

ASX AND MEDIA RELEASE

Wednesday, 15 November 2023

Sequoia confirms growth expectations for FY24

Sequoia Financial Group Limited (ASX: SEQ)(Sequoia) is pleased to confirm the financial guidance provided in an investor presentation lodged with the ASX today.

Sequoia has reconfirmed its FY24 EBITDA guidance for \$10m. This represents growth of 117% from FY23, after adjusting for the impact of the now divested Morrison's business.

In addition to providing reconfirmed EBITDA guidance for FY24, Sequoia has also provided revenue guidance for \$130m. This implies revenue growth of 33% for FY24, this is also after adjusting for the impact of the now divested Morrison's business.

-END-

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

For further information please contact:

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ABOUT SEQUOIA FINANCIAL GROUP LTD

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

It provides:

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

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

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Investor Presentation

Garry Crole

Managing Director and CEO

15 November 2023

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We provide services to financial advisers, accountancy practices, AFSL holders, high net worth clients, law firms and product providers who serve the retail and wholesale consumer markets .

Sequoia Financial Group



Licensee Services



Professional Services

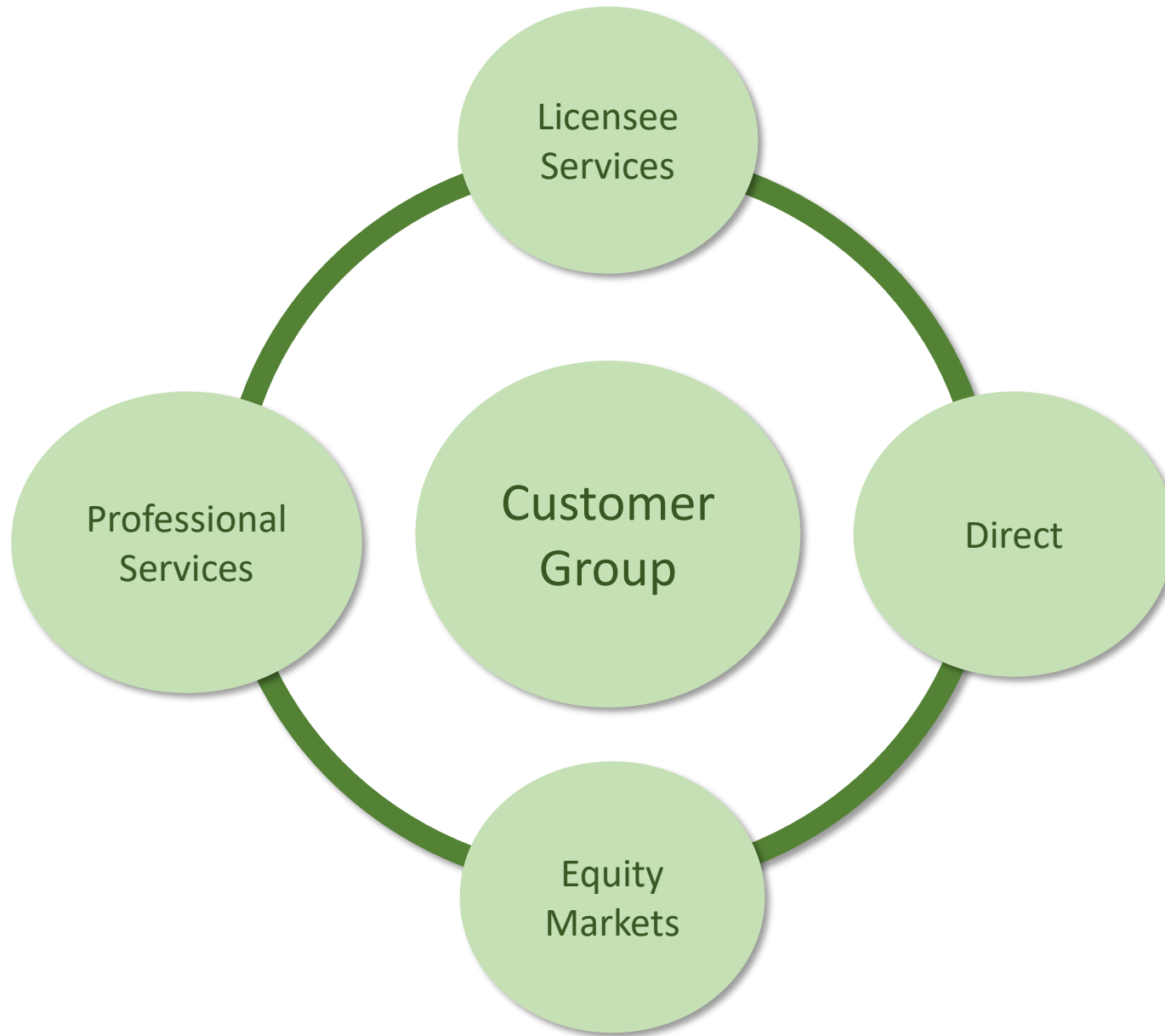


Equity Markets



Direct





Key Customer Groups



AFSL holders

1,876 @ November 2023 (Interprac Rank 3)

Authorized Representatives

14,266 @ November 2023

Accounting Firms

11,500 estimate by NTAA @ November 2023

Law Firms

18,000 @ November 2023

SMSF Investors

600,000 active funds with 1.1m members

MIS , Platforms and Insurers

3,700 registered with ASIC (SEQ support 8 core platforms)

Growth Focus (Organic)



Licensee Services

- Increase adviser numbers within Interprac / SWM to 500 by 2026
- Increase the Sequoia Insurance Brokers (Acquire small to mid-size suburban broking firms)
- Sequoia Family Office (Acquire advisers customer books and employ specialist advisers in HNW market)
- InterPrac / Sequoia Wealth Management acquire adviser licensing services from sub scale AFSL providers noting of the 1,876 AFSL holders less than 40 have more than 100 advisers.

Professional Services

- Acquire legal document providers and integrate them into our SAS model such as Panthercorp , Castle Corp
- Acquire SMSF administration customer books

Ideal Client (8 income touch points)



Suburban accountancy firm with 3 partners with approximately 1000 SME customers

1. Employs an authorized representative using InterPrac AFSL
2. Staff of the firm use NTAA Corporate for all legal establishments (approximately 40 per annum)
3. The firm uses InterPrac General Insurance for office and professional indemnity practice insurance
4. Employed adviser outsources SMSF administration when accounting firm has backlog to Sequoia
5. Adviser has requested specialist investment product team for bespoke wholesale investments
6. Adviser has participated in IPO initiated by Sequoia Corporate advice team
7. Accounting practice has referred M&A opportunity to Sequoia Corporate Finance team
8. Accounting firm has registered several customers to Share Café / Yield Report website

People

- Review and optimisation of team structures
- Leadership and mentoring program
- Introduction of a Behavioural Growth Program for Leadership Team

Process and Operations

- Strategic objectives defined for all business units
- 90 Day Planning Process introduced
- Cross Team awareness and training

Client

- Defined ideal client strategy for each entity
- Enhance collaboration between units to create a 'Sequoia' client
- Develop the Sequoia brand strategy (new website launched)

Management Objectives



	FY23 Actual	FY23 Ex Morrisons	FY24 Target
Revenue Growth	\$131.5m	\$98m	\$130m
EBITDA Margin	4%	4.7%	7.7%
Statutory EBITDA	\$5.5m	\$4.6m	\$10.0m
Dividend	4 cents per share	4 cents per share	Up to 90% of net cash profit after tax
Accounting Firms	Approximately 3,000	Approximately 3,000	10% Growth
Prof Services – New Docs per day	150	150	200
Advisers using our AFSL	325 average	325 average	15% Growth to 380

Why Invest Now?

1. Commercial tailwinds from improved industry dynamics
2. Enhanced leadership capability to drive earnings growth
3. Capital management program supported by strong balance sheet and compelling valuation

Commercial tailwinds

- For 20 + years Licensee services businesses have been competing on fees in competition with subsidized product provider AFSL holders, in the last 9-12 months as almost all providers have exited this subsidized price war has abated .
- There is a shortage of advisers in advice, accounting , smsf administration to serve a community that is heavily weighted towards an age demographic that can pay for a service and needs assistance in managing their affairs.
- Product providers need to reduce their cost to access the investment community and the Sequoia integrated model can assist such entities do so.

New Roles and Capabilities



Chief Operating officer

Head Legal and Risk

Senior Risk & Compliance Manager for AFSL companies

Director for Legal services for document business

High dividend payout ratio

- Set dividend pay out ratio up to 90% of net cash profit after tax
- Increase normalized dividends by 25% pa from 4c in FY 2023.

Prudent liquidity and balance sheet settings

- Target long term cash balance to remain at above \$20m to fund continued acquisition strategy

Ability to undertake buybacks

- Employ Buybacks when Sequoia's EV is below a multiple 4x which the management team believe is difficult to acquire alternative growth at.

Acquisition Targets

- Utilize excess cash on balance sheet to acquire strategic EBITDA on 4-5 multiples.

Compelling Valuation



We have determined an implied enterprise valuation for each of our 4 Divisions. This implied sum totals \$80 million and was determined by applying a reverse 15% EBITDA intrinsic calculation methodology .

Implied Group and Divisional Valuations

- Licensee Services Division \$40m
- Professional Services \$20m
- Equity markets \$15m
- Direct \$5m
- **Total** **\$80m @ 15% = \$12m**
- Subtract head office cost \$2m
- **Forecast EBITDA FY24** **\$10m x Historical EV Multiple of 6x – 8x**
- **Implied Group Valuation** **\$80m**

Current Valuation Metrics

- Current market Cap @ 50c \$67 m
- Cash at bank \$30 m
- Current EV \$37 m
(3.25x multiple)
- Sequoia has 20% shareholdings in Morrison Securities and Euree Asset Management not included in the forecast figures.

Capital Structure



Shares on Issue	134 million
Current Share price	\$0.50
Market Cap	\$67 million
Cash at bank	\$30 million
Enterprise value	\$37 million
Forecast EBITDA FY24	\$10 million
Dividend Last 12 months	\$0.04 (fully franked)
Yield at 4c per share dividend	8.0% (11.4% grossed up)



QUESTIONS?

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