

Quarterly Activities Report – December 2023

31 January 2024

Highlights

- **Strategic Leadership Transition:** During the quarter, Mr. Robert Corlett was appointed as the Company's new CEO.
- **Cost Reduction:** The Company has reduced its net operating outflows by 72% compared to the prior corresponding period (PCP: Q2 of FY23), decreasing from \$640k to \$181k.
- **New Products:** During the quarter, the Company embarked on the creation of several new education courses as well as reviewing the range of financial services offered to unlock new revenue streams.
- **Disruptive Delivery Platform:** Equity Story continued the development of a new delivery platform. The platform will allow for strategic partnerships with other financial service providers to offer users a broad range of financial service-related products. The Company believes this platform will be disruptive to relevant sectors operating within financial services.

Co-Founder and Executive Director, David Tildesley commented:

"Businesses are about people and this quarter we feel we have solidified our team of individuals who have the experience and knowledge to drive Equity Story into a profitable future."

Sydney, 31 January 2024: Equity Story Group Ltd (**Equity Story** or **Company**, ASX:EQS) is pleased to present its consolidated quarterly cash flow report and business update for the quarter ended 31 December 2023.

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Operations Update

- On 14 December 2023, Mr. Robert Corlett was appointed as the Company's new CEO bringing over 15 years of distinguished experience in investment banking and financial capital markets and replacing Mr. David Tildesley who remains an executive director of the Company.
- A primary driver in the Company being able to reduce net operating outflows by 72%, was via the commitment to review its cost-per-lead. As a result, the Company was able to reduce its Advertising and Marketing spend by 94% (from \$304k to \$18k) whilst having revenue decrease by only 8% (from \$309k to \$285k) compared to the PCP. This was achieved through the implementation of a more streamlined and automated campaign utilising AI. The Company intends to ramp up its new AI driven Advertising and Marketing campaigns over the next few quarters to drive revenues higher, without taking on the previously associated costs.
- The Company is creating two (2) new introductory education courses centred around technical analysis and fundamental analysis. The new courses will allow the flagship education course, Cincinnati Trading Method Masterclasses (CTM) to be restructured, focusing more on the implementation of the higher-level concepts as well as introducing assessment tasks to ensure participants understanding of the course material. The Company is also looking into requirements to have the new courses accredited by a nationally recognised training organisation.
- During the quarter, the Company continued development of the new delivery platform that will initially focus on offering functionality to listed companies to communicate to their existing stakeholders. Additional staged rollouts will focus on integrating other third-party financial service providers on to the platform and building a community of users wanting to better their financial knowledge and performance. The Company believes the platform has the potential to generate significant revenues, but also acknowledges the complete build may take some time.

Financial Highlights

Financial highlights for the quarter include:

- Net Cash Used in Operating Overheads was \$181k, continuing the decreased cash burn that was implemented in early 2023. This underscores the Board's unwavering commitment to stringent cost management.
- Receipts from customers were \$285k, up 33% on the prior quarter.
- Payments to related parties and their associates during the quarter totalled \$109k.

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	\$941,902
Marketing – Growth and Customer Acquisition (including events)	\$800,000	\$631,548
Market Analysis	\$280,000	\$250,000
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	\$1,057,809
Working capital	\$700,000	\$561,765
Total	\$4,640,000	\$4,217,738

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.

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 Ltd

ABN

84 653 383 478

Quarter ended ("current quarter")

31 December 2023

Consolidated statement of cash flows	Current quarter A\$'000	Year to date (6 months) A\$'000
1. Cash flows from operating activities		
1.1 Receipts from customers	285	500
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	-	-
(c) advertising and marketing	(18)	(62)
(d) leased assets	(2)	(21)
(e) staff costs	(219)	(546)
(f) administration and corporate costs	(229)	(481)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	6	12
1.5 Interest and other costs of finance paid	(4)	(4)
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	(181)	(602)

2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	(150)
(b) businesses	-	-
(c) property, plant and equipment	-	-
(d) investments	(100)	(100)
(e) intellectual property	-	-
(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter A\$'000	Year to date (6 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	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	(100)	(250)
3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	90
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	-	(1)
3.5	Proceeds from borrowings	-	830
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	-	919
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	1,572	1,224
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(181)	(602)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(100)	(250)

Consolidated statement of cash flows		Current quarter A\$'000	Year to date (6 months) A\$'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	919
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	1,291	1,291

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	1,291	1,572
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)	1,291	1,572

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	109
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

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.

7. Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity. 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	1,030	1,030
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 Total financing facilities	1,030	1,030

7.5 **Unused financing facilities available at quarter end**

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.

On 1 August 2023, the Group announced that it had raised \$1,030,000 via the issue of 103 bonds. Each bond has a face value of \$10,000 each, at an interest rate of 10% per annum, paid semi-annually at 5% every 6 months. The bonds mature five years from issue.

8. Estimated cash available for future operating activities	A\$'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(181)
8.2 Cash and cash equivalents at quarter end (item 4.6)	1,291
8.3 Unused finance facilities available at quarter end (item 7.5)	-
8.4 Total available funding (item 8.2 + item 8.3)	1,291
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	7.13

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.

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

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.

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 January 2024

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.