

# EARNINGS RESULTS 2023

4<sup>th</sup> Quarter

# Webcast Results 4Q23

**Date: Friday, January 26<sup>th</sup>, 2024**

**Time: 8:00 am CST / 9:00 am EST**

**Qualitas Controladora S.A.B. de C.V.** cordially invites you to its fourth quarter 2023 earnings results conference call.

Hosted by:

Mr. Jose Antonio Correa, Chief Executive Officer Qualitas Controladora  
Mr. Bernardo Risoul, Deputy Chief Executive Officer

Zoom webcast ID: 871 0710 2439

[https://us02web.zoom.us/webinar/register/WN\\_a7zCeZwQAykqyTV9XQjLQ](https://us02web.zoom.us/webinar/register/WN_a7zCeZwQAykqyTV9XQjLQ)

The report and presentation will also be available:

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

# Qualitas reports fourth quarter 2023 results

**Mexico City, January 25<sup>th</sup> 2024** – Qualitas Controladora, S.A.B. de C.V. (“Qualitas”, “Q”, or “the company”) (BMV: Q\*), announces its unaudited financial results for the fourth quarter and full year 2023.

Figures in this document are stated in millions of Mexican pesos except when otherwise indicated and may vary due to rounding and / or consolidation.

## Highlights

- Written premiums continued to experience an accelerated growth, increasing +32.0% vs 4Q22, closing 2023 with an increase of 27.8% or \$11,690 million vs prior year. This represents the highest annual increase in premiums amount in the company's history.
- Top line growth was mainly driven by a weighted average increase of 24% in tariffs when compared to their last update in 2022, in addition to the volume growth, which is linked to the recovery in sales of new vehicles in Mexico, being +24.4% up vs 2022 & +3.3% vs 2019.
- We achieved to add 527 thousand insured units' growth during the year, reaching a new annual record high of 5.34 million by 2023-year end.
- Earned premiums had a 30.8% growth vs 4Q22; 2023 full year earned premiums closed at \$49,591 million, an increase of 24.1% vs 2022. In line with its historical behavior, we constituted reserves for \$2,372 million during the quarter, closing at \$4,005 million for the year, and representing \$2,517 million more than full year 2022.
- The loss ratio for the quarter stood at 70.7% and 70.9% in cumulative terms, reflecting factors influencing the industry such as inflation, frequency, robberies, as well as the impact from hurricane Otis. Despite the above and the seasonality of the business, the quarterly ratio reflects a gradual improvement vs 2Q23 and 3Q23 of 120 bps and 90 bps respectively.
- The quarterly combined ratio closed at 94.3% and at 96.1% for the year. As for our operation in Mexico, annual loss and combined ratio stood at 67.5% and 91.1%, respectively, demonstrating an evident stabilization point. According to latest AMIS figures, as of the first nine months of the year, Qualitas Mexico combined ratio was 7.6 pp below the rest of the industry average, being one of the only two companies from the top 5 reporting a profitable underwriting result.
- Quarterly and annual comprehensive financial income closed at \$1,097 million and \$3,961 million, which represents a ROI of 10.0% and 9.4%, respectively. As of 2023, the investment portfolio stood at \$39,689 million; 89% allocated in fixed income with a 1.5 year duration.
- Quarterly net result closed at \$1,126 million, +85.5% vs 4Q22, and at \$3,791 million in cumulative terms, +71.6% vs 2022. Quarterly and cumulative net margin was 6.9% and 7.1% respectively. EPS for the quarter was \$9.5 and 12-month ROE 12 stood at 18.4%.

# Qualitas' in figures



5,337,212

Insured units

+27.8%

Written premium growth 2023 vs 2022



31.9%\*

Market share.  
Leaders since 2007

18.4%

ROE 12M



7.1%

2023 net margin

\$3.2

P/BV



\$9.5

EPS 12 M

\$18.1

P/E



568

Service offices: 228  
ODQs: 340

\$39,689

Invested assets, float  
MM, MXN



6,359

Employees

22,323

Agents



\*Market share as of September 2023 Mexico, AMIS

# Financial highlights 4Q and FY 2023

Income Statement	Quarterly			Year to date		
	4Q23	4Q22	Δ %/bp 23 vs 22	2023	2022	Δ %/bp 23 vs 22
Written premiums	16,402	12,424	32.0%	53,726	42,036	27.8%
Net written premiums	16,402	12,305	33.3%	53,597	41,458	29.3%
Earned premiums	14,030	10,724	30.8%	49,591	39,969	24.1%
Acquisition cost	3,507	2,667	31.5%	11,936	9,454	26.3%
Loss cost	9,917	8,155	21.6%	35,174	28,194	24.8%
<b>Technical result</b>	<b>606</b>	<b>(98)</b>	<b>NA</b>	<b>2,482</b>	<b>2,321</b>	<b>6.9%</b>
Operating expenses	374	98	NA	1,556	1,289	20.7%
<b>Underwriting result</b>	<b>233</b>	<b>(196)</b>	<b>NA</b>	<b>926</b>	<b>1,032</b>	<b>(10.3%)</b>
Comprehensive financial income	1,097	794	38.1%	3,961	1,423	178.4%
Investment income	973	664	46.6%	3,502	1,080	224.3%
Income Taxes	204	(9)	NA	1,096	245	346.3%
<b>Net result</b>	<b>1,126</b>	<b>607</b>	<b>85.5%</b>	<b>3,791</b>	<b>2,209</b>	<b>71.6%</b>
<b>Cost ratios</b>						
Acquisition ratio	21.4%	21.7%	(30)	22.3%	22.8%	(53)
Loss ratio	70.7%	76.0%	(536)	70.9%	70.5%	39
Operating ratio	2.3%	0.8%	149	2.9%	3.1%	(17)
Combined ratio	94.3%	98.5%	(417)	96.1%	96.4%	(32)
Combined ratio adjusted*	98.3%	101.8%	(349)	98.1%	97.4%	72
<b>Profitability ratios</b>						
Return on investments	10.0%	7.7%	234	9.4%	3.1%	629
ROE for the period	21.5%	4.5%	1,695	18.5%	11.1%	744
LTM ROE	18.4%	11.1%	737	18.4%	11.1%	737

\*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 ratios.

Balance Sheet	2023	2022	Δ %/bp 23 vs 22
Assets	87,688	75,988	15.4%
Investments & Real Estate	42,178	40,402	4.4%
<i>Invested assets or float**</i>	39,689	38,072	4.2%
Technical reserves	48,642	42,162	15.4%
Total liabilities	66,244	56,469	17.3%
Stockholders' equity	21,445	19,519	9.9%

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

# Written premiums

Business line	4Q23	4Q22	Δ %/bp 23 vs 22	2023	2022	Δ %/bp 23 vs 22
Traditional	10,843	8,218	31.9%	35,131	26,473	32.7%
<i>Individual</i>	6,129	4,626	32.5%	20,853	15,318	36.1%
<i>Fleets</i>	4,714	3,593	31.2%	14,278	11,155	28.0%
Financial institutions	4,559	3,433	32.8%	15,134	11,982	26.3%
Foreign subsidiaries	981	767	27.9%	3,382	3,422	(1.2%)
<b>Total</b>	<b>16,402</b>	<b>12,424</b>	<b>32.0%</b>	<b>53,726</b>	<b>42,036</b>	<b>27.8%</b>

Foreign subsidiaries' written premium may include differences given exchange rate effect.

By December-end, quarterly written premium stood at \$16,402 million, +32% vs same period last year. During 2023, premiums stood at \$53,726 million, +27.8% comparing to 2022 year-end. In line with observed behavior throughout the year, around 50% of top line growth is driven by tariffs increases of 24% in a compounded average throughout the year vs. 2022 latest update; the 50% balance is related to the increase in insured units.

The solid performance in written premiums was led by the traditional segment, with a +31.9% increase vs 4Q22 and +32.7% vs 2022. Within this segment, our individual business stands out with an increase of +32.5% above same quarter of last year and +36.1% in cumulative terms.

In addition to the traditional segment, it also stands out the underwriting through the financial institutions, which had a strong performance correlated to new vehicles sales, experiencing a quarterly and cumulative growth of 32.8% and 26.3% respectively.

Regarding our international subsidiaries' underwriting, these reported a quarterly growth of 27.9% vs 4Q22 and full year decrease of -1.2%. The above reflects the slowdown strategy in the US and the ~13% appreciation of the Mexican peso along the year.

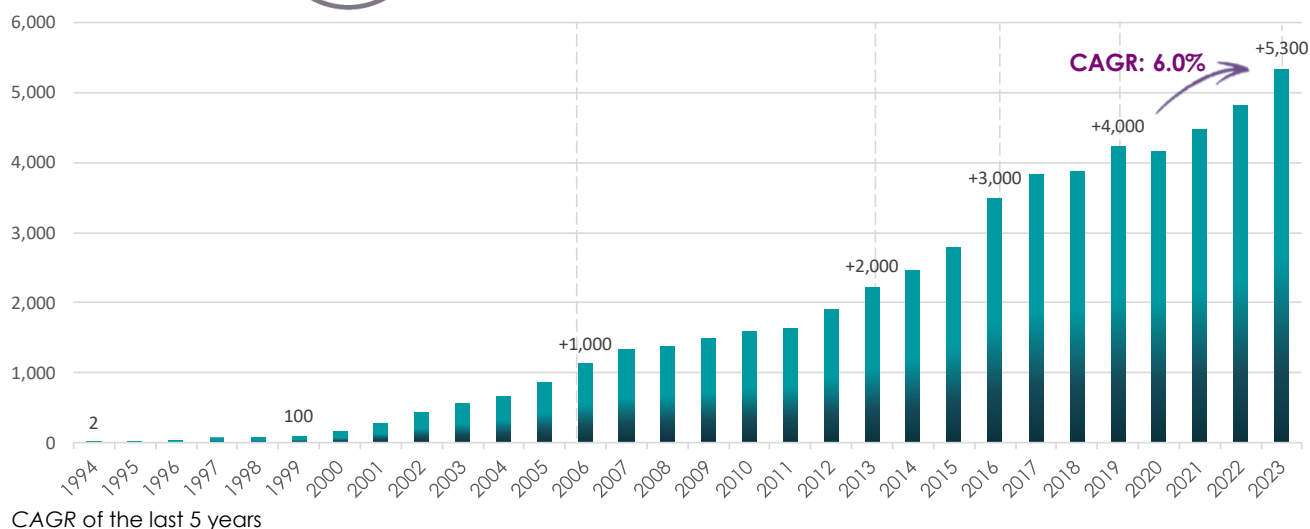
In local currency, quarterly underwriting from international subsidiaries increased +46.8%, and +16.3% in cumulative terms. Considering only our LATAM subsidiaries, its quarterly and cumulative written premiums growth was +33.5% and +41.7%, respectively.

# Insured units

We closed the year with 5.34 million insured units, maintaining a solid compounded annual growth of 6.0% during the past 5 years. This represents an increase of +527 thousand units or +11.0% when compared to 2022-end.



5,337,212 insured units



Regarding new cars sales, they widely exceeded AMDA's expectations at the beginning of the year, finally closing the year with a growth of +24.4% and 3.3% vs 2019. On the other hand, heavy equipment sales stood out with a +32.6% increase vs 2022 and +31.2% above 2019, outperforming the absolute sales of these kind of units for the first time after the pandemic.

Insured units are distributed as follows:

	4Q23	4Q22	Δ%	3Q23	Δ%
Mexico	5,102	4,607	10.7%	5,132	(0.6%)
Automobiles	3,296	3,020	9.1%	3,327	(0.9%)
Trucks	1,272	1,174	8.3%	1,286	(1.1%)
Tourists	179	138	29.7%	175	2.6%
Motorcycles	355	275	29.1%	344	3.2%
El Salvador	32	27	18.5%	32	(0.8%)
Costa Rica	118	100	18.0%	112	4.7%
Estados Unidos	35	18	94.4%	29	19.1%
Peru	51	58	(12.1%)	63	(19.3%)
<b>Insured units</b>	<b>5,337</b>	<b>4,810</b>	<b>11.0%</b>	<b>5,369</b>	<b>(0.6%)</b>

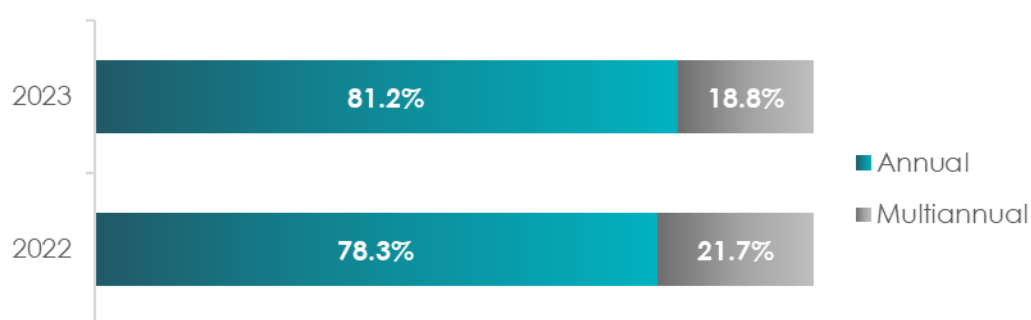
All percentage changes are compared to 4Q23, in thousands of units.

# Earned premiums

During the fourth quarter, earned premiums closed at \$14,030 million, which represents a 30.8% increase vs 4Q22. On a year-to-date basis, earned premiums stood at \$49,591 million, a 24.1% increase vs same period of last year.

Growth is explained by the solid underwriting performance, the gradual improvement in our claims experience, our portfolio mix, and thus, the actuarial reserves constitution.

By December-end, 81.2% of the portfolio underwriting was constituted by annual policies and 18.8% by multiannual policies.



# Acquisition cost

The acquisition cost closed the quarter at \$3,507 million and at \$11,936 million in cumulative terms, with an acquisition ratio of 21.4% and 22.3% respectively. Ratio stands within the historical range and reflects an accelerated growth in the traditional segment, as well as a recovery in the underwriting through financial institutions, which is correlated to new car sales performance in Mexico.

Important to highlight that there has been no change in the commissions paid neither to agents nor financial institutions, and that these are related to volume; for the agents' commissions are also linked to the quality and profitability of their portfolios.



# Claims cost

Loss costs continued to be pressured by three main factors: 1) spare parts and manufacture of the automobile industry inflation, 2) frequency and severity of accidents and 3) changes in thefts and recovery trends.

Headline inflation in Mexico has been stabilizing in recent months, closing the year at 4.7% whereas core inflation stood at 5.1%. In this regard, 12-month inflation for spare parts stood at 3.9%; while this demonstrates a gradual improvement, it is still a pressure on our costs. Regarding our accident's frequency, it stood at 7.6% in the quarter, +10 bps above 4Q22, closing the year with a claim's frequency of 28.4%, +50 bp above 2022. Likewise, severity and the composition of our attended claims has had an impact in our average claims' cost, increasing 9.3% vs 2022 year-end.

Lastly, theft of insured vehicles in Mexico maintains an upwards trend, increasing +3.5% for the industry and +9.7% for Qualitas, when compared to 2022. Thefts represented 15% of the company's total claims' costs which compares to 13% during same period of last year. Regarding the recovery of stolen units, Qualitas recovered 43.2% of units, 3.9 pp higher than the rest of the industry average.

It is worth noting that, within 4Q23 claims costs, impact of hurricane Otis, of around \$198 million, is fully reflected while being partially offset by our catastrophic reinsurance coverage.

All the above resulted in a quarterly claims cost and ratio of \$9,917 million and 70.7%, respectively. On a year-to-date basis, claims cost stood a \$35,174 million, with a 70.9% ratio. Even though this ratio is not yet within our sustainable technical range, the implemented initiatives we have been implementing throughout the year have mitigated the negative impact, observing a gradual stabilization towards 2023-end.

# Operating expenses

Operating expenses for the quarter stood at \$374 million, reaching an operating ratio of 2.3%. Full year operating expenses ended at \$1,556 million with a 2.9% operating ratio.

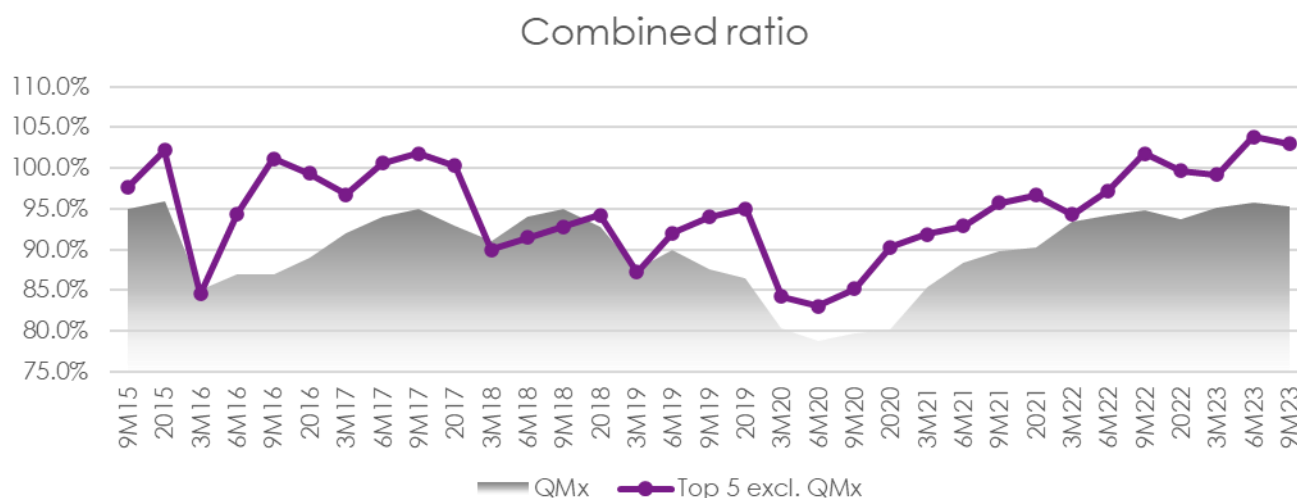
Despite the increase in operating expenses due to the +527 thousand insured units' growth, coupled with the objective of maintaining our quality standards, we have managed to keep the operating ratio within the objective range and under the rest of the industry average.

Likewise, this ratio reflects the benefit from the income generated by our non-insurance subsidiaries from sales to third parties. Important to mention that operating expenses include the employees profit sharing, which is directly related to the earnings of the company; if we were to exclude this item impact, the quarterly and annual operating ratio would stand at 1.5% and 2.1% respectively.

# Underwriting result

The company had a quarterly underwriting profit of \$233 million and of \$926 million in cumulative terms, representing an operating margin of 1.7% and 1.9% respectively. We posted a 94.3% combined ratio at the end of 4Q23 and 96.1% for the full year 2023.

According to the latest AMIS available statistics, by September-end, the auto insurance industry in Mexico reported a combined ratio, excluding Qualitas, of 101.8%; we stand out in terms of profitability with a 95.3% combined ratio; 6.5 pp below the rest of the industry average.



Source: Combined ratio; AMIS as of September 2023

# Comprehensive financial income

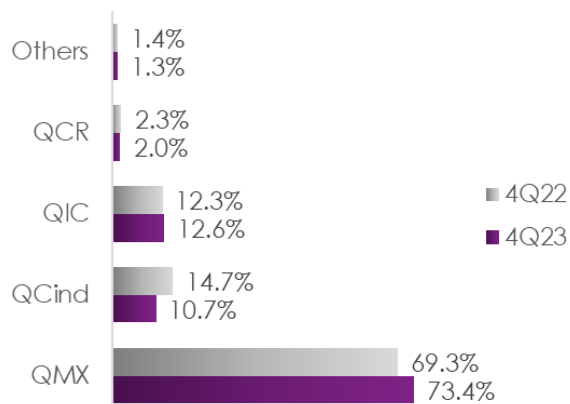
During 4Q23, reference rate in Mexico remained at 11.25%, compared to 10.5% at the end of 2022. The e 28-day CETES average for the quarter and full year was 11.1%

By December-end, 89% of the portfolio is allocated in fixed income and the remaining 11% in equities; the duration of our investment portfolio stood at 1.5 years. Important to mention that ~15% of our total portfolio is geographically allocated, to comply with the regulatory capital requirements of our international subsidiaries.

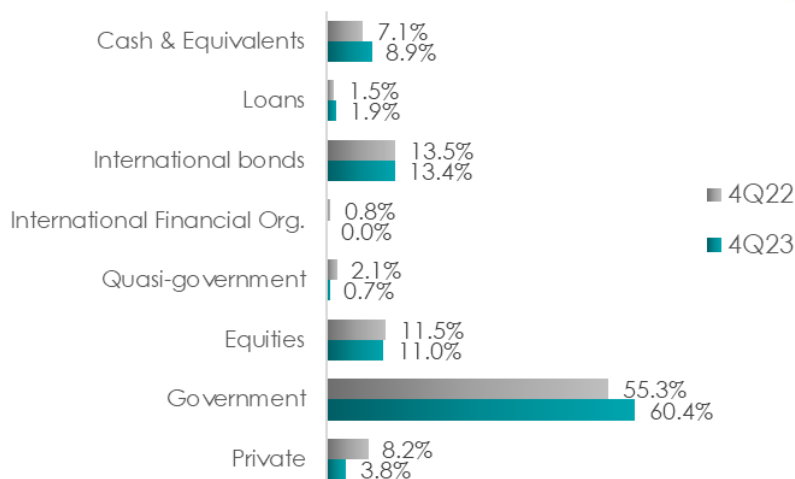
The equity proportion of our portfolio continues to shift to a passive ETF based strategy; we have sold some specific individual equity positions, looking for a less volatile portfolio composition and mainly indexed.

Considering the above, quarterly financial income closed at \$1,097 million and at \$3,961 million YTD, which implies an ROI of 10.0% and 9.4% respectively; an increase of 230 pp and 630 pp in comparison to the same period ROI in 2022. Our portfolio continues to be well-positioned to benefit from the current rates environment for at least the next 18 months.

## Subsidiaries portfolio



## Total portfolio



## Net result

All in all, the company reported a quarterly net profit of \$1,126 million and \$3,791 in cumulative terms. This represents an increase of +85.5% or \$519 million more than 4Q22 and +71.6% or \$1,582 million in addition to 2022.

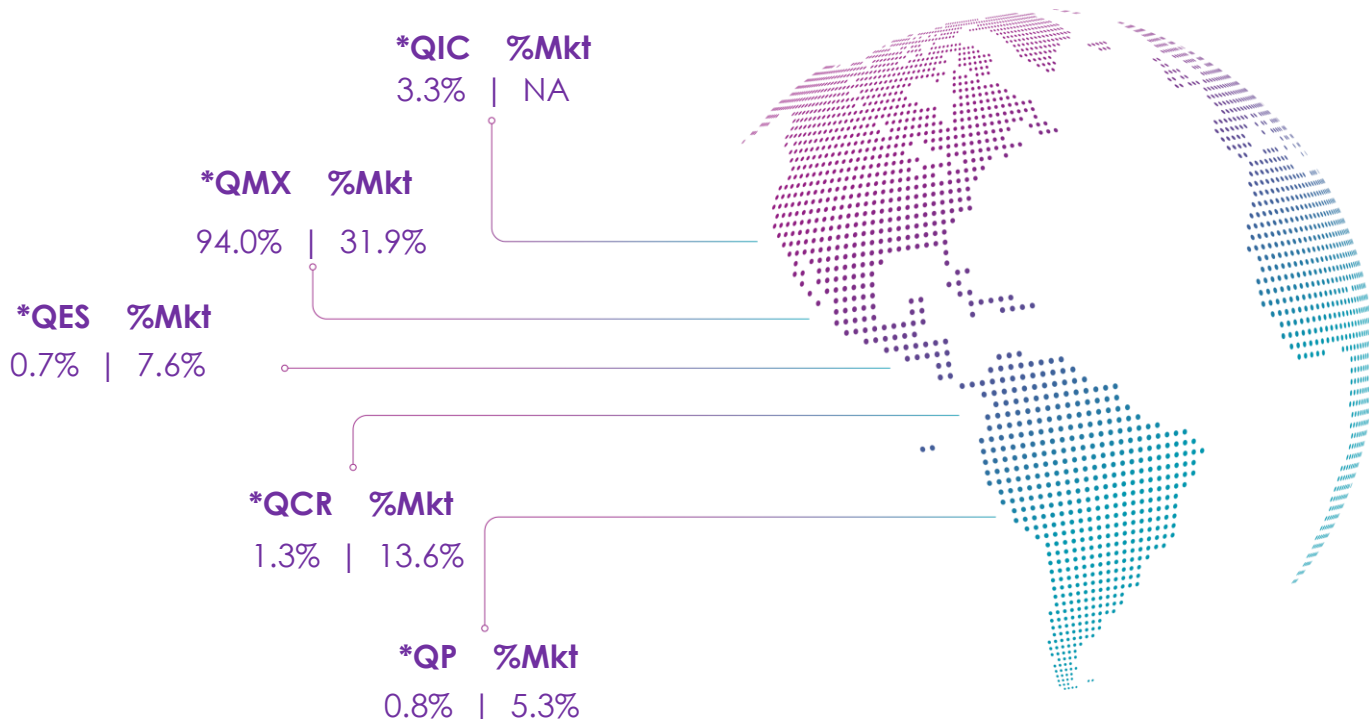
We reported a quarterly net margin of 6.9%, equivalent to a growth of +200 bp vs 4Q22; net margin for the full year closed at 7.1%, +180 bp vs 2022.

Qualitas posted an 18.4% ROE by year-end, getting close to the mid- and long-term objective, which demonstrates profits growth, as well as our capital strength. ROE is comprised by an operating ROE of 3.5% and a financial ROE of 14.9%.

Our business model allows us to keep on creating value and demonstrates the solidness of the company, despite the headwinds of the current environment.

# Subsidiaries as of 4Q23

International subsidiaries represented ~6% of company's total written premiums:



\*Percentage as a proportion of written premium by Quálitas Controladora

Altogether, international and vertical subsidiaries reported written premiums and sales of \$1,222 million during 4Q23, a 39.1% quarterly increase. In cumulative terms, they posted underwriting and sales of \$4,048 million, a 5.8% growth. Such performance considers the exchange rate impact due to the Mexican peso appreciation observed during the year and the intentional slowdown in our US subsidiary. In local currency, quarterly and annual underwriting for the international subsidiaries increased +46.8% and +16.3% respectively.

Or Flekk subsidiary continues with its third-party sales expansion growing its sales for this segment by 29.6% during 2023. In the table below, our subsidiaries performance:

	Written premium			2023	2022	Δ %
	4Q23	4Q22	Δ %			
Q ES	117	106	10.3%	296	251	18.0%
Q CR	206	173	18.9%	846	671	26.0%
Q IC	533	365	46.2%	1,839	2,088	(11.9%)
Q P	124	123	1.4%	401	412	(2.6%)
Vertical 6 Qsalud	241	111	117.1%	666	403	65.4%
<b>Total</b>	<b>1,222</b>	<b>878</b>	<b>39.2%</b>	<b>4,048</b>	<b>3,826</b>	<b>5.8%</b>

Sales in vertical subsidiaries exclude inter company operations. Includes Autos y Salvamentos, O&T and Activos Jal

# Technical reserves

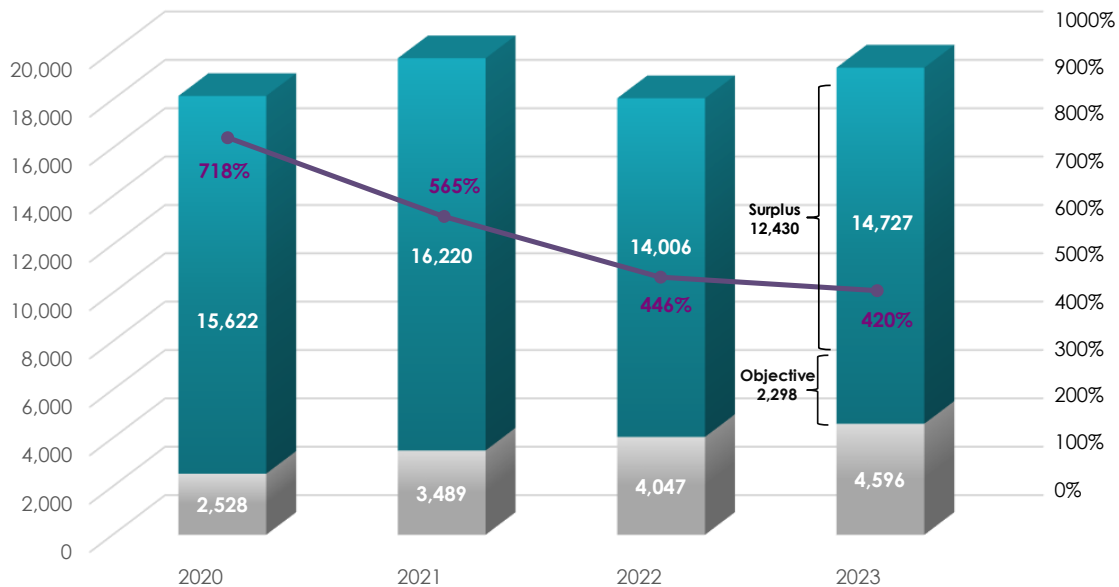
During the quarter, the net increase of unearned premium reserves was \$2,372 million, +\$792 million more than 4Q22. On a year-to-date basis we have constituted reserves for \$4,005 million, +\$2,517 million above 2022 constitution.

The reserves composition is directly linked to the solid top line growth, the portfolio mix, as well as the claims evolution throughout the year.

# Solvency

The regulatory capital requirement stood at \$4,596 million by year end, with a \$14,727 million solvency margin, equivalent to a solvency ratio of 420%.

Our capital allocation strategy will continue to focus on: 1) strengthening our leadership in Mexico, 2) accelerating the growth of our subsidiaries, and 3) expanding our service to new business lines within the insurance ecosystem.



**QUALITAS CONTROLADORA, S.A.B. DE C.V.**  
**Consolidated Balance Sheet as of December 31st 2023 & 2022**  
 Figures in Mexican pesos

	<b>2023</b>	<b>2022</b>
<b>Assets</b>		
<b>Investments</b>	<b>42,178,145,726</b>	<b>37,094,307,790</b>
<b>Securities and Derivatives Transactions</b>	<b>38,849,220,337</b>	<b>34,265,398,068</b>
<b>Securities</b>	<b>38,849,220,337</b>	<b>34,265,398,068</b>
Government	31,808,610,976	23,671,380,315
Private Companies: Fixed Rate	2,189,919,793	4,443,660,783
Private Companies: Equity	4,887,006,966	6,180,986,770
Foreign	-	0
Dividends Receivable on Capital Securities	-	-
(-) Value Impairment	36,317,397.6	30,629,800.6
Securities given in Loan Investments	-	-
Restricted Securities	-	-
<b>Derivatives</b>	-	-
<b>Overnight</b>	31,898,001	19,291,837
<b>Loans Portfolio (Net)</b>	<b>807,768,945</b>	<b>646,195,918</b>
Current Loan Portfolio	884,887,375	666,713,413
Non-performing Loan	31,100,648	31,697,466
(-) Loan Loss Provisions	108,219,078	52,214,961
<b>Property (Net)</b>	2,489,258,443	2,163,421,967
<b>Investments Related to Labor Obligations</b>	91,381,673	82,040,790
<b>Cash and Cash Equivalents</b>	<b>3,952,749,737</b>	<b>2,859,758,202</b>
Cash and Banks	3,952,749,737	2,859,758,202
<b>Debtors</b>	<b>31,993,857,568</b>	<b>26,964,718,150</b>
Premiums	30,824,700,244	26,069,845,419
Premiums P&C Subsidy	-	-
Federal Agencies Debts	32,437,134	40,691,462
Agents and Claims Officers (Adjusters)	150,424,262	139,524,710
Accounts Receivable	-	-
Bonds for Claims Debtors	-	-
Other	1,112,419,466	852,507,498
(-) Allowance for Doubtful Accounts	126,123,538	137,850,939
<b>Reinsurers and Re-Bonding Companies</b>	<b>347,446,139</b>	<b>304,759,870</b>
Insurance and Bonds Intitutions	27,876,304	17,548,781
Retained deposits	-	-
Amounts Recoverable from Reinsurance	322,775,143	289,458,172
(-) Loan Loss Provisions for Foreign Reinsurers	3,151,722	2,191,643
Reinsurance and Bonding Brokers	-	-
(-) Provisions for Penalties	53,586	55,440
<b>Permanent Investments</b>	<b>47,187,789</b>	<b>46,760,489</b>
Subsidiary	-	-
Associates	-	-
Other permanent investments	47,187,789	46,760,489
<b>Other Assets</b>	<b>9,077,429,038</b>	<b>8,635,423,517</b>
Furniture and Equipment (Net)	1,167,040,600	1,011,161,546
Foreclosed Assets (Net)	-	-
Miscellaneous	7,573,549,814	7,500,761,542
Amortizable Intangible Assets (Net)	191,700,925	89,536,450
Long-lived Intangible Assets (Net)	145,137,699	33,963,980
<b>Total Assets</b>	<b>87,688,197,669</b>	<b>75,987,768,807</b>

**QUALITAS CONTROLADORA, S.A.B. DE C.V.**  
**Consolidated Balance Sheet as of December 31th 2023 & 2022**  
 Figures in Mexican pesos

	2023	2022
<b>Liabilities</b>		
<b>Technical Reserves</b>	<b>48,641,935,596</b>	<b>42,162,042,059</b>
<b>Unearned Premiums</b>	<b>32,511,894,569</b>	<b>28,712,408,294</b>
Life Insurance	-	-
Accident and Illness Insurance	39,408,963	11,161,466.9
Property and Casualty Insurance	32,472,485,606	28,701,246,827
Rebonding	-	-
In Force Bonding	-	-
<b>Reserve for Outstanding Obligations</b>	<b>16,130,041,026</b>	<b>13,449,633,765</b>
Expired Policies and Claims Occurred Pending of Payment	18,685,444,641	15,762,461,885
Occurred but not Reported and Adjustment Costs assigned to Claims	(3,430,063,511)	(3,067,158,715)
Funds Under Administration	-	-
Deposit Premiums	874,659,896	754,330,596
<b>Contingency Reserve</b>	-	-
<b>Specialized Insurance Reserve</b>	-	-
<b>Catastrophic Risks Reserves</b>	-	-
<b>Reserves Related to Labor Obligations</b>	584,921,453	490,993,727
<b>Creditors</b>	<b>8,447,732,129</b>	<b>7,000,872,560</b>
Agents and Adjusters	2,987,955,232	2,356,351,937
Funds for Losses Management	45,998,113	26,127,936
Bonding for recognition of Liabilities Creditors	-	-
Miscellaneous	5,413,778,784	4,618,392,688
<b>Reinsurers and Re-Bonding Companies</b>	<b>47,044,326</b>	<b>132,254,260</b>
Insurance and Bond Companies	47,010,618	132,254,260
Retained Deposits	-	-
Other	33,708	-
Rebonding and Reinsurance Broker	-	-
<b>Derivatives (Fair Value)</b>	-	-
<b>Funding Obtained</b>	<b>0</b>	<b>0</b>
Debt Issuance	-	-
Subordinated Obligations not exchangeable into shares	-	-
Other Debt Securities	-	-
Financial Reinsurance Agreement	-	-
<b>Other Liabilities</b>	<b>8,521,878,207</b>	<b>6,682,420,758</b>
Provisions for employee profit sharing	528,607,663	331,857,192
Income Tax Provisions	1,587,404,930	861,255,591
Other Obligations	5,329,988,719	4,516,887,276
Deferred Credits	1,075,876,895	972,420,700
<b>Total Liabilities</b>	<b>66,243,511,710</b>	<b>56,468,583,365</b>
<b>Stockholders' Equity</b>		
<b>Paid-in Capital</b>		
<b>Capital Stock</b>	<b>2,361,812,319</b>	<b>2,350,363,169</b>
Capital Stock	2,386,567,046	2,386,567,046
(-) Non Subscribed Capital Stock	-	-
(-) Non Displayed Capital Stock	-	-
(-) Repurchased Shares	24,754,727	36,203,877
<b>Subordinated Obligations of Mandatory Conversion into Stockholders' Equity</b>	-	-
<b>Earned Capital</b>	-	-
<b>Reserves</b>	<b>1,883,067,836</b>	<b>1,841,680,743</b>
Legal	507,142,999	507,142,999
For Repurchase of shares	532,322,030	922,603,752
Other	843,602,807	411,933,993
<b>Valuation Surplus</b>	384,196,040	223,414,511
<b>Permanent Investments</b>	-	-
<b>Retained Earnings</b>	13,205,151,875	12,773,408,000
<b>Net Result</b>	3,776,021,237	2,205,421,156
<b>Translation effect</b>	(190,944,532)	100,698,828
<b>Non Monetary Assets Result</b>	-	-
<b>Remeasurements for Benefits granted to Employees</b>	(22,620,056)	3,756,580
<b>Controlling Interest</b>	21,396,684,718	19,498,742,986
<b>Non-Controlling Interest</b>	48,001,241	20,442,456
<b>Total Stockholders' Equity</b>	<b>21,444,685,959</b>	<b>19,519,185,442</b>
<b>Total Liabilities and Stockholders' Equity</b>	<b>87,688,197,669</b>	<b>75,987,768,807</b>

**QUALITAS CONTROLADORA S.A.B. DE C.V.**  
**Consolidated Income statement for the fourth quarter 2023 & 2022**

Figures in Mexican pesos

	4Q 2023	4Q 2022
<b>Premiums</b>		
Written	16,401,565,294	12,424,346,758
(-) Ceded	(741,352)	119,644,312
<b>Net Written Premiums</b>	<b>16,402,306,646</b>	<b>12,304,702,446</b>
<b>(-) Net Increase of Unearned Premiums Reserve</b>	<b>2,372,481,237</b>	<b>1,580,245,623</b>
<b>Earned Retained Premiums</b>	<b>14,029,825,409</b>	<b>10,724,456,823</b>
<b>(-) Net Acquisition Cost</b>	<b>3,506,524,095</b>	<b>2,667,354,278</b>
Agents Commissions	1,226,958,164	977,905,308
Agents Additional Compensation	434,173,566	325,904,917
Reinsurance and Rebonding Commissions	-	-
(-) Reinsurance Commissions	4,036,599	3,813,269
Excess of Loss Coverage	3,949,754	2,824,070
Other	1,845,479,211	1,364,533,251
<b>(-) Net Claims Cost and Other Contractual Liabilities</b>	<b>9,916,924,885</b>	<b>8,155,310,417</b>
Claims and Other Contractual Obligations	9,920,880,813	8,440,076,775
(-) Losses on non-proportional reinsurance Claims	3,955,928	284,766,358
<b>Technical Income (Loss)</b>	<b>606,376,429</b>	<b>(98,207,872)</b>
<b>(-) Net Increase in Other Technical Reserves</b>	-	-
Catastrophic Risks Reserve	-	-
Specialized Insurance Reserve	-	-
Contingency Reserve	-	-
Other	-	-
<b>Result of Analog and Related Operations</b>	-	-
<b>Gross Income (Loss)</b>	<b>606,376,429</b>	<b>(98,207,872)</b>
<b>(-) Net Operating Expenses</b>	<b>373,702,238</b>	<b>98,222,684</b>
Administrative and Operating Expenses	(326,965,983)	(121,082,193)
Employees' compensation and benefits	558,083,234	82,160,967
Depreciation and Amortization	142,584,987	137,143,911
<b>Operating Income (Loss)</b>	<b>232,674,191</b>	<b>(196,430,556)</b>
<b>Comprehensive Financing Result</b>	<b>1,096,794,723</b>	<b>794,393,996</b>
Investments	824,394,253	653,397,282
Sale of Investments	114,272,603	(73,016,001)
Fair Valuation of Investments	42,712,290	92,454,881
Surcharges on Premiums	118,647,395	95,962,171
Debt Issuance	-	-
Financial Reinsurance	-	-
Loan Interests	36,318,927	17,764,151
(-) Preventive Penalties for Amounts Recoverable from Reinsurance	1,601,445	394,640
(-) Preventive Penalties for Credit Risks	25,378,979	(1,160,348)
Other	5,353,327	34,660,501
Foreign Exchange Rate Fluctuation	(17,923,649)	(27,594,697)
(-) Monetary Position Result	-	-
<b>Participation in Permanent Investments Result</b>	-	-
<b>Income (Loss) Before Taxes</b>	<b>1,329,468,913</b>	<b>597,963,439</b>
<b>(-) Provision for Income Taxes</b>	<b>203,525,372</b>	<b>(8,919,067)</b>
<b>Income (Loss) Before Discontinued Operations</b>	<b>1,125,943,541</b>	<b>606,882,506</b>
<b>Discontinued Operations</b>	-	-
<b>Net Income (Loss)</b>	<b>1,125,943,541</b>	<b>606,882,506</b>
Controlling Interest	1,113,768,035	606,205,979
Non-Controlling Interest	12,175,506	676,527
<b>Net Income (Loss)</b>	<b>1,125,943,541</b>	<b>606,882,506</b>



**QUALITAS CONTROLADORA S.A.B. DE C.V.**  
**Consolidated Income statement from January 1<sup>st</sup> to December 31<sup>st</sup> 2023 and 2022**  
 Figures in Mexican pesos

	2023	2022
<b>Premiums</b>		
Written	53,725,801,862	42,035,726,784
(-) Ceded	128,913,713	578,209,995
<b>Net Written Premiums</b>	<b>53,596,888,149</b>	<b>41,457,516,789</b>
<b>(-) Net Increase of Unearned Premiums Reserve</b>	<b>4,005,424,840</b>	<b>1,488,597,185</b>
<b>Earned Retained Premiums</b>	<b>49,591,463,309</b>	<b>39,968,919,604</b>
<b>(-) Net Acquisition Cost</b>	<b>11,935,870,297</b>	<b>9,453,502,647</b>
Agents Commissions	4,080,764,956	3,272,516,971
Agents' Additional Compensation	1,451,128,469	1,053,122,820
Reinsurance and Rebonding Commissions	-	-
(-) Reinsurance Commissions	9,048,605	7,777,827
Excess of Loss Coverage	12,365,986	7,422,131
Other	6,400,659,492	5,128,218,552
<b>(-) Net Claims Cost and Other Contractual Liabilities</b>	<b>35,173,983,708</b>	<b>28,194,001,710</b>
Claims and Other Contractual Obligations	35,188,608,228	28,766,224,879
(-) Losses on non-proportional reinsurance	14,624,521	572,223,169
Claims	-	-
<b>Technical Income (Loss)</b>	<b>2,481,609,305</b>	<b>2,321,415,247</b>
<b>(-) Net Increase in Other Technical Reserves</b>	<b>-</b>	<b>-</b>
Catastrophic Risks Reserve	-	-
Specialized Insurance Reserve	-	-
Contingency Reserve	-	-
Other	-	-
<b>Result of Analog and Related Operations</b>	<b>-</b>	<b>-</b>
<b>Gross Income (Loss)</b>	<b>2,481,609,305</b>	<b>2,321,415,247</b>
<b>(-) Net Operating Expenses</b>	<b>1,555,934,234</b>	<b>1,289,413,901</b>
Administrative and Operating Expenses	(542,037,103)	(124,832,851)
Employees' compensation and benefits	1,570,590,802	848,364,442
Depreciation and Amortization	527,380,534	565,882,311
<b>Operating Income (Loss)</b>	<b>925,675,071</b>	<b>1,032,001,346</b>
<b>Comprehensive Financing Result</b>	<b>3,961,316,364</b>	<b>1,422,840,496</b>
Investments	2,975,727,977	2,152,594,465
Sale of Investments	220,000,685	(158,111,061)
Fair Valuation of Investments	365,803,159	(952,428,173)
Surcharges on Premiums	433,979,873	327,016,602
Debt Issuance	-	-
Financial Reinsurance	-	-
Loan Interests	97,910,548	42,656,892
(-) Preventive Penalties for Amounts Recoverable from Reinsurance	960,078	606,777
(-) Preventive Penalties for Credit Risks	57,683,162	11,181,819
Other	25,703,990	15,909,395
Foreign Exchange Rate Fluctuation	(99,166,628)	6,990,971
(-) Monetary Position Result	-	-
<b>Participation in Permanent Investments Result</b>	<b>-</b>	<b>-</b>
<b>Income (Loss) Before Taxes</b>	<b>4,886,991,435</b>	<b>2,454,841,841</b>
<b>(-) Provision for Income Taxes</b>	<b>1,095,537,006</b>	<b>245,473,401</b>
<b>Income (Loss) Before Discontinued Operations</b>	<b>3,791,454,428</b>	<b>2,209,368,440</b>
<b>Discontinued Operations</b>	<b>-</b>	<b>-</b>
<b>Net Income (Loss)</b>	<b>3,791,454,428</b>	<b>2,209,368,440</b>
Controlling Interest	3,776,021,237	2,205,421,156
Non-Controlling Interest	15,433,192	3,947,284
<b>Net Income (Loss)</b>	<b>3,791,454,428</b>	<b>2,209,368,440</b>

# 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.

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

**IBNR:** Incurred but not reported reserves.

**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 Capital 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 Mexico

**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

 <b>Analyst:</b> Rodrigo Ortega  <b>E-mail:</b> r.ortega@bbva.com  <b>Target price:</b> 130.90 MXN  <b>Recommendation:</b> Underperform	 <b>Analyst:</b> Thiago Paura  <b>E-mail:</b> thiago.paura@btgpactual.com  <b>Target price:</b> 160.00 MXN  <b>Recommendation:</b> Neutral	 <b>Analyst:</b> Ernesto Gabilondo  <b>E-mail:</b> ernesto.gabilondo@bofa.com  <b>Target price:</b> 141.00 MXN  <b>Recommendation:</b> Underperform	 <b>Analyst:</b> Jorge Gordillo  <b>E-mail:</b> jgordillo@cibanco.com  <b>Target price:</b> 114.60 MXN  <b>Recommendation:</b> Venta	 <b>Analyst:</b> Jorge Pérez  <b>E-mail:</b> Jorgeperez.araya@itau.cl  <b>Target price:</b> 155.00 MXN  <b>Recommendation:</b> Market performer
 <b>Analyst:</b> Pablo Ordoñez  <b>E-mail:</b> pordonezp@gbm.com  <b>Target price:</b> 115.00 MXN  <b>Recommendation:</b> Market perform	 <b>Analyst:</b> Jorge Echevarría  <b>E-mail:</b> Jorge.echevarria@morganstanley.com  <b>Target price:</b> 190.00 MXN  <b>Recommendation:</b> Overweight	 <b>Analyst:</b> Eduardo López  <b>E-mail:</b> elopez@vepomas.com  <b>Target price:</b> 119.50 MXN  <b>Recommendation:</b> Compra	 <b>Analyst:</b> Andrés Soto  <b>E-mail:</b> asoto@santander.us  <b>Target price:</b> 200.00 MXN  <b>Recommendation:</b> Outperform	 <b>Analyst:</b> -  <b>E-mail:</b> -  <b>Target price:</b> 162.26 MXN  <b>Recommendation:</b> -

## About Qualitas:

**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 because of new information, future events, or otherwise.*

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A large, stylized letter 'Q' in a purple-to-teal gradient, positioned on a diagonal band that also features the same gradient. The background is a light gray with a repeating geometric pattern of interconnected hexagons and lines.

Quálitás®