

INTRALOT Group

# MANAGEMENT'S DISCUSSION & ANALYSIS

**of our financial condition and results of operations  
for the period 1/1-30/09/2023**

***intralot***

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## Overview

We are a global leader in the supply of integrated gaming systems and services. We design, develop, operate, and support customized software and hardware for the gaming industry and provide innovative technology and services to state and state licensed lottery and gaming organizations worldwide. Since our establishment more than 30 years ago, we have developed innovative technological and operating know-how and experience, which are central to maintaining our existing customer relationships as well as winning new contracts. Our long-standing relationships with our customers give us valuable insight into their strategic and other business needs. We operate a diversified and stable portfolio in 39 jurisdictions worldwide. Our business activities range from the provision of customized gaming platforms to full management of end-to-end gaming operations either for our own or other licensed operations, depending upon the market in which we operate. In the twelve months period ended September 30, 2023, we had revenue of €371.1 million and EBITDA of €135.8 million on continuing basis for entities that we consolidate, though we have minority ownership in some of such subsidiaries. In addition, in the twelve months ended September 30, 2023, our revenue from Greece, Rest of Europe, the Americas and the Rest of the World represented 2.2%, 12.4%, 62.3% and 23.2% of total revenue, respectively.

## Results of Operations of the INTRALOT Group

Comparison of the nine months period ended September 30, 2022, with the nine months period ended September 30, 2023.

## Overview

Income Statement Information (€ in million)	Nine months ended September 30,		% change
	2022	2023	
Revenue	301.7	280.0	-7.2%
Less: Cost of sales	-215.2	-172.8	-19.7%
Gross profit	86.6	107.2	23.9%
Other operating income	17.9	21.7	20.9%
Selling expenses	-15.6	-16.0	2.2%
Administrative expenses	-52.8	-57.7	9.2%
Research and development expenses	-1.2	-1.0	-14.9%
Reorganization expenses	-1.1	0.0	-100.0%
Other operating expenses	-0.6	-1.9	193.7%
EBIT	33.1	52.5	58.3%
EBITDA	88.0	101.0	14.7%
Income/(expenses) from participations and investments	-0.6	1.5	n/a
Gain/(loss) from assets disposal, impairment, and write-off	0.6	-0.1	n/a
Interest and similar expenses	-28.9	-31.4	8.4%
Interest and related income	1.5	3.4	125.3%
Exchange differences	0.3	-2.5	n/a
Profit/(loss) equity method consolidation	0.2	0.1	-35.4%
Gain/(loss) on net monetary position	13.1	8.6	-34.3%
Operating profit/(loss) before tax	19.4	32.1	65.8%
Less: taxes	-14.9	-14.4	-3.6%
Net profit/(loss) from continuing operations (a)	4.5	17.8	296.9%
Net Profit / (loss) from discontinued operations (b) <sup>1</sup>	5.6	0.0	n/a

<b>Net Profit /(Loss) after taxes (Continuing and Discontinued Operations) (a) + (b)</b>	<b>10.0</b>	<b>17.8</b>	<b>76.7%</b>
Attributable to:			
Equity holders of parent			
-Profit/(loss) from continuing operations	-6.0	9.0	n/a
-Profit/(loss) from discontinued operations <sup>1</sup>	5.6	0.0	n/a
	<b>-0.5</b>	<b>9.0</b>	<b>n/a</b>
Non-Controlling Interest			
-Profit/(loss) from continuing operations	10.5	8.7	-17.1%
-Profit/(loss) from discontinued operations <sup>1</sup>	0.0	0.0	n/a
	<b>10.5</b>	<b>8.7</b>	<b>-17.1%</b>

<sup>1</sup>The activities of Group associate in Taiwan (Goreward) is presented as discontinued operations pursuant to IFRS 5.  
Note: Due to rounding, numbers presented throughout this, and other documents may not add up precisely to the totals.

## Sales Overview

Total revenue decreased by €21.7 million, or -7.2%, from €301.7 million in the nine months period ended September 30, 2022, to €280.0 million in the nine months period ended September 30, 2023.

## Revenue by Business Activity

The following table sets forth our revenue for each business activity for the nine months period ended September 30, 2022, and 2023.

Revenue by Business Activity (€ in million)	Nine months period ended September 30,		% change
	2022	2023	
Licensed operations	82.2	33.0	-59.8%
Management contracts	35.3	51.9	46.9%
Technology and support services	184.2	195.1	5.9%
<b>Total</b>	<b>301.7</b>	<b>280.0</b>	<b>-7.2%</b>

- €-49.2m (-59.8%) from our **Licensed Operations (B2C) activity** line with the variance driven by: absence of revenue in Malta (€-43.9m; license expiration early July 2022) and lower revenue in Argentina (€-5.3m or -13.8%) affected by the adverse impact of the FX currency translation. In local currency, current year results posted a +120.9% y-o-y increase.
- €+16.6m (+46.9%) from our **Management (B2B/ B2G) contracts** activity line with the variance driven by: strong momentum of our Turkish operations (€+16.0m or +77.1%), driven by Bilyoner's improved performance, favored by the growth of the online market. In 9M23, the local Sports Betting market expanded close to 1.9 times y-o-y. Performance in Euro terms was partially mitigated by the headwinds in Turkish lira (+60.6% Euro appreciation versus a year ago), higher revenue from our US Sports Betting contracts (€+0.3m or +8.2%) and higher revenue in Morocco (€+0.2m or +2.2%).
- €+10.9m (+5.9%) from our **Technology and Support Services (B2B/ B2G) activity** line, with the variance driven by: US operations' increased revenue (€+4.6m or +4.1% y-o-y), as 9M23 was supported by the growth in the categories of Numerical, i-Lottery and Instant games, higher revenue in Croatia (€+3.5m or +64.2%) as a result of the local market growth, higher revenue from rest jurisdictions (€+3.1m or +6.3%) triggered by the new Lottery contract and lower revenue in Australia (€-0.4m or -2.4%) impacted by the negative FX movement (7.7% Euro appreciation versus a year ago – in YTD average terms).

The following table sets forth our Gross Gaming Revenue for each business activity for the nine months period ended September 30, 2022, and 2023.

GGR by Business Activity (€ in million)	Nine months period ended September 30,		% change
	2022	2023	
Licensed operations	37.1	15.2	-59.0%
Management contracts	35.3	51.9	46.9%
Technology and support services	184.2	195.1	5.9%
<b>Total</b>	<b>256.6</b>	<b>262.2</b>	<b>2.2%</b>

**Gross Gaming Revenue** (GGR) from continuing operations concluded at €262.2m in 9M23, posting an increase of 2.2% (or €+5.6m) year over year. License expiration in Malta and the higher payout ratio in Argentina (-63.0% y-o-y on wagers from licensed operations<sup>2</sup>) did not manage to fully absorb the increased top line contribution of our operations in Turkey and US, along with the sale in Taiwan. 9M23 Payout Ratio<sup>3</sup> was higher by 4.0pps vs. 9M22 (62.6% vs. 58.6%).

### Gross Profit Margin

The Gross profit margin in the nine months period ended September 30, 2023, was 38.3% from 28.7% in the nine months period ended September 30, 2022. Increased margin is the result of our operations performance growth along with the increased contribution of technology and managements contracts to the total mix.

### Other Operating Income

Other Operating Income from continuing operations ended at €21.7 million presenting an increase of 20.9% y-o-y (or €+3.8m).

### Selling Expenses

Selling expenses increased by €0.4 million, or +2.2% from €15.6 million in the nine months period ended September 30, 2022, to €16.0 million in the nine months period ended September 30, 2023.

### Administrative Expenses

Administrative expenses increased by €4.9 million, or +9.2%, from €52.8 million in the nine months period ended September 30, 2022, to €57.7 in the nine months period ended September 30, 2023. This increase was mainly driven by the arising costs in Turkey (Bilyoner) and USA in order to support top line growth.

### Research and Development Expenses

Research and development expenses decreased by €0.2 million or -14.9%, from €1.2 million in the nine months period ended September 30, 2022, to €1.0 million in the nine months period ended September 30, 2023.

### Reorganization expenses

In the nine months period ended September 30, 2023, there was no reorganization expenses accrued, while the relevant cost in 9M22 amounted to €1.1 million.

<sup>2</sup> Licensed Operations Revenue also include a small portion of non-Payout related revenue, i.e., value-added services, which totaled €4.5m and €5.2m for 9M23 and 9M22 respectively.

<sup>3</sup> Payout ratio calculation excludes the IFRS 15 impact for payments to customers.

## Other Operating Expenses

Total Operating Expenses increased by €1.3 million (or +193.7%) from €0.6 million in the nine months period ended September 30, 2022, to €1.9 million in the nine months period ended September 30, 2023. The variance is attributed mainly to the increased costs in Croatia, USA and Turkey (Bilyoner).

## EBITDA

**EBITDA** amounted to €101.0 million in 9M23, posting an increase of 14.7%, or €+13.0 million, compared to 9M22. Strong EBITDA growth was achieved through top line boost across key regions (mainly Turkey, USA and Croatia), combined also with the equipment and services sale in Taiwan. EBITDA improvement was in part counterbalanced by increased operating expenses and the impact from Malta license termination.

## Income/ (expenses) from participations and investments

Income/(expenses) from participations and investments came up to net income of €1.5 million in the nine months period ended September 30, 2023, from net expenses of €0.6 million in the nine months period ended September 2022. This improvement is mostly related to the tax refund in 1Q23 related to dividend distribution from Malta subsidiary.

## Gain/ (loss) from assets disposal, impairment loss & write-off of assets

Gain/ (loss) from assets disposal, impairment loss & write-off of assets came up to net loss of €0.1 million in the nine months period ended September 30, 2023, from net gain of €0.6 million in the nine months period ended September 30, 2022. The variance is mainly attributed to the income from reversed impairments of tangible assets in Intralot SA.

## Interest and Similar Expenses

Interest and similar expenses increased by €2.5 million or +8.4%, from €28.9 million in the nine months period ended September 30, 2022, to €31.4 million in the nine months period ended September 30, 2023 as a result of the increased floating rate towards the Term Loan in US.

## Interest and Related Income

Interest and related income increased by €1.9 million, from €1.5 million in the nine months period ended September 30, 2022, to €3.4 million in the nine months period ended September 30, 2023. This increase was primarily affected by the higher income in Bilyoner.

## Exchange Differences

The negative impact from FX results (€2.8 million vs. 9M22) is a result of the valuation of cash balances in foreign currency other than the functional currency of each entity, and the valuation of commercial and borrowing liabilities of various subsidiaries abroad in EUR.

## Profit/ (loss) from equity method consolidation

Consolidation of associates and joint ventures through the equity method remained almost at the same levels, exhibiting a profit of €0.1 million in the nine months period ended September 30, 2023, from a profit of €0.2 million in the nine months period ended September 2022 (mainly deriving by the Group's associate in Taiwan).

## Gain/ (loss) on net monetary position

Net monetary position of the Group resulted to gains of €8.6 million in the period 1/1-30/9/2023 vs. gains of €13.1 million in the period 1/1-30/9/2022, significantly impacted by the first-time application of IAS 29 in Turkey in 2Q22.

## Operating Profit/(Loss) before Tax

**Operating Profit/(Loss) before Tax** in 9M23 totaled €32.1 million, compared to €19.4 million in 9M22, with the variance driven by:

- the impact of the increased EBITDA (€13.0m vs. 9M22),

- the lower D&A (€5.2m vs. 9M22),
- the higher income from participations and investments (€2.1m vs. 9M22),
- the higher interest income (€1.9m vs. 9M22) and
- the lower reorganization expenses (€1.1m vs. 9M22).

With the increase at EBT level being partially counterbalanced by:

- the lower gains on net monetary position (€4.5m vs. 9M22) arising mostly from Turkey due to IAS 29 (considered a hyperinflationary economy since June 2022),
- the negative impact from FX results (€2.8 million vs. 9M22),
- the higher interest expenses (€2.5m vs. 9M22),
- the reversed impairments that took place in 2022 (€0.7m vs. 9M22) and
- the slightly lower profit from equity method consolidation (€0.1m vs. 9M22).

## **Taxes**

Taxes in the nine months period ended September 30, 2023, amounted to expense of €14.4 million, versus expense of €14.9 million in the nine months period ended September 30, 2022.

### **Net Profit/(Loss) from Continuing Operations (a)**

As a result of the above, net profit from continuing operations increased by €13.3 million, from a profit of €4.5 million in the nine months period ended September 30, 2022, to a profit of €17.8 million in the nine months period ended September 30, 2023.

### **Net Profit/(Loss) from Continuing Operations (b)**

No material impact from Discontinued operations in the nine months period ended September 30, 2023. At the same time, in the nine months period ended September 30, 2022, Taiwan (Goreward) resulted in a profit of €5.6 million.

### **Analysis of discontinued operations:**

**Goreward – Discontinued Operations June 30, 2022:** On April 2022, the Group proceeded with the sale of the GoReward LTD group through its subsidiaries in Cyprus, INTRALOT INTERNATIONAL LTD and INTRALOT HOLDINGS INTERNATIONAL LTD, which held the Group's entire shareholding (38.84%). The total price from the sale of the participation amounts to €170 thousand and has been collected entirely within June 2022.

### **Net Profit/(Loss) from Continuing Operations (a) + (b)**

As a result of the above, net gain/loss from total operations (continuing and discontinued) improved by €7.7 million, from a profit of €10.0 million in the nine months period ended September 30, 2022, to a gain of €17.8 million in the nine months period ended September 30, 2023.

### **Net Income Attributable to Owners of the Parent**

After deducting non-controlling interests, total operations net gain/loss attributable to the owners of the parent increased by €9.5 million, from a loss of €0.5 million in the nine months period ended September 30, 2022, to a profit of €9.0 million in the nine months period ended September 30, 2023.

Net gain/loss from continuing operations attributable to the owners of the parent improved by €15.0 million, from a loss of €6.0 million in the nine months period ended September 30, 2022, to a gain of €9.0 million in the nine months period ended September 30, 2023.

## Net Cash Flows from Total Operations (continuing and discontinued)

Cash Flow Statement (€ in million)	Nine months period ended September 30,	
	2022	2023
<b>Operating activities</b>		
Profit / (loss) before tax from continuing operations	19.4	32.1
Profit / (loss) before tax from discontinued operations	5.6	0.0
<b>Profit / (loss) before Taxation</b>	<b>24.9</b>	<b>32.1</b>
Plus / Less adjustments for:		
Depreciation and Amortization	53.8	48.6
Provisions	-1.4	-0.8
Results (income, expenses, gain and loss) from Investing Activities	-5.1	0.6
Interest and similar expenses	28.9	31.4
Interest and similar Income	-1.5	-3.4
(Gain) / loss on net monetary position	-13.1	-8.6
Reorganization expenses	1.1	0.0
Plus / Less adjustments for changes in working capital:		
Decrease / (increase) of Inventories	-6.4	-1.9
Decrease / (increase) of Receivable Accounts	7.3	-2.8
(Decrease) / increase of Payable Accounts (except Banks)	-14.2	7.6
Income Tax Paid	-6.7	-5.2
<b>Total inflows / (outflows) from operating activities (a)</b>	<b>67.7</b>	<b>97.6</b>
<b>Investing Activities</b>		
(Purchases) / Sales of subsidiaries, associates, joint ventures and other investments	-125.7	-2.0
Purchases of tangible and intangible assets	-15.4	-22.2
Proceeds from sales of tangible and intangible assets	0.2	0.0
Interest received	2.0	5.0
Dividends received	0.2	1.0
<b>Total inflows / (outflows) from investing activities (b)</b>	<b>-138.7</b>	<b>-18.3</b>
<b>Financing Activities</b>		
Proceeds from issues of shares and other equity securities	128.9	0.0
Return of Capital to minority shareholders of subsidiary	0.0	-1.5
Sale of own shares	0.0	0.0
Proceeds from loans	226.4	0.0
Repayment of loans	-250.7	-8.6
Repayments of lease liabilities	-3.0	-4.0
Interest and similar expenses paid	-38.0	-33.1
Dividends paid	-2.9	-4.5
Reorganization expenses paid	-1.0	0.0
<b>Total inflows / (outflows) from financing activities (c)</b>	<b>59.8</b>	<b>-51.6</b>
<b>Net increase / (decrease) in cash and cash equivalents for the period (a) + (b) + (c)</b>	<b>-11.2</b>	<b>27.6</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>107.3</b>	<b>102.4</b>
Net foreign exchange difference	2.6	-8.0
<b>Cash and cash equivalents at the end of the period from total operations</b>	<b>98.8</b>	<b>122.0</b>

## Net Cash from Operating Activities

Net cash from operating activities comprises net profit before tax adjusted for working capital, cash taxes as well as certain non-cash items such as provisions and depreciation.

Operating Cash-flow in 9M23 amounted to €97.6 million, higher by €29.9 million, compared to 9M22. This increase was primarily driven by the following:

- Net result before taxation from total operations (continuing and discontinued) increased by €7.2 million, from a gain of €24.9 million in the nine months period ended September 30, 2022, to a profit of €32.1 million in the nine months period ended September 30, 2023.
- Depreciation and amortization from total operations decreased by 9.7% from €53.8 million in the nine months period ended September 30, 2022, to €48.6 million in the nine months period ended September 30, 2023.
- The effect of provisions on cash flow, was negative €1.4 million in the nine months period ended September 30, 2022, to a negative effect of €-0.8 million in the nine months period ended September 30, 2023, mainly due to the income from reversed impairment of tangible assets in Intralot SA within 2022.
- The effect of results from investing activities on cash flow was negative €5.1 million in the nine months period ended September 30, 2022, versus a positive effect of €0.6 million in the nine months period ended September 30, 2023, mainly due to the higher income from dividends (€1.0m) in the nine months period ended September 30, 2023, the higher net FX loss (€4,1m y-o-y) in 2023, the higher net loss from investments disposals (€2.4m y-o-y) in 2023 and the lower net gains from associates (€0.1m y-o-y) in 2023.
- Net interest expenses in the nine months period ended September 30, 2023, was €28.0 million (9M22: €27.4m);
- In the nine months period ended September 30, 2023 there was no reorganization expenses accrued, while the relevant cost in 9M22 was €1.1 million.
- Changes in our working capital, which led to a cash inflow of €2.9 million in the nine months period ended September 30, 2023, compared with a cash outflow of €13.3 million in the nine months period ended September 30, 2022,
  - In particular, there was an increase of €1.9 million in inventories in the nine months period ended September 30, 2023, compared to an increase of €6.4 million in the nine months period ended September 30, 2022, mainly due to the timing of roll out of new the projects under construction,
  - also, there was an increase of €2.8 million in receivables in the nine months period ended September 30, 2023, compared to a decrease of €7.3 million in the nine months period ended September 30, 2022, mainly due to the receipts of receivables of USA in 2023,
  - also, there was an increase of €7.6 million in payables towards our suppliers in the nine months period ended September 30, 2023, compared to a decrease of €14.2 million in the nine months period ended September 30, 2022, mainly due to the timing of payments in various projects and
  - there was a payment from income tax of €5.2 million in the nine months period ended September 30, 2023 (mainly from Australia, Argentina, New Zealand, Morocco and other entities) compared to a payment of €6.7 in the nine months period ended September 30, 2022.

## Net Cash from Investing Activities

Cash flow from investing activities generally consists of cash outflows for Purchases of Investments, for investments in tangible and intangible assets, interest and dividends received, as well as inflows/(outflows) from (Purchases) / Sales of subsidiaries, associates, joint ventures and other investments.

In the nine months period ended September 30, 2023, net cash outflows from investing activities were €18.3 million, which was a decrease of €120.4 million, from net outflows of €138.7 million in the nine months period ended September 30, 2022. This decrease is mainly attributable to the net investment outflow of €2.0 million in the nine months period ended September 30, 2023, versus higher net outflows of €125.7 million in the nine months period ended September 30, 2022, mainly coming from the outflow of €125.1 million following the repurchase of 34.27% of the share capital of Intralot US Securities B.V., indirectly parent company of Intralot Inc., within 3Q22, the higher inflow of €3.0 million for interest received, the higher inflow €0.8 million for dividend received and the higher outflow of €6.8 million in the nine months period ended September 30, 2023 for capital expenditure. Our capital expenditure in the nine months period ended September 30, 2023, reached €22.2 million, while in the nine months period ended September 30, 2022, reached €15.4 million.



## Net Cash from Financing Activities

Net cash from financing activities comprises net cash proceeds from Cash received from Share Capital increase, financing arrangements as well as payment of cash interest and the payment of dividends to our shareholders or to minority interests. In the nine months period ended September 30, 2023, net cash outflows from financing activities were €51.6 million, compared to net cash inflows of €59.8 million in the nine months period ended September 30, 2022. The net cash outflows in the nine months period ended September 30, 2023, consisted of net cash repayments of loans and lease liabilities of €12.5 million coupled also with the tax refund of €1.5 million in 1Q23 related to dividend distribution from Malta subsidiary. At the same time, the net cash inflows in the nine months period ended September 30, 2022, consisted of €128.9 million inflow in net cash flows from Share Capital increase and net cash repayments of loans and lease liabilities of €27.3 million (mainly due to the US Debt refinancing – impact of €22.8 million). The y-o-y movement is also attributed to lower interest payments by €4.9 million in the nine months period ended September 30, 2023 (mainly due to accrued interest paid in the last year related to 2021 Interest Expense of US Debt), higher dividends distribution to minority interests by €1.6 million in the nine months period ended September 30, 2023 and lower payments towards capital restructuring expenses by €1.0 million in the nine months period ended September 30, 2023.

## Cash & Cash Equivalents

The following table sets forth our Cash & Cash Equivalents as of December 31, 2022, and September 30, 2023.

Cash & Cash Equivalents (€ in million)	December 31, 2022	September 30, 2023	% change
Partnerships (Operations in Turkey and Argentina)	19.5	19.1	-2.3%
All other Operating Entities (with revenue contracts) & HQ	82.8	102.9	24.3%
<b>Total</b>	<b>102.4</b>	<b>122.0</b>	<b>19.2%</b>

Cash and cash equivalents at the end of the 9M23 period decreased by €19.6 million vs. FY22.

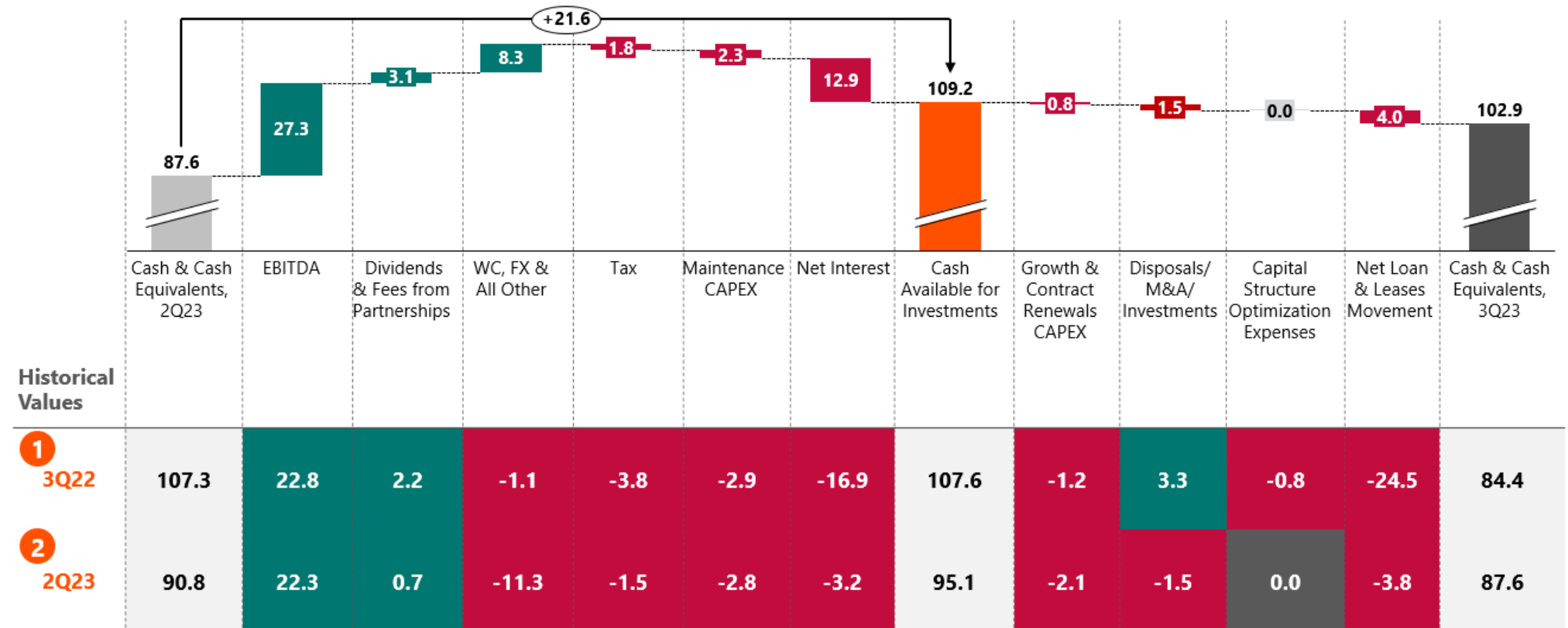
## Pro Forma Results of Operations of the INTRALOT Group

### Pro-Forma Cash Flow – Shareholders of the Parent View (1/2)

The following chart portrays the Shareholders of the Parent View of the Cash Flow Movement (Pro-Forma) for the nine-months period ended September 30, 2023, as well as the historical values of 3Q22 and 2Q23.

#### Pro-Forma Cash Flow – Shareholders of the Parent View, 3Q23

€m



The main variance (YoY and QoQ) drivers are described in the table below:

Shareholders of the Parent View	YoY Variances Explained <span style="border: 1px solid black; border-radius: 50%; padding: 2px 6px;">1</span>	QoQ Variances Explained <span style="border: 1px solid black; border-radius: 50%; padding: 2px 6px;">2</span>
<b>EBITDA</b>	<ul style="list-style-type: none"> <li>EBITDA variance is driven by better performance in HQ and Croatia, partially offset by lower contribution from Malta (following contract expiration), Morocco and Ireland</li> </ul>	<ul style="list-style-type: none"> <li>Higher EBITDA is driven by better performance in Croatia, HQ and US</li> </ul>
<b>Net Dividends, and Fees from Partnerships</b>	<ul style="list-style-type: none"> <li>Positive variance mainly driven by higher dividends distribution from Turkey in 3Q23</li> </ul>	<ul style="list-style-type: none"> <li>Positive variance driven by dividends distribution from Turkey in 3Q23</li> </ul>
<b>WC, FX &amp; All Other</b>	<ul style="list-style-type: none"> <li>WC increase is mostly driven by timing differences in US, Croatia and Morocco, supported by positive impact coming from Malta (following contract expiration) and partially offset by negative WC swing in HQ</li> </ul>	<ul style="list-style-type: none"> <li>WC increase is mostly driven by timing differences in US, Croatia and Morocco</li> </ul>
<b>Tax</b>	<ul style="list-style-type: none"> <li>Higher tax paid in 3Q22, driven by tax in HQ and US</li> </ul>	<ul style="list-style-type: none"> <li>At similar level with 2Q23</li> </ul>
<b>Maintenance CAPEX</b>	<ul style="list-style-type: none"> <li>At similar levels with 3Q22</li> </ul>	<ul style="list-style-type: none"> <li>At similar levels with 2Q23</li> </ul>
<b>Net Interest</b>	<ul style="list-style-type: none"> <li>Lower interest expense following loan restructuring in August '22</li> </ul>	<ul style="list-style-type: none"> <li>Variance stemming from coupon payments in 3Q23</li> </ul>
<b>Growth &amp; Contract Renewals CAPEX</b>	<ul style="list-style-type: none"> <li>At similar levels with 3Q22</li> </ul>	<ul style="list-style-type: none"> <li>Variance is driven by higher Capital expenditures in US in 2Q23</li> </ul>
<b>Disposals/ M&amp;A/ Investments</b>	<ul style="list-style-type: none"> <li>Variance driven by positive impact from share capital increase after the repurchase of US minority shares in 3Q22</li> </ul>	<ul style="list-style-type: none"> <li>At similar levels with 2Q23</li> </ul>
<b>Capital Structure Optimization Expenses</b>	<ul style="list-style-type: none"> <li>At similar levels vs. 3Q22</li> </ul>	<ul style="list-style-type: none"> <li>At similar levels vs 2Q23</li> </ul>
<b>Net Loan &amp; Leases Movement</b>	<ul style="list-style-type: none"> <li>Positive swing following US Debt refinancing in August '22</li> </ul>	<ul style="list-style-type: none"> <li>At similar levels with 2Q23</li> </ul>

## Pro-Forma Cash Flow – Shareholders of the Parent View (2/2)

The following chart portrays the Shareholders of the Parent View of the Cash Flow Movement (Pro-Forma) for the last twelve months ended September 30, 2023, as well as the historical values of LTM 2Q23 and LTM 1Q23.

### Pro-Forma Cash Flow – Shareholders of the Parent View, LTM 3Q23 €m

