

Quarterly Activities Report – December 22

Sydney, 25 January 2023: Equity Story Group Ltd (“**Equity Story**” or “**the Company**”, **ASX:EQS**) is pleased to present its consolidated quarterly cash flow report and business update for the quarter ended 31 December 2022 (**December Quarter** or **Q2 FY23**).

Highlights

- Key focus for the Quarter was putting the foundations in place for a much improved core revenue performance in 2023.
- All efforts in the new year will be directed at achieving vastly improved direct sales of the Company’s core offerings:
 - Paid annual member subscriptions for the *Equity Story* trader podcast content and *A Rich Life* research services; and
 - Stock trader education seminars under the brand *Cincinnati Trading Method*.
- Additionally, the Company will focus on growing incidental revenue streams from *Capital Markets* activity via subsidiary Equity Story Securities, and *Paid Research* services directed at listed companies.
- To achieve improved financial outcomes in the year ahead, the Company has implemented better marketing systems, streamlined operating functions, reduced costs, restructured leadership and cleared away special project distractions. From January 2023 onwards, cost savings of 30% are being implemented.



Operations Update

- Trent McGraw resigned as CEO of the Company at the end of the Quarter, after leading the business for 2 years, and in particular navigating the Company through the ASX listing process in 2021 and 2022, and then setting up a wide array of valuable assets, licensing, and partner relationships.
- Founder David Tildesley (and previous CEO of Equity Story Pty Ltd from 2010 until 2021) has assumed the role of CEO and will lead the business through the next phase with the objective of rapidly growing core product sales and cash flows.
- During the Quarter, the Company revamped its pricing packages for the core **Equity Story** subscription offering – www.equitystory.com.au/#get-trial
- The **Cincinnati Trading System** product was developed during the Quarter, launched in late December, and started with advertising through the usual social platform mediums – www.equitystory.com.au/education/
- During December, Equity Story Securities commenced distribution of **Capital Markets** opportunities to a growing list of over 45 sophisticated & wholesale (Section 708) investors and over 900 other investors, including various IPO, pre-IPO and convertible note opportunities.
- The Company has engaged *Iron Cage Pty Limited*, headed by the well-known 'Sales Guru' Gulliver Giles, to build, train and lead a new revitalized sales team to accelerate the sales growth of the *Cincinnati Trading System* and the core sales of *Equity Story* Subscriptions.
- The Company has engaged Kevan Baker, founder of *Firestarter Digital* and *BrandMail* agency, to drive digital marketing, lead generation and customer acquisition. Kevan previously performed this role in the business's most successful growth period between 2017-2019
- The objective of *Cincinnati* is to start selling the trading course firstly in Australia and then around the world. The courses vary in price, starting at \$4,997. The Company is encouraged with early trends in costs-per-lead and the pipeline of prospective leads in the system.
- The board is closely monitoring the progress of these new sales systems for both *Equity Story* and *Cincinnati* and the management objective of generating a substantial uplift in revenues during the first half of 2023.

During the Quarter the Group also achieved progress with various other initiatives:

- The Company's subscriber-based online investing, news, and arts media subsidiary, **A Rich Life** ('ARL'), posted pleasing growth in subscribers. Under the leadership of Editor, Claude Walker, ARL published substantial output of high-quality content, and in particular a range of carefully considered reviews on ASX listed ethical equities – www.arichlife.com.au
- Equity Story Securities established a beneficial referral and revenue share agreement with Blu Horseshoe Ventures Pty Ltd.
- The Company more deeply integrated Brand Ambassador, Glenn McGrath, into marketing and customer communications
- The Company continued during the Quarter to explore a range of joint venture, affiliate marketing, and M&A opportunities.

Financial Highlights

Financial highlights for the Quarter include:

- Receipts from customers for subscription income was up 9% for the Quarter to \$293k, versus \$269k in the September Quarter.
- Core subscription sales was softer than expected as a result of adjustments to sales methods, sales team staff, and online advertising strategies. Significant changes are underway to continue to improve marketing and core product sales.
- Timing of income for Equity Story Securities is lumpy timing based on transaction capital raise fees, with a large fee in the September quarter of \$198k and \$46k earned in December quarter.
- Operating overheads (staff, admin & corporate) increased by 2% compared with the previous Quarter with the ongoing investment in people and resources to enable future growth.
- Total headcount is currently 13 including 10 full-time employees and 3 part-time employees and contractors, including directors.
- Items at 6.1 in the accompanying Appendix 4C are payments to directors of the Company, including director's fees, consulting fees, and wages and salaries paid to executive directors for performing management duties.
- End of quarter cash balance was \$1.883 million.

Use of Funds

The EQS IPO Prospectus, dated 4 February 2022, noted that the Company would work to grow the business by investing capital raised in the IPO according to an estimated Use of Funds.

In accordance with ASX Listing Rules the Company discloses the following update in respect of funds invested during the quarter as compared with the Use of Funds set out in the Prospectus.

	Amount in Prospectus (\$)	Total Allocated Since IPO (\$)
Funds raised from the Offer	\$4,640,000	
Allocation of funds		
Advertising	\$1,060,000	\$421,564
Marketing – Growth and Customer Acquisition (including events)	\$800,000	\$525,054
Market Analysis	\$280,000	\$100,000
Further Investment and Development of Technology	\$100,000	\$70,863
Licensing Expansion	\$180,000	\$29,742
Expenses of the Offer	\$521,000	\$614,940
Administration Costs	\$999,000	\$667,571
Working capital	\$700,000	\$327,363
Total	\$4,640,000	\$2,757,097

Notes regarding the Use of Funds:

- Advertising and marketing includes digital advertising, agency expenses, promotion, education events, investor relations consultants and adjustments to websites;
- Administration costs include office rent (including bank guarantee), furniture and fittings, fixed costs, business running costs, wages for staff and consultants, ASX listing fees, and corporate expenses;
- Working Capital is unassigned costs of running the business, plus consideration paid for acquisitions; and
- The Company is “on track” in terms of its business objectives and expenditure program.

Strategic Objectives

Equity Story Group's key strategic focus for the period ahead includes:

- Growing the core subscriber base for *Equity Story* and *A Rich Life* and membership revenues by expanded direct sales, advertising and marketing efforts.
- Marketing the *Cincinnati Trading Method* share trading education courses via webinars and events.
- Continued efforts to grow revenues from ancillary services.

Equity Story's Board and team are confident about the planned growth pathway and its objective to restore the Group's cash flows by providing high-quality stock market content, education and platform services.

This announcement has been authorised for release by the Board of Directors of Equity Story Group Ltd

ENDS

About Equity Story Group Ltd

Equity Story Group Ltd (ASX:EQS) is an Australian investor media company providing stock market trading advice, research, investor education, funds management and capital markets services.

The Company's subscribers pay annual membership fees for written content and podcast-based equities market advice and commentary through several subscription packages, as well as regular paid live and digital investor education courses.

The Company offers other adjacent financial services to its members including member access to corporate investment opportunities, and additional financial services and content.

For more information, please visit us: www.equitystory.com.au

Corporate Enquiries

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Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity

Equity Story Group Limited

ABN

84 653 383 478

Quarter ended ("current quarter")

December 2022

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	309	776
1.2 Payments for		
(a) research and development		
(b) product manufacturing and operating costs		
(c) advertising and marketing	304	520
(d) leased assets	40	40
(e) staff costs	323	644
(f) administration and corporate costs	292	579
1.3 Dividends received (see note 3)		
1.4 Interest received	10	10
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Government grants and tax incentives		
1.8 Other (provide details if material)		
1.9 Net cash from / (used in) operating activities	(640)	(997)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities		
(b) businesses	0	252
(c) property, plant and equipment	0	1
(d) investments	0	300
(e) intellectual property		
(f) other non-current assets		

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
2.2	Proceeds from disposal of:		
	(a) entities		
	(b) businesses		
	(c) property, plant and equipment		
	(d) investments		
	(e) intellectual property		
	(f) other non-current assets	0	8
2.3	Cash flows from loans to other entities		
2.4	Dividends received (see note 3)		
2.5	Other (provide details if material)	0	(35)
2.6	Net cash from / (used in) investing activities	0	(580)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)		
3.2	Proceeds from issue of convertible debt securities		
3.3	Proceeds from exercise of options		
3.4	Transaction costs related to issues of equity securities or convertible debt securities	140	140
3.5	Proceeds from borrowings		
3.6	Repayment of borrowings		
3.7	Transaction costs related to loans and borrowings		
3.8	Dividends paid		
3.9	Other (provide details if material)		
3.10	Net cash from / (used in) financing activities	(140)	(140)

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	2,663	3,600
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(640)	(997)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	0	(580)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(140)	(140)
4.5	Effect of movement in exchange rates on cash held		
4.6	Cash and cash equivalents at end of period	1,883	1,883

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	1,883	2,663
5.2	Call deposits		
5.3	Bank overdrafts		
5.4	Other (provide details)		
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	1,883	2,663

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	238
6.2	Aggregate amount of payments to related parties and their associates included in item 2	0
<i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i>		

7.	Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i> <i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1	Loan facilities		
7.2	Credit standby arrangements		
7.3	Other (please specify)		
7.4	Total financing facilities	0	0
7.5	Unused financing facilities available at quarter end		0
7.6	Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	(640)
8.2	Cash and cash equivalents at quarter end (item 4.6)	1,883
8.3	Unused finance facilities available at quarter end (item 7.5)	0
8.4	Total available funding (item 8.2 + item 8.3)	1,883
8.5	Estimated quarters of funding available (item 8.4 divided by item 8.1) <i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i>	2.9
8.6	If item 8.5 is less than 2 quarters, please provide answers to the following questions:	
8.6.1	Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
	Answer: N/A	
8.6.2	Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
	Answer: N/A	
8.6.3	Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?	
	Answer: N/A	
<i>Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.</i>		

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 25 January 2023

Authorised by: The Board
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.