

ASX AND MEDIA RELEASE

Thursday, 31 August 2023

FY23 Financial Results: Year of consolidation, with business poised for solid growth in FY24, spurred by strong balance sheet.

Sequoia Financial Group Limited (ASX: SEQ) (Sequoia, the Company) today released its FY23 Financial results for the year ended 30 June 2023.

Result Highlights:

- Revenue \$131.5m; Operating profit \$5.5m
- Results were down YoY, because of weaker equity market conditions and non-recurring expenses.
- Transformational asset sale provides funding for future growth.
 - 80% of Morrisons divested for \$40.5m
 - We have received the final consideration payment of \$15m today
- No final dividend will be paid for FY23. However, we intend to issue a special dividend of 4.0 cents per share for completion of the Morrison transaction.
- The special dividend will be announced in September 2023 and will be in addition to any interim dividend based on the 1H FY24 results as determined by the Group at that time.
- Cash at bank on 31 August 2023 is approx. \$40m.
- Two further acquisitions were completed, aligning with SEQ's strategic growth ambition.
- Enhanced organizational capability with 3 new senior appointments.
- Strong Q4 for Equity Markets division has provided strong momentum heading into FY24.

For FY23 Sequoia reported revenue of \$131.5m and operating profit of \$5.5m (including discontinued operations and held for sale business). The results were impacted by non-recurring items, notably claims and penalties of \$2.0m in expenses, unrealized loss on share portfolio of \$0.7m and lower revenue earned on structured products of \$1.3m due to economic uncertainty conditions.

This announcement was authorised for release by the Board of Directors.

For further information please contact:

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ABOUT SEQUOIA FINANCIAL GROUP LTD

ASX-listed Sequoia Financial Group Ltd (ASX: SEQ) is an integrated financial services company providing products and services to self-directed retail and wholesale clients and those of third-party professional service firms.

It provides:

- Investment and superannuation products
- Wealth management and advisory services
- Corporate advisory and capital markets expertise
- Retail, wholesale and institutional trading platforms
- Market data and financial news services

Sequoia operates various AFS Licenses and its subsidiary Morrison Securities Pty Ltd is an ASX Market Participant.

Registered Office:

Level 7
7 Macquarie Place
Sydney NSW 2000

Phone: +61 3 9209 9777

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Website: www.sequoia.com.au

Whilst revenue and operating profits (after non-recurring items) for continuing businesses were down in FY23 by 10.8% and 12.3% respectively, the business ended the year with a far stronger balance sheet and in more recent times core business is again experiencing strong growth.

CEO & MD Comments, Mr Garry Crole: “FY23 was a year of transition for Sequoia. The year tested the resilience of the financial services industry with rising interest rates, global inflation, a reduction in the available adviser pool and a heavy fall in market volumes.

Positively, we navigated the delicate balancing act of maintaining profitability while absorbing increased operational expenses from an inflationary market in addition to several significant non-recurring expenses.

Sequoia is a profitable, growing and well capitalised financial services business seeking to generate >15% returns from all four divisions. Following a strong finish to FY23, a solid start to FY24, especially from our Equity Markets division, the Company is well positioned to deliver further growth in profits and shareholder returns”.

Transformational asset sale provides funding for future growth.

In the second half of FY23, we announced the divestment of 80% of Morrison Securities Pty Ltd (‘Morrison’) to the digital wealth management platform New Quantum Holdings Pty Ltd. Sequoia has now received a total cash consideration of \$40.5m (\$25.5m received as at 30 June 2023 and \$15m received today) and will maintain 20% of Morrison. We will recognize the accounting impact of the disposal in the first half of FY24.

This pool of liquid capital will allow us to fund further acquisitions with cash rather than via the dilutionary effect of issuing new shares. We expect organic growth within all four operating divisions with our focus being on acquisitions within our Licensees Services and Professional Services divisions.

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Strategic acquisitions

We recently made a small investment in Euree Asset Management (Euree) in June 2023, and acquired the business assets of Castle Corporate and Castle Legal Pty Ltd (Castle) in August 2023. Both strategic investments boost Sequoia's customer offerings with the Euree investment opening further multi asset fund options for our advisers, and Castle assets boosting Sequoia's Professional Services division's market share and annual operating profit contribution with immediate earnings enhancement.

Enhancing our leadership capability

Sequoia has now completed the third year of a five-year growth plan where our focus has been on all business divisions generating a 15% operating profit return on equity. We initially set a revenue target of \$300M within five years. Whilst we now do not expect to achieve that target within that timeframe, we remain committed to reaching this milestone by June 2026.

Increased focus on achieving these ambitious targets has brought us to the point where enhanced management quality was appropriate. Accordingly, we were very pleased to recently announce three new senior appointments. We welcome Martin Morris as COO, Justin Harding as Head of Legal & Risk and Mark Hutchison as an additional Senior Compliance Manager in August. These exceptional leaders will play a pivotal role in driving the Group's profitable growth over the coming years.

Outlook

In FY24 Sequoia anticipates a return to earnings growth for all business divisions. It is seeking to deliver >15% return on management equity by division.

Notably, recent trading, including Q4 FY23 provides us with confidence that the Equity Markets division has returned to growth following a difficult H1 FY23.

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The Group is also confident about completing further earnings accretive acquisitions during FY24, with a focus on general insurance broking, financial planner customer books and SMSF administration roll-ups to augment organic growth across Sequoia. The divestment of Morrison provides the Company with ample capital to fund acquisitions.

Shareholder returns through buybacks, dividends and capital returns will remain a key focus for our Board.

Investor webinar

Investors and shareholders are invited to participate in a briefing on Sequoia's FY23 results, hosted by Sequoia's Managing Director and CEO, Garry Crole on Friday, 1 September at 9.30am (AEST). Please use the following link to register for the event:

<https://events.teams.microsoft.com/event/268f0252-53e2-45c8-91bc-5152f5a722c6@e3b81586-6fdb-4473-93bd-305172c46083>

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