

1H FY25 Results

27 February 2025



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All numbers are as at 31 December 2024 and are in Australian dollars unless otherwise stated. Financial data may be subject to rounding.



Contents

01 Overview



02 Divisional breakdown



03 Group financials



04 Outlook



Presenters



GARRY CROLE

Managing Director and CEO



LIZZIE TAN

Chief Financial Officer

Providing comprehensive suite of solutions to

Financial planners

Accountants

Generating multiple revenue streams that serve this marketplace

- Financial services licensing
- Salaried advice
- Corporate advisory
- Establishing legal structures and documents
- Media
- SMSF Administration



\$18bn¹

Funds under advice, up ~25%

350+

Advisers one of the largest licensee groups in the country

70+

Staff, down >10% following business simplification and cost reduction program

1. Company estimate. Up 25% since previous estimate in FY24.

01



Overview

1 HFY25 financial highlights

Revenue

\$60.6m

-3.5% on PCP

Operating
profit¹

\$2.7m

-14.6% on PCP

NPAT

\$3.6m

+136.8% on PCP

Operating
cashflow²

\$3.4m

+61.9% on PCP

DPS

2.0 CPS ff

Cash

\$10.9m

1. Operating profit (normalised EBITDA) excludes non-operating items

2. From continuing operations

1H FY25 overview

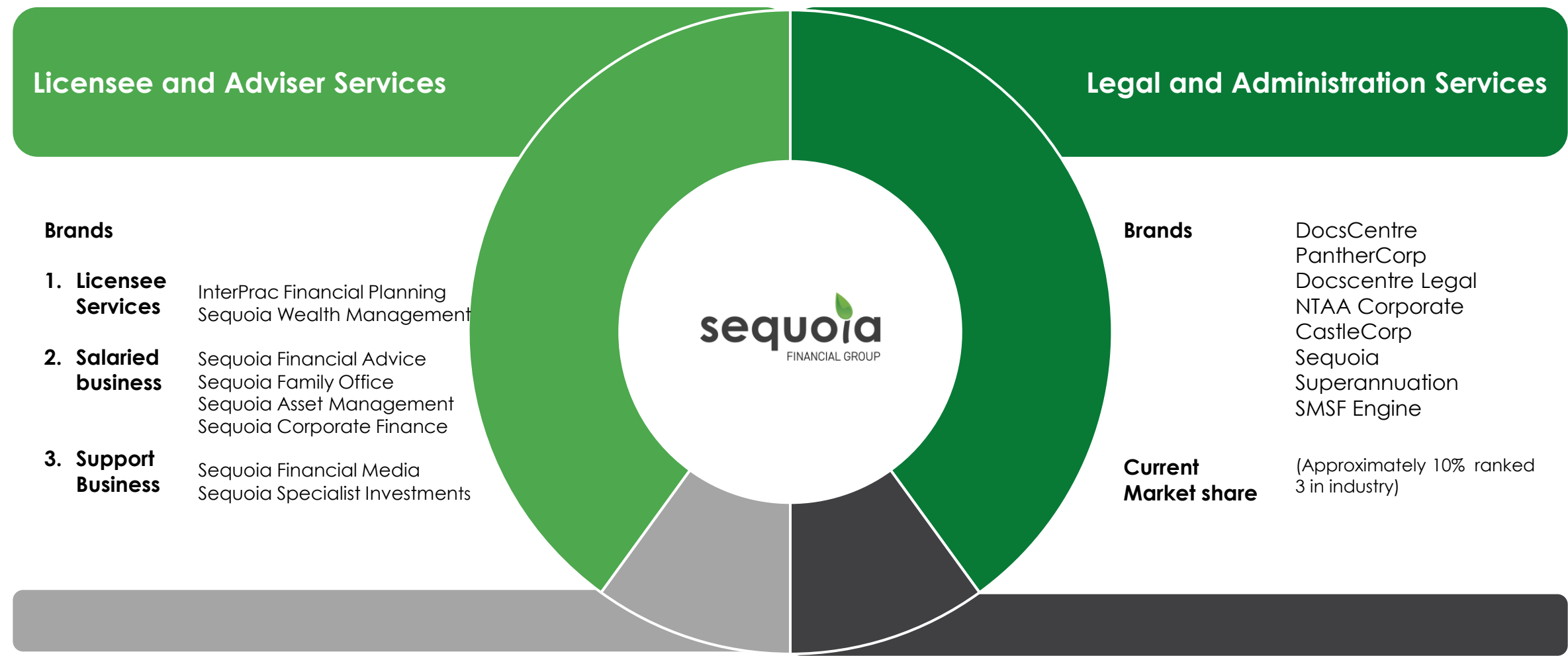
- Streamlined existing operations and improved accountability structures, delivering annualized salary savings of ~\$1.5m.
- Invested in technology to improve efficiency across the 2 key business divisions.
- Divested non-core businesses of General Insurance Broking , Informed Investor, Corporate Connect Research and Taking Control joint venture 50%.
- Legal and Administration Services operating profit up 70% via organic and acquisitive growth.
- Reduced issued capital by 5% through the on-market buyback and maintained a 2 CPS FF dividend.
- Recognized the identifiable market for future growth from the potential of B2B relationships with ~16,000 financial planners and ~14,000 accounting firms in Australia.
- Appointed a new chairman and made positive changes to the executive team.

02



Divisional breakdown

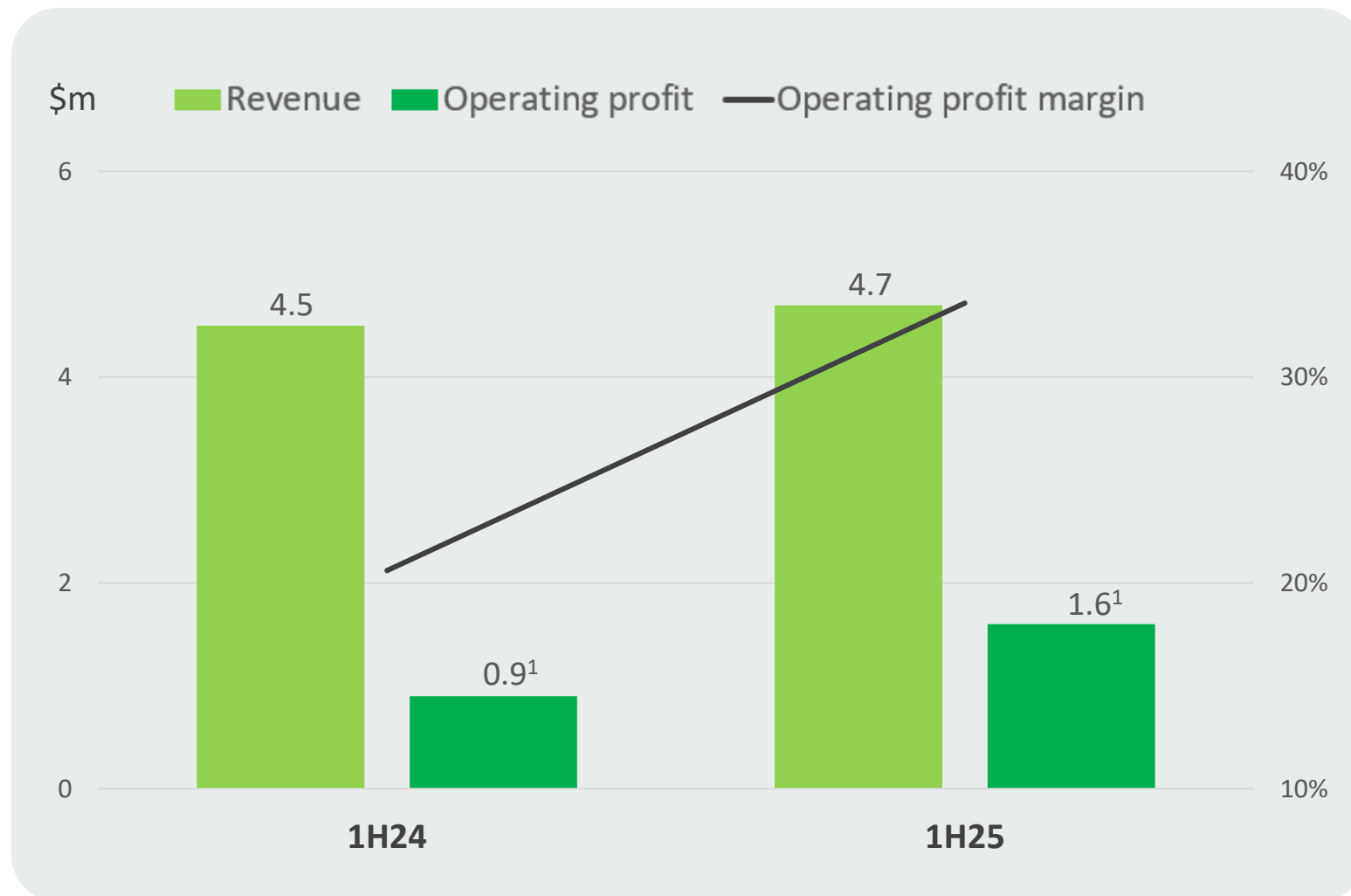
Sequoia has two major operating divisions



Legal and Administration Services

Continued revenue growth and stronger margins

- Investment in technology that was fully expensed in 1H25 has allowed us to introduce new services to the market more quickly.
- Mix of organic and acquisitive growth drove revenue growth and margin improvement.
- Acquisition of Castle Corporate and ABS enjoyed partial contribution during FY24 with full year contribution in FY25.

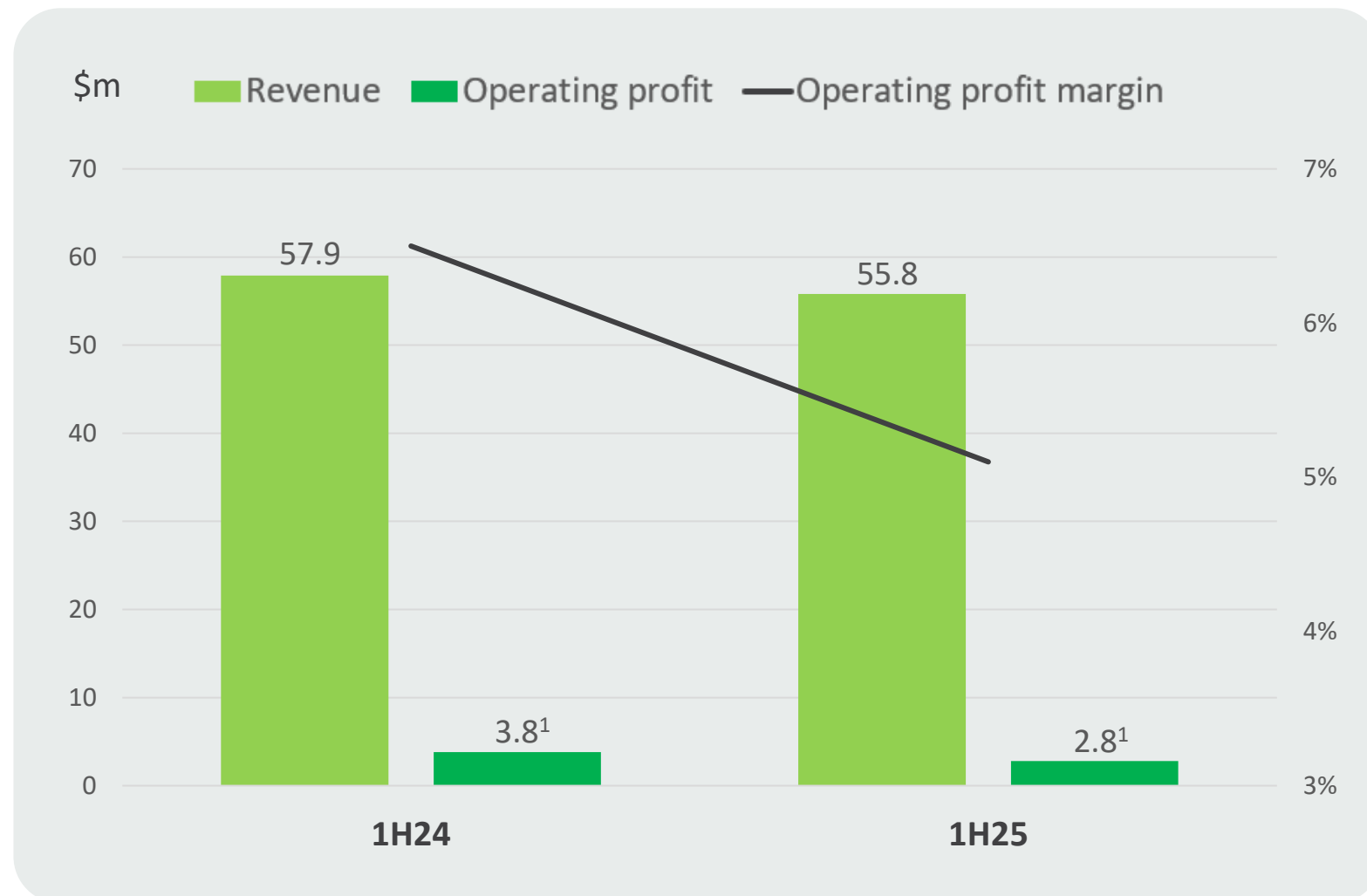


1. Excludes head office division

Licensee and Adviser Services

Revenue from Financial Advisers continues to grow

- Growth from financial planning business was offset by softer performance across specialist investments, corporate finance and the media businesses.
- Divestment within the period of the general insurance broking business, and parts of the media business impacting the YoY comparison.
- A stronger 2nd half contribution from the division is expected.



1. Excludes head office

03



Group financials

1H FY25 profit & loss

	1H25 (\$m)	1H24 (\$m)	Var %
Revenue	60.6	62.8	(3.5)
Total expenses	(57.9)	(59.6)	(2.9)
Operating profit (normalised EBITDA)	2.7	3.2	(14.6)
<u>Non-operating items</u>			
Acquisition and divestment-related Items	3.4	0.3	
Other abnormal items	(0.1)	-	
	6.0	3.5	71.4
Depreciation and amortisation	(1.5)	(1.9)	
Net interest	0.2	0.5	
Tax for continuing operations	(1.1)	(0.6)	
Profit from discontinued operations ¹	-	26.3	
Net profit/(loss) after tax	3.6	27.9	(87.1)
Basic Earnings per share (cents)	2.9	20.9	
Interim Dividend per share (cents)	2.0	2.0	

1. Discontinued operations include Morrison Securities

2. CPS or Cents per share

Commentary

\$60.5m

Revenue down 3.5% from weaker trading and sale of insurance broker companies in Licensee and Advisor Services, partially offset by continued growth in Legal and Administration Services

\$2.7m

Operating profit (normalized EBITDA) down 14.6% due to lower contribution from Licensee and Advisor Services

\$3.6m NPAT

Earnings per share of 2.9 cents

2.0 cps interim dividend

Interim fully franked dividend declared. A payout ratio of 70% reflecting strong balance sheet and high franking credit balance

Strong balance sheet to support future growth

	December '24 (\$m)	June '24 (\$m)
Cash and cash equivalents	10.9	16.8
Trade and other receivables	7.0	8.9
Investments in shares	6.4	5.1
Investments in associates	10.8	10.7
Right-of-use assets and equipment	1.5	0.4
Goodwill and intangible assets	21.4	25.0
Deferred tax	2.9	2.7
Other assets	14.9	9.8
Total assets	75.8	79.4
Trade and other payables	7.6	6.8
Contract liabilities and deferred revenue	6.2	4.5
Provision for employment benefits	1.1	1.2
Consideration related balances	0.5	2.6
Provision for tax ¹	-	0.4
Deferred tax	1.4	1.4
Other liabilities	7.5	5.8
Total liabilities	24.3	22.7
Net Assets	51.5	56.7
Working capital	17.7	20.2

1. Provision for tax as at December 2024 was less than \$50k

Commentary



Strong balance sheet with cash on hand of \$10.9m and no bank debt provides support for business growth and capital management initiatives allowing the company to deploy \$8.7m cash for buybacks and dividend distribution.

\$10.9m

Cash on hand plus a further \$6.4m in ASX-listed shares that includes strategic investments in CAF, FNX and PVL.

\$0

Debt

\$18.5m

Franking credit balance

\$10.8m

Investments in associates such as 20% equity stake in Morrison Securities and Euree Asset Management

\$51.5m

Net assets

1H FY25 cash flow from continuing operations

	1H25 (\$m)	1H24 (\$m)
Receipts from customers	68.2	73.5
Payments to suppliers/employees	(64.8)	(71.4)
Operating cash flow from continuing operations	3.4	2.1
Client related operations	0.5	(2.9)
Net interest received /paid	0.2	0.8
Income taxes paid	(1.2)	(8.4)
Net cash used in operating activities	2.9	(8.4)
Capital receipts	2.2	12.6
Capital payments	(1.9)	(8.4)
Investing cash flow	0.3	4.2
Share buybacks	(2.5)	(1.7)
Dividends paid	(6.2)	(5.4)
Repayment of lease liabilities	(0.4)	(0.5)
Receipts/(payments) of borrowings	0.0	(2.2)
Financing cash flow	(9.1)	(9.8)
Net cash flow	(5.9)	(14.0)
Cash conversion to operating profit ¹	126%	66%

1. Operating profit (normalised EBITDA) excludes non-operating items

Commentary

High quality result given the cash conversion to operating profit of 126%.

62%

Growth in operating cash flow from **continuing operations to \$3.4m** reflects cost control, business simplification and divestment of non-core assets.

04



Outlook

Key Strategic Initiatives

Initiatives	Status
Divest non-core businesses	4 divestments completed
Streamline existing operations	Completed
Continue invest in technology to enhance business efficiency	Ongoing
Restructure Sequoia Specialist Investments and media businesses to enhance margins and revenue	Completed
Use cash and investments on balance Sheet to invest in growth initiatives to increase market share in both core business divisions.	Ongoing
Increase market share in Licensee Services from current 3% level	Ongoing
Increase market share in Legal and Administration Services business from current 10% level towards 15%	Ongoing
Use strong franking credit balance for tax effective dividends at a payout ratio between 40-60%	Ongoing

Industry tailwinds and drivers of growth in SEQ market cap

Industry tailwinds

- Growth in superannuation assets continues to escalate with more members seeking advice.
- Rising demand for strategic financial advice outweighs the number of advisers able to provide the service.
- Digital transformation and fintech integration along with regulatory reforms supporting professionalization of industry.
- Intergenerational wealth transfer.
- Growing affluent and mass affluent segment increasing well ahead of inflation.

Sequoia stock drivers

- Consolidation of the industry offers opportunity.
- Our strong balance sheet places us in a good position to focus on increasing our market share.
- An expectation for further efficiencies as we complete and implement findings from the strategic review.
- Yield through FF dividends.
- Long term EPS growth from business growth and capital management.



Contacts



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Appendix – Investments in shares and associates

- Market value of **Investments in shares** at 31/12/2024
 - Total \$6.4m which includes CAF \$4.1m.
- **Investments in Associates** at 31/12/2024 valued at \$10.6m accounts for:
 - 20% of Euree Asset Management Pty Ltd valued at cost of investment in June 2023.
 - 20% of Morrisons Securities Pty Ltd valued using the sale price from June 2023 when 80% of Morrison Securities was divested.