

## **Arrow Global Group**

### **Results for the period ended 30 June 2025**

#### **Group highlights**

Arrow is a leading integrated European fund manager with discretionary funds investing across credit, real estate and real estate lending utilising our network of 24 platforms. The business model provides significant opportunity for growth, delivering increasing capital light earnings and facilitating de-leveraging.

#### **Multi-strategy vertically integrated fund manager with established presence in 8 territories across Western Europe**

- ▶ Funds under management (“FUM”) were €10.7 billion, up €0.8 billion on H1 2024 (€9.9 billion) with strong momentum and investor engagement in respect of both our real estate lending and opportunistic credit franchises
- ▶ Record deployments of €1.6 billion in the first half of the year, up 215% on prior year (H1 2024: €0.5 billion) and bringing deployment in the last 12 months to €3.1 billion
- ▶ Arrow Credit Opportunities (ACO) 2 continues to perform strongly with a deal IRR (after servicing costs) of 20% and a 2 times gross fund money multiple. The fund has now deployed €3.8 billion to date (137% of total fund size) driven by €1bn of early realisations facilitated by robust capital recycling
- ▶ ACO 1 has made €2.2 billion in total investments (153% of the total fund size), supported by €1.5 billion in realisations, resulting in approximately 40% capital recycling. Cash flow from investment realisations within ACO 1 has enabled €135 million in distributions to investors during 2025, bringing total distributions to date to €411 million
- ▶ Three investment strategies now fully established across Western Europe; credit, real estate equity and real estate lending, all utilising our local platforms and vertically integrated model
- ▶ Access to the French market is facilitated by the Arrow-led restructuring of iQera, a leading French credit management services provider, with ACO 2 becoming the majority shareholder in Q2 2025
- ▶ Further strengthening of our existing German presence via acquisition of the Ziegert Group’s operating assets for €0.1 million, a market-leading residential real estate company headquartered in Berlin

#### **Delivering strong increase in capital-light income with significant growth potential**

- ▶ Integrated Fund Management (“IFM”) Fee Related Earnings increased 16.3% to €38.5 million (H1 2024: €33.1 million), reflecting the sustained growth in deployments and in turn, fee earning net asset value (“NAV”)
- ▶ Similarly, Fund and Asset Management income rose by 21.2% to €149.7 million (H1 2024: €123.5 million)
- ▶ Expanding our deployment capabilities is projected to continue increasing fee-earning NAV for our discretionary fund management strategies, resulting in higher capital-light earnings
- ▶ Continued success of our third-party asset management business with 29 new servicing mandates won during H1

#### **Strong realisations and continued progress towards medium-term leverage target**

- ▶ Realisations of £120.0 million in H1 2025 (H1 2024: £128.2 million) in respect of Arrow Balance Sheet Investments, representing 111% of expected cumulative realisations
- ▶ Successfully placed €150 million additional bonds after upsizing in the market due to significant demand, with the proceeds used to redeem the euro denominated notes due in 2027 and creating additional liquidity headroom
- ▶ Bond and RCF maturities in 2029 provide stability and eliminates near-term refinancing risk
- ▶ Leverage stands at 4.3 times, down 1.2 times from the end of H1 2024. Movement in leverage since December 2024 (3.7 times) driven in part by strong deployment activity and corresponding increase in net debt. Ongoing growth in capital-light earnings supports sustainable de-leveraging towards the strategic target of 3.0 times
- ▶ Healthy liquidity headroom of £306 million as at 30 June 2025 (30 June 2024: £180 million)

**Zach Lewy, Group chief executive officer at Arrow, commented:**

“During the first six months of 2025, we have taken another significant step forward in scaling Arrow’s differentiated, asset-backed investment franchise. Funds under management have risen to €10.7 billion, supported by record investments of €1.6 billion. Our credit-opportunity strategy continues to perform strongly, while investor commitments to our lending strategy currently standing at €1.2 billion, underlining the depth of demand for our through-the-cycle approach.

The build out of our local platforms remains central to this success. The addition of iQera in France and Ziegert in Germany enhances both our origination reach and servicing capabilities, strengthening a network that is unique in Europe’s highly fragmented mid-market. These teams enable us to source the majority of our investments off market, secured on real estate, cash in court and other granular collateral, helping us generate attractive risk-adjusted returns irrespective of macro conditions.

We continue to see strong momentum in our third-party servicing activities, winning 29 new mandates during the period. While we remain disciplined against a backdrop of economic and geopolitical uncertainty, the combination of deep local insight and central expertise position us to deploy capital selectively and generate value for our investors. Our first-half results demonstrate that our business delivers resilient, capital-light earnings and provides a solid foundation for further growth.”

Group financial highlights	30 June 2025	30 June 2024	Change %
Balance Sheet Investment realisations (£m)	120.0	128.2	(6.4)
Adjusted EBITDA (£m)	111.7	118.6	(5.8)
Free cash flow (£m)	37.9	51.8	(26.8)
Total income (£m)	204.0	181.6	12.3
Fund and Asset Management income (£m)	149.7	123.5	21.2
Loss before tax and adjusting items (£m) <sup>1</sup>	(55.1)	(5.1)	(980.4)
Loss before tax and after adjusting items (£m)	(64.3)	(26.9)	(139.0)

	30 June 2025	31 December 2024	Change %
Funds Under Management (€bn)	10.7	10.6	0.9
Leverage	4.3	3.7	0.6
Expected 84-month cumulative realisations (£m)	1,402.2	1,209.2	16.0
Expected 120-month cumulative realisations (£m)	1,484.5	1,249.2	18.8
Net debt (£m)	1,483.6	1,303.6	13.8

<sup>1</sup> The results presented exclude adjusting items. For the reconciliation between these results and the condensed consolidated profit and loss, please see the reconciliation on page 20.

## Overview of group results and segmental commentary

Arrow is a leading integrated European fund manager with discretionary funds investing across credit, real estate and lending utilising our network of 24 platforms. The business model provides significant opportunity for growth, delivering increasing capital light fee related earnings and facilitating de-leveraging.

FUM were €10.7 billion as at 30 June 2025, increasing by 8.1% since 30 June 2024 (€9.9 billion) and marginally up from 31 December 2024 (€10.6 billion). FUM includes our ACO 1, ACO 2 and AREO discretionary funds totalling €6.1 billion under management (30 June 2024: €4.7 billion, 31 December 2024: €5.9 billion) and non-discretionary strategies totalling €4.6 billion under management (30 June 2024: €5.2 billion, 31 December 2024: €4.7 billion). Fee-earning Net Asset Value ("NAV"), referencing FUM deployed by our discretionary funds, increased by 62% over the prior year to €4.5 billion as at 30 June 2025 (30 June 2024: €2.8 billion). This has driven the increase in total discretionary fund management income of 66% or £32.3 million to £80.9 million (30 June 2024 £48.6 million).

Following the restructuring of iQera, a prominent French credit management services provider, ACO 2 became the majority shareholder in the second quarter of 2025. The addition of an eighth geography to the Group's Western European presence, facilitates higher volumes of deployment and increases discretionary NAV growth as well as further expanding the Group's broader servicing capabilities. In addition, the strategic acquisition of the platform assets of Ziegert Group, a market-leading residential real estate company headquartered in Berlin for £0.1 million with an option for the Fund to acquire a number of assets, further deepens the group's expertise in residential asset management and origination in Germany.

Funds deployed were up 215% to a record €1.6 billion during the period (30 June 2024: €0.5 billion) with a strong pipeline for H2 2025. Whilst the Group's investment approach remains cautious given ongoing economic and political uncertainty, we continue to find suitable opportunities to generate appropriate risk-adjusted rates of return with strong momentum going into the second half of 2025. Our local platforms, combined with the central expertise, focusing on off-market, real estate backed investments across Western Europe continue to deliver strong returns for our investors and demonstrates the resilience of our model through the cycle. Over 81% of ACO 2 investments have been sourced off-market and over 90% of ACO 1 and ACO 2 is secured on real estate, cash in court and other mixed security built from highly granular deployment. ACO funds continue to deliver strong returns with a Deal IRR (after servicing costs) of 15% and 20% for ACO 1 and ACO 2 respectively.

The Group's underlying loss before tax rose by £50.0 million to £55.1 million (30 June 2024: £5.1 million). Contributing factors included a £9.2 million increase in interest expense, a £35.7 million year-on-year non-cash foreign exchange impact from re-translating the net liability Euro position and cross currency swaps initiated at the end of 2024. The Integrated Fund Management segment EBITDA increased by £5.4 million or 16.3% to £38.5 million (30 June 2024: £33.1 million), the Balance Sheet segment EBITDA decreased by £4.0 million to £29.0 million (30 June 2024: £33.0 million) and the Group costs segment loss increased by £4.6m to £(20.3) million (30 June 2024: £(15.7) million). The results are explained further in the segmental commentary and analysis below.

Arrow realisations totalled £120.0 million, equating to 111% of projected cumulative realisations and are ahead of expectations. During 2025, net debt increased by £180.0 million to £1,483.6 million at June 2025, mainly due to record half-year deployment and unrealised FX, while liquidity headroom improved to £306 million (June 2024: £180 million). Leverage fell from 5.5x at June 2024 to 4.3x at June 2025. Whilst leverage is up 0.6x since December 2024 primarily driven by the increase in net debt, ongoing growth in capital-light earnings supports the medium-term de-leveraging target of 3.0x. Adjusted H1 2025 EBITDA was £111.7 million (2024: £118.6 million), with free cash flow at £37.9 million (2024: £51.8 million).

## Segmental commentary

Our reportable operating segments are Integrated Fund Management (“IFM”), Balance Sheet and Group costs, as discussed below:

### Integrated Fund Management

The Integrated Fund Management segment includes the results of our fund management activity and asset management and servicing, through our various platforms, providing capital-light returns.

Integrated Fund Management Fee Related Earnings increased by 16.3% to £38.5 million (30 June 2024: £33.1 million) with the segmental revenue increasing by 17.0% to £164.2 million (30 June 2024: £140.3 million). EBITDA margin for H1 2025 of 23.5 was consistent with prior year.

Fee earning NAV across our discretionary strategies increased by 62% over the past year to €4.5 billion (June 2024: €2.8 billion, December 2024: €3.4 billion) due to ongoing increases in deployment, which increased management fees and servicing revenues from the discretionary fund management business by 66% to £80.9 million (30 June 2024: £48.6 million). Third party asset management business revenues reduced by 9.2% to £83.3 million (30 June 2024: £91.7 million), primarily due to certain revenues from the Maslow platform being reported within the discretionary fund management business since the launch of ALO I.

### Balance Sheet

This segment includes all the portfolio investments that the Group owns (including co-investments made in the discretionary funds alongside third-party investors), and the associated income and costs.

Realisations for H1 2025 were £120.0 million, representing 111% of expected cumulative realisations. Investment purchases were £138.2 million (30 June 2024: £64.1 million) reflecting the Group’s co-investment in respect of the record deployment activity during the period.

Segmental Balance Sheet EBITDA reduced by £4.0 million from £33.0 million in H1 2024 to £29.0 million in H1 2025 predominantly due to one-off Italian Concordato income recognised in H1 2024.

### Group costs

The Group segment consists of costs not directly associated with the other segments, but relevant to overall oversight and control of the Group’s activities. Segmental Group EBITDA in H1 2025 was £(20.3) million, broadly consistent with H2 2024 of £(19.0) million, and up £4.6 million on H1 2024 (£(15.7) million) as the business continues to scale to drive record origination volumes.

Underlying net interest costs of £62.9 million were £9.3 million higher period-on-period (30 June 2024: £53.6 million), driven by higher interest rates following the refinancing at the end of 2024. The Group has substantially mitigated the exposure to future interest rate fluctuations with circa 83% of the bonds either fixed or hedged as at 30 June 2025.

The year-on-year impact on the re-translation of the net Euro liability position was £35.7 million with a loss of £32.2 million at 30 June 2025 (30 June 2024: £3.6m gain) arising from the re-translation of liabilities and the fair value movements attributable to cross currency swaps entered into at the end of 2024. The Group maintains a net Euro liability position given an increasing level of the Group’s revenues are generated in Euros.

### Results Presentation – Conference call details

A presentation is available on the Company's website <https://bit.ly/3Co0rvO> from 07.00am (UK time).

There will be a conference call for bondholders at 11.00am (GMT) with Arrow Global's management team.

To join, register your details using the registration link below. Once registered, you'll receive a separate email containing your dial in number and PIN.

Registration      Register for the call [here](#)

**For further information:**

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**Notes:**

*A glossary of terms can be found at the end of the document.*

## Forward looking statements

*This document contains statements that constitute forward-looking statements relating to the business, financial performance and results of the Group and the industry in which the Group operates. All statements other than statements of historical fact included in this document may be forward looking statements. These statements may be identified by words such as “expectation”, “belief”, “estimate”, “plan”, “target”, or “forecast” and similar expressions or the negative thereof; or by the forward-looking nature of discussions of strategy, plans or intentions; or by their context. All statements regarding the future are subject to inherent risks and uncertainties and various factors could cause actual future results, performance or events to differ materially from those described or implied in these statements. Such forward-looking statements are based on numerous assumptions regarding the Group’s present and future business strategies and the environment in which the Group will operate in the future. Further, certain forward-looking statements are based upon assumptions of future events which may not prove to be accurate and neither the Company, the Group nor any other person accepts any responsibility for the accuracy of the opinions expressed in this document or the underlying assumptions. The forward-looking statements in this document speak only as at the date of this presentation and the Company and the Group assume no obligation to update or provide any additional information in relation to such forward-looking statements, except as required pursuant to applicable law or regulation.*

*No statement in this report is intended as a profit forecast or estimate for any period. No statement in this report should be interpreted to indicate a particular level of profit and, as a consequence, it should not be possible to derive a profit figure for any future period from this report.*

*This report is intended solely to provide information to bondholders to assess the group's strategies and neither the company nor its directors accept liability to any other person, save as would arise under English law. The report should not be relied on by any other party or for any other purpose.*

# Consolidated statement of profit or loss and other comprehensive income

For the period ended 30 June 2025

	Unaudited 6-months to 30 June 2025 £000	Unaudited <sup>1</sup> 6-months to 30 June 2024 £000
<b>Continuing operations</b>		
Fund and Asset Management income	149,749	123,546
Income from Balance Sheet Investments:		
Fair value gains on investments at FVTPL	25,359	26,681
Income from investments at amortised cost	19,699	23,311
Impairment gains/(losses) on amortised cost investments	3,689	(167)
Income from real estate investments	405	1,355
Share of profit in joint venture investment	4,569	6,565
<b>Total income from investments</b>	<b>53,721</b>	<b>57,745</b>
Other income	518	267
<b>Total income</b>	<b>203,988</b>	<b>181,558</b>
Total operating expenses	(173,192)	(158,322)
Foreign exchange translation gain/(loss)	(21,481)	3,558
Derivative fair value movement	(10,673)	—
<b>Operating (loss)/profit</b>	<b>(1,358)</b>	<b>26,794</b>
Net finance costs	(62,907)	(53,726)
<b>Loss before tax<sup>2</sup></b>	<b>(64,265)</b>	<b>(26,932)</b>
Taxation charge on ordinary activities	(871)	2,232
<b>Loss after tax</b>	<b>(65,136)</b>	<b>(24,700)</b>
<b>Other comprehensive income:</b>		
Items that are or may be reclassified subsequently to profit or loss:		
Foreign exchange translation difference arising on revaluation of foreign operations	3,056	(306)
Movement on the hedging reserve	(20)	1,492
<b>Total comprehensive loss for the period</b>	<b>(62,100)</b>	<b>(23,514)</b>
<b>Loss attributable to:</b>		
Owners of the Company	(65,160)	(24,563)
Non-controlling interest	24	(137)
	<b>(65,136)</b>	<b>(24,700)</b>
<b>Comprehensive loss attributable to:</b>		
Owners of the Company	(62,124)	(23,377)
Non-controlling interest	24	(137)
	<b>(62,100)</b>	<b>(23,514)</b>

<sup>1</sup> Note the statement of profit or loss and other comprehensive income for 2024 has been re-presented to reflect the change in aggregation of total operating expenses. There is no impact on Loss after tax.

<sup>2</sup> The loss before tax of £64,265,000 for the period to 30 June 2025 (H1 2024: £26,932,000), includes £9,121,000 of net adjusting costs (H1 2024: £21,873,000), with an underlying loss before tax of £55,144,000 (H1 2024: £5,059,000 underlying loss). For the reconciliation to the underlying consolidated profit and loss, please see the reconciliations on page 20.

# Consolidated statement of financial position

As at 30 June 2025

		Unaudited 30 June 2025 £000	Audited 31 December 2024 £000
<b>Assets</b>	<b>Note</b>		
Cash and cash equivalents		106,389	87,570
Derivative assets		14	415
Trade and other receivables		135,587	131,372
Investments:			
Investments – amortised cost	4	238,653	238,048
Investments – FVTPL	4	492,241	385,500
Investments – real estate inventories	4	—	3,333
Investments – joint venture	4	74,850	79,221
<b>Total portfolio investments</b>		<b>805,744</b>	<b>706,102</b>
Property, plant and equipment		37,854	28,219
Intangible assets		97,043	101,748
Deferred tax asset		14,141	10,827
Current tax asset		1,598	—
Goodwill		747,303	746,926
<b>Total assets</b>		<b>1,945,673</b>	<b>1,813,179</b>
<b>Liabilities</b>			
Bank overdrafts	5	5,422	5,734
Revolving credit facility	5	72,963	13,299
Derivative liability		15,801	5,537
Trade and other payables		197,825	210,408
Current tax liability		—	972
Other borrowings	5	7,889	7,436
Senior secured notes	5	1,462,191	1,323,373
Deferred tax liability		12,111	12,849
<b>Total liabilities</b>		<b>1,774,202</b>	<b>1,579,608</b>
<b>Equity</b>			
Share capital		166,813	166,813
Share premium		419,609	419,609
Retained deficit		(417,095)	(351,936)
Hedging reserve		(3,817)	(3,798)
Other reserves		4,530	1,476
<b>Total equity attributable to shareholders</b>		<b>170,040</b>	<b>232,164</b>
Non-controlling interest		1,431	1,407
<b>Total equity</b>		<b>171,471</b>	<b>233,571</b>
<b>Total equity and liabilities</b>		<b>1,945,673</b>	<b>1,813,179</b>

## Consolidated statement of changes in equity

For the period ended 30 June 2025

	Share capital	Other equity reserves	Total equity attributable to shareholders	Non- controlling interest	Total equity
	£000	£000	£000	£000	£000
<b>Balance at 1 January 2024</b>	<b>166,813</b>	<b>137,741</b>	<b>304,554</b>	<b>2,759</b>	<b>307,313</b>
Loss after tax	—	(24,563)	(24,563)	(137)	(24,700)
Exchange differences	—	(306)	(306)	—	(306)
Net fair value gains – cash flow	—	1,990	1,990	—	1,990
Tax on hedged items	—	(498)	(498)	—	(498)
Total comprehensive loss for the period	—	(23,377)	(23,377)	(137)	(23,514)
Purchase of non-controlling interests	—	611	611	(688)	(77)
Dividends paid by non-controlling interest	—	—	—	(230)	(230)
<b>Balance as at 30 June 2024</b>	<b>166,813</b>	<b>114,975</b>	<b>281,788</b>	<b>1,704</b>	<b>283,492</b>
Loss after tax	—	(44,589)	(44,589)	1	(44,588)
Exchange differences	—	(1,254)	(1,254)	—	(1,254)
Net fair value losses – cash flow	—	(5,391)	(5,391)	—	(5,391)
Tax on hedged items	—	1,348	1,348	—	1,348
Total comprehensive loss for the period	—	(49,886)	(49,886)	1	(49,885)
Purchase of non-controlling interests	—	262	262	(318)	(56)
Acquisition of non-controlling interest	—	—	—	13	13
Dividends paid by non-controlling interest	—	—	—	7	7
<b>Balance at 1 January 2025</b>	<b>166,813</b>	<b>65,351</b>	<b>232,164</b>	<b>1,407</b>	<b>233,571</b>
Loss after tax	—	(65,160)	(65,160)	24	(65,136)
Exchange differences	—	3,056	3,056	—	3,056
Net fair value losses – cash flow	—	(26)	(26)	—	(26)
Tax on hedged items	—	6	6	—	6
Total comprehensive loss for the period	—	(62,124)	(62,124)	24	(62,100)
<b>Balance at 30 June 2025</b>	<b>166,813</b>	<b>3,227</b>	<b>170,040</b>	<b>1,431</b>	<b>171,471</b>



## Consolidated statement of cashflows

For the period ended 30 June 2025

		Unaudited 6-months to 30 June 2025 £000	Unaudited Re-presented <sup>1</sup> 6-months to 30 June 2024 £000
	Note		
<b>Net cash generated by operating activities</b>	6	<b>(67,025)</b>	<b>19,717</b>
<b>Investing activities</b>			
Purchase of property, plant and equipment		(1,502)	(4,324)
Purchase of intangible assets		(4,784)	(7,482)
Proceeds from disposal of intangible assets and property, plant and equipment		75	36
Acquisition of subsidiary, net of cash acquired		(107)	(3,897)
<b>Net cash used in investing activities</b>		<b>(6,318)</b>	<b>(15,667)</b>
<b>Financing activities</b>			
Repayment of RCF and other borrowings		(159,601)	(68,486)
Proceeds from RCF and other borrowings		216,865	96,846
Repayment of asset backed loans		–	–
Revolving credit facility interest paid		(3,438)	(8,051)
Proceeds from senior notes issuing		127,339	–
Redemption of senior notes		(28,706)	–
Payment of interest on senior notes		(58,076)	(41,990)
Bank and other similar fees paid		(214)	(604)
Bank interest received		359	180
Lease payments		(3,454)	(3,684)
Payment of dividends to non-controlling interest & shareholders		–	(230)
<b>Net cash flow from financing activities</b>		<b>91,074</b>	<b>(26,019)</b>
<b>Net movement in cash and cash equivalents</b>		<b>17,731</b>	<b>(21,969)</b>
Cash and cash equivalents at beginning of period		87,570	114,683
Effect of exchange rates on cash and cash equivalents		1,088	(1,634)
<b>Cash and cash equivalents at end of period</b>		<b>106,389</b>	<b>91,080</b>

<sup>1</sup>The Group has changed its presentation of repayments and proceeds of/from RCF and other borrowings in the period to show the repayments and proceeds separately as opposed to a net position within financing activities. The Group's principal RCF facility is structured such that frequent drawdowns and repayments are made within short periods, and therefore the previous net presentation was considered appropriate. However, the Group has determined that gross presentation is more in line with convention for such facilities under IAS 7. As a result, prior period amounts have been re-presented accordingly. The re-presentation had had no impact on the total cash flows from financing activities.

Included within cash and cash equivalents is £6,527,000 (H1 2024: £7,487,000) of cash, which may be subject to constraints regarding when the balance can be remitted, such as cash in a consolidated securitisation structure awaiting a payment date.

## Notes to the consolidated financial statements

### 1. General Information

These financial statements are unaudited and do not include all the information required for annual reporting. These results should be read in conjunction with the Sherwood Parentco Limited Group's consolidated statutory report and accounts for the year to 31 December 2024. The Sherwood Parentco Limited Group's consolidated statutory report and accounts for the year to 31 December 2024 are available on our website at <https://bit.ly/3Co0rvO>.

The Group's consolidated report and accounts are prepared in accordance with UK-adopted international accounting standards and in accordance with the requirements of the Companies Act 2006. These financial statements have been prepared by applying the accounting policies and presentation that were applied in the preparation of the Sherwood Parentco Limited Group's consolidated statutory report and accounts for the year to 31 December 2024.

### 2. Segmental reporting

In line with IFRS 8 Operating Segments, the Group reports under three separate reportable segments, being Integrated Fund Management, Balance Sheet Investments and Group costs. Details of the principal business categories are as follows:

Integrated Fund Management	Income and costs associated with managing debt portfolios on behalf of the Group, our discretionary funds and other third parties, the income and costs associated with providing other servicing and realisation activities to third parties and income and costs associated with investment and asset management. The combined income from this segment represents the capital-light income of the Group.
Balance Sheet Investments	All portfolio investments that the Group owns, including investments held directly on our balance sheet together with our co-investment made through our discretionary funds, such as ACO 1, ACO 2, AREO 1, AREO 2, and ALO I and the associated income and direct costs of such investments.
Group costs	Costs not directly associated with the other two segments, but relevant to overall oversight and control of the Group's activities.

These segments represent how the Group manages the wider business, and the organisational structure is aligned to these segments. Therefore, this has been deemed to be the appropriate level of disaggregation to provide information to the Chief Operating Decision Maker.

The Integrated Fund Management segment charges the Balance Sheet Investments segment for servicing and realisation of the Group portfolio investments and management and servicing fees in relation to fund management in respect to its investments. This intra-segment charge is calculated on equivalent commercial terms to charging third parties. The intra-segment elimination column below removes such charges.

# Notes to the consolidated financial statements (*continued*)

## 2. Segmental reporting (continued)

Period ended 30 June 2025

	Integrated Fund Management £000	Balance Sheet £000	Group £000	Intra- segment elimination £000	Total exc. adjusting items 30 June 2025 £000	Adjusting items £000	Total inc. adjusting items 30 June 2025 £000
<b>Total income</b>	164,182	55,672	32	(13,948)	205,938	(1,950)	203,988
Realisation activity costs	(64,333)	(22,956)	(300)	13,948	(73,641)	–	(73,641)
<b>Gross margin</b>	<b>99,849</b>	<b>32,716</b>	<b>(268)</b>	<b>–</b>	<b>132,297</b>	<b>(1,950)</b>	<b>130,347</b>
<i>Gross margin %</i>	<i>60.8%</i>	<i>58.8%</i>			<i>64.2%</i>		<i>63.9%</i>
Other operating expenses excluding depreciation, amortisation and forex	(61,340)	(3,750)	(20,074)	–	(85,164)	–	(85,164)
<b>EBITDA</b>	<b>38,509</b>	<b>28,966</b>	<b>(20,342)</b>	<b>–</b>	<b>47,133</b>	<b>(1,950)</b>	<b>45,183</b>
<i>EBITDA margin %</i>	<i>23.5%</i>	<i>52.0%</i>			<i>22.9%</i>		<i>22.1%</i>
Depreciation and amortisation	(5,696)	–	(1,520)	–	(7,216)	(7,171)	(14,387)
Foreign exchange translation loss	–	–	(21,481)	–	(21,481)	–	(21,481)
Derivative fair value movements	–	–	(10,673)	–	(10,673)	–	(10,673)
<b>Operating profit/(loss)</b>	<b>32,813</b>	<b>28,966</b>	<b>(54,016)</b>	<b>–</b>	<b>7,763</b>	<b>(9,121)</b>	<b>(1,358)</b>
Net finance costs	–	–	(62,907)	–	(62,907)	–	(62,907)
<b>Profit/(loss) before tax</b>	<b>32,813</b>	<b>28,966</b>	<b>(116,923)</b>	<b>–</b>	<b>(55,144)</b>	<b>(9,121)</b>	<b>(64,265)</b>

# Notes to the consolidated financial statements (*continued*)

## 2. Segmental reporting (continued)

Period ended 30 June 2024

	Integrated Fund Management £000	Balance Sheet £000	Group £000	Intra- segment elimination £000	Total exc. adjusting items 30 June 2024 £000	Adjusting items £000	Total inc. adjusting items 30 June 2024 £000
<b>Total income</b>	140,323	60,015	4	(16,514)	183,828	(2,270)	181,558
Realisation activity costs	(50,641)	(26,005)	(116)	16,514	(60,248)	–	(60,248)
<b>Gross margin</b>	<b>89,682</b>	<b>34,010</b>	<b>(112)</b>	<b>–</b>	<b>123,580</b>	<b>(2,270)</b>	<b>121,310</b>
<i>Gross margin %</i>	63.9%	56.7%			67.2%		66.8%
Other operating expenses excluding depreciation, amortisation and forex	(56,629)	(1,028)	(15,547)	–	(73,204)	(5,899)	(79,103)
<b>EBITDA</b>	<b>33,053</b>	<b>32,982</b>	<b>(15,659)</b>	<b>–</b>	<b>50,376</b>	<b>(8,169)</b>	<b>42,207</b>
<i>EBITDA margin %</i>	23.6%	55.0%			27.4%		23.2%
Depreciation and amortisation	(4,030)	–	(1,383)	–	(5,413)	(13,558)	(18,971)
Foreign exchange translation gain	–	–	3,558	–	3,558	–	3,558
<b>Operating profit/(loss)</b>	<b>29,023</b>	<b>32,982</b>	<b>(13,484)</b>		<b>48,521</b>	<b>(21,727)</b>	<b>26,794</b>
Net finance costs	–	–	(53,580)	–	(53,580)	(146)	(53,726)
<b>Profit/(loss) before tax</b>	<b>29,023</b>	<b>32,982</b>	<b>(67,064)</b>	<b>–</b>	<b>(5,059)</b>	<b>(21,873)</b>	<b>(26,932)</b>

## Notes to the consolidated financial statements (*continued*)

### 2. Segmental reporting (continued)

Total income includes income from portfolio investments, fund and investment management and performance fees, asset management and servicing and other income.

The below tables are produced on a statutory basis:

6-months to 30 June 2025	UK and Jersey	Luxembourg	Ireland	Portugal	Italy	The Netherlands	Other Western Europe	Intra- Group trading	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Total income	93,325	14,789	19,770	35,136	27,478	17,402	10,036	(13,948)	203,988
Fund and Asset Management income	52,210	–	19,390	27,397	24,433	16,214	10,105	–	149,749

6-months to 30 June 2024	UK and Jersey	Luxembourg	Ireland	Portugal	Italy	The Netherlands	Other Western Europe	Intra- Group trading	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Total income	99,237	8,601	16,032	30,858	26,979	16,333	6	(16,488)	181,558
Fund and Asset Management income	52,329	–	15,840	21,991	20,019	13,367	–	–	123,546

Income from contracts with customers has been disaggregated on a geographical basis, as a similar set of services are provided to customers across the geographies, and therefore this was deemed to be the most appropriate level of disaggregation for this disclosure.

## Notes to the consolidated financial statements (*continued*)

### 3. Integrated fund manager fee related income

Integrated fund manager fee related income is made up of discretionary fund management income from the Group's integrated fund manager activity, and third party asset management income including third-party and Arrow on-balance sheet investments servicing activity, as described in the following paragraphs.

	Unaudited 6-months to 30 June 2025 £000	Re- presented 6-months to 30 June 2024 £000
<b>Discretionary fund management income:</b>		
External third party fund income	78,217	46,652
Internal income arising on Arrow balance sheet co-invest	2,676	1,967
<b>Total discretionary fund management income</b>	<b>80,893</b>	<b>48,619</b>
<b>Third party asset management income:</b>		
External third party asset management income	72,049	77,161
Internal income arising on Arrow back book investments	11,240	14,543
<b>Total third party asset management income</b>	<b>83,289</b>	<b>91,704</b>
<b>Total Integrated fund management segmental income</b>	<b>164,182</b>	<b>140,323</b>

#### Discretionary fund management

Fund and investment management income encompasses services provided in relation to the discretionary allocation and management of third-party capital within ACO 1, ACO 2, AREO, and ALO. Fees for fund and investment management services are normally calculated based on a fixed percentage of the value of assets managed and deducted from the customer's account balance on a regular basis. Income from fund and investment management services is recognised over time as the services are provided in accordance with IFRS 15. Revenue is also generated from asset management and servicing of the assets.

#### Third party asset management

Income from asset management and servicing contracts with third party customers, together with services provided to the Arrow back book, and is measured based on the consideration specified in a contract with a customer. The Group recognises revenue when it satisfies a performance obligation related to a service it has undertaken to provide to a customer in accordance with IFRS 15.

Servicing income comprises a broad range of services, including secured and unsecured collection activity, real estate asset realisation, legal title holding, due diligence activities, initial platform migration and on-boarding activities, securitisation vehicle set-up and ongoing management activities, new origination activities, litigation and court process management and third-party sub-servicer management.

In all material cases, the services are provided at a point in time that corresponds to the satisfaction of the related performance obligations. As such, revenue arising from servicing income is normally recognised as the services are provided to the customer, with no deferral or acceleration of revenue across the life of the contract.

## Notes to the consolidated financial statements (*continued*)

### 4. Investments

The movements in portfolios investments were as follows:

#### Period ended 30 June 2025 (unaudited)

	Amortised cost £000	FVTPL £000	Real estate inventories £000	Joint venture £000	Total £000
As at 1 January 2025	238,048	385,500	3,333	79,221	706,102
Investments purchased during the period	1,763	136,153	–	–	137,916
Movement in investments awaiting deployment <sup>1</sup>	–	311	–	–	311
Realisations in the period	(35,681)	(71,651)	(3,761)	(8,940)	(120,033)
Fair value gains on investments at FVTPL	–	25,359	–	–	25,359
Income from investments at amortised cost	19,699	–	–	–	19,699
Net impairment gains/(losses)	3,689	–	–	–	3,689
Income from real estate investments	–	–	405	–	405
Share of profit in joint venture investment	–	–	–	4,569	4,569
Exchange and other movements	11,135	16,569	23	–	27,727
<b>As at 30 June 2025</b>	<b>238,653</b>	<b>492,241</b>	<b>–</b>	<b>74,850</b>	<b>805,744</b>

<sup>1</sup> Investments awaiting deployment relates to movements in cash held in an investment vehicle, in anticipation of purchasing portfolio investments, which had not completed at the period end.

Note that for real estate inventories, which are not financial instruments, the balance sheet realisations figure above is analogous to total sales of inventories, and the net of balance sheet realisations and income from portfolio investments – real estate inventories, is analogous to cost of sales of inventories. Sales of inventories are accounted for as revenue under IFRS 15, as they are not financial instruments, but are presented alongside the other portfolio investments for ease of reference.

## Notes to the consolidated financial statements (*continued*)

### 4. Investments (*continued*)

Year ended 31 December 2024 (audited)

	Amortised cost	FVTPL	Real estate inventories	Joint venture	Total
	£000	£000	£000	£000	£000
As at 1 January 2024	<b>323,827</b>	<b>380,977</b>	<b>54,588</b>	<b>87,253</b>	<b>846,645</b>
Investments purchased during the year	548	154,225	–	–	154,773
Movement in investments awaiting deployment <sup>1</sup>	–	(1,318)	–	–	(1,318)
Acquisitions in the year	2,040	716	–	–	2,756
Realisations in the year	(124,823)	(177,311)	(57,782)	(19,990)	(379,906)
Fair value gains on investments at FVTPL	–	47,842	–	–	47,842
Income from investments at amortised cost	43,158	–	–	–	43,158
Net impairment gains/(losses)	9,157	–	(950)	–	8,207
Income from real estate investments	–	–	6,797	–	6,797
Share of profit in joint venture investment	–	–	–	11,958	11,958
Capital expenditure on real estate investments	–	–	2,216	–	2,216
Exchange and other movements	(15,859)	(19,631)	(1,536)	–	(37,026)
<b>As at 31 December 2024</b>	<b>238,048</b>	<b>385,500</b>	<b>3,333</b>	<b>79,221</b>	<b>706,102</b>

<sup>1</sup> Investments awaiting deployment relates to movements in cash held in an investment vehicle, in anticipation of purchasing portfolio investments, which had not completed at the period end.

Note that for real estate inventories, which are not financial instruments, the balance sheet realisations figure above is analogous to total sales of inventories, and the net of balance sheet realisations and income from portfolio investments – real estate inventories, is analogous to cost of sales of inventories. Sales of inventories are accounted for as revenue under IFRS 15, as they are not financial instruments, but are presented alongside the other portfolio investments for ease of reference.



## Notes to the consolidated financial statements (*continued*)

### 5. Borrowings and facilities

	30 June 2025 £000	31 December 2024 £000
<b>Secured borrowing at amortised cost</b>		
Senior secured notes (net of transaction fees of £35,649,000, 31 December 2024: £35,931,000)	1,462,191	1,323,373
Revolving credit facility (net of transaction fees of £5,134,000, 31 December 2024: £4,701,000)	72,963	13,299
Bank overdrafts and other borrowings	13,311	13,170
	<b>1,548,465</b>	<b>1,349,842</b>
<b>Total borrowings</b>		
Amount due for settlement within 12 months	79,408	19,779
Amount due for settlement after 12 months	1,469,057	1,330,063
	<b>1,548,465</b>	<b>1,349,842</b>

#### Senior secured notes

On 11 December 2024, the Group issued new €250 million 7.625% Euro fixed rate senior secured notes, €965 million 5.5% over three months EURIBOR floating rate senior secured notes, and £250 million 9.625% fixed rate senior secured notes, all due December 2029, with the proceeds being used to pay the cash consideration for the tender offers and exchange offer on the existing senior secured notes, issued in November 2021, and certain drawings under the revolving credit facility.

On 24 June 2025, the Group successfully priced €100 million of additional senior secured floating rate notes due 2029 and €50 million of additional 7.625% senior secured notes due 2029 by way of a private placement, with the proceeds being used to redeem in entirety the outstanding Euro-denominated floating rate senior secured notes due 2027 (31 December 2024: €33,062,000), which were originally issued on November 8, 2021, and to repay a portion of the amounts outstanding under the revolving credit facility.

Of the bonds issued in 2021, €36,268,000 remains outstanding of the €400 million 4.5% Euro fixed rate senior secured notes due November 2026 and £39,807,000 remains outstanding of the £350 million 6% fixed rate senior secured notes due November 2026.

All of the outstanding senior secured notes were issued by Sherwood Financing plc, with the floating rate notes subject to a zero percent EURIBOR floor, and are secured on the majority of the Group's assets and, subject to market conditions, the Group may initiate a repurchase.

#### Revolving credit facility

On 11 December 2024, the Group entered into a new £285 million revolving facility, replacing the previous £285 million revolving facility which was terminated on the same date, with a margin of 350bps, maturing June 2029. The margin is subject to a ratchet downwards based upon decreasing leverage levels. The facility is senior secured and therefore has a similar security package to the bonds issued on the same date. Under the terms of the intercreditor agreement, the facility ranks super senior to the bonds as any obligations under the facility will be settled in advance of any obligations under the bonds in an event of enforcement.

The two facilities entered into during 2023, under the commitment of the previous revolving credit facility, were rolled into the new facility. The facilities, being a bank guarantee for £1.5 million and an overdraft facility of £10 million, have reduced the revolving credit facility commitment by a total of £11.5 million. Unutilised overdraft facility is included within headroom under the revolving credit facility for the purpose of calculating liquidity headroom.

#### Other borrowings

Other borrowings primarily consist of minor banking facilities used by the Group's subsidiaries.

## Notes to the consolidated financial statements (*continued*)

### 6. Notes to the cash flow statement

	6-months to 30 June 2025 £000	6-months to 30 June 2024 £000
<b>Cash flows from operating activities</b>		
Loss after tax	(65,136)	(29,164)
Adjusted for:		
Balance sheet realisations in the period	120,033	128,215
Income from investments at amortised costs	(19,699)	(23,311)
Income from real estate investments	(405)	(1,355)
Fair value gains	(25,359)	(26,681)
Net impairment (gain)/losses	(3,689)	167
Share of profit in portfolio joint venture	(4,569)	(6,565)
Gain on disposal of intangible assets	196	87
Profit on write-off and disposal of property, plant and equipment	(24)	(13)
Depreciation and amortisation	14,387	18,971
Net interest payable	61,881	52,762
Lease liability interest	1,026	964
Deferred remuneration unwind	–	4,816
Foreign exchange losses/(gains)	21,481	(3,558)
Derivative fair value movements	10,673	–
Tax charge	871	2,232
<b>Operating cash flows before movement in working capital</b>	<b>111,667</b>	<b>117,567</b>
Increase in other receivables	(1,052)	(23,536)
(Decrease) in trade and other payables	(36,637)	(12,046)
<b>Cash generated by operations</b>	<b>73,978</b>	<b>81,985</b>
Income taxes and overseas taxation payable	(2,776)	(943)
<b>Net cash flow from operating activities before purchases of loan portfolios</b>	<b>71,202</b>	<b>81,042</b>
Purchases of investments	(138,227)	(61,325)
<b>Net cash generated by operating activities</b>	<b>(67,025)</b>	<b>19,717</b>

Included within cash and cash equivalents is £6,527,000 (H1 2024: £7,487,000) of cash, which may be subject to constraints regarding when the balance can be remitted, such as cash in a consolidated securitisation structure awaiting a payment date.

## Notes to the consolidated financial statements (*continued*)

### Additional information (unaudited)

The adjusted EBITDA reconciliations for the periods ended 30 June 2025 and 30 June 2024 respectively are shown below:

	30 June 2025 £000	30 June 2024 £000
<b>Reconciliation of net cash flow to Adjusted EBITDA</b>		
Net cash flow used in operating activities	(67,025)	19,717
Investment purchases and movement in investments awaiting deployment <sup>1</sup>	138,227	61,325
Income taxes paid	2,776	943
Working capital adjustments	37,689	35,582
Operating cash adjusting items	–	1,082
<b>Adjusted EBITDA</b>	<b>111,667</b>	<b>118,649</b>
<b>Reconciliation of balance sheet cash realisations to Adjusted EBITDA</b>		
Fund and Asset Management income	149,749	123,546
Income from portfolio investments including fair value and impairment losses and gains	53,721	57,745
Portfolio amortisation	66,312	70,470
<b>Balance sheet cash realisations</b> (includes proceeds from disposal of portfolio investments)	<b>120,033</b>	<b>128,215</b>
Gain on disposal of subsidiary and other income	518	267
Operating expenses excluding foreign exchange losses/(gains) and derivative fair value movements	(173,192)	(158,322)
Depreciation and amortisation	14,387	18,971
Net loss/(gain) on disposal and write off intangible assets and property, plant and equipment	172	73
Operating adjusting items	–	5,899
<b>Adjusted EBITDA</b>	<b>111,667</b>	<b>118,649</b>
<b>Reconciliation of operating profit to Adjusted EBITDA</b>		
Loss after tax	(65,136)	(24,700)
Net finance costs	62,907	53,726
Tax credit on ordinary activities	871	(2,232)
<b>Operating profit/(loss)</b>	<b>(1,358)</b>	<b>26,794</b>
Portfolio amortisation	66,312	70,470
Depreciation and amortisation	14,387	18,971
Foreign exchange losses/(gains)	21,481	(3,558)
Derivative fair value movements	10,673	–
Net loss/(gain) on disposal and write off of intangible assets and property, plant and equipment	172	73
Operating adjusting items	–	5,899
<b>Adjusted EBITDA</b>	<b>111,667</b>	<b>118,649</b>

<sup>1</sup> Investments awaiting deployment relates to movements in cash held in an investment vehicle, in anticipation of purchasing portfolio investments, which have not yet completed at the period end

## Additional information (unaudited) (continued)

### Loss before adjusting items

	6-months to 30 June 2025 £000	6-months to 30 June 2024 £000
Total income	205,938	183,828
Total operating expenses	(198,175)	(135,307)
Operating profit	7,763	48,521
Net finance costs	(62,907)	(53,580)
Loss before tax and adjusting items	(55,144)	(5,059)
Taxation charge on underlying activities	(2,263)	658
Loss after tax before adjusting items	(57,407)	(4,401)
Non-controlling interest	(24)	137
Loss attributable to owners of the company	(57,431)	(4,264)
Tax rate on results before adjusting items	(4.1%)	13.0%

Reconciliation between IFRS profit and profit before adjusting items:

	6-months to 30 June 2025			6-months to 30 June 2024		
	Profit before tax £000	Tax £000	Profit after tax £000	Profit before tax £000	Tax £000	Profit after tax £000
IFRS loss	(64,265)	(871)	(65,136)	(26,932)	2,232	(24,700)
Adjusting items:						
Maslow acquisition costs	–	–	–	21,873	–	21,873
Acquisition costs related to the TDR takeover	9,121	–	9,121	–	–	–
Tax associated with adjusting items	–	(1,392)	(1,392)	–	(1,574)	(1,574)
Loss before adjusting items	(55,144)	(2,263)	(57,407)	(5,059)	658	(4,401)

Adjusting items are those items that by virtue of their size, nature or incidence (i.e. outside the normal operating activities of the Group) are not considered to be representative of the ongoing performance of the Group and these items are excluded to get to the profit before adjusting items.

The acquisition of the Group by TDR created ongoing non-cash acquisition intangible and fair value or other accounting unwinds.

The acquisition of Maslow occurred through an initial 49% acquisition and subsequently via the exercise of the option to acquire the remaining 51%. Maslow acquisition costs in 2024 relate to the unwind of the contingent earn-out payments.

Total acquisition cost in the 6 months to H1 2025 amounted to £9.1 million (H1 YTD 2024: £21.9 million).

## Additional information (unaudited) (continued)

### Reconciliation of loss after tax to the free cash flow result

The table below reconciles the reported loss after tax for the period to the cash result.

Income	Reported profit £000	Other items £000	Free cash flow £000	
Fund and Asset Management income	149,749	–	149,749	Income from integrated fund and asset management income
Gain on disposal of subsidiary	–	–	–	
Total income from investments	53,721	66,312	120,033	Realisations in the period
Other income	518	–	518	
<b>Total income <sup>1</sup></b>	<b>203,988</b>	<b>66,312</b>	<b>270,300</b>	
<b>Total operating expenses</b>	<b>(205,346)</b>	<b>46,713<sup>2</sup></b>	<b>(158,633)</b>	Cash operating expenses
<b>Operating profit</b>	<b>(1,358)</b>	<b>113,025</b>	<b>111,667</b>	Adjusted EBITDA <sup>4</sup>
Derivative expenses	–	–	–	
Net finance costs	(62,907)	(1,916) <sup>3</sup>	(64,823)	
<b>(Loss)/profit before tax</b>	<b>(64,265)</b>	<b>111,109</b>	<b>46,844</b>	
Taxation charge on ordinary activities	(871)	(1,905)	(2,776)	
<b>(Loss)/profit after tax</b>	<b>(65,136)</b>	<b>109,204</b>	<b>44,068</b>	
			(6,212)	Capital expenditure
			<b>37,856</b>	<b>Free cash flow <sup>5</sup></b>

<sup>1</sup> Total income is largely derived from income from portfolio investments plus income from managing portfolios for our discretionary funds and other third parties, and income from asset management and servicing, being commission on balance sheet cash realisations for third-parties and fee income received. The other items add back loan portfolio amortisation to get to balance sheet cash realisations. Amortisation reflects a reduction in the statement of financial position carrying value of the portfolio investments arising from balance sheet cash realisations, which are not allocated to income. Amortisation plus income from portfolio investments equates to balance sheet cash realisations.

<sup>2</sup> Includes non-cash items including depreciation and amortisation and foreign exchange.

<sup>3</sup> Non-cash amortisation of fees and interest

<sup>4</sup> Adjusted EBITDA is a key driver to free cash flow. This measure allows us to monitor the operating performance of the Group. See page 19 for detailed reconciliations of adjusted EBITDA.

<sup>5</sup> Free cash flow is the adjusted EBITDA after the effect of capital expenditure, financing costs and taxation.

## Glossary of alternative performance measures

APM	Definition	Why is the measure used?
Adjusted EBITDA	The Adjusted EBITDA figure represents the Group's earnings before interest, tax, depreciation and amortisation (including investment portfolio amortisation), adjusted for any non-cash income or expense items and adjusting items.	Adjusted EBITDA is an approximate measure of the underlying cash EBITDA of the Group. In addition, the leverage ratio of the Group is calculated as the ratio of secured net debt to Adjusted EBITDA. This makes the Adjusted EBITDA figure a key component of this metric, which also features in the Group's banking covenant measures.
Free cash flow	The free cash flow represents current cash generation on a sustainable basis and is calculated as Adjusted EBITDA less cash interest, income taxes and overseas taxation paid, purchase of property, plant and equipment and purchase of intangible assets.	Free cash flow provides a measure of how much cash the Group generates across the reporting period which it can utilise on a discretionary basis.
Balance sheet cash realisations	Balance sheet cash realisations represent cash receipts on the Group's portfolio investments including realisations on the Group's co-investment into ACO 1, ACO 2, AREO 1, AREO 2 and ALO 1, portfolio sales and put-backs.	Balance sheet cash realisations is a key metric as it represents the Group's most significant cash inflow. It is also a key component of Adjusted EBITDA which is used to calculate the Group's leverage position.
Expected 120-month cumulative realisations	The expected 120-month cumulative realisations means the Group's estimated remaining balance sheet cash realisations on portfolio investments (of all classifications) over the next 120-months, representing the expected future balance sheet cash realisations on portfolio investments during this period. The expected future balance sheet cash realisations are calculated at the end of each month, based on the Group's proprietary expected cumulative realisations forecasting model, as amended from time to time.	The expected 120-month cumulative realisations is an important metric for the Group as this is the period used to value FVTPL portfolio investments, which is now the Group's most significant portfolio asset class. Additionally, the realisation profile of amortised cost portfolios can extend beyond 84-months, and as such, the 120-month expected cumulative realisations gives a more holistic view of potential remaining balance sheet cash realisations from the Group's portfolio investments.
Expected 84-month cumulative realisations	The expected 84-month cumulative realisations means the Group's estimated remaining balance sheet cash realisations on portfolio investments (of all classifications) over the next 84-months, representing the expected future balance sheet cash realisations on portfolio investments during this period. The expected future balance sheet cash realisations are calculated at the end of each month, based on the Group's proprietary expected cumulative realisations forecasting model, as amended from time to time.	The expected 84-month cumulative realisations shows the forecast cash inflows over the same period that is used to calculate the future cash flows of the Group's amortised cost portfolio investments.
Leverage	Leverage is calculated as secured net debt over Adjusted EBITDA.	The leverage metric provides an indication of the level of indebtedness of the Group, relative to its underlying cash earnings.
Underlying profit/loss	This is the profit/loss excluding adjusting items. Adjusting items are those items that by virtue of their size, nature or incidence (i.e. outside the normal trading activities of the Group)	The underlying profit/loss gives an indication of the trading performance of the Group.

## Glossary of other items

**'ACO 1'** is Arrow Credit Opportunities SCSp SICAV-RAIF and related investment vehicles, our first closed fund.

**'ACO 2'** is our second closed fund, Arrow Credit Opportunities II SCSp, SICAV-RAIF, and related investment vehicles.

**'AREO'** is our Real Estate Opportunity discretionary fund, Arrow Real Estate Opportunities I SCSp, SICAV-RAIF.

**'ALO'** is our discretionary real estate lending funds, Arrow Lending Opportunities 1 A SCSp, SICAV-RAIF, Arrow Lending Opportunities 1 B SCSp, SICAV-RAIF, Arrow Lending Bridging SCSp, SICAV-RAIF, and related investment vehicles.

**'Adjusted EBITDA'** see the glossary of alternative performance measures on page 22 for the definition.

**'APM'** means alternative performance measure.

**'Capital-light income'** income and costs associated with managing Investment portfolios on behalf of the Group, our discretionary funds and other third parties, the income and costs associated with providing other servicing activities to third parties and income and costs associated with investment and asset management.

**'CGU'** means cash generating unit.

**'Deal IRR (after servicing costs)'** means the internal rate of return adjusted for actual realisations and the latest expected cumulative realisations. This is post-servicing fee, but pre-management fees, carry/performance fees and other fund level costs.

**'EBITDA'** means earnings before interest, taxation, depreciation and amortisation.

**'ECL'** means expected credit losses.

**'EIR'** means effective interest rate (which is based on the portfolio investment's gross internal rate of return) calculated using the portfolio investments purchase price and forecast gross expected cumulative realisations at the date of purchase.

**'Expected cumulative realisation'** means Estimated Remaining Collections. See the glossary of alternative performance measures on page 22 for the definition of 84-month expected cumulative realisation and 120-month expected cumulative realisations.

**'FCA'** means the Financial Conduct Authority.

**Funds under management (FUM)** The value of assets and undrawn commitments in respect of our fund management activities specifically, within both our discretionary fund management and third party asset management business (that is, covered by both discretionary and non-discretionary mandates), including any of Arrow's own capital which it has committed to invest alongside third parties' capital committed.

**'FVOCI'** means fair value through other comprehensive income.

**'FVTPL'** means financial instruments designated at fair value with all gains or losses being recognised in the profit or loss.

## Glossary of other items (*continued*)

**‘Free cashflow’** or **‘FCF’** means Adjusted EBITDA after the effects of capital expenditure, financing and tax cash impacts.

**‘FY’** means full year being the 12 months to 31 December.

**‘HPI’** means house price index.

**‘IAS’** means international accounting standards.

**‘IFRS’** means UK adopted international financial reporting standards.

**‘Leverage’** is secured net debt to Adjusted EBITDA. See the glossary of alternative performance measures on page 22 for more detail.

**‘Liquidity headroom’** is cash on balance sheet, excluding the reclassified cash as detailed in the unaudited consolidated statement of cash flows, together with headroom on committed facilities.

**‘NCI’** means non-controlling interest.

**‘Net debt’** means the sum of the outstanding principal amount of the senior secured notes and asset-backed loans, interest thereon, amounts outstanding under the revolving credit facility and deferred consideration payable in relation to the acquisition of portfolio investment, less cash and cash equivalents. Net debt is presented because it indicates the level of debt after removing the Group’s assets that can be used to pay down outstanding borrowings, and because it is a component of the maintenance covenants in the revolving credit facility. The breakdown of net debt as at 30 June 2025 is as follows:

	<b>30 June 2025 £000</b>	<b>31 December 2024 £000</b>
Cash and cash equivalents	(106,389)	(87,570)
Senior secured notes (pre-transaction fees net off)	1,492,509	1,352,554
Revolving credit facility (pre-transaction fees net off)	78,097	18,000
<b>Secured net debt</b>	<b>1,464,217</b>	<b>1,282,984</b>
Deferred consideration – portfolio investments	730	703
Senior secured loan notes interest	5,331	6,750
Bank overdrafts	5,422	5,734
Other borrowings	7,889	7,436
<b>Net debt</b>	<b>1,483,589</b>	<b>1,303,607</b>



## Glossary of other items (*continued*)

**'NPL'** means non-performing loan.

**'NPV'** means net present value.

**'Off-market'** means those loans that were not acquired through a process involving a competitive bid or an auction like process.

**'POCI'** means purchased or originated credit impaired.

**'Portfolio amortisation'** represents total balance sheet cash realisations plus income from portfolio investments.

**'Portfolio investments'** are on the Group's statement of financial position and represent all Investment portfolios that the Group owns at the relevant point in time. Example portfolios comprise of groups of customer accounts or real estate, purchased in a single transaction.

**'REO'** means a real estate owned assets.

**'Secured net debt'** see table in 'Net debt' definition.

**'SPPI'** means solely payments of principal and interest.

**'Translation reserve'** comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.