

ASX ANNOUNCEMENT - KPG

Monday, 22nd February 2021

Kelly+Partners acquisition tuck-in announcement \$2.5-\$3.0m annual revenue in Central Coast

Kelly Partners continues to deliver on its published 5 year plan (Appendix A). The key elements of that plan are to grow the group organically and continually make tuck in acquisitions to the existing sites. KPG is also growing its complementary wealth, finance, general insurance, alternative investments and investment office business gradually over time.

In line with this plan, Kelly Partners Group Holdings Limited (ASX:KPG) announces today that it has signed legal agreements to acquire a financial services and accounting group located in Gosford, NSW. The group comprises of four businesses as follows:

- Private wealth management
- Life Insurance broking
- Finance broking
- Accounting and tax

A subsidiary of Kelly Partners will acquire a 51% interest in the financial services businesses (i.e. private wealth management, life insurance broking, finance broking) with the existing vendors continuing as the Partner Owner Drivers™ owning the remaining 49% interest.

Kelly Partners Central Coast will acquire 100% of the fee base from the accounting and tax business. All of the acquired businesses will relocate to the Group's existing Central Coast office located in Erina, NSW.

The total purchase price in relation to the acquisition is \$3.0m with a 40% retention payable in two years, representing a \$1.2m margin of safety. The payment of the purchase price will be funded with debt in the relevant operating entity.

The acquisition is expected to contribute approximately \$2.5-\$3.0m in annual recurring revenue (of which ~\$0.5m is accounting revenue) to the consolidated Group and over time, approximately \$0.3-\$0.4m in NPATA to the parent post transaction improvements. Management expects the acquisition will be revenue and earnings accretive in FY22.

The acquisition is expected to complete on 1 April 2021 pending satisfaction of conditions precedent and subject to KPG shareholder approval.

Kelly Partners Group Holdings Limited ABN 25 124 908 363

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

PO Box 1764, North Sydney, NSW, 2059

T 02 9923 0800 E info@kellypartners.com.au W kellypartnersgroup.com.au

For personal use only

KP+GH

KELLY PARTNERS GROUP HOLDINGS LIMITED

Founder and Chief Executive Officer of Kelly+Partners, Brett Kelly said,

“The acquisition confirms the attractiveness of the Kelly+Partners offer and our Partner-Owner-Driver™ model to owners of progressive accounting firms. We are excited that with this acquisition, the Central Coast office will be one of the largest accounting and financial services provider in the Central Coast region.

We are pursuing a focused strategy of building each of our locations to a size that dominates their local region and would have each of them qualify in their own right as a Top 100 accounting firm by size. We believe that this scale in each location makes our businesses more competitive and sustainable, and more attractive to clients as well as talent.”

This is the Group’s tenth acquisition since IPO in June 2017 and third acquisition in this financial year. For the financial year to date, the Group has completed acquisitions with annualised revenues of \$3.8-\$4.3m.

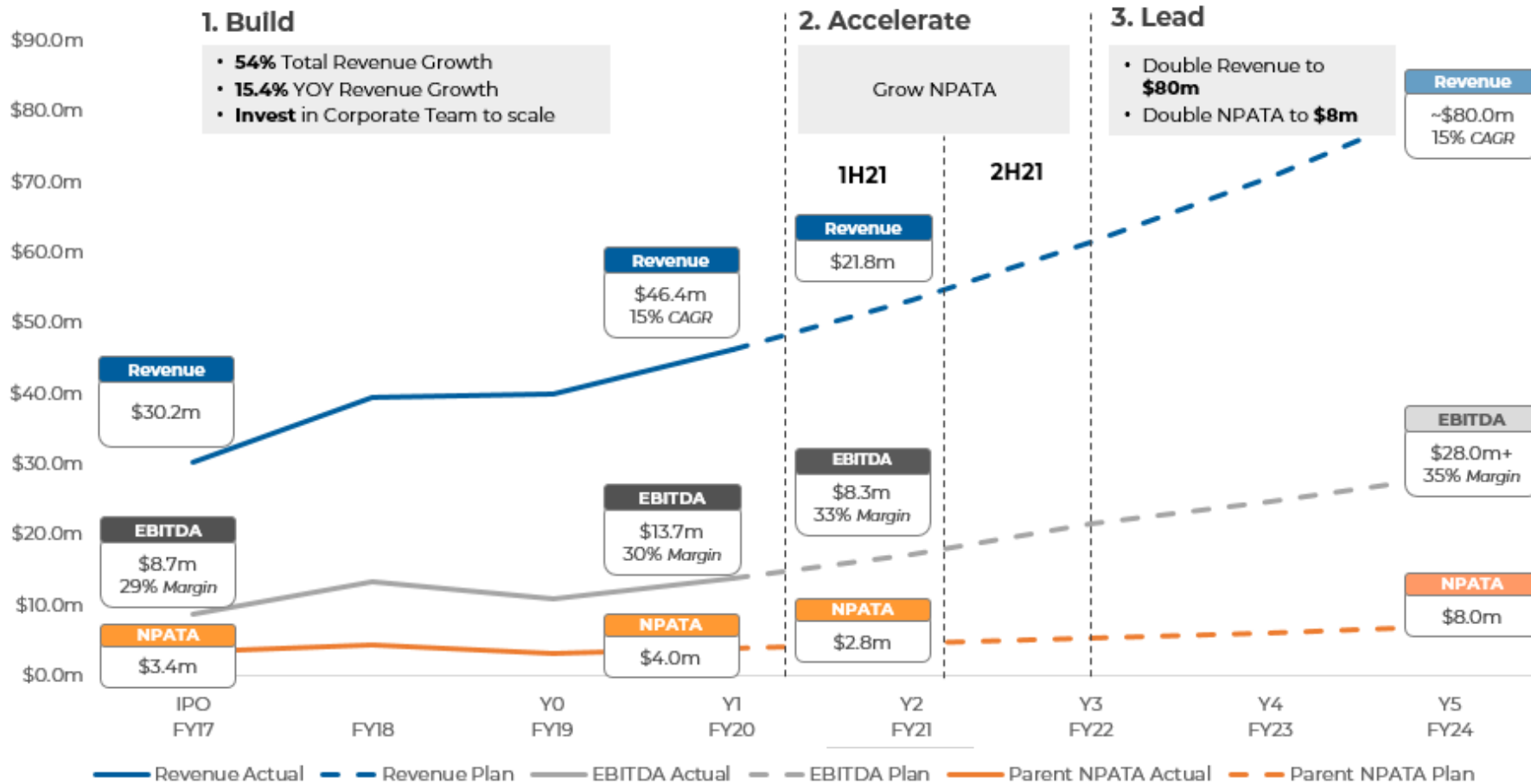
Acquisition discussions continue with other firms. The business continues to receive significant levels of interest from talented professionals and firms looking to join the Group.

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

For personal use only

Appendix A: KPG - 5 Year Growth Plan

Build, accelerate and lead Double revenue to \$80m+ by FY24



For personal use only

Kelly+Partners – Current Office Locations



About Kelly+Partners

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 22 operating businesses across 16 locations in Greater Sydney, Melbourne and Hong Kong. In total, the team consists of more than 250 people, including 51 partners, who service over 8,000 SME clients. Our holding company, Kelly Partners Group Holdings, was successfully listed on ASX on 21 June 2017. Over the past 14 years, Kelly+Partners has undertaken 38 individual transactions in order to build the current accounting network. This includes the transformation of 23 external firms, and the launch of 15 greenfield businesses. Our ownership structure and operating model is unique in 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 Kelly+Partners to help solve many of the issues currently facing both the accounting sector and our SME clients.

For more information, please contact:

Brett Kelly

Founder and CEO

P: +612 9923 0800

E: brett.kelly@kellypartnersgroup.com.au

W: kellypartnersgroup.com.au

Kelly Partners Group Holdings Limited ABN 25 124 908 363

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

PO Box 1764, North Sydney, NSW, 2059

T 02 9923 0800 **E** info@kellypartners.com.au **W** kellypartnersgroup.com.au

For personal use only