

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) <i>(based on 35% EBITDA margin post improvements)</i> |
| 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.

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

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 and | The counterparty is an accounting business based in Florida, United States. |
| 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 proposed to be acquired or disposed of; | The business comprise of an accounting 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 acquisition or disposal; | Execution of legal agreements and 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. |

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KP+GH

KELLY PARTNERS GROUP HOLDINGS LIMITED



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 | 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 | 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.

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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.

For more information, please contact:

Brett Kelly

Founder and CEO

P: +612 9923 0800

E: brett.kelly@kellypartnersgroup.com.au

W: kellypartnersgroup.com.au

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