

1Q21 Results Webcast

Date: Wednesday, April 21st 2021

Time: 9:00 am Central time (Mexico) / 10:00 am Eastern time

Qualitas Controladora cordially invites you to its first quarter of 2021 earnings results conference call.

Hosted by:

Mr. José Antonio Correa, Chief Executive Officer

Mr. Bernardo Risoul, Chief Financial Officer

Dial-in:

» Mexico: 1-800-514-8660

» US & Canada: 1-800-319-4610

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

No passcode needed.

Link to join online:

<https://services.choruscall.com/mediaframe/webcast.html?webcastid=ki8DbwPF>

The report and presentation will also be available:

<http://qinversionistas.qualitas.com.mx/portal/quarterly-report/?lang=en>

Earnings Results

First quarter

2021



Qualitas reports first quarter 2021 results

Mexico City, April 21st – Qualitas Controladora, S.A.B. de C.V. (“Qualitas”, “Q”, or “the company”) (BMV: Q*), announces its unaudited financial results for the first quarter ended March 31st, 2021.

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

Highlights

- The first quarter results for 2021 were in line with the company’s expectations, highlighting that 2020 was an atypical year for the industry as consequence of the COVID-19 pandemic. Direct comparisons for 2021 should not be taken as conclusive and need detailed analysis.
- During 2020 Qualitas achieved its best result in 26 years in terms of market share and profitability, given its agile approach and flexibility to adapt to a changing environment and given its well understanding of its agents and policy holder’s needs. The company’s business model proved its resilience in a challenging context.
- Qualitas will continue to prioritize maintaining its clients’ portfolio and insured units, extending different benefits such as the interests free monthly instalments, for the balance of the year.
- The written premiums demonstrated again the company’s resilience, growing 1.2% in comparison with the same quarter of last year. An outstanding result despite the 12.7% fall on new car sales and taking into consideration the implemented discounts throughout the last year.
- By the end of March 2021, Qualitas had 4.3 million insured units, which represents a 3.3% increase or 138,000 more units than the previous quarter.
- The unearned premium reserves increased \$1,009 million because of the recovery in mobility, and consequently, the increase of the loss ratio. Given this and the deacceleration in underwriting; the earned premiums decreased 9.1% or \$857 million in comparison with 1Q20.
- Loss cost had an increase of 2.4% vs 1T20. This starts to reflect the loss cost normalization, but is still being benefited from the positive trend in robberies, which decreased 20% for the company during the first quarter.
- The underwriting result reached \$876 million pesos, a 51.8% decrease or \$941 million pesos less than 1Q20 as a result of the reserves increase representing no-changes in the company’s fundamentals.
- The comprehensive financial income delivered \$531 million during the quarter; a significant increase vs first quarter 2020 result related to the volatility presented in the international markets during the last weeks of March 2020.
- The combined ratio for the quarter was 86.6%, 577 bp higher than the same period of last year. This combined ratio is below the average of last years and below our expected range for the year.
- Quarterly net income amounted to \$1,074 million pesos, \$366 million less than the same period of the previous year related to a higher reserve’s constitution. Despite that the result represents a decrease, it reflects Qualitas’ capacity to create value despite the external conditions. Net margin for the quarter was 11.1%.

- The regulatory capital requirement stood at \$2,850 million by the end of the first quarter, with a solvency margin of \$16,026 million, which represents a percentage of solvency margin of 662%.
- EPS stand at \$15.6 pesos which compares to the \$13.2 by the end of March 2020. P/E multiple stood at 7.2, reflecting an attractive valuation with optimal profitability level, the P/BL multiple stood at 2.4. Twelve months Return on Equity stand at 36.9%, above the company's target of between 20-25%.
- The company' stock (Q*) daily average amount traded of the quarter was ~\$5.2 million dollars. Qualitas currently holds the 22nd position in the marketability index, a new record position for the company.
- Qualitas will hold its General Shareholders' Meeting next April 28th, it has been proposed a dividend payment of a total amount of \$1,600 million, equivalent to \$4 pesos per share, a new share buyback program for \$1,200 million and the cancelation of 7 million repurchased shares.

Qualitas in figures

 **365 days/24 hours**
national cabin attention

 **+ 34,900 (MM MXN)**
invested assets, float

 **31.5%**
market share in Mexico
Leaders since 2007

 **Q***
went up 1 position
in the marketability index
from position #23 to #22

 **502**
offices
211 Service offices
291 Quálitas Development
Offices (ODQs)

 **+ 17,350**
agents

 **1,117**
claims officers

 **5,164**
employees

 **486,171**
attended calls

 **Subsidiaries**
Geographical
operation in 4 countries: 7.6%*
*Based on written premium

 **4,320,848**
insured vehicles

 **364,660**
assited claims

Financial Highlights (MM MXN)

Income Statement	1Q21	1Q20	Δ %/bp
Premiums written	9,705	9,593	1.2%
Net premiums written	9,617	9,423	2.1%
Premiums earned	8,608	9,465	(9.1%)
Acquisition cost	2,232	2,110	5.7%
Loss cost	5,105	4,986	2.4%
Technical result	1,272	2,368	(46.3%)
Operating expenses	396	551	(28.1%)
Underwriting result	876	1,817	(51.8%)
Comprehensive financial income	531	59	806.3%
Investment income	439	(61)	(824.7%)
Income Taxes	332	435	(23.6%)
Net result	1,074	1,440	(25.4%)
Controlling interest	1,073	1,439	(25.5%)
Non-controlling interest	1	1	(0.2%)
Cost ratios			
Acquisition ratio	23.2%	22.4%	81
Loss ratio	59.3%	52.7%	662
Operating ratio	4.1%	5.7%	(166)
Combined ratio	86.6%	80.8%	577
Combined ratio adjusted*	89.8%	80.8%	903
Profitability ratios			
Return on investments	5.0%	(0.8%)	575
ROE for the period	22.2%	40.0%	(1,777)
LTM ROE	36.9%	43.8%	(693)

*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	2021	2020	Δ %/pb
Assets	68,246	63,904	6.8%
Investments & Real Estate	36,898	33,921	8.8%
Invested assets or float**	34,979	32,153	8.8%
Technical reserves	35,675	36,230	(1.5%)
Total liabilities	48,629	48,650	(0.0%)
Stockholders' equity	19,617	15,254	28.6%

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

Written premium

BUSINESS LINE	1Q21	1Q20	Δ \$	Δ %
Traditional	5,897	5,826	70	1.2%
<i>Individual</i>	3,274	2,965	308	10.4%
<i>Fleets</i>	2,623	2,861	(238)	(8.3%)
Financial institutions	3,070	3,185	(115)	(3.6%)
Foreign subsidiaries	739	588	151	25.6%
Total	9,705	9,593	(44)	1.2%

**Note: With the purpose of always fulfill regulatory requirements (CUSF), since first quarter 2021 the consolidation of the financial information from Qualitas Controladora' non-insurance subsidiaries (Outlet de Refacciones, Cristafácil, Easy Car Glass, Autos & Salvamentos, Optimización de Talento y Activos JAL) related to sales will be considered under the Operating expenses line, specifically in other income / expenses; their costs will be now considered under the loss costs. Previously, sales were accounted as part of the written premium line, while the sales cost was accounted as part of the unearned premiums reserve. Given the relative size of the rest of the business and that the operational result and net result have no impact, the change is nonmaterial; the figures presented for the first quarter 2021 and the first quarter 2020 are adjusted for comparison purposes.*

During the first quarter, written premium stood at \$9,705 million, an increase of 1.2% compared to 1Q20. This increase was driven by the resilience shown during the quarter by our traditional segment, despite the effect of the economy decline and considering the discounts provided to our clients.

Regarding the underwriting through financial institutions, it decreased 3.6% associated to the continuous drop in new car sales in the country.

The geographical subsidiaries have become an engine of growth for the company; during the first quarter they increased 25.6% compared to the same period of last year, achieving an underwriting of \$739 million. This is part of our strategy to strengthen our subsidiaries and capitalize its potential; our subsidiaries in the United States and Peru stand out with a growth of 44.5% and 46.2% respectively.

Some of the actions taken to benefit and retain our policy holders, such as discounts in renovations and easy payment terms like monthly instalments without interests continued during the first quarter and will be extended until the end of the year.

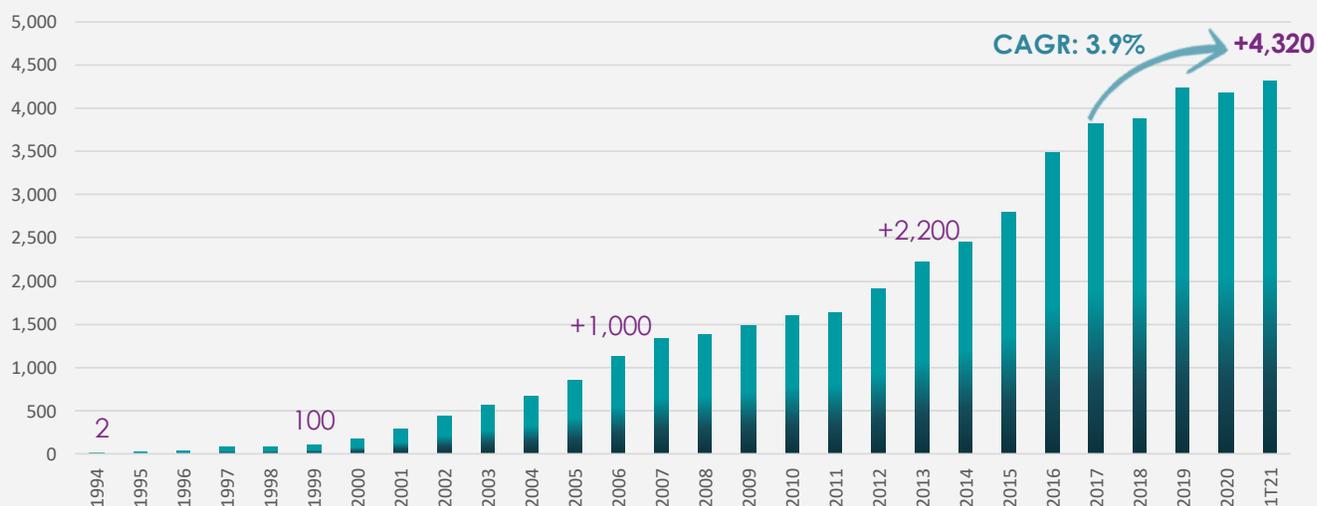
Insured units

According to AMDA, new car sales in México decreased 12.7% during the first 3 months of the year highlighting March as a month of recovery, with an increase of 9.1% versus the same month of 2020, considering a very low comparative basis.

We closed the quarter with 4.3 million insured units which represents an increase of 3.3% or 138,000 more units than the last quarter of the previous year. This increase represents the efficiency of our strategy to maintain clients and insured units, and it contributes to future growth.



4,320,110 insured units



Qualitas' insured units are distributed as follows:

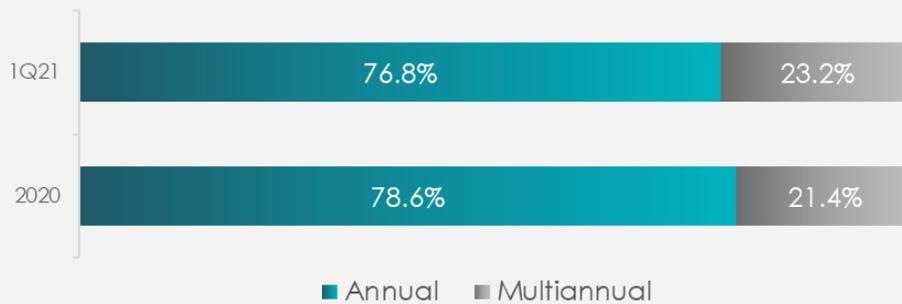
BUSINESS LINE	1Q21	4Q20	Δ %	1Q20	Δ %
Mexico	4,171	4,037	3.3%	4,180	(0.2%)
Automobiles	2,804	2,742	2.3%	2,834	(1.1%)
Trucks	1,114	1,070	4.1%	1,102	1.1%
Tourists	103	99	4.0%	97	5.9%
Motorcycles	151	126	19.2%	147	2.3%
El Salvador	19	19	(0.5%)	19	(2.3%)
Costa Rica	65	63	3.6%	65	0.7%
USA	17	17	0.4%	21	(17.2%)
Perú	47	46	4.1%	37	28.4%
Insured vehicles	4,320	4,182	3.3%	4,322	(0.1%)

Earned premiums

During the first quarter, earned premiums decreased 9.1% or \$857 million less than the same period of 2020, a natural movement linked to a higher composition of the technical reserves given the normalization trend in mobility and loss cost observed since the 4Q20.

This decrease obeys as well to the following three factors to the written premiums deacceleration, and our portfolio composition considering premiums underwritten through our traditional and financial institutions segment.

Our portfolio is composed by 76.8% annual policies, and 23.2% multiannual policies, which compares to a 78.6% and 21.4% respectively by the end of 2020, reflecting the focus on annual policies which allow tariffs adjustments between 3 and 4 times a year, pursuing stability conditions in times of volatility and uncertainty.



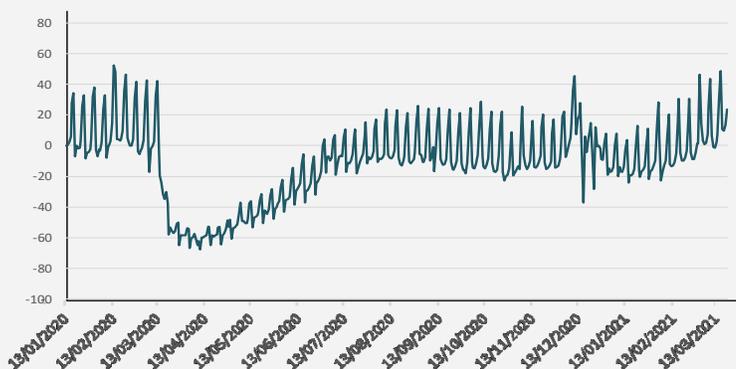
Acquisition cost & ratio

The net acquisition cost for the quarter was \$2,232 million, number 5.7% above the 1Q20 figure. The acquisition ratio was 23.2%, an increase of 81 bp quarter over quarter, in line with our quarterly premium growth and aligned to the historical range of the ratio reported during the last years.

With the objective of a continuous improvement in the company's service to agents and clients, we have implemented "QSeguimiento" platform, to improve the communication and follow-up to claims occurred; additionally, the "QIndemnización" platform supports the documents digitalization process of the agent's portfolios and fleets to accelerate the payment process after a claim, with the commitment to pay within a 72 hours' period after receiving all the documentation.

Loss cost & ratio

During the first quarter of the year mobility continued its normalization trend, observing higher number of vehicles on the road in comparison to previous quarters. According to Apple figures, quarterly mobility in Mexico has behave as follows:



Mobility trends	
Driving	Δ% vs 4Q19
1Q20	(1.3%)
4Q20	(1.9%)
1Q21	0.0%

On the other hand, the decrease in thefts continues its positive tendency, benefiting the whole industry and therefore our company. Theft of insured vehicles for Qualitas from January to March, decreased 20%.

As a result of our technological innovation and our service offer in risk and frauds prevention, Qualitas recover 54% of its stolen units, which represents 2.9 percentage points above the figures posted the same quarter of 2020 and 6.9 percentage points above the industry's average.

Additionally, due to the operative restrictions, we continue boosting the use of the express adjustment tool, which implies lower costs for Qualitas and a better time experience to the policyholder. During 1Q21, we attended 21% of the claims through this tool, which compares to 19.3% of claims attended with this tool during 4Q20.

As of March of the current year, the loss cost was \$5,105 million, which represents 2.4% more or \$119 million more than the same quarter of the previous year, the quarterly loss ratio stood at 59.3%. This ratio is within our expectations and below the quarterly average ratio reported by the company during the last 5 years.

Operating cost & ratio

Operating expenses for the quarter stood at \$396 million, reaching an operating ratio of 4.1%, which represent, 166 bp less than the same period of last year.

The main reason of the operating ratio decrease is related to the Employee Profit Sharing downward trend, directly linked to the quarterly net earnings. If we excluded the Employee Profit Sharing, the

operating ratio would stand at 2.8% which compares with the 3.5% of the first quarter of 2020. It is important to remember that due to the new consolidation of our vertical subsidiaries, their sales and costs are accounted under this line, for effects of comparison the change was also considered in the first quarter 2020 figures.

Underwriting result

By the end of the quarter, the company posted a combined ratio of 86.6%, which represents an increase of 577 bp in comparison to the same period of 2020, this combined ratio stands below the average ratio posted by the company during the last five years and below the expected range of the year.

Underwriting result reached \$876 million, which represents a 51.8% decrease compared to the same period of 2020, related to the effects of the normalization in mobility, the constitution of new reserves and the high comparative basis as mentioned before.

The company registered an operating margin of 10.2% which compares with the 19.2% registered the same period of the previous year. This operating margin is above the company's average margin reported during the last 5 years.

Comprehensive financial income

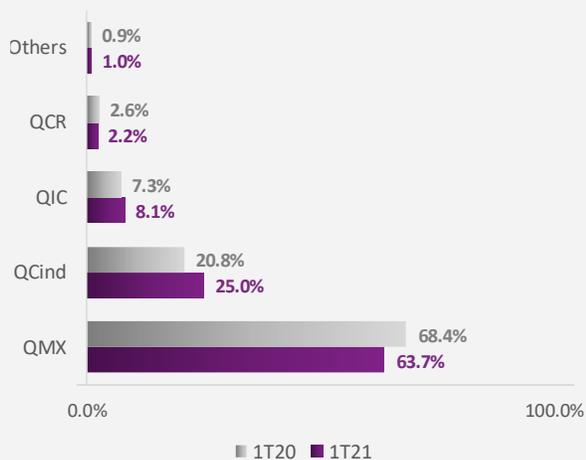
The quarterly comprehensive financial income closed at \$531 million, an increase of \$472 million in comparison with the first quarter of the previous year due to a partial stabilization in the financial markets compared to the global stock market decline experienced during the last two weeks of March 2020, as a consequence of the WHO official pandemic declaration. By the end of the quarter the company posted a 5% ROI.

The company maintains its low-risk investment strategy, fixed income allows us to preserve the company's capital within an acceptable risk level, obtaining financial returns which eliminate the inflation effect.

Currently we stand before the challenge of the low interest rates trend; by the end of March 2020, Mexico's 28-day reference rate was at 6.74%, and by the end of March 2021 at 4.28%. By reason of it, we will be increasing and diversifying our exposure to equity markets which will allow us to maximize our portfolio's return.

By the end of the first quarter, our portfolio was invested 85% invested in fixed income and 15% in equities; these figures compare to 88% invested in fixed income and 12% in equities by the end of 2020, demonstrating our strategy to gradually increase our exposure to equity markets.

Portfolio by subsidiary



Total portfolio



Net income

Quarterly net profit closed at \$1,074 million, a decrease of 25.4% compared to the same period of previous year, related to the high comparative basis. This quarterly profit stands above the average net profit reported during the last five years.

The company registered a net margin of 11.1% and a 12-months ROE of 36.9%, which is above our 20-25% objective; the ROE is made up by an operative ROE of 26.7% and a financial ROE of 10.2%.

The net income and ROE demonstrate a performance aligned with the company's objectives which are focused on maintaining our clients' portfolio in a profitable manner, strengthen our subsidiaries' growth strategy, and develop technological tools that allow us to maintain our leadership.

Subsidiaries

By the end of 1Q21, the international (geographical) subsidiaries represent 7.6% of the company's total underwriting, in line with the company's strategy to capitalize them and accelerate their profitable growth during the next years and compares to the 6.1% of the same period of last year.



Additionally, despite the globally complicated year, the international subsidiaries and non-insurance (vertical) subsidiaries had a 32% growth year over year, achieving an underwriting of \$793 million. At constant exchange rate growth was + 26.8%.

	Written premium		
	1Q21	1Q20	Δ %
Q ES	29	42	(30.6%)
Q CR	166	171	(2.6%)
Q IC	479	332	44.5%
Q P	64	44	46.2%
Vertical	54	13	321.6%
Total	793	601	32.0%

*Sales in the case of vertical subsidiaries. Note: Given the latest change in the vertical subsidiaries' financial information consolidation, starting first quarter 2021 the vertical subsidiaries sales will be accounted under the operating expenses line, specifically in other income / expenses.

Regarding the non-insurance subsidiaries, which are related to the claims service process in matters such as spare parts provision and windshields repairs, have consolidated their operation and achieved to be profitable in only two years since taking control of them.

Their product offering is open to the whole insurance industry and those subsidiaries stand within the top 5 suppliers in their corresponding segment, emphasizing *CristaFacil* in the number 1 position in the industry with more than 130 locations throughout Mexico, which allows it to have coverage in all the national territory.

Additionally, this subsidiary will increase its home delivery service, which right now represents close to 20%, as well as relocating some branch offices in Mexico City and the metropolitan zone, improving the operation, and decreasing its environmental footprint through sustainable facilities with solar panels and rainwater collection.

Outlet de refacciones, in charge of providing spare parts, is now implementing a scrap recollection program creating statistics for their clients. This information allows the insurance companies to identify those parts that were replaced, but that could have been repaired with the objective of supervising their repair shops and to improve the capabilities of their valuation teams.

The vertical subsidiaries' objective is to maintain their ability to adapt through new technologies and the latest interests of our clients, looking to increase their productivity, profitability, and differentiated offer in the insurance industry.

55.01

Technical reserves

The technical reserves reached \$35,675 million which represents a decrease when compared with the same quarter the previous year; however, it represents an increase of 4% when compared to end of period 2020. It is important to consider that throughout 2020 and due to the atypical reduction in claims, there was a technical reserve release during the second and third quarter of 2020.

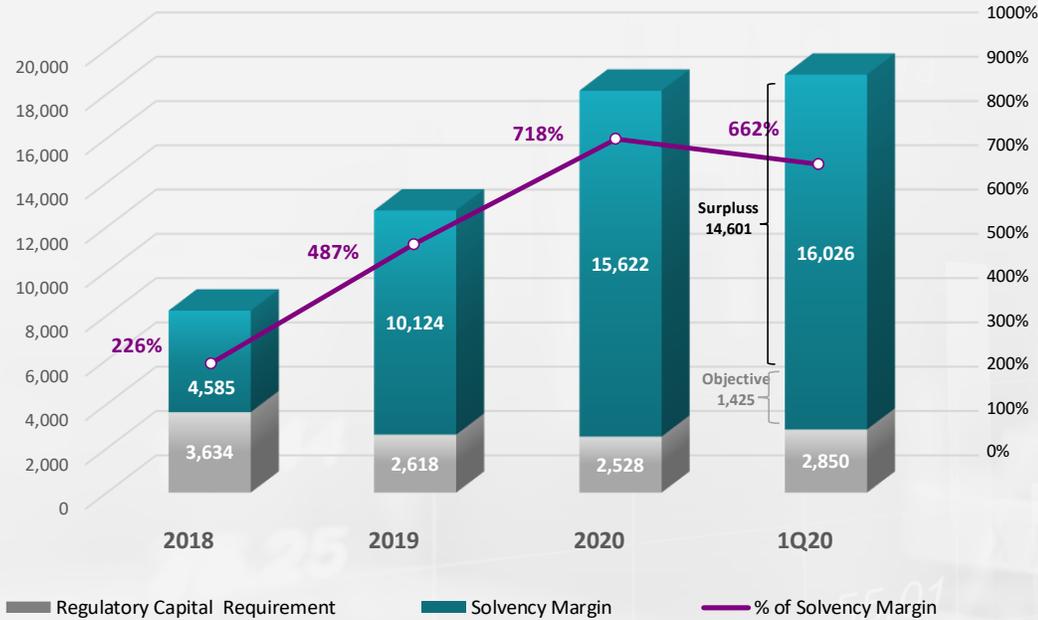
Nevertheless, since 4Q20 and throughout this first quarter we had an increase in the reserves constitution due to the normalization trend in mobility and claims.

Solvency

The regulatory capital requirement stood at \$2,850 million at the of the first quarter, with a solvency margin of \$16,026 million, this represents a percentage of solvency margin of 662%.

Given the solid financial position of the company, for the General Shareholders' Meeting that will be held on April 28th, it was proposed a dividend payment of \$4 pesos per share which is equivalent to \$1,652 million pesos, and a new share buyback program of \$1,200 million pesos, additionally to the cancellation of 7 million shares.

The previous statement represents an increase of more than 130% effective dividend payment for our shareholders, while maintaining a prudent management of the company' capital. Additionally, this will allow us to maintain a solid position to face our financial obligation, but also to fund our company's three pillar growth strategy: 1) maintain our leadership in Mexico, 2) continue capitalizing our geographic subsidiaries to bolster their profitable growth, and 3) assess new business opportunities.



QUALITAS CONTROLADORA, S.A.B. DE C.V.
Consolidated Balance Sheet as of March 31st 2021

Figures in Mexican pesos

	2021	2020
Assets		
Investments	36,897,851,750	33,921,428,090
Securities and Derivatives Transactions	34,598,481,646	27,314,019,558
Securities	34,598,481,646	27,314,019,558
Government	22,211,485,348	14,928,317,416
Private Companies: Fixed Rate	6,525,959,669	8,483,193,533
Private Companies: Equity	5,559,524,099	3,533,768,182
Foreign	201,199,537	368,740,427
(-) Value Impairment	-	-
Restricted Securities	100,312,994.0	-
Derivatives	-	-
Overnight	77,567,851	4,607,805,656
Loans Portfolio (Net)	302,888,473	231,340,977
Current Loan Portfolio	311,308,727	236,525,824
Non-performing Loan	54,897,242	31,129,826
(-) Loan Loss Provisions	63,317,496	36,314,673
Property (Net)	1,918,913,780	1,768,261,899
Investments Related to Labor Obligations	74,052,309	70,916,748
Cash and Cash Equivalents	1,766,310,171	1,469,151,009
Cash and Banks	1,766,310,171	1,469,151,009
Debtors	24,199,089,582	23,551,724,207
Premiums	23,031,145,882	22,554,218,063
Premiums P&C Subsidy	-	-
Federal Agencies Debts	392,787,063	363,528,723
Agents and Claims Officers (Adjusters)	158,313,021	132,872,337
Accounts Receivable	-	-
Bonds for Claims Debtors	-	-
Other	809,705,367	686,720,338
(-) Allowance for Doubtful Accounts	192,861,751	185,615,254
Reinsurers and Re-Bonding Companies	140,796,199	163,048,940
Insurance and Bonds Intitutions	12,297,157	19,141,343
Retained deposits	-	-
Amounts Recoverable from Reinsurance	129,803,234	146,333,533
(-) Loan Loss Provisions for Foreign Reinsurers and Reinsurance and Bonding Brokers	1,195,297	2,338,316
(-) Provisions for Penalties	108,895	87,620
Permanent Investments	46,546,839	46,546,839
Subsidiary	-	-
Associates	-	-
Other permanent investments	46,546,839	46,546,839
Other Assets	5,121,392,525	4,681,243,518
Furniture and Equipment (Net)	1,012,225,729	1,042,202,486
Miscellaneous	4,013,038,241	3,535,095,676
Amortizable Intangible Assets (Net)	60,628,261	63,509,755
Long-lived Intangible Assets (Net)	35,500,295	40,435,601
Total Assets	68,246,039,375	63,904,059,352

QUALITAS CONTROLADORA, S.A.B. DE C.V.
Consolidated Balance Sheet as of March 31st 2021
 Figures in Mexican pesos

	2021	2020
Liabilities		
Technical Reserves	35,675,465,202	36,229,649,791
Unearned Premiums	26,393,820,104	26,771,508,116
Property and Casualty Insurance	26,393,820,104	26,771,508,116
Reserve for Outstanding Obligations	9,281,645,098	9,458,141,674
Expired Policies and Claims Occurred Pending of Payment	8,234,616,766	8,513,775,823
Occurred but not Reported and Adjustment Costs assigned to Claims	278,313,796	180,268,702
Deposit Premiums	768,714,536	764,097,149
Reserves Related to Labor Obligations	456,107,078	325,875,204
Creditors	6,330,450,753	5,761,110,513
Agents and Adjusters	1,874,536,891	1,831,112,725
Funds for Losses Management	13,443,978	14,277,022
Bonding for recognition of Liabilities Creditors	-	-
Miscellaneous	4,442,469,883	3,915,720,766
Reinsurers and Re-Bonding Companies	147,061,104	187,126,325
Insurance and Bond Companies	122,377,073	163,774,350
Retained Deposits	24,684,031	23,351,975
Other	-	-
Funding Obtained	-	-
Other Liabilities	6,019,872,851	6,145,869,473
Provisions for employee profit sharing	817,672,260	855,328,827
Income Tax Provisions	188,616,240	673,728,753
Other Obligations	4,021,245,502	3,594,553,044
Deferred Credits	992,338,849	1,022,258,849
Total Liabilities	48,628,956,988	48,649,631,306
Stockholders' Equity		
Paid-in Capital		
Capital Stock	2,394,127,946	2,463,262,145
Capital Stock	2,464,130,475	2,535,727,486
(-) Non Subscribed Capital Stock	-	-
(-) Non Displayed Capital Stock	-	-
(-) Repurchased Shares	70,002,529	72,465,340
Earned Capital		
Reserves	1,069,454,300	582,121,684
Legal	507,142,999	435,022,416
For Repurchase of shares	256,559,300	(36,513,504)
Other	305,752,002	183,612,772
Valuation Surplus	299,224,514	236,910,320
Permanent Investments	-	-
Retained Earnings	14,616,576,424	10,073,712,972
Net Result	1,073,054,861	1,439,403,355
Translation effect	185,716,910	470,817,400
Non Monetary Assets Result	-	-
Remeasurements for Benefits granted to Employees	(31,471,592)	(17,659,568)
Controlling Interest	19,606,683,364	15,248,568,308
Non-Controlling Interest	10,399,024	5,859,737
Total Stockholders' Equity	19,617,082,388	15,254,428,046
Total Liabilities and Stockholders' Equity	68,246,039,375	63,904,059,352

QUALITAS CONTROLADORA S.A.B. DE C.V.
Consolidated Income statement from January 1st to March 31st 2021

Figures in Mexican pesos

	2021	2020
Premiums		
Written	9,704,978,430	9,592,526,436
(-) Ceded	87,670,138	169,672,490
Net Written Premiums	9,617,308,292	9,422,853,946
(-) Net Increase of Unearned	-	-
Premiums Reserve	1,009,178,986	(42,008,462)
Earned Retained Premiums	8,608,129,306	9,464,862,408
(-) Net Acquisition Cost	2,231,610,535	2,110,459,905
Agents Commissions	706,746,817	692,835,506
Agents' Additional Compensation	205,199,448	203,003,946
Reinsurance and Rebonding Commissions	-	-
(-) Reinsurance Commissions	581,332	4,241,902
Excess of Loss Coverage	1,702,791	1,709,645
Other	1,318,542,812	1,217,152,709
(-) Net Claims Cost and Other	-	-
Contractual Liabilities	5,104,634,126	4,986,060,571
Claims and Other Contractual Obligations	5,032,317,181	4,982,663,573
(-) Losses on non-proportional reinsurance	(72,316,946)	- 3,396,998
Claims	-	-
Technical Income (Loss)	1,271,884,644	2,368,341,933
(-) Net Increase in Other Technical Reserves	-	-
Result of Analog and Related Operations	0	-
Gross Income (Loss)	1,271,884,644	2,368,341,933
(-) Net Operating Expenses	396,348,712	551,134,839
Administrative and Operating Expenses	5,564,050	85,427,657
Employees' compensation and benefits	276,598,769	355,666,111
Depreciation and Amortization	114,185,892	110,041,071
Operating Income (Loss)	875,535,932	1,817,207,094
Comprehensive Financing Result	530,964,102	58,585,481
Investments	407,502,000	271,978,942
Sale of Investments	11,346,182	29,791,457
Fair Valuation of Investments	3,760,997	(657,215,193)
Surcharges on Premiums	81,435,547	119,130,028
Debt Issuance	-	-
Financial Reinsurance	-	-
Loan Interests	5,128,509	7,789,081
(-) Preventive Penalties for Amounts Recoverable from Reinsurance	(384,436)	533,332
(-) Preventive Penalties for Credit Risks	(983,083)	(1,029,666)
Other	10,746,111	219,113,427
Foreign Exchange Rate Fluctuation	9,677,237	67,501,404
(-) Monetary Position Result	-	-
Participation in Permanent Investments Result	-	-
Income (Loss) Before Taxes	1,406,500,035	1,875,792,575
(-) Provision for Income Taxes	332,466,229	435,408,553
Income (Loss) Before Discontinued Operations	1,074,033,805	1,440,384,022
Discontinued Operations	-	-
Net Income (Loss)	1,074,033,805	1,440,384,022
Controlling Interest	1,073,054,861	1,439,403,355
Non-Controlling Interest	978,944	980,667
Net Income (Loss)	1,074,033,805	1,440,384,022

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>Actinver</p> <p>Analyst: Lilian Ochoa</p> <p>E-mail: lochoa@actinver.com.mx</p> <p>Target price: 112.50 MXN</p> <p>Recommendation: Market Perform</p>	<p>BARCLAYS</p> <p>Analyst: Gilberto García</p> <p>E-mail: gilberto.garcia@barclays.com</p> <p>Target price: 107.00 MXN</p> <p>Recommendation: Equalweight</p>	<p>BBVA</p> <p>Analyst: Rodrigo Ortega</p> <p>E-mail: r.ortega@bbva.com</p> <p>Target price: 120.20 MXN</p> <p>Recommendation: Outperform</p>	<p>MGR GLOBAL RESEARCH & FUNDRAISING</p> <p>Analyst: Martín Lara</p> <p>E-mail: martin.lara@miranda-gr.com</p> <p>Target price: 132.00 MXN</p> <p>Recommendation: Buy</p>	<p>AS</p> <p>Analyst: Ernesto Gabilondo</p> <p>E-mail: ernesto.gabilondo@baml.com</p> <p>Target price: 121.00 MXN</p> <p>Recommendation: Neutral</p>	<p>CiBanco Ci Casa de Bolsa</p> <p>Analyst: Jorge Gordillo</p> <p>E-mail: jgordillo@cibanco.com</p> <p>Target price: 128.70 MXN</p> <p>Recommendation: Buy</p>
<p>GBM</p> <p>Analyst: Carlos De Legarreta</p> <p>E-mail: cadelegarreta@gbm.com</p> <p>Target price: 115.00 MXN</p> <p>Recommendation: Market Outperformer</p>	<p>n a u</p> <p>Analyst: Iñigo Vega</p> <p>E-mail: inigovega@nau-securities.com</p> <p>Target price: 110.00 MXN</p> <p>Recommendation: Buy</p>	<p>SIGNUM</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>BX+</p> <p>Analyst: Eduardo López</p> <p>E-mail: elopez@vepormas.com</p> <p>Target price: 104.10 MXN</p> <p>Recommendation: Buy</p>	<p>APALACHE</p> <p>Analyst: Jorge Lagunas</p> <p>E-mail: jorge.lagunas@apalache.mx</p> <p>Target price: 121.00 MXN</p> <p>Recommendation: Buy</p>	<p>Bloomberg</p> <p>Analyst: -</p> <p>E-mail: -</p> <p>Target price: 119.72 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)

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