

## Quarterly Activities Report – October 2024

31 October 2024

Sydney, 31 October 2024: Equity Story Group Ltd (**Equity Story** or **Company**, ASX:EQS) is pleased to present its September Quarterly Activities Report and 4C Cash Flow Report.

### Quarters Highlights

- New management team to improve revenue and reduce unfocused expenditure
- Strong Growth Fund performance using the proprietary CTM method
- 25% uplift in new funds invested in the Growth Fund over the quarter

Equity Story Group promoted Mr. Shane White as the new CEO during the September Quarter, replacing Mr. Rob Corlett. Shane's role continues to include Equity Capital Markets. The promotion was driven by the need for the company to refocus its business model and ensure the implementation of the Board's strategies to deliver value to shareholders and reduce unfocused expenditures.

Under the new management and the current experienced Board, Equity Story has returned the focus to leverage on the company's core strengths, enabling Equity Story to improve:

- user access to the CTM technical trading and investment method through memberships;
- investor access to Equity Story Growth Fund which the CTM now drives;
- access to the expanding Equity Capital Markets capability; and
- delivery of Wealth Management access for our members.

The transition back to what has previously worked well for Equity Story has affected revenue for the quarter. Equity Story's new team has refocused and is now implementing a structured and orderly approach to developing revenue growth within Equity Story while reducing operational costs.

## **Equity Story Growth Fund**

Equity Story Growth Fund performance against benchmarks.

<b>Period</b>	<b>EQS Growth Fund</b>	<b>Benchmark*</b>	<b>Outperformance</b>
<b>September Month</b>	4.57%	1.54%	3.03%
<b>September Quarter</b>	11.76%	3.70%	8.06%
<b>Rolling 12 months</b>	33.46%	18.14%	15.32%

\*Benchmark: Barclay Hedge Fund index

The *Equity Story Growth Fund* is an actively managed fund using Equity Story's proprietary CTM, a blend of fundamental and technical analysis to deliver strong investment performance outcomes.

The pivot from a 'Fund of Funds' strategy to the CTM strategy has confirmed the Board's belief that their focused CTM investment strategy can deliver improved returns for investors, accepting that historical returns do not guarantee future performance.

September quarter was another robust quarter for the fund, in terms of returns and growth in invested capital. Continuing the robust momentum established in previous periods, the fund delivered a net return of 11.76%, significantly outperforming its benchmark.

The Fund has attracted new investment, with a 25% increase in new invested capital during the quarter, followed by an additional 20% in new invested capital in October (post-quarter) from investors. Equity Story will release the fund's performance at each month end.

The Funds outperformance is expected to contribute to Equity Story revenue with the industry standard 20% performance fee over the benchmark, payable after 31 December 2024.

For more information on the performance of the fund please [visit here](https://equitystoryfund.com.au) or visit <https://equitystoryfund.com.au>

## **Memberships**

The new CEO, whose journey with Equity Story commenced as a member almost a decade ago, sees the membership platform as integral and central to the benefits for

Equity Story members and shareholders. Accordingly, Equity Story has refined the model and is implementing actions to improve the core offering to paid members through a simplified structure tailored to the requirements of the members and loyal followers.

Investing in improving member experience and engagement extends to fresh digital marketing strategies to reflect that alignment, to increase membership revenue and investment returns for members.

### **Wealth Advisory Division**

#### **1. Equity Capital Markets (ECM):**

ECM activity for the quarter:

- Lead manager for 2 deals
- Co-Lead manager for 1 deal
- Distribution support for 1 deal

Access to ECM opportunities is seen as a significant revenue opportunity for Equity Story. The Company is focused on delivering a more comprehensive range of wealth accretionary opportunities and an improved user experience over the coming quarter.

The change in the role of the Head of ECM to the CEO slowed the quarters momentum while focusing on realigning Equity Story's activities with the board's strategies.

The ECM division component of the current quarter was underpinned by an extraordinary item in the former quarter, delivering cash receipts of \$57,104 for the current quarter.

#### **2. Portfolio Services (Wealth Management):**

The Board and CEO strongly believe in the opportunity for revenue growth through improved access for members and followers to access *Portfolio Services*. Leading into the last quarter the implementation of Portfolio Services failed to deliver benefits to members and followers. The Company has recently reviewed how best to supply this service to members and followers to ensure exceptional service and a great user experience. Over the short to medium term the Company plans to share this review with shareholders.

**Financials:**

Cash receipts decreased to \$128K for the quarter, and along with increased corporate costs through the restructuring process, operating cash outflows were \$659K. The quarter is considered to be extraordinary and not reflective of normalised operating cash outflows.

With new management commencing two weeks before the end of the quarter, a range of revenue and cost improvement initiatives have been implemented. The focus is to grow revenues and improve margins. The margin growth will initially be through the reduction of wasted expenditure, then leading to the benefits of improved transactional volumes.

At the end of the quarter Equity Story raised new capital with \$708,000 in committed bids at a share price of 2.6 cents. The Company received \$482,000 during the September quarter, with another \$82,000 received since the quarter ended. Viriathus Capital is committed to supplying the remaining \$144,000 in the near term, and following this Equity Story will issue the corresponding number of shares.

The new CEO and Chairman participated in the raise (with the latter's participation subject to shareholder approval) demonstrating personal commitment and belief in the Company's growth and potential.

The raise was well supported by existing shareholders. The Company is also pleased to welcome a number of new shareholders including several stock broking firms to the register.

Related Party Expenditure: Payments to related parties and their associates during the quarter totalled \$191K for directors' fees and salaries.

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

**Corporate Enquiries**

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### **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](http://www.equitystory.com.au)



## 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")**

30 September 2024

<b>Consolidated statement of cash flows</b>	<b>Current quarter A\$'000</b>	<b>Year to date (3 months) A\$'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	128	128
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	-	-
(c) advertising and marketing	-	-
(d) leased assets	-	-
(e) staff costs	(280)	(280)
(f) administration and corporate costs	(460)	(460)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	5	5
1.5 Interest and other costs of finance paid	(52)	(52)
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>(659)</b>	<b>(659)</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	-	-
(d) investments	-	-
(e) intellectual property	-	-
(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter A\$'000	Year to date (3 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)	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>-</b>	<b>-</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	482	482
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	-	-
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>482</b>	<b>482</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	809	809
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(659)	(659)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	-

Consolidated statement of cash flows		Current quarter A\$'000	Year to date (3 months) A\$'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	482	482
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	<b>Cash and cash equivalents at end of period</b>	<b>632</b>	<b>632</b>

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	632	632
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>632</b>	<b>632</b>

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	191
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
<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>		



<b>7.</b>	<b>Financing facilities</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>	<b>Total facility amount at quarter end A\$'000</b>	<b>Amount drawn at quarter end A\$'000</b>
7.1	Loan facilities	1,030	1,030
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	<b>Total financing facilities</b>	1,030	1,030
7.5	<b>Unused financing facilities available at quarter end</b>		
7.6	<p>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.</p> <p>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.</p>		

<b>8.</b>	<b>Estimated cash available for future operating activities</b>	<b>A\$'000</b>
8.1	Net cash from / (used in) operating activities (item 1.9)	(659)
8.2	Cash and cash equivalents at quarter end (item 4.6)	632
8.3	Unused finance facilities available at quarter end (item 7.5)	-
8.4	Total available funding (item 8.2 + item 8.3)	632
8.5	<b>Estimated quarters of funding available (item 8.4 divided by item 8.1)</b>	0.96
	<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	<p>If item 8.5 is less than 2 quarters, please provide answers to the following questions:</p> <p>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?</p> <p>Answer: No. In the current quarter, a significant number of payments were made in relation to historical creditor balances, as well as commission payments made relating to revenues derived in the June 2024 quarter. The average net cash used in operating activities over the past two quarters is \$382k, which is in line with the Board's expectation of the operational cash burn over the coming quarter.</p> <p>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?</p> <p>Answer: Yes. As announced on 24 September 2024, the Company had received firm commitments to raise \$708k (before costs) by way of a placement. During the quarter, \$482k was received, with a further \$226k receivable post quarter end.</p>	

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: Yes. The Directors believe that if required, the Company has the ability to raise additional capital on a timely basis and had a proven capability of doing so.

*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 October 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.