

ARC Funds Limited
Appendix 4E
Preliminary final report

1. Company details

Name of entity:	ARC Funds Limited
ABN:	52 001 746 710
Reporting period:	For the year ended 30 June 2025
Previous period:	For the year ended 30 June 2024

2. Results for announcement to the market

			\$
Revenues from ordinary activities	up	120.0% to	202,186
Loss from ordinary activities after tax attributable to the owners of ARC Funds Limited	up	222.6% to	(2,396,177)
Loss for the year attributable to the owners of ARC Funds Limited	up	222.6% to	(2,396,177)

Dividends
There were no dividends paid, recommended or declared during the current financial period.

Comments
The loss for the consolidated entity after providing for income tax and non-controlling interest amounted to \$2,396,177 (30 June 2024: \$742,816).

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	0.46	5.30

4. Loss of control over entities

Not applicable.

5. Dividends

Current period
There were no dividends paid, recommended or declared during the current financial period.

Previous period
There were no dividends paid, recommended or declared during the previous financial period.

6. Dividend reinvestment plans

Not applicable.

7. Details of associates and joint venture entities

Not applicable.

8. Foreign entities

Details of origin of accounting standards used in compiling the report:

Not applicable.

9. Audit qualification or review

Details of audit/review dispute or qualification (if any):

The financial statements have been audited and an unmodified opinion has been issued.

10. Attachments

Details of attachments (if any):

The Annual Report of ARC Funds Limited for the year ended 30 June 2025 is attached.

11. Signed



James Jackson

Date: 28 August 2025

ARC Funds Limited

ABN 52 001 746 710

Annual Report - 30 June 2025

For personal use only

ARC Funds Limited
Directors' report
30 June 2025

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of ARC Funds Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the year ended 30 June 2025.

Directors

The following persons were directors of ARC Funds Limited during the whole of the financial year and up to the date of this report, unless otherwise stated:

- James Jackson
- Harley Grosser
- Scott Beeton (appointed 1 July 2024)
- Wayne Massey (resigned 31 March 2025)

James Andrew Jackson (Chairman) (appointed 25 July 2014)

James has over 30 years' experience in capital markets and as public company director. He worked for JB Were in Australia and SG Warburg & Co (now UBS) in both London and New York over a ten-year period in Equity Capital Markets and Institutional Sales transacting with North American and European institutional investors. He is currently Chairman of Alliance Aviation Services Limited (ASX: AQZ) and a director of C B Norwood Distributors Ltd (NZ). Previous roles include director of Namoi Cotton Limited, Deputy Chairman of the Elders Limited (ASX:ELD) and a director and Chairman of MSF Sugar Limited (known formerly as The Maryborough Sugar Factory Ltd). The skills and expertise relevant to the position of director include capital markets, financial risk management, strategic analysis, and corporate governance. James holds a Bachelor of Commerce (B.COMM) from the University of Queensland, completed the Program for Management Development (PMD) at Harvard Business School and is a Fellow of the Australian Institute of Company Directors (FAICD).

Harley Grosser (Non-Executive Director) (appointed 1 July 2021 as a Non-Executive Director)

Harley is the Co-Founder and Co-CIO of Sydney based funds management company HD Capital Partners. He brings extensive knowledge and skills in capital markets, financial analysis and valuation, building and operating an investment management business and investor relations. He holds a Bachelor of Commerce from the University of New South Wales and is also currently a Non-Executive Director of Motio Limited (ASX: MXO).

Scott Beeton (Managing Director) (appointed 1 July 2024 as Managing Director)

Scott is a successful entrepreneur who has founded several successful start-up and growth businesses predominantly in the financial services sector, including founding Sequoia Financial Group (ASX:SEQ) and taking the business through to a public listing. He has over 20 years of management experience having held senior roles across superannuation, funds management, stockbroking, AFSL dealer services, financial advice and fintech. The material terms of Scott's employment agreement are summarised in the remuneration report. Prior to joining ARC, Scott was an executive at Finexia Financial Group Ltd (ASX:FNX), non-executive director of Registry Direct Limited (acquired by Complii Fintech Solutions Ltd) and Founder, Managing Director & CEO of Sequoia Financial Group Ltd for 14 years. Scott holds a Bachelor of Business from the University of Newcastle and a Diploma of Financial Services (Financial Planning).

Principal activities

During the financial year the principal continuing activities of the consolidated entity consisted of:

- Equity Investment - investment in funds management companies, securities, schemes and entities
- Funds Management and Financial Services - operation of a wholesale funds management business
- Fund Trustee - Australian Financial Service Licensing and Fund Trustee service to Investment Managers
- Platform Fees - investment platform through which investors self direct investment

Material risk descriptions - business risks

Risk Type	Risk Description	Risk Management
Strategic risk	<p>Company Strategic risk arises from adverse strategic decisions, poor execution, or failure to adapt to industry changes. For the parent, this includes capital allocation, acquisitions, and alignment of subsidiary activities.</p> <p>Merewether Fund For the Fund, it includes reliance on the investment philosophy, portfolio concentration in small/micro-cap companies, and key person dependency.</p>	<p>Company - Board-approved strategic objectives - Regular performance monitoring and reporting - KMP remuneration aligned to long-term strategy</p> <p>Merewether Fund - Portfolio limits and disciplined investment process - Succession and contingency planning for key person risk</p>
Legal, regulatory and compliance risk	<p>Company Risk of non-compliance with laws, regulations, and licensing requirements. For the parent, this includes ASX Listing Rules, Corporations Act obligations, and corporate governance.</p> <p>Merewether Fund For the Fund, this includes AFSL obligations, ASIC oversight, AML/CTF, tax compliance, and conflicts of interest.</p>	<p>Company - Defined compliance frameworks and documented policies - Oversight by ARC Board and Compliance Committee - External legal, tax, and audit reviews</p> <p>Merewether Fund - AML/CTF and KYC procedures - Conflict management policies</p>
Operational risk	<p>Company Operational risk is the risk of losses resulting from inadequate or failed internal processes, systems, or people, including financial reporting and governance failures.</p> <p>Merewether Fund For the Fund, this includes reliance on external service providers (custodian, administrator).</p>	<p>Company - Insurance arrangements covering material risks - Business continuity and disaster recovery planning - Strong governance and internal controls.</p> <p>Merewether Fund - Due diligence and monitoring of third-party providers - Redemption caps and liquidity policies</p>
Market and investment risk	<p>Company Market and investment risk arises from exposure to equity market volatility, interest rates, currency movements, and economic cycles. For the parent, this includes the performance of subsidiaries and investments.</p> <p>Merewether Fund For the Fund, this includes portfolio concentration in small/micro-cap stocks, thin liquidity, and potential underperformance against investment objectives.</p>	<p>Company - Clearly defined investment strategy - Diversification within mandate - Ongoing monitoring of portfolio exposures</p> <p>Merewether Fund - Prudent position sizing and valuation discipline - Avoidance of highly speculative investments</p>
Information and technology and cybersecurity risk	<p>Company IT and cyber risk arises from potential system failures, cyberattacks, data breaches, or privacy issues. This risk applies to both the parent and the Fund, and includes reliance on third-party systems.</p>	<p>Company - Cybersecurity and data protection policies - Regular IT and system reviews - Incident response and escalation framework - Oversight of third-party service provider controls</p>

Financial Risks

Proprietary investments	<p>Company The risk that ARC's proprietary investments are significantly concentrated in a few areas, and that poor performance of subsidiaries or investments may compound financial impacts on the Group.</p> <p>Merewether Fund The Fund is a concentrated portfolio of small/micro-cap equities. A decline in the value of one or more holdings, or underperformance against investment objectives, may adversely impact returns.</p>	<p>Company - A capital management plan is reviewed periodically by the Board. - Ongoing monitoring and reporting of performance of proprietary investments.</p> <p>Merewether Fund - Fund portfolio limits, position sizing, and disciplined investment process. - Avoidance of highly speculative investments (e.g., early-stage exploration or biotech).</p>
Financial and cash management	<p>Company The Group is exposed to a variety of financial risks including liquidity, counterparty credit, interest rates, foreign exchange, and financial reporting integrity. There is a risk the Company fails to maintain sufficient working capital or misstates financial information.</p> <p>Merewether Fund The Fund may face redemption pressures in periods of market stress. It also relies on service providers (custodian, administrator) and counterparties, creating exposure to default risk.</p>	<p>Company - Budgeting, performance monitoring, and Board oversight of cash management. - Monitoring of regulatory capital requirements under AFSL obligations. - Regular review and annual review of budget. - Annual impairment testing of the Group's investments. - Early consultation with external auditors on significant transactions and accounting policies. - Compliance with liquidity, AML/CTF, and reporting frameworks.</p> <p>Merewether Fund - Quarterly redemption process and 25% NAV redemption cap for the Fund. - Ongoing due diligence and monitoring of custodians, administrators, and counterparties.</p>

Dividends

There were no dividends paid, recommended or declared during the current or previous financial year.

TRADING IN COMPANY SHARES

During the 12 months to 30 June 2025, the Company's shares traded in the following ranges:

Quarter ending	High price	Low price	Closing price	Volume
30th September 2024	\$0.110	\$0.088	\$0.088	340,659
31st December 2024	\$0.135	\$0.087	\$0.094	958,231
31st March 2025	\$0.130	\$0.090	\$0.091	962,744
30th June 2025	\$0.130	\$0.090	\$0.105	534,046

Review of operations

The loss for the consolidated entity after providing for income tax and non-controlling interest amounted to \$2,396,177 (30 June 2024: \$742,816).

Shareholder Update

ARC activity has accelerated in the second half of the financial year as we continued to execute on our strategy to expand our business through organic growth and through strategic investments.

Our operating results are in line with our expectations as we are at the development stage of our business. We continue to invest in organic growth and acquisitions, the latter of which incurred larger transactions costs above our normal working capital requirements.

The Group's consolidated net loss \$2,446,840 after tax, included a non-cash impairment of goodwill for the investment in The Term Deposit Shop of \$1,376,488 as the acquisition price exceeded the net assets. The underlying net operating loss was \$1,070,352 for the period. This loss comprised of increased legal, compliance and transaction expenses of circa \$500,000 reflecting the increased transaction and corporate development activity of the group along with the normal operational working capital requirements. The net cash operating expense (excluding the higher than normal transaction expenses) was \$633,102 for the period.

The Term Deposit Shop

In May we acquired a strategic 63.49% interest in The Term Deposit Shop (TTDS - see www.thetermdepositshop.com.au) for \$2.4 million funded with cash and debt of \$800,000. This business owns and operates an all-encompassing online cash management platform designed to streamline the process of investing cash on deposit and switching seamlessly between banks. It is cashflow positive and holds a cash position of approximately \$400,000.

It empowers investors to maximise their investment returns with minimum effort. The platform allows financial planners and direct TTDS clients to find, compare and invest in term deposits and high interest savings accounts across numerous Australian banks, Building Societies and Credit Unions. It has more than \$530m of funds under management (FUM) on its platform, with a CAGR of >30% at the time of acquisition. The platform primarily caters to financial planners where it is approved on over one hundred Australian Financial Services Licensees' Approved Product Lists and facilitates deposits and transactions with more than 10 Australian banks.

This foundation product provides the company with a significant opportunity to exponentially grow the amount of funds under management on its platform. Term deposits are fundamental to every investment portfolio, so an increasing number of term deposit clients would provide access for ARC Funds to increasing number of potential new investors for other products.

Merewether Capital

Throughout the financial year, ARC increased its ownership in Merewether Capital Management from 45.5% to 72% through a conversion of debt to equity. Throughout the financial year Merewether has increased its FUM with strong investment performance. The management are undertaking a number of initiatives to increase Funds under management.

ausbiz capital

In October ARC announced it had acquired a strategic equity interest in a new investment distribution platform called ausbiz capital Pty Ltd. As part of the ausbiz Group, this new business has been established to offer high-quality financial products and services to the ausbiz Group's ever-growing subscriber base, which now exceeds 110,000. ARC's investment totals \$835,000 and holds 26% of the equity in this business.

Subsequent Event: Equity Raise in July

In July, the business secured \$750,000 in new capital, including \$200,000 from Managing Director Scott Beeton. His placement is subject to shareholder approval at the upcoming EGM on 23 September 2025. This has strengthened the overall cash position since 30 June 2025 balance date.

Summary

Firstly, I wish to personally thank Wayne Massey, who retired as a director in March this year, for his contribution as a director. Wayne provided excellent financial management of the company along with solid advice and quality counsel over 9 years as a director and finance director. I also thank my fellow director Harley Grosser for his efforts and contribution. Finally, Harley and I extend our sincere appreciation to our Managing Director, Scott Beeton for his significant efforts and commitment to building this business, since his appointment to the board on July 1st last year.

Finally, the Board thanks all our shareholders and welcomes all the new shareholders who have joined in the past year, for your patience and support, and we look forward to updating you on our future progress.R

Significant changes in the state of affairs

There were significant changes in the state of affairs of the consolidated entity during the financial year.

- On the 9 October 2024 the Company took an investment in ausbiz capital for a 22.3% interest
- On the 14 October 2024 the Company completed a debt for equity swap with Merewether Capital Management Pty Ltd to increase ownership to 72%.
- On the 16 December 2024 the Company raised \$692,521 before costs from new investors and existing shareholders.
- On the 18 March 2025 the Company raised \$125,000.
- On the 9 May 2025 the company acquired 63.49% of The Term Deposit Shop Pty Ltd and 100% of TTDS Holdings Pty Ltd.
- On the 9 May 2025 the Company raised \$600,004.

Matters subsequent to the end of the financial year

No matter or circumstance has arisen since 30 June 2025 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

- On the 8 July 2025 the Company issued 5,500,000 ordinary fully paid shares at 0.10 per share to raise a total of \$550,000. These shares had an attaching 5,500,000 unlisted call options which are subject to shareholder approval at the upcoming Extraordinary General Meeting on the 23 September 2025.
- On the 11 July 2025 the Company issued 100,000 ordinary fully paid shares at 0.10 per share to raise a total of \$10,000. These shares had an attaching 100,000 unlisted call options which are subject to shareholder approval at the upcoming Extraordinary General Meeting on the 23 September 2025.
- In addition to the above, on the 11 July 2025 the Company also issued 2,000,000 ordinary fully paid shares at 0.10 per share to raise a total of \$200,000. These shares had an attaching 2,000,000 unlisted call options issued to Scott Beeton, which is subject to shareholder approval at the upcoming Extraordinary General Meeting on the 23 September 2025.

No other matter or circumstance has arisen since 30 June 2025 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Environmental regulation

The consolidated entity is not subject to any significant environmental regulation under Australian Commonwealth or State law.

Meetings of directors

The number of meetings of the company's Board of Directors ('the Board') held during the year ended 30 June 2025, and the number of meetings attended by each director were:

	Full Board		Audit Committee	
	Attended	Held	Attended	Held
James Jackson	8	8	2	2
Harley Grosser	8	8	2	2
Scott Beeton	8	8	2	2
Wayne Massey*	6	6	2	2

Held: represents the number of meetings held during the time the director held office.

* Resigned 31 March 2025

Remuneration report (audited)

The remuneration report details the key management personnel remuneration arrangements for the consolidated entity, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including all directors.

ARC Funds Limited
Directors' report
30 June 2025

The key management personnel of the Group during the financial year are as follows:

- James Jackson - Non-Executive Chairman
- Harley Grosser - Non-Executive Director
- Scott Beeton - Managing Director (appointed 1 July 2024)
- Wayne Massey - Executive Director (resigned 31 March 2025)

The remuneration report is set out under the following main headings:

- Principles used to determine the nature and amount of remuneration
- Share-based compensation

Principles used to determine the nature and amount of remuneration

The objective of the consolidated entity's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with the achievement of strategic objectives and the creation of value for shareholders, and it is considered to conform to the market best practice for the delivery of reward.

The Board of Directors ('the Board') ensures that executive reward satisfies the following key criteria for good reward governance practices:

- competitiveness and reasonableness
- acceptability to shareholders
- performance linkage / alignment of executive compensation
- transparency

Non-Executive Directors annually review and recommend the remuneration packages of Executive Directors and senior management, taking into consideration the payment of bonuses, options and other incentive payments. Non-Executive Directors can exercise their discretion in relation to approving bonuses, options and incentives but will do so by reference to measurable performance criteria, and are able to seek independent advice on the appropriateness of remuneration packages.

The remuneration policy, which sets the terms and conditions for senior executives, was developed after seeking professional advice from independent consultants and was approved by the Board. Executives have historically received a base salary, superannuation, performance incentives and retirement benefits. Remuneration is reviewed annually by reference to Company performance, executive performance, comparable information from industry sectors and other listed Companies and independent advice, but has regard to expected significant share ownership in the Company. The policy is designed to attract appropriate executives and reward them for performance that results in long-term growth in shareholder value.

The current remuneration for Non-Executive Directors is set by resolution of shareholders at a maximum \$400,000 per annum in aggregate. This amount of remuneration includes all monetary and non-monetary components.

Executive directors during the year ended 30 June 2025 included:

- Mr Scott Beeton was appointed as the Company's Chief Executive Officer on 12 March 2024 and was appointed Managing Director on 1 July 2024.
- Mr Wayne Massey prior to resignation on the 31 March 2025.

Non-executive directors remuneration

Fees and payments to non-executive directors reflect the demands which are made of the directors in fulfilling their responsibilities. Non-executive director fees are reviewed annually by the Board. The constitution of the Company provides that the non-executive directors of the Company are entitled to such remuneration, as determined by the Board, which must not exceed in aggregate the maximum amount determined by the Company in general meeting.

ASX listing rules require the aggregate non-executive directors' remuneration be determined periodically by a general meeting. The most recent determination was at the Annual General Meeting held in 2018, where the shareholders approved a maximum annual aggregate remuneration of \$400,000.

ARC Funds Limited
Directors' report
30 June 2025

	Short-term benefits	Short-term benefits	Short-term benefits Movement in leave entitlements	Long-term benefits Movement in leave entitlements	Post- employment benefits Superannua tion	Share- based payments	Total
2025	Cash salary and fees	Director fees					
Non-Executive Directors:							
James Jackson	-	50,000	-	-	5,750	-	55,750
Harley Grosser	-	25,000	-	-	2,875	-	27,875
Executive Directors:							
Scott Beeton	183,480	-	5,958	4,251	20,721	27,140	241,550
Wayne Massey	-	26,250	-	-	3,019	-	29,269
	<u>183,480</u>	<u>101,250</u>	<u>5,958</u>	<u>4,251</u>	<u>32,365</u>	<u>27,140</u>	<u>354,444</u>

	Short-term benefits	Short-term benefits	Short-term benefits Movement in leave entitlements	Long-term benefits Movement in leave entitlements	Post- employment benefits Superannua tion	Share- based payments Options	Total
2024	Cash salary and fees	Director fees					
Non-Executive Directors:							
James Jackson	50,000	-	-	-	5,500	-	55,500
Harley Grosser	64,879	-	-	-	7,629	-	72,508
Darren Anderson	25,000	-	-	-	2,750	-	27,750
Executive Directors:							
Wayne Massey	70,000	-	-	-	7,700	-	77,700
Specified Executives							
Remuneration	-	-	-	-	-	-	-
Scott Beeton	55,241	-	-	-	5,967	11,860	73,068
	<u>265,120</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>29,546</u>	<u>11,860</u>	<u>306,526</u>

Executive remuneration

Executive remuneration comprises:

- a fixed remuneration component,
- share-based payments, and;
- other remuneration such as superannuation and long service leave.

Fixed remuneration

Fixed remuneration consists of base remuneration as well as employer contributions to superannuation. Remuneration levels are reviewed annually through a process that considers individual performance and that of the overall Group.

The long-term incentives ('LTI') include long service leave and share-based payments.

Share-based compensation

Issue of shares

There were no shares issued to directors and other key management personnel as part of compensation during the year ended 30 June 2025.

ARC Funds Limited
Directors' report
30 June 2025

Options

The terms and conditions of each grant of options over ordinary shares affecting remuneration of directors and other key management personnel in this financial year or future reporting years are as follows:

Name	Number of options granted	Grant date	Vesting date and exercisable date	Expiry date	Exercise price	Fair value per option at grant date
Scott Beeton	2,000,000	12 March 2024	12 March 2025	12 September 2025	\$0.11	\$0.196

Options granted carry no dividend or voting rights.

Unlisted options @ 1.115, Expire 12 September 2025.

There were no options issued during the June 2025 financial year.

The number of options over ordinary shares granted to and vested by directors and other key management personnel as part of compensation during the year ended 30 June 2025 are set out below:

Name	Number of options granted during the year 2025	Number of options granted during the year 2024	Number of options vested during the year 2025	Number of options vested during the year 2024
Scott Beeton	-	2,000,000	-	-

Shareholding

The number of shares in the Company held during the financial year by each director of the Group, including their personally related parties, is set out below:

	Balance at the start of the year	Received on exercise of options	Additions	Disposals/ other	Balance at the end of the year
James Jackson	3,015,000	-	-	-	3,015,000
Harley Grosser	10,887,065	-	247,202	-	11,134,267
Scott Beeton	2,794,075	-	969,565	-	3,763,640
Wayne Massey*	520,176	-	-	-	520,176
	<u>17,216,316</u>	<u>-</u>	<u>1,216,767</u>	<u>-</u>	<u>18,433,083</u>

* Resigned 31 March 2025

This concludes the remuneration report, which has been audited.

Shares under option

There were no unissued ordinary shares of ARC Funds Limited under option outstanding at the date of this report.

Shares issued on the exercise of options

There were no ordinary shares of ARC Funds Limited issued on the exercise of options during the year ended 30 June 2025 and up to the date of this report.

Indemnity and insurance of officers

The company has indemnified the directors and executives of the company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

Indemnity and insurance of auditor

The company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the company or any related entity against a liability incurred by the auditor.

During the financial year, the company has not paid a premium in respect of a contract to insure the auditor of the company or any related entity.

Proceedings on behalf of the company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

Non-audit services

Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in note 25 to the financial statements.

The directors are satisfied that the provision of non-audit services during the financial year, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The directors are of the opinion that the services as disclosed in note 25 to the financial statements do not compromise the external auditor's independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the company, acting as advocate for the company or jointly sharing economic risks and rewards.

Officers of the company who are former partners of HallChadwick (NSW)

There are no officers of the company who are former partners of HallChadwick (NSW).

Auditor's independence declaration


A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

Auditor

HallChadwick (NSW) continues in office in accordance with section 327 of the Corporations Act 2001.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors



James Jackson
Chairman

28 August 2025

**ARC FUNDS LIMITED
ABN 52 001 746 710
AND ITS CONTROLLED ENTITIES**

**AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF ARC FUNDS LIMITED**

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of ARC Funds Limited. As the lead audit partner for the audit of the financial report of ARC Funds Limited for the year ended 30 June 2025, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

Hall Chadwick

HALL CHADWICK (NSW)
Level 40, 2 Park Street
Sydney NSW 2000

Drew Townsend

DREW TOWNSEND
Partner
Dated: 28 August 2025

ADELAIDE	BRISBANE	DARWIN	MELBOURNE	PERTH	SYDNEY
Level 9	Level 4	Level 1	Level 14	Level 11	Level 40
50 Pirie Street	240 Queen Street	48-50 Smith Street	440 Collins Street	77 St Georges Tce	2 Park Street
Adelaide SA 5000	Brisbane QLD 4000	Darwin NT 0800	Melbourne VIC 3000	Perth WA 6000	Sydney NSW 2000
+61 8 7093 8283	+61 7 2111 7000	+61 8 8943 0645	+61 3 9820 6400	+61 8 6557 6200	+61 2 9263 2600

Liability limited by a scheme approved under Professional Standards Legislation. Hall Chadwick (NSW) Pty Ltd ABN: 32 103 221 352

www.hallchadwick.com.au

ARC Funds Limited

Contents

30 June 2025

Statement of profit or loss and other comprehensive income	12
Statement of financial position	13
Statement of changes in equity	14
Statement of cash flows	15
Notes to the financial statements	16
Consolidated entity disclosure statement	38
Directors' declaration	39
Independent auditor's report to the members of ARC Funds Limited	40
Shareholder information	42

General information

ARC Funds Limited is a listed public company limited by shares, incorporated and domiciled in Australia.

Company Secretary

Mark Licciardo

Registered office:

c/- Acclime Corporate Services Australia Pty Ltd
Level 3, 62 Lygon Street
Carlton VIC 3053

A description of the nature of the consolidated entity's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

Share Registry

Registry Direct
PO Box 572
Sandringham VIC 3191

Shareholder Enquiries:

Shareholders requiring clarification of holdings or requesting changes of name or address should contact Registry Direct directly.

Shareholders can contact Registry Direct via the following methods:

- By mail: Registry Direct, PO Box 572 Sandringham VIC 3191 Australia
- By email: email to registry at registry@registrydirect.com.au
- By fax: +61 3 9111 5652

Bankers

National Australia Bank Limited
Level 19, 100 Creek Street
Brisbane QLD 4000

Auditors

HallChadwick (NSW)
Level 40, 2 Park Street
Sydney NSW 2000

The financial statements were authorised for issue, in accordance with a resolution of directors, on 28 August 2025. The directors have the power to amend and reissue the financial statements.

ARC Funds Limited
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2025

	Note	Consolidated 2025 \$	2024 \$
Total Revenue	4	202,186	91,897
Share of losses of associates accounted for using the equity method	5	(73,673)	(25,315)
Expenses			
Corporate and administration expense	6	(1,184,421)	(600,719)
Goodwill written off		-	(60,211)
Finance costs		(13,544)	(869)
Depreciation and amortisation expense		(900)	-
Impairment of assets		(1,376,488)	-
Gain/(loss) on change in accounting for		-	(147,984)
Loss before income tax expense		(2,446,840)	(743,201)
Income tax expense	7	-	(86,737)
Loss after income tax expense for the year		(2,446,840)	(829,938)
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		<u>(2,446,840)</u>	<u>(829,938)</u>
Loss for the year is attributable to:			
Non-controlling interest		(50,663)	(87,122)
Owners of ARC Funds Limited	20	<u>(2,396,177)</u>	<u>(742,816)</u>
		<u>(2,446,840)</u>	<u>(829,938)</u>
		Cents	Cents
Basic earnings per share	33	(5.52)	(2.29)
Diluted earnings per share	33	(5.52)	(2.29)

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

ARC Funds Limited
Statement of financial position
As at 30 June 2025

	Note	Consolidated 2025 \$	2024 \$
Assets			
Current assets			
Cash and cash equivalents	8	289,778	643,328
Trade and other receivables	9	145,214	19,550
Financial assets at amortised cost	10	420,346	1,507,652
Other	11	9,102	16,502
Total current assets		<u>864,440</u>	<u>2,187,032</u>
Non-current assets			
Investments accounted for using the equity method	12	761,327	-
Property, plant and equipment	13	3,755	-
Intangibles	14	753,220	-
Total non-current assets		<u>1,518,302</u>	<u>-</u>
Total assets		<u>2,382,742</u>	<u>2,187,032</u>
Liabilities			
Current liabilities			
Trade and other payables	15	506,716	100,729
Borrowings	16	813,274	-
Employee benefits	17	72,288	11,489
Total current liabilities		<u>1,392,278</u>	<u>112,218</u>
Total liabilities		<u>1,392,278</u>	<u>112,218</u>
Net assets		<u>990,464</u>	<u>2,074,814</u>
Equity			
Issued capital	18	22,444,626	21,109,276
Reserves	19	39,000	11,860
Accumulated losses	20	(21,434,011)	(18,959,200)
Equity attributable to the owners of ARC Funds Limited		<u>1,049,615</u>	<u>2,161,936</u>
Non-controlling interest	21	(59,151)	(87,122)
Total equity		<u>990,464</u>	<u>2,074,814</u>

The above statement of financial position should be read in conjunction with the accompanying notes

ARC Funds Limited
Statement of changes in equity
For the year ended 30 June 2025

Consolidated	Issued capital \$	Options reserves \$	Retained profits \$	Non-controlling interest \$	Total equity \$
Balance at 1 July 2023	20,153,280	-	(18,216,384)	-	1,936,896
Loss after income tax expense for the year	-	-	(742,816)	(87,122)	(829,938)
Other comprehensive income for the year, net of tax	-	-	-	-	-
Total comprehensive income for the year	-	-	(742,816)	(87,122)	(829,938)
<i>Transactions with owners in their capacity as owners:</i>					
Options expensed during the year	-	11,860	-	-	11,860
Share placement	988,036	-	-	-	988,036
Share issue costs	(32,040)	-	-	-	(32,040)
Balance at 30 June 2024	<u>21,109,276</u>	<u>11,860</u>	<u>(18,959,200)</u>	<u>(87,122)</u>	<u>2,074,814</u>
Consolidated	Issued capital \$	Options reserves \$	Retained profits \$	Non-controlling interest \$	Total equity \$
Balance at 1 July 2024	21,109,276	11,860	(18,959,200)	(87,122)	2,074,814
Loss after income tax expense for the year	-	-	(2,396,177)	(50,663)	(2,446,840)
Other comprehensive income for the year, net of tax	-	-	-	-	-
Total comprehensive income for the year	-	-	(2,396,177)	(50,663)	(2,446,840)
<i>Transactions with owners in their capacity as owners:</i>					
Options expensed during the year	-	27,140	-	-	27,140
Share placement	1,417,525	-	-	-	1,417,525
Share transaction costs	(82,175)	-	-	-	(82,175)
Change due to additional acquisition of interest	-	-	(78,634)	78,634	-
Balance at 30 June 2025	<u>22,444,626</u>	<u>39,000</u>	<u>(21,434,011)</u>	<u>(59,151)</u>	<u>990,464</u>

The above statement of changes in equity should be read in conjunction with the accompanying notes

ARC Funds Limited
Statement of cash flows
For the year ended 30 June 2025

	Note	Consolidated 2025 \$	2024 \$
Cash flows from operating activities			
Receipts from customers		35,770	43,105
Payments to suppliers		(716,754)	(544,428)
Proceeds from sale of investments		-	99,786
		(680,984)	(401,537)
Interest received		48,152	48,225
Interest and other finance costs paid		(270)	(1,037)
Net cash used in operating activities	32	(633,102)	(354,349)
Cash flows from investing activities			
Purchase for financial assets - term deposit		-	(1,500,000)
Payments for investment in associates		(835,000)	-
Payments for property, plant and equipment	13	(4,655)	-
3rd party loans		-	(60,000)
Investment in subsidiaries, net of cash	14	(2,103,449)	1,613
Proceeds from sale of financial assets - term deposit		1,087,306	1,000,000
Net cash used in investing activities		(1,855,798)	(558,387)
Cash flows from financing activities			
Proceeds from issue of shares	18	1,417,526	988,036
Proceeds from borrowings	16	800,000	-
Share issue transaction costs		(82,176)	(32,040)
Net cash from financing activities		2,135,350	955,996
Net increase/(decrease) in cash and cash equivalents		(353,550)	43,260
Cash and cash equivalents at the beginning of the financial year		643,328	600,068
Cash and cash equivalents at the end of the financial year	8	<u>289,778</u>	<u>643,328</u>

The above statement of cash flows should be read in conjunction with the accompanying notes

Note 1. Material accounting policy information

These consolidated financial statements have been approved for issue by the Board of Directors on 28 August 2025.

New or amended Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Going concern

The financial statements have been prepared on the going concern basis, which assumes the continuity of operations and the realisation of assets and discharge of liabilities in the ordinary course of business.

As disclosed in the consolidated financial statements, the Group incurred a loss after tax of \$2,446,840 (2024: \$829,938) for the year ended 30 June 2025 and generated a negative operating cash flow of \$633,102 (2024: \$354,349).

During the year the Company completed the acquisition of 63.49% of The Term Deposit Shop Pty Ltd and 100% of TTDS Holdings Pty Ltd. The Term Deposit Shop Pty Ltd platform manages more than \$550 million in deposits, is approved on over 100 AFSLs' product lists, and partners with 10+ banks, providing a scaled base for future growth. The Company also invested in ausbiz capital Pty Ltd (26.35% stake), securing access to ausbiz Group's media platform with over 110,000 subscribers, strengthening its distribution reach.

To fund these activities, the Company raised \$600,000 in equity and \$800,000 in private debt, followed by a further \$750,000 equity raising in July 2025, which comprised of \$550,000 in new issued capital and \$200,000 in converting debt to share capital, demonstrating ongoing shareholder and market support.

The Directors have prepared 12-month forecasts considering current cash reserves, expected contributions from The Term Deposit Shop Pty Ltd, and access to future funding. On this basis, they believe the Group can continue as a going concern.

However, the Group remains reliant on shareholder support and capital markets. This represents a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern.

Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

Historical cost convention

The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of financial assets and liabilities at fair value through profit or loss, financial assets at fair value through other comprehensive income.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in note 27.

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of ARC Funds Limited ('company' or 'parent entity') as at 30 June 2025 and the results of all subsidiaries for the year then ended. ARC Funds Limited and its subsidiaries together are referred to in these financial statements as the 'consolidated entity'.

Note 1. Material accounting policy information (continued)

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Non-controlling interest in the results and equity of subsidiaries are shown separately in the statement of profit or loss and other comprehensive income, statement of financial position and statement of changes in equity of the consolidated entity. Losses incurred by the consolidated entity are attributed to the non-controlling interest in full, even if that results in a deficit balance.

Operating segments

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

Revenue recognition

The consolidated entity recognises revenue as follows:

Revenue from customers

Revenue is recognised at an amount that reflects the consideration to which the consolidated entity is expected to be entitled in exchange for transferring services to a customer. For each contract with a customer, the consolidated entity: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the services as promised.

Interest

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Other revenue

Other revenue is recognised when it is received or when the right to receive payment is established.

Income tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be consumed in the consolidated entity's normal operating cycle within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

Note 1. Material accounting policy information (continued)

A liability is classified as current when: it is either expected to be settled in the consolidated entity's normal operating cycle and it is due to be settled within 12 months after the reporting period; or there is no right at the end of the reporting period to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Cash and cash equivalents

Cash and cash equivalents includes cash on hand and deposits held at call with financial institutions.

Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

Associates

Associates are entities over which the consolidated entity has significant influence but not control or joint control. Investments in associates are accounted for using the equity method. Under the equity method, the share of the profits or losses of the associate is recognised in profit or loss and the share of the movements in equity is recognised in other comprehensive income. Investments in associates are carried in the statement of financial position at cost plus post-acquisition changes in the consolidated entity's share of net assets of the associate. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment. Dividends received or receivable from associates reduce the carrying amount of the investment.

Investments and other financial assets

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the consolidated entity has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, its carrying value is written off.

Investments

Investments includes non-derivative financial assets with fixed or determinable payments and fixed maturities where the consolidated entity has the positive intention and ability to hold the financial asset to maturity. This category excludes financial assets that are held for an undefined period. Investments are carried at amortised cost using the effective interest rate method adjusted for any principal repayments. Gains and losses are recognised in profit or loss when the asset is derecognised or impaired.

Impairment of financial assets

The consolidated entity recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the consolidated entity's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets mandatorily measured at fair value through other comprehensive income, the loss allowance is recognised in other comprehensive income with a corresponding expense through profit or loss. In all other cases, the loss allowance reduces the asset's carrying value with a corresponding expense through profit or loss.

Note 1. Material accounting policy information (continued)

Property, plant and equipment

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

Equipment 3-5 years.

Intangible assets

Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

Goodwill

Goodwill arises on the acquisition of a business. Goodwill is not amortised. Instead, goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are taken to profit or loss and are not subsequently reversed.

Impairment of non-financial assets

Goodwill and other intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Trade and other payables

These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Borrowings

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Finance costs

Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

Employee benefits

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Note 1. Material accounting policy information (continued)

Other long-term employee benefits

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on high quality corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Share-based payments

Equity-settled and cash-settled share-based compensation benefits are provided to employees.

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services. Cash-settled transactions are awards of cash for the exchange of services, where the amount of cash is determined by reference to the share price.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using either the Binomial or Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the consolidated entity receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Issued capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Business combinations

The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired.

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. All acquisition costs are expensed as incurred to profit or loss.

On the acquisition of a business, the consolidated entity assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the consolidated entity's operating or accounting policies and other pertinent conditions in existence at the acquisition-date.

Where the business combination is achieved in stages, the consolidated entity remeasures its previously held equity interest in the acquiree at the acquisition-date fair value and the difference between the fair value and the previous carrying amount is recognised in profit or loss.

Note 1. Material accounting policy information (continued)

Contingent consideration to be transferred by the acquirer is recognised at the acquisition-date fair value. Subsequent changes in the fair value of the contingent consideration classified as an asset or liability is recognised in profit or loss. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

The difference between the acquisition-date fair value of assets acquired, liabilities assumed and any non-controlling interest in the acquiree and the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquiree is recognised as goodwill. If the consideration transferred and the pre-existing fair value is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the acquirer, the difference is recognised as a gain directly in profit or loss by the acquirer on the acquisition-date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the acquirer's previously held equity interest in the acquirer.

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition-date. The measurement period ends on either the earlier of (i) 12 months from the date of the acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to the owners of ARC Funds Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 30 June 2025. The consolidated entity has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

Note 2. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Share-based payment transactions

The consolidated entity measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using either the Binomial or Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

Fair value measurement hierarchy

The consolidated entity is required to classify all assets and liabilities, measured at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being: Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date; Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and Level 3: Unobservable inputs for the asset or liability. Considerable judgement is required to determine what is significant to fair value and therefore which category the asset or liability is placed in can be subjective.

Note 2. Critical accounting judgements, estimates and assumptions (continued)

The fair value of assets and liabilities classified as level 3 is determined by the use of valuation models. These include discounted cash flow analysis or the use of observable inputs that require significant adjustments based on unobservable inputs.

Estimation of useful lives of assets

The consolidated entity determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Goodwill and other indefinite life intangible assets

The consolidated entity tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill and other indefinite life intangible assets have suffered any impairment, in accordance with the accounting policy stated in note 1. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions, including estimated discount rates based on the current cost of capital and growth rates of the estimated future cash flows.

Business combinations

As discussed in note 1, business combinations are initially accounted for on a provisional basis. The fair value of assets acquired, liabilities and contingent liabilities assumed are initially estimated by the consolidated entity taking into consideration all available information at the reporting date. Fair value adjustments on the finalisation of the business combination accounting is retrospective, where applicable, to the period the combination occurred and may have an impact on the assets and liabilities, depreciation and amortisation reported.

Note 3. Operating segments

Identification of reportable operating segments

The Economic Entity's activities have been divided into two specific segmental groups, operating in one geographical region, being Australia.

Funds management: the management of investment vehicles and provision of other funds management services;

Investment: investment in listed and unlisted Australian companies and securities.

Licence services: services provided by a licenced entity.

Platform fees: fees and commission derived from self-directed investment.

The CODM reviews EBITDA (earnings before interest, tax, depreciation and amortisation). The accounting policies adopted for internal reporting to the CODM are consistent with those adopted in the financial statements.

Note 3. Operating segments (continued)

Operating segment information

Consolidated - 2025	Funds Management \$	Investments \$	Licence services \$	Platform services \$	Other \$	Total \$
Revenue						
Sales	71,068	48,988	21,000	61,130	-	202,186
Total revenue	<u>71,068</u>	<u>48,988</u>	<u>21,000</u>	<u>61,130</u>	<u>-</u>	<u>202,186</u>
Expenses other than finance and depreciation	-	-	-	-	(1,002,832)	(1,002,832)
Finance costs	-	-	-	-	(13,544)	(13,544)
Depreciation	-	-	-	-	(900)	(900)
Share of net losses of associates accounted for using the equity method	-	-	-	-	(53,076)	(53,076)
Impairment	-	-	-	-	(1,376,488)	(1,376,488)
Loss before income tax expense	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,446,840)</u>	<u>(2,446,840)</u>
Income tax expense						-
Loss after income tax expense						<u>(2,446,840)</u>
Assets						
Segment assets	33,783	-	194,000	596,673	1,558,286	2,382,742
Total assets						<u>2,382,742</u>
Liabilities						
Segment liabilities	96,262	-	8,500	89,901	1,197,615	1,392,278
Total liabilities						<u>1,392,278</u>

ARC Funds Limited
Notes to the financial statements
30 June 2025

Note 3. Operating segments (continued)

	Funds Management \$	Investments \$	Licence services \$	Platform \$	Other \$	Total \$
Consolidated - 2024						
Revenue						
Sales	37,951	53,946	-	-	-	91,897
Total revenue	<u>37,951</u>	<u>53,946</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>91,897</u>
Expenses other than finance and depreciation	-	-	-	-	(600,719)	(600,719)
Finance costs	-	-	-	-	(869)	(869)
Gain/(loss) on change in accounting for investments in associates	(147,984)	-	-	-	-	(147,984)
Goodwill written off	(60,211)	-	-	-	-	(60,211)
Share of net profit/(loss) of jointly controlled entities accounted for using the equity method	(25,315)	-	-	-	-	(25,315)
Profit/(loss) before income tax expense	<u>(195,559)</u>	<u>53,946</u>	<u>-</u>	<u>-</u>	<u>(601,588)</u>	<u>(743,201)</u>
Income tax expense						(86,737)
Loss after income tax expense						<u>(829,938)</u>
Assets						
Segment assets	41,874	-	-	-	2,145,158	2,187,032
Total assets						<u>2,187,032</u>
Liabilities						
Segment liabilities	69,536	-	-	-	42,682	112,218
Total liabilities						<u>112,218</u>

Note 4. Revenue

	Consolidated	
	2025	2024
	\$	\$
Revenues		
Platform fees	61,130	-
Management fees	71,068	37,951
Trustee fees	21,000	-
Interest	48,152	46,186
Other revenue	836	-
	<u>202,186</u>	<u>84,137</u>
Other revenue		
Dividends	-	5,154
Change in fair value of investments	-	2,606
	<u>-</u>	<u>7,760</u>
Total Revenue	<u>202,186</u>	<u>91,897</u>

Note 5. Share of losses of associates accounted for using the equity method

	Consolidated 2025 \$	2024 \$
Share of profit - associates	(73,673)	(25,315)

Note 6. Corporate and administration expense

	Consolidated 2025 \$	2024 \$
Director and employee expenses	454,170	366,928
Other expenses	116,384	23,329
Legal expenses	266,238	13,951
Insurance expenses	45,332	40,043
Compliance expenses	302,297	156,468
	<u>1,184,421</u>	<u>600,719</u>

Note 7. Income tax expense

	Consolidated 2025 \$	2024 \$
<i>Numerical reconciliation of income tax expense and tax at the statutory rate</i>		
Loss before income tax expense	(2,446,840)	(743,201)
Tax at the statutory tax rate of 25%	(611,710)	(185,800)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Amortisation of intangibles	344,122	-
Share of profits - associates	13,269	21,781
Deferred tax written off in controlled entity	-	86,737
Share of losses of entities under joint control	-	6,329
Franking credits	-	37
Other permanent differences	9,265	2,960
Other timing differences	39,309	(1,362)
	<u>(205,745)</u>	<u>(69,318)</u>
Current year tax losses not recognised	205,745	156,055
Income tax expense	<u>-</u>	<u>86,737</u>

Note 8. Current assets - cash and cash equivalents

	Consolidated 2025 \$	2024 \$
Cash at bank	<u>289,778</u>	<u>643,328</u>

Note 9. Current assets - trade and other receivables

	Consolidated	Consolidated
	2025	2024
	\$	\$
Trade receivables	69,531	18,971
Accrued income	75,683	579
	<u>145,214</u>	<u>19,550</u>

Note 10. Current assets - Financial assets amortised cost

	Consolidated	Consolidated
	2025	2024
	\$	\$
Term deposit	420,346	1,507,652

Term deposits with fixed maturity dates, have been classified as financial assets - current assets, as they are not available for withdrawal on demand but mature within 12 months. Refer to note 23 for further information.

Note 11. Current assets - other

	Consolidated	Consolidated
	2025	2024
	\$	\$
Prepayments	8,946	16,346
Other current assets	156	156
	<u>9,102</u>	<u>16,502</u>

Note 12. Non-current assets - investments accounted for using the equity method

	Consolidated	Consolidated
	2025	2024
	\$	\$
ausbiz capital Pty Ltd	761,327	-

Reconciliation

Reconciliation of the carrying amounts at the beginning and end of the current and previous financial year are set out below:

Opening carrying amount	-	173,299
Loss after income tax	(73,673)	(25,315)
Additions	835,000	-
Disposals	-	(147,984)
	<u>761,327</u>	<u>-</u>
Closing carrying amount	761,327	-

Note 12. Non-current assets - investments accounted for using the equity method (continued)

ausbiz capital

On the 7th of October 2024 ARC took a strategic investment of \$670,000 in ausbiz capital for a 22.3% holding. On the 7th of February ARC paid a further \$165,000 to increase it's ownership in ausbiz capital by 4.046% to a total of 26.35%.

During the period ARC recognised an equity loss to the holding value of ausbiz capital to the value of \$73,673.

ARC can elect to pay a further \$165,000 which would increase ownership by 3.65% to 30%.

Merewether Capital Management

On the 6th November 2023 there was a change in control where ARC acquired an additional 50,000 shares in Merewether Capital Management taking its shareholding to 45.5% along with amendments to the shareholding agreement between the parties which resulted in ARC be able to appoint a majority of the Merewether Capital Management board of directors.

As a result of this change in control, Merewether Capital Management Pty Ltd was consolidated into the financial statements.

In the financial year ended 30 June 2024, the investment in Merewether Capital Management Pty Ltd was being accounted for as a controlled entity due to a change in ownership and the number of board positions held by ARC Directors.

Consequently, the investment balance has been derecognised during the year ended 30 June 2024.

Refer to note 30 for further information on interests in associates.

Note 13. Non-current assets - property, plant and equipment

	Consolidated 2025 \$	2024 \$
Plant and equipment - at cost	4,655	45,127
Less: Accumulated depreciation	(900)	(45,127)
	<u>3,755</u>	<u>-</u>

Note 14. Non-current assets - intangibles

	Consolidated 2025 \$	2024 \$
Goodwill - at cost	2,129,708	-
Less: Impairment	(1,376,488)	-
	<u>753,220</u>	<u>-</u>

On 9 May 2025 the Group obtained control of The Term Deposit Shop Pty Ltd ("TTDS") by completing the acquisition of 63.49% of the issued shares in TTDS and 100% of TTDS Holdings Pty Ltd ("Holdings") (AFSL holder for the business).

The Company recognised goodwill of \$2,129,708 on acquisition of TTDS and Holdings in May 2025.

Following impairment testing, a \$1,376,488 write-down was required, leaving a remaining goodwill balance of \$753,220.

Please refer to note 28 for further information.

Note 15. Current liabilities - trade and other payables

	Consolidated	
	2025	2024
	\$	\$
Trade payables	128,792	52
Accruals	353,167	69,535
Other creditors	24,757	31,142
	<u>506,716</u>	<u>100,729</u>

Refer to note 23 for further information on financial instruments.

Note 16. Current liabilities - borrowings

	Consolidated	
	2025	2024
	\$	\$
Short term loans	800,000	-
Interest payable	13,274	-
	<u>813,274</u>	<u>-</u>

Short term loan terms:
12% interest per annum;
paid quarterly in advance.

Scott Beeton has indicated his intention to convert \$200,000 of the loan advanced to the Company into ordinary shares, subject to shareholder approval at the Annual General Meeting scheduled for 23 September 2025.

Refer to note 23 for further information on financial instruments.

Note 17. Current liabilities - employee benefits

	Consolidated	
	2025	2024
	\$	\$
Employee benefits	<u>72,288</u>	<u>11,489</u>

Note 18. Equity - issued capital

	2025	2024	Consolidated	Consolidated
	Shares	Shares	2025	2024
			\$	\$
Ordinary shares - fully paid	51,452,174	39,125,864	22,920,519	21,502,993
Share transaction costs	-	-	(475,893)	(393,717)
	<u>51,452,174</u>	<u>39,125,864</u>	<u>22,444,626</u>	<u>21,109,276</u>

Note 18. Equity - issued capital (continued)

Movements in ordinary share capital

Details	Date	Shares	Issue price	\$
Balance	1 July 2023	30,076,352		20,514,957
Share placement	21 March 2024	7,519,087	\$0.11	812,025
Share purchase plan	15 April 2024	<u>1,530,425</u>	<u>\$0.11</u>	<u>176,011</u>
Opening balance	30 June 2024	39,125,864		21,502,993
Share placement	16 December 2024	6,021,921	\$0.11	692,521
Share placement	18 March 2025	1,086,959	\$0.11	125,000
Share placement	9 May 2025	<u>5,217,430</u>	<u>\$0.11</u>	<u>600,005</u>
Balance	30 June 2025	<u><u>51,452,174</u></u>		<u><u>22,920,519</u></u>

On the 11 July 2025 the company issued a further 5,600,000 ordinary shares at 10 cents per share. These shares had attaching call options which are subject to shareholder approval at the upcoming Extraordinary General Meeting on the 23 September 2025.

The Company proposes to issue a further 2,000,000 ordinary fully paid shares at 0.10 per share to raise a total of \$200,000 these shares had an attaching 2,000,000 unlisted call options to Scott Beeton, which is subject to shareholder approval at the upcoming Extraordinary General Meeting on the 23 September 2025.

Ordinary shares

Ordinary shares have no par value. Ordinary shares have the right to receive dividends as declared and in the event of winding up the company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held. The voting rights attached to the ordinary shares at a general meeting of shareholders are such that on a show of hands every member present (in person or by proxy) shall have one vote and on a poll one vote for each share held.

Note 19. Equity - reserves

	Consolidated	
	2025	2024
	\$	\$
Options reserve	<u>39,000</u>	<u>11,860</u>

Scott Beeton was granted a total of 2,000,000 options as a condition of his employment contract. These options vested on the 12-month anniversary of the employment commencement date (12 March 2025) if Scott Beeton remained in the employment of the Company. The options are exercisable at \$0.115 per share until 12 September 2025. The options had a fair value of \$39,000. The total expense recognised during the year was \$27,140 (June 2024: \$11,860).

There were no options issued during the current financial year.

Note 20. Equity - accumulated losses

	Consolidated	
	2025	2024
	\$	\$
Accumulated losses at the beginning of the financial year	(18,959,200)	(18,216,384)
Loss after income tax expense for the year	(2,396,177)	(742,816)
Change due to additional acquisition of interest	<u>(78,634)</u>	<u>-</u>
Accumulated losses at the end of the financial year	<u><u>(21,434,011)</u></u>	<u><u>(18,959,200)</u></u>

Note 21. Equity - non-controlling interest

	Consolidated 2025 \$	2024 \$
Balance	(137,785)	(87,122)
Reserves	78,634	-
	<u>(59,151)</u>	<u>(87,122)</u>

Note 22. Equity - dividends

There were no dividends paid, recommended or declared during the current or previous financial year.

Note 23. Financial instruments

Financial risk management objectives

The consolidated entity's activities expose it to a variety of financial risks: market risk (including foreign currency risk, price risk and interest rate risk), credit risk and liquidity risk. The consolidated entity's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the consolidated entity. The consolidated entity uses derivative financial instruments such as forward foreign exchange contracts to hedge certain risk exposures. Derivatives are exclusively used for hedging purposes, i.e. not as trading or other speculative instruments. The consolidated entity uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks, ageing analysis for credit risk and beta analysis in respect of investment portfolios to determine market risk.

Risk management is carried out by senior finance executives ('finance') under policies approved by the Board of Directors ('the Board'). These policies include identification and analysis of the risk exposure of the consolidated entity and appropriate procedures, controls and risk limits. Finance identifies, evaluates and hedges financial risks within the consolidated entity's operating units. Finance reports to the Board on a monthly basis.

Price risk

The consolidated entity is not exposed to any significant price risk.

Interest rate risk

The consolidated entity's main interest rate risk arises from borrowings. Borrowings obtained at fixed rates expose the consolidated entity to fair value interest rate risk.

Consolidated 2025	Fixed Interest Rate \$	Floating Interest Rate \$	Non Interest Bearing \$	Total \$
Financial assets:				
Cash and cash equivalent	-	289,778	-	289,778
Financial assets – term deposit	420,346	-	-	420,346
Trade and other receivables	-	-	145,214	145,214
Total financial assets	<u>420,346</u>	<u>289,778</u>	<u>145,214</u>	<u>855,338</u>
Financial liabilities:				
Trade and other payables	-	-	506,716	506,716
Loans	813,274	-	-	813,274
Net financial assets	<u>(392,928)</u>	<u>289,778</u>	<u>(361,502)</u>	<u>(464,652)</u>

Note 23. Financial instruments (continued)

Consolidated 2024	Fixed Interest Rate \$	Floating Interest Rate \$	Non Interest Bearing \$	Total \$
Financial assets:				
Cash and cash equivalent	-	643,328	-	643,328
Financial assets – term deposit	1,507,652	-	-	1,507,652
Trade and other receivables	-	-	36,052	36,052
Total financial assets	1,507,652	643,328	36,052	2,187,032
Financial liabilities:				
Trade and other payables	-	-	103,204	103,204
Net financial assets	1,507,652	643,328	(67,152)	2,083,828

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the consolidated entity.

The consolidated entity has adopted a lifetime expected loss allowance in estimating expected credit losses to trade receivables through the use of a provisions matrix using fixed rates of credit loss provisioning. These provisions are considered representative across all customers of the consolidated entity based on recent sales experience, historical collection rates and forward-looking information that is available.

Generally, trade receivables are written off when there is no reasonable expectation of recovery. Indicators of this include the failure of a debtor to engage in a repayment plan, no active enforcement activity and a failure to make contractual payments for a period greater than 1 year.

Liquidity risk

Liquidity risk management requires the consolidated entity to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable.

The consolidated entity manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

Remaining contractual maturities

The following tables detail the consolidated entity's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

Consolidated - 2025	Weighted average interest rate %	1 year or less \$	Between 1 and 2 years \$	Between 2 and 5 years \$	Over 5 years \$	Remaining contractual maturities \$
Non-derivatives						
<i>Non-interest bearing</i>						
Trade payables	-	128,792	-	-	-	128,792
Other payables	-	377,924	-	-	-	377,924
<i>Interest-bearing - fixed rate</i>						
Other loans	12.00%	800,000	-	-	-	800,000
Total non-derivatives		1,306,716	-	-	-	1,306,716

ARC Funds Limited
Notes to the financial statements
30 June 2025

Note 23. Financial instruments (continued)

Consolidated - 2024	Weighted average interest rate %	1 year or less \$	Between 1 and 2 years \$	Between 2 and 5 years \$	Over 5 years \$	Remaining contractual maturities \$
Non-derivatives						
<i>Non-interest bearing</i>						
Trade payables	-	52	-	-	-	52
Other payables	-	100,677	-	-	-	100,677
Total non-derivatives		<u>100,729</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>100,729</u>

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

Fair value of financial instruments

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

Interest rate risk

Note 24. Key management personnel disclosures

Directors

The following persons were directors of ARC Funds Limited during the financial year:

James Jackson
Harley Grosser
Scott Beeton
Wayne Massey*

* Resigned 31 March 2025

Compensation

The aggregate compensation made to directors of the company is set out below:

	Consolidated	
	2025	2024
	\$	\$
Short-term employee benefits	290,688	265,120
Post-employment benefits	32,365	29,546
Long-term benefits	4,251	-
Share-based payments	<u>27,140</u>	<u>11,860</u>
	<u><u>354,444</u></u>	<u><u>306,526</u></u>

As per note 26, Scott Beeton had related party transactions.

Note 25. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by HallChadwick (NSW), the auditor of the company:

	Consolidated	
	2025	2024
	\$	\$
<i>Audit services - HallChadwick (NSW)</i>		
Audit and review of the financial statements	70,023	39,492
<i>Other services - HallChadwick (NSW)</i>		
Audit of controlled entities	-	2,800
	<u>70,023</u>	<u>42,292</u>

The auditors of the Company, Hallchadwick (NSW), did not provide non-audit related services to the Company.

The prior year auditors, Bentleys, did provide non-audit related services to the Company being taxation services shown below.

The Board of Directors in accordance with advice from the audit committee, is satisfied that the provision of non-audit services during the prior year was compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The directors are satisfied that the services disclosed did not compromise the external auditor's independence for the following reasons:

All non-audit services are reviewed and approved by the audit committee prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and;

The nature of the services provided does not compromise the general principles relating to auditor independence in accordance with APES 110: Code of Ethics for Professional Accountants set by the Accounting Professional and Ethical Standards Board.

The following fees were paid or payable to the auditor for non-audit services provided during the relevant years:

	Consolidated	
	2025	2024
	\$	\$
Taxation services provided by auditor (Bentleys)	-	2,500

Note 26. Related party transactions

Parent entity

ARC Funds Limited is the parent entity.

Subsidiaries

Interests in subsidiaries are set out in note 29.

Associates

Interests in associates are set out in note 30.

Key management personnel

Disclosures relating to key management personnel are set out in note 24 and the remuneration report included in the directors' report.

Note 26. Related party transactions (continued)

Transactions with related parties

The following transactions occurred with related parties:

	Consolidated	
	2025	2024
	\$	\$
Payment for other expenses:		
Interest paid to Scott Beeton	11,737	-
Interest paid to other related party	1,537	-

Receivable from and payable to related parties

There were no trade receivables from or trade payables to related parties at the current and previous reporting date.

Loans to/from related parties

The following balances are outstanding at the reporting date in relation to loans with related parties:

	Consolidated	
	2025	2024
	\$	\$
Current borrowings:		
Loan from Scott Beeton	700,000	-
Loan from other related party	100,000	-

Terms and conditions

All transactions were made on normal commercial terms and conditions and at market rates.

Note 27. Parent entity information

Set out below is the supplementary information about the parent entity.

Statement of profit or loss and other comprehensive income

	Consolidated	
	2025	2024
	\$	\$
Loss after income tax	(2,411,845)	(664,276)
Total comprehensive income	<u>(2,411,845)</u>	<u>(664,276)</u>

Statement of financial position

	Consolidated	
	2025	2024
	\$	\$
Current Assets	55,819	2,300,111
Total Assets	2,408,549	2,300,111
Current Liabilities	1,208,682	49,680
Total Liabilities	1,213,451	49,851
Issued Capital	22,444,626	21,109,276
Options Reserve	39,000	11,860
Accumulated Losses	(21,288,528)	(18,870,876)
Total Shareholder Equity	<u>1,195,098</u>	<u>2,250,260</u>

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries

The parent entity had no guarantees in relation to the debts of its subsidiaries as at 30 June 2025 and 30 June 2024.

Note 27. Parent entity information (continued)

Capital commitments - Property, plant and equipment

The parent entity had no capital commitments for property, plant and equipment as at 30 June 2025 and 30 June 2024.

Material accounting policy information

The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in note 1, except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.
- Investments in associates are accounted for at cost, less any impairment, in the parent entity.

Note 28. Business combinations

On 9 May 2025, the Group successfully completed the acquisition of 63.49% of the ordinary shares of The Term Deposit Shop and 100% of the ordinary shares of TTDS Holdings Pty Ltd for the total consideration transferred of \$2,610,710.

This acquired businesses provides the foundation for a multi-affiliate platform. The acquired business contributed revenues of \$61,129 and profit after tax of \$12,289 to the consolidated entity for the period from 9 May 2025 to 30 June 2025.

Details of the acquisition are as follows:

	The Term Deposit Shop and TTDS Holdings Fair value
	\$
Cash and cash equivalents	89,644
Trade receivables	68,314
Financial assets at amortised cost	417,616
Other payables	(65,459)
Employee benefits	(29,113)
	<hr/>
Net assets acquired	481,002
Goodwill	2,129,708
	<hr/>
Acquisition-date fair value of the total consideration transferred	<u>2,610,710</u>

Note 29. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 1:

Name	Principal place of business / Country of incorporation	Ownership interest	
		2025 %	2024 %
Parent Entity			
ARC Funds Limited	Australia	-	-
Controlled entities of ARC Funds Limited:			
ARC Operations Pty Ltd	Australia	100.00%	100.00%
ARC Investment Management Pty Ltd	Australia	100.00%	100.00%
ARC Wealth Group Pty Ltd	Australia	100.00%	100.00%
Merewether Capital Management Pty Ltd	Australia	72.00%	45.50%
The Term Deposit Shop Pty Ltd	Australia	63.49%	-
TTDS Holdings Pty Ltd	Australia	100.00%	-

Note 30. Interests in associates

Interests in associates are accounted for using the equity method of accounting. Information relating to associates that are material to the consolidated entity are set out below:

Name	Principal place of business / Country of incorporation	Ownership interest	
		2025 %	2024 %
ausbiz capital Pty Ltd	Australia	26.35%	-

Note 31. Events after the reporting period

- On the 8 July 2025 the Company issued 5,500,000 ordinary fully paid shares at 0.10 per share to raise a total of \$550,000. These shares had an attaching 5,500,000 unlisted call options which are subject to shareholder approval at the upcoming Extraordinary General Meeting on the 23 September 2025.

- On the 11 July 2025 the Company issued 100,000 ordinary fully paid shares at 0.10 per share to raise a total of \$10,000. These shares had an attaching 100,000 unlisted call options which are subject to shareholder approval at the upcoming Extraordinary General Meeting on the 23 September 2025.

- In addition to the above, on the 11 July 2025 the Company also issued 2,000,000 ordinary fully paid shares at 0.10 per share to raise a total of \$200,000. These shares had an attaching 2,000,000 unlisted call options issued to Scott Beeton, which is subject to shareholder approval at the upcoming Extraordinary General Meeting on the 23 September 2025.

No other matter or circumstance has arisen since 30 June 2025 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Note 32. Reconciliation of loss after income tax to net cash used in operating activities

	Consolidated	
	2025 \$	2024 \$
Loss after income tax expense for the year	(2,446,840)	(829,938)
Adjustments for:		
Depreciation and amortisation	900	-
Impairment of goodwill	1,376,488	60,211
Net fair value gain on financial assets	-	(2,606)
Net fair value loss on investments	-	147,984
Share of loss - associates	73,673	25,315
Share-based payments	27,140	11,860
Proceeds from sale of investments	-	99,467
Interest payable	13,274	2,039
Change in operating assets and liabilities:		
Increase in trade and other receivables	(118,264)	(20,717)
Increase in trade and other payables	379,728	67,056
Increase in deferred tax liabilities	-	86,737
Increase/(decrease) in employee benefits	60,799	(1,757)
Net cash used in operating activities	<u>(633,102)</u>	<u>(354,349)</u>

ARC Funds Limited
Notes to the financial statements
30 June 2025

Note 33. Earnings per share

	Consolidated	
	2025	2024
	\$	\$
Loss after income tax	(2,446,840)	(829,938)
Non-controlling interest	50,663	87,122
Loss after income tax attributable to the owners of ARC Funds Limited	<u>(2,396,177)</u>	<u>(742,816)</u>
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	43,446,338	32,469,955
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>43,446,338</u>	<u>32,469,955</u>
	Cents	Cents
Basic earnings per share	(5.52)	(2.29)
Diluted earnings per share	(5.52)	(2.29)

For personal use only

ARC Funds Limited
 Consolidated entity disclosure statement
 As at 30 June 2025

Entity name	Entity type	Place formed / Country of incorporation	Ownership interest %	Tax residency
ARC Funds Limited	Body Corporate	Australia	-	Australia *
ARC Operations Pty Ltd	Body Corporate	Australia	100.00%	Australia *
ARC Investment Management Pty Ltd	Body Corporate	Australia	100.00%	Australia *
ARC Wealth Group Pty Ltd	Body Corporate	Australia	100.00%	Australia *
Merewether Capital Management Pty Ltd	Body Corporate	Australia	72.00%	Australia
The Term Deposit Shop Pty Ltd	Body Corporate	Australia	63.49%	Australia
TTDS Holdings Pty Ltd	Body Corporate	Australia	100.00%	Australia *

* ARC Funds Limited (the 'parent entity') and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under the tax consolidation regime.

For personal use only

ARC Funds Limited
Directors' declaration
30 June 2025

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 1 to the financial statements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 30 June 2025 and of its performance for the financial year ended on that date;
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and
- the information disclosed in the attached consolidated entity disclosure statement is true and correct.

The directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the directors



James Jackson
Chairman

28 August 2025

ARC FUNDS LIMITED
ABN 52 001 746 710
AND ITS CONTROLLED ENTITIES

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF ARC FUNDS LIMITED

Opinion

We have audited the financial report of ARC Funds Ltd (the company) and its controlled entities (the group), which comprises the consolidated statement of financial position as at 30 June 2025, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended and notes to the financial statements, including a summary of material accounting policy information, consolidated entity disclosure statement and the directors' declaration.

In our opinion the accompanying financial report of the group is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the group's financial position as at 30 June 2025 and of its financial performance for the year then ended; and
- (b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis of Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those Standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110: *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 to the financial report, which indicates the group incurred a loss after tax of \$2,446,840 (2024: \$829,938) for the year ended 30 June 2025 and generated a negative operating cash flow of \$633,102 (2024: \$354,349). As stated in Note 1, these conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

ARC FUNDS LIMITED
ABN 52 001 746 710
AND ITS CONTROLLED ENTITIES

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF ARC FUNDS LIMITED

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the year ended 30 June 2025. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

KEY AUDIT MATTER	HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER
<p>Accounting for the Acquisition of TTDS Holdings and Term Deposit Shop Pty Ltd Subsidiaries</p> <p><i>Refer to Note 1 "Material accounting policy information", Note 14 "Intangibles"</i></p> <p>During the year, the Group acquired TTDS Holdings and The Term Deposit Shop Pty Ltd, which was accounted for as a business combination under AASB 3.</p> <p>The acquisition involved significant judgment in identifying and valuing the acquired assets and liabilities.</p> <p>The complexity and subjectivity involved in the purchase price allocation, including the estimation and justification of the carrying value of goodwill, made this a key audit matter.</p>	<p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"> • We obtained an understanding of the transactions, including assessment of whether the transaction constituted an asset or business acquisition. • We reviewed the sale and purchase agreements to understand key terms and conditions. • We assessed management's determination of the fair value of consideration paid and reviewed the consideration to supporting documentation. • We assessed the allocation of the purchase price to the fair value of net assets acquired. • We obtained management assessment and justification of carrying value of goodwill and reviewed the calculation and treatment of goodwill impairment to determine it has been properly accounted for and disclosed within the financial statements. • We reviewed the transaction costs associated with the acquisition and if the accounting treatment is consistent with applicable standards. • We reviewed the qualitative and quantitative disclosures relating to business asset acquisitions within the financial statement.

**ARC FUNDS LIMITED
ABN 52 001 746 710
AND ITS CONTROLLED ENTITIES**

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF ARC FUNDS LIMITED**

Information Other than the Financial Report and Auditor's Report Thereon

The directors are responsible for the other information. The other information comprises the information included in the group's annual report for the year ended 30 June 2025 but does not include the financial report and our auditor's report thereon. Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon. In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

**ARC FUNDS LIMITED
ABN 52 001 746 710
AND ITS CONTROLLED ENTITIES**

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF ARC FUNDS LIMITED**

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2025.

In our opinion, the Remuneration Report for the year ended 30 June 2025 complies with section 300A of the *Corporations Act 2001*.

ARC FUNDS LIMITED
ABN 52 001 746 710
AND ITS CONTROLLED ENTITIES

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF ARC FUNDS LIMITED

Responsibilities

The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.



HALL CHADWICK (NSW)
Level 40, 2 Park Street
Sydney NSW 2000



DREW TOWNSEND
Partner
Dated: 28 August 2025

ARC Funds Limited
Shareholder information
30 June 2025

The shareholder information set out below was applicable as at 28 August 2025.

Distribution of equitable securities

Analysis of number of equitable security holders by size of holding:

	Ordinary shares		
	Number of holders	% of total shares issued	Number of holders
1 to 1,000	271	0.08	45,049
1,001 to 5,000	53	0.24	137,619
5,001 to 10,000	20	0.28	159,958
10,001 to 100,000	54	3.49	1,993,342
100,001 and over	65	95.91	54,716,203
	463	100.00	57,052,171
Holding less than a marketable parcel	320	-	162,668

Equity security holders

Twenty largest quoted equity security holders

The names of the twenty largest security holders of quoted equity securities are listed below:

	Ordinary shares	
	Number held	% of total shares issued
J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	8,424,827	14.77
NETWEALTH INVESTMENTS LIMITED (SUPER SERVICES A/C)	5,734,804	10.05
HJG FAMILY NOMINEES PTY LTD (GROSSER FAMILY A/C)	3,444,583	6.04
TORONGA PTY LTD	3,050,000	5.35
MR PETER GEOFFREY HOLLICK + MS HELEN THERESE PATTISON (MACDY NO 5 SUPER FUND A/C)	1,902,140	3.33
NETWEALTH INVESTMENTS LIMITED (WRAP SERVICES A/C)	1,764,268	3.09
AGRICO PTY LTD (PALM SUPER FUND A/C)	1,684,038	2.95
ANDREW ADCOCK INVESTMENTS PTY LTD (ADCOCK FAMILY S/F A/C)	1,510,869	2.65
PUNTERO PTY LTD	1,397,782	2.45
MANLY LANE PTY LTD (SCOTT & SALLY BEETON FAM A/C)	1,272,336	2.23
FEDERAL PACIFIC HOLDINGS PTY LTD	1,250,000	2.19
AGRICO INVESTMENTS PTY LIMITED	1,231,511	2.16
BEETON ENTERPRISES PTY LTD (SCOTT & SALLY BEETON FAM A/C)	1,100,000	1.93
MISTOVER PTY LTD (MISTOVER A/C)	1,050,000	1.84
MR DAVID JAMES KOCH + MRS ELIZABETH ANNE KOCH (THE KOCH SUPER FUND A/C)	1,000,000	1.75
P K CAPITAL PTY LTD	1,000,000	1.75
POAL PTY LTD (BARAIN SUPER FUND A/C)	997,164	1.75
BEETON ENTERPRISES PTY LTD (THE SCOTT & SALLY BEETON A/C)	869,565	1.52
SYMINGTON PTY LTD	735,000	1.29
CROMMO PTY LTD	724,663	1.27
	40,143,550	70.36

Unquoted equity securities

There are no unquoted equity securities.

ARC Funds Limited
Shareholder information
30 June 2025

Substantial holders

Substantial holders in the company are set out below:

	Ordinary shares	
	Number held	% of total shares issued
Harley Grosser (relevant interests)	11,134,267	19.52
Netwealth Investments Limited (Super Services A/C)	5,752,168	10.08
Scott Beeton (relevant interests)	3,763,640	6.60
Toronga Pty Ltd	3,050,000	5.35
James Jackson (relevant interests)	3,015,000	5.28
Agrico Investments Pty Ltd	2,915,549	5.11

Voting rights

The voting rights attached to ordinary shares are set out below:

Ordinary shares

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

There are no other classes of equity securities.

Other equity securities on issue

2,000,000 Unlisted Options expiring 12/09/2025 and exercisable at \$0.115. These options are subject to vesting conditions and do not carry a right to vote.

Corporate Governance Statement and Information

The Company's Corporate Governance Statements and other corporate governance related information including Securities Trading Policy, Board Charter, Risk and Audit Committee Charter and Code of Conduct is available at the Company's website: www.arcfunds.com.au/investors/.