



**VERTICALLY INTEGRATED
TEXTILE COMPANY**

**EARNINGS RELEASE
2Q21**

MESSAGE FROM THE CEO

Dear Investor,

INEGI announced that during the second quarter of 2021, the Mexican Economy grew +1.5% vs. the first quarter of 2021 and +19.7% on annualized basis. Under this scenario, for the first half of the year Kaltex is reporting an increase of +24.9% in sales and +178% in EBITDA as a result of the strong performance coming from the US Market and a reduction in operating expenses, due to the savings measures implemented during 2020 and the savings coming from the sale of Grupo Milano, our retail business which was sold during the first quarter of 2021.

During this quarter we repurchased \$60 million dollars from our Senior Notes, reducing the outstanding amount from \$320 million dollars to \$260 million dollars representing a reduction of 20% versus December 31, 2021, while also reducing our leverage ratio from 5.45x to 2.93x. which will translate in savings on interest of \$4.4 million dollars for the next 10 months.

The first half of the year results reflect higher sales, higher EBITDA, less leverage, less operating expenses and better liquidity.

Finally, and following our strategy to concentrate in the most profitable businesses on June 30, we sold REVMAN our Brand Company.

Thank you once more for your trust in Kaltex during these exciting times

Sincerely,

Rafael Kalach Mizrahi
Chairman of the Board & CEO

Naucalpan, Estado de Mexico, August 5, 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 second quarter of 2021 ended June 30, 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.

2Q21 HIGHLIGHTS

- ✿ Second quarter consolidated net revenue reached MXN3,433 million, an increase of 104% or MXN1,751. On an accumulated basis, net revenues were MXN6,961 million, an increase of 24.9% of MXN1,389 million compared to MXN5,571 million for the same period of 2020.
- ✿ Second quarter consolidated cost of goods sold was MXN2,752 million, a year over year increase of 100% or MXN1,373 million. Year to date costs of goods sold increased 27.1% or MXN 1,181 million, reaching MXN5,536 million coming from MXN4,355 million.
- ✿ Second quarter gross profit margin represented 19.8% of net revenues compared to 18.0% for the same quarter of 2020, reaching MXN681 million, an increase of MXN378 million or 125%. For the first six months of 2021, gross margin amounted MXN1,425 million, an increase of 17.1% or MXN208 million compared to MXN1,217 million for the same period of 2020.
- ✿ EBITDA generation for the second quarter increased to MXN417 million, coming from a loss of MXN133 million in the second quarter of 2020. On an accumulated basis, EBITDA reached MXN841 million, an increase of 179% or MXN539 million, coming from MXN302 million for the first half of 2020.
- ✿ EBITDA margin for the second quarter stood at 12.1% compared to a negative margin of 7.9% recorded in the same quarter of last year. Year to date, EBITDA margin for 2021 was 12.1% compared to 5.4% in 2020.
- ✿ Second quarter consolidated net income reached MXN383 million compared to a loss MXN221 million recorded in the same quarter of 2020. For the first half of 2021 net income amounted MXN32 million compared to a loss of MXN2,600 million for 2020.

KEY CONSOLIDATED FINANCIAL INDICATORS

<i>Figures in MXN millions</i>	<i>Three months ended, June 30,</i>			<i>Six months ended, June 30,</i>		
	2021	2020	Δ%	2021	2020	Δ%
Net Revenue	3,433	1,682	104%	6,961	5,571	25%
Gross Profit	681	302	125%	1,425	1,217	17%
Gross Margin (%)	20%	18%	185bps	20%	22%	-137bps
Operating Expenses	315	400	-21%	651	872	-25%
Operating Expenses / Sales	9.2%	24%	-1461bps	9.4%	16%	-630bps
Operating Income	301	(285)	-205%	612	(49)	N/A
Operating Margin (%)	8.8%	-17.0%	2571bps	8.8%	-0.9%	966bps
Consolidated Net Income	383	(221)	-273%	32	(2,600)	N/A
Net Margin (%)	11%	-13%	2432bps	0.5%	-46.7%	4712bps
EBITDA	417	(133)	414%	841	302	179%
EBITDA margin (%)	12%	-7.9%	2004bps	12.1%	5.4%	667bps
CAPEX	(39)	(54)	-28%	(68)	(72)	-5.8%
ROA (LTM)	5.6%	-10.9%	1649bps	5.6%	-10.9%	1649bps
ROE (LTM)	71%	-89%	16093bps	71%	-89%	16093bps
Total Debt / EBITDA (LTM)	2.93	6.07	-	2.93	6.07	-
Net Debt / EBITDA (LTM)	2.87	5.84	-	2.87	5.84	-
Interest Coverage	2.06	(0.43)	-	2.06	0.47	-
Working Capital	3,313	3,008	-10%	3,133	3,008	-10%
Free Cash Flow	1,162	(1,377)	-184%	189	(543)	-135%
Headcount (number)	11,955	14,754	-19%	11,955	14,754	-19.0%

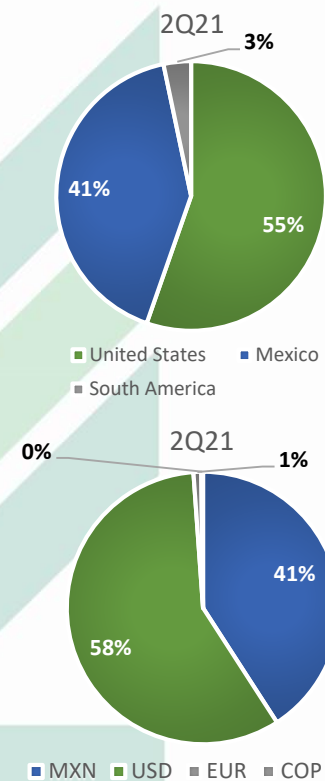
INCOME STATEMENT

Revenues

Second quarter consolidated net revenues totaled MXN3,433 million, an increase of 104% or MXN1,751 million compared to the MXN1,682 million recorded in second quarter of 2020. For the first six months of 2021 net revenues amounted MXN6,961 million, an increase of 24.9% or MXN1,389 million compared to MXN5,571 million for the same period of 2020.

For the second quarter of 2021 Dollar-denominated revenue reached MXN1,991 million an increase of 78.6% or MXN877 million and represented 58.0% of net revenues. On an accumulated basis, Dollar-denominated revenue was MXN4,192 million, an increase of 48.5% or MXN1,369 million compared to MXN2,823 million for the same period of 2020 and represented 60.2% of net sales for the period.

Regarding sales by country, quarterly sales to the United States were MXN1,878 million, an increase of 80.4% or MXN837 million compared to the same quarter of 2020, representing 54.7% of total sales. For the first six months of 2021, sales to the US were MXN3,989 million an increase MXN1,409 million or 54.6%, representing 57.3% of total sales.



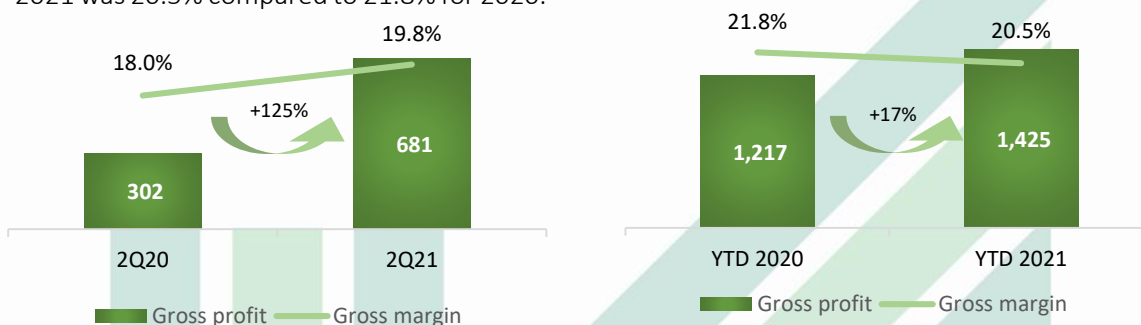
Cost of goods sold

For the second quarter we recorded MXN2,752 million of cost of sales, which represented an increase of MXN1,373 million or 99.5% compared to MXN1,379 million reached in the same period of 2020, due to a higher business activity. Year to date, costs of goods sold increased 27.1% or MXN1,181 million, reaching MXN5,536 million coming from MXN4,355 million for the same period of 2020.

Gross profit

Consolidated gross profit amounted MXN681 million for the second quarter, which represents an increase of MXN378 million or 125% compared to MXN302 million reached during the second quarter of 2020. Gross margin for the quarter stood at 19.8% of net sales, compared to 18.0% recorded in the same period of 2020.

On an accumulated basis, gross profit reached MXN1,425 million, an increase of 17.1% or MXN208 million compared to MXN1,217 million for the same period of 2020. Gross margin for the first half of 2021 was 20.5% compared to 21.8% for 2020.



Operating and Other Expenses

Concept	Three months ended, June 30,			Six months ended, June 30,		
	2021	2020	Δ%	2021	2020	Δ%
SG&A	315	400	-21%	651	872	-25%
Other income (expenses), net	51	(35)	>100%	68	(43)	>100%
Total SG&A and other expenses	264	435	-39%	584	915	-36%

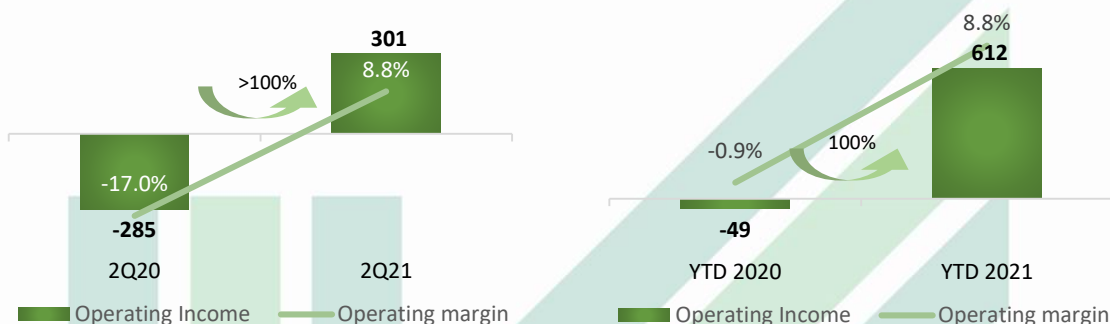
Operating expenses for the second quarter amounted MXN315 million, a decrease of 21.3% or MXN85 million compared to MXN400 million recorded during the second quarter of 2020, while the ratio of operational expenses to sales for the second quarter was 9.2%, compared to 23.8% in the same period of 2020.

For the first half of 2021, operating expenses were MXN651 million compared to MXN872 million, a decrease of MXN221 million or 25.3%. The ratio of operational expenses to sales for the period decreased to 9.4% from 15.7% in 2020. The decrease of expenses is due to the savings measures implemented during 2020 and lower expenses following the sale of Milano.

Operating Income

Second quarter consolidated operating income was MXN301 million, an increase of MXN586 million coming from a loss of MXN285 million reported on the second quarter of 2020. Operating margin for the quarter increased to 8.8% of net revenues coming from -17.0% for the same quarter of 2020.

Year to date, operating income was MXN612 million compared to a loss of MXN49 million for the same period of 2020, representing an increase of MXN661 million. Operating margin for the period increased to 8.8% coming from -0.9% for the same period of 2020.



EBITDA

Consolidated EBITDA totaled MXN417 million in the second quarter of 2021, MXN550 million higher than the MXN133 million loss registered in the same period of 2020. EBITDA margin stood at 12.1% of net revenues for the quarter, which represents an increase from -7.9% registered during the same quarter of 2020.

For the first half of 2021 EBITDA amounted MXN841 million, an increase of MXN539 million or 179% compared to MXN302 million for the same period of 2020. EBITDA margin increased to 12.1% coming from 5.4% in 2020.

Net Interest Expense and Forex

Concept	Three months ended, June 30,			Six months ended, June 30,		
	2021	2020	Δ%	2021	2020	Δ%
Interest income	1.0	6.8	-85%	1.9	10.9	-83%
Interest expense	(203)	(310)	-35%	(408)	(635)	-36%
Foreign exchange result	340	392	-13%	(82)	(1,988)	-96%
Total Consolidated Financial Result	139	88.5	57%	(488)	(2,613)	-81%

Second quarter net interest expense was MXN202 million, a decrease of MXN102 million or 33.6% compared to MXN303 million for the second quarter of 2020. We recorded a Forex income of MXN340 million during the quarter, due to the 1.3% revaluation of the Mexican Peso during the quarter, going from an average price of MXN20.32/US\$ during the first quarter of 2021 to MXN20.05/US\$ during the second quarter of 2021.

Year to date, net interest expense was MXN406 million a decrease of MXN218 million or 34.9% compared to MXN625 million for the same period of 2020. During the first six months of 2021 we recorded a Forex loss of MXN82 million, compared to a loss MXN1,988 million during 2020 as a result of a less volatile exchange rate.

Income Tax

The second quarter recorded an income tax expense of MXN56 million, an increase of MXN32 million when compared to a MXN24 million income tax expense for the second quarter of 2020. On an accumulated basis, income tax expense was MXN91 million, an increase of MXN154 million compared to an income tax income of MXN62 million for the same period of 2020.

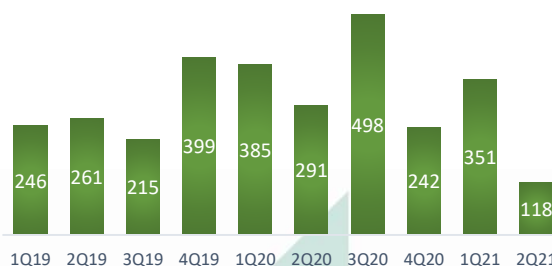
Net Income

Second quarter consolidated net income totaled MXN383 million, which compares to a loss of MXN221 million recorded in the same quarter of 2020, due to better operating results during 2021. For the first half of 2021, net income amounted MXN32 million, compared to a loss of MXN2,600 million during 2020.

BALANCE SHEET

Cash and Cash Equivalents

The balance in cash and cash equivalents totaled MXN118 million as of June 30, 2021, compared to MXN242 million pesos at the end of 2020.



Debt

Grupo Kaltex gross debt amounted MXN5,277 million as of June 30, 2021, compared to MXN6,556 million as of December 31, 2020 due to the amortization of our bank debt and to the cancellation of US\$60 million of principal from the Senior Notes due 2022, leaving an outstanding balance of US\$260 million. In dollar terms, gross debt was USD264 million, a decrease of USD65 million or 19.7% compared to USD329 million as of December 31, 2020. All our debt is denominated in US Dollars.

Maturity Profile

Figures in MXN millions

	>1 year	1-3 years	Total
Total Debt	5,227	-	5,227

Debt Structure

Division	June 30, 2021	December 31, 2020	Δ%
Short-term	264	8.4	>100%
Amortizing	3.9	8.4	-53%
Senior Notes	260	0.0	>100%
Long-term	0.0	320.2	N/A
Amortizing	0.0	0.2	N/A
Senior Notes	0.0	320	0.0%
Total	264	329	-19.7%
Average rate	8.76%	8.67%	9 bps
Average life (years)	0.8	1.4	-0.6

As of 30 June 2021 all debt is classified as short term, compared to 2.6% at the end of 2020. As a result, the average maturity of Grupo Kaltex's debt at the end of June 2021 was 0.8 years, a decrease from 1.4 years at the end of 2020.

Gross Debt / EBITDA ratio was 2.93x for the second quarter of 2021 a decrease from 6.07x for the same quarter of 2020, due to the cancellation of US\$60 million of principal from the Senior Notes due 2022 and a higher EBITDA during 2021 compared to 2020.

Debt Ratio	2Q21	2Q20
Gross Debt / EBITDA LTM	2.93x	6.07x

Shareholders' Equity

Shareholders' Equity amounted MXN1,472 million as of June 30, 2021.

CASH FLOW

Concept	Three months ended, June 30,			Six months ended, June 30,		
	2021	2020	Δ%	2021	2020	Δ%
EBITDA	417	(133)	N/A	841	302	179%
Interest paid	310	383	-19%	324	410	-21%
Taxes paid	(30)	73	N/A	27	79	-66%
Working capital variation	(1,026)	787	-230%	301	355	-15%
Free Cash Flow	1,162	(1,377)	-184%	189	(543)	-135%

CAPEX

For the second quarter of 2021, investment in fixed assets reached MXN39.2 million or USD2.0 million, while for same quarter of 2020 it was MXN54.4 million or USD2.4 million. Year to date, capex was MXN67.8 million or USD3.4 million compared to MXN72 million or USD3.2 million, representing a decrease of 4.7%

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

Name	e-mail	Telephone
Montserrat Valenzuela Marín	investors@kaltex.com.mx	+(52) 55 5726 5668

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>		
	2021	2020	Δ%	2021	2020	Δ%
Net revenue	3,433,205	1,681,771	104%	6,960,625	5,571,441	25%
Cost of goods sold	2,868,657	1,531,739	87%	5,765,353	4,705,304	23%
Gross profit	564,548	150,032	276%	1,195,272	866,137	38%
Sales expenses	126,481	232,309	-46%	280,511	503,699	-44%
Administrative expenses	188,436	167,743	12%	370,690	368,368	0.6%
Other (expenses) income net	50,967	(35,195)	-245%	67,551	(42,981)	-257%
Operating profit	300,598	(285,215)	-205%	611,622	(48,911)	-1350%
Comprehensive financial result	138,672	88,461	57%	(487,995)	(2,612,930)	-81%
Interest income	1,036	6,838	-85%	1,898	10,868	-83%
Interest expense	202,610	310,246	-35%	408,273	635,497	-36%
Foreign exchange result	340,246	391,869	-13%	(81,620)	(1,988,301)	-96%
Income tax	56,025	24,448	129%	91,491	(62,187)	-247%
Consolidated net result	383,245	(221,202)	-273%	32,136	(2,599,654)	-101%
Depreciation	116,185	152,311	-24%	229,302	350,543	-34.6%
EBITDA	416,783	(132,904)	-414%	840,924	301,632	179%

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

Figures in MXN thousands

	June 30, 2021	December 31, 2020
Assets		
Cash & Cash Equivalents	117,983	242,375
Accounts Receivable, net	2,725,291	2,777,508
Accounts receivable to related parties	844,891	228,528
Inventories, net	2,501,836	3,397,213
Prepaid expenses	88,141	61,027
Current Assets	6,278,142	6,706,651
Property, Plant and Equipment, net	9,002,991	10,085,101
Right of use asset	201,624	2,911,420
Investment in Properties	1,451,289	1,582,688
Deferred Income Tax	667,232	821,072
Other Assets, net	19,259	1,458,490
Non-current Assets	11,342,395	16,858,771
Total Assets	17,620,537	23,565,422
Liabilities		
Bank loans	5,226,733	167,826
Accounts Payable to suppliers	2,062,708	2,990,754
Short term lease liability	15,759	140,919
Accounts payable to related parties	696,582	401,238
Other accounts payable and accrued liabilities	1,957,591	2,034,106
Direct employee benefits	25,208	80,117
Advanced payments from customers	6,800	7,080
Current Liabilities	9,991,381	5,822,040
Long-term financial liabilities	-	6,388,147
Accounts payable to related parties	3,390,466	3,275,993
Lease liability	200,000	2,989,428
Employee benefits	480,856	571,472
Contingencies	6,184	12,109
Deferred Income Tax	2,079,991	2,111,578
Non-current Liabilities	6,157,497	15,348,727
Total Liabilities	16,148,878	21,170,767
Capital stock	4,017,990	4,017,990
Accumulated (losses) earnings	(3,915,462)	(3,040,618)
Accumulated other comprehensive loss	(165,583)	(165,583)
Controlling interest	(63,055)	811,789
Non-controlling interest	1,534,714	1,582,866
Total Equity	1,471,659	2,394,655
Total Liabilities and Equity	17,620,537	23,565,422

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

<i>Figures in MXN thousands</i>	<i>Three months ended, June 30,</i>		<i>Six months ended, June 30,</i>	
	2021	2020	2021	2020
Cash flows from operating activities				
Consolidated net income (loss)	383,245	(221,202)	32,136	(2,599,654)
<i>Adjustments for:</i>				
Income tax expense recognized in net loss	56,025	24,448	91,491	(62,187)
Loss (gain) on disposal of property, plant and equipment	7,237	-	15,049	-
Depreciation and amortization	116,185	152,311	229,302	350,543
Contingencies	-	-	-	-
Fair value adjustment of investment properties	(2,344)	-	(2,344)	-
Interest income	(1,036)	(6,838)	(1,898)	(10,868)
Interest expense	202,611	310,246	408,274	635,497
Unrealized foreign exchange	(256,158)	(400,989)	49,646	1,668,311
	505,765	(142,024)	821,656	(18,358)
Changes in working capital				
<i>(Increase) decrease in:</i>				
Accounts receivable, net	(150,970)	574,049	(305,615)	384,658
Accounts receivables to related parties	-	-	-	-
Inventories, net	(171,810)	(59,584)	(316,558)	(369,947)
Prepaid expenses	(34,983)	122,975	(103,192)	85,165
Other assets	(10,941)	(49,698)	(11,753)	(91,792)
<i>(Increase) decrease in:</i>				
Accounts payable to suppliers	(172,274)	(97,342)	96,624	364,970
Accounts payable to related parties	-	-	-	-
Other accounts payable and accrued liabilities	(171,033)	73,016	(32,923)	101,677
Direct employee benefits	(29,762)	(1,274)	(29,808)	44
Advance payments from customers	(1,116)	(107,122)	(3,646)	(85,809)
Income taxes paid	29,543	(73,193)	(27,000)	(79,368)
Employee benefits	4,073	24,672	5,910	(1,859)
Contingencies	-	-	-	-
Net cash flows generated by operating activities	(203,508)	264,475	93,695	289,381
<i>Cash flows from investing activities:</i>				
Interest received	-	876	-	876
Acquisition of property, plant and equipment	(39,184)	(54,428)	(67,840)	(72,008)
Sale of property, plant and equipment	-	-	-	-
Net cash flows (generated by) used in investing activities	(39,184)	(53,552)	(67,840)	(71,132)
<i>Cash flows from financing activities:</i>				
Proceeds from debt	1,598,149	147,693	1,598,149	176,458
Payments of debt	(1,247,889)	(22,027)	(1,314,764)	(45,470)
Proceeds from related parties	-	-	-	-
Interest paid	(310,011)	(383,348)	(323,924)	(409,580)
Purchase of non-controlling interest	-	-	-	-
Capital increase	-	-	-	-
Dividends paid	(29,900)	(34,600)	(44,700)	(49,000)
Expenses associated with bond issue	-	-	-	-
Net cash flow (used in) generated by financing activities	10,349	(292,282)	(85,239)	(327,592)
Net increase (decrease) in cash and cash equivalents	(232,343)	(81,359)	(59,384)	(109,343)
Effects of exchange rate changes on cash flows	(424)	(12,407)	(235)	1,891
Cash and cash equivalents at beginning of year	350,750	385,044	177,602	398,730
Cash and cash equivalents at end of year	117,983	291,278	117,983	291,278