ARROW GLOBAL

Preliminary results for the year ended 31 December 2023

Arrow Global

26 March 2024

Introduction

Zach Lewy

Group Chief Executive Officer

ARROW'S STRATEGIC OBJECTIVES REMAIN UNCHANGED

Strategy remains unchanged with 3 core objectives

Scale our integrated fund manager

Increase efficiency within our platforms and deliver a unique proposition to investors

Drive capital light earnings to reduce net debt and delever

2023 Key Highlights

- Successful fund raising during 2023 across credit opportunities and real estate, with strong progress towards closing a lending fund
- Invested in the business with bolt-on acquisitions and organic build across our three investment strategies
- Investment has enabled significant scaling of our origination volumes with origination increasing by 45% to €1,213 million during 2023 (€839 million in 2022), with an additional €750 million originated by Maslow
- FUM increased to €9.3 billion, increasing 50% during the year
- Despite cost of scaling the business and diversification of UK platforms, our capital light Integrated Fund Management segment delivered EBITDA up 12% to £44.7 million (2022: £39.7 million)
- Strong collections performance of £375.4 million in 2023, with Q4 performance representing 104% of ERC
- Leverage reduced to 3.9 times

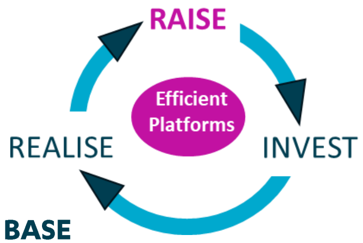
STRATEGIC OBJECTIVES

2023 KEY PERFORMANCE METRICS

INCREASED SCALE AND EFFICIENCY HAS DELIVERED GROWTH IN CAPITAL LIGHT REVENUES AND DELEVERAGING IN 2023

FUM	€9.3bn	Dec 2022: €6.2bn	↑ 50%
Capital-light EBITDA (LTM)	£44.7m	Dec 2022: £39.7m	↑ 12%
Deployment (LTM)	€1,213m	Dec 2022: €839m	↑ 45%
Free cashflow post investment (LTM)	£51.2m	Dec 2022: £32.7m	↑ 57%
Secured Net debt	£1,297m	Dec 2022: £1,308m	↓ 1%
Leverage	3.9x	Dec 2022: 4.1x	↓ 0.2x

FUNDRAISING



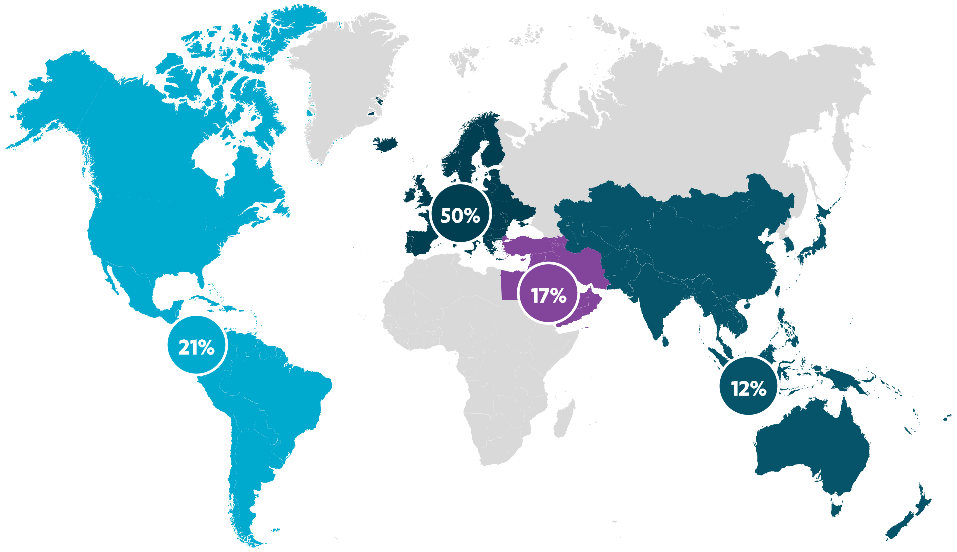
WE INVESTED FOR FUTURE GROWTH

- During 2023, we made significant additions to our Client and Product Solutions team
- Charlotte Gilbert joined Arrow to lead fundraising and investor relations
- The team now consists of central expertise as well as dedicated local resources in Europe, Asia-Pacific, Middle-East, and Americas, strengthening our capabilities across all our investment verticals

2023 HIGHLIGHTS

- Arrow Credit Opportunities Fund II (ACO 2) held its final close in Q1 and was the largest European distressed debt fund closed in 2023, reaching its hard cap of €2.75 billion
- Arrow closed €110 million of commitments for Arrow Real Estate Opportunities I (AREO I)
- Arrow Lending Opportunities Fund I (ALO I) fundraise launched in Q4 2023
- In advance of raising this fund, Maslow capital deployed €750 million of dedicated third party capital

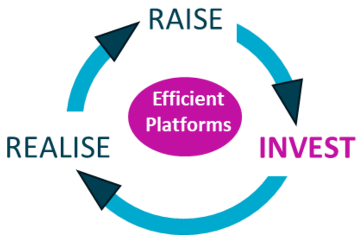
HIGHLY DIVERSIFIED AND SOPHISTICATED INVESTOR BASE



- 32% Pension Funds
- 31% Sovereign Wealth Funds
- 7% Insurance Companies
- 29% Diversified Others*

Notes: Percentage splits based on LP euro commitments for ACO 1, ACO 2, and AREO
*Others include Banks, Asset Managers, Endowment, Family Offices etc

INVESTING



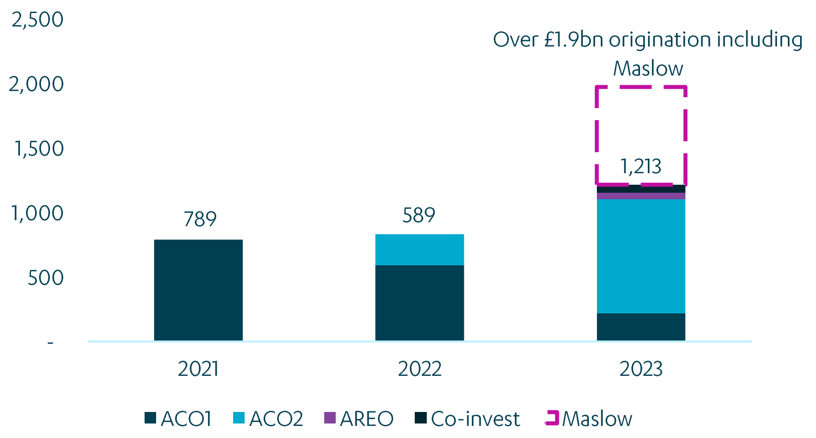
HOW HAVE WE INVESTED FOR FUTURE GROWTH?

- Development of fund manager supported by key appointments, including Zach Vaughan as CIO of Real Estate and Toni McDermott as CIO across credit and lending
- Expansion of central Real Estate team complements the platform development through the acquisition of Eagle Street and Details and organic growth of Blue Current Capital and Mica
- Acquired the remaining 51% of Maslow in Q3 2023, speciality UK residential and student bridging and development lender
- Recruited to further build bridge lending proposition across our geographies

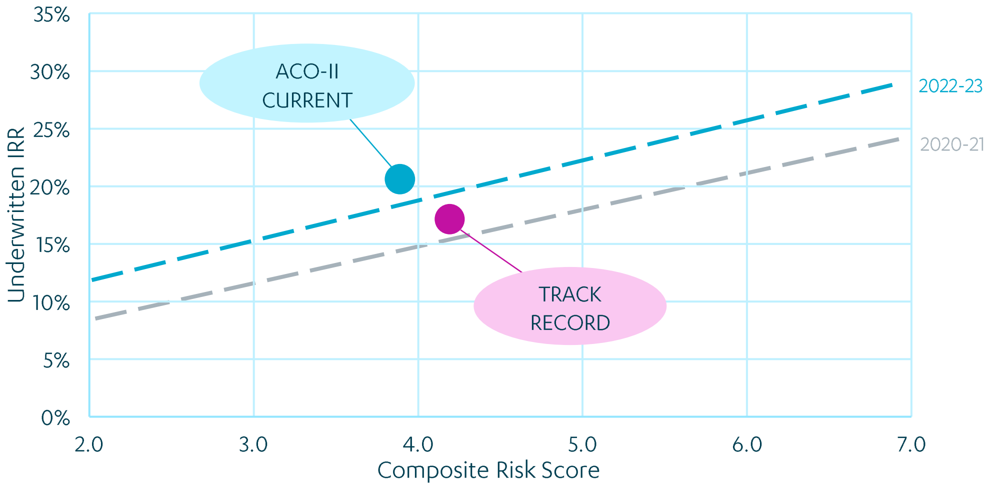
2023 HIGHLIGHTS

- Continued scaling of investment activity with €1,213 million deployed in 2023 (2022: €839 million) – deployment up 45% with €207 million originated in Q4
- Additional €750 million originated by Maslow in 2023 funded by external 3rd-party LPs
- Investment approach remains unchanged ; Predominantly off-market trades with shorter WAL than historical averages with focus on secured real estate, cash in court and other mixed security (representing over 90% of ACO 1 and 2)
- 2022/23 returns circa 4-5% higher at underwrite than 2020/21 vintages, across all our internal risk scores

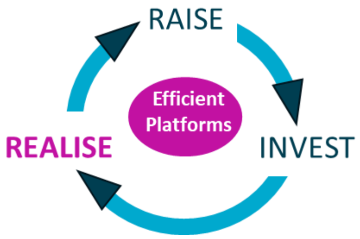
Annual deployment €m



Improved Risk/Return profile over the past year



REALISING



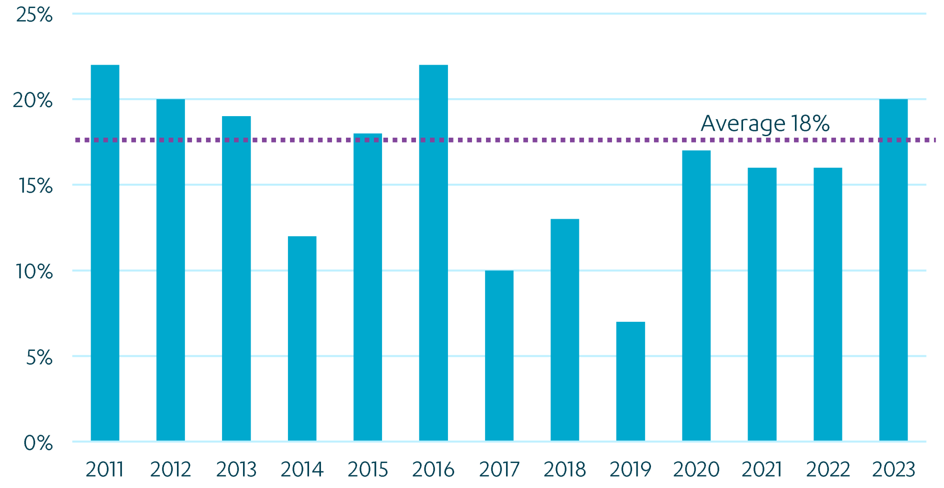
HOW HAVE WE INVESTED FOR FUTURE GROWTH?

- Our local platforms play a critical role in maximising the value of our investments
- Highlights the importance of our local platform alignment with our investment activity through:-
  - Acquisitions of Maslow, Eagle Street and Details;
  - Organic development of Blue Current Capital, Mica and bridge lending across multiple geographies; and
  - Divestment of our non-core Capquest and Mars UK platforms

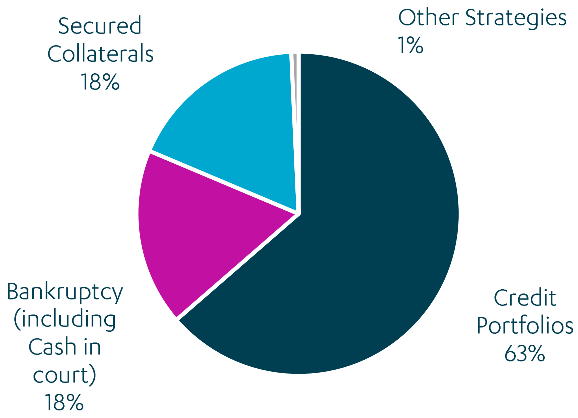
2023 HIGHLIGHTS

- Arrow collections for 2023 of £375.4 million
- Strong fund performance
  - ACO 1 is delivering strong returns, with a Deal IRR (after servicing costs) of 16% as of December 2023
  - Attractive returns for ACO 2 with Deal IRR (after servicing costs) of 20%
  - The collections profile remains strong, having collected 103% of underwrite as at December 2023

Investment Track Record



Strategy Diversification*

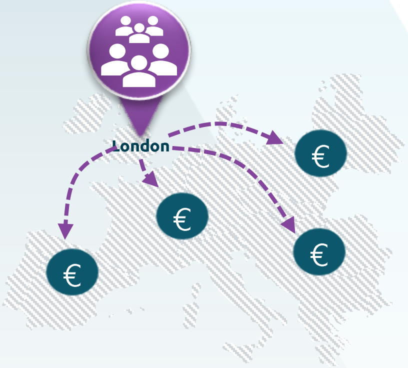


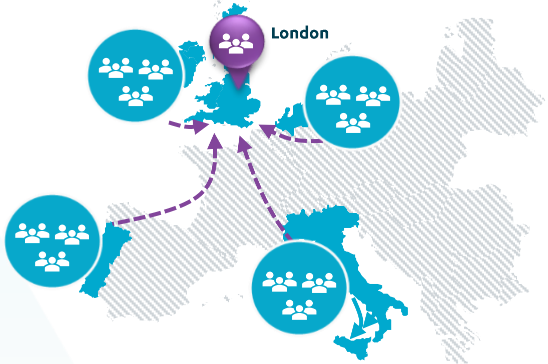
*based on percentage of NAV for ACO 1, ACO 2, and AREO funds at December 2023
Track record shows internal rates of return ("IRR") based upon annualised implied discount rate calculated from actual and forecast cash flows after servicing costs

PLATFORM EFFICIENCY

ARROW HAS BUILT BROAD AND EXTENSIVE EXPERTISE THROUGH ITS LOCAL PLATFORMS

UNIQUE INTEGRATED MODEL IS HIGHLY COMPELLING FOR INVESTORS





Traditional GP Model	Arrow's Model
▶ Large centralised investment team with limited local footprint, if any ▶ Limited number of large investments sourced in competitive auction processes ▶ Limited geographical presence and relationships	▶ Multiple scaled, market-leading local platforms, supporting a central investment team ▶ Ability to aggregate granular proprietary opportunities ▶ Deep knowledge, expertise and relationships in each target geography underpinned by our local platforms

PLATFORM EXPERTISE ACROSS MULTIPLE GEOGRAPHIES AND SECTORS

	• 6 platforms • ~650 professionals[1] • €15 billion AUM[2]	• 4 platforms • ~400 professionals • €6 billion AUM[2]	• 6 platforms • ~770 professionals • €12 billion AUM[2]	• 4 platforms • ~290 professionals • €48 billion AUM[2]
SME	DRYDENS SOLICITORS Mars CAPITAL	VESTING FINANCE	whitestar RESTART CAPITAL	EUROPA INVESTIMENTI
Mortgage	MASLOW CAPITAL Mars CAPITAL	VESTING FINANCE	whitestar	ZENITH GLOBAL
Real Estate	MASLOW CAPITAL Mars CAPITAL BERGEN EAGLE STREET BCC	VESTING FINANCE mica REAL ESTATE[3]	NORFIN DETAILS	EUROPA INVESTIMENTI SAGITTA SANSEDONI
Speciality RE Lending	MASLOW CAPITAL	RNHB[3]	ELBA	MASLOW CAPITAL
Master Servicer /Securitisation	Mars CAPITAL	VESTING FINANCE	HEFESTO STC	ZENITH GLOBAL
Consumer	DRYDENS SOLICITORS	VESTING FINANCE FOCUM	whitestar	ZENITH GLOBAL

Notes:
1. Including central team (c. 170 FTEs)
2. Assets Under Management", or "AUM", represent the value of all funds and assets managed (including on behalf of third parties)
3. MICA and RNHB are partially-owned platforms

LEADING EUROPEAN INTEGRATED FUND MANAGER

- **Unique market access - C.€81 billion AuM**
- **20 local platforms with** originators and deal flow - **c85%** investments originated **off-market**
- Local underwriting and expertise
- Local assets and debt collection data
- Regulated, rated & licensed
- Complemented by central expertise

CREDIT OPPORTUNITY

LENDING

REAL ESTATE

- Journey to build the leading European integrated fund manager started in 2019
- Three investment verticals; credit, real estate equity and lending
- Strong returns being delivered to investors, which demonstrates the compelling local platform proposition
- Significant market opportunity to scale given the investment in platforms and central teams
- Increased scale brings operational leverage and efficiency
- Capital light revenue growth drives net debt reduction and deleveraging

TRANSFORMATION TO AN INTEGRATED FUND MANAGER IS COMPLETE

NEXT PHASE IS SCALING, EFFICIENCY AND CONTINUED DELEVERAGING

CASE STUDY – ANACAP FINANCIAL EUROPE (AFE) INVESTMENT

- AFE is a European investment fund focused on NPLs and real estate
- The company, previously 100% owned and managed by Veld, failed to refinance bonds in Summer 2023
- ACO 2's significant capital resources and Arrow's market leading servicing capabilities combined to create significant value for both ACO 2 investors and Arrow, with a constructive extension for bondholders
- Arrow's unique position provided a solution to a distressed investment caused by rising interest rates

ACO 2

High capital-intensive requirement

- €73 million new money (€36 million SSNs and €37 million RCF) in a highly attractive risk-adjusted position in the capital stack
- €343 million SSNs due July 2030 – extension of maturity
- €133 million RCF due January 2030
- In addition, ACO 2 also acquired 51% equity via Class A interests (100% voting rights)

AFE S.A. SICAV-RAIF

Arrow Fund Manager

High servicing / fund management capabilities requirement

- Investment Advisor role transitioned to Arrow
- Investment Advisory Agreement provides advice via AIFM

Financial Review

Phil Shepherd
Group Chief Commercial Officer

GROUP CASH RESULTS

- Collections were £375.4 million, representing 133% of ERC for 2023 and 104% for Q4 2023
- Collections include proceeds of £91.5 million relating to the 50% divestment of the wholly owned UK unsecured back book
- Adjusted EBITDA was £331.9 million, up 5% or £16.5 million on prior year
- Leverage reduced by 0.2x to 3.9x during the year to December 2023
- Strong collections and increasing capital light earnings drove free cash flow of £199.7 million (2022: £213.7 million)
- Free cash flow post portfolio investment increased by 57% to £51.2 million (2022: £32.7 million)
  - Portfolio investments were £148.5 million[1] (2022: £181.0 million), reflecting co-investment at 10% in ACO 2 and AREO versus 25% in ACO 1
- Net debt reduced by £27 million over the year as the proceeds of the divestment have in part being reinvested back into the business through bolt-on acquisitions (including Maslow, Eagle Street and Details) and scaling costs

Cash Performance	FY 2023 £'m	FY 2022 £'m	Change %
Core cash collections	375.4	380.1	*(1)*
Adjusted EBITDA	331.9	315.4	*5*
Leverage	**3.9x**	**4.1x**	***(0.2x)***
Free cash flow generation	199.7	213.7	*(7)*
Free cash flow post portfolio investment	**51.2**	**32.7**	***57***

1. Includes movement on investments awaiting deployment of £3.1 million, excludes re-investment in 50% of UK unsecured back book

INTEGRATED FUND MANAGEMENT SEGMENT

- Integrated Fund Management income of £220.9 million, an increase of £13.6 million on prior year on a reported basis:
  - £27.1 million decrease in reported revenue due to the divestment of Capquest and Mars UK, which is reported within adjusting items and not in the underlying result in 2023
  - **Underlying capital light revenues increased by £40.7 million or 22.6%**
    - Increased management fees from discretionary funds
    - Strong asset management and servicing driven by new third-party servicing contract wins across multiple jurisdictions
- **EBITDA increased by 12% to £44.7 million – after platform build / scaling costs of circa £10 million and** despite the exclusion of the divested platforms from the underlying result
- EBITDA margin expanded from 19.2% to 20.2%, reflecting the growth in discretionary funds deployed, operational leverage and efficiency from scaling of our operations
- We continue to invest in the growth of the Integrated Fund Management Segment to capture opportunities in real estate and lending
  - EBITDA and profit margins will continue to grow over the medium term as the business scales FUM and in time recognises carried interest

Integrated Fund Management Segment EBITDA	FY 2023 £'m	FY 2022 £'m	Change %
Income	220.9	207.3	*7*
Business operating costs	(96.9)	(89.8)	*(8)*
Overheads (excl. D&A and FX)	(79.2)	(77.8)	*(2)*
EBITDA	**44.7**	**39.7**	***12***
EBITDA margin (%)	*20.2*	*19.2*	*1.0pts*

Note: Results for Capquest and Mars UK excluded in FY 2023 (included in FY 2022)

ANALYSIS OF THE IFM EBITDA FOR 2023

Discretionary Core Strategies

FUM: € 4.5 billion

- Revenue[1]: £79 million (2022: £52 million)
- EBITDA: £34 million

- Our core discretionary strategies generate management, performance (carry) and servicing fees
  - Total capital light return of circa 30% on capital invested (based on 10% co-investment)
  - Carry / performance fees (equate to circa 10% return on capital) only recognised towards the end of fund life
  - Management fees and servicing fees, equivalent to 20% of capital invested, recognised on an ongoing basis
- 2023 EBITDA £34 million
  - Based upon year end FUM €4.5 billion, NAV €2.3 billion and average NAV €1.9 billion (£1.7bn)

Local / Ancillary Strategies

FUM: € 4.8 billion

- Revenue[2]: £142 million (2022: £156 million)
- EBITDA: £21 million

- 2022 revenue includes the impact of UK divested platforms – like for like basis £142 million (2023) versus £129 million (2022)
- Range of services / activities across our 20 local platforms generating asset management, fund administration and servicing fees
- Typical EBITDA margins are circa 15%
- 2023 EBITDA £21 million

Total IFM Segment

FUM: € 9.3 billion

- Revenue: £221 million (2022: £207 million)
- EBITDA: £45 million (after incurring circa £10 million investment drag)

- Segment EBITDA is affected by costs incurred to drive future growth as the business scales
- These primarily relate to costs of scaling origination and building real estate and lending capabilities
- Costs incurred in 2023 with revenues only generated when investment programmes are fully active in future years
- Drag on IFM EBITDA of scaling costs incurred during the year circa £10 million

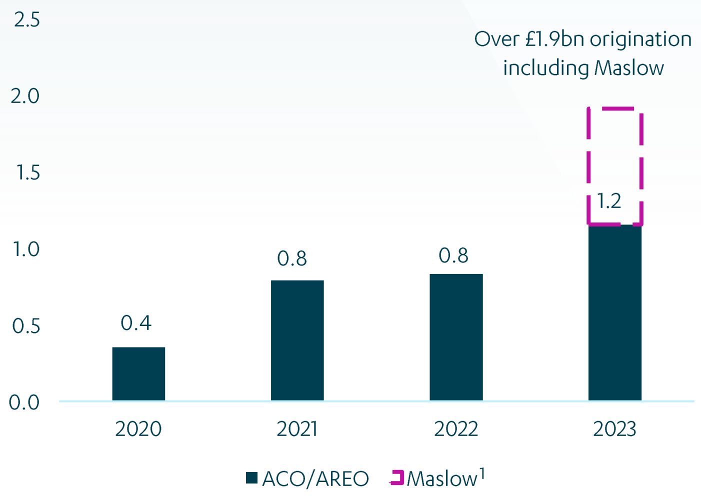
Total IFM EBITDA of £45 million for 2023

Notes: 1 includes ACO and AREO strategies; 2 Includes fees for asset management, fund administration and servicing of third-party assets and the Arrow back book

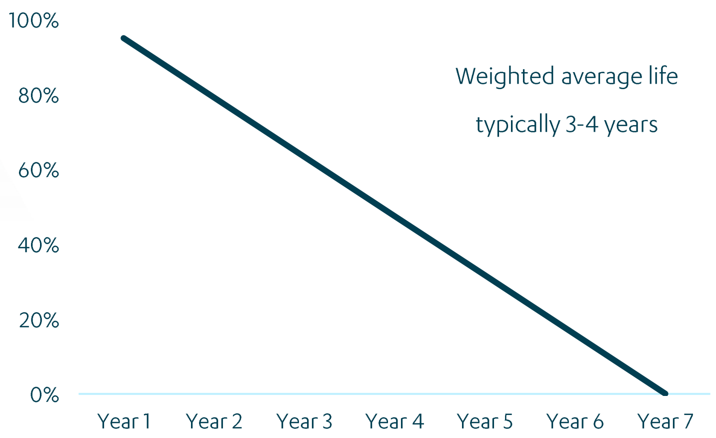
UNDERSTANDING THE GROWTH OF EBITDA FOR OUR CORE DISCRETIONARY STRATEGIES

- The charts below show how origination volumes by vintage, together with an indicative realisation profile are used to derive fee paying NAV (shown by vintage)
- Over time without any growth in origination, fee paying NAV will grow to origination volume multiplied by weighted average life (WAL) of investments
  - For example, €1.5 to 2 billion consistent origination volumes at a WAL of 3-4 years drives fee paying NAV of circa €5 to 7 billion
  - Based upon 30% return (at an assumed 10% co-invest), EBITDA for IFM from our discretionary core strategies would be €150 to 200 million (including carry). Further details are shown on slide 27

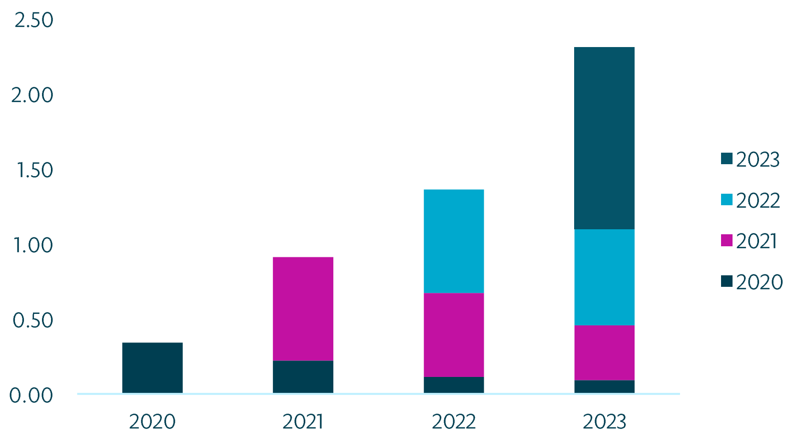
1 ACO/AREO Origination Volumes €bn



2 Indicative Current Realisation Profile[2]



3 ACO/AREO Fee paying NAV by vintage €bn



Note: 1. Maslow volumes are expected to become part of discretionary core lending strategy 2. Economics and WAL are reflective of ACO and AREO funds

BALANCE SHEET SEGMENT

EBITDA was £26.2 million, £(27.8) million lower than prior year primarily driven by two factors:

- Impact from divestments - year on year EBITDA impact £(9.1) million:
  - On the divested portfolios, no income or associated collection costs are reported within our underlying results up until deal completion
  - EBITDA recognised during 2023 for the period since completion of £7.3 million on the 50% retained portfolios, compared with EBITDA on 100% divested portfolios during 2022 of £16.4 million
- Impairment – year on year impact £(15.6) million:
  - During 2023, portfolio investments were subject to a non-cash write down of £35.6 million (2022: £20.0 million)
  - Reflecting the current macro-economic environment, the impairment during the year relates to non-cash adjustments representing circa 4% of total NPV

- Collections of £375.4 million were £5.4million lower than prior year, representing 133% of ERC YTD and 104% for Q4
  - Includes £91.5 million relating to the 50% divestment of the wholly-owned UK unsecured back book
- Net collections[1] were £318.4 million and exceeded portfolio investments[2] of £148.5 million by £169.9 million

Balance Sheet Segment EBITDA	FY 2023 £'m	FY 2022 £'m	Change %
Core cash collections	375.4	380.1	*(1)*
Net collections[1]	318.4	298.4	*7*

Income	86.9	135.7	*(36)*
Business operating costs	(57.0)	(81.7)	*30*
Overheads (excl. D&A and FX)	(3.7)	-	-
EBITDA	**26.2**	**54.0**	***(45)***
EBITDA margin (%)	*30.1*	*39.8*	*(24)*

Note: Results for UK unsecured wholly owned portfolios excluded in FY 2023 (included in FY 2022)

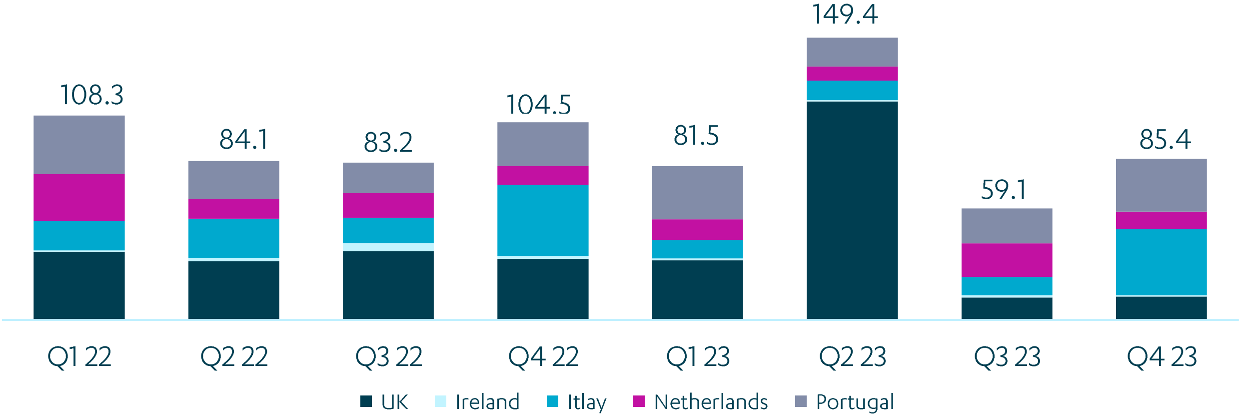
1. Net collections is collections less collections activity costs
2. Includes movement in investments awaiting deployment of £3.1 million

COLLECTIONS

- Strong cash collections during the year of £375.4 million, representing 133% of ERC and £4.7 million lower than prior year
  - Includes proceeds of £91.5 million relating to the 50% divestment of wholly owned UK unsecured back book
  - Performance excluding the divestment represents 101% of ERC for the year
- Performance during the quarter was 104.1% of ERC
- A growing proportion of the Group's ERC is reported net of servicing and collection costs. The percentage of 84-month ERC for assets measured on a net basis was 59% as at December 2023 vs 34% at December 2022 (see slide 29 for detailed ERC split)
- Collections profile is impacted by the increasing element of ERC backed by real estate and collateral, which can be "lumpy" in their realisation
- Despite the current macro-economic backdrop our collections continue to prove resilient with solid performance against our ERC assumptions

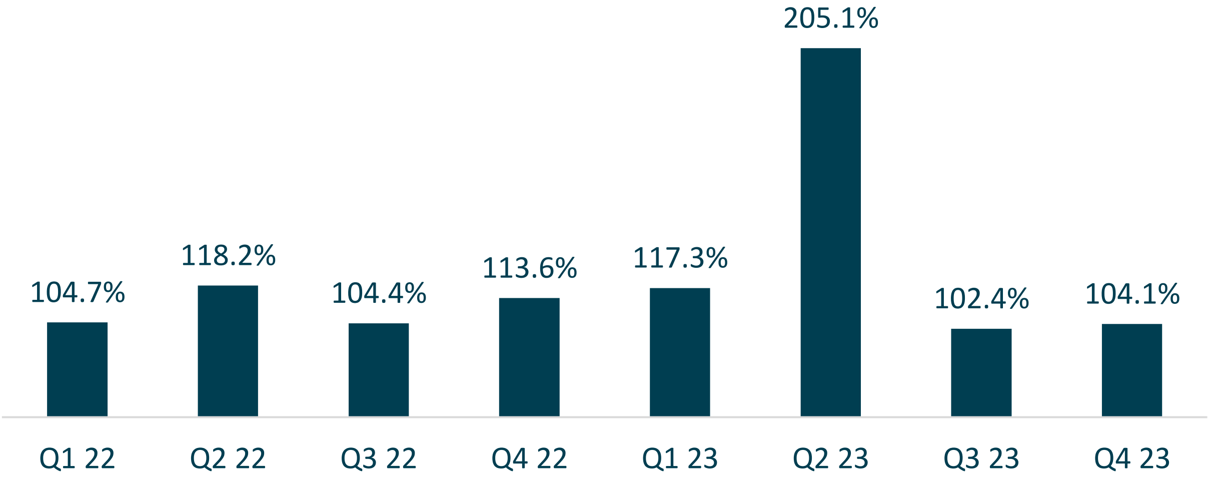
2023 Full Year: £375m

Collections by Quarter by Geography £m



2023 Full Year: +133% vs ERC

Collections as a % of ERC



GROUP SEGMENT

- EBITDA in the Group segment reduced by £7.6 million driven by investment as we scale our fund management operations, in particular:
  - Additional on-going costs to continue to build fund raising capabilities
  - One off resource and recruitment costs related to key appointments to support the development of the fund management proposition
  - Upfront set-up costs, such as legal and tax, to establish ACO 2 and AREO 1
- Investment leaves the business well placed to continue the expansion of the capital-light business model into adjacent asset classes, such as real estate and lending
- Group costs reflect a scaled business able to raise, invest and realise €1.5 to 2 billion per annum
  - Future IFM revenue growth will not require additional group cost growth

Group Segment EBITDA	FY 2023 £'m	FY 2022 £'m	Change %
Income	0.0	0.0	-
Business operating costs	(0.1)	(0.3)	*73*
Overheads (excl. D&A and FX)	(32.1)	(24.4)	*(32)*
EBITDA	**(32.2)**	**(24.6)**	***31***

GROUP PERFORMANCE

- Loss before adjusting items was £67.1 million for the year, compared with £33.4 million loss during 2022
- Financing costs were £20.4 million higher than 2022 reflecting:
  - Rising interest rates
  - Costs of maintaining high levels of liquidity headroom
- During the year, £4.0 million FX gain (2022: £10.8 million loss) on the non-cash retranslation of our net Euro liability position as a natural hedge to the surplus Euro income generation from increasing fund management income and in due course, carried interest

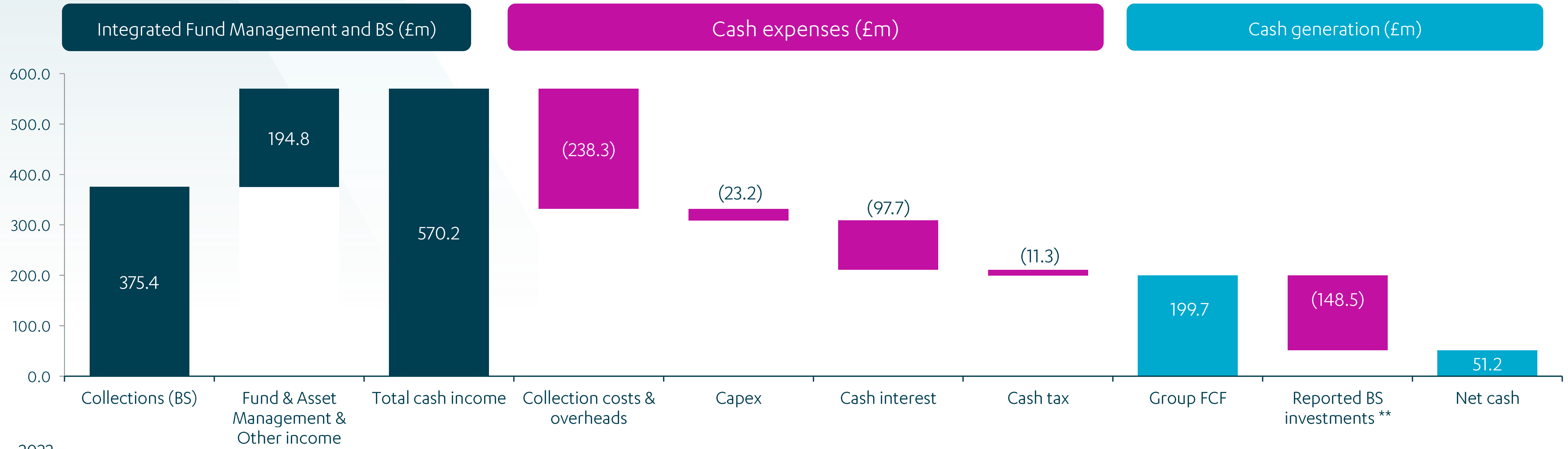
Profit Before Tax and KPIs	FY 2023 £'m	FY 2022 £'m	Change %
EBITDA:			
Integrated Fund Management	44.7	39.7	*12*
Balance Sheet Business	26.2	54.0	*(51)*
Group	(32.2)	(24.6)	*(31)*
EBITDA	**38.7**	**69.1**	***(44)***
Depreciation and amortisation	(10.1)	(10.9)	*8*
FX gains / (losses)	4.0	(10.8)	*n/a*
Finance costs	(102.8)	(82.4)	*(25)*
Share of profit from associate net of tax	3.1	1.7	*82*
Loss before tax before adjusting items	**(67.1)**	**(33.4)**	***(101)***

Note: Results for Capquest, Mars UK and UK unsecured wholly owned portfolios excluded in FY 2023 (included in FY 2022)

1. Includes movement on investments awaiting deployment of £3.1 million, excludes re-investment in 50% of UK unsecured back book
2. 2022 comparative as at 31 December 2022

FREE CASH FLOW GENERATION

- Strong free cash flow* generation of £199.7 million (2022: £213.7 million)
- Free cash flow generation exceeded the cash outflow for portfolio investments by £51.2 million (2022 £32.7 million)
- Investment levels will benefit from 10% co-invest ratio in ACO 2 versus 25% through ACO 1, therefore capital intensity is expected to continue to reduce
- Unique integrated fund manager model enables revenue/earnings growth with balance sheet de-leveraging going forward



	Collections (BS)	Fund & Asset Management & Other income	Total cash income	Collection costs & overheads	Capex	Cash interest	Cash tax	Group FCF	Reported BS investments **	Net cash
2022 (£m):	380.1	163.3	543.4	(228.0)	(22.0)	(79.9)	0.3	213.7	(181.0)	32.7

* Free cash flow = Cash generated after the effects of capital expenditure, financing and tax cash impacts & before reinvestment and cash impact of adjusting items

** Investments made includes movements on funding into holding structure, does not include funding deferred portfolio investments from previous years, excludes re-investment in 50% of UK unsecured back book

CASH GENERATION AND CAPITAL ALLOCATION

- Free cash flow (£200 million) exceeded portfolio investments (£149 million) by £51 million
- Net debt reduced by £27 million during 2023
- During Q4, cash outflow in respect of the Details buy-out was £10 million. This, with the Maslow acquisition in Q3 2023 and Eagle Street acquisition in Q1 2023, was partly offset by the inflow relating to the divestment of the UK platforms in H1 2023 resulting in a net M&A outflow of £20 million
- The £4 million other outflow predominantly represents the movement associated with UK divestment (£14 million) and £18 million operational working capital outflow, driven by the impact of business growth and capitalised Fund set-up costs for ACO 2 and AREO
- During Q4, there was an operational working capital inflow of £9 million
- Going forward (with 10% co-investment in ACO 2), the strong free cash flow is expected to continue to exceed portfolio investment and support de-leveraging

£'millions	2021	2022	2023
Free Cash Flow	**182**	**214**	**200**
Reported Balance Sheet investments[1]	(190)	(181)	(149)
Net Cash Flow post investment	**(8)**	**33**	**51**
Deferred portfolio investment to following periods	40	24	13
Deferred portfolio investment from prior periods	(10)	(18)	(4)
TDR acquisition-related expenditure	(83)	-	-
Net M&A	(25)	(7)	(20)
Other	14	(100)	(14)
(Increase) / decrease in net debt	**(72)**	**(68)**	**27**

Item	£m
FX	21
Operational working capital	(18)
Movement associated with divestment	(14)
Accrued Interest	(3)
Total	**(14)**

1. Includes movements on funding into holding structure made in 2022 and 2023

LIQUIDITY AND LEVERAGE POSTION

- Group leverage reduced by 0.2 times during 2023 from 4.1x to 3.9x, with further progress towards medium term strategic leverage commitment of 3.0 times expected during 2024
  - Leverage reduced by 0.9x since end of 2021 (4.8x)
- The strong cash performance has facilitated net debt reduction of £27 million
- Significant levels of liquidity headroom with no bond maturities until 2026
  - Weighted average duration of debt 3.2 years (FY 2022: 4.2 years)
  - Weighted average cost of debt of 6.8% (FY 2022: 6.3%)
  - Currently circa 80% of total bonds are fixed rate, including the impact of interest rate swaps
- 120-month ERC was £1,309.9 million at Q4 2023, 24% lower than December 2022. The reduction is caused by the divestment of 50% of the wholly-owned UK unsecured back book and the increased level of ERC reported net of servicing costs rather than gross
- Commitment to reaching medium term target leverage of circa 3 times

£'millions	Dec-23
Cash	(115)
£350m 6% Fixed Rate Notes due 2026	350
€640m Floating Rate Notes due 2027 Euribor + 4.625%	555
€400m 4.5% Fixed Rate Notes due 2026	347
Revolving credit facility - £285m maturing 2026	160
Total secured net debt	**1,297**
LTM Adjusted EBITDA	331.9
Leverage	***3.9x***
Liquidity headroom (cash and RCF headroom)	227
84-month ERC[1]	1,213.7
120-month ERC[1]	1,309.9

1. Given Arrow now co-invests in ACO 1 & 2 with an increasing proportion of ERC measured on FVTPL basis, approximately 59% of 84-month ERC and 57% of 120-month ERC is stated net of servicing and collections costs. Assuming 15% servicing costs, comparable gross ERC would be £1,340 million 84-month ERC and £1,441 million 120-month ERC respectively

Strategic focus

Zach Lewy

Group Chief Executive Officer

STRATEGIC FOCUS

LEADING EUROPEAN INTEGRATED FUND MANAGER

Strategy remains unchanged with 3 core objectives

Scale our integrated fund manager

Increase efficiency within our platforms and deliver a unique proposition to investors

Drive capital light earnings to reduce net debt and delever

Outlook

- Team build largely complete enabling further progress on fundraising, scaling origination and delivering returns to fund investors
- Strong momentum on establishing a lending fund
- Successful scaling of origination volumes expected to continue across our three investment strategies ; credit, real estate and lending
- ACO 1 and 2 returns remain strong – key to ongoing fundraising
- Origination volumes drive fee paying NAV, which delivers capital light earnings
- De-leveraging remains a core focus with strong progress expected during 2024 towards the medium term target of 3 times
- Expect to refinance the bonds well in advance of maturity date (November 2026/2027)
- Continue to drive our ESG agenda with responsible investment strategy and operating responsibly for all our stakeholders, including our people, customers, clients, suppliers and investors

Appendix

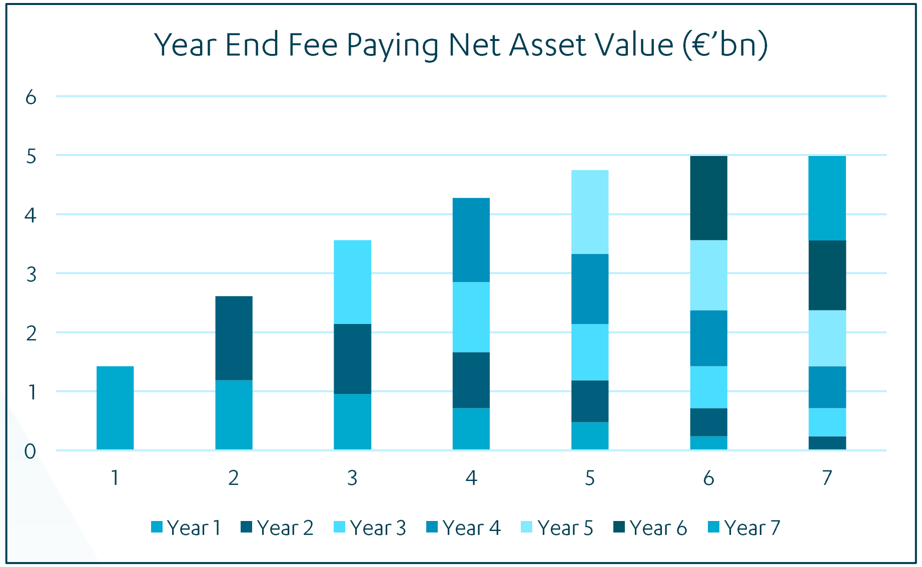
DIVESTMENT OF NON-CORE PLATFORMS: ACCOUNTING & FINANCIAL IMPACT

- Following a strategic review, in Q3 2022, Arrow agreed to divest our non-core platforms, Capquest and Mars UK, to Intrum UK, subject to customary closing conditions including regulatory approval, with the UK wholly-owned unsecured back book subject to a 50:50 profit sharing arrangement. This divestment completed in Q2 2023
  - Net proceeds received of £129 million, representing £91.5 million in respect of 50% of the portfolios and £37.5 million being received for the platforms
  - 100% of UK wholly-owned unsecured back book represented £225.6 million of carrying value, £395.3 million of 84-month ERC and £482.0 million of 120-month ERC as at 31 May 2023
  - Circa £19 million net asset value of the platform transferred
- £2.9 million loss has been recognised in adjusting items for the year to December 2023, being a £11.9 million profit on disposal of held for sale assets and liabilities offset by £14.8 million of operations held for sale result
- Going forward, the 50% balance sheet investments retained by Arrow has been accounted for on a joint venture basis

EXAMPLE GROWTH IN EBITDA FROM CORE / DISCRETIONARY STRATEGIES

EXAMPLE ONE:-

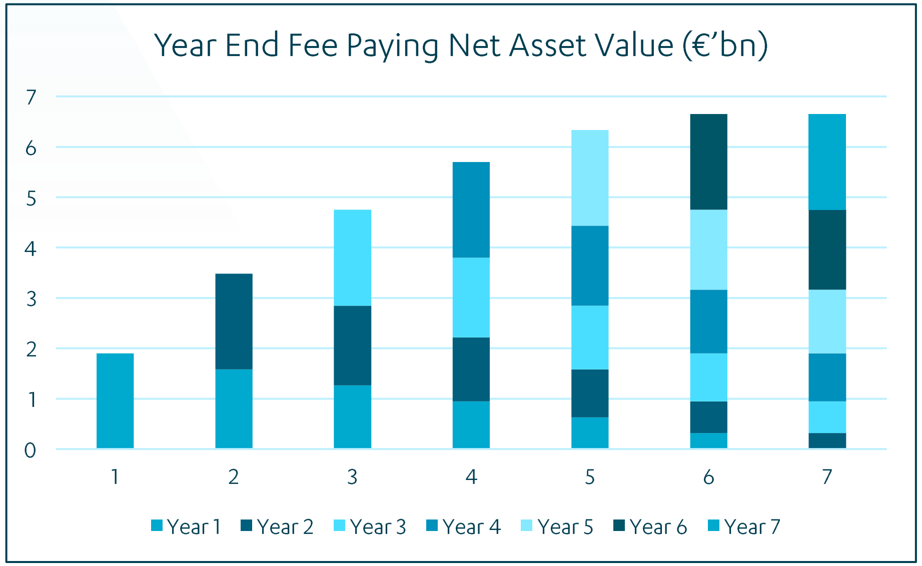
- Assume deployment of €1.5bn per annum (10% Arrow co-invest)
- Chart shows growth in fee paying NAV assuming consistent deployment each year, building to a steady state after circa 6-7 years
- At maturity delivers fee paying NAV of €5 billion
- IFM EBITDA return circa €150 million (30% return)
- Balance sheet EBITDA circa €50 million (conservative 10% return) on co-invest of €500 million



Discretionary / Core Strategy Returns	% Return	Forecast EBITDA €'m
Integrated fund manager fees	20%	100
Performance fees	10%	50
Capital-light return	30%	150
Investment return	10%	50
EBITDA (Core Strategies only)	40%	200

EXAMPLE TWO:-

- Assume deployment of €2bn per annum (10% Arrow co-invest)
- Chart shows growth in fee paying NAV assuming consistent deployment each year, building to a steady state after circa 6-7 years
- At maturity delivers fee paying NAV of €6.7 billion
- IFM EBITDA return circa €200 million (30% return)
- Balance sheet EBITDA circa €67 million (conservative 10% return) on co-invest of €670 million



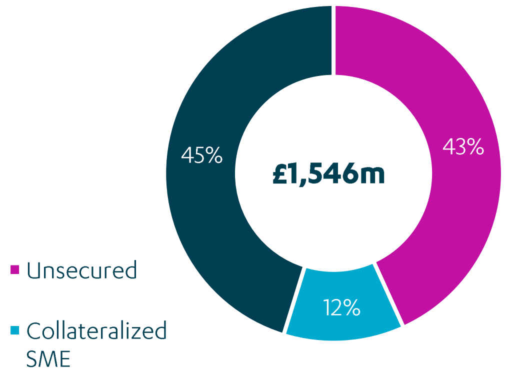
Discretionary / Core Strategy Returns	% Return	Forecast EBITDA €'m
Integrated fund manager fees	20%	133
Performance fees	10%	67
Capital-light return	30%	200
Investment return	10%	67
EBITDA (Core Strategies only)	40%	267

NOTES: Implied economics assume current collections profile and are for ACO and AREO. Balance sheet segment returns are after incurring management, asset and servicing fees. Future returns are subject to market and macro economic factors

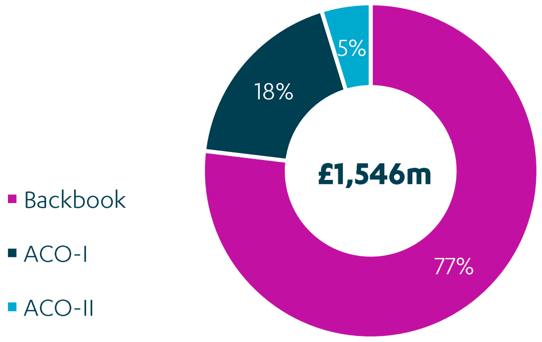
ERC EXPOSURE BY TYPE, FUND AND GEOGRAPHY

ERC for assets measured net of servicing and collection costs and represents 59% of total ERC

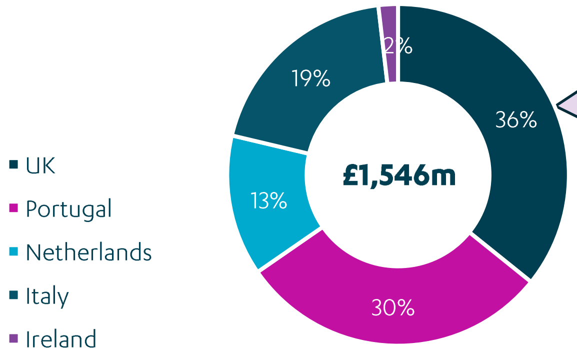
Dec 2022 84-month ERC by asset class



Dec 2022 84-month ERC by classification

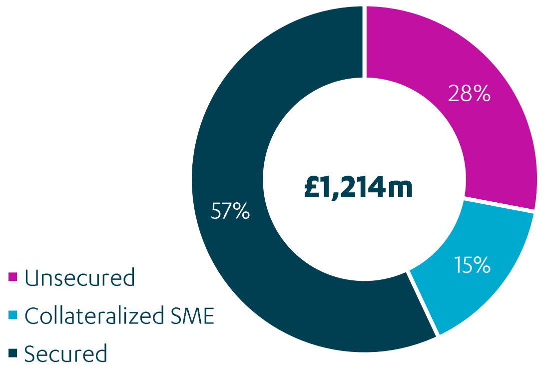


Dec 2022 84-month ERC by geography

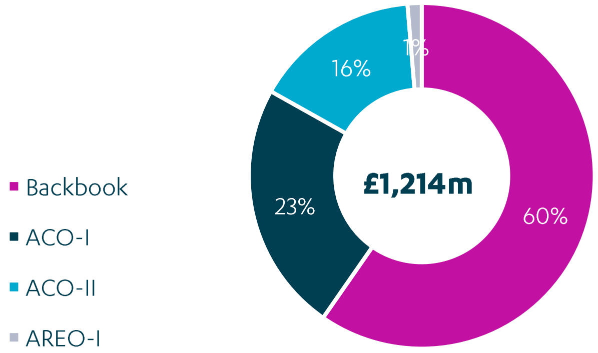


The UK unsecured portfolios that were sold as part of the 50:50 profit sharing arrangement going forward on the back book portfolios with Intrum UK represented £408.9 million of 84-month ERC as at 31 December 2022

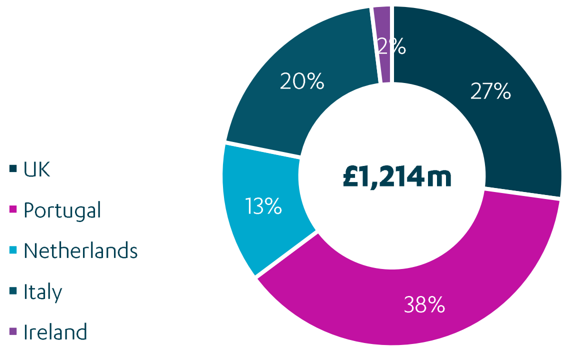
Dec 2023 84-month ERC by asset class



Dec 2023 84-month ERC by classification

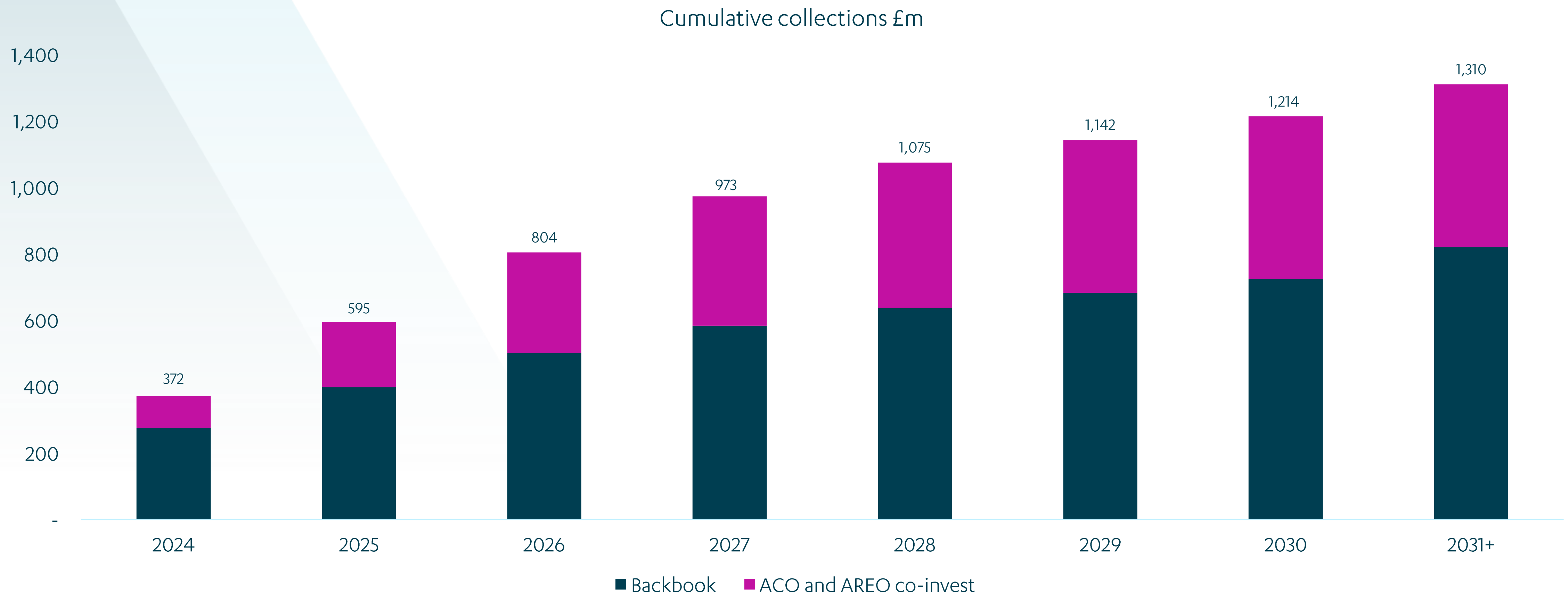


Dec 2023 84-month ERC by geography



1. ERC includes Arrow's investment in ACO 1, ACO 2 and AREO 1
2. A growing proportion of the Group's ERC is reported net of servicing and collection costs. The percentage of 84-month ERC for assets measured on a net basis was 59% as at December 2023
3. Collateralised unsecured primarily represents claims in bankruptcy situations originated by Europa Investimenti

120-MONTH ERC PROFILE



Note: The ERC for ACO and AREO co-invest, together with the backbook portfolio investments classified as Joint Venture, are reported net of servicing costs

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