

KP+GH

KPG Owner's Manual

ASX: KPG

PRESENTED BY

Brett Kelly CEO and Executive Chairman

Kenneth Ko Interim CFO

25 November 2020

CEO and Executive Chairman, Brett Kelly, has approved the release of this document to the market

Kelly Partners Group Holdings Limited

kellypartnersgroup.com.au

Level 8, 32 Walker Street, North Sydney NSW 2060, Australia

PREAMBLE

This FAQ series is a summation of a list of questions that have been asked since our Company's IPO in 21 Jun 2017.

We want to provide these slides as a simple introduction to an investor handbook for any investors interested in our business.

CONTENTS

Values based, principles led

- + KPG Shareholders Principles / Company Overview

A growth business in a defensive sector

- + Kelly+Partners revenue history / Strong fundamentals
- + A recap of K+P's 5 year strategy plan
- + An explanation of the K+P Partner Owner Driver™ ("POD") model vs a Typical Rollup model
- + K+P business and acquisition structure

Profit & Loss

- + Per Share Recurring Revenue, Owner Earnings and Earnings
- + Seasonality in Half Year Revenues
- + Parent Additional Investment Update
- + Non Controlling Interest versus Shareholder Distributions

Balance Sheet and Capital Deployment

- + Five Choices for Deploying Capital
- + Group Gearing and Capital Structure
- + Attributable Debt Structure
- + Share Buyback Update
- + Shareholder Register Update
- + Property Strategy
- + Valuation

**Values based,
principles led**

KP+GH

KPG SHAREHOLDERS' PRINCIPLES

	K+P
1	Our attitude is partnership in everything we do.
2	Our founder and partner+owner+drivers have their majority net worth invested in the business.
3	Our long term goal is to maximise KPG's intrinsic value on a per share basis.
4	Our intention is to grow by continuing to acquire accounting firms using our proprietary Partner+Owner+Driver model
5	We will make decisions to maximise KPG's intrinsic value, even when such decisions may result in unfavourable treatments under current accounting standards.
6	We use debt prudently and structure our loans to be aggressively repaid.
7	We measure our performance using Earnings Per Share (EPS) growth and owner earnings.
8	We intend to seldom, if ever, issue shares to acquire a business.
9	It is not our intention to sell a business that we have acquired.
10	We will be completely transparent in our reporting to our shareholders, treating them as genuine partners in our business. We would call a spade a spade rather than under emphasise difficult situations.

Kelly+Partners Company Overview

WHO WE ARE

- Kelly Partners Group Holdings Limited (KPG.ASX) has a ~51% interest in 21 operating businesses operating from 15 locations in NSW and VIC
- Our businesses provide accounting, taxation and other services to private businesses and their owners
- We operate under our unique “Partner-Owner-Driver” model, where partners are owners of the businesses

KEY BUSINESS ATTRIBUTES

- Annuity revenue stream that is defensive and recurring
- 8,000+ client groups across diverse industries
- Leading margins of 32.5% vs industry average of 19.2%
- ROE of 49.0% and Return on Invested Capital of 32.2%
- 98% of EBITDA converted to cash

FY20 Annuity and Transactional Revenue

Annuity Revenue*

Accounting

~96%

Wealth

~2%

Finance

~1%

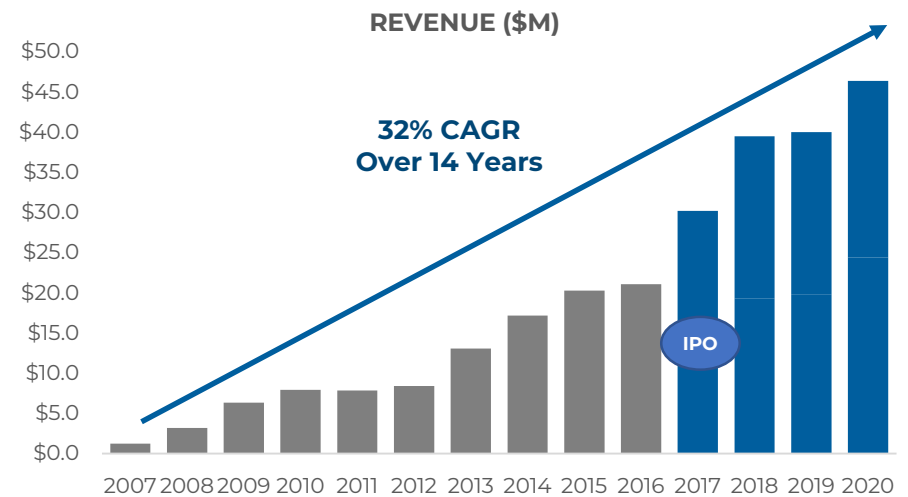
Transactional Revenue

~1%

Investment Office

~1%

* Based on FY20 results, excluding the Corporate Advisory business which is not material and which ceased after balance date.

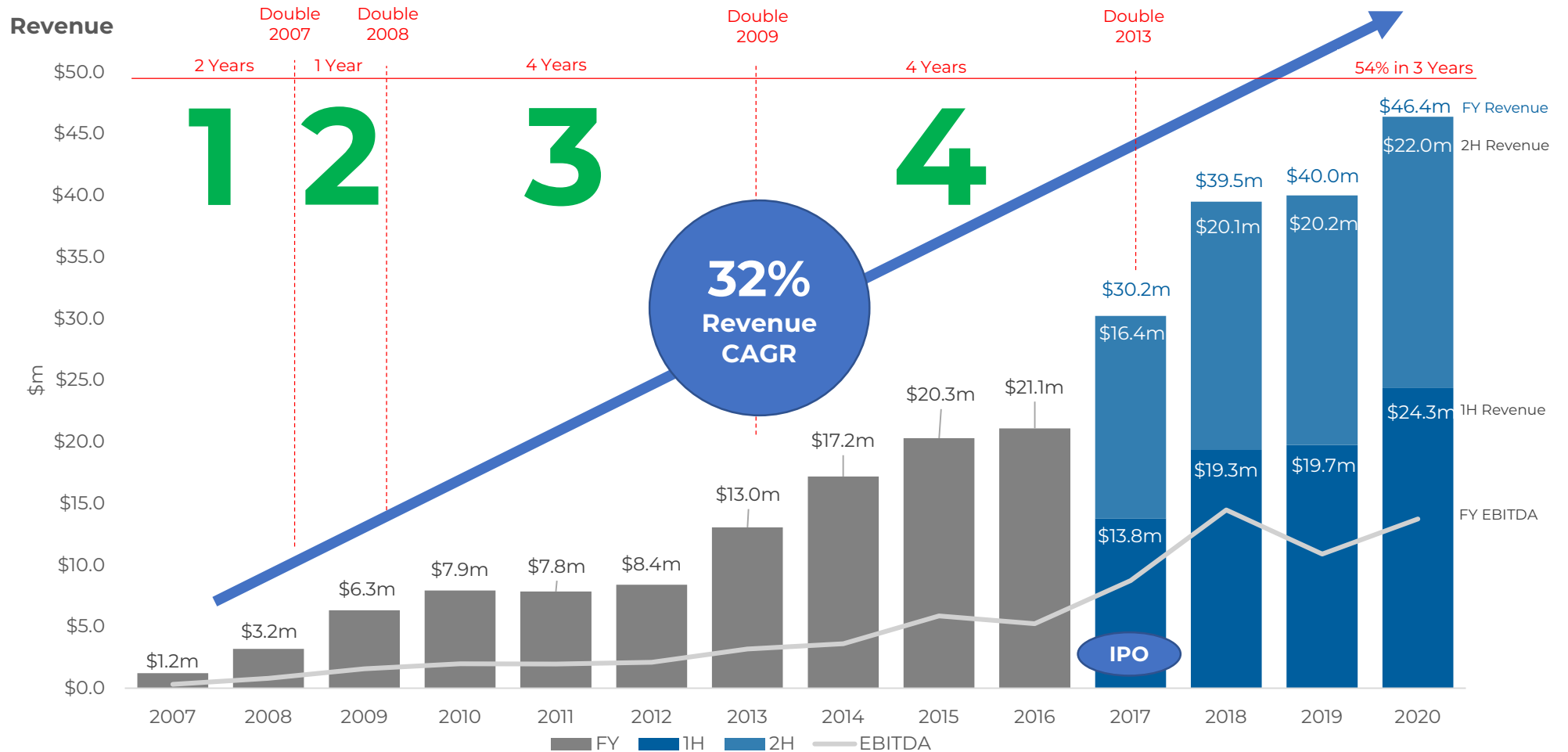


**A growth business
in a defensive
sector**

KP+GH

14 Years of Revenue Growth

14 years of continual growth. The business has doubled on average every 3 years, 4 times in a row.



* 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, with the calculation based on 2007 representing the first full year of operations). Audited numbers from FY2013 onwards.

Resilient K+P Business Model delivering solid fundamentals (FY20 Financial Results)

PROFIT & LOSS



REVENUE

Revenue increased +16% to \$46.4m
(FY19: \$40.0m)

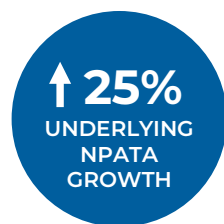
Acquired revenue contribution +6.6%

Organic revenue contribution +9.4%



MARGIN

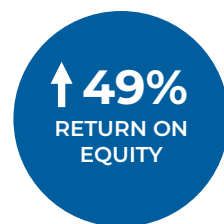
FY20 Underlying EBITDA (pre AASB 16) \$13.7m to Revenue of \$46.4m



PROFIT

FY20 Underlying NPATA increased +25% to \$4.0m
(FY19: \$3.2m)

BALANCE SHEET



RETURN

NPATA \$11.2m on Group Equity of \$22.9m



GEARING

Net Debt of \$15.2m on Underlying Group EBITDA (pre AASB 16) of \$13.7m

CASHFLOW



CASHFLOW

FY20 Operating Cashflow pre AASB 16 increased +27% to \$12.7m
(FY19: \$10.0m)



EFFICIENCY

FY20 Operating Cashflow of \$16.7m to Statutory EBITDA \$17.1m

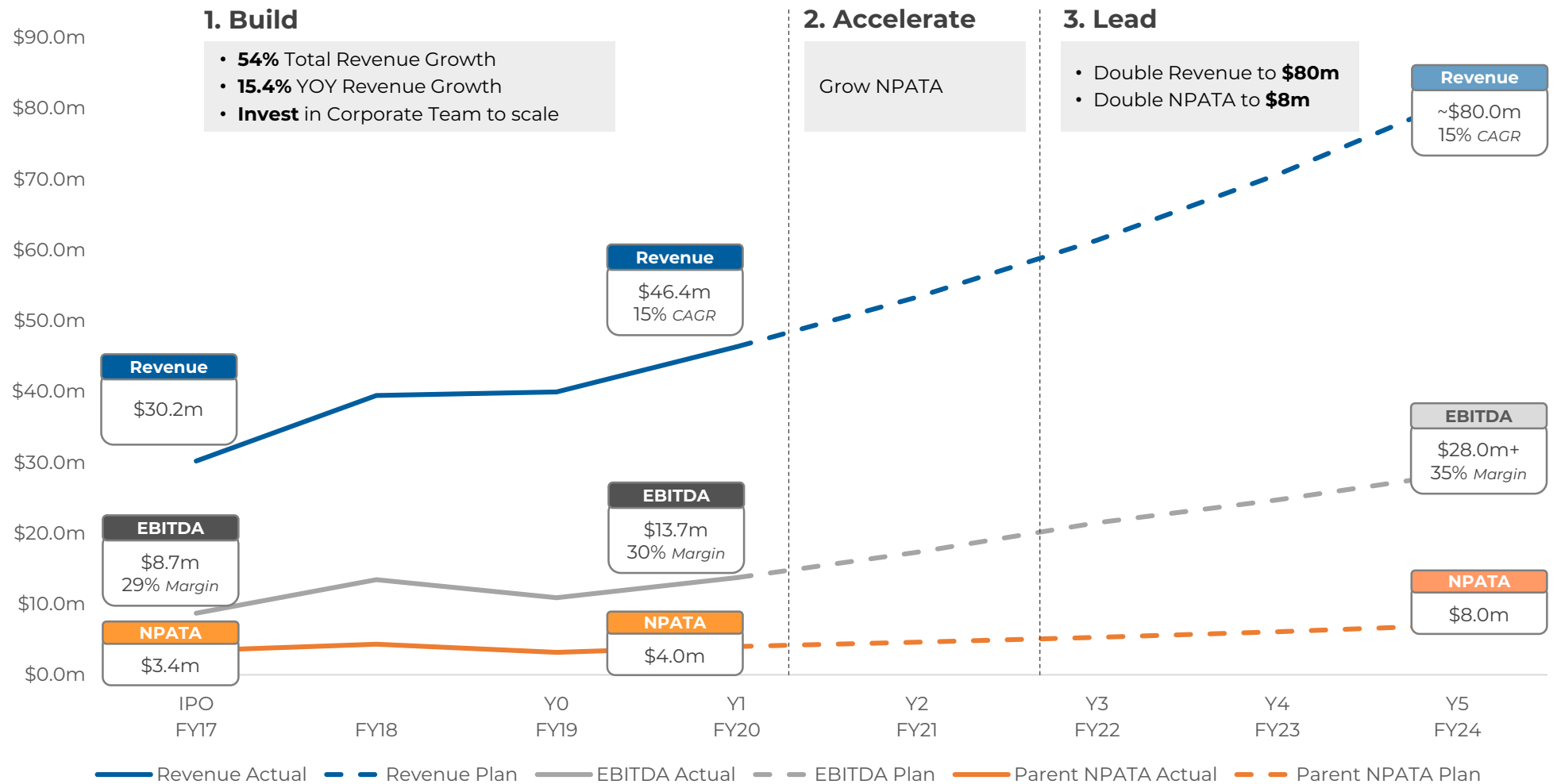
	Revenue / FTE	Firm EBITDA %	Stat. NPATA
FY20	\$307K / FTE	32.5%	\$4.4m
FY19	\$225K / FTE	27.7%	\$2.8m

Group ROE	Lockup Days
49.0%	54 (↓16 ~ +\$0.7m)
32.7%	70

Cash at Bank	Cash Conversion
\$3.8m	98%
\$4.0m	117%

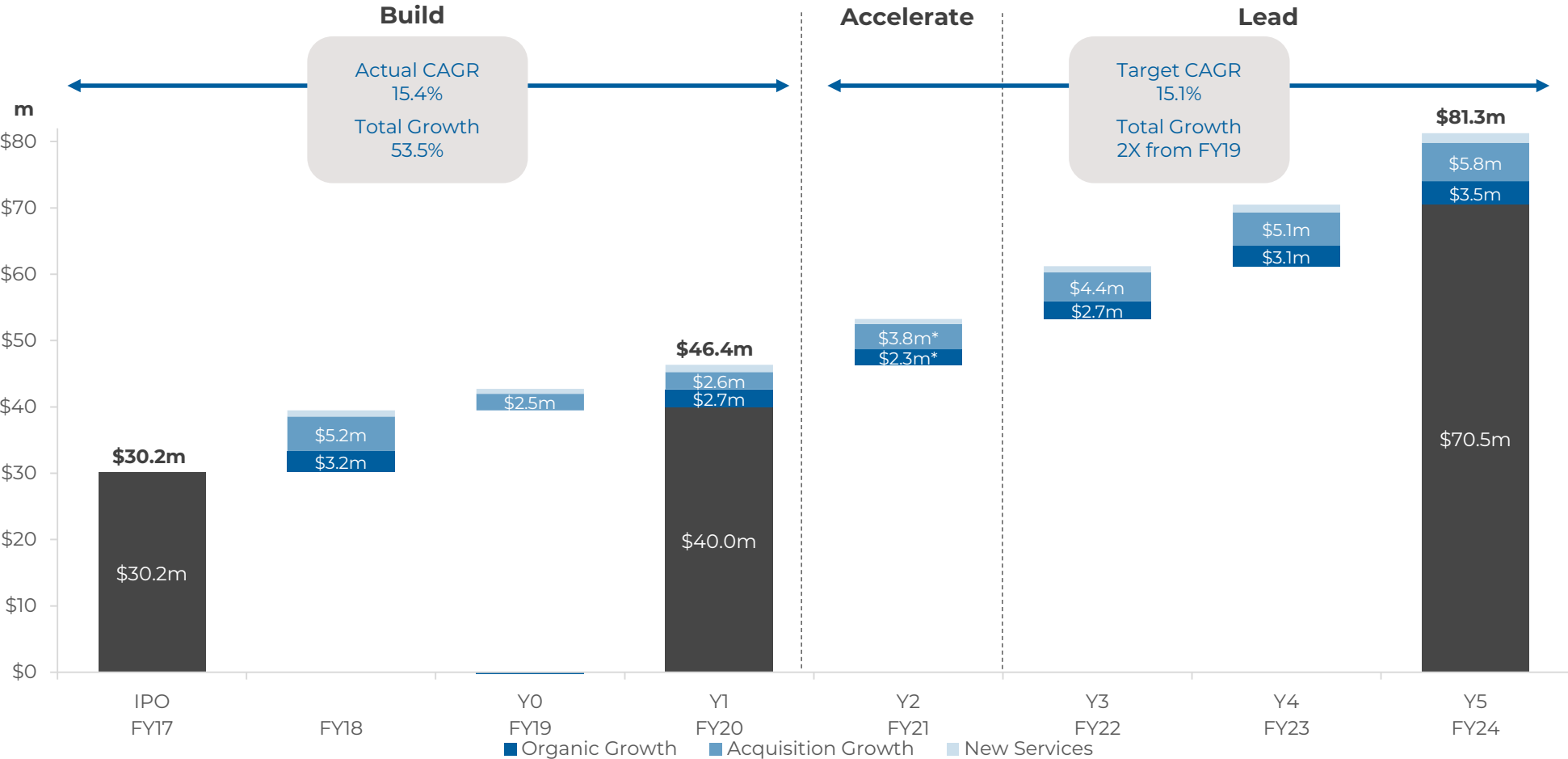
K+P 5 Years Strategy

Build, Accelerate and Lead



5 Year Revenue Growth Plan to FY24

Double revenue to \$80m+ by FY24



* Illustrative only

K+P 5 Years Strategy

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	+\$3.8m	+\$1.0m 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	
FY2020 EBITDA ~\$13.7m	+\$2.2m	+\$0.3m	+\$0.4m		-	+\$2.9m	

An explanation of the K+P Partner Owner Driver (“POD”) model vs a Typical Rollup model

POD aligns the risk and reward incentives to protect shareholder capital and drive return

	KPG: Partner Owner Driver	Typical Rollup
Shareholder Level	<p>CEO & Founder c.51%</p> <p>Other Shareholders c.49%</p>	<p>CEO < c.1.5%</p> <p>Other Shareholders c.98.5%</p>
Holding Company Level	<p>ASX Listed HeadCo 100%</p> <p>Operating Business Owner</p> <p>Subsidiary Company</p>	<p>ASX Listed HeadCo 100%</p> <p>Operating Business</p>
Operating Business Level	<p style="writing-mode: vertical-rl; transform: rotate(180deg);">RIGHTS & RESPONSIBILITIES</p> <p>Operating Business 49% (CEO & Founder), 51% (Subsidiary Company)</p>	<p style="writing-mode: vertical-rl; transform: rotate(180deg);">RIGHTS</p> <p>Operating Business 100% (ASX Listed HeadCo)</p>
Examples*	Steadfast, Austbrokers (Owner-Driver), McDonalds	WHK, Stockfords, Harts

* Example companies may not display all the attributes of the KPG Partner Owner Driver model

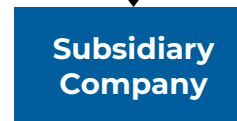
K+P Business & Acquisition Structure

OWNERSHIP / ASSETS

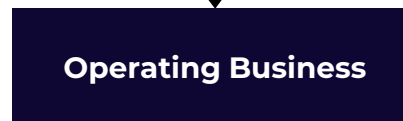
- + Capital
- + Back Office
- + IP



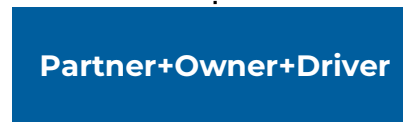
100%



51%



49%



- + Fixed Assets
- + Employees
- + Tax Agent Registration
- + ASIC Registration

- + Equity
- + Income

FINANCIAL RETURN / DEBT

- + Distribution: Equity Interest
- + Fees: Centralised management services
- + Fees: Intellectual Property

- + Debt: Acquisition
- + Debt: Working Capital

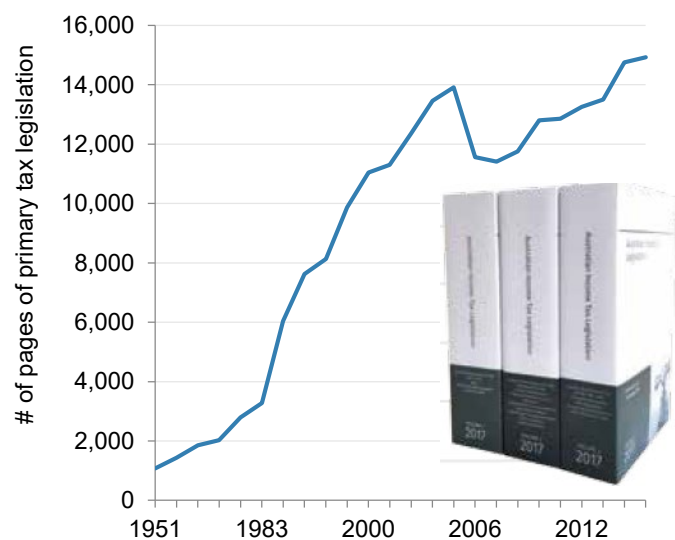
Only debt is used to acquire businesses; KPG shares are not used

- + Distribution: Base
- + Distribution: Equity
- + KPG shares
- + KPIO Investment
- + Property (Local office building)

Australia's tax law increasing in complexity

Increasing tax compliance and legislative complexity are key drivers for accounting and taxation services

Tax law volume growth of ~14x since 1950s



Source: Australian Treasury, Re:think Presentation, June 2015

Paying taxes in Australia is considered more difficult relative to some other developed economies

Ease of paying taxes (ranked easiest to hardest)¹

United Arab Emirates	1	Switzerland	18
Hong Kong / China	3	Netherlands	20
Ireland	5	Australia	25
Denmark	7	Norway	26
Singapore	8	Sweden	28
United Kingdom	10	United States	36
New Zealand	11	Germany	48
Finland	13	France	63
Canada	17	Japan	70

¹ Represents overall ranking including post filing index, ranked against 190 economies globally. Source: World Bank, Doing Business Report, 2017

Profit & Loss

KP+GH

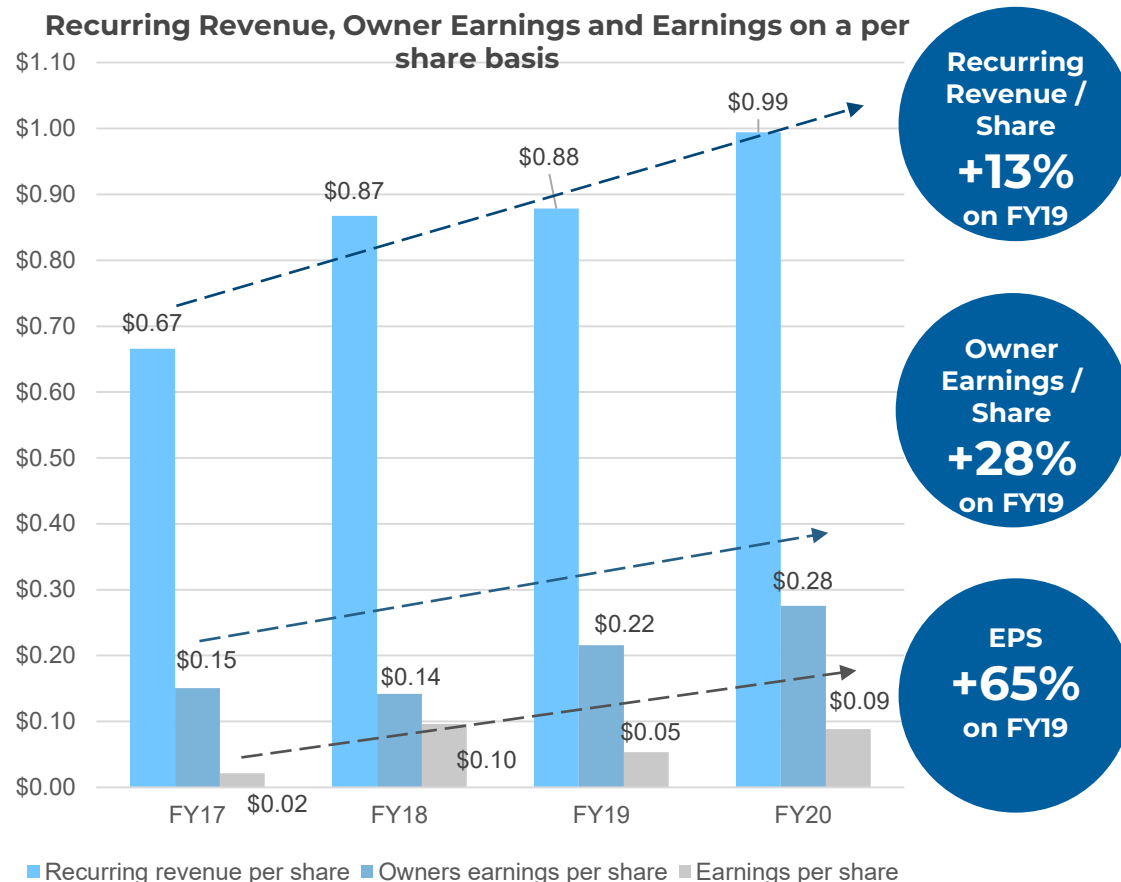
Per Share Recurring Revenue, Owner Earnings and EPS

The Group has consistently grown its through-the-cycle Recurring Revenue, Owner Earnings, and Earnings on a per share basis.

- The Group uses Owner Earnings* to measure cash flow available to the firm which is then available for the five choices of Capital Allocation Deployment.
- EPS is a measure of profit attributable to shareholders of the parent entity, whilst Recurring Revenue per share and Owners Earnings per share is a measure of income to the firm and is on a group consolidated basis.

“What counts in the long run is the increase in per share value, not overall growth or size. Cash flow, not reported earnings, is what determines long term value.”

- William Thorndike



* Owner Earnings is an after-tax measure which takes into account change in working capital requirements and the deduction of maintenance capex.

** FY17 Earnings Per Share is shown after adding back IPO costs

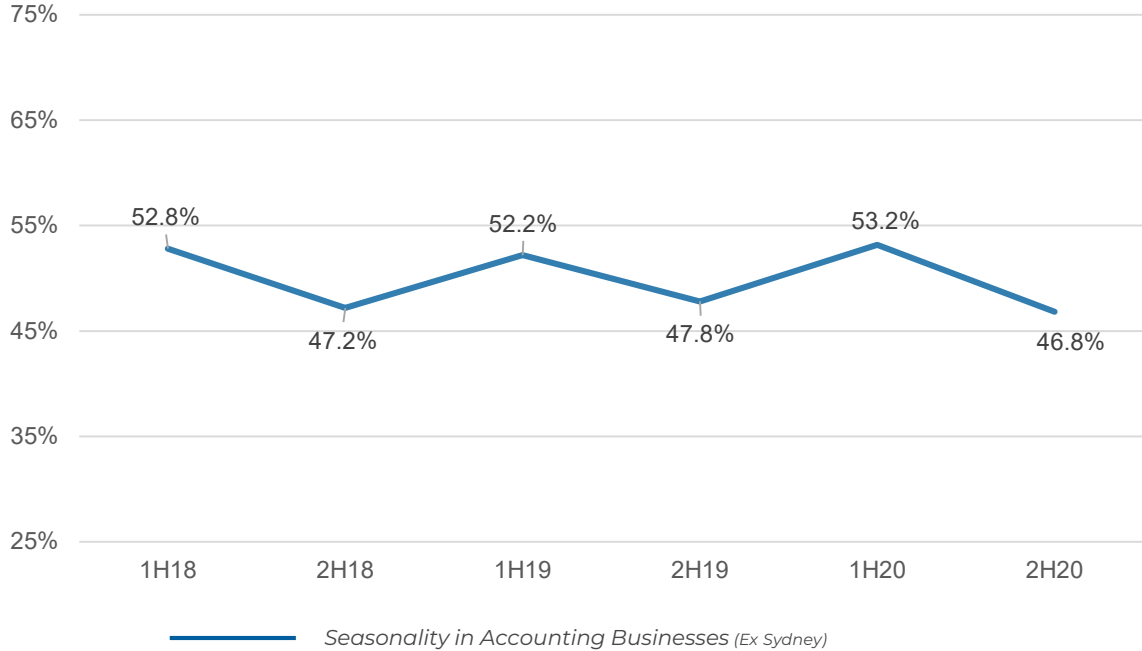
Data in tabular format is provided in the appendix

Seasonality in Half Year Revenues ~ 53% / 47%

Seasonality driven by tax calendar work aligned to the 30 June financial year end

- Seasonality in the accounting businesses is approximately **1H: 53% / 2H: 47%** since IPO, equating to a 6% (or c. \$2.3m swing) down swing in 2H20.
- 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 of which 90% is completed by the 31 October lodgement deadline**. Audit work represents less than 2.0% of group revenues.

Seasonality in accounting business (excludes acquisitions)



KPG Group Head Office Additional Investment

Additional Investment for first 3 years Post IPO now complete.

Parent Summary \$000's Account Type Periods (months)	Full Year Actual			First Quarter Actual		
	FY18	FY19	FY20	Q1-20	Q1-21	Variance
	Audited	Audited	Audited	Unaudited	Unaudited	(+/-)
	12	12	12	3	3	
Group Revenue	39,469	39,975	46,354	12,752	13,403	-
Central Services Fee & IP Fee	3,349	3,684	4,002	924	963	+39
Less Parent Operating Expenses	-3,721	-4,427	-5,633	-1,755	-1,063	+692
Parent Operating Income* / (Additional Investment)	-372	-742	-1,631	-831	-101	+731

*Does not include share of profits (investment income) from the c.51% owned operating businesses

- Central Services Fees and IP Fees are approximately 6.5% and 2.50% of Group Revenue respectively.
- In the three years post IPO, the parent ran the group head office at a deficit as it continued to invest in growth in order to further develop the capabilities of the central services team and for the business to be positioned for long term growth as well as to grow its competitive advantage. These investments for growth have exceeded the Central Services Fee and the IP Fee income that the Company receives from its operating businesses. With these investments in place, the Company believes it is well established and positioned to scale further.
- For the first 3 months to September 20, the group head office's Additional Investment of \$101k is \$731k less than the prior corresponding period. *The Parent's additional investment costs are front-loaded in the first half of the year*, and management intend to limit the ongoing additional investment (on a full year basis) to within the amount of fees received for FY21. The continued growth in revenue is also an enabler in meeting investment costs within the Services Fee and IP Fees received, which are based on revenue.
- The aim is for the group head office to be profit neutral.

Non Controlling Interest versus Shareholder Distributions

NCI distributions 1) include a capital distribution component, 2) are before tax, and 3) represent c. 100% of NCI profit. Shareholder dividends 1) do not show the capital distributions component (which are eliminated under consolidation accounting), 2) are after tax and 3) are paid in line with the group's sustainable dividend policy.

- Distributions to Non Controlling Interests (NCI) were \$8.1m in FY20. Dividends to shareholders of the parent entity were \$2.4m. These two distributions amounts are not like for like and cannot be directly compared. The table highlights the key reasons for the difference in these amounts:
 - Total distributions to NCI of \$8.1m includes \$2.6m in capital distributions. The Parent entity also received a \$2.6m capital distribution, which it applied wholly to debt reduction (this is what primarily accounts for the \$2.6m increase in debt reduction in FY20 of \$5.8m (FY19: 3.2m)). To compare to net profit after tax, the capital distribution component has been adjusted out. The distributions in relation to operating cashflows were \$5.5m
 - Distributions to NCI are shown on a before tax basis*. For illustrative purposes and to compare to Net Profit After Tax (attributable to the parent), these amounts have been tax affected at an assumed rate of 30%.
 - Adjusting for the above, the comparable normalized tax effected distributions from operations are \$3.9m. This compares to Reported NPAT of \$4.0m attributable to shareholders and is reflective of the . 51/49 split of the listed entity and NCI.
 - Distributions to NCI represent 100% of their profit (as NCI's operate under partnership structures), whereas dividends to shareholders are in line with the groups sustainable dividend policy. In FY20 the dividend was \$2.4m representing a 59.8% dividend payout ratio.

* This is the case for all the operating businesses except one business which does not operate under a partnership structure.

Side by Side Comparison	\$	%
NPAT attributable to shareholders of the parent	4.0	51.0%
Normalised tax effected distributions from operations	3.9	49.0%
Total	7.9	100.0%

Normalised tax effected distributions from operations	\$m
NCI Distributions	8.1
Adjustment for Capital Distributions	-2.6
Normalised distributions from operations	5.5
Adjustment for tax effect @ 30%	-1.7
Normalised tax effected distributions from operations	3.9

Distributions to shareholders of the parent entity	\$m
NPAT attributable to shareholders of the parent	4.0
Dividend Paid	2.4
Dividend Payout Ratio	60%

Balance Sheet and Capital Deployment

KP+GH

Five Choices for Deploying Capital

Lessons from The Outsiders

Capital allocation is a CEO's most important job.		Dashboard		
		FY18	FY19	FY20
<ol style="list-style-type: none"> 1 Investing In Existing Operations KPG has made significant investments to build its central management services team. 2 Acquire Other Businesses KPG is not required to invest capital to make acquisitions 3 Issue Dividends KPG has grown its dividends at 10% p.a. since IPO and targets a 50-70% through-the-cycle Dividend Payout Ratio. 4 Pay Down Debt[^] KPG targets a gearing ratio of 1.0x - 1.50x with an allowance to spike to 2.00x for significant or multiple acquisitions. 5 Repurchase Stock KPG intends to build per-share intrinsic value by repurchasing KPG Shares when they are available at a meaningful discount from intrinsic value. 		\$0.4m Additional investments from parent	\$0.7m Additional investments from parent	\$1.6m Additional investments from parent
		- Acquisitions	4 Acquisitions	2 Acquisitions
		4.00c DPS (Payout Ratio: 41.5%)	4.40c DPS (Payout Ratio: 82.8%)	5.39c DPS (Payout Ratio: 61.0%)
		\$2.4m Debt Repaid Gearing: 0.79x	\$3.2m Debt Repaid Gearing: 1.35x	\$3.4m* Debt Repaid Gearing: 1.11x
		<u>45,497,181</u> Outstanding shares - Bought Back	<u>45,495,000</u> Outstanding shares 2,181 Bought Back	<u>45,400,000</u> Outstanding Shares 95,000 Bought Back

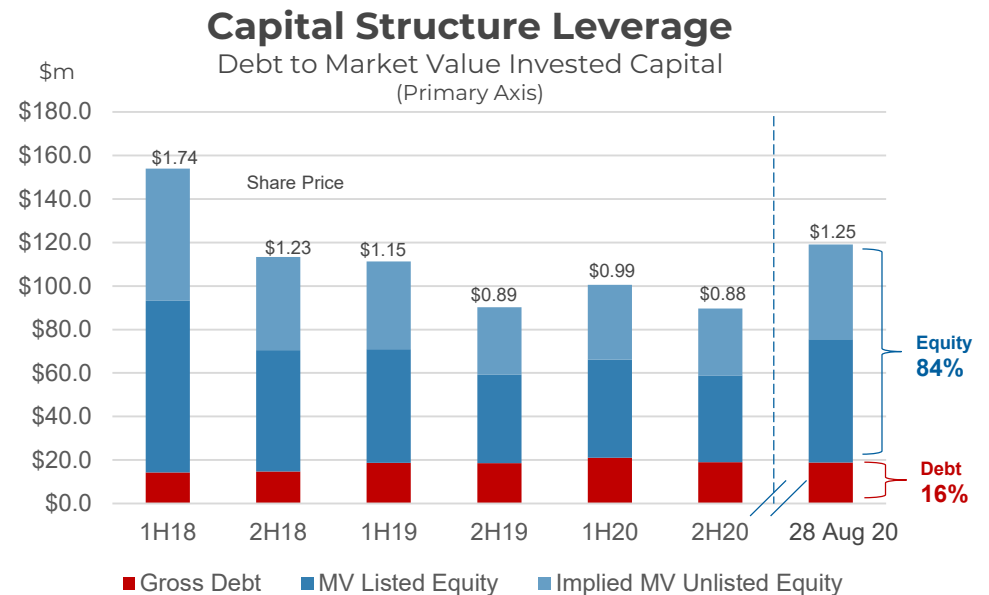
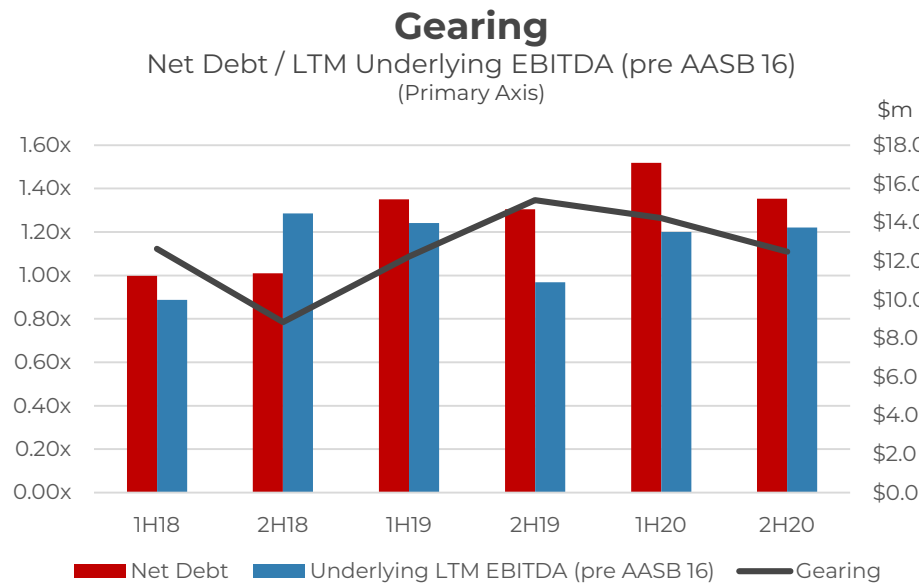
[^] Only includes scheduled debt repayments and excludes voluntary debt repayments

* Cash from Financing Activities included \$5.8m in repayment of borrowings, which includes \$2.4 in debt restructures (involving equivalent amounts of new debt advanced). Excluding the debt restructures, the debt repaid was \$3.4m

Group Gearing and Capital Structure

Declining and low gearing (1.1x) and low steady leverage (27% Debt / MV Equity)

- The Group uses Net Debt / Underlying EBITDA (pre AASB 16) as its primary measure of group gearing, shown below (left hand chart). This is reflective of the major banks' key credit metric for cashflow lending including lending to professional service firms.
- The Group's gearing has dropped significantly over the last financial year from 1.35x (FY19) to 1.11x (FY20). This is primarily due to earnings increasing whilst maintaining relatively flat net debt levels (year on year).
- The Group maintains scheduled debt reductions of c. \$3.5m p.a., and in the absence of acquisitions, gearing would be expected to decline by ~0.25x p.a.
- The Group also monitors Debt / Market Value Invested Capital (MVIC) and Debt to Equity measures. The Group's capital structure includes debt, listed equity and unlisted equity, shown below (right hand chart). The Group calculates MVIC as the sum of the 1) the market value (MV) of its listed equity, 2) the implied MV of the unlisted equity (representing c. 49% of the consolidated balance sheet) after accounting for illiquidity and 3) Gross Debt. Under these measures, the Group's Debt to MVIC is c. 16% and the Group's Debt to MV Equity is c. 19% (as at 28 Aug June 20).
- As at 30 June 2020, up to \$12.5m of cash and headroom were available to the group, equating to ~\$31m in acquisition capabilities.



Attributable Debt Structure

The Parent entities attributable debt is only ~25.3% of Group Debt*

- **What is Attributable Debt:** Under the Group's cashflow waterfall, EBITDA is 1) first used to repay Business Attributable debt, 2) secondly distributed to the partners according to their economic interests, out of which those partners services their respective Attributable debt; 3) and the remaining cashflow is free cash. As and when the parent's Attributable acquisition debt tranches (which sit within the operating businesses) are repaid in full, the free cashflow up to the parent is expected to increase as servicing costs cease.
- *The Group's Net Debt (Excluding Property Debt) is \$15.0m* as at 26 August 2020.
- *Parent's attributable debt of \$4.3m* (25.3% of total debt (ex property debt)) includes \$3.1m on its balance sheet and \$2.2m on subsidiary balance sheets. The \$3.1m on balance sheet includes \$1.9m in its working capital revolver, \$0.6m in fit-out and equipment finance, and \$0.7 in amortising debt related to IPO costs. The \$2.2m on subsidiary balance sheets includes acquisition attributable to the parent in relation to the Sydney, Melbourne, Southern Highlands, South West Sydney and Wollongong businesses.
- *Partner loans are \$4.2m*, (24.8% of total debt (ex property debt)) and relates to partner buy-in funding.
- *Business debts total \$7.3m (43.6% of total debt ex property debt)* and includes \$2.7m in drawn overdrafts, \$3.8m in acquisition facilities and \$0.8 in fit-out and equipment finance facilities.

	Attributable Debt by Balance Sheet					Parent Look Through			
	Parent's Balance Sheet	Operating Business' Balance Sheets				Total	Parent Look Through		
Attributable to:	Parent	Parent	Op Partners	Business	PropCo	Total	Parent	Op. Business	Total
Working Capital Debt	\$1.9	-	-	\$2.7	-	\$4.6	\$1.9	-	\$1.9
Acquisition Term Debt	-	\$2.2	\$4.2	\$3.8	-	\$10.1	-	\$2.2	\$2.2
Fitout & Equipment Finance	\$0.6	-	-	\$0.8	-	\$1.4	\$0.6	-	\$0.2
IPO related amortising debt	\$0.7	-	-	-	-	\$0.7	\$0.7	-	-
Total Debt (Ex Property Debt)	\$3.1	\$2.2	\$4.2	\$7.3	-	\$16.8	\$3.1	\$2.2	\$4.3
% of Debt	18.5%	13.1%	24.8%	43.6%	0.0%	100%	18.5%	13.1%	25.3%
Less Cash						-\$1.8			
Net Debt (Ex Property Debt)						\$15.0			
Property Debt					\$1.3	\$1.3			
Net Debt						\$16.3			

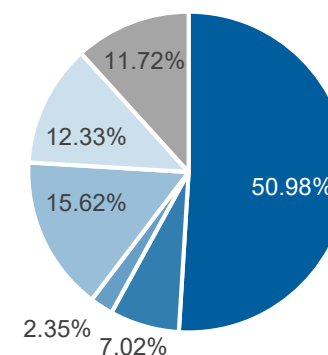
*This is excluding property debt which the Group intends to clear via sale of the properties in the next 6 – 18 months. Including the property debt the parent entities attributable debt is only ~23.5%

Top 50 Shareholders at 30 Sep 2020

Increase in Management shareholding to 60.3%

Shareholder Register Analysis	30 Jun 20		30 Sep 20		Change (+/-)
	No. of Shares	%	No. of Shares	%	No. of Shares
Top 50 Shareholders					
<i>Founder, Partners, Management & Team</i>					
Founder and CEO	23,400,000	51.50%	23,092,583	50.98%	-307,417
Partners [^]	3,178,251	7.00%	3,178,251	7.02%	
Management & Team [#]	593,550	1.30%	1,064,550	2.35%	+471,000
Top 50 - Internal	27,171,801	59.80%	27,335,384	60.34%	
Institutional	7,314,781	16.10%	7,074,187	15.62%	
Retail	6,056,600	13.30%	5,583,517	12.33%	
Top 50 - External	13,371,381	29.50%	12,657,704	27.94%	
Top 50 - Total	40,543,182	89.30%	39,993,088	88.28%	
Remaining Shareholders*	4,856,818	10.70%	5,306,912	11.72%	
Total Shareholders	45,400,000	100.00%	45,300,000	100.00%	-100,000

Register at 30 Sep 20



- Founder and CEO
- Partners
- Management & Team
- Institutional
- Retail
- Remaining Shareholders*

*Predominantly retail shareholders however includes some team members who do not make the top 50

[^] Shares held by operating partners of the Kelly+Partners operating businesses

[#] Shares held by senior management team and non executive directors of the board

- Senior management (excluding CEO and Founder Brett Kelly) have purchased 471,000 shares since 30 June 2020.
- Of the 471,000 shares purchased by senior management, 344,417 shares were purchased *from* CEO Brett Kelly at \$1.20 per share. All shares were purchased in cash and have not been vendor financed.
- Brett Kelly's reduction in shareholdings by the sale of the small parcel of shares to senior management is partially offset by his on market purchases since 30 June 2020
- The Group has bought back 100,000 shares under its ongoing buy back program since 30 June 2020.

Founder's Shareholding

Founder & CEO, Brett Kelly, currently holds 50.99% equity interest

1. Brett Kelly is the founder/CEO holding a 50.99% shareholding in KPG.
2. Brett's equity was earned through his effort in building and growing the KPG business from its infancy and assumed the risks as an owner and entrepreneur.
3. Brett was never gifted any equity interest and had not participated in any incentive schemes.
4. In the short term, Brett expects to decrease to a 50.01% shareholding in KPG equating to 22,555,702 shares
5. Over the medium to long term, Brett intends to maintain a 35.00%+ shareholding in KPG.
6. ASX listed founder led businesses have an average 12 mth TSR of 20%⁽³⁾.

Event	Movement	Shares Held ⁽¹⁾	% Interest
IPO		23,253,378	51.28%
On-Market	23,000	23,276,378	51.16%
On-Market	123,622	23,400,000	51.54%
On-Market	25,000	23,425,000	51.60%
On-Market	12,000	23,437,000	51.62%
Sold to Management	(344,417)	23,092,583	50.98%
Sold to Management	(50,000)	23,042,583	50.87%
On-Market	(17,669)	23,024,914	50.99%
On-Market	(25,093)	22,999,821	50.99%
Current		22,999,821 ⁽²⁾	50.99% ⁽²⁾
Target	(444,119)	22,555,702	50.01%

⁽¹⁾ Includes holdings in Brett Kelly's indirect holdings in related entities

⁽²⁾ Current as at 23 November 2020

⁽³⁾ Morgans, "Founder-led businesses", 30 October 2020

Share Buyback Update

394,797 shares repurchased since IPO, with no new shares issued.

- **The Group intends to extend its current buyback programme** for a further 12 months.
- In line with KPG’s strategy KPG intends to build per-share intrinsic value by repurchasing KPG Shares when they are available at a meaningful discount from intrinsic value.
- Since IPO, KPG has repurchased 394,797 shares at a c. 26.9% discount to the current price \$1.70*
- Post FY20 results release on 21 August 2020, senior management have purchased ~102,000 shares.

“KPG’s business model to acquire accounting firms does not require the new issuance of shares”

Date	Closing Shares	Shares Repurchased
Open at IPO**	45,497,181	
30 Jun 18	45,497,181	-
30 Jun 19	45,495,000	(2,181)
30 Jun 20	45,400,000	(95,000)
27 Aug 20	45,300,000	(100,000)
31 Oct 20	45,102,384	(197,616)
Total Outstanding	45,102,384	(394,797)
Share Purchase VWAP vs Current Price		
Total purchase costs		\$490,946
VWAP of share repurchases Since IPO:		\$1.24
Closing price on Tuesday 10 November 2020		\$1.70
<i>Discount to closing price</i>		26.9%

*Based on closing price at Tuesday 10 November 2020 of \$1.70

**Inclusive of shares issued to employees as part of the IPO transaction.

Property Strategy

- The Group seeks to make its Partners, Clients and People #BetterOff
- In order to build long term tenure and wealth for its partners, the Group has assisted certain partners in acquiring their office buildings. This has been done via Property Unit Trust structures (PropCo's) which the Group has participated in when those office locations have become available on market.
- Having secured office ownership for its partners, the Group is now looking to sell down its interests in the PropCo's and return that capital back to the Group.
- The Group seeks to maximise its long term ROE. The long term ROE on the Group's accounting businesses exceeds the long term ROE on the PropCo's.
- The short term capital deployment to PropCo structures is expected to assist with long term partner tenure, wealth creation and making its partners #BetterOff. The equity deployment to property is only a fraction of the equity deployed to the Accounting businesses and its dilutive effect on Group ROE's is not material on overall Group RoE of 49%.

FY20 (m)	Accounting Businesses	Property Businesses	K+P Group*
NPATA	\$9.16	\$0.05	\$11.22
<i>% of Subtotal</i>	81.6%	0.5%	100.0%
Equity	\$19.22	\$0.66	\$22.92
<i>% of Subtotal</i>	83.8%	2.9%	100.0%
ROE	47.7%	7.9%	49.0%

FY19 (m)	Accounting Businesses	Property Businesses	K+P Group
NPATA	\$7.26	\$0.02	\$7.89
<i>% of Subtotal</i>	92.1%	0.3%	100.0%
Equity	\$23.46	\$0.43	\$24.13
<i>% of Subtotal</i>	97.2%	1.8%	100.0%
ROE	30.9%	4.6%	32.7%

* Per Financial Statements which also includes complementary businesses and is after consolidation accounting inclusive of inter-group eliminations

Appendix

KP+GH

Per Share Recurring Revenue, Owner Earnings and EPS

Metrics	FY17	FY18	FY19	FY20
Revenue	\$30.2m	\$39.5m	\$40.0m	\$45.1m
Owners' earnings	\$6.8m	\$6.5m	\$9.8m	\$12.5m
Free Cashflow to Firm	\$3.7m	\$4.0m	\$6.6m	\$9.1m

Metrics per share	FY17	FY18	FY19	FY20
Revenue per share	\$0.67	\$0.87	\$0.88	\$0.99
Owners' earnings per share	\$0.15	\$0.14	\$0.22	\$0.28
Free Cashflow to Firm per share	\$0.08	\$0.09	\$0.15	\$0.20
Earnings per share	\$0.02	\$0.10	\$0.05	\$0.09

Disclaimer

SUMMARY INFORMATION

This document has been prepared by Kelly Partners Group Holdings Limited ACN 124 908 363 (Company) of Level 8, 32 Walker Street, North Sydney NSW 2060. This document contains information in a summary form and general background information about the Company's activities current as at the date of the document. It is to be read in conjunction with the Company's other disclosure announcement filed with the Australian Securities Exchange (available at www.asx.com.au). This document is not intended to be relied upon as advice to investors or potential investors and does not take into account the investment objectives, financial situation or needs of any particular investor.

TERMINOLOGY

Certain non-IFRS financial information has been included with this document to assist in making appropriate comparisons with prior periods and to assess the operating performance of the business. The Company uses these measures to assess the performance of the business and believes that the information is useful to investors. Non-IFRS information including Underlying, Attributed and Pro forma NPAT, NPATA, EBITDA, and EPS have not been subject to review by the auditors.

NO RELIANCE

To the maximum extent permitted by law, the Company, its subsidiaries and associates and their respective directors, employees and agents disclaim all liability for any direct or indirect loss which may be suffered by any recipient through use of or reliance on anything contained in or omitted from this document. No recommendation is made as to how investors should make an investment decision. Investors must rely on their own examination of The Company, including the merits and risks involved. Investors should consult with their own professional advisors in connection with any acquisition of securities.

The information in this document remains subject to change without notice. The Company assumes no obligation to provide any recipient of this document with any access to any additional information or to notify any recipient or any other person of any other matter arising or coming to its notice after the date of this document.

FORWARD LOOKING STATEMENTS

This document contains certain "forward-looking" statements. Forward-looking statements

are generally identifiable by the words "anticipate", "believe", "expect", "projections" "guidance", "forecast", "estimate", "likely", "intend", "should", "could", "may", "will", "target", "plan" and other similar expressions. Indications of, and guidance on, future earnings and financial position and performance are also forward-looking statements. While due care and attention has been used in the preparation of forecast information, forward looking statements, opinion and estimates are based on assumptions and contingencies which involve known and unknown risks, uncertainties and other factors, many of which are beyond the control of the Company. Neither the Company, its directors, officers or agent gives any representation, warranty, assurance or guarantee that the occurrence of the events expressed or implied in any forward-looking statements in this document will actually occur and actual results may differ materially from those expressed or implied in such statements. To the fullest extent permitted by law, the Company disclaims any obligation or undertaking to release any public update or revisions to the information to reflect any changes in expectations or assumptions. These statements are general guides only and should not be relied upon as an indication or guarantee of future performance. Past performance are not indicators of future performance.

NOT AN OFFER

This document does not constitute an offer, invitation, solicitation, recommendation, advice or recommendation with respect to issue, purchase, or sale of any shares or other financial products in the Company in any jurisdiction.

CONFIDENTIALITY

By accepting this document, you agree to maintain absolute confidentiality regarding the information contained herein. The information is given to you solely for your own use and this document cannot be copied, reproduced, redistributed or passed on, directly or indirectly, in whole or in part, for any purpose without the prior written permission of the Company. The distribution of this document may be restricted by law and persons in possession of this document should inform themselves and observe any such restrictions.

AUTHORISATION STATEMENT

Brett Kelly, Managing Director and Chair of Kelly Partner Group Holdings Limited, has approved the release of this document to the market.

KP+GH

KELLY PARTNERS GROUP HOLDINGS LIMITED

Thank you