

3Q21 Results Webcast

Date: Thursday, October 21st 2021

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

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

Hosted by:

Mr. José Antonio Correa, Chief Executive Officer

Mr. Bernardo Risoul, Chief Financial Officer & International CEO

Link to join online: <http://services.choruscall.ca/links/qualitas20211021.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:

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

Earnings Results

Third quarter

2021



Qualitas reports third quarter 2021 results

Mexico City, October 20th – Qualitas Controladora, S.A.B. de C.V. (“Qualitas”, “Q”, or “the company”) (BMV: Q*), announces its unaudited financial results for the third quarter ended September 30th, 2021.

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

Highlights

- 3Q21 results are within the company's expected ranges, pointing out that given 2020 atypical performance, direct comparisons may not be conclusive and should be analyzed in depth.
- Written premiums presented a 2.7% growth vs. 3Q20 and vs. 3Q19, ending the quarter at \$8,840 million. In cumulative terms, written premiums grew +9.3% and +9.5% vs 9M20 and vs 9M19 respectively, closing the first 9M21 at \$27,623 million.
- The company reached a new record high in terms of insured units; by the end of 3Q21 Qualitas had more than 4.5 million units, +59 thousand units vs 2Q21 and +326 thousand more vs. the end of 2020.
- Earned premiums closed 3Q21 at \$9,087 million, practically at same levels as 3Q20, decreasing 0.2%, which is related to the underwriting behavior and the portfolio composition. During the quarter, we had reserves release of \$307 million pesos.
- The loss ratio stood at 66.1% at the end of 3Q21, this represents 13.2 pp more than 3Q20 ratio, and 6.0 pp above 3Q19 given mobility normalization and an increase in meteorological events. Loss ratio for the 9M21 stood at 63.3%, within our expected range for the year.
- Qualitas Mexico, our main subsidiary, reported a loss ratio for the 3Q21 of 64.5%, within the expected range for the year.
- Since late June, we have increased throughout the year our prices in different segments and categories, reflecting the grow in mobility trends and claims.
- The combined ratio for 3Q21 was 94.7%, 12.2 pp more than 3Q20. Despite this reflects the normalization trends, this ratio is within the objective range for the year. The 9M21 combined ratio stood at 91.3%.
- The comprehensive financial income was \$534 million, a drop of 1.8% compared to 3Q20, reaching \$1,653 million during 9M21. The quarterly and 9M21 ROI was 5.4%.
- Quarterly net income for the 3Q21 was \$920 million, and the cumulative net income was \$2,970 million. Net margin for the quarter was 10.4%.
- The regulatory capital requirement stood at \$2,960 million, with a solvency margin of \$15,882 million, which represents a percentage of solvency margin of 637%.
- 12M and 3Q21 EPS stood at \$10.9 and \$2.3 pesos respectively. P/E multiple stood at 8.7, reflecting an attractive valuation with optimal profitability level, the P/BV multiple stood at 2.0. 12 months ROE stands at 23.7%, within the company's long-term target between 20-25%.
- Qualitas' share (Q*) improved two positions in the Mexican marketability index, now occupying the 18th position for the first time since the company went public.

Qualitas

figures



4,491,431
Insured vehicles



32.0%
Market share
Leaders since 2007



10.8%
Net margin 6M21



\$10.9
EPS 12M



517
Offices: 215 service offices & 302 ODQs



5,286
Employees



2.7%
Written premiums growth
2Q21 vs. 2Q20



23.7%
ROE 12M



8.7
P/E



\$33,537
Invested assets, float (MMMXXN)



+18,300
Agents



365 days/24 hours
Call center service

Financial Highlights (MM MXN)

Income Statement	Quarterly					Cumulative				
	3Q21	3Q20	Δ %/bp 21 vs 20	3Q19	Δ %/bp 21 vs 19	9M21	9M20	Δ %/bp 21 vs 20	9M19	Δ %/bp 21 vs 19
Premiums written	8,840	8,610	2.7%	8,606	2.7%	27,623	25,274	9.3%	25,230	9.5%
Net premiums written	8,779	8,535	2.9%	8,546	2.7%	27,398	24,964	9.8%	25,073	9.3%
Premiums earned	9,087	9,108	(0.2%)	8,844	2.7%	26,883	27,368	(1.8%)	25,680	4.7%
Acquisition cost	2,090	1,942	7.6%	1,869	11.8%	6,455	5,677	13.7%	5,492	17.5%
Loss cost	6,007	4,815	24.8%	5,314	13.0%	17,011	13,691	24.3%	15,506	9.7%
Technical result	990	2,351	(57.9%)	1,660	(40.4%)	3,417	8,001	(57.3%)	4,682	(27.0%)
Operating expenses	421	589	(28.5%)	543	(22.4%)	1,226	1,859	(34.1%)	1,457	(15.8%)
Underwriting result	569	1,766	(67.8%)	1,118	(49.1%)	2,197	6,148	(64.3%)	3,231	(32.0%)
Comprehensive financial income	534	544	(1.8%)	739	(27.7%)	1,653	1,262	31.1%	2,040	(18.9%)
Investment income	446	444	0.4%	620	(28.0%)	1,389	940	47.7%	1,686	(17.6%)
Income Taxes	183	653	(72.0%)	533	(65.7%)	880	2,076	(57.6%)	1,447	(39.2%)
Net result	920	1,657	(44.5%)	1,324	(30.5%)	2,970	5,334	(44.3%)	3,824	(22.3%)
Cost ratios										
Acquisition ratio	23.8%	22.8%	105	21.9%	193	23.6%	22.7%	82	21.9%	166
Loss ratio	66.1%	52.9%	1,324	60.1%	602	63.3%	50.0%	1,325	60.4%	289
Operating ratio	4.8%	6.8%	(208)	6.3%	(154)	4.4%	7.4%	(292)	5.8%	(134)
Combined ratio	94.7%	82.5%	1,222	88.3%	641	91.3%	80.1%	1,116	88.1%	322
Combined ratio adjusted*	93.7%	80.7%	1,309	87.4%	638	91.8%	77.6%	1,429	87.4%	441
Profitability ratios										
Return on investments	5.4%	5.4%	(7)	8.8%	(338)	5.4%	3.9%	154	7.9%	(245)
ROE for the period	19.2%	38.2%	(1,902)	45.2%	(2,603)	20.5%	45.3%	(2,476)	47.8%	(2,734)
LTM ROE	23.7%	45.7%	(2,199)	43.5%	(1,983)	23.7%	45.7%	(2,199)	43.5%	(1,983)

*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	9M21	9M20	Δ %/bp 21 vs 20	9M19	Δ %/bp 21 vs 19
Assets	68,884	65,308	5.5%	58,835	17.1%
Investments & Real Estate	35,459	35,479	(0.1%)	30,413	16.6%
Invested assets or float**	33,537	33,679	(0.4%)	28,916	16.0%
Technical reserves	36,014	33,240	8.3%	34,794	3.5%
Total liabilities	49,316	47,450	3.9%	46,626	5.8%
Stockholders' equity	19,568	17,858	9.6%	12,209	60.3%

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

Written premium

BUSINESS LINE	3Q21	3Q20	Δ %/bp 21 vs 20	3Q19	Δ %/bp 21 vs 19	9M21	9M20	Δ %/bp 21 vs 20	9M19	Δ %/bp 21 vs 19
Traditional	5,404	5,092	6.1%	5,013	7.8%	16,232	15,343	5.8%	15,490	4.8%
Individual	3,207	2,864	11.9%	2,631	21.9%	9,492	8,197	15.8%	7,756	22.4%
Fleets	2,197	2,228	(1.4%)	2,382	(7.7%)	6,741	7,147	(5.7%)	7,734	(12.8%)
Financial institutions	2,704	2,791	(3.1%)	3,124	(13.4%)	8,996	7,918	13.6%	8,386	7.3%
Foreign subsidiaries	732	726	0.9%	470	55.9%	2,395	2,021	18.5%	1,355	76.8%
Total	8,840	8,610	2.7%	8,606	2.7%	27,623	25,274	9.3%	25,230	9.5%

*Note: Since 1Q21 the consolidation of the financial information from Qualitas Controladora's non-insurance subsidiaries (Outlet de Refacciones, Easy Car Glass, Autos & Salvamentos, Optimizacion de Talento y Activos JAL) related to sales will be considered under the operating expenses line, specifically in other income / expenses; their costs are now considered under the loss costs. Starting 3Q21, ECG and CF are consolidated within Outlet de Refacciones, with the corresponding accounting effects.

During the third quarter, written premium stood at \$8,840 million, an increase of 2.7% compared to both 3Q20 and 3Q19. This growth was driven by our closeness, flexibility and agility to retain our customers and policyholders, despite the current complex environment.

The traditional segment had a quarterly increase of 6.1%, whereas the financial institutions decreased by 3.1%, in line with the impact of vehicles' production and new car sales in Mexico. Nonetheless, the economic expansion has supported the company's sales through our Mexican agents' network.

The geographical subsidiaries showed a growth of 0.9% compared to same period last year, achieving an underwriting of \$732 million. Excluding the exchange rate impact, the quarterly subsidiaries growth in USD stands at 10.5%.

Given the normalization in mobility trends, and hence, a normalization in claims, starting 2Q21-end we have gradually increased the tariffs in specific segments aiming to maintain profitability and the health of our policies' portfolio.

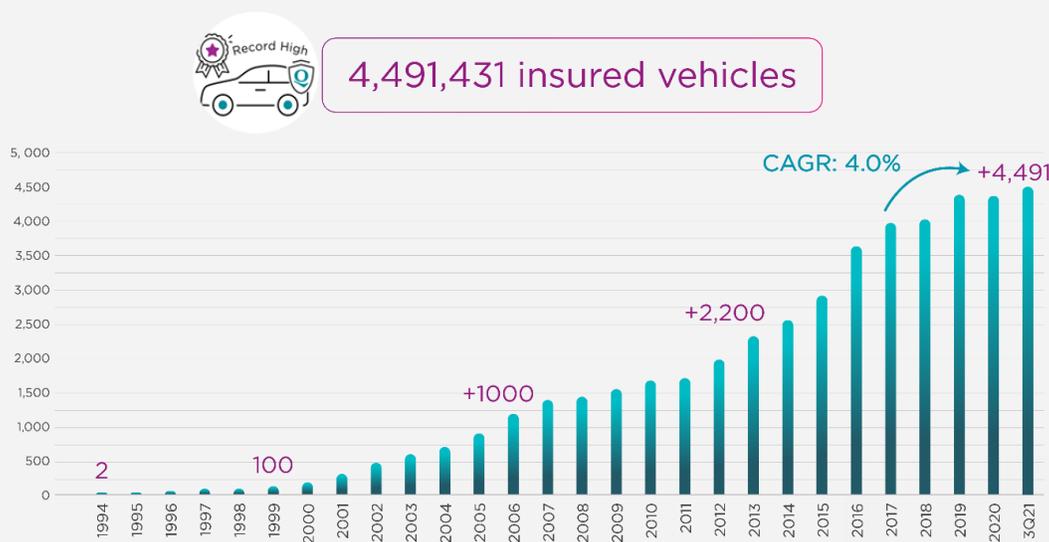
Insured units

According to AMDA, new car sales in México increased 14.1% during the first nine months of the year, vs. same period 2020, highlighting the low comparison base. If we contrast same data vs. 9M19, they are still 20.7% below.

September 2021 represented the month with the lowest sales reported by the industry in the last 10 years. New cars sales steadiness reached its peak within 2Q21 and stabilizing during 3Q21.

Regarding new car production in Mexico, due to the shortage in the global supply chain, it was highly impacted in September dropping 33% when compared to September 2020. Such impact in the production might hurt the expected recovery in new car sales towards year-end.

Despite the above, we closed the quarter with 4.5 million insured units, setting a new record high for the company. This represents an increase of 1.3% versus the previous quarter and 325,994 more units than 2020-end.



*CAGR of the last 5 years.

Qualitas' insured units are distributed as follows:

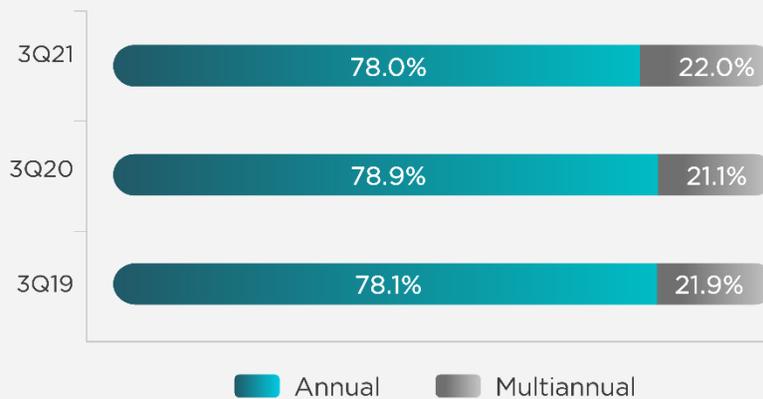
BUSINESS LINE	3Q21	2Q21	Δ%	4Q20	Δ%	3Q20	Δ%
Mexico	4,350	4,297	1.2%	4,037	7.8%	4,060	7.1%
Automobiles	2,894	2,880	0.5%	2,742	5.5%	2,746	5.4%
Trucks	1,164	1,141	2.0%	1,070	8.7%	1,094	6.4%
Tourists	107	109	(1.5%)	99	8.4%	97	10.6%
Motorcycles	186	168	10.6%	126	47.0%	124	49.5%
El Salvador	20	19	3.8%	19	2.5%	19	1.1%
Costa Rica	70	67	4.1%	63	10.4%	61	13.9%
USA	17	18	(4.0%)	17	0.7%	17	0.7%
Peru	34	31	10.8%	29	19.9%	27	25.7%
Insured vehicles	4,491	4,432	1.3%	4,165	7.8%	4,186	7.3%

All percentage changes are compared to 3Q21.

Earned premiums

During the third quarter, earned premiums remained in line with the figure reported in 3Q20, dropping 0.2%, or \$21.4 million. This outcome is linked to our policies portfolio composition, coupled with a slowdown in the underwriting.

As of 3Q21, our portfolio is comprised by 78.0% annual policies and 22.0% multiannual policies, which compares to a 78.9% and 21.1%, respectively at the same period of 2020. It is worth noting that such composition shows the natural and organic underwriting performance.



Acquisition cost & ratio

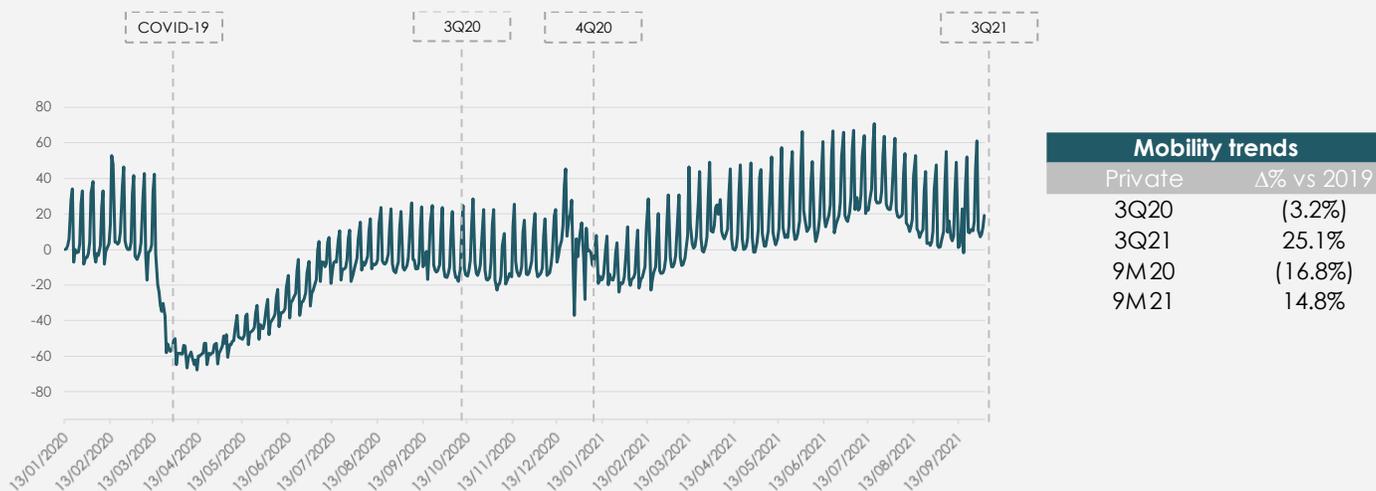
The acquisition ratio for the quarter was 23.8%, 1.1 bps above 3Q20, resulting in an acquisition cost of \$2,090 million. During the 3Q21, a one-time payment was recorded, with an impact of 0.9 bp to the acquisition cost.

The cumulative acquisition cost stood at \$6,455 million, with a year-to-date acquisition ratio of 23.6%.

Loss cost & ratio

During the third quarter 2021, mobility continued its upside normalization trend, observing higher number of vehicles on the road in comparison to previous quarters. While private mobility stands 25.1% above pre-COVID levels, public transportation remains 23.7% below.

According to Apple figures, private quarterly mobility in Mexico had the following performance:



Furthermore, according to CONAGUA statistics, during the third quarter, Mexico experienced an extraordinary raining, hail and flood season, which was higher than the last three-year average, thus impacting in the quarterly loss ratio.

On the other hand, the decrease in vehicle thefts continues its positive trend, benefiting the entire industry, including our company. During the first nine months of the year, car theft for Qualitas decreased by -8.6% versus the same period in 2020. However, we have also seen a flattening in the theft trend during the last three months.

In this regard, Qualitas recovered 50.5% of its stolen units during the first nine months of the year, which represents 3.6 pp above the industry average.

As of September 2021, the quarterly and year-to-date loss ratios were 66.1% and 63.3%, respectively. The loss cost for the quarter stood at \$6,007 million, representing an increase of 24.8% or \$1,192 million to the figure reported the same quarter last year, and 13% above the loss cost in 3Q19.

The consolidation of the non-insurance subsidiaries represents 0.7 percentage points out of the year-to-date loss ratio. In addition, our main subsidiary, Qualitas Mexico reported a quarterly loss ratio 64.5%, within the expected range for the year and exclusively related to the insurance operation.

Operating cost & ratio

Operating expenses for the quarter stood at \$421 million, reaching an operating ratio of 4.8% which represent, 2 pp below same period 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 3.9% which compares with the 4.1% ratio of the third quarter of 2020.

Underwriting result

By the end of the third quarter, the company posted a combined ratio of 94.7%, which represents an increase of 12.2 pp and 6.4 pp in comparison to the same period of 2020 and 2019, respectively. Despite this ratio reflects the normalization, is within the expected range of the year.

Underwriting result reached \$569 million, and an operating margin of 6.3% by the end of the quarter. Year-to-date combined ratio stood at 91.3%.

Comprehensive financial income

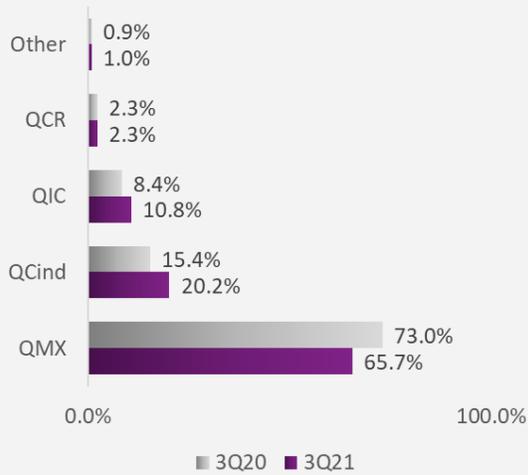
The quarterly comprehensive financial income closed at \$534 million down \$10 million when compared to the third quarter of the previous year. As of September 2020, both quarterly and nine-month Return on Investments (ROI) was 5.4%.

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

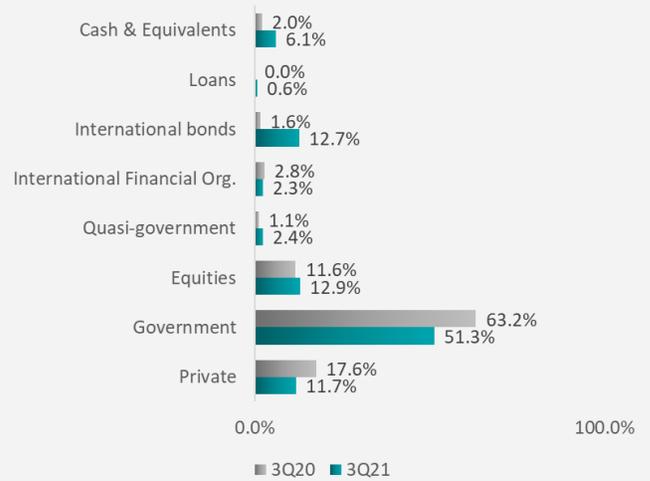
We continue to observe an upward trend in the Mexican reference rate. By the end of September 2020, Mexico's 28-day average CETES' rate was at 4.6%, and by the end of September 2021 at 4.4%. The rates increase experienced during the first nine months of the year should benefit our financial profit.

By the end of 3Q21, 87.1% of our portfolio was invested in fixed income and 12.9% in equities; these figures compare to 89.1% and 10.9% respectively by the end of 2020.

Portfolio by subsidiary



Total portfolio



Net income

Quarterly and cumulative net profit closed at \$920 million and \$2,970 million respectively. Despite the quarterly decreased of 44.5% vs 3Q20 due to the high comparative base and the normalization effects mentioned above, this is the third best cumulative net income posted in the company's history.

Qualitas closed the quarter with a net margin of 10.4% and a 12-month ROE of 23.7%, within our med and long-term range of 20% -25%. The ROE is made up by an operative ROE of 14.0% and a financial ROE of 9.7%.

Subsidiaries

By the end of 3Q21, the international (geographical) subsidiaries represent 8.3% of the company's total written premium.



Additionally, despite the complicated global environment, both the international and non-insurance (vertical) subsidiaries had an underwriting and sales performance of \$820 million. Excluding the exchange rate impact, the quarterly subsidiaries growth in USD stands at 10.5%

	Written premium					
	3Q21	3Q20	Δ %	9M21	9M20	Δ %
Q ES	48	28	72.3%	107	91	16.7%
Q CR	109	81	35.6%	414	405	2.1%
Q IC	506	584	(13.3%)	1619	1381	17.2%
Q P	69	34	103.6%	256	143	78.9%
Vertical*	88	40	119.7%	111	66	67.9%

*Sales in the case of vertical subsidiaries.

Throughout the quarter, our USA subsidiary intentionally slowed down its rapid growth, oriented to claims control and healthy margins creation.

Relating to our non-insurance subsidiaries, commercially consolidated as “Flekk” and from an accounting standpoint as *Outlet de Refacciones*, its scrap collection program to generate statistics has expanded its operations to Mexico City, Monterrey, and Guadalajara. As of September 2020, Flekk had presence in 130 offices within the country.

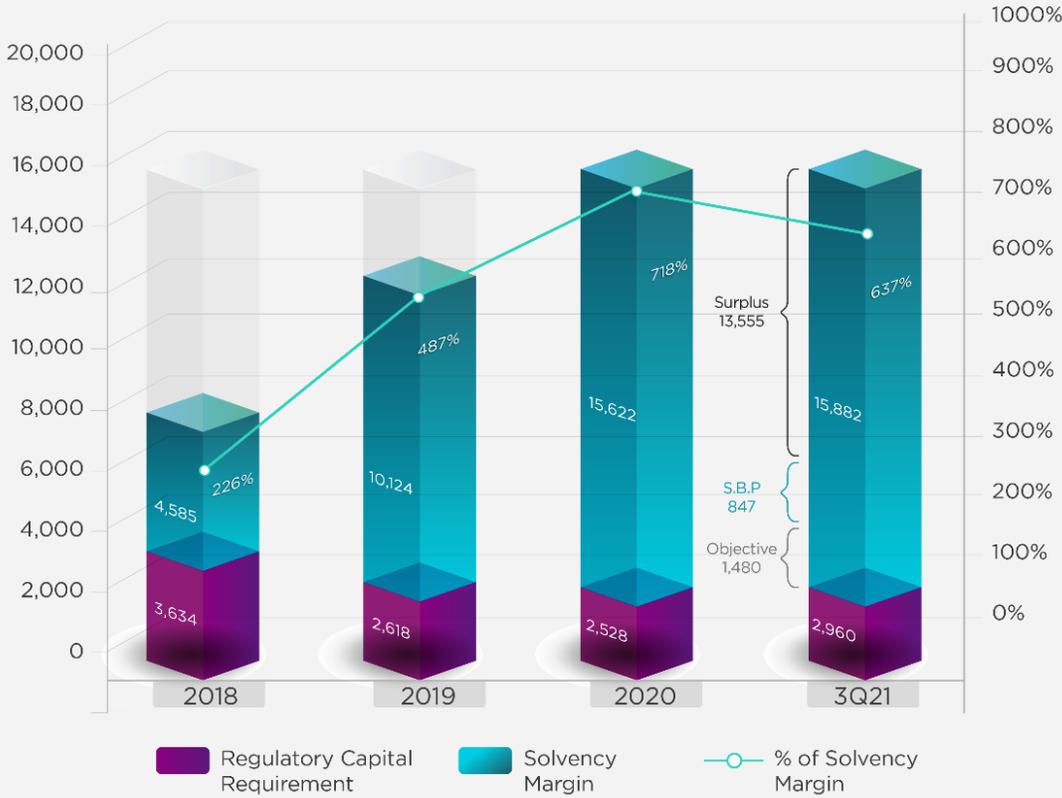
Technical reserves

The technical reserves reached \$36,014 million which represents an increase of 8.3% when compared to same quarter year ago, and 5.0% above the end of 2020. During the first nine months of the year, we have constituted \$515 million in reserves.

It is important to consider that throughout 2020 and due to the atypical reduction in claims, there was a technical reserve release of \$615 million during the year, so the 2021 behavior reflects the required adjustment.

Solvency

The regulatory capital requirement stood at \$2,960 million at the end of the third quarter, with a solvency margin of \$15,882 million; this represents a percentage of solvency margin of 637%.



S.B.P refers to the amount to be used from the approved Share Buyback Program at the last General Shareholders' Meeting.

QUALITAS CONTROLADORA, S.A.B. DE C.V.
Consolidated Balance Sheet as of September 30 2021

Figures in Mexican pesos

	2021	2020
Assets		
Investments	35,459,147,632	35,479,122,770
Securities and Derivatives Transactions	33,154,332,076	33,438,928,830
Securities	33,154,332,076	33,438,928,830
Government	20,445,055,573	22,652,741,364
Private Companies: Fixed Rate	5,977,059,691	6,565,694,264
Private Companies: Equity	6,665,079,815	4,002,372,579
Foreign	67,136,998	218,120,622
(-) Value Impairment	-	-
Restricted Securities	-	-
Derivatives	-	-
Overnight	86,694,135	42,779,604
Loans Portfolio (Net)	295,570,455	197,200,750
Current Loan Portfolio	303,000,886	186,089,578
Non-performing Loan	49,792,992	59,029,780
(-) Loan Loss Provisions	57,223,423	47,918,608
Property (Net)	1,922,550,966	1,800,213,586
Investments Related to Labor Obligations	75,481,455	72,672,371
Cash and Cash Equivalents	2,225,164,148	1,590,407,912
Cash and Banks	2,225,164,148	1,590,407,912
Debtors	24,280,775,214	22,364,537,337
Premiums	23,485,015,119	21,725,980,801
Premiums P&C Subsidy	-	-
Federal Agencies Debts	135,700,271	156,589,058
Agents and Claims Officers (Adjusters)	163,873,883	144,741,051
Accounts Receivable	-	-
Bonds for Claims Debtors	-	-
Other	707,463,314	531,232,508
(-) Allowance for Doubtful Accounts	211,277,374	194,006,082
Reinsurers and Re-Bonding Companies	128,305,565	121,464,720
Insurance and Bonds Intitutions	10,389,466	14,741,242
Retained deposits	-	-
Amounts Recoverable from Reinsurance	119,000,303	108,085,300
(-) Loan Loss Provisions for Foreign Reinsurers and Reinsurance and Bonding Brokers	1,044,293	1,304,281
(-) Provisions for Penalties	39,911	57,541
Permanent Investments	46,546,839	46,546,839
Subsidiary	-	-
Associates	-	-
Other permanent investments	46,546,839	46,546,839
Other Assets	6,668,493,038	5,633,719,980
Furniture and Equipment (Net)	915,223,856	1,025,850,147
Miscellaneous	5,652,415,353	4,506,590,754
Amortizable Intangible Assets (Net)	65,151,739	62,967,514
Long-lived Intangible Assets (Net)	35,702,090	38,311,565
Total Assets	68,883,913,891	65,308,471,928

QUALITAS CONTROLADORA, S.A.B. DE C.V.
Consolidated Balance Sheet as of September 30 2021
 Figures in Mexican pesos

	2021	2020
Liabilities		
Technical Reserves	36,013,953,620	33,239,859,385
Unearned Premiums	25,910,222,517	24,303,917,293
Property and Casualty Insurance	25,910,222,517	24,303,917,293
Reserve for Outstanding Obligations	10,103,731,103	8,935,942,093
Expired Policies and Claims Occurred Pending of Payment	9,147,490,364	8,104,667,631
Occurred but not Reported and Adjustment Costs assigned to Claims	294,463,450	213,230,813
Deposit Premiums	661,777,290	618,043,649
Reserves Related to Labor Obligations	508,089,598	441,549,380
Creditors	6,654,737,222	5,960,509,577
Agents and Adjusters	1,938,277,745	1,979,608,087
Funds for Losses Management	67,569,240	18,373,564
Bonding for recognition of Liabilities Creditors	-	-
Miscellaneous	4,648,890,237	3,962,527,927
Reinsurers and Re-Bonding Companies	12,750,016	180,489,385
Insurance and Bond Companies	(11,934,015)	149,703,266
Retained Deposits	24,684,031	30,786,119
Other	-	-
Funding Obtained	-	-
Other Liabilities	6,126,457,631	7,627,806,562
Provisions for employee profit sharing	338,345,003	828,030,256
Income Tax Provisions	802,739,430	2,260,344,265
Other Obligations	3,957,710,042	3,600,479,859
Deferred Credits	1,027,663,156	938,952,182
Total Liabilities	49,315,988,087	47,450,214,290
Stockholders' Equity		
Paid-in Capital		
Capital Stock	2,372,103,769	2,427,366,494
Capital Stock	2,422,365,551	2,464,130,475
(-) Non Subscribed Capital Stock	-	-
(-) Non Displayed Capital Stock	-	-
(-) Repurchased Shares	50,261,783	36,763,980
Earned Capital		
Reserves	1,734,028,521	1,610,293,827
Legal	507,142,999	507,142,999
For Repurchase of shares	905,334,632	907,920,918
Other	321,550,890	195,229,910
Valuation Surplus	311,517,569	332,453,968
Permanent Investments	-	-
Retained Earnings	12,032,240,245	7,842,635,727
Net Result	2,966,775,344	5,330,441,867
Translation effect	181,288,396	348,061,643
Non Monetary Assets Result	-	-
Remeasurements for Benefits granted to Employees	(42,671,580)	(41,068,922)
Controlling Interest	19,555,282,264	17,850,184,605
Non-Controlling Interest	12,643,540	8,073,034
Total Stockholders' Equity	19,567,925,804	17,858,257,638
Total Liabilities and Stockholders' Equity	68,883,913,891	65,308,471,928

QUALITAS CONTROLADORA S.A.B. DE C.V.
Consolidated Income statement for the third quarter 2021

Figures in Mexican pesos

	3Q 2021	3Q 2020
Premiums		
Written	8,839,553,419	8,610,040,599
(-) Ceded	60,302,798	74,772,819
Net Written Premiums	8,779,250,621	8,535,267,780
(-) Net Increase of Unearned Premiums Reserve	(307,735,748)	(573,107,910)
Earned Retained Premiums	9,086,986,369	9,108,375,690
(-) Net Acquisition Cost	2,089,976,750	1,941,952,132
Agents Commissions	706,120,321	622,000,658
Agents' Additional Compensation	231,833,172	199,898,644
Reinsurance and Rebonding Commissions	-	-
(-) Reinsurance Commissions	661,992	55,878
Excess of Loss Coverage	1,402,056	1,830,746
Other	1,151,283,192	1,118,277,962
(-) Net Claims Cost and Other Contractual Liabilities	6,007,161,686	4,815,259,101
Claims and Other Contractual Obligations	6,038,930,410	4,918,966,784
(-) Losses on non-proportional reinsurance Claims	31,768,724	103,707,683
Technical Income (Loss)	989,847,933	2,351,164,457
(-) Net Increase in Other Technical Reserves	-	-
Result of Analog and Related Operations	-	3,540,000
Gross Income (Loss)	989,847,933	2,354,704,457
(-) Net Operating Expenses	420,917,679	588,702,652
Administrative and Operating Expenses	48,815,338	72,355,401
Employees' compensation and benefits	254,900,122	392,305,768
Depreciation and Amortization	117,202,219	124,041,483
Operating Income (Loss)	568,930,255	1,766,001,805
Comprehensive Financing Result	533,865,314	543,884,340
Investments	404,618,321	440,411,183
Sale of Investments	(27,387,060)	(90,943,826)
Fair Valuation of Investments	42,767,267	87,775,155
Surcharges on Premiums	72,845,292	99,460,191
Debt Issuance	-	-
Financial Reinsurance	-	-
Loan Interests	4,168,780	5,757,644
(-) Preventive Penalties for Amounts Recoverable from Reinsurance	(449,049)	(468,881)
(-) Preventive Penalties for Credit Risks	(363,692)	(1,039,151)
Other	14,790,299	3,014,562
Foreign Exchange Rate Fluctuation	21,249,673	(3,098,600)
(-) Monetary Position Result	-	-
Participation in Permanent Investments Result	-	-
Income (Loss) Before Taxes	1,102,795,569	2,309,886,146
(-) Provision for Income Taxes	182,825,069	653,277,992
Income (Loss) Before Discontinued Operations	919,970,500	1,656,608,154
Discontinued Operations	-	-
Net Income (Loss)	919,970,500	1,656,608,154
Controlling Interest	918,977,621	1,655,215,271
Non-Controlling Interest	992,879	1,392,883
Net Income (Loss)	919,970,500	1,656,608,154

QUALITAS CONTROLADORA S.A.B. DE C.V.
Consolidated Income statement from January 1st to September 30 2021

Figures in Mexican pesos

	2021	2020
Premiums		
Written	27,623,064,835	25,274,239,179
(-) Ceded	224,600,935	310,165,973
Net Written Premiums	27,398,463,900	24,964,073,206
(-) Net Increase of Unearned	-	-
Premiums Reserve	515,426,252	(2,403,853,711)
Earned Retained Premiums	26,883,037,647	27,367,926,917
(-) Net Acquisition Cost	6,454,959,844	5,676,519,168
Agents Commissions	2,108,428,718	1,885,471,262
Agents' Additional Compensation	650,201,832	557,241,005
Reinsurance and Rebonding Commissions	-	-
(-) Reinsurance Commissions	16,969,487	6,361,812
Excess of Loss Coverage	4,494,435	5,453,021
Other	3,708,804,345	3,234,715,692
(-) Net Claims Cost and Other	-	-
Contractual Liabilities	17,010,952,896	13,690,818,696
Claims and Other Contractual Obligations	17,451,831,726	13,828,090,319
(-) Losses on non-proportional reinsurance	440,878,830	137,271,623
Claims	-	-
Technical Income (Loss)	3,417,124,908	8,000,589,053
(-) Net Increase in Other Technical Reserves	-	-
Result of Analog and Related Operations	5,220,000	6,532,500
Gross Income (Loss)	3,422,344,908	8,007,121,553
(-) Net Operating Expenses	1,225,838,289	1,858,840,415
Administrative and Operating Expenses	75,579,629	264,217,363
Employees' compensation and benefits	803,868,330	1,241,315,176
Depreciation and Amortization	346,390,331	353,307,876
Operating Income (Loss)	2,196,506,619	6,148,281,138
Comprehensive Financing Result	1,653,360,226	1,261,612,076
Investments	1,193,756,690	1,119,998,353
Sale of Investments	(105,571,586)	(8,067,119)
Fair Valuation of Investments	252,451,839	(508,191,629)
Surcharges on Premiums	229,856,987	321,474,749
Debt Issuance	-	-
Financial Reinsurance	-	-
Loan Interests	13,792,516	20,421,317
(-) Preventive Penalties for Amounts Recoverable from Reinsurance	(535,440)	(500,703)
(-) Preventive Penalties for Credit Risks	(1,972,904)	(1,874,238)
Other	34,669,975	254,648,365
Foreign Exchange Rate Fluctuation	31,895,462	58,953,099
(-) Monetary Position Result	-	-
Participation in Permanent Investments Result	-	-
Income (Loss) Before Taxes	3,849,866,845	7,409,893,215
(-) Provision for Income Taxes	879,865,474	2,076,330,137
Income (Loss) Before Discontinued Operations	2,970,001,371	5,333,563,078
Discontinued Operations	-	-
Net Income (Loss)	2,970,001,371	5,333,563,078
Controlling Interest	2,966,775,344	5,330,441,867
Non-Controlling Interest	3,226,026	3,121,211
Net Income (Loss)	2,970,001,371	5,333,563,078

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)

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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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