

Thursday, 24<sup>th</sup> November 2022

## Quality Shareholder #10 Moat Building and IP

Dear Valued Shareholder,

We are often asked how KPG build moat around its business. We believe competitive position (i.e. “strategy”) as defined by Michael Porter is “deliberately choosing a different set of activities to deliver a unique mix of value.”

The best summary that we have seen on how to build competitive advantage is shown in the article “Can you say what your strategy is” by David J. Collis and Michael G. Rukstad. The article gives examples on Walmart and Edward Jones. The only source of long-term competitive advantage is the unique combination of activities which is difficult for competitors to duplicate. Kelly+Partners’ system is designed based on this critical activity network and we believe that even if our competitors were aware of our activities, they would struggle to put these together to create the flywheel that we have been able to create over time.

A number of unique activities that we undertake and we have sought to protect through registering them as intellectual property both in Australia and globally includes:

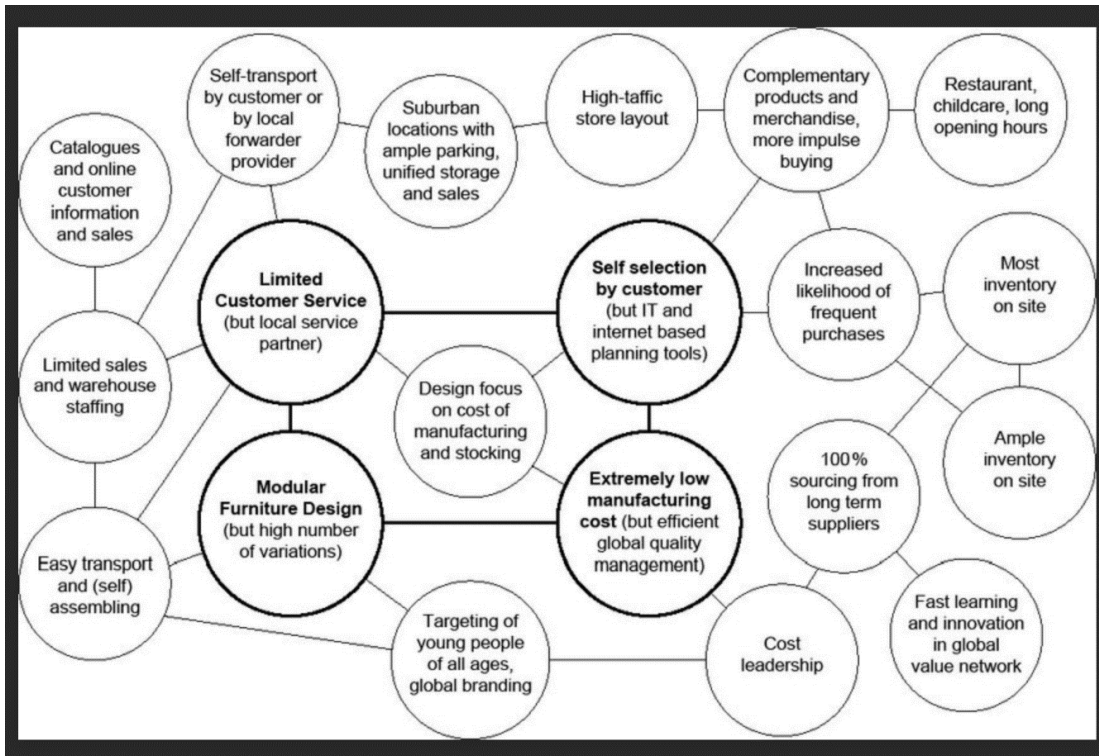
- Kelly+Partners™
- KP+GH
- Partner-Owner-Driver™
- Kelly+Partners Flight Plan
- Progress Pyramid™
- Be Better Off Show by Kelly+Partners™

We believe doing so will protect the various brand, proprietary systems, processes and business models that have been developed in the business since 2006 and allow us to replicate our success globally through implementing this unique IP.

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## What makes us different



“Activity network of IKEA, value creating and inimitable” [https://www.researchgate.net/figure/Activity-network-of-IKEA-value-creating-and-inimitable\\_fig2\\_339953649](https://www.researchgate.net/figure/Activity-network-of-IKEA-value-creating-and-inimitable_fig2_339953649)

It’s imperative that the group continues to operate with many trade secrets. In order to help investors understand how deeply these matters have been considered we share the IKEA example above and assure you that KPG operates at a similarly robust framework for building moat over-time. Five examples of the unique things that we have pioneered are shown below.



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In summary, there isn't a day that goes by nor a significant action that takes place that isn't directed to building a long term moat that is deeper and wider around the business.

Yours sincerely,

A handwritten signature in blue ink that reads "Brett Kelly". The signature is written in a cursive style with a horizontal line underneath the name.

Brett Kelly  
Founder & CEO

# KP+GH

KELLY PARTNERS GROUP HOLDINGS LIMITED

## Kelly+Partners – Current Office Locations - NSW



## Kelly+Partners – Current Office Locations – VIC



## Kelly+Partners – Current Office Locations – QLD



## Kelly+Partners – Current Office Locations – International



## 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 27 locations in Australia and Hong Kong.

In total, the team consists of more than 400 people, including 73 partners, who service over 13,500 SME clients.

The holding company, Kelly Partners Group Holdings Limited, was successfully listed on ASX on 21 June 2017.

Over the past 16 years, Kelly+Partners has undertaken 60 individual transactions in order to build the current accounting network. This includes the transformation of 43 external firms, and the launch of 17 greenfield businesses.

KPG's 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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For more information, please contact:

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