ARROW GLOBAL GROUP

Preliminary results for the year ended 31 December 2022

23 March 2023

INTRODUCTION

Zach Lewy
Group Chief Executive Officer

In 2022 we accelerated our transformation to the leading integrated fund manager

De-leveraging - a strategic priority

- **Strong collections performance** - £380 million for the year (2021: £367 million), representing 109% of ERC and 114% in Q4
- Adjusted EBITDA increased by 21% to £315 million (2021: £261 million)
- **Continued reduction in leverage** - from 4.8 times to 4.1 times during 2022 and **strong liquidity headroom** of £248 million

Continue to scale our fund management proposition

- **ACO 2 fund capital raise** completed in Q1 2023 to the hard cap of €2.75 billion, including Arrow's participation of 10%, exceeding the original target capital raise of €2.5 billion and highlighting the strong demand for our proposition from LPs
- **Deployment of €274 million capital** in Q4 2022 (including commitments and deferred consideration) across ACO 1 and ACO 2 increasing total deployment for 2022 by 6% to €839 million (2021: €789 million) with a focus on investments backed by real estate or other security
- Delivering **above target returns** with ACO 1 Deal IRR (after servicing costs) of 18.3% and ACO 2 Q4 Deal IRR of 20.0%
- **First distribution** of €76 million to ACO 1 investors in Q4 2022
- Opportunities to grow capital-light fee model in **adjacent asset classes** including **real estate** and **direct lending**

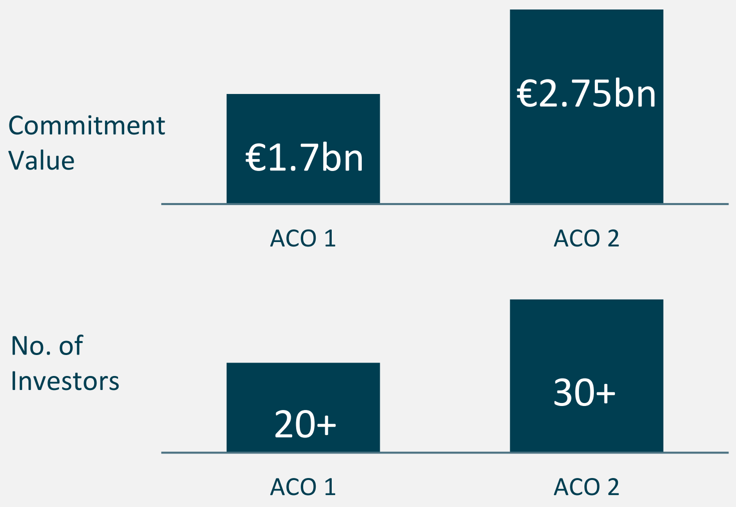
Efficient local platforms create a differentiated proposition

- Alignment of our fund management and servicing activity in chosen market segments, **scaling capabilities through acquiring or recruiting teams**, including the acquisitions of Details, a Portuguese hospitality asset manager, for an initial €2.8 million in Q3 2022, and agreement to acquire Eagle Street, a pan-European real estate investment and asset manager focused on the UK and Ireland for total consideration of circa £8 million, and **on-track to complete the divestment** of lower margin non-core UK platforms
- Integrated Fund Management segment (previously named Platforms segment) delivered EBITDA up 102% to £39.7 million and third-party **fund and asset management income** up 39% to £162.3 million
- Maintaining our **strong regulatory and customer franchise**, as part of our broader ESG commitments

ACO 2 fund raise expands our client base and comprises leading global investors with ability to scale further

- ACO 2 fund capital raise completed in Q1 2023 to the hard cap of €2.75 billion, including Arrow's participation of 10%, above the original target of €2.5 billion
- Strong investor momentum with fundraise completed in under eight months
- Highly diversified and scalable investor base with €6.2 billion Funds Under Management at year end

ACO 1 vs. ACO 2 Commitment

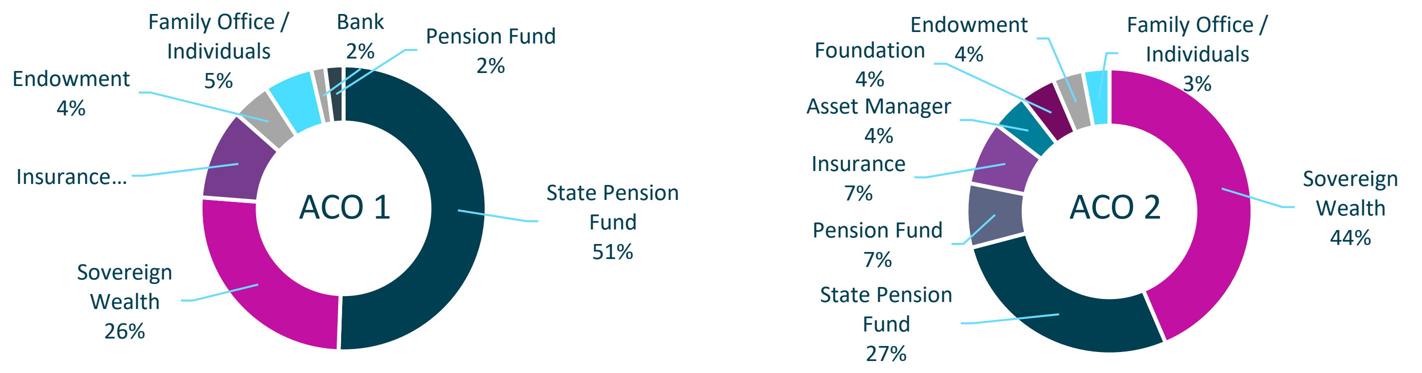


Average Commitment size

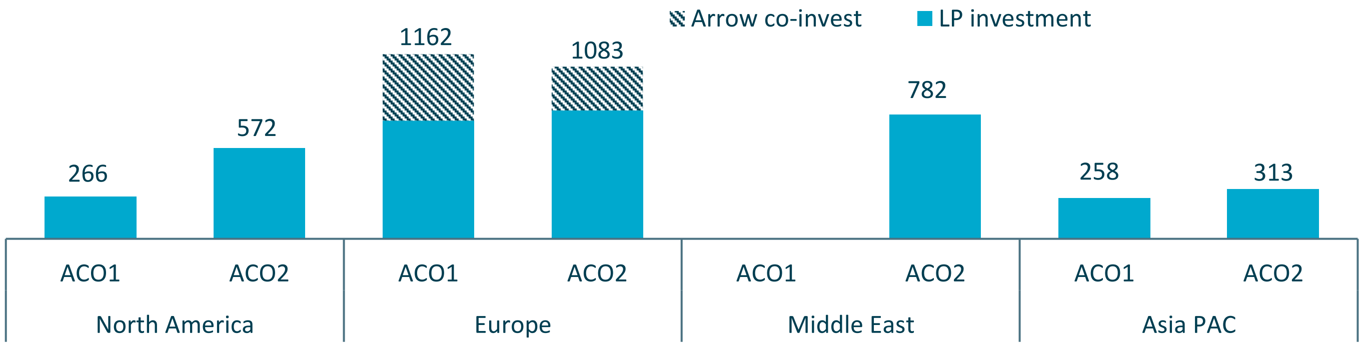
ACO 1	ACO 2
€ 99m	€ 95m

ACO 1 to ACO 2 Re-up (by value): c.100%

LP diversification

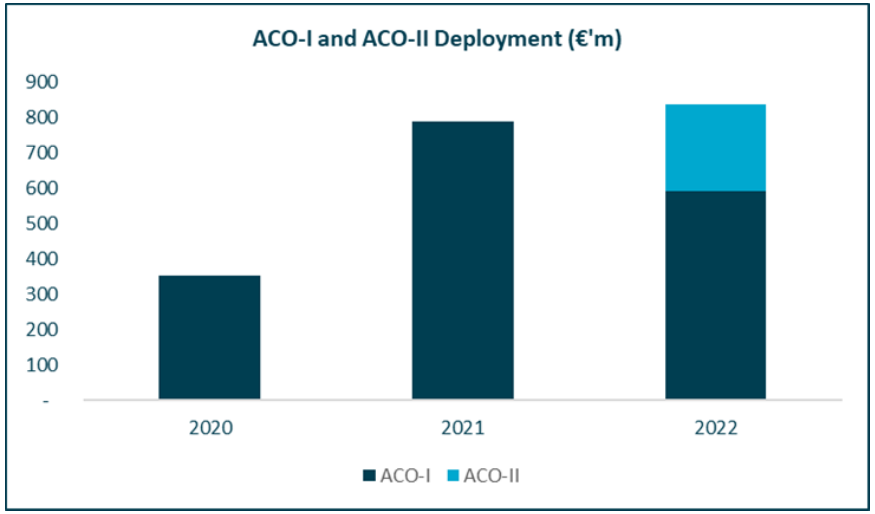


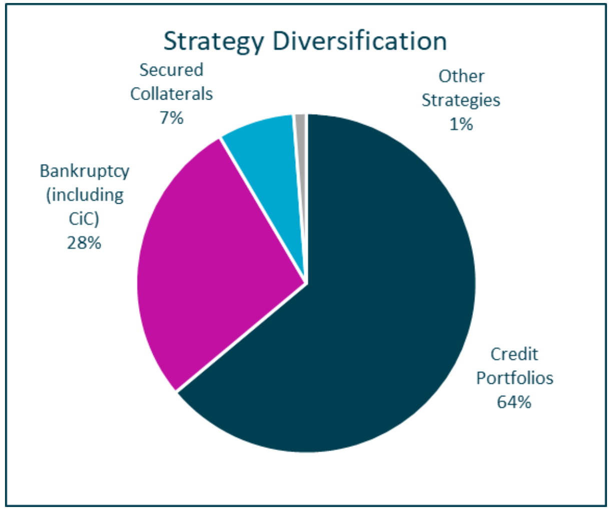
Geographical Investor inflows (€M)

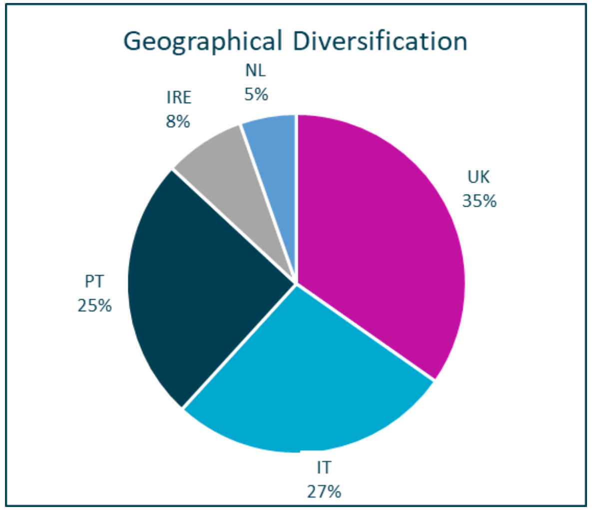


Record deployment and strong cash generation in 2022

- The Group continues to invest in our integrated fund manager proposition to ensure continued growth in deployment at attractive returns
- ACO 1 is delivering above target returns, with a Deal IRR (after servicing costs) of 18.3% as of December 22
  - The collections profile remains strong, having collected 1.5x of underwrite as at December 22
  - Collection in October enabled first distribution of €76 million to LP investors
  - Over 35% of investments funded by recycled collections
- Early returns for ACO 2 above target with a Q4 Deal IRR (after servicing costs) of 20.0%
- Deployment of €274 million capital in Q4 2022 (including commitments and deferred consideration) across ACO 1 and 2 respectively, bringing total deployment for 2022 up 6% to €839 million (2021: €789 million) as origination and asset management capabilities are scaled
- Over 90% of ACO 1 is secured on real estate, cash in court and other mixed security and is built from highly granular deployment, with circa 350 individual investments







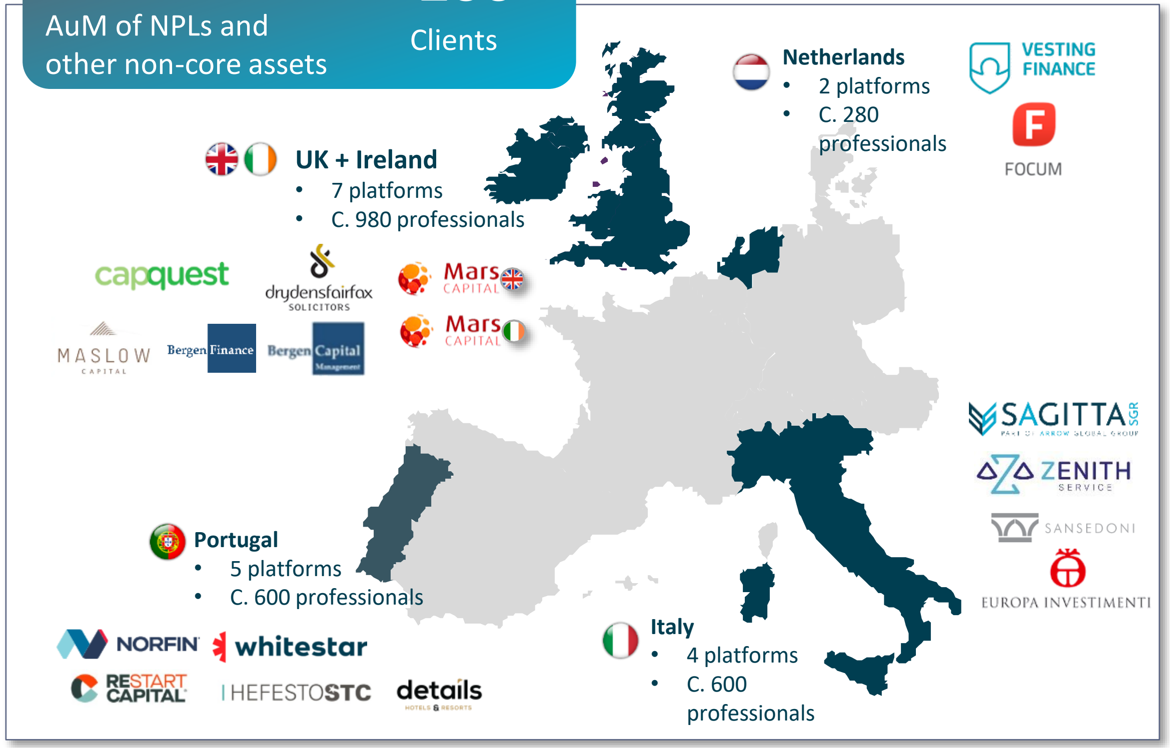
Continued build of our integrated fund management franchise and development of our origination capabilities

- Market leading local platforms across five, highly-relevant markets, with over 2,000 employees, over 200 clients and €79bn of third-party credit servicing AUM
- Origination and asset management capabilities expanded through acquisitions of Details, a Portuguese hospitality asset manager in 2022 and agreement to acquire Eagle Street, a real estate investment and asset manager focused on the UK and Ireland
- On track to complete the divestment of non-core, Capquest and Mars UK platforms in Q2 2023, reflecting the high levels of competition and overcapacity in the UK unsecured debt management sector, resulting in lower risk-adjusted returns and only 0.5% of ACO investments deployed in this asset class
- Real estate, secured and small and medium enterprise lending represent the significantly larger and more attractive segments of the market
- Focusing on these high-return segments and through our off-market origination strategy, able to deliver strong risk-adjusted returns for investors
- Opportunities for expansion into adjacent asset classes including real estate and direct lending will enable growth of capital-light model and Funds Under Management

ARROW'S INTEGRATED FUND MANAGEMENT OVERVIEW

€79bn AuM of NPLs and other non-core assets

+ 200 Clients



FINANCIAL REVIEW

Phil Shepherd
Group Chief Commercial Officer

Underlying group cash performance

- The Group delivered a strong cash result with collections performance and servicing revenues driving Adjusted EBITDA to £315 million, up 21% on 2021
- Cash collections continued an upward trend, with 3% growth YoY and performing at 114% of ERC for Q4
- Leverage reduced by 0.7x during 2022 to 4.1x
- Free cash flow generation increased by 17% year on year to £213.7 million
- Purchases were £175.7 million[1] in 2022 (2021: £189.7 million), with a strong investment pipeline continuing into 2023
- Free cash flow post purchases was £32.3 million (2021: net outflow of £7.6 million)
- Strong Q4 2022 performance where free cash flow generation exceeded purchases by £10 million
- Going forward, free cash flow will continue to exceed portfolio investment, supporting de-leveraging as a greater proportion of portfolio investments will be made through ACO 2, with a 10% co-investment level versus 25% through ACO 1

Cash Performance	**2022 £'m**	**2021 £'m**	**Change %**
Core cash collections	380.1	367.4	*3*
Adjusted EBITDA	315.4	260.8	*21*
Leverage	4.1x	4.8x	*(0.7x)*
Free cash flow generation	213.7	182.1	*17*
Free cash flow post portfolio investment	32.7	(7.6)	*n/a*

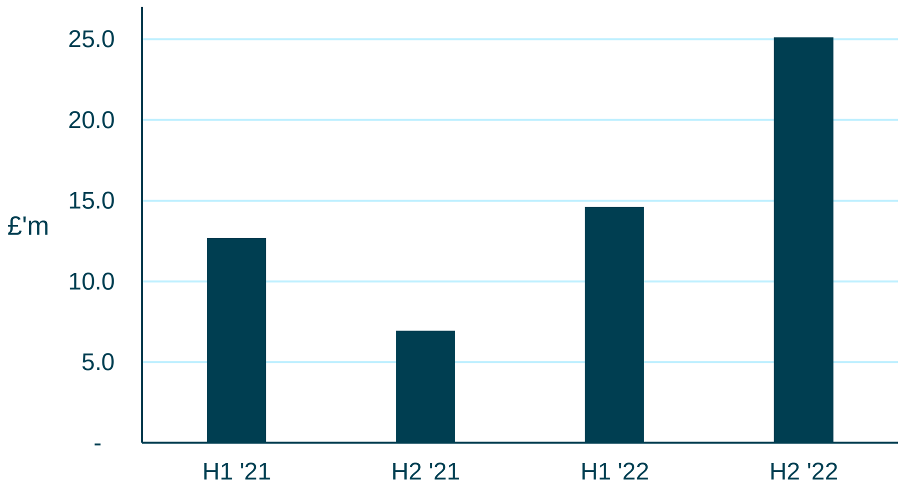
1. Excludes investments awaiting deployment of £5.3 million

Integrated Fund Management Segment (previously Platforms)

- Integrated Fund Management income continued to grow strongly to £207.3 million, representing an increase of £24.9 million or 14% YoY
- Within this income growth, third-party fund and asset management income increased by 39% to £162.3 million, due to:
  - Increased management fees as the level of discretionary funds deployed continues to grow
  - Strong asset management and servicing growth, driven by deployment as well as continued third party contract wins across our territories
  - Expansion of our real estate footprint in Q3 2022, with the bolt-on acquisition of 75% of Details, a Portuguese hospitality asset manager
- Full year EBITDA was £39.7 million, a 102% YoY increase
- Positive EBITDA progression: H2 performance of £25.1 million, a 259% increase compared to prior year and 70% increase compared with H1
- EBITDA margin increasing by 780bps from 10.8% to 19.2%, reflecting the increase in revenue, and scaling of our operations

Integrated Fund Management Segment EBITDA	2022 £'m	2021 £'m	Change %
Income	207.3	182.3	*14*
Business operating costs	(89.8)	(100.3)	*(10)*
Overheads (excl. D&A and FX)	(77.8)	(62.4)	*25*
EBITDA	**39.7**	**19.6**	***102***
EBITDA margin (%)	*19.2*	*10.8*	*78*

Integrated Fund Management EBITDA



Balance Sheet Segment

- Collections performance remained resilient in 2022, totalling 109% of ERC for the year (114% for Q4) and outperforming prior year by 3%, despite a challenging macroeconomic environment
- Net collections[1] were £298.4 million, 12% above prior year and exceeded portfolio purchases of £175.7[2] million by £122.7 million
- EBITDA was £60.5 million lower than prior year driven by:
    - Non-cash impairment write-down of portfolio investments (including FV assets) of £15 million compared to £33 million write-ups in prior year, with 2022 impairment reflecting:
        - £10 million from the adjustment to macro-economic assumptions (collective IFRS 9 provision and adjustments to the risk free rates for FVTPL portfolios)
        - £5 million from adjustments to the underlying ERC (less than 0.5% of the total portfolio investments)
    - A further £7 million from the elimination of Q4 2022 income and associated collection costs for the wholly owned UK portfolios subject to the divestment
    - Income and associated costs attributable to the 50% interest being sold, together with the 50% interest retained by Arrow, from September 2022 through to completion are not reported within our underlying results, but will reduce the acquisition price when the portfolios are re-recognised upon completion of the divestment

Balance Sheet Segment EBITDA	2022 £'m	2021 £'m	Change %
Core cash collections	380.1	367.4	*3*
Net collections[1]	298.4	266.1	*12*
Income	135.7	215.8	*(37)*
Business operating costs	(81.7)	(101.3)	*(19)*
EBITDA	**54.0**	**114.5**	***(53)***
EBITDA margin (%)	*39.8*	*53.1*	*(25)*

1. Net collections is collections less collections activity costs
2. Excludes investments awaiting deployment of £5.3 million

Group Segment

- EBITDA in the Group segment has improved by £4.7 million YoY due to:-
  - An increase in group overheads absorbed by the fund as the scale of ACO increases
  - The strong cost control focus and the impact of the £20 million annualised cost savings delivered during the year
  - Partially offset by increased investment in areas such as fund raising as we scale our fund management operations
- Investment leaves the business well placed to take advantage of the opportunities to grow capital-light fee model in adjacent asset classes including real estate and direct lending

Group Segment EBITDA	2022 £'m	2021 £'m	Change %
Income	0.0	0.0	-
Business operating costs	(0.3)	(3.1)	*(91)*
Overheads (excl. D&A and FX)	(24.4)	(26.2)	*(7)*
EBITDA	**(24.6)**	**(29.3)**	***(16)***

Summary of group performance

- Loss before adjusting items was £33.4 million for the year
- During the period, there was £10.8 million FX loss (2022: £2.8 million gain) on the non-cash retranslation of our Euro assets and liabilities
  - Given the expected increasing level of Euro denominated income, primarily arising from fund management income, and in due course, carried interest, the Group is maintaining a net Euro liability position as a natural hedge to the surplus Euro income generation
  - From an accounting perspective, this gives rise to non-cash short-term profit or loss volatility
- Financing costs were £19.5 million higher YoY reflecting:-
  - Capital structure post the take private transaction
  - Rising interest rates
  - Costs of maintaining high levels of liquidity headroom
- Adjusting items before tax in 2022 includes £30.2 million in relation to the divestment of the UK platforms and 50% share of the wholly owned UK portfolios[1], £4.8 million driven by the non-cash derivative fair value movement on the share acquisition option for Maslow, with the remainder driven by the non-cash acquisition intangible and fair value accounting unwinds related to the take private transaction in 2021
- On track to complete the divestment of our Capquest and Mars UK platforms to Intrum UK in H1 2023

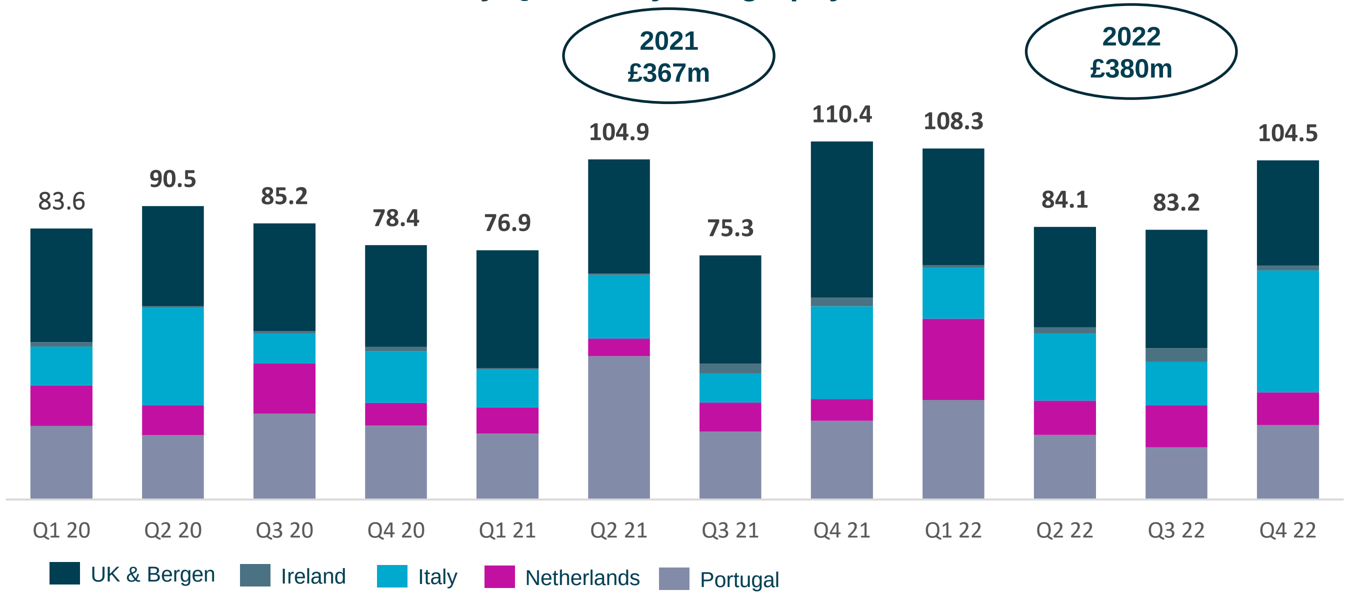
Profit before tax and KPIs	**2022 £'m**	**2021 £'m**	**Change %**
EBITDA:			
Integrated Fund Management	39.7	19.6	*102*
Balance Sheet Business	54.0	114.5	*(53)*
Group	(24.6)	(29.3)	*(16)*
EBITDA	**69.1**	**104.8**	*(34)*
Depreciation and amortisation	(10.9)	(15.7)	*(31)*
FX (losses) / gains	(10.8)	2.8	-
Interest costs	(82.4)	(63.0)	*31*
Share of profit from associate net of tax	1.7	-	-
(Loss) / Profit before tax before adjusting items	**(33.4)**	**29.0**	***(215)***
Adjusting items	(50.3)	(113.7)	*(60)*

1. *See page 20 for further explanation*

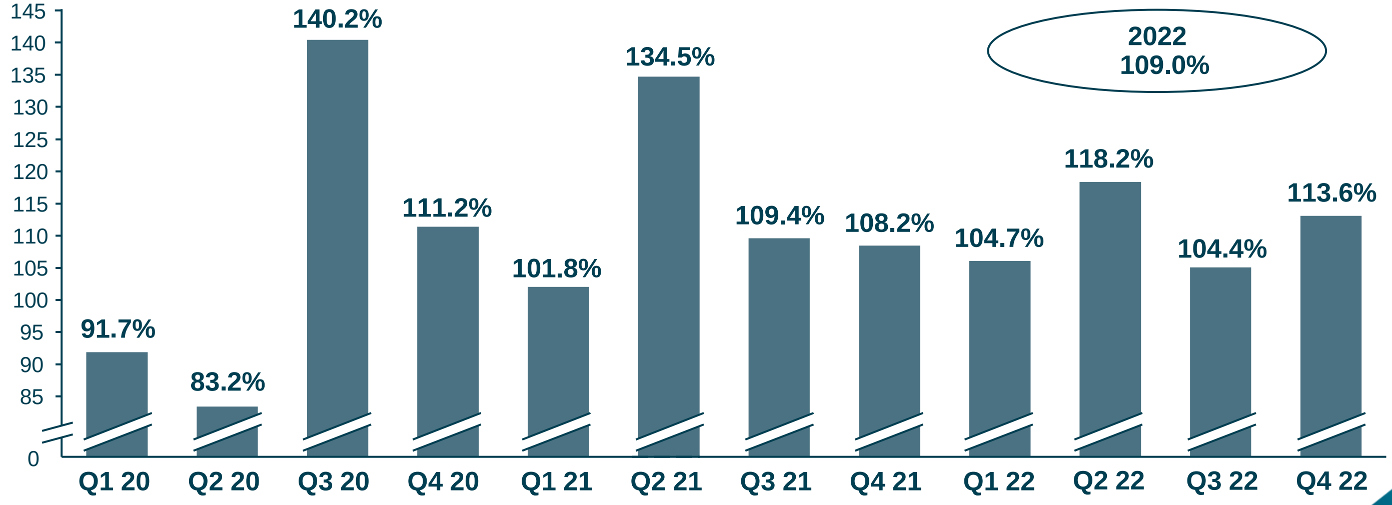
Collections

- Cash collections have remained strong, with 3% growth YoY, representing 109% of ERC (Q4: 114% of ERC)
- Despite the macro-economic uncertainty and the cost of living impacts, collections across all territories remain resilient and the Group's ERC continues to reflect assumptions in line with broader economic expectations
- The strong collections performance has contributed to the 21% improvement in Adjusted EBITDA YoY to £315 million for the year

Collections by Quarter by Geography £m

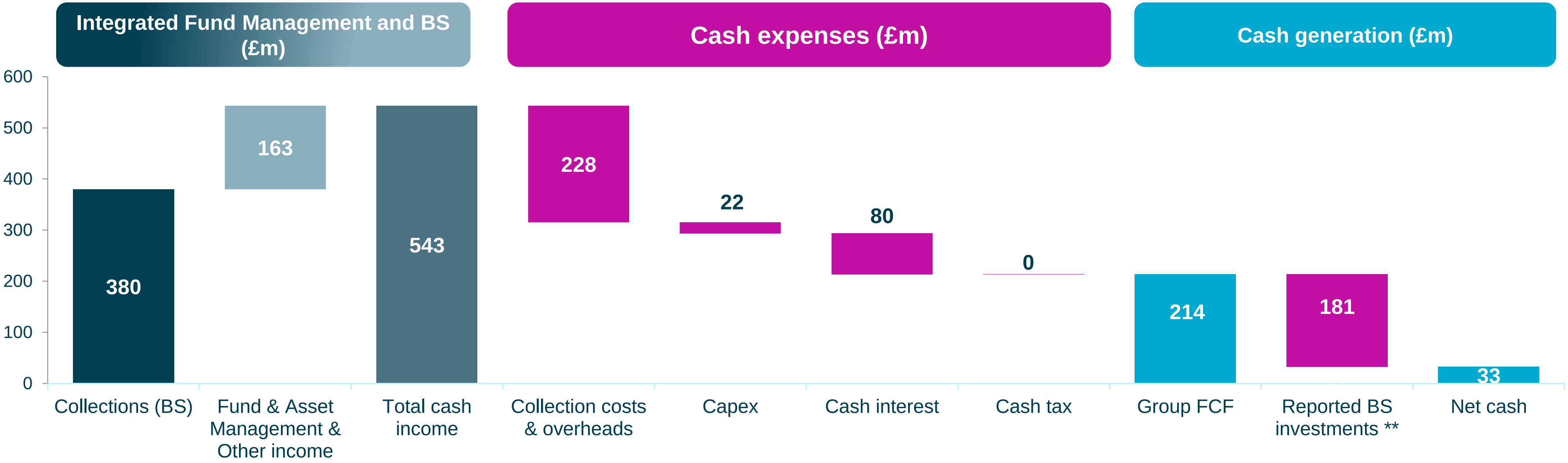


Collections as a % of ERC



Free cash flow generation

- Strong free cash flow* generation of £214 million, up 17% on 2021
- Free cash flow generation exceeded the cash outflow for portfolio investments by £33 million (2021 £8 million outflow)
- Investment levels will benefit from 10% co-invest ratio in ACO 2 versus 25% through ACO 1
- ACO 1 has limited follow-on investments and therefore capital intensity is expected to reduce in 2023
- Unique integrated fund manager model enables revenue/earnings growth with balance sheet de-leveraging as we go 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
2021 (£m):	367	117	484	(224)	(14)	(56)	(8)	182	(190)	(8)

* 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 in 2022 including funding into holding structure, does not include funding deferred purchases from previous years

Cash generation and capital allocation

- Free cash flow (£214 million) exceeded cash purchases (£182 million) by £33 million. Despite this cash inflow, net debt rose by £68 million in FY22
- M&A relates to the acquisition of Details
- Other movements totalled £100 million, including:
  - £48 million of FX primarily relating to the non-cash retranslation of our Euro debt
  - £30 million increase in operational working capital, predominantly arising in Q1 2022
  - £14 million accrued costs in 2022 relating to the strategic review post the take-private transaction
  - £4 million corporate activity costs associated with acquiring Maslow as well as the divestment of our Capquest and Mars UK platforms to Intrum UK
- In Q4, net debt reduced by £11 million as free cash flow generation exceeded purchases by £10 million
- Going forward (with 10% co-investment in ACO 2), the strong free cash flow is expected to continue to exceed portfolio investment

£'millions	2021	2022
Free Cash Flow	**182**	**214**
Reported Balance Sheet investments[1]	(190)	(181)
Net Cash Flow post investment	**(8)**	**33**
Deferred portfolio purchases to following periods	40	24
Deferred portfolio purchases from prior periods	(10)	(18)
TDR acquisition-related expenditure	(83)	-
M&A	(25)	(7)
Other[2]	14	(100)
Movement in net debt	**(72)**	**(68)**

Item	£m
FX	(48)
Operational working capital	(30)
Strategic review costs	(14)
Corporate activity	(4)
Other	(4)
Total	**(100)**

1. Includes funding into holding structure made in 2022
2. Represents £63 million working capital & other adjustments, as well as £42 million FX impact on retranslation of our Euro bonds and £5 million positive sundry movements on other balances

Liquidity and leverage position

- **Group reduced leverage by 0.7 times** during 2022 from 4.8 times to 4.1 times and by 0.3 times during Q4, driven by strong collections performance and increasing capital light revenues
- **Significant levels of liquidity headroom with no bond maturities until 2026**
  - Weighted average duration of debt 4.2 years (FY 2021: 5 years)
  - WACD of 6.3% (FY 2021: 4.9%)
  - Currently circa 80% of total bonds are fixed rate, including the impact of interest rate swaps
- Gross 120-month ERC was £1,714 million in 2022, 1.7% higher than December 2021
- Given Arrow now co-invests in ACO 1 & 2 with an increasing proportion of ERC measured on FVTPL basis, approximately 34% of 84-month ERC and 31% of 120-month ERC is stated net of servicing and collections costs. Assuming 15% servicing costs, comparable gross ERC would be £1,639 million 84-month ERC and £1,808 million 120-month ERC respectively
- Target leverage reducing to circa 3 times in the medium term, with £500 million cumulative cash flow generation (after portfolio investment) over the next 4-5 year period

£'millions	**Dec-22**
Cash	(144)
£350m 6% Fixed Rate Notes due 2026	350
€640m Floating Rate Notes due 2027 Euribor + 4.625%	567
€400m 4.5% Fixed Rate Notes due 2026	354
Revolving credit facility - £285m maturing 2026	172
Asset backed loans	8
Total secured net debt	**1,307**
LTM Adjusted EBITDA	315.4
Leverage	***4.1x***
Liquidity headroom (cash and RCF headroom)	248
84-month ERC	1,546
120-month ERC	1,714

STRATEGIC FOCUS

Zach Lewy
Group Chief Executive Officer

The leading integrated fund manager

De-leveraging - a strategic priority

- **Committed to reducing leverage to circa 3 times** and repaying net debt over the medium term
- Strong collections focus, augmenting the build of capital light revenue streams
- Co-investment **reduced to 10% for ACO 2** will drive increasing free cashflow after portfolio re-investment

Continue to scale our fund management proposition

- **ACO 2 fund capital raise** completed in Q1 2023 to the hard cap of €2.75 billion, including Arrow's participation of 10%, exceeding the original target capital raise of €2.5 billion
- Ongoing scaling of our origination through our **off-market, local strategy driving higher returns**
- Unique integrated fund manager delivers **proforma return on capital invested of circa 40%**[1]
- Broadening our **origination capabilities** through acquiring teams and recruiting talent
- Opportunities to grow capital-light fee model in **adjacent asset classes** including **real estate** and **direct lending**

Efficient local platforms create a differentiated proposition

- Integrated Fund Management segment delivering **increased capital light income** (up 39.4% YoY) as we scale our business
- Local platforms provide a **differentiated strategy** (typically smaller, higher return deals) versus other credit funds
- Maintaining our **strong regulatory and customer franchise** and support our customers and colleagues through the cost of living crisis, as part of our broader ESG commitments

1. *Indicative proforma return based upon 10% co-investment level*

Appendix

Divestment of non-core platforms : accounting & financial impact

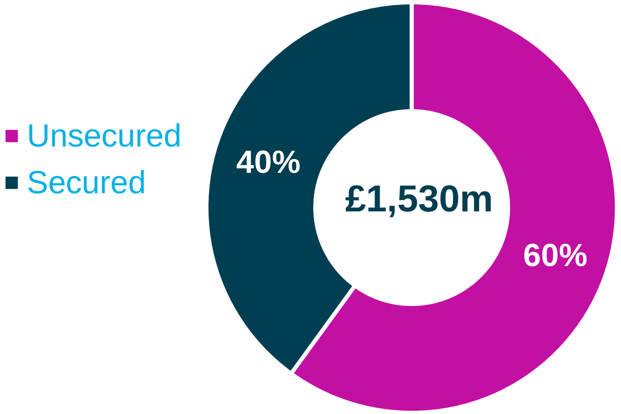
- Following a strategic review, in Q3 2022, Arrow agreed to divest our non-core platforms, Capquest and Mars UK, to Intrum UK, subject to customary closing conditions including regulatory approval, with UK wholly-owned unsecured back book subject to a 50:50 profit sharing arrangement
    - 100% of UK wholly-owned unsecured back book represents £249.0 million of carrying value, £408.9 million of 84-month ERC and £510.0 million of 120-month ERC as at 31 December 22
- Gross purchase price of £157.8 million for 50% of the portfolios and 100% of the Capquest and Mars UK platforms agreed at March 2022, effective lock box date
    - Represented 105%[1] of book value compared with carrying value as at March 2022 of £271.7 million (50%: £135.9 million) and net assets of the platform
    - The transaction is subject to “lock box” on the portfolios from March and completion accounts for the platforms with circa £15 million of short-term working capital / assets expected to be transferred
    - Actual cash proceeds will depend upon completion date. If completion had occurred as at December 2022, then the cash proceeds would be £139.6 million
- For accounting purposes, assets and liabilities subject to the agreement, including 100% of the portfolios, have been reclassified to ‘assets held for sale’ and ‘liabilities held for sale’ and remeasured at their expected proceeds less costs to sell
- As a result, an impairment of £21.3 million has been recognised in adjusting items, representing:
    - £8.5 million represents the difference between the carrying value of the portfolios as at December 2022 versus proceeds post lock-box mechanics at that date, together with the proceeds for the platforms less the short-term working capital requirements
        - Essentially comprises the reversal of the income taken to the P&L between March 2022 and September 2022, the accounting loss on the 50% share retained by Arrow and the portfolio profits and change in platform net assets between classification as held for sale in September and year end
    - £6.8 million in relation to the write-off of intangibles/sundry assets in connection with the platforms; and
    - £6.0 million transaction and separation costs
- The combined perimeter net assets will continue to be recognised as held for sale until completion and no profits will be booked in the underlying P&L result
- Post point of sale, the 50% profit arrangement will be accounted for on an amortised cost net revenue basis
- Despite accounting treatment dictating that no P&L is recognised in the period to completion, the collections and associated costs are included in the cash result

1. *Represents the gross sale proceeds as at March 2022, being the effective date for the lockbox arrangement, compared with the investment carrying value (50% being divested) and the net assets of the platforms being divested*

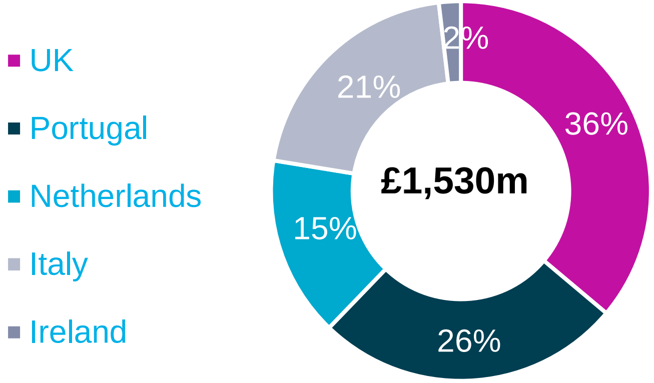
ERC exposure by geography and type

ERC for FVTPL assets is typically measured net of servicing and collection costs and represents 34% of total ERC

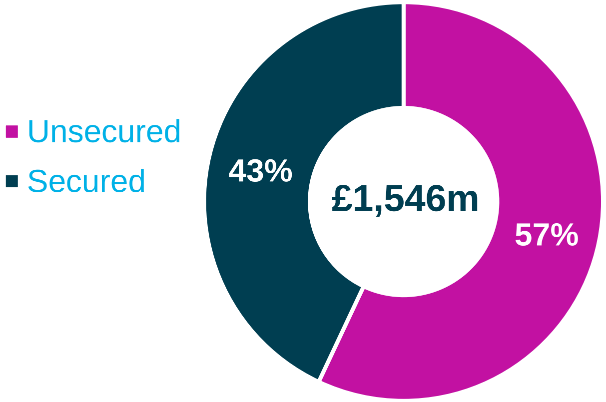
Dec 2021 84-month ERC by asset class



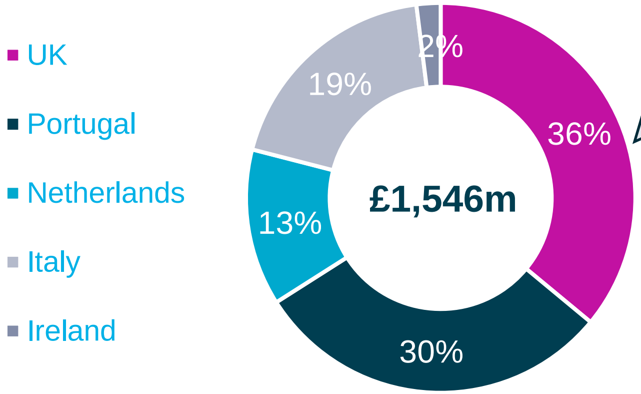
Dec 2021 84-month ERC by geography



Dec 2022 84-month ERC by asset class



Dec 2022 84-month ERC by geography

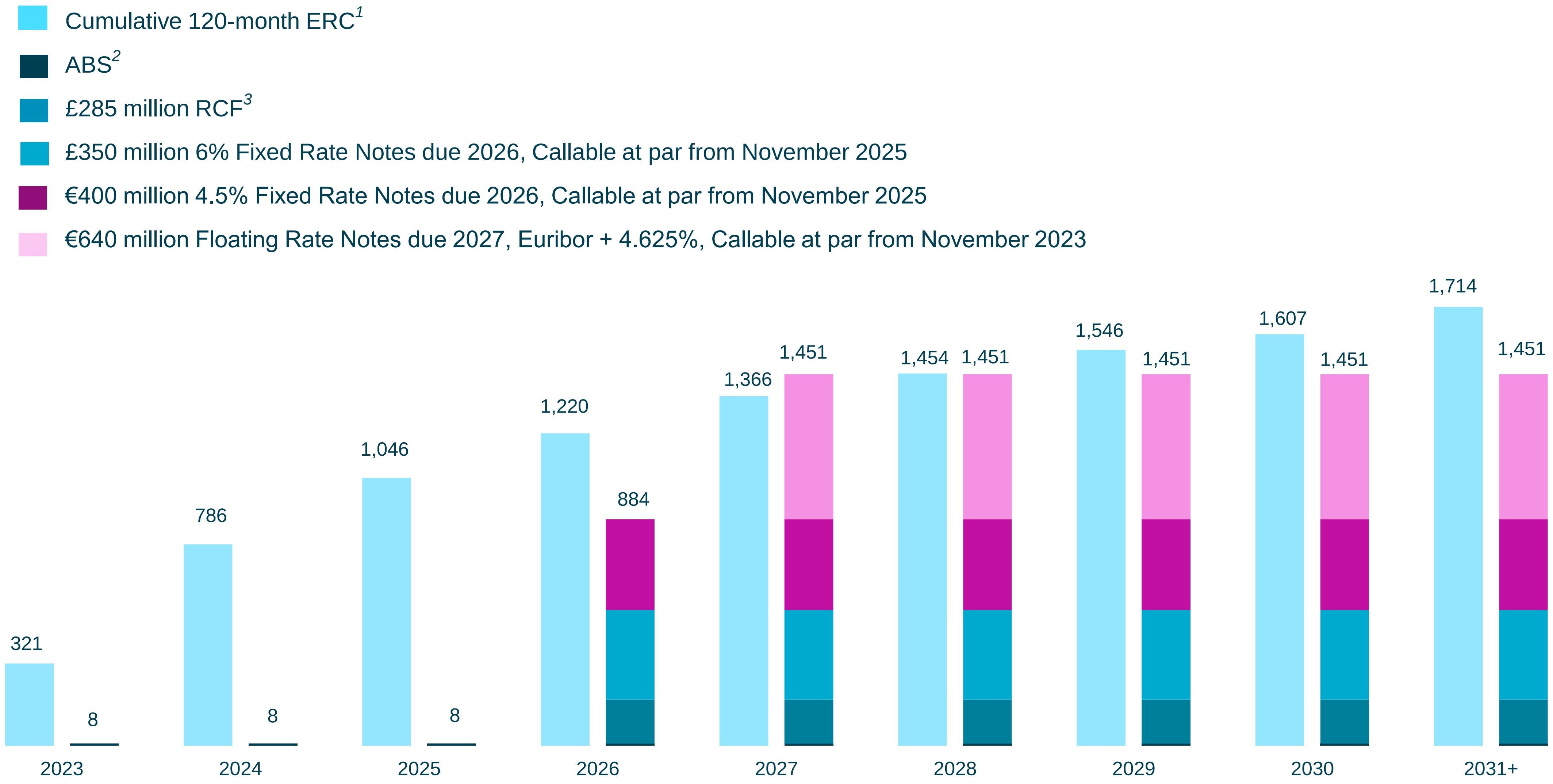


The UK unsecured portfolios subject to the 50:50 profit sharing arrangement going forward on the back book portfolios with Intrum UK represent £408.9 million (26%) of 84-month ERC as at 31 December 2022

Notes

1. *ERC includes Arrow's investment in ACO 1 and ACO 2*
2. *ERC for FVTPL assets, such as Arrow's share of ACO 1 & 2, is typically measured on a 'net of servicing and collection costs' basis, as opposed to amortised cost assets which are typically measured gross. As the percentage of FVTPL 84-month ERC has grown from 14% to 34% since ACO 1 was launched in December 2019, a growing proportion of the Group's ERC is reported on a net basis*

Gross debt maturity profile against 120 month ERC



[1] 120-month ERC includes 510.0 million of ERC relating to UK unsecured portfolios subject to the 50:50 profit sharing arrangement going forward on the back book portfolios with Intrum UK
[2] ABS loan as at December 2022 was £8 million and the maturity profile shown in the chart reflects debt amortising based upon forecast collections
[3] Drawn RCF balance as at December 2022 was £172 million
[4] All debt maturities are shown gross, not taking into account Group cash balances of £144 million which were held as at December 2022

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