

**ASX Release**  
**23 January 2023**

**BUSINESS UPDATE**

Sequoia Financial Group Limited [ASX: SEQ] (“Sequoia” or “The Group”) wishes to provide a business update on current trading conditions along with profit guidance based on unaudited 1H23 financial results.

The Group advises that 1H23 EBITDA has been negatively impacted by several abnormal items affecting short term performance.

Below is a breakup of this half year performance as we move into 2H23 and beyond.

**First Half Results**

The Group continues to perform in line with long term expectations however notes that it has fallen below budget expectations for this half year. As a result, the Group’s 1H23 EBITDA is now expected to be around \$3.2M, with the shortfall of 40% to EBITDA budget resulting from a number of one-off issues.

**Licensee Services Division**

As previously disclosed the delay in recovery of claims cost repatriation of more than \$2M along with increased adviser servicing costs is responsible for the shortfall in this division.

Whilst we have made progress in seeking a recovery of these payments from our professional indemnity insurers, we have not recognised a contingent asset at this stage.

On the positive side, the number of advisers we provide licensee services to under 4 separate AFS licences has increased in recent months because of successful organic recruitment particularly under the Interprac Financial Planning AFS licence and expect to see the Licensee Services division record a very strong 2H23.

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**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 Licenses and its subsidiary Morrison Securities Pty Ltd is an ASX Market Participant.

The Group is actively looking to recruit additional brokers in Melbourne and Sydney and considering a consolidation in the number of AFS licences it operates reducing this number from 4 to 3 by this year-end which we expect will have a positive impact on divisional margin.

#### Direct Investment Division

Our Direct Investment division has fallen short of EBITDA budget in the first half by approximately \$500k as we have taken longer than anticipated to integrate the various companies within this division. We are investing here to enhance the long-term opportunity across the various media, research, and education spheres post acquisition of Share Café, Informed Investor, Yield Report and Corporate Connect Research in FY22.

Whilst the integration is causing short term pain to our bottom line, we have significantly improved this division's market offer and remain confident the second half results will better reflect the opportunities that we believe we can capitalise on.

#### Equity Markets Division

This division is made up of our Specialist Investments business and the Morrison Securities clearing business.

As discussed at the last annual general meeting the unanticipated reduction in marketing of new specialist investment products in the current period has seen EBITDA in this business reduce by more than \$500k against the corresponding period in FY22

The Morrison Securities clearing business continues to win market share and add additional services and is performing in line with budget.

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### Professional Services

This division continues to perform well, and the Group sees the potential for further consolidation and acquisition in the sector. The margins remain solid.

### Summary

Whilst our short-term result is well below our expectations, the Board remains confident that we are executing on our long-term strategic initiatives, and that the business fundamentals are in very good shape.

This confidence gives us the ability to confirm the half year dividend can increase by 40% from 0.5 cents per share for the 1H22 period to 0.7 cents per share in 1H23.

In addition, we expect the investment and integration program we have undertaken in this half will allow the company to make up a significant amount of the 1H23 profit shortfall in the full year 2023 result.

The company will provide a far more detailed update on publication of the half year results which is expected to occur on Thursday, 16 February 2023.

**-END-**

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