

ASX AND MEDIA RELEASE

18 August 2022

FY22 RESULTS INVESTOR PRESENTATION

Sequoia Financial Group Ltd (ASX: **SEQ**) attaches a copy of the FY22 Results Investor Presentation.

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This announcement was authorised for release by the Managing Director.

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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.



2022 Annual Results Presentation

Garry Crole Managing Director and CEO

Lizzie Tan CFO and Joint Company Secretary

18 August 2022



Disclaimer

This presentation is for general information purposes only and should be read in conjunction with the Full Year Financial Report for the year ended 30 June 2022 and the Appendix 4E lodged with the Australian Securities Exchange by Sequoia Financial Group Limited (ASX:SEQ) on 18 August 2022. The information is provided in summary form only and does not purport to be complete or comprehensive. This presentation does not provide recommendations or opinions in relation to specific investments or securities.

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All numbers are as at 30 June 2022 and are in Australian dollars unless otherwise stated. Financial data may be subject to rounding.

Agenda

- 1. Discuss FY22 financial performance**
- 2. Provide an update on 7-year business plan**
- 3. Share divisional progress on these ambitions**
- 4. The advice industry today and the opportunities ahead**
- 5. Questions**



FY22 Financial Highlights

1. Revenue	2. EBITDA (Operating Profit)	3. NPAT	4. NPATA *
\$147.3m	\$12.4m	\$5.7m	\$7.1m
 from FY21 26.5%	 from FY21 7.3%	 from FY21 3.0%	 from FY21 6.0%
5. Cash balance	6. Operating net cash flow pre tax (exclude client moneys)	7. Diluted earnings per share	8. Full Year dividend per share
\$14.9m	\$14.7m	4.23cents	1.40cents
 from FY21 8.8%	 from FY21 36.2%	 from FY21 1.0%	 from FY21 40.0%

* NPATA is calculated by adding back amortisation (net of tax) to NPAT

FY22 Financial Results - commentary

Financials (in \$m unless otherwise stated)	FY21	FY22	Changes	Changes (%)
Total Revenue	116.5	147.3	30.9	26.5%
Employee benefits expenses	(14.9)	(17.4)	(2.5)	16.8%
Other Costs and Expenses	(90.1)	(117.5)	(27.4)	30.4%
Total Operating Expenses	(105.0)	(134.9)	(29.9)	28.5%
EBITDA	11.5	12.4	0.8	7.3%
EBITDA Margin %	9.89%	8.39%		
NPAT	5.5	5.7	0.2	3.0%
NPAT Margin %	4.76%	3.88%		
Operating net cash flow pre tax (exclude client moneys)	10.8	14.7	3.9	36.2%
Cash conversion ratio to EBITDA	0.94	1.19		
Diluted earning per share (cents)	4.19	4.23	0.04	1.1%
Full Year dividend per share (cents)	1.0	1.4	0.4	40.0%

Increasing underlying profit / EBITDA:

- EBITDA of \$12.4m, up 7.3%
- EBITDA margin of 8.4%.

Growing revenue:

- Acquisition of Panthercorp and Tag Insurance Brokers customer list
- Greater financial advisory commission earned
- Experienced continued increase in wholesale clearing and execution transaction services

Operating expenses:

- Operating expenses increased to invest for tomorrow including increase in staff hires in sales, marketing and legal services, technology spend to enhance cyber security capability & technology upgrades

Strong balance sheet:

- Cash balance (exclude client moneys) improved to \$14.9m

Generating shareholder value:

- Operating net cash flow pre-tax up 36.2% to \$14.7m
- Dividend payout ratio increased to 33%
- Annual dividend per share 1.4 cents, up 40% this year

Summary of financial highlights

Earnings growth



- Revenue: \$147.3m, up 26.5%
- EBITDA: \$12.4m, up 7.3%
- EBITDA margin: 8.4%
- NPAT: \$5.7m

Strong Balance Sheet



- Debt free
- Growing cash reserve
- Limited capital expenditure
- Low working capital requirement

High EBITDA conversion to cash



- EBITDA conversion ratio: 119%
- Strong cost management

Recurring and growing revenue



- Recruitment of quality advisers
- Stable adviser numbers
- Limited revenue leakage from acquisitions

Strategic investment



- Invest in IT, people and software
- Enhancement in reporting
- Continue to build on our placement and DVP settlement service

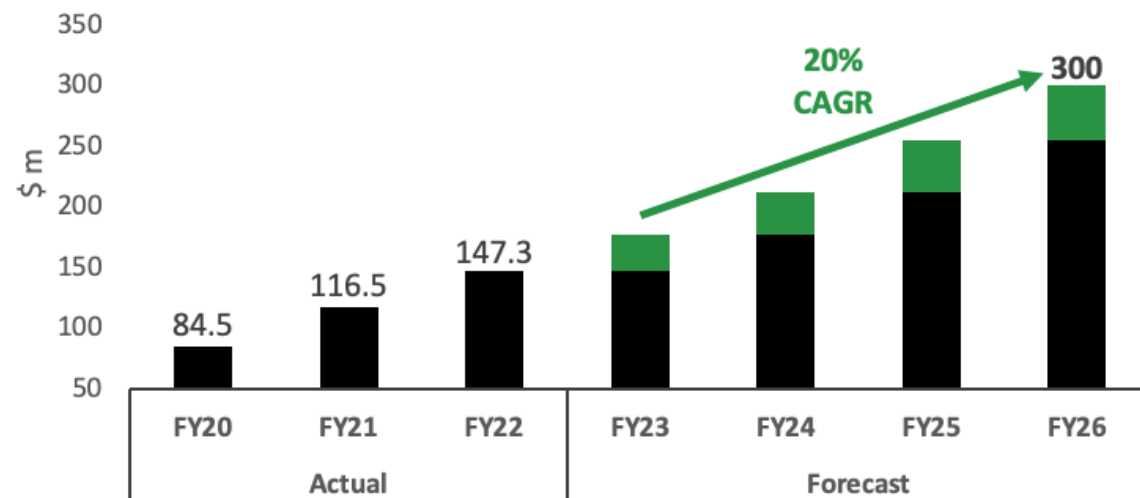
Return to shareholders



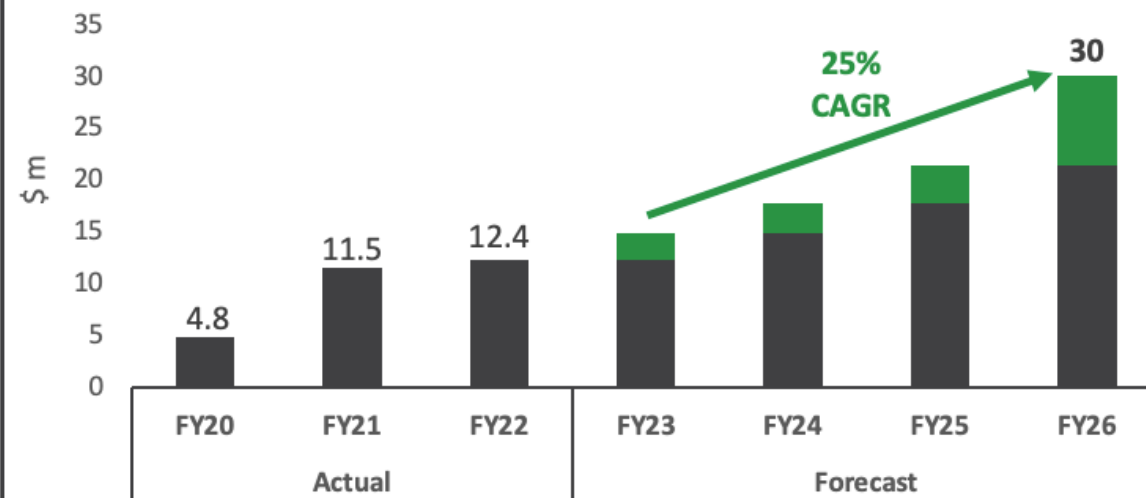
- Full year dividend per share increased by 40%
- Annual dividend of 1.4 cents per share

Our revised 7-year business plan

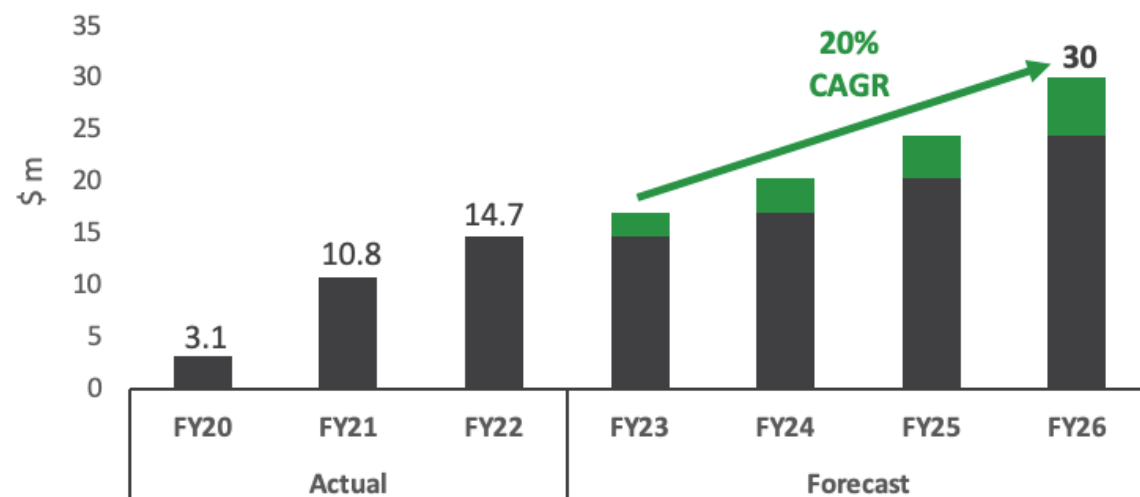
Revenue



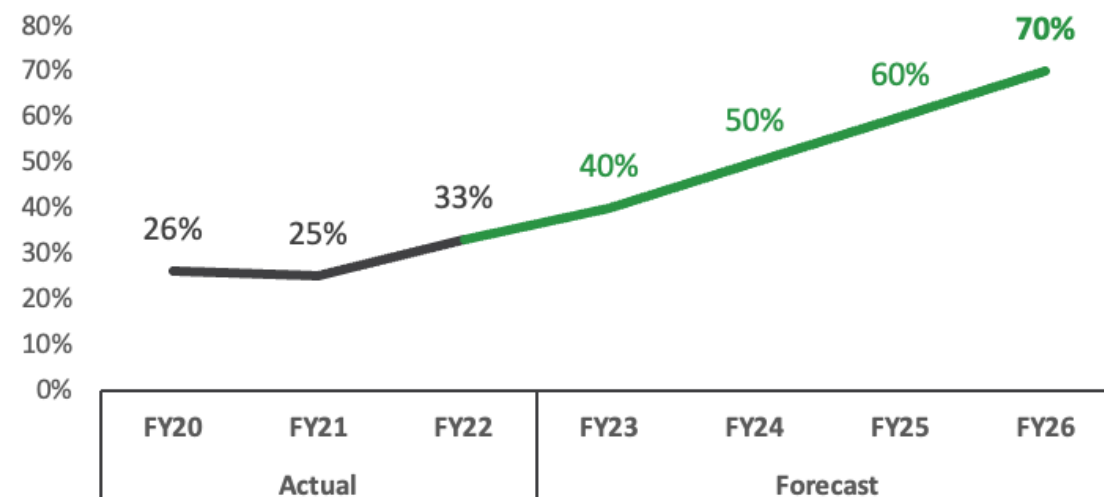
EBITDA



Operating net cash flow pre-tax

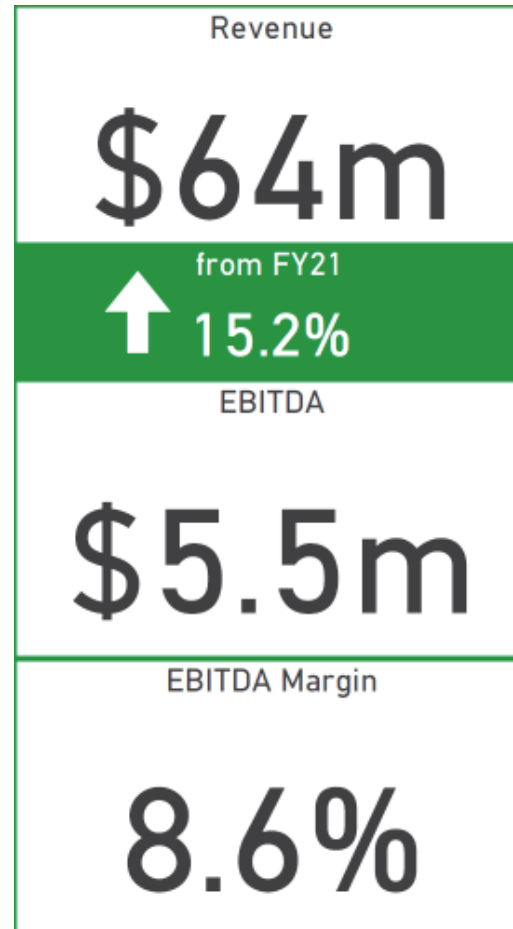


Dividend payout ratio



Licensees Services Division

Financial performance



Divisional performance

INCREASE in revenue of 15% at a time the number of available advisers reduced by 35%

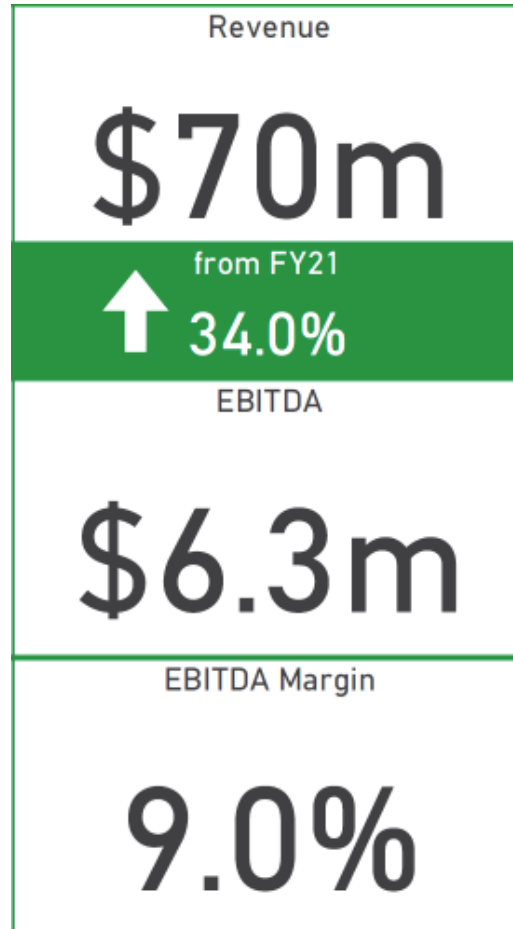
INVESTED in long term initiatives to support \$125m of divisional revenue by 2026 at a margin closer to 10% with particular high growth expectations coming from higher margin units within Licensee Services such as corporate finance, family office and broking business where we anticipate +20% per annum revenue growth

CONTINUE to acquire retiring advisers practices and recruit more salaried financial planners into Interprac Securities

FOCUS in 2023 on doubling the number of equity brokers to our Melbourne and Sydney offices

Equity Market Division

Financial performance



Divisional performance

SUCCESSFULLY increased our share of ASX trading volumes through our clearing business Morrison Securities by 60% in FY22

CONTINUED to attract new wholesale and third party AFSL holders to our platform further enabling the multi service offering across the broader group

INVESTED in technology to support ASX blockchain whilst expanding service offerings of the clearing business to include international trading, stock lending and a higher level of corporate transactional capability

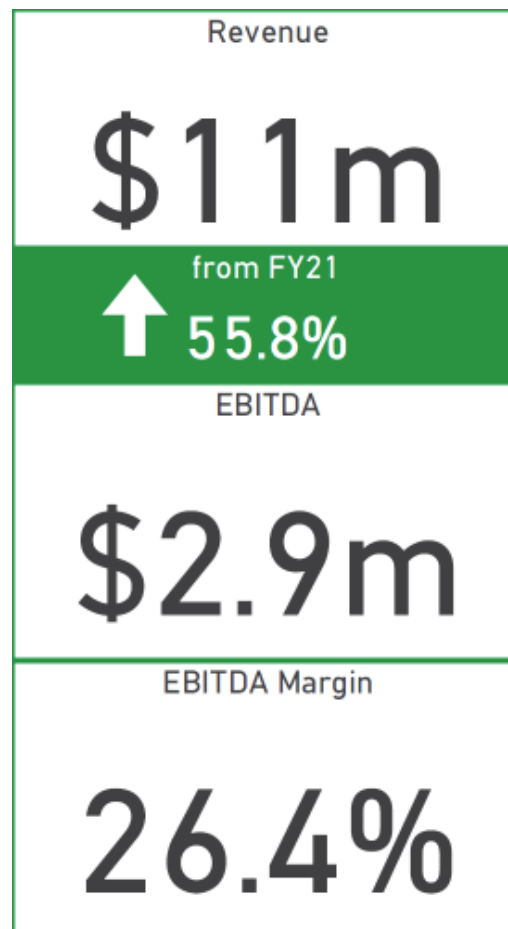
ON TRACK to see revenue move towards \$125m by 2026 from the \$52m level achieved in FY21 and \$70m achieved in FY22 at a margin of more than 10%

Professional Services Division

Financial performance

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Divisional performance

ACHIEVED dramatic growth of 32% in the number of individual accounting firms or financial planners that used one of our Professional Services in FY22

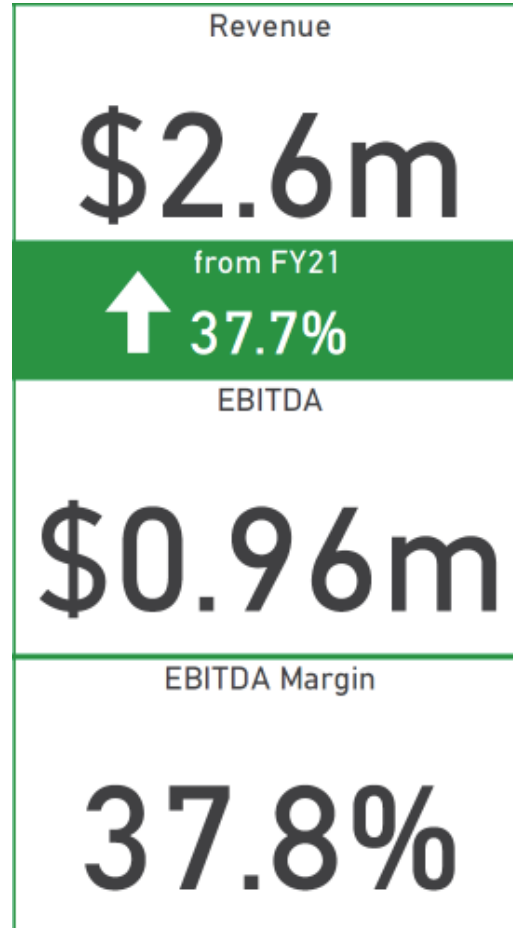
CAPTURED more share of wallet revenue streams after employing specialist sales staff and further investing in technology in FY22

HIGH REVENUE GROWTH of 55% achieved in FY22 giving us confidence revenue can head towards \$35 million by 2026

MARGIN EXPANSION The nature of this business as a SAAS type model allows for long term margins of 25-30% once scale is enabled

Direct Investment Division

Financial performance



Divisional performance

DRAMATICALLY increased the scale of the media distribution, research and adviser technology platforms to enable premium adviser and investor content

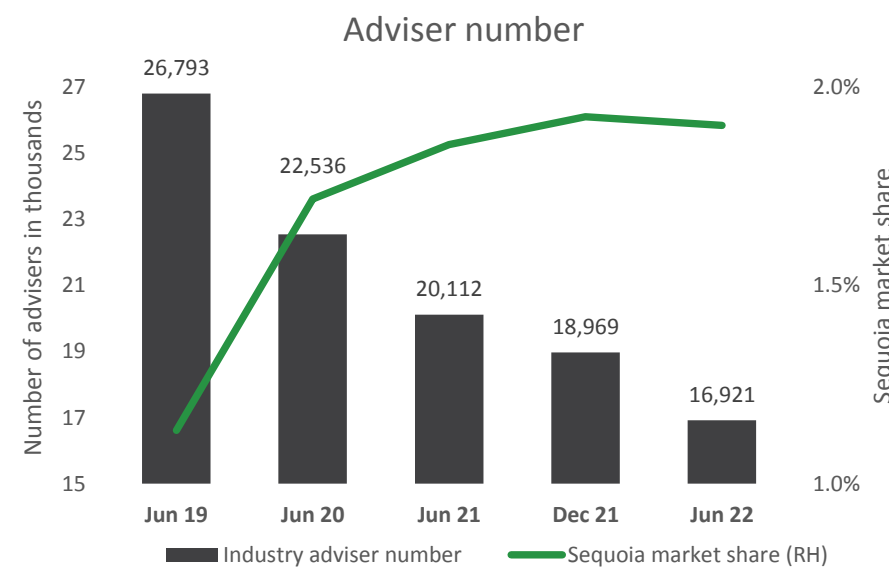
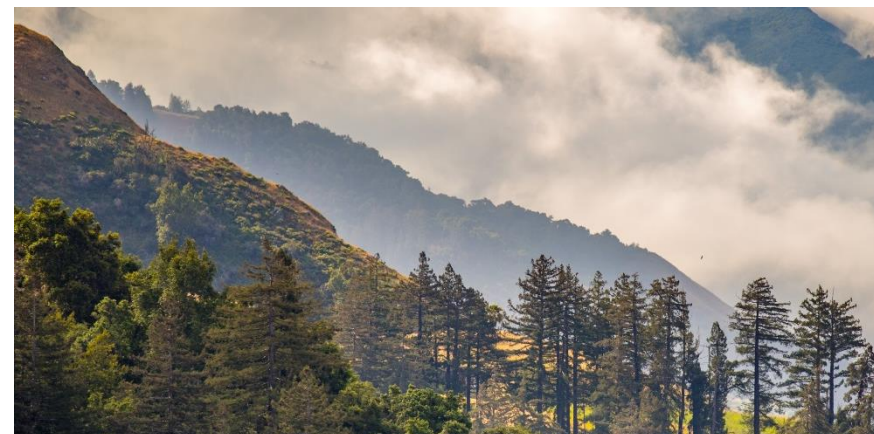
INVESTMENT in the back end of FY22 by acquisition of the Informed Investor, Corporate Connect and Share Café will enhance the consolidated groups ability to attract new advisers, win corporate mandates, and reduce the cost of providing advice in coming years

EXPANDED capability in provision of lower cost to consumer model portfolios and robo-solutions for the market place so more Australians an access advice.

HIGH GROWTH expecting divisional revenue to move towards \$15 million by 2026

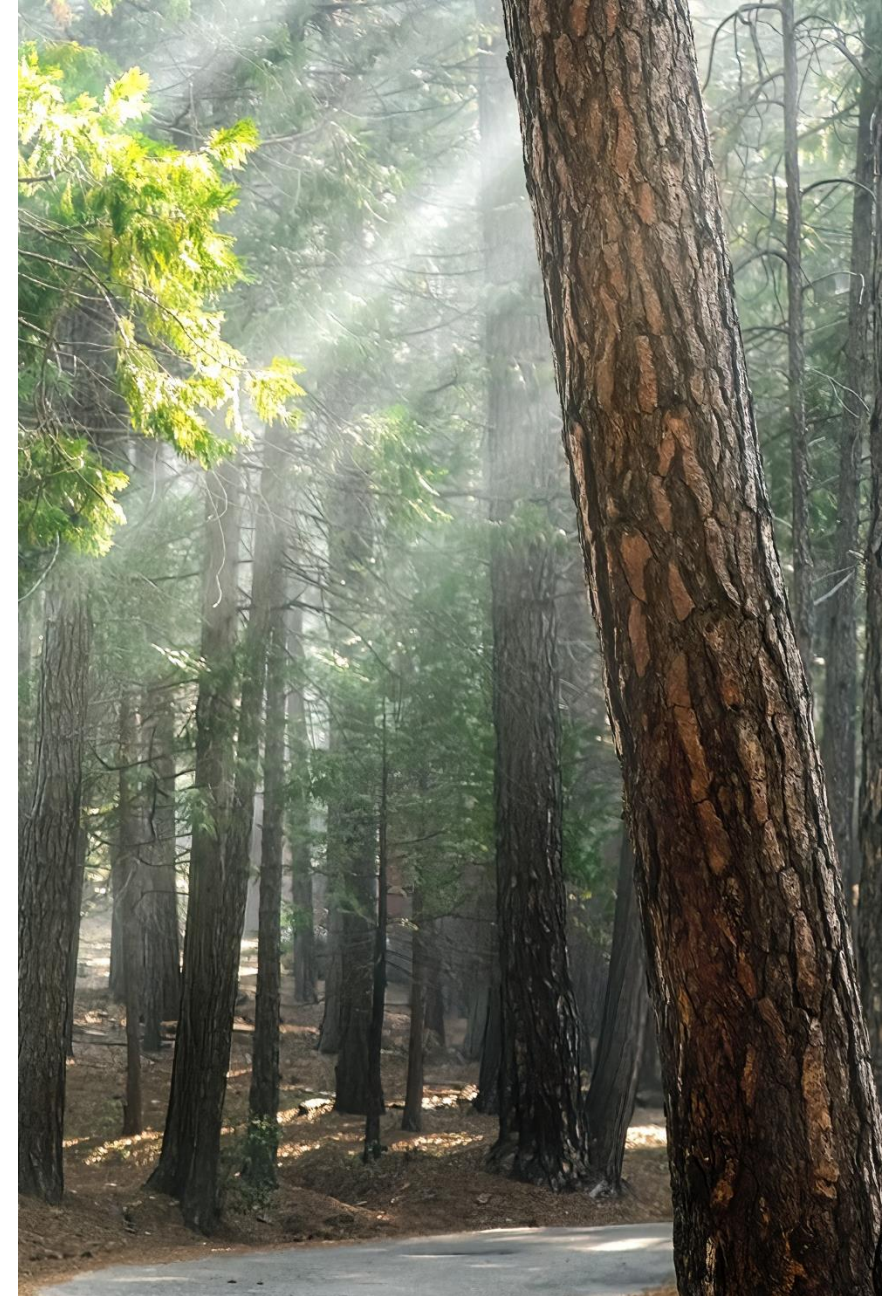
Difficult but opportunistic year for the advice industry

- Inflation, rising interest rates, CV19 pandemic and global tensions all created volatility for investment returns
- Labour shortages and wage pressures associated with inflation have continued to place pressure on advisers and their licensee's cost of service delivery margins
- Costs to comply under best practice with regulatory requirements and an increase in the expense to protect against cyber attacks has seen the number of small and mid size licensees decline
- Industry adviser numbers fell from 20,112 to 16,921 in FY22, more than 36% since FY19
- Despite these headwinds Sequoia increased market share across all divisions with consolidated revenues and operating cash flow tracking slightly ahead of our 7 year business plan
- The exit of personal advice from banks and insurance companies has seen demand for financial advice from the IFA market place increase to record levels
- Demand for outsourcing of services by intermediaries and other licensees continues to accelerate



The Sequoia opportunity

- **Provide services to a market that primarily consists of**
 - Approximately 15,000 financial advisers under approximately 2,000 AFS licensees across Australia
 - 10,000 individual accounting practices and law firms across Australia
 - Australians who have approximately \$14 trillion of private wealth, with \$6.6 trillion of this wealth invested in a “managed investment” of some kind
 - Fund managers, listed companies, sophisticated investors seeking access to impartial adviser distribution





Questions?



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