11 March 2025

This announcement contains inside information for the purposes of Article 7 of the Market Abuse Regulation (EU) 596/2014 as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018 ("MAR"), and is disclosed in accordance with the company's obligations under Article 17 of MAR.

Somero Enterprises, Inc.
("Somero" or "the Company")

Final Results

Solid trading in H2 driven by revenue from new products and improved weather conditions

Somero Enterprises, Inc. reports its annual results for the twelve months ended 31 December 2024.

	FY24 (US$)	FY23 (US$)	**% Change**
Revenue	109.2m	120.7m	-9.5%
Adjusted EBITDA[1,2]	27.7m	36.5m	-24.1%
Adjusted EBITDA margin[1,2]	25%	30%	-500 bps
Profit before tax	23.8m	33.2m	-28.3%
Adjusted net income[1,3]	18.6m	25.7m	-27.8 %
Diluted adjusted net income per share[1,3]	0.33	0.47	-28.3%
Cash flow from operations	17.6m	24.4m	-27.9%
Net cash[4]	29.5m	33.3m	-11.4%
Ordinary dividend per share	16.9c	23.19c	-27.1%
Supplemental dividend per share	4.1c	7.4c	-44.6%

Financial Highlights

- Strong end to 2024 as anticipated with trading performance for 2024 as a whole in line with revised market expectations
    - North America H2 revenue up on H1 as anticipated, driven by improved weather and uptake of new products
    - Trading in Europe was comparable to prior year, Australia reported a revenue decline of 33% and ROW declined to US$ 5.8m (2023: US$ 7.3m)
    - New products launched in 2024 contributed approximately US$ 7.6m revenue
- Profitability impacted by lower revenues, but operational efficiencies enabled EBITDA margins, excluding non-recurring separation related expenses of 27% (2023: 30%)
- Change in cash flow consistent with change in profitability, partly offset by improved working capital
- Strong return to shareholders
    - Paid US$ 15.8m in dividends (2023: US$ 19.8m)
    - US$ 2.6m share buy-back (2023: US$ 1.4m)

Operational Highlights

- Launched three new products including Somero's first electric-powered laser screed
- Established new service, repair, and training center in Belgium to serve customers in the European Union more efficiently
- Initiated CEO succession process and engaged an executive search firm to identify candidates

Post-Period Highlights

- Non-residential construction remains healthy with customers reporting improving activity levels and project backlogs
- Strong product and innovation pipeline with additional launches planned for 2025 including the Company's first electric Boomed screed, a new Ride-on screed, and a next generation Boomed screed
- Launched a virtual reality simulation training program for the S-22EZ Boomed screed and a mobile phone app in January 2025
- Declared an 8.9 US cents per share final 2024 ordinary dividend and a 4.1 US cents per share supplemental dividend, which combined with the interim 2024 ordinary dividend, totals US$ 11.4m
- Authorized a new share buyback program of an aggregate value of up to US$ 2m to offset dilution from on-going equity award programs, with completion of the share buyback program expected by the end of 2025

Notes:

1. The Company uses non-US GAAP financial measures to provide supplemental information regarding the Company's operating performance. See further information regarding non-GAAP measures below.

2. Adjusted EBITDA as used herein is a calculation of the Company's net income plus tax provision, interest expense, interest income, foreign exchange gain (loss), other income (expense), depreciation, amortization, stock-based compensation and non-cash lease expense.

3. Adjusted net income as used herein 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.

Jack Cooney, CEO of Somero, said:

"Finishing the year strongly despite ongoing macroeconomic headwinds is a significant achievement and testament to the hard work and dedication of our team members.

As an important part of our growth strategy, the launch of three well-received new products in the year was particularly gratifying. These machines have not only expanded our product offering but have also improved quality and productivity for our customers, reinforcing our position as industry leaders. Our pipeline of products and innovations remains robust, standing us in good stead for the future.

At the same time, we have continued to strengthen our global infrastructure to facilitate sustainable long-term growth. The new Belgium service center is a key milestone, enhancing our European presence, improving customer service and expanding our reach in the region. Early feedback has been excellent and we are already seeing increased engagement and new business opportunities as a result.

Looking ahead to 2025, we expect challenging market conditions to continue to some extent, but our track record of resilience and continued progress through cycles positions us well. We remain confident in the Company's long-term growth potential."

Final Results Investor Presentation

As part of its engagement with investors, management will host a live virtual presentation and Q&A on 19 March 2025 at 17:00 GMT.

To register to attend, please use the following link: www.investormeetcompany.com/somero-enterprise-inc/register-investor

Questions can be submitted pre-event via the Investor Meet Company platform up until 9am the day before the meeting or at any time during the live presentation. A recording will be made available following the conclusion of the presentation.

For further information, please contact:

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Notes to Editors

Somero Enterprises provides industry-leading concrete-levelling equipment, training, education and support to customers in over 90 countries. The Company's cutting-edge technology allows its customers to install high-quality horizontal concrete floors faster, flatter and with fewer people. Somero® equipment that incorporates laser-technology and wide-placement methods is used to place and screed the concrete slab in all building types and has been specified for use in a wide range of commercial construction projects for numerous global blue-chip companies.

Somero pioneered the Laser Screed® market in 1986 and has maintained its market-leading position by continuing to focus on bringing new products to market and developing patent-protected proprietary designs. In addition to its products, Somero offers customers unparalleled global service, technical support, training and education, reflecting the Company's emphasis on helping its customers achieve their business and profitability goals, a key differentiator to its peers.

For more information, visit www.somero.com

Chairman's and Chief Executive Officer's Statement

Overview

The Board is pleased with a strong finish to the year, as anticipated after a challenging H1. The uptake of new products that were launched in 2024 collectively contributed approximately US$ 7.6m in revenue which, alongside the moderation of the inclement weather in North America, meant that group revenues totaled US$ 109.2m (2023: US$120.7m). The 9.5% decline was driven mostly by trading decline in North America and Australia in H1, with an improvement seen in H2. Notwithstanding this improvement, persistent factors outside of Somero's control continue to impact the pace of trading in North America.

Leveraging the Company's flexible cost structure, which enabled it to quickly adjust headcount and expenditures to the changing circumstances to sustain profitability, 2024 gross margin was 53.9% (2023: 55.8%) and adjusted EBITDA margin was 25.3% (2023: 30.2%). Net income of US$ 18.6m (2023: US$ 27.9m) converted to operating cash flow of US$ 17.6m in 2024 (2023: US$ 24.4m), reflecting healthy profitability and improved working capital management over 2023. The 2024 operating cash flow funded US$ 15.8m in dividend payments and US$ 2.6m in share buyback. December 31, 2024 net cash totaled US$ 29.5m (2023: US$ 33.3m). Excluding separation-related expenses, the Company's final 2024 results were broadly in line with market expectations.

Region and Product Reviews

North America

2024 North American sales declined 7.0% from 2023 to US$ 82.2m mostly driven by lower sales of Boomed screeds. While the underlying non-residential construction market remains well supported by onshoring of manufacturing, electric vehicle and battery plants, and chip manufacturing, which provide long-term demand for our products, customers are not operating at full capacity due to project start delays and pauses caused by elevated interest rates, labor shortages and concrete rationing, as reported in the 30 July 2024 Trading Update. The long-standing shortage of skilled labor necessitates automation, and work productivity continues to drive demand for our products in the territory. Our US customers report good activity levels and healthy project backlogs, and there was an improvement in trading conditions over H1.

Europe

Europe, one of our target international markets where we see opportunity for future growth, reported relatively comparable year-on-year sales of US$ 14.6m in 2024 (2023: US$ 15.1m). In a market where demand for environmentally friendly products is strong, the introduction of Somero's first electric screed, the S-940e, has been particularly well received.

Australia

Australia reported a revenue decline of 33.6% to US$ 6.6m against a record high in 2023 (2023: US$ 9.9m). The transition from a dealer model to direct sales alongside the addition of key sales and support personnel facilitated the rapid expansion of our in-country product range from 2020 onwards. There was a strong initial uptake, contributing to the exceptional growth seen in recent years. While we anticipate the long-term growth rate in Australia to normalize to more sustainable levels, with the non-residential construction market remaining healthy, there remains opportunity to further deepen market penetration in the region.

Rest of World

Our Rest of World region, which includes Latin America, India, the Middle East, Southeast Asia, Korea and China, reported a revenue decline of 21% to US$ 5.8m (2023: US$ 7.3m). The main contributors to 2024 revenues were Latin America and India, which reported respective sales of US$ 2.5m (2023: US$ 2.7m) and US$ 2.0m (2023: US$ 2.0m). The decline in revenue in the Rest of World region was primarily because of volume reduction relating to the divestment of direct operations in China and a lower contribution from the Middle East. Given the relatively small base of business in each region, trading will fluctuate from period to period.

End markets and competitive position

Over the course of 30+ years, the Company has sold its products into over 90 countries. The Group's key end markets from largest to smallest are North America, Europe, Australia and Rest of World (ROW), which is comprised of Latin America, India, Southeast Asia, Middle East and Korea. Data regarding market sizes is not available.

Historically, the global competitive landscape has not changed materially year-over-year. With the growth of economies and non-residential construction, along with the maturation of the laser screeding industry, market participants have also evolved. Competitors have been in the market since the beginning of Somero's journey, particularly in Europe. The Company is aware of one domestic competitor active in the US and a handful in Europe. Based on limited information from field activity and customer input, we believe that the competitors' laser screeding businesses are relatively small compared to Somero. Therefore, the Board anecdotally estimates that Somero has over 80% market share.

In 2024, there was an uptick in competitive activity in the European market, which represents 13% of Somero's total revenue, including increased presence from a Chinese manufacturer. As of late, the topic of tariffs has become more acute and could have an impact on imports from China. It is uncertain whether the overall heightened competitive activity is attributable to the natural cycle of market participants or something more secular. The Company remains steadfast in expanding and strengthening its market presence through efforts to spread awareness of quality, performance, and productivity, which are underscored by the Company's value proposition.

We focus on fortifying our value proposition predicated on in-house expertise, commitment to innovation, and customer support capabilities, which have and will continue to enable the Company to stay ahead of the market. Having been founded by a concrete contractor and inventing the laser screed in 1986, Somero is an organization committed to its customers' success and constant innovation. This mission has resulted in unparallel customer support and industry expertise, which is critical in a high-risk industry. With a customer base comprised of numerous small concrete contractors, the result of a poor-quality floor could be catastrophic for their businesses. Therefore, the backing of the industry leader resonates deeply with customers. From its infancy, the Company has upheld a leadership role in advancing the laser screeding industry and continues to actively participate prominently in concrete construction associations such as the America Society of Concrete Contractors (ASCC) and the American Concrete institute (ACI), as well as a number of associations in Europe. Furthermore, since the original laser screed, the Company's product portfolio has grown to 20+ new products and product innovations and over 120 patents and patent applications. As such, we believe that Somero is well positioned to maintain its dominant market position.

Products

Demand for our product categories is influenced by the type and size of projects and applications, which are ultimately driven by the end-user's requirements. For example, large Boomed screeds are ideal for expansive, large footprint projects like warehouses, medical facilities and manufacturing facilities, while Ride-on screeds are better suited to smaller footprint projects. Different applications also drive demand for other equipment such as exterior applications driving demand for the 3D Profiler Systems and the Somero Broom+CureTM. As these variables shift, our product mix fluctuates accordingly.

2024 Boomed screed sales decreased to US$ 43.1m from the US$ 53.9m reported in 2023, attributed to the external factors in the US noted above. Nonetheless, there continues to be healthy demand for large Boomed screeds driven by onshoring efforts, electric vehicle battery plants and US legislation including the CHIPS Act, a statute providing roughly US$ 280 billion in new funding to boost domestic research and manufacturing of semiconductors in the United States. 2024 sales of ride-on screeds were consistent with the prior year totaling US$ 20.3m (2023: US$ 20.4m), while sales of 3D Profiler Systems and remanufactured machines increased 4% and 12%, respectively, compared to 2023.

Within the other revenue category, revenue from parts and service declined to US$ 19.1m from US$ 20.5m reported in 2023, with most of the decline in North America, Australia, and China, commensurate with the overall volume declines in those regions. Parts and services revenue in Europe remained comparable to prior year supported by the addition of the Belgium service center, which became fully operational at the end of H1 2024. The center enhances the Company's ability to serve customers in the region and meet the demand for local machine repair and servicing, strengthening customer satisfaction and positioning us to capture more business in the region. Customer feedback on the Belgium service center has been overwhelmingly positive.

With the introduction of new and innovative products, a key component of the Group's growth strategy, the Board is pleased with the meaningful collective revenue contribution from new products introduced in 2024 including the S-940e, an electric version of the Company's popular S-940 ride-on machine, the SRS-6s, a new product filling a product-line market application gap, and the STS-11HC high capacity spreader, which launched at the end of 2024.

The Company continues to advance a pipeline of ideas for new products and innovations that address customer pain points, including the journey toward electrification and exploring and implementing new technological advancements that will enhance our current and future offerings.

Sales of the SkyScreed® 36 were US$ 0.7m in 2024 compared to none in 2023. The SkyScreed® 36 is supported by a strong value proposition that delivers meaningful value to customers, addressing an entirely new market segment and customer base. As with any new invention, the SkyScreed® 36 is a highly disruptive solution that significantly changes long-established jobsite work practices and workflows. We remain confident that the long-term opportunity in the high-rise structural market far exceeds reported 2024 revenue for the Company, but understand as with all disruptive technology, gaining broad market acceptance will be a gradual process and trading will be volatile.

We remain committed to investing significant time and resources into direct customer engagement to cultivate a pipeline of solutions that address pain points. These initiatives will drive the launch of new products and next generation machines in 2025.

The first of these, the SRS-4e, an electric version of the Company's popular SRS-4 Boomed screed, launched in January 2025, continues the long journey toward electrification. The second product, expected to launch in H1 2025, further demonstrates Somero's commitment to expanding its addressable market offering a value proposition targeted at a new and broad customer segment. The Company also intends to launch a next generation version of one of its legacy Boomed screeds in H2 2025.

Research and development is not only focused on advancing our current and future product offerings through new technologies but also on enhancing the overall customer experience. In January 2025, the Company launched a virtual reality simulation training program for the S-22EZ complete with mobile phone app. This will enable customers to engage in active training remotely, saving time and expense.

Cashflow and Balance Sheet

Somero reported operating cash flow in 2024 of US$ 17.6m, a strong result nonetheless driven by healthy profit margins and improved working capital investment, albeit down from US$ 24.4m reported in 2023 primarily due to lower profitability. We made significant progress in reducing excess safety stock, initially built up to mitigate supply chain shortages, though this was partly offset by inventory related to new products. We will continue to drive to work down excess safety stock in 2025.

The Company spent US$ 2.4m in 2024 on capital expenditures (2023: US$ 1.7m), relating to office renovations at the Michigan, USA facility, on-going product software programs, and other activities in the ordinary course of business. With the goal of continuously enhancing productivity and customer engagement, the Company intends to continue to make investments in technological solutions in 2025 within operations, customer training, and marketing, including the aforementioned virtual reality simulation training program and mobile phone app launched in January 2025. The Company also paid dividends in 2024 totaling US$ 15.8m (2023: US$ 19.8m), reflecting the Company's ongoing commitment to disciplined return of cash to shareholders, and repurchased US$ 2.6m in common stock under the Company's share buyback program (2023: US$ 1.4m).

The Company ended 2024 with US$ 29.5m in net cash, slightly down from the US$ 33.3m reported in 2023 reflecting lower net income, offset by lower working capital investment and lower dividend payments, but still providing a secure financial position with a December 31, 2024 net cash balance that comfortably exceeds the Board approved minimum year-end cash reserve of US$ 25.0m.

Dividend and share buyback program

Based on the results of 2024, our secure financial position, and outlook for 2025, we are pleased to report that the Board has declared a final 2024 ordinary dividend of US$ 0.0890 per share, calculated based on the Board approved payout ratio of 50% of adjusted net income, and after reviewing anticipated future cash requirements for the business, the Board has also declared a supplemental dividend of US$ 0.0409 per share, calculated as a 50% distribution of December 31, 2024 cash that exceeds the Board approved year-end US$ 25.0m minimum net cash reserve. The final 2024 ordinary dividend when combined with the US$ 0.08 per share interim dividend paid in October 2024, results in a total 2024 ordinary dividend of US$ 0.1690, a 27.1% decrease from the US$ 0.2319 per share 2023 ordinary dividend. Both the final 2024 ordinary dividend and the 2024 supplemental dividend will be payable on May 9, 2025, to shareholders on the register at April 11, 2025. The common stock ex-dividend date is April 10, 2025.

In 2024, the Company repurchased a total of 608,918 shares of common stock under the Company's share buyback program put in place to offset dilution from on-going equity award programs (2023: 373,635). Under the buyback program, the maximum price paid per common share is to be no more than the higher of 105% of the average middle market closing price of common share for the five business days preceding the date of any share buyback, the price of the last independent trade and the highest current independent purchase bid. It is intended that any shares repurchased will be immediately cancelled and the Company will make further announcements to the market as and when share purchases are made.

The Board has approved a 2025 share buyback program, pursuant to which, the Board intends to carry out a buyback US$ 2.0m of common shares in order to mitigate future dilution resulting from share issuances under the Company's equity award programs. The Company expects to complete the program by the end of 2025.

Our People

We thank our global team for their hard work in 2024. Their ability to adapt to changing conditions while maintaining high standards for our customers is a key strength. The Board and management remain committed to providing a workplace where employees feel valued and have opportunities to grow.

Environmental, Social and Governance

The Board actively monitors environmental, social, and governance (ESG) factors. These issues are carefully considered to ensure that Somero effectively balances shareholder expectations with the broader concerns of key stakeholders, supporting the company's long-term sustainability. A primary material topic is the environmental impact of our business, including the use of our equipment in the construction process. The collective results of two environmental studies conducted by Colorado State

University and Middle Tennessee State University concluded that the use of our laser screed machines in non-residential construction provides a number of environmental benefits, including a reduction in required concrete used in slab-on-grade projects that in turn reduces carbon emissions during construction that would otherwise occur from the use of alternative manual methods, which quantified in the phase two study to be approximately 3%.

As noted above, the Company has now introduced two electric machines, marking steps toward electrification. The Board remains committed to advancing this transition in line with customer demand.

We remain dedicated to strengthening both customer and employee training, ensuring that our teams and clients have the knowledge and skills to maximize efficiency and performance. Beyond our own organization, we actively support industry-wide development by engaging with key trade groups, sponsoring initiatives, and contributing to discussions on critical areas such as safety, education, and best practices. Finally, the Board remains committed to maintaining a diverse and independent composition, bringing together a wide range of expertise, perspectives, and backgrounds to support effective governance and decision-making.

Conclusion and Outlook

Despite a challenging environment, our employees' skill, commitment, and resilience meant we made a great deal of progress in 2024, with an increase in momentum in H2. The Company reported trading and profitability, excluding separation-related expenses, in line with revised market expectations, improved working capital investment, paid US$15.8m in dividends to shareholders, launched three new products that contributed meaningfully to revenue, fortified customer support in Europe with the addition of the Belgium service center, and completed product development activities to set forth additional new product launches in 2025.

Looking forward, the Board expects US non-residential construction to remain healthy in general, supported by customers reporting strong bidding levels and backlogs, continued contribution from Europe and Australia, and multiple new product launches. Conversely, recent developments in international trade and geopolitical relations, immigration policy, coupled with an on-going restrictive monetary environment, pose uncertainties in the marketplace.

With the Board's vision of long-term growth from new products and deeper international penetration, it has committed to continue making targeted investments to add resources to drive long-term growth. With the planned addition of customer-facing strategic resources in 2025, we expect a modest increase in operating costs that is within our traditionally targeted US$ 2.0m incremental investment.

The Board anticipates the delivery of solid revenues, profits and cash flows to shareholders in 2025, underpinned by a strong balance sheet with no outstanding debt and full availability of its US$ 25.0m credit facility. The strength of the non-residential construction markets in the US, Europe and Australia, while being cognizant of macro considerations form the foundation of the Company's 2025 expectations. Taking all factors into account, revenues and EBITDA are expected to show moderate growth on 2024, with corresponding improvements in profitability and cash generation.

Larry Horsch	**Jack Cooney**
Non-Executive Chairman	President & Chief Executive Officer

11 March 2025

Notes:

(1) Net Cash is defined as total cash and cash equivalents less borrowings under bank obligations exclusive of deferred financing costs.

FINANCIAL REVIEW

Summary of financial results

	Year ended December 31, 2024 US$ 000 *Except per share data*	2023 US$ 000 *Except per share data*
Revenue	109,154	120,699
Cost of sales	50,350	53,343
Gross profit	58,804	67,356
Operating expenses		
Selling, marketing and customer support	14,723	14,742
Engineering and product development	2,691	2,679
General and administrative	17,113	16,340
Total operating expenses	34,527	33,761
Operating income	24,277	33,595
Other income (expense)		
Interest expense	(53)	(19)
Interest income	354	196
Foreign exchange impact	(918)	(731)
Other	139	196
Income before income taxes	23,799	33,237
Provision for income taxes	5,195	5,259
Net income	18,604	27,978

	Per Share US$	**Per Share** US$
Basic earnings per share	0.34	0.50
Diluted earnings per share	0.33	0.50
Basic adjusted net income per share(1), (3), (4)	0.34	0.46
Diluted adjusted net income per share(1), (3), (4)	0.33	0.46

Other data		
Adjusted EBITDA (1), (2), (4)	27,667	36,459
Adjusted net income (1), (3), (4)	18,590	25,737
Depreciation expense	1,688	1,425
Amortization of intangibles	142	135
Capital expenditures	2,449	1,740

Notes:

1. Adjusted EBITDA and Adjusted net income are not measurements of the Company's financial performance under US GAAP and should not be considered as an alternative to net income, operating income or any other performance measures derived in accordance with US GAAP or as an alternative to US GAAP cash flow from operating activities as a measure of profitability or liquidity. Adjusted EBITDA and Adjusted net income are presented herein because management believes they are useful analytical tools for measuring the profitability and cash generation of the business. Adjusted EBITDA is also used to determine pricing and covenant compliance under the Company's credit facility and as a measurement for calculation of management incentive compensation. The Company understands that although Adjusted EBITDA is frequently used by securities

analysts, lenders, and others in their evaluation of companies, its calculation of Adjusted EBITDA may not be comparable to other similarly titled measures reported by other companies.
2. Adjusted EBITDA as used herein is a calculation of net income plus tax provision, interest expense, interest income, foreign exchange gain(loss), other income (expense), depreciation, amortization, stock-based compensation and non-cash lease expense.
3. Adjusted net income as used herein 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. The Company uses non-US GAAP financial measures to provide supplemental information regarding the Company's operating performance. The non-US GAAP financial measures presented herein should not be considered in isolation from, or as a substitute to, financial measures calculated in accordance with US GAAP. Investors are cautioned that there are inherent limitations associated with the use of each non-US GAAP financial measure. In particular, non-US GAAP financial measures are not based on a comprehensive set of accounting rules or principles, and many of the adjustments to the US GAAP financial measures reflect the exclusion of items that may have a material effect on the Company's financial results calculated in accordance with US GAAP.

Net income to adjusted EBITDA reconciliation and Adjusted net income reconciliation

	Year ended December 31,	
	2024	**2023**
	US$ 000	**US$ 000**
Adjusted EBITDA reconciliation		
Net income	18,604	27,978
Tax provision	5,195	5,259
Interest expense	53	19
Interest income	(354)	(196)
Foreign exchange impact	918	731
Other	(139)	(196)
Depreciation	1,688	1,425
Amortization	142	135
Stock-based compensation	1,226	985
Non-cash lease expense	334	319
Adjusted EBITDA	27,667	36,459
Adjusted net income		
Net income	18,604	27,978
Amortization	142	135
Tax impact of stock option & RSU settlements	(156)	(183)
Change in uncertain tax position reserve	-	(2,193)
Adjusted net income	18,590	25,737

Notes:
1. Adjusted EBITDA and Adjusted net income are not measurements of the Company's financial performance under US GAAP and should not be considered as an alternative to net income, operating income or any other performance measures derived in accordance with US GAAP or as an alternative to US GAAP cash flow from operating activities as a measure of profitability or liquidity. Adjusted EBITDA and Adjusted net income are presented herein because management believes they are useful analytical tools for measuring the profitability and cash generation of the business. Adjusted EBITDA is also used to determine pricing and covenant compliance under the Company's credit facility and as a measurement for calculation of management incentive compensation. The Company understands that although Adjusted EBITDA is frequently used by securities analysts, lenders, and others in their evaluation of companies, its calculation of Adjusted EBITDA may not be comparable to other similarly titled measures reported by other companies.
2. Adjusted EBITDA as used herein is a calculation of net income plus tax provision, interest expense, interest income, foreign exchange gain(loss), other income (expense), depreciation, amortization, stock-based compensation and non-cash lease expense.
3. Adjusted net income as used herein 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. The Company uses non-US GAAP financial measures in order to provide supplemental information regarding the Company's operating performance. The non-US GAAP financial measures presented herein should not be considered in isolation from, or as a substitute to, financial measures calculated in accordance with US GAAP. Investors are cautioned that there are inherent limitations associated with the use of each non-US GAAP financial measure. In particular, non-US GAAP financial measures are not based on a comprehensive set of accounting rules or principles, and many of the adjustments to the US GAAP financial measures reflect the exclusion of items that may have a material effect on the Company's financial results calculated in accordance with US GAAP.

Revenues

The Company's consolidated revenues decreased to US$ 109.2m (2023: US$120.7m). Company revenues consist primarily of sales from Boomed screed products, which include the S-28EZ, S-22EZ, S-15R, S-10A, SRS-6, SRS-4e and SRS-4 Laser Screed® machines, sales from Ride-on screed products, which are drive through the concrete machines that include the S-485, S-940, S-940e and S-158C Laser Screed® machines, Remanufactured machine sales, 3-D Profiler System®, SkyScreed® and Other revenues which consist primarily of revenue from sales of parts and accessories, sales of other equipment, including the Broom + Cure™, SkyStrip™, S-PS50, STS-11HC and service, training and shipping charges.

Boomed screed sales decreased to US$ 43.1m (2023: US$ 53.9m) primarily due to reduced volume year over year. Ride-on screed sales remained consistent at US$ 20.3m (2023: US$ 20.4m), while the 3-D Profiler Systems and Remanufactured machine sales increased slightly by 12% and 4%, respectively, due to higher volume in the case of 3-D Profiler Systems and higher prices in the case of Remanufactured machines. Two SkyScreeds were sold in 2024 compared to none in 2023. Other revenues decreased to US$ 28.4m (2023: US$ 31.1m) primarily attributable lower sales volume of Broom + Cure™ and lower parts sales and service mainly in the US, Australia and China.

Revenue breakdown by geography	**North America US$ in millions**		**EMEA(1) US$ in millions**		**ROW(2) US$ in millions**		**Total US$ in millions**			
							2024		**2023**	
	2024	**2023**	**2024**	**2023**	**2024**	**2023**	**Net sales**	**% of Net sales**	**Net sales**	**% of Net sales**
Boomed screeds (3)	31.4	38.1	7.3	9.0	4.4	6.8	43.1	39.5%	53.9	44.7%
Ride-on screeds (4)	13.9	14.8	3.3	2.5	3.1	3.0	20.3	18.6%	20.4	16.9%
Remanufactured machines	5.8	5.5	1.0	0.9	0.2	0.3	7.1	6.5%	6.8	5.6%
3-D Profiler System	8.6	6.5	0.2	0.4	0.8	1.7	9.6	8.8%	8.5	7.0%
SkyScreed	0.7	-	-	-	-	-	0.7	0.6%	-	0.0%
Other (5)	21.7	23.3	3.4	3.8	3.3	3.9	28.4	26.0%	31.1	25.8%
Total	82.2	88.4	15.2	16.6	11.8	15.7	109.2	100.0%	120.7	100.0%

Notes:
1. EMEA includes Europe, Middle East, and Scandinavia.
2. ROW includes Australia, Latin America, India, China, Korea, and Southeast Asia.
3. Boomed Screeds include the S-28EZ, S-22EZ, S-15R, S-10A, SRS-6, SRS-4and SRS-4e.
4. Ride-on Screeds include the S-940, S-940e, S-485, and S-158C.
5. Other includes parts, accessories, services and freight, as well as other equipment such as the SkyStrip™, Somero Broom + Cure™, STS-11M Topping Spreader, STS-11HC Topping Spreader, Copperhead, Somero Line Dragon®, Mini Screed C and S-PS50.

Units by product line	2024	2023
Boomed screeds	131	174
Ride-on screeds	160	168
Remanufactured machines	36	33
3D Profiler System	93	82
SkyScreed®	2	-
Other (1)	92	93
Total	514	550

Notes:
1. *Other includes equipment SkyStrip™, Somero Broom + Cure™, STS-11M Topping Spreader, STS-11HC Topping Spreader, Copperhead, Somero Line Dragon®, Mini Screed C and S-PS50.*

Sales to customers located in North America contributed 75% of total revenue (2023: 73%), sales to customers in EMEA (Europe, Middle East, and Scandinavia) contributed 14% (2023: 14%) and sales to customers in ROW (Australia, Latin America, India, China, Korea, and Southeast Asia) contributed 11% (2023: 13%).

Sales in North America were US$ 82.2m (2023: US$ 88.4m) down 7%, driven by lower sales volume of large-line Boomed Screeds. Sales in EMEA were US$ 15.2m (2023: US$ 16.6m), which is a decrease of 9% primarily due to lower sales volume of large-line Boomed Screeds. Sales in ROW were US$ 11.8m (2023: US$ 15.7), representing a 25% decrease driven primarily by lower sales volume of large Boomed Screeds.

	US$ in millions	
Regional sales	2024	2023
North America	82.2	88.4
Europe	14.6	15.1
Australia	6.6	9.9
Rest of World [1]	5.8	7.3
Total	109.2	120.7

Notes:
1. Includes Latin America, India, Southeast Asia, Middle East, and Korea.

Gross profit
Gross profit decreased to US$ 58.8 m (2023: US$ 67.4m), with gross margins decreasing slightly to 54% (2023: 56%) primarily due to higher input costs and lower Boomed screed volume, partly offset by price increases.

Operating expenses
Operating expenses for 2024 were approximately US$ 34.5m (2023: US$ 33.8), which is reflective of separation-related expenses and the increased staffing in connection with the establishment of Belgium service center in 2024, offset by lower incentive compensation and sales commissions.

Debt
As of December 31, 2024, the Company had no outstanding debt. In August 2022, the Company updated its credit facility to a US$ 25.0m secured revolving line of credit, with a maturity date of August 2027. The interest rate on the revolving credit line is based on the BSBY Index plus 1.25%. The Company's credit facility is secured by substantially all its business assets.

Other income (expense)
Other income (expense) was US$ (0.5)m of other expense in 2024, compared to US$ (0.2)m in 2023 primarily due to a higher foreign currency exchange loss.

Provision for income taxes
The provision for income taxes was US$ 5.2m in 2024 compared to US$ 5.3m in 2023. Overall, Somero's effective tax rate changed to 21.8% in 2024 from 15.8% in 2023, primarily due to the removal of an uncertain tax position in 2023, previously reflected as a liability, upon IRS acceptance.

Earnings per share

Basic earnings per share represents income available to common stockholders divided by the weighted average number of shares outstanding during the period. Diluted earnings per share reflect additional common shares that would have been outstanding if dilutive potential common shares had been issued, as well as any adjustments to income that would result from the assumed issuance. Potential common shares that may be issued by the Company relate to outstanding restricted stock units.

Earnings per common share has been computed based on the following:

	Year ended December 31, 2024 US$ 000	2023 US$ 000
Income available to stockholders	18,604	27,978
Basic weighted shares outstanding	55,126,730	55,735,120
Net dilutive effect of restricted stock units	632,703	617,553
Diluted weighted average shares outstanding	55,759,432	56,352,673

	Per Share US$	**Per Share** US$
Basic earnings per share	0.34	0.50
Diluted earnings per share	0.33	0.50
Basic adjusted net income per share	0.34	0.46
Diluted adjusted net income per share	0.33	0.46

Consolidated Balance Sheets

As of December 31, 2024 and 2023

	As of December 31, 2024 US$ 000	2023 US$ 000
Assets		
Current assets:		
Cash and cash equivalents	29,486	33,311
Accounts receivable - net	9,251	8,835
Inventories- net	18,816	19,375
Prepaid expenses and other assets	2,576	2,388
Income tax receivable	1,286	-
Total current assets	61,415	63,909
Accounts receivable, less allowance for credit losses of US$ 1,194 in 2024 and US$ 1,862 in 2023	567	431
Property, plant, and equipment - net	26,763	25,928
Financing lease right-of-use assets - net	546	346
Operating lease right-of-use assets - net	2,224	1,606
Intangible assets - net	978	1,120
Goodwill	3,294	3,294
Deferred tax asset	1,982	1,674
Other assets	347	242
Total assets	**98,116**	**98,550**
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	3,544	3,410
Accrued expenses	7,409	7,768
Financing lease liability - current	229	199
Operating lease liability - current	332	342
Income tax payable	-	2,099
Total current liabilities	11,514	13,818
Financing lease liability - long-term	247	110
Operating lease liability - long-term	1,967	1,305
Other liabilities	87	82
Total liabilities	**13,815**	**15,315**
Stockholders' equity		
Preferred stock, US$.001 par value, 50,000,000 shares authorized, no shares issued and outstanding	-	-
Common stock, US$.001 par value, 80,000,000 shares authorized, 54,908,160 and 55,550,697 shares issued and 54,908,160 and 55,499,368 shares outstanding at December 31, 2024 and 2023, respectively	26	26
Less: treasury stock, 0 shares as of December 31, 2024 and 51,329 shares as of December 31, 2023 at cost	-	(213)
Additional paid in capital	10,947	13,253
Retained earnings	75,334	72,498
Other comprehensive loss	(2,006)	(2,329)
Total stockholders' equity	**84,301**	**83,235**
Total liabilities and stockholders' equity	**98,116**	**98,550**

See Notes to consolidated financial statements.

Consolidated Statements of Comprehensive Income

For the years ended December 31, 2024 and 2023

	Year ended December 31, 2024 US$ 000 except share and per share data	2023 US$ 000 except share and per share data
Revenue	109,154	120,699
Cost of sales	50,350	53,343
Gross profit	58,804	67,356
Operating expenses		
Sales, marketing and customer support	14,723	14,742
Engineering and product development	2,691	2,679
General and administrative	17,113	16,340
Total operating expenses	34,527	33,761
Operating income	24,277	33,595
Other income (expense)		
Interest expense	(53)	(19)
Interest income	354	196
Foreign exchange impact	(918)	(731)
Other	139	196
Income before income taxes	23,799	33,237
Provision for income taxes	5,195	5,259
Net income	**18,604**	**27,978**
Other comprehensive income		
Cumulative translation adjustment	323	(518)
Comprehensive income	18,927	27,460
Earnings per common share		
Earnings per share - basic	0.34	0.50
Earnings per share - diluted	0.33	0.50
Weighted average number of common shares outstanding		
Basic	55,126,730	55,735,120
Diluted	55,759,432	56,352,673

See Notes to consolidated financial statements.

Consolidated Statements of Changes in Stockholders' Equity

For the years ended December 31, 2024 and 2023

	Common stock			Treasury stock				
	Shares	Amount US$ 000	Additional paid-in capital US$ 000	Shares	Amount US$ 000	Retained earnings US$ 000	Other Comprehensive income (loss) US$ 000	Total Stockholders' equity US$ 000
Balance - January 1, 2023	55,818,357	26	14,625	5,500	(39)	64,325	(1,811)	77,126
Cumulative translation adjustment	-	-	-	-	-	-	(518)	(518)
Net income	-	-	-	-	-	27,978	-	27,978
Stock-based compensation	-	-	985	-	-	-	-	985
Dividend	-	-	-	-	-	(19,805)	-	(19,805)
Treasury stock	(327,806)	-	(1,202)	(327,806)	1,202	-	-	-
RSUs settled for cash	-	-	(1,155)	-	-	-	-	(1,155)
Share buy-back	-	-	-	373,635	(1,376)	-	-	(1,376)
New Shares Issued	60,146	-	-	-	-	-	-	-
Balance - December 31, 2023	55,550,697	26	13,253	51,329	(213)	72,498	(2,329)	83,235
Cumulative translation adjustment	-	-	-	-	-	-	323	323
Net income	-	-	-	-	-	18,604	-	18,604
Stock-based compensation	-	-	1,225	-	-	-	-	1,225
Dividend	-	-	-	-	-	(15,768)	-	(15,768)
Treasury stock	(660,247)	-	(2,817)	(660,247)	2,817	-	-	-
RSUs settled for cash	-	-	(714)	-	-	-	-	(714)
Share buy-back	-	-	-	608,918	(2,604)	-	-	(2,604)
New shares issued	17,710	-	-	-	-	-	-	-
Balance - December 31, 2024	54,908,160	26	10,947	-	-	75,334	(2,006)	84,301

See Notes to consolidated financial statements.

Consolidated Statements of Cash Flows

For the years ended December 31, 2024 and 2023

	Year ended December 31,	
	2024	2023
	US$ 000	US$ 000
Cash flows from operating activities:		
Net income	18,604	27,978
Adjustments to reconcile net income to net cash provided by operating activities:		
Deferred taxes	(308)	(510)
Depreciation and amortization	1,830	1,560
Non-cash lease expense	334	319
Credit loss expense (recoveries)	(633)	(4)
Stock-based compensation	1,225	985
Gain/Loss on disposal of property and equipment	(74)	40
Working capital changes:		
Accounts receivable	81	1,468
Inventories	559	(526)
Prepaid expenses and other assets	(188)	(366)
Other assets	(106)	(7)
Accounts payable, accrued expenses and other liabilities	(312)	(9,292)
Income taxes receivable/ payable	(3,385)	2,801
Net cash provided by operating activities	17,627	24,446
Cash flows from investing activities:		
Property and equipment purchases	(2,449)	(1,740)
Net cash used in investing activities	(2,449)	(1,740)
Cash flows from financing activities:		
Payment of dividend	(15,768)	(19,805)
RSUs settled for cash	(714)	(1,155)
Stock buy-back	(2,604)	(1,376)
Payments under financing leases	(240)	(240)
Net cash used in financing activities	(19,326)	(22,576)
Effect of exchange rates on cash and cash equivalents	323	(518)
Net decrease in cash and cash equivalents	(3,825)	(388)
Cash and cash equivalents:		
Beginning of year	33,311	33,699
End of year	29,486	33,311

See Notes to consolidated financial statements.

Notes to the Consolidated Financial Statements
As of December 31, 2024 and 2023

1. Organization and description of business

Nature of business
Somero Enterprises, Inc. (the "Company" or "Somero") designs, assembles, remanufactures, sells and distributes concrete levelling, contouring and placing equipment, related parts and accessories, and training services worldwide. Somero's Operations and Support Offices are located in Michigan, USA with Global Headquarters and Training Facilities in Florida, USA. Sales and service offices are located in Chesterfield, England; Kampenhout, Belgium; New Delhi, India; and Melbourne, Australia.

2. Summary of significant accounting policies

Basis of presentation
The consolidated financial statements of the Company have been prepared in accordance with accounting principles generally accepted in the United States of America ("US GAAP") using the accrual basis of accounting.

Principles of consolidation
The consolidated financial statements include the accounts of Somero Enterprises, Inc. and its subsidiaries. All significant intercompany transactions and accounts have been eliminated in consolidation.

Use of estimates
The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Cash and cash equivalents
Cash includes cash on hand, cash in banks, and temporary investments with a maturity of three months or less when purchased. The Company maintains deposits in several financial institutions, which may at times exceed amounts covered by insurance provided by the U.S. Federal Deposit Insurance Corporation ("FDIC"). The Company has not experienced any losses related to amounts in excess of FDIC limits.

Restricted Cash
Restricted cash of approximately US$ 265,000 and US$ 251,000 is included in "Cash and cash equivalents" on the consolidated balance sheets as of December 31, 2024, and 2023, respectively. This represents cash deposited by the Company into a guaranteed deposit account and designated as collateral for the building lease in Australia in accordance with the lease agreement.

Accounts receivable and allowances for credit losses
Financial instruments which potentially subject the Company to concentrations of credit risk consist primarily of accounts receivable. Accounts receivable are recorded at the invoiced amount and do not typically bear interest. The Company regularly monitors and assesses its risk of not collecting amounts owed by customers. The Company operates in the concrete leveling industry and its accounts receivables are primarily derived from customers servicing that industry. At each balance sheet date, the Company recognizes an expected allowance for credit losses. In addition, at each reporting date, this estimate is updated to reflect any changes in credit risk since the receivable was initially recorded. This estimate is calculated on a pooled basis where similar risk characteristics exist. If applicable, accounts receivable are evaluated individually when they do not share similar risk characteristics which could exist in circumstances where amounts are considered at risk or uncollectible.

The Company's accounts receivable are derived from revenue earned from a diverse group of customers. The Company performs credit evaluations of its commercial customers and maintains an allowance for credit losses based upon the expected ability to collect accounts receivable. Allowances, if necessary, are established for amounts determined to be uncollectible based on estimate of future losses.

The allowance estimate is derived from a review of the Company's historical losses based on the aging of receivables. This estimate is adjusted for management's assessment of current conditions, reasonable and supportable forecasts regarding future events, and any other factors deemed relevant by the Company. The Company believes historical loss information is a reasonable starting point in which to calculate the expected allowance for credit losses as the Company's portfolio segment has remained constant since the Company's inception.

The Company writes off receivables when there is information that indicates the debtor is facing significant financial difficulty and there is no possibility of recovery. If any recoveries are made from any accounts previously written off, they will be recognized as an offset to credit loss expense in the year of recovery, in accordance with the Company's accounting policy election.

As of December 31, 2024 and 2023, the allowance for credit losses was approximately US$ 1,194,000 and US$ 1,862,000, respectively. Credit loss expense (recovery) was US$ (633,000) and US$ (4,000) in 2024 and 2023, respectively. The opening balance of accounts receivable at January 1, 2023 was US$ 10,729,000, which includes US$ 414,000 of non-current accounts receivable.

Inventories

Inventories are stated using the first in, first out ("FIFO") method at the lower of cost or net realizable value ("NRV"). Provision for potentially obsolete or slow-moving inventory is made based on management's analysis of inventory levels and future sales forecasts. As of December 31, 2024 and 2023, the provision for obsolete and slow-moving inventory was US$ 1,163,000 and US$ 707,000, respectively.

Intangible assets and goodwill

Intangible assets consist primarily of customer relationships, trademarks and patents, and are carried at their fair value when acquired, less accumulated amortization. Intangible assets are amortized using the straight-line method over a period of three to seventeen years, which is their estimated period of economic benefit.

Goodwill is not amortized but is subject to impairment tests on an annual basis, and the Company has chosen December 31 as its periodic assessment date. Goodwill represents the excess cost of the business combination over the Company's interest in the fair value of the identifiable assets and liabilities. Goodwill arose from the Company's prior sale from Dover Corporation to The Gores Group in 2005 and the purchase of the Line Dragon, LLC business assets in January 2019.

Revenue recognition

The Company generates revenue by selling equipment, parts, accessories, service agreements and training. The Company recognizes revenue for equipment, parts and accessories when it satisfies the performance obligation of transferring the control to the customer. For product sales where shipping terms are FOB shipping point, revenue is recognized at a point in time upon shipment. For arrangements which include FOB destination shipping terms, revenue is recognized at a point in time upon delivery to the customer. The Company recognizes the revenue for service agreements and training at a point in time once the service or training has occurred.

As of December 31, 2024 and 2023 there are US$ 520,000 and US$ 600,000, respectively, of extended service agreement liabilities which are included in accrued expenses in the accompanying consolidated balance sheets. The opening balance of extended service agreement liabilities at January 1, 2023 was US$

582,000. During the years ended December 31, 2024 and 2023, US$ 489,000 and US$ 451,000, respectively, of revenue was recognized related to the amounts recorded as liabilities on the consolidated balance sheets in the prior year (deferred contract revenue).

As of December 31, 2024 and 2023, there are US$ 505,000 and US$ 1,635,000, respectively, in customer deposit liabilities for advance payments received during the period for contracts expected the following period. These liabilities are included in the accrued expenses in the accompanying consolidated balance sheets. The opening balance of customer deposit liabilities for advance payments received at January 1, 2023 was US$ 2,180,000. For the years ended December 31, 2024 and 2023, there are no significant contract costs such as sales commissions or costs deferred. Interest income on financing arrangements is recognized as interest accrues, using the effective interest method.

Warranty liability

The Company provides warranties on all equipment sales ranging from 60 days to three years, depending on the product. Warranty liabilities are estimated net of the warranty passed through to the Company from vendors, based on specific identification of issues and historical experience and is recorded in accrued expenses in the accompanying consolidated balance sheets.

	US$ 000
Balance, January 1, 2024	(1,290)
Warranty charges	497
Accruals	(394)
Balance, December 31, 2024	(1,187)

	US$ 000
Balance, January 1, 2023	(1,448)
Warranty charges	986
Accruals	(828)
Balance, December 31, 2023	(1,290)

Property, plant, and equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation and amortization. Land is not depreciated. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, which is 31.5 to 40 years for buildings (depending on the nature of the building), 15 years for improvements, and 3 to 10 years for machinery and equipment.

Income taxes

The Company determines income taxes using the asset and liability approach. Tax laws require items to be included in tax filings at different times than the items reflected in the consolidated financial statements. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to temporary differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis and operating loss and tax credit carry forwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. Deferred tax assets are reduced by a valuation allowance, if necessary, to the extent that it appears more likely than not that such assets will be unrecoverable. The Company evaluates tax positions that have been taken or are expected to be taken in its tax returns and records a liability for uncertain tax positions. This involves a two-step approach to recognizing and measuring uncertain tax positions. First, tax positions are recognized if the weight of available evidence indicates that it is more likely than not that the position will be sustained upon examination, including resolution of related appeals or litigation processes, if any. Second, the tax position is measured as the largest amount of tax benefit that has a greater than 50% likelihood of being realized upon settlement.

Stock-based compensation
The Company recognizes the cost of employee services received in exchange for an award of equity instruments in the consolidated financial statements over the period the employee is required to perform the services in exchange for the award (presumptively the vesting period). The Company measures the cost of employee services in exchange for an award based on the grant-date fair value of the award, which is the stock price on the grant date multiplied by the number of shares. Compensation expense related to stock-based payments was US$ 1,226,000 and US$ 985,000 for the years ended December 31, 2024 and 2023, respectively. In addition, the Company settled US$ 714,000 and US$ $ 1,155,000 in restricted stock units for cash during the years ended December 31, 2024 and 2023, respectively.

Transactions in and translation of foreign currency
The functional currency for the Company's subsidiaries outside the United States is the applicable local currency. The preparation of the consolidated financial statements requires the translation of these financial statements to USD. Balance sheet amounts are translated at period-end exchange rates and the statement of comprehensive income accounts are translated at average rates. The resulting gains or losses are charged directly to accumulated other comprehensive income. The Company is also exposed to market risks related to fluctuations in foreign exchange rates because some sales transactions, and some assets and liabilities of its foreign subsidiaries, are denominated in foreign currencies other than the designated functional currency. Gains and losses from transactions are included as foreign exchange impact in the accompanying consolidated statements of comprehensive income.

Comprehensive income
Comprehensive income is the combination of reported net income and other comprehensive income ("OCI"). OCI is changes in equity of a business enterprise during a period from transactions and other events and circumstances from non-owner sources not included in net income.

Earnings per share
Basic earnings per share represents income available to common stockholders divided by the weighted average number of common shares outstanding during the year. Diluted earnings per share reflect additional common shares that would have been outstanding if dilutive potential common shares had been issued using the treasury stock method. Potential common shares that may be issued by the Company relate to outstanding stock options and restricted stock units.

Earnings per common share have been computed based on the following:

	Year ended December 31,	
	2024	**2023**
	US$ 000	**US$ 000**
Income available to stockholders	18,604	27,978
Basic weighted shares outstanding	55,126,730	55,735,120
Net dilutive effect of stock options and restricted stock units	632,702	617,553
Diluted weighted average shares outstanding	55,759,432	56,352,673

Fair value
The carrying values of cash and cash equivalents, accounts receivable, accounts payable, and other current assets and liabilities approximate fair value because of the short-term nature of these instruments.

Recently Adopted Accounting Guidance

In November 2023, the FASB issued ASU 2023-07, “Improvements to Reportable Segment Disclosures (Topic 280)”. ASU 2023-07 modifies reportable segment disclosure requirements, primarily through enhanced disclosures about segment expenses categorized as a significant or regularly provided to the Chief Operating Decision Making (CODM). In addition, the amendments enhance interim disclosure requirements, clarify circumstances in which an entity can disclose multiple segment measures of profit or loss, and contain other disclosure requirements. The purpose of the amendments is to enable investors to better understand an entity’s overall performance and assess potential future cash flows. This ASU is effective for annual periods beginning after December 15, 2023, and interim periods within annual periods beginning after December 15, 2024, with early adoption permitted. The Company currently operates as one reportable segment and does not believe there will be a material impact on the related disclosures in the consolidated financial statements.

3. Inventories

Inventories consisted of the following:

	Year ended December 31, 2024 US $ 000	2023 US $ 000
Raw material	10,229	10,607
Finished goods and work in process	5,974	5,161
Remanufactured	2,613	3,607
Total	18,816	19,375

4. Goodwill and intangible assets

Goodwill represents the excess of the cost of a business combination over the fair value of the net assets acquired. The Company is required to test goodwill for impairment, at the reporting unit level, annually and when events or circumstances indicate the fair value of a unit may be below its carrying value. The results of the qualitative assessment indicated that goodwill was not impaired as of December 31, 2024 and 2023, and that the value of patents and other intangibles were not impaired as of December 31, 2024 and 2023. The following table reflects other intangible assets:

		Weighted average Amortization Period	Year ended December 31, 2024 US$ 000	2023 US$ 000
Capitalized cost	Patents	12 years	19,247	19,247
	Intangible Assets		7,434	7,434
			26,681	26,681
Accumulated amortization	Patents	12 years	18,819	18,770
	Intangible Assets		6,884	6,791
			25,703	25,559
Net carrying costs	Patents	12 years	428	477
	Intangible Assets		550	643
			978	1,120

Amortization expense associated with the intangible assets in each of the years ended December 31, 2024 and 2023 was approximately US$ 142,000 and US$ 135,000, respectively. The amortization expense for each of the next five years will be US$ 142,000 and the remaining amortization thereafter will be US$ 268,000.

5. Property, plant, and equipment

Property, plant, and equipment consist of the following:

	Year ended December 31, 2024 US$ 000	2023 US$ 000
Land	864	864
Building and improvements	26,291	25,465
Machinery and equipment	9,794	8,487
	36,949	34,816
Less: accumulated depreciation and amortization	(10,186)	(8,888)
	26,763	25,928

Depreciation expense for the years ended December 31, 2024 and 2023 was approximately US$ 1,688,000 and US$ 1,425,000, respectively.

6. Line of credit

In August 2022, the Company updated its credit facility to a US$ 25.0m secured revolving line of credit, with a maturity date of August 2027. The interest rate on the revolving credit line is based on the BSBY Index plus 1.25%. The Company's credit facility is secured by substantially all of its business assets. No amounts were drawn under the secured revolving line of credit in the years ended December 31, 2024 or 2023.

Interest expense for the years ended December 31, 2024 and 2023 was approximately US$ 53,000 and US$ 19,000, respectively, and relates primarily to interest costs on leased vehicles.

7. Retirement program

The Company has a savings and retirement plan for its employees, which is intended to qualify under Section 401(k) of the US Internal Revenue Code ("IRC"). This savings and retirement plan provides for voluntary contributions by participating employees, not to exceed maximum limits set forth by the IRC. The Company's matching contributions vest immediately. The Company contributed approximately US$ 1,022,000 to the savings and retirement plan during 2024 and contributed US$ 1,039,000 during 2023.

8. Leases

The Company leases property, vehicles, and equipment under leases accounted for as operating and finance leases. The leases have remaining lease terms of less than 1 year to 8 years, some of which include options for renewal. The exercise of these renewal options is at the sole discretion of the Company. The right-of-use assets and related liabilities presented on the consolidated balance sheet, reflect management's current expectations regarding the exercise of renewal options. Some of our building leases have additional fees related to maintenance costs, property taxes, etc. The Company has elected the practical expedient not to separate lease and non-lease components for all of our building leases. In addition, the company has elected the short-term lease practical expedient related to leases of various equipment which the lease term is less than 12 months. The components for lease expense were as follows as of December 31, 2024 & December 31, 2023, respectively:

	2024 US$ 000
Operating lease cost	688
Finance lease cost:	
Amortization of right-of-use assets	396
Interest on lease liabilities	42
Total finance lease cost	438

	2023 US$ 000
Operating lease cost	407
Finance lease cost:	
Amortization of right-of-use assets	319
Interest on lease liabilities	17
Total finance lease cost	336

As of December 31, 2024, the weighted average discount rate for finance and operating leases was 8.5% and 6.0%, respectively, and the weighted average remaining lease term for finance and operating leases was 2.4 years and 6.7 years, respectively.

Maturities of lease liabilities are as follows for the years ended:

	Operating Leases US$ 000	Finance Leases US$ 000
2025	469	265
2026	469	147
2027	469	91
2028	347	31
2029	259	-
Thereafter	781	-
Total	2,794	534
Less imputed interest	(495)	(58)
Total	2,299	476

9. Supplemental cash flow and non-cash financing disclosures

	Year ended December 31, 2024 US$ 000	2023 US$ 000
Cash paid for interest	69	19
Cash paid for taxes	8,158	4,858
Finance lease liabilities arising from obtaining right-of-use assets	168	35
Operating lease liabilities arising from obtaining right-of-use assets	652	544

10. Business and credit concentration

The Company's line of business could be significantly impacted by, among other things, the state of the general economy, the Company's ability to continue to protect its intellectual property rights, and the potential future growth of competitors. Any of the foregoing may significantly affect management's estimates and the Company's performance. At December 31, 2024 and 2023, the Company had three customers which represented 19% and three customers which represented 32% of total accounts receivable, respectively.

11. Allowance for Credit Losses

The allowance for credit losses for accounts receivable and the related activity as of December 31:

	2024 US$ 000	2023 US$ 000
Beginning balance	1,862	1,780
Provision for credit losses	-	9
Write-offs	(35)	(52)
Recoveries	(633)	125

Ending balance	1,194	1,862

12. Commitments and contingencies

The Company has entered into employment agreements with certain members of senior management. The terms of these are for renewable one-year periods and include non-compete and non-disclosure provisions as well as provide for defined severance payments in the event of termination or change in control.

The Company is also subject to various unresolved legal actions which arise in the normal course of its business. Although it is not possible to predict with certainty the outcome of these unresolved legal actions or the range of possible losses, the Company believes these unresolved legal actions will not have a material effect on its consolidated financial statements.

13. Income taxes

	Year ended December 31,	
	2024	**2023**
	US$ 000	**US$ 000**
Current Income Tax		
Federal	4,382	4,133
State	1,079	1,286
Foreign	42	349
Total current income tax expense	5,503	5,768
Deferred tax benefit		
Federal	427	(474)
State	(20)	(35)
Foreign	(715)	-
Total deferred tax benefit	(308)	(509)
Total tax provision	5,195	5,259

As of December 31, 2024 and 2023, the effects of temporary differences that give rise to the deferred tax assets are as follows:

	Year ended December 31,	
	2024	**2023**
	US$ 000	**US$ 000**
Deferred tax assets		
Allowance for credit provision	109	317
Inventory	287	283
Accrued expenses	287	405
UK intangibles	142	146
Stock compensation	451	377
Foreign NOL	1,352	454
Lease liability	21	26
Capital research expenditures	1,612	1,155
Other	530	521
Total deferred tax assets	4,791	3,684
Deferred tax liabilities		
Prepaid insurance	(186)	(158)
Fixed assets	(1,448)	(859)
Intangible assets	(526)	(502)
Right of use asset	(13)	(37)
Total deferred tax liabilities	(2,173)	(1,556)
Valuation allowance	(636)	(454)
Total net deferred tax asset	1,982	1,674

A reconciliation of the income tax provision with the amount of tax computed by applying the U.S. federal statutory rate to pretax income follows:

	Year ended December 31,	
	2024 US$ 000	2023 US$ 000
Consolidated income before tax	23,799	33,237
Statutory rate	21%	21%
Statutory tax expense	4,998	6,980
State taxes	813	909
Foreign taxes	(314)	245
Permanent differences due to stock options and RSUs	38	(33)
Permanent differences due to other items	9	152
Foreign derived intangible income	(464)	(624)
Change in valuation allowance	182	69
Change in reserve	-	(2,193)
Tax credits	(197)	(182)
Other	130	(64)
Tax expense	5,195	5,259

As of December 31, 2024, the Company has US$ 4.93m of foreign loss carryforwards with an indefinite carryforward life. Management assesses the recoverability of our deferred tax assets as of the end of each quarter, weighing all positive and negative evidence, and is required to establish and maintain a valuation allowance for these assets if we determine that it is more likely than not that some or all of the deferred tax assets will not be realized. The weight given to the evidence is commensurate with the extent to which the evidence can be objectively verified. If negative evidence exists, positive evidence is necessary to support the conclusion that a valuation allowance is not needed. As of December 31, 2024 management has determined that a valuation allowance is currently needed against a portion of the Company's net operating loss carryforward deferred tax assets.

The Company files income tax returns in the U.S. federal jurisdiction and various state jurisdictions. The Company has open years for the tax year 2021 and forward at the end of December 31, 2024. The Company has open years related to United Kingdom filings for the tax year 2020, and open years related to Italian filings for tax years 2019 forward.

The Company adopted the accounting standard for uncertain tax positions, ASC 740-10, in accordance with US GAAP, and as required by the standard, the Company recognizes the financial statement benefit of a tax position only after determining that the relevant tax authority would more likely than not sustain the position following an audit. For tax positions meeting the more likely than not threshold, the amount recognized in the financial statements is the largest benefit that has a greater than 50 percent likelihood of being realized upon ultimate settlement with the relevant tax authority.

Increases or decreases to the unrecognized tax benefits could result from management's belief that a position can or cannot be sustained upon examination based on subsequent information or potential lapse of the applicable statute of limitation for certain tax positions.

Unrecognized tax benefits – January 1, 2023	1,450
Increases from positions taken during prior periods	-
Increases from positions taken during current period	-
Settled positions	(1,450)
Lapse of statute of limitations	-
Unrecognized tax benefits – December 31, 2023	-

No unrecognized tax benefits for the year ended December 31, 2024.

During the tax year ended December 31, 2023, the Company settled all uncertain tax position that existed as of December 31, 2022 and, as a result, removed the unrecognized tax reserve classed as "Other Long-Term Liabilities" from the Company's Consolidated Balance Sheet. No further uncertain tax positions have been identified as of December 31, 2024.

14. Revenues by geographic region and segment reporting

The Company sells its products to customers throughout the world. The Company operates as a single reportable segment for financial reporting purposes. While revenue is disaggregated by geography, the business in managed and evaluated as a single operating segment by the Chief Operating Decision Maker ("CODM"). This is because all geographic regions provide the same types of products and services to a similar customer base, and the CODM assesses financial performance and allocates resources on a consolidated basis rather than by individual geography.

In making key decisions and allocating resources, the CODM primarily evaluates the Company's consolidated profitability, with a focus on EBITDA, as this metric provides a comprehensive view of operational performance. Revenue by geography is reviewed to identify trends, but profitability remains the primary measure of performance.

The accounting policies are the same in all geographies as described in the summary of significant accounting policies. The chief operating decision maker assesses performance and decides how to allocate resources based on profitability reported on the income statement.

The revenue breakdown by geography is as follows:

US$ 000	**North America**		**Europe**		**Australia**		**ROW[1]**		**Total**	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
Boomed screeds [2]	31,374	38,131	7,171	8,296	2,738	5,171	1,803	2,343	43,086	53,941
Ride-on screeds [3]	13,927	14,842	3,279	2,518	1,513	1,341	1,622	1,660	20,341	20,361
Remanufactured machines	5,829	5,494	1,034	626	-	63	189	571	7,052	6,754
3-D Profiler System	8,576	6,540	228	350	792	1,431	-	219	9,596	8,540
SkyScreed	730	-	-	-	-	-	-	-	730	-
Other [5]	21,788	23,367	2,893	3,340	1,509	1,859	2,159	2,537	28,349	31,103
Total	82,224	88,374	14,605	15,130	6,552	9,865	5,773	7,330	109,154	120,699

1. ROW includes Latin America, India, China, Middle East, Korea, and Southeast Asia.
2. Boomed Screeds include the S-28EZ, S-22EZ, S-15R, S-10A, SRS-6, SRS-4and SRS-4e.
3. Ride-on Screeds include the S-940, S-940e, S-485, and S-158C.
4. Other includes parts, accessories, services and freight, as well as other equipment such as the SkyStrip™, Somero Broom + Cure™, STS-11M Topping Spreader, STS-11HC Topping Spreader, Copperhead, Somero Line Dragon®, Mini Screed C and S-PS50.

15. Stock-based compensation

The Company has stock-based compensation plans which are described below. The compensation cost that has been charged against income for the plans was approximately US$ 1,225,000 and US$ 985,000 for the years ended December 31, 2024 and 2023, respectively. The income tax effect recognized for stock-based compensation was US$ 0.2m and US$ 0.2m, respectively, for the years ended December 31, 2024 and 2023.

Restricted stock units

The Company regularly issues restricted stock units to employees subject to Board approval. The Company establishes the fair market value of the restricted stock units at the grant date, based on the stock price and applicable exchange rate.

A summary of restricted stock unit activity in 2024 and 2023 is presented below:

	Shares	Grant date fair market value US$
Outstanding at January 1, 2023	667,990	2,935,144
Granted	284,437	1,217,027
Vested or settled for cash	(307,845)	(869,737)
Forfeited	(73,832)	(380,981)
Outstanding at December 31, 2023	570,750	2,901,453

	Shares	Grant date fair market value US$
Outstanding at January 1, 2024	570,750	2,901,453
Granted	265,063	1,043,174
Vested or settled for cash	(180,962)	(921,711)
Forfeited	(8,502)	(45,000)
Outstanding at December 31, 2024	646,349	2,977,916

RSUs settled for cash were US$ 714,000 in 2024 and US$ 1.2m in 2023.

As of December 31, 2024, there was US$ 952,000 total unrecognized compensation cost related to non-vested restricted stock units. Restricted stock unit expense is being recognized over the three-year vesting period. The weighted average remaining vesting period is 1.1 years.

16. Employee compensation

The Board approved management bonuses and profit-sharing payments totaling US$ 1.2m and US$ 1.2m partly paid in December 2024 and 2023, respectively. The remainder to be paid in early 2025, based upon the Company meeting certain financial targets. Amounts not paid during 2024 are included in accrued expenses in the accompanying consolidated balance sheets.

Equity bonus plan

The Company has an Equity Bonus Plan, under which eligible senior managers may choose to receive a percentage of their annual performance bonus in shares of common stock. In March 2024, the Company issued 5,310 shares of common stock, valued at US$ 21,000 at the time of grant. In March 2023, the Company issued 21,114 shares of common stock, valued at US$ 91,000 at the time of grant.

17. Share buyback

In February 2023 and 2024, the Board authorized on-market share buyback programs for such number of its listed shares of common stock as are equal to US$ 2,000,000 for each program. The maximum price paid per common share was no more than the higher of 105 percent of the average middle market closing price of common share for the five business days preceding the date of the share buyback, the price of the last independent trade and the highest current independent purchase bid. As of December 31, 2024, the Company purchased 608,918 shares of common stock for an aggregate value of US$ 2,604,000 pursuant to the share buyback program authorized in 2024, and 373,635 shares of common stock for an aggregate value of US$ 1,375,000 , which completed the share buyback program authorized in 2023. The Company estimates the share buyback program authorized in 2024 will be completed by the end of H1 2025. In connection with the Company's share buyback programs authorized in 2024 and 2023, 660,247 shares held in treasury were cancelled in 2024.

18. Subsequent events

In preparing the consolidated financial statements, the Company has evaluated all subsequent events and transactions for potential recognition or disclosure through March 11, 2025, the date the consolidated financial statements were available for issuance.

Dividend

In recognition of Somero's strong performance and the Board of Directors' confidence in the continued growth of the Company, the Board approved a dividend payout ratio of 50% of adjusted net income and is pleased to announce a final 2024 dividend of 8.89 US cents per share that will be payable on May 9, 2025 to shareholders on the register at April 11, 2025. Together with the interim dividend paid in October 2024 of 8.00 US cents per share, this represents a full year regular dividend to shareholders of 16.89 US cents per share. In addition, due to the strength of the Company's cash position at the end of 2024, and upon the review of anticipated future cash requirements for the business, the Board of Directors' has approved a supplemental dividend of 4.09 US cents per share that will be paid together with the final 2024 dividend on May 9, 2025 to shareholders on the register at April 11, 2025. The combined dividend payment will total 12.98 US cents per share, representing a total dividend payment of US$ 7.1m.

Distribution amount:	$0.1298 cents per share
Ex-dividend date:	10 April 2025
Dividend record date:	11 April 2025
Final day for currency election:	25 April 2025
Payment date:	9 May 2025

Further, any participant holding the security on behalf of beneficial owners resident in a treaty country with the United States of America can facilitate claims for tax relief at source for its underlying beneficial owners. In order to ensure that the appropriate rate of US Withholding Tax is applied correctly, completed documentation must be provided to the Depositary, Computershare Investor Services PLC.

Equity bonus plan

In January 2024, the Board approved the 2024 Equity Bonus Plan, under which eligible senior managers can elect to receive up to 100% of their 2024 annual performance bonus in shares of common stock. The Company expects to issue shares for awards under the 2024 Equity Bonus Plan in 2025.

Share buyback

In February 2025, the Board approved a share buyback program, pursuant to which, the Board intends to carry out an on-market buyback of such number of its listed shares of common stock as are equal to US$ 2,000,000. The purpose of the program is to mitigate future dilution resulting from share issuances under the Company's equity award programs. The Company estimates that the program will be fulfilled by the end of 2025.

Other Unaudited Information

Dividend

All dividends, including both ordinary and supplemental, have the option of being paid in either GBP or USD subject to the underlying agreements between shareholders and their brokers which Somero cannot override. Payments in USD can be paid by Check or through CREST. Payments in GBP can be paid via Check, CREST and BACS. The default option if no election is made will be for a USD payment via check. Should shareholders wish to change their current currency or payment methods, forms are available through Computhershare Investor Services PLC at https://www-uk.computershare.com/Investor/Content/c057a8a7-f4f8-4fcb-a497-836ce2f708d5.

If shares are held as Depositary Interests through a broker or nominee, the holding company must be contacted and advised of the payment preferences. Such requests are subject to the terms and conditions of the broker or nominee.

Additional information on currency election and tax withholding can be found at: https://investors.somero.com/aim-rule-26. Shareholders can also contact Computershare Investor Services PLC by telephone at +44 (0370) 702 0000 or email via webcorres@computershare.co.uk.

Annual General Meeting

The Annual General Meeting of Stockholders (the "AGM") of the Company will be held at 14530 Global Parkway, Fort Myers, FL 33913 USA on June 18, 2025 at 9:00 am local time. The notice of the AGM shall be released with the Annual Report and shall include instructions for remote participation. Stockholders of record at the close of business on April 22, 2025 will be entitled to receive notice of, and vote at, the AGM.