



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. Joaquin was an extraordinary man, a great entrepreneur and a visionary leader who led our company to be the number one in the industry. His humility and service vocation will remain indelibly marked in our organization.

He left us an infinity of lessons, a lot of good memories and definitely a great example to follow, for current and future generations. Joaquin also left a great responsibility for each of us, in all levels of the company, to keep Qualitas as an exemplary company, leader, humble and winner. The best way to honor his memory is to faithfully follow and enhance the principles he instilled to all of us.

Moving on to the year results, 2020 was a year without precedents and extremely challenging, the unexpected Covid-19 pandemic had a significant impact not only in our lives, but in the economic situation in the countries where we have operations, and in the way we operate. This environment, Qualitas demonstrated its resilience by delivering solid results in written premiums and profits.

I thank our Board members and every single one of our more than 5,150 employees for their effort and dedication in making this possible despite the adversities. I am sure that our agility and flexibility, aimed to strengthen our service and cost control pillars, were key elements to achieve it.

Regarding our written premiums, they decreased 2.2% during the fourth quarter leading us in cumulative terms, to practically the same level as 2019, with a marginal drop of 0.4%. This include the actions taken in order to retain our clients, like discounts and payment terms such as monthly installments without interests.

Our foreign subsidiaries played an important role and have become an engine of growth for the company. Regarding the written premium, they increased 13.2% during the fourth quarter and 38.7% in cumulative terms. Our strategy to consolidate their operation and optimize their growth in a profitable manner, has worked; currently, they represent close to 8% of the Company, which compares to the 5.4% from last year.

Regarding the loss ratio, we closed the year with a quarterly and cumulative loss ratio of 57.7% and 51.3% respectively. This was possible because of the reduction in mobility and, as a result of it, the number claims attended and a 20% fall in stolen vehicles and the rise in recovered units. However, it is important to understand that extreme and atypical situations made these results possible, and that we will continue to be vigilant of the changes in the market in the following months to make necessary adjustments.



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All the above, including our control in operating and acquisition costs, allowed us to close the quarter with a combined ratio of 82.9% and 80.1% during the year. The latter is the lowest combined ratio ever registered since the foundation of Qualitas.


Regarding the comprehensive financing result, it was affected throughout the year by a 300 bp reduction in Mexico's reference rate. We closed the quarter with \$713 million, which represents a return on investments of 7.2%, and the year with \$1,975 million with a return on investments of 4.8%, 50 base points above Mexico's reference rate. Even though our investment strategy is conservative, we will increase our exposure in equity investments and other financial instruments that will help to increase our profits.

All the above allowed us to close with a quarterly net income of \$1,465 million, 4.6% lower than the same period of last year. In cumulative terms, net income amounted to \$6,798 million pesos, which represents a 27% increase or \$1,440 million more than in comparison to 2019. This net income is more than the combined income from 2015 to 2018.

Regarding our financial indicators, EPS closed at \$16.5 pesos, 3.5 times more than 3 years ago. The P/E ratio stands at 6.5, below other public insurance companies, with a ROE of 41.7%. This reflects our shareholder's trust in our results, and in the growth potential. In addition, given the performance and liquidity of our stock, Q* became part of 4 indexes throughout the year, including the IPC index, and two sustainable indexes: The S&P / IPC Total Mexico ESG, and the DJSI MILA.

During the last 26 years, Qualitas has achieved, going from an insurance company in Mexico to have international presence and vertical subsidiaries. I am confident in the capacity and leadership of our organization, and that by keeping our unique business model, implemented by Joaquin and that has proven to be a key part of our success, we will keep growing, expanding our products and services and generating value for our shareholders, employees, commercial partners, and our country.

Sincerely,



José Antonio Correa Etchegaray

CEO

Quálitas Controladora S.A.B de C.V.