



30
YEARS



EARNINGS RESULTS

2nd Quarter 2024

Webcast results 2Q24

Date: Friday, July 19th, 2024
Time: 08:00 am MXT (10:00 am EST)

Qualitas Controladora S.A.B. de C.V. cordially invites you to its second quarter 2024 earnings results conference call.

Hosted by:

Mr. José Antonio Correa, Chief Executive Officer QC
Mr. Bernardo Risoul, Deputy Chief Executive Officer QC

Zoom webcast ID: 854 8904 0059

https://us06web.zoom.us/webinar/register/WN_ui518ptjSH-SpzKXWXBBQg

The report and presentation will also be available at:

<https://qinversionistas.qualitas.com.mx/informacion-financiera/reporte-trimestral>

Qualitas reports 2Q24 results

Mexico City, July 18th, 2024 – Qualitas Controladora, S.A.B. de C.V. (“Qualitas”, “Q”, or “the company”) (BMV: Q*), announces its unaudited financial results for the second quarter 2024.

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

- During the second quarter of the year, written premiums maintained the positive trend observed in previous quarters, reaching \$15,424 million pesos, growing +28.0% or +\$3,376 million vs. 2Q23, and year-to-date + 32.7%. This growth pace reflects the positive trend in new car sales and 2023' tariffs increase strategy.
- We reached a new record high of +5.6 million insured units as of June-end, adding 272 thousand units throughout the first half.
- Quarterly earned premiums grew 28.9% compared to 2Q23. In line with its historical behavior and seasonality, we constituted reserves of \$329 million during the quarter, \$2,822 million year-to-date, +106.4% above 6M23.
- Quarterly and year-to-date loss ratios stood at 65.7% and 64.9%, respectively, reflecting the stabilization of claims frequency, but also a +3.2% rebound in vehicle thefts as expected during election periods. In our subsidiary in Mexico, the quarterly loss ratio stood at 64.7% and 63.5% year-to-date.
- The quarterly combined index closed at 93.5%, improving 4.3 pp compared to the same period of the prior year; on a half year basis it closed at 91.4%, a 5.4 pp improvement.
- Quarterly comprehensive financial income closed at \$1,136 million, which represents an 8.8% ROI. The year-to-date figure stood at \$2,194 million with an 8.9% ROI. By June-end, the investment portfolio stood at \$44,774 million; 87% invested in fixed income with a total duration of 1.6 years.
- Quarterly and half year net income was \$1,383 million and \$2,621 million, respectively, which represents an increase of +85.5% and +59.6% compared to the same period of 2023, reporting a 12M ROE of 23.5%. Quarterly and year-to-date tax rate stood at 31.8% and 33.9% respectively, unusually high, and reflecting the growth in the provision of the employees profit-sharing payment and the inflation stabilization.
- By the end of the quarter, we held 4.4 million shares under treasury with a remaining share buyback fund of \$679 million.
- The regulatory capital requirement stood at \$5,056 million, with a solvency margin of \$13,985 million, equivalent to a 377% solvency ratio.



5,609,630
Insured Units



32.6%*
Market Share,
Leader since
2007



9.0%
2Q24 Net
Margin



11.9
12M EPS



578
Service offices:
230
ODQ's: 348



6,814
Employees



+32.7%
Written premium
growth 6M24 vs
6M23



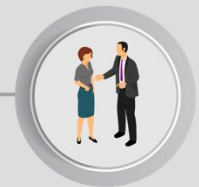
23.5%
12M ROE



3.5
P/BV



15.6
P/E



\$44,774
Invested
Assets, Float
MM, MXN



~22,400
Agents



*Market share in Mexico by the end of March 2024, AMIS

Financial highlights 2Q & 6M

Income Statement	Quarterly			Year to date		
	2Q24	2Q23	Δ %/bp 24 vs 23	6M24	6M23	Δ %/bp 24 vs 23
Written premiums	15,424	12,048	28.0%	32,228	24,289	32.7%
Net written premiums	15,398	11,986	28.5%	32,183	24,173	33.1%
Earned premiums	15,069	11,689	28.9%	29,362	22,806	28.7%
Acquisition cost	3,532	2,704	30.6%	7,109	5,573	27.6%
Loss cost	9,900	8,407	17.8%	19,056	16,128	18.2%
Technical result	1,638	578	NA	3,197	1,106	NA
Operating expenses	744	393	89.3%	1,423	729	95.1%
Underwriting result	894	185	NA	1,774	376	NA
Comprehensive financial income	1,136	860	32.0%	2,194	1,841	19.1%
Investment income	983	744	32.1%	1,921	1,624	18.3%
Income Taxes	646	300	NA	1,347	575	NA
Net result	1,383	746	85.4%	2,621	1,643	59.6%
Cost ratios						
Acquisition ratio	22.9%	22.6%	38	22.1%	23.1%	(97)
Loss ratio	65.7%	71.9%	(623)	64.9%	70.7%	(582)
Operating ratio	4.8%	3.3%	156	4.4%	3.0%	141
Combined ratio	93.5%	97.7%	(429)	91.4%	96.8%	(537)
Combined ratio adjusted*	94.1%	98.4%	(435)	94.0%	98.4%	(439)
Profitability ratios						
Return on investments	8.8%	8.1%	71	8.9%	9.0%	(5)
ROE for the period	25.0%	15.1%	996	25.1%	15.1%	1,001
LTM ROE	23.5%	13.1%	1,047	23.5%	13.1%	1,047

*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	2024	2023	Δ %/bp 24 vs 23
Assets	93,637	78,665	19.0%
Investments & Real Estate	47,301	38,808	21.9%
Invested assets or float**	44,774	36,557	22.5%
Technical reserves	52,380	44,296	18.3%
Total liabilities	72,364	59,555	21.5%
Stockholders' equity	21,274	19,109	11.3%

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

Written premiums

Business line	2Q24	2Q23	Δ %/bp 24 vs 23	6M24	6M23	Δ %/bp 24 vs 23
Traditional	10,289	7,708	33.5%	21,918	15,806	38.7%
<i>Individual</i>	6,277	4,722	32.9%	12,651	9,560	32.3%
<i>Fleets</i>	4,012	2,986	34.3%	9,266	6,245	48.4%
Financial institutions	4,358	3,474	25.4%	8,590	6,790	26.5%
Foreign subsidiaries	761	827	(7.9%)	1,688	1,644	2.7%
Total	15,424	12,048	28.0%	32,228	24,289	32.7%

Written premiums by foreign subsidiaries may include differences due to the exchange rate effect.

During the second quarter of 2024, written premium stood at \$15,424 million, +28.0% compared to the same period of the previous year. On a year-to-date basis, written premium reached \$32,228 million, equivalent to a 32.7% growth. In line with the trend previously observed, around 50% of our written premium's growth reflects 2023's rate increases, which continue to influence renewals and new units; the other 50% is related to the 8.0% increase in insured units during the past 12 months.

As during recent quarters, written premiums performance was mainly driven by the traditional segment, with a 33.5% increase in comparison to the second quarter of 2023. The fleet business stood out with a quarterly increase of 34.3%. Likewise traditional segment grew by 38.7% during the first semester of 2024, meanwhile the fleet segment was 48.4% above same period of 2023.

The 25.4% growth in written premiums through financial institutions is related to new car sales. The industry maintains its positive momentum, reaching an 11.3% 6M24 compared to 6M23. According to latest AMDA's estimates, it is expected to reach ~1.5 million units sold for the year (+10.1% vs 2023), which would be close to the 2016 all-time high of 1.6 million units sold.

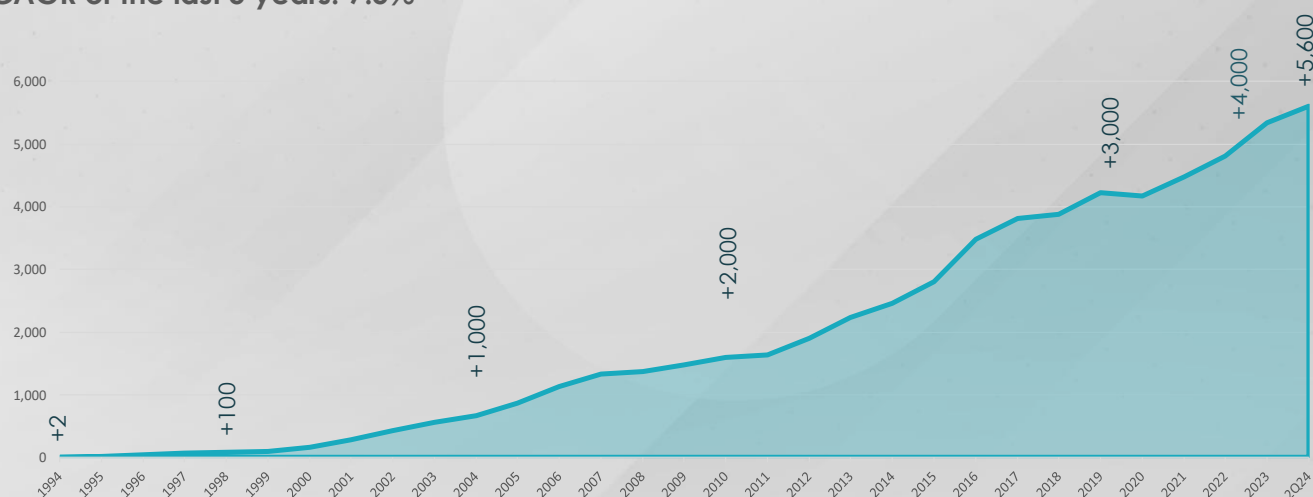
Regarding international subsidiaries' written premium, they posted a quarterly decrease of -7.9% compared to 2Q23 and a year-to-date growth of +2.7% compared to first half 2023. In local currency, the quarterly written premium of foreign subsidiaries decreased by -7.7%; considering only the operation of our LATAM subsidiaries, their quarterly and year-to-date written premiums was up +10.1% and +19.2%, respectively.

Insured units

By June-end, we reached an all-time high on insured units, closing the quarter with over 5.6 million units, maintaining a solid 7.5% compounded annual growth trend over the last 5 years. This translates into an increase of 414 thousand units or 8.0% more compared to the second quarter of the previous year, and 272 thousand units or 5.1% in comparison to the 2023 year-end.

5,609,630 insured units

CAGR of the last 5 years: 7.5%



Light vehicle sales grew by 11.3% during the first six months of the year in comparison to 6M23, having sold a total of 704,714 units; meanwhile, heavy equipment units' sales increased by 7.8% as of the end of June, compared to 6M23. As a result, there was an increase of 11.1% in the total number of new units sold during the first half of 2024, equivalent to 759,163 units more.

Insured units are distributed as follows:

	2Q24	1Q24	Δ%	2Q23	Δ%
Mexico	5,360	5,279	1.5%	4,970	7.8%
Automobiles	3,485	3,412	2.2%	3,230	7.9%
Trucks	1,323	1,300	1.8%	1,245	6.3%
Tourists	165	176	(6.4%)	163	0.9%
Motorcycles	387	391	(1.2%)	333	16.2%
El Salvador	37	35	5.1%	32	14.6%
Costa Rica	124	123	0.6%	108	14.5%
USA	33	36	(9.7%)	23	41.0%
Peru	56	55	3.2%	62	(8.7%)
Insured vehicles	5,610	5,528	1.5%	5,195	8.0%

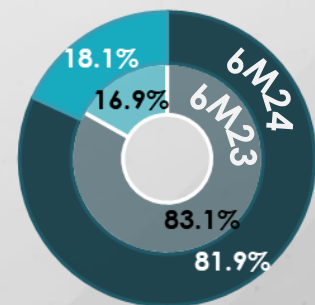
All percentage changes are compared to 2Q24, in thousands of units.

Earned premiums

During the second quarter and first six months of the year, earned premiums closed at \$15,069 million and \$29,362 million, respectively. Which represents a 29% increase in both cases.

This growth is explained by the solid behavior in the business, the current composition of our portfolio, and, therefore, the actuarial constitution of reserves in accordance with the historically seasonality.

By the end of June, 81.9% of the portfolio was constituted by annual policies and the other 18.1% by multi-annual policies.



■ Annual ■ Multiannual

Acquisition cost

The quarterly acquisition cost closed at \$3,532 million and the half year at \$7,109 million, with a 22.9% and a 22.1% acquisition ratio, respectively. This ratio performs within the historical and objective ranges, reflecting an accelerated growth among the traditional segment, which implies a lower commission payment, linked to the new car sales performance in Mexico.

It is worth to mention that there has not been changes in the levels of commissions paid to agents nor financial institutions, and that they are related to the sale volume; for agents, it is also linked to the profitability of their portfolios.

Loss cost

The quarterly claims cost was benefited by factors such as: 1) maturity of the pricing strategy implemented throughout 2023, 2) stabilization in claim frequency, and 3) actions taken to increase the recovery of stolen units. As of today, we have not seen a significant impact derived from meteorological events.

Headline inflation in Mexico continues its stabilization trend, closing the first half at 5.0%, meanwhile the core inflation stood at 3.1%. On the other hand, spare parts and accessories inflation stood at 4.1%. As of 2024, the stabilization of inflation translated into a 5.1% increase in the average cost of claims handled compared to the same period of the previous year.

Regarding the quarterly claims' frequency, it stood at 7.2%, 4bp under 2Q23. Contrary to what we have been observing in previous months, although in line with expectations from an election year, the insured vehicles theft in Mexico had a rebound during the first half, increasing 0.3% for the industry and 3.2% for Qualitas.

Likewise, Qualitas recovered 42.4% of its stolen units in the first half of the year, which represents 230 bp above the average recovery rate for the rest of the industry. Thefts accounted for 15.3% of the total loss cost of the company, ending -50bp in comparison to 2Q23.

All the above resulted in a quarterly cost and loss ratio of \$9,900 million and 65.7%, respectively. Year-to-date, the loss cost was \$19,056 million, while the loss ratio stood at 64.9%.

Operating expenses

The quarterly operating expense stood at \$744 million, reaching a 4.8% operating ratio; in comparison with the same period of the previous year, while for the first half of the year the operating expense was \$1,423 million with an operating ratio of 4.4%. By regulation, the employees' profit-sharing provision (PTU) is included within the operating expenses, excluding the effect of the employee profit sharing provision, the operating ratio would have closed the quarter at 3.4% and 3.1% for the first half.

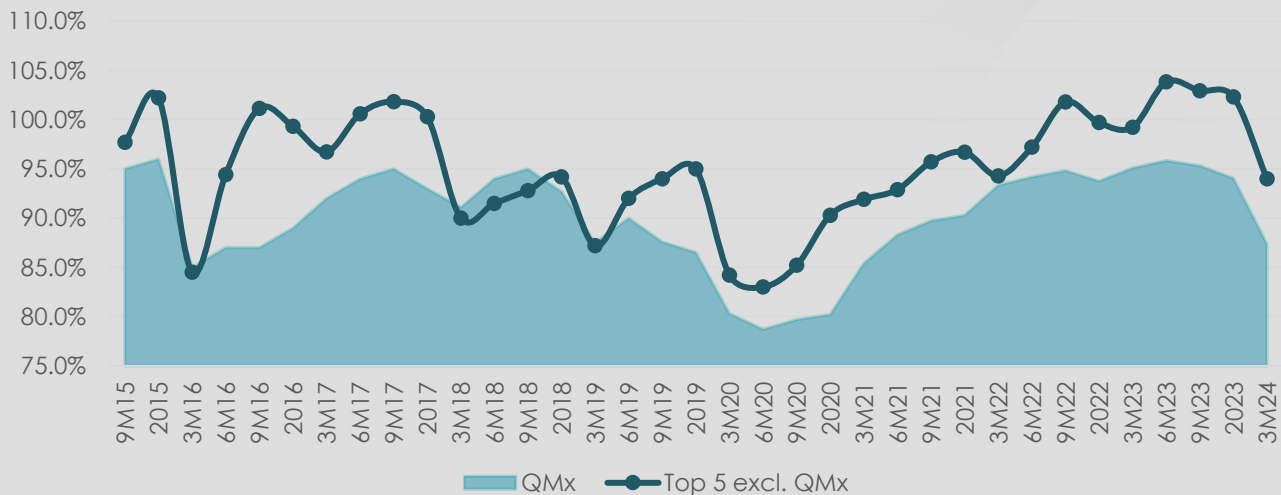
The increase in this expense includes provisions for service offices' fees and compensation, which are linked to its growth and profitability and, the YTD increase of 134% in the employee profit sharing provision related to the growth in the company's profits.

Underwriting result

By June-end, the company had a quarterly and half of the year underwriting profit of \$894 and \$1,774 million, with an operating margin of 6% in both cases. The cumulative combined ratio stood at 91.4%, which represents a 4.3 pp improvement in comparison with the 6M23.

According to the latest AMIS available figures at the end of March 2024, the auto insurance industry in Mexico, excluding Qualitas Mexico, reported a combined ratio of 95%; standing out Qualitas with an 87.3% ratio, 7.7 pp below to the rest of the industry.

Mexico combined ratio



Source: Combined ratio; AMIS, information as of March 2024.

Comprehensive financial income

During the second quarter, the reference rate in Mexico maintained the same level observed in 1Q24 at 11.0%, which compares to the 11.25% at the end of 2Q23. The average quarterly 28-day CETES rate stood at 11.0%.

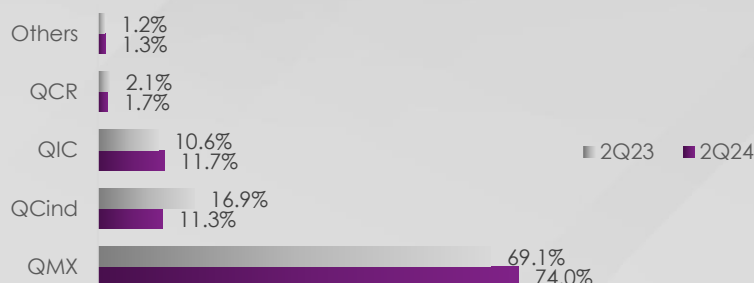
As of June-end, 87% of the portfolio was invested in fixed income and the remaining 13% in equity; the duration of our investment portfolio remained at 1.6 years. It is important to highlight that 14.9% of the total portfolio is distributed geographically, in order to meet capital requirements of our international subsidiaries.

Our investment strategy continues to prioritize fixed income, taking advantage of the current rate environment, and seeking to increase the duration of our portfolio between 1.5 and 1.8 years.

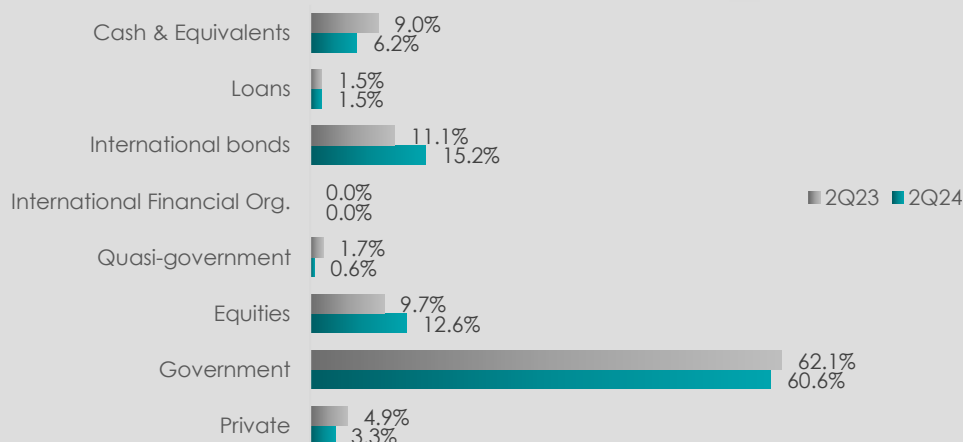
In terms of our equity portfolio, it continues to be mostly indexed to ETFs. Considering the above, the quarterly comprehensive financial income closed at \$1,136 million with an 8.8% ROI; this represents an increase of 71 pp compared to the ROI for the same period of 2023. On a cumulative basis, the financial income stood at \$2,194 million with an 8.9% ROI.

Portfolio allocation

→ By subsidiary



→ Total



Net result






Al in all, quarterly net income reached \$1,383 million and \$2,621 million during the first half of the year, representing growth of +85.4% or \$637 million and +59.6% or \$979 million, respectively.

Quarterly net margin was 9%, an increase of 2.8 pp compared to the same period of 2023. Likewise, year-to-date net margin was 8.1%, +1.4 pp compared to 6M23.

12M ROE closed at 23.5%, comprised by an operating ROE of 8.3% and a financial ROE of 15.4%. This reflects the improvement in the operating side of the business, as well as a sustainable financial result, and within our medium to long-term objective.

Subsidiaries as of 2Q24

International subsidiaries represented 5.2% of the total accumulated company's written premium:

 Mexico	*QMX 95.0%	%MKT 32.6%
 U.S.	*QIC 2.5%	%MKT NA
 El Salvador	*QES 0.4%	%MKT 11.5%
 Costa Rica	*QCR 1.3%	%MKT 15.1%
 Peru	*QP 0.7%	%MKT 6.8%

International subsidiaries had a \$761 million result in 2Q24 and \$1,688 million in 6M24. Excluding the exchange rate effect, in local currency, subsidiaries had a decrease of -7.7% for the quarter, but a cumulative growth of +3.2%.

Together, the international and vertical subsidiaries had results and sales of \$955 million during 2Q24, which represents a quarterly decrease of -1.1%.

*Percentage as a proportion of written premium by Qualitas Controladora

In the table below, our subsidiaries underwriting and sales performance:

	Written premium			6M24	6M23	Δ %
	2Q24	2Q23	Δ %			
Q ES	68	51	32.7%	138	111	24.8%
Q CR	207	195	6.1%	566	481	17.8%
Q IC	378	477	(20.8%)	759	857	(11.4%)
Q P	108	103	4.6%	225	196	15.0%
Vertical*	194	138	39.9%	343	276	24.2%
Total	955	965	(1.1%)	2,031	1,920	5.8%

*Excludes intercompany operations & includes QSalud, Autos y Salvamentos, O&T and Activos

Technical reserves

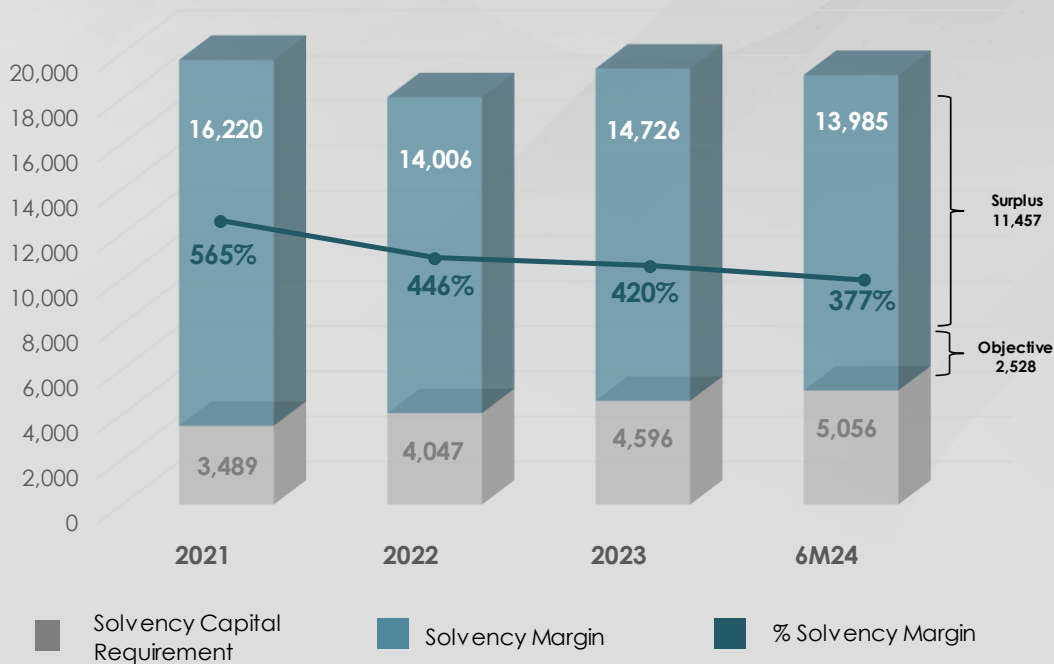
During the first half of the year, we constituted reserves for \$2,822 million, related to premiums' growth and the seasonality of the business. This represents \$1,454 million more than the first half of the prior year.

The company's technical reserves stood at \$52,380 million by the end of June 2024, an increase of \$8,084 million compared to the same period of 2023.

Solvency

The regulatory capital requirement was \$5,056 million at the end of June, with a solvency margin of \$13,985 million, representing a solvency margin ratio of 377%.

Our capital allocation strategy will continue to focus on our 3-pillar strategy, previously shared: 1) strengthen our leadership in Mexico, 2) accelerate 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 June 30th 2024 & 2023
 Figures in Mexican pesos

	2024	2023
Assets		
Investments	47,301,111,591	38,808,144,667
Securities and Derivatives Transactions	44,018,835,477	35,850,534,144
Securities	44,018,835,477	35,850,534,144
Government	35,902,437,016	26,552,110,178
Private Companies: Fixed Rate	2,121,662,675	2,908,725,374
Private Companies: Equity	5,568,216,603	6,419,219,316
Foreign	466,903,547.0	0
Dividends Receivable on Capital Securities	-	-
(-) Value Impairment	40,384,363.9	29,520,723.5
Securities given in Loan Investments	-	-
Restricted Securities	-	-
Derivatives	-	-
Overnight	75,838,388	28,909,480
Loans Portfolio (Net)	679,536,901	677,823,995
Current Loan Portfolio	753,985,738	701,294,453
Non-performing Loan	30,692,751	31,424,337
(-) Loan Loss Provisions	105,141,588	54,894,795
Property (Net)	2,526,900,825	2,250,877,048
Investments Related to Labor Obligations	96,450,826	86,509,242
Cash and Cash Equivalents	3,055,086,655	3,724,925,315
Cash and Banks	3,055,086,655	3,724,925,315
Debtors	34,345,598,117	27,629,113,892
Premiums	32,961,948,619	26,363,157,868
Premiums P&C Subsidy	-	-
Federal Agencies Debts	37,551,685	126,068,531
Agents and Claims Officers (Adjusters)	165,115,959	139,897,479
Accounts Receivable	-	-
Bonds for Claims Debtors	-	-
Other	1,312,215,257	1,116,151,977
(-) Allowance for Doubtful Accounts	131,233,403	116,161,963
Reinsurers and Re-Bonding Companies	255,882,011	300,388,077
Insurance and Bonds Intitutions	48,816,281	19,981,366
Retained deposits	-	-
Amounts Recoverable from Reinsurance	208,336,708	281,602,377
(-) Loan Loss Provisions for Foreign Reinsurers	1,231,025	1,132,910
Reinsurance and Bonding Brokers	-	-
(-) Provisions for Penalties	39,953	62,756
Permanent Investments	47,220,660	177,241,389
Subsidiary	-	-
Associates	-	-
Other permanent investments	47,220,660	177,241,389
Other Assets	8,535,833,130	7,938,412,977
Furniture and Equipment (Net)	1,217,366,846	1,022,694,758
Foreclosed Assets (Net)	-	-
Miscellaneous	7,037,407,099	6,800,116,583
Amortizable Intangible Assets (Net)	134,254,229	85,586,601
Long-lived Intangible Assets (Net)	146,804,956	30,015,035
Total Assets	93,637,182,991	78,664,735,559

QUALITAS CONTROLADORA, S.A.B. DE C.V.
Consolidated Balance Sheet as of June 30th 2024 & 2023
 Figures in Mexican pesos

	2024	2023
Liabilities		
Technical Reserves	52,380,242,072	44,295,561,638
Unearned Premiums	35,441,129,995	29,891,286,425
Life Insurance	-	-
Accident and Illness Insurance	19,298,774	4,846,296.2
Property and Casualty Insurance	35,421,831,221	29,886,440,129
Rebonding	-	-
In Force Bonding	-	-
Reserve for Outstanding Obligations	16,939,112,078	14,404,275,213
Expired Policies and Claims Occurred Pending of Payment	19,639,924,627	17,015,370,539
Occurred but not Reported and Adjustment Costs assigned to Claims	(3,319,931,016)	(3,243,309,167)
Funds Under Administration	-	-
Deposit Premiums	619,118,467	632,213,841
Contingency Reserve	-	-
Specialized Insurance Reserve	-	-
Catastrophic Risks Reserves	-	-
Reserves Related to Labor Obligations	648,786,073	537,687,550
Creditors	8,950,340,593	7,302,984,213
Agents and Adjusters	3,083,562,564	2,426,316,865
Funds for Losses Management	41,795,347	53,287,821
Bonding for recognition of Liabilities Creditors	-	-
Miscellaneous	5,824,982,682	4,823,379,527
Reinsurers and Re-Bonding Companies	41,739,317	117,091,302
Insurance and Bond Companies	41,705,609	116,805,980
Retained Deposits	-	-
Other	33,708	285,322
Rebonding and Reinsurance Broker	-	-
Derivatives (Fair Value)	-	-
Funding Obtained	0	0
Debt Issuance	-	-
Subordinated Obligations not exchangeable into shares	-	-
Other Debt Securities	-	-
Financial Reinsurance Agreement	-	-
Other Liabilities	10,342,399,744	7,302,144,284
Provisions for employee profit sharing	504,714,966	215,585,428
Income Tax Provisions	1,398,494,816	606,180,205
Other Obligations	7,288,138,427	5,485,735,735
Deferred Credits	1,151,051,536	994,642,917
Total Liabilities	72,363,507,800	59,555,468,987
Stockholders' Equity		
Paid-in Capital		
Capital Stock	2,360,317,606	2,354,935,658
Capital Stock	2,386,567,046	2,386,567,046
(-) Non Subscribed Capital Stock	-	-
(-) Non Displayed Capital Stock	-	-
(-) Repurchased Shares	26,249,440	31,631,387
Subordinated Obligations of Mandatory Conversion into Stockholders' Equity	-	-
Earned Capital	-	-
Reserves	2,156,924,942	1,696,732,589
Legal	507,142,999	507,142,999
For Repurchase of shares	673,205,333	580,035,691
Other	976,576,609	609,553,899
Valuation Surplus	582,985,385	376,522,542
Permanent Investments	-	-
Retained Earnings	13,453,219,120	13,205,220,814
Net Result	2,613,880,061	1,640,763,245
Translation effect	73,513,294	(191,210,674)
Non Monetary Assets Result	-	-
Remeasurements for Benefits granted to Employees	(22,264,575)	3,810,626
Controlling Interest	21,218,575,832	19,086,774,801
Non-Controlling Interest	55,099,358	22,491,771
Total Stockholders' Equity	21,273,675,191	19,109,266,572
Total Liabilities and Stockholders' Equity	93,637,182,991	78,664,735,559

QUALITAS CONTROLADORA S.A.B. DE C.V.
Consolidated Income statement for the second quarter 2024 & 2023

Figures in Mexican pesos

	2Q 2024	2Q 2023
Premiums		
Written	15,423,879,625	12,048,126,403
(-) Ceded	26,106,366	61,764,662
Net Written Premiums	15,397,773,259	11,986,361,741
(-) Net Increase of Unearned Premiums Reserve	328,870,765	297,842,355
Earned Retained Premiums	15,068,902,494	11,688,519,386
(-) Net Acquisition Cost	3,531,804,694	2,703,751,722
Agents Commissions	1,173,205,491	904,815,069
Agents Additional Compensation	435,623,509	321,078,493
Reinsurance and Rebonding Commissions	-	-
(-) Reinsurance Commissions	7,995,207	1,025,791
Excess of Loss Coverage	13,119,776	2,764,160
Other	1,917,851,124	1,476,119,791
(-) Net Claims Cost and Other Contractual Liabilities	9,899,541,202	8,406,737,258
Claims and Other Contractual Obligations	9,912,535,937	8,410,857,501
(-) Losses on non-proportional reinsurance Claims	12,994,735	4,120,244
Technical Income (Loss)	1,637,556,598	578,030,406
(-) Net Increase in Other Technical Reserves	-	-
Catastrophic Risks Reserve	-	-
Specialized Insurance Reserve	-	-
Contingency Reserve	-	-
Other	-	-
Result of Analog and Related Operations	-	-
Gross Income (Loss)	1,637,781,598	578,030,406
(-) Net Operating Expenses	743,786,676	392,918,626
Administrative and Operating Expenses	87,805,038	(57,620,092)
Employees' compensation and benefits	537,714,244	322,202,072
Depreciation and Amortization	118,267,394	128,336,646
Operating Income (Loss)	893,994,922	185,111,779
Comprehensive Financing Result	1,135,792,755	860,498,630
Investments	814,372,551	685,132,602
Sale of Investments	(118,634,542)	26,659,842
Fair Valuation of Investments	220,325,013	36,343,328
Surcharges on Premiums	129,961,495	104,575,342
Debt Issuance	-	-
Financial Reinsurance	-	-
Loan Interests	23,347,917	20,515,726
(-) Preventive Penalties for Amounts Recoverable from Reinsurance	(1,412,533)	(738,724)
(-) Preventive Penalties for Credit Risks	(1,945,390)	4,762,091
Other	22,401,962	11,511,614
Foreign Exchange Rate Fluctuation	40,660,437	(20,216,457)
(-) Monetary Position Result	-	-
Participation in Permanent Investments Result	-	-
Income (Loss) Before Taxes	2,029,787,678	1,045,610,410
(-) Provision for Income Taxes	646,177,488	299,624,574
Income (Loss) Before Discontinued Operations	1,383,610,190	745,985,836
Discontinued Operations	-	-
Net Income (Loss)	1,383,610,190	745,985,836
Controlling Interest	1,379,725,496	744,990,333
Non-Controlling Interest	3,884,693	995,503
Net Income (Loss)	1,383,610,190	745,985,836

QUALITAS CONTROLADORA S.A.B. DE C.V.
Consolidated Income statement from January 1st to June 30th 2024 and 2023
 Figures in Mexican pesos

	2024	2023
Premiums		
Written	32,227,536,798	24,288,628,731
(-) Ceded	44,200,226	115,331,473
Net Written Premiums	32,183,336,572	24,173,297,258
(-) Net Increase of Unearned Premiums Reserve	2,821,762,142	1,367,368,178
Earned Retained Premiums	29,361,574,430	22,805,929,080
(-) Net Acquisition Cost	7,108,575,638	5,572,671,415
Agents Commissions	2,480,321,872	1,862,369,213
Agents' Additional Compensation	874,869,628	659,009,157
Reinsurance and Rebonding Commissions	-	-
(-) Reinsurance Commissions	8,074,774	3,040,791
Excess of Loss Coverage	18,218,824	5,501,665
Other	3,743,240,088	3,048,832,170
(-) Net Claims Cost and Other Contractual Liabilities	19,055,742,272	16,127,749,943
Claims and Other Contractual Obligations	19,073,862,582	16,135,158,106
(-) Losses on non-proportional reinsurance	18,120,309	7,408,164
Claims	-	-
Technical Income (Loss)	3,197,256,520	1,105,507,722
(-) Net Increase in Other Technical Reserves	-	-
Catastrophic Risks Reserve	-	-
Specialized Insurance Reserve	-	-
Contingency Reserve	-	-
Other	-	-
Result of Analog and Related Operations	225,000	-
Gross Income (Loss)	3,197,481,520	1,105,507,722
(-) Net Operating Expenses	1,422,800,603	729,354,046
Administrative and Operating Expenses	161,975,719	(171,067,301)
Employees' compensation and benefits	1,029,136,093	643,213,881
Depreciation and Amortization	231,688,791	257,207,466
Operating Income (Loss)	1,774,680,917	376,153,677
Comprehensive Financing Result	2,193,923,369	1,841,318,247
Investments	1,621,815,777	1,434,604,288
Sale of Investments	(116,647,808)	47,671,272
Fair Valuation of Investments	333,508,916	167,145,080
Surcharges on Premiums	254,148,666	204,320,675
Debt Issuance	-	-
Financial Reinsurance	-	-
Loan Interests	50,628,634	38,115,539
(-) Preventive Penalties for Amounts Recoverable from Reinsurance	50,628,634	38,115,539
(-) Preventive Penalties for Credit Risks	(1,920,696)	(1,058,733)
Other	18,949,300	13,273,807
Foreign Exchange Rate Fluctuation	22,921,015	(61,918,184)
(-) Monetary Position Result	-	-
Participation in Permanent Investments Result	-	-
Income (Loss) Before Taxes	3,968,604,286	2,217,471,923
(-) Provision for Income Taxes	1,346,990,324	574,617,788
Income (Loss) Before Discontinued Operations	2,621,613,962	1,642,854,135
Discontinued Operations	-	-
Net Income (Loss)	2,621,613,962	1,642,854,135
Controlling Interest	2,613,880,061	1,640,763,245
Non-Controlling Interest	7,733,902	2,090,890
Net Income (Loss)	2,621,613,962	1,642,854,135

Glossary

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 minus the portion ceded to reinsurance.

Operating Expenses: Includes expenses incurred 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)

About Qualitas:

Qualitas Controladora (Q) is the largest auto insurance company in Mexico in terms of market share, with operations in El Salvador, Costa Rica, USA and Peru. Its unique business model, with 30 years of experience in the auto insurance segment, has allowed the Company to provide top quality service under the largest network in Mexico. Qualitas is listed on the Mexican Stock Exchange (BMV) under the ticker "Q" (Bloomberg: Q*:MM)

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

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