

ASX ANNOUNCEMENT - KPG

Thursday, 23rd March 2023

Marquee Top 100 Accounting Firm chooses Kelly+Partners

Kelly Partners Group Holdings Limited ("Group", ASX:KPG) announces today that it has executed agreements in escrow to partner with a Top 100 accounting business. The details are as follows:

Location:	Australia
Revenue to Group:	\$8.2m-\$11.7m
NPATA to Parent:	\$1.0m-\$1.4m (based on 35% EBITDA margin post improvements)
Purchased interest:	50.10%
Purchase Price - Cash:	c. \$8.0m
Upfront / Retention:	60%/40%
Retention Period:	2 years

The business currently comprises of three operating businesses which will be structured into three separate legal entities on completion. Completion for one of the operating businesses (revenue \$1.4m-\$1.7m) will occur on Monday, 3 April 2023. The remaining businesses (revenue \$6.8m-\$10.0m) will complete on Monday, 3 July 2023.

A wholly owned subsidiary of Kelly Partners Group Holdings Limited will acquire 50.1% of the business with the remaining 49.9% held by the existing equity partners of the business under our **Partner-Owner-Driver™** model.

This partnership is material to KPG and is expected to be accretive to earnings from completion.

Founder and CEO of Kelly+Partners, Brett Kelly said,

"We are humbled to be chosen by this terrific group of Partners in this Top 100 accounting firm. The partnership confirms the attractiveness of the Kelly+Partners offer and our Partner-Owner-Driver™ model to owners of leading accounting firms.

The Kelly+Partners Business System continues to assist Partners, their Teams, Clients and Communities to be very much better off and we look forward to the positive impact we can make together."

KP+GH

KELLY PARTNERS GROUP HOLDINGS LIMITED

KPG has in the past referenced the capital allocation guidelines from William Thorndike's book *"The Outsiders: Eight Unconventional CEOs and Their Radically Rational Footprint for Success"*. The book revealed that the best CEOs made disciplined and occasionally large acquisitions and were patient in doing so. KPG has since IPO not made a single large acquisition (>\$5m) until this transaction (12.6% to 18.0% of FY22 \$64.9m revenue).

KPG aims to build per-share intrinsic value by:			FY18	FY19	FY20	FY21	FY22	FY23 YTD
1	Improving the earning power of our operating businesses	✓	34.0%	27.7%	32.5%	33.4%	30.9%	30.0%
			EBITDA margin of operating businesses					
2	Further increasing their earnings through acquisitions	✓	17.2%	6.4%	6.6%	4.8%	26.5%	34.5%
			Contribution to revenue growth					
3a	Growing our existing accounting subsidiaries	✓	10.3%	(6.4%)	6.6%	1.5%	4.7%	5.6%
			Contribution to revenue growth					
3b	Growing our existing complementary businesses	✓	2.7%	1.8%	1.4%	1.2%	1.5%	2.1%
			Contribution to revenue growth					
4a	Making programmatic acquisitions	✓	0	4	3	7	8	6
			Number of acquisitions					
4b	Making an occasional large acquisition (i.e. >\$5m in revenue)	✓	0	0	0	0	0	1
5	Repurchasing KPG shares	✓	0	2k	95k	400k	0	0
			Number of Shares On Issue					
			45.5m	45.5m	45.4m	45.0m	45.0m	0

A summary of the acquisitions we have announced for FY23 are as follows:

#	Date of completion	Location	Type	Revenue to Group
1	1 September 2022	Leeton, NSW	Marquee	\$0.8m to \$1.0m
2	8 September 2022	Palm Beach, QLD	Marquee	\$1.6m to \$2.1m
3	4 October 2022	Maitland, NSW	Marquee	\$1.5m to \$2.2m
4	8 November 2022	Melbourne, VIC	Tuck-in	\$0.5m
5	5 December 2022	South West Brisbane, QLD	Marquee	\$0.6m
6	3 April 2023 / 3 July 2023	Not disclosed	Marquee	\$8.2m to \$11.7m
Total				\$13.2m to \$18.1m
% of FY22 Revenue				20.3% to 27.9%

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

Kelly+Partners – Current Office Locations - NSW



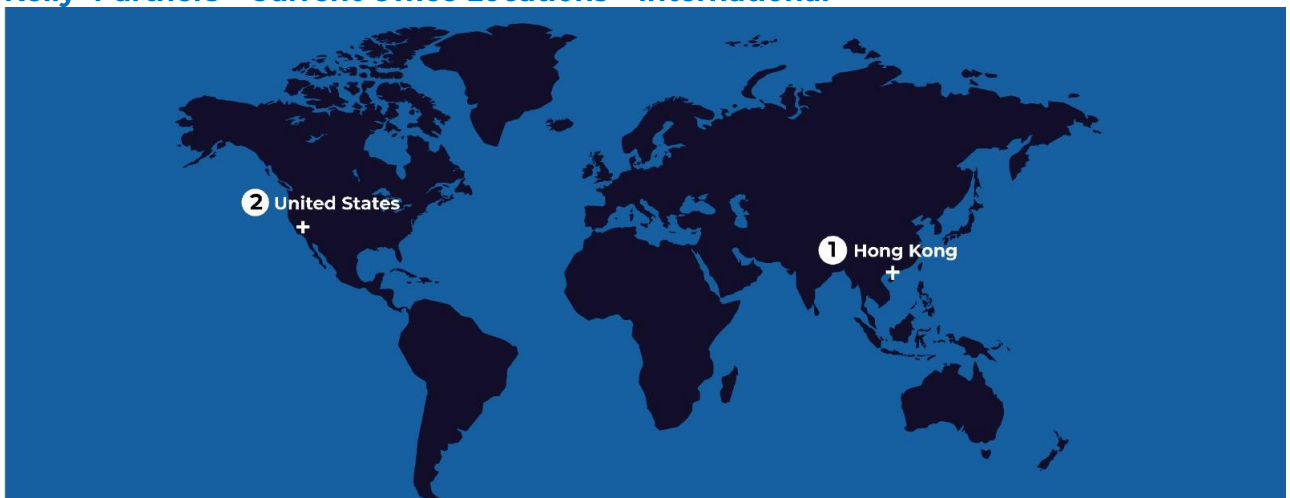
Kelly+Partners – Current Office Locations – VIC



Kelly+Partners – Current Office Locations – QLD



Kelly+Partners – Current Office Locations – International



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 35 operating businesses across 28 locations in Australia, Hong Kong and the United States.

In total, the team consists of more than 400 people, including 77 partners, who service over 17,000 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 70 individual transactions in order to build the current accounting network. This includes the transformation of 40+ external firms, and the launch of 20+ greenfield businesses.

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:

Brett Kelly

Founder and CEO

P: +612 9923 0800

E: brett.kelly@kellypartnersgroup.com.au

W: kellypartnersgroup.com.au
