ARROW GLOBAL GROUP PLC

Q3 Results

12 November, 2020

Strong balance sheet cash collections and return to profitability in Q3

1	**Strong Q3 performance**	➢ Q3 discrete PAT up 15.8% to £9.1 million (Q3 2019: £7.9 million) ➢ Balance sheet cash collections of £260.9 million – (Q3 2019: £312.5 million) ➢ Continued improving trend in balance sheet cash collections performance following the impact of COVID-19 lockdowns – Q3 2020 discrete collections of £85.1 million represents 141% of revised 84-month ERC ➢ Increased investment volume with increasing investment opportunities - £64.2 million total investments including pro-rata fund co-investments ➢ AMS business cashflows remained resilient – record 16 new 3rd party contract wins in 2020 ➢ Q3 discrete total operating expenses of £56.0 million represents a 12.8% reduction on 2019 on a cash basis
2	**Balance sheet and liquidity remain robust**	➢ Strong liquidity position maintained – cash headroom of £225.5 million (FY 2019: £153.0 million) ➢ Strong FCF generation of £120.4 million (Q3 2019: £174.4 million) ➢ LTM leverage of 4.2x (Q3 2019: 3.7x) ➢ Expect leverage to be circa 4.0x by end 2021 and within target 3.0x-3.5x range by 2023 – well in advance of first bond refinancing requirement in 2024
3	**Final close of Arrow Credit Opportunities Fund**	➢ Total ACO capital commitments at close €1.7 billion, with €1.3 billion from third party investors ➢ Total Funds Under Management (FUM) at close of €4.2 billion – new target of €10 billion by end 2025
4	**Attractive medium-term outlook**	➢ Economic dislocation expected to present increased investment and asset servicing opportunities ➢ £10 million cost reduction programme on track ➢ New targets announced reflecting an acceleration of our capital-light strategy in an increasingly attractive operating environment

Improving operational performance led to a strong return to profitability – underpinned by secure balance sheet

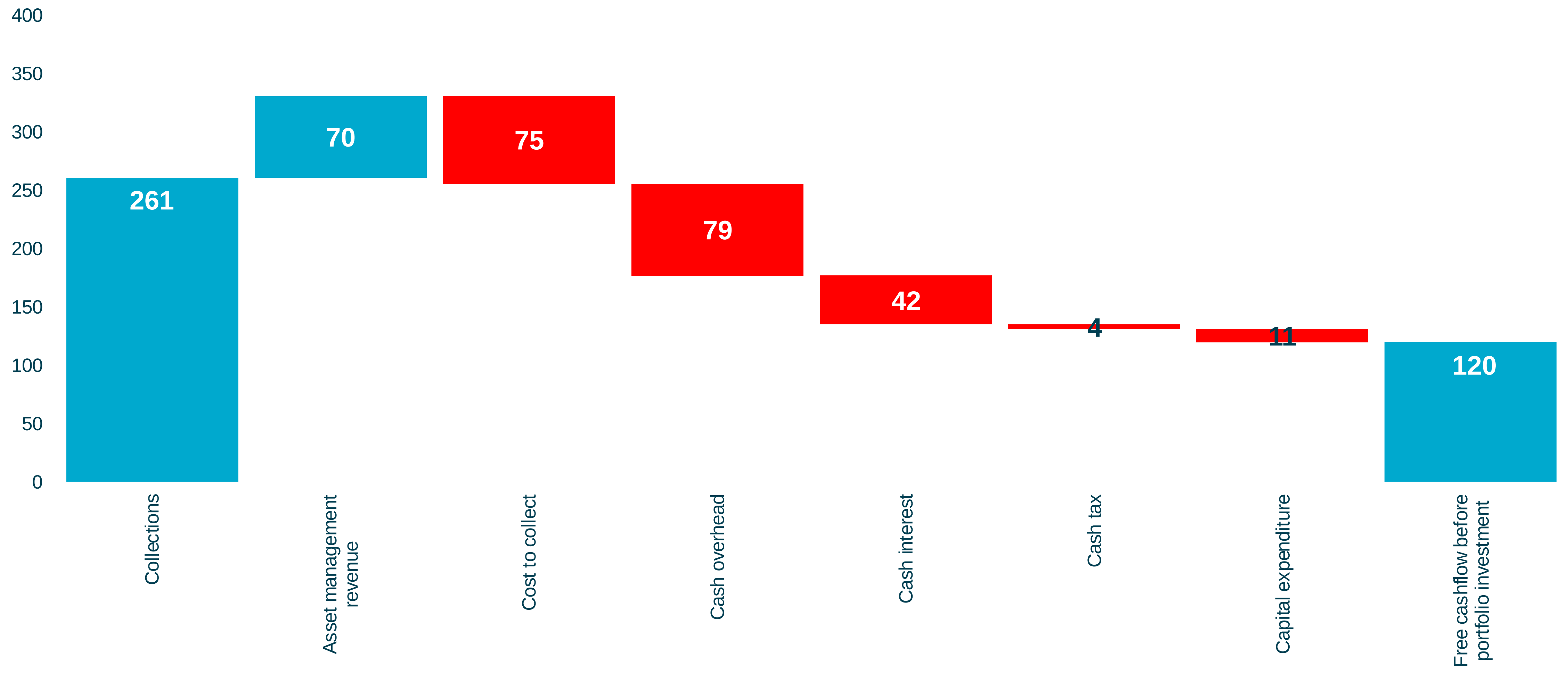
Group P&L – strong cash collections and a return to profitability in Q3

Non-cash impact from H1 balance sheet write down drives accounting loss YTD

£m	Q3 2020	Q3 2019	Change
IB cash collections	260.9	312.5	(51.6)
IB income	14.5	187.9	(173.4)
Gross AMS income	103.8	102.7	1.1
Other income	0.4	0.3	0.1
Intra-segment elimination	(33.6)	(34.0)	0.4
Total income	**85.0**	**256.9**	**(171.9)**
Total operating costs	168.4	174.1	(5.7)
Finance costs	(41.7)	(40.4)	(1.3)
Taxation	23.8	(10.2)	34.0
Statutory (loss)/profit after tax	**(101.3)**	**32.2**	**(133.5)**

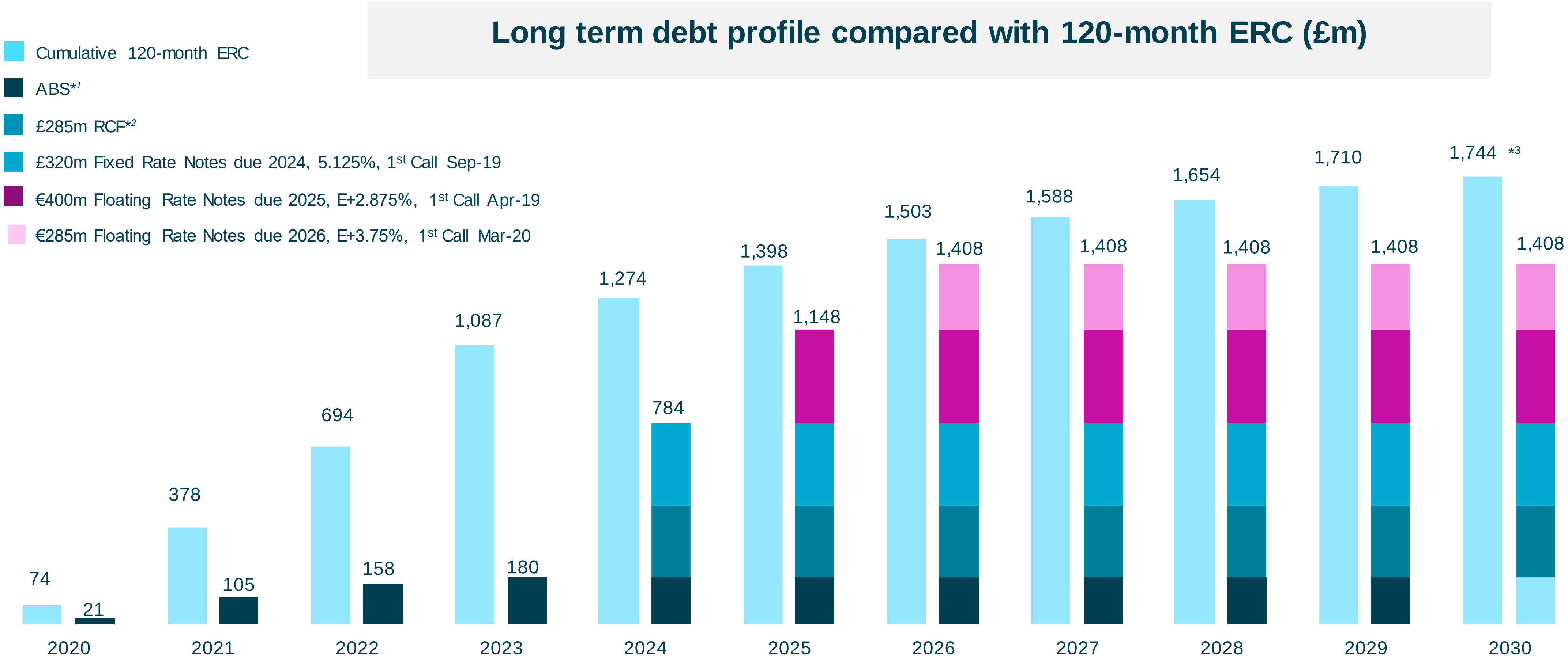
Improved Q3 cash collections drove strong return to profit

Strong cash generation



Prudently managed balance sheet with long-term funding

Over £1 billion cashflow estimated prior to first bond refi in 2024



[1] Drawn ABS as at September 2020 was £180m and the maturity profile shown in the chart reflects amortisation based upon forecast collections.
[2] Drawn RCF balance as at September 2020 was £284m.
[3] Includes the ERC due until September 2030

Outlook – increasing opportunities

Remain cautious of economic outlook after winding down of government support schemes – reforecast ERC positions us well

1	**Increasingly attractive investment opportunities**	➢ Circa €500bn of new NPL creation in 2020 ➢ Q3 achieved net IRRs of 17% - current pipeline implies 18-22% forecast net IRRs
2	**Growing demands for Arrow's servicing capabilities**	➢ Increasing NPL creation is driving increased servicing needs ➢ Arrow has won a record 16 new 3rd party servicing contracts in 2020 – supports capital-light AMS revenue growth
3	**Attractive environment to accelerate fund management growth**	➢ €1.7bn of predominantly 'dry powder' in ACO positions Arrow as a leading investor ➢ Attractive NPL market expected to lead to rapid deployment – targeting commencement of fundraising for ACO 2 by second half of 2022
4	**Increasing quality and consistency of shareholder returns**	➢ Lower capital intensity will reduce leverage and increase quality of earnings ➢ Fund management fees create predictable earnings stream – performance fees potentially significant ➢ Capital-light AMS fees have remained resilient in 2020 and are expected to rise with new contract wins

Strong tailwinds for Arrow's three business lines

Ambitious new targets reflect Arrow's accelerated capital-light strategy

1. Increasing FUM	➢ Targeting **>€10bn of FUM** by end 2025
2. Increasing capital-light earnings	➢ Targeting >**50% of EBITDA from capital light** businesses (FIM and AMS) by end 2025
3. Increasing margin	➢ Targeting **40% EBITDA margin from FIM** by 2025 ➢ Targeting **25% EBITDA margin from AMS** by 2025
4. Increasing returns	➢ Targeting **ROE of >25% through-the-cycle** over 5 years (2021-2025)
5. Increasing cash generation	➢ Targeting **>£500m of cash generation after fund investments** over 5 years (2021-25)
6. Reducing leverage	➢ Targeting c.4.0x by end 2021 ➢ Target range **3.0-3.5x by 2023**

Appendix

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