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 2026
Previous period:	For the year ended 30 June 2025

2. Results for announcement to the market

				$
Revenues from ordinary activities	up	446.4%	to	1,104,791
Loss from ordinary activities after tax attributable to the owners of ARC Funds Limited	up	34.3%	to	(3,218,018)
Loss for the year attributable to the owners of ARC Funds Limited	up	34.3%	to	(3,218,018)

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 $3,218,018 (30 June 2025: $2,396,177).

3. Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible (liabilities) assets per ordinary security	(0.63)	0.58

4. Loss of control over entities

Name of entities (or group of entities)	Merewether Capital Management Pty Ltd
Date control lost	26 June 2026

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

	Reporting entity's percentage holding		Contribution to profit/(loss) (where material)	
Name of associate	**Reporting period %**	**Previous period %**	**Reporting period $**	**Previous period $**
Ausbiz Capital Pty Ltd	26.35%	26.35%	(106,072)	(73,673)
Merewether Capital Management Pty Ltd	36.00%	-	-	-

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 2026 is attached.

11. Signed

Michael Walker
Chairman

Date: 31 August 2026

ARC Funds Limited

ABN 52 001 746 710

Annual Report - 30 June 2026

ARC Funds Limited
Corporate directory
30 June 2026

Company secretary	Hasaka Martin
Shareholder Enquiries:	Shareholders requiring clarification of holdings or requesting changes of name or address should contact Registry Direct directly. - 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
Registered office	c/- Singleton Corporate Services Pty Ltd Level 22, International Tower 3, 300 Barangaroo Avenue, Barangaroo, NSW 2000
Share registry	Registry Direct PO Box 572 Sandringham VIC 3191
Auditor	Hall Chadwick (NSW) Level 40, 2 Park Street Sydney NSW 2000
Bankers	National Australia Bank Limited Level 19, 100 Creek Street Brisbane QLD 4000
Stock exchange listing	ARC Funds Limited shares are listed on the Australian Securities Exchange (ASX code: ARC)

ARC Funds Limited
Chairman letter
30 June 2026

Shareholder Update

The 2026 financial year was a period of significant activity and change for ARC Funds Limited as the Company continued to reposition its portfolio, strengthen its underlying businesses and establish a clearer platform for future growth.

I joined the Board in March 2026 and subsequently assumed the role of Chairman. Since joining ARC, my focus has been on strengthening the Company's financial position, improving governance and capital allocation, and ensuring that shareholder capital is directed toward opportunities where we believe there is a credible pathway to long-term value creation.

Financial Performance

For the year ended 30 June 2026, ARC generated consolidated revenue of $1.10 million, an increase of approximately 446% from $0.20 million in the prior year. The Group recorded a consolidated loss after tax of $3.27 million, of which $3.22 million was attributable to ARC shareholders.

The reported loss included a number of significant non-cash items, including impairments associated with ARC's investments and financial assets. These accounting adjustments have had a material impact on the reported result and reinforce the importance of disciplined capital allocation and active management of the Company's investment portfolio.

Revenue growth was driven particularly by the development of the Group's platform activities, with platform fee revenue increasing to approximately $590,000, compared with approximately $61,000 in FY2025.

At 30 June 2026, the Group held approximately $523,000 in cash and cash equivalents.

The Board recognises that ARC's financial performance must improve. Our focus is therefore on reducing unnecessary corporate expenditure, improving the performance and cash generation of the Group's underlying businesses and ensuring that future capital is deployed with appropriate discipline.

The Term Deposit Shop

The Term Deposit Shop remains a core investment for ARC and represents an important opportunity for the Group.

During FY2026, ARC increased its ownership interest in The Term Deposit Shop from 63.49% to 74.48%.

The business continued to develop during the year, with Funds Under Administration reaching approximately $597 million during the March 2026 quarter.

The Board believes there remains significant potential to grow The Term Deposit Shop through increased adviser and client adoption, improvements to its technology and broader distribution.

Our objective is to support the development of the business into a scalable financial services platform capable of generating sustainable earnings and increasing its value to ARC shareholders.

Investment Portfolio

The Board has undertaken a detailed review of ARC's investment portfolio and financial exposures.

During June 2026, ARC reduced its ownership interest in Merewether Capital Management from 72% to 36%, receiving $50,000 in cash consideration. As a consequence, ARC ceased to control Merewether and the retained 36% interest became an investment in an associate. Following a review of its recoverable amount, the retained investment was subsequently impaired to nil.

ARC also holds a 26.35% interest in Ausbiz Capital Pty Ltd. Following an assessment of the recoverable amount of that investment, ARC recognised an impairment of approximately $655,000, reducing its carrying value to nil at 30 June 2026.

In addition, ARC has financial exposures to entities within the Ausbiz Group through loans, accrued interest and convertible notes. These financial assets were also impaired at year end where sufficient supporting information was not available to substantiate their recoverability. Importantly, these accounting impairments do not extinguish ARC's contractual rights, and the Company will continue to assess and pursue recovery of amounts owing where appropriate.

These matters demonstrate why active portfolio management and capital discipline will remain central to the Board's strategy.

Our approach is straightforward: ARC should allocate shareholder capital only where the Board believes there is a credible pathway to generating an appropriate return. Where an investment no longer meets that test, we will take the action we consider appropriate to protect shareholder value.

ARC Funds Limited
Chairman letter
30 June 2026

Capital Management
During FY2026, ARC raised approximately $1.99 million in equity, comprising approximately $1.79 million of new capital and $0.20 million through the conversion of existing debt to equity.

Following year end, ARC entered into a Capital Placement Facility with Securities Vault Pty Ltd providing access to up to $5 million of standby equity capital over an initial 12-month term. The facility provides ARC with additional funding flexibility, with future drawdowns remaining at the Company's discretion.

Maintaining access to capital is important as ARC develops its existing businesses and evaluates new opportunities. However, access to capital does not remove the need for discipline.

The Board is conscious of shareholder dilution and will assess capital raising decisions against the expected value they can create for existing shareholders.

Our objective is not to grow ARC simply for the sake of becoming larger. Our objective is to increase the value attributable to each ARC shareholder over time.

Outlook
The next stage for ARC is about execution, financial discipline and accountability.

Our immediate priorities are to improve the operating performance of the Group, continue the development of The Term Deposit Shop, actively manage and rationalise ARC's investment portfolio, strengthen liquidity and reduce the Company's reliance on external capital.

The Board will also continue to assess strategic opportunities where ARC can use its capital, financial services experience and listed-company structure to generate attractive risk-adjusted returns.

There remains considerable work to be done, and the Board is realistic about the challenges ahead. The FY2026 financial statements highlight areas where previous investments have not delivered the outcomes originally anticipated and where stronger financial performance is required.

At the same time, ARC enters FY2027 with a clearer understanding of its portfolio, a growing core platform business and a more disciplined approach to capital allocation.

I would like to acknowledge our Managing Director, Scott Beeton, my fellow Director Peter Hasrouni, our employees, advisers and the management teams of our underlying businesses for their contribution during what has been a demanding and active year.

I would also like to thank our shareholders, including those who supported the Company through its capital raisings during the year, for their continued support.

As Chairman, my priorities remain clear: strong governance, disciplined capital allocation, improved financial performance and sustainable long-term value creation for ARC shareholders.

…………………………….
Michael Walker
Chairman
ARC Funds Limited

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 2026.

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:

- Michael Walker (appointed 13 March 2026)
- Peter Hasrouni (appointed 17 March 2026)
- Scott Beeton
- Matt Adams (resigned 13 March 2026)
- Harley Grosser (resigned 13 March 2026)
- James Jackson (resigned 5 March 2026)

Michael Walker (Chairman) (appointed 13 March 2026)
Michael is an entrepreneur and financial services professional with over 20 years' experience across wealth management, investment management, corporate advisory, and regulatory compliance. He has held senior leadership and board roles within financial services businesses, with a focus on capital markets, governance, compliance, and business growth. Mr Walker has founded and led financial services businesses providing wealth management, financial planning, and investment management services. He acts as a Responsible Manager under an Australian Financial Services Licence and has extensive experience in structuring transactions, managing regulated businesses, and overseeing compliance frameworks and governance processes.

Peter Hasrouni (Non-Executive Director) (appointed 17 March 2026)
Peter is an experienced professional with over 25 years' experience in executive level positions. Peter is an accomplished advisor and executive with a rich background in strategy, mergers and acquisitions (M&A), investment, and operations. With extensive experience in both senior corporate and consulting roles, Peter excels at developing innovative strategies, structuring complex transactions, and driving significant business transformation. His value-centric approach and ability to navigate intricate challenges consistently deliver exceptional results. Before joining the ARC Board, Peter held key leadership positions at several prominent organizations, including KBR, Ventia, Deloitte, EY, and UGL. His global executive experience in these roles has provided him with a wealth of expertise in strategy, M&A, deal-making, and business transformation.

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

ARC Funds Limited
Directors' report
30 June 2026

Material risk descriptions - business risks

Risk Type	Risk Description	Risk Management
Strategic risk	**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. There is a risk that acquisitions, investments or strategic initiatives do not achieve their anticipated financial or operational outcomes, which may adversely affect the Group's financial performance and position.	**Company** - Board oversight and approval of the Group's strategic objectives and material strategic initiatives - Board consideration and, where appropriate, due diligence and external advice in relation to material acquisitions, investments and other strategic transactions - Regular performance monitoring and reporting - KMP remuneration aligned to long-term strategy
Legal, regulatory and compliance risk	**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. The Group seeks to maintain appropriate processes and obtain professional advice where necessary to support compliance. However, there is a risk that regulatory requirements or changes in their interpretation or application may not be identified, understood or implemented on a timely basis. Any actual or inadvertent non-compliance could result in regulatory action, financial penalties, remediation costs, reputational damage or restrictions on the Group's operations.	**Company** - Defined compliance frameworks and documented policies - Board oversight of material legal, regulatory and compliance matters - Oversight by ARC Board and Compliance Committee - External legal, tax, accounting and other professional advice obtained where appropriate, including for significant or complex matter
Operational risk	**Company** The Group is exposed to operational risks arising from inadequate or failed internal processes, systems, people or external service providers. As a relatively small organisation, the Group is also dependent on a limited number of key personnel who hold significant operational, financial and corporate knowledge. There is a risk that this knowledge may not be fully documented or readily transferable, and the unexpected loss or unavailability of key personnel could result in disruption, loss of corporate knowledge, delays or errors in key business processes. The Group seeks to mitigate these risks through appropriate internal controls, documentation of key processes, succession planning and the use of external professional and service providers where appropriate.	**Company** - Insurance arrangements covering material risks - Business continuity and disaster recovery planning - Strong governance and internal controls - Appropriate segregation, review and oversight of key activities, having regard to the size of the Group
Information and technology and cybersecurity risk	**Company** The Group relies on information technology systems to support its operations, financial reporting, communications and administration. While the Group's principal business operations are not wholly dependent on third-party software providers, it relies on third-party providers for certain technology infrastructure and services, including hosting, website services and other cloud-based systems. The Group is therefore exposed to risks arising from system failures, service interruptions, cyberattacks, unauthorised access, data breaches and failures or outages affecting third-party providers. Such events could result in business disruption, loss or compromise of information, financial loss, reputational damage or regulatory consequences.	**Company** - Cybersecurity and data protection policies - Reliance is placed on established third-party providers for certain hosting, cloud and technology services, with providers and services reviewed where appropriate - Material technology or cybersecurity incidents are escalated to management and the Board as appropriate

Financial Risks

Credit and counterparty concentration risk	**Company** The Group is exposed to credit and counterparty risk through its cash and term deposits, loans and other receivables, convertible notes and trade and other receivables. A significant proportion of these exposures may be concentrated among a limited number of counterparties, increasing the potential financial impact should a counterparty experience financial difficulty or fail to meet its obligations. The recoverability and carrying value of these financial assets may be affected by the financial position, liquidity and capacity of counterparties to meet their contractual obligations and the availability of reliable financial information supporting their ability to repay.	**Company** - Material credit and counterparty exposures are monitored by management and reported to the Board where appropriate - The financial position and capacity of material counterparties to meet their obligations are assessed having regard to financial and other information available to the Group - Contractual protections and security arrangements are sought where appropriate having regard to the nature and size of the exposure - Outstanding amounts and the recoverability of financial assets are reviewed, including at each reporting date, with impairment recognised where required
Financial and cash management	**Company** The Group is exposed to liquidity and cash-flow risk and may require additional capital to fund its operations, meet financial obligations and pursue its strategic objectives. There is a risk that sufficient funding may not be available when required or may only be available on terms that are not favourable to the Group. The Group is also exposed to interest-rate risk on interest-bearing financial assets and liabilities and to financial-reporting risk arising from complex or judgemental transactions. Inadequate cash management, forecasting or financial controls could adversely affect the Group's financial position and ability to meet its obligations as they fall due.	**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 - The Group assesses available capital-raising and other funding alternatives where additional funding is required

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 2026, the Company’s shares traded in the following ranges:

Quarter ending	High price	Low price	Closing price	Volume
30th September 2025	$0.099	$0.093	$0.099	56,982
31st December 2025	$0.125	$0.125	$0.125	7,275
31st March 2026	$0.074	$0.074	$0.074	181,414
30th June 2026	$0.070	$0.070	$0.070	29,979

Review of operations
The loss for the consolidated entity after providing for income tax and non-controlling interest amounted to $3,218,018 (30 June 2025: $2,396,177).

Significant changes in the state of affairs
- There were significant changes in the state of affairs of the consolidated entity during the financial year.
- In July to October 2025, the Company completed an equity raising of $834,000, comprising $634,000 in new capital and $200,000 through the conversion of debt to share capital.
- On 5 November 2025, the Company acquired 2,150,000 convertible notes issued by Ausbiz TV Pty Ltd, with a total face value of $2.15 million, for consideration of $430,000 satisfied through the issue of ARC ordinary shares.
- During December 2025 and February 2026, the Company completed an equity raising of $677,750 through the issue of 5,893,479 ordinary shares at $0.115 per share.
- In February 2026, the Company increased its ownership in The Term Deposit Shop Pty Ltd from 63.49% to 74.48% through the acquisition of a further 10.99% interest, with consideration satisfied through the issue of 3,584,262 ARC ordinary shares.
- In June 2026, the Company undertook a further equity raising of $530,000 to support its working capital requirements and growth strategy.
- In June 2026, the Company completed the partial disposal of its interest in Merewether Capital Management Pty Ltd for cash consideration of $50,000, reducing its ownership interest from 72% to 36%. As a result, the Group ceased to control Merewether and the remaining interest was accounted for as an associate.

Matters subsequent to the end of the financial year
Subsequent to the end of the financial year, on 3 August 2026, the Company entered into a Capital Placement Facility with Securities Vault Pty Ltd, providing access to up to $5.0 million of standby equity capital over an initial 12-month term.

As part of establishing the facility, the Company issued 10,000,000 fully paid ordinary shares to Securities Vault Pty Ltd. No funds had been received under the facility as at the date of the announcement, with any future drawdowns to occur at the Company's discretion in accordance with the terms of the facility.

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 2026, and the number of meetings attended by each director were:

	Full Board		Audit Committee	
	Attended	Held	Attended	Held
Michael Walker (appointed 13 March 2026)	3	3	-	-
Scott Beeton	9	9	2	2
Peter Hasrouni (appointed 17 March 2026)	3	3	-	-
James Jackson (resigned 5 March 2026)	6	6	2	2
Harley Grosser (resigned 13 March 2026)	6	6	2	2
Matt Adams (resigned 13 March 2026)	3	3	1	2

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

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.

The key management personnel of the Group during the financial year are as follows:
- Michael Walker - Non-Executive Chairman (appointed 13 March 2026)
- Scott Beeton - Executive Director
- Peter Hasrouni Non-Executive Director (appointed 17 March 2026)
- James Jackson (resigned 5 March 2026)
- Harley Grosser (resigned 13 March 2026)
- Matt Adams (resigned 13 March 2026)

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 2026 included:
- Scott Beeton

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.

2026	Short-term benefits Cash salary and fees $	Short-term benefits Director fees $	Short-term benefits Movement in leave entitlements $	Long-term benefits Movement in leave entitlements $	Post-employment benefits Superannuation $	Share-based payments Options and performance shares $	Share-based payments Ordinary shares issued $	Total $
Non-Executive Directors:								
Michael Walker*	-	7,481	-	-	898	-	25,000	33,379
Peter Hasrouni**	-	7,813	-	-	938	6,848	-	15,599
James Jackson***	-	34,091	-	-	4,091	-	-	38,182
Harley Grosser****	-	17,614	-	-	2,114	-	-	19,728
Matt Adams*****	-	5,114	-	-	614	-	-	5,728
Executive Directors:	-	-	-	-	-	-	-	-
Scott Beeton	250,011	-	3,193	6,478	29,605	71,806	-	361,093
	250,011	72,113	3,193	6,478	38,260	78,654	25,000	473,709

* Michael Walker (appointed 13 March 2026)
** Peter Hasrouni (appointed 17 March 2026)
*** James Jackson (resigned 5 March 2026)
**** Harley Grosser (resigned 13 March 2026)
***** Matt Adams (resigned 13 March 2026)

2025	Short-term benefits Cash salary and fees $	Short-term benefits Director fees $	Short-term benefits Movement in leave entitlements $	Long-term benefits Movement in leave entitlements $	Post-employment benefits Superannuation $	Share-based payments Options $	Total $
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
	-	-	-	-	-	-	-
	183,480	101,250	5,958	4,251	32,365	27,140	354,444

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
Following shareholder approval at the EGM held on 5 May 2026, there were ordinary shares issued as part of compensation during the year ended 30 June 2026.

Details of shares issued to directors and other key management personnel as part of compensation during the year ended 30 June 2026 are set out below:

Name	Date	Shares	Issue price	$
Michael Walker	15 June 2026	217,391	$0.115	25,000

Options and performance rights
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	Exercise price	Fair value per option at grant date
Scott Beeton	500,000	20 November 2025	30 June 2026	Nil	$0.11
	250,000		30 June 2027	Nil	$0.11
	250,000		30 June 2028	Nil	$0.11
Peter Hasrouni	500,000	5 May 2026	30 June 2027	Nil	$0.07
	250,000		30 June 2028	Nil	$0.07
	250,000		30 June 2029	Nil	$0.07

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 2026 are set out below:

Shareholding

	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**	11,156,767	-	-	(11,156,767)	-
Scott Beeton	3,763,640	-	2,275,000	-	6,038,640
Michael Walker***	-	-	15,781,156	-	15,781,156
	17,935,407	-	18,056,156	(14,171,767)	21,819,796

Options and performance rights

	Balance at the start of the year	Granted	Exercised	Expired	Balance at the end of the year
Scott Beeton	2,000,000	3,000,000	-	(2,000,000)	3,000,000
Michael Walker***	-	1,304,347	-	-	1,304,347
Peter Hasrouni****	-	1,000,000	-	-	1,000,000
	2,000,000	5,304,347	-	(2,000,000)	5,304,347

* Resigned 05 March 2026
** Resigned 13 March 2026
*** Appointed 13 March 2026
**** appointed 17 March 2026

This concludes the remuneration report, which has been audited.

Shares under option
Unissued ordinary shares of ARC Funds Limited under option at the date of this report are as follows:

Grant date	Expiry date	Exercise price	Number under option
6 October 2025	9 July 2026	$0.125	5,600,000
22 October 2025	9 July 2026	$0.125	2,000,000
20 November 2025	24 August 2026	$0.125	740,000
5 May 2026	15 December 2026	$0.115	5,893,479

No person entitled to exercise the options had or has any right by virtue of the option to participate in any share issue of the company or of any other body corporate.

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 2026 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
There were no non-audit services provided during the financial year by the auditor.

Officers of the company who are former partners of Hall Chadwick (NSW)
There are no officers of the company who are former partners of Hall Chadwick (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
Hall Chadwick (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

Michael Walker
Chairman

31 August 2026

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 2026, 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 (NSW)
Level 40, 2 Park Street
Sydney NSW 2000

DREW TOWNSEND
Partner
Dated: 31 August 2026

ARC Funds Limited
Contents
30 June 2026

ARC Funds Limited
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2026

	Note	Consolidated 2026 $	Consolidated 2025 $
Total revenue	4	1,104,791	202,186
Share of losses of associates accounted for using the equity method	5	(106,072)	(73,673)
Expenses			
Corporate and administration expense	6	(1,823,175)	(1,184,421)
Finance costs		(101,043)	(13,544)
Depreciation and amortisation expense		(2,441)	(900)
Impairment loss of investments in associate accounted for using equity method		(705,255)	-
Impairment of financial and non-financial assets		(1,632,286)	(1,376,488)
Loss before income tax expense		(3,265,481)	(2,446,840)
Income tax expense	7	-	-
Loss after income tax expense for the year		(3,265,481)	(2,446,840)
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		(3,265,481)	(2,446,840)
Loss for the year is attributable to:			
Non-controlling interest		(47,463)	(50,663)
Owners of ARC Funds Limited	20	(3,218,018)	(2,396,177)
		(3,265,481)	(2,446,840)
		Cents	**Cents**
Basic earnings per share	32	(4.84)	(5.52)
Diluted earnings per share	32	(4.84)	(5.52)

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 2026

	Note	Consolidated 2026 $	2025 $
Assets			
Current assets			
Cash and cash equivalents	8	522,987	289,778
Trade and other receivables	9	100,253	145,214
Financial assets	10	6,745	420,346
Other	11	81,404	9,102
Total current assets		711,389	864,440
Non-current assets			
Investments accounted for using the equity method	12	-	761,327
Property, plant and equipment	13	2,562	3,755
Intangibles	14	753,220	753,220
Total non-current assets		755,782	1,518,302
Total assets		1,467,171	2,382,742
Liabilities			
Current liabilities			
Trade and other payables	15	244,315	506,716
Borrowings	16	800,397	813,274
Employee benefits	17	90,750	72,288
Total current liabilities		1,135,462	1,392,278
Total liabilities		1,135,462	1,392,278
Net assets		331,709	990,464
Equity			
Issued capital	18	25,155,289	22,444,626
Share-based payments reserve	19	299,542	39,000
Accumulated losses	20	(25,198,079)	(21,434,011)
Equity attributable to the owners of ARC Funds Limited		256,752	1,049,615
Non-controlling interest	21	74,957	(59,151)
Total equity		331,709	990,464

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 2026

Consolidated	Issued capital $	Share-based payments reserve $	Accumulated losses $	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)
Transactions with owners in their capacity as owners:					
Share issued	1,417,525	-	-	-	1,417,525
Share transaction costs	(82,175)	-	-	-	(82,175)
Share-based payments	-	27,140	-	-	27,140
Change due to additional acquisition of interest	-	-	(78,634)	78,634	-
Balance at 30 June 2025	22,444,626	39,000	(21,434,011)	(59,151)	990,464

Consolidated	Issued capital $	Share-based payments reserve $	Accumulated losses $	Non-controlling interest $	Total equity $
Balance at 1 July 2025	22,444,626	39,000	(21,434,011)	(59,151)	990,464
Loss after income tax expense for the year	-	-	(3,218,018)	(47,463)	(3,265,481)
Other comprehensive income for the year, net of tax	-	-	-	-	-
Total comprehensive income for the year	-	-	(3,218,018)	(47,463)	(3,265,481)
Transactions with owners in their capacity as owners:					
Share issued	2,766,230	181,888	-	-	2,948,118
Share transaction costs	(55,567)	-	-	-	(55,567)
Share-based payments	-	78,654	-	-	78,654
Transactions with non-controlling interest	-	-	(181,623)	181,623	-
Deconsolidation of Merewether Capital Management Pty Ltd	-	-	-	47,811	47,811
Change due to additional acquisition of interest	-	-	(364,427)	(47,863)	(412,290)
Balance at 30 June 2026	25,155,289	299,542	(25,198,079)	74,957	331,709

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 2026

	Note	Consolidated 2026 $	Consolidated 2025 $
Cash flows from operating activities			
Receipts from customers		764,897	35,770
Payments to suppliers and employees		(1,903,680)	(716,754)
		(1,138,783)	(680,984)
Interest received		3,983	48,152
Interest and other finance costs paid		(101,043)	(270)
Net cash used in operating activities	31	(1,235,843)	(633,102)
Cash flows from investing activities			
Payments for property, plant and equipment		(2,827)	(4,655)
Payments for deposits		(75,000)	-
Proceeds from term deposits		413,601	1,087,306
Proceeds on disposal of subsidiary, net of cash		49,049	-
Loans provided to unrelated entity		(889,078)	-
Payments for acquisition of subsidiaries, net of cash	14	-	(2,103,449)
Payments for investment in associates		-	(835,000)
Net cash used in investing activities		(504,255)	(1,855,798)
Cash flows from financing activities			
Proceeds from issue of shares	18	1,841,751	1,417,526
Share issue transaction costs		(55,567)	(82,176)
Proceeds from borrowings	16	187,123	800,000
Net cash from financing activities		1,973,307	2,135,350
Net increase (decrease) in cash and cash equivalents		233,209	(353,550)
Cash and cash equivalents at the beginning of the financial year		289,778	643,328
Cash and cash equivalents at the end of the financial year	8	522,987	289,778

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 31 August 2026.

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 $3,265,481 and had operating cash outflows of $1,235,843 for the year ended 30 June 2026, and as of that date, the Group had a deficiency of current assets of $424,073.

During the year, the Company increased its ownership in The Term Deposit Shop Pty Ltd (TTDS) from 63.49% to 74.48% through the acquisition of a further 165,000 shares, representing 10.99% of TTDS's issued share capital. TTDS continued to grow during the year, with Funds Under Administration reaching $597 million during the March 2026 quarter, the highest level in the history of the business. The increased ownership is consistent with the Company's strategy of investing in businesses and supporting further investment in the TTDS platform to grow clients and Funds Under Administration.

During the year, the Company continued to rationalise its investment portfolio and simplify its corporate structure. The Company sold part of its interest in Merewether Capital Management Pty Ltd for cash consideration of $50,000.

During the year, the Company raised approximately $1.99 million in equity, comprising $1.79 million in new capital and $0.2 million through the conversion of existing debt to equity. The funds raised supported the Company's working capital requirements, investment activities and continued growth strategy.

The Directors have prepared 12-month cash flow forecasts taking into consideration the Group's current cash position, expected cash flows and contributions from The Term Deposit Shop Pty Ltd, and the Group's ability to access additional funding as required. On this basis, the Directors believe the Group will be able to continue as a going concern and meet its obligations as and when they fall due.

The Group's ability to continue as a going concern remains dependent on the performance and cash flows of its underlying investments and its ability to obtain additional funding, if required. These conditions indicate the existence of 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 IFRS Accounting 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.

Note 1. Material accounting policy information (continued)

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 2026 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'.

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.

Note 1. Material accounting policy information (continued)

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.

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.

Note 1. Material accounting policy information (continued)

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.

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 2026. 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.

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.

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.

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

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.

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.

Note 3. Operating segments

Identification of reportable operating segments
The Economic Entity's activities have been divided into four 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.

Operating segment information

Consolidated - 30 June 2026	Funds Management $	Investments $	Licence services $	Platform services $	Other $	Total $
Revenue						
Revenue	84,595	278,114	30,000	589,756	122,326	1,104,791
Total revenue	84,595	278,114	30,000	589,756	122,326	1,104,791
Corporate and administration finance	-	-	-	-	(1,823,175)	(1,823,175)
Finance costs	-	-	-	-	(101,043)	(101,043)
Depreciation	-	-	-	-	(2,441)	(2,441)
Share of net losses of associates accounted for using the equity method	-	(106,072)	-	-	-	(106,072)
Impairment loss of investments in associate accounted for using equity method	-	(705,255)	-	-	-	(705,255)
Impairment of financial and non-financial assets	-	(1,632,286)	-	-	-	(1,632,286)
Loss before income tax expense	84,595	(2,165,499)	30,000	589,756	(1,804,333)	(3,265,481)
Income tax expense	-	-	-	-	-	-
Loss after income tax expense	84,595	(2,165,499)	30,000	589,756	(1,804,333)	(3,265,481)

Note 3. Operating segments (continued)

Consolidated - 30 June 2025	Funds Management $	Investments $	Licence services $	Platform services $	Other $	Total $
Revenue						
Revenue	71,068	48,152	21,000	61,130	836	202,186
Total revenue	71,068	48,152	21,000	61,130	836	202,186
Corporate and administration expense	-	-	-	-	(1,184,421)	(1,184,421)
Finance costs	-	-	-	-	(13,544)	(13,544)
Depreciation	-	-	-	-	(900)	(900)
Share of net losses of associates accounted for using the equity method	-	(73,673)	-	-	-	(73,673)
Impairment	-	(1,376,488)	-	-	-	(1,376,488)
Loss before income tax expense	71,068	(1,402,009)	21,000	61,130	(1,198,029)	(2,446,840)
Income tax expense	-	-	-	-	-	-
Loss after income tax expense	71,068	(1,402,009)	21,000	61,130	(1,198,029)	(2,446,840)

Note 4. Revenue

	Consolidated 2026 $	**Consolidated 2025 $**
Revenues		
Platform fees	589,756	61,130
Management fees	84,595	71,068
Trustee fees	30,000	21,000
Interest	278,114	48,152
	982,465	201,350
Other revenue		
Gain on deconsolidation of subsidiary	83,248	-
Others	39,078	836
	122,326	836
Total revenue	1,104,791	202,186

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

	Consolidated 2026 $	**Consolidated 2025 $**
Share of loss - associates	(106,072)	(73,673)

Note 6. Corporate and administration expense

	Consolidated	
	2026	2025
	$	$
Director and employee expenses	956,695	454,170
Other expenses	217,990	116,384
Legal expenses	223,298	266,238
Insurance expenses	48,782	45,332
Compliance expenses	376,410	302,297
	1,823,175	1,184,421

Note 7. Income tax expense

	Consolidated	
	2026	2025
	$	$
Numerical reconciliation of income tax expense and tax at the statutory rate		
Loss before income tax expense	(3,265,481)	(2,446,840)
Tax at the statutory tax rate of 25%	(816,370)	(611,710)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Share of losses - associates	26,518	13,269
Other permanent differences	108,092	9,265
Impairment losses	584,385	-
Amortisation of intangibles	-	344,122
Other timing differences	-	39,309
	(97,375)	(205,745)
Current year tax losses not recognised	97,375	205,745
Income tax expense	-	-

Note 8. Current assets - cash and cash equivalents

	Consolidated	
	2026	2025
	$	$
Cash at bank	522,987	289,778

Note 9. Current assets - trade and other receivables

	Consolidated	
	2026	2025
	$	$
Trade receivables	24,641	69,531
Accrued income	349,743	75,683
Less: Impairment	(274,131)	-
	100,253	145,214

Note 10. Current assets - Financial assets

	Consolidated	
	2026	**2025**
	$	**$**
Term deposit	6,745	420,346
Loans receivable	878,155	-
Convertible notes	430,000	-
Less: Impairment	(1,308,155)	-
	6,745	420,346

Term deposits
Term deposits have fixed maturity dates and are classified as current financial assets where they mature within 12 months of the reporting date. These deposits are not available for withdrawal on demand. Refer to Note 23 for further information.

Loans receivable
Loans receivable are measured at amortised cost. Interest is charged at 10% per annum, increasing to 15% per annum in the event of default, and is payable quarterly in arrears. At each reporting date, the Group assesses the loans receivable for impairment and recognises an expected credit loss allowance in accordance with AASB 9 Financial Instruments, where applicable.

Convertible notes
On 5 November 2025, the Company acquired 2,150,000 convertible notes issued by Ausbiz TV Pty Ltd. The notes have a face value of $1.00 each and an aggregate face value of $2,150,000. The notes were acquired for consideration of $430,000, which was satisfied through the issue of 4,095,238 ordinary shares in the Company.

The convertible notes were initially recognised at their fair value of $430,000 and are subsequently measured at fair value through profit or loss.

At 30 June 2026, the directors assessed the fair value of the convertible notes at $430,000, having regard to the terms and conversion features of the notes, the financial position and performance of the issuer, the consideration paid on acquisition and other available market evidence at the reporting date. No fair value gain or loss was therefore recognised for the year ended 30 June 2026.

Impairment
As at the 30 June 2026, the Group’s exposure to entities within the AusBiz Group was approximately $1,582,286 inclusive of accrued interest. In assessing the recoverability and carrying value of these financial assets, management sought current financial information and other supporting documentation from the relevant AusBiz Group entities.

At the date the financial statements were finalised, management had not received sufficient financial information or other objective evidence to substantiate the recoverability of the loan and accrued interest or the carrying value of the convertible notes and associated accrued interest.

In the absence of sufficient supporting information, and having regard to the evidence available at the reporting date, management determined that it was appropriate to fully impair the carrying amount of approximately $1,582,286 at 30 June 2026.

The impairment reflects the level of evidence available to management at the reporting date and does not represent a conclusion that the relevant AusBiz Group entities are unable to repay the amounts owing. The impairment also does not affect the Group’s contractual rights in respect of those amounts.

Management will continue to monitor the financial position of the relevant AusBiz Group entities and seek recovery of the amounts owing. Any subsequent recoveries or additional information will be recognised or considered in accordance with the applicable accounting requirements.

Note 11. Current assets - other

	Consolidated 2026 $	Consolidated 2025 $
Prepayments	6,404	8,946
Other deposits	75,000	-
Other current assets	-	156
	81,404	9,102

Other deposits relate to a deposit paid in connection with the Company's proposed investment in Springboard Holdings Pty Ltd.

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

	Consolidated 2026 $	Consolidated 2025 $
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	761,327	-
Additions	-	835,000
Loss after income tax	(106,072)	(73,673)
Impairment of assets	(655,255)	-
Closing carrying amount	-	761,327

On 7 October 2024, ARC made a strategic investment of $670,000 in Ausbiz Capital Pty Ltd, acquiring a 22.3% ownership interest.

On 7 February 2025, ARC invested a further $165,000, increasing its ownership interest by 4.046% to a total of 26.35%. The total cost of the investment was $835,000.

During the year, ARC recognised an equity loss to the holding value of Ausbiz Capital Pty Ltd to the value of $106,072 (June 2025: $73,673).

During year ended 30 June 2026, the Company undertook a review of its investment in Ausbiz Capital Pty Ltd following sustained operating losses.

The recoverable amount was determined using a value-in-use methodology based on discounted cash flow projections derived from management forecasts.

Key assumptions included:
- Five-year forecast period
- Terminal growth rate of 2%
- Discount rate of 16%
- Revenue growth driven by expansion in recurring funds under management-based income stream
- Operating costs increasing broadly in line with current run rate

During the year, management recognised an impairment loss of approximately $655,255 in respect of the Group's investment in Ausbiz Capital Pty Ltd, following an assessment that the recoverable amount of the investment was nil.

Refer to note 29 for further information on interests in associates.

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

	Consolidated	
	2026	**2025**
	$	**$**
Plant and equipment - at cost	5,107	4,655
Less: Accumulated depreciation	(2,545)	(900)
	2,562	3,755

Note 14. Non-current assets - intangibles

	Consolidated	
	2026	**2025**
	$	**$**
Goodwill - at cost	2,129,708	2,129,708
Less: Impairment	(1,376,488)	(1,376,488)
	753,220	753,220

On 9 May 2025, the Group obtained control of The Term Deposit Shop Pty Ltd ("TTDS") through the acquisition of 63.49% of its issued share capital and acquired 100% of TTDS Holdings Pty Ltd ("TTDS Holdings"), the Australian financial services licence holder supporting the business. The acquisition resulted in goodwill of $2,129,708, representing the future economic benefits expected to arise from assets that were not individually identified and separately recognised.

During the year ended 30 June 2026, the Group acquired a further 10.99% ownership interest in TTDS, increasing its ownership interest from 63.49% to 74.48%.

As the Group controlled TTDS both before and after the acquisition, the transaction was accounted for as an equity transaction with non-controlling interests. The carrying amount of the non-controlling interests was adjusted to reflect the change in the Group's ownership interest. The difference of $364,427 between the consideration transferred and the adjustment to the carrying amount of the non-controlling interests was recognised directly in retained earnings. Accordingly, no additional goodwill was recognised.

Goodwill is allocated to the TTDS cash-generating unit and is tested annually for impairment, or more frequently where events or changes in circumstances indicate that it may be impaired. The recoverable amount of the cash-generating unit was determined based on a value-in-use calculation. Following the impairment assessment performed at 30 June 2026, no additional impairment loss was recognised, and the carrying amount of goodwill remained $753,220.

Note 15. Current liabilities - trade and other payables

	Consolidated	
	2026	**2025**
	$	**$**
Trade payables	77,726	128,792
Accruals	155,877	353,167
Other creditors	10,712	24,757
	244,315	506,716

Refer to note 23 for further information on financial instruments.

Note 16. Current liabilities - borrowings

	Consolidated	
	2026	2025
	$	$
Short-term loans	800,000	800,000
Interest payable	397	13,274
	800,397	813,274

Short-term loans

The Group's current borrowings comprise two secured loan facilities with an aggregate principal amount of $800,000. The facilities were obtained to fund the Group's investment activities and working capital requirements.

The borrowings bear interest at a variable rate of 12.5% per annum, with the interest rate adjusted for changes in the applicable reference rate. Interest is payable monthly in advance. The facilities generally have terms of between three and six months and are subject to an application fee of 2.2%. One facility is also subject to a loan management fee of 1.1% per annum.

The borrowings are secured by fixed and floating charges over the assets of the Company and its subsidiaries and controlled entities.

Refer to note 23 for further information on financial instruments.

Note 17. Current liabilities - employee benefits

	Consolidated	
	2026	2025
	$	$
Employee benefits	90,750	72,288

Note 18. Equity - issued capital

	Consolidated			
	2026	2025	2026	2025
	Shares	Shares	$	$
Ordinary shares - fully paid	79,254,710	51,452,174	25,686,649	22,920,519
Share transaction costs	-	-	(531,360)	(475,893)
	79,254,710	51,452,174	25,155,289	22,444,626

Note 18. Equity - issued capital (continued)

Movements in ordinary share capital

Details	Date	Shares	Issue price	$
Balance	1 July 2024	39,125,864	$0.000	21,502,993
Share issue	16 December 2024	6,021,921	$0.115	692,522
Share issue	18 March 2025	1,086,959	$0.115	125,000
Share issue	9 May 2025	5,217,430	$0.115	600,004
Less: transaction costs		-		(475,893)
Balance	30 June 2025	51,452,174		22,444,626
Share issue	11 July 2025	5,600,000	$0.100	560,000
Share issue	29 August 2025	740,000	$0.100	74,000
Share issue	22 October 2025	2,000,000	$0.100	200,000
Share issue	5 November 2025	4,467,404	$0.105	469,078
Share issue	18 December 2025	5,023,914	$0.115	577,750
Share issue	5 February 2026	3,584,262	$0.115	412,290
Share issue	11 February 2026	869,565	$0.115	100,000
Share issue	11 June 2026	5,300,000	$0.100	530,000
Share issue	15 June 2026	217,391	$0.115	25,000
Less: fair value on free-attaching options		-		(181,888)
Less: transaction costs		-		(55,567)
Balance	30 June 2026	79,254,710		25,155,289

During the year, the Company issued ordinary fully paid shares through a number of capital raisings and transactions. This included:

- 4,095,238 and 372,166 ordinary shares were issued as consideration for the acquisition of convertible notes and accrued interest, respectively, in Ausbiz TV Pty Ltd.
- 3,584,262 shares were issued as consideration for the acquisition of an additional 10.99% interest in The Term Deposit Shop Pty Ltd, and 217,391 shares issued to a Director in lieu of director fees.

The remaining shares issued during the year related to equity capital raisings and shares issued following shareholder approval.

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 – Share-based payments reserve

	Consolidated	
	2026	2025
	$	$
Share-based payments reserve	299,542	39,000

Note 19. Equity – share-based payments reserve

Performance rights

During the year, the Company recognised $71,806 in respect of 1,000,000 performance rights granted to Scott Beeton, Managing Director, and $6,848 in respect of 1,000,000 performance rights granted to Peter Hasrouni, Director.

The performance rights vest subject only to Mr Beeton remaining continuously employed as Managing Director at the relevant vesting dates. The performance rights vest in three tranches as follows:
- 500,000 performance rights on 30 June 2026
- 250,000 performance rights on 30 June 2027
- 250,000 performance rights on 30 June 2028

Peter Hasrouni's performance rights were issued for nil consideration and have a nil exercise price. The rights vest subject to Mr Hasrouni remaining a Director for the relevant period, with the performance rights valued at $0.074 per right at grant date. The performance rights vest in three tranches as follows:
- 500,000 performance rights on 30 June 2027
- 250,000 performance rights on 30 June 2028
- 250,000 performance rights on 30 June 2029

The share-based payment expense is recognised over the respective vesting periods of the performance rights.

Options

During the year ended 30 June 2026, the Company issued 14,233,479 unlisted options to shareholders and other investors in connection with capital-raising and debt-conversion transactions. The options comprised:
- 5,600,000 free-attaching options issued on a one-for-one basis with ordinary shares issued under the July 2025 placement;
- 2,000,000 free-attaching options issued in connection with the conversion of debt into ordinary shares;
- 218,261 and 521,739 free-attaching options issued in connection with the December 2025 capital raising; and
- 4,589,132 and 1,304,347 free-attaching options issued in May 2026.

The aggregate fair value attributed to the options issued during the year was $181,888 and was recognised within the share-based payments reserve.

The total movement in the equity reserve during the year was $260,542, resulting in a closing balance of $299,542 at 30 June 2026 (2025: $39,000).

Options Issued	Number of options	Exercise price	Expiry date
6 October 2025	5,600,000	$0.125	9 July 2026
22 October 2025	2,000,000	$0.125	9 July 2026
20 November 2025	740,000	$0.125	24 August 2026
5 May 2026	5,893,479	$0.115	15 December 2026
Total options on issue at 30 June 2026	14,233,479		

Note 20. Equity - accumulated losses

	Consolidated 2026 $	Consolidated 2025 $
Accumulated losses at the beginning of the financial year	(21,434,011)	(18,959,200)
Loss after income tax expense for the year	(3,218,018)	(2,396,177)
Change due to additional acquisition of interest	(364,427)	(78,634)
Transactions with non-controlling interest	(181,623)	-
Accumulated losses at the end of the financial year	(25,198,079)	(21,434,011)

Note 21. Equity - non-controlling interest

	Consolidated	
	2026	**2025**
	$	**$**
NCI at the beginning of the year	(59,151)	(87,122)
Loss after income tax expense for the year	(47,463)	(50,663)
Derecognition of non-controlling interest upon deconsolidation of Merewether Capital Management Pty Ltd	47,811	-
Change due to additional acquisition of interest	(47,863)	78,634
Transactions with non-controlling interest	181,623	-
	74,957	(59,151)

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 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 variable rates expose the consolidated entity to cash flow interest rate risk.

Consolidated 2026	Fixed Interest Rate $	Floating Interest Rate $	Non Interest Bearing $	Total $
Financial assets				
Cash and cash equivalent	-	522,987	-	522,987
Financial assets – term deposit	6,745	-	-	6,745
Trade and other receivables	-	-	100,253	100,253
Total financial assets	6,745	522,987	100,253	629,985
Financial liabilities:				
Trade and other payables	-	-	244,315	244,315
Borrowings	-	800,397	-	800,397
Total financial liabilities	-	800,397	244,315	1,044,712

Note 23. Financial instruments (continued)

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.

Consolidated - 2026	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-interest bearing						
Trade payables	-	77,726	-	-	-	77,726
Other payables	-	166,589	-	-	-	166,589
Interest-bearing						
Borrowings	12.50%	800,397	-	-	-	800,397
Total non-derivatives		1,044,712	-	-	-	1,044,712

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-interest bearing						
Trade payables	-	128,792	-	-	-	128,792
Other payables	-	377,924	-	-	-	377,924
Interest-bearing						
Borrowings	12.00%	813,274	-	-	-	813,274
Total non-derivatives		1,319,990	-	-	-	1,319,990

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

Note 24. Key management personnel disclosures

Directors
The following persons were directors of ARC Funds Limited during the financial year:
Michael Walker (appointed 13 March 2026)
Scott Beeton
Peter Hasrouni (appointed 17 March 2026)
James Jackson (resigned 05 March 2026)
Harley Grosser (resigned 13 March 2026)
Matt Adams (resigned 13 March 2026)

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

	Consolidated	
	2026	**2025**
	$	**$**
Short-term employee benefits	325,317	290,688
Post-employment benefits	38,260	32,365
Long-term benefits	6,478	4,251
Share-based payments	103,654	27,140
	473,709	354,444

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 Hall Chadwick (NSW), the auditor of the company:

	Consolidated	
	2026	**2025**
	$	**$**
Audit services – Hall Chadwick (NSW)		
Audit and review of the financial statements	56,500	70,023

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

Note 26. Related party transactions

Parent entity
ARC Funds Limited is the parent entity.

Subsidiaries
Interests in subsidiaries are set out in note 28.

Associates
Interests in associates are set out in note 29.

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	
	2026	**2025**
	$	**$**
Payment for other expenses:		
Finance costs paid to Scott Beeton	80,598	11,737
Finance costs paid to Pamela Beeton	20,445	1,537
Other deposit paid to Scott Beeton *	75,000	-

* Paid to Springboard Holdings Pty Ltd

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	
	2026	**2025**
	$	**$**
Current borrowings:		
Loan from Scott Beeton and/or related entities	600,000	700,000
Loan from other related party	200,000	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

	2026	**2025**
	$	**$**
Loss after income tax	(3,242,232)	(2,411,845)
Total comprehensive income	(3,242,232)	(2,411,845)

Statement of financial position

	2026	**2025**
	$	**$**
Current assets	337,084	55,819
Total assets	1,636,534	2,408,549
Current liabilities	712,463	1,208,682
Total liabilities	712,463	1,213,451
Issued capital	25,155,289	22,444,626
Share-based payments reserve	299,542	39,000
Accumulated losses	(24,530,760)	(21,288,528)
Total equity	924,071	1,195,098

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 2026 and 30 June 2025.

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 2026 and 30 June 2025.

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. 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 2026 %	Ownership interest 2025 %
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	- [1]	72.00%
The Term Deposit Shop Pty Ltd	Australia	74.48%	63.49%
TTDS Holdings Pty Ltd	Australia	100.00%	100.00%

[1] In June 2026, the Group disposed of a 36% ownership interest in Merewether Capital Management Pty Ltd for cash consideration of $50,000, reducing its ownership interest from 72% to 36%.

As a result of the disposal, the Group ceased to control MCM but retained significant influence over the entity. Accordingly, Merewether Capital Management Pty Ltd was deconsolidated from the date control was lost, and the Group's retained 36% interest was recognised at fair value and subsequently accounted for as an investment in an associate using the equity method.

The gain arising on the loss of control of the subsidiary is summarised below:

	2026 $
Cash consideration received	50,000
Fair value of retained 36% interest held	50,000
Add: net liabilities of a subsidiary on loss of control	31,059
Less: non-controlling interest derecognised	(47,811)
Gain on deconsolidation of a subsidiary	83,248

Following the loss of control, the Group assessed the recoverable amount of its retained investment in Merewether Capital Management Pty Ltd. Having regard to its continuing operating losses, net liability position and limited financial resources, the recoverable amount of the investment was determined to be nil. Accordingly, the Group recognised an impairment loss of $50,000 in respect of the investment during the year.

Note 29. 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 2026 %	2025 %
Ausbiz Capital Pty Ltd	Australia	26.35%	26.35%
Merewether Capital Management Pty Ltd	Australia	36.00%	-

Note 30. Events after the reporting period

Subsequent to the end of the financial year, on 3 August 2026, the Company entered into a Capital Placement Facility with Securities Vault Pty Ltd, providing access to up to $5.0 million of standby equity capital over an initial 12-month term.

As part of establishing the facility, the Company issued 10,000,000 fully paid ordinary shares to Securities Vault Pty Ltd. No funds had been received under the facility as at the date of the announcement, with any future drawdowns to occur at the Company's discretion in accordance with the terms of the facility.

Note 31. Reconciliation of loss after income tax to net cash used in operating activities

	Consolidated 2026 $	2025 $
Loss after income tax expense for the year	(3,265,481)	(2,446,840)
Adjustments for:		
Impairment loss of investments in associate accounted for using equity method	705,255	-
Impairment of financial assets	1,358,155	-
Share of loss - associates	106,072	73,673
Share-based payments	103,654	27,140
Depreciation and amortisation expense	2,441	900
Gain on deconsolidation of Merewether Capital Management Pty Ltd	(83,248)	-
Loss on disposal of plant and equipment	1,579	-
Impairment of goodwill	-	1,376,488
Interest payable	-	13,274
Change in operating assets and liabilities:		
Trade and other receivables	21,468	(118,264)
Trade and other payables	(204,851)	379,728
Other assets	(3,837)	-
Employee benefits	22,950	60,799
Net cash used in operating activities	(1,235,843)	(633,102)

Note 32. Earnings per share

	Consolidated	
	2026	**2025**
	$	**$**
Loss after income tax	(3,265,481)	(2,446,840)
Non-controlling interest	47,463	50,663
Loss after income tax attributable to the owners of ARC Funds Limited	(3,218,018)	(2,396,177)
	Number	**Number**
Weighted average number of ordinary shares used in calculating basic earnings per share	66,487,962	43,446,338
Weighted average number of ordinary shares used in calculating diluted earnings per share	66,487,962	43,446,338
	Cents	**Cents**
Basic earnings per share	(4.84)	(5.52)
Diluted earnings per share	(4.84)	(5.52)

ARC Funds Limited
Consolidated entity disclosure statement
As at 30 June 2026

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 *
The Term Deposit Shop Pty Ltd	Body Corporate	Australia	74.48%	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.

** During the financial year, the Group increased its ownership interest in The Term Deposit Shop Pty Ltd from 63.49% to 74.48%

ARC Funds Limited
Directors' declaration
30 June 2026

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 IFRS Accounting 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 2026 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

____
Michael Walker
Chairman

31 August 2026

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

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

Report on the Financial Report

Opinion

We have audited the financial report of ARC Funds Limited (the company) and its controlled entities (the group), which comprises the consolidated statement of financial position as at 30 June 2026, the consolidated statement of profit or loss 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 director's 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 2026 and of its financial performance for the year then ended; and

b. complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for 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 Accountants (including Independence Standards)* (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 in the financial report, which indicates that the group incurred a net loss of $3,265,481 and had operating cash outflows of $1,235,843 during the year ended 30 June 2026. As stated in Note 1, these events or 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

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 2026. 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.

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 Matter	How Our Audit Addressed the Key Audit Matter
Carrying value of goodwill *Refer to Note 14 Intangible assets and Note 2 Critical accounting judgements, estimates and assumptions*	
At 30 June 2026, the group recognised goodwill of $753,220 relating to the acquisition of The Term Deposit Shop Pty Ltd and TTDS Holdings Pty Ltd, which is required to be tested annually for impairment, or more frequently where indicators of impairment exist under AASB 136: Impairment of Assets. The group's impairment assessment of goodwill is considered a key audit matter as the value in use model used to assess the recoverable amount is based on a number of assumptions including the directors' assessment of forecast commission revenue, operating expenses, growth rate, discount rate and the terminal growth rate.	Our procedures included, amongst others: • Assessed management's determination of the group's cash-generating units (CGUs). • Evaluated the key assumptions applied in the value-in-use model, including forecast revenue, operating costs, the discount rate and the terminal growth rate, and corroborated the forecast assumptions against CGU's historical performance and current-year trading results. • Involved our valuation experts to assess the reasonableness of the discount rate and the treatment of the terminal value, and to review the mathematical accuracy of the net present value calculations used in the value-in-use model. • Performed sensitivity analysis around the key assumptions of growth rates and discount rate used in the cash flow forecasts and assessed the likelihood of a change of these assumptions that either individually or collectively would result in the carrying value of goodwill to be impaired. • Assessed the adequacy of the group's disclosures in relation to the carrying value of goodwill.

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 2026, 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 the consolidated entity disclosure statement that is true and correct in accordance with 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; and the consolidated entity disclosure statement that is true and correct and free of misstatement, whether due to fraud or error.

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

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

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.

A further description of our responsibilities for the audit of the financial report is located on the Auditing and Assurance Standards Board website at https://auasb.gov.au/media/bwvjcgre/ar1_2025.pdf. This description forms part of our auditor's report.

Report on the Remuneration Report

We have audited the remuneration report included in the directors' report for the year ended 30 June 2026.

In our opinion, the remuneration report of ARC Funds Limited for the year ended 30 June 2026 complies with s300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with s300A 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

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

DREW TOWNSEND
Partner
Dated: 31 August 2026

The shareholder information set out below was applicable as at 21 August 2026.

Distribution of equitable securities

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

	Number of holders	Ordinary shares % of total shares issued	Number of shares
1 to 1,000	275	0.05	45,274
1,001 to 5,000	48	0.13	117,260
5,001 to 10,000	24	0.22	193,807
10,001 to 100,000	48	2.33	2,095,051
100,001 and over	61	97.27	87,553,315
	456	100.00	90,004,707
Holding less than a marketable parcel	336	0.02	8,334

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
CITICORP NOMINEES PTY LIMITED	14,553,058	16.17
TORONGA PTY LTD	14,000,000	15.55
SECURITIES VAULT PTY LTD	10,250,000	11.39
NETWEALTH INVESTMENTS LIMITED <SUPER SERVICES A/C>	4,903,609	5.45
TEAMINVEST PRIVATE GROUP LTD	4,000,000	4.44
B M Packer Pty Ltd <Packer Investment trust>	3,610,262	4.01
MANLY LANE PTY LTD <SCOTT & SALLY BEETON SUP A/C>	2,547,336	2.83
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2	2,100,000	2.33
BEETON ENTERPRISES PTY LTD <SCOTT & SALLY BEETON FAM A/C>	2,100,000	2.33
MR PETER GEOFFREY HOLLICK + MS HELEN THERESE PATTISON <MACDY NO 5 SUPER FUND A/C>	1,902,140	2.11
NETWEALTH INVESTMENTS LIMITED <WRAP SERVICES A/C>	1,645,526	1.83
ANDREW ADCOCK INVESTMENTS PTY LTD <ADCOCK FAMILY S/F A/C>	1,510,869	1.68
AGRICO PTY LTD <PALM SUPER FUND A/C>	1,377,848	1.53
POAL PTY LTD <BARAIN SUPER FUND A/C>	1,297,164	1.44
AGRICO INVESTMENTS PTY LIMITED	1,231,511	1.37
VIVRE INVESTMENTS PTY LTD	1,200,000	1.33
J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	1,065,000	1.18
BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT>	1,033,854	1.15
WALKER INVESTMENTS AUSTRALIA PTY LTD <WALKER UNIT A/C>	1,030,713	1.15
SPRINGBOARD FINANCIAL GROUP PTY LTD	1,021,739	1.14
	72,380,629	80.41

Unquoted equity securities

There are no unquoted equity securities.

ARC Funds Limited
Shareholder information
30 June 2026

Substantial holders in the company are set out below:

	Ordinary shares	
	Number held	**% of total shares issued**
MICHAEL WALKER	15,434,919	17.15
MASON STEVENS PTY LIMITED	14,404,206	16.00
TORONGA PTY LTD	14,250,000	15.83
SECURITIES VAULT PTY LTD	10,250,000	11.39
SCOTT BEETON	5,516,901	6.13
NETWEALTH INVESTMENTS LIMITED <SUPER SERVICES A/C>	4,903,609	5.45

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
RCAI: 5,893,479 options expiring 15 December 2026, exercise price $0.115
ARCAG: 740,000 options expiring 24 August 2026, exercise price $0.125
ARCAH: 1,500,000 performance rights

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/.