

Investor update

27 August 2024



FY24

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All numbers are as at 30 June 2024 and are in Australian dollars unless otherwise stated. Financial data may be subject to rounding.



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Presenters



GARRY CROLE

Managing Director and CEO



LIZZIE TAN

CFO / COO

A diversified financial services group with a comprehensive suite of solutions

Providing an integrated suite of products and services to investors, corporates and professional services firms such as:

Financial planners

Wealth managers

Accountants

Generating revenue streams across a full suite of services:

- Financial services licensing
- Financial advice
- Corporate advice
- Corporate and trustee structures and documents



\$12bn¹

Funds under advice

350+

Advisers, one of the fastest growing in the country

100+

Staff

01



Overview

FY24 financial highlights

Revenue

\$124.6m

+26% on PCP

Operating
profit¹

\$8.7m

+88% on PCP

NPAT²

\$24.0m

+1,012% on PCP

Operating
cashflow³

\$4.8m

+69% on PCP

DPS

7.0 CPS ff

+49% on PCP

Net cash

\$16.8m

+79% on PCP

1. Operating profit (normalised EBITDA) excludes non-operating items
2. Includes gains on sale of Morrison Securities
3. From continuing operations

FY24 overview

Despite these disruptions, the Company delivered **operating profit of \$8.7m, up 88% on pcp** and **returned 7.0cps fully franked** to shareholders following the successful sale of Morrison Securities.

Sequoia experienced significant distraction and disruption in the second half caused by a 249D notice.

This action:

- Impacted operating momentum;
- Caused unrest amongst employees and advisers; and
- Resulted in additional costs to maintain business and staff throughout the period.

Capital management initiatives with 6m shares or **4.3% bought back** during FY24

Licensee services enjoyed strong top line revenue growth with positive impact from maturing **recurring fee for services**

Streamlined organisational structure: 4 divisions, reduced to 2

Divested **non-core** businesses and formed strategic alliances

Completed integration of **2 acquisitions** within the Legal and Administration services division - Castle Corporate and Australian Business Structures (ABS)

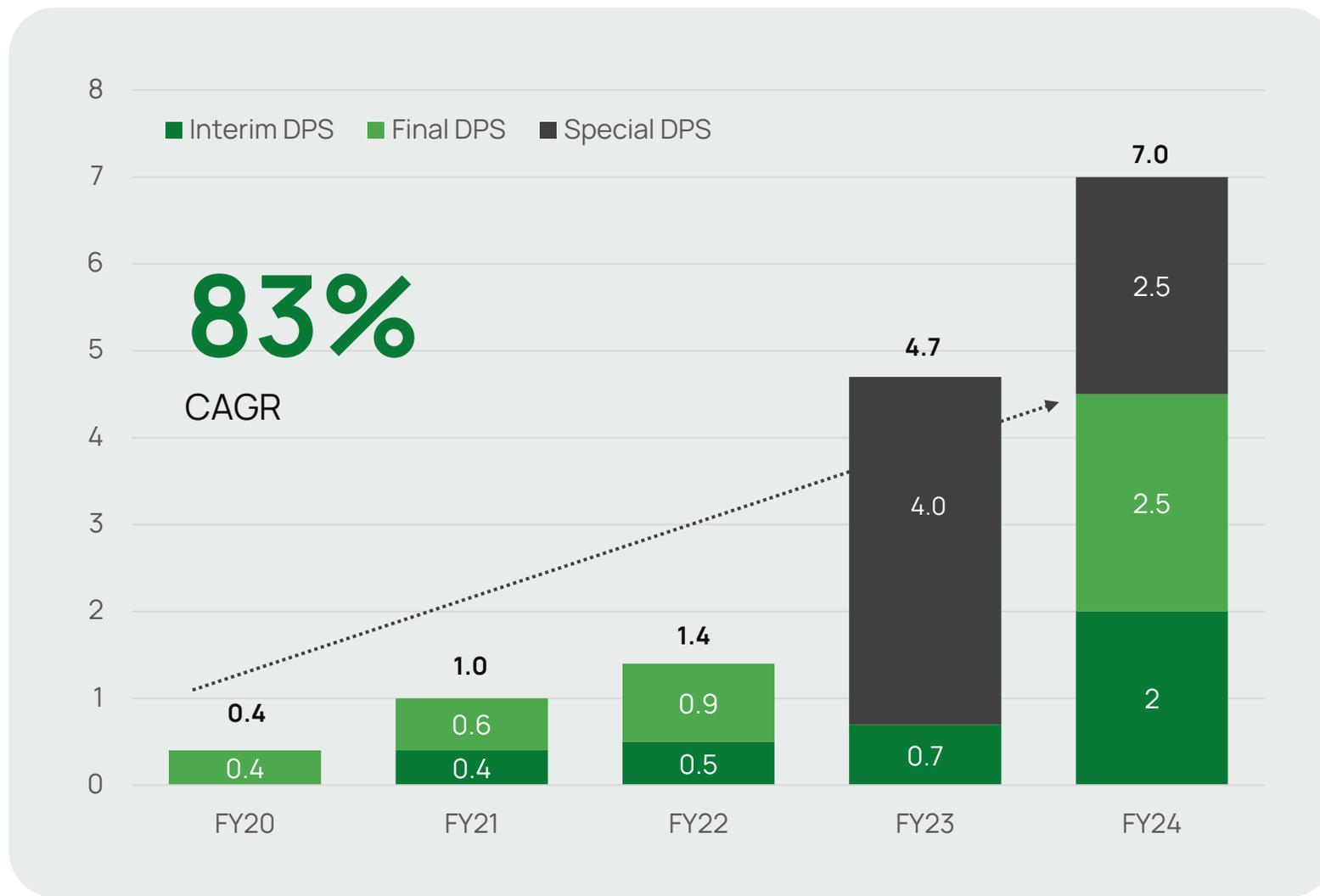
Investment in people, executive succession planning in place and **independent Chair** appointed

Continued dividend growth

14.5 cents per share fully franked delivered to shareholders from FY20.

A compound annual growth rate of 83% (excluding the special dividends) from 0.4 cents per share in FY20 to 4.5 cents per share in FY24.

Franking credit balance of \$21m for future dividends.

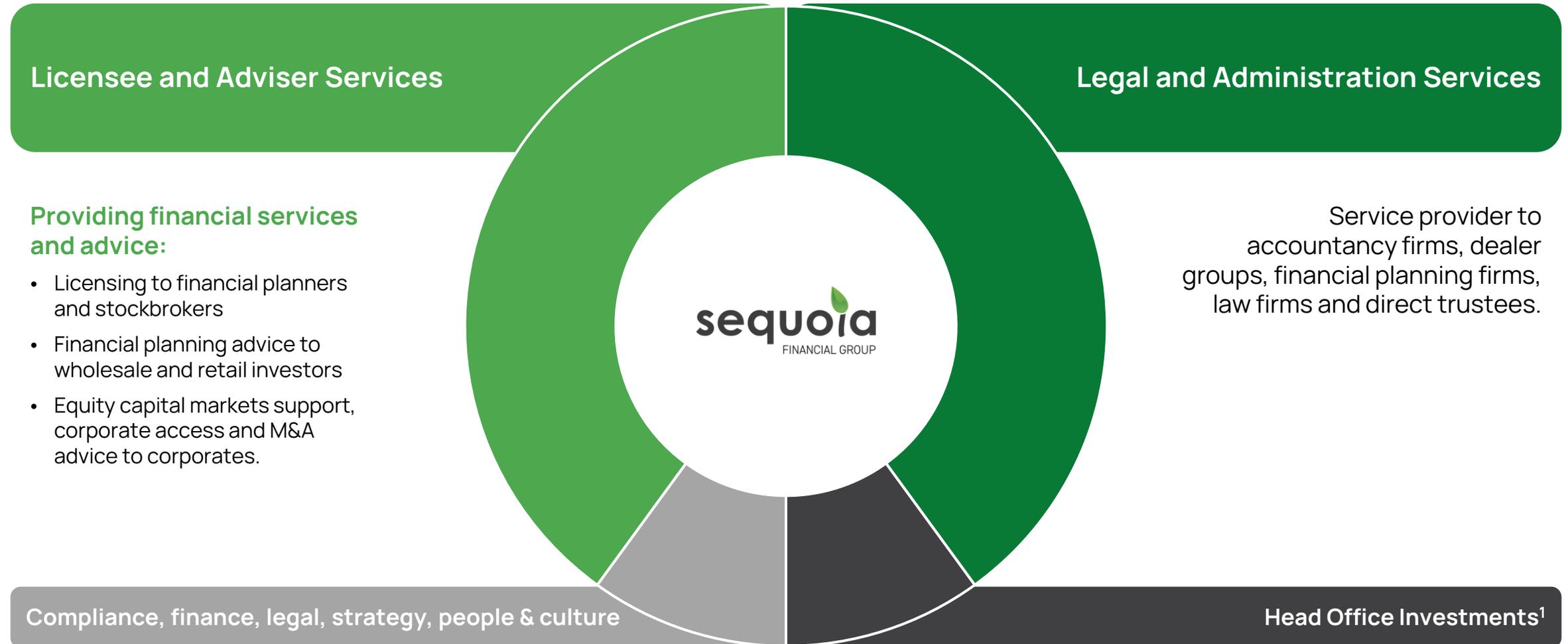


02



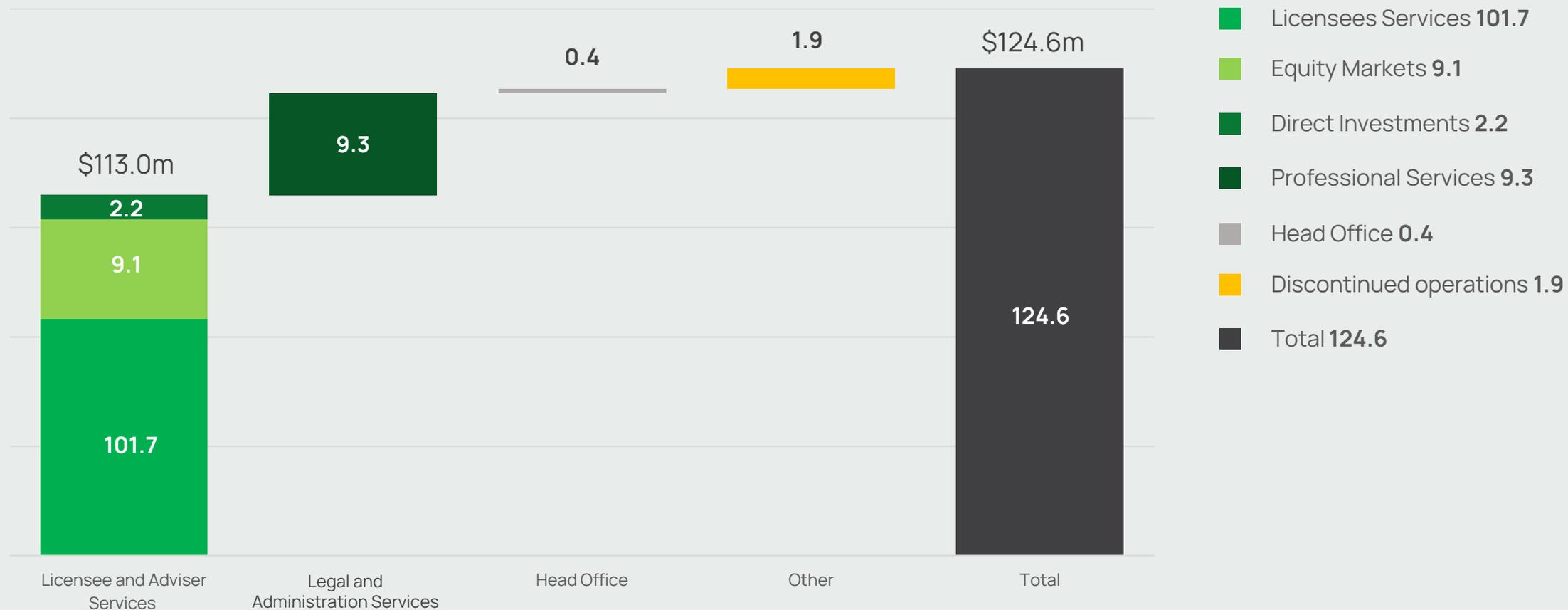
Divisional Breakdown

Streamlined organisation for operational efficiency

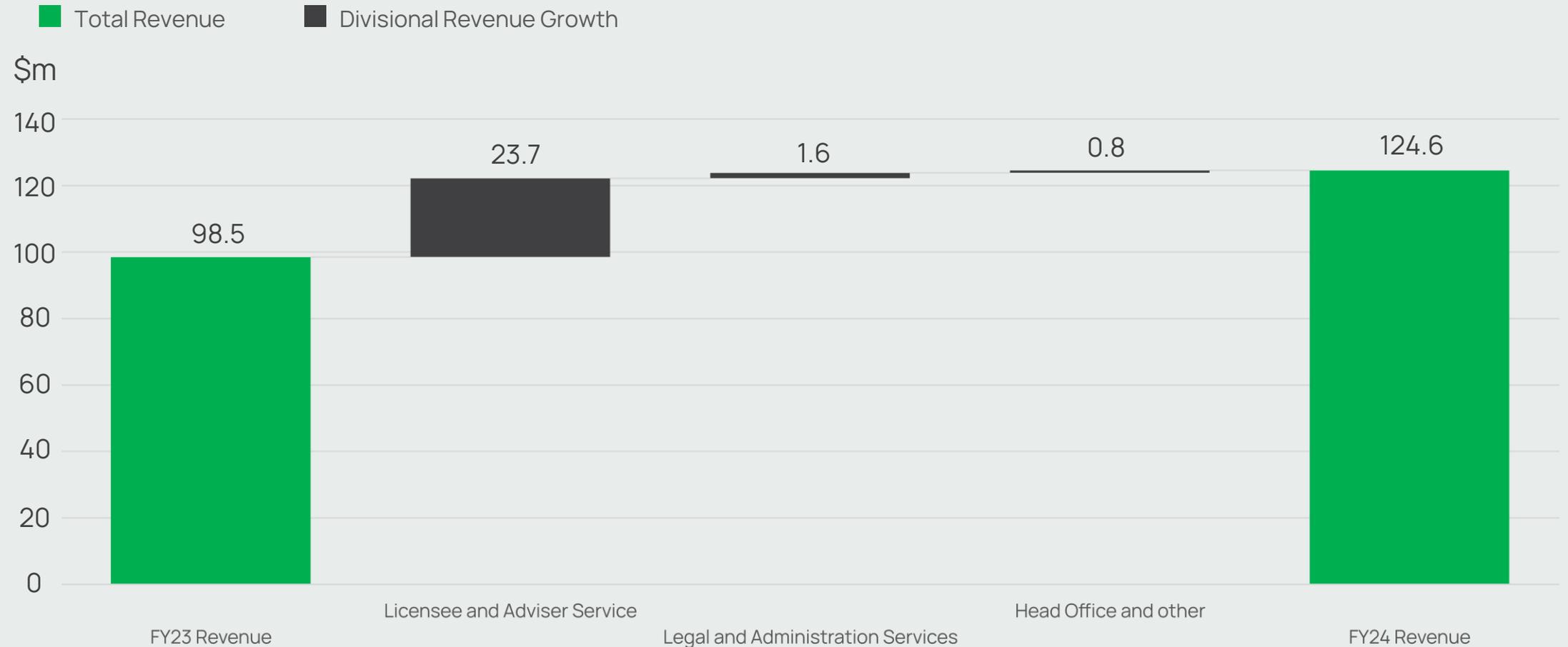


1. Morrison Securities, Euree Asset Management, and others

FY24 revenue contribution (previous structure)



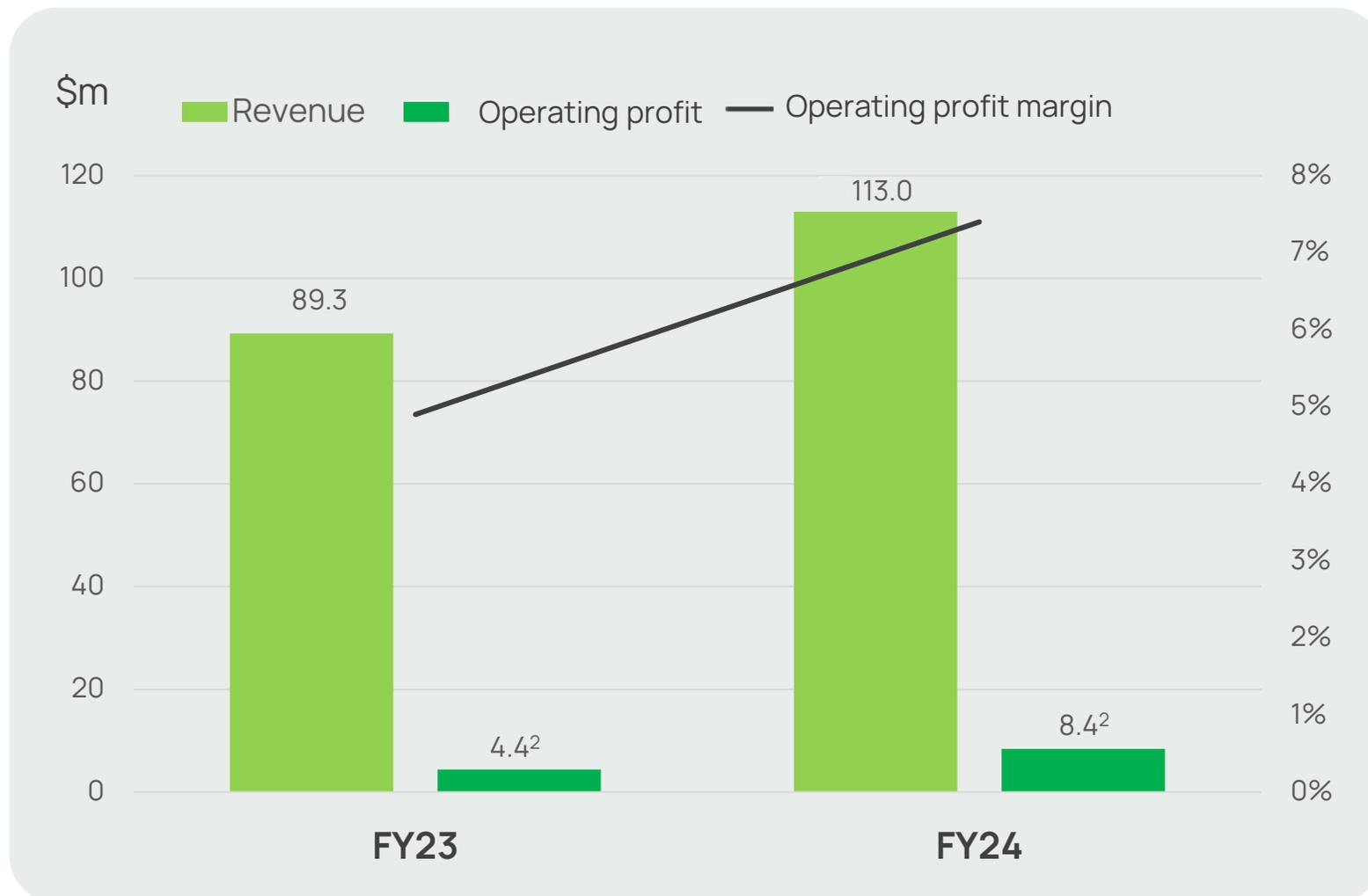
FY24 revenue contribution (new structure)



Licensee and Adviser Services

Continue revenue and operating profit¹ growth

- Revenue and operating profit¹ growth will be organic and driven by:
 - A move from commissions to annual fees;
 - More clients per adviser; and
 - Increased complexity of advice.

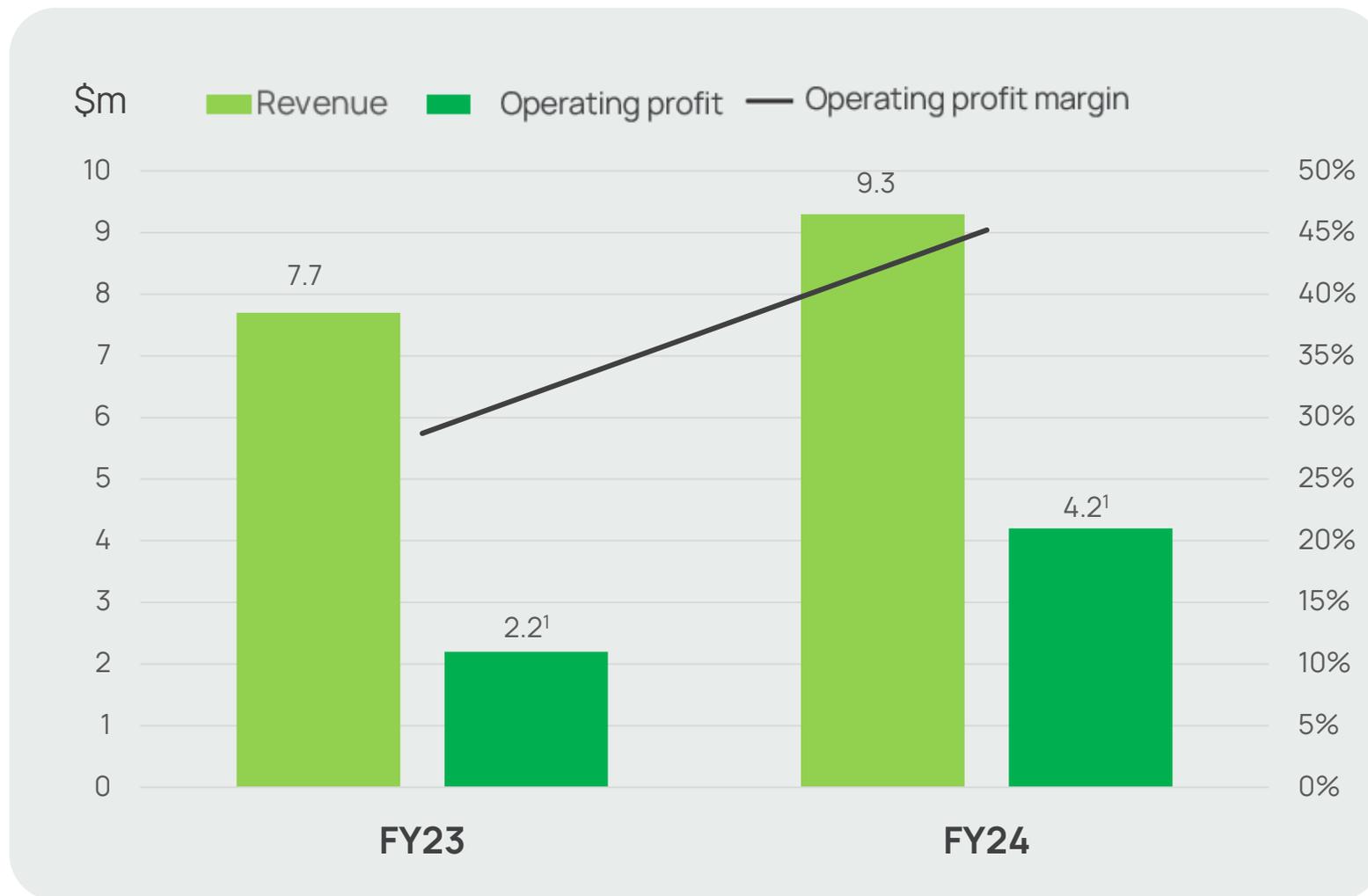


1. Operating profit (normalised EBITDA) excludes non-operating items
 2. Excludes head office

Legal and Administration Services

Continue revenue growth and strong margins

- Mix of organic and inorganic growth driving revenue growth and margin improvement
- Acquisition of Castle Corporate and ABS partial contribution during FY24 with full year contribution in FY25



1. Excludes head office division

03



Group financials

FY24 profit & loss

	FY24 (\$m)	FY23 (\$m)	Var %
Revenue	124.6	98.5	26
Total expenses	(115.9)	(93.9)	23
Operating profit (normalised EBITDA)	8.7	4.6	88
Non-operating items			
Acquisition and divestment-related Items	0.3	(1.6)	
Impairments ¹	(7.2)	(1.7)	
Other abnormal and one-off items	(0.3)	-	
	1.6	1.3	18
Depreciation and amortisation	(3.8)	(3.6)	
Net interest	0.7	(0.2)	
Tax for continuing operations	(1.7)	(1.5)	
Profit from discontinued operations ²	27.1	1.3	
Net profit/(loss) after tax	24.0	(2.6)	1,012
Diluted EPS (cents)			
	18.1	(1.9)	
Total DPS (cents)			
	7.0	4.7	

1. Impairments mainly include \$3.8m from previous Equity Markets division and \$2.5m from previous Direct Investments division

2. Discontinued operations include Morrison Securities

Commentary

Strong revenue growth due to more revenue per adviser, assisting margin expansion.

26%

Revenue growth driven by organic growth from Licensee and Adviser Services

7%

Operating profit margin, a 49% improvement on pcp

\$24.0m

NPAT and 18.1cps EPS driven by driven by organic growth from Licensee and Adviser Services

7.0cps

Fully franked dividends declared during the period

Strong balance sheet¹ provides **optionality**

	FY24 (\$m)	FY23 (\$m)
Cash and cash equivalents	16.8	9.4
Trade and other receivables	8.9	9.3
Investments in shares	5.1	1.5
Investments in associates	10.7	0.5
Right-of-use assets and equipment	0.6	2.5
Goodwill and intangible assets	25.0	32.0
Deferred assets	2.7	10.0
Other assets	7.1	27.7
Total assets	76.9	92.9
Trade and other payables	6.8	10.1
Borrowings	-	2.3
Contract liabilities and deferred revenue	4.5	5.8
Provision for employment benefits	1.2	1.5
Consideration related balances	2.6	27.2
Provision for tax	0.4	6.5
Deferred tax	1.4	2.7
Other liabilities	3.4	6.1
Total liabilities	20.3	62.2
Net Assets	56.6	30.7
Working capital	12.1	8.6
Trade working capital	18.3	7.3

Commentary

Strong balance sheet with cash on hand of \$16.8m and no bank debt provides support for business growth and capital management initiatives.

\$16.8m

Cash on hand plus \$5.1m in mostly strategic ASX-listed shares.

\$0

Debt following repayment of \$1.75m facility, with \$13.25m ANZ facility undrawn.

\$10.7m

Investments in associates such as Morrison Securities and Euree Asset Management.

\$56.6m

Net assets

1. From continuing operations

FY24 cash flow from continuing operations

	FY24 (\$m)	FY23 (\$m)
Receipts from customers	138.5	100.3
Payments to suppliers/employees	(133.7)	(97.4)
Operating cash flow from continuing operations	4.8	2.9
Net interest received /paid	1.1	0.8
Income taxes paid	(9.9)	(2.3)
Net cash used in operating activities	(4.0)	1.4
Capital receipts	34.7	7.3
Capital payments	(29.6)	(3.9)
Investing cash flow	5.1	3.4
Proceeds from issue of shares	0.4	-
Share buybacks	(2.8)	(0.6)
Dividends paid	(8.0)	(2.2)
Repayment of lease liabilities	(1.0)	(1.0)
Receipts/ (payments) of borrowings	(2.2)	1.8
Financing cash flow	(13.6)	(2.0)
Net cash flow	(12.5)	2.8
Cash conversion to operating profit¹	56%	62%

Commentary

Active capital management across FY24 evident in the financing cash flow to support dividend payments and share buyback program.

69%

Growth in operating cash flow from **continuing operations to \$4.8m** reflects strength in Licensee and Advisory Services

\$5.1m

Investing cash flow captures the impact of the sale of 80% of Morrison Securities

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

04



Outlook

FY25 focus and commitments

FINANCIAL GUIDANCE



Organic revenue growth and operating profit margin expansion.

CAPITAL MANAGEMENT



Fully franked dividends at an increasing payout ratio towards 90% of operating profit after tax.

The share buyback scheme will be used selectively as appropriate to enhance shareholder value.

ORGANIC FOCUS



Horizontal expansion: cross-marketing the range of services we offer to those we do business with.

Technology enhancements: continue to invest in technology that will improve the margin on revenue.

Adviser growth: continue to win market share by capitalising on adviser disruption caused by industry consolidation.

INORGANIC FOCUS



Legal and Administration Services: seeking bolt-on acquisitions to complement Panthercorp, Castle Corporate and ABS.

Licensee and Adviser Services: looking to acquire well-established practices within the Sequoia network and employ advisers.



Contacts



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