

ARC Funds Limited
Appendix 4D
Half-year report

1. Company details

| | |
|-------------------|------------------------------------------------------|
| Name of entity: | ARC Funds Limited |
| ABN: | 52 001 746 710 |
| Reporting period: | For the half-year ended 31 December 2024 |
| Previous period: | For the year ended 30 June 2024 and 31 December 2023 |

2. Results for announcement to the market

| | | | \$ |
|-----------------------------------------------------------------------------------------|------|-----------|-----------|
| Revenues from ordinary activities | up | 684.7% to | 92,165 |
| Loss from ordinary activities after tax attributable to the owners of ARC Funds Limited | down | 4.0% to | (385,050) |
| Loss for the half-year attributable to the owners of ARC Funds Limited | down | 4.0% to | (385,050) |

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 \$385,050 (31 December 2023: \$401,152).

3. Net tangible assets

| | Reporting period Cents | Previous period Cents |
|-------------------------------------------|------------------------------|-----------------------------|
| Net tangible assets per ordinary security | 5.19 | 5.30 |

4. Dividends

Current period

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

Previous period

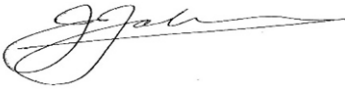
There were no dividends paid, recommended or declared during the previous financial period.

5. Audit qualification or review

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

The financial statements were subject to a review by the auditors and the review report is attached as part of the Interim Report.

6. Signed

A handwritten signature in black ink, appearing to be 'John', with a long horizontal flourish extending to the right.

Date: 26 February 2025

ARC Funds Limited

Trading as ARC FUNDS LIMITED AND CONTROLLED ENTITIES

ABN 52 001 746 710

Interim Report - 31 December 2024

ARC Funds Limited
Directors' report
31 December 2024

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 half-year ended 31 December 2024.

Directors

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

- James Jackson
- Harley Grosser
- Scott Beeton (appointed 1 July 2024)
- Wayne Massey

Principal activities

During the financial half-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

Dividends

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

Review of operations

The loss for the consolidated entity after providing for income tax and non-controlling interest amounted to \$385,050 (31 December 2023: loss \$401,152)

Half Year 2024 Update to Shareholders

- Loss of \$385,050 (excluding non-controlling interest)
- Cash of \$1.76m at Balance Date
- NTA on December 31, 2024, of 5.19 cents

Shareholder Update

Our activity in the period accelerated into action as we continued to evaluate and selectively progressed on a pipeline of acquisitions and organic business opportunities. The appointment of Scoot Beeton as Managing Director and with the support of the board and our advisers has enabled us to undertake the following projects in which your board believes will create value for our shareholders.

Firstly, we increased our stake in Merewether Capital Management from 45.5% to 72% during the period through a conversion of debt to equity. The fund is now exhibiting solid investment performance; however, the operation of the business still requires more funds under management. Operating costs have been trimmed with the changeover of the Fund Trustee and a reduction in Merewether's insurance policies completed. However, Merewether's business performance remains below our expectations due primarily to the lower-than-expected funds under management. We are working closely with Luke Winchester to take advantage of the recent improvements in the fund's performance and the improved market sentiment towards micro-cap stocks to capture more funds under management and hence improve the profit performance of our investment.

In October we announced we had acquired a 30% equity interest in a new investment distribution platform called ausbiz Capital Pty Ltd. As part of the ausbiz Group, this new business has been established to offer high-quality financial products and services to the ausbiz Group's ever-growing subscriber base, which now exceeds 110,000. Our initial investment was \$670,000 and with two further payments the total sum invested will be \$1m .

Part of our current business model is the provision of Australian Financial Services Licensing (AFSL), Fund Trustee and Fund Administration services to Investment Managers. Our limitation to date has been the ability to market, promote and distribute funds on a broad scale. With this strategic investment by ARC Funds into ausbiz Capital we now are a strategic investor in a business that provides true end-to-end solution for Investment Managers, with access to large and growing distribution channel and we can leverage that channel for our managers and products.

ARC Funds Limited
Directors' report
31 December 2024

In December we raised a further \$690,000 (before costs) of new equity capital by way of a placement of new shares and introduced a number of new sophisticated investors to our register as well as some support from existing shareholders. Pleasingly, this placement was priced at a premium to our prevailing share price, which we believe is testament to the interest in our company now as our development story grows. We wish to welcome our new shareholders and thank our existing holders for your ongoing support.

Finally in late December, we secured a call option to acquire a strategic 63.49% interest in the The Term Deposit Shop (TTDS) see www.thetermdepositshop.com.au. This business owns and operates an all-encompassing online cash management platform designed to streamline the process of investing cash on deposit and switching between banks. It empowers investors to maximise their investment returns with minimum effort. The platform allows financial planners and direct TTDS clients to find, compare and invest in term deposits and high interest savings accounts across numerous Australian banks, Building Societies and Credit Unions. It has more than \$550m of funds under management (FUM) on its platform. The platform primarily caters to financial planners where it is approved on over one hundred Australian Financial Services Licensees' Approved Product Lists and facilitates deposits and transactions with more than 10 Australian banks.

The total amount of funds in term deposits in Australia is approximately one trillion dollars. A significant opportunity exists for TTDS to exponentially grow the amount of deposit funds under management on its platform. Term deposits are fundamental to virtually every investment portfolio, so an increasing number of term deposit clients would provide access for ARC funds to increasing number of potential new investors. This option expires on February 28, 2025, and we will be updating the market accordingly if we proceed to exercise this option.

Our fixed cost base remains stable and lean, our cash holdings remain robust, and our strategic direction and actions have never been more defined. The business opportunities in front of us are exciting and we believe will prove to be value creating for our shareholders.

Significant changes in the state of affairs

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

- On the 9 October 2024 the Company took an investment in ausBiz capital for a 22.3% interest
- On the 14 October 2024 the Company completed a debt for equity swap with Merewether Capital Management Pty Ltd to increase ownership to 72%
- On the 16 December 2024 the Company raised \$692,521 before costs from new investors and existing shareholders.

Matters subsequent to the end of the financial half-year

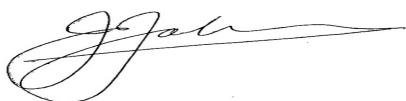
No matter or circumstance has arisen since 31 December 2024 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

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.

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the *Corporations Act 2001*.

On behalf of the directors



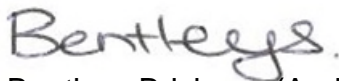
James Jackson
Director

26 February 2025

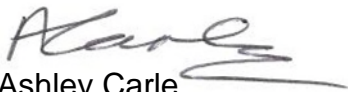
**AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE *CORPORATIONS ACT 2001*
TO THE DIRECTORS OF ARC FUNDS LIMITED**

I declare that, to the best of my knowledge and belief, in relation to the review for the half-year ended 31 December 2024 there have been:

- i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and
- ii. no contraventions of any applicable code of professional conduct in relation to the review.



Bentleys Brisbane (Audit) Pty Ltd
Chartered Accountants



Ashley Carle
Director
Brisbane
26 February 2025

ARC Funds Limited
Contents
31 December 2024

| | |
|-------------------------------------------------------------------------|----|
| Statement of profit or loss and other comprehensive income | 5 |
| Statement of financial position | 6 |
| Statement of changes in equity | 7 |
| Statement of cash flows | 8 |
| Notes to the financial statements | 9 |
| Directors' declaration | 14 |
| Independent auditor's review report to the members of ARC Funds Limited | 15 |

General information

The financial statements cover ARC Funds Limited as a consolidated entity consisting of ARC Funds Limited and the entities it controlled at the end of, or during, the half-year. The financial statements are presented in Australian dollars, which is ARC Funds Limited's functional and presentation currency.

ARC Funds Limited
Statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2024

| | | Consolidated | |
|------------------------------------------------------------------------------|-------------|----------------------|----------------------|
| | Note | December 2024 | December 2023 |
| | | \$ | \$ |
| Revenue | 3 | 92,165 | 11,745 |
| Expenses | | | |
| Corporate and administration expense | 4 | (472,727) | (251,385) |
| Finance costs | | (1,960) | (85) |
| Share of loss of investments in associates accounted for using equity method | | (20,597) | (25,315) |
| Depreciation and amortisation expense | | (101) | - |
| Loss on change in accounting for investments in associates | | - | (147,984) |
| Loss before income tax benefit | | (403,220) | (413,024) |
| Income tax benefit | | - | 4,506 |
| Loss after income tax benefit for the half-year | | (403,220) | (408,518) |
| Other comprehensive income for the half-year, net of tax | | - | - |
| Total comprehensive income for the half-year | | <u>(403,220)</u> | <u>(408,518)</u> |
| Loss for the half-year is attributable to: | | | |
| Non-controlling interest | | (18,170) | (7,366) |
| Owners of ARC Funds Limited | | <u>(385,050)</u> | <u>(401,152)</u> |
| | | <u>(403,220)</u> | <u>(408,518)</u> |
| Total comprehensive income for the half-year is attributable to: | | | |
| Non-controlling interest | | (18,170) | (7,366) |
| Owners of ARC Funds Limited | | <u>(385,050)</u> | <u>(401,152)</u> |
| | | <u>(403,220)</u> | <u>(408,518)</u> |
| | | Cents | Cents |
| Basic earnings per share | | (0.97) | (1.33) |
| Diluted earnings per share | | (0.97) | (1.33) |

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 31 December 2024

| | | Consolidated | |
|--------------------------------|-------------|----------------------|------------------|
| | Note | December 2024 | June 2024 |
| | | \$ | \$ |
| Assets | | | |
| Current assets | | | |
| Cash and cash equivalents | 5 | 1,763,802 | 643,328 |
| Financial assets | 6 | - | 1,507,652 |
| Trade and other receivables | | 59,196 | 36,052 |
| Other | | 32,777 | - |
| Total current assets | | <u>1,855,775</u> | <u>2,187,032</u> |
| Non-current assets | | | |
| Property, plant & equipment | | 4,554 | - |
| Investment in associates | 7 | <u>773,262</u> | <u>-</u> |
| Total non-current assets | | <u>777,816</u> | <u>-</u> |
| Total assets | | <u>2,633,591</u> | <u>2,187,032</u> |
| Liabilities | | | |
| Current liabilities | | | |
| Trade and other payables | | 265,061 | 103,204 |
| Employee benefits | | <u>21,470</u> | <u>9,014</u> |
| Total current liabilities | | <u>286,531</u> | <u>112,218</u> |
| Non-current liabilities | | | |
| Employee benefits | | <u>2,750</u> | <u>-</u> |
| Total non-current liabilities | | <u>2,750</u> | <u>-</u> |
| Total liabilities | | <u>289,281</u> | <u>112,218</u> |
| Net assets | | <u>2,344,310</u> | <u>2,074,814</u> |
| Equity | | | |
| Issued capital | 8 | 21,762,439 | 21,109,276 |
| Share based payments reserve | 9 | 31,413 | 11,860 |
| Accumulated losses | | (19,422,884) | (18,959,200) |
| Non controlling interest | | <u>(26,658)</u> | <u>(87,122)</u> |
| Total equity | | <u>2,344,310</u> | <u>2,074,814</u> |

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

ARC Funds Limited
Statement of changes in equity
For the half-year ended 31 December 2024

| Consolidated | Issued capital \$ | Option Reserves \$ | Retained profits \$ | Non-controlling interest \$ | Total equity \$ |
|----------------------------------------------------------|------------------------------|-------------------------------|--------------------------------|----------------------------------------|----------------------------|
| Balance at 1 July 2023 | 20,153,280 | - | (18,216,384) | - | 1,936,896 |
| Loss after income tax benefit for the half-year | - | - | (401,152) | (7,366) | (408,518) |
| Other comprehensive income for the half-year, net of tax | - | - | - | - | - |
| Total comprehensive income for the half-year | - | - | (401,152) | (7,366) | (408,518) |
| | - | - | - | - | - |
| Balance at 31 December 2023 | <u>20,153,280</u> | <u>-</u> | <u>(18,617,536)</u> | <u>(7,366)</u> | <u>1,528,378</u> |

| Consolidated | Issued capital \$ | Options Reserves \$ | Retained profits \$ | Non-controlling interest \$ | Total equity \$ |
|----------------------------------------------------------|------------------------------|--------------------------------|--------------------------------|----------------------------------------|----------------------------|
| Balance at 1 July 2024 | 21,109,276 | 11,860 | (18,959,200) | (87,122) | 2,074,814 |
| Share placement | 692,521 | - | - | - | 692,521 |
| Share transaction costs | (39,358) | - | - | - | (39,358) |
| Options expensed during the year | - | 19,553 | - | - | 19,553 |
| Change due to additional acquisition of interest | - | - | (78,634) | 78,634 | - |
| | 21,762,439 | 31,413 | (19,037,834) | (8,488) | 2,747,530 |
| Loss after income tax expense for the half-year | - | - | (385,050) | (18,170) | (403,220) |
| Other comprehensive income for the half-year, net of tax | - | - | - | - | - |
| Total comprehensive income for the half-year | - | - | (385,050) | (18,170) | (403,220) |
| Balance at 31 December 2024 | <u>21,762,439</u> | <u>31,413</u> | <u>(19,422,884)</u> | <u>(26,658)</u> | <u>2,344,310</u> |

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

ARC Funds Limited
Statement of cash flows
For the half-year ended 31 December 2024

| | | Consolidated | |
|-----------------------------------------------------------------------|-------------|-------------------------|-------------------------|
| | Note | December 2024 | December 2023 |
| | | \$ | \$ |
| Cash flows from operating activities | | | |
| Receipts from customers (inclusive of GST) | | 53,037 | 9,976 |
| Payments to suppliers and employees (inclusive of GST) | | (322,389) | (252,114) |
| Interest received | | 29,228 | 28,659 |
| Interest and other finance costs paid | | (1,703) | (85) |
| | | <u>(241,827)</u> | <u>(213,564)</u> |
| Cash flows from investing activities | | | |
| Proceeds from investment in equity-accounted investments | | - | 1,613 |
| Payment for investment in equity-accounted investments | | (793,859) | - |
| Payment for property, plant and equipment | | (4,655) | - |
| Proceeds from term deposit | | 1,507,652 | 1,000,000 |
| | | <u>709,138</u> | <u>1,001,613</u> |
| Cash flows from financing activities | | | |
| Proceeds from issue of shares | 8 | 692,521 | - |
| Loan to 3rd Parties | | - | (60,000) |
| Share issue transaction costs | | (39,358) | - |
| | | <u>653,163</u> | <u>(60,000)</u> |
| Net cash from/(used in) financing activities | | | |
| | | <u>653,163</u> | <u>(60,000)</u> |
| Net increase in cash and cash equivalents | | 1,120,474 | 728,049 |
| Cash and cash equivalents at the beginning of the financial half-year | | 643,328 | 600,068 |
| | | <u>1,763,802</u> | <u>1,328,117</u> |
| Cash and cash equivalents at the end of the financial half-year | | <u><u>1,763,802</u></u> | <u><u>1,328,117</u></u> |

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

Note 1. Material accounting policy information

These interim consolidated financial statements have been approved for issue by the Board of Directors of ARC Funds Limited on 26 February 2025

These general purpose financial statements for the interim half-year reporting period ended 31 December 2024 have been prepared in accordance with Australian Accounting Standards AASB 'Interim Financial Reporting' and the *Corporations Act 2001*, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standards IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type of normally included in an annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2024 and any public announcements made by the company during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act*.

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

ARC Funds Limited is a publicly listed entity, incorporated and domiciled in Australia.

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.

Note 2. Operating segments

The Economic Entity's activities have been divided into three 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.

Fund Trustee: Australian Financial Service Licensing and Fund Trustee service to Investment Managers

Unallocated expenses include all financing costs except those directly attributable to investment, and personnel costs associated with the Economic Entity except the use of outside personnel as Directors of partly owned subsidiaries and compliance committees which are capable of allocation to a specific business segment; interest and dividend income is allocated to "Investment".

ARC Funds Limited
Notes to the financial statements
31 December 2024

Note 2. Operating segments (continued)

Operating segment information

| | Funds Management \$ | Investments \$ | Fund Trustee \$ | Other \$ | Total \$ |
|---------------------------------------------------------------------|---------------------------|-------------------|--------------------|------------------|------------------|
| Consolidated - December 2024 | | | | | |
| Revenue | | | | | |
| Sales | 41,937 | - | 21,000 | - | 62,937 |
| Interest Revenue | - | 29,228 | - | - | 29,228 |
| Total revenue | <u>41,937</u> | <u>29,228</u> | <u>21,000</u> | <u>-</u> | <u>92,165</u> |
| Expenses | | | | | |
| Expenses other than finance and depreciation | - | - | - | (472,727) | (472,727) |
| Finance costs | - | - | - | (1,960) | (1,960) |
| Share of net profit/ (loss) accounted for using equity method | (20,597) | - | - | - | (20,597) |
| Depreciation | - | - | - | (101) | (101) |
| Profit/(loss) before income tax expense | <u>21,340</u> | <u>29,228</u> | <u>21,000</u> | <u>(474,788)</u> | <u>(403,220)</u> |
| Income tax expense | | | | | - |
| Loss after income tax expense | | | | | <u>(403,220)</u> |
| Assets | | | | | |
| Segment assets | 37,635 | 773,262 | 187,400 | 1,635,294 | 2,633,591 |
| Total assets | | | | | <u>2,633,591</u> |
| Liabilities | | | | | |
| Segment liabilities | 101,721 | - | 3,400 | 184,160 | 289,281 |
| Total liabilities | | | | | <u>289,281</u> |
| Consolidated - December 2023 | | | | | |
| | Funds Management \$ | Investment \$ | | Other \$ | Total \$ |
| Revenue | | | | | |
| Sales | 6,543 | (13,766) | | - | (7,223) |
| Interest revenue | - | 18,968 | | - | 18,968 |
| Total revenue | <u>6,543</u> | <u>5,202</u> | | <u>-</u> | <u>11,745</u> |
| Expenses | | | | | |
| Share of net profit/ (loss) accounted for using equity method | (25,315) | - | | - | (25,315) |
| Share of net profit/ (loss) on change in accounting and investments | (147,984) | - | | - | (147,984) |
| Expenses other than finance, depreciation and amortisation | - | - | | (251,385) | (251,385) |
| Finance costs | - | - | | (85) | (85) |
| Profit/(loss) before income tax benefit | <u>(166,756)</u> | <u>5,202</u> | | <u>(251,470)</u> | <u>(413,024)</u> |
| Income tax benefit | | | | | 4,506 |
| Loss after income tax benefit | | | | | <u>(408,518)</u> |
| Consolidated - June 2024 | | | | | |
| Assets | | | | | |
| Segment assets | 41,874 | - | | 2,145,158 | 2,187,032 |
| Total assets | | | | | <u>2,187,032</u> |
| Liabilities | | | | | |
| Segment liabilities | 69,536 | - | | 42,682 | 112,218 |
| Total liabilities | | | | | <u>112,218</u> |

ARC Funds Limited
Notes to the financial statements
31 December 2024

Note 3. Revenue

| | Consolidated December 2024 \$ | December 2023 \$ |
|-------------------------------------|--------------------------------------------------|---------------------------------|
| Management fees | 41,937 | 6,543 |
| Fund trustee fees | 21,000 | - |
| Dividends | - | 3,434 |
| Change in fair value of investments | - | (17,200) |
| Interest revenue | 29,228 | 18,968 |
| | <u>92,165</u> | <u>11,745</u> |

Note 4. Expenses

| | Consolidated December 2024 \$ | December 2023 \$ |
|----------------------------------------|--------------------------------------------------|---------------------------------|
| Insurance expenses | 24,455 | 18,819 |
| Legal expenses | 51,649 | 10,876 |
| Other expenses | 23,272 | 15,115 |
| Compliance expenses | 145,399 | 69,436 |
| Director and employee costs | 208,399 | 137,139 |
| Directors fees and costs - share based | 19,553 | - |
| | <u>472,727</u> | <u>251,385</u> |

Note 5. Current assets - cash and cash equivalents

| | Consolidated December 2024 \$ | June 2024 \$ |
|-----------------|--------------------------------------------------|-------------------------|
| Cash at bank | 1,258,176 | 643,328 |
| Cash on deposit | 505,626 | - |
| | <u>1,763,802</u> | <u>643,328</u> |

Note 6. Current assets - financial assets

| | Consolidated December 2024 \$ | June 2024 \$ |
|--------------|--------------------------------------------------|-------------------------|
| Term deposit | - | 1,507,652 |
| | <u>-</u> | <u>1,507,652</u> |

Note 7. Non-current assets – Investment in Associates

| | Consolidated December 2024 \$ | June 2024 \$ |
|-------------------------------------|----------------------------------------|-----------------|
| Investment in ausBiz Capital | 674,043 | - |
| Option to acquire Term Deposit Shop | 99,219 | - |
| | <u>773,262</u> | <u>-</u> |

Ausbiz capital

On the 7th of October 2024 ARC took a strategic investment of \$670,000 in ausBiz Capital for a 22.3% holding with a further commitment of \$330,000 divided between 2 payments in January 2025 and April 2025. On completion it is expected ARC will own 30% of ausBiz Capital.

During the period ARC capitalised legal fees of \$23,640 in relation to the transaction and recognised an equity loss to the holding value of ausBiz Capital to the value of \$20,597.

Term Deposit Shop

During the period ARC capitalised legal fees in relation to the Term Deposit Shop option agreement of \$99,219.

The option to purchase has not been valued at fair market value due to the exercise price being fixed. The directors are expecting to execute the option and therefore the amount currently recognised as an asset is considered appropriate.

Note 8. Equity - issued capital

| Details | Date | Shares | Issue price | \$ |
|-----------------|------------------|-------------------|-------------|-------------------|
| Opening balance | 1 July 2024 | 39,125,864 | | 21,502,993 |
| Share issue | 16 December 2024 | 6,021,921 | \$0.12 | 692,521 |
| Balance | 31 December 2024 | <u>45,147,785</u> | | <u>22,195,514</u> |

Movements in ordinary share capital

| | December 2024 Shares | June 2024 Shares | Consolidated December 2024 \$ | June 2024 \$ |
|------------------------------|----------------------------|---------------------|----------------------------------------|-------------------|
| Ordinary shares - fully paid | 45,147,785 | 39,125,864 | 22,195,514 | 21,502,993 |
| Less share transaction costs | - | - | (433,075) | (393,717) |
| | <u>45,147,785</u> | <u>39,125,864</u> | <u>21,762,439</u> | <u>21,109,276</u> |

Terms and conditions of contributed equity:

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 9. Equity - options reserves

| | Consolidated | |
|-----------------|---------------------|------------------|
| | December | June 2024 |
| | 2024 | 2024 |
| | \$ | \$ |
| Options reserve | 31,413 | 11,860 |

Scott Beeton was granted a total of 2,000,000 options as a condition of his employment contract. These options vest on the 12-month anniversary of the employment commencement date (12 March 2025) providing Mr. Beeton remains in employment of the Company. The options are exercisable at \$0.115 per share until 12 September 2025. The options have a fair value of \$39,000 and will be amortised over the vesting period. The total expense recognised during the year was \$19,553 (June 2024: \$11,860).

The remaining contractual life of the options outstanding at the half year was 0.25 years. (2024: 1.2 years).

There were no options issued during the current financial year.

Note 10. Controlled Entities

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries:

| Name | Principal place of business / Country of incorporation | Ownership interest | |
|--------------------------------------------------|-------------------------------------------------------------------|---------------------------|-----------------|
| | | December | December |
| | | 2024 | 2023 |
| | | % | % |
| Parent Entity: | | | |
| ARC Funds Limited | Australia | - | - |
| Controlled Entities of ARC Funds Limited: | | | |
| ARC Funds Operations Pty Ltd | Australia | 100.00% | 100.00% |
| Arc Investment Management Pty Ltd | Australia | 100.00% | 100.00% |
| Merewether Capital Management Pty Ltd | Australia | 72.00% | 45.50% |

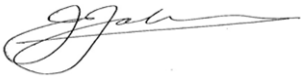
ARC Funds Limited
Directors' declaration
31 December 2024

In the directors' opinion:

- the attached financial statements and notes comply with the *Corporations Act 2001*, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 31 December 2024 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the *Corporations Act 2001*.

On behalf of the directors



James Jackson
Director

26 February 2025

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

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of ARC Funds Limited and its controlled entities (the "Group"), which comprises the statement of financial position as at 31 December 2024, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of the Group does not comply with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the Group's financial position as at 31 December 2024 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the Auditor's Responsibilities for the Review 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 (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Directors' Responsibility for the Half-Year Financial Report

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

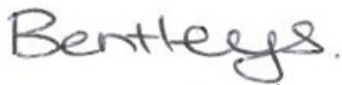
Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2024 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

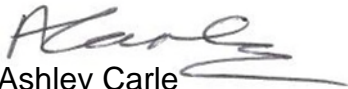
**INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF ARC FUNDS LIMITED
(CONTINUED)**

Auditor's Responsibility (Continued)

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



Bentleys Brisbane (Audit) Pty Ltd
Chartered Accountants



Ashley Carle
Director
Brisbane
26 February 2025