

ASX AND MEDIA RELEASE

Tuesday, 27 August 2024

Sequoia FY24 Financial Results

Sequoia Financial Group Limited (ASX: SEQ) ("Sequoia" or "Company") today released its FY24 Financial results for the year ended 30 June 2024.

Result Highlights:

- Continued business revenue up 26% to \$124.6m
- Operating profit* up 88% to \$8.7m
- Operating profit margin improved by over 40% to 7%, from 4.7%.
- Fully franked dividends
 - Interim 2 cents,
 - Final 2.5 cents
 - Special 2.5 cents
 - Total 7 cents for FY 2024
- Buyback program reduced issued capital by 4.3%.
- Company remains debt free with \$16.8m cash at bank.

**Operating profit or normalised EBITDA is a non-IFRS financial measure that Sequoia uses to assess performance as it excludes certain non-cash and one-off or non-operational items.*

Commentary

Sequoia delivered strong financial growth in FY24. Continued business revenue increased by \$26.1m, representing a 26% growth over FY23. Operating profit grew 88% to \$8.7m, while Net Profit after Tax of \$24m increased \$26.6m, boosted by the sale of 80% of Morrison Securities earlier in the year.

At a divisional level revenue rose 27% with operating profit up 91% for the Licensee and Adviser Services division. All of this growth was organic as adviser income supported by the move from commissions to annual fees, the increase of clients per adviser and the need for advice increasing from the IFA space as the adviser pool shrunk and the availability of receiving advice from a bank or product provider continued to close. Over the 12-month period we

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

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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 Licences.

Registered Office:

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increased the number of advisers by 14 but most importantly successfully added 70 new advisers to the group with the majority of the 56 exits associated with smaller non-economic advisers retiring from the business and this was a key factor which improved net margin.

Legal and Administration Services also delivered strong revenue and operating profit growth (up 21% and 90% respectively) due to a mix of organic and inorganic sources. The successfully completed acquisitions of Castle Corporate and ABS during FY24 provided partial benefit in FY24 with a full year contribution to be recognised in FY25. Of greatest consequence is the margin expansion from on this SAAS type business with scale from less than 30% to over 40%.

Capital Management focused on lifting shareholder returns.

The Company has established a strong record of capital management through generating positive cash returns for shareholders and sharing it via buy backs and dividend distribution. At June 30 the company held cash on balance sheet of \$16.8m and other investments including ASX listed shares of almost the same again, FY 2024 franked dividends will total 7 cents per share made up of a special of 2.5 cents per share and 4.5 cents per share normalized representing growth of 49% over dividends declared across FY23.

The Company has successfully progressed its buyback program acquiring 4.3% of its issued capital (valued on-market at \$2.8m) prior to June 30.

Business Optimisation

Recently, Sequoia announced the streamlining of its existing divisional structure to improve efficiency and simplify stakeholder interactions. The change aims to enhance the focus of the executive team and reduce the cost base by 10%. As of July 2024, the reporting divisions will be consolidated from four to two: (1) Licensee and Adviser Services and (2) Legal and Administration Services.

Last month, consistent with the desire to streamline the business focus, Sequoia entered into an agreement to sell the general insurance broking businesses, for a total consideration between \$4.4m to \$5.0m subject to revenue hurdles being met.

Completed M&A and Divestments

- Acquisition of the customer list of Castle Corporate Pty Ltd, Castle Legal Pty Ltd, and Australian Business Structures Ltd
- Acquisition of Clique Paraplanning
- Disposal of 80% of Morrison Securities

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- Sale of Yield Report to Finexia Financial Group

People and Process

In July 2024, CEO Garry Crole committed to a fixed-term contract as CEO until June 2026, allowing assurity over the next chapter of the Company's growth strategy. Additionally, over the next two years, the Board will prioritise succession planning for the CEO role, with Garry Crole to mentor the replacement CEO.

Recently, several key leadership appointments have been announced, underscoring the Group's continued commitment to bolstering its leadership and advancing its strategic vision.

- Lizzie Tan, Chief Financial Officer and Chief Operating Officer
- Stephen Harvey, Head of Legal and Administration Services Division
- Hamish McCathie, Executive for Sequoia Wealth Management, Sequoia Specialist Investments, and Sequoia Asset Management
- Mike Ryan, Chairman of the Board

Mike Ryan brings over 40 years of distinguished leadership in the financial services sector, with extensive ASX-listed company experience and a proven track record in strategic planning, organisational growth, and stakeholder engagement. He is succeeding Charles Sweeney, who will continue as a Non-Executive Director and Chair of the Risk and Compliance Committee.

CEO & MD Comments, Mr Garry Crole: "As we reflect on the past year, we have faced considerable challenges. Disruption in the second half impacted operating momentum, caused unrest amongst employees and advisers, and resulted in additional costs to maintain business and staff. Despite these hurdles, we are proud to report strong growth in revenue and operating profit.

The strong growth enabled the Board to declare a 2.5 cents per share final and 2.5 cents per share special fully franked dividend to shareholders.

We are streamlining our business to ensure greater efficiency and agility, positioning Sequoia for continued profitable growth.

I am grateful for the support of Sequoia's shareholders. We are focused on growing the business and growing returns for shareholders."

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Outlook

Looking ahead, the Group anticipates organic revenue growth and continued expansion of operating profit margins.

Capital management will remain a priority, with a focus on delivering fully franked dividends. The Sequoia share buyback scheme will be used selectively as appropriate to enhance shareholder value.

Additionally, the Company is committed to delivering organisational efficiency and strategically optimising its portfolio of businesses to ensure sustained growth and long-term success.

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