

KPG ANNOUNCEMENT - KPG

Monday, 19th August 2024

CPA Firm located in Florida Chooses Kelly+Partners

Kelly Partners Group Holdings Limited ("Group", ASX:KPG) announces today that it has executed agreements to partner with FRSCPA, a CPA firm located in Florida, United States.

The details of the partnership are as follows:

Location: Florida, United States

Revenue to Group: \$USD7.0m-\$USD8.2m (\$AUD10.0m-\$AUD12.5m) NPATA to Parent: \$USD0.7m-\$USD0.8m (\$AUD1.0m-\$AUD1.3m)

(based on 35% EBITDA margin post improvements)

Purchased interest: 50.10%

Purchase Price - Cash: \$USD5.1m (A\$7.6m)

Upfront / Retention: 78%/22% Retention Period: 5 years

A wholly owned subsidiary of Kelly Partners Group Holdings Limited will acquire 50.1% of the business with the remaining 49.9% held by all four existing equity partners of the business under our **Partner-Owner-Driver** model. All four existing equity partners have made long term commitments to the new partnership (1 by 5 years, 1 by 7 years and 2 by 10 years).

This partnership is material to KPG (approximately 10% of run rate revenue) and is expected to be accretive to earnings.

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

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

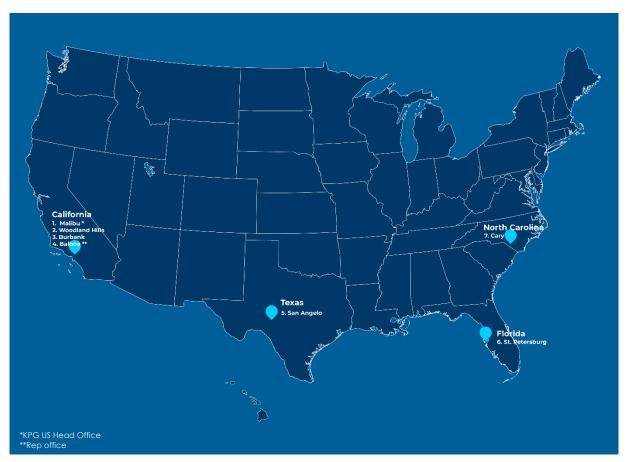
FRSCPA has been a leading accounting group to McDonalds franchisees for more than 35 years and service approximately 5% of all McDonalds restaurants in USA. Kelly+Partners services franchisees that own some 10% of McDonalds restaurants in Australia.



Pursuant to ASX Listing Rule 3.1 and Guidance Note 8 further information in respect of the partnership is listed below.

Guidance Note 8 – paragraph 4.15	Further Information		
The counterparty to the contract	FRSCPA, PLLC		
Where there is little or no information regarding the counterparty in the public domain (for example, because it is a private or recently incorporated entity), a description of	The counterparty is an accounting business based in Florida, United States.		
the counterparty and	F.A		
a summary of the due diligence undertaken by the listed entity on the counterparty's financial and other capacity to perform their obligations in relation to the transaction;	Extensive due diligence has been undertaken on the business, including the review of the counterparty's financial, legal and operational information.		
A description of the assets or businesses	The business comprise of an accounting		
proposed to be acquired or disposed of;	business and its constituent assets		
The consideration for the acquisition or disposal;	The consideration is \$USD5.1m or A\$7.6m		
The expected date for completion of the	Execution of legal agreements and		
acquisition or disposal;	completion took place 16 August 2024		
In the case of an acquisition, the intended source of funds to pay for the acquisition and, if that involves a capital raising, details of the capital raising, including the timetable and its effect on the total issued capital of the entity;	No capital raising was involved.		
In the case of a disposal, the intended use of funds (if any) received for the disposal;	Not applicable.		
Any material conditions that need to be satisfied before the contract becomes legally binding or proceeds to completion;	Execution of legal agreements and completion took place 16 August 2024		
Any security holder approvals that may be required in relation to the transaction and the timetable for those approvals;	KPG confirms that no security holder approvals will be required in relation to the transaction.		





The annual run rate revenue of the Group post completion is expected to be \$AUD130m. A summary of partnerships completed in the US are as follows. US businesses now account for 12.2%-15.2% of the Group's revenue.

#	Date of completion	Location	Туре	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	3 May 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%

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



Kelly+Partners - Current 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 34 operating businesses across 38 locations in Australia, Hong Kong and the United States. In total, the team consists of more than 550+ people, including 90+ partners, who service over 23,000+ SME clients.

The holding company, Kelly Partners Group Holdings Limited, was listed on ASX on 21 June 2017. Over the past 18 years, Kelly+Partners has undertaken 80+ individual transactions in order to build the current accounting network. This includes the transformation of 60+ external firms, and the launch of 20+ greenfield businesses.

KPG's Hold Co 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.

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