



**VERTICALLY INTEGRATED
TEXTILE COMPANY**

**EARNINGS RELEASE
3Q21**

MESSAGE FROM THE CEO

Dear Investor,

During this year we started to implement a new strategy mainly based on refocusing in our core business in order concentrate our efforts in improving the profitability of the textile segment. This required that we divested from businesses that were not having the expected performance and that were not integrated into our new model, which also allowed us to concentrate in growing our exports to US. Based on this analysis, in the first quarter we sold our retail stores (Milano) and in the second quarter our brand company (Revman).

As a result of the implementation of this strategy, for the first nine months of the year Kaltex is reporting an increase of +11.0% in sales (including an increase of 40% on textiles sales to the US) and +123% in EBITDA, while our operating expenses as percentage of sales have decreased to 7.7% coming from 14.4%, as most of the expenses were related to Milano and Revman.

During this quarter we repurchased \$40 million dollars of our Senior Notes, reducing the outstanding amount from \$260 million dollars to \$220 million dollars representing a reduction of 31% versus December 31, 2021, while also reducing our leverage ratio from 5.45x to 1.92x. This follows the reduction of \$60 million dollars done during the second quarter of the year.

Finally, allow me to express my gratitude, once again, for your interest in Kaltex and for your trust during these years.

Sincerely,

Rafael Kalach Mizrahi
Chairman of the Board & CEO

Naucalpan, Estado de Mexico, November 15, 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 third quarter of 2021 ended September 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.

3Q21 HIGHLIGHTS

- ✎ Third quarter consolidated net revenue reached MXN3,290 million, a decrease of 10.3% or MXN376 million mainly due to the sale of Milano and Revman, without this effect sales were 31.6% higher, due to the recovery both in United States and Mexico. On an accumulated basis, net revenues were MXN10,250 million, an increase of 11.0% or MXN1,013 million compared to MXN9,237 million for the same period of 2020. Without considering the historical revenues from Milano and Revman, sales were 34.7% higher.
- ✎ Third quarter consolidated cost of goods sold was MXN2,736 million, a year over year increase of 5.5% or MXN143 million. Year to date costs of goods sold increased 18.8% or MXN1,304 million, reaching MXN8,252 million coming from MXN6,947 million.
- ✎ EBITDA generation for the third quarter excluding capital gains decreased 33.6% to MXN388 million, coming from MXN584 million in the third quarter of 2020 due to the slowdown on the pace of the economic recovery during 2021 compared to the strong rebound during 2020. On an accumulated basis, EBITDA excluding capital gains reached MXN1,068 million, an increase of 20.6% or MXN182 million, coming from MXN886 million for the first nine months of 2020.
- ✎ EBITDA margin excluding capital gains for the third quarter stood at 11.8% compared to 15.9% recorded in the same quarter of last year. Year to date, EBITDA margin excluding capital gains for 2021 was 10.4% compared to 9.6% in 2020.
- ✎ Third quarter consolidated net loss reached MXN166 million compared to an income of MXN208 million recorded in the same quarter of 2020. For the first nine months of 2021 net income amounted MXN307 million compared to a loss of MXN2,392 million for 2020.

KEY CONSOLIDATED FINANCIAL INDICATORS

<i>Figures in MXN millions</i>	<i>Three months ended, September 30,</i>			<i>Six months ended, September 30,</i>		
	2021	2020	Δ%	2021	2020	Δ%
Net Revenue	3,290	3,666	-10%	10,250	9,237	11%
Gross Profit	554	1,074	-48%	1,999	2,290	-13%
Gross Margin (%)	17%	29%	-1244bps	19%	25%	-529bps
Operating Expenses	107	462	-77%	788	1,334	-41%
Operating Expenses / Sales	3.3%	13%	-934bps	8%	14%	-676bps
Operating Income	183	395	-54%	1,654	346	378%
Operating Margin (%)	5.6%	11%	-522bps	16.1%	3.7%	1239bps
Consolidated Net Income	(166)	208	-180%	370	(2,392)	-115%
Net Margin (%)	-5.1%	5.7%	-1072bps	4%	-26%	2950bps
EBITDA	279	584	-52%	1,980	886	123%
EBITDA margin (%)	8.5%	16%	-747bps	19.3%	10%	972bps
CAPEX	(7)	(72)	-90%	(71)	(144)	-50.5%
ROA (LTM)	6.7%	-8.8%	1555bps	6.7%	-8.8%	1555bps
ROE (LTM)	75%	-88%	16308bps	75%	-88%	16308bps
Total Debt / EBITDA (LTM)	1.92	5.12	-	1.92	5.12	-
Net Debt / EBITDA (LTM)	1.68	4.78	-	1.68	4.78	-
Interest Coverage	1.80	1.89	-	3.41	0.94	-
Working Capital	3,179	2,419	31%	3,179	2,419	31%
Free Cash Flow	346	1,019	-66%	1,358	476	185%
Headcount (number)	11,504	13,365	-14%	11,504	13,365	-14%

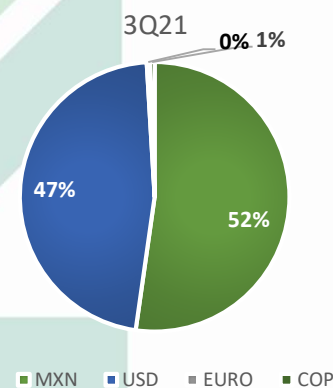
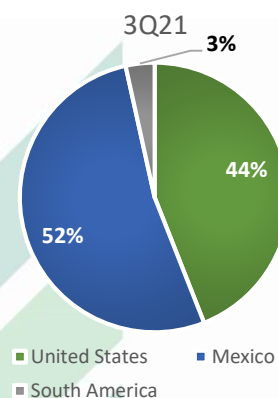
INCOME STATEMENT

Revenues

Third quarter consolidated net revenues totaled MXN3,290 million, a decrease of 10.3% or MXN376 million compared to the MXN3,666 million recorded in third quarter of 2020 mainly due to the sale of Milano and Revman, without this effect sales were 31.6% higher, due to the recovery both in United States and Mexico. For the first nine months of 2021 net revenues amounted MXN10,250 million, an increase of 11.0% or MXN1,013 compared to MXN9,237 million for the same period of 2020. Without considering the historical revenues from Milano and Revman, sales were 34.7% higher.

For the third quarter of 2021 Dollar-denominated revenue reached MXN1,540 million a decrease of 28.4% or MXN611 million and represented 46.8% of net revenues, due to the sale of Revman and a recovery on the sales to Mexico. Without the 2020 sales from Revman, sales to the US increased 11.5%. On an accumulated basis, Dollar-denominated revenue was MXN5,732 million, an increase of 15.2% or MXN758 million compared to MXN4,974 million for the same period of 2020 and represented 55.9% of net sales for the period. Without the sales from Revman, accumulated sales to the US have increase 40.7%

Regarding sales by country, quarterly sales to the United States were MXN1,441 million, a decrease of 28.5% or MXN575 million compared to the same quarter of 2020, representing 43.8% of total sales. For the first nine months of 2021, sales to the US were MXN5,732 million an increase MXN758 million or 15.2%, representing 53.0% of total sales.



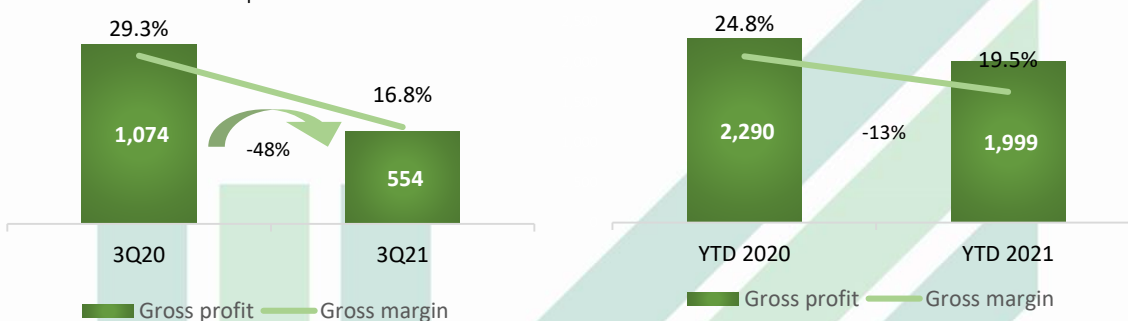
Cost of goods sold

For the third quarter we recorded MXN2,736 million of cost of sales, which represented an increase of MXN143 million or 5.5% compared to MXN2,592 million reached in the same period of 2020. Year to date, costs of goods sold increased 18.8% or MXN1,304 million, reaching MXN8,252 million coming from MXN6,947 million for the same period of 2020, mainly due to the decrease in sales.

Gross profit

Consolidated gross profit amounted MXN554 million for the third quarter, which represents a decrease of MXN519 million or 48.8% compared to MXN1,074 million reached during the third quarter of 2020. Gross margin for the quarter stood at 16.8% of net sales, compared to 29.3% recorded in the same period of 2020, mainly due to the reduction in sales mainly coming from the US coming from a strong performance.

On an accumulated basis, gross profit reached MXN1,999 million, a decrease of 48.4% or MXN519 million compared to MXN2,290 million for the same period of 2020. Gross margin for the first half of 2021 was 19.5% compared to 24.8% for 2020.



Operating and Other Expenses

Concept	Three months ended, September 30,			Six months ended, September 30,		
	2021	2020	Δ%	2021	2020	Δ%
SG&A	107	462	-77%	788	1,334	-41%
Other income (expenses), net	(168)	(27)	>100%	768.83	(70.05)	N/A
Total SG&A and other expenses	275	489	-44%	19	1,404	-99%

Figures in MXN millions

Operating expenses for the third quarter amounted MXN107 million, a decrease of 76.8% or MXN355 million compared to MXN462 million recorded during the third quarter of 2020, while the ratio of operational expenses to sales for the third quarter was 3.3%, compared to 12.6% in the same period of 2020.

For the first nine months of 2021, operating expenses were MXN788 million compared to MXN1,334 million, a decrease of MXN546 million or 40.9%. The ratio of operational expenses to sales for the period decreased to 7.7% from 14.4% in 2020. The decrease of expenses is due to the savings following the sale of Milano and Revman and are expected to continue overtime.

Operating Income

Third quarter consolidated operating income was MXN183 million, an increase of MXN212 million coming from MXN395 million reported on the third quarter of 2020. Operating margin for the quarter was 5.6% of net revenues coming from 10.8% for the same quarter of 2020.

Year to date, operating income was MXN1,654 million compared to a MXN346 million for the same period of 2020, representing an increase of MXN1,308 million. Operating margin for the period increased to 16.1% coming from 3.7% for the same period of 2020.



EBITDA

Consolidated EBITDA totaled MXN279 million in the third quarter of 2021, MXN306 million lower than the MXN584 million registered in the same period of 2020. EBITDA margin stood at 8.5% of net revenues for the quarter, compared to 15.9% registered during the same quarter of 2020.

For the first nine months of 2021 EBITDA amounted MXN1,980 million, an increase of MXN1,094 million or 123.5% compared to MXN886 million for the same period of 2020. EBITDA margin increased to 19.3% coming from 9.6% in 2020.

Net Interest Expense and Forex

Concept	Three months ended, September 30,			Nine months ended, September 30,		
	2021	2020	Δ%	2021	2020	Δ%
Interest income	1.0	29.0	-96%	2.9	39.9	-93%
Interest expense	(155)	(309)	-50%	(581)	(945)	-39%
Foreign exchange result	(254)	165	N/A	(336)	(1,823)	-82%
Total Consolidated Financial Result	(408)	(115.3)	254%	(914)	(2,728)	-67%

Third quarter net interest expense was MXN154 million, a decrease of MXN126 million or 45.1% compared to MXN280 million for the third quarter of 2020. We recorded a Forex expense of MXN254 million during the quarter, due to the 2.5% devaluation of the Mexican Peso during the quarter, going from a closing price of MXN19.80/US\$ for the second quarter of 2021 to MX20.31/US\$ for the third quarter of 2021.

Year to date, net interest expense was MXN578 million a decrease of MXN327 million or 36.1% compared to MXN905 million for the same period of 2020. During the first nine months of 2021 we recorded a Forex loss of MXN336 million, compared to a loss MXN1,823 million during 2020 as a result of a less volatile exchange rate.

Income Tax

The third quarter recorded an income tax income of MXN59 million, a decrease of MXN131 million when compared to a MXN72 million income tax expense for the third quarter of 2020. On an accumulated basis, income tax expense was MXN371 million, an increase of MXN361 million compared to MXN10 million for the same period of 2020.

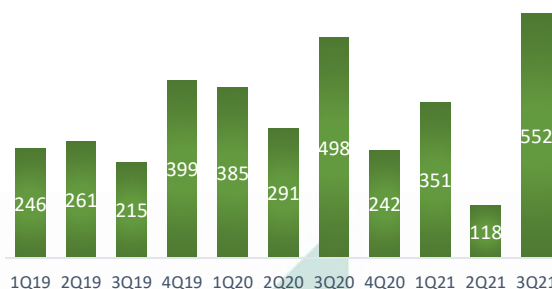
Net Income

Third quarter consolidated net loss totaled MXN166 million, which compares to an income of MXN208 million recorded in the same quarter of 2020, due to better operating results during 2021. For the first nine months of 2021, net income amounted MXN370 million, compared to a loss of MXN2,392 million during 2020.

BALANCE SHEET

Cash and Cash Equivalents

The balance in cash and cash equivalents totaled MXN551 million as of September 30, 2021, compared to MXN242 million pesos at the end of 2020.



Debt

Grupo Kaltex gross debt amounted MXN4,475 million as of September 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\$100 million of principal from the Senior Notes due 2022, leaving an outstanding balance of US\$220 million. In dollar terms, gross debt was USD220 million, a decrease of USD108 million or 32.9% 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	4,475	-	4,475

Debt Structure

Division	September 30, 2021	December 31, 2020	Δ%
Short-term	220	8.4	>100%
Amortizing	0.4	8.4	-96%
Senior Notes	220	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	220	329	-32.9%
Average rate	8.83%	8.67%	16 bps
Average life (years)	0.6	1.4	-0.7

As of 30 September 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 September 2021 was 0.6 years, a decrease from 1.4 years at the end of 2020.

Gross Debt / EBITDA ratio was 1.92x for the third quarter of 2021 a decrease from 6.07x for the same quarter of 2020, due to the cancellation of US\$100 million of principal from the Senior Notes due 2022 and a higher EBITDA during 2021 compared to 2020.

Debt Ratio	3Q21	3Q20
Gross Debt / EBITDA LTM	1.92x	6.07x

Shareholders' Equity

Shareholders' Equity amounted MXN1,879 million as of September 30, 2021.

CASH FLOW

Concept	Three months ended, September 30,			Six months ended, September 30,		
	2021	2020	Δ%	2021	2020	Δ%
EBITDA	279	584	-52%	1,980	886	123%
Interest paid	16	42	-63%	333	452	-26%
Taxes paid	51	112	-55%	121	192	-37%
Working capital variation	(134)	(589)	-77%	168	(233)	N/A
Free Cash Flow	346	1,019	-66%	1,358	476	185%

CAPEX

For the third quarter of 2021, investment in fixed assets reached MXN7.1 million or USD 0.4 million, while for same quarter of 2020 it was MXN72.1 million or USD3.3 million. Year to date, capex was MXN71.3 million or USD3.5 million compared to MXN144 million or USD6.5 million, representing a decrease of 90%, as most part of CAPEX was destined to Milano.

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, September 30,</i>			<i>Six months ended, September 30,</i>		
	2021	2020	Δ%	2021	2020	Δ%
Net revenue	3,289,763	3,665,928	-10%	10,250,388	9,237,369	11%
Cost of goods sold	2,831,717	2,781,939	1.8%	8,577,019	7,487,243	15%
Gross profit	458,046	883,989	-48%	1,673,369	1,750,126	-4%
Sales expenses	42,699	265,268	-84%	325,873	768,967	-58%
Administrative expenses	64,592	196,788	-67%	461,958	565,156	-18.3%
Other (expenses) income net	(168,141)	(27,071)	521%	768,832	(70,052)	-1198%
Operating profit	182,614	394,862	-54%	1,654,370	345,951	378%
Comprehensive financial result	(407,824)	(115,255)	254%	(913,624)	(2,728,185)	-67%
Interest income	1,030	28,992	-96%	2,928	39,860	-93%
Interest expense	154,944	309,112	-50%	581,021	944,609	-38.5%
Foreign exchange result	(253,910)	164,865	-254%	(335,531)	(1,823,436)	-82%
Income tax	(58,934)	71,791	-182%	370,952	9,604	3762%
Consolidated net result	(166,276)	207,816	-180%	369,794	(2,391,838)	-115%
Depreciation	96,142	189,513	-49%	325,444	540,056	-39.7%
EBITDA	278,756	584,375	-52%	1,979,814	886,007	123%

Second quarter 2021 Income Statement was restated. The restated figures are provided in the following page.

CONSOLIDATED FINANCIAL STATEMENTS

<i>Figures in MXN thousands</i>	<i>Three months ended,</i>		
	March 2021	June 2021	September 2021
Net revenue	3,527,420	3,433,205	3,289,763
Cost of goods sold	2,896,696	2,848,606	2,831,717
Gross profit	630,724	584,599	458,046
Sales expenses	154,030	129,144	42,699
Administrative expenses	182,254	215,112	64,592
Other (expenses) income net	16,584	920,389	(168,141)
Operating profit	311,024	1,160,732	182,614
Comprehensive financial result	(626,667)	120,867	(407,824)
Interest income	862	1,036	1,030
Interest expense	205,663	220,414	154,944
Foreign exchange result	(421,866)	340,245	(253,910)
Income tax	35,466	394,420	(58,934)
Consolidated net result	(351,109)	887,179	(166,276)
Depreciation	113,117	116,185	96,142
EBITDA	424,141	1,276,917	278,756

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

Figures in MXN thousands

	September 30, 2021	December 31, 2020
Assets		
Cash & Cash Equivalents	551,803	242,375
Accounts Receivable, net	2,992,426	2,777,508
Accounts receivable to related parties	545,699	228,528
Inventories, net	1,660,478	3,397,213
Prepaid expenses	53,625	61,027
Current Assets	5,804,031	6,706,651
Property, Plant and Equipment, net	8,898,867	10,085,101
Right of use asset	1,470,266	2,911,420
Investment in Properties	607,302	1,582,688
Deferred Income Tax	200,659	821,072
Other Assets, net	92,020	1,458,490
Non-current Assets	11,269,114	16,858,771
Total Assets	17,073,145	23,565,422
Liabilities		
Bank loans	4,474,656	167,826
Accounts Payable to suppliers	1,607,384	2,990,754
Short term lease liability	15,455	140,919
Accounts payable to related parties	412,223	401,238
Other accounts payable and accrued liabilities	2,174,252	2,034,106
Direct employee benefits	28,111	80,117
Advanced payments from customers	9,010	7,080
Current Liabilities	8,721,091	5,822,040
Long-term financial liabilities	-	6,388,147
Accounts payable to related parties	3,550,997	3,275,993
Lease liability	199,399	2,989,428
Employee benefits	568,796	571,472
Contingencies	10,124	12,109
Deferred Income Tax	2,143,394	2,111,578
Non-current Liabilities	6,472,710	15,348,727
Total Liabilities	15,193,801	21,170,767
Capital stock	4,017,990	4,017,990
Accumulated (losses) earnings	(3,398,490)	(3,040,618)
Accumulated other comprehensive loss	(165,583)	(165,583)
Controlling interest	453,917	811,789
Non-controlling interest	1,425,427	1,582,866
Total Equity	1,879,344	2,394,655
Total Liabilities and Equity	17,073,145	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, September 30,</i>		<i>Six months ended, September 30,</i>	
	2021	2020	2021	2020
Cash flows from operating activities				
Consolidated net income (loss)	(166,276)	207,816	369,794	(2,391,838)
<i>Adjustments for:</i>				
Income tax expense recognized in net loss	(58,934)	71,791	370,952	9,604
Loss (gain) on disposal of property, plant and equipment	(3,101)	-	9,604	-
Depreciation and amortization	96,142	189,513	325,444	540,056
Contingencies	954,920	-	-	-
Fair value adjustment of investment properties	-	-	-	-
Interest income	(1,030)	(28,992)	(2,928)	(39,860)
Interest expense	154,944	309,112	581,021	944,609
Unrealized foreign exchange	9,350	(85,912)	67,776	1,582,399
	986,015	663,328	1,721,663	644,970
Changes in working capital				
<i>(Increase) decrease in:</i>				
Accounts receivable, net	87,872	(556,099)	(400,102)	(171,441)
Accounts receivables to related parties	-	-	-	-
Inventories, net	126,191	472,580	(81,501)	102,633
Prepaid expenses	4,496	32,568	(68,333)	117,733
Other assets	8,511	69,377	(2,929)	(22,415)
<i>(Increase) decrease in:</i>				
Accounts payable to suppliers	(38,055)	(104,118)	63,801	260,852
Accounts payable to related parties	-	-	-	-
Other accounts payable and accrued liabilities	10,900	103,444	133,209	205,121
Direct employee benefits	-	22	(29,808)	66
Advance payments from customers	2,699	(4,955)	(947)	(90,764)
Income taxes paid	(50,502)	(112,147)	(121,133)	(191,515)
Employee benefits	1,288	(14,772)	7,198	(16,631)
Contingencies	-	-	-	-
Net cash flows generated by operating activities	1,139,415	549,228	1,221,118	838,609
<i>Cash flows from investing activities:</i>				
Interest received	-	22,764	-	23,640
Acquisition of property, plant and equipment	(7,110)	(72,099)	(71,266)	(144,107)
Sale of property, plant and equipment	-	-	-	-
Net cash flows (generated by) used in investing activities	(7,110)	(49,335)	(71,266)	(120,467)
<i>Cash flows from financing activities:</i>				
Proceeds from debt	179,322	174,483	1,777,471	350,941
Payments of debt	(844,345)	(429,853)	(2,157,156)	(475,323)
Proceeds from related parties	-	-	-	-
Interest paid	(15,637)	(42,495)	(333,326)	(452,075)
Purchase of non-controlling interest	-	-	-	-
Capital increase	-	-	-	-
Dividends paid	(19,200)	(7,200)	(63,900)	(56,200)
Expenses associated with bond issue	-	-	-	-
Net cash flow (used in) generated by financing activities	(699,860)	(305,065)	(776,911)	(632,657)
Net increase (decrease) in cash and cash equivalents	432,445	194,828	372,941	85,485
Effects of exchange rate changes on cash flows	1,375	11,906	1,260	13,797
Cash and cash equivalents at beginning of year	117,983	291,278	177,602	398,730
Cash and cash equivalents at end of year	551,803	498,012	551,803	498,012