

Quarterly Activities Report - June 22

Sydney, 26 July 2022: 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 2022 (**June Quarter** or **Q4 FY22**).

Highlights

- Equity Story Group Ltd listed on ASX during the quarter, on 3 May 2022, after raising \$4.65 million via a prospectus lodged on 4 February 2022.
- Following its IPO, the Company has been exceptionally busy with various growth and expansion initiatives, particularly with marketing, sales, operational capabilities, financial licensing and a key acquisition.
- The Company’s first Quarterly Cash Flow Report as a listed company (Appendix 4C accompanying this Activities Report) shows that, while the Company’s cash flows were impacted by the long and distracting IPO process during the quarter, investment has been made for growth in the periods ahead.
- Equity Story’s board and team are excited and confident about the planned growth pathway and the many opportunities which lie ahead for the Company in the stockmarket content, education and platform services marketplace.

Equity Story strives to empower investors by offering premium equities market advice, content, education, and financial market investment services.



Operational Activities

Equity Story's key strategic focus includes:

- Growing the core subscriber base numbers and revenues by expanded direct sales, advertising and marketing efforts.
- Expansion of the range and depth of investment market content, by adding new podcasts and written media, and engaging additional talented market commentators.
- Increasing the frequency of webinar delivered share trading education courses and events.
- Expansion of the range of financial services available to our members, such as funds management and access to investment opportunities with other services to be added in due course.
- Seeking to engage partners for distribution of our content and services.
- Seeking acquisitions and joint ventures with new market commentators, podcast talent and adjacent financial services providers.

During the quarter we pursued these goals, and set the business up for the financial year ahead, by undertaking the following activities:

- Recruiting a new direct sales team, investing in digital advertising and lead generation and expanding marketing and promotional efforts.
- Appointment of Australian cricket legend Glenn McGrath as Equity Story Ambassador and committing to donating 1% of revenues from member subscriptions and education courses to the McGrath Foundation.
- Acquisition of subscriber-based online investing, news and arts media company *A Rich Life* from renowned equities commentator Claude Walker, and appointing Mr Walker as Editor in Chief of the outlet.
- Expanding the Group's AFSL (financial services licensing) capability to provider a wider range of financial services in Australia.
- Obtaining registration as an Investment Adviser Firm with the United States Securities Exchange Commission (SEC) to operate its services in the USA.
- Undertaking a full review of the Group's compliance with Australian financial regulations and implementing best-practice systems and business processes.

Financial Highlights

The Company's financial performance was substantially impacted by delays with the IPO process. IPO documentation and due diligence was completed in September 2021 however, for reasons out of the Company's control, the IPO was not completed until May 2022.

During this period sales growth and revenue was impacted. Also, substantial expenses were incurred from the costs of the IPO and the transition to a public listed company. However, the Company is now back on a strong growth path.

Financial highlights for the quarter include:

- Receipts from customers was adversely impacted but are now growing on a monthly basis due to the significantly increased spend on marketing and advertising.
- Operating overheads were increased with the recruitment of new staff and investment in resources to enable future growth.
- Michael Peters was appointed as CFO of the Group.
- Total headcount of 13 has increased over the past 12 months by 116% with new hires in sales, customer support, admin and governance.
- Currently the Company has 7 full-time employees and 6 part-time employees and contractors.
- 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.
- Receipts in the period included gross IPO proceeds of \$4.641 million.
- End of quarter cash balance was \$3.6 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 (\$)	June 2022 quarter amount incurred (\$)
Funds raised from the Offer	\$4,640,000	\$4,640,000
Allocation of funds		
Advertising	\$1,060,000	\$53,532
Marketing – Growth and Customer Acquisition (including events)	\$800,000	\$120,837
Market Analysis	\$280,000	
Further Investment and Development of Technology	\$100,000	\$17,135
Licensing Expansion	\$180,000	\$27,480
Expenses of the Offer	\$521,000	\$474,658
Administration Costs	\$999,000	\$346,559
Working capital	\$700,000	
Total	\$4,640,000	\$3,599,799

Notes regarding the Use of Funds:

- Advertising and marketing includes digital advertising, agency expenses, promotion, education events, investor relations consultants and adjustments to websites;
- Expenses of the Offer were slightly under the estimate in the Prospectus;
- Administration costs include the lease of a new office in the Sydney CBD (including bank guarantee), furniture and fittings, fixed costs, business running costs, wages for staff and consultants; and
- The Company is “on track” in terms of its business objectives and expenditure program.

Acquisitions

During the quarter the Company announced the acquisition of subscriber-based online investing, news and arts media company *A Rich Life*.

The EQS IPO Prospectus noted that the Company would work to grow the business by via selected acquisitions which can add new paying subscribers and associated revenues, and which add a wider and deeper variety of content and analysis to Equity Story’s financial investor media offering, and adjacent services.

The Company is also particularly interested in bringing new stock market analysts and financial commentators into its talent pool and broadening the types and variety of content available to subscribers.

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 and funds management services.

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

The Company is looking to offer other adjacent financial services to its members including securities trading, access to IPOs and other unique investment opportunities, and additional channels of financial market podcast content.

Equity Story listed on ASX on 3 May 2022.

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 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	208	1,030
1.2 Payments for		
(a) research and development		
(b) product manufacturing and operating costs		
(c) advertising and marketing	174	389
(d) leased assets		8
(e) staff costs	346	1,079
(f) administration and corporate costs	211	730
1.3 Dividends received (see note 3)		
1.4 Interest received		
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		11
1.7 Government grants and tax incentives		
1.8 Other (provide details if material)		
1.9 Net cash from / (used in) operating activities	(523)	(1,187)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities		
(b) businesses		
(c) property, plant and equipment	4	4
(d) investments		
(e) intellectual property		
(f) other non-current assets	41	41

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		
2.3	Cash flows from loans to other entities		
2.4	Dividends received (see note 3)		
2.5	Other (provide details if material)	(28)	(96)
2.6	Net cash from / (used in) investing activities	(73)	(141)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	4,641	5,100
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	448	468
3.5	Proceeds from borrowings		67
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	4,193	4,699

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	3	229
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(523)	(1,187)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(73)	(141)

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)	4,193	4,699
4.5	Effect of movement in exchange rates on cash held		
4.6	Cash and cash equivalents at end of period	3,600	3,600

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	3,600	3,600
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)	3,600	3,600

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	203
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)	(523)
8.2	Cash and cash equivalents at quarter end (item 4.6)	3,600
8.3	Unused finance facilities available at quarter end (item 7.5)	0
8.4	Total available funding (item 8.2 + item 8.3)	3,600
8.5	Estimated quarters of funding available (item 8.4 divided by item 8.1)	6.9
<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: 26 July 2022

Authorised by:The Board of Directors of Equity Story Group Ltd.
(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.