

ASX RELEASE

21 June 2018

MARKET UPDATE

- **Confirmation of profit forecast**
- **Increased ownership in Financial News Network to 100%**
- **Sale of Sequoia Direct Pty Ltd**
- **D2MX client migration to Morrison Securities**

Sydney: Sequoia Financial Group Limited (ASX: SEQ) ("**SEQ**" or "**the Company**") is pleased to provide the following market update.

The Company continues to experience strong growth from its disciplined strategy of pursuing organic growth from existing operations in addition to acquiring highly accretive strategic acquisitions. The overall business is enjoying record revenue and profit and a significant improvement to the balance sheet to support ongoing growth and to fund new market opportunities.

Financial Performance.

The continued strong operating and financial performance of the Company has resulted in the FY18 revenue forecast to be greater than \$75 million up from previous forecast revenue of between \$60 million - \$65 million. The Company also forecasts the net profit after tax (NPAT) to be at the top or slighter higher of the previously reported forecast range of \$1.7 million to \$2.5 million. As a result of profitable trading the cash and cash equivalents at 31/12/2017 of \$12.85 million has risen to in excess of \$16 million at 31/05/2018.

Finance TV Pty Ltd (FNN)

FNN is a rapidly growing business and a key strategic asset to SEQ. FNN is Australia's largest provider of online Australian business and finance news which connects investors with investment opportunities, with the latest ASX news, CEO and fund manager interviews and Investor Events.

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ABOUT SEQUOIA FINANCIAL GROUP LIMITED

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

It provides:

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

Sequoia operates various AFS Licenses and its subsidiaries D2MX Pty Ltd and Morrison Securities Pty Ltd are ASX Market Participants.

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Since 2006 Sequoia has been a strategic shareholder of FNN and as previously announced has been gradually increasing its holdings, with complete acquisition of all remaining shares of FNN occurring in May 2018 in an all-cash deal. Founder and Managing Director of FNN Simon Van Es will stay on with the business whilst expanding his responsibilities to head up the Sequoia Direct Investment division which includes FNN.

Sale of Sequoia Direct Pty Ltd

The Company is pleased to advise that it has sold Sequoia Direct Pty Ltd resulting in the simplification of its overall operation by reducing the number of AFSLs operated within the SEQ group. The clients of Sequoia Direct Pty Ltd prior to the sale have been retained and are in the process of being transferred to another entity within the SEQ group.

D2MX Migration

The Company announced in June 2017 that its subsidiary, D2MX Pty Ltd, had terminated its clearing arrangements with Pershing Securities Australia Pty Ltd. It also announced in September 2017, the acquisition of 100% of the shares in ASX Participant, Morrison Securities Pty Ltd who has the capabilities to undertake execution, clearing and settlement of ASX transactions.

The Boards' strategic decision to acquire Morrison Securities included the provision of clearing activities for the existing D2MX clients. Since the acquisition, the Company has implemented an integration plan for Morrison's to support the D2MX client migration and new growth of this business, including:

- injecting capital for balance sheet strength;
- upgrading the back office software systems to the market leading GBST system; and
- recruiting well-qualified personnel for this business.

We continue to liaise with ASX for operational readiness approval with the commencement of client transfers expected by the end June 2018 and an anticipated completion date expected to be in the first quarter FY 2019.

We expect to achieve cost synergies of over \$500,000 per annum by combining the execution services of both D2MX Pty Ltd and Morrison Securities Pty Ltd and insourcing client clearing services.

Managing Director Scott Beeton commented: "As we move into the last few weeks of the financial year I am delighted where Sequoia is positioned and for what the business has achieved.

We have a fantastic portfolio of complimenting businesses with highly dedicated staff working together to maximize the performance of the Company.

The business & all stakeholders have significant opportunities in front of them and I look forward to FY2019 with confidence."

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