ARROW GLOBAL

Interim results for the six months ended 30 June 2024

Arrow Global

29 August 2024

Introduction

Zach Lewy

Group Chief Executive Officer

ARROW CONTINUES TO DELIVER IN LINE WITH OUR STRATEGIC OBJECTIVES

3 CORE OBJECTIVES DRIVE OUR STRATEGY

Scale our integrated fund manager

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

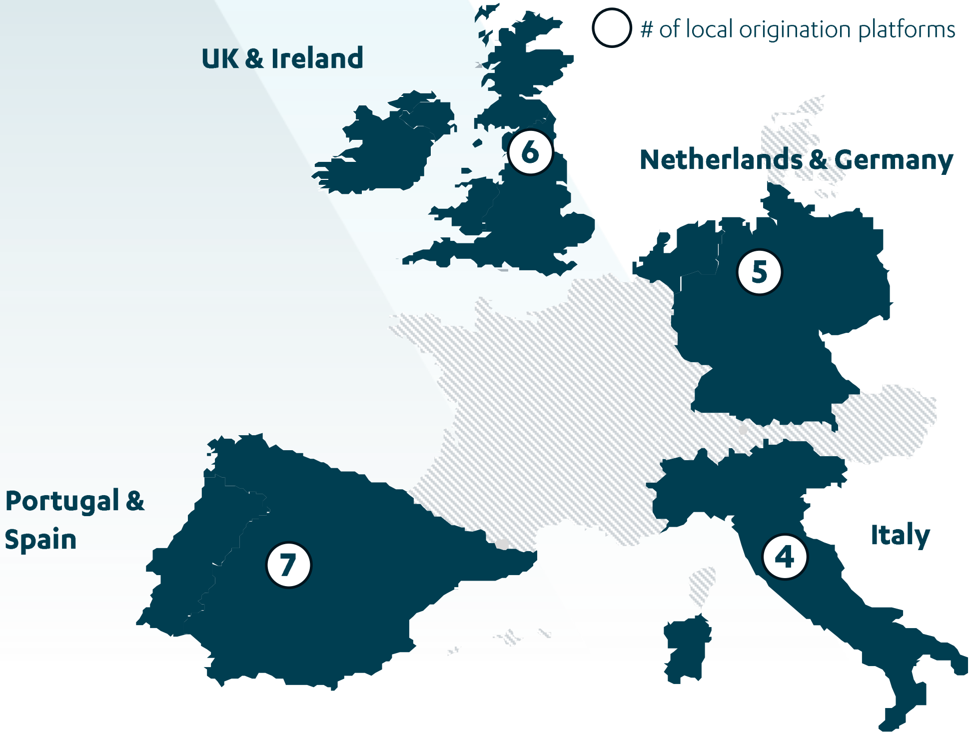
Drive capital light earnings and reduce net debt and delever

KEY HIGHLIGHTS

- Strong fundraising progress to Arrow's discretionary Real Estate Lending franchise. Commitments of €650 million, benefitting from support of our global investor base across the Americas, Europe, and the Middle East and including a commitment of $400m from Abu Dhabi Investment Authority ('ADIA')
- FUM of €9.9 billion as of 30 June 2024, representing growth of €2.1 billion over last 12 months
- Capital light Integrated Fund Management EBITDA of £33.1 million, up 67% on H1 2023 (£19.8 million)
- Expanded into Germany and Spain with acquisitions of Interboden and Amitra at minimal cost, to create Western European footprint across seven countries
- Ongoing scaling of investment activity with origination volumes of €954 million to date
- Collections to the end of July 2024 were £228 million, with expected full year collections of circa £378 million (ERC for the remaining 5 months is £150 million)
- Leverage reduced to 3.9 times at end of July (March 2024: 4.2 times) and net debt has reduced by £54 million since year end
- Significant number of third-party asset and servicing mandates also won across multiple territories during the quarter

CREATED A LEADING PAN-EUROPEAN INVESTMENT MANAGER IN CREDIT AND REAL ESTATE

ARROW OVERVIEW



Pan-European footprint with **22** local platforms in **7** geographies	**2,000+** Professionals
~€90 Billion Assets under Management[1]	**~1,500 Deals** Completed across Arrow

INVESTMENT VERTICALS

OPPORTUNISTIC CREDIT	**€80+ Billion AUM[1]** **12 Local platforms** **7 Core Geographies** **1,400+ Professionals**	• **Opportunistic Credit strategy** focused on: ✓ Performing and non-performing credit portfolios ✓ Bankruptcy Situations ✓ Secured Collaterals • Two dedicated Arrow Credit Opportunities ('ACO') funds: • ACO I (2019): €1.7bn • ACO II (2022): €2.8bn
REAL ESTATE LENDING	**€13+ Billion AUM[1]** **5 Local platforms** **7 Core Geographies** **600+ Professionals**	• Arrow's real estate lending strategy focusses on providing flexible financing solutions to real estate investors and developers secured against mainly residential collateral such as development, bridge and term mortgages. • **Arrow's discretionary Real Estate Lending franchise successfully completed its first close with commitments of €650m and which included a $400m commitment from ADIA**
REAL ESTATE EQUITY	**€17+ Billion AUM[1]** **14 Local platforms** **7 Core Geographies** **1,000+ Professionals**	• Real Estate Equity strategy focused on: ✓ Granular off-the-run properties ✓ Assets needing capital and operating expertise ✓ Sourced through our local platforms • Two Arrow Real Estate Opportunities ('AREO') funds: • AREO I (2023): €110m • **AREO II (2024): Currently fundraising**

1. Assets Under Management", or "AUM", represent the value of all funds and assets managed (including on behalf of third parties) by Arrow Global, Arrow Global Funds and Arrow Global Platforms.

VERTICALLY INTEGRATED MODEL WELL POSITIONED TO PURSUE DIVERSIFIED INVESTMENT STRATEGIES

ARROW'S LOCAL PLATFORMS

	MASLOW CAPITAL / ELBA FINANCE	EAGLE STREET / BLUE CURRENT CAPITAL	DRYDENS SOLICITORS / ARROW GLOBAL MASSEY	Mars CAPITAL	whitestar / RESTART CAPITAL / HEFESTOSTC	NORFIN / DETAILS	VESTING FINANCE / RNHB (1) / mica (1)	ZENITH GLOBAL	EUROPA INVESTIMENTI / SAGITTA SGR / SANSEDONI	AMITRA	INTERBODEN
€	€1.5bn AUM	€0.9bn AUM	€6.7bn AUM[1]	€8.7bn AUM	€10.1bn AUM	€2.1bn AUM	€5.6bn AUM	€46.1bn AUM	€2.0bn AUM	€4.0bn AUM	€0.7bn AUM
	35+ FTEs	18 FTEs	140+ FTEs	330+ FTEs	420+ FTEs	200+ FTEs	250+ FTEs	175+ FTEs	120 FTEs	25+ FTEs	55+ FTEs
CREDIT €80+ bn			✓	✓	✓		✓	✓	✓	✓	
LENDING €13+ bn	✓			✓		✓	✓		✓		
RE EQUITY €17+ bn	✓	✓			✓	✓	✓		✓	✓	✓

Assets Under Management", or "AUM", represent the value of all funds and assets managed (including on behalf of third parties) by Arrow Global, Arrow Global Funds and Arrow Global Platforms

[1] RNHB and MICA are partially-owned platforms

EXCELLENT OPERATIONAL PROGRESS AGAINST OUR GOALS FOR 2024

Objective	Progress	On track for full year delivery
RAISE FUNDS INTO OUR CORE LENDING STRATEGY	▶ Successful closing in respect of fundraising for Arrow's discretionary Real Estate Lending franchise with commitments of €650 million ▶ Includes \$400 million commitment from Abu Dhabi Investment Authority ('ADIA'), an existing investor in Arrow's Credit Opportunities strategy	✓
CREATE A WESTERN EUROPEAN FOOTPRINT	▶ Expanded into Germany and Spain with acquisitions of Interboden and Amitra to create Western European footprint across seven countries ▶ Minimal capital outlay to expand footprint	✓
DRIVE ORIGINATION VOLUMES	▶ €954 million of funds deployed to mid-August ▶ Strong pipeline of investments opportunities going into H2 ▶ Pipeline includes build of deals that were awaiting fundraising first close of our discretionary Real Estate Lending franchise	✓
DELIVER COLLECTION PERFORMANCE	▶ Collections to the end of July 2024 were £228 million, with expected full year collections of circa £378 million - significant planned realisations in July arose on a number of portfolios that had minimal collections in the prior 18 months ▶ 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 €80m distributed to ACO-I investors in H1 2024, totalling €176 million distributions to date	✓
DE-LEVER AND REDUCE NET DEBT	▶ Driven by a number of significant realisations on secured portfolios in July, leverage reduced to 3.9 times at the end of July 2024 from 4.2 times at the end of March 2024 ▶ Secured net debt as at July 2024 was £1,243 million, a reduction of £54 million since the end of December 2023 (£1,297 million)	✓

ARROW GLOBAL

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 seven months to the end of July 2024 were £228 million, with expected full year collections of circa £378 million (ERC for the remaining 5 months is £150 million)
  - Business as usual collections were especially strong in the month of July, driven by a number of significant realisations on secured portfolios, contributing to leverage reducing to 3.9 times at the end of July from 4.2 times at the end of March 2024
  - Net debt as at July 2024 was £1,243 million, a reduction of £54 million since the end of December 2023 (£1,297 million)
  - Collections for H1 2024 were £128.2 million, representing 98% of ERC, and Adjusted EBITDA for the period was £118.6 million
  - Leverage temporarily spiked at the end of June to 5.5 times, with the accelerated collection from the divestment of the UK portfolios occurring over 12 months ago in Q2 2023
- Committed to our medium-term leverage target of 3 times leverage and expect to make continued progress with strong collections performance and growth in capital light earnings

Cash Performance	H1 2024 £'m	H1 2023 £'m
Core cash collections	128.2	230.9
Adjusted EBITDA	118.6	211.4
Leverage as of July 2024 [1]	3.9x	3.4x
Free cash flow generation	51.8	151.5
Free cash flow post portfolio investment [2]	(4.2)	67.7

Note: H1 2023 figures reflect the divestment of 50% of the UK portfolios to Intrum

[1] Leverage metric shown is as 31 July 2024 and reflects a small number of significant collections in July. Equivalent metric in respect of June 2024: Leverage: 5.5x

[2] Portfolio investments exclude cash in transit awaiting deployment

INTEGRATED FUND MANAGEMENT SEGMENT

- **EBITDA increased by 67% to £33.1 million as the net asset value of our core discretionary strategies increases**
- Revenue of £140.3 million, increased £40.7 million or 41% on prior year driven by:
  - Increased management and servicing fees from our core discretionary strategies
  - £21.3m additional revenue is attributable to platforms fully acquired since H1 2023 including Maslow and Eagle Street
  - Strong asset management and servicing revenue driven by 43 new third-party servicing contract wins across multiple jurisdictions in H1 2024
  - EBITDA margin expanded from 19.9% to 23.6%, reflecting the growth in discretionary funds deployed, operational leverage and efficiency from scaling of our operations
- Continued to invest in the growth of proposition including the recent acquisition of Interboden in Germany, increasing the Arrow footprint and providing the operational capabilities to expand our deployment capabilities across all our fund strategies
- EBITDA and profit margins will continue to grow over the medium term as the business continues to scale FUM – supported by the successful first close relating to Arrow's Real Estate Lending strategy - and in time, recognises carried interest

Integrated Fund Management Segment EBITDA	H1 2024 £'m	H1 2023 £'m	Change %
Income	140.3	99.6	*41*
Business operating costs	(50.6)	(44.5)	*(14)*
Overheads (excl. D&A and FX)	(56.6)	(35.2)	*(61)*
EBITDA	**33.1**	**19.8**	***67***
EBITDA margin (%)	*23.6*	*19.9*	*3.7pts*

ANALYSIS OF IFM EBITDA FOR H1 2024

Discretionary Core Strategies	Local / Ancillary Platform Strategies	Total IFM Segment
FUM: €4.6 billion	FUM: € 5.3 billion	FUM: € 9.9 billion
▶ Revenue[1]: £49 million (H1 2023: £34 million) ▶ EBITDA: £22 million	▶ Revenue[2]: £92 million (H1 2023: £66 million) ▶ EBITDA: £14 million	▶ Revenue: £140 million (H1 2023: £99.6 million) ▶ EBITDA: £33 million (after incurring circa £3 million investment drag)
▶ 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 €4.6 billion, NAV €2.8 billion at end of Jun 24 and average NAV for the half year €2.5 billion (£2.1bn), H1 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 - 43 such wins in total during H1 2024 ▶ FUM increased in Q2 with the acquisition of Amitra and Interboden ▶ Typical EBITDA margins are circa 15% ▶ H1 2024 EBITDA £14 million	▶ 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 six month period was circa £3 million

Total IFM EBITDA of £33 million for H1 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 £33.0 million, £16.4 million higher than prior year and primarily driven by:
  - Recognition of revenue on 50% retained wholly owned UK portfolio divestment in H1 2024 of £6.6 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
  - Impairment – year on year positive impact £9.3 million:
    - During H1 2024, portfolio investments were subject to a non-cash write down of £3.3 million (2023 H1 write down: £12.6 million)

Balance Sheet Segment EBITDA	H1 2024 £'m	H1 2023 £'m	Change %
Core cash collections	128.2	230.9	*(44)*
Net collections[1]	102.2	203.4	*(50)*
Income	60.0	44.1	*36*
Business operating costs	(26.0)	(27.5)	*(5)*
Overheads (excl. D&A and FX)	(1.0)	-	*(100)*
EBITDA	**33.0**	**16.6**	***105***
EBITDA margin (%)	55.0	*37.6*	*17.4pts*

[1] Net collections are collections less collection activity costs
[2] Excludes movement in investments awaiting deployment of £5.3 million

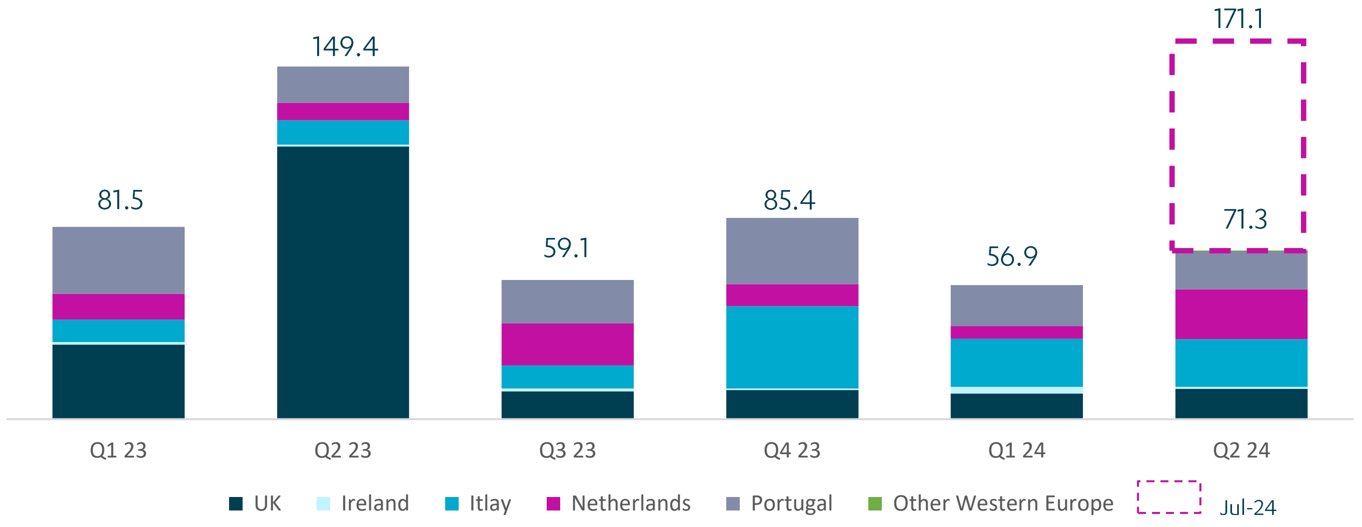
FINANCIAL OVERVIEW

COLLECTIONS

- ▶ **Collections performance in line with expectations with continued commitment to medium-term leverage target**
  - Collections to the end of July 2024 were £228 million,
  - Expected full year collections of circa £378 million remain strong and in line with previous guidance (ERC for the remaining 5 months of 2024 is £150 million)
  - Significant business as usual realisations in July arose on a number of portfolios that had minimal collections in the prior 18 months
- ▶ Collections for H1 2024 were £128.2 million, representing 98% 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

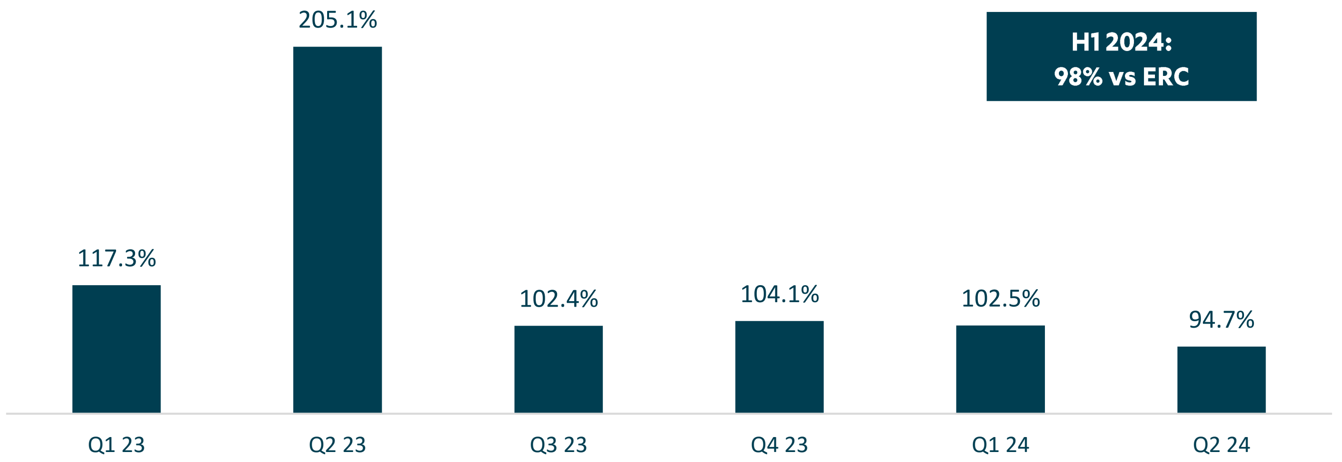
Collections by Quarter by Geography £m

Collections for 7 months to July: £228m (Inc. £100m in July)



Collections as a % of ERC

H1 2024: 98% vs ERC



GROUP SEGMENT

- EBITDA in the Group segment remains 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	H1 2024 £'m	H1 2023 £'m	Change %
Business operating costs	(0.1)	(0.1)	*(44)*
Overheads (excl. D&A and FX)	(15.5)	(15.4)	*(1)*
EBITDA	**(15.7)**	**(15.4)**	***(2)***

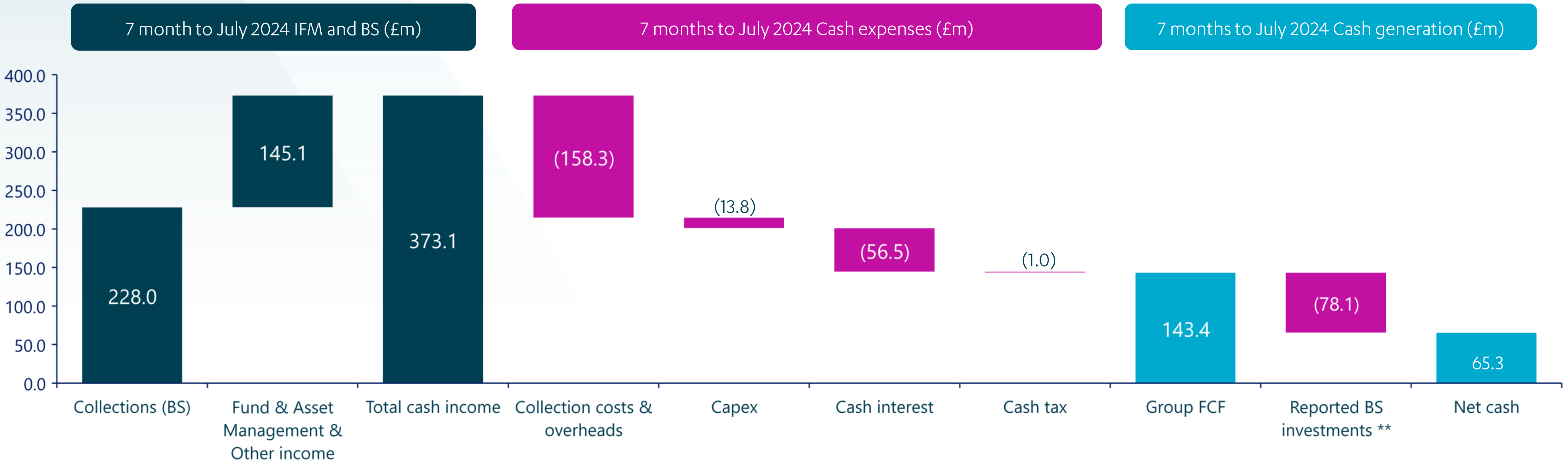
GROUP PERFORMANCE

- Loss before adjusting items of £5.1 million, improved by £19.2 million compared with the £24.3 million loss during H1 2023
- EBITDA improved by £29.4m to £50.4m when compared to H1 2023 as a result of increased FUM driving greater capital light returns, increased balance sheet results and central group costs remaining in line with prior year
- Financing costs were £3.0 million higher than 2023 reflecting:
  - Rising interest rates; and
  - Costs of maintaining high levels of liquidity
- The FX gain year to date was £3.6 million (2023: £7.3 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	H1 2024 £'m	H1 2023 £'m	Change %
EBITDA:			
Integrated Fund Management	33.1	19.8	*67*
Balance Sheet Business	33.0	16.6	*99*
Group	(15.7)	(15.4)	*(2)*
EBITDA	**50.4**	**21.0**	***141***
Depreciation and amortisation	(5.4)	(5.1)	*8*
FX gains / (losses)	3.6	7.3	*N/A*
Finance costs	(53.6)	(50.6)	*6*
Share of profit from associate net of tax	-	3.1	*(100)*
Loss before tax before adjusting items	**(5.1)**	**(24.3)**	***79***

FREE CASH FLOW GENERATION

- Free cash flow* generation for the seven months to July 2024 of £143.4 million (H1 2023: £151.5 million)
- Free cash flow generation up to July 2024 exceeded the cash outflow for portfolio investments by £65.3 million (H1 2023 exceeded by £71.8 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
- Expected full year collections of circa £378 million remain strong and in line with previous guidance (ERC for the remaining 5 months of 2024 is £150 million)



H1 2023 (£m)	*230.9*	*93.0*	*323.9*	*(112.5)*	*(6.6)*	*(47.5)*	*(5.8)*	*151.5*	*(79.7)*	*71.8*

* 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 July was £143.4 million, partly driven by significant realisations on secured portfolios in July 2024
  - In turn, total net debt as at July 2024 was £1,291.5 million, a reduction of £47.4 million since the end of December 2023 (£1,338.9 million)
- Free cash flow in H1 2024 (£51.8 million) was lower than portfolio investments (£56.0 million) by £4.2 million
- The strong 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	2023	H1 24
Free Cash Flow	**200**	**51.8**
Reported Balance Sheet investments[1]	(152)	(56.0)
Net Cash Flow post investment	**48**	**(4.2)**
Net deferred purchases from prior/to future periods	13	(11.4)
Net M&A	(20)	(3.9)
Other	(14)	(11.4)
(Increase) / decrease in net debt	**27**	**(31.0)**

Total net debt reduced by £78 million during July, with a reduction of £47 million during the 7 month period to July 24

[1] Excludes movements on funding into holding structure

LIQUIDITY AND LEVERAGE POSTION

- Driven by a number of significant realisations on secured portfolios in July, leverage reduced to 3.9 times at the end of July 2024 from 4.2 times at the end of March 2024
- Secured net debt as at July 2024 was £1,243 million, a reduction of £54 million since the end of December 2023 (£1,297 million)
- Group leverage temporarily spiked at the end of June to 5.5 times with the accelerated collection from the divestment of the UK portfolios occurring over 12 months ago and no longer in LTM Adjusted EBITDA calculation
- 120-month ERC was £1,233 million at H1 2024 – circa 61% of ERC is reported net of servicing costs rather than gross
- Maintained healthy levels of liquidity headroom of £180 million as at 30 June 2023 (31 December 2023: £227 million, 30 June 2023: £264 million) with no bond maturities until 2026
- Committed to our medium-term leverage target of 3 times leverage and expect to make continued progress driven by strong collections performance and growth in capital light earnings

£'millions	**Jul-24**
Cash	(174)
£350m 6% Fixed Rate Notes due 2026	350
€640m Floating Rate Notes due 2027 Euribor + 4.625%	539
€400m 4.5% Fixed Rate Notes due 2026	337
Revolving credit facility - £285m maturing 2026	191
Total secured net debt [1]	**1,243**
LTM Adjusted EBITDA [1]	315
Leverage [1]	**3.9x**
£'millions	**Jun-24**
Liquidity headroom (cash and RCF headroom)	180
84-month ERC [2]	1,148.5
120-month ERC [2]	1,232.9

[1] Equivalent metrics as at June 2024: Cash: (£91m); Total secured net debt: £1,327m; LTM Adjusted EBITDA: £239m; Leverage: 5.5x

[2] Given Arrow now co-invests in ACO 1 & 2 with an increasing proportion of ERC measured on FVTPL basis, approximately 63% of 84-month ERC and 61% of 120-month ERC is stated net of servicing and collections costs. Assuming 15% servicing costs, comparable gross ERC would be £1,277 million 84-month ERC and £1,366 million 120-month ERC respectively

Strategic focus

Zach Lewy

Group Chief Executive Officer

LEADING EUROPEAN INTEGRATED FUND MANAGER

OUR STRATEGY REMAINS UNCHANGED

Scale our integrated fund manager

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

Drive capital light earnings and reduce net debt and delever

OUTLOOK

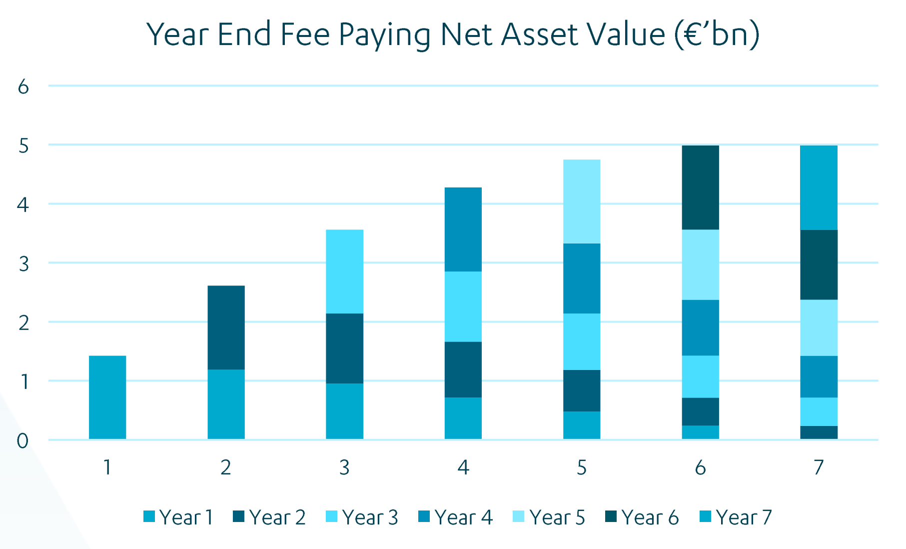
- Business model provides significant opportunity for growth, delivering increasing capital light earnings and facilitating de-leveraging
  - Integrated fund manager EBITDA for H1 up 67% year-on-year
- Continue to demonstrate strong fundraising momentum with first close of €650 million with respect to our discretionary Real Estate Lending franchise including $400 million from ADIA
- Continue to scale origination with expansion into Spain and Germany as Arrow establishes Western European footprint
- ACO 1 and 2 returns remain strong
- De-leveraging remains a core focus with strong progress made already and further progress expected in H2 2024 towards the medium-term target of 3 times
- Expect to refinance the senior secured notes well in advance of respective maturity dates (being November 2026 and 2027)
- Continue to drive our ESG agenda by operating in a manner befitting all our stakeholders and demonstrating a responsible approach to investment strategy

Appendix

EXAMPLE GROWTH IN EBITDA FROM CORE / DISCRETIONARY STRATEGIES

EXAMPLE ONE:-

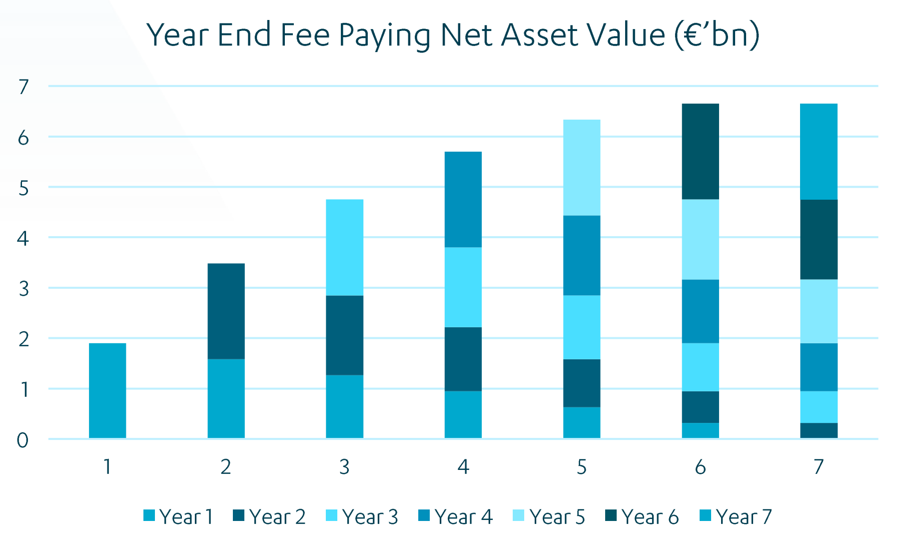
- Assume deployment of €1.5bn per annum (10% Arrow co-invest)
- Chart shows growth in fee paying NAV assuming consistent deployment each year, building to a steady state after circa 6-7 years
- At maturity delivers fee paying NAV of €5 billion
- IFM EBITDA return circa €150 million (30% return)
- Balance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

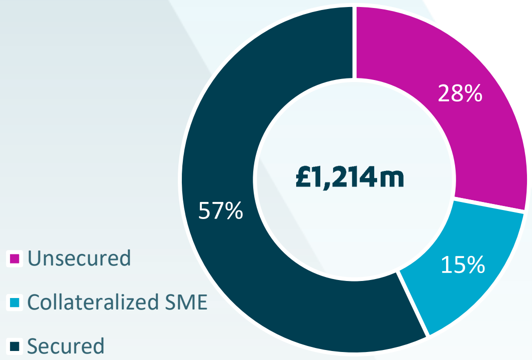
Implied economics assume current collections profile and are for ACO and AREO. Balance sheet segment returns are after incurring management, asset and servicing fees. Future returns are subject to market and macroeconomic factors

APPENDIX

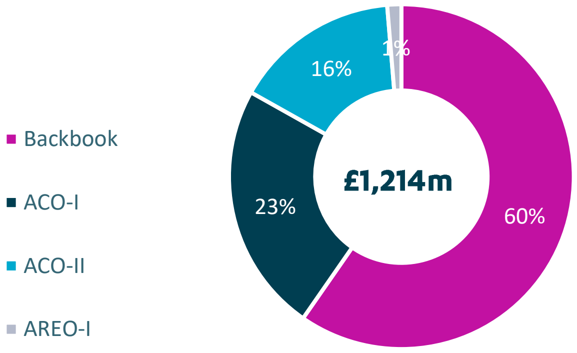
ERC EXPOSURE BY GEOGRAPHY AND TYPE

ERC for assets measured net of servicing and collection costs represents 63% of total ERC

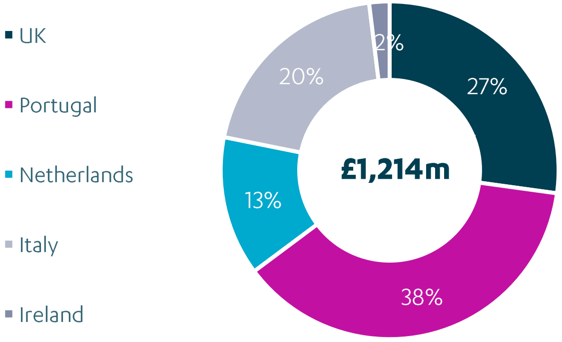
Dec 2023 84-month ERC by asset class



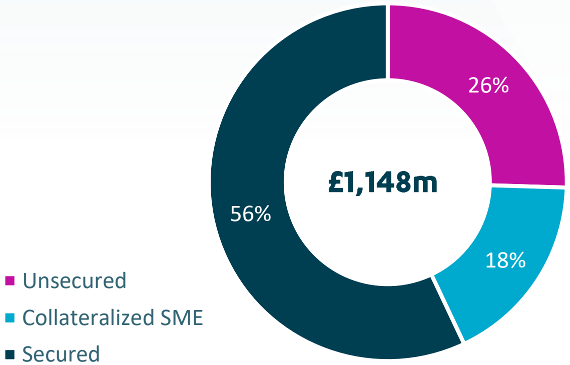
Dec 2023 84-month ERC by classification



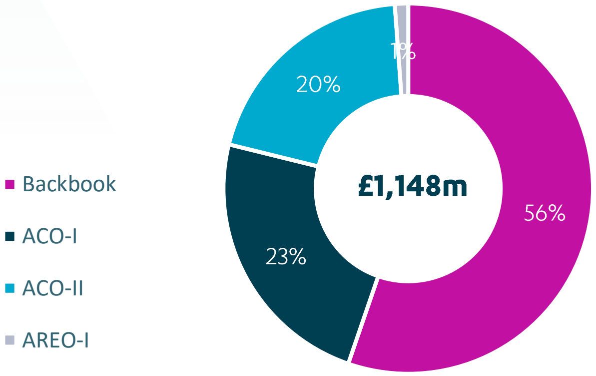
Dec 2023 84-month ERC by geography



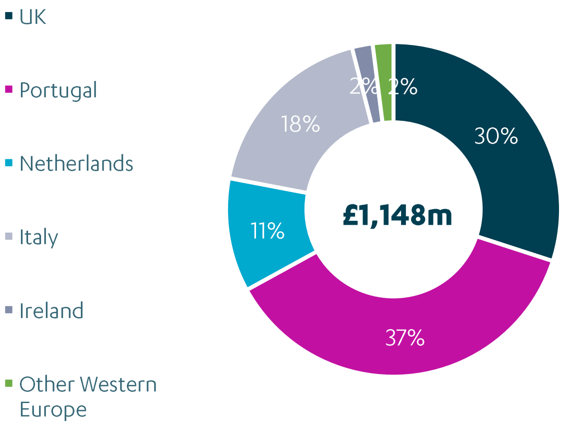
Jun 2024 84-month ERC by asset class



Jun 2024 84-month ERC by classification



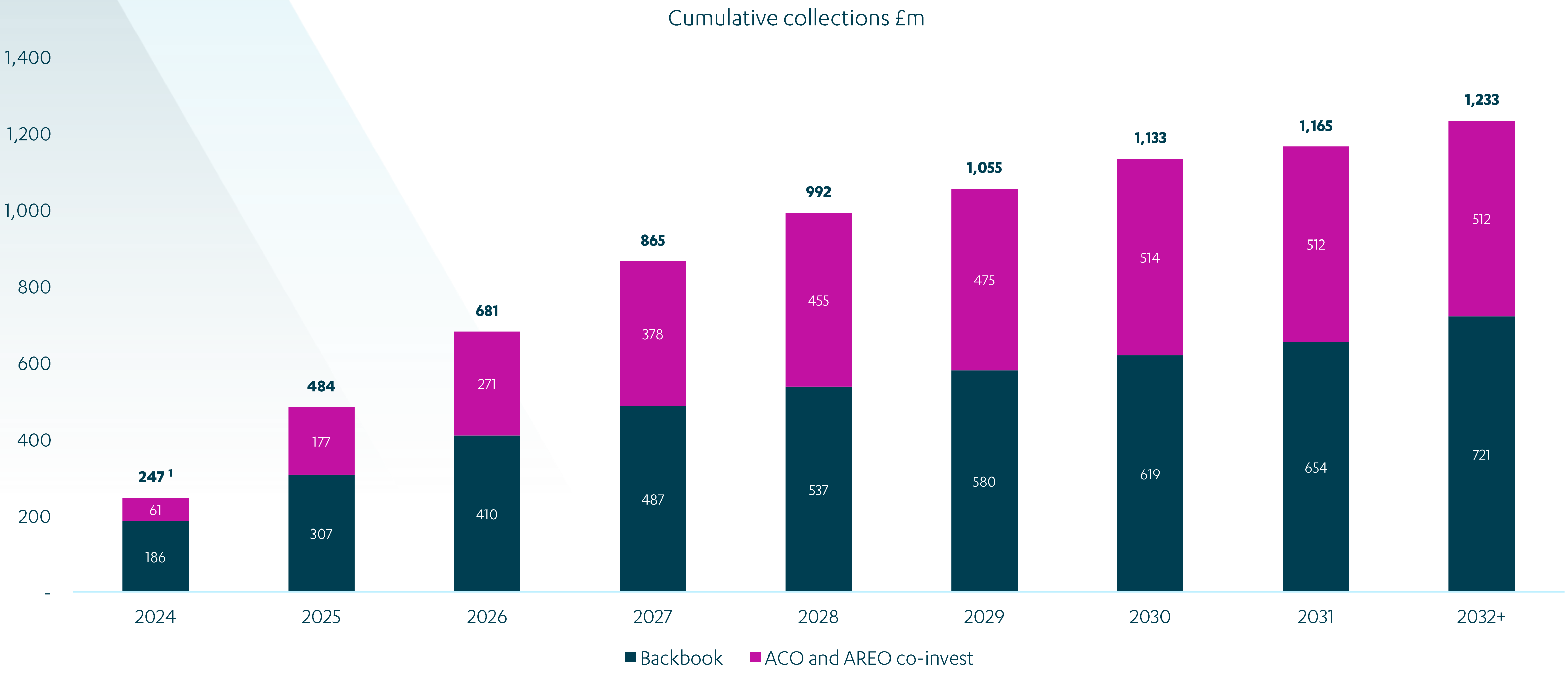
Jun 2024 84-month ERC by geography



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 63% as at June 2024
Collateralised SME primarily represents claims in bankruptcy situations originated by Europa Investimenti

APPENDIX

120-MONTH ERC PROFILE



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

[1] ERC for the remainder of 2024 as at the end of July 2024 was £150 million, compared with £247 million as at June 2024 following collections in July of £99.8 million

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