

Earnings
Results

2022

2nd Quarter

2Q22 Results Webcast

Date: Thursday July 21st, 2022

Time: 9:00 am CST (Mexico) / 10:00 am EST

Qualitas Controladora S.A.B. de C.V. cordially invites you to its second quarter 2022 earnings results conference call.

Hosted by:

Mr. Jose Antonio Correa, Chief Executive Officer Qualitas Controladora

Mr. Bernardo Risoul, Chief Financial Officer & International CEO

Link to join online: <https://services.choruscall.ca/links/qualitas2022q2.html>

Dial in:

» Mexico: 1-800-514-8660

» US & Canada: 1-800-319-4610

» International Dial-In: 1-604-638-5340

No passcode needed

The report and presentation will also be available:

<https://ginversionistas.qualitas.com.mx/financial-information/quarterly-report>

Qualitas reports second quarter 2022 results

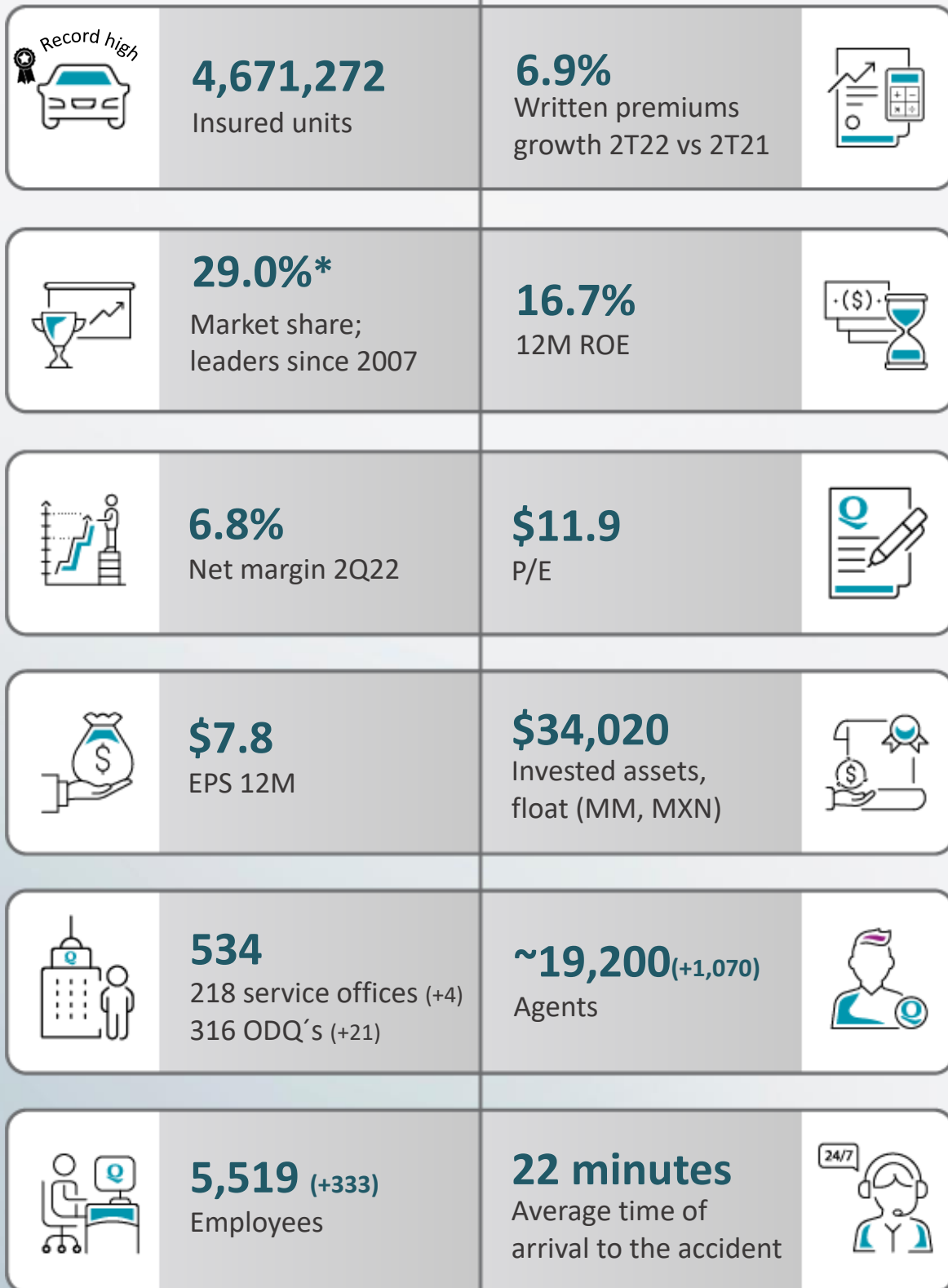
Mexico City, July 20th, 2022 – Qualitas Controladora, S.A.B. de C.V. (“Qualitas”, “Q”, or “the company”) (BMV: Q*), announces its unaudited financial results for the second quarter and six month of 2022.

Figures in this document are stated in Mexican pesos (MM) except when otherwise indicated and may vary due to rounding.

Highlights

- Second quarter 2022 results are within the company’s expected range, reflecting higher cost due to inflation and increased frequency, in addition to a softer than expected investment income driven by the financial markets volatility.
- Despite the slow upturn in new cars sales, coupled with the competitive environment, written premiums for the quarter stood at \$9,701 million, representing an increase of +6.9% and of +3.8% for 2Q22 and 6M22, respectively, compared to the same periods of 2021.
- By quarter-end, the company reached a new record high with 4.7 million insured vehicles: +194 thousand units vs year-end 2021.
- Earned premiums closed 2Q22 at \$9,895 million, up +7.7% vs 2Q21, and reaching \$19,187 million or +7.8% on a year-to-date basis. During the first 6 months of the year, \$16.9 million in reserves were released.
- Quarterly loss ratio stood at 68.1%. As anticipated, this ratio stands above our on-going target range because of the increase in both costs and mobility. The ratio for the semester closed at 67.0%.
- Combined ratio during 2Q22 was 95.3%, and 94.4% for the first half of the year, being slightly above the target range because of the aforementioned high claims cost; Qualitas maintains a sound and profitable operation.
- As it has been communicated, since 2021 we have increased tariffs aiming to offset inflation; the adjustment as of June 2022 compared to early 2021 stands at +12.1%, but still below 2019 level in real terms, driven by the tariff’s reduction in 2020 during the pandemic. Qualitas will continue to revise our technical models and adjust accordingly seeking to balance profitability while staying competitive.
- Quarterly comprehensive financial income was \$232 million for an ROI of 1.9%. Results were affected by the volatility experienced in the financial markets worldwide. By quarter-end, 15.4% of the portfolio was invested in equities, whereas the remaining 84.6% was in fixed income.
- Quarterly net income was \$656 million, resulting in a net margin of 6.8%. 12-month ROE stood at 16.7%, reflecting, as well, the company’s high-level capitalization.
- The regulatory capital requirement stood at \$3,655 million, with a solvency margin of \$14,914 million, equivalent to a solvency ratio of 508%.
- Our Q* share traded a daily average of more than \$5 million dollars during the last 12 months. As of June, we held \$4,795,305 repurchased shares through the buyback fund, with remaining resources of \$910 million.
- During the quarter, Qualitas has signed the commitment to establish objectives and goals to reduce greenhouse gas emissions in accordance with the "Science Based Targets" (SBTi) initiative, seeking net zero emissions by 2050.

Qualitas in figures



*Market share as of 1Q22
Comparisons are vs 2Q22

Financial highlights 2Q and 6M 2022 (MM MXN)

Income Statement	Quarterly			Year to date		
	2Q22	2Q21	Δ %/bp 22 vs 21	6M22	6M21	Δ %/bp 22 vs 21
Premiums written	9,701	9,079	6.9%	19,497	18,784	3.8%
Net premiums written	9,583	9,002	6.5%	19,170	18,619	3.0%
Premiums earned	9,895	9,188	7.7%	19,187	17,796	7.8%
Acquisition cost	2,208	2,133	3.5%	4,508	4,365	3.3%
Loss cost	6,735	5,899	14.2%	12,853	11,004	16.8%
Technical result	952	1,155	(17.6%)	1,826	2,427	(24.8%)
Operating expenses	406	409	(0.6%)	769	805	(4.4%)
Underwriting result	546	752	(27.4%)	1,057	1,628	(35.1%)
Comprehensive financial income	232	589	(60.6%)	577	1,119	(48.5%)
Investment income	161	504	(68.1%)	444	943	(52.9%)
Income Taxes	123	365	(66.3%)	242	697	(65.2%)
Net result	656	976	(32.8%)	1,391	2,050	(32.1%)
Cost ratios						
Acquisition ratio	23.0%	23.7%	(66)	23.5%	23.4%	7
Loss ratio	68.1%	64.2%	386	67.0%	61.8%	516
Operating ratio	4.2%	4.5%	(31)	3.9%	4.3%	(34)
Combined ratio	95.3%	92.4%	288	94.4%	89.6%	489
Combined ratio adjusted*	94.5%	91.9%	261	94.5%	90.9%	361
Profitability ratios						
Return on investments	1.9%	5.9%	(407)	2.6%	5.5%	(291)
ROE for the period	13.3%	20.3%	(703)	14.3%	21.7%	(740)
LTM ROE	16.7%	29.1%	(1,236)	16.7%	29.1%	(1,236)

*Adjusted combined ratio refers to the sum of the acquisition, loss and operating costs, divided by earned premiums and it is presented for comparison reasons with international indices.

Balance Sheet	2Q22	2Q21	Δ %/bp 22 vs 21
Assets	71,945	67,496	6.6%
Investments & Real Estate	36,053	34,769	3.7%
Invested assets or float**	34,020	32,859	3.5%
Technical reserves	38,790	35,923	8.0%
Total liabilities	53,404	48,760	9.5%
Stockholders' equity	18,540	18,736	(1.0%)

**Invested assets or float: investments in debt + overnights + loans portfolio.

Written premium

BUSINESS LINE	2Q22	2Q21	Δ \$	Δ %/bp 22 vs 21	6M22	6M21	Δ %/bp 22 vs 21
Traditional	5,763	4,936	827	16.8%	12,054	10,832	11.3%
<i>Individual</i>	3,380	2,961	419	14.1%	6,904	6,185	11.6%
<i>Fleets</i>	2,383	1,975	408	20.7%	5,150	4,647	10.8%
Financial institutions	2,971	3,218	(246)	(7.7%)	5,548	6,288	(11.8%)
Foreign subsidiaries	967	924	43	4.6%	1,893	1,663	13.9%
Total	9,701	9,079	581	6.9%	19,497	18,784	3.8%

During the quarter, written premium stood at \$9,701 million, growing 6.9%. Growth was broad-based, enabled by the one of our key strengths: our agents' network, the largest in Mexico, a primary sales channel for us, coupled by the 2.1% increase in new car sales compared to 2Q21, although still 13.8% below 2019, the year before the pandemic.

On a year-to-date basis, written premiums were \$19,497, showing an increase of 3.8% compared to the first half of 2021.

Throughout the first half of the 2022, the underwriting through the traditional segment, driven by our agents and service offices, grew by 11.3%. Written premiums through financial institutions, business correlated with the new car sales, continues with a shortfall of 11.8%.

Due to the downward trend in the sale of new cars, which is still overcoming global supply chain restrictions, as well as the reduction in the inventory of new cars, the sale of used units has been growing gradually, representing a growth opportunity for the company. In this regard, the loans for used vehicles were higher by 9% during the first five years of 2022, compared to the same period of 2021. According to HSBC statistics, currently, the used car market is between 4 and 5 times larger than the market for new cars. Qualitas is well position and focused as well on this growing segment.

The international subsidiaries continue to be an engine of growth for the holding company, posting a 13.9% growth during the first semester, with all markets growing double digit. Excluding the exchange rate impact, the quarterly growth in local currency stood at 7.0% and 17.3% vs 2Q21 and 6M21, respectively.

The network coverage in Mexico and the countries where Qualitas has operations continues to expand; 1 new service office and 4 new ODQ's were opened in the quarter, reaching 534 offices, allowing us to have presence where our policyholders and agents need us.

Insured units

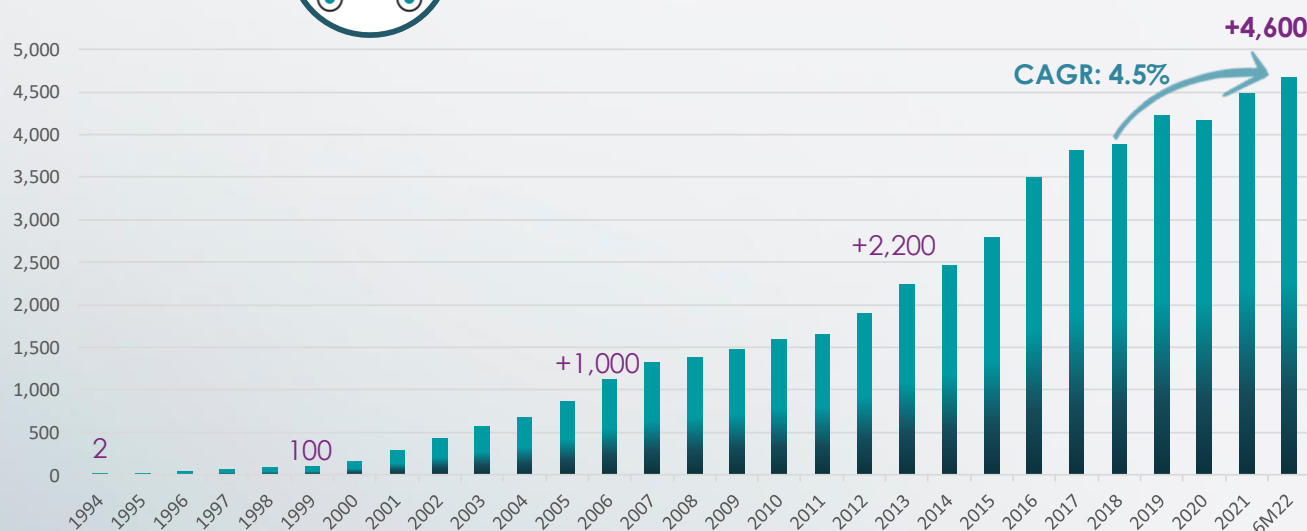
Strengthening our leadership in the industry, we closed the quarter with a record high of 4.7 million insured units, which represents an increase of 5.4% or +239 thousand units compared to June-end 2021. Likewise, most of the international operations have maintained the pace seen in recent quarters, reaching historical records.

Starting in the second quarter, new car sales had a slight rebound; however, on a year-to-date basis, the sale of new cars is still 2.4% and 18.3% below the same period in 2021 and 2019, respectively.

Regarding car production, small steps have been seen towards recovery with an increase in production of +3.9% during the first half of 2022 compared to the same period of the previous year. As in cars sales, the most underlying risks continue to be the macroeconomic environment and the supply chain struggles.



4,671,272 insured units



CAGR of the last 5 years

Qualitas' insured units are allocated as follows:

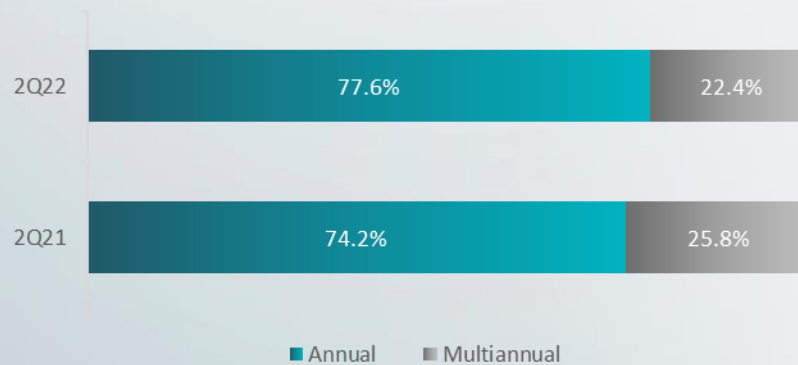
	2Q22	4Q21	Δ%	2Q21	Δ%
Mexico	4,485	4,311	4.0%	4,297	4.4%
<i>Automobiles</i>	2,963	2,882	2.8%	2,880	2.9%
<i>Trucks</i>	1,167	1,120	4.2%	1,141	2.3%
<i>Tourists</i>	126	115	9.7%	109	16.1%
<i>Motorcycles</i>	230	195	18.3%	168	37.1%
El Salvador	26	21	20.8%	19	37.1%
Costa Rica	87	76	14.8%	67	29.6%
USA	18	18	1.5%	18	0.4%
Peru	55	51	7.3%	31	77.0%
Insured vehicles	4,671	4,477	4.3%	4,432	5.4%

All percentage changes are compared to 2Q22, in thousands of units.

Earned premiums

During the second quarter, earned premiums stood at \$9,895 million, representing an increase of 7.7% in comparison to the same period in 2021, and aligned to the pace of underwriting growth, the portfolio mix, and the actuarial reserves' constitution.

By the end of June, 77.6% our portfolio is constituted by annual policies and 22.4% by multiannual policies.



Net acquisition cost

The acquisition cost has remained without significant variations in the last 3 years.

The acquisition ratio for the quarter was 23.0%, posting an acquisition cost of \$2,208 million. On the other hand, year to date acquisition cost stood at 23.5%, and a cost of \$4,508 million.

It is worth noting that there has not been any change in the commissions to agents nor financial institutions during the year.

Loss cost

During the first six months of the year, we continue to see an increase in the claims frequency; this ratio represents the average number of claims that an insurance policy, or a portfolio of policies, had during period of time. In this regard, the frequency for the company has already increased to the same levels as in 2019, and significantly above the atypical 2020, coupled with a growth in the average cost of claims compared to previous years.



In addition to the increase in frequency, during 2022 the company has been affected by the increase in thefts, both of light vehicles and heavy equipment. Although we are still at levels below 2019, a turning point has been seen in 2022. Given this scenario, the company strives in the use of technology for geolocation and recovery of units.

According to OCRA statistics, thefts increased by 4.4% for Qualitas, while the industry reported a decrease of -2.2%. Nonetheless, the recovery of stolen units was 47.1%, being 1.8 bp above the recovery average for the industry.

Lastly, the inflationary environment in Mexico, of 8.0% by June-end, resulted in an increase of 7.2% in the average cost of claims handled.

Given the above, loss ratio stood at 68.1% and 67.0% in the quarter and semester, respectively. Although this ratio is above the target range set at the beginning of the year, it is in line with the company's expectations.

Operating cost

Operating expenses for the quarter stood at \$406 million, with an operating ratio of 4.2%, 31 bp below same period last year.

Relating to the operation ratio, it was positively affected by a 66% decrease in the employees' profit-sharing provision; excluding such item, operation ratio would stand at 3.3%.

Additionally, the operating ratio benefited from the vertical subsidiaries' income, excluding intercompany transactions, which have an increase of 36.6% in comparison to 2Q21.

Underwriting result

At the end of the second quarter, we reported a combined ratio of 95.3%, which is slightly above the expected range at the beginning of the year, mainly affected by the observed claims experience.

Quarterly underwriting result reached \$546 million and \$1,057 million during the first six months of the year, resulting in an operating margin of 5.5%, on a quarterly and year to date basis.

Comprehensive financial income

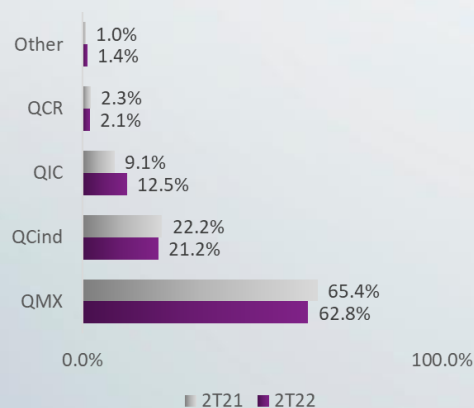
As a result of the changing economic environment around the world, the stock markets have been characterized by maintaining a volatile behavior; for instance, by the end of June, the IPC, S&P and NASDAQ reported losses of -10.8%, -20.6% and -29.5%, respectively.

Due to the high inflation and low growth that the local economy is currently experiencing, the reference rate in Mexico continues to rise; at the end of 2Q22, the reference rate stood at 7.75% vs. 4.25% in the same period of 2021; the average rate of CETES 28 days of the quarter was 7.0%.

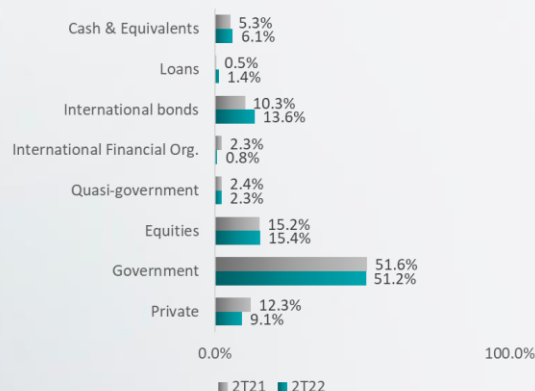
Quarterly comprehensive financial income closed at \$232 million, equivalent to a decrease of 60.6% in comparison to 2Q21. Moreover, the reported ROI for the quarter and 6M22 were 1.9% and 2.6%, respectively. Despite the performance shown during the first half of the year, the company maintains the equity portfolio with no material changes.

Going forward, we will continue to assess opportunities but keeping a conservative approach, aiming to benefit the fixed income portfolio from the rates spikes. Relating to the equity investments, we will avoid the realization of accumulated valuation losses and we will maintain the investment decision based on fundamentals.

Portfolio by subsidiary



Total portfolio



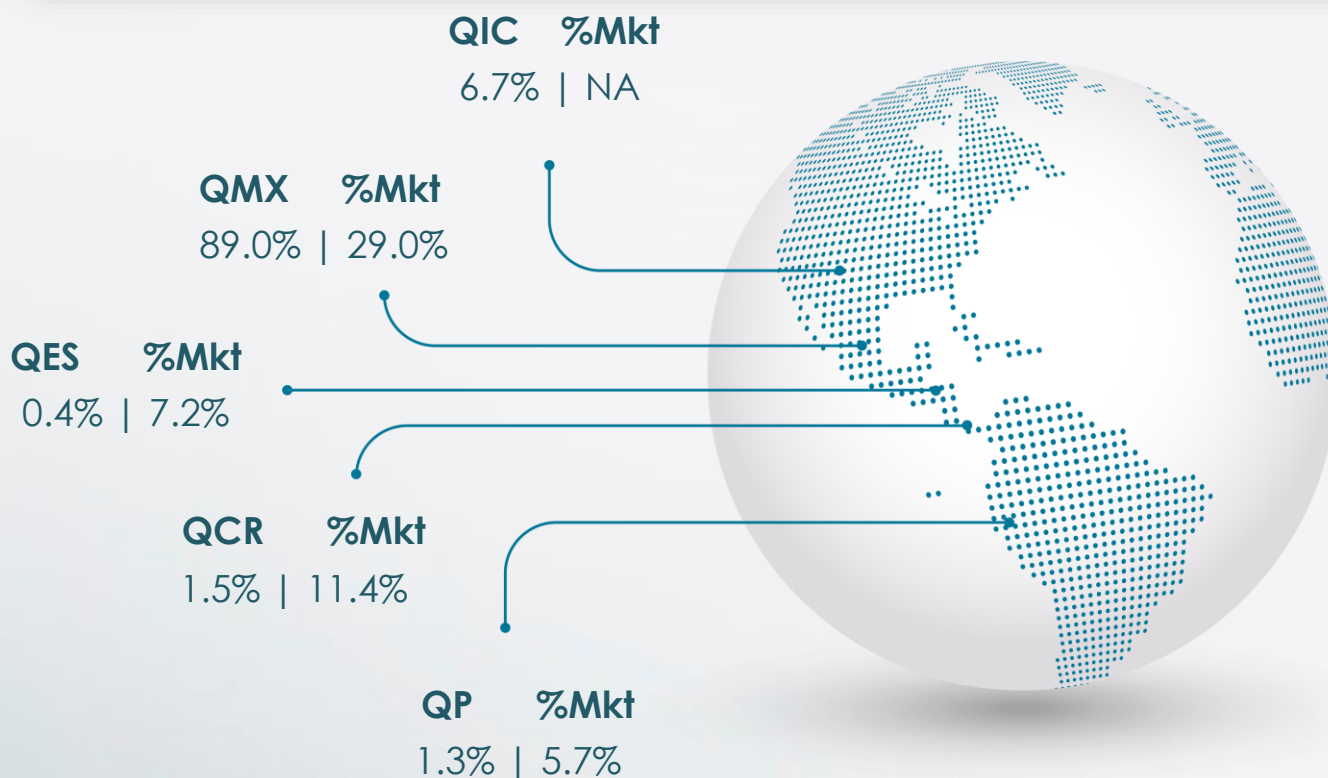
Net income

Quarterly net profit closed at \$656 million, equivalent to a net margin of 6.8%. Despite this result reflects the increase in claims and the impact in the investment portfolio, also shows our capacity quickly adapt to the complex environment and the resilience of the business model. On a year-to-date basis, the company posted a net profit of \$1,391 and net margin of 7.1%.

Qualitas reported a 12-month ROE of 16.7%, reflecting not only the impact on the net profit, but also its capital strength. The ROE comprises an operating ROE of 8.8% and a financial ROE of 7.9%.

Subsidiaries as of 2Q22

The international (geographical) subsidiaries represented **10.0%** of the company's total written premium:



Altogether, the international and non-insurance (vertical) subsidiaries reported written premiums and sales of \$1,064 million during 2Q22, representing a 6.9% growth. Excluding the exchange rate effect in the international businesses, their quarterly growth in local currency would stand at 7.0% for the quarter and 17.3% for the first half of the year.

The joint objective for the coming years remains for the international subsidiaries to represent 20% out of the total Holding Company, consolidating as a relevant growth engine for the future.

	Written premium					
	2Q22	2Q21	Δ %	6M22	6M21	Δ %
Q ES	43	29	47.8%	86	58	46.8%
Q CR	148	138	7.1%	356	304	17.0%
Q IC	652	634	2.9%	1237	1113	11.1%
Q P	123	123	0.6%	215	187	15.0%
Vertical*	97	71	36.6%	185	125	48.0%
Total	1,064	995	6.9%	2,079	1,788	16.3%

Figures in million pesos. Sales in vertical subsidiaries exclude inter company operations.

*Sales in the case of non-insurance subsidiaries.

Technical reserves

The technical reserves reached \$38,790 million which represents an 8.0% increase when compared to 2Q21.

The unearned premium reserve had a growth of 4.0% when compared to same period 2021. Relating to the claim's reserves, the increase reach 18.7%.

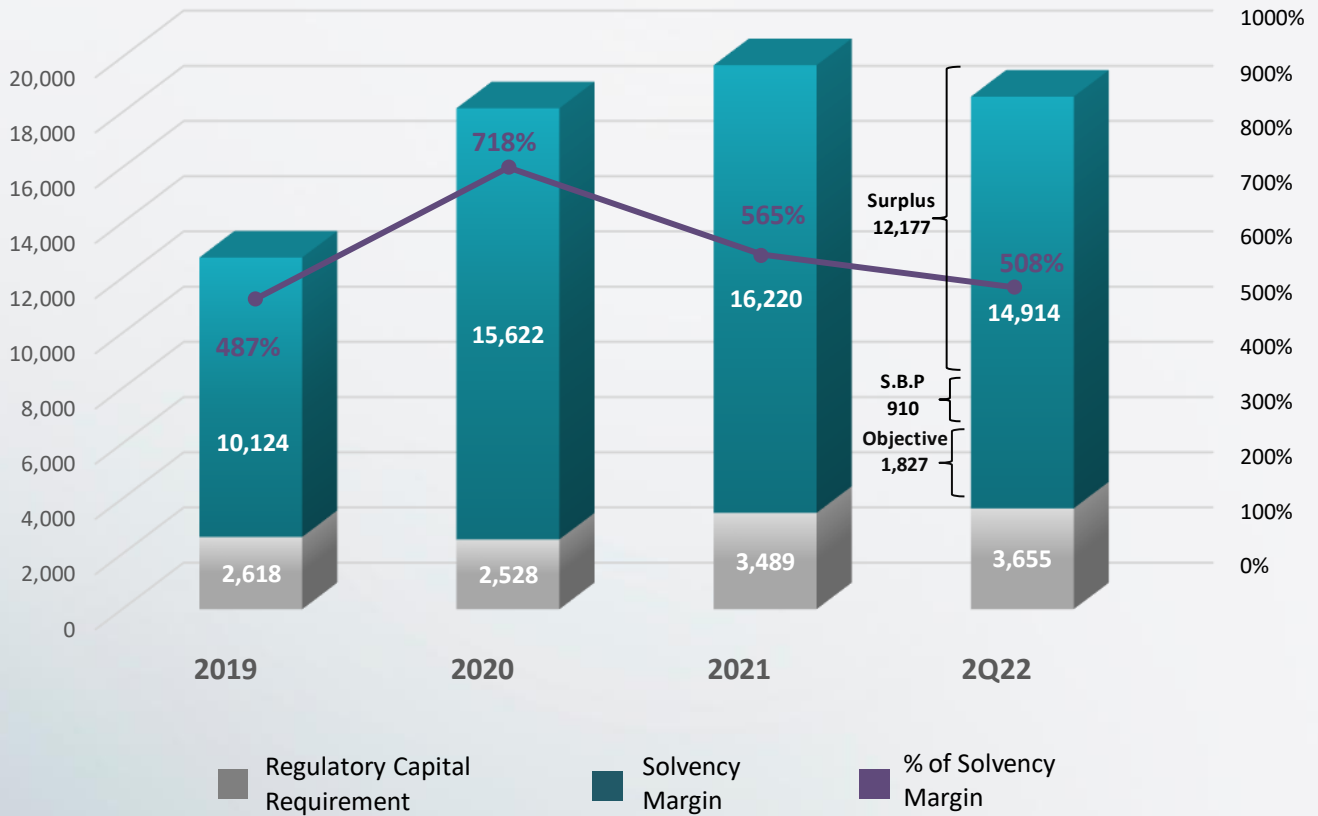
Regarding the release of reserves for the quarter, these were of \$313 million, which represents a decrease of \$127 million compared to 2Q21; on a year-to-date basis, reserves of \$16.9 million have been released, compared to the constitution of \$823 million during the first 6 months of 2021, recalling that during 2020 atypical releases were constituted, so direct comparison is not conclusive.

The constitution of reserves is linked to 3 main factors: 1) growth in premiums performance; 2) historical and projected claims and 3) composition of the policies portfolio (annual and multi-annual).

Solvency

The regulatory capital requirement stood at \$3,655 million at the end of 2Q22, with a solvency margin of \$114,914 million; equivalent to a solvency ratio of 508%.

It is worth noting that this level of solvency considers the payment of the first installment of the approved dividend for 2022 of \$4 pesos per share or \$1,624,00 million. The second installment of \$2.5 pesos or \$1,015,000 million will be paid in November.



QUALITAS CONTROLADORA, S.A.B. DE C.V.
Consolidated Balance Sheet as of June 30th 2022
 Figures in Mexican pesos

	2022	2021
Assets		
Investments	36,052,695,701	34,768,972,680
Securities and Derivatives Transactions	33,377,319,110	32,481,824,368
Securities	33,377,319,110	32,481,824,368
Government	22,114,238,994	19,166,140,452
Private Companies: Fixed Rate	4,750,270,306	6,314,026,963
Private Companies: Equity	6,223,217,679	6,783,398,549
Foreign	46,884,091	195,836,487
(-) Value Impairment	30,463,343.0	-
Restricted Securities	273,171,383.0	22,421,918.0
Derivatives	-	-
Overnight	73,543,089	92,900,644
Loans Portfolio (Net)	569,205,111	284,427,207
Current Loan Portfolio	590,747,231	292,221,329
Non-performing Loan	33,961,220	51,127,411
(-) Loan Loss Provisions	55,503,340	58,921,533
Property (Net)	2,032,628,390	1,909,820,461
Investments Related to Labor Obligations	78,647,311	74,726,444
Cash and Cash Equivalents	2,257,673,689	1,895,129,113
Cash and Banks	2,257,673,689	1,895,129,113
Debtors	24,953,202,902	24,608,274,694
Premiums	23,951,771,908	23,695,209,333
Premiums P&C Subsidy	-	-
Federal Agencies Debts	101,512,581	203,396,561
Agents and Claims Officers (Adjusters)	173,226,761	161,004,502
Accounts Receivable	-	-
Bonds for Claims Debtors	-	-
Other	872,202,751	750,054,249
(-) Allowance for Doubtful Accounts	145,511,099	201,389,951
Reinsurers and Re-Bonding Companies	226,296,862	158,636,109
Insurance and Bonds Intitutions	15,885,878	12,043,514
Retained deposits	-	-
Amounts Recoverable from Reinsurance	212,326,705	148,163,530
(-) Loan Loss Provisions for Foreign Reinsurers and Reinsurance and Bonding Brokers	1,870,287	1,493,341
(-) Provisions for Penalties	45,434	77,594
Permanent Investments	46,546,839	46,546,839
Subsidiary	-	-
Associates	-	-
Other permanent investments	46,546,839	46,546,839
Other Assets	8,329,451,670	5,943,648,777
Furniture and Equipment (Net)	1,576,070,775	938,928,959
Miscellaneous	6,639,852,941	4,911,089,532
Amortizable Intangible Assets (Net)	78,530,415	59,010,762
Long-lived Intangible Assets (Net)	34,997,540	34,619,525
Total Assets	71,944,514,975	67,495,934,656

QUALITAS CONTROLADORA, S.A.B. DE C.V.
Consolidated Balance Sheet as of June 30th 2022
 Figures in Mexican pesos

	2022	2021
Liabilities		
Technical Reserves	38,789,636,188	35,922,651,240
Unearned Premiums	27,214,870,630	26,167,558,638
Property and Casualty Insurance	27,214,870,630	26,167,558,638
Reserve for Outstanding Obligations	11,574,765,558	9,755,092,602
Expired Policies and Claims Occurred Pending of Payment	10,720,256,896	8,795,571,407
Occurred but not Reported and Adjustment Costs assigned to Claims	227,111,755	255,582,875
Deposit Premiums	627,396,907	703,938,320
Reserves Related to Labor Obligations	490,357,776	487,494,048
Creditors	7,643,360,534	6,452,838,090
Agents and Adjusters	2,002,516,981	1,853,866,050
Funds for Losses Management	63,343,115	50,512,672
Bonding for recognition of Liabilities Creditors	-	-
Miscellaneous	5,577,500,437	4,548,459,368
Reinsurers and Re-Bonding Companies	140,891,902	82,413,625
Insurance and Bond Companies	140,891,902	57,729,594
Retained Deposits	0	24,684,031
Other	-	-
Funding Obtained	-	-
Other Liabilities	6,340,057,908	5,814,814,580
Provisions for employee profit sharing	128,751,489	272,213,338
Income Tax Provisions	264,882,376	503,375,306
Other Obligations	4,980,420,837	3,978,108,126
Deferred Credits	966,003,207	1,061,117,810
Total Liabilities	53,404,304,308	48,760,211,583
Stockholders' Equity		
Paid-in Capital		
Capital Stock	2,357,956,253	2,381,173,714
Capital Stock	2,386,567,046	2,422,365,551
(-) Non Subscribed Capital Stock	-	-
(-) Non Displayed Capital Stock	-	-
(-) Repurchased Shares	28,610,793	41,191,837
Earned Capital		
Reserves	1,885,568,667	1,870,320,470
Legal	507,142,999	507,142,999
For Repurchase of shares	972,194,767	1,011,724,969
Other	406,230,901	351,452,502
Valuation Surplus	11,381,041	334,088,783
Permanent Investments	-	-
Retained Earnings	12,773,409,764	12,007,802,804
Net Result	1,388,942,766	2,047,797,723
Translation effect	101,253,056	125,557,850
Non Monetary Assets Result	-	-
Remeasurements for Benefits granted to Employees	2,889,779	(42,671,580)
Controlling Interest	18,521,401,326	18,724,069,764
Non-Controlling Interest	18,809,341	11,653,309
Total Stockholders' Equity	18,540,210,667	18,735,723,073
Total Liabilities and Stockholders' Equity	71,944,514,975	67,495,934,656

QUALITAS CONTROLADORA S.A.B. DE C.V.
Consolidated Income statement for the second quarter 2022

Figures in Mexican pesos

	1Q 2022	1Q 2021
Premiums		
Written	9,701,017,438	9,078,532,987
(-) Ceded	118,476,792	76,628,000
Net Written Premiums	9,582,540,646	9,001,904,987
(-) Net Increase of Unearned Premiums Reserve	(312,637,348)	(186,016,986)
Earned Retained Premiums	9,895,177,993	9,187,921,972
(-) Net Acquisition Cost	2,207,894,432	2,133,372,559
Agents Commissions	744,797,316	695,561,580
Agents' Additional Compensation	186,934,675	213,169,212
Reinsurance and Rebonding Commissions	-	-
(-) Reinsurance Commissions	1,454,716	15,726,163
Excess of Loss Coverage	1,484,777	1,389,588
Other	1,276,132,380	1,238,978,341
(-) Net Claims Cost and Other		
Contractual Liabilities	6,734,836,180	5,899,157,084
Claims and Other Contractual Obligations	6,967,300,472	6,380,584,136
(-) Losses on non-proportional reinsurance	232,464,293	481,427,052
Claims	-	-
Technical Income (Loss)	952,447,381	1,155,392,330
(-) Net Increase in Other Technical Reserves	-	-
Result of Analog and Related Operations	-	5,220,000
Gross Income (Loss)	952,447,381	1,160,612,330
(-) Net Operating Expenses	406,175,770	408,571,898
Administrative and Operating Expenses	(22,578,714)	21,200,241
Employees' compensation and benefits	285,352,979	272,369,438
Depreciation and Amortization	143,401,506	115,002,220
Operating Income (Loss)	546,271,611	752,040,431
Comprehensive Financing Result	232,121,019	588,530,810
Investments	505,258,574	381,636,368
Sale of Investments	(13,029,245)	(89,530,708)
Fair Valuation of Investments	(355,182,508)	205,923,574
Surcharges on Premiums	76,430,765	75,576,148
Debt Issuance	-	-
Financial Reinsurance	-	-
Loan Interests	5,110,523	4,495,227
(-) Preventive Penalties for Amounts Recoverable from Reinsurance	(29,121)	298,045
(-) Preventive Penalties for Credit Risks	4,740,082	(626,129)
Other	(5,270,819)	9,133,564
Foreign Exchange Rate Fluctuation	23,514,690	968,552
(-) Monetary Position Result	-	-
Participation in Permanent Investments Result	-	-
Income (Loss) Before Taxes	778,392,630	1,340,571,241
(-) Provision for Income Taxes	122,688,473	364,574,176
Income (Loss) Before Discontinued Operations	655,704,157	975,997,065
Discontinued Operations	-	-
Net Income (Loss)	655,704,157	975,997,065
Controlling Interest	654,570,353	974,742,862
Non-Controlling Interest	1,133,804	1,254,204
Net Income (Loss)	655,704,157	975,997,065

QUALITAS CONTROLADORA S.A.B. DE C.V.
Consolidated Income statement from January 1st to June 30th 2022
 Figures in Mexican pesos

	2022	2021
Premiums		
Written	19,496,734,065	18,783,511,416
(-) Ceded	<u>326,940,028</u>	<u>164,298,138</u>
Net Written Premiums	19,169,794,037	18,619,213,279
(-) Net Increase of Unearned		
Premiums Reserve	(16,868,118)	823,162,001
Earned Retained Premiums	19,186,662,155	17,796,051,278
(-) Net Acquisition Cost	<u>4,507,603,592</u>	<u>4,364,983,094</u>
Agents Commissions	1,525,107,681	1,402,308,397
Agents' Additional Compensation	481,542,730	418,368,660
Reinsurance and Rebonding Commissions	-	-
(-) Reinsurance Commissions	3,004,722	16,307,495
Excess of Loss Coverage	3,073,563	3,092,379
Other	2,500,884,340	2,557,521,153
(-) Net Claims Cost and Other		
Contractual Liabilities	<u>12,853,185,597</u>	<u>11,003,791,210</u>
Claims and Other Contractual Obligations	13,129,672,296	11,412,901,316
(-) Losses on non-proportional reinsurance	276,486,700	409,110,106
Claims	-	-
Technical Income (Loss)	1,825,872,966	2,427,276,974
(-) Net Increase in Other Technical Reserves	-	-
Result of Analog and Related Operations	0	5,220,000
Gross Income (Loss)	1,825,872,966	2,432,496,974
(-) Net Operating Expenses	<u>769,154,363</u>	<u>804,920,610</u>
Administrative and Operating Expenses	(21,812,496)	26,764,291
Employees' compensation and benefits	508,199,256	548,968,207
Depreciation and Amortization	282,767,603	229,188,112
Operating Income (Loss)	1,056,718,603	1,627,576,364
Comprehensive Financing Result	<u>576,883,021</u>	<u>1,119,494,912</u>
Investments	937,762,420	789,138,369
Sale of Investments	(77,811,738)	(78,184,526)
Fair Valuation of Investments	(446,154,319)	209,684,571
Surcharges on Premiums	145,036,626	157,011,695
Debt Issuance	-	-
Financial Reinsurance	-	-
Loan Interests	10,680,216	9,623,736
(-) Preventive Penalties for Amounts Recoverable from Reinsurance	285,420	(86,391)
(-) Preventive Penalties for Credit Risks	12,206,443	(1,609,212)
Other	-12,253,775	19,879,675
Foreign Exchange Rate Fluctuation	32,115,454	10,645,789
(-) Monetary Position Result	-	-
Participation in Permanent Investments Result	-	-
Income (Loss) Before Taxes	<u>1,633,601,624</u>	<u>2,747,071,276</u>
(-) Provision for Income Taxes	242,342,601	697,040,406
Income (Loss) Before Discontinued Operations	1,391,259,023	2,050,030,870
Discontinued Operations	-	-
Net Income (Loss)	1,391,259,023	2,050,030,870
Controlling Interest	1,388,942,766	2,047,797,723
Non-Controlling Interest	2,316,257	2,233,147
Net Income (Loss)	<u>1,391,259,023</u>	<u>2,050,030,870</u>

Glossary of terms and definitions

Acquisition Cost: Includes commissions and compensations paid to agents as well as fees paid to Financial Institutions for the use of their facilities (UOF).

Acquisition Ratio: Acquisition Cost ÷ Net Written Premiums.

AMDA: Mexican Association of Automotive Distributors.

CAGR: Compound Annual Growth Rate = $[(\text{End of Period Figure} / \text{Beginning of Period Figure})^{(1/\text{Number of periods})}]$.

Combined Ratio: Acquisition Ratio + Operating Ratio + Loss Ratio.

CNSF: National Insurance & Bonds Commission, the regulator of the insurance sector in México.

ESG: Environmental, Social, and Governance

Financial Institutions: Financial branch of major automakers and Financial Groups that provide automotive financing.

Loss Cost: Includes costs incurred in the payment of claims: third party liability, theft, repair costs, among others.

Loss Ratio: Loss Cost ÷ Net Earned Premiums.

Multi-annual Policies: Policies with a term greater than 12 months. They are typically issued for the automobiles sold on credit.

Net Earned Premiums: Written premiums registered as income throughout the duration of a policy.

Net Margin: Net income/written premiums

Net Written Premiums: Written premiums less the portion ceded to reinsurance.

Operating Expenses: Includes expenses incurred in by the company in its regular operations.

Operating Ratio: Operating Expenses ÷ Net Written Premiums.

Operating Margin: operating income/ earned premiums

Policies' Fees: Administrative fee charged when the policy is issued and recorded as an income in operating expenses.

PTU: Employee profit sharing.

Premium Debtor: Records the portion of sold policies which will be paid in installments

Premiums Surcharge: Financial penalty imposed to policyholders that choose to pay premiums in installments.

Regulatory Equity Requirement: Is the minimum equity level that an insurance company should maintain, according to legal requirements.

Written Premiums: Premiums corresponding to policies underwritten.

Q CR: Qualitas Costa Rica

Q MX: Qualitas México

Q ES: Qualitas El Salvador

Q P: Qualitas Peru

QIC: Qualitas Insurance company.

Solvency Margin: Stockholders' equity – Regulatory Equity Requirement.

Solvency Margin Ratio: Solvency Margin ÷ Regulatory Equity Requirement.

UOF: Fees paid to Financial Institutions for the use of their facilities.

OCRA:(Oficina Coordinadora de Riesgos Asegurados)

Analysts:

 <p>Analyst: Victor Mendoza</p> <p>E-mail: vmendoza@actinver.com.mx</p> <p>Target price: 112.50 MXN</p> <p>Recommendation: Market perform</p>	 <p>Analyst: Gilberto García</p> <p>E-mail: gilberto.garcia@barclays.com</p> <p>Target Price: 115.00 MXN</p> <p>Recommendation: Equal weight</p>	 <p>Analyst: Rodrigo Ortega</p> <p>E-mail: rortega@bbva.com</p> <p>Target price: 106.00 MXN</p> <p>Recommendation: Underperform</p>	 <p>Analyst: Thiago Paura</p> <p>E-mail: thiago.paura@btgpactual.com</p> <p>Target price: 112.00 MXN</p> <p>Recommendation: Buy</p>	 <p>Analyst: Ernesto Gabilondo</p> <p>E-mail: ernesto.gabilondo@bam.lc.com</p> <p>Target price: 120.00 MXN</p> <p>Recommendation: Neutral</p>	 <p>Analyst: Jorge Gordillo</p> <p>E-mail: jgordillo@cibanco.com</p> <p>Target price: 114.6 MXN</p> <p>Recommendation: Sell</p>
 <p>Analyst: Carlos De Legarreta</p> <p>E-mail: cadelegarreta@gbm.com</p> <p>Target price: 115.00 MXN</p> <p>Recommendation: Outperform</p>	 <p>Analyst: Iñigo Vega</p> <p>E-mail: inigovega@nau-securities.com</p> <p>Target price: 117.00 MXN</p> <p>Recommendation: Fair value</p>	 <p>Analyst: Armando Rodríguez</p> <p>E-mail: armando.rodriguez@signumrese arch.com</p> <p>Target price: 136.27 MXN</p> <p>Recommendation: Buy</p>	 <p>Analyst: Eduardo López</p> <p>E-mail: elopez@vepormas.com</p> <p>Target price: 114.20 MXN</p> <p>Recommendation: Hold</p>	 <p>Analyst: Andrés Soto</p> <p>E-mail: asoto@santander.us</p> <p>Target price: 129.00 MXN</p> <p>Recommendation: Outperform</p>	 <p>Analyst: -</p> <p>E-mail: -</p> <p>Target price: 113.27 MXN</p> <p>Recommendation: -</p>

About us:

Qualitas Controladora (Q) is the company with the largest market share in the auto insurance industry in Mexico and has presence in the United States, Peru, Costa Rica, and El Salvador. Its unique business model, based on excellence service and a strict cost control policy, has allowed it to offer a first quality service under the largest coverage network in the country. Qualitas is listed on the Mexican Stock Exchange under the symbol "Q" (Bloomberg: Q *: MM).

This document may include forward-looking statements that involve risks and uncertainties. Information may include forward-looking statements regarding the company's results and prospects, which are subject to risks and uncertainty. Actual results may differ materially from what is discussed here today, and the company cautions you not to place undue reliance on these forward-looking statements. Qualitas undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise.

Investor relations contacts:

Santiago Monroy
smonroy@qualitas.com.mx
 t: +52 (55) 1555 6056

Andrea González
angonzalez@qualitas.com.mx
 t: +52 (55) 1555 6316

Raquel Leetoy
rleetoy@qualitas.com.mx
 t: +52 (55) 1555 6313



Quálitás®