

LASER FOCUSED GROWTH

2023 INTERIM RESULTS
PRESENTATION

SOMERO
ENTERPRISES, INC.



H1 2023 HIGHLIGHTS



- While the US non-residential construction market remained consistent and healthy, project delays and customer supply chain shortages impacted H1 2023 sales
 - H1 growth in Europe and Australia driven by new customers and new product penetration
 - Company's flexible cost structure enabled prompt operational cost adjustment at the end of H1 2023, while continuing to reliably meet customer needs
 - Investments to execute international growth strategy, added personnel in Europe & Australia, moved to larger facility in Melbourne, AU
 - Product development activity remains high with direct customer engagement, innovation workshops with industry leaders, focus on advanced technology
- Healthy profit, strong cash generation, secure financial position and significant return of cash to shareholders
 - Declared US\$ 0.10 interim dividend payable October 2023



Australia, Melbourne
Sales and service office

H1 2023 RESULTS

FINANCIAL HIGHLIGHTS

US\$ MILLIONS (EXCEPT PER SHARE DATA)	H1 2023	H1 2022	CHANGE \$	CHANGE %
Revenue	\$ 58.9	\$ 68.5	\$ (9.6)	(14%)
Adjusted EBITDA ^(1,2)	17.3	24.1	(6.8)	(28%)
Adjusted EBITDA margin ^(1,2)	29.5%	35.3%		(580bps)
Profits before tax	15.6	22.4	(6.8)	(30%)
Adjusted net income ^(1,3)	12.2	17.3	(5.1)	(29%)
Diluted adjusted net income per share ^(1,3)	\$0.22	\$0.31	(0.1)	(29%)
Cash flow from operations	8.8	12.8	(4.0)	(31%)
Net cash ⁽⁴⁾	25.2	27.2	(2.0)	(7%)
Interim dividend per share	\$0.10	\$0.10	-	-

Notes:

- (1) Non-US GAAP financial measures are used to provide supplemental information regarding operating performance. Further information regarding non-GAAP measures is below.
- (2) Adjusted EBITDA is defined as Company net income plus tax provision, interest expense, interest income, foreign exchange loss, other expense, depreciation, amortization, and stock-based compensation.
- (3) Adjusted net income is a calculation of net income plus amortization of intangibles and excluding the tax impact of stock option and RSU settlements and other special items.
- (4) Net cash is defined as cash and cash equivalents less borrowings under bank obligations exclusive of deferred financing costs.

SALES BY TERRITORY



US\$ MILLIONS	H1 2023	H1 2022	CHANGE \$	CHANGE %
North America	\$ 42.2	\$ 55.6	\$ (13.4)	(24%)
Europe	7.0	4.8	2.2	46%
Australia	5.3	4.0	1.3	33%
Rest of World ⁽¹⁾	<u>4.4</u>	<u>4.1</u>	<u>0.3</u>	<u>7%</u>
TOTAL	\$ 58.9	\$ 68.5	\$ (9.6)	(14%)

Notes:

(1) ROW includes Latin America, Middle East, India, Southeast Asia, Korea and China

SALES BY PRODUCT



US\$ MILLIONS	H1 2023	H1 2022	CHANGE \$	CHANGE %
Boomed screeds ⁽¹⁾	\$ 24.4	\$ 32.9	\$ (8.5)	(26%)
Ride-on screeds ⁽²⁾	11.2	10.5	0.7	7%
Remanufactured machines	3.4	3.2	0.2	6%
3-D Profiler System [®]	4.3	5.3	(1.0)	(19%)
SkyScreed [®]	0.0	1.1	(1.1)	(100%)
Other ⁽³⁾	<u>15.6</u>	<u>15.5</u>	<u>0.1</u>	<u>0.6%</u>
TOTAL	\$ 58.9	\$ 68.5	\$ (9.6)	(14%)

Notes:

(1) Boomed Screeds include the S-28EZ, S-22EZ, S-15R, SRS-4, and S-10A.

(2) Ride-On Screeds include the S-940, S-485, and S-158.

(3) Other includes parts, accessories, services and freight, as well as other equipment such as the Broom+Cure™, STS-11M Topping Spreader, CopperHead[®], Mini Screed[®] C, Somero Line Dragon[®], SkyStrip[®] and S-PS50

OPERATING RESULTS



US\$ MILLIONS	H1 2023	H1 2022
Revenue	\$ 58.9	\$ 68.5
Gross profit	33.6	39.9
Operating expenses:		
Selling, marketing & customer support	7.6	7.4
Engineering & product development	1.4	1.2
General & administrative	<u>8.7</u>	<u>8.7</u>
Total operating expenses	<u>17.7</u>	<u>17.3</u>
Operating income	15.9	22.6
Other income (expense)	<u>(0.3)</u>	<u>(0.2)</u>
Income before income taxes	15.6	22.4
Provision for income taxes	<u>3.2</u>	<u>4.9</u>
Net income	<u>\$ 12.4</u>	<u>\$ 17.5</u>

Commentary:

- Healthy gross margin reflects price increases and variable cost management offsetting inflationary pressures and volume decline
- Operating cost increase primarily from impact of inflation and adding personnel to sales, customer support & product development in '22-'23 with offset from reduced variable compensation and non-recurring costs in H1 '22
- Effective tax rate decreased to 21.0% from 22.0% mostly due to favorable international adjustments

FINANCIAL POSITION



US\$ MILLIONS	JUNE 30, 2023	DECEMBER 31, 2022
Cash	\$ 25.2	\$ 33.7
Accounts receivable, net	7.3	10.3
Inventory	21.4	18.9
Prepaid & other	<u>1.7</u>	<u>2.7</u>
Total current assets	55.6	65.6
Other assets	<u>35.5</u>	<u>33.4</u>
Total assets	<u>\$ 91.1</u>	<u>\$ 99.0</u>
Current liabilities	13.4	18.7
Other liabilities	<u>3.8</u>	<u>3.2</u>
Total liabilities	17.2	21.9
Stockholders' equity	<u>73.9</u>	<u>77.1</u>
Total liabilities & equity	<u>\$ 91.1</u>	<u>\$ 99.0</u>

Commentary:

- Cash decreased from year-end '22 primarily due to the US\$ 14.1m dividend payment in H1 '23 partly offset by cash flow from operations
- Accounts receivable decreased from year-end due to effective cash collections and partly to lower volume compared to year-end '22
- Inventory increased to adequately stock international markets, ramp up production of the S-22EZ
- Decrease in current liabilities primarily due to timing of inventory receipts, timing of payments, including settlement of Houghton expansion project liabilities, and a reduced level of accrued variable compensation

CASH FLOWS



US\$ MILLIONS	H1 2023	H1 2022	Commentary:
Net income	\$ 12.4	\$ 17.5	- Decline in cash flow from operations attributable to lower net income compared to the prior year period - Modestly reduced net working capital investment due to strong trade receivables collection and reversal of prepaid income tax, partly offset by reduction in current liabilities - Construction of the Houghton facility expansion completed in H2 '22, with no significant projects planned for '23 '23 dividend payments included US\$ 9.9m '22 final ordinary dividend, US\$ 4.3m '22 supplemental dividend
Adjustments to reconcile to cash provided by operating activities	0.7	0.6	
Working capital changes	<u>(4.3)</u>	<u>(5.3)</u>	
Net cash provided by operating activities	<u>8.8</u>	<u>12.8</u>	
Net cash used in investing activities	(1.0)	(2.2)	
Payment of dividends	(14.2)	(23.4)	
Payment under financing leases	(0.2)	(0.1)	
Share buy-back	(0.4)	(0.7)	
RSUs settled for cash	<u>(1.2)</u>	<u>(1.1)</u>	
Net cash used in financing activities	(16.0)	(25.3)	
Effect of exchange rates on cash	<u>(0.3)</u>	<u>(0.3)</u>	
Net increase (decrease) in cash	<u>\$ (8.5)</u>	<u>\$ (15.0)</u>	

STRATEGY UPDATE & OUTLOOK

LONG-TERM GROWTH



INTERNATIONAL MARKETS

Growing targeted global markets by promoting wide-placement theory & quality standards, developing new customer relationships and increasing market penetration with new products.

- New customer additions, increased market penetration with broader range of products drove H1 '23 growth
- 4 positions added in Europe & Australia combined since H1 '22, secured larger Melbourne, AU facility to support growth
- Parts & service revenue grew in Europe & Australia a combined 40% vs. H1 '22 reflecting active markets and healthy customer engagement

**Non-Operational Staff
Based Outside US**

25%

**2023 International
Revenue Growth %**

30%



PRODUCT INNOVATION

Advancing the industry with innovative solutions to help customers increase speed, productivity & safety while delivering high-quality concrete slabs for building owners.

- Extensive job-site visits & direct customer engagement, innovation workshops with industry leaders with added focus on advanced technologies set stage for future product releases
- Disruptive, new products released within past 5 years yet to contribute meaningfully to total revenue, continued efforts underway to increase pace of adoption

**2023 New Product
Revenues***

US\$ 0.8m

**Patents &
Applications**

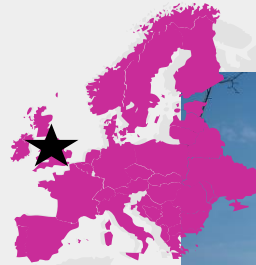
100+

* SkyScreed® 36, SkyStrip™, Broom+Cure™ & S-PS50®

INTERNATIONAL GROWTH EUROPE



- ❖ US\$ 7.0m in revenue in H1 2023, growing 46% from US\$ 4.8m in H1 2022
- ❖ Revenue from new customers represented 26% of the total European revenue in H1 '23
- ❖ Unit volume increased 26% in H1 '23 vs H1 '22m, while parts & service increased nearly 40%
- ❖ European team grew to 15 personnel from 13 in H1 '22, key additions in Italy and for the German region



INTERNATIONAL GROWTH AUSTRALIA

- ❖ US\$ 5.3m in revenue in H1 2023, growing 32% from US\$ 4.0m in H1 2022
- ❖ Increase in revenue from new customers (67% in H1 '23 vs 33% in H1 2022)
- ❖ Unit volume increased 50% compared to H1 '22 with sales across 7 products, parts & service revenue increased nearly 40%
- ❖ In-country team has increased to 11 at the end of H1 '23 from 9 in H1 '22
- ❖ Secured larger facility to support a wider range of activities and accommodate future growth



2023 OUTLOOK



US market fundamentals remain healthy with customers reporting extended project backlogs, however project delays in H1 '23 due to interest rates, tightened lending standards, and concrete shortages, along with limited availability of S-22EZ, have impacting pace of trading

Full production of S-22EZ reached at end of H1 '23, increasing availability is anticipated to benefit H2 '23 trading, particularly in the US

Healthy contributions from Europe & Australia driven by growth in new customers and increasing market penetration of new products

Continued investment in long-term growth strategy, adding sales and customer support resources in targeted international markets, investing in product development initiatives such as innovation workshops with a focus on advanced technologies

Board remains confident that 2023 results will fall in line with market expectations with revenues of US\$ 120.0m, EBITDA of US\$ 36.0m, and year-end cash of US\$ 32.0m.

QUESTIONS



APPENDICES

PRODUCTS & APPLICATIONS

RELEASE PRODUCT



BOOMED SCREEDS:				25,000-50,000+ ft² placements warehouses, manufacturing assembly plants, tilt-panel and agricultural buildings	SLAB ON GRADE CAST-IN- PLACE
2022	S-PS50	S-PS50			
2022	S-28EZ				
2014	S-22EZ (re-launch in '23)	S-28EZ	SRS-4		
2012	S-15R				
2015	S-10A	S-22EZ			
2020	SRS-4				
RIDE-ON SCREEDS:				5,000-30,000 ft² placements schools, medical and retail centers, multi-level commercial construction, agricultural buildings	SLAB ON GRADE SLAB ON DECK
2016	S-940	S-940			
2014	S-485				
2018	S-158C				
WALK-BEHIND SCREEDS:				Small commercial, residential and multi-level placements	SLAB ON GRADE SLAB ON DECK
2009	Mini Screed™	Mini Screed™			
2002	CopperHead® XD™ 3.0				
MATERIAL APPLICATION:				Projects involving concrete hose pumps, projects requiring dry shake-on hardener, applying curing agents and texture to exterior concrete slabs	SLAB ON GRADE SLAB ON DECK
2012	STS-11M	Somero Line Dragon®			
2017	Somero Line Dragon				
2020	Somero Broom + Cure™	Somero Broom+Cure™			
GRADING / EXTERIOR PAVING:				Exterior concrete paving and parking structures, exterior sub-grade	SLAB ON GRADE
2004	SiteShape® System	SiteShape® System			
2000	3-D Profiler System®				
SKYLINE:				Screeding on structural high- rise and slab-on grade applications	HIGH-RISE STRUCTURAL
2020	SkyScreed® 36	SkyScreed® 36			
2021	SkyStrip®				

2023 INTERIM RESULTS PRESENTATION

OUR PURPOSE



Driven by a passion for our customers' success, we strive to ensure our customers achieve their business and profitability goals through our hard work to deliver world-class products and services



VISION

For our innovative technology to be deployed whenever horizontal concrete slabs are placed. We remain focused on developing customer solutions that expand the market segments and applications we address.

VALUES

We believe in a set of core values for how we do business, how we innovate, how we treat our customers and employees. Our values include:

1. Commitment to teaching & learning
2. Ability to solve problems creatively
3. Accountability & taking ownership
4. A sense of urgency
5. Proactive honest communication
6. Embracing & driving change
7. Expressing passion through amazing service
8. Having fun

CULTURE

At Somero, we are always striving to be great ... providing great equipment and service for our customers and creating a great place to work for our employees. Our culture, from the very beginning, is shaped by the shared commitment to our core values across our entire organization.

OUR PROVEN MODEL



WHAT WE DO

Somero's laser-guided technology and wide-placement methods have been specified for use in a wide range of construction projects.

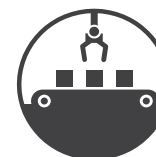
WHO WE WORK WITH

Somero operates in markets across the globe and has sold products in 90+ countries.

We work with small, medium and large concrete contractors and self-performing general contractors. Our equipment has been used in construction projects for a wide array of the world's largest organizations.



Warehousing



Assembly plants



Parking structures



Commercial construction



Exterior paving



Retail centers

WHAT MAKES US DIFFERENT

INNOVATIVE PRODUCT LEADERSHIP

- Pioneered Laser Screed® machine market in 1986
- Product portfolio grown to 20 products
- Designs protected by 100+ patents/applications
- Product development fuelled by customer engagement

INDUSTRY EXPERTISE, TRAINING AND SUPPORT

- Proven commitment to exceptional classroom/job-site training
- 24/7 direct global support (in 10 minutes, all major languages)
- Overnight spare parts delivery, next-day world travel
- Somero Concrete College & Institute

CUSTOMERS

- Quality
- Productivity
- Profit
- Direct access to Somero expertise, training and support

BUILDING OWNERS AND END-USERS

- Operational efficiency
- Improved physical appearance
- Lower floor maintenance cost
- Lower forklift repair cost

OUR BENEFICIARIES

EMPLOYEES

- Challenging and rewarding work environment full of opportunity
- Investment in training to help each employee reach their full potential

INVESTORS

- Strong, consistent financial performance
- Significant growth opportunity in new and existing markets
- Strong, unleveraged financial position
- Disciplined return of cash to shareholders

TRAINING AND EXPERTISE



Somero does more than sell equipment. The Company helps customers grow profitable businesses by providing access to world class training and concrete placement & finishing expertise. In 2021, because of restrictions brought on by the pandemic, Somero enhanced its on-demand and virtual training capabilities to meet our customers needs. The trend of remote training continues to grow.

In-Person at the Somero Concrete Institute in Fort Myers, FL which has a 48-person multi-media classroom and a 10,000 ft concrete placing center which is a controlled venue to place, screed, finish and test concrete slabs on a daily basis

On demand training through Somero's Learning Management System (LMS) provides a vast catalogue of training materials in over 12 languages to enable a trainee to complete fundamental training in the absence of a physical trainer.

Virtual training through Somero's platform enables trainees to interact in a live format with Somero trainers regardless of geographic or time zone constraints.



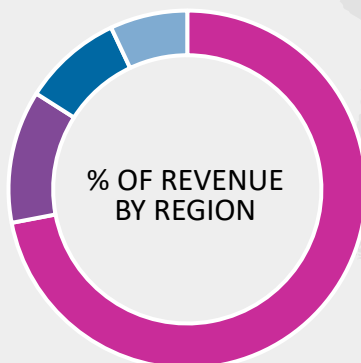
GLOBAL REACH

LEADERS IN LEVELLING

At Somero we provide industry-leading concrete levelling equipment, training, education and support to customers in over 90+ countries.

Our innovative technology allows contractors to complete every concrete floor installation faster, flatter and with fewer people, resulting in a platform for successful businesses to grow.

North America	72%	Rest of World	7%
Europe	12%		
Australia	9%		



CUSTOMERS IN
90+
COUNTRIES

OUR LOCATIONS

North America

Fort Myers, Florida:

Global headquarters and Somero Concrete Institute training facility

Houghton, Michigan:

Production, operations and support

UK, Chesterfield:

Sales and service office

Australia, Melbourne:

Sales and service office

India, New Delhi:

Sales and service office

China, Shanghai:

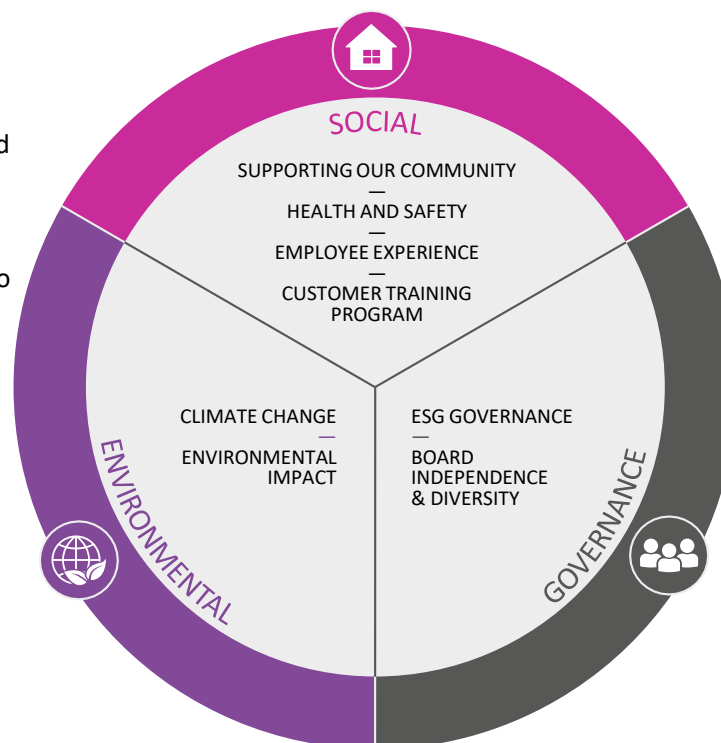
Sales, service and Somero Concrete College training facility

OUR ESG FRAMEWORK

Our goal is to strike the right balance between shareholder expectations and the needs and concerns of our employees and customers, the communities we live in, and the environment.

SOCIAL

Somero is dedicated to fostering an open and inclusive working environment for our employees, ensuring their safety and wellbeing at all times, supporting a training program for our customers and giving back to the community in which we operate.



ENVIRONMENTAL

Somero is committed to making a lasting positive impact on the environment in which we operate and doing our bit to reduce our environmental footprint.

GOVERNANCE

Maintaining strong, diverse leadership and accountability on ESG issues is critical and Somero takes this responsibility seriously in how we manage ESG across our business.

ESG IN ACTION



SOCIAL

SUPPORTING OUR COMMUNITY
HEALTH AND SAFETY
EMPLOYEE EXPERIENCE
CUSTOMER TRAINING PROGRAM

Industry Support
Charitable Donations
Employee Volunteering PTO
Employee Training
Somero Concrete Institute

Concrete Industry
Management S-485
Donation

With your help, the 2023 CIM Auction raised a record-breaking

\$2.1 MILLION

Keweenaw Trail Clearing



Customer Training



Harry Chapin Food Bank



31 Backpacks



ESG IN ACTION



Environmental Study Phase I: *2021 Middle Tennessee State University research study identified environmental benefits from the use of Somero laser screed equipment over traditional manual methods.*

Environmental Study Phase II: *Colorado State University study to be completed in 2023 will quantify the impacts identified in the phase I study.*



Investments and actions to reduce waste, energy and water consumption:

- Cardboard recycling baler
- LED lighting retrofit
- Water usage monitoring

HISTORICAL RESULTS



	YEARS ENDED DECEMBER 31,													
<i>US\$ Millions (except per share data)</i>	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Revenue	24.2	21.0	21.9	32.2	45.1	59.3	70.2	79.4	85.6	94.0	89.3	88.6	133.3	133.6
Revenue growth	-53%	-13%	4%	47%	40%	32%	18%	13%	8%	10%	-5%	-1%	51%	23bps
Cost of sales	12.5	11.2	11.7	16.5	21.6	27.3	31.0	34.3	36.9	40.4	38.6	39.8	56.5	57.4
Gross Profit	11.7	9.8	10.2	15.7	23.5	32.0	39.2	45.1	48.8	53.6	50.7	48.8	76.8	76.2
Gross profit %	48%	47%	47%	49%	52%	54%	56%	57%	57%	57%	57%	55%	58%	57%
SG&A	27.4	11.5	12.0	14.3	17.1	19.4	21.6	23.9	23.3	24.5	24.1	24.9	31.7	33.1
Operating income/(loss)	(15.7)	(1.7)	(1.8)	1.4	6.4	12.6	17.6	21.2	25.4	29.2	26.6	23.9	45.1	43.1
Interest expense	(1.0)	(0.5)	(0.4)	(0.3)	(0.2)	(0.1)	(0.2)	(0.1)	(0.1)	(0.1)	-	-	-	-
Other income	0.1	(0.2)	(0.1)	0.1	0.3	(0.1)	-	0.2	0.4	-	0.4	0.7	(0.5)	(2.3)
Income before tax	(16.6)	(2.4)	(2.3)	1.2	6.5	12.4	17.4	21.3	25.7	29.1	27.0	24.6	44.6	40.8
Tax	(1.2)	(0.2)	-	0.2	1.1	(2.1)	5.8	7.0	7.3	7.5	5.9	5.8	9.8	9.7
Net income	(15.4)	(2.2)	(2.3)	1.0	5.4	14.5	11.6	14.3	18.4	21.5	21.1	18.8	34.8	31.1
Other data:														
Adjusted EBITDA⁽¹⁾	0.8	1.0	0.9	4.2	9.0	15.0	20.0	24.6	28.0	30.8	28.7	26.1	47.8	46.0
Adjusted EBITDA margin	3%	5%	4%	13%	20%	25%	29%	31%	33%	33%	32%	29%	36%	34%
Depreciation & amortization	2.7	2.6	2.6	2.6	2.4	2.0	2.3	2.7	2.1	1.2	1.1	1.1	1.3	1.4
Capital expenditures	-	-	0.1	0.6	0.8	1.2	4.2	4.4	2.2	0.8	3.0	3.7	6.2	5.2

THANK YOU