



GRUPO KALTEX, S.A. DE C.V.
(incorporated under the laws of Mexico)

GRUPO KALTEX ANNOUNCES THE COMMENCEMENT OF AN EXCHANGE OFFER FOR ITS OUTSTANDING 8.875% SENIOR NOTES DUE 2022

November 14, 2022

MEXICO CITY, MEXICO – Grupo Kaltex, S.A. de C.V. (“Grupo Kaltex”) announced today the commencement of an exchange offer (the “Exchange Offer”) for its outstanding 8.875% Senior Notes due 2022 (CUSIP Nos. 40054FAA5 / P4953VAJ2; ISIN Nos. US40054FAA57 / USP4953VAJ28) (the “Existing Notes”).

The Exchange Offer is an offer to Eligible Holders (as defined below) to exchange up to US\$118 million aggregate principal amount of the Existing Notes for (i) up to US\$118 million aggregate principal amount of 14.500% Senior Notes due 2025 to be issued by Grupo Kaltex and guaranteed by certain of Grupo Kaltex’s subsidiaries (the “New Notes”), and (ii) the Accrued Interest Payment (as defined below) and the Exchange Premium (as defined below).

The Exchange Offer is being made on the terms and subject to the conditions set forth in the Exchange Offer Memorandum, dated November 14, 2022 (the “Exchange Offer Memorandum”) and the related Eligibility Letter (as defined below), which set forth in more detail the terms and conditions of the Exchange Offer.

The Exchange Offer will expire at 11:59 p.m., New York City time, on December 12, 2022 unless earlier terminated or extended by Grupo Kaltex (such time and date, as it may be extended, the “Expiration Date”). Existing Notes tendered may be withdrawn at any time prior to 11:59 p.m., New York City time, on December 12, 2022 (the “Withdrawal Deadline”), but not thereafter, except as may be required by applicable law.

The Existing Notes matured on April 11, 2022. Grupo Kaltex defaulted on the payment of the outstanding principal amount of the Existing Notes. Prior to the scheduled maturity of the Existing Notes, Grupo Kaltex repurchased US\$102 million of Existing Notes in the open market during 2021 and in early 2022. As of the date hereof, US\$218 million in aggregate principal amount of the Existing Notes remains outstanding. On October 11, 2022, Grupo Kaltex paid accrued and unpaid interest on the Existing Notes from, and including, April 11, 2022 to, but excluding, October 11, 2022.

Subject to the Exchange Offer Cap (as defined below), for each US\$1,000 in principal amount of Existing Notes, Eligible Holders that tender their Existing Notes for exchange and whose Existing Notes are accepted by Grupo Kaltex for exchange will receive, on a date promptly following the Expiration Date (the “Settlement Date”) (i) US\$1,000 in principal amount of New Notes, (ii) a cash payment in U.S. Dollars equal to the amount of interest accrued on the Existing Notes at the interest rate of 8.875% from, and including, October 11, 2022 to, but excluding, the Settlement Date (the “Accrued Interest Payment”) (which will be calculated in the same manner as the accrued interest payable on the Existing Notes pursuant to the indenture governing the Existing Notes dated as of April 11, 2017 (the “Existing Notes Indenture”)), and (iii) a cash payment in an amount equal to US\$15.00 (the “Exchange Premium”).

The Existing Notes may be tendered in denominations of US\$200,000 principal amount and integral multiples of US\$1,000 in excess thereof, and the acceptance of Existing Notes for exchange may be subject to proration as described below. The New Notes will only be issued in minimum denominations of US\$1,000 and any integral multiple of US\$1.00.

In the event that the aggregate principal amount of Existing Notes validly tendered (and not validly withdrawn) prior to the Expiration Date in the Exchange Offer exceeds US\$118 million (the “Exchange Offer Cap”), then tenders of Existing Notes shall be accepted for exchange by Grupo Kaltex on a prorated basis, with the prorated aggregate principal amount of each Eligible Holder’s validly tendered Existing Notes accepted for exchange rounded down to the nearest US\$1,000. If proration causes the Company to return less than the minimum denomination to any Eligible Holder, then the Company will, at its option, either accept all or reject all of the tendered amount of such Eligible Holder’s Existing Notes such that either no Existing Notes from such Eligible Holder are accepted for exchange or at least the minimum denomination of such Existing Notes is accepted for exchange. Any Existing Notes validly tendered and not accepted for exchange as a result of such proration, together with any other Existing Notes not tendered in the Exchange Offer, shall, as a condition to the consummation of the Exchange Offer pursuant to the terms of the Transaction Support Agreement (as defined below), be redeemed in full (including accrued and unpaid interest on such Existing Notes from, and including, October 11, 2022 to, but excluding, the Settlement Date) by the Company on the Settlement Date, and all other obligations under the Existing Notes Indenture shall be discharged. Therefore, if the Exchange Offer is consummated, on the Settlement Date, the full outstanding aggregate principal amount of the Existing Notes shall be either be exchanged for New Notes or repaid in cash.

Grupo Kaltex entered into a Transaction Support Agreement (the “Transaction Support Agreement”) dated November 4, 2022, with the subsidiary guarantors of the Existing Notes (the “Existing Guarantors”), the New Notes Guarantors (as defined below), and certain holders of Existing Notes (the “TSA Supporting Noteholders”) whereby the TSA Supporting Noteholders have agreed to tender their Existing Notes in the Exchange Offer subject to the terms and conditions set forth therein. In addition, Grupo Kaltex entered into letter agreements with the Existing Guarantors, the New Notes Guarantors, and certain additional holders of Existing Notes (the “Additional Supporting Noteholders” and, together with the TSA Supporting Noteholders, the “Supporting Noteholders”), whereby the Additional Supporting Noteholders agreed to tender their Existing Notes in the Exchange Offer subject to the terms and conditions set forth therein. The Supporting Noteholders represent 44% of the Existing Notes outstanding as of the date of the Exchange Offer Memorandum (with 35% representing the TSA Supporting Noteholders and 9% representing the Additional Supporting Noteholders). The Supporting Noteholders have agreed with Grupo Kaltex to tender their Existing Notes for exchange for New Notes pursuant to the Exchange Offer, subject to certain conditions, including the funding of the Concurrent Loan Facility (as defined herein) and the repayment in full on the Settlement Date of any Existing Notes that are not exchanged in the Exchange Offer.

The Transaction Support Agreement also contemplates a contractual commitment from certain Supporting Noteholders (the “New Money Notes Funding Parties”) to purchase, on the Settlement Date, up to US\$20,000,000 in principal amount of New Notes (such commitment to be reduced on a dollar-for-dollar basis to the extent that more than US\$98,000,000 principal aggregate amount of New Notes are issuable in the Exchange Offer pursuant to valid tenders of Existing Notes in the Exchange Offer) (the “Commitment Amount”), at a purchase price payable in U.S. Dollars of 100% of the principal amount thereof, pursuant to a funding commitment letter dated November 4, 2022 entered into between the New Money Notes Funding Parties, the Company, the Existing Guarantors and the New Notes Guarantors (the “Funding Commitment Letter”). If the New Money Notes Funding Parties are required to purchase any New Notes pursuant to the terms of the Funding Commitment Letter, the New Money Notes Funding Parties, the Company, the Existing Guarantors and the New Notes Guarantors shall enter into a purchase

agreement governing the purchase of such New Notes by the New Money Notes Funding Parties and pursuant to which the Company, the Existing Guarantors and the New Notes Guarantors shall indemnify the New Money Notes Funding Parties against certain liabilities. The Funding Commitment Letter requires the Company to pay to each New Money Notes Funding Party a commitment fee of 5% of the Commitment Amount of such New Money Notes Funding Party (the “Commitment Fee”). The Funding Commitment Letter provides that the Commitment Fee is payable as follows: (i) 1/5 of the Commitment Fee was paid to the relevant New Money Notes Funding Party in cash in U.S. Dollars on the date of execution of the Funding Commitment Letter and (ii) 4/5 of the Commitment Fee shall be payable to the relevant New Money Notes Funding Party in cash in U.S. Dollars on the Settlement Date. Any New Notes to be purchased by the New Money Notes Funding Parties shall be offered and sold pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the United States Securities Act of 1933, as amended (the “Securities Act”).

The Exchange Offer is subject to certain conditions, which Grupo Kaltex may waive in full or in part in its sole discretion, but subject to the terms of the Transaction Support Agreement, including (i) the condition that at least US\$98,000,000 in aggregate outstanding principal amount of the Existing Notes is validly tendered and not validly withdrawn at or prior to the Expiration Date (the “Minimum Tender Condition”) and (ii) the availability of cash on hand, borrowings under the Concurrent Loan Facility and proceeds from the issue of New Notes for Cash to the New Money Notes Funding Parties in an amount sufficient to fund the Accrued Interest Payment, the Exchange Premium, the payment of estimated fees and expenses relating to the Exchange Offer, the Concurrent Loan Facility and the Funding Commitment Letter, and the repayment in full on the Settlement Date of any Existing Notes that are not exchanged in the Exchange Offer (the “Financing Condition”). Grupo Kaltex may, in its sole discretion, but subject to the terms of the Transaction Support Agreement, terminate prior to the Expiration Date the Exchange Offer. No letter of transmittal or consent needs to be executed in order for Eligible Holders (or any bank, broker, dealer, trust company or other custodial entity on behalf of an Eligible Holder) to tender Existing Notes for exchange pursuant to the terms of the Exchange Offer.

The New Notes will mature on September 30, 2025 and are Grupo Kaltex’s direct senior obligations. Interest on the New Notes will accrue from the Settlement Date and will be payable in arrears on April 11 and October 11, of each year, beginning on April 11, 2023. Interest on the New Notes will accrue at the rate of 14.500% per annum payable in respect of the outstanding principal amount of the New Notes (up to 1.500% of which may, at the Company’s option, be paid in the form of “PIK Notes”). An interest payment partially paid in the form of PIK Notes shall be made through an issuance of an aggregate principal amount of New Notes equal to the amount of relevant interest payment that is being paid in kind. PIK Notes shall have the same terms as, and shall be fungible with, the other outstanding Notes.

The New Notes will be unconditionally guaranteed, on the Settlement Date, by the following subsidiaries of the Company: (i) Kaltex America, Inc., (ii) Kaltex Apparel, S.A. de C.V., (iii) Kaltex Comercial, S.A. de C.V., (iv) Kaltex Home, S.A. de C.V., (v) Kaltex Internacional, S.A. de C.V., (vi) Kaltex Textiles, S.A. de C.V., and (vii) Manufacturas Kaltex, S.A. de C.V. (collectively the “New Notes Guarantors”). The New Notes and the guarantees of the New Notes Guarantors will be senior unsubordinated general obligations of Grupo Kaltex and the New Notes Guarantors (subject to certain statutory preferences under applicable law, including without limitation, tax, social security and labor obligations) and will rank equally in right of payment with each other and with all of Grupo Kaltex’s and the New Notes Guarantors’ respective existing and future senior unsubordinated general obligations. In addition, the New Notes and the guarantees of the New Notes Guarantors will rank structurally junior to debt obligations of any non-guarantor subsidiaries. The guarantees of the New Notes Guarantors will be subject to contractual and legal limitations under relevant laws.

The issuance of the New Notes is conditioned upon, and is expected to occur simultaneously with, the redemption in full of any Existing Notes that are not exchanged in the Exchange Offer. Therefore, upon consummation of the Exchange Offer, all Existing Notes shall either be (i) exchanged for New Notes pursuant to the Exchange Offer (and immediately cancelled by the Company) or (ii) redeemed in full (including accrued and unpaid interest on such Existing Notes from, and including, April 11, 2022 to, but excluding, the Settlement Date) by the Company on the Settlement Date and all other obligations under the Existing Notes Indenture shall be discharged. Therefore, if the Exchange Offer is consummated, on the Settlement Date, the full outstanding aggregate principal amount of the Existing Notes shall be either exchanged for New Notes or redeemed for cash.

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D.F. King & Co., Inc. will also act as the Information and Exchange Agent for the Exchange Offer. Questions or requests for assistance related to the Exchange Offer or for additional copies of the Exchange Offer Memorandum may be directed to D.F. King & Co., Inc. at (888) 541-9895 (U.S. toll free), +1(212) 269-5550 (collect), kaltex@dfking.com (email) or www.dfking.com/kaltex (website). You may also contact your broker, dealer, commercial bank, trust company or other nominee for assistance concerning the Exchange Offer.

BCP Securities, Inc. has been engaged by Grupo Kaltex to act as dealer manager in connection with the Exchange Offer (the “Dealer Manager”).

Eligible Holders are advised to check with any bank, securities broker or other intermediary through which they hold Existing Notes as to when such intermediary would need to receive instructions from such Eligible Holder in order for that Eligible Holder to be able to participate in, or withdraw their instruction to participate in, an Offer, before the deadlines specified herein and in the Exchange Offer Memorandum. The deadlines set by any such intermediary and The Depositary Trust Company for the submission and withdrawal of tender instructions will also be earlier than the relevant deadlines specified herein and in the Exchange Offer Memorandum.

The New Notes offered pursuant to the Exchange Offer Memorandum have not been and will not be registered under the Securities Act, or any state securities laws. The New Notes are being offered for exchange only (1) in the United States, to holders of Existing Notes who are “qualified institutional buyers” as defined in Rule 144A under the Securities Act (“QIBs”), in a private transaction in reliance upon the exemption from the registration requirements of the Securities Act provided by Section 4(a)(2) thereof and (2) outside the United States, to holders of Existing Notes other than “U.S. persons” (as defined in Rule 902 under the Securities Act) (“Non-U.S. Persons”) who are not acquiring New Notes for the account or benefit of a U.S. person and who are “non-U.S. qualified offerees” (as defined under “Transfer Restrictions of New Notes” in the Exchange Offer Memorandum), in offshore transactions in compliance with Regulation S under the Securities Act. Only holders who have returned a duly completed eligibility letter certifying that they are within one of the categories described in the immediately preceding sentence (the “Eligibility Letter”) are authorized to receive and review the Exchange Offer Memorandum and to participate in the Exchange Offer (such holders, “Eligible Holders”). For a description of eligible offerees and certain restrictions on transfer of the New Notes, see “Transfer Restrictions of New Notes” in the Exchange Offering Memorandum. The New Notes are being offered pursuant to an exemption from the requirement to publish a prospectus under Regulation (EU) 2017/1129 (as amended and supplemented from time to time, the “Prospectus Regulation”), of the European Union, and the Exchange Offer Memorandum has not been approved by a competent authority within the meaning of the Prospectus Regulation. The New Notes are not intended to be offered, sold, or otherwise made available to and should not be offered, sold, or otherwise made available to any retail investor

in the European Economic Area or the United Kingdom. The eligibility letter can be accessed at the following link: www.dfking.com/kaltex.

THE NEW NOTES HAVE NOT BEEN AND WILL NOT BE REGISTERED WITH THE NATIONAL SECURITIES REGISTRY MAINTAINED BY THE *COMISIÓN NACIONAL BANCARIA Y DE VALORES* (NATIONAL BANKING AND SECURITIES COMMISSION OF MEXICO, OR THE “CNBV”) AND THEREFORE THE NEW NOTES MAY NOT BE OFFERED OR SOLD PUBLICLY IN MEXICO ABSENT AN AVAILABLE EXEMPTION UNDER THE *LEY DEL MERCADO DE VALORES* (MEXICAN SECURITIES MARKET LAW). THE EXCHANGE OFFER IS NOT BEING MADE IN MEXICO. AS REQUIRED UNDER THE *LEY DEL MERCADO DE VALORES* (MEXICAN SECURITIES MARKET LAW), GRUPO KALTEX WILL GIVE NOTICE TO THE CNBV OF THE EXCHANGE OFFER FOR INFORMATIONAL PURPOSES ONLY. THE DELIVERY TO, AND RECEIPT BY, THE CNBV OF SUCH NOTICE DOES NOT CERTIFY THE INVESTMENT QUALITY OF THE NEW NOTES OR OUR SOLVENCY. THE INFORMATION CONTAINED IN THIS ANNOUNCEMENT AND THE EXCHANGE OFFER MEMORANDUM IS OUR SOLE RESPONSIBILITY. THIS ANNOUNCEMENT AND THE EXCHANGE OFFER MEMORANDUM HAVE NOT BEEN FILED WITH THE CNBV, AND THE CNBV HAS NOT REVIEWED OR AUTHORIZED THE CONTENT OF THIS ANNOUNCEMENT OR THE EXCHANGE OFFER MEMORANDUM.

This announcement is for informational purposes only. This announcement shall not constitute an offer to sell or buy or the solicitation of an offer to buy or sell any securities, nor shall there be any offer, solicitation or sale of any securities in any state or other jurisdiction in which such an offer, solicitation or sale would be unlawful.

This announcement is not an offer of securities for sale in the United States, and none of the New Notes has been or will be registered under the Securities Act or any state securities law. They may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except pursuant to an exemption from, or in a transaction not subject to the registration requirements of the Securities Act. Any person considering making an investment decision relating to any securities must inform itself independently based solely on the Exchange Offer Memorandum to be made available to eligible investors in connection with the Exchange Offer before taking any such investment decision.

This announcement is directed only to holders of Existing Notes who are (1) QIBs, or (2) other than "U.S. persons" (as defined in Rule 902 under the Securities Act) who are located outside of the United States, who are qualified offerees in other jurisdictions, are authorized to receive the Exchange Offer Memorandum and to participate in the Exchange Offer.

The Exchange Offer is being made solely pursuant to the Exchange Offer Memorandum. The Exchange Offer is not being made to holders of Securities in any jurisdiction in which the making or acceptance thereof would not be in compliance with the securities, blue sky or other laws of such jurisdiction. In any jurisdiction in which the securities laws or blue sky laws require the Exchange Offer to be made by a licensed broker or dealer, the Exchange Offer will be deemed to be made on behalf of Grupo Kaltex by the Dealer Manager for the Exchange Offer or one or more registered brokers or dealers that are licensed under the laws of such jurisdiction.

The New Notes are not intended to be offered, sold, or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (“EEA”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, “MiFID II”); or (ii) a customer within the meaning of Directive (EU) 2016/97 (as amended, the “Insurance Distribution Directive”), where the

customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently, no key information document required by Regulation (EU) No 1286/2014 (as amended, the “PRIIPs Regulation”) for offering the New Notes or otherwise making them available to retail investors in the EEA, has been prepared and therefore offering the New Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

The New Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (“EUWA”); or (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (as amended, the “FSMA”) and any rules or regulations made under the FSMA to implement the Insurance Distribution Directive (EU), where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA. Consequently, no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law by virtue of the EUWA (the “UK PRIIPs Regulation”) for offering the New Notes or otherwise making them available to retail investors in the United Kingdom has been prepared and therefore offering the New Notes or otherwise making them available to any retail investor in the United Kingdom may be unlawful under the UK PRIIPs Regulation.

In the United Kingdom, this communication is for distribution only to persons who (i) have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended, the “Order”), (ii) are persons falling within Article 49(2)(a) to (d) (“high net worth companies, unincorporated associations etc.”) of the Order or (iii) are persons to whom an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) in connection with the issue of any New Notes may otherwise lawfully be communicated or caused to be communicated (all such persons together being referred to as “relevant persons”). This communication is directed only at relevant persons and must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this communication relates is available only to and will be engaged in only with relevant persons. Any person who is not a relevant person should not act or rely on this communication or any of its contents.

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Forward-Looking Statements

This announcement contains forward-looking statements. Forward-looking statements are information of a non-historical nature or which relate to future events and are subject to risks and uncertainties. No assurance can be given that the Minimum Tender Condition or the Financing Condition will be satisfied or that the Exchange Offer or the other transactions described herein will be consummated. Grupo Kaltex undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information or future events or for any other reason.