



linea directa

Línea Directa Aseguradora, S.A., Compañía de Seguros y Reaseguros (the “**Company**”), pursuant to legislation regulating the securities market, announces the following:

PRIVILEGED INFORMATION

Please find attached the press release on the Company’s first quarter 2023 results, which were presented today.

Madrid, 21 April 2023

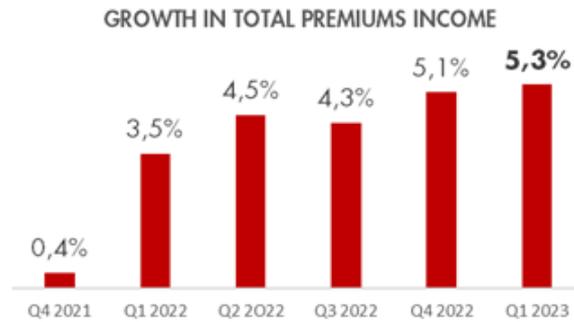


LÍNEA DIRECTA TURNOVER 5.3% HIGHER THAN IN MARCH WITH IMPROVED REVENUE GROWTH

- **Línea Directa Aseguradora's premium income increased by 5.3% in the first quarter of 2023, to 244.2 million euros, compared to growth of 4.4% in 2022 and 1% in 2021. This positive performance is the result of growth in all business lines (Motor, Home and Health).**
- **The company's turnover in Motor increased by 5.3%, tripling the growth rate for the first three months of last year and 0.6 p.p. more than the sector as a whole. The Group has seen five quarters of accelerated growth in its main line of business.**
- **In Home (+6.7%) and Health (+4.2%), the insurance company is continuing to show growth in income.**
- **The Group's policyholder portfolio grew by 2.4% and exceeded 3.46 million customers thanks to the generation of new business.**
- **Strict control of overheads, promotion of efficiency measures, which translated into a 10.4% increase in premiums per employee, and its commitment to digitalisation afforded Línea Directa an expense ratio of 21%, one of the best in the market.**
- **The combined ratio stood at 107.3% due to the impact on claims of the inflation of service costs and the increase in frequency compared to the first quarter of 2022, which was atypical due to the effects of the Omicron variant of COVID-19. As a result, the Group's net attributable profit in the first three months of 2023 was negative, at 5.3 million euros.**
- **Línea Directa Aseguradora maintained a strong balance sheet and closed March with a solvency margin of 182.9%.**

Madrid, 21 April 2023.- [Línea Directa Aseguradora](#) saw a **net loss of 5.3 million euros** in the first quarter of 2023, impacted by cost inflation and a rebound in claims frequency compared to an atypical first quarter in 2022 due to Omicron, both of which are having a negative effect on margins in the insurance sector, especially in Motor. On a positive note, the company has continued to improve its revenue growth and has maintained a controlled expense ratio and a firm solvency level.

The Group's **premium revenue** in the first three months of the year amounted to **244.2 million euros, 5.3% more than** in the same period last year, showing a growth rate that exceeds the 4.4% and the 1.0% recorded in 2022 and 2021 respectively. Línea Directa thus consolidated the trend of progressive improvement in its revenue growth rate, supported by growth in all of its lines of business (Motor, Home and Health).

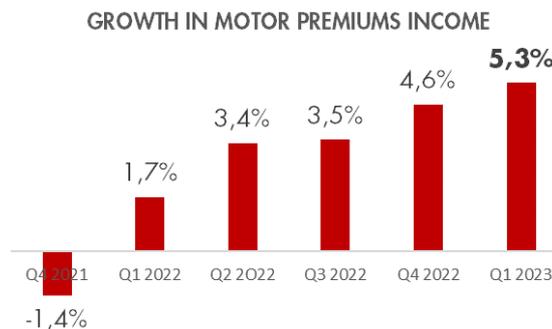


This increase in the company's turnover reflects **solid commercial performance**, which the company has been promoting through a new internal organisation, the promotion of product innovation, a new marketing strategy and a commitment to business diversification.

As a result of the generation of new business, **Línea Directa Group's portfolio increased by 2.4% year-on-year**, with a total of more than 80,000 policyholders, amounting to **3.47 million customers**.

Motor: five quarters of growth

With regard to business lines, it is worth noting the outstanding performance of **Motor**, which accounts for 79% of the company's total turnover. Revenue amounted to **191.5 million euros, up 5.3%**, an increase three times higher than that recorded in the first quarter of 2022 (+1.7%) and 0.6 p.p. more than the sector as a whole. The entity's turnover in this segment has been increasing its growth rate for five consecutive quarters.



In a market context characterized by strong insurance competition and the rebound of vehicle registrations, which increased by 44% in the first quarter of the year but are still about 20% below pre-pandemic levels, **Línea Directa increased its Motor customer portfolio by 1.9%**, with more than 2.6 million parties insured.

Solid growth in Home and Health

The **Home** business line, which accounts for 15% of turnover, increased its premium revenue by 6.7%, to **37.6 million euros**, and grew number of customers by 4.2%, to **757,000 parties insured**. Despite the fact that the housing market is beginning to show signs of slowing down as a result of the increase in interest rates, Línea Directa has beaten the market by 0.9 p.p.

For its part, **Vivaz**, Línea Directa Aseguradora's health insurance brand, recorded slower growth as a result of a strict underwriting of risk. The Group grew its number

of health policies by 0.9% to **106,000 policyholders** and premium income by 4.2% to **14.3 million euros**.

Discipline in overheads

This growth in all business volumes was accompanied by strict control of overheads. For another **quarter, Línea Directa maintained one of the best expense ratios in the market, of 21%** (+1.2 p.p.), despite the greater investments made in business generation and thanks to the new efficiency measures deployed over the past year and the advances in the digitalisation of the Group's processes and operations.

Línea Directa's insurance results were impacted, however, by the adverse inflationary situation, which especially affects companies with greater exposure to Non-Life insurance and, specifically, the motor industry.

Impact of cost inflation on net profit and loss

The Group's **claims ratio** stood at 86.3% (+17.1%) and the **combined ratio** at 107.3%, due to **severe cost inflation**, which remains at very high levels, considering that in the first three months of the year the average CPI was 5% and the Industrial Price Index was 7.8%. Margins were also penalised by the **8.5% increase in the scale of injuries** for this year, on top of the 4.1% increase in 2022. Furthermore, **the frequency of claims** rebounded compared to the first quarter of 2022, when mobility decreased due to the effect of the Omicron variant of COVID-19.

The **Group's financial** results, meanwhile, increased by 28.6% to 8.7 million euros, driven by the higher profitability of the portfolio and the capital gains realised in fixed and variable income. All in all, the Group recorded a **net loss of 5.3 million euros** in the first quarter of 2023.

At the end of March, Línea Directa Aseguradora's **capital adequacy ratio** stood at **182.9%**, consisting entirely of tier 1 or top-quality capital.

In the words of **Patricia Ayuela, CEO of Línea Directa Aseguradora**, "As we already advanced during the General Shareholders' Meeting, 2023 will continue to be a complex year due to the adverse inflationary environment, which continues to negatively impact the margins of the insurance sector as a whole and simultaneously affect Línea Directa's results. The results of the first quarter, however, show that we are maintaining a good rate of growth in premiums and that we are gaining in efficiency, while retaining good solvency. Furthermore, **we are pursuing an ambitious action plan to increase our operational strengths and competitive advantages**. All this, together with the strength of our business model and the leadership of our brand, will gradually generate visible results in terms of profits and profitability. But just as inflation and costs have an instant, direct effect on the income statement, all of the measures we are applying to restore the insurance margin will take longer to be seen in the results, due to this naturally taking a longer time."

The CEO of Línea Directa Aseguradora, Patricia Ayuela, announced during the 2023 General Shareholders' Meeting, held on 30 March, that the Group has launched an **action plan** aimed, firstly, at **improving the insurance technical margin**. In this regard, the company has already individually adjusted average premiums to the risk and is containing service costs.

Another of the Group's priorities is to consolidate **the efficiency plan** started in 2022, which has already led to an increase of 10.4% in productivity measured by premiums invoiced per employee and new advances in digitalisation, such as an increased number of digital customer interactions in comparison with telephone calls, so the gap between them is already 60%.

Lastly, the company is aiming to **accelerate growth accompanying it with an improvement in profitability**. To this end, it is promoting innovation in products and marketing, which has already resulted in the launch of the 'Motor + Home Formula', the first step taken by a Spanish insurance company towards combining policies. In addition, Línea Directa is promoting diversification and, in the first quarter of 2023, it has consolidated its entry into the group health insurance sector.

LÍNEA DIRECTA ASEGURADORA MAIN FIGURES – Q1 2023

Magnitudes (million euro)	Q1 2023	Q1 2022	Chg. 23/22
Premium income	244.2	232.0	+5.3%
Profit before tax	-7.0	32.3	-121.8%
Net profit	-5.3	24.2	-121.8%
Claims ratio	86.3%	69.2%	+17.1 p.p.
Expense ratio	21.0%	19.8%	+1.2 p.p.
Combined ratio	107.3%	89.0%	+18.3 p.p.
Portfolio (thousands of policies)	3,467	3,387	+2.4%

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, and homes. Línea Directa is among the 100 Spanish companies with the best reputations, according to the MERCOS Companies ranking. It also offers health insurance, through a new brand built on digitisation and rewards for policyholders.

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

Santiago Velázquez – 682 196 953
santiago.velazquez@lineadirecta.es

Moncho Veloso - 660 124 101
moncho.veloso@lineadirecta.es

Follow us on:

