

1. COMPANY DETAILS

Name of entity:	Sequoia Financial Group Limited
ABN:	90 091 744 884
Reporting period:	For the half-year ended 31 December 2020
Previous period:	For the half-year ended 31 December 2019

2. RESULTS FOR ANNOUNCEMENT TO THE MARKET

		\$	
Revenues from ordinary activities	up	27.6% to	52,421,138
Profit from ordinary activities after tax attributable to the owners of Sequoia Financial Group Limited	up	547.9% to	1,663,072
Profit for the half-year attributable to the owners of Sequoia Financial Group Limited	up	547.9% to	1,663,072

Dividends

Details of Dividends ⁽¹⁾

	Cents per share	\$
2020 Final dividend (paid 12 October 2020) ⁽²⁾	0.40	506,901
2021 Interim dividend ⁽³⁾	0.40	509,606 ⁽⁴⁾

(1) All dividends are fully franked

(2) 2020 Final dividend comprised of a cash dividend paid of \$316,579 and dividend reinvestment allotment of \$190,322

(3) Record date for determining entitlement to the 2021 Interim dividend is 25 February 2021, and is to be paid on 15 March 2021

(4) Estimated total dollar value based on number of shares at 31 December 2020

Comments

The profit for the Group after providing for income tax amounted to \$1,663,072 (31 December 2019: \$256,675).

3. NET TANGIBLE ASSETS

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	8.50	7.88

Calculated as follows:

	Consolidated	
	31 Dec 2020 \$	31 Dec 2019 \$
Net assets	35,898,892	31,568,910
Less: Right-of-use assets	(2,434,445)	(3,094,674)
Less: Intangibles	(25,938,651)	(22,699,854)
Add: Lease liabilities	3,300,534	3,777,110
	10,826,330	9,551,492
Total shares issued	127,401,570	121,179,270

4. CONTROL GAINED OVER ENTITIES

Not applicable.

5. LOSS OF CONTROL OVER ENTITIES

Not applicable.

6. DIVIDENDS

Current period

Details of Dividends ⁽¹⁾

	Cents per share	\$
2020 Final dividend (paid 12 October 2020) ⁽²⁾	0.40	506,901
2021 Interim dividend ⁽³⁾	0.40	509,606 ⁽⁴⁾

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(3) Record date for determining entitlement to the 2021 Interim dividend is 25 February 2021, and is to be paid on 15 March 2021

(4) Estimated total dollar value based on number of shares at 31 December 2020

Previous period

There were no dividends paid, recommended or declared during the previous financial period.

7. DIVIDEND REINVESTMENT PLANS

The following dividend or distribution plans are in operation:

The Company has resolved to implement a Dividend Reinvestment Plan ('DRP'), which will be active for the 2021 Interim Dividend. The Directors have determined that a 2.5% discount will apply to the 2021 Interim Dividend. Shares allocated to shareholders under the DRP for the 2021 Interim Dividend will be allocated at an amount equal to 97.5% of the average of the daily volume weighted average market price of ordinary shares of the Company traded on the ASX over the period of 5 trading days prior to Friday, 5 March 2021. The last date for receipt of election notices for the dividend or distribution plans is Friday, 5 March 2021.

8. DETAILS OF ASSOCIATES AND JOINT VENTURE ENTITIES

Not applicable.

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 2020 is attached.

12. SIGNED

Signed  _____

Date: 18 February 2021

John Larsen
Chairman
Sydney



Sequoia Financial
Group Limited

ABN 90 091 744 884

Interim Report

31 DECEMBER 2020



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Dear Shareholders,

We are pleased to report the Sequoia Financial Group Ltd ("Sequoia") results for the half-year ended 31 December 2020.

Our Group's vision remains focused on building a brand that is recognised by the advice community and their clients as the premier non-aligned financial services licensee advice business in Australia. We will achieve this by utilising scale in adviser numbers to fund shared services to our network with world-class education, the highest levels of compliance oversight to maintain the strong governance regime and remaining non-aligned to recommend a broad range of products and investment strategies to our clients.

A volatile share market early in March 2020 saw many Australians lose confidence in markets and this created a noticeable shift towards more Australians seeking advice, which Sequoia believes is necessary for an ageing population who require advice more than ever.

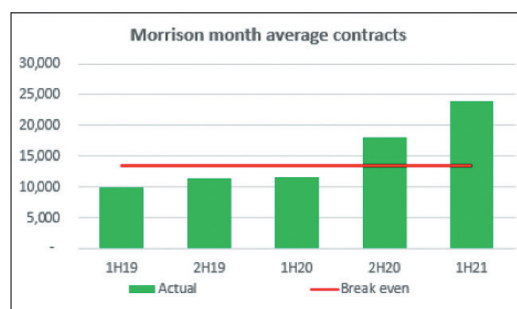
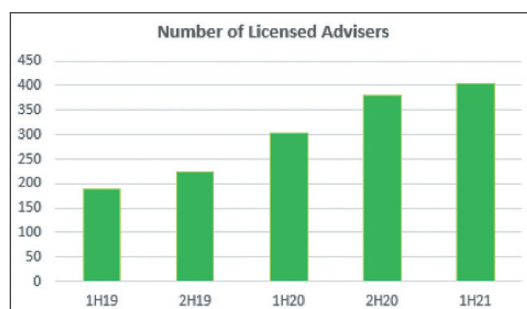
At the same time, the past twelve months has seen a further separation between advice and product, which is acting as a tail wind for our business model. Most of the major banks and insurers are focusing on improving product and services, which Sequoia can recommend without bias, and are moving away from the aligned advice businesses they previously operated and distributed their products through, as competition to the non-aligned IFA space.

The industry itself has placed a greater focus on education and simplifying the advice process with an aim to ultimately help reduce the total cost of advice, thus allowing more Australians to benefit from engaging an adviser to manage their future financial needs.

Throughout 1H21 we have continued strong growth in our key business units, resulting in a very strong financial result.

A summary of the key metrics compared to 1H20 is as follows:

- Consolidated Revenue rose by 28% to \$52.4m
- Revenue growth in the core business of Wealth and Equity markets was greater than 28% as COVID-19 caused a softer performance in our Professional Services and Direct Investment business units' growth rates
- Operating Profit (EBITDA) rose by 176% to \$4m
- Operating Cash Flow (excluding client funds) improved 142% to \$3.4m
- Number of advisers operating under a Sequoia owned AFSL grew by 33% to 405
- Morrison Securities monthly contract note turnover increased by 300%
- Morrison funds on chess sponsored holdings increased from below \$0.4 billion to \$2.9 billion in the last 12 months
- Morrison revenue doubled to \$11.1m
- InterPrac Financial Planning saw a revenue increase of 39% to \$20.6m
- Sequoia Wealth Management saw revenue increase of 231% to \$4.1m
- Cash at Bank (excluding client funds) remained steady at \$13m



In addition to the above, the Group acquired an additional business for our Professional Services division to drive more growth in that area and is also looking at a further restructure of the Direct Investment division in the coming 6-month period to improve returns towards our 15% return on equity benchmark.

Whilst the result is very pleasing and reflects 5 consecutive half-year periods of high growth there is still much to be done in achieving our long-term objectives. We are budgeting for continued strong organic growth and have intent to seek out further acquisitions that will accelerate such a strategy.

At this stage we are likely to maintain our conservative stance for the FY21 dividend payout ratio, with an intent to increase this steadily in coming years.

The Board intends paying a 0.4 cents interim dividend in March 2021, which is equal to the full year dividend in 2020, and calculated on a payout ratio of 30% of NPAT, an increase from the payout ratio in 2020.

The Board recognises many shareholders are not looking for dividends, so will be given the opportunity to reinvest all dividends under a dividend reinvestment plan.

The Board would like to thank the outstanding work being done by all staff in driving these excellent results, which has seen our group significantly improve a single culture across various business units and establish a continuation of building a strong platform for planned further growth and development.

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

Garry Crole
Managing Director/ CEO

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

John Larsen
Chairman

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 2020.

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 Peter Crole	Executive 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 offer financial planners, stock brokers, self-directed investors, superannuation funds and accountants a range of services that include but is not limited to licensing services, business support and advice, coaching, compliance, education, wholesale clearing and execution, legal document establishments, investments, media and administration services.

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

DIVIDENDS

<i>Details of Dividends</i> ⁽¹⁾	Cents per share	\$
2020 Final dividend (paid 12 October 2020) ⁽²⁾	0.40	506,901
2021 Interim dividend ⁽³⁾	0.40	509,606 ⁽⁴⁾

(1) All dividends are fully franked

(2) 2020 Final dividend comprised of a cash dividend paid of \$316,579 and dividend reinvestment allotment of \$190,322

(3) Record date for determining entitlement to the 2021 Interim dividend is 25 February 2021, and is to be paid on 15 March 2021

(4) Estimated total dollar value based on number of shares at 31 December 2020

REVIEW OF OPERATIONS

The profit for the Group after providing for income tax amounted to \$1,663,072 (31 December 2019: \$256,675).

Operating revenue from ordinary operating activities of the Group increased to \$52,421,138, up from \$41,091,844 in the corresponding half-year ended 31 December 2019, an increase of 27.6%.

Underlying Profitability

The Directors are of the view that the best guide to the Group's performance at an operational level is Normalised EBITDA or Underlying Profit 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 underlying profit over the half-year ended 31 December 2020 increased by 176.3% from \$1,442,371 to \$3,985,868.

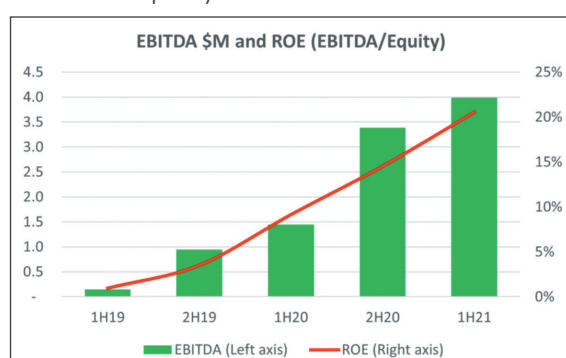
This was in line with the 5 key focuses for the businesses for a 3-year period to 2022.

These 5 initiatives remain the core focus of your board and management teams:

- (1) To generate strong cash flow from all 4 operating divisions;
- (2) To provide a ROE* on non-cash equity of 15% or above;
- (3) To rebuild investor confidence in the company's ability to generate ROE of 15%;
- (4) To have the share price trading at or above equity per share; and
- (5) To distribute shareholder dividend payments at 20-50% of NPAT.**

* Return on Equity ('ROE') is Underlying profit over Total equity.

** The Company recommenced the dividend policy at 26% of NPAT.



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

Financial performance

	31 Dec 2020 \$	31 Dec 2019 \$	Change \$	Change %
Operating revenue from ordinary activities	52,421,138	41,091,844	11,329,294	28%
Statutory net profit/(loss) after tax	1,663,072	256,675	1,406,397	548%
Underlying Profit*	3,985,868	1,442,371	2,543,497	176%

* Underlying Profit or EBITDA is the measure that the Group uses to assess performance as it excludes certain non-cash and one-off or non-operational items.

Normalised adjustments have been applied as set out in the following reconciliation between the Group's Underlying Profit and the statutory net profit for the current and prior periods:

	Consolidated	
	31 Dec 2020 \$	31 Dec 2019 \$
Normalised EBITDA for the half-year	3,985,868	1,442,371
Add/(deduct) normalisation adjustments:		
Acquisition costs	(124,299)	(73,148)
Statutory EBITDA for the half-year	3,861,569	1,369,223
Deduct:		
Interest revenue calculated using the effective interest method	11,592	73,526
Depreciation and amortisation	(1,369,236)	(838,142)
Finance costs	(105,749)	(152,773)
Statutory net profit before income tax for the half-year	2,398,176	451,834
Income tax expense	(735,104)	(195,159)
Statutory net profit after income tax for the half-year	1,663,072	256,675

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Acquisition

During the period, the Group finalised the asset acquisitions from Phillip Capital Ltd and Total Cover Australia.

Impact of Covid-19

COVID-19 restrictions have impacted all businesses and the Group was no different. The pandemic has had a material impact on the financial affairs of many Australians and the need for advice at a reasonable cost has increased. The Government initiatives such as Job Keeper, Job Seeker and Early Superannuation Release all provided a need for interaction between advisers and the community, and has also seen a rise in equity market turnover with a new wave of 'Robin Hood' type traders entering the market. Sales in the first half of FY21 in some of the operating business units slowed, but growth in other parts of our business has offset those reductions and profit was not significantly impacted. We will continue to monitor the pandemic and if it continues longer than anticipated there may be a need for further reductions in aspects of our business.

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

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

18 February 2021
Sydney



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

I declare that, to the best of my knowledge and belief, during the half-year ended 31 December 2020 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.

William Buck

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

A handwritten signature in black ink, appearing to read "N.S. Benbow".

N.S. Benbow
Director

Dated this 18th day of February, 2021

ACCOUNTANTS & ADVISORS

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williambuck.com

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(WB015_2007)



		Consolidated	
	Note	31 Dec 2020	31 Dec 2019
		\$	\$
Revenue	4	52,421,138	41,091,844
Expenses			
Data fees		(871,840)	(556,618)
Dealing and settlement		(8,510,043)	(4,257,212)
Commission and hedging		(28,640,365)	(26,274,838)
Employee benefits		(7,166,718)	(5,908,595)
Occupancy		(145,804)	(158,208)
Telecommunications		(850,688)	(618,483)
Marketing		(104,527)	(251,586)
General and administrative		(2,145,285)	(1,623,933)
Operating profit		3,985,868	1,442,371
Interest revenue calculated using the effective interest method		11,592	73,526
Depreciation and amortisation		(1,369,236)	(838,142)
Acquisition costs		(124,299)	(73,148)
Finance costs		(105,749)	(152,773)
Profit before income tax expense		2,398,176	451,834
Income tax expense		(735,104)	(195,159)
Profit after income tax expense for the half-year attributable to the owners of Sequoia Financial Group Limited		1,663,072	256,675
Other comprehensive income			
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Gain on the revaluation of financial assets at fair value through other comprehensive income, net of tax		75,089	-
Loss on the revaluation of financial assets at fair value through other comprehensive income, net of tax		-	(17,700)
Other comprehensive income for the half-year, net of tax		75,089	(17,700)
Total comprehensive income for the half-year attributable to the owners of Sequoia Financial Group Limited		1,738,161	238,975
		Cents	Cents
Basic earnings per share	9	1.314	0.215
Diluted earnings per share	9	1.272	0.214

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

	Note	Consolidated	
		31 Dec 2020	30 Jun 2020
		\$	\$
Assets			
Current assets			
Cash and cash equivalents		25,992,892	22,961,750
Trade and other receivables		11,031,613	12,250,064
Contract assets and deferred costs		8,533,279	8,989,093
Inventories		3,182	6,875
Other financial assets		941,479	443,759
Derivative financial instruments		4,794,267	2,928,246
Deposits		-	455,854
Prepayments		489,695	877,740
Total current assets		51,786,407	48,913,381
Non-current assets			
Contract assets and deferred costs		4,078,638	5,820,757
Derivative financial instruments		15,423,241	9,695,887
Other financial assets		787,417	110,546
Plant and equipment		1,621,278	1,712,799
Right-of-use assets		2,434,445	2,764,559
Intangibles		25,938,651	24,317,249
Deferred tax		6,587,362	7,267,653
Deposits		723,725	678,448
Total non-current assets		57,594,757	52,367,898
Total assets		109,381,164	101,281,279
Liabilities			
Current liabilities			
Trade and other payables		24,134,455	22,380,247
Contract liabilities and deferred revenue		12,122,754	12,637,235
Borrowings		121,597	662,414
Lease liabilities		712,470	682,415
Derivative financial instruments		4,794,267	2,928,246
Current tax liabilities		530,081	961,932
Employee benefits		1,278,973	727,467
Contingent consideration		949,351	957,701
Total current liabilities		44,643,948	41,937,657
Non-current liabilities			
Contract liabilities and deferred revenue		5,552,579	7,977,273
Lease liabilities		2,588,064	2,949,872
Derivative financial instruments		15,423,241	9,695,887
Deferred tax		4,249,528	4,903,818
Employee benefits		320,562	98,840
Contingent consideration		704,350	479,350
Total non-current liabilities		28,838,324	26,105,040
Total liabilities		73,482,272	68,042,697
Net assets		35,898,892	33,238,582

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

Equity

Issued capital

Reserves

Accumulated losses

Total equity

Note	Consolidated	
	31 Dec 2020 \$	30 Jun 2020 \$
5	49,899,219	48,497,215
	536,706	434,571
	(14,537,033)	(15,693,204)
	35,898,892	33,238,582



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 2019	48,025,034	430,308	149,400	(17,625,678)	30,979,064
Profit after income tax expense for the half-year	-	-	-	256,675	256,675
Other comprehensive income for the half-year, net of tax	-	(17,700)	-	-	(17,700)
Total comprehensive income for the half-year	-	(17,700)	-	256,675	238,975
<i>Transactions with owners in their capacity as owners:</i>					
Contributions of equity, net of transaction costs	434,156	-	-	-	434,156
Share-based payments forfeited	-	-	(83,285)	-	(83,285)
Balance at 31 December 2019	48,459,190	412,608	66,115	(17,369,003)	31,568,910

Consolidated	Issued capital \$	Financial assets at fair value reserve \$	Share-based payments reserve \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2020	48,497,215	394,507	40,064	(15,693,204)	33,238,582
Profit after income tax expense for the half-year	-	-	-	1,663,072	1,663,072
Other comprehensive income for the half-year, net of tax	-	75,089	-	-	75,089
Total comprehensive income for the half-year	-	75,089	-	1,663,072	1,738,161
<i>Transactions with owners in their capacity as owners:</i>					
Contributions of equity, net of transaction costs (note 5)	1,402,004	-	-	-	1,402,004
Vesting of share-based payments	-	-	27,046	-	27,046
Dividends paid (note 6)	-	-	-	(506,901)	(506,901)
Balance at 31 December 2020	49,899,219	469,596	67,110	(14,537,033)	35,898,892

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

Note	Consolidated	
	31 Dec 2020 \$	31 Dec 2019 \$
Cash flows from operating activities		
Receipts from customers (inclusive of GST)	54,990,687	47,674,169
Payments to suppliers and employees (inclusive of GST)	(47,550,597)	(44,596,714)
	7,440,090	3,077,455
Interest received	11,170	73,526
Interest and other finance costs paid	(39,846)	(152,773)
Income taxes paid	(1,140,954)	(960,711)
Net cash from operating activities	6,270,460	2,037,497
Cash flows from investing activities		
Payments for business combinations, net of cash acquired	-	(1,031,350)
Payments for investments	(874,069)	(40,427)
Payments for plant and equipment	(172,844)	(325,021)
Payments for intangibles	(1,655,158)	(7,500)
Payments for security deposits	-	(56,700)
Proceeds from disposal of investments	379,406	115,442
Net cash used in investing activities	(2,322,665)	(1,345,556)
Cash flows from financing activities		
Repayment of borrowings	-	(1,197,115)
Repayment of lease liabilities	(397,656)	(200,766)
Repayment of convertible notes	(200,000)	-
Dividends paid and related costs	(318,997)	-
Net cash used in financing activities	(916,653)	(1,397,881)
Net (decrease)/increase in cash and cash equivalents	3,031,142	(705,940)
Cash and cash equivalents at the beginning of the financial half-year	22,961,750	18,852,029
Cash and cash equivalents at the end of the financial half-year	25,992,892	18,146,089

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

The cash balance as at 31 December 2020 included client trust funds of \$12,693,947 (31 December 2019: \$5,566,360), held by Morrison Securities Pty Ltd. Client trust funds are not available for general use by the Group.

For the current financial half-year, Net cash from operating activities includes net cash in of \$2,844,732 from client trust funds (2019: net cash in of \$597,872).

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 and the entities it controlled at the end of, or during, the half-year. The financial statements are presented in Australian dollars, which is Sequoia Financial Group Limited's functional and presentation currency.

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

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

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

The financial statements were authorised for issue, in accordance with a resolution of directors, on 18 February 2021. The directors have the power to amend and reissue the financial statements.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

These general purpose financial statements for the interim half-year reporting period ended 31 December 2020 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 2020 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 principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

NEW OR AMENDED ACCOUNTING STANDARDS AND INTERPRETATIONS ADOPTED

The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

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.

The information reported to the CODM is on a monthly basis. The CODM reviews operating profit which is earnings before interest, taxation, depreciation and amortisation adjusted for impairment (adjusted 'EBITDA').

NOTE 3. OPERATING SEGMENTS (CONTINUED)

Types of products and services

The principal products and services of each of these operating segments are as follows:

Sequoia Wealth Group

The Wealth division is the core driver of the Company business thematic.

The Wealth 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.

In Australia this market size is just above 20,000 advisers and the Sequoia owned licenses have just over 400 advisers, which is an increase of 100% in the last 24 months but a long way from our goal to provide licensee services to 10% of the premium adviser market by 2025.

We specialise in providing the adviser market a full service licensing and support service so an adviser can operate in a market that is heavily legislated. Our role is to charge a fee for service and assist with a range of value propositions including compliance, marketing, coaching, education, research, and technical support.

The advisers are primarily accountants, financial planners, mortgage brokers, insurance advisers, equity market advisers and investment professionals. Our estimate is that the size of this advice market is approximately 12,000 adviser practices.

Sequoia Professional Services Group

The Professional Services Group provides services to our own licensed advisers as well as other licensee holders and the industry. This includes the provision of SMSF solutions, general insurance broking and legal document establishment services to financial planners, stock brokers, mortgage brokers and accountants Australia wide. This division currently has relationships and provides one of its services to over 3,000 accountants and financial planners across Australia.

Sequoia Equity Markets Group

Sequoia Equity Markets Group provides services to internal and external licensed advisers as well as their own advisers, self-directed investors, and client superannuation funds. The Company's fully owned subsidiary, Morrison Securities, delivers white label Australian Stockbroking and Specialised Investment solutions to third party institutional and adviser networks that operate their own AFSL.

Sequoia Direct Investment Group

Sequoia Direct Investment Group provides general advice to self-directed investors who elect not to have a personal adviser and wish to undertake their own portfolio and investment management, SMSF management share trading, superannuation, and insurance. In addition this division provides market data, robo advice and trading tools via various mediums including an independent news organisation specialising in finance and business news updates, events and investor communication for ASX listed companies.

Head Office Head Office relates to the corporate running costs of the Group.

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

Intersegment transactions

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

Intersegment receivables, payables and loans

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

NOTE 3. OPERATING SEGMENTS (CONTINUED)

Operating segment information

Consolidated - 31 Dec 2020	Sequoia Wealth Group \$	Sequoia Professional Services Group \$	Sequoia Equity Markets Group \$	Sequoia Direct Investment Group \$	Head Office \$	Total \$
Revenue						
Revenue	27,088,566	2,206,186	21,657,789	913,516	(49,759)	51,816,298
Gains/(losses) on portfolio investments	604,840	-	-	-	-	604,840
Total revenue	27,693,406	2,206,186	21,657,789	913,516	(49,759)	52,421,138
Adjusted EBITDA	2,913,732	611,962	2,347,430	177,271	(2,064,527)	3,985,868
Depreciation and amortisation						(1,369,236)
Acquisition costs						(124,299)
Interest revenue						11,592
Finance costs						(105,749)
Profit before income tax expense						2,398,176
Income tax expense						(735,104)
Profit after income tax expense						1,663,072
Consolidated - 31 Dec 2019	Sequoia Wealth Group \$	Sequoia Professional Services Group \$	Sequoia Equity Markets Group \$	Sequoia Direct Investment Group \$	Head Office \$	Total \$
Revenue						
Revenue	19,681,244	2,318,559	17,897,670	1,235,160	-	41,132,633
Gains/(losses) on portfolio investments	(31,192)	-	(9,597)	-	-	(40,789)
Total revenue	19,650,052	2,318,559	17,888,073	1,235,160	-	41,091,844
Adjusted EBITDA	1,007,242	613,085	1,451,172	94,466	(1,723,594)	1,442,371
Depreciation and amortisation						(838,142)
Acquisition costs						(73,148)
Interest revenue						73,526
Finance costs						(152,773)
Profit before income tax expense						451,834
Income tax expense						(195,159)
Profit after income tax expense						256,675

NOTE 4. REVENUE

	Consolidated	
	31 Dec 2020 \$	31 Dec 2019 \$
Revenue from contracts with customers		
Data subscriptions fees	395,823	358,007
Brokerage and commissions revenue	35,537,193	24,245,122
Superannuation product revenue	1,109,023	1,202,095
Structured product revenue	10,593,043	12,303,110
Corporate advisory fees	2,917,093	1,678,782
Media revenue	369,354	641,831
Other revenue	894,769	703,686
	51,816,298	41,132,633
Other revenue		
Gains/(losses) on portfolio investments	604,840	(40,789)
Total Revenue	52,421,138	41,091,844

Other revenue includes general service revenue and held for trading revenue.

Disaggregation of revenue

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

Consolidated - 31 Dec 2020	Sequoia Wealth Group \$	Sequoia Professional Services Group \$	Sequoia Equity Markets Group \$	Sequoia Direct Investment Group \$	Head Office \$	Total \$
Timing of revenue recognition						
Services transferred at a point in time	27,088,566	2,206,186	10,944,172	328,438	(49,759)	40,517,603
Services transferred over time	-	-	10,713,617	585,078	-	11,298,695
	27,088,566	2,206,186	21,657,789	913,516	(49,759)	51,816,298

Consolidated - 31 Dec 2019	Sequoia Wealth Group \$	Sequoia Professional Services Group \$	Sequoia Equity Markets Group \$	Sequoia Direct Investment Group \$	Head Office \$	Total \$
Timing of revenue recognition						
Services transferred at a point in time	19,681,245	2,318,559	5,588,127	303,428	-	27,891,359
Services transferred over time	-	-	12,309,543	931,731	-	13,241,274
	19,681,245	2,318,559	17,897,670	1,235,159	-	41,132,633

NOTE 5. EQUITY - ISSUED CAPITAL

	Consolidated			
	31 Dec 2020 Shares	30 Jun 2020 Shares	31 Dec 2020 \$	30 Jun 2020 \$
Ordinary shares - fully paid	127,401,570	121,216,770	49,899,219	48,497,215

NOTE 5. EQUITY - ISSUED CAPITAL (CONTINUED)

Movements in ordinary share capital

Details	Date	Shares	Issue price	\$
Balance	1 July 2019	121,216,770		48,497,215
Issue of shares on exercise of performance rights	9 July 2020	200,000	\$0.270	54,000
Issue of shares on acquisition of Libertas Financial Planning	9 July 2020	3,810,000	\$0.210	800,100
Issue of shares on acquisition of Total Cover Australia's customer base	6 August 2020	1,500,001	\$0.220	330,000
Issue of shares on acquisition of YieldReport's assets	6 October 2020	100,000	\$0.300	30,000
Issue of shares for dividend reinvestment plan FY20	13 October 2020	574,799	\$0.331	190,322
Share issue transaction costs				(2,418)
Balance	31 December 2020	127,401,570		49,899,219

Share buy-back

The Company is currently conducting an on-market buy-back. It was announced to the market on 15 June 2020 and covers the period 1 July 2020 to 30 June 2021. The maximum number of shares the Company proposes to acquire under the on-market buy-back is approximately 11,900,899, or up to 10% of the lowest number of ordinary shares on issue at the time of the announcement. Accordingly, the on-market buy-back will not require shareholder approval.

As at 31 December 2020, no shares had been bought back.

NOTE 6. EQUITY - DIVIDENDS

Details of Dividends ⁽¹⁾

	Cents per share	\$
2020 Final dividend (paid 12 October 2020) ⁽²⁾	0.40	506,901
2021 Interim dividend ⁽³⁾	0.40	509,606 ⁽⁴⁾

(1) All dividends are fully franked

(2) 2020 Final dividend comprised of a cash dividend paid of \$316,579 and dividend reinvestment allotment of \$190,322

(3) Record date for determining entitlement to the 2021 Interim dividend is 25 February 2021, and is to be paid on 15 March 2021

(4) Estimated total dollar value based on number of shares at 31 December 2020

NOTE 7. 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, being:

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

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

Level 3: Unobservable inputs for the asset or liability

NOTE 7. FAIR VALUE MEASUREMENT (CONTINUED)

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

Consolidated - 31 Dec 2020	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Assets				
Listed ordinary shares	1,666,574	-	-	1,666,574
Unlisted ordinary shares	-	-	62,322	62,322
Derivative financial instruments	-	20,217,508	-	20,217,508
Total assets	1,666,574	20,217,508	62,322	21,946,404
Liabilities				
Derivative financial instruments	-	20,217,508	-	20,217,508
Contingent consideration	-	1,653,701	-	1,653,701
Total liabilities	-	21,871,209	-	21,871,209

Consolidated - 30 Jun 2020	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Assets				
Listed ordinary shares	443,759	-	-	443,759
Unlisted ordinary shares	-	-	110,546	110,546
Derivative financial instruments	-	12,624,133	-	12,624,133
Total assets	443,759	12,624,133	110,546	13,178,438
Liabilities				
Derivative financial instruments	-	12,624,133	-	12,624,133
Contingent consideration	-	1,437,051	-	1,437,051
Total liabilities	-	14,061,184	-	14,061,184

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 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 a price of 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.

NOTE 7. FAIR VALUE MEASUREMENT (CONTINUED)

Level 3 assets and liabilities

Consolidated	Unlisted ordinary shares \$
Balance at 1 July 2020	110,546
Transferred to level 1 listed ordinary shares	(48,224)
Balance at 31 December 2020	62,322

NOTE 8. CONTINGENT LIABILITIES

The Group has given a bank guarantee as at 31 December 2020 of \$677,238 (30 June 2020: \$677,238) in relation to rental bonds. These are held in term deposit accounts with Westpac Banking Corporation.

NOTE 9. EARNINGS PER SHARE

	Consolidated	
	31 Dec 2020 \$	31 Dec 2019 \$
Profit after income tax attributable to the owners of Sequoia Financial Group Limited	1,663,072	256,675
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	126,556,141	119,370,403
Adjustments for calculation of diluted earnings per share:		
Options over ordinary shares	4,000,000	-
Performance rights	195,000	705,000
Weighted average number of ordinary shares used in calculating diluted earnings per share	130,751,141	120,075,403
	Cents	Cents
Basic earnings per share	1.314	0.215
Diluted earnings per share	1.272	0.214

NOTE 10. EVENTS AFTER THE REPORTING PERIOD

On 1 February 2021, Sequoia Financial Group successfully completed the acquisition of all shares in PantherCorp CST Pty Ltd, a corporate legal document company based in Western Australia, for \$1.7 million, and the purchase of the customer list of First Option Financial Management Pty Ltd for approximately \$900,000. The consideration for both transactions are payable in cash and share issues over a period of twelve months. At this stage, it is not practicable to disclose the other details of the acquisition of PantherCorp CST Pty Ltd given its timing relative to the issue of the financial statements.

The impact of the COVID-19 pandemic is ongoing and whilst it has had an impact on the Group up to 31 December 2020, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

No other matter or circumstance has arisen since 31 December 2020 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 2020 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 be "JL", written over a horizontal line.

John Larsen
Chairman

18 February 2021
Sydney

Independent auditor's review report

Report on the Review of the Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of Sequoia Financial Group Limited (the Company) and the entities it controlled at the half-year's end or from time to time during the half year (the consolidated group), which comprises the consolidated statement of financial position as at 31 December 2020, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Sequoia Financial Group Limited is not in accordance with the *Corporations Act 2001* including:

- a) giving a true and fair view of the consolidated group's financial position as at 31 December 2020 and of its performance for the half year ended on that date; and
- b) complying with Australian Accounting Standard 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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 Company 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.

Responsibility of Management 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.

ACCOUNTANTS & ADVISORS

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williambuck.com



Auditor's Responsibilities for the Review of the Half-Year 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 Company's financial position as at 31 December 2020 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

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

A handwritten signature in black ink, appearing to read "N Benbow".

Nicholas Benbow
Director

Dated this 18th day of February, 2021