Appendix 4E
Preliminary final report

1. COMPANY DETAILS

Name of entity: Sequoia Financial Group Limited

ABN: 90 091 744 884

Reporting period: For the year ended 30 June 2023

Previous period: For the year ended 30 June 2022

2. RESULTS FOR ANNOUNCEMENT TO THE MARKET

				$
Revenues from ordinary activities (continuing and discontinued)	down	10.7%	to	131,536,916
Loss from ordinary activities after tax attributable to the owners of Sequoia Financial Group Limited	down	146.0%	to	(2,630,431)
Loss for the year attributable to the owners of Sequoia Financial Group Limited	down	146.0%	to	(2,630,431)

Dividends

Details of dividends [1]	Cents per share	$
2022 Final dividend (paid 10 October 2022) [2]	0.90	1,226,517
2023 Interim dividend (paid 29 March 2023) [3]	0.70	945,384

(1) All dividends are fully franked
(2) 2022 Final dividend was a cash dividend
(3) 2023 Interim dividend was a cash dividend.

Comments

The loss for the Group after providing for income tax amounted to $2,630,431 (30 June 2022: profit of $5,714,296).

3. NET TANGIBLE ASSETS

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	8.63	9.76

	Consolidated	
	2023 $	2022 $
Net assets	43,042,196	48,375,290
Less: Right-of-use assets	(1,348,225)	(1,700,335)
Less: Intangibles	(31,981,070)	(35,806,635)
Add: Lease liabilities	1,938,241	2,436,915
Total tangible assets	11,651,142	13,305,235
Total number of shares issued	135,054,525	136,279,689

4. CONTROL GAINED OVER ENTITIES

Not applicable.

5. LOSS OF CONTROL OVER ENTITIES

Not applicable.

6. DIVIDENDS

Current period

Details of dividends [1]	Cents per share	$
2022 Final dividend (paid 10 October 2022) [2]	0.90	1,226,517
2023 Interim dividend (paid 29 March 2023) [3]	0.70	945,384

(1) All dividends are fully franked
(2) 2022 Final dividend comprised of a cash dividend.
(3) 2023 Interim dividend comprised of a cash dividend.

Previous period

Details of dividends [1]	Cents per share	$
2021 Final dividend (paid 11 October 2021) [2]	0.60	791,882
2022 Interim dividend (paid 15 March 2022) [3]	0.50	661,123

(1) All dividends are fully franked
(2) 2021 Final dividend comprised of a cash dividend paid of $636,101 and dividend reinvestment allotment of $155,781
(3) 2022 Interim dividend comprised of a cash dividend paid of $528,116 and dividend reinvestment allotment of $134,005

7. DIVIDEND REINVESTMENT PLANS

Not applicable.

8. DETAILS OF ASSOCIATES AND JOINT VENTURE ENTITIES

	Reporting entity's percentage holding		Contribution to profit/(loss) (where material)	
	Reporting period	Previous period	Reporting period	Previous period
Name of associate / joint venture	%	%	$	$
Taking Control Pty Ltd (joint venture)	50.00%	50.00%	-	-
Group's aggregate share of associates and joint venture entities' (loss)/profit (where material)				
(Loss)/profit from ordinary activities before income tax			-	-
Income tax on operating activities			-	-

9. FOREIGN ENTITIES

Details of origin of accounting standards used in compiling the report:

Not applicable.

10. AUDIT QUALIFICATION OR REVIEW

Details of audit/review dispute or qualification (if any):

The financial statements have been audited and an unmodified opinion has been issued.

11. ATTACHMENTS

Details of attachments (if any):

The Annual Report of Sequoia Financial Group Limited for the year ended 30 June 2023 is attached.

12. SIGNED

Signed ______________________

Date: 31 August 2023

John Larsen
Chairman
Sydney

Sequoia Financial Group Limited

ABN 90 091 744 884

Annual Report

30 JUNE 2023

CONTENTS

Dear Shareholders,

On behalf of the Board of Directors, we are pleased to report Sequoia Financial Group Ltd (Sequoia or Company or Group) achievements and financial performance for the financial year ended 30 June 2023 ('FY2023').

FY2023 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, Sequoia navigated the delicate balancing act of maintaining profitability while absorbing increased operational expenses from an inflationary market in addition to several significant abnormal costs.

The reported revenue of $131.5m and operating profit of $5.5m (both including discontinued operations and held for sale business) on the surface was a disappointment. There were non-recurring items namely 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.

Whilst revenue and operating profit (after non-recurring items) for continuing businesses were down in FY2023 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.

Transformational asset sale provides funding for future growth

In the second half of FY2023, Sequoia announced the divestment of 80% of Morrison Securities Pty Ltd ('Morrisons') to the digital wealth management platform New Quantum Holdings Pty Ltd. Sequoia will receive a total cash consideration of $40.5m and maintain 20% of Morrisons on settlement of this transaction. As at the date of this report, the Company has now received the total consideration and is in the process of transferring the remaining 29.9% issued share capital to new owner. Sequoia will recognize the accounting impact of the disposal in the first half of FY24.

This pool of liquid capital will allow the Company to fund acquisitions with cash rather than via the dilutionary effect of issuing new shares and provide us with the confidence and capacity to increase our dividend payout ratio to a higher level much earlier than anticipated. We expect organic growth within all four operating divisions and the focus on acquisitions will be within our Licensees Services and Professional Services divisions.

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.

Capital management initiatives

In May 2023, the Directors of Sequoia extended the existing on-market buy-back program for a further twelve months. The buy-back commenced in May 2022 with the goal of prioritizing shareholder benefits and improving capital management. Morrison Securities was appointed to conduct the buy-back.

The Company now has a cash balance of approx. $40m, which will be used to fund further acquisitions and pay dividends and continue the share buyback to bolster our capital management program.

Enhancing our leadership capability

We have now completed the third year of a 5-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 5 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 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.

Segment	FY23 Revenue* ($m)	Revenue real growth	Operating profit (EBITDA) ($m)	Operating profit (EBITDA) margin
Direct Investments	3.0	16%	(0.2)	-
Equity Markets	41.7	(40%)	2.3	5.5%
Professional Services	8.5	9%	2.4	28.2%
Licensees Services	77.9	23%	3.8	4.9%
Head Office	0.4		(2.8)	

*including discontinued operations as at 30 June 2023

Sequoia Direct Investment

Whilst the Sequoia Direct Investment revenue increased by 16.0% in FY2023 the divisional operating loss of $0.2m was a significant budget miss. The underperformance of this division against budget was attributable to acquisitions made failing to meet our expectations. The division has been restructured and we have reset a plan for FY24 that is in line with past expectations while still meeting our internal target of achieving at least a 15% return on equity.

Sequoia Licensees Services (formerly Sequoia Wealth)

At a time when the overall adviser market contracted by 20%, our Licensees Services division increased adviser numbers by 5% with revenue growth of 23.0%. Non-recurring expenses distorted the operating profit for the year by approximately $1.6m which was predominantly related to the settlement of professional indemnity claims dating back to advice provided in 2019 . After removing these non-recurring items, the division generated almost $6.0m of operating profit which did meet our 15% target return.

Sequoia Professional Services

Despite market conditions being very difficult in the legal document and SMSF administration markets, Professional Services revenue increased by 9.0% in FY23 in addition to a slight increase in operating profit. Whilst the operating profit of $2.4m was slightly below our 15% return target, we expect to achieve our target return in FY24.

Sequoia Equity Markets

Sequoia Equity Markets experienced a 40.0% decline in revenue and a $4m drop in operating profit for FY2023. This disappointing result was a factor of adverse market conditions in local equity markets, global market volatility, commodity price increases and the costs of buying cover as interest rates rose.

The Morrison Securities clearing business performed well and was able to win market share however the heavy reduction in sales in the specialist investment business was the prime reason for the lower result. The divestment of Morrison will see a reduction in the Group's operating profit for FY2024 of approximately $1.2m but we expect this to be replaced with a more normalized performance from the Specialist Investment business in FY2024. We anticipate specialist investment business to perform well above the return expectation of 15% of the asset value in FY2024.

Outlook

The Group anticipates a return to earnings growth in all divisions over the coming year. We were very pleased with the improved performance of Equity Markets across the final 5 months of FY23 and have high expectations for our Professional Services division where we intend to deploy more acquisition capital to grow earnings by more than 25% following the recent Castle acquisition. Management is confident about completing further earnings accretive acquisitions in other divisions throughout FY24, with a focus on general insurance broking, financial planner customer books and SMSF administration roll ups. Strategic acquisitions will be critical to delivering on the Group's goals and the divestment of Morrison Securities provides the Company ample capital to achieve them.

Finally, we would like to express our gratitude to our shareholders, employees, licensees and customers for their unwavering support and commitment. We look forward to delivering strong results over the coming years.

Garry Crole
Managing Director/CEO

John Larsen
Chairman of the Board

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'Group') consisting of Sequoia Financial Group Limited (referred to hereafter as the 'Company' or 'parent entity') and the entities it controlled at the end of, or during, the year ended 30 June 2023.

DIRECTORS

The following persons were directors of Sequoia Financial Group Limited during the whole of the financial year and up to the date of this report, unless otherwise stated:

Garry Crole	Managing Director and Chief Executive Officer
John Larsen	Non-Executive Director and Chairman
Kevin Pattison	Non-Executive Director
Charles Sweeney	Non-Executive Director

PRINCIPAL ACTIVITIES

The Group's principal activity is to provide a range of services to financial planner stockbrokers, self-directed investors, superannuation funds and accountants that allows them to offer wealth management solutions to their customers.

This includes, but is not limited to, the provision of licensing services, business support, advice coaching, compliance, education, wholesale clearing, legal document establishments, portfolio management, bespoke investments, administration, investor relations, research and media services.

There was no change in the principal activities during the financial year.

DIVIDENDS

Details of dividends [1]	Cents per share	$
2022 Final dividend (paid 10 October 2022) [2]	0.90	1,226,517
2023 Interim dividend (paid 29 March 2023) [3]	0.70	945,384

(1) All dividends are fully franked

(2) 2022 Final dividend was a cash dividend

(3) 2023 Interim dividend was a cash dividend

REVIEW OF OPERATIONS

The loss for the Group after providing for income tax amounted to $2,630,431 (30 June 2022: profit of $5,714,296).

Operating revenue from ordinary operating activities of the Group decreased to $98,498,810, down from $110,371,762 in the corresponding year ended 30 June 2022 a decrease of 10.8%.

Underlying Profitability

The Directors are of the view that the best guide to the Group's performance is the Operating profit or normalised EBITDA, which is defined as earnings before interest, tax, depreciation and amortisation ('EBITDA') excluding the impact of:

- Non-operational items (i.e. acquisition-related costs, redundancy costs, impairment charges, fair value adjustments and gains/losses on the sale of investments); and
- Non-cash amortisation charges relating to separately identifiable intangible assets acquired under business combinations and other intangible assets.

The 2023 financial year was incredibly challenging for our Group, with the impact of financial advice related claims dating back several years, the downturn in equities markets, and prevailing uncertainty about the economy indirectly affecting the results. However, the Group will stay steadfast to our business strategy in all divisions by only seeking future opportunities that have the potential to achieve our internal target of 15% return on equity.

The Company made the following transactions during the year and thereafter:

- acquired 20% of Euree Asset Management Pty Ltd to boost the Company's customer offerings with advisers recommending the Multi Asset Funds managed by Euree Asset Management Pty Ltd
- completed the strategic acquisition of Castle Corporate Pty Ltd and Castle Legal Pty Ltd in August 2023 to boost the Professional Services division's market share and annual EBITDA contribution, with immediate earnings enhancement
- divestment of 80% of Morrison Securities Pty Ltd to a digital wealth management platform for total cash consideration of $40.5m. The gains from the sale will be booked in the first half of FY24
- consolidation of AFS licences where management made the decision to transfer the operations and customers of Libertas Financial Planning Pty Ltd to Interprac Financial Planning Pty Ltd and Sequoia Wealth Management Pty Ltd, to achieve operational and cost synergies. The intention is to liquidate Libertas Financial Planning Pty Ltd and cancel the AFS licence.

Risk Management of Material Business Risks

Listed below are material business risks that the Group seeks to manage to prevent adverse impact on the Group's business, financial performance, or operations. Note that these risks are out of the control of the Group.

Risk Type	Description	Managing the risk
Legal and compliance risk	The risk of financial loss for failing to comply with legal and regulatory obligations.	- Oversight of compliance and regulatory matters by the Group Risk and Compliance function - Monitoring regulatory change and implementing appropriate controls - Oversight of regulatory and compliance matters to Board and Risk and Compliance Committees - Use of internal and external legal advisors
Poor quality of advice risk	The risk of failure to provide quality, appropriate and adequate financial advice in the best interests of clients	- This risk is managed by having highly professional, educational, compliance, assurance, and training standards in place for the Group's advisers and authorised representatives - There is an on-going education program and rolling program of compliance reviews of advisers - The potential financial impact is mitigated by appropriate levels of insurance cover
Market performance risk	The risk that the operating and financial performance is influenced by economic and business conditions, including financial markets performance, interest rates and Government policies.	- Regular monitoring by the CEO, the Investment Committee and the Board of possible outcomes, the likely timeframe and the likelihood of the outcome occurring - Diversification of revenue streams which act in different ways with market performance

Operating revenue and operating profit compared to the prior financial year are presented in the following table:

Financial Performance

	2023 $	2022 $	Change $	Change %
Operating revenue from ordinary activities	98,498,810	110,371,762	(11,872,952)	(10.8%)
Statutory net profit after income tax	(2,630,431)	5,714,296	(8,344,727)	(146.0%)
Operating profit*	4,610,286	9,779,188	(5,168,902)	(52.9%)

* Operating profit is the measure that the Group uses to assess performance as it excludes certain non-cash and one-off or non-operational items. Operating profit is a financial measure that is not recognised under Australian Accounting Standards and may not be comparable to similarly titled measures used by other companies. Operating profit has been audited.

Normalised adjustments have been applied as set out in the following reconciliation between the Company's operating profit and the statutory net profit for the current and prior years.

2023	Continuing operations 2023 $	Held for sale Morrison Securities $	Discontinued operations Libertas Financial Planning $	Consolidated 2023 $
Operating profit for the year	4,610,286	760,964	139,680	5,510,930
Deduct normalisation adjustments:				
Acquisition costs	(102,230)	-	-	(102,230)
Impairment costs	(1,687,476)	-	-	(1,687,476)
Consideration for business acquired	(1,494,182)	-	-	(1,494,182)
	1,326,398	760,964	139,680	2,227,042
Add/(deduct):				
Interest revenue calculated using the effective interest method	45,760	940,100	-	985,860
Depreciation and amortisation	(3,593,779)	(15,048)	-	(3,608,827)
Finance costs	(230,146)	-	-	(230,146)
Statutory net profit before income tax for the year	(2,451,767	1,686,016	139,680	(626,071)
Income tax expense	(1,496,265)	(508,095)	-	(2,004,360)
Statutory net profit after income tax for the year	(3,948,032)	1,177,921	139,680	(2,630,431)

2022	Continuing operations 2022 $	Held for sale Morrison Securities $	Discontinued operations Libertas Financial Planning $	Consolidated 2022 $
Operating profit for the year	9,779,188	2,158,181	417,239	12,354,608
Deduct normalisation adjustments:				
Acquisition costs	(127,819)	-	-	(127,819)
	9,651,369	2,158,181	417,239	12,226,789
Add/(deduct):				
Interest revenue calculated using the effective interest method	3,706	13,295	-	17,001
Depreciation and amortisation	(3,375,338)	(9,981)	-	(3,385,319)
Finance costs	(150,427)	(74,876)	-	(225,303)
Statutory net profit before income tax for the year	6,129,310	2,086,619	417,239	8,633,168
Income tax expense	(2,166,622)	(626,989)	(125,261)	(2,918,872)
Statutory net profit after income tax for the year	3,962,688	1,459,630	291,978	5,714,296

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Divestment of Morrison Securities Pty Ltd

As at the date of approval of the financial report, the transaction to divest 80% of Morrison Securities Pty Ltd has completed following receipt of the remaining $15.0m consideration. We are in the process of transferring the remaining 29.9% issued share capital to new owner. Until completion date, the Group retains control of Morrison Securities Pty Ltd because completion of this transaction is subject to the final $15.0m payment. During this period, the Company has majority director votes in maintaining policy and operational decision making, with Morrison Securities Pty Ltd remaining a part of the consolidated Group.

Discontinuation of Libertas Financial Planning Pty Ltd

In May 2023, the Group decided to transfer the operations and customers of Libertas Financial Planning Pty Ltd to Interprac Financial Planning Pty Ltd and Sequoia Wealth Management Pty Ltd, to achieve operational and cost synergies. Libertas Financial Planning Pty Ltd is in the process of a liquidation and company deregistration, with the intention to cancel the AFS licence.

There were no other significant changes in the state of affairs of the Group during the financial year.

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

Acquisition of Castle Corporate Pty Ltd and Castle Legal Pty Ltd ('Castle')

On 11 July 2023, the Company announced it had signed a heads of agreement to acquire the customer list of Castle Corporate Pty Ltd and Castle Legal Pty Ltd ('Castle'). The Castle businesses are prominent and reputable firms specialising in providing accountants, financial advisers and lawyers comprehensive advice and solutions relating to new and existing companies, trusts and self-managed super funds. As such, Castle is a logical and germane fit with the Group's legal document entities.

In August 2023, the transaction was completed with consideration of $3.15m payable in cash and cash equivalents over a two year period.

Divestment of Morrison Securities Pty Ltd

The transaction to divest 80% of Morrison Securities Pty Ltd has been completed as at the date of approval of the financial report, with the final consideration of $15.0m received on 31 August 2023.

No other matter or circumstance has arisen since 30 June 2023 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

The Group does not expect any major developments or variation to results if the Group continues to operate as normal. However major variations would occur if the Group undertook a key strategic initiative such as a material acquisition. Currently nothing of this nature is expected to take place in the foreseeable future but the Group remains open to look at opportunities in this space whenever they are presented.

ENVIRONMENTAL REGULATION

The Group is not subject to any significant environmental regulation under Australian Commonwealth or State law.

INFORMATION ON DIRECTORS

Name: **Garry Peter Crole**

Title: Managing Director and Chief Executive Officer

Appointed: 18 November 2016

Qualifications: Adv.Dip Financial Services (Deakin), GAICD

Experience and expertise: Garry is a highly experienced and well-regarded Financial Services Executive. He founded Deakin Financial Planning, an ASX listed company that was later acquired by IOOF. In more recent years, Garry started Interprac Financial Planning Pty Ltd, which is a leading independently owned Australian Financial Services Licensee.

Other current directorships: None

Former directorships (last 3 years): None

Special responsibilities: Member of Risk and Compliance Committee, Audit Committee and Remuneration and Nomination Committee

Interests in shares: 11,036,137 ordinary shares (directly held) and 1,047,535 ordinary shares (indirectly held)

Interests in options: 500,000 options over ordinary shares

Interests in rights: None

Name: **John Larsen**

Title: Non-Executive Director and Chairman

Appointed: 1 March 2019

Qualifications: Retired Chartered Accountant

Experience and expertise: John brings in excess of 30 years' experience in financial services to the Company, including senior management positions and directorships across various businesses licensed to provide financial services including funds management and stock broking. John has significant experience in the management of private portfolios and individually managed accounts. He was also the Chairman of Odyssey Funds Management between 2002 and 2009, part of the investment committee responsible for ASX listed, Huntley Investment Company Limited, between 2006 and 2008 and previously held the position of Group Investment Manager at ING (then Mercantile Mutual Group) retaining responsibility for the entire Australian investments portfolio with over $500 million of funds under management.

Other current directorships: Non-Executive Director of Glennon Small Companies Limited (ASX: GC1) from April 2015

Former directorships (last 3 years): None

Special responsibilities: Chair of Audit Committee and member of Remuneration and Nomination Committee

Interests in shares: 105,438 ordinary shares (directly held) and 2,155,541 ordinary shares (indirectly held)

Interests in options: 500,000 options over ordinary shares

Interests in rights: None

Name: **Kevin Pattison**

Title: Non-Executive Director

Appointed: 5 February 2019

Qualifications: B.Bus(Ins), Fellow ANZIIF, GAICD

Experience and expertise: Kevin has over 40 years' experience in financial services, specialising in distribution, strategic planning and business remediation. He has been a Non-Executive Director for the past 4 years on private companies and prior to that he was the CEO of various large national businesses in the financial services sector. He is currently the Chairman of Master Builders Insurance Brokers.

Other current directorships: None

Former directorships (last 3 years): None

Special responsibilities: Chair of Remuneration and Nomination Committee and member of Risk and Compliance Committee

Interests in shares: 794,869 ordinary shares (indirectly held)

Interests in options: 250,000 options over ordinary shares

Interests in rights: None

Name: **Charles Sweeney**

Title: Non-Executive Director

Appointed: 1 March 2019

Qualifications: B.Comm, LL.B (Melb), Partner of Cooper Grace Ward Lawyers

Experience and expertise: Charles is a partner in Cooper Grace Ward's corporate and commercial group. Charles provides wide-ranging general commercial advice to clients, with particular areas of focus including corporate advisory and intellectual property / information technology. Acting for listed and unlisted public and private clients, Charles advises across a broad range of industries, including agribusiness, financial services, technology and mining. Charles has served as a non-executive director of an ASX listed company (including during its ASX listing) and has practical experience of the issues faced by boards in relation to corporate governance, dealings with regulators (especially ASX and ASIC), major transactions and capital raisings. Charles is also a regular presenter on such topics.

Other current directorships: None

Former directorships (last 3 years): None

Special responsibilities: Chair of Risk and Compliance Committee and member of Audit Committee

Interests in shares: 561,490 ordinary shares (indirectly held)

Interests in options: 250,000 options over ordinary shares

Interests in rights: None

'Other current directorships' quoted above are current directorships for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.
'Former directorships (last 3 years)' quoted above are directorships held in the last 3 years for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

COMPANY SECRETARIES

The joint Company secretaries are as follows:

Lizzie Tan, B.Economics (Accounting), CPA and Fellow member of FINSIA - Joint Company Secretary

Lizzie has been the Company's Chief Financial Officer since 23 April 2020. Lizzie is an experienced finance, audit, risk and corporate transactional executive who has held senior Finance and Audit roles with ANZ, AXA, Legg Mason Australia and Deloitte.

Sally McDow Bachelor of Laws (LLB) and Master of Business Administration - Joint Company Secretary, appointed 23 December 2022

Sally is an employee of Boardroom Pty Ltd, the Company's Corporate Secretarial services provider. Sally is an experienced ASX Listed company secretary and is a graduate of the Governance Institute and Australian Institute of Company Directors.

MEETINGS OF DIRECTORS

The number of meetings of the Company's Board of Directors ('the Board') and of each Board committee held during the year ended 30 June 2023, and the number of meetings attended by each director were:

	Full Board		Audit Committee	
	Attended	Held	Attended	Held
G Crole	6	6	3	3
J Larsen	6	6	3	3
K Pattison	6	6	-	-
C Sweeney	6	6	3	3

	Risk and Compliance Committee		Remuneration and Nomination Committee	
	Attended	Held	Attended	Held
G Crole	3	3	3	3
J Larsen	-	-	3	3
K Pattison	3	3	3	3
C Sweeney	3	3	-	-

Held: represents the number of meetings held during the time the director held office or was a member of the relevant committee.

REMUNERATION REPORT (AUDITED)

The remuneration report details the key management personnel remuneration arrangements for the Group, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

The remuneration report contains the following sections:

(a) Key management personnel covered in this report

(b) Executive reward framework

(c) Remuneration and nomination committee

(d) Non-executive directors arrangement

(e) Elements of remuneration

(f) Use of remuneration consultants

(g) Voting and comments made at the Company's 2022 Annual General Meeting (AGM)

(h) Details of key management personnel remuneration

(i) Service agreements

(j) Share-based compensation

(k) Additional information

(l) Other disclosures relating to key management personnel

(a) Key management personnel covered in this report

The key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including all directors.

The key management personnel of the Group during the financial year are as follows:

- Garry Crole - Executive Director and Chief Executive Officer
- John Larsen - Chairman and Non-Executive Director
- Kevin Pattison - Non-Executive Director
- Charles Sweeney - Non-Executive Director

Other key management personnel:

- Lizzie Tan – Chief Financial Officer and Joint Company Secretary

(b) Executive reward framework

The objective of the Group's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with the achievement of strategic objectives and the creation of value for shareholders, and it is considered to conform to the market best practice for the delivery of reward. The Board of Directors ensures that executive reward satisfies the following key criteria for good reward governance practices:

- competitiveness and reasonableness;
- acceptability to shareholders;
- performance linkage / alignment of executive compensation; and
- transparency.

(c) Remuneration and Nomination Committee

The Board of Directors, through its Remuneration and Nomination Committee, accepts responsibility for determining and reviewing remuneration arrangements for the directors and the senior management team. The Remuneration and Nomination Committee assesses the appropriateness of the nature and amount of remuneration of directors and senior managers on a periodic basis by reference to relevant employment market conditions, giving due consideration to the overall profitability and financial resources of the Group, with the objective of ensuring maximum stakeholder benefit from the retention of a high quality Board and executive team.

In accordance with best practice corporate governance, the structure of non-executive director and executive director remuneration is separate.

(d) Non-executive directors arrangement

Fees and payments to non-executive directors reflect the demands which are made of the directors in fulfilling their responsibilities. Non-executive director fees are reviewed annually by the Board. The constitution of the Company provides that the non-executive directors of the Company are entitled to such remuneration, as determined by the Board, which must not exceed in aggregate the maximum amount determined by the Company in general meeting. The most recent determination was at the Annual General Meeting held on 23 November 2022 where the shareholders approved an aggregate remuneration of $350,000.

(e) Elements of remuneration

Executive remuneration comprises:

- Fixed remuneration component;
- Variable remuneration component including short-term incentive ('STI')
- Variable remuneration including long-term incentive ('LTI'); and
- An Employee Share Option Plan that was approved at a meeting of shareholders on the 27 November 2015 (LTI).

Fixed remuneration

Fixed remuneration consists of base remuneration as well as employer contributions to superannuation. Remuneration levels are reviewed annually through a process that considers individual performance and that of the overall Group.

Variable remuneration – short-term incentive ('STI')

STIs are available to executives who achieve performance criteria including compliance. The Board is responsible for determining who is eligible to participate in STI arrangements as well as the structure of those arrangements.

Variable remuneration – long-term incentive ('LTI')

The objective of the LTI plan is to reward senior managers in a manner which aligns this element of remuneration with the creation of shareholder wealth. As such, LTI grants are only made to executives who are able to influence the generation of shareholder wealth and thus have a direct impact on the Group's performance against relevant long term performance hurdles. LTI grants to executives are delivered in the form of options or shares.

Sequoia Employee Incentive Plan ('SEIP')

On 1 February 2017, the Company established an employee equity scheme, called the Sequoia Employee Incentive Plan to offer options and performance rights to certain employees employed in the Company. During the financial year, no new options or performance rights were issued.

Consolidated entity performance and link to remuneration

Remuneration for certain individuals is set with reference to prevailing market rates and the performance of the Group. Short-term and long-term incentive payments are at the total discretion of the Remuneration and Nomination Committee. Refer to the section 'Additional information' below for details of the earnings and total shareholders return for the five years to 30 June 2023.

(f) Use of remuneration consultants

During the financial year ended 30 June 2023, the Group did not engage remuneration consultants, to review its existing remuneration policies and provide recommendations.

(g) Voting and comments made at the Company's 2022 Annual General Meeting ('AGM')

At the 23 November 2022 AGM, 99.61% of the votes received supported the adoption of the remuneration report for the year ended 30 June 2022. The Company did not receive any specific feedback at the AGM regarding its remuneration practices.

(h) Details of key management personnel remuneration

Details of the remuneration of key management personnel of the Group are set out in the following tables.

	Short-term benefits				Post-employment benefits	Share-based payments	
2023	**Cash salary and fees $**	**Cash Bonus $**	**Directors' fees $**	**Movement in leave entitlements $**	**Super-annuation $**	**Options ** $**	**Total $**
Non-Executive Directors:							
J Larsen	90,909	-	-	-	9,545	20,379	120,833
K Pattison	-	-	65,000	-	-	10,190	75,190
C Sweeney	-	-	65,000	-	-	10,190	75,190
Executive Directors:							
G Crole	468,464*	-	-	42,767	25,292	20,379	556,902
Other Key Management Personnel:							
L Tan	296,432	-	-	16,323	25,292	5,274	343,321
	855,805	-	130,000	59,090	60,129	66,412	1,171,436

* Cash salary and fees include expense reimbursement of $869.

** Directors' options vesting completion dates are 1 January 2022 and 1 January 2024. Other Key Management Personnel options have vested on 15 July 2021, 1 January 2022, 30 June 2022 and 1 January 2023.

2022	Short-term benefits Cash salary and fees $	Cash bonus $	Directors' fees $	Movement in leave entitlements $	Post-employment benefits Super-annuation $	Share-based payments Options ** $	Total $
Non-Executive Directors:							
J Larsen	90,909	-	-	-	9,133	38,049	138,091
K Pattison	-	-	65,000	-	-	19,025	84,025
C Sweeney	-	-	65,000	-	-	19,025	84,025
Executive Directors:							
G Crole	462,026*	-	-	(13,088)	23,568	38,049	510,555
Other Key Management Personnel:							
L Tan	251,829	-	-	11,103	23,568	35,564	322,064
	804,764	-	130,000	(1,985)	56,269	149,712	1,138,760

* Cash salary and fees include expense reimbursement of $850 and annual leave cash out of $48,184.

** Directors options vesting completion dates are 1 January 2022 and 1 January 2024. Other key management personnel options have vested on 15 July 2021, 1 January 2022, 30 June 2022 and 1 January 2023.

The proportion of remuneration linked to performance and the fixed proportion are as follows:

Name	Fixed remuneration 2023	Fixed remuneration 2022	At risk - STI 2023	At risk - STI 2022	At risk - LTI 2023	At risk - LTI 2022
Non-Executive Directors:						
J Larsen	83%	73%	-	-	17%	27%
K Pattison	86%	77%	-	-	14%	23%
C Sweeney	86%	77%	-	-	14%	23%
Executive Directors:						
G Crole	96%	93%	-	-	4%	7%
Other Key Management Personnel:						
L Tan	98%	89%	-	-	2%	11%

(i) Service agreements

Where contracts have been established, employment terms and conditions of key management personnel and Group executives are formalised in standard contracts of employment. All contracts are for no fixed term with one to three months' notice required for termination by either party. There are no requirements for termination payments.

(j) Share-based compensation

Issue of options and performance rights

During prior years, options were granted to the directors and other key management personnel of the Company as part of their compensation. The number of options over ordinary shares in the Company held during the financial year by each director and the other member of the key management personnel of the Group, including their personally related parties, is set out below:

	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
Options over ordinary shares					
G Crole	500,000	-	-	-	500,000
J Larsen	500,000	-	-	-	500,000
K Pattison	250,000	-	-	-	250,000
C Sweeney	250,000	-	-	-	250,000
L Tan	250,000	-	-	-	250,000
	1,750,000	-	-	-	1,750,000

As at 30 June 2023, L Tan had 250,000 of options over ordinary shares had vested and are exercisable, and there were no options that had vested and are unexercisable.

(k) Additional information

The earnings of the Group for the five years to 30 June 2023 are summarised below:

	2023 $	2022 $	2021 $	2020 $	2019 $
Sales revenue	131,536,916	147,312,720	116,462,659	84,498,650	83,018,040
Operating profit (Normalised EBITDA)	6,451,030	12,354,607	11,516,560	4,825,701	1,092,882
Profit/(loss) before income tax	(626,071)	8,633,168	8,127,791	2,881,237	(1,104,154)
Profit/(loss) after income tax	(2,630,431)	5,714,296	5,548,262	1,932,474	(1,001,368)

The factors that are considered to affect total shareholders return ('TSR') are summarised below:

	2023	2022	2021	2020	2019
Share price at financial year end ($)	0.540	0.590	0.550	0.210	0.170
Total dividends declared (cents per share)	0.700	1.400	1.000	0.400	-
Basic earnings per share (cents per share)	(1.942)	4.296	4.324	1.607	(0.851)

(l) Other disclosures relating to key management personnel

Shareholding

The number of shares in the Company held during the financial year by each director and the other member of the key management personnel of the Group, including their personally related parties, is set out below:

	Balance at the start of the year	Received on exercise of options	Additions	Disposals/ other	Balance at the end of the year
Ordinary shares					
G Crole*	12,083,672	-	-	-	12,083,672
J Larsen*	2,210,979	-	50,000	-	2,260,979
K Pattison*	794,869	-	-	-	794,869
C Sweeney*	561,490	-	-	-	561,490
L Tan*	303,861	-	-	-	303,861
	15,954,871	-	50,000	-	16,004,871

* Shares acquired via on-market trade or dividend re-investment plan.

Transactions with key management personnel and their related parties

During the financial year, $80,933 was paid or payable for services provided by Cooper Grace Ward, a related party entity of director, Charles Sweeney. This is not deemed personal remuneration.

This concludes the remuneration report, which has been audited.

Shares under option

Unissued ordinary shares of Sequoia Financial Group Limited under option at the date of this report are as follows:

Grant date	Expiry date	Exercise price	Number under option
19 November 2020 Type 2	30 June 2024	$0.4500	1,500,000
18 January 2021 Type 2	30 June 2024	$0.4500	500,000
			2,000,000

No person entitled to exercise the options had or has any right by virtue of the option to participate in any share issue of the Company or of any other body corporate.

SHARES UNDER PERFORMANCE RIGHTS

There were no unissued ordinary shares of Sequoia Financial Group Limited under performance rights outstanding at the date of this report.

SHARES ISSUED ON THE EXERCISE OF OPTIONS

There were no ordinary shares of Sequoia Financial Group Limited issued on the exercise of options during the year ended 30 June 2023 and up to the date of this report.

SHARES ISSUED ON THE EXERCISE OF PERFORMANCE RIGHTS

There were no ordinary shares of Sequoia Financial Group Limited issued on the exercise of performance rights during the year ended 30 June 2023 and up to the date of this report.

INDEMNITY AND INSURANCE OF OFFICERS

The Company has indemnified the directors and executives of the Company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the Company paid a premium in respect of a contract to insure the directors and executives of the Company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

INDEMNITY AND INSURANCE OF AUDITOR

The Company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor.

During the financial year, the Company has not paid a premium in respect of a contract to insure the auditor of the Company or any related entity.

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

NON-AUDIT SERVICES

Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in note 29 to the financial statements.

The directors are satisfied that the provision of non-audit services during the financial year, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The directors are of the opinion that the services as disclosed in note 29 to the financial statements do not compromise the external auditor's independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants (including Independence Standards) issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as advocate for the Company or jointly sharing economic risks and rewards.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors

John Larsen
Chairman

31 August 2023
Sydney

AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS OF SEQUOIA FINANCIAL GROUP LIMITED

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2023 there have been:

— no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

— no contraventions of any applicable code of professional conduct in relation to the audit.

William Buck

William Buck Audit (Vic) Pty Ltd
ABN 59 116 151 136

R. P. Burt
Director
Melbourne, 31 August 2023

Level 20, 181 William Street, Melbourne VIC 3000
+61 3 9824 8555
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	Note	Consolidated 2023 $	2022 $
Revenue from continuing operations	5	98,498,810	110,371,762
Expenses			
Data fees		(277,227)	(318,495)
Dealing and settlement	6	268,458	622,506
Commission and hedging		(71,257,839)	(78,113,785)
Employee benefits	6	(14,399,304)	(14,888,560)
Occupancy		(470,244)	(409,399)
Telecommunications		(1,255,679)	(1,153,352)
Marketing		(396,627)	(197,087)
Compliance costs		(2,124,560)	(812,803)
Insurance		(1,008,603)	(918,051)
General and administrative		(2,966,899)	(4,403,548)
Operating profit		4,610,286	9,779,188
Interest revenue calculated using the effective interest method		45,760	3,706
Depreciation	6	(1,381,076)	(1,281,290)
Amortisation	6	(2,212,703)	(2,094,048)
Acquisition costs		(102,230)	(127,819)
Finance costs	6	(230,146)	(150,427)
Impairment of intangible assets	17	(1,687,476)	-
Consideration for business acquired		(1,494,182)	-
(Loss)/profit before income tax expense from continuing operations		(2,451,767)	6,129,310
Income tax expense	7	(1,496,265)	(2,166,622)
(Loss)/profit after income tax expense from continuing operations		(3,948,032)	3,962,688
Profit after income tax expense from discontinued operations	8	1,317,601	1,751,608
(Loss)/profit after income tax expense for the year attributable to the owners of Sequoia Financial Group Limited		(2,630,431)	5,714,296
Other comprehensive (expense)/income			
Items that will not be reclassified subsequently to profit or loss			
(Loss)/gain on the revaluation of financial assets at fair value through other comprehensive income, net of tax		(82)	59,833
Other comprehensive (expense)/income for the year, net of tax		(82)	59,833
Total comprehensive (expense)/income for the year attributable to the owners of Sequoia Financial Group Limited		(2,630,513)	5,774,129
Total comprehensive (expense)/income for the year is attributable to:			
Continuing operations		(3,948,114)	4,022,521
Discontinued operations		1,317,601	1,751,608
		(2,630,513)	5,774,129

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

	Note	2023 Cents	2022 Cents
Earnings per share for (loss)/profit from continuing operations attributable to the owners of Sequoia Financial Group Limited			
Basic earnings per share	36	(2.914)	2.979
Diluted earnings per share	36	(2.914)	2.935
Earnings per share for profit from discontinued operations attributable to the owners of Sequoia Financial Group Limited			
Basic earnings per share	36	0.973	1.317
Diluted earnings per share	36	0.973	1.297
Earnings per share for (loss)/profit attributable to the owners of Sequoia Financial Group Limited			
Basic earnings per share	36	(1.942)	4.296
Diluted earnings per share	36	(1.942)	4.233

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Consolidated statement of financial position

	Note	Consolidated 2023 $	2022 $
Assets			
Current assets			
Cash and cash equivalents	9	9,392,306	36,607,635
Trade and other receivables	10	9,311,594	31,302,580
Contract assets and deferred costs	11	3,509,343	6,660,126
Inventories		-	30,499
Investments in shares	12	1,494,565	1,589,036
Derivative financial instruments	13	2,461,708	3,316,339
Other financial assets	14	17,891,572	-
Prepayments		1,074,813	848,728
		45,135,901	80,354,943
Assets of disposal groups classified as held for sale	8	42,860,810	-
Total current assets		87,996,711	80,354,943
Non-current assets			
Contract assets and deferred costs	11	1,018,846	2,793,800
Investments accounted for using the equity method		-	16,246
Derivative financial instruments	13	1,694,766	7,035,038
Other non-current financial assets	27	520,000	62,302
Plant and equipment	15	1,133,944	1,336,629
Right-of-use assets	16	1,348,225	1,700,335
Goodwill and intangible assets	17	31,981,070	35,806,635
Deferred tax	7	9,975,843	6,000,655
Deposits		66,578	744,679
Total non-current assets		47,739,272	55,496,319
Total assets		135,735,983	135,851,262

The above consolidated statement of financial position should be read in conjunction with the accompanying notes

	Note	Consolidated 2023 $	Consolidated 2022 $
Liabilities			
Current liabilities			
Trade and other payables	18	35,098,787	48,412,396
Contract liabilities and deferred revenue	19	4,504,747	8,908,663
Interest bearing loans and borrowings	20	495,593	490,777
Lease liabilities	21	990,340	911,234
Derivative financial instruments	13	2,461,708	3,316,339
Income tax payable		6,487,348	665,883
Employee benefits		1,368,396	1,869,371
Contingent consideration	22	2,205,244	3,140,182
		53,612,163	67,714,845
Liabilities directly associated with assets classified as held for sale	8	30,533,788	-
Total current liabilities		84,145,951	67,714,845
Non-current liabilities			
Contract liabilities and deferred revenue	19	1,305,390	3,540,648
Interest bearing loans and borrowings	20	1,750,000	-
Lease liabilities	21	947,901	1,525,681
Derivative financial instruments	13	1,694,766	7,035,038
Deferred tax	7	2,711,095	4,757,692
Employee benefits		138,684	155,953
Client trading and security bond		-	2,746,115
Total non-current liabilities		8,547,836	19,761,127
Total liabilities		92,693,787	87,475,972
Net assets		43,042,196	48,375,290
Equity			
Issued capital	23	53,867,905	54,491,225
Reserves	24	810,032	717,474
Accumulated losses		(11,635,741)	(6,833,409)
Total equity		43,042,196	48,375,290

The above consolidated statement of financial position should be read in conjunction with the accompanying notes

Consolidated	Issued capital $	Financial assets at fair value reserve $	Share-based payments reserve $	Accumulated losses $	Total equity $
Balance at 1 July 2021	51,524,175	488,396	276,828	(11,171,940)	41,117,459
Profit after income tax expense for the year	-	-	-	5,714,296	5,714,296
Other comprehensive income for the year, net of tax	-	59,833	-	-	59,833
Total comprehensive income for the year	-	59,833	-	5,714,296	5,774,129
Transactions with owners in their capacity as owners:					
Contributions of equity, net of transaction costs (note 23)	2,735,507	-	-	-	2,735,507
Share buy-backs	(291,254)	-	-	-	(291,254)
Vesting of share-based payments	-	-	203,666	-	203,666
Transfer of fair value on exercised options	174,511	-	(174,511)	-	-
Transfer of fair value on lapsed options	-	-	(78,238)	78,238	-
Transfer of fair value on exercised performance rights	58,500	-	(58,500)	-	-
Dividends paid and effect of dividend reinvestment plan (note 25)	289,786	-	-	(1,454,003)	(1,164,217)
Balance at 30 June 2022	54,491,225	548,229	169,245	(6,833,409)	48,375,290

Consolidated	Issued capital $	Financial assets at fair value reserve $	Share-based payments reserve $	Accumulated losses $	Total equity $
Balance at 1 July 2022	54,491,225	548,229	169,245	(6,833,409)	48,375,290
Loss after income tax expense for the year	-	-	-	(2,630,431)	(2,630,431)
Other comprehensive expense for the year, net of tax	-	(82)	-	-	(82)
Total comprehensive expense for the year	-	(82)	-	(2,630,431)	(2,630,513)
Transactions with owners in their capacity as owners:					
Payments for share buy-backs (note 23)	(623,320)	-	-	-	(623,320)
Vesting of share-based payments	-	-	92,640	-	92,640
Dividends paid (note 25)	-	-	-	(2,171,901)	(2,171,901)
Balance at 30 June 2023	53,867,905	548,147	261,885	(11,635,741)	43,042,196

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes

	Note	Consolidated 2023 $	Consolidated 2022 $
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		115,299,106	155,726,590
Payments to suppliers and employees (inclusive of GST)		(112,426,961)	(141,849,867)
Net cash (used in)/from client related operations		(7,015,692)	(1,315,309)
		(4,143,547)	12,561,414
Interest received		985,859	17,001
Interest and other finance costs paid		(142,344)	(129,032)
Income taxes paid		(2,292,867)	(2,908,858)
Net cash (used in)/from operating activities	35	(5,592,899)	9,540,525
Cash flows from investing activities			
Payment for purchase of businesses, net of cash acquired	33	-	(3,269,619)
Further payments for prior period purchase of business		(2,244,182)	(450,000)
Payments for investments in shares		(1,135,033)	(535,514)
Payments for plant and equipment	15	(423,983)	(375,411)
Payments for intangibles	17	(4,900)	-
Payments for asset acquisitions		(112,126)	(1,529,350)
Proceeds from disposal of business (in advance)		7,150,000	-
Proceeds from disposal of investments in shares		108,529	188,953
Proceeds of distributions from joint venture		7,500	35,000
Net cash from/(used in) investing activities		3,345,805	(5,935,941)
Cash flows from financing activities			
Proceeds from exercise of options		-	531,000
Payments for share buybacks		(623,320)	(291,253)
Proceeds from drawdown of loan facility		1,750,000	-
Proceeds from borrowings		991,685	982,054
Repayment of borrowings		(986,869)	(808,430)
Repayment of lease liabilities		(1,038,370)	(889,270)
Dividends paid	25	(2,171,901)	(1,164,217)
Net cash used in financing activities		(2,078,775)	(1,640,116)
Net (decrease)/increase in cash and cash equivalents		(4,325,869)	1,964,468
Cash and cash equivalents at the beginning of the financial year		36,607,635	34,643,167
Less: cash and cash equivalents classified as held for sale	8	(22,889,460)	-
Cash and cash equivalents at the end of the financial year	9	9,392,306	36,607,635

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes

NOTE 1. GENERAL INFORMATION

The financial statements cover Sequoia Financial Group Limited as a Group consisting of Sequoia Financial Group Limited ('Company' or 'parent entity') and the entities it controlled at the end of, or during, the year (referred to in these financial statements as the 'Group'). The financial statements are presented in Australian dollars, which is Sequoia Financial Group Limited's functional and presentation currency.

Sequoia Financial Group Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business are:

Registered office	Principal place of business
Level 7	Level 8
7 Macquarie Place	525 Flinders Street
Sydney NSW 2000	Melbourne VIC 3000

A description of the nature of the Group's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 31 August 2023. The directors have the power to amend and reissue the financial statements.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Group.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the AASB and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

Historical cost convention

The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of financial assets at fair value through other comprehensive income, financial assets and liabilities at fair value through profit or loss and derivative financial instruments.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the Group only. Supplementary information about the parent entity is disclosed in note 32.

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Sequoia Financial Group Limited as at 30 June 2023 and the results of all subsidiaries for the year then ended.

Subsidiaries are all those entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the Group are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Where the Group loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The Group recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Operating segments

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

Revenue recognition

The Group recognises revenue as follows:

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue from contracts with customers

Revenue is recognised at an amount that reflects the consideration to which the Group is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the Group: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are recognised as a refund liability.

Timing of revenue recognition

Sequoia Equity Markets Group: The Group offers structured products to investors seeking exposure to investment opportunities. Management determined after lengthy evaluation that there are different types of structured product revenue. Each revenue type has numerous and distinct performance obligations, which allows for a different treatment to each of these revenue streams.

The different revenue streams include:

- application fee revenue is recognised up-front (upon execution of delivery of product to the customer) and is non-refundable;
- structured product revenue is released over the duration of the contract as it is earned over a period of time (duration of the contract); and
- coupon premium revenue is earned upon completion of the contract, as it is earned upon concluding the contract (conclusion of contract).

The costs of entering into the contract with wholesale counter parties are matched to the revenue streams.

Interest

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Other revenue from client services

Revenues from other services, including brokerage, financial planning, superannuation and corporate advisory services are performed as they are rendered to the customer, net of any commissions. For

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

brokerage, this occurs upon the date of settlement of clearing the underlying transaction on behalf of the client. For corporate advisory income relating to a transaction, this occurs upon the execution of the transaction. Where corporate advisory services relate to fees earned under a retainer agreement, revenue is accrued pro-rata according to the servicing of that retainer.

Contract assets and contract liabilities

Contract assets relate to contract costs and contract liabilities relate primarily to structured product revenues. The contract assets represents costs deferred and contract liabilities represent revenue deferred due to recognition requirements where the revenue and cost are spread over the product life.

Income tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

Discontinued operations

A discontinued operation is a component of the Group that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The asset or disposable group is available for immediate sale in its present condition, subject only to terms that are usual and customary for sales of such assets (or disposal groups) and its sale is highly probable. A sale is highly probable where the agreement has been signed and executed and completion is expected within the next year.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The results of discontinued operations are presented separately on the face of the statement of profit or loss and other comprehensive income. The disposal assets are held for sale at the lower of its carrying amount and fair value less costs to sell.

Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The Group has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

Derivative financial instruments

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

Derivatives are classified as current or non-current depending on the expected period of realisation, based upon the maturity date set in the underlying derivative agreement.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Non-current assets or disposal groups classified as held for sale

Non-current assets and assets of disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continued use. They are measured at the lower of their carrying amount and fair value less costs of disposal. For non-current assets or assets of disposal groups to be classified as held for sale, they must be available for immediate sale in their present condition and their sale must be highly probable.

An impairment loss is recognised for any initial or subsequent write down of the non-current assets and assets of disposal groups to fair value less costs of disposal. A gain is recognised for any subsequent increases in fair value less costs of disposal of a non-current assets and assets of disposal groups, but not in excess of any cumulative impairment loss previously recognised.

Non-current assets are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of assets held for sale continue to be recognised.

Non-current assets classified as held for sale and the assets of disposal groups classified as held for sale are presented separately on the face of the statement of financial position, in current assets. The liabilities of disposal groups classified as held for sale are presented separately on the face of the statement of financial position, in current liabilities.

Joint ventures

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Investments in joint ventures are accounted for using the equity method. Under the equity method, the share of the profits or losses of the joint venture is recognised in profit or loss and the share of the movements in equity is recognised in other comprehensive income. Investments in joint ventures are carried in the statement of financial position at cost plus post-acquisition changes in the Group's share of net assets of the joint venture. Goodwill relating to the joint venture is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment. Income earned from joint venture entities reduce the carrying amount of the investment.

Investments and other financial assets

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, its carrying value is written off.

Financial assets at amortised cost

A financial asset is measured at amortised cost only if both of the following conditions are met: (i) it is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and (ii) the contractual terms of the financial asset represent contractual cash flows that are solely payments of principal and interest.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial assets at fair value through profit or loss

Financial assets not measured at amortised cost or at fair value through other comprehensive income are classified as financial assets at fair value through profit or loss. Typically, such financial assets will be either: (i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit, or a derivative; or (ii) designated as such upon initial recognition where permitted. Fair value movements are recognised in profit or loss.

Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income include equity investments which the Group intends to hold for the foreseeable future and has irrevocably elected to classify them as such upon initial recognition.

Impairment of financial assets

The Group recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the Group's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets mandatorily measured at fair value through other comprehensive income, the loss allowance is recognised in other comprehensive income with a corresponding expense through profit or loss. In all other cases, the loss allowance reduces the asset's carrying value with a corresponding expense through profit or loss.

Plant and equipment

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of plant and equipment (excluding land) over their expected useful lives as follows:

Leasehold improvements	Over the term of the lease
Plant and equipment	3 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

An item of plant and equipment is derecognised upon disposal or when there is no future economic benefit to the Group. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Right-of-use assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the Group expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The Group has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

Goodwill and intangible assets

Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

Goodwill

Goodwill arises on the acquisition of a business. Goodwill is not amortised. Instead, goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are taken to profit or loss and are not subsequently reversed.

Brand name

Brand name arises on the acquisition of a business. Brand name is not amortised. Instead, brand name is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Management consider brand name to have an indefinite useful life because the potential to generate cash flows is unlimited.

Customer list

Customer lists are amortised on a straight-line basis over their finite life. The finite life is the period of expected benefit, which ranges from 5 to 20 years depending on factors such as, their significance to the Group, acquisition consideration and estimated customer turnover.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Regulatory memberships and licences

Costs in relation to regulatory memberships and licences are capitalised as an asset. These costs are not subsequently amortised but reviewed annually for impairment. Management consider regulatory memberships and licences to have indefinite useful lives because the potential to generate cash flows is unlimited.

Impairment of non-financial assets

Goodwill and intangible assets of indefinite life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Interest bearing loans and borrowings

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Lease liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Employee benefits

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on high-quality corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

Issued capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Business combinations

The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired.

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. All acquisition costs are expensed as incurred to profit or loss.

On the acquisition of a business, the Group assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the Group's operating or accounting policies and other pertinent conditions in existence at the acquisition-date.

Where the business combination is achieved in stages, the Group remeasures its previously held equity interest in the acquiree at the acquisition-date fair value and the difference between the fair value and the previous carrying amount is recognised in profit or loss.

Contingent consideration to be transferred by the acquirer is recognised at the acquisition-date fair value. Subsequent changes in the fair value of the contingent consideration classified as an asset or liability is recognised in profit or loss. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

The difference between the acquisition-date fair value of assets acquired, liabilities assumed and any non-controlling interest in the acquiree and the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquiree is recognised as goodwill. If the consideration transferred and the pre-existing fair value is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the acquirer, the difference is recognised as a gain directly in profit or loss by the acquirer on the acquisition-date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the acquirer's previously held equity interest in the acquirer.

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition-date. The measurement period ends on either the earlier of (i) 12 months from the date of the acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to the owners of Sequoia Financial Group Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

Goods and Services Tax ('GST') and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Group for the annual reporting period ended 30 June 2023. The Group has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

NOTE 3. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Assessment of achieving revenue targets attached to contingent consideration

Contingent consideration is deemed a critical estimate as there may be estimated amounts included in the transaction price of acquired businesses. These estimates are largely based on an assessment of anticipated performance and all information (historical, current and forecasted) that is reasonably available.

NOTE 3. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)

Assessment of fair value on acquired assets and liabilities in business combinations

Business combinations are initially accounted for on a provisional basis. The fair value of assets acquired, liabilities and contingent liabilities assumed are initially estimated by the Group, taking into account all available information at the reporting date. Fair value adjustments on the finalisation of the business combination accounting is retrospective, where applicable, to the period the business combination occurred and may have an impact on the assets, liabilities, depreciation and amortisation reported.

Goodwill

The Group tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill has suffered any impairment, in accordance with the accounting policy stated in note 2. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions, including estimated discount rates based on the current cost of capital and growth rates of the estimated future cash flows.

Impairment of non-financial assets other than goodwill and other indefinite life intangible assets

The Group assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the Group and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

Discontinued operations

The Directors evaluated that the divestment of Morrison Securities Pty Ltd is highly probable because the agreement has been signed and executed and payment of the final tranche is expected at the end of August 2023. There is no indication that the agreement will change or be withdrawn.

The discontinued operation contained two main accounting judgements: the date of loss of control and accounting for the sale as a single transaction.

It was assessed that the Group retains control of Morrison Securities Pty Ltd until the completion of the second tranche of the transaction because until that point in time, the Group has power over Morrison Securities Pty Ltd through the majority of director votes in maintaining policy and operational decision making.

It was also evaluated that these two tranche transactions be accounted for as a single transaction, due to the intended overall commercial effect.

Recovery of deferred tax assets

Deferred tax assets are recognised for deductible temporary differences only if the Group considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

NOTE 3. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONTINUED)

Lease term

The lease term is a significant component in the measurement of both the right-of-use asset and lease liability. Judgement is exercised in determining whether there is reasonable certainty that an option to extend the lease or purchase the underlying asset will be exercised, or an option to terminate the lease will not be exercised, when ascertaining the periods to be included in the lease term. In determining the lease term, all facts and circumstances that create an economical incentive to exercise an extension option, or not to exercise a termination option, are considered at the lease commencement date. Factors considered may include the importance of the asset to the Group's operations; comparison of terms and conditions to prevailing market rates; incurrence of significant penalties; existence of significant leasehold improvements; and the costs and disruption to replace the asset. The Group reassesses whether it is reasonably certain to exercise an extension option, or not exercise a termination option, if there is a significant event or significant change in circumstances.

Incremental borrowing rate

Where the interest rate implicit in a lease cannot be readily determined, an incremental borrowing rate is estimated to discount future lease payments to measure the present value of the lease liability at the lease commencement date. Such a rate is based on what the Group estimates it would have to pay a third party to borrow the funds necessary to obtain an asset of a similar value to the right-of-use asset, with similar terms, security and economic environment.

Derivatives and investments

The fair value of derivatives and investments is determined by marking-to-market. Refer to note 2, Fair value measurement section, and note 27 Fair value measurement.

NOTE 4. OPERATING SEGMENTS

Identification of reportable operating segments

The Group is organised into five operating segments, which are based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources.

On a monthly basis the CODM reviews operating profit, which is earnings before interest, taxation, depreciation and amortisation, and non-operational items (such as, acquisition-related costs, redundancy costs and impairment charges).

NOTE 4. OPERATING SEGMENTS (CONTINUED)

Types of products and services

The principal products and services of each of the Group's operating segments are as follows:

Sequoia Licensees Services Group	The Licensees Services Group is the core driver of the company business thematic. The Licensees Services Group is the area of the business where we provide licensee services to Financial Planners, Wealth Managers, Equity advisers and a Corporate advisory business unit. The Licensees Services Group specialises in providing the adviser market a full service licensing and support service so they can operate as an adviser in a market that is heavily legislated. Our role is to charge a fee for service and assist with a range of value propositions including compliance, marketing, coaching, education, research, and technical support. The advisers are primarily accountants, financial planners, mortgage brokers, insurance advisers, equity market advisers and investment professionals with their AFS licensing, merger and acquisitions corporate advice. From 1 July 2022, the information provided to the CODM now reports the entities, Sequoia Insurance Brokers Pty Ltd and Sequoia Premium Funding Pty Ltd, in the Sequoia Licensees Services Group, which were previously in the Sequoia Professional Services Group. The 30 June 2022 comparatives have been restated accordingly.
Sequoia Professional Services Group	The Professional Services Group provides services to intermediaries including licensed advisers, accountants and lawyers. This service provision includes SMSF administration, general insurance broking, legal document establishment services and company secretarial services. The division has relationships with over 3,000 accountants and financial planners across Australia, who have used at least one service from the division.
Sequoia Equity Markets Group	The Equity Markets Group provides services to licensed advisers, self directed investors and superannuation funds. The companies fully owned subsidiary Morrison Securities delivers white label Australian Stockbroking and Specialised Investment solutions to third party institutional and adviser networks that operate their own AFSL.
Sequoia Direct Investment Group	The Direct Investment Group provides a range of media services, research and general advice to self directed investors. In addition, the division looks to support AFSL holders with tools to reduce the cost of advice by providing news, research and data on managed funds, direct shares and bonds.
Head Office	Head Office relates to the corporate running costs of the Group.

All products and services are provided predominantly to customers in Australia.

Intersegment transactions

Intersegment transactions were made at cost. Intersegment transactions are eliminated on consolidation.

Intersegment receivables, payables and loans

Intersegment loans are initially recognised at the consideration received. Intersegment loans receivable and loans payable that earn or incur non-market interest are not adjusted to fair value based on market interest rates. Intersegment loans are eliminated on consolidation.

NOTE 4. OPERATING SEGMENTS (CONTINUED)

Consolidated - 2023	Sequoia Licensees Services Group $	Sequoia Professional Services Group $	Sequoia Equity Markets Group $	Sequoia Direct Investment Group $	Head Office $	Total $
Revenue						
Revenue	72,882,313	8,484,162	14,383,094	2,970,254	472,345	99,192,168
Gains/(losses) on portfolio investments	(684,977)	(8,746)	365	-	-	(693,358)
Total revenue	72,197,336	8,475,416	14,383,459	2,970,254	472,345	98,498,810
Operating profit	3,751,016	2,383,510	1,513,010	(203,300)	(2,833,950)	4,610,286
Interest revenue						45,760
Depreciation						(1,381,076)
Amortisation						(2,212,703)
Acquisition costs						(102,230)
Finance costs						(230,146)
Impairment of intangible assets						(1,687,476)
Consideration for business acquired						(1,494,182)
Loss before income tax expense						(2,451,767)
Income tax expense						(1,496,265)
Loss after income tax expense						(3,948,032)

Consolidated - 2022	Sequoia Licensees Services Group $	Sequoia Professional Services Group $	Sequoia Equity Markets Group $	Sequoia Direct Investment Group $	Head Office $	Total $
Revenue						
Revenue	57,884,266	9,871,757	40,616,168	2,555,464	58,912	110,986,567
Gains/(losses) on portfolio investments	(514,996)	-	63	-	(99,872)	(614,805)
Total revenue	57,369,270	9,871,757	40,616,231	2,555,464	(40,960)	110,371,762
Operating profit	5,543,204	2,423,338	4,154,589	965,647	(3,307,590)	9,779,188
Interest revenue						3,706
Depreciation						(1,281,290)
Amortisation						(2,094,048)
Acquisition costs						(127,819)
Finance costs						(150,427)
Profit before income tax expense						6,129,310
Income tax expense						(2,166,622)
Profit after income tax expense						3,962,688

NOTE 5. REVENUE

	Consolidated 2023 $	Consolidated 2022 $
From continuing operations		
Sales revenue		
Data subscriptions fees	355,515	348,654
Brokerage and commissions revenue	71,124,624	54,662,423
Superannuation product revenue	2,713,971	2,559,998
Structured product revenue	14,384,198	40,616,051
Corporate advisory fees	7,421,452	10,298,816
Media revenue	1,588,741	845,577
Other income	1,603,667	1,655,048
	99,192,168	110,986,567
Other revenue		
Losses on portfolio investments	(693,358)	(614,805)
Revenue from continuing operations	98,498,810	110,371,762

Disaggregation of revenue

The disaggregation of revenue from contracts with customers is as follows:

Consolidated - 2023	Sequoia Licensees Services Group $	Sequoia Professional Services Group $	Sequoia Equity Markets Group $	Sequoia Direct Investment Group $	Head Office $	Total $
Timing of revenue recognition						
Services transferred at a point in time	72,882,312	8,484,162	123	1,052,248	472,346	82,891,191
Services transferred over time	-	-	14,382,971	1,918,006	-	16,300,977
	72,882,312	8,484,162	14,383,094	2,970,254	472,346	99,192,168

Consolidated - 2022	Sequoia Licensees Services Group $	Sequoia Professional Services Group $	Sequoia Equity Markets Group $	Sequoia Direct Investment Group $	Head Office $	Total $
Timing of revenue recognition						
Services transferred at a point in time	57,884,265	9,871,756	119	1,204,064	58,912	69,019,116
Services transferred over time	-	-	40,616,051	1,351,400	-	41,967,451
	57,884,265	9,871,756	40,616,170	2,555,464	58,912	110,986,567

NOTE 6. EXPENSES

	Consolidated 2023 $	Consolidated 2022 $
(Loss)/profit before income tax from continuing operations includes the following specific expenses:		
Depreciation		
Leasehold improvements	99,706	99,871
Plant and equipment	486,524	472,401
Land and buildings - right-of-use	758,223	701,870
Equipment - right-of-use	36,623	7,148
Total depreciation	1,381,076	1,281,290
Amortisation		
Customer list	2,005,483	1,926,943
Regulatory memberships and licences	4,418	4,418
Other intangibles	202,802	162,687
Total amortisation	2,212,703	2,094,048
Total depreciation and amortisation	3,593,779	3,375,338
Dealing and settlement		
Dealing and settlement	4,649,558	7,005,693
Elimination of intercompany transactions	(1,780,881)	(3,135,589)
Elimination of intercompany transactions from discontinued operations	(3,137,135)	(4,492,610)
Total dealing and settlement expense	(268,458)	(622,506)
Finance costs		
Interest and finance charges paid/payable on borrowings	142,344	54,156
Interest and finance charges paid/payable on lease liabilities	87,802	96,271
Finance costs expensed	230,146	150,427
Employee benefits		
Wages and salaries	10,152,315	8,983,488
Share-based payments	68,521	182,327
Commissions and discretionary bonus	902,063	2,181,843
Defined contribution superannuation expense	1,106,631	983,190
Other employment costs	2,169,774	2,557,712
Total employee benefits expense	14,399,304	14,888,560

NOTE 7. INCOME TAX

	Consolidated 2023 $	Consolidated 2022 $
Income tax expense		
Current tax	7,762,627	2,873,100
Deferred tax - origination and reversal of temporary differences	(6,167,443)	(40,847)
Adjustment recognised for prior periods	351,704	86,619
Deferred tax adjustments related to discontinued operations	57,472	-
Aggregate income tax expense	2,004,360	2,918,872
Income tax expense is attributable to:		
Profit from continuing operations	1,496,265	2,166,622
Profit from discontinued operations	508,095	752,250
Aggregate income tax expense	2,004,360	2,918,872
Numerical reconciliation of income tax expense and tax at the statutory rate		
(Loss)/profit before income tax expense from continuing operations	(2,451,767)	6,129,310
Profit before income tax expense from discontinued operations	1,825,696	2,503,858
	(626,071)	8,633,168
Tax at the statutory tax rate of 30%	(187,821)	2,589,950
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Amortisation of intangibles	432,921	429,740
Net research and development credit	-	(101,616)
Tax impacts on fair value adjustment and write-off of intangible assets	1,297,648	-
Sundry items	109,908	(85,821)
	1,652,656	2,832,253
Adjustment recognised for prior periods	351,704	86,619
Income tax expense	2,004,360	2,918,872

For the current financial year, current tax includes $6,957,982 and deferred tax includes $6,557,359, which relates to the divestment of Morrison Securities Pty Ltd.

NOTE 7. INCOME TAX (CONTINUED)

	Consolidated 2023 $	Consolidated 2022 $
Deferred tax asset		
Deferred tax asset comprises temporary differences attributable to:		
Allowance for expected credit losses	9,135	6,000
Employee benefits	601,486	679,676
Accrued expenses	409,788	626,189
Deferred income	1,743,041	3,734,793
Capital gain on sale of investment	6,557,359	-
Net fair value loss on investment	205,561	222,921
Lease liability	595,131	731,076
Deferred tax asset held for sale	(145,658)	-
Deferred tax asset	9,975,843	6,000,655
Movements:		
Opening balance	6,000,655	6,056,870
Charged to profit or loss	(2,201,602)	(796,964)
Recognition of deferred tax asset on lease liability	-	740,749
Capital gain on sale of investments	6,557,359	-
Other reclass	(234,911)	-
Deferred tax asset held for sale	(145,658)	-
Closing balance	9,975,843	6,000,655

NOTE 7. INCOME TAX (CONTINUED)

	Consolidated 2023 $	Consolidated 2022 $
Deferred tax liability		
Deferred tax liability comprises temporary differences attributable to:		
Financial assets at fair value through other comprehensive income	14,827	234,910
Deferred expenses	1,358,456	2,853,139
Intangibles	893,816	1,120,014
Lease asset	443,996	549,629
Deferred tax liability	2,711,095	4,757,692
Movements:		
Opening balance	4,757,692	3,967,939
Credited to profit or loss	(1,696,742)	(837,811)
Additions through business combinations (note 33)	-	886,815
Recognition of deferred tax liability on lease asset	-	740,749
Disposal of assets	(114,944)	-
Other reclass	(234,911)	-
Closing balance	2,711,095	4,757,692

NOTE 8. DISCONTINUED OPERATIONS

Morrison Securities Pty Ltd and Libertas Financial Planning

Discontinued operations include Morrison Securities Pty Ltd and Libertas Financial Planning

In March 2023, the Group announced a binding agreement to divest 80% of Morrison Securities Pty Ltd, made up of several tranche payments to be paid between March 2023 and August 2023. As at 30 June 2023, the Group retained control over Morrison Securities Pty Ltd.

In May 2023, the Group decided to transfer the operations and customers of Libertas Financial Planning Pty Ltd to Interprac Financial Planning Pty Ltd and Sequoia Wealth Management Pty Ltd, to achieve operational and cost synergies. Due to this decision, Libertas Financial Planning Pty Ltd is in the process of liquidation and deregistration, with the AFSL to also be discontinued.

NOTE 8. DISCONTINUED OPERATIONS (CONTINUED)

Financial performance information

	Consolidated	
	2023 $	2022 $
Brokerage and commissions revenue	32,426,032	36,272,025
Other income	612,074	668,934
Total revenue	33,038,106	36,940,959
Interest revenue calculated using the effective interest method	940,100	13,295
Data fees	(2,051,686)	(1,807,171)
Dealing and settlement	(19,639,467)	(21,539,182)
Commission and hedging	(4,994,854)	(6,603,657)
Employee benefits	(2,901,614)	(2,514,868)
Telecommunications	(1,035,283)	(943,692)
Marketing	(21,253)	(115,643)
General and administrative	(1,493,305)	(841,326)
Depreciation	(15,048)	(9,981)
Finance costs	-	(74,876)
Total expenses	(32,152,510)	(34,450,396)
Profit before income tax expense	1,825,696	2,503,858
Income tax expense	(508,095)	(752,250)
Profit after income tax expense from discontinued operations	1,317,601	1,751,608

Cash flow information

	Consolidated	
	2023 $	2022 $
Net cash used in operating activities	(3,443,613)	(43,657)
Net cash used in investing activities	(12,789)	(22,282)
Net cash used in financing activities	(3,547,960)	(28,003)
Net decrease in cash and cash equivalents from discontinued operations	(7,004,362)	(93,942)

NOTE 8. DISCONTINUED OPERATIONS (CONTINUED)

Assets and liabilities of disposal groups classified as held for sale

	Consolidated	
	2023 $	2022 $
Cash and cash equivalents	22,889,460	-
Trade and other receivables	19,657,033	-
Prepayments	123,269	-
Plant and equipment	25,390	-
Deferred tax asset	145,658	-
Deposits	20,000	-
Total assets	42,860,810	-
Trade payables	25,896,830	
Other payables	13,533	-
Accrued expenses	1,894,883	-
Client trading and security bond	2,348,615	-
Employee benefits	379,927	-
Total liabilities	30,533,788	-
Net assets	12,327,022	-

	Consolidated	
	2023 $	2022 $
Cash and cash equivalents		
Cash and cash equivalents*	11,092,389	-
Client funds**	11,797,071	-
Cash and cash equivalents as disclosed above held for sale	22,889,460	-

* The Group holds cash reserves which are required to meet its broker licensing conditions. The conditions of the license, amongst other requirements, mandate that its wholly owned subsidiary, Morrison Securities, must maintain at all times core capital greater than $7,500,000 (30 June 2022: $7,500,000), where at least 90% of this core capital is cash at bank

** Client funds are not available for general use by the Group

NOTE 9. CASH AND CASH EQUIVALENTS

	Consolidated 2023 $	Consolidated 2022 $
Current assets		
Cash at bank*	7,155,621	14,892,498
Client funds**	2,236,685	21,715,137
	9,392,306	36,607,635

* For the prior financial year, the Group held cash reserves which are required to meet its broker licensing conditions. The conditions of the license, amongst other requirements, mandate that its wholly owned subsidiary, Morrison Securities, must maintain at all times core capital greater than $7,500,000, where at least 90% of this core capital is cash at bank. For the current financial year, this is part of assets of disposal groups classified as held for sale.

** Client funds are not available for general use by the Group.

NOTE 10. TRADE AND OTHER RECEIVABLES

	Consolidated 2023 $	Consolidated 2022 $
Current assets		
Trade receivables	1,552,402	1,786,867
Less: Allowance for expected credit losses	(30,450)	(20,000)
	1,521,952	1,766,867
Other receivables*	7,789,642	29,535,713
	9,311,594	31,302,580

* For the prior financial year, includes trade settlement receivable for Morrison Securities Pty Ltd of $27,602,440. The remaining balance relates to commissions receivable.

Allowance for expected credit losses

The ageing of the receivables and allowance for expected credit losses provided for above are as follows:

Consolidated	Expected credit loss rate		Carrying amount		Allowance for expected credit losses	
	2023 %	2022 %	2023 $	2022 $	2023 %	2022 %
Not overdue	-	-	8,495,833	30,992,893	-	-
1 to 30 days overdue	-	-	583,682	101,086	-	-
31 to 60 days overdue	-	-	106,501	59,873	-	-
Over 60 days overdue	19.52%	11.85%	156,028	168,728	30,450	20,000
			9,342,044	31,322,580	30,450	20,000

NOTE 10. TRADE AND OTHER RECEIVABLES (CONTINUED)

Movements in the allowance for expected credit losses are as follows:

	Consolidated 2023 $	2022 $
Opening balance	20,000	20,250
Additional provisions recognised	75,450	-
Receivables written off during the year	(65,000)	-
Unused amounts reversed	-	(250)
Closing balance	30,450	20,000

NOTE 11. CONTRACT ASSETS AND DEFERRED COSTS

	Consolidated 2023 $	2022 $
Current assets		
Contract assets - deferred costs	3,509,343	6,660,126
Non-current assets		
Contract assets - deferred costs	1,018,846	2,793,800

Contract assets – deferred costs relate to the costs of revenue contracts for structured products. These costs (and associated revenues) are amortised over the life of the contract.

Changes in contract assets and liabilities reflect both:

(a) the release of deferred revenues and costs to the profit and loss through the performance of a contract; and

(b) new receipts and prepayments for contracts that are yet to be performed.

NOTE 12. INVESTMENTS IN SHARES

	Consolidated	
	2023 $	2022 $
Current assets		
Investments in shares	1,494,565	1,589,036
Reconciliation		
Reconciliation of the fair values at the beginning and end of the current and previous financial year are set out below:		
Opening fair value	1,589,036	1,797,447
Net additions	591,314	346,561
Net disposals	(685,703)	(614,805)
Revaluation recognised in other comprehensive income	(82)	59,833
Closing fair value	1,494,565	1,589,036

Refer to note 27 for further information on fair value measurement.

Ordinary shares are held in ASX listed companies and are actively traded.

NOTE 13. DERIVATIVE FINANCIAL INSTRUMENTS

	Consolidated	
	2023 $	2022 $
Current assets		
Derivatives - financial assets	2,461,708	3,316,339
	2,461,708	3,316,339
Non-current assets		
Derivatives - financial assets	1,694,766	7,035,038
	1,694,766	7,035,038
Current liabilities		
Derivatives - financial liabilities	(2,461,708)	(3,316,339)
	(2,461,708)	(3,316,339)
Non-current liabilities		
Derivatives - financial liabilities	(1,694,766)	(7,035,038)
	(1,694,766)	(7,035,038)
	-	-

Refer to note 26 for further information on financial instruments.

Refer to note 27 for further information on fair value measurement.

The Group is party to derivative financial instruments in the normal course of business in order to hedge exposure to fluctuations in the value of its investment products issued to the Group's investors in accordance with the Group's financial risk management policies (refer to note 26).

NOTE 13. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

The Group offers its clients investment products structured legally as loans, which provide clients a derivative exposure to underlying market movements to those products. These exact market risks are in-turn hedged with exact like-for-like products offered by commercial institutions, leaving the Group with no exposure to the underlying market risks.

Information about the Group's exposure to market risk, liquidity risk, and credit risk is disclosed in note 26. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of derivative financial assets outlined above.

The Group has an obligation to its clients to pay the value of the investment at expiry. The current asset amount and the non-current asset amount equals that of the investment obligation described as a current liability and a non-current liability. The carrying amount equals the amount of the investment obligation. The rise or fall offset each other.

NOTE 14. OTHER FINANCIAL ASSETS

	Consolidated	
	2023 $	2022 $
Current assets		
Receivable for future disposal of business	17,891,572	-

The receivable for future disposal of business relates to the divestment of Morrison Securities Pty Ltd to be completed in the next financial year.

NOTE 15. PLANT AND EQUIPMENT

	Consolidated	
	2023 $	2022 $
Non-current assets		
Leasehold improvements - at cost	850,283	921,060
Less: Accumulated depreciation	(683,935)	(655,006)
	166,348	266,054
Plant and equipment - at cost	2,699,526	5,941,345
Less: Accumulated depreciation	(1,731,930)	(4,870,770)
	967,596	1,070,575
	1,133,944	1,336,629

NOTE 15. PLANT AND EQUIPMENT (CONTINUED)

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Leasehold improvements $	Plant and equipment $	Total $
Balance at 1 July 2021	365,925	1,168,810	1,534,735
Additions	-	375,411	375,411
Additions through business combinations (note 33)	-	10,386	10,386
Disposals	-	(1,650)	(1,650)
Depreciation expense	(99,871)	(482,382)	(582,253)
Balance at 30 June 2022	266,054	1,070,575	1,336,629
Additions	-	423,983	423,983
Classified as held for sale	-	(25,390)	(25,390)
Depreciation expense	(99,706)	(501,572)	(601,278)
Balance at 30 June 2023	166,348	967,596	1,133,944

NOTE 16. RIGHT-OF-USE ASSETS

	Consolidated 2023 $	Consolidated 2022 $
Non-current assets		
Buildings - right-of-use	4,867,592	4,537,481
Less: Accumulated depreciation	(3,729,661)	(2,971,438)
	1,137,931	1,566,043
Equipment - right-of-use	253,965	141,340
Less: Accumulated depreciation	(43,671)	(7,048)
	210,294	134,292
	1,348,225	1,700,335

The Group leases buildings for its offices under agreements of between three to seven years with, in some cases, options to extend. The leases have various escalation clauses. On renewal, the terms of the leases are renegotiated.

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Buildings - right-of-use $	Equipment - right-of-use $	Total $
Balance at 1 July 2021	2,130,577	-	2,130,577
Additions	172,732	141,340	314,072
Revaluation	(35,296)	-	(35,296)
Depreciation expense	(701,970)	(7,048)	(709,018)
Balance at 30 June 2022	1,566,043	134,292	1,700,335
Additions	330,111	112,625	442,736
Depreciation expense	(758,223)	(36,623)	(794,846)
Balance at 30 June 2023	1,137,931	210,294	1,348,225

For other lease related disclosures refer to the following:

- note 6 for details of depreciation on right-of-use assets, interest on lease liabilities and other lease payments;
- note 21 for lease liabilities and maturities of lease liabilities; and
- consolidated statement of cash flow for repayment of lease liabilities.

NOTE 17. GOODWILL AND INTANGIBLE ASSETS

	Consolidated 2023 $	Consolidated 2022 $
Non-current assets		
Goodwill	17,782,277	18,134,818
Less: Impairment	(1,019,547)	(1,019,547)
	16,762,730	17,115,271
Customer list - at cost	15,895,338	16,981,662
Less: Accumulated amortisation	(5,217,348)	(4,233,800)
	10,677,990	12,747,862
Regulatory memberships and licences - at cost	3,827,449	3,831,867
Brand name - at cost	620,401	1,821,233
Other intangibles - at cost	923,360	938,460
Less: Accumulated amortisation	(830,860)	(648,058)
	92,500	290,402
	31,981,070	35,806,635

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Goodwill $	Customer list $	Regulatory memberships and licences $	Brand name $	Other intangibles $	Total $
Balance at 1 July 2021	11,173,385	11,118,757	3,836,285	1,821,233	292,180	28,241,840
Additions	-	600,000	-	-	-	600,000
Additions through business combinations (note 33)	6,383,116	2,448,749	-	-	74,788	8,906,653
Prior period adjustment on valuation (note 33)	(441,230)	507,299	-	-	86,121	152,190
Amortisation expense	-	(1,926,943)	(4,418)	-	(162,687)	(2,094,048)
Balance at 30 June 2022	17,115,271	12,747,862	3,831,867	1,821,233	290,402	35,806,635
Additions	-	127,188	-	-	4,900	132,088
Write-down*	(352,541)	(191,577)	-	(1,200,832)	-	(1,744,950)
Amortisation expense	-	(2,005,483)	(4,418)	-	(202,802)	(2,212,703)
Balance at 30 June 2023	16,762,730	10,677,990	3,827,449	620,401	92,500	31,981,070

* The write-down impairment relates to the discontinued operation of Libertas Financial Planning Pty Ltd as outlined in note 8. It was part of the Sequoia Licensees Services Group cash generating unit.

NOTE 17. GOODWILL AND INTANGIBLE ASSETS (CONTINUED)

Impairment testing of intangible assets of indefinite life

Intangible assets of indefinite life, consisting of goodwill, regulatory memberships and licences and brand names acquired through business combinations have been allocated to the following cash generating units:

Consolidated - 2023	Goodwill $	Regulatory memberships and licences $	Brand name $	Total $
Cash-generating units ('CGUs'):				
Sequoia Licensees Service Group	1,456,670	263,242	-	1,719,912
Sequoia Professional Services Group	4,930,386	-	620,401	5,550,787
Sequoia Equity Markets Group	4,862,392	3,564,207	-	8,426,599
Sequoia Direct Investments Group	5,513,282	-	-	5,513,282
	16,762,730	3,827,449	620,401	21,210,580

Consolidated - 2022	Goodwill $	Regulatory memberships and licences $	Brand name $	Total $
Cash-generating units ('CGUs'):				
Sequoia Licensees Service Group	1,809,211	267,661	1,200,832	3,277,704
Sequoia Professional Services Group	4,930,386	-	620,401	5,550,787
Sequoia Equity Markets Group	4,862,392	3,564,206	-	8,426,598
Sequoia Direct Investments Group	5,954,512	-	-	5,954,512
	17,556,501	3,831,867	1,821,233	23,209,601

The recoverable amount of the Group's CGUs has been determined by a value-in-use calculation using a discounted cash flow model, based on a 12-month projection period approved by management and extrapolated for a further 4 years by using key assumptions.

Key assumptions are those to which the recoverable amount of an asset or CGUs is most sensitive.

The following key assumptions were used in the discounted cash flow model in relation to the intangible assets of indefinite life associated to various CGUs:

Key assumptions	Revenue growth rate %	Cost of sales growth rate %	Pre-tax discount rate %
Sequoia Licensees Services Group	4.5%	4.0%	15.6%
Sequoia Professional Services Group	4.5%	4.0%	15.6%
Sequoia Equity Markets Group	4.5%	4.0%	15.6%
Sequoia Direct Investment Group	4.5%	4.0%	15.6%

The intangible assets of indefinite life are considered to be sensitive to these assumptions and are carried in the statement of financial position at a written-down value. Based on this assessment, as at 30 June 2023, an impairment to the value of intangible assets of indefinite life is not needed.

The revenue and cost of sales key assumptions are based on historical growth rates, excluding the impact of acquisitions and restructuring. The discount rate was obtained from an external consultant.

NOTE 17. GOODWILL AND INTANGIBLE ASSETS (CONTINUED)

Sensitivity

The directors have made judgements and estimates in respect of impairment testing of intangible assets of indefinite life. Should these judgements and estimates not occur the resulting goodwill carrying amount may decrease. The sensitivities are as follows:

(a) Revenue growth would need to decrease by 1.1% before goodwill would need to be impaired, with all other assumptions remaining constant.

(b) The discount rate would be required to increase by 6% before goodwill would need to be impaired, with all other assumptions remaining constant.

Management believes that other reasonable changes in the key assumptions on which the recoverable amount of intangible assets of indefinite life is based would not cause the CGUs carrying amount to exceed its recoverable amount.

If there are any negative changes in the key assumptions on which the recoverable amount of intangible assets of indefinite life is based, this would result in a further impairment charge for intangible assets of indefinite life.

NOTE 18. TRADE AND OTHER PAYABLES

	Consolidated	
	2023 $	2022 $
Current liabilities		
Trade payables*	1,875,653	41,072,315
Accrued expenses	6,225,526	6,519,831
Security and service bonds	1,000	25,000
Consideration in advance	25,041,572	-
Other payables	1,955,036	795,250
	35,098,787	48,412,396

* Includes Trade settlement payables for Morrison Securities Pty Ltd of $nil as at 30 June 2023 (30 June 2022: $40,560,744).

Refer to note 26 for further information on financial instruments.

NOTE 19. CONTRACT LIABILITIES AND DEFERRED REVENUE

	Consolidated	
	2023 $	2022 $
Current liabilities		
Contract liabilities - deferred revenue	4,504,747	8,908,663
Non-current liabilities		
Contract liabilities - deferred revenue	1,305,390	3,540,648
Reconciliation		
Reconciliation of the written down values at the beginning and end of the current and previous financial year are set out below:		
Opening balance	12,449,311	14,807,781
Net transfers to revenue	(6,639,174)	(2,358,470)
Closing balance	5,810,137	12,449,311

Contract liabilities - deferred revenue relate primarily to structured product revenues. The revenue is deferred due to recognition requirements where the revenue and cost are spread over the product life.

Changes in contract assets and liabilities reflect both:

(a) the release of deferred revenues and costs to the profit and loss through the performance of a contract; and

(b) new receipts and prepayments for contracts that are yet to be performed.

Unsatisfied performance obligations

The aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied at the end of the reporting period was $5,810,137 as at 30 June 2023 ($12,449,311 as at 30 June 2022) and is expected to be recognised as revenue in future periods as follows:

	Consolidated	
	2023 $	2022 $
1 year or less	4,504,747	8,908,663
Between 1 and 2 years	1,179,870	3,136,805
Between 2 and 3 years	125,520	403,843
	5,810,137	12,449,311

Revenue recognition is calculated on the product term remaining up to the maturity date.

NOTE 20. INTEREST BEARING LOANS AND BORROWINGS

	Consolidated 2023 $	2022 $
Current liabilities		
Other unsecured loans*	495,593	490,777
Non-current liabilities		
Bank loans**	1,750,000	-

* Other unsecured loans relates to funding for Professional Indemnity Insurance Premium at an interest rate of 4.95%. As at 30 June 2023, all other unsecured loans had been repaid.

** During the financial year, $1,750,000 was drawndown on the ANZ facility to facilitate the final payment for the purchase of Argent Insurance Brokers.

Refer to note 26 for further information on financial instruments.

NOTE 21. LEASE LIABILITIES

	Consolidated 2023 $	2022 $
Current liabilities		
Lease liability	990,340	911,234
Non-current liabilities		
Lease liability	947,901	1,525,681

The following table details the Group's remaining contractual maturity for its lease liabilities:

	1 year or less $	Between 1 and 2 years $	Between 2 and 3 years $	Between 3 and 4 years $	Between 4 and 5 years $	Over 5 years $	Remaining contractual maturities $
2023							
Lease liability	990,340	649,634	125,954	136,585	35,728	-	1,938,241
2022							
Lease liability	911,234	908,275	559,194	31,931	26,281	-	2,436,915

The cash flow in the maturity analysis above are present values of future payments and are not expected to occur significantly earlier than contractually disclosed.

NOTE 22. CONTINGENT CONSIDERATION

	Consolidated	
	2023 $	2022 $
Current liabilities		
Contingent consideration	2,205,244	3,140,182

Contingent considerations relate to future instalment payments for the acquisition of the Informed Investor group purchased last financial year and a client book purchased during the financial year. Refer to note 27 'Fair value measurement' and note 33 'Business combinations'.

During the year ended 30 June 2023, a final tranche payment of $2,244,182 was paid for the prior year purchase of a business. This exceeded the expected contingent consideration amount of $750,000 by $1,494,182. Refer to note 33 'Business combinations'.

NOTE 23. ISSUED CAPITAL

	Consolidated			
	2023 Shares	2022 Shares	2023 $	2022 $
Ordinary shares - fully paid	135,054,525	136,279,689	53,867,905	54,491,225

Movements in ordinary share capital

Details	Date	Shares	Issue price	$
Balance	1 July 2021	131,507,805		51,524,175
Opening balance adjustment		69		-
Issue of shares on exercise of performance rights	19 July 2021	97,500	$0.6000	58,500
Issue of shares as part consideration for the acquisition of a client book from Macro Investment Advisory Pty Ltd	3 August 2021	300,000	$0.5000	150,000
Issue of shares on exercise of options	25 August 2021	75,000	$0.5040	37,821
Issue of shares for dividend reinvestment plan FY21	11 October 2021	244,146	$0.6380	155,781
Share buy-back	17 January 2022	(28,879)	$0.6800	(19,638)
Issue of shares as part consideration for the acquisition of a client book from Macro Investment Advisory Pty Ltd	27 January 2022	223,214	$0.6720	150,000
Issue of shares for dividend reinvestment plan HY22	15 March 2022	197,066	$0.6800	134,005
Issue of shares as part consideration for the acquisition of the Informed Investor business group	6 April 2022	2,720,723	$0.7000	1,904,507
Issue of shares on exercise of options	4 May 2022	100,000	$0.5040	50,428
Issue of shares on exercise of options	20 May 2022	250,000	$0.4660	116,494
Issue of shares on exercise of options	23 May 2022	750,000	$0.4660	349,483
Share buy-back	14 June 2022	(97,000)	$0.6100	(59,170)
Share buy-back	15 June 2022	(303,000)	$0.5960	(180,550)
Share buy-back	20 June 2022	(1,412)	$0.5600	(791)
Share buy-back	21 June 2022	(55,542)	$0.5600	(31,104)
Share buy-back	22 June 2022	(1)	$0.5600	(1)
Issue of shares on exercise of options	29 June 2022	250,000	$0.5040	126,071
Issue of shares on exercise of optionss	30 June 2022	50,000	$0.5040	25,214
Balance	30 June 2022	136,279,689		54,491,225
Share buy-back	5 September 2022	(50,000)	$0.5750	(28,750)
Share buy-back	8 September 2022	(164)	$0.5750	(94)
Share buy-back	12 September 2022	(3,441)	$0.5750	(1,979)
Share buy-back	26 September 2022	(46,559)	$0.5750	(26,771)
Share buy-back	27 September 2022	(50,000)	$0.5700	(28,500)
Share buy-back	27 September 2022	(100,000)	$0.5475	(54,750)
Share buy-back	17 October 2022	(175,000)	$0.5286	(92,500)
Share buy-back	24 November 2022	(800,000)	$0.4875	(389,976)
Balance	30 June 2023	135,054,525		53,867,905

NOTE 23. ISSUED CAPITAL (CONTINUED)

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the Company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

On a poll, whether in attendance or by proxy, each share shall have one vote.

Share buy-back

On 26 November 2021, the Company proposed to buy-back unmarketable parcels of shares (worth less than $500) from eligible shareholders. On 17 January 2022, the share buy-back was completed with the Company buying 28,879 shares at a cost of $19,638.

On 4 May 2022, the Company proposed an on-market buy-back of shares from eligible shareholders for a period of one year commencing 25 May 2022.

On 23 May 2023, the directors proposed to extend the existing on-market buy-back of shares from eligible shareholders for a period of one year commencing 25 May 2023. As at 30 June 2023, 1,682,119 shares had been bought-back at a cost of $894,936.

Capital risk management

The Group's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group would look to raise capital when an opportunity to invest in a business or company was seen as value adding relative to the current Company's share price at the time of the investment. The Group is not actively pursuing additional capital raises as it continues to integrate and grow its existing businesses in order to maximise synergies.

As per ASX listing rules, the Group also has the ability to raise capital flexibly, in line with the placement capacity. This is broadly 15% of its fully paid ordinary issued capital, within a 12 month period.

The capital risk management policy remains unchanged from prior years.

NOTE 24. RESERVES

	Consolidated	
	2023 $	2022 $
Financial assets at fair value through other comprehensive income reserve	548,147	548,229
Share-based payments reserve	261,885	169,245
	810,032	717,474

Financial assets at fair value through other comprehensive income reserve

The reserve is used to recognise increments and decrements in the fair value of financial assets at fair value through other comprehensive income.

Share-based payments reserve

The reserve is used to recognise the value of equity benefits provided to employees and directors as part of their remuneration, and other parties as part of their compensation for services.

NOTE 25. DIVIDENDS

Details of dividends [(1)]	Cents per share	$
2022 Final dividend (paid 10 October 2022) [(2)]	0.90	1,226,517
2023 Interim dividend (paid 29 March 2023) [(3)]	0.70	945,384

(1) All dividends are fully franked

(2) 2022 Final dividend was a cash dividend

(3) 2023 Interim dividend was a cash dividend.

Franking credits

	Consolidated	
	2023 $	2022 $
Franking credits available for subsequent financial years based on a tax rate of 30%	14,626,517	12,985,289

The above amounts represent the balance of the franking account as at the end of the financial year, adjusted for:

- franking credits that will arise from the payment of the amount of the provision for income tax at the reporting date
- franking debits that will arise from the payment of dividends recognised as a liability at the reporting date
- franking credits that will arise from the receipt of dividends recognised as receivables at the reporting date

NOTE 26. FINANCIAL INSTRUMENTS

Financial risk management objectives

The Group's financial instruments consist mainly of deposits with banks, accounts receivable and payable, derivative assets and liabilities and loans payable.

This note provides details of the Group's financial risk management objectives and policies and describes the methods used by management to control risk. In addition, this note includes a discussion of the extent to which financial instruments are used, the associated risks and the business purpose served.

One of the Group's main activities is to issue investments to its product holders which provide returns based on the performance of an underlying reference asset, typically a single index or a single listed equity. Different underlying reference assets, with varying features are issued in separate series. The series are exposed to securities listed on global or local exchanges. The products issued to the product holders have a maturity of between 18 months and 48 months from the date of issue. On maturity, if the investment has performed sufficiently, the product holder has the option to contribute in cash the notional value of the investment on issue date to receive a delivery asset (a liquid security on the ASX) equal to the value of the underlying reference asset or the value in cash of the financial liability. The Group enters into a financial instrument with an investment bank, which hedges each series that is offered to its product holders. The Group ensures that the notional exposure across all its products are covered via the arrangement, and as such mitigates its risk in this fashion.

The Group's activities expose it to a variety of financial risks: market risk (including interest rate risk), credit risk and liquidity risk.

The Board of Directors monitor and manage financial risk exposures of the Group. The Board of Directors monitors the Group's financial risk management policies and exposures and approves financial transactions within the scope of its authority. It also reviews the effectiveness of internal controls relating to financing risk and interest rate risk.

	Consolidated	
	2023 $	2022 $
Financial assets		
Cash and cash equivalents	9,392,306	36,607,635
Trade and other receivables	9,311,594	31,322,580
Derivative assets	4,156,474	10,351,377
Other financial assets	19,906,137	1,651,338
Total financial assets	42,766,511	79,932,930
Financial liabilities		
Trade and other payables	35,098,787	48,412,396
Derivative liabilities	4,156,474	10,351,377
Lease liabilities	1,938,241	2,436,915
Contingent consideration	2,205,244	3,140,182
Interest bearing loans and borrowings	1,750,000	-
Other loans	495,593	490,777
Total financial liabilities	45,644,339	64,831,647

NOTE 26. FINANCIAL INSTRUMENTS (CONTINUED)

Market risk

Market risk is the risk that changes in market prices, such as interest rates and foreign exchange rates will affect the Group's income or value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

The Group issues a structured product to the product holder that is hedged with the financial instrument that it purchases from an investment bank. The details of the financial instruments are such that the future cash flows from the financial assets offset the cash flows needed to settle the financial liabilities. The Group uses this arrangement to mitigate the market risks below, except for credit risk.

Price risk

Price risk arises from changes in underlying investments designated in the financial instruments held by the Group for which values in the future are uncertain.

The Group mitigates the above price risk by ensuring that price risk in the financial instruments is offset with one another. The difference in fair value between the financial asset and liability held through profit or loss is as a result of the premium associated with the financial liability arising from being issued in the retail market. The Group does not monitor the price risk associated with the premium, as price risk would only result if the Group were to transfer the liability, and since the Group has no intention of transferring the financial liability, no disclosures regarding the sensitivity to price risk have been made.

The Group is, therefore, not exposed to any significant price risk in relation to issued structured products.

The Group has an exposure to price risk on its listed and unlisted equity investments and, as at year end, a 20% increase or decrease in price would affect the shareholding value by approximately $316,000.

Interest rate risk

Interest rate risk is the risk that the value of the Group's financial instruments will fluctuate due to changes in market interest rates.

The Group's cash and cash equivalents are exposed to interest rate risk, however the Directors of the Group manage financial instruments to ensure that interest rate risk remains hedged and is therefore offsetting.

The Group is not exposed to any significant interest rate risk.

Credit risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements.

The Group has adopted a lifetime expected loss allowance in estimating expected credit losses to trade receivables through the use of a provisions matrix using fixed rates of credit loss provisioning. These provisions are considered representative across all customers of the Group based on recent sales experience, historical collection rates and forward-looking information that is available.

Credit risk is managed through the maintenance of procedures (such procedures include the utilisation of systems for the approval, granting and renewal of credit limits, regular monitoring of exposures against such limits and monitoring of the financial stability of significant customers and counterparties), ensuring to the extent possible, that customers and counterparties to transactions are of sound credit worthiness. Such monitoring is used in assessing receivables for impairment.

NOTE 26. FINANCIAL INSTRUMENTS (CONTINUED)

Generally, trade receivables are written off when there is no reasonable expectation of recovery. Indicators of this include the failure of a debtor to engage in a repayment plan, no active enforcement activity and a failure to make contractual payments for a period greater than 1 year.

Risk is also minimised through investing surplus funds in financial institutions that maintain a high credit rating, or in entities that the Board of Directors has otherwise cleared as being financially sound. Where the Group is unable to ascertain a satisfactory credit risk profile in relation to a customer or counterparty, the risk may be further managed by obtaining security by way of personal or commercial guarantees over assets of sufficient value which can be claimed against in the event of any default.

The financial products issued by Sequoia Specialist Investments Pty Ltd ('Issuer') are secured obligations of the Issuer. Investors are granted a charge which is held on trust by the security trustee. If the Issuer fails to (i) make a payment or delivery on its due date; or (ii) meet any other obligation and in the Security Trustee's opinion, the failure is materially adverse to the investors and cannot be remedied (or has not been remedied within 5 business days of written notice), the Security Trustee may enforce the charge. In this case the investors are unsecured creditors of the provider of the hedge assets. Investors' rights of recourse against the Issuer on a default are limited to the assets subject to the charge. This structure has the effect of passing through the credit rating of the provider of the hedge asset and protecting different financial product series from cross-liability issues (other than on an insolvency of either the Issuer or the provider of the hedge asset). The Issuer will only deal with an investment-grade (or better) bank or a subsidiary of an investment-grade (or better) bank.

Investments grades are a rating or indicator of particular debt obligations which have a low risk of default. Various rating agencies rate an investment bank's creditworthiness. Different rating firms use different designations. Sequoia Specialist Investments Pty Ltd hedge providers are considered "investment grade" and the credit worthiness of our investment bank hedge contracts providers are between high credit quality ('AAA' and 'AA') and medium credit quality ('A' and 'BBB'). Therefore, the risk of default of the selected hedge providers are considered low. In addition, if the investment bank were to unexpectedly default the resulting financial risk would be ultimately borne by the end investor, due to the pass through of the credit risk of the hedge provider to the end investor.

The following tables detail the Group's potential exposure, should the counterparties be unable to meet their obligations:

Consolidated - 2023	Fair value $	Notional value $
Derivative assets	4,156,474	160,356,879

Consolidated - 2022	Fair value $	Notional value $
Derivative assets	10,351,377	242,695,393

Liquidity risk

Vigilant liquidity risk management requires the Group to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable.

The Group manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

NOTE 26. FINANCIAL INSTRUMENTS (CONTINUED)

Remaining contractual maturities

The following tables detail the Group's maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid.

Consolidated - 2023	1 year or less $	Between 1 and 5 years $	Remaining contractual maturities $
Non-derivatives			
Non-interest bearing			
Trade payables	1,875,653	-	1,875,653
Other payables	1,576,564	378,472	1,955,036
Contingent consideration	2,205,244	-	2,205,244
Interest-bearing - variable			
Loan facility	-	1,750,000	1,750,000
Other loans	495,593	-	495,593
Total non-derivatives	6,153,054	2,128,472	8,281,526
Derivatives			
Value hedges, net settled	2,461,708	1,694,766	4,156,474
Total derivatives	2,461,708	1,694,766	4,156,474

Consolidated - 2022	1 year or less $	Between 1 and 5 years $	Remaining contractual maturities $
Non-derivatives			
Non-interest bearing			
Trade payables	41,072,315	-	41,072,315
Other payables	795,250	-	795,250
Client trading and security bond	-	2,746,115	2,746,115
Contingent consideration	3,140,182	-	3,140,182
Interest-bearing - variable			
Other loans	490,777	-	490,777
Total non-derivatives	45,498,524	2,746,115	48,244,639
Derivatives			
Value hedges, net settled	3,316,339	7,035,038	10,351,377
Total derivatives	3,316,339	7,035,038	10,351,377

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

NOTE 27. FAIR VALUE MEASUREMENT

Fair value hierarchy

The following tables detail the Group's assets and liabilities, measured or disclosed at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3: Unobservable inputs for the asset or liability

Consolidated - 2023	Level 1 $	Level 2 $	Level 3 $	Total $
Assets				
Listed ordinary shares	1,494,565	-	-	1,494,565
Unlisted ordinary shares	-	-	520,000	520,000
Derivative financial instruments	-	4,156,474	-	4,156,474
Total assets	1,494,565	4,156,474	520,000	6,171,039
Liabilities				
Derivative financial instruments	-	4,156,474	-	4,156,474
Contingent consideration	-	-	2,205,244	2,205,244
Total liabilities	-	4,156,474	2,205,244	6,361,718

Consolidated - 2022	Level 1 $	Level 2 $	Level 3 $	Total $
Assets				
Listed ordinary shares	1,589,036	-	-	1,589,036
Unlisted ordinary shares	-	-	62,302	62,302
Derivative financial instruments	-	10,351,377	-	10,351,377
Total assets	1,589,036	10,351,377	62,302	12,002,715
Liabilities				
Derivative financial instruments	-	10,351,377	-	10,351,377
Contingent consideration	-	-	3,140,182	3,140,182
Total liabilities	-	10,351,377	3,140,182	13,491,559

There were no transfers between levels during the financial year.

The carrying amounts of trade and other receivables, trade and other payables and other financial liabilities approximate their fair values due to their short-term nature.

The fair value of financial liabilities is estimated by discounting the remaining contractual maturities at the current market interest rate that is available for similar financial liabilities.

NOTE 27. FAIR VALUE MEASUREMENT (CONTINUED)

Valuation techniques for fair value measurements categorised within level 2 and level 3

Financial instruments that are not traded in an active market are determined using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and relies as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2. If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

Unquoted investments have been valued using prices evident in recent third party transactions.

The valuation process is managed by the Chief Operating Decision Makers ('CODM') of the Group who perform and validate valuations of non-property assets required for financial reporting purposes (including level 3 fair values). Discussion on valuation processes and outcomes are held between the CODM, CFO and audit committee every six months.

Level 3 assets and liabilities

Movements in level 3 assets and liabilities during the current and previous financial year are set out below:

Consolidated	Assets Unlisted ordinary shares $	Liabilities Contingent consideration $	Totals $
Balance at 1 July 2021	62,322	(1,879,350)	(1,817,028)
Additions	-	(8,667,073)	(8,667,073)
Disposals	(20)	-	(20)
Amounts paid	-	7,406,241	7,406,241
Balance at 30 June 2022	62,302	(3,140,182)	(3,077,880)
Additions	500,000	(15,062)	484,938
Disposals	(42,302)	-	(42,302)
Amounts paid	-	750,000	750,000
Consideration deemed non-payable	-	200,000	200,000
Total derivatives	520,000	(2,205,244)	(1,685,244)

During June 2023, unlisted ordinary shares were obtained, and there was no movement in fair value at 30 June 2023 from the cost price.

The contingent consideration mainly relates to the acquisition of the Informed Investor group and, as per the agreement, is tiered according to performance hurdles being met. The balance represents the maximum capped amount. If revenue is lower than the cap by 10%, the contingent consideration will fall by $219,018.

NOTE 28. KEY MANAGEMENT PERSONNEL DISCLOSURES

Compensation

The aggregate compensation made to directors and other members of key management personnel of the Group is set out below:

	Consolidated	
	2023 $	2022 $
Short-term employee benefits	1,044,895	932,779
Post-employment benefits	60,129	56,269
Share-based payments	66,412	149,712
	1,171,436	1,138,760

Refer to the 'Remuneration report (audited)' section of the Directors' report for a detailed breakdown.

NOTE 29. REMUNERATION OF AUDITORS

During the financial year the following fees were paid or payable for services provided by William Buck, the auditor of the Company:

	Consolidated	
	2023 $	2022 $
Audit services - William Buck Audit (Vic) Pty Limited		
Audit or review of the financial statements	192,588	163,561
Other services - William Buck (Vic) Pty Limited		
Tax services	15,818	18,253
Other services	16,991	24,212
	32,809	42,465
	225,397	206,026

NOTE 30. CONTINGENT LIABILITIES

As part of the ANZ financing facility, the Group has given bank guarantees as at 30 June 2023 of $677,238 in relation to rental bonds. No term deposit was required for the ANZ bank guarantees. These replaced the previous Westpac Banking Corporation bank guarantees (30 June 2022: $723,469).

The Group's legal counsel is currently acting on several matters referred to the Australian Financial Complaints Authority ('AFCA') relating to the provision of financial services to its retail clients. The Group has assessed any potential obligations relating to these complaints after pursuing a recourse from the advisers in the following manner:

- Those complaints for which there is a probable likelihood of restitution being paid, have been accrued in these financial statements, together with any associated legal costs and net of any available insurance cover; and
- The Directors have assessed complaints for which there is less than a probable likelihood of restitution (including the impact of legal costs and insurance), and have chosen not to disclose the likely amount as they are still subject to proceedings with AFCA and potential recourse from the advisers, and the disclosure of such amounts is likely to prejudice those proceedings.

Morrison Securities Pty Ltd, a subsidiary of Sequoia Financial Group Ltd, has an ANZ overdraft facility of $3,000,000 to cover any intra-day cash market margining requirements over and above Morrison Securities Pty Ltd's available cash. As at 30 June 2023, this overdraft facility was not utilised.

The Group is not aware of any other contingent liabilities that were materially significant to these financial statements.

NOTE 31. RELATED PARTY TRANSACTIONS

Parent entity

Sequoia Financial Group Limited is the parent entity.

Subsidiaries

Interests in subsidiaries are set out in note 34.

Key management personnel

Disclosures relating to key management personnel are set out in note 28 and the remuneration report included in the directors' report.

Transactions with related parties

During the financial year, $80,933 (30 June 2022: $122,580) was paid or payable for services provided by Cooper Grace Ward, a related party entity of director, Charles Sweeney. This is not deemed personal remuneration.

Terms and conditions

All transactions were made on normal commercial terms and conditions and at market rates.

NOTE 32. PARENT ENTITY INFORMATION

Set out below is the supplementary information about the parent entity.

Statement of profit or loss and other comprehensive income

	Parent	
	2023 $	2022 $
(Loss)/profit after income tax	2,722,116	(1,629,219)
Total comprehensive (expense)/income	2,722,116	(1,629,219)

Statement of financial position

	Parent	
	2023 $	2022 $
Total current assets	360,760	138,094
Total assets	91,114,092	84,613,580
Total current liabilities	8,201,875	4,034,094
Total liabilities	63,350,888	54,934,380
Equity		
Issued capital	89,801,025	90,424,345
Financial assets at fair value through other comprehensive income reserve	46,070	46,070
Share-based payments reserve	261,885	169,245
Accumulated losses	(62,345,776)	(60,960,460)
Total equity	27,763,204	29,679,200

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries

The parent entity had no guarantees in relation to the debts of its subsidiaries.

Contingent liabilities

The parent entity has considerations payable relating to the acquisitions of the Informed Investor group and a client book purchased during the last financial year.

Capital commitments - Property, plant and equipment

The parent entity had no capital commitments for property, plant and equipment as at 30 June 2023 and 30 June 2022.

Significant accounting policies

The accounting policies of the parent entity are consistent with those of the Group, as disclosed in note 2, except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.
- Dividends received from subsidiaries are recognised as other income by the parent entity and its receipt may be an indicator of an impairment of the investment.

NOTE 33. BUSINESS COMBINATIONS

2023

There were no business combinations during the year ended 30 June 2023.

2022

Argent Insurance Brokers Pty Ltd ('Argent')

In November 2021, the Group acquired all the shares in Argent Insurance Brokers Pty Ltd (which holds a general insurance AFS licence and subsequently renamed to Sequoia Insurance Brokers Pty Ltd) and the customer books of its related businesses. During the year, the final tranche was calculated at $2,244,182 based on agreed revenue for a 15-month reference period. This exceeded the estimated amount of $750,000 and, therefore, in FY23, an amount of $1,494,182 was reported as an expense.

Informed Investor group ('Informed Investor')

On 6 April 2022, the Group acquired all the shares in the Informed Investor group of businesses, comprising of Informed Investor Pty Ltd, Corporate Connect Research Pty Ltd and ShareCafe Pty Ltd. These companies provide media, research, digital distribution and technology services to advisers and investors. The Company paid the first tranche consideration of cash and shares that amounted to $3,037,391. As at 30 June 2023, the final tranche consideration was yet to be finalised.

NOTE 33. BUSINESS COMBINATIONS (CONTINUED)

Details of the acquisitions are as follows:

	Argent Fair value $	Docscentre Legal Fair value $	Informed Investor Fair value** $	Total $
Cash and cash equivalents	-	176,748	101,518	278,266
Trade and other receivables	-	880	119,902	120,782
Income tax refund due	-	518	-	518
Plant and equipment	-	-	10,386	10,386
Customer list	2,448,749	-	507,299	2,956,048
Other intangible assets	-	-	160,909	160,909
Trade and other payables	-	(26,821)	(147,755)	(174,576)
Deferred tax liability	(734,625)	-	(152,190)	(886,815)
Employee benefits	-	(14,831)	-	(14,831)
Convertible notes	-	-	(335,000)	(335,000)
Net assets acquired	1,714,124	136,494	265,069	2,115,687
Goodwill*	785,876	193,506	4,962,504	5,941,886
Acquisition-date fair value of the total consideration transferred	2,500,000	330,000	5,227,573	8,057,573
Representing:				
Cash paid or payable to vendor	2,500,000	330,000	1,132,885	3,962,885
Sequoia Financial Group Limited shares issued to vendor	-	-	1,904,506	1,904,506
Contingent consideration	-	-	2,190,182	2,190,182
	2,500,000	330,000	5,227,573	8,057,573
Acquisition costs expensed to profit or loss	53,671	-	71,081	124,752
Cash used to acquire business, net of cash acquired: Acquisition-date fair value of the total consideration transferred	2,500,000	330,000	5,227,573	8,057,573
Add: consideration paid and expensed to profit or loss	1,494,182	-	-	1,494,182
Less: cash and cash equivalents	-	(176,748)	(101,518)	(278,266)
Less: contingent consideration	-	-	(2,190,182)	(2,190,182)
Less: shares issued by Company as part of consideration	-	-	(1,904,506)	(1,904,506)
Add: payment of convertible notes	-	-	335,000	335,000
Net cash used	3,994,182	153,252	1,366,367	5,513,801

* Goodwill is not expected to be deductible for tax purposes.

** At acquisition, goodwill was provisionally recognised at $5,403,734. During the measurement period, an independently assessed valuation of the customer list and other intangible assets was made. In the 30 June 2023 financial statements, note 17 'Goodwill and intangible assets', the following retrospective adjustments are required to the 30 June 2022 comparatives as measurement period adjustments:

- customer lists recognised at $507,299
- other intangible assets recognised at $86,121
- deferred tax liability on customer lists recognised at $152,190, and
- goodwill decreased by $441,230

NOTE 34. INTERESTS IN SUBSIDIARIES

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 2:

Wholly owned subsidiaries

			Parent	
Name		Principal place of business / Country of incorporation	Ownership interest 2023 %	Ownership interest 2022 %
Sequoia Financial Group Limited		Australia	100.0%	100.0%
Sequoia Financial Australia Ltd	(l)	Australia	-	100.0%
The Cube Financial Group Pty Ltd	(a)	Australia	100.0%	100.0%
Trade Dealer Online Pty Ltd	(a)	Australia	100.0%	100.0%
MDSnews.com Pty Ltd	(l)	Australia	-	100.0%
Sequoia Group Holdings Pty Ltd	(a)	Australia	100.0%	100.0%
My Own Super Fund Pty Ltd	(a)	Australia	100.0%	100.0%
Sequoia Wealth Group Pty Ltd	(a)	Australia	100.0%	100.0%
Docscentre Pty Ltd	(a)	Australia	100.0%	100.0%
Informed Investor Pty Ltd	(a)	Australia	100.0%	100.0%
Sequoia Insurance Brokers Pty Ltd	(a)	Australia	100.0%	100.0%
Sequoia Lending Pty Ltd	(b)	Australia	100.0%	100.0%
Acacia Administrative Services Pty Ltd	(b)(1)	Australia	100.0%	100.0%
Sequoia Direct Pty Ltd	(b)	Australia	100.0%	100.0%
Morrison Securities Pty Ltd	(b)	Australia	49.9%	100.0%
Sequoia Specialist Investments Pty Ltd	(b)	Australia	100.0%	100.0%
Sequoia Asset Management Pty Ltd	(b)	Australia	100.0%	100.0%
Morsec Nominees Pty Ltd	(c)	Australia	100.0%	100.0%
Sequoia Nominees No.1 Pty Ltd	(d)	Australia	100.0%	100.0%
Sequoia Home Loans Pty Ltd	(e)	Australia	100.0%	100.0%
Sequoia Family Office Pty Ltd	(f)	Australia	100.0%	100.0%
Sequoia Wealth Management Pty Ltd	(f)	Australia	100.0%	100.0%
Sequoia Corporate Finance Pty Ltd	(f)	Australia	100.0%	100.0%
Libertas Financial Planning Pty Ltd	(f)	Australia	100.0%	100.0%
InterPrac Financial Planning Pty Ltd	(f)	Australia	100.0%	100.0%
Sage Capital Group Pty Ltd	(f)	Australia	100.0%	100.0%
Interprac Securities Pty Ltd	(f)	Australia	100.0%	100.0%
Australian Practical Superannuation Fund Pty Ltd	(g)	Australia	100.0%	100.0%
Interprac General Insurance Pty Ltd	(g)	Australia	100.0%	100.0%
Tax Engine Pty Ltd	(g)	Australia	100.0%	100.0%
PantherCorp CST Pty Ltd	(g)	Australia	100.0%	100.0%
Docscentre Legal Pty Ltd	(g)	Australia	100.0%	100.0%

NOTE 34. INTERESTS IN SUBSIDIARIES (CONTINUED)

Bourse Data Pty Ltd	(h)	Australia	100.0%	100.0%
Finance TV Pty Ltd	(h)	Australia	100.0%	100.0%
Corporate Connect Research Pty Ltd	(h)	Australia	100.0%	100.0%
ShareCafe Pty Ltd	(h)	Australia	100.0%	100.0%
Yieldreport Pty Ltd	(i)	Australia	100.0%	100.0%
Sequoia Superannuation Pty Ltd	(j)	Australia	100.0%	100.0%
SMSF Engine Pty Ltd	(j)	Australia	100.0%	100.0%
Sequoia Premium Funding Pty Ltd	(k)	Australia	100.0%	100.0%

Non-wholly owned subsidiaries

			Parent		Non-controlling interest	
Name		Principal place of business / Country of incorporation	Ownership interest 2023 %	Ownership interest 2022 %	Ownership interest 2023 %	Ownership interest 2022 %
TakingControl Pty Ltd	(2)	Australia	50%	50%	50%	50%

(a) Subsidiary of Sequoia Financial Group Limited

(b) Subsidiary of Sequoia Group Holdings Pty Ltd

(c) Subsidiary of Morrison Securities Pty Ltd

(d) Subsidiary of Sequoia Specialist Investments Pty Ltd

(e) Subsidiary of Sequoia Asset Management Pty Ltd

(f) Subsidiary of Sequoia Wealth Group Pty Ltd

(g) Subsidiary of Docscentre Pty Ltd

(h) Subsidiary of Informed Investor Pty Ltd

(i) Subsidiary of Finance TV Pty Ltd

(j) Subsidiary of My Own Super Fund Pty Ltd

(k) Subsidiary of Sequoia Insurance Brokers Pty Ltd

(l) Entity has been deregistered

(1) Acacia Administrative Services Pty Ltd acts as a service entity for the Group with all employees engaged under this entity

(2) Docscentre Pty Ltd owns 50% of Taking Control Pty Ltd

NOTE 35. CASH FLOW INFORMATION

Reconciliation of (loss)/profit after income tax to net cash (used in)/from operating activities

	Consolidated 2023 $	Consolidated 2022 $
(Loss)/profit after income tax expense for the year	(2,630,431)	5,714,296
Adjustments for:		
Depreciation and amortisation	3,608,827	3,385,318
Net fair value loss on investments	3,876,097	614,805
Share-based payments	92,640	203,677
Dividends/interest on investments declared not received	(7,675)	-
Consideration deemed non-payable	(200,000)	-
Interest for lease accounting	87,802	68,070
Change in operating assets and liabilities:		
Increase in trade and other receivables	(21,887,313)	(553,187)
Decrease in client related receivables	6,329,693	2,198,337
Decrease in contract assets and deferred costs	4,925,738	1,660,629
Decrease in inventories	30,499	6,760
Decrease/(increase) in deferred tax assets	(4,120,847)	56,216
Decrease/(increase) in prepayments	(349,354)	32,603
Decrease/(increase) in other operating assets	643,276	(37,678)
Increase/(decrease) in trade and other payables	61,965	(274,220)
Decrease in client related payables	(13,345,385)	(3,513,646)
Decrease in contract liabilities and deferred revenue	(6,639,173)	(2,358,471)
Increase/(decrease) in provision for income tax	5,821,465	(683,765)
Increase/(decrease) in deferred tax liabilities	(1,989,124)	637,562
Increase/(decrease) in employee benefits	(219,779)	104,459
Increase in other operating liabilities	20,318,180	2,278,760
Net cash (used in)/from operating activities	(5,592,899)	9,540,525

NOTE 35. CASH FLOW INFORMATION (CONTINUED)

Changes in liabilities arising from financing activities

Consolidated	Bank loan $	Capital finance and other loans $	Lease liability $	Total $
Balance at 1 July 2021	-	317,253	2,979,338	3,296,591
Net cash used in financing activities	-	(808,430)	(889,270)	(1,697,700)
Additions	-	982,054	314,072	1,296,126
Interest on lease liability	-	-	101,699	101,699
Other changes	-	(100)	(68,924)	(69,024)
Balance at 30 June 2022	-	490,777	2,436,915	2,927,692
Net cash from/(used in) financing activities	1,750,000	4,816	(1,038,370)	716,446
Additions	-	-	442,736	442,736
Interest on lease liability	-	-	87,802	87,802
Other changes	-	-	9,158	9,158
Balance at 30 June 2023	1,750,000	495,593	1,938,241	4,183,834

NOTE 36. EARNINGS PER SHARE

Earnings per share for (loss)/profit from continuing operations	Consolidated 2023 $	Consolidated 2022 $
(Loss)/profit after income tax attributable to the owners of Sequoia Financial Group Limited	(3,948,032)	3,962,688
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	135,483,329	133,001,089
Adjustments for calculation of diluted earnings per share:		
Options over ordinary shares*	-	2,000,000
Weighted average number of ordinary shares used in calculating diluted earnings per share	135,483,329	135,001,089
	Cents	Cents
Basic earnings per share	(2.914)	2.979
Diluted earnings per share	(2.914)	2.935

Earnings per share for profit from discontinued operations	Consolidated 2023 $	Consolidated 2022 $
Profit after income tax attributable to the owners of Sequoia Financial Group Limited	1,317,601	1,751,608

NOTE 36. EARNINGS PER SHARE (CONTINUED)

	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	135,483,329	133,001,089
Adjustments for calculation of diluted earnings per share:		
Options over ordinary shares*	-	2,000,000
Weighted average number of ordinary shares used in calculating diluted earnings per share	135,483,329	135,001,089

	Cents	Cents
Basic earnings per share	0.973	1.317
Diluted earnings per share	0.973	1.297

	Consolidated	
Earnings per share for (loss)/profit	2023 $	2022 $
(Loss)/profit after income tax attributable to the owners of Sequoia Financial Group Limited	(2,630,431)	5,714,296

	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	135,483,329	133,001,089
Adjustments for calculation of diluted earnings per share:		
Options over ordinary shares*	-	2,000,000
Weighted average number of ordinary shares used in calculating diluted earnings per share	135,483,329	135,001,089

* The options over ordinary shares are excluded for 30 June 2023 as their inclusion would be anti-dilutive due to the loss for the year,

	Cents	Cents
Basic earnings per share	(1.942)	4.296
Diluted earnings per share	(1.942)	4.233

NOTE 37. EVENTS AFTER THE REPORTING PERIOD

Acquisition of Castle Corporate Pty Ltd and Castle Legal Pty Ltd ('Castle')

On 11 July 2023, the Company announced it had signed a heads of agreement to acquire the customer list of Castle Corporate Pty Ltd and Castle Legal Pty Ltd ('Castle'). The Castle businesses are prominent and reputable firms specialising in providing accountants, financial advisers and lawyers comprehensive advice and solutions relating to new and existing companies, trusts and self-managed super funds. As such, Castle is a logical and germane fit with the Group's legal document entities.

In August 2023, the transaction was completed with consideration of $3.15m payable in cash and cash equivalents over a two year period.

Divestment of Morrison Securities Pty Ltd

The transaction to divest 80% of Morrison Securities Pty Ltd has been completed as at the date of approval of the financial report, with the final consideration of $15.0m received on 31 August 2023.

No other matter or circumstance has arisen since 30 June 2023 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 2 to the financial statements;
- the attached financial statements and notes give a true and fair view of the Group's financial position as at 30 June 2023 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

The directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the directors

John Larsen
Chairman

31 August 2023
Sydney

Sequoia Financial Group Limited
Independent auditor's report to members

REPORT ON THE AUDIT OF THE FINANCIAL REPORT

Opinion

We have audited the financial report of Sequoia Financial Group Limited (the Company and its subsidiaries (the Group)), which comprises the consolidated statement of financial position as at 30 June 2023, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and the directors' declaration.

In our opinion, the accompanying financial report of the Group, is in accordance with the *Corporations Act 2001*, including:

i. giving a true and fair view of the Group's financial position as at 30 June 2023 and of its financial performance for the year ended on that date; and

ii. complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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williambuck.com

WilliamBuck
ACCOUNTANTS & ADVISORS

<table>
<tr><th colspan="2">REVENUE RECOGNITION FOR SEQUOIA SPECIALIST INVESTMENTS PRODUCTS</th></tr>
<tr><th>Area of focus</th><th>How our audit addressed it</th></tr>
<tr><td>The Sequoia Specialist Investments (SSI) entity operating in the Sequoia Equity Markets Group segment represents a significant portion of the revenues and profitability of the Group. SSI earns revenue by issuing structured financial products principally being commodities, foreign exchange and equities. SSI effectively on-sells the financial exposure it has with its clients to Tier 1 investment banks with derivative contracts that completely match that derivative exposure.

The revenue margin it earns from this arrangement is priced separately and is deferred (together with direct costs) on a straight-line basis over the course of each contract on a gross basis in the financial statements (deferred costs and deferred revenue). The derivative positions are held at fair value on the statement of financial position.

The key risks for this arrangement include the following matters:
— The risk that client-driven derivative exposures are not matched 1-for-1 with wholesale contracts;
— The risk of credit default by the investment banks providing wholesale derivative hedge positions; and
— The potential for revenue to be recognised in-advance of the services provided to the client, including other revenues related with SSI including non-refundable application fees, which are earned up-front and at-risk coupon fees, which are earned at the close of each contract.

This matter was considered a key audit matter due to the significance of the balance and the complexity of contractual arrangements. The Group has disclosed in note 2, note 26 and note 27 respectively its revenue recognition accounting policy, financial instrument risks and fair value measurement.</td><td>Our audit procedures included:
— For a sample of current year issued structured products, we agreed the terms and conditions, including but not limited to, interest rates, notional hedged units, product maturity, trade dates and hedge premiums paid to supporting documents, including Product Disclosure Statements, Market-to-Market (MTM) valuations, Market registry allotment reports and bank statements to agree monetary amounts received and paid.
— We confirmed the valuations of the derivative financial instruments at year end through to supporting valuations obtained directly from relevant investment banks.
— Performed an assessment for the appropriateness of management's product model to recognise deferral and recognition of revenue and costs;
— An assessment of the credit worthiness of the investment banks;
— We tested a sample of application fees and coupon fees and vouched that they were accrued to the appropriate accounting period; and
— We tested the reasonableness of the current and non-current classification of deferred revenue and deferred costs to underlying support.

We assessed the reasonableness of the Group's financial statement disclosures in relation to revenue recognition and reported segments in accordance with AASB 8 Operating Segments.</td></tr>
</table>

William Buck
ACCOUNTANTS & ADVISORS

ASSESSMENT OF CARRYING VALUE OF GOODWILL AND INTANGIBLE ASSETS	
Area of focus	**How our audit addressed it**
The Group's non-current assets include a significant carrying value attributed to goodwill and intangible assets, the majority of which have originated from acquisitions. There is a risk that the entities in the Group may not trade in line with financial forecasts, resulting in the carrying amount of goodwill and intangible assets exceeding the recoverable amount and therefore requiring impairment. The recoverable amounts of the four cash generating units (CGUs) have been calculated based upon on their value-in-use. These recoverable amounts use discounted cash flow forecasts in which the Directors make judgements over certain key inputs, for example but not limited to revenue growth, discount rates applied, long term growth rates and inflation rates. Overall due to the high level of judgement involved, and the significant carrying amounts involved, we have determined that this is a key judgemental area that our audit concentrated on. The Group has disclosed in note 17 the Group's impairment approach, including significant underlying assumptions and the results of its assessment.	Our audit procedures included: — Assessment of the Group's determination of CGUs. This included reviewing internal management reporting, comparison to our knowledge and understanding of Group's operations and confirming CGUs are no larger than operating segments; — A detailed evaluation of the Group's budgeting procedures upon which the forecasts are based and testing the principles and reasonableness of the discounted future cash flow models; — Testing the mathematical accuracy of the calculation derived from each cash flow forecast model and we assessed key inputs in the calculations such as revenue growth, discount rates and working capital assumptions, by reference to the Board approved forecasts, data external to the Group and our own views; — Obtaining and assessing an independent expert's assessment related to the applicable discount rate used in measuring the value-in-use calculations; and — Performing sensitivity analysis in respect of the key assumptions noted above to ascertain the extent of changes in those assumptions which would materially impact the recoverable amount of the CGUs. We assessed the appropriateness of the Group's financial reporting disclosures in relation to the impairment testing approach and input assumptions.

WilliamBuck
ACCOUNTANTS & ADVISORS

ACCOUNTING FOR THE DIVESTMENT OF MORRISON SECURITIES PTY LIMITED	
Area of focus	**How our audit addressed it**
During the year ended 30 June 2023, the group entered into a share purchase agreement for the disposal of 80% of the issued share capital of Morrison Securities Pty Limited ('Morrisons'), a 100% controlled entity of Sequoia Financial Group. The executed sale agreement included the disposal of the issued share capital in two tranches: — a first tranche as at 6 June 2023 of 50.1% for consideration of \$25.5m in cash; and — A second tranche of 29.9% for consideration of \$15.0m in cash by 31 August 2023. During the transition period from 6 June 2023 until execution of tranche 2, Sequoia Financial Group retain specific roles and responsibilities with respect to the management of Morrisons and maintain control of Morrisons until completion of tranche 2. As at 30 June 2023, the initial tranche of 50.1% had been completed with \$17.85m of the cash consideration held in escrow until completion of the remaining tranche of transaction. This is a key audit matter due to the material nature of the transaction and the accounting judgements required by the Group including assessing its control of Morrisons. The Group has disclosed in note 2, note 3 and note 8 its related accounting policies, the discontinued operation, and assets and liabilities held for sale.	Our procedures amongst others included: — Reading the terms and conditions of the Sale Agreement between Sequoia Financial Group and the buyer; — Agreeing the cash proceeds received on execution of the agreement and sale of the issued 50.1% share capital; — Assessing the terms and conditions of the transaction and the economic effects in accordance with AASB 10 Consolidated Financial Statements, concurring the arrangement is a single transaction for accounting purposes; — Assessing that control is retained by Sequoia based on its activities including retaining operating, capital and budgetary decisions until tranche 2 is completed; — Considered the measurement and recognition of income taxes in relation to the disposal; and — Assessing the adequacy of the disclosures in notes 2, notes 3 and 8 to the financial statements in accordance with the requirements of *AASB 5 Non-current Assets Held For Sale and Discontinued Operations.*

Other Information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 30 June 2023 but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report, or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of these financial statements is located at the Auditing and Assurance Standards Board website at:
https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf

This description forms part of our independent auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2023.

In our opinion, the Remuneration Report of Sequoia Financial Group Limited, for the year ended 30 June 2023, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

William Buck

William Buck Audit (Vic) Pty Ltd
ABN 59 116 151 136

R. P. Burt
Director
Melbourne, 31 August 2023

In accordance with the ASX listing rule 4.10, the Company provides the following information to shareholders not disclosed elsewhere in this Annual Report. The information is current as at 15 August 2023 ('reporting date').

DISTRIBUTION OF EQUITABLE SECURITIES

Analysis of number of equitable security holders by size of holding:

	Ordinary shares	
	Number of holders	% of total shares issued
1 to 1,000	84	0.03
1,001 to 5,000	145	0.30
5,001 to 10,000	75	0.43
10,001 to 100,000	234	7.04
100,001 and over	128	92.20
	666	100.00
The number of holders of less than a marketable parcel of ordinary shares as at the reporting date (less than $500, based on the share price of $0.54) is:	64	0.02

Voting rights

The only class of equity securities on issue in the Company that carries voting rights is ordinary shares.

EQUITY SECURITY HOLDERS

Twenty largest quoted equity security holders

The Company has only one class of quoted securities, being ordinary shares. The names of the twenty largest security holders of quoted equity securities are listed below:

	Ordinary shares	
	Number held	% of total shares issued
MR GARRY CROLE	11,036,137	8.21
UNRANDOM PTY LTD (UNRANDOM A/C)	10,724,746	7.97
J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	9,290,123	6.91
BNP PARIBAS NOMS PTY LTD (DRP)	8,312,921	6.18
COJONES PTY LTD (JONES FAMILY NO 2 A/C)	6,638,972	4.94
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	5,456,757	4.06
HUNTLEY GROUP INVESTMENTS PTY LTD (HUNTLEY GRP INVESTMENT A/C)	4,210,000	3.13
TOCLO INVESTMENTS PTY LTD (TLC INVESTMENT A/C)	3,564,894	2.65
MR NEIL CLIFFORD DUNCAN	2,847,472	2.12
BNP PARIBAS NOMINEES PTY LTD (IB AU NOMS RETAILCLIENT DRP)	2,427,717	1.81
Mr PETER STIRLING + Mrs ROS STIRLING	2,000,000	1.49
DMX CAPITAL PARTNERS LIMITED	2,000,000	1.49
VANWARD INVESTMENTS LIMITED	1,808,561	1.34
MRS SHARON EUVRARD	1,789,717	1.33
TIBARRUM PTY LTD (PAUL ROBINSON FAM S/F A/C)	1,612,000	1.20
Mr ANTHONY CHRISTOPHER JONES	1,549,952	1.15
TRIFERN PTY LTD (SUPER FUND A/C)	1,505,541	1.12
MR TIM PADRAIC MCGOWEN	1,505,000	1.12
EMERALD SHARES PTY LIMITED (EMERALD UNIT A/C)	1,375,000	1.02
CITICORP NOMINEES PTY LIMITED	1,345,704	1.00
	81,001,214	60.24

Unquoted equity securities

Distribution of options over ordinary shares is as follows:

Distribution	Number on issue	Number of holders
Options over ordinary shares issued		
1 to 100,000	100,000	1
100,001 and over	1,900,000	6
	2,000,000	7

SUBSTANTIAL HOLDERS

As at the reporting date, the names of the substantial holders in the Company as disclosed in the substantial holding notices given to the Company are as follows:

	Number of ordinary shares disclosed
Cojones Pty Ltd	13,817,804
Unrandom Pty Ltd	11,974,738
Mr Garry Crole	11,401,500
Acorn Capital Ltd	10,421,640

OTHER INFORMATION

The Company commenced an on-market share buy-back starting from 25 May 2022 and extended on 25 May 2023 to end on 24 May 2024.

There are no issues of securities approved for the purpose of item 7 of section 611 of the Corporations Act, which have not yet been completed.

No securities were purchased on-market during the reporting period under or for the purposes of an employee incentive scheme or to satisfy the entitlements of the holders of options or other rights to acquire securities granted under an employee incentive scheme.

Corporate directory

Directors	Garry Crole John Larsen Kevin Pattison Charles Sweeney
Company Secretaries	Lizzie Tan Sally McDow
Notice of annual general meeting	The Company advises that its Annual General Meeting will be held on or around 23 November 2023. The time and other details relating to the meeting will be advised in the Notice of Meeting to be sent to all shareholders and released to the ASX immediately after dispatch. In accordance with the ASX Listing Rules, valid nominations for the position of Director are required to be lodged at the registered office of the Company by 5:00pm (AEST) on 3 October 2023.
Registered office	Level 7 7 Macquarie Place Sydney NSW 2000 Telephone: + 61 2 8114 2222 Facsimile: + 61 2 8114 2200
Principal place of business	Level 8 525 Flinders Street Melbourne VIC 3000
Share registry	Registry Direct Level 6 2 Russell Street Melbourne VIC 3000 Telephone: 1300 556 635 Facsimile: + 61 3 9111 5652
Auditor	William Buck Level 20 181 William Street Melbourne VIC 3000

Corporate directory

Bankers	National Australia Bank 330 Collins Street Melbourne VIC 3000
	Westpac Australia Bank Royal Exchange, Cnr Pitt & Bridge Streets Sydney NSW 2000
	Maldon & District Community Bank® Branch of Bendigo Bank 81 High Street Maldon VIC 3463
	Macquarie Bank Limited Level 32, South Tower 80 Collins Street Melbourne VIC 3000
	Australia and New Zealand Banking Group Limited 388 Collins Street Melbourne VIC 3000
Stock exchange listing	Sequoia Financial Group Limited shares are listed on the Australian Securities Exchange (ASX code: SEQ)
Website	www.sequoia.com.au
Corporate Governance Statement	The Board of Directors of Sequoia Financial Group Limited is committed to maintaining high standards of Corporate Governance. This Corporate Governance Statement discloses the extent to which the Company has followed the 4th Edition of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations ('ASX Principles and Recommendations'). The Corporate Governance Statement has been adopted by the Board and is current as at 31 August 2023. In accordance with ASX Listing riles 4.10.3 and 4.7.4, the corporate governance statement will be available for review on the Company's website, www.sequoia.com.au/about-sequoia/corporate-governance/, and will be lodged together with an Appendix 4G with the ASX at the same time that this Annual Report is lodged with the ASX.