



VERTICALLY INTEGRATED TEXTILE COMPANY

Naucalpan, Estado de Mexico, February 28, 2023 – Grupo Kaltex S.A. de C.V. and subsidiaries (Ticker: KLTXMX), a leading company in the manufacture and marketing of textile products, announced today its results for the fourth quarter of 2022 ended December 31, 2022. The figures presented in this report are expressed in nominal Mexican pesos, are preliminary, non-audited, prepared in accordance with IFRS and current interpretations, and may vary due to rounding.

4Q22 HIGHLIGHTS

Compared to the same quarter of last year:

- 🌱 Fourth quarter consolidated net revenue decreased 20.3% to Ps.2,454 million, due to lower manufacturing activity that is expected to recover on the following months.
- 🌱 Gross profit for the fourth quarter increased 15.9% to Ps.102 million. Gross margin increased to 4.1% coming from 3.9%.
- 🌱 Reported EBITDA for the fourth quarter of 2022 decreased by Ps.90 million to a loss of Ps.109 million compared to a loss of Ps.19 million. These results include one-off expenses related to the refinancing of the Senior Notes amounting Ps.231 million, without this effect EBITDA increased Ps.142 million.
- 🌱 Fourth quarter consolidated net loss increased 88% to a loss of Ps. \$52 million compared to a loss of Ps.\$440 million.

MESSAGE FROM THE CEO

Dear Investor,

On December 21, 2022 we finalized the refinancing of our Senior Notes due April 2022. This was one of the greatest challenges we have faced, but thanks to your support, to our counsels and our internal team, we managed to build a structure that allowed us to pay 100% of the Senior Notes due 2022, without causing any capital loss for our investors, who trusted and supported us since 2017 and particularly during the past months.

The refinancing process was lengthier and more expensive than what we expected affecting our financials and our overall operation. The large amount spent on refinancing meant less cash available for investing in working capital, thus we experienced a lower manufacturing activity. As a result, we faced a reduction in our year over year sales of the quarter of 20.3%, which in turn led to a reduction of 15.9% on gross margin and of 470% in our EBITDA. The computation for EBITDA includes extraordinary expenses related to the refinancing of the Senior Notes. Without this effect, it was \$122 million, representing an increase from the loss of \$19 million reported on 4Q21.

However, we were rigorous with our costs, which is one of the variables that is partially under our control. Our gross margin remained practically unchanged on 4.1% coming from 3.9%, on the same quarter of last year. Regarding operating expenses, we managed to decrease them from 9.3% of the 4Q21 to 2.8% for the 4Q22, due to a continuing project of expenses reduction, particularly administrative expenses.

After a complicated 2022 we are facing a 2023 with great challenges, but we are confident that with the support that we have and always had from our customers, suppliers and banks will go back to our normal activity in the near future.

As always, I sincerely thank you for your trust.

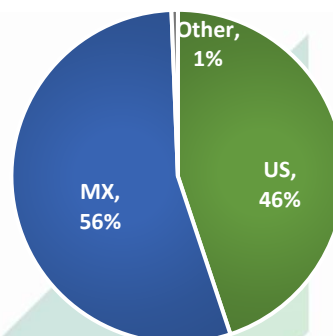
Rafael Kalach Mizrahi
Chairman of the Board & CEO

REVENUES

Fourth quarter consolidated net revenues totaled Ps.2,454 million, a decrease of 20.3% or Ps.624 million compared to the Ps.3,078 million recorded in fourth quarter of 2021 mainly due to lower manufacturing activity. For full year 2022, net revenues amounted Ps.\$12,324 million, a decrease of 7.5% or Ps.1,004 million compared to 2021.

For the fourth quarter of 2022 sales to the United States represented 55.8% of total sales. For full year 2022, sales to the US represented 55.9% of total sales.

Sales by Country
4Q22



FINANCIAL PERFORMANCE

For the fourth quarter we recorded Ps.2,352 million of cost of sales, which represented a decrease of 20.5% compared to Ps.2,957 million reached in the same period of 2021. Full year cost of goods sold was Ps.11,302 million, a decrease of 2.0% compared to Ps.11,534 million for 2021.

Consolidated gross profit amounted Ps.102 million for the quarter, which represented a decrease of 15.9% compared to the same quarter of 2021. Gross margin for the quarter stood at 4.1% of net sales, compared to 3.9% recorded in the same period of 2021. For full year 2022, gross profit reached Ps.\$1,022 million, a decrease of 43.0% compared to the same period of 2021. Gross margin for the year reached 8.3% compared to 13.5% reached in 2021.

Operating expenses for the quarter amounted Ps.69 million, a decrease of 76.1% compared to the same quarter of 2021, while the ratio of operational expenses to sales for the quarter was 2.8%, compared to 9.3% during the same period of 2021. Full year operating expenses were Ps.586 million, a decrease of 45.5% compared to 2021. The ratio of operating expenses to sales for 2022 decreased to 4.8% coming from 8.1% in 2021.

Consolidated EBITDA totaled a loss of Ps.109 million for the fourth quarter of 2022, a decrease from the Ps.19 million registered in the same period of 2021. EBITDA for 2022 includes one-off expenses related to the refinancing of the Senior Notes for Ps.231 million, without this effect, EBITDA was Ps.122 million, an increase of 741% compared to the same period of 2021. EBITDA margin for the quarter stood at -4.4% of net revenues, compared to -0.6% registered during the same quarter of 2021. Full year EBITDA was Ps.396 million a decrease of 79.8% compared to last year. EBITDA margin for 2022 was 3.2% compared to 14.7% for 2021.

Fourth quarter net interest expense was Ps.168 million, an increase of 48.9% compared fourth quarter of 2021, due to the fees paid for the exchange offer and higher interest rates. Full year net interest expense reached Ps.577 million, a decrease of 16.5% compared to last year due to a lower debt balance during 2022.

Fourth quarter consolidated net loss totaled Ps.52 million, an increase of 88.2% compared to the same quarter of 2021. Full year net loss was Ps.586 million, compared to a loss of Ps.70 million for 2021.

FINANCIAL POSITION

Cash and cash equivalents amounted Ps.220 million as of December 31, 2022, compared to Ps.225 million at the same date of 2021.

Grupo Kaltex debt amounted Ps.4,246 million as of December 31, 2022, compared to Ps.4,533 million as of December 31, 2021. In dollar terms, debt was US\$219.3 million, compared to US\$220.2 million as of December 31, 2021.

Regarding debt by currency, 72% is denominated in US Dollars and corresponds to the Senior Notes due September 2025 and the Dollar tranche of the Bancomext loan; and 28% is denominated in Mexican Pesos, corresponding to the Peso tranche of the Bancomext loan.



About Grupo Kaltex

Grupo Kaltex S.A. de C.V. is a 100% Mexican textile Company, vertically integrated with a business model that grants the highest standards of quality and service, which are also certified by international organizations. For almost a century, Grupo Kaltex has been dedicated to the manufacturing and marketing of textile and apparel products, processes in which innovation and growth are the main differentiators that currently place it as a leader in America.

Forward looking statements

The information presented by the Company in this report may contain statements regarding future events and/or projected financial results. The results obtained in the future could differ from those projected in this document, since past results do not guarantee future performance. Therefore, the Company does not assume liability nor obligation for external or indirect factors occurring in Mexico or abroad.

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CONSOLIDATED FINANCIAL STATEMENTS
**Grupo KALTEX S.A. de C.V. and Subsidiaries
Consolidated Income Statement**

<i>Figures in MXN thousands</i>	<i>Three months ended, December 31,</i>			<i>Twelve months ended, December 31,</i>		
	2022	2021	Δ%	2022	2021	Δ%
Net revenue	2,453,757	3,077,983	-20%	12,324,325	13,328,371	-7.5%
Cost of goods sold	2,352,079	2,957,131	-22%	11,301,826	11,575,142	-2.4%
Gross profit	101,678	120,852	27%	1,022,499	1,753,229	-42%
Sales expenses	59,011	63,395	26%	255,763	372,810	-31%
Administrative expenses	9,523	223,429	-95%	330,400	660,853	-50%
Other (expenses) income net	(235,615)	22,757	-1136%	(425,892)	791,589	-154%
Operating profit	(202,471)	(143,215)	41%	10,444	1,511,155	-99%
Comprehensive financial result	72,341	(246,954)	-129%	(470,821)	(1,160,578)	-59%
Interest income	1,634	272	803%	3,844	3,109	24%
Interest expense	169,543	113,021	50%	580,878	693,951	-16%
Foreign exchange result	240,250	(134,205)	-279%	106,213	(469,736)	-123%
Income tax	(78,241)	49,485	-258%	125,790	420,437	-70%
Consolidated net result	(51,889)	(439,654)	-88%	(586,167)	(69,860)	739%
Depreciation	93,898	124,157	-24%	385,780	449,601	-14%
EBITDA	(108,573)	(19,058)	470%	396,224	1,960,756	-80%

**Grupo KALTEX S.A. de C.V. and Subsidiaries
Consolidated Statement of Financial Position**

Figures in MXN thousands

	December 31, 2022	December 31, 2021
Assets		
Cash & cash equivalents	220,338	225,755
Accounts receivable, net	2,140,632	2,488,871
Accounts receivable to related parties	-	2,383
Inventories, net	1,931,900	1,861,285
Prepaid expenses	247,382	287,183
Current Assets	4,540,252	4,865,477
Property, plant and equipment, net	8,831,657	9,050,837
Investment properties	6,986	1,015,037
Other assets	42,035	80,658
Non-current Assets	8,880,678	10,146,532
Total Assets	13,420,930	15,012,009
Liabilities		
Bank loans	48,902	4,533,422
Accounts Payable to suppliers	1,942,925	1,677,881
Accounts payable to related parties	94,843	488,339
Other accounts payable and accrued liabilities	1,932,453	2,361,796
Current Liabilities	4,019,123	9,061,438
Long-term financial liabilities	4,197,110	-
Accounts payable to related parties	2,678,124	2,645,423
Other accounts payable	734,530	849,502
Deferred Income Tax	1,226,556	1,458,473
Non-current Liabilities	8,836,320	4,953,398
Total Liabilities	12,855,443	14,014,836
Capital stock	4,435,829	4,017,990
Accumulated (losses) earnings	(3,870,342)	(3,020,817)
Total Equity	565,487	997,173
Total Liabilities and Equity	13,420,930	15,012,009

Grupo KALTEX S.A. de C.V. and Subsidiaries
Consolidated Statement of Cash Flow

<i>Figures in MXN thousands</i>	<i>Twelve months ended</i>	
	<i>December 31,</i>	<i>December 31,</i>
	2022	2021
Cash flows from operating activities		
Consolidated net income (loss)	(586,167)	(69,860)
<i>Adjustments for:</i>		
Income tax expense recognized in net loss	125,790	420,437
Loss (gain) on disposal of property, plant and equipment	-	(8,866)
Depreciation and amortization	385,780	449,601
Gain on sale of subsidiary	-	(954,920)
Fair value adjustment of investment properties	62,112	394,977
Interest income	(3,844)	(3,200)
Interest expense	580,878	694,042
Unrealized foreign exchange	(106,213)	73,497
	458,336	995,708
Changes in working capital		
<i>(Increase) decrease in:</i>		
Accounts receivable, net	348,239	(258,949)
Inventories, net	(70,615)	328,377
Prepaid expenses	39,801	(34,996)
Assets available for sale, net	-	2,399,630
Other assets	31,637	20,764
<i>(Increase) decrease in:</i>		
Accounts payable to suppliers	265,044	(255,001)
Accounts payable to related parties	(391,113)	(1,364,562)
Other accounts payable and accrued liabilities	(160,823)	(429,555)
Direct employee benefits	(54,091)	80,261
Advance payments from customers	(10,291)	33,595
Retirement employee benefits	(43,578)	(7,909)
Contingencies	-	31,370
Net cash flows generated by operating activities	412,546	1,538,733
<i>Cash flows from investing activities:</i>		
Interest received	3,844	3,200
Acquisition of property, plant and equipment, net	4,354	73,951
Net cash flows (generated by) used in investing activities	8,198	77,151
<i>Cash flows from financing activities:</i>		
Payments of debt, net	(287,410)	(2,158,186)
Proceeds from related parties, net	32,701	1,161,489
Interest paid	(501,948)	(505,596)
Capital increase	417,839	-
Lease payments	(135,755)	(71,527)
Dividends paid	(57,800)	-
Net cash flow (used in) generated by financing activities	(532,373)	(1,573,820)
Net increase (decrease) in cash and cash equivalents	(111,630)	42,064
Effects of exchange rate changes on cash flows	106,213	3,299
Cash and cash equivalents at beginning of period	225,755	180,392
Cash and cash equivalents at end of period	220,338	225,755