



VERTICALLY INTEGRATED TEXTILE COMPANY

Naucalpan, Estado de Mexico, July 31, 2024 – 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 second quarter of 2024 ended June 30, 2024. 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.

2Q24 HIGHLIGHTS

Compared to the same quarter of last year:

- ✦ Second quarter consolidated net revenue decreased 3.2% to Ps.1,721 million, due to lower manufacturing activity.
- ✦ Gross profit for the second quarter increased 2.7% to Ps.79 million. Gross margin increased to 4.6% coming from 4.3%.
- ✦ Reported EBITDA loss for the second quarter of 2024 decreased Ps.17 million to a Ps.29 million loss compared to a loss of Ps.11 million during the same quarter of last year. EBITDA margin for the quarter was -1.7% compared to -0.6% for the same quarter of 2023.
- ✦ Second quarter consolidated net loss was Ps.758 million compared to an income of Ps.179 million for the second quarter of 2023.

REVENUES

Second quarter consolidated net revenues totaled Ps.1,721 million, a decrease of 3.2% or Ps.57 million compared to the Ps.1,778 million recorded in the second quarter of 2023 mainly due to lower manufacturing activity. Year to date, net revenues reached Ps.3,511 million a decrease of 10.8% or Ps.426 million compared to Ps.3,937 million recorded during the same period of last year.

For the second quarter of 2024 sales to the United States represented 65% of total sales while, sales to Mexico represented 35% and to other countries were less than 1%.

FINANCIAL PERFORMANCE

For the second quarter we recorded Ps.1,642 million of cost of sales, which represented a decrease of 3.5% compared to Ps.1,701 million reached in the same period of 2023.

Consolidated gross profit amounted Ps.79 million for the quarter, which represented an increase of 2.7% compared to the same quarter of 2023. Gross margin for the quarter stood at 4.6% of net sales, compared to 4.3% recorded in the same period of 2023. For the first six months of the year, gross profit was Ps.134 million, a decrease of 36.3% compared to Ps.210 million for the same months of last year.

Operating expenses for the quarter amounted Ps.184 million, an increase of 17.1% compared to the same quarter of 2023, while the ratio of operational expenses to sales for the quarter was 10.7%, compared to 8.8% during the same period of 2023. Year to date, operating expenses were Ps.347 million an increase of 17.5% compared to the same period of last year, while the ratio of operational expenses to sales increased to 9.9% coming from 7.5%

Consolidated EBITDA loss totaled Ps.29 million for the second quarter of 2024, a decrease from the Ps.11 million loss registered in the same period of 2023. EBITDA margin for the quarter stood at -1.7% of net revenues, compared to -0.6% registered during the same quarter of 2023. On an accumulated basis, reported EBITDA was a loss of Ps.7 million, a decrease of Ps.50 million compared to an EBITDA of Ps.43 million reached during the first six months of 2023.

Second quarter net interest expense was Ps.161 million, a decrease of 1.8% compared the second quarter of 2023. Year to date, net interest expense reached Ps.305 million a decrease of 4.4% or Ps. 14 million compared to Ps.319 million for the first six months of last year.

Second quarter consolidated net loss totaled Ps.758 million, a decrease compared to a Ps.179 million income registered during the same quarter of 2023, due to lower operating income and the exchange loss following the devaluation of the Mexican Peso. For the first six months of 2024, consolidated net loss was Ps.938 million, compared to and income of Ps.184 million for the same period of the last year.

FINANCIAL POSITION

Cash and cash equivalents amounted Ps.41 million as of June 30, 2024, compared to Ps.159 million at 31 December 2023.

Grupo Kaltex debt amounted Ps.3,995 million as of June 30, 2024, compared to Ps.3,810 million as of December 31, 2023. In dollar terms, debt was US\$217.4 million, compared to US\$225.5 million as of December 31, 2023 due to the amortization of the Bancomext loan.

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 the remaining 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, June 30,</i>			<i>Six months ended, June 30,</i>		
	2024	2023	Δ%	2024	2023	Δ%
Net revenue	1,721,332	1,777,987	-3.2%	3,511,093	3,936,837	-11%
Cost of goods sold	1,642,247	1,700,980	-3.5%	3,377,151	3,726,587	-9.4%
Gross profit	79,085	77,007	2.7%	133,942	210,250	-36%
Sales expenses	33,477	59,237	-43%	82,002	117,042	-30%
Administrative expenses	150,684	98,075	54%	264,880	178,217	49%
Other (expenses) income net	(14,331)	(21,619)	-34%	40,304	(57,439)	-170%
Operating profit	(119,407)	(101,924)	17%	(172,636)	(142,448)	21%
Comprehensive financial result	(637,607)	259,282	-346%	(728,467)	388,474	-288%
Interest income	457	20	2185%	2,388	(59)	-4147%
Interest expense	161,407	163,897	-1.5%	307,086	318,523	-3.6%
Foreign exchange result	(476,657)	423,159	-213%	(423,769)	707,056	-160%
Income tax	1,126	(21,480)	-105%	37,315	61,534	-39%
Consolidated net result	(758,140)	178,838	-524%	(938,418)	184,492	-609%
Depreciation	90,799	90,759	0.0%	165,684	185,403	-11%
EBITDA	(28,608)	(11,165)	156.2%	(6,952)	42,955	-116%

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

Figures in MXN thousands

	June 30, 2024	December 31, 2023
Assets		
Cash & cash equivalents	40,987	159,255
Accounts receivable, net	1,728,955	1,811,748
Accounts receivable from related parties	34,273	34,166
Inventories, net	1,450,524	1,936,758
Prepaid expenses	242,363	131,584
Assets available for sale	0	467,869
Current Assets	3,497,102	4,541,380
Property, plant and equipment, net	9,481,888	9,702,489
Investment properties	933,591	851,368
Right of use asset	64,180	248,383
Other assets	133,972	126,469
Non-current Assets	10,613,631	10,928,709
Total Assets	14,110,733	15,470,089
Liabilities		
Bank loans	96,228	93,260
Accounts Payable to suppliers	1,218,230	1,357,028
Short term lease liability	146	86,329
Accounts payable to related parties	145,201	98,385
Other accounts payable and accrued liabilities	2,232,686	2,200,742
Current Liabilities	3,692,491	3,835,744
Long-term financial liabilities	3,898,375	3,716,692
Accounts payable to related parties	2,025,053	2,144,058
Lease liability	65,156	181,379
Employee benefits	563,343	549,480
Deferred Income Tax	1,623,946	1,596,365
Non-current Liabilities	8,175,873	8,187,974
Total Liabilities	11,868,364	12,023,718
Capital stock	5,307,329	5,295,829
Accumulated (losses) earnings	(3,064,960)	(1,849,458)
Total Equity	2,242,369	3,446,371
Total Liabilities and Equity	14,110,733	15,470,089

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

<i>Figures in MXN thousand</i>	<i>Three months ended June 30, 2024</i>	<i>Six months ended June 30, 2023</i>
Cash flows from operating activities		
Consolidated net income (loss)	(758,140)	(938,418)
<i>Adjustments for:</i>		
Income tax expense recognized in net loss	1,126	37,315
Depreciation and amortization	(96,166)	165,684
Interest income	(457)	(2,388)
Interest expense	161,407	307,086
Unrealized foreign exchange	476,657	423,769
	(215,573)	(6,952)
Changes in working capital		
<i>(Increase) decrease in:</i>		
Accounts receivable, net	88,020	192,130
Inventories, net	258,724	481,467
Prepaid expenses	(71,471)	(190,024)
Other assets	(459,286)	2,589
<i>(Increase) decrease in:</i>		
Accounts payable to suppliers	(67,498)	(134,257)
Accounts payable to related parties	47,792	46,709
Other accounts payable and accrued liabilities	79,850	103,864
Net cash flows generated by operating activities	(339,442)	495,526
<i>Cash flows from investing activities:</i>		
Interest received	2,388	2,388
Acquisition of property, plant and equipment, net	326,293	(21,269)
Capital increase	-	11,500
Net cash flows (generated by) used in investing activities	328,681	(7,381)
<i>Cash flows from financing activities:</i>		
Payments of debt, net	32,919	(24,093)
Proceeds from related parties, net	291,779	56,528
Interest paid	(58,039)	(201,787)
Lease payments	101,494	(17,420)
Net cash flow (used in) generated by financing activities	368,153	(186,772)
Net increase (decrease) in cash and cash equivalents	357,392	301,373
Effects of exchange rate changes on cash flows	(472,529)	(423,769)
Cash and cash equivalents at beginning of period	156,124	163,383
Cash and cash equivalents at end of period	40,987	40,987