

INTERIM REPORT AT 30 JUNE 2023

Translation from the Italian original which remains the definitive version.

Posteitaliane

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INTERIM REPORT ON OPERATIONS AT 30 JUNE 2023


1. READING GUIDE



The Interim Report at 30 June 2023 of the Poste Italiane Group - approved by the Board of Directors on 24 July 2023, which authorised its public disclosure, also pursuant to IAS 10 - includes the Interim Report on Operations at 30 June 2023 and the Condensed consolidated half-year financial statements.

The international macroeconomic scenario in the first half of 2023 was conditioned by the Russian-Ukrainian conflict, for which the Group did not record any significant impact on its business or significant repercussions on profitability during the period, nor did it have any fears about the impairment of its ability to continue as a going concern as a result of the conflict. Please refer to the Condensed Consolidated Half-Year Financial Statements (section Use of Estimates) for more details on the impact of the conflict for the Group as required by national and international authorities (ESMA and CONSOB).

As of 1 January 2023, the Poste Italiane Group adopted the standard "IFRS 17 Insurance Contracts" (Commission Regulation (EU) 2021/2036 of 19 November 2021), replacing IFRS 4. For the Poste Italiane Group, the application of IFRS 17 concerned the insurance companies of the Poste Vita Group (Poste Vita S.p.A., Poste Assicura S.p.A., Net Insurance S.p.A. and Net Insurance Life S.p.A.) as well as the Parent Company, limited to the related impact on the consolidated financial statements.

The purpose of IFRS 17 is to:

- ensure that an entity provides information that fairly represents the rights and obligations arising from the insurance contracts issued;
- eliminate inconsistencies and weaknesses in existing accounting policies by providing a single principle-based framework to account for all types of insurance contracts (including reinsurance  contracts);
- improve comparability between entities belonging to the insurance sector by providing for specific presentation and disclosure requirements.




The standard changes the representation of the profitability of the insurance business from a presentation of results by volume (premiums issued and claims expenses) to a representation more focused on contract margins. revenue from the insurance business are composed of periodic releases of Liabilities under insurance contracts, including the Contractual Service Margin (CSM) component pertaining to the period, representing the profitability of insurance contracts issued. In particular, placement commissions will no longer be included in external revenue at the time the contract is underwritten, but recognised as insurance liabilities (CSM) and released on an accrual basis in the statement of profit or loss according to the coverage unit . For non-profitable insurance contracts, the related loss (Loss Component ) is recognised immediately in the statement of profit or loss for the reporting period. In addition, costs directly related to insurance contracts are allocated to revenue, including costs aimed at remunerating the distribution network for the placement and distribution activities of insurance contracts performed by the Parent Company.

For more information on the scope of application of the standard and the methodological choices made by the Poste Italiane Group, as well as the effects of the application of the new standard, please refer to the section "Changes to accounting policies" in the condensed consolidated half-year financial statements at 30 June 2023.

The values presented in this Interim Report are compared with the corresponding values for the same period of the previous year, except for the Statement of financial position, which is compared with the corresponding statement at 31 December 2022. Following the application of IFRS 17 from 1 January 2023, certain figures for the comparative period have been restated to reflect the new provisions of the standard.

It is highlighted that amounts shown in millions of euros have been rounded, with the result that the sum of the rounded figures does not always tally with the rounded total.

The following infographics are used in this document:

-  to indicate, by means of a hyperlink, that it is possible to consult the definition of the content in the glossary in Chapter 9;
-  to indicate, by means of a hyperlink, that it is possible to go deeper into the topic dealt with in the relevant paragraph;
-  to indicate, by means of a hyperlink, that it is possible to return to the beginning of the chapter and the general index.

2. HIGHLIGHTS

During the first half of 2023, the path of shared value creation undertaken by the Poste Italiane Group generated excellent results at system level, through the significant investments in the six forms of capital which underpin the Company: financial, human, physical-structural, intellectual, social-relational and natural, and in line with the United Nations Sustainable Development Goals framework.



FINANCIAL



PHYSICAL-STRUCTURAL



INTELLECTUAL



Revenue: €6.1 bn (+8.3% y/y)

EBIT: €1.6 bn (+10.6% y/y)

Net profit: €1.1 bn (+15.7% y/y)

Total financial assets: €580 bn

Life business net inflows: €3.1 bn

Lapse rate on Life business: 4% below the average market rate

Controlling stake acquired in Net Insurance for the development of the protection segment in the insurance business

Partnership with Mazzocco S.r.l. to launch "fresh" express courier service for home delivery of fresh food products: pilot deliveries in major Italian cities

Strategic partnership between Poste Italiane and DHL for the development of the international parcels market

12,755 Post Offices and over 119 thousand people employed (zero offices closed in small municipalities during the period)

Omnichannel strategy: over 22 million (+10.5% y/y) daily interactions and over 6 million daily visitors on digital channels (+12.1% y/y)

Third-party networks: ~55,000 physical contact points strengthened by the acquisition of LIS in September 2022

~27 mln digital identities (SPID) issued (over 75% market share)

First prize in the AiFin Italian Award 2022 "HR and Organisation" category for the "INSIEME 24SI" project

Inauguration of Poste Italiane new Fraud Management Centre, which monitors security of transactions carried out in post offices and online round the clock

Poste Energia launch campaign wins the Best Engagement special award at the Key Award, the Italian award dedicated to marketing communication



HUMAN



SOCIAL
RELATIONAL



NATURAL



~2.6 mln training hours provided in the first half of 2023

Trade union agreement to regulate Agile Work, extended until September 2023

Poste Italiane is Top Employer for the 4th consecutive year

Poste Italiane confirms leadership in gender equality policies according to the Bloomberg Gender - Equality Index

Record number of sign-ups for the Corporate Welfare programme with ~28 thousand sign-ups: X3 compared to 2022

January 2023: inaugural event of the Polis Project - Home of Digital Services (PNRR) to foster social and territorial cohesion and overcome the digital divide in small centres. One-stop shops activated with first PA services

Poste Italiane among the "Top 5%" international companies in the S&P Global Sustainability Yearbook 2023

Memorandum of understanding with the Third Sector Forum on sustainability and volunteering projects: the online platform dedicated to the promotion of projects proposed by Third Sector organisations is operational

Poste Italiane is among the top three companies in the "Integrated Governance Index (IGI) 2023" ranking for the integration of sustainability policies into corporate strategies

Poste Italiane on the podium of the "best communicators" according to Lundquist's "trust Italia 2023" research

Poste Italiane confirms its leadership in sustainability by taking 1st place among the Blue Chip of the Italian Stock Exchange in the MIB® ESG GLOBAL SCORE index

The Poste Italiane Group enters the energy sector with a 100% green omnichannel accessible mass market offer: ~300 thousand contracts reached since service launch

~ 24,500 low-emission vehicles in the company fleet, of which ~4,800 electric

Full green delivery: zero-emission delivery in 31 city centres

~ 1,880 buildings involved in the Smart Building project*, 180 photovoltaic systems with an installed capacity of ~ 11,000 KWp.

* Automated and remote management of buildings to achieve energy efficiencies

3. OUTLOOK

After the economic stagnation that characterised the last quarter of 2022, Italy's GDP grew modestly in the first months of 2023, driven by the manufacturing sector, which benefited from falling energy prices and the easing of "bottlenecks" along supply chains.

In the remainder of the year, growth estimates remain moderate and characterised by significant uncertainty and downside risks mainly related to: the timing and outcome of the Russian-Ukrainian conflict, the risks of international financial instability, and a level of inflation that, although declining, is far from the Central Banks' targets. According to the latest estimates in June, Italy's GDP growth could exceed 1% for the year and remain around that figure for the next two years.

In this context, the Poste Italiane Group recorded double-digit growth in the first half of the year compared to 2022, both in operating profit and profit for the period through revenue growth and regulating costs. The Poste Italiane Group, in addition to distinguishing itself through a diversified business structure that allows it to benefit from a natural balancing effect between the trends affecting its businesses, has historically demonstrated resilience in times of economic uncertainty and financial turbulence, indeed establishing itself as a "safe harbour" for savers, thanks to a portfolio of financial offerings characterised by products with reduced risk exposure and volatility, which guarantee decidedly lower churn/lapse rates than the market. The Group's cost structure is flexible, with a significant revenue-related variable cost component. The Group also benefits from the effects of actions implemented at favourable market times, aimed at mitigating fluctuations in input prices.

At the end of March, the strategy update for the current year was presented to the financial community, revising the outlook for the various Strategic Business Units and improving the dividend policy for the years 2022 and 2023. The objective of configuring Poste Italiane as a platform company evolving towards a diversified and integrated business model to offer Italians a single, omnichannel access point for an increasingly wide range of products/services was confirmed. In May, a new Board of Directors was appointed that will be in office for the next three years, and the new Business Plan is being drawn up, which will aim to consolidate the Group's leadership in logistics also by reviewing the service model. The Group will also continue to strengthen customer relations within the post office network, third-party networks and on digital properties by implementing omnichannel experiences, and will also aim to adapt real estate to the changing needs of the logistics segment.

In the Mail, Parcels and Distribution Strategic Business Unit: after a 2022 of substantial stability in the parcels and logistics segment, a return to growth is expected for the current year, however conditioned by the uncertainty of the macroeconomic reference variables. Against this backdrop, the Group aims to accelerate its transformation towards an "all-round" logistics operator; these include the acquisition of Plurima finalised in 2022, aimed at entering the specific sector of hospital logistics, the renewal of the partnership with Amazon for 5 years, the partnership with DHL, signed in March, which confirms the Group's commitment to the development of its international business, and a new partnership that enabled the launch of the "fresh" express courier service for the home delivery of food products during the period; in the mail segment, the Group will continue to adapt its offer and its rates, managing the structural decline linked to e-substitution.

In the Financial Services Strategic Business Unit, postal savings will remain at the centre of the Group's financial services offering, with a renewed and competitive commercial proposition, confirming itself as a simple and transparent tool for savers; at the same time, the net interest income will continue to contribute to revenue supported by market rates. The commitment to digitising the customer experience in order to make it more intuitive, faster and safer through the use of increasingly sophisticated technologies will also continue.

The Insurance Services Strategic Business Unit confirms its importance for the Group's profitability, leveraging its leading position in the Life business and aiming to develop the P&C business with an integrated modular offering of customised protection, assistance and service solutions. The acquisition of Net Insurance was also finalised during the period, which will accelerate the Group's growth and profitability in the protection business. The new accounting standard IFRS 17, applied as of 1 January 2023, introduced a new model for measuring insurance contracts that includes, among other elements, the recognition of the Contractual Service Margin (CSM), which represents the expected value of the margin for the services

offered. The CSM stood at €13.3 billion at 30 June 2023, up from the recognised value at transition (1 January 2022) of approximately €10.5 billion. The new accounting standard has also introduced a new way of measuring and representing insurance revenue: in the statement of profit or loss, profitability is now shown by margins through the allocation to revenue of all costs directly related to insurance contracts, including costs aimed at remunerating the distribution network for the placement and distribution activities of insurance contracts performed by the Parent Company.

With regard to the Payments and Mobile Strategic Business Unit, the acquisition of LIS in 2022, a leader in proximity payments, will ensure an acceleration of the Group's omnichannel strategy, with the development of new services and leveraging the complementary nature of the tobacconist network with post offices and digital channels. The new Poste Energia offer for electricity and gas was launched on the market during the period, also available on digital web and app channels, with roughly 300 thousand contracts signed since the launch of the service. The offer exemplifies the clarity of the business proposition and ease of use of Poste Italiane's services, ensuring a unique omnichannel customer experience. With a view to enhancing LIS's proximity network, new services will be implemented at the network's affiliated points during the year (e.g. cardless withdrawals already available at the Postamat ATM network) and new cross-selling opportunities with Poste Group services.

Continuing its commitment to the Group's digital transformation by supporting citizens, businesses and the PA in the digitalisation process, Poste Italiane confirms its role as a strategic pillar by effectively and efficiently connecting the country. The acquisitions of Sourcesense and Agile Lab finalised in 2022, which operate in the IT and data management sectors, respectively, aim to accelerate the Group's digital transformation. The most important initiatives in the omnichannel sphere include the integration of financial functions into the Ufficio Postale app, which will gradually replace the BP and PostePay apps with transversal functions and a completely revised and optimised user experience to enable new sales models and digital customer relations.

As part of the National Recovery and Resilience Plan, the Group will invest in the implementation of "Polis", a strategic project to support the country's social cohesion with particular reference to approximately 7,000 municipalities with a population of less than 15 thousand inhabitants, transforming the Post Office into the "home of the public administration's digital services". Some 250 co-working spaces nationwide are also planned, as well as the implementation of numerous initiatives to support the country's energy transition.

In the path of transition towards carbon neutrality by 2030, investments and strategic initiatives will continue, such as the renewal of the delivery fleet with low-emission vehicles, the installation of photovoltaic panels for energy supply, the modernisation of the fleet with low-CO₂-emission vehicles, and enhancement of building efficiency; the replacement of current Postepay cards with cards made of eco-sustainable materials and with digital cards will also continue, as well as the development of specific offers aimed at enhancing customers' sustainable behaviour.

4. BUSINESS MODEL

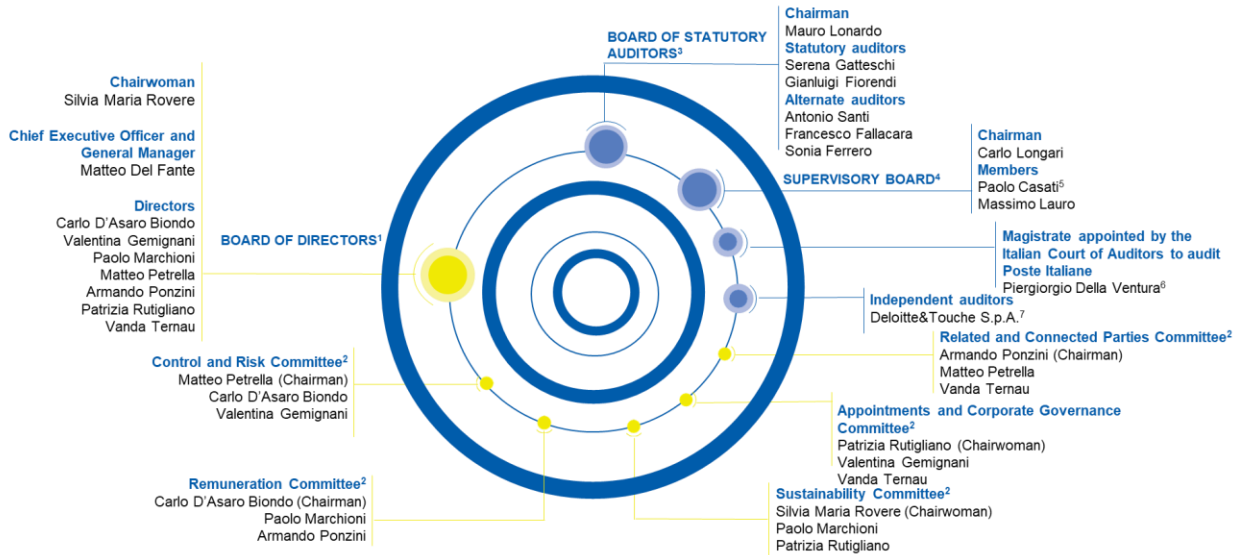
[POSTE ITALIANE'S CORPORATE GOVERNANCE](#)

[POSTE ITALIANE'S OWNERSHIP AND ORGANISATIONAL STRUCTURE](#)

[CORPORATE STRUCTURE OF THE GROUP AND MAIN CORPORATE ACTIONS DURING THE PERIOD](#)

[OMNICHANNEL APPROACH AND BUSINESS SEGMENTS](#)

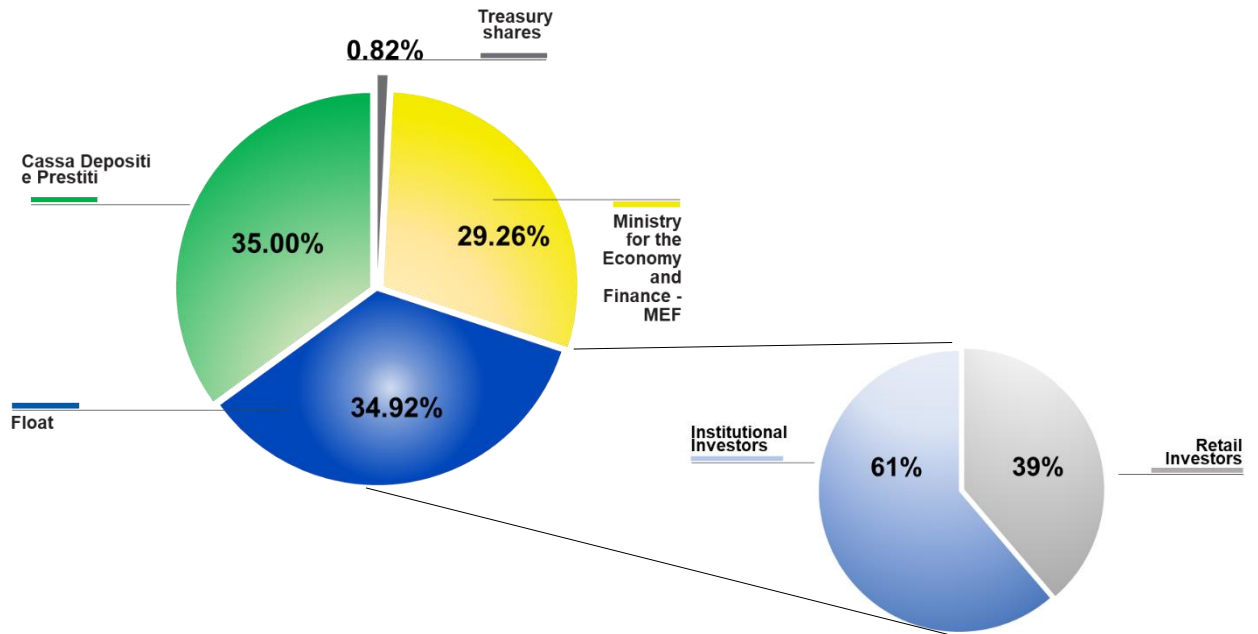
4.1 POSTE ITALIANE'S CORPORATE GOVERNANCE



1. The Board of Directors was elected by the Ordinary General Meeting held on 8 May 2023 to serve for a period of three years, and will remain in office until the Annual General Meeting's approval of the financial statements for the year ended 31 December 2025. In addition, following the Board of Directors' resolution of 8 May 2023, the **Co-General Manager** and Head of Corporate Affairs participates in Board meetings without voting rights.
2. Committee members were appointed by the Board of Directors' meeting of 30 May 2023.
3. The Board of Statutory Auditors was elected by the Ordinary General Meeting of 27 May 2022 to serve for a period of three years and will remain in office until the General Meeting's approval of the financial statements for the year ending 31 December 2024.
4. The Supervisory Board was renewed by the Board of Directors' at the meeting of 28 September 2022 for a three-year term and will remain in office until 28 September 2025. All members were confirmed.
5. The only internal member, Head of Poste Italiane SpA's Internal Auditing Function.
6. Assigned by the Court of Auditors with effect from 1 January 2020.
7. Company appointed to audit the accounts for the financial years 2020 - 2028 by resolution of the Ordinary General Meeting of 28 May 2019. Deloitte&Touche has been appointed for the entire Group.

4.2 POSTE ITALIANE'S OWNERSHIP AND ORGANISATIONAL STRUCTURE

4.2.1 POSTE ITALIANE'S OWNERSHIP



Poste Italiane has issued shares listed on the Mercato Telematico Azionario (Electronic Stock Exchange - MTA) organised and managed by Borsa Italiana S.p.A. as of 27 October 2015. At 30 June 2023, the Company is 29.26% owned by the Ministry of the Economy and Finance (MEF) and 35% owned by Cassa Depositi e Prestiti SpA (CDP), also controlled by the MEF. The remaining shares are held by institutional and retail investors. A total of 33.9%¹ of the shares held by institutional investors of Poste Italiane S.p.A. belong to investors who follow ESG (Environmental, Social, Governance) criteria in their investment choices. The share capital of Poste Italiane S.p.A. consists of 1,306,110,000 ordinary shares, of which 1,295,434,202 are outstanding at 30 June 2023.

In execution of the authorisation to purchase treasury shares resolved by the Poste Italiane Shareholders' Meeting of 8 May 2023, aimed at acquiring a supply of shares to service the Group's long-term incentive plans benefiting members of management (including the Chief Executive Officer and General Manager), on 9 May 2023, the market was informed of the launch of a share buyback programme under which, between 10 May 2023 and 31 May 2023, Poste Italiane purchased 3,500,000 treasury shares (equal to 0.268% of the share capital), at an average price of €9.709971 per share, for a total countervalue of €33,984,897.83.

Following the transaction, considering also the treasury shares in the portfolio deriving from previous buy-back transactions and the delivery to the beneficiaries of the incentive plans, Poste Italiane holds 10,675,798 treasury shares at 30 June 2023, equal to 0.817% of the share capital.

4.2.2 POSTE ITALIANE'S ORGANISATIONAL STRUCTURE

In line with the strategic guidelines set out in the Strategic Plan, the Group's activities are divided into four Strategic Business Units (also referred to as operating segments in Poste Italiane's financial statements): Mail, Parcels and Distribution; Financial Services; Insurance Services and Payments and Mobile.

¹ Source: Nasdaq Corporate Solutions.

STRATEGIC BUSINESS UNITS



MAIL, PARCELS AND DISTRIBUTION

In addition to its mail, parcel and logistics management activities, the SBU also includes those relating to the sales network, Post Offices and the Corporate functions of Poste Italiane S.p.A., which also support the other sectors of the Group.

FINANCIAL SERVICES

The SBU refers to the placement and distribution of financial and insurance products and services by BancoPosta, such as current accounts, postal savings products (on behalf of Cassa Depositi e Prestiti), mutual investment funds, loans provided by partner banks and policies.

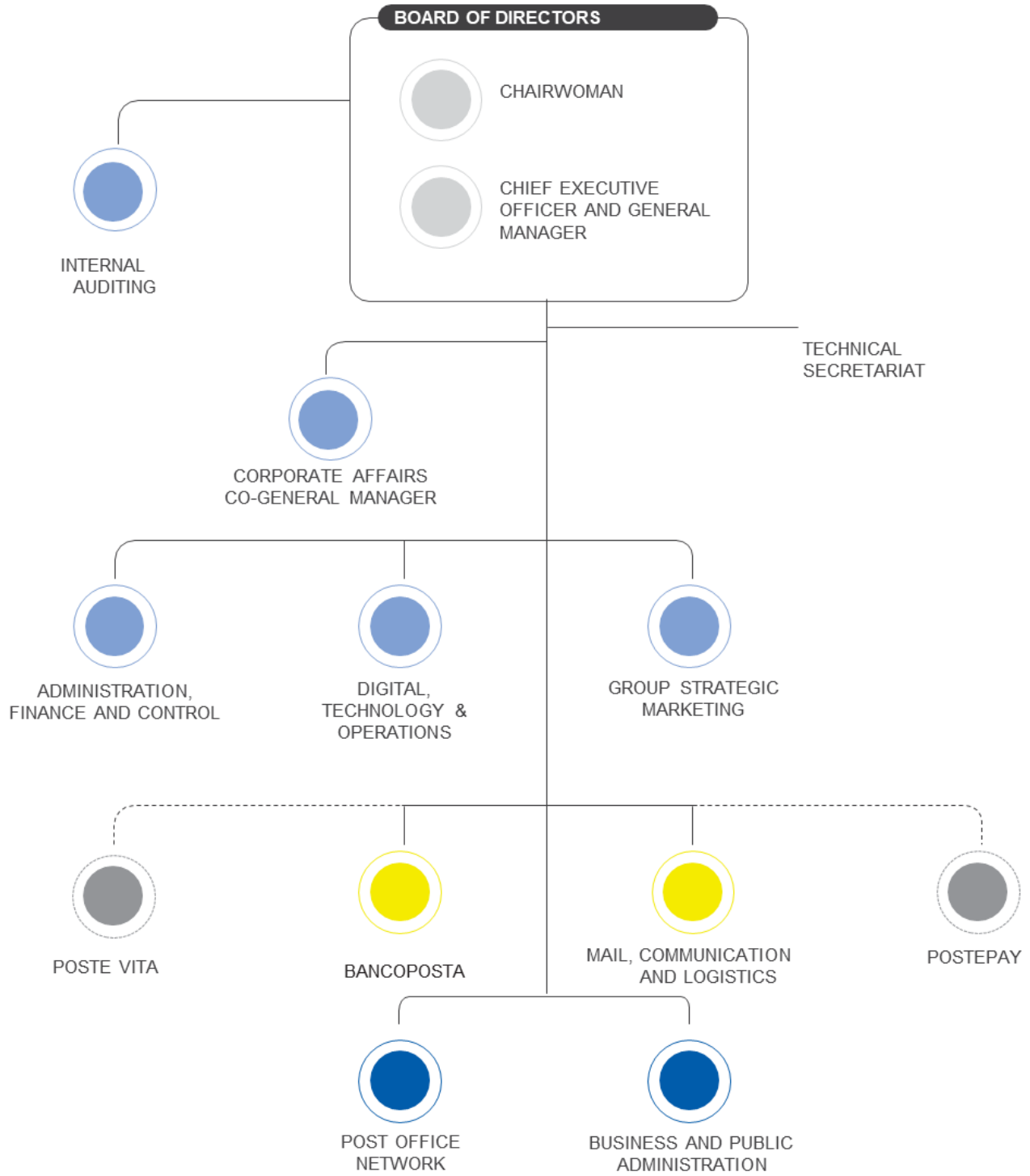
INSURANCE SERVICES

The SBU refers to activities involving the issuance of life and P&C insurance products.

PAYMENTS AND MOBILE

The SBU encompasses payment management and e-money services, also carried out through the LIS point-of-sale network, as well as mobile and fixed-line telephony services and electricity and gas marketing.

Below is the Poste Italiane's organisational structure.



- CORPORATE FUNCTIONS
- DISTRIBUTION CHANNELS
- BUSINESS AREAS
- GROUP COMPANIES

The organisation of Poste Italiane S.p.A. envisages **business functions²** specialising in the main areas of offer that cover the Group's 4 business sectors and **two commercial channels** responsible for sales of products/services, which are supported by **corporate functions** of guidance, governance, control and provision of services in support of **business processes**.

With particular reference to the corporate functions of Poste Italiane S.p.A., the **Corporate Affairs** function plays a fundamental role of guidance and cohesion of the corporate structure; moreover, the Head of Corporate Affairs was assigned the role and office of **Co-General Manager**.

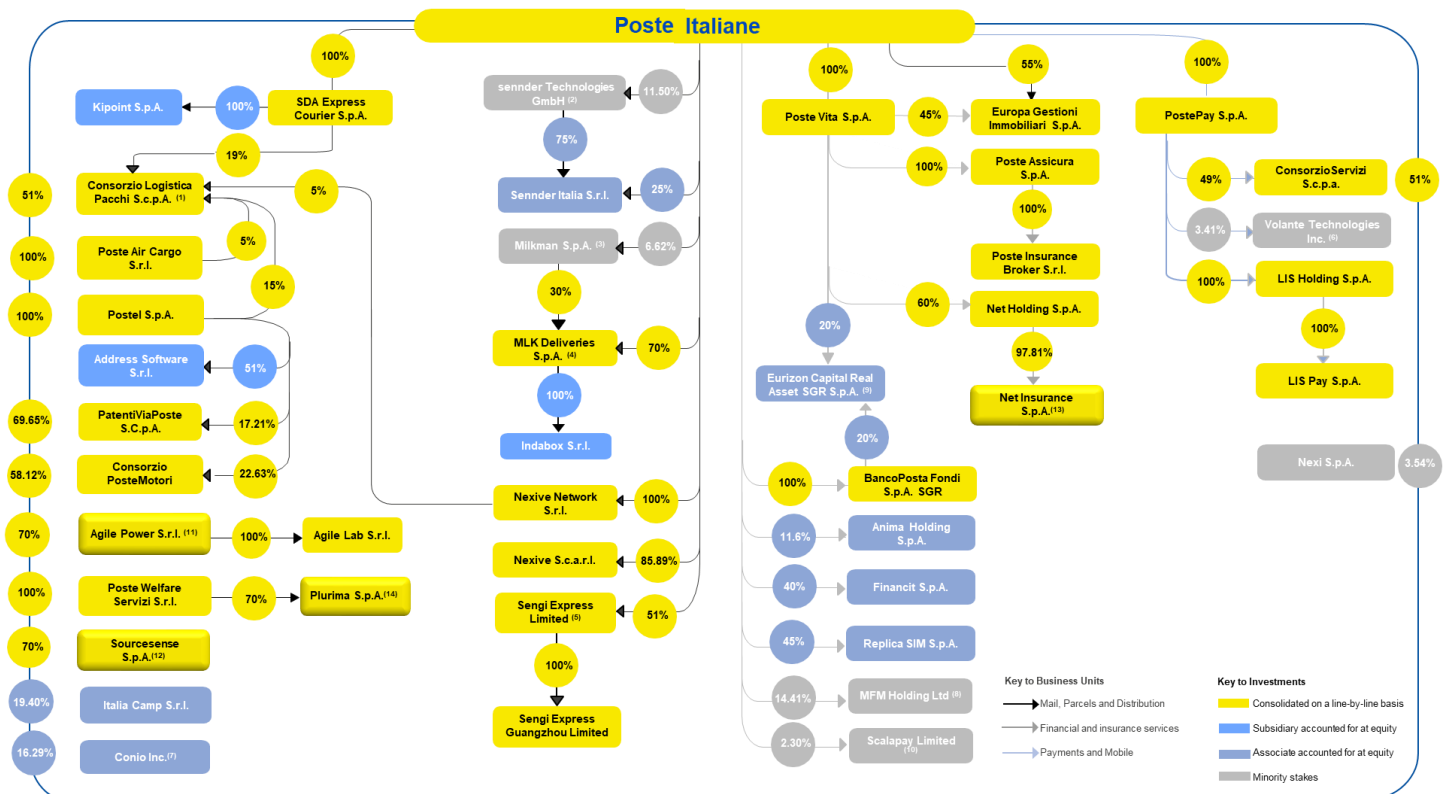
In the first quarter of 2023, the third-party network development model was revised by entrusting it to the company **LIS Holding**, in order to exploit synergies and deal more successfully and effectively with market demands and future challenges in the commercial services sector. This led to the overcoming of the commercial oversight for the management of partner channels in the **Business and Public Administration Market**.

Third-party network development model entrusted to LIS

In June 2023, the Transformation Governance function was created in **Mail, Communication and Logistics** in order to foster and accelerate the Group's transformation process towards the role of an all-round logistics operator.

4.3 CORPORATE STRUCTURE OF THE GROUP AND MAIN CORPORATE ACTIONS DURING THE PERIOD





At 30 June 2023, the Group held, directly and indirectly, equity investments in 55 companies and consortia, of which 36 are consolidated on a line-by-line basis, 5 are subsidiaries and valued using the equity method, 8 are associates and valued using the equity method and 6 represent minority stakes.



² These are the Mail, Communication and Logistics functions for the offer of mail, parcels and commercial communication services and BancoPosta as placement intermediary for the financial and insurance offer. The other two business areas are covered by PostePay for the payments, telephony and energy sales services offering and by Poste Vita Group for the insurance range.

- (1) The remaining 5% of Consorzio Logistica Pacchi S.c.p.A. is held by Poste Assicura S.p.A.
- (2) The investment in sennder Technologies GmbH fully diluted is equal to 10.17%
- (3) The investment in Milkman S.p.A. fully diluted is equal to 6.03%
- (4) The investment in MLK Deliveries S.p.A. fully diluted is equal to 69.60%
- (5) The investment in Sengi Express Limited is equal to 51% of the shares with voting rights (40% of property rights)
- (6) The investment in Volante Technologies Inc. fully diluted is equal to 2.95%
- (7) The investment in Conio Inc. fully diluted is equal to 14.53%
- (8) The investment in MFM Holding Ltd is equal to 14.41% of the shares with voting rights (15.35% of property rights)
- (9) The investment in ECRA is equal to a total of 40% of the share capital (24.5% of voting rights distributed in equal parts between the shareholders)
- (10) The investment in Scalapay Limited fully diluted is equal to 2.15%
- (11) Agile Power S.r.l. wholly owns directly Agile Lab S.r.l. and Aim2 S.r.l. and indirectly, through Agile Lab S.r.l., Agile Skill S.r.l. and Agile Next S.r.l.
- (12) Sourcesense S.p.A. wholly owns Sourcesense Digital S.r.l., Sourcesense Technology S.r.l., Sourcesense Limited (UK), Eco-Mind Ingegneria Informatica S.r.l. (the latter in turn owns 100% of HeadApp S.r.l.) and holds 20% in the Italia Cloud Consortium.
- (13) Net Insurance S.p.A. wholly owns Net Insurance Life S.p.A. The investment in Net Insurance S.p.A. fully diluted is equal to 97.63%
- (14) Plurima S.p.A. wholly owns Bridge Technologies S.r.l. and Logos S.r.l.

Below are the main transactions that took place during the period:

 <p>MAIL, PARCELS AND DISTRIBUTION</p>	<p>Sennder Technologies - sennder Italia</p>	<p>On 3 April 2023, as a result of the capital increase reserved for the shareholder sennder Technologies GmbH, Poste Italiane's stake went from 65% to 60%.</p> <p>On 30 May 2023, Poste Italiane's Board of Directors approved the renegotiation of the current partnership with sennder Technologies GmbH ("sennder Tech"). As part of the renegotiation, Poste Italiane contributed 35% of its shares in sennder Italia to sennder Tech, increasing its stake in the latter from 1.7% to 10.2% on a fully diluted basis. It should be noted that following the completion of the transaction in June 2023, Poste Italiane holds a 25% equity interest in sennder Italia.</p> <p>In addition, the transaction resulted in the recognition of a total capital gain of approximately €109 million classified under revenue, since it was a sale of a controlling stake, with a positive impact on the Group's EBIT.</p>
 <p>INSURANCE SERVICES</p>	<p>Net Insurance</p>	<p>On 28 September 2022, the Board of Directors of Poste Vita approved the promotion of a voluntary total cash takeover bid for ordinary shares and warrants of Net Insurance S.p.A. ("Net Insurance"), in consultation with certain shareholders. Net Insurance, a company with shares traded on the regulated market known as Euronext STAR Milan ("ESM") organised and managed by Borsa Italiana S.p.A., is an insurance company whose offer is dedicated to insurance coverage related to the credit sector and, in particular, of salary and pension-backed  loans, protection and insurtech³, thanks to agreements with technology partners.</p> <p>The transaction is aimed at the acquisition of control of Net Insurance by the insurance group headed by Poste Vita and will enable it to achieve significant growth in the P&C/protection insurance segment. Specifically, Poste Vita intends to identify Net Insurance as: (i) the insurance group's "competence centre" for insurance products linked to the Salary-Backed Loans and (ii) reference product</p> <div data-bbox="1121 1256 1422 1440" style="border: 1px solid blue; border-radius: 10px; padding: 5px; background-color: #e6f2ff;">  <p>acquired a controlling stake</p> </div>

³ Insurtech identifies the entire digitisation process of the insurance industry, from policy underwriting to claims management, through the use of technologies such as Big Data Analytics, Artificial Intelligence and Application Program Interfaces (APIs).

factory with regard to the distribution of insurance products on third-party networks, with particular reference to banking networks.

On 20 April 2023, the squeeze-out procedure was finalised, as a result of which Net Holding (the corporate vehicle directly controlled by Poste Vita that promoted the bids) holds a controlling interest of 97.81% in Net Insurance (which in turn holds 100% of Net Insurance Life S.p.A.), and the current CEO of Net Insurance, who acted jointly with the takeover bid, holds a minority interest of 2.16%. The total outlay paid by Net Holding for the acquisition of the stake amounted to approximately €181 million.

On 21 April 2023, IBL Banca S.p.A., pursuant to its commitment in the event of a successful bid, acquired a 40% stake in Net Holding for a consideration of €73.1 million.

The net outlay for the Poste Group for the acquisition of the stake amounted to approximately €108.5 million.

Other transactions

On 24 November 2022, binding agreements were signed for Poste Italiane to participate, with an investment of approximately €3 million, in a further capital increase promoted by **Moneyfarm** in order to finance part of the purchase price of 100% of **Profile Financial Solutions Ltd**, a company active in the pension fund consolidation business in the UK under the Profile Pensions brand. Following receipt of the necessary approvals from the UK regulatory authority (FCA⁴) on 5 July 2023, the transaction will be closed by the end of July.

On 24 January 2023, **Sourcesense** finalised the acquisition of **EcoMind Ingegneria Informatica S.r.l. ("Eco-Mind")** and its subsidiary **HeadApp S.r.l.**, IT companies operating as software factories specialising in the design and development of business, mobile and cloud-native solutions and augmented and virtual reality solutions, for a consideration of around €1 million. In order to simplify the corporate structure of the Sourcesense Group, the two companies Eco Mind and HeadApp were merged into the NewCo called Sourcesense Platforms S.r.l. The merger transaction took effect on 1 July 2023.

On 29 June 2023, Poste Italiane notified **Milkman S.p.A. ("Milkman")** of its intention to exercise its call option on the shares held by the latter in **MLK Deliveries S.p.A. ("MLK")**, equal to approximately the remaining 30% of the share capital of MLK itself (the **"Milkman Stake"**). Based on the criteria originally agreed upon in the contractual agreements signed in 2020, the exercise price of the option was estimated at €19.6 million. Following the transfer of the Milkman Stake, formalised in July, Poste Italiane acquired full control of MLK.

On 28 June 2023, Poste Vita's Board of Directors approved the joining of the **Eurovita** policyholder protection rescue scheme, together with Allianz S.p.A., Assicurazioni Generali, Intesa Sanpaolo Vita and UnipolSai. The final agreements with the distributing banks, which are necessary to protect Eurovita's policyholders, will be finalised in cooperation with the institutions according to the technical schedule. The entire transaction, which will be divided into successive phases, will be subject to obtaining all regulatory authorisations from the Supervisory Authorities and represents a sign of significant commitment by the main insurance groups operating in Italy to protect the market and Eurovita's customers.

⁴ Financial Conduct Authority.

Intra-group transactions

In order to simplify the corporate structure of the Group, on 29 September 2022, the **reverse merger of Plurima Bidco S.r.l. into Plurima** was approved by the shareholders' meetings of the two companies. The transaction, which provided for the application of the regulatory simplifications for mergers of wholly-owned companies, became effective as of 1 January 2023.

On 26 April 2023, Plurima S.p.A. finalised the purchase of a further 40% of the share capital of **Bridge Technologies S.p.A.** for a consideration of approximately €0.9 million, thus achieving 100% ownership.

In June and July, respectively, the Board of Directors of Lis Holding and PostePay approved the project for the **Partial Demerger of Lis Holding in favour of PostePay** with the direct assignment of the 100% stake in LIS Pay to the EMI RFC. In this regard, on 28 June 2023, Poste Italiane's Board of Directors authorised the participation of Poste Italiane S.p.A. in the extraordinary shareholders' meeting of PostePay S.p.A. to approve the demerger transaction and the amendment of the rules of the EMI RFC, to allow the allocation to the same of investments in other payment institutions and the removal of the restriction on the allocation to the EMI RFC of the investment in LIS Holding. The demerger transaction, which is expected to take effect by the end of 2023, after obtaining authorisation from the Bank of Italy, will produce the following benefits for the subsidiary PostePay: (i) strengthening the system of internal controls; (ii) accelerating the integration of the LIS Pay business; (iii) optimising capital absorption.

4.4 OMNICHANNEL APPROACH AND BUSINESS SEGMENTS

[OMNICHANNEL STRATEGY](#)

[MAIL, PARCELS AND DISTRIBUTION STRATEGIC BUSINESS UNIT](#)

[FINANCIAL SERVICES STRATEGIC BUSINESS UNIT](#)

[INSURANCE SERVICES STRATEGIC BUSINESS UNIT](#)

[PAYMENTS AND MOBILE STRATEGIC BUSINESS UNIT](#)

4.4.1 OMNICHANNEL STRATEGY

The **digital transformation** undertaken by Poste Italiane in recent years has involved not only its own offer, but also the distribution model which, through an omnichannel strategy, allows the Company the possibility to provide services in step with the changed needs of its customers.

Digital channels, and more generally remote channels, support the physical channel, Poste Italiane's historical asset, every day in the management of customer relations.


In 2023, Poste Italiane's omnichannel interaction platform reached more than 22 million interactions per day.

>22
mln

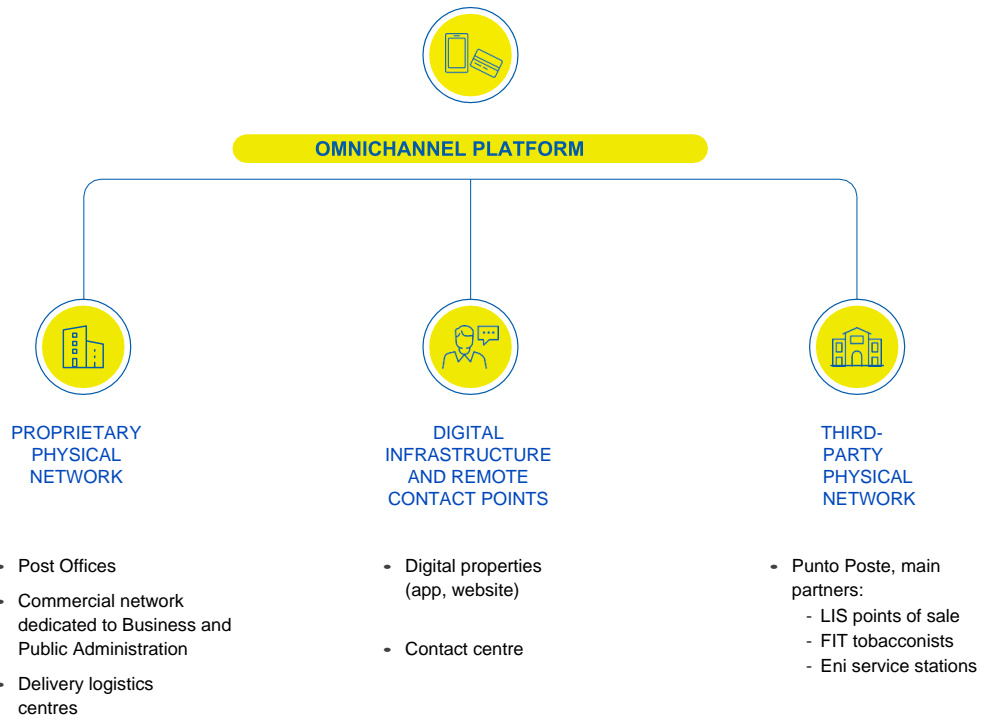
daily interactions as part
of omnichannel

The pandemic encouraged the acceleration of the transition to the new operating model, enabling the Company to respond quickly to changes in the market by leveraging its digital platforms, that exploit the opportunities arising from technological innovation to create new personalised products and services and by opening up additional channels of communication with its customers.

The Group's integrated multichannel platform provides for the monitoring of customers and the provision of services through **3 channels**:

- the **proprietary physical network**: this consists of the Post Offices, the sales force for business customers and the logistics network for mail and parcel delivery;
- a **digital infrastructure and remote contact points**: made up of all the Group's digital properties  and the contact centre, capable of serving the entire national population;

- **the third-party physical network:** made up of around 55 thousand points⁵, the result of commercial partnership agreements for the marketing of Group products and services managed also through the acquisition of the company LIS in September 2022.



PHYSICAL NETWORK OF POST OFFICES

The post office network is governed by the Post office network business function organised into Macro Areas, Branches and Post Offices covering the whole country.

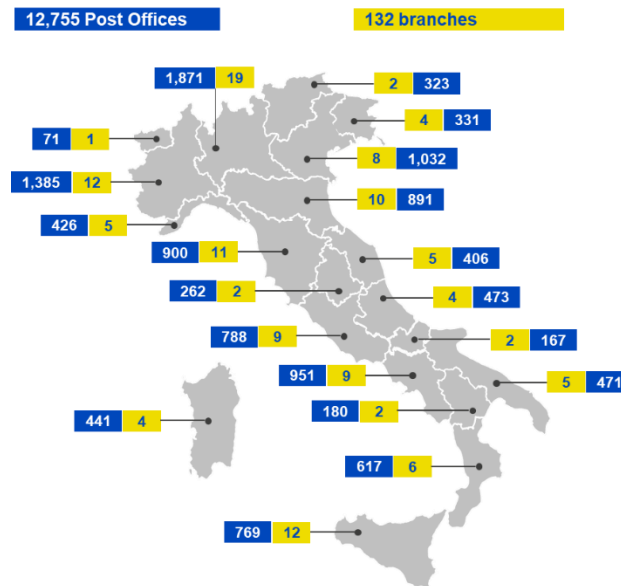
12,755
Post Offices

POST OFFICE NETWORK MACRO AREAS



⁵ Figures at 30 June 2023.

GEOGRAPHICAL DISTRIBUTION OF POST OFFICES AND BRANCH OFFICES



In order to better support the evolution of the front end, to support the enrichment and dynamism of the offer, the process of enhancing skills through the establishment of the Front End Operator⁶ continues in order to better manage innovative businesses (Third-Party Motor Liability, Fibre and Energy) and an innovative offer format will be implemented on a panel of about 1,250 Post Offices.

At 30 June 2023, the set-up of over 1,200 points of the Punto Poste Casa&Famiglia network had been completed⁷ (of which 458 Post Offices with Corner, 577 Post Offices with lowered counter stations and 186 Post Offices with New Layout Corner).



In order to make the most of the potential of the local area, in 2020 a new organisational model of the Post Office network was also launched with Trade Unions, which maximises operational efficiency and further strengthens the monitoring of commercial, operational and managerial indicators. This model is based on a "HUB & Spoke" logic⁸, which guarantees, especially for smaller Post Offices, efficiency and operational continuity in the event of a lack of resources, thanks to the creation of post office areas.

The HUB & Spoke (H&S) Project, as emerged from the positive evidence of the experimentation carried out in the second half of 2022 on 61 H&S basins, allows the HUB DUP⁹ to proceed autonomously with the replacement of resources in their area of reference, and it is planned to progressively extend these tools (such as the Secondment application¹⁰) to all the approximately 1,000 HUB Offices and over 6,000 Spoke Offices involved in the Project between 2023 and 2024. Approximately 70 H&S basins were involved during the second quarter of 2023.

⁶ The Front End Operator is the professional figure in the Punto Poste Casa&Famiglia network who focuses on the sale of products such as third-party motor liability, energy and fibre.

⁷ The "Punto Poste Casa e Famiglia" project on the core network (1,251 Post Offices with the highest traffic) envisages an evolution of the former Postepay corners towards a model dedicated to the marketing of products and services with a high relational content (Fibre, Energy, Third-Party Motor Liability).

⁸ Network management and development system in which connections are made, using by analogy an expression referring to the bicycle wheel, from the spoke to the hub and vice versa. In this specific case, the Hub Office Manager is responsible for coordinating resources in terms of planning personnel attendance and managing replacements in the event of sudden absences, as well as providing commercial support, especially for products sold at the counter.

⁹ The HUB DUP are Post Office Managers who coordinate, according to a criterion of logistical proximity and territorial homogeneity, a basin of Post Offices of competence (so-called Spoke).

¹⁰ The Secondment Application is a web application that takes over the management process of the Post Office personnel applied daily at a Post Office other than the one of assignment.

Polis Project - Home of Digital Services



Within the framework of the "National Plan for Complementary Investments" (Law Decree no. 59 of 6 May 2021, converted, with amendments, into Law no. 101 of 1 July 2021) of the National Recovery and Resilience Plan (PNRR), with the aim of promoting the economic, social and territorial cohesion of the country and overcoming the digital divide in small towns and inland areas, the Polis Project - Home of Digital Services was approved.



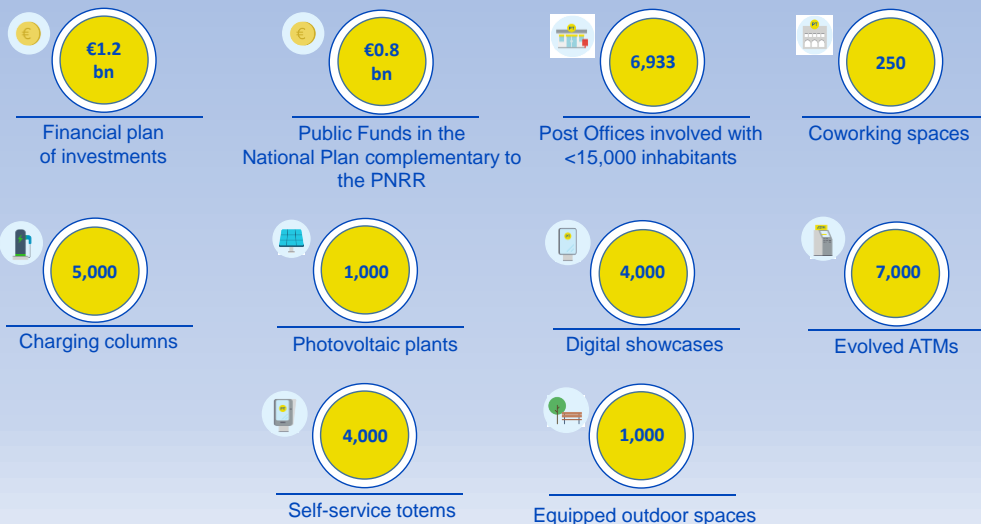
The two lines of intervention



- Sportello Unico (One-stop shop):** makes provision for the digital renovation and upgrading by 2026 of **6,933 Post Offices** to enable Italians resident in municipalities with **fewer than 15,000 inhabitants**, equipped with at least one Post Office, to easily use the services of the Public Administration. The Post Office will be transformed into a hub  for physical and digital services, through the introduction of new technologies and tools to enable complete, fast, easy and digital use of services 24 hours a day.
- Spaces for Italy:** envisages the creation of a national network of **coworking*** and training spaces with a widespread presence in Italy. Workstations, meeting spaces, shared services, event and training areas will be open to private individuals, companies and public administration, universities and research centres.

* Working concept consisting of a workspace shared by several companies or independent professionals. In this environment, people can work together, share ideas and resources and develop professional relationships.

Initiatives planned until 2026



Some PA services that can be provided at the One-stop shop

Identity Documents Electronic identity card Passport National service card Health insurance card Fiscal code Duplicate driving licence	Personal Data Certificates Birth Citizenship Residence Marital status Family status	Court Certificates Criminal records Acts of voluntary jurisdiction	Social Security Certificates Form OBIS/M Reservation on single regional CUP Pension Coupon	Regional and other services Booking on single regional CUP Self-declaration of income exemptions Compulsory insurance for housewives Waiver/exemption of RAI fee
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Interventions in the period

- One-stop shop:** during the first half of 2023, work started at 529 sites (a total of 556 sites have been started since the beginning of the project) and work was completed at 342 Post Offices. At 30 June 2023, 346 sites had been completed, with a further 210 in progress. During the period, a number of one-stop shops were also set up to provide the first Public Administration services.
- Spaces for Italy:** during the first half of 2023, renovation work continued on owned buildings and design work started on 50 sites. At 30 June, there were active construction sites on 16 sites.

Sustainable development goals

With the Polis Project, Poste Italiane intends to play a leading role in the country's recovery for the benefit of citizens and their participation in public life by adopting a responsible approach in order to reduce its environmental footprint and contribute to the low-carbon transition of the economy and the entire country. The initiative is consistent with Poste Italiane's broader strategy of sustainable, digital and inclusive development.

The Polis Project generates significant impacts throughout the territory, also with a view to achieving the Sustainable Development Goals (SDGs):



On **30 January 2023**, in the presence of the President of the Republic, the President of the Council, the Secretary of State of the Holy See, numerous government representatives, and institutions, the POLIS project was presented in Rome by the Chairwoman and CEO of the Company, to the 7,000 mayors of the municipalities involved, which in Italy represent **90% of the municipalities** with a land area equal to 80% of the country and in which **16 million** people live.

For more information on the project, please refer to the website under [Polis project](#).

PHYSICAL NETWORK - BUSINESS AND PUBLIC ADMINISTRATION

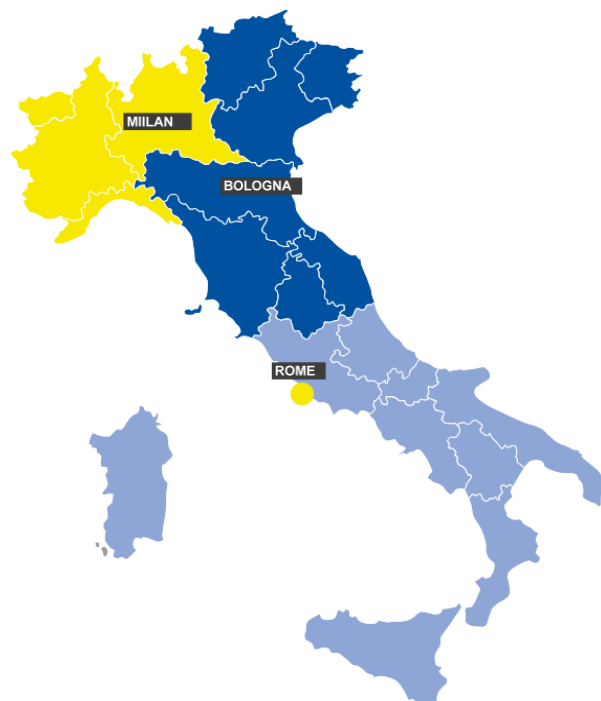
The commercial supervision and sale of the Group's products and services to businesses and Central and Local Public Administration is guaranteed by Poste Italiane's Business and Public Administration function.

The organisation of the sales force guarantees **territorial coverage focused by product sector**, through:

- 3 Sales Macro Areas (Lombardy North West, Central North and North East, Central South), with exclusive commercial responsibility for mail and communication revenue;
- 2 Sales areas dedicated to the commercial management of products/services of logistics and parcels and specialised by industry;
- 1 Commercial area specialising in the offer of financial and insurance products for large business customers and Public Administration;
- 1 Commercial area for Central and Local Public Administration related to Metropolitan Regions and Cities.

Business and Public Administration Macro Areas

- Lombardy and North-western Area
- North Central and North East Area
- South Central Area
- Central Structures/Headquarters/
Financial and Industry Sales Offices
- Area Headquarters



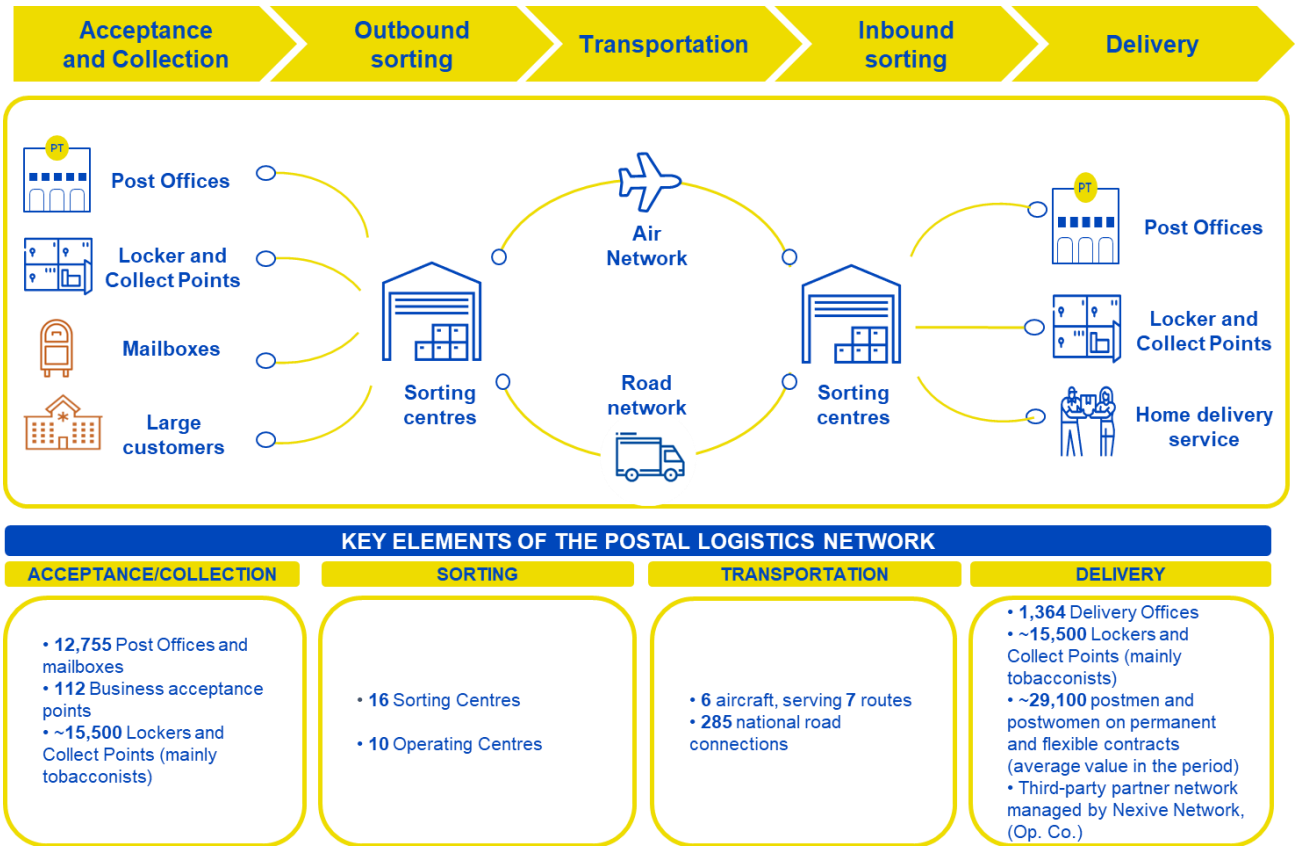
LOGISTICS NETWORK

The Group's mail and parcel services are provided through two integrated and synergistic logistics networks: the **postal logistics network** for the management of mail, now evolved to also allow the management of small parcels and the **parcel logistics network** able to handle all types of parcel.

The integration between the two networks was strengthened already in 2020 by increasing the interchange of small parcel volumes between the two networks (carriable parcels, i.e. under 5 kilos) using cost-effectiveness as distinguishing factor. The delivery of these products in Italy can be carried out indistinctly by the postal and parcel logistics network according to a dynamic approach, aimed at maximising efficiency for each area.

POSTAL LOGISTICS NETWORK ACTIVITIES

The postal logistics network accepts, sorts and delivers mail products and small parcels (carriable parcels). The following chart provides an overview of the postal logistics network value chain and the main quantitative drivers.



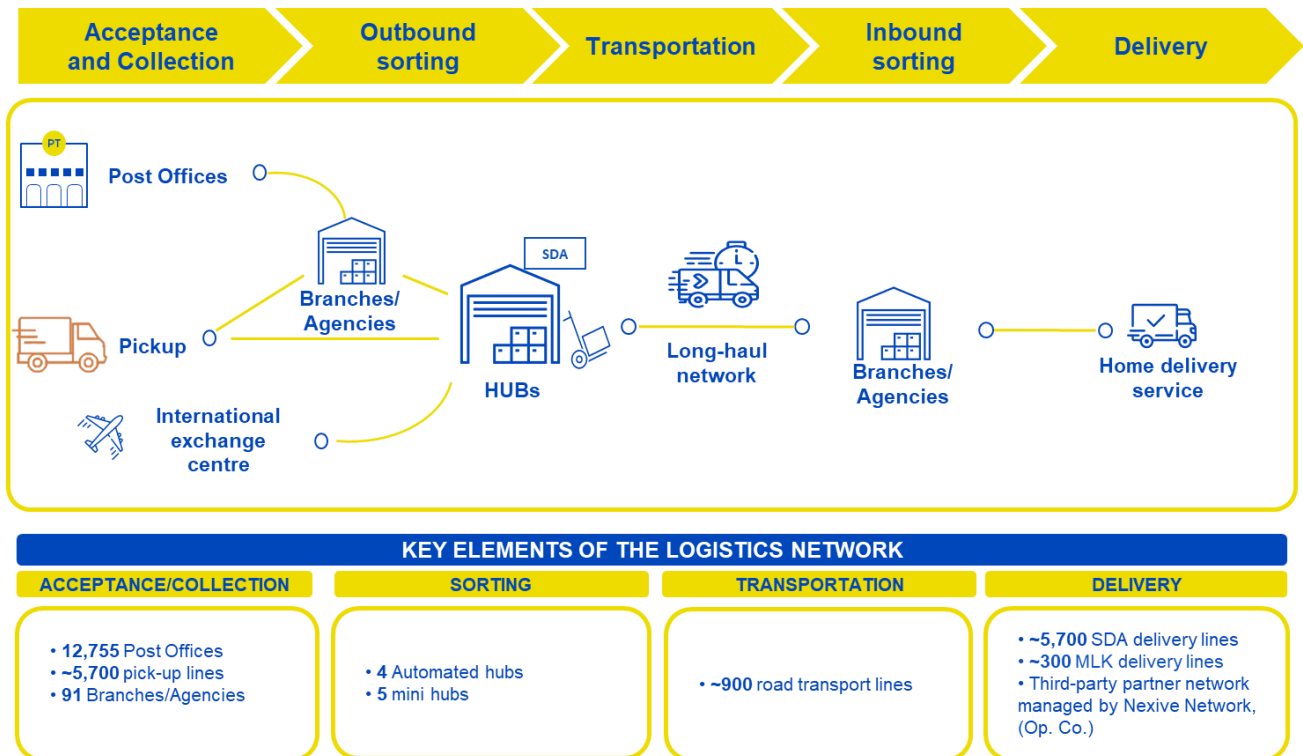
The organisational model for the postal logistics network consists of 6 Logistics Macro Areas which, coordinated centrally, internally handle all stages of the value chain: acceptance and collection, outbound sorting, transport, inbound sorting and delivery. At the same time, this model makes it possible to have a single management system for the entire territory and to be able to adapt it to each specific situation with targeted interventions.

The model's macro areas are shown below:



PARCEL LOGISTICS NETWORK ACTIVITIES

Large or non-carriable parcels and express courier products are delivered via the network of the subsidiaries, SDA Express Courier, MLK Deliveries and Nexive. The logistics flow is shown below.



DIGITAL INFRASTRUCTURE AND REMOTE CONTACT POINTS - WEB, APP AND CONTACT CENTRE

To support digitalisation, a technological engine has been implemented, based on hybrid cloud , open API and exponential technologies¹¹, applied to all Group activities and infrastructures.

The Group has implemented a programme of "digital transformation" of all its service and offer models in order to guarantee its customers full digital contact experiences. This programme was significantly accelerated in 2021, in view of the effects of the current health emergency, in order to make the Group's products available to customers in conditions of absolute safety.

The Group's **Digital Properties** are:



Poste.it website; Poste.it is the Group's consumer and business portal, where the range of services offered to customers is available. The portal also allows customers to consult and manage the products in their possession;



PostePay app: app for purchasing and managing Postepay payment cards, telco products and the Energy offer; payments can also be made via the app on the move;



BancoPosta app: app to purchase and manage the Group's financial/insurance offer on the move: accounts, postal savings and insurance policies;



Ufficio Postale app: app that allows you to locate the Post Office and book an appointment, reducing waiting time.

¹¹ Exponential technologies are those technologies that rapidly accelerate and shape major industries and all aspects of everyday life. Key exponential technologies include Artificial Intelligence and Data Science, Internet of Things, Virtual & Augmented Reality.

Via the APP it is possible to check the status of a shipment, book a pick-up at the Post Office or send parcels or mail;



PosteID app: Poste Italiane's Digital Identity app (SPID - Sistema Pubblico d'Identità Digitale).

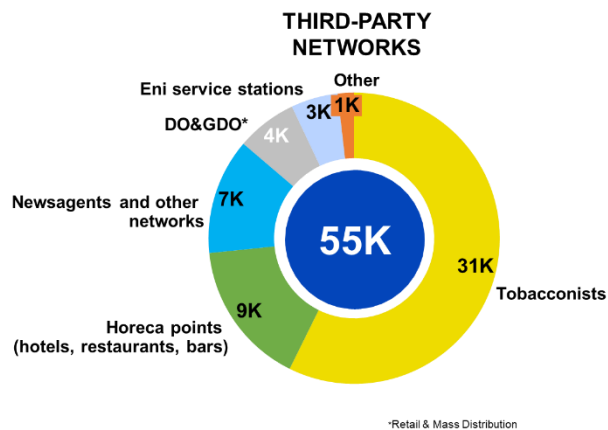
During the period, the Group worked to strengthen the digital sales channel, expanding the range of products and services that can be purchased directly through the digital properties.



* The value reported in the Group Results column includes downloads of the no longer available Postemobile app

THIRD-PARTY PHYSICAL NETWORK

Third-party networks play a crucial role in the Group's omnichannel strategy. They have been strengthened to provide Poste Italiane customers with a valid alternative to the post offices for access to transactional services. The objective is to create a platform for the integration of the Group's products with new third-party distribution channels and to use third-party services within the Group's commercial offerings. Poste Italiane contracted an extensive network of contact points, which was further strengthened during the year 2022 with the acquisition of LIS, and counts 55 thousand contact points at 30 June 2023.



The acquisition of LIS, which took place in September 2022, made it possible to increase the operations of the omnichannel platform; in particular, the volume of business on third-party networks was expanded with the acquisition of LIS thanks to the entry into the Group's perimeter of transactions carried out on LIS points relating to products also not

> 15,000
Points for accepting and collecting parcels of the Punto Poste Network

belonging to the Poste Italiane Group's offer.

In particular, the Poste Group's operations in the third-party network channel aim to achieve the following objectives:

- ❖ integrate and develop the commercial offer on third-party networks (e.g. telephone top-ups of other operators and other services) and acquire within the scope of the Group's services those provided by LIS (e.g.: PagoPA). Following the acquisition of LIS, average daily transactions increased to around 1 million in the first half of 2023 (of which LIS accounts for more than 80%, both with Poste Group products and others);
- ❖ extend the network of points of sale, represented both by the LIS points of sale (around 47 thousand points between tobacconists, Horeca points and newsagents) and the Punto Poste network¹², DO&GDO and ENI service stations. This objective will also be pursued through the development of the recent partnership with DHL and the strengthening of the large-scale retail channel. During the first half of 2023, the Punto Poste network expanded by about 600 new points and had about 15,600 contact points at 30 June 2023.

4.4.2 MAIL, PARCELS AND DISTRIBUTION STRATEGIC BUSINESS UNIT

MACROECONOMIC CONTEXT

The first half of 2023 was affected by falling global demand, high geopolitical uncertainty and less favourable financial conditions for households and businesses. The International Monetary Fund (IMF), in its latest World Economic Outlook for April 2023, estimates global growth to be declining due mainly to ongoing monetary tightening in the major advanced economies and stability risks for the financial system, which became apparent in March with the collapse of some banking intermediaries in the US and Switzerland.

The increase in uncertainty has produced significant effects on the economy, affecting demand, supply, investments, prices, trade and overall economic growth: global growth in 2023 has been estimated by both the IMF and the European Commission at around 2.8%, while both organisations expect a slight acceleration in 2024, with a growth rate of 3% and 3.1% respectively. The slowdown is mainly concentrated in developed economies, especially in the euro area and the UK. Emerging economies show, according to the IMF, a recovery in growth from 2.8% in the fourth quarter of 2022 to 4.5% in the fourth quarter of 2023.

The global economic outlook is reliant on the gradual easing of global supply bottlenecks, falling energy prices and the recovery of the Chinese economy following the lifting of pandemic-related containment measures, but remains fragile due to lingering uncertainty fuelled by Russia's war with Ukraine and the possibility that pressures in global energy and food markets could reappear, leading to new price spikes and accelerating inflation.

With regard to the latter, the recovery phase driven by the dynamics of energy commodity prices continues. In this context, the IMF's 2023 headline inflation forecast dropped to 7% from 8.7% in 2022. A further easing of price pressures is expected in 2024, with an expected dynamic of 4.9%.

However, the euro area officially entered a technical recession after Eurostat revised growth in the first quarter of 2023 downwards, when GDP decreased by 0.1% for the second consecutive quarter. Growth was held back by domestic demand, both private and public consumption (down -0.3% and -1.6% q/q, respectively), despite a rebound in fixed investment (+0.6%) after a decline at the end of 2022.

The European Commission's May and June surveys join the PMIs in confirming a picture of a definite slowdown for industry in contrast to greater resilience for services, which only now seem to be starting to lose momentum.

In the euro area, consumer inflation is falling sharply. In June, year-on-year growth of 5.5% was recorded. In June, almost all major components slowed down with the exception of services, which rose to 5.4% from 5% in May due to unfavourable base effects on German transport services, and were only expected to shift to a downward trend in late summer. However, pressures

¹² The Punto Poste network consists of service points (businesses) that offer parcel pick-up and delivery services.

on core ECB inflation (net of energy and fresh food components) eased only moderately, falling for the third time in a row, albeit by a tenth, to 6.8%. After two consecutive declines, the index excluding food and energy returned to an upward trend, at 5.4% (+0.3% m/m) from 5.3% in May¹³.

For the **Italian economy** in the first quarter of 2023, after a slight decline at the end of 2022, the expansion phase continued (change in the economy +0.6%) ringing the 2023 growth forecast to +0.9%¹⁴. In May, the Istat indexes of household and especially business confidence worsened, interrupting the positive trend that had characterised the previous months.

After peaking at the end of last year (12.6%), consumer inflation started to decline and stood at 8.2% in March. The decline reflected the softening of the energy component, which was mainly impacted by lower electricity and gas prices, which in turn were driven by the decline in wholesale prices (back to pre-Ukrainian invasion levels) and the economic support measures approved in the budget law for 2023. In June, the level of inflation fell more than expected to 6.4% y/y from 7.6% on the national index and to 6.7% from 8% on the harmonised index. Italian inflation remains higher than the euro area average (as it has been since October 2022) due to a higher contribution from the energy component. However, the difference between the two indices is expected to continue to narrow over the course of the year. Italy's GDP is expected¹⁵ to grow in both 2023 (+1.2%) and 2024 (+1.1%), albeit slower than in 2022. The effects of restrictive monetary policies on domestic demand and the fading of the boost from construction incentives will, however, be partially offset by the effects of the implementation of the measures in the PNRR - especially on investments- and the slowdown in inflation on private demand. A further risk factor could be the economic consequences, especially on the agricultural sector, of the wave of bad weather that hit Emilia-Romagna with dramatic effects in May.

The **postal services market** is going through a period of radical change, primarily linked to the digital transformation, which has influenced the volume of letters and parcels in circulation. At the macrotrend level, the continuing structural decline in traditional mail volumes, replaced by digital forms of communication (e-mail, instant messaging, etc.), is accompanied by an increase in the volume of parcels sent.

In particular, for the letter mail market, after a trend of substantial stability in volumes in 2021 (+0.2% compared to 2020)¹⁶, the structural downturn in the market continued in 2022 and there was a substantial decrease in mailings (-6.3% compared to 2021)¹⁶ as an inevitable consequence of digitalisation processes and the transition from physical to electronic forms of communication (e-substitution). In 2023, market volumes are expected to decline further, albeit at a slower rate than in the pre-pandemic period.

The parcel sector, after its exponential increase in the pandemic years, experienced a period of uncertainty in 2022 that did not, however, affect the value of the market. The effects conditioning the slowdown of the growth trend recorded in 2022 can be summarised as the generalised increase in costs brought about by the Russian-Ukrainian conflict, the rise in inflation with the consequent decrease in consumer purchasing power, and the lower propensity for private purchases (including online). For the year 2022, the market value was higher than in 2021, but still below pre-pandemic levels.

In 2023, the value of the parcel market is expected to grow, mainly due to the positive trend in e-commerce. According to the first estimates¹⁷ for the current year, online shopping shows signs of recovery with a value of €35.2 billion, up 8% compared to 2022 (also affected by the effects of inflation) and with annual growth in absolute terms returning to the standard level of the pre-pandemic period. Apparel, Beauty and IT will be the most dynamic sectors in 2023 (after the generalised slowdown in 2022), with annual growth rates (approx. +10%) higher than the average rate of product e-commerce purchases; Food &

¹³ Source: Eurostat - https://ec.europa.eu/eurostat/databrowser/view/PRC_HICP_MANR__custom_6876352/default/qable?lang=en.

¹⁴ Source: ISTAT Quarterly Economic Accounts - First Quarter 2023 - www.istat.it/it/archivio/285054.

¹⁵ Source: ISTAT, Italian economy outlook in 2023-2024, June 2023.

¹⁶ Internal calculations based on AGCom data (quarterly observatories and 2022 annual report) and the latest available financial statements of companies operating in the postal sector.

¹⁷ Source: Politecnico di Milano, B2C eCommerce Observatory.

Grocery, which was the most dynamic sector in 2022 with an annual trend of +15%, will, on the other hand, have very limited growth in 2023 (approx. +1%).

REGULATORY CONTEXT AND EVOLUTION OF THE REGULATORY SCENARIO

The main legislative and regulatory interventions updated during the first half of 2023 are shown below. For a complete discussion of the regulatory context and scenario of the Mail, Parcels and Distribution Strategic Business Unit, please refer to Chapter 4 "Business Model" of the 2022 Annual Report.

Expense of the Universal Postal Service

On **30 December 2019**, Poste Italiane and the Ministry of Economic Development signed the new **Contratto di Programma (Service Contract)** for the years **2020-2024**; it is effective from 1 January 2020 to 31 December 2024.

On **1 December 2020**, the **European Commission approved the compensation** for public service obligations provided for in the 2020-2024 Service Contract in the amount of **€262 million per year**. The compensation system for the public service obligations undertaken by the Company was deemed to be fully compliant with the applicable EU rules on State aid.

On 1 July 2021, **AGCom Resolution 199/21/CONS** was published, concluding the procedure to verify the **net cost of the universal postal service incurred by Poste Italiane** for the years **2017, 2018 and 2019**. In particular, the burden of the universal postal service for these years has been quantified at €354.5, €334.5 and €175 million respectively. For the 2019 financial year, although the quantified charge (€175 million) is lower than the authorised offsets (€262 million), the charge for the provision of the universal postal service over the entire period (i.e., the previous 2016-2019 Service Contract) is in any case higher than the offsets authorised by the European Commission. The Authority also established that the universal service charge for the years 2017, 2018 and 2019 is inequitable and that, for the same years, in continuity with what was established in previous years, the Compensation Fund referred to in article 10 of Legislative Decree no. 261/1999 is not established. Poste Italiane appealed the aforementioned measure on 22 September 2021 before the Lazio Regional Administrative Court (TAR).

The Regional Administrative Court, in ruling no. 11416/2022 published on 5 September 2022, partially upheld the appeal on the verification of the responsibility for the years 2011-2012 by acknowledging the non-activation of the compensation fund for the year 2011. Poste Italiane and AGCom appealed the Regional Administrative Court ruling to the Council of State and the hearing on the merits was held on 18 May 2023. Poste Italiane, AGCom and A.I.C.A.I. (Italian Association of International Air Couriers) lodged separate appeals with the Council of State against the Regional Administrative Court ruling. The appeal judgments were joined and the hearing on the merits before the Council of State for the discussion of the appeals will take place on 21 September 2023

With **AGCom Resolution 28/23/CONS**, published on 24 February 2023, the Authority initiated the verification procedure for calculating the net cost of the universal postal service for the years 2020 and 2021.

Publisher tariff subsidies

Law Decree no. 162 of 30 December 2019 - as converted by Law no. 8 of 28 February 2020 - ordered that reimbursements of publisher tariff subsidies to Poste Italiane continue "for a duration equal to that of the universal postal service" (i.e. until April 2026). The application of the regulation is subject to approval by the European Commission.

In August 2020, the **procedure was initiated for pre-notification of the Service of General**

Economic Interest (SGEI) to the Commission for the period 2020-2026, currently being finalised.

The 2022 Budget Law (Law no. 234 of 30 December 2021) left unchanged the appropriations for the years **2022 and 2023**, amounting to **€52.5 million, and provided for the same amount for 2024**.

The 2023 Budget Law (Law no. 197 of 30 December 2022) stipulated that the reimbursement of publishing postal subsidies would be made through the resources of the Fund for Pluralism and Innovation in Information. To this end, the Fund was supplemented with the amount of **€75.9 million for the year 2023 and €55 million as of 2024**, instead of the amounts provided for in the previous Budget Law.

AGCom - the Italian
Communications
Authority
Tariff Manoeuvre

With **AGCom Resolution 454/22/CONS** of 30 December 2022, the new universal basic tariffs of the subsidised publishing products included in the Universal Service were defined. The Resolution provided for a gradual increase in basic tariffs as of 1 September 2022, with further increases as from 1 January 2024, 2025 and 2026, with no impact on the subsidised tariffs paid by senders and with a consequent increase in the compensation received by Poste Italiane per item sent at the subsidised tariff.

With **AGCom Resolution 171/22/CONS** "Final measure for the analysis of the market for mail delivery services and determination of the maximum tariffs for universal postal services - assessment of the level of competition and definition of regulatory remedies" of 6 June 2022, the new tariffs for the Universal Service were defined; the Resolution accepts most of the proposals formulated by the Company regarding tariff variations, including the proposal to eliminate the ban on price increases up to 2024 proposed by AGCom during the public consultation; further future variations may therefore be proposed to the Authority. The new tariffs entered into force progressively as from 27 June 2022.

With **Resolution 29/23/CONS**, published on 14 February 2023, the Authority decided to initiate a further procedure for the determination of new maximum tariffs for universal postal services and with Resolution 95/23/CONS of 2 May 2023, it initiated the public consultation lasting 30 days; Poste Italiane submitted its comments for public consultation. On 27 June 2023, by **Resolution 160/23/CONS**, the **new tariffs** of the universal service were defined and came into **force on 24 July 2023**.

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Authority
Access Obligations

AGCom amended and supplemented the current **access obligations** defined by AGCM itself in the context of the acquisition of Nexive, with particular reference to the Post Offices (the number of which was increased from 2,000 to 4,000) and to the economic conditions of certain offers (which were reduced). In October 2022, at the Authority's request, Poste Italiane published revised wholesale offers in accordance with the provisions of AGCom Resolution 171/22/CONS. For the purpose of approving these latest offers, **AGCom**, in **Resolution 391/22/CONS**, published on 23 November 2022, initiated a public consultation, to which the company responded by sending its position on 23 December on all of the topics covered by the Authority's evaluations.

With **AGCom Resolution 30/23/CONS**, published on 22 February 2023, the Authority approved Poste Italiane's offers for wholesale access services.

In compliance with regulatory requirements, Poste Italiane published the access offers on its website on 24 March 2023. These offers came into force on 1 May 2023. Complying with the timelines set out in the Resolution, Poste Italiane notified the Authority of its proposed changes to the offers for the year 2024.

Replicability of offers

On 19 September 2022, AGCom initiated, with **Resolution 309/22/CONS**, the preliminary proceedings relating to the revision of the **replicability test**, i.e. the test that Poste Italiane is required to carry out before submitting all mail offers (submitted in public and private tenders) worth more than €500,000 and to notify the Authority within the next 30 days, demonstrating that the Company's offer is "replicable" by a hypothetical efficient competitor. The time limit for the proceedings is set at 180 days from the date of publication of the resolution. Poste Italiane sent its contribution.

On 15 June 2023, with **Resolution 139/23/CONS**, AGCom launched the public consultation on the definition of the replicability test for Poste Italiane's multiple item delivery service offerings and the criteria for conducting it.

Digital notification of
PA documents
New platform

Law Decree no. 76 of 16 July 2020 (Simplifications Decree), converted into Law no. 120 of 11 September 2020, by means of Article 26, as amended, regulates the **implementation of the platform for the digital notification of public administration documents**. The operator of the platform will be the company PagoPA, which may entrust its implementation, in whole or in part, to Poste Italiane as Universal Service Provider.

The technical and operational modalities for the operation of the platform were defined by Decree no. 58 of 8 February 2022 of the Ministry for Technological Innovation and Digital Transition, published in Official Journal no. 130 of 6 June 2022.

The costs, criteria and modalities for the distribution and reimbursement of the costs for the service of documents via the platform referred to in Art. 26, paragraph 14 of Law Decree no. 76 of 16 July 2020 were identified by the Decree of 30 May 2022 of the Ministry for Technological Innovation and Digital Transition, published in Official Journal General Series no. 180 of 3 August 2022. The decree states that the amount of the costs of notification for the addressee of the document served is set at €2.00 for each notification effected via the platform. A portion of the amount, to be negotiated with PagoPa, will be paid to Poste Italiane as the platform provider. There is also an additional charge of €1.40 to Poste Italiane as universal service provider in cases of delivery of the hard copy of the documents to be served.

Poste Italiane, at the request of PagoPA, is contributing to the **implementation of the platform**, also through the use of its own services, on the basis of an agreement, currently being finalised, that will govern the scope of services, responsibilities and economic remuneration.

AGCM - the Italian
Antitrust Authority

Obligations of
Nexive Group S.r.l.

As part of the acquisition of Nexive, finalised in January 2021, and the related commitments on the part of Poste Italiane, in relation to the compliance checks by the Authority, technical discussions took place regarding the interpretation of the **behavioural measure of maintaining the offering portfolio in the two years following the transaction**.

In December 2022, Poste Italiane sent the annual report on compliance with the behavioural measures prescribed by the AGCM. As part of the compliance checks by the AGCM, technical discussions took place about the interpretation of the behavioural measure related to the maintenance of the offering portfolio in the two years following the transaction. Following the public consultation launched on 23 November 2022 on wholesale access offers, by means of **AGCom Resolution 30/23/CONS**, published on 22 February 2023, the Authority approved the offers of Poste Italiane relating to wholesale access services. On 24 March 2023, Poste published the access offers in compliance with regulatory requirements. The offers came into force on 1 May 2023.

AGCom - the Italian
Communications
Authority

Revision of special
licence regulation

In August 2022, AGCom initiated proceedings for the revision of **Resolution 77/18/CONS** on the issuance of licences to perform the service of notification of judicial documents and traffic violations by post. On 13 April 2023, the Authority published the final Resolution on the amendments to the Regulation¹⁸ confirming the substantial structure of the Regulation in its qualifying features, although it made some changes aimed at fostering competition in the notification market (e.g. the abolition of the exclusivity clause between the parent operator and operators forming part of its permanent organisation, the reduction of the minimum number of employees and training hours). The Resolution confirmed the prohibition of reposting, i.e. the entrusting of volumes of judicial documents to Poste Italiane by the successful bidders, and maintained the division of licences into two types (one all-inclusive for judicial documents and traffic violations and another for traffic violations only).

OTHER INFORMATION


For the main pending proceedings and further relations with the Authorities, please refer to the condensed consolidated half-year financial statements at 30 June 2023 in the chapter "Proceedings pending and principal relations with the Authorities" below.

OPERATING REVIEW

Also in the first half, the Group continued with the process of reorganising its transport, sorting, delivery activities and improving the customer experience, in line with the long-term objectives outlined in the Strategic Plan, such as increasing efficiency, flexibility and quality in order to seize the opportunities arising from the development of e-commerce.

¹⁸ Regulation on the issuance of licences to carry out the service of judicial documents and related communications by post (Law no. 890 of 20 November 1982) and traffic violations (Article 201 of Legislative Decree no. 285 of 30 April 1992).

The following table shows the main activities of the Mail, Parcels and Distribution Strategic Business Unit for the period.


SEGMENT	OPERATING REVIEW
Parcels/Logistics	<p>In March 2023, the partnership between MLK Deliveries S.p.A. and the company Mazzocco S.r.l. was finalised, to enable the logistics operator for controlled temperature transport¹⁹, in order to build a unique offer²⁰ dedicated mainly to Italian food and wine SMEs. During the period, a pilot delivery chain was launched in major Italian cities.</p> 
Mail	<p>On 27 June 2023, the new universal postal service tariffs were defined by AGCom Resolution 160/23/CONS, which came into force on 24 July 2023.</p> <p>For more information, please refer to the section "Regulatory context and evolution of the regulatory scenario" of the Mail, Parcels and Distribution SBU.</p> <p>Started selling the new product Judicial Document Market Veloce²¹. The service replicates all the features and functionalities of the Judicial Document Market (tracking, notification and reporting) with improved service levels and dedicated forms.</p> <p>Since May 2023, the Online Judicial Document has been available, through which the judicial document can be sent via the Postaonline solution²² at any time directly from customers' management software.</p>

4.4.3 FINANCIAL SERVICES STRATEGIC BUSINESS UNIT

MARKET CONTEXT

Financial markets

The year 2023 started with a bullish phase in the equity segment that continued throughout January due to the less aggressive policies of central banks, resulting in lower long-term rates. Already in February, this bullish phase began to fade, mainly due to the more aggressive tones used by some central bankers on account of inflation, which, although declining, is still expected to remain at high levels. Tensions in the European banking sector in March were exacerbated by the financial collapse of Silicon Valley Bank, the bankruptcy of Signature Bank, and the financial crisis of Credit Suisse, which was acquired by UBS. The rapid and incisive reaction of the monetary authorities seems to have stabilised the situation. Overall, the first half of 2023 closed with strongly positive equity market performance²³ with the FTSE MIB up 19% since the start of the year, recording its best close in almost 15 years. In the USA, even more marked was the progress of the Nasdaq in New York, which recorded a 30% increase in the first six months of the year, the best first half year since 1983. On the Tokyo Stock Exchange, the Nikkei index gained about 27% in the first six months of the year (about +18% in the second quarter).

The credit market, after a start of the year characterised by a significant tightening of spreads, experienced a sharp turnaround at the beginning of March. The crisis of the US regional banks and the bankruptcy of Credit Suisse led to a repricing on the entire credit market, particularly for the banking sector, bringing spreads well above year-end values. The volatility phase has gradually receded and interest in the asset class  has returned: the March widening movement has been largely reabsorbed. Over the first half of the year, spreads therefore remained largely unchanged on the non-financial sector and increased slightly on the financial sector as a whole.

¹⁹ A mode of transport that involves maintaining a constant temperature inside the vehicle - whether hot or cold - whatever the outside temperature.

²⁰ The offer includes the combination of logistics assets, such as logistics distribution platforms and a temperature-controlled last mile fleet, with scheduled delivery solutions. The alliance between the two companies combines the technology of MLK Deliveries, which will receive customer bookings for scheduled deliveries, with the Mazzocco cold logistics platform.

²¹ The Judicial Document Market Veloce is used for the notification of traffic violations and administrative acts (e.g. for acts relating to taxes).

²² The service is provided in accordance with Law no. 890 of 20 November 1982 "Notification of documents by post and communications by post connected with the notification of judicial documents".

²³ <https://www.ilsole24ore.com/art/borsa-asiatiche-ribasso-cina-frenata-terzo-calo-consecutivo-mensile-dell-attivit-manifatturiera-AErPMotD>.

As regards the Italian BTP, 2023 started with rates and spreads characterised by rather high levels (10-year BTP around 4.70% and BTP-Bund spread around 215 bps)²⁴ on the widening trend that had affected the latter part of 2022. However, already in the first few days of the year, the trend reversed and there was a gradual narrowing, which led to the levels of the Italian 10-year BTP and the spread touching quarterly lows around mid-January (10-year BTP around 3.75% and BTP-Bund spread around 170 bps)²⁵ and then closing the first quarter with a marginal widening (10-year BTP around 4.1% and BTP-Bund spread around 185 bps)²⁶. In the second quarter, both the yields on the Italian ten-year bond and the BTP-Bund spread fell further to 4.07% and 167 bps respectively on 30 June 2023²⁷.

Below is the table that represents the precise returns expressed in percentage terms at the end of the period for BTP government bonds and Interest Rate Swaps²⁸.

	Jun 2022	Sep 2022	Dec 2022	Mar 2023	Jun 2023
BTP 10Y	3.26	4.52	4.72	4.10	4.07
SWAP 10Y	2.17	3.08	3.20	2.96	3.02
BTP 15Y	3.44	4.40	4.75	4.36	4.26
SWAP 15Y	2.35	3.07	3.14	2.96	2.96
BTP 30Y	3.67	4.34	4.79	4.32	4.44
SWAP 30Y	1.98	2.40	2.53	2.50	2.54

The following graph shows the trend of the 10-year BTP-Bund spread in recent years with the values recorded up to 30 June 2023.



Banking system

Based on available estimates provided by the Italian Banking Association (ABI)²⁹, at the end of May 2023, customer deposits of all banks in Italy, represented by deposits from resident customers (current accounts, certificates of deposit and repurchase agreements) and bonds, decreased by 2.2% on an annual basis, settling at approximately €2,010 billion (-€46 billion compared to the previous year). This reflected a significant reduction in deposits from resident customers in the first five months of 2023, amounting to around €61 billion (-3.7% y/y), partially offset by a recovery of around €12 billion in bond deposits (+11.9% y/y). In May 2023, the average cost of bank funding (which includes the return on deposits, bonds and repos from households and non-financial companies) was around 0.87% (0.61% at 31 December 2022).

²⁴ Source: Bloomberg.

²⁵ Source: Bloomberg.


²⁶ Source: Bloomberg.

²⁷ <https://www.borse.it/articolo/ultime-notizie/chiusura-borse-oggi-30-giugno-2023#indici-europa-e-italia>.

²⁸ Source: Bloomberg.

²⁹ Source: ABI monthly outlook June 2023.

Asset Management

Assogestioni data show, at 31 May 2023³⁰ total assets of €2,258 billion, up 2.2% on the €2,210 billion at the end of 2022. With regard to portfolio management, assets amounted to approximately €1,066 billion, up 1.6% from €1,050 billion at 31 December 2022. With regard to Collective asset management, assets went from about €1,160 billion at the end of December 2022 to about €1,192 billion at the end of May 2023 (+2.8%). With regard to open-ended investment funds  alone, client assets stood at around €1,104 billion at the end of May 2023, up 2.7% from around €1,075 billion at the end of December 2022.

In terms of net inflows, the asset management industry presents a negative balance of around €15.9 billion in the first five months of 2023 (compared to a positive balance of around €7.7 billion in the same period of 2022).

REGULATORY CONTEXT

The main regulatory interventions subject to updating in the first half of 2023 are shown below. Please refer to the 2022 Annual Report for a complete discussion of the regulatory context of the Financial Services Strategic Business Unit.

Bank of Italy

Circular no. 285 of
17 December 2013

On 2 November 2022, the Bank of Italy published the 40th update of the Circular to implement the "Guidelines on information and communications technology (ICT) and security risk management" (EBA/GL/2019/04) issued by the EBA. The main new features relate to an increased focus on ICT risk, and a strengthening of the business continuity capabilities of intermediaries.

BancoPosta had already complied with these EBA Guidelines and, as a result, is largely in compliance. The new rules mainly require banks to set up a second-level control function for the management and control of ICT and security risks. A report describing the actions taken to ensure compliance must be submitted to the Bank of Italy by 1 September 2023. The Company initiated a project to identify appropriate actions to be implemented.


On 20 December 2022, the Bank of Italy issued its 41st update. The amendments, concerning the regulation of capital buffers for systemically important institutions and public disclosure for impaired exposures, have no impact on BancoPosta.

On 30 March 2023, the Bank of Italy published the 42nd update. This update, concerning the "Covered Bank Bonds" provisions³¹, has no material impact on BancoPosta business.

Delegated Regulation (EU) 2022/2360

Strong Customer
Authentication (SCA)

Following consultation on 5 December 2022, Commission Delegated Regulation (EU) 2022/2360 of 3 August 2022 amending Delegated Regulation (EU) 2018/389 with regard to strong customer authentication and common and secure open standards of communication was published in the Official Journal of the European Union.

The innovations introduced concern, on the one hand, the exemption, under certain conditions, from the obligation of strong authentication (Strong Customer Authentication - SCA ) of the customer for the specific case in which access to the data takes place through an Account Information Service Provider³² and, on the other hand, that strong customer authentication must be renewed after 180 days from the last time the user had online access to information relating to payment account data and strong authentication was applied.

BancoPosta has finalised the appropriate adaptation activities on the CBI Globe - Global Open

³⁰ Assogestioni, Monthly map of asset management, published on 28 June 2023.

³¹ A supervisory regime for covered bank bond (OBG) issuance programmes is established that requires prior authorisation by the Bank of Italy for the launch of new issuance programmes.

³² Account Information Service Providers (AISP) are financial institutions that have been given access to information about consumers' accounts (with their explicit consent) by their banks.

Banking Ecosystem platform usable by Third Parties³³, as well as on the systems of the external provider Tink with regard to the BancoPosta Open service³⁴.

ESG
Investment Services
Disclosure

In July 2022, with reference to ESG regulations in the area of investment services, Delegated Regulation (EU) 2022/1288 on the disclosure obligations for financial operators on sustainability issues in pre-contractual/contractual documents and periodic product reports and websites.

The Regulation entered into force on 1 January 2023.

The website pages dedicated to sustainability have been updated to highlight that the Company, in providing the consultancy service, takes into account the main effects of the sustainability factors in line with the methodologies declared by the companies issuing the financial/insurance products.


ESMA
Sustainability in
product governance
and internal
reporting


The enactment of EU sustainability legislation has had an impact on the regulatory framework of MiFID II, which has been amended to take sustainability factors into account in the processes concerning the provision of investment services with particular reference both to the provision of the financial advice service and the related organisational requirements for authorised intermediaries (Delegated Regulation (EU) 2017/565 hence the update by ESMA of the Final Report "Guidelines on certain aspects of the MiFID II suitability requirements" in September 2022), and with reference to the product governance process (Delegated Directive (EU) 2017/593).

With regard to the latter, ESMA's Final Report³⁵ "Guidelines on MiFID II product governance requirements" was published on 27 March 2023, with the aim of revising the same 2017 Guidelines in order to integrate sustainability objectives into the forecasts regarding the identification of the reference market by both producers and distributors of financial instruments and structured deposits³⁶. The forecasts in the Final Report confirm the Group's alignment with the regulatory framework on sustainability with respect to what is being implemented with reference to the product governance process and the models used to exchange information related to product sustainability with the Group companies³⁷ that produce investment and insurance products (producers).

ESMA has set the same application date (October 2023) for both Guidelines.

³³ Third parties are the following entities provided for and regulated by the European PSD2 Directive:

- AISP (Account Information Service Providers), which allow the user, the holder of online-accessible payment accounts held with several payment service providers, to obtain an aggregated view of their accounts;
- the PISP  (Payment Initiation Service Providers) which allow, with the customer's express authorisation, a payment order to be initiated from an account that the user holds with another payment service provider;
- CISP (Card Issuers Service Providers) that issue payment cards settled on a payment account accessible online at another institution and verify with the latter the availability of the funds involved in the transaction.

³⁴ BancoPosta Open is the open banking  which allows, directly from the BancoPosta app, to obtain information on payment accounts held with other payment service providers and to place payment orders on payment accounts held with other payment service providers.

³⁵ Among the important changes resulting from the new ESMA Guidelines are:

- an indication of any sustainability goals with which a product is compatible;
- identification of the target market by product cluster, rather than by individual product;
- the determination of a compatible distribution strategy when a distributor considers that a more complex product can be distributed as part of non-advised sales;
- the periodic review of products and the application of the principle of proportionality.

³⁶ Deposits the return on which is linked to indicators such as indices, financial instruments, commodities or exchange rates; variable-rate deposits whose return is directly linked to an interest rate are excluded. Source: Bank of Italy.

³⁷ This refers to companies belonging to the Poste Vita Group and BancoPosta Fondi SGR.

Bank of Italy
Revolving Credit

In April 2023, the Bank of Italy published a document containing supervisory guidelines on so-called "revolving" credit³⁸, a form of financing, also associated with credit cards, characterised by high flexibility of use for the customer. The aim of the Authority is to draw the attention of intermediaries to the main problems in customer relations and to promote rule-compliant and correct behaviour towards consumers (so-called "Good Practices"). BancoPosta, together with its financing partners, has initiated impact analyses with respect to the products placed within the scope of the above-mentioned measure.

ANAC
Guidelines on Whistleblowing

In March 2023, Legislative Decree no. 24 of 2023 was approved, repealing the existing national regulations on Whistleblowing, which encompasses in a single regulatory text - for the public sector and the private sector - the protection regime for individuals who report unlawful conduct of which they have become aware in a work context. Awaiting the National Anti-Corruption Authority (ANAC) Guidelines on the correct interpretation of the aforementioned regulatory provisions, published in July 2023³⁹, BancoPosta has launched an impact analysis aimed at assessing the possible need to prepare action plans to comply with regulatory requirements.

Bank of Italy
Outsourcing of business functions for supervised intermediaries

On 1 June 2023, the Bank of Italy published its Provision of 31 May 2023 containing instructions for reporting on the outsourcing of business functions for supervised intermediaries. The purpose of this report, to be submitted by 31 December 2023, is to collect information⁴⁰ on outsourcing contracts of supervised intermediaries, service providers and subcontractors, and the type of functions outsourced.

European Parliament and Council
Consumer Code

On 18 March 2023, Legislative Decree no. 26 of 7 March 2023 implementing Directive (EU) 2019/2161 of the European Parliament and of the Council of 27 November 2019 (amending previous Directives) as regards the better enforcement and modernisation of Union consumer protection rules was published; the Legislative Decree contains amendments to the text of the "Consumer Code" ⁴¹. The measure came into force on 2 April 2023 and the Company is currently carrying out specific training on the new regulations for the personnel concerned.

OTHER INFORMATION

Bank of Italy

On 20 July 2022, the Bank of Italy provided to Poste Italiane S.p.A. - BancoPosta RFC and PostePay a communication concerning the manner in which the funds received by PostePay in respect of the issuance of electronic money should be managed. It should be noted that the Supervisory Provisions for EMI provide that such funding may be deposited with a bank authorised to operate in Italy, invested in qualified debt securities or particular units of harmonised mutual

³⁸ Revolving credit is a form of financing usually with an indefinite maturity characterised by a high degree of flexibility of use for the customer, who can use a sum of money equivalent to the credit facility granted in one or more instalments; the amount of funds made available is restored in an amount corresponding to the instalments paid to the intermediary by way of repayment of the principal (source: https://www.bancaditalia.it/compiti/vigilanza/normativa/orientamenti-vigilanza/credito_revolving.pdf).

³⁹ ANAC resolution no. 311 of 12 July 2023 (Official Journal no. 172 of 25 July 2023).

⁴⁰ The collection of information is functional to the analysis and monitoring of risks arising from the use of third parties for the performance of functions, services and activities of supervised intermediaries, in order to ensure the stability of the intermediaries themselves and of the banking and financial system. Intermediaries are required to provide, in particular, the following information:

- for all outsourcing agreements: signatories and users of the contracts, service providers, type and characteristics of the outsourced function, certain provisions of the contracts;
- for services provided in cloud computing mode (i.e. the provision of computing resources, including storage, databases and software applications over the internet): the cloud model used and the cloud provider;
- for agreements to outsource essential or important functions (FEI) or important operating functions (FOI): the rationale for the classification as an FEI/FOI, the assessment of the risks arising from the outsourcing, the decision-making body that decided on the outsourcing, the audits performed and planned, the assessment of the level of substitutability of the service provider, the sub-outsourcing and any subcontractors, the country of service delivery and the country of data storage.

⁴¹ New regulatory provisions are planned to strengthen consumer protection in cases of unfair terms, unfair commercial practices, unfair competition or untruthful commercial communications.

funds. Since the creation of PostePay, these sums are deposited in a postal current account (protection account) and contribute to the funds from private customers of BancoPosta RFC, which are invested in euro area government bonds. In this regard, the Authority initiated discussions with BancoPosta and PostePay in 2021, in view of the fact that BancoPosta was not deemed to be an entity that could be assimilated to the concept of "credit institution" under the relevant European legislation. In the face of a proposed alternative approach, aimed at equating the deposit with BancoPosta of the sums collected by PostePay with a direct investment in qualified debt securities, in the aforementioned communication the Authority asked BancoPosta and PostePay for further observations, aimed at identifying an operational solution that would allow full alignment with the relevant regulatory provisions. Upon completion of the further investigations requested, a transitional solution was identified, also on the basis of the discussions with the Authority. This solution was represented to the Bank of Italy in a communication sent jointly by PostePay and BancoPosta on 29 March 2023.

The Bank of Italy, from 14 March 2022 to 15 July 2022, conducted an inspection at Poste Italiane SpA - BancoPosta RFC, on profitability and the business model, governance and control systems, interest rate risk management methods including related internal modelling, new tax credit business and associated risks. For more information, please refer to the chapter "Proceedings pending and principal relations with the Authorities" in the Condensed Consolidated Half-Year Financial Statements section at 30 June 2023.

CONSOB

On 21 March 2023, CONSOB launched a thematic investigation into the processes and procedures adopted, or under development, with regard to ESG. The reply was provided on 19 May 2023.

FEDERCONSUMATORI

Federconsumatori, with a writ of summons dated 14 May 2021, initiated a class action against Poste Italiane pursuant to article 140-bis of the Consumer Code, before the Court of Rome. The value of the dispute to date is approximately €8.5 thousand.

By the summons in question, Federconsumatori contests that the capitalisation of interest on 30-year interest-bearing postal certificates (marked with the "Q" series, issued by Cassa Depositi e Prestiti from 1986 to 1995, pursuant to Ministerial Decree 13 June 1986 by the Minister of Treasury, which were subsequently transferred to the Ministry of Economy and Finance, pursuant to the MEF Decree of 5 December 2003) is carried out annually net of withholding tax (now substitute tax), rather than gross, with the effect of recognising to savers a lower return than that allegedly due.





On 27 July 2021, Poste Italiane appeared before the court, objecting, on a preliminary basis, to the inadmissibility of the class action, on a number of preliminary grounds, as well as to the fact that the plaintiffs' and potential members' claims were time-barred, and contested the merits of the proposed claim.

The Court of Rome, in an order dated 11 January 2022, held that the request submitted by Federconsumatori was manifestly unfounded, recognising, inter alia, the lack of passive legitimacy of Poste Italiane. Federconsumatori appealed the order of the Court of Rome, and the Court of Appeal set the hearing for closing arguments for 22 May 2024.

For the main pending proceedings and relations with the Authorities, please refer to the condensed consolidated half-year financial statements at 30 June 2023 in the chapter "Proceedings pending and principal relations with the Authorities" below.

OPERATING REVIEW

The following table shows the main activities of the Financial Services Strategic Business Unit during the period.

SEGMENT	OPERATING REVIEW
Postal savings	<p>In the first half of 2023, two offers reserved for holders of a Libretto Smart were launched, bringing new liquidity⁴² into Poste Italiane:</p> <ul style="list-style-type: none"> ✓ Supersmart Premium 270-day offer, the placement of which started at the end of January and ended in the first days of March, with collected volumes of €1.8 billion, registered a record number of subscriptions⁴³; ✓ Supersmart Premium 300-day offer, placed from March until the beginning of May; a new Supersmart Premium 300-day offer placed from the end of May and available until the beginning of July. <p>These offers allow for a gross annual rate of 3.00% on the new liquidity set aside and held until maturity at 270 or 300 days.</p> <p>In addition, the first half of the year saw an increase in the yields of most of the Interest-bearing Postal Certificates in the range.</p> 
Asset management	<p>In February 2023, the Universo⁴⁴ fund range was expanded with the launch of the Fondo BancoPosta Universo Tematico. This fund aims for growth by investing at least 50% of the capital in the shares of companies operating in so-called megatrends, i.e. those that will drive future changes and in which the largest investments will be concentrated at global level, such as, for example, ecology, technological innovation, health.</p>  <p>The Fondo BancoPosta Obbligazionario Italia 6 Anni II was launched in March 2023. This is an income-distributing bond fund that invests at least 70% of its assets in Italian government bonds and bonds issued by Italian companies and deposits with Italian banks.</p>  <p>In March 2023, the Fund Accumulation Programme was launched: a new service that can be activated on the current account, where a remuneration is paid on a sum of money tied up and earmarked for a plan of scheduled payments into Mutual Funds.</p>  <p>In June 2023, the Fondo BancoPosta Obbligazionario a 5 Anni was launched: a flexible income-distributing bond fund that invests in government, supranational and corporate "investment grade" bonds with a minimum of 50% and Emerging countries and non-investment grade corporate bonds with a maximum of 50%.</p>

⁴² New liquidity means all sums contributed exclusively by bank transfer, bank and bank drafts, salaries and pensions, and credited to the Libretto Smart, to current accounts and/or postal savings books bearing the same header as the Libretto Smart chosen to join the offer.

⁴³ The offer, which is reserved for customers holding a Libretto Smart, recorded volumes of subscriptions never recorded by products with a similar target in previous years.

⁴⁴ Universo funds are flexible, multimanager funds with an ESG approach, which differ from each other in their equity component.

<p>Assets under administration</p>	<p>In March 2023, Poste Italiane participated in the placement of the 19th issue of the Multi-year Treasury Bond (BTP) Italy, a security linked to the Italian inflation trend with the novelty of a 5-year duration.</p>  <p>In June 2023, Poste Italiane took part in the placement of the new BTP Valore, a security with a duration of four years and which provides for the payment of fixed coupons increasing over time and a loyalty premium on the issued capital for those who purchase the security during the placement phase and keep it until maturity. Poste Italiane's record collection of over €800 million on the first BTP Valore issue, with a market share up on previous BTP issues and with over 20% of subscriptions collected online.</p> 
<p>Distribution of third-party products</p>	<p>For loans dedicated to Business customers, the placement of Banca CF+ products was started, thus expanding the range of loans with medium- and long-term products, dedicated to corporations and assisted by the Central Guarantee Fund for SMEs and the Sace-SupportItalia guarantee.</p> <p>The "Prestito Green" offer has been renewed, which is useful for financing home renovations (e.g. photovoltaic system) or the purchase of a hybrid or electric car.</p> <p>With regard to the "Quinto BancoPosta⁴⁵" product, as of March 2023 the offer was extended to employees of state-owned companies.</p>
<p>Other activities</p>	<p>In May, in continuation of the agreement that expired at the end of 2022, was the signing of the new agreement with the Ministry of Economy and Finance - State General Accountancy Office - regulating treasury services and the movement of funds on behalf of the State. The Agreement has a duration of three years, from 1 January 2023 to 31 December 2025, and mainly defines the mechanisms for the daily settlement of financial flows related to the services performed by BancoPosta on its own account (postal current accounts) or on behalf of other public entities (postal savings, payment and collection services, etc.).</p>

⁴⁵ It is the loan dedicated to civil servants, para-public employees and retirees, which can be used to carry out new projects, but also to pay off other loans in progress, with a monthly repayment equal to up to one-fifth of the monthly net salary or the monthly net pension.


4.4.4 INSURANCE SERVICES STRATEGIC BUSINESS UNIT


MARKET CONTEXT

Life Business

The market context continued to be affected for the first part of 2023 by the uncertainty related to the war in Ukraine, the random developments in the financial markets, the still high inflation levels, albeit slower than at the beginning of the year, and rising interest rates. These factors were at the root of the downward trend in the Italian life insurance sector, both in the volume of premiums collected and in the significant increase in outflows, especially the rise in lapses⁴⁶; the latter is mainly attributable to the rise in interest rates, which induced savers to look for products that guaranteed higher returns. In connection with the aforementioned phenomena, the segment's net inflows in the first four months of 2023 were negative by €7 billion⁴⁷. This trend mainly affected companies that distribute products through the banking channel or via financial advisers.

In particular, **new individual life insurance policies** in the Italian market, based on the latest available data⁴⁸, was equal to approximately €32.5 billion at the end of May 2023 and recorded a negative change of 4.2% compared to the same period of 2022. If new Life business reported by EU companies is taken into account, the figure reached €35.8 billion, down 7.7% compared to the same period of 2022.

Analysing the data by ministerial class, the premiums of **Class I**, which confirmed their leadership role in the Life business with an incidence on the total at the end of May 2023 equal to 76.7%, amounting to €24.9 billion at the end of the period, an increase of 18.1% compared to the same period of the previous year. Compared to the figure at May 2022, premium income from **Class III** products (in the form of exclusive unit-linked  products) fell (-42.4%) with inflows of €7.2 billion. Although residual, funding from capitalisation products amounted to €252 million and recorded an increase of 37.2% in the reference period compared to the figure recorded in the same period of the previous year. The volumes of new premiums pertaining to long-term health policies (**Class IV**) continue to be contained (approximately €29 million) and up (+29.1%) compared to the figure for the same period of the previous year.

The new contributions relating to the management of **pension funds**  recorded inflows of €51 million in the first five months of 2023, down (-4%) compared to the corresponding period of 2022.

Single premiums continued to be the preferred form of payment for policyholders, representing 95% of total premiums written and 61% of policies by number.

With regard to the **distribution channel**, 73% of new business was obtained through banks and post offices at the end of May 2023, with premium revenue of €23.7 billion, an increase (+5.4%) compared with the same period of 2022. On the other hand, with regard to the entire agency channel, the volume of new business distributed in the period under review reached €5 billion, recording a decrease in volumes of 11% compared to 2022 and with an incidence of intermediated inflows on the total equal to 15.4%.

The performance of new business obtained through authorised financial advisers was €3.5 billion, a significant decline (-31.7%) compared with the figure for the previous year and with an incidence compared to the total of intermediated premiums equal to 11%.

Lastly, the broker and distance sales channel recorded a decrease in the period of 58.5% compared to the same period of 2022, with a volume of premiums placed equal to €283.7 million (equal to 0.9% of total brokered).

⁴⁶ 7.7% lapse rate at 31 March 2023 (source: Ania)

⁴⁷ Source: ANIA - Report of the Assembly President, 4 July 2023

⁴⁸ ANIA Report - Year XIX - no. 5 - published on 30 June 2023

New Life individual business by class^(*)

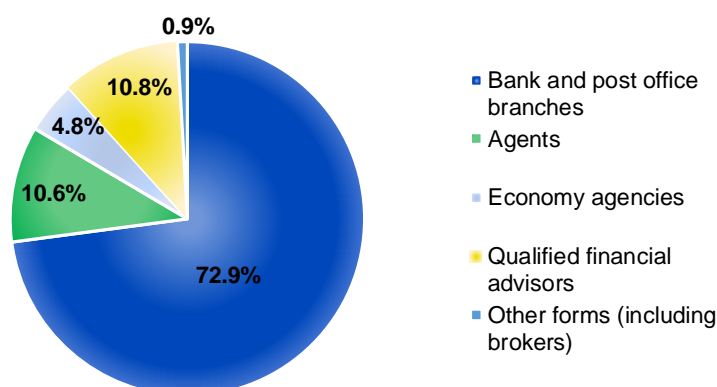
(figures updated to May 2023 in €m)

Premiums by class/product	Premiums YTD	% change 05 2023 vs 05 2022
Life - class I	24,896	18.1%
Unit - Linked - class III	7,236	-42.4%
Capitalisations - class V	252	37.2%
Pension funds class VI	51	-4.0%
Illness class IV	29	29.1%
Italian insurers - non-EU	32,465	-4.2%
EU insurers ^(**)	3,360	-31.5%
Total	35,825	-7.7%

^(*) Source: ANIA

^(**) The term "EU insurers" refers to the Italian subsidiaries of undertakings with a registered office in an EU country operating under the right of establishment and freedom to provide services. The figures refer solely to undertakings taking part in the survey.

New Life individual business by distribution channel



Source: ANIA

P&C business

As regards the **P&C insurance market**, based on the available official data⁴⁹ at the end of the first quarter of 2023, total direct Italian premiums, also including policies sold by Italian and overseas undertakings, amounted to €11.2 billion, up 11% compared with the same period of 2022, when the sector recorded growth of 5.1%. The above-mentioned increase is attributable, in particular, to the development of the Non-Motor sector (+14%). Premiums in the Motor sector increased (+6.8%), mainly due to the increase in premiums for the **Land Vehicle Insurance business**, which benefited from a 15.8% growth, while the **Motor Third-Party Liability** business recorded a further 4.1% reduction in premiums.

With regard to the **Non-Motor class**, all the main insurance classes contributed to the aforementioned 14% growth during the period: i) **Health insurance class** with a volume of €1,214 million and growth of 21.2%; ii) **Personal injuries class** with premiums of €1,062 million and an increase of 6.5%; iii) **General TPL class** with premiums of €1,570 million and an increase of 19.8%; iv) **Other damage to property class** with an increase of 9.3% and total volumes of €946 million; v) finally, **Fire and natural elements class** with a total production of €785 million and an increase of 14.3%. Also noteworthy is the positive change achieved by the **Credit** and **Financial Loss classes** of 14.5% and 9.5% respectively, with total premium income of €227 million and €225 million respectively.

⁴⁹ ANIA Report - Year IX - no. 33 - published on 29 May 2023.

As far as **distribution channels** are concerned, the agency channel remains the leader with a market share of 70% at the end of March 2023 (72% at the end of March 2022). Brokers represent the second largest P&C premium distribution channel with a market share of 10.6% (9.4% at the end of March 2022), while bank and post offices recorded a market share of 9.6% (9% at the end of the first quarter of 2022).

As regards direct sales as a whole (including distance, telephone and internet sales), at the end of March 2023, there was an incidence of 9.5% (down compared to 9.2% recorded at the end of March 2022). The remaining 0.4% (equivalent to the figure recording in the first quarter of 2022) relates to premiums brokered by qualified financial consultants.

Direct P&C premiums by class^(*)

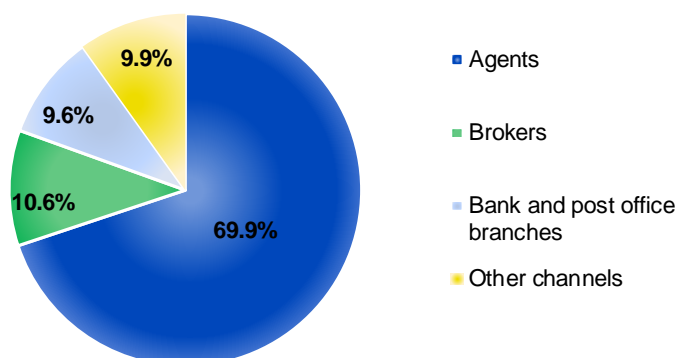
(figures updated to March 2023 in €m)

Premiums by class ^(**)	Premiums YTD	Change % 31 March 2023 vs 31 March 2022
Total motor segment	4,283	6.8%
Other P&C classes	6,885	13.8%
Total P&C classes	11,168	11.0%

^(*) Source: ANIA

^(**) Premiums refer to Italian and non-EU undertakings and EU undertakings.

Distribution of direct P&C premiums by distribution channel ^(*)



Source: ANIA

^(*) Italian insurers and non-EU insurer representatives operating as an establishment.

REGULATORY CONTEXT

The following are the main regulatory measures to be updated during the first six months of 2023. Please refer to the 2022 Annual Report for a complete discussion of the regulatory context of the Insurance Services Strategic Business Unit.

IVASS - Istituto per la Vigilanza sulle Assicurazioni (the insurance regulator)

IFRS 17
Letter to the market of 3 January 2023

In its **letter to the market of 3 January 2023** -IAS/IFRS Consolidated Financial Statements - Disclosures on the Transition to IFRS 17 as per Annex 4 of Reg. no. 7/2007 as amended by Measure 121/2022, IVASS provided guidance on the transition to the new IFRS 17 standard. The current Appendix 6 of Regulation no. 7/2007 has been replaced by the new Appendix 4 "Report on the consolidated financial statements items relating to insurance contracts", which provides that, with reference to the financial year 2023 only, a disclosure on the transition to the new standard must be provided, distinguishing between insurance contracts issued, outward reinsurance and investment contracts issued with discretionary participation features. This information must be submitted to the Institute together with the documentation relating to the consolidated interim report.

IVASS
Dormant Policies
Letter to the market of
16 March 2023

With the **Letter to the Market of 16 March 2023**, which follows the Letter to the market of 6 December 2022⁵⁰, in order to allow the verification of the payment status of the sums relating to the policies resulting from the cross-referenced data, both life and accident, IVASS requested companies to provide a report by 30 June 2023 on the activities carried out for settlement, including an update on the policies cross-referenced in past years. With regard to life insurance policies only, the enclosed prospectus, completed in accordance with the instructions contained in the file, must also be provided. The prospectus also requests a set of data on the payments of policies that have been crossed in past years.

The Insurance Group Companies submitted the required information to the Supervisory Authority in June.

European Commission
Supervision of insurance companies
Regulations 2023/894 and 2023/895

On 4 April 2023, the **European Commission** adopted two regulations for the information that companies must provide for supervisory purposes:

- **implementing Regulation (EU) 2023/894**, repealing Implementing Regulation (EU) 2015/2450, laying down implementing technical standards for the application of Directive 2009/138/EC with regard to the **templates for the submission** by insurance and reinsurance undertakings to their supervisory authorities of **information necessary for their supervision**;
- **implementing Regulation (EU) 2023/895**, repealing Implementing Regulation (EU) 2015/2452, laying down implementing technical standards for the application of Directive 2009/138/EC with regard to the **procedures, formats and templates** for the disclosure by insurance and reinsurance undertakings of their report on their **solvency and financial condition**.

IVASS
Survey on collective agreements signed in the health insurance class
Letter to the market of
30 March 2023

IVASS carried out for 2023 the fifth edition of the **survey on collective agreements signed in the health insurance class**⁵¹, involving companies with their registered office in Italy that have written at least €10 million in direct premiums in the health insurance class for the financial year 2022.

Poste Assicura submitted the requested data in April and May 2023 in accordance with the timelines and procedures indicated by IVASS.

IVASS
Sustainable Finance
Measure no. 131 of
10/05/2023

IVASS with **Measure no. 131 of 10 May 2023** has adapted the regulatory provisions no. 24 of 6 June 2016, no. 38 of 3 July 2018, no. 40 of 2 August 2018 and no. 45 of 4 August 2020, in order to align with the provisions of the European Legislator, in particular with the Solvency II regulatory framework and the Insurance Distribution Directive "IDD" on sustainable finance.

In order to comply with the new regulations, Poste Vita has recently set up an internal ESG (Environmental, Social, Governance) Working Group, which is steering the necessary adjustments.

IVASS
Determination of technical provisions
Measure no. 132 of
6/06/2023

With **IVASS Measure no. 132 of 6 June 2023**, containing amendments and additions to IVASS Regulation no. 18 of 15 March 2016 concerning the **application rules for the determination of technical provisions**, two new guidelines of the European Insurance and Occupational Pensions Authority (EIOPA) are introduced concerning the valuation of technical provisions and

⁵⁰ In its Letter to the Market of 6 December 2022, the Authority requested from companies conducting life insurance and/or accident insurance business, the list of tax codes of insured persons in order to ascertain whether insured persons had died and when.

⁵¹ The data to be reported to IVASS are: the amount of gross premium revenue in 2022, claims expenses for 2022, development by generation of paid and reserved claims at the end of the financial year 2022, number of risk units for the financial year 2022.

the determination of contractual limits, applicable from 1 January 2023.

OTHER INFORMATION

IVASS

With regard to the IVASS inspection - concerning the governance, management and control profiles of investments and financial risks concluded on 7 May 2021, discussions are continuing with IVASS in view of the start of the "decisional phase", which must be completed by 26 July 2023 in accordance with the terms set forth in Article 28(4) of IVASS Regulation no. 39 of 2 August 2018.

Following the inspection initiated by IVASS on 7 March 2023 on Poste Vita and concerning the verification of the management process of so-called dormant policies, the Company prepared an action plan aimed at strengthening the monitoring of the management of dormant policies and increasing the effectiveness and efficiency of the settlement process of the aforementioned policies.

At the same time, the Company drew up a plan of checks both on the execution of the aforementioned plan and on certain operational areas adjacent/ancillary to the area of dormant policies (e.g. contractual conditions set out in the general conditions of insurance, communications to claimants).

For the main pending proceedings and further relations with the Authorities, please refer to the condensed consolidated half-year financial statements at 30 June 2023 in the chapter "Proceedings pending and principal relations with the Authorities".

OPERATING REVIEW

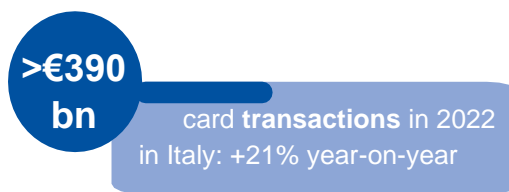
The following table shows the main activities of the Insurance Services Strategic Business Unit during the period.

SEGMENT	OPERATING REVIEW
Life	<p>In the context of Class I investment products:</p> <ul style="list-style-type: none"> in April 2023, the "Poste Domani Insieme" policy was launched with a duration of 10 years and with the main feature of the New Separately Managed Account  called "Poste Vita Valore Solidità"⁵². The policy includes as ancillary cover the free serious illness policy "Poste protezione Mia"⁵³. in June 2023, a policy called "Orizzonte 5" was launched, with a duration of 5 years with the Separately Managed Account⁵⁴ called "Posta ValorePiù" and can only be subscribed to for the potential reinvestment, as part of advisory services, of expired or maturing policies.
P&C/Life	<p>From April 2023, the restyling⁵⁵ of the "person" coverage policies is available in all post offices, as well as the unique underwriting process with the Poste Protezione Affetti 360 life insurance policy.</p>
P&C	<p>During the first half of the year, the new version of "Posteprotezione Prestito" was made available at all post offices. Compared to the previous version, the policy includes new covers and services, such as legal protection and job replacement⁵⁶.</p> 

4.4.5 PAYMENTS AND MOBILE STRATEGIC BUSINESS UNIT

MARKET CONTEXT

The latest available data⁵⁷ on the Italian **payment card** market show significant growth of the total domestic transactions, which in December 2022 exceeded €390 billion, an increase of 21.2% compared to December 2021 due to the recovery in consumption. The number of transactions grew by 21.1% over the same period last year to 8.2 billion, a sign of an increasingly consolidated daily use of cards, also thanks to a greater propensity and acceptance of the use of digital payments  by merchants (e-commerce and contactless  payments). Transactions with **debit cards**  grew by 25% compared to December 2021 and accounted for almost 60% of total transactions, with a transaction volume exceeding €224 billion (+22.5% compared to December 2021) and an average ticket amounting to €46.8 slightly below the 2021 level. Prepaid cards  are also advancing at a fast pace (+18.7% of transactions and +18.8% of volume compared to December 2021), worth a total of more than €64 billion, thanks to the steady development of e-commerce and increased penetration at physical points. The year 2022 was also positive for credit cards , which closed the period with growth with transactions up by 13% and volume up by 20% compared to December 2021, for a total value of almost €102 billion.



⁵² The main feature of the new separately managed account is the presence of the so-called "profit fund": a fund that is established by setting aside net capital gains realised on the sale of assets under the separately managed account.

⁵³ "Poste Domani Insieme" subscribers aged between 18 and 69 are offered "Poste Protezione Mia", a free serious illness policy provided by Poste Assicura, designed to protect their investment. In the event of the first diagnosis of a serious illness, Poste Assicura shall in fact pay the Policyholder an indemnity equal to 25% of the life premiums paid into the insurance investment product, non-revalued and resulting at the time of the first diagnosis of a serious illness, net of any partial surrenders and releases for other causes.

⁵⁴ The returns achieved in the separately managed accounts are 2.76% for PostaPensione, 2.51% for PostaValorePiù and 3.05% for Posta Vita Valore Solidità.

⁵⁵ This is a simplification of the purchasing process for insurance products covering the risks for the person, death or permanent disability from illness and accidents.

⁵⁶ The job replacement service is aimed at reintegration into the world of work; if a policyholder loses his or her job, a customised training development plan is drawn up for him or her, support is provided in updating his or her CV, and specific motivational learning sessions are organised. At the end of the course, it is assessed which partner companies could represent a valid opportunity for the policyholder to re-enter the labour market and the parties are put in contact, it being understood that in no way, there is a guarantee of eventual employment.

⁵⁷ Source: Appendix to the Bank of Italy Annual Report published on 31 May 2023.

At 31 December 2022, the number of **active cards** on the market stood at **107 million**, up 2.5% compared to the stock of active cards at 31 December 2021: the greatest growth was recorded on debit cards, which grew by 4.1% compared to 31 December 2021, totalling over 63.4 million active cards. The stock of prepaid cards also increased, the number of which exceeds 30 million (+1.4% compared to 31 December 2021), while credit cards recorded a decline (-2.2% compared to 31 December 2021) with over 13.4 million active cards.

The **mobile market**, based on the latest available data⁵⁸, showed a stable penetration of total mobile lines compared to 2021, a sign of a saturated market but showing dynamism in the stock of individual operators. In particular, Mobile Virtual Network Operators (MVNO) achieved a penetration of 14.9%, eroding the market shares of the top players. Poste Mobile accounted for more than 37% of mobile virtual operators and ended 2022 in slight growth, keeping its market share stable at 5.6% in 2021.

During the first half of 2023, the **energy market** experienced a gradual rebalancing after the serious effects of the Russian-Ukrainian crisis on the markets and prices of raw materials, primarily gas, with significant repercussions on the electricity market⁵⁹.

During the second quarter of 2023, the gas and electricity market saw a significant reduction in wholesale gas and electricity prices as the risk of gas shortages in the later part of the winter was gradually overcome. In fact, winter temperatures were relatively mild and the diversification of European gas supplies made it possible to get through the winter period while coping with the risk of a shortage of the raw material. The gas market remains characterised by uncertainties stemming from the geopolitical context and the delicate balance between supply and demand, resulting in price volatility, albeit to a limited extent compared to that experienced in 2022.

Against this context, the institutions in the second quarter of 2023 started a gradual reduction of the concessions introduced during 2022 to cope with rising gas and electricity wholesale prices.

For more details on the regulatory interventions implemented, see below.

REGULATORY CONTEXT

The following are the main regulatory measures to be updated during the first six months of 2023. Please refer to the 2022 Annual Report for a complete discussion of the regulatory context of the Payments and Mobile Strategic Business Unit.

Electronic money

Please refer to the regulatory framework of the Financial Services SBU for more details.



TLC Terminating voice calls

Within the framework of the **Regulation**, published in the Official Journal on 22 April 2021, regarding a **single maximum termination rate for calls** to mobile and fixed networks in the European Union, as of 1 January 2023, the rates applicable in Italy are as follows:

- €0.40 cents per minute (excluding VAT) is the maximum mobile termination price, i.e. the amount payable by the originating operator of the call to the mobile telecommunications operator for each voice call terminating on the latter's mobile network (on its customer's terminal);
- €0.07 cents per minute (excluding VAT) is the maximum price payable to the fixed network telecommunications operator for call termination on the latter's network.

⁵⁸ Source: AGCom Observatory 01/2023, data related to 31 December 2022.

⁵⁹ Rising gas prices have also driven up electricity prices, since in Italy and many other European countries the marginal price of electricity is defined by the generation costs of natural gas-fired thermal power plants.

PostePay adopted the tariff regime within the time-frame provided by the regulatory framework.

TLC
Gigabit Infrastructure Act

On 23 February 2023, the European Commission presented the proposal for a Regulation on measures to reduce the cost of deploying very high-speed electronic communications networks (Gigabit Infrastructure Act) in order to enable faster, cheaper and more effective deployment of Gigabit networks in the European Union and which will replace the current Directive 2014/61/EU of the European Parliament and of the Council of 15 May 2014. Once adopted by the Parliament and the Council, the Regulation will be directly applicable and will not require transposition into national law.

TLC
Quality of mobile and personal communications services

On 28 February 2023, the Italian Communications Authority (AGCom) published Resolution no. 23/23/CONS "Provisions on the quality and charters of mobile and personal communication services", which was approved following the public consultation launched in July 2022, in which PostePay also participated. The new provisions define the information that mobile and personal communications service providers must provide to users regarding the quality of their mobile services.

PostePay has directed the necessary activities to adapt to the changes introduced within the timeframe foreseen by the new regulations.

TLC
Quality voice telephony and internet access

With Resolution no. 405/22/CONS, the AGCom initiated proceedings and a public consultation for the revision of the regulation and quality of voice telephony and fixed location internet access services with regard to quality indicators (KPIs) and transparency of the information provided to users. PostePay sent in its assessments and comments on the new regulatory proposal. The consultation has been concluded and PostePay is awaiting the outcome from AGCom.

TLC
Customer service quality

With Resolution no. 436/22/CONS, the AGCom initiated proceedings and a public consultation to revise the regulations and quality indicators for customer care services in the electronic communications and audiovisual media services sector, with a view to aligning them with modern digital assistance technologies and the new Electronic Communications Code with regard to quality indicators (KPIs), transparency of information provided to users, methods for submitting and tracking complaints, measurement of the actual quality achieved, and compliance with minimum standards. PostePay sent in its assessments and comments on the new regulatory proposal.

TLC
Electronic communications

The Ministry of Enterprise and Made in Italy (MIMIT) has launched a public consultation concerning the draft legislative decree correcting the Electronic Communications Code - Legislative Decree no. 259 of 1 August 2003⁶⁰.

The outline of the legislative decree put out for consultation tends, from a formal point of view, to update certain regulatory references and make textual changes, while in terms of content, to gather possible contributions and observations on the main issues dealt with by the new European Electronic Communications Code. PostePay sent its considerations and at the conclusion of the consultation, MIMIT will publish the results and incorporate the comments submitted by the operators who participated in the consultation.

⁶⁰ Legislative Decree no. 259 of 1 August 2003 as amended by Legislative Decree no. 207 of 8 November 2021, issued in implementation of Directive (EU) 2018/1972 of the European Parliament and of the Council of 11 December 2018, establishing the new European Electronic Communications Code.

With Resolution no. **89/23/CONS**, the **AGCom** initiated proceedings and a public consultation for the revision and amendment of the "**Regulation containing provisions for the protection of users with regard to contracts for the provision of electronic communications services**". The initiative is part of the regulatory review activity to protect end users in order to adapt the current provisions to the transposition of the new European Electronic Communications Code. PostePay sent its considerations and at the conclusion of the consultation, AGCom will publish the results and incorporate the comments submitted by the operators who participated in the consultation.

ENERGY

Regulatory interventions to contain prices

The facilities provided during 2022⁶¹ for the containment of price increases in the electricity and natural gas sector, have been partially extended to the second quarter of 2023⁶² (Law Decree no. 17 of 1 March 2022, Law Decree no. 21 of 21 March 2022, Law Decree no. 80 of 30 June 2022, "Aiuti Bis" Law Decree no. 115 of 9 August 2022, Law Decree no. 197 of 29 December 2022 so-called **2023 Budget Law** and Law Decree no. 34 of 30 March 2023). The "**Aiuti Bis**" **Law Decree** also intervened by suspending, until 30 April 2023, the effectiveness of contractual clauses that allow electricity and gas sellers to unilaterally change the general terms and conditions of contracts relating to price definition (changes notified to customers before 10 August 2022 are also rendered ineffective, unless they have already been finalised by that date). The "**Milleproroghe**" **Law Decree** (no. 198/2022 of 21 December 2022) extended the deadline to 30 June 2023.

The "Aiuti Bis" Law Decree, in view of the end of regulated gas prices, initially scheduled for 1 January 2023 (law decree 176 of 18 November 2022, the so-called "Aiuti Quater", extended the deadline to 10 January 2024, aligning it with the deadline for the "Maggior Tutela elettrica") also redefined the perimeter of "vulnerable" ⁶³ customers providing that from 1 January 2023, suppliers must make available an offer for the supply of natural gas at contractual and economic conditions that will be defined by ARERA with one or more ad hoc measures. In particular, the economic conditions will have to reflect the actual cost of supply on the wholesale market and the efficient costs of marketing. No critical issues emerged with regard to PostePay's alignment to the new regulatory framework.

ENERGY

ARERA initiatives

With **Resolution 637/2022/R/com**, published on 1 December 2022, the Regulatory Authority for Energy Networks and the Environment (ARERA), introduced changes to the mandatory information content of end customers' bills, with development obligations on the part of operators that will take effect in the course of 2023. PostePay has adapted to the regulatory changes.

With **Resolutions 100/2023/R/com** and **102/2023/R/com**, published on 14 March 2023, ARERA implements the provisions of Article 1.59, of Law no. 124 of 4 August 2017 (Annual

⁶¹ Law Decree no. 234 of 30 December 2021 so-called 2022 Budget Law, made provision for the following for the first quarter of 2022:

- the zeroing of general charges for domestic electric and other customers;
- the reduction of general charges for the natural gas sector;
- an increase in the amounts of social bonuses for electricity and gas.

The aforementioned decree also provided for the reduction of VAT to 5% for the supply of gas for domestic use and the obligation for electricity and gas sales companies to offer domestic customers an interest-free instalment plan in the event of non-payment of bills issued in the period between 1 January and 30 June 2022.

⁶² For the second quarter of 2023, the following measures have been extended: the reduction of VAT to 5% on civil and industrial gas consumption, the zeroing of general system charges for domestic gas users, the reduction of the discount recognised by the UG2C tariff component, and the confirmation of social bonuses for electricity and gas.

⁶³ The new perimeter of "vulnerable" customers also includes those in economically disadvantaged conditions, persons with disabilities, customers with utilities on non-interconnected minor islands or in emergency housing facilities following calamitous events, and customers over 75 years of age.

Law for the Market and Competition) and the provisions of Law Decree no. 115 of 9 August 2022, as converted by Law no. 142 of 21 September 2022 (the so-called "Aiuti bis" Law Decree) regarding, respectively, the passing of regulated natural gas prices and the definition of the conditions for the supply of natural gas to vulnerable end customers, providing for a gradual implementation path of the reform to be completed by January 2024.

By virtue of the exceptional meteorological events that occurred in central Italy in May 2023 ARERA, in implementing the Government's provisions⁶⁴, approved **Resolution 216/2023/R/COM** "Urgent provisions concerning electricity, gas, water and the integrated urban waste management service, in the territories affected by the exceptional meteorological events that occurred in May 2023". PostePay has taken the relevant measures to comply with the requirements for electricity and natural gas sellers.

In April 2023, within the regulatory deadlines, PostePay complied with the new obligations set out in the Decree of the Minister for Ecological Transition of 25 August 2022, which established the list of entities authorised to sell electricity to end customers. PostePay proceeded to register on this public list, which is a necessary condition for being able to engage in the business of selling electricity to end customers.

ENERGY

ARERA consultations

Consultation 186/2023/R/eel, with the subject "List of entities authorised to sell electricity to end customers pursuant to the Decree of the Minister for Ecological Transition of 25 August 2022: Guidelines on permanence communication procedures". The consultation outlines ARERA guidelines on the procedures provided for in Article 11(3) of the Decree of the Minister for Ecological Transition (now: Ministry of the Environment and Energy Security) 25 August 2022, in order to allow the verification of certain requirements and indicators that must be met by companies in order to remain on the list of entities authorised to sell electricity to end customers, established by the same decree. PostePay submitted its comments on 26 May 2023.

Consultation 212/2023/R/eel, with the subject "Gradual protection service for non-vulnerable domestic customers in the electricity sector under Article 1, paragraph 60 of Law no. 124/17. Guidelines for the definition of service regulation and methods of identifying operators", published in implementation of Law Decree no. 169 of 18 May 2023⁶⁵. The consultation illustrates the Authority's orientations with reference to the regulation and methods of entrusting through public auctions the Gradual Protection Service, i.e. the service of last resort into which non-vulnerable domestic electricity customers who, on the date of removal of the Greater Protection Service, will not have chosen a free market offer, will be channelled. Following the consultation process, which has now been concluded, we are awaiting the Authority's resolution, which will essentially represent the final step in the liberalisation process of the electricity market for the retail market, scheduled for 10 January 2024.

⁶⁴ The Council of Ministers approved Law Decree no. 61 of 1 June 2023, on "Urgent interventions to deal with the emergency caused by the flooding events that occurred from 1 May 2023", which provided for a number of concessions in favour of the populations of the municipalities affected by the floods. In particular, it provides - for the citizens of the municipalities for which a state of emergency has been declared - the suspension for 6 months of the payment deadlines for electricity and natural gas bills issued or to be issued and payment notices due from 1 May 2023.

⁶⁵ Law Decree no. 169 of 18 May 2023 on "Regulation of criteria and modalities for the informed entry of domestic customers into the free electricity market".

OTHER INFORMATION

BANK OF ITALY

During the last quarter of 2022, the Bank of Italy conducted two inspections of PostePay S.p.A. - EMI RFC.



In February 2023, the Bank of Italy initiated an inspection at PostePay S.p.A. - EMI RFC, pursuant to Article 146, Legislative Decree no. 385 of 1 September 1993.

For further information on the outcome of the checks, please refer to the chapter "Proceedings pending and principal relations with the Authorities" of the Condensed Consolidated Half-Year Financial Statements section at 30 June 2023.

For the main pending proceedings and further relations with the Authorities, please refer to the condensed consolidated half-year financial statements at 30 June 2023 in the chapter "Proceedings pending and principal relations with the Authorities".

OPERATING REVIEW

The following table shows the main activities of the Payments and Mobile Strategic Business Unit for the period.

SEGMENT	OPERATING REVIEW
Energy	<p>During the first quarter of 2023, the Energy offer was launched on an omnichannel basis in the mass market and the first dedicated communication campaign was carried out. Communication activities continued in the second quarter with an "always on" presence on digital channels and in post offices. The offer is characterised by being 100% green for light and 100% compensated in terms of CO₂ for gas.</p> 
Electronic Money/ Collections and Payments	<p>As part of the process of integrating LIS, which was acquired in September 2022, the process of expanding the services offered on the LIS point-of-sale network continued during the first half of 2023, with the launch of the "pay and withdraw" service⁶⁶ accessible from the LIS network's points of sale operating with Postepay acquiring, in line with the Poste Italiane Group's omnichannel strategy.</p>  <p>The first Payment Facilitator contract⁶⁷ was signed with the Ferrovie Nord Milano Group and the start of the physical acquiring pilot project with Trenord S.r.l.</p> <p>Due to inflationary dynamics, the annual fee for the Postepay Evolution card and the Postepay Digital card with IBAN has been adjusted for new issues as of 1 January 2023. From 1 April 2023, this affected both the renewals of Postepay Evolution cards and the annual fee for debit cards associated with the current accounts: BancoPosta Più, BancoPosta Persone Fische, BancoPosta Click.</p> <p>In line with ESG strategic objectives, the migration (renewals, replacements and first issues) of the Postepay card fleet to cards made of environmentally sustainable material continued during the first half of 2023.</p>

⁶⁶ With this service, customers can withdraw cash at the LIS point of sale at the same time as a payment transaction with a payment card.

⁶⁷ Compared to the standard acquiring service, the payment facilitator agreement envisages the provision of an acquiring service by Postepay to an "aggregator of merchants", the so-called payment facilitator, and not to an individual merchant. The first "submerchant" with whom the (physical) acquiring service was activated was Trenord S.r.l.

5. RISK MANAGEMENT

[POSTE ITALIANE'S INTEGRATED INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM](#)
[RISK MANAGEMENT AND RISK ASSESSMENT MODEL](#)

5.1 POSTE ITALIANE'S INTEGRATED INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM

The Poste Italiane **Internal Control and Risk Management System** (SCIGR) is a combination of tools, procedures, rules and organisational structures, designed to ensure that the business is managed in a way that is sound, fair and consistent with the corporate objectives, and to pursue sustainable success, through an adequate definitions of players, duties and responsibilities of the various corporate bodies and control functions as well as through the identification, measurement, management and monitoring of the main risks, and through the structuring of adequate reporting lines to expedite the flow of information.

This system is a fundamental element of Poste Italiane's Corporate Governance system, as it enables the Board of Directors to guide the Company in its pursuit of long-term value creation, defining the nature and level of risk compatible with its strategic objectives, and including in its assessments all elements that may be relevant to sustainable success.

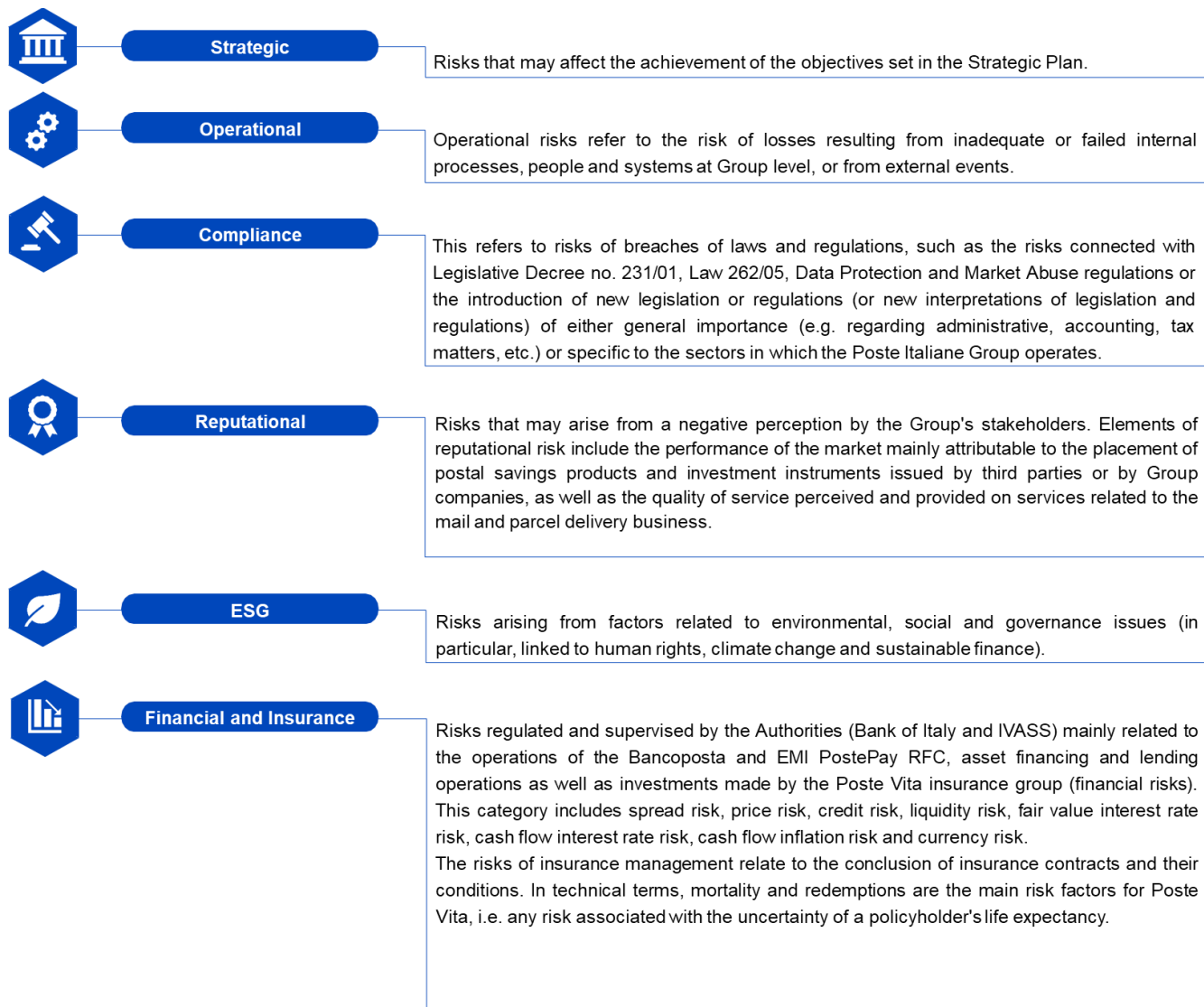
For more information on the objectives and structure of Poste Italiane's SCIGR, please refer to the 2022 Annual Report in Chapter 6 "Risks and Opportunities".

5.2 RISK MANAGEMENT AND RISK ASSESSMENT MODEL

Poste Italiane has adopted a Risk Management model based on the Enterprise Risk Management (ERM) framework, with the aim of providing an organic, integrated vision and an effective, standardised response to the risks to which the Group is exposed. The Corporate Affairs function is responsible for ensuring that these objectives are met. This is primarily done through the definition of an integrated risk management process that relies on the coordinated involvement of all the actors in the Internal Control and Risk Management System, above all the specialist forms of second-level control, the use of standardised models and metrics based on Group-wide criteria, and the design and implementation of shared tools for assessing and managing risk. In this last regard, the Group's GRC - RSA Archer Platform supports the integrated risk management process by ensuring the sharing of risk analysis methodologies among all the specialised control functions operating at the 2nd control level, the improvement of communication with top management and corporate bodies and between the control functions, as well as the minimisation of the risk of deficient or redundant information.

For more information on the objectives of the platform, please refer to the 2022 Annual Report in Chapter 6 "Risks and Opportunities".



The **principal risks** to which the Poste Italiane Group is exposed are described below.



Below is a summary description of the financial risks to which the Group is exposed and for which there have been no significant changes since 31 December 2022.

RISK CATEGORY	DESCRIPTION
Spread	This is the risk of a potential fall in the value of the bonds held, following deterioration in the creditworthiness of issuers. This is due to the importance that the impact of the spread on yields on government securities has on the fair value of euro area government and corporate securities. In the Poste Italiane Group's case, this risk particularly relates to the spread on Italian government securities, which influences the fair value of the Group's holdings of Italian government securities. The total nominal value of these securities at 30 June 2023 amounts to €137 billion (€186 billion in terms of total bonds). As regards the development of relevant risks, the first half of 2023 was characterised by a decrease in Italian government bond yields (10-year BTP 4.07% at 30 June 2023, -64 bps since the beginning of the year) and in the 10-year BTP-Bund spread (168 bps at the end of June 2023, 46 bps lower than at the beginning of the year). The performance of Italian government bond yields and risk-free rates jointly led to a decrease in valuation losses ⁶⁸ .

⁶⁸ The positions of Poste Italiane exposed to the risk in question mainly regard financial assets at fair value through other comprehensive income with a fair value at 30 June 2023 of €34 billion. Fixed income securities measured at amortised cost relating entirely to BancoPosta RFC amounted to €30 billion at 30 June 2023 (with a fair value of €27 billion). On the other hand, with reference to the Poste Vita Group (including the Net Insurance companies acquired in June 2023), the portfolio

	<p>The spread reduction has a positive effect on the Poste Vita Group's Solvency II Ratio. The Solvency Ratio at 30 June 2023 stands at 274%⁶⁹, up from 253% at 31 December 2022. In August 2019, the Company was authorised by IVASS to use Transitional measures  on technical provisions, however this measure is zero at 30 June 2023 because the solvency reserves are lower than the statutory reserves. On 29 July 2022, the Parent Company further increased the capital endowment of the Company through the subscription of a subordinated capital instrument for €500 million which is calculated among the elements of Restricted Tier 1 (RT1). Starting 2019, the Company made use of the Ancillary Own Funds (AOF), i.e. non-asset items represented by guarantees or signature commitments that can be included in own funds items.</p> <p>The transaction designed to strengthen the company's capital position through the use of AOFs was formalised in November 2018 with the Parent Company Poste Italiane S.p.A.'s signature of an unconditional, irrevocable commitment letter with a five-year term. The letter commits the Parent Company, merely at the request of the subsidiary, to subscribe for ordinary shares to be issued in future by Poste Vita, amounting to up to €1.8 billion. Following authorisation by IVASS in February 2019, the commitment letter signed by the Parent Company in favour of the Company Poste Vita S.p.A. is counted among the elements of Tier 2 (AOF) ancillary funds, together with the subordinated loans (Poste Vita and Net Insurance), the total value of which was about €280 million at 30 June 2023. Therefore, in accordance with the Solvency II Directive and the regulatory framework of reference for insurance, the Tier 2 elements eligible to cover the Capital Requirement amount to €2 billion at 30 June 2023.</p> <p>In June 2023, Poste Italiane S.p.A. approved the renewal of the Ancillary Own Fund transaction in favour of Poste Vita S.p.A. for a maximum amount of €1,750 million.</p>
<p>Price</p>	<p>This is the risk that the value of a financial instrument fluctuates as a result of market price changes, deriving from factors specific to the individual instrument or the issuer, and factors that influence all instruments traded on the market.</p>
<p>Credit</p>	<p>This is the risk of default of one of the counterparties to which there is an exposure, except for investments in equity instruments and mutual funds. In relation to revenue and receivables due from the state and from central and local government bodies, regulated by statute and specific agreements or contracts, prompt and full payment of the amounts due is dependent on availability of the necessary funds in the state budget or in the budgets of the related Public Administration entities.</p>
<p>Liquidity</p>	<p>This is the risk that the Poste Italiane Group is unable to meet its obligations deriving from financial instruments due to its inability to raise sufficient funds (funding liquidity risk) or to sell assets in the market (market liquidity risk) effectively or at market conditions.</p> <p>The Poste Italiane Group applies a financial policy based on diversification of the various forms of short-term and long-term loans and counterparties, the availability of significant committed and uncommitted lines of credit in terms of amounts and the number of banks, the gradual and consistent distribution of the maturities of medium/long-term loans and the use of dedicated analytical models to monitor the maturities of assets and liabilities. In this regard, further details are provided in the section of this Report entitled "Group Financial position and cash flow".</p>
<p>Fair value interest rate</p>	<p>This is the risk that the value of a financial instrument fluctuates as a result of movements in market interest rates. This refers to the effects of changes in interest rates on the price of fixed rate financial instruments or floating rate financial instruments converted to fixed rate via cash flow hedges and, to a lesser degree, the effects of changes in interest rates on the fixed components (the interest spread) of floating rate financial instruments or fixed rate financial instruments converted to floating rate via fair value hedges.</p> <p>The impact of these risks is directly related to the financial instrument's duration .</p>

exposed to the risk in question totalled €106.7 billion at 30 June 2023 and consisted mainly of financial assets recognised in other comprehensive income.

⁶⁹ The issue is under review and will be submitted to IVASS on 4 August 2023.

Cash flow interest rate	This is defined as the uncertainty related to the generation of future cash flows, due to fluctuations in market interest rates. It may result from the misalignment - in terms of interest rates, indexation methods and maturities - of financial assets and liabilities that tend to remain in place until their contractual or expected maturity (so-called banking book) which, as such, generate economic effects in terms of net interest income, reflecting on the income results of future periods.
Cash flow inflation	This is defined as the uncertainty related to future cash flows due to changes in the rate of inflation observed in the market.
Currency	This is the risk that the value of a financial instrument fluctuates as a result of movements in exchange rates for currencies other than the functional currency. This risk primarily regards trade receivables and payables due from and to overseas counterparties, investments in equity instruments and holdings in certain funds. The Poste Italiane Group is also subject to translation currency risk, which is the exchange rate risk associated with the conversion into euro of items relating to investments in companies whose functional currency is not the euro.

For a complete discussion on the description and control of financial and other risks, please refer to the 2022 Annual Report in Chapter 6 "Risk management" of the section "Poste Italiane's financial statements" and Chapter 6 "Risks and opportunities" of the section "Report on Operations".



6. CREATION OF VALUE

[PERFORMANCE OF POSTE ITALIANE SHARES](#)

[GROUP OPERATING RESULTS](#)

[MAIL, PARCELS AND DISTRIBUTION STRATEGIC BUSINESS UNIT](#)

[FINANCIAL SERVICES STRATEGIC BUSINESS UNIT](#)

[INSURANCE SERVICES STRATEGIC BUSINESS UNIT](#)


[PAYMENTS AND MOBILE STRATEGIC BUSINESS UNIT](#)

[GROUP CAPITAL MANAGEMENT FRAMEWORK](#)

[GROUP FINANCIAL POSITION AND CASH FLOW](#)


6.1 PERFORMANCE OF POSTE ITALIANE SHARES

The value of the Poste Italiane share in the first six months of 2023 recorded an increase of 7.41%, going from €9.232 at the beginning of the year to €9.916 at the end of June 2023.

From the date of listing on the stock exchange (27 October 2015) to 30 June 2023, Poste's share price increased by 46.9% (while the FTSEMIB  index increased by 24.8% in the same period), guaranteeing an overall return for shareholders (TSR) of 130% while the main Italian stock exchange index recorded an increase of 66%.



The table below shows the main information on the stock and on the Company's dividend policy as well as the relative performance recorded during the period compared to previous periods.

Share KPIs	1H 2023	FY 2022	1H 2022	FY 2021
Closing price at the end of the period (€)	9.916	9.126	8.912	11.540
Minimum price of the period (€)	9.012	7.658	8.692	8.076
	17/03/2023	29/09/2022	23/06/2022	29/01/2021
Maximum price of the period (€)	10.315	11.940	11.940	12.675
	06/03/2023	03/02/2022	03/02/2022	26/10/2021
Average price of the period (€)	9.707	9.373	10.173	10.996
 Stock exchange capitalisation at the end of the period (€m)	12,951	11,920	11,640	15,073
TSR of the period (%)	13.61	(15.42)	(19.22)	44.83
Earnings per share (€)*	0.880	1.163	0.757	1.214

Source: Bloomberg.

*The indicators shown in column 1H 2023 and 1H 2022 are calculated as Group's net profit for the period (6 months)/number of shares outstanding.

6.2 GROUP OPERATING RESULTS

[MAIL, PARCELS AND DISTRIBUTION STRATEGIC BUSINESS UNIT](#)

[FINANCIAL SERVICES STRATEGIC BUSINESS UNIT](#)

[INSURANCE SERVICES STRATEGIC BUSINESS UNIT](#)

[PAYMENTS AND MOBILE STRATEGIC BUSINESS UNIT](#)

[DIGITAL AND THIRD-PARTY NETWORKS IN THE GROUP'S OMNICHANNEL STRATEGY](#)

1H 2023

Revenue
€6.1 bn
(+8.3% y/y)

EBIT
€1.6 bn
(+10.6% y/y)

Net Profit
€1.1 bn
(15.7% y/y)

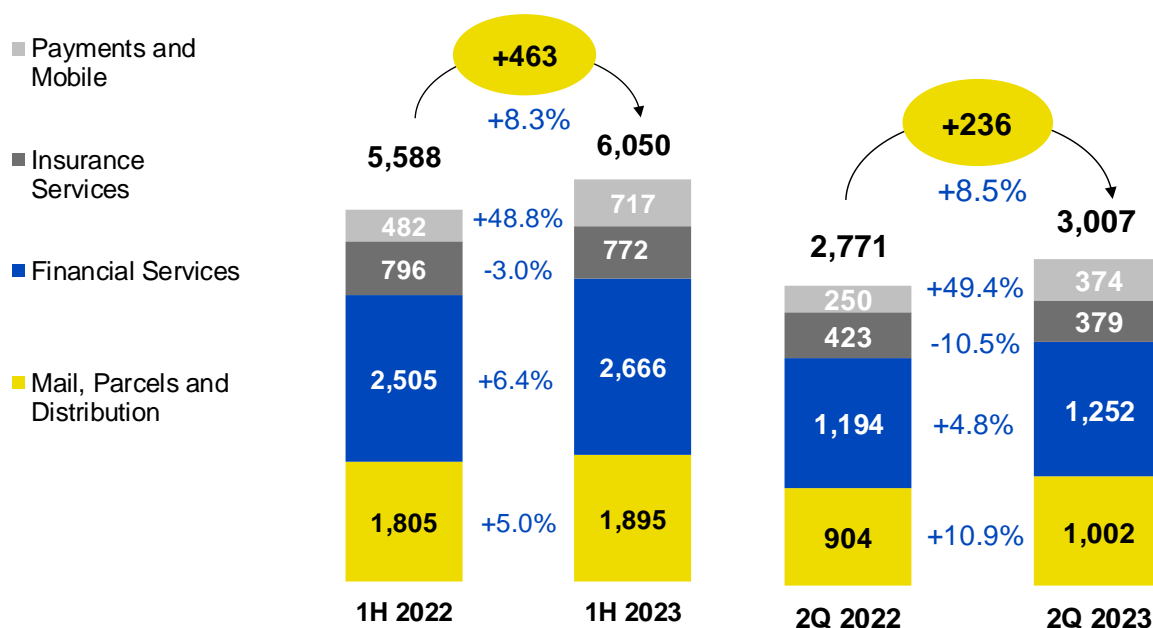
The comparison scenario for the first half of 2022 was pro-forma according to the new accounting standard IFRS17.

The Group's performance for the first six months of 2023 was positive and up compared to the same period in 2022: in particular, there was double-digit growth in both EBIT and net profit for the period. These results are attributable both to the significant growth in revenue, driven mainly by the performance of the Payments and Mobile SBU, and to cost discipline, in a general economic scenario that continued to be characterised by a high level of inflation during the period.

(€m)	1H 2023	1H 2022	Changes		2Q 2023	2Q 2022	Changes	
Revenue	6,050	5,588	+463	+8.3%	3,007	2,771	+236	+8.5%
Total costs	4,484	4,171	+313	+7.5%	2,208	2,044	+163	+8.0%
EBIT	1,566	1,417	+150	+10.6%	799	727	+72	+9.9%
EBIT margin %	25.9%	25.4%			26.6%	26.2%		
NET PROFIT	1,140	985	+155	+15.7%	601	492	+109	+22.1%
Net earnings per share	0.88	0.76	+0.12	+16.2%	0.46	0.38	+0.1	+22.6%
CAPEX	249	223	+25	+11.3%	137	147	(10)	-6.7%
% of revenue	4.1%	4.0%			4.6%	5.3%		

REVENUE

(€m)



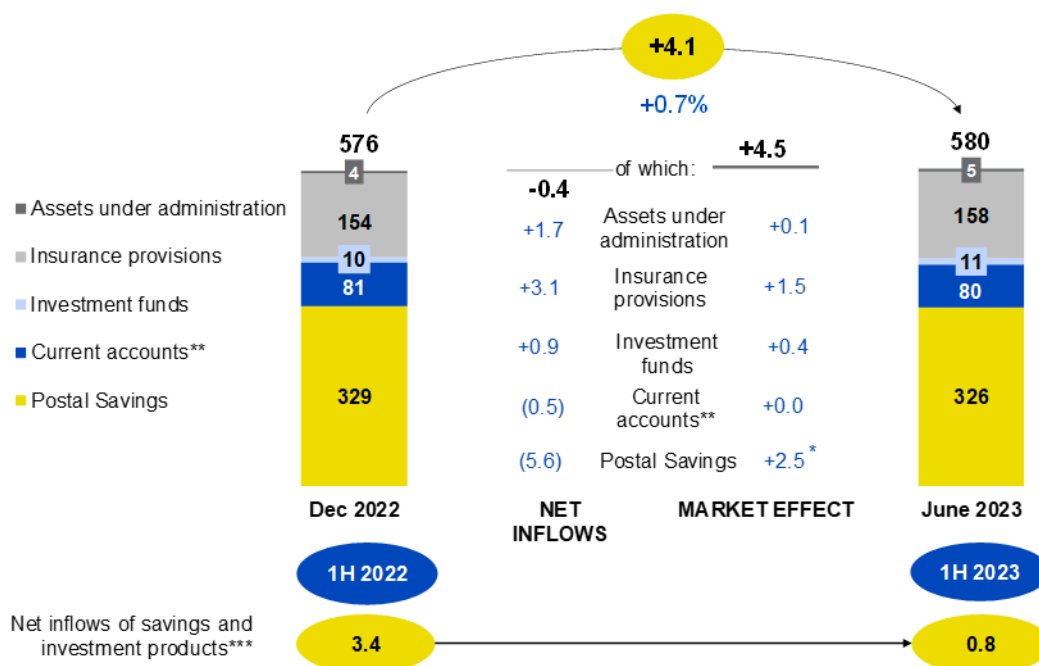
Group revenue for the first half of 2023 amounted to €6,050 million, marking an increase of €463 million compared to 2022 (+8.3%) with the positive contribution of the Payments and Mobile (+€235 million or +48.8%), Financial Services (+€161 million or +6.4%) and Mail, Parcels and Distribution (+€91 million or +5.0%) Strategic Business Units. The Insurance Services Strategic Business Unit recorded revenue down by €24 million (-3.0%) compared to the first half of 2022. The contribution of the incremental revenue in the first half of 2023 realised by the newly acquired companies during 2022 (Plurima, LIS, Agile and Sourcesense) and the first half of 2023 (Net Insurance) totalled €176 million (€85 million in the second quarter of 2023).

Group revenue in the second quarter of 2023 amounted to €3,007 million, marking an increase of €236 million compared to the second quarter of 2022 (+8.5%) with the positive contribution of the Payments and Mobile (+€124 million or +49.4%), Mail, Parcels and Distribution (+€99 million or +10.9%) and Financial Services (+€58 million or +4.8%) Strategic Business Units. The Insurance Services Strategic Business Unit recorded revenue down by €44 million (-10.5%) compared to the second quarter of 2022.

TOTAL FINANCIAL ASSETS

(€bn)

The value of total financial assets of the insurance segment, as of the financial year 2023, takes into account the "Insurance Provisions" indicator⁷⁰ of the Life segment (in accordance with the local processing principles of the financial statements of Poste Vita S.p.A.); the stock of total financial assets at 31 December 2022 has also been readjusted according to this new measure.



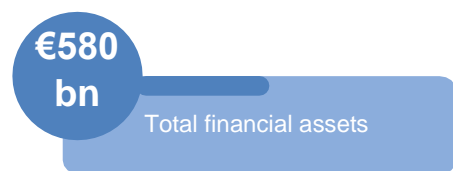
* Includes capitalisation of interest.

** Current accounts do not include REPO and Poste Italiane's liquidity.

*** Includes net inflows on: Investment Funds, Moneyfarm, Postal Savings Bonds, Insurance and Asset Management.

⁷⁰ They represent the obligations undertaken vis-à-vis policyholders as well as the tariff premiums net of loadings. Technical Provisions are calculated, in accordance with the application rules set out in Annex 14 of ISVAP Regulation no. 22 of 4 April 2008, analytically, contract by contract with reference to the portfolio issued by the Company and in force at the valuation date (Mathematical Provisions). This item also includes Outstanding claims provisions and Miscellaneous Technical Provisions (provisions for future expenses, supplementary insurance premium provisions, profit-sharing provisions and reversals).

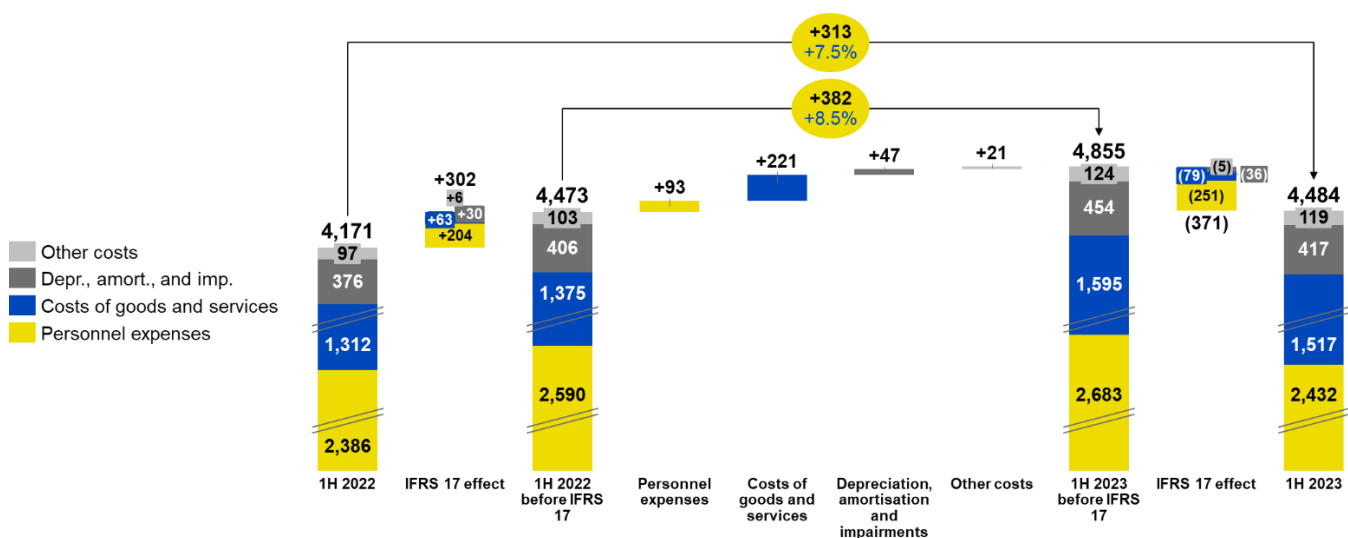
At 30 June 2023, total financial assets amounted to €580 billion, up 0.7% (+€4.1 billion) compared to €576 billion at 31 December 2022, mainly due to the positive performance of net inflows and the market effect on Insurance Provisions, as well as the market effect on Postal Savings and higher net inflows on assets under administration. These positive changes are partially mitigated by negative net inflows into Postal Savings.



TOTAL COSTS

(€m)

Following the entry into force of the new IFRS 17 standard, the costs incurred by the Group and directly attributable to insurance policies, from the time of their placement and until their settlement, are considered within insurance liabilities and released periodically in the statement of profit or loss (among insurance net revenue). For the purpose of understanding the trends presented below, the total value of costs incurred by the Group was reconstructed, also considering those attributable to insurance contracts.



Total costs for the first half of 2023 amounted to €4,484 million, up on the €4,171 million of the first half of 2022 (+€313 million), mainly due to the increase in the items: costs of goods and services (+€205 million), personnel expenses (+€46 million) and amortisation/depreciation (+€41 million). The expansion of the Group's scope of operations in 2022 and the first half of 2023 resulted in an increase in personnel expenses, cost of goods and services and depreciation and amortisation compared to the first half of 2022 of €29 million, €114 million and €16 million, respectively.

Costs of goods and services recorded an increase of €205 million, going from €1,312 million in the first half of 2022 to €1,517 million in the same period of 2023.

Personnel expenses amounted to €2,432 million, an increase of €46 million compared to the first half of 2022. See the following section for more details.

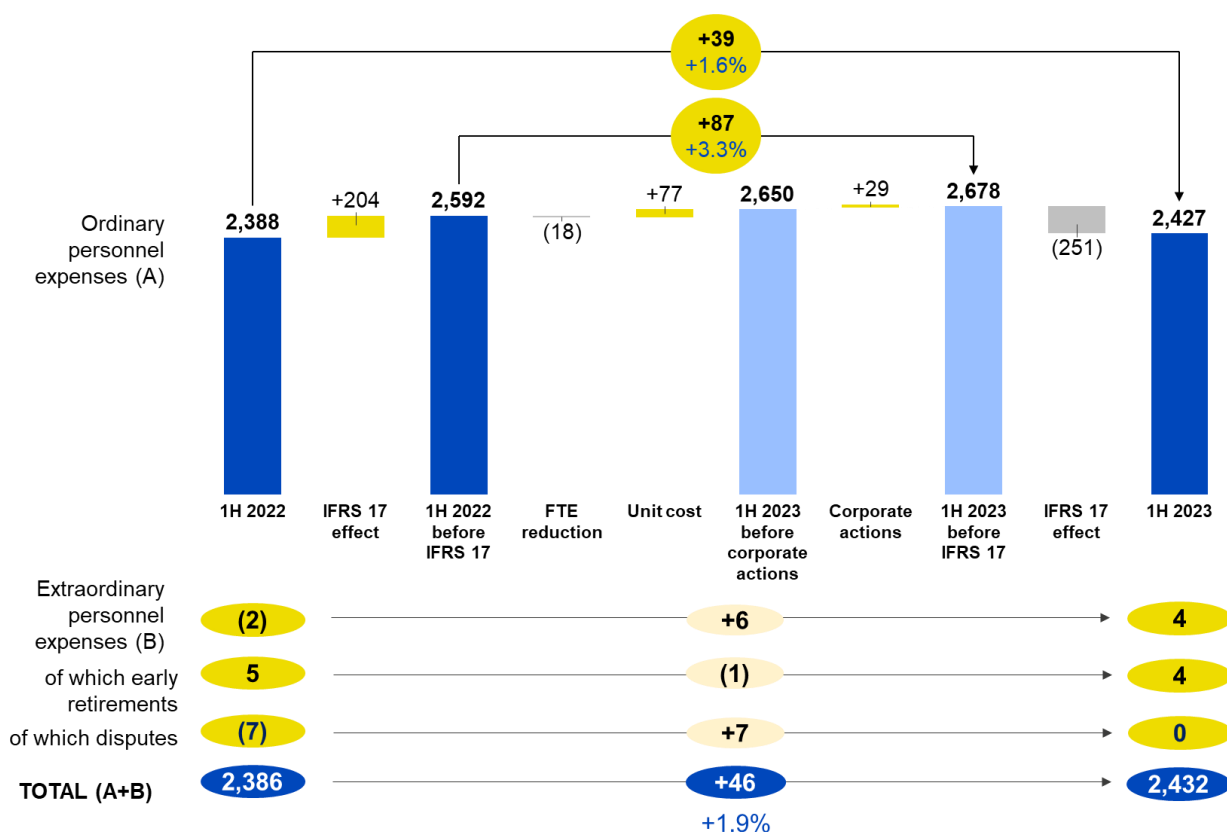
Depreciation and amortisation amounted to €417 million, a positive change of €41 million compared to the first six months of 2022, while other costs amounted to €119 million, an increase of €22 million compared to the first half of 2022. The change in other costs is attributable to the combined effect of the growth in other costs and charges (+€57 million), partially offset by the decrease in impairment losses and reversals of impairment losses on receivables and debt instruments (-€27 million) and increases for capitalised costs and expenses (+€9 million).

For further details, please refer to the notes to the condensed consolidated half-year financial statements.

PERSONNEL EXPENSES

(€m)

Total personnel expenses increased by €46 million (+1.9%) compared to the first half of 2022, of which €39 million was for ordinary personnel expenses and €6 million for overtime costs. Below is the development of personnel expenses compared to the first half of 2022, also showing the effects of the application of IFRS 17.



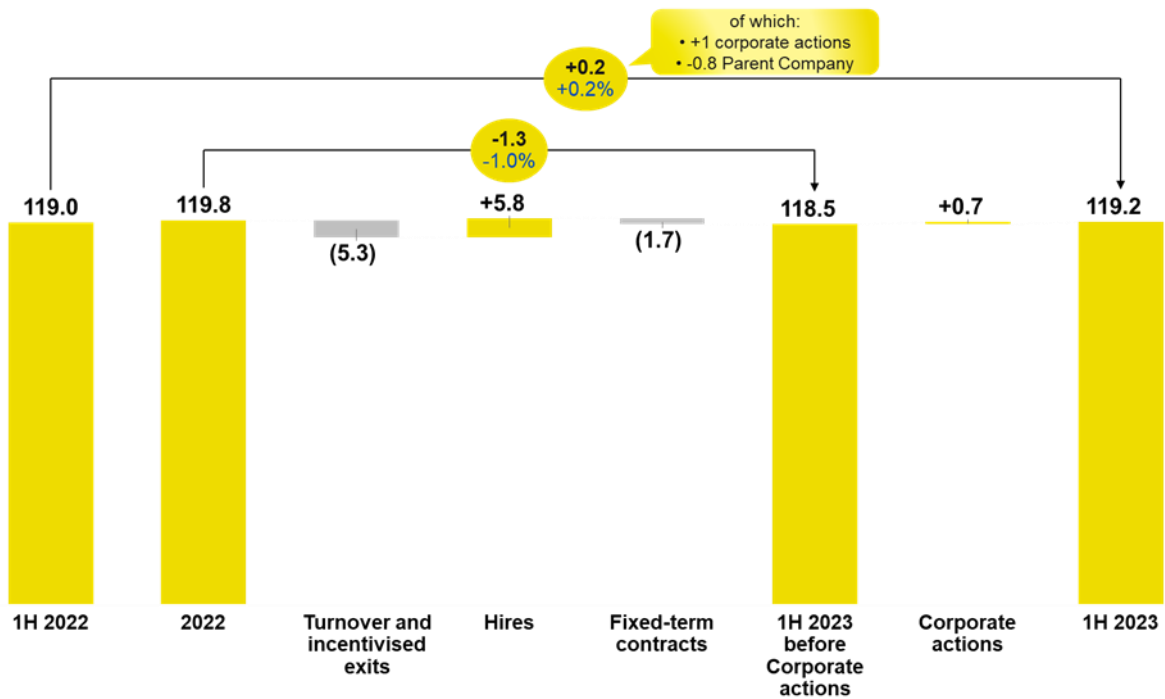
Ordinary personnel expenses, net of the effect generated by the application of IFRS17, increased by €87 million (+3.3%) from €2,592 million in the first half of 2022 to €2,678 million in the corresponding period of 2023. This change is related to the increase in unit cost (+€77 million), the effect of the corporate transactions carried out in 2022 and the first half of 2023 (about 1,000 average FTE), partially offset by the reduction in headcount recorded at Poste Italiane (about -800 average FTE). Contributing to the increase in the unit cost were the increase in the minimum contractual minimums triggered in July 2022 in connection with the National Collective Labour Agreement renewed in June 2021 and the increase in the variable component driven by the share linked to commercial action.

NUMBER OF RESOURCES

(average Full Time Equivalent in thousands)

The number of resources leaving the Group in the first six months of 2023, including incentive is 5.3 thousand (average FTE) on a permanent basis and 1.7 thousand (average FTE) on a fixed-term basis, against new hires of 5.8 thousand (average FTE). The expansion of the Group's scope which took place in 2022 with the entry of Plurima, Agile, LIS and Sourcesense and in 2023 of Net Insurance (+0.7 thousand average FTE) also contributed to the change in the workforce for the period.

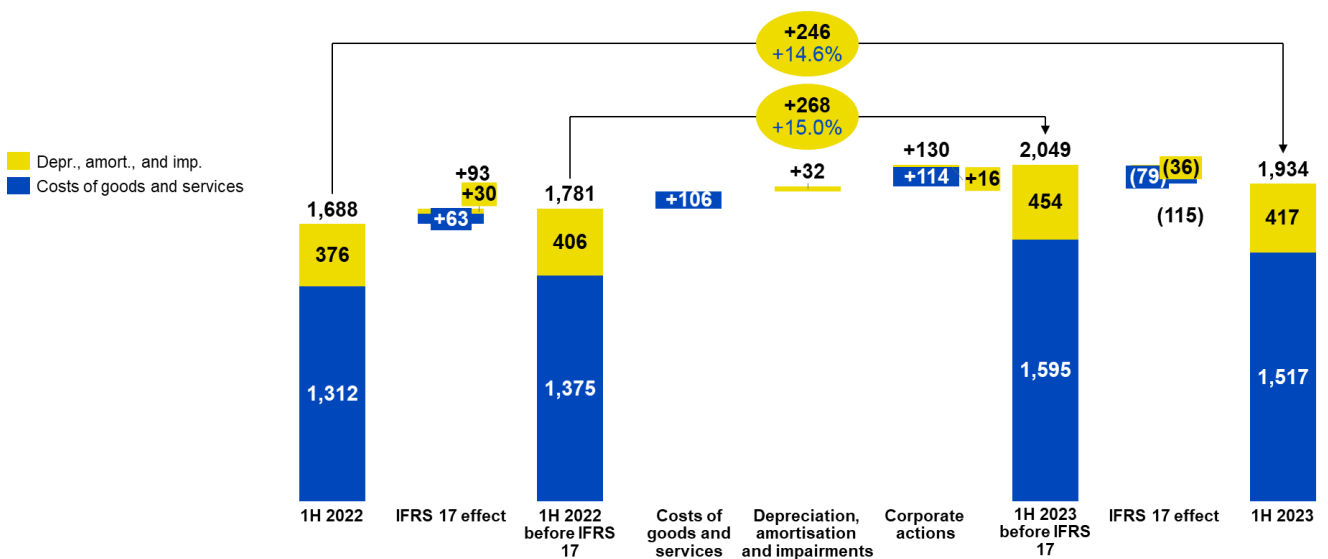
> redundancies,
119,000
 People employed in the Group



COST OF GOODS AND SERVICES AND DEPRECIATION AND AMORTISATION

(€m)

The following table shows the development of costs of goods and services and depreciation and amortisation compared to the first half of 2022, showing the effects of the application of IFRS 17.

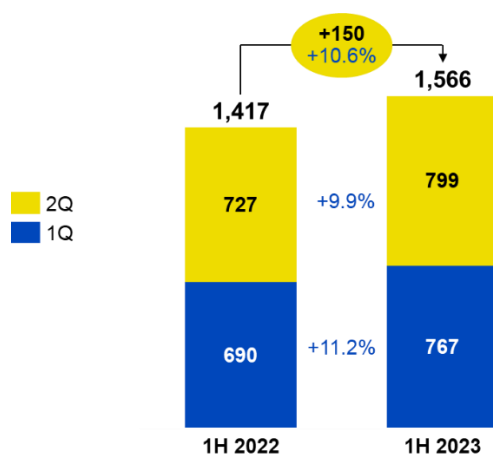


Excluding the effects of the application of the new standard, costs of goods and services increased by €220 million from €1,375 in the first half of 2022 to €1,595 in the first half of 2023; the change is mainly related to the expansion of the company scope (by €114 million) for the companies acquired during 2022 and the first half of 2023, costs related to the new energy business (€42 million) and the international inflationary scenario (by €21 million) induced by the Russian-Ukrainian conflict.

Depreciation and amortisation, net of the application of IFRS 17, amounted to €454 million, an increase of €47 million compared to the first half of 2022 due to higher depreciation and lower reversals of impairment losses on property, plant and equipment, as well as higher amortisation on rights of use, mainly due to the expansion of the Parent Company's leased fleet, and on intangible assets (related to investments in software applications).

GROUP EBIT

(€m)

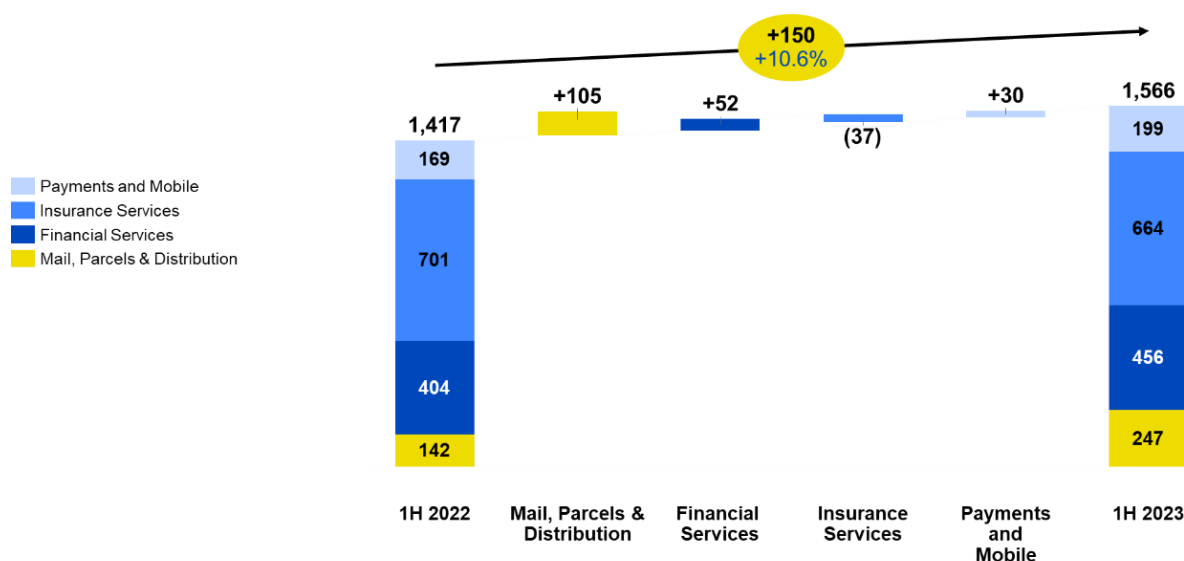


The consolidated operating result (EBIT) amounted to €1,566 million, an increase of €150 million (+10.6%) compared to the first half of 2022 (€1,417 million).

Below is a representation of the contribution of the individual SBUs to the operating result for the period.

EBIT BY STRATEGIC BUSINESS UNIT

(€m)



The operating result of the **Mail, Parcels and Distribution Strategic Business Unit** was positive by €247 million, an increase of €105 million compared to the first half of 2022 (€142 million).

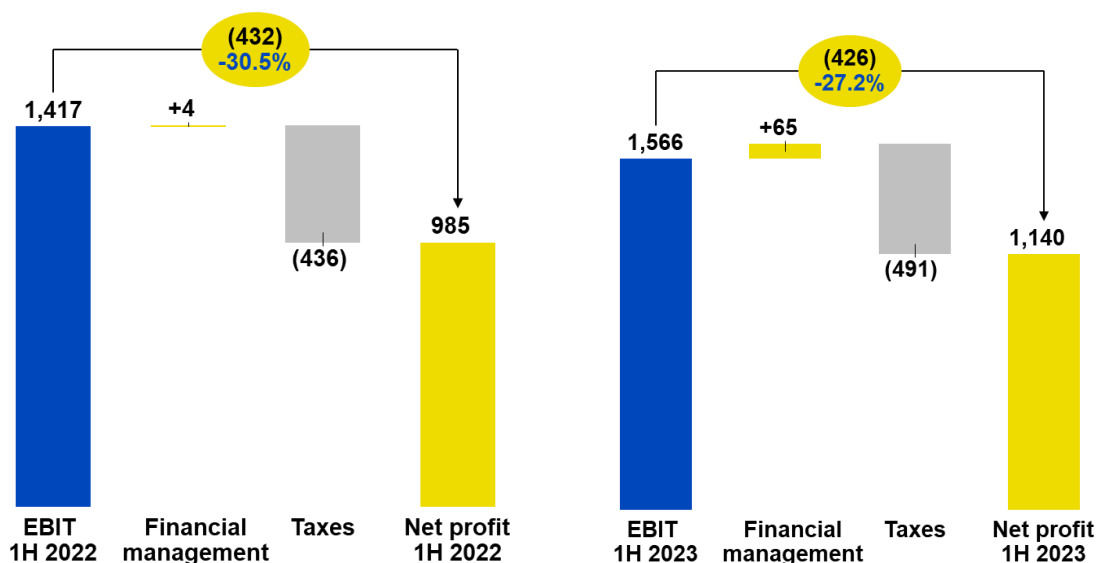
The operating result of the **Financial Services Strategic Business Unit** was positive at €456 million, an improvement of €52 million compared to the value realised in the first half of 2022 (€404 million), while that of the **Payments and Mobile Strategic Business Unit** was €199 million, an improvement of €30 million compared to the value realised in the first half of 2022 (€169 million).

The **Insurance Services Strategic Business Unit** posted a positive result of €664 million, down by €37 million compared to the result for the first half of 2022 (€701 million).

For more detailed information on the performance of the individual Strategic Business Units, please refer to the dedicated paragraphs later in the chapter.

FINANCIAL MANAGEMENT AND TAXES

(€m)



Profit for the period amounted to €1,140 million, up from €985 million in the first half of 2022, and took into account financial management, which rose from €4 million in the first six months of 2022 to €65 million in 2023. This change (+€60 million) is mainly attributable to: (i) the release, following the July 2023 ruling of the Court of Cassation, of part (€25 million) of the provision for doubtful debts from others relating to the interest income accrued on the IRES receivable (for the non-deduction for IRAP purposes of personnel expenses); (ii) the adjustment of €21 million, following the impairment test carried out in 2022, on the value of the investment in Anima Holding (at 30 June 2023, the need to adjust the carrying amount of the investment had not arisen). For further details, please refer to the notes "Other receivables and assets" and "Use of estimates" in the condensed consolidated half-year financial statements, respectively.

Income taxes for the period show an increase of €55 million, going from €436 million in the first half of 2022 to €491 million in the same period of 2023.

6.2.1 MAIL, PARCELS AND DISTRIBUTION STRATEGIC BUSINESS UNIT

The performance in the first half of 2023 of the Strategic Business Unit shows a performance of the mail and parcel business in line with last year and a growth in revenue from the placement of products/services of the other segments in the distribution network. Despite the increase in costs generated by inflationary pressures, the operating result increased compared to the first half of 2022.

MAIL, PARCELS AND DISTRIBUTION (€m)	1H 2023	1H 2022	Changes	
External revenue	1,895	1,805	+91	+5.0%
Revenue from other sectors	2,655	2,481	+174	+7.0%
Total revenue	4,550	4,286	+264	+6.2%
Costs	4,287	4,122	+166	+4.0%
Costs vs other sectors	16	22	(6)	-27.0%
Total costs	4,303	4,144	+160	+3.9%
EBIT	247	142	+105	+73.6%
EBIT margin %	5.4%	3.3%		
NET RESULT	190	87	+103	+118.4%

Operating KPIs	1H 2023	1H 2022	Changes	
Mail and parcels				
Revenue/FTE (€k)	39	36	+2	+6.4%
Parcels that can be delivered as standard mail (volumes in m)	37	31	+7	+22.5%
New Punto Poste Network (number of lockers and alternative collection points)*	15,664	15,117	+547	+3.6%
Incidence of parcels delivered using alternative channels ¹ (%)	8.0	5.7		
Distribution				
Number of customers (m)	35.1	35.1	(0.1)	-0.2%
Number of Post Offices*	12,755	12,755	0	n/s
Rooms dedicated to consultancy	7,885	7,773	+112	+1.4%
Postamat ATM network	8,116	8,108	+8	+0.1%
ESG				
Green fleet (electric vehicles)*	4,806	3,653	+1,153	+31.6%
Charging points installed*	5,132	4,012	+1,120	+27.9%
SMART mailboxes*	418	418	0	n/s
No. buildings involved in the Smart Building project ^{**}	1,873	1,617	+256	+15.8%
Photovoltaic panels (no. of buildings)*	183	163	+20	+12.3%

n/s: not significant

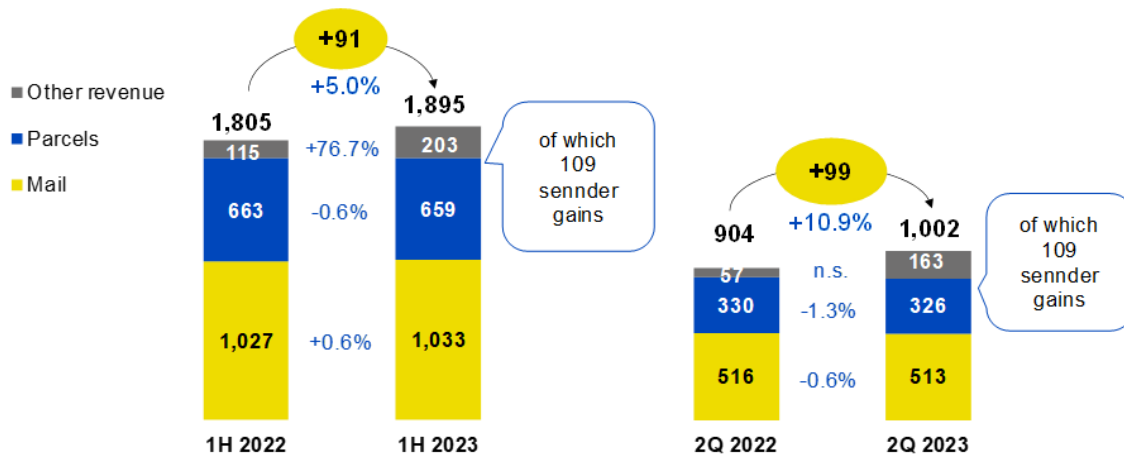
* The figure indicated in column 1H 2022 refers to 31 December 2022

¹ Third-party networks. Calculated as parcel volumes delivered on the Punto Poste network (Lockers, tobacconists and other collect points) on total B2C parcel volumes

² Automated and remote management of buildings to achieve energy efficiencies

EXTERNAL REVENUE

(€m)



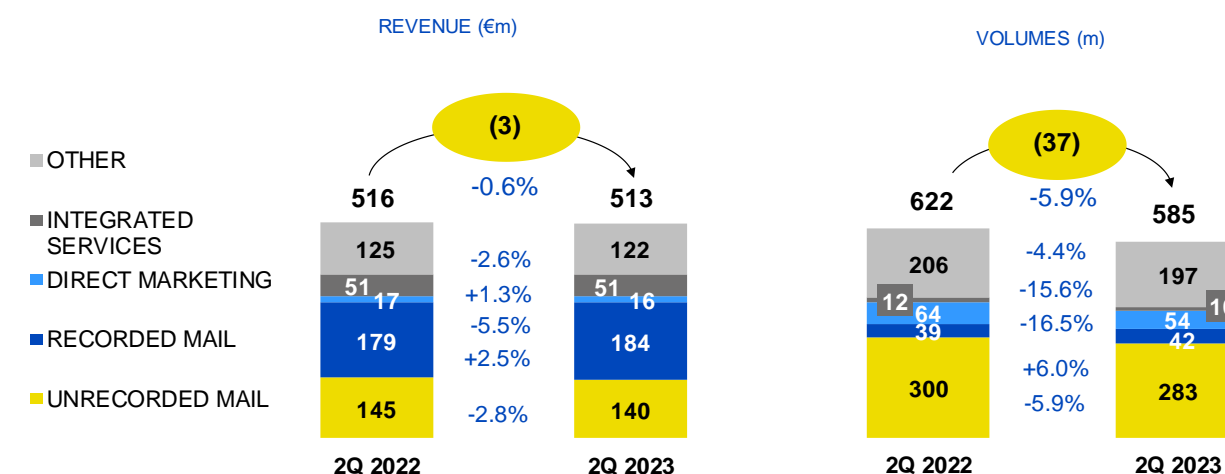
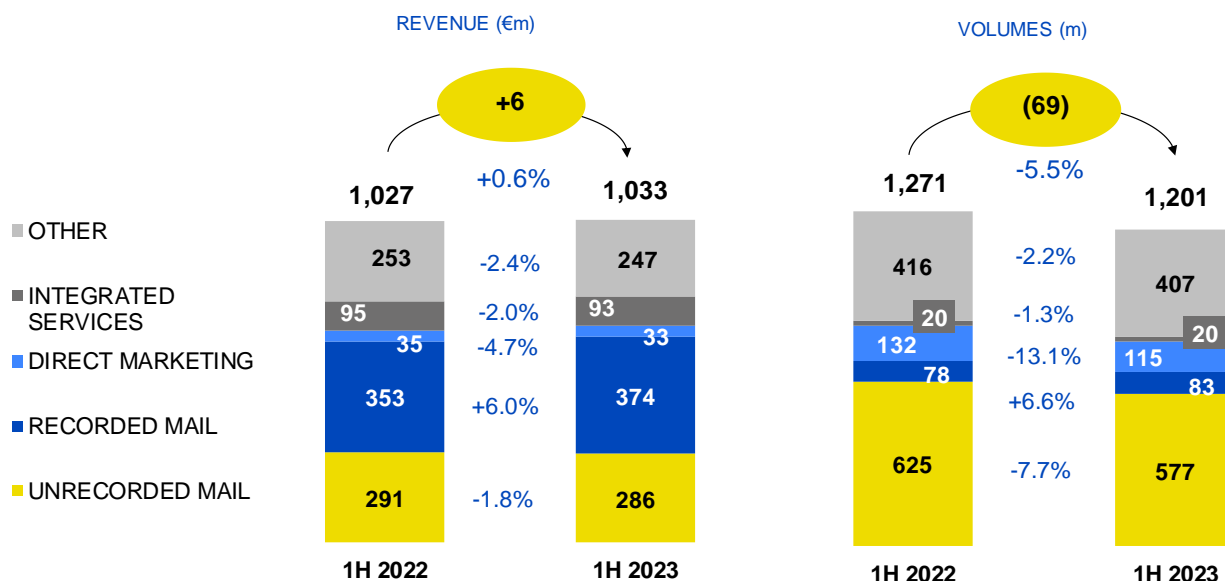
External revenue of the Strategic Business Unit went from €1,805 million in the first half of 2022 to €1,895 million in the same period of 2023 (+€91 million, equal to +5%). This increase was mainly attributable to the trend in other revenue⁷¹ and income (+€88 million, or +76.7%), due to the recognition in the second quarter of 2023 of a gain of approximately €109 million generated by the sale of the controlling stake in the company sennder. For further details, please refer to the section "Corporate structure of the group and principal corporate actions during the period" of the document.

After a first quarter characterised by a full recovery of post-pandemic activities, revenue in the traditional mail business slowed down slightly in the second quarter, totalling €1,033 million for the half-year (+€6 million or +0.6% compared to the first half of 2022).

Parcel revenue in the period were slightly down (-€4 million, -0.6%) compared to the same period last year, but in line with expectations.

⁷¹ "Other revenue" includes revenue of the subsidiaries Consorzio PosteMotori (management of Ministry of Infrastructures and Transport paperwork, which ended on 31 March 2022), PatentiViaPoste (licence delivery service), Europa Gestioni Immobiliari (management of Poste Italiane's real estate assets), Poste Air Cargo (commercial air transport), Poste Welfare Servizi (management of Supplementary Health Funds), Sourcesense and Agile Power (companies operating in the IT sector). The item also includes revenue from the sale of philatelic products (e.g., folders, postcards, albums), from the activity of issuing digital identities to citizens (SPID - Public Digital Identity System), from the services of the platform dedicated to the booking of vaccines, revenue from the sale of tax credits, and finally other revenue not strictly related to Poste Italiane's core business (e.g., property rentals).

MAIL



Unrecorded Mail: standard mail service with mailbox delivery.

Recorded Mail: delivery to the person with proof of delivery and tracking for retail and business customers. This category includes in particular: registered mail, insured mail and judicial documents.

Direct Marketing: service for the sending by companies and Public Administration entities of communications with advertising, promotional or informative content.

Integrated Services: integrated and customised offers for specific customer segments, in particular Public Administration, large companies and professional firms. The most relevant integrated service is the Integrated Notification Service, for the management of the entire process of notification of administrative and judicial documents (e.g. violations of the Highway Code).

Other: services for publishers, multi-channel services, printing, document management, other basic services. This item also includes tariff subsidies relating to external revenue earned on products and services discounted in accordance with the law and the Universal Postal Service Compensation (also includes compensation relating to ordinary parcels).

The performance of the mail services recorded by the Group in the first half of 2023 shows a drop in volumes of 5.5% (-69 million items) accompanied instead by a growth in revenue of 0.6% (+€6 million) compared to the same period of the previous year. This performance can be attributed to a different product mix compared to the same period last year, with growth in the volumes of some higher-value products in the Integrated Services and Recorded Mail (Judicial Document and Registered Mail) families, against a decline in lower-value products.

Recorded Mail showed a 6.6% increase in volumes (+5 million items), against a 6% increase in revenue (+€21 million). The first quarter had seen growth concentrated on the Judicial Document product, while the second quarter saw growth in registered mail due to an increase in shipments from some large customers.

Unrecorded Mail showed a reduction in both volumes and revenue of 7.7% (-48 million items) and 1.8% (-€5 million) respectively compared to the same period in 2022, attributable to a physiological drop in volumes, which in the second quarter of the year nevertheless appears to be considerably contained (-18 million items recorded in the second quarter of 2023, affected by exceptional mailings made by certain banking/insurance institutions for compulsory communications to their customers, compared to the same period of the previous year).

After a first quarter of growth in Integrated Services (+1.6 million items compared to the first quarter of 2022), attributable to the positive contribution generated by the resumption of service activities for products such as administrative documents, judicial documents and tax bills, there was a slowdown in the second quarter of the year (-1.9 million items compared to the second quarter of 2022, during which exceptional items were sent by the Public Administration), showing overall volumes and revenue in line with the same period of 2022, (-1.3% or -0.3 million items and -2% or -2 million items, respectively).

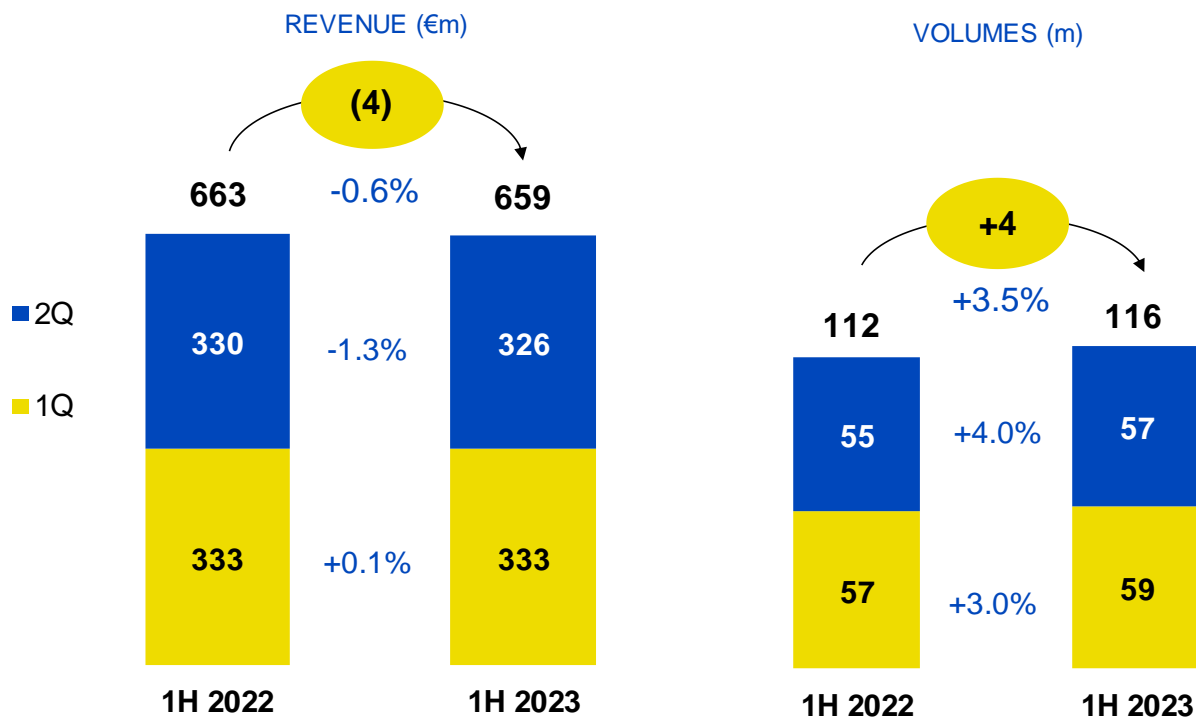
Direct Marketing continues to record a decrease in volumes of 13.1% (-17 million items), resulting in negative change in revenue of approximately €2 million (-4.7%), attributable to the e-substitution phenomenon, even more visible in the second quarter of the year.

The item Other, which also includes services marketed by Postel, showed in the half year a 2.2% drop in volumes (-9 million items) compared to 2022, accompanied by a 2.4% decrease in revenue (-€6 million). This development is mainly attributable to the publishing service, which in the second quarter of 2022 was characterised by increased mailings from non-profit associations in favour of refugees from the war in Ukraine.

The item Other also includes the fee for the Universal Service compensation of €131 million in the first half of 2023, in line with 2022, and the tariff subsidies on the publishing service, which recorded a growth of 4% (+€0.9 million) compared to the previous year, as a result of the AGCom Resolution 454/22/CONS which defined, with effect from 1 September 2022, a process of progressive increase of the universal tariffs for publishing services.

Generally speaking, since the last quarter of 2022, mail has recorded a tariff and revenue recovery linked, in part, to the tariff manoeuvre on universal service products, and in part to tariff adjustments linked to the recovery of inflation on expiring business contracts.

PARCELS



In the first half of 2023, the parcels segment recorded growth in volume terms of +3.5% (+4 million items) compared to the same period of the previous year, while revenue fell slightly (-€4 million, -0.6%).

In particular, parcel volumes in the second quarter of 2023 confirmed the positive trend of the first part of the year, with growth (+2.2 million items compared to the second quarter of 2022, +4%) higher than in the first quarter of the year (+1.7 million items, +3% compared to the first quarter of 2022).

With regard to revenue in the first half of 2023, we highlight the positive contribution of the new hospital business carried out by the company Plurima (launched in the second quarter of last year), which generated €29 million in revenue (+€14 million, +99% compared to the same half of 2022). However, Plurima's positive contribution for the period does not fully compensate for the foreseeable loss of €27 million in revenue related to logistics services, provided during the pandemic emergency phase of Covid-19, when compared to the same period in 2022.

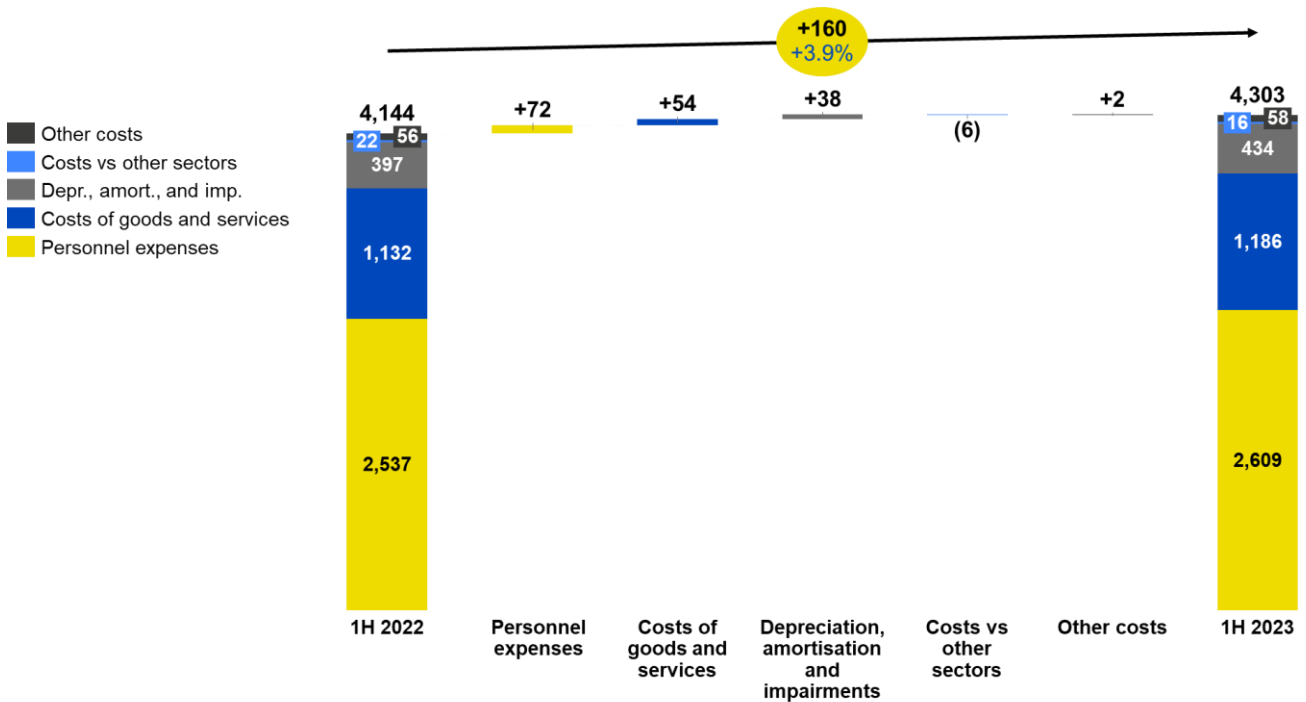
Neutralising the positive contribution of Plurima and the loss of revenue related to logistics services provided during the pandemic phase, the revenue trend in the first half of 2023 (+€9 million, +1.5% compared to the first half of 2022) is growing like the underlying volumes.

E-commerce continues to be the strategic business segment with a consistently positive performance compared to the same period in 2022. The C2X segment showed positive revenue growth of 5.3% (+€1 million) in the half year and volumes substantially in line with the same period of 2022 (+0.7%), also thanks to some repricing effects.

The decrease in revenue in the second quarter of 2023 (-€4 million, -1.3%) was mainly due to the combined effect of the following factors: on the one hand, the overall growth in sales belonging to the e-commerce segment, which mainly took place in lower unit price segments, and on the other hand, the contractions in sales in certain business segments that were strongly affected by international geopolitical tensions.

COSTS

(€m)



Costs, including depreciation, amortisation and impairments for the first half of 2023, amounted to €4,303 million, an increase of €160 million (+3.9%), compared to the first half of 2022.

This performance was mainly attributable to the item personnel expenses, which amounted to €2,609 million, up €72 million (+2.8%) compared to the first half of 2022, mainly attributable to the increase in per capita personnel expenses related to contractual adjustments that took effect as of July 2022 and the increase in the commercial incentive component.

Costs of goods and services also show an increase of €54 million (+4.8%), reaching €1,186 million in the first half of 2023. This trend can be attributed to the combined effect of the increase in variable costs related to the recovery in parcel demand volumes and the increase in costs generated by the inflationary pressures experienced globally, which are generating an increase in fuel and raw material costs.

Depreciation, amortisation and impairments increased by €38 million (+9.5% compared to the first half of 2022) against increased investments.

In light of the foregoing, the Mail, Parcels and Distribution Strategic Business Unit presents an operating result for the first half of the year that was positive for €247 million, significantly up on the operating result for the same period of the previous year of €142 million (+€105 million, +73.6%). This result, which, net of the gain realised on the corporate transaction on sender in the first half of 2023 and the lower contribution to revenue from other segments due to the lower capital gains realised by BancoPosta as part of pro-active portfolio management, would be up on the same period of the previous year (+€102 million).

6.2.2 FINANCIAL SERVICES STRATEGIC BUSINESS UNIT

The operating result of the Strategic Business Unit for the first half of 2023 increased compared to the same period in 2022 due to the growth in revenue supported by the higher interest income earned and the positive contribution from Postal Savings. The Total Capital Ratio at 30 June 2023 stood at 23.5%, confirming BancoPosta's capital solidity.

FINANCIAL SERVICES (€m)	1H 2023	1H 2022	Changes	
External revenue	2,666	2,505	+161	+6.4%
Revenue from other sectors	453	398	+55	+13.9%
Total revenue	3,119	2,903	+216	+7.4%
Costs	87	70	+17	+24.6%
Costs vs other sectors	2,576	2,429	+147	+6.1%
Total costs	2,663	2,499	+164	+6.6%
EBIT	456	404	+52	+12.8%
EBIT margin %	14.6%	13.9%		
NET PROFIT	337	269	+67	+25.1%

Operating KPIs	1H 2023	1H 2022	Changes	
Total financial asset (€bn)*	580	576	4	+0.7%
Net inflows (€m)	(434)	2,691	(3,125)	-116.1%
Market Effect ¹ (€bn)	4.5	(18.1)	22.6	n/s
Current accounts (average deposits for the period in €bn)	93.9	95.3	(1.4)	-1.5%
Net return on deposits ²	2.38%	1.81%		
Postal savings (average deposits in €bn)	314.6	317.9	(3.3)	-1.0%
Loans (disbursed in €m)	1,782	1,703	+78.7	+4.6%

n/s: not significant

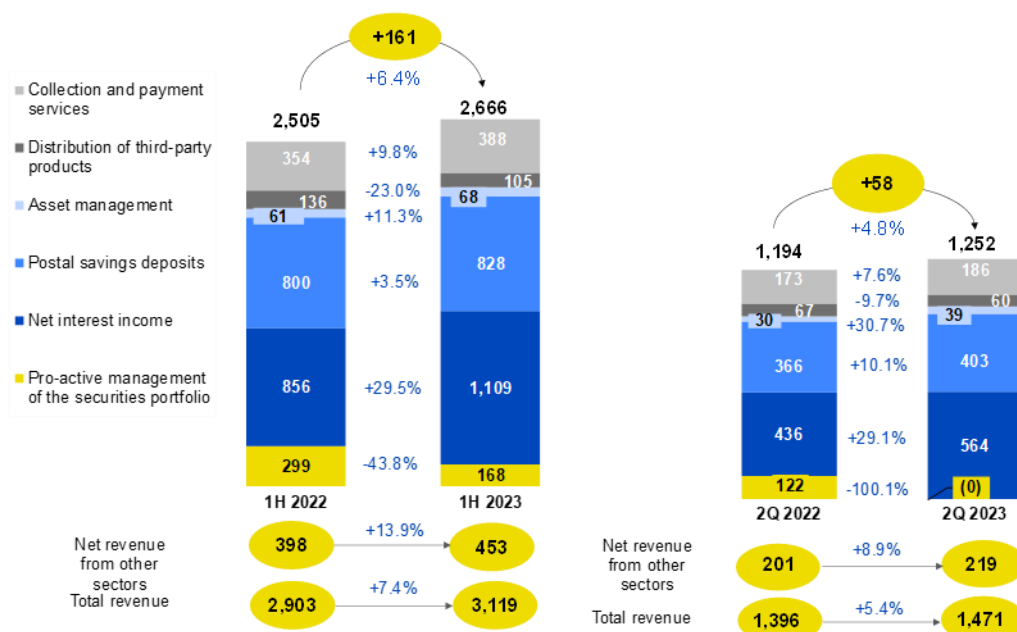
* The figure indicated in column 1H 2022 refers to 31 December 2022

¹ The market effect mainly includes the impact of macroeconomic variables (spreads, rates, etc.) on the stocks of insurance, managed funds and assets under administration, as well as the capitalisation of interest for the period on the stocks of Interest-bearing Postal Certificates and Postal Savings Books

² Excluding returns from pro-active portfolio management

EXTERNAL REVENUE AND REVENUE FROM OTHER SECTORS

(€m)



Pro-active portfolio management: gains from the sale of securities in the BancoPosta Portfolio, net of losses.

Net interest income: income from investment of liquidity revenue via postal current account deposits, net of interest expense and other financial transaction costs. Including profits from tax credits.

Postal savings deposits: funds deposits through Postal Interest-bearing Certificates and Postal Savings Books issued by Cassa Depositi e Prestiti.

Asset management: collective asset management through mutual investment funds and management of individual portfolios relating to institutional mandates attributable to the Group.

Distribution of third-party products: distribution of products disbursed/issued by third-party partners (financing, mortgages, loans, salary-backed loans, credit cards, etc.).

Collection and payment services: slips, collections and payments PP.AA., transfer of funds and ancillary services for current accounts.

External revenue in the first half of 2023 amounted to €2,666 million and recorded an increase of €161 million compared to the €2,505 million achieved in the same period of 2022 (+6.4%).


In detail, the period under review shows: (i) Net interest income up compared to the figure for the first six months of 2022 (+€253 million, +29.5%), essentially due to the higher yield on the Retail and Corporate segments (+€195 million) and the yield from the use of current account deposits in the Public Administration segment (+€36 million); (ii) Net capital gains realised as part of pro-active portfolio management of €168 million, down €131 million from €299 million in the same period of 2022.

Revenue from the Postal Savings collection and management service amounted to €828 million, up by 3.5% (+€28 million) compared to the same period of 2022.

Revenue from collection and payment services amounted to €388 million, an increase of 9.8% (+€35 million) compared to the first half of 2022, growth attributable to higher current account maintenance fees (+€30 million) incurred by account holders following the repricing in July 2022.

Revenue from the distribution of third-party products amounted to €105 million, down €31 million from €136 million in the first half of 2022, mainly attributable to lower revenue from personal loans, which, despite growing volumes, were affected by the higher cost of collecting money from financial partners.

Revenue from Asset Management amounted to €68 million, an increase of €7 million (+11.3%) compared to the same period of the previous year, and were mainly attributable to higher commissions from the increased volume of mutual funds placed.

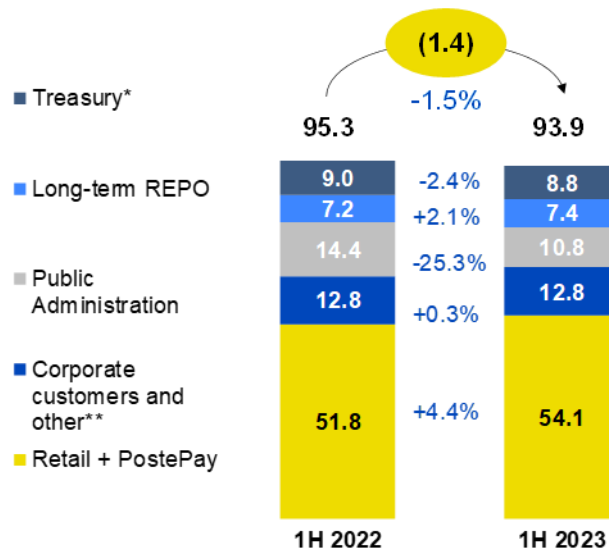
Revenue from other sectors amounted to €453 million (+13.9% compared to the first half of 2022). The positive change is mainly attributable to the increase in commissions  for the placement and management of insurance policies.

The second quarter of 2023 shows external revenue up €58 million (+4.8%) compared to the same period of 2022, mainly attributable to higher net interest income (+€127 million), higher revenue attributable to the management of Postal Savings (+€37 million) and higher revenue relating to collection and payment services (+€13 million). These positive changes more than offset the loss of revenue in the second quarter of 2023 related to the pro-active management of the securities portfolio (€122 million in the second quarter of 2022).

Revenue from other sectors amounted to €219 million, up by €18 million compared to the second quarter of 2022 (+8.9% compared to the first half of 2022). The positive change is mainly attributable to the increase in commissions for the placement and management of insurance policies.

AVERAGE CURRENT ACCOUNT DEPOSIT

(€bn)



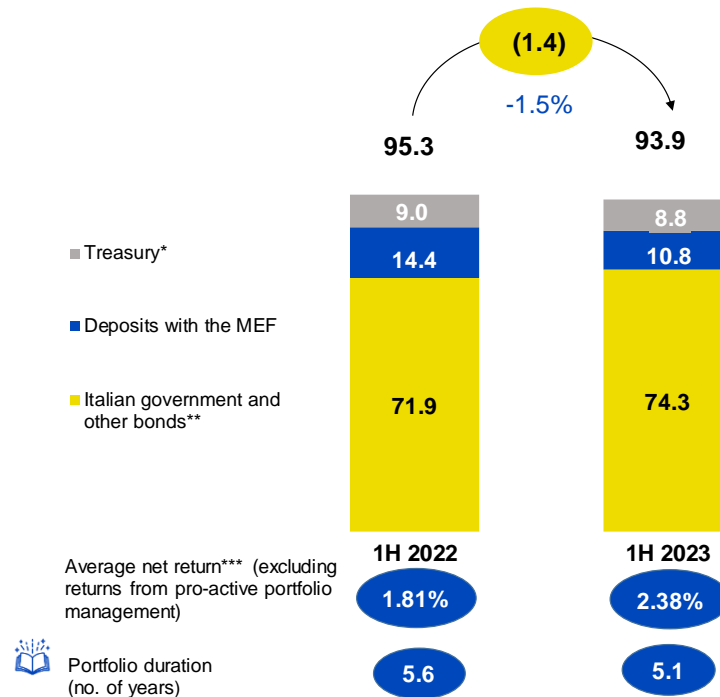
* Includes short-term REPO and collateral.

** Includes corporate current accounts and PostePay Business, Poste Italiane's liquidity and payables of other customers.

In the first half of 2023, the average current account deposit decreased compared to the same period of the previous year, going from €95.3 billion to €93.9 billion. This decrease of €1.4 billion was mainly attributable to the negative contribution of the Public Administration (-€3.6 billion, -25.3%), only partly offset by the growth of Retail and Postepay customers (+€2.3 billion, +4.4%) and the contribution of REPO (+€0.2 billion, +2.1%).

INVESTMENT PORTFOLIO COMPOSITION

(average deposit in €bn)



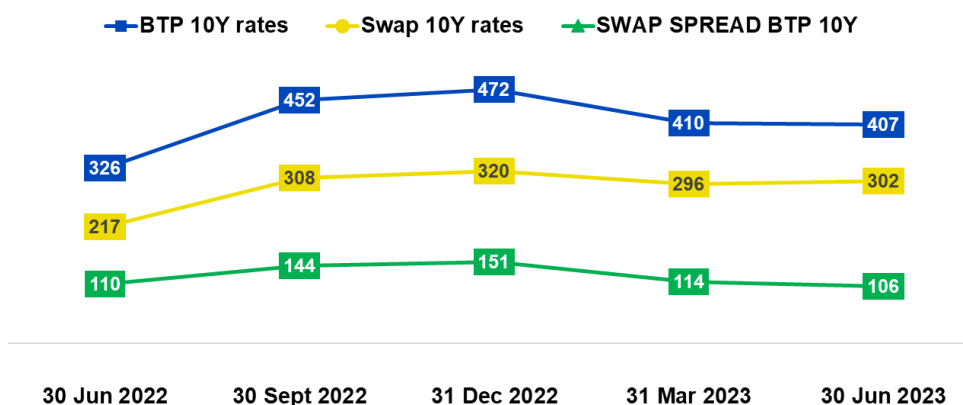
* Includes REPO and short-term bonds and collateral.

** Includes tax credits and liquidity on the buffer.

*** Calculated as net interest on average deposit.

The **average deposit of the investment portfolio** consists primarily of Italian government securities and debt securities issued by Cassa Depositi e Prestiti and guaranteed by the Italian State (over €74 billion), in which funding from private customers on postal current accounts is invested, and deposits with the MEF (over €10 billion) represented by funding from postal current accounts belonging to public customers.

As part of the management of BancoPosta's securities portfolio, during the first half of 2023, upward movements in interest rates constituted opportunities for the Group to purchase securities, and in the first few days of 2023, the new 20-year bond placed by the MEF was subscribed for issue.



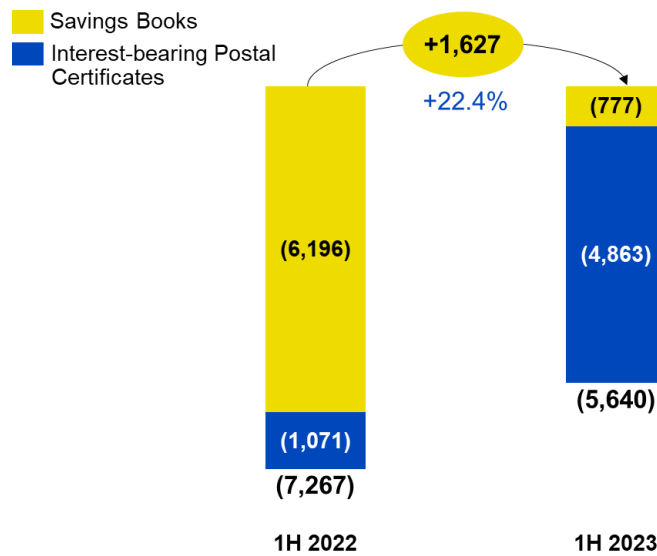
(figures in bps)

In particular, in February and March, taking advantage of rising yields, the following were entered into: (i) contracts to roll over portfolio maturities, partly at a fixed rate and partly hedged by fair value hedge interest rate swaps; (ii) transactions to hedge the yield on the deposit with the MEF of funding from the Public Administration, with the aim of making it less susceptible to changes in the yields of government securities.

In April, interest rate swap sale transactions with a 10-year maturity were carried out to revert to fixed-rate securities previously hedged by Fair Value Hedge derivatives and, at the same time, Fair Value Hedge derivatives were purchased on fixed-rate securities with a maturity of 30 years. Furthermore, starting from March, fair value hedge derivatives were extinguished in advance for a total notional amount of €2.2 billion relating to hedging transactions for which the underlying security was not sold, with the aim of consolidating a fixed return in line with the market situation, at the same time improving the income profile of a portion of the portfolio also for subsequent years.

POSTAL SAVINGS NET INFLOWS

(€m)

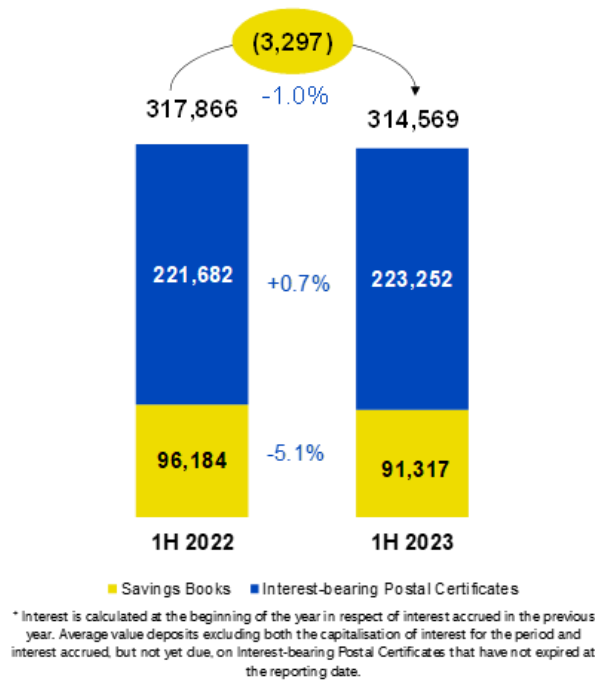


At 30 June 2023, Postal Savings Net Inflows amounted to approximately -€5.6 billion, approximately €1.6 billion better than the value of the previous year. On savings books there was an improvement of around €5.4 billion on the figure for 2022, which was mainly influenced by the initiatives dedicated to injecting new liquidity since the beginning of 2023; in addition, the year-on-year comparison is not homogeneous: in the first half of 2022, due to the provisions relating to the health emergency five pension accruals were credited compared to six in 2023 (the January 2022 pension accrual had been credited at the end of December 2021, while the March 2022 pension accrual, credited at the end of February, was the last accrual paid in advance) resulting in lower net funding.

With regard to Interest-bearing Postal Certificates, the change compared to the figure for the first half of 2022 is negative by about €3.8 billion: the €8.1 billion of higher subscriptions (+55% compared to the first half of 2022) was not sufficient to offset the growth in redemptions (€11.9 billion more), influenced mainly by the high amount of maturities in the half-year (double the maturities of the first half of 2022) and the continuation of the upward trend in early redemptions that began in the second half of 2022.

POSTAL SAVINGS AVERAGE DEPOSIT*

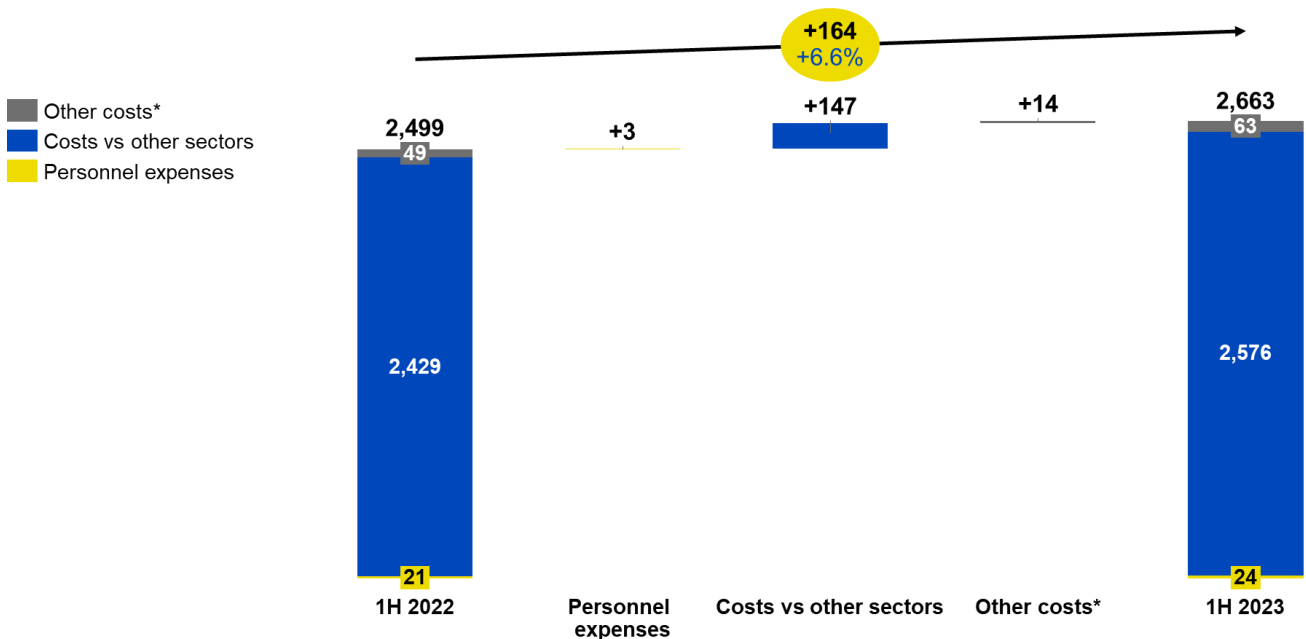
(€m)



The average deposit of Postal Savings recorded a decrease of around €3.3 billion compared to the corresponding figure for 2022; the value of Savings Books accounts was affected by the particularly negative result of net inflows recorded in 2022, which impacted the opening balance in 2023, while the growth in the average deposit of Interest-bearing Postal Certificates (BFP) is mainly attributable to the capitalisation of interest.

TOTAL COSTS

(€m)



* This item includes costs of goods and services, adjustments/reversals, depreciation/amortisation and other costs and expenses.

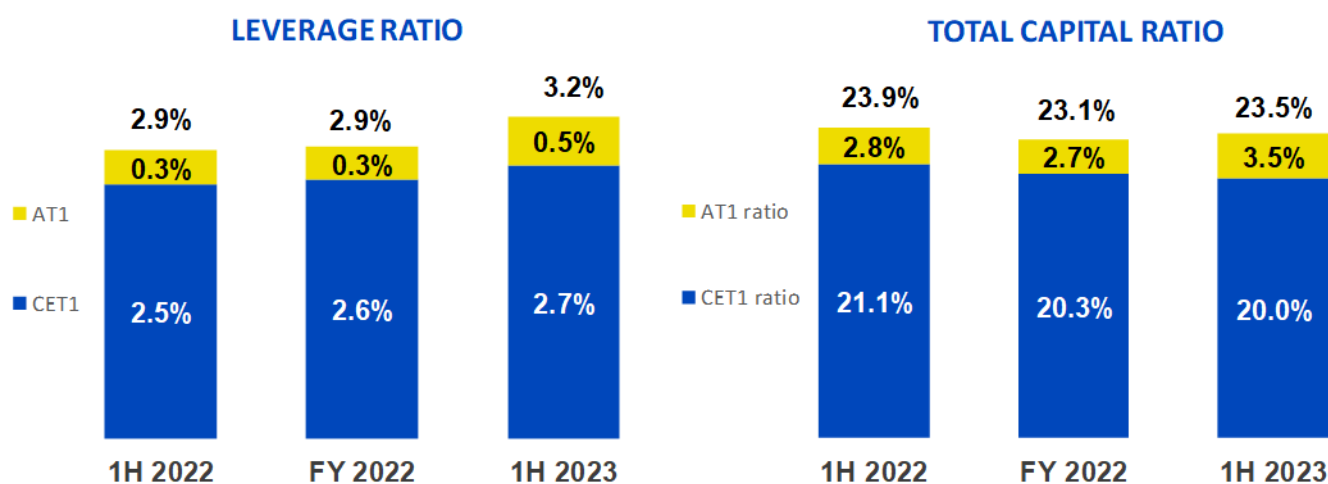
Total costs of the Strategic Business Unit amounted to €2,663 million, an increase of €164 million (+6.6%) on the €2,499 million realised in the first half of 2022, mainly as a result of the higher fees attributable to the Operating Guidelines in relation to the activities entrusted to Poste Italiane.

The operating result (EBIT) of the sector in the first half of 2023 amounted to €456 million, up by 12.8% compared to the same period of 2022 (+€52 million).

With a positive financial management of €8 million and taking into account taxes for the period (€128 million), the net result of the Financial Services Strategic Business Unit in the first half of 2023 amounted to €337 million, an increase of €67 million compared to the €269 million of the same period of 2022 (25.1%).

FINANCIAL KPIs

€m	1H 2022	FY 2022	1H 2023
CET1 CAPITAL	2,606	2,618	2,599
TOTAL CAPITAL	2,956	2,968	3,049
TOTAL ASSETS	106,942	104,438	99,139
RWA - Risk Weighted Assets	12,341	12,867	12,973



At 30 June 2023, the Leverage Ratio stood at 3.2%, slightly up from 31 December 2022 as a result of the decrease in assets of around €5 billion, mainly due to the reduction in cash and deposits with the MEF against PA funding, and the increase in own funds of €0.1 billion. In particular, on 30 June 2023, the Parent Company further increased BancoPosta's capital base, through the granting of a perpetual subordinated loan with a 5-year non-call period, for €100 million, under terms and conditions that allow it to be calculated as Additional Tier 1 capital.

The CET1 Ratio at 30 June 2023 stood at 20.0%, while the Total Capital Ratio including Additional Tier 1 was 23.5%, confirming BancoPosta's capital solidity.

Details of the various areas of risk and the methods used for their measurement and prevention are provided in the Annual Report for the year ended 31 December 2022.

6.2.3 INSURANCE SERVICES STRATEGIC BUSINESS UNIT

The SBU's economic results for the first half of 2023 are in line with expectations and, when comparing with the previous year, should be read considering that 2022 had positive effects related to the dynamics of interest rates. In the first half of 2023, solid performance in the life segment was highlighted, with net inflows of over €3 billion, bucking the trend in the sector, and lapse rates continuing to remain well below market levels. Net Insurance's contribution to the protection business was positive. The Contractual Service Margin (CSM) stands at €13.3 billion, an increase of about €350 million compared to the end of 2022. The increasing Solvency Ratio at 274% at 30 June 2023 compared to 31 December 2022 confirms the insurance group's solvency.

INSURANCE SERVICES (€m)	1H 2023	1H 2022	Changes	
External revenue	772	796	(24)	-3.0%
Revenue from other sectors	(82)	(73)	(9)	-12.7%
Total revenue	690	723	(33)	-4.6%
Costs	11	9	+2	+23.8%
Costs vs other sectors	15	13	+2	+13.9%
Total costs	26	22	+4	+18.0%
EBIT	664	701	(37)	-5.3%
NET PROFIT	471	508	(38)	-7.4%

Operating KPIs	30 June 2023	31 December 2022	Changes	
Technical provisions Poste Vita Group (€bn) ¹	159.2	154.0	+5.2	+3.4%
Contractual Service Margin (CSM) ² (€bn)	13.3	12.9	+0.4	+3.1%
<i>Solvency Ratio</i>	274%	253%		

Life business	1H 2023	1H 2022	Changes	
Gross premiums - Life (€m) ³	10,519	9,241	+1,277	+13.8%
of which: Classes I-IV-V	9,414	7,113	+2,301	+32.3%
of which: Class III ⁴	1,105	2,128	(1,023)	-48.1%
Net inflows (€bn)	3.1	3.9	(0.8)	-19.7%
Lapse rate	4.1%	3.8%		
% of ESG products on investment products ⁵	55%	50%		

P&C business	1H 2023	1H 2022	Changes	
Gross premiums - P&C (€m) ⁶	327	210	+117	+55.4%
Average daily premiums - Modular offer (€k) ⁷	292	283	+8	+2.9%
Combined ratio (net reinsurance) ⁸	88%	88%		

¹ Technical provisions of the insurance business (Life and P&C) determined in accordance with the national accounting standards used to prepare the individual financial statements of the Group's insurance companies.

² Represents the expected, unrealised profit that the Group recognises on an accrual basis in the statement of profit or loss over the life of the contract.

³ Includes premiums written, gross of outward reinsurance and intra-group portions of the Poste Italiane Group, and premiums of Net Insurance Life.

⁴ Gross premiums revenue in class III are inclusive of the target of the new Multi-branch products with "linked" quota definition.

⁵ For placement products, the presence of an ESG component is valued. Campaign products with annual gross inflows of less than €100 million are excluded.

⁶ Includes gross premium revenue before the premium reserve, outward reinsurance and intra-group portions of the Poste Italiane Group, and Net Insurance premiums.

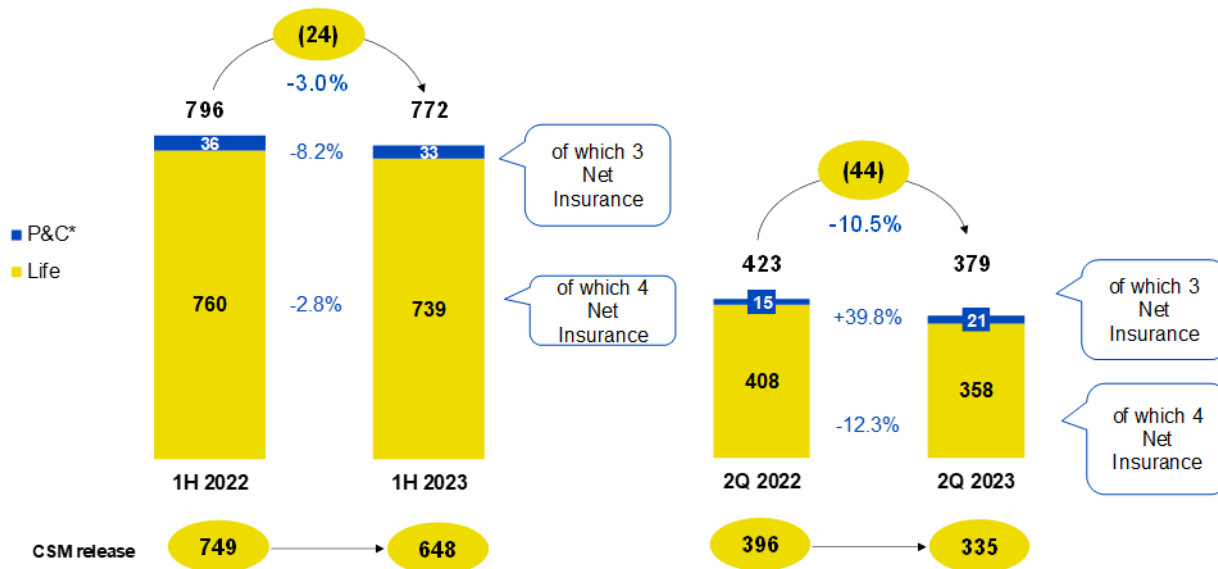
⁷ Calculated on annualised net premiums, including Property and Personal policies.

⁸ Corresponds to the ratio of total costs incurred (claims and settlement expenses + net reinsurance expenses + attributable/non-attributable operating expenses + other technical expenses and income) to gross insurance revenue.



EXTERNAL REVENUE

(€m)



*Includes Poste Insurance Broker

Life revenue: release of the Contractual Service Margin (CSM) , expected claims and benefits deriving from the release of expected cash flows, release of the Risk Adjustment , recovery of contract acquisition costs, claims occurring in the reporting period (excluding investment components) and other directly attributable expenses, losses on groups of onerous insurance contracts and the amortisation of expenses for the acquisition of insurance contracts issued, change in Liability for Incurred Claims (LIC) , maintenance and collection commissions and other acquisition costs charged entirely to the statement of profit or loss, investment management costs to which the Variable Fee Approach (VFA) method is applied, net investment-related finance income/expenses and financial costs/revenue related to insurance contracts issued (with reference to contracts valued using the VFA method, the so-called "mirroring effect") and outward reinsurance and the balance of costs and revenue from outward reinsurance.

P&C revenue: release of Contractual Service Margin (CSM), expected claims and benefits arising from the release of expected cash flows, release of Risk Adjustment, recovery of contract acquisition costs, incurred claims in the reporting period and other directly attributable expenses, losses on groups of onerous insurance contracts and amortisation of acquisition costs of insurance contracts issued, change in Liability for Incurred Claims (LIC), commissions and other acquisition costs charged in full to profit or loss, net investment-related finance income/expenses and financial costs/revenue related to insurance contracts issued and outward reinsurance, the balance of expenses and income arising from outward reinsurance and with respect to contracts valued using only the Premium Allocation Approach (PAA) method the issue of premiums.

Please refer to the glossary in Chapter 9 for more details on the IFRS 17 quantities in the above definitions.

External revenue went from €796 million in the first half of 2022 to €772 million in the corresponding period of 2023 (-3%) and are essentially attributable to the Life business, which contributed €739 million, while the contribution of the P&C business totalled €33 million.

Specifically, Life net revenue decreased by 2.8% (-€21 million) compared to the same period in 2022, mainly due to the lower CSM release in the period only partially offset by the positive contribution of net finance income and the increase in the risk adjustment release. The release of the CSM in the first half of 2022 benefited exceptionally from the significant and sudden increase in interest rates.

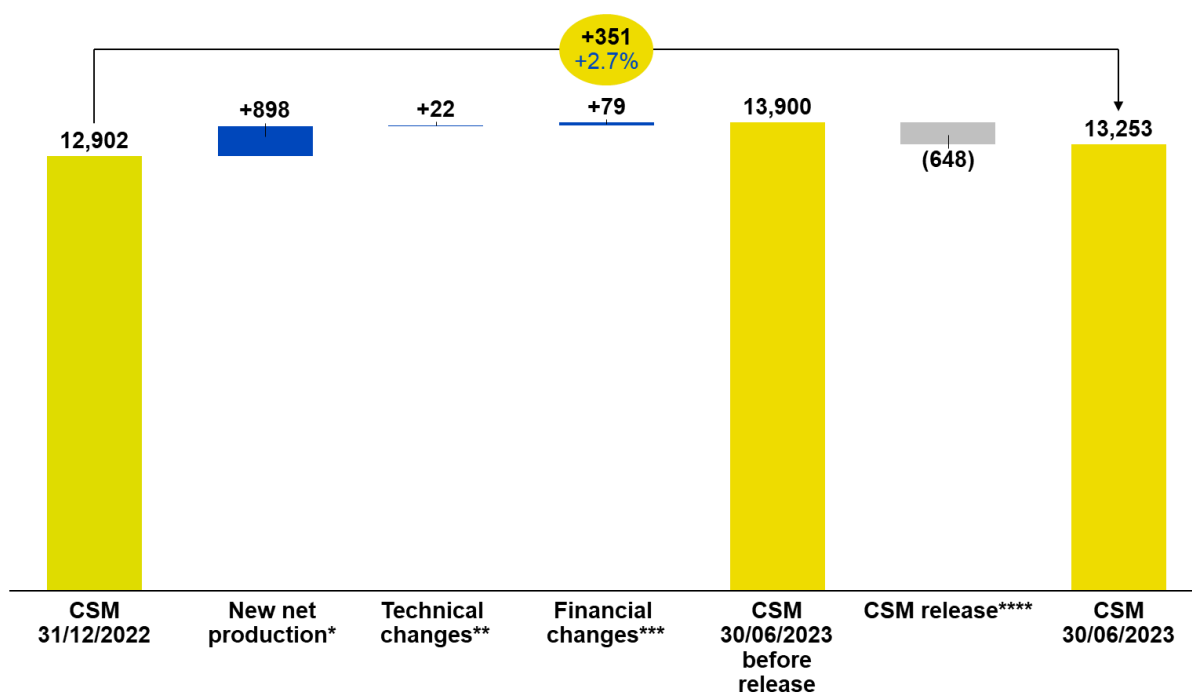
P&C net revenue amounted to €33 million, down €3 million (-8.2%) compared to the corresponding period of 2022, mainly due to the negative impact of the Loss Component, despite the growth in volumes in the welfare group policy business concentrated in the first quarter. This effect was offset by the higher CSM release (+€5 million) recorded in the period and mainly attributable to Net Insurance and the positive contribution from financial management (+€1 million).

The second quarter of 2023 showed a decrease in net revenue from insurance services of €44 million (-10.5%) compared to the same period in 2022. In the Life segment, there was a €50 million (-12.3%) decrease compared to the second quarter of 2022, mainly due to the lower CSM release in the period (-€67 million) compared to the same period in 2022, the negative balance between expected releases on claims and expenses compared to claims and expenses incurred (-€15 million). These effects were only partially offset by the positive contribution of net income from financial management, which grew by €22 million during the period, given the improvement in financial dynamics compared to the same period of the previous year.

P&C business showed revenue growth (+€6 million) compared to the second quarter of 2022, which was also confirmed net of Net Insurance's incremental contribution to P&C business, as a result of the higher CSM release in the period.

CONTRACTUAL SERVICE MARGIN

(€m)



* This item includes: premiums collected, claims paid and commissions paid.

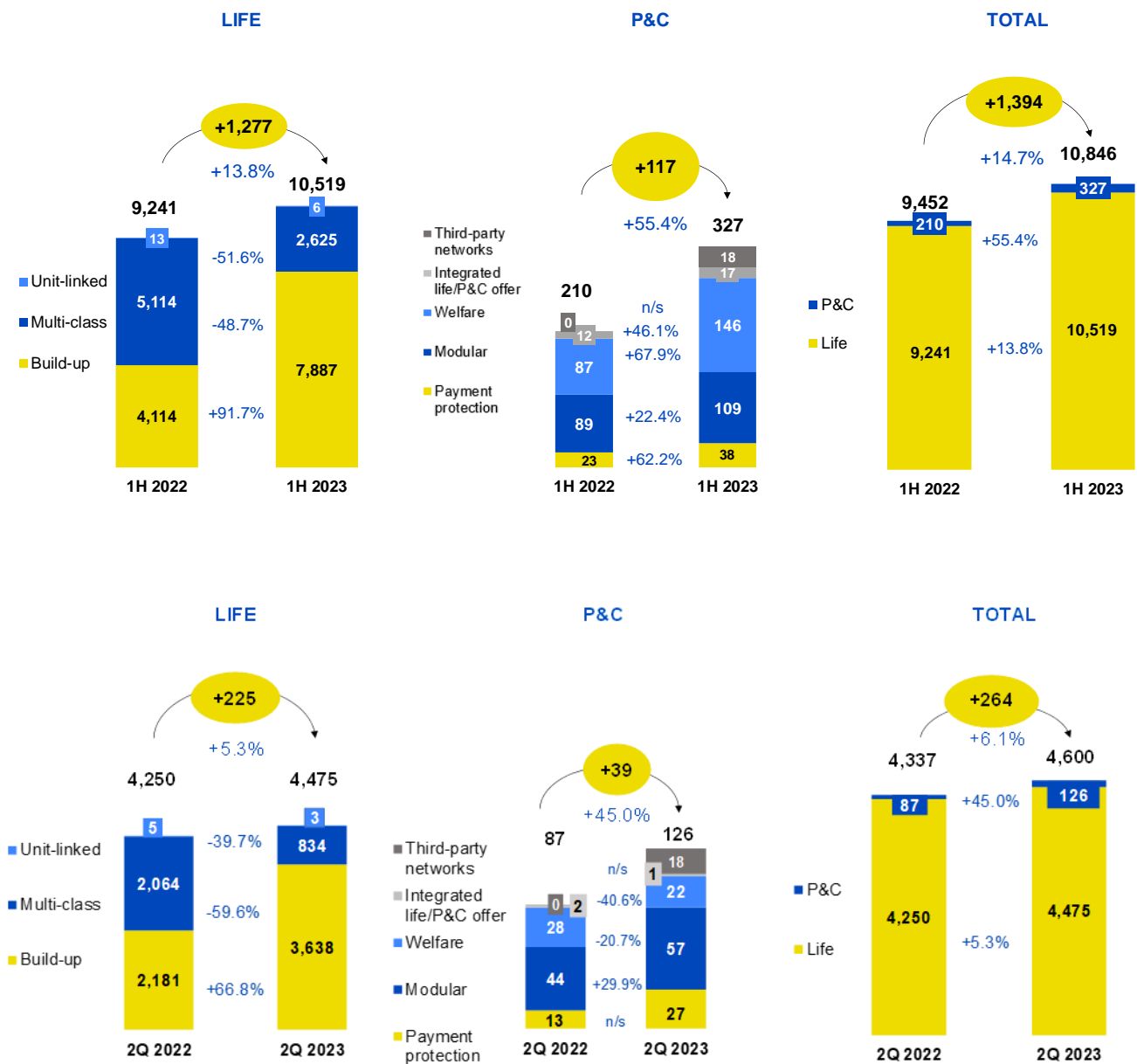
** This item includes: experience-related changes (changes between estimated and actual flows), changes in technical assumptions (e.g. actuarial assumptions, mortality rate, etc.).

*** This item includes changes in the discount rate on CSM and flows as well as the change between estimated returns on separately managed accounts and actual flows.

**** This item represents the share for the reporting period determined on the basis of the coverage unit.

The Contractual Service Margin (CSM) showed a balance at the end of the period of €13,253 million, up by €351 million compared to the figure at the end of 2022. This increase is attributable to: i) €898 million related to new business, mainly due to Poste Vita's inflows during the first half of the year (the contribution from the Net Insurance group acquired during the period of around €100 million is highlighted); ii) €22 million related to the effect of additional premium payments compared to those estimated, partially mitigated by the effect of changes in assumptions and models impacting future cash flows; iii) €79 million mainly related to the recovery of the fair value of assets correlated to liabilities. These changes are partly offset by the release of CSM in the period totalling €648 million.

GROSS PREMIUMS
(€m)



Gross premiums in the Life business amounted to €10.5 billion, an increase of 13.8% (+€1.3 billion) compared to the same period last year, despite a challenging market context. In particular, the offer was able to adapt to changing customer needs in a timely manner. There was an increase in inflows relating to traditional build-up products, which recorded a growth of €3.8 billion in the period. This trend is only partially offset by the decrease in production relating to multi-class products , which recorded a decrease of €2.5 billion in the period.

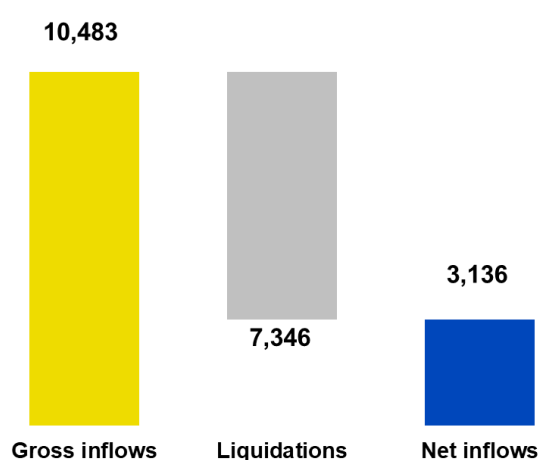
Gross premiums from P&C business amounted to €327 million, up €117 million (+55.4%) compared to the figure for the same period in 2022 (€210 million) driven: (i) by the "property, personal and modular protection" line +22.4%; (ii) by the "Welfare" segment, whose premiums rose from €87 million recorded at the end of the first half of 2022 to €146 million in the first half of 2023, mainly supported by new group policies underwritten with corporate clients (Employee Benefits); (iii) premiums relating to the integrated life/P&C offering, which increased by €5 million during the period; and (iv) the "payment protection" line, which increased by €14 million during the period, including the contribution of Net Insurance (€14 million from April 2023) and Net Insurance products distributed through the banking network (€18 million in the first half of 2023).

In the second quarter of 2023, gross premiums from the Life business amounted to €4.5 billion, up €225 million (+5.3%) from the same period in 2022. In particular, there was an increase in inflows relating to traditional build-up products, which recorded an increase of €1.5 billion in the period. This trend is only partially mitigated by the decrease in inflows relating to multi-class products, which recorded a decrease of €1.2 billion in the period.

During the second quarter of 2023, gross premiums for P&C business amounted to €126 million, an increase of €39 million (+45%) compared to the figure for the same period in 2022 (amounting to €87 million) driven by: (i) the "property, personal and modular protection" line +29.9%; (ii) premiums related to the "payment protection" line, which recorded an increase of €14 million during the period thanks to the contribution, from April 2023, of Net Insurance; and (iii) premiums related to Net Insurance products distributed through the banking channel (€18 million). The "Welfare" segment recorded gross premiums that rose from €28 million to the current €22 million, attributable to the new group policies taken out with corporate customers (Employee Benefits).

LIFE NET INFLOWS AT 30 JUNE 2023

(€m)



Life net inflows amounted to €3.1 billion (€3.9 billion recorded at the end of June 2022), down mainly due to the performance of settlements and remained strongly positive on the portfolios of separately managed account⁷² and Internal Funds⁷³ in a market characterised by negative net flows.

The lapse rate stood at 4.1% at 30 June 2023 compared to 3.8% for the same period in 2022; this figure remains well below the average market figure of 7.7% at 31 March 2023⁷⁴.

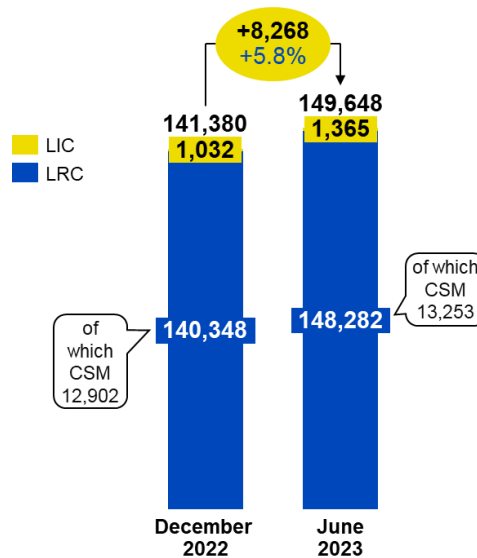
⁷² The separately managed accounts identify an investment portfolio, specifically created by the insurance Company, in which the premiums of customers who subscribe to a life insurance policy (Class I products) are invested and revalued on the basis of the account results.

⁷³ The Internal Fund represents a type of investment management within a company in which the premiums invested flow into the company's assets (shares). The premiums, net of costs, are converted into units, invested in shares or bonds.

⁷⁴ Source: Ania Trends - Life Flows and Reserves - Publication no. 1, 22 May 2023.

LIABILITIES UNDER INSURANCE CONTRACTS

(€m)

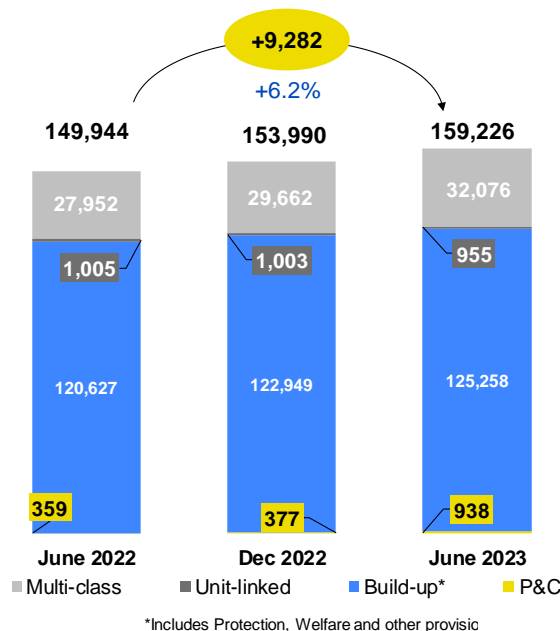


Liabilities under insurance contracts at 30 June 2023 totalled €149,648 million, of which €148,282 million consisted of Liability for Remaining Coverage (LRC) , which includes the Contractual Service Margin (CSM) of €13,253 million, and €1,365 million from the Liability for Incurred Claim (LIC).

The 5.8% increase during the period (+€8,268 million) is mainly attributable to the increase (+€7,934 million) in the LRC Present Value of future cash flow, thanks to the contribution of net inflows, which continue to be positive.

INSURANCE PROVISIONS⁷⁵

(€m)



*Includes Protection, Welfare and other provisioin

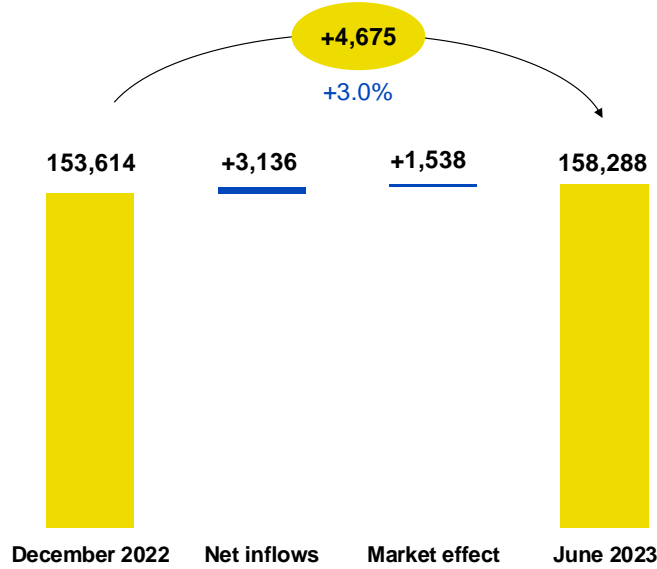
Life business technical provisions amounted to €158.3 billion and increased by €4.7 billion compared to 31 December 2022, mainly due to the increase in Mathematical Provisions related to both traditional build-up Class I products (+€2.3 billion) and unit-linked products (+€2.4 billion) mainly related to positive net inflows and, secondly, to positive financial trends. P&C technical

⁷⁵ Technical provisions of the insurance business (Life and P&C) determined in accordance with the national accounting standards used to prepare the individual financial statements of the Group's insurance companies.

provisions amounted to €938 million at the end of the period, also thanks to the contribution of Net Insurance (€461 million), up from the €377 million recorded at 31 December 2022.

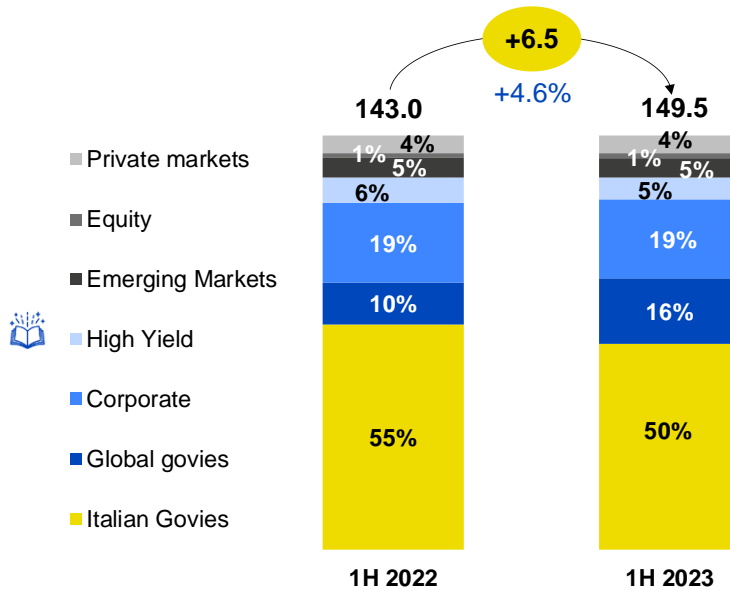
CHANGES IN LIFE INSURANCE PROVISIONS⁷⁶

(€m)



BREAKDOWN OF THE INVESTMENT PORTFOLIO

(€bn)



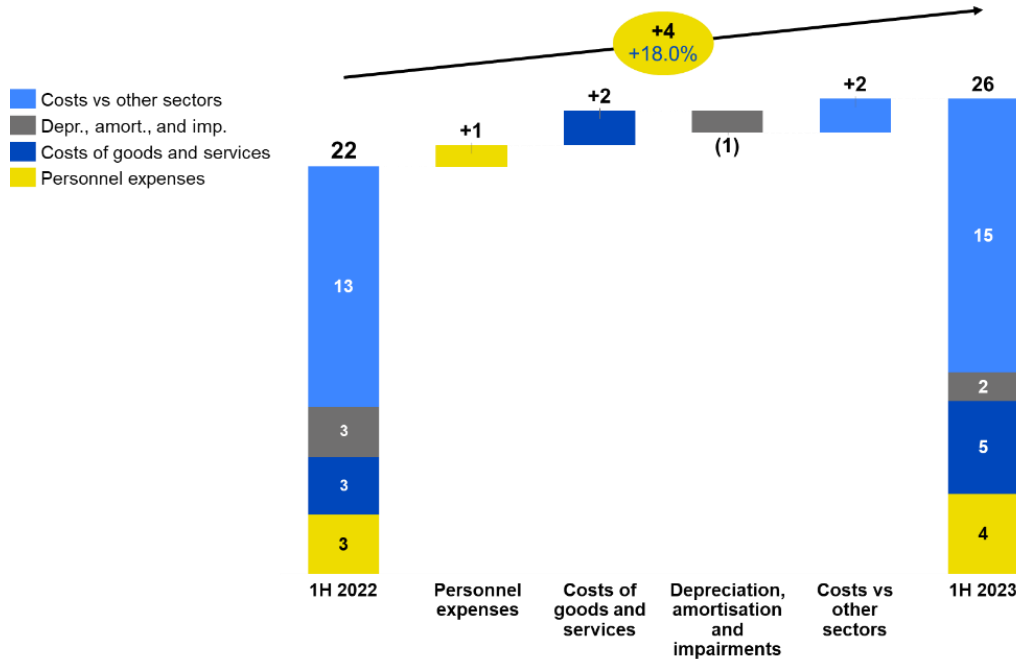
In the first half of 2023, consistent with the asset allocation approved by the Company, the portfolio diversification process continued, aimed at continuously improving the insurance company's risk profile. There was also an improvement in the average quality profile of corporate portfolios related to issuers with higher creditworthiness.

⁷⁶ Determined in accordance with the national accounting standards used to prepare the individual financial statements of the insurance company Poste Vita S.p.A.

TOTAL COSTS

(€m)

The costs discussed in the remainder of this paragraph are only those not directly attributable to insurance contracts. In light of the entry into force of the new IFRS 17 standard, costs directly attributable to insurance policies are in fact shown as a direct reduction of insurance revenue. These costs, moreover, at the time the contract is concluded are considered within insurance liabilities and released periodically in the statement of profit or loss (within net insurance income).

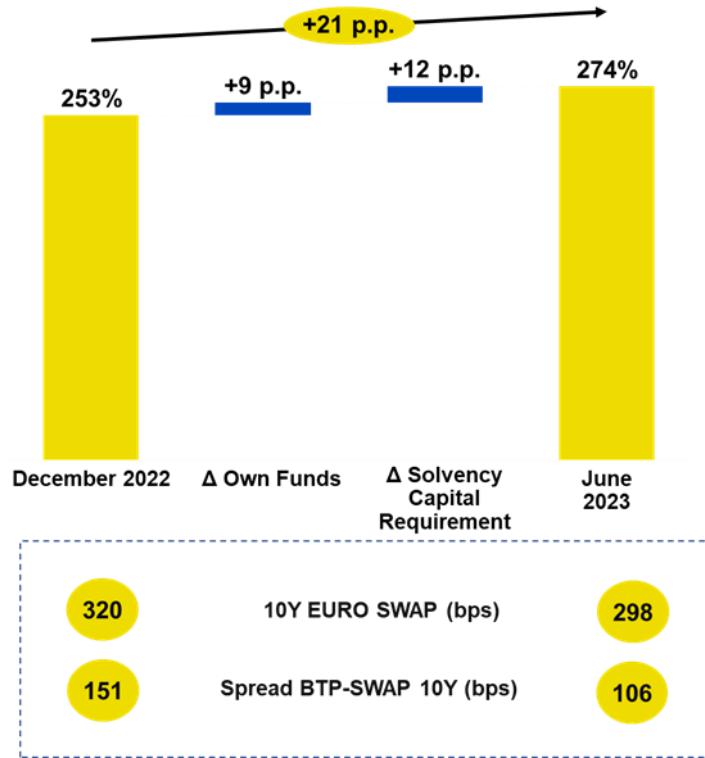


Non-attributable costs at 30 June 2023 amounted to €26 million, an increase of €4 million compared to 30 June 2022, and mainly related to personnel costs, commercial expenses, IT service costs, and consulting/professional services.

In light of the results illustrated, the economic performance of the Insurance Services Strategic Business Unit shows EBIT of €664 million in the first half of 2023, down by 5.3% (-€37 million) compared to the same period of 2022 (€701 million).

Taking into account the financial management (positive for €33 million) and taxes for the period (€226 million), the Insurance Services Strategic Business Unit achieved a net result of €471 million at 30 June 2023, down by 7.4% (-€38 million) compared to the same period of 2022.

SOLVENCY RATIO PERFORMANCE



The Solvency Ratio of the Poste Vita Group stood at 30 June 2023 at 274%⁷⁷, up from 253% recorded in December 2022, remaining at levels above regulatory constraints and management aspiration (200%).

The change in the period is due to an increase in available own funds (+9 p.p.) as a result of the positive dynamics of the BTP-Swap spread trend (-45 bps) and the reduction in rates (-22 bps), which cause, on the one hand, an increase in Own Funds, due to the increase in the market value of investments, not offset by the increase in technical reserves related to the aforementioned financial dynamics, and on the other hand, a decrease in the Capital Requirement (+12 p.p.).

The decrease in the Capital Requirement (+12 p.p.) is mainly due to the reduction in underwriting risks and in particular the redemption risk, partially offset by the higher operational risks due to the higher inflows for the period and counterparty risks due to the higher liquidity held by the Company.

Despite the current context of economic uncertainty, no early policy cancellation behaviour by customers is currently observed.

⁷⁷ The value of the Solvency Ratio is currently undergoing the review process and will be communicated to IVASS by 4 August 2023.

6.2.4 PAYMENTS AND MOBILE STRATEGIC BUSINESS UNIT

The SBU's performance in the first half of 2023 was solid and up compared to the same period in 2022. Positive performances were recorded in all segments: electronic money, cash and payments, telecommunications and energy (for the latter with a mass market offering from January 2023).

PAYMENTS AND MOBILE (€m)	1H 2023	1H 2022	Changes	
External revenue	717	482	+235	+48.8%
Revenue from other sectors	132	136	(4)	-3.2%
Total revenue	849	618	+231	+37.4%
Costs	400	216	+184	+85.1%
Costs vs other sectors	249	233	+17	+7.2%
Total costs	649	449	+201	+44.7%
EBIT	199	169	+30	+17.8%
EBIT margin %	23.5%	27.4%		
NET PROFIT	144	121	+23	+18.9%
Operating KPIs	1H 2023	1H 2022	Changes	
Electronic money and payments				
Total value of card transactions ("on us" and "off us") (€m) ¹	37,572	32,580	+4,992	+15.3%
Total value of card transactions ("off us") (€m) ²	29,988	26,194	+3,794	+14.5%
Number of cards (m) ³	28.7	28.9	(0.2)	-0.7%
of which Postepay cards (m)*	21.2	21.4	(0.2)	-0.7%
of which Postepay Evolution cards (m) ⁴	9.7	9.5	+0.2	+2.6%
of which Postepay Green (in thousands)*	106.3	72.7	+33.5	+46.1%
of which Postepay Connect (in thousands)*	588.1	539.7	+48.4	+9.0%
Number of card transactions (m)	1,260	1,075	+186	+17.3%
of which number of e-commerce transactions (m) ⁵	334	280	+54	+19.2%
Instances of payments slips accepted on alternative channels** (in %)	35%	39%		
Instances of Postepay top-ups made on alternative channels** (in %)	75%	83%		
TLC				
SIM PosteMobile landlines and mobile telephones (stock in thousands)*	4,898	4,815	+83	+1.7%
of which mobile Sim (stock in thousands)*	4,519	4,459	+60	+1.3%
of which Casa Sim (stock in thousands)*	379	356	+23	+6.5%
of which Fibra Sim (stock in thousands)*	122	99	+23	+22.9%
Energy				
Contracts signed (in thousands) ⁶	292	47	+245	n/s

n/s: not significant

* The figure indicated in column 1H 2022 refers to 31 December 2022

** Includes transactions carried out on Third-Party Networks and Digital Channels (Properties Poste Italiane Retail, Business and Other digital channels)

¹ Transactions relating to payments made with Postepay Debit and Postepay on internal and external payment circuits ("on us" and "off us")

² Transactions relating to payments made with Postepay Debit and Postepay on external payment circuits ("off us")

³ Includes PostePay cards and debit cards

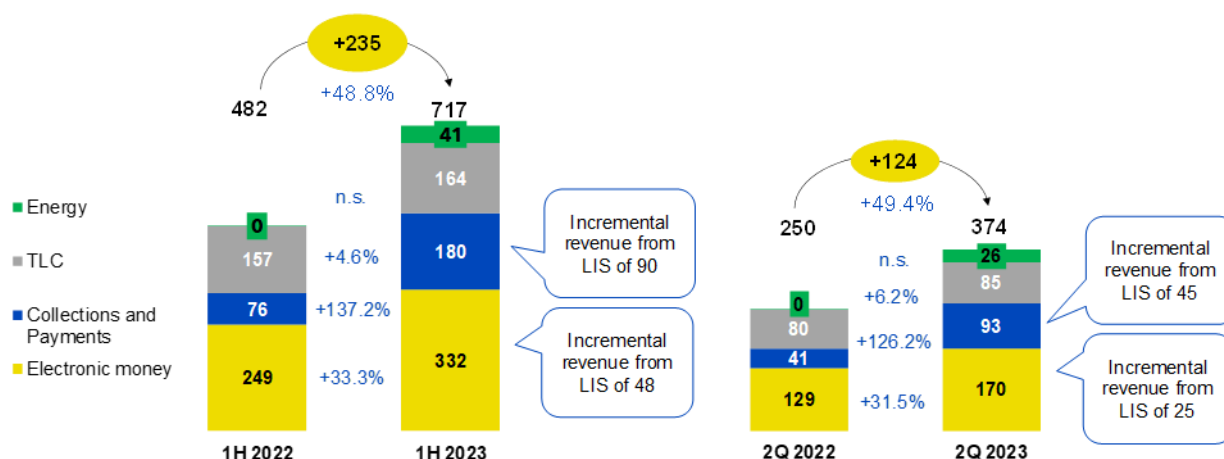
⁴ Including business customers and Postepay Connect

⁵ Includes e-commerce transactions + web (on Poste Italiane's digital properties)

⁶ The value refers to the period from the beginning of the service (June 2022) to June 2023

EXTERNAL REVENUE

(€m)



Electronic money: prepaid cards (top-ups, payments, withdrawals, fees, issuance), debit cards (Postepay debit – interchange fee on card transactions; from October 2021 also withdrawals, P2P top-ups and fees to customers); acquiring services (transaction fee, fees and services) linked to the supply of POS (mobile, physical, virtual) for accepting card payments (debit, credit, prepaid). Phone top-ups for all mobile network operators (MNOs) and mobile virtual network operators (MVNOs), commercial services for tobacconists/HORECAs.

Collections and payments: tax payment service through acceptance of the F23 and F24 models; funds transfer for sending money abroad via Moneygram and Western Union, post giro transfers and direct debit made by Postepay Evolution, payments on the PagoPA system, MAV, payment collection, revenue stamps, acceptance of postal pay slips and other direct LIS payments.

TLC: mobile phones (revenue from traffic, and the sale of mobile phones and routers from PO corners) and fixed line (PosteMobile Casa and PosteCasa Ultraveloce offers).

Energy: Revenue from electricity and gas sales following the start of the employee and family promotion in mid-June 2022 (mass market offer starting from January 2023) and revenue from energy management portfolio optimisation activities.

External revenue in the first half of 2023 amounted to €717 million, marking an increase of €235 million compared to June 2022 (+48.8%) thanks to the positive contribution of all sectors.

In particular, the Electronic Money and Collections and Payments segments strengthened their performance also net of the additional contribution from the acquisition, in September 2022, of LIS Holding S.p.A., which brought in incremental revenue totalling €138 million for the period, while the Energy business benefited from the launch of the mass market offer in January 2023.

In detail, revenue from Collections and Payments services grew by €104 million, from €76 million recorded in the first half of 2022 to €180 million in the same period of 2023, driven by the acquisition in September 2022 of LIS (incremental revenue of €90 million) as well as by PagoPA payment advices and instant credit transfers⁷⁸ from Postepay Evolution.

Electronic Money revenue increased by €83 million from €249 million in the first half of 2022 to €332 million in the same period of 2023, due to higher revenue from payment card operations and the above-mentioned acquisition of LIS (incremental revenue of €48 million), as well as higher revenue from acquiring services.

The Telecommunications segment recorded growth of €7 million, compared to the €157 million revenue achieved in the first half of 2022 (+4.6%). The increase is attributable to higher revenue from the fibre optic connectivity service.

⁷⁸Transfers settled within seconds of the transaction being ordered, via the pan-European TIPS (Target Instant Payment Settlement) platform dedicated to real-time settlement of instant payments. Source: www.bancaditalia.it.

At 30 June 2023, the Energy segment posted revenue of €41 million, of which €28 million came from the sale of energy services and €7 million from energy management activities⁷⁹. In addition to the energy offer for employees and their relatives launched in June 2022, the mass market offer was launched in January 2023, with the advertising campaign starting on 12 February 2023: In the first half of 2023, 245 thousand subscriptions were recorded (of which 173 thousand for commodity power and about 72 thousand for gas).

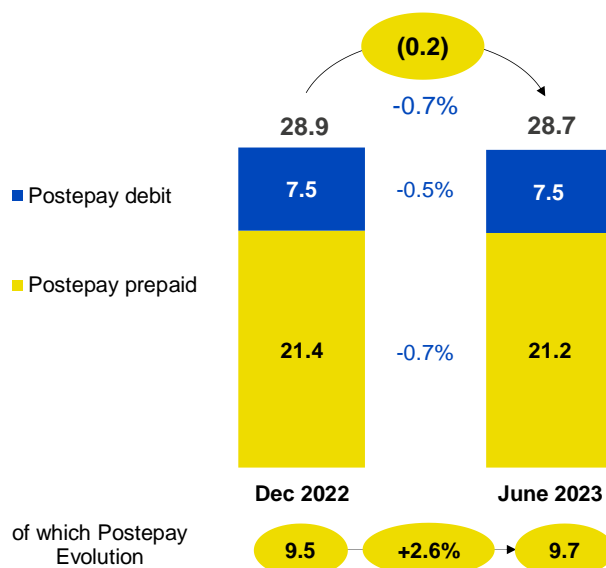
Revenue from other sectors decreased by €4 million (-3.2%) from €136 million in the first half of 2022 to €132 million in the first half of 2023.

The performance in the second quarter of 2023 confirms the sustained growth in the Collections and Payments and Electronic Money segments. In particular, in the second quarter of 2023, Collection and Payment Services recorded revenue of €93 million (+126.2% compared to the same period of 2022), mainly due to the positive contribution of the PagoPA payments service to the Public Administration. The high transaction volumes of payment cards related to the increase in transactions on both physical and digital channels and the acquisition of LIS Holding, drove the revenue of the Electronic Money segment to €170 million in the second quarter (+31.5% compared to the second quarter of 2022).

Positive performance also for the Telecommunications segment, which posted revenue of €85 million in the second quarter of the year (+€5 million, +6.2% compared to the second quarter of 2022) supported by growth in the customer base of the fibre optic connectivity service, and for the Energy segment, which posted revenue of €26 million.

CARD STOCK

(figures in millions)



At 30 June 2023, the total stock of prepaid and Postepay Debit cards amounted to 28.7 million, a slight decrease compared to 31 December 2022 (-0.2 million, -0.7%) with total transactions⁸⁰ equal to €37.6 billion, up by approximately €5 billion (+15.3%) compared to the first half of 2022.

⁷⁹ Electricity and gas trading in wholesale markets aimed at guaranteeing supplies to end customers by managing their physical balancing.

⁸⁰ The figures refer to on-us and off-us payment transactions.

Outstanding prepaid Postepay cards amounted to 21.2 million (-0.7% compared to December 2022) and of these, Postepay Evolution cards, equal to approximately 9.7 million at 30 June 2023, showed an increase of 2.6% compared to the value at 31 December 2022. The sale of Postepay Connect⁸¹ continued in the first half of 2023, with approximately 68 thousand activations at 30 June 2023 and a stock of 588 thousand cards (+9% compared to December 2022). The stock of PostePay Green cards rose sharply from 72.7 thousand in December 2022 to 106.3 thousand in June 2023.

+19.2%
the y/y growth of
e-commerce
transactions in the first
half of 2023

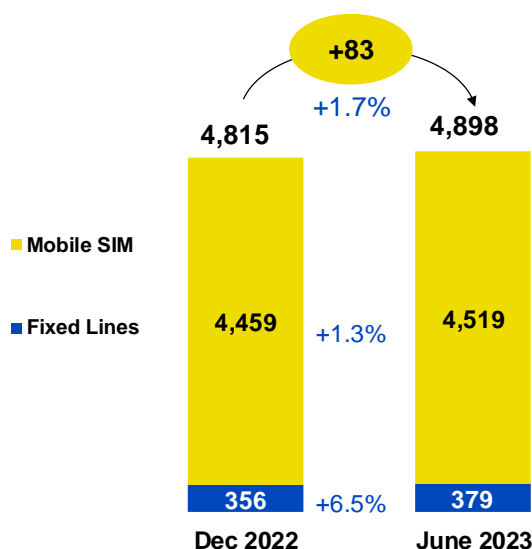
**28.7
mln**
the card stock
at 30 June 2023

During the first half of 2023, there was an increase in payment card transactions of 17.3% (+186 million transactions) compared to the same period of 2022, thanks also to the contribution of e-commerce transactions⁸² and on the web (+54 million transactions compared to the same period of 2022).

In the area of acquiring, against a number of POS installed at 30 June 2023 of about 283 thousand, a transacted volume of over €14 billion was developed (+11% of transacted volume compared to the same period of 2022, an increase of €1.4 billion).

SIM STOCK

(figures in thousands)



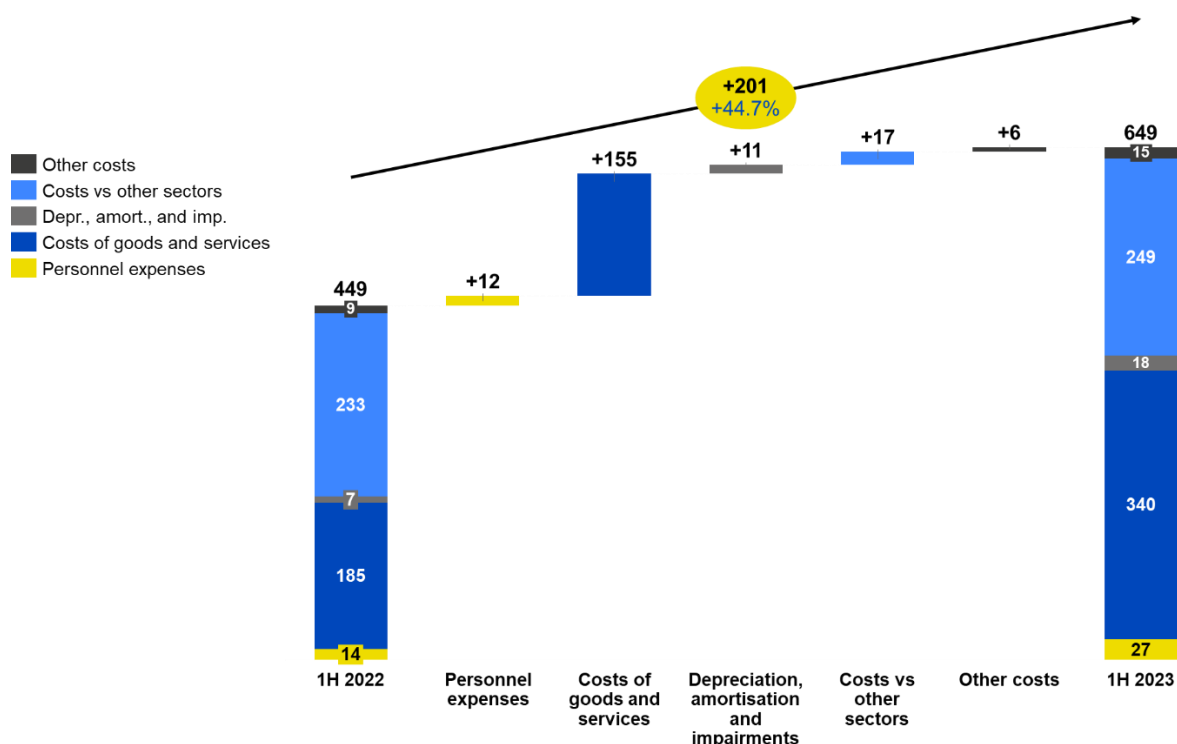
In Telecommunications, the customer base related to mobile services, at 30 June 2023, is represented by approximately 4.5 million lines, slightly up (+1.3%) compared to 31 December 2022. With reference to Fixed Telephony services, the "PosteMobile Casa" offer and the "PosteCasa Ultraveloce" fibre optic data connectivity offer recorded a 6.5% increase in lines, rising from 356 thousand lines at 31 December 2022 to 379 thousand lines in June 2023. In detail, the lines of the "PosteMobile Casa" offer decreased by 0.2% compared to December 2022, while the lines of the "PosteCasa Ultrafast" (Fibre) offer reached 122 thousand units in June 2023, an increase of 23 thousand lines compared to December 2022.

⁸¹ Offer integrating the Postepay Evolution prepaid card and the Postemobile SIM.

⁸² Includes e-commerce transactions + web (on Poste Italiane's digital properties).

TOTAL COSTS

(€m)



The total costs of the Strategic Business Unit amounted to €649 million, an increase of 44.7% (+€201 million) compared to the €449 million incurred in the first half of 2022, of which €121 million attributable to the acquisition of LIS.

The increase in the cost of goods and services compared to the first half of 2022 (+€155 million, +83.5%) was mainly attributable to the expansion of the scope of operations generated by the acquisition of LIS. There was also an increase in costs in the Energy segment following the launch of the commercial offer during the period.

The increase in costs to other segments compared to the first half of 2022 (+€17 million, +7.2%) was mainly due to higher outsourcing costs to the Parent Company, with particular reference to the placement and back office activities of payment services and to call centre, information systems and contract placement activities at post offices related to the start-up of the energy business.

Personnel expenses increased by €12 million (+87.1%) million compared to June 2022, due to the expansion of the workforce following the acquisition of LIS and the new Energy business.

In light of the results described, the economic performance of the Payments and Mobile Strategic Business Unit in the first half of 2023 shows an operating margin (EBIT) of €199 million, up 17.8% compared to the same period of the previous year (€169 million).

The profit achieved in the first half of 2023 amounted to €144 million, an increase of 18.9% compared to the value of 2022 (€121 million).

6.2.5 DIGITAL AND THIRD-PARTY NETWORKS IN THE GROUP'S OMNICHANNEL STRATEGY

The Group contributes to the innovation and digitalisation of the country, guaranteeing the accessibility and functionality of its offer to all citizens.

In this context, the Company aims to connect Italian SMEs, Public Administration and citizens also through the strengthening of partnerships in order to provide digital services.

The Group's omnichannel strategy is aimed at creating an "ecosystem" and omnichannel platform model which, thanks to cutting-edge physical and digital channels and simplified processes for serving its customers, aims to guarantee an excellent and "without differences" customer experience on all contact points.

DIGITAL PROPERTIES

The Group has implemented a programme of "digital transformation" of all its service and offer models in order to guarantee its customers full digital contact experiences. This programme was significantly accelerated in 2021, in view of the effects of the health emergency, in order to make the Group's products available to customers in conditions of absolute safety.

Digital Market

With reference to the Digital market⁸³, almost 51 million people in Italy are online and almost 44 million are present and active on social channels. 97.5% of Italians continue to use a smartphone and 67.2% a desktop or laptop computer (the latter down 11% compared to 2021), while the growth of smartwatches (used by 33.2% of the population, up 18% compared to 2021) and smart homes (used by 20.5% of Italians, up 18% compared to 2021) continues. As far as e-commerce is concerned, the number of people in Italy who made at least one online purchase increased by 4.7% in 2022 compared to 2021 in the world of consumer goods.

⁸³ Source: <https://wearesocial.com/it/blog/2023/02/digital-2023-i-dati-italiani/>.

The main KPIs with the Group's performance on digital channels and third-party networks during the first six months of 2023 are represented below.

Key KPIs Omnichannel	1H 2023	1H 2022	Changes	
Daily interactions Poste physical network and new channels (m)*	22.5	20.3	+2.1	+10.5%
Daily transactions Poste physical network and new channels (m)*	3.2	3.0	+0.1	+4.3%
KPIs New Channels*				
Incidence of new channel interactions (digital, remote channels and third-party networks/total daily interactions)	69.6%	69.1%		
Incidence of transactions on new channels (digital transactions and third-party networks/total transactions)	51.2%	49.9%		
Digital KPIs				
Daily digital transactions (m)	0.5	0.4	+0.1	+20.4%
Digital transactions/total transactions*	16.9%	14.6%		
Average daily unique users (website and apps) (m)	6.2	5.6	+0.7	+12.1%
Overall app rating	4.6	4.4	+0.2	+4.5%
Digital clients (m)	12.3	11.7	+0.6	+4.7%
App downloads (m)	90.6	77.9	+12.7	+16.3%
Poste Italiane digital e-wallets (m)	11.1	9.9	+1.2	+12.2%
Active SPID digital identities (m)	24.2	23.1	+1.0	+4.5%
Third-party network KPIs				
Payslip volumes (m)	20.7	27.0	(6.3)	-23.5%
Postepay top-ups (m)*	26.2	25.3	+1.0	+3.8%
Postemobile top-ups (m)	5.6	5.4	+0.1	+2.3%
Parcels delivered (m)	7.1	4.6	+2.5	+53.2%

* The indicators shown in column 1H 2022 have been pro-formed to include LIS's operations in the first half of 2022 (the company was acquired in September 2022)

Interactions: daily contacts of customers with the group's omnichannel platform: visits to the Poste Italiane Group's website and apps, calls to the contact centre, customers served in Post Offices, transactions carried out at ATMs and third-party networks, transactions on physical POS and e-commerce.

Transactions: customers' purchase actions (e.g. purchase of current account or postepay evolution) and transactions (e.g. payment of bulletin, postepay top-up, bank transfer) on the Poste Italiane Group's digital properties, in post offices and at third-party networks.

Average unique visitors: number of users who made at least one daily visit to the Group's digital properties (Poste.it website and APPs) in the selected period.

In the first half of 2023, the Poste Italiane Group reached 22.5 million daily interactions (20.3 million interactions in the same period of 2022) with more than 69% of interactions on digital properties, remote channels and third-party networks. The number of average daily unique visitors also grew during the same period, reaching 6.2 million, up 12.1% compared to the same period of last year. Daily transactions on digital channels also grew double-digit at 0.5 million, accounting for 17% of total daily transactions. Digital customers enabled to operate online via e-

>6 mln
Daily visitors on the Group's digital channels (+12.1% y/y)

51%
of daily operations in the first half of 2023 on the new channels

wallet exceeded 11 million at 30 June 2023, using the Poste Italiane Group's apps, which recorded over 90 million downloads with an overall rating of 4.6 in the first six months of the year.

The impact of digital transactions and transactions carried out on third-party networks on total transactions also increased compared to the first

half of 2022, going from 49.9% to 51.2% in the first half of 2023.

Poste Italiane is confirmed as the first SPID Digital Identity Manager, with a market share of around 75.5% and a customer base of around 26.7 million Identities Digital public databases issued, of which 24.2 million active.

~27 mln
digital identities issued with ~75% market share


In order to guarantee the highest quality of service and always offer new "digital citizenship" tools to users, giving value to the privileged partnership with the institutions and supporting the evolution of the Public Digital Identity System, Poste Italiane has simplified the customer experience in requesting password recovery and is developing SPID digital identity solutions for access to online services dedicated to professionals and businesses as well as B2B services intended for SPID private Service Providers, with specific paid offers.



Strengthening of digital channels

In the first half of 2023, the Group continued the evolution of digital channels with a view to ensuring a seamless, omnichannel experience for its customers based on the following main drivers of evolution:

Introduction of new features on digital channels

- Since June 2023, the **new Ufficio Postale app** has been available, with a new design and a customised user experience, thanks to the improvement of existing services and the introduction of new features, including in particular:
 - ✓ simplified booking flow, with the possibility of retrieving appointments made in omnichannel mode;
 - ✓ introduction of a form pre-filling service directly in the app to simplify the experience in the Ufficio Postale app;
 - ✓ new notice board, organised in a simpler way and navigable via the advanced search functionality;
 - ✓ an area dedicated to business proposals and a section for quick transactions, for quick access to the most frequently performed operations and with a summary of current activities, to support daily operations;
 - ✓ simplified access through the creation of a PostelD, also for non-financial users, and biometric recognition.
- In the area of **Postal Savings**, in March 2023, a recognition process was made available to customers on the BancoPosta web and app channels to allow holders of Libretti Smart, enabled only for information functions, to also access device functions by carrying out online transactions without the need to go to a post office or a Postamat ATM.
- The **digital assistant (BOT)**  service was evolved in order to monitor the status of shipments.
- As part of the activities to **evolve the fibre offer**, in March 2023, the possibility was made available for customers paying via payment slip to speed up bill payment with the new **oneclicktopay** feature which, also in push mode⁸⁴, offers customers access to their payment tools to pay their slips via app and web, while proposing to switch to direct debit.

Strengthening the catalogue of offers on digital channels

- In the utilities area, omnichannel **cross-selling** functionalities **between Energy and Fibre products** were implemented on the **Thank You Page**⁸⁵.
- The new simplified sales funnel for the Current Account **was introduced** in the BancoPosta app, completing, in an omnichannel logic, the active channels for the sale of the product; on the web channel, the new simplified sales funnel dedicated to the purchase of Mutual Investment Funds was introduced, for customers already in possession of a current account and smart savings book.

Optimising PosteBusiness infrastructure

- The digital payment functionalities in the business ecosystem of customers with Postepay Evolution Business and Postepay Debit Business cards were expanded, integrating the **payment of slips** (both web and app), **Postepay top-ups** (both web and app) and **F24 forms** (web).

⁸⁴ Push notifications are notifications that are sent to smartphones to warn/alert the customer, in this case that they can pay.

⁸⁵ The thank you page is the last screen in the sales process where the customer is greeted and thanked for signing up for the service.

6.3 GROUP CAPITAL MANAGEMENT FRAMEWORK

The Group strategically manages the allocation of available capital among the four Strategic Business Units in which it operates, consistent with the following objectives:

- 1 ensure business continuity through adequate capital allocation by all SBUs to support the investment and liquidity needs of the businesses on the one hand, and compliance with regulatory requirements for SBUs operating in regulated and supervised markets on the other;
- 2 maximise the medium- to long-term value creation of the Group by allocating capital according to its economic return;
- 3 guarantee a competitive return to shareholders by ensuring the dividend policy communicated to the market;
- 4 seize opportunities arising from acquisitions and/or strategic partnerships.

There are no significant changes to the Group's capital allocation in the first half of 2023. For more information, please refer to the Annual Report at 31 December 2022.

6.4 GROUP FINANCIAL POSITION AND CASH FLOW

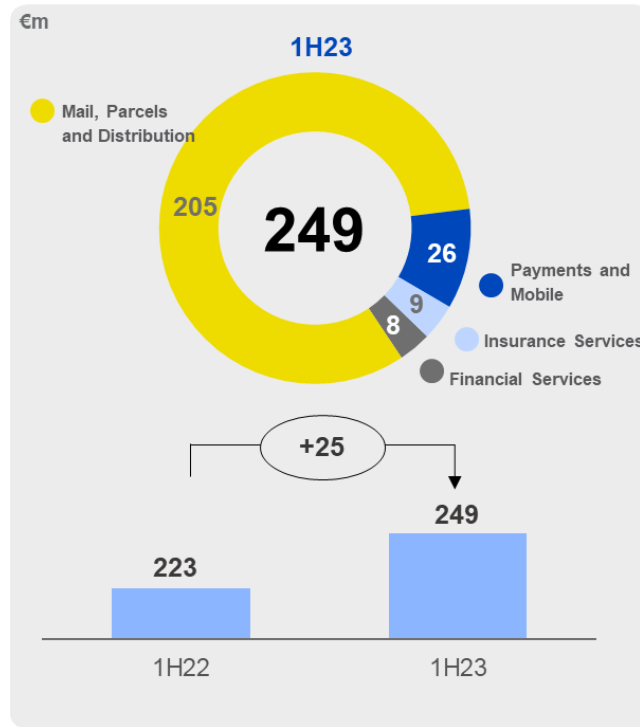
€m	30 June 2023	31 December 2022	Changes	
NON-CURRENT ASSETS	5,901	5,852	+49	+1%
NET WORKING CAPITAL	1,948	1,288	+660	+51%
GROSS INVESTED CAPITAL	7,849	7,140	+709	+10%
SUNDRY PROVISIONS AND OTHER ASSETS/LIABILITIES	(856)	(274)	(582)	n/s
NET INVESTED CAPITAL	6,994	6,866	+127	+2%
EQUITY	9,518	7,878	+1,640	+21%
NET DEBT/(FUNDS) - (SURPLUS)/DEFICIT	(2,525)	(1,012)	(1,513)	n/s
<i>of which: Net debt/(funds) of the Mail, Parcels and Distribution SBU</i>	2,388	2,839	(451)	-16%

n/s: not significant

The Poste Italiane Group's **non-current assets** at 30 June 2023 amount to €5,901 million, an increase of €49 million compared with the end of 2022. Investments of €249 million contributed to the formation of fixed assets and an increase in rights of use for new stipulations, renewals and contractual changes falling within the scope of application of IFRS 16 equal to a total of €122 million. In addition, there was an increase resulting from the first-time consolidation of Net Insurance of €158 million (of which €134 million related to the recognition of provisional goodwill from acquisitions). These change was partially offset by depreciation and amortisation of €454 million.

Also contributing to the balance of this item are equity investments in companies accounted for using the equity method for a total of €280 million, mainly relating to the investments held in Anima Holding, Financit, Replica SIM and, starting from the current half-year, the investment in sender Italia for €21 million, which, as part of the renegotiation of agreements with sender GmbH, lost the status of subsidiary and assumed the status of associate.

Group **investments** in the first half of 2023 amount to €249 million. Investments classified as ESG, i.e. complying with the reference principles of the Group's 8 Pillars of Sustainability, represent more than 70% of the total value. Among the main projects we highlight the energy efficiency interventions of the real estate assets, the automation and evolution of the sorting and delivery network from a green perspective, the improvement of the customer experience of the products and services offered to customers from a multi-channel and digital perspective, the evolution of the Cloud infrastructure, as well as the adoption of management systems, equipment and infrastructures in the field of health and safety.



In line with the investment programme, around 80% of the Group's investments (€205 million) focused on the automation and modernisation of the [Mail, Parcels and Distribution Strategic Business Unit](#).

~
24,500
low-emission vehicles available in the fleet, of which approximately 4,800 electric

In particular, the renewal of the fleet dedicated to delivery continued in the first half of 2023, with the introduction of about 2,000 new vehicles, of which about 1,200 electric, about 500 hybrid and the remainder with low emissions. At 30 June, the total fleet consisted of approximately 24,500 new vehicles. In addition, some 1,000 electric vehicle charging infrastructures were installed in the first half. At 30 June, approximately 5,100 electricity columns are installed.

During the first half, new zero-emission delivery lines were also implemented on 3 city centres (Naples, Foggia and Matera) in addition to the 28 city centres already implemented in 2021-2022, for a total of 31 city centres. Instead, as far as municipalities are concerned, there are 360 with zero-emission deliveries.

~
425,000
LED lamps installed at 30 June 2023

Property investments concerned the redevelopment of Post Offices, the creation of new spaces for commercial specialists and mobile consultants. In the area of reducing environmental impacts, work continued on automation and remote control of facility management (more than 250 buildings involved in the Smart Building project in the first half of 2023) in order to reduce electricity consumption and CO₂ emissions. Work also continued on the replacement of conventional lamps with LED technology (around 13,000 additional lamps in the first half of 2023) and 20 photovoltaic systems were installed in the first half of 2023, totalling more than 180 systems with an installed capacity of around 11,000 KWp.

~
1,880
buildings involved in the Smart Building project at 30 June 2023

In the first half of 2023, work continued on the routine management of workplace safety and information security . In particular, security equipment was distributed to the territorial branches (e.g. supply of anti-sickness kits) and activities were

carried out to prevent threats and counter cyber attacks. In addition, work continued on Poste Italiane's video surveillance service for sites not yet served and existing systems were improved by progressively replacing digital video recorders (DVR) and obsolete anti-intrusion control units. In particular, around 200 cameras and over 100 Intrusion Control Panels were replaced. In addition, TAPA - FSR (Transported Asset Protection Association - Facility Security Requirements) certification⁸⁶ was obtained at the Brescia Operations Centre and 5 additional Sorting Centres, for a total of 9 sites certified to date.

Within the scope of Technological Transformation and Engineering, the migration of existing digital services to the new infrastructure based on Hybrid Cloud continued, through a "containerisation" procedure of application components. In addition, activities continued on the Data Driven Company project, which aims to support corporate strategies through the implementation of a Data Mesh Platform⁸⁷ that will provide access to structured and customised information. Finally, in Customer Service, the transformation process sees the increasing use of the Artificial Intelligence platform to support the management of first-level contacts compared to last year.

In the [Financial Services Strategic Business Unit](#), total investments amounted to €8 million and mainly concerned the streamlining of sales and post-sales processes, with a focus on customer identification procedures and the simplification of contract signing at Post Offices, as well as the enhancement of customer engagement through digital channels and the evolution of services supporting Postal Savings. In the investment segment, activities in the first half of the year included the integration of ESG components into advisory models and the development of advanced functionalities for the automatic rebalancing of client portfolios.

In the [Insurance Services Strategic Business Unit](#), during the first half of 2023, project activities continued to support industrial development, which particularly concerned the finalisation of Poste Vita's acquisition of Net Insurance S.p.A. through its subsidiary Net Holding S.p.A. In addition, functional/infrastructural improvements of the most important business support systems continued, as well as system upgrades to comply with regulatory obligations, such as the first application of IFRS17. Total investments in the half-year amounted to €9 million.

Investments in the period of the [Payments and Mobile Strategic Business Unit](#) amounted to €26 million. Developments to support the fixed and mobile network offerings continued with the aim of increasing their competitiveness in the market, as well as investments in IT systems aimed at supporting the new sales processes in post offices, the provision of PagoPA services and the release of new functions in the issuing area. Finally, following the launch of the Poste Energia offer, development activities were carried out on the management platform and specific functionalities were released on digital channels (App and Web).

Net working capital at 30 June 2023 amounted to €1,948 million and increased by €660 million compared to the end of 2022 mainly due to:

- higher trade receivables of €151 million and lower trade payables of €315 million;
- net decrease in other liabilities and assets of approximately €175 million;
- increase in current tax receivables, net of current tax payables, of €28 million.

⁸⁶ TAPA certification involves the implementation of physical security systems and the adaptation of security systems (access control, video-surveillance, anti-intrusion, etc.) at the logistics sites of Mail, Communication and Logistics, as well as the adoption of specific rules, procedures and audit plans so that what is implemented is aimed at protecting assets and spreading a culture of security, in compliance with company regulations, in order to ensure the reduction of exposure to the risk of theft, compliance with the international TAPA-FSR standard according to which sites will be certified, the maintenance of air security certification (regulated agent, airport handler) and the transport of dangerous goods under ADR (Accord Dangereuses Route - road) and DGR (Dangerous Goods Regulation - air transport). (Regulatory requirement on civil aviation security Reg. EU 300/2008; Reg. EU 2015/1998 and following).

⁸⁷ The data mesh is a decentralised data architecture that organises data according to a specific business domain. In this type of architecture, data is conceived as a "product", in fact reference is made to "data product".

The balance of **Sundry provisions and Other assets/liabilities** at 30 June 2023 amounted to €856 million and increased by €582 million compared to 31 December 2022 mainly due to lower net deferred tax assets of €546 million (mainly due to positive fair value changes related to financial instruments classified as FVOCI) and the increase in provisions for risks and charges of €81 million (mainly due to the increase in the provision for personnel expenses net of the utilisation of the provision for early retirement incentives) partially offset by a decrease in the provision for employee termination benefits of €45 million.

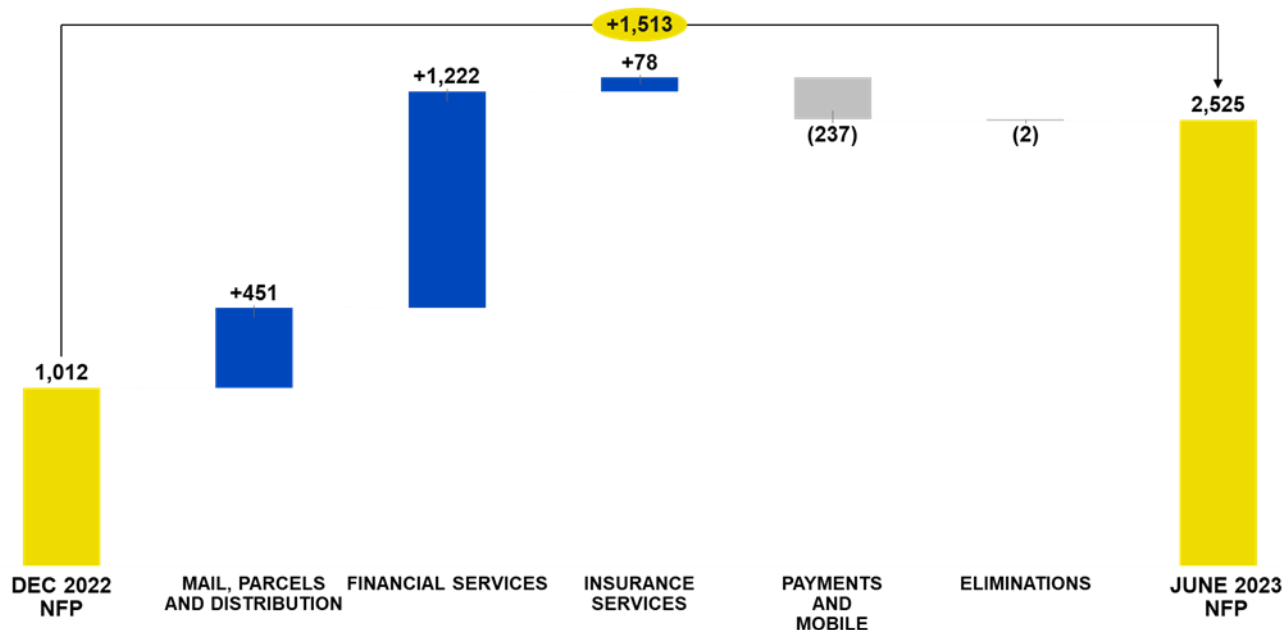
Equity at 30 June 2023 amounted to €9,518 million, an increase of €1,640 million compared to 31 December 2022. This change is mainly attributable to:

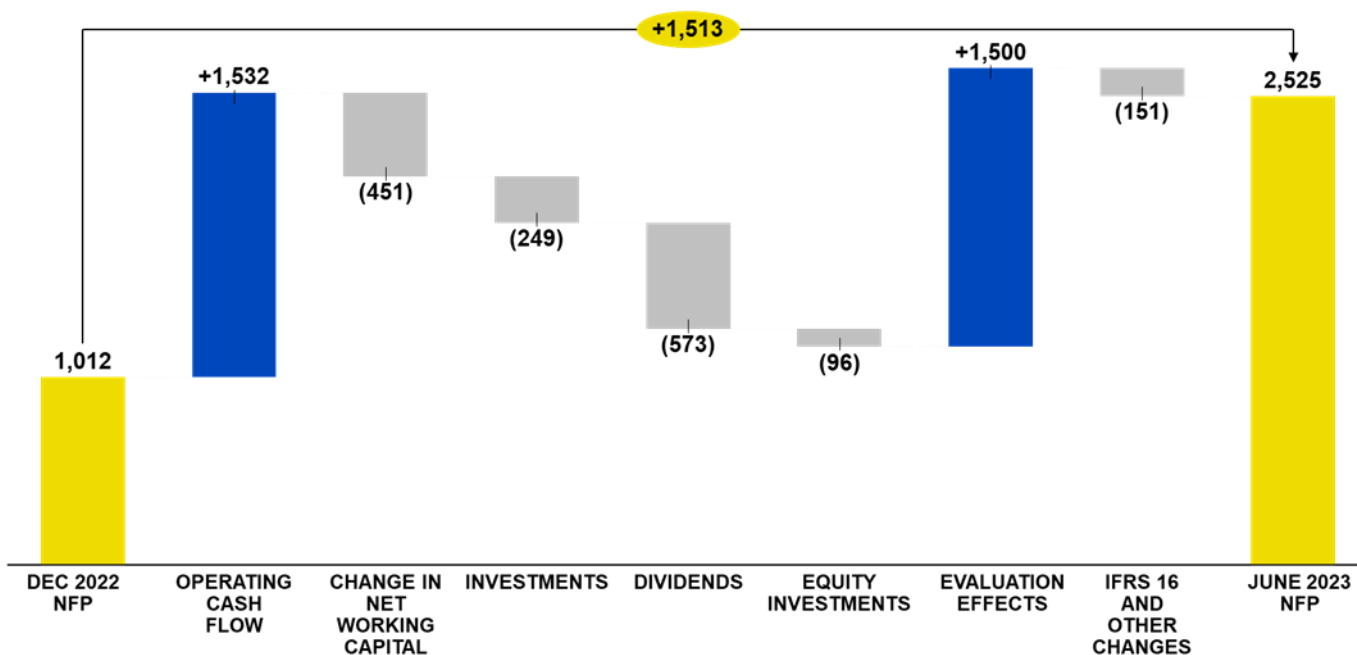
- the positive effect of the profit for the period of €1,140 million;
- the negative effect from the distribution of dividends in the amount of €573 million;
- the increase in the fair value reserve essentially deriving from the positive change in the fair value of financial instruments classified as FVTOCI for €3,059 million, partially offset by the decrease in the reserve for insurance contracts for the component attributable to policyholders for €1,728 million;
- the decrease in the cash flow hedge reserve of €212 million.

Total net debt/(funds) at 30 June 2023 showed funds of €2,525 million, an improvement of €1,513 million from 31 December 2022 (funds of €1,012 million).

Group Net Debt/(Funds)

(€m)





The following mainly contributed to this change:

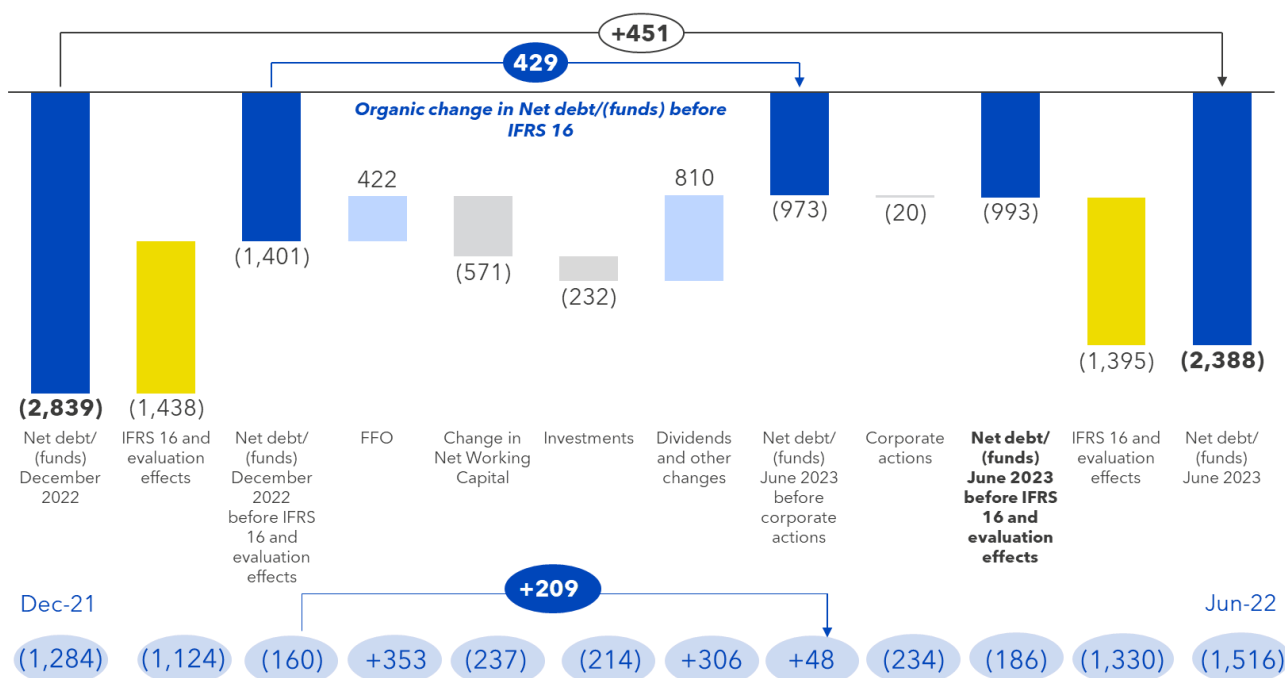
- positive operating result of €1,532 million (of which €1,140 million attributable to profit for the period, €454 million to depreciation and amortisation partially offset by other items for a total of €63 million);
- the negative effect attributable to the change in working capital and taxes (excluding the effects of changes in the scope of consolidation) of about €451 million, of which:
 - o increase in gross trade receivables of about €170 million (mainly due to the increase in receivables from Cassa Depositi e Prestiti);
 - o €270 million of lower trade payables;
 - o net decrease in other liabilities and assets of approximately €180 million, mainly attributable to items due to personnel following the reduction in incentive payables, partially offset by the change in tax items related to the operations of the Insurance Services and Financial Services Strategic Business Units;
 - o change in taxes for €169 million;
- investments in fixed assets for €249 million;
- the negative effect from the distribution of dividends in the amount of €573 million;
- the positive valuation effects for the period amounting to €1,500 million, mainly attributable to positive fluctuations in the value of investments classified as FVTOCI, held mainly by the Financial Services Strategic Business Units, and residually by the other SBUs;
- investments in shareholdings amounting to €96 million mainly related to the acquisition of Net Insurance (of which approximately €108 million for outlay);
- other decreases totalling €151 million, mainly attributable to the increase of €101 million in financial liabilities for leases falling under IFRS 16.

With reference to the financial instruments held by the Financial Services Strategic Business Unit, the overall change in the fair value during the year was positive for approximately €1.6 billion and positive €1.4 billion was recognised in the specific equity reserve for the part not covered by fair value hedge instruments and for the remaining part covered in the statement of profit or loss, offset by the negative change in fair value hedging derivative instruments.

At 30 June 2023, the total balance of derivatives in fair value hedge was positive for €5.1 billion (€5.4 billion at 31 December 2022).

Analysis of the net debt/(funds) of the Mail, Parcels and Distribution Strategic Business Unit

(€m)



The **Net debt/(funds) of the Mail, Parcels and Distribution Strategic Business Unit** at 30 June 2023 showed a debt of €2,388 million (€973 million net of lease liabilities, valuation effects and extraordinary transactions in the half-year), an improvement of €451 million compared to 31 December 2022, when it showed a debt of €2,839 million (€1,401 million net of lease liabilities and valuation effects).

Net of lease liabilities, valuation effects and extraordinary transactions for the half-year, the change of €429 million reflected:

- a positive operating result of €422 million due to the profit for the period of €83 million net of the capital gain realised following the renegotiation of the agreements with Sennder GmbH (€109 million) depreciation and amortisation (excluding utilisation rights) of €301 million and net changes in provisions for risks of €92 million (mainly due to accruals for personnel expenses net of utilisations of the provision for early retirement incentives) partially offset by net utilisations of the provision for employee termination benefits and other minor changes of approximately €54 million;
- a negative effect relating to the change in net working capital for €571 million mainly attributable to:
 - a net decrease in net trade payables and receivables of approximately €390 million;
 - the change in other receivables and other payables of approximately €165 million;
- new investments in fixed assets for €232 million;
- a net positive cash flow from dividends and other changes of €810 million mainly due to the net effect of dividends received from companies (€1,397 million) and paid to shareholders outside the Group (€573 million).

The **payables** shown in the net debt/(funds) of the Mail, Parcel and Distribution Strategic Business Unit primarily relates to:

- an EIB loan of €173 million maturing in March 2026;
- an EIB loan of €400 million maturing in October 2026;
- an EIB loan of €150 million maturing in May 2028;
- an EIB loan of €100 million maturing in May 2028;
- private placement of about €50 million maturing in October 2023;
- two senior unsecured bonds issued on 10 December 2020 with a total nominal value of €1 billion, the first of €500 million maturing in December 2024 and the second of €500 million maturing in December 2028.

Analysis of the ESMA net debt/(funds) of the Mail, Parcels and Distribution Strategic Business Unit

€m	At 30 June 2023	At 31 December 2022
A. Cash and cash equivalents	(478)	(575)
B. Cash equivalents	-	-
C. Other current financial assets	(6)	(1)
D. Liquidity (A + B + C)	(483)	(577)
E. Current financial debt (including debt instruments, but excluding the current portion of non-current financial debt)	391	379
F. Current portion of the non-current financial payable	4	1
G. Current financial debt (E + F)	394	381
H. Net current financial debt (G + D)	(89)	(196)
I. Non-current financial debt (excluding current portion and debt instruments)	1,950	2,001
J. Debt instruments	998	997
K. Trade payables and other non-current payables	18	18
L. Non-current financial debt (I + J + K)	2,966	3,017
M. Total financial debt (H + L)	2,878	2,821

ESMA financial debt reconciliation with Net debt/(funds) including intersegment transactions

€m	At 30 June 2023	At 31 December 2022
M. Total financial debt (H + L)	2,878	2,821
Non-current financial assets	(627)	(539)
K. Trade payables and other non-current payables	(18)	(18)
Tax credits Law no. 77/2020	(458)	(420)
Net debt/(funds)	1,773	1,843
Intersegment financial receivables and payables	615	996
Net debt/(funds) including intersegment transactions	2,388	2,839

Existing cash and credit lines are sufficient to cover expected financial requirements. More specifically, at 30 June 2023, the cash of the Mail, Parcels and Distribution Strategic Business Unit amounted to €0.5 billion (almost exclusively relating to the Parent Company), while unused committed and uncommitted lines to support liquidity totalled approximately €3.4 billion.

The table below provides details of the credit lines at 30 June 2023 and 31 December 2022.

Description (€m)	Balance at 30.06.2023	Balance at 31.12.2022
Committed credit lines	2,450	2,450
Short-term loans	2,450	2,450
Uncommitted credit lines	2,204	2,159
Short-term loans	960	1,005
Current account overdrafts	185	145
Unsecured loans	1,059	1,008
Total	4,654	4,609
Uncommitted uses	625	652
Short-term loans	0	1
Unsecured loans	625	652
Total	625	652

7. OTHER INFORMATION

[EVENTS AFTER 30 JUNE 2023](#)

[SIGNIFICANT TRANSACTIONS](#)

[INDUSTRIAL RELATIONS](#)

[WELFARE - DIVERSITY AND INCLUSION](#)

[CORPORATE UNIVERSITY](#)

7.1 EVENTS AFTER 30 JUNE 2023

Events after the end of the reporting period to which the Interim Report at 30 June 2023 refers are described in other sections of this document.

7.2 SIGNIFICANT TRANSACTIONS

At its meeting of 14 December 2022, Poste Italiane S.p.A.'s Board of Directors, having obtained the favourable opinion of the Related and Connected Parties Committee issued on 13 December 2022, passed the Framework Resolution authorising financial transactions with the counterparty Cassa Depositi e Prestiti S.p.A. up to a maximum total amount of €2 billion and for a duration of one year starting from 1 January 2023. In particular, financial transactions relate to the spot purchase and sale of Euro-government and/or Italian government-guaranteed securities and repurchase agreements for lending and funding to be carried out within the limits of the "Poste Italiane Financial Management" Guidelines, BancoPosta's Risk Appetite Framework and/or the resolutions of the Board of Directors. Financial operations take the form of support activities for BancoPosta ordinary operations and are therefore of an ordinary nature within the meaning of Consob regulations. No transactions were carried out in the first half of 2023 to implement the Framework Resolution.

At its meeting of 14 December 2022, Poste Italiane S.p.A.'s Board of Directors, having obtained the favourable opinion of the Related and Connected Parties Committee issued on 13 December 2022, passed the Framework Resolution authorising financial transactions with the counterparty MPS Capital Services Banca per le Imprese S.p.A. up to a maximum total amount of €4 billion and for the duration of one year starting from 1 January 2023. In particular, financial transactions relate to the spot and forward purchase and sale of government and/or Italian government-guaranteed securities, repurchase agreements for lending and funding, and hedging financial derivatives to be carried out within the limits of the Poste Italiane Financial Management Guidelines, BancoPosta's Risk Appetite Framework and/or the resolutions of the Board of Directors. Financial operations take the form of support activities for BancoPosta ordinary operations and are therefore of an ordinary nature within the meaning of Consob regulations. In the first half of 2023, 3 interest rate swap transactions were carried out to hedge interest rate risk for a total amount of €291 million in implementation of the Framework Resolution. The transactions were concluded at market conditions.

At its meeting of 14 December 2022, Poste Italiane S.p.A.'s Board of Directors approved the signing of a framework agreement with the subsidiary, SDA Express Courier S.p.A., for the management of domestic and international parcels, with an estimated maximum value of approximately €1,704 billion for the two-year term of the agreement from 1 January 2023 to 31 December 2024, net of VAT and eventual fifth obligation. In the absence of significant interests of other parties included in the Combined Perimeter of related parties and connected parties of Poste Italiane S.p.A., the transaction benefited from the exclusion from the application of the decision-making procedures of the Related and Connected Parties Committee. The Agreement was signed on 10 January 2023.

Poste Italiane S.p.A.'s Board of Directors, in its meeting of 29 March 2023, having obtained the favourable opinion of the Related and Connected Parties Committee issued on 28 March 2023, approved the proposed Agreement between Poste Italiane S.p.A. - BancoPosta RFC and the Ministry of Economy and Finance, which regulates the remuneration of the use by the MEF of deposits on postal current accounts in the name of persons other than private customers. The Agreement, the value of which was estimated at €990 million over the reference time horizon (2 years), was finalised on 25 May 2023. On 1 June 2023, the relevant Information Document was made available to the public at the Company's registered office, at Borsa Italiana S.p.A., on the Company's website, as well as on the website of the authorised storage mechanism "eMarket Storage".

At its meeting of 28 June 2023, Poste Italiane S.p.A.'s Board of Directors, having obtained the favourable opinion of the Related and Connected Parties Committee issued on 27 June 2023, approved the Renewal of the Ancillary Own Fund transaction in favour of Poste Vita S.p.A. for a maximum amount of €1,750 million. On 5 July 2023, the relevant Information Document was made available to the public at the Company's registered office, at Borsa Italiana S.p.A., on the Company's website, as well as on the website of the authorised storage mechanism "eMarket Storage".

On 19 June 2023, the subsidiary SDA Express Courier S.p.A. signed a new Master Commercial Agreement - a framework agreement for the provision of Full Truck Load (FTL) transport services - with sender Italia S.r.l., with a duration of 5 years starting from 1 July 2023 and an estimated value of €1.053 billion. In the absence of significant interests of other parties included in the Combined Perimeter of related parties and connected parties of Poste Italiane S.p.A., the transaction benefited from the exclusion from the application of the decision-making procedures of the Related and Connected Parties Committee. On 1 July 2023, as a result of the overall renegotiation of the partnership with sender Tech, approved by Poste Italiane S.p.A.'s Board of Directors on 30 May 2023, Poste Italiane S.p.A.'s stake in sender Italia S.r.l. decreased from 60% to 25%.

7.3 INDUSTRIAL RELATIONS

<p>Voluntary Mobility</p>	<p>On 2 March 2023, an Agreement Report was signed with which, pending the definition of the new agreement that regulates the matter for the years 2023/2024, the Company and the trade union organisations acknowledge that any transfers - both at national, regional and provincial level - will be made with reference to the 2022 rankings drawn up on the basis of what was defined in the agreement of 4 May 2021.</p> <p>On 20 June 2023, the Company and the Trade Unions signed the Agreement Report concerning national voluntary mobility, which follows the structure of the previous agreements with some new elements such as the three-year term instead of the two-year term. The agreement provides for raising the minimum threshold of seniority and length of service in the region to be eligible for mobility from 6 months to 12 months from 2024.</p> <p>Moreover, the agreement, on the one hand, favours access to mobility for staff with particular anthropometric characteristics and, on the other hand, provides for measures in line with the need to protect certain professional figures such as Front End Operators (OFE).</p>
<p>Active labour policies</p>	<p>On 22 June 2023, an agreement was finalised outlining further Active Employment Policies interventions, providing for part-time stabilisations amounting to 1,050 FTE, 30 conversions from part-time to full-time at the Network Nodes, and an increase in staff in the Post Office network amounting to 950 FTE.</p> <p>With specific reference to the Mail, Communication and Logistics function, the Parties have agreed that part of the part-time permanent hires will be allocated to the Closing Business Line articulations, also providing that the resources hired for these articulations will remain assigned to them for a period of 12 months.</p>

	<p>The Parties undertook to meet at national level in order to verify the status of implementation of the agreed actions, to examine the possibility of intervening in the organisational areas Digital, Technology & Operations and Staff and, by January 2024, to assess the definition of the numbers and a new regulatory framework of the agreement on 2024 Active Employment Policies.</p> <p>Finally, the Company confirmed the activation of the special elastic clause pursuant to Article 23 paragraph X of the current National Collective Labour Agreement.</p>
<p>Smart Working</p>	<p>The Agreement Report was signed on 2 March 2023 with which the Company and the Trade Unions agreed to extend the effects of the agreements of 1 March and 3 August 2022 until 30 September 2023.</p>
<p>Digital, Technology & Operations</p>	<p>With the Agreement of 1 February 2023, the Company and the Trade Unions defined some important aspects concerning both Back Office and Customer Services. In particular, a rationalisation and new micro-organisation of the Territorial Depots has been planned, which will gradually decrease from the current 10 to 5 territorial sites.</p> <p>The new Credit Management model was presented, which will be tested for the first time, with the aim of creating a single credit management system to reduce "overdue" and make the entire process more efficient.</p> <p>With regard to Customer Assistance services, the new Value Assistance model was introduced, which will make it possible to provide support in the product/service purchase phase and to interact with the customer through commercial proposition initiatives.</p> <p>With regard to Information Technology services, and especially with reference to the Technology Poles, the operational model and the micro-organisation model were redefined, also through the introduction of specific support figures for the territorial technical structures. Field Technical Services were also reorganised with the aim of ensuring a better coordination of technical support interventions and offering a quick response to business structures. Finally, as of March 2023, the remodelled timetables according to the new organisation of the Technology Centres came into force, by means of a single nationwide model with a Saturday presence as well.</p>
<p>National Joint Committee for Occupational Health and Safety</p>	<p>On 20 March 2023, the National Joint Committee for Occupational Health and Safety (OPN), in order to follow up on the new process of detection and assessment of work-related stress (SLC) risk, identified - by draw - the workers who will be part of the Regional SLC Assessment Teams, whose task will be to proceed with the compilation of the INAIL check list. These components will be the recipients of a specific training and information plan.</p>
<p>Post Office network</p>	<p>On 24 May 2023, Poste Italiane and the Trade Unions met to verify the progress of some initiatives in the Post Office network, such as:</p> <ul style="list-style-type: none"> • The Hub&Spoke Project⁸⁸: as of June 2023, the application was extended to all Hub Offices, which will enable Hub Post Office Managers to proceed independently with the replacement of their internal resources. The Parties also agreed to strengthen the training activities of the Hub DUP, which will have to ensure - in agreement with the reference Branch and in relation to the basin managed - the necessary supply of means and tools at the Spoke Offices, the planning of resource absences and their

Smart working: extended to 30 September 2023

⁸⁸ Network management and development system in which connections are made, using by analogy an expression referring to the bicycle wheel, from the spoke to the hub and vice versa. In this specific case, the Hub Office Manager is responsible for coordinating resources in terms of planning personnel attendance and managing replacements in the event of sudden absences, as well as providing commercial support, especially for products sold at the counter at the Spoke Offices.

	<p>replacement in the Post Offices where the need arises, as well as commercial coordination on front-end products and services.</p> <ul style="list-style-type: none"> • Polis Project - House of Digital Services: the Parties shared the project's progress, both with reference to the new Post Office model and the company spaces to be allocated to co-working, agreeing to meet every four months for an update on the project's subsequent implementation phases.
<p>Mail, Communication and Logistics</p>	<p>On 25 May 2023, an Agreement Report was signed with the Trade Unions on the start of the reorganisation of internal workings in the Mail, Communication and Logistics area, the main points of which are:</p> <ul style="list-style-type: none"> • the reinforcement of the Business Lines dedicated to closing activities, providing for the introduction of the figure of the LBC (Closing Business Lines) which will ensure, in addition to mail delivery, also the closing activities of the Centres; • the conversion of 547 Business Lines, already present in the architecture of the current organisational model, into Closing Business Lines all to be covered by permanent staff; • the introduction of new time grids for Saturday shifts in Logistics Centres and Distribution Centres.
<p>Ethical Hour</p>	<p>On 25 May 2023, the Agreement Report was signed, which envisages the possibility for employees to adhere to the solidarity initiative known as "Ora Etica" (Ethical Hour) in favour of the Civil Protection committed to help the populations of Emilia-Romagna affected by the recent floods, which consists in donating the equivalent of one hour's work. The Company will pay the Civil Protection an additional amount equal to that collected from employees.</p>

7.4 WELFARE – DIVERSITY AND INCLUSION

<p>Welfare – Diversity and Inclusion</p>	<p>The Company's commitment to safeguarding the well-being of people continues through initiatives aimed at strengthening the welfare system with interventions in favour of employees and their families in a logic of growing proximity and personalisation of caring.</p> <p>In the context of contractual welfare, the Poste Mondo Welfare 2023 programme was launched, which allows employees, on a voluntary basis, to convert all or part of the Performance-related bonus into welfare goods and services characterised by specific social, educational, recreational and welfare purposes, accessing the tax advantages associated with current legislation and additional company welfare credits. The initiative recorded record registrations of around 28,000, a threefold increase over last year, confirming the value of the programme and the intensive accompanying dissemination plan activated with multi-channel communication and territorial proximity actions.</p> <div data-bbox="1166 1406 1453 1547" style="background-color: #90EE90; padding: 5px; border: 1px solid #000;"> <p>Membership records: ~28K; X3 compared to 2022</p> </div> <p>As part of the initiatives in favour of the new generations, school orientation and soft skills development actions for young people from vulnerable social backgrounds were launched in continuation of the "Next Generation" programme. In addition, the two-year "School4Life 2.0" project was concluded, which aimed to help combat school drop-outs by supporting educational quality through intervention plans by Company professionals as role models, mentors and masters of trades in secondary and high schools throughout Italy. The first edition of the "Social Media</p>
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Lab" was also undertaken, with the aim of bringing employees' children closer to understanding the evolution of identity on the Internet and becoming more aware of social networking.

To reinforce its initiatives in support of active parenthood, the Company continues to support the **"Lifed" project**, a self-coaching course aimed at employees with children up to the age of 18, to make the parenting experience a natural training ground for transversal skills, which are also essential for professional growth. Participants can follow digital pathways and webinars on topics related to work-life synergy, well-being and skills development with the aim of gaining awareness of the changes and resources activated by caring for and nurturing a child.

In support of inclusive welfare actions for vulnerabilities, the first summer holiday for disabled children of employees, supported entirely by the Company, took place in June, involving 15-day holidays in accessible tourist facilities.

To accompany the actions of the Diversity and Inclusion corporate plan, the **"We are Here" initiative** continues, which, in relation to the value and effectiveness of the caring measures put in place, has also been extended to colleagues in vulnerable and fragile situations to accompany their inclusive return and support their overall well-being.

With regard to the enhancement of Science, Technology, Engineering and Mathematics (STEM) skills, an internal communication campaign was launched to demonstrate the Company's active commitment to reducing the gender gap in science and technology.

Since March, as part of the "Multi-Ethnic Post Offices" project, an intercultural workshop has been running involving multilingual counter operators as testimonials for disseminating and raising awareness of intercultural issues.

On the occasion of the European Month of Diversity, promoted by the European Commission to raise awareness of organisations and companies on the importance of diversity and inclusion in the workplace, Poste Italiane, already a signatory of the Charter for Equal Opportunities, participated in the month of May with the **"Bridges between generations" campaign**, which shines the spotlight on generational dialogue to strengthen the working alliance between the different generations.

Since February, new podcasts of the serial series "In other words" dedicated to the topics of interculturality, gender and generations have been published in the internal communication channels.

At the same time, cultural awareness initiatives continue through the "Diversity Innovation Meetings", webinars open to staff to create virtuous opportunities to connect with nationally available inclusive start-ups and best practices, with a particular focus, in the first two editions of the year, on the topics of generations, their distinctive characteristics and affective orientation.

A dashboard was released to monitor how the four dimensions of Diversity and Inclusion (Gender, Generations, Vulnerability and Interculturality) move over time.

At the level of Inclusion and awareness-raising on affective orientation, initiatives are intensified both through meetings organised by the association Parks, Liberi e Uguali to which the Company has adhered, and through webinars aimed at the entire company population.



7.5 CORPORATE UNIVERSITY

Corporate University

The Poste Italiane Group confirms the strategic importance of training aimed at continuous improvement and the evolution of the learning experience through innovative didactic solutions; a total of **about 2.6 million hours of training** were delivered during the period. Many training projects were launched, both transversal and business-specific, aimed at implementing role skills at different levels of specialisation.

~2.6 million
hours of
training

Training activities continued for people working in the **Post Office Network and Business and Public Administration** commercial channels, aimed at effectively tackling the current economic context, developing new relational and communication approaches consistent with the current technological evolution.

Initiatives related to the regulatory compliance needs of the financial, banking and insurance world continue with dedicated training plans.

As far as the **postal and logistics** sector is concerned, training activities continued for letter carriers, production workers and safety officers.

In the area of **Information & Communication Technology**, annual training plans were launched to update and strengthen the skills required for the operation, management, development and security of ICT systems.

In support of the **Polis Project**, a course was launched on the first services available from the Post Office (INPS certificates) and a training brief was dedicated to the entire corporate population to make them aware of the creation, objectives and strategic assets of the project.

Transversal initiatives include the "**2023 Transversal Skills Plan**", which involves about 30 thousand resources, with the aim of fostering the development of a new mindset and new behaviours, necessary to manage the challenges and complexity of current scenarios by seizing the opportunities offered by the green and digital transition.

Mandatory regulatory training continues for the entire company population (e.g. safety at work, Legislative Decree no. 231/01, Integrated Quality and Corruption Prevention System, etc.) delivered mainly online.



8. APPENDIX

[RECLASSIFIED STATEMENT OF PROFIT OR LOSS AND STATEMENT OF FINANCIAL POSITION](#)

[ALTERNATIVE PERFORMANCE INDICATORS](#)

[KEY PERFORMANCE INDICATORS FOR PRINCIPAL POSTE ITALIANE GROUP COMPANIES](#)

8.1 RECLASSIFIED STATEMENT OF PROFIT OR LOSS AND STATEMENT OF FINANCIAL POSITION

RECLASSIFIED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

(€m)	1H 2023	1H 2022	Changes		2Q 2023	2Q 2022	Changes	
Revenue	6,050	5,588	463	+8.3%	3,007	2,771	+236	+8.5%
<i>of which:</i>								
Mail, Parcels and Distribution Services	1,895	1,805	+91	5.0%	1,002	904	+99	+10.9%
Financial Services	2,666	2,505	+161	+6.4%	1,252	1,194	+58	+4.8%
<i>of which pro-active management of the securities portfolio</i>	168	299	(131)	-43.8%	(0)	122	(122)	-100.1%
Insurance Services	772	796	(24)	-3.0%	379	423	(44)	-10.5%
Payments and Mobile Services	717	482	+235	+48.8%	374	250	+124	+49.4%
Costs	4,067	3,795	+272	+7.2%	1,998	1,847	+152	+8.2%
<i>of which:</i>								
Total personnel expenses	2,432	2,386	+46	+1.9%	1,196	1,162	+34	+2.9%
<i>of which ordinary personnel expenses</i>	2,427	2,388	+39	+1.6%	1,196	1,163	+33	+2.8%
<i>of which early retirement incentives</i>	4	5	(1)	-25.8%	(0)	3	(3)	-105.5%
<i>of which disputes and other extraordinary items</i>	0	(7)	+8	+105.3%	0	(4)	+5	+109.6%
Other operating expenses	1,635	1,409	+227	+16.1%	802	685	+118	+17.2%
EBITDA	1,984	1,793	+191	+10.6%	1,009	925	+84	+9.1%
Depreciation, amortisation and impairments	417	376	+41	+10.9%	209	197	+12	+5.9%
EBIT	1,566	1,417	+150	+10.6%	799	727	+72	+9.9%
EBIT margin %	25.9%	25.4%			26.6%	26.2%		
Finance income/(costs)	65	4	+60	n/s	55	(15)	+69	n/s
Gross profit	1,631	1,421	+210	+14.8%	854	713	+141	+19.9%
Taxes	491	436	+55	+12.5%	253	221	+33	+14.8%
Net profit	1,140	985	+155	+15.7%	601	492	+109	+22.1%
Net earnings per share (€)	0.88	0.76	+0.12	16.2%	0.46	0.38	+0.09	+22.6%

n/s: not significant

CONTRIBUTION OF STRATEGIC BUSINESS UNITS TO THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS

1H 2023	Mail, Parcels and Distribution	Financial Services	Insurance Services	Payments and Mobile	Eliminations and Adjustments	Total
(€m)						
Total revenue	4,550	3,119	690	849	(3,157)	6,050
Revenue from third parties	1,895	2,666	772	717		6,050
Intersegment revenue	2,655	453	(82)	132	(3,157)	(0)
Total costs	4,303	2,663	26	649	(3,157)	4,484
Total personnel expenses	2,609	24	4	27	(232)	2,432
<i>of which ordinary personnel expenses</i>	2,605	24	4	27	(232)	2,427
<i>of which early retirement incentives</i>	4	0	0	0		4
<i>of which disputes and other extraordinary items</i>	0	0	0	0		(0)
Other operating expenses	1,244	63	5	355		1,667
Depreciation, amortisation and impairments	434	0	2	18	(37)	417
Intersegment costs	16	2,576	15	249	(2,856)	(0)
EBIT	247	456	664	199		1,566
EBIT MARGIN %	5.4%	14.6%	96.3%	23.5%		25.9%
Finance income/(costs)	10	8	33	14	(0)	65
Gross profit	257	464	697	214	(0)	1,631
Taxes	67	128	226	70	-	491
Net profit	190	337	471	144	(0)	1,140

STATEMENTS OF PROFIT OR LOSS BY STRATEGIC BUSINESS UNIT

MAIL, PARCELS AND DISTRIBUTION STRATEGIC BUSINESS UNIT

(€m)	1H 2023	1H 2022	Changes		2Q 2023	2Q 2022	Changes	
Revenue	4,550	4,286	+264	+6.2%	2,275	2,116	+159	+7.5%
Mail	1,033	1,027	+6	+0.6%	513	516	(3)	-0.6%
Parcels	659	663	(4)	-0.6%	326	330	(4)	-1.3%
Other revenue	203	115	+88	+76.7%	163	57	+106	n/s
Intersegment revenue	2,655	2,481	+174	+7.0%	1,273	1,212	+60	+5.0%
Costs	3,869	3,747	+122	+3.3%	1,898	1,823	+75	+4.1%
<i>of which:</i>								
Total personnel expenses	2,609	2,537	+72	+2.8%	1,283	1,237	+46	+3.7%
<i>of which ordinary personnel expenses</i>	2,605	2,539	+66	+2.6%	1,283	1,238	+44	+3.6%
<i>of which early retirement incentives</i>	4	5	(2)	-30.9%	(0)	3	(3)	-109.6%
<i>of which disputes and other extraordinary items</i>	0	(7)	+8	+105.4%	0	(4)	+5	+109.6%
Other operating expenses	1,244	1,188	+56	+4.7%	608	578	+30	+5.1%
Intersegment costs	16	22	(6)	-27.0%	8	8	+0	+0.9%
EBITDA	682	539	+143	+26.4%	376	293	+83	+28.5%
Depreciation, amortisation and impairments	434	397	+38	+9.5%	217	206	+11	+5.2%
EBIT	247	142	+105	+73.6%	159	87	+73	+83.9%
EBIT margin %	5.4%	3.3%			7.0%	4.1%		
Finance income/(costs)	10	4	+6	n/s	21	1	+20	n/s
Gross profit	257	146	+111	+75.8%	180	88	+92	+104.9%
Taxes	67	59	+8	+13.4%	31	32	(1)	-2.9%
Net profit	190	87	+103	+118.4%	148	55	+93	n/s

n/s: not significant

FINANCIAL SERVICES STRATEGIC BUSINESS UNIT

(€m)	1H 2023	1H 2022	Changes		2Q 2023	2Q 2022	Changes	
Revenue	3,119	2,903	+216	+7.4%	1,471	1,396	+75	+5.4%
Pro-active management of the securities portfolio	168	299	(131)	-43.8%	(0)	122	(122)	-100.1%
Net interest income	1,109	856	+253	+29.5%	564	436	+127	+29.1%
Postal savings deposits	828	800	+28	+3.5%	403	366	+37	+10.1%
Collection and payment services	388	354	+35	+9.8%	186	173	+13	+7.6%
Distribution of third-party products	105	136	(31)	-23.0%	60	67	(6)	-9.7%
Asset management	68	61	+7	+11.3%	39	30	+9	+30.7%
Intersegment revenue	453	398	+55	+13.9%	219	201	+18	+8.9%
Costs	2,663	2,499	+164	+6.6%	1,271	1,223	+49	+4.0%
<i>of which:</i>								
Total personnel expenses	24	21	+3	+15.7%	12	10	+2	+17.2%
<i>of which ordinary personnel expenses</i>	24	21	+3	+14.4%	15	14	+1	+8.0%
Other operating expenses	63	49	+14	+29.0%	25	23	+2	+8.2%
Intersegment costs	2,576	2,429	+147	+6.1%	1,235	1,189	+45	+3.8%
EBITDA	456	404	+52	+12.8%	200	173	+27	+15.4%
Depreciation, amortisation and impairments	0.2	0.4	-0.2	-48.5%	0.1	0.2	(0.1)	-48.6%
EBIT	456	404	+52	+12.8%	200	173	+27	+15.4%
EBIT margin %	14.6%	13.9%			13.6%	12.4%		
Finance income/(costs)	8	(22)	+30	+136.6%	7	(27)	+34	+125.5%
Gross profit	464	382	+82	+21.5%	207	146	+61	+41.7%
Taxes	128	113	+14	+12.8%	57	48	+9	+18.9%
Net profit	337	269	+67	+25.1%	150	98	+52	+52.9%

n/s: not significant

INSURANCE SERVICES STRATEGIC BUSINESS UNIT

(€m)	1H 2023	1H 2022	Changes		2Q 2023	2Q 2022	Changes	
Revenue	690	723	(33)	-4.6%	345	388	(43)	-11.1%
Insurance revenues from insurance contracts issued	1,007	1,023	(16)	-1.6%	513	538	(25)	-4.7%
Costs for insurance services arising from insurance contracts issued	(298)	(236)	(63)	-26.6%	(167)	(118)	(49)	-41.1%
Insurance revenues/costs from outward reinsurance	(2)	(1)	(1)	-133.2%	1	(1)	+1	n/s
Income and expenses from financial operations and other income/expenses	2,952	(3,082)	6,034	n/s	1,376	(1,941)	+3,318	n/s
Net financial costs/revenue related to insurance contracts issued	(2,921)	3,055	(5,976)	n/s	(1,366)	1,930	(3,296)	n/s
Net financial revenue/costs related to outward reinsurance	1	0	+1	n/s	1	0	+1	n/s
Life net revenue	739	760	(21)	-2.8%	358	408	(50)	-12.3%
Insurance revenues from insurance contracts issued	223	162	+60	+37.3%	118	84	+33	+39.6%
Costs for insurance services arising from insurance contracts issued	(191)	(127)	(63)	-49.8%	(97)	(70)	(27)	-39.1%
Insurance revenues/costs from outward reinsurance	(6)	(5)	(1)	-24.7%	(5)	(3)	(2)	-60.4%
Income and expenses from financial operations and other income/expenses	7	5	2	+43.5%	5	3	3	+98.6%
Net financial costs/revenue related to insurance contracts issued	(2)	1	(2)	n/s	(2)	0	(2)	-879.0%
Net financial revenue/costs related to outward reinsurance	1	0	+1	n/s	1	0	+1	n/s
P&C net revenue	32	36	(3)	-9.5%	20	15	+6	+38.0%
Other operating income	1	0	+0	+110.4%	0	0	+0	n/s
Intersegment revenue	(82)	(73)	(9)	-12.7%	(33)	(35)	+1	+3.6%
Costs	26	22	+4	+18.0%	15	12	+3	+26.2%
<i>of which:</i>								
Total personnel expenses	4	3	+1	+35.6%	2	2	+0	+2.2%
<i>of which ordinary personnel expenses</i>	4	3	+1	+35.6%	2	2	+0	+2.2%
Other operating expenses	5	3	+2	+69.2%	3	2	+1	+84.2%
Intersegment costs	15	13	+2	+13.9%	15	12	+3	+26.2%
EBITDA	666	704	(38)	-5.4%	331	378	(47)	-12.3%
Depreciation, amortisation and impairments	2	3	(1)	-42.9%	1	1	(0)	-20.4%
EBIT	664	701	(37)	-5.3%	330	376	(46)	-12.3%
EBIT margin %	96.3%	97.0%			95.6%	96.9%		
Finance income/(costs)	33	23	+10	+42.8%	19	12	+7	+63.9%
Gross profit	697	724	(27)	-3.8%	349	388	(39)	-10.0%
Taxes	226	215	+10	+4.8%	123	115	+8	+7.4%
Net profit	471	508	(38)	-7.4%	226	273	(47)	-17.3%

n/s: not significant

PAYMENTS AND MOBILE STRATEGIC BUSINESS UNIT

(€m)	1H 2023	1H 2022	Changes		2Q 2023	2Q 2022	Changes	
Revenue	849	618	+231	+37.4%	439	319	+120	+37.6%
Electronic money	332	249	+83	+33.3%	170	129	+41	+31.5%
Other payments	180	76	+104	+137.2%	93	41	+52	+126.2%
TLC	164	157	+7	+4.6%	85	80	+5	+6.2%
Energy	41	0	+41	n/s	26	0	+26	n/s
Intersegment revenue	132	136	(4)	-3.2%	65	69	(4)	-5.3%
Costs	631	441	+190	+43.0%	320	224	+96	+42.8%
<i>of which:</i>								
Total personnel expenses	27	14	+12	+87.1%	13	7	+6	+85.7%
<i>of which ordinary personnel expenses</i>	27	14	+12	+87.1%	13	7	+6	+85.7%
Other operating expenses	355	194	+161	+82.5%	183	96	+87	+90.1%
Intersegment costs	249	233	+17	+7.2%	124	121	+3	+2.7%
EBITDA	218	177	+41	+23.3%	120	95	+24	+25.4%
Depreciation, amortisation and impairments	18	7	+11	+148.7%	9	4	+5	+121.8%
EBIT	199	169	+30	+17.8%	111	91	+19	+21.1%
EBIT margin %	23.5%	27.4%			25.2%	28.6%		
Finance income/(costs)	14.3	(0)	14	n/s	8	0	+8	n/s
Gross profit	214	169	+45	+26.4%	119	91	+28	+30.3%
Taxes	70	48	22	+45.2%	42	26	+16	+62.5%
Net profit	144	121	+23	+18.9%	77	66	+11	+17.6%

n/s: not significant

FINANCIAL POSITION

NET INVESTED CAPITAL AND RELATED FUNDING

(€m)	30 June 2023	31 December 2022	Changes	
Tangible fixed assets	2,416	2,434	(18)	-0.8%
Intangible fixed assets	1,917	1,817	100	5.5%
Right-of-use assets	1,285	1,334	(50)	-3.7%
Investments	284	267	17	6.4%
Non-current assets	5,901	5,852	49	0.8%
Trade receivables, Other receivables and assets and Inventories	7,488	7,444	44	0.6%
Trade payables and Other liabilities	(5,648)	(6,236)	588	9.4%
Current tax assets/(liabilities)	108	80	28	34.9%
Net working capital	1,948	1,288	660	51.2%
Gross invested capital	7,849	7,140	709	9.9%
Provisions for risks and charges	(1,436)	(1,355)	(81)	-6.0%
Employee termination benefits	(660)	(705)	45	6.4%
Prepaid/deferred tax assets/(liabilities)	1,241	1,787	(546)	-30.6%
Net invested capital	6,994	6,866	127	1.9%
Equity	9,518	7,878	1,640	20.8%
<i>of which profit for the period</i>	<i>1,140</i>	<i>1,583</i>		
<i>of which fair value reserve</i>	<i>(1,385)</i>	<i>(2,716)</i>	<i>1,331</i>	<i>49.0%</i>
Financial liabilities	97,098	103,644	(6,546)	-6.3%
Net technical provisions for insurance business	149,440	141,336	8,104	5.7%
Financial assets	(232,154)	(226,141)	(6,013)	-2.7%
Tax credits Law no. 77/2020	(8,759)	(9,021)	262	2.9%
Cash and deposits attributable to BancoPosta	(4,643)	(5,848)	1,205	20.6%
Cash and cash equivalents	(3,507)	(4,983)	1,476	29.6%
Net debt/(funds)	(2,525)	(1,012)	(1,513)	n/s

n/s: not significant

30 June 2023	Mail, Parcels and Distribution	Financial Services	Insurance Services	Payments and Mobile	Eliminations and adjustments	Consolidated
(€m)						
Tangible fixed assets	2,358	1	15	42	-	2,416
Intangible fixed assets	1,119	-	144	654	-	1,917
Right-of-use assets	1,276	2	11	14	(17)	1,285
Investments	3,008	258	157	-	(3,138)	284
Non-current assets	7,760	260	326	710	(3,156)	5,901
Trade receivables, Other receivables and assets and In	2,594	3,300	2,492	378	(1,276)	7,488
Trade payables and Other liabilities	(3,034)	(2,198)	(953)	(735)	1,273	(5,648)
Current tax assets/(liabilities)	50	(5)	31	32	-	108
Net working capital	(390)	1,097	1,569	(325)	(3)	1,948
Gross invested capital	7,370	1,357	1,895	385	(3,158)	7,849
Provisions for risks and charges	(1,225)	(181)	(15)	(15)	(0)	(1,436)
Employee termination benefits	(653)	(2)	(1)	(3)	-	(660)
Prepaid/deferred tax assets/(liabilities)	298	525	458	(40)	-	1,241
Net invested capital	5,789	1,699	2,337	327	(3,158)	6,994
Equity	3,401	2,148	5,857	1,250	(3,138)	9,518
<i>of which profit for the period</i>	<i>190</i>	<i>337</i>	<i>471</i>	<i>144</i>	<i>(0)</i>	<i>1,140</i>
<i>of which fair value reserve*</i>	<i>(288)</i>	<i>(860)</i>	<i>(240)</i>	<i>3</i>	<i>-</i>	<i>(1,385)</i>
Financial liabilities	4,499	94,669	395	9,959	(12,423)	97,098
Insurance contracts payable net of reinsurance	-	-	149,440	-	(0)	149,440
Financial assets	(1,175)	(81,272)	(150,403)	(10,730)	11,427	(232,154)
Tax credits Law no. 77/2020	(458)	(8,300)	-	-	-	(8,759)
Cash and deposits attributable to BancoPosta	-	(4,643)	-	-	-	(4,643)
Cash and cash equivalents	(478)	(903)	(2,951)	(152)	977	(3,507)
Net debt/(funds)	2,388	(449)	(3,520)	(924)	(20)	(2,525)

*Including Reserve for insurance contracts issued and outward reinsurance

31 December 2022	Mail, Parcels and Distribution	Financial Services	Insurance Services	Payments and Mobile	Eliminations and adjustments	Consolidated
(€m)						
Tangible fixed assets	2,392	1	0	41	-	2,434
Intangible fixed assets	1,157	-	-	659	-	1,817
Right-of-use assets	1,326	2	11	14	(18)	1,334
Investments	2,986	262	157	-	(3,138)	267
Non-current assets	7,861	265	168	715	(3,156)	5,852
Trade receivables, Other receivables and assets and In	2,486	3,154	2,561	291	(1,048)	7,444
Trade payables and Other liabilities	(3,513)	(2,048)	(1,033)	(686)	1,045	(6,236)
Current tax assets/(liabilities)	58	0	30	(9)	-	80
Net working capital	(969)	1,105	1,558	(404)	(3)	1,288
Gross invested capital	6,893	1,370	1,726	311	(3,159)	7,140
Provisions for risks and charges	(1,131)	(189)	(21)	(15)	-	(1,355)
Employee termination benefits	(699)	(2)	(1)	(3)	-	(705)
Prepaid/deferred tax assets/(liabilities)	285	933	610	(41)	-	1,787
Net invested capital	5,349	2,112	2,315	251	(3,159)	6,866
Equity	2,510	1,338	5,757	1,412	(3,138)	7,878
<i>of which profit for the period</i>	<i>(361)</i>	<i>622</i>	<i>1,051</i>	<i>270</i>	<i>-</i>	<i>1,583</i>
<i>of which fair value reserve*</i>	<i>(282)</i>	<i>(2,094)</i>	<i>(343)</i>	<i>3</i>	<i>-</i>	<i>(2,716)</i>
Financial liabilities	4,918	100,941	303	9,557	(12,074)	103,644
Insurance contracts payable net of reinsurance	-	-	141,337	-	(1)	141,336
Financial assets	(1,083)	(83,701)	(142,351)	(10,545)	11,539	(226,141)
Tax credits Law no. 77/2020	(420)	(8,601)	-	-	-	(9,021)
Cash and deposits attributable to BancoPosta	-	(5,848)	-	-	-	(5,848)
Cash and cash equivalents	(575)	(2,018)	(2,732)	(172)	515	(4,983)
Net debt/(funds)	2,839	773	(3,442)	(1,161)	(22)	(1,012)

*Including Reserve for insurance contracts issued and outward reinsurance

Changes 30.06.2023 vs 31.12.2022	Mail, Parcels and Distribution	Financial Services	Insurance Services	Payments and Mobile	Eliminations and adjustments	Consolidated
(€m)						
Tangible fixed assets	(34)	(0)	15	1	-	(18)
Intangible fixed assets	(39)	-	144	(5)	-	100
Right-of-use assets	(50)	0	(0)	(0)	1	(50)
Investments	22	(5)	-	-	(0)	17
Non-current assets	(101)	(5)	158	(4)	1	49
Trade receivables, Other receivables and assets and In	107	147	(69)	86	(227)	44
Trade payables and Other liabilities	479	(150)	79	(48)	228	588
Current tax assets/(liabilities)	(8)	(5)	1	40	-	28
Net working capital	578	(8)	11	79	0	660
Gross invested capital	477	(13)	169	75	1	709
Provisions for risks and charges	(94)	8	5	0	(0)	(81)
Employee termination benefits	46	(0)	(0)	0	-	45
Prepaid/deferred tax assets/(liabilities)	12	(408)	(152)	1	-	(546)
Net invested capital	441	(413)	22	76	1	127
Equity	892	809	101	(161)	(1)	1,640
<i>of which fair value reserve*</i>	<i>(6)</i>	<i>1,234</i>	<i>103</i>	<i>(0)</i>	<i>-</i>	<i>1,331</i>
Financial liabilities	(419)	(6,272)	91	402	(349)	(6,546)
Insurance contracts payable net of reinsurance	-	-	8,103	-	1	8,104
Financial assets	(92)	2,428	(8,053)	(185)	(112)	(6,013)
Tax credits Law no. 77/2020	(38)	300	-	-	-	262
Cash and deposits attributable to BancoPosta	-	1,205	-	-	-	1,205
Cash and cash equivalents	98	1,116	(220)	21	462	1,476
Net debt/(funds)	(451)	(1,222)	(78)	237	2	(1,513)

*Including Reserve for insurance contracts issued and outward reinsurance

8.2 ALTERNATIVE PERFORMANCE INDICATORS

In keeping with the guidelines published by the European Securities and Markets Authority on 5 October 2015 (ESMA/2015/1415), in addition to the financial disclosures required by the International Financial Reporting Standards (IFRS), Poste Italiane has included a number of indicators in this Report that have been derived from them. These provide management with a further tool for measuring the Group's performance.

The following alternative performance indicators are used:

NET WORKING CAPITAL: this indicator represents the sum of inventories, trade receivables and other receivables and assets, current tax assets, trade payables and other liabilities, and current tax liabilities.

This indicator is also shown separately for each Strategic Business Unit.

NON-CURRENT ASSETS: this indicator represents the sum of property, plant and equipment, intangible assets and investments measured using the equity method. This indicator is also shown separately for each Strategic Business Unit.

NET INVESTED CAPITAL: this indicator represents the sum of non-current assets and net working capital, deferred tax assets, deferred tax liabilities, provisions for risks and charges and employee termination benefits.

This indicator is also shown separately for each Strategic Business Unit.

CET 1 CAPITAL: consists of Primary Tier 1 capital, as defined in Regulation (EU) no. 575/2013, and includes the Capitalised Earnings Reserve created upon appropriation of assets and the Retained Earnings Reserves, taking into account the transitional regime.

CET 1 RATIO: this ratio measures the adequacy of Tier 1 capital with respect to the weighted exposure to Pillar 1 risks (operational, credit, counterparty and foreign exchange). It is the ratio of CET1 Capital to total Risk Weighted Assets (RWA).

COMBINED RATIO (net reinsurance): technical indicator of P&C business, determined as the ratio of total costs incurred (claims and claims adjustment expenses, net reinsurance expenses, attributable/non-attributable operating expenses and other technical expenses and income) to gross insurance revenue.

UNIT DIVIDEND (DPS): represents the amount of dividends paid by the company for each outstanding share. It is calculated as Dividends paid/Number of shares outstanding.

EBIT (Earnings Before Interest and Taxes): this is an indicator of operating profit before financial expenses and taxation.

EBIT margin: this is an indicator of the operating performance and is calculated as the ratio of operating profit (EBIT) to total revenue. This indicator is also shown separately for each Strategic Business Unit.

EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortisation): this is an indicator of operating profit before financial expenses and taxation, and depreciation, amortisation and impairments of non-current assets.

FUND FROM OPERATIONS (FFO): financial indicator represented by the Group's net result, adjusted for non-monetary costs and revenues (depreciation and amortisation, Expected Credit Loss - ECL of receivables, financial expenses from discounting) and the net change in provisions for risks and severance pay. In the Mail, Parcels and Distribution SBU, the indicator is also neutralised by the IFRS 16 effect (amortisation and financial expenses) and includes financial outlays for rents.

LAPSE RATE: this is an indirect measure of customer loyalty. It is based on surrenders during the period as a percentage of average mathematical provisions of the period.

It is calculated as a percentage of Lapses/Average Mathematical Provisions (linearised over 12 months in the intermediate periodic situations).

LEVERAGE RATIO: this is the ratio between Total Capital (Own Funds) and total assets, the latter including adjustments for derivatives and off-balance sheet exposures.

TOTAL FINANCIAL ASSETS: they represent the amount of assets/liabilities managed or administered by the Group and are obtained from the sum of Postal Savings collected by the Parent Company in the name and on behalf of Cassa Depositi e Prestiti, deposits on postal current accounts, and assets managed by the subsidiary BancoPosta Fondi S.p.A. SGR, as well as the investments made on behalf of customers in investment products other than the above (equities, bonds, Moneyfarm products, etc.) and the Insurance Technical Provisions of the life insurance business, which represent the obligations taken on vis-à-vis policyholders and tariff premiums net of loadings. The presence within this indicator of Insurance Technical Provisions, calculated analytically contract by contract, in accordance with the application rules set out in Annex 14 of ISVAP Regulation no. 22 of 4 April 2008 (Mathematical Provisions*), i.e., in accordance with the principles for preparing the statutory financial statements of Poste Vita S.p.A., does not make it possible to perform a reconciliation with the insurance obligations presented in the financial information for the period.

*In addition to the Mathematical Provisions, the Insurance Technical Provisions also include provisions for future expenses, supplementary insurance premium provisions, profit-sharing provisions and reversals.

GROUP NET DEBT/(FUNDS): the sum of financial assets, tax credits under Law no. 77/2020, cash and deposits attributable to BancoPosta, cash and cash equivalents, liabilities under insurance contracts, assets for outward reinsurance and financial liabilities.

This indicator is also shown separately for each Strategic Business Unit.

NET DEBT/(FUNDS) OF THE MAIL, PARCELS AND DISTRIBUTION STRATEGIC BUSINESS UNIT: this is the financial debt calculated according to the scheme recommended by ESMA European Securities and Markets Authority (ESMA32-382-1138 of 4 March 2021) net of trade payables and other non-current payables with a significant implicit or explicit financing component and including the following items: non-current financial assets, tax credits under Law no. 77/2020, current hedging derivatives assets, inter-segment financial receivables and payables.

NET DEBT/(FUNDS) OF THE MAIL, PARCELS AND DISTRIBUTION STRATEGIC BUSINESS UNIT AS PER IFRS 16: Calculated as the net financial position of the Mail, Parcels and Distribution Services Strategic Business Unit excluding the financial liabilities for leasing (IFRS 16) and the fair value and cash flow hedge reserves.

AVERAGE PORTFOLIO RETURN EXCLUDING PRO-ACTIVE PORTFOLIO MANAGEMENT (%): yield portfolio average calculated as the ratio between interest income and average current account balances (excluding the value of pro-active portfolio management).

RWA (Risk Weighted Assets): is the indicator that measures the risk exposure of assets in accordance with Basel regulations. Risk-Weighted Assets, or RWA, are calculated by applying a weighting to assets that takes into account the level of exposure to credit, counterparty, market and operational risks.

TOTAL ASSETS: total assets in the Statement of Financial Position of BancoPosta Ring-Fenced Capital - RFC.

TOTAL CAPITAL (OWN FUNDS): consists, as defined by Regulation (EU) no. 575/2013, of the sum of Tier 1 capital, consisting of CET 1 Capital and Additional Tier 1 capital (AT1, which for BancoPosta includes the hybrid instrument contributed by Poste Italiane), and Tier 2 capital (not relevant for BancoPosta).

TOTAL CAPITAL RATIO: is the coefficient that expresses the adequacy of Total Capital (Own Funds) with respect to the weighted exposure to Pillar 1 risks (operating, credit, counterparty, exchange rate). Ratio of Total Capital (Own Funds) to Total Risk Weighted Assets (RWA).

TSR (Total Shareholder Return): it measures the total annual return for an investor and is calculated by adding the increase in the share price over a determinate period of time to the impact of dividends per share paid in the same period.

EARNINGS PER SHARE: is the portion of a listed company's net income granted to each of its outstanding common shares. It is calculated as the ratio of the Group's net profit to the number of outstanding shares.

8.3 KEY PERFORMANCE INDICATORS FOR PRINCIPAL GROUP COMPANIES

The figures shown in the tables below reflect the financial and operational indicators of the principal Group companies, prepared in accordance with International Financial Reporting Standards (IFRS) and approved by the boards of directors of the respective companies.

POSTE ITALIANE S.P.A. (€k)	1H 2023	1H 2022	Changes	
			Values	%
Revenue from sales and services	6,020,911	5,356,058	+664,853	+12.4
Operating profit	1,455,291	1,106,892	+348,399	+31.5
Net result	1,324,075	970,349	+353,726	+36.5
Investments	222,889	210,032	+12,857	+6.1
Equity (*)	5,536,447	3,807,509	+1,728,938	+45.4
Permanent workforce - average	108,839	107,782	+1,057	+1.0
Flexible workforce - average	5,706	7,608	(1,902)	(25.0)

(*) The value indicated in column 1H 2022 refers to 31 December 2022

Postel S.p.A. (€k)	1H 2023	1H 2022	Changes	
			Values	%
Revenue from sales and services	102,402	95,952	+6,450	+6.7
Operating profit	1,026	1,255	(229)	(18.2)
Net result	500	801	(301)	(37.6)
Investments	25	568	(543)	(95.6)
Equity (*)	82,156	81,640	+516	+0.6
Permanent workforce - average	682	733	(51)	(7.0)
Flexible workforce - average	43	73	(30)	(41.1)

* The value indicated in column 1H 2022 refers to 31 December 2022

SDA Express Courier S.p.A. (€k)	1H 2023	1H 2022	Changes	
			Values	%
Revenue from sales and services	530,990	533,796	(2,806)	(0.5)
Operating profit	26,057	37,815	(11,758)	(31.1)
Net result	16,417	25,460	(9,043)	(35.5)
Investments	5,185	2,627	+2,558	+97.4
Equity (*)	41,011	59,556	(18,545)	(31.1)
Permanent workforce - average	1,150	1,103	+47	+4.3
Flexible workforce - average	35	72	(37)	(51.4)

(*) The value indicated in column 1H 2022 refers to 31 December 2022

At 30 June 2023, the company resolved dividends totalling €35 million

Europa Gestioni Immobiliari S.p.A. (€k)	1H 2023	1H 2022	Changes	
			Values	%
Revenue from sales and services	7,129	26,456	(19,327)	(73.1)
Operating profit	1,268	9,301	(8,033)	(86.4)
Net result	532	6,084	(5,552)	(91.3)
Investments	121	102	+19	+18.6
Equity (*)	239,243	243,014	(3,771)	(1.6)
Permanent workforce - average	22	23	(1)	(2.8)
Flexible workforce - average	1	-	+0	-

(*) The value indicated in column 1H 2022 refers to 31 December 2022

At 30 June 2023, the company resolved dividends totalling €2 million

Poste Air Cargo S.r.l. (€k)	1H 2023	1H 2022	Changes	
			Values	%
Revenue from sales and services	33,168	39,443	(6,275)	(15.9)
Operating profit	(393)	940	(1,333)	n/s
Net result	(622)	(712)	+90	(12.6)
Investments	-	-	+0	-
Equity (*)	5,298	7,040	(1,742)	(24.7)
Permanent workforce - average	90	95	(5)	(5.3)
Flexible workforce - average	1	4	(3)	(75.0)

n/s: not significant

(*) The value indicated in column 1H 2022 refers to 31 December 2022

At 30 June 2023, the company resolved dividends totalling €1 million

BancoPosta Fondi S.p.A. SGR (€k)	1H 2023	1H 2022	Changes	
			Values	%
Fee and commission income	81,715	72,814	+8,901	+12.2
Net fee and commission income	32,455	31,049	+1,406	+4.5
Net result	12,901	12,708	+193	+1.5
Financial loans (*)	81,314	68,949	+12,365	+17.9
Equity (*)	42,440	55,816	(13,376)	(24.0)
Permanent workforce - average	82	76	+6	+8.1
Flexible workforce - average	-	-	+0	-

(*) The value indicated in column 1H 2022 refers to 31 December 2022

At 30 June 2023, the company resolved dividends totalling €27 million

Poste Vita S.p.A. (*) (€k)	1H 2023	1H 2022	Changes	
			Values	%
Insurance premium revenue	10,482,680	9,241,058	+1,241,622	+0.1
Net result	466,290	494,690	(28,400)	(5.7)
Financial assets (**)	149,459,907	141,776,300	+7,683,607	+5.4
Liabilities under insurance contracts (**)	148,486,824	140,712,594	+7,774,230	+5.5
Equity (**)	5,863,268	5,762,676	+100,592	+1.7
Permanent workforce - average	363	340	+23	+6.8
Flexible workforce - average	-	5	(5)	(100.0)

(*) The figures shown have been prepared in accordance with IFRS and therefore may not coincide with those in the Annual Report prepared in accordance with the Italian Civil Code and under Italian GAAP

(**) The value indicated in column 1H 2022 refers to 31 December 2022

At 30 June 2023, the company resolved dividends totalling €450 million

Poste Assicura S.p.A. (*) (€k)	1H 2023	1H 2022	Changes	
			Values	%
Insurance premium revenue	295,632	210,481	+85,151	+0.4
Net result	18,153	22,052	(3,899)	(17.7)
Financial assets (**)	688,471	572,627	+115,844	+20.2
Liabilities under insurance contracts (**)	342,898	265,083	+77,815	+29.4
Equity (**)	298,409	282,609	+15,800	+5.6
Permanent workforce - average	105	84	+21	+25.0
Flexible workforce - average	1	-	+1	-

(*) The figures shown have been prepared in accordance with IFRS and therefore may not coincide with those in the Annual Report prepared in accordance with the Italian Civil Code and under Italian GAAP

(**) The value indicated in column 1H 2022 refers to 31 December 2022

PostePay S.p.A. (€k)	1H 2023	1H 2022	Changes	
			Values	%
Revenue from sales and services	737,225	617,293	+119,932	+19.4
Operating profit	203,783	169,821	+33,962	+20.0
Net result	154,376	121,498	+32,878	+27.1
Investments	10,376	11,099	(723)	(6.5)
Equity (*)	1,252,725	1,403,594	(150,869)	(10.7)
Permanent workforce - average	347	306	+41	+13.4
Flexible workforce - average	1	2	(1)	(50.0)

(*) The value indicated in column 1H 2022 refers to 31 December 2022

At 31 December 2022, the company resolved dividends totalling €305 million

MLK Deliveries S.p.A. (€k)	1H 2023	1H 2022	Changes	
			Values	%
Revenue from sales and services	21,606	19,629	+1,977	+10.1
Operating profit	384	336	+48	+14.3
Net result	175	188	(13)	(6.9)
Investments	13	110	(97)	(88.2)
Equity (*)	13,658	13,308	+350	+2.6
Permanent workforce - average	31	34	(3)	(8.8)
Flexible workforce - average	-	-	+0	-

(*) The value indicated in column 1H 2022 refers to 31 December 2022

Plurima S.p.A. (*) (€k)	1H 2023	1H 2022	Changes	
			Values	%
Revenue from sales and services	27,085	13,444	+13,641	n/s
Operating profit	309	1,709	(1,400)	(81.9)
Net result	(1,392)	820	(2,212)	n/s
Investments	927	392	+535	n/s
Equity (**)	87,706	19,664	+68,042	n/s
Permanent workforce - average	575	290	+285	+98.0
Flexible workforce - average	219	-	+219	-

n/s: not significant

(**) The value indicated in column 1H 2022 refers to 31 December 2022

(*) The figures for 1H 2022 refer to the period of consolidation of the company in the Poste Italiane Group (01/04/2022 - 30/06/2022)

Net Insurance S.p.A. (*) (€k)	1H 2023	1H 2022	Changes	
			Values	%
Insurance premium revenue	31,388	-	-	-
Operating profit	2,391	-	-	-
Net result	3,245	-	-	-
Liabilities under insurance contracts	161,696	-	-	-
Equity	47,988	-	-	-
Permanent workforce - average	51	-	-	-
Flexible workforce - average	1	-	-	-

(*) The figures refer to the period of consolidation of the company in the Poste Italiane Group (01/04/2023 - 30/06/2023) and have been prepared in accordance with IFRS and, therefore, may not coincide with those in the Annual Report prepared in accordance with the Italian Civil Code and under Italian GAAP

Nexive Network S.r.l. (€k)	1H 2023	1H 2022	Changes	
			Values	%
Revenue from sales and services	59,603	32,754	+26,849	+82.0
Operating profit	3,789	(3,090)	+6,879	n/s
Net result	2,255	(2,444)	+4,699	n/s
Investments	-	-	+0	-
Equity (*)	10,292	8,242	+2,050	+24.9
Permanent workforce - average	80	85	(5)	(5.9)
Flexible workforce - average	2	-	+2	-

n/s: not significant

(*) The value indicated in column 1H 2022 refers to 31 December 2022

Net Insurance Life S.p.A. (*) (€k)	1H 2023	1H 2022	Values	
			Insurance premium revenue	35,825
Operating profit	2,818	-	-	-
Net result	1,926	-	-	-
Liabilities under insurance contracts	240,493	-	-	-
Equity	1,368	-	-	-
Permanent workforce - average	14	-	-	-
Flexible workforce - average	-	-	-	-

(*) The figures refer to the period of consolidation of the company in the Poste Italiane Group (01/04/2023 - 30/06/2023) and have been prepared in accordance with IFRS and, therefore, may not coincide with those in the Annual Report prepared in accordance with the Italian Civil Code and under Italian GAAP

LIS Holding S.p.A. (*) (€k)	1H 2023	1H 2022	Changes	
			Values	%
Revenue from sales and services	33,129	-	n/s	n/s
Operating profit	7,672	-	n/s	n/s
Net result	19,528	-	n/s	n/s
Investments	2,948	-	n/s	n/s
Equity	156,054	-	n/s	n/s
Permanent workforce - average	142	-	n/s	n/s
Flexible workforce - average	7	-	n/s	n/s

n/s: not significant

(*) The company became part of the Poste Italiane Group on 01/09/2022

LIS Pay S.p.A. (*) (€k)	1H 2023	1H 2022	Changes	
			Values	%
Revenue from sales and services	112,591	-	n/s	n/s
Operating profit	19,398	-	n/s	n/s
Net result	13,205	-	n/s	n/s
Investments	1,310	-	n/s	n/s
Equity	97,725	-	n/s	n/s
Permanent workforce - average	77	-	n/s	n/s
Flexible workforce - average	8	-	n/s	n/s

n/s: not significant

(*) The company became part of the Poste Italiane Group on 01/09/2022

Sourcesense S.p.A. (*) (€k)	1H 2023	1H 2022	Changes	
			Values	%
Revenue from sales and services	8,893	-	n/s	n/s
Operating profit	438	-	n/s	n/s
Net result	238	-	n/s	n/s
Investments	1,372	-	n/s	n/s
Equity	7,248	-	n/s	n/s
Permanent workforce - average	56	-	n/s	n/s
Flexible workforce - average	-	-	n/s	n/s

n/s: not significant

(*) The company became part of the Poste Italiane Group on 01/10/2022

Sengi Express Limited (€k)	1H 2023	1H 2022	Changes	
			Values	%
Revenue from sales and services	51,233	50,588	+645	+1.3
Operating profit	3,561	2,474	+1,087	+43.9
Net result	2,779	2,618	+161	+6.1
Investments	-	-	+0	-
Equity (*)	9,035	4,136	+4,899	n/s
Permanent workforce - average	-	-	+0	-
Flexible workforce - average	-	-	+0	-

n/s: not significant

(*) The value indicated in column 1H 2022 refers to 31 December 2022

Agile LAB S.r.l. (*) (€k)	1H 2023	1H 2022	Changes	
			Values	%
Revenue from sales and services	7,287	-	n/s	n/s
Operating profit	404	-	n/s	n/s
Net result	256	-	n/s	n/s
Investments	1,372	-	n/s	n/s
Equity (*)	4,594	-	n/s	n/s
Permanent workforce - average	94	-	n/s	n/s
Flexible workforce - average	-	-	n/s	n/s

n/s: not significant

(*) The company became part of the Poste Italiane Group on 01/10/2022

9. GLOSSARY

ACQUIRING

All the services provided by an independent party (Acquirer) aimed at managing authorisations for payments made with cards belonging to national and international circuits, by virtue of an agreement with the merchant.

OPEN API (APPLICATION PROGRAMME INTERFACES)

Procedures and interfaces that enable two applications to communicate and exchange data. An API that does not require payment of fees for its access and use is called "open".

ASSET ALLOCATION

It is a strategy implemented by the investor and aimed at diversifying his or her portfolio across different asset classes, based on his or her time and expected return objectives.

ASSET CLASS

Investment category, i.e. set of financial instruments with similar characteristics and similar behaviour in the markets, e.g. bond (short term, medium/long term, government, corporate, high yield, etc.), equity (Europe, America, emerging countries, etc.), real estate. The choice of asset classes is crucial for portfolio construction because it is the individual components that are evaluated in the asset allocation process.

ATM (AUTOMATED TELLER MACHINE)

This is an automated counter, activated directly by users by inserting their card and typing in their PIN (personal identification code), which allows them to carry out both ordering and informative operations (e.g. balance request or movement list).

BTPS (MULTI-YEAR TREASURY BONDS)

Medium-/long-term Italian government bonds. The return is given by six-monthly fixed-rate interest coupons and the difference between the redemption price, equal to the nominal value (100), and the issue or subscription price on the secondary market.

BUFFER

The agreement with the Ministry of Economy and Finance (MEF) provides that a percentage of the funds deriving from private customer deposits may be placed in a special "Buffer" account at the MEF, with the objective of ensuring flexibility with regard to investments in view of daily movements in amounts payable to current account holders.

CAPITALISATION

With reference to a company, it represents the product of the number of outstanding shares and their unit price; with reference to a market, it represents the total value - at market prices - of all listed securities.

CREDIT CARDS

It is a payment instrument that enables the holder, on the basis of a contractual relationship with the issuer, to make purchases (via POS or online) of goods or services at any establishment belonging to the relevant international circuit or cash withdrawals (via ATMs). The amounts spent are debited to the cardholder at predefined intervals in arrears (usually monthly) either as a lump sum ("classic" credit card) or in instalments (the so-called instalment/revolving credit card).

DEBIT CARDS

A card that allows holders, on the basis of a contract with their bank or the Post Office, to purchase (via POS) goods and services at any establishment merchants belonging to the circuit to which the card is authorised or to withdraw cash (via ATMs) with immediate debit from the current account linked to the card. The best known circuit is the Bancomat circuit, hence the name by which it is commonly referred to. If the card is linked to international circuits, it can be used abroad both for withdrawals of local currency and for making payments,

by entering the same secret code (PIN) as is used domestically for ATM withdrawals and POS withdrawals in shops.

PREPAID CARD

Payment instrument, issued against an advance payment of funds made to the issuer, the value of which decreases each time it is used to make payments or withdrawals. With a prepaid card, it is possible, without using cash, to purchase (via POS or online) goods or services, or to withdraw cash at ATMs and with the use of a PIN, within the limits of the amount previously paid to the issuing institution. Prepaid cards are issued by banks, electronic money institutions (EMI) and the Italian Post Office. Reloadable prepaid cards have a maximum reloadable value that differs from issuer to issuer and can be reloaded several times. The prepaid card can also be equipped with an IBAN (International Bank Account Number), which allows the main operations of a current account to be carried out, by means of transfers or direct debits, such as, for example, crediting wages or pensions, and paying utility bills. With the prepaid card, it is possible to make purchases without using cash and to make withdrawals and other transactions at ATMs belonging to the payment circuit indicated on the card.

SALARY-BACKED LOANS

It is a special type of guaranteed financing, intended for pensioners and employees. The repayment of instalments is made by assigning a portion of the pension or salary to the lender. This share, deducted directly from the pension or pay slip, may not exceed the fifth part of the net monthly emolument. This type of financing requires insurance to cover life risk (for Pensioners) and life and loss of employment risk (for Employees). The policies are underwritten directly by the Bank/Financial Company (as policyholder and beneficiary), which bears the costs. The customer is not required to pay any insurance premium.

CLOUD

Literally "computer cloud", it refers to the technology that allows data to be processed and stored on a network and enables access to applications and data stored on

remote hardware instead of the local workstation. **HYBRID CLOUD** is a solution that combines a private cloud with one or more public cloud services, with proprietary software enabling communication between each service. A hybrid cloud strategy offers companies greater flexibility by moving workloads between cloud solutions according to needs and costs.

MANAGEMENT FEES

Fees paid to the manager by direct debit from the fund's assets to remunerate management activity in the strict sense. They are calculated daily on the fund's net assets and drawn at larger intervals (monthly, quarterly, etc.). They are generally expressed on an annual basis.

CONTACTLESS

It is the innovative payment method that allows to make purchases by simply bringing the card close to the card reader (POS terminal) with the Contactless symbol; the transaction takes place in a few moments.

CONTRACTUAL SERVICE MARGIN (CSM)

It represents for the Company the expected and unrealised profit that it must represent in the statement of profit or loss, over the life of the contract.

COVERAGE UNIT

The Contractual Service Margin (CSM) is the quantity through which the pattern is defined and represents the amount of insurance services rendered during the year (e.g. the volume of mathematical provisions for the period compared to the total volume projected over the duration of the insurance contracts).

DIGITAL PROPERTIES

The digital properties (website, BancoPosta app, PostePay app, Ufficio Postale app, PosteID app) represent one of the 3 channels of customer care to support the Group's omnichannel strategy.

DIGITAL WALLET

It is a virtual wallet within which one can load credit or combine one or more payment instruments such as credit, debit, prepaid or current account cards, in order to carry out transactions without sharing the private information of the payment method with the seller.

FINANCIAL DURATION OF THE PORTFOLIO

Average of the durations of the securities that make it up.

DURATION

Average maturity of bond payments. It is generally expressed in years and corresponds to the weighted average of the dates of payment of the cash flows (the so-called cash flows) from the security, where the weights assigned to each date are equal to the present value of the corresponding cash flows (the various coupons and, for the maturity date, also the principal). It is an approximate measure of the sensitivity of the price of a bond to changes in interest rates.

MUTUAL FUNDS

These are collective investment undertakings, managed by asset management companies (AMC), which pool the liquidity provided by their clients and invest it, as a single asset, in movable financial assets (shares, bonds, government securities, etc.) or, for some of them, in real estate assets, respecting rules aimed at reducing risk. Each investor becomes the owner of a number of units whose value varies over time and according to the performance of the securities purchased by the Management Company with the fund's assets. There are different types of funds, classified, for example, according to the type of financial instruments in which they invest (e.g. European equities or American bonds) or according to the type of profit-sharing of investors. Funds can be either "closed" (with the subscription of units only during the offer period and the redemption of units taking place, as a rule, only at the Fund's maturity) or "open" (with the subscription and redemption of units at any time).

PENSION FUNDS

They are collective investment undertakings that collect employees' and/or employers' contributions and invest them in financial instruments for the purpose of providing a pension benefit (life annuity or lump sum) at the end of an employee's working life that is supplementary to the mandatory public system. There are various forms of pension funds: Negotiated (or closed) funds, open-ended funds, individual pension plans (PIP or FIP), pre-existing pension schemes.

FTSE MIB (FINANCIAL TIMES STOCK EXCHANGE MILAN STOCK EXCHANGE INDEX)

It is the most important index of the Milan Stock Exchange where the securities with the highest market capitalisation and liquidity are gathered. On the FTSE MIB are listed a total of 40 stocks representing companies, the majority of which belong to the banking, insurance and industrial sectors.

GENERAL MODEL (GM) OR BUILDING BLOCK APPROACH (BBA)

The General Model is a methodology for the valuation of insurance contracts based on the discounting of expected cash flows, on the explication of the Risk Adjustment cash flow adjuster for non-financial variables) and a Contractual Service Margin (present value of expected profit).

SEPARATELY MANAGED ACCOUNT

In life insurance, a fund specifically created by the insurance undertaking and managed separately from the overall business of the undertaking. Separately managed accounts are used in Class I contracts and are characterised by a typically conservative investment composition. The return obtained by the separately managed account and relegated to the members is used to revalue the benefits under the contract.

HIGH YIELD BONDS

These are high-yield (and high-risk) bonds issued by companies, sovereign states or other entities in financial distress, which are given a low rating (Standard & Poor's rating of BB or lower). High Yield bonds are often referred to as Junk Bonds.

LIABILITY FOR INCURRED CLAIM (LIC)

It is the liability that quantifies the issuer's obligation to compensate for insured events that have already occurred (incurred claims).

LIABILITY FOR REMAINING COVERAGE (LRC)

It is the liability that quantifies the issuer's obligation to provide cover for insured events that have not yet occurred.

LOSS COMPONENT

The loss component is the loss that is recognised in the statement of profit or loss upon initial recognition of so-called "onerous" contracts if the sum of the present value of future cash flows, adjusted for risk, is negative.

TRANSITIONAL MEASURES

The transitional measures on technical provisions (MTRT) were introduced by Directive 2014/51/EU (the so-called Omnibus II) to allow for a gradual transition from the previous prudential regime (so-called Solvency I) to the Solvency II regime, preventing the new requirements from having undesirable effects on companies and the market.

The rules provide that insurance companies, as of 1 January 2016 and until 31 December 2031, may, subject to authorisation by the Institute, apply a transitional deduction to the technical provisions calculated at the end of each financial year, determined as a share of the (positive) difference between the amount of technical provisions calculated in accordance with Solvency II on 1 January 2016 and those recorded in the financial statements at 31 December 2015 (Solvency I).

OPEN BANKING

Sharing of data between different players in the banking ecosystem. With the entry into force of the European Digital Payments Directive (PSD2), European banks are obliged to open up their API (Application Program Interface) to fintech companies and other companies involved in financial products and services. This allows external companies (third parties) access to payment data thus increasing competition in the system.

OTP (ONE TIME PASSWORD)

A one-time password or one-time code is a security alphanumeric code generated by an algorithm, at the user's request, to gain access to a system or to authorise specific transactions, e.g. in home banking operations. It is a very secure authentication system since the code is sent directly to a device in the holder's possession (SMS on mobile phone, token, etc.) and once used is no longer valid.

DIGITAL PAYMENTS

The term refers to all payments made using electronic means, such as credit cards, debit and prepaid cards, digital wallet, telephone credit, direct debit to current account, for the purchase of goods and services.

PISP (Payment Initiation Service Providers)

Subjects who, with the express authorisation of the customer, provide the service of arrangement of payment orders in favour of the customer; they act as intermediaries between the Bank and the holder of the payment account - accessible online - they initiate the payment in favour of a third party, the beneficiary of the order.

HYBRID – MULTI - CLASS POLICY

In multi-class products, a part of the premium is invested in separately managed accounts and determines the guaranteed capital share, while a part is invested in unit-linked funds, which are characterised by diversified asset allocations that aim to seize return opportunities by investing in funds linked to financial market trends.

UNIT-LINKED POLICY

A life policy for which the investment risk is borne by the policyholder and whose benefits are directly linked to units in collective investment undertakings or to the value of assets held in an internal fund.

POS (POINT OF SALE)

It is the telematic location (consisting of a device for the automatic payment of purchases) where payment


transactions take place, using debit or credit cards through their chips or magnetic stripes. Connected to the banking system, it allows merchants to have sums credited to their bank account and buyers to settle purchases without using physical money.

GROSS PREMIUMS REVENUE

Amount accrued during the reporting period for insurance contracts, irrespective of whether these amounts have been collected or whether they relate in whole or in part to subsequent years.

PREMIUM ALLOCATION APPROACH (PAA)

The PAA is an insurance contract valuation methodology used to simplify the measurement of certain types of contracts, compared to the General Model. This model is used by the Company, in particular, for the following types of contracts:

- Short-term P&C insurance (not exceeding one year);
- Some multi-year contracts as long as they give the same result as the General Model .

INSURANCE CLASS

A class of insurance is defined as a category into which it is possible to classify policies pertaining to the same, or similar, type of risk. Two macro sections can be distinguished:

- P&C insurance: covers policies that intervene to compensate the client in the event of material and physical damage, relating to personal property, assets, person;

P&C contracts are divided into the following classes:

1. Accidents (including accidents at work and occupational diseases); lump sum benefits; temporary benefits; mixed forms; transported persons;
2. Health: lump sum benefits; temporary benefits; mixed forms
3. Land vehicles (excluding rail vehicles): all damage suffered by: self-propelled land vehicles; non-self-propelled land vehicles;
4. Railway vehicle bodies: any damage suffered by railway vehicles;

5. Aircraft bodies: any damage suffered by aircraft;
 6. Sea, lake and river vehicles: all damage suffered by: river vehicles; lake vehicles; sea vehicles;
 7. Transported goods (including goods, luggage and any other property): any damage suffered by transported goods or luggage, regardless of the nature of the means of transport;
 8. Fire and natural elements: any damage suffered by property (other than property included in classes 3, 4, 5, 6 and 7) caused by: fire; explosion; storm; natural elements other than storm; nuclear energy; land subsidence;
 9. Other damage to property: any damage suffered by property (other than property included in classes 3, 4, 5, 6 and 7) caused by hail or frost, as well as any other event, such as theft, other than those included in class 8;
 10. Land motor vehicle liability: any liability arising out of the use of land motor vehicles (including carrier's liability); 11. Aircraft liability: any liability arising out of the use of aircraft (including carrier's liability);
 12. Sea, lake and river vehicle liability: all liability arising from the use of river, lake and sea vehicles (including carrier's liability);
 13. General Liability: any liability other than those mentioned in no. 10, 11 and 12;
 14. Credit: asset losses from defaults; export credit; hire purchase; mortgage credit; agricultural credit;
 15. Bail: direct bail; indirect bail; 16. Financial losses of various kinds: risks related to employment; insufficient income (general); bad weather; loss of profits; persistent overhead; unforeseen business expenses; loss of market value; loss of rents or income; indirect business losses other than those mentioned above; non-commercial financial losses; other financial losses;
 17. Legal protection: legal protection;
 18. Assistance: assistance to people in difficult situations.
- Life class: this includes policies taken out in order to guarantee a lump sum to the chosen beneficiaries

indicated in the insurance contract, upon the occurrence of the event that is the subject of the policy (e.g. the death of the insured in the case of a death policy).

Life insurance policies are further divided into six classes:

Class I - Life insurance;

Class II - Nuptial and birth insurance;

Class III - Insurance included in classes I and II, the main benefits of which are directly linked to the value of units in collective investment undertakings or internal funds or to indices or other reference values;

Class IV - Health insurance and insurance against the risk of non-self-sufficiency covered by long-term, non-cancellable contracts for the risk of severe disability due to illness or accident or longevity;

Class V - Capitalisation operations;

Class VI - Management operations of collective funds set up to provide benefits in the event of death, survival or cessation or reduction of employment.

REPO (REPURCHASE AGREEMENT)

Repurchase agreements consist of a spot sale of securities and a simultaneous forward repurchase commitment (for the counterparty, in a symmetrical commitment of spot purchase and forward sale).

REINSURANCE

Transaction whereby an insurer (the reinsured) - for a fee - reduces its economic exposure, either on a single risk (optional reinsurance) or on a large number of risks (compulsory or treaty reinsurance), by transferring to another insurer (the reinsurer) part of its liabilities arising from insurance contracts.

RISK ADJUSTMENT

This refers to the adjustment of cash flows related to insurance contracts, reflecting uncertainty due to non-financial risks (e.g. mortality risk, longevity risk, early termination risk, assumption risk, catastrophe risk).

CYBER SECURITY

This term is intended to represent the tools and processes needed to ensure the security of computers, networks, commonly used devices (such as smartphones and tablets), applications and databases, protecting them from potential attacks that may come from inside or outside the organisation. Cyber Security has become increasingly important because protecting digital technologies, protects processes and above all information, which are the true assets of individuals and organisations.

The Variable Fee Approach (VFA) is a valuation methodology that applies to insurance contracts with direct profit-sharing features, such as insurance pension funds, separately managed accounts and unit-linked insurance policies.


SPID - PUBLIC DIGITAL IDENTITY SYSTEM

The Public Digital Identity System (SPID) is the Italian digital identity solution, managed by AgID in accordance with national legislation and the European eIDAS regulation. The SPID system allows holders of a digital identity (natural persons and legal entities), issued by an accredited manager, to access with a single set of credentials the services provided by participating public and private entities. Poste Italiane is one of the accredited Digital Identity managers.

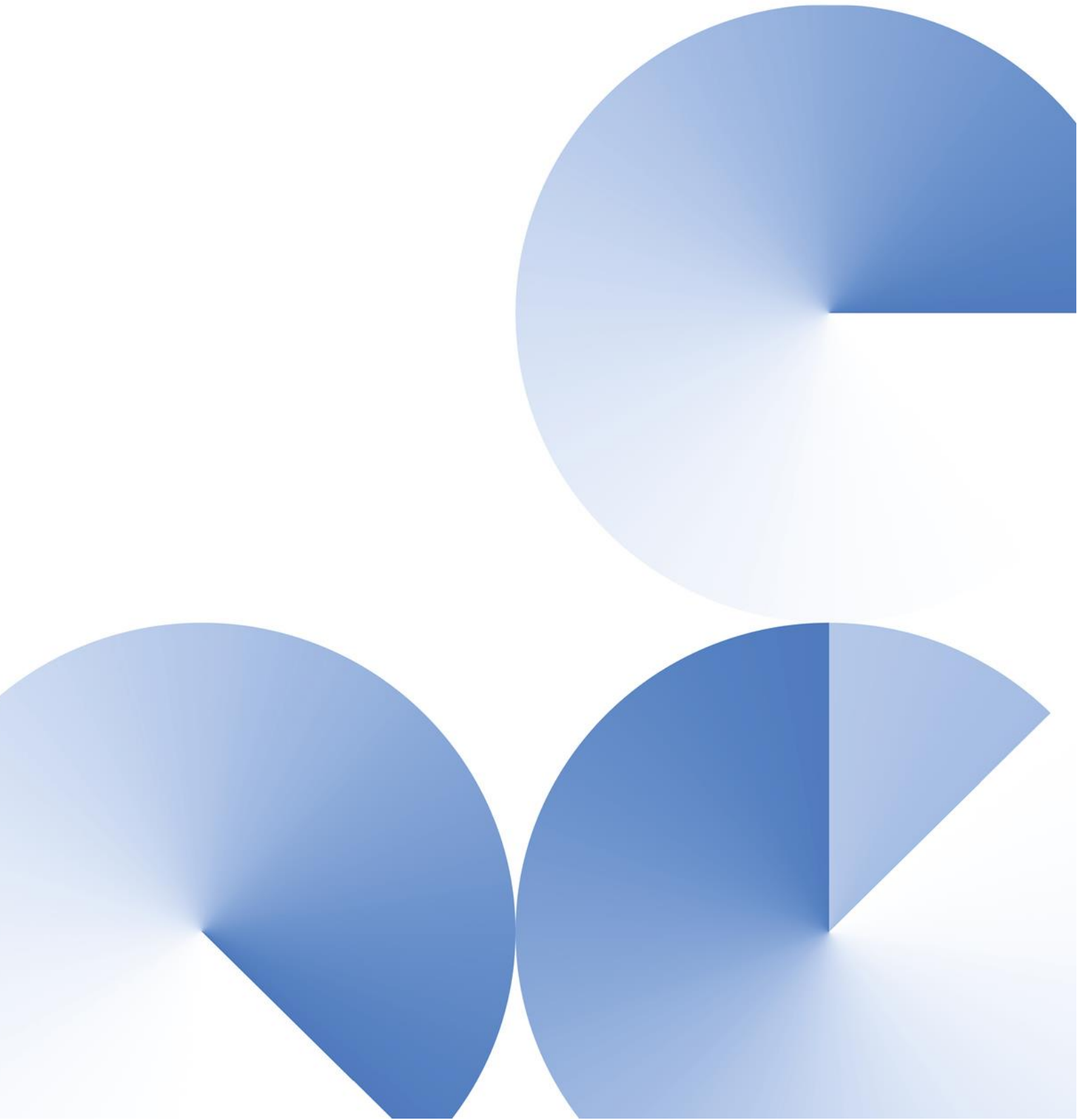
SOLVENCY RATIO

The Solvency Ratio is calculated as the ratio between the own funds eligible to cover the capital requirement and the regulatory minimum level calculated on the basis of the Solvency II regulation.

STRONG CUSTOMER AUTHENTICATION (SCA)

SCA or Strong Customer Authentication requires that all electronic payment transactions, and some remote transactions that carry a risk of fraud, be confirmed and authorised by combining two or more authentication factors, chosen from something that only the person making the transaction possesses (an app on a mobile device or a key that generates OTP  codes), or an element of inherence, i.e. something that uniquely distinguishes the user (a fingerprint, facial geometry, or another biometric feature).

VARIABLE FEE APPROACH (VFA)



**CONDENSED
CONSOLIDATED
HALF-YEAR
FINANCIAL
STATEMENTS AT
30 JUNE 2023**

1. INTRODUCTION

Poste Italiane SpA (the "Parent Company") is the company formed following conversion of the former Public Administration entity, "Poste Italiane", under Resolution 244 of 18 December 1997. Its registered office is at Viale Europa 190, Rome (Italy).

Poste Italiane's shares have been listed on the Mercato Telematico Azionario (the MTA, an electronic stock exchange) since 27 October 2015. At 30 June 2023, the Company is 35% owned by CDP and 29.3% owned by the MEF, with the remaining shares held by institutional and retail investors. At 30 June 2023, the Parent Company holds 10,675,798 treasury shares (equal to 0.817% of the share capital). Poste Italiane SpA continues to be under the control of the MEF.

The condensed consolidated financial statements for the six months ended 30 June 2023 include the accounts of Poste Italiane SpA and its subsidiaries and have been prepared in euro, which is the functional presentation currency of the Parent Company. All amounts in the financial statements and the notes are shown in millions of euros and rounded (without decimal figures), unless stated otherwise. It follows that the sum of the rounded amounts may not coincide with the rounded totals.

The financial statements consolidated on a line-by-line basis have been specifically prepared at 30 June 2023, after appropriate adjustment, where necessary, to align accounting policies with those of the Parent Company.

The Group's activities are not significantly subject to seasonality and/or cyclicity.

The Condensed Consolidated Half-Year Financial Statements are accompanied by the attestation of the Chief Executive Officer and the Financial Reporting Manager pursuant to article 154-bis of Legislative Decree no. 58/1998 and is subject to a limited audit by the independent auditors Deloitte & Touche S.p.A.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

2.1 COMPLIANCE WITH IAS/IFRS

These condensed consolidated half-year financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) endorsed by the European Union with EU Regulations and in force at 30 June 2023, for which no exceptions have been made.

2.2 BASIS OF PRESENTATION

The consolidated half-year financial statements have been prepared in accordance with IAS 34 - *Interim Financial Reporting* and Article 154-ter (paragraph 3) of the Consolidated Law on Finance, as well as the provisions of Articles 2 and 3 of Legislative Decree 38/2005, on a going concern basis for the Parent Company Poste Italiane SpA, and its subsidiaries and consolidated companies, also taking into account the economic and financial outlook inferred from the Strategic Plan approved on 18 March 2021 (and the related updates approved by the Board of Directors on 22 March 2022) and the 2023 Budget approved by the Board of Directors on 29 March 2023.

In application of the option granted by the aforementioned accounting standard, they provide less information than the annual financial statements, as they are intended to provide an update on the latest complete set of

annual financial statements focusing on new activities, events and circumstances – to the extent considered relevant – as well as certain minimum additional information; accordingly, they do not duplicate information previously reported in the consolidated financial statements of the Poste Italiane Group at and for the year ended 31 December 2022.

The accounting standards and the recognition, measurement and classification criteria adopted, as well as the consolidation methods applied to these condensed consolidated half-year financial statements are the same as those used for the preparation of the Consolidated Financial Statements at 31 December 2022, to which reference should be made for a more detailed discussion, with the exception of what is reported in section 2.3 - *New accounting standards and interpretations*.

In these condensed consolidated financial statements, the statement of financial position values are compared with those at the end of the previous financial year, while the statement of profit or loss values are compared with those at the end of the first half of 2022. In this regard, it should be noted that certain figures for the comparative period have been adjusted and reclassified to take into account the new provisions of IFRS 17 - *Insurance Contracts*, which came into force on 1 January 2023.

The information provided in these condensed half-year financial statements takes into account the guidelines and recommendations of the European regulatory and supervisory bodies (ESMA, CONSOB)⁸⁹ published during 2022 in order to provide a guideline in the current economic context, influenced by the ongoing Russia-Ukraine conflict. For a description of the impacts resulting from the Russia-Ukraine conflict, see Note "2.5 - *Use of estimates*".

With regard to the interpretation and application of newly published, or revised, international accounting standards, and to certain aspects of taxation⁹⁰, where the related interpretations are based on examples of best practice or case-law that cannot yet be regarded as exhaustive, the financial statements have been prepared on the basis of the relevant best practices and the guidelines agreed with the Tax Authorities as part of "cooperative compliance". Any future guidance or updated interpretations will be reflected in subsequent reporting periods, in accordance with the specific procedures provided for by the related standards.

2.3 NEW ACCOUNTING STANDARDS AND INTERPRETATIONS

Accounting standards and interpretations applicable from 1 January 2023

- **IFRS 17 - Insurance Contracts.** The new accounting standard on insurance contracts fully replaced the provisions of IFRS 4. The objective of the new standard is to:

⁸⁹ Public statement ESMA32-63-1277 of 13 May 2022 "Implications of Russia's invasion of Ukraine on half-year financial reports", Public statement ESMA32-63-1320 "European common enforcement priorities for 2022 annual financial reports" of 28 October 2022 and CONSOB Warning notice no. 3/22 of 19 May 2022.

⁹⁰ The tax authorities have issued regular official interpretations only in respect of certain of the tax-related effects of the measures contained in Legislative Decree 38 of 28 February 2005, Law 244 of 24 December 2007 (the 2008 Budget Law) and the Ministerial Decree of 1 April 2009, implementing the 2008 Budget Law, which introduced numerous changes to IRES and IRAP. The MEF Decree issued on 8 June 2011 contains instructions regarding the coordinated application of EU-endorsed international accounting standards coming into effect between 1 January 2009 and 31 December 2010, in addition to regulations governing determination of the tax bases for IRES and IRAP. In addition, the new standards are subject to the rules contained in the endorsement tax decrees issued by the Ministry of the Economy and Finance, in application of the provisions of Law no. 10 of 26 February 2011 (Milleproroghe Decree).

- ensure that an entity provides information that fairly represents the rights and obligations arising from the insurance contracts issued;
- eliminate inconsistencies and weaknesses in existing accounting policies by providing a single principle-based framework to account for all types of insurance contracts (including reinsurance contracts); and
- improve comparability between entities belonging to the insurance sector by providing for specific presentation and disclosure requirements.
- **Amendments to IAS 1 - Presentation of Financial Statements** aimed at helping drafters of financial statements to provide information on accounting policies that is more useful to investors and primary users of financial statements by replacing the requirement to disclose information on "significant" accounting standards with the requirement to provide **relevant** information on accounting standards and how they are applied within the company.
- **Amendments to IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors** to clarify the distinction between changes in accounting estimates, changes in accounting policies and error corrections.
- **Amendments to IAS 12 - Income Taxes** to clarify how deferred taxes should be accounted for on certain transactions involving the simultaneous recognition of an asset and a liability of equal amount, such as leases and decommissioning obligations. The purpose of this amendment is to reduce diversity in the recognition of deferred tax assets and liabilities on such transactions.

With the exception of the first-time adoption of IFRS 17, whose impact on the Poste Italiane Group's financial position is described in Section 2.4 - *Changes to accounting policies*, to which reference should be made, the adoption of the other changes outlined above had no impact on the financial information in these condensed consolidated half-year financial statements. With reference to the new provisions of IAS 1 concerning relevant information on accounting standards, these will be reflected in the 2023 Annual Report.

2.4. CHANGES TO ACCOUNTING POLICIES

As of 1 January 2023, the Poste Italiane Group adopted the standard **IFRS 17 - Insurance Contracts** issued with Commission Regulation (EU) 2021/2036 of 19 November 2021.

The following provides information on the nature and effects of the new accounting standard and the related impact of the first-time adoption of the standard on the Poste Italiane Group's financial position.

Scope of application

IFRS 17 introduces new recognition, measurement and valuation rules for contracts that meet the definition of an "insurance contract"⁹¹; the new standard applies to insurance contracts issued, reinsurance contracts held, and investment contracts with discretionary participation features. Within the Poste Italiane Group, therefore, insurance contracts and investment contracts with discretionary participation features issued by the Companies

⁹¹ An insurance contract is a contract under which one party accepts a significant insurance risk from another party, agreeing to indemnify the insured or the beneficiary in the event that the latter suffers loss as a result of a specific event, (i.e. the insured event)

belonging to the Poste Vita Group⁹², as well as reinsurance contracts held by them, fall within the scope of the new standard.

With regard to the contracts issued by the other Poste Italiane Group companies, no elements were identified that could be brought within the definition of an insurance contract, i.e., although falling within this definition, the Group opted to continue applying IFRS 15 and/or IFRS 9 as permitted by IFRS 17.

Level of portfolio aggregation

The Poste Italiane Group has defined a process for aggregating contracts falling within the scope of IFRS 17 that envisages an initial distinction between Life and P&C business and then a distinction into different Unit Of Accounts. Unit of Accounts contain contracts with similar contractual and risk characteristics that are managed on a unitary basis. With regard to the Life business, groups of contracts are aggregated by product type (e.g. Pure Separately Managed Accounts, Multi-class, Temporary Death Benefits, etc.), while for the P&C business, the level of aggregation coincides with the lines of business (e.g. those defined for Solvency II reporting); in some cases (such as for the companies Net Insurance SpA and Net Insurance Life SpA, hereinafter jointly referred to as the "Net Group") they are further subdivided in order to comply with the characteristics of specific products. For business related to reinsurance contracts held, the Unit of Account is equivalent to the individual treaty with the counterparty.

The Units of Account can be further disaggregated according to the underwriting year of the policies (cohorts)⁹³ and the level of profitability. For this purpose, an onerousness test of the products is carried out to divide the Units of Account into:

- profitable;
- onerous;
- that at the time of initial recognition do not have a high probability of becoming onerous.

The following describes the process for defining the onerousness test according to the relevant business:

- Life business: for contracts issued by Poste Vita SpA, the test is performed at the product level (where applicable also at the cohort level) in the design phase of the same (ex ante) exclusively for new products, determining the estimated future flows of fulfilment at the date. For contracts issued by Net Insurance Life SpA, on the other hand, the test is carried out on individual tariffs. The analysis is repeated in the event of significant events that may affect the costliness of the product in the first year of life;
- P&C business: for contracts issued by the Company Poste Assicura SpA, the test is performed on the basis of the Combined Ratio⁹⁴ at the time of the initial recognition of the group of contracts by defining the onerousness on a permanent basis until the maturity of the policies. For contracts issued by Net Insurance SpA, the test takes into account estimated future fulfilment flows at the date and is performed at the contract group level according to business type;
- reinsurance business: the process defined for testing differs according to the measurement model applied.

⁹² Poste Vita SpA, Poste Assicura SpA, Net Insurance SpA and Net Insurance Life SpA.

⁹³ For Separately Managed Accounts and Multi-class insurance products, the exemption has been implemented in the application of annual cohorts permitted by Regulation (EU) no. 2021/2036.

⁹⁴ Ratio of claims and expenses incurred to premium volume, also taking into account the Adjustment for non-financial risk.

Groups of insurance contracts are recognised at the date of initial recognition. The Poste Italiane Group has defined in detail which, for each type of business and its underlying products, is the date that identifies the start of the contractual relationship. These dates (e.g. effective date, renewal date, accession date, etc.) were chosen according to the specificities of the products issued. For the insurance contracts acquired as a result of the Net Group business combination, the initial recognition date was set at 1 April 2023, the date identified for the Purchase Price Allocation process.

Measurement models

The general model for measuring insurance contracts, called the Building Block Approach - BBA, involves defining the financial flows associated with the insurance contract, consisting of:

- cash inflows and outflows;
- an adjustment that takes into account the time value of money and the financial risks associated with the flows themselves;
- an adjustment for non-financial risk (risk adjustment).

The final result of the sum of the preceding components, if positive, determines the Contractual Service Margin (CSM) that will be issued over the life of the insurance contract according to the so-called Coverage Unit, while if negative the Loss Component, recognised immediately in the statement of profit or loss.

The standard provides two further measurement models:

- Premium Allocation Approach - PAA, an optional and alternative model to the general model, is applicable to contracts characterised by a coverage period of no more than one year, as well as to groups of contracts for which the company considers that simplification linked to the model would not lead to a significantly different result from that obtained with the general model (for example, absence of variability of cash flows associated with the group of contracts);
- Variable Fee Approach - VFA, a mandatory measurement model for contracts with direct participation features, such as separately managed accounts and unit-linked insurance.

Within the Poste Italiane Group, groups of insurance contracts with at least one of the following characteristics are measured using the PAA method:

- One-year Duration;
- Multi-Year Duration and belonging to the Collective Business (Contract Groups = Collective);
- Multi-Year Duration and belonging to a Portfolio where the weight of the Multi-year Business is less than or equal to 5% in the last 3 years.

With reference to the VFA, adopted exclusively for the Life business, the Group assessed the eligibility for the model for the following types of products:

- With Profit Participating (separately managed account);
- Unit-linked standalone insurance;
- Hybrid products with investment components (Multi-class).

The PAA model is applied exclusively to P&C business, with the exception of the CPI products⁹⁵, which are measured through the adoption of the BBA as they do not meet the conditions for the application of the simplified

⁹⁵ Credit Protection Insurance: is a special multi-risk insurance contract that seeks to protect the insured against a series of events that may occur during the term of a loan (mortgage, personal loan or other form of credit), thus preventing adverse situations from impairing its regular repayment capacity.

model. The BBA is also adopted for products belonging to the Life business for which the VFA model does not apply.

Elements for determining future fulfilment flows

In application of the BBA and VFA models, future cash flows associated with insurance contracts are estimated by taking into account the so-called "contract boundary", in order to identify whether a particular contractual option should be included in the cash flow projection as soon as the contract is issued or whether the exercise of that option would result in the recognition of a new group of contracts. The Poste Italiane Group has borrowed contract boundary identification techniques from the Solvency II context⁹⁶, except in the case of P&C business contracts with tacit renewal that were no longer terminable at the valuation date, which define the generation of a new group of contracts and, therefore, a new cohort. In the Life business, pure risk policies, cases of conversion into annuities, automatic maturity deferrals and additional payouts can generate a new fulfilment cash flow; while in the P&C business, additional considerations can be made about product repricing clauses, the presence of variable sums insured and cases of surrender with return of unearned premium.

In accordance with the provisions of the standard, all costs directly attributable to the management of insurance contracts, including costs incurred in the acquisition of contracts, are also taken into account in the construction of the fulfilment cash flows. With specific reference to acquisition costs, the Group considers placement commissions, placement commissions paid to the network outside the Group (mainly for the Net Group), rappels⁹⁷ and other direct and indirect acquisition costs to be directly attributable to insurance contracts.

Adjustment for non-financial risk

When assessing insurance contracts, it is necessary to consider the Risk Adjustment component, i.e. the remuneration that the Companies of the Poste Italiane Group require to assume risks of a non-financial nature. To determine the Adjustment for non-financial risk, the Poste Italiane Group has decided to use the percentile metric. According to this approach, the Adjustment for non-financial risk represents the potential loss in relation to the obligations assumed towards the policyholders (Insurance liabilities) that the Companies would incur, at a given level of probability (percentile level), to cover the insurance risks assumed, thus reflecting the risk appetite of the Companies themselves. This element is calculated separately for Life and P&C business. The confidence level identified to quantify the Adjustment for non-financial risk is 80% for the P&C business of Poste Assicura SpA and 70% for the Life and P&C business of the other Group insurance companies.

In order to determine the amount of the Adjustment for non-financial risk, among other elements, the Solvency II valuation framework was taken into account, considering the same scope of underlying risks. For details of the risks considered, see Section "2.5 - Use of estimates - Insurance liabilities".

The Adjustment for non-financial risk may change as a result of changes in the risks to which the Group is exposed. These effects may have an impact on the statement of financial position if they relate to future services, affecting the total value of the Contractual Service Margin, and on the statement of profit or loss through the period release of this component, which occurs on the basis of a defined coverage unit.

⁹⁶Legal references "Iiopa Guidelines on Contract Boundaries - Consolidated Version" of 31 January 2023 and Commission Delegated Regulation (EU) 2015/35 of 10 October 2014, Article 18 "Contract Boundaries".

⁹⁷ Additional remuneration over and above the commission paid to intermediaries (agents and brokers) on the achievement of predetermined objectives (production, technical, etc.).

Discount rate

For the purposes of determining the discount rate to be used for discounting future cash flows, the Poste Italiane Group has decided to adopt a "bottom-up approach" for the derivation of discount curves borrowed from Solvency II, in which the reference Basic Risk Free Curve is based on the Risk Free Rate curve provided by EIOPA.

The Basic Risk Free curve, depending on the specific business, may be adjusted to take into account specific Illiquidity Premiums (a component representing the level of liquidity of the counterparty) calibrated to portfolios or at Company level.

Please refer to section "2.5 - Use of estimates - Insurance liabilities" for detailed information on the discount curves used per individual portfolio.

Effect on the statement of profit or loss

The new standard changed the representation of the profitability of the insurance business from a presentation of results by volume (premiums issued and claims expenses) to a representation more focused on contract margins.

Revenue from the insurance business consist of the releases of liabilities under insurance contracts for the period, including the Contractual Service Margin (**CSM**) component. In addition, costs directly related to insurance contracts, including costs incurred by the network for insurance contract placement and distribution activities performed by the Parent Company and outside the Group, are allocated to revenue.

For non-profitable insurance contracts, the relevant Loss Component is recognised immediately in the statement of profit or loss. In the event that, at subsequent reporting dates, there is an improvement in the group of onerous contracts, the Poste Italiane Group Companies have provided for a method of recovering the loss component on a risk-based approach by which the release of the loss component is calculated in proportion to the period's release of the cash flows related to claims, expenses and risk adjustment.

In the case of an onerous contract, if reinsurance coverage is provided, it is necessary to identify the so-called Loss Recovery Component. The result of the reinsurance contract (Net Gain/Net Cost) will be adjusted in each reporting period to take into account the recovery of the loss component of the direct covered contract.

In addition to the issuance of the CSM and the possible recognition of the loss component, further elements capable of impacting the statement of profit or loss in the reporting period are described below:

- *Investment component* i.e. the amount under the insurance contract that the issuing entity must pay to the counterparty even if the insured event does not occur, for which the standard does not require recognition in the underwriting result. The Group identifies the investment component for contracts in the Life business and defines it, for investment products and annuities in the accumulation phase, as the difference between the liquidated value and the lapse value net of penalties; for certain annuities that are certain to be paid out, the value of the investment component corresponds to the value of the benefits paid out. Finally, with respect to the reinsurance business, the investment component is identified in the context of contracts or treaties that provide for scaled commissions or profit participating;
- *Financial costs/revenue* pertaining to the insurance business, refer to the effects deriving from the change in the time value of money and the financial risk which, as envisaged by the standard, are calculated separately for each measurement model. For the VFA portfolio, financial costs/revenue are recognised either in the Statement of profit or loss or in Other Comprehensive Income (OCI) in relation

to the result of the fair value of the Underlying Items and depending on the IFRS 9 classification of the underlying assets themselves; for the BBA measurement model, on the other hand, financial costs/revenue are calculated on the basis of the valuation curves adopted for the calculation of IFRS 17 flows.

In the Statement of profit or loss tables, for the sake of clarity, the cost components that are allocated to insurance margins in accordance with IFRS 17 are shown under "*Allocation of costs directly attributable to insurance contracts*".

Accounting policy under IFRS 17

The choices made by the Group in applying the provisions of the standard are summarised below:

- **Risk mitigation:** the Poste Group does not plan to adopt risk mitigation, i.e., the option not to recognise changes in the CSM to account for some or all of the changes in the time effect of money and non-financial risk;
- **OCI Option:** for insurance contracts with direct participation elements for which the underlying elements are owned, the Group opts to disaggregate the finance income or expenses into Profit for the Period and Other Comprehensive Income, based on the results of IFRS 9, which defines the valuation of the underlying elements. The Poste Italiane Group also provides that, for contracts measured using the VFA model, the fair value income generated by the underlying assets measured under IFRS 9, relating to finance income from separately managed assets, commissions and technical interest attributable to unit-linked policies, is passed on to policyholders based on the percentage weight of the Mathematical Provisions at the date (mirroring). The value of the returns generated by the assets related to the insurance liabilities is first deducted from the profit retained by the Group (over-coverage) and then allocated to the individual Units of Account;
- **Exception to the use of annual cohorts⁹⁸:** the Poste Italiane Group adopts the exemption option⁹⁹, limited to the portfolios pertaining to the Line of Business "With Profit Participating" and the hybrid products with separately managed components of Poste Vita. These contracts will therefore not be divided into annual cohorts, but will be managed together due to the mutualisation effect of returns¹⁰⁰, typical of separately managed accounts. The exception is not applicable for P&C business;
- **Method of presentation of the result of the outward reinsurance business:** the Group chooses a net presentation for the reinsurance result.

Impacts of first-time adoption of IFRS 17

The Poste Italiane Group elected to apply IFRS 17 starting from its mandatory effective date of 1 January 2023, without early application. As required by the new standard, the transition date to IFRS 17 has been set at 1

⁹⁸ Cohort means the division of contracts according to the year of signing

⁹⁹ During the endorsement of the final version of the standard, an exemption from the application of the annual cohorts was envisaged deriving from the fact that in insurance practice the rules for revaluation of insurance liabilities are a function of the returns on the financial assets related to them, calculated through a common management of these assets and therefore not differentiated according to the specific sub-portfolios included in a specific separately managed account or between years of product generation. The presence of cohorts generates complexities in terms of quantifying the "mutualisation effect" arising from the inclusion of different Units of Account (new production) in a pool of Units of Account pertaining to pre-existing portfolios, as well as complexities in terms of allocation of return on assets to specific Units of Account that could generate distorting effects in IFRS 17 results.

¹⁰⁰ Intergenerational mutuality is generated on those products of long duration that provide for the entry of policyholders even at different times in the life of the product. In these cases, the mutualisation effect makes it possible to offset losses and gains from portfolio management between the different generations of policyholders participating in the product.

January 2022. On that date, the Group defined the following transition methods for the insurance companies Poste Vita SpA and Poste Assicura SpA:

- for the Life business, the Modified Retrospective Approach was adopted for the investment portfolio and the Fair Value approach for the pure risk portfolio;
- for P&C business, on the other hand, the Fair Value Approach was adopted.

At 1 January 2022 the Poste Italiane Group considered the application of the so-called Full Retrospective Approach because the available database for past years did not have the granularity and detail required to perform the valuation required by the accounting standard; therefore, the Modified Retrospective Approach was applied as the transition method for almost all insurance contracts. The complexity and high effort required to retrieve the historical data necessary for the application of the Modified Retrospective Approach resulted in the application of the Fair Value Approach for the remaining part of the contracts.

In applying the Modified Retrospective Approach, as required by the standard, the Group has adopted simplifications compared to the Full Retrospective Approach, mainly related to the profit on contracts net of the Adjustment for non-financial risk. In applying this approach, a historical depth of contracts of about 10 years was also considered, including policies issued since 2012 and still outstanding at the transition date. This simplification was adopted because the portfolio thus constructed is a good approximation of the overall portfolio, as positions issued prior to 2012 have a percentage weight that is considered residual. In the application of the Fair Value Approach (FVA), the value of the CSM of the P&C business was determined as the premium reserve net of acquisition commissions, while for the Life business, used for the groups of contracts measured by BBA, it was determined as the present value of future profits net of the Adjustment for non-financial risk.

The Poste Italiane Group, and thus also the two insurance companies Poste Vita and Poste Assicura, has been applying IFRS 9 since 1 January 2018. Following the adoption of IFRS 17, there were no changes to the classification and measurement rules for financial assets.

It should be noted that the two additional Net Group companies were acquired in 2023 and, therefore, after the transition date of 1 January 2022.

The following tables show the effects of the transition to IFRS 17 at 1 January 2022 recognised by individual item in the financial statements. The Group Statement of financial position also incorporates the changes introduced by IAS 1 - *Presentation of Financial Statements* following the new accounting standard. It should also be noted that, compared with previous financial reports, the impact of the first application of the standard incorporates a refinement in the determination of deferred taxation as of 1 January 2022.

	(€m)				
ASSETS	31/12/2021 IFRS 4 balances	Accounting entries eliminated	Reclassified accounting items	Effects of IFRS 17 measurement	1 January 2022 restated
Property, plant and equipment	2,267	-	-	-	2,267
Investment property	32	-	-	-	32
Intangible assets	873	-	-	-	873
Right-of-use assets	1,116	-	-	-	1,116
Investments accounted for using the equity method	277	-	-	-	277
Financial assets	221,226	-	-	-	221,226
Assets for outward reinsurance	-	-	-	48	48
Trade receivables	3	-	-	-	3
Deferred tax assets	1,245	-	-	400	1,644
Other receivables and assets	4,012	-	-	-	4,012
Tax credits Law no. 77/2020	5,551	-	-	-	5,551
Technical provisions attributable to reinsurers	50	(50)	-	-	-
Non-current assets	236,652	(50)	-	448	237,048
Inventories	155	-	-	-	155
Trade receivables	2,508	-	-	-	2,508
Current tax assets	115	-	-	-	115
Other receivables and assets	1,146	-	(49)	-	1,097
Tax credits Law no. 77/2020	905	-	-	-	905
Financial assets	27,630	-	-	-	27,630
Cash and deposits attributable to BancoPosta	7,659	-	-	-	7,659
Cash and cash equivalents	7,958	-	-	-	7,958
Total current assets	48,076	-	(49)	-	48,027
TOTAL ASSETS	284,728	(50)	(49)	448	285,076

The value of Assets increased by €348 million; this effect is attributable to:

- accounting elimination of the balance of technical provisions attributable to reinsurers (only to be recognised under IFRS 4);
- recognition of Assets for outward reinsurance, which represents the valuation at 1 January 2022 of the Group's exposures related to reinsurance contracts assumed;
- recognition of deferred tax assets determined on the First Time Adoption reserve of IFRS 17 related to the accounting of Liabilities under insurance contracts;
- reclassification of Due from policyholders, which are removed from Other receivables and assets to be considered under Liabilities under insurance contracts, specifically under Liabilities for residual coverage, which is reported under Liabilities.

	(€m)				
LIABILITIES AND EQUITY	31/12/2021 IFRS 4 balances	Accounting entries eliminated	Reclassified accounting items	Effects of IFRS 17 measurement	1 January 2022 restated
Share capital	1,306	-	-	-	1,306
Reserves	3,599	-	-	77	3,676
Treasury shares	(40)	-	-	-	(40)
Retained earnings	7,236	-	-	(974)	6,262
Total equity attributable to owners of the Parent	12,102	-	-	(897)	11,205
Equity attributable to non-controlling interests	8	-	-	-	8
Total	12,110	-	-	(933)	11,213
Technical provisions for insurance business	159,089	(159,089)	-	-	-
Provisions for risks and charges	693	-	-	-	693
Employee termination benefits	922	-	-	-	922
Financial liabilities	15,122	-	-	-	15,122
Liabilities under insurance contracts	-	-	-	160,334	160,334
Deferred tax liabilities	953	-	-	-	953
Other liabilities	1,749	-	-	-	1,749
Total non-current liabilities	178,528	(159,089)	-	160,334	179,774
Provisions for risks and charges	575	-	-	-	575
Trade payables	2,029	-	-	-	2,029
Current tax liabilities	16	-	-	-	16
Other liabilities	1,860	-	-	-	1,860
Financial liabilities	89,610	-	-	-	89,610
Total current liabilities	94,090	-	-	-	94,090
TOTAL LIABILITIES AND EQUITY	284,728	(159,089)	-	159,437	285,076

The value of Liabilities and Equity also increased by €348 million, as the combined result of a decrease in Equity of €897 million and an increase in Insurance Liabilities of €1,245 million, in particular as a result of the elimination of the value of Insurance Technical Provisions recognised in accordance with IFRS 4 and the consequent recognition of the carrying amount of Liabilities under insurance contracts, measured in accordance with IFRS 17.

The following is a reconciliation of equity between 31 December 2021, accounted for under IFRS 4, and 1 January 2022, which incorporates the effects of the changes in the new accounting standard:

(€m)

Equity														Total equity	
Share capital	Treasury shares	Legal reserve	BancoPosta reserve	RFC	Equity instruments - perpetual hybrid bonds	Fair value reserve	Cash flow hedge reserve	Reserve for insurance contracts issued and outward reinsurance	Translation reserve	Reserve for investees accounted for using equity method	Incentive plans reserve	Retained earnings	Total equity attributable to owners of the Parent		Equity attributable to non-controlling interests
Balance at 31 December 2021															
1.306	(40)	299	1.210		800	1.307	(33)	-	1	3	13	7.236	12.102	8	12.110
<i>First time adoption impact</i>															
-	-	-	-	-	-	-	-	-	-	-	-	(1.373)	(1.373)	-	(1.373)
<i>Mirroring accounting</i>															
-	-	-	-	-	-	7.945	-	(7.868)	-	-	-	-	77	-	77
<i>Tax impact on transition</i>															
-	-	-	-	-	-	-	-	-	-	-	-	400	400	-	400
Balance at 1 January 2022															
1.306	(40)	299	1.210		800	9.251	(33)	(7.868)	1	3	13	6.262	11.205	8	11.213

The application of the new accounting standard to the Poste Italiane Group's Equity resulted in a reduction in Equity of €897 million (net of tax effects), mainly due to the impact of first-time adoption of the standard, net of tax effects, of €974 million, partially offset by €77 million related to the mirroring effect and the simultaneous opening in the Statement of Comprehensive Income of the new line item "*Financial revenue or costs relating to insurance contracts issued*", which will include the change in the fair value of financial instruments measured at FVTOCI linked to the separately managed accounts following the adoption of the OCI option exercised by the Poste Italiane Group.

For a better understanding of the dynamics of the new standard, a comparison of the opening IFRS17 statement of financial position balances at 1 January 2022 with 31 December 2022, appropriately adjusted, is shown below.

			(€m)
ASSETS	1 January 2022	31 December 2022	Changes
Non-current assets	237,048	211,928	(25,121)
<i>of which</i>			
<i>Assets for outward reinsurance</i>	48	44	(4)
<i>Deferred tax assets</i>	1,644	2,601	957
Current assets	48,027	50,146	2,119
TOTAL ASSETS	285,076	262,074	(23,002)
LIABILITIES AND EQUITY	1 January 2022	31 December 2022	Changes
Total equity	11,213	7,878	(3,334)
Non-current liabilities	179,774	156,647	(23,126)
<i>of which</i>			
Liabilities under insurance contracts	160,334	141,380	(18,954)
<i>Liabilities for residual coverage</i>	159,372	140,348	(19,025)
<i>Liabilities for residual coverage PAA</i>	45	56	11
<i>Present value of future cash flows</i>	147,547	124,330	(23,218)
<i>Adjustment for non-financial risk</i>	1,324	3,060	1,736
<i>Contractual service margin</i>	10,456	12,902	2,446
<i>Liabilities for incurred claims</i>	962	1,032	70
<i>Cash flows related to past services</i>	952	1,016	64
<i>Adjustment for non-financial risk</i>	10	17	7
Current liabilities	94,090	97,548	3,458
TOTAL LIABILITIES AND EQUITY	285,076	262,074	(23,002)

Liabilities under insurance contracts amounted to €141,380 million at 31 December 2022 and decreased by approximately €18,954 million compared to the balance at 1 January 2022. This decrease is mainly related to the decrease in the present value of future cash flows as a result of the negative financial market dynamics experienced during the year compared to the transition date. The Adjustment for non-financial risk, on the other hand, increased as a result of the updated calculation assumptions used. These dynamics led to a positive effect on the Contractual Services Margin, which, together with the effect of new production and experience variance, resulted in an increase of €2,446 million.

Equity at 31 December 2022, modified following the application of IFRS 17, decreased by approximately €1,059 million.

The following is a breakdown of the summary change in OCI following both the application of IFRS 4, already published in the 2022 Annual Report, and the application of the new standard:

	(€m)				
	2022 IFRS 17	of which insurance	2022 IFRS 4	of which insurance	Changes
Net profit/(loss) for the year	1,583		1,511		72
FVOCI debt instruments and receivables	-				
Increase/(Decrease) in fair value during the year	(27,742)	(23,333)	(4,747)	(338)	(22,994)
Transfers to profit or loss from realisation	(286)	(136)	(161)	(10)	(125)
Increase/(decrease) for expected losses	4	0	4	0	(0)
Cash flow hedges	(130)		(130)		
Financial revenue or costs relating to insurance contracts issued	22,784		-		22,784
Financial revenue or costs relating to outward reinsurance	(1)		-		(1)
Other items	1,542		1,440		102
Items not to be reclassified in the Statement of profit or loss for the year	(220)		(219)		(1)
Total other comprehensive income	(4,048)		(3,814)		(234)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	(2,465)		(2,303)		(162)

As is known, the financial year 2022 was characterised by a negative trend in the financial markets, which affected the result of the Statement of comprehensive income already at 31 December 2022. In the restated situation, the negative effect remains but is presented differently, as the new standard does not provide for the application of the shadow accounting technique. In fact, the unrealised capital losses generated by the securities portfolio, amounting to €27,742 million (of which €23,333 million related to the insurance business), are shown gross of the reversal to policyholders, as the mirroring component of the financial result is accounted for in the item "*Financial revenue or costs relating to insurance contracts issued*", consistent with the requirements of the new standard and the amendments to IAS 1. Compared to the net result recorded with the application of IFRS 4 in the insurance business alone, which amounted to an unrealised loss of €338 million, the IFRS 17 result amounted to an unrealised loss of €549 million (obtained as the difference between the delta fair value of debt instruments measured at FVTOCI recorded in the year and pertaining to the insurance business alone and the amount relegated to policyholders of €22,784 million). Although the value of the changing fair value of the securities portfolio remains unchanged in the application of IFRS 17, what changes is the representation of the so-called "over-coverage", i.e. the component of the financial result related to insurance liabilities that is not passed on to policyholders but represents the Group's unrealised capital gain or loss, which is determined in a timely manner prior to the allocation of income to the individual Units of Account and mirroring.

Net Insurance business combination effects

In April 2023, the acquisition of the Net Insurance Group was finalised (see Note 2.6 - *Main changes to the scope of consolidation* for details).

The acquisition of the Net Group is accounted for in the Poste Italiane Group's condensed consolidated half-year financial statements in accordance with IFRS 3 - *Business Combinations*.

According to the provisions of this standard, the combination must be accounted for by applying the purchase method, which provides for the allocation of the cost of acquisition (so-called Purchase Price Allocation – PPA). With regard to the PPA process, it should first be noted that Poste Italiane finalised the acquisition of the Net Group in April 2023 and, for the purpose of preparing the condensed consolidated half-year financial statements at 30 June 2023, the Poste Italiane Group identified the fair values of identifiable assets, liabilities and contingent liabilities.

In particular, the Poste Italiane Group, in order to integrate the balances subject to acquisition, made an initial estimate of the fair value of its Assets for outward reinsurance and Insurance Liabilities at 1 April 2023, assumed to be the date of acquisition of control pursuant to IFRS 3.

For the purpose of defining fair value, the Premium Reserve net of commissions at 1 April 2023 was considered for the P&C business issued, while for the reinsurance business the Gross Outward Premium Reserve was considered, adjusted for the future contribution of reinsurance commissions collected at the acquisition date.

For the Life business issued, the Mathematical and Expense Reserve was taken into account, while for the reinsurance business, the Gross Outward Mathematical and Expense Reserve was taken into account, adjusted for the future contribution of reinsurance commissions already collected at the acquisition date.

At this stage, the allocation process must be considered as not yet final. Pursuant to IFRS 3, in fact, due to the complexity of this process, the accounting for business combinations can be finalised within twelve months from the date of acquisition.

Based on this, the provisionally estimated amounts could be subject to adjustment, for the financial statements at 31 December 2023, depending on more and/or more precise information becoming available in the coming months.

2.5 USE OF ESTIMATES

For the preparation of these interim financial statements, more extensive use was made of the estimation methods with respect to the annual information, to also take into account the geopolitical uncertainty deriving from the continuation of the war between the European countries Russia-Ukraine.

Described below are the accounting treatments for which there have been changes in estimates from those used for the 2022 Annual Report, to which reference is made for a full discussion. Also presented within this section are the estimates adopted in connection with the determination of insurance liabilities in accordance with the provisions of the new IFRS 17 standard.

Impairment and stage allocation for financial instruments

For calculating the impairment of financial instruments and for determining the stage allocation, the main factors estimated by the Poste Italiane Group, relating to the internal model developed for Sovereign, Banking and Corporate counterparties, are as follows:

- estimate of ratings by counterparty;
- estimate of the Probability of Default "PD" for counterparties.

During the first half of the year, the Poste Italiane Group updated the internal model developed for Sovereign counterparties in order to overcome the difficulties encountered in finding certain actual and forecast data to

feed into the scoring models¹⁰¹. In addition, the Group updated its forecast scenarios to take into account new elements based on the International Monetary Fund's estimates for the year 2023.

These updates led to a slight increase in the PD of Italy and other Sovereign counterparties compared to those used in the assessments in the 2022 Annual Report.

The inputs, assumptions and estimation techniques used for the management of credit risk, as well as for the definition of the impairment method for trade receivables, are reported in the 2022 Annual Report.

Impairment tests of goodwill, cash generating units and equity investments

The provisions of IAS 36 - *Impairment of assets* require that goodwill and other fixed assets with indefinite useful life, and therefore the Cash Generating Units (CGU) or groups of CGUs to which they have been allocated, be subjected to an impairment test at least annually and that certain qualitative and quantitative indicators of presumption of impairment be continuously monitored, to verify the possible existence of impairment indicators that require repeating the test more frequently.

To this end, all the main elements from internal and external sources that could constitute a presumption of impairment were analysed, and in consideration of the monitoring carried out, at 30 June 2023 it was deemed necessary to carry out new impairment tests for the following items of the financial statements:

	Amount (€m)	Method used	Explicit forecast period	Growth rate	Discount rate
Goodwill allocated to the Mail, Parcels and Distribution segment CGU	213	DCF	2023-2025	2.1%	6.9% (WACC)
Investment in Anima Holding SpA	212	DDM	2023-2025	2.1%	9.12% (Ke)

DCF: *Discounted Cash Flow*; DDM: *Dividend Discount Model*; WACC: *Weighted Average Cost of Capital*; Ke

The table shows that the estimated discount rate at 30 June 2023 was 6.9% for the Mail, Parcels and Distribution CGU and 9.12% for the equity investment in Anima Holding, respectively, an increase of 71 basis points and 78 basis points compared to the estimate made at 31 December 2022.

With reference to the external quantitative indicators of impairment at Group level, it should be noted that, at 30 June 2023, market capitalisation was higher than book equity, while, with regard to internal source elements, it should be noted that consolidated results at June 2023 were in line with budget forecasts for the same period.

Mail, Parcels and Distribution CGU

In consideration of the continued negative economic results expected, the decline of the postal market as well as the current uncertainty that characterises the macroeconomic scenario, the Mail, Parcels and Distribution CGU was subjected to an impairment test in order to determine a value in use comparable with the overall carrying amount of the net invested capital.

To estimate the value in use of the CGU, reference was made to the 2023 Budget approved by Poste Italiane SpA's Board of Directors on 29 March 2023 and to the best economic and financial forecasts for the two-year period 2024-2025 approved - for impairment test purposes - in the same meeting by the Board of Directors. In determining the terminal value, calculated on the basis of the last year of explicit forecasts, income was

¹⁰¹ Within the Poste Italiane Group, scoring models are developed according to the shadow rating methodology on the basis of the assessment of the three main rating agencies (so-called ECAI): Standard & Poor's, Moody's, Fitch.

normalised. Reference was also made to the transfer prices that BancoPosta RFC is expected to pay for the services provided by Poste Italiane's distribution network.

The analysis made it possible to conclude positively on the appropriateness of the figures of the financial statements, as well as the related sensitivity analyses on the significant variables that have confirmed the carrying amounts.

Investment in Anima Holding SpA

Considering the trend of the stock market capitalisation of the share as well as the current macroeconomic scenario, the investment in Anima Holding SpA was subject to an impairment test in order to determine a value in use comparable to its carrying amount. Based on the test results, there was no need to adjust the carrying amount of the investment at 30 June 2023.

Insurance liabilities

The main models, inputs and assumptions used to estimate insurance liabilities, i.e. future cash inflows and outflows related to insurance contracts, are summarised below.

Input data, assumptions and estimate techniques used

For contracts measured with the VFA model, the estimate of future flows related to the Liability for residual coverage is made considering the following inputs:

- Non-financial assumptions, such as mortality, lapses, conversions, expenses, etc. Expense assumptions, consistent with the principle, are parametrised taking into account only attributable costs;
- Financial assumptions, such as returns on assets backing insurance liabilities, asset allocation, etc.;
- Stochastic economic scenarios¹⁰² differentiated by separately managed account and by type of business.

The estimate of cash flows takes into account all the commitments of the companies in respect of the contracts under assessment through the elaboration of magnitudes such as gross premiums, other inflows other than premiums consistent with the quantification of the benefits under analysis, commissions, expenses, performance settlements, any residual Mathematical Provision at the end of the projection, and other outflows other than the above consistent with the quantification of the benefits under analysis.

For contracts measured with the BBA, the future fulfilment flows represent estimates of the future cash flows that will be generated by the natural fulfilment of the contracts by the companies and therefore include all possible cash flows that fall within the contract boundary.

Projected cash flows include claims paid, reimbursements for early extinguishment of contracts, acquisition commissions, other directly attributable administrative expenses, other directly attributable acquisition expenses, premiums written and recoveries.

It should also be noted that, for onerous contracts measured through the PAA, future fulfilment flows are calculated using the same approach as for contracts measured through the BBA.

¹⁰² A stochastic mathematical model makes it possible to study the course of phenomena that follow random or probabilistic laws.

Liabilities for incurred claims include future fulfilment cash flows related to past services attributed to the group of contracts at the measurement date. These flows are defined as the sum of the following components:

- Cash flows of undiscounted Best Estimate Liabilities (UBEL¹⁰³), which are the best estimate of cash outflows for both reported claims and late claims;
- Discount effect, calculated by discounting the cash flows referred to in the previous point using the defined discount curve;
- Adjustment for non-financial risks, estimated using the methodology defined by the Group.

The process of allocating costs between "attributable" and "non-attributable" is done punctually according to the cost centres that incur them. The development and related deferral of costs follow the associated cash flow projections and the same recognition metrics adopted for the CSM release.

No changes have been made to the insurance liability valuation process since the transition date with the exception of the financial and technical assumptions, which are updated as necessary at each valuation date. Furthermore, the contracts in the portfolio do not provide for any discretionary elements on the part of the Company that could affect the expected flows.

Investment component

Assessments of the expected investment component to be included in the estimate of fulfilment future cash flows are made separately by product type. An estimate of the flow related to the Investment component is provided for both valuations at initial recognition of groups of contracts and for valuations at each reporting date. For contracts with discretionary participation features and annuities in the accumulation phase, the expected investment component is equal to the lapse value net of penalties, whereby the estimate in future fulfilment flows is obtained as the difference between the estimated payout amount and the countervalue calculated on the basis of the lapse value net of penalties. For annuities that are certain to be paid out, the value of the investment component is not an estimate since it corresponds to the value of the benefits to be paid out, while for annuities that are certain to be paid out and pure risk products, there is no Investment component.

Method for determining the discount rate used

Below are details, by individual portfolio, of the discount curves used by the Poste Italiane Group in determining its insurance liabilities and the adjustments made to the reference Basic Risk Free Curve to take into account the counterparty's level of liquidity (Illiquidity Premiums):

- in relation to the Separately managed account participating business and the Unit Linked portfolio connected to Separately managed accounts (Multi-class products), the Illiquidity Premium is calibrated on the basis of the composition of the reference portfolio (e.g. Separately managed accounts or Company) using approaches and metrics borrowed from the Solvency II approach;
- in relation to the non-participating Life Business and for the Unit Linked portfolio not connected to Separately managed accounts, use was made of the values of Illiquidity Premiums consistent with the Volatility Adjustment value provided by EIOPA, in line with Solvency II. This approach is replicated in Net Insurance Life's pure risk business;

¹⁰³ Undiscounted Best Estimate Liabilities.

- in relation to the P&C business of Poste Assicura, the Basic Risk Free curve is adopted, assuming an Illiquidity Premium equal to 0, in line with Solvency II, while for the P&C business managed by Net Insurance, the Basic Risk Free curve with Volatility Adjustment is adopted.

In operational terms, the Poste Italiane Group defined the curves at the date of initial recognition of the contract, in particular:

- for the Life business related to contracts issued by Poste Vita, the initial recognition curve of contracts is set equal to the Based Risk Free curve with illiquidity premium related to the previous quarter;
- for the P&C business relating to Poste Assicura contracts, the curve at initial recognition of contracts is the Based Risk Free of the previous year (31/12/t-1);
- for the P&C business, relating to contracts issued by Net Insurance, and for the Life business, relating to contracts issued by Net Insurance Life, the curve at initial recognition of contracts is the Based Risk Free with Volatility Adjustment relative to the previous year (31/12/t-1)¹⁰⁴.

For the BBA method, in order to calculate the interest accrued on the CSM at the reporting date, the Poste Italiane Group uses the forward curve determined with respect to the spot locked-in curve at the valuation date. For the PAA model, the Poste Italiane Group has not made an adjustment for the effect of the time value of money and financial risk.

Method for determining the Adjustment for non-financial risk

The Poste Italiane Group adopts the percentile approach. The amount of the adjustment for non-financial risk is determined by considering the scope of technical risks to which group companies are exposed, using assessments borrowed from the Solvency II framework. In particular, the Adjustment for non-financial risk for the groups of contracts belonging to the Life business is estimated taking into account the risk exposures typical of the Life business and the underwriting risk net of the loss-absorbing capacity of the technical provisions (guaranteed minimum of the products) and gross of reinsurance, as this is not significant. Operational risk and counterparty default risk are also excluded from the analyses.

For insurance contracts belonging to the P&C business, exposures to pricing risk, reserving risk, catastrophe risk, and the risk of early exits typical of the type of business are considered. In the P&C business, the Adjustment for non-financial risk is also determined, unlike in the Life business, for the Liability for incurred claims and Assets from outward reinsurance.

In calculating the amount of the Adjustment for non-financial risk, the separation between the insurance services component and the financing component is not applicable for Poste Italiane Group companies.

Methods for determining the CSM coverage unit

The release to the Statement of profit or loss of the CSM over the life of the contracts is done through the definition of the so-called Coverage Unit (CU). With reference to the Life business, the Poste Italiane Group determines the CSM release by adopting a Coverage Unit based on a Volume-based driver, defined separately for each measurement model adopted:

- BBA model: the CU is defined with a driver based on the sums insured, which are similar to the lump-sum death benefit for pure risk contracts, and on the mathematical provisions, for annuities (in the payout phase) not under the Separately managed accounts from Long-Term Care products;
- VFA model: the CU for DPF contracts is defined using a driver based on mathematical provisions.

¹⁰⁴ It is specified for the companies Net Insurance SpA and Net Insurance Life SpA, having entered the Poste Italiane Group perimeter on 1 April 2023, the date of 31 March 2023 was used as the initial recognition curve.

In the context of the CSM release pattern of the P&C business, for contracts valued with the BBA Model, the Group has decided to use for the business characterised by constant insured capital a release driver based on earned premiums gross of commissions (also considering the effect of any premium refunds and related commission reversals); with the exception of the P&C business characterised by decreasing insured capital (Salary-backed of Net Insurance), the use of a method based on insured sums was defined as for the Life business.

The CSM release percentage is defined by relating the volume-based drivers as defined above to the amount of volumes of these drivers projected over a time period that coincides with the duration of the group of insurance contracts.

For products measured with the VFA method, the Group considers an additional component (additional release) in the CSM release for the period aimed at capturing the differences between the margin result obtained with real-world financial assumptions (Real World curves), compared to that obtained with risk-neutral financial assumptions (Risk Neutral curves). This additional release is obtained from the difference between the period-end prospective CSM before release under the Real World assumption and the period-end prospective CSM before release under the Risk Neutral assumption.

As a result of the additional release, it is possible to achieve a CSM release that is more consistent with the financial performance of the underlying items of the insurance contracts and to obviate the systematic deferral of profit recognition in future years through coverage units.

Employee termination benefits

The measurement of Employee termination benefits is also based on calculations performed by independent actuaries. The calculation takes account of termination benefits accrued for the period of service to date and is based on various demographic and economic-financial assumptions.

The demographic technical bases did not change during the six months under review, while the economic-financial technical bases applied in the calculation of the **employee termination benefits** at 30 June 2023 are as follows:

Economic and financial assumptions

	30.06.2023
Discount rate	3.67%
Inflation rate	2.30%
Annual rate of increase of employee termination benefits	3.225%

Russia-Ukraine conflict and impacts on estimates

The first half of 2023 was characterised by the continuation of the crisis between the European countries Russia and Ukraine.

In order to assess the impacts of the conflict for the Group, as requested by the national and international Authorities (ESMA and CONSOB)¹⁰⁵, and in line with the previous financial statements, an update was carried out on the current and future impacts and on the sanctions issued to Russia by state and supranational authorities, on the activities, on the financial situation and on the economic results of the Group in consideration of the available evidence and the scenarios that can be configured at the date of preparation of the following financial statements.

The potential impacts appear limited also in relation to the fact that the Group's operations are almost entirely located within the national territory and with no dependencies in the value chain with the countries involved.

In addition, monitoring of the existing relations between the Group and the parties directly or indirectly involved was carried out, which led to the following findings:

- with reference to the Parent Company, the existence of relations with the corresponding foreign postal administrations of Russia, Belarus and Ukraine have credit and debit balances of insignificant amounts;
- with reference to Poste Vita, within the Multi-asset funds, there are some indirect exposures to the countries involved in the aforementioned events that represent a non-significant portion of the relevant NAV.

2.6 MAIN CHANGES TO THE SCOPE OF CONSOLIDATION

During the six months under review, the Group completed the following transactions that resulted in changes in the scope of consolidation.

Net Insurance

On 28 September 2022, the Board of Directors of Poste Vita approved the promotion of a voluntary total cash takeover bid for ordinary shares and warrants of Net Insurance S.p.A. ("Net Insurance"), in consultation with certain shareholders.

On 20 April 2023, the squeeze-out procedure was finalised, as a result of which Net Holding (a corporate vehicle directly controlled by Poste Vita) holds a controlling interest of 97.8% in Net Insurance (which in turn holds 100% of Net Insurance Life S.p.A.), and the current CEO of Net Insurance, who acted in concert with the takeover bid, holds a minority interest of around 2.2%. The total outlay paid by Net Holding for the acquisition of the stake amounted to approximately €180.8 million. On 21 April 2023, IBL Banca S.p.A., pursuant to its commitment in the event of a successful bid, acquired a 40% stake in Net Holding for a consideration of €73.1 million. The net outlay for the Poste Group for the acquisition of the stake amounted to approximately €108.5 million.

The total carrying amounts of the assets acquired and liabilities assumed at the date of acquisition of Net Insurance and its subsidiary are shown below

¹⁰⁵ Public statement ESMA32-63-1277 of 13 May 2022 "Implications of Russia's invasion of Ukraine on half-year financial reports", Public statement ESMA32-63-1320 "European common enforcement priorities for 2022 annual financial reports" of 28 October 2022 and CONSOB Warning notice no. 3/22 of 19 May 2022.

(€m)	At 1 April 2023
<i>Net assets acquired</i>	
Intangible assets	8.7
Property, plant and equipment	14.9
Right-of-use asset	0.4
Trade receivables and other assets	53.7
Financial assets	231.3
Cash and cash equivalents	13.1
Insurance assets	157.8
Insurance liabilities	(386.4)
Employee termination benefits	(0.4)
Trade payables and other liabilities	(35.5)
Financial liabilities	(10.2)
Total net assets acquired	47.5
Equity attributable to non-controlling interests	1.0
Net assets acquired by the Group	46.4
Goodwill	134.3
Total fee	180.8

Poste Italiane has made use of the option provided for in paragraphs 45 et seq. of IFRS 3 to complete the valuation of the business combinations within twelve months of the acquisition date. In particular, the Group made a provisional allocation of the purchase price by valuing the assets and liabilities at 1 April 2023, assumed to be the date of acquisition of control pursuant to IFRS 3.

At the date of preparation of this half-year financial report, the temporary difference between the consideration paid to the seller and the net value at the acquisition date of the identifiable assets acquired and liabilities assumed, measured in accordance with IFRS 3, is equal to €134.3 million.

This difference at 30 June 2023 is recognised in Goodwill, under Intangible assets pending completion of the process of valuation of the individual components of the acquired assets.

Below are the total economic values of the acquired company included in the consolidated statement of profit or loss from the date of first-time consolidation:

(€m)	From 1 April to 30 June 2023
Revenue	7.5
Operating income	5.2
Profit/(loss) for the period	3.2

sennder

On 3 April 2023, following the capital increase reserved for the shareholder **sennder Technologies GmbH** ("**sennder Tech**"), Poste Italiane's stake in the subsidiary sennder Italia went from 65% to 60%.

Furthermore, on 30 May 2023, Poste Italiane's Board of Directors approved the renegotiation of the current partnership with sennder Technologies GmbH. As part of the renegotiation, Poste Italiane contributed 35% of its shares in sennder Italia to sennder Tech, increasing its stake in the latter from 1.7% to 10.2% on a fully diluted basis. It should be noted that following the completion of the transaction in June 2023, Poste Italiane holds a 25% stake in sennder Italia, which, therefore, has lost its status as a subsidiary and assumed that of an associate with the consequent recognition of the investment under the equity method pursuant to IAS 28. In accordance with IFRS 10, at the time of the loss of control, the retained stake in sennder Italia was measured at fair value.

The transaction resulted in the recognition of a total capital gain of about €109 million classified in revenue due to the sale of the controlling stake in the investment, with a positive impact on the Poste Group's EBIT.

Eco mind and Headapp

On 24 January 2023, Sourcesense finalised the acquisition of Eco Mind Ingegneria Informatica S.r.l. and its subsidiary HeadApp S.r.l. for a consideration, including the price adjustment under the contractual agreements, of approximately €1 million. The difference arising between the consideration and the value of the net assets acquired is included in the carrying amount of the investment.

The two acquired companies were merged into the NewCo called Sourcesense Platforms S.r.l. with accounting and tax effects from 1 July 2023.

A list and key information of companies consolidated on a line-by-line basis and using the equity method is provided in Note 10 - *Additional information – Scope of consolidation and highlights of investments*.

Conversion of the financial statements into foreign currencies

For the purposes of preparing the Consolidated Financial Statements, the statement of financial position and statement of profit or loss of all consolidated companies are expressed in euro, which is the functional currency used by the Parent Company.

The financial statements of companies that operate in a functional currency other than the euro are translated into the presentation currency using the closing rate at the reporting date for assets and liabilities, including goodwill and consolidation adjustments, and the average exchange rate for the period (if this reasonably approximates the exchange rate at the date of the respective transactions) for revenue and costs. All the resulting exchange rate differences are recognised in other comprehensive income and shown separately in a specific equity reserve; this reserve is reversed proportionally to the statement of profit or loss at the time of the (total or partial) disposal of the relevant investment.

The exchange rates used to convert the financial statements of consolidated companies in foreign currencies¹⁰⁶ are those published by the Bank of Italy and the European Central Bank and presented in the table below:

¹⁰⁶ During the second half of 2022, Sengi Express Limited adopted the euro as its functional currency instead of the Hong Kong dollar by applying conversion procedures to the new functional currency in accordance with IAS 21.

Currency	2023		2022	
	Exact exchange rate on 30 June	Average exchange rate 1H	Exact change on 31 December	Average exchange rate 1H
Hong Kong Dollar	-	-	-	8.556
Chinese Yuan Renminbi	7.898	7.489	7.358	7.082
US dollar	1.087	1.081	1.067	1.093
British Pound Sterling	0.858	0.876	0.887	-

3. MATERIAL EVENTS DURING THE PERIOD

3.1 PRINCIPAL CORPORATE ACTIONS

Information is provided below on the corporate actions that took place in the half-year under review, which have no accounting effects at 30 June 2023 and which integrate what has already been indicated in note 2.6 - *Main changes to the scope of consolidation*.

The following corporate actions also took place in the first half of 2023.

- On 24 November 2022, binding agreements were signed for Poste Italiane to participate, with an investment of approximately €3 million, in a capital increase promoted by Moneyfarm in order to finance part of the purchase price of 100% of **Profile Financial Solutions Ltd**, a company active in the pension fund consolidation business in the UK under the Profile Pensions brand. Following receipt of the necessary approvals from the UK regulatory authority (FCA) on 5 July 2023, the transaction will be closed by the end of July.
- On 29 September 2022, the reverse merger of **Plurima Bidco S.r.l.** into Plurima was approved by the shareholders' meetings of the two companies. The transaction, which provided for the application of the regulatory simplifications for mergers of wholly-owned companies, became effective as of 1 January 2023.
- On 29 June 2023, Poste Italiane notified **Milkman S.p.A. ("Milkman")** of its intention to exercise its call option on the shares held by the latter in **MLK Deliveries S.p.A. ("MLK")**, equal to approximately the remaining 30% of the share capital of MLK itself (the "**Milkman Stake**"). Based on the criteria originally agreed upon in the contractual agreements signed in 2020, the exercise price of the option was estimated at €19.6 million. Following the transfer of the Milkman Stake – formalised in July – Poste Italiane acquired full control of MLK.
- On 26 April 2023, Plurima S.p.A. finalised the purchase of a further 40% of the share capital of **Bridge Technologies S.p.A.** for a consideration of approximately €0.9 million, thus achieving 100% ownership.
- In June and July, respectively, the Board of Directors of Lis Holding and PostePay approved the project for the **partial demerger of Lis Holding in favour of PostePay** with the direct assignment of the 100% stake in LIS Pay to the EMI RFC. In this regard, on 28 June 2023, Poste Italiane's Board of Directors authorised the participation of Poste Italiane S.p.A. in the extraordinary shareholders' meeting of PostePay S.p.A. to approve the demerger transaction and the amendment of the rules of

the EMI RFC, to allow the allocation to the same of investments in other payment institutions and with the removal of the restriction on the allocation to the EMI RFC of the investment in LIS Holding. The demerger transaction is expected to become effective by the end of 2023, after obtaining authorisation from the Bank of Italy.

3.2 OTHER MATERIAL EVENTS

- Purchase of treasury shares

In execution of the authorisation to purchase treasury shares resolved by the Poste Italiane Shareholders' Meeting of 8 May 2023, aimed at acquiring a supply of shares to service the Group's long-term incentive plans benefiting members of management (including the Chief Executive Officer and General Manager), on 9 May 2023, the market was informed of the launch of a share buyback programme under which, between 10 May 2023 and 31 May 2023, Poste Italiane purchased 3,500,000 treasury shares (equal to 0.268% of the share capital), at an average price of €9.709971 per share, for a total countervalue of €33,984,897.83.

Following the transaction, considering also the treasury shares in the portfolio deriving from previous buy-back transactions and the delivery to the beneficiaries of the incentive plans, Poste Italiane holds 10,675,798 treasury shares at 30 June 2023, equal to 0.817% of the share capital.

- Eurovita

On 30 June 2023, PosteVita's Board of Directors approved the joining of the Eurovita policyholder protection rescue scheme, together with Allianz S.p.A., Assicurazioni Generali, Intesa Sanpaolo Vita and UnipolSai. The final agreements with the distributing banks, which are necessary to protect Eurovita's policyholders, will be finalised in cooperation with the institutions according to the technical schedule. The entire transaction, which will be divided into successive phases, will be subject to obtaining all regulatory authorisations from the Supervisory Authorities and represents a sign of significant commitment by the main insurance groups operating in Italy to protect the market and Eurovita's customers.

- Ancillary Own Funds

At its meeting of 28 June 2023, Poste Italiane S.p.A.'s Board of Directors, having obtained the favourable opinion of the Related and Connected Parties Committee issued on 27 June 2023, approved the Renewal of the Ancillary Own Fund transaction in favour of Poste Vita S.p.A. for a maximum amount of €1,750 million. On 5 July 2023, the relevant Information Document was made available to the public at the Company's registered office, at Borsa Italiana S.p.A., on the Company's website, as well as on the website of the authorised storage mechanism "eMarket Storage".

4. POSTE ITALIANE GROUP

FINANCIAL STATEMENTS AT 30 JUNE 2023

Posteitaliane

4.1 CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS (€m)	Notes	30 June 2023	<i>of which related parties</i>	31 December 2022	<i>of which related parties</i>
Non-current assets					
Property, plant and equipment	[A1]	2,387	-	2,404	-
Investment property	[A2]	29	-	31	-
Intangible assets	[A3]	1,917	-	1,817	-
Right-of-use assets	[A4]	1,285	-	1,334	-
Investments accounted for using the equity method	[A5]	284	284	267	267
Financial assets	[A6]	201,201	3,578	191,850	3,578
Trade receivables	[A8]	4	-	3	-
Deferred tax assets	[C12]	3,157	-	2,601	-
Other receivables and assets	[A9]	3,883	2	4,118	2
Tax credits Law no. 77/2020	[A10]	6,359	-	7,458	-
Assets for outward reinsurance	[A11]	208	-	44	-
Total		220,713		211,928	
Current assets					
Inventories	[A7]	168	-	157	-
Trade receivables	[A8]	2,330	595	2,179	435
Current tax assets	[C12]	405	-	140	-
Other receivables and assets	[A9]	1,104	12	986	10
Tax credits Law no. 77/2020	[A10]	2,399		1,563	
Financial assets	[A6]	30,953	9,855	34,290	11,986
Cash and deposits attributable to BancoPosta	[A12]	4,643	-	5,848	-
Cash and cash equivalents	[A13]	3,507	849	4,983	1,991
Total		45,508		50,146	
TOTAL ASSETS		266,222		262,074	

LIABILITIES AND EQUITY	Notes	30 June 2023	<i>of which related parties</i>	31 December 2022	<i>of which related parties</i>
Equity					
Share capital	[B2]	1,306	-	1,306	-
Reserves	[B4]	613	-	(509)	-
Treasury shares		(94)	-	(63)	-
Retained earnings		7,578	-	7,100	-
Total equity attributable to owners of the Parent		9,403		7,835	
Equity attributable to non-controlling interests		115	-	44	-
Total		9,518		7,878	
Non-current liabilities					
Liabilities under insurance contracts	[B5]	149,648	-	141,380	-
Provisions for risks and charges	[B6]	742	56	804	55
Employee termination benefits	[B7]	660	-	705	-
Financial liabilities	[B8]	10,611	202	10,939	201
Deferred tax liabilities	[C12]	1,917	-	815	-
Other liabilities	[B10]	1,851	-	2,004	-
Total		165,429		156,647	
Current liabilities					
Provisions for risks and charges	[B6]	694	11	551	12
Trade payables	[B9]	1,919	108	2,234	72
Current tax liabilities	[C12]	297	-	60	-
Other liabilities	[B10]	1,878	55	1,997	69
Financial liabilities	[B8]	86,487	193	92,706	4,377
Total		91,275		97,548	
TOTAL LIABILITIES AND EQUITY		266,222		262,074	

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

(€m)	Notes	1H 2023	of which related parties	1H 2022	of which related parties
Revenue from Mail, Parcels and other	[C1]	1,895	492	1,805	369
Net revenue from Financial Services	[C2]	2,666	1,114	2,505	957
Revenue from Financial Services		2,900	1,117	2,611	961
Expenses from financial activities		(234)	(3)	(106)	(3)
Net revenue from insurance services	[C3]	772	8	796	8
Revenue from insurance contracts issued		1,230	-	1,185	-
Costs arising from insurance contracts issued		(489)		(363)	
Revenue/(costs) from outward reinsurance		(8)		(6)	
Income and (expenses) from financial operations and other income/expenses		2,960	8	(3,076)	8
Net financial (costs)/revenue related to insurance contracts issued		(2,923)	-	3,055	-
Net financial revenue/(costs) related to outward reinsurance		2	-	(0)	-
Revenue from Payments and Mobile	[C4]	717	22	482	19
Net operating revenue		6,050		5,588	
Cost of goods and services	[C5]	1,517	74	1,312	68
Personnel expenses	[C6]	2,432	37	2,386	35
Depreciation, amortisation and impairments	[C7]	417	-	376	-
Capitalised costs and expenses	[C8]	(27)	-	(18)	-
Other operating costs	[C9]	135	2	77	1
Impairment losses/(reversals of impairment losses) on debt instruments, receivables and other assets	[C10]	11	(1)	38	2
Operating profit/(loss)		1,566		1,417	
Finance costs	[C11]	54	1	70	1
Finance income	[C11]	86	6	87	0
Impairment losses/(reversals of impairment losses) on financial assets	[A9]	(25)	-	0	-
Profit/(Loss) on investments accounted for using the equity method	[A5]	8	-	(13)	-
Profit/(Loss) before tax		1,631		1,421	
Income tax expense	[C12]	491	-	436	-
PROFIT FOR THE PERIOD		1,140		985	
of which attributable to owners of the Parent		1,137		983	
of which attributable to non-controlling interests		3		2	
Earnings per share	[B1]	0.876		0.756	
Diluted earnings per share		0.876		0.756	

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(€m)	Notes	1H 2023	FY 2022	1H 2022
Profit/(Loss) for the period		1,140	1,583	985
Items to be reclassified in the Statement of profit (loss) for the period				
FVOCI debt instruments and receivables				
Increase/(decrease) in fair value during the period	[tab. B4]	4,054	(27,742)	(18,029)
Transfers to profit or loss from realisation	[tab. B4]	323	(286)	(189)
Increase/(decrease) for expected losses		1	4	(3)
Cash flow hedges				
Increase/(decrease) in fair value during the period	[tab. B4]	7	279	348
Transfers to profit or loss	[tab. B4]	(303)	(409)	(328)
Financial revenue or costs relating to insurance contracts issued		(2,572)	22,784	15,742
Financial revenue or costs relating to outward reinsurance		0	(1)	(0)
Taxation of items recognised directly in, or transferred from, equity to be reclassified in the Statement of profit/(loss) for the period		(382)	1,542	738
Share of after-tax comprehensive income/(loss) of investees accounted for using equity method		(0)	1	0
Change in translation reserve		(0)	(1)	2
After-tax increase/(decrease) in reserves related to group of assets and liabilities held for sale (net of tax effect)	[tab. B4]	-	-	-
Items not to be reclassified in the Statement of profit/(loss) for the period				
Equity instruments measured at FVOCI - increase/(decrease) in fair value during the period		(8)	(315)	(284)
Actuarial gains/(losses) on employee termination benefits	[tab. B7]	5	125	118
Financial revenue or costs relating to insurance contracts issued				
Taxation of items recognised directly in, or transferred from, equity not to be reclassified in the Statement of profit/(loss) for the period		(1)	(31)	(30)
Share of after-tax comprehensive income/(loss) of investees accounted for using equity method		(0)	0	(0)
Actuarial gains/(losses) from employee termination benefits relating to groups of assets and liabilities held for sale (net of the tax effect)		-	-	-
Other		-	-	-
Total other comprehensive income		1,123	(4,048)	(1,915)
TOTAL OTHER COMPREHENSIVE INCOME FOR THE PERIOD		2,263	(2,465)	(930)
of which attributable to owners of the Parent		2,260	(2,471)	(933)
of which attributable to non-controlling interests		3	6	3

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Equity											Total equity			
	Share capital	Treasury shares	Legal reserve	BancoPosta RFC reserve	Equity instruments - perpetual hybrid bonds	Fair value reserve	Cash flow hedge reserve	Reserve for insurance contracts issued and outward reinsurance	Translation reserve	Reserve for investees accounted for using equity method	Incentive plans reserve		Retained earnings	Total equity attributable to owners of the Parent	Equity attributable to non-controlling interests
Balance at 1 January 2022	1,306	(40)	299	1,210	800	1,307	(33)	-	1	3	13	7,236	12,102	8	12,110
Adjustment for first-time adoption of IFRS 17	-	-	-	-	-	7,945	-	(7,869)	-	-	-	(974)	(897)	-	(897)
Adjusted balance at 1 January 2022	1,306	(40)	299	1,210	800	9,251	(33)	(7,868)	1	3	13	6,262	11,205	8	11,213
Total comprehensive income for the year	-	-	-	-	-	(19,789)	(93)	15,744	(1)	1	-	1,668	(2,471)	6	(2,465)
Dividends paid	-	-	-	-	-	-	-	-	-	-	-	(526)	(526)	(3)	(529)
Interim dividend	-	-	-	-	-	-	-	-	-	-	-	(273)	(273)	-	(273)
Purchase of treasury shares	-	(25)	-	-	-	-	-	-	-	-	-	(0)	(25)	-	(25)
Transactions with minority shareholders	-	-	-	-	-	-	-	-	-	-	-	(69)	(69)	-	(69)
Incentive plans	-	2	-	-	-	-	-	-	-	-	6	0	8	-	8
Coupons paid to holders of perpetual hybrid bonds	-	-	-	-	-	-	-	-	-	-	-	(16)	(16)	-	(16)
Other changes	-	-	-	-	-	(54)	-	-	-	2	-	54	2	-	2
Change in scope of consolidation	-	-	-	-	-	-	-	-	-	-	-	(1)	(1)	33	33
Balance at 31 December 2022	1,306	(63)	299	1,210	800	(10,592)	(127)	7,876	(0)	5	19	7,100	7,835	44	7,878
Total comprehensive income for the year	-	-	-	-	-	3,059	(212)	(1,728)	0	(0)	-	1,141	2,260	3	2,263
Dividends paid	-	-	-	-	-	-	-	-	-	-	-	(570)	(570)	(3)	(573)
Purchase of treasury shares	-	(34)	-	-	-	-	-	-	-	-	-	(0)	(34)	-	(34)
Transactions with minority shareholders	-	-	-	-	-	-	-	-	-	-	-	(78)	(78)	-	(78)
Incentive plans	-	3	-	-	-	-	-	-	-	-	3	(0)	6	-	6
Coupons paid to holders of perpetual hybrid bonds	-	-	-	-	-	-	-	-	-	-	-	(16)	(16)	-	(16)
Other changes	-	-	-	-	-	-	-	-	-	0	-	-	0	-	0
Change in scope of consolidation	-	-	-	-	-	-	-	-	-	-	-	1	1	71	71
Balance at 30 June 2023	1,306	(64)	299	1,210	800	(7,533)	(339)	6,148	-	5	22	7,578	9,403	115	9,518

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

(€m)	1H 2023	1H 2022
Unrestricted net cash and cash equivalents at the beginning of the period	1,228	2,590
Restricted net cash and cash equivalents at the beginning of the period	3,755	5,368
Cash and cash equivalents at the beginning of the period	4,983	7,958
Cash and cash equivalents at the beginning of the period	4,983	7,958
Result for the period	1,140	985
Depreciation, amortisation and impairments	454	406
Losses and impairment losses/(reversals of impairment losses) on receivables	9	33
(Gains)/Losses on disposals	(112)	(1)
Impairment losses/(reversals of impairment losses) on financial assets	(25)	0
(Increase)/Decrease in Inventories	(11)	7
(Increase)/Decrease Receivables and Other assets	(275)	227
Increase/(Decrease) Payables and Other liabilities	(195)	(437)
Change in tax credits Law no. 77/2020	(208)	(110)
Change in provisions for risks and charges	81	3
Change in employee termination benefits and Provision for retirement benefits	(40)	(65)
Difference in accrued finance expenses and income (cash adjustment)	22	12
Other changes	201	203
Net cash flow from/(for) non-financial operating activities [a]	1,041	1,264
Increase/(Decrease) in liabilities attributable to financial activities, payments, cards and acquiring and insurance	(9,357)	4,865
Net cash generated by/(used for) financial assets and tax credits Law no. 77/2020 attributable to financial activities, payments, cards and acquiring and insurance	5,516	(12,597)
(Income)/Expense and other non-cash components	(2,868)	4,037
Increase/(Decrease) in net liabilities under insurance contracts	5,310	60
Cash generated by/(used for) financial assets/liabilities attributable to financial activities, payments, cards and acquiring and insurance [b]	(1,399)	(3,635)
Net cash flow from/(for) operating activities [c]=[a+b]	(357)	(2,371)
- of which related party transactions	(2,068)	(6,150)
<i>Investing activities:</i>		
Property, plant and equipment, Inv. property and intangible assets	(249)	(223)
Investments	(1)	(3)
Other financial assets	(5)	(133)
Investments in consolidated companies net of cash acquired	(95)	(92)
<i>Disposals:</i>		
Property, plant and equipment, inv. property, intangible assets and assets held for sale	7	2
Other financial assets	0	1
Net cash flow from/(for) investing activities [d]	(342)	(449)
- of which related party transactions	(16)	4
Proceeds from/(Repayments of) borrowings	(148)	(166)
(Purchase)/sale of treasury shares	(34)	(25)
Dividends paid	(573)	(526)
Equity instruments - perpetual hybrid bonds	(21)	(21)
Net cash flow from/(for) financing activities and shareholder transactions [e]	(776)	(738)
- of which related party transactions	(331)	(341)
Effect of exchange rate differences on cash and cash equivalents	[f]	0
Net increase/(decrease) in cash [g]=[c+d+e+f]	(1,476)	(3,558)
Cash and cash equivalents at the end of the period	3,507	4,401
Cash and cash equivalents at the end of the period	3,507	4,401
Restricted cash and cash equivalents at the end of the period	(2,483)	(2,255)
Unrestricted net cash and cash equivalents at the end of the period	1,024	2,146

4.2 NOTES TO THE STATEMENT OF FINANCIAL POSITION

ASSETS

A1 – PROPERTY, PLANT AND EQUIPMENT (€2,387 million)

tab. A1 - Movements in property, plant and equipment

Description (€m)	Land	Properties used in operations	Plant and machinery	Industrial and commercial equipment	Leasehold improvements	Other assets	Assets under construction and advances	Total
Cost	77	3,278	2,542	363	707	2,056	145	9,167
Accumulated depreciation	-	(2,107)	(1,952)	(328)	(464)	(1,877)	-	(6,728)
Impairment losses	(0)	(16)	(10)	(1)	(1)	(7)	(0)	(35)
Balance at 1 January 2023	76	1,155	580	34	241	173	145	2,404
Changes during the period								
Acquisitions	-	9	10	3	11	17	43	92
Adjustments	-	0	-	-	-	-	-	0
Reclassifications	-	29	19	0	10	6	(64)	0
Disposals	(0)	(0)	(0)	(0)	(0)	(0)	(1)	(1)
Change in scope of consolidation	8	7	0	(0)	(0)	(0)	-	14
Depreciation	-	(17)	(35)	(5)	(24)	(39)	-	(120)
(Impairment losses)/Reversals	-	(0)	-	-	-	(2)	(0)	(2)
Total changes	8	29	(7)	(3)	(4)	(18)	(22)	(17)
Cost	85	3,326	2,569	365	725	2,069	123	9,261
Accumulated depreciation	-	(2,126)	(1,986)	(332)	(488)	(1,907)	-	(6,838)
Impairment losses	(0)	(16)	(10)	(1)	(1)	(8)	(0)	(36)
Total	84	1,184	573	32	237	155	123	2,387

Investments of €92 million in the first half of 2023 consists largely of:

- €9 million relating to expenses for extraordinary maintenance of owned premises used as Post Offices located throughout the area (€5 million), mail and parcel sorting rooms (€2 million) and staff and executive rooms (€2 million);
- €10 million for plant, of which €8 million supported by the Parent Company for the construction of plant connected to buildings (€6 million) and for the construction and extraordinary maintenance of connectivity and video surveillance systems (€2 million);
- €11 million for investments intended to improve the plant engineering part (€5 million) and the structural part of the leased properties (€5 million);
- €17 million relating to Other assets, of which €10 million incurred by the Parent Company and €6 million referable to the purchase of hardware for the renewal of the technological equipment at the post and executive offices and the consolidation of the storage systems and for €4 million to the purchase of furniture and fittings;
- €43 million for investments in progress, of which €35 million supported by the Parent Company and €31 million referable to extraordinary maintenance works and infrastructural equipment of the commercial and production network, and €4 million for the purchase of hardware and other technological equipment not yet included in the production process.

Reclassifications from tangible assets under construction, totalling €64 million, relate primarily to the acquisition cost of assets that became available and ready for use during the period. They mainly refer to the Parent Company for the completion of extraordinary renovations of owned buildings and improvements on leased properties (€51 million) and for the activation of hardware and other technological equipment (€8 million).

Finally, following the start-up of the Polis Project, the Parent Company invested approximately €19 million, of which €10 million has not yet entered into production.

A2 - INVESTMENT PROPERTY (€29 million)

Investment property relates to service accommodation owned by Poste Italiane SpA in accordance with Law 560 of 24 December 1993 and residential accommodation previously used by Post Office managers.

tab. A2 - Movements in investment property

Description (€m)	1H 2023
Cost	88
Accumulated depreciation	(57)
Impairment losses	(0)
Period opening balance	31
Changes during the period	
Acquisitions	0
Reclassifications	-
Disposals	(1)
Depreciation	(0)
Total changes	(2)
Cost	84
Accumulated depreciation	(55)
Impairment losses	(0)
Period closing balance	29
Fair value at the end of the period	68

The fair value of investment property at 30 June 2023 includes €57 million representing the sale price applicable to the Parent Company's former service accommodation in accordance with Law 560 of 24 December 1993, while the remaining balance reflects market price estimates computed internally by the Company¹⁰⁷.

¹⁰⁷ In terms of fair value hierarchy, which reflects the relevance of the sources used to measure assets, service accommodation and other investment property qualify for level 3.

A3 - INTANGIBLE ASSETS (€1,917 million)

tab. A3 - Movements in intangible assets

Description (€m)	Industrial patents and intellectual property rights, concessions, licences, trademarks and similar rights	Assets under construction and advances	Goodwill	Other	Total
Cost	4,689	258	773	231	5,952
Accumulated amortisation and impairments	(4,021)	0	(102)	(12)	(4,135)
Balance at 1 January 2023	668	258	672	219	1,817
Changes during the period					
Acquisitions	79	77	-	1	156
Reclassifications	155	(155)	-	-	0
Transfers and disposals	(0)	(1)	-	-	(2)
Change in scope of consolidation	7	2	134	-	143
Depreciation, amortisation and impairments	(192)	-	-	(6)	(197)
Foreign exchange differences	-	-	-	-	-
Total changes	49	(78)	134	(5)	100
Cost	4,934	181	908	232	6,255
Accumulated amortisation and impairments	(4,217)	0	(102)	(18)	(4,337)
Total	717	181	806	214	1,917

Investments in the first half of 2023 amounted to €156 million, including about €26 million in software and the related expenses developed within the Group, primarily relating to personnel expenses (€20 million). Development costs, other than those incurred directly to produce identifiable software used, or intended for use, within the Group, are not capitalised.

The increase in **Industrial patents and intellectual property rights, concessions, licences, trademarks and similar rights** totals €79 million, before amortisation for the period, relates primarily to the entry into service of new software programmes and the acquisition of software licences.

Acquisitions of **intangible assets under construction** mainly refer to activities for the development of software for infrastructural platforms, for BancoPosta services and for support to the sales network.

During the period, reclassifications were made from Intangible assets under construction to Industrial patents and intellectual property rights amounting to €155 million due to the completion and start-up of new software programmes and the development of existing ones, related to the infrastructure platform (€75 million), BancoPosta services (€38 million), support for the sales network (€20 million), the postal products platform (€11 million) and the engineering of reporting processes for other business and staff functions (€9 million).

Finally, following the start-up of the Energy Project, the Parent Company invested approximately €34 million in application software (€11 million in the first half of 2023), of which approximately €4 million has not yet entered into production.

The breakdown of the item Goodwill is as follows:

tab. A3.1 - Goodwill

Description (€m)	30.06.2023	31.12.2022
Mail, Parcels and Distribution SBU	213	213
Plurima	101	101
Poste Italiane	33	33
Sourcesense	24	24
Poste Welfare Servizi	18	18
Sengi Express Limited	16	16
Agile Lab	14	14
MLK Deliveries	5	5
Nexive Network	3	3
sennder Italia	-	0
Payments and Mobile SBU	459	459
LIS	459	459
Insurance Services SBU	134	-
Net Insurance	134	-
Total	806	672

This item, amounting to €806 million, increased by €134 million due to the recognition of goodwill related to the acquisition by Net Holding (a corporate vehicle directly controlled by Poste Vita) of 97.8% of Net Insurance (which in turn holds 100% of Net Insurance Life S.p.A.). The provisional difference between the consideration recognised and the net value at the acquisition date of the identifiable assets acquired and liabilities assumed, measured in accordance with IFRS 3, was recognised as goodwill pending the completion of the valuation process of the individual components of the acquired assets (see also Note 2.6 - Main changes to the scope of consolidation).

With reference to the impairment test on goodwill and cash generating units, please refer to paragraph 2.5 - *Use of estimates*.

A4 – RIGHT-OF-USE ASSETS (€1,285 million)

tab. A4 - Movements in right-of-use assets

Description (€m)	Properties used in operations	Company fleet	Vehicles for mixed use	Other assets	Total
Cost	1,680	373	31	54	2,138
Accumulated amortisation and impairments	(596)	(150)	(18)	(40)	(804)
Balance at 1 January 2023	1,084	224	13	14	1,334
Changes during the period					
New contract acquisitions	44	31	5	-	80
Adjustments	33	9	1	(0)	43
Reclassifications	-	-	-	-	-
Contract terminations	(34)	(1)	(0)	(0)	(35)
Change in scope of consolidation	(2)	(0)	0	0	(3)
Depreciation, amortisation and impairments	(83)	(43)	(4)	(5)	(134)
Total changes	(43)	(3)	2	(5)	(50)
Cost	1,713	364	34	52	2,163
Accumulated amortisation and impairments	(672)	(144)	(19)	(44)	(878)
Total	1,041	220	15	9	1,285

Acquisitions in the period for a total of €80 million, refer to the Parent Company for €71 million and concern new contracts (€18 million), the renewal of contracts existing at the beginning of the year of a real estate nature (€18 million) and finally the rental of company vehicles used for mail and parcel delivery (€30 million). The item "Adjustments" refers to contractual changes during the period in question, e.g. for changes in duration due to extension, revision of economic conditions, etc.

A5 - INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (€283 million)

tab. A5.1 - Investments accounted for using the equity method

Description (€m)	Balance at 01. 01. 2023	Increases / (Decreases)	Impairment losses		Other changes	Balance at 30.06.2023
			accounted for using the equity method	Dividend adjustments		
in associates						
Anima Holding SpA	213	0	8	(8)	-	212
Conio Inc	1	(0)	-	-	-	1
Eurizon Capital Real Asset SGR	4	0	0	-	-	4
Financit SpA	36	-	1	(4)	-	33
ItaliaCamp Srl	1	-	0	-	-	1
Replica Sim SpA	9	-	(0)	-	-	9
Consorzio Italia Cloud	0	-	-	-	-	0
sennder Italia Srl	-	-	-	-	21	21
Total associates	263	0	9	(13)	21	280
in subsidiaries						
Address Software Srl	1	-	(0)	-	-	0
Kipoint SpA	2	-	0	(0)	-	2
Indabox Srl	0	-	0	-	-	0
Total subsidiaries	3	-	0	(0)	-	3
Total	267	0	9	(13)	21	283

The item **Investments in associates** (valued using the equity method) mainly refers to the companies Anima Holding, Financit, Replica SIM and sender Italia.

The most significant changes during the year are shown below:

- net negative adjustment of the carrying amount of the investment in Anima Holding S.p.A. for approximately €1 million, of which: an increase of approximately €8 million for the share of the economic results achieved by the investee between 30 September 2022 and 31 March 2023, the date of the last available financial statements, and a decrease of €8 million due to the effect of dividends received from the result for 2022;
- registration of the shareholding in sender Italia worth €21 million. The company was classified as an investment in associates following the loss of control in the renegotiation of the partnership with sender Technologies. In accordance with IFRS 10, the residual associated interest in sender Italia was recognised at fair value at the time of loss of control. For further details on the transaction, see Section 2.6. *Main changes to the scope of consolidation.*

With reference to the impairment test on the investment in Anima Holding, please refer to paragraph 2.5 - *Use of estimates.*

A list of subsidiaries, joint ventures and associates accounted for using the equity method is provided in *Additional information – Scope of consolidation and highlights of investments* (note 10).

A6 - FINANCIAL ASSETS (€232,154 million)

tab. A6 - Financial assets

Description (€m)	Balance at 30.06.23			Balance at 31.12.22			
	Non-current assets	Current assets	Total	Non-current assets	Current assets	Total	Changes
Financial assets at amortised cost	31,468	12,518	43,986	29,483	16,812	46,295	(2,309)
Financial assets at FVTOCI	119,622	17,284	136,906	114,031	16,204	130,235	6,671
Financial assets at FVTPL	44,665	1,062	45,727	42,573	929	43,501	2,226
Derivative financial instruments	5,446	89	5,535	5,764	346	6,110	(574)
Total	201,201	30,953	232,154	191,850	34,290	226,141	6,013
<i>of which Financial Activities</i>	63,440	17,436	80,875	61,914	21,327	83,241	(2,365)
<i>of which Insurance Activities</i>	137,126	13,201	150,328	129,390	12,765	142,155	8,173
<i>Of which Postal and Business Activities</i>	627	6	633	539	1	540	93
<i>Of which Payment Services and Card Payments Activities</i>	8	311	318	8	198	206	112

Financial assets break down as follows by type of activity:

- Financial Services, relate primarily to the financial assets of BancoPosta RFC¹⁰⁸ and the company, BancoPosta Fondi SpA SGR;

¹⁰⁸ The funds raised by private customers on postal current accounts must be used in euro area government securities and,

- Insurance operations, which represent the financial assets of Poste Vita SpA and its subsidiaries Poste Assicura SpA, Net Insurance SpA and Net Insurance Life SpA;
- Postal and business services, representing all the other financial assets held by the Parent Company (different from those held by BancoPosta) and the other financial assets held by companies that provide postal and business services;
- Payment services and electronic money, representing the financial assets held by PostePay SpA, LIS Holding SpA and LIS Pay SpA.

FINANCIAL SERVICES

tab. A6.1 - Financial assets - Financial Services

Description (€m)	Balance at 30.06.2023			Balance at 31.12.2022			Changes
	Non-current assets	Current assets	Total	Non-current assets	Current assets	Total	
Financial assets at amortised cost	29,468	11,968	41,436	27,473	16,428	43,901	(2,465)
Loans	-	2	2	-	1,358	1,358	(1,357)
Receivables	0	11,738	11,738	0	14,844	14,844	(3,107)
Deposits with the MEF	0	8,858	8,858	0	11,902	11,902	(3,044)
Receivables	-	8,862	8,862	-	11,907	11,907	(3,045)
Provision for doubtful debts Deposits with the MEF	0	(4)	(4)	0	(5)	(5)	1
MEF account held at the Treasury	-	924	924	-	-	-	924
Other financial receivables	-	1,956	1,956	-	2,942	2,942	(986)
Fixed income securities	29,468	229	29,697	27,473	226	27,699	1,998
Financial assets at FVTOCI	28,501	5,379	33,880	28,638	4,552	33,190	690
Fixed income securities	28,501	5,379	33,880	28,638	4,552	33,190	690
Financial assets at FVTPL	24	-	24	40	-	40	(16)
Equity instruments	24	-	24	40	-	40	(16)
Derivative financial instruments	5,446	89	5,535	5,764	346	6,109	(574)
Total	63,440	17,436	80,875	61,914	21,327	83,241	(2,365)

Financial assets at amortised cost

The item **Loans** refers to the net balance of repurchase agreements managed through Cassa di Compensazione e Garanzia SpA (hereinafter CC&G). In particular, the item includes reverse repurchase agreements for €549 million (€4,575 million at 31 December 2022) entered into with CC&G, aimed at the temporary use of liquidity deriving from private funding. These transactions are guaranteed by securities for a total notional amount of €546 million. Financial assets and liabilities relating to repurchase agreements managed through the CC&G that meet the requirements of IAS 32 are offset. The effect of netting at 30 June 2023, already

for a portion not exceeding 50% of the funds raised, in other securities backed by the Italian government guarantee (as provided by the Law of 27 December 2006, no. 296 and subsequent amendments provided by the 2015 Stability Law, no. 190 of 23 December 2014). With the conversion into Law no. 106 of 23 July 2021 of Law Decree no. 73 of 25 May 2021, BancoPosta RFC is allowed, as part of the 50% of its funding from private customers that can be invested in securities guaranteed by the Italian State, to use up to 30% of this portion to purchase transferable tax credits pursuant to Law Decree no. 34/2020 (the so-called "Relaunch Decree") or other transferable tax credits pursuant to current legislation.

included in the exposure to net balances, amounted to €547 million (€3,217 million at 31 December 2022). At 30 June 2023, the fair value of said item was €2 million.

The item **Receivables** and the main changes are attributable to:

- **Deposits with the MEF**, for €8,858 million, including public customers' postal current account deposits, which earn a variable rate of return, calculated on a basket of government bonds¹⁰⁹. The decrease in deposits of €3,044 million was mainly due to the typical operations of some customers in the Public Administration, which generated a contraction in deposits from postal current accounts. Furthermore, starting from 1 January 2023, hedging derivative contracts were stipulated on the 10-year indexed component of remuneration. The hedging transaction was carried out through forward purchases of the 10-year BTP with settlement of the differential between the pre-set price of the security and its market value.
- **MEF account held at the Treasury**

tab. A6.1.2 - MEF account held at the Treasury

Description (€m)	Balance at 30.06.2023			Balance at 31.12.2022			Changes
	Non-current assets	Current assets	Total	Non-current liabilities	Current liabilities	Total	
Balance of cash flows for advances	-	1,007	1,007	-	(4,083)	(4,083)	5,090
Balance of cash flows from management of postal savings	-	89	89	-	84	84	6
Amounts payable due to theft	-	(156)	(156)	-	(155)	(155)	(1)
Amounts payable for operational risks	-	(16)	(16)	-	(14)	(14)	(2)
Total	-	924	924	-	(4,169)	(4,169)	5,092

At 30 June 2023, the balance of the MEF account held at the Treasury is shown under current assets due in particular to changes in cash flows for advances.

The balance of cash flows for advances includes the credit due to deposits and any surplus liquidity net of the debt for advances disbursed by the MEF necessary to meet BancoPosta's cash requirements.

The balance of cash flows from the management of postal savings, amounting to a positive €89 million, represents the balance of withdrawals less deposits during the last two days of the period under review and regulated in the following period. The balance at 30 June 2023 consists of €59 million receivable from Cassa Depositi e Prestiti, less €30 million receivable from the MEF for Interest-bearing Postal Certificates issued on its behalf.

Amounts payable due to thefts from Post Offices of €156 million regard the Company's liability to the MEF on behalf of the Italian Treasury for losses resulting from theft and fraud. This liability derives from cash withdrawals from the Treasury to make up for the losses resulting from these criminal acts, in order to ensure that post offices can continue to operate.

- **Other financial receivables** include: guarantee deposits of €1,255 million, of which €918 million for amounts paid to counterparties with which repurchase transactions on fixed income securities are in place

¹⁰⁹ The variable rate in question is calculated as follows: 40% is based on the average return on 6-month BOTs recognised monthly and the remaining 60% is based on the average ten-year BTP return recognised monthly.

(collateral provided for by specific Global Master Repurchase Agreements), €246 million for amounts paid to Cassa di Compensazione e Garanzia SpA, of which €117 million for outstanding repurchase operations and €129 million as a pre-financed contribution to the guarantee fund, the so-called Default Fund¹¹⁰, €54 million for sums paid to counterparties with which Interest rate swap transactions are in place (collaterals provided for by specific Credit Support Annexes) and €37 million for sums paid as collateral within clearing systems with central counterparties for over-the-counter¹¹¹ derivative transactions. The decrease in guarantee deposits compared to the previous year is mainly attributable to the reduction in amounts paid to counterparties with which repo transactions are in place.

Fixed income securities refer to instruments held by BancoPosta RFC, consisting of government securities issued by the Italian government and securities guaranteed by the Italian government with a nominal value of €30,452 million. Their carrying amount of €29,697 million reflects the amortised cost of unhedged fixed income securities, totalling €18,790 million, the amortised cost of fair-value hedged fixed income securities, totalling €13,383 million, that decreased by €2,476 million to take into account the effects of the hedge (down €2,714 million in 2022). Fixed income securities measured at amortised cost are adjusted to take into account the related impairments. Accumulated impairments at 30 June 2023 amount to approximately €15 million (€13 million at 31 December 2022).

At 30 June 2023, the fair value¹¹² of these securities was €27,103 million (including €229 million in accrued income).

This category of financials asset includes fixed rate securities, nominal €3,000 million, issued by Cassa Depositi e Prestiti SpA and guaranteed by the Italian government (at 30 June 2023, their carrying amount totals €2,884 million).

At 30 June 2023, estimated expected losses on financial instruments measured at amortised cost amount to approximately €41 million.

Financial assets at fair value through other comprehensive income

These mainly refer to euro area **fixed income Government securities**, consisting of government bonds, especially issued by the Italian government, held by BancoPosta RFC, with a nominal value of €36,485 million. Total fair value gains for the period amount to €1,536 million, recognised in the relevant equity reserve in relation to the portion of the portfolio not hedged by fair value hedges (positive amount of €1,434 million) and recognised through profit or loss in relation to the hedged portion (positive amount of €102 million). The accumulated impairment at 30 June 2023 amounted to €17 million. The increase in this item is mainly due to the positive fair

¹¹⁰ A guarantee fund established with payments from participants in the derivative, equity and bond markets, as a further guarantee for the transactions carried out. The fund can be used to meet the charges arising from any participant default.

¹¹¹ These are transactions carried out outside the regulated securities markets and therefore not subject to any specific regulation concerning the organisation and operation of the market itself.

¹¹² In terms of the fair value hierarchy, which reflects the relevance of the sources used to measure assets, €23,713 million of the total amount qualifies for inclusion in Level 1 and €2,977 million for inclusion in Level 2.

value fluctuation mentioned above, partially offset by higher sales/reimbursements compared to purchases made during the period.

Financial assets at fair value through profit or loss

The item **Equity instruments** refers to the fair value of 32,059 Visa Incorporated preference shares (Series C Convertible Participating Preferred Stock). These shares are convertible at the rate of 3,629¹¹³ ordinary shares for each C share, minus a suitable illiquidity discount.

Fair value gains in the period under review, amounting to a positive €4 million, have been recognised in profit or loss in Revenue and expenses from financial activities.

On 1 March 2023, the forward sale of 198,000 Visa Incorporated ordinary shares outstanding at 31 December 2022 was settled without exchange of the underlying, the economic effect of which, in the amount of approximately €2 million, was recognised in Expenses from financial activities.

In addition, two separate forward sales contracts were concluded in the first half of 2023:

- the forward sale of 101,900 Visa Incorporated ordinary shares¹¹⁴, settled on 3 April 2023 with exchange of the underlying at a price of €204.35 per share for a total consideration of €20.8 million. This transaction generated a net positive effect of about €0.08 million;
- the outstanding forward sale of 95,000 Visa Incorporated ordinary shares at a price of €215.92 per share for a total consideration of €20.5 million with a settlement date of 3 March 2025. The ordinary shares involved in the forward sale amount to approximately 26,178 Visa Incorporated (series C) preference shares held in portfolio at the applicable conversion rate at 30 June 2023. The fair value has decreased by €1.4 million in the reporting period, reflecting movements in both the price of the shares in US dollars and the euro/dollar exchange rate. This reduction has been recognised in profit or loss in "Expenses from financial activities".

¹¹³ Until the assigned shares are fully converted into ordinary shares, the share exchange ratio may be reduced if Visa Europe Ltd. incurs liabilities that, as of the reporting date, were considered as merely contingent.

¹¹⁴ On 20 March 2023, the 1,019 shares of Series A Preferred Stock held at 31 December 2022 were converted into ordinary shares, based on the conversion ratio of 100 ordinary shares for every share of Class A Preferred Stock.

Derivative financial instruments

A6.1.3 - Derivative financial instruments

Description (€m)	Balance at 30.06.2023		Balance at 31.12.2022	
	Nominal	Fair value	Nominal	Fair value
Cash flow hedges				
Forward purchases of securities	765	9	3,433	(92)
Forward purchases of securities hedging yield MEF deposit	273	8		
Forward sales	-	-	1,099	346
Interest rate swaps	2,968	(616)	2,943	(531)
Fair value hedges				
Interest rate swaps on securities at FVTOCI and AC	26,761	5,244	27,940	5,571
Interest rate swaps on repos	3,996	(145)	3,996	(155)
FVTPL				
Forward sales	0	(1)	0	(4)
Derivative financial instruments	34,763	4,498	39,411	5,135
Of which:				
Derivative assets	24,788	5,535	27,404	6,109
Derivative liabilities	9,975	(1,037)	12,007	(975)

Cash flow hedge transactions for the purpose of hedging the return on the MEF deposit, through forward purchases, were entered into as of 1 January 2023. Interest rate swap transactions relate exclusively to securities at FVTOCI. Interest rate risk cash flow hedges recorded a net negative change of €322 million during the period, of which €7 million related to the net positive change in fair value of the effective component of the hedge, reflected in the cash flow hedge reserve, and €329 million related to the net negative change in completed transactions¹¹⁵ during the half-year and the ineffective component of hedging contracts.

Fair value hedges in interest rate swaps are used to hedge:

- securities measured at amortised cost with a nominal value of €12,161 million and securities measured at FVTOCI with a nominal value of €14,600 million; in total, they underwent a net negative change of €328 million during the period, of which €122 million related to the net negative change in fair value of the effective component of the hedge and €206 million related to the net negative change in transactions completed during the period and the ineffective component of hedging contracts;
 - repurchase agreements classified at amortised cost with a nominal value of €3,996 million, whose net positive change was €10 million, of which €24 million related to the net positive change in fair value of the effective hedging component and €14 million related to the net negative change in completed transactions.
- In the first half of 2023, derivatives (fair value hedges) with a total notional amount of €2.2 billion related to hedging transactions for which the underlying security was also not sold, were extinguished early, with the aim of consolidating a fixed return in line with the market situation while improving the income profile of a portion of the portfolio for subsequent years as well.

¹¹⁵ Transactions settled include forward transactions settled, accrued differentials and the settlement of interest rate swaps linked to securities sold.

INSURANCE SERVICES

tab. A6.2 - Financial assets - Insurance Services

Description (€m)	Balance at 30.06.2023			Balance at 31.12.2022			Changes
	Non-current assets	Current assets	Total	Non-current assets	Current assets	Total	
Financial assets at amortised cost	1,997	234	2,231	2,008	185	2,193	38
Receivables	0	40	40	-	34	34	6
Fixed income securities	1,997	195	2,191	2,008	151	2,159	32
Financial assets at FVTOCI	90,488	11,906	102,394	84,850	11,651	96,501	5,893
Fixed income securities	89,987	11,905	101,892	84,348	11,651	95,999	5,893
Other investments	499	1	500	501	0	502	(2)
Equity instruments	2	-	2	-	-	-	2
Financial assets at FVTPL	44,641	1,062	45,702	42,532	929	43,461	2,242
Receivables	-	97	97	-	110	110	(12)
Fixed income securities	1,967	351	2,318	1,959	326	2,285	33
Units of mutual investment funds	42,651	226	42,877	40,552	229	40,781	2,096
Equity instruments	2	387	389	-	264	264	125
Other investments	21	0	21	21	0	21	0
Derivative financial instruments	-	-	-	-	-	-	0
Total	137,126	13,201	150,328	129,390	12,765	142,155	8,173

Financial assets at amortised cost

Financial **receivables** refer to receivables for management fees for Poste Vita's internal funds and receivables for fund units sold but not yet collected, while **fixed income securities** refer exclusively to the free assets of Poste Vita SpA and Poste Assicura SpA, with a total fair value¹¹⁶ of €1,961 million at 30 June 2023.

Financial assets at fair value through other comprehensive income

These financial instruments recorded a positive change in fair value of €2,618 million, of which €2,572 million was due to the revaluation of insurance liabilities.

Fixed income securities relate primarily to investments held by Poste Vita SpA, totalling €101,217 million (a nominal value of €112,689 million) and issued by European states and leading European companies. These securities are mainly used to hedge Separately managed accounts. The item includes bonds issued by CDP SpA, with a fair value of €265 million. Accumulated impairment at 30 June 2023 amounts to approximately €52 million, almost entirely reflected in insurance liabilities.

In addition, following the consolidation of Net Insurance and Net Insurance Life, the item fixed income securities increased by €225 million, mainly from listed instruments issued by European states and leading European companies.

¹¹⁶ In terms of the fair value hierarchy, which reflects the relevance of the sources used to measure assets, €1,873 million of the total amount qualifies for inclusion in Level 1 and €88 million for inclusion in Level 2.

Other investments consist of a Cassa Depositi e Prestiti private placement of a Constant Maturity Swap, classified at FVTOCI. The decrease in fair value during the period of €2 million was reflected in insurance liabilities.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss mainly consist of **units of mutual funds** used to hedge Class I separately managed accounts (€32,022 million) and Class III policies (€10,830 million); the supplement to the balance refers to investments of the company's free equity (€5 million). In the period under review, the fair value increased by approximately €995 million, an effect that contributed almost entirely to the revaluation of insurance liabilities.

At 30 June 2023, the investments which primarily regard equity funds total €38,554 million, units in mutual real estate funds total €2,311 million, and mutual funds that primarily invest in bonds total €1,992 million.

Fixed income securities mainly consist of corporate instruments issued by leading issuers and mainly used to hedge products linked to Separate managed accounts.

POSTAL AND BUSINESS SERVICES

table A6.3 - Financial assets - Postal and Business Services

Description (€m)	Balance at 30.06.23			Balance at 31.12.22			Changes
	Non-current assets	Current assets	Total	Non-current assets	Current assets	Total	
Financial assets at amortised cost	2	5	8	2	1	3	5
Loans	0	2	2	-	1	1	2
Receivables	2	3	5	2	1	3	2
Due from the purchasers of service accommodation	2	2	4	2	1	3	1
Due from Others	-	22	22	-	20	20	2
Provisions for doubtful debts	(0)	(20)	(20)	(0)	(20)	(20)	0
Financial assets at FVTPL	0	-	0	(0)	-	(0)	1
Financial assets at FVTOCI	625	0	625	536	0	536	89
Fixed income securities	94	0	94	91	0	91	3
Equity instruments	531	-	531	445	-	445	86
Derivative financial instruments	0	0	0	0	0	0	0
Total	627	6	633	538	1	539	94

Financial assets at amortised cost

Amounts due from others, with a nominal value of €20 million, regard the remaining amount due from Invitalia SpA as a result of the sale of Banca del Mezzogiorno-MedioCreditoCentrale SpA (BdM).

Financial assets at fair value through other comprehensive income

The item **fixed income securities** includes one Italian government bond with a nominal value of €110 million purchased during the year 2022. The change in fair value in the period under review was positive by about €2 million.

The item **Equity instruments** includes:

|

Tab. A6.3.1 – Equity instruments at FVTOCI

Description (€m)	Balance at 30.06.2023	Balance at 31.12.22	Changes
Moneyfarm Holding L.t.d.	58	57	1
Sennder Technologies GmbH	112	19	93
Scalapay Limited	25	25	-
Nexi	334	343	(9)
Milkman S.p.A	2	2	0
Total	531	445	86

Changes in this item were mainly due to:

- recognition of the additional €93 million share of sennder Technologies GmbH acquired as part of the renegotiation of the partnership, details of which are provided in section 2.6. *Main changes to the scope of consolidation*;
- change in fair value that occurred in the period under review was negative by approximately €7 million.

Corporate actions in the first half of 2023, are described in note 3.1 – *Principal corporate actions*.

Financial assets at fair value through profit or loss

This item consists of equity instruments (as defined by art. 2346, paragraph 6 of the Italian Civil Code) resulting from the conversion of Contingent Convertible Notes¹¹⁷, whose value at 30 June 2023 is zero.

Derivative financial instruments**A6.3.2 - Derivative financial instruments**

Description (€m)	Balance at 30.06.23		Balance at 31.12.22	
	Nominal	Fair value	Nominal	Fair value
Cash flow hedges				
Interest rate swaps	50	0	50	0
Fair value hedges				
Not deliverable forward	4	0		
Commodity swaps	4	(0)	-	-
Derivative financial instruments	57	(0)	50	0
Of which:				
Derivative assets	54	0	50	0
Derivative liabilities	4	(0)	-	(0)

At 30 June 2023, derivative financial instruments include:

- a cash flow hedging interest rate swap contract entered into in 2013 to protect the cash flows of the €50 million bond issued on 25 October 2013 (Note B.6 - *Financial liabilities*); with this transaction, the Parent

¹¹⁷ These are Contingent Convertible Notes with an original value of €75 million, a twenty-year term to maturity and issued by Midco SpA, which in turn owns 51% of the airline Alitalia SAI SpA. The Notes were subscribed for by Poste Italiane SpA on 23 December 2014, in connection with the strategic transaction that resulted in Etihad Airways' acquisition of an equity interest in Alitalia SAI, without giving rise to any involvement on the part of Poste Italiane in the management of the issuer or its subsidiary. Interest and principal payments were provided for in the relevant terms and conditions if, and to the extent that, there was available liquidity. On the fulfilment of certain negative pledge conditions, in 2017 the loan was converted into equity instruments (as defined by art. 2346, paragraph 6 of the Italian Civil Code), carrying the same rights associated with the Notes.

Company assumed the obligation to pay the fixed rate of 4.035% and sold the variable rate of the bond, which at 30 June 2023 was 4.282%;

- three commodity swap contracts entered into in the first half of 2023 to cover the management of fuel costs relating to the air transport of mail carried out through the subsidiary Poste Air Cargo Srl;
- forty-two non-deliverable forward contracts entered into in the first half of 2023 (of which eighteen already settled during the period) to hedge the euro/dollar exchange rate risk related to the foreign currency costs of the subsidiary Poste Air Cargo Srl, mainly related to aircraft lease payments.

PAYMENT SERVICES AND CARD PAYMENTS SERVICES

table A6.4 - Financial assets - Payment Services and Card Payments Services

Description (€m)	Balance at 30.06.2023			Balance at 31.12.2022			Changes
	Non-current assets	Current assets	Total	Non- current assets	Current assets	Total	
Financial assets at amortised cost	0	311	311	0	198	198	112
Receivables	0	311	311	0	198	198	112
Financial assets at FVTOCI	8	0	8	8	0	8	(0)
Equity instruments	8	0	8	8	0	8	(0)
Total	8	311	318	8	198	206	112

Financial assets at amortised cost

Financial assets at amortised cost mainly refer to receivables from international settlement circuits for the acquiring service and to items in progress to be settled on prepaid cards of the EMI assets.

Financial assets at fair value through other comprehensive income

Financial assets at fair value recognised in other components of comprehensive income refer entirely to the investment in Volante.

A7 - INVENTORIES (€168 million)

tab. A7 - Inventories

Description (€m)	Balance at 31.12.2022	Increase / (decrease)	Other changes	Balance at 30.06.2023
Properties held for sale	129	3	-	132
Work in progress, semi-finished and finished goods and goods for resale	20	8	-	28
Raw, ancillary and consumable materials	9	(1)	-	8
Total	157	11	-	168

Properties held for sale refer entirely to the portion of EGI SpA's real estate portfolio to be sold, whose fair value¹¹⁸ at 30 June 2023 amounts to approximately €319 million.

A8 - TRADE RECEIVABLES (€2,333 million)

tab. A8 - Trade receivables

Description (€m)	Balance at 30.06.2023			Balance at 31.12.2022			Changes
	Non-current assets	Current assets	Total	Non-current assets	Current assets	Total	
Due from customers	4	2,430	2,434	3	2,412	2,415	19
Due from Parent Company (MEF)	-	314	314	-	290	290	24
Cassa Depositi e Prestiti	-	138	138	-	21	21	116
Due from subsidiaries, associates and joint ventures	-	8	8	-	5	5	4
Prepayments to suppliers	-	0	0	-	0	0	(0)
Provisions for doubtful debts due from customers	(0)	(528)	(528)	(0)	(517)	(517)	(11)
Provisions for doubtful debts from the parent company (MEF)	-	(33)	(33)	-	(33)	(33)	(0)
Total	4	2,330	2,333	3	2,179	2,182	151

The increase in trade receivables in the period is mainly attributable to the increase in receivables from Cassa Depositi e Prestiti. At 31 December 2022, the remaining receivable relates to the balance for the activities performed during the year, while the balance for the half-year period under review reflects the normal course of the billing and collection schedule, pursuant to the Agreement renewed on 23 December 2021 for the period 2021-2024.

Changes in the related provisions for doubtful debts (towards customers and towards the Parent Company MEF) are as follows:

tab. A8.2 - Movements in provisions for doubtful debts due from customers

Description (€m)	Balance at 31.12.2022	Net provisions	Uses	Balance at 30.06. 2023
Private customers	333	7	(4)	336
Public administration entities	84	(0)	(0)	83
Overseas postal operators	12	(1)	-	11
	429	6	(4)	431
Interest on late payments	88	15	(8)	97
Due from the Parent Company	33	0	-	33
Total	550	21	(12)	561

¹¹⁸ In terms of fair value hierarchy, which reflects the relevance of the sources used to measure assets, this amount qualifies for level 3.

A9 - OTHER RECEIVABLES AND ASSETS (€4,987 million)

tab. A9 - Other receivables and assets

Description (€m)	Balance at 30.06.2023			Balance at 31.12.2022			Changes
	Non-current assets	Current assets	Total	Non-current assets	Current assets	Total	
Substitute tax paid	3,827	695	4,523	4,060	585	4,645	(122)
Due from social security agencies and pension funds (excl. fixed-term contract settlements)	-	110	110	-	138	138	(28)
Receivables relating to fixed-term contract settlements	37	75	112	36	76	112	(0)
Receivables for amounts that cannot be drawn on due to court rulings	-	58	58	-	71	71	(12)
Accrued income and prepaid expenses from trading transactions	-	55	55	-	32	32	23
Tax assets	-	60	60	-	88	88	(27)
Interest accrued on IRES refund	-	46	46	-	46	46	(0)
Sundry receivables	21	155	176	25	126	151	25
Provisions for doubtful debts due from others	(3)	(151)	(154)	(3)	(173)	(177)	23
Total	3,883	1,104	4,987	4,118	986	5,106	(119)

The decrease in Other Receivables and Assets recorded in the period was mainly attributable to the decrease in receivables for withholding tax for the stamp duty on Interest-bearing Postal Certificates outstanding at 30 June 2023¹¹⁹, partly offset by the increase in advances paid to the Treasury for the tax to be paid virtually in 2023 and 2024.

¹¹⁹ For this case, a matching entry is recorded in "Other taxes payable" until expiration or early extinguishment of the Interest bearing Postal Certificates, i.e. the date on which the tax is payable to the tax authorities.

Movements in the **Provision for doubtful debts due from others** are as follows:

tab. A9.1 - Movements in Provisions for doubtful debts due from others

Description (€m)	Balance at 31.12.2022	Net provisions	Uses	Balance at 30.06.2023
Interest accrued on IRES refund	45	(25)	-	20
Public Administration entities for sundry services	1	-	-	1
Receivables relating to fixed-term contract settlements	25	0	-	26
Other receivables	105	0	2	107
Total	177	(25)	2	154

At 30 June 2023, the **Provision for doubtful debts due from others** included the release of about €25 million following the decision of the Court of Cassation, published on 5 July 2023, which upheld the most significant grounds of Poste Italiane's appeal concerning the accrual of interest on the IRES receivable arising from the failure to deduct personnel expenses for IRAP purposes. As a result of this ruling, the case will have to be resumed before the Tax Court of Second Instance to settle the amount of interest actually due to the Group.

A10 – TAX CREDITS LAW NO. 77/2020 (€8,758 million)

Table A10 - Tax credits Law no. 77/2020

Description (€m)	Balance at 30.06.2023			Balance at 31.12.2022			Changes
	Non-current assets	Current assets	Total	Non-current assets	Current assets	Total	
Tax credits at amortised cost	6,359	2,399	8,758	7,458	1,563	9,021	(263)
Tax credits at FVTOCI	-	-	-	-	-	-	-
Total tax credit	6,359	2,399	8,758	7,458	1,563	9,021	(263)
<i>of which Financial Activities</i>	<i>6,086</i>	<i>2,214</i>	<i>8,300</i>	<i>7,127</i>	<i>1,473</i>	<i>8,600</i>	<i>(300)</i>
<i>Of which Postal and Business Activities</i>	<i>273</i>	<i>185</i>	<i>458</i>	<i>331</i>	<i>90</i>	<i>421</i>	<i>37</i>

This item refers to tax credits acquired by Poste Italiane SpA against free capital resources or transferred to BancoPosta RFC for resources subject to and not subject to the restriction on their use, in accordance with the provisions of the Relaunch Decree (Law Decree no. 34/2020 converted with amendments by Law no. 77/2020) by which tax breaks were introduced to support Citizens and Businesses to encourage economic recovery following the Covid-19 health emergency.

These receivables are measured at amortised cost as they are acquired to be used primarily for the purpose of offsetting social security or tax payables, based on the provisions of the regulations issued with reference to the characteristics of the individual receivables.

The main changes in the half-year under review refer to:

- purchases for €569 million;
- income for the period of €173 million;
- compensations for €1,005 million.

At 30 June 2023, the fair value¹²⁰ of the tax credits is €7,967 million.

A11 – ASSETS FOR OUTWARD REINSURANCE (€208 million)

Assets for outward reinsurance, as part of the Group's Insurance Services, amounted to €208 million at the end of the half-year.

The **present value of the cash flows** at the date is €181 million, the **adjustment for financial risks** is equal to €16 million, and finally the **Contractual Service Margin** is €11 million.

The €164 million increase in assets during the period is mainly attributable to the acquisition of the Net Group companies.

A12 - CASH AND DEPOSITS ATTRIBUTABLE TO BANCOPOSTA (€4,643 million)

tab. A12 - Cash and deposits attributable to BancoPosta

Description (€m)	Balance at 30.06.2023	Balance at 31.12.2022	Changes
Cash and cash equivalents in hand	3,977	3,960	16
Bank deposits	666	1,888	(1,221)
Total	4,643	5,848	(1,205)

This item relates exclusively to BancoPosta RFC assets.

The decrease in the item **Bank Deposits** essentially relates to the reduction in deposits on accounts opened with the Bank of Italy as a result of the lower liquidity deriving from deposits from private individuals, partially offset by the liquidity generated by the lower payments made to counterparties for guarantee deposits.

A13 - CASH AND CASH EQUIVALENTS (€3,507 million)

tab. A13 - Cash and cash equivalents

Description (€m)	Balance at 30.06.2023	Balance at 31.12.2022	Changes
Bank deposits and amounts held at the Italian Treasury	2,609	2,962	(352)
Deposits with the MEF	849	1,991	(1,142)
Cash and cash equivalents in hand	49	31	18
Total	3,507	4,983	(1,476)

At 30 June 2023, the item included restricted cash and cash equivalents of approximately €2,483 million, of which €2,276 million made up of cash placed to cover insurance technical provisions, €125 million referring to an unavailable amount deposited by the Cabinet Office – Publishing Department in a non-interest bearing account at the State Treasury as advance payments for publishing tariff reductions granted by the Parent Company, €49 million of liquidity to be returned to principals as part of the management of collections and payments of the subsidiary LIS Pay, €15 million restricted as a result of judicial orders relating to disputes of a different nature and €18 million for the management of cash on delivery collections and other constraints.

The decrease in deposits with the MEF compared to 31 December 2022 is mainly due to the combined effect of the reduction in deposits and the different allocation of loans, in order to optimise returns on deposits.

¹²⁰ In terms of fair value hierarchy, which reflects the relevance of the sources used to measure assets, this amount qualifies for Level 3.

EQUITY

B1 – EQUITY (€9,518 million)

The following table shows a reconciliation of the Parent Company's equity and net profit/(loss) for the year with the consolidated amounts:

tab. B1 - Reconciliation of equity

Description (€m)	Equity at 30.06.2023	Changes in equity 1H 2023	Net profit/(loss) 1H 2023	Equity at 31.12.2022
Financial statements of Poste Italiane SpA	5,536	405	1,324	3,808
Balance of profit (loss) of consolidated subsidiaries	8,911	-	715	8,196
Investments accounted for using the equity method	151	0	8	142
Balance of valuation reserves of investee companies	(238)	104	-	(342)
First-time adoption of IFRS 17	(292)	-	(14)	(277)
Effects from corporate actions	(400)	1	(3)	(397)
Derecognition of infra-group dividends	(4,610)	-	(871)	(3,739)
Derecognition of value adjustments of consolidated investments	568	-	(18)	586
Amortisation/Impairment of goodwill	(156)	-	-	(156)
Purchase Price Allocation Adjustments	(7)	-	(3)	(3)
Impairments of disposal groups held for sale	(40)	-	-	(40)
Recognition of liabilities for call options	(165)	(78)	0	(88)
Other consolidation adjustments	145	(0)	0	145
Equity attributable to owners of the Parent	9,403	432	1,137	7,835
Equity attributable to non-controlling interests (excluding profit/(loss))	112	73	-	38
Net profit/(loss) attributable to non-controlling interests	3	(5)	3	5
Equity attributable to non-controlling interests	115	68	3	44
TOTAL CONSOLIDATED EQUITY	9,518	499	1,140	7,878

In the first half of 2023, earnings per share amounted to €0.876 (€0.756 in the first half of 2022), calculated as the ratio between the profit for the period attributable to the Group of €1,137 million and the weighted average number of ordinary shares outstanding.

B2 - SHARE CAPITAL (€1,306 million)

The share capital of Poste Italiane SpA consists of 1,306,110,000 no-par value ordinary shares. At 30 June 2023, the Parent Company holds 10,675,798 treasury shares (equal to 0.817% of the share capital). All the shares in issue are fully subscribed and paid up. No preference shares have been issued.

B3 – SHAREHOLDERS TRANSACTIONS

As resolved by the Shareholders' Meeting of 8 May 2023, subject to detachment of coupon no. 12 on 19 June 2023 (with record date 20 June, i.e. the date of entitlement to payment of the dividend), on 21 June 2023 the Parent Company distributed dividends of €570 million (unit dividend equal to €0.44) as the balance for financial year 2022, in addition to the interim payment of €273 million (unit dividend equal to €0.21) already paid in November 2022.

B4 – RESERVES (€613 million)

tab. B4 - Reserves

Description (€m)	Legal reserve	BancoPosta RFC reserve	Equity instruments - perpetual hybrid bonds	Fair value reserve	Cash flow hedge reserve	Reserve for insurance contracts issued and outward reinsurance	Translation reserve	Reserve for investments accounted for using equity method	Incentive plans reserve	Total
Balance at 1 January 2023	299	1,210	800	(10,592)	(127)	7,876	(0)	5	19	(509)
Increase/(Decrease) in fair value during the year	-	-	-	4,046	7	(2,572)	-	-	-	1,481
Tax effect of changes in fair value	-	-	-	(1,217)	(2)	844	-	-	-	(375)
Transfers to profit or loss from realisation	-	-	-	323	(303)	-	-	-	-	19
Tax effect of transfers to profit or loss	-	-	-	(94)	86	-	-	-	-	(7)
Increase/(decrease) for expected losses	-	-	-	1	-	-	-	-	-	1
Share of after-tax comprehensive income/(loss) of investees accounted for using equity method	-	-	-	-	-	-	-	(0)	-	(0)
After-tax increase/(decrease) in reserves related to group of assets and liabilities held for sale (net of tax effect)	-	-	-	-	-	-	-	-	-	-
Other changes	-	-	-	-	-	-	(0)	-	-	(0)
Gains/(losses) recognised in equity	-	-	-	3,059	(212)	(1,728)	(0)	(0)	-	1,119
Incentive plans	-	-	-	-	-	-	-	-	3	3
Other changes	-	-	-	-	-	-	-	0	-	0
Equity instruments - perpetual hybrid bonds	-	-	-	-	-	-	-	-	-	-
Balance at 30 June 2023	299	1,210	800	(7,533)	(339)	6,148	(0)	5	22	613

The **reserve for Equity instruments - perpetual hybrid bonds** includes the issue of the perpetual hybrid bond.

The **fair value reserve** regards changes in the value of financial assets at fair value through other comprehensive income. Fair value gains in the first half of 2023, totalling €4,046 million, include:

- a net increase of €1,434 million in financial instruments attributable to the Group's Financial Services segment;
- a net increase of €2,617 million in financial instruments attributable to the Group's Insurance Services segment;
- a net decrease of €5 million in financial instruments attributable to the Group's Postal and Business Services segment.

The fair value reserve related to insurance contracts measured with the VFA model showed a negative balance at 30 June 2023, gross of expected credit losses on financial instruments related to the Separately managed accounts of €6,245 million (negative €8,052 million at 31 December 2022). The positive change of €1,807 million in the first half of the year is attributable almost exclusively to the change in the fair value of the underlying assets linked to the Separately managed accounts of Poste Vita SpA.

The **cash flow hedge reserve** reflects changes in the fair value of the effective portion of cash flow hedges. In the first half of 2023, fair value gains of €7 million were attributable almost exclusively to the value of BancoPosta RFC financial derivatives.

The **reserve for insurance contracts issued and outward reinsurance** includes the change in the fair value of instruments within the Group's Insurance Services, attributable to policyholders and allocated to insurance liabilities as a result of the adoption of the OCI option on the IFRS 17 liability portfolio, with the intention of aligning the financial and mirroring effects between the OCI reserve and the effects on the Statement of profit or loss.

The **Incentive Plans reserve** includes the estimate of the valuations for the period relating to the long-term "Performance Share LTIP" incentive plans and the MBO short-term incentive plan, carried out on the basis of the provisions of IFRS 2.

LIABILITIES

B5 - LIABILITIES UNDER INSURANCE CONTRACTS (€149,648 million)

tab. B5 - Liabilities under insurance contracts

Description (€m)	Balance at 30.06.23			Balance at 31.12.22		
	GMM and VFA	PAA	Total	GMM and VFA	PAA	Total
Liabilities for residual coverage	148,291	(9)	148,282	140,380	(33)	140,348
Liabilities for incurred claims	1,115	250	1,365	824	208	1,032
Total	149,407	241	149,648	141,205	175	141,380

This item refers to liabilities within the scope of the Group's Insurance Services, and includes:

- the **Liability for residual coverage** of €148,282 million, which includes the Contractual Service Margin (CSM) of €13,253 million, the present value of future cash flows of €132,064 million, and the Adjustment for non-financial risk of €2,965 million;
- **Liabilities for incurred claims** of €1,365 million.

Changes in liabilities under insurance contracts valued using the GMM-VFA method are shown below:

tab. B5.1 - Change in liabilities for GMM and VFA insurance contracts

	Present value of future cash flows	Adjustment for non-financial risk	Contractual service margin	Total
Net carrying amount at 1 January	125,241	3,062	12,902	141,205
Change in scope of consolidation	263	23	100	386
Changes in current services				
<i>Contractual service margin recognised in the statement of profit or loss</i>	-	-	(648)	(648)
<i>Change for overdue non-financial risks</i>	-	(63)	-	(63)
<i>Adjustments based on past experience</i>	(1,755)	-	1,755	-
Changes in future services				
<i>Changes in contractual service margin</i>	1,858	(178)	(1,680)	-
<i>Losses on groups of onerous contracts and related recoveries</i>	1	3	-	4
<i>Effects of contracts initially recognised in the period</i>	(919)	121	798	-
Changes in past services				
<i>Adjustments to the liability for incurred claims</i>	280	-	-	280
<i>Experience-related changes</i>	(294)	-	-	(294)
<i>Result of insurance services</i>	<i>(830)</i>	<i>(117)</i>	<i>225</i>	<i>(722)</i>
Financial costs/revenue	5,464	-	27	5,491
Effects associated with exchange rate changes	-	-	-	-
Total changes recognised in the Statement of profit or loss and OCI	4,634	(117)	252	4,769
Cash flows				
<i>Awards received</i>	10,542	-	-	10,542
<i>Payments related to contract acquisition costs</i>	(173)	-	-	(173)
<i>Paid claims and other cash outflows</i>	(7,322)	-	-	(7,322)
Other changes	-	-	-	-
Net carrying amount at 30 June	133,186	2,968	13,253	149,407

The **present value of future cash flows** increased by €7,945 million from the value recorded at the end of 2022. The change is mainly attributable to the result of financial management in the amount of €5,464 million and actual cash flows in the amount of €3,047 million.

The component of **Adjustment for non-financial risk** decreased by €94 million compared to the balance at 31 December 2022. This was mainly due to the release of this component for the period in the amount of €63 million and the change in the Group's exposure to non-financial risks, which resulted in a revision of estimates for future services in the amount of €178 million, partially offset by the effect of new production in the amount of €121 million.

Contractual service margin recorded a pre-release growth of €999 million, mainly related to the contribution of new production on future margins of €898 million, of which €798 million related to the actual new production recorded in the period and €100 million from the contribution to CSM resulting from the change in scope following the acquisition of the Net Group companies.

The release of Contractual service margin for the period amounted to €648 million, of which €54 million related to the additional release and €10 million related to the release of Net Group companies.

At the end of the reporting period, the value of the Contractual service margin for contracts measured upon transition to IFRS 17 using the Fair Value Approach was €117 million, for contracts carved-out¹²¹ was €12,991 million, while the remainder related to the Contractual service margin for new contracts recognised in the period and for contracts for which the Full Retrospective Approach was adopted.

B6 - PROVISIONS FOR RISKS AND CHARGES (€1,436 million)

tab. B6 - Movements in provisions for risks and charges for FY 2023

Description (€m)	Balance at 01.01.2023	Provisions	Finance costs	Transfers to profit or loss	Uses	Change in scope of consolidation	Balance at 30.06.2023
Provisions for operational risks	120	2	-	(2)	(11)	-	109
Provisions for disputes with third parties	298	18	2	(12)	(9)	0	298
Provisions for disputes with staff (1)	35	3	-	(0)	(4)	-	33
Provisions for personnel expenses	109	221	-	(2)	(40)	-	288
Provisions for early retirement incentives	354	-	-	-	(109)	-	245
Provisions for operational risks - tax credits Law no. 77/2020	320	-	-	-	-	-	320
Provisions for taxation/social security contributions	20	0	-	(0)	(0)	-	21
Other provisions for risks and charges	98	33	-	(1)	(7)	(0)	123
Total	1,355	277	2	(17)	(181)	0	1,436
Overall analysis of provisions:							
- non-current portion	804						742
- current portion	551						694
	<u>1,355</u>						<u>1,436</u>

(1) Net uses for Personnel expenses amount to €1 million. Service costs (legal assistance) total €2 million

Changes in the half-year, in addition to time value effects, generally relate to the updating of estimated liabilities and utilisations for defined liabilities.

The most significant changes in the period under review relate to:

- The **provision for personnel expenses**, which increased due to the estimated value of new liabilities (€221 million) and decreased due to the absence of liabilities identified in the past (€40 million) and for defined liabilities (€2 million).
- The **Provision for early retirement incentives**, which reflects the estimated liabilities that the Group has irrevocably committed to incur for voluntary early retirement incentives, was utilised in the first half of the year in the amount of €109 million.

¹²¹ Contracts for which the annual cohort exemption was applied.

B7 – EMPLOYEE TERMINATION BENEFITS (€660 million)

tab. B7 - Movements in employee termination benefits

(€m)	1H 2023
Balance at 1 January	705
Change in scope	0
Current service cost	1
Interest component	14
Effect of actuarial (gains)/losses	(5)
Uses for the period	(55)
Period closing balance	660

The current service cost is recognised in personnel expenses, whilst the interest component is recognised in finance costs.

B8 - FINANCIAL LIABILITIES (€97,098 million)

tab. B8 - Financial liabilities

Description (€m)	Balance at 30.06.2023			Balance at 31.12.2022			Changes
	Non-current liabilities	Current liabilities	Total	Non-current liabilities	Current liabilities	Total	
Financial liabilities at amortised cost	9,581	86,304	95,885	10,047	92,534	102,581	(6,696)
Postal current accounts	-	67,032	67,032	-	68,336	68,336	(1,305)
Loans	8,512	2,270	10,782	8,932	3,069	12,001	(1,219)
Bonds	1,007	53	1,060	997	50	1,048	12
Due to financial institutions	7,504	2,217	9,721	7,934	3,018	10,952	(1,231)
Other borrowings	1	-	1	1	-	1	-
Lease payables	1,068	292	1,360	1,110	297	1,407	(47)
MEF account held at the Treasury	-	-	-	-	4,169	4,169	(4,169)
Other financial liabilities	1	16,710	16,711	5	16,663	16,668	43
Financial liabilities at FVTPL	142	22	164	69	19	88	76
Financial liabilities for purchase of non-controlling interests	142	22	164	69	19	88	76
Derivative financial instruments	888	149	1,037	823	152	975	63
Cash flow hedges	573	44	616	490	137	627	(11)
Fair value hedges	314	105	420	333	10	343	76
Fair value through profit or loss	1	0	2	-	4	4	(2)
<i>Financial liabilities vs Subsidiaries</i>	-	11	11	-	1	1	10
Total	10,611	86,487	97,098	10,939	92,706	103,644	(6,546)

Postal current accounts

Postal current accounts represent BancoPosta's direct deposits. The decrease in this item compared to 31 December 2022 is mainly due to the reduction in Public Administration deposits, partly offset by advance remittances from INPS for the payment of pension accruals for July 2023.

Loans

Other than the guarantees described in the following notes, loans are unsecured and do not envisage financial covenants, which would require Group companies to comply with financial ratios. EIB loans are subject to the maintenance of a minimum rating level of BBB- (or equivalent) by the two rating agencies of Poste, without prejudice to the bank's right to request guarantees or an increase in the margin, or in the event of failure to agree immediate early repayment of the loan. Standard negative pledge provisions do apply, however¹²².

Bonds

Bonds consist of the following:

- two loans issued by the Parent Company as part of the €2.5 billion Euro Medium Term Notes (EMTN) Programme promoted by the Company during the 2013 financial year on the Luxembourg Stock Exchange. Specifically:
 - I. a senior unsecured loan with a total nominal value of €1 billion issued on 10 December 2020 in two tranches, maturity respectively 10 December 2024 and 10 December 2028, placed in public form with institutional investors. At 30 June 2023, the fair value¹²³ of the loan was €884 million;
 - II. a loan with a nominal value of €50 million, privately placed and issued at par on 25 October 2013 and with maturity 25 October 2023. The interest rate risk exposure was hedged as described in note A6 – *Financial assets*. The fair value¹²⁴ of this loan at 30 June 2023 is €51 million;
- two 10-year convertible subordinated bonds issued by Net Insurance in 2020 and 2021 respectively, the first convertible, with a nominal value of €200 million (fair value at 30 June 2023 of €226 million) and the second with a nominal value of €12.5 million (fair value at 30 June 2023 of €9.3 million).

¹²² A commitment given to creditors by which a borrower undertakes not to give senior security or other restrictions on assets to other lenders ranking *pari passu* with creditors, unless the same degree of protection is also offered to them.

¹²³ In terms of fair value hierarchy, which reflects the relevance of the sources used to measure assets, this amount qualifies for Level 1.

¹²⁴ In terms of fair value hierarchy, which reflects the relevance of the sources used to measure assets, this amount qualifies for level 2.

Due to financial institutions

tab. B8.1 - Due to financial institutions

Description (€m)	Balance at 30.06.2023			Balance at 31.12.2022			Changes
	Non-current liabilities	Current liabilities	Total	Non-current liabilities	Current liabilities	Total	
Repurchase agreements	6,681	2,215	8,896	7,109	3,016	10,125	(1,229)
EIB fixed rate loan maturing 12/03/26	173	-	173	173	-	173	-
EIB fixed rate loan maturing 16/10/26	400	-	400	400	-	400	-
EIB fixed rate loan maturing 19/05/2028	150	-	150	150	-	150	-
EIB fixed rate loan maturing 02/05/2028	100	-	100	100	-	100	-
Other loans	-	1	1	2	1	3	(2)
Accrued interest expense	-	1	1	-	1	1	(0)
							-
Total	7,504	2,217	9,721	7,934	3,018	10,952	(1,231)

Outstanding liabilities for repurchase agreements relate to contracts entered into by the Parent Company, BancoPosta RFC, with primary financial institutions and Central Counterparties. The related payables, gross of the offsetting as further described below, amount to €9,443 million (total nominal value of pledged securities equal to €9,779 million) and include €7,020 million in Long Term RePo and €2,423 million in ordinary financing transactions, aimed at investments in fixed-income government bonds and the funding for the payment of deposits against collateralisation transactions. At 30 June 2023, repurchase agreements with a nominal value of €3,996 million were the subject of fair value hedge transactions executed to hedge interest rate risk. Finally, financial assets and liabilities relating to repurchase agreements managed through the Central Counterparty that meet the requirements of IAS 32 are offset. The effect of netting at 30 June 2023, already included in the exposure to net balances, amounted to €547 million (€3,217 million at 31 December 2022). The fair value¹²⁵ of the repurchase agreements in question at 30 June 2023 is €8,562 million.

At 30 June 2023, the fair value¹²⁶ of the four EIB loans totals €747 million.

¹²⁵ In terms of fair value hierarchy, which reflects the relevance of the sources used to measure assets, this amount qualifies for Level 2.

¹²⁶ In terms of fair value hierarchy, which reflects the relevance of the sources used to measure assets, this amount qualifies for level 2.

The committed and uncommitted credit lines available to the Group and the related uses are summarised in the table below.

Description (€m)	Balance at 30.06.2023	Balance at 31.12.2022
Committed credit lines	2,450	2,450
Short-term loans	2,450	2,450
Uncommitted credit lines	2,204	2,159
Short-term loans	960	1,005
Current account overdrafts	185	145
Unsecured loans	1,059	1,008
Total	4,654	4,609
Uncommitted uses	625	652
Short-term loans	0	1
Unsecured loans	625	652
Total	625	652

No collateral has been provided to secure the credit lines obtained.

The uncommitted credit lines are also available for overnight transactions entered into by BancoPosta RFC.

It should be noted that, on 23 June 2023, the three-year committed loan facility granted by Cassa Depositi e Prestiti to BancoPosta RFC for repurchase agreements expired. The maturity of the loan facility did not entail the need to find sources of financing as it was not being drawn down.

Finally, the Bank of Italy has granted BancoPosta RFC access to intraday credit in order to fund intraday interbank transactions. Collateral for this credit facility is provided by securities with a nominal value of €2,706 million, and the facility is unused at 30 June 2023.

The existing credit lines and the loans are commensurate and deemed adequate to meet financing requirements expected to date.

Lease payables

Lease liabilities at 30 June 2023 amount to €1,360 million. For more details on the change in this item, see Note A4 - *Right-of-use assets*.

Other financial liabilities

Other financial liabilities have a fair value that approximates to their carrying amount.

tab. B8.3 - Other financial liabilities

Description (€m)	Balance at 30.06.2023			Balance at 31.12.2022			Changes
	Non-current liabilities	Current liabilities	Total	Non-current liabilities	Current liabilities	Total	
Management of prepaid cards and other EMI items	-	9,534	9,534	-	9,270	9,270	264
Domestic and international money transfers	-	1,046	1,046	-	1,108	1,108	(62)
Guarantee deposits	-	4,397	4,397	-	4,824	4,824	(428)
Endorsed cheques	-	387	387	-	476	476	(89)
Amounts to be credited to customers	-	302	302	-	314	314	(12)
Other amounts payable to third parties	-	221	221	-	173	173	48
Other items in process	-	467	467	-	303	303	164
RAV, F23, F24 and road tax	-	256	256	-	105	105	151
Other	1	100	101	5	90	95	7
Total	1	16,710	16,711	5	16,663	16,669	42

Liabilities for **management of prepaid card and other EMI items** refer to the subsidiary PostePay SpA.

Payables for **guarantee deposits** refer mainly to sums received from counterparties for interest rate swap transactions (collateral provided for in a specific Credit Support Annexes). The decrease in this item is attributable to the negative change in the fair value of the derivatives following the trend in the interest rate curve, slightly down compared to 31 December 2022.

Financial liabilities for purchase of non-controlling interests

The item refers to the estimated consideration (call and put options) that will enable the purchase of additional shares of subsidiaries currently held by minority shareholders. In particular, these options relate to the purchase:

- of 40% of Net Holding and 2.2% of Net Insurance by Poste Vita;
- of 30% of Plurima by Poste Welfare Servizi;
- of 30% of MLK Deliveries, Sourcesense and Agile by Poste Italiane;

The increase in the first half of the year is mainly related to new liabilities recognised in connection with the acquisition of Net Insurance in the amount of about €78 million. It should be noted, as reported in more detail in Note 3.1 Principal corporate actions, that after 30 June 2023, the option relating to the minority interest in MLK Deliveries was exercised at a price in line with the recorded debt.

Derivative financial instruments

Changes in derivative financial instruments during the period are described in Note A6 – *Financial assets*.

Net debt/(funds)

The following table provides an analysis of the Poste Italiane Group's net debt/(funds) at 30 June 2023.

Poste Italiane Group

Net debt/(funds) at 30 June 2023

Balance at 30.06.2023 (€m)	Mail, Parcels and Distribution	Financial Services	Insurance Services	Payments and Mobile	Eliminations	Consolidated	of which related parties
Financial liabilities	4,499	94,669	395	9,959	(12,423)	97,098	
Financial liabilities at amortised cost	3,256	83,698	54	9,866	(977)	95,897	189
Postal current accounts	-	68,001	-	-	(969)	67,032	1
Bonds	1,051	-	10	-	-	1,060	-
Due to financial institutions	825	8,896	-	-	-	9,721	181
Other borrowings	1	-	-	-	-	1	-
Lease payables	1,349	0	1	9	-	1,360	8
Finance lease liabilities	0	-	-	-	-	0	-
MEF account held at the Treasury	-	-	-	-	-	-	-
Other financial liabilities	30	6,801	43	9,857	(8)	16,723	-
Financial liabilities at FVTPL	86	-	78	-	-	164	-
Financial liabilities for purchase of non-controlling inter	86	-	78	-	-	164	-
Financial derivatives	0	1,037	-	-	-	1,037	195
Intersegment financial liabilities	1,157	9,934	263	92	(11,447)	-	-
Liabilities under insurance contracts	-	-	149,648	-	(0)	149,648	-
Financial assets	(1,175)	(81,272)	(150,403)	(10,730)	11,427	(232,154)	
Financial instruments at amortised cost	(8)	(41,436)	(2,232)	(310)	(0)	(43,986)	(12,728)
Financial instruments at FVTOCI	(625)	(33,880)	(102,394)	(8)	-	(136,906)	(500)
Financial instruments at FVTPL	(0)	(24)	(45,702)	-	-	(45,727)	(21)
Financial derivatives	(0)	(5,535)	(0)	-	-	(5,535)	(184)
Intersegment financial assets	(542)	(397)	(76)	(10,412)	11,427	-	-
Tax credits Law no. 77/2020	(458)	(8,300)	-	-	-	(8,759)	-
Assets for outward reinsurance	-	-	(208)	-	-	(208)	-
Net debt/(net financial surplus)	2,866	5,097	(569)	(772)	(997)	5,625	
Cash and deposits attributable to BancoPosta	-	(4,643)	-	-	-	(4,643)	-
Cash and cash equivalents	(478)	(903)	(2,951)	(152)	977	(3,507)	(849)
Net debt/(funds)	2,388	(449)	(3,520)	(924)	(20)	(2,525)	

Net debt/(funds) at 31 december 2023

Balance at 31.12.2022 (figures in €m)	Mail, Parcels and Distribution	Financial Services	Insurance Services	Payments and Mobile	Eliminations	Consolidated	of which related parties
Financial liabilities	4,918	100,941	303	9,557	(12,074)	103,644	
Financial liabilities at amortised cost	3,291	90,298	40	9,468	(515)	102,582	4,385
Postal current accounts	-	68,852	-	-	(515)	68,336	1
Bonds	1,048	-	-	-	-	1,048	-
Due to financial institutions	827	10,125	-	-	-	10,952	-
Other borrowings	1	-	-	-	-	1	-
Lease payables	1,397	0	1	9	-	1,407	8
Finance lease liabilities	0	-	-	-	-	0	-
MEF account held at the Treasury	-	4,169	-	-	-	4,169	4,169
Other financial liabilities	18	7,153	39	9,459	-	16,669	207
Financial liabilities at FVTPL	88	-	-	-	-	88	-
Financial liabilities for purchase of non-controlling intr	88	-	-	-	-	88	-
Financial derivatives	0	975	-	-	-	975	193
Intersegment financial liabilities	1,539	9,668	263	89	(11,559)	-	-
Liabilities under insurance contracts	-	-	141,381	-	(1)	141,380	-
Financial assets	(1,083)	(83,701)	(142,351)	(10,545)	11,539	(226,141)	
Financial instruments at amortised cost	(3)	(43,901)	(2,193)	(198)	(0)	(46,295)	(14,838)
Financial instruments at FVTOCI	(536)	(33,190)	(96,501)	(8)	-	(130,235)	(502)
Financial instruments at FVTPL	(1)	(40)	(43,461)	-	-	(43,501)	(21)
Financial derivatives	(0)	(6,109)	-	-	-	(6,110)	(203)
Intersegment financial assets	(543)	(460)	(196)	(10,339)	11,539	-	-
Tax credits Law no. 77/2020	(420)	(8,601)	-	-	-	(9,021)	-
Assets for outward reinsurance	-	-	(44)	-	-	(44)	-
Net debt/(net financial surplus)	3,415	8,640	(710)	(988)	(537)	9,819	
Cash and deposits attributable to BancoPosta	-	(5,848)	-	-	-	(5,848)	-
Cash and cash equivalents	(575)	(2,018)	(2,732)	(172)	515	(4,983)	(1,991)
Net debt/(funds)	2,839	773	(3,442)	(1,161)	(22)	(1,012)	

Total **net debt/(funds)** at 30 June 2023 showed funds of €2,525 million, an improvement of €1,512 million from 31 December 2022 (funds of €1,012 million). The change during the period is mainly attributable to the positive valuation effects of the period of €1,500 million related to investments classified as FVTOCI, held mainly by the Financial Services Strategic Business Unit.

An analysis of the Net debt/(funds) of the Mail, Parcels and Distribution segment at 30 June 2023, in accordance with ESMA recommendation 32-382-1138, is provided below:

Financial debt ESMA		
(€m)	At 30.06.2023	At 31.12.2022
A. Cash and cash equivalents	(478)	(575)
B. Cash equivalents	-	-
C. Other current financial assets	(6)	(1)
D. Liquidity (A + B + C)	(483)	(577)
E. Current financial debt (including debt instruments, but excluding the current portion of non-current financial debt)	391	379
F. Current portion of the non-current financial payable	4	1
G. Current financial debt (E + F)	394	381
H. Net current financial debt (G + D)	(89)	(196)
I. Non-current financial debt (excluding current portion and debt instruments)	1,950	2,001
J. Debt instruments	998	997
K. Trade payables and other non-current payables	18	18
L. Non-current financial debt (I + J + K)	2,966	3,017
M. Total financial debt (H + L)	2,878	2,821
Reconciliation of financial debt ESMA		
(€m)	At 30.06.2023	At 31.12.2022
M. Total financial debt (H + L)	2,878	2,821
Non-current financial assets	(627)	(539)
K. Trade payables and other non-current payables	(18)	(18)
Tax credits Law no. 77/2020	(458)	(420)
Net debt/(funds)	1,773	1,843
Intersegment financial receivables and borrowings	615	996
Net debt/(funds) including intersegment transactions	2,388	2,839

B9 - TRADE PAYABLES (€1,919 million)

tab. B9 - Trade payables

Description (€m)	Balance at 30.06.2023	Balance at 31.12.2022	Changes
Due to suppliers	1,325	1,655	(330)
Contract liabilities	527	553	(26)
Due to subsidiaries	44	3	40
Due to associates	23	23	0
Total	1,919	2,234	(315)

The decrease in trade payables is mainly influenced by the normal trend of payments to suppliers recognised in the period.

B10 - OTHER LIABILITIES (€3,729 million)

tab. B10 - Other liabilities

Description (€m)	Balance at 30.06.2023			Balance at 31.12.2022			Changes
	Non-current liabilities	Current liabilities	Total	Non-current liabilities	Current liabilities	Total	
Due to staff	10	499	509	10	720	731	(222)
Social security payables	19	354	374	20	439	459	(85)
Other taxes payable	1,636	779	2,415	1,790	658	2,448	(33)
Sundry payables	52	172	224	52	134	186	39
Accrued liabilities and deferred income	133	73	206	133	46	179	27
Total	1,851	1,878	3,729	2,004	1,997	4,002	(273)

The decrease in Other liabilities recorded in the period is mainly attributable to the decrease in the item **Due to staff** for the reduction in the payable for **incentives**, due to the combined effect of the settlements made during the period and certain liabilities to personnel, the amount of which is still in the process of being defined, which at 30 June 2023 were allocated to the Provisions for personnel expenses.

tab. B10.1 - Due to staff

Description (€m)	Balance at 30.06.2023			Balance at 31.12.2022			Changes
	Non-current liabilities	Current liabilities	Total	Non-current liabilities	Current liabilities	Total	
For 13th and 14th month salaries	-	222	222	-	208	208	15
Incentives	10	145	154	10	408	418	(264)
Accrued vacation pay	-	82	82	-	41	41	41
Other amounts due to staff	-	50	50	-	63	63	(14)
Total	10	499	509	10	720	731	(222)

4.3 NOTES TO THE STATEMENT OF PROFIT OR LOSS

REVENUE FROM CONTRACTS WITH CUSTOMERS

The breakdown of revenue from contracts with customers by operating segment is shown below, in accordance with the 2022 Annual Report, to which reference is made for further details.

Revenue from contracts with customers

Description (€m)	1H 2023	1H 2022
Revenue from Mail, Parcels and other	1,895	1,805
of which Revenue from contracts with customers	1,622	1,554
recognised at a point in time	282	188
recognised over time	1,340	1,366
Net revenue from Financial Services	2,666	2,505
Revenue from Financial Services	2,900	2,611
Expenses from financial activities	(234)	(106)
of which Revenue from contracts with customers	1,302	1,268
recognised at a point in time	115	118
recognised over time	1,187	1,149
Net revenue from insurance services	772	796
Revenue from insurance contracts issued	1,230	1,185
Costs arising from insurance contracts issued	(489)	(363)
Revenue/(costs) from outward reinsurance	(8)	(6)
Income and (expenses) from financial operations and other income/expenses	2,960	(3,076)
Net financial (costs)/revenue related to insurance contracts issued	(2,923)	3,055
Net financial revenue/(costs) related to outward reinsurance	2	(0)
of which Revenue from contracts with customers	-	-
recognised at a point in time	-	-
recognised over time	-	-
Revenue from Payments and Mobile	717	482
of which Revenue from contracts with customers	580	482
recognised at a point in time	205	178
recognised over time	375	304
Total	6,050	5,588

C1 – REVENUE FROM MAIL, PARCELS AND OTHER (€1,895 million)

tab. C1 - Revenue from Mail, Parcels & other

Description (€m)	1H 2023	1H 2022	Changes
Mail	877	872	5
Parcels	659	663	(4)
Other revenue	203	115	88
Total external revenue	1,740	1,650	90
Universal Service compensation	131	131	-
Publisher tariff subsidies	24	23	1
Total revenue	1,895	1,805	91

External revenue showed an increase compared to the first half of 2022 due to the recognition, in the second quarter, of a gain of approximately €109 million generated by the sale of the controlling interest in the company sender (see Note 2.6 - Main changes to the scope of consolidation).

Universal Service compensation rendered during the period, amounting to €131 million (€262 million on an annual basis), is recognised on the basis of the new Contratto di Programma (Service Contract) for 2020-2024, which took effect on 1 January 2020.

Publisher tariff subsidies¹²⁷ relate to the amount receivable by the Company from the Cabinet Office - Publishing Department as compensation for the discounts applied to publishers and non-profit organisations when sending mail. The compensation is determined on the basis of the tariffs set in the decree issued by the Ministry of Enterprise and Made in Italy (former MiSE) in agreement with the Ministry of the Economy and Finance, on 21 October 2010 and Law Decree 63 of 18 May 2012, as converted into Law 103 of 16 July 2012. With AGCom Resolution 454/22/CONS of 30 December 2022, the new universal basic tariffs of the subsidised publishing products included in the Universal Service were defined. The Resolution provided for a gradual increase in basic tariffs as of 1 September 2022, with no impact on the subsidised tariffs paid by senders and with a consequent increase in the compensation received by the Parent Company per item sent at the subsidised tariff.

¹²⁷ Law no. 8 of 28 February 2020 - ordered that reimbursements of publishing tariff subsidies to Poste Italiane continue "for a duration equal to that of the universal postal service" (i.e. until April 2026). The application of the regulation is subject to approval by the European Commission.

C2 – NET REVENUE FROM FINANCIAL SERVICES (€2,666 million)

tab. C2 - Revenue from Financial Services

Description (€m)	1H 2023	1H 2022	Changes
Revenue from financial services	2,694	2,260	435
Income from financial activities	202	350	(148)
Other operating income	4	2	2
Expenses from financial activities	(234)	(106)	(128)
Total	2,666	2,505	161

This revenue regards revenue generated by the Parent Company's BancoPosta RFC and the subsidiary, BancoPosta Fondi SGR.

Revenue from Financial Services breaks down as follows:

tab. C2.1 - Revenue from financial services

Description (€m)	1H 2023	1H 2022	Changes
Income from investment of postal current account deposits and free cash	1,312	911	402
Fees for collection of postal savings deposits	828	800	28
Other revenue from current account services	221	191	30
Commissions on payment of bills by payment slip	104	110	(6)
Distribution of loan products	92	126	(34)
Income from delegated services	45	44	1
Mutual fund management fees	67	61	7
Money transfers	8	7	1
Other	17	10	6
Total	2,694	2,260	435

Revenue from financial services showed an increase of about €435 million compared to the comparison period, mainly due to higher Income from investment of postal current account deposits and free cash.

Income from investment of postal current account deposits and free cash breaks down as follows:

tab. C2.1.1 - Income from investment of postal current account deposits and free cash

Description (€m)	1H 2023	1H 2022	Change s
Income from investments in securities	932	686	246
Interest income on securities at amortised cost	376	328	48
Interest income on securities at FVOCI	449	370	80
Interest income (expense) on asset swaps of CFH on securities at FVOCI and AC	3	16	(13)
Interest income (expense) on asset swaps of FVH on securities at FVOCI and AC	69	(49)	118
Interest income on repurchase agreements	34	21	13
Income from investments in tax credits	164	134	30
Interest income on tax credits at AC	164	71	93
Interest income on tax credits at FVTOCI	-	63	(63)
Income from deposits held with the MEF	223	88	135
Remuneration of current account deposits (deposited with the MEF)	223	96	127
Differential on derivatives stabilising returns	(0)	(8)	8
Portion of interest income on own liquidity (finance income)	(6)	-	(6)
Other income	0	4	-
Total	1,312	911	402

The increase in the item in question compared to the previous half year is mainly attributable to income from investments in securities and income from investments with the MEF.

Income from investments in securities relates to interest earned on investment of deposits paid into postal current accounts by private customers. The amount of income includes the impact of the interest rate hedge. The increase in this item compared to the comparative half-year period was mainly due to the upward shift in the interest rate curve, with a positive effect on the differentials exchanged for fair value hedges, and to higher investments in securities.

Income from deposits held with the MEF primarily represents accrued interest for the period on amounts deposited at Public Administration entities, remunerated at a variable rate as described in Note A6 - *Financial assets*. The increase compared to 30 June 2022 is mainly due to the rise in the interest rate curve.

Income from financial activities breaks down as follows:

tab. C2.2 - Income from financial activities

Description (€m)	1H 2023	1H 2022	Changes
Income from financial instruments at FVTOCI	126	243	(117)
Realised gains	126	243	(117)
Income from financial instruments at amortised cost	43	86	(43)
Realised gains	43	86	(43)
Income from equity instruments at FVTPL	6	0	5
Fair value gains	5	-	5
Realised gains	1	-	1
Income from valuation of cash flow hedges	2	1	1
Fair value gains	2	1	1
Income from fair value hedges	1	13	(12)
Fair value gains	1	13	(12)
Foreign exchange gains	2	3	(2)
Fair value gains	0	2	(1)
Realised gains	1	1	(0)
Other income	23	3	19
Total	202	350	(148)

Income from financial activities decreased by approximately €148 million compared to the first half of 2022, mainly due to lower realised gains from financial instruments at FVOCI.

tab. C2.3 - Expenses from financial activities

Description (€m)	1H 2023	1H 2022	Changes
Expense from financial instruments at FVTOCI	2	3	(1)
Realised losses	2	3	(1)
Expenses from financial instruments at amortised cost	-	28	(28)
Realised losses	-	28	(28)
Expenses from financial instruments at FVTPL	3	50	(48)
Fair value losses	1	50	(49)
Realised losses	2	0	1
Expenses from equity instruments at FVTPL	-	3	(3)
Fair value losses	-	3	(3)
Realised losses	-	0	(0)
Interest expense	228	21	206
Interest on customers' deposits	109	5	105
Interest expense on repurchase agreements	53	5	47
Due to the Parent Company	-	4	(4)
on guarantee deposits	66	8	57
Interest expense on own liquid funds (finance costs)	-	(1)	1
Other expenses	0	0	0
Total	234	106	128

Expenses from financial activities increased compared to the previous half year mainly due to the effect of higher interest expense on guarantee deposits, repurchase agreements and postal current accounts of public customers, following the rise in the interest rate curve, partially offset by lower expenses for losses on the sale and on the valuation of financial instruments.

C3 – NET REVENUE FROM INSURANCE SERVICES (€772 million)**tab. C3 - Net revenue from Insurance Services**

Description (€m)	1H 2023	1H 2022	Changes
Revenue from insurance contracts issued	1,230	1,185	45
Costs arising from insurance contracts issued	(489)	(363)	(126)
Revenue/(costs) from outward reinsurance	(8)	(6)	(2)
Income and (expenses) from financial operations and other income/expenses	2,960	(3,076)	6,036
Net financial (costs)/revenue related to insurance contracts issued	(2,923)	3,055	(5,978)
Net financial revenue/(costs) related to outward reinsurance	2	(0)	2
Total	772	796	(24)

Net revenue from insurance services decreased from €796 million to €772 million compared to the first half of 2022, mainly due to the lower CSM release recognised during the period (-€101 million) compared to the figure for the first half of 2022 (in which the release had benefited significantly from the positive trend in the risk free rate curve). This decrease was only partially offset by the positive contribution of income, net of the portion reversed to policyholders, from financial operations (+€58 million compared to the first half of 2022), given the

improved financial dynamics and the higher risk adjustment release (+€22 million) compared to the same period in 2022.

The breakdown of revenue from insurance contracts and costs arising from insurance contracts is shown below.

The breakdown of **revenue from insurance contracts issued** is as follows:

tab. C3.1 - Revenue from insurance contracts issued

Description (€m)	1H 2023	1H 2022	Changes
Contracts measured according to GMM and VFA	1,035	1,034	1
Change in liability for residual coverage	932	968	(36)
<i>Incurring claims and other insurance service costs expected</i>	220	177	42
<i>Changes in the adjustment for non-financial risks</i>	63	41	22
Contractual service margin recognised in the statement of profit or loss for services provided	648	749	(101)
<i>Other amounts</i>	1	0	1
Acquisition costs of recovered insurance contracts	103	66	37
Contracts measured according to the PAA	194	151	43
Total	1,230	1,185	45

At the end of the reporting period, insurance revenue from contracts measured upon transition to IFRS 17 using the Fair Value Approach amounted to €47 million, for contracts subject to carve-out¹²⁸ they amounted to €944 million, with the remainder relating to revenue from new contracts recognised in the period and contracts for which the Full Retrospective Approach was adopted.

The breakdown of **Costs from insurance contracts issued** is as follows:

tab. C3.2 - Costs from insurance contracts issued

Description (€m)	1H 2023	1H 2022	Changes
Contracts measured according to GMM and VFA	313	237	75
Incurring claims and other directly attributable costs	(74)	(104)	30
Changes in the liability for incurred claims	280	271	9
Losses on onerous contracts and recovery of such losses	4	3	0
Amortisation of acquisition costs of insurance contracts	103	66	37
Other	-	-	-
Contracts measured according to the PAA	176	125	51
Total	489	363	126

¹²⁸ Contracts for which the annual cohort exemption was applied.

The breakdown of **revenue/(costs) from outward reinsurance** is as follows:

tab. C3.3 - Revenue/(costs) from outward reinsurance

Description (€m)	1H 2023	1H 2022	Changes
Outward reinsurance measured under GMM	(14)	(1)	(14)
Change in assets for residual coverage	(14)	(1)	(14)
<i>Amount of claims and other recoverable costs expected</i>	(10)	(0)	(10)
<i>Changes in the adjustment for non-financial risks</i>	(1)	(0)	(1)
<i>Contractual service margin recognised in the statement of profit or loss for services received</i>	(4)	(1)	(3)
<i>Other</i>	0	1	(0)
Other costs directly attributable to outward reinsurance	0	0	0
Outward reinsurance measured under PAA	(4)	(3)	(0)
Total costs from outward reinsurance	(18)	(4)	(14)
Effects of changes in default risk by reinsurers	0	0	0
Amount of claims and other expenses recovered	9	0	9
Changes in the asset for incurred claims	2	(1)	2
Other recoveries	0	0	0
Revenue from outward reinsurance measured under PAA	(0)	(1)	1
Total	(8)	(6)	(2)

The breakdown of **Income and (expenses) from financial operations and other income/expenses** is as follows:

tab. C3.4 - Income and (expenses) from financial operations and other income/expenses

Description (€m)	1H 2023	1H 2022	Changes
Income from financial operations and other income	3,293	2,168	1,125
Expenses from financial operations and other expenses	(333)	(5,244)	4,911
Total	2,960	(3,076)	6,036

tab. C3.4.1 - Income from financial operations and other income

Description (€m)	1H 2023	1H 2022	Changes
Income from financial instruments at FVTOCI	1,560	1,716	(157)
Interest	1,553	1,671	(118)
Realised gains	7	45	(38)
Income from financial instruments at amortised cost	29	3	26
Interest	29	3	26
Realised gains	-	-	-
Income from financial instruments at FVPL	1,628	393	1,235
Interest	267	175	92
Fair value gains	1,300	208	1,091
Realised gains	62	11	51
Other income	75	55	21
Total	3,293	2,168	1,125

The increase in **Income from financial operations and other income** is mainly attributable to valuation gains from financial instruments at FVPL.

tab. C3.4.2 - Expenses from financial operations and other expenses

Description (€m)	1H 2023	1H 2022	Changes
Expense from financial instruments at FVOCI	15	101	(86)
Interest	0	9	(9)
Realised losses	14	91	(77)
Expense from financial instruments at FVPL	310	5,146	(4,837)
Fair value losses	232	5,015	(4,783)
Realised losses	77	131	(54)
Impairment losses/(reversals of impairment losses) due to credit risk	5	(5)	10
Other expenses	3	2	1
Total	333	5,244	(4,911)

The decrease in **Expenses from financial operations and other expenses** is mainly attributable to expenses from the valuation of financial instruments at FVPL.

These valuation gains and losses, related almost entirely to the investments included in the separately managed accounts, were almost entirely relegated to policyholders through the mirroring mechanism and included in the item "Net financial (costs)/revenue related to insurance contracts issued".

C4 – REVENUE FROM PAYMENTS AND MOBILE (€717 million)

tab. C4 - Revenue from payments and mobile

Description (€m)	1H 2023	1H 2022	Changes
Electronic money	287	249	38
Fees for issue and use of prepaid cards	190	223	(33)
Acquiring fees	27	17	10
Other fees	70	9	61
Mobile	161	157	4
Payments services	225	76	148
Payment Slips	138	38	100
Commissions for processing tax payments using forms F23/F24	19	19	(0)
Money transfers	66	15	51
Other products and services	3	4	(1)
Revenue from energy services	41	-	41
Total	717	482	235

Revenue from payment and mobile services rendered as part of the activity carried out by PostePay SpA and its direct subsidiaries posted an increase of €235 million compared to the same period of 2022, with a positive contribution from all segments. Specifically, the Electronic money and Collection and Payment Services segments, which benefited from the consolidation of the LIS Group as of September 2022, grew respectively thanks, in addition to the change in perimeter, also to increased payment card operations, growth in acquiring transactions, higher revenue from the PagoPA service to the Public Administration and instant transfers from Postepay Evolution. The positive contribution of the energy segment, which was absent in the first half of 2022, is also reported, following the launch of the new energy offer by Postepay.

C5 - COST OF GOODS AND SERVICES (€1,517 million)

tab. C5 - Cost of goods and services

Description (€m)	1H 2023	1H 2022	Changes
Service costs	1,384	1,218	166
Lease expense	77	66	11
Raw, ancillary and consumable materials and goods for resale	126	86	41
Allocation of costs directly attributable to insurance contracts	(71)	(58)	(13)
Total	1,517	1,312	205

Costs of goods and services increased by a total of €204 million compared to the first half of 2022. The change is mainly related to the expansion of the company scope for the companies acquired during 2022 and the first half of 2023 as well as the international inflationary scenario induced by the Russian-Ukrainian conflict.

C6 - PERSONNEL EXPENSES (€2,432 million)

Personnel expenses include the cost of personnel seconded to other organisations. The recovery of such expenses is posted to Other operating income. Personnel expenses break down as follows:

Description (€m)	Note	1H 2023	1H 2022	Changes
Wages and salaries		1,990	1,946	44
Social security contributions		568	552	16
Employee termination benefits: current service cost	[tab. B7]	1	1	1
Employee termination benefits: supplementary pension funds and INPS		118	115	3
Agency staff		2	1	1
Remuneration and expenses paid to Directors		2	1	1
Early retirement incentives		6	5	0
Net provisions (reversals) for disputes with staff	[tab. B6]	1	(5)	6
Amounts recovered from staff due to disputes		(1)	(3)	2
Share-based payments		6	5	2
Other personnel expenses/(cost recoveries)		(10)	(28)	18
Allocation of costs directly attributable to insurance contracts		(251)	(204)	(47)
Total		2,432	2,386	46

Personnel expenses increased by €46 million compared to the first half of 2022 due to the increase in unit costs and the net increase in FTE due to the corporate transactions carried out during 2022 and the first half of 2023, partially offset by the reduction in headcount recorded in the Parent Company. The increase in the unit cost is mainly attributable to the increase on contractual minimums triggered in July 2022 in connection with the National Collective Labour Agreement renewed in June 2021 and the increase in the variable component driven by the share linked to commercial action.

C7 - DEPRECIATION, AMORTISATION AND IMPAIRMENTS (€417 million)

tab. C7 - Depreciation, amortisation and impairments

Description (€m)	1H 2023	1H 2022	Changes
Depreciation of property, plant and equipment	120	113	7
Impairments/recoveries/adjustments of property, plant and equipment	2	(5)	7
			-
Depreciation of investment property	0	0	(0)
Amortisation and impairments of intangible assets	197	175	23
Depreciation of right-of-use assets	134	123	11
Allocation of costs directly attributable to insurance contracts	(37)	(30)	(7)
Total	417	376	40

Depreciation, amortisation and impairments increased by €40 million compared to the first half of 2022, mainly due to higher depreciation on property, plant and equipment (€14 million considering lower reversals),

amortisation on intangible assets (€23 million) related to investments in software applications that became available for use during the period, and on right-of-use asset (€11 million), mainly for the expansion of the Parent Company's leased fleet.

C8 – CAPITALISED COSTS AND EXPENSES (€27 million)

tab. C8 - Capitalised costs and expenses

Description (€m)	1H 2023	1H 2022	Changes
Property, plant and machinery:			
Cost of goods and services	1	1	0
	1	1	(0)
			-
Intangible assets:	26	17	8
Cost of goods and services	6	1	5
Personnel expenses	20	15	4
Depreciation and amortisation	0	1	(0)
Total	27	18	9

C9 - OTHER OPERATING COSTS (€135 million)

tab. C9 - Other operating costs

Description (€m)	1H 2023	1H 2022	Changes
Net provisions for risks and charges made/(released)	37	3	35
for disputes with third parties	6	15	(9)
for operational risks	(0)	0	(1)
for expired and statute barred postal certificates	-	-	-
for other risks and charges	31	(13)	45
for risks on tax credit - Law no. 77/2020	-	-	-
Operational risk events	18	8	10
Thefts	2	1	1
Loss of BancoPosta assets, net of recoveries	3	1	2
Other operating losses of BancoPosta	12	6	6
Capital losses	0	0	0
Municipal property tax, urban waste tax and other taxes and duties	57	46	11
Other current expenses	30	26	4
Allocation of costs directly attributable to insurance contracts	(8)	(6)	(2)
Total	135	77	57

Other costs and expenses increased compared to the half-year period of comparison mainly due to higher net allocations to provisions for risks and charges. For further details, see Note B6 - Provisions for risks and charges.

C10 – IMPAIRMENT LOSSES/(REVERSALS OF IMPAIRMENT LOSSES) ON DEBT INSTRUMENTS, RECEIVABLES AND OTHER ASSETS (€11 million)

C10 - Impairment losses/(Reversals of impairment losses) on debt instruments, receivables and other assets

Description (€m)	1H 2023	1H 2022	Changes
Net impairments and losses on receivables and other assets (uses of provisions)	9	33	(24)
Impairment losses (reversal of impairment losses) on due from customers	6	27	(21)
Provisions (reversal of provisions) for receivables due from the MEF	0	0	0
Impairment losses (reversal of impairment losses) on sundry receivables	3	5	(3)
Impairment losses/(reversals of impairment losses) on financial activities	-	2	(2)
Impairment losses/(reversals of impairment losses) on debt instruments at FVTOCI	1	2	(1)
Impairment losses/(reversals of impairment losses) on debt instruments at amortised cost	1	1	(0)
Total	11	38	(27)

The decrease of €27 million compared to the first half of 2022 is mainly attributable to lower net impairment losses on trade receivables due from customers.

C11 – FINANCE INCOME (€86 million) AND COSTS (€54 million)

Income from and costs incurred on financial instruments relate to assets other than those in which deposits collected by BancoPosta and the financial and insurance businesses are invested.

Finance income
tab. C11.1 - Finance income

Description (€m)	1H 2023	1H 2022	Changes
Income from financial instruments at FVTOCI	56	32	23
Interest	55	32	24
Income from financial instruments at amortised cost	5	32	(27)
Interest	5	32	(27)
Income from financial instruments at FVPL	3	7	(5)
Fair value gains	3	3	(1)
Accrued differentials on derivative financial instruments at FVPL	0	4	(4)
Other finance income	20	3	18
Interest income from parent company	6	-	6
Interest on bank accounts	9	-	9
Finance income on discounted receivables	1	1	(0)
Late payment interest	17	14	3
Impairment of amounts due as late payment interest	(17)	(14)	(3)
Other income	4	1	2
Foreign exchange gains	2	13	(11)
Total	86	87	(2)

For the purposes of reconciliation with the statement of cash flows, in the first half of 2023, finance income after both realised gains and foreign exchange gains amounted to €84 million (€74 million in the first half of 2022).

Finance costs

tab. C11.2 - Finance costs

Description (€m)	1H 2023	1H 2022	Changes
Finance costs on financial liabilities	18	15	3
on bonds	3	2	1
on due to financial institutions	2	2	1
on lease payables	13	11	3
from derivative financial instruments	0	1	(1)
Sundry costs on financial assets	2	19	(17)
Losses from valuation on financial instruments at FVTPL	-	19	(19)
Realised losses on financial instruments at FVPL	2	0	2
Finance costs on provisions for employee termination benefits and pension plans	14	7	6
Finance costs on provisions for risks	2	0	2
Interest expense on own liquid funds	-	1	(1)
Other finance costs	16	13	2
Foreign exchange losses	3	14	(11)
Total	54	70	(15)

For the purposes of reconciliation with the statement of cash flows, in the first half of 2023, finance costs after foreign exchange losses amounted to €51 million (€56 million in the first half of 2022).

The decrease in **Finance costs** is largely attributable to lower valuation losses on financial instruments at FVTPL and on foreign exchange, partly offset by the increase in the financial component of the allocation to employee termination benefits.

C12 - INCOME TAX EXPENSE (€491 million)

tab. C12 - Income tax expense

Description (€m)	1H 2023				1H 2022				Changes
	IRES	IRAP	Other	Total	IRES	IRAP	Other	Total	
Current tax expense	238	52	1	291	197	46	1	244	47
Deferred tax assets	(884)	(6)	-	(890)	(928)	(4)	-	(931)	42
Deferred tax liabilities	1,044	46	-	1,090	1,074	49	-	1,123	(34)
Total	398	92	1	491	344	92	1	436	55

Current tax expense

tab. C12.1 - Movements in current tax assets/(liabilities)

Description (€m)	Current taxes 1H 2023			Total
	IRES	IRAP	Foreign companies	
	Assets/ (Liabilities)	Assets/ (Liabilities)	Assets/ (Liabilities)	
Balance at 1 January	70	12	(2)	80
Payments	14	19	1	33
Compensation tax credits Law no. 77/2020	140	39	-	179
Provisions to profit or loss	(238)	(52)	(1)	(291)
Provisions to equity	(3)	0	-	(3)
Other	109	1	(0)	110
Period closing balance	91	18	(2)	107
Of which:				
Current tax assets	334	71	-	405
Current tax liabilities	(242)	(53)	(2)	(297)

During the first half of the year, the companies PostePay S.p.A. and Poste Italiane S.p.A. recognised substitute tax credits of approximately €90 million and €6 million, respectively, in connection with the franking of substitute taxes pursuant to Article 15, paragraph 10-ter, of Law Decree no. 185 of 29 November 2008, of the goodwill and other intangible assets identified in the Purchase Price Allocation ("PPA") arising from the acquisition of the interests in LIS Holding, Agile and Sourcesense¹²⁹.

The payment of the substitute tax will allow the franked amounts to be deducted for tax purposes as of the financial year 2025.

¹²⁹ At 30 June 2023, the PPA process of Net Insurance, Agile and Sourcesense had not yet been completed and the difference between the consideration paid to the seller and the net value at the date of acquisition of the net assets acquired, using the option granted by IFRS 3, was provisionally allocated to goodwill.

Deferred tax assets and liabilities

tab. C12.2 - Movements in deferred tax assets and liabilities

Description (€m)	1H 2023
Balance at 1 January	1,787
Net income/(expense) recognised in profit or loss	(200)
Net income/(expense) recognised in equity	(375)
Change in scope of consolidation	29
Other changes	0
Period closing balance	1,241
Of which:	
deferred tax assets	3,157
deferred tax liabilities	(1,917)

4.4 - OPERATING SEGMENTS

The identified operating segments, which are in line with the Group's strategic guidelines, are as follows:

- Mail, Parcels and Distribution
- Financial Services
- Insurance Services
- Payments and Mobile

The result for each segment is based on operating profit/(loss) and gains/losses on intermediation. All income components reported for operating segments are measured using the same accounting policies applied in the preparation of these condensed consolidated half-year financial statements.

The following results, which are shown separately in accordance with the management view and with applicable accounting standards, should be read in light of the integration of the services offered by the distribution network within the businesses allocated to all four identified operating segments, also considering the obligation to carry out the Universal Postal Service.

Economic data by operating segment

1H 2023 (€m)	Mail, Parcels and Distribution	Financial Services	Insurance Services	Payments and Mobile	Adjustments and eliminations	Total
Net external revenue from ordinary activities	1,895	2,666	772	717	-	6,050
Net intersegment revenue from ordinary activities	2,655	453	(82)	132	(3,157)	-
Net operating revenue	4,550	3,119	690	849	(3,157)	6,050
Operating profit/(loss)	247	456	664	199	(0)	1,566
Finance income/(costs)	(25)	(1)	57	0	-	31
(Impairment losses)/reversal of impairment losses on debt instruments, receivables and other assets	25	(0)	0	0	-	25
Profit/(Loss) on investments accounted for using the equity method	(0)	9	-	-	-	8
Intersegment finance income/(costs)	10	0	(24)	14	(0)	-
Taxes for the period	(67)	(128)	(226)	(70)	-	(491)
Profit/(loss) for the period	190	337	471	144	(0)	1,140
External revenue from contracts with customers	1,622	1,302	-	580	-	3,504
Recognition at a point in time	282	115	-	205	-	602
Recognition over time	1,340	1,187	-	375	-	2,902

1H 2022 (€m)	Mail, Parcels and Distribution	Financial Services	Insurance Services	Payments and Mobile	Adjustments and eliminations	Total
Net external revenue from ordinary activities	1,805	2,505	796	482	-	5,588
Net intersegment revenue from ordinary activities	2,482	398	(73)	136	(2,942)	0
Net operating revenue	4,286	2,903	723	618	(2,942)	5,588
Operating profit/(loss)	142	404	701	169	(0)	1,417
Finance income/(costs)	(19)	(10)	47	(0)	-	18
(Impairment losses)/reversal of impairment losses on debt instruments, receivables and other assets	(0)	(0)	(0)	-	-	(0)
Profit/(Loss) on investments accounted for using the equity method	0	(13)	-	-	-	(13)
Intersegment finance income/(costs)	23	1	(24)	(0)	0	0
Taxes for the period	(59)	(113)	(215)	(48)	-	(436)
Profit/(loss) for the period	87	269	508	121	0	985
External revenue from contracts with customers	1,554	1,268	-	482	-	3,303
Recognition at a point in time	188	118	-	178	-	484
Recognition over time	1,366	1,149	-	304	-	2,819

Statement of financial position data by operating segment

30 June 2023 (€m)	Mail, Parcels and Distribution	Financial Services	Insurance Services	Payments and Mobile	Adjustments and eliminations	Total
Assets	13,101	99,447	158,417	12,091	(16,835)	266,222
Non-current assets	9,641	72,138	141,895	737	(3,698)	220,713
Current assets	3,460	27,309	16,522	11,354	(13,137)	45,508
Liabilities	9,701	97,299	152,560	10,841	(13,696)	256,703
Non-current liabilities	4,475	9,834	151,596	83	(560)	165,429
Current liabilities	5,225	87,465	963	10,758	(13,137)	91,274
Other information						
Capital expenditure	232	-	3	14	-	249
Investments accounted for using the equity method	25	259	-	-	-	284

31 December 2022 (€m)	Mail, Parcels and Distribution	Financial Services	Insurance Services	Payments and Mobile	Adjustments and eliminations	Total
Assets	12,902	104,744	148,943	11,743	(16,258)	262,074
Non-current assets	9,701	72,202	132,982	742	(3,699)	211,928
Current assets	3,201	32,542	15,961	11,001	(12,559)	50,146
Liabilities	10,393	103,406	147,883	10,332	(17,818)	254,195
Non-current liabilities	4,623	10,339	142,163	83	(560)	156,647
Current liabilities	5,770	93,067	5,720	10,249	(17,258)	97,548
Other information						
Capital expenditure	788	0	0	23	-	810
Investments accounted for using the equity method	4	262	-	-	-	267

Disclosure about geographical segments, based on the geographical areas in which the various Group companies are based or the location of its customers, is of no material significance. At 30 June 2023, the entities consolidated on a line-by-line basis are mainly based in Italy and, on a residual and insignificant basis in China and the United Kingdom¹³⁰; customers are mainly located in Italy: revenue from foreign customers does not account for a significant percentage of total revenue. Assets include those deployed by the segment in the course of ordinary business activities and those that could be allocated to it for the performance of such activities.

¹³⁰ Total net revenue from ordinary operations by third parties recognised by the fully consolidated companies based in China and the United Kingdom amounted to €53 million, while EBIT and net trading income amounted to €4 million.

4.5 – RELATED PARTY TRANSACTIONS

Impact of related party transactions on the financial position and profit or loss

Impact of related party transactions on the financial position at 30 June 2023

Description (€m)	Balance at 30.06.2023						
	Financial assets	Trade receivables	Other assets Other receivables	Cash and cash equivalents	Financial liabilities	Trade payables	Other liabilities
Subsidiaries							
Address Software Srl	-	0	-	-	0	1	-
Kipoint SpA	-	1	0	-	1	2	0
Indabox	-	0	-	-	0	0	0
Associates							
Conio Inc.	-	-	-	-	-	-	-
Anima Holding Group	-	1	-	-	-	7	-
FSIA Srl	-	-	-	-	-	-	-
Italia Camp Srl	-	0	-	-	-	0	-
Telma-Sapienza Scarl	-	-	-	-	-	-	-
Other SDA Group associates	-	-	-	-	-	-	-
Financit SpA	-	5	-	-	-	16	-
Replica SIM SpA	-	-	-	-	-	-	-
Eurizon Capital Real Asset SGR	-	-	-	-	-	0	-
sennder Italia Srl	-	0	-	-	10	39	(0)
Related parties external to the Group							
MEF	9,786	420	20	849	4	3	2
Cassa Depositi e Prestiti Group	3,406	143	-	-	0	21	-
Enel Group	-	21	-	-	-	0	-
Eni Group	-	7	-	-	-	5	-
Equitalia Group	-	1	-	-	-	-	-
Sace Group	-	0	-	-	-	-	-
Leonardo Group	-	0	-	-	-	8	-
Montepaschi Group	247	3	-	0	376	(0)	-
Other related parties external to the Group	20	23	0	-	3	5	52
Provision for doubtful debts due from related parties external to the Group	(26)	(32)	(6)	(0)	-	-	-
Total	13,433	595	14	849	395	108	55

Impact of related party transactions on the financial position at 31 December 2022

Name	Balance at 31.12.2022						
	Financial assets	Trade receivables	Other assets Other receivables	Cash and cash equivalents	Financial liabilities	Trade payables	Other liabilities
Subsidiaries							
Address Software Srl	-	0	-	-	0	1	-
Kipoint SpA	-	1	0	-	1	2	0
Indabox	-	0	-	-	0	0	0
Associates							
Conio Inc.	-	-	-	-	-	-	-
Anima Holding Group	-	0	-	-	-	7	-
FSIA Srl	-	-	-	-	-	-	-
Italia Camp Srl	-	0	-	-	-	(0)	-
Telma-Sapienza Scarl	-	(0)	-	-	-	-	-
Other SDA Group associates	-	-	-	-	-	-	-
Financit SpA	-	3	-	-	-	16	-
Replica SIM SpA	-	-	-	-	-	-	-
Eurizon Capital Real Asset SGR	-	-	-	-	-	1	-
Related parties external to the Group							
MEF	11,907	384	17	1,991	4,176	4	1
Cassa Depositi e Prestiti Group	3,388	26	-	-	0	16	-
Enel Group	-	23	-	-	-	0	-
Eni Group	-	5	-	-	-	7	-
Equitalia Group	-	0	-	-	-	(0)	-
Sace Group	-	0	-	-	-	-	-
Leonardo Group	-	1	-	-	-	15	-
Montepaschi Group	276	1	-	0	397	(0)	-
Other related parties external to the Group	20	21	1	-	4	4	68
Provision for doubtful debts due from related parties external to the Group	(27)	(31)	(6)	(0)	-	-	-
Total	15,564	435	12	1,991	4,578	72	69

At 30 June 2023, total provisions for risks and charges made to cover probable liabilities arising from transactions with related parties external to the Group attributable to trading relations amounted to €67 million (€67 million at 31 December 2022).

Impact of related party transactions on profit or loss in 1H 2023

Description (€m)	Balance at 30.06.2023												
	Revenue					Investments			Costs				
	Revenue and income from Mail, Parcels and other	Revenue from Payments and Mobile	Revenue from Financial Services	Net revenue from insurance services	Finance income	Property, plant and equipment	Intangible assets	Cost of goods and services	Current expenditure				
									Personnel expenses	Other operating costs	Expenses from financial activities	Impairment losses/(reversals of impairment losses) on debt instruments, receivables and other assets	Finance costs
Subsidiaries													
Address Software Srl	0	-	-	-	-	-	0	(0)	-	-	-	-	-
Kipoint SpA	0	-	-	-	-	-	1	(0)	-	-	-	-	-
Rispamrio Holding SpA	-	-	-	-	-	-	-	-	-	-	-	-	-
Associates													
Anima Holding Group	1	-	-	-	-	-	4	-	-	-	-	-	-
FSIA Srl	-	-	-	-	-	-	-	-	-	-	-	-	-
Indabox	0	-	-	-	-	-	0	-	-	-	-	-	-
Italia Camp Srl	-	-	-	-	-	-	0	(0)	-	-	-	-	-
Other SDA Group associates	2	-	-	-	(0)	-	-	-	-	-	-	-	-
Financit SpA	14	-	-	-	-	-	-	(0)	-	-	-	-	-
Replica SIM SpA	-	-	-	-	-	-	-	-	-	-	-	-	-
Eurizon Capital Real Asset SGR	-	-	-	-	-	-	-	-	-	-	-	-	-
External related parties													
MEF	402	19	253	-	6	-	0	-	1	-	-	(1)	0
Cassa Depositi e Prestiti Group	9	1	863	8	-	-	0	21	0	0	-	(0)	1
Enel Group	17	-	0	0	-	-	-	0	-	-	-	(0)	-
Eni Group	14	-	0	-	-	-	-	27	-	-	-	-	-
Equitalia Group	1	-	-	-	-	-	-	-	-	-	-	-	-
SACE Group	0	-	-	-	-	-	-	-	-	-	-	-	-
Leonardo Group	0	-	-	-	-	-	1	12	-	-	-	-	0
Montepaschi Group	8	-	0	-	-	-	-	-	-	-	3	-	0
Other external related parties	23	2	0	-	-	-	-	7	37	1	-	0	0
Total	492	22	1,117	8	6	-	1	74	37	2	3	(1)	1

Impact of related party transactions on profit or loss in 1H 2022

Name	Balance at 30.06.2022												
	Revenue					Investments			Costs				
	Revenue and income from Mail, Parcels and other	Revenue from Payments and Mobile	Revenue from Financial Services	Net revenue from insurance services	Finance income	Property, plant and equipment	Intangible assets	Cost of goods and services	Current expenditure				
									Personnel expenses	Other operating costs	Expenses from financial activities	Impairment losses/(reversals of impairment losses) on debt instruments, receivables and other assets	Finance costs
Subsidiaries													
Address Software Srl	-	-	-	-	-	-	0	(0)	-	-	-	-	-
Kipoint SpA	-	-	-	-	-	-	1	(0)	-	-	-	-	-
Rispamrio Holding SpA	-	-	-	-	-	-	-	-	-	-	-	-	-
Associates													
Anima Holding Group	1	-	-	-	-	-	15	-	-	-	-	-	-
FSIA Srl	-	-	-	-	-	-	-	-	-	-	-	-	-
Indabox	-	-	-	-	-	-	0	-	-	-	-	-	-
Italia Camp Srl	-	-	-	-	-	-	-	-	-	-	-	-	-
Financit SpA	22	-	-	-	-	-	-	-	-	-	-	-	-
Replica SIM SpA	-	-	-	-	-	-	-	-	-	-	-	-	-
Eurizon Capital Real Asset SGR	-	-	-	-	-	-	1	-	-	-	-	-	-
External related parties													
MEF	286	19	127	-	-	0	0	-	0	0	-	-	2
Cassa Depositi e Prestiti Group	8	-	832	8	-	2	7	0	0	0	3	0	0
Enel Group	20	-	1	0	-	-	0	-	0	-	-	(0)	-
Eni Group	9	-	1	-	-	-	22	-	-	-	-	-	-
Equitalia Group	1	-	-	-	-	-	-	-	-	-	-	-	-
SACE Group	0	-	-	-	-	-	-	-	-	-	-	-	-
Leonardo Group	0	-	-	-	-	0	13	-	-	-	-	-	-
Montepaschi Group	8	-	0	-	-	-	-	-	0	-	-	-	-
Other external related parties	14	0	0	-	-	-	7	36	1	-	-	-	-
Total	369	19	961	8	0	2	1	68	35	1	3	2	1

The nature of the Parent Company's principal transactions with related parties external to the Group is summarised below:

- The fees recognised by the MEF mainly refer to the fee for the provision of the universal service (OSU), the fee for postal current account management services, the fee for delegated services, fees for the integrated notification service and for consignments without material postage.
- Amounts received from CDP SpA primarily relate to payment for the collection of postal savings deposits.
- Amounts received from the Enel Group primarily relate to payment for bulk mail shipments, unfranked mail, franking of mail on credit and postage paid mailing services.
- Amounts received from the ENI Group primarily regard payment for mail shipments. The costs incurred relate to the supply of gas and of fuel for motorcycles and vehicles.
- Purchases from the Leonardo Group primarily relate to the supply, by Leonardo SpA, of equipment, maintenance and technical assistance for mechanised mail sorting equipment, and systems and IT assistance regarding the creation of document storage facilities, the supply of software licences and of hardware and the associated maintenance and specialist consulting services.
- Amounts received from the Monte dei Paschi di Siena group primarily regard payment for mail shipments.

Related party transactions have been carried out on terms equivalent to those prevailing in arm's length transactions between independent parties.

Impact of related party transactions or positions

Impact of related party transactions

Description (€m)	Total in financial statements	Total related parties	Impact (%)	Total in financial statements	Total related parties	Impact (%)
	Balance at 30.06.2023			Balance at 31.12.2022		
Financial position						
Financial assets	232,154	13,433	5.8	226,141	15,564	6.9
Trade receivables	2,333	595	25.5	2,182	435	19.9
Other receivables and assets	4,987	14	0.3	5,105	12	0.2
Cash and cash equivalents	3,507	849	24.2	4,983	1,991	40.0
Provisions for risks and charges	1,436	67	4.7	1,355	67	5.0
Financial liabilities	97,098	395	0.4	103,644	4,578	4.4
Trade payables	1,919	108	5.6	2,234	72	3.2
Other liabilities	3,729	55	1.5	4,002	69	1.7
	Balance at 30.06.2023			Balance at 30.06.2022		
Profit or loss						
Revenue from Mail, Parcels & other	1,895	492	25.9	1,805	369	20.5
Net revenue from Financial Services	2,666	1,114	41.8	2,505	957	38.2
Net revenue from insurance services	772	8	1.0	796	8	1.0
Revenue from Payments and Mobile services	717	22	3.0	482	19	4.0
Cost of goods and services	1,517	74	4.9	1,312	68	5.2
Personnel expenses	2,432	37	1.5	2,386	35	1.5
Other operating costs	135	2	1.2	77	1	1.0
Finance costs	54	1	2.7	70	1	1.6
Finance income	86	6	7.2	87	0	0.3
Cash flows						
Net cash flow from /(for) operating activities	(357)	(2,068)	578	(2,371)	(6,150)	259.4
Net cash flow from /(for) investing activities	(342)	(16)	5	(448)	4	n.a.
Net cash flow from/(for) financing activities and shareholder transactions	(776)	(331)	43	(738)	(341)	n.a.

Key management personnel

Key management personnel consist of Directors, members of the Board of Statutory Auditors and the Supervisory Board, managers at the first organisational level of the Parent Company and Poste Italiane's manager responsible for financial reporting. The related remuneration, gross of expenses and social security contributions, of such key management personnel as defined above is as follows:

Remuneration of key management personnel

Description (€k)	1H 2023	1H 2022
Remuneration to be paid in short/medium term	7,074	7,735
Post-employment benefits	257	268
Other benefits to be paid in longer term	(1,213)	1,000
Termination benefits	-	-
Share-based payments	2,743	1,101
Total	8,861	10,104

Remuneration of Statutory Auditors

Description (€k)	1H 2023	1H 2022
Remuneration	795	631
Expenses	35	8
Total	830	639

The remuneration paid to members of the Parent Company's Supervisory Board amounts to approximately €48 thousand for the first half of 2023. In determining the remuneration, the amounts paid to managers of Poste Italiane who are members of the Supervisory Board is not taken into account, as this remuneration is passed on to the employer.

Transactions with personnel pensions funds

The Parent Company and the subsidiaries that apply the National Collective Labour Agreement are members of the Fondoposte Pension Fund, the national supplementary pension fund for Poste Italiane personnel, established on 31 July 2002 as a non-profit entity. The Fund's officers and boards are the General Meeting of delegates, the Board of Directors, the Chair and Deputy Chair of the Board of Directors and Board of Statutory Auditors. Representation of members on the above boards is shared equally between the companies and the workers that are members of the Fund. The participation of members in the running of the Fund is guaranteed by the fact that they directly elect the delegates to send to the General Meeting.

5. FAIR VALUE OF FINANCIAL INSTRUMENTS

5.1 Fair value measurement techniques

In accordance with **IFRS 13 - Fair value measurement**, the assets and liabilities recognised at fair value, as well as the assets and liabilities recognised at cost or amortised cost for which the fair value is provided in the notes to the financial statements, are classified on the basis of a hierarchical scale that reflects the relevance of the sources used in making the valuations. The hierarchy consists of the following 3 levels.

Level 1: this level is comprised of fair values determined with reference to unadjusted prices quoted in active markets for identical assets or liabilities to which the entity has access on the measurement date.

Level 2: this level is comprised of fair values based on inputs other than Level 1 quoted market prices that are either directly or indirectly observable for the asset or liability¹³¹.

Level 3: this category includes the fair value measurement of assets and liabilities using inputs which cannot be observed, in addition to Level 2 inputs.

The techniques adopted at 30 June 2023 for measuring the fair value of financial instruments did not change compared to 31 December 2022; therefore, please refer to the 2022 Annual Report for a complete discussion.

5.2 Fair value hierarchy

The following table shows an analysis of financial instruments measured at fair value at 30 June 2023, classified by level in the fair value hierarchy.

¹³¹ Given the nature of Poste Italiane Group's operations, the observable data used as input to determine the fair value of the various instruments include, for example, quoted prices provided by third parties (pricing or brokerage services), yield and inflation curves, exchange rates provided by the European Central Bank, ranges of rate volatility, inflation option premiums, interest rate swap spreads or credit default spreads which represent the creditworthiness of specific counterparties and any liquidity adjustments quoted by primary market counterparties.

Fair value hierarchy

Description (€m)	30.06.2023				31.12.2022			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial assets								
Financial assets at FVTOCI	132,366	4,300	240	136,906	122,170	7,913	152	130,235
Equity instruments	334	0	206	540	343	0	110	453
Fixed income securities	132,032	3,800	34	135,866	121,827	7,411	42	129,280
Other investments	-	500	-	500	-	502	-	502
Financial assets at FVTPL	4,210	33,792	7,725	45,727	4,996	30,335	8,170	43,501
Receivables	-	-	97	97	-	-	110	110
Equity instruments	378	9	26	413	258	26	20	304
Fixed income securities	2,227	90	-	2,318	2,139	146	-	2,285
Other investments	1,604	33,693	7,601	42,898	2,599	30,163	8,040	40,802
Derivative financial instruments	-	5,535	-	5,535	-	6,110	-	6,110
Total	136,576	43,627	7,965	188,168	127,166	44,358	8,323	179,846
Financial liabilities								
Financial liabilities at fair value	-	-	-	-	-	-	-	-
Derivative financial instruments	-	(1,036)	(1)	(1,037)	(0)	(971)	(4)	(975)
Total	-	(1,036)	(1)	(1,037)	(0)	(971)	(4)	(975)

Transfers between levels 1 and 2, relating entirely to the Poste Vita insurance group, are shown below:

Transfers from Level 1 to Level 2

Description (€m)	30.06.2023		31.12.2022	
	Level 1	Level 2	Level 1	Level 2
Transfers of financial assets	(1,971)	1,971	(1,270)	1,270
Financial assets at FVTOCI				
Equity instruments	-	-	-	-
Fixed income securities	(533)	533	(583)	583
Structured bonds	-	-	-	-
Other investments	-	-	-	-
Financial assets at FVTPL				
Receivables	-	-	-	-
Equity instruments	(2)	2	(6)	6
Fixed income securities	(13)	13	(66)	66
Structured bonds	-	-	-	-
Other investments	(1,423)	1,423	(613)	613
Transfers of financial liabilities	-	-	-	-
Financial liabilities at fair value	-	-	-	-
Derivative financial instruments	-	-	-	-
Net transfers from Level 1 to Level 2	(1,971)	1,971	(1,270)	1,270

Reclassifications from level 1 to level 2, totalling €1,971 million, regard financial instruments whose value, at 30 June 2023, is not observable in a liquid and active market, as defined in the Group's Fair Value Policy. Reclassifications from level 2 to level 1, totalling €4,696 million, on the other hand, regard financial instruments whose value, at 30 June 2023, is observable in a liquid and active market.

Movements in level 3 during the period are shown below:

Description (€m)	Financial assets			Total
	Financial assets at FVTOCI	Financial assets at FVTPL	Derivative financial instruments	
Balance at 1 January 2023	152	8,170	-	8,323
Purchases/Issues	0	353	-	353
Sales/Extinguishment of initial accruals	(26)	(260)	-	(286)
Redemptions	-	-	-	-
Changes in fair value through profit or loss	-	(74)	-	(74)
Changes in fair value through equity	1	-	-	1
Transfers to profit or loss	-	-	-	-
Gains/Losses in profit or loss due to sales	-	-	-	-
Transfers to level 3	26	-	-	26
Transfers to other levels	(16)	(487)	-	(503)
Changes in amortised cost	-	-	-	-
Write-off	-	-	-	-
Other changes (including accruals at end of period)	93	-	-	93
Change in scope	11	22	-	32
Balance at 30 June 2023	239	7,725	-	7,965

Financial instruments classified in level 3 are held primarily by Poste Vita SpA and, to a residual extent, by Poste Italiane SpA, Net Insurance, Net Insurance Life, and Postepay SpA.

In the case of the Group's insurance company, instruments in level 3 regard funds that invest primarily in unquoted instruments, whose fair value measurement is based on the latest available NAV (Net Asset Value) as announced by the fund manager. This NAV is adjusted according to the capital calls and reimbursements announced by the managers and occurring between the latest NAV date and the measurement date. These financial instruments primarily consist of investments in private equity funds and, to a lesser extent, real estate funds associated entirely with Class I products related to separately managed accounts. Movements during the period regard the purchase of new investments, redemptions of units of unquoted close-end funds and changes in fair value during the period.

At 30 June 2023, in compliance with both the aforementioned fair value guidelines of the Poste Italiane Group and additional requirements contained in the additional guidelines approved by the Poste Vita's Board of Directors on 15 December 2021, approximately €0.5 billion of financial instruments were reclassified from level

3 fair value to level 2 fair value, referring mainly to class III UCITS reclassified following the analyses carried out from a look through perspective.

6. PROCEEDINGS PENDING AND PRINCIPAL RELATIONS WITH THE AUTHORITIES

The following information, provided in accordance with accounting standard IAS 37 – Provisions, Contingent Liabilities and Contingent Assets, only covers ongoing proceedings where there have been significant developments during the first half of 2023. Please refer to the 2022 Annual Report for a complete analysis.

TAX DISPUTES

With reference to the verification carried out in 2018 by the Guardia di Finanza at the headquarters of the company **SDA Express Courier**, for the purposes of VAT, income taxes, IRAP and withholding taxes for the years 2014, 2015 and 2016 pursuant to and by effect of articles 52 and 63 of the Presidential Decree no. 633/72, art. 33 of Presidential Decree no. 600/73, art. 2 of Legislative Decree no. 68/2001, as well as Law no. 4/1929, during the first half of 2023, the facilitated conciliation procedure was formalised, which led to the extinction of the case for the 2014 tax year.

PRINCIPAL PROCEEDINGS PENDING AND RELATIONS WITH THE AUTHORITIES

Autorità Garante della Concorrenza e del Mercato (AGCM - the Italian Antitrust Authority)

On 3 October 2018, **Poste Italiane** proceeded to pay the fine of €23 million plus interest imposed by the Autorità Garante della Concorrenza e del Mercato (AGCM - the Antitrust Authority) following its ruling, in January 2018, that Poste Italiane had abused its dominant market position in the period from 2014 to 2017, as per art. 102 of the TFEU. This did not constitute acceptance or admission of liability in relation to the alleged misconduct and does not affect the Company's right to defend its position through the appropriate channels. Poste Italiane has challenged the above measure before the Lazio Regional Administrative Court (TAR). At the final hearing on the merits held on 5 July 2023, the judge retained the case for decision.

On 6 April 2020, pursuant to art. 9, paragraph 3-bis of Law 192/98 and art. 14 of Law 287/90, the AGCM initiated proceedings **A539** against **Poste Italiane**, following a complaint by a third-party supplier that Poste Italiane had presumably imposed unjustifiably burdensome contractual clauses. In particular, following the termination of contractual relations in mid-2017, the supplier was not, in fact, able to otherwise offer the services it was providing on the market because of the obligation to comply with rules and organisational parameters considered such as to make the company structure excessively rigid, making it unsuitable to operate with parties other than Poste Italiane. A hearing was held on 8 June 2020 at which Poste Italiane stated its position and, subsequently, the Authority requested the delivery of documentation. The final hearing was held on 3 May 2021, during which Poste Italiane set out its position and presented its defence. At the conclusion of the proceedings, by way of a measure notified on 6 August 2021, the Authority imposed an administrative fine of more than €11 million for abuse of economic dependence, payment of which was made on 6 September 2021. Poste Italiane appealed against the above-mentioned measure before the Regional Administrative Court of Lazio, which found that Poste Italiane's actions were lawful and annulled the sanction with ruling no. 10044/23 issued on 13 June 2023.

Bank of Italy

The Bank of Italy, from 14 March 2022 to 15 July 2022, conducted an inspection at Poste Italiane SpA - BancoPosta RFC, on profitability and the business model, governance and control systems, interest rate risk management methods including related internal modelling, new tax credit business and associated risks. On 30 November 2022, the report containing a number of findings and a "partially unfavourable" assessment was delivered to Poste Italiane. Poste Italiane, by the established deadline and after discussion at the Board of Directors' meeting of 25 January 2023, notified the Bank of Italy of its considerations and planned improvements; for the only finding in respect of which a sanctioning procedure was initiated, the Company sent counter-claims in support of the correctness of its actions. The improvement plan communicated to the Bank of Italy is currently being implemented and is monitored on a monthly basis by BancoPosta's control functions.

On 20 July 2022, the Authority sent a notice to Poste Italiane SpA - BancoPosta RFC and PostePay concerning the manner in which the funds received by PostePay in respect of the issuance of electronic money should be managed. It should be noted that the Supervisory Provisions for EMI provide that such funding may be deposited with a bank authorised to operate in Italy, invested in qualified debt securities or particular units of harmonised mutual funds. Since the creation of PostePay, these sums are deposited in a postal current account (protection account) and contribute to the funds from private customers of Bancoposta RFC, which are invested in euro area government bonds. In this regard, the Authority initiated discussions with BancoPosta and PostePay in 2021, in view of the fact that BancoPosta was not deemed to be an entity that could be assimilated to the concept of "credit institution" under the relevant European legislation. In the face of a proposed alternative approach, aimed at equating the deposit with BancoPosta of the sums collected by PostePay with a direct investment in qualified debt securities, in the aforementioned communication the Authority asked BancoPosta and PostePay for further observations, aimed at identifying an operational solution that would allow full alignment with the relevant regulatory provisions. Upon completion of the further investigations requested, a transitional solution was identified, also on the basis of the discussions with the Authority. This solution was represented to the Bank of Italy in a communication sent jointly by BancoPosta and PostePay on 29 March 2023.

During the last quarter of 2022, the Bank of Italy conducted two inspections of PostePay S.p.A. – EMI RFC, one "of a general nature" initiated in September and one concerning "unauthorised payment transactions, frauds and disallowances" initiated in November. Both inspections were completed in December.

On 27 March 2023, the Bank of Italy delivered the findings attributable to the first "general" audit with a "partially favourable" outcome, against which an action plan was defined and forwarded to the Authority in April 2023. In relation to the second "disallowance" inspection, on 14 July 2023, the Bank of Italy delivered its findings with evidence of some areas for improvement, against which a plan of action already initiated by the company has been defined and will be transmitted to the Authority.

Moreover, in February 2023, the Bank of Italy initiated a third inspection aimed at verifying the "open banking" procedures provided for in the PSD2 Directive to allow access to online payment accounts from third parties. The inspection ended in March 2023 and the inspection results are still pending.

IVASS - Istituto per la Vigilanza sulle Assicurazioni (the insurance regulator)

On 23 February 2023, IVASS served a notice of objection for the alleged breach of Article 183(1)(a) of the Private Insurance Code arising from the alleged tardiness of the settlement of insurance benefits beyond the

contractually agreed time limit. The Company filed its counter-arguments within the deadlines provided for by the sector regulations.

With regard to the IVASS inspection - concerning the governance, management and control profiles of investments and financial risks concluded on 7 May 2021, discussions are continuing with IVASS in view of the start of the "decisional phase", which must be completed by 26 July 2023 in accordance with the terms set forth in Article 28(4) of IVASS Regulation no. 39 of 2 August 2018.

Following the inspection initiated by IVASS on 7 March 2023 on Poste Vita and concerning the verification of the management process of so-called dormant policies, the Company prepared an action plan aimed at strengthening the monitoring of the management of dormant policies and increasing the effectiveness and efficiency of the settlement process of the aforementioned policies.

At the same time, the Company drew up a plan of checks both on the execution of the aforementioned plan and on certain operational areas adjacent/ancillary to the area of dormant policies (e.g. contractual conditions set out in the general conditions of insurance, communications to claimants).

Other proceedings

Federconsumatori, with a writ of summons dated 14 May 2021, initiated a class action against Poste Italiane pursuant to article 140-bis of the Consumer Code, before the Court of Rome. The value of the dispute to date is approximately €8.5 thousand.

By the summons in question, Federconsumatori contests that the capitalisation of interest on 30-year interest-bearing postal certificates (marked with the "Q" series, issued by Cassa Depositi e Prestiti from 1986 to 1995, pursuant to Ministerial Decree 13 June 1986 by the Minister of Treasury, which were subsequently transferred to the Ministry of Economy and Finance, pursuant to the MEF Decree of 5 December 2003) is carried out annually net of withholding tax (now substitute tax), rather than gross, with the effect of recognising to savers a lower return than that allegedly due.

On 27 July 2021, Poste Italiane appeared before the court, objecting, on a preliminary basis, to the inadmissibility of the class action, on a number of preliminary grounds, as well as to the fact that the plaintiffs' and potential members' claims were time-barred, and contested the merits of the proposed claim.

The Court of Rome, in an order dated 11 January 2022, held that the request submitted by Federconsumatori was manifestly unfounded, recognising, inter alia, the lack of passive legitimacy of Poste Italiane.

Federconsumatori appealed the order of the Court of Rome, and the Court of Appeal deferred the hearing for closing arguments to 22 May 2024.

As reported in Note A9 - *Other Receivables and Assets*, the Court of Cassation, in a ruling published on 5 July 2023, upheld the most significant grounds of an appeal by Poste Italiane concerning the accrual of interest on the IRES receivable arising from the failure to deduct personnel expenses for IRAP purposes. As a result of this ruling, the case will have to be resumed before the Tax Court of Second Instance to settle the amount of interest actually due to the Group.

7. MATERIAL NON-RECURRING EVENTS AND/OR TRANSACTIONS

Under the definition provided by CONSOB ruling DEM/6064293 of 28 July 2006, the Poste Italiane Group has not been a party to material non-recurring events and transactions¹³² in the first half of 2023.

8. EXCEPTIONAL AND/OR UNUSUAL TRANSACTIONS

Under the definition provided by the CONSOB ruling of 28 July 2006, the Poste Italiane Group did not conclude any exceptional and/or unusual transactions¹³³ in the first half of 2023.

9. MATERIAL EVENTS AFTER THE END OF THE REPORTING PERIOD

The events that occurred after the reporting date are described below. For a complete description of these events, please refer to paragraph 3.1 - Principal corporate actions:

- MLK

In July 2023, Poste exercised its purchase option vis-à-vis the minority shareholder Milkman for the remaining 30% of MLK under the contractual agreements entered into at the time of the acquisition of the investment. The price paid was approximately €19.6 million, to which was added an additional €0.25 million for the purchase of the shares of employees who will convert the stock options granted under the ESOP 2020 Plan.

As a result of the transaction, Poste holds 100% of MLK capital.

¹³² Events and transactions are defined as such when their occurrence is non-recurring, being transactions or events that do not recur frequently in the ordinary course of business.

¹³³ Such transactions are defined as transactions that due to their significance/materiality, the nature of the counterparties, the purpose of the transaction, the manner of determining the transfer price and timing of the transaction may give rise to doubts over the correctness and/or completeness of the disclosures in the financial statements, over a conflict of interest, safeguards for the Company's financial position and protections for non-controlling shareholders.

10. ADDITIONAL INFORMATION

EXPOSURE TO SOVEREIGN DEBT

With regard to financial assets, as required by Communication DEM/11070007 of 28 July 2011, implementing Document 2011/266 published by the European Securities and Markets Authority (ESMA) and later amendments, the Group's exposure to sovereign debt at 30 June 2023 is shown in the table below.

Poste Italiane Group - Exposure to sovereign debt

Description (€m)	30.06.2023			31.12.2022		
	Nominal value	Carrying amount	Market Value	Nominal value	Carrying amount	Market Value
Italy	137,516	129,677	127,036	138,017	126,397	122,321
Financial assets at amortised cost	29,458	28,904	26,263	27,306	26,921	22,845
Financial assets at FVTOCI	108,045	100,759	100,759	110,698	99,463	99,463
Financial assets at FVTPL	13	14	14	13	14	14
Austria	855	799	799	215	170	170
Financial assets at amortised cost	-	-	-	-	-	-
Financial assets at FVTOCI	855	799	799	215	170	170
Financial assets at FVTPL	-	-	-	-	-	-
Belgium	3,536	2,751	2,751	2,876	2,123	2,123
Financial assets at amortised cost	13	12	12	-	-	-
Financial assets at FVTOCI	3,523	2,740	2,740	2,876	2,123	2,123
Financial assets at FVTPL	-	-	-	-	-	-
Finland	632	594	594	138	122	122
Financial assets at amortised cost	-	-	-	-	-	-
Financial assets at FVTOCI	632	594	594	138	122	122
Financial assets at FVTPL	-	-	-	-	-	-
France	6,078	4,384	4,384	5,050	3,411	3,411
Financial assets at amortised cost	-	-	-	-	-	-
Financial assets at FVTOCI	6,078	4,384	4,384	5,050	3,411	3,411
Financial assets at FVTPL	-	-	-	-	-	-
Germany	858	795	795	851	792	792
Financial assets at amortised cost	-	-	-	-	-	-
Financial assets at FVTOCI	858	795	795	851	792	792
Financial assets at FVTPL	-	-	-	-	-	-
Ireland	761	652	652	455	372	372
Financial assets at amortised cost	-	-	-	-	-	-
Financial assets at FVTOCI	761	652	652	455	372	372
Financial assets at FVTPL	-	-	-	-	-	-
Holland	487	481	481	295	293	293
Financial assets at amortised cost	-	-	-	-	-	-
Financial assets at FVTOCI	487	481	481	295	293	293
Financial assets at FVTPL	-	-	-	-	-	-
Portugal	478	371	371	416	295	295
Financial assets at amortised cost	-	-	-	-	-	-
Financial assets at FVTOCI	478	371	371	416	295	295
Financial assets at FVTPL	-	-	-	-	-	-
Spain	4,113	2,605	2,604	3,860	2,261	2,261
Financial assets at amortised cost	3	3	3	3	3	3
Financial assets at FVTOCI	4,110	2,602	2,601	3,857	2,258	2,258
Financial assets at FVTPL	-	-	-	-	-	-
USA	97	86	86	50	38	38
Financial assets at amortised cost	-	-	-	-	-	-
Financial assets at FVTOCI	97	86	86	50	38	38
Financial assets at FVTPL	-	-	-	-	-	-
Other countries	210	180	180	203	169	169
Financial assets at amortised cost	-	-	-	-	-	-
Financial assets at FVTOCI	210	180	180	203	169	169
Financial assets at FVTPL	0	0	0	-	-	-
Total	155,621	143,376	140,734	152,426	136,444	132,367

UNCONSOLIDATED STRUCTURED ENTITIES

Below is detailed information on the investment fund units purchased by Poste Vita SpA in order to have forms of investment as consistent as possible with the risk and return profiles of the policies issued. These funds, which fall under the definition of unconsolidated structured entities, recorded a positive fair value change of €608 million in the period under review.

Nature of the involvement in the unconsolidated structured entity						(€m)
ISIN - Name	Nature of entity	Activity of the Fund	% investment	NAV		
				Ref. date	Amount	
LU1379774190 - MULTIFLEX-DIVERSIFIED DIS-CM	Open-end harmonised UCITS	Investment in a mix of asset classes (corporate bonds, government bonds and equities)	100	30/06/2023	5,392	
LU1407712014 - MULTIFLEX - Global Optimal Multi Asset Fund	Open-end harmonised UCITS	Investment in a mix of asset classes (corporate bonds, government bonds and equities).	100	30/06/2023	4,486	
LU1407712287 - MULTIFLEX - Strategic Insurance Distribution	Open-end harmonised UCITS	Investment in a mix of asset classes (corporate bonds, government bonds and equities).	100	30/06/2023	4,330	
LU1407711800 - MULTIFLEX - Dynamic Multi Asset Fund	Open-end harmonised UCITS	Investment in a mix of asset classes (corporate bonds, government bonds and equities).	100	30/06/2023	3,881	
LU1193254122 - MFX - GLOBAL FUND - ASSET GLOBAL FUND (PIMCO MULTI ASSET)	Open-end harmonised UCITS	Investment in a mix of asset classes (corporate bonds, government bonds and equities).	100	30/06/2023	3,700	
LU1808839242 - MULTIFLEX-OLYMP INSURN MA-CM	Open-end harmonised UCITS	Investment in a mix of asset classes (corporate bonds, government bonds and equities).	100	30/06/2023	809	
LU1500341240 - MULTIFLEX-LT OPTIMAL MA-CM	Open-end harmonised UCITS	Investment in a mix of asset classes (corporate bonds, government bonds and equities).	100	30/06/2023	792	
LU1808838863 - MULTIFLEX-OLYMPIUM OPT MA-CM	Open-end harmonised UCITS	Investment in a mix of asset classes (corporate bonds, government bonds and equities).	100	30/06/2023	543	
LU1500341752 - MULTIFLEX-DYNAMIC LT MA-CM	Open-end harmonised UCITS	Investment in a mix of asset classes (corporate bonds, government bonds and equities).	100	30/06/2023	518	
QU0006738052 - Prima EU Private Debt Opportunity Fund	Open-ended fund falling within the scope	Investment in a mix of asset classes (corporate bonds, government bonds and equities).	100	31/03/2023	496	
IT0004937691 - PRIMA HEDGE PLATINUM GROWTH ISIN IE00BK1KDS71	Fund of Hedge Funds falling within the scope	Pursuit of absolute returns, with low long-term volatility and correlation with the main financial markets	100	31/05/2023	423	
QU0006744795 - Prima European Direct Lending 1 Fund	Open-ended fund falling within the scope	Investment in a mix of asset classes (corporate bonds, government bonds and equities).	100	31/03/2023	450	
IT0005174450 - DIAMOND EUROZONE FUND OFFICE UBS	Closed-end real estate alternative invest	Investment in "core" and "core plus" real estate assets for retail use, located in the Eurozone and euro-denominated	100	31/03/2023	401	
LU2051218035 - OLYMPIUM SEVERUM FUND	Open-end harmonised UCITS	Investment in a mix of asset classes (corporate bonds, government bonds and equities).	100	30/06/2023	421	
IT0005247819 - Diamond Core	Closed-end real estate alternative invest	Investment in real estate assets, real property rights, including those resulting from property lease-translational arrangements, concessions and other similar rights in accordance with the legislation from time to time in effect.	100	31/12/2022	282	
LU1500341166 - MULTIFLEX-OLYMPIUM DYNAMIC-MULTIASSET FUND	Open-end harmonised UCITS	Investment in a mix of asset classes (corporate bonds, government bonds and equities).	100	30/06/2023	281	
IT0005386666 - i3-Dante Fund Convivio sub-fund	Italian-registered, closed-end multi-seg	Investment in "core" and "core plus" income real estate located in the central areas of the main Italian cities, starting with Rome and Milan.	100	31/03/2023	265	
QU0006746865 - ALC Prima European Private Credit Feeder Fund	Open-ended fund falling within the scope	Investment in a mix of asset classes (corporate bonds, government bonds and equities).	100	31/03/2023	264	
IT0005215113 - CBRE DIAMOND FUND	Closed-end real estate alternative invest	"Investment in real estate assets, real estate rights, including those deriving from real estate lease contracts, in any case carried out without particular geographical location constraints but in any case in Italy, may be used for the following purposes: logistics, retirement homes, residential, hotel, mixed-use and office or commercial use."	100	31/03/2023	177	
QU0006745081 - Prima Real Estate Europe Fund I	Open-ended fund falling within the scope	Investment in a mix of asset classes (corporate bonds, government bonds and equities).	100	31/03/2023	359	
IT0005212193 - DIAMOND ITALIAN PROPERTIES	Closed-end real estate alternative invest	Investment in real estate assets, real property rights, including those resulting from property lease-translational arrangements, concessions and other similar rights in accordance with the legislation from time to time in effect.	100	31/12/2022	168	
QU0006742476 - PRIMA GLOBAL EQUITY PARTNERS FUND	Open-ended fund falling within the scope	Investment in a mix of asset classes (corporate bonds, government bonds and equities).	100	31/03/2023	191	
QU0006738854 - Prima Credit Opportunity Fund	Open-ended fund falling within the scope	Investment in a mix of asset classes (corporate bonds, government bonds and equities).	100	31/05/2023	138	
IT0005210593 - DIAMOND OTHER SECTOR ITALY	Closed-end real estate alternative invest	Investment in real estate assets, real property rights, including those resulting from property lease arrangements, participating interests in property companies and the professional management and development of the fund's assets.	100	31/12/2022	111	
IT0005210387 - DIAMOND EUROZONE RETAIL PROPERTY FUND	Closed-end real estate alternative invest	Investment in "core" and "core plus" real estate assets for retail use, located in the Eurozone and euro-denominated.	100	31/03/2023	95	
LU1581282842 - Indaco SICAV SIF - Indaco CIFC US Loan	Open-ended fund falling within the scope	Investment in a mix of asset classes (corporate bonds, government bonds, loans and equities).	100	31/05/2023	82	
LU1081427665 - SHOPPING PROPERTY FUND 2	Closed-end fund within the scope of Dir	Invests in the Shopping Property Fund 2: master fund which invests primarily in commercial properties and, marginally, in office buildings and alternative sectors. It does not invest in property debt	65	31/03/2023	59	
IT0004597396 - ADVANCE CAPITAL ENERGY FUND	Closed-end Fund of Funds within the scope	Investments in energy companies to achieve capital appreciation and realise relevant gains, after exit	86	31/03/2023	2	

NATURE OF THE INVOLVEMENT IN THE UNCONSOLIDATED STRUCTURED ENTITY

The entities primarily regard open-end harmonised funds that invest in a mix of assets, such as corporate bonds, government bonds and equities, and closed-end real estate funds that invest in property and property rights. Certain details are provided below.

Risk nature

ISIN - Name	Classification	Carrying amount	Maximum loss exposure	Difference between carrying amount and maximum exposure	Method to determine maximum loss exposure
LU1379774190 - MULTIFLEX-DIVERSIFIED DIS-CM	FVTPL	5,392	574	4,818	Annual VaR at 99.5% over 5 years and a half-life of 1 year
LU1407712014 - MULTIFLEX - Global Optimal Multi Asset Fund	FVTPL	4,486	433	4,053	Annual VaR at 99.5% over 5 years and a half-life of 1 year
LU1407712287 - MULTIFLEX - Strategic Insurance Distribution	FVTPL	4,330	341	3,988	Annual VaR at 99.5% over 5 years and a half-life of 1 year
LU1407711800 - MULTIFLEX - Dynamic Multi Asset Fund	FVTPL	3,881	419	3,461	Annual VaR at 99.5% over 5 years and a half-life of 1 year
LU1193254122 - MFX - GLOBAL FUND - ASSET GLOBAL FUND (PIMCO MULTI ASSET)	FVTPL	3,700	172	3,528	Annual VaR at 99.5% over 5 years and a half-life of 1 year
LU1808839242 - MULTIFLEX-OLYMP INSURN MA-CM	FVTPL	809	66	743	Annual VaR at 99.5% over 5 years and a half-life of 1 year
LU1500341240 - MULTIFLEX-LT OPTIMAL MA-CM	FVTPL	792	84	708	Annual VaR at 99.5% over 5 years and a half-life of 1 year
LU1808838863 - MULTIFLEX-OLYMPIUM OPT MA-CM	FVTPL	543	54	489	Annual VaR at 99.5% over 5 years and a half-life of 1 year
LU1500341752 - MULTIFLEX-DYNAMIC LT MA-CM	FVTPL	518	54	465	Annual VaR at 99.5% over 5 years and a half-life of 1 year
LU2051218035 - OLYMPIUM SEVERUM FUND	FVTPL	421	71	351	Annual VaR at 99.5% over 5 years and a half-life of 1 year
IT0004937691 - PRIMA HEDGE PLATINUM GROWTH ISIN IE00BK1KDS71	FVTPL	423	48	375	Annual VaR at 99.5% over 5 years and a half-life of 1 year
IT0005174450 - DIAMOND EUROZONE FUND OFFICE UBS	FVTPL	401	160	241	VaR at 99.5% over a time horizon of 1 year calculated from SII sensitivity markets
QU0006744795 - Prima European Direct Lending 1 Fund	FVTPL	450	53	397	VaR at 99.5% over a time horizon of 1 year calculated from SII sensitivity markets
QU0006738052 - Prima EU Private Debt Opportunity Fund	FVTPL	496	56	439	VaR at 99.5% over a time horizon of 1 year calculated from SII sensitivity markets
LU1500341166 - MULTIFLEX-OLYMPIUM DYNAMIC-MULTIASSET FUND	FVTPL	281	31	251	Annual VaR at 99.5% over 5 years and a half-life of 1 year
IT0005247819 - Diamond Core	FVTPL	282	94	189	VaR at 99.5% over a time horizon of 1 year calculated from SII sensitivity markets
IT0005386666 - i3-Dante Fund Convivio sub-fund	FVTPL	265	66	199	VaR at 99.5% over a time horizon of 1 year calculated from SII sensitivity markets
QU0006746865 - ALC Prima European Private Credit Feeder Fund	FVTPL	264	30	234	VaR at 99.5% over a time horizon of 1 year calculated from SII sensitivity markets
QU0006745081 - Prima Real Estate Europe Fund I	FVTPL	359	90	269	VaR at 99.5% over a time horizon of 1 year calculated from SII sensitivity markets
IT0005212193 - DIAMOND ITALIAN PROPERTIES	FVTPL	168	50	118	VaR at 99.5% over a time horizon of 1 year calculated from SII sensitivity markets
IT0005215113 - CBRE DIAMOND FUND	FVTPL	177	56	121	VaR at 99.5% over a time horizon of 1 year calculated from SII sensitivity markets
QU0006738854 - Prima Credit Opportunity Fund	FVTPL	138	13	125	VaR at 99.5% over a time horizon of 1 year calculated from SII sensitivity markets
QU0006742476 - PRIMA GLOBAL EQUITY PARTNERS FUND	FVTPL	191	104	86	VaR at 99.5% over a time horizon of 1 year calculated from SII sensitivity markets
IT0005210593 - DIAMOND OTHER SECTOR ITALY	FVTPL	111	40	71	VaR at 99.5% over a time horizon of 1 year calculated from SII sensitivity markets
IT0005210387 - DIAMOND EUROZONE RETAIL PROPERTY FUND	FVTPL	95	35	59	VaR at 99.5% over a time horizon of 1 year calculated from SII sensitivity markets
LU1581282842 - Indaco SICAV SIF - Indaco CIFC US Loan	FVTPL	82	18	64	VaR at 99.5% over a time horizon of 1 year calculated from SII sensitivity markets
LU1081427665 - SHOPPING PROPERTY FUND 2	FVTPL	38	18	20	VaR at 99.5% over a time horizon of 1 year calculated from SII sensitivity markets
IT0004597396 - ADVANCE CAPITAL ENERGY FUND	FVTPL	2	0	2	VaR at 99.5% over a time horizon of 1 year calculated from SII sensitivity markets

Risk nature

The company's investments in the funds in question are reported at fair value through profit or loss (mainly level 2 of the fair value hierarchy), on the basis of the NAV reported from time to time by the fund manager. These investments were made in connection with Class I policies and, as such, any changes in fair value are passed on to the policyholder under the mirroring envisaged by IFRS 17.

Asset class and reference markets relative to NAVs

	(€m)
Asset class	Fair Value
Financial instruments	
Corporate bonds	14,083
Government bonds	9,081
Other investments net of liabilities	1,977
Equity instruments	1,664
Cash	2,148
Derivative financial instruments	
Swaps	(1)
Futures	(24)
Forwards	167
Total	29,095

	(€m)
Market traded on and UCITS	Fair Value
Germany (Frankfurt, Berlin, Munich)	4,563
Dublin	1
New York	2,005
Trace	3,562
London	2,382
Paris	322
Euronext	3,801
Tokyo	782
Singapore	842
Euromtf	527
Luxembourg	112
Eurotlx	272
Hong Kong	274
Other	8,889
Funds	761
Total	29,095

SHARE-BASED PAYMENT ARRANGEMENTS

In addition to the share-based payment arrangements disclosed in the 2022 Annual Report, it should be noted that the Shareholders' Meeting of Poste Italiane SpA held on 8 May 2023 approved the document, prepared pursuant to Article 84-bis of the Issuers' Regulation, on "*Share-based incentive plans - 2023-2025 Performance Share LTIP*". At the same Shareholders' Meeting, the purchase of treasury shares was authorised, for the purpose of fulfilling the obligations deriving from the variable remuneration to be paid in Poste Italiane shares destined for directors and employees of the Poste Italiane group, for a maximum of 3.5 million ordinary shares of the Company, representing about 0.27% of the share capital, and a total disbursement of up to €52.5 million.

The total number of Rights to receive Shares assigned concerns 214 Beneficiaries and was 1,584,139 units, whose unit fair value at the grant date (8 May 2023 for the General Manager, BP Beneficiaries and Other Beneficiaries) was respectively €4.84 for the first two categories and €6.18 for the last one. The cost recognised in the first half of 2023 referring exclusively to the new Plan was approximately €1.6 million, equivalent to the specifically created equity reserve.

For the 2019 -2021 First Cycle Performance Share LTIP, 2020 - 2022 Second Cycle LTIP and the 2019, 2020 and 2021 MBO Plans, previously purchased treasury shares were delivered during the first half of the year, resulting in a reduction of the Equity Reserve by a total of approximately €2.6 million.

SCOPE OF CONSOLIDATION AND HIGHLIGHTS OF INVESTMENTS

Scope of consolidation

(€k)

Name	Registered office	Currency	Share capital	Parent Company	% ownership	Total % Group
PARENT COMPANY:						
Poste Italiane SpA	Rome (Italy)	Euro	1,306,110			
SUBSIDIARIES CONSOLIDATED ON A LINE-BY-LINE BASIS:						
Agile Power Srl (*)	Milan (Italy)	Euro	65	Poste Italiane SpA	70.00%	70.00%
Agile LAB Srl (*)	Milan (Italy)	Euro	54	Agile Power Srl	100.00%	70.00%
Agile Skill Srl (*)	Catania (Italy)	Euro	10	Agile LAB Srl	100.00%	70.00%
Agile Next Srl (*)	Bari (Italy)	Euro	10	Agile LAB Srl	100.00%	70.00%
AIM2 Srl (*)	Milan (Italy)	Euro	10	Agile Power Srl	100.00%	70.00%
BancoPosta Fondi SpA SGR	Rome (Italy)	Euro	12,000	Poste Italiane SpA	100.00%	100.00%
Bridge Technologies Srl (*)	Milan (Italy)	Euro	20	Plurima	100.00%	70.00%
Consorzio Logistica Pacchi ScpA	Rome (Italy)	Euro	516	Poste Italiane SpA SDA Express Courier SpA Poste Air Cargo Srl Postel SpA Poste Assicura SpA Nexive Network Srl	51.00% 19.00% 5.00% 15.00% 5.00% 5.00%	100.00%
ConsorzioServizi ScpA	Rome (Italy)	Euro	120	Poste Italiane SpA PostePay SpA	51.00% 49.00%	100.00%
Consorzio PosteMotori	Rome (Italy)	Euro	120	Poste Italiane SpA Postel SpA	58.12% 22.63%	80.75%

Eco-Mind Ingegneria Informatica Srl	Legnano (Italy)	Euro	140	Sourcesense SpA	100.00%	70.00%
Europa Gestioni Immobiliari SpA	Rome (Italy)	Euro	103,200	Poste Italiane SpA Poste Vita SpA	55.00% 45.00%	100.00%
HeadApp Srl	Turin (Italy)	Euro	93	Eco-Mind Ingegneria Informatica Srl	100.00%	70.00%
LIS Holding SpA	Milan (Italy)	Euro	2,582	PostePay SpA	100.00%	100.00%
LIS Pay SpA	Milan (Italy)	Euro	56,600	LIS Holding SpA	100.00%	100.00%
Logos Srl (*)	Milan (Italy)	Euro	10	Plurima	100.00%	70.00%
MLK Deliveries SpA	Rome (Italy)	Euro	333	Poste Italiane SpA	70.00%	70.00%
Net Holding SpA (*)	Rome (Italy)	Euro	100	Poste Vita SpA	60.00%	60.00%
Net Insurance SpA (*)	Rome (Italy)	Euro	17,619	Net Holding SpA	97.81%	58.70%
Net Insurance Life SpA (*)	Rome (Italy)	Euro	15,000	Net Insurance SpA	100.00%	58.70%
Nexive Network Srl	Milan (Italy)	Euro	50	Poste Italiane SpA	100.00%	100.00%
Nexive Scarl	Milan (Italy)	Euro	28	Poste Italiane SpA	82.14%	82.14%
PatentiViaPoste ScpA	Rome (Italy)	Euro	120	Poste Italiane SpA Postel SpA	69.65% 17.21%	86.86%
Poste Air Cargo Srl	Rome (Italy)	Euro	1,000	Poste Italiane SpA	100.00%	100.00%
Plurima SpA (*)	Milan (Italy)	Euro	8,544	Poste Welfare Servizi Srl	70.00%	70.00%
Poste Assicura SpA (*)	Rome (Italy)	Euro	25,000	Poste Vita SpA	100.00%	100.00%
Poste Insurance Broker Srl	Rome (Italy)	Euro	600	Poste Assicura SpA	100.00%	100.00%
PostePay SpA	Rome (Italy)	Euro	7,561	Poste Italiane SpA	100.00%	100.00%
Poste Vita SpA (*)	Rome (Italy)	Euro	1,216,608	Poste Italiane SpA	100.00%	100.00%
Poste Welfare Servizi Srl	Rome (Italy)	Euro	16	Poste Italiane SpA	100.00%	100.00%
Postel SpA	Rome (Italy)	Euro	20,400	Poste Italiane SpA	100.00%	100.00%
SDA Express Courier SpA	Rome (Italy)	Euro	5,000	Poste Italiane SpA	100.00%	100.00%
Sengi Express Limited (**)	Hong Kong (China)	Euro	541	Poste Italiane SpA	40.00% (***)	40.00% (***)
Sengi Express Guangzhou Limited (**)	Guangzhou (China)	CNY	5,000	Sengi Express Limited	100.00%	40.00%
Sourcesense SpA (*)	Rome (Italy)	Euro	880	Poste Italiane SpA	70.00%	70.00%
Sourcesense Digital Srl (*)	Rome (Italy)	Euro	32	Sourcesense SpA	100.00%	70.00%
Sourcesense Technology Srl (*)	Rome (Italy)	Euro	40	Sourcesense SpA	100.00%	70.00%
Sourcesense Limited (**)	London (UK)	GBP	-	Sourcesense SpA	100.00%	70.00%
COMPANIES ACCOUNTED FOR USING THE EQUITY METHOD:						
Subsidiaries:						
Address Software Srl	Rome (Italy)	Euro	10	Postel SpA	51.00%	51.00%
Indabox Srl	Rome (Italy)	Euro	50	MLK Deliveries SpA	100.00%	70.00%

Kipoint SpA	Rome (Italy)	Euro	500	SDA Express Courier SpA	100.00%	100.00%
Associates:						
Anima Holding SpA	Milan (Italy)	Euro	7,292	Poste Italiane SpA	11.02%	11.02%
Conio Inc.	San Francisco (USA)	USD	13,356	Poste Italiane SpA	16.29%	16.29%
Conio Srl	Milan (Italy)	Euro	15	Conio Inc.	100.00%	16.29%
Eurizon Capital Real Asset SGR S.p.A.	Milan (Italy)	Euro	4,167	Poste Vita SpA BancoPosta Fondi SpA SGR	20.00% 20.00%	40% (****)
Financit SpA	Rome (Italy)	Euro	14,950	Poste Italiane SpA	40.00%	40.00%
ItaliaCamp Srl	Rome (Italy)	Euro	155	Poste Italiane SpA	19.40%	19.40%
Replica SIM SpA	Milan (Italy)	Euro	10,500	Poste Italiane SpA	45.00%	45.00%
sennder Italia Srl	Milan (Italy)	Euro	50	Poste Italiane SpA	25.00%	25.00%

List of investments accounted for using the equity method and statement of financial position and profit or loss data

(€k)

Name (Registered office)	Nature of investment	Carrying amount	% share	Assets	Liabilities	Equity	Revenue from sales and services	Result for the period
Address Software Srl (Rome)	Subsidiary	486	51.00%	1,495	542	953	356	51
Anima Holding SpA (Milan) (a)	Associate	212,381	11.02%	2,384,015	1,045,715	1,338,300	240,654 ^(*)	30,213
Conio Inc. (San Francisco) (b)	Associate	591	16.29%	14,095	3,568	10,527	-	(752)
Eurizon Capital Real Asset SGR S.p.A. (a)	Associate	4,132	40.00%	11,638	4,254	7,384	1,861 ^(*)	349
Financit SpA (Rome)	Associate	32,530	40.00%	1,729,817	1,669,227	60,590	32,187 ^(*)	7,824
Indabox Srl (Rome) (a)	Subsidiary	436	70.00%	539	186	353	163	17
ItaliaCamp Srl (Roma) (c)	Associate	562	19.40%	6,538	3,645	2,893	3,891	173
Kipoint SpA (Rome)	Subsidiary	2,285	100.00%	7,714	5,429	2,285	3,624	279
Replica SIM SpA (Milan)	Associate	9,243	45.00%	21,641	12,414	9,227	3,156 ^(*)	(427)
sennder Italia Srl (Milan) (d)	Associate	20,675	25.00%	62,173	55,156	7,017	113,138	2,078
Other SDA Express Courier associate	Associates	4						

- Data derived from the latest consolidated interim accounts approved by the company's board of directors at 31.03.2023
- The statement of financial position value also include the valuation of the company Conio Srl wholly owned by Conio Inc. Figures taken from the company's latest financial statements approved by the Board at 31.12.2022
- Figures taken from the company's latest financial statements approved by the Board at 31.12.2022
- The company was classified as an investment in associate following the completion of the transaction in June 2023, For further details on the transaction, see section 2.6. Main changes to the scope of consolidation.

* The amount includes fee and commission income and interest and similar income

POSTAL SAVINGS

The following table provides a breakdown of postal savings deposits collected by the Parent Company in the name of and on behalf of Cassa Depositi e Prestiti, by category. The amounts are inclusive of accrued, unpaid interest.

Postal Savings

Description (€m)	30.06.2023	31.12.2022
Post office savings books	90,844	90,850
Interest-bearing Postal Certificates	236,732	237,888
Cassa Depositi e Prestiti	194,321	192,644
Ministry of the Economy and Finance - MEF	42,411	45,244
Total	327,576	328,738

ASSETS UNDER MANAGEMENT

Assets under management by BancoPosta Fondi SpA SGR, measured at fair value using information available on the last working day of the period, amounted to €13,449 million at 30 June 2023.

COMMITMENTS

The Group's purchase commitments break down as follows.

Commitments

Description (€m)	30.06.2023	31.12.2022
Lease arrangements	35	26
Contracts to purchase property, plant and equipment	141	89
Contracts to purchase intangible assets	57	12
Total	233	127

At 30 June 2023, the item Lease arrangements includes commitments that do not fall under IFRS 16 - Leases.

In addition, at 30 June 2023, PostePay takes over:

- purchases of electricity on forward markets for €138 million;
- purchases of natural gas on the futures markets for €151 million;
- purchases of guarantees of origin for €4 million.

GUARANTEES

Unsecured guarantees issued by the Group are as follows:

Guarantees

Description (€m)	30.06.2023	31.12.2022
Sureties and other guarantees issued:		
by banks/insurance companies in the interests of Group companies in favour of third parties	672	698
by the Group in its own interests in favour of third parties	55	55
Total	727	753

THIRD-PARTY ASSETS

Third-party assets held by Group companies are shown below.

Third-party assets

Description (€m)	30.06.2023	31.12.2022
Bonds subscribed by customers held at third-party banks	5,126	3,431
Other assets	301	344
Total	5,427	3,775

The item **bonds subscribed by customers held at third-party banks** refers entirely to the Parent Company, which, at 30 June 2023, held a further €2 million of Group Company Assets.

The item **Other Assets** refers to the value of drugs held in the warehouses of Plurima SpA and Logos Srl and forming part of the logistics activities for customer hospitals.

ASSETS IN THE PROCESS OF ALLOCATION

At 30 June 2023, the Parent Company has paid a total of €97 million in claims on behalf of the Ministry of Justice, for which, under the agreement between Poste Italiane SpA and the MEF, it has already been reimbursed by

11. ATTESTATION OF THE MANAGER RESPONSIBLE FOR FINANCIAL REPORTING AND INDEPENDENT AUDITORS' REPORT

Attestation of the Condensed Half-year Consolidated Financial Statements at 30 June 2023 pursuant to art. 154-bis, paragraph 5, of Legislative Decree no. 58/1998 and art. 81-ter of Consob Regulation no. 11971 of 14 May 1999

1. The undersigned Matteo Del Fante, as Chief Executive Officer, and Alessandro Del Gobbo, as Manager Responsible for Financial Reporting of Poste Italiane S.p.A., also taking into account the provisions of art. 154-bis, paragraphs 3 and 4, of Legislative Decree no. 58 of 24 February 1998, attest to:

- the adequacy, in relation to the characteristics of the Poste Italiane Group, and
- the effective application of the administrative and accounting procedures for the formation of the Condensed Half-year Consolidated Financial Statements of the Poste Italiane Group in the period between 1 January 2023 and 30 June 2023.

2. In this regard, please note that:

- the adequacy of the administrative and accounting procedures for the formation of the Condensed Half-year Consolidated Financial Statements of the Poste Italiane Group was verified by evaluating the internal control system on financial disclosure. This evaluation was performed by taking as a reference the criteria laid out in the Internal Control – Integrated Framework model issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO);
- no significant aspects emerged from the evaluation of the internal control system on financial disclosure.

3. It is also attested that:

3.1 The Condensed Half-year Consolidated Financial Statements of the Poste Italiane Group for the year ended 30 June 2023:

- a) have been prepared in accordance with International Financial Reporting Standards as endorsed by the European Community pursuant to Regulation (EC) no. 1606/2002 of the European Parliament and of the Council of 19 July 2002;
- b) correspond to the information contained in the accounting ledgers and records;
- c) provide a true and fair representation of the equity, economic and financial situation of the Issuer and the whole of the companies included in the scope of consolidation.

3.2 The interim report on operations contains a reliable analysis of the key events that took place during the first six months of the year and of their impact on the half-year condensed consolidated financial statements, together with a description of the main risks and uncertainties for the remaining six months of the year. The interim Report on operations also contains a reliable analysis of disclosures on significant transactions with related parties.

Rome, 24 July 2023

Chief Executive Officer

Matteo Del Fante

(original signed)

Manager Responsible for Financial Reporting

Alessandro Del Gobbo

(original signed)

(This report has been translated from the original issued in accordance with Italian legislation).



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REPORT ON REVIEW OF THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

To the Shareholders of
Poste Italiane S.p.A.

Introduction

We have reviewed the condensed interim consolidated financial statements of Poste Italiane S.p.A. and its subsidiaries (the "Poste Italiane Group"), which comprise the consolidated statement of financial position as of June 30, 2023, the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the condensed consolidated statement of cash flows for the six month period then ended and the related notes. The Directors are responsible for the preparation of the condensed interim consolidated financial statements in accordance with the International Accounting Standard applicable to the interim financial reporting (IAS 34) as adopted by the European Union. Our responsibility is to express a conclusion on the condensed interim consolidated financial statements based on our review.

Scope of Review

We conducted our review in accordance with the criteria recommended by the Italian Regulatory Commission for Companies and the Stock Exchange ("Consob") for the review of the half-yearly financial statements under Resolution n° 10867 of July 31, 1997. A review of condensed interim consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (ISA Italia) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Ancona Bari Bergamo Bologna Brescia Cagliari Firenze Genova Milano Napoli Padova Parma Roma Torino Treviso Udine Verona

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Conclusion

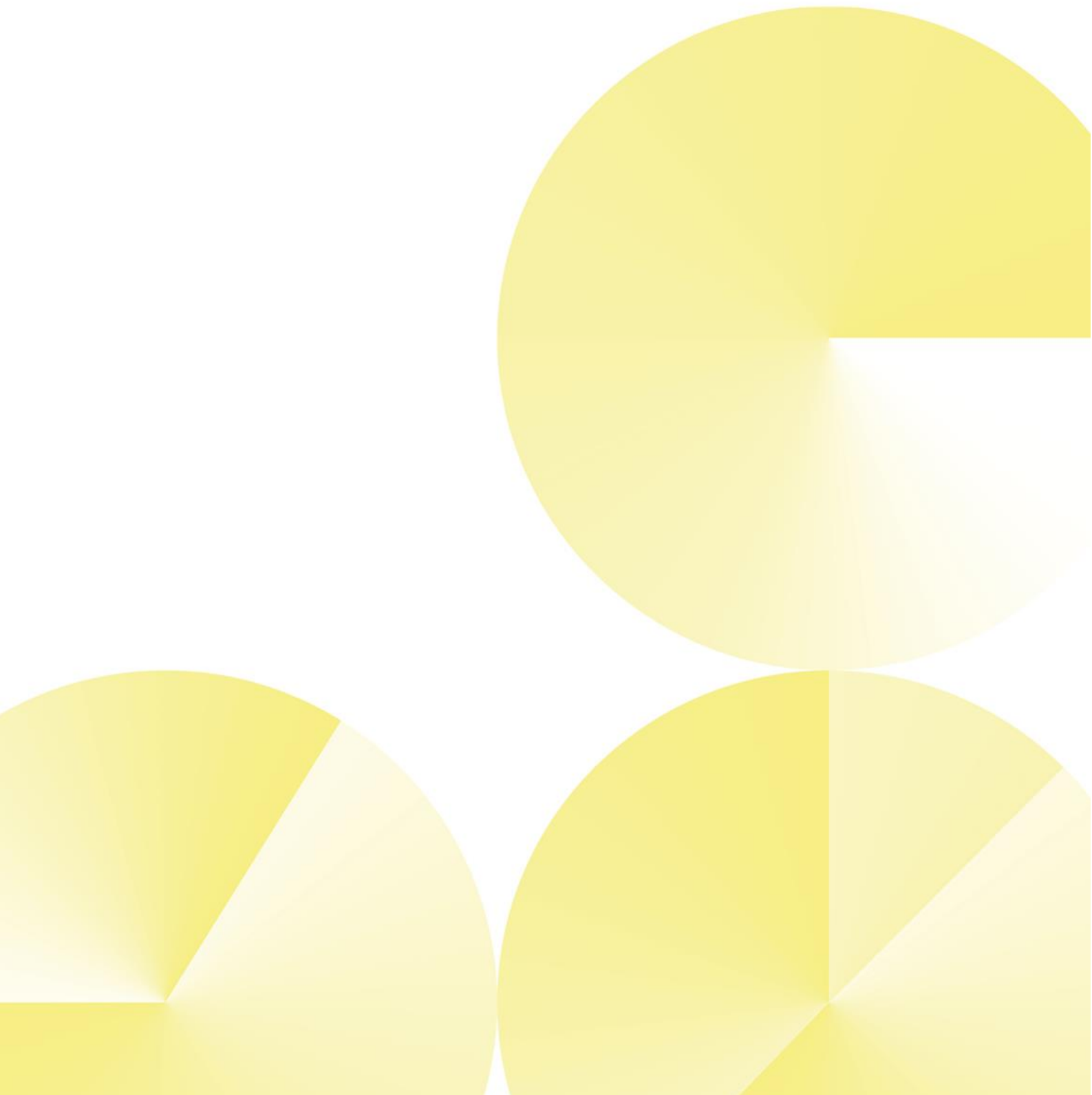
Based on our review, nothing has come to our attention that causes us to believe that the condensed interim consolidated financial statements of Poste Italiane Group as at June 30, 2023 are not prepared, in all material respects, in accordance with the International Accounting Standard applicable to the interim financial reporting (IAS 34) as adopted by the European Union.

DELOITTE & TOUCHE S.p.A.

Signed by
Marco Miccoli
Partner

Rome, Italy
August 2, 2023

This independent auditor's report has been translated into the English language solely for the convenience of international readers. Accordingly, only the original text in Italian language is authoritative.



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