



**VERTICALLY INTEGRATED  
TEXTILE COMPANY**

**EARNINGS RELEASE  
1Q22**

## MESSAGE FROM THE CEO

Dear Investor,

According to the preliminary figures published by the Mexican Institute of Statistics and Geography (INEGI), during the first quarter the Mexican economy reflected a year-over-year increase of 1.6%, while non-oil exports to the United States increased 18.9%, compared to the first quarter of 2021.

Under this scenario, Grupo Kaltex is reporting sales of \$3,318 million pesos, representing a year-over-year increase of 27% compared to the first quarter of 2021, and a quarterly EBITDA of \$441 million pesos, a year-over-year increase of 24.3% (without considering Revman results in 2021), while sales to the United States increased by 32.7%.

The increase in sales reflects the continuing positive trend we have experienced for the past year as a result of both internal and external elements. Internally we have been focusing on growing our core business, which has allowed us to concentrate all our efforts and resources in the textile business. Externally, the shift of demand of our customers toward closer and more sustainable suppliers has increased the volume demanded by current and new customers.

Regarding cost and expenses, we have been able to transfer a large part of the increase in raw material prices into our selling price, which coupled with a decrease in our operating expenses due to the sale of Revman, resulted in the aforementioned increase of 24.3% in EBITDA.

In respect of the refinancing of the Senior Notes due 2022, we would like to reassure our commitment on providing a satisfactory solution for all stakeholders. As we have previously announced, we have been in discussions with an Ad Hoc group of investors as well as other banks and financial institutions. As of this date we are still working with these parties in order to achieve a consensual financial solution in the near term.

Finally, I would like to thank you all for your trust during all these years.

Sincerely,

*Rafael Kalach Mizrahi*  
Chairman of the Board & CEO

Naucalpan, Estado de Mexico, May 3, 2022 – 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 2022 ended March 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.

## 1Q22 HIGHLIGHTS

- ✦ First quarter consolidated net revenue reached MXN3,318 million, a decrease of 5.9% or MXN209 million mainly due to the sale Revman, without this effect sales were 27.2% higher, as a result of a strong local and foreign market.
- ✦ First quarter consolidated cost of goods sold was MXN2,718 million, a year over year decrease of 2.3% or MXN65 million.
- ✦ EBITDA generation for the first quarter of 2022 was MXN441 million, compared to MXN424 million in the same quarter of 2021, representing an increase of 3.9%. Without the results from Revman, EBITDA increased 24.3% due to higher sales and a reduction in operating expenses.
- ✦ EBITDA margin for the first quarter stood at 13.3% compared to 12.0% recorded in the same quarter of last year.
- ✦ First quarter consolidated net income reached MXN329 million compared to a loss of MXN351 million recorded in the same quarter of 2021.

## KEY CONSOLIDATED FINANCIAL INDICATORS

Indicator	Three months ended, March 31,		
	2022	2021	Δ%
<i>Figures in MXN millions</i>			
Net Revenue	3,318	3,527	-5.9%
Gross Profit	599	744	-19%
Gross Margin (%)	18%	21%	-302bps
Operating Expenses	140	336	-58%
Operating Expenses / Sales	4.2%	9.5%	-532bps
Operating Income	344	311	10%
Operating Margin (%)	10.4%	8.8%	154bps
Consolidated Net Income	329	(351)	6.4%
Net Margin (%)	9.9%	-10%	1986bps
EBITDA	441	424	3.9%
EBITDA margin (%)	13.3%	12.0%	126bps
CAPEX	28	27	3.3%
ROA (LTM)	3.5%	2.5%	97bps
ROE (LTM)	38%	34%	358bps
Total Debt / EBITDA (LTM)	2.23	5.45	-
Net Debt / EBITDA (LTM)	2.12	5.16	-
Interest Coverage	3.59	2.06	-
Working Capital	3,284	3,092	6.2%
Free Cash Flow	285	(955)	-130%
Headcount (number)	11,304	12,106	-6.6%

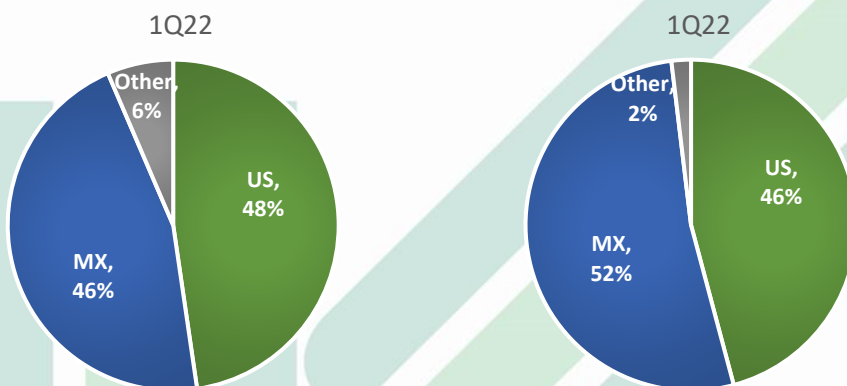
## INCOME STATEMENT

### Revenues

First quarter consolidated net revenues totaled MXN3,318 million, a decrease of 5.9% or MXN209 million compared to the MXN3,527 million recorded in first quarter of 2021 mainly due to the sale of Revman, without this effect sales were 27.2% higher, due to the recovery both in United States and Mexico.

For the first quarter of 2022 Dollar-denominated revenue reached MXN1,734 million a decrease of 21.1% or MXN467 million due to the sale of Revman, and represented 52.2% of net revenue. Without the 2021 sales from Revman, sales in USD increased 35.2%.

Regarding sales by country, quarterly sales to the United States were MXN1,582 million, a decrease of 25.1% or MXN529 million compared to the same quarter of 2021, representing 47.7% of total sales. Without the 2021 sales from Revman, sales to the US increased 32.7%.

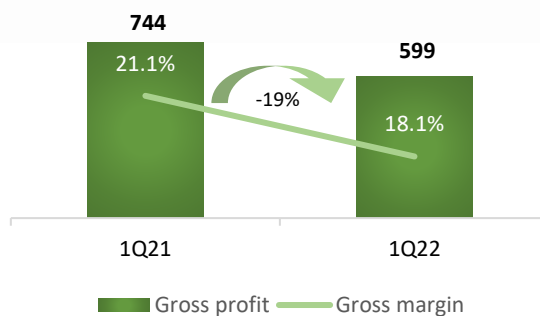


### Cost of goods sold

For the first quarter we recorded MXN2,718 million of cost of sales, which represented a decrease of MXN65 million or 2.3% compared to MXN2,784 million reached in the same period of 2021.

### Gross profit

Consolidated gross profit amounted MXN599 million for the first quarter, which represents a decrease of MXN144 million or 19.4% compared to MXN744 million reached during the same quarter of 2021. Gross margin for the quarter stood at 18.1% of net sales, compared to 21.1% recorded in the same period of 2021.



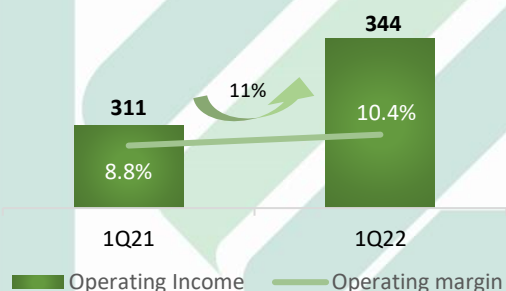
## Operating and Other Expenses

<i>Figures in MXN millions</i>	<i>Three months ended, March 31,</i>		
	<b>2022</b>	<b>2021</b>	<b>Δ%</b>
<b>Concept</b>			
SG&A	140	336	-58%
Other income (expenses), net	(19)	17	-213%
<b>Total SG&amp;A and other expenses</b>	<b>159</b>	<b>320</b>	<b>-50%</b>

Operating expenses for the first quarter amounted MXN140 million, a decrease of 58.4% or MXN196 million compared to MXN336 million recorded during the first quarter of 2021, while the ratio of operational expenses to sales for the first quarter was 4.2%, compared to 9.5% during the same period of 2021. The decrease of expenses was mainly due to the savings following the sale of Revman and therefore we expect this to be the new level in the future.

## Operating Income

First quarter consolidated operating income was a MXN344 million, an increase of MXN33 million coming from MXN311 million reported on the first quarter of 2021. Operating margin for the quarter was 10.4% of net revenues coming from 8.8% for the same quarter of 2021.



## EBITDA

Consolidated EBITDA totaled MXN441 million for the first quarter of 2022, MXN17 million or 3.9% higher than the MXN424 million registered in the same period of 2021. EBITDA margin stood at 13.3% of net revenues for the quarter, compared to 12.0% registered during the same quarter of 2021. EBITDA without the historical results of Revman increased by 24.3%.

## Net Interest Expense and Forex

<i>Figures in MXN millions</i>	<i>Three months ended, March 31,</i>		
	<b>2022</b>	<b>2021</b>	<b>Δ%</b>
<b>Concept</b>			
Interest income	0.7	0.9	-15%
Interest expense	(123)	(206)	-40%
Foreign exchange result	162	(422)	62%
<b>Total Consolidated Financial Result</b>	<b>40</b>	<b>(627)</b>	<b>93%</b>

First quarter net interest expense was MXN122 million, a decrease of MXN83 million or 40.4% compared to MXN205 million for the first quarter of 2021, due to the amortization of our bank debt and the cancellation of US\$102 million of the Senior Notes. We recorded a Forex income of MXN162 million during the quarter, due to the 2.9% appreciation of the Mexican Peso during the quarter, going from a price of MX20.58/US\$ at the end the fourth quarter of 2021 to MX19.99 /US\$ for the first quarter of 2021.

### Income Tax

The first quarter recorded an income tax expense of MXN56 million, an increase of MXN20 million when compared to a MXN35 million income tax expense for the first quarter of 2021.

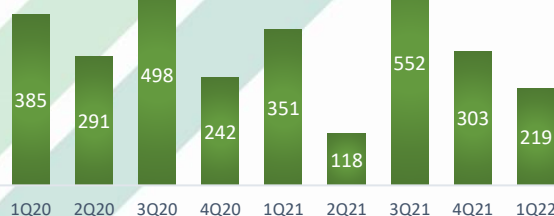
### Net Income

First quarter consolidated net income totaled MXN329 million, which compares to a loss of MXN351 million recorded in the same quarter of 2021.

## BALANCE SHEET

### Cash and Cash Equivalents

The balance in cash and cash equivalents totaled MXN219 million as of March 31, 2021, compared to MXN303 million pesos at December 31, 2022.



### Debt

Grupo Kaltex gross debt amounted MXN4,365 million as of March 31, 2022, compared to MXN6,712 million as of March 31, 2021 due to the amortization of our bank debt and to the cancellation of US\$102 million of principal from the Senior Notes due 2022. In dollar terms, gross debt was US\$218 million, a decrease of US\$218 million or 33.1% compared to US\$326 million as of March 31, 2021. All our debt is denominated in US Dollars.

### Debt Structure

Division	March 31, 2022	December 31, 2021	Δ%
<b>Short-term</b>	<b>218</b>	<b>220.4</b>	<b>-1.1%</b>
Amortizing	0.0	0.4	-100%
Senior Notes	218	220.0	-0.9%
<b>Long-term</b>	<b>0.0</b>	<b>0.0</b>	<b>0%</b>
Amortizing	0.0	0.0	0%
Senior Notes	0.0	0.0	0%
<b>Total</b>	<b>218</b>	<b>220.4</b>	<b>-1.1%</b>
Average rate	8.875%	8.853%	2 bps
Average life (years)	0.1	0.4	-0.3

As of March 31, 2022 all debt is classified as short term.

Gross Debt / EBITDA ratio was 2.23x for the first quarter of 2022 a decrease from 5.45x for the same quarter of 2021, due to the cancellation of US\$102 million of principal from the Senior Notes due 2022 and a higher EBITDA during the last twelve months.

Debt Ratio	1Q22	1Q21
Gross Debt / EBITDA LTM	2.23x	5.45x

### Shareholders' Equity

Shareholders' Equity amounted MXN1,259 million as of March 31, 2022, compared to MXN1,143 million at the same date of 2021.

### CASH FLOW

Concept	Three months ended, March 31,		
	2022	2021	Δ%
EBITDA	441	424	3.9%
Interest paid	8	10	-21%
Taxes paid	54	41	32%
Working capital variation	93	1,328	-93%
<b>Free Cash Flow</b>	<b>285</b>	<b>(955)</b>	<b>70%</b>

*Figures in MXN millions*

### CAPEX

For the first quarter of 2022, investment in fixed assets reached MXN28 million or USD1.4 million, while for same quarter of 2021 it was MXN27 million or USD1.3 million, representing an increase of 3.3%.

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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>		
	2022	2021	Δ%
Net revenue	3,317,932	3,527,420	-5.9%
Cost of goods sold	<b>2,815,600</b>	<b>2,896,696</b>	-2.8%
<b>Gross profit</b>	502,332	630,724	<b>-20%</b>
Sales expenses	40,538	154,030	-74%
Administrative expenses	99,343	182,254	-45%
Other (expenses) income net	(18,793)	16,584	-213%
<b>Operating profit</b>	<b>343,658</b>	<b>311,024</b>	<b>10%</b>
<b>Comprehensive financial result</b>	<b>40,429</b>	<b>(626,667)</b>	<b>106%</b>
Interest income	733	862	-15%
Interest expense	122,795	205,663	-40%
Foreign exchange result	162,491	(421,866)	-139%
Income tax	55,531	35,466	57%
<b>Consolidated net result</b>	<b>328,556</b>	<b>(351,109)</b>	<b>194%</b>
Depreciation	97,115	113,117	-14%
<b>EBITDA</b>	<b>440,773</b>	<b>424,141</b>	<b>-3.9%</b>

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

*Figures in MXN thousands*

	March 31, 2022	December 31, 2021
<b>Assets</b>		
Cash & Cash Equivalents	219,228	302,761
Accounts Receivable, net	3,194,668	2,780,342
Accounts receivable to related parties	2,505	2,383
Inventories, net	1,934,198	1,822,227
Prepaid expenses	42,297	47,113
<b>Current Assets</b>	<b>5,392,896</b>	<b>4,954,826</b>
Property, Plant and Equipment, net	8,651,627	8,877,837
Investment in Properties	1,015,037	1,460,404
Deferred Income Tax	28,158	657,381
Right of use asset	191,176	192,487
Other Assets, net	11,941	18,066
<b>Non-current Assets</b>	<b>9,897,939</b>	<b>11,206,175</b>
<b>Total Assets</b>	<b>15,290,835</b>	<b>16,161,001</b>
<b>Liabilities</b>		
Bank loans	4,356,028	4,536,131
Accounts Payable to suppliers	1,845,284	1,414,903
Short term lease liability	10,001	10,113
Accounts payable to related parties	491,145	488,339
Other accounts payable and accrued liabilities	2,376,881	2,559,741
Direct employee benefits	100,124	100,124
Advanced payments from customers	8,870	8,870
<b>Current Liabilities</b>	<b>9,188,333</b>	<b>9,118,221</b>
Long-term financial liabilities	-	-
Accounts payable to related parties	2,662,482	2,645,423
Lease liability	196,152	197,269
Employee benefits	572,946	571,415
Contingencies	10,451	10,451
Deferred Income Tax	1,401,327	2,196,340
<b>Non-current Liabilities</b>	<b>4,843,358</b>	<b>5,620,898</b>
<b>Total Liabilities</b>	<b>14,031,691</b>	<b>14,739,119</b>
Capital stock	4,017,990	4,017,990
Accumulated (losses) earnings	(3,927,959)	(3,770,575)
Accumulated other comprehensive loss	(165,583)	(165,583)
<b>Controlling interest</b>	<b>(75,552)</b>	<b>81,832</b>
Non-controlling interest	1,334,696	1,340,050
<b>Total Equity</b>	<b>1,259,144</b>	<b>1,421,882</b>
<b>Total Liabilities and Equity</b>	<b>15,290,835</b>	<b>16,161,001</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>2022</b>	<b>2021</b>
<b>Cash flows from operating activities</b>		
Consolidated net income (loss)	328,556	(351,109)
<i>Adjustments for:</i>		
Income tax expense recognized in net loss	55,531	35,466
Loss (gain) on disposal of property, plant and equipment	-	7,901
Depreciation and amortization	97,115	113,117
Contingencies	-	-
Fair value adjustment of investment properties	-	-
Interest income	(733)	(862)
Interest expense	122,795	205,663
Unrealized foreign exchange	(170,457)	305,804
	<b>432,807</b>	<b>315,980</b>
<b>Changes in working capital</b>		
<i>(Increase) decrease in:</i>		
Accounts receivable, net	(151,306)	(262,875)
Accounts receivables to related parties	-	-
Inventories, net	(134,645)	(76,108)
Prepaid expenses	31,193	(33,580)
Other assets	(686)	(1,224)
<i>(Increase) decrease in:</i>		
Accounts payable to suppliers	19,992	168,260
Accounts payable to related parties	-	-
Other accounts payable and accrued liabilities	(141,459)	223,631
Direct employee benefits	3,413	(46)
Advance payments from customers	12,737	(2,530)
Income taxes paid	(54,387)	(41,088)
Employee benefits	10,440	1,837
Contingencies	-	-
<b>Net cash flows generated by operating activities</b>	<b>28,099</b>	<b>292,257</b>
<i>Cash flows from investing activities:</i>		
Interest received	-	-
Acquisition of property, plant and equipment	(28,155)	(27,257)
Sale of property, plant and equipment	-	-
<b>Net cash flows (generated by) used in investing activities</b>	<b>(28,155)</b>	<b>(27,257)</b>
<i>Cash flows from financing activities:</i>		
Proceeds from debt	-	-
Payments of debt	(57,314)	(66,875)
Proceeds from related parties	-	-
Interest paid	(7,971)	(10,127)
Purchase of non-controlling interest	-	-
Capital increase	-	-
Dividends paid	(15,600)	(14,800)
Expenses associated with bond issue	-	-
<b>Net cash flow (used in) generated by financing activities</b>	<b>(80,885)</b>	<b>(91,802)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(80,941)</b>	<b>173,198</b>
Effects of exchange rate changes on cash flows	(2,592)	(50)
<b>Cash and cash equivalents at beginning of year</b>	<b>302,761</b>	<b>177,602</b>
Cash and cash equivalents at end of year	219,228	350,750