Introduction

We use the Management Discussion & Analysis (MD&A) to explain Kelly Partners' operating results and general financial condition. This report should be read in conjunction with the FY26 Financial Statements.

The report is set out in the following sections:

1. Strategy & Metrics Tables
2. Financial Highlights
3. Operational Highlights
4. Profit & Loss Items
5. Balance Sheet and Cashflow Items

Section 1: Strategy & Metrics Tables

The Company aims to build per-share intrinsic value by:

		Target
(1)	Improving the earning power of the operating businesses;	35% EBITDA
(2)	Further increase the earnings of the operating businesses through acquisitions;	5% p.a. growth
(3)	(a) Growing the accounting businesses;	5% p.a. growth
	(b) Growing the complementary businesses;	
(4)	(a) Making programmatic acquisitions;	
	(b) Making an occasional large acquisition where there is strategic alignment (i.e. greater than $5m in revenue); and	
(5)	Repurchasing Company's shares when available at a meaningful discount from intrinsic value.	

The following table presents the performance of the business against the comparative periods in delivering the Group's strategy.

Full year metrics

	Years since IPO			9	8	7	6	5	4	3	2
	Strategy	**Measure**	**Avg**	**FY26**	**FY25**	**FY24**	**FY23**	**FY22**	**FY21**	**FY20**	**FY19**
(1)	Improving the earning power of the operating businesses	EBITDA margin of operating businesses	29.8%	28.4%	28.3%	29.6 %	27.3%	30.9%	33.4%	32.5%	27.7%
		Less: Depreciation on PPE	(1.7%)	(1.3%)	(1.0%)	(1.3 %)	(2.4 %)	(2.3 %)	(2.4%)	(1.6 %)	(1.3 %)
		EBITA margin of operating businesses	28.1%	27.2%	27.3%	28.3 %	24.9 %	28.6 %	31.0 %	30.9%	26.4%
(2)	Further increase earnings through acquisitions	Contribution to revenue growth from acquired businesses	16.8%	15.3%	20.0%	26.3 %	28.7%	26.5%	4.8%	6.6%	6.4%
(3) a.	Growing our accounting businesses	Contribution to revenue growth from existing accounting businesses	2.1%	1.9%[1]	3.5%	2.7 %	2.9%	4.7%	1.4%	6.6%	(6.9%)
(3) b.	Growing our complementary businesses	Contribution to revenue growth from existing complementary businesses	1.4%	1.0%	1.0%	0.3 %	1.8%	1.5%	1.2%	2.8%	1.8%
		Wealth	0.8%	0.6%	0.8%	0.5 %	1.4%	0.9%	1.0%	0.4%	0.7%
		Finance	0.2%	0.0%	0.0%	(0.4 %)	0.3%	0.6%	0.2%	0.4%	0.7%
		Investment office	0.1%	0.0%	0.0%	0.0 %	0.1%	(0.2%)	0.0%	0.9%	0.0%
		Other services	0.3%	0.4%	0.2%	0.2%	-	-	-	-	-
(4) a.	Making programmatic acquisitions	Number of acquisitions	6	6	5	6	8	8	7	3	4
(4) b.	Making an occasional large acquisition (i.e. > $5m in revenue)	Number of large acquisitions		1	1	-	1	-	-	-	-
(5)	Repurchasing the Company's shares when available at a meaningful discount from intrinsic value	(i) Number of shares (repurchased) / issued		-	(275k)	-	-	-	400k	95k	2k
		(ii) % of shares (repurchased)/issued		-	(0.6%)	-	-	-	0.88%	0.21%	-
		(iii) number of shares on issue		45.3m	45.3m	45.0m	45.0m	45.0m	45.0m	45.4m	45.5m

[1] Excluding the effects of consolidating offices and exiting non profitable clients, the organic growth for accounting businesses was 3.4%. Total organic growth including complementary businesses was 4.5%

Key financial metrics

The Company uses Return on Equity ('ROE'), Return on Invested Capital ('ROIC'), Earnings Per Share ('EPS') and Owners' earnings as key financial metrics to measure the performance of the Group and its return to shareholders. The Group continues to achieve superior returns on equity and invested capital, as measured by ROE and ROIC. The following table summarises the key financial metrics used by the Company to measure the performance of the Group and its return to shareholders against comparative years.

Years since IPO			**9**	**8**	**7**	**6**	**5**	**4**	**3**	**2**
Key financial metric	**Formula**	**Average**	**FY26**	**FY25**	**FY24**	**FY23**	**FY22**	**FY21**	**FY20**	**FY19**
Return to owners										
Free Cashflow / Owners' earnings - Group ($'000)[2]	Cash from operating activities *less* repayment of lease liabilities *less* maintenance capex	-	31,533	23,880	19,471	14,934	13,959	12,761	12,174	9,673
Free Cashflow / Owners' earnings - Parent ($'000)	Cash from operating activities exc. non recurring items *less* repayment of lease liabilities *less* maintenance capex	-	10,026	8,465	7,847	5,999	6,313	5,365	3,885	3,129
Return on equity – Group	Underlying NPATA / Equity	40.5%	40.8%	38.8%	40.6 %	38.4%	41.7%	42.6%	44.2%	36.6%
Return on invested capital	(Underlying NPATA + cash interest) / (Equity + Debt)	23.3%	23.2%	22.2%	24.8 %	20.0%	22.3%	25.0%	26.1%	22.7%
Earnings per share (EPS) (cents per share)	Underlying attributed NPATA / Weighted average number of shares	-	23.82	20.19	17.84	12.01	13.99	11.48	8.67	7.02
	Annual increase (EPS)	12.1%	18.0%	13.2%	48.5 %	(14.2%)	23.5%	10.5%	23.5%	(26.2%)
Dividends (cents per share)	Dividends paid (inc. special dividends)	-	n/a	n/a	3.50	7.32	8.17	5.60	4.84	4.40
Ord div (cents per share)[3]	Ordinary dividends paid	-	n/a	n/a	3.50	4.79	5.86	4.67	4.84	4.40
Dividends payout ratio	Dividends per share / EPS (underlying NPATA)	-	n/a	n/a	19.6%	61.0%	57.0%	56.8%	55.8%	62.7%
Closing share price	Closing share price	-	$3.79	$10.77	$8.25	$4.72	$3.88	$3.4	$0.88	$0.89
Market capitalisation ($m)	Share price x no. of shares	-	172	488	371	212	175	153	40	40
Cash conversion / debt										
Cash conversion	Operating cashflow / Statutory EBITDA	98.1%	104.9%	99.8%	96.9 %	94.4%	83.3%	91.5%	97.3%	116.8%
Gearing ratio	Net Debt / Underlying EBITDA	1.33x	1.52x	1.42x	1.28x	1.65x	1.36x	0.84x	0.96x	1.35x
Net debt per partner ($'000)	Net Debt / Number of Partners	481	674	572	470	512	506	398	346	367
Number of partners	Number of partners	-	105	102	96	78	62	54	45	41

[2] The Group uses owners' earnings to measure cash flow available to the Group. Owners' earnings is a non-IFRS measure which is used to measure cash flow to the Group (after taxes and finance costs) and after taking into account the movements in working capital, deductions for maintenance capital expenditures and repayment of lease liabilities.

[3] On 5 February 2024 the Company announced that it will cease dividends payment and no dividends have been paid since February 2024.

Section 2: Financial Highlights

In the year ended 30 June 2026 ('FY26'), the Group has recorded a consolidated statutory net profit after income tax of $17,628,000 (year ended 30 June 2025 ('FY25'): $16,436,000), an increase of 7.3%. The statutory net profit for the Group attributable to members of the parent entity after providing for income tax and non-controlling interests amounted to $3,533,000 (30 June 2025: $3,413,000), an increase of 3.5%. The movement in statutory net profits is not representative of the underlying performance of the business due to a significant increase in amortization of customer relationship intangible assets (FY26: $9,431,000; FY25: $7,132,000) as a result of acquisitions and also the one off costs associated with acquisitions.

Owners' earnings for the year were $31,533,000 (FY25: $23,880,000) up 32.0% from the prior corresponding period. Owners' earnings for the parent entity were $10,026,000 (FY25: $8,465,000), up 18.4% from the prior corresponding period.

The Directors consider Underlying Earnings Before Interest, Tax, Depreciation and Amortisation ('Underlying EBITDA') and Underlying Net Profit After Tax Before Amortisation ('Underlying NPATA') reflects the core earnings of the Group. Underlying EBITDA and Underlying NPATA are financial measures not prescribed by Australian Accounting Standards ('AAS') and represents the profit under AAS adjusted for non-cash and other items which management consider to be one-off in nature. Underlying EBITDA and Underlying NPATA are key measurements used by management and the board to assess and review business performance.

Underlying EBITDA as a core measure ignores the cash implications of capital investment requirements. Kelly Partners has historically used EBITDA as a measure of performance because typically depreciation charges have been extremely low or negligible, reflecting the minimal capital requirements in accounting businesses. Where depreciation charges have been minimal, EBITDA equates roughly to EBITA.

The following table provides a reconciliation between the NPAT and the Underlying EBITDA of the consolidated Group.

	Consolidated	
	FY26 $'000	FY25 $'000
Statutory net profit after income tax ('NPAT') from continuing operations	17,628	16,436
Finance costs, net of interest income	7,793	7,012
Income tax expense	2,338	1,343
Depreciation and amortisation expense	16,809	14,473
Earnings before interest, tax, depreciation and amortisation ('EBITDA')	44,568	39,264
Add: Non-recurring expenses / Non-cash adjustments		
Acquisition costs	605	1,435
Strategic review costs	265	1,168
Other non recurring legal expense	1,099	111
Impact of AASB 16	-	(262)
Less: Non-recurring income		
Change in fair value of contingent consideration	(24)	(574)
Underlying EBITDA	46,513	41,141
Less: Depreciation expense	(7,230)	(7,041)
Underlying EBITA	39,283	34,100

Underlying EBITDA of the Group was $46,513,000 (FY25: $41,141,000), an increase of 13.1%.

Underlying EBITA of the Group was $39,283,000 (FY25: $34,100,000), an increase of 15.2%.

The following table provides a reconciliation between the NPAT and the Underlying NPATA which is attributable to the owners of Kelly Partners Group Holdings Limited.

	Consolidated FY26 $'000	Consolidated FY25 $'000
Statutory NPAT from continuing operations attributable to owners of Kelly Partners Group Holdings Limited	3,533	3,413
Amortisation of customer relationship intangibles	4,827	3,642
NPATA attributable to owners of Kelly Partners Group Holdings Limited	8,360	7,055
Add: Non-recurring expenses or non-cash adjustments		
Acquisition costs, including unwinding of interest on contingent consideration[4]	1,250	1,853
Strategic review costs	265	1,167
Impact of AASB 16[5]	584	304
Other non-recurring legal expense	1,099	111
Less: Non-recurring income		
Change in fair value of contingent consideration	(24)	(508)
Net non-recurring items	3,174	2,927
Less: Tax effect of non-recurring items	(748)	(912)
Underlying NPATA attributable to owners of Kelly Partners Group Holdings Limited	10,786	9,070

Underlying NPATA attributable to members of the parent entity was $10,786,000 (FY25: $9,070,000), an increase of 18.9%.

[4] Contingent consideration in relation to acquisitions are initially accounted for at a discount to net present value. As time lapses this value is grossed up such that when the contingent consideration is due the value of the liability equates to the actual payment amount. The grossed up amount is recorded as an interest expense in the profit or loss.

[5] Impact of AASB 16 – difference between cash rent expense and the accounting of leases

Section 3: Operational Highlights

Acquisitions and integration
During FY26, the Group announced and completed six acquisitions with estimated total annual revenues in the range of $18.7m to $22.2m, representing 13.9% to 16.5% of FY25 revenue. The Group's revenue run rate (annualised revenue including all acquisitions completed to date) is estimated to be $164.2m.

The completed acquisitions are listed in the table below.

#	Details	Location	Type	Acquired revenue
(1)	Aug-25	Mission Viejo, CA, USA	Marquee	$4.3m - $5.7m
(2)	Aug-25	Pittwater, NSW	Tuck-in	$1.0m
(3)	Oct-25	Sydney CBD & Bowral, NSW	Tuck-in	$4.0m - $4.4m
(4)	Oct-25	Philippines	Marquee	$6.0m - $7.0m
(5)	Dec-25	Narrandera, NSW	Marquee	$0.8m
(6)	Dec-25	Southern Highlands, NSW	Marquee	$2.6m - $3.3m
	Total acquisitions completed in FY26			**$18.7m - $22.2m**
	% of FY25 Revenue ($134.6m)			**13.9% - 16.5%**

Offices and partners
As at 30 June 2026, the Group operated in 43 offices (30 June 2025: 35). During the year, the Group commenced businesses in the following new locations through the acquisitions completed above:

(1) Mission Viejo, California, United States
(2) Narrandera, NSW
(3) Southern Highlands, NSW
(4) Dumaguete Headquarters, Philippines
(5) Dumaguete Northside, Philippines
(6) Dumaguete Downtown, Philippines
(7) Tanjay City, Philippines
(8) Cebu, Philippines
(9) Bacolod, Philippines
(10) Iloilo, Philippines

As of 30 June 2026, the total number of equity partners (including CEO, Brett Kelly) was 105 (30 June 2025: 102). This year we welcomed 8 new equity partners, with 2 partners being promoted internally, 2 partner recruited externally and 4 partners joining from completed acquisitions. 4 partners were internally promoted on 1 July 2026. The Group is pleased to have grown its number of equity partners. The Group continues its focus in developing and recruiting new partners as part of its strategy to retain and motivate key talent and to drive revenue growth.

Section 4: Profit & Loss Items

Revenue

Revenue for FY26 increased 18.2% to $159.2m (FY25: $134.6m). A reconciliation of acquisition growth and organic growth is set out below:

	$'000	Contributed growth %	Growth on prior year by cohort %
FY25 Revenue from Continuing Operations	134,607		
Accounting business growth	2,506	1.9%	2.0%
Complementary business growth	1,407	1.0%	20.9%
Total organic growth	3,913	2.9%	2.9%
Acquired growth	20,620	15.3%	
FY26 Revenue	159,170	18.2%	18.2%

Acquired revenue growth of $20,620,000 contributed 15.3% to revenue growth, with in year acquisitions completed to date in FY26 contributing $14,665,000 and revenue from the acquisitions completed in FY25 contributing $5,955,000.

Organic revenue grew 2.9% on prior year. Excluding the effects of consolidating offices and exiting non profitable clients, organic growth was 4.5%.

Operating expenses
Employment and related expenses have increased 23.4% and operating expenses have increased 10.0%. Note employment and related expenses include direct and indirect (oncosts) of partners, professional team members ("fee-generating") and administrative team members, including team members of the parent entity ("central services team").

Underlying EBITDA
Underlying EBITDA (which measures EBITDA before one-off and non-recurring items) increased 13.1% to $46,513,000 (FY25: $41,141,000).

The directors consider underlying EBITA margin before AASB 16 as the most meaningful measurement of performance. Underlying EBITDA as a core measure ignores the cash implications of capital investment requirements. Kelly Partners has historically used EBITDA as a measure of performance because typically depreciation charges have been extremely low or negligible, reflecting the minimal capital requirements in accounting businesses. Where depreciation charges have been minimal, EBITDA equates roughly to EBITA.

The Underlying EBITDA margin before the impacts of AASB 16 is 25.3% (FY25: 25.6%). Excluding the additional investments by the parent entity, the underlying EBITDA margin of our operating businesses was 28.4% (FY25: 28.3%). Our aim is to increase the EBITDA margin to 32.5% and we expect to do so once the recently completed acquisitions have undergone a successful transition and transformation under our Kelly Partners Partner-Owner-Driver™ model.

A reconciliation of Underlying EBITDA before and after adjustments to reverse the impact of AASB 16 'Leases' is set out in the table below.

Years since IPO ($'000)	**Average**	**9 FY26**	**8 FY25**	**7 FY24**	**6 FY23**	**5 FY22**	**4 FY21**	**3 FY20**	**2 FY19**
EBITDA		44,568	39,264	33,504	25,529	24,790	18,887	16,849	10,165
Non recurring one-off items		1,945	1,877	1,721	(1,974)	(1,676)	(233)	(927)	724
Underlying EBITDA		46,513	41,141	35,225	23,555	23,114	18,654	15,923	10,889
Growth %	+18.0%	+13.1%	+16.8%	+49.6%	+1.9%	+23.9%	+17.2%	+46.2%	-24.7%
AASB 16 - rent expense		(6,282)	(6,699)	(5,195)	(3,936)	(3,129)	(2,704)	(2,456)	-
Underlying EBITDA before AASB 16		40,231	34,442	30,030	19,621	19,985	15,950	13,467	10,889
Growth %	+15.7%	+16.8%	+14.7%	+53.1%	-1.8%	+25.3%	+18.4%	+23.7%	-24.7%
As a % of revenue	27.8%	25.3%	25.6%	27.8%	23.4%	30.8%	32.6%	29.6%	27.2%
Less: Depreciation on PPE		(2,432)	(2,148)	(2,073)	(1,994)	(1,491)	(1,177)	(714)	(510)
Underlying EBITA before AASB 16		37,799	32,294	27,957	17,625	18,494	14,773	12,753	10,379
Growth %	+15.5%	+17.0%	+15.5%	+58.6%	-4.7%	+25.2%	+15.8%	+22.9%	-26.3%
As a % of revenue	25.9%	23.7%	24.0%	25.9%	21.1%	28.5%	30.2%	28.0%	26.0%

Additional investment expenditure in the Parent Entity
Since the IPO, the parent entity has continued to invest to further develop the capabilities of the central services team and to enable the business to be positioned for long term growth as well as to increase its competitive advantage. These investments have exceeded the central Services Fee and IP Fee income that the parent entity receives from its operating businesses, as shown in the table below.

Years since IPO	**Average**	**9 FY26**	**8 FY25**	**7 FY24**	**6 FY23**	**5 FY22**	**4 FY21**	**3 FY20**	**2 FY19**
Group revenue ($'000)		159,170	134,607	109,492	86,524	64,862	48,906	45,495	39,975
Revenue growth	+19.7%	+18.2%	+24.5%	+26.5%	+33.4%	+32.6%	+7.5%	+13.8%	+1.3%
Additional investment ($'000)		4,966	3,681	1,948	2,479	78	371	1,631	742
% of Revenue	2.1%	3.1%	2.7%	1.8%	2.9%	0.1%	0.8%	3.6%	1.9%

Group revenue includes revenues from discontinued operations to provide a consistent comparison.

Non-recurring one-off items

Total non-recurring income for the Group for the year was $24,000 (FY25: $574,000) and included:

(1) $24,000 (FY25: $574,000) in non-cash income relating to the change in fair value of contingent considerations. This relates to acquisitions completed in FY24 where the vendors had not achieved the required targets for the payment of the contingent consideration in full.

Total non-recurring expenses for the year of $1,969,000 (FY25: $2,714,000) included:

(1) $605,000 (FY25: $1,435,000) in legal costs and one-off implementation costs relating to the six acquisitions completed this year;
(2) $1,099,000 (FY25: $111,000) in other non recurring legal expenses;
(3) $265,000 (FY25: $1,168,000) in costs for continuing costs to exploring an international listing of the Company, including fees paid to auditors to continue PCAOB audits;

The Group classifies costs related to acquiring businesses under non-recurring and one-off items on the basis that those specific acquisition costs (related to specific businesses acquired) will not re-occur in future periods whilst their associated revenues and earnings are expected to continue into future periods. As part of its growth strategy, management continues to identify acquisition targets and any future acquisition expenses are expected to be accompanied by future revenues and earnings associated with those expenses. The separate classification of acquisition costs into non-recurring and one-off items provides transparency to look-through to the underlying performance of the Group.

Depreciation and amortisation and finance costs

Depreciation and amortisation expense increased to $16,809,000 (FY25: $14,473,000) and includes depreciation expense of $7,230,000 (FY25: $7,041,000) and amortisation expense of $9,579,000 (FY25: $7,432,000). The increase in amortisation expense is due to recent acquisitions completed creating customer relationship intangible assets that are amortised in accordance with Australian Accounting Standards. Please see the subsequent section for an explanation on amortisation expenses.

Years since IPO		9	8	7	6	5	4	3	2
($'000)	Average	FY26	FY25	FY24	FY23	FY22	FY21	FY20	FY19
Depreciation – PPE		2,432	2,148	2,072	1,994	1,491	1,177	714	510
Depreciation – ROU		4,798	4,893	4,238	3,330	2,477	2,175	2,103	n/a
Amortisation expense		9,579	7,432	5,821	3,903	2,362	1,075	924	739
Total D&A expense		16,809	14,473	12,131	9,227	6,330	4,427	3,741	1,249
Dep'n – PPE % of revenue	1.9%	1.5%	1.6%	1.9%	2.4%	2.3%	2.4%	1.6%	1.3%

Finance costs increased to $8,977,000 (FY25: $7,012,000). Finance costs include interest on lease liabilities recognised due to the requirements of AASB 16 and the increase is due to new property leases that the Group has entered into as part of acquiring businesses in new locations. Finance costs on bank overdrafts and loans also increased to $5,714,000 (FY25: $4,453,000) due to increased term debt in the past 12 months to complete the in year acquisitions.

Years since IPO		9	8	7	6	5	4	3	2
($'000)	Average	FY26	FY25	FY24	FY23	FY22	FY21	FY20	FY19
Lease interest costs		2,469	2,068	1,812	1,274	652	505	555	n/a
Interest on unwinding retention		794	491	516	539	345	202	158	53
Bank interest costs		5,714	4,453	3,422	2,447	1,041	844	823	816
Total		8,977	7,012	5,751	4,260	2,038	1,551	1,536	869
Bank interest as a % of revenue	2.5%	3.6%	3.3%	3.2%	3.0%	1.6%	1.7%	1.8%	2.2%

An explanation on customer relationship intangible assets and its amortisation
Our reported results have been impacted significantly in the past (and continues to be) by the amortisation of customer relationship intangible assets.

Under accounting standards, when a business is purchased, the acquirer is required to recognise separately the identifiable assets acquired separately from goodwill. Based on experience, a portion of the acquisition cost is required to be attributed to "customer relationships / client lists" and this is required to be amortised (flat line) over its expected life.

Whilst our financial statements follow the accounting standard outlined above, the accounting treatment does not reflect economic reality because clients of an accounting firm rarely attrit and hence should not be amortised. For example, an accounting business that was acquired 10 years ago continues to generate the same revenues every year since it has joined the Group, if not much more with compounded organic growth. The accounting treatment that would better reflect the economics of the acquired business is not to amortise the intangible asset but continue to carry it at acquisition cost subject to recognising any impairment from a loss of clients or income.

The impact of the continual amortisation is that the reported earnings are understated. Hence, since IPO in June 2017, NPATA (net profit after tax before amortisation) is used as a measurement of performance rather than NPAT. The amortisation expense has continued to grow substantially, in line with the increased acquisitions, as shown in the table below:

Years since IPO ($'m)	9 FY26	8 FY25	7 FY24	6 FY23	5 FY22	4 FY21	3 FY20	2 FY19
NPAT	17.6	16.4	13.5	10.9	13.3	10.9	10.1	7.1
Amortisation expense of customer relationship intangible assets	9.4	7.4	5.5	3.6	2.2	0.9	0.9	0.8
NPATA	27.0	23.6	19.0	14.5	15.5	11.8	11.0	7.9

Income tax expense
The Group's Income Tax Expense has increased to $2,338,000 (FY25: $1,343,000). The tax for the Group is calculated on the parent entity's share of partnership income, 100% of the profit of operating businesses structured as companies, and 100% of the net parent entity expenses. The movement in income tax expense may be disproportionate to the movement in profits due to permanent differences arising from non-assessable or non-deductible items.

Section 5: Balance Sheet & Cashflow Items

Cash flow

Cash from operations

Receipts from customers increased 17.2% to $171,656,000 (FY25: $146,511,000). Payments to suppliers and employees increased 16.1% to $125,196,000 (FY25: $107,850,000). Operating Cashflow (defined as Receipts from Customers less Payments to suppliers and employees) excluding Other Income (which mainly consists of one-off items) was up 20.2% to $46,460,000 (FY25: $38,662,000).

Years since IPO		9	8	7	6	5	4	3	2
	Average	FY26	FY25	FY24	FY23	FY22	FY21	FY20	FY19
Operating cashflow ($'000)		46,460	38,662	32,191	23,750	18,532	16,420	15,956	11,870
Growth %	+24.0%	+20.2%	20.1%	35.6%	28.1%	12.9%	2.9%	34.4%	37.9%

Cash from investing activities

In FY26 the Group spent $4,233,000 on property, plant and equipment capital expenditure. Of this, $3,395,000 was used to fit out the premises of Kelly Partners Griffith and Kelly Partners Woodland Hills, as well as new sites opened in our business process outsourcing business in the Philippines. The remaining $838,000 represents office, computer equipment and other maintenance capital expenditures.

Cash from financing activities

In FY26 the Group's borrowings (excluding overdrafts considered as working capital) increased by $9,614,000 or 16.7%, to $67,206,000 (30 June 2025: $57,592,000). New borrowings of $23,055,000 were taken out during the year, mainly for the completion of in year acquisitions, refinancing of existing loans and financing the buy ins of our equity partners. The difference reflects the principal repayments made during the year of $13,465,000 and reflects the Group's strong and disciplined approach in repaying debt. Proceeds from borrowings of $23,055,000 included $17,342,000 for acquisition funding, $1,300,000 for fitout funding, $2,183,000 relating to the buy in of new and existing partners, and the remaining amount being for refinancing of existing loans and other uses.

As at 30 June 2026, the Group's overdraft balance decreased by $240,000 or 3.1% to $7,474,000 (30 June 2025: $7,714,000).

Working capital

The Group continues to maintain a disciplined approach to managing its lockup (defined as trade receivables and accrued income less contract liabilities), with lockup of 52.8 days or $23,762,000 (calculated on run rate revenue with annualised revenue contributions from completed acquisitions) compared with the prior year (30 June 2025: 58.0 days, $21,918,000).

This continues to be a strong result and has been achieved alongside strong acquisition and organic growth.

Years since IPO		9	8	7	6	5	4	3	2
	Average	FY26	FY25	FY24	FY23	FY22	FY21	FY20	FY19
Lockup ($'000)		23,762	21,918	17,993	14,090	11,623	6,841	6,875	7,626
Lock up days	55.8	52.8	58.0	56.1	48.1	55.8	51.1	55.2	69.6
Debtor ($'000)		20,194	19,003	16,791	12,380	9,905	6,205	5,783	6,099
Debtor days	48.2	44.9	50.3	52.3	42.3	47.6	46.3	46.4	55.7
WIP ($'000)		3,568	2,915	1,202	1,709	1,718	637	1,092	1,526
WIP days	7.6	7.9	7.7	3.7	5.8	8.3	4.8	8.8	13.9

Capital structure

The business continues to maintain a capital structure that supports its accelerated growth. As at 30 June 2026, the Group's Gearing Ratio (defined as Net Debt / Underlying EBITDA) increased to 1.52x (30 June 2025: 1.42x) due to debt used to fund acquisitions completed during the year (see the preceding section "Cash from financing activities" for further details). Net debt increased by $12,302,000 or 21.1%.

Acquisition debt is amortised and repaid through profits generated from the acquired business and is expected to be repaid in full over a 4-5 year term. Net Debt is a non-IFRS measure and means Total Borrowings less Cash and Cash Equivalents.

Years since IPO **$'000**	**Avg**	**9** **FY26**	**8** **FY25**	**7** **FY24**	**6** **FY23**	**5** **FY22**	**4** **FY21**	**3** **FY20**	**2** **FY19**
Net Debt		70,741	58,439	45,163	39,918	31,368	15,728	15,233	14,673
Underlying EBITDA		46,513	41,141	35,225	24,263	23,114	18,654	15,923	10,889
Gearing Ratio (Net Debt / Underlying EBITDA)	1.30x	1.52x	1.42x	1.28x	1.65x	1.36x	0.84x	0.96x	1.35x