

Quarterly Activities Report – June 23

31 July 2023

Sydney, 31 July 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 30 June 2023 (**June Quarter** or **Q4 FY23**).

Highlights

- The Quarter was focused on further reducing operating costs and pursuing core revenue performance from Equity Story subscriptions and market education packages via:
 - Sales of paid annual member subscriptions for the *Equity Story* trader podcast content and *A Rich Life* research services; and
 - Sales of stock trader education seminars under the brand *Cincinnati Trading Method*.
- Additionally, the Company pursued revenue streams from *Capital Markets* activity via subsidiary Equity Story Securities, although this has moderated during the Quarter due to the subdued market conditions for equity raisings.
- During the Quarter, the Company undertook extensive ongoing work with regards to potential merger & acquisition opportunities of financial planner practices, and discussions to arrange funding for these acquisitions.
- In this regard, the Company released a Market Update on 20 July which outlines the strategy and proposed funding structure.



Operations Update

EQUITY STORY PTY LTD: INVESTING ANALYSIS & GENERAL ADVICE

- The Company has revamped the website ([www. equitystory.com.au](http://www.equitystory.com.au)) with the intention to maximise organic traffic and offer more competitive prices.
- Importantly, the rate of existing subscriber re-sign is at 75% which is pleasing in a difficult environment for private investors.
- The General share advice using the renowned Cincinnati Trading system has performed very well and regularly identified many rising stocks for subscribers.
- The new weekly wrap has become a very popular addition and a new favourite for members.
- The Company's 100% owned cultural, political, economic and stock analysis content platform **A Rich Life** has experienced flat revenue conditions, however the subscriber retention rates are resilient, and monthly recurring revenue up slightly over the last year.

CINCINNATI TRADING METHOD ("CTM") EDUCATION: INVESTMENT & STRATEGY EDUCATION

- Pleasing sales of CTM packages have continued, with price points of around \$4,500 for attendance at regularly convened webinar-based training sessions.
- The need for investment education continues to increase not only in Australia but worldwide.
- The Company is currently in negotiations with a sales lead-generation group with extensive experience in selling training courses, to sell the training packages internationally.

EQUITY STORY SECURITIES ("ESS"): CORPORATE CAPITAL RAISING & DISTRIBUTION

- Subdued activity directly as a result of much lower volumes of equity investment opportunities across the general market.
- ESS successfully distributed four investment opportunity deals to our S.708 Sophisticated Investor clients during the Quarter.

EQUITY STORY GROWTH FUND: MANAGED FUND

- Lead fund manager, Peter Kopetz, has skewed alignment of the Fund's strategy with the Cincinnati Trading System strategy to be consistent with the views of Equity Story.

- In the second quarter, the Fund is 0.77% up net of fees, beating the Small Ordinaries Index (XSO) by 1.7% and the ASX 200 by 0.34%.
- The Fund outperformed the Small Cap Ordinaries Index and ASX 200 in the first quarter.

Merger & Acquisitions Update

- During the Quarter, the Group pursued extensive negotiations with various boutique financial planning firms.
- The Company is exploring the prospect of widening the financial advice platform and client base via selected acquisitions of, and partnerships with, wealth advice and financial planning firms. This plan was set out in detail in the Mid-Year Shareholder Update on 20 July 2023.
- This M&A process is ongoing, and the Company expects to make announcements in respect of transactions in due course.
- The financial planning strategy is consistent with the objectives of the Company as set out on the IPO Prospectus dated 4 February 2022 – that is, to provide investors and stock traders with general investment advice and ancillary financial and wealth management services.

Financial Highlights

Financial highlights for the Quarter include:

- Receipts from customers of \$221k for subscription sales and corporate advisory fees was up 20% from Q1, but remains softer than expected as a result of subdued market conditions.
- Net Cash Used in Operating overheads was (\$400k) for the Quarter, substantially reduced by 43% from (\$704k) in the March quarter, due to much lower outgoings on advertising, staff costs and corporate expenses.
- Total headcount is currently 9 including 6 full-time employees, and 3 part-time employees and contractors, including directors.
- End of quarter cash balance was \$1.224 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	\$906,125
Marketing – Growth and Customer Acquisition (including events)	\$800,000	\$631,548
Market Analysis	\$280,000	\$200,000
Further Investment and Development of Technology	\$100,000	\$130,032
Licensing Expansion	\$180,000	\$29,742
Expenses of the Offer	\$521,000	\$614,940
Administration Costs	\$999,000	\$852,130
Working capital	\$700,000	\$251,934
Total	\$4,640,000	\$3,616,451

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.

Payments to related parties and their associates during the quarter were for directors' fees and salaries.

Strategic Objectives

Equity Story Group's key strategic focus for the period ahead continues to include:

- Growing the core subscriber base for *Equity Story*, *A Rich Life* and *Cincinnati Trading System* membership revenues by expanded direct sales, advertising and marketing efforts;
- Continued efforts to grow revenues from ancillary services including corporate finance fees; and
- Undertaking selected acquisitions of and partnerships with financial planning and wealth advice firms.

Equity Story's Board and team remain 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 wealth management services.

ENDS

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

About Equity Story Group Ltd

Equity Story Group Ltd (ASX:EQS) is an Australian investor media company providing stock market trading information, wealth 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, funds management 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")

June 2023

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	221	1,181
1.2 Payments for		
(a) research and development		
(b) product manufacturing and operating costs		
(c) advertising and marketing	227	1,111
(d) leased assets	(7)	-
(e) staff costs	356	1,474
(f) administration and corporate costs	49	711
1.3 Dividends received (see note 3)		
1.4 Interest received	6	22
1.5 Interest and other costs of finance paid	2	9
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	(400)	(2,102)
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		
(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	0	0
	(e) intellectual property		
	(f) other non-current assets	0	9
2.3	Cash flows from loans to other entities		
2.4	Dividends received (see note 3)		
2.5	Other (provide details if material)	0	0
2.6	Net cash from / (used in) investing activities	0	(244)

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	0	140
3.5	Proceeds from borrowings	200	200
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)	(90)	(90)
3.10	Net cash from / (used in) financing activities	110	(30)

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	1,514	3,600
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(400)	(2,102)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	0	(244)

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)	110	(30)
4.5	Effect of movement in exchange rates on cash held		
4.6	Cash and cash equivalents at end of period	1,224	1,224

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	1,224	1,514
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)	1,224	1,514

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	139
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)	(400)
8.2	Cash and cash equivalents at quarter end (item 4.6)	1,224
8.3	Unused finance facilities available at quarter end (item 7.5)	0
8.4	Total available funding (item 8.2 + item 8.3)	1,224
8.5	Estimated quarters of funding available (item 8.4 divided by item 8.1)	3.1
<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>		
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: 31 July 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.