

SMI¹ Announces Consolidated Results for Second Quarter of 2025

SMI ("the company"), the leading corporation in sustainable rigid packaging solutions in Hispanic America, with operations in Peru, Colombia, Ecuador, CA&C, Chile, Argentina, and Mexico; announces today its consolidated results for the second quarter 2025 ("2Q 2025").

In the 2Q25, SMI sustained EBITDA growth in a challenging environment marked by softer volumes. The performance underscores the effectiveness of targeted cost initiatives, and a sharpened focus on high-value segments. Although leverage moved up slightly, reflecting both lower sales and working capital temporarily needs, the company's fundamentals remain sound. With a strong position in sustainable packaging, SMI is well-placed to unlock long-term value creation and capture structural growth opportunities across its markets.

Financial Highlights

2Q 2025 versus 2Q 2024

- **Total volume sold was 8,925 million units**, decreasing by 188 million units YoY (-2.1%).
- **Containers² volume sold was 3,880 million units**, decreasing by 131 million units YoY (-3.3%).
- **Closures volume sold was 4,686 million units**, decreasing by 52 million units YoY (-1.1%).
- **Thermoforming volume sold was 359 million units**, decreasing by 5 million units YoY (-1.4%).
- **Gross profit reached ~US\$ 41.1 million**, increasing by ~US\$ 0.9 million compared to 2024 (-2.1%).
- **Consolidated adjusted EBITDA reached ~US\$ 40.4 million**, increasing by ~US\$ 0.1 million compared to 2Q24 (+0.1%).
- **EBITDA margin reached 17.5%**, remaining at the same level compared to the second period of 2024.

YTD2Q 2025 versus YTD2Q 2024

- **Total volume sold was 17,949 million units**, decreasing by 473 million units YoY (-2.6%).
- **Containers³ volume sold was 7,814 million units**, decreasing by 240 million units YoY (-3.0%).
- **Closures volume sold was 9,451 million units**, decreasing by 218 million units YoY (-2.3%).
- **Thermoforming volume sold was 684 million units**, decreasing by 14 million units YoY (-2.1%).
- **Gross profit reached ~US\$ 82.9 million**, decreasing by ~US\$ 3.3 million compared to 2024 (-3.8%).
- **Consolidated adjusted EBITDA reached ~US\$ 84.1 million**, increasing by ~US\$ 1.4 million compared to 2024 (+1.6%).
- **EBITDA margin reached 17.8%**, decreasing by -0.2 pp compared to same period of 2024.

¹ SMI considers NG Packaging & Recycling Corporation Holdings S.A ("SMI") and NG Packaging & Recycling Corporation Holdings II S.A. ("Sinea") aggregated financial information.

² Containers volume includes preforms and bottles.

³ Containers volume includes preforms and bottles.

Financial Results⁴

The following table shows a summary of SMI's consolidated financial results:

	Financial and operating results (US\$ 000)							
	2Q 2025	2Q 2024	% Var	Abs. Var	YTD 2025	YTD 2024	% Var	Abs. Var
Million units								
Containers	3,880	4,011	-3.3%	(131)	7,814	8,054	-3.0%	(240)
Closures	4,686	4,738	-1.1%	(52)	9,451	9,670	-2.3%	(218)
Thermoforming & Others	359	364	-1.4%	(5)	684	698	-2.1%	(14)
Total volume	8,925	9,113	-2.1%	(188)	17,949	18,422	-2.6%	(473)
Gross profit	41,079	41,952	-2.1%	(873)	82,939	86,224	-3.8%	(3,285)
Consolidated adjusted EBITDA	40,446	40,388	0.1%	58	84,089	82,726	1.6%	1,363
Gross margin	17.8%	18.2%	-0.4 pp		17.6%	18.7%	-1.1 pp	
Consolidated EBITDA margin	17.5%	17.5%	0.0 pp		17.8%	18.0%	-0.1 pp	

Consolidated Financial Results

1. Volumes sold

	Sales (million units)							
	2Q 2025	2Q 2024	% Var	Abs. Var	YTD 2025	YTD 2024	% Var	Abs. Var
Containers	3,880	4,011	-3.3%	(131)	7,814	8,054	-3.0%	(240)
Preforms	2,876	2,930	-1.8%	(53)	5,744	5,890	-2.5%	(146)
Bottles	1,004	1,082	-7.2%	(78)	2,070	2,164	-4.4%	(94)
Closures	4,686	4,738	-1.1%	(52)	9,451	9,670	-2.3%	(218)
Thermoforming & Others	359	364	-1.4%	(5)	684	698	-2.1%	(14)
Total volume	8,925	9,113	-2.1%	(188)	17,949	18,422	-2.6%	(473)

In Q2 2025, SMI reported total volumes of 8,925 million units, representing a 2.1% decrease compared with the same quarter of 2024. The decline was primarily driven by a slowdown in overall consumption of bottled beverages. This contraction was primarily driven by a temporary slowdown in bottled beverage consumption after the region's leading bottlers raised prices, a move that was subsequently mirrored by other players. While such price adjustments are not frequent, these tend to generate short-term softness in demand until consumers adapt to new price levels.

It is important to highlight that this reduction does not stem from structural shifts in the market. SMI has maintained its market share, with no evidence of substitution toward alternative packaging formats. In addition, there has been no migration from premium to value brands, given that the company serves both ends of the portfolio. The volume decline is therefore a reflection of temporary demand conditions rather than changes in consumer preferences or competitive dynamics.

The containers division sold 3.9 billion units in Q2 2025, a 3.3% decline compared with the same period last year. Similar to total volumes, the decrease was largely concentrated in the contracted segment, reflecting softer beverage demand. In the SMB channel, volumes also fell, due to new market conditions and as part of our strategy to concentrate on SKUs where SMI holds stronger competitive advantages, placing emphasis on profitability rather than absolute volume.

The closures line posted sales of 4,686 million units in Q2 2025, down 1.1% year-over-year. In line with the trends seen in total volumes and containers, this performance was linked to weaker demand in contracted beverage markets across the region. To counterbalance these dynamics, SMI is strengthening its commercial initiatives with a focus on capturing new business opportunities.

⁴ Non-audited figures.

Thermoforming volumes declined 1.4% compared with the prior year, reflecting the company's decision to reorient the portfolio toward categories with stronger competitive positioning and higher margins, particularly agro-exports, while gradually reducing exposure to non-core activities.

As of June 2025, total sales reached 17,949 million units, representing a 2.6% decrease versus the prior year. The overall result reflects the demand softness previously described, which has impacted consumption across multiple beverage categories.

Gross Profit

Gross profit for 2Q25 was US\$ 41.1 million, down US\$ 0.9 million from the same quarter of 2024. Gross margin declined to 17.8%, representing a 0.4 percentage point decrease year-over-year.

This was primarily driven by:

- Softer demand led to lower volumes, which in turn reduced fixed-cost absorption.
- Elevated inventory levels, driven by the volume contraction, resulted in higher logistic costs.
- Rising electricity tariffs continued to add pressure to operations in the Central America & Caribbean (CA&C) region.
- The recycling business remained in its ramp-up phase across Peru, Colombia, Guatemala, and Ecuador.
- In Colombia, the rescheduled relocation of the recycling plant, originally planned for early in the year, contributed to higher fixed costs. In addition, delays in obtaining the administrative certifications required for rPET further added to the challenges.

To address these challenges, the company has initiated a series of targeted actions:

- A refined commercial approach in the SMB market, emphasizing pricing discipline and prioritizing SKUs where SMI holds a competitive edge.
- An energy optimization program aimed at reducing consumption and accelerating the adoption of alternative sources, with an initial focus on CA&C and ongoing assessments in other regions.
- Lower packaging costs achieved through renegotiated supplier agreements and higher returnability rates.

Despite recent challenges, the company remains focused on capturing long-term value by driving efficiency across operations, deepening client and project relationships, and positioning the recycling platform as a cornerstone of its sustainability and growth agenda.

2. Operating Profit

a. Administrative expenses (US\$ 000):

	Administrative Expenses (US\$ 000)							
	2Q 2025	2Q 2024	% Var	Abs. Var	YTD 2025	YTD 2024	% Var	Abs. Var
Personnel Expenses	4,870	3,253	49.7%	1,617	7,984	7,225	10.5%	758
Third - party services	1,962	1,128	73.9%	834	4,264	3,199	33.3%	1,066
Travel & business expenses	258	75	244.8%	183	417	189	121.3%	229
Other	1,354	920	47.2%	434	1,851	1,406	31.6%	445
Depreciation & Amortization	1,070	1,137	-5.9%	(67)	2,140	1,805	18.6%	335
Total	9,513	6,512	46.1%	3,001	16,656	13,823	20.5%	2,832

In the second quarter of 2025, administrative expenses totaled US\$ 9.5 million, reflecting a year-over-year increase of US\$ 3.0 million, or 46.1%. The main increase came from personnel expenses, which rose by US\$1.6 million. This reflects a reclassification implemented during the quarter, whereby all corporate overhead is now reported under administrative expenses, whereas previously it was allocated across indirect costs and selling

expenses. In addition, the company stepped up investments in key support areas such as IT, audit, and internal controls, leading to a US\$ 0.8 million increase in third-party services. These initiatives are consistent with the company's strategy of reinforcing internal capabilities, ensuring long-term efficiency, and enhancing the robustness of core processes.

While expenses rose in the quarter, the company remains fully committed to keeping its cost structure strategic and controlled, channeling resources only into initiatives that secure sustainable growth.

b. Selling and distribution expenses (US\$ 000):

Selling Expenses (US\$ 000)								
	2Q 2025	2Q 2024	% Var	Abs. Var	YTD 2025	YTD 2024	% Var	Abs. Var
Personnel Expenses	1,967	2,559	-23.2%	(593)	4,467	5,197	-14.0%	(730)
Third - party services	5,355	5,759	-7.0%	(404)	10,766	10,944	-1.6%	(178)
Travel & business expenses	226	162	39.2%	64	367	306	20.1%	62
Other	663	1,517	-56.3%	(855)	1,120	2,099	-46.6%	(979)
Depreciation & Amortization	1,461	1,216	20.2%	245	2,907	2,481	17.2%	426
Total	9,670	11,213	-13.8%	(1,543)	19,627	21,027	-6.7%	(1,400)

In the second quarter of 2025, selling and distribution expenses contracted by US\$1.5 million versus the prior year, a decline of 13.8%. The reduction was mainly explained by lower spending on commercial marketing initiatives (-US\$ 0.9 million), combined with the reclassification in personnel costs explained above (-US\$ 0.6 million). Additionally, third-party services decreased in line with softer volumes (-US\$ 0.4 million).

As a share of revenue, selling and distribution expenses represented 4.2% in 2Q25, compared with 4.9% in the same period last year. This performance underscores the company's disciplined approach to cost management and its focus on maintaining efficiency even in a softer demand environment.

3. Financial income and expenses

Net Financial Expenses (US\$ 000)								
	2Q 2025	2Q 2024	% Var	Abs. Var	YTD 2025	YTD 2024	% Var	Abs. Var
Financial expenses	(12,687)	(11,595)	9.4%	1,092	(24,251)	(23,033)	5.3%	1,218
Financial income	918	1,205	-23.8%	(287)	1,608	1,136	41.5%	472
Net financial expenses	(11,769)	(10,390)	13.3%	1,379	(22,643)	(21,897)	3.4%	746

In the second quarter of 2025, financial expenses amounted to US\$ 12.7 million, up US\$1.1 million from the same period last year. This increase was mainly driven by the 25-basis-point step-up in the company's bond coupon and higher fees associated with the issuance of short-term instruments. On the other hand, financial income declined to US\$ 0.9 million, down US\$ 0.3 million year-over-year. As a result, net financial expenses closed the quarter at US\$ 11.8 million, representing a 13.3% increase versus the prior year.

As of June 2025, cumulative net financial expenses totaled US\$ 22.7 million, reflecting an increase of US\$ 0.8 million compared with the first half of 2024. This variation is explained primarily by the same factors that affected the second quarter.

The company continues to advance its debt reprofiling strategy, with the objective of optimizing both the maturity profile and the overall cost of financing. This disciplined approach seeks to strengthen financial flexibility, reduce funding costs over time, and ensure that the capital structure remains aligned with the company's long-term growth and value creation objectives.

4. EBITDA Reconciliation

Consolidated adjusted EBITDA (US\$ 000's)

	EBITDA reconciliation (US\$ 000)							
	2Q 2025	2Q 2024	% Var	Abs. Var	YTD 2025	YTD 2024	% Var	Abs. Var
Operating profit	22,858	25,787	-11.4%	(2,928)	48,973	53,782	-8.9%	(4,809)
+ Depreciation & Amortization	17,466	15,384	13.5%	2,082	34,730	30,165	15.1%	4,565
Adjustments to EBITDA:								
Advisory services	-	28			-	28		
Integration / new operations	-	-			-	-		
Severance payments	4	328			268	328		
Income from excess expense provisions in previous years	-	(1,139)			-	(1,577)		
Non-core asset loss	-	-			-	-		
Other	118	-			118	-		
Total Adjustments	122	(782)			386	(1,221)		
Adjusted EBITDA	40,446	40,388	0.1%	58	84,089	82,726	1.6%	1,363
Adjusted EBITDA Margin	17.5%	17.5%			17.8%	18.0%		

Adjusted EBITDA for the second quarter of 2025 reflected a resilient performance, supported by cost discipline and the early impact of strategic initiatives, despite operating pressures observed during the period. Several factors shaped the quarter's result:

- (i) The company continued to face some pressure from softer volumes, which limited fixed-cost absorption and weighed on operating leverage.
- (ii) Lower dispatch levels resulted in higher inventories, increasing the logistic costs.
- (iii) In Central America and the Caribbean, elevated electricity tariffs continued to impact operating expenses.
- (iv) The recycling platform remained in its ramp-up phase across Peru, Colombia, Guatemala, and Ecuador, driving additional short-term costs but laying the foundation for long-term value creation.
- (v) In Colombia, the rescheduled relocation of the recycling plant contributed to higher fixed costs, while delays in obtaining rPET certifications added to near-term challenges.

To cushion the impact of recent headwinds and reinforce profitability, the company has been advancing a focused set of initiatives:

- (i) Adjusting its commercial approach in the SMB segment, with emphasis on SKUs where it holds structural advantages in cost efficiency and capabilities.
- (ii) Driving an energy optimization agenda to curb consumption and accelerate the adoption of alternative sources, with early execution in CA&C and ongoing assessments in other geographies.
- (iii) Unlocking savings in packaging through renegotiated supplier agreements and stronger returnability performance.
- (iv) Preserving cost discipline in SG&A, reinforced by the streamlining and stabilization of the corporate overhead structure.

The quarter's EBITDA performance underscores the strength of the company's fundamentals and its disciplined approach to cost management. Despite softer demand, SMI safeguarded profitability through focused execution, demonstrating its capacity to manage near-term headwinds while remaining firmly aligned with its long-term growth agenda.

Cash flow, and balance sheet, as of June 2025

Cash flow (US\$ 000's)

	YTD 2025
Net income	17,317
Depreciation & Amortization	34,730
Net financial expenses	22,643
Changes in WK accounts	(21,094)
Changes in other WK accounts, deferred taxes, and others	(23,685)
Operational cash flow	29,911
Additions to PP&E and intangibles	(11,492)
Investment cash flow	(11,492)
Bond coupon	(6,994)
Other financial expenses, net	(15,649)
Changes in financial debt	5,954
Changes in LTD with suppliers	(3,132)
Changes in IFRS16	(2,697)
Changes in equity	0
Financial cash flow	(22,517)
BoP Cash	28,507
Cash increase / decrease	(4,099)
EoP Cash	24,408

The cash flow is presented as balance sheet variations.

Net cash flows provided by operating activities

As of June 2025, the company's operating cash flow reached US\$ 29.9 million. This was mainly explained by:

- i) Worling Capital requirements:
 - Increase in needs for our recycling platform and ramp-up of operations
 - Taxes paid in advance during this quarter and will be recovered in the following quarters
 - Higher payments related to bulk resin purchases made in the prior year.
- ii) Working Capital initiatives:
 - Improvement in the billing and collection process
 - Reduction of non-strategic expenditures

Net cash flows provided by (used in) investing activities

As of June 2025, capital expenditures amounted to US\$ 11.5 million, primarily allocated to maintenance activities and selected carry-over projects from the prior year, in alignment with the company's strategic priorities. Investment discipline remains a key principle, with no major new commitments anticipated in the near term. At the same time, the focus is on maximizing returns from the significant investments executed in prior periods, ensuring they continue to drive efficiency, competitiveness, and sustainable profitability.

Net cash flows provided by (used in) financing activities

Cash outflows in the quarter were mainly associated with interest payments on financial obligations and the scheduled amortization of long-term supplier debt, resulting in a negative financial cash flow of US\$ 22.5 million. On the inflow side, the company secured an additional US\$ 6.0 million in short-term financing versus 4Q24, primarily to support working capital needs, particularly higher payments related to bulk resin purchases made in the prior year.

Balance Sheet

As of June 2025, SMI's total assets were US\$ 1,277 million, and slightly less than December 2024 (US\$ -8.5 million) mainly by:

- (i) Current assets increased to US\$ 538.6 million, primarily explained by an increase taxes and prepaid taxes (+US\$ 8.9 million) and inventories (+US\$ 3.5 million), partially offset by lower trade accounts receivables (-US\$ 2.8 million)
- (ii) Non-current assets decreased to US\$ 738.0 million (-US\$ 16.0 million), primarily explained by a reduction in property, machinery, and equipment (-US\$ 17.2 million), partially offset by lower non-current taxes and prepaid expenses (+US\$ 4.5 million).
- (iii) Current liabilities were US\$ 392.5 million, which represented a decrease of US\$ 20.4 million from December 2024. This is attributed to the decrease in trade accounts payable (-US\$ 20.3 million) and other accounts payable (-US\$ 6.4 million); which were mitigated by an increase in short-term debt and current portion of long-term debt (+US\$ 5.7 million).
- (iv) Non-current liabilities decreased to US\$ 647.6 million (-US\$ 5.5 million), mainly explained by the reductions in long-term liabilities with suppliers (-US\$ 3.1 million) and deferred income tax liability (-US\$ 3.3 million)

Consolidated Statement of financial position

As of June 30st, 2025 and December 31st, 2024

	Balance sheet (US\$ 000)	
	As of June 30, 2025	As of December 31, 2024
Assets		
Current assets		
Cash and banks	24,408	28,507
Trade accounts receivable, net	232,362	235,124
Other trade accounts receivable, net	15,516	13,597
Inventories, net	192,789	189,268
Taxes and prepaid expenses	73,501	64,641
	538,576	531,137
Assets		
Non - current assets		
Taxes and prepaid expenses	20,510	16,010
Deferred income tax assets, net	5,763	6,751
Right-of-use asset, net	24,166	23,814
Property, machinery and equipment, net	571,493	588,688
Intangible assets and other	116,077	118,706
	738,009	753,970
Total assets	1,276,585	1,285,107
Liabilities and equity		
Current liabilities		
Trade accounts payable	263,523	283,858
Other accounts payable	50,966	57,332
Operating lease liability	5,521	4,858
Short-term debt and current portion of long-term debt	72,511	66,838
Other financial liabilities	0	0
	392,521	412,885
Liabilities and equity		
Non - current liability		
Long-term debt	593,220	592,939
Operating lease liability	20,513	20,108
Long-term liabilities with suppliers	22,377	25,508
Other accounts payable	3,068	2,779
Deferred income tax liability	8,386	11,702
	647,563	653,037
Total liabilities	1,040,084	1,065,922
Equity		
Capital issued	159,015	159,000
Capital surplus	1,424	1,439
Other capital reserves	4,843	4,843
Retained earnings	71,219	53,902
Non-controlling interest	0	0
Total equity	236,501	219,185
Total liabilities and equity	1,276,585	1,285,107

Consolidated income statements

For the six-month period ended June 30st, 2025 and 2024

	Financial Results (US\$ 000)			
	2Q 2025	2Q 2024	YTD 2025	YTD 2024
Revenue	231,095	230,181	471,434	460,644
Cost of sales	(190,016)	(188,229)	(388,495)	(374,420)
Gross profit	41,079	41,952	82,939	86,224
		18.2%	17.6%	18.7%
Administrative expenses	(9,513)	(6,512)	(16,656)	(13,823)
Selling expenses	(9,670)	(11,213)	(19,627)	(21,027)
Other, net	963	1,560	2,317	2,408
Operating profit	22,858	25,787	48,973	53,782
Financial income	918	705	1,608	1,136
Financial expense	(12,687)	(11,095)	(24,251)	(23,033)
Exchange difference, net	(2,728)	(3,915)	(4,147)	(391)
Profit before income tax	8,361	11,482	22,184	31,494
Income tax expense	(1,503)	(2,142)	(4,867)	(6,404)
Legal reserve	-	-	-	-
Net profit	6,858	9,340	17,317	25,090
Other comprehensive income	-	-	-	-
Total comprehensive income	6,858	9,340	17,317	25,090