



Quálitas Controladora S.A.B. de C.V.



March 22<sup>nd</sup>, 2024.

Dear shareholders,

2023 was characterized as a year of great achievements, including that for the first time Qualitas exceeded 5 million insured units, reaching an annual record high of 5.3 million units among the five countries where we operate, representing a 527 thousand units increase throughout the year. The performance of new car sales in Mexico increased 24% vs 2022 and finally they were +3% above 2019, and were important drivers of volume growth as well as our pricing discipline.

Written premium's growth was +27.8% compared to 2022, which translates to a total of \$53,726 million pesos in written premiums. This growth also makes us face continuous challenges for effectively delivering excellence in service and meeting the expectations of our clients. Throughout the year, we created more than 600 new positions to maintain the quality standards for all our customers, most of them to support our call center, claim officers, and operational team. I am proud that our continued efforts to improve Qualitas' service experience have paid off; over 70% of our processes achieved a satisfaction rate within our target range of ~90%.

The entire organization works within a horizontal structure to be able to serve our 562 service offices and all our agents, who are our top priority. We need to make sure that Qualitas DNA prevails within the new generations of employees through its "qualitization" process.

Regarding our costs and ratios, both the acquisition and operating ratio remained within their historical ranges. However, our loss ratio closed the year at 70.9%, driven by the incidence of factors such as frequency and robbery trends, the impact of Otis' hurricane and the turnaround of our United States subsidiary. We continue to work on efficiencies within our operation by technology implementations and strengthening our vertical integration, to gradually get back to our target range of 62% to 65%.

As for our comprehensive financial income, we closed the year with \$3,961 million pesos with a 9.4% annual ROI. By December-end, 89% of the investment portfolio was invested in fixed income with a total duration of 1.5 years, doubling the portfolio duration during 2023.

Bottom line, we closed 2023 posting a \$3,791 million pesos net income which represents a +71.6% increase versus the prior year and a net margin of 7.1%. Our earnings per share for the year were \$9.9 pesos; our cost control discipline and strategy under execution have resulted in a profitable performance in both- the underwriting and financial business.

Throughout 2023, we strengthened and advanced in our corporate development plan defined by 10 avenues of growth, from which 4 are already underway:

- During April, we acquired a technology company focused on telematics and data analysis, seeking to leverage our value creation and risk prevention.
- We strengthened our Flekk subsidiary, which continues to demonstrate double-digit revenue growth.



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- Our new business line Qualitas Salud performed as expected, maintaining our strategy of gradual entry into this new segment.

-We are making progress in the approval process for the upcoming launch of our new insurance company in Colombia.

We remain committed to keep contributing to the United Nations Sustainable Development Goals (SDGs) and implementing the 10 Principles of the United Nations Global Compact, always including business profitability under a responsible investment approach. Qualitas Controladora was once again included in the 2023 Bloomberg Gender Equality Index and returned to the Dow Jones Mila Pacific Index, we keep on implementing many campaigns in favor of the communities in which we operate and the environment.

I thank the entire organization for its valuable contribution throughout the year, the trust and commitment of our agents, business partners and clients, and the support of our shareholders.

Sincerely,

**Jose Antonio Correa Etchegaray**  
Chairman of Qualitas Controladora S.A.B de C.V. Board of Directors.