KPGH

OWNERS' MANUAL

V 4.0

October 2024

Welcome

Dear Quality Shareholder

Kelly Partners Group Holdings Limited was founded in June 2006 and has been listed on the Australian Stock Exchange under the ticker KPG since June 2017.

This Owner's Manual serves as a simple handbook for any investors interested in KPG. We are unashamedly looking for 'quality shareholders' and seek to treat our shareholders as partners in our business.

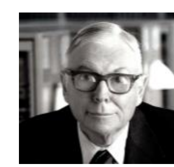
These slides will help you understand our principles and business.

For more detail on the progress of our business, please look to our Annual Reports published on kellypartnersgroup.com.au.

We look forward to a long and fruitful partnership.

Brett Kelly
Founder & CEO

Contents



KP+GH

About

500
Team

100
Partners

600
Total

35
Offices

37
Operating Business

KP+GH

Overview

Objective

To become Australia's first global accounting services firm, leveraging a proven 'Partner-Owners-Driver'® model and programmatic acquisition strategy

Revenue mix

~99% annuity

91% Accounting & Tax

6% Wealth

2% Finance

~1% transactional

1% Investment Office

Source: IBIS World Accounting Services in Australia Industry Report (April 2020), Company filings.

Overview

- Kelly+Partners Group Holdings Limited was founded in 2006 and is one of the fastest-growing accounting platforms in Australia
- Since its inception 18 years ago, the business has achieved 30% average revenue growth p.a., successfully executing a programmatic acquisition strategy within the Australian accounting services market
- KPGH owns a ~51% interest in its operating businesses, which are run by highly engaged and incentivised co-owners who benefit from the group's established platform

Key business attributes

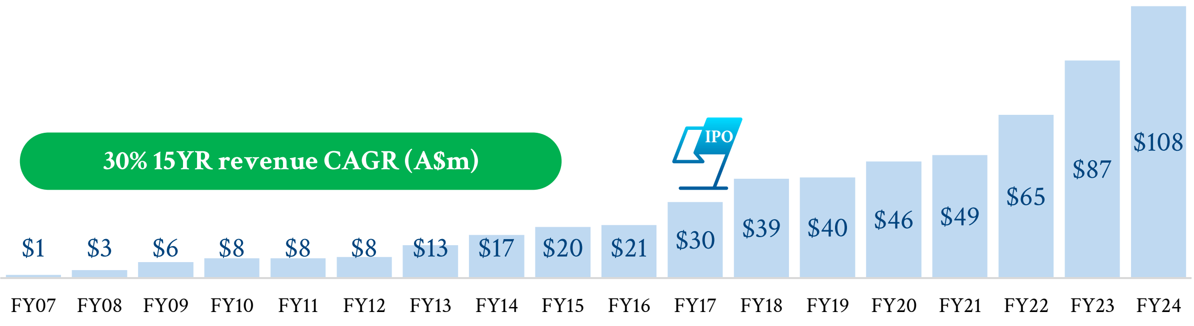
- Defensive annuity-style revenue stream
- 23,000 client groups across diverse industries
- Leading operating business returns and EBITDA margins
- Exceptional profitability and return metrics

Australian accounting services market targeting SMEs ~38,417 business

Total addressable market
~$12.5b

KELLY+ PARTNERS ACCOUNTANTS

$130m
0.7%



KP+GH

‘The Most Important Thing is to be People and a Company That Keep Our Promises’

Section 1

Values

MISSION

We exist to help our People,
Private Business Owners
and the Communities we work in
Be Better Off.

VALUES

We want the best for others

We do what we say

One team one best way

VISION

PEOPLE
First Choice Employer

CLIENTS
First Choice Accountant
to Private Business Owners in
Australia and any market in
which we operate

KP+GH

Section 2

Shareholder Partnership Principles

“Warren Buffett has tried to attract only what he calls “high quality” shareholders. These are defined as shareholders who buy large stakes and hold for long periods.”

Lawrence Cunningham “Quality Shareholders: How the Best Managers Attract and Keep Them”

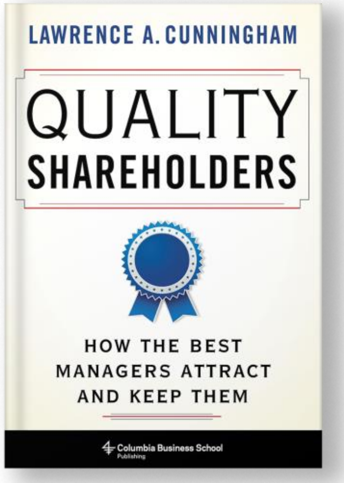
Shareholders' Principles

1. Our attitude is partnership in everything we do.
2. Our Founder and Partner-Owner-Drivers® have the majority of their 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 ($2m to $10m revenue) using our proprietary Partner-Owner-Driver® model. We intend to acquire accounting firms in a programmatic manner that applies a robust M&A operating model for doing many small deals.
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 by isolating risk to the immediate businesses.
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, i.e. we consider ourselves Perpetual Owners.
10. We will be completely transparent in our reporting to our shareholders, treating them as genuine partners in our business. We will call a spade a spade rather than under emphasise difficult situations.

KP+GH

Quality Shareholders

		Investment Conviction	
		Lower	Higher
Investment Horizon	Shorter	Transients	Activists
	Longer	Indexers	Quality

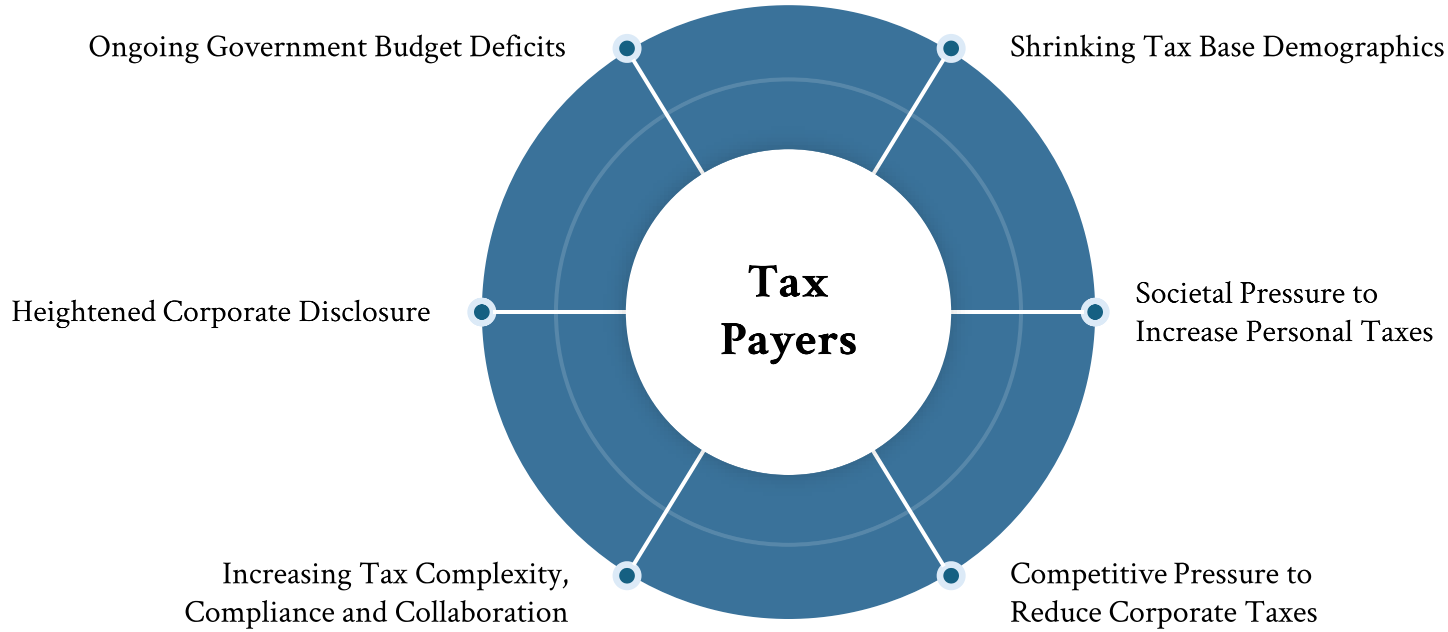


Section 3

The Business Case

Global Tax Megatrends

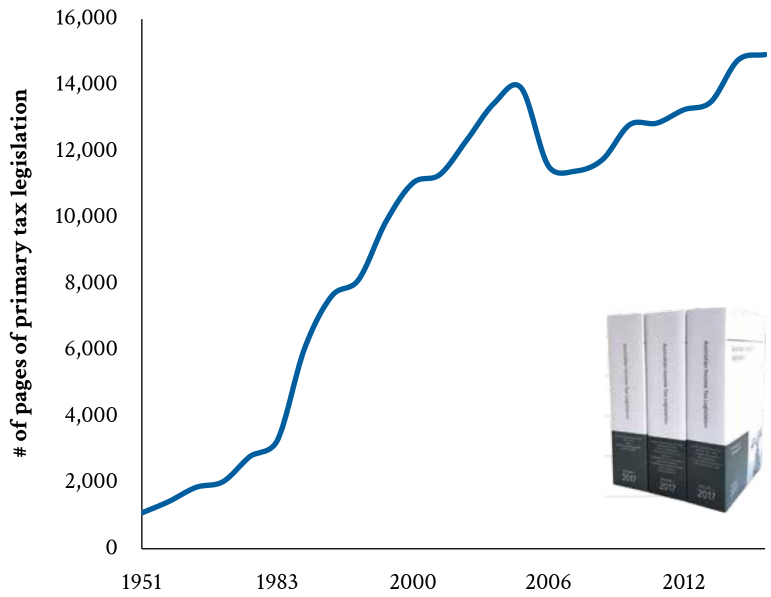
Increasing tax compliance and legislative complexity are key drivers for accounting and taxation services.



Increasing Tax Compliance

Increasing tax compliance and legislative complexity are key drivers for accounting and taxation services.

Tax law volume growth of ~14x since 1950s



Source: Australian Treasury, Re:think Presentation, June 2015

Paying taxes in Australia is considered more difficult relative to some other developed economies.

Ease of paying taxes **(ranked easiest to hardest)[1]**

United Arab Emirates	1	Switzerland	18
Hong Kong / China	3	Netherlands	20
Ireland	5	**Australia**	**25**
Denmark	7	Norway	26
Singapore	8	Sweden	28
United Kingdom	**10**	**United States**	**36**
New Zealand	11	Germany	48
Finland	13	France	63
Canada	17	Japan	70

[1] Represents overall ranking including post filing index, ranked against 190 economies globally.

Source: World Bank, Doing Business Report, 2017

KP+GH

Global TAM (Total Addressable Market)

	Australia	*United States*	*United Kingdom*
% of firms planning to retire:			
<5 years	**57%**	**54%**	**50%**
>5 years	43%	46%	50%
Accounting businesses exc. Big 4 and Mid-Tiers			
Number of businesses	~35,000	~87,000	~40,000
Number of businesses facing succession issues in the next 5 years	~20,000	~47,000	~20,000
Total no. of accounting businesses facing succession issues in next 5 years		~87,000	

Source:

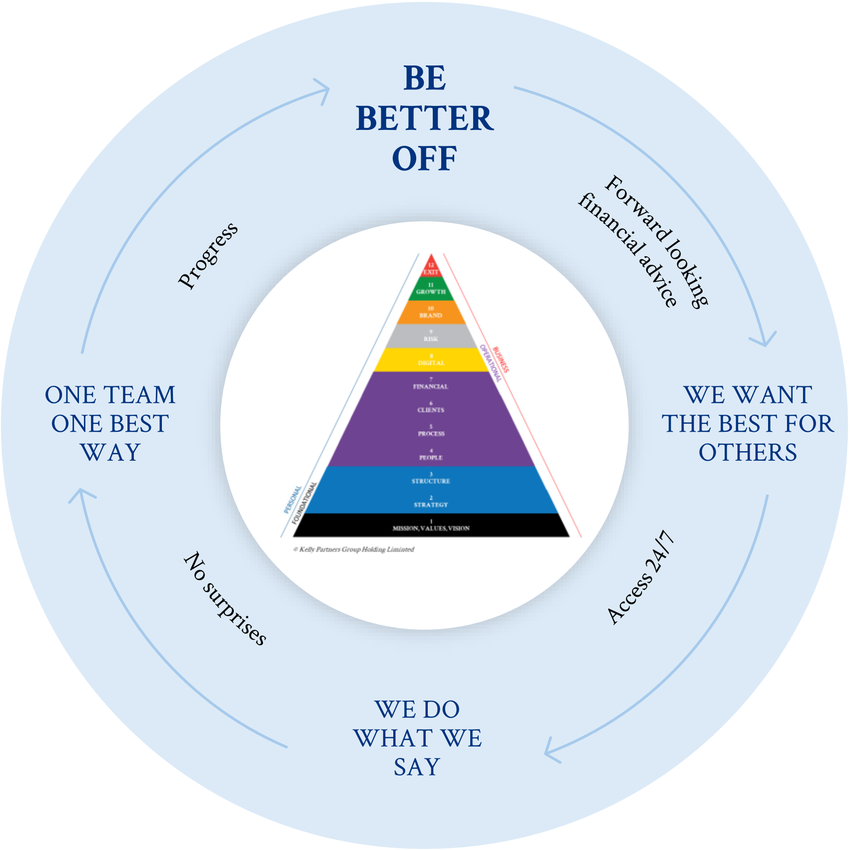
- *Australia - Good Bad Ugly Insight Report – Succession 2018 report; IBISWorld Accounting Services in Australia*
- *United States – AICPA CPA Firm Succession Planning Survey Report 2023; IBISWorld Accounting Services in the US*
- *United Kingdom – statistics on % of firms planning to retire has been estimated given no available information; https://www.nimblefins.co.uk/business-insurance/accountant-insurance/number-accountants-uk*

KPG Business System

1. The **Kelly+Partners Business System** powers our performance, builds our culture & drives our competitive advantage

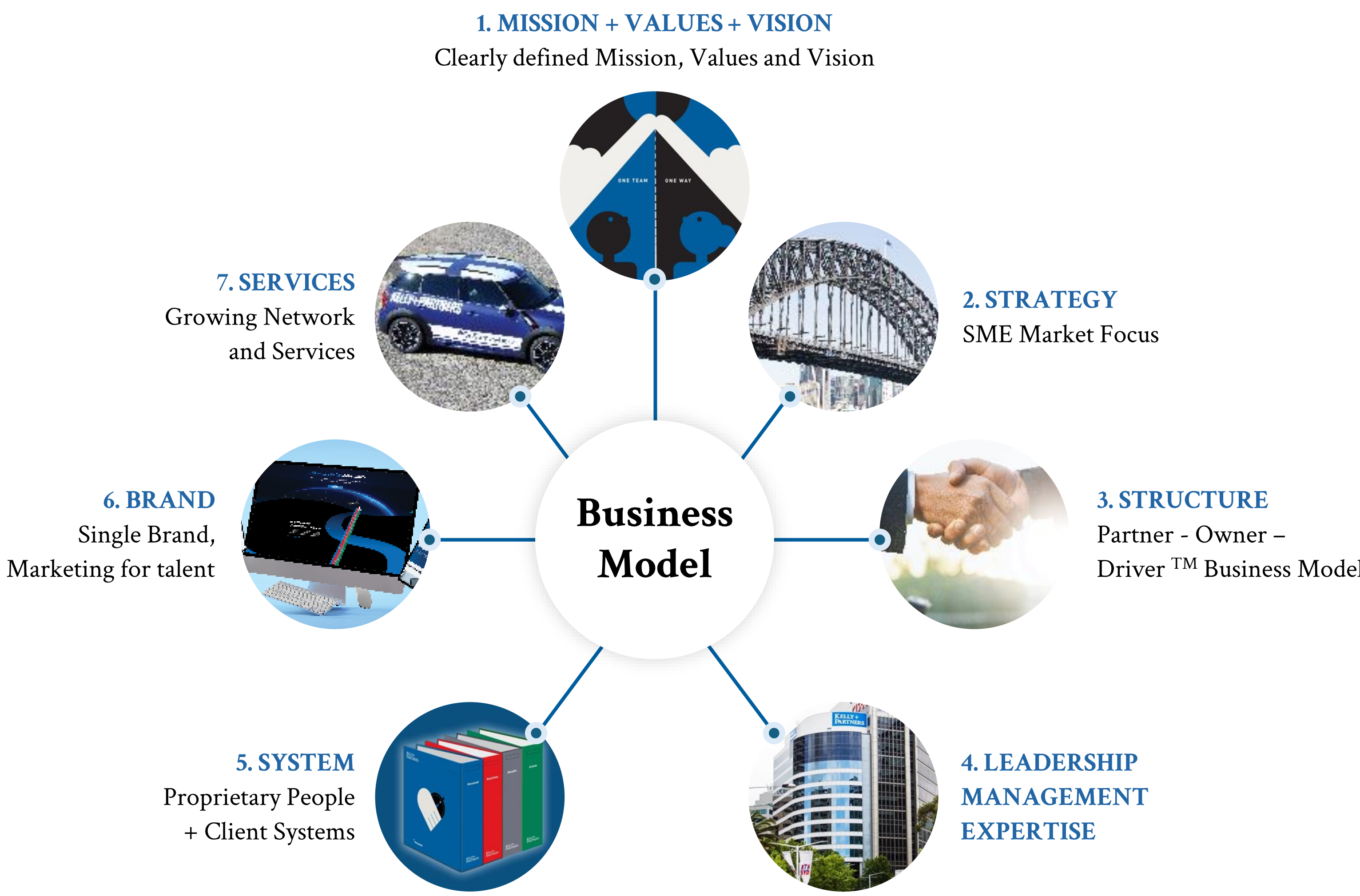
2. Kelly+Partners continues to build **dominant firms** & seeding network effects

3. Kelly+Partners generates **superior cashflow** and is a superior **capital allocator**



KP+GH

K+P Accountants Business Model



KP+GH

Strategy - Australia

Objective

To grow to be a top 10 accounting firm by size in Australia by offering trusted and convenient accounting, tax, finance, wealth and estate services to **driven, successful Private Business Owners who value proactive advice via the Kelly+Partners Financial Progress System**TM, through a network of ***Partner-Owner-Driver®*** led offices in Australia.

Scope

Who

Driven = our clients get up early, stay up late, have their business as their main focus and want to go somewhere

Successful = we do not advise clients who don't have a growth mindset and are not achieving their goals

Private Business Owners = we do not advise public companies but rather specialise in those families and individuals that operate private businesses

Financial Progress System = our clients value proactive advice focused on helping them achieve their goals using the Kelly+Partners Financial Progress System™

What

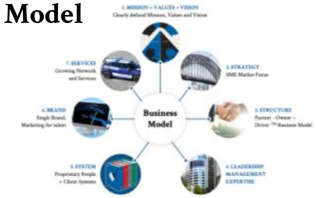
Where

First Choice Accountant to Private Business Owners in Australia

Advantage

Group

Model



Business

Partner-Owner-Driver™

Team

CENTRAL PROGRESS TEAM ™

Kelly Partners' Programmatic Acquisition System

Strategy - Global

Objective

To grow to be a top 10 accounting firm by size in Australia by offering trusted and convenient accounting, tax, finance, wealth and estate services to **driven, successful Private Business Owners who value proactive advice via the Kelly+Partners Financial Progress System**TM, through a network of ***Partner-Owner-Driver®*** led offices in Australia.

Scope

Who

Driven = our clients get up early, stay up late, have their business as their main focus and want to go somewhere

Successful = we do not advise clients who don't have a growth mindset and are not achieving their goals

Private Business Owners = we do not advise public companies but rather specialise in those families and individuals that operate private businesses

Financial Progress System = our clients value proactive advice focused on helping them achieve their goals using the Kelly+Partners Financial Progress System™

What

Where

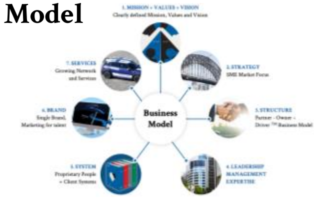
#	*Region*	*Population*
1	United Kingdom	165,000
2	United States	98,969
3	New Zealand	75,696
4	Canada	21,115
5	Singapore	20,000
6	Thailand	20,000
7	United Arab Emirates	16,000
8	South Korea	15,222
9	Hong Kong	14,669
10	Germany	13,600
11	China	13,286
12	Japan	12,024
13	Malaysia	4,000
	Total	**489,581**

Regions with significant Australian Populations

Advantage

Group

Model



Business

Partner-Owner-Driver™

Team

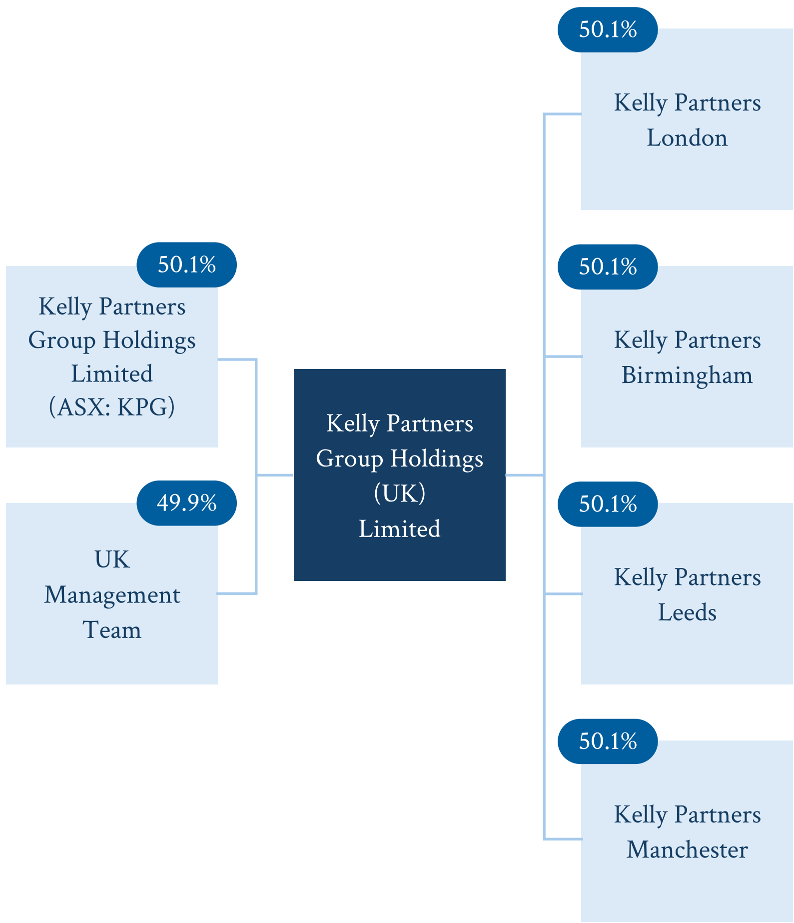
CENTRAL PROGRESS TEAM ™

Kelly Partners' Programmatic Acquisition System

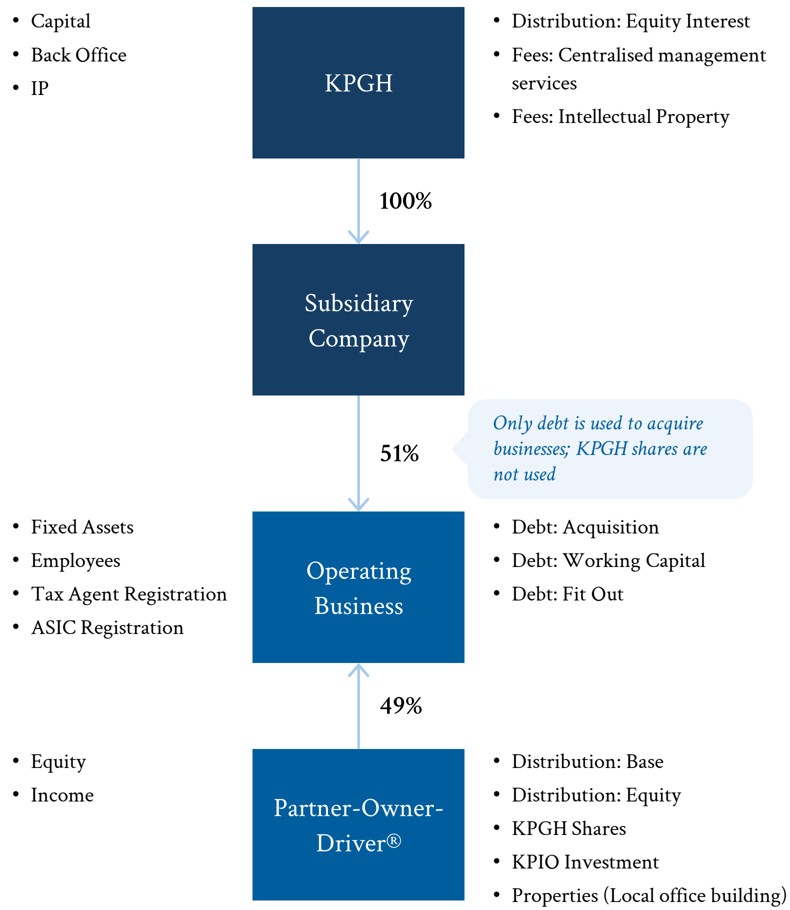
KP+GH

Structure

Global Partnership Platform (example)



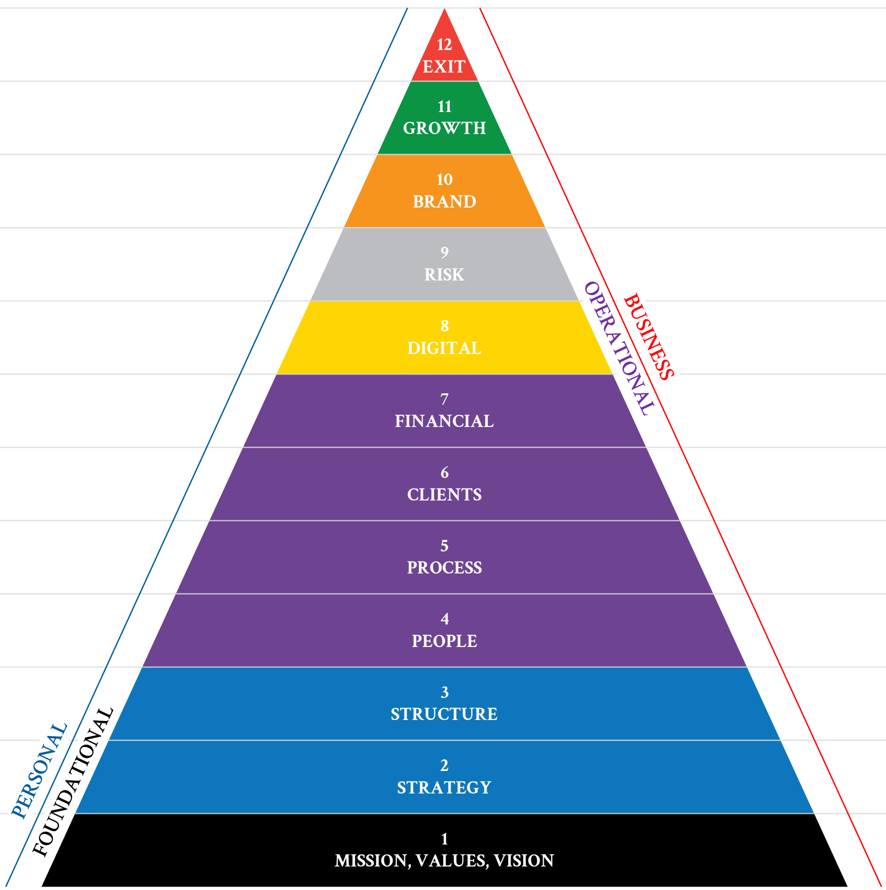
Partner-Owner-Driver®



KP+GH

Accounting Firm Partner-Owner-Driver® Model

RollUp	Level	Partner-Owner-Driver™
Haphazard approach	12 EXIT	Documented and systemised
Every person for themselves	11 GROWTH	9% reinvested annually in business
Numerous confused brands	10 BRAND	One brand relevant to target market
Misaligned interests	9 RISK	Aggressive and defensive long-term
Haphazard software	8 DIGITAL	Integrated platform
Confused inconsistent metrics	7 FINANCIAL	Defined and agreed metrics
Want clients so they can be sold products	6 CLIENTS	Best interest of clients and advice
Little, if any, synergies	5 PROCESS	Synergies and network effects
Employees	4 PEOPLE	Owners
Roll up	3 STRUCTURE	Partner-Owner-Drive TM (“POD”)
Anything, anyone, anywhere	2 STRATEGY	Private Business Owners
Financial promoter, options given	1 MISSION, VALUES, VISION	Values led founder, shares
Hearts, Stockfords, WHK, Countplus		Austbrokers, Steadfast, McDonalds

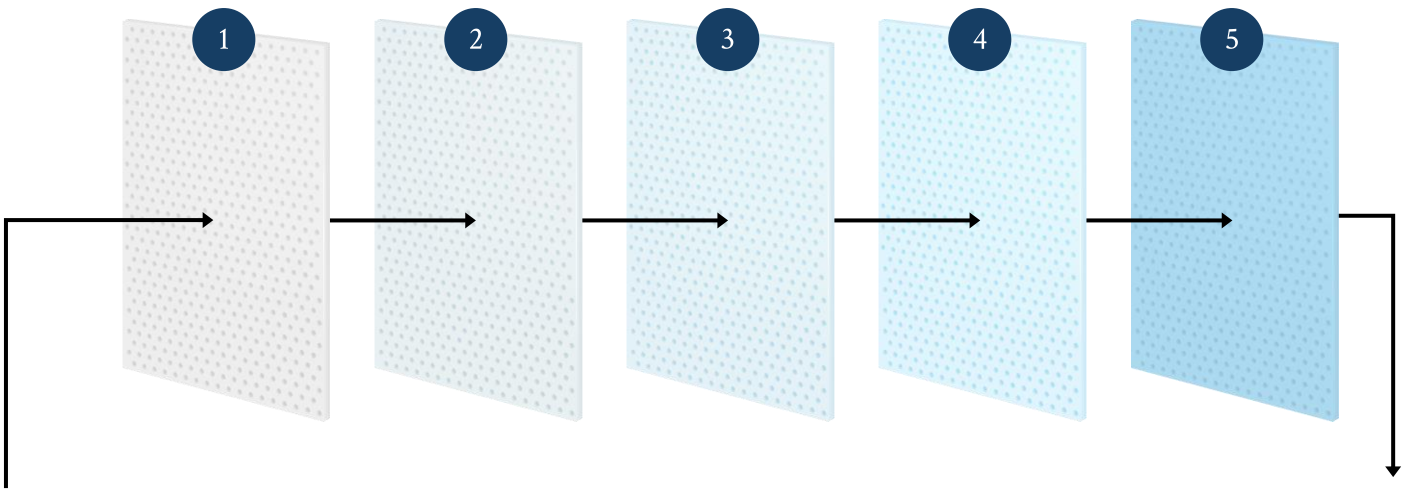


KP+GH

Partnership Criteria

5 filters that potential partnerships are assessed on

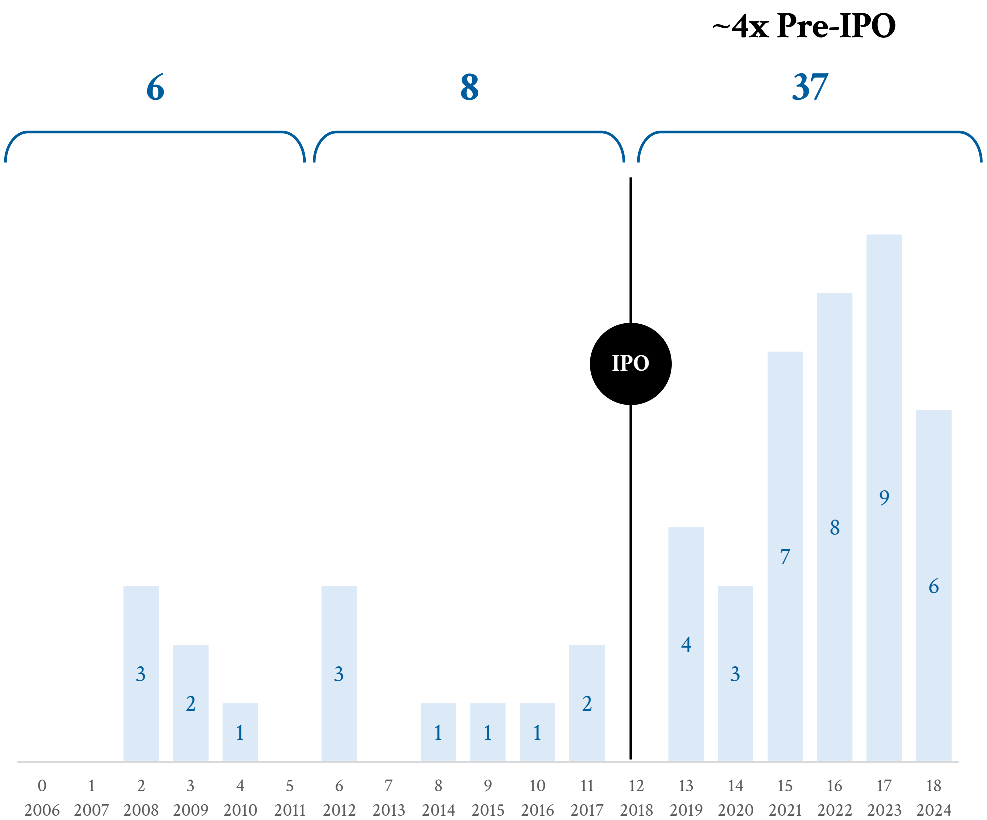
- Mission, Values & Vision
- Want to be part of K+P (Team Player)
- All offices owned (not affiliates)
- Core business is accounting and tax services To SMEs
- Size $2m to $10m revenue

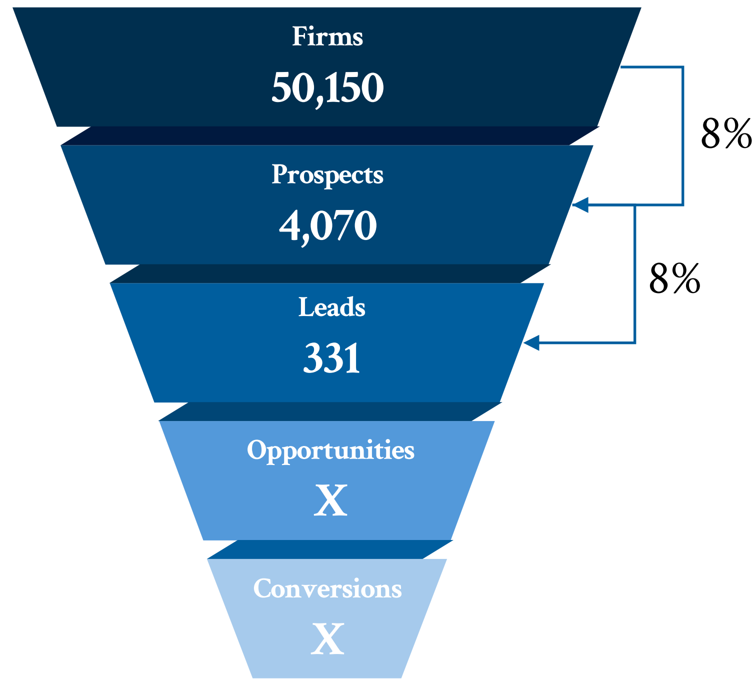


Target Firm

Greenfield and Further Partnerships

Programmatic Partnerships





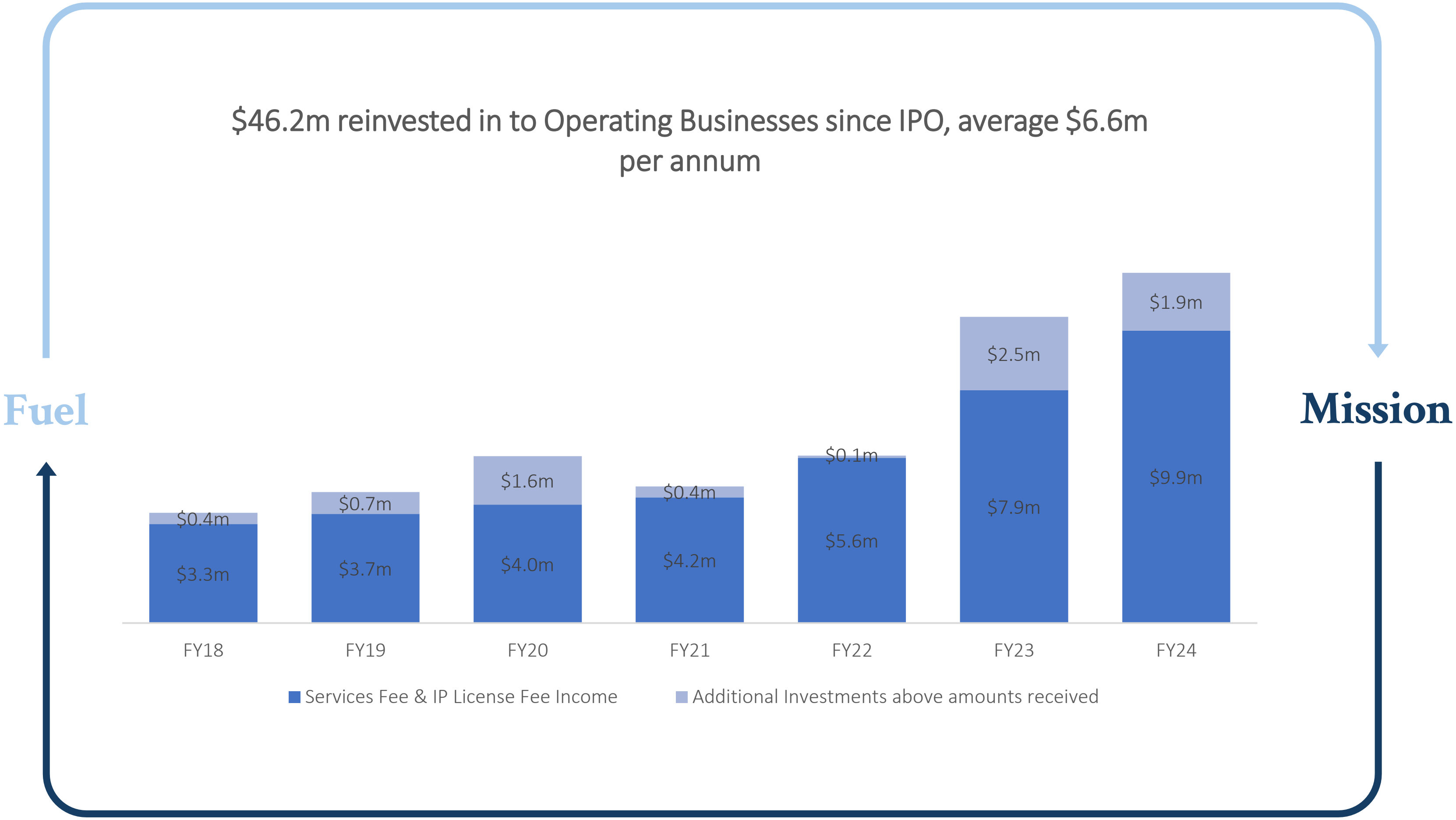
Note: based on acquisitions that are announced in the stated financial year, e.g. acquisition that was announced in FY22 but completed in FY23 is shown in FY22.

KP+GH

Section 4

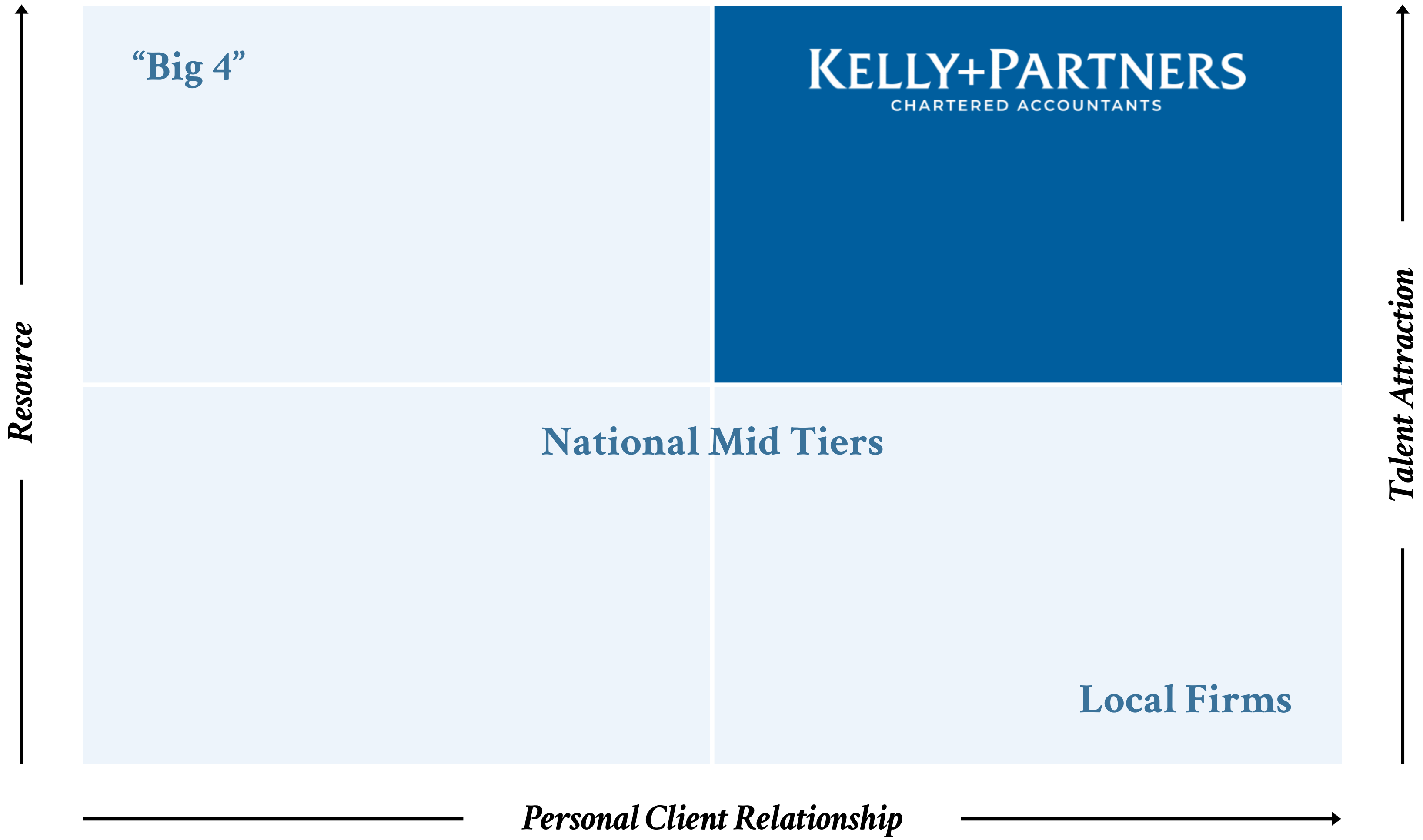
Moat Building

9% Reinvested In Flywheel



KP+GH

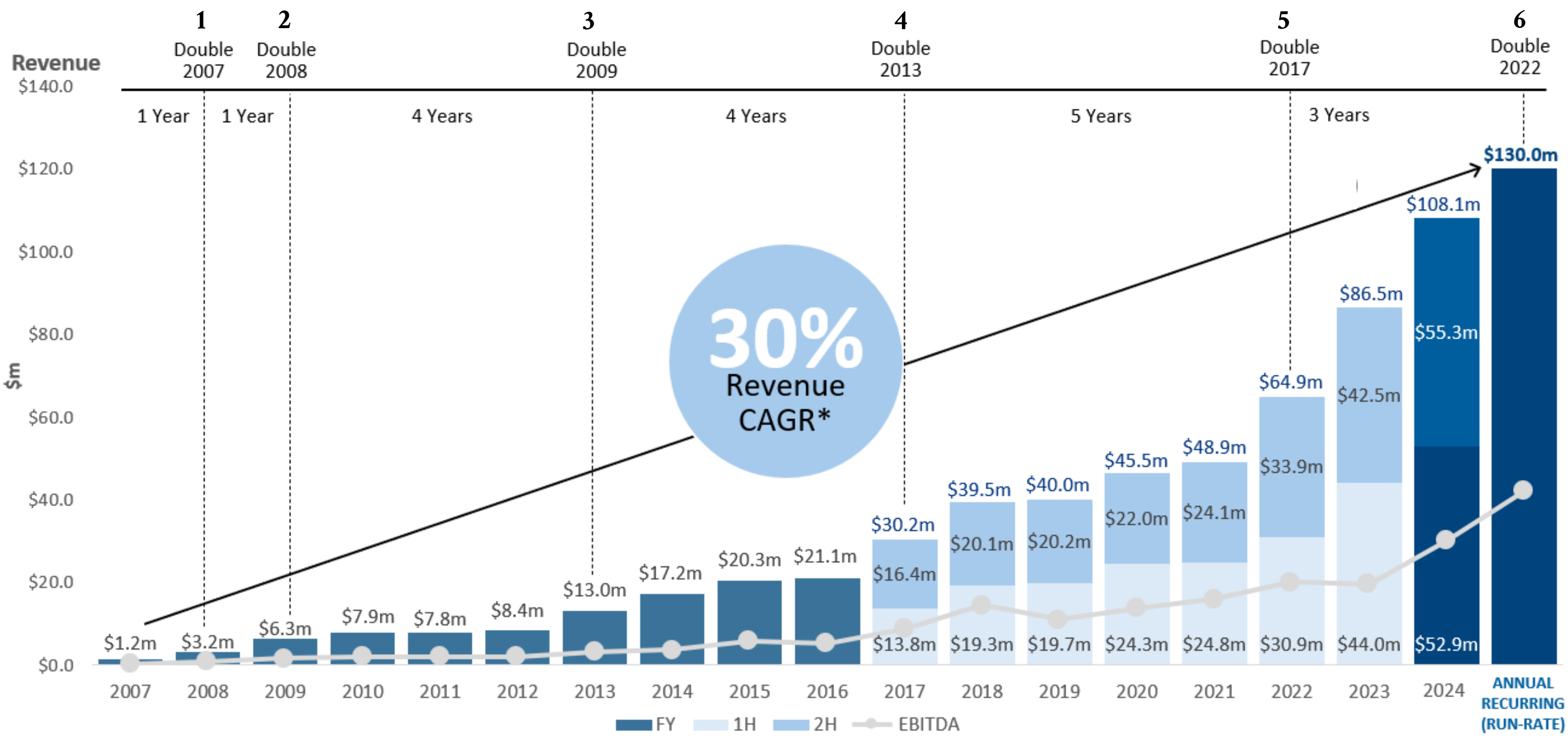
Client Value Proposition



Section 5

A Growth Business In A Defensive Sector

Double 6 times in a row



***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.*

KP+GH

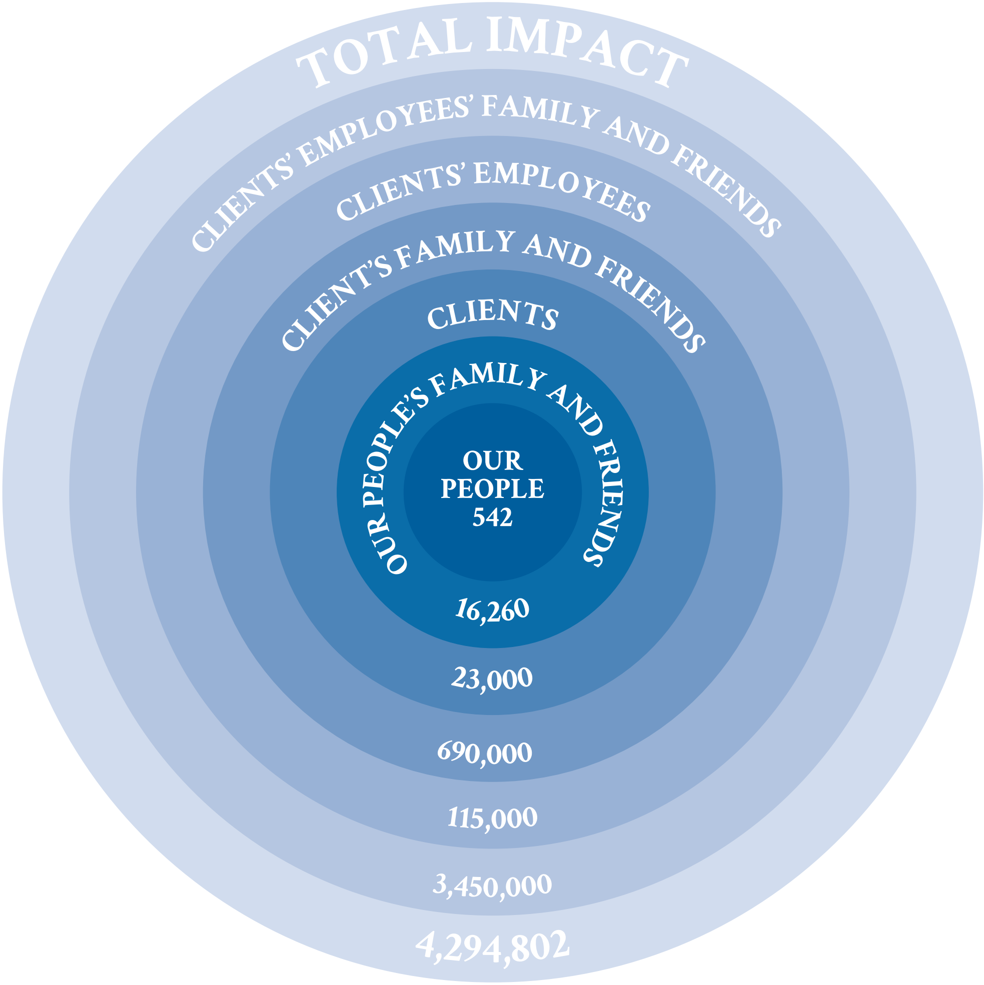
Section 6

Financials

KP+GH

“$ are an Output,
we focus on Inputs”

Impact


TOTAL IMPACT
CLIENTS' EMPLOYEES' FAMILY AND FRIENDS
CLIENTS' EMPLOYEES
CLIENT'S FAMILY AND FRIENDS
CLIENTS
OUR PEOPLE'S FAMILY AND FRIENDS
OUR PEOPLE 542
16,260
23,000
690,000
115,000
3,450,000
4,294,802

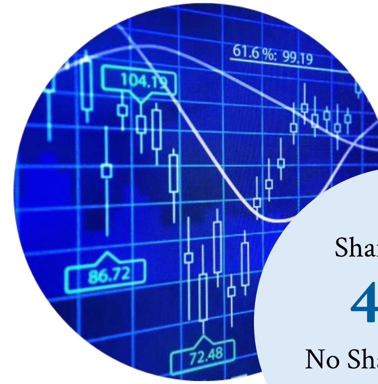
Share Count

Cash Based

Performance

No

Executive Options



Share Count:

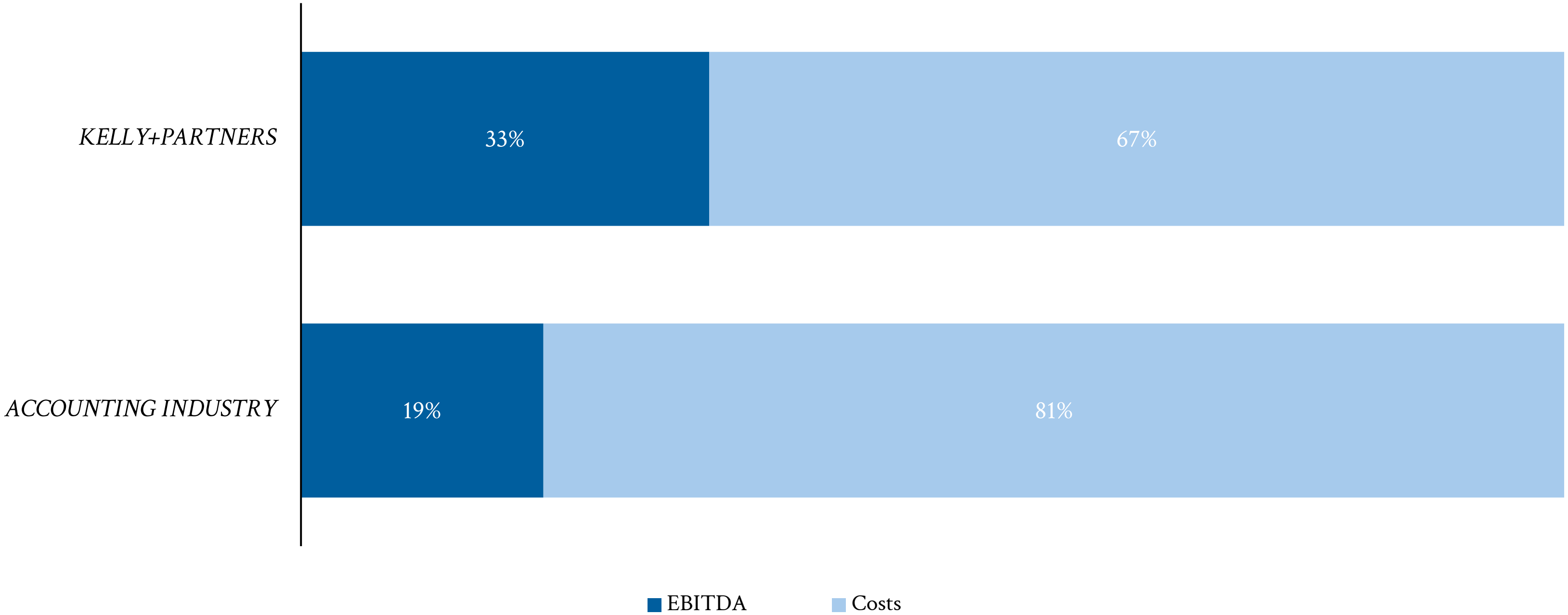
45m,

No Share Issuance
Since IPO

Profit and loss

Profitability

Comparison of EBITDA margins against industry

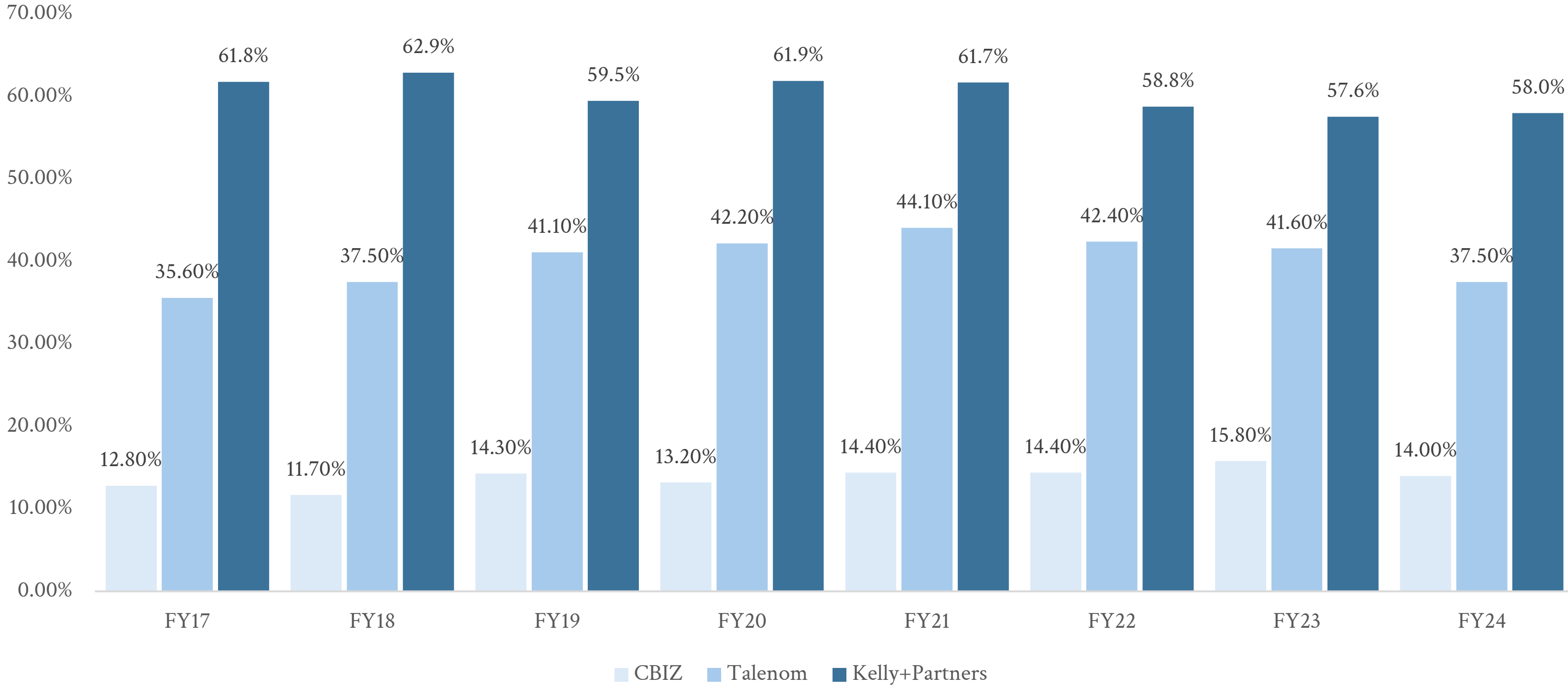


Source: *IBIS World Accounting Services in Australia Industry Report (April 2020)*

Kelly+Partners data based on FY21 accounts before head office costs and is after Base Distributions to Operating Business Owners

Gross Margin

"High gross margins are the most important single factor of long run performance. The resilience of gross margins pegs companies to a level of performance." – Matthew Berry, "Mean Reversion in Corporate Returns"[1]



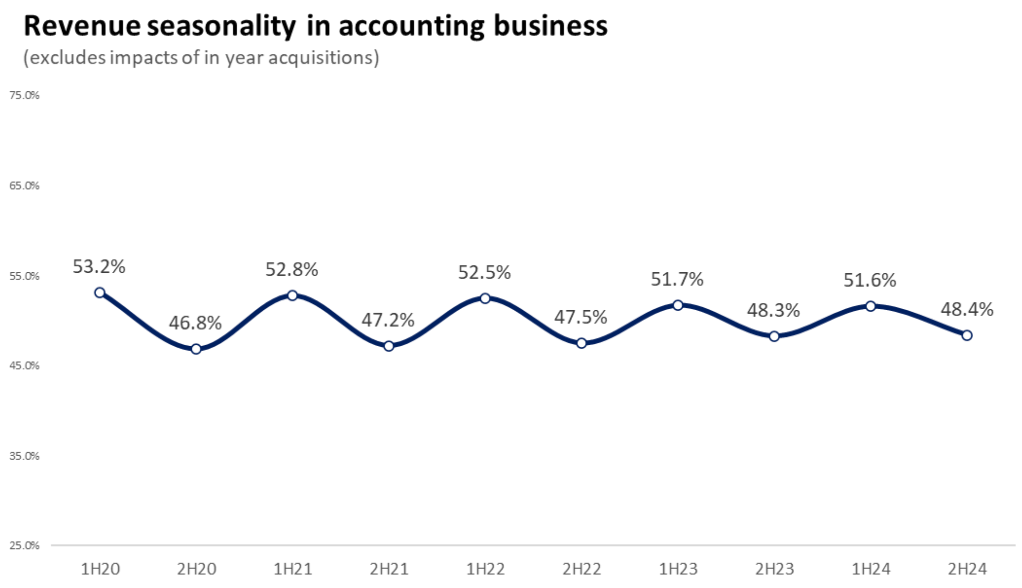
[1] "100 Baggers Stocks that Return 100-to-1 and How to find them", Christopher Mayer, Page 127-128

FY23 and FY22 Gross margins impacted by recent acquisitions. Talenom and CBIZ Last 12 months Gross Profit has been used in the "FY23" column

Seasonality In 1h/2h

Seasonality driven by tax calendar work aligned to the 30 June financial year end

- Revenue seasonality in the accounting businesses is approximately 1H: 52% / 2H: 48%, equating to a 5% (or c. $5.4m swing) down swing in 2H24.
- 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 which is mostly completed by the 31 October lodgement deadline. Audit work represents less than 4.0% of group revenues.
- Earnings split between 1H / 2H may also be impacted by level of additional investments by the parent entity and timing of in year acquisitions



KP+GH

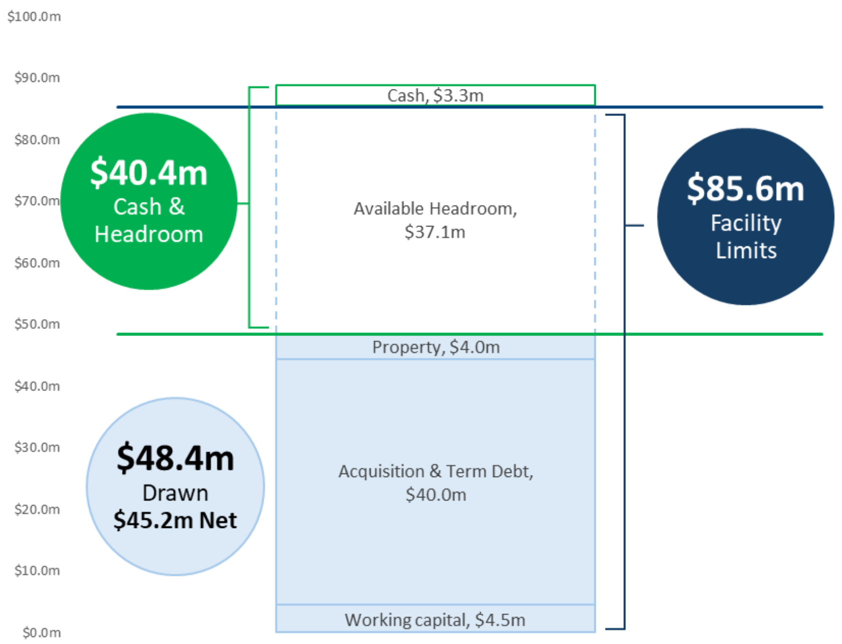
Parent & NCI – Example from FY24

- **The profit attributable to the parent vs. NCI represent a 24%/76% split and differs from the ownership interests of ~51%/49%.**
  This is due to the following items:
  - Income tax expense of $1.4m of the parent entity. As the majority of operating businesses are partnerships, the income tax expense attributable to non controlling interests in these partnerships is not included in the consolidated accounts
  - Parent entity additional investments above the Services Fee and IP License Fee income that it receives which is borne 100% by the parent entity
  - Non recurring items include:
  - Strategic review – legal costs on exploring potential domiciliation of the Company to the US
  - Acquisition costs – for the 6 acquisitions completed this year with $807K relating to the US acquisitions including redocumentation and Americanizing of the Group's Australian legal agreements
  - Interest from debt attributed to the parent used to fund acquisitions
  - Depreciation on office fitouts in the US and Australia, as well as amortization of software development costs

KP+GH

Balance Sheet

Debt & Liquidity



- Working Capital debt of $4.5m is covered 4x by WIP and Debtors ($18.0m)
- Acquisition & Term Debt of $40.0m is supported by annuity style cashflows and repaid over 4-5 years
- Cash & facility headroom of **$37.1m**, representing 82% of debt drawn
- Headroom includes new **$22m** facility for US expansion and general corporate purposes

Loan type (m)*	Parent	Op. Bus	Total Debt
Working Capital Debt	$0.2	$4.2	$4.5
Property Debt	$0.0	$4.0	$4.0
Acquisition & other term debt	$9.1	$30.9	$40.0
Gross Debt – FY24	**$9.3**	**$39.1**	**$48.4**
Cash – FY24	-$0.1	-$3.2	-$3.3
Net Debt – FY24	**$9.2**	**$36.0**	**$45.2**
FY23			
Gross Debt - FY23	**$5.0**	**$40.3**	**$45.2**
Cash - FY23	-$0.5	-$4.8	-$5.3
Net Debt - FY23	**$4.5**	**$35.5**	**$39.9**
Movement			
Gross Debt	**$4.3**	**-$1.3**	**$3.2**
Cash	-$0.4	-$1.6	-$2.1
Net Debt	**$4.8**	**$0.5**	**$5.2**

** Rounded to nearest $100,000*

- Net debt increased $5.2m from 30 June 2023 mainly to fund the 6 acquisitions completed this year
- Group gearing decreased to 1.28x (FY23: 1.65x) due to a full year's profit contribution from acquisitions completed in the prior year, as well as an increase in the profitability of the Group.

KP+GH

Capital Allocation

Capital Allocation *(Example below as at 30 June 2024)*

KPG aims to build per-share intrinsic value by:

			FY18	FY19	FY20	FY21	FY22	FY23	FY24
1.	Improving the earning power of our operating businesses	✓	34.0%	27.7%	32.5%	33.4%	30.9%	27.3%	29.6%
			EBITDA margin of operating businesses						
2.	Further increasing their earnings through acquisitions	✓	17.2%	6.4%	6.6%	4.8%	26.5%	28.7%	26.3%
			Contribution to revenue growth						
3a.	Growing our existing accounting subsidiaries	✓	10.3%	(6.4%)	6.6%	1.5%	4.7%	2.9%	2.7%
			Contribution to revenue growth						
3b.	Growing our existing complementary businesses	✓	2.7%	1.8%	1.4%	1.2%	1.5%	1.8%	0.3%
			Contribution to revenue growth						
4a.	Making programmatic acquisitions	✓	0	4	3	7	8	8	6
			Number of acquisitions						
4b.	Making an occasional large acquisition (i.e. >$5m in revenue)	✓	0	0	0	0	0	1	0*
5.	Repurchasing KPG shares	✓	0	2k	95k	400k	0	0	0
	Number of Shares On Issue		45.5m	45.5m	45.4m	45.0m	45.0m	45.0m	45.0m

**Post year end on 16th August 2024 we completed the Florida partnership which is a large acquisition with $10.8m-$12.5m in annual revenues*

Financial Progress

Measuring Progress *(Example below as at 30 June 2024)*

Profit & loss

	Revenue	Margin	Parent NPATA
	+29.2% Revenue Growth	**+4.4%** EBITDA Margin	**+52.3%** Underlying NPATA Growth
FY24	**$108.1m**	**27.8%**	**$8.0m**
FY23	**$83.7m***	**22.7%**	**$5.3m**
	Revenue from ordinary activities	Underlying EBITDA pre AASB 16 to Revenue	Underlying NPATA attributable to parent

	Revenue / FTE	Firm EBITDA %	Underlying group NPATA
FY24	**$200K/FTE**	**29.6%**	**$21.3m**
FY23	**$227K/FTE**	**27.3%**	**$13.6m**

Balance sheet

	Return	Gearing
	40.6% Return on Equity	**-0.37x** Net debt to underlying EBITDA
FY24	**40.6%**	**1.28X**
FY23	**38.4%**	**1.65X**
	Underlying Group NPATA on Group Equity	Net Debt on Underlying Group EBITDA

	Group ROIC*	Lockup Days
FY24	**24.8%**	**56.1**
FY23	**20.0%**	**48.1**

Cashflow

	Cashflow	Efficiency
	+30.7% Operating cashflow	**+2.5%** Cash Conversion
FY24	**$20.2m**	**96.9%**
FY23	**$15.4m**	**94.4%**
	Operating Cashflow pre AASB 16	Operating Cashflow (before finance costs and tax) on EBITDA

	Receipts from Customers	Operating Cashflow
FY24	**$118.4m**	**$32.5m**
FY23	**$94.7m**	**$24.7m**

* *excludes operations that were discontinued in FY24 for like for like comparison.*

Measuring Progress *(Example below as at 30 June 2024)*

Mark Leonard's Growth Metric

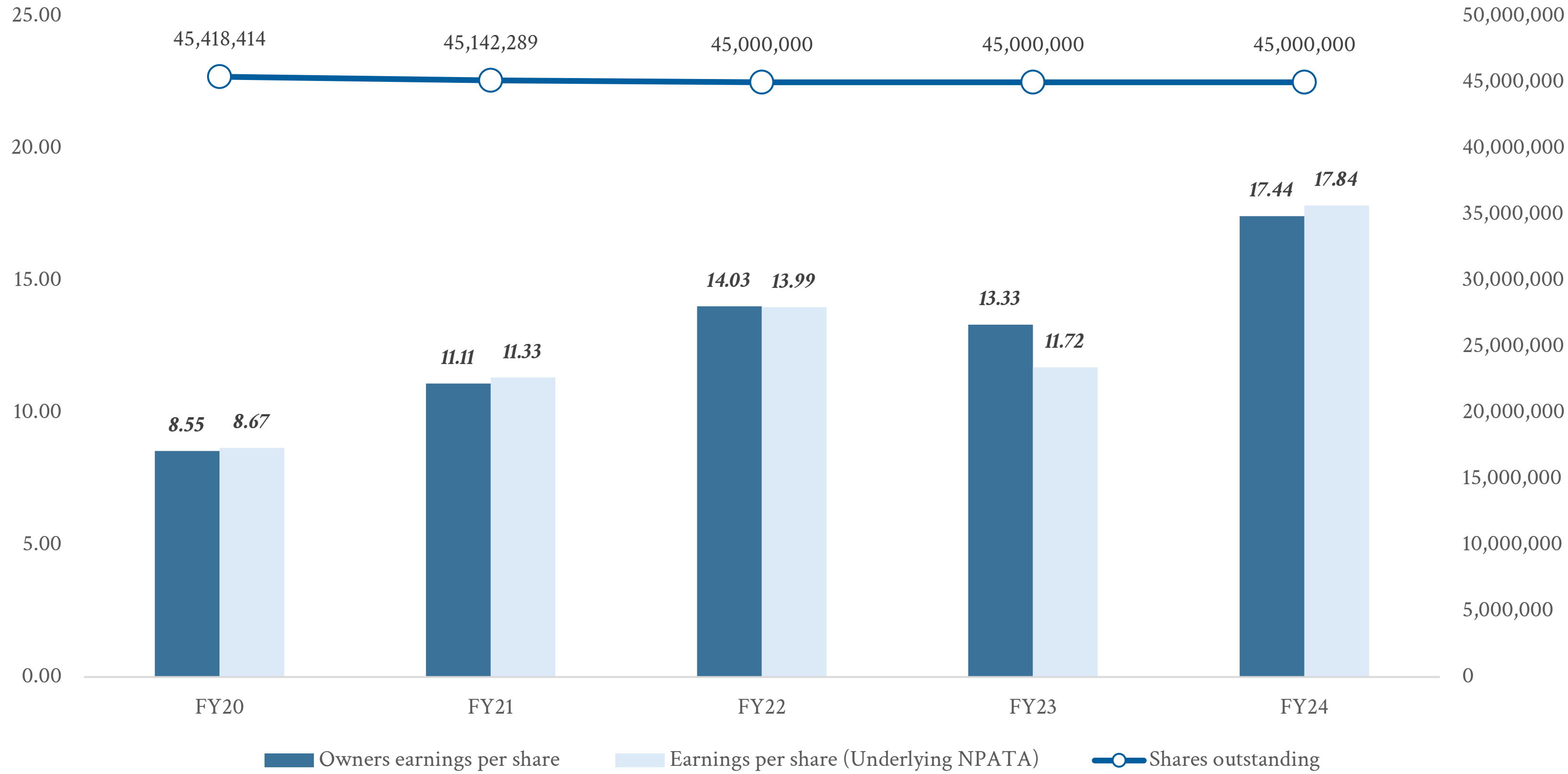
Mark Leonard
Constellation Software
2009 President's Letter, page 2

"And when we think about Invested Capital, we think about the shareholder capital that has been invested in the businesses, plus any Adjusted Net Income less any distributions. Obviously, when you divide Adjusted Net Income by Invested Capital, you get a measure of the return on our shareholders' investment (i.e. ROIC). If you add Organic Net Revenue Growth to ROIC, you get what we believe is a proxy for the annual increase in Shareholders' value. In a capital intensive business, you couldn't just add Organic Net Revenue Growth to ROIC, because growing revenues would require incremental Invested Capital. In our businesses we can nearly always grow revenues organically without incremental capital."

Year	*Group Underlying NPATA + Cash Interest*	*Invested Capital (Debt + Equity)*	*ROIC*	*Organic Revenue Growth (YOY)*	*ROIC + Organic Revenue Growth*
2017	$7,961,219	$34,791,080	22.9%		22.9%
2018	$12,132,817	$38,886,264	31.2%	13.0%	44.2%
2019	$9,650,748	$42,755,818	22.6%	-4.3%	18.3%
2020	$10,955,031	$41,935,241	26.1%	8.0%	34.1%
2021	$12,410,693	$44,924,311	27.6%	2.7%	30.3%
2022	$15,209,546	$68,289,664	22.3%	6.2%	28.4%
2023	$16,136,313	$80,725,640	20.0%	4.7%	24.7%
2024	$25,013,784	$100,787,280	24.8%	3.0%	27.8%
Average (2018 to 2024)			**24.9%**	**4.8%**	**29.7%**

** ROIC is impacted where the trailing twelve months Underlying NPATA does not include a full year contribution from in year acquisitions. Whereas a part year Underlying NPATA is included, the full debt capital used to complete the acquisition is included.*

Measuring Progress



+19.5% p.a.

Owner Earnings (Parent) / FCF per share growth from FY20 to FY24

KP+GH

Share Buybacks

497,181 shares repurchased since IPO, with no new shares issued.

- In line with KPG's strategy KPG intends to build per-share intrinsic value by repurchasing KPG Shares when they are available at a meaningful discount from intrinsic value.
- Since IPO, KPG has repurchased 497,181 shares at a c. 64.7% discount to the current price ~$7.00, improving returns to our shareholders

Date	*Closing Shares*	*Shares Repurchased*
Open at IPO**	45,497,181	
30 Jun 18	45,497,181	-
30 Jun 19	45,495,000	(2,181)
30 Jun 20	45,400,000	(95,000)
Current	45,000,000	(400,000)
Total Outstanding	45,000,000	(497,181)

Share Purchase VWAP vs Current Price	
Total purchase costs	$701,517
VWAP of share repurchases Since IPO:	$1.41
Closing price today	$7.00
Discount to closing price	*79.9%*

***Inclusive of shares issued to employees as part of the IPO transaction.*

KP+GH

Owner Earnings

	FY20	FY21	FY22	FY23	FY24	CAGR
Owner earnings	$3.9m	$5.0m	$6.3m	$6.0m	$7.8m	19.2%
Owner earnings per share (cents)	8.55	11.11	14.03	13.33	17.44	19.5%
% Growth	24.4%	29.9%	26.3%	-5.0%	30.8%	
Underlying NPATA	$3.9m	$5.1m	$6.3m	$5.3m	$8.0m	19.5%
Cashflow Conversion - Parent	99%	98%	100%	98%	98%	

- **Owner earnings** represent the cashflow available to the parent entity. Owner earnings is used to measure cashflow to the Group (after taxes and finance costs) after taking in to account:
  - » additions or reductions in working capital investment (debtors, creditors and other accrual movements);
  - » deductions required for the maintenance capital expenditure of the business to maintain ongoing operations in the long term
- For the parent entity, Owner earnings equates to Cashflow from Operating Activities as there is minimal capital expenditure required to maintain the activities of the parent entity
- Cashflow conversion particularly strong this year as Jul-23 monthly services fees were received in advance (direct debited on 1st but due to 1st July being on the weekend, we received the Jul-23 services fee on the last business day of Jun-23)

Section 7

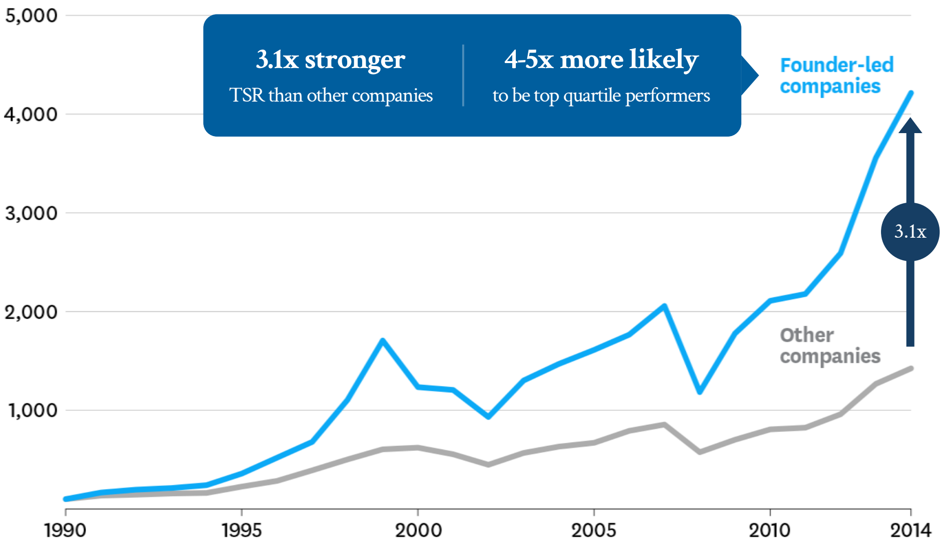
Founder

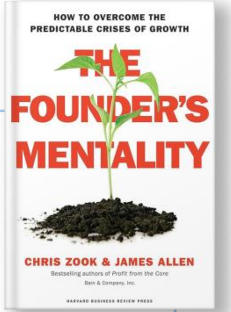
Founder Led Companies

Research shows companies in which the founder is still deeply involved perform more than three times better than non-founder led companies.

Group ROE, ROIC and Parent Owner Earnings per Share

(Indexed Total Shareholder Return for S&P 500)





The most sustainable profitable companies nurture and maintain three traits:

1. **Business insurgency** – a willingness to defy industry norms to create new opportunities / markets for customers' evolving needs
2. **Frontline obsession** – a vested interest in the finer details and performance of day-to-day operations
3. **Owner's mindset** – a willingness to accelerate speed of action by taking personal responsibility for risk and costs

Recent research also shows that family-owned companies outperformed non-family owned companies by an annual average of ~3% between 2006 and 2022.

Founder's Shareholding

1. Brett Kelly is the founder/CEO of KPG.
2. Brett's equity was earned through his effort in building and growing the KPG business from its infancy and assumed the risks as an owner and entrepreneur.
3. Brett was never gifted any equity interest and has not participated in any incentive schemes.
4. As announced in the Owners Manual (released November 2020) Brett intends to maintain a 35.00%+ shareholding in KPG overtime.

Event	***Movement***	***Shares Held***[(1)]	***% Interest***
IPO		23,253,378	51.28%
FY 2018	-	23,253,378	51.11%
FY 2019	23,000	23,276,378	51.16%
FY 2020	123,622	23,400,000	51.54%
FY 2021	(698,039)	22,701,961	50.45%
FY 2022	(55,369)	22,646,592	50.33%
FY 2023	(234,326)	22,412,266	49.81%
FY2024 YTD	(808,720)	21,603,546	48.01%
Current		21,603,546	48.01%[(2)]
Target	(5,853,546)	15,750,000	35.00%

(1) *Includes holdings in Brett Kelly's indirect holdings in related entities*
(2) *Current as at 2 April 2024*

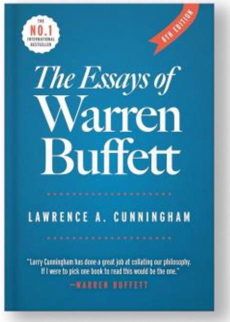
KP+GH

Section 8

Outlook

Big Learnings

Programmatic

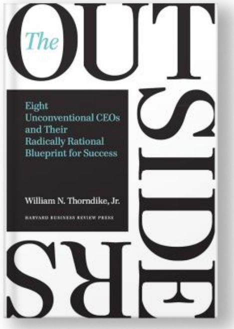


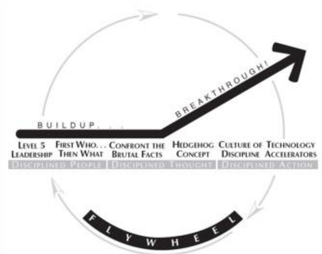
CONSTELLATION SOFTWARE INC.

Keep Making Many Small Deals!

Win In Australia And Look Globally!

Flywheel

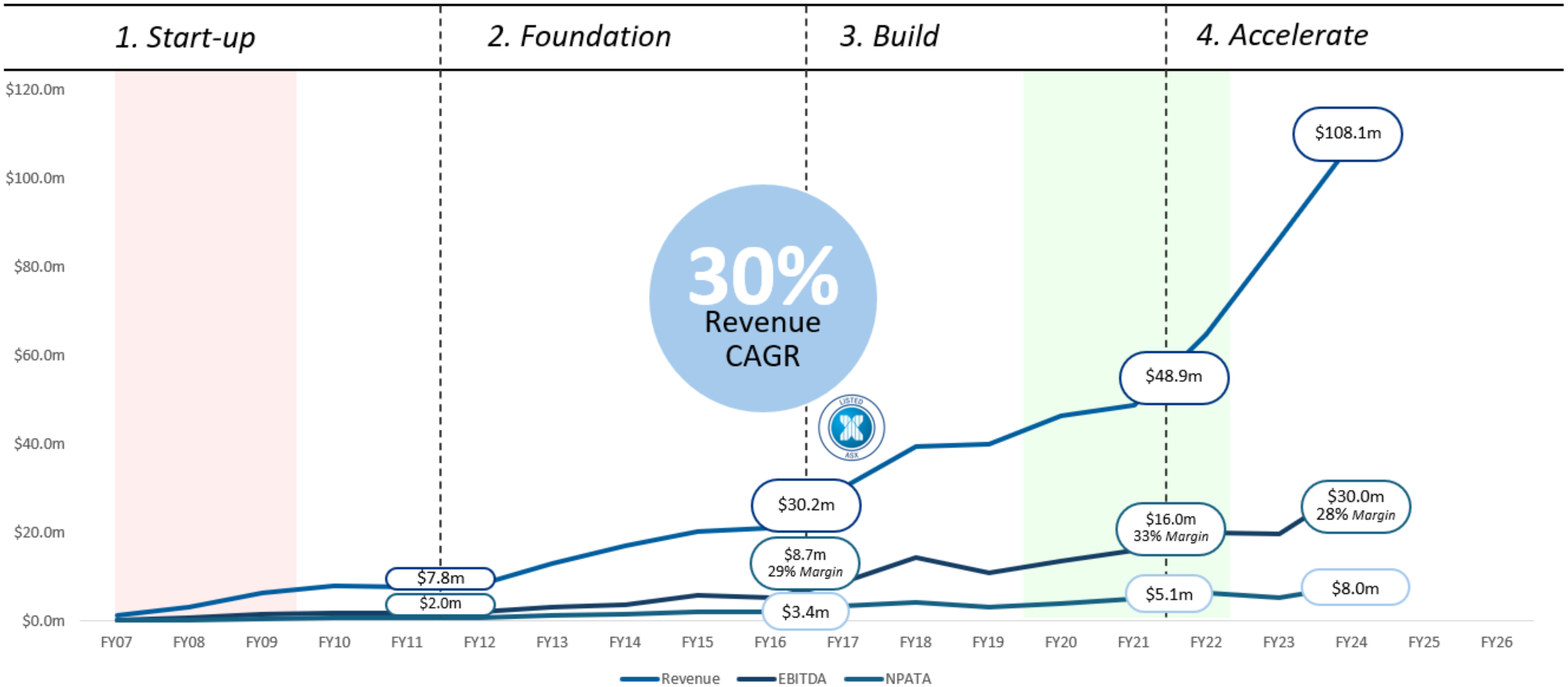




Keep turning your flywheel!

KP+GH

5 Year Plan 1 : FY19-FY24



'We genuinely want to attract quality shareholders who deeply understand the KPG business and we know of no way to help anyone have this insight without checklists and reading. It probably seems different, but different-iation is what drives KPG'

Brett Kelly

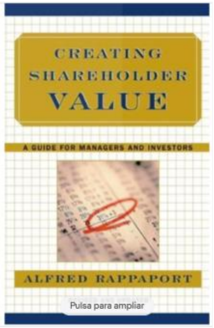
Section 9

Reading

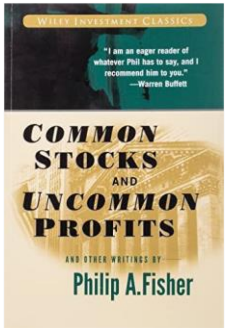
‘In my whole life, I have known no wise people who didn’t read all the time. None. Zero.”

Charlie Munger

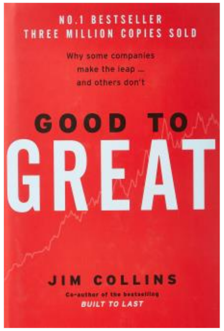
Shareholder Reading List



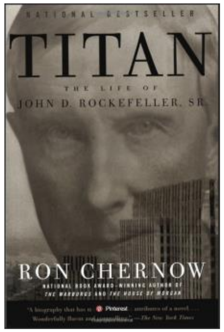
☐



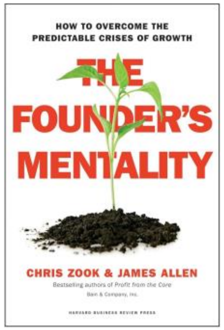
☐



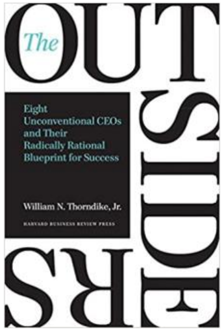
☐



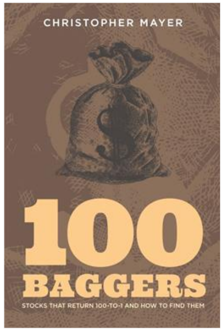
☐



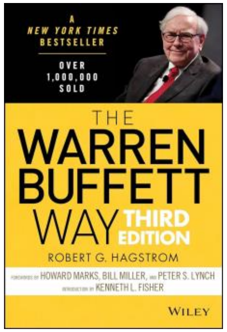
☐



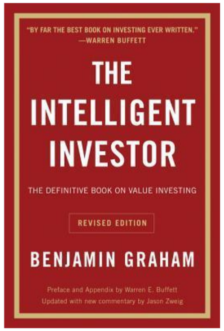
☐



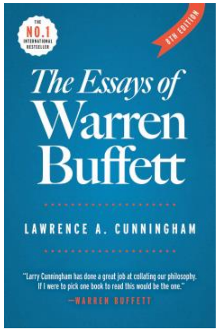
☐



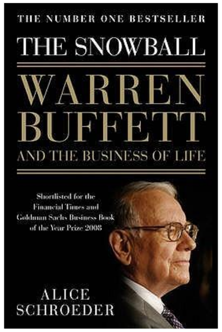
☐



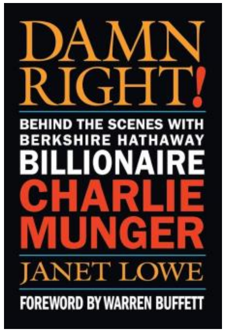
☐



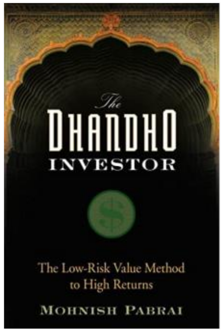
☐



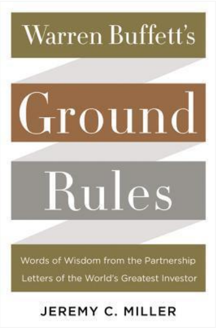
☐



☐



☐

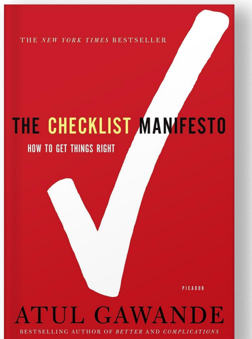


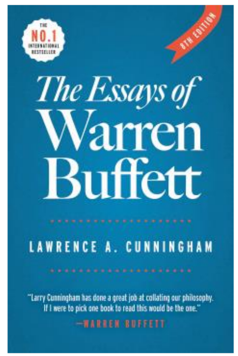
☐

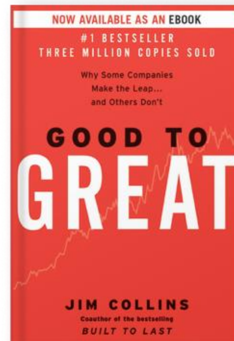
Section 10

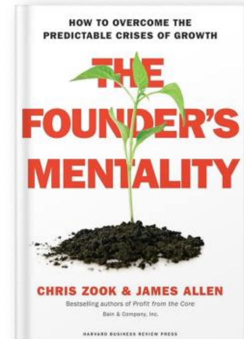
Checklists

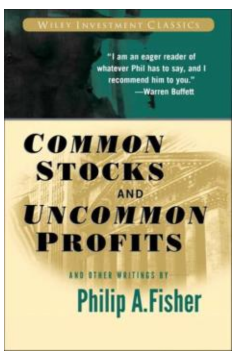
Checklists

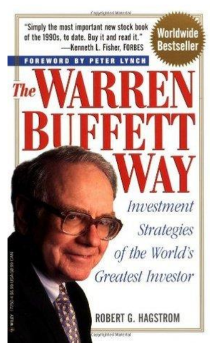


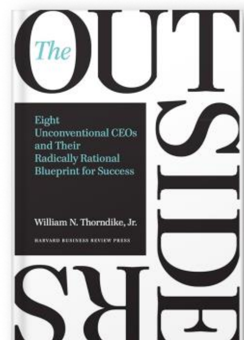




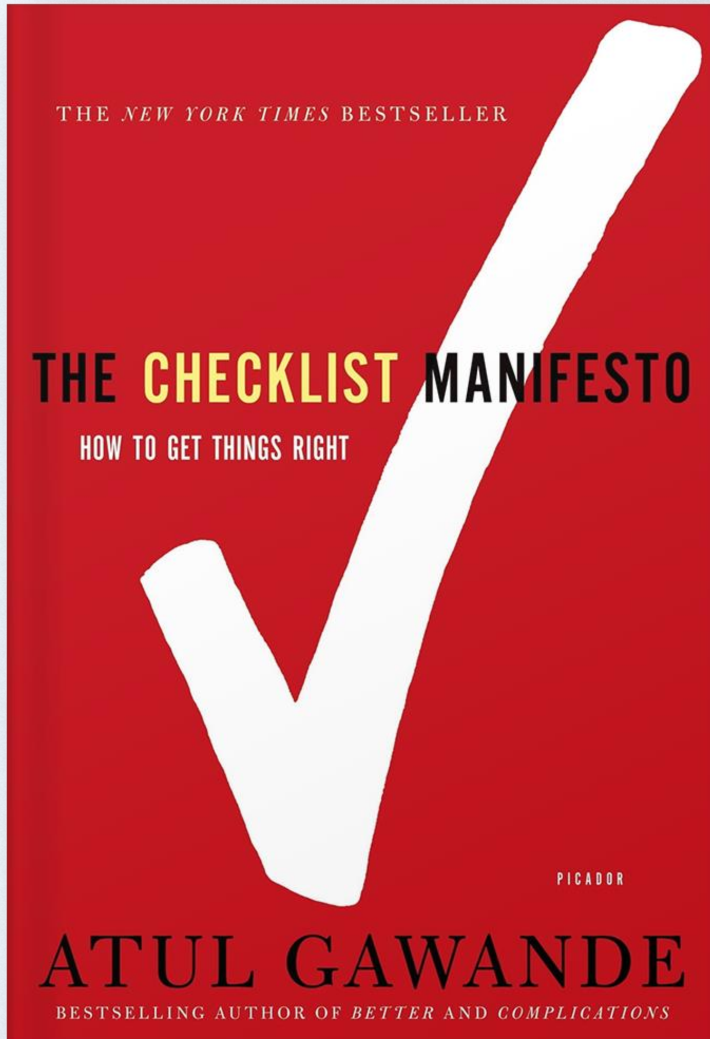








KP+GH


THE NEW YORK TIMES BESTSELLER
THE CHECKLIST MANIFESTO
HOW TO GET THINGS RIGHT
PICADOR
ATUL GAWANDE
BESTSELLING AUTHOR OF BETTER AND COMPLICATIONS

KPG Owners' Principles

1. Our attitude is partnership in everything we do.

2. Our Founder and Partner-Owner-Drivers® have the majority of their 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 by isolating risk to the immediate businesses.

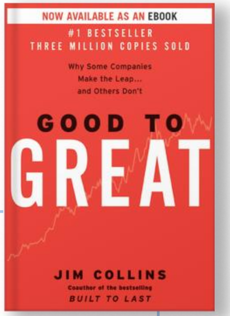
7. We measure our performance using Earnings Per Share (EPS) growth and Owner Earnings.

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, i.e. we consider ourselves Perpetual Owners.

10. We will be completely transparent in our reporting to our shareholders, treating them as genuine partners in our business. We will call a spade a spade rather than under emphasise difficult situations.

Jim Collins The Map



What Makes Great Companies Tick

THE MAP

A Good to Great® Strategic Tool

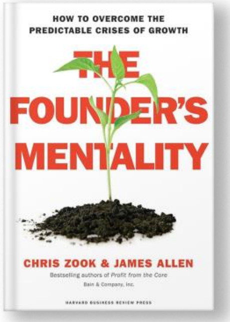
Developed by Jim Collins

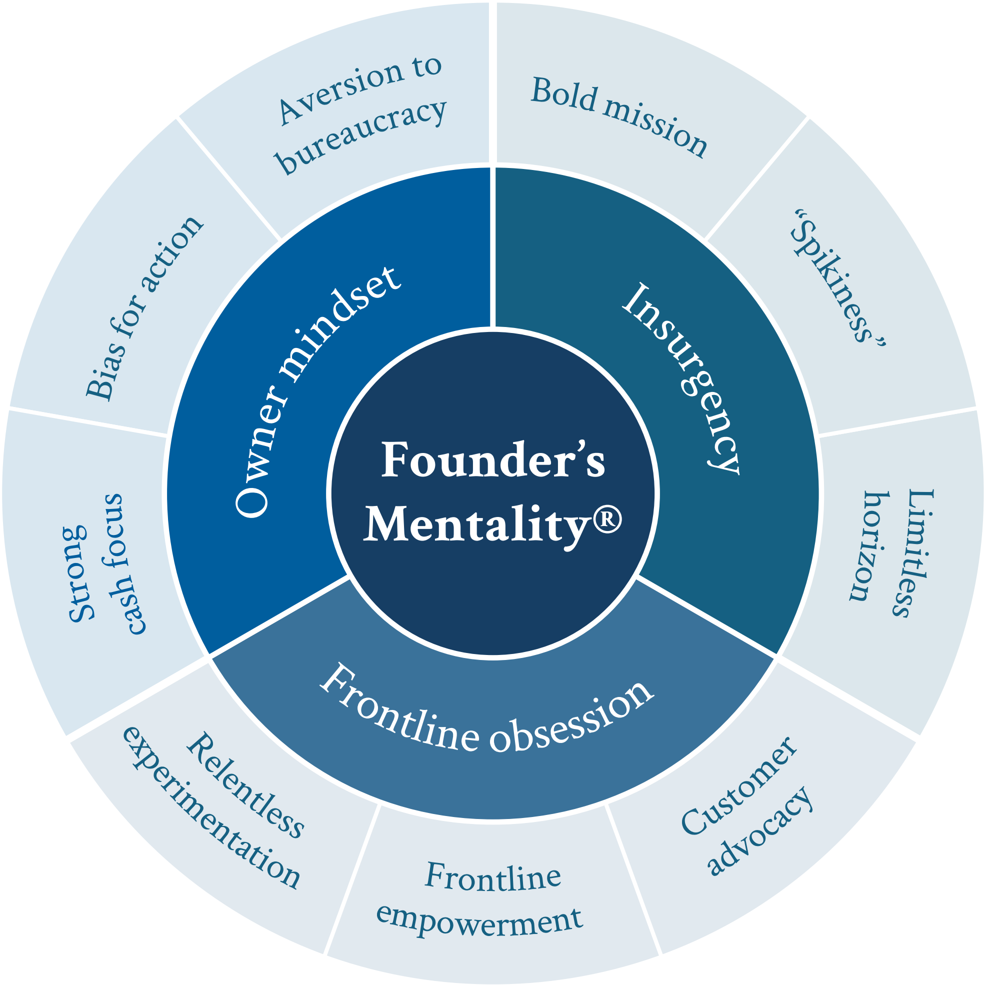
INPUTS				OUTPUTS
STAGE 1 DISCIPLINED PEOPLE	**STAGE 2** DISCIPLINED THOUGHT	**STAGE 3** DISCIPLINED ACTION	**STAGE 4** BUILDING TO LAST	SUPERIOR RESULTS
Cultivate **Level 5 Leadership**	Embrace the **Genius of the AND**	Build momentum by turning **The Flywheel**	Practice **Productive Paranoia** (Avoid the **5 Stages of Decline**)	DISTINCTIVE IMPACT
First Who, Then What (Get the Right People on the Bus)	**Confront the Brutal Facts** (Live the **Stockdale Paradox**)	Achieve breakthrough with **20 Mile March** discipline	Do more **Clock Building**, less time telling	LASTING ENDURANCE
	Clarify a **Hedgehog Concept**	Renew and extend via **Fire Bullets then Cannonballs**	**Preserve the Core / Stimulate Progress** (Achieve the next **BHAG**)	

AMPLIFIED BY THE
10X MULTIPLIER
Get a high
Return on Luck

KP+GH

Founders Mentality

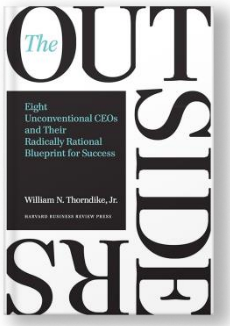




Source: Bain & Company

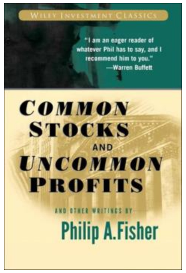
KP+GH

The Outsiders *Checklist 1*



	CEO	*First-time CEO*	*Dividends*	*Buyback 30%+*	*Acquisitions 25%+ of market cap*	*Decentralized organisational structure*	*Wall Street guidance*	*Idiosyncratic metric*	*Tax focus*
1	*Henry Singleton*	✓	No	✓	✓	✓	No	Teledyne return	High
2	*Warren Buffett*	✓	No	-	✓	✓	No	Float	Medium / high
3	*Tom Murphy*	✓	Low	✓	✓	✓	No	Cashflow margins	Medium / high
4	*John Malone*	✓	No	✓	✓	✓	No	EBITDA	High
5	*Dick Smith*	✓	Low	✓	✓	✓	No	Cash earnings	High
6	*Bill Anders*	✓	Low/special	✓	✓	✓	No	Cash ROI	High
7	*Bill Stiritz*	✓	Low	✓	✓	✓	No	IRR	High
8	*Katharine Graham*	✓	Low	✓	✓	✓	No	Cash IRR	Medium / high
	Brett Kelly	✓	Low/special		✓	✓	No	Owner earnings	

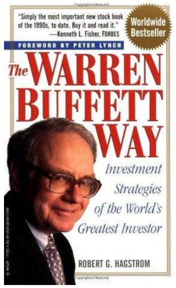
KP+GH



Phillip Fisher's Principles

1. Does the company have products or services with sufficient market potential to make possible a sizeable increase in sales for at least several years?
2. Does the management have a determination to continue to develop products or processes that will still further increase total sales potentials when the growth potentials of currently attractive product lines have largely been exploited?
3. How effective are the company's research and development efforts in relation to its size?
4. Does the company have an above-average sales organization?
5. Does the company have a worthwhile profit margin?
6. What is the company doing to maintain or improve profit margins?
7. Does the company have outstanding labor and personnel relations?
8. Does the company have outstanding executive relations?
9. Does the company have depth to its management?
10. How good are the company's cost analysis and accounting controls?
11. Are there other aspects of the business, somewhat peculiar to the industry involved, which will give the investor important clues as to how outstanding the company will be in relation to its competition?
12. Does the company have a short-range or long-range outlook in regard to profits?
13. In the foreseeable future, will the growth of the company require sufficient equity financing so that the larger number of shares then outstanding will largely cancel the existing stockholders' benefit from this anticipated growth?
14. Does the management talk freely to investors about its affairs when things are going well but clam up when troubles or disappointments occur?
15. Does the company have a management of unquestionable integrity?

The Warren Buffett Way – 12 Tenets of a Business



Business Tenets

1. Is the business simple and understandable?
2. Does the business have a consistent operating history?
3. Does the business have favorable long-term prospects?

Management Tenets

4. Is management rational?
5. Is management candid with its shareholders?
6. Does management resist the institutional imperative?

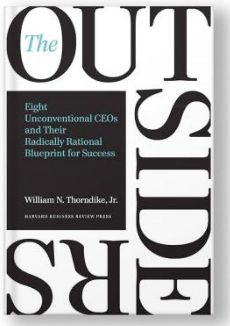
Financial Tenets

7. Focus on return on equity, not earnings per share.
8. Calculate “owner earnings.”
9. Look for companies with high profit margins.
10. For every dollar retained, make sure the company has created at least one dollar of market value.

Market Tenets

11. What is the value of the business?
12. Can the business be purchased at a significant discount to its value?

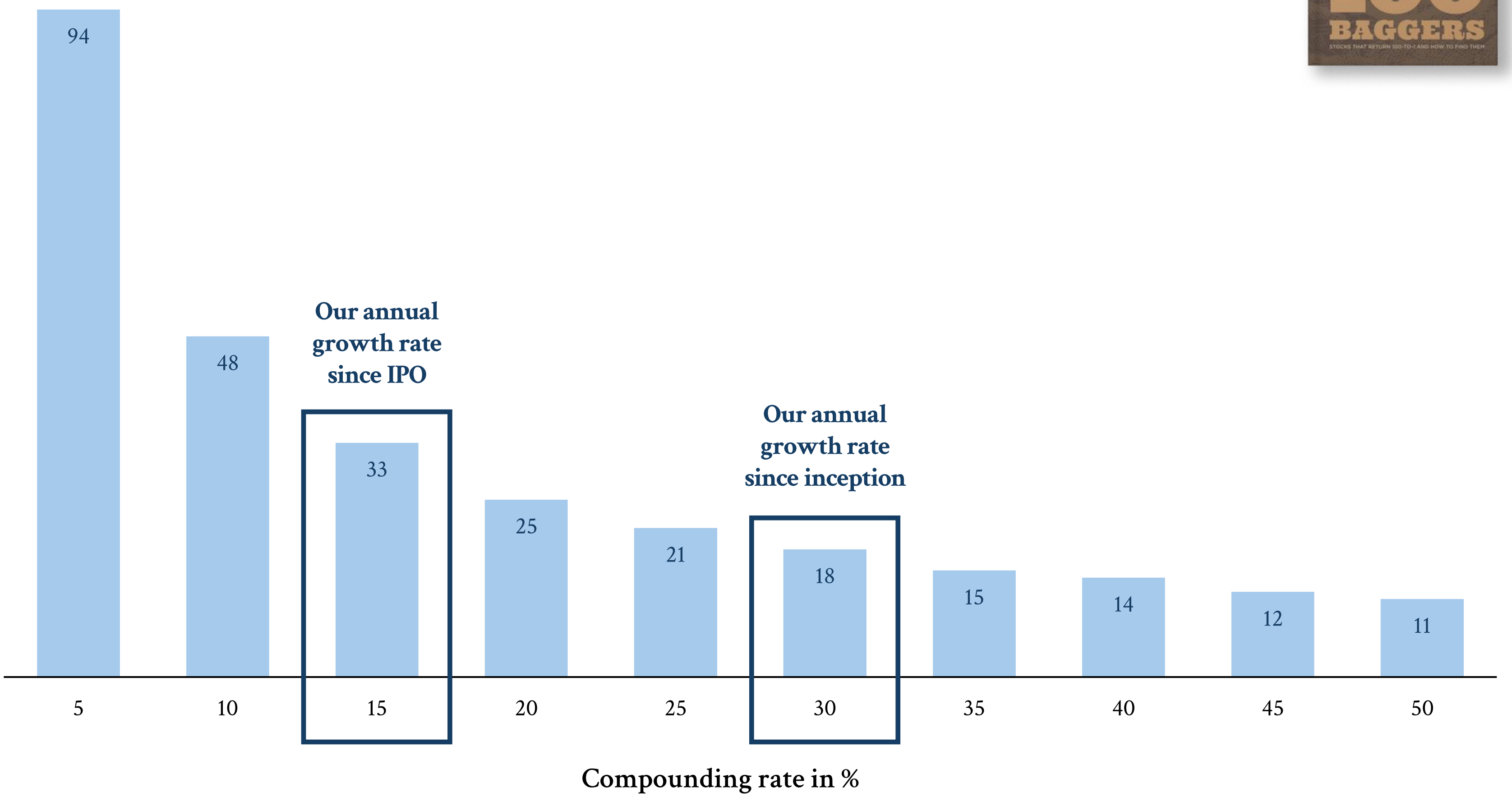
The Outsiders *Checklist 2*

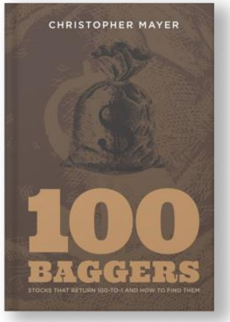


#	*The Outsiders Criteria*		*KPG*
1	The allocation process should be CEO led, not delegated to finance or business development personnel	✓	**Founder & CEO** directs and makes all capital allocation decisions
2	Start by determining the hurdle rate – the minimum acceptable return for investment	✓	Our hurdle rate is based on a **4-5 year payback** on invested capital, i.e. a minimum **20%** return on invested capital (after tax)
3	Calculate returns for all internal and external investment alternatives, and rank them by return and risk. Use conservative assumptions.	✓	We continue to review investment alternatives but our experience over the last 15 years is **accounting business** generate great returns and are exceptional investments
4	Calculate the return stock repurchases. Require the acquisition returns meaningfully exceed this benchmark	✓	~**1.0%** shares bought back since IPO at significant discount ~**65%**
5	Focus on after tax returns and run all transactions by tax counsel	✓	We report and focus on after tax returns. We see opportunities in **tax.**
6	Determine acceptable, conservative cash and debt levels, and run the company to stay within them	✓	We see Gearing ratio **<2x EBITDA** to be acceptable (bank allowed 2.5x)
7	Consider a decentralised organizational model	✓	15 central services team compared to 300 total team members in group (**5%**)
8	Retain capital in the business only if you have confidence you can generate returns over time that are above your hurdle rate	✓	ROIC >**20%** p.a. since IPO, excess cash returned to shareholders via dividends.
9	If you do not have potential high return investment projects, consider paying a dividend.	✓	**Monthly dividends** returning cash to shareholders. Australian dividends come with franking credits making them tax effective.
10	When prices are extremely high, its OK to consider selling businesses or stock. Its also OK to close underperforming business units if they are no longer capable of generating acceptable returns.	✓	We continue to review our investments but our philosophy is to **permanently own** our businesses.

100 Baggers

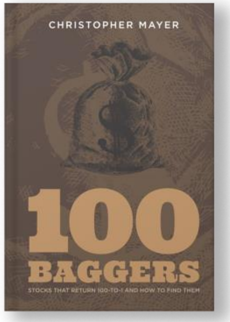
Years it takes for 100x at different rates





KP+GH

100 Baggers *Checklist*



#	*100 Baggers Criteria*		*KPG*
1	Extended high growth is essential	✓	**30%** CAGR since inception, **15%** CAGR since IPO
2	P/E ratio expansion is key	✓	P/E **10.8x** at IPO
3	There is always room for more growth	✓	**24.5%** revenue growth and **18.3%** NPATA growth in 1H22
4	Look beyond earnings	✓	**0.4%** share of **$12.5b** SME accounting market
5	Buy right and hold on	✓	IPO shareholders would have **4x** their investment over 5 years
6	High consistent returns on equity is key	✓	~**40%** ROE consistently achieved
7	Owner-operator companies	✓	Founder CEO owns **50%+**, Partners and management owns **9%**
8	Gross Profit Margin	✓	GP margin at **60%**, leading in industry
9	100 baggers don't favour a particular industry	✓	KPG operates in an unpopular and fragmented industry
10	Share buybacks accelerate returns	✓	~**1.0%** shares bought back since IPO at significant discount ~**65%**

Ethical Investment *Checklist*

Australian Ethical "Ethical Charter"	*KPG*	*What KPG has done*
(a) the development of workers' participation in the ownership and control of their work organisations and places	✓	Upstreet program awards each team member KPG shares with the view of common ownership in the business
(b) the production of high quality and properly presented products and services	✓	Kelly+Partners Financial Progress System™
(c) the development of locally-based ventures	✓	Locally owned businesses serving local communities
(d) the development of appropriate technological systems	✓	Digitisation processes aiming to reduce impact on environment
(e) the amelioration of wasteful or polluting practices	✓	Undergoing net zero certification process; Certified B Corp
(f) activities which contribute to human happiness, dignity and education	✓	We seek to make our people, our clients and communities be better off Kelly+Partners Scholars
(g) the alleviation of poverty in all its forms	✓	Our mission is to make our people, our clients and communities be better off financially

Criteria not applicable to KPG such as "the dignity and wellbeing of non-human animals" has not been included

Thank You

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.

No Reliance
To the maximum extent permitted by law, the Company, its subsidiaries and associates and their respective directors, employees and agents disclaim all liability for any direct or indirect loss which may be suffered by any recipient through use of or reliance on anything contained in or omitted from this document. No recommendation is made as to how investors should make an investment decision. Investors must rely on their own examination of The Company, including the merits and risks involved. Investors should consult with their own professional advisors in connection with any acquisition of securities.

The information in this document remains subject to change without notice. The Company assumes no obligation to provide any recipient of this document with any access to any additional information or to notify any recipient or any other person of any other matter arising or coming to its notice after the date of this document.

Forward Looking Statements
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.

Not An Offer
This document does not constitute an offer, invitation, solicitation, recommendation, advice or recommendation with respect to issue, purchase, or sale of any shares or other financial products in the Company in any jurisdiction.

Confidentiality
By accepting this document, you agree to maintain absolute confidentiality regarding the information contained herein. The information is given to you solely for your own use and this document cannot be copied, reproduced, redistributed or passed on, directly or indirectly, in whole or in part, for any purpose without the prior written permission of the Company. The distribution of this document may be restricted by law and persons in possession of this document should inform themselves and observe any such restrictions.

Authorisation Statement
Brett Kelly, Executive Chairman of Kelly Partner Group Holdings Limited, has approved the release of this document to the market.