

ASX ANNOUNCEMENT

Wednesday, 5th February 2025

1H25 Revenue up +22.8% to \$64.9m (1H24: \$52.9m¹) KPG 1H25 Underlying attributed NPATA² up +12.0% to \$4.9m

1H25 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 594 team members, including 104 partners.
- In August 2024, KPG completed 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 \$134m 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.
- Revenue grew **+22.8%** to \$64.9m (1H24: \$52.9m).
- Underlying NPATA for the half year increased **+12.0%** on the prior period.
- KPG continues to invest for long term growth

1H25 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 Florida and North Carolina as a result of the Florida partnership.
- **Structure** – Partner-Owner-Driver® model implemented in 4 partnerships completed in 1H25.
- **People** – launched inaugural undergraduates' program, held first international partners' retreat
- **Clients** – Net Promoter® Score³ of +72 vs an industry average of -18⁴. Hosted the "Only Business Owners" conference for the top 80 Kelly+Partners clients, featuring prominent business owners and guest speakers
- **Financial** – secured \$22m in growth funding from Westpac in Jun-24
- **Digital** – rollout of the digital client app will commence shortly, enhancing client engagement and service accessibility.
- **Brand** – office locations consistently rank in the top 1–3 positions on Google search, reinforcing our market presence and digital visibility.
- **Growth** – 22.8% revenue growth in 1H25, 18.8% acquired growth and 4.0% organic growth
- **Succession** – assisted senior practitioners from 4 acquisitions manage their succession

1H25 Highlights - Financials

Consolidated Group

- Group Revenue up 22.8% to \$64.9m (1H24: \$52.9m)
- Underlying EBITDA (pre-AASB16) up 12.5% to \$17.4m (1H24: \$15.5m)
- Underlying EBITDA margin (pre-AASB16) of operating businesses at 28.1% (1H24: 30.6%)
- Cashflow from Operations (pre-AASB 16) up 26.7% to \$14.5m (1H24: \$11.5m)
- Number of active client groups 25,000

¹ Excludes results from discontinued operations in 1H24 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

Attributed Parent

- Underlying NPATA up 12.0% to \$4.9m (1H24: \$4.4m)
- Free cashflow or Owner Earnings up 18.6% to \$4.9m (1H24: \$4.2m)
- Underlying NPATA Earnings Per Share (EPS) up 12.0% to 11.0c (1H24: 9.8c)

| Financial Highlights (\$m) | KPGH & Controlled Entities | | | KPGH Parent Only | | |
|--|----------------------------|---------------|--------------|------------------|--------------|--------------|
| | 1H24 | 1H25 | % | 1H24 | 1H25 | % |
| Revenue | \$52.9 | \$64.9 | 22.8% | | | |
| Underlying EBITDA | \$18.3 | \$20.4 | 11.2% | | | |
| Underlying EBITDA (pre. AASB16) | \$15.5 | \$17.4 | 12.5% | | | |
| EBITDA Margin (%) | 29.3% | 26.8% | -2.5% | | | |
| EBITDA Margin (%) - Operating Businesses | 30.6% | 28.1% | -2.5% | | | |
| Underlying NPATA | \$11.1 | \$12.7 | 14.7% | \$4.4 | \$4.9 | 12.0% |
| NPATA Margin (%) | 21.0% | 19.6% | -1.4% | | | |
| Statutory NPAT | \$7.3 | \$8.7 | 181% | \$1.8 | \$2.5 | 36.6% |
| Earnings per share (cents) – Statutory | | | | 9.78c | 10.95c | 12.0% |
| Return on Equity | 40.6% | 36.5% | -4.1% | 35.5% | 34.7% | -0.8% |
| Return on Invested Capital ⁵ | 24.8% | 22.2% | -2.6% | 21.5% | 16.6% | -4.8% |
| Owners' Earnings | \$11.1 | \$14.0 | 26.2% | \$4.2 | \$4.9 | 18.6% |

Financial Performance

Consolidated Group

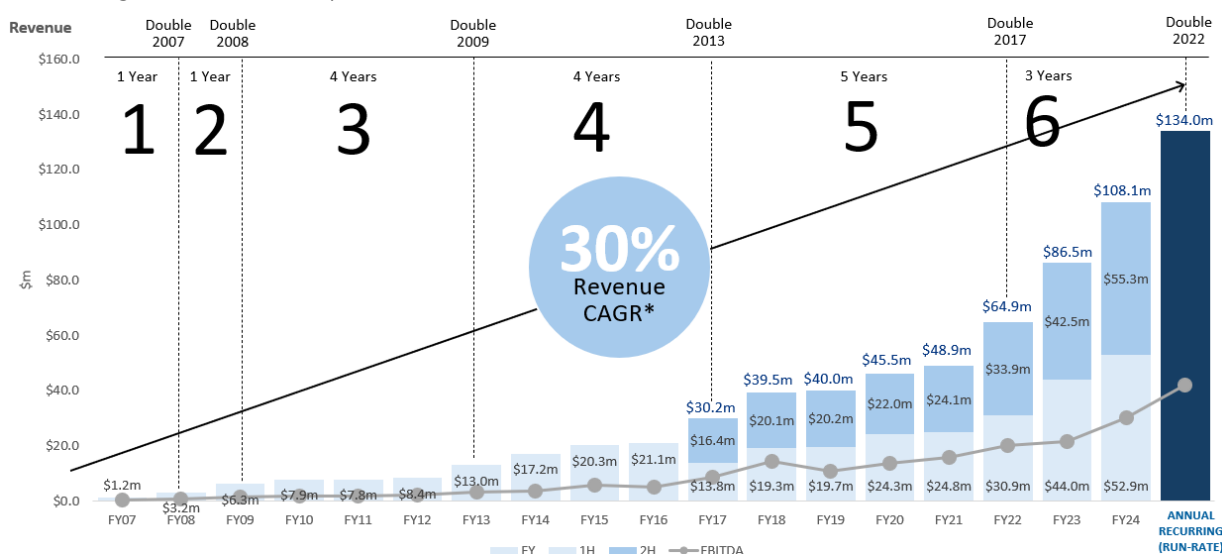
- **Revenue of \$64.9m (+\$12.0m, up 22.8%):** Acquired revenue growth of \$9.9m contributed 18.8% to revenue growth, with in year acquisitions completed to date in 1H25 contributing \$4.7m and revenue from the acquisitions completed in FY24 contributing \$5.2m. Revenue from organic growth contributed 4.0% of the overall growth.
- **Group Underlying EBITDA of \$20.4m (+\$18.3m, up 11.2%):** 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, all of which 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%).
- **Cashflow from Operating Activities pre AASB 16 of \$14.5m was up 26.7% on 1H24** with cash conversion ratio of 103.0%.
- **Group Net Debt of \$55.5m increased \$9.9m or 21.7% on FY24** as a result of new borrowings for 1H25 in year acquisitions, fitouts and buy-ins of new and existing partners. Gearing ratio has increased to 1.49x (FY24: 1.28x) (Net Debt / Underlying EBITDA) as a result of increased borrowings to complete the in-year acquisitions. Total debt repayments for the half year totalled \$5.4m (annualised 19% of Net Debt) in line with the amortization period of the debt.

⁵ Return on Invested Capital impacted where the full acquisition has been taken into account and only a part year profit contribution has been made by the acquired business.

Attributed Parent

- **Underlying NPATA attributable to Shareholders of \$4.9m (+\$0.5m, up 12.0%)** 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 \$4.9m (+\$0.7m, up 18.6%)** reflect the cash from operations to the parent and the strong conversion of profit to cash.
- **No shares issued since IPO in 2017**
- **Total 597,181 (1.3%) shares bought back since IPO, 100,000 shares bought back in 1H25.** Issued shares are currently 44,900,000 shares. The average price of all shares bought back since IPO was \$2.48, returning 10.7c per share to existing shareholders. Total gain on shares bought back to date was \$5.1m or 444% on the average price of the shares bought back.

Revenue growth since inception and since IPO



Operational Highlights up to 31 December 2024

- **Number of offices increased from 33 to 35** mainly through the addition of two new office locations from the Florida partnership:
 1. St Petersburg, Florida, United States
 2. Cary, North Carolina, United States
- **Number of operating business partners increased to 104 with 11 new partners joining the group**, 9 from completed acquisitions and 2 internal promotions.
- **Number of active client groups increased to 25,000** providing further opportunities for growth and network effects.

Current Year Acquisitions

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.

| # | Acquired / scheduled | Location | Country | Type | Acquired Revenue |
|---|----------------------|------------------------|-----------|---------|---------------------------|
| (1) | Jul-24 | San Angelo, Texas | USA | Marquee | \$0.1m to \$0.2m |
| (2) | Aug-24 | St Petersburg, Florida | USA | Marquee | \$10.8m to \$12.5m |
| (3) | Oct-24 | United Kingdom | UK | Marquee | \$0.3m to \$0.4m |
| (4) | Dec-24 | Sydney CBD, NSW | Australia | 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% |

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 | 1 July 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 | FY24 ⁶ | 1H25 |
|---------------|----------|----------|----------|----------|----------|----------|-------------------|--------|
| Revenue | \$39,469 | \$39,975 | \$45,495 | \$48,906 | \$64,862 | \$86,524 | \$109,492 | \$64.9 |
| Add'l invest. | \$372 | \$742 | \$1,631 | \$371 | \$78 | \$2,479 | \$1,948 | \$818 |
| % | 0.9% | 1.9% | 3.6% | 0.8% | 0.1% | 2.9% | 1.8% | 1.3% |

Dividends

In February 2024 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 31 December 2024

Since IPO, KPG has delivered a 37.5% compounded annual return to its shareholders and a total return of ~1,000% through an appreciation in share price as well as regular dividends paid up to February 2024.

| KPG.ASX Return | Issue price at IPO | 1H25 | Total |
|--|--------------------|---------|---------------|
| Share Price | \$1.00 | \$10.50 | \$9.50 |
| Dividends per share - Ordinary | | | \$0.33 |
| Dividends per share - Special | | | \$0.05 |
| Gain on shares bought back | | | \$0.11 |
| Total Shareholder Return (\$) | | | \$9.99 |
| Total Shareholder Return (%) | | | 998.68% |
| Total Shareholder Return – Annual % | | | 37.45% |

Commenting on the 1H25 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. 19 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;***

⁶ 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 1H25 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 1H25 results presentation at 10:00am (Sydney time) today 5 February 2025, followed by a Q&A session.

To register, please visit

https://us02web.zoom.us/webinar/register/WN_ZvdGFlu_Q6aFiyb4Gu1fGA

For more information, please contact:



Brett Kelly

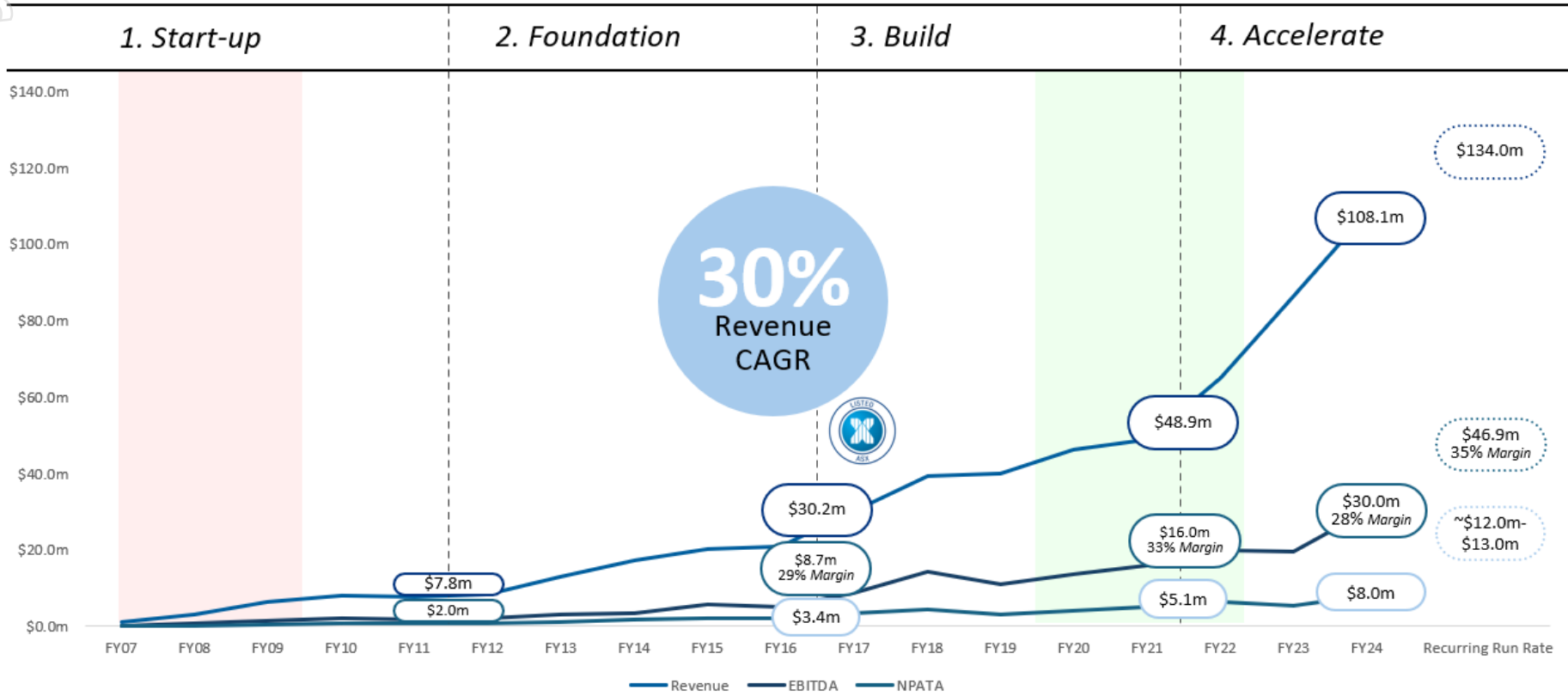
Founder and CEO

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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

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

In total, the team consists of 600 people, including 100 partners, who service over 25,000+ 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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