

# EARNINGS RESULTS 2023

3<sup>rd</sup> Quarter

# Webcast Results 3Q23

**Date: Friday, October 20<sup>th</sup>, 2023**  
**Time: 9:00 am MXT / 10:00 am CST / 11:00 am EST**

**Qualitas Controladora S.A.B. de C.V.** cordially invites you to its third 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: 878 0260 7626

[https://us02web.zoom.us/webinar/register/WN\\_aj5Z45W7TzGoZcRokndI3g#/registration](https://us02web.zoom.us/webinar/register/WN_aj5Z45W7TzGoZcRokndI3g#/registration)

The report and presentation will also be available:

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

# Qualitas reports third quarter 2023 results

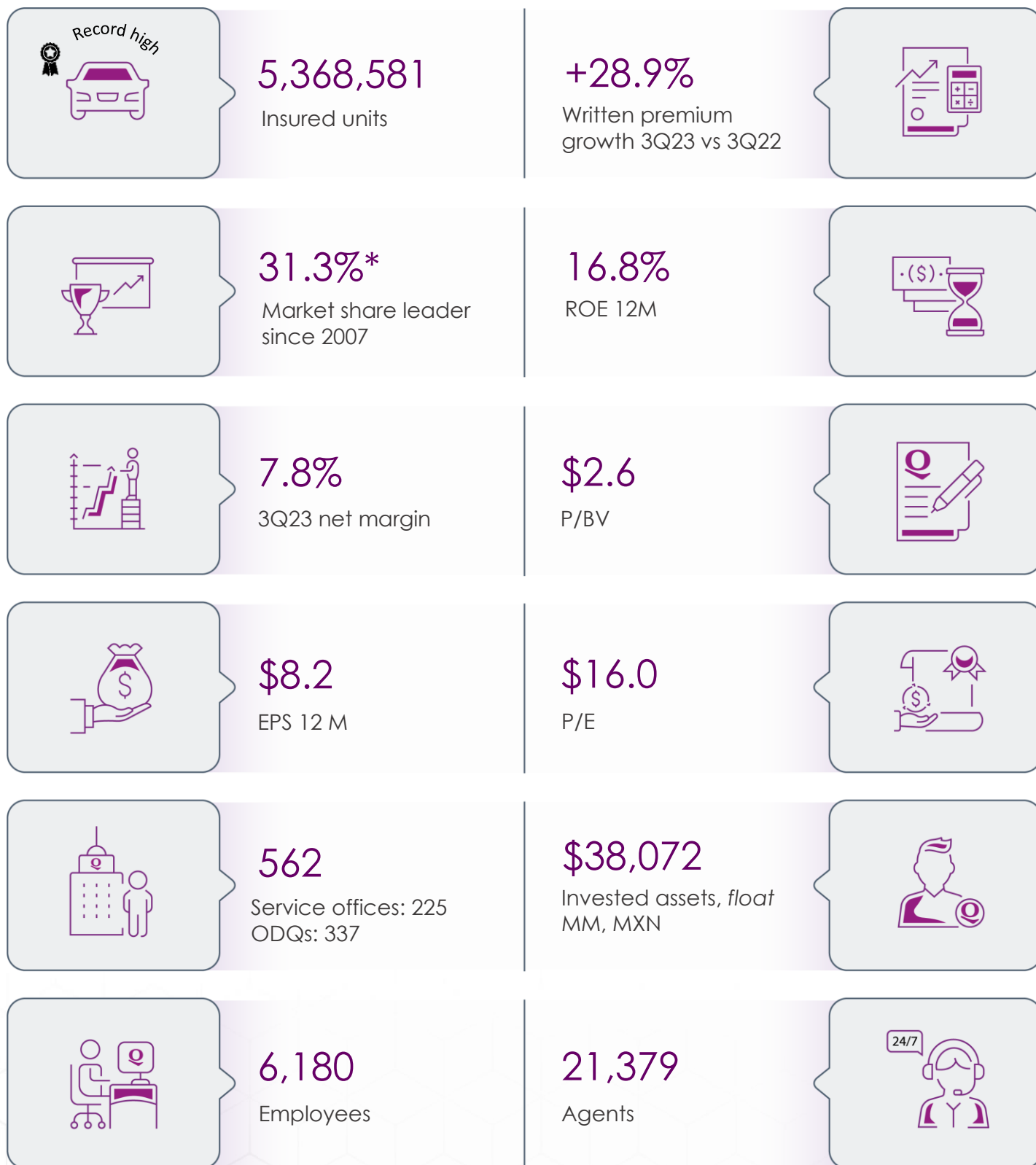
**Mexico City, October 19<sup>th</sup> 2023** – Qualitas Controladora, S.A.B. de C.V. ("Qualitas", "Q", or "the company") (BMV: Q\*), announces its unaudited financial results for the third quarter 2023.

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 post a solid performance, increasing +28.9% vs 3Q22, and +26.0% vs 9M22. Written premiums performance reflects YTD tariffs weighted average increase of ~24% vs. 2022 last update, as well as the recovery in new car sales, +24.9% vs 9M22 and finally +2.1% above 9M19.
- Our most important distribution channel continues to be the traditional segment, through our agents' network, with a YTD growth of 33.0%; our financial institutions channel grew 23.7% during the first nine months of the year.
- We achieved a record high of insured units, closing the third quarter with 5.37 million; +558 thousand units vs. 2022 year-end and +595 thousand units vs 3Q22.
- Earned premiums closed the quarter at \$12,756 million, a 26.8% increase vs 3Q22 and 21.6% vs 9M22. We constituted reserves of \$266 million during the quarter, reaching to a \$1,633 million constitution throughout the year. All the above, in-line with our written premium's growth, claims performance and portfolio mix.
- Loss ratio for the quarter stood at 71.6% and 71.0% in cumulative terms, reflecting industry inflation, frequency, and robberies. The above reflects an improvement of 30 bps vs. 2Q23.
- Quarterly combined ratio closed at 97.0% and at 96.9% for 9M23. According to latest AMIS figures, as of the first half of the year, Qualitas Mexico combined ratio was 6.5 pp below the rest of the industry average, being one of the only two companies from the top 5 reporting a profitable underwriting result.
- Comprehensive financial income closed at \$1,023 million, which represents a quarterly 9.7% ROI adding \$2,865 million, and a 9.2% ROI during the first nine months of the year. By September-end, the investment portfolio was \$38,072 million; 90% allocated in fixed income with a total duration of 1.6 years.
- Quarterly net result closed at \$1,023 million, +384% vs 3Q22, and at \$2,666 million in cumulative terms, +66.3% vs 9M22. Quarterly and cumulative net margin was 7.8% and 7.1% respectively. EPS for the quarter was \$2.6 and 12-month ROE 12 stood at 16.8%.
- The regulatory capital requirement stood at \$4,378 million, with a solvency margin of \$14,639 million, equivalent to a solvency ratio of 434%.

# Qualitas' in figures



\*June 2023 Mexico market share, AMIS

# Financial highlights 3Q23

Income Statement	Quarterly			Year to date		
	3Q23	3Q22	Δ %/bp 23 vs 22	9M23	9M22	Δ %/bp 23 vs 22
Written premiums	13,036	10,115	28.9%	37,324	29,611	26.0%
Net written premiums	13,021	9,983	30.4%	37,195	29,153	27.6%
Earned premiums	12,756	10,058	26.8%	35,562	29,244	21.6%
Acquisition cost	2,857	2,279	25.4%	8,429	6,786	24.2%
Loss cost	9,129	7,186	27.1%	25,257	20,039	26.0%
<b>Technical result</b>	<b>770</b>	<b>594</b>	<b>29.6%</b>	<b>1,875</b>	<b>2,420</b>	<b>(22.5%)</b>
Operating expenses	453	422	7.3%	1,182	1,191	(0.8%)
<b>Underwriting result</b>	<b>317</b>	<b>172</b>	<b>84.5%</b>	<b>693</b>	<b>1,228</b>	<b>(43.6%)</b>
Comprehensive financial income	1,023	52	1,884.4%	2,865	628	355.8%
Investment income	905	(28)	(3,337.5%)	2,529	416	507.7%
Income Taxes	317	12	2,534.0%	892	254	250.6%
<b>Net result</b>	<b>1,023</b>	<b>211</b>	<b>384.2%</b>	<b>2,666</b>	<b>1,602</b>	<b>66.3%</b>
<b>Cost ratios</b>						
Acquisition ratio	21.9%	22.8%	(89)	22.7%	23.3%	(62)
Loss ratio	71.6%	71.4%	13	71.0%	68.5%	250
Operating ratio	3.5%	4.2%	(70)	3.2%	4.0%	(86)
Combined ratio	97.0%	98.4%	(146)	96.9%	95.8%	103
Combined ratio adjusted*	97.5%	98.3%	(78)	98.1%	95.8%	225
<b>Profitability ratios</b>						
Return on investments	9.7%	(0.3%)	1,003	9.2%	1.6%	760
ROE for the period	20.9%	4.5%	1,635	11.7%	5.8%	582
LTM ROE	16.8%	12.6%	427	16.8%	12.6%	427

\*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	3Q23	3Q22	Δ %/bp 23 vs 22
Assets	81,586	72,940	11.9%
Investments & Real Estate	40,402	36,367	11.1%
<i>Invested assets or float**</i>	38,072	34,328	10.9%
Technical reserves	45,232	39,319	15.0%
Total liabilities	61,529	54,189	13.5%
Stockholders' equity	20,056	18,751	7.0%

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

# Written premiums

Business line	3Q23	3Q22	Δ %/bp 23 vs 22	9M23	9M22	Δ %/bp 23 vs 22
Traditional	8,481	6,350	33.6%	24,295	18,261	33.0%
<i>Individual</i>	5,185	3,774	37.4%	14,812	10,706	38.3%
<i>Fleets</i>	3,296	2,576	27.9%	9,484	7,555	25.5%
Financial institutions	3,787	2,988	26.7%	10,568	8,543	23.7%
Foreign subsidiaries	759	762	(0.4%)	2,401	2,655	(9.6%)
<b>Total</b>	<b>13,036</b>	<b>10,115</b>	<b>28.9%</b>	<b>37,324</b>	<b>29,611</b>	<b>26.0%</b>

By September-end, quarterly written premium stood at \$13,036 million +28.9% vs same period of last year. During the first nine months of the year, premiums stood at \$37,324 million +26.0% comparing to same period 2022. In around 50% of top line growth is driven by tariffs increases of ~24% in a weighted average throughout the year vs. last 2022 update; the 50% balance is related to the increase in insured units.

The main driver of the written premiums' solid performance was our traditional segment, increasing +33.6% vs 3Q22 and +33.0% vs 9M22. Within this segment, stands out our individual business, +37.4% above same quarter of last year and +38.3% in cumulative terms.

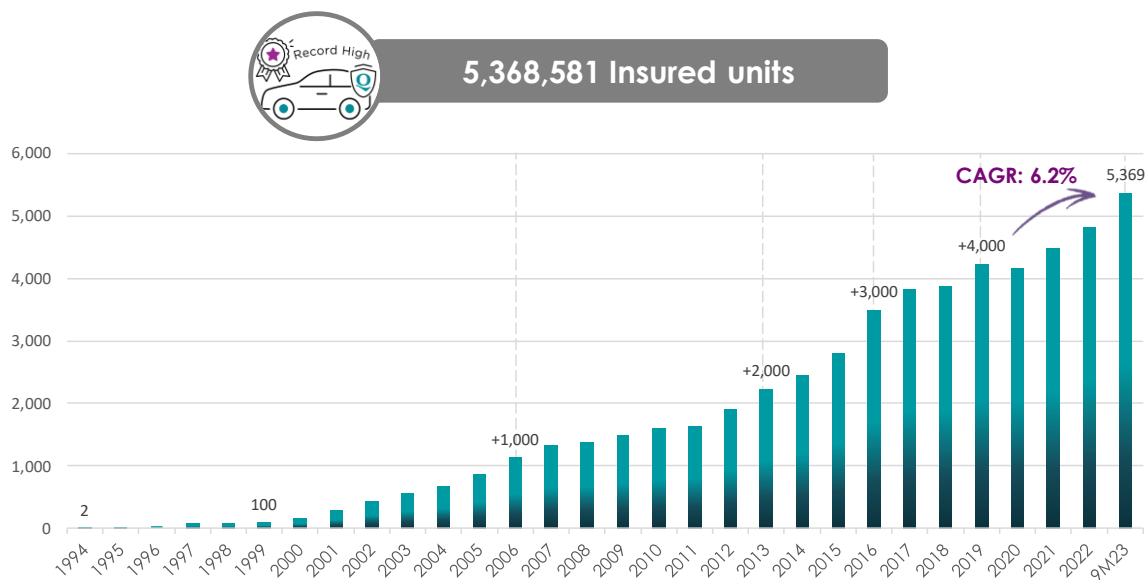
Underwriting through the financial institutions segment, correlated to the new car sales performance, had a quarterly and cumulative growth of 26.7% and 23.7% respectively.

Regarding our international subsidiaries' underwriting, these reported a quarterly and 9-months decrease of -0.4% and -9.6%, respectively. The above reflects the slowdown of our US subsidiary and the positive momentum of our LATAM subsidiaries.

In local currency, quarterly underwriting from international subsidiaries increased +22.7%, and +8.4% in cumulative terms. Considering only our LATAM subsidiaries, its quarterly and cumulative written premiums increased +47.3% and +48.7%, respectively.

# Insured units

We closed the quarter with an all-time high of 5.37 million insured units. This represents an increase of +558 thousand units or +11.6% compared to 2022-end, highlighting that every subsidiary achieved growth in insured units during the third quarter of the year.



CAGR of the last 5 years

Regarding new cars sales, throughout the year, light vehicles' sales increased +24.9% compared to same period 2022, and finally +2.1% above same period 2019; heavy equipment sales reported a +34.7% and +23.5% growth vs same period 2022 and 2019 respectively.

Insured units are distributed as follows:

	3Q23	4Q22	Δ%	3Q22	Δ%
Mexico	5,132	4,607	11.4%	4,580	12.0%
Automobiles	3,327	3,020	10.2%	3,003	10.8%
Trucks	1,286	1,174	9.5%	1,191	8.0%
Tourists	175	138	26.6%	131	33.2%
Motorcycles	344	275	25.3%	254	35.3%
El Salvador	32	27	17.7%	27	21.2%
Costa Rica	112	100	12.6%	92	22.1%
USA	29	18	62.1%	18	59.2%
Peru	63	58	8.6%	57	11.6%
<b>Insured vehicles</b>	<b>5,369</b>	<b>4,810</b>	<b>11.6%</b>	<b>4,774</b>	<b>12.5%</b>

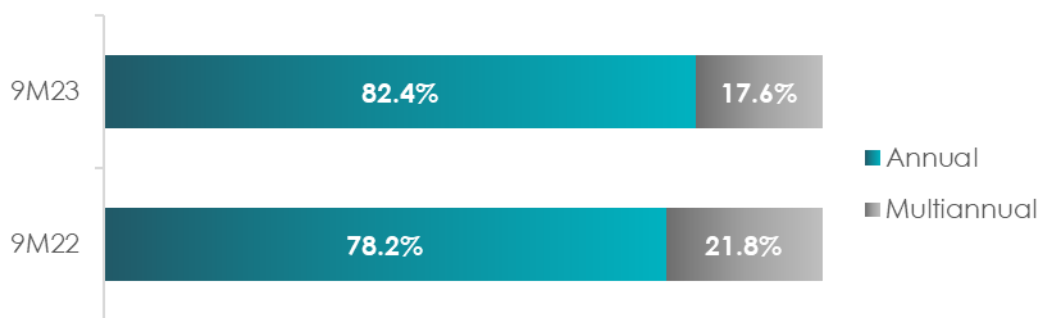
All percentage changes are compared to 3Q23, in thousands of units.

# Earned premiums

During the third quarter, earned premiums closed at \$12,756 million which represents a 26.8% increase when compared to third quarter 2022. On a year-to-date basis, earned premiums stood at \$35,562 million, with a 21.6% increase vs same period of last year.

Growth is explained by the solid performance in underwriting, the historical behavior of our claims, our portfolio mix, thus the actuarial reserves constitution.

By September-end, 82.4% of the portfolio was constituted by annual policies and 17.6% by multiannual policies.



# Acquisition cost

The acquisition cost closed the quarter at \$2,857 million and at \$8,429 million in cumulative terms, with an acquisition ratio of 21.9% and 22.7% 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 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 and 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 September at 4.5% whereas core inflation stood at 5.8%. In this regard, 12-month inflation for spare parts stood at 8.3%. While this demonstrates a gradual improvement, it is still a pressure on our costs.

Regarding our accident's frequency, it stood at 7.3% in the quarter, 10 bps above the second quarter of this year, also related to the seasonality of our business. In the same way, severity of claims attended has had an impact in our average claims' cost, increasing 10.4% vs same period of last year.

Lastly, theft of insured vehicles in Mexico maintains an upwards trend, increasing 4% for the industry and 9% for Qualitas vs first nine months of 2022. Thefts represented 15% of the total claims' costs of the Company which compares to 13% during same period of last year. Regarding the recovery of theft units, Qualitas recovered 43.9% of units, 4.8 pp higher than the rest of the industry average.

All the above resulted in a claims cost and ratio of \$9,129 million and 71.6%, respectively. On a year-to-date basis, claims cost stood a \$25,257 million, with a 71.0% ratio. The initiatives we have been implementing throughout the year have mitigated the negative impact, observing a gradual improvement of 30 bps in loss ratio vs. second quarter this year.

# Operating expenses

Operating expenses for the quarter stood at \$453 million, reaching an operating ratio of 3.5%. For the first nine months of the year, ended at \$1,182 million with a 3.2% operating ratio.

Operating expenses have increased in line with the underwriting and insured units' growth, this ratio benefits as well from the income generated from our vertical subsidiaries due to third parties' sales.

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 figure, the quarterly and 9-month operating ratio would stand at 2.4% and 2.3% respectively.

# Underwriting result

The company had a quarterly underwriting profit of \$317 million and of \$693 million in cumulative terms, representing an operating margin of 2.5% and 1.9% respectively. We posted a 97.0% combined ratio at the end of 3Q23 and 96.9% for the first nine months of the year.

According to the latest AMIS available statistics, by June-end, the auto insurance industry in Mexico reported a combined ratio, excluding Qualitas, of 102.3%; we stand out in terms of profitability with a 95.8% combined ratio, 6.5 pp better than the rest of the industry average.



Source: Combined ratio; AMIS as of June 2023

# Comprehensive financial income

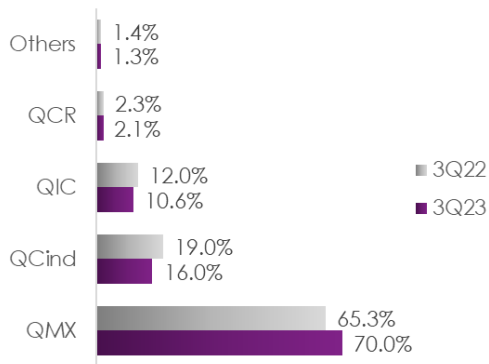
During 3Q23, reference rate in Mexico remained at 11.25%, compared to 9.25% at the end of the same period 2022. The average 28-day CETES for the quarter was 11.2% and 11.1% on a year-to-date basis.

By September-end, 90.3% of the portfolio is allocated in fixed income and the remaining 9.7% in equities; the duration of our investment portfolio stood at 1.64 years. Important to mention that 13% of our total portfolio is geographically allocated, to comply with the regulatory capital requirements of our international subsidiaries.

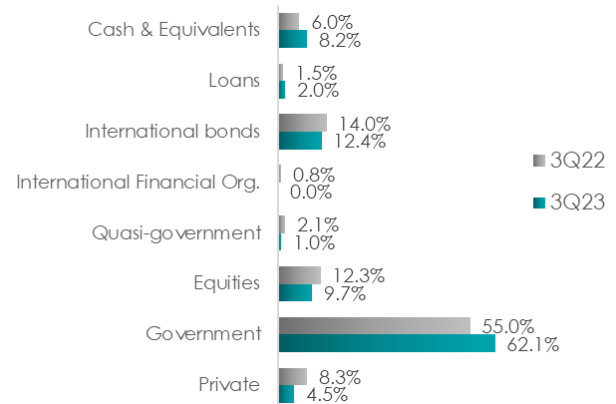
The equity proportion of our portfolio continues to shift to a passive, ETF based strategy, so we have sold some specific individual equity positions, looking for a less volatile portfolio composition and mainly indexed.

Considering the above, quarterly financial income closed at \$1,023 million and at \$2,865 million YTD, which implies an ROI of 9.7% and 9.2%, respectively; an increase of 127 pp and 760 pp in comparison to the same period ROI 2022, recognizing a non-recurrent effect in 3Q22 comparable base. Our portfolio continues to be well-positioned to benefit from the current environment and there is still room to benefit for at least the next 18 months.

## Subsidiaries portfolio



## Total portfolio



## Net result

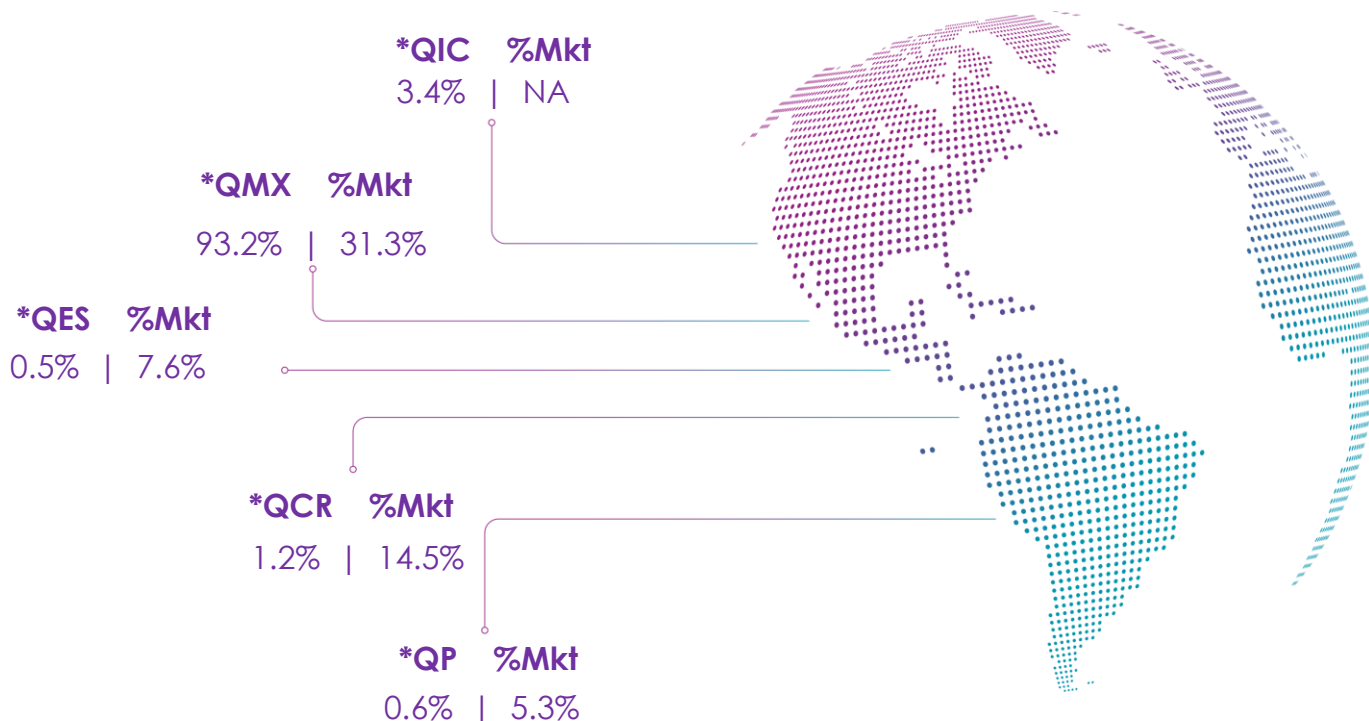
All in all, the company reported a quarterly net profit of \$1,023 million and \$2,666 in cumulative terms, resulting in a quarterly and year-to-date net margin of 7.8% and 7.1%, respectively. The net profit growth compared to 3Q22 and 9M22 was +384% or +\$811 million pesos, and +66.3% or +\$1,063 million respectively.

Qualitas closed the third quarter with a 12-month ROE of 16.8%, reflecting the last 12 months performance, and our strong capital position. ROE is comprised by an operating ROE of 2.0% and a financial ROE of 14.8%.

Our business model allows us to keep generating value and demonstrates the solidness of the company. We will continue to focus on actions to control and mitigate external factors pressuring our claims costs, through disciplined pricing, to keep with the gradual recovery in our underwriting, coupled with the strength of our investment portfolio.

# Subsidiaries as of 3Q23

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



Altogether, the international and vertical subsidiaries reported written premiums and sales of \$908 million during 3Q23, representing a 4.5% quarterly increase. In cumulative terms, they posted underwriting and sales for \$2,824 million, a decrease of -4.2%. Such performance considers the exchange rate impact due to the Mexican peso appreciation observed during the year and the intentional deacceleration in our US subsidiary. In local currency, quarterly and YTD underwriting of the international subsidiaries increased +22.7% and +8.4% respectively.

Through the third quarter, our subsidiary Flekk increased its sales to third parties by +42.0% compared to same period last year, with a cumulative growth of 45.4%.

In the table below, our subsidiaries performance:

	Written premium			9M23	9M22	Δ %
	3Q23	3Q22	Δ %			
Q ES	68	59	15.8%	179	145	23.6%
Q CR	159	142	12.0%	640	498	28.4%
Q IC	449	487	(7.8%)	1,306	1,723	(24.2%)
Q P	83	74	11.4%	277	289	(4.3%)
Vertical*	149	107	39.1%	424	292	45.0%
<b>Total</b>	<b>908</b>	<b>869</b>	<b>4.5%</b>	<b>2,824</b>	<b>2,947</b>	<b>(4.2%)</b>

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

\*Sales in the case of non-insurance subsidiaries

# Technical reserves

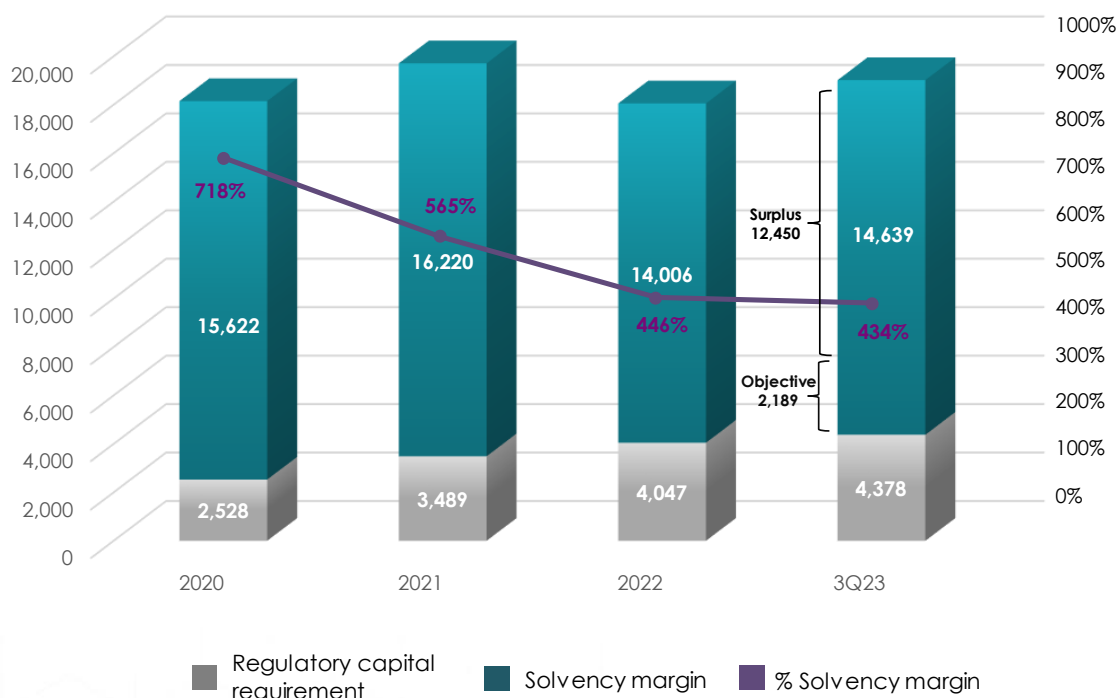
The net increase in unearned premium reserves was \$266 million for the quarter, that compares to a \$74.8 million release during same period 2022. In cumulative terms, we have constituted reserves for \$1,633 million vs a release of \$91.6 million during the first nine months of the prior year.

By September-end, technical reserves closed at \$45,232 million.

# Solvency

The regulatory capital requirement stood at \$4,378 million by the end the quarter, with a \$14,639 million solvency margin, equivalent to a solvency ratio of 434%.

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 September 30th 2023 & 2022**  
 Figures in Mexican pesos

	2023	2022
<b>Assets</b>		
<b>Investments</b>	<b>40,401,928,726</b>	<b>36,367,006,623</b>
<b>Securities and Derivatives Transactions</b>	<b>37,201,576,806</b>	<b>33,586,904,848</b>
<b>Securities</b>	<b>37,201,576,806</b>	<b>33,586,904,848</b>
Government	28,672,261,661	23,231,997,398
Private Companies: Fixed Rate	2,572,821,522	4,639,574,617
Private Companies: Equity	5,999,430,770	5,745,962,633
Foreign	-	0
Dividends Receivable on Capital Securities	-	-
(-) Value Impairment	42,937,146.8	30,629,800.6
Securities given in Loan Investments	-	-
Restricted Securities	-	-
<b>Derivatives</b>	-	-
<b>Overnight</b>	21,430,930	80,116,682
<b>Loans Portfolio (Net)</b>	<b>849,080,097</b>	<b>660,491,741</b>
Current Loan Portfolio	901,901,775	682,169,585
Non-performing Loan	31,105,809	31,697,466
(-) Loan Loss Provisions	83,927,487	53,375,310
<b>Property (Net)</b>	2,329,840,892	2,039,493,353
<b>Investments Related to Labor Obligations</b>	88,922,400	80,097,428
<b>Cash and Cash Equivalents</b>	<b>3,580,810,391</b>	<b>2,345,859,137</b>
Cash and Banks	3,580,810,391	2,345,859,137
<b>Debtors</b>	<b>28,679,951,152</b>	<b>25,263,252,393</b>
Premiums	27,428,239,251	24,226,819,315
Premiums P&C Subsidy	-	-
Federal Agencies Debts	49,874,020	92,695,844
Agents and Claims Officers (Adjusters)	145,850,318	179,476,551
Accounts Receivable	-	-
Bonds for Claims Debtors	-	-
Other	1,177,779,990	910,787,637
(-) Allowance for Doubtful Accounts	121,792,427	146,526,954
<b>Reinsurers and Re-Bonding Companies</b>	<b>305,405,685</b>	<b>275,240,807</b>
Insurance and Bonds Intitutions	21,361,985	35,228,901
Retained deposits	-	-
Amounts Recoverable from Reinsurance	285,655,498	241,858,653
(-) Loan Loss Provisions for Foreign Reinsurers	1,132,910	1,132,910
Reinsurance and Bonding Brokers	-	-
(-) Provisions for Penalties	61,520	49,743
<b>Permanent Investments</b>	<b>177,241,389</b>	<b>46,546,839</b>
Subsidiary	-	-
Associates	-	-
Other permanent investments	177,241,389	46,546,839
<b>Other Assets</b>	<b>8,351,586,218</b>	<b>8,561,896,807</b>
Furniture and Equipment (Net)	1,049,395,262	1,503,202,066
Foreclosed Assets (Net)	-	-
Miscellaneous	7,188,176,850	6,934,818,645
Amortizable Intangible Assets (Net)	83,483,777	88,892,087
Long-lived Intangible Assets (Net)	30,530,330	34,984,010
<b>Total Assets</b>	<b>81,585,845,962</b>	<b>72,939,900,035</b>

**QUALITAS CONTROLADORA, S.A.B. DE C.V.**  
**Consolidated Balance Sheet as of September 30th 2023 & 2022**  
 Figures in Mexican pesos

	2023	2022
<b>Liabilities</b>		
<b>Technical Reserves</b>	<b>45,232,399,288</b>	<b>39,318,913,862</b>
<b>Unearned Premiums</b>	<b>30,191,623,459</b>	<b>27,159,177,639</b>
Life Insurance	-	-
Accident and Illness Insurance	1,951,000	14,951,592.2
Property and Casualty Insurance	30,189,672,459	27,144,226,047
Rebonding	-	-
In Force Bonding	-	-
<b>Reserve for Outstanding Obligations</b>	<b>15,040,775,829</b>	<b>12,159,736,223</b>
Expired Policies and Claims Occurred Pending of Payment	17,724,405,007	14,498,852,278
Occurred but not Reported and Adjustment Costs assigned to Claims	(3,349,319,057)	(2,966,504,474)
Funds Under Administration	-	-
Deposit Premiums	665,689,879	627,388,419
<b>Contingency Reserve</b>	-	-
<b>Specialized Insurance Reserve</b>	-	-
<b>Catastrophic Risks Reserves</b>	-	-
<b>Reserves Related to Labor Obligations</b>	560,421,039	511,356,426
<b>Creditors</b>	<b>7,436,783,625</b>	<b>7,401,844,263</b>
Agents and Adjusters	2,470,980,203	2,052,494,602
Funds for Losses Management	71,141,093	50,425,519
Bonding for recognition of Liabilities Creditors	-	-
Miscellaneous	4,894,662,329	5,298,924,143
<b>Reinsurers and Re-Bonding Companies</b>	<b>108,975,747</b>	<b>206,595,869</b>
Insurance and Bond Companies	108,818,110	206,595,869
Retained Deposits	-	-
Other	157,637	-
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>8,190,788,804</b>	<b>6,750,260,575</b>
Provisions for employee profit sharing	380,507,802	191,343,025
Income Tax Provisions	1,010,595,267	456,984,227
Other Obligations	5,767,506,370	5,129,597,330
Deferred Credits	1,032,179,366	972,335,993
<b>Total Liabilities</b>	<b>61,529,368,504</b>	<b>54,188,970,996</b>
<b>Stockholders' Equity</b>		
<b>Paid-in Capital</b>		
<b>Capital Stock</b>	<b>2,358,866,287</b>	<b>2,354,057,360</b>
Capital Stock	2,386,567,046	2,386,567,046
(-) Non Subscribed Capital Stock	-	-
(-) Non Displayed Capital Stock	-	-
(-) Repurchased Shares	27,700,759	32,509,686
<b>Subordinated Obligations of Mandatory Conversion into Stockholders' Equity</b>	-	-
<b>Earned Capital</b>	-	-
<b>Reserves</b>	<b>1,779,038,038</b>	<b>1,834,546,187</b>
Legal	507,142,999	507,142,999
For Repurchase of shares	592,138,262	971,703,940
Other	679,756,777	355,699,248
<b>Valuation Surplus</b>	159,244,427	33,880,432
<b>Permanent Investments</b>	-	-
<b>Retained Earnings</b>	13,205,220,814	12,773,408,000
<b>Net Result</b>	2,662,253,201	1,599,215,177
<b>Translation effect</b>	(135,614,276)	133,166,300
<b>Non Monetary Assets Result</b>	-	-
<b>Remeasurements for Benefits granted to Employees</b>	3,810,626	2,889,779
<b>Controlling Interest</b>	20,032,819,118	18,731,163,234
<b>Non-Controlling Interest</b>	23,658,340	19,765,804
<b>Total Stockholders' Equity</b>	<b>20,056,477,458</b>	<b>18,750,929,039</b>
<b>Total Liabilities and Stockholders' Equity</b>	<b>81,585,845,962</b>	<b>72,939,900,035</b>

**QUALITAS CONTROLADORA S.A.B. DE C.V.**  
**Consolidated Income statement for the third quarter 2023 & 2022**  
 Figures in Mexican pesos

	<b>3Q 2023</b>	<b>3Q 2022</b>
<b>Premiums</b>		
Written	13,035,607,836	10,114,645,961
(-) Ceded	14,323,591	131,625,656
<b>Net Written Premiums</b>	<b>13,021,284,245</b>	<b>9,983,020,305</b>
<b>(-) Net Increase of Unearned Premiums Reserve</b>	<b>265,575,425</b>	<b>(74,780,321)</b>
<b>Earned Retained Premiums</b>	<b>12,755,708,820</b>	<b>10,057,800,626</b>
<b>(-) Net Acquisition Cost</b>	<b>2,856,674,787</b>	<b>2,278,544,777</b>
Agents Commissions	991,437,578	769,503,982
Agents Additional Compensation	357,945,746	245,675,173
Reinsurance and Rebonding Commissions	-	-
(-) Reinsurance Commissions	1,971,215	959,836
Excess of Loss Coverage	2,914,567	1,524,498
Other	1,506,348,110	1,262,800,961
<b>(-) Net Claims Cost and Other Contractual Liabilities</b>	<b>9,129,308,880</b>	<b>7,185,505,696</b>
Claims and Other Contractual Obligations	9,132,569,309	7,196,475,808
(-) Losses on non-proportional reinsurance Claims	3,260,430	10,970,112
<b>Technical Income (Loss)</b>	<b>769,725,154</b>	<b>593,750,153</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>769,725,154</b>	<b>593,750,153</b>
<b>(-) Net Operating Expenses</b>	<b>452,877,950</b>	<b>422,036,855</b>
Administrative and Operating Expenses	(44,003,819)	18,061,838
Employees' compensation and benefits	369,293,687	258,004,220
Depreciation and Amortization	127,588,082	145,970,797
<b>Operating Income (Loss)</b>	<b>316,847,203</b>	<b>171,713,298</b>
<b>Comprehensive Financing Result</b>	<b>1,023,203,395</b>	<b>51,563,479</b>
Investments	716,729,436	561,434,763
Sale of Investments	58,056,810	(7,283,323)
Fair Valuation of Investments	155,945,789	(598,728,735)
Surcharges on Premiums	111,011,803	86,017,805
Debt Issuance	-	-
Financial Reinsurance	-	-
Loan Interests	23,476,081	14,212,526
(-) Preventive Penalties for Amounts Recoverable from Reinsurance	417,366	(73,283)
(-) Preventive Penalties for Credit Risks	29,351,220	135,724
Other	7,076,856	(6,497,330)
Foreign Exchange Rate Fluctuation	(19,324,794)	2,470,213
(-) Monetary Position Result	-	-
<b>Participation in Permanent Investments Result</b>	<b>-</b>	<b>-</b>
<b>Income (Loss) Before Taxes</b>	<b>1,340,050,598</b>	<b>223,276,778</b>
<b>(-) Provision for Income Taxes</b>	<b>317,393,846</b>	<b>12,049,867</b>
<b>Income (Loss) Before Discontinued Operations</b>	<b>1,022,656,752</b>	<b>211,226,911</b>
<b>Discontinued Operations</b>	<b>-</b>	<b>-</b>
<b>Net Income (Loss)</b>	<b>1,022,656,752</b>	<b>211,226,911</b>
Controlling Interest	1,021,489,956	210,272,410
Non-Controlling Interest	1,166,796	954,501
<b>Net Income (Loss)</b>	<b>1,022,656,752</b>	<b>211,226,911</b>



**QUALITAS CONTROLADORA S.A.B. DE C.V.**  
**Consolidated Income statement from January 1<sup>st</sup> to September 30<sup>th</sup> 2023 and 2022**  
 Figures in Mexican pesos

	2023	2022
<b>Premiums</b>		
Written	37,324,236,567	29,611,380,026
(-) Ceded	129,655,065	458,565,684
<b>Net Written Premiums</b>	<b>37,194,581,503</b>	<b>29,152,814,343</b>
<b>(-) Net Increase of Unearned Premiums Reserve</b>	<b>1,632,943,603</b>	<b>(91,648,438)</b>
<b>Earned Retained Premiums</b>	<b>35,561,637,900</b>	<b>29,244,462,781</b>
<b>(-) Net Acquisition Cost</b>	<b>8,429,346,202</b>	<b>6,786,148,369</b>
Agents Commissions	2,853,806,792	2,294,611,663
Agents' Additional Compensation	1,016,954,903	727,217,903
Reinsurance and Rebonding Commissions	-	-
(-) Reinsurance Commissions	5,012,006	3,964,559
Excess of Loss Coverage	8,416,232	4,598,061
Other	4,555,180,281	3,763,685,301
<b>(-) Net Claims Cost and Other Contractual Liabilities</b>	<b>25,257,058,822</b>	<b>20,038,691,293</b>
Claims and Other Contractual Obligations	25,267,727,416	20,326,148,104
(-) Losses on non-proportional reinsurance	10,668,593	287,456,811
Claims	-	-
<b>Technical Income (Loss)</b>	<b>1,875,232,876</b>	<b>2,419,623,119</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>1,875,232,876</b>	<b>2,419,623,119</b>
<b>(-) Net Operating Expenses</b>	<b>1,182,231,996</b>	<b>1,191,191,218</b>
Administrative and Operating Expenses	(215,071,120)	(3,750,658)
Employees' compensation and benefits	1,012,507,568	766,203,476
Depreciation and Amortization	384,795,547	428,738,400
<b>Operating Income (Loss)</b>	<b>693,000,880</b>	<b>1,228,431,902</b>
<b>Comprehensive Financing Result</b>	<b>2,864,521,641</b>	<b>628,446,500</b>
Investments	2,151,333,724	1,499,197,183
Sale of Investments	105,728,082	(85,095,060)
Fair Valuation of Investments	323,090,869	(1,044,883,053)
Surcharges on Premiums	315,332,478	231,054,431
Debt Issuance	-	-
Financial Reinsurance	-	-
Loan Interests	61,591,621	24,892,742
(-) Preventive Penalties for Amounts Recoverable from Reinsurance	(641,367)	212,137
(-) Preventive Penalties for Credit Risks	32,304,183	12,342,167
Other	20,350,662	(18,751,105)
Foreign Exchange Rate Fluctuation	(81,242,979)	34,585,667
(-) Monetary Position Result	-	-
<b>Participation in Permanent Investments Result</b>	<b>-</b>	<b>-</b>
<b>Income (Loss) Before Taxes</b>	<b>3,557,522,521</b>	<b>1,856,878,402</b>
<b>(-) Provision for Income Taxes</b>	<b>892,011,634</b>	<b>254,392,468</b>
<b>Income (Loss) Before Discontinued Operations</b>	<b>2,665,510,887</b>	<b>1,602,485,934</b>
<b>Discontinued Operations</b>	<b>-</b>	<b>-</b>
<b>Net Income (Loss)</b>	<b>2,665,510,887</b>	<b>1,602,485,934</b>
Controlling Interest	2,662,253,201	1,599,215,177
Non-Controlling Interest	3,257,686	3,270,758
<b>Net Income (Loss)</b>	<b>2,665,510,887</b>	<b>1,602,485,934</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> Jorge Pérez <b>E-mail:</b> Jorgeperez.araya@itau.cl <b>Target price:</b> 124.00 MXN <b>Recommendation:</b> Market perform	 <b>Analyst:</b> Rodrigo Ortega <b>E-mail:</b> r.ortega@bbva.com <b>Target price:</b> 133.60 MXN <b>Recommendation:</b> Underperform	 <b>Analyst:</b> Thiago Paura <b>E-mail:</b> thiago.paura@btgpactual.com <b>Target price:</b> 124.00 MXN <b>Recommendation:</b> Neutral	 <b>Analyst:</b> Ernesto Gabilondo <b>E-mail:</b> ernesto.gabilondo@bofa.com <b>Target price:</b> 135.00 MXN <b>Recommendation:</b> Neutral	 <b>Analyst:</b> Jorge Gordillo <b>E-mail:</b> jgordillo@cibanco.com <b>Target price:</b> 114.6 MXN <b>Recommendation:</b> Sell
 <b>Analyst:</b> Pablo Ordoñez <b>E-mail:</b> pordonezp@gbm.com <b>Target price:</b> 115.00 MXN <b>Recommendation:</b> Outperform	 <b>Analyst:</b> Armando Rodríguez <b>E-mail:</b> armando.rodriguez@signumresearch.com <b>Target price:</b> 136.27 MXN <b>Recommendation:</b> Buy	 <b>Analyst:</b> Eduardo López <b>E-mail:</b> elopez@vepormas.com <b>Target price:</b> 119.50 MXN <b>Recommendation:</b> Buy	 <b>Analyst:</b> Andrés Soto <b>E-mail:</b> asoto@santander.us <b>Target price:</b> 151.00 MXN <b>Recommendation:</b> Buy	 <b>Analyst:</b> - <b>E-mail:</b> - <b>Target price:</b> 128.15 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).

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

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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 lines forming a grid of hexagons and squares.

Q

Quálitás®