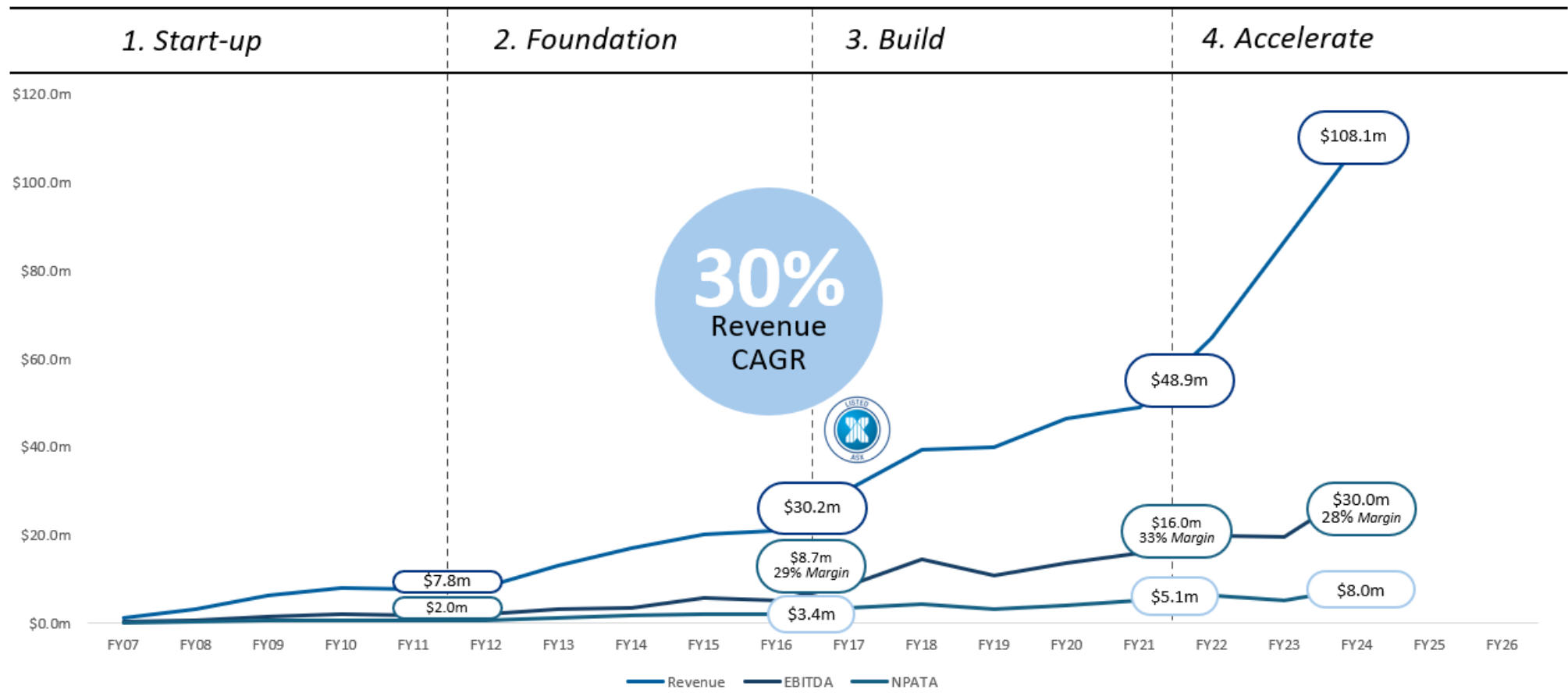
Brett Kelly

Founder and CEO

Ph: 02 9923 0800

The Board of Directors of Kelly Partners Group Holdings Limited, has approved the release of this document to the market.

Appendix: Progress in 5 Year Periods



KP+GH

KELLY PARTNERS GROUP HOLDINGS LIMITED

Kelly+Partners – Current Office Locations



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

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

Growing from two greenfield offices in North Sydney and the Central Coast, Kelly+Partners now consists of 37 operating businesses across 35 locations in Australia, Hong Kong, India and the United States.

In total, the team consists of more than 600 people, including 100 partners, who service over 23,000+ SME clients.

The holding company, Kelly Partners Group Holdings Limited, was successfully listed on ASX on 21 June 2017. Over the past 17 years, Kelly+Partners has undertaken 80+ individual transactions in order to build the current accounting network.

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

For more information, please contact:

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