



línea directa

**REPORT OF THE BOARD OF DIRECTORS OF LÍNEA DIRECTA ASEGURADORA, S.A., INSURANCE AND REINSURANCE COMPANY (THE “COMPANY”), REGARDING THE PROPOSAL TO DELEGATE TO THE BOARD OF DIRECTORS THE AUTHORITY TO INCREASE THE SHARE CAPITAL REFERRED TO UNDER ITEM TEN OF THE AGENDA, AND THE AUTHORITY TO ISSUE CONVERTIBLE SECURITIES REFERRED TO UNDER ITEM ELEVEN OF THE AGENDA OF THE GENERAL SHAREHOLDERS’ MEETING CONVENED TO BE HELD ON 9 APRIL 2026**

The resolution proposed under Item Ten of the Agenda of the General Shareholders’ Meeting, scheduled to be held on 9 April 2026, consists of granting authority to the Board of Directors, within the limits established in the Capital Companies Act, to increase the share capital on one or more occasions and at any time within a five-year period as from the date of the General Shareholders’ Meeting, up to the maximum nominal amount of €21,768,336.80, equivalent to one half of the Company’s share capital as at the date of approval of the resolution.

This proposed delegation to the Board of Directors does **not** include the authority to exclude pre-emptive subscription rights, notwithstanding that such exclusion is permitted under the Capital Companies Act.

The proposed resolution submitted to the General Shareholders’ Meeting is justified by the desirability of having at the Board’s disposal a mechanism expressly provided under current corporate regulations. The delegation mechanism contemplated in Article 297.1(b) of the Capital Companies Act enables the Company to equip the Board of Directors with an agile and flexible instrument to adequately meet the Company’s needs depending on prevailing market conditions.

The current solvency regime applicable to insurance undertakings—including Línea Directa—requires companies to maintain a range of capital instruments enabling them to comply with the different regulatory capital tiers that make up their own-funds requirements. Accordingly, companies must have at their disposal the broadest possible range of instruments allowing them to efficiently take advantage of opportunities that may arise to meet any such regulatory requirements.

Taking the above into account, the proposal submitted to the General Shareholders’ Meeting consists of delegating to the Board of Directors, for a maximum five-year term, the authority to increase the share capital up to the maximum nominal amount of **€21,768,336.80**, equivalent to one half of the Company’s share capital as at the date of the General Shareholders’ Meeting.

Capital increases carried out under this delegation would be implemented through the issuance and placing into circulation of new shares, with or without share premium, paid by means of cash contributions.

The delegated authority shall extend to determining the specific terms and conditions of each capital increase and of the characteristics of the shares to be issued, and may include establishing that, in the event of incomplete subscription, the capital increase shall be rendered ineffective in accordance with Article 507 of the Capital Companies Act, and amending the corresponding article of the Company's Bylaws relating to the share capital and number of shares.

The proposal also contemplates, where appropriate, the application for admission to trading of the newly issued shares on official or unofficial, organised or unorganised, Spanish or foreign secondary markets.

Furthermore, the proposal expressly authorises the Board of Directors to further delegate, pursuant to Article 249 *bis* of the Capital Companies Act, the powers referred to in this resolution.

The resolution proposed under **Item Eleven** of the Agenda of the General Shareholders' Meeting, scheduled for 9 April 2026, consists of authorising the Board of Directors to issue securities convertible into new Company shares, as well as warrants (options to subscribe for new Company shares), for a five-year period and under the terms detailed in the full text of the proposed resolution submitted to the Meeting.

This delegation to the Board of Directors likewise does not include the authority to exclude pre-emptive subscription rights, notwithstanding that such exclusion is permitted by law.

The Board considers it highly desirable to possess the delegated powers permitted under applicable legislation so that it may, at any time, raise in the primary securities markets the funds necessary for the proper management of corporate interests.

The purpose of the delegation is to provide the Company's management body with the margin for manoeuvre and the responsiveness demanded by the competitive environment in which the Company operates, in which the success of a strategic initiative or financial transaction—or the ability to raise financial resources—frequently depends on being able to act swiftly, without the delays and costs inevitably associated with convening and holding a General Shareholders' Meeting. Thus, the Board would be empowered, where necessary, to raise significant volumes of funds in a short period of time.

The issuance of convertible securities is one of the instruments available for corporate financing through the raising of third-party funds. Such securities offer investors the possibility of converting their claims against the Company into shares thereof—potentially obtaining a higher return than other debt instruments—while enabling the Company to increase its equity. These characteristics generally result in convertible securities bearing lower coupons than simple fixed-income securities or bank debt, as the interest rate reflects the value of the conversion option conferred upon investors.

In accordance with the foregoing and pursuant to applicable legislation, this proposal is submitted to the General Shareholders' Meeting under Item Eleven of the Agenda. In the case of warrants, the legal and contractual rules governing convertible debentures shall apply insofar as they are compatible with their specific nature.

The proposal expressly grants the Board of Directors the authority to issue, on one or more occasions, convertible securities and warrants granting rights to subscribe for newly issued Company shares or to acquire shares already in circulation, and to resolve, where appropriate, the capital increase necessary to satisfy conversions or exercises of

subscription rights, provided that such increase does not exceed the unused limit authorised under Article 297.1(b) of the Capital Companies Act.

The proposed resolution sets €1,000 million (or its equivalent in any other currency) as the maximum nominal amount authorised for issuance. For the purpose of calculating this limit, in the case of warrants, the sum of premiums and exercise prices of the warrants issued under this authorisation shall be taken into account.

The proposed resolution also sets out the criteria for determining the bases and terms of conversion, while entrusting the Board with the task of specifying certain elements thereof for each issuance, within the limits and in accordance with the criteria established by the General Shareholders' Meeting.

The Board shall determine the specific conversion ratio and shall issue, at the time of approving any issuance of convertible securities, a detailed report describing the specific bases, terms and conditions applicable to the conversion.

Specifically, the resolution provides that, for conversion purposes, the securities issued under this delegation shall be valued at their nominal amount, and the shares at a fixed (determined or determinable) or variable exchange ratio established in the corresponding resolution of the Board of Directors.

The Board considers that it is granted sufficient flexibility to determine the value of the shares for conversion purposes, in light of market conditions and other relevant considerations.

In the case of warrants over newly issued shares, the provisions governing convertible debentures shall apply by analogy.

Furthermore, pursuant to Article 415.2 of the Capital Companies Act, the resolution provides that the nominal value of convertible debentures may not be lower than the nominal value of the shares, and that such debentures may not be issued below par value.

The resolution also provides that the securities issued under this delegation may be admitted to trading on the relevant secondary market, whether official or unofficial, organised or unorganised, domestic or foreign.

All powers granted to the Board of Directors under this proposed resolution shall include the power of substitution, thereby further enhancing the agility sought in the contemplated transactions.

In conclusion, for the reasons set out above, it is deemed appropriate, for the proper management of the Company, that the Board of Directors be vested with the authorities described herein, as set out in full in the text of the proposed resolutions, whenever necessary to protect and promote the corporate interest.