

POSTE ITALIANE Q2 & H1 2022 FINANCIAL RESULTS

**ROBUST NET PROFIT, UP 44% TO €469M IN Q2-22 HIGHLIGHTING
STRONG EXECUTION OF “24SI PLUS” PLAN**

**STRONG IMPROVEMENT IN PROFITABILITY WITH Q2-22 EBIT AT €698M
(+62.7% Y/Y)**

H1-22 EBIT OF €1.4BN (+32.6% Y/Y), A RECORD IN THE GROUP HISTORY

**IMPRESSIVE REVENUE GROWTH OF 5.1% TO €2.9BN IN Q2-22,
SUCCESFULLY NAVIGATING A CHALLENGING ENVIRONMENT**

**SOLID PERFORMANCE IN FINANCIAL SERVICES IN Q2, THANKS TO A
CONTRIBUTION FROM ACTIVE PORTFOLIO MANAGEMENT AND
RECURRING HIGHER NET INTEREST INCOME (NII)**

**DOUBLE-DIGIT REVENUE GROWTH IN PAYMENTS & MOBILE IN THE
QUARTER, RECORDING A GROWTH RATE HIGHER THAN 20% FOR THE
THIRD TIME IN THE LAST FOUR QUARTERS**

**RESILIENT QUARTER REVENUES FOR MAIL, PARCEL & DISTRIBUTION-
SOLID CONTRIBUTION FROM COST BASE TRANSFORMATION LEADING
TO POSITIVE EBIT**

**STABLE REVENUES IN THE QUARTER FOR INSURANCE SERVICES WITH
STRONG P&C SUPPORTED BY HIGHER GWP**

**DIVERSIFIED BUSINESS MODEL AND PROACTIVE COST SAVING
INITIATIVES ENSURING SUSTAINABLE REVENUE & EBIT GROWTH**

**2022 EBIT EXPECTED TO DOUBLE 2016 LEVEL (€1.0BN), WITH A
CONSTANT TRACK-RECORD UNDER ANY MACRO SCENARIO**

**€0.405 PER SHARE PAID IN JUNE 2022 AS THE BALANCE OF THE
DIVIDEND, FOLLOWING THE INTERIM DIVIDEND OF €0.185 EUROS PER
SHARE ALREADY PAID IN NOVEMBER 2021 - OVERALL DIVIDEND OF
€0.590 PER SHARE FOR 2021**

**ALL BUSINESSES IN LINE WITH THE STRATEGIC TARGETS SET IN “24SI
PLUS” PLAN**

- Q2-22 REVENUES AT €2.9BN, +5.1% Y/Y (+3.2% Y/Y TO €5.9BN IN H1-22):
 - Q2-22 MAIL, PARCEL & DISTRIBUTION REVENUES AT €904M, -0.9% Y/Y (-1.4% Y/Y TO €1.8BN IN H1-22) WITH RESILIENT MAIL REVENUES THANKS TO HIGHER MARGIN INTEGRATED-SERVICES COMPENSATING PARCEL BUSINESS, IMPACTED BY LOWER CONSUMER CONFIDENCE.
 - Q2-22 FINANCIAL SERVICES GROSS REVENUES TO €1.4BN, +10.5% Y/Y (+4.1% Y/Y TO €2.9BN IN H1-22), THANKS TO STRONG AND RECURRING NII GROWTH (+21.8% Y/Y) SUPPORTED BY INCREASING INTEREST RATES AND TAX CREDIT INVESTMENTS.
 - Q2-22 INSURANCE SERVICES REVENUES BROADLY STABLE AT €544M, -1.2% Y/Y COMPARED TO Q2-21 IMPACTED BY FRONT LOADING OF FY-21 INVESTMENT MARGIN (+2.7% Y/Y TO €1.1BN IN H1-22). WITH P&C GWP RECORDING A DOUBLE-DIGIT GROWTH (+24.8% Y/Y) TO €85M.
 - Q2-22 PAYMENTS & MOBILE REVENUES TO €250M, +21.0% Y/Y (+20.7% Y/Y TO €482M IN H1-22), WITH ACCELERATED CARD AND DIGITAL PAYMENTS AND INCREASING TELCO REVENUES.
- Q2-22 TOTAL COSTS TO €2.2BN, -5.5% Y/Y (-3.5% Y/Y TO €4.5BN IN H1-22) LEADING TO A BEST-IN-CLASS PROFITABILITY. Q2-22 ORDINARY HR COSTS TO €1.3BN, DOWN -4.8% Y/Y (-3.5% Y/Y TO €2.6BN IN H1-22), WITH HIRINGS IN H1-22 TOTALLING 3.6k FTEs (110% OF TOTAL HIRINGS IN FY-21). Q2-22 NON-HR COSTS TO €895M, DOWN 2.7% Y/Y (-2.2% Y/Y TO €1.8BN IN H1-22) THANKS TO A SOLID PROACTIVE COST DISCIPLINE. VARIABLE COSTS NOW REACHING 63% OF VARIABLE REVENUES, WITH AN IMPROVEMENT OF 10 P.P. Y/Y.
- Q2-22 EBIT AT €698M, +62.7% Y/Y (+32.6% Y/Y TO €1.4BN IN H1-22).
- Q2-22 NET PROFIT AT €469M, +44.0% Y/Y (+24.7% Y/Y TO €964M IN H1-22).
- TFAs AT €571BN WITH POSITIVE NET INFLOWS OF €2.7BN IN H1-22. OUR WEALTH MANAGEMENT OFFERS CONTINUES TO MEET THE NEEDS OF OUR LOYAL CUSTOMERS, THANKS TO PRODUCTS NOT SUBJECT TO MARK TO MARKET VOLATILITY REPRESENTING MORE THAN 93% OF TFAs.
- BANCOPOSTA TOTAL CAPITAL RATIO AT 23.7% (OF WHICH CET1 RATIO AT 20.9%), LEVERAGE RATIO AT 2.9% AND POSTE VITA GROUP SOLVENCY II RATIO AT 222%, WELL ABOVE MANAGERIAL AMBITION THROUGH THE CYCLE.

Q2 & H1 2022 Operational Segment Highlights

- **Mail, Parcel & Distribution:** Medicines' home delivery service - which can be 'instant' (within 90 minutes from purchase), at a scheduled time or the day after the purchase – extended and is now available in over 170 cities; over 30 million vaccines delivered throughout the country.
- **Financial Services:** Poste Italiane offered its customers the possibility to buy bonds within the seventeenth issuance of '*BTP Italia*', indexed to Italian inflation with 8-year maturity. "*Prestito BancoPosta Business Link Online*" was launched in April 2022, in collaboration with Credimi SpA, offering digital loans to individual entrepreneurs and SMEs.
- **Insurance Services:** '*Poste Progetto Dinamico Bonus*', a 15-year mixed life insurance product was launched, aimed at combining a performance-linked product with unit-linked insurance investment components; the new "*Digital Protection*" feature of '*Poste Vivere Protetti*' was included within the modular offer.
- **Payments & Mobile:** On June 15, the Group launched a brand-new energy offer initially targeted to its employees and retirees. A simple, transparent and 100% green offer, named '*Energy 160*' in honour of Poste Italiane's 160-year history, including the supply of both gas and electricity for households. The initiative has been well received with over 10 thousand contracts signed to date.

POSTE ITALIANE CONTINUES ITS SUSTAINABLE GROWTH PATH, CREATING LONG-TERM VALUE FOR ALL STAKEHOLDERS.

KEY ACHIEVEMENTS IN THE QUARTER:

- **“Insieme-24SI”:** Three best projects presented by internal teams awarded out of more than 680 ideas since the launch of the initiative in November. The contest ideas inspired by Poste Italiane's 8 sustainability pillars, aims to engage Company's employees in the ESG Strategy execution.
- **Renewed the security agreement between Poste Italiane and the Italian Police Force:** Poste upholds its collaborative relationship which has set forth relevant synergies to strengthen data security and prevent financial crimes keeping pace with the ongoing digital evolution of products and services offered to its clients.
- **Financial, postal and digital inclusion and education projects:** more than 100 on-line events held since the beginning of the year, as part of Poste's key initiatives to support social inclusion by staying close to local communities.
- **Progressing the green transition:** the delivery fleet renewal continued, with the inclusion of about 12,000 new vehicles of which approximately 770 are electric, 6,000 hybrid and the remaining with low emissions. In addition, the number of total electric charging stations installed increased to 2,800 as of 30 June 2022. In terms of energy efficiency, Poste continues its post offices' restructuring: during the first half of 2022, 410,000 LED lamps were installed, over 450 buildings became part of the Smart Building project and more than 40 photovoltaic panels were installed.
- **Strong ESG score for the investment portfolio:** BancoPosta Fondi SGR and Poste Vita portfolios recorded ESG and carbon footprint performances stronger than reference benchmarks, confirming the high-quality level of the Group's sustainability investment strategy.
- **“Poste Progetto Valore 360”:** the new life insurance multiclass offer investing in Poste Vita's funds that also promote environmental and social issues, classified according to art. 8 of the Sustainable Finance Disclosure Regulation.

Rome, 28 July 2022. Yesterday, the Board of Directors of Poste Italiane S.p.A. (“Poste Italiane” or the “Group”), chaired by Maria Bianca Farina, approved the first half 2022 Financial Results.

Matteo Del Fante, Poste Italiane CEO and General Manager, commented:

“We have once again kicked off the first half of the year very positively, with revenues and profitability rising sharply compared to the same period of 2021 and Group EBIT reaching a record level in the half.

Numbers speak for themselves; performance was strong across the board, consistently above pre-pandemic levels, despite macro-economic uncertainties and headwinds we are facing overall. We are well on track with “24SI Plus” plan execution, further consolidating our leadership as a platform company.

These outstanding results achieved in the quarter allow us to look ahead with optimism to both the rest of the year and our medium-term growth prospects.

Thanks to our diversified, resilient and sustainable business model, we are proactively adapting to the changing macro scenario, steadily progressing on our profitability growth path towards an EBIT result for the current year which we expect to fully meet our “24SI Plus” targets, doubling 2016 EBIT. On the back of such a strong operating track-record, Poste Italiane has been able to remunerate its shareholders with sustainable and competitive dividends, reaching more than 3.6 billion euros for the 2016-2021 period.

Our proven track record in cost management provides us with further flexibility to meet and go beyond our ambitions.

Solid results were delivered in Financial Services thanks to a strong contribution from active portfolio management and recurring higher net interest income (NII), supported by tax credit investments and favourable interest rates.

Payments and Mobile continues its double-digit EBIT growth path thanks to positive results in all business lines.

Insurance Services are confirmed as a key contributor to Group EBIT, with a resilient life business and a continued increase in P&C.

Mail, Parcel & Distribution was resilient despite the headwinds all postal operators are facing, such as changes in consumer behaviour and reduced consumer spending from inflationary pressures impacting parcel volumes, thanks to lower variable costs and effective cost management initiatives supporting EBIT on a recurring basis. However, we are beginning to see more significant revenues contribution from our diversification approach: thanks to Plurima and similar initiatives, we are accelerating our strategy of becoming a fully-fledged logistic operator.

I am also pleased to share with you that our energy offer for employees is having a successful take up rate of more than 10,000 contracts signed.

We are aware of the challenges ahead and we are ready with a sound industrial model and our historical experience to navigate difficult times. We emerged from the pandemic as a structurally stronger company in all its businesses thanks to our anti-fragile approach, that leads us to deliver under any macro environment, driving sustainable returns for our shareholders.

As always, I am proud of the professionalism, dedication and commitment shown by our people, who work tirelessly to help Italians across the country achieve their goals with a constant focus on innovation.”

POSTE ITALIANE Q2 & H1 2022 Results

Thursday 28 July 2022 - 15:00 CEST

To attend click here: [Poste Italiane Q2 & H1 2022 Results Webcast](#)

or via QR code for Android and iOS users:



A listen only audio conference is also available: **+39 02 8020927**

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Financial calendar

Next events

- **10 November 2022** – Q3&9M 2022 Group Results presentation ([add to calendar](#)).
- **23 November 2022** – Payment of the interim dividend for 2022, with ex-dividend date 21 November 2022 and record date of 22 November 2022 ([add to calendar](#)).

CONSOLIDATED FINANCIAL RESULTS SUMMARY

€m	Q2-21	Q2-22	Y/Y%	H1-21	H1-22	Y/Y%
GROUP						
Revenues	2,751	2,892	+5.1%	5,684	5,865	+3.2%
EBIT	429	698	+62.7%	1,049	1,392	+32.6%
Net Profit	326	469	+44.0%	773	964	+24.7%
MAIL, PARCEL & DISTRIBUTION						
External Revenues	912	904	-0.9%	1,831	1,805	-1.4%
EBIT	(158)	87	n.m.	(100)	142	n.m.
Net Profit	(106)	55	n.m.	(67)	87	n.m.
FINANCIAL SERVICES						
External Revenues	1,082	1,194	+10.4%	2,409	2,505	+4.0%
EBIT	156	173	+10.8%	362	404	+11.8%
Net Profit	112	98	-12.6%	264	269	+2.0%
INSURANCE SERVICES						
External Revenues	550	544	-1.2%	1,044	1,073	+2.7%
EBIT	369	347	-5.9%	656	676	+3.0%
Net Profit	270	251	-6.9%	479	487	+1.8%
PAYMENTS & MOBILE						
External Revenues	207	250	+21.0%	399	482	+20.7%
EBIT	62	91	+47.7%	131	169	+28.8%
Net Profit	50	66	+30.6%	99	121	+22.8%

In addition to the standard financial indicators required by IFRS, Poste Italiane discloses alternative performance indicators to provide a better understanding of business performance and financial position. These indicators are described in the Half Year Report for the six months ended 30 June 2022, in line with the ESMA/2015/1415 Guidelines of 5 October 2015.

The Poste Italiane Group consolidated balance sheet and consolidated statement of profit/(loss) and consolidated statement of cash flows, are attached to this press release.

MAIL, PARCEL & DISTRIBUTION – LOWER COSTS AND HIGHER DISTRIBUTION FEES MORE THAN OFFSETTING THE PARCEL SLOWDOWN

€m	Q2-21	Q2-22	Y/Y%	H1-21	H1-22	Y/Y%
SEGMENT REVENUES	912	904	-0.9%	1,831	1,805	-1.4%
Mail Revenues	512	516	+0.8%	1,021	1,027	+0.5%
Parcel Revenues	336	330	-1.8%	704	663	-5.8%
Other Revenues	63	57	-10.1%	105	115	+9.1%
INTERSEGMENT REVENUES	1,072	1,212	+13.1%	2,347	2,481	+5.7%
TOTAL REVENUES	1,984	2,116	+6.7%	4,178	4,286	+2.6%
EBIT	(158)	87	n.m.	(100)	142	n.m.
EBIT Margin (%)	-8.0%	+4.1%	-	-2.4%	+3.3%	-
NET PROFIT	(106)	55	n.m.	(67)	87	n.m.
KPI's						
Mail Volumes (#m)	641	622	-3.0%	1,294	1,271	-1.8%
Parcels delivered by mailmen (#m)	19	15	-16.9%	39	31	-22.2%
Parcel Volumes (#m)	61	55	-10.9%	127	112	-12.2%
B2C Revenues (€m)	174	174	-0.0%	362	344	-5.1%

In Q2 Mail, Parcel & Distribution segment revenues were broadly stable with -0.9% y/y to €904m (-1.4% y/y to €1.8bn in H1-22).

Resilient Mail revenues in Q2 grew 0.8% y/y to €516m (+0.5% y/y to €1.0bn in H1-22), with volumes on higher margin products such as integrated service up, compensating a decline in lower margin items such as unrecorded mail. Mail volumes were down 3.0% y/y (-1.8% h/h) with average prices up (+3.8%).

Parcel revenues were down 1.8% y/y to €330m in Q2 (-5.8% H1/H1 to €663m) as a result of changes in consumer behaviour and reduced consumer spending from inflationary pressures, with volumes remaining structurally above pre-pandemic levels (55m items in Q2-22 vs 34m items in Q2-19). In Q2 B2C volumes were down 8.9% y/y to 40m items (-11.6% h/h to 81m items), mitigated by increasing tariffs; B2B volumes were down 12.5% y/y to 9m items (-11.9% h/h to 19m items) and C2X volumes down 13.9% y/y to 1.2m items (-24.6% y/y to 2.4m items). The potential growth of the Italian e-commerce market remains very promising, thanks to per capita levels of ecommerce parcels well below the rest of Europe.

Distribution revenues in Q2 were up 13.1% y/y to €1.2bn (+5.7% y/y to €2.5bn), mirroring the performance of our Financial Services business.

Segment EBIT improving considerably in Q2-22, thanks to cost discipline and higher distribution fees and totalling €87m from -€158m in Q2-21. H1-22 EBIT up to €142m from -€100m in H1-21.

FINANCIAL SERVICES – REVENUES SUPPORTED BY STRONG CONTRIBUTION FROM INVESTMENT PORTFOLIO

€m	Q2-21	Q2-22	Y/Y%	H1-21	H1-22	Y/Y%
SEGMENT REVENUES	1,082	1,194	+10.4%	2,409	2,505	+4.0%
Net Capital Gain	3	122	n.m.	224	299	+33.2%
Interest Income	358	436	+21.8%	720	856	+18.9%
Postal Savings	428	366	-14.4%	880	800	-9.1%
Transaction banking	195	173	-11.6%	394	354	-10.4%
Third Parties Distribution	68	67	-2.2%	133	136	+2.3%
Asset Management	29	30	+1.3%	57	61	+6.0%
INTERSEGMENT REVENUES	181	201	+11.4%	380	398	+4.6%
TOTAL REVENUES	1,263	1,396	+10.5%	2,789	2,903	+4.1%
EBIT	156	173	+10.8%	362	404	+11.8%
EBIT Margin (%)	+12.4%	+12.4%	-	+13.0%	+13.9%	-
NET PROFIT	112	98	-12.6%	264	269	+2.0%
KPI's						
TOTAL FINANCIAL ASSETS - TFAs (€bn)	-	-	-	576	571	-0.9%
Average Current Account Deposits (€bn)	-	-	-	76	86	+13.6%
Average Postal Savings Deposits (€bn)	-	-	-	320	318	-0.5%
Postal Savings Net Inflows (€m)	(1,536)	(2,622)	-70.7%	(2,667)	(7,267)	n.m.

In Q2 Financial Services segment revenues were up 10.4% y/y to €1.2bn (+4.0% y/y to €2.5bn) with Net Interest Income up 21.8% y/y thanks to contribution from active portfolio management.

In Q2 gross revenues (including distribution revenues) were up 10.5% y/y to €1.4bn (+4.1% y/y to €2.9bn), supported by higher insurance distribution fees.

In Q2, net interest income was up 21.8% y/y at €436m (+18.9% y/y to €856m), constituting a recurring upside on the original guidance, supported by increasing interest rates and tax credit investments of €6.7 billion on average, with €9.0 billion total bought, nearing the overall targeted appetite.

Active portfolio management for Q2-22 was equal to €122m, reaching €299m in H1-22, broadly in line with 2022 target.

Postal savings' distribution fees were down 14.4% y/y to €366m (-9.1% y/y to €800m), as a result of lower cash inflows and higher cash outflows on postal saving books as well as higher outflows on postal saving bonds, reaching the established floor remuneration level in H1-22.

In Q2, loan and mortgage distribution fees were broadly stable, -2.2% y/y to €67m (+2.3% y/y to €136m) in a challenging interest rate environment.

In Q2, transaction banking fees were down 11.6% y/y to €173m (-10.4% y/y to €354m), related to a reduction in payment slips and debit cards revenues (transferred to PostePay) along with payment slips now directly managed by PostePay as Payment Service Provider.

Q2 asset management fees were up 1.3% y/y to €30m (+6.0% y/y to €61m), with resilient recurring management fees year-on-year.

Total Financial Assets reached €571bn in June 2022 (down -€15bn since December 2021), with €2.7bn net inflows and -€18.1bn negative market effect, mostly depending on negative performance effect related to higher interest rates impacting our insurance technical reserves.

Net Technical Reserves registered positive net inflows of €3.9 billion mitigating the market effect.

Deposits' net inflow increased by €5.8 billion, supported by the Public Administration component.

Our wealth management offer continues to meet customers' preferences, especially during turbulent market periods, with more than 93% of our TFAs not exposed to mark-to-market volatility.

In Q2 EBIT is up +10.8% y/y to €173m (up 11.8% y/y to €404m), mirroring the revenues trend.

**INSURANCE SERVICES – LIFE REVENUES IMPACTED BY TIMING OF POLICYHOLDERS
REBATES Y/Y – SOLID P&C GROWTH**

€m	Q2-21	Q2-22	Y/Y%	H1-21	H1-22	Y/Y%
SEGMENT REVENUES	550	544	-1.2%	1,044	1,073	+2.7%
<i>Life + Private Pension Plan</i>	516	507	-1.8%	975	997	+2.2%
<i>P&C</i>	34	37	+7.8%	69	76	+9.8%
INTERSEGMENT REVENUES	1	1	+8.4%	1	1	+2.6%
TOTAL REVENUES	551	544	-1.2%	1,046	1,074	+2.7%
EBIT	369	347	-5.9%	656	676	+3.0%
EBIT Margin (%)	+67.0%	+63.8%	-	+62.8%	+62.9%	-
NET PROFIT	270	251	-6.9%	479	487	+1.8%

KPI's						
Gross Written Premiums (€m)	4,486	4,335	-3.4%	10,331	9,440	-8.6%
<i>GWP - Life + Private Pension Plans (€m)</i>	4,418	4,250	-3.8%	10,167	9,241	-9.1%
<i>GWP - P&C (€m)</i>	68	85	+24.8%	163	199	+21.7%

In Q2, Insurance segment revenues were down 1.2% y/y to €544m (+2.7% H/H to €1.1bn) and in line with expectations.

In Q2, life revenues were also down 1.8% y/y to €507m (+2.2% H/H to €997m), as a result of different timing with Q2-21 when 2021 investment margin was front loaded.

Non-life revenues were up 7.8% y/y to €37m (+9.8% H/H to €76m), thanks to an increasing contribution from health insurance products.

Total life gross written premiums were down 3.8% y/y to €4.2bn (-9.1% H/H to €9.2bn), with Class I representing around 50% of Life GWP in the quarter in light of a more volatile market environment. Commercial performance is progressing well in P&C, with P&C gross written premiums up 24.8% y/y to €85m (+21.7% H/H to €199m).

In Q2 EBIT was down 5.9% y/y to €347m (+3.0% H/H to €676m), as a result of higher maintenance fees paid by Poste Vita to the network, driven by increasing underlying stocks year-on-year.

At the end of June 2021, Poste Vita Group's Solvency II Ratio stood at 222%, well above the managerial ambition of c.a. 200% through the cycle, with transitional measures providing an additional buffer to address potential market volatility.

PAYMENTS & MOBILE – IMPRESSIVE GROWTH ACROSS ALL BUSINESS LINES

€m	Q2-21	Q2-22	Y/Y%	H1-21	H1-22	Y/Y%
SEGMENT REVENUES	207	250	+21.0%	399	482	+20.7%
<i>Cards Payments</i>	107	129	+20.6%	208	249	+19.5%
<i>Other Payments</i>	23	41	+83.1%	39	76	+92.9%
<i>Telco</i>	77	80	+3.5%	152	157	+3.4%
INTERSEGMENT REVENUES	84	69	-18.0%	167	136	-18.8%
TOTAL REVENUES	291	319	+9.8%	567	618	+9.0%
EBIT	62	91	+47.7%	131	169	+28.8%
EBIT Margin (%)	+21.3%	+28.6%	-	+23.2%	+27.4%	-
NET PROFIT	50	66	+30.6%	99	121	+22.8%
KPI's						
Postepay cards (#m)	-	-	-	21.7	20.8	-4.2%
<i>of which Postepay Evolution cards (#m)</i>	-	-	-	8.1	8.8	+8.3%
Total payment cards transactions (#bn)	-	-	-	0.9	1.1	+15.1%
<i>of which eCommerce transactions (#m)</i>	-	-	-	248.1	279.8	+12.8%
Mobile & land-line (#m)	-	-	-	4.8	4.9	+1.1%
Digital e-Wallets (#m) *	-	-	-	9.1	9.9	+8.8%

* As at 31/12/2021

In Q2, Payments and Mobile segment revenues continued to grow by a strong 21.0% y/y to €250m (+20.7% H/H to €482m), confirming the key role played by PostePay in the fast-growing and evolving digital payments environment in Italy.

Card payments were up 20.6% y/y to €129m (+19.5% H/H to €249m).

The shift towards higher recurring margin Evolution cards continued, with the total stock now at 8.8 million cards (+8.3% y/y).

In Q2 Other payments were up 83.1% y/y to €41m (+92.9% H/H to €76m), mainly thanks to payment transactions directly managed by PostePay as Payment Service Provider through an innovative multi-channel platform.

Telco revenues were up 3.5% y/y to €80m in Q2 (+3.4% H/H to €157m in H1-2022), benefitting from a loyal customer base of 4.9 million users (+1.1% H/H from 4.8 million), in a particularly competitive market.

E-commerce transactions continue the upward trend in the first six months of the year to 279.8m (+12.8% y/y), well above pre-pandemic levels.

PosteID (Poste Italiane's National Digital ID solution) in H1-22 has now been adopted by 23.1m clients.

The new energy offer was launched in June for Poste's employees and retirees, leveraging on its simple, transparent and 100% green contents, and reaching 10 thousand contracts signed to date.

In Q2 EBIT was up 47.7% y/y to €91m (+28.8% y/y to €169 in H1-22) thanks to higher external revenues and benefitting from cost savings embedded in the new telco wholesale contract for our MVNO business, while Q2-21 was impacted by higher migration costs to the new network.

MATERIAL EVENTS DURING THE PERIOD AND SUBSEQUENT TO 30 JUNE 2022

MAIN CORPORATE TRANSACTIONS

LIS Holding SpA

On 25 February 2022 PostePay signed with IGT Lottery SpA ("IGT") a binding agreement for the acquisition of 100% of LIS Holding SpA (together with the subsidiary LIS Pay SpA, "LIS") at a price of € 700 million determined on the basis of an Enterprise Value of € 630 million and available net cash of € 70 million. The boards of directors of Poste Italiane and PostePay have approved the transaction which remains subject to the usual closing conditions. In this regard, it should be noted that on 6 June 2022, the Measure (No. 30157 of 17 May 2022) was published, in which the Autorità Garante della Concorrenza e del Mercato ("AGCM" – the Antitrust Authority) authorised the transaction in question, not deeming it to result in the establishment or strengthening of a dominant position within the meaning of Law 287/90. On 13 July 2022, the Bank of Italy authorised the acquisition transaction. The closing is expected within the third quarter of 2022.

Sourcesense SpA

On 24 June 2022, the Board of Directors of Poste Italiane approved the promotion, in consultation with several shareholders of Sourcesense SpA ("Sourcesense"), of a cash takeover bid for all of Sourcesense's shares and warrants.

Sourcesense is a company with shares traded on the multilateral trading system known as Euronext Growth Milan ("EGM") that operates in the IT sector in Italy and Great Britain with high expertise in the development of cloud-native solutions, based on open source technology.

Following the completion of the transaction, aimed at the delisting of the shares and warrants, it is expected that Poste Italiane will hold a controlling interest in Sourcesense of 70%, and that its controlling shareholders (acting in collaboration with Poste Italiane in launching the bids) will retain a minority stake of 30%.

The transaction involves a consideration offered for each share of € 4.20 (corresponding to a premium of 24.0% in relation to the weighted average daily official prices of Borsa Italiana for the past month) and a consideration offered for each warrant of € 0.78 (corresponding to a premium of 75.4% in relation to the weighted average daily official prices of Borsa Italiana for the past month). The transaction is expected to be concluded by the end of 2022.

Plurima SpA

On 18 March 2022, Poste Italiane signed a binding agreement with Opus S.r.l. and private equity operator Siparex to acquire a majority stake in Plurima SpA ("Plurima") for a consideration based on a total enterprise value of the Company of € 130 million. The closing took place on 2 May 2022, when the necessary authorisations were obtained from the AGCM received on 21 April 2022. The transaction took place through Poste Welfare Servizi S.r.l. ("PWS"), a company wholly-owned by Poste Italiane, and financed with the cash resources available.

With the conclusion of the transaction, PWS holds 70% of the share capital of Plurima Bidco srl (Bidco) which in turn holds 100% of Plurima. The final consideration accepted by BidCo, taking into account the purchase price adjustment defined on the basis of the company's net financial position as of the closing date (as governed between the parties in the purchase and sale agreement), is € 135 million.

Eurizon Capital Real Asset SGR ("ECRA")

On 25 June 2021, Poste Vita and BancoPosta Fondi SGR signed definitive agreements for the acquisition of 40% of the share capital, of which 24.50% of shares with voting rights, of Eurizon Capital Real Asset SGR SpA ("ECRA"), a company specialising in investments in support of the real economy controlled by Eurizon (Intesa Sanpaolo Group).

The transaction was closed on 31 January 2022, once the regulatory authorities had given their approval. We can note that ECRA continues to be controlled and consolidated by Intesa Sanpaolo SpA.

The following corporate transactions also took place in the first half of 2022.

- On 26 January 2022, **MFM Holding Ltd (Moneyfarm)** launched a capital increase for an amount of approximately € 53 million, subscribed for approximately € 44 million by M&G plc, a listed asset manager based in the UK, and pro quota by Poste Italiane with an investment of approximately € 9 million, in order not to dilute its stake of approximately 14%.
- On 8 April 2022 Poste Italiane, with an overall investment of € 25 million, acquired 2.30% (2.15% on a fully diluted basis) of the share capital of **Scalapay Limited ("Scalapay")**, a company operating in several European countries in the Buy Now

Pay Later (“BNPL”) market on online and physical channels, allowing end customers to pay for a product/service in three interest-free monthly payments, against a fee paid by the merchants.

- On 10 March 2022, following the approval by the supervisory and antitrust authorities, the closing was completed of the transaction to sell the equity investment in Tink AB held by PostePay SpA to Visa Open Connect Limited.
- On 24 June 2022, the BoD of Poste Italiane and the General Meeting of Shareholders of **PSIA Srl (“PSIA”)** approved the merger by incorporation of PSIA into Poste Italiane. The transaction, which provides for application of the simplifications envisaged by the regulations for the merger of wholly owned companies, will take effect from the date of the latest registration required by Art. 2504 of the Italian Civil Code in the Companies Register. The merger is part of a company reorganisation that will allow Poste Italiane to directly hold shares in the listed company NEXI SpA, thus simplifying the structure of the Group.

OTHER SIGNIFICANT EVENTS

Purchase of treasury shares

In executing the authorisation to purchase treasury shares, resolved by the General Shareholders’ Meeting of Poste Italiane on 27 May 2022, aimed at purchasing shares to be allocated to Group administrators and employees who are beneficiaries of variable incentive plans, the initiation of which was communicated to the market on the same date, from 30 May 2022 to 13 June 2022, Poste Italiane purchased 2,600,000 treasury shares (equal to 0.199% of the share capital), at an average price of € 9.730848 per share, for a total value of € 25,300,204.62.

As a result of the transaction, also taking into account the treasury shares in the portfolio resulting from previous repurchase transactions and the delivery to the beneficiaries of the incentive plans, Poste Italiane holds 7,535,991 treasury shares, equal to 0.577% of the share capital.

BUSINESS OUTLOOK

The first half of 2022 was marked by the exacerbation of factors affecting the economic, social and political situation as early as the end of 2021.

Of particular note: the spread of Omicron variants of Covid-19 accompanied by restrictive measures on mobility in China that created significant discontinuities to the global logistics supply chain and impacted import and export flows; the escalation of tensions between Russia and Ukraine, which erupted in February with the outbreak of conflict, exacerbating the already existing upward trend in the cost of energy and raw materials, resulting in a record level reached by inflation¹, which prompted the European Central Bank to raise interest rates and end quantitative easing from the second half of the year. These factors led to a slowdown in overall growth during the period. Rising inflation therefore appears to reduce household income and lead to a different consumption mix to cope with higher energy costs as well as a reduction in savings capacity. Against this backdrop, the outlook remains highly uncertain and is characterised by downward revisions in global and national growth estimates, both for the remainder of the year and for 2023.

The Poste Italiane Group, in addition to distinguishing itself through a diversified business structure that allows it to benefit from a constant balancing effect between favourable and unfavourable trends affecting its businesses, has historically demonstrated resilience in times of economic uncertainty and financial turbulence, indeed establishing itself as a "safe haven" for savers, thanks to a portfolio of financial offerings characterised by products with contained volatility that will continue to keep postal savings at the centre of its development strategy in the future. The Group's cost structure, in addition to being flexible with a significant revenue-related variable cost component, includes limited exposure to industries with high pressure on prices. The Group procures supplies and competes mainly in the domestic market, does not have production units in the countries affected by the conflict or bordering countries, and has limited commercial relationships with the countries affected by the conflict. Therefore, it does not have direct repercussions that could significantly affect the various businesses or lead to significant repercussions on its profitability. The Group also benefits from actions implemented in favourable market times, intended to mitigate the fluctuations in the prices of production factors, such as hedging against the risk of fluctuations in fuel prices and gas and energy supplies.

¹ Source: preliminary EUROSTAT and ISTAT data: for the Eurozone in June, inflation is 8.6% year-on-year (record since the introduction of the single currency) and 8% in Italy, the highest since 1986.

This is confirmed by the results achieved during the first half of the year which are solid with a record operating profit for the period in the Group's history, demonstrating the effectiveness of the strategic directions outlined and benefiting from management 's continued focus on rationalisation and cost control.

The Group will continue to monitor developments in the relevant macroeconomic situation in order to adjust the range of offerings to market conditions and changing customer needs. The development of the insurance savings segment will remain strategic, and the Parent Company will continue to provide the subsidiary Poste Vita with all the capital support it needs to sustain growth; Postal Savings, after a first half of the year in which it suffered from the conditions of the macroeconomic situation, now has a renewed commercial offer between June and July, confirming itself as a simple, transparent and competitive tool for savers. Commitment to the Group's digital transformation and support for customers and citizens in overcoming the digital divide will continue; the development of initiatives to improve the customer experience from an omni-channel perspective will remain key. Investments are planned in support of the growth and diversification of parcels, digital payments and protection, with offers aimed at reducing underinsurance in Italy. The Group also entered into the energy market with a simple, transparent and 100% green offer launched in June for employees and pensioners.

Regarding the commitment to social inclusion, within the framework of the National Recovery and Resilience Plan (NRRP), the Group will play a crucial role with the implementation of the Polis project: significant investments are planned , on the one hand, to bring telematic services of the Public Administration to small towns, through a dedicated counter, within approximately 7,000 post offices, and on the other hand, to convert 250 properties of the Group into training and co-working spaces.

During the transition towards carbon neutrality by 2030, investments and strategic initiatives will continue, such as the renewal of the delivery fleet with low emission vehicles, the installation of photovoltaic panels for energy supply and efficiency measures for properties; the migration of current Postepay cards to cards made with eco-sustainable materials and the introduction of SIM cards made with recycled materials will also continue, as well as the development of offerings intended to take advantage of sustainable actions by customers.

Finally, the Group's recent acquisitions remain consistent with the goals of the 2024 "Sustain

& Innovate Plus" business plan. The acquisition of Plurima has already been operational since April, helping to support the growth of the Mail, Parcels and Distribution segment, diversifying revenues in the strategic direction of establishing itself as a fully-fledged logistics operator. The acquisition of the company LIS will accelerate the implementation of the omni-channel strategy, facilitating the transition to digital payments and strengthening the growth of proximity payment in the business. Finally, the launching of the takeover bid in relation to Sourcesense, operating in the development of cloud-native solutions based on open-source technology, aims to internalise and enhance the Group's development capabilities in this sector.

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 IFRS, Poste Italiane has included a number of indicators in this report that have been derived from them. These provide management with a further tool for measuring the Group's performance.

The following alternative performance indicators are used:

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 presented separately for each Strategic Business Unit.

GROUP NET CASH POSITION: the sum of financial assets, tax credits Law no. 77/2020, cash and deposits attributable to BancoPosta, cash and cash equivalents, technical provisions for the insurance business (shown net of technical provisions attributable to reinsurers) and financial liabilities. This indicator is also shown separately for each Strategic Business Unit.

NET CASH POSITION OF THE MAIL, PARCELS AND DISTRIBUTION STRATEGIC BUSINESS UNIT: is the financial indebtedness shown according to the format recommended by ESMA, the European Securities and Markets Authority (ESMA32-382-1138 of 4 March 2021) excluding non-current trade and other payables for which there is a significant financing component, either implicitly or explicitly, and including: non-current financial assets, tax credits Law no. 77/2020, current derivative assets used for hedging purposes and intersegment financial receivables and borrowings.

Composition of net financial position* (€m):

	MAIL, PARCEL AND DISTRIBUTION	FINANCIAL SERVICES	INSURANCE SERVICES	PAYMENTS AND MOBILE	ADJUSTMENTS	CONSOLIDATED
Balance at 30 June 2022						
Financial liabilities	5,167	101,705	298	9,335	(11,466)	105,039
Technical reserves for the insurance business	-	-	143,259	-	-	143,259
Financial assets	(1,072)	(85,492)	(144,989)	(10,173)	11,214	(230,513)
Tax credits Law no. 77/2020	(574)	(7,332)	-	-	-	(7,906)
Technical reserves attributable to reinsurers	-	-	(47)	-	-	(47)
Cash and deposits attributable to BancoPosta	-	(10,101)	-	-	-	(10,101)
Cash and cash equivalents	(2,004)	(332)	(2,253)	(43)	232	(4,401)
Net Financial Position*	1,516	(1,553)	(3,733)	(881)	(20)	(4,671)
Balance at 31 December 2021						
Financial liabilities	4,795	102,198	284	8,716	(11,261)	104,732
Technical reserves for the insurance business	-	-	159,089	-	-	159,089
Financial assets	(942)	(89,995)	(158,587)	(9,783)	10,451	(248,856)
Tax credits Law no. 77/2020	(448)	(6,008)	-	-	-	(6,456)
Technical reserves attributable to reinsurers	-	-	(50)	-	-	(50)
Cash and deposits attributable to BancoPosta	-	(7,659)	-	-	-	(7,659)
Cash and cash equivalents	(2,121)	(2,021)	(4,584)	(32)	800	(7,958)
Net Financial Position*	1,284	(3,485)	(3,848)	(1,099)	(10)	(7,158)

* Net financial position: (Surplus) / Net debt

POSTE ITALIANE GROUP'S FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEET

(€m)

ASSETS	30 June 2022	31 December 2021
Non-current assets		
Property, plant and equipment	2,268	2,267
Investment property	31	32
Intangible assets	943	873
Right-of-use assets	1,303	1,116
Investments accounted for using the equity method	259	277
Financial assets	201,181	221,226
Trade receivables	3	3
Deferred tax assets	2,429	1,245
Other receivables and assets	3,845	4,012
Tax credits Law no. 77/2020	6,461	5,551
Technical provisions attributable to reinsurers	47	50
Total	218,770	236,652
Current assets		
Inventories	149	155
Trade receivables	2,401	2,508
Current tax assets	313	115
Other receivables and assets	1,130	1,146
Tax credits Law no. 77/2020	1,445	905
Financial assets	29,332	27,630
Cash and deposits attributable to BancoPosta	10,101	7,659
Cash and cash equivalents	4,401	7,958
Total	49,272	48,076
TOTAL ASSETS	268,042	284,728
LIABILITIES AND EQUITY	30 June 2022	31 December 2021
Equity		
Share capital	1,306	1,306
Reserves	1,667	3,599
Treasury shares	(63)	(40)
Retained earnings	7,730	7,237
Total equity attributable to owners of the Parent	10,640	12,102
Equity attributable to non-controlling interests	39	8
Total	10,679	12,110
Non-current liabilities		
Technical provisions for insurance business	143,259	159,089
Provisions for risks and charges	545	693
Employee termination benefits	744	922
Financial liabilities	10,297	15,122
Deferred tax liabilities	1,712	953
Other liabilities	1,659	1,749
Total	158,218	178,528
Current liabilities		
Provisions for risks and charges	727	575
Trade payables	1,857	2,029
Current tax liabilities	238	16
Other liabilities	1,582	1,860
Financial liabilities	94,742	89,610
Total	99,146	94,090
TOTAL EQUITY AND LIABILITIES	268,042	284,728

CONSOLIDATED STATEMENT OF NET PROFIT (LOSS)

(€m)

	H1-22	H1-21
Revenue from Mail, Parcels & other	1,805	1,831
Net revenue from Financial Services	2,505	2,409
Revenue from Financial Services	2,611	2,469
Expenses from financial activities	(106)	(60)
Revenue from Insurance Services after changes in technical provisions and other claims expenses	1,073	1,045
Insurance premium revenue	9,407	10,291
Income from insurance activities	2,169	2,206
Change in technical provisions for insurance business and other claims expenses	(5,245)	(11,240)
Expenses from insurance activities	(5,258)	(212)
Revenue from Payments and Mobile	482	399
Net operating revenue	5,865	5,684
Cost of goods and services	1,375	1,423
Personnel expenses	2,590	2,693
Depreciation, amortisation and impairments	406	398
Capitalised costs and expenses	(18)	(17)
Other operating costs	83	118
Impairment losses/(reversals of impairment losses) on debt instruments, receivables and other assets	38	20
Operating profit/(loss)	1,392	1,049
Finance costs	70	39
Finance income	87	62
Impairment loss/(reversal of impairment losses) on financial asset	-	(1)
Profit/(Loss) on investments accounted for using the equity method	(13)	15
Profit/(Loss) before tax	1,396	1,088
Income tax expense	432	315
NET PROFIT FOR THE PERIOD	964	773
of which attributable to owners of the Parent	962	772
of which attributable to non-controlling interests	2	1
Earnings per share	0.740	0.594
Diluted earnings per share	0.740	0.594

CONSOLIDATED STATEMENT OF CASH FLOWS

(€m)

	For the six months ended 30 June 2022	For the six months ended 30 June 2021
Unrestricted net cash and cash equivalents at beginning of the period	2,590	2,811
Restricted net cash and cash equivalents at beginning of the period	5,368	1,705
Cash and cash equivalents at beginning of the period	7,958	4,516
Result for the period	964	773
Depreciation, amortisation and impairments	406	398
Losses and impairments losses/(reversal of impairment losses) on receivables	33	28
(Gains)/Losses on disposals	(1)	-
(Increase)/decrease in Inventories	7	4
(Increase)/decrease in Receivables and Other assets	185	(357)
Increase/(decrease) in payables and Other liabilities	(444)	95
Change in tax credits Law no. 77/2020	(110)	(497)
Change in provisions for risks and charges	3	(85)
Change in employee termination benefits and Provision for retirement benefits	(65)	(65)
Difference in accrued financial expenses and income (cash adjustment)	12	16
Other changes	207	2
Net cash flow from/(for) non-financial operating activities [a]	1,197	312
Increase/(Decrease) in liabilities attributable to financial activities, payments, cards and acquiring and insurance	4,865	(423)
Net cash generated by/(used for) financial asset and tax credit Law no. 77/2020 attributable to financial activities, payment, cards and acquiring and insurance	(12,597)	(2,001)
(Income)/Expenses and other non-cash components	4,042	(2,570)
Increase/(Decrease) in net technical provisions for insurance business	120	5,582
Cash generated by/(used for) financial assets and liabilities attributable to financial activities, payment, cards and acquiring and insurance [b]	(3,570)	588
Net cash flow from/(for) operating activities [c]=[a+b]	(2,372)	900
<i>Investing activities</i>		
Property, plant and equipment, investment property and intangible assets	(223)	(308)
Investments	(3)	-
Other financial assets	(133)	(4)
Investment in consolidated companies, net of cash acquired	(92)	(40)
<i>Disposals</i>		
Property, plant and equipment, investment property and intangible assets and assets held for sale	2	3
Other financial assets	1	410
Net cash flow from/(for) investing activities [d]	(449)	61
Proceeds from/(Repayments of) borrowings	(166)	(394)
(Purchase)/sale of treasury shares	(25)	-
Dividends paid	(526)	(421)
Equity instrument - perpetual hybrid bond	(21)	794
Net cash flow from/(for) financing activities and shareholder transactions [e]	(738)	(21)
Impact of change in exchange rate on cash and cash equivalents [f]	2	-
Net increase/(decrease) in cash [g]=[c+d+e+f]	(3,558)	940
Cash and cash equivalents at end of the period	4,401	5,456
Restricted net cash and cash equivalents at the end of the period	(2,255)	(2,861)
Unrestricted net cash and cash equivalents at end of the period	2,146	2,595

The document containing the Interim Financial Report as of 30 June 2022 will be published by the term established by the law, made available to the public at the Company's head office, on the Company's website (www.posteitaliane.it), on the website of the authorised storage system "eMarket Storage" (www.emarketstorage.com), and filed with Borsa Italiana S.p.A. (www.borsaitaliana.it), the Italian Stock Exchange.

Declaration by the Executive responsible for preparing the corporate accounting documents

The undersigned, Alessandro Del Gobbo, in his capacity as Executive responsible for preparing Poste Italiane's corporate accounting documents (*Dirigente Preposto*)

DECLARES

that, pursuant to art. 154-BIS, par. 2, of the Consolidated Financial Bill of February 24, 1998, accounting information disclosed in this document corresponds to document results and accounting books and records.

This document includes summary financial information and should not be considered a substitute for Poste Italiane Group Interim Financial Report as of 30 June 2022.

Rome, 28 July 2022

Forward looking statements and other important information

This document contains certain forward-looking statements that reflect Poste Italiane's management's current views with respect to future events and financial and operational performance of the Company and of the Company's Group.

These forward-looking statements are made as of the date of this document and are based on current expectations, reasonable assumptions and projections about future events and are therefore subject to risks and uncertainties. Actual future results and performance may indeed differ materially from what is expressed or implied in this presentation, due to any number of different factors, many of which are beyond the ability of Poste Italiane to foresee, control or estimate precisely, including, but not limited to, changes in the legislative and regulatory framework, market developments, price fluctuations and other risks and uncertainties, such as, for instance, risks deriving from the Covid-19 pandemic and from the direct and indirect effects resulting from the international conflict in Eastern Europe.

Forward-looking statements contained herein are not a guarantee of future performance and you are therefore cautioned not to place undue reliance thereon.

This document does not constitute a recommendation regarding the securities of the Company; it does not contain an offer to sell or a solicitation of any offer to buy any securities issued by Poste Italiane or any of its Group companies or other forms of financial assets, products or services.

Except as may be required by applicable law, Poste Italiane denies any intention or obligation to update or revise any forward-looking statements contained herein to reflect events or circumstances after the date of this presentation.

This presentation includes summary financial information and should not be considered a substitute for Poste Italiane's full financial statements.

Numbers in the document may not add up only due to roundings.