KP+GH

KELLY PARTNERS GROUP HOLDINGS LIMITED (ASX: KPG)

1H21 RESULTS PRESENTATION

PRESENTED BY

Brett Kelly Founder and CEO

Kenneth Ko CFO

February 2021

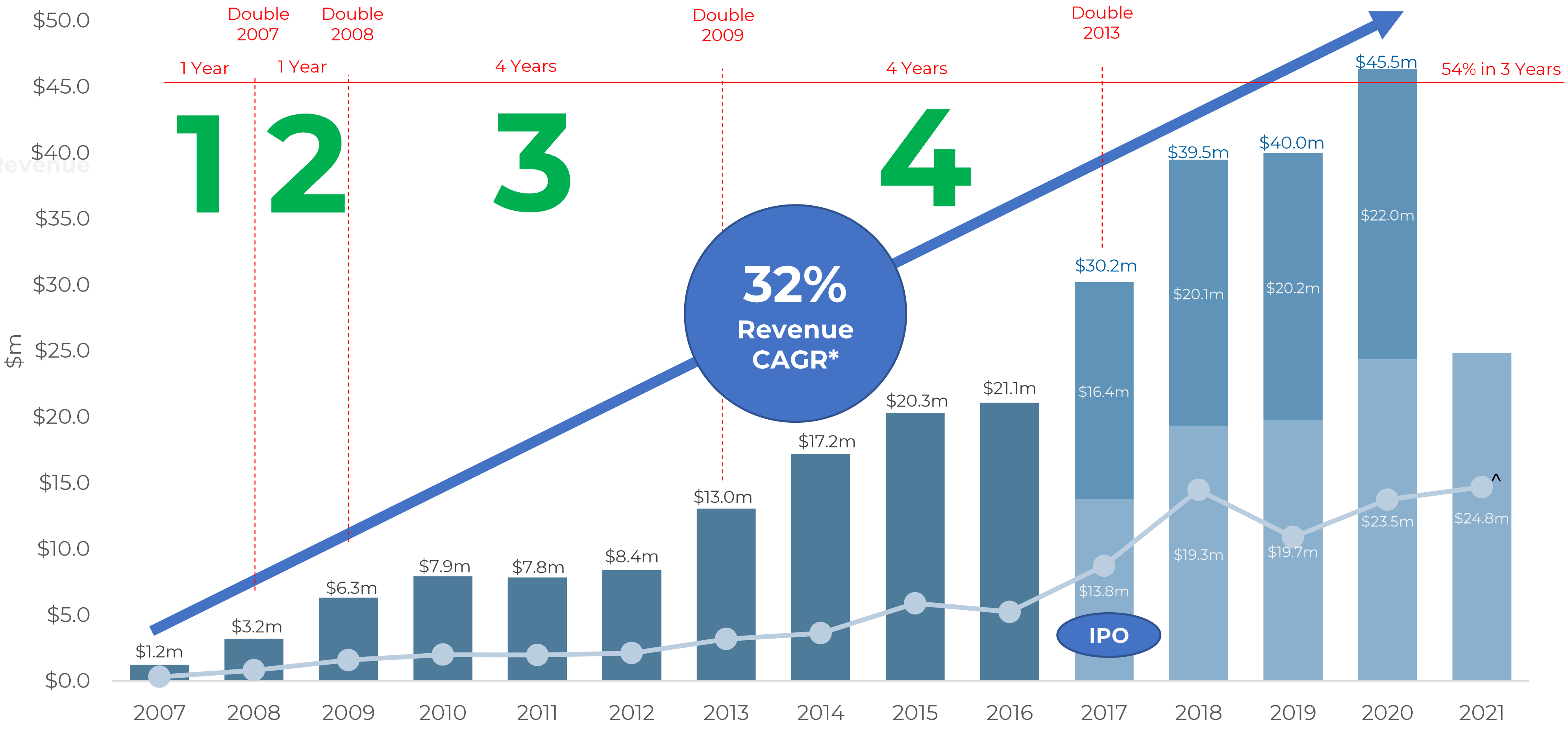
kellypartnersgroup.com.au

KPG OWNERS' 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.

1H21 Growth and Performance Continues

14 years of continual growth. The business has doubled on average every 4 years.



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

^ FY21 EBITDA based on TTM EBITDA

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SECTION ONE:
Summary

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COMPANY OVERVIEW KELLY+PARTNERS

WHO WE ARE

- Kelly Partners Group Holdings Limited (KPG.ASX) has a ~51% interest in 22 operating businesses operating from 16 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
- 1H21 leading operating business margins of 36.6% vs industry average of 19.0%^
- 1H21 ROE of 44.5% and Return on Invested Capital of 28.1%
- 92.9% of EBITDA converted to cash

1H21 Annuity and Transactional Revenue

Annuity Revenue		~99%	Transactional Revenue ~1%
Accounting	Wealth	Finance	Investment Office
~96%	~2%	~1%	~1%

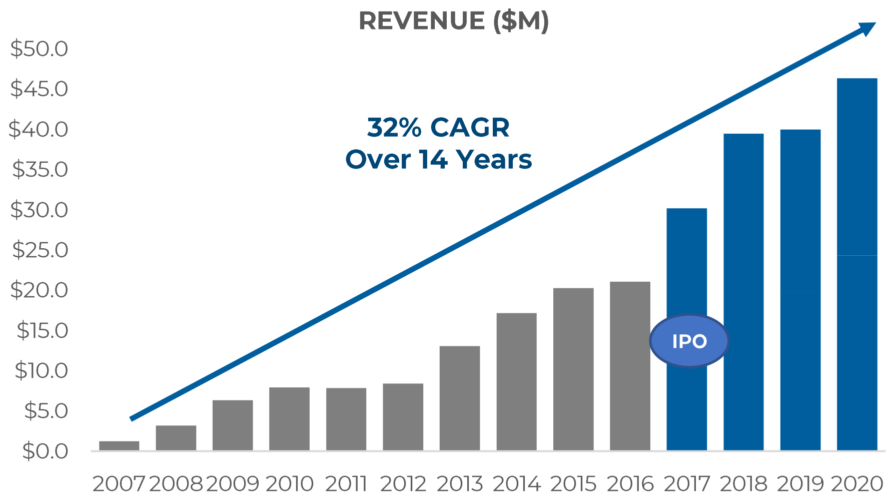
Australian Accounting Services Market targeting SMEs ~38,417 businesses

Total Addressable Market

~$12.5b*

KELLY+ PARTNERS CHARTERED ACCOUNTANTS

$46m
0.4%



**Source: Management estimates. $12.5bn represents the national market for SME's, Private Business Owners, SMSF's and Others, of which we estimate Sydney and Melbourne target markets are ~$7.0b.*
^Source: IBIS World Accounting Services in Australia Industry Report (April 2020)

RESILIENT K+P BUSINESS MODEL DELIVERING SOLID FUNDAMENTALS – GROUP/PARENT

PROFIT & LOSS

↑5.8% REVENUE GROWTH

REVENUE

Revenue increased +5.8% to $24.8m

(1H20: $23.5m)

↑33% EBITDA MARGIN

MARGIN

1H21 Underlying EBITDA (pre AASB 16) $8.3m to Revenue of $24.8m

(1H20: 29.6%)

↑55% UNDERLYING NPATA GROWTH

PARENT NPATA

1H21 Underlying NPATA increased +55% to $2.8m

(1H20: $1.8m)

BALANCE SHEET

↑45% RETURN ON EQUITY

RETURN

Trailing 12 months Underlying NPATA $11.0m on Group Equity of $24.7m

↓0.8X NET DEBT TO UNDERLYING EBITDA

GEARING

Net Debt of $13.1m on Trailing 12 months Underlying Group EBITDA of $17.2m

CASHFLOW

↑42% INCREASE IN OPERATING CASHFLOW

CASHFLOW

1H21 Operating Cashflow pre AASB 16 increased +42% to $8.1m

(1H20: $5.7m)

93% CASH CONVERSION

EFFICIENCY

1H21 Operating Cashflow (before finance costs and income tax) of $10.1m to Statutory EBITDA $10.9m

Supplementary Statistics / Data

	Revenue / FTE	Firm EBITDA %	Underlying NPATA
1H21	$153K / FTE	36.6%	$2.8m
1H20	$108K / FTE	32.5%	$1.8m

Group ROE	Lockup Days
44.5%	55 (↓9 ~ +$0.6m)
45.6%	64

Cash at Bank	Cash Conversion
$4.3m	93%
$4.0m	101%

K+P COVID-19 RESPONSE

The Group's prior years of investment in strong infrastructure has minimized interruptions to operating businesses during the COVID-19 period. From March 2020, to further strengthen the Group's position in light of COVID we took the following proactive measures:

TEAM

- Over ~90% of the team working remotely with no notable interruption to client service
- Existing systems have been resilient to large-scale remote working, reflecting investment in technology since IPO
- Enhanced wellbeing, communications and training programs to support the team

Team working remotely

~90%

COST MANAGEMENT

- Reduced executive salaries by 20% for April, May and June 2020
- Reduced ongoing expenses and negotiated rent abatements
- Reduced team size
- Government incentives of $0.8m/$0.5m received by the Group/Parent in 1H21. These are deducted in measuring the group's underlying performance

EBITDA Margin (Pre AASB16)

~33%

CAPITAL & LIQUIDITY

- $13.2m in cash and unused facilities at 31 Dec 2020 for both acquisitions and COVID cushioning
- Group Gearing reduced to 0.76x (FY20: 0.94x)
- Well capitalised with 40.3% equity on total assets ratio (FY20: 39.7%)
- Continuous repayment of debt with net debt decreasing by $2.1m to $13.1m from $15.2m in FY20.

Group Gearing

~0.76x

ANNUITY STYLE INCOME

- Annuity style activities represent 99% of revenue
- Resilient client base consisting of 8000+ client groups
- No slow down in collections. Lockup in line with FY20 at 55.4 days (FY20: 54.1 days)

Annuity style revenue

~99%

KPG STRATEGY

To maximise average annual rate of gain in intrinsic value on a per- share basis

Kelly Partners Group Holdings Limited aims to build per-share intrinsic value by:		Status	Dashboard FY20	Dashboard 1H20	Dashboard 1H21
1	Improving the earning power of our many operating businesses	✓	32.5% (EBITDA margin)	32.5% (EBITDA margin)	36.6% (EBITDA margin)
2	Further increasing their earnings through tuck-in acquisitions	✓	6.6% Contribute to 16% revenue growth	7.5% Contribute to 1.3% revenue growth	6.5% Contribute to 5.8% revenue growth^
3a	Growing our accounting subsidiaries	-	6.6% Contribute to 16% revenue growth	10.7%* Contribute to 1.3% revenue growth	0.0%# Contribute to 5.8% revenue growth^
3b	Growing our complementary businesses	-	2.8% Contribute to 16% revenue growth	5.2% Contribute to 1.3% revenue growth	0.4% Contribute to 5.8% revenue growth^
4	Repurchasing KPG shares when they are available at a meaningful discount from intrinsic value	✓	95,000 Shares bought back	95,000 Shares bought back	344,406 Shares bought back
5	Making an occasional large acquisition (i.e. greater than $5m in revenue)	-	None in FY20	None in 1H20	None in 1H21

- *excludes Sydney CBD*

\# *flat organic growth due to minimal price and volume increases made during COVID-19. Significant billable time has been invested through write offs to support clients during the pandemic period.*

^ *prior year revenue of $0.3m being the manager's carry in KPIO representing a -1.1% contribution has been excluded from the comparison.*

The Kelly+Partners Business Model

- Kelly+Partners is the pioneer and world leader in a Partner Owner Driver™ accounting model focused on Private Business Owners. KPGH has deployed a business model marked by dynamic growth of more than 32% year-on-year CAGR since its creation in 2006.
- ***"Our business model is anchored in a long term vision that builds on the heritage of the Firms that join our group and strive for excellence. This model drives the success of our Group and ensures its promising future."*** – Founder and CEO, Brett Kelly
- The Kelly+Partners Group comprises 22 exceptional businesses across 16 locations that deliver world class advice to private business owners and their families across generations through our Partner Owner Driver™ model.
- The Kelly+Partners Group currently has 51 equity partners and 150+ team members all of whom have the opportunity to be owners in the listed entity Kelly Partners Group Holdings (KPG: ASX)

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	**CEO & Founder** c.51% Other Shareholders c. 49%	1. Founder CEO grows equity from boot-strapped start-up. **2. CEO Aligned** with > 50.1% 3. CEO is the **Founder Owner Driver** 4. Headstock **not used** for acquisitions (non dilutive) 5. Founders Mentality (Giver)	**CEO** < c.1.5% Other Shareholders c.98.5%	1. CEO given equity from shareholders **2. CEO typically holds < 1.5%** 3. CEO typically a **Promoter** 4. Headstock used for acquisitions (dilutive) 5. Corporate Exec Mentality (Taker)
Holding Company Level	ASX Listed HeadCo 100% Operating Business Owner Subsidiary Company	**1. Debt:** No Acquisition or operating business working capital debt 2. Revolving facility for strategic use and smoothing of cashflows 3. Acquisition of 51% of business	RESPONSIBILITIES ASX Listed HeadCo 100%	**1. Debt:** Acquisition and working capital debt sits at the HeadCo level. Single Group Debt facility that does not align and not secured against specific operating assets or personal guarantees. 2. Acquisition of 100% of business
Operating Business Level	RIGHTS & RESPONSIBILITIES 49% 51% Operating Business	**1. Partner Owner Driver™** owns 49% **2. Income** Operating Partner receives a base plus profit share. Incentivised to grow profits. **3. Debt:** Acquisition and Working Capital debt sit at the operating asset level, secured against the operating assets with personal guarantees. **4. Other Wealth Opportunities:** KPG Headstock, KPIO returns	RIGHTS Operating Business	**1. "Partners"** are now employees and have little to no equity. **2. Income**: Operating Partner paid a salary. Not incentivised to grow profits. **3. Debt:** No debt at the operating asset level, and 4. No personal guarantees **5. Other Wealth Opportunities**: None
Examples*	Steadfast, Austbrokers (Owner-Driver), McDonalds		Harts, Stockfords, WHK / Findex, Countplus	

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

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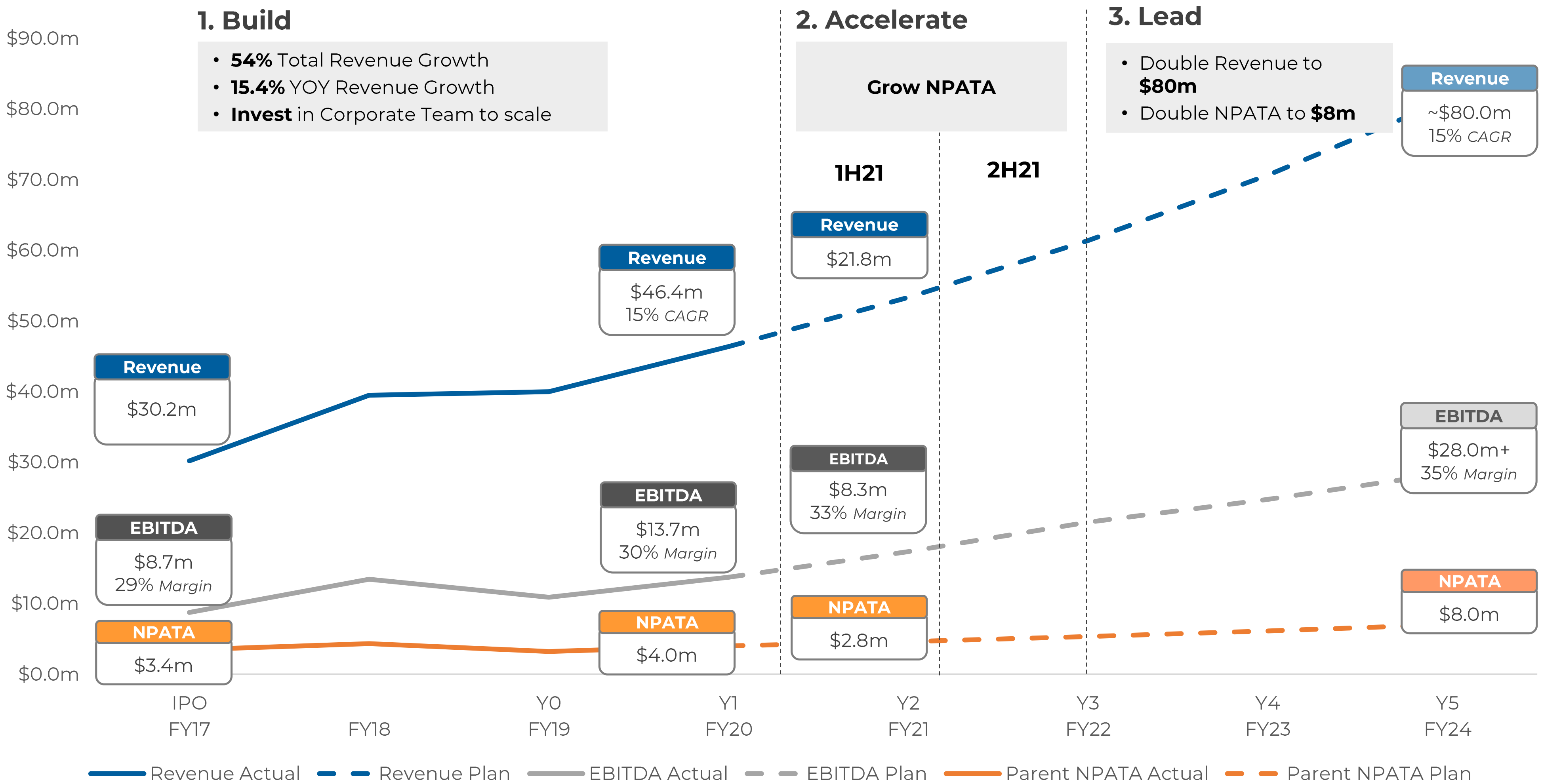
BUILD, ACCELERATE AND LEAD

Five Year Plan on track to double revenue to $80m+ by FY24



Network Expansion Update

Oran Park	Pittwater
	
Tuck-in to existing site	Greenfield
Revenue: $0.5m	Revenue: $0-$0.5m
NPATA contribution to parent*: ~$40K	NPATA contribution to parent: ~$70K
Completion Date: 16 November 2020	Completion Date: 1 January 2021
• Tuck in of acquired business in to existing team and site • New partner recruited externally to assist with transition • Relocation occurred same day, no interruption to clients.	• 16^{th} Kelly Partners office servicing Northern Beaches area together with Kelly Partners Northern Beaches • Prime street level location in Avalon with excellent exposure and visibility

**Expected NPATA contribution is post transaction improvement*

Kelly+Partners New Services

3 New Complementary businesses launched

Business	Kelly Partners Investment Office	Kelly Partners General Insurance	Kelly Partners Alternative Investments
Logo	Kelly+Partners Investment Office	austbrokers KELLY+PARTNERS INSURANCE	KELLY+ PARTNERS ALTERNATIVE ASSET MANAGEMENT
Commenced	July 2020	December 2020	January 2021
Description	Closed and unlisted unit trust currently targeting a total capital raise of $15m-$20m	Partnership with Austbrokers (AUB.ASX) to provide general insurance brokerage services to KPG network and clients	Providing alternative investments to wholesale investors through identifying and marketing investment opportunities from Kelly Partners clients.
Operating Partner	 Anoop Kalra Co-CIO	 Paul Butler Lead Broker	 Mark Sherwood Head of Alternative Investments

84.1

Kelly+Partners is now B Corp Certified

B Corps meet high standards of social, environment performance, transparency and accountability

Certified Corporation

- Kelly+Partners is Australia's first ASX listed accounting group and 1 of only 5 ASX listed companies to be certified as a B Corp
- Kelly+Partners is 1 of only 3 accounting businesses in Australia certified as a B Corp
- ***"We are excited to announce the certification of Kelly+Partners as a Certified B Corporation. To certify as an ASX-listed company is rare, given the additional challenges listed companies face in reporting and compliance.***

  Kelly+Partners were recognised for its contribution to local economic development through its unique Partner Owner Driver™ business model designed to impact local communities, while also meeting the high social and environmental performance standards it takes to become a Certified B Corporation. It's a pleasure to have them join the fast-growing community of B Corps in Australia and New Zealand." – Andrew Davies, CEO of B Lab
- Kelly+Partners' certification follows a 12-month detailed assessment process
  - **Workers** – we were recognised by our extensive and comprehensive people, performance and culture system – our "Purple File System"
  - **Community** – we were recognised for our contribution to local communities through our unique Partner Owner Driver™ model and through our 16 local offices, contributing significantly to local businesses and communities.
  - **Environment** - Kelly+Partners continues to improve its environment performance and is currently looking at ways to achieve "Net Zero" carbon emissions for its offices.

SECTION TWO:
Financials

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1H21 Financial Highlights

Underlying Shareholder NPATA up 55.0% to $2.8m

1H21 Financial Highlights (m)	KPGHL & Controlled Entities			KPGHL Attributed (parent only)		
P&L and Cashflow	1H20	1H21	% Change	1H20	1H21	% Change
Revenue	**$23.5**	**$24.8**	**5.8%**	–	–	–
Underlying EBITDA (pre AASB 16)	**$6.9**	**$8.3**	**19.3%**	–	–	–
Margin %	**29.6%**	**33.3%**	**12.7%**	–	–	–
EBITDA (pre AASB 16)	$6.6	$9.6	45.9%	–	–	–
Underlying NPATA	**$5.3**	**$6.2**	**17.8%**	**$1.8**	**$2.8**	**55.0%**
Margin%	22.5%	25.1%	11.4%	–	–	–
NPATA	$4.9	$7.5	55.3%	$1.6	$3.4	114.2%
Dividends & Distributions Paid	$4.9	$4.2	-13.1%	$1.3[6]	$1.2	-10.9%
Cash From Operations (CfO)	**$6.7**	**$9.0**	**33.9%**	–	–	–
Owners' Earnings (CfO - Maint. Capex)	**$6.6**	**$8.1**	**21.6%**	–	–	–
Gearing (Net Debt / Underlying EBITDA)	1.2x	0.8x	–	–	–	–
Cash Conversion (Operating Cash Flow / EBITDA)	100.5%	92.9%	–	–	–	–
Earnings per share (Underlying NPATA) (cents)	–	–	–	**4.01c**	**6.24c**	**55.7%**
Earnings per share (Stat NPAT) (cents)	–	–	–	2.68c	7.04c	162.7%
Ordinary Dividend Per Share (cents)	–	–	–	2.42c	2.66c	10.0%
Equity Partners	42	49	-	–	–	–
Revenue per Equity Partner (Trailing 12 months)	$1.0	$1.0	-6.5%	–	–	–
Balance sheet	30-Jun-20	31-Dec-21	% Change	30-Jun-20	31-Dec-21	% Change
Lockup (Debtors + WIP)[1]	$6.9	$7.1	3.4%	–	–	–
Net Debt	$15.2	$13.1	-14.1%	$2.7	$1.5	-43.1%
Total Equity	$22.9	$24.7	7.6%	$15.9	$17.4	9.3%
Return on Equity[2]	45.1%	44.5%	-1.5%	25.2%	28.0%	11.2%
Return on Invested Capital[3]	26.6%	28.1%	5.3%	22.3%	25.5%	14.5%
Days Lockup[4]	54.1	55.4	2.3%	–	–	–
Equity Ratio (Equity / Total Assets)[5]	39.7%	40.3%	1.6%	–	–	–

1 *Lockup – calculated as the total of trade and other receivables, accrued income less contract liabilities*
2 *Return on Equity – calculated as the Trailing 12 month Underlying NPATA / Total Equity*
3 *Return on Invested Capital – calculated as (Trailing 12 month Underlying NPATA + Interest) / (Total Equity + Debt)*
4 *Days Lockup – calculated as lockup divided by trailing 12 months revenue multiplied by 365*
5 *Equity Ratio– calculated as Equity / Total Assets.*
6 *Dividends paid in the prior period include a special dividend of 0.55 cents per share.*

1H21 Income Statement

Strong earnings growth driven by improved operating efficiencies

- ***Revenue of $24.8m (+$1.4m, up 5.8%)***, driven mainly by acquisition revenue contributions from acquisitions completed in FY20. Organic revenue is flat compared to the prior period as the Group has invested significant amounts of billable time written off to support clients during the COVID-19 period. Organic revenue is expected to increase post COVID-19 with more opportunities for price and volume increases across the network.
- ***EBITDA margin expansion* from 29.6% to 33.3**% demonstrating strong earnings and continuous improvements made to operating efficiencies in underlying businesses.
- ***Underlying NPATA attributable to shareholders growing* 55.0% to $2.8m (1H20: $1.8m)** as a result of expanding operating margins and limiting additional investments
- Operating expenses increased 1.0% compared to revenue growth of 5.8%
- Non-recurring items includes one off government incentives received for COVID-19 and non cash income relating to a change in fair value of contingent consideration in respect of an acquisition earn out no longer payable.
- Rent expense previously classified as operating expenses are now classified under depreciation expense and finance costs as per AASB 16.

Income Statement Summary (m)*	1H20	1H21	Δ%
Professional services revenue	$23.5	$24.8	5.8%
Other income exc Non Recurring Income	$0.0	$0.1	n/a
Total Revenue	**$23.5**	**$25.0**	**6.4%**
Operating Expenses	-$16.5	-$16.7	1.0%
Underlying EBITDA pre AASB 16	**$6.9**	**$8.3**	**19.3%**
Underlying EBITDA margin (pre AASB 16)	*29.6%*	*33.3%*	
Non Recurring Income/Expenses	-$0.4	$1.3	-
Statutory EBITDA pre AASB 16	**$6.6**	**$9.6**	**45.9%**
AASB 16 implementation	$1.3	$1.3	-
Statutory EBITDA	**$7.8**	**$10.9**	**38.9%**
D&A	-$1.9	-$2.0	2.6%
Finance Costs	-$0.8	-$0.7	-4.7%
Income Tax	-$0.7	-$1.1	58.3%
Statutory NPAT - Group Total	**$4.4**	**$7.1**	**59.2%**
Non controlling interest	$3.0	$3.9	27.9%
Statutory NPAT - Parent entity	**$1.4**	**$3.2**	**127.0%**
Amortisation	$0.2	$0.3	25.2%
Non Recurring Income/Expenses	$0.2	-$0.6	-381.7%
Underlying NPATA to Shareholders	**$1.8**	**$2.8**	**55.0%**

* *Rounded to the nearest $100,000.*

Attributable NPAT to Underlying NPATA Reconciliation

Reconciliation of attributed NPAT/NPATA ($m)	1H20	1H21
Statutory NPAT attributable owners of Kelly Partners Group Holdings Limited	**1.4**	**3.2**
Amortisation of customer relationship intangibles	0.2	0.3
NPATA attributable to owners of Kelly Partners Group Holdings Limited	**1.6**	**3.4**
Add: non-recurring expense items		
Acquisition costs	0.3	0.1
Other non recurring expenses	0.0	0.0
Less: Non-recurring revenue items		
One-off government grants in relation to COVID-19^	0.0	-0.5
Change in fair value of contingent consideration	0.0	-0.2
Other non recurring income	0.0	-0.1
Net proceeds received from settlement of legal dispute	0.0	-0.0
Less: Tax effect of non recurring items	-0.1	0.1
Net non recurring items	**0.2**	**-0.6**
Underlying NPATA attributable to Shareholders	**1.8**	**2.8**

** totals impacted by rounding*

^ one off government grants of $0.8m were received in relation to COVID-19, of which $0.5m is attributed to the parent entity

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1H21 Operating Business Margins

Actual Operating Business EBITDA margin of 36.6%, 17.6% above the industry average of 19.0%*

KPG delivers superior returns through high quality operations at a very low cost base.

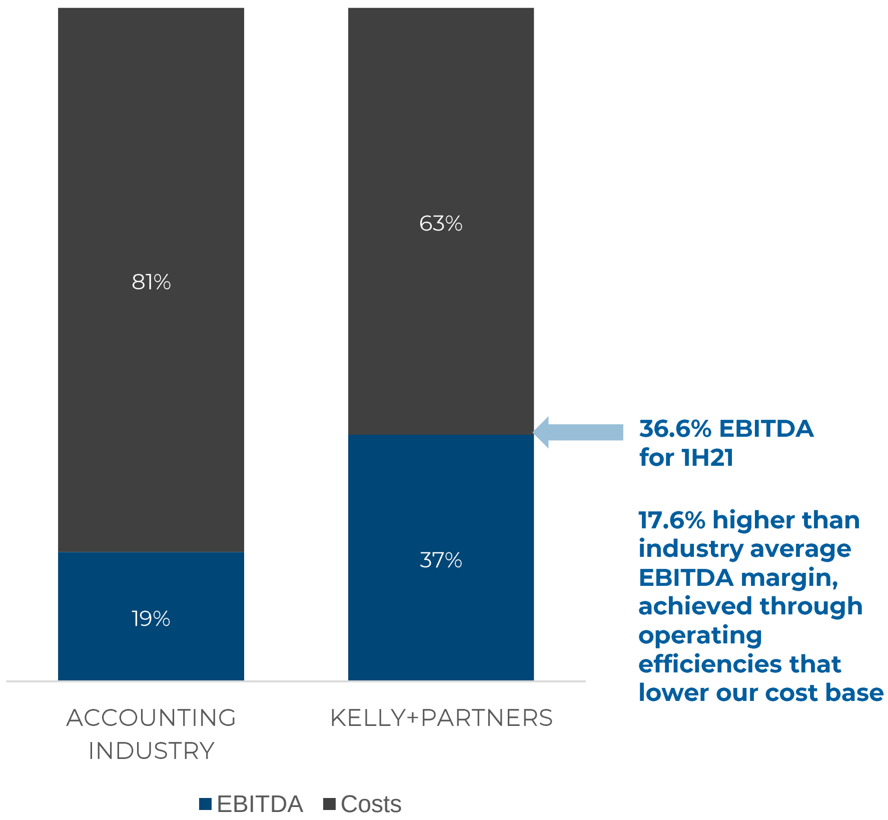
Margins by Cohort

Operating Businesses	Established	Growth	Start-ups	Other Services	Total
Revenue	$18.6	$4.9	$0.3	$1.0	$24.8
EBITDA^	$7.0	$1.6	$0.1	$0.5	$9.1
EBITDA Margin %	*37.4%*	*33.0%*	*15.3%*	*46.6%*	*36.6%*

^EBITDA before head office costs and pre AASB 16

Impact Of Acquisitions On Margins

- **Integration Costs:** Typically initially dilutive to margins, before returning to benchmark. Transaction costs in the first year typically represent c. 10% of the acquisition price.
- **Tuck in:** Margin uplift on tuck in's typically takes 6-12 months, with longer dated time frames typically due to locked in leases. Margin uplift in some instances can be substantially higher than 32.5% due to increased operating leverage.
- **Marquee:** Margin uplift to benchmark on Marquee acquisitions typically takes 12-24 months, due to the greater integration operational requirements.
- As the business grows, the initial margin drag of an acquisition to the overall group is expected to be less material to the group result.



* *Kelly+Partners data based on 1H21 accounts before head office costs and is after Base Distributions to Operating Business Owners*

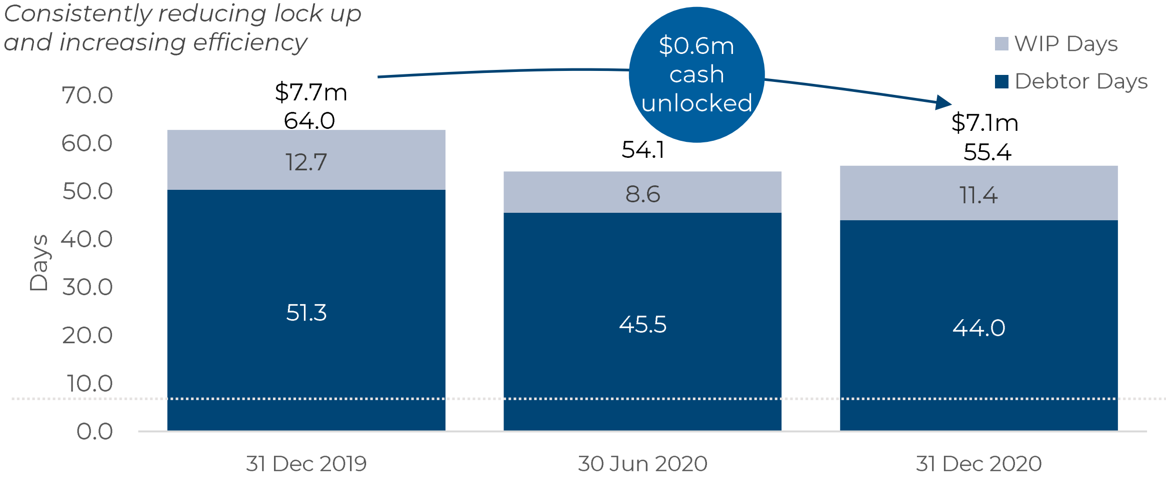
Source: *IBIS World Accounting Services in Australia Industry Report (April 2020)*

Balance Sheet as at 31 December 2020

Conservative balance sheet with gearing reducing 19.1% to 0.76x

- Conservative capital structure with 40.3% Equity / Total Assets ratio, and Net Debt / Underlying EBITDA of 0.76x (FY20: 0.94x)
- Group ROE of 44.5% (Group TTM Underlying NPATA $11.0m / Group Equity of $24.7m) (FY20: 45.1%)
- Lock up days in line with FY20 at 55.4 days reflecting continuous disciplined management of WIP and debtors
- Total Asset $61.1m (+3.4m) driven mainly due to increases in right of use assets as a result of new leases entered in to for a number of Kelly Partners offices.
- Intangible assets in line with FY20 at $30.4m (FY20: $30.3m)
- Leases are now recognised as Right of Use Assets and lease liabilities under AASB 16.

Consistently reducing lock up and increasing efficiency



$m (consolidated)*	Balance Sheet 31 Dec 2019	Balance Sheet 30 Jun 2020	Balance Sheet 31 Dec 2020
Cash	4.0	3.8	4.3
Lock up (Debtors + WIP)	7.7	6.9	7.1
Right of use assets	9.0	5.9	7.6
Intangibles	30.4	30.3	30.4
Total Assets	**64.3**	**57.7**	**61.1**
Borrowings	21.1	19.0	17.4
Lease liabilities	10.7	7.1	9.0
Total Liabilities	**41.3**	**34.8**	**36.5**
Net Assets	**22.9**	**22.9**	**24.7**
Non-Controlling Interest	8.4	7.0	7.3
Equity attributable to KPGH shareholders	**14.5**	**15.9**	**17.4**

* *Rounded to the nearest $100,000*

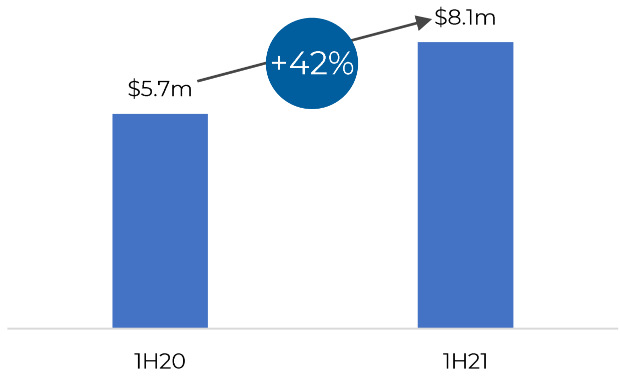
1H21 Cashflow

Operating Cashflow up 41.8% and cash conversion at 92.9% reflects high quality earnings

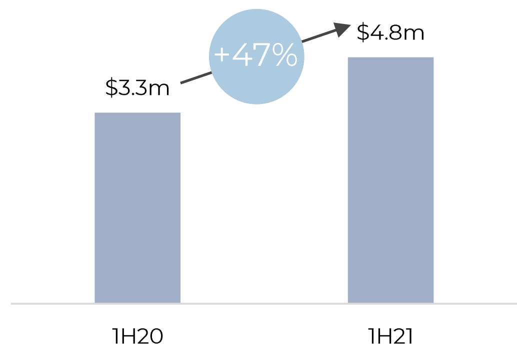
- Cash from Operations pre AASB 16 of $8.1m increased 41.8% (1H20: $5.7m) driven by $1.3m of other income received in this half, as well as a reduction in operating expenses and finance costs
- Strong cashflow supports monthly dividends commencing Jan-21.
- Strong Cash Conversion[1] of 92.9% (1H20: 100.5%) and is within our expected 85-100% conversion ratio.
- Disciplined debt reduction supported by strong annuity style cashflows from underlying businesses.
- Growth capex includes refit of Wollongong and Inner West offices.
- Drawn debt used primarily to fund fitout costs and new partner buy-in loans.
- Lease payments as a financing activity have a $0.8m impact on cash conversion metrics

[1] *Cash Conversion is calculated as Operating cash flow divided by Reported EBITDA. Operating cash flow means cash from operations but before finance and cash taxes.*

CASH FROM OPERATIONS (CFO)



FREE CASHFLOW TO FIRM (FCFF)



Cash flow ($m)*	1H20	1H21	Diff $	Diff%
Cash from Operations (CFO) pre AASB 16	**$5.7**	**$8.1**	**$2.4**	**41.8%**
- Maintenance Capex	-$0.2	-$0.2		
- Schedule Debt Reductions	-$2.3	-$3.2		
Free Cash Flow to Firm (FCFF)	**$3.3**	**$4.8**	**$1.5**	**46.5%**
- Acquisitions	-$2.5	-$0.5		
- Growth Capex	-$1.7	-$0.9		
- Net Debt Drawn	$5.0	$1.5		
- Net Partner Loans Advanced	$0.8	$0.2		
- Dividends to Shareholders	-$1.3	-$0.6		
- Distributions to minorities	-$3.6	-$3.6		
- Share buy backs	-$0.1	-$0.4		
Change in Net Cash**	**$0.2**	**$0.5**		

* *Rounded to nearest $100,000. Refer to Appendix for a reconciliation from Statutory NPAT to Cash from Operations*
** *As per the Statutory Cash Flow Statement*

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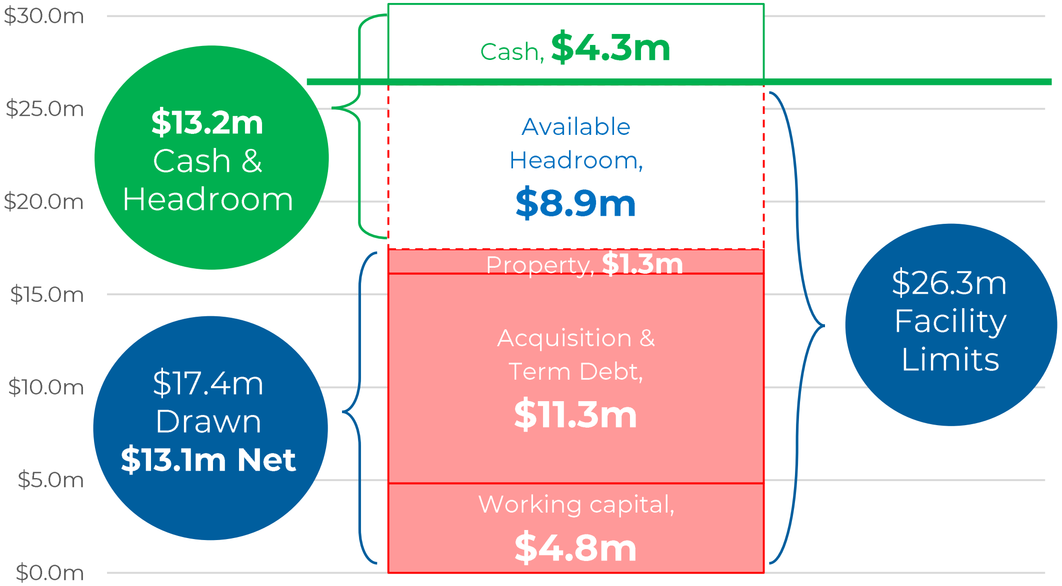
Gearing and liquidity

$13.2m in liquidity, continuous reduction in debt



Loan type (m)	Parent	Op. Bus	Total Debt
Working Capital Debt	$2.0	$2.8	$4.8
Property Debt	$0.0	$1.3	$1.3
Acquisition & other term debt	$0.5	$10.8	$11.3
Gross Debt - 1H21	**$2.6**	**$14.9**	**$17.4**
Cash - 1H21	-$1.0	-$3.3	-$4.3
Net Debt - 1H21	**$1.6**	**$11.5**	**$13.1**
Net Debt per partner			$267K

FY20			
Gross Debt – FY20	$3.5	$15.5	$19.0
Cash – FY20	-$0.8	-$3.0	-$3.8
Net Debt – FY20	$2.7	$12.5	$15.2
Net Debt per partner			$346K

Movement			
Gross Debt	**-$0.9**	**-$0.6**	**-$1.6**
Cash	$0.2	$0.3	$0.6
Net Debt	**-$1.2**	**-$1.0**	**-$2.1**

- Up to $13.2m cash and headroom in debt facility equates to acquisition capability of ~$33m in revenue and EBITDA of $12m[1].
- Liquidity cushion - Lock-up days could more than double without placing stress on the business[2].
- Working Capital debt of $4.8m is covered 1.48x by WIP and Debtors.
- Acquisition & Term Debt of $11.3m is supported by annuity style cashflows.
- Property debt of $1.3m is expected to be cleared via sale of properties

- Continuous reduction in debt since 30 June 2020 with net debt decreasing by $2.1m demonstrating the Group's disciplined approach in repaying debt
- Group Gearing reduced to 0.76x (FY20: 0.94x).
- Net Debt / Partner decreased 22.9% to $267k (FY20: $346K).

[1] *Assumes purchasing at market 100c in the dollar in fees using $12.5m liquidity as 40% equity and 60% borrowed against the asset acquired (in line with major banks credit policies), and 32.5% EBITDA margin.*
[2] *Existing lock-up of $7.1m could double and still be fully funded within existing headroom of $8.9m*

Profit attributable to Parent vs. NCI

Profit attributable to the parent and non controlling interest may differ from the ownership interests due to income tax and additional investments attributed only to the parent.

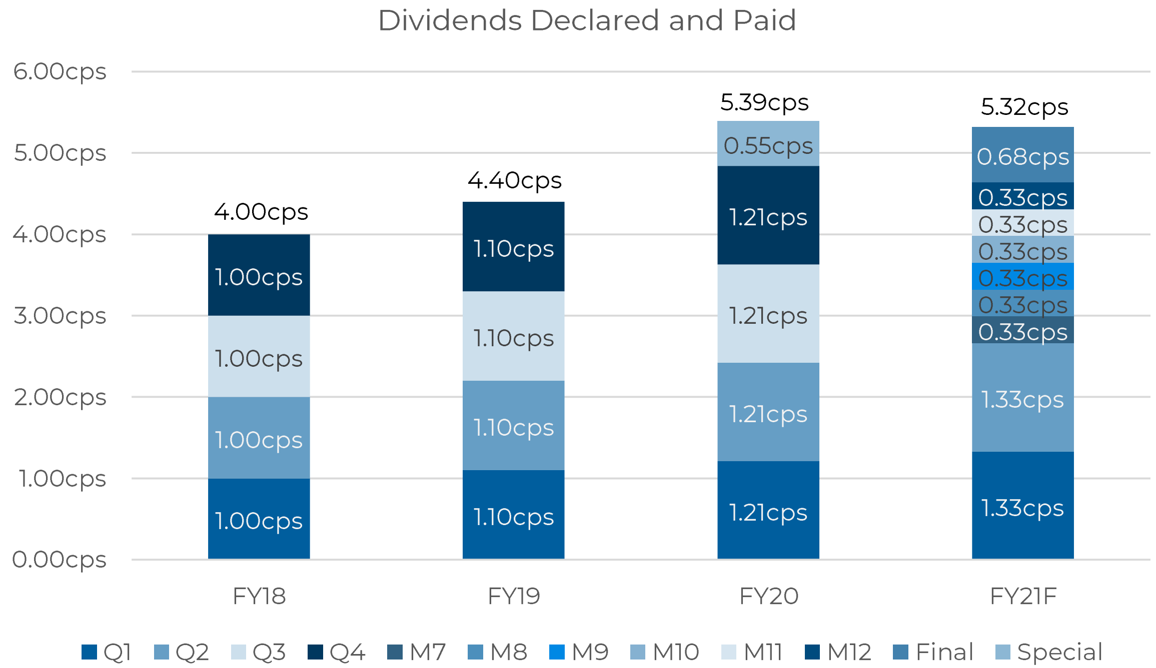
- Profit after income tax expense for the half year was $7.1m, with:
  - Profit attributable to shareholders of Kelly Partners Group Holdings Limited of $3.2m
  - Profit attributable to non controlling interest of $3.9m
- The profit attributable to the parent vs. NCI represent a 55%/45% split and differs from the ownership interests of 51%/49%. This is due to the following items:
  - Income tax expense of $1.0m of the parent entity. As the majority of operating businesses are structured as partnerships, the income tax expense attributable to non controlling interests in these partnership and not included in the consolidated accounts.
  - Parent entity additional investments above the Services Fee and IP License Fee income that it receives of $0.1m (tax effected) which is borne 100% by the parent entity.
- Adding back the above items, the resulting split is 52%/48%. The resulting split differs slightly from 51%/49% due to the ownership interests in our operating businesses varying from 50.05% to 58.25%

(m)	NCI	Parent	Total
Group NPAT - Statutory	$3.9	$3.2	$7.1
	55%	45%	
Add Back: Income Tax Expense	$0.1	$1.0	$1.1
Group NPBT	$4.0	$4.2	$8.2
	49%	51%	
Add Back: Parent Entity Additional Investment (tax effected)		$0.1	$0.1
Group NPBT before parent entity overspend	$4.0	$4.3	$8.3
	48%	52%	

1H21 Dividends and Return to Shareholders

Consistent and regular returns to shareholders via quarterly and monthly dividends

- The Company since IPO, has consistently paid out quarterly dividends growing at 10% per annum from a base of 1.00 cent per share per quarter in FY20 to 1.33c in FY21.
- The Company has paid out quarterly dividends during the COVID-19 period and expects to pay out monthly dividends from Jan-21 onwards, reflecting the resilience and strength of its earnings and cashflow.
- The Group Intends to maintain a through-the-cycle payout ratio of 50-70% of Underlying NPATA, whilst growing dividends at 10% p.a.
- The Group expects to pay total dividends of 5.32 cps for FY21, representing a 10% increase on FY20 ordinary dividends of 4.84 cps.
- The graph on the right shows the growth of the dividends paid, noting that FY20 included a special dividend paid of 0.55 cps.



	FY17 (IPO)	FY18	FY19	FY20	1H20	1H21
Underlying attributed NPATA	$2,262,219	$4,325,976	$3,193,208	$4,002,231	$1,820,975	$2,823,231
Weighted average no. of shares*	45,495,518	45,495,923	45,496,894	45,418,414	45,436,628	45,253,494
EPS (cents per share)	4.97	9.51	7.02	8.81	4.01	6.24
Ordinary dividends (cents per share)**	N/A	4.00	4.40	5.39	2.42	2.66
Ordinary dividend payout ratio***	N/A	42.1%	62.7%	61.2%	60.4%	42.6%

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SECTION THREE:

Outlook

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Outlook

Strong outlook underpinned by annuity income and industry leading margins

The Company will maintain its focus on organic growth, network expansion and offering new services. During FY21 the Company aims to:

- Continue driving market share gains, underpinned by strong brand presence and growing market penetration;
- Future scale the unique Partner Owner Driver™ model we invented in 2006 and have deployed in 20+ partnerships and 30+ acquisitions to date;
- Pursue acquisition opportunities;
- Maintain market leading EBITDA margins of >35.0%, lockup of ~55 days and cashflow conversion of 85-100%;
- Deliver further operational efficiencies at the partnership level and across the Central Services team;
- Grow dividends at 10% per annum; and
- Buy back our shares at a meaningful discount to intrinsic value.

Dividends	**FY18**		**FY19**		**FY20**		**FY21** Outlook	
	DPS (cps)	Total	DPS (cps)	Total	DPS (cps)	Total	DPS (cps)	Total*
Ordinary Dividends	4.00	$1,819,888	4.40	$2,001,876	4.84	$2,197,757	5.32	$2,417,096
Growth %			*10%*		*10%*		*10%*	
Special Dividends					0.55	$249,881		
Total	**4.00**	$1,819,888	**4.40**	$2,001,876	**5.39**	$2,447,638	**5.32**	$2,417,096
Payout Ratio %	*42.1%*		*62.7%*		*61.2%*			

**FY21 total may vary subject to share buy-backs*

^Payout ratio calculated as ordinary dividends paid per share dividend by earnings per share (underlying NPATA)

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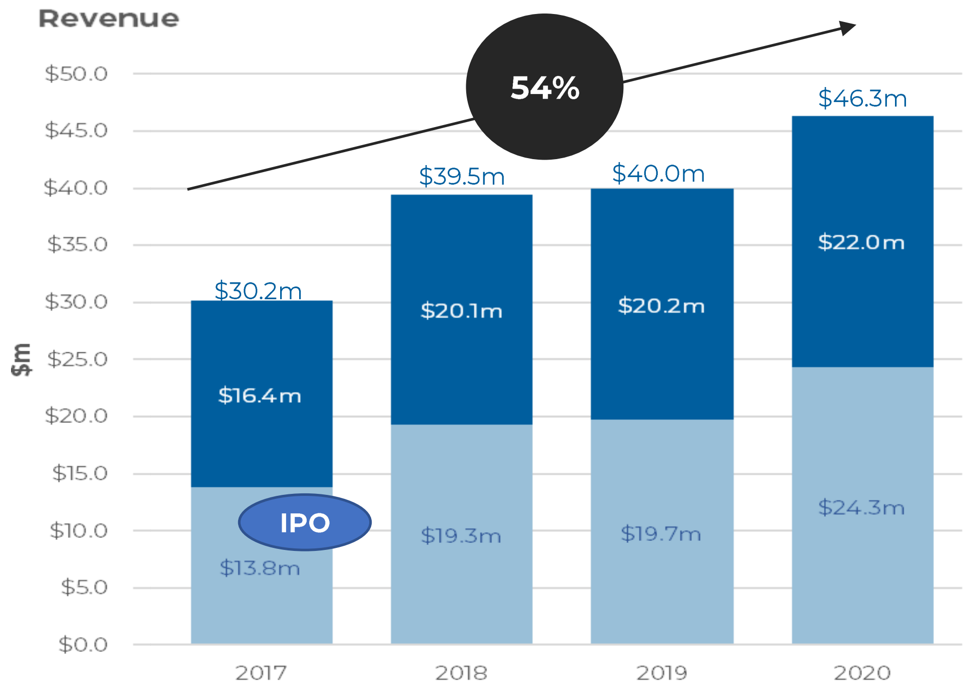
Revenue Growth since IPO

54% revenue growth since IPO in 2017

- **Total Revenue has increased 54% since the 2017 IPO, representing a year on year revenue growth of 15.4%.**
- **Annuity revenue comprise ~99% of total group revenue, demonstrating defensive and recurring nature of K+P.**
- Since the IPO, the Group has completed 7 acquisitions representing approximately $6m to $8m of acquired revenue growth.
- The Group's revenue has been resilient through the COVID-19 period.
- The Group's 16 offices in NSW and Victoria provides geographic diversity and no single concentration to any office location.
- The Group continues to target 5% organic growth and 5% acquisition growth per annum.



1H21 Annuity and Transactional Revenue

Annuity Revenue		~99%	Transactional Revenue ~1%
Accounting	Wealth	Finance	Investment Office
~96%	~2%	~1%	~1%

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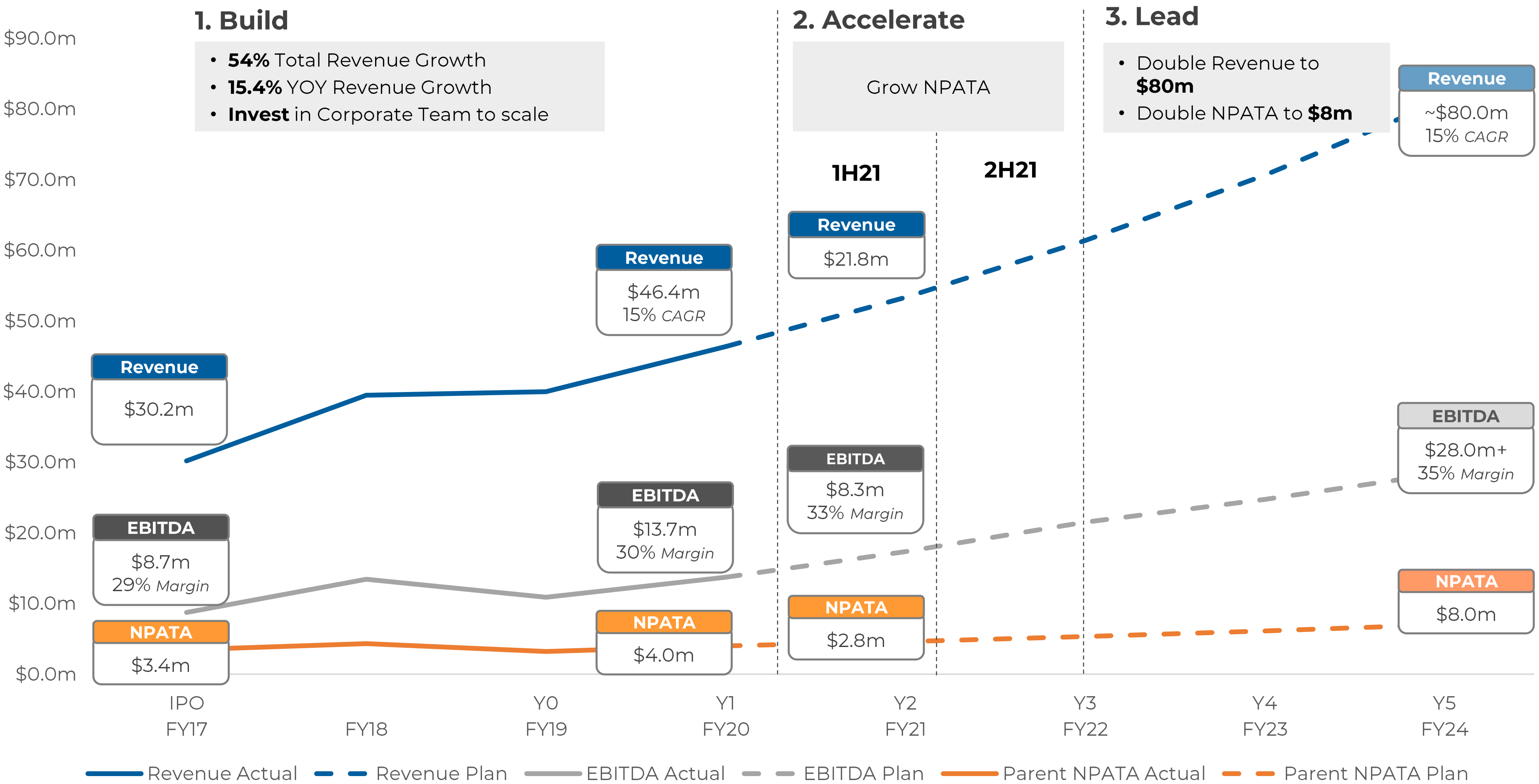
Build, accelerate and lead

Double revenue to $80m+ by FY24



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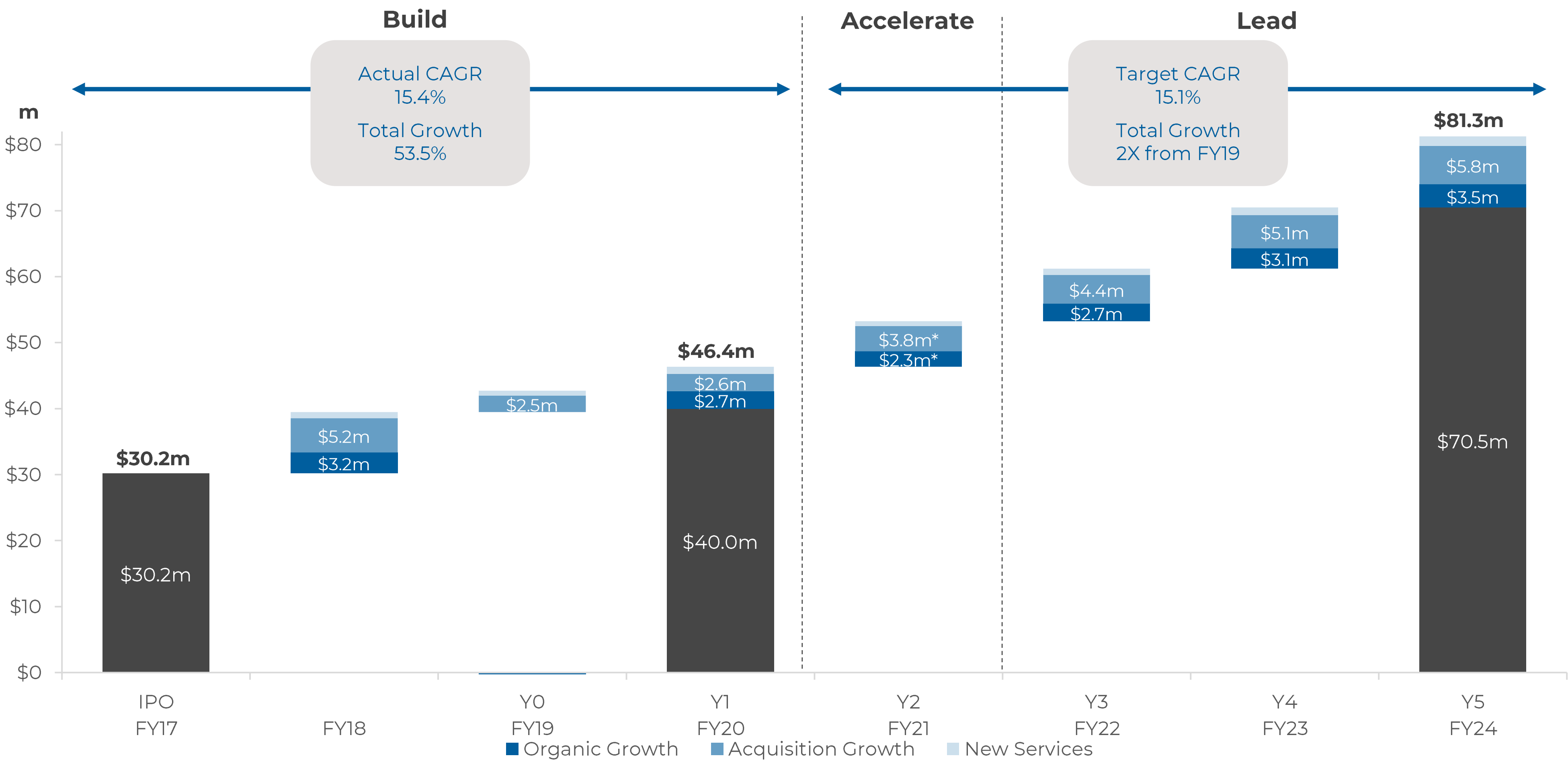
5 Year Revenue Growth Plan to FY24

Double revenue to $80m+ by FY24



** Illustrative only*

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Complementary Business Progress

Positive momentum in complementary businesses with significant runway ahead

- Two new complementary businesses commencing in Jan-21:
  - ***Kelly Partners General Insurance*** partnering with Austbrokers in the "Austbrokers Kelly Partners" partnership providing general insurance broking services to Kelly Partners clients and Kelly Partners operating businesses. Led by lead broker Paul Butler with 20+ years insurance broking experience
  - ***Kelly Partners Alternative Investments*** providing alternative investments to wholesale investors through identifying and marketing investment opportunities from Kelly Partners clients. Led by Mark Sherwood, ex senior director at Westpac.
- **Kelly Partners Special Opportunities Fund #2** capital raising in progress with a target raise of $15m-$20m.

	WEALTH	FINANCE	TOTAL
ESTABLISHMENT DATE	Dec-16	Sep-17	
INVESTMENT	< $5k	$34k	< $50K
KPG share of profit	51.00%	51.00%	
1H21 Revenue	$612K	$335K	$946K
Growth % on pcp	*24%*	*-1%*	*14%*
1H21 EBITDA	$237K	$235K	$472K
EBITDA Margin %	*39%*	*70%*	*50%*
Annual Growth %	*90%*	*1%*	*32%*
ROE	226%	280%	251%
SIZE	**$248.0m** (FUA)	**$170.0m** (Trail Book)	

Appendix


It's not the big who beat the small anymore, but the fast who beat the slow.
KELLY + PARTNERS
It's not the amount of marble in your reception, but the relevance of your insight.
KELLY + PARTNERS
It's not an accident who succeeds today, but the deliberate choice of a capable team.
KELLY + PARTNERS
It's not the latest management fad, but proven principles.
KELLY + PARTNERS
It's not those who talk about business, but those who, like you, are doing the business.
KELLY + PARTNERS
Kelly+Partners Chartered Accountants,they help business owners who want to go somewhere.
KELLY + PARTNERS

INDUSTRY SIZE AND STRUCTURE PROVIDES A SIGNIFICANT GROWTH OPPORTUNITY

Similar to the insurance-broking industry, there is significant opportunity to grow under the Partner Owner Driver™ model

Accounting Services Market
$20.4b Annual Revenue*

Typical Client Base		Typical Accounting Provider
ASX listed and multi-national Companies	**$4.5 billion** 22% of total	**Big 4 Firms** PWC EY DELOITTE KPMG
Large and national companies	**$1.2 billion** 6% of total	**National Mid-Tier Firms** BDO FINDEX PITCHER PARTNERS GRANT THORNTON
SMEs, Private Business Owners, SMSF's and Other	**$12.5 billion** 61% of total	**Smaller Private Practices** KELLY+ PARTNERS CHARTERED ACCOUNTANTS
Personal and Household	**$2.2 billion** 11% of total	**National Franchises / Smaller Private Practices**

Insurance Brokers Market
$13.2b Annual Revenue

$6.7 billion 50.6% of total	**Major Players** STEADFAST GROUP AUB GROUP IBNA
$6.5 billion 49.4% of total	**Minor Players**

Source: Management estimates. $12.5bn represents the national market for SME's, Private Business Owners, SMSF's and Others, of which we estimate Sydney and Melbourne target markets are ~$7.0b. Our estimate of Big 4 revenues excludes consulting/advisory and other non traditional accounting fees, including consulting and advisory and other non traditional accounting fees, the Big 4 revenue is circa $8.6b.
** Source: IBIS World Accounting Services in Australia Industry Report (April 2020)*

Source: IBIS World Insurance Brokerage in Australia Industry Report (October 2019)

WE ARE THE 23RD LARGEST ACCOUNTING FIRM IN AUSTRALIA AND THE OPPORTUNITY REMAINS ENORMOUS

BUILDING A PLATFORM BUSINESS FOR PROFESSIONAL SERVICES FIRMS

Financial Review Top 100 Accounting Firms

	Firm		Revenue FY20 ($m)	Revenue Change (% YOY)	Total Partners	Total New Partners	
1	PWC	$9.1b	2600	0.00%	695	23	Big 4
2	Deloitte		2500	10.00%	870	46	
3	Ernst & Young		2130	12.70%	572	42	
4	KPMG		1905	7.00%	559	31	
5	Findex	$1.2b	372	1.20%	297	14	Big 4 Wannabe
6	BDO		328	10.00%	205	6	
7	Pitcher Partners		264	1.00%	117	6	
8	Grant Thornton		257	-0.50%	158	5	
9	RSM Australia	$1.3b	221	9.00%	108	11	National Mid Tiers
10	William Buck		126	8.70%	89	7	
11	Bentleys Network		121	2.10%	102	6	
12	Nexia Australia		115	1.10%	75	2	
13	HLB Mann Judd		109	13.00%	87	4	
14	Walker Wayland Australasia		108	4.70%	81	4	
15	McGrath Nicol		96	15.00%	92	16	
16	Countplus		87	-1.50%	35	2	
17	Moore Australia		83	20.30%	64	2	
18	Hall Chadwick		78	-2.80%	73	6	
19	Synergy Group		75	1.70%	51	1	
20	DFK Australia New Zealand		72	30.60%	15	4	
23	**Kelly Partners (FY20)**		**46.4**	**16.00%**	**44**	**4**	**K+P**

Source: Australian Financial Review 25 November 2020

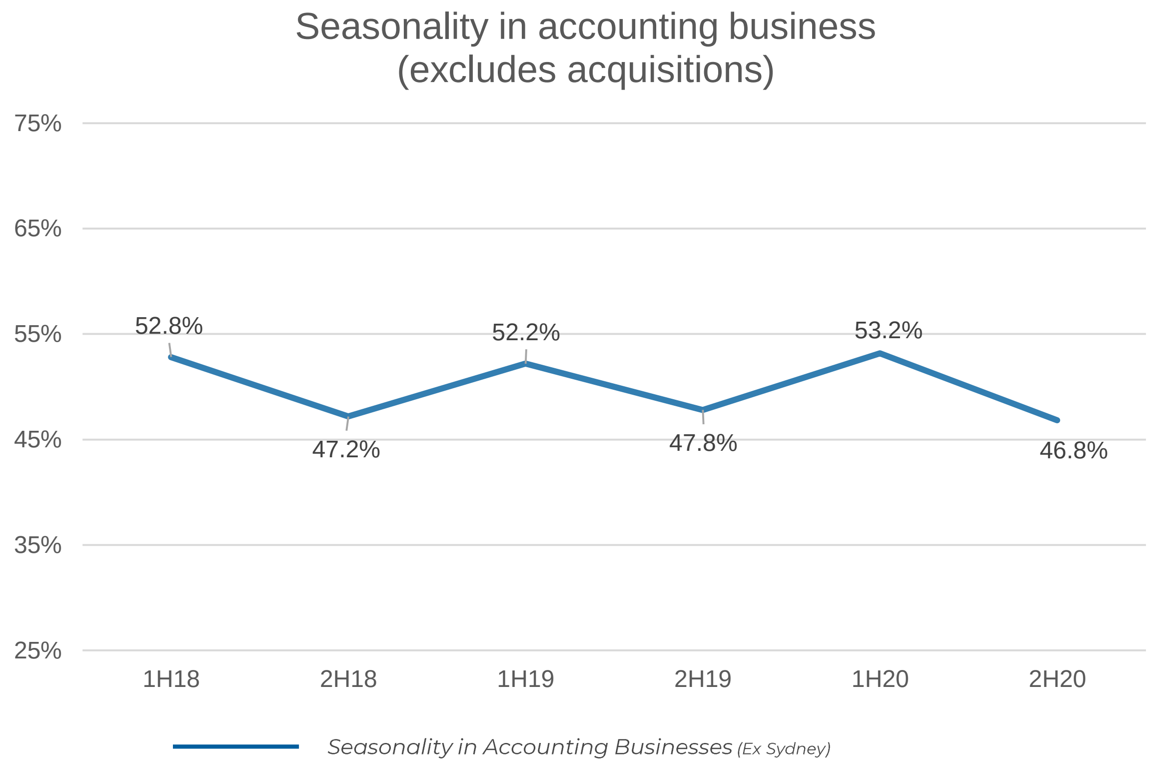
NPAT to Operating Cashflow Reconciliation

Reconciliation of NPAT to Operating Cashflow ($m)	1H20	1H21
Reported NPAT	4.8	7.1
Adjustments for:		
Depreciation and amortisation	0.8	2.0
Change in fair value of contingent consideration	-	-0.4
Unwinding of interest on contingent consideration	0.1	0.1
Other non-cash movements	0.5	-0.7
Change in operating assets and liabilities:		
Decrease / (increase) in trade and other receivables	-0.1	-0.2
Decrease / (increase) in deferred tax assets	0.0	-0.1
Increase / (decrease) in trade and other payables	0.8	0.9
Increase in provision for income tax	0.3	0.5
Net cash from operating activities	**7.1**	**9.1**

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.



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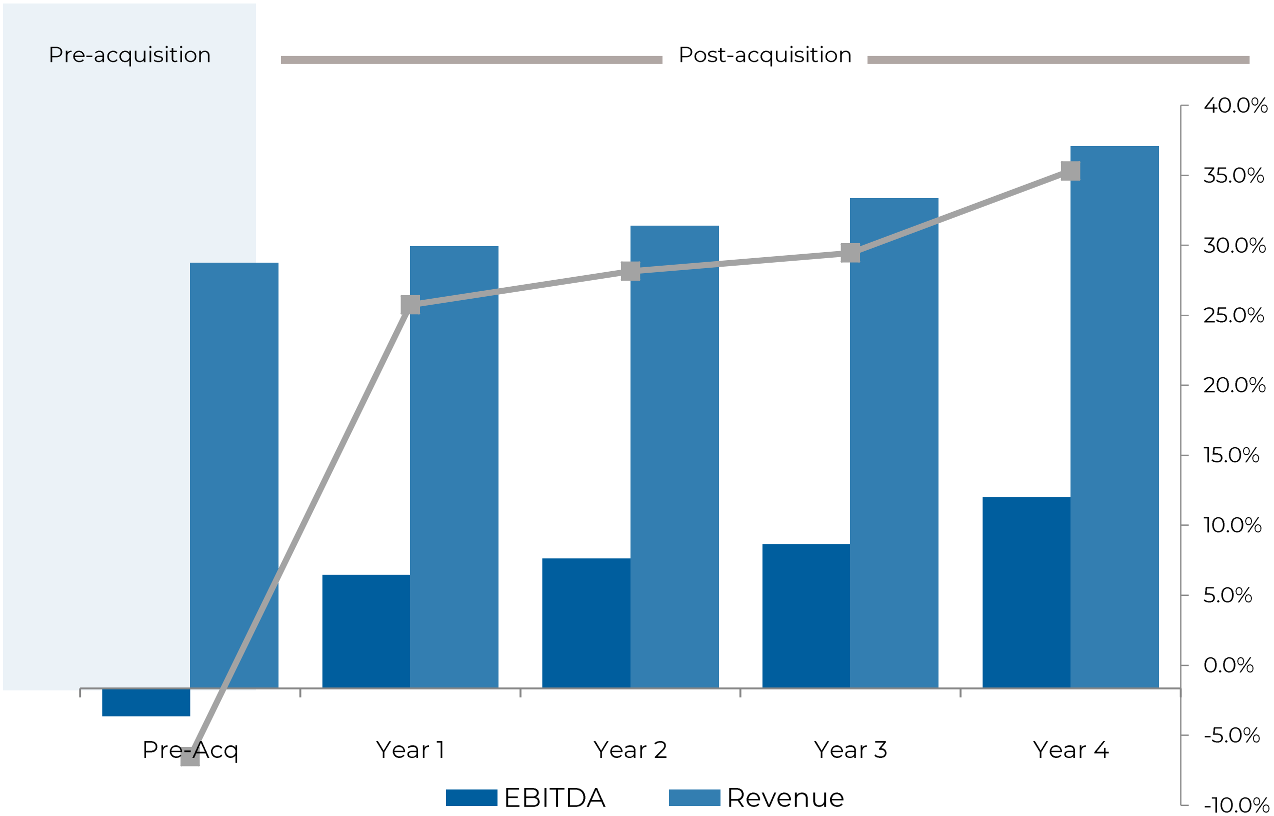
Case Study: Business Transformation

Kelly+Partners has a proven track record of delivering transformational outcomes for smaller firms

- Significant improvement in margins and revenue in the first 5 years after joining the network.
- Following an acquisition, transformation typically entails five deliverables including:
- expense reduction, better working capital management, better client experience, better team experience, and higher revenue growth.

"After 32 years, Kelly+Partners offered us the opportunity to take our service offering to clients one step higher. We have not only seen the business grow, but our people have new opportunities and resources, and we have provided a higher level of service to our clients."

Tim Bryan
Former Senior Client Director
Kelly Partners South West Sydney



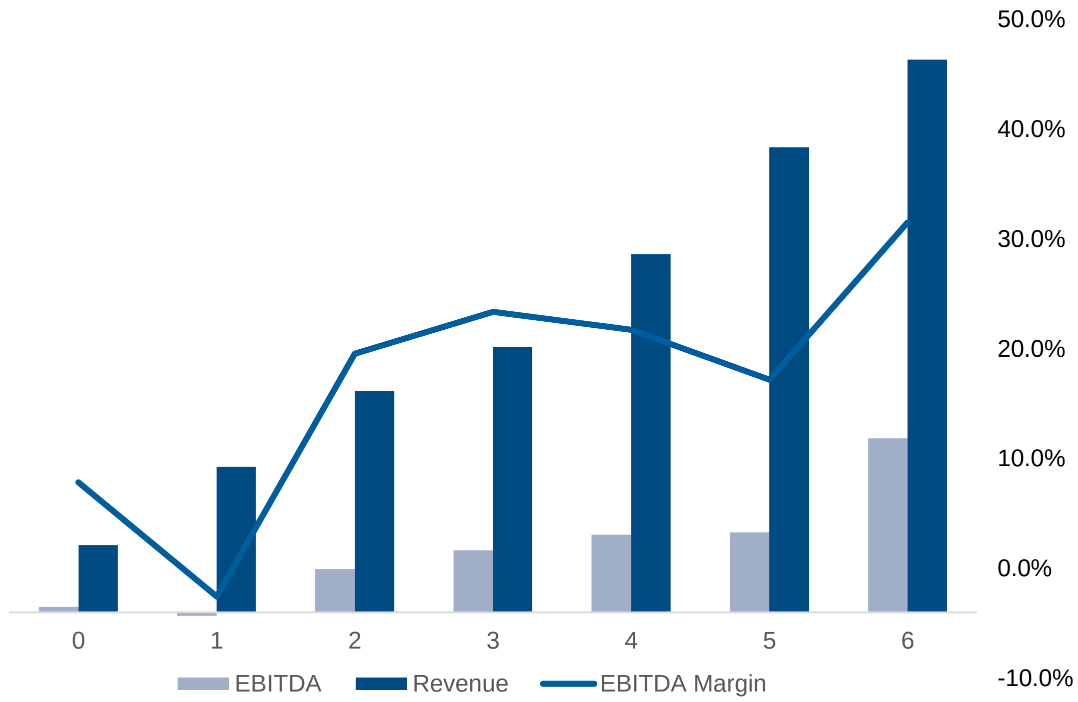
Case Study: Greenfield Expansion

Kelly+Partners has successfully launched 7 greenfield operating businesses since its inception

- The Kelly Partners Norwest business has exhibited very strong growth in revenue and earnings, with a significant increase in margins. This has been achieved by targeted marketing and the roll-out of the proprietary Kelly+Partners systems and processes, leading to numerous new client acquisitions across private SMEs / families, franchisees, and other clients.

"I sat down one evening with Brett Kelly, and he showed me the Kelly+Partners systems and what the firm was doing for its people and its clients. After the first 2 years, the Kelly Partners Norwest business was performing very well, and so we started to add more people. The future is looking bright, and I'm happier in myself and my family is happier."

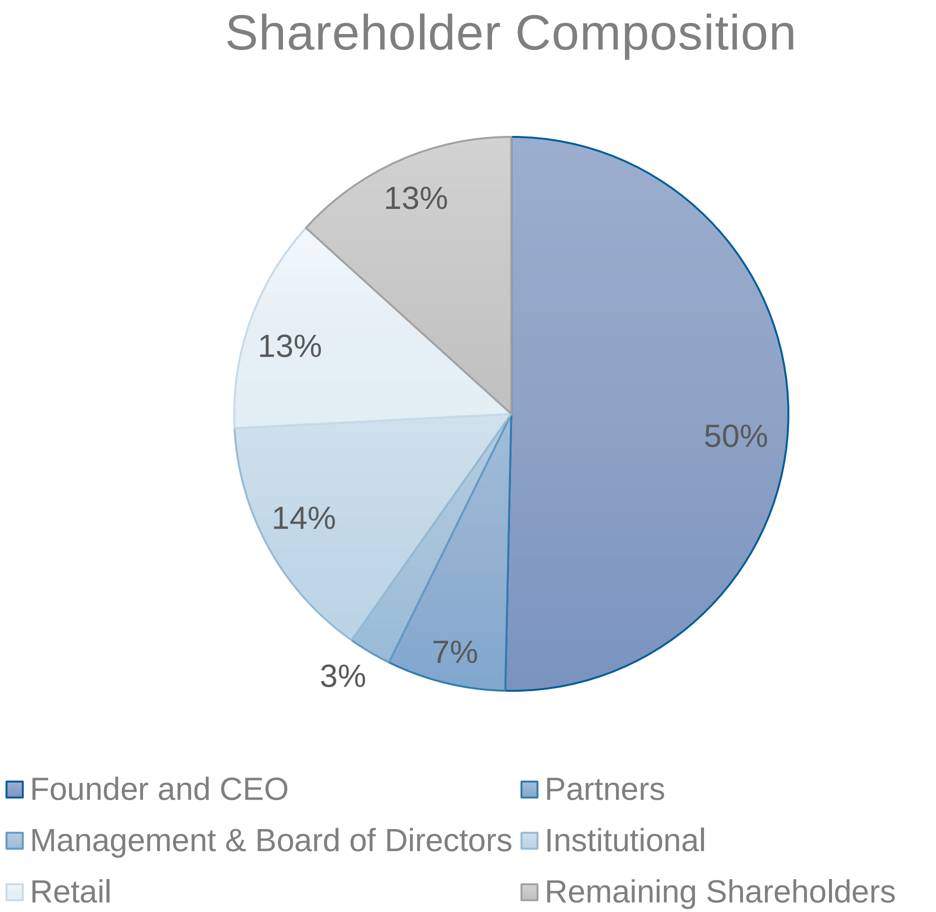
Paul Kuchta
Senior Client Director and Company Director
Kelly Partners Norwest



Top 50 Shareholders at 31 December 2020

Strong alignment of employee, partners and owners, holding 59.8%

Holder Type	No shares	%
Founder and CEO	22,707,721	50.4%
Partners	3,125,951	6.9%
Management & Board of Directors	1,129,185	2.5%
Top 50 - Internal	26,962,857	59.8%
Institutional	6,494,290	14.4%
Retail	5,652,938	12.5%
Top 50 - External	12,147,228	27.0%
Top 50 - Total	39,110,085	86.8%
Remaining Shareholders	5,945,509	13.2%
Total Shareholders	45,055,594	100.0%



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.

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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.

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AUTHORISATION STATEMENT

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

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KELLY PARTNERS GROUP HOLDINGS LIMITED

Thank you

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