

## Quarterly Activities Report – March 23

Sydney, 27 April 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 March 2023 (**March Quarter** or **Q3 FY23**).

### Highlights

- The Quarter was focused on streamlining costs without impacting revenue, internal restructuring, and initiatives to improve core revenue performance, following poor cash flow performance in the First Half (H1 FY23).
- Efforts were directed at achieving higher 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 pursued incidental revenue streams from *Capital Markets* activity via subsidiary Equity Story Securities.
- The Company has continued to implement better and more cost-efficient marketing and advertising strategies, further streamlined operating functions, reduced costs, adjusted management team roles and achieved overhead cost savings of 8.5% in the quarter.
- Finally, during the Quarter the Company undertook extensive discussions and analysis of potential merger & acquisition opportunities, which is an ongoing initiative.



## Operations Update

- Founder and CEO, David Tildesley, steered the business towards gaining better revenue traction in difficult trading conditions for the paid investment advice sector, restructured the roles and remuneration of the management and operations teams, and implemented cost savings.
- During the Quarter, the Company further revamped its pricing packages for the core **Equity Story** subscription offering, and the month of March saw substantially improved sales – [www.equitystory.com.au/#get-trial](http://www.equitystory.com.au/#get-trial)
- We are delivering an improved service with the newly added *Wolfs Weekly Wrap* and attracting more members through smarter programs.
- The **Cincinnati Trading System** product was launched during the Quarter and advertising and sales activity commenced through the usual social platforms, with moderate initial sales results – [www.equitystory.com.au/education/](http://www.equitystory.com.au/education/)
- By implementing new digital layered lead-targeting strategies. The Company was able to reduce the cost-per-lead for trial members, along with introducing new innovations in content-based marketing. Overall, in the Quarter we were able to decrease the cost per lead by 33.9%, increasing our lead volume by 39.7%, while spending 7.6% less on media placements as compared with Q4 2022.
- This enabled the introduction of new “video mini-courses” on social media to engage and attract potential clients for a significantly reduced acquisition cost.
- Also, by introducing a new lower cost membership class giving subscribers limited access (“Trade Watch Membership”) in mid-March, the business was able to add another element to its marketing arsenal, which is achieving a promising cost-per-lead yield thus far. This has led to being able to re-engage former trialists from within the existing email database of over 20,000 names and attracting over 80 new members in a 4 day campaign over Easter 2023.
- The board continues to closely monitor the progress of sales systems and methods for both *Equity Story* and *Cincinnati* and the management objective of generating a substantial uplift in revenues during 2023 is on-track.
- Equity Story Securities commenced distribution of **Capital Markets** opportunities to sophisticated & wholesale (Section 708) investors in early December, and since that time has participated in 8 equity placement, pre-IPO and convertible note raisings.

- The Equity Story Growth fund outperformed the Small Cap Ordinaries Index by 4.3% v 2.6%, and the ASX200 by 4.3% v 3.3% for the 2023 calendar year to date (Feb 28). In the quarters ahead the Company plans to attract larger in-flows of investor funds.

## **M&A Update**

During the Quarter the Group also achieved progress with potential merger and acquisition activity. 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.

During the Quarter the Company held discussions with over 20 financial planner firms with respect to M&A opportunities, and many of these discussions are ongoing. Mr Michael Peters, CFO of EQS, has been appointed CEO of a new division Equity Story Financial Planning. Michael has extensive prior experience acquiring, consolidating and managing financial planner groups.

This M&A discovery process is ongoing and 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:

- 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, subject to equity market conditions, and based on transaction capital raise fees, with \$46k earned in the December Quarter and \$11k in the March Quarter.
- Operating overheads (staff, admin & corporate) were \$563k for the March quarter, reduced from \$615k for the December quarter. This is a decrease of 8.5% compared with the previous Quarter following reductions in costs.
- Total headcount is currently 10 including 7 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 \$1.514 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	
<b>Allocation of funds</b>		
Advertising	\$1,060,000	\$725,450
Marketing – Growth and Customer Acquisition (including events)	\$800,000	\$586,548
Market Analysis	\$280,000	\$150,000
Further Investment and Development of Technology	\$100,000	\$100,000
Licensing Expansion	\$180,000	\$29,742
Expenses of the Offer	\$521,000	\$614,940
Administration Costs	\$999,000	\$667,571
Working capital	\$700,000	\$251,934
<b>Total</b>	<b>\$4,640,000</b>	<b>\$3,126,185</b>

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 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; 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 grow the Group’s cash flows by providing high-quality stock market content, education and wealth management services.

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

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**ENDS**

## **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' 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](http://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")**

31 March 2023

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	184	960
1.2 Payments for		
(a) research and development		
(b) product manufacturing and operating costs		
(c) advertising and marketing	326	886
(d) leased assets	7	7
(e) staff costs	473	1,115
(f) administration and corporate costs	90	662
1.3 Dividends received (see note 3)		
1.4 Interest received	15	15
1.5 Interest and other costs of finance paid	7	7
1.6 Income taxes paid		
1.7 Government grants and tax incentives		
1.8 Other (provide details if material)		
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(704)</b>	<b>(1,702)</b>
<b>2. Cash flows from investing activities</b>		
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	300	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)	35	0
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>335</b>	<b>(244)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
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		
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)		
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>0</b>	<b>(140)</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	1,883	3,600
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(704)	(1,702)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	335	(244)



<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (12 months) \$A'000</b>
4.4	Net cash from / (used in) financing activities (item 3.10 above)	0	(140)
4.5	Effect of movement in exchange rates on cash held		
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>1,514</b>	<b>1,514</b>

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1	Bank balances	1,514	1,883
5.2	Call deposits		
5.3	Bank overdrafts		
5.4	Other (provide details)		
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>1,514</b>	<b>1,883</b>

<b>6.</b>	<b>Payments to related parties of the entity and their associates</b>	<b>Current quarter \$A'000</b>
6.1	Aggregate amount of payments to related parties and their associates included in item 1	153
6.2	Aggregate amount of payments to related parties and their associates included in item 2	0

*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.*

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

<b>7. Financing facilities</b>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
<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>		
7.1 Loan facilities		
7.2 Credit standby arrangements		
7.3 Other (please specify)		
<b>7.4 Total financing facilities</b>	0	0
<b>7.5 Unused financing facilities available at quarter end</b>		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.		

<b>8. Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1 Net cash from / (used in) operating activities (item 1.9)	(704)
8.2 Cash and cash equivalents at quarter end (item 4.6)	1,514
8.3 Unused finance facilities available at quarter end (item 7.5)	0
8.4 Total available funding (item 8.2 + item 8.3)	1,514
<b>8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)</b>	2.2
<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: 27 April 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.