

## ANNOUNCEMENT - KPG

Tuesday, 10<sup>th</sup> February 2026

### Quality Shareholders #19: KPG Share Price

Dear Shareholders,

We have had a number of shareholders email us in the past few days enquiring about the recent share price performance.

While we cannot be sure of the reasons behind the share price movement, we recommend our shareholders read the article *"From Atlassian to private equity to Canva, this sell-off spares no one"* published in last week's Australian Financial Review (attached to this release). It is clear many companies' share prices have been impacted (see Table 1 and 2 at the end of this release) and this may be due to investors' sentiment towards industries that may be impacted by recent developments in AI.

The core question for our shareholders is if AI will render the Accounting Industry obsolete. We observe the following:

- **AI will replace manual repetitive tasks but will not replace professional judgment**, in particular nuanced interpretation of ambiguous tax laws and accounting standards
- **Regulatory, liability and trust requirements demand humans** – regulators continue to rely on sign offs from licensed professionals, audits and tax filings won't go away. AI driven processes will still include human reviews and sign offs.
- **The profession is evolving toward advisory** and the Kelly Partners Flight Plan have been developed from the very inception of Kelly Partners to provide a system for comprehensive financial, business, accounting and tax advice
- **Kelly Partners is embracing AI and is developing and integrating AI tools** in to its processes.

Our share price has not moved in correlation to the performance of our business in the past (per the table below) and we don't expect it to. Our share price has declined more than 30% in 4 occasions since our IPO (see graphs on next page) but in each of those instances, our businesses have not and we continue to grow our accounting businesses, own and hold these businesses for the long term.

Years since IPO Key financial metric	8 FY25	7 FY24	6 FY23	5 FY22	4 FY21	3 FY20	2 FY19	1 FY18
Earnings per share (EPS) – Underlying NPATA (cents per share)	20.19	17.84	12.01	13.99	11.48	8.67	7.02	9.51
	13.2%	48.5 %	(14.2%)	23.5%	10.5%	23.5%	(26.2%)	25.6%
Closing share price	\$10.77	\$8.25	\$4.72	\$3.88	\$3.40	\$0.88	\$0.89	\$1.23
Market capitalisation	\$488m	\$371m	\$212m	\$175m	\$153m	\$40m	\$40m	\$56m

Kelly Partners Group Holdings Limited ABN 25 124 908 363

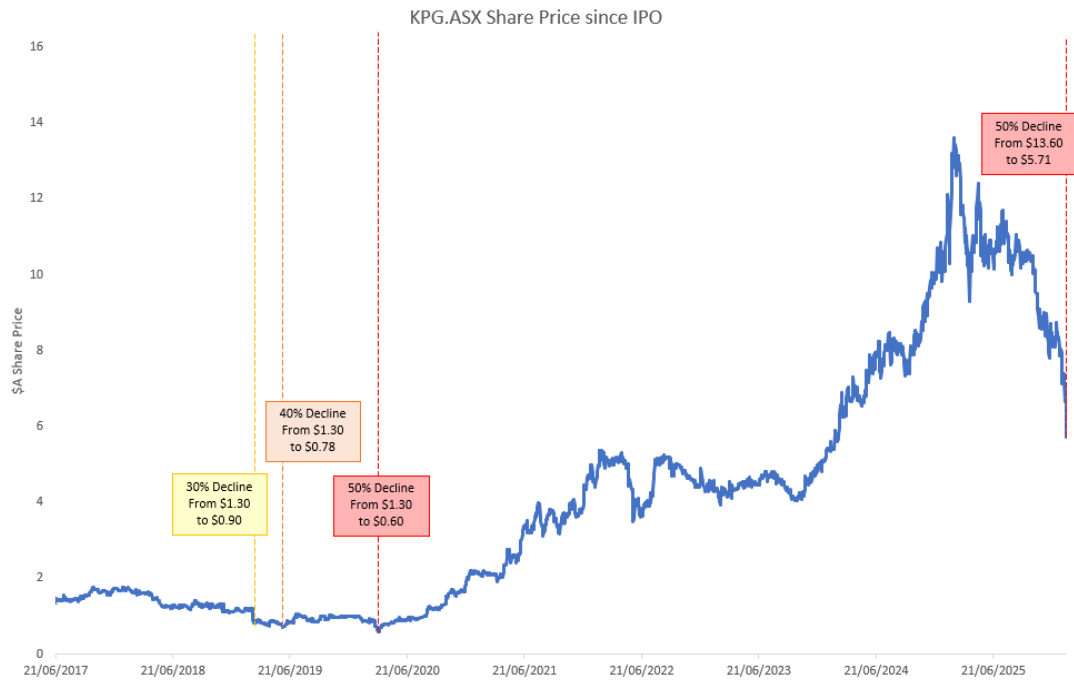
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We note that CBIZ, the listed accounting group in the US, has experienced similar movements to their share price:



We should be encouraged by the late Charlie Munger:

***“You can argue that if you're not willing to react with equanimity to a market price decline of 50% two or three times a century, you're not fit to be a common shareholder, and you deserve the mediocre result you're going to get”.***

We do not know what our share price will be tomorrow but we know that ***“in the short run, the market is a voting machine but in the long run, it is a weighing machine”.***

Feel free to be in touch if you have any questions.

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

**Table 1: Selected Listed Companies' Share Price Movements in the last 6 months**

Company	Stock Ticker	Share Price Decline %
Gartner	IT	-71%
Constellation Software	CSU	-52%
Atlassian	TEAM	-50%
WiseTech	WTC.AX	-50%
Xero	XERO.AX	-45%
Figma	FIG	-43%
CBIZ	CBZ	-42%
Xero	XRO	-41%
Intuit	INTU	-35%
Equifax	EFX	-30%
Talnom	TNOM	-25%

**Table 2: Selected Accounting Companies' Share Price Movements in the last 6 months**

Company	Stock Ticker	Share Price Decline %
CBIZ	CBZ	-42%
Talnom	TNOM	-25%

## 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 42 operating businesses across 43 locations globally. In total, the team consists of more than 700 people, including 100 partners, who service over 25,000 SME clients.

The holding company, Kelly Partners Group Holdings Limited, was listed on ASX on 21 June 2017. Over the past 19 years, Kelly+Partners has undertaken 80+ individual transactions in order to build the current accounting network. This includes the transformation of 50+ external firms, and the launch of 30+ 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.

### Kelly+Partners – Current Locations



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## — Chanticleer

# From Atlassian to private equity to Canva, this sell-off spares no one

Renowned venture capitalist Marc Andreessen once declared that software was eating the world. Could it also swallow the three-year bull market?



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Feb 4, 2026 – 8.50am



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Renowned venture capitalist Marc Andreessen once declared that software was eating the world. Could it also swallow the bull market rally that has been running for more than three years?

Technology companies have, of course, been at the heart of the rally that started in October 2022. But concerns about how artificial intelligence giants such as OpenAI and Anthropic might squeeze out traditional software players, analytics companies, financial services and consulting firms by replicating their core functions have been building for months.



Canva, founded by Cliff Obrecht and Melanie Perkins, could have been bought long ago if it had really wanted to sell. **David Rowe**

Those fears came to a spectacular head on Tuesday night, when Anthropic announced a new product for its Claude Cowork platform: a legal tool that promises to automate tasks such as contract reviews, non-disclosure agreement customisations, compliance workflows, legal briefings and templated responses.

The market jumped quickly to the obvious question: if Anthropic is already coming for the legal profession, who else might it come for?

Investors appeared to decide that the simple answer was: absolutely everyone [<https://www.afr.com/technology/atlassian-and-software-giants-face-down-new-ai-threat-20260122-p5nw4i>].

Consulting and analytics firm Gartner plunged 22.5 per cent, while S&P Global dropped 10 per cent. Accounting software group Intuit and credit score giant Equifax both fell 12 per cent. Moody's fell 8 per cent, and FactSet lost 9 per cent.

Salesforce, one of the icons of the cloud software industry, fell almost 8 per cent, while homegrown hero Atlassian fell [<https://www.afr.com/markets/equity-markets/asx-to-fall-atlassian-drops-8pc-in-broad-software-sell-off-20260204-p5nzc0?post=p59w35>] by a similar amount.

Again, this blow-up has been building for some time, and Atlassian is actually a perfect example. Its stock halved last year as its ability to keep up with the artificial intelligence revolution came under question, but the fall has only accelerated since

the start of the year. In less than five weeks, the stock is down more than 32 per cent.

Australian-listed tech stocks haven't been immune to this. Xero shares are down 45 per cent in the past six months, while WiseTech is down almost 50 per cent.

Yes, both companies are digesting big US acquisitions that the market remains unsure about, but worries that their core functionality could be replicated by AI is part of this sell-off. Xero fell a staggering 14 per cent on Wednesday, and WiseTech dived 7 per cent in early trade.

Notably, these fears have even seeped into the online marketplace sector.

REA Group fell 5 per cent on Wednesday and is now down 23 per cent in the past six months, while Carsales also fell 5 per cent on Wednesday morning, and is down almost 30 per cent in six months.

Anthropic is the big bogeyman here. While its Claude large-language model (LLM) has long been a rival to OpenAI's ChatGPT and Google's Gemini, the expansion of its Cowork platform since the start of the year has swept through the tech sector like wildfire, particularly since the release of a tool that supports what's called vibe coding. This allows users with no previous coding experience to work with Claude to produce an app or a piece of software – it might be something that helps the user organise their life, complete a mundane task, or develop a new product.

Such has been the success of the Claude tools that both tech experts and non-tech types have been gleefully talking on social media about getting "Claude-pilled", which is jargon for becoming a convert to the tools.

Not surprisingly, a groundswell of ordinary punters knocking up their own software hasn't helped software stocks in the past few weeks. The release of the Anthropic tool has just turned everyone's fears up to 11.

What's fascinating about Tuesday night's sell-off is that it wasn't just quarantined to the software sector. Some of the nastiest falls on Wall Street were among the giants of private equity and private credit: Ares Management sank 11.3 per cent, Blue Owl dived 12 per cent, Apollo Global Management and Blackstone fell more than 5 per cent, and KKR fell 9 per cent.

This reflects that private equity and private credit are heavily exposed to the software sector, with industry estimates suggesting that software accounts for

about 20 per cent of their portfolios.

With software firms now down 20 per cent to 30 per cent since just the start of this year, investors are obviously worried about how hard and fast private equity and private credit firms will be forced to mark down the values of their portfolios.

The share price carnage on Tuesday night isn't the only expression of investor concern. Reports have emerged that Deutsche Bank has been unable to sell \$US1.2 billion (\$1,71 billion) of loans that are being used to back the acquisition of a software company.

We can only imagine that similar fears about what private software firms are actually worth is now rippling through the global venture capital sector, from Silicon Valley to Australia.

For example, if we're looking at movements in public markets, there's a question to be asked as to whether the value of Australian tech hero Canva would now need to be adjusted.

Would Canva's value be written down by 19 per cent (which is how far Adobe has fallen so far this year), by 43 per cent (which is how far another design software group, Figma, has fallen), or is there another way to look at the valuation? No doubt domestic VCs will need to think very carefully about that question in the coming months.

Many in the tech sector and in the investment community will simply see this as the natural way of things – the software disruptors who've had it so good for so long, and occasionally lectured the rest of the business community about outdated attitudes to work and management, are now being disrupted.

There's also a view that this software sell-off has been overdone. Veteran tech investor Alex Pollak, who runs the Loftus Peak Global Disruption Fund, say that while he's wary of the ability for AI models to hit software valuations, it's too early in the AI revolution for software companies to be dumped like this.

Using AI to develop a piece of software is one thing, but what software companies provide is an ongoing relationship. For example, when tax laws or industry standards change, a big software group makes sure their products reflect that. Pollak isn't sure AI is at that stage yet. "Our view is that they're probably oversold," he says.



For Pollak, the software sell-off underscores the uncertainty in the market about the AI boom; every second day investors swing from hope about AI breakthroughs to fears about AI spending. That's natural, he says, as investors try to puzzle out the biggest disruption to business since the internet.

"It is going to work. It's already commercial, it's deployed widely enough. It's got enough acolytes, power users and corporations using it. We're not going back. The question then becomes, is it being priced properly?"

It's also worth zooming out a bit. This isn't just a development that should scare the software sector, but rather a moment that should get us all thinking.

Anthropic's release of this legal tool shows how AI giants, who are desperate to improve the monetisation of their LLMs, can attack existing industries. Having gone into the legal sector, ingested lots of data and learnt about the workflows, Anthropic and its AI agents are now essentially saying "hey, we can do that".

And, as the market suspects, based on Tuesday night's sell-off, legal won't be the last sector they go after – we'd be shocked if there weren't more and more tools from Anthropic and other players rolled out in financial services, consulting, marketing and customer service relatively quickly.

But we can play this out further. How long is it, for example, until a big AI company has learnt enough about banking that it could set up, perhaps in a joint venture with a stablecoin firm or a big private capital backer, a bank that could offer very attractive interest rates because it has very few costs?

What does that mean for financial regulation? For consumer protection? For the underpinning of local economies? For the tax take for governments?

Maybe these are future concerns, but they are concerns that policymakers should at least start thinking about.

Software might have eaten the world, but AI could chew it up and spit it out.



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