



Quálitas Controladora S.A.B. de C.V.



March 25<sup>th</sup>, 2022

Dear shareholders,

Welcome to this General Shareholders' Meeting session of **Quálitas Controladora** for the review of audited results corresponding to 2021.

Fourth quarter closed with a net result of \$808 million pesos, and annual net result of \$3,778 million pesos, representing a drop in comparison to the extraordinary performance during 2020, where claims experience was reduced to levels never seen before due to the pandemic impact in the mobility trends, coupled with the partial economic shutdown. Nonetheless, we already anticipated the claims comeback to priors' years levels.

2021 could be described as a normalization and transition year where we observed a recovery in the mobility trends above prepandemic levels, a slow recovery in the sale of new cars, impacted by the shortage in the supply chain, inflationary pressures, coupled with a highly competitive tariffs environment in the industry.

Despite the above, written premiums fell 0.7% during the fourth quarter, and a 6.3% increase for the full year. Our international and vertical subsidiaries grew 41.0% during the quarter, achieving a sound annual growth of 29.5%, becoming a growth engine for the holding company.

The role of the subsidiaries continues to be increasingly relevant; as of 2021 they represented 8.5% out of the total holding company production. As we have mentioned before, we are focused on the growth-profitability relationship of each one, mainly in our USA subsidiary we continue to expand our coverage network, allowing us to position as the best insurance company in each of these countries.

We celebrate that our agent's network continues to grow, being the most extensive, adding 1,560 new agents during 2021 amounting to more than 18,500 for the full year. Likewise, the complex environment we are living in did not halt our expansion; we opened 9 service offices and 22 ODQs, highlighting Peru with the opening of 3 new offices, aiming to be present where the agents and insured need us.

As far as our costs are concerned, claims ratio for the quarter stood at 70.0%, whereas full year ratio stood at 65.0%. These ratios consider accounting changes due to Flekk consolidation, where its cost of goods sold are reflected within claims; the impact of the revised consolidation in the loss ratio is of 1.6 percentage points. However, such ratios reflect the increase in frequency and average cost of claims, trends that we will closely monitor.



Quálitas Controladora S.A.B. de C.V.



The comprehensive investment income for the quarter and 2021 year stood at \$620 and \$2,273 million pesos, respectively, with a total return of 4.5%. The challenging environment that we are currently facing operating-wise forces us to look for better financial profits in our investment portfolio; we will take advantage of the recent increases in interest rates.

In order to maintain solid results, it will be fundamental to continue with the cost control, as well as adjusting tariffs allowing us to keep sound ratios. In addition, we will continue to grow our competitive advantages, which is instrumental for our customers preference.

Holding company's equity closed above \$20 million pesos for the first time in our history, whereas the 12-month return on equity stood at 19.2%, reflecting the normalization in net profits.

Regarding our organization structure, our headcount grew by 3%, in order to serve the increasing number of insured units, as well as the increase in claims, above prepandemic levels. We will continue implementing partial home office operation due to the contingency, and we are currently assessing options to increase productivity, while we focus on business continuity.

Finally, one year from the passing of Joaquín Brockman Lozano our founder, I would like to reinforce my personal commitment, as well as that of the entire organization to honor his legacy through continuously increase the focus on service excellence and costs control, which has positioned us as the best auto insurance company in Mexico. In this regard, I also thank to the Board of Directors and employees for their support throughout this transition year and with whose support we will continue to be the undisputed leaders in the sector.

Sincerely,

José Antonio Correa Etchegaray  
Chief Executive Officer  
Quálitas Controladora S.A.B. de C.V.