



**VERTICALLY INTEGRATED  
TEXTILE COMPANY**

**EARNINGS RELEASE  
1Q21**

## MESSAGE FROM THE CEO

Dear Investor,

We continue to operate under difficult circumstances and tight liquidity, while the economy opens up and we go through a pre-Covid economic environment reflected in the increase in prices in most of our raw materials which will be a challenge to manage in the short term.

During this quarter we announced the divestment our retail company Milano, the proceeds will be received during the second quarter and used to strengthen the working capital and for the future deleverage the company.

Grupo Kaltex is reporting sales of \$3,527 million pesos for the first quarter 2021 which represents a reduction of -9.3% year-over-year or \$362 million pesos. This decrease is mainly due to the sale of Milano, which accounted for \$531 million pesos, but the rest of the business reflected a sale increase of \$168 million pesos therefore the reduction in revenues due to the sale of Milano has a lower impact on a consolidated basis.

Regarding sales by currency, sales in US dollars were \$2,201 million pesos, an increase of 28.8% or \$492 million pesos compared to the first quarter of 2020. Now sales in US dollars represent 62.4% of our total sales. Sales in Mexico amounted \$1,281 million pesos, a decrease of -35.4% or \$701 million pesos, explained by the sale of our retail business which operated exclusively in Mexico and the slow recovery of the Mexican economy.

Operating expenses during the quarter represented 9.5% of sales compared, which is a decrease from the 12% registered in the same quarter of 2020 or 260 bps lower. The benefit is mainly due to the sale of Milano.

In terms of EBITDA, during the first quarter the company recorded \$424 million pesos, representing a decrease of -2.4% or \$10 million pesos compared to the \$435 million pesos obtained during the first quarter of 2020 mainly due to the sale of our retail segment. The other business reflected an increase of \$71 million pesos in the same quarter so in a consolidated basis the reduction in EBITDA was lower than what we lost for the sale of Milano. This reflected in a better EBITDA margin which increased to 12.0% coming from 11.8% in the same quarter of 2020.

Regarding our cash position, it amounted \$351 million pesos at the end of the quarter compared to the \$242 million pesos at the end of 2020.

Finally, our debt stood at \$325.7 million dollars at the end of the first quarter of 2021, this represents a reduction of \$2.9 million dollar compared to the \$328.6 million dollars at the end of 2020. WE also paid the coupon

Thank you once more for your trust in Kaltex.

Sincerely,

*Rafael Kalach Mizrahi*  
Chairman of the Board & CEO

Naucalpan, Estado de Mexico, April 27, 2021 – 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 first quarter of 2021 ended March 31, 2021. 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.

## 1Q21 HIGHLIGHTS

- ✎ First quarter consolidated net revenue reached MXN3,527 million, a decrease of 9.3% or MXN362 million when compared to the MXN3,890 million reported for the first quarter of 2020.
- ✎ First quarter consolidated cost of goods sold was MXN\$2,784 million, a year-over-year decrease of 6.4% or MXN\$192 million, compared to MXN\$2,975 million for the same quarter of 2020.
- ✎ First quarter gross profit margin represented 21.1% of net revenues compared to 23.5% for the same quarter of 2020, reaching MXN744 million, a decrease of MXN170 million or 18.6%.
- ✎ EBITDA generation for the first quarter decreased 2.4% reaching MXN424 million, a decrease of MXN10 million compared to MXN435 million in the first quarter of 2020.
- ✎ EBITDA margin for the first quarter stood at 12.0% compared to 11.2% recorded in the same quarter of last year.
- ✎ First quarter consolidated net loss reached MXN351 million compared to MXN2,378 million recorded in the same quarter of 2020, explained by a lower devaluation of the Mexican peso during the quarter.

## KEY CONSOLIDATED FINANCIAL INDICATORS

Indicator	Three months ended, March 31,		
	2021	2020	Δ%
Net Revenue	3,527	3,890	-9.3%
Gross Profit	744	914	-19%
Gross Margin (%)	21%	24%	-242bps
Operating Expenses	336	472	-29%
Operating Expenses / Sales	9.5%	12%	-260bps
Operating Income	311	236	32%
Operating Margin (%)	8.8%	6.1%	274bps
Consolidated Net Income	(351)	(2,378)	85%
Net Margin (%)	-10%	-61.1%	5119bps
EBITDA	424	435	-2.4%
EBITDA margin (%)	12%	11%	85bps
CAPEX	(28)	(18)	63%
ROA (LTM)	2.5%	-10%	1281bps
ROE (LTM)	34%	-69%	10311bps
Total Debt / EBITDA (LTM)	5.45	4.16	-
Net Debt / EBITDA (LTM)	5.16	3.97	-
Interest Coverage	2.06	1.34	-
Working Capital	4,339	2,220	95%
Free Cash Flow	(974)	834	N/A
Headcount (number)	12,106	16,086	-25%

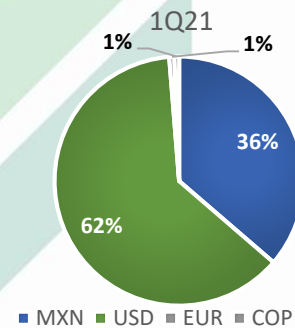
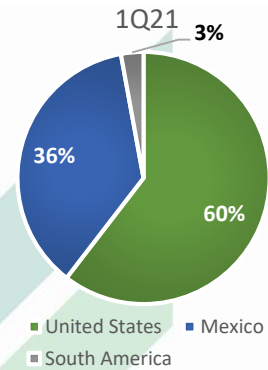
## INCOME STATEMENT

### Revenues

The first quarter consolidated net revenue totaled MXN3,527 million, a decrease of 9.3% or MXN362 million compared to the MXN3,890 million recorded in first quarter of 2020.

For the first quarter Dollar-denominated revenue reached MXN2,201 million representing 62.4% of net revenues, compared to 43.9% for the same quarter of 2020, while Mexican Peso denominated revenue reached MXN1,281 million or 36.3% of net revenues, coming from 51.0% for the same period of 2020.

Regarding sales by country, quarterly sales to the United States were MXN2,111 million, an increase of 37.2% or MXN572 million compared to the same quarter of 2020, representing 59.8% of total sales compared to 39.6% in the same quarter of 2020. Sales in Mexico for the quarter amounted MXN1,281 million, a decrease of 35.4% or MXN701 million representing 36.3% compared to 51.0% for the first quarter of 2020, related to the slow recovery of the Mexican economy compared to the US.

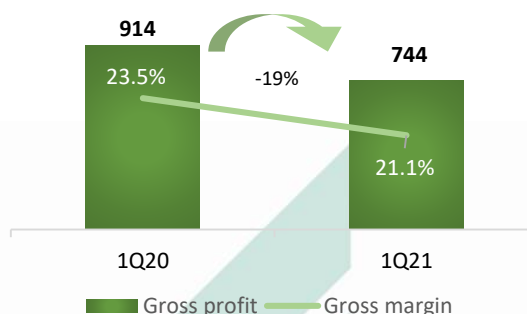


### Cost of goods sold

For the first quarter we recorded MXN2,784 million of cost of sales, which represented a decrease of MXN192 million or 6.4% compared to MXN2,975 million reached in the same period of 2020.

## Gross profit

Consolidated Gross Profit amounted MXN744 million for the first quarter, which represents a decrease of MXN170 million or 18.6% compared to MXN914 million reached during the first quarter of 2020. Gross margin for the quarter stood at 21.1% of net sales, compared to 23.5% recorded in the same period of 2020.



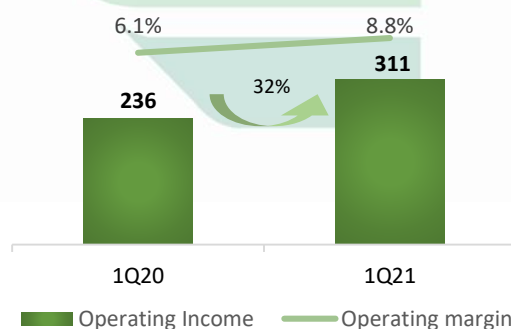
## Operating and Other Expenses

Concept	Three months ended, March 31,		
	2021	2020	Δ%
SG&A	336	472	-29%
Other income (expenses), net	17	(7.8)	N/A
<b>Total SG&amp;A and other expenses</b>	<b>320</b>	<b>480</b>	<b>-33%</b>

Operating expenses for the first quarter amounted MXN336 million, a decrease of 28.8% or MXN136 million compared to MXN914 million recorded during the first quarter of 2020, while the ratio of operational expenses to sales for the first quarter was 9.5%, compared to 12.1% in the same period of 2020.

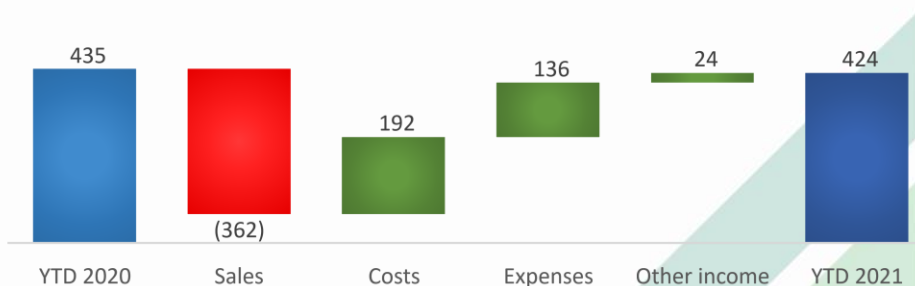
## Operating Income

First quarter consolidated operating income was MXN311 million, an increase of MXN75 million or 31.6% from MXN236 million reported on the first quarter of 2020. Operating margin for the quarter increased to 8.8% of net revenues coming from 6.1% for the first quarter of 2020.



## EBITDA

Consolidated EBITDA totaled MXN424 million in the first quarter of 2021, which is 2.4% or MXN10 million lower than the MXN435 million registered in the same period of 2020. EBITDA margin stood at 12.0% of net revenues for the quarter, which represents an increase from 11.2% registered during the same quarter of 2020.



## Net Interest Expense and Forex

Concept	Three months ended, March 31,		
	2021	2020	Δ%
Interest income	0.9	4.0	-79%
Interest expense	(206)	(325)	37%
Foreign exchange result	(422)	(2,380)	82%
<b>Total Consolidated Financial Result</b>	<b>(627)</b>	<b>(2,701)</b>	<b>77%</b>

*Figures in MXN millions*

First quarter net interest expense was MXN205 million, a decrease of MXN116 million or 36.2% compared to MXN321 million for the first quarter of 2020. We recorded a Forex loss of MXN422 million during the quarter, due to the 1.5% revaluation of the Mexican Peso during the quarter, going from an average price of MXN20.63/US\$ during the fourth quarter of 2020 to MX20.32/US\$ during the first quarter of 2021.

## Income Tax

The first quarter recorded an income tax expense of MXN35 million, an increase of MXN122 million when compared to a MXN87 million income tax income for the first quarter of 2020.

## Net Income

First quarter consolidated net loss totaled MXN351 million, which compares to a loss of MXN2,378 million recorded in the same quarter of 2020, due to a lower FX loss recorded during the first quarter of 2021 compared to 2020.

## BALANCE SHEET

### Cash and Cash Equivalents

The balance in cash and cash equivalents totaled MXN351 million as of March 31, 2021, compared to the MXN242 million pesos at the end of 2020.



### Debt

Grupo Kaltex gross debt amounted MXN6,712 million as of March 31, 2021, compared to MXN6,556 million at the end of 2020 due to the amortization of our bank debts. In dollar terms, gross debt was USD326 million, a decrease of USD2.9 million or 0.9% compared to USD329 million as of December 31, 2020. All of our debt is denominated in US Dollars.

### Maturity Profile

Figures in MXN millions

	1 year	1-3 years	Total
<b>Total Debt</b>	<b>121</b>	<b>6,591</b>	<b>6,712</b>

### Debt Structure

Division	March 31, 2021	December 31, 2020	Δ%
<b>Short-term</b>	<b>5.9</b>	<b>8.4</b>	<b>-30%</b>
Amortizing	2.9	5.4	-47%
Revolving	3.0	3.0	0.0%
<b>Long-term</b>	<b>320</b>	<b>320</b>	<b>-0.1%</b>
Amortizing	0.0	0.2	N/A
Senior Notes	320	320	0.0%
<b>Total</b>	<b>326</b>	<b>329</b>	<b>-0.9%</b>
Average rate	8.7%	8.67%	8 bps
Average life (years)	1.1	1.4	-0.2

At 31 March 2021 long term debt represented 98.2% of total debt compared to 97.4% at the end of 2020. As a result, the average maturity of Grupo Kaltex's debt at the end of March 2021 was 1.1 years, a decrease from 1.4 years at the end of 2020.



Gross Debt / EBITDA ratio was 5.45x for the first quarter of 2021 an increase from 4.16x for the same quarter of 2020, mainly due to a lower EBITDA during the second quarter of 2020.

Debt Ratio	1Q21	1Q21
Gross Debt / EBITDA	5.45x	4.16x

## Shareholders' Equity

Shareholders' Equity amounted MXN1,143 million as of March 31, 2021.

## CASH FLOW

Concept	Three months ended, March 31,		
	2021	2020	Δ%
EBITDA	424	435	-2%
Interest paid	14	26	-47%
Taxes paid	57	6	816%
Working capital variation	1,328	(432)	-407.3%
<b>Free Cash Flow</b>	<b>(974)</b>	<b>834</b>	<b>-216.8%</b>

## CAPEX

For the first quarter of 2021, investment in fixed assets reached MXN28.7 million or USD1.4 million, while for same quarter of 2020 it was MXN17.6 million or USD0.8 million.

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## 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.*

## Investor Relations

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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, March 31,</i>		
	2021	2020	Δ%
Net revenue	3,527,420	3,889,670	-9.3%
Cost of goods sold	2,896,696	3,173,565	-8.7%
<b>Gross profit</b>	<b>630,724</b>	<b>716,105</b>	<b>-12%</b>
Sales expenses	154,030	271,390	-43%
Administrative expenses	182,254	200,625	-9.2%
Other (expenses) income net	16,584	(7,786)	N/A
<b>Operating profit</b>	<b>311,024</b>	<b>236,304</b>	<b>32%</b>
<b>Comprehensive financial result</b>	<b>(626,667)</b>	<b>(2,701,391)</b>	<b>77%</b>
Interest income	862	4,030	-79%
Interest expense	205,663	325,251	-37%
Foreign exchange result	(421,866)	(2,380,170)	82%
Income tax	35,466	(86,635)	N/A
<b>Consolidated net result</b>	<b>(351,109)</b>	<b>(2,378,452)</b>	<b>85%</b>
Depreciation	113,117	198,232	-43%
<b>EBITDA</b>	<b>424,141</b>	<b>434,536</b>	<b>-2.4%</b>

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

*Figures in MXN thousands*

	March 31, 2021	December 31, 2020
<b>Assets</b>		
Cash & Cash Equivalents	350,750	242,375
Accounts Receivable, net	2,734,847	2,777,508
Accounts receivable to related parties	1,743,570	228,528
Inventories, net	2,345,761	3,397,213
Prepaid expenses	63,319	61,027
<b>Current Assets</b>	<b>7,238,247</b>	<b>6,706,651</b>
Property, Plant and Equipment, net	9,217,684	10,085,101
Right of use asset	203,026	2,911,420
Investment in Properties	1,516,606	1,582,688
Deferred Income Tax	648,264	821,072
Other Assets, net	19,758	1,458,490
<b>Non-current Assets</b>	<b>11,605,338</b>	<b>16,858,771</b>
<b>Total Assets</b>	<b>18,843,585</b>	<b>23,565,422</b>
<b>Liabilities</b>		
Bank loans	120,713	167,826
Accounts Payable to suppliers	1,988,737	2,990,754
Short term lease liability	17,002	140,919
Accounts payable to related parties	496,535	401,238
Other accounts payable and accrued liabilities	2,137,151	2,034,106
Direct employee benefits	20,104	80,117
Advanced payments from customers	6,500	7,080
<b>Current Liabilities</b>	<b>4,786,742</b>	<b>5,822,040</b>
Long-term financial liabilities	6,590,796	6,388,147
Accounts payable to related parties	3,473,373	3,275,993
Lease liability	200,000	2,989,428
Employee benefits	480,086	571,472
Contingencies	4,983	12,109
Deferred Income Tax	2,164,204	2,111,578
<b>Non-current Liabilities</b>	<b>12,913,442</b>	<b>15,348,727</b>
<b>Total Liabilities</b>	<b>17,700,184</b>	<b>21,170,767</b>
Capital stock	4,017,990	4,017,990
Accumulated (losses) earnings	(4,161,247)	(3,040,618)
Accumulated other comprehensive loss	(165,583)	(165,583)
<b>Controlling interest</b>	<b>(308,840)</b>	<b>811,789</b>
Non-controlling interest	1,452,241	1,582,866
<b>Total Equity</b>	<b>1,143,401</b>	<b>2,394,655</b>
<b>Total Liabilities and Equity</b>	<b>18,843,585</b>	<b>23,565,422</b>

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

<i>Figures in MXN thousands</i>	<i>Three months ended,</i> <i>March 31,</i>	
	<b>2021</b>	<b>2020</b>
<b>Cash flow from operating activities</b>		
Consolidated net income (loss)	(351,109)	(2,378,452)
<i>Adjustments for:</i>		
Income tax expense recognized in net loss	35,466	(86,635)
Loss (gain) on disposal of property, plant and equipment	7,812	-
Depreciation and amortization	113,117	198,232
Contingencies	-	-
Fair value adjustment of investment properties	-	-
Interest income	(862)	(4,030)
Interest expense	205,663	325,251
Unrealized foreign exchange	305,804	2,069,300
	315,891	123,666
<b>Changes in working capital</b>		
<i>(Increase) decrease in:</i>		
Accounts receivable, net	(154,645)	(189,391)
Accounts receivables to related parties	-	-
Inventories, net	(144,748)	(310,363)
Prepaid expenses	(68,209)	(37,810)
Other assets	(812)	(42,094)
<i>(Increase) decrease in:</i>		
Accounts payable to suppliers	268,898	462,312
Accounts payable to related parties	-	-
Other accounts payable and accrued liabilities	138,110	28,661
Direct employee benefits	(46)	1,318
Advance payments from customers	(2,530)	21,313
Income taxes paid	(56,543)	(6,175)
Employee benefits	1,837	(26,531)
Contingencies	-	-
<b>Net cash flow generated by operating activities</b>	<b>297,203</b>	<b>24,906</b>
<i>Cash flows from investing activities:</i>		
Interest received	-	-
Acquisition of property, plant and equipment	(28,656)	(17,580)
Sale of property, plant and equipment	-	-
<b>Net cash flow (generated by) used in investing activities</b>	<b>(28,656)</b>	<b>(17,580)</b>
<i>Cash flows from financing activities:</i>		
Proceeds from debt	-	28,765
Payments of debt	(66,875)	(23,443)
Proceeds from related parties	-	-
Interest paid	(13,913)	(26,232)
Purchase of non-controlling interest	-	-
Capital increase	-	-
Dividends paid	(14,800)	(14,400)
Expenses associated with bond issue	-	-
<b>Net cash flow (used in) generated by financing activities</b>	<b>(95,588)</b>	<b>(35,310)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>172,959</b>	<b>(27,984)</b>
Effects of exchange rate changes on cash flows	189	14,298
<b>Cash and cash equivalents at beginning of year</b>	<b>177,602</b>	<b>399,496</b>
Cash and cash equivalents at end of year	350,750	385,810