



INTERIM
REPORT FOR
THE THREE
MONTHS
ENDED 31
MARCH >
2024





INTERIM REPORT ON OPERATIONS

AT 31 MARCH 2024

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1. READING GUIDE

This Interim Report at 31 March 2024 has been prepared, on a voluntary basis, in compliance with the provisions pursuant to Article 82 *ter* of the CONSOB Issuers' Regulations "Additional Periodic Financial Information" in order to ensure continuity and regularity of information to the financial community. The Interim Report on Operations at 31 March 2024 includes the Interim Report on Operations and, exceptionally, the Condensed Consolidated Interim Financial Statements at 31 March 2024 prepared in accordance with IAS 34 - Interim Financial Reporting and Article 154-ter (paragraph 5) of the Consolidated Financial Act.

The consistency and correctness of the disclosures contained in this document is guaranteed, as is comparability of the related information with the corresponding disclosures included in previously published financial reports. The Condensed consolidated interim financial statements are subject to limited audit on a voluntary basis by the independent auditors Deloitte & Touche S.p.A.




The information contained in this document aims to provide an update on events and circumstances occurring between the reporting date of 2023 and the date of approval of Poste Italiane Interim report on operations at 31 March 2024.

For more detailed information, reference should be made to the Annual Report for 2023, which will be submitted for approval by the shareholders' meeting to be held on 31 May 2024.

The values presented in this Interim Report on Operations at 31 March 2024 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 as at 31 December 2023.

It is highlighted that in the document, 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 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;
-  to indicate that it is possible to elaborate on the subject in Chapter 10 "Glossary" in the Report on Operations section of the 2023 Annual Report.

2. HIGHLIGHTS

During the first quarter of 2024, 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: €3 bn (+0.7% y/y)

EBIT: €0.7 bn (-8% y/y)

Net profit: €0.5 bn (-7.1% y/y)

Total Financial Assets 586 € bn (+7 € bn y/y)

Assets management: € 1.9 bn collected (approx. 4.5 X y/y)

Life investment products net inflows: positive 0.5 € bn

Lapse rate on Life business: 5.5% below the average market rate

Minority stake acquired in N&TS Group, a leading Italian company in software solutions for electronic payments.

Poste Logistics S.p.A. established to strengthen the integrated logistics business

12,755 post offices and ca. 118 thousand employees

Omnichannel Strategy: 24.9 mln (+10.4% y/y) daily interactions

Poste Italiane and Ferrovie dello Stato: two agreements signed for digitisation in passenger and freight transport

Joint Venture Locker Italia established, as part of the strategic partnership with DHL, for the international development of parcels

Poste Italiane wins the AIFin "Financial Innovation - Italian Awards" 2024, taking 1st place as the most innovative financial institution of the year in the "Other Financial Institutions" category

PostePay's 'Pay and Withdraw' service, which allows small cash withdrawals without having to go to an ATM, was elected Product of the Year 2024 in the Smart Innovation Services category, while the new 'Poste Italiane' app was elected Product of the Year 2024 in the 'App - Simple Experience' category

Postecasa Ultraveloce's advertising campaign won gold in the sixth edition of the Branded Content & Entertainment Festival in the category 'Video Digital/Social-Comedy sketch' and in the category 'Integrated digital campaigns'



HUMAN



SOCIAL RELATIONAL



NATURAL



~1.2 million training hours provided in the first three months of 2024

Result bonus 2023: additional *welfare* credits granted in the event of conversion of the result bonus into benefits, works and services with a social purpose

Launch of 'INSIEME Connecting Ideas', the third edition of the engagement programme designed to enhance each individual's contribution to the successful implementation of the Group's ESG strategy

March 2024: presented the new Strategic Plan 2024-2028 'The Connecting Platform', which places the new business service model and logistics transformation at the centre of the strategy. 53 new ESG targets identified

Poste Italiane among the 100 iconic Italian brands at the exhibition 'Identitalia, The Iconic Italian Brands', dedicated to the most important historical brands of the companies that have made, and continue to make, the history of the country

Poste Italiane expands its presence on social media, opening a WhatsApp channel. TGPoste reports online, updates and information on the largest service network in Italy

The Poste Italiane Group is successfully continuing its new business energy offer for light and gas: about 440,000 customers have been reached

Establishment of Postego, a long-term rental company Group to support, among other things, the objectives of the green transition

~ 26,300 low-emission vehicles in the company fleet, of which ~5,900 electric

~ 2,100 buildings involved in the Smart Building project*, about 350 photovoltaic systems as at 31 March with an installed capacity of over 16,500 KWp

* Automated and remote management of buildings to achieve energy efficiencies

3. OUTLOOK

The Italian economy, according to preliminary estimates, was characterised in the first part of the year by moderate growth both with respect to the previous quarter and in trend terms, and will continue to grow moderately in the course of 2024 and then strengthen in the following years, on the assumption that the international context, albeit uncertain, will not entail any particular tensions in the energy commodities and financial markets.

Against this backdrop, the Poste Italiane Group ended the first quarter of the year reporting positive trends across all lines of business, with revenues up on the same quarter last year and limited inflationary impacts thanks to continued cost discipline.

On 20 March 2024, the "2024 - 2028 Strategic Plan - The Connecting Platform" was presented to the financial community, which lays its foundations on:

- I) a new business service model that maximises the value of the 'platform' Company in a diversified, integrated and sustainable way;
- II) the Group's transformation path to become a complete logistics operator, ensuring the financial sustainability of the Mail, Parcels and Distribution segment.

The logistical transformation towards an end-to-end logistical operator includes the evolution of the postal network, increasingly oriented towards parcel management, the development of international business and integrated logistics; as part of the broader strategic partnership with DHL signed in 2023, this strategy includes the establishment in April 2024 of Locker Italia SpA to develop a network of lockers in Italy for last mile parcel deliveries. The establishment of the NewCo Poste Logistics S.p.A. in March 2024 also contributes to the strengthening of the so-called integrated logistics.

The focus, also for the current year, will remain on offering products/services that keep pace with evolving market contexts, confirming the centrality of Postal Savings in the Poste Italiane Group's offering. In the insurance sector and specifically in the Life Investment and Pension Fund, the Group will be committed to evolving its commercial offer, taking into account both market dynamics and the optimisation of service quality, in order to protect customers' savings from market risks and inflation. In the protection sector, the Group confirms its ambition to reduce the country's under-insurance by making insurance protection more accessible through the evolution of the offer and an integrated advisory model, including through Net Insurance, acquired in 2023, as a factory of Poste Vita Group products distributed through physical and digital Third-party Networks.

In addition, benefiting from the growth of e-commerce and cashless payments, the PostePay business will evolve towards digital and innovative payment solutions that will allow, for example, the management from digital channels of the renewal and replacement phases of payment cards, so as to increase the level of customer loyalty, stock and continuity of use. In the pursuit of the development of the telephony offer, in the course of 2024, the main project initiatives will concern the extension of fixed telephony services to Small Business Operators customers, the development of new services, and a technological upgrade for the evolution of the network infrastructure with ultra broadband solutions to meet the growing hyper connectivity needs of customers. In the energy business, during the year, the Group will focus on the growth of the customer base, while concentrating on strategies related to the change in the reference scenario regarding the end of the protected market, as well as on the completion of the sales and after-sales service offering, and on building the loyalty of acquired customers.

Among the most important omnichannel initiatives, the Poste Italiane SuperApp will be progressively enriched with all the functionalities of the BancoPosta and PostePay apps with the aim of replacing them in the near future. It will also be fully customised to the individual customer's profile and, thanks to cutting-edge technology and artificial intelligence, will be the single point of access to the Group's 'phygital' platform, maximising cross- and up-selling potential.

The Group will continue to rely on and value its people as the key to success for the implementation of the new Strategic Plan; to this end, negotiations are underway for the renewal of the National Collective Labour Agreement, which expired at the end of 2023.

As part of the National Recovery and Resilience Plan, the Group will continue with the implementation of "Polis", a strategic project to support the country's social cohesion, which involves approximately 7,000 municipalities with a population of less than 15 thousand inhabitants, in which the Post Office will be transformed into a digital services hub for quick and easy access to Public Administration services. Some 250 co-working spaces nationwide are also planned, as well as the implementation of numerous actions to support the country's energy transition.

In the transition path undertaken towards carbon neutrality expected by 2030, investments and strategic initiatives will continue, such as the renewal of the delivery fleet with low CO₂ emission vehicles, the installation of photovoltaic panels for energy supply and efficiency of properties; the replacement of current Postepay cards with cards made with eco-sustainable materials and digital cards will also continue, as will the development of specific offers aimed at enhancing customers' sustainable behaviour. As part of the green transition, we also note the establishment in May 2024 of the new company Postego S.p.A., which aims to progressively internalise the Poste Italiane car fleet.

4. CORPORATE STRUCTURE OF THE GROUP, CORPORATE GOVERNANCE AND ORGANISATIONAL STRUCTURE

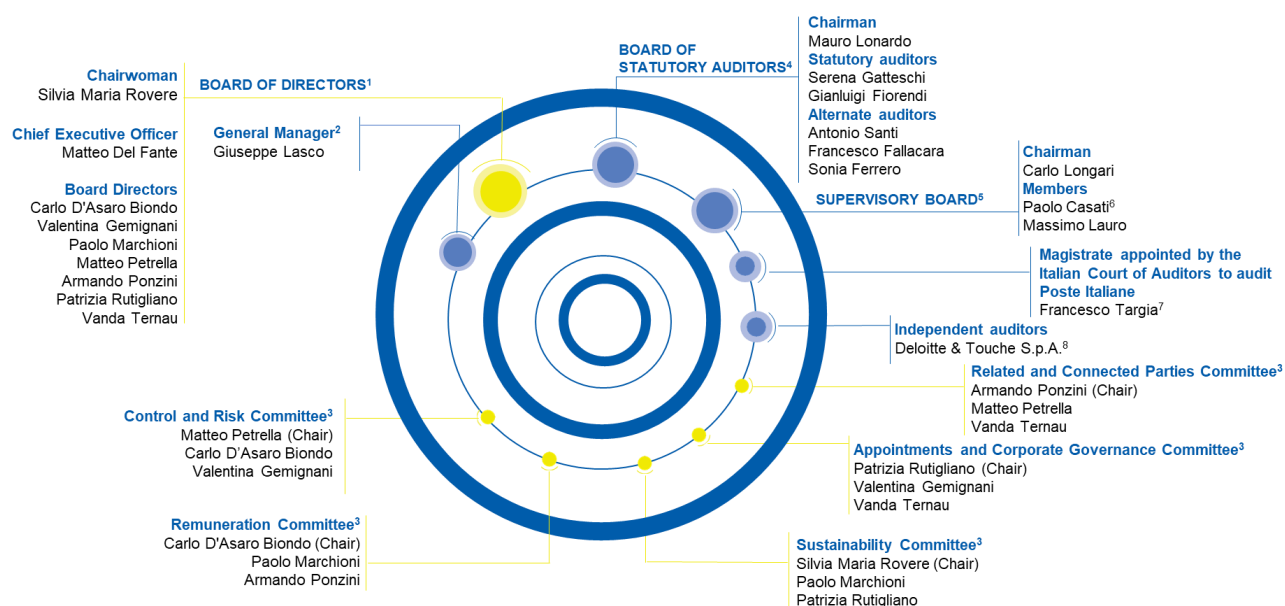
[POSTE ITALIANE'S CORPORATE GOVERNANCE](#)

[POSTE ITALIANE'S ORGANISATIONAL STRUCTURE](#)

[OWNERSHIP AND SHARE PERFORMANCE](#)

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

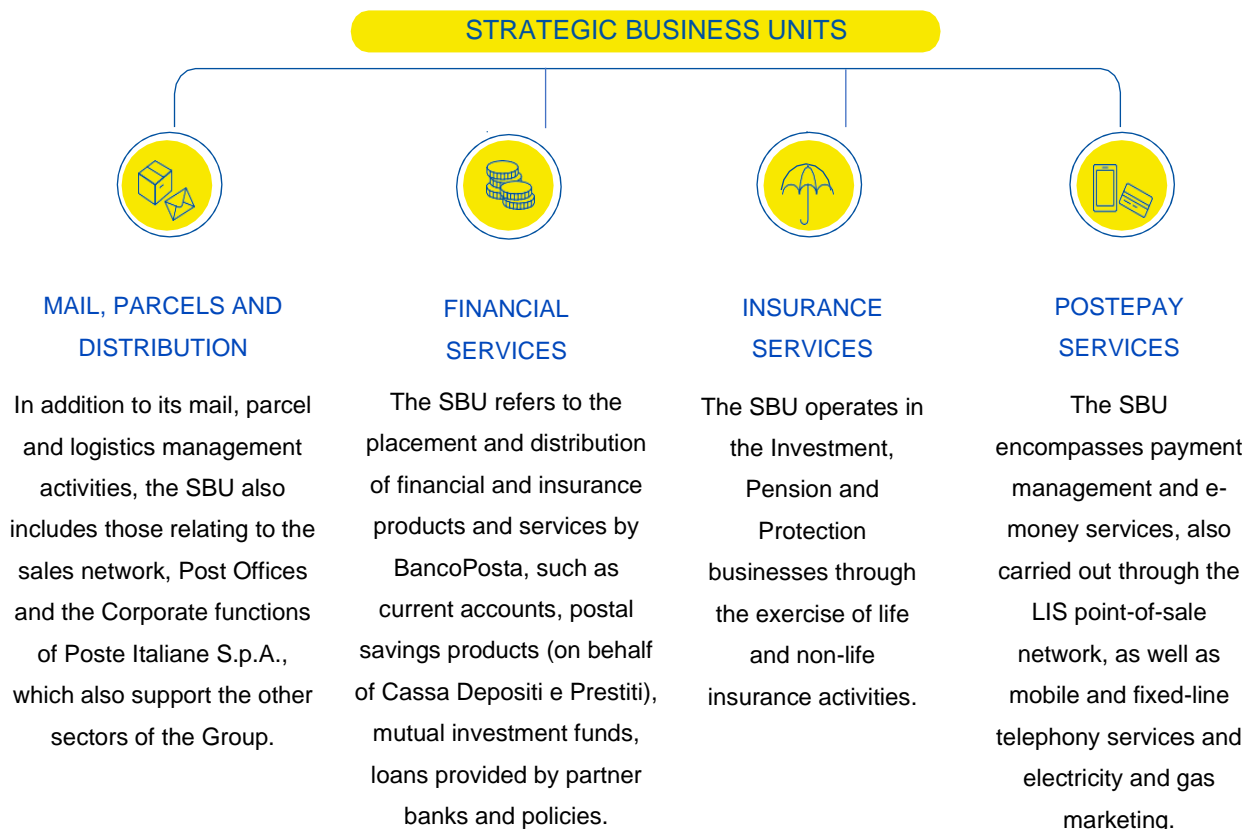
4.1 POSTE ITALIANE'S CORPORATE GOVERNANCE



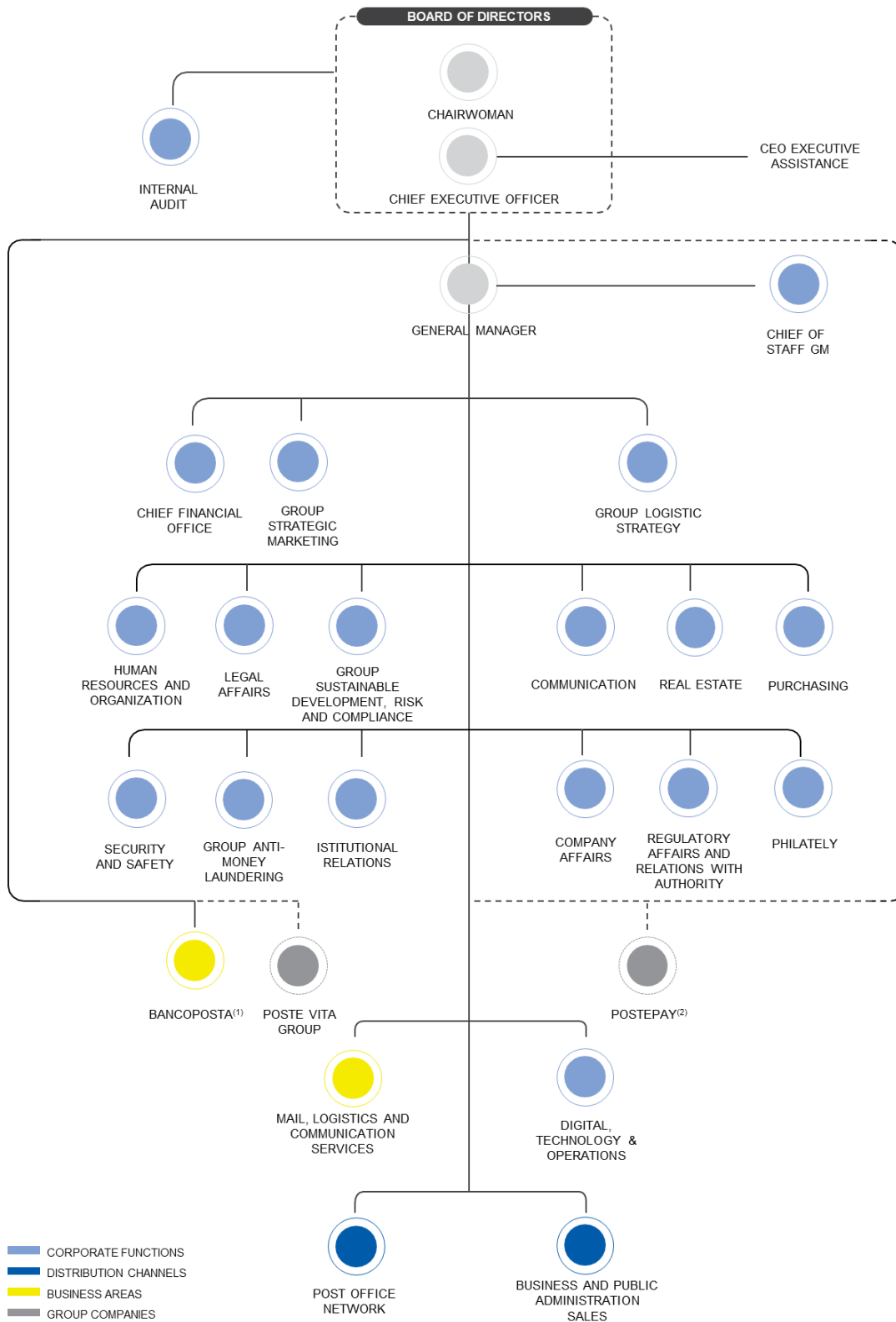
1. The Board of Directors was elected by the Annual General Meeting held on 8 May 2023 to serve for a period of three years, and will remain in office until the Annual General Meeting's approval of the financial statements for the year ended 31 December 2025.
2. The Board of Directors, upon the proposal of CEO Matteo Del Fante, who concurrently resigned as General Manager, by resolution of 28 February 2024 appointed Giuseppe Lasco as **General Manager**, formerly Joint General Manager. Director General Giuseppe Lasco participates in Board meetings without voting rights.
3. Committee members were appointed by the Board of Directors' meeting of 30 May 2023.
4. 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.
5. 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.
6. The only internal member, Head of Poste Italiane SpA's Internal Auditing.
7. Assigned by the Court of Auditors with effect from 1 January 2024.
8. Company appointed to audit the accounts for the financial years 2020 - 2028 by resolution of the Annual General Meeting of 28 May 2019. Deloitte&Touche has been appointed for the entire Group.

4.2 POSTE ITALIANE 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 the Poste Italiane financial statements): Mail, Parcels and Distribution; Financial Services; Insurance Services and Postepay Services (formerly Payments and Mobile), the latter renamed at the presentation of the new Strategic Plan "2024-2028 The Connecting Platform" to the financial community on 20 March.



Below is the Poste Italiane organisational structure.



(1) BancoPosta's Internal Audit function reports directly to the Board of Directors and the Board of Statutory Auditors.

(2) Reports to the Managing Director in respect of the payment and e-money business areas; reports to the General Manager for the remaining business areas.

The organisation of Poste Italiane S.p.A. envisages **business functions**¹ 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**.

In February 2024, the Company's organisational structure was reviewed through a redistribution of responsibilities and competences among the top company governance functions in order to make it even more responsive to current operations and to achieve the challenging objectives of the new Strategic Plan more effectively.

The decision was therefore taken to focus the strategic development and establishment of corporate strategies on the Chief Executive Officer, with particular reference to the "supervised" businesses and to entrust the management of the Group's industrial businesses to the **General Manager**, reporting directly to him, with the responsibility of supervising and coordinating the activities of all organisational structures (with the exception of the Internal Auditing function, the BancoPosta function and the insurance, asset management, payment and card payments sectors).

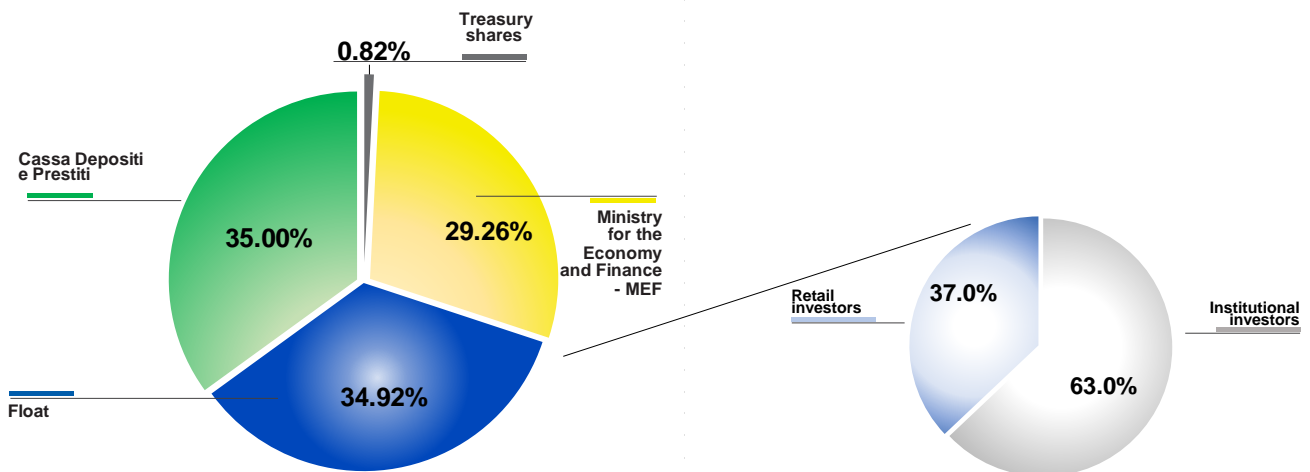
Furthermore, in first quarter of 2024, considering the important role played by the logistics business in the overall strategy and the transformation required to cope with the continuous and radical evolution of the relevant market, the **Group Logistic Strategy** function was established and the tools of the Mail, Logistics and Communication function were further strengthened to develop the integrated logistics business on the one hand and to oversee network, process and supply engineering activities as well as service quality on the other.

Further measures concerned the reorganisation of the **Group Strategic Marketing**, Group **Sustainable Development**, **Risk and Compliance**, **Security and Safety** and the **Information Technology** and **Governance** functions in **Digital, Technology & Operations** as well as the establishment of the **Chief of Staff GM** function.

For more information, refer to the 2023 Annual Report.

4.3 OWNERSHIP AND SHARE PERFORMANCE

4.3.1 POSTE ITALIANE'S OWNERSHIP




¹ These are the Mail, Logistics and Communication 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.

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 31 March 2024, 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%² of the shares held by Institutional investors of Poste Italiane S.p.A. belong to investors who follow ESG (Environment, 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 31 March 2024.

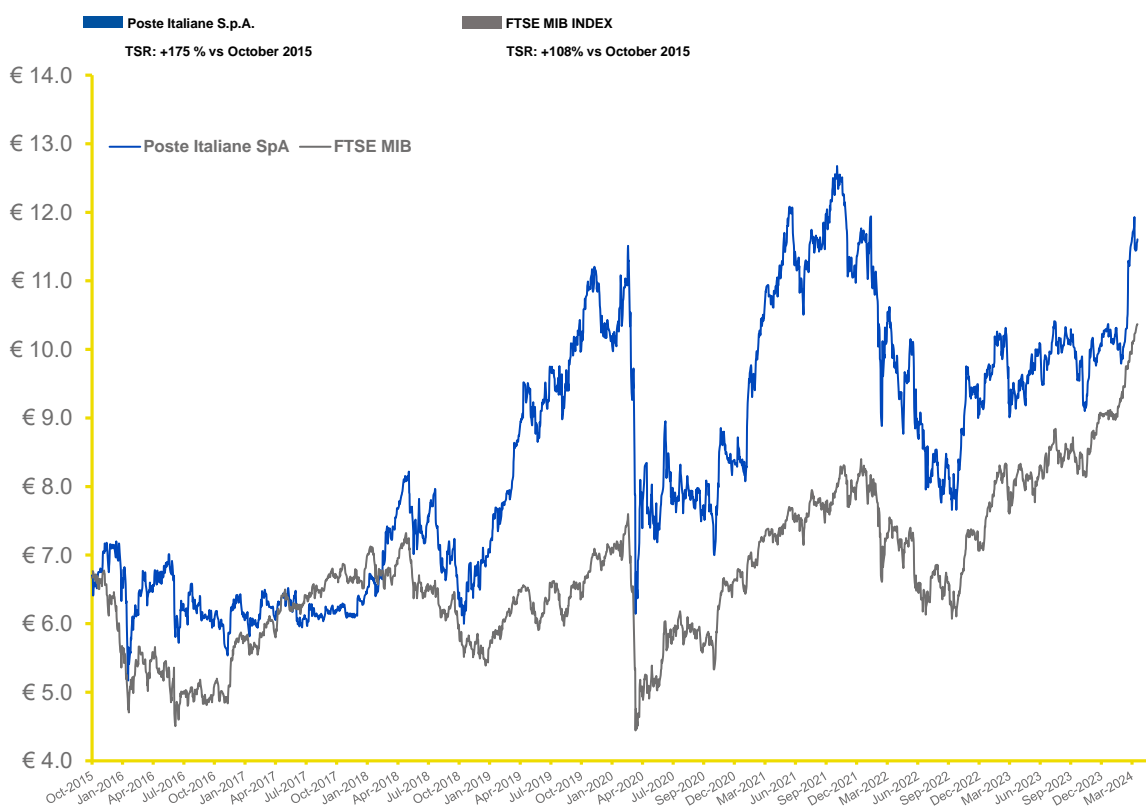
On 25 January 2024, the Council of Ministers approved, in a preliminary examination, a measure regulating the sale of a portion of the stake held by the Ministry of Economy and Finance in Poste Italiane S.p.A., so as to maintain a State stake, even indirectly, ensuring public control.

4.3.2 SHARE PERFORMANCE

The value of the Poste Italiane share in the first three months of 2024 recorded an increase of 11.91%, from €10.370 at the beginning of the year to €11.605 at the end of March 2024.


From the date of listing on the stock exchange (27 October 2015) to 31 March 2024, Poste’s share price increased by 71.9% (while the FTSE MIB  index increased by 53.6% in the same period), guaranteeing an overall return for shareholders (TSR) of 175% while the main Italian stock exchange index recorded an increase of 108%.

+31.7%
 TSR performance vs. median FTSE MIB 2022/2024*
* 01/01/2022-31/03/2024



² Source: Nasdaq Corporate Solutions.

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.

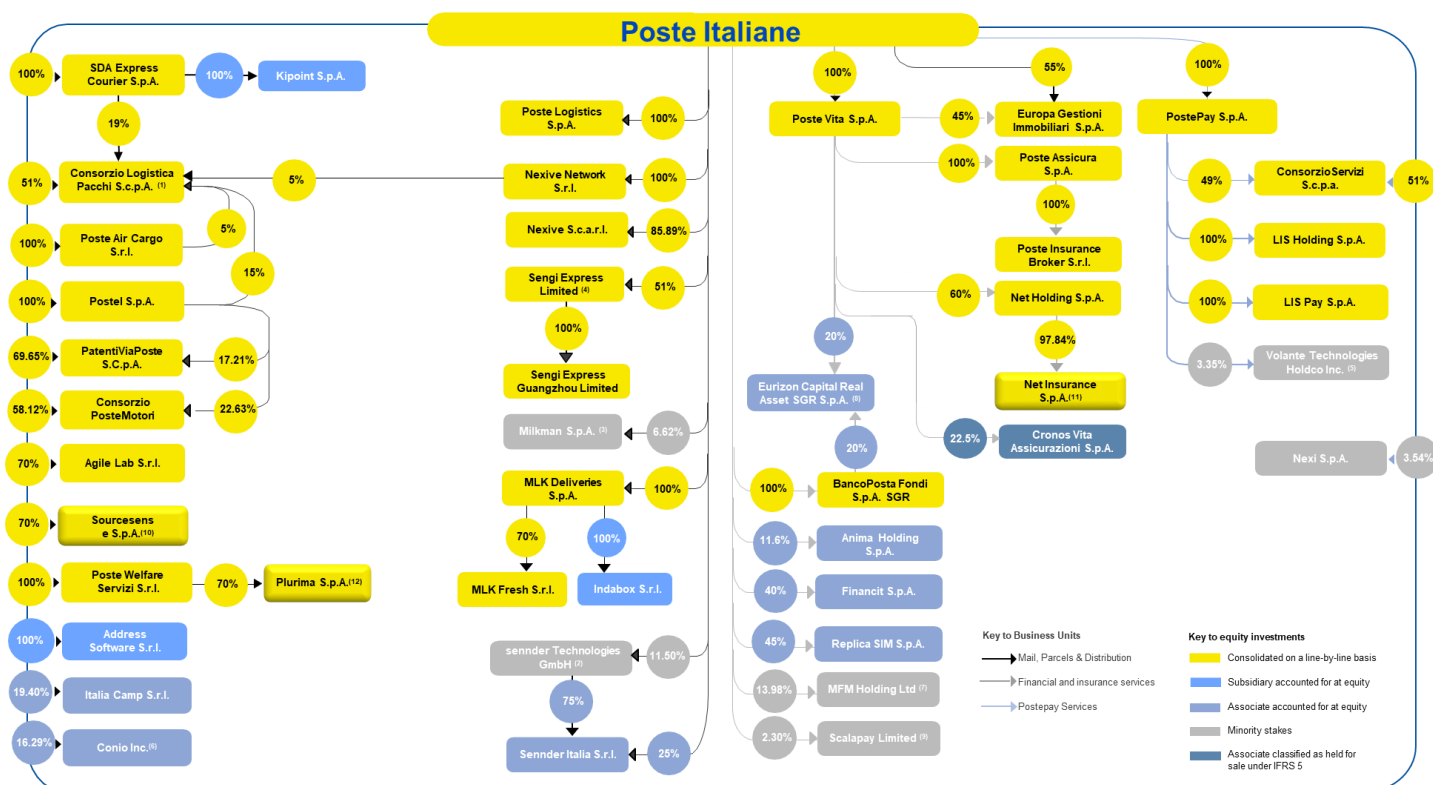
Share KPIs	1Q 2024	FY 2023	1Q 2023	FY 2022
Closing price at the end of the period (€)	11.605	10.275	9.412	9.126
Minimum price of the period (€)	9.792	9.012	9.012	7.658
	09/02/2024	17/03/2023	17/03/2023	29/09/2022
Maximum price of the period (€)	11.93	10.41	10.315	11.940
	19/03/2024	28/07/2023	06/03/2023	03/02/2022
Average price of the period (€)	10.60	9.826	9.777	9.373
 Stock exchange capitalisation at the end of the period (€m)	15157	13,362	12,293	11,920
TSR of the period (%)	12.94	20.52	3.13	(15.42)
Earnings per share* (€)	0.38	1.48	0.42	1.21

Source: Bloomberg.

*The indicators shown in the first quarter of 2024 and the first quarter of 2023 columns are calculated as: Group net profit for the period (3 months)/average number of shares outstanding in the period.

4.4 CORPORATE STRUCTURE OF THE GROUP AND PRINCIPAL CORPORATE ACTIONS DURING THE PERIOD


At 31 March 2024, the Group held, directly and indirectly, equity investments in 53 companies and consortia, of which 35 are consolidated on a line-by-line basis, 3 are subsidiaries and valued using the equity method, 8 are associates and valued using the equity method, 1 is an associate classified under financial assets held for sale pursuant to IFRS 5 and 6 represent minority stakes.



- (1) The remaining 5% of Consorzio Logistica Pacchi S.c.p.A. is held by Poste Assicura S.p.A.
- (2) The investment in sender 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 Sengi Express Limited is equal to 51% of the shares with voting rights (40% of property rights)
- (5) The investment in Volante Technologies Holdco Inc. fully diluted is 2.08%
- (6) The investment in Conio Inc fully diluted is equal to 14.53%
- (7) The investment in MFM Holding Ltd is equal to 13.98% of the shares with voting rights (14.81% of equity rights)
- (8) 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)
- (9) The investment in Scalapay Limited fully diluted is equal to 2.15%
- (10) Sourcesense S.p.A. wholly owns Sourcesense Digital S.r.l., Sourcesense Technology S.r.l., Sourcesense Limited (UK) and Sourcesense Platforms S.r.l. and holds 20% in Consorzio Italia Cloud
- (11) Net Insurance S.p.A. wholly owns Net Insurance Life S.p.A.. The investment in Net Insurance S.p.A. fully diluted is 97.66%
- (12) Plurima S.p.A. wholly owns Bridge Technologies S.r.l. and Logos S.r.l.

PRINCIPAL CORPORATE ACTIONS DURING THE PERIOD

Below are the main transactions that took place during the first quarter and after 31 March 2024.

 <p>MAIL, PARCELS AND DISTRIBUTION</p>	<p>MLK Fresh S.r.l.</p>	<p>On 31 January 2024, through the establishment of the NewCo named "MLK Fresh S.r.l." ("MLK Fresh"), the partnership in the Fresh Food sector between MLK Deliveries S.p.A. (MLK) and Mazzocco S.r.l. ("Mazzocco"), an Italtans Group company operating as a national refrigerated courier, was formalised.</p> <p>MLK Fresh, 70% owned by MLK and 30% by Mazzocco, will be the vehicle through which the parties will offer advanced delivery services in Italy dedicated to the fresh food segment in the B2C e-commerce and/or scheduled deliveries market. These services will be offered using: (i) the logistics infrastructure provided by the Italtans Group company; (ii) the technology enabling the Scheduled and Same Day delivery services provided by MLK; and (iii) commercial services (e.g. sales), mainly provided by Poste Italiane through its Business and Public Administration division.</p>
 <p>MAIL, PARCELS AND DISTRIBUTION</p>	<p>Locker Italia S.p.A.</p>	<p>On 18 April 2024 the company Locker Italia S.p.A. (also "JV Poste Italiane - DHL") was established - owned by Poste Italiane S.p.A. and Deutsche Post International BV with equal stakes of 50% respectively - which will be dedicated to the development in Italy of a network of lockers for last mile deliveries of parcels managed by Poste Italiane S.p.A. and the e-commerce division of the DHL Group. The Poste Italiane - DHL JV is part of the broader strategic partnership in the Italian and international parcel market signed in 2023 between the Poste Italiane Group and DHL Group.</p>

Other transactions

On 28 February 2024, PostePay signed an agreement to acquire 20% of **N&TS GROUP Networks & Transactional Systems Group S.p.A.** ("N&TS GROUP"), a leading Italian company in software solutions for electronic payments. The transaction, the closing of which was 15 April 2024 following the fulfilment of conditions precedent, aims to enhance PostePay technological expertise in order to support its expansion strategy in the digital payments market.

Intra-group transactions

On 12 October 2023, Postel S.p.A. acquired the shares in **Address Software S.r.l.** held by third-party shareholders amounting to 49% of the company's capital; consequently, from that date and until 24 January 2024, Postel S.p.A. held 100% of the shares in Address Software S.r.l.

On 24 January 2024, with the aim of standardising, evolving and engineering the operating processes of the Group's technology platforms, as well as streamlining and rationalising the operating structure, also with a view to achieving a reduction in the typical costs of each corporate structure, Postel sold its entire stake in Address Software S.r.l. to the parent company Poste Italiane S.p.A. This transaction was in preparation for the start of the process of merger by incorporation of Address Software S.r.l. into Poste Italiane S.p.A. The merger transaction, which was submitted in February 2024 to the approval of the shareholders' meeting of the company to be merged and to Poste Italiane's Board of Directors (as allowed by the relevant Bylaws), with the application of the simplifications provided for by the regulations for merger transactions of wholly-owned companies, will be formalised by the first half of 2024.

On 4 March 2024, **Poste Logistics S.p.A.** (also "**NewCo**") was established, whose share capital is wholly-owned by Poste Italiane S.p.A. The NewCo will focus on integrated logistics activities for the Poste Italiane Group, benefiting from the business unit of SDA Express Courier S.p.A. ("SDA") concerning the integrated logistics business, through a partial demerger transaction. Through this transaction, the Group aims to strengthen its presence in the integrated logistics business, which covers inbound, warehouse handling, Full Truck Load (FTL) and Less Than Truck Load (LTL) transport, warehousing and international logistics activities. The partial demerger transaction, which was approved by the Extraordinary Shareholders' Meetings of SDA and Poste Logistics S.p.A. on 27 March 2024, will be effective in the third quarter of 2024.

On 9 May 2024, **Postego S.p.A.**, a wholly-owned subsidiary of Poste Italiane, was established with the aim of progressively internalising the Poste Italiane car fleet (about 30,000 delivery vehicles). The transaction will make it possible to accelerate the Poste Group's green transition, to select and customise technologies and vehicle models to the needs of Poste Italiane, as well as to modulate the duration of the related services, thus enabling the pursuit of economies of scale and synergies.

Further Partnerships

On 14 March 2024, Poste Italiane S.p.A. and the FS Group signed two separate agreements:

- a Memorandum of Understanding in the area of passenger transport aimed at fostering the development of joint solutions in the area of electronic payments to make the experience of purchasing tickets from physical and online channels even simpler and more immediate;
- a Letter of Intent in the area of freight transport, for the development of a sustainable and digitalised logistics network and to enhance intermodality in logistics. In particular, Mercitalia Logistics (leader of the FS Group's Logistics Cluster) and sender will work together to expand the intermodal freight logistics network in Europe.

5. STRATEGY, INNOVATION AND DIGITALISATION, RISK MANAGEMENT

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

[FINANCIAL SERVICES STRATEGIC BUSINESS UNIT](#)

[INSURANCE SERVICES STRATEGIC BUSINESS UNIT](#)

[POSTEPAY SERVICES STRATEGIC BUSINESS UNIT](#)

[OMNICHANNEL APPROACH, INNOVATION AND DIGITALISATION](#)

[RISK MANAGEMENT](#)

5.1 MAIL, PARCELS AND DISTRIBUTION STRATEGIC BUSINESS UNIT

MACROECONOMIC CONTEXT

Global economic growth moderated at the turn of the year, as the tightening of monetary policy was transmitted to the economy. At global level, the ECB³ estimates that world GDP growth in real terms fell to 0.8% in the fourth quarter of 2023, and overall economic activity increased by 3.5% in 2023, similar to the trend in 2022 and the average growth rate observed over the last decade. The most recent data available suggest that global consumption growth is moderating, following the gradual fading of the positive factors affecting consumer spending (depletion of savings accumulated in the pre-pandemic period and the effects of expansionary fiscal policies).

International trade in goods continues to grow; in the fourth quarter of 2023, growth in world trade in goods became positive and is estimated to remain so in the first months of this year. The global manufacturing cycle and private investment have shown signs of stabilisation since the beginning of 2024, which should support the recovery later in the year.

The Purchasing Managers' Index PMI relative to GDP averaged 48.6 in the first two months of 2024, up from 47.2 in the fourth quarter 2023, however still below the expansion threshold of 50.

The labour market continued to hold up well in the face of weakening economic activity in the fourth quarter of 2023. The most recent data point to an overall weakness in spending on goods at the beginning of the year: the consumer sentiment index compiled by the European Commission increased marginally in February, but remained slightly below its long-term average.

In the absence of further shocks, the euro area business cycle is expected to pick up in the course of this year, initially driven by an increase in real disposable income, in the presence of falling inflation and wage growth. In the medium term, the recovery will be underpinned by investment, thanks in part to the gradual fading of the impact of the ECB's restrictive monetary policy. The macroeconomic projections for the euro area made by ECB experts in March 2024 indicate annual real GDP growth of 0.6% in 2024, 1.5% in 2025 and 1.6% in 2026.

Regarding inflationary dynamics, indices in Europe are falling steadily. However, domestic price pressures are still high, partly reflecting the vigorous wage growth and falling labour productivity. In March, consumer inflation⁴ fell a tenth more than expected, to 2.4% from 2.6% in February⁵. The core index also stood at 3.1%, at its lowest in more than two years. The ECB's macroeconomic projections for the euro area predict that overall inflation will decline gradually, averaging 2.3% in 2024, 2.0% in 2025 and 1.9% in 2026.

³ ECB Economic Bulletin, No. 2 - 2024.

⁴ Consumer inflation as measured by the Harmonised Index of Consumer Prices, often referred to as "HICP".

⁵ https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Inflation_in_the_euro_area.

The Italian economy proves to be more resilient to shocks and more dynamic than expected. Istat⁶ revised upwards its estimate of real GDP growth (on a working-day adjusted basis) for 2023 to 0.9% after 0.7%, which was consistent with preliminary accounts for the fourth quarter 2023. After three quarters of rather strong consumption growth, private expenditure contracted again in the fourth quarter of 2023 (-1.4% compared to the previous quarter). On an annual average, real consumption grew by 1.2% in 2023, compared to a 0.6% decrease in Germany and a more modest increase in France (+0.7%). In Italy, consumption has held up despite a loss in purchasing power of almost 2% in cumulative terms over the two-year period 2022-2023, at the expense of the savings rate.

Looking ahead, the Bank of Italy⁷ estimates that growth will remain limited to 0.6% this year and then strengthen as disposable income and foreign demand pick up, with growth of 1.0% in 2025 and 1.2% in 2026.

The **postal market** continues to undergo a period of radical change linked to the digital transformation, which, on the one hand, leads to a continuous structural decline in traditional mail volumes, stimulating the emergence and development of new digital communication markets (e-substitution), and, on the other hand, to an increase in the volume of parcels sent thanks to the growth of e-commerce.

In particular, for the **mail segment**, a further structural decrease of the market is expected in 2024 (in 2023 volumes decreased by 5% compared to 2022 against a substantial stability in value⁸).

Further growth expected in 2024 in the parcel and integrated logistics market

For the **parcels sector**, further growth in overall market value is expected in 2024, albeit with a moderating trend compared to the growth of 2023, the latter mainly related to the positive trend in e-commerce (according to the latest estimates⁹ on 2023, online product purchases show signs of recovery with a value of €35 billion, up 8% compared to 2022, however largely affected by the effects of inflation, and with annual growth in absolute terms returning to the pre-pandemic level).

The **logistics market** in Italy is seeing steady growth in the outsourcing of logistics services by industrial and commercial operators to specialised entities capable of covering the entire value chain.

In particular, the market for Integrated Logistics Services in 2022 will be worth about €13.6 billion¹⁰, up 14% year-on-year, due in part to increased export flows and rising input costs.

Growth of +5% is estimated for 2023¹¹ compared to 2022 and further growth for the current year, albeit at a lower pace. The market, although very competitive, is relatively unconcentrated. However, some concentration phenomena have taken hold, typically stimulated by major industrial players seeking integration synergies between the different stages of the supply chain.

⁶ https://www.istat.it/it/files//2024/03/Nota_marzo_2024_def.pdf.

⁷ <https://www.bancaditalia.it/pubblicazioni/proiezioni-macroeconomiche/2024/Proiezioni-macroeconomiche-Italia-aprile-2024.pdf>.

⁸ Internal calculations based on AGCom data (quarterly observatories and annual report 2023) and the latest available financial statements of companies operating in the postal sector, including Poste Italiane.

⁹ Source: Politecnico di Milano, B2C eCommerce Observatory - October 2023.

¹⁰ Source: Polimi Contract Logistics Observatory - April 2024 Edition - Reference to the Logistics Operators Market.

¹¹ Source: Internal estimate on drivers - Polimi Contract Logistics Observatory - 2023 Edition, Cerved Operatori Logistici - December 2023.

REGULATORY CONTEXT AND EVOLUTION OF THE REGULATORY SCENARIO

The main legislative and regulatory interventions updated during the first quarter of 2024 are shown below. For a complete discussion of the regulatory environment and scenario of the Strategic Business Unit Mail, Parcels and Distribution, please refer to Chapter 4 "Poste Italiane Group and its Business Model" of the 2023 Annual Report.

Expense of the Universal Postal Service

On 30 December 2019, Poste Italiane and the Ministry of Economic Development signed the 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 14 March 2024, AGCom Resolution 62/24/CONS was published, concluding the procedure to verify the net cost of the Universal Postal Service incurred by Poste Italiane for the years 2020 and 2021. In particular, the cost of the Universal Postal Service for these years has been quantified at €585 and €480 million respectively. The Authority also established that the universal service cost for the years 2020 and 2021 is inequitable and that, for the same years, unlike what was established in previous years, the necessary proceedings will be initiated for the assessment of the feed-in to the Compensation Fund referred to in article 10 of Legislative Decree no. 261/1999.

Publisher tariff subsidies

In July 2023, the procedure was initiated for notification of the Service of General Economic Interest (SGEI) to the European Commission for the period 2020-2026, currently being finalised.

The 2022 Budget Law (Law no. 234 of 30 December 2021) defined the allocations for the years 2022, 2023 and 2024, amounting to €52.5 million per year.

The Budget Law 2023 (Law No. 197 of 30 December 2022) provided that the reimbursement of the publishing postal subsidies would be made through the resources of the Fund for pluralism and innovation in information.¹² To this end, the Fund was supplemented with the amount of €75.9 million for the year 2023 and €55 million as of the year 2024, instead of the amounts provided for in the previous Budget Law.

Autorità per le Garanzie nelle Comunicazioni (AGCom - the Italia Communications Authority)

Access Obligations

With Resolution 302/23/CONS published on 15 December 2023, the Authority accepted all of the increases in postage rates requested by Poste Italiane for all wholesale access service offers for the year 2024. Proposals for increases applicable in the case of failure to achieve specific minimum volumes and non-compliant mailings were only partially accepted. The offers, thus amended, have been published on Poste Italiane's website and are effective as of 1 January 2024, with effects also concerning those already contracted.

¹² 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 engagement" (i.e. until April 2026). The application of the regulation is subject to approval by the European Commission.

Autorità per le
Garanzie nelle
Comunicazioni
(AGCom - the
Italian
Communications
Authority)
Items from other
operators found
in the Poste
Italiane network

With Resolution 45/24/CONS of 21 February 2024, the Authority approved the new conditions of the return service, introducing the following changes (i) frequency of notification of retrievals extended to 15 days, instead of the current 7 days; (ii) deferred payment of the service, subject to verification of the returned items; (iii) in the event of non-collection, return of items in a forced manner by sending them to the operator's premises; (iv) the obligation to affix appropriate instructions on the mailboxes of all operators on the items allowed, both in written and graphic form.

OTHER INFORMATION

Energy supply
distribution
through the post
office network

With a measure adopted at the meeting of 30 January 2024 and notified to Poste Italiane on 7 February 2024, AGCM initiated an investigation procedure against the Company in order to ascertain the existence of a possible breach of Article 8, paragraph 2-quater, of Law no. 287/1990. At the same time, the Authority initiated proceedings to verify the actual existence of the requirements for the adoption of precautionary measures pursuant to Article 14-bis of the same law. Specifically, the Authority observed that Poste Italiane, through its subsidiary PostePay SpA, is active in the electricity and gas supply sector, and allegedly denied two of the latter's competing companies access, pursuant to Article 8, paragraph 2-quater of Law no. 287/90, to the resources made available to PostePay, of which it has exclusive use in connection with its activities within the perimeter of the postal universal service. The Authority also ordered inspections, which were held on 7 February 2024, and set the conclusion of the proceedings at 19 July 2024, granting Poste a period of seven days to file pleadings and documents relating to the precautionary proceedings. On 14 February 2024, the Company filed its memorandum in the precautionary proceedings, contesting the Authority's approach and, in particular, the non-application of the provisions of Article 1, paragraph 6 of Law Decree no. 59/2021, as amended and supplemented, exempting Poste from the application of Article 8, paragraph 2-quater, of Law no. 287/1990 until 31 December 2026.


On 2 April 2024, the AGCM notified Poste of measure No. 31138 by which it decided to adopt precautionary measures pursuant to Article 14-bis of Law No. 287/1990. The Company challenged the measure in court.

For the main pending proceedings and further relations with the Authorities, please refer to the condensed consolidated interim financial statements at 31 March 2024 in the chapter "Proceedings pending and principal relations with the Authorities".

OPERATING REVIEW

In the first quarter of 2024, the Mail, Parcels and Distribution Strategic Business Unit (SBU) continued on the path of transforming the Group into a complete logistics operator, according to the objectives outlined in the new Strategic Plan presented to the market in March 2024.

The following table shows the main activities of the SBU during the period.

SEGMENT	OPERATING REVIEW
Parcels/Logistics	<p>February 2024 saw the launch of PosteGoFresh, the refrigerated transport service for home delivery of fresh food products purchased online. PosteGoFresh, realised by the newly established MLK Fresh, is the  first service that guarantees the transport of food products at a controlled temperature along the entire supply chain and is already available in more than twenty cities, including Rome, Milan, Turin, Genoa, Verona, Bologna and Florence.</p>

5.2 FINANCIAL SERVICES STRATEGIC BUSINESS UNIT

MARKET CONTEXT

Financial markets

Equity markets performed strongly in the first quarter of 2024¹³: the MSCI World Index grew in both developed markets and emerging markets by 8.5% and 1.9%, respectively. In the US, the S&P 500 index ended the quarter up 10.2% thanks mainly to financial, energy and technology stocks. In the same period, the FTSE MIB recorded the best result in Europe, +14.5%, the third best first quarter in 30 years (after +17.3% in 2019 and +18.8% in 2015). The continued reduction in volatility that characterised both bond and equity markets from 2022 and 2023 supported a steady trend of decreasing spreads. Over the period, spreads for investment grade bonds narrowed by an average of about 25 bps, while for high yield bonds, which have relatively underperformed since early 2024, discounting the high valuations of late 2023, the reduction was just over 40 bps.

The price rise was generalised and affected all risky assets, government bonds to a relatively lesser extent due to changing expectations about ECB and FED manoeuvres, while gold reached all-time highs, oil reached \$87 and Bitcoin recorded increases of more than 65%. The reasons for this trend are both macroeconomic and technical; the economic scenario that seems to be foreshadowed in 2024, is in fact substantially positive, inflation is falling towards the 2% target, and the Central Banks are in the process of cutting rates. On the other hand, technical support for stock exchanges is linked to global liquidity, which has risen again since October 2023¹⁴, thanks to some Central Banks (such as those of Japan and China) feeding it (as opposed to the ECB and the FED, which drain liquidity with their policies).

With regard to the Italian BTP, despite the important issuance programme supported by the MEF, the 10-year BTP - Bund spread narrowed from 167 bps at the beginning of 2024 to 138 bps at the end of the quarter, reaching a low of 122 bps in mid-March.

Below is a table that represents the precise returns expressed in percentage terms at the end of the period for BTP government bonds and Interest Rate Swaps¹⁵.

	Mar 2023	Jun 2023	Sep 2023	Dec 2023	Mar 2024
BTP 10Y	4.10	4.07	4.78	3.70	3.68
SWAP 10Y	2.96	3.02	3.39	2.49	2.59
BTP 15Y	4.36	4.26	5.04	4.05	3.95
SWAP 15Y	2.96	2.96	3.43	2.56	2.61
BTP 30Y	4.32	4.44	5.25	4.37	4.24
SWAP 30Y	2.50	2.54	3.09	2.33	2.33

The following graph shows the trend of the 10-year BTP- SWAPS spread in recent years with the values recorded up to 31 March 2024.

¹³ Source: Bloomberg.

¹⁴ <https://en.macromicro.me/charts/29385/global-money-supply-m2>.

¹⁵ Source: Bloomberg.



Banking system

Based on available estimates provided by the Italian Banking Association (ABI)¹⁶, at the end March 2024, customer deposits of all banks in Italy, represented by deposits from resident customers (current accounts, certificates of deposit and repurchase agreements) and bonds, increased by 1.7% on an annual basis, settling at approximately €2,033 billion (up about €16 billion compared to the end of January 2024). This reflected a recovery of around €40 billion in bond funding (+18.5% y/y), partially offset by a 12-month decrease in deposits from resident customers of around €6 billion (-0.3% year-on-year).

In March 2024, the average cost of bank funding (which includes the return on deposits, bonds and repos from households and non-financial companies) was around 1.26% (1.17% at 31 December 2023).

Asset Management

Assogestioni data show, at 31 March 2024¹⁷, total assets of €2,343 billion, up 0.2% on the €2,338 billion at the end of 2023. With regard to portfolio management, assets amounted to approximately €1,103 billion, up 0.7% from €1,095 billion at 31 December 2023. With regard to Collective asset management, assets went from about €1,243 billion at the end of December 2023 to around €1,240 billion at the end of March 2024 (-0.2%). With regard to open-ended investment funds  alone, client assets stood at around €1,174 billion at the end of March 2024, up 2.1% from around €1,149 billion at the end of December 2023.

In terms of net inflows, the asset management industry presents a negative balance of around €4.6 billion in the first three months of 2024 (compared to a negative balance of around €8.9 billion in the same period of 2023).

REGULATORY CONTEXT

Below are the main regulatory initiatives updated in the first quarter of 2024. Please refer to the 2023 Annual Report for a complete discussion of the regulatory context of the Financial Services Strategic Business Unit.

¹⁶ Source: ABI monthly outlook April 2024.

¹⁷ Assogestioni, Monthly map of asset management, published on 29 April 2024. As of the February edition, the asset management map no longer includes data from non-associated management groups. The effect of this scope revision on total assets under management is approximately -1.5%. The effect on open-ended funds and institutional management is entirely negligible.

<p>Bank of Italy Circular no. 285 of 17 December 2013</p>	<p>On 12 March 2024, the Authority published the 45th update of Circular No. 285 of 17 December 2013, which makes changes to the regulation of securitisation transactions, and as such is not relevant to BancoPosta Ring-Fenced Capital - RFC.</p>
<p>Bank of Italy Circular 320 of March 2024 "Reporting on cash access points:</p>	<p>On 20 March 2024, the Bank of Italy published online Circular No. 320 on "Reporting on cash access points", detailing: the structure and periodicity of reporting, reporting deadlines and reporting schemes, with descriptions of items and instructions for compiling attributes. Monthly reports and half-yearly reports are expected. Poste Italiane is implementing tools to support the evolution of current reporting.</p>
<p>European delegation law 2022-2023 (Law no. 15 of 21 February 2024) Cybersecurity</p>	<p>On 24 February 2024, Law No. 15 of 21 February 2024 (European Delegation Law 2022-2023) was published in the Official Journal, delegating the Government to transpose European Directives and implement other acts of the European Union.</p> <p>In particular, the law provides for the definition of principles and criteria for the transposition into national law of the Directive (EU) 2022/2555, revising the NIS Directive¹⁸ and laying down measures for a common high level of cybersecurity in the European Union (so-called "NIS 2 Directive").</p> <p>In addition, the law delegates the Government to adapt national legislation to the provisions of the following European Regulations:</p> <ul style="list-style-type: none"> - Regulation (EU) 2023/1114 ("MiCAr Regulation¹⁹") on crypto-assets markets, which establishes uniform requirements for crypto-assets service providers; - Regulation (EU) 2022/2554 ("DORA Regulation²⁰") aimed at ensuring a high common level of digital operational resilience for the financial sector.
<p>Annual Market and Competition Act 2022 (Law no. 214 of 30 December 2023) Distance contracts</p>	<p>On 30 December 2023, Law No. 214 was published in the Official Journal, which made significant changes to the Consumer Code regarding distance contracts concluded by telephone and tacitly renewed service contracts. The regulation, which came into force on 31 December 2023, stipulates that consent for a contract concluded by telephone is not valid if the customer has not first confirmed receipt of the document containing all the contractual conditions. There is also an obligation to send a notice to the consumer, 30 days before the expiry of a tacitly renewed service contract, indicating the date by which the consumer may formally cancel it. BancoPosta has started activities to comply with regulatory requirements.</p>
<p>European Parliament and Council (Regulation 2024/886 of 13 March 2024) Instant Transfers</p>	<p>On 19 March 2024, Regulation 2024/886 of the European Parliament and of the European Council amending the European regulation²¹ on instant credit transfers in euro was published in the Official Journal of the European Union, which aims to make instant payments available to all citizens and companies with a payment account in the EU and the European Economic Area (EEA) countries. The main changes concern the obligation for EU payment service providers to: i) also offer the instant version if they already offer</p>

¹⁸ Network and Information Security.

¹⁹ Markets in Crypto-assets Regulation.

²⁰ Digital Operational Resilience Act.

²¹ Regulations (EU) No 260/2012 and (EU) 2021/1230 and Directives 98/26/EC and (EU) 2015/2366.

euro credit transfers; ii) ensure that the fees charged for instant euro payments are no higher than those charged for non-instant euro credit transfers; (iii) verify the correspondence between the bank account number (IBAN) and the payee name provided by the payer prior to the execution of the instant transfer; (iv) verify whether their customers are subject to financial restrictive measures²² - provided for in EU legislation - immediately after the entry into force or upon modification of these measures, as well as at least once per calendar day.

In the course of 2024, on the basis of the analyses conducted, BancoPosta and PostePay will carry out the preparatory initiatives for the correct implementation of the new features introduced by the regulation, complying with the obligations in the various timeframes indicated by the legislator.

OTHER INFORMATION

Bank of Italy

On 27 February 2024, a Note was received from the Bank of Italy containing the results of an inspection, conducted on the Poste Italiane site limited to BancoPosta activities, aimed at assessing the degree of alignment with the Transparency Provisions.

On 26 April 2024, the Company submitted its response letter containing an action plan to the comments submitted.

CONSOB


On 29 January 2024, CONSOB requested a single response on the different areas of investigation including: i) further update on the issues covered by the response of 7 September 2023 (customer profiling, concentration control, transparency measures on costs and charges and identification methods), ii) new Customer Service and Portfolio Model. The relevant feedback was provided on 23 February 2024.

For the main pending proceedings and further relations with the Authorities, please refer to the condensed consolidated interim financial statements at 31 March 2024 in the chapter "Proceedings pending and principal relations with the Authorities".

²² By way of example, the freezing of funds.

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 first quarter of 2024, the following offers reserved for holders of a Libretto Smart were launched, bringing new liquidity²³ into Poste Italiane:</p> <ul style="list-style-type: none"> ✓ Supersmart Premium 366-day offer, available from the end of January to early March 2024, with a gross annual rate of 3.00%, and inflows of approximately €900 million; ✓ Supersmart Premium 366 offer, placed from 19 March 2024 to 9 May 2024 with a gross annual rate of 3.50% and volumes raised of approximately €920 million²⁴. <p>In March 2024, the 10-year Italian inflation-indexed Interest-bearing Postal Certificate was launched, offering a revaluation of the principal and accrued fixed interest based on the evolution of the inflation rate.</p>
Asset management	<p>In January 2024, the Fondo BancoPosta Obbligazionario Italia 4 anni (BancoPosta Italian 4-year Bond Fund) was launched: this is a bond fund whose objective is to achieve, over an investment horizon of approximately four years, a portfolio return in line with that expressed on average by corporate and government bond financial instruments of similar duration, through an investment in euro-denominated securities, mainly of Italian issuers, and to distribute an annual income.</p>
Assets under administration	<p>Poste Italiane took part, from 26 February to 1 March 2024, in the placement dedicated exclusively to small savers (retail) of the third issue of the Multi-Year Treasury Bond (BTP) Valore (6-year duration and quarterly coupons fixed on the basis of rates increasing over time).</p> <div style="text-align: right;">  </div>
Other activities	<p>As of 1 January 2024, the provision of the service known as 'Assegno di inclusione' (Inclusion Allowance) started²⁵. This measure replaces the citizenship income and pension, the effects of which will run out in the course of 2024.</p>

²³ 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.

²⁴ The data refer to the period from 19 March to 27 April 2024.

²⁵ Law No. 85 of 3 July 2023 "Urgent measures for social inclusion and access to employment".

5.3 INSURANCE SERVICES STRATEGIC BUSINESS UNIT

MARKET CONTEXT

During the first three months of 2024, the market in the Investment business continued to be affected by interest rate trends, albeit lower than in 2023, and by inflation rates, which still remain high although the disinflationary trend has continued; despite the challenging market context both in terms of premium income volumes (total life net inflows²⁶ negative by €4.5 billion as at February 2024) and the increase in redemptions, Poste Vita performed against the trend, with positive Investment net inflows of €0.5 billion in the first quarter of 2024 (albeit down by €1.6 billion compared to the same period of 2023). Specifically, in the first quarter of 2024, gross inflows of the Company's investment products amounted to €4.7 billion, down €1.3 billion compared to the same period in 2023 (of which €0.7 billion in inflows of traditional revaluable products and €0.6 billion in inflows of multi-class products). At 31 March 2024, the Poste Vita redemption rate was 5.5%, up from 3.9% at 31 March 2023, significantly lower than the market redemption rate of 10.6% at 31 December 2023.

The protection insurance market continues on a path of significant growth in terms of premium income, recording, at 31 December 2023, €26.9 billion in premiums for the non-motor non-life lines of business (+7.1% compared to 2022), and €17.8 billion in premiums for the motor lines of business (+8% compared to 2022), due not only to the positive trend in demand highlighted above, but also to an increase in tariffs as a result of the high inflation of recent years. Against this backdrop, there was also significant growth in life protection business, with a market growth of +18.6% over 2022.

Below is a breakdown of gross inflows of investment and protection products at 31 December 2023 compared with the figures at 31 December 2022.

Investment products

Gross inflows for investment products²⁷ amounted to approximately €89.3 billion at the end of December 2023 (-3.6% compared to 2022). If new Life premiums reported by EU companies is also taken into account, the figure reached €95.7 billion (-6.2% compared to 2022).

Gross inflows of investment products by class ^(*)

(data updated to December 2023 in €m)

Premiums by class/product	Premiums YTD	% change 12 2023 vs 12 2022
Investment Products - Class I	64,580	9.0%
Unit - Linked - class III	19,799	-31.5%
Capitalisations - class V	993	-24.7%
Pension funds class VI	3,897	22.9%
Italian insurers - non-EU	89,269	-3.6%
EU insurers (**)	8,238	-27.0%
Total	97,507	-6.2%

(*) 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 production data is available for this category.

²⁶ Source: Stime Servizio Ricerca e Studi ANIA, Anno 20 n. 4 Aprile 2024, perimetro imprese ITA + EXTRA UE. UE/LPS are not included.

²⁷ Source: Report ANIA - Trends in Life Flows and Reserves Year XIII - no. 04 - published on 21 February 2024.

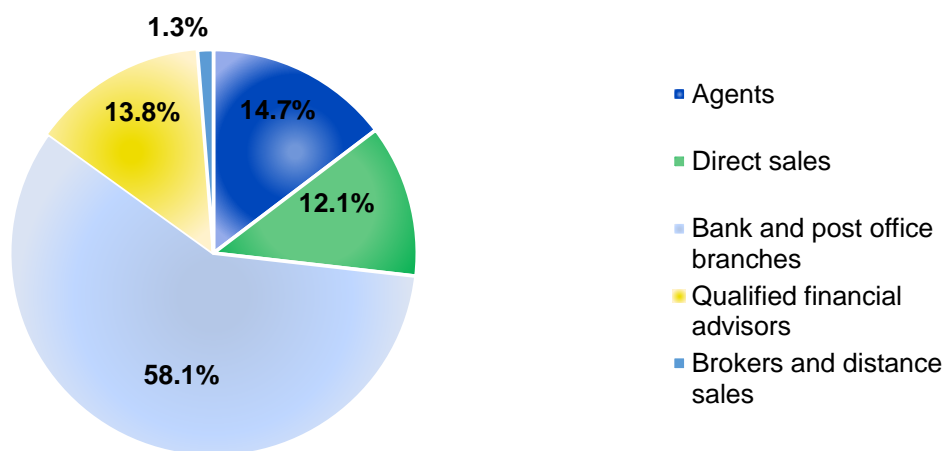
Premiums from Class I investment products amounted to €64.6 billion at the end of the period (+9% compared to the previous year), confirming their predominance with a 72% share of the total at the end of December 2023. With regard to premium income in class III (in the exclusive unit-linked form) at the end of 2023, there was a decrease of 31.5% compared to the figure recorded in 2022, against total volumes of €19.8 billion. Although residual, inflows from capitalisation products (€1 billion) recorded a decrease of 24.7% in the reference period compared to the figure recorded in the same period of the previous year. New contributions relating to the management of pension funds recorded collections of €3.9 billion in the period and increased by 22.9% compared to 2022.

With reference to the distribution channel, 58.1% of inflows relating to investment products was intermediated at the end of December 2023 through bank and post office branches, with a premium volume of €51.9 billion, down by 2.4% compared to 2022. With regard to the entire agency channel, gross inflows in the period under review reached €23.9 billion, substantially in line with the figure for 2022 (€23.7 billion) and accounting for 26.8% of total intermediated inflows.

As regards the gross premiums booked through the channel of authorised financial advisors, volumes of €12.3 billion were recorded, a decrease of 12.9% compared to as was recorded in the same period of the previous year and with an incidence compared to the total of intermediated premiums equal to 13.8%.

Finally, the broker and remote sales channel recorded a decline in the period under review of 31.5% compared to the same period of 2022 with a volume of premiums placed equal to €1.1 billion (equal to 1.3% of total intermediated).

Gross inflows of investment product by distribution channel



Source: ANIA

As far as the protection products market is concerned, total premiums in the Italian direct portfolio, i.e. including the production carried out in Italy by Italian companies and by the representative offices of foreign companies, on the basis of the latest official data available, amounted to €46.6 billion at the end of 2023, an increase of 7.9% compared to 2022, of which €17.8 billion related to the motor non-life protection sector, € 26.9 billion to the non-motor non-life protection sector and the remainder (€1.9 billion) to premiums from life protection products.

Direct Protection premiums by class ⁽¹⁾

(data updated to December 2023 in €m)

Premiums by segment ^(**)	Premiums YTD	% change 12 2023 vs 12 2022
Car damage protection	17,785	8.0%
Non-car damage protection	26,865	7.1%
Life protection ^(***)	1,935	18.6%
Total P&C classes	46,585	7.9%

⁽¹⁾ Source: ANIA

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

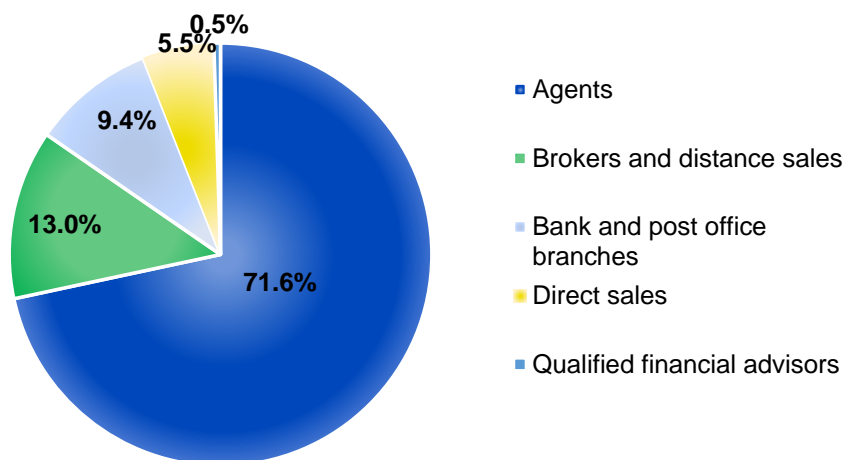
^(***) Policies combined with mortgages and consumer credit (CPI) are excluded.

The aforementioned growth of €3.5 billion is mainly attributable to the Motor Insurance segment (+€1.3 billion), due mainly to the increase in premiums from the Motor Vehicle Insurance segment (+€13.6 billion) and partly also from the TPL segment. Motor, which recorded a 6.3% increase in premiums, and to the development of the non-motor protection sector (+ €1.7 billion compared to 2022). With regard to the latter, the lines of business with the greatest weight in terms of premiums written, which showed a positive change during the period, were: accident insurance with premiums of €4,051 million, up 3.7%; health insurance with premiums of €4,181 million, up 11.6%; the general liability line of business, with premiums of €5,415 million, up 7%; the other property damage line of business, with premiums of €4,409 million, up 7.4%; and the fire and natural forces line of business, with premiums of €3,524 million, up 8.5% for the period.

Finally, with regard to life protection, pure risk products (e.g. TCM, LTC) showed significant growth compared to 2022, amounting to €0.3 billion (+18.6%).

As regards distribution channels, the agency channel confirms its leadership with a market share of 71.6% at the end of 2023 (72.2% at the end of December 2022). Brokers, together with remote sales, represent the second protection premium distribution channel with a market share of 13.0% (12.9% at the end of 2022), while bank and post office branches record a market share of 9.4% (9.2% at the end of 2022). The remaining 6% refers to deposits intermediated through direct sales, which accounted for 5.5% at the end of 2023 (5.2% at the end of December 2022) and secondly to deposits intermediated through qualified financial advisors, which accounted for 0.5% of total volumes at the end of December 2023 (in line with 2022).

Distribution Collection of protection products by distribution channel ⁽¹⁾



Source: ANIA

⁽¹⁾ Italian insurers and non-EU insurer representatives operating as an establishment.

REGULATORY CONTEXT

Below are the main regulatory initiatives updated in the first quarter of 2024. Please refer to the 2023 Annual Report for a complete discussion of the regulatory context of the Insurance Services Strategic Business Unit.

MEF Decree of 8 February 2024 and Measure IVASS no. 143 of 12 March 2024

On 26 February 2024, the MEF Decree of 8 February 2024 was published in the Official Journal, which extended, for insurance companies availing themselves of the option to suspend capital losses on non-durable securities, the possibility of taking into account the effect on existing commitments towards policyholders referring to the financial year and up to five subsequent financial years when determining the unavailable reserve. Furthermore, the same decree stipulated that companies determine the amount of distributable profits by taking into account the amount already distributed during the 2022 financial year in the 2023 financial year.

In order to implement the amendments introduced by the aforementioned Decree, IVASS published Measure No. 143 of 12 March 2024 amending IVASS Regulation No. 52 of 30 August 2022.

For the preparation of the statutory financial statements at 31 December 2023, the Poste Vita, Net Insurance Life and Net Insurance companies availed themselves of the option provided for in Regulation No. 52 by sterilising value adjustments before tax amounting to €2.7 billion, €4.2 million and €2.2 million, respectively.

IVASS - Life Insurance Guarantee Fund

The 2024 budget law²⁸ has established the "Life insurance guarantee fund", an associative body established between insurance companies and participating intermediaries with the aim of intervening to protect those who are entitled to benefit from the insurance benefits of those companies. Please refer to the 2023 Annual Report, in the chapter "Omnichannel and sectors of activity" of the Report on Operations, for more details on the nature and functioning of the Fund. With regard to the Poste Vita, the amount of the contribution for the year 2024, determined on the basis of the technical provisions at 31 December 2023, is estimated to be around €58 million; BancoPosta RFC will contribute an estimated €16 million to the Fund's endowment for the year 2024. Pending the establishment of the Life Insurance Guarantee Fund and the definition of the contribution implementation modalities, at 31 March 2024, the Group did not recognise any contribution-related costs for the financial year 2024.

OTHER INFORMATION

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

On 26 February 2024, IVASS requested a meeting regarding specific issues on Credit Protection Insurance (CPI) products addressed in the response provided on 16 October 2023, regarding the institute follow-up requests following the European Insurance and Occupational Pensions Authority's (EIOPA) warning on Payment and Protection Insurance (PPI) products. The meeting was held on 10 April 2024.

²⁸ Law no. 213 of 30 December 2023 "State budget for the financial year 2024 and multi-year budget for the three-year period 2024-2026" published in Official Journal no. 303 of 30 December 2023.

For the main pending proceedings and further relations with the Authorities, please refer to the condensed consolidated interim financial statements at 31 March 2024 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
Investments	<p>In the area of Class I investment products, February 2024 saw the placement of "Poste Prospettiva Valore Gold II", a mixed-form life insurance investment product²⁹, with a single premium and a duration of 10 years, which provides for the annual revaluation of the invested capital at a certain and predetermined rate for the first year of the contract (obtained on the basis of previously acquired assets - so-called Specific Provision of Assets, named Poste Vita Prospettiva Valore Gold II) and on the basis of the result realised by the separate account (Poste Vita Valore Solidità) over the following years. The product promotes environmental and/or social characteristics within the meaning of Article 8 of Regulation (EU) 2019/2088.</p>

²⁹ The contract benefits are linked to the Poste Vita Separately Managed Account Posta Valore Solidità and to the value of the units of one of the three available Internal Insurance Funds: Poste Vita Valore Sostenibilità Equilibrato, Poste Vita Valore Sostenibilità Dinamico and Poste Vita Valore Sostenibilità Sviluppo.



5.4 POSTEPAY SERVICES STRATEGIC BUSINESS UNIT

MARKET CONTEXT

The latest available data³⁰, on the Italian **payment card** market  in 2023, show a growth of the total national transaction value of 13% compared to 2022, exceeding €400 billion, thanks also to the general increase in the prices of

>400
€bn

Card value transactions in 2023 in Italy: +13% year-on-year

goods and services. The number of transactions grew by 14% compared to 2022 and stood at 9.3 billion, a sign of an increasingly consolidated daily use of cards, also thanks to the greater spread of digital payments by commercial businesses (e-commerce payments and contactless). **Debit card** transactions grew by 16% compared to 2022, confirming their position as the most widely used by Italians, accounting for 60% of total transactions and a transaction volume of almost €255 billion (+13% compared to 2022). **Prepaid cards** also recorded an increase (+17% of transactions and +43.0% of transactions compared to 2022) with total transactions of close to €74 billion, thanks to the constant development of e-commerce and the increase in penetration at physical points. The year 2023 was also positive for **credit cards**, which closed the year with growth, with transactions and operations increasing by 12% compared to 2022, with a total transaction value of over €113 billion.

At 31 December 2023, the number of **active cards** on the market stood at 95.1 million, up 2.4% compared to December 2022: the trend is supported by the performance of debit cards (+3.4% compared to 2022) for a total of over 50.6 million active cards. The stock of prepaid cards also increased slightly to 31 million (+1.8% compared to 2022) and credit cards to 13.5 million active cards (+0.5% compared to 2022).

The **mobile market**³¹, is essentially stable in terms of the stock of Human-to-Human SIM cards³² compared to 2022 (+0.1%) at 78.5 million. In particular, the number of SIM cards of virtual operators (Mobile Virtual Network Operator - MVNO) continues to grow (+6.9% in December 2023 compared to 2022), while the stock of incumbent operators continues to decline. Poste Mobile, which accounts for 34% of MVNO, shows a decline in the number of SIM (-3.1% of H2H SIM compared to December 2022) with a market share of 5.4% in December 2023 (5.6% in December 2022).

The **energy market** during the first quarter of 2024 consolidated the path of gradual rebalancing in the year 2023 after the effects of the geopolitical crisis generated by the Russian-Ukrainian conflict on the commodity markets.

The gradual reduction and stabilisation of prices on the gas and electricity wholesale markets continued in the first quarter of 2024. In fact, the diversification of supplies with the replacement of almost all gas imported from Russia with gas from other countries, the reduction in consumption and relatively mild average winter temperatures made it possible to get through the winter period without the risk of a shortage of raw material. Thus, the gas storage facilities arrived at the end of the winter with a fill of about 50%, leaving a good safety margin for the coming months. In the electricity sector, the continued growth of production from renewable sources across Europe has contributed, together with falling gas prices, to lower electricity prices.

However, the gas market remains characterised by uncertainties stemming from the international geopolitical and economic environment, resulting in price volatility, which is also reflected in the electricity market.

³⁰ Processing and estimates of data from Bank of Italy - Payments system and Annual Report.

³¹ Source: AGCom Osservatorio sulle comunicazioni n.1/2024, referred to December 2023.


³² H2H (Human-to-Human) SIM are the ones in everyday use in smartphones that allow calls and data connections.

In this context, the institutions continued with the gradual reduction of the concessions introduced during 2022 to cope with the increase in wholesale gas and electricity prices; thus, the reduction in wholesale prices was mitigated by increases in system and tax charges on consumers.

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

REGULATORY CONTEXT

Below are the main regulatory initiatives updated in the first quarter of 2024. Please refer to the 2023 Annual Report for a complete discussion of the regulatory context of the Postepay Services Strategic Business Unit.

<p>Electronic money</p>	<p>Please refer to the regulatory framework of the Financial Services SBU for more details.</p> 
<p>TLC Terminating voice calls</p>	<p>In the context of Delegated Regulation 2021/654 adopted by the European Commission on 18 December 2020, regarding the single maximum termination rate for calls on mobile networks and fixed networks in the European Union, starting from 1 January 2024, the rates applicable in Italy are the following:</p> <ul style="list-style-type: none"> - 0.20 euro 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 euro cents per minute (excluding VAT) is the maximum price payable to the fixed network telecommunications operator for call termination on the latter's network. <p>PostePay adopted the tariff regime within the time-frame provided by the regulatory framework.</p> <p>In addition, on 28 February 2024, AGCom, by means of Resolution No. 46/24/CONS, initiated a proceeding aimed at identifying the markets for voice call termination services on mobile networks with the objective of revising, where necessary, the regulatory provisions established at national level by Resolution No. 599/18/CONS currently in force.</p>
<p>TLC SMS ALIAS</p>	<p>With reference to the AGCom Resolution No. 12/23/CONS "Regulation on the use of alphanumeric characters identifying the sender in corporate messaging services (SMS ALIAS³³)", which defined the obligations and roles of the parties involved in the messaging service chain, on 29 January 2024, the Lazio Regional Administrative Court, on an appeal by an electronic communications operator, published a ruling annulling the obligation requiring domestic operators to block ALIAS SMS messages coming from abroad. With this decision, the possibility was thus restored for foreign companies too to send information text messages to their Italian users whose sender is identified by an alias.</p>
<p>TLC Quality and charters of electronic</p>	<p>In the context of the new provisions on the information that providers of mobile and personal communications services must provide to users regarding the quality of services offered in the area of fixed telephony and fixed location internet service³⁴, which came into force on 27 January 2024, PostePay implemented the necessary measures³⁵ to adapt to the changes</p>

³³ SMS ALIAS refers to an alphanumerically encoded character string transmitted in SMS communications.

³⁴ Resolution no. 156/23/CONS of 31 July 2023.

³⁵ For example: new section of the site dedicated to technical transparency, addition to the contractual kit of a document specifying the technical characteristics of the service provided, etc.

communications
services
accessible to
the public from
a fixed location

introduced and participated in working tables to update the guidelines for measuring the quality of service of fixed location internet. These guidelines were published on 1 March 2024 and enter into force 120 days after publication; PostePay has initiated the necessary activities to adapt to the changes introduced within the timeframe foreseen by them.

TLC
Electronic
communications

With reference to the consultation procedure initiated by the AGCom in April 2023, for the revision and amendment of the "Regulation containing provisions for the protection of users with regard to contracts relating to the provision of electronic communications services"³⁶, on 3 January 2024, the Authority approved the new Regulation (Resolution No. 307/23/CONS) governing contracts between operators providing electronic communications services and end users. This Regulation, which will enter into force on 3 July 2024, updates the previous Regulation in order to adapt the provisions governing the contractual relationship between operators and end users to the new Electronic Communications Code.

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

TLC
Copyright

With reference to the Provisions for the prevention and suppression of the unlawful dissemination of copyright-protected content via electronic communication networks³⁷ AGCom is allowed to order service providers including network access providers, to disable access to unlawfully disseminated content by blocking the Domain Name System (DNS) resolution of domain names and blocking the routing of network traffic to IP addresses uniquely intended for unlawful activities. PostePay, within the prescribed deadlines, has accredited itself on the dedicated "Piracy Shield" platform³⁸ and - through its access providers - is fulfilling its obligations under the law.

All contracts with Wholesale Operators entered into by PostePay in its capacity as Telco Operator are being updated/renegotiated in order to define the responsibilities and related charges with respect to the aforementioned blocking obligations.

ENERGY
"Directive (EU)
2024/825
Empowering
Consumers for

On 25 March 2024, the European Directive 2024/825 "Empowering Consumers for the Green Transition (ECGT)" came into force, supplementing the list³⁹ of commercial practices considered unfair, for the purposes of the Green Transition, and prohibited pursuant to Articles 6-7 of Directive 2005/29/EC (and transposed in Article 23 of the Consumer Code).

³⁶ Regulation pursuant to AGCom Resolution No. 519/15/CONS.

³⁷ AGCom Resolution No. 189/23/CONS of 26 July 2023, which came into force on 1 January 2024, transposing Law 93/2023.

³⁸ The Piracy Shield platform, which has been in operation since 1 February 2024, enables the automated handling of alerts following a precautionary order issued by the Italian Communications Authority under Art. 9-bis, paragraph 4-bis of the Regulation.

³⁹ Business practices considered unfair are: i) displaying a sustainability label that is not based on a certification scheme or is not established by public authorities; ii) making a generic environmental claim for which the trader is unable to demonstrate the recognised excellence of the environmental performance relevant to the claim; iii) making an environmental claim concerning the trader's product or activity as a whole when it concerns only a certain aspect of the product or activity; iv) claiming that a product has a neutral, reduced or positive impact on the environment in terms of greenhouse gas emissions; v) presenting requirements imposed by law on the Union market for all products in a given category as if they were a distinctive feature of the trader's offer.

the Green
Transition"
(ECGT)

The directive must be transposed by the EU Member States by 27 March 2026, and PostePay is already adapting its communication initiatives to the new provisions.

ENERGY

Liberalisation of
the gas retail
market

The first quarter of 2024 saw the completion of the liberalisation process of the natural gas retail market.

As of 1 January 2024 - according to the modalities defined by ARERA, with Resolutions 100/2023/R/com and 102/2023/R/com - the Vulnerability Protection Service became operative. In particular, ARERA implemented the provisions of Article 1.59, of Law no. 124 of 4 August 2017 (Annual Law on the Market and Competition) and the provisions of the aforementioned 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.

The Vulnerability Protection Service, i.e. the natural gas supply service at the economic and contractual conditions defined by ARERA, intended only for vulnerable customers⁴⁰ (as defined in Article 22 of Legislative Decree No. 164 of 23 May 2000), replaces the previous Gas Protection Service, which had a broader scope of accessibility because all domestic customers were entitled to it, regardless of any condition of vulnerability.

PostePay complied within the deadline by implementing all actions required by the regulator.

ENERGY

Electricity retail
market
liberalisation

In parallel with the regulatory developments concerning the removal of the Protection Service in the natural gas retail market, the process of completing the liberalisation of the electricity retail market also continued.

In implementation of Decree Law No. 181 of 9 December 2023 and the subsequent ARERA Resolution No. 600/2023/R/eel of 19 December 2023, the end of the Greater Protection Service for non-vulnerable domestic electric customers is set for July 2024. For these customers, ARERA has provided for a gradual path to give everyone the opportunity to choose the offer on the free market that best suits their needs, ensuring adequate information obligations on the part of sellers. In fact, it is foreseen that if non-vulnerable customers do not choose an operator on the free market by 1 July 2024, the supply of electricity will switch to the so-called "Gradual Protection Service", which will be provided by sellers selected by the Single Buyer⁴¹ through specific competitive procedures (which took place on 10 January 2024) and whose conditions will be defined close to the switch to the new service. Vulnerable

⁴⁰ Vulnerable customers are those who are in one of the following conditions: i) economically disadvantaged (social bonus recipients); ii) have a disability within the meaning of Article 3 of Law 104/92; iii) are in emergency housing following calamitous events; iv) are over 75 years of age.

⁴¹ A public company that was initially set up to supply electricity to customers served under the "Greater Protection" regime and that over the years has expanded its scope of activity, in particular by incorporating processes aimed at improving the operation of the energy market (e.g. management of the Integrated Information System and the Offer Portal).

domestic customers⁴² however, will be able to continue to use the Greater Protection Service.

On 2 February 2024, Law No. 11 converting Decree-Law No. 181 of 9 December 2023⁴³, (so-called Energy Decree). The Energy Decree envisages that the Greater Protection Service for vulnerable electricity customers will be replaced by the Electricity Vulnerability Service. ARERA will regulate the Electricity Vulnerability Service through measures that it will issue during the course of the year. PostePay is following developments related to the updates introduced by the Energy Decree.

ENERGY

ARERA resolutions for populations affected by calamitous events

As part of the interventions and facilities defined during 2023 in favour of the populations most affected by the exceptional meteorological events that occurred in central Italy in May 2023, ARERA with Resolution 10/2024/R/com of 30 January 2024 set 30 June 2024 as the deadline by which customers may request the application of the tariff facilities to their sellers defined in Resolution 565/2023/R/com (zeroing of distribution costs and general system charges).

With Resolution 11/2024/R/com of 30 January 2024, ARERA, in order to implement the provisions of the Budget Law 2024, extended until 31 December 2024, the facilitations in favour of customers affected by the seismic events in Central Italy and in the municipalities of Casamicciola Terme, Lacco Ameno and Forio in 2016 and 2017.

With Resolution 50/2024/R/com of 27 February 2024, ARERA further detailed the emergency measures in favour of the territories of Tuscany affected by the flood of 2 November 2023, introduced by Resolution 519/2023/R/com of 9 November 2023. In particular, the customer billing suspension period was set at six months, starting on 2 November 2023.

ENERGY

ARERA consultations

Consultation 70/2024/R/gas of March 2024, with the subject "List of Entities Authorised to Sell Natural Gas: Qualifying methods and conditions". The document outlines ARERA guidelines in relation to the changes to be made to the List of Entities authorised to sell natural gas to end customers, managed by the Ministry of the Environment and Energy Security ("MASE"). The purpose of the proceedings is to update the current regulatory requirements for registration in the List, borrowing what is already provided for in the List of Entities authorised to sell electricity, harmonising the requirements between the two sectors as far as possible. Modifications to the requirements of the List will be adopted by means of a special decree of the MASE, which will also have to collect the comments of the Competition Authority.

PostePay is currently already an authorised entity for the sale of natural gas to end customers, being listed in the relevant public list managed by the MASE. Following the entry



⁴² Vulnerable electricity customers are those who are in one of the following conditions: i) economically disadvantaged (social bonus recipients); ii) have a disability within the meaning of Article 3 of Law 104/92; iii) are in emergency housing following calamitous events; iv) are over 75 years of age; v) have a utility in the non-interconnected minor islands; and vi) use medical-therapeutic equipment necessary to maintain life powered by electricity.

⁴³ "Urgent provisions for the energy security of the country, the promotion of the use of renewable energy sources, the support of energy-intensive enterprises and in the matter of reconstruction in the territories affected by the exceptional flooding events that occurred on or after May 1, 2023".

into force of the aforementioned decree, PostePay will have to declare that it meets the requirements to confirm its inclusion in the List of Authorised Entities.

OPERATING REVIEW

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

SEGMENT	OPERATING REVIEW
Energy	<p>The energy offer is characterised by being 100% green for light and 100% compensated in terms of CO₂ for gas.</p> <p>During the first quarter of 2024, given also the peculiar moment related to the end of the protected gas market, PostePay focused on the optimisation of the new "Gas Vulnerability Protection Service Offer"⁴⁴ and on the activation of the supply of electricity to Group companies, thus completing the internalisation of the supply of gas and power commodities.</p> 
Electronic Money/Collections and Payments	<p>In the area of acquiring, in order to develop the Small Economic Operator (POE) target, Postepay adhered, for the physical POS product, to the POS Protocol⁴⁵ by launching a promotion on micro-payment fees.</p> <p>As of the end of January 2024, the delivery of Inclusion Cards, the prepaid payment cards for households benefiting from the Inclusion Allowance (ADI)⁴⁶ started at the Post Office network.</p> 
Fibre	<p>During the first quarter of 2024, PostePay continued its multi-channel communication strategy (physical channel, web, e-mail, etc.) on the PosteCasa Ultrafast offer range and launched actions aimed at promoting its fibre connections in a number of small municipalities within the perimeter of the Polis Project.</p>



5.5 OMNICHANNEL APPROACH, INNOVATION AND DIGITALISATION

THE POSTE ITALIANE OMNICHANNEL PLATFORM STRATEGY

Poste Italiane has embarked on a transformation path towards a "Platform Company" and aims to connect citizens, companies and the Public Administration by distributing products and services with an omnichannel model that allows customers to be served through the channel they prefer.

⁴⁴ Natural gas supply service to which vulnerable customers are entitled made available from January 2024, pursuant to Decree-Law No. 115 of 9 August 2022. The offer envisages the application of economic and contractual conditions regulated by ARERA (Regulatory Authority for Energy Networks and the Environment); no additional services or conditions are envisaged.

⁴⁵ The "POS Protocol" stipulates that adhering operators - members of ABI (the Italian Banking Association) and APSP (the Italian Association of Payment Service Providers) - enabled to accept card payments, promote the digitalisation, modernisation and competition of payment services, also through greater comprehensibility, comparability and mitigation of the costs of transactions with electronic payment instruments, to be borne by those who carry out the activity of selling products and providing services. In particular, the Protocol promoted the application of discounts on Merchant Fees (commissions paid by the merchant) of transactions of reduced amounts of up to €10 and up to €30 for merchants with transacted business of up to €400 thousand per year and for a period of not less than 9 months.

⁴⁶ National measure to combat poverty, fragility and social exclusion of the weaker sections of the population through paths of social inclusion, as well as training, employment and active labour policy, established as of 1 January 2024 by Article 11 of Decree-Law No. 48 of 4 May 2023, converted with amendments by Law No. 85 of 3 July 2023.

In the first quarter of 2024, the Poste Italiane omnichannel interaction platform reached 24.9 million total daily interactions (+10.4% compared to 22.5 million total daily interactions in the first quarter of 2023).

The model is supported by a profound technological transformation based on a strong push for cloud adoption, investment in artificial intelligence, next-generation distributed data platforms, acquisition of specialised companies and insourcing of core competencies.

24.9
mln
daily interactions as part of omnichannel

In 2023, the single Poste Italiane app infrastructure was created, in which all Poste Italiane services will converge, offering customers a single access to services and facilitating both cross-selling and upselling.

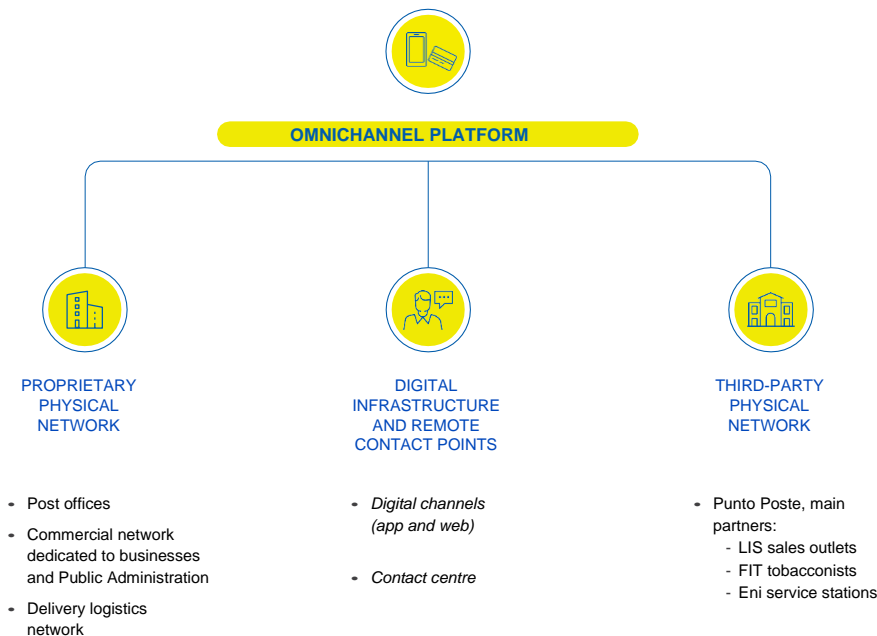
The Poste Italiane app represents the 'tip of the iceberg' of the company's technological transformation, enabling the integration of businesses and the transformation of Poste Italiane into a 'Platform Company'.

The new single app will progressively integrate the Group's apps (already integrated PT app, BP app, PP app), thus allowing customers to access all the platform services in an integrated manner, while also being able to dialogue remotely with 'Poste' and increasing cross-selling opportunities. The new app will adapt to the behaviour and needs of the individual customer through hyper-personalisation of content and rules of engagement, including through the use of artificial intelligence.

In addition, the new 'Poste Italiane' app was elected Product of the Year 2024 in the category 'App - Simple Experience'.

In order to enable the omnichannel experience, in recent years, Poste Italiane has invested in the development of digital and remote channels in collaboration with the physical channel, the Poste Italiane historical asset.

Below is a representation of the Group's omnichannel platform.



The Group's omnichannel platform provides for the monitoring of customers and the provision of services through **3 main types of 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 channels (app

and web) and the contact centre, capable of serving the entire national population;

- the **third-party physical network**: consisting of approximately 51 thousand points, the result of commercial partnership agreements for the marketing of Group products and services managed also through the recent acquisition of the company LIS.

DIGITAL INFRASTRUCTURE AND REMOTE CONTACT POINTS

The Group has implemented a programme of "digital transformation" of all its service and offer models in order to guarantee its customers omnichannel contact experiences.

During the period, the Group continued to work on improving the digital channel experience (app and web) both in terms of simplicity of interactions and operations and in terms of strengthening the digital sales channel; it also paid special attention to the development of the new single app Poste Italiane.

The Group's digital channels (app and web) are as follows:



Poste Italiane app (formerly Post Office app): in the course of 2023, a profound transformation and enrichment process has been initiated that will lead it to become the only Poste Italiane app.

In the first quarter of 2024, the main functionalities used by Poste customers were completed (94% of the transactions carried out).

With the new app, customers can purchase and manage cards, accounts, vouchers, books and policies from a single access point. In particular, for the first time it is possible to manage life insurance policies on the app. Customers can also make payments with both Poste Italiane and third-party payment cards.

Also supporting the collaboration with the physical channel, through the new app it is possible to book appointments in the Post Office with a simplified process, send mail and parcels and check the status of consignments, pre-fill forms to speed up certain operations in the Post Office, and consult the notice board with receipts of operations carried out in both the physical and digital channels.

The app will be progressively completed with all the functions relating to Poste Italiane services and will become for the customer and the user a single point of reference for all their needs.



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;



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.

In addition, Poste Italiane also manages:



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



KEY OMNICHANNEL KPIS

In the context of the Poste Italiane omnichannel and digital transformation, aimed at guaranteeing its customers contact experiences in an omnichannel logic, the main KPIs with the Group's performance on digital channels and on the omnichannel platform during the first quarter of 2024 are represented below.

Key KPIs Omnichannel	1Q 2024	1Q 2023	Changes	
Overall daily interactions (m)	24.9	22.5	+2.3	+10.4%
Digital KPIs				
Digital interactions (e-commerce + digital channel App and Web) per day (m)	10.1	8.8	+1.3	+15.1%
Incidence of digital interactions on total interactions	49%	48%		
Daily digital operations (e-commerce + digital channel App and Web) (m)	2.4	2.1	+0.3	+14.2%
Digital operations as a percentage of total operations	30%	28%		
Active digital customers (m)	13.2	12.7	+0.4	+3.3%
App Users Stickiness*	24.8%	23.9%		
Poste Italiane Digital e-Wallets (stock in m)	12.4	11.0	+1.4	+12.7%
Issued SPID digital identities (stock in m)	27.8	26.3	+1.5	+5.7%

*Calculated as the ratio between average daily and monthly visitors of all apps in the period

Total daily 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 ATM

 and third-party networks, transactions on physical POS  and e-commerce.

Active digital customers: customers who have logged in at least once on the app and/or web during the reference period.


The Poste Italiane Group achieved a total number of 24.9 million daily interactions in the first quarter of 2024 (22.5 million total daily interactions in the first quarter of 2023). The number of active digital customers also grew in the first quarter, reaching 13.2 million with growth of 3.3% compared to last year. Daily operations on digital channels also grew by double digits (+14%), representing approximately 30% of operations overall. Digital customers enabled to

>13
mln

Active digital customers (+3.3% y/y)

about
30%

of operations on digital channels in 2024

operate online through e-wallets  reached 12.4 million as at 31 March 2024 and frequently use the Poste Italiane Group's apps, recording an App Users Stickiness of 24.8%.

Moreover, Poste Italiane is confirmed as the first SPID Digital Identity Manager, with a market share of around 74% and a customer base of around 27.8 million Identities Digital public databases issued, of which 24 million active.



Strengthening of digital channels

During the first quarter of 2024, the Group continued with the evolution of digital channels with a view to guaranteeing a fluid and omnichannel experience to its customers in the following areas:

Focus on Roadmap New Poste Italiane App

Consistent with the strategy of simplifying the experience of accessing Poste Italiane services, through the creation of a single app that integrates all services, a development roadmap has been defined which, after the integration of the PT app functionalities, also provides for the integration of all the functionalities currently distributed on the BP and PP apps.

In addition to what has already been released during 2023 on cross-sectoral and financial functionalities, the following functionalities were integrated during this period:

- ✓ introduced the new 'Postal Savings' section, where you can view and manage your Libretti Smart and Interest-bearing Postal Certificates (BFP) in self-care;
- ✓ introduced the new 'Insurance' section where, for the first time, it is also possible to view and manage Life and Pension policies, in addition to Protection policies;
- ✓ introduced the possibility to view receipts of PagoPA Bills paid at the Post Office directly in the app Notice Board;
- ✓ introduced the possibility of purchasing the BancoPosta account online on the new app (online sales already provided with the BancoPosta app).

Other digital retail channel enhancement interventions

- The new 'PosteCertifica' PEC (certified e-mail) offer was made available, conceived with a Registered Electronic Mail (REM⁴⁷) perspective and with renewed features aligned to those of the market's top players; the purchase funnel and webmail interface were completely redesigned and optimised to offer continuous improvement of the customer experience.
- The online Personal Loans simulator has been supplemented with a feature that allows customers to simulate a loan by indicating their sustainable instalment.
- On the Guided Advice Platform, the necessary development work was completed to consider and assess customer preferences on ESG issues and offer products in line with the preferences expressed.
- In order to improve the customer experience for holders of Postepay prepaid and debit cards, digital functionalities were made available with regard to their activation, online uploading of the report related to cases of replacement due to theft/loss.

Enhancing digital business channels

- A dashboard was introduced in the digital business ecosystem for subscribing to and managing the lifecycle of SEPA direct debit payments (SDD direct debits), for customers with a BancoPosta Business Link account or Postepay Evolution Business prepaid card.
- On digital channels, for customers holding a Postepay Evolution Business debit or prepaid card, the possibility of making automatic online reloads⁴⁸ of Postepay prepaid cards was extended.

⁴⁷ REM - Registered Electronic Mail - is the new European standard that will replace the one used in Italy. With the REM, an IT protocol is established that fulfils the requirements of European Regulation 910/2014 eIDAS (electronic IDentification Authentication and Signature) regarding electronic identification and trust services.

⁴⁸ Automatic reloading of Postepay prepaid cards is the service that allows to make automatic 'time-based' (e.g. weekly, fortnightly or monthly) or 'threshold' top-ups, performed whenever the available balance on the card to be topped up falls below an amount defined by you.



5.6. RISK MANAGEMENT

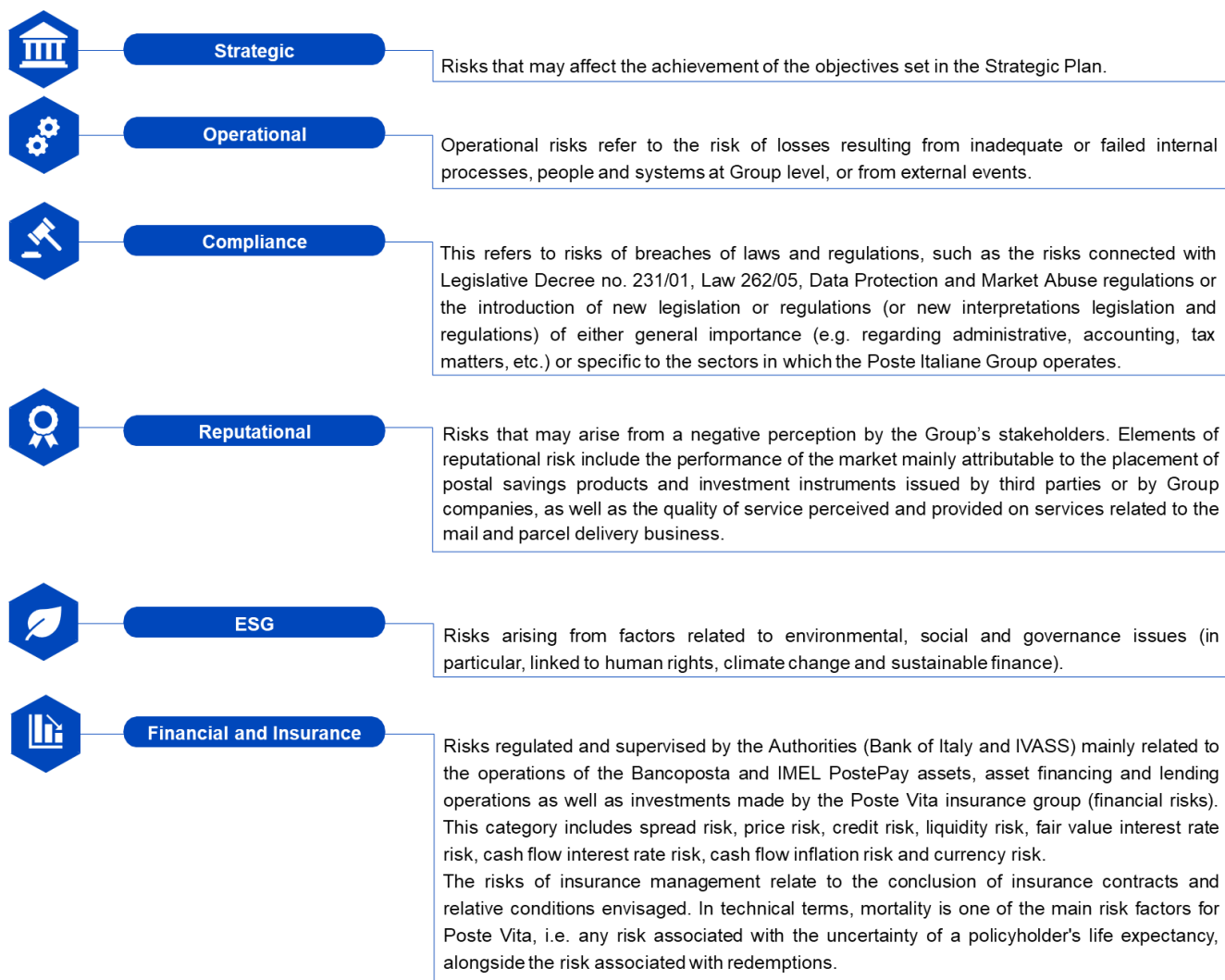
The Poste Italiane **Internal Control and Risk Management System (SCIGR)** is a combination of tools, procedures, rules and organisational structures, designed to ensure that the business is managed in a way that is sound, fair and consistent with the corporate objectives, and to pursue sustainable success, 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.

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 Group Sustainable Development, Risk and Compliance function ("SSRCG") 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 latter regard, the Group implemented an integrated Governance, Risk and Compliance (GRC) platform in 2018 to support the integrated risk management process. This IT tool assesses and manages operational risks, in accordance with Legislative Decree no. 231/01, of fraud, IT security, strategic, ESG, reputational, fiscal, physical security, Integrated Compliance, privacy and corruption as well as compliance with the rules applicable to financial and payment services. Furthermore, during 2023 the platform was further expanded through evolutionary implementations and extension of functionality in relation to the already existing modules. In addition, further work was carried out that strengthened and extended the application integration aspects between the specific GRC system and other systems in the company. This is the tool that has enabled the Group to maximise integration of the risk management process, ensuring that risk assessment methods are shared across all the specialist second-level control functions. At the same time, it has improved communication with senior management and corporate bodies and between the various control functions, minimising the risk of inadequate or redundant information.

For more information on the objectives of the platform, please refer to the 2023 Annual Report in Chapter 6 "Risks and Opportunities".

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



For a complete discussion on the description and control of financial and other risks, please refer to the chapter "Risks and Opportunities" in the 2023 Annual Report 2023 - Section Report on operations and the chapter "Risk Analysis and Control" in the 2023 Annual Report - Section I Financial Statements of Poste Italiane.

6. CREATION OF VALUE

GROUP OPERATING RESULTS

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

[FINANCIAL SERVICES STRATEGIC BUSINESS UNIT](#)

[INSURANCE SERVICES STRATEGIC BUSINESS UNIT](#)

[POSTEPAY SERVICES STRATEGIC BUSINESS UNIT](#)

[GROUP FINANCIAL POSITION AND CASH FLOW](#)

6.1 GROUP OPERATING RESULTS

Group revenue for the first quarter of the year grew by approximately 1% compared to the first quarter of 2023. Compared to the same period of the previous year, both revenue and operating profit for the period were affected by lower net gains realised in the pro-active management of the securities portfolio.

In order to provide an interpretation of the new energy business, more consistent with the view used by management, as the Group is not an energy producer, a net revenue presentation was adopted in 2023. Consequently, some values shown in the following document (including the respective comparative values), reflect a management reclassification with respect to the accounting data: specifically, revenue is shown net of costs related to the purchase of raw materials, system charges and the transport of electricity and gas. Please refer to the reclassified statement of profit or loss schedules in the 'Appendix' section of this Interim Report on Operations for the reconciliation of the management values with the accounting values.

(€m)	1Q 2024	1Q 2023	Changes	
Revenue*	3,045	3,023	+22	+0.7%
Total costs*	2,340	2,256	+83	+3.7%
EBIT	706	767	(61)	-8.0%
EBIT margin %	23.2%	25.4%		
NET PROFIT	501	540	(38)	-7.1%
Net earnings per share	0.38	0.42	(0.03)	-7.4%
CAPEX	81	112	(31)	-27.7%
<i>% of revenue</i>	<i>2.7%</i>	<i>3.7%</i>		

*The items include the management reclassification of the costs of the energy

1Q 2024

Revenues
about €3 billion

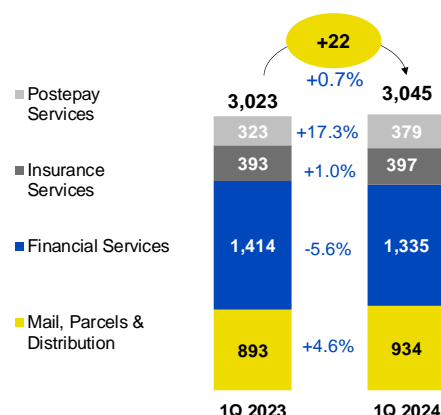
EBIT
€706 million

Net Profit
€501 million

REVENUE

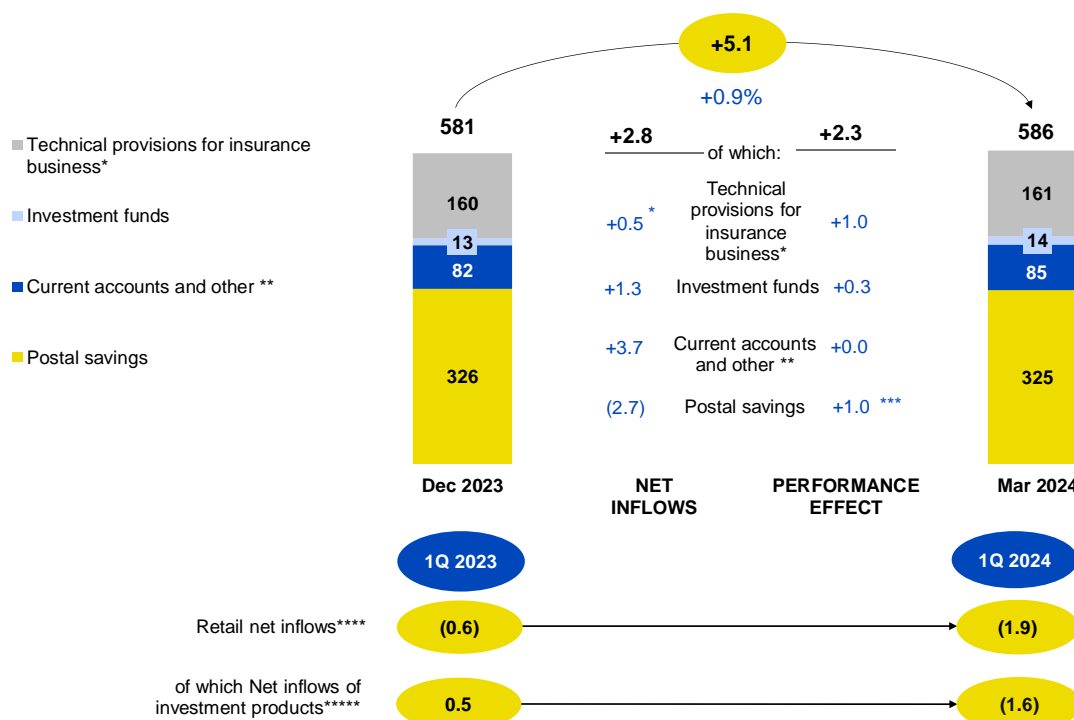
(€m)

The Group's revenues for the first quarter of 2024 amounted to €3,045 million, marking a growth of €22 million compared to the first quarter of 2023 (+0.7%) with the positive contribution of the Strategic Business Units Postepay Services (+€56 million equal to +17.3%), Mail, Parcels and Distribution (+€41 million equal to +4.6%) and Insurance Services (+€4 million equal to +1.0%). The Financial Services Strategic Business Unit posted revenues down by €79 million (-5.6%) compared to the first quarter of 2023, due to lower net gains realised in the proactive management of the securities portfolio.



TOTAL FINANCIAL ASSETS

(€bn)



* Insurance reserves of Poste Vita calculated in accordance with Poste Vita S.p.A.'s local financial reporting principles. Values do not include the protection line of the Vita business. For more details, please refer to the alternative performance indicator "Total Financial Assets" in section 8.2.

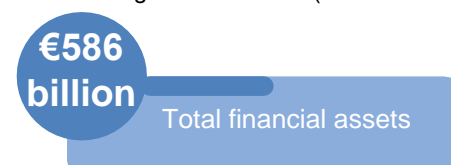
** Includes the value of current accounts and assets under administration. Current accounts do not include REPO and Poste Italiane's liquidity.

*** Includes capitalisation of interest.

**** Includes net inflows on: Postal Savings, Investment Funds, Moneyfarm, Insurance, Current Accounts and Assets under Administration.

***** Includes net inflows on: Investment Funds, Moneyfarm, Postal Savings Bonds, Insurance and Assets under Administration.

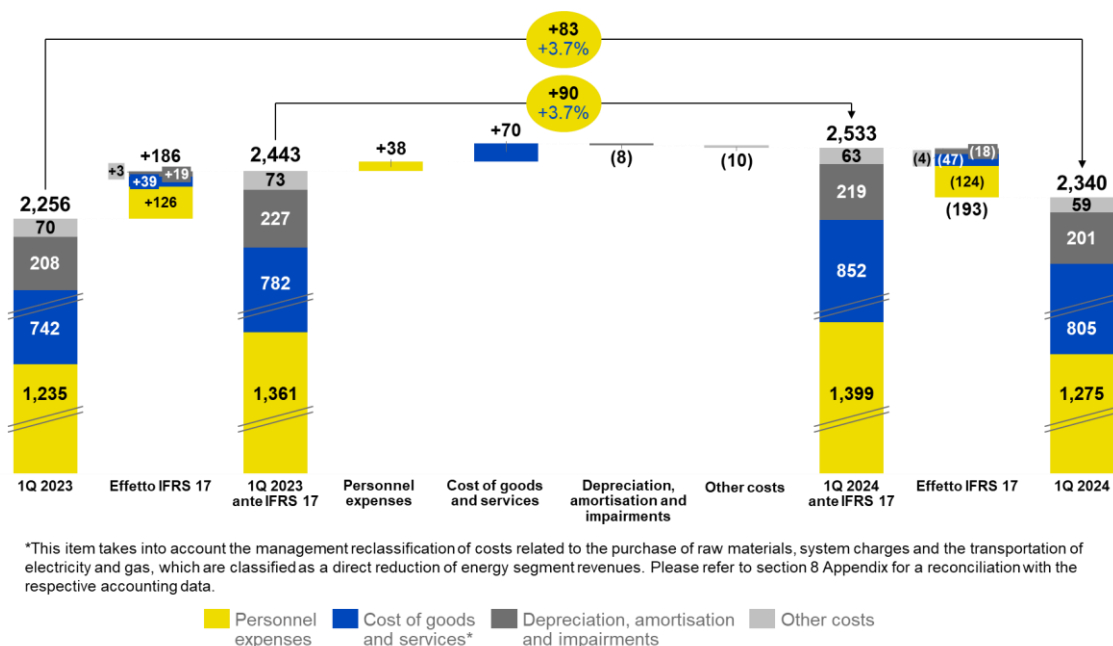
At 31 March 2024, total financial assets amounted to €586 billion and showed growth of 0.9% (+€5.1 billion) compared to €581 billion at 31 December 2023. This change is attributable to positive net inflows on Current Accounts (+€3.7 billion), Investment Funds (+€1.3 billion) and Insurance Reserves (+€0.5 billion), partially offset by negative net inflows on Postal Savings. There is also a performance effect of €2.3 billion.



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 highlighted, also considering those attributable to insurance contracts.



In line with the IFRS 17 accounting standard, total costs stood at €2,340 million, up compared to €2,256 million in the first quarter of 2023 (+€83 million), mainly due to the increase in personnel expenses (+€39.5 million) and costs for goods and services (+€63 million).

Personnel expenses amounted to €1,275 million, an increase of €39.5 million compared to first quarter of 2023. Ordinary personnel expenses, net of the effect generated by the application of IFRS17, increased by €41 million (+3%) from €1,357 million in first quarter of 2023 to €1,398 million in first quarter of 2024. See the following section for more details.

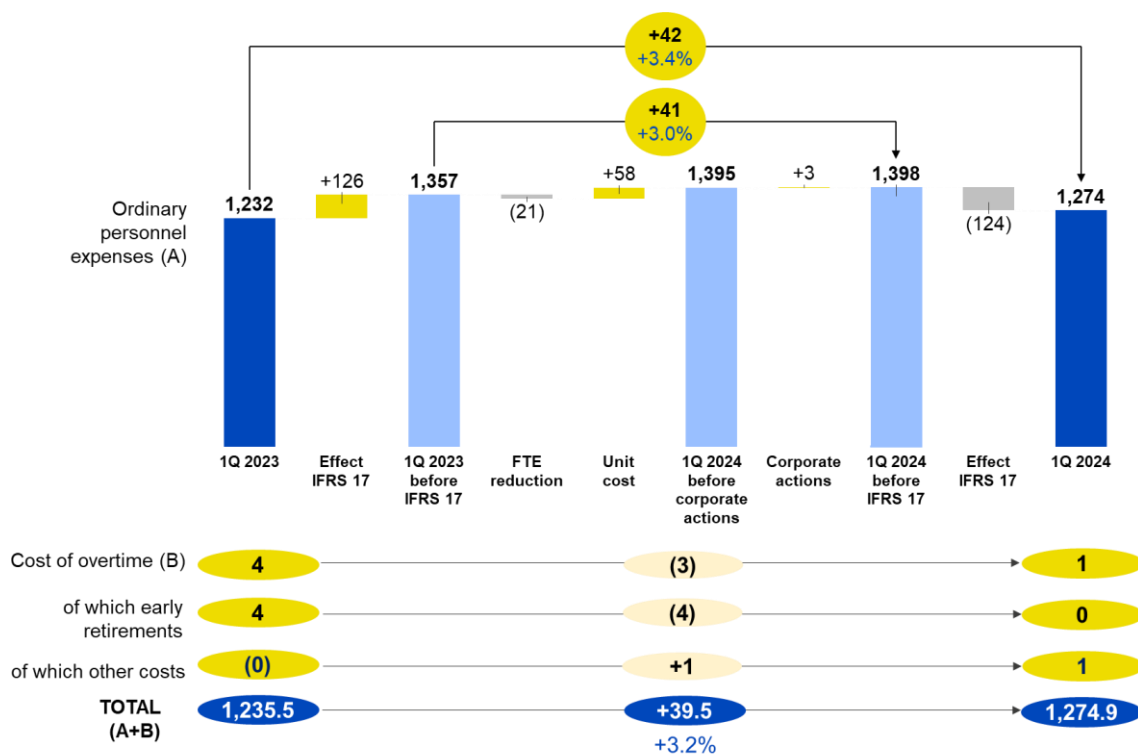
Costs for goods and services recorded an increase of €63 million, going from 742 in the first quarter of 2023 to 805 in the same period of 2024. Net of the effects of the application of the new standard, costs for goods and services recorded an increase of €70 million, going from €782 million in the first quarter of 2023 to €852 million in the same period of 2024.

In addition to the incurring of costs to support the business, the change is mainly related to the inflation scenario in the amount of €30 million and the expansion of the company scope (€4 million) for the Net Insurance Group companies acquired in April 2023.

Amortisation, depreciation and impairment expenses decreased by €7 million (-3.6%) from €208 million in first quarter of 2023 to €201 million in first quarter of 2024, mainly due to lower amortisation on intangible assets (the effect of the completion of the useful life of certain software purchased in the 2020 financial year that had a three-year amortisation schedule).

PERSONNEL EXPENSES

(€m)

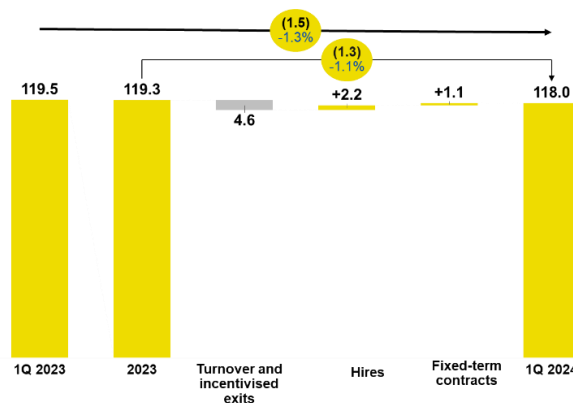


The total personnel expenses increased by €39.5 million (+3.2%) compared to the first quarter of 2023. Ordinary personnel expenses, net of the effect generated by the application of IFRS17, increased by €41 million (+3%) from €1,357 million in first quarter of 2023 to €1,398 million in first quarter of 2024. This change is related to the increase in unit cost (+€58 million), mainly attributable to the increase in wages, performance bonus and overtime hours, the effect of the expansion of the company perimeter (+€3 million) due to the acquisition of the Net Insurance companies in April 2023 (approximately +140 average FTE), partially offset by the reduction in headcount (approximately -1,650 average FTE).

NUMBER OF RESOURCES

(average Full Time Equivalent in thousands)

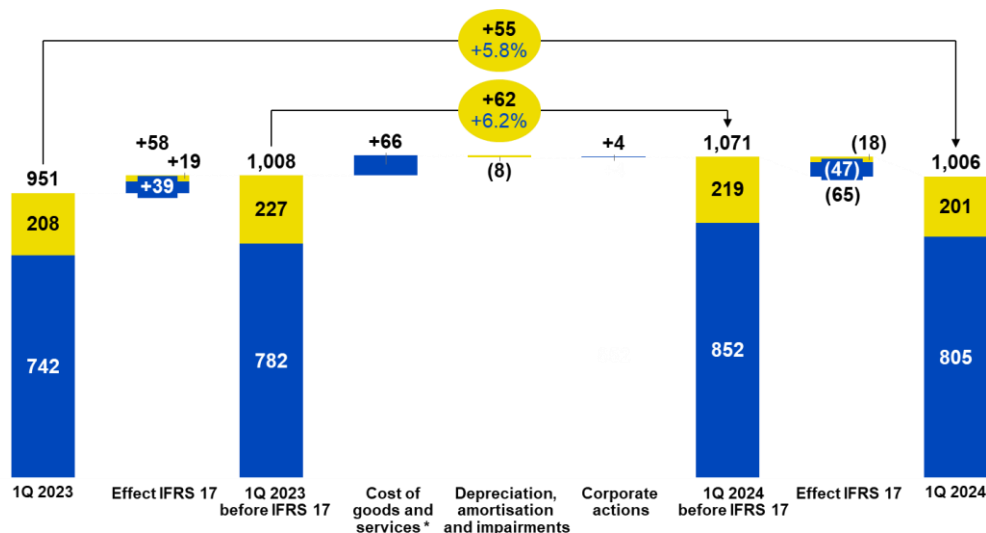
The resources leaving the Group in the first three months of 2024, including incentivised redundancies, are 4.6 thousand (average FTE) with permanent contracts compared to new arrivals of 2.2 thousand (average FTE) and 1.1 thousand (average FTE) of new fixed-term hires.



COST OF GOODS AND SERVICES AND DEPRECIATION AND AMORTISATION

(€m)

The following table shows the development of costs for goods and services and depreciation and amortisation compared to the first three months of 2023, showing the effects of the application of IFRS 17.



*This item takes into account the management reclassification of costs related to the purchase of raw materials and the transportation of electricity and gas, which are classified as a direct reduction of revenues in the energy segment. Please refer to section 8 Appendix for a reconciliation with the respective accounting data.

■ Depreciation, amortisation and impairments ■ Cost of goods and services

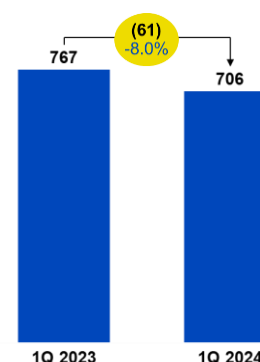
Net of the effects of the application of the new standard, costs of goods and services increased by €70 million from €782 in first quarter of 2023 to €852 in 2024. In addition to incurring costs to support the business, the change is mainly related to the international inflationary scenario (for €30 million) and the expansion of the company scope (for €4 million) for the Net Insurance companies acquired in April 2023. Amortisation and depreciation, net of the application of IFRS 17, amounted to €219 million and decreased by €8 million compared to the first quarter of 2023, mainly due to lower amortisation on intangible assets (effect of the completion of the useful life of certain software purchased in the 2020 financial year, which had a three-year amortisation plan).

GROUP EBIT

(€m)

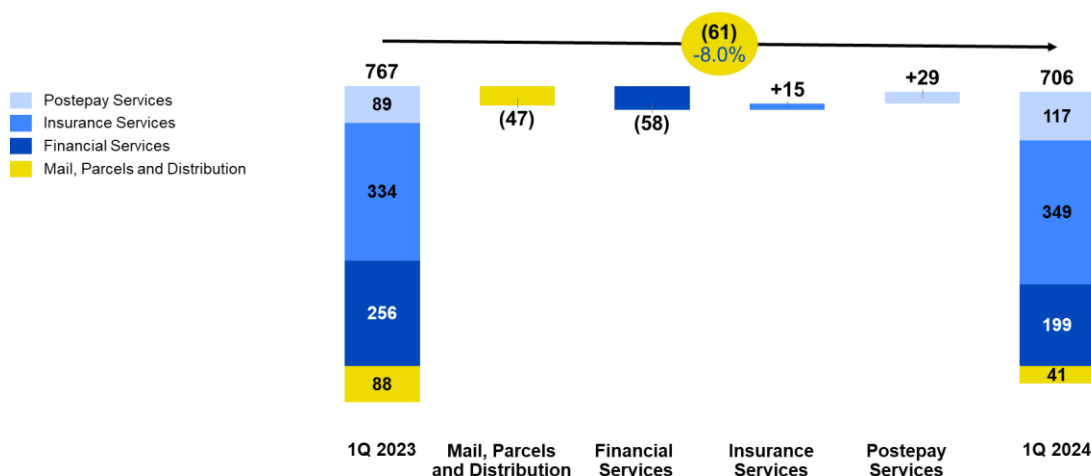
The consolidated operating result (EBIT) stood at €706 million and recorded a decrease of €61 million (-8.0%) compared to the same period last year (€767 million).

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



EBIT BY STRATEGIC BUSINESS UNIT

(€m)

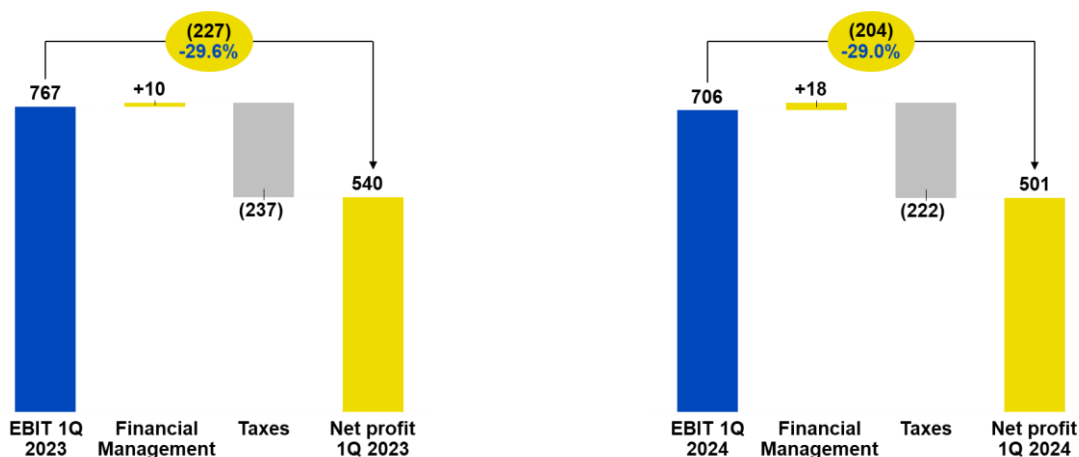


In the first quarter of 2024, the Group's operating result stood at €706 million and showed a decrease of €61 million compared to the same period of the previous year. The growth in operating performance concerned the Postpay Services Strategic Business Unit, which recorded an operating result of €117 million in the first quarter of 2024, an increase of €29 million compared to the same period last year, and Insurance Services, which recorded an operating result of €349 million, up €15 million compared to the first quarter of 2023 (€334 million). The operating results of the Financial Services and Mail, Parcels and Distribution Strategic Business Units were positive for €199 million and €41 million respectively, with a decrease of €58 million and €47 million compared to the value achieved in the same period of 2023 (€256 million and €88 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)



Net profit for the first quarter of 2024 stood at €501 million, a decrease of 7.1% compared to the first quarter of 2023 (€540 million), and takes into account financial management, which went from €10 million in the first quarter of 2023 to €18 million of the same period of 2024.

Taxes for the period recorded a decrease of €15 million, going from €237 million in the first quarter of 2023 to €222 million in the same period of 2024.

6.1.1 MAIL, PARCELS AND DISTRIBUTION STRATEGIC BUSINESS UNIT

The performance of the Strategic Business Unit in the first quarter of 2024 shows an increase in the performance of the mail, parcels and logistics businesses compared with the same period of 2023, while the operating result was affected by the lower remuneration of the commercial network related to the lower gains realised by BancoPosta as part of the pro-active management of the securities portfolio compared with the first quarter of 2023.

Operating KPIs	1Q 2024	1Q 2023	Changes	
Mail, Parcels and Distribution				
Revenue/FTE (€k)	19.8	19.3	+0.5	+2.8%
Parcels that can be delivered as standard mail (volumes in m)	27	18	+9	+52.1%
N. Pick-Up Drop-Off Points (PUDO) ¹	27,965	27,497	+468	+1.7%
Of which: New Rete Punto Poste ²	16,192	15,724	+468	+3.0%
Parcels collected and delivered on the Rete Punto Poste (m)	5.4	4.4	+1.0	+22.7%
Distribution				
Number of financial customers (m)	35.2	35.1	+0.1	+0.2%
Number of Post Offices*	12,755	12,755	-	n/s
Rooms dedicated to consultancy	7,952	7,884	+68	+0.9%
Postamat ATM network	8,159	8,118	+41	+0.5%
ESG				
Green fleet (electric vehicles)*	5,867	5,822	+45	+0.8%
Charging points installed*	5,637	5,637	-	n/s
SMART mailboxes*	707	707	-	n/s
No. buildings involved in Smart Building ³	2,094	1,996	+98	+4.9%
Photovoltaic Panels (no. of buildings)*	351	308	+43	+14.0%

n/s: not significant

* The figure indicated in column 1Q 2023 refers to 31 December 2023.

*(PUDO): includes the Rete Punto Poste, Post Offices with poste restante and Lockers.

² Rete Punto Poste includes Lockers, Tobacconists and other Collect Points.

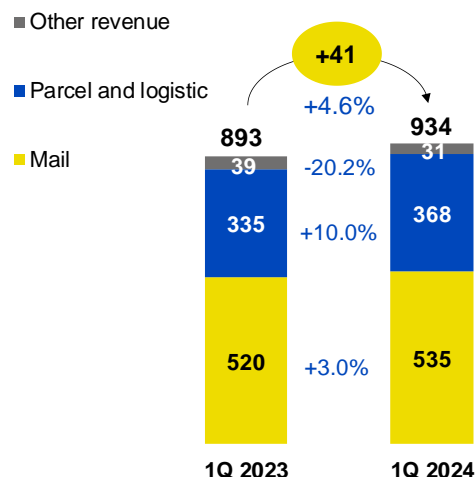
³ Automated and remote management of buildings to achieve energy efficiencies.

EXTERNAL REVENUE

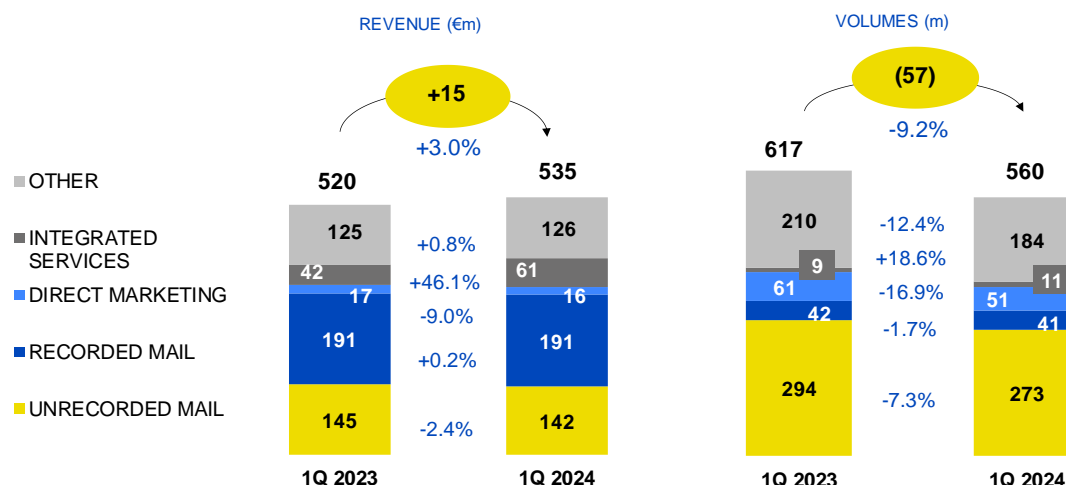
(€m)

The market revenues of the Strategic Business Unit went from €893 million in the first quarter of 2023 to €934 million in the same period of 2024 (+€41 million, equal to +4.6%). This increase is attributable to the performance of revenues in the parcels and logistics segment (+€33 million, or +10%) supported by a steady acceleration of the B2X component in terms of increased shipments, and to revenues in the mail segment (+€15 million, +3.0%); the latter recorded growth mainly related to tariff adjustments on universal service products⁴⁹ and non-universal service products, as well as an improved volume mix.

MAIL



⁴⁹ Resolution No. 160/23/CONS "Determination of new maximum tariffs for Universal Services" in force from 24 July 2023 and 18 December 2023.



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 acts.
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 acts (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).

In particular, the performance of the mail services recorded by the Group in the first quarter of 2024 shows a decline in volumes of 9.2% (-57 million items), with revenues growing by 3% (+€15 million) compared to the same period of 2023.

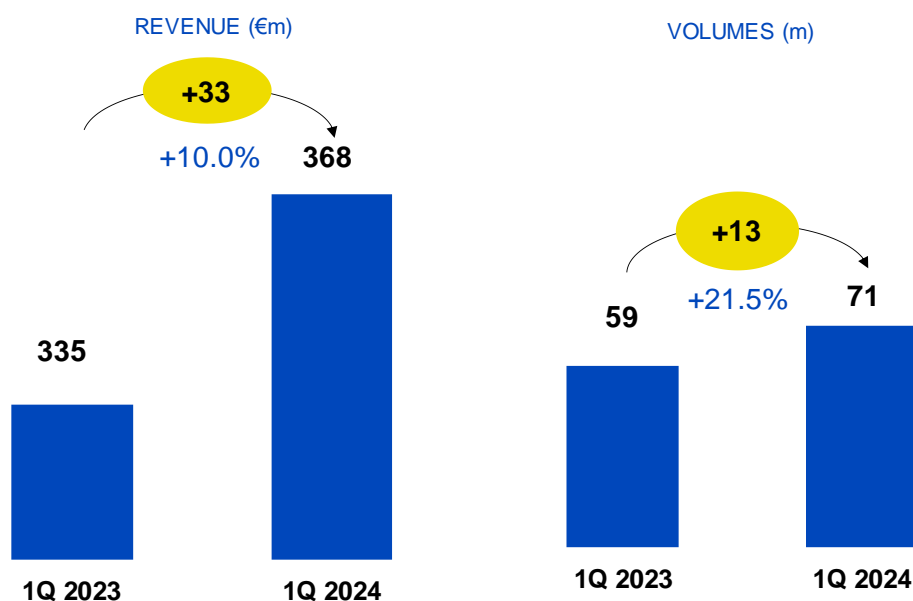
This trend is attributable to a different product mix compared to first quarter of 2023, which in 2024 saw a growth in the volumes of some higher value products in the families of Integrated Services, compared to the decline in products with a lower unit value. Recorded mail recorded a drop in volumes of 1.7% (-1 million items), while revenues were broadly in line with the first quarter of 2023 (+0.2%), mainly as a result of the aforementioned pricing manoeuvre. Unrecorded mail showed a reduction in both volumes (-7.3%; -22 million items) and, despite the positive impact of the tariff manoeuvre, in revenues (-2.4%; -€3 million) compared to the first quarter of 2023, continuing to be affected by the physiological drop in shipments in line with the trend observed in the previous year. Integrated Services grew compared to the first quarter of 2023, both in terms of volumes (+2 million consignments, or 18.6%) and revenues (+€19 million, or +46.1%) mainly due to consignments of the licensed mail service⁵⁰. Direct Marketing recorded a decrease in volumes of 16.9% (-10 million items), resulting in a negative change in revenues of approximately €2 million (-9.0%), attributable to the phenomenon of e-substitution.

⁵⁰ Until November 2023, this service was accounted for by the PatentiViaPoste Consortium under 'Other revenues' of the Mail, Parcels and Distribution strategic business unit.

The item Other, which also includes services marketed by Postel, showed volumes down by 12.4% (-26 million items) and revenues in line (+0.8%; +€1 million) in the first quarter of 2024 compared to the same period of 2023, mainly due to the decline in Printing services as a result of the drop in the print market.

The item Other also includes the Universal Service Charge of €66 million in the first quarter of 2024, in line with the same period in 2023, and the tariff additions on the publishing service, which decreased by 5.3% (-€1 million) compared to 2023.

PARCELS AND LOGISTICS



During the first quarter of 2024, the parcels and logistics segment recorded strong growth in terms of volumes (+21.5% or +13 million shipments) and a positive trend in terms of revenue (+10% or +€33 million), compared to the same period in 2023.

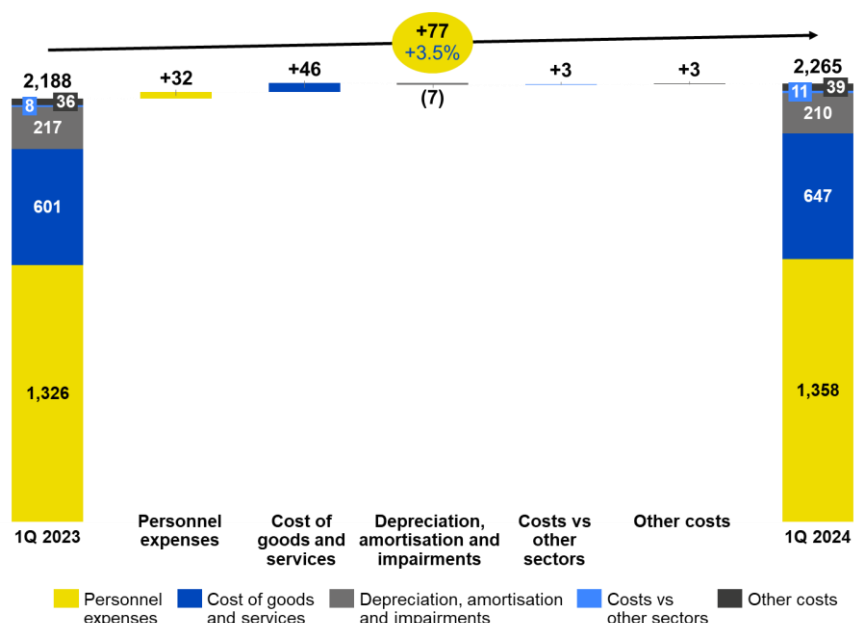
The volume trend in parcels and logistics is also growing compared to last year's trend (+6.8% in the year 2023 compared to 2022). This performance is mainly due to the positive performance of the main large customers and above all to the operations of the Chinese market, which are reflected in a significant increase in the average daily volumes entrusted compared to the same period of the previous year.

E-commerce continues to represent the strategic business sector, thanks to constantly growing performances compared to what was recorded in the first quarter of 2023. The Consumer to Consumer/Business (C2X) segment in the first quarter of 2024 showed revenue growth of 3.2% (+€0.4 million) and volumes substantially in line with the same period of 2023 (+0.5%), also thanks to the effects of some repricing actions already in force during 2023.

Revenue growth in the parcels and logistics segment in the first quarter of 2024 compared to 2023 (+€33 million, +10.0%), although positive, is less pronounced than the change in volumes (+21.5% compared to the first quarter of 2023), mainly due to the combined effect of the following factors: i) higher growth in the segments with lower tariffs; ii) lower revenues associated with logistics services provided during the pandemic emergency phase by Covid-19 (-€3 million); iii) lower revenues from the deconsolidation of sender (-€5 million); iv) a higher incidence of revenues from products with lower associated delivery costs (e.g. delivery to PUDO).

The healthcare logistics business operated by the company Plurima generated revenue of €15 million (+€0.3 million, or +1.8%) in the first quarter of 2024, in line with the same period in 2023.

COSTS



Costs including amortisation and depreciation relating to the first quarter of 2024 amount to €2,265 million, with an increase of €77 million (+3.5%) compared to the same period of 2023. This trend was attributable to personnel expenses, which amounted to €1,358 million, up €32 million (+2.4%) compared to the same quarter of 2023, mainly attributable to increases in unit labour costs. Costs for goods and services showed an increase of €46 million (+7.7%), reaching €647 million in the first quarter of 2024. This trend is attributable to the joint effect of the increase in variable costs linked to the greater volumes of the parcel sector and the increase in costs generated by the inflationary pressures on fuel and raw materials. Depreciation, amortisation and write-downs decreased by €7 million for the period (-3.4% compared to the first quarter of 2023).

In light of the above, the Mail, Parcels and Distribution Strategic Business Unit reported an operating profit of €41 million for the first quarter of 2024, down on the result for the same period of 2023 of €88 million (-€47 million, -53.1%), which was affected by the lower remuneration of the commercial network related to the lower gains realised by BancoPosta as part of the pro-active management of the securities portfolio.

6.1.2 FINANCIAL SERVICES STRATEGIC BUSINESS UNIT

The performance of the Financial Services Strategic Business Unit in the first three months of 2024 showed declining revenues mainly due to lower net gains realised in the pro-active management of the securities portfolio. The BancoPosta Total Capital Ratio at 31 March 2024, up compared to 31 December 2023, stood at 24.9%.

FINANCIAL SERVICES (in €mln)	1Q 2024	1Q 2023	Changes	
External revenue	1,335	1,414	(79)	-5.6%
Revenue from other sectors	223	234	(10)	-4.4%
Total revenue	1,559	1,648	(89)	-5.4%
Costs	37	51	(13)	-26.6%
Costs vs other sectors	1,323	1,341	(18)	-1.4%
Total costs	1,360	1,392	(32)	-2.3%
EBIT	199	256	(58)	-22.5%
EBIT margin %	12.7%	15.6%		
NET PROFIT	151	187	(36)	-19.3%

Operative KPIs	1Q 2024	1Q 2023	Changes	
Total financial assets (€bn)	586	581	+5	+0.9%
Net inflows (€m)	2,779	763	+2,016	n/s
Performance Effect ¹ (€bn)	2.3	2.6	(0.3)	-11.5%
Current accounts (average deposits for the period in €bn)	89.5	95.6	(6.1)	-6.4%
Net return on deposits ²	2.65%	2.31%		
Postal savings (average deposits in €bn)	313.4	315.8	(2.4)	-0.7%
Loans (disbursed in €m)	934	865	+69.8	+8.1%

n/s: not significant

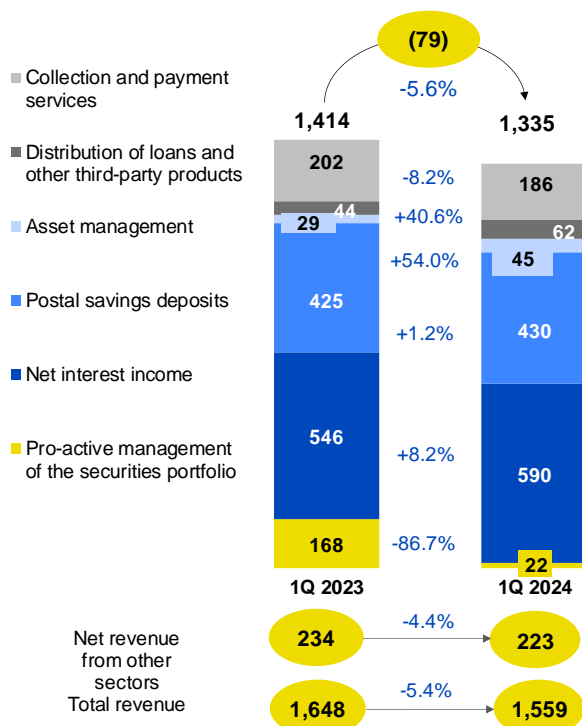
* The figure indicated in column 1Q 2023 refers to 31 December 2023.

1 The performance effect mainly includes the impact of macroeconomic variables (spreads, rates, etc.) on the stocks of the insurance, managed funds and assets under administration segments, as well as the capitalisation of interest for the period on the stocks of postal savings bonds/loans.

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 loans and other 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.

Market revenues for the first three months of 2024 amounted to €1,335 million and recorded a decrease of €79 million compared to the €1,414 million achieved in the first three months of 2023 (-5.6%).

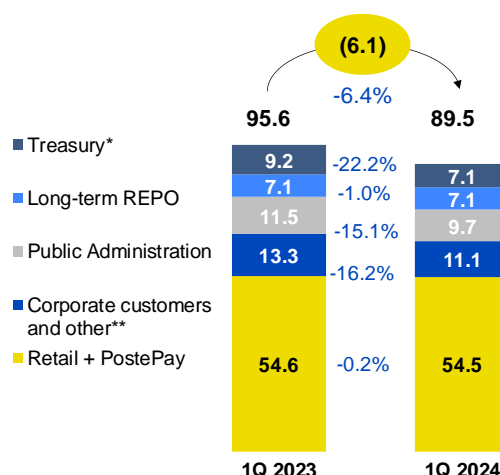
In detail, the period under review shows: (i) lower net gains realised on pro-active management of the securities portfolio compared to the first three months of 2023 (-€146 million, -86.7%); (ii) higher net interest income compared to the first quarter of 2023 (+€45 million, +8.2%) due to higher yields from the Retail and Corporate segment (+€80 million) partly mitigated by lower yields from the use of current account deposits in the Public Administration segment (-€22 million) and lower net interest income related to the Treasury segment (-€12 million); (iii) revenue from the postal savings collection and management service, which amounted to €430 million, up 1.2% (+€5 million) compared to the same period in 2023 and taking into account the terms and conditions approved by the Boards of Directors of Poste Italiane and Cassa Depositi e Prestiti in May 2024, respectively, in relation to the Postal Savings Management Service for the three-year period from 1 January 2024 to 31 December 2026; (iv) revenue from collection and payment services of €186 million, down by €17 million (-8.2%) compared to the same period of the previous year due to lower revenue from account-keeping expenses (-€16 million) as a result of the new repricing operating from April 2023; (v) revenue from the distribution of loans and other third-party products of €62 million, up by €18 million (+40.6%) compared to €44 million in the first three months of 2023. This increase was mainly attributable to higher revenues from personal loans, which benefited from volume growth and higher up-front fees paid by financial partners. Finally, revenues from Asset Management, at €45 million, increased by €16 million (+54%) compared to the first quarter of 2023, mainly due to higher volumes of mutual funds placed.

Revenues from other segments amounted to €223 million, down €10 million compared to the first quarter of 2023 (-4.4%) mainly due to the decrease in commission  resulting from lower volumes of insurance policies placed.

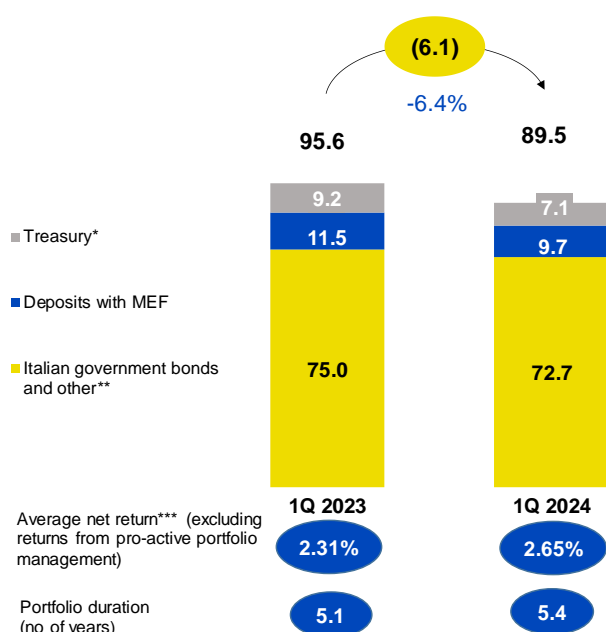
AVERAGE CURRENT ACCOUNT DEPOSIT

(€bn)

In the first quarter of 2024, the **Average Stock of current accounts** decreased compared to the same period of the previous year, going from €95.6 billion to €89.5 billion. This decrease, amounting to €6.1 billion (-6.4%), was mainly attributable to the contraction in Corporate customer deposits (-€2.2 billion, -16.2%), the Treasury component (-€2.1 billion, -22.2%) and the decline in Public Administration deposits (-€1.8 billion, -15.1%). The retail component (including the balance of Postepay prepaid cards) was substantially in line with first quarter of 2023.



* Includes short-term REPO and collateral.
 ** Includes corporate current accounts and PostePay Business, Poste Italiane's liquidity and payables of other customers.



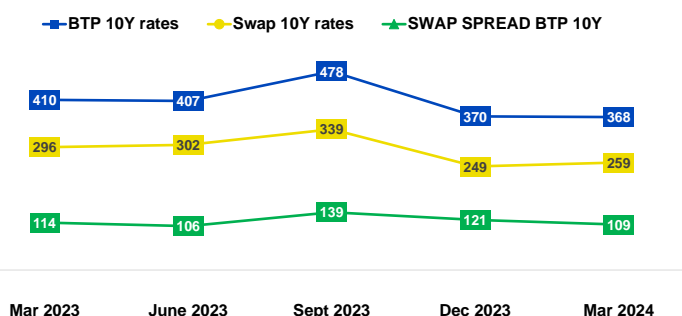
* Includes REPO and short-term bonds and collateral.
 ** Includes tax credits and liquidity on the buffer.
 *** Calculated as net interest on average deposit.

INVESTMENT PORTFOLIO COMPOSITION

(AVERAGE DEPOSIT in €bn)

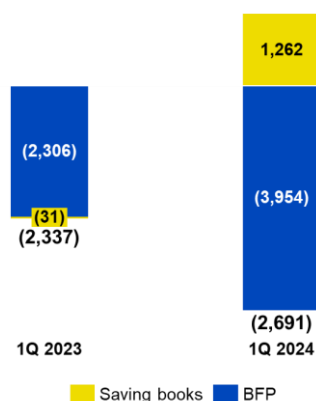
The **average deposit of the investment portfolio** consists primarily of Italian government securities and debt securities issued by Cassa Depositi e Prestiti and guaranteed by the Italian State (about €65 billion), in which funding from private customers on postal current accounts is invested, and deposits with the MEF (about €10 billion) represented by funding from postal current accounts belonging to public customers. The investment portfolio also includes the average balance used by BancoPosta to purchase tax credits, which amounted to approximately €7 billion as at 31 March 2024.

The management of BancoPosta securities portfolio was characterised by the continuation of the strategies implemented in 2023 aimed at reducing the portfolio's variable component and improving its income profile. In particular, asset swap securities were sold with the dual objective of returning part of the portfolio to fixed interest rates and realising gains (approximately €20 million net gain).



POSTAL SAVINGS NET INFLOWS

(€m)



At 31 March 2024, net inflows from postal savings amounted to approximately -€7.2 billion, approximately €0.4 billion lower than in first quarter of 2023. Positive savings books net inflows of around €1.3 billion were up by the same amount compared to the figure for the first quarter of 2023 and benefited from the initiatives dedicated to injecting new liquidity since the beginning of 2024, as well as from the final placement period of the initiative launched in November 2023.

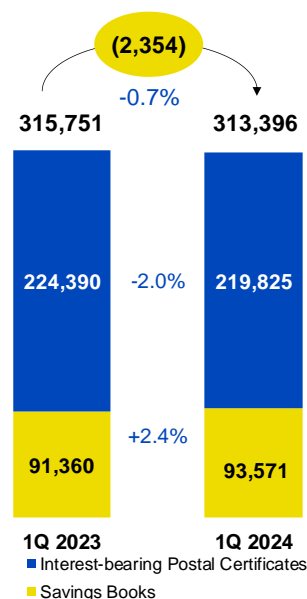
With regard to Interest-bearing Postal Certificates (BFP), the change compared to the figure for the first quarter of 2023 was negative by about €1.6 billion: lower subscriptions (-€2.9 billion or -21.0%) were only partly offset by lower redemptions (-€1.2 billion).

Redemptions were affected by the changed economic and financial conditions, which led to lower yields on products placed in the first quarter of the year, resulting in lower early redemptions than in the same quarter of 2023 (-€3.3bn). The aforementioned reduction in early redemptions of postal savings certificates more than offset the increase in redemptions of matured postal savings certificates (+€2.1 billion), which was related to the higher maturities in the period (+40%) compared to those in first quarter of 2023.

POSTAL SAVINGS AVERAGE BALANCE*

(€m)

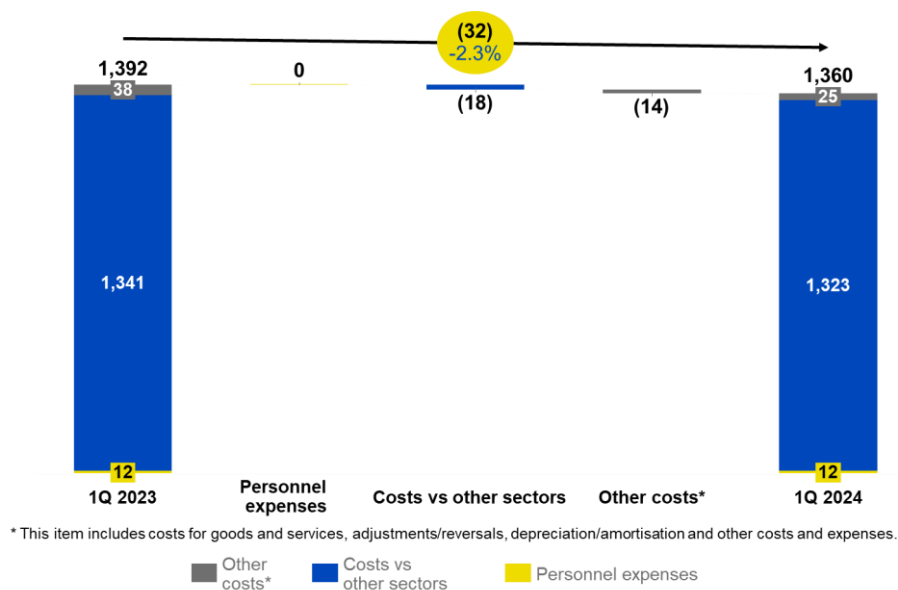
The postal savings average deposit decreased by about €2.4 billion compared to the figure for first quarter of 2023. The value of savings books is influenced by the particularly positive result of inflows related to new liquidity initiatives in the first quarter of 2024, as well as by the positive results of net inflows in 2023, which affected the initial balance of 2024, while the decrease in the average balance of Interest-bearing Postal Certificates (BFP) is mainly attributable to lower gross inflows in the period compared to the same quarter of 2023, partly mitigated by the decrease in redemptions and capitalisation of interest.



* Interest is calculated at the beginning of the year in respect of interest accrued in the previous year. Average value of the deposit excludes both the capitalisation of interest for the period and interest accrued, but not yet due, on Interest-bearing Postal Certificates that have not expired at the reporting date.

TOTAL COSTS

(€m)



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

Total costs of the Strategic Business Unit amounted to €1,360 million, down €32 million (-2.3%) compared to €1,392 million realised in the first three months of 2023, mainly due to both lower fees attributable to Executive Orders (-€14 million), in relation to the activities entrusted to Poste Italiane and related to the decline in revenue, and a decrease in other costs (-€14 million) mainly attributable to lower operating losses and lower stamp duty costs for BancoPosta, due to lower early redemptions on Interest-bearing Postal Certificates compared to the same period of 2023.

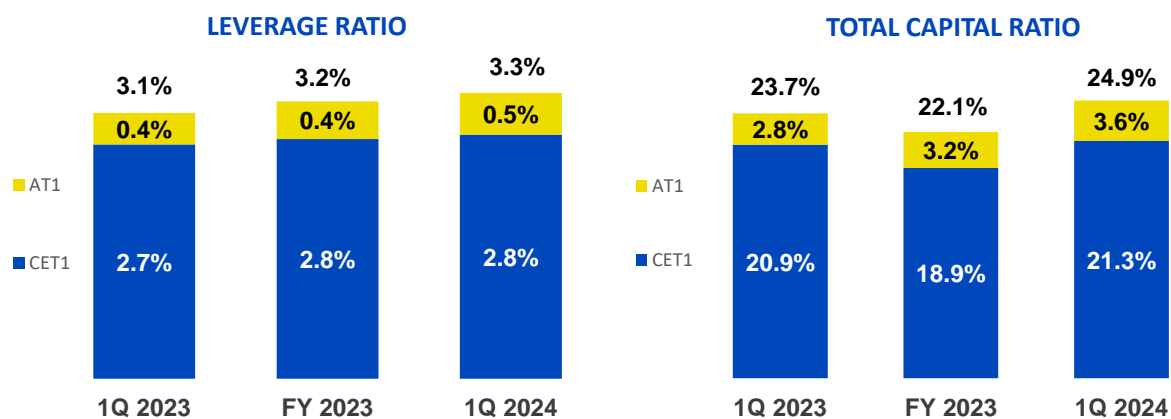
The operating result (EBIT) of the sector stood at €199 million, a decrease of 22.5% compared to the first quarter last year (-€58 million).

With a positive financial management of €11 million and taking into account the taxes for the period (€58 million), the net result of the Financial Services Strategic Business Unit in the first quarter of 2024 stands at €151 million,

down by €36 million compared to the €187 million in the same period of 2023 (-19.3%), which was affected by the effect of the lower net gains realised.

FINANCIAL KPIS

€mln	1Q 2023	FY 2023	1Q 2024
CET1 CAPITAL	2,605	2,654	2,647
TOTAL CAPITAL	2,955	3,104	3,097
TOTAL ASSETS	99,958	98,145	96,494
RWA - Risk Weighted Assets	12,455	14,077	12,445



At 31 March 2024, the Leverage Ratio stood at 3.3%, up from 31 December 2023 as a result of the decrease in balance sheet assets - including adjustments for leverage calculations - of approximately €2 billion; the change in assets is attributable to the decrease in cash, financial assets measured at amortised cost, other assets and derivative exposure.

The CET1 Ratio at 31 March 2024 stood at 21.3%, while the Total Capital Ratio including Additional Tier 1 was 24.9%, confirming capital solidity of BancoPosta. The increase in both indicators is linked to the reduction in Risk Weighted Assets (RWA), especially counterparty risk.

Details of the various areas of risk and the methods used for their measurement and prevention are provided in the Annual Report at 31 December 2023.

6.1.3 INSURANCE SERVICES STRATEGIC BUSINESS UNIT

The SBU financial results for the first quarter of 2024 were up when compared to the same period last year and should be read in the context of the continuing challenging industry context. The Solvency Ratio at 31 March 2024 stood at 313%, up from 31 December 2023, confirming the insurance group's high solvency ratio and well above the managerial aspiration (above 200%).

INSURANCE SERVICES (in €bn)	1Q 2024	1Q 2023	Changes	
External revenue	397	393	+4	+1.0%
Revenue from other sectors	(39)	(49)	+10	+20.5%
Total revenue	358	344	+14	+4.1%
Costs	3	5	(1)	-26.5%
Costs vs other sectors	6	6	+1	+11.3%
Total costs	10	11	(1)	-5.7%
EBIT	349	334	+15	+4.4%
NET PROFIT	252	245	+7	+2.8%

Operative KPIs	31 March 2024	31 December 2023	Changes	
Net technical provisions Poste Vita Group (€bn) ¹	162.6	161.1	+1.6	+1.0%
Contractual Service Margin (CSM) ² (€bn)	13.8	13.7	+0.1	+0.4%
Solvency Ratio	313%	307%		

Investments	1Q 2024	1Q 2023	Changes	
Gross premium / investment (€m) ⁵	4,693	6,008	(1,314)	-21.9%
of which: Classes I-IV-V	3,495	4,213	(719)	-17.1%
of which: Multi-class ⁴	1,196	1,791	(595)	-33.2%
Net inflows (€m)	461	2,056	(1,595)	-77.6%
Lapse rate	5.5%	3.9%		
Poste Vita products with ESG elements ⁵	79%	70%		

Protection	1Q 2024	1Q 2023	Changes	
Gross premium - Protection (€m) ⁶	312	241	+71	+29.4%
Combined protection ratio (net reinsurance) ⁸	85.4%	89.8%		

¹ Technical reserves of the insurance business (Investments and Protection and Welfare) determined in accordance with the national accounting standards used to prepare the separate financial statements of the Group's insurance companies.

² Represents the present value of the expected and not yet realised profit that the Group will recognise on an accrual basis in profit and loss over the life of the contract.

³ Includes written Investments and Welfare premiums, gross of reinsurance and intercompany portions of the Poste Italiane Group.

⁴ Includes gross premiums from Branch I and Branch III of Multi-branch products.

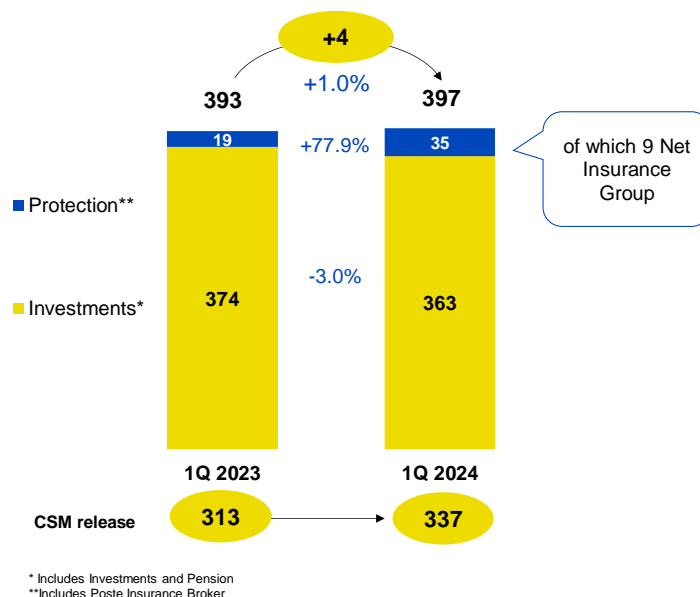
⁵ All products with sustainability content consistent with the "Guidelines for defining the sustainability characteristics of products" approved by the CEO of Poste Vita in October 2023.





⁶ Includes Protection gross premium revenue before the change in the premium reserve, outward reinsurance and intra-group portions of the Poste Italiane Group.




⁷ 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)



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

Revenue Protection: release of the Contractual Service Margin (CSM), claims and expected benefits deriving from the release of expected cash flows, release of Risk Adjustment, recovery of contract acquisition costs, claims occurred in the reporting period and other directly attributable expenses, losses from groups of onerous insurance contracts and the amortisation of expenses for the acquisition of insurance contracts issued, changes in Liability for Incurred Claims (LIC), commissions and other acquisition expenses entirely charged to the income statement, net financial income/expenses relating to investments and costs/revenues of a financial nature relating to insurance contracts issued and reinsurance transfers , the balance of costs and revenues deriving from reinsurance (active and passive) and with reference only to contracts valued with the Premium Allocation Approach (PAA)  the change in Liability for Remaining Coverage premiums (LRC) .

Market revenues amounted to €397 million in the first quarter of 2024, an increase of €4 million (+1%) compared to €393 million in the same period of 2023, and were mainly attributable to the Investments business, which contributed revenues of €363 million, and, to a lesser extent, the Protection business, which generated revenues of €35 million. In detail, net revenue of the Investment business decreased by €11 million compared to the first three months of 2023 (-3%). The release of CSM increased compared to the first quarter of 2023 (+€17 million). However, it was mainly offset by a lower release of risk adjustment (-€18 million) attributable to the lower maturities recognised in the period compared to the same period of the previous year and a lower contribution from net income from financial operations not attributable to policyholders.

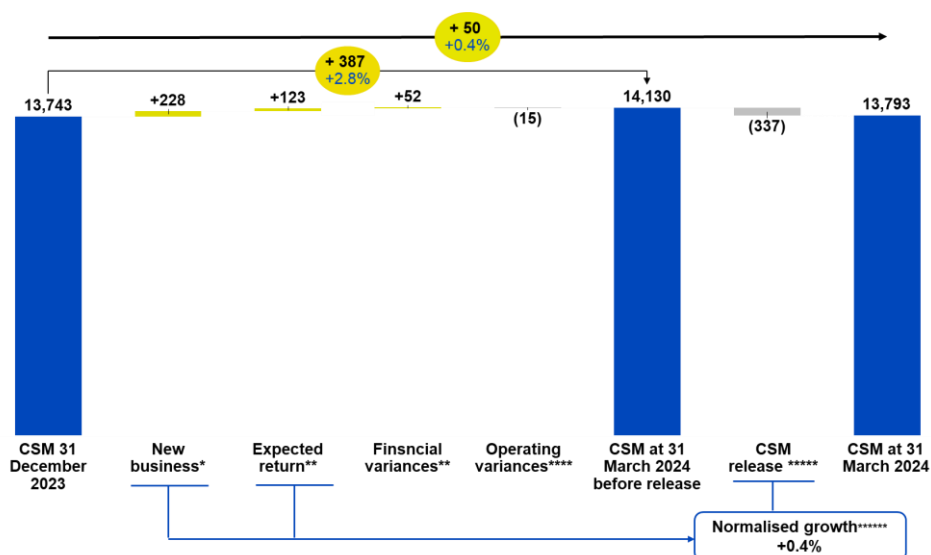
Net revenues of the Protection business amounted to €35 million, up €15 million (+77.9%) compared to the first quarter 2023 mainly due to the contribution of Net Insurance and Net Insurance Life, consolidated from 1 April 2023 (+€9 million) and organic growth linked to both increased volumes and improved profitability. The Combined Ratio of the Protection business net of reinsurance stood at 85%, an improvement on the value recorded at the end of March 2023 (90%).

Considering the revenues from other sectors, negative by €39 million (an improvement of €10 million compared to the same period of 2023), the overall net revenues of the Strategic Business Unit are equal to €358 million, an increase of €14 million (+4.1%) compared to the first quarter of 2023.

CONTRACTUAL SERVICE MARGIN

(€m)

The Contractual Service Margin (CSM) shows a balance at the end of the period of €13,793 million, up €50 million compared to the figure at the end of 2023. This trend is mainly attributable to the positive impact of the CSM produced by new production and the financial development of the period.



* This item includes: the present value of new business associated with the premiums recorded in the period and the associated estimated outlays (expenses and settlements).

** CSM growth independent of financial and technical management performance. Calculated as the sum of the accrued and capitalised interest on the CSM (based on the risk free yield curve) at the reporting date and the result of the difference between the real world yield curve and the expected risk neutral yield curve.

*** This item includes the impact on the CSM resulting from the realisation of financial assumptions (e.g. interest rate spread, and the consequent effect on the fair value of the portfolio of segregated funds) at the end of the reporting period different from those expected at the beginning of the period, as well as the change in the financial assumptions on future flows.

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

***** The item represents the share for the reporting period determined on the basis of the coverage unit, as well as the adjustment related to the additional release component.

***** Represents the CSM growth for the period adjusted for exogenous components (i.e. financial market trends and policyholder behaviour). It is calculated as the ratio of the CSM of new business increased by the expected return and decreased by the release of the period compared to the CSM at the end of the previous year (linearised over 12 months in intermediate periodic situations).

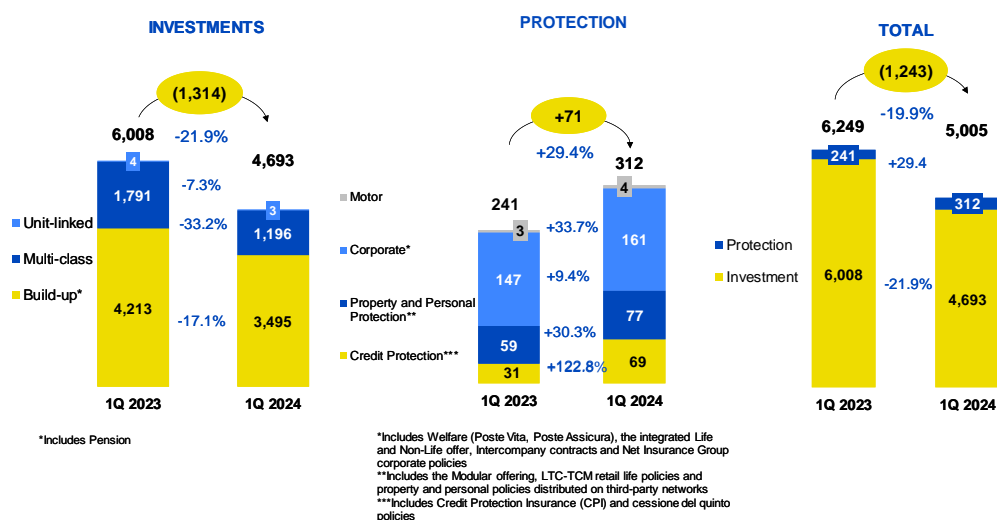
In detail, during the first quarter of 2024 there were: i) a positive change of €228 million related to new business mainly due to Poste Vita's funding for the period; ii) a positive change in the expected return of €123 million generated substantially by the accrued and capitalised interest component on the CSM; iii) the positive result of financial changes of €52 million due to the increase in the fair value of the separate asset management investments for an overall decreasing trend in medium/long-term market rates, in continuity with the market scenario recorded in the year 2023.

These positive changes are partially offset by the negative impact of operating variances of €15 million due to the trend in redemptions during the year (redemptions made compared to expected redemptions) partially mitigated by the trend in additional payments on existing policies (additional payments recorded compared to expected payments) and the release of CSM during the period totalling €337 million.

Deducting exogenous components (financial market developments and policyholder behaviour) from the CSM trend, growth in first quarter of 2024 was 0.4%.

GROSS PREMIUMS

(€m)

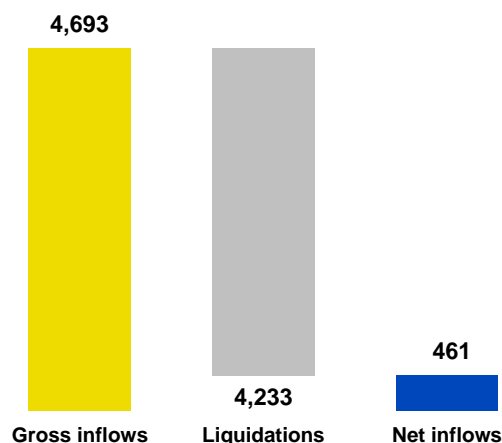



In the first quarter of 2024, gross premiums from the Investments business amounted to €4.7 billion, down 21.9% (-€1.3 billion) from the €6 billion recorded in the first three months of 2023, due to the decrease in production from multi-class products (-€0.6 billion, -33.2%) and the decline in premiums from revaluable products (-€0.7 billion, -17.1%).

Gross premiums for the Protection business amounted to €312 million in the first three months of 2024, up €71 million (+29.4%) compared to the first quarter of 2023 (€241 million), driven: i) by the increase in premiums relating to the "Credit Protection" line (+€38 million, +122.8%) resulting from the increase recorded on both salary-backed loans and CPI policies (mainly attributable to the contribution of Net Insurance Life and Net Insurance); ii) by the "Protection of Property and Personal" line, which increased by €18 million (+30.3%) to €77 million; iii) by the growth (+€14 million, +9.4%) in the "Corporate" segment, whose premiums rose from the €147 million recorded in the first three months of 2023 to €161 million in the first quarter of 2024.

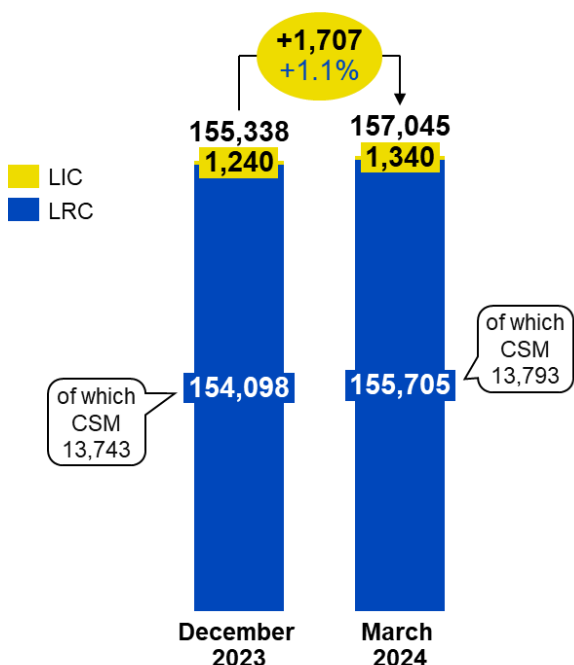
INVESTMENT NET INFLOWS AT 31 MARCH 2024


Net inflows in the Investments business amounted to €0.5 billion, down when compared to the same period in 2023 (€2.1 billion) as a result of the performance of gross inflows (-€1.3 billion compared to the first quarter of 2023) and liquidations (+€0.3 billion compared to the same quarter in 2023), but remained positive thanks in particular to the performance of multi-class products, confirming the resilience of the business in a market characterised by negative net flows.



The redemption rate  at 31 March 2024 was 5.5%, up from 3.9% in first quarter of 2023 and compared to 4.4% in December 2023, however still well below the average market figure of 10.63% at 31 December 2023⁵¹.

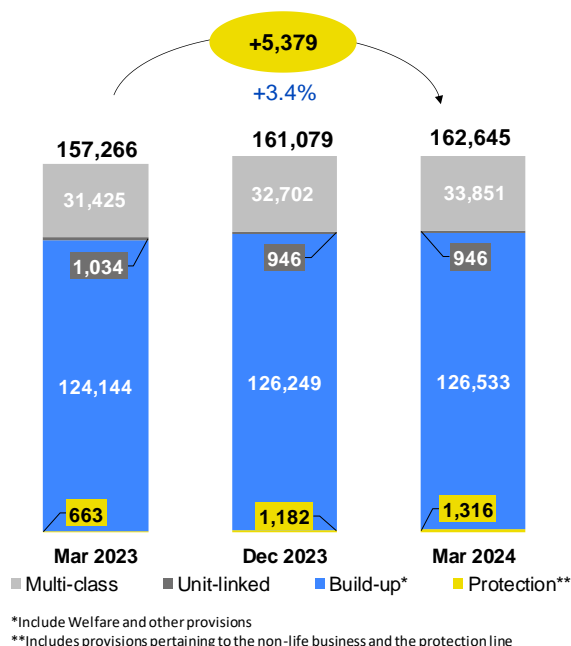
LIABILITIES UNDER INSURANCE CONTRACTS



Liabilities under insurance contracts at 31 March 2024 totalled €157,045 million, of which €155,705 million consisted of Liability for Remaining Coverage (LRC) , which includes the Contractual Service Margin (CSM) of €13,793 million, and €1,340 million from the Liability for Incurred Claim (LIC).

The 1.1% increase during the period (+€1,707 million) is mainly attributable to the increase (+€1,607 million) in the LRC Present Value of future cash flow, thanks to the contribution of net inflows, which continue to be positive.

⁵¹ Source: Ania Trends - Life Flows and Provisions - Publication no. 4, February 2024.



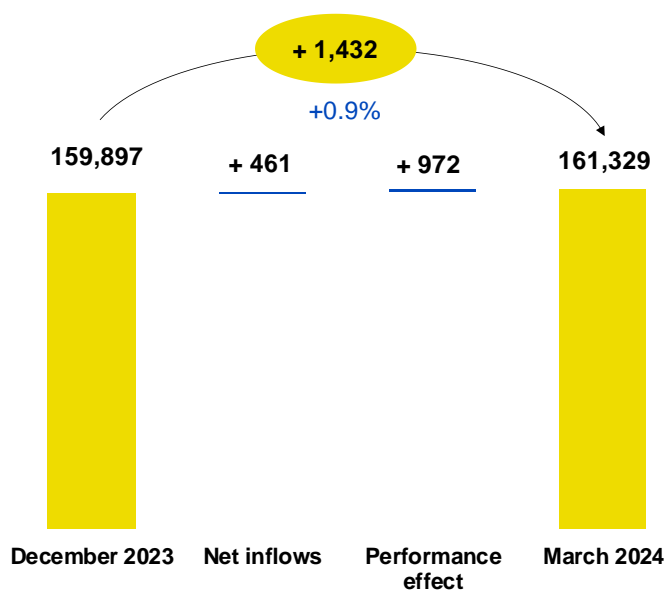
INSURANCE PROVISIONS⁵²

(€m)

The technical provisions of the Investments business (including pension) amounted to €161.3 billion and increased by €1.4 billion compared to 31 December 2023 mainly due to the positive performance effect (€1 billion) as well as the positive net inflows recorded in the first three months of 2024 (€0.5 billion). The technical provisions relating to the Protection segment amounted to €1,316 million at the end of the first quarter of 2024 (of which €530 million relating to the Life business), also thanks to the contribution of Net Insurance and Net Insurance life (a total of €535 million), up compared to €1,182 million recorded at 31 December 2023.

CHANGES IN INSURANCE RESERVES, INVESTMENTS, AND PENSIONS⁵³

(€m)



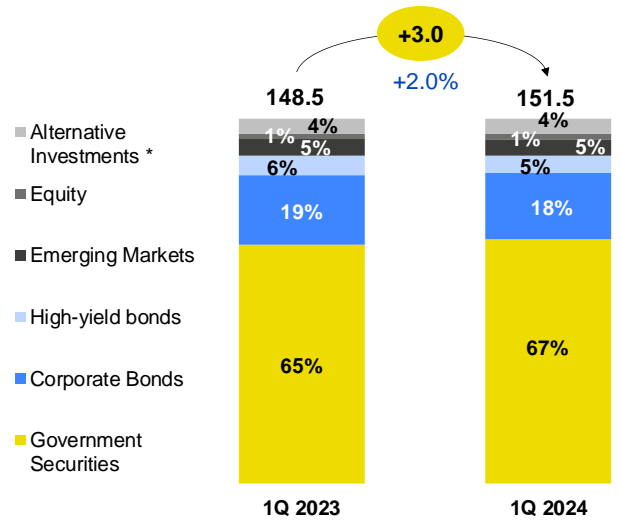
⁵² Technical provisions of the insurance business (Life and P&C) determined in accordance with the national accounting standards used to prepare the individual financial statements of the Group's insurance companies.

⁵³ Determined in accordance with the national accounting standards used to prepare the individual financial statements of the insurance company Poste Vita S.p.A.

BREAKDOWN OF THE INVESTMENT PORTFOLIO

(€bn)

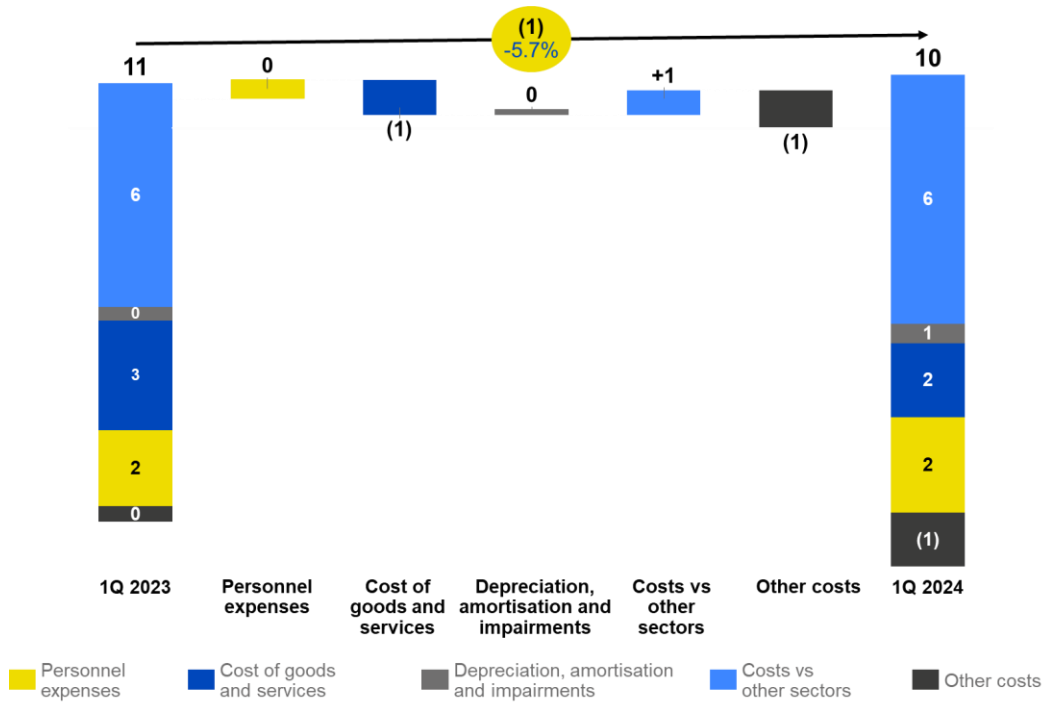
Compared to first quarter of 2023, consistent with the latest Strategic Asset Allocation (SAA), approved by the Company in March 2024, based on the assumption that in the current market scenario, traditional asset classes (government and corporate bonds) are relatively more attractive than in the past due to their ability to generate stable returns and mitigate interest rate risk with respect to the evolution of commitments to policyholders (insurance liabilities), the process of investment diversification continued with a reduction in the share of corporate bonds and a limited increase in investments in alternative funds.



* Financial instruments that are not listed on regulated markets. The category includes several asset classes such as: Private Debt, Real Estate Debt, Real Estate Equity, Infrastructure, Private Equity and Hedge Funds.

TOTAL COSTS

(€m)

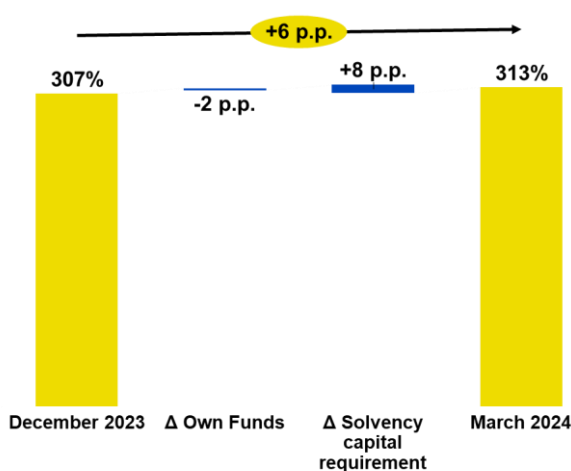


The costs discussed in the remainder of this paragraph are only those not directly attributable to insurance contracts. In light of the entry into force of the new IFRS 17 standard, costs directly attributable to insurance policies are in fact shown as a direct reduction of insurance revenue. These costs, 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 31 March 2024 (mainly referring to personnel expenses, commercial expenses, IT service costs and consulting/professional services) amounted to €10 million and were substantially in line (-€1 million) with the same period in 2023.

In light of the results illustrated, the economic performance of the Insurance Services Strategic Business Unit highlights EBIT of €349 million in the first quarter of 2024, an increase of €15 million (+4.4%) compared to the same period of 2023 (€334 million).

Taking into account the positive financial management of €14 million (in line with the figure for the first quarter of 2023) and the taxes for the period, equal to €111 million (+€8 million, +7.6%), the Insurance Services Strategic Business Unit achieved a net result of €252 million at 31 March 2024, an increase of 2.8% (+€7 million) compared to 31 March 2023.



SOLVENCY RATIO PERFORMANCE

The Solvency Ratio  of the Poste Vita Group stood at 313% at 31 March 2024⁵⁴, increasing compared to the 307% recorded in December 2023 (+6 p.p.), remaining at levels above regulatory constraints and managerial aspiration (above 200%).

The change in the period was due to a decrease in own funds (-2 p.p. on the solvency ratio) and a decrease in the capital requirement (+8 p.p. on the solvency ratio).

In particular, the share of the dividend expected for the year 2024 causes a decrease in **own funds** partially mitigated by the impact of the BTP-Swap spread (-12 bps) and the increase in rates (+10 bps); these changes lead to an overall impact of -2

249	10Y EURO SWAP (bps)	259
121	Spread BTP-SWAP 10Y (bps)	109

p.p. on the Solvency Ratio compared to the value of 31 December 2023. The decrease in the **Capital Requirement** is mainly due to the reduction in market risks (especially spread risk) due to the favourable market scenario and operational risks (due to lower inflows in the y/y period), partially offset by the increase in counterparty risk (due to higher liquidity held by the Company).

⁵⁴ The Solvency Ratio values at 31.12.2023 and 31.03.2024 are under review and will be reported to IVASS by 20 May 2024 and 15 June 2024, respectively.

6.1.4 POSTEPAY SERVICES STRATEGIC BUSINESS UNIT

The performance of the SBU in the first quarter of 2024 proved to be solid and up in all segments compared to the same period in 2023, driven mainly by revenues in the collections and payments and e-money segments due to growth in e-commerce and the new energy business.

POSTEPAY SERVICES (€m)	1Q 2024	1Q 2023	Changes	
External revenue*	379	323	+56	+17.3%
Revenue from other sectors*	70	66	+3.6	+5.5%
Total revenue*	449	389	+60	+15.3%
Costs*	192	175	+17	+9.9%
Costs vs other sectors*	139	125	+14	+10.9%
Total costs*	331	300	+31	+10.3%
EBIT	117	89	+29	+32.3%
EBIT margin %	26.2%	22.8%		
NET PROFIT	93	67	+26	+39.0%

* This item takes into account the management reclassification of costs related to the purchase of raw materials and the transportation of electricity and gas, which are classified as a direct reduction of revenues in the energy segment. The comparative values shown in the 1Q 2023 column have been adjusted to reflect this reclassification. Please refer to section 8. Appendix for a reconciliation with the respective accounting data.

Operative KPIs	1Q 2024	1Q 2023	Changes	
Electronic money and payments				
Total value of card transactions ("on us" and "off us") (€m) ¹	19,937	18,325	+1,613	+8.8%
Total value of card transactions ("off us") (€m) ²	15,918	14,596	+1,321	+9.1%
Number of cards (m) ^{3*}	29.0	29.6	(0.6)	-2.2%
of which Eco-sustainable Cards (m)*	12.0	10.6	+1.4	+13.1%
of which Prepaid Postepay Cards (m)*	21.5	22.1	(0.6)	-2.9%
of which Postepay Evolution Cards (m) ^{4*}	10.1	10.0	+0.1	+1.4%
of which Postepay Connect (in thousands)*	614.4	604.2	+10.2	+1.7%
Number of card transactions (m)	684	615	+69	+11.3%
of which number of e-commerce transactions (m) ⁵	166	143	+23	+16.3%
Incidence of Postepay top-ups on new channels ⁶ (in %)	72%	75%		
TLC				
SIM PosteMobile landlines and mobile telephones (stock in thousands)*	4,757	4,732	+25	+0.5%
of which mobile Sim (stock in thousands)*	4,339	4,326	+13	+0.3%
of which Casa Sim (stock in thousands)*	418	406	+12	+3.0%
of which Fibra Sim (stock in thousands)*	155	143	+12	+8.5%
Energy				
Active customer base (in thousands)	442	46	+396	n/s

n/s: not significant

* The figure indicated in column 1Q 2023 refers to 31 December 2023.

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.

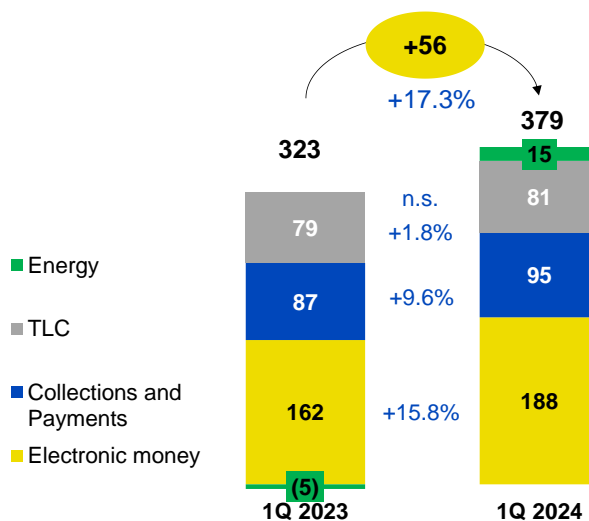
⁴ Including business customers and Postepay Connect.

⁵ Includes e-commerce transactions + web (on Poste Italiane's digital properties). Incoming transfers are excluded from the perimeter.

⁶ Includes transactions carried out on third-party networks (Post Office Point Network, Tobacconists, HORECA and other LIS points) and digital channels (Poste Italiane Retail, Business and Other Digital Channel Properties).

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.

Market revenues in the first quarter of 2024 amounted to €379 million and grew by €56 million compared to March 2023 (+17.3%) due to the positive contribution of all segments.

As mentioned above (see Section "Group operating results"), starting from the 2023 annual results, the energy business has been represented on a net revenue basis, i.e. the revenue shown below is shown net of costs associated with the purchase of raw materials, system charges and the transport of electricity and gas.

The growth of €56 million compared to first quarter of 2023 was mainly due to the increase in the e-money business and the new energy business, which recorded growth of €26 million and €21 million, respectively, compared to first quarter of 2023.

In particular, e-money revenues grew by €26 million (+15.8%) from €162 million in the first quarter of 2023 to €188 million in the same period of 2024, due to growth in both Postepay Evolution and Postepay debit cards, as well as higher fee revenues from the Postepay Evolution prepaid card; there was also greater revenue from acquiring services due to the contribution of LIS.

Revenues from Collections and Payments services recorded growth of €8 million (+9.6% compared to the first quarter of 2023) both thanks to the growth of LIS (+€4 million) and the growth in revenues from notices of PagoPA

payment from PostePay (+€1 million, compared to the first quarter of 2023), as well as instant transfers from Postepay Evolution (+€3 million, compared to the first quarter of 2023).

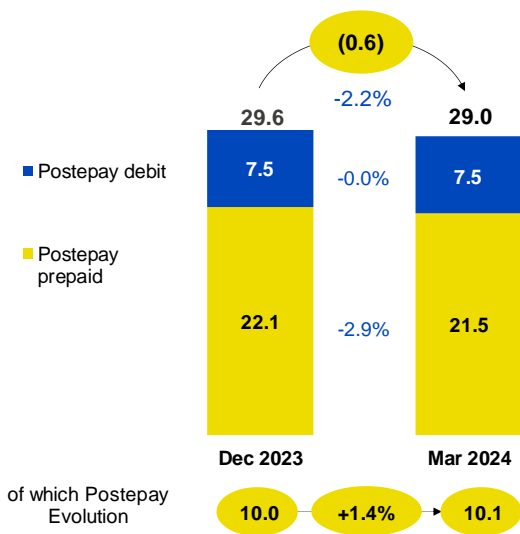
The Telecommunications segment recorded revenue growth of about €1 million (+1.8%) from €79 million in first quarter of 2023 to €81 million in first quarter of 2024. The increase in external revenue is mainly attributable to higher revenue from the fibre optic connectivity service.

In the first quarter of 2024, the energy segment recorded €15 million in revenue, thanks to the contribution of both the Electricity (€12 million in revenue) and Gas (€3 million in revenue) offerings. In first quarter of 2024, 176,000 subscriptions were recorded (of which 113,000 for commodity power and 63,000 for commodity gas).

Revenues from other segments increased by €4 million from €66 million in the first quarter of 2023 to €70 million in the same period of 2024, mainly due to revenues from other Group companies for the supply of energy.

CARD STOCK

(figures in millions)



At 31 March 2024, the total stock of prepaid and Postepay debit cards amounted to 29 million, a slight decrease compared to 31 December 2023 (-0.6 million, -2.2%) with total transactions⁵⁵ equal to €19.9 billion, up by approximately €1.6 billion (+8.8%) compared to first quarter of 2023.

The existing Postepay prepaid cards amount to 21.5 million (-2.9% compared to December 2023) and of these, the Postepay Evolution cards, equal to approximately 10.1 million, recorded a growth of 1.4% compared to at the value of 31 December 2023. The sale of Postepay Connect continued in the first quarter of 2024⁵⁶, which records 26 thousand activations with a stock of 614 thousand cards (+1.7% compared to December 2023). The stock of Green cards also grew strongly, from 10.6 million in December

2023 to 12.0 million in March 2024 (+13.1%).

In the first quarter of 2024, payment card transactions stood at 684 million, up 11.3% (+69 million transactions) compared to the same period in 2023, thanks in part to the contribution of e-commerce and web transactions, which stood at 166 million (+16.3% compared to the same quarter in 2023).

29 mln
the card stock at 31 March 2024

In the acquiring area, compared to a number of POS installed as of 31 March 2024, equal to approximately 295 thousand, transactions of €7.5 billion were developed (+7%, equal to +€0.5 billion, compared to the first quarter of 2023)

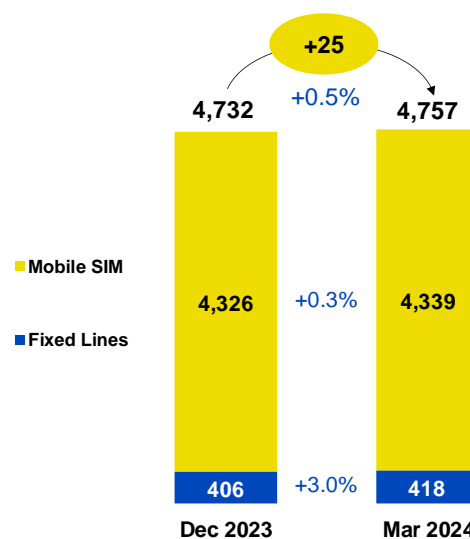
⁵⁵ The figures refer to on-us and off-us payment transactions.

⁵⁶ Offer integrating the Postepay Evolution prepaid card and the Postemobile SIM.

SIM STOCK

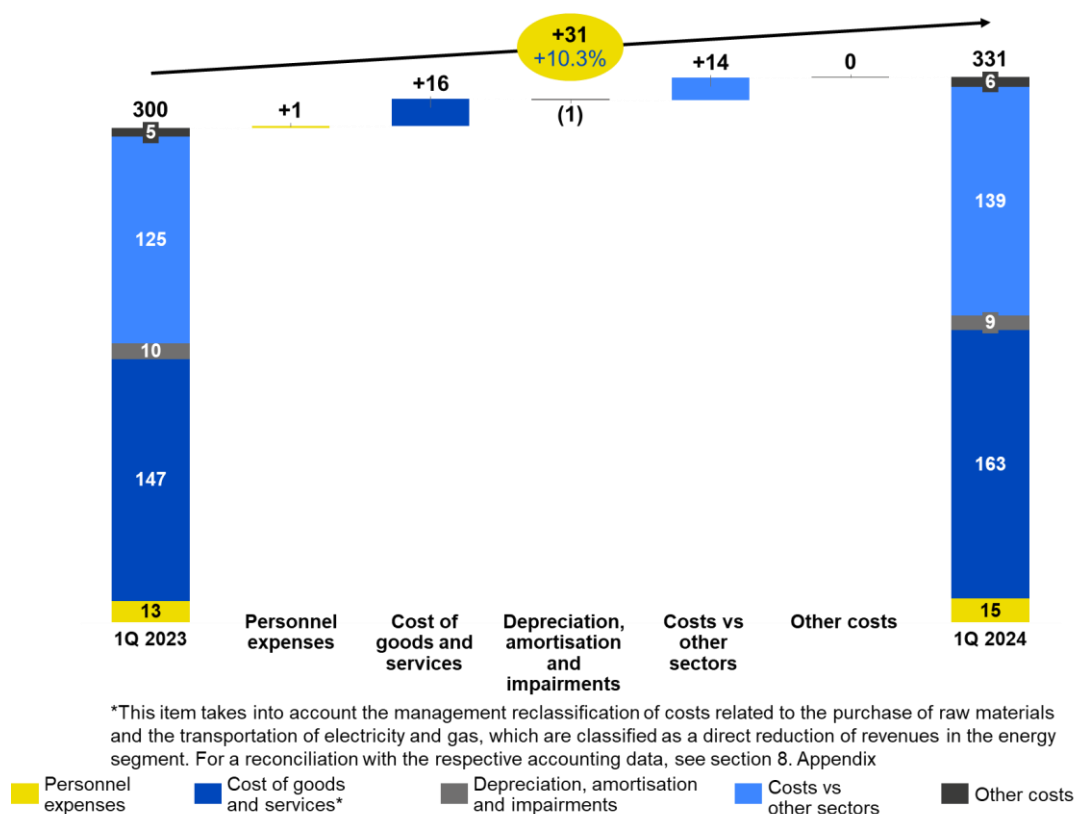
(figures in thousands)

In the telecommunications sector, the customer base relating to mobile telephone services, at March 2024, is represented by approximately 4.3 million lines, substantially stable compared to the end of 2023. With reference to Fixed Telephony services, the "PosteMobile Casa" offer and the "PosteCasa Ultraveloce" fibre optic data connectivity offer recorded an increase of 3%, rising from 406 thousand lines in December 2023 to 418 thousand in March 2024; this increase was due to the "PosteCasa Ultraveloce" (Fibre) lines, which reached 155 thousand in March 2024, an increase of 12 thousand lines compared to December 2023.



TOTAL COSTS

(€m)



The total costs of the Postepay Services SBU (including amortisation and write-downs) amount to €331 million, an increase of 10.3% (+€31 million) compared to the €300 million incurred in the first quarter of 2023.

The increase in the cost of goods and services (+€16 million, +11.1% compared to first quarter of 2023) was mainly due to the growth in costs of payment circuits due to increased operations.

The increase in costs to other segments (+€14 million, +10.9% compared to first quarter of 2023) was mainly due to higher outsourcing costs to the Parent Company, with particular reference to back office and information services activities aimed at enabling payment transactions to be carried out.

Personnel expenses increased by €1 million (+10.7%) compared to first quarter of 2023.

In light of the results described, the financial performance of the Postepay Services Strategic Business Unit in the first quarter of 2024 shows an operating result (EBIT) of €117 million, up 32.3% compared to the first quarter of 2023 (+€29 million).

The profit achieved in the first quarter of 2024 amounted to €93 million, an increase of 39% compared to the value of the first quarter of 2023 (+€26 million).

The IMEL PostePay free capital ratio as at 31 March 2024 amounted to 55.5% (28.8% following the shareholders' resolution of 11 April on the extraordinary distribution of reserves), substantially in line with the December 2023 figure (55.4%).

The IMEL PostePay total capital ratio was 13.48% at 31 March 2024 (13.45% at December 2023).

6.2 GROUP FINANCIAL POSITION AND CASH FLOW

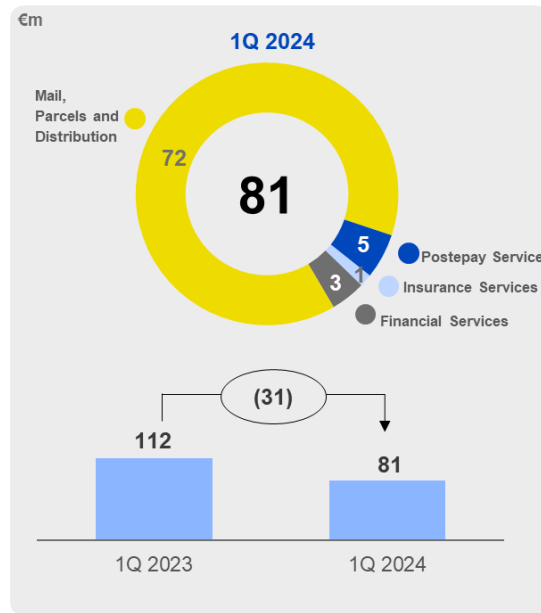
€m	31 March 2024	31 December 2023	Changes	
NON-CURRENT ASSETS	6,093	6,195	(102)	-1.6%
NET WORKING CAPITAL	1,073	1,096	(23)	-2.1%
GROSS INVESTED CAPITAL	7,166	7,291	(125)	-1.7%
SUNDRY PROVISIONS AND OTHER ASSETS/LIABILITIES	(885)	(715)	(170)	n/s
NET INVESTED CAPITAL	6,281	6,578	(297)	-4.5%
EQUITY	11,043	10,439	+604	+5.8%
NET DEBT/(FUNDS) - (SURPLUS)/DEFICIT	(4,761)	(3,861)	(901)	n/s
<i>of which: Net debt of the Mail, Parcels and Distribution SBU</i>	2,419	2,755	(337)	-12.2%

n/s: not significant

The Poste Italiane Group's **non-current assets** at 31 March 2024 amounted to €6,093 million, a decrease of €102 million compared with the end of 2023. Investments of €81 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 €45 million. These changes were partially offset by depreciation and amortisation of €219 million.

Also contributing to the balance of the item are equity investments in companies accounted for using the equity method for a total of €302 million, mainly referring to the investments held in Anima Holding, Financit, sender Italia and Replica SIM.

Group **investments** in first quarter of 2024 amount to €81 million. Investments classified as ESG, i.e. complying with the reference principles of the Group's 8 Pillars of Sustainability, represent about 70% of the total value. Among the main projects we highlight the interventions relating to the Polis Project "Digital Citizenship Services Houses", the interventions of energy efficiency 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 Strategic Plan "The Connecting Platform", approximately 90% of the Group Investments (€72 million) were allocated to the automation and modernisation of the [Mail, Parcels and Distribution Strategic Business Unit](#). In particular, the renewal of the fleet dedicated to delivery continued in first quarter of 2024, with the introduction of about 77 new vehicles, of which about 45 electric, and the remainder with low emissions. At 31 March 2024, the total fleet consisted of about 26,300 new vehicles, of which about 5,900 were electric vehicles, more than 7,700 hybrid vehicles and the remainder low-emission vehicles. In addition, at 31 March 2024, approximately 5,600 electric vehicle charging stations are installed.

about 26,300 low-emission vehicles available in the fleet, of which about 5,900

about 437 thousand LED lamps installed

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 (over 90 buildings involved in the Smart Building interventions in first quarter of 2024) in order to reduce electricity consumption and CO₂ emissions. Work also continued on the replacement of conventional lamps with LED technology (around 4,600 additional lamps in first quarter of 2024) and about 40 photovoltaic systems were installed in first quarter of 2024, totalling more than about 350 systems with an installed capacity of over 16,500 KWp.

about 2,100 buildings involved in the Smart Building project

Net working capital at 31 March 2024 amounted to €1,073 million and decreased by €23 million compared to the end of 2023 mainly due to:

- lower trade payable of €488 million net of lower trade receivables of €136 million;
- net decrease in other liabilities and assets of approximately €250 million;
- increase in current tax payables, net of current tax receivables, of €128 million.

The balance of **Sundry provisions and Other assets/liabilities** at 31 March 2024 amounted to €885 million and increased by €170 million compared to 31 December 2023 mainly due to lower net deferred tax receivables and payables of €155 million.

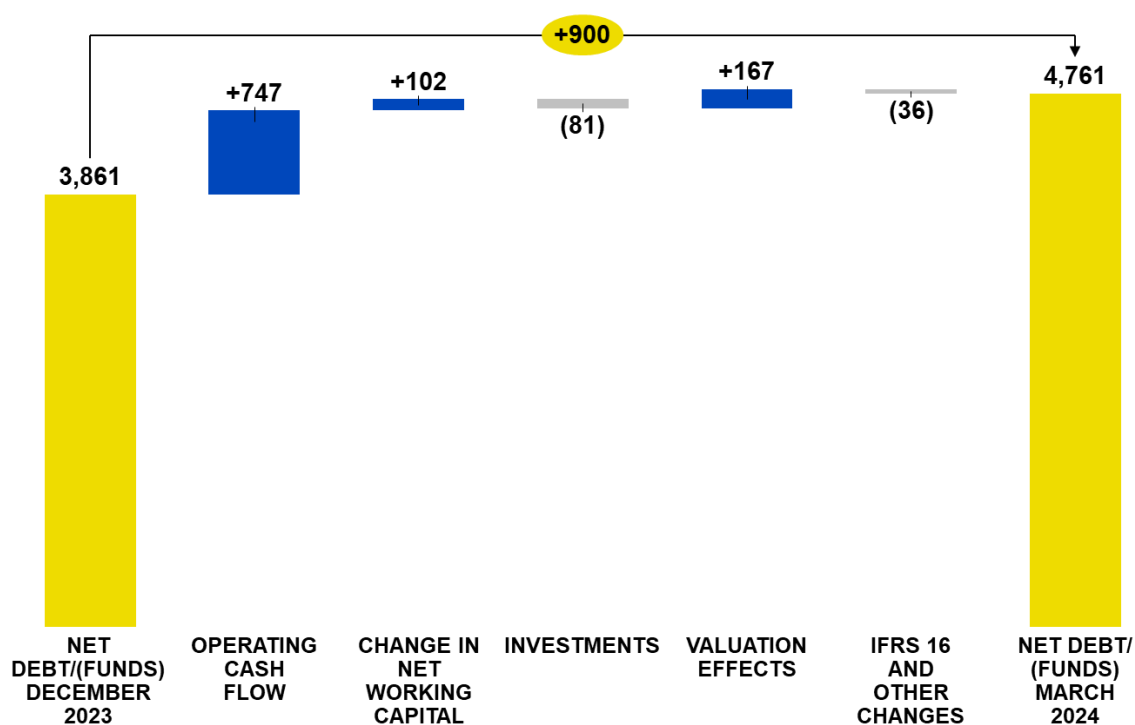
Equity at 31 March 2024 amounted to €11,043 million, an increase of €604 million compared to 31 December 2023. This change is mainly attributable to:

- the positive effect of the profit for the year of €501 million;
- the net positive change in the fair value reserve, net of the reserve for insurance contracts, of approximately €116 million, mainly due to the positive fair value fluctuation of investments held by the Financial Services Strategic Business Unit, partially offset by the negative fair value fluctuation of investments held by the Mail, Parcels and Distribution Strategic Business Unit;
- the decrease in the cash flow hedge reserve of €16 million.

Total net debt/(funds) at 31 March 2024 showed funds of €4,761 million, an improvement of €900 million from 31 December 2023 (funds of €3,861 million).

Group Net Debt/(Funds)

(€m)



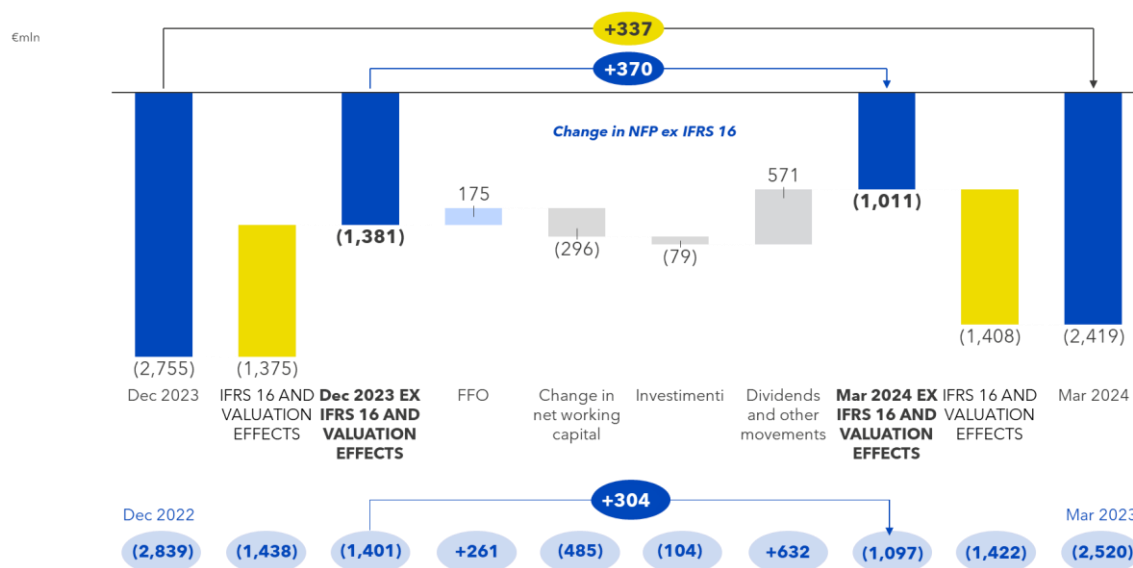
The following mainly contributed to this change:

- a positive operating result of €747 million (of which €501 million referable to the profit for the period, €219 million to amortisation and residually from the net change in provisions for risks, TFR and other items for a total of €27 million);
- the positive effect of the change in working capital and taxes amounting to approximately €102 million;
- investments for €81 million;

- the positive valuation effects for the period amounting to €167 million, mainly attributable to fluctuations in the value of investments classified in the FVTOCI category (the positive valuation effect of the investments held by the Financial SBU is partially offset by the negative fluctuation of those held by the Postal SBU);
- other decreases totalling €36 million, mainly attributable to the increase of €38 million in financial liabilities for leases falling under IFRS 16.

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 31 March 2024 showed a debt of €2,419 million (€1,011 million net of lease liabilities and valuation effects), an improvement of €337 million compared to 31 December 2023, when it showed a debt of €2,755 million (debt of €1,381 million net of lease liabilities and valuation effects).

Net of lease liabilities and valuation effects in the year, the change amounting to €370 million reflected:

- a positive operating result (FFO) of €175 million due to the result for the year of €6 million, depreciation and amortisation (excluding rights of use) for €142 million and of the net uses of the provision for employee termination benefits, provisions for risks and other minor changes for approximately €27 million;
- a seasonal negative effect relating to the change in net working capital for €296 million mainly attributable to:
 - the net decrease in net trade payables and receivables of approximately €292 million;
 - the negative change in other receivables and other payables totalling €73 million;
 - the positive effect deriving from the change in current and deferred taxes amounting to approximately €71 million;
- new investments for €79 million;
- positive cash flow from dividends and other changes of €571 million.

The **Payables** shown in the net debt/(funds) of the Mail, Parcel and Distribution Strategic Business Unit primarily relate 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;
- a CEB loan of €125 million maturing in December 2030;
- a CEB loan of €115 million maturing in January 2031;
- 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

€mln	At 31 March 2024	At 31 December 2023
A. Cash and cash equivalents	(1,067)	(650)
B. Cash equivalents	-	-
C. Other current financial assets	(3)	(6)
D. Liquidity (A + B + C)	(1,070)	(656)
E. Current financial debt (including debt instruments, but excluding the current portion of non-current financial debt)	815	813
F. Current portion of the non-current financial debt	4	1
G. Current financial debt (E + F)	819	814
H. Net current financial debt (G + D)	(251)	158
I. Non-current financial debt (excluding current portion and debt instruments)	2,136	2,058
J. Debt instruments	498	498
K. Trade payables and other non-current payables	16	15
L. Non-current financial debt (I + J + K)	2,651	2,571
M. Total financial debt (H + L)	2,400	2,729

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

€mln	At 31 March 2024	At 31 December 2023
M. Total financial debt (H + L)	2,400	2,729
Non-current financial assets	(576)	(647)
K. Trade payables and other non-current payables	(16)	(15)
Tax credits Law no. 77/2020	(407)	(407)
Net debt/(funds)	1,400	1,661
Intersegment financial receivables and payables	1,018	1,094
Net debt/(funds) including intersegment transactions	2,419	2,755

Existing cash and credit lines are sufficient to cover expected financial requirements. More specifically, at 31 March 2024, the cash of the Mail, Parcels and Distribution Strategic Business Unit amounted to €1.1 billion (mainly 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 31 March 2024 and 31 December 2023.

Description (in €mln)	Balance at 31.03.2024	Balance at 31.12.2023
Committed credit lines	2,450	2,450
Short-term loans	2,450	2,450
Uncommitted credit lines	2,301	2,201
Short-term loans	960	960
Current account overdrafts	185	185
Unsecured loans	1,156	1,056
Total credit lines	4,751	4,651
Uncommitted uses	595	569
Short-term loans	0	0
Unsecured loans	595	569
Total uses	595	569

7. OTHER INFORMATION

[SIGNIFICANT EVENTS AFTER 31 MARCH 2024](#)

[SIGNIFICANT TRANSACTIONS](#)

[INDUSTRIAL RELATIONS, WELFARE, DIVERSITY AND INCLUSION, CORPORATE UNIVERSITY](#)

7.1 SIGNIFICANT EVENTS AFTER 31 MARCH 2024

Events occurring after the reporting date of the Interim Report for the period ended 31 March 2024 are described in the other sections of this document and in section 7 "Significant events after the end of the reporting period" of the Condensed Consolidated Interim Financial Statements at 31 March 2024.

7.2 SIGNIFICANT TRANSACTIONS

The Board of Directors of Poste Italiane SpA, in the meeting of 3 May 2023, having acquired the favourable opinion of the Related Parties and Connected Persons Committee issued on 2 May 2023, approved the operation concerning the amendment, for the years 2023 and 2024, of the Agreement between Poste Italiane S.p.A. - BancoPosta RFC and Cassa Depositi e Prestiti S.p.A. governing the postal savings collection service. The parties subsequently consolidated the terms of the amendment to the Agreement with reference to the terms applicable to the year 2023 only, and the Amendment Deed was finalised on 30 January 2024. The value of the Amended Agreement for the year 2023 is between €1.55 (floor) and €1.85 (cap) billion overall, with a final value for the year 2023 of approximately €1.7 billion, while the overall value of the Agreement for the period 2021 – 2024, as amended, is between €6.50 and €7.05 billion. On 6 February 2024, the Information Document relative to the transaction 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". With reference to the development of the negotiation with Cassa Depositi e Prestiti S.p.A. for the year 2024, please refer to the section "Significant events after the end of the reporting period" of the Condensed Consolidated Interim Financial Statements at 31 March 2024.

At its meeting of 13 December 2023, Poste Italiane S.p.A.'s Board of Directors, having obtained the favourable opinion of the Related and Connected Parties Committee issued on 12 December 2023, 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 2024. 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, the BancoPosta 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 first quarter of 2024 to implement the Framework Resolution.

At its meeting of 13 December 2023, the Board of Directors of Poste Italiane S.p.A., having obtained the favourable opinion of the Related Parties and Connected Persons Committee issued on 12 December 2023, passed the Framework Resolution authorising financial transactions with the counterparty Banca Monte dei Paschi di Siena S.p.A. up to a maximum total amount of €4 billion and for a duration of one year starting from 1 January 2024. 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 first quarter of 2024, 2 interest rate swap transactions were carried out to hedge interest rate risk, and 4 transactions to buy and sell government bonds for a total amount of €243.4 million in implementation of the Framework Resolution. The transactions were concluded at market conditions.

The Board of Directors of Poste Italiane S.p.A., in the meeting of 13 December 2023, having acquired the favourable opinion of the Related Parties and Connected Parties Committee issued on 12 December 2023, authorised the stipulation of the distribution agreement, for a three-year duration, between Poste Italiane S.p.A. - BancoPosta RFC and Poste Vita S.p.A. for the placement of insurance products. The Distribution Agreement, which qualifies as a Transaction of Greater Importance in the ordinary course of business and on market- or standard-equivalent terms, has an estimated value of approximately €2,277 million for the total term of the agreement (1 January 2024 - 31 December 2026). The agreement was finalised on 30 January 2024.



7.3 INDUSTRIAL RELATIONS, WELFARE AND CORPORATE UNIVERSITY

Active labour policies

On 5 February 2024, the Company and the trade unions signed an agreement in which they defined an initial series of actions aimed at strengthening the Front End staff in the Post office network and the Logistics Nodes (CS/CO/CL) in the Postal, Communication and Logistics areas (for the Post office network, actions for a total of 750 FTE will be implemented, while for the Postal, Communication and Logistics areas, permanent hires will be made for sorting activities and transformations from part-time to full-time equal to 350 FTE).

The Parties agreed to activate national voluntary mobility from February 2024, with reference to the rankings for the year 2023. Finally, the Parties agreed on the need to continue negotiations with meetings held starting in March 2024, in order

	<p>to identify the Active Labour Policy 2024 actions and to redefine its regulatory framework.</p>
<p>Human Resources and Organisation</p>	<p>With reference to the territorial model of personnel administration, in the minutes of the agreement of 6 March 2024 with the Trade Unions, a number of refinements were illustrated, such as the strengthening of the level of supervision of activities. With regard to personnel who are surplus to requirements, relocation solutions will be identified in line with the classification level, also taking into account the professional skills matured also within the organisational framework of Human Resources.</p> <p>In addition, the importance of skills upgrading training for operators was confirmed, with specific additional training modules to be delivered remotely and in the classroom.</p>
<p>National Joint Committee for Occupational Health and Safety</p>	<p>On 19 February 2024, work resumed within the framework of the Joint National Organism (OPN) where three topics were discussed in depth: heat waves, the progressive reduction of prevention measures by Covid-19 and the delivery of diagnostic kits by letter carriers. With reference to heat waves, the company illustrated the findings of the heat wave-related thermal stress risk assessment for letter carriers, as well as the protective measures identified to mitigate this risk. Regarding the positive evolution of the epidemiological situation from Covid-19, the company will proceed with the removal of the Plexiglass installed in the consulting rooms. The Board confirms, in any case, the importance of adopting conduct characterised by responsibility and cooperation, especially in high traffic environments.</p>
<p>Post Office network</p>	<p>On 31 January 2024, the Company and Trade Unions met to discuss the status of the organisational projects being implemented in the Post Office network. The Company provided the Trade Unions with an update on the Hub&Spoke project with specific regard to the reconfiguration of the basins - shared in the minutes of 24 May 2023 and further detailed in subsequent territorial meetings - the training plan dedicated to the resources affected by the model, as well as the extension of the use of the specific application for the Hub DUP.</p> <p>With reference to the Polis Project - House of Digital Services, the Company presented the Trade Unions with data on the services activated, the offices currently involved, the training and communication activities implemented, and the next project steps.</p>
<p>Mail, Logistics and Communication</p>	<p>On 31 January 2024, the Company and Trade Unions met to review the progress of the Centralisation of Internal Processing project. The project implementation timetable was redefined in order to identify possible corrective measures for its better implementation, and the importance of analysing possible solutions to the problems emerging in the individual territories within the framework of the Territorial Monitoring Committees was reiterated.</p>

	<p>Finally, the Company provided evidence on the progress of the outplacement actions of the staff affected by the centralisation process mentioned above.</p>
<p>Performance-related bonus</p>	<p>With the minutes of 12 March 2024, in relation to the Performance-related bonus (PDR) to be paid in June 2024 (accrued in 2023), it was established that additional welfare credits will be recognised at the company's expense for workers who decide to convert their PDR into benefits, works and services with a social purpose, particularly valuing the choice of converting increasing portions of the bonus.</p>
<p>Welfare Diversity & 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>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. Furthermore, the Company has renewed its commitment to the second edition of the two-year project "School4Life 2.0" with the aim of contributing to combating school drop-outs by supporting educational quality through intervention plans prepared by Company professionals as role models, mentors and masters of trade in secondary and high schools throughout Italy.</p> <p>With regard to inclusive welfare actions for vulnerabilities, a call for participation was launched for the summer holiday initiative for disabled children of employees, which will provide two 15-day summer holidays in accessible tourist facilities.</p> <p>The Company, which has always been active in supporting the values of diversity and inclusion through the adoption of corporate, organisational and management mechanisms marked by respect for people's rights and freedom, approved in February 2024, the LGBTQ+ Inclusion Policy whose main objective is to give concrete expression to the principle of inclusion in order to create a positive working environment where everyone is respected, treated equally and free from prejudice.</p> <p>In terms of raising awareness of affective/sexual orientation, the initiatives organised by the association Parks, Liberi e Uguali (Free and Equal), to which the Company has adhered, continue, with events extended to the entire company population and virtual aperitifs aimed at E.R.G. groups.</p>
<p>Corporate University</p>	<p>In the first quarter, several initiatives were launched in line with what was defined in the Annual Training Plan. At 31 March 2024, a total of about 1.2 million hours of training had been provided, distributed over a wide range of training offerings, including courses diversified by role, transversal courses dedicated to all Group employees and managerial training courses.</p>

about 1.2 million hours of training provided at 31 March 2024

Specifically, for people working in the **commercial channels**, training plans have been defined to ensure the development of the skills necessary to accompany the transformation and adoption of service models, supporting the relational vocation and knowledge of products/services for the benefit of an integrated offer to provide customers with the best answers to their needs.

The focus on **regulatory and compulsory topics** for the entire corporate population is confirmed, mostly delivered online (Safety in the Workplace, Legislative Decree 231/01, Integrated Quality and Corruption Prevention System, etc.). Of particular note is the launch of the training on the new 'Poste Italiane Code of Ethics'. In addition, training activities related to compulsory tenure-training programmes for certain professionals in the banking, financial and insurance sectors were initiated.

At a transversal level, initiatives are continuing to explore issues falling under **Diversity and Inclusion**, with the aim of supporting the company's commitments to a culture of inclusion. To this end, in the first quarter of 2024, an online pathway addressing various topics was launched: LGBTQI+, interculturality, inclusive language and disability. The course will be enriched in the course of the year with further initiatives on neurodiversity and a focus on dyslexia of a transversal and specific nature.

For more information, refer to the 2023 Annual Report.

8. APPENDIX

RECLASSIFIED STATEMENT OF PROFIT OR LOSS AND STATEMENT OF FINANCIAL POSITION

ALTERNATIVE PERFORMANCE INDICATORS

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

RECLASSIFIED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

(€m)	1Q 2024	1Q 2023	Changes	
Revenue	3,045	3,023	+22	+0.7%
<i>of which:</i>				
Mail, Parcels and Distribution Services	934	893	+41	+4.6%
Financial Services	1,335	1,414	(79)	-5.6%
<i>of which pro-active management of the securities portfolio</i>	22	168	(146)	-86.7%
Insurance Services	397	393	+4	+1.0%
Postepay Services	379	323	+56	+17.3%
Costs	2,139	2,048	+90	+4.4%
<i>of which:</i>				
Total personnel expenses	1,275	1,235	+39	+3.2%
<i>of which ordinary personnel expenses</i>	1,274	1,232	+42	+3.4%
<i>of which early retirement incentives</i>	0	4	(4)	-99.7%
<i>of which disputes and other extraordinary items</i>	1	(0)	+1	n/s
Other operating expenses	864	813	+51	+6.3%
EBITDA	907	975	(69)	-7.0%
Depreciation, amortisation and impairments	201	208	(7)	-3.6%
EBIT	706	767	(61)	-8.0%
EBIT margin %	23.2%	25.4%		
Finance income/(costs)	18	10	+7	+73.3%
Gross profit	723	777	(54)	-6.9%
Taxes	222	237	(15)	-6.4%
Net profit	501	540	(38)	-7.1%
Net earnings per share (€)	0.38	0.42	(0.0)	-7.4%

n/s: not significant

Reconciliation of Management Revenues with Financial Revenues

(€m)	1Q 2024	1Q 2023	Changes	
Group operating revenues	3,045	3,023	+22	+0.7%
Costs for raw materials, system charges and electricity and gas transport of the energy business for third-party customers	91	20	+71	n/s
Group Accounting Revenues	3,136	3,044	+93	+3.0%

n/s: not significant

Reconciliation of Management Operating Costs with Financial Operating Costs

(€m)	1Q 2024	1Q 2023	Changes	
Group operating expenses	2,340	2,256	+83	+3.7%
Costs for raw materials, system charges and electricity and gas transport of the energy business for third-party customers	91	20	+71	n/s
Group accounting operating expenses	2,430	2,277	+154	+6.8%

n/s: not significant

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

March 2024	Mail, Parcels & Distribution	Financial Services	Insurance Services	Postepay Services	Adjustments and eliminations	Total
(€m)						
Total revenue	2,306	1,559	358	449	(1,626)	3,045
Revenue from third parties	934	1,335	397	379	-	3,045
Intersegment revenue	1,372	223	(39)	70	(1,626)	(0)
Total costs	2,265	1,360	10	331	1,626	2,340
Total personnel expenses	1,358	12	2	15	(113)	1,275
<i>of which ordinary personnel expenses</i>	1,357	12	2	15	(113)	1,274
<i>of which early retirement incentives</i>	0	0	0	0		0
<i>of which disputes and other extraordinary items</i>	1	0	0	0		1
Other operating expenses	686	25	1	169	(16)	864
Depreciation, amortisation and impairments	210	0	1	9	(18)	201
Intersegment costs	11	1,323	6	139	(1,479)	(0)
EBIT	41	199	349	117	0	706
EBIT MARGIN %	1.8%	12.7%	97.2%	26.2%	-	23.2%
Finance income/(costs)	(17)	11	14	10	(0)	18
Gross profit	24	209	362	128	(0)	723
Taxes	18	58	111	35	-	222
Net profit	6	151	252	93	(0)	501

STATEMENTS OF PROFIT OR LOSS BY STRATEGIC BUSINESS UNIT

MAIL, PARCELS AND DISTRIBUTION STRATEGIC BUSINESS UNIT

(€m)	1Q 2024	1Q 2023	Changes	
Revenue	2,306	2,276	+30	+1.3%
Mail	535	520	+15	+3.0%
Parcels	368	335	+33	+10.0%
Other revenue	31	39	(8)	-20.2%
Intersegment revenue	1,372	1,382	(11)	-0.8%
Costs	2,055	1,970	+84	+4.3%
<i>of which:</i>				
Total personnel expenses	1,358	1,326	+32	+2.4%
<i>of which ordinary personnel expenses</i>	1,357	1,322	+35	+2.6%
<i>of which early retirement incentives</i>	0	4	(4)	-99.7%
<i>of which disputes and other extraordinary items</i>	1	(0)	+1	n/s
Other operating expenses	686	636	+50	+7.8%
Intersegment costs	11	8	+3	+31.4%
EBITDA	251	305	(54)	-17.7%
Depreciation, amortisation and impairments	210	217	(7)	-3.4%
EBIT	41	88	(47)	-53.1%
EBIT margin %	1.8%	3.9%		
Finance income/(costs)	(17)	(11)	(6)	-57.0%
Gross profit	24	77	(53)	-68.6%
Taxes	18	36	(18)	-49.5%
Net profit	6	41	(35)	-85.2%

n/s: not significant

FINANCIAL SERVICES STRATEGIC BUSINESS UNIT

(€m)	1Q 2024	1Q 2023	Changes	
Revenue	1,559	1,648	(89)	-5.4%
Pro-active management of the securities portfolio	22	168	(146)	-86.7%
Net interest income	590	546	+45	+8.2%
Postal savings deposits	430	425	+5	+1.2%
Collection and payment services	186	202	(17)	-8.2%
Distribution of loans and other third-party products	62	44	18	+40.6%
Asset management	45	29	+16	+54.0%
Intersegment revenue	223	234	(10)	-4.4%
Costs	1,360	1,391	(32)	-2.3%
<i>of which:</i>				
Total personnel expenses	12	12	+0	+2.2%
<i>of which ordinary personnel expenses</i>	12	12	+0	+3.8%
Other operating expenses	25	38	(14)	-35.8%
Intersegment costs	1,323	1,341	(18)	-1.4%
EBITDA	199	256	(58)	-22.5%
Depreciation, amortisation and impairments	0	0	0	+7.2%
EBIT	199	256	(58)	-22.5%
EBIT margin %	12.7%	15.6%		
Finance income/(costs)	11	1	+9	n.s.
Gross profit	209	258	(48)	-18.8%
Taxes	58	71	(12)	-17.4%
Net profit	151	187	(36)	-19.3%

n/s: not significant

INSURANCE SERVICES STRATEGIC BUSINESS UNIT

(€m)	1Q 2024	1Q 2023	Changes	
Revenue	358	344	14	+4.1%
Insurance revenues from insurance contracts issued	487	472	+15	+3.3%
Costs for insurance services arising from insurance contracts issued	(138)	(119)	(19)	-16.1%
Insurance revenues/costs from outward reinsurance	(0)	0	(0)	n.s.
Income and expenses from financial operations and other income/expenses	1,673	1,576	+98	+6.2%
Net financial costs/revenue related to insurance contracts issued	(1,660)	(1,555)	(105)	-6.8%
Net financial revenue/costs related to outward reinsurance	-	-	-	-
Investment and Pension Income	363	374	(11)	-3.0%
Insurance revenues from insurance contracts issued	186	128	+59	+46.0%
Costs for insurance services arising from insurance contracts issued	(149)	(107)	(42)	-39.7%
Insurance revenues/costs from outward reinsurance	(6)	(4)	(2)	-61.0%
Income and expenses from financial operations and other income/expenses	6	2	+5	n.s.
Net financial costs/revenue related to insurance contracts issued	(6)	0	(6)	n.s.
Net financial revenue/costs related to outward reinsurance	2	-	+2	-
Protection revenues	34	19	+15	+78.6%
Other operating income	0	0	+0	+38.8%
Intersegment revenue	(39)	(49)	+10	+20.5%
Costs	10	11	(1)	-5.7%
<i>of which:</i>				
Total personnel expenses	2	2	+0	+24.8%
<i>of which ordinary personnel expenses</i>	2	2	+0	+24.8%
<i>of which early retirement incentives</i>	-	-	-	-
Other operating expenses	1	2	(2)	-78.6%
Intersegment costs	6	6	+1	+11.3%
EBITDA	349	334	+15	+4.4%
Depreciation, amortisation and impairments	1	0	+0	+44.7%
EBIT	349	334	+15	+4.4%
EBIT margin %	97.2%	96.9%		
Finance income/(costs)	14	14	+0	+0.1%
Gross profit	362	348	+15	+4.2%
Taxes	111	103	+8	+7.6%
Net profit	252	245	7	+2.8%

n/s: not significant

POSTEPAY SERVICES STRATEGIC BUSINESS UNIT (Income Statement with net revenue)

(€m)	1Q 2024	1Q 2023	Changes	
Revenue	449	389	+60	+15.3%
Revenue from third parties	379	323	+56	+17.3%
of which card payments	188	162	+26	+15.8%
of which Other payments	95	87	+8	+9.6%
of which employee termination benefits (TLC)	81	79	+1	+1.8%
of which energy	15	(5)	+21	n/s
Intersegment revenue	70	66	+4	+5.5%
Costs	323	291	+32	+10.9%
<i>of which:</i>				
Total personnel expenses	15	13	+1	+10.7%
<i>of which ordinary personnel expenses</i>	15	13	+1	+10.7%
Other operating expenses	169	152	+17	+11.0%
Intersegment costs	139	125	+14	+10.9%
EBITDA	126	98	+28	+28.4%
Depreciation, amortisation and impairments	9	10	(1)	-8.5%
EBIT	117	89	+29	+32.3%
EBIT margin %	26.2%	22.8%		
Finance income/(costs)	10	6	+4	+73.2%
Gross profit	128	95	+33	+34.9%
Taxes	35	28	+7	+25.1%
Net profit	93	67	+26	+39.0%

n/s: not significant

Reconciliation of Management Revenues (net of energy costs) with Financial Revenues

(€m)	1Q 2024	1Q 2023	Changes	
Management revenues from third parties Postepay services	379	323	+56	+17.3%
Costs for raw materials, system charges and electricity and gas transport of the energy business for third-party customers	91	20	+71	n/s
Financial revenues from third parties Postepay services	470	343	+127	+37.0%
Management revenues from other sectors Postepay services	70	66	+4	5.5%
Costs for raw materials, system charges and electricity and gas transport of the energy business for Group consumption	36	0	+36	n/s
Financial revenues from other sectors PostePay services	106	66	+40	+60.0%
Total management revenue Postepay* services	449	389	+60	+15.3%
Costs for raw materials, system charges and electricity and gas transport of the energy business (for third-party customers and Group consumption)	127	20	+107	n/s
Total Financial Revenue Postepay Services	576	409	+167	+40.7%

n/s: not significant

* This item represents the alternative performance indicator "SBU Revenues Postepay services net of energy costs" mentioned in section 8. Appendix

Reconciliation of Management Costs with Financial Costs

(€m)	1Q 2024	1Q 2023	Changes	
Total operating costs Postepay services	331	300	+31	+10.3%
Costs for raw materials, system charges and electricity and gas transport of the energy business (for third-party customers and Group consumption)	127	20	+107	n/s
Total Financial Operating Costs Postepay Services	458	321	+138	+43.0%

n/s: not significant

FINANCIAL POSITION

NET INVESTED CAPITAL AND RELATED FUNDING

(€m)	31 March 2024	31 December 2023	Changes	
Tangible fixed assets	2,547	2,574	(27)	-1.0%
Intangible fixed assets	2,018	2,062	(45)	-2.2%
Right-of-use assets	1,226	1,265	(39)	-3.1%
Investments	302	294	8	2.7%
Non-current assets	6,093	6,195	(102)	-1.6%
Trade receivables, Other receivables and assets and Inventories	7,295	7,714	(419)	-5.4%
Trade payables and Other liabilities	(6,072)	(6,595)	523	7.9%
Current tax assets/(liabilities)	(150)	(23)	(127)	n/s
Net working capital	1,073	1,096	(23)	-2.1%
Gross invested capital	7,166	7,291	(125)	-1.7%
Provisions for risks and charges	(1,374)	(1,336)	(38)	-2.8%
Employee termination benefits	(614)	(637)	23	3.6%
Equity	11,043	10,439	604	5.8%
<i>of which profit for the period</i>	501	1,933		
<i>of which fair value reserve*</i>	(845)	(960)	116	12.0%
Financial liabilities	93,436	95,393	(1,957)	-2.1%
Insurance contracts payable net of reinsurance	156,782	155,105	1,676	1.1%
Financial assets	(237,252)	(237,159)	(92)	0.0%
Tax credits Law no. 77/2020	(8,116)	(8,318)	203	2.4%
Cash and deposits attributable to BancoPosta	(4,149)	(4,671)	522	11.2%
Cash and cash equivalents	(5,462)	(4,211)	(1,251)	-29.7%
Net debt/(funds)	(4,761)	(3,861)	(901)	-23.3%

n/s: not significant

*Including the reserve for insurance contracts issued and reinsurance ceded

31 March 2024 (€m)	Mail, Parcels and Distribution	Financial Services	Insurance Services	Postepay Services	Eliminations and adjustments	Consolidated
Tangible fixed assets	2,493	1	16	38	-	2,547
Intangible fixed assets	1,227	-	144	646	-	2,018
Right-of-use assets	1,218	2	10	13	(16)	1,226
Investments	3,009	274	157	0	(3,138)	302
Non-current assets	7,947	276	327	697	(3,155)	6,093
Trade receivables, Other receivables and assets and Inventories	2,326	3,609	2,422	452	(1,514)	7,295
Trade payables and Other liabilities	(3,352)	(2,206)	(1,186)	(841)	1,512	(6,072)
Current tax assets/(liabilities)	(166)	(3)	(31)	51	-	(150)
Net working capital	(1,192)	1,399	1,205	(338)	(2)	1,073
Gross invested capital	6,755	1,676	1,533	359	(3,156)	7,166
Provisions for risks and charges	(1,171)	(163)	(14)	(26)	-	(1,374)
Employee termination benefits	(606)	(2)	(1)	(4)	-	(614)
Prepaid/deferred tax assets/(liabilities)	284	310	491	(31)	-	1,053
Non-current assets and disposal groups held for sale and liabilities related to assets held for sale	-	-	50	-	-	50
Net invested capital	5,261	1,820	2,058	298	(3,156)	6,281
Equity	2,843	3,127	6,674	1,536	(3,138)	11,043
<i>of which profit for the period</i>	6	151	252	93	0	501
<i>of which fair value reserve*</i>	(351)	(363)	(132)	2	0	(845)
Financial liabilities	5,028	91,033	451	10,089	(13,165)	93,436
Insurance contracts payable net of reinsurance	-	-	156,782	-	(1)	156,782
Financial assets	(1,136)	(79,325)	(157,699)	(11,234)	12,142	(237,252)
Tax credits Law no. 77/2020	(407)	(7,709)	-	-	-	(8,116)
Cash and deposits attributable to BancoPosta	-	(4,149)	-	-	-	(4,149)
Cash and cash equivalents	(1,067)	(1,158)	(4,150)	(93)	1,005	(5,462)
Net debt/(funds)	2,419	(1,307)	(4,616)	(1,238)	(19)	(4,761)

*Including the reserve for insurance contracts issued and reinsurance ceded

31 December 2023 (€m)	Mail, Parcels & Distribution	Financial Services	Insurance Services	Postepay Services	Eliminations and adjustments	Consolidated
Tangible fixed assets	2,515	1	16	42	0	2,574
Intangible assets	1,268	-	145	649	(0)	2,062
Right-of-use assets	1,257	2	10	13	(17)	1,265
Investments	3,009	267	157	-	(3,138)	294
Non-current assets	8,049	269	328	704	(3,155)	6,195
Trade receivables, Other receivables and assets and Inventories	2,483	3,380	2,421	322	(892)	7,714
Trade payables and Other liabilities	(3,327)	(2,131)	(1,321)	(703)	887	(6,595)
Current tax assets/(liabilities)	(77)	(0)	(33)	87	-	(23)
Net working capital	(922)	1,249	1,067	(293)	(5)	1,096
Gross invested capital	7,127	1,518	1,396	412	(3,160)	7,291
Provisions for risks and charges	(1,130)	(164)	(17)	(25)	(0)	(1,336)
Employee termination benefits	(629)	(2)	(1)	(4)	-	(637)
Prepaid/deferred tax assets/(liabilities)	272	377	593	(33)	-	1,208
Non-current assets and disposal groups held for sale and liabilities related to assets held for sale	-	-	50	-	-	50
Net invested capital	5,639	1,728	2,020	350	(3,158)	6,578
Equity	2,883	2,811	6,439	1,443	(3,138)	10,439
<i>of which profit for the period</i>	(46)	647	993,911	338	355	1,933
<i>of which fair value reserve*</i>	(261)	(544)	(136)	2	-	(960)
Financial liabilities	5,017	93,076	429	10,478	(13,606)	95,393
Insurance contracts payable net of reinsurance	-	-	155,106	-	(1)	155,105
Financial assets	(1,205)	(80,636)	(156,394)	(11,507)	12,582	(237,159)
Tax credits Law no. 77/2020	(407)	(7,912)	-	-	-	(8,318)
Cash and deposits attributable to BancoPosta	-	(4,671)	-	-	-	(4,671)
Cash and cash equivalents	(650)	(940)	(3,561)	(65)	1,004	(4,211)
Net debt/(funds)	2,755	(1,082)	(4,420)	(1,093)	(21)	(3,861)

*Including the reserve for insurance contracts issued and reinsurance ceded

Changes 31.03.2024 vs 31.12.2023 (€m)	Mail, Parcels and Distribution	Financial Services	Insurance Services	Postepay Services	Eliminations and adjustments	Consolidated
Tangible fixed assets	(22)	(0)	0	(4)	(0)	(27)
Intangible assets	(41)	-	(0)	(3)	0	(45)
Right-of-use assets	(39)	0	(0)	(0)	0	(39)
Investments	1	7	-	0	(0)	8
Non-current assets	(101)	7	(1)	(8)	0	(102)
Trade receivables, Other receivables and assets and Inventories	(156)	229	0	130	(622)	(419)
Trade payables and Other liabilities	(25)	(75)	135	(138)	625	523
Current tax assets/(liabilities)	(89)	(3)	2	(37)	-	(127)
Net working capital	(270)	151	138	(45)	4	(23)
Gross invested capital	(371)	158	137	(53)	4	(125)
Provisions for risks and charges	(41)	1	3	(1)	0	(38)
Employee termination benefits	23	0	(0)	(0)	-	23
Prepaid/deferred tax assets/(liabilities)	12	(67)	(102)	2	-	(155)
Attività non correnti e gruppo di attività in dismissione e Passività associate ad attività in dismissione	-	-	-	-	-	-
Net invested capital	(377)	92	38	(52)	2	(297)
Equity	(40)	317	234	93	(0)	604
of which profit for the period	52	(496)	(742)	(245)	(0)	(1,432)
of which fair value reserve*	(70)	181	4	-	0	116
Financial liabilities	12	(2,043)	22	(390)	441	(1,957)
Insurance contracts payable net of reinsurance	-	-	1,676	-	0	1,676
Financial assets	69	1,312	(1,305)	272	(440)	(92)
Tax credits Law no. 77/2020	(0)	203	-	-	-	203
Cash and deposits attributable to BancoPosta	-	522	-	-	-	522
Cash and cash equivalents	(417)	(218)	(589)	(28)	0	(1,251)
Net debt/(funds)	(337)	(225)	(196)	(145)	2	(901)

*Including the reserve for insurance contracts issued and reinsurance ceded

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.

Please refer to the Annual Report for the main alternative performance indicators used:

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

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: coefficient that expresses the adequacy of the primary tier 1 capital with respect to the weighted exposure to Pillar 1 risks (operational, credit, counterparty, exchange rate). It is the ratio of CET 1 Capital to total Risk Weighted Assets (RWA).

COMBINED RATIO PROTECTION (net reinsurance): technical indicator of the Protection business, determined as the ratio between the overall amount of costs incurred (claims and settlement expenses, net reinsurance expenses, attributable/non-attributable management expenses and other technical expenses and income) and gross insurance revenues.

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.

EARNINGS PER SHARE: calculated by dividing the Group's profit for the year by the weighted average number of Poste Italiane S.p.A. ordinary shares in issue during the period.

FUND FROM OPERATIONS (FFO): financial indicator represented by the Group's net result, adjusted for non-monetary costs and revenue (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 redemptions during the period as a percentage of average statutory technical reserves of the period.

It is calculated as a percentage of Redemptions/Average civil technical 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.

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.

NET FINANCIAL POSITION OF THE GROUP: the sum of financial assets, tax credits pursuant to Law no. 77/2020, BancoPosta Cassa e Depositi, cash and cash equivalents, liabilities for insurance contracts, assets for reinsurance transfers and financial liabilities.

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

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.

POSTEPAY SERVICES STRATEGIC BUSINESS UNIT REVENUE NET OF ENERGY COSTS: this is an indicator of the operating performance of the Postepay Services Strategic Business Unit, within which the new business involving the sale of electricity and natural gas is represented. This indicator is calculated by subtracting the costs associated with the purchase of raw materials and the transport of electricity and gas from the revenue of the entire SBU.

ROE (Return On Equity): calculated as the ratio between the Net result and the average value of the Group's "Shareholders' equity" (net of fair value and cash flow hedge valuation reserves) at the beginning and at the end of the reporting period.

RWA (Risk Weighted Assets): this indicator measures the risk exposure of assets in accordance with Basel III 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.

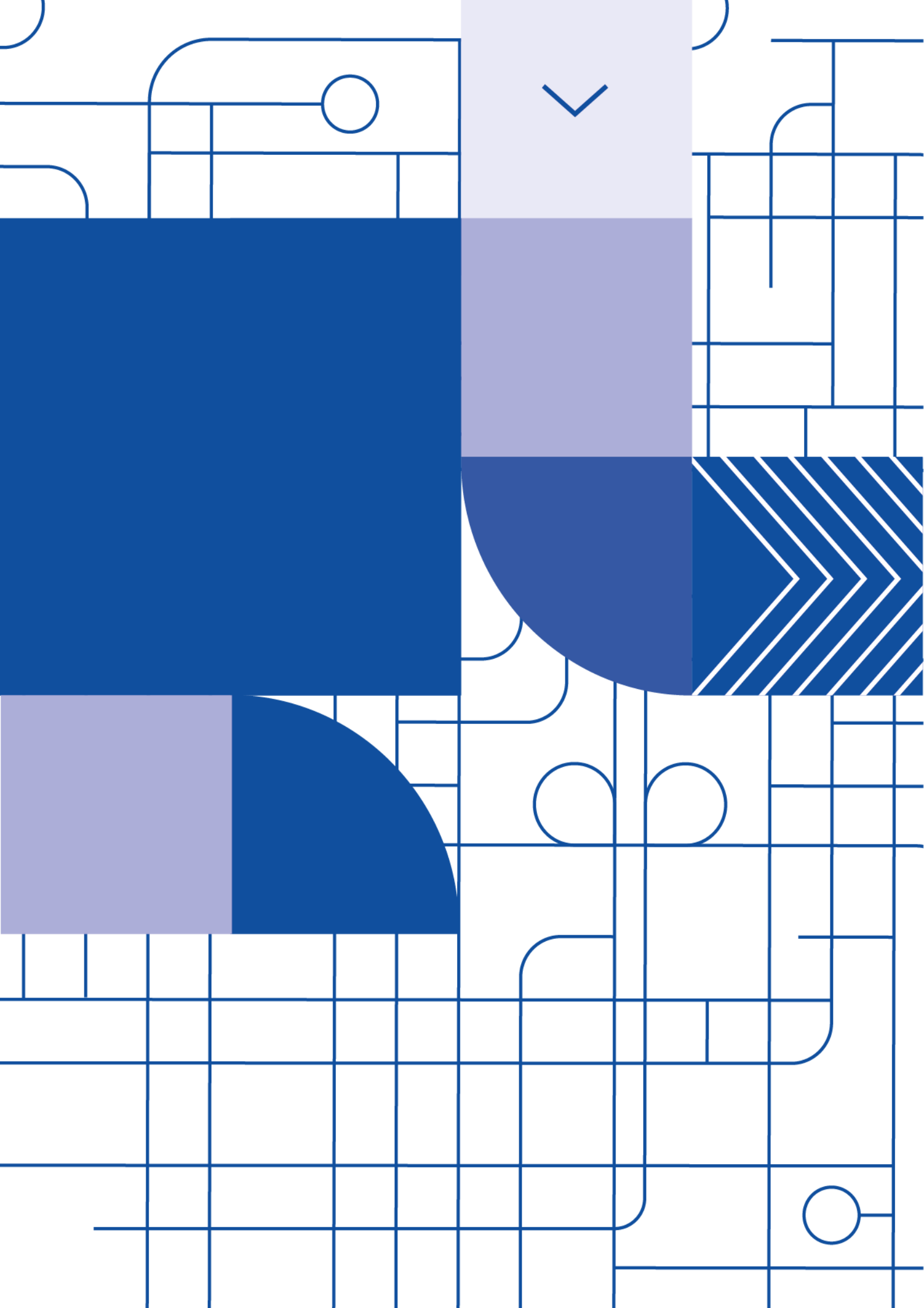
TOTAL CAPITAL (OWN FUNDS): consists, as defined by Regulation (EU) no. 575/2013, of the sum of Tier 1 capital, consisting of CET 1 Capital and Additional Tier 1 capital (AT1, which for BancoPosta includes the hybrid instrument contributed by Poste Italiane), and Tier 2 capital (not relevant for BancoPosta).

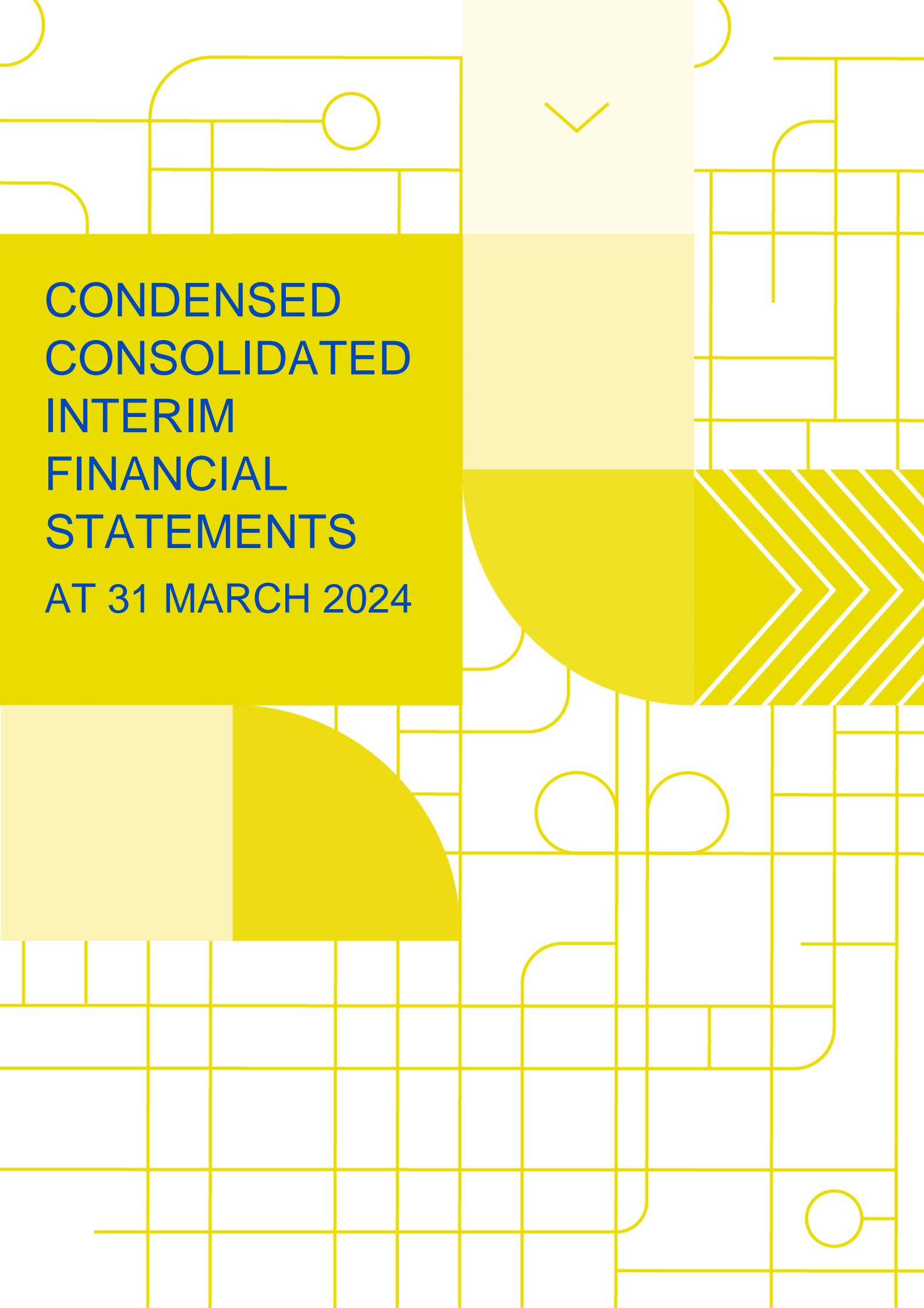
TOTAL CAPITAL RATIO: is the coefficient that expresses the adequacy of Total Capital (Own Funds) with respect to the weighted exposure to Pillar 1 risks (operating, credit, counterparty, exchange rate). Ratio of Total Capital (Own Funds) to Total Risk Weighted Assets (RWA).

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 Provisions⁵⁷), i.e., in accordance with the standards 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.

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.

⁵⁷ In addition to the Mathematical Provisions, the Insurance Provisions also include provisions for future expenses, supplementary insurance premium provisions, profit-sharing provisions and reversals.





**CONDENSED
CONSOLIDATED
INTERIM
FINANCIAL
STATEMENTS**
AT 31 MARCH 2024

1. INTRODUCTION

The condensed consolidated interim financial statements refer to the quarter ended 31 March 2024, and have been prepared on a voluntary and an exceptional basis, in accordance with IAS 34 - Interim Financial Reporting, on the assumption that the Parent, Poste Italiane SpA, and its subsidiaries and consolidated companies will continue to operate as a going concern, also taking into account the economic and financial outlook inferred from the Strategic Plan approved by the Board of Directors of Poste Italiane SpA on 19 March 2024.

The condensed consolidated interim financial statements at 31 March 2024 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 31 March 2024, 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 Interim 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 PRESENTATION, METHODOLOGIES AND ACCOUNTING POLICIES APPLIED

2.1 BASIS OF PRESENTATION

In application of the option granted by IAS 34 - Interim Financial Reporting, the information content of these financial statements is drawn up in summary form and therefore does not include the full information required for the annual financial statements, as their purpose is to provide an update on the activities, events and circumstances that occurred during the reporting quarter - if considered material - in addition to certain minimum disclosures expressly required by the same standard. For this reason, this document must be read in conjunction with the Poste Italiane Group's consolidated financial statements for the year ended 31 December 2023.

The accounting standards and the recognition, measurement and classification criteria adopted, as well as the consolidation methods applied to these condensed consolidated interim financial statements are the same as those used for the preparation of the Consolidated Financial Statements at 31 December 2023, to which reference should be made for a more detailed discussion, with the exception of what is reported in section 2.2 - New accounting standards and interpretations.

In these condensed consolidated interim 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 close of the corresponding quarter in 2023.

2.2 NEW ACCOUNTING STANDARDS AND INTERPRETATIONS

Accounting standards and interpretations applicable from 1 January 2024

- **Amendment to IFRS 16 Leases: Lease Liabilities in a Sale and Leaseback.** The purpose of the amendment is to specify how the selling lessee is to measure the lease liability arising from a sale and leaseback in such a way that it does not recognise income or loss in respect of the retained right of use;
- **Amendments to IAS 1 - Presentation of Financial Statements** to provide clarification on how entities should classify payables and other liabilities between current and non-current, and to improve the information that an entity must provide when its right to defer settlement of a liability for at least 12 months is subject to covenants.

The adoption of the above amendments did not affect the financial reporting in these condensed consolidated interim financial statements.

2.3 USE OF ESTIMATES

A more extensive use of estimation methods was made in the preparation of this Interim Report than in the annual report.

Described below are the accounting treatments for which there have been changes in estimates from those used for the 2023 Annual Report, to which reference is made for a full discussion. In compliance with the provisions of **IAS 36 - Impairment of Assets**, as the qualitative/quantitative analysis conducted on internal and external information sources did not reveal any elements that would suggest the need to perform a new test, the impairment tests on the value of goodwill and other fixed assets were not performed at the reporting date of these consolidated interim financial statements.

Finally, it should be noted that income taxes, in accordance with IAS 34, have been recognised based on the best estimate of the weighted average tax rate expected for the full year 2024.

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 counterparty.

However, considering that there were no updates to the input data⁵⁸ used to feed the model in the first three months of the year, the PD of Italy and the other Sovereign counterparties remained unchanged from those used in the assessments in the 2023 Annual Report, to which reference is made for a detailed description of the inputs, assumptions and estimation techniques used to manage the credit risk.

⁵⁸ Such as final and forecast data, as well as estimates of the macro-economic forecast scenario prepared by the International Monetary Fund.

Life insurance guarantee Fund

One of the changes introduced by Law No. 213 of 30 December 2023 - the 'Budget Law', effective from 1 January 2024 - is the establishment of the Life Insurance Guarantee Fund (hereinafter the 'Fund'). In particular, the Budget Law provides for the formalities necessary for the establishment and operation of the Fund, including, in particular, the drafting of the Fund's statutes and their approval by IVASS.

The endowment of the Fund, which, when fully operational in 2035, will have to reach 0.4 per cent of the amount of the life business technical reserves held by the member companies as at 31 December of the preceding year, is made up of at least annual loans from the members, the amount of which is communicated by the Fund from year to year and at least 80 per cent is payable by the member companies, while the remaining 20 per cent is payable by the member intermediaries. In particular, for the first year, companies contribute 0.4 per thousand of the life insurance technical reserves determined in accordance with the criteria set out in the Solvency directive, while banking, postal and financial intermediaries (registered in section D of the RUI, art. 109 of the CAP, including Poste Italiane spa - Divisione servizi di bancoposta) contribute 0.1 per thousand of the technical reserves corresponding to the contracts intermediated. It is also envisaged that the contribution may be split between a cash payment and an irrevocable commitment to pay, according to a percentage that is not known as of today, since the secondary legislation for the entry into operation of the Fund has not yet been approved by the MEF, IVASS and the constituent Fund. Specifically, the Statute of the Fund - which will define the modalities of application and calculation of contributions - will only be available in the coming months, as soon as the process defined by the decree is completed.

In view of the above, and without prejudice to the fact that the definitive accounting treatment can only be confirmed once the Fund's Statute is available, for the purposes of preparing these financial statements, the prerequisites set out in international accounting standards for the recognition of costs relating to the contribution to the Fund have not yet been met.

Insurance contracts

Pursuant to the provisions of IFRS 17 §B134, it should be noted that in the preparation of these interim financial statements, there was no change in the treatment of accounting estimates made for the purposes of the consolidated financial statements as at 31 December 2023.

Conversion of the financial statements into foreign currencies

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 currencies are those published by the Bank of Italy and the European Central Bank and presented in the table below:

Currency	2024		2023	
	Exact change on 31 March	Average exchange rate Q1	Exact change on 31 December	Average annual exchange rate
Chinese Yuan Renminbi	7.814	7.805	7.851	7.66
US dollar	1.081	1.086	1.105	1.081
British Pound Sterling	0.855	0.856	0.869	0.870

3. MATERIAL EVENTS

3.1 MAIN CHANGES TO THE SCOPE OF CONSOLIDATION

During the quarter under review, the scope of consolidation did not change except for the effects of the transactions described below:

- MLK Fresh

On 31 January 2024, through the establishment of the NewCo named "MLK Fresh S.r.l." ("MLK Fresh"), the partnership in the Fresh Food sector between MLK Deliveries S.p.A. and Mazzocco S.r.l. ("Mazzocco"), an Italtrans Group company operating as a national refrigerated courier, was formalised.

MLK Fresh, 70% owned by MLK and 30% by Mazzocco, will be the vehicle through which the parties will offer advanced delivery services in Italy dedicated to the fresh food segment in the B2C e-commerce and/or scheduled deliveries market.

- Poste Logistics

On 4 March 2024, Poste Logistics S.p.A. (also "NewCo") was established, whose share capital is wholly-owned by Poste Italiane S.p.A. The NewCo will focus on integrated logistics activities for the Poste Italiane Group, benefiting from the business unit of SDA Express Courier S.p.A. ("SDA") concerning the integrated logistics business, through a partial demerger transaction. The partial demerger transaction, which was approved by the Extraordinary Shareholders' Meetings of SDA and Poste Logistics S.p.A. on 27 March 2024, will become effective during the third quarter of 2024.

3.2 OTHER EVENTS

- Address Software

On 24 January 2024, Postel sold its entire stake in Address Software S.r.l. to Poste Italiane S.p.A. This transaction allows to prepare for the start of the process of merger by incorporation of Address Software S.r.l. into Poste Italiane S.p.A. The merger will be formalised by 1H2024.

- N&TS Group Networks & Transactional Systems Group

On 28 February 2024, PostePay signed an agreement to acquire 20% of N&TS GROUP Networks & Transactional Systems Group S.p.A., a leading Italian company in software solutions for electronic payments.

The transaction, closed on 15 April 2024, following the fulfilment of the conditions precedent, aims to enhance PostePay's technological expertise in order to support its expansion strategy in the digital payments market.

- Locker Italia S.p.A.

On 18 April 2024 the company **Locker Italia S.p.A.** - owned by Poste Italiane S.p.A. and Deutsche Post International BV with equal stakes of 50% respectively - which will be dedicated to the development in Italy of a network of lockers for last mile deliveries of parcels managed by Poste Italiane S.p.A. and the e-commerce division of the DHL Group.

- Postego S.p.A.

On 9 May 2024, Postego S.p.A. was established, a benefit company wholly-owned by Poste Italiane, with the aim of progressively internalising the Poste Italiane car fleet (about 30,000 delivery vehicles).

4. POSTE ITALIANE GROUP - FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

Posteitaliane

4.1 CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS (€m)	Notes	31 March 2024	31 December 2023
Non-current assets			
Property, plant and equipment	[A1]	2,521	2,546
Investment property	[A2]	27	28
Intangible assets	[A3]	2,018	2,062
Right-of-use assets	[A4]	1,226	1,265
Investments accounted for using the equity method	[A5]	302	294
Financial assets	[A6]	204,042	205,656
Trade receivables	[A8]	2	3
Deferred tax assets	[C12]	2,595	2,109
Other receivables and assets	[A9]	3,917	4,084
Tax credits Law no. 77/2020	[A10]	6,729	6,534
Assets for outward reinsurance	[A11]	263	233
Total		223,642	224,814
Current assets			
Inventories	[A7]	174	172
Trade receivables	[A8]	2,269	2,404
Current tax assets	[C12]	174	167
Other receivables and assets	[A9]	933	1,051
Tax credits Law no. 77/2020	[A10]	1,386	1,784
Financial assets	[A6]	33,210	31,503
Cash and deposits attributable to BancoPosta	[A12]	4,149	4,671
Cash and cash equivalents	[A13]	5,462	4,211
Total		47,757	45,963
Non-current assets and disposal groups held for sale		50	50
TOTAL ASSETS		271,449	270,827

LIABILITIES AND EQUITY	Notes	31 March 2024	31 December 2023
Equity			
Share capital	[B1]	1,306	1,306
Reserves	[B2]	1,185	1,083
Treasury shares		(94)	(94)
Retained earnings		8,525	8,027
Total equity attributable to owners of the Parent		10,922	10,322
Equity attributable to non-controlling interests		121	117
Total		11,043	10,439
Non-current liabilities			
Liabilities under insurance contracts	[B3]	157,045	155,338
Provisions for risks and charges	[B4]	775	782
Employee termination benefits	[B5]	614	637
Financial liabilities	[B6]	9,865	10,243
Deferred tax liabilities	[C12]	1,542	900
Other liabilities	[B8]	1,946	2,058
Total		171,788	169,958
Current liabilities			
Provisions for risks and charges	[B4]	598	554
Trade payables	[B7]	1,764	2,252
Current tax liabilities	[C12]	324	189
Other liabilities	[B8]	2,362	2,285
Financial liabilities	[B6]	83,571	85,150
Total		88,619	90,430
TOTAL LIABILITIES AND EQUITY		271,449	270,827

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

(€m)	Notes	31 March 2024	31 March 2023
Revenue from Mail, Parcels and other	[C1]	934	893
Net revenue from Financial Services	[C2]	1,335	1,414
Revenue from Financial Services		1,498	1,520
Expenses from financial activities		(163)	(106)
Net revenue from insurance services	[C3]	397	393
Revenue from insurance contracts issued		673	599
Costs arising from insurance contracts issued		(287)	(226)
Revenue/(costs) from outward reinsurance		(6)	(4)
Income and (expenses) from financial operations and other income/expenses		1,680	1,578
Net financial (costs)/revenue relating to insurance contracts issued		(1,666)	(1,554)
Net financial revenue/(costs) related to outward reinsurance		2	(0)
Revenue from PostePay services	[C4]	470	343
Net operating revenue		3,136	3,044
Cost of goods and services	[C5]	896	763
Personnel expenses	[C6]	1,275	1,235
Depreciation, amortisation and impairments	[C7]	201	208
Capitalised costs and expenses	[C8]	(14)	(13)
Other operating costs	[C9]	61	83
Impairment losses/(reversals of impairment losses) on debt instruments, receivables and other assets	[C10]	12	(0)
Operating profit/(loss)		706	767
Finance costs	[C11]	34	29
Finance income	[C11]	44	34
Impairment losses/(reversals of impairment losses) on financial assets	[A9]	0	(0)
Profit/(Loss) on investments accounted for using the equity method	[A5]	7	5
Profit/(Loss) before tax		723	777
Income tax expense	[C12]	222	237
PROFIT FOR THE YEAR		501	540
of which attributable to owners of the Parent		498	539
of which attributable to non-controlling interests		3	1
Earnings per share	[B1]	0.384	0.415
Diluted earnings per share		0.384	0.415

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

(€m)	Notes	1Q 2024	1Q 2023
Revenue from Mail, Parcels and other	[C1]	934	893
Net revenue from Financial Services	[C2]	1,335	1,414
Revenue from Financial Services		1,498	1,520
Expenses from financial activities		(163)	(106)
Net revenue from insurance services	[C3]	397	393
Revenue from insurance contracts issued		673	599
Costs arising from insurance contracts issued		(287)	(226)
Revenue/(costs) from outward reinsurance		(6)	(4)
Income and (expenses) from financial operations and other income/expenses		1,680	1,578
Net financial (costs)/revenue relating to insurance contracts issued		(1,666)	(1,554)
Net financial revenue/(costs) related to outward reinsurance		2	(0)
Revenue from Postepay services	[C4]	470	343
Net operating revenue		3,136	3,044
Cost of goods and services	[C5]	896	763
Personnel expenses	[C6]	1,275	1,235
Depreciation, amortisation and impairments	[C7]	201	208
Capitalised costs and expenses	[C8]	(14)	(13)
Other operating costs	[C9]	61	83
Impairment losses/(reversals of impairment losses) on debt instruments, receivables and other assets	[C10]	12	(0)
Operating profit/(loss)		706	767
Finance costs	[C11]	34	29
Finance income	[C11]	44	34
Impairment losses/(reversals of impairment losses) on financial assets	[A9]	0	(0)
Profit/(Loss) on investments accounted for using the equity method	[A5]	7	5
Profit/(Loss) before tax		723	777
Income tax expense	[C12]	222	237
PROFIT FOR THE YEAR		501	540
of which attributable to owners of the Parent		498	539
of which attributable to non-controlling interests		3	1
Earnings per share	[B1]	0.384	0.415
Diluted earnings per share		0.384	0.415

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Notes	1Q 2024	FY 2023	1Q 2023
Profit/(Loss) for the year		501	1,933	540
Items to be reclassified in the Statement of profit or loss for the year				
FVOCI debt instruments				
Increase/(decrease) in fair value during the year	[tab. B2]	271	7,694	3,746
Transfers to profit or loss from realisation	[tab. B2]	22	223	153
Increase/(decrease) for expected losses		(2)	5	(5)
Cash flow hedges				
Increase/(decrease) in fair value during the year	[tab. B2]	(34)	80	20
Transfers to profit or loss	[tab. B2]	11	(318)	(297)
Financial revenue or costs relating to insurance contracts issued		(30)	(5,532)	(2,331)
Financial revenue or costs related to outward reinsurance		(2)	2	(0)
Taxation of items recognised directly in, or transferred from, equity to be reclassified in the Statement of profit or loss for the year		(68)	(565)	(354)
Share of after-tax comprehensive income/(loss) of investees accounted for using equity method		1	0	(0)
Change in translation reserve		0	(0)	(0)
Items not to be reclassified in the Statement of profit or loss for the year				
Equity instruments measured at FVOCI - increase/(decrease) in fair value during the period	[tab. B2]	(71)	(5)	6
Actuarial gains /(losses) on employee termination benefits	[tab. B5]	(0)	(8)	0
Taxation of items recognised directly in, or transferred from, equity not to be reclassified in the Statement of profit or loss for the year		1	2	(0)
Share of after-tax comprehensive income/(loss) of investees accounted for using equity method		(0)	(0)	(0)
Total other comprehensive income		100	1,578	938
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		602	3,511	1,478
of which attributable to owners of the Parent		598	3,500	1,477
of which attributable to non-controlling interests		4	11	1

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(in €mln)	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 investments accounted for using equity method	Incentive plans reserve		Retained earnings	Total equity attributable to owners of the Parent	Capital and reserves attributable to non-controlling interests
Balance at 1 January 2023	1,306	(63)	299	1,210	800	(10,592)	(128)	7,876	(0)	5	19	7,100	7,834	44	7,878
Total other comprehensive income for the period	-	-	-	-	-	2,732	(198)	(1,596)	0	(0)	-	539	1,477	1	1,478
Dividends paid	-	-	-	-	-	-	-	-	-	-	-	-	-	(1)	(1)
Incentive plans	-	-	-	-	-	-	-	-	-	-	1	-	1	-	1
Other changes	-	-	-	-	-	-	-	-	-	0	-	0	0	0	0
Balance at 31 March 2023	1,306	(63)	299	1,210	800	(7,860)	(326)	6,280	(0)	5	21	7,639	9,312	44	9,357
Total comprehensive income for the year	-	-	-	-	-	2,787	29	(2,178)	0	0	-	1,375	2,023	10	2,033
Dividends paid	-	-	-	-	-	-	-	-	-	-	-	(570)	(570)	(5)	(575)
Interim dividend	-	-	-	-	-	-	-	-	-	-	-	(307)	(307)	-	(307)
Purchase of treasury shares	-	(34)	-	-	-	-	-	-	-	-	-	(0)	(34)	-	(34)
Transactions with minority shareholders	-	-	-	-	-	-	-	-	-	-	-	(101)	(101)	-	(101)
Incentive plans	-	3	-	-	-	-	-	-	-	-	6	(0)	9	-	9
Coupons paid to holders of perpetual hybrid bonds	-	-	-	-	-	-	-	-	-	-	-	(16)	(16)	-	(16)
Other changes	-	-	-	-	-	-	-	-	-	(1)	-	(0)	(1)	(0)	(1)
Change in scope of consolidation	-	-	-	-	-	-	-	-	-	-	-	6	6	68	74
Balance at 31 December 2023	1,306	(94)	299	1,210	800	(5,063)	(297)	4,102	(0)	4	27	8,027	10,322	117	10,439
Total comprehensive income for the year	-	-	-	-	-	137	(16)	(22)	(0)	1	-	498	598	4	602
Incentive plans	-	-	-	-	-	-	-	-	-	-	1	-	1	-	1
Other changes	-	-	-	-	-	(0)	-	-	-	(0)	-	-	(0)	-	(0)
Change in scope of consolidation	-	-	-	-	-	-	-	-	-	-	-	-	-	0	0
Balance at 31 March 2024	1,306	(94)	299	1,210	800	(4,925)	(313)	4,080	(0)	5	28	8,525	10,922	121	11,043

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

(€m)	1Q 2024	1Q 2023
Unrestricted net cash and cash equivalents at the beginning of the period	1,635	1,228
Restricted net cash and cash equivalents at the beginning of the period	2,576	3,755
Cash and cash equivalents at the beginning of the period	4,211	4,983
Result for the period	501	540
Depreciation, amortisation and impairments	219	226
Losses and impairment losses/(reversals of impairment losses) on receivables	12	0
(Gains)/Losses on disposals	(1)	(2)
(Increase)/Decrease in Inventories	(1)	(5)
(Increase)/Decrease Receivables and Other assets	402	64
Increase/(Decrease) Payables and Other liabilities	(401)	(36)
Change in tax credits Law no. 77/2020	-	(108)
Change in provisions for risks and charges	38	94
Change in employee termination benefits and Provision for retirement benefits	(23)	(29)
Difference in accrued finance expenses and income (cash adjustment)	21	14
Other changes	88	(29)
Net cash flow from/(for) non-financial operating activities [a]	855	730
Increase/(Decrease) in liabilities attributable to financial activities, payments, cards and acquiring and insurance	(1,979)	(7,517)
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	2,497	4,434
(Income)/Expense and other non-cash components	(1,731)	(2,066)
Increase/(Decrease) in net liabilities under insurance contracts	1,644	3,421
Cash generated by/(used for) financial assets/liabilities attributable to financial activities, payments, cards and acquiring and insurance [b]	432	(1,727)
Net cash flow from/(for) operating activities [c]=[a+b]	1,287	(997)
<i>Investing activities:</i>		
Property, plant and equipment, Inv. property and intangible assets	(81)	(112)
Investments	-	(1)
Other financial assets	(1)	(0)
<i>Disposals:</i>		
Property, plant and equipment, inv. property, intangible assets and assets held for sale	2	3
Other financial assets	5	14
Investments in consolidated companies net of cash acquired	0	-
Net cash flow from/(for) investing activities [d]	(75)	(96)
Proceeds from/(Repayments of) borrowings	40	(39)
Dividends paid	-	(1)
Net cash flow from/(for) financing activities and shareholder transactions [e]	40	(39)
Effect of exchange rate differences on cash and cash equivalents [f]	0	0
Net increase/(decrease) in cash [g]=[c+d+e+f]	1,251	(1,133)
Cash and cash equivalents at the end of the period	5,462	3,850
Restricted cash and cash equivalents at the end of the period	(3,194)	(2,765)
Unrestricted net cash and cash equivalents at the end of the period	2,267	1,084

4.2 NOTES TO THE STATEMENT OF FINANCIAL POSITION

ASSETS

A1 - PROPERTY, PLANT AND EQUIPMENT

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	85	3,371	2,630	372	765	2,098	203	9,525
Accumulated depreciation	-	(2,143)	(2,018)	(337)	(511)	(1,933)	-	(6,941)
Impairment losses	(0)	(16)	(10)	(1)	(1)	(8)	(0)	(37)
Balance at 1 January 2024	85	1,211	603	34	253	157	202	2,546
Changes during the year								
Acquisitions	-	2	3	3	5	4	20	37
Adjustments	-	1	0	0	(1)	0	(0)	0
Reclassifications	-	10	16	-	9	5	(40)	0
Disposals	-	(0)	(0)	(0)	(0)	(0)	(0)	(1)
Change in scope of consolidation	-	-	-	-	-	-	-	-
Depreciation	-	(9)	(18)	(3)	(14)	(18)	-	(61)
(Impairment losses)/Reversals	-	(0)	-	-	-	(1)	(0)	(1)
Total changes	-	4	2	0	(1)	(10)	(21)	(26)
Cost	85	3,384	2,650	375	778	2,107	182	9,561
Accumulated depreciation	-	(2,152)	(2,035)	(339)	(524)	(1,951)	-	(7,002)
Impairment losses	(0)	(16)	(10)	(1)	(1)	(9)	(0)	(38)
Total	85	1,215	605	35	253	147	181	2,521

Investments of €37 million in the first quarter of 2024 consists largely of:

- €20 million for investments in progress, of which €18 million supported by the Parent Company and €15 million attributable to extraordinary maintenance works and infrastructural equipment of the commercial and production network, and €3 million for the purchase of hardware and other technological equipment not yet included in the production process;
- €5 million for investments in the upgrade of plant and the structure of properties held under lease;

Also, the reclassifications from tangible assets under construction, totalling €40 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 (€30 million) and for the installation of connectivity systems (€4 million).

Following the start-up of the Polis Project, the Parent Company invested approximately €116 million, of which €20 million relating to the first quarter of 2024.

Finally, it should be noted that, as of 31 March 2024, the Poste Italiane Group's commitments to purchase property, plant and equipment amounted to approximately €162 million.

A2 - INVESTMENT PROPERTY

Investments in property in the period under review amounted to €27 million.

The fair value of investment property at 31 March 2024 includes €64 million representing the sale price applicable to the Parent Company's service accommodation in accordance with Law 560 of 24 December 1993 (€53 million), while the remaining balance reflects market price estimates calculated internally by the Company⁵⁹.

A3 - INTANGIBLE ASSETS

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	5,166	274	898	232	6,570
Accumulated amortisation and impairments	(4,381)	(1)	(102)	(24)	(4,508)
Balance at 1 January 2024	785	273	796	208	2,062
Changes during the year					
Acquisitions	12	32	-	-	44
Reclassifications	67	(67)	-	0	0
Transfers and disposals	(0)	(0)	-	-	(0)
Change in scope of consolidation	-	-	-	-	-
Depreciation, amortisation and impairments	(86)	-	-	(3)	(89)
Foreign exchange differences	-	-	-	-	-
Total changes	(7)	(35)	-	(3)	(45)
Cost	5,245	239	898	232	6,614
Accumulated amortisation and impairments	(4,466)	(1)	(102)	(27)	(4,596)
Total	778	238	796	205	2,018

Investments in the first quarter of 2024 amounted to €44 million, including about €14 million in software development and the related accessory expenses, developed within the Group, primarily relating to personnel expenses (€10 million). Development costs, other than those incurred directly to produce identifiable software used, or intended for use, within the Group, are not capitalised.

Investments relating to the item **Industrial patents and intellectual property rights, concessions, licences, trademarks and similar rights**, relates primarily to the purchase and entry into service of new software programs and the acquisition of software licences.

Intangible assets under construction mainly refer to activities for the development of software for infrastructural platforms, to support the sales network and for the postal products platform.

During the period, reclassifications were made from Intangible assets under construction to Industrial patents and intellectual property rights amounting to €67million due to the completion and start-up of new software

⁵⁹ 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.

programs and the development of existing ones, related to the infrastructure platform (€24 million), BancoPosta services (€15million), support for the sales network (€11 million), the postal products platform (€9 million) and the engineering of reporting processes for other business and staff functions (€7 million).

As at 31 March 2024, with reference to the Polis Project, the Parent Company invested approximately €5 million, of which €2 million relating to the first quarter of 2024 has not yet entered into production.

Goodwill has not changed since the balance sheet date of 31 December 2023.

tab. A3.1 - Goodwill

Description (€m)	31.03.2024	31.12.2023	Changes
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	-
Sourcesense Platforms	1	1	-
sender Italia	-	-	-
Postepay Services SBU	459	459	-
LIS	459	459	-
Insurance Services SBU	124	124	-
Net Insurance	124	124	-
Total	796	796	-

A4 - RIGHT-OF-USE ASSETS

tab. A4 - Movements in right-of-use assets

Description (€m)	Properties used in operations	Company fleet	Vehicles for mixed use	Other assets	Total
Cost	1,777	385	37	50	2,249
Accumulated amortisation and impairments	(750)	(186)	(18)	(30)	(984)
Balance at 1 January 2024	1,027	199	18	20	1,265
Changes during the year					
New contract acquisitions	27	11	3	-	41
Adjustments	6	(1)	(0)	(1)	4
Reclassifications	(0)	-	(0)	-	(0)
Contract terminations	(12)	(3)	-	-	(15)
Change in scope of consolidation	-	-	-	-	-
Depreciation, amortisation and impairments	(42)	(22)	(2)	(2)	(68)
Total changes	(22)	(15)	0	(2)	(39)
Cost	1,798	392	39	49	2,278
Accumulated amortisation and impairments	(792)	(208)	(21)	(31)	(1,052)
Total	1,006	184	18	18	1,226

Acquisitions in the period for a total of €41 million, refer for €27 million to new contracts and the renewal of contracts existing at the beginning of the year of a real estate nature, and for €11 million to the rental of company vehicles used for mail and parcel delivery, in addition to €3 million for the rental of vehicles for business and personal use.

A5 - INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

tab. A5.1 - Investments accounted for using the equity method

Description (€m)	31.03.2024	31.12.2023	Changes
in associates			
Anima Holding SpA	226	219	7
Conio Inc	1	1	(0)
Eurizon Capital Real Asset SGR	4	4	0
Financit SpA	34	35	(0)
ItaliaCamp Srl	1	1	0
Replica Sim SpA	9	9	(0)
Consorzio Italia Cloud	0	0	-
sennder Italia Srl	22	22	1
Total associates	298	290	8
in subsidiaries			
Address Software Srl	1	1	0
Ecomind Srl	-	-	-
Kipoint SpA	3	3	0
Indabox Srl	1	1	0
Total subsidiaries	4	4	0
Total	302	294	8

During the quarter under review, the item equity investments changed mainly due to the positive adjustment of the carrying value of the equity investment in Anima Holding S.p.A for approximately €7 million for the portion

pertaining to the economic results achieved by the investee company in the quarter between 1 October 2023 and 31 December 2023, the date of the last available financial statements.

A list of subsidiaries, joint ventures and associates accounted for using the equity method is provided in Additional information – Scope of consolidation (Note 8).

A6 - FINANCIAL ASSETS

Tab. A6 – Financial assets

Description (€m)	Balance at 31.03.24			Balance at 31.12.23			Changes
	Non-current assets	Current assets	Total	Non- current assets	Current assets	Total	
Financial activities	64,640	14,117	78,758	64,414	15,642	80,056	(1,298)
Insurance services	138,818	18,780	157,598	140,588	15,556	156,145	1,453
Postal and Business Services	577	3	579	647	6	653	(73)
Postepay Services Operations	7	310	317	7	299	306	11
Total	204,042	33,210	237,252	205,656	31,503	237,159	92

FINANCIAL ACTIVITIES

tab. A6.1 - Financial assets - Financial Services

Description (€m)	Balance at 31.03.2024			Balance at 31.12.2023			Changes
	Non-current assets	Current assets	Total	Non- current assets	Current assets	Total	
Financial assets at amortised cost	30,161	11,392	41,553	30,124	12,549	42,673	(1,120)
Loans	-	3	3	-	1,769	1,769	(1,766)
Receivables	-	11,213	11,213	0	10,505	10,505	707
Fixed income instruments*	30,161	176	30,337	30,124	274	30,398	(61)
Financial assets at FVTOCI	30,676	2,677	33,353	30,083	3,017	33,100	253
Fixed income securities	30,676	2,677	33,353	30,083	3,017	33,100	253
Financial assets at FVTPL	29	-	29	26	-	26	3
Equity instruments	29	-	29	26	-	26	3
Derivative financial instruments	3,775	48	3,823	4,180	77	4,257	(434)
Cash flow hedges	(2)	6	4	2	2	5	(1)
Fair value hedges	3,777	42	3,819	4,178	74	4,252	(433)
Total	64,640	14,117	78,758	64,414	15,642	80,056	(1,298)

*The fair value of these securities at 31 March 2024 is €28,435 million. In terms of the fair value hierarchy, which reflects the relevance of the sources used to measure assets, €25,354 million of the total amount qualifies for inclusion in Level 1 and €3,081 million for inclusion in Level 2.

Financial assets at amortised cost

This item decreased by €1,120 million compared to 31 December 2023 mainly due to the decrease in the item Loans partly offset by the increase in Receivables.

The item **Loans** represents the net position for repurchase and reverse repurchase agreements with the Cassa di Compensazione e Garanzia (hereinafter referred to as CC&G) for €3 million (€1,769 million as of 31 December 2023); these transactions are for the temporary use of liquidity deriving from deposits from private

individuals and the decrease compared to 31 December 2023, is mainly attributable to the reduction in private current account deposits, in line with the seasonality of the period under review.

The item **Receivables** and the main changes are attributable to:

- **Deposits with the MEF**, for €8,484 million (€8,932 million as at 31 December 2023), including public customers' postal current account deposits, which earn a variable rate of return, calculated on a basket of government bonds⁶⁰.
- The decrease in deposits of €448 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.
- The balance of the **MEF State Treasury account** as at 31 March 2024 is a surplus of €890 million due to the movement of cash flows for advances (negative balance of €5,371 million as at 31 December 2023).

Financial assets at fair value through other comprehensive income

The increase in the item is due mainly to the positive fluctuation in fair value for €291 million recognised in the appropriate equity reserve for the portion not hedged by fair value hedges (positive amount of €260 million) and recognised through profit or loss in relation for the hedged portion (positive amount of €31 million). Accumulated impairments at 31 March 2024 amount to €18 million and are in line with 31 December 2023.

Derivative financial instruments

Tab. A6.1.1 - Derivative financial instruments

Description (€m)	Balance at 31 March 2024		Balance at 31 December 2023	
	Nominal	Fair value	Nominal	Fair value
Cash flow hedges				
Interest rate swaps	4,042	(537)	3,287	(513)
Fair value hedges				
Interest rate swaps on securities at FVTOCI and AC	24,621	3,227	25,031	3,718
Interest rate swaps on repos	1,350	(26)	3,996	(83)
FVTPL				
Forward sales	0	(5)	0	(3)
Derivative financial instruments	30,013	2,660	32,314	3,119
Of which:				
Derivative assets	18,371	3,823	19,665	4,257
Derivative liabilities	11,642	(1,163)	12,649	(1,138)

The net change in derivative financial instruments, amounting to €459 million, is attributable for approximately €433 million to fair value hedges in interest rate swaps that hedge securities classified at amortised cost for a nominal amount of €11,861 million and securities classified at FVTOCI for a nominal amount of €12,760 million; the net negative change is mainly due to the early extinguishment of interest rate swap assets, for which the underlying security was also sold, and to the settlement of differentials that occurred during the period.

⁶⁰ The floating 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.

INSURANCE ACTIVITIES

tab. A6.2 - Financial assets - Insurance Services

Description (€m)	Balance at 31.03.2024			Balance at 31.12.2023			Changes
	Non-current assets	Current assets	Total	Non-current assets	Current assets	Total	
Financial assets at amortised cost	1,914	258	2,172	1,922	200	2,123	49
Receivables	1	68	69	0	54	55	15
Fixed income securities	1,913	190	2,103	1,922	146	2,068	35
Financial assets at FVTOCI	92,800	13,311	106,111	91,643	14,209	105,852	259
Fixed income securities	92,795	13,311	106,106	91,638	14,209	105,847	259
Equity instruments	5	-	5	5	-	5	(0)
Financial assets at FVTPL	44,104	5,211	49,314	47,023	1,147	48,170	1,144
Receivables	-	-	-	-	-	-	-
Fixed income securities	2,388	353	2,741	2,211	353	2,564	177
Units of mutual investment funds	41,694	4,304	45,998	44,790	308	45,098	900
Equity instruments	1	554	554	1	485	486	68
Other investments	21	0	21	21	1	22	(1)
Total	138,818	18,780	157,598	140,588	15,556	156,145	1,453

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** mainly refer to the free assets of Poste Vita SpA and Poste Assicura SpA, with a total fair value⁶¹ of €1,921 million at 31 March 2024.

Financial assets at fair value through other comprehensive income

Fixed income securities relate primarily to investments held by Poste Vita SpA, totalling €105,335 million (a nominal value of €113,987 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 €121 million.

This item recorded an overall net change of €259 million, mainly due to net investments made during the period; in addition, it should be noted that fair value increased by €12 million during the period (of which €11 million contributed to the revaluation of insurance liabilities). Accumulated impairment at 31 March 2024 amounts to approximately €53 million, almost entirely 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 (€33,372 million) and Class III policies (€12,602 million); the supplement to the balance refers to investments of the company's free equity (€4 million). In the period under review, the fair value increased by approximately €683 million, an effect that contributed almost entirely to the revaluation of insurance liabilities.

⁶¹ In terms of the fair value hierarchy, which reflects the relevance of the sources used to conduct the measurements, €1,876 million of the total amount qualifies for inclusion in Level 1, €43 million for inclusion in Level 2 and €2 million in Level 3.

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

tab. A6.3 - Financial assets - Postal and Business Services

Description (€m)	Balance at 31.03.24			Balance at 31.12.23			Changes
	Non-current assets	Current assets	Total	Non-current assets	Current assets	Total	
Financial assets at amortised cost	3	3	5	2	6	8	(3)
Credits and other instruments	3	3	5	2	6	8	(3)
Financial assets at FVTPL	9	-	9	9	-	9	(0)
Bond	9	-	9	9	-	9	(0)
Financial assets at FVTOCI	565	0	565	636	0	636	(71)
Fixed income securities	98	0	98	99	0	99	(0)
Equity instruments	467	-	467	537	-	537	(70)
Total	577	3	579	647	6	653	(73)

The decrease compared to 31 December 2023 was mainly due to the negative fair value fluctuation of €70 million related to the shares of Nexi SpA held by the Parent Company, which was recognised in the specific equity reserve.

OPERATION OF POSTEPAY SERVICES

tab. A6.4 - Financial assets - Postepay Services sector

Description (€m)	Balance at 31.03.2024			Balance at 31.12.2023			Changes
	Non-current assets	Current assets	Total	Non-current assets	Current assets	Total	
Financial assets at amortised cost	0	310	310	0	299	299	11
Receivables	0	310	310	0	299	299	11
Financial assets at FVTOCI	7	0	7	7	0	7	0
Equity instruments	7	0	7	7	0	7	0
Financial assets at FVTPL	1	0	1	1	0	1	0
Convertible bond	1	0	1	1	0	1	0
Total	7	310	317	7	299	306	11

The increase in the item is mainly attributable to the change in financial assets at amortised cost, mainly referring to receivables from international settlement circuits for the acquiring service and to items in progress to be settled on prepaid cards of the ring-fenced EMI.

A7 - INVENTORIES

tab. A7 - Inventories

Description (€m)	Balance at 31.12.2023	Increase / (decrease)	Balance at 31.03.2024
Properties held for sale	136	3	139
Work in progress, semi-finished and finished goods and goods for resale	28	(1)	27
Raw, ancillary and consumable materials	8	(0)	8
Total	172	2	174

A8 - TRADE RECEIVABLES

tab. A8 - Trade receivables

Description (€m)	Balance at 31.03.2024			Balance at 31.12.2023			Changes
	Non-current assets	Current assets	Total	Non-current assets	Current assets	Total	
Due from customers	2	2,438	2,441	3	2,679	2,682	(241)
Due from Parent Company (MEF)	-	395	395	-	281	281	113
Due from subsidiaries, associates and joint ventures	-	11	11	-	6	6	5
Prepayments to suppliers	-	0	0	-	0	0	-
Provisions for doubtful debts from customers and the parent company (MEF)	(0)	(576)	(576)	(0)	(562)	(562)	(13)
Total	2	2,269	2,271	3	2,404	2,407	136

The change in **trade receivables** is attributable to:

- the reduction in receivables due from Ministries and Public Entities due to the release of receipts related to the tariff additions made in 2020, 2021, 2022 and the first three quarters of 2023 for a total amount of €195 million (which until 31 December 2023 were shown under other liabilities for advances received, due to the constraint of unavailability) and the collection in March 2024 of a further €20 million related to the last quarter of 2023;
- the reduction in receivables due from Cassa Depositi e Prestiti following the collection of the residual receivable for activities carried out in 2023 partially offset by the balance for fees accrued as of 31 March 2024, which reflects the normal pattern of invoicing and collection timing on a monthly basis.

Receivables from the Parent increased due to the remuneration of current account deposits accrued in the period and almost entirely related to deposits of resources from accounts opened by the Public Administration.

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 and the parent company MEF

Description (€m)	Balance at 31.12.2023	Net provisions	Deferred income	Uses	Balance at 31.03. 2024
Private customers	342	6	0	(2)	346
Public administration entities	79	1	-	-	80
Overseas postal operators	11	(2)	-	-	9
	432	5	0	(2)	435
Interest on late payments	98	10	-	0	108
Amounts due from Parent company (MEF)	33	0	-	0	33
Total	562	15	0	(2)	576

A9 - OTHER RECEIVABLES AND ASSETS

tab. A9 - Other receivables and assets

Description (€m)	Balance at 31.03.2024			Balance at 31.12.2023			Changes
	Non-current assets	Current assets	Total	Non-current assets	Current assets	Total	
Substitute tax paid	3,864	477	4,341	4,033	625	4,658	(317)
Due from social security agencies and pension funds (excl. fixed-term contract settlements)	-	70	70	-	73	73	(3)
Receivables relating to fixed-term contract settlements	34	71	105	33	73	107	(2)
Receivables for amounts that cannot be drawn on due to court rulings	-	59	59	-	58	58	1
Accrued income and prepaid expenses from trading transactions	-	76	76	-	62	62	14
Tax assets	-	83	83	-	78	78	5
Other receivables due from associates	-	-	-	-	-	-	-
Other receivables due from subsidiaries	-	0	0	-	0	0	0
Other receivables due from joint ventures	-	-	-	-	-	-	-
Interest accrued on IRES refund	-	46	46	-	46	46	-
Sundry receivables	23	166	189	22	142	164	25
Provisions for doubtful debts due from others	(4)	(114)	(117)	(4)	(108)	(111)	(6)
Total	3,917	933	4,851	4,084	1,051	5,135	(284)

The decrease in Other Receivables and Assets during the period is mainly attributable to the decrease in receivables for withholding tax, including €111 million for stamp duty on postal savings bonds outstanding at 31 March 2024⁶², €96 million for the recovery from holders of passbook savings accounts of the 2023 stamp duty that the Parent Company pays virtually in accordance with current legislation, as well as a decrease in non-current receivables for Poste Vita SpA's advance payment of withholding and substitute tax on capital gains on life insurance policies.

⁶² 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 31.12.2023	Net provisions	Uses	Balance at 31.03.2024
Interest accrued on IRES refund	20	-	-	20
Public Administration entities for sundry services	-	-	-	-
Receivables relating to fixed-term contract settlements	24	5	(0)	29
Other receivables	67	1	(0)	68
Total	111	6	(0)	117

A10 – TAX CREDITS LAW NO. 77/2020

Table A10 - Tax credits Law no. 77/2020

Description (€m)	Balance at 31.03.2024			Balance at 31.12.2023			Changes
	Non-current assets	Current assets	Total	Non-current assets	Current assets	Total	
Financial activities	6,442	1,267	7,709	6,246	1,665	7,911	(202)
Postal and Business Services	287	119	407	288	119	407	-
Total tax credit	6,729	1,386	8,116	6,534	1,784	8,318	(202)

The decrease in this item is attributable to the combined effect of purchases of €185 million, accrued interest of €80 million, net of offsets of €468 million.

At 31 March 2024, the fair value⁶³ of the tax credits is €7,548 million.

A11 – ASSETS FOR OUTWARD REINSURANCE

The **present value of the cash flows** at the relevant date is €267 million, the **adjustment for financial risks** is equal to €14 million, and finally the **Contractual Service Margin** is €22 million. The balance for the quarter increased by about €30 million mainly as a result of an increase in the present value of Poste Assicura's cash flows and a reduction in receivables from reinsurers.

⁶³ In terms of fair value hierarchy, which reflects the relevance of the sources used to measure assets, this amount qualifies for Level 3.

A12 - CASH AND DEPOSITS ATTRIBUTABLE TO BANCOPOSTA**tab. A12 - Cash and deposits attributable to BancoPosta**

Description (€m)	Balance at 31.03.2024	Balance at 31.12.2023	Changes
Cash and cash equivalents in hand	3,751	3,909	(157)
Bank deposits	398	762	(364)
Total	4,149	4,671	(522)

A13 - CASH AND CASH EQUIVALENTS**tab. A13 - Cash and cash equivalents**

Description (€m)	Balance at 31.03.2024	Balance at 31.12.2023	Changes
Bank deposits and amounts held at the Italian Treasury	4,304	3,270	1,035
Deposits with the MEF	1,078	873	204
Cash and cash equivalents in hand	80	68	12
Total	5,462	4,211	1,251

At 31 March 2024, the item includes restricted cash of approximately €3,194 million, including €3,124 million in liquidity covering technical provisions for the insurance business, €35 million in 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 measures relating to disputes of various kinds and €20 million for cash on delivery collections and other restrictions.

EQUITY

B1 - SHARE CAPITAL

The share capital of Poste Italiane SpA consists of 1,306,110,000 no-par value ordinary shares.

At 31 March 2024, 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.

B2 - RESERVES

tab. B2 - 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 2024	299	1,210	800	(5,062)	(297)	4,102	(0)	4	27	1,083
Increase/(decrease) in fair value during the year	-	-	-	200	(34)	(32)	-	-	-	134
Tax effect of changes in fair value	-	-	-	(77)	10	10	-	-	-	(57)
Transfers to profit or loss from realisation	-	-	-	22	11	-	-	-	-	34
Tax effect of transfers to profit or loss	-	-	-	(7)	(3)	-	-	-	-	(10)
Increase/(decrease) for expected losses	-	-	-	(2)	-	-	-	-	-	(2)
Share of after-tax comprehensive income/(loss) of investees accounted for using equity method	-	-	-	-	-	-	-	1	-	1
Other changes	-	-	-	-	-	-	0	-	-	0
Gains/(losses) recognised in equity	-	-	-	137	(16)	(22)	0	1	-	100
Incentive plans	-	-	-	-	-	-	-	-	1	1
Balance at 31 March 2024	299	1,210	800	(4,925)	(313)	4,080	0	5	28	1,185

The change in the item recorded in the quarter under review is mainly attributable to the fair value reserve, which includes changes in the value of financial assets at fair value recognised in other components of Comprehensive income. In particular, the net positive change in fair value, totalling €200 million, refers to:

- a net increase of €260 million in financial assets attributable to the Group's Financial Services segment;
- a net increase of €12 million in financial assets attributable to the Group's Insurance Services segment;
- a net decrease of €71 million in financial assets attributable to the Group's Postal and Business Services segment;
- a net decrease of €1 million in financial assets attributable to the Group's Postepay Services segment.

LIABILITIES

B3 - LIABILITIES UNDER INSURANCE CONTRACTS

tab. B3 - Liabilities under insurance contracts

Description (€m)	Balance at 31.03.2024			Balance at 31.12.2023			Changes
	GMM-VFA	PAA	Total	GMM-VFA	PAA	Total	
Liability for remaining coverage	155,726	(20)	155,705	154,106	(8)	154,098	1,607
Present value of future cash flows	139,344	(20)	139,324	137,600	(8)	137,592	1,732
Adjustment for non-financial risk	2,588	-	2,588	2,763	-	2,763	(175)
Contractual service margin	13,793	-	13,793	13,743	-	13,743	50
Liability for incurred claims	1,056	284	1,340	980	261	1,240	100
Present value of future cash flows	1,055	271	1,326	978	249	1,226	99
Adjustment for non-financial risk	2	13	14	2	12	14	1
Total	156,782	263	157,045	155,086	252	155,338	1,707

The **present value of future cash flows** increased by €1,732 million from the value recorded at the end of 2023. The change is mainly attributable to new placements during the quarter, other than additional premiums collected during the period.

The component of **Adjustment for non-financial risk** relating to liabilities for residual coverage decreased by €175 million compared to the balance at 31 December 2023. This trend is mainly attributable to the updating of the operating assumptions underlying the determination of the exposure and the release of the period.

The **contractual service margin** recorded a pre-release growth of €388 million, mainly related to the contribution of new production on future margins and the positive performance of the financial markets.

The release of the Contractual service margin for the period amounted to €337 million, of which €32 million related to the additional release.

B4 - PROVISIONS FOR RISKS AND CHARGES

tab. B4 - Movements in provisions for risks and charges in the 1st quarter of 2024

Description (€m)	Provisions for risks and charges
Balance at 1 January 2024	1,336
Provisions	96
Finance costs	1
Absorptions to profit or loss	(10)
Uses	(49)
Change in scope of consolidation	-
Total at 31 March 2024	1,374
- non-current portion	775
- current portion	598

Compared to the situation presented in the Consolidated Financial Statements as at 31 December 2023, to which reference should be made for further details, there were no new significant litigation proceedings during the quarter for which a possible risk (or contingent liability) has been estimated, except as reported in paragraph 6 below. Ongoing *proceedings and main relations with the authorities*, i.e. significant changes in the estimates of funds already budgeted. In particular, the **Provisions for Risks and Charges** increased by €38 million during

the quarter mainly due to the estimated new liabilities related to the **Provision for Personnel Expenses** of approximately €69 million (provisions for performance bonuses, commercial incentives and other miscellaneous items), partially offset by utilisations for the period of the **Provision for Redundancy Incentives** of €27 million.

B5 - EMPLOYEE TERMINATION BENEFITS

tab. B5 - Movements in provisions for employee termination benefits

(€m)	1st quarter 2024
Balance at 1 January	637
Change in scope	-
Current service cost	1
Interest component	6
Effect of actuarial (gains)/losses	-
Uses for the period	(29)
Balance at 31 March 2024	614

The current service cost is recognised in personnel expenses, whilst the interest component is recognised in finance costs.

B6 - FINANCIAL LIABILITIES

tab. B6 - Financial liabilities

Description (€m)	Balance at 31.03.24			Balance at 31.12.23			
	Non-current liabilities	Current liabilities	Total	Non-current liabilities	Current liabilities	Total	Changes
Financial activities	7,115	72,781	79,896	7,571	74,008	81,580	(1,684)
Insurance services	108	70	178	108	52	160	18
Postal and Business Services	2,635	818	3,453	2,556	814	3,370	83
Postepay Services Operations	8	9,902	9,910	8	10,275	10,283	(374)
Total	9,865	83,571	93,436	10,243	85,150	95,393	(1,957)

FINANCIAL ACTIVITIES

tab. B6.1 - Financial liabilities -
Financial Services

Description (€m)	Balance at 31.03.2024			Balance at 31.12.2023			Changes
	Non-current liabilities	Current liabilities	Total	Non-current liabilities	Current liabilities	Total	
Financial liabilities at amortised cost	5,953	72,780	78,733	6,480	73,962	80,442	(1,709)
Postal current accounts	-	65,460	65,460	-	61,908	61,908	3,551
Loans	5,952	2,244	8,196	6,480	1,736	8,217	(20)
MEF account held at the Treasury	-	-	-	-	5,371	5,371	(5,371)
Other financial liabilities	-	5,077	5,077	0	4,946	4,946	131
Derivative financial instruments	1,162	1	1,163	1,091	47	1,138	25
Cash flow hedges	570	(29)	541	530	(12)	518	23
Fair value hedges	592	25	617	558	59	617	(0)
Fair value through profit or loss	-	5	5	3	-	3	2
Total	7,115	72,781	79,896	7,571	74,008	81,580	(1,684)

The decrease in Financial liabilities is mainly attributable to the combined effect of the reduction in the balance of the **MEF State Treasury account**, which at 31 March 2024 shows a positive balance, partly offset by the increase in **Post Office Accounts Payable**, resulting from the remittances advanced by INPS for the payment of pension accruals for April 2024.

INSURANCE ACTIVITIES

tab. B6.2 - Financial liabilities -
Insurance Services

Description (€m)	Balance at 31.03.2024			Balance at 31.12.2023			Changes
	Non-current liabilities	Current liabilities	Total	Non-current liabilities	Current liabilities	Total	
Financial liabilities at amortised cost	10	67	77	10	49	59	18
Loans	10	0	10	10	0	10	0
Lease payables	0	1	1	0	1	1	0
Other financial liabilities	-	66	66	-	48	48	18
Financial liabilities at FVTPL	98	3	101	98	3	101	-
Total	108	70	178	108	52	160	18

POSTAL AND BUSINESS ACTIVITIES

tab. B6.3 - Financial liabilities - Postal and Business Services

Description (€m)	Balance at 31.03.2024			Balance at 31.12.2023			Changes
	Non-current liabilities	Current liabilities	Total	Non-current liabilities	Current liabilities	Total	
Financial liabilities at amortised cost	2,562	818	3,381	2,486	814	3,300	80
Loans	1,561	505	2,067	1,446	502	1,948	118
Bonds	498	501	999	498	500	998	1
Due to financial institutions	1,063	5	1,068	948	2	950	118
Other borrowings	-	-	-	-	-	-	-
Lease payables	998	295	1,292	1,037	293	1,330	(38)
Other financial liabilities	3	19	21	3	19	22	(0)
Financial liabilities at FVTPL	72	-	72	70	-	70	2
Total	2,635	818	3,453	2,556	814	3,370	83

The increase in this item, compared to 31 December 2023, is mainly attributable to the subscription, on 25 January 2024, of the second tranche of the credit line signed with the CEB (Council of Europe Development Bank) for €115 million, with interest at a variable rate and maturing on 25 January 2031.

OPERATION OF POSTEPAY SERVICES

tab. B6.4 - Financial liabilities - Postepay Services Operations

Description (€m)	Balance at 31.03.2024			Balance at 31.12.2023			Changes
	Non-current liabilities	Current liabilities	Total	Non-current liabilities	Current liabilities	Total	
Financial liabilities at amortised cost	8	9,902	9,910	8	10,275	10,283	(374)
Lease payables	8	1	9	8	1	9	(0)
Other financial liabilities	-	9,901	9,901	-	10,274	10,274	(374)
Total	8	9,902	9,910	8	10,275	10,283	(374)

The change in this item, compared to 31 December 2023, is mainly attributable to the decrease in financial liabilities for the management of prepaid cards.

B7 - TRADE PAYABLES

tab. B7 - Trade payables

Description (€m)	Balance at 31.03.2024	Balance at 31.12.2023	Changes
Due to suppliers	1,348	1,625	(276)
Contract liabilities	368	563	(196)
Other trade payables	-	-	-
Due to subsidiaries	4	3	1
Due to associates	44	61	(17)
Total	1,764	2,252	(488)

The decrease in trade payables is mainly due to the reduction in payables to suppliers and the offsetting of payables for advances received with receivables for Refunds of Tariff Supplements to Publishers, following the release of the related collections (see Note A8 - Trade Receivables).

B8 OTHER LIABILITIES

tab. B8 - Other liabilities

Description (€m)	Balance at 31.03.2024			Balance at 31.12.2023			Changes
	Non-current liabilities	Current liabilities	Total	Non-current liabilities	Current liabilities	Total	
Due to staff	10	611	621	10	682	692	(71)
Social security payables	16	398	414	16	434	450	(36)
Other taxes payable	1,715	1,017	2,732	1,826	913	2,739	(7)
Sundry payables	58	249	307	55	199	254	53
Accrued liabilities and deferred income	147	87	234	150	56	207	28
Total	1,946	2,362	4,308	2,058	2,285	4,343	(35)

The decrease in Other liabilities recorded in the period is mainly attributable to the change in the item **Payables** to personnel due to the reduction in the 13th months' pay payable, following the settlements made during the period to personnel, partially offset by amounts accrued and not yet paid as at 31 March 2024.

4.3 NOTES TO THE STATEMENT OF PROFIT OR LOSS

C1 – REVENUE FROM MAIL, PARCELS & OTHER

tab. C1 - Revenue from Mail, Parcels & other

Description (€m)	1Q 2024	1Q 2023	Changes
Mail	457	441	16
Parcels	368	335	33
Other revenue	31	39	(8)
Total external revenue	856	815	42
Universal Service compensation	66	66	-
Publisher tariff subsidies	12	13	(1)
Total revenue	934	893	41
of which Revenue from contracts with customers	809	796	12
recognised at a point in time	90	99	(9)
recognised over time	719	697	22

Market Revenues showed an increase compared to Q1 2024 mainly due to the contribution of Parcel Revenues, supported by a steady acceleration of the Business to Exchange (B2X) component in terms of higher shipments, and to Mail Revenues. The latter benefited in Q1 2024 from the tariff manoeuvre on Universal Service products⁶⁴, from inflation-related tariff adjustments on expiring contracts with business customers, as well as from an economically more profitable volume mix.

C2 – NET REVENUE FROM FINANCIAL SERVICES

tab. C2 - Revenue from Financial Services

Description (€m)	1Q 2024	1Q 2023	Changes
Revenue from financial services	1,434	1,332	102
Income from financial activities	63	185	(123)
Other operating income	1	3	(2)
Expenses from financial activities	(163)	(106)	(56)
Total	1,335	1,414	(79)
of which Revenue from contracts with customers	666	661	4
recognised at a point in time	56	58	(2)
recognised over time	610	604	6

Net revenues from financial services showed a decrease of about €79 million compared to the comparison period, mainly due to lower revenues from the active management of the investment portfolio (lower net realised capital gains), partially offset by net interest income partly mitigated by the lower yield from the use of current account deposits in the Public Administration segment and lower net interest related to the Treasury segment. Revenues from the postal savings collection and management service amount to €430 million, and take into account the terms and conditions approved by the Boards of Directors of Poste and Cassa Depositi e Prestiti in

⁶⁴ Resolution No. 160/23/CONS "Determination of new maximum tariffs for Universal Services" in force from 24 July 2023 and 18 December 2023.

May 2024, respectively, in respect of the postal savings management service for the three-year period from 1 January 2024 to 31 December 2026.

C3 – NET REVENUE FROM INSURANCE SERVICES

tab. C3 - Net revenue from Insurance Services

Description (€m)	1Q 2024	1Q 2023	Changes
Revenue from insurance contracts issued	673	599	74
Costs arising from insurance contracts issued	(287)	(226)	(61)
Revenue/(costs) from outward reinsurance	(6)	(4)	(2)
Income and (expenses) from financial operations and other income/expenses	1,680	1,578	102
Net financial (costs)/revenue relating to insurance contracts issued	(1,666)	(1,554)	(111)
Net financial revenue/(costs) related to outward reinsurance	2	(0)	2
Total	397	393	4

Net revenues from insurance services were broadly in line with Q1 2023, rising from €393 million to €397 million. In particular, there was a higher release of CSM during the period (€337 million) than in Q1 2023 (€313 million). This increase was only partly offset by the decrease in the release of the Non-Financial Risk Adjustment (down by €16 million compared to Q1 2023).

C4 - REVENUES FROM POSTEPAY SERVICES

tab. C4 - Revenue from Postepay Services

Description (€m)	1Q 2024	1Q 2023	Changes
Electronic money	165	139	26
Mobile	80	79	1
Payments services	118	110	8
Revenue from energy services	106	15	91
Other operating income	1	1	(0)
Total	470	343	127
of which Revenue from contracts with customers	467	343	125
recognised at a point in time	178	170	8
recognised over time	289	173	116

Revenues from Postepay services increased by €127 million compared to the same period of 2023, mainly due to the new energy business (+€91 million) and the e-money segment (+€26 million) as a result of growth in the operations of both Postepay Evolution and Postepay debit cards, as well as higher fee income.

C5 - COST OF GOODS AND SERVICES

tab. C5 - Cost of goods and services

Description (€m)	1Q 2024	1Q 2023	Changes
Service costs	756	701	55
Lease expense	46	37	8
Raw, ancillary and consumable materials and goods for resale	134	64	70
Allocation of costs directly attributable to insurance contracts	(40)	(40)	0
Total	896	763	133

Costs of goods and services (adjusted for costs directly attributable to insurance contracts) increased by a total of €133 million compared to the first quarter of 2023. The change is mainly attributable for about €71 million to higher costs for electricity and gas transmission in the energy business (amounting to €91 million in the first quarter of 2024), to the costs incurred to support the business and to the inflationary scenario.

C6 - PERSONNEL EXPENSES

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:

tab. C6 - Personnel expenses

Description (€m)	Note	1Q 2024	1Q 2023	Changes
Wages and salaries		1,039	1,004	35
Social security contributions		296	288	7
Employee termination benefits: current service cost	[tab. B5]	1	1	(0)
Employee termination benefits: supplementary pension funds and INPS		60	59	1
Agency staff		1	1	0
Remuneration and expenses paid to Directors		1	1	(0)
Early retirement incentives		0	4	(4)
Net provisions (reversals) for disputes with staff		2	1	1
Amounts recovered from staff due to disputes		(0)	(1)	1
Share-based payments		1	2	(0)
Other personnel expenses/(cost recoveries)		(1)	0	(2)
Allocation of costs directly attributable to insurance contracts		(124)	(125)	1
Total		1,275	1,235	40

Personnel expenses (adjusted for costs directly attributable to insurance contracts) increased by €40 million compared to the first quarter of 2023, primarily attributable to the increase in unit cost mainly due to the increase in wages, performance bonus and overtime hours, partially offset by the reduction in the headcount (approximately - 1,650 average FTE).

C7 - ACCUMULATED DEPRECIATION AND IMPAIRMENTS

tab. C7 - Depreciation, amortisation and impairments

Description (€m)	1Q 2024	1Q 2023	Changes
Depreciation of property, plant and equipment	61	60	1
Impairments/recoveries/adjustments of property, plant and equipment	1	1	(0)
Depreciation of investment property	-	-	-
Amortisation and impairments of intangible assets	89	99	(11)
Depreciation of right-of-use assets	69	67	2
Allocation of costs directly attributable to insurance contracts	(19)	(19)	(0)
Total	201	208	(7)

Depreciation, amortisation and impairment losses (adjusted for costs directly attributable to insurance contracts) decreased by €7 million compared to the first quarter of 2023, mainly due to lower amortisation on intangible assets as a result of the completion of the useful life of certain software purchased in the 2020 financial year and with a three-year amortisation plan.

C8 – INCREASES FOR INTERNAL WORK

The item Increases for internal work of €14 million as at 31 March 2024 was in line with the same period of the previous year (€13 million).

C9 - OTHER OPERATING COSTS

tab. C9 - Other operating costs

Description (€m)	1Q 2024	1Q 2023	Changes
Net provisions for risks and charges made/(released)	15	34	(19)
Operational risk events	5	11	(6)
Capital losses	0	0	0
Municipal property tax, urban waste tax and other taxes and duties	29	27	2
Other current expenses	18	13	5
Allocation of costs directly attributable to insurance contracts	(6)	(2)	(3)
Total	61	83	(22)

The item **Other costs and expenses** (adjusted for costs directly attributable to insurance contracts) decreased compared to the quarter of comparison mainly due to lower net allocations to provisions for risks and charges.

C10 – IMPAIRMENT LOSSES/(REVERSALS OF IMPAIRMENT LOSSES) ON DEBT INSTRUMENTS, RECEIVABLES AND OTHER ASSETS

The item Value Adjustments/(Reversals) on Debt Instruments, Receivables and Other Assets, amounting to €12 million, increased compared to the first quarter of 2023 (€0 million) due to higher net impairment losses on trade receivables from customers (for further details see Note A8- *Trade Receivables* and Note A9 - *Other Receivables and Assets*).

C11 – FINANCE INCOME AND COSTS

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.

tab. C11.1 - Finance income

Description (€m)	1Q 2024	1Q 2023	Changes
Income from financial instruments at FVTOCI	15	28	(13)
Income from financial instruments at amortised cost	13	1	12
Income from financial instruments at FVPL	3	0	2
Other finance income	13	5	8
Foreign exchange gains	1	1	(0)
Total	44	34	10

tab. C11.2 - Finance costs

Description (€m)	1Q 2024	1Q 2023	Changes
Finance costs on financial liabilities	18	9	9
Sundry costs on financial assets	3	0	2
Finance costs on provisions for employee termination benefits and pension plans	6	7	(1)
Interest expense on own liquid funds	-	-	-
Other finance costs	3	8	(5)
Foreign exchange losses	1	1	0
Total	34	29	5

C12 - INCOME TAX EXPENSE

tab. C12 - Income tax expense

Description (€m)	1Q 2024				1Q 2023				Changes
	IRES	IRAP	Other	Total	IRES	IRAP	Other	Total	
Current tax expense	104	25	1	129	210	51	0	261	(132)
Deferred tax assets	(537)	(1)	(0)	(538)	(19)	(4)	-	(23)	(515)
Deferred tax liabilities	631	(0)	-	631	(1)	0	-	(1)	632
Total	198	23	0	222	190	47	0	237	(15)

Current taxes

tab. C12.1 - Movements in current tax assets/(liabilities)

Description (€m)	Current taxes			Total
	IRES Assets/ (Liabilities)	IRAP Assets/ (Liabilities)	Foreign companies Assets/ (Liabilities)	
Balance at 1 January	8	(30)	(1)	(23)
Payments	7	-	0	7
Provisions to profit or loss	(104)	(25)	(1)	(129)
Provisions to equity	(7)	-	-	(7)
Other	1	(0)	(0)	1
Balance at 31 March	(95)	(54)	(1)	(150)
of which:				
Current tax assets	162	12	-	174
Current tax liabilities	(256)	(67)	(1)	(324)

Deferred tax assets and liabilities

tab. C12.2 - Movements in deferred tax assets and liabilities

Description (€m)	1Q 2024
Balance at 1 January	1,208
Net income/(expense) recognised in profit or loss	(93)
Net income/(expense) recognised in equity	(60)
Change in scope of consolidation and other	(1)
Balance at 31 March	1,054
of which:	
deferred tax assets	2,595
deferred tax liabilities	(1,542)

4.4 - OPERATING SEGMENTS

The identified operating segments, which are in line with the Group's strategic guidelines, are as follows:

- Mail, Parcels & Distribution
- Financial Services
- Insurance Services
- Postepay Services (previously Payments and Mobile)

The result for each segment is based on operating profit/(loss) and gains/losses on intermediation.

In order to provide an understanding of the energy business, included in the Postepay Services operating segment, according to an approach based on the net interest and other banking income, since the Group is not an energy producer, the values marked with an asterisk include a management reclassification that provides for the presentation of revenue related to the energy business net of costs related to the purchase of raw materials and the transport of electricity and gas. Therefore, values that deviate from the accounting data are specially marked and reconciled with the figures in the accounting statements. It should be noted that no change has been made to the scope of the segment with respect to what was reported in the financial statements as at 31 December 2023, but this is merely a renaming to take into account the progressive relevance of the revenues generated by the energy business within the segment itself.

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

Q1 2024 (€m)	Mail, Parcels & Distribution	Financial Services	Insurance Services	Postepay Services	Adjustments and eliminations	Total
Net external revenue from ordinary activities	934	1,335	397	379 (*)	-	3,045 (*)
Net intersegment revenue from ordinary activities	1,372	223	(39)	70	(1,626)	(0)
Net operating revenue	2,306	1,559	358	449 (*)	(1,626)	3,045 (*)
Total costs	(2,265)	(1,360)	(10)	(331) (*)	1,626	(2,340) (*)
Operating profit/(loss)	41	199	349	117	0	706
Finance income/(costs)	(16)	(0)	26	0	-	11
(Impairment losses)/reversal of impairment losses on debt instruments, receivables and other assets	-	-	-	(0)	-	(0)
Profit/(Loss) on investments accounted for using the equity method	1	6	-	-	-	7
Intersegment finance income/(costs)	(2)	4	(12)	10	0	-
Taxes for the period	(18)	(58)	(111)	(35)	-	(222)
Profit/(loss) for the period	6	151	252	93	0	501

Q1 2023 (€m)	Mail, Parcels & Distribution	Financial Services	Insurance Services	Postepay Services	Adjustments and eliminations	Total
Net external revenue from ordinary activities	893	1,414	393	323 (*)	-	3,024 (*)
Net intersegment revenue from ordinary activities	1,382	234	(49)	66	(1,634)	0
Net operating revenue	2,276	1,648	344	389 (*)	(1,634)	3,024 (*)
Total costs	(2,188)	(1,392)	(11)	(301) (*)	1,634	(2,257) (*)
Operating profit/(loss)	88	256	334	89	(0)	767
Finance income/(costs)	(17)	(0)	22	(0)	-	6
(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	5	-	-	-	5
Intersegment finance income/(costs)	6	(3)	(9)	6	0	-
Taxes for the period	(36)	(71)	(103)	(28)	-	(237)
Profit/(loss) for the period	41	187	245	67	0	540

Below is the reconciliation between the accounting figure and the management figure for the year under review and the comparative figure, reclassified to reflect the new exposure:

Description (€m)		Q1 2024		Q1 2023	
		Postepay Services	Group	Postepay Services	Group
Net external revenue from ordinary activities	Accounting figure	470	3,136	343	3,044
	Reclassification	(91)	(91)	(20)	(20)
	Management figure	379	3,045	323	3,024
Net intersegment revenue from ordinary activities	Accounting figure	106		66	
	Reclassification	(36)		0	
	Management figure	70		66	
Net operating revenue	Accounting figure	576	3,136	409	3,044
	Reclassification	(127)	(91)	(20)	(20)
	Management figure	449	3,045	389	3,024
Total costs	Accounting figure	458	2,430	321	2,277
	Reclassification	(127)	(91)	(20)	(20)
	Management figure	331	2,340	301	2,257

Statement of financial position data by operating segment

31 March 2024 (€m)	Mail, Parcels & Distribution	Financial Services	Insurance Services	Postepay Services	Adjustments and eliminations	Total
Assets	13,323	96,822	166,529	12,592	(17,816)	271,449
Liabilities	10,480	93,694	159,855	11,055	(14,678)	260,407

31 December 2023 (€m)	Mail, Parcels & Distribution	Financial Services	Insurance Services	Postepay Services	Adjustments and eliminations	Total
Assets	13,223	98,450	164,024	12,712	(17,633)	270,777
Liabilities	10,340	95,640	157,634	11,269	(14,496)	260,388

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 31 March 2024, 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 Kingdom⁶⁵; 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.

⁶⁵ Total net revenue from ordinary operations by third parties recognised by the fully consolidated companies based in China and the United Kingdom amounted to €59 million, while EBIT and net trading income amounted to €3 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 31 March 2024

Description (€m)	Balance at 31.03.2024						
	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	0
Kipoint SpA	-	1	0	-	0	3	0
Indabox	-	0	-	-	0	0	0
Associates							
Conio Inc.	-	-	-	-	-	-	-
Anima Holding Group	-	1	-	-	-	7	-
FSIA Srl	-	-	-	-	-	-	-
Italia Camp Srl	-	0	-	-	-	-	-
Telma-Sapienza Scarl	-	(0)	-	-	-	-	-
Other SDA Group associates	-	-	-	-	-	-	-
Financit SpA	-	7	-	-	-	16	-
Replica SIM SpA	-	-	-	-	-	-	-
Eurizon Capital Real Asset SGR	-	-	-	-	-	0	-
sennder Italia Srl	-	1	-	-	-	20	(0)
Cronos Vita Assicurazioni SpA	-	0	-	-	-	-	-
Related parties external to the Group							
MEF	9,379	482	19	1,078	5	4	1
Cassa Depositi e Prestiti Group	2,909	179	1	-	-	15	(0)
Enel Group	-	22	-	-	-	0	0
Eni Group	-	7	-	-	-	3	-
Equitalia Group	-	0	-	-	-	-	-
Sace Group	-	0	-	-	-	-	-
Leonardo Group	-	0	-	-	-	9	-
Montepaschi Group	203	3	-	1	352	-	-
Other related parties external to the Group	20	31	2	-	4	4	95
Provision for doubtful debts due from related parties external to the Group	(26)	(37)	(6)	(0)	-	-	-
Total	12,485	698	17	1,079	361	84	96

Impact of related party transactions on the financial position at 31 December 2023

Description (€m)	Balance at 31.12.2023						
	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	0
Kipoint SpA	-	1	0	-	2	2	0
Indabox	-	0	-	-	0	0	0
Associates							
Anima Holding Group	-	0	-	-	-	7	-
Italia Camp Srl	-	1	-	-	-	0	-
Financit SpA	-	3	-	-	-	17	-
Eurizon Capital Real Asset SGR	-	-	-	-	-	0	-
sennder Italia Srl	-	1	-	-	-	36	(0)
Cronos Vita Assicurazioni SpA	-	0	-	-	-	-	-
Related parties external to the Group							
MEF	8,937	370	19	873	5,376	4	1
Cassa Depositi e Prestiti Group	2,913	253	1	-	0	24	-
Enel Group	-	27	-	-	-	3	0
Eni Group	-	5	-	-	-	3	-
Equitalia Group	-	1	-	-	-	-	-
Sace Group	-	0	-	-	-	-	-
Leonardo Group	-	0	-	-	-	11	-
Montepaschi Group	224	2	-	0	351	(0)	-
Other related parties external to the Group	20	50	2	-	4	4	88
Provision for doubtful debts due from related parties external to the Group	(27)	(32)	(6)	(0)	-	-	-
Total	12,066	681	17	874	5,734	113	90

At 31 March 2024, total provisions for risks and charges made to cover probable liabilities arising from transactions with related parties external to the Group attributable mainly to trading relations amounted to €56 million (€59 million at 31 December 2023).

Impact of related party transactions on profit or loss at 31 March 2024

Description (€m)	Balance at 31.03.2024												
	Revenue					Costs							
	Revenue and income from Mail, Parcels and other	Revenue from Postepay services	Revenue from Financial Services	Net revenue from insurance services	Finance income	Capital expenditure			Current expenses				
						Property, plant and equipment	Intangible assets	Cost of goods and services	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	0	-	-	-	-	-	-	1	(0)	-	-	-	0
Associates													
Anima Holding Group	1	-	-	-	-	-	-	2	-	-	-	-	-
Indabox	0	-	-	-	-	-	-	0	-	-	-	-	-
Italia Camp Srl	-	-	-	-	-	-	-	-	(0)	-	-	-	-
Other SDA Group associates	-	-	-	-	-	-	-	-	-	-	-	-	-
Financit SpA	10	-	-	-	-	-	-	-	(0)	-	-	-	-
sennder Italia Srl	0	-	-	-	-	-	-	61	(0)	-	-	-	-
Cronos Vita Assicurazioni SpA	0	-	-	-	-	-	-	-	(0)	-	-	-	-
Related parties external to the Group													
MEF	198	6	117	-	3	-	-	0	-	0	-	(0)	0
Cassa Depositi e Prestiti Group	35	0	419	0	-	-	0	4	-	0	-	(0)	0
Enel Group	3	-	0	0	-	-	-	0	-	-	-	(0)	-
Eni Group	3	-	0	-	-	0	-	7	-	-	-	-	-
Equitalia Group	0	-	-	-	-	-	-	-	-	-	-	-	-
Sace Group	0	-	-	-	-	-	-	-	-	-	-	-	-
Leonardo Group	0	-	-	-	-	-	-	-	-	-	-	-	-
Montepaschi Group	3	-	5	-	-	-	1	6	-	-	0	2	-
Other related parties external to the Group	36	10	0	2	-	-	-	0	21	1	2	0	0
Total	291	17	541	2	3	0	1	83	21	1	3	(0)	0

Impact of related party transactions on profit or loss at 31 March 2023

Description (€m)	Balance at 31.03.2023												
	Revenue					Costs							
	Revenue and income from Mail, Parcels and other	Revenue from Postepay services	Revenue from Financial Services	Net revenue from insurance services	Finance income	Capital expenditure			Current expenses				
						Property, plant and equipment	Intangible assets	Cost of goods and services	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)	-	-	-	-
Associates													
Anima Holding Group	1	-	-	-	-	-	-	2	-	-	-	-	-
Indabox	0	-	-	-	-	-	-	0	-	-	-	-	-
Italia Camp Srl	-	-	-	-	-	-	-	-	(0)	-	-	-	-
Other SDA Group associates	-	-	-	-	-	-	-	-	-	-	-	-	-
Financit SpA	6	-	-	-	-	-	-	-	(0)	-	-	-	-
sennder Italia Srl	-	-	-	-	-	-	-	-	-	-	-	-	-
Cronos Vita Assicurazioni SpA	-	-	-	-	-	-	-	-	-	-	-	-	-
Related parties external to the Group													
MEF	208	-	133	-	2	-	-	1	-	0	-	(1)	0
Cassa Depositi e Prestiti Group	5	-	441	-	-	-	0	5	-	0	-	0	0
Enel Group	6	-	0	-	-	-	-	0	-	-	-	-	-
Eni Group	10	-	0	-	-	-	-	13	-	-	-	-	-
Equitalia Group	0	-	-	-	-	-	-	-	-	-	-	-	-
Sace Group	0	-	-	-	-	-	-	-	-	-	-	-	-
Leonardo Group	0	-	-	-	-	-	1	7	-	-	-	-	-
Montepaschi Group	4	-	(0)	-	-	-	-	-	-	0	1	-	0
Other related parties external to the Group	17	11	0	2	-	-	-	1	21	0	-	0	0
Total	257	11	574	2	2	-	1	28	20	1	1	(1)	0

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.

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 the 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 (€m)	1Q2024
Remuneration to be paid in short/medium term	4,9
Post-employment benefits	0,2
Other benefits to be paid in longer term	0,1
Termination benefits	-
Share-based payments	0,7
Total	5,9

As at 31 March 2024, the auditors' fees and expenses amounted to a total of €398 thousand, of which €393 thousand related to fees and the remainder to expenses.

The remuneration paid to members of the Parent Company's Supervisory Board amounts to approximately €24 thousand for the first quarter of 2024. 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 Bargaining 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 Shareholders' 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 liability⁶⁶.

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 31 March 2024 for measuring the fair value of financial instruments did not change compared to 31 December 2023; therefore, please refer to the 2023 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 31 March 2024, classified by level in the fair value hierarchy.

Description (€m)	31.03.2024				31.12.2023			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial assets								
Financial assets at FVTOCI	137,153	2,669	214	140,036	136,848	2,447	299	139,594
Equity instruments	273	-	206	479	345	0	204	549
Fixed income instruments	136,880	2,669	8	139,557	136,503	2,447	95	139,046
Other investments	-	-	-	-	-	-	-	-
Financial assets at FVTPL	7,013	34,233	8,105	49,351	4,441	35,892	7,873	48,205
Receivables	-	-	-	-	-	-	-	-
Equity instruments	547	6	30	583	482	3	27	512
Fixed income instruments	2,641	99	0	2,741	2,440	120	3	2,564
Other investments	3,825	34,128	8,075	46,028	1,519	35,768	7,843	45,129
Financial derivatives		3,822		3,822	-	4,257	-	4,257
Total	144,167	40,724	8,319	193,209	141,289	42,596	8,172	192,056
Financial liabilities								
Financial liabilities at fair value								
Financial derivatives		(1,159)	(5)	(1,164)	(0)	(1,136)	(3)	(1,138)
Total	0	(1,159)	(5)	(1,164)	(0)	(1,136)	(3)	(1,138)

⁶⁶ 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.

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)	From Level 1 to Level 2		From Level 2 to Level 1	
	Level 1	Level 2	Level 1	Level 2
Transfers of financial assets				
Financial assets at FVTOCI	(324)	324	346	(346)
Equity instruments				
Fixed income instruments	(324)	324	346	(346)
Other investments				
Financial assets at FVTPL	(231)	231	2,407	(2,407)
Receivables				
Equity instruments	(3)	3	1	(1)
Fixed income instruments	(6)	6	3	(3)
Other investments	(222)	222	2,404	(2,404)
Net transfers	(555)	555	2,753	(2,753)

Reclassifications from level 1 to level 2, totalling €555 million, regard financial instruments whose value, at 31 March 2024, 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 €2,753 million, on the other hand, regard financial instruments whose value, at 31 March 2024, is observable in a liquid and active market.

Movements in level 3 during the first quarter are shown below:

Changes in financial instruments - level 3

Description (€m)	Financial assets			Total
	Financial assets at FVTOCI	Financial assets at FVTPL	Financial derivatives	
Balance at 01 January 2024	299	7,873	-	8,172
Purchases/Issues		244		244
Sales/Extinguishment of initial accruals		(0)		(0)
Redemptions	(2)	(130)		(132)
Changes in fair value through profit or loss	1	58		59
Changes in fair value through equity	0			0
Transfers to profit or loss				-
Gains/Losses in profit or loss due to sales				-
Transfers to level 3		62		62
Transfers to other levels	(84)	(3)		(87)
Changes in amortised cost				-
Write-off				-
Other changes (including accruals at end of period)				-
Change in scope				-
Balance at 31 March 2024	214	8,105		8,319

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 31 March 2024, in compliance with both the Poste Italiane Group's fair value guidelines and additional requirements contained in the Supplementary Fair Value Policy for the Poste Vita Insurance Group and the related Technical Annex, approximately €88 million of financial instruments were reclassified from level 3 fair value to level 1 and level 2 fair value with reference to the category in question, referring mainly to corporate bonds that at the measurement date met the required liquidity criteria, and approximately €63 million of financial instruments from level 2 fair value to level 3 fair value, referring to class III UCITS reclassified following the completion of 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 2024. Please refer to the 2023 Annual Report for a complete analysis.

SOCIAL SECURITY AND TAX DISPUTES

Since 2012, and up until 31 March 2024, the Istituto Nazionale per la Previdenza Sociale (INPS, the National Institute of Social Security) office at Genoa Ponente and Roma Eur has issued **Postel** with some payment orders, for a total amount payable of €27.48 million. According to INPS, this amount represents social security contributions funding income support, extraordinary income support, unemployment benefit and family benefits not covered by the contributions paid to IPOST. Appeals against these requests were brought before the Court of Genoa.

On 20 and 21 February 2024, the Court of Cassation filed its rulings rejecting the main appeals brought by INPS and absorbing the cross-appeals brought by the Company. The Court stated that given the special and exclusive nature of the Ipost scheme - which is a self-contained social security and welfare system - nothing else is owed by the Company by way of social security and welfare contributions. Assessments are currently being conducted as to what action should be taken to recover the sums paid following the first and second instance judgements. In addition, on 3 April 2024, in light of the principles affirmed by the Supreme Court of Cassation in the above-mentioned rulings (which affirmed that there was no obligation to pay the minor contribution and, until 31 December 2019, the CUAF contributions), the Company sent INPS a request for the cancellation, by way of self-defence, of all the adjustment notes issued in the social security file of Postel S.p.A. relating to the claim for payment of CUAF, CIG, CIGS and Mobility contributions, and also requested the suspension of the issue of new adjustment notes.

Taking into account the judgements issued thus far, the reasons given for the judgements and the latest appeals brought by INPS, the Company has adjusted its provisions for risks and charges based also on the opinion of its legal advisors.

Provisions recognised in the financial statements at 31 March 2024 amount to €13.56 million.

On 27 March 2024, the company SDA Express Courier was notified by the Economic and Financial Police Unit of the Guardia di Finanza (Finance Police), by order of the Public Prosecutor's Office of Rome, of a Search and Seizure Decree pursuant to Article 247 et seq. of the Italian Criminal Code in order to acquire correspondence, contractual documents, invoices and accounting records relating to existing relations with certain commercial counterparties. The search covered the company's registered office and other locations. The proceedings are still at the preliminary investigation stage.

MAIN PROCEEDINGS PENDING AND RELATIONS WITH THE AUTHORITIES

Autorità Garante della Concorrenza e del Mercato (AGCM - the Italian Antitrust Authority)

On 19 November 2019, the AGCM initiated proceedings **PS/11563** against **Poste Italiane** in order to ascertain allegedly unfair commercial practice in the delivery of mail and, in particular, registered mail, in possible violation of articles 20, 21 and 22 of the Consumer Code. In particular, according to some customers: i) the advertised features of the "registered mail delivery" service are not reflected in the service actually provided; ii) the advertising for the "digital registered mail collection" service does not make it clear that the service may no longer be free of charge in the near future and that, in any case, there are restrictions on its use, since it can only be accessed if the sender has authorised it. In January 2020, a number of consumer associations were admitted to the proceedings. At the conclusion of the proceedings, by way of a measure notified on 15 September 2020, the Authority imposed an administrative fine of €5 million, payment of which was made on 5 January 2021. The Authority acknowledged that Poste had correctly complied with the provision. However, the Company appealed to the Lazio Regional Administrative Court, which was not successful, and appealed to the Council of State. The Council of State in its ruling No. 3175 of 5 April 2024 upheld the appeal limited to a reduction of the penalty by 50%.

With a measure adopted at the meeting of 30 January 2024 and notified to **Poste Italiane** on 7 February 2024, AGCM initiated an investigation procedure against the Company in order to ascertain the existence of a possible breach of Article 8, paragraph 2-quater, of Law no. 287/1990. At the same time, the Authority initiated proceedings to verify the actual existence of the requirements for the adoption of precautionary measures pursuant to Article 14-bis of the same law. Specifically, the Authority observed that Poste, through its subsidiary PostePay SpA, is active in the electricity and gas supply sector, and allegedly denied two of the latter's competing companies access, pursuant to Article 8, paragraph 2-quater of Law no. 287/90, to the resources made available to PostePay, of which it has exclusive use in connection with its activities within the perimeter of the universal postal service. The Authority also ordered inspections, which were held on 7 February 2024, and set the conclusion of the proceedings at 19 July 2024, granting Poste a period of seven days to file pleadings and documents relating to the precautionary proceedings. On 14 February 2024, the Company filed its memorandum in the precautionary proceedings, contesting the Authority's approach and, in particular, the non-application of the provisions of Article 1, paragraph 6 of Law Decree no. 59/2021, as amended and

supplemented, exempting Poste from the application of Article 8, paragraph 2-quater, of Law no. 287/1990 until 31 December 2026.

On 2 April 2024, the AGCM notified Poste of measure No. 31138 by which it decided to adopt precautionary measures pursuant to Article 14-bis of Law No. 287/1990. The company challenged the measure in court.

Autorità per le Garanzie nelle Comunicazioni (AGCOM - the Italian Communications Authority)

On the basis of a number of reports received from **PostePay** users as of July/August 2023, the Italian Communications Regulator (AGCom) had requested some information - promptly provided by PostePay - regarding the possible application of measures limiting the internet connection speed in relation to the telephony offer "PosteMobile Casa Web" (hereinafter the "Offer"), consisting of a fixed telephony service for internet access provided via a mobile radio network.

On 24 January 2024, AGCom also notified PostePay of the opening of a preliminary investigation on the same matter, having assessed that there might be a risk that certain aspects of the Offer and of PostePay's related conduct (the "Conduct") might potentially be in conflict with the regulatory framework in force, with particular reference to the application of certain alleged limits and conditions for the use of the data service (advertised as "unlimited") included in the Offer.

On this point, the Company pointed out to AGCom that its conduct was and is in line with the applicable legislative and regulatory framework (and as such, expressly provided for in the contractual terms and conditions with the end customer) and with the obligations imposed (as a condition of access to the wholesale offer) on PostePay by the mobile network access contract signed with its network service provider. Furthermore, the Company pointed out how the Conduct, although in line with the regulatory framework, was in practice of very short duration, and how it was transparently communicated, technically and legally motivated, as well as how it was comparable to highly widespread initiatives implemented by telecommunications operators in general.

That being said, PostePay, without any acknowledgement of the merits of the findings made by AGCom and without any acquiescence to the Authority's possible future determinations, decided to submit to the latter, on 18 March 2024, a proposal for commitments, which have already been partly implemented.

These commitments can also be further defined in light of the discussions that will take place with AGCom and according to the safeguards of the ongoing administrative proceedings.

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

With reference to the notice of objection served by IVASS on 23 February 2023 for the alleged breach of art. 183.1.a of the Private Insurance Code deriving from the alleged late payment of insurance benefits beyond the contractual deadline notified to Poste Vita on 20 July 2023, the position was settled through the payment, within the terms envisaged by the relevant regulations, of the fine of €0.03 million equal to the minimum amount.

In addition, on 27 February 2024, Poste Vita was served, by the "Sanctions and Settlements Service" of the IVASS, a further notice of objection for the alleged breach of article 183, paragraph 1, letter "a" of the Private Insurance Code, for which an allocation of €0.03 million was made.

With regard to the latter case, Poste Vita is currently preparing its counter-arguments, which it will file within the deadlines set forth in the sector regulations.

7. MATERIAL EVENTS AFTER THE END OF THE REPORTING PERIOD

In relation to the provisions of IAS 10, concerning events occurring after the reporting date of the condensed consolidated interim financial statements, it should be noted that after 31 March 2024, the reporting date of these interim financial statements, and until 15 May 2024, the date on which the interim financial statements were approved by the Board of Directors of Poste Italiane S.p.A, no events have occurred that would result in an adjustment to the figures presented in the financial statements, except for the accounting effects related to the terms and conditions approved respectively by the Boards of Directors of Poste and Cassa Depositi e Prestiti in May 2024, in respect of the Postal Savings Management Service for the three-year period from 1 January 2024 to 31 December 2026. The events that occurred after the reporting date and which did not entail a change of the accounting balances are described below. For a complete description of these events, please refer to paragraph 3.1 - Principal corporate actions:

- Locker Italia S.p.A.

On 18 April 2024, the company **Locker Italia S.p.A.** was established, in which Poste Italiane S.p.A. and Deutsche Post International BV hold equal stakes of 50% respectively.

- N&TS GROUP Networks & Transactional Systems Group S.p.A

On 28 February 2024, PostePay signed an agreement to acquire 20% of N&TS GROUP Networks & Transactional Systems Group S.p.A. The closing of the transaction took place on 15 April 2024 following the fulfilment of the conditions precedent.

- Postego S.p.A.

On 9 May 2024, Postego S.p.A. was established, a benefit company wholly-owned by Poste Italiane, with the aim of progressively internalising the Poste Italiane car fleet (about 30,000 delivery vehicles).

8. 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 31 March 2024 is shown in the table below.

Poste Italiane Group - Exposure to sovereign debt

Description (€m)	31.03.2024			12.31.2023		
	Nominal value	Carrying amount	Market Value	Nominal value	Carrying amount	Market Value
Italy	133,954	129,194	127,197	133,977	128,548	126,362
Financial assets at amortised cost	29,514	29,363	27,366	29,757	29,475	27,289
Financial assets at FVTOCI	104,427	99,817	99,817	104,207	99,060	99,060

Financial assets at FVTPL	13	13	13	13	13	13
Austria	1,048	1,003	1,003	1,023	1,003	1,003
Financial assets at amortised cost	-	-	-	-	-	-
Financial assets at FVTOCI	1,048	1,003	1,003	1,023	1,003	1,003
Financial assets at FVTPL	-	-	-	-	-	-
Belgium	4,929	4,283	4,283	4,545	3,968	3,968
Financial assets at amortised cost	63	61	61	13	12	12
Financial assets at FVTOCI	4,867	4,222	4,222	4,532	3,956	3,956
Financial assets at FVTPL	-	-	-	-	-	-
Finland	916	886	886	1,026	1,002	1,002
Financial assets at amortised cost	-	-	-	-	-	-
Financial assets at FVTOCI	916	886	886	1,026	1,002	1,002
Financial assets at FVTPL	-	-	-	-	-	-
France	7,580	5,987	5,987	7,780	6,287	6,287
Financial assets at amortised cost	33	28	28	-	-	-
Financial assets at FVTOCI	7,547	5,958	5,958	7,780	6,287	6,287
Financial assets at FVTPL	-	-	-	-	-	-
Germany	1,099	1,041	1,041	1,183	1,133	1,133
Financial assets at amortised cost	-	-	-	-	-	-
Financial assets at FVTOCI	1,099	1,041	1,041	1,183	1,133	1,133
Financial assets at FVTPL	-	-	-	-	-	-
Ireland	844	753	753	811	741	741
Financial assets at amortised cost	-	-	-	-	-	-
Financial assets at FVTOCI	844	753	753	811	741	741
Financial assets at FVTPL	-	-	-	-	-	-
Holland	245	247	247	328	335	335
Financial assets at amortised cost	-	-	-	-	-	-
Financial assets at FVTOCI	245	247	247	328	335	335
Financial assets at FVTPL	-	-	-	-	-	-
Portugal	458	369	369	458	374	374
Financial assets at amortised cost	-	-	-	-	-	-
Financial assets at FVTOCI	458	369	369	458	374	374
Financial assets at FVTPL	-	-	-	-	-	-
Spain	4,196	2,770	2,770	4,045	2,607	2,606
Financial assets at amortised cost	3	3	3	3	3	3
Financial assets at FVTOCI	4,192	2,767	2,767	4,042	2,604	2,604
Financial assets at FVTPL	-	-	-	-	-	-
USA	186	177	177	111	100	100
Financial assets at amortised cost	-	-	-	-	-	-
Financial assets at FVTOCI	186	177	177	111	100	100
Financial assets at FVTPL	-	-	-	-	-	-
Other countries	276	257	257	202	181	181
Financial assets at amortised cost	-	-	-	-	-	-
Financial assets at FVTOCI	276	256	256	202	181	181
Financial assets at FVTPL	0	0	0	0	0	0
Total	155,731	146,967	144,970	155,489	146,278	144,092

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 LAB Srl (*)	Milan (Italy)	Euro	54	Poste Italiane SpA	70.00%	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%	
Europa Gestioni Immobiliari SpA	Rome (Italy)	Euro	103,200	Poste Italiane SpA Poste Vita SpA	55.00% 45.00%	100.00%	
LIS Holding SpA	Milan (Italy)	Euro	2,582	PostePay SpA	100.00%	100.00%	
LIS Pay SpA	Milan (Italy)	Euro	56,600	PostePay SpA	100.00%	100.00%	
Logos Srl	Milan (Italy)	Euro	10	Plurima	100.00%	70.00%	
MLK Deliveries SpA	Rome (Italy)	Euro	335	Poste Italiane SpA	100.00%	100.00%	
MLK Fresh Srl	Rome (Italy)	Euro	100	MLK Deliveries 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	17,624	Net Holding SpA	97.84%	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	85.89%	85.89%	
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%
Poste Logistics SpA	Rome (Italy)	Euro	500	Poste Italiane 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%
Sourcesense Platforms S.r.l. (*)	Rome (Italy)	Euro	50	Sourcesense SpA	100.00%	70.00%
COMPANIES ACCOUNTED FOR USING THE EQUITY METHOD:						
Subsidiaries:						
Address Software Srl	Rome (Italy)	Euro	10	Poste Italiane SpA	100.00%	100.00%
Indabox Srl	Rome (Italy)	Euro	50	MLK Deliveries SpA	100.00%	100.00%
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	11.60%	11.60%
Conio Inc.	San Francisco (USA)	USD	13,356	Poste Italiane SpA	16.29%	16.29%
Conio Srl	Milan (Italy)	Euro	115	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%

(*) The figures shown for these companies were prepared in accordance with IFRS and, as such, may vary from those contained in the respective financial reports, which were prepared in accordance with the Italian Civil Code and Italian GAAP.

(**) The figures shown for these companies were prepared in accordance with IFRS and, as such, may vary from those contained in the Annual Report of the company drafted in compliance with Local GAAP.

(***) Poste Italiane SpA holds 51% of the voting capital.

(****) Posta Vita and BancoPosta Fondi jointly hold 24.5% of the voting capital.

