

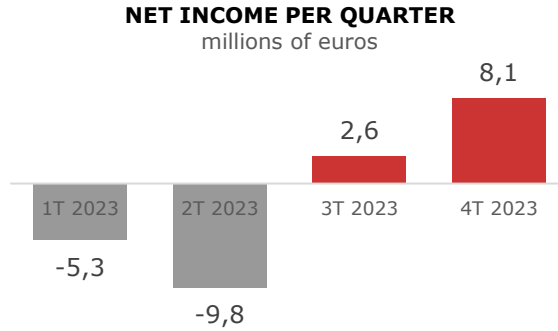
## LÍNEA DIRECTA IMPROVES ITS RESULTS IN THE FOURTH QUARTER OF 2023 WITH A NET PROFIT OF 8.1 MILLION EUROS.

- The pricing, underwriting and management measures implemented in 2023 enabled Línea Directa Aseguradora to progressively improve its margins throughout the second half of the year, closing the fourth quarter with a net profit of EUR 8.1 million. After adding the result of the previous quarter, the insurer posted a profit of EUR 10.7 million for the second half of the year.
- However, for the 2023 financial year as a whole, the cumulative net result is negative 4.4 million due to the impact of inflation on benefit costs and the injury schedule.
- The Group's combined ratio was 104.1% at the end of the year. In the fourth quarter, thanks to initiatives to optimise claims management, it was 98.5%, an improvement of 10.5 p.p. in six months. In the Motor line, the improvement in this period is even greater (-13.3 p.p.), and is also below 100%.
- Premium income increased by 2.8% year-on-year in 2022 to EUR 973.3 million, with turnover growth in all business lines (Motor, Home and Health).
- Strict control of overhead expenses, increased business efficiency derived from the company's customer-centric approach and digitization have allowed for further reduction in the expense ratio, which stands at 22.9% (-0.3 percentage points), one of the best in the sector.
- The solvency ratio stood at 180%, with a margin of EUR 159.1 million over required capital.

**Madrid, 4 March 2024** - [Línea Directa Aseguradora](#) has closed the 2023 financial year with results conditioned by the impact of the inflationary situation on the profitability of the insurance business. However, the company's accounts show a favourable performance in the second half of the year, with the recovery of margins and the return to profitability in the last two quarters thanks to the implementation of the action plan explained by the CEO, Patricia Ayuela, at the 2023 General Shareholders' Meeting.

Línea Directa reported a **net loss of EUR 4.4 million** for the year as a whole, under the new IFRS 17&9 accounting standards, due to higher service costs in all business lines, especially in the motor insurance business.

In the fourth quarter, **however, this result was positive, amounting to EUR 8.1 million**. Adding the profit already obtained by the entity in the third quarter, the company obtained an **accumulated net profit in the second half of 2023 of EUR 10.7 million**.



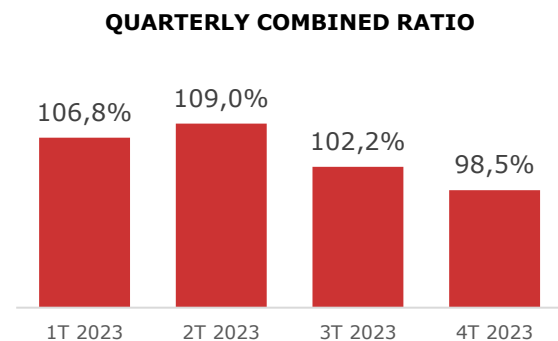
This positive performance is supported by a **significant improvement in the combined ratio during the second half of the year**, as a result of the risk underwriting and management measures implemented and the reduction in the expense ratio. Furthermore, the initiatives to adapt tariffs to the current context have contributed to an **increase in insurance revenues**.

### Margin improvement in the second half of the year

The **combined ratio** stood at 104.1% in 2023 (+8.2 p.p.) as a result of inflation in repair and benefit costs in the Motor, Home and Health lines. This is in addition to the upward revision of the injury schedule in recent years and the increase in the number of atmospheric phenomena. This has led to an increase in the **claims ratio** to 81.2% (+8.5 p.p.).

The risk selection and underwriting and claims management initiatives carried out during the year led to an improvement in the second half of the year in this ratio and, as a result, in the combined ratio. The latter improved **in the fourth quarter to 98.5%**, 3.7 percentage points less than in the third quarter and 10.5 points less than the peak reached in the second quarter. This was made possible by a 7.9% reduction in the cost of claims between the first and second half of the year.

This performance is particularly noteworthy in the **Motor** business line, whose combined ratio closed the fourth quarter at 98.2%, 13.3 percentage points lower than in the second quarter.



The Group's **expense ratio** closed 2023 at 22.9% (-0.3 p.p.) under the new accounting regulations, which enables Línea Directa Aseguradora to maintain its position as one of the most efficient companies in the insurance market. To this end, the company has continued to improve its efficiency through strict cost control and by relying on the increasing digitalization of the company's processes.

## **Growth in all lines of business, prioritizing profitability**

In terms of business performance, Línea Directa Aseguradora's total **premiums written** amounted to **EUR 973.3 million in 2023, 2.8% more** than in the previous year. In a context in which the entity has prioritized profitability over growth in volumes, which has resulted in a decline in the portfolio (-4.2%) to 3.3 million customers, the Group has continued to grow in revenues in the three lines of business (Motor, Home and Health).

In this regard, the individualized adjustment of rates to the risk of each customer in the current inflationary environment is already reflected in the **progressive growth of insurance revenues**. Specifically, these have increased by **3.8%**.

By business lines, premiums written in **Motor** exceeded **EUR 792.6 million, up 2.6%**, and the customer portfolio stood at **2.47 million policyholders**. Insurance revenues in this line grew by 3.3%.

Meanwhile, premiums written by the **Home** line of business, with **727,000 policyholders**, increased by 4.0% to **EUR 149.4 million**, despite lower home sales and purchases as a result of tighter financial conditions. In addition, insurance revenues increased by 9.4%.

**Health**, a line of business in which the company has been operating directly under the Línea Directa brand since September, reported **growth in policies of 7.1%, to 117,000 policyholders**, and in written premiums of **4.5%, to EUR 30.4 million**. Insurance revenues, meanwhile, grew by 5.4%.

The **financial result** was **EUR 34 million**, a decrease of 18.8%, mainly due to extraordinary capital gains realised in 2022 to adapt to new accounting standards. In recurrent terms, excluding capital gains, it increased by 19.8% due to higher reinvestment rates on fixed income, remuneration on deposits and higher swap income.

Nevertheless, the company's **solvency margin** is **180%**, which implies an excess of **EUR 159 million over the required capital**. As a result, the Group maintains a strong balance sheet consisting entirely of tier 1 or top quality capital.

In the words of **Patricia Ayuela, CEO of Línea Directa Aseguradora**, "2023 has been a challenging year in which cost inflation has continued to condition the profitability of the insurance sector and has affected Línea Directa's results. However, **the measures we have taken to address this situation, prioritising the recovery of margins and boosting efficiency, are already reflected in our accounts**. This strategy has allowed us to **return to profitability** in the last two quarters and our objective for 2024 is to further extend this improvement. Moreover, in 2023, we strengthened our competitive strength through innovation, digitalisation and diversification, which will lead to further growth in premiums and earnings this year and in the coming years".

## **Progress in the Sustainability Plan 2023-2025**

The company has closed the first year of its 2023-2025 Sustainability Plan having achieved 100% of the objectives set for the year.

Línea Directa has made significant progress in 2023 in climate change management, by aligning with the requirements of the **Task Force on Climate-related Financial Disclosure (TCFD)** and preparing its first report on risks and opportunities arising from climate change under this standard, and has adopted measures that have enabled it to reduce its scope 1 and 2 emissions by 10%, advancing on its roadmap to be a **net zero emissions entity by 2050**.

From the social point of view, the Group has continued to promote its policies on quality employment, diversity and equality and the development and well-being of people. It is worth noting that in 2023 the company's gender pay gap stood at 3.1%, an extraordinarily low level.

The progress made in its sustainability strategy has enabled Línea Directa to improve its score for yet another year in the Corporate Sustainability Assessment (CSA) conducted by S&P Global for the composition of the Dow Jones Sustainability Index (DJSI). In addition, the company has for the first time been included in the **S&P Global Sustainability Yearbook 2024** as one of the world's top environmental, social and governance (ESG) performers.

### LÍNEA DIRECTA ASEGURADORA MAIN FIGURES – 2023

Figures (million euro)	2023	2022	Chg. 23/22	4Q 2023
Premiums written	973.3	946.7	+2.8%	241.3
Insurance income	960.3	925.4	+3.8%	244.0
Profit/(loss) before tax	-6.5	83.6	-107.8%	10.5
Net profit	-4.4	63.1	-107.0%	8.1
Claims ratio	81.2%	72.7%	+8.5 p.p.	74.1%
Expense ratio	22.9%	23.2%	-0.3 p.p.	24.4%
Combined ratio	104.1%	95.9%	+8.2 p.p.	98.5%
Portfolio (thousands of policies)	3,315	3,459	-4.2%	-

### About Línea Directa Aseguradora

Línea Directa Aseguradora is the 5th largest insurer of cars in Spain, specialising in direct sales of insurance for cars, motorbikes, companies, the self-employed, homes and health. Línea Directa is among the 100 Spanish companies with the best reputations, according to the MERCO Companies ranking.

For **more information**: <https://www.lineadirectaaseguradora.com/>

**Santiago Velázquez** - 682 196 953  
[santiago.velazquez@lineadirecta.es](mailto:santiago.velazquez@lineadirecta.es)

**Moncho Veloso** - 660 124 101  
[moncho.veloso@lineadirecta.es](mailto:moncho.veloso@lineadirecta.es)

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