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Results for the nine months ended 30 September 2024

Arrow Global

21 November 2024

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Business Update

Zach Lewy
Group Chief Executive Officer

STRONG PERFORMANCE CONTINUED DURING THE QUARTER

		On track for full year delivery
RAISE FUNDS INTO OUR CORE LENDING STRATEGY	▶ **FUM of €10.5 billion** as of 30 September 2024, representing growth of €1.2 billion over last 12 months ▶ Strong fundraising momentum has been continued, with Arrow's discretionary Real Estate Lending franchise now reaching €750 million ▶ Further capital committed to Arrow's discretionary Real Estate Equity franchise of €50m	✓
CREATE A WESTERN EUROPEAN FOOTPRINT	▶ Ongoing growth of our capital light earnings with **Integrated Fund Management EBITDA of £52 million**, up 41% on Q3 2023 (£29 million) ▶ **Further new wins** in the third-party asset and servicing space, 20 won across multiple territories during Q3 and making it 64 such wins in 2024 to date	✓
DRIVE ORIGINATION VOLUMES	▶ Investment activity continued its positive trajectory with **record origination levels of €737 million in Q3 and €1.25 billion in total over the first nine months of 2024** ▶ Annualised origination volumes now at €1.7 billion	✓
DELIVER COLLECTION PERFORMANCE	▶ **Significant collections** of £170million in the quarter, bringing Q3 year-to-date collections to £298 million, with expected full year collections of circa £375 million, in line with ERCs ▶ Delivering strong returns in both our ACO funds with Deal IRR (after servicing costs) of 16% and 20% in ACO 1 and ACO 2 respectively ▶ Strong realisations for LPs, with €180m distributed to ACO-I investors in Q3 YTD 2024, totalling €276 million distributions to date	✓
DE-LEVER AND REDUCE NET DEBT	▶ **Leverage reduced to 3.6 times** at end of September (December 2023: 3.9 times) ▶ Secured net debt as at September 2024 was £1,272 million, a reduction of £25 million since the end of December 2023 (£1,297 million)	✓

Q3 2024 Key performance metrics

Increased scale and efficiency as an integrated fund manager continues to deliver growth in capital light revenues

FUM	€10.5bn	*Dec 2023: €9.3bn*	↑ 13%
AUM	€90bn	*Dec 2023: €78bn*	↑ 16%
Capital-light EBITDA (LTM)	£67.5m	*Sep 2023 : £44.2m*	↑ 53%
Secured Net debt	£1,272m	*Dec 2023 : £1,297m*	↓ 2%
Deployment (LTM)	€1,448m	*Sep 2023 : €1,280m*	↑ 13%
Leverage	3.6x	*Dec 2023 : 3.9x*	↓ 0.3x

Business model provides significant opportunity for growth, delivering increasing capital-light earnings and facilitating de-leveraging

Financial Review

Phil Shepherd
Group Chief Financial Officer

Group cash results

- **Collections performance in line with expectations with continued commitment to medium-term leverage target**
- Collections in the nine months to the end of September 2024 were £298 million, with expected full year collections of circa £376 million (ERC for the remaining 3 months is £78 million)
  - Strong Q3 collections were driven by a number of significant realisations on secured portfolios, contributing to leverage reducing to 3.6 times at the end of September
  - Net debt as at September 2024 was £1,272 million, a reduction of £25 million since December 2023 (£1,297 million)
  - Collections of £298 million represented 107% of ERC, driving Adjusted EBITDA for the period to £282.5 million
- Committed to our medium-term leverage target of 3 times leverage and expect to make continued progress with further collections performance and growth in capital light earnings

Cash Performance	Q3 YTD 2024 £'m	Q3 YTD 2023 £'m
Core cash collections	298.1	290.0
Adjusted EBITDA	282.5	261.2
Leverage	3.6x	3.6x
Free cash flow generation	192.2	181.8
Free cash flow post portfolio investment[1]	58.7	67.4

Note: 2023 figures reflect the divestment of 50% of the UK portfolios to Intrum

1 Portfolio investments exclude cash in transit awaiting deployment

Integrated fund management segment

- **EBITDA increased by 79% to £52.0 million as the net asset value of our core discretionary strategies increased**
- Revenue of £220.5 million increased £63.9 million or 41% on prior year and driven by:
  - Increased management and servicing fees from our core discretionary strategies
  - £25.9 million additional revenue is attributable to platforms fully acquired since H1 2023 including Maslow and Eagle Street
  - Strong asset management and servicing revenue driven by 64 new third-party servicing contract wins across multiple jurisdictions in the nine months to September 2024 including 20 in Q3 alone
  - EBITDA margin expanded from 18.6% to 23.6%, reflecting the growth in discretionary funds deployed, operational leverage and efficiency from scaling of our operations
- EBITDA and profit margins will continue to grow over the medium term as the business continues to scale FUM – supported by the successful ongoing fundraising relating to Arrow's Real Estate Lending and Real Estate Equity strategies - and in time, recognises carried interest

Integrated Fund Management Segment EBITDA	Q3 YTD 2024 £'m	Q3 YTD 2023 £'m	Change %
Income	220.5	156.6	*41*
Business operating costs	(81.3)	(70.7)	*15*
Overheads (excl. D&A and FX)	(87.2)	(56.8)	*54*
EBITDA	**52.0**	**29.1**	***79***
EBITDA margin (%)	23.6	18.6	*5.0pts*

Analysis of IFM EBITDA for Q3 YTD 2024

Discretionary Core Strategies

FUM: €5.1 billion

- Revenue[1]: £75 million (Q3 2023 YTD: £53 million)
- EBITDA: £35 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
  - Based upon FUM €5.1 billion, NAV €3.2 billion at end of Sep 24 and average NAV YTD of €2.7 billion (£2.4bn), 2024 YTD EBITDA £35 million

Local / Ancillary Platform Strategies

FUM: € 5.4 billion

- Revenue[2]: £146 million (Q3 2023 YTD: £104 million)
- EBITDA: £22 million

- Range of services / activities across our 22 local platforms generating asset management, fund administration and servicing fees
- Strong quarter with a significant number of third-party asset and servicing mandates won across multiple territories - 64 such wins in total during 2024
- Typical EBITDA margins are circa 15%
- 2024 Q3 YTD EBITDA £22 million

Total IFM Segment

FUM: € 10.5 billion

- Revenue: £221 million (Q3 2023 YTD : £157 million)
- EBITDA: £52 million (after incurring circa £4-5million 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 up-front with revenues only generated when investment programmes are fully active in future years
- Drag on IFM EBITDA of scaling costs incurred during the nine-month period was circa £4 -5 million

Total IFM EBITDA YTD of £52 million at Q3 2024

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
Appendix slide 21 shows example builds of fee-paying NAV for our discretionary core strategies under €1.5 billion and €2.0 billion origination volumes, based upon typical ACO/AREO collection profiles

Balance sheet segment

- EBITDA was £46.3million, £18.5 million higher than prior year and primarily driven by:
  - Net income of £8.9 million reported in the period on the 50% joint venture interest in the UK portfolios (Q3 YTD 2023: £3.3 million)
    - No income or associated collection costs were reported within our underlying results up until deal completion in H1 2023 in respect of 100% of the divested portfolio (£6.6 million recognised in H1 2024).
  - Impairment – year on year positive impact £8.4million:
    - During the nine-month period to September 2024, portfolio investments were subject to a non-cash write down of £3.3 million (2023 Q3 YTD write down: £11.7 million)
  - Despite the reduction in the average portfolio investment balance of £34 million during the period, underlying returns (excluding the above impacts of the UK portfolios and impairments) have improved by £4.4 million, equivalent to circa 1.0% IRR increase.

Balance Sheet Segment EBITDA	Q3 YTD 2024 £'m	Q3 YTD 2023 £'m	Change %
Core cash collections	298.1	290.0	3
Net collections[1]	257.2	250.1	3
Income	90.2	67.7	33
Business operating costs	(40.9)	(39.9)	2
Overheads (excl. D&A and FX)	(3.0)	0.0	(100)
EBITDA	46.3	27.8	77
EBITDA margin (%)	*51.3*	*41.1*	*10.2pts*

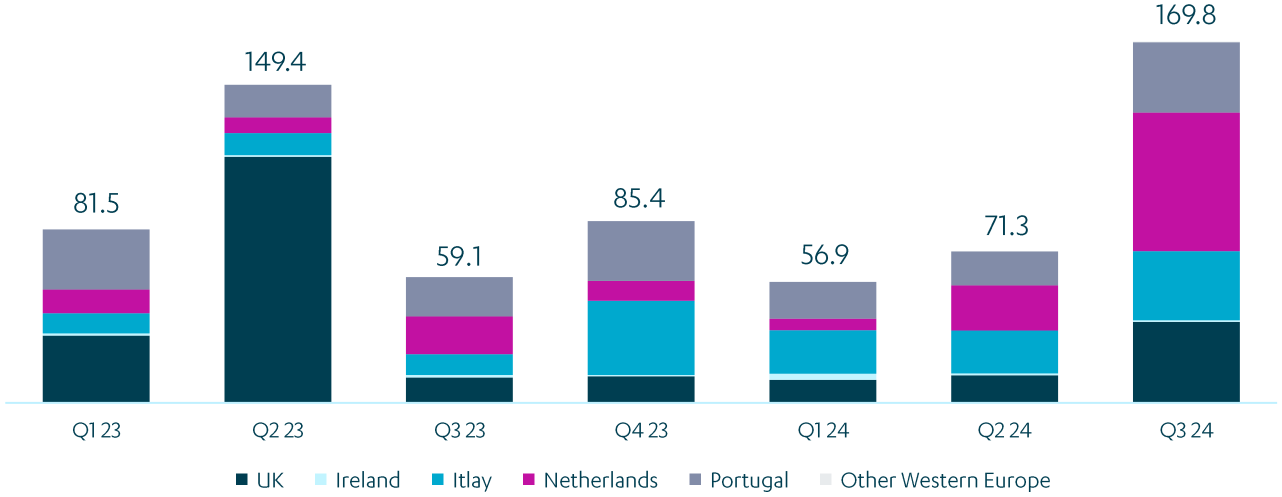
1 Net collections are collections less collection activity costs
2 Excludes movement in investments awaiting deployment

Collections

- **Collections performance in line with expectations with continued commitment to medium-term leverage target**
  - Collections to the end of September 2024 were £298 million.
  - Expected full year collections of circa £376 million remain strong and in line with previous guidance (ERC for the remaining 3 months of 2024 is £78 million)
  - Significant realisations in Q3 arose on a number of portfolios that had minimal collections in the prior 18 months
- Collections for the nine months to end of Q3 2024 were £298 million, representing 107% of ERC
- We remain committed to our medium-term leverage target of 3 times leverage and expect to make continued progress with strong ongoing collections performance as well as growth in capital light earnings

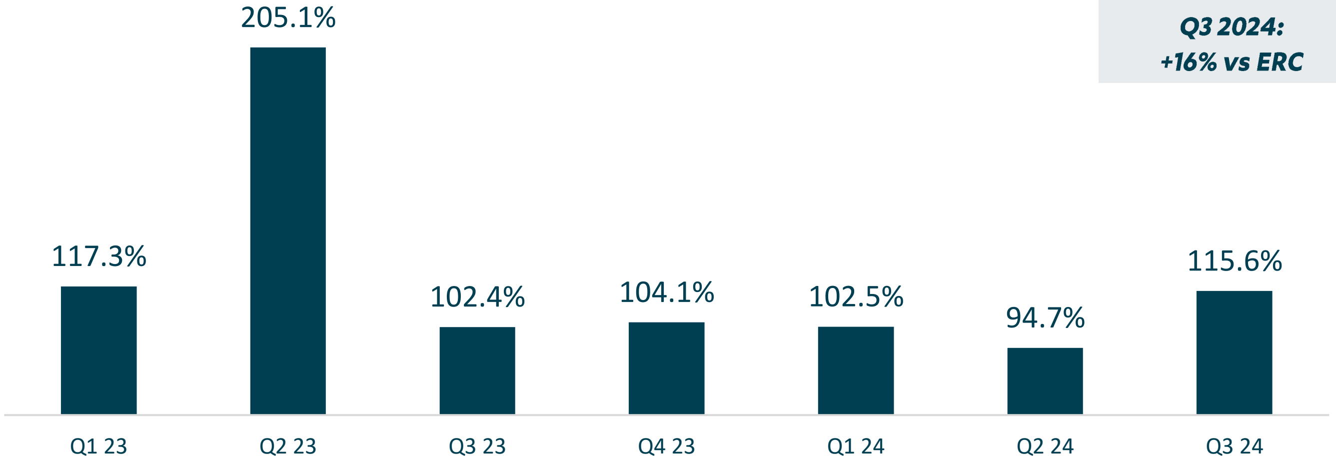
Collections by Quarter by Geography £m

YTD 2024: £298.1m



Collections as a % of ERC

Q3 2024: +16% vs ERC



Group segment

- Group segment EBITDA at £(24.6) million is broadly consistent with prior year
- Group costs base reflects a scaled business able to raise, invest and realise €1.5 to 2 billion per annum
  - Operational leverage already present means that future IFM revenue growth will not require significant additional group cost growth

Group Segment EBITDA	Q3 YTD 2024 £'m	Q3 YTD 2023 £'m	Change %
Business operating costs	(0.2)	(0.1)	(127)
Overheads (excl. D&A and FX)	(24.5)	(22.6)	(8)
EBITDA	**(24.6)**	**(22.7)**	**(9)**

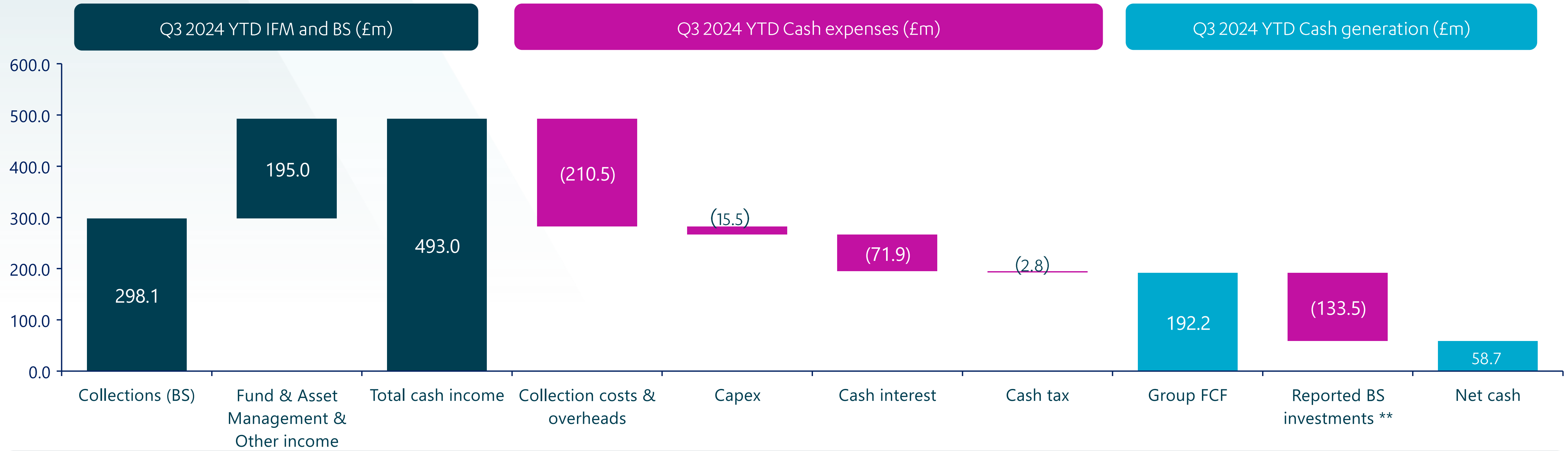
Group performance

- Loss before adjusting items of £7.4 million, £34.8 million favourable compared with the £42.2 million loss during same period in 2023
- EBITDA improved by £39.3m to £73.6m when compared to the nine months to September 2023, as a result of increased FUM driving greater capital light returns, increased balance sheet performance and central group costs remaining broadly in line with prior year
- Financing costs were £4.4 million higher than 2023 reflecting:
  - Rising interest rates; and
  - Costs of maintaining high levels of liquidity
- The FX gain year to date was £7.7 million (2023: £3.9 million gain) 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	Q3 YTD 2024 £'m	Q3 YTD 2023 £'m	Change %
EBITDA:			
Integrated Fund Management	52.0	29.1	*79*
Balance Sheet Business	46.3	27.8	*66*
Group	(24.6)	(22.7)	*9*
EBITDA	**73.6**	**34.3**	***115***
Depreciation and amortisation	(8.5)	(7.6)	*11*
FX gains / (losses)	7.7	3.9	*N/A*
Finance costs	(80.2)	(75.8)	*6*
Share of profit from associate net of tax	0.0	3.1	*(100)*
Loss before tax before adjusting items	**(7.4)**	**(42.2)**	***82***

Free cash flow generation

- Free cash flow* generation for the nine months to September 2024 of £192.2 million (Q3 2023: £181.8 million)
- Free cash flow generation up to September 2024 exceeded the cash outflow for portfolio investments by £58.7million (Q3 2023 exceeded by £22.0 million)**
- Investment levels 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 and earnings growth with balance sheet de-leveraging going forward



Q3 2023 (£m)	290.0	141.4	431.5	(170.3)	(8.9)	(62.9)	(7.6)	181.8	(137)	22

* Free cash flow is defined as cash generated after the effects of capital expenditure, financing and tax cash impacts & before reinvestment and cash impact of adjusting items
** Investments made excludes movements on funding into holding structure.

Cash generation and capital allocation

- Free cash flow up to the end of September was up to £192.2 million driven by significant realisations in Q3 2024
- Free cash flow exceeded portfolio investments (£133.5million) by £58.7 million
- £56m of debt repaid in the quarter despite the significant level of deployment
- Total net debt as at September 2024 was £1,314.0 million, a reduction of £24.9 million since the end of December 2023 (£1,338.9 million)
- The increase in 'Other' movements during the quarter of £12 million primarily relates to accrued bond interest of £9m
- The consistent collections profile for the remainder of 2024, together with 10% co-investment in ACO 2, is expected to deliver strong free cash flow after portfolio investment and support de-leveraging

£'millions	FY 2023	Q2 24 YTD	Q3 24 YTD
Free Cash Flow	**200**	**52**	**192**
Reported Balance Sheet investments[1]	(152)	(56)	(133)
Net Cash Flow post investment	**48**	**(4)**	**59**
Net deferred purchases from prior/to future periods	13	(11)	(9)
Net M&A	(20)	(4)	(2)
Other	(14)	(11)	(23)
Decrease in net debt	**27**	**(31)**	**25**

Strong realisations have driven £56m debt repayment in the quarter (£25m YTD)

1 Excludes movements on funding into holding structure

Liquidity and leverage position

- Driven by a number of significant realisations on secured portfolios in Q3 2024 as well as ongoing strengthening in IFM performance, leverage reduced to 3.6 times at the end of September 2024
- Secured net debt as at September 2024 was £1,272 million, a reduction of £25 million since the end of December 2023 (£1,297 million)
- 120-month ERC was £1,255 million at September 2024 – circa 67% of ERC is reported net of servicing costs rather than gross
- Maintained healthy levels of liquidity headroom of £220 million as at 30 September 2024 (31 December 2023: £227 million, 30 June 2023: £264 million) with no bond maturities until 2026 and refinancing activity currently underway.
- Committed to our medium-term leverage target of 3 times leverage and expect to make continued progress driven by ongoing collections performance and growth in capital light earnings

£'millions	Sep-24
Cash	(91)
£350m 6% Fixed Rate Notes due 2026	350
€640m Floating Rate Notes due 2027 Euribor + 4.625%	533
€400m 4.5% Fixed Rate Notes due 2026	333
Revolving credit facility - £285m maturing 2026	148
Total secured net debt	**1,272**
LTM Adjusted EBITDA	353
Leverage	**3.6x**
£'millions	**Sep-24**
Liquidity headroom (cash and RCF headroom)	220
84-month ERC [1]	1,177.4
120-month ERC [1]	1,254.6

1 Given Arrow now co-invests in ACO 1 & 2 with an increasing proportion of ERC measured on FVTPL basis, approximately 69% of 84-month ERC and 67% of 120-month ERC is stated net of servicing and collections costs. Assuming 15% servicing costs, comparable gross ERC would be £1,321 million 84-month ERC and £1,402 million 120-month ERC respectively

Summary and Outlook

Zach Lewy

Group Chief Executive Officer

We are a leading European integrated fund manager

Arrow's business model continues to provide significant growth potential with capital light EBITDA **up 53% over the past 12 months**

Strong fundraising progress with over **€5 billion** of discretionary capital and strong investor appetite

Western European footprint firmly established with three investment strategies and **record originations of €1.25 billion** in the nine months to September

Local platforms support strong collections - on track to **deliver €376 million** during 2024 and returns of 16% and 20% on ACO I and ACO II

Deleveraging remains a core focus with **leverage down to 3.6 times**

Our medium-term targets

		Medium-term target
Funds under management	**Increase FUM by 50%** over 2-3 year period, primarily **driven by further successful fundraising** commencing in 2025	**~€15bn**
Origination	**Continued scaling** of Arrow originations to drive **increasing NAV**	**€3bn p.a.**
NAV	**Increased deployment** building to **NAV of >€6bn** of our **discretionary funds**	**>€6bn**
Returns	**Returns on fund co-investment** including **management, servicing and performance fees**, alongside **balance sheet returns**	**40%[1]** **Return on assets**
Leverage	**Re-affirmed** commitment to **decrease leverage** to **3 times**	**3x**

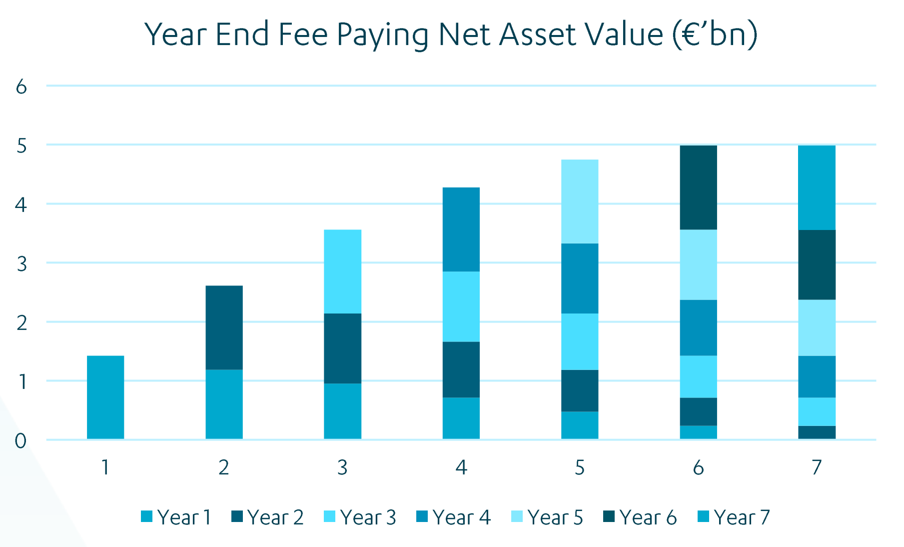
1 Based upon 10% co-investment by Arrow

Appendix

EXAMPLE GROWTH IN EBITDA FROM CORE / DISCRETIONARY STRATEGIES

EXAMPLE ONE:-

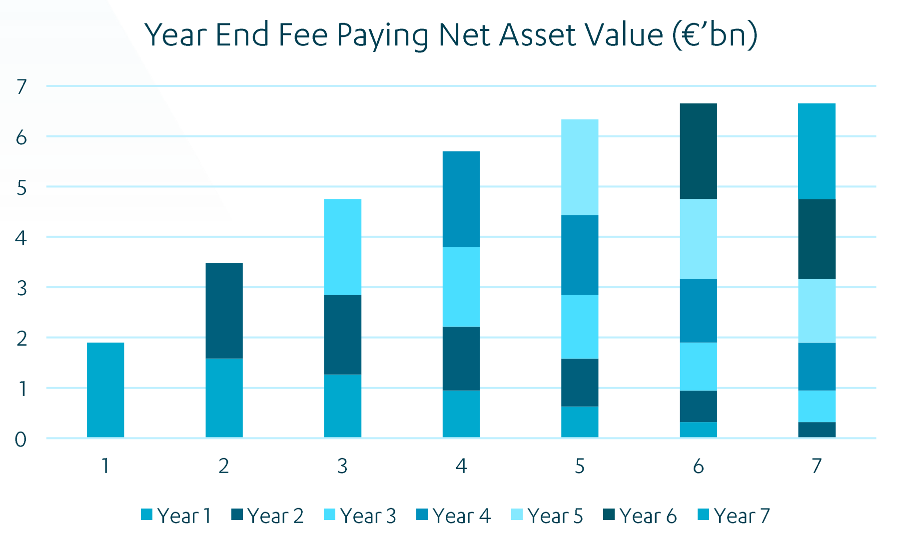
- Assume deployment of €1.5bn per annum (10% Arrow co-invest)
- Chart shows growth in fee paying NAV assuming consistent deployment each year, building to a steady state after circa 6-7 years
- At maturity delivers fee paying NAV of €5 billion
- IFM EBITDA return circa €150 million (30% return)
- Balance 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 (including servicing)	20%	100
Performance fees / carry	10%	50
Capital-light return	**30%**	**150**
Balance sheet investment return	10%	50
EBITDA (Discretionary / 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



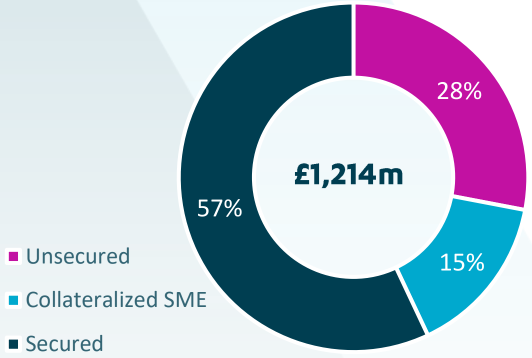
Discretionary / Core Strategy Returns	% Return	Forecast EBITDA €'m
Integrated fund manager fees (including servicing)	20%	133
Performance fees / carry	10%	67
Capital-light return	**30%**	**200**
Balance sheet investment return	10%	67
EBITDA (Discretionary / Core Strategies only)	**40%**	**267**

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 macroeconomic factors

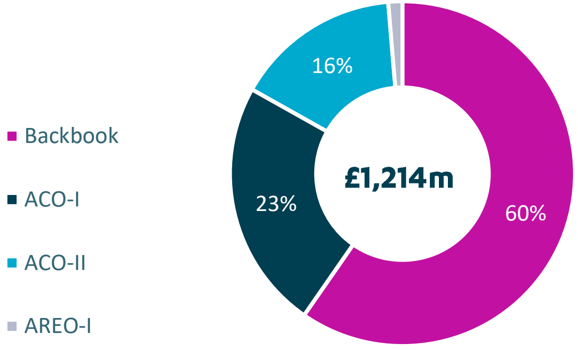
ERC exposure by geography and type

ERC for assets measured net of servicing and collection costs represents 69% of total ERC

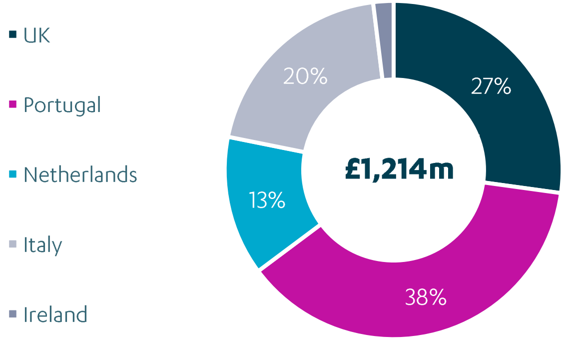
Dec 2023 84-month ERC by asset class



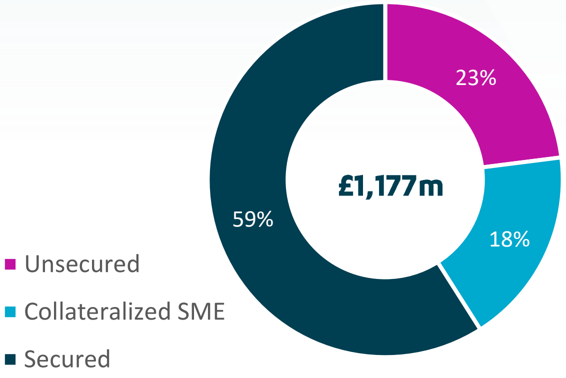
Dec 2023 84-month ERC by classification



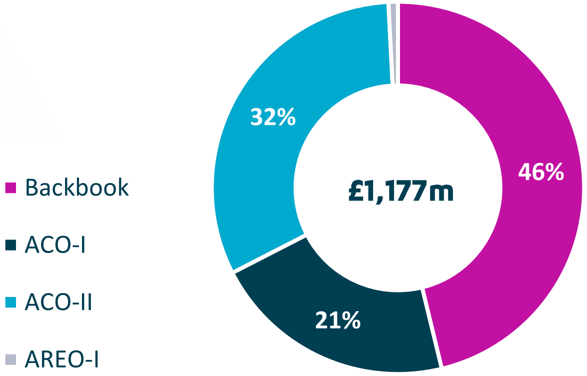
Dec 2023 84-month ERC by geography



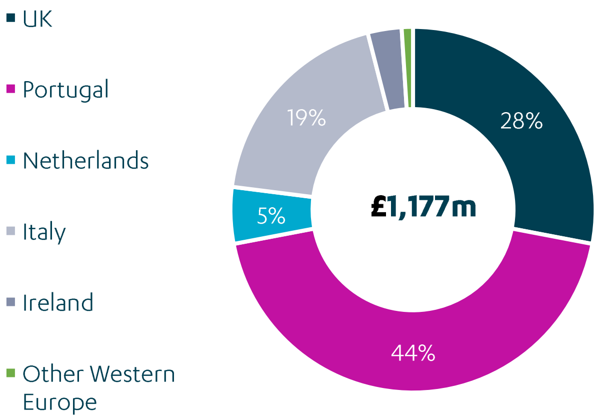
Sep 2024 84-month ERC by asset class



Sep 2024 84-month ERC by classification

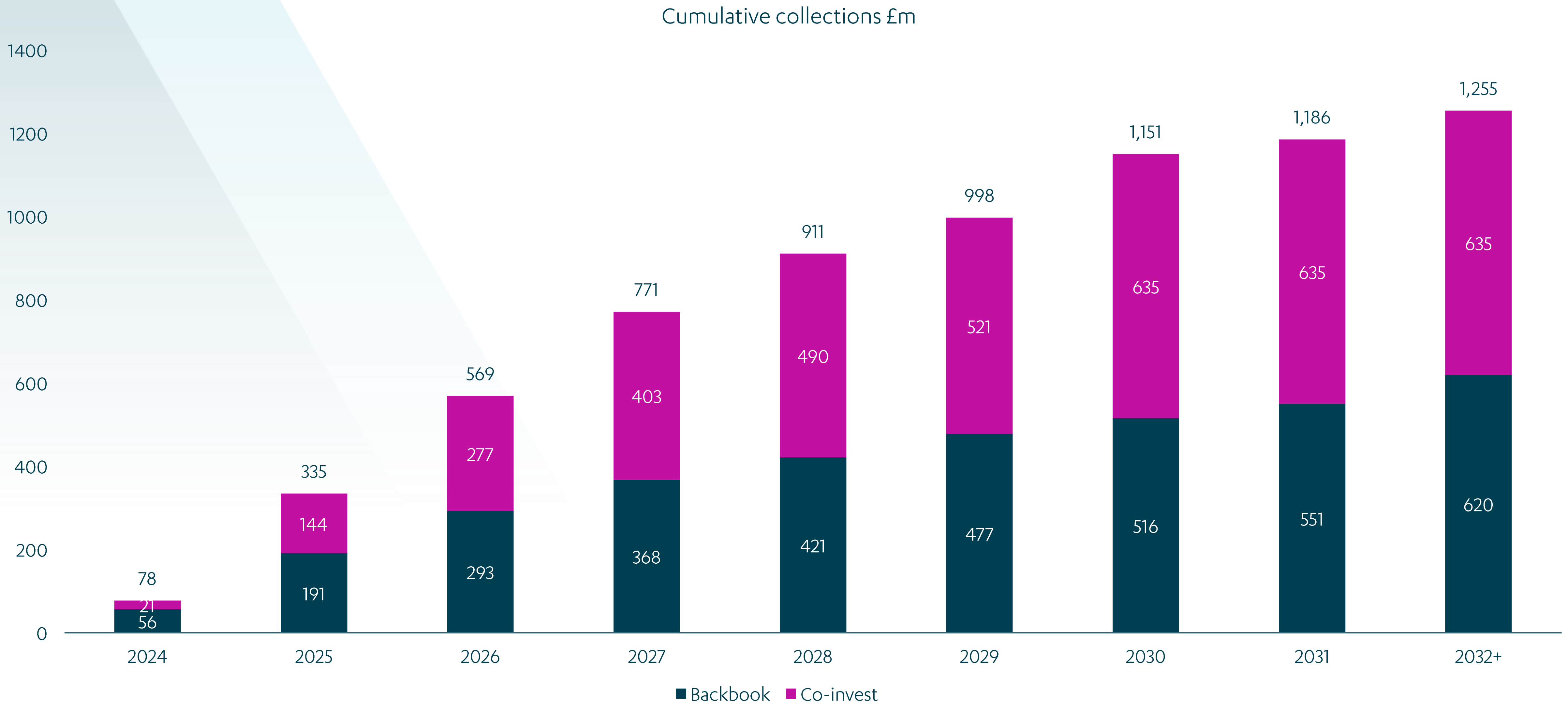


Sep 2024 84-month ERC by geography



Notes:
ERC includes Arrow's investment in ACO 1, ACO 2 and AREO 1
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 69% as at Sep 2024
Collateralised SME primarily represents claims in bankruptcy situations originated by Europa Investimenti

120-month ERC profile



Note: As at September 2024, 67% of 120mth ERC for Arrow co-invest, together with the backbook portfolio investments classified as Joint Venture and Fair Value, are reported net of servicing costs

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