



Quálitas Controladora S.A.B. de C.V.



March 22, 2021.

Dear shareholders:

I would like to begin by remembering **Joaquin Brockman Lozano**, our beloved founder. His vision, passion and leadership led our company to be leader in the industry; his humility and dedication to service built our culture. We assume his legacy to continue making Quálitas an exemplary company.

The year left behind has been a challenging one for all of us, facing an unusual scenario that has required our best efforts. The unexpected **COVID-19** pandemic significantly impacted our lives, the economic situation of the countries in which we have a presence and the way we operate.

In the face of this situation, **Quálitas demonstrated its resilience by delivering solid results in issuance and profits**. Our agility and flexibility, aimed at strengthening our service and cost control pillars, were key to achieve this.

We work uninterruptedly, fulfilling our obligations to policyholders, hand in hand with our agents and other business partners. We appreciate the commitment of our employees, whose health has been a priority for the company. The pandemic also forced us to **accelerate the implementation of technological tools**, such as being able to work from home, as well as remote assistance through process applications such as *ajuste exprés*.

Our **written premium was \$36,057 million pesos**, and remains at 2019 levels, down marginally by 0.4%. In terms of insured units, there was a decrease of 1% and we closed the year with 4.2 million. This takes into account the actions we have implemented to retain our customers; discounts on renewals and payment facilities such as interest-free payments.

Earned premium experienced an increase of 4.0%, an outstanding result considering the macroeconomic environment, the drop in new car sales and the performance of the insurance industry.

The subsidiaries outside of Mexico played a very relevant role and have become a growth driver for the Parent Company. In terms of written premium, they had an increase of 38.7%. The strategy to consolidate their operation and to profitably enhance its growth has worked and currently **represents 7.3% of the Parent Company's total issuance**. Our non-insurance subsidiaries have been able to consolidate their operations profitably.

In terms of claims, we closed the year with a **claims ratio of 51.3%**, which is more than 8 percentage points lower than the previous year. The drop in mobility, and therefore in the number of claims attended, as well as the 20% drop in thefts and the increase in the recovery of stolen units, made this possible.

All of the above, combined with the control of our operating and acquisition costs, allowed us to close 2020 with a **combined ratio of 80.1%** for the year, more than 6 percentage points below the previous year and **the lowest in the company's history**.



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The financing result was affected throughout the year by the reduction in the Mexican reference rate; we achieved a return on investment of 4.8%. While the investment strategy remains conservative in its approach, we will increase our exposure to equities and instruments that will help us to enhance our performance.

Our ability to generate value for our shareholders and stakeholders was evidenced by **net income of \$6,798 million, 27% higher** than in 2019 representing the highest annual profit since the company's founding, despite the year's operational and financial challenges. We also closed with a **12-month ROE of 41.7%**.

As a result of our stock's performance and increased marketability, **Q* was added to the IPC**. Likewise, our ESG performance was recognized nationally with the inclusion of Quálitas in the first sample of the new BMV index: S&P/BMV Total Mexico ESG Index, and internationally with our return to the Dow Jones Sustainability MILA Pacific Alliance index, in which we are the only insurance company. These milestones encourage us to continue advancing in the Sustainability Strategy from the business, both in the development of insurance products and in our investments.

Our team reached 5,157 employees in total; we strengthened their training and development, especially through Universidad Quálitas, which operates as a digital platform. **Health and wellness efforts** were more important than ever.

The commitment to driver education did not stop, and we continue to support our fleet customers in monitoring and training. Citizens being responsible is critical at this time; we redefined our **#NosVemosEnLaEsquina** campaign to call for accountability of all citizens to COVID-19 and avoid risky practices.

We appreciate the preference of our policyholders, the commitment of our employees, suppliers, agents and other business partners, as well as the trust of our investors. We will continue working to create value for all of them; also for society as a whole, implementing the **Ten Principles of the UN Global Compact** and from our contribution to the **Sustainable Development Goals (ODS or SDGs as per its acronym in english)**.

Quálitas has managed in these 26 years going from being an insurance company in Mexico to a holding company with international operations, as well as with non-insurance subsidiaries that help us to integrate vertically. I am confident in the capability and leadership of our organization and that, by maintaining our unique business model, we will continue on this path of shared success.

Sincerely,

José Antonio Correa Etchegaray
Chairman of the Board of Directors
Quálitas Controladora S.A.B de C.V.