26 March 2025

Arrow Global Group

Results for the period ended 31 December 2024

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[1] platforms. The business model provides significant opportunity for growth, delivering increasing capital light earnings and facilitating de-leveraging.

Multi-strategy vertically integrated fund manager across Western Europe

- Funds under management ("FUM") were €10.6 billion, up €1.3 billion on 2023 (€9.3 billion)
- Strong fundraising momentum continued during the quarter in respect of our discretionary real estate lending franchise with commitments now up to €1 billion, alongside a further €285 million raised across our various real estate equity strategies
- Record originations levels achieved with €2.1 billion of deployments in the year (2023: €1.2 billion) and a strong pipeline heading into 2025
- Continued to generate strong returns in both our Arrow Credit Opportunities (ACO) funds with Deal IRR (after servicing costs) of 15% and 20% in ACO 1 and ACO 2 respectively
- Strong cash generation in the form of investment realisations, enabling €180 million of distributions to ACO 1 investors during 2024 and total ACO 1 distributions to date of €276m. The ACO2 programme has consistently generated early realisations since inception, with €100m already distributed to investors
- Three investment strategies now fully established; credit, real estate equity and real estate lending, all utilising our local platforms and vertically integrated model
- Strengthening our presence across Western Europe with operations across 8 jurisdictions following acquisitions in Germany, Spain and France during 2024
- Includes Arrow-led restructuring of iQera, a leading French credit management services provider, with ACO II to become majority shareholder in 2025, subject to customary regulatory and antitrust clearances

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

- Integrated Fund Management ("IFM") Fee Related Earnings increased 54.6% to £69.1 million for the period (2023: £44.7 million), primarily reflecting the growth in deployments and in turn, fee earning net asset value ("NAV").
- Integrated fund and asset management income rose by 37.1% to £302.9 million (2023: £220.9 million)
- Scaling of our deployment capabilities, driving the increase in fee earning NAV across our discretionary strategies is expected to continue generating significantly higher capital light earning streams going forward
- Continued success of our asset management and third party servicing business with 100 new asset management mandates won during 2024

Strong realisations and continued progress towards medium-term leverage target

- Total Realisations across Arrow and our discretionary funds of €1.2 billion for 2024 (2023: €778 million)
- Realisations of £379.9 million for 2024 (2023: £375.4 million) in respect of Arrow Balance Sheet Investments, representing 107% of expected cumulative realisations
- Successful refinancing of senior secured notes and revolving credit facility in December 2024, extending the maturity date to 2029
- Leverage decreased by 0.2 times to 3.7 times as at 31 December 2024 (31 December 2023: 3.9 times), continuing strong progress towards the medium-term strategic target of 3.0 times
- Adjusted EBITDA for the period was £350.7 million, an increase of 5.7% (2023: £331.9m)
- Strong realisations and increased capital light revenues have driven a reduction in net debt of £35.3 million in the year (2023: £26.7 million reduction)
- Extremely healthy liquidity headroom of £343 million maintained as at 31 December 2024 (31 December 2023: £227 million)

1 Entry in France through the acquisition of iQera Group, through ACO II expected to complete in Q2 2025, subject to customary regulatory and antitrust clearances.

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

"In 2024, Arrow saw strong fundraising momentum across our lending and real estate equity franchises, supported by a diverse global investor base. This drove record deployment in asset-backed strategies across Western Europe, totalling €2.1 billion, including a record €800 million in Q4.

Expanding our footprint, we strengthened our presence across three Western European markets – Germany, France, and Spain – enhancing our access to highly granular, attractive investments. Our vertically integrated model was further strengthened by securing 100 new asset management mandates, reinforcing our ability to scale efficiently across the region.

Strong cash generation during the period enabled significant investor distributions, with our funds under management growing to €10.6 billion.

With our established local footprint across Western Europe and a strong investment pipeline, we are well-positioned to capitalise on middle market asset-backed investments and emerging private debt opportunities as we move into 2025."

Group financial highlights	**31 December 2024**	**31 December 2023**	**Change %**
Balance Sheet Investment realisations (£m)[1]	379.9	375.4	1.2
Adjusted EBITDA (£m)[1]	350.7	331.9	5.7
Free cash flow (£m)[1]	213.5	199.7	6.9
Total income (£m)	387.7	287.4	34.9
IFM fee related revenues (£m)	267.1	193.6	38.0
Loss before tax and adjusting items (£m)[2]	(21.9)	(67.1)	67.4
Loss before tax and after adjusting items (£m)	(69.9)	(125.3)	44.2

	31 December 2024	**31 December 2023**	**Change %**
Funds Under Management (€bn)	10.6	9.3	13.9
Leverage	3.7	3.9	(0.2)x
Expected 84-month cumulative realisations (£m)[3]	1,209.2	1,213.7	(0.4)
Expected 120-month cumulative realisations (£m)[3]	1,249.2	1,309.9	(4.6)
Net debt (£m)	1,303.6	1,338.9	(2.6)

[1] *Q4 2023 includes the proceeds of £91.5m from the divestment of 50% of the wholly-owned UK portfolios.*

[2] *The results presented exclude adjusting items. For the reconciliation between these results and the condensed consolidated profit and loss, please see the reconciliation on pages 20-21.*

[3] expected cumulative realisations *for FVTPL and Joint venture assets is reported on a 'net of servicing and realisation costs' basis, as opposed to amortised cost assets which are typically measured gross. As the percentage of FVTPL and Joint venture assets has grown from 14.6% to 72.2% since ACO 1 was launched in December 2019, a growing proportion of the Group's expected cumulative realisations is reported on net basis.*

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.

Arrow has continued to see strong fundraising progress for our discretionary real estate lending franchise with €1.1 billion of capital committed by the end of 2024 as well as €285 million across our various real estate equity strategies, benefitting from support from our global investor base across the Americas, Europe, the Middle East and Asia.

FUM were €10.6 billion as at 31 December 2024, representing growth of €1.3 billion from €9.3 billion as at 31 December 2023, including our ACO 1, ACO 2, AREO, and ALO discretionary funds totalling €5.9 billion under management (31 December 2023: €4.5 billion) and non-discretionary strategies totalling €4.7 billion under management (31 December 2023: €4.8 billion). Fee-earning Net Asset Value ("NAV"), referencing FUM deployed by our discretionary funds, increased to €3.4 billion as at 31 December 2024 (31 December 2023: €2.3 billion). This has driven the increase in total discretionary fund management income of £29.9 million to £110.7 million (2023: £80.8 million).

In addition, the Group has expanded the footprint for our three investment strategies, strengthening our presence across Western Europe, covering eight geographical jurisdictions, following expansion during 2024 into Spain, Germany and France, providing further depth and breadth to the integrated fund manager proposition. In Q4 2024, Arrow led the restructuring of iQera, a leading French credit management services provider, with expectation of ACO II becoming majority shareholder in 2025. This added an eighth geography to the Group's Western European presence and will facilitate higher volumes of deployment and increase discretionary NAV growth as well as expanding the Group's broader servicing capabilities further.

Funds deployed were €2.1 billion (2023: €1.2 billion) during the year, including a record quarter in Q4 2024 with €0.8 billion deployed and a strong pipeline going into 2025. The Integrated Fund Manager has continued to focus on off-market acquisitions, with over 80% of ACO 2 investments being off-market. Over 90% of ACO 1 and ACO 2 is secured on real estate, cash in court and other mixed security and is 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 (2023: ACO 1 16%, ACO 2 20%).

On December 11, 2024 the Group refinanced the majority of its senior secured notes as well as its revolving credit facility, extending the maturity date to 2029.

The underlying loss before tax for the Group reduced by £45.2 million to £21.9 million (2023: £67.1 million), driven by an increase in Integrated Fund Management and Balance Sheet Investment revenues. The Integrated Fund Management segment EBITDA increased by £24.4 million or 54.6% to £69.1 million (2023: £44.7 million), the Balance Sheet segment EBITDA increased by £29.5 million to £55.7 million (2023: £26.2) million) and the Group costs segment remained broadly flat at £(34.7) million (2023: £(32.2) million). The results are explained further in the segmental commentary and analysis below. Loss after tax reduced by £56.0 million to £69.3 million, reflecting the reduced underlying loss.

The Group made a loss before tax after adjusting items of £69.9 million (2023: £125.3 million). In addition to the underlying loss, the Group incurred ongoing non-cash acquisition intangible and fair value accounting unwind costs associated primarily with the Arrow acquisition by TDR in 2021, but also later acquisitions of Maslow in 2023 and Amitra in 2024, totalling £33.4 million for the year. A further £14.6 million of costs were incurred in relation to accelerated non-cash amortisation and advisory fees in relation to the refinancing of bonds.

Realisations for the year were £379.9 million, representing 107% of expected cumulative realisations. Leverage reduced to 3.7x as at 31 December 2024 (31 December 2023: 3.9x). Net debt as at December 2024 was £1,303.6 million, a reduction of £35.3m from the end of December 2023 (£1,338.9 million). Adjusted EBITDA for the year was £350.7 million.

Free cash flow was £213.5 million (2023: £199.7 million) and free cash flow after portfolio investments was £57.3 million (2023: 50.2 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.

In line with expectations, Integrated Fund Management Fee Related Earnings increased by 54.6% to £69.1 million (2023: £44.7 million) with the segmental revenue increasing by 37.1% to £302.9 million (2023: £220.9 million). £33.3 million of the year-on-year revenue increase was driven by the platforms fully acquired during 2023 including Maslow and Eagle Street. EBITDA margin increased by 2.6 percentage points from 20.2% at the end of 2023 to 22.8% at the end of 2024, reflecting the growth in the higher margin discretionary fund management and the operational leverage and efficiency achieved through scaling of our operations, through both higher fund raising and deployment, as well as increasing third party servicing mandates.

Fee earning NAV across our discretionary fund management business increased to €3.4 billion (December 2023: €2.3 billion) due to increasing deployment, which increased management fees and servicing revenues from the discretionary fund management business to £110.7 million (2023: £80.8 million). Strong asset management and servicing from the third party asset management business, including new platforms, increased revenues from these strategies to £192.2 million (2023: £140.1 million).

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 2024 were £379.9 million, representing 107% of the expected cumulative realisations. Adjusted EBITDA for 2024 was £350.7 million. Investment purchases were £156.2 million were made in the year ended 2024 (2023: £148.5 million) reflecting the Group's co-investment in the record origination activity during the year. As the Group continues to scale the Integrated Fund Management segment, such co-investments are expected to make up a growing proportion of total portfolio investments held on the Balance Sheet.

Segmental Balance Sheet EBITDA increased by £29.5 million from £26.2 million in the year ended December 2023 to £55.7 million in the year ended 31 December 2024. The increase is due to net income of £12.0 million reported in the period on the 50% joint venture interest in the UK portfolios (2023: £7.3 million), and a non-cash write-down of £2.5 million in the period compared with £26.9 million in 2023, resulting in a positive year-on-year impairment variance of £24.5million.

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 for the year ended 31 December2024 was £(34.7) million, broadly consistent with prior year (2023: £(32.2) million). Underlying net interest costs of £108.0 million were £5.2 million higher period-on-period (2023: £102.8 million), driven by higher interest rates. The Group has substantially mitigated the exposure during 2025 to interest rate fluctuations with circa 86% of the bonds either fixed or hedged as at 31 December 2024.

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 10.00am (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 31 December 2024

	12-months to 31 December 2024 £000	Re-presented[1] 12-months to 31 December 2023 £000
Continuing operations		
IFM fee related income	**267,068**	**193,626**
Income from Balance Sheet Investments:		
Fair value gains on investments at FVTPL	47,842	32,433
Income from investments at amortised cost	43,158	55,462
Impairment gains/(losses) on amortised cost investments	8,207	(16,883)
Income from real estate investments	6,797	2,403
Share of profit in joint venture investment	11,958	7,266
Total income from investments	**117,962**	**80,681**
Gain on disposal of subsidiary	2,429	–
Profit on disposal of held for sale assets and liabilities	–	11,944
Other income	232	1,179
Total income	**387,691**	**287,430**
Total operating expenses	(337,595)	(324,949)
Operating profit/(loss)	**50,096**	**(37,519)**
Derivative fair value movements	–	12,018
Finance income	380	776
Finance costs	(120,411)	(103,712)
Share of profit in associate	–	3,089
Loss before tax[2]	**(69,935)**	**(125,348)**
Taxation credit on ordinary activities	647	75
Loss after tax	**(69,288)**	**(125,273)**
Other comprehensive income:		
Items that are or may be reclassified subsequently to profit or loss:		
Foreign exchange translation difference arising on revaluation of foreign operations	(1,560)	207
Movement on the hedging reserve	(2,551)	(1,803)
Total comprehensive loss for the period	**(73,399)**	**(126,869)**
Loss attributable to:		
Owners of the Company	(69,152)	(125,967)
Non-controlling interest	(136)	694
	(69,288)	**(125,273)**
Comprehensive loss attributable to:		
Owners of the Company	(73,263)	(125,967)
Non-controlling interest	(136)	(902)
	(73,399)	**(126,869)**

[1] Note the statement of profit or loss and other comprehensive income for 2023 has been re-presented to reflect the change in aggregation of total operating expenses. There is no impact on Loss after tax. Please see note 9 for a detailed breakdown of operating expenses.

[2] The loss before tax of £69,935,000 for the year to 31 December 2024 (2023: £125,348,000), includes £47,988,000 of net adjusting costs (2023: £58,288,000), with an underlying loss before tax of £21,947,000 (2023: £67,060,000 underlying loss). For the reconciliation to the underlying consolidated profit and loss, please see the reconciliations on pages 20-21.

Consolidated statement of financial position

As at 31 December 2024

Assets	Note	31 December 2024 £000	31 December 2023 £000
Cash and cash equivalents		87,570	114,683
Derivative assets		415	558
Trade and other receivables		131,372	86,277
Investments:			
Investments – amortised cost	4	238,048	323,827
Investments – FVTPL	4	385,500	380,977
Investments – real estate inventories	4	3,333	54,588
Investments – joint venture	4	79,221	87,253
Total portfolio investments		**706,102**	**846,645**
Property, plant and equipment		28,219	30,010
Intangible assets		101,748	118,632
Deferred tax asset		10,827	6,610
Current tax asset		–	1,759
Investment in Associate		–	321
Goodwill		746,926	745,109
Total assets		**1,813,179**	**1,950,604**
Liabilities			
Bank overdrafts	5	5,734	6,214
Revolving credit facility	5	13,299	157,592
Derivative liability		5,537	2,381
Trade and other payables		210,408	186,663
Current tax liability		972	–
Other borrowings	5	7,436	24,482
Senior secured notes	5	1,323,373	1,246,132
Deferred tax liability		12,849	19,827
Total liabilities		**1,579,608**	**1,643,291**
Equity			
Share capital		166,813	166,813
Share premium		419,609	419,609
Retained deficit		(351,936)	(283,657)
Hedging reserve		(3,798)	(1,247)
Other reserves		1,476	3,036
Total equity attributable to shareholders		**232,164**	**304,554**
Non-controlling interest		1,407	2,759
Total equity		**233,571**	**307,313**
Total equity and liabilities		**1,813,179**	**1,950,604**

Consolidated statement of changes in equity

For the period ended 31 December 2024

	Share capital	Other equity reserves	Total equity attributable to shareholders	Non-controlling interest	Total equity
	£000	**£000**	**£000**	**£000**	**£000**
Balance at 1 January 2024	**166,813**	**137,741**	**304,554**	**2,759**	**307,313**
Loss after tax	–	(69,152)	**(69,152)**	(136)	**(69,288)**
Exchange differences	–	(1,560)	**(1,560)**	–	**(1,560)**
Net fair value gains – cash flow	–	(3,401)	**(3,401)**	–	**(3,401)**
Tax on hedged items	–	850	**850**	–	**850**
Total comprehensive loss for the year	–	(73,263)	**(73,263)**	(136)	**(73,399)**
Purchase of non-controlling interests	–	873	**873**	(1,006)	**(133)**
Acquisition of non-controlling interests	–	–	–	13	**13**
Dividend paid by non-controlling interests	–	–	–	(223)	**(223)**
Balance at 31 December 2024	**166,813**	**65,351**	**232,164**	**1,407**	**233,571**

Consolidated statement of cashflows

For the period ended 31 December 2024

	Note	12-month to 31 December 2024 £000	Re-presented[1] 12-months to 31 December 2023 £000
Net cash generated by operating activities	6	**157,591**	**121,031**
Investing activities			
Purchase of property, plant and equipment		(6,616)	(14,187)
Purchase of intangible assets		(12,544)	(8,997)
Proceeds from disposal of intangible assets and property plant and equipment		36	–
Disposal of subsidiary, net of cash		1,590	37,651
Acquisition of an associate		–	(43)
Acquisition of subsidiary, net of cash acquired		(3,956)	(46,443)
Additional investment in subsidiary		(43)	(9,503)
Net cash used in investing activities		**(21,533)**	**(41,522)**
Financing activities			
Repayment of RCF and other borrowings		(329,706)	(243,320)
Proceeds from RCF and other borrowings		166,197	239,798
Repayment of asset backed loans		–	(8,297)
Revolving credit facility interest paid		(15,366)	(12,339)
Proceeds from senior notes (net of fees)		115,476	–
Payment of interest on senior notes		(88,060)	(79,165)
Bank and other similar fees paid		(1,246)	(1,310)
Bank interest received		380	776
Lease payments		(7,400)	(5,642)
Payment of dividends to non-controlling interest & shareholders		(223)	–
Net cash flow used in financing activities		**(159,948)**	**(109,499)**
Net decrease in cash and cash equivalents		**(23,890)**	**(29,990)**
Cash and cash equivalents at beginning of period		114,683	143,603
Effect of exchange rates on cash and cash equivalents		(3,223)	1,070
Cash and cash equivalents at end of period		**87,570**	**114,683**

[1]The Group has changed its presentation of repayments and proceeds of/from RCF and other borrowings in the year to show the repayments and proceeds separately as opposed to a net position within financing activities. The Group has determined that gross presentation is more in line with convention for such facilities under IAS 7 and has therefore disaggregated the balances in the current period. 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 £9,835,000 (2023: £11,838,000) 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 31 December 2024

	Integrated Fund Management £000	Balance Sheet £000	Group £000	Intra-segment elimination £000	Total exc. adjusting items 31 December 2024 £000	Adjusting items £000	Total inc. adjusting items 31 December 2024 £000
Total income	302,882	120,069	23	(35,604)	387,370	321	387,691
Realisation activity costs	(114,745)	(57,291)	(237)	35,604	(136,669)	–	(136,669)
Gross margin	**188,137**	**62,778**	**(214)**	–	**250,701**	**321**	**251,022**
Gross margin %	*62.1%*	*52.3%*			*64.7%*		*64.7%*
Other operating expenses excluding depreciation, amortisation and forex	(119,072)	(7,031)	(34,465)	–	(160,568)	(13,074)	(173,642)
EBITDA	**69,065**	**55,747**	**(34,679)**	–	**90,133**	**(12,753)**	**77,380**
EBITDA margin %	*22.8%*	*46.4%*			*23.3%*		*20.0%*
Depreciation and amortisation	(8,981)	–	(2,689)	–	(11,670)	(23,203)	(34,873)
Foreign exchange translation gain	–	–	7,589	–	7,589	–	7,589
Operating profit/(loss)	**60,084**	**55,747**	**(29,779)**	–	**86,052**	**(35,956)**	**50,096**
Derivative fair value movements	–	–	–	–	–	–	–
Net finance costs	–	–	(107,999)	–	(107,999)	(12,032)	(120,031)
Profit/(loss) before tax	**60,084**	**55,747**	**(137,778)**	–	**(21,947)**	**(47,988)**	**(69,935)**

Notes to the consolidated financial statements (*continued*)

2. Segmental reporting (continued)

Period ended 31 December 2023

	Integrated Fund Management £000	Balance Sheet £000	Group £000	Intra-segment elimination £000	Total exc. adjusting items 31 December 2023 £000	Adjusting items £000	Total inc. adjusting items 31 December 2023 £000
Total income	220,917	86,904	21	(39,455)	268,387	19,043	287,430
Realisation activity costs	(97,038)	(57,032)	(113)	39,455	(114,728)	(15,693)	(130,421)
Gross margin	**123,879**	**29,872**	**(92)**	–	**153,659**	**3,350**	**157,009**
Gross margin %	*56.1%*	*34.4%*			*57.3%*		*54.6%*
Other operating expenses excluding depreciation, amortisation and forex	(79,166)	(3,700)	(32,059)	–	(114,925)	(58,537)	(173,462)
EBITDA	**44,713**	**26,172**	**(32,151)**	–	**38,734**	**(55,187)**	**(16,453)**
EBITDA margin %	*20.2%*	*30.1%*			*14.4%*		*(5.7)%*
Depreciation and amortisation	(7,861)	–	(2,213)	–	(10,074)	(15,008)	(25,082)
Foreign exchange translation gain	–	–	4,016	–	4,016	–	4,016
Operating profit/(loss)	**36,852**	**26,172**	**(30,348)**	–	**32,676**	**(70,195)**	**(37,519)**
Derivative fair value movements	–	–	–	–	–	12,018	12,018
Net finance costs	–	–	(102,825)	–	(102,825)	(111)	(102,936)
Share of profit in associate	3,089	–	–	–	3,089	–	3,089
Profit/(loss) before tax	**39,941**	**26,172**	**(133,173)**	–	**(67,060)**	**(58,288)**	**(125,348)**

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 and overleaf tables are produced on a statutory basis:

12-months to 31 December 2024	**UK, Luxembourg and Jersey**	**Ireland**	**Portugal**	**Italy**	**The Netherlands**	**Other Western Europe**	**Intra-Group trading**	**Total**
	£000	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**
Total income	209,657	39,063	77,730	56,384	34,744	5,717	(35,604)	**387,691**
Third party integrated fund and asset management income	99,869	38,060	52,266	42,362	29,027	5,484	–	**267,068**
Non-current assets	825,047	6,605	30,918	4,055	8,098	2,170	–	**876,893**

12-months to 31 December 2023	**UK, Ireland and Jersey**	**Ireland**	**Portugal**	**Italy**	**The Netherlands**	**Other Western Europe**	**Intra-Group trading**	**Total**
	000	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**
Total income	147,781	22,881	68,830	48,112	39,281	–	(39,455)	287,430
Third party integrated fund and asset management income	63,372	21,614	46,499	35,514	26,627	–	–	193,626
Non-current assets	855,139	3,260	21,818	4,539	8,995	–	–	893,751

Note – due to the growth in the current year, Ireland has been separately identified as a reportable segment. In accordance with IFRS 8, the 2023 comparatives have been re-presented on the same basis.

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.

Non-current assets are assets with a useful life of more than one year with the exception of deferred tax which has been excluded.

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.

	Year to 31 December 2024 £000	Re-presented Year to 31 December 2023 £000
Discretionary fund management income:		
External third party	106,581	77,685
Internal income arising on Arrow balance sheet co-invest	4,124	3,112
Total discretionary fund management income	**110,705**	**80,797**
Third party asset management income:		
External third party	160,720	103,943
Internal income arising on Arrow back book investments	31,457	36,177
Total third party asset management income	**192,177**	**140,120**
Total Integrated fund management segmental income	**302,882**	**220,917**

Note the table for the year to 31 December 2023 has been re-presented to provide greater detail on income for each type described below and disaggregation between intra-segment and external income.

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 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 31 December 2024

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

[1] 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)*

Period ended 31 December 2023

	Amortised cost £000	FVTPL £000	Real estate inventories £000	Joint venture £000	Total £000
As at 1 January 2023 including held for sale	**641,194**	**331,199**	**51,463**	–	**1,023,856**
Investments purchased during the year	33,752	117,893	–	91,511[2]	243,156
Movement in investments awaiting deployment[1]	–	(3,166)	–	–	(3,166)
Acquisitions in the year	–	1,013	–	–	1,013
Realisations in the year	(161,769)	(88,570)	(22,146)	(11,378)	(283,863)
Proceeds on sale of non-core UK portfolios[2]	(183,023)	–	–	–	(183,023)
Deferred purchase consideration liability transfer on sale of non-core UK investments[3]	(26,208)	–	–	–	(26,208)
Income from investments at amortised cost	55,462	–	–	–	55,462
Fair value gains on investments at FVTPL	–	32,433	–	–	32,433
Income from real estate investments	–	–	2,403	–	2,403
Share of profit in joint venture investment	–	–	–	7,266	7,266
Net impairment losses	(16,088)	–	(795)	–	(16,883)
Loss on sale of UK non-core investments	(16,773)	–	–	–	(16,773)
Capital expenditure on real estate investments	–	–	21,633	–	21,633
Exchange and other movements	(2,720)	(9,825)	2,030	(146)	(10,661)
As at 31 December 2023	**323,827**	**380,977**	**54,588**	**87,253**	**846,645**

[1] *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.*

[2] *The £183,023,000 proceeds reflect 100% derecognition of the wholly owned UK portfolios subject to the divestment. 50% of these portfolios have been immediately repurchased into a new category entitled 'Joint venture'. This treatment is required by IFRS.*

[3] *A proportion of the wholly owned UK portfolios subject to the divestment were acquired with the purchase consideration being deferred and still outstanding at the divestment date. As part of the divestment, these liabilities to the original vendor were transferred to Intrum.*

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

Secured borrowing at amortised cost	31 December 2024 £000	Re-presented 31 December 2023 £000
Senior secured notes (net of transaction fees of £35,931,000, 31 December 2023: £16,297,000)	1,323,373	1,246,132
Revolving credit facility (net of transaction fees of £4,701,000, 31 December 2023: £2,176,000)	13,299	157,592
Bank overdrafts and other borrowings	13,170	30,696
	1,349,842	**1,434,420**
Total borrowings		
Amount due for settlement within 12 months	19,779	178,580
Amount due for settlement after 12 months	1,330,063	1,255,840
	1,349,842	**1,434,420**

Note: Prior to 2023 other borrowings primarily consisted of loan note liabilities to third parties within consolidated structured vehicles. As these have reduced over time management have taken the opportunity to condense remaining other borrowings with overdrafts as these are now similar in nature.

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. Of the bonds issued in 2021, €36,268,000 remains outstanding of the €400 million 4.5% Euro fixed rated senior secured notes due November 2026, €33,062,000 remains outstanding of the €640 million 4.625% over three months EURIBOR floating rate senior secured notes due November 2027 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 as at 31 December 2024 were issued by Sherwood Financing plc and the floating rate notes are subject to a zero percent EURIBOR floor. All of the bonds 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 £285m million revolving facility which 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

	12-months to 31 December 2024	12-months to 31 December 2023
Cash flows from operating activities	**£000**	**£000**
Loss after tax	(69,288)	(125,273)
Adjusted for:		
Proceeds from sale of UK non-core portfolios	–	183,023
Balance sheet realisations in the period	379,906	283,863
Income from investments at amortised costs	(43,158)	(55,462)
Income from real estate investments	(6,797)	(2,403)
Fair value gains	(47,842)	(32,433)
Net impairment (gain)/losses	(8,207)	16,883
Write-down of investment in associate	–	36,457
Share of profit in associate	–	(3,089)
Share of profit in portfolio joint venture	(11,958)	(7,266)
Gain on sale of subsidiary	(2,429)	–
Loss on disposal of intangible assets	1,041	75
Gain on disposal of property	(277)	–
Depreciation and amortisation	34,873	25,082
Net interest payable	118,125	101,131
Lease liability interest	1,906	1,805
Deferred remuneration unwind	7,580	10,424
Foreign exchange gains	(7,589)	(4,016)
Profit on disposal of held for sale	–	(11,944)
Derivative fair value movements	–	(12,018)
Tax credit	(647)	(75)
Operating cash flows before movement in working capital	**345,239**	**404,764**
Increase in other receivables	(47,572)	(20,732)
Increase/(Decrease) in trade and other payables	19,711	(11,705)
Cash generated by operations	**317,378**	**372,327**
Income taxes and overseas taxation payable	(6,332)	(11,306)
Net cash flow from operating activities before purchases of loan portfolios	**311,046**	**361,021**
Purchases of investments	(153,455)	(239,990)
Net cash generated by operating activities	**157,591**	**121,031**

Included within cash and cash equivalents in £9,835,000 (2023: £11,838,000) 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.

Additional information (unaudited)

The adjusted EBITDA reconciliations for the periods ended 31 December 2024 and 31 December 2023 respectively are shown below:

Reconciliation of net cash flow to Adjusted EBITDA	31 December 2024 £000	31 December 2023 £000
Net cash flow used in operating activities	157,591	121,031
Investment purchases and movement in investments awaiting deployment[1]	153,455	239,990
Proceeds from sale of UK non-core portfolios[2]	–	(91,511)
Income taxes paid	6,332	11,306
Working capital adjustments	27,861	32,437
Share of profit in associate	–	3,089
Operating cash adjusting items	5,493	15,528
Adjusted EBITDA	**350,732**	**331,870**
Reconciliation of balance sheet cash realisations to Adjusted EBITDA		
Integrated fund manager fee related income	267,068	193,626
Income from portfolio investments including fair value and impairment losses and gains	117,962	80,681
Portfolio amortisation	261,944	294,695
Balance sheet cash realisations (includes proceeds from disposal of portfolio investments)[2]	**379,906**	**375,376**
Gain on disposal of subsidiary and other income	2,661	1,179
Operating expenses	(337,595)	(324,949)
Depreciation and amortisation	34,873	25,082
Foreign exchange gains	(7,589)	(4,016)
Net loss on disposal and write off intangible assets and property, plant and equipment	764	75
Share of profit in associate	–	3,089
Operating adjusting items	10,644	62,408
Adjusted EBITDA	**350,732**	**331,870**
Reconciliation of operating profit to Adjusted EBITDA		
Loss after tax	(69,288)	(125,273)
Net finance costs	120,031	102,936
Share of profit in associate	–	(3,089)
Tax credit on ordinary activities	(647)	(75)
Derivative fair value movement	–	(12,018)
Operating profit/(loss)	**50,096**	**(37,519)**
Portfolio amortisation	261,944	294,695
Depreciation and amortisation	34,873	25,082
Foreign exchange gains	(7,589)	(4,016)
Net loss on disposal and write off of intangible assets and property, plant and equipment	764	75
Share of profit in associate	–	3,089
Profit on disposal of held for sale assets and liabilities	–	(11,944)
Operating adjusting items	10,644	62,408
Adjusted EBITDA	**350,732**	**331,870**

[1] 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.

[2] The £91,511,000 relates to proceeds received from the divestment of non-core Capquest and Mars UK portfolios, which were subject to immediate repurchase into a new category entitled 'Joint venture'. The other 50% portfolio net proceeds of £91,511,000, have been reported in the underlying realisations figure of £290,005,000.

Additional information (unaudited) *(continued)*

Loss before adjusting items

	Year ended 31 December 2024 £000	Year ended 31 December 2023 £000
Total income	**387,370**	**268,387**
Total operating expenses	**(301,318)**	**(235,711)**
Operating profit	**86,052**	**32,676**
Net finance costs	(107,999)	(102,825)
Share of profit in associates	–	3,089
Loss before tax and adjusting items	**(21,947)**	**(67,060)**
Taxation credit on underlying activities	(2,272)	(3,625)
Loss after tax before adjusting items	**(24,219)**	**(70,685)**
Non-controlling interest	136	(694)
Loss attributable to owners of the company	**(24,083)**	**(71,379)**
Tax rate on results before adjusting items	**(10.4%)**	**(5.4)%**

Additional information (unaudited) *(continued)*

Loss before adjusting items (continued)

Reconciliation between IFRS profit and profit before adjusting items:

	Year ended 31 December 2024			Year ended 31 December 2023		
	Profit before tax	Tax	Profit after tax	Profit before tax	Tax	Profit after tax
	£000	£000	£000	£000	£000	£000
IFRS loss	**(69,935)**	**647**	**(69,288)**	**(125,348)**	**75**	**(125,273)**
Adjusting items:						
Maslow acquisition costs	8,285	–	8,285	26,438	–	26,438
Acquisition costs related to the TDR takeover	25,457	–	25,457	12,232	–	12,232
Net other acquisition (income)/costs	(319)	–	(319)	16,786	–	16,786
Refinancing costs	14,565	–	14,565	–	–	–
Profit on disposal of held for sale assets and liabilities	–	–	–	(11,944)	–	(11,944)
Operations held for sale result	–	–	–	14,776	–	14,776
Tax associated with adjusting items	–	(2,919)	(2,919)	–	(3,700)	(3,700)
Loss before adjusting items	**(21,947)**	**(2,272)**	**(24,219)**	**(67,060)**	**(3,625)**	**(70,685)**

Adjusting items are those items that by virtue of their size, nature or incidence (ie 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 Maslow occurred through an initial 49% acquisition and subsequently via the exercise of the option to acquire the remaining 51% and the acquisition has resulted in a reported loss of £26.4 million in 2023. The loss arose firstly due to the requirement under IFRS 3 and 9 to re-measure previously recognised assets and liabilities to fair value immediately prior to the full acquisition and secondly due to the potential contingent earn-out payments that do not qualify as business combination consideration under IFRS 3. Maslow acquisition costs in 2024 relate to the unwind of the contingent earn-out payments.

The acquisition of the Group by TDR created ongoing non-cash acquisition intangible and fair value or other accounting unwinds. Total acquisition cost in the year ended 31 December 2024 amounted to £33.4 million (YTD 2023: £29.0 million).

Net other acquisition income relates to the disposal on Blue Current Capital and the acquisitions relating to Amitra and Interboden, acquired in 2024.

£14.6 million costs were incurred by the Group in relation to the refinancing of the bonds which occurred on 11 December 2024.

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**	
Fee related income	267,068	–	267,068	Income from integrated fund and asset management income
Gain on disposal of subsidiary	2,429	(2,429)	–	
Total income from investments	117,962	261,944	379,906	Realisations in the period
Other income	232	–	232	
Total income [1]	**387,691**	**259,515**	**647,206**	
Total operating expenses	(337,595)	41,121[2]	(296,474)	Cash operating expenses
Operating profit	**50,096**	**300,636**	**350,732**	Adjusted EBITDA [4]
Net finance costs	(120,031)	8,339[3]	(111,692)	
(Loss)/profit before tax	**(69,935)**	**308,975**	**239,040**	
Taxation (charge)/credit on ordinary activities	647	(6,979)	(6,332)	
(Loss)/profit after tax	**(69,288)**	**301,996**	**232,708**	
			(19,161)	Capital expenditure
			213,547	**Free cash flow** [5]

[1] *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.*

[2] *Includes non-cash items including depreciation and amortisation and foreign exchange.*

[3] *Non-cash amortisation of fees and interest*

[4] *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.*

[5] *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 and AREO, 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 23 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 23 for the definition of 84-month expected cumulative realisations 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 23 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 31 December2024 is as follows:

	31 December 2024 £000	**31 December 2023 £000**
Cash and cash equivalents	(87,570)	(114,683)
Senior secured notes (pre-transaction fees net off)	1,352,554	1,251,605
Revolving credit facility (pre-transaction fees net off)	18,000	159,768
Secured net debt	**1,282,984**	**1,296,690**
Deferred consideration – portfolio investments	703	737
Senior secured loan notes interest	6,750	10,824
Bank overdrafts	5,734	6,214
Other borrowings	7,436	24,482
Net debt	**1,303,607**	**1,338,947**

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.