



Quálitas Controladora S.A.B. de C.V.



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

Dear shareholders,

I am pleased to present the 2023 year-end results, which show a very positive performance top and bottom line, both are above the expectations set at the beginning of the year. Important to highlight that for the past two years we have been working on initiatives to mitigate the impact of external factors on the technical result of Quálitas Controladora. I am glad to share that the annual net income was \$3,791 million pesos, 72% higher than in 2022.

Overall, written premiums maintained an accelerated pace, with a 28% annual growth vs. year ago, mainly driven by tariff increases up 24% on a weighted average, in order to recover cost pressures as well as driven by new vehicles sales increase in our main market.

Our international subsidiaries reported a 12.3% annual written premium growth in local currency.

The annual loss ratio closed the year at 70.9%, showing a slight improvement compared to the previous quarters, although still pressured by the specific inflation in our industry. Aiming to get back to our technical target range of 62-65%, we are working on actions such as valuation improvements, 100% digital total-loss payments and the use of artificial intelligence in different areas within the company.

Regarding our vertical subsidiaries, Flekk posted a +30% third party sales increase during the year; our vertical integration allows us to mitigate cost inflation pressures in the spare parts industry, while making our customer service more efficient.

Regarding our comprehensive financial income, by December end, 89% of our portfolio was invested in fixed income and the 11% balance in equity. Our portfolio composition reflects the decision taken by the Investment Committee to prioritize fixed income investments benefiting from high interest rate levels throughout the year. Thus, our annual comprehensive financial income closed at \$3,961 million pesos and our annual return on investments was 10%. By year-end, the duration of our portfolio was 1.5 years, compared to 0.6 years at the end of 2022.

Our stockholders' equity closed at \$21,445 million pesos, with a ROE of 18.4% for 2023.



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I would like to highlight some of Qualitas Controladora main achievements which we celebrate: we reached a 5.3 million insured units record high, thanks to the efforts from our commercial team composed by more than 22 thousand agents and 562 service offices in the 5 countries where we operate; we completed the majority acquisition of a technology company to leverage our strategic data analytics capabilities; Qualitas' stock obtained new coverages from Morgan Stanley and Itau, while it returned to the Dow Jones MILA Pacific index; we were the first insurer in Mexico with ISO 39001:2012 certification for claim officers and we applied new and best practices at the corporate governance level.

Once again, I thank the leadership team, our board members, and the entire Qualitas organization for their work, support, and dedication throughout the year; I reiterate my commitment to pursue favorable results also for 2024. We will continue to execute our diversification strategy prudently, but decisively for the sustainability of our company's long-term profitable growth.

Sincerely,

Jose Antonio Correa Etchegaray

CEO

Qualitas Controladora S.A. de C.V.