

Alternative performance measures

IFRS17&9

Línea Directa Aseguradora

+30 años

December 2025



línea directa

Alternative performance measures

In addition to the financial information presented and prepared under IFRS-EU, the Company uses, throughout its financial publications, period-to-period comparison of certain financial measures and alternative performance measures as defined in the guidelines issued by the European Securities and Markets Authority on 5 October 2015 on alternative performance measures (the “ESMA Guidelines” and the “APMs”). These APMs are derived from the Company’s consolidated income statement, consolidated balance sheet, consolidated statement of cash flows or accounting records. Linea Directa believes that the presentation of the APMs included herein complies with the ESMA Guidelines.

The Company has presented these APMs, which are unaudited, as supplemental information because they are used by the Company’s management in making financial, operational and planning decisions, and they provide useful financial information that should be considered in addition to the financial statements prepared in accordance with the applicable accounting regulations (IFRS-EU), in assessing the Group’s performance. In addition, Linea Directa believes that the APMs presented herein may contribute to a better understanding of its results of operations by providing additional information on what the Company considers to be some of the drivers of its financial performance and because these APMs are in line with the main indicators used by the majority of the community of analysts and investors in capital markets.

APMs are not defined under and have not been prepared in accordance with IFRS-EU and should not be considered in isolation as they may be presented on a different basis than the financial information included in the Consolidated Financial Statements. In addition, the APMs presented may differ significantly from information reported by other companies under similar or analogous titles and may not always be comparable.

It is cautioned not to place undue reliance on these measures, which should be considered

as supplemental to, and not a substitute for, the financial information prepared in accordance with IFRS-EU herein included. The APMs herein included have not been audited by the Company or any independent expert.

Some limitations of these APMs are:

- The fact that other companies in the industry may calculate loss, expense and combined ratios differently than the Company does, might limit their usefulness as comparative measures.
- Moreover, the usefulness of the loss, expense and combined ratio is inherently limited by the fact that these are ratios and thus do not provide information on the absolute amount of incurred claims for the year, operating and other technical expenses or the underwriting result.
- Average return is limited by the fact that other companies in the industry may calculate it differently than the Company does, thus limiting its usefulness as a comparative measure. Moreover, the composition of the investment portfolio varies significantly from company to company, making the risk-return comparison more complex.
- Modified duration is limited in that it assumes a linear relationship between interest rates and bond price. Such relationship is likely to be curvilinear. The more convex the relationship between interest rates and bond price, the more inaccurate duration is for measuring interest rate sensitivity and the variation of the financial securities.

01. Combined ratio

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The Non-Life **combined ratio** is a key management ratio and measures the relationship between the costs of the insurance service (claims incurred and other expenses attributable to the insurance service) and its revenue figure, all net of reinsurance.

This ratio measures the technical profitability of Non-Life insurance. A combined ratio below 100% indicates that the technical result is positive, while a combined ratio above 100% indicates that the technical result is negative.

Combined ratio = (Claims paid + change in liability for incurred claims + net operating expenses - recoveries received from reinsurance - change in liability for incurred claims ceded) / (Income from insurance contracts measured under PAA - Allocation of premiums from reinsurance contracts measured under PAA)

COMBINED RATIO

	12M 2025	12M 2024
Loss ratio	71.6%	72.6%
Expense ratio	21.0%	22.1%
Combined ratio	92.6%	94.7%

Which is equivalent to:

	12M 2025	12M 2024
Income from ordinary insurance activities, net of reinsurance	1,049,598	967,099
Claims incurred and expenses, net of reinsurance	(972,176)	(915,873)
Technical insurance result, net of reinsurance	77,422	51,226

LOSS RATIO

<i>Thousand euro</i>	12M 2025	12M 2024
Income from ordinary insurance activities, net of reinsurance	1,049,598	967,099
Claims for the year, net of reinsurance	(620,039)	(576,826)
Claims expenses	(131,011)	(125,074)
Loss ratio	71.6%	72.6%

EXPENSE RATIO

<i>Thousand euro</i>	12M 2025	12M 2024
Income from ordinary insurance activities, net of reinsurance	1,049,598	967,099
Acquisition expenses	(190,096)	(184,412)
Administration expenses	(31,040)	(30,731)
Reinsurance commissions	10	1,170
Expense ratio	21.0%	22.1%

02. Insurance financial result

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The **insurance financial result** includes the income derived from the Group's investment portfolio:

- **Income from investments:** interest on bank deposits, interest on fixed income securities, dividends on equity instruments, income from premium instalments and other financial income
- **Mark-to-market of mutual funds and derivatives**
- **Realised gains and losses registered in profit and loss** (excludes realised gains on equities, which are registered in OCI)
- **Impairments, if any**
- **Exchange rate and conversion differences**
- Income and expenses from **investment property**
- The credited interest, which shows the impact of last year's financial unwinding on the provision for claims incurred, is presented separately for ease of understanding

<i>Thousand euro</i>	12M 2025	12M 2024	<i>% var.</i>
Income	38,236	37,201	2.8%
<i>Interest on bank deposits</i>	848	1,754	-51.7%
<i>Interest on fixed income securities</i>	24,653	22,306	10.5%
<i>Income on equity instruments</i>	3,801	4,325	-12.1%
<i>Other financial income</i>	8,934	8,816	1.3%
Mark-to-Market	1,945	157	1138.9%
<i>Equity mutual funds</i>	1,726	289	497.2%
<i>Derivatives</i>	219	(132)	-
Realised gains (losses) in P&L	60	(1,295)	-104.6%
Impairments	(25)	33	-
Exchange rate and conversion differences (+/-)	(401)	568	-
Financial investments result	39,815	36,664	8.6%
Investment property result	1,970	2,985	-34.0%
Net investments result	41,785	39,649	5.4%
Credited interest	(4,998)	(8,683)	42.4%
Insurance financial result	36,787	30,966	18.8%

03. Investment portfolio returns

FIXED INCOME PORTFOLIO AVERAGE RETURN

It is calculated with the income earned from the fixed income portfolio over the last 12 months divided by the average fixed income portfolio over the same period. Includes realised gains/(losses) and impairments.

Excludes fair value adjustments.

EQUITY PORTFOLIO AVERAGE RETURN

It is calculated with the income earned from the equity portfolio over the last 12 months divided by the average equity portfolio over the same period. Includes realised gains/(losses) and impairments.

Excludes fair value adjustments.

FIXED INCOME PORTFOLIO AVERAGE RETURN

<i>Thousand euro</i>	12M 2025	12M 2024
Interest received and interest rate swap accrual	25,199	23,515
Realised gains/(losses)	427	(1,258)
Realised gains/(losses) - foreign exchange	337	240
Impairments	-	-
Average debt securities	921,227	805,135
Fixed income portfolio average return	2.82%	2.79%

EQUITY PORTFOLIO AVERAGE RETURN

<i>Thousand euro</i>	12M 2025	12M 2024
Dividends received	3,801	4,325
EIG income	-	-
Other equity mutual funds income/(expenses)	(198)	(593)
Realised gains/(losses)	2,187	3,206
Realised gains/(losses) - foreign exchange	(6)	95
Average shares and equity mutual funds	138,076	125,158
Equity portfolio average return	4.19%	5.62%

03. Investment portfolio returns

PROPERTY INVESTMENTS AVERAGE RETURN

Property investment average return is calculated from rental income earned over the last 12 months divided by the average property investments in that same period. Includes realised gains/(losses) and impairments.

Excludes fair value adjustments.

<i>Thousand euro</i>	12M 2025	12M 2024
Rental income	3,169	4,293
Realised gains/(losses) and impairments	-	-
Average property investments	59,700	58,490
Property investments average return	5.31%	7.34%

03. Investment portfolio returns

TOTAL PORTFOLIO AVERAGE RETURN (excludes cash and cash equivalents)

The total average return (excluding cash and cash equivalents) is calculated from the income earned from the portfolio over the last 12 months divided by the average assets under management (fixed income and equity portfolios and property investments) in that same period. It includes realised gains/(losses) and impairments.

Excludes fair value adjustments.

<i>Thousand euro</i>	12M 2025	12M 2024
Total average investments	1,119,002	988,782
<i>Average debt securities</i>	921,227	805,135
<i>Average shares and equity mutual funds</i>	138,076	125,158
<i>Average property investments</i>	59,700	58,490
Total investment income and net realised gains/(losses)	34,916	33,823
<i>Interest received and interest rate swap accrual</i>	25,199	23,515
<i>Realised gains/(losses) on debt securities</i>	427	(1,258)
<i>Realised gains/(losses) on debt securities - foreign exchange</i>	337	240
<i>Debt securities impairments</i>	-	-
<i>Dividends received on shares and equity mutual funds</i>	3,801	4,325
<i>EIG income</i>	-	-
<i>Other equity mutual funds income/(expenses)</i>	(198)	(593)
<i>Realised gains/(losses) on equities</i>	2,187	3,206
<i>Realised gains/(losses) on equities - foreign exchange</i>	(6)	95
<i>Rental income</i>	3,169	4,293
<i>Realised gains/(losses) on investment property</i>	-	-
Total average return (exc. cash and cash equivalents)	3.12%	3.42%

03. Investment portfolio returns

TOTAL PORTFOLIO AVERAGE RETURN WITHOUT REALISED GAINS/(LOSSES) (excludes cash and cash equivalents)

The total average return without realized gains/(losses) is calculated from the income earned from the portfolio over the last 12 months divided by the average assets under management (fixed income and equity portfolios and property investments) in that same period.

Excludes realised gains/(losses), impairments and fair value adjustments.

<i>Thousand euro</i>	12M 2025	12M 2024
Total average investments	1,119,002	988,782
<i>Average debt securities</i>	921,227	805,135
<i>Average shares and equity mutual funds</i>	138,076	125,158
<i>Average property investments</i>	59,700	58,490
Total investment income	32,170	32,133
<i>Interest received and interest rate swap accrual</i>	25,199	23,515
<i>Debt securities impairments</i>	-	-
<i>Dividends received on shares and equity mutual funds</i>	3,801	4,325
<i>Rental income</i>	3,169	4,293
Total average return (exc. cash and realised gains)	2.87%	3.25%

04. Other metrics

DURATION | FIXED INCOME PORTFOLIO

Years	12M 2025	12M 2024
Duration	3.86	3.25

Duration is a composite measure of the timing of a bond's cash flow characteristics taking into consideration its coupon and term to maturity.

It refers to the weighted average of time until cash flows (coupons and principal) are received, and it is measured in years.

This ratio makes it possible to measure the degree of volatility or risk in the Group's fixed income portfolios. The higher the duration of the portfolio, the greater the volatility of the prices of the securities when there are changes in interest rates.

MODIFIED DURATION | FIXED INCOME PORTFOLIO

(%)	12M 2025	12M 2024
Modified duration	4.09%	3.51%

Modified duration is the weighted average time until cash flows (coupons and principal) are received, divided by 1 plus the yield to maturity divided by the number of payments in a year.

This ratio makes it possible to measure an approximate value of the percentage variation of financial securities for each percentage point (100 basis points) change in interest rates.

The higher the modified duration of the portfolio, the greater the volatility of the prices of the securities when there are changes in interest rates.

Thank you

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