

1. COMPANY DETAILS

Name of entity:	Sequoia Financial Group Limited
ABN:	90 091 744 884
Reporting period:	For the half-year ended 31 December 2023
Previous period:	For the half-year ended 31 December 2022

2. RESULTS FOR ANNOUNCEMENT TO THE MARKET

				\$
Revenues from ordinary activities (continuing and discontinued)	up	10.5%	to	67,542,867
Profit from ordinary activities after tax attributable to the owners of Sequoia Financial Group Limited	up	4317.1%	to	27,850,220
Profit for the half-year attributable to the owners of Sequoia Financial Group Limited	up	4317.1%	to	27,850,220

Dividends

<i>Details of Dividends</i> ⁽¹⁾	Cents per share	\$
2024 Interim dividend declared ⁽²⁾	2.00	2,636,789 ⁽³⁾
2023 Special dividend (paid 29 September 2023) ⁽⁴⁾	4.00	5,355,699

(1) All dividends are fully franked

(2) Record date for determining entitlement to the 2024 Interim dividend is 6 March 2024, and is to be paid on 13 March 2024

(3) Estimated total dollar value based on number of shares at 31 December 2023

(4) Special dividend paid on completion of divestment of Morrison Securities Pty Ltd and was a cash dividend

Comments

The profit for the Group after providing for income tax amounted to \$27,850,220 (31 December 2022: \$630,510).

3. NET TANGIBLE ASSETS

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	24.29	9.87

Calculated as follows:

	Consolidated 31 Dec 2023 \$	31 Dec 2022 \$
Net assets	63,938,715	47,197,231
Less: Right-of-use assets	(933,374)	(1,701,011)
Less: Intangibles	(32,398,219)	(34,542,444)
Add: Lease liabilities	1,411,181	2,376,211
	32,018,303	13,329,987
Total number of shares issued	131,838,431	135,054,525

4. CONTROL GAINED OVER ENTITIES

Not applicable.

5. LOSS OF CONTROL OVER ENTITIES

Name of entities (or group of entities)	Morrison Securities Pty Ltd	
Date control lost	31 August 2023	
Contribution of such entities to the reporting entity's profit/(loss) from ordinary activities before income tax during the period (where material)		\$ 372,448
Profit/(loss) from ordinary activities before income tax of the controlled entity (or group of entities) whilst controlled during the whole of the previous period (where material)		986,990

6. DIVIDENDS

Current period

Details of Dividends ⁽¹⁾	Cents per share	\$
2024 Interim dividend declared ⁽²⁾	2.00	2,636,789 ⁽³⁾
2023 Special dividend (paid 29 September 2023) ⁽⁴⁾	4.00	5,355,699

(1) All dividends are fully franked

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(3) Estimated total dollar value based on number of shares at 31 December 2023

(4) Special dividend paid on completion of divestment of Morrison Securities Pty Ltd and was a cash dividend

Previous 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	945,382

(1) All dividends are fully franked

(2) 2022 Final dividend was a cash dividend

(3) 2023 Interim dividend was a cash dividend

7. DIVIDEND REINVESTMENT PLANS

Not applicable.

8. DETAILS OF ASSOCIATES AND JOINT VENTURE ENTITIES

Name of associate / joint venture	Reporting entity's percentage holding		Contribution to profit/ (loss) (where material)	
	Reporting period %	Previous period %	Reporting period \$	Previous period \$
Taking Control Pty Ltd (joint venture)	50.00%	50.00%	-	-
Euree Asset Management Pty Ltd	20.00%	20.00%	-	-
Morrison Securities Pty Ltd	20.00%	100.00%	121,902	-
Group's aggregate share of associates and joint venture entities' profit/(loss) (where material)				
Profit/(loss) from ordinary activities before income tax			121,902	-
Income tax on operating activities				
			36,569	-

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 were subject to a review by the auditors and the review report is attached as part of the Interim Report.

11. ATTACHMENTS

Details of attachments (if any):

The Interim Report of Sequoia Financial Group Limited for the half-year ended 31 December 2023 is attached.

12. SIGNED

Signed  _____

Date: 21 February 2024

John Larsen
Chairman
Sydney



Sequoia Financial
Group Limited

ABN 90 091 744 884

Interim Report

31 DECEMBER 2023



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Dear Shareholders,

We are pleased to report the Group's financial performance for 1HFY24. Operational revenue finished 43.7% ahead of 1HFY23 at \$62.8m, with profit after tax coming in at an abnormally high \$27.8m due to the gain on the divestment of 80% of Morrison, being recognised in this period.

Our 'normalised' Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) for the period, adjusted for non-recurring expenses, was approximately \$3.6m, which was slightly below our \$4m budget. The non-recurring expenses were higher legal costs related to the Morrison part disposal, additional costs associated with recent acquisitions in our Professional Services Division, and higher than expected restructuring costs. The restructuring costs were incurred in Divisions where additional investment is needed to improve longer-term performance and meet our 15% of ROME* (Return on Management Equity) target.

Our decision taken in FY23 to reduce the number of Sequoia Specialist Investment (SSI) offerings is also impacting our EBITDA. Revenues on these closed ended products are reported over the period of each new investment offering which is usually a period of between 18-36 months. During this period, our SSI revenue was \$5.9m compared to \$25.8m in 1HFY22 and \$6.6m in 1HFY23. Correspondingly our SSI EBITDA for 1HFY24 was \$0.4m, a significant decline from \$2.5m in 1HFY22 and \$0.9m in 1HFY23. We expect to 'normalise' our SSI product offerings in FY25, when EBITDA should return to around \$2m per financial year.

Achieving our ROME EBITDA of 15% in the Direct Investment Division is proving to be very difficult as we deal with some challenges from our acquisition of Informed Investor / Share Café / Corporate Connect. Furthermore, we incurred a considerable expense on marketing for this Division (in excess of \$200k) to drive more business from our Licensees Services customer base. Additional expenditure was also incurred for the restructure as we reduced the headcount in this Division. We believe these changes will positively impact our EBITDA from 2HFY24 onwards.

Our Professional Services Division completed the integration for recent acquisitions of Castle Corp and Australian Business Structures (ABS), with costs fully absorbed in 1HFY24. This greater scale should see us deliver additional revenue of about \$1.1m in 2HFY24.

In terms of some of our other businesses, we confirm revenue growth and new business opportunity in Legal Documents, SMSF Administration, General Insurance Broking, Corporate Finance and Family Office are all evident and expected to make further improvement to longer term EBITDA expectations.

Licensees Services, being the core business of the Group, was our best performing Division, with above market organic growth in adviser numbers. Following a restructure of this division in 2022/23, Licensees Services was able to increase revenue and normalised EBITDA by over 100% compared to 1HFY23.

Considering the variables and improvements above, we expect to achieve 2HFY24 EBITDA in the range of \$5m - \$6m.

Divisional Financial Performance

Licensees Services

Revenue increased by 64% (over pcg)

EBITDA increased by 110% (over pcg)

Revenue \$50.9m up from \$31.1m

EBITDA \$3.5m up from \$1.7m

Revenue growth is due to market share growth. Specifically, growth from adviser numbers, increased effective marketing from our Direct Investment Division's media reach, and a heavy increase in revenue per adviser. This result coincides with improved market conditions for financial advice, in part due to the tight supply conditions for our services.

Our EBITDA of \$3.5m demonstrated that increasing scale can improve margin, with EBITDA on revenue rising from 5.4% to 6.8%. As we continue to head towards our target of 500 advisers, our objective is to ultimately achieve an 8% EBITDA margin from this Division.

Given revenue for this Division is now expected to top \$100m, and EBITDA \$6.4m for FY24, we have upgraded our ROME valuation from \$40.0m to \$42.5m.

*(*ROME – is a non-GAAP measure based on internal management valuation of the asset)*

Professional Services

Revenue increased by 10% (over pcp)

EBITDA was flat (In relation to pcp)

Revenue \$4.5m up from \$4.1m

EBITDA \$0.9m flat from \$0.9m

The integration costs of acquisitions meant significant technological development was required to accommodate the various legacy systems we inherited from multiple brands. This, in addition to unplanned additional staff costs incurred in the Castle Corp acquisition negatively impacted our 1HFY24 EBITDA. However, we expect this additional expenditure to help drive a strong revenue and EBITDA uplift in this Division in 2HFY24, with revenue to exceed \$6m and EBITDA to return to upwards of 30%.

We retain our previously applied ROME of \$20m to this Division with an expected \$3m normalised EBITDA for FY24.

Equity Markets (SSI only)

Revenue decreased by 11%

EBITDA decreased by 58%

Revenue \$5.9m down from \$6.6m

EBITDA \$0.4m down from \$0.9m

We reduced our ROME to \$14m on the expectation that our normalised EBITDA will return to a result above \$2m in FY24 with the business then returning to a growth rate of 10% or better in the coming years.

Direct Investment

Revenue decreased by 35%

Revenue \$1.2m down from \$1.8m

EBITDA Loss of \$0.1m down from an operating profit of \$0.1m

The revenue decline of 35% has been a major disappointment with the recent acquisitions of Informed Investor, Share Café, and Corporate Connect Research unable to provide the expected returns.

A major review of the Division has been completed. We have commenced litigation against the former Seller Agent of the above businesses, to recover part of our acquisition costs. As previously mentioned, staff numbers have also been significantly reduced.

Since appointing Paul Sanger as Head of Sequoia Direct and disposing of the Yield Report business, we have been able to reduce overheads by over \$0.6m annualised which is immediately improving our monthly financial performance. We expect the Division to achieve an annualised EBITDA of \$0.45m. Off the back of that we have reduced our ROME valuation to \$3.0m and expect this Division to make a meaningful contribution to the group's services moving forward.

Other Investments

20% holding in Morrison Securities

The Morrison's business has moved to new premises in mid-January 2024 and continues to win market share in an equity and options market that has experienced a decline in trading volumes. New initiatives include the introduction of cash management services, international trading, and reporting for financial advisers wishing to run model portfolios off a traditional platform. These initiatives give us confidence our 20% investment albeit smaller in this business, continues to be a sage one.

20% holding in Euree Asset Management

The business commenced taking investments in each of its balanced, growth and property REIT funds in July 2023. Strong inflow has seen latest Funds Under Management grow to \$60.0m and all 3 funds have outperformed their benchmark performance targets for each quarter since launching. We are very pleased with our modest investment in this business at this early stage of its development as an emerging fund manager.

Investment Portfolio

The investment portfolio which includes a 6% stake in Centrepont Alliance Ltd (CAF) and smaller positions in listed investment companies showed a small return on our investments over the period. The total value of this portfolio as at 31 December 2023 was \$5.0m.

Outlook

The original plan Sequoia Financial Group (SEQ) set in FY20/21 was to build a sustainable group of businesses using a 'tortoise' rather than a 'hare' approach. Since that time our share price has increased from 20 cents per share and our net cash balance has increased almost 10-fold without having to raise any new capital. Management's ability to increase the underlying value of each business was well reflected in our decision to divest 80% of Morrison and is highlighted in our disclosures of management valuations on our sum of parts.

Anyone who has been a shareholder since FY21 has received a total dividend return of 9.5 cents per share fully franked. More importantly, shareholders now have shares in a group that has reached a point where most of the foundation work has been completed. SEQ is very strongly positioned to finance its next round of growth with cash and liquid investments of more than \$23m.

We confirm our previously forecast annual revenue target of \$130m for FY24 with EBITDA in the range of \$8.1m to \$10m. The longer-term revenue target of \$300m at 8% pre-tax operating cash flows remains the goal.

The Directors are declaring a dividend of 2.0 cents per share fully franked for this half-year to 31 December 2023, to be paid in March 2024 which equates to approximately \$2.6m.

A handwritten signature in black ink, appearing to be "Garry Crole".

Garry Crole
Managing Director/CEO

A handwritten signature in black ink, appearing to be "John Larsen".

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 half-year ended 31 December 2023.

DIRECTORS

The following persons were directors of Sequoia Financial Group Limited during the whole of the financial half-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 planners, 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 half-year.

DIVIDENDS

<i>Details of Dividends ⁽¹⁾</i>	Cents per share	\$
2024 Interim dividend declared ⁽²⁾	2.00	2,636,789 ⁽³⁾
2023 Special dividend (paid 29 September 2023) ⁽⁴⁾	4.00	5,355,699

(1) All dividends are fully franked

(2) Record date for determining entitlement to the 2024 Interim dividend is 6 March 2024, and is to be paid on 13 March 2024

(3) Estimated total dollar value based on number of shares at 31 December 2023

(4) Special dividend paid on completion of divestment of Morrison Securities Pty Ltd and was a cash dividend

REVIEW OF OPERATIONS

The profit for the Group after providing for income tax amounted to \$27,850,220 (31 December 2022: \$630,510).

Operating revenue from ordinary operating activities (continuing and discontinued) of the Group increased to \$67,542,867, up from \$61,146,491 in the corresponding half-year ended 31 December 2022, an increase of 10.5%.

During the financial half-year ended 31 December 2023, the following transactions occurred:

- On 21 August 2023, the acquisition of the customer lists of Castle Corporate Pty Ltd and Castle Legal Pty Ltd was completed and, on 13 December 2023, the acquisition of the customer list of Australian Business Structures Ltd was completed.
- On 31 August 2023, the disposal of 80% of Morrison Securities was completed. This resulted in a non-recurring gain of \$26.0 million, after tax, that included the revaluation of the remaining 20% investment value.

Operating 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 operating profit over the half-year ended 31 December 2023 increased to \$3,195,288 from \$2,165,626.

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

Financial performance

	31 Dec 2023 \$	31 Dec 2022 \$	Change \$	Change %
Operating revenue from ordinary activities (continuing)	62,766,971	43,669,488	19,097,483	43.7%
Operating profit (continuing)*	3,195,288	2,165,626	1,029,662	47.5%
Statutory net profit after tax (continuing and discontinued)	27,850,220	630,510	27,219,710	4317.1%

* 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 reviewed.



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

31 December 2023	Continuing operations \$	Discontinued operations \$	Consolidated \$
Operating profit for the half-year	3,195,288	144,203	3,339,491
<i>Deduct normalised adjustments:</i>			
Gain on disposal of Morrison Securities Pty Ltd	-	27,471,891	27,471,891
Fair value revaluation	-	6,880,593	6,880,593
Write-back to profit or loss for consideration not payable	334,257	-	334,257
	3,529,545	34,496,687	38,026,232
<i>Add/(deduct):</i>			
Interest revenue calculated using the effective interest method	586,733	231,132	817,865
Depreciation and amortisation	(1,896,806)	(2,888)	(1,899,694)
Finance costs	(100,389)	-	(100,389)
Statutory net profit before income tax for the half-year	2,119,083	34,724,931	36,844,014
Income tax expense	(598,132)	(8,395,662)	(8,993,794)
Statutory net profit after income tax for the half-year	1,520,951	26,329,269	27,850,220

31 December 2022	Continuing operations \$	Discontinued operations \$	Consolidated \$
Operating profit for the half-year	2,165,626	1,008,278	3,173,904
<i>Deduct normalised adjustments:</i>			
Acquisition costs	(19,727)	-	(19,727)
	2,145,899	1,008,278	3,154,177
<i>Add/(deduct):</i>			
Interest revenue calculated using the effective interest method	13,167	356,808	369,975
Depreciation and amortisation	(1,795,682)	(7,121)	(1,802,803)
Finance costs	(87,511)	-	(87,511)
Statutory net profit before income tax for the half-year	275,873	1,357,965	1,633,838
Income tax expense	(709,045)	(294,283)	(1,003,328)
Statutory net (loss)/profit after income tax for the half-year	(433,172)	1,063,682	630,510

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Acquisition of Castle Corporate Pty Ltd and Castle Legal Pty Ltd

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. The acquisition was completed on 21 August 2023.

Acquisition of Australian Business Structures Ltd

On 13 December 2023, the Company announced the completion of the acquisition of the assets of Australian Business Structures Ltd ('ABS'). ABS is a provider of legal services and has been providing the Company with a range of proprietary legal documents. The acquisition broadens the product offering of the Professional services division and builds on the presence within the accounting and advice industry.

Divestment of Morrison Securities Pty Ltd

The transaction to divest 80% of Morrison Securities Pty Ltd is complete, with the final payment of \$15.0 million received on 31 August 2023.

ANZ loan facility

Due to the repayment of the committed facility of \$1,750,000, the Australia and New Zealand Banking Group Limited ('ANZ') financing facility as at 31 December 2023 was as follows: an uncommitted and undrawn loan facility (with no redraw) of \$13,250,000 and a standby letter of guarantee of \$700,000. The standby letter continues to be used as bank guarantees for office leases. During the half-year to 31 December 2023, no amount of the uncommitted and undrawn loan facility was utilised.

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

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL HALF-YEAR

On 21 February 2024, the Company declared an interim dividend for the half-year ended 31 December 2023 of 2.0 cents per share, fully franked. The record date for determining entitlements to the dividends is 6 March 2024 and is to be paid on 13 March 2024. The financial effect of these dividends has not been brought into account in the financial statements for the half-year ended 31 December 2023 and will be recognised in subsequent financial periods. Estimated total dollar value based on number of shares at 31 December 2023 is \$2,636,789.

No other matter or circumstance has arisen since 31 December 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.

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 306(3)(a) of the Corporations Act 2001.

On behalf of the directors

A handwritten signature in black ink, appearing to be "JL", written over a horizontal line.

John Larsen
Chairman

21 February 2024
Sydney

WilliamBuck

ACCOUNTANTS & ADVISORS

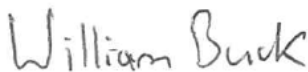
Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the directors of Sequoia Financial Group Limited

As lead auditor for the review of Sequoia Financial Group Limited for the half-year ended 31 December 2023, I declare that, to the best of my knowledge and belief, there have been:

- no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and
- no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Sequoia Financial Group Limited and the entities it controlled during the period.



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



R. P. Burt
Director
Melbourne, 21 February 2024

		Consolidated	
	Note	31 Dec 2023	31 Dec 2022
Revenue from continuing operations	4	62,766,971	43,669,488
Share of profits of associates accounted for using the equity method		85,333	-
Expenses			
Data fees		(44,767)	(184,702)
Dealing and settlement	5	(1,706,139)	(38,384)
Compliance costs		(280,422)	(1,081,012)
Commission and hedging		(47,259,301)	(29,876,700)
Employee benefits		(7,139,231)	(7,278,590)
Occupancy		(253,381)	(229,598)
Telecommunications		(637,955)	(585,456)
Marketing		(271,862)	(242,565)
General and administrative		(1,497,927)	(1,498,715)
Insurance		(566,031)	(488,140)
Operating profit		3,195,288	2,165,626
Interest revenue calculated using the effective interest method		586,733	13,167
Depreciation		(706,213)	(678,782)
Amortisation		(1,190,593)	(1,116,900)
Acquisition costs		-	(19,727)
Finance costs		(100,389)	(87,511)
Write-back to profit or loss for consideration not payable	16	334,257	-
Profit before income tax expense from continuing operations		2,119,083	275,873
Income tax expense	6	(598,132)	(709,045)
Profit/(loss) after income tax expense from continuing operations		1,520,951	(433,172)
Profit after income tax expense from discontinued operations	7	26,329,269	1,063,682
Profit after income tax expense for the half-year attributable to the owners of Sequoia Financial Group Limited		27,850,220	630,510
Other comprehensive expense			
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Loss on the revaluation of financial assets at fair value through other comprehensive income, net of tax		(20)	(42)
Other comprehensive expense for the half-year, net of tax		(20)	(42)
Total comprehensive income for the half-year attributable to the owners of Sequoia Financial Group Limited		27,850,200	630,468
Total comprehensive income/(expense) for the half-year is attributable to:			
Continuing operations		1,520,931	(433,214)
Discontinued operations		26,329,269	1,063,682
		27,850,200	630,468

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

		31 Dec 2023 Cents	31 Dec 2022 Cents
Earnings per share for profit/(loss) from continuing operations attributable to the owners of Sequoia Financial Group Limited			
Basic earnings per share	18	1.141	(0.319)
Diluted earnings per share	18	1.124	(0.319)
Earnings per share for profit from discontinued operations attributable to the owners of Sequoia Financial Group Limited			
Basic earnings per share	18	19.749	0.783
Diluted earnings per share	18	19.457	0.771
Earnings per share for profit attributable to the owners of Sequoia Financial Group Limited			
Basic earnings per share	18	20.890	0.464
Diluted earnings per share	18	20.581	0.457

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

	Note	Consolidated	
		31 Dec 2023	30 Jun 2023
		\$	\$
Assets			
Current assets			
Cash and cash equivalents	8	18,263,108	9,392,306
Trade and other receivables		8,451,056	9,311,594
Contract assets and deferred costs		2,767,580	3,509,343
Investments in shares	16	5,000,320	1,494,565
Derivative financial instruments	16	473,131	2,461,708
Other financial assets	9	-	17,891,572
Prepayments		557,824	1,074,813
		35,513,019	45,135,901
Assets of disposal groups classified as held for sale		-	42,860,810
Total current assets		35,513,019	87,996,711
Non-current assets			
Contract assets and deferred costs		1,090,753	1,018,846
Derivative financial instruments	16	1,828,714	1,694,766
Investments accounted for using the equity method	10	10,585,333	500,000
Other non-current financial assets		20,000	20,000
Plant and equipment		965,494	1,133,944
Right-of-use assets		933,374	1,348,225
Goodwill and intangible assets	11	32,398,219	31,981,070
Deferred tax		3,144,342	9,975,843
Deposits		66,578	66,578
Total non-current assets		51,032,807	47,739,272
Total assets		86,545,826	135,735,983
Liabilities			
Current liabilities			
Trade and other payables	12	7,754,250	35,098,787
Contract liabilities and deferred revenue		3,723,819	4,504,747
Interest bearing loans and borrowings	13	-	495,593
Lease liabilities		774,905	990,340
Derivative financial instruments	16	473,131	2,461,708
Income tax payable		4,990	6,487,348
Employee benefits		1,088,505	1,368,396
Deferred consideration		600,000	-
Contingent consideration	16	1,454,728	2,205,244
		15,874,328	53,612,163
Liabilities directly associated with assets classified as held for sale		-	30,533,788
Total current liabilities		15,874,328	84,145,951
Non-current liabilities			
Contract liabilities and deferred revenue		1,371,169	1,305,390
Interest bearing loans and borrowings	13	-	1,750,000
Lease liabilities		636,276	947,901
Derivative financial instruments	16	1,828,714	1,694,766
Deferred tax		2,343,542	2,711,095
Employee benefits		103,082	138,684
Contingent consideration	16	450,000	-
Total non-current liabilities		6,732,783	8,547,836
Total liabilities		22,607,111	92,693,787
Net assets		63,938,715	43,042,196

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

	Note	Consolidated	
		31 Dec 2023	30 Jun 2023
		\$	\$
Equity			
Issued capital	14	52,260,058	53,867,905
Reserves		819,877	810,032
Retained profits/(accumulated losses)		10,858,780	(11,635,741)
Total equity		63,938,715	43,042,196



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

Statement of changes in equity

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
Profit after income tax expense for the half-year	-	-	-	630,510	630,510
Other comprehensive expense for the half-year, net of tax	-	(42)	-	-	(42)
Total comprehensive (expense)/income for the half-year	-	(42)	-	630,510	630,468
<i>Transactions with owners in their capacity as owners:</i>					
Payments for share buy-backs (note 14)	(623,320)	-	-	-	(623,320)
Vesting of share-based payments	-	-	41,310	-	41,310
Dividends paid (note 15)	-	-	-	(1,226,517)	(1,226,517)
Balance at 31 December 2022	53,867,905	548,187	210,555	(7,429,416)	47,197,231

Consolidated	Issued capital \$	Financial assets at fair value reserve \$	Share-based payments reserve \$	Retained profits \$	Total equity \$
Balance at 1 July 2023	53,867,905	548,147	261,885	(11,635,741)	43,042,196
Profit after income tax expense for the half-year	-	-	-	27,850,220	27,850,220
Other comprehensive expense for the half-year, net of tax	-	(20)	-	-	(20)
Total comprehensive (expense)/income for the half-year	-	(20)	-	27,850,220	27,850,200
<i>Transactions with owners in their capacity as owners:</i>					
Share-based payments	48,500	-	9,865	-	58,365
Payments for share buy-backs (note 14)	(1,656,347)	-	-	-	(1,656,347)
Dividends paid (note 15)	-	-	-	(5,355,699)	(5,355,699)
Balance at 31 December 2023	52,260,058	548,127	271,750	10,858,780	63,938,715

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

	Note	Consolidated	
		31 Dec 2023 \$	31 Dec 2022 \$
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		73,525,084	64,500,892
Payments to suppliers and employees (inclusive of GST)		(71,432,167)	(62,348,601)
Net cash used in client related operations		(2,875,970)	(3,111,263)
		(783,053)	(958,972)
Interest received		817,865	369,975
Interest and other finance costs paid		(65,848)	(44,457)
Income taxes paid		(8,368,964)	(1,075,747)
Net cash used in operating activities		(8,400,000)	(1,709,201)
Cash flows from investing activities			
Payment for purchase of business, net of cash acquired		(401,197)	-
Payments for investments in shares		(3,706,286)	(116,938)
Payments for plant and equipment		(128,003)	(247,378)
Payments for asset acquisitions		(4,137,009)	-
Proceeds from disposal of business		11,998,410	-
Proceeds from disposal of investments in shares		551,350	65,137
Proceeds from disposal of property, plant and equipment		3,026	-
Proceeds of distributions from joint venture		-	7,500
Net cash from/(used in) investing activities		4,180,291	(291,679)
Cash flows from financing activities			
Proceeds from exercise of performance rights		20,286	-
Payments for share buy-backs		(1,656,348)	(623,320)
Repayment of lease liabilities		(561,598)	(494,605)
Repayment of borrowings		(2,245,590)	(490,776)
Dividends paid	15	(5,355,699)	(1,226,517)
Net cash used in financing activities		(9,798,949)	(2,835,218)
Net decrease in cash and cash equivalents		(14,018,658)	(4,836,098)
Cash and cash equivalents at the beginning of the financial half-year		9,392,306	36,607,635
Cash and cash equivalents classified as held-for-sale at the beginning of the financial year		22,889,460	-
Cash and cash equivalents at the end of the financial half-year		18,263,108	31,771,537

The above 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 half-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 7 Macquarie Place Sydney NSW 2000	Level 8 525 Flinders Street 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 21 February 2024. The directors have the power to amend and reissue the financial statements.

NOTE 2. MATERIAL ACCOUNTING POLICY INFORMATION

These general purpose financial statements for the interim half-year reporting period ended 31 December 2023 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2023 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except for the policies stated below.

Associates

Associates are entities over which the Group has significant influence but not control or joint control. Investments in associates are accounted for using the equity method. Under the equity method, the share of the profits or losses of the associate is recognised in profit or loss and the share of the movements in equity is recognised in other comprehensive income. Investments in associates are carried in the statement of financial position at cost plus post-acquisition changes in the Group's share of net assets of the associate. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment. Dividends received or receivable from associates reduce the carrying amount of the investment.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

The Group discontinues the use of the equity method upon the loss of significant influence over the associate and recognises any retained investment at its fair value. Any difference between the

NOTE 2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

associate's carrying amount, fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

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.

NOTE 3. 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 3. 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	<p>The Licensees Services Group is the core driver of the company business thematic.</p> <p>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.</p> <p>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.</p> <p>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.</p>
Sequoia Professional Services Group	<p>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.</p>
Sequoia Equity Markets Group	<p>The Equity Markets Group provides services to licensed advisers, self-directed investors and superannuation funds. This group delivers specialist investment solutions to third party institutional and adviser networks that operate their own AFSL.</p>
Sequoia Direct Investment Group	<p>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.</p>
Head Office	<p>Head Office relates to the corporate running costs of the Group.</p>

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 3. OPERATING SEGMENTS (CONTINUED)

Operating segment information

Consolidated - 31 Dec 2023	Sequoia Licensees Services Group \$	Sequoia Professional Services Group \$	Sequoia Equity Markets Group \$	Sequoia Direct Investment Group \$	Head Office \$	Total \$
Continuing operations						
Revenue						
Revenue	50,469,793	4,503,106	5,919,398	1,166,445	278,626	62,337,368
Gains/(losses) on portfolio investments	394,418	-	(288)	-	35,473	429,603
Total revenue	50,864,211	4,503,106	5,919,110	1,166,445	314,099	62,766,971
Operating profit	3,483,545	928,805	388,978	(111,303)	(1,494,737)	3,195,288
Interest revenue						586,733
Depreciation						(706,213)
Amortisation						(1,190,593)
Finance costs						(100,389)
Write-back to profit or loss for consideration not payable						334,257
Profit before income tax expense						2,119,083
Income tax expense						(598,132)
Profit after income tax expense						1,520,951

Consolidated - 31 Dec 2022	Sequoia Licensees Services Group \$	Sequoia Professional Services Group \$	Sequoia Equity Markets Group \$	Sequoia Direct Investment Group \$	Head Office \$	Total \$
Continuing operations						
Revenue						
Revenue	31,318,939	4,098,892	6,635,062	1,801,630	72,249	43,926,772
Gains/(losses) on portfolio investments	(257,375)	-	91	-	-	(257,284)
Total revenue	31,061,564	4,098,892	6,635,153	1,801,630	72,249	43,669,488
Operating profit	1,660,732	944,586	917,146	102,335	(1,459,173)	2,165,626
Interest revenue						13,167
Depreciation						(678,782)
Amortisation						(1,116,900)
Acquisition costs						(19,727)
Finance costs						(87,511)
Profit before income tax expense						275,873
Income tax expense						(709,045)
Loss after income tax expense						(433,172)

NOTE 4. REVENUE

	Consolidated	
	31 Dec 2023	31 Dec 2022
	\$	\$
From continuing operations		
Sales revenue		
Data subscriptions fees	88,436	181,593
Brokerage and commissions revenue	50,031,429	30,071,482
Superannuation product revenue	1,249,149	1,256,870
Structured product revenue	5,919,337	6,636,227
Corporate advisory fees	3,924,485	3,905,560
Media revenue	459,078	987,339
Other income	665,454	887,701
	62,337,368	43,926,772
Other revenue		
Gains/(losses) on portfolio investments	429,603	(257,284)
Revenue from continuing operations	62,766,971	43,669,488

Disaggregation of revenue

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

Consolidated - 31 Dec 2023	Sequoia Licensees Services Group \$	Sequoia Professional Services Group \$	Sequoia Equity Markets Group \$	Sequoia Direct Investment Group \$	Head Office \$	Total \$
<i>Timing of revenue recognition</i>						
Services transferred at a point in time	50,469,793	4,503,106	61	639,488	278,626	55,891,074
Services transferred over time	-	-	5,919,337	526,957	-	6,446,294
	50,469,793	4,503,106	5,919,398	1,166,445	278,626	62,337,368

Consolidated - 31 Dec 2022	Sequoia Licensees Services Group \$	Sequoia Professional Services Group \$	Sequoia Equity Markets Group \$	Sequoia Direct Investment Group \$	Head Office \$	Total \$
<i>Timing of revenue recognition</i>						
Services transferred at a point in time	31,318,939	4,098,892	62	1,137,368	72,249	36,627,510
Services transferred over time	-	-	6,635,000	664,262	-	7,299,262
	31,318,939	4,098,892	6,635,062	1,801,630	72,249	43,926,772

NOTE 5. DEALING AND SETTLEMENT

	Consolidated	
	31 Dec 2023	31 Dec 2022
	\$	\$
Dealing and settlement	2,693,200	2,488,176
Elimination of intercompany transactions	(455,403)	(897,387)
Elimination of intercompany transactions from discontinued operations	(531,658)	(1,552,405)
	1,706,139	38,384

NOTE 6. INCOME TAX

	Consolidated	
	31 Dec 2023 \$	31 Dec 2022 \$
<i>Income tax expense</i>		
Current tax	955,809	483,328
Deferred tax - origination and reversal of temporary differences	6,463,948	168,296
Adjustment recognised for prior periods	(264,267)	351,704
Tax adjustments related to discontinued operations	1,838,304	-
Aggregate income tax expense	8,993,794	1,003,328
Income tax expense is attributable to:		
Profit from continuing operations	598,132	709,045
Profit from discontinued operations	8,395,662	294,283
Aggregate income tax expense	8,993,794	1,003,328
Deferred tax included in income tax expense comprises:		
Decrease in deferred tax assets	6,831,501	1,145,889
Decrease in deferred tax liabilities	(367,553)	(977,593)
Deferred tax - origination and reversal of temporary differences	6,463,948	168,296
<i>Numerical reconciliation of income tax expense and tax at the statutory rate</i>		
Profit before income tax expense from continuing operations	2,119,083	275,873
Profit before income tax expense from discontinued operations	34,724,931	1,357,965
	36,844,014	1,633,838
Tax at the statutory tax rate of 30%	11,053,204	490,151
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Amortisation of intangibles	152,190	214,870
Revaluation of retained investment in Morrison Securities	(2,164,455)	-
Sundry items	217,122	(53,397)
	9,258,061	651,624
Adjustment recognised for prior periods	(264,267)	351,704
Income tax expense	8,993,794	1,003,328

NOTE 7. DISCONTINUED OPERATIONS

Morrison Securities Pty Ltd and Libertas Financial Planning

Discontinued operations include Morrison Securities Pty Ltd and Libertas Financial Planning.

On 31 August 2023, the 80% divestment of Morrison Securities Pty Ltd was completed when the final tranche of consideration payable was received.

Libertas Financial Planning Pty Ltd is in the process of liquidation and deregistration, with the AFSL to also be discontinued. As at 31 December 2023, the liquidation was still in progress.

Financial performance information

	Period to 31 Aug 2023 \$	Half-year to 31 Dec 2022 \$
Brokerage and commissions revenue	4,688,490	17,044,394
Other income	87,406	432,609
Total revenue	4,775,896	17,477,003
Interest revenue calculated using the effective interest method	231,132	356,808
Data fees	(295,925)	(975,460)
Dealing and settlement	(3,445,759)	(10,099,146)
Commission and hedging	-	(2,964,983)
Employee benefits	(434,003)	(1,425,621)
Telecommunications	(146,102)	(535,650)
Marketing	(472)	(17,681)
General and administrative	(309,431)	(450,184)
Depreciation	(2,888)	(7,121)
Total expenses	(4,634,580)	(16,475,846)
Profit before income tax expense	372,448	1,357,965
Income tax expense *	(264,156)	(294,283)
Profit after income tax expense	108,292	1,063,682
Fair value revaluation of retained investment in Morrison Securities Pty Ltd	6,880,593	-
Gain on disposal before income tax	27,471,890	-
Income tax expense	(8,131,506)	-
Gain on disposal after income tax expense	26,220,977	-
Profit after income tax expense from discontinued operations	26,329,269	1,063,682
	Period to 31 Aug 2023 \$	Half-year to 31 Dec 2022 \$
* Income tax represents:		
Income tax expense on profit for the year	(111,727)	(294,283)
Adjustment recognised for prior periods	(152,429)	-
Income tax expense	(264,156)	(294,283)

NOTE 7. DISCONTINUED OPERATIONS (CONTINUED)

Cash flow information

	Period to 31 Aug 2023 \$	Half-year to 31 Dec 2022 \$
Net cash used in operating activities	(2,030,612)	(2,817,927)
Net cash used in investing activities	(20,851,590)	(7,084)
Net cash used in financing activities	(7,258)	(3,147)
Net decrease in cash and cash equivalents from discontinued operations	(22,889,460)	(2,828,158)

Carrying amounts of assets and liabilities disposed

	31 Aug 2023 \$
Cash and cash equivalents	20,851,590
Trade and other receivables	27,653,042
Advances to related parties	104,668
Prepayments	105,819
Deposits	20,000
Plant and equipment	22,502
Intangibles	3,564,107
Deferred tax asset	145,658
Total assets	52,467,386
Trade and other payables	31,429,315
Accrued expenses	2,016,015
Provision for income tax	643,240
Client trading and security bond	2,348,615
Employee benefits	382,684
Total liabilities	36,819,869
Net assets	15,647,517

Details of the disposal

	Period to 31 Aug 2023 \$
Total sale consideration	40,500,000
Fair value of investment retained (note 10)	10,000,000
Carrying amount of net assets disposed	(15,647,517)
Retention cost relating to sale	(500,000)
Gain on disposal before income tax	34,352,483
Income tax expense	(8,131,506)
Gain on disposal after income tax	26,220,977

NOTE 8. CASH AND CASH EQUIVALENTS

	Consolidated	
	31 Dec 2023 \$	30 Jun 2023 \$
<i>Current assets</i>		
Cash at bank and on hand	17,206,610	7,155,621
Client funds*	1,056,498	2,236,685
	18,263,108	9,392,306

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

NOTE 9. OTHER FINANCIAL ASSETS

	Consolidated	
	31 Dec 2023 \$	30 Jun 2023 \$
<i>Current assets</i>		
Receivable for future disposal of business	-	17,891,572
<i>Reconciliation</i>		
Reconciliation of the fair values at the beginning and end of the current financial half-year and previous financial year are set out below:		
<i>Opening balance</i>	17,891,572	-
Divestment of Morrison Securities Pty Ltd	-	17,891,572
Proceeds from disposal of Morrison Securities Pty Ltd	(17,891,572)	-
Closing balance	-	17,891,572

NOTE 10. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	Consolidated	
	31 Dec 2023 \$	30 Jun 2023 \$
<i>Non-current assets</i>		
Investments in associates	10,585,333	500,000
<i>Reconciliation</i>		
Reconciliation of the carrying amounts at the beginning and end of the current financial half-year and previous financial year are set out below:		
Opening carrying amount	500,000	-
Additions	-	500,000
Addition of 20% investment in associate (Morrison Securities Pty Ltd) (note 7)	10,000,000	-
Minority interest in earnings of associate (Morrison Securities Pty Ltd)	85,333	-
Closing carrying amount	10,585,333	500,000

NOTE 11. GOODWILL AND INTANGIBLE ASSETS

	Consolidated	
	31 Dec 2023 \$	30 Jun 2023 \$
<i>Non-current assets</i>		
Goodwill	17,782,277	17,782,277
Less: Impairment	(1,019,547)	(1,019,547)
	16,762,730	16,762,730
Customer list - at cost	21,067,286	15,895,338
Less: Accumulated amortisation	(6,404,281)	(5,217,348)
	14,663,005	10,677,990
Regulatory memberships and licences - at cost	261,021	3,827,449
Brand name - at cost	620,401	620,401
Other intangibles - at cost	180,102	923,360
Less: Accumulated amortisation	(89,040)	(830,860)
	91,062	92,500
	32,398,219	31,981,070

Reconciliations

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

Consolidated	Goodwill \$	Customer list \$	Regulatory memberships and licences \$	Brand name \$	Other intangibles \$	Total \$
Balance at 1 July 2023	16,762,730	10,677,990	3,827,449	620,401	92,500	31,981,070
Additions	-	5,171,948	-	-	-	5,171,948
Disposals from discontinued operations	-	-	(3,564,206)	-	-	(3,564,206)
Amortisation expense	-	(1,186,933)	(2,222)	-	(1,438)	(1,190,593)
Balance at 31 December 2023	16,762,730	14,663,005	261,021	620,401	91,062	32,398,219

NOTE 11. 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 - 31 Dec 2023	Goodwill \$	Regulatory memberships and licences \$	Brand name \$	Total \$
<i>Cash generating units ('CGUs'):</i>				
Sequoia Licensees Services Group	1,456,670	261,021	-	1,717,691
Sequoia Professional Services Group	4,930,386	-	620,401	5,550,787
Sequoia Equity Markets Group	4,862,392	-	-	4,862,392
Sequoia Direct Investment Group	5,513,282	-	-	5,513,282
	16,762,730	261,021	620,401	17,644,152

Consolidated - 30 Jun 2023	Goodwill \$	Regulatory memberships and licences \$	Brand name \$	Total \$
<i>Cash generating units ('CGUs'):</i>				
Sequoia Licensees Services 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 Investment Group	5,513,282	-	-	5,513,282
	16,762,730	3,827,449	620,401	21,210,580

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 CGU 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 %	Discount rate %
<i>Cash generating units ('CGUs'):</i>			
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%

NOTE 11. GOODWILL AND INTANGIBLE ASSETS (CONTINUED)

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 31 December 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 12. TRADE AND OTHER PAYABLES

	Consolidated	
	31 Dec 2023 \$	30 Jun 2023 \$
Current liabilities		
Trade payables	1,646,941	1,875,653
Consideration in advance	-	25,041,572
Accrued expenses	5,797,533	6,225,526
Security and service bonds	1,000	1,000
Other payables	308,776	1,955,036
	<u>7,754,250</u>	<u>35,098,787</u>

NOTE 13. INTEREST BEARING LOANS AND BORROWINGS

	Consolidated	
	31 Dec 2023 \$	30 Jun 2023 \$
Current liabilities		
Other unsecured loans	-	495,593
Non-current liabilities		
Bank loans	-	1,750,000

The loans were repaid during the half-year ended 31 December 2023. Due to the repayment of the committed facility of \$1,750,000, the Australia and New Zealand Banking Group Limited ('ANZ') financing facility as at 31 December 2023 is as follows: an uncommitted and undrawn loan facility (with no redraw) of \$13,250,000 and a standby letter of guarantee of \$700,000. The standby letter continues to be used as bank guarantees for office leases. During the half-year to 31 December 2023, no amount of the uncommitted and undrawn loan facility was utilised.

NOTE 14. ISSUED CAPITAL

	Consolidated			
	31 Dec 2023 Shares	30 Jun 2023 Shares	31 Dec 2023 \$	30 Jun 2023 \$
Ordinary shares - fully paid	131,838,431	135,054,525	52,260,058	53,867,905

Movements in ordinary share capital

Details	Date	Shares	Issue price	\$
Balance	1 July 2023	135,054,525		53,867,905
Share buy-back	07 July 2023	(562,094)	\$0.5417	(304,509)
Share buy-back	18 September 2023	(694,000)	\$0.5131	(356,060)
Share buy-back	20 September 2023	(150,000)	\$0.4900	(73,500)
Share buy-back	25 September 2023	(1)	\$0.5000	(1)
Share buy-back	27 September 2023	(310,817)	\$0.4911	(152,653)
Share buy-back	29 September 2023	(47,086)	\$0.4900	(23,072)
Share based payment	29 September 2023	100,000	\$0.4850	48,500
Share buy-back	03 October 2023	(128,368)	\$0.4890	(62,769)
Share buy-back	04 October 2023	(73,728)	\$0.4850	(35,758)
Share buy-back	05 October 2023	(21,731)	\$0.4850	(10,540)
Share buy-back	06 October 2023	(38)	\$0.4850	(18)
Share buy-back	10 October 2023	(147,361)	\$0.4827	(71,124)
Share buy-back	11 October 2023	(30,870)	\$0.4800	(14,818)
Share buy-back	13 October 2023	(75,000)	\$0.4750	(35,625)
Share buy-back	18 October 2023	(38,409)	\$0.4800	(18,436)
Share buy-back	20 October 2023	(11,591)	\$0.4800	(5,564)
Share buy-back	24 October 2023	(10,000)	\$0.4750	(4,750)
Share buy-back	25 October 2023	(40,000)	\$0.4850	(19,400)
Share buy-back	27 October 2023	(100,000)	\$0.4775	(47,750)
Share buy-back	31 October 2023	(275,000)	\$0.4800	(132,000)
Share buy-back	01 November 2023	(300,000)	\$0.4800	(144,000)
Share buy-back	02 November 2023	(200,000)	\$0.4800	(96,000)
Share buy-back	03 November 2023	(100,000)	\$0.4800	(48,000)
Balance	31 December 2023	131,838,431		52,260,058

NOTE 15. DIVIDENDS

Details of Dividends ⁽¹⁾	Cents per share	\$
2024 Interim dividend declared ⁽²⁾	2.00	2,636,789 ⁽³⁾
2023 Special dividend (paid 29 September 2023) ⁽⁴⁾	4.00	5,355,699

(1) All dividends are fully franked

(2) Record date for determining entitlement to the 2024 Interim dividend is 6 March 2024, and is to be paid on 13 March 2024

(3) Estimated total dollar value based on number of shares at 31 December 2023

(4) Special dividend paid on completion of divestment of Morrison Securities Pty Ltd and was a cash dividend

NOTE 16. FAIR VALUE MEASUREMENT

Fair value hierarchy

AASB13 requires disclosure of fair value measurements using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement. The levels are as follows:

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

The following tables detail the Group's assets and liabilities, measured or disclosed at fair value on a recurring basis:

Consolidated - 31 Dec 2023	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
<i>Assets</i>				
Listed ordinary shares	5,000,320	-	-	5,000,320
Unlisted ordinary shares	-	-	20,000	20,000
Derivative financial instruments	-	2,301,845	-	2,301,845
Total assets	5,000,320	2,301,845	20,000	7,322,165
<i>Liabilities</i>				
Derivative financial instruments	-	2,301,845	-	2,301,845
Contingent consideration	-	-	1,904,728	1,904,728
Total liabilities	-	2,301,845	1,904,728	4,206,573

Consolidated - 30 Jun 2023	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
<i>Assets</i>				
Listed ordinary shares	1,494,565	-	-	1,494,565
Unlisted ordinary shares	-	-	20,000	20,000
Derivative financial instruments	-	4,156,474	-	4,156,474
Total assets	1,494,565	4,156,474	20,000	5,671,039
<i>Liabilities</i>				
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

There were no transfers between levels during the financial half-year.

The carrying amounts of trade and other receivables and trade and other payables are assumed to 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.

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

Financial instruments that are not traded in an active market is 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

NOTE 16. FAIR VALUE MEASUREMENT (CONTINUED)

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

Consolidated	Assets Unlisted ordinary shares* \$	Liabilities Contingent consideration** \$	Total \$
Balance at 1 July 2023	20,000	(2,205,244)	(2,185,244)
Additions	-	(450,000)	(450,000)
Amounts paid	-	416,259	416,259
Write-back to profit or loss for consideration not payable	-	334,257	334,257
Balance at 31 December 2023	20,000	(1,904,728)	(1,884,728)

* During the financial half-year ended 31 December 2023, no unlisted ordinary shares were acquired, and there was no movement in fair value at 31 December 2023 from the cost price.

** The contingent consideration includes payables for the acquisitions of the Informed Investor group and the customer lists of Castle Corporate Pty Ltd and Castle Legal Pty Ltd ('Castle'). The Informed Investor group consideration, as per the agreement, is tiered according to revenue targets being met. The balance represents the maximum capped amount. If revenue is lower than the cap by 10%, the contingent consideration will fall by \$145,473. The Castle consideration, as per the agreement, is a fixed amount if a minimum revenue target is reached within 2 years of completion. If the revenue target is not met, then the consideration will not be paid.

NOTE 17. CONTINGENT LIABILITIES

As part of the ANZ financing facility, the Group has given bank guarantees as at 31 December 2023 of \$677,238 in relation to rental bonds. No term deposit was required for the ANZ bank guarantees.

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.

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

NOTE 18. EARNINGS PER SHARE

	Consolidated	
	31 Dec 2023 \$	31 Dec 2022 \$
Earnings per share for profit/(loss) from continuing operations		
Profit/(loss) after income tax attributable to the owners of Sequoia Financial Group Limited	1,520,951	(433,172)

	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	133,317,908	135,905,139
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	135,317,908	135,905,139

	Cents	Cents
Basic earnings per share	1.141	(0.319)
Diluted earnings per share	1.124	(0.319)

* The options over ordinary shares are excluded for continuing operations as at 31 December 2022 as their inclusion would be anti-dilutive due to the loss for the year.

	Consolidated	
	31 Dec 2023 \$	31 Dec 2022 \$
Earnings per share for profit from discontinued operations		
Profit after income tax attributable to the owners of Sequoia Financial Group Limited	26,329,269	1,063,682

	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	133,317,908	135,905,139
Adjustments for calculation of diluted earnings per share:		
Options over ordinary shares	2,000,000	2,000,000
Weighted average number of ordinary shares used in calculating diluted earnings per share	135,317,908	137,905,139

	Cents	Cents
Basic earnings per share	19.749	0.783
Diluted earnings per share	19.457	0.771

	Consolidated	
	31 Dec 2023 \$	31 Dec 2022 \$
Earnings per share for profit		
Profit after income tax attributable to the owners of Sequoia Financial Group Limited	27,850,220	630,510

NOTE 18. EARNINGS PER SHARE (CONTINUED)

Weighted average number of ordinary shares used in calculating basic earnings per share

Adjustments for calculation of diluted earnings per share:

Options over ordinary shares

Weighted average number of ordinary shares used in calculating diluted earnings per share

Number	Number
133,317,908	135,905,139
2,000,000	2,000,000
135,317,908	137,905,139

Basic earnings per share

Diluted earnings per share

Cents	Cents
20.890	0.464
20.581	0.457

NOTE 19. EVENTS AFTER THE REPORTING PERIOD

On 21 February 2024, the Company declared an interim dividend for the half-year ended 31 December 2023 of 2.0 cents per share, fully franked. The record date for determining entitlements to the dividends is 6 March 2024 and is to be paid on 13 March 2024. The financial effect of these dividends has not been brought into account in the financial statements for the half-year ended 31 December 2023 and will be recognised in subsequent financial periods. Estimated total dollar value based on number of shares at 31 December 2023 is \$2,636,789.

No other matter or circumstance has arisen since 31 December 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, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the Group's financial position as at 31 December 2023 and of its performance for the financial half-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.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the directors

A handwritten signature in black ink, appearing to read "J. Larsen", written over a horizontal line.

John Larsen
Chairman

21 February 2024
Sydney

WilliamBuck

ACCOUNTANTS & ADVISORS

Independent auditor's review report to the members of Sequoia Financial Group Limited

Report on the half-year financial report



Our conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of Sequoia Financial Group Limited (the Company), and its subsidiaries (the Group) does not comply with the *Corporations Act 2001*, including:

- giving a true and fair view of the Group's financial position as at 31 December 2023 and of its financial performance for the half year then ended; and
- complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

What was reviewed?

We have reviewed the accompanying half-year financial report of the Group, which comprises:

- the consolidated statement of financial position as at 31 December 2023,
- the consolidated statement of profit or loss and other comprehensive income for the half-year then ended,
- the consolidated statement of changes in equity for the half-year then ended,
- the consolidated statement of cash flows for the half-year then ended,
- notes to the financial statements, including a summary of significant accounting policies and other explanatory information/material accounting policy information, and
- the directors' declaration.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's responsibilities for the review of the financial report* section of our report. We are independent of the Group in accordance with 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 annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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ACCOUNTANTS & ADVISORS

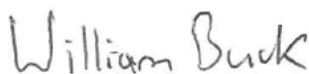
Responsibilities of the directors for the half-year financial report

The directors of the Company are responsible for the preparation of the half-year 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 half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's responsibilities for the review of the financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2023 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 Interim Financial Reporting and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



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



R. P. Burt
Director
Melbourne, 21 February 2024