

**Somero<sup>®</sup> Enterprises, Inc.**  
**("Somero" or "the Company" or "the Group")**

**Final Results**

*Stronger H2 drove resilient FY performance, strategic priorities progressing*

Somero Enterprises, Inc. reports its annual results for the twelve months ended 31 December 2025.

**Financial Highlights**

	<b>FY 2025</b>	<b>FY 2024</b>	<b>% Change</b>
	<b>US\$</b>	<b>US\$</b>	
Revenue	88.9m	109.2m	-19%
Adjusted EBITDA <sup>(1,2)</sup>	17.5m	27.7m	-37%
Adjusted EBITDA margin <sup>(1,2)</sup>	20%	25%	-500 bps
Profits before tax	15.2m	23.8m	-36%
Adjusted net income <sup>(1,3)</sup>	11.1m	18.6m	-40%
Diluted adjusted net income per share <sup>(1,3)</sup>	0.20	0.33	-39%
Cash flow from operations	17.9m	17.6m	2%
Net cash <sup>(4)</sup>	33.2m	29.5m	13%
Ordinary dividend per share	10.2c	16.9c	-40.0%

- **Strong end to 2025 as anticipated:** trading and profitability were in line with revised market expectations, supported by seasonality and new product contribution
  - North America H2 revenue +14% vs H1
  - Europe H2 revenue +55% vs H1
  - Australia H2 revenue +58% vs H1
- **Innovation delivered meaningful revenue:** new and next-generation products contributed US\$ 13.0m revenue
- **Disciplined action to protect profitability:** cost measures helped offset lower revenues and support EBITDA margin
- **Operating cashflow improved:** driven by higher advance customer deposits, benefits from new US tax legislation, and lower capex and interim dividend payout
- **Continued returns to shareholders**
  - Paid US\$ 9.3m in dividends (2024: US\$ 15.8m)
  - US\$ 2.6m share buy-back (2024: US\$ 2.6m)

**Operational Highlights**

- **New leadership embedded:** Tim Averkamp as CEO, Bob Scheuer as Chairman
- **New product launches:** SRS-4e (first electric-powered Boomed Laser Screed), Hammerhead (Ride-on), S-15EZ (next-generation mid-sized Boomed Screed)
- **Strategy in action:** refreshed long-term strategy built on three pillars translated into a concise plan and an operating cadence that turns priorities into results

## **Post-Period Highlights**

- **Solid start to FY 2026:** customers report improved activity and healthy backlogs, whilst remaining cautious
- **Strong product pipeline:** multiple new product launches planned, including the next-generation flagship Boomed screed and a new walk-behind screed
- **European foothold strengthened:** Somero Concrete Institute launched in Belgium, bringing access to training in line with the US and supporting aftermarket growth
- **Disciplined returns and capital allocation:**
  - Final FY 2025 dividend of 6.2 cents per share, taking total ordinary dividends for FY 2025 to US\$ 5.5m (including interim)
  - New share buyback program authorized for up to US\$ 4m, to offset equity award dilution and fund opportunistic repurchases
- **FY 2026 outlook unchanged:** revenue, profitability, and cash generation expected to be broadly comparable to 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 loss, other 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.

### **Tim Averkamp of Somero, said:**

*"FY 2025 underscored the resilience of Somero's business model. Despite ongoing macroeconomic uncertainty, we delivered a disciplined performance, measures to protect profitability, and made meaningful progress in the development of our long-term strategy. Our focus remained clear: safeguarding the core business while continuing to invest for future growth.*

*Innovation remained central to our approach, with several new product launches during the year delivering impactful results, including our first electric boomed screed, the next-generation S-15EZ, and the Hammerhead ride-on screed. These products are expanding our addressable market, strengthening our international footprint, and positioning the Company well as customer confidence begins to recover.*

*As I reflect on my first year as Chief Executive Officer, I am excited to be part of Somero and would like to thank our employees around the world for their commitment, professionalism, and resilience throughout the year. As we mark more than 40 years of Somero's history, this milestone reflects the dedication of our people, the trust and loyalty of our customers, and the support of our partners who have helped build the Company over four decades. While customers remain prudent in the near term, sentiment toward 2026 is showing early signs of improvement. With a refreshed strategy in action and disciplined operating and growth platform, I am confident that the future for Somero is bright."*

### **Final Results Investor Presentation**

As part of its engagement with investors, management will host a live virtual presentation and Q&A on 17 March 2026 at 17:00 GMT.

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

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.

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**Notes to Editors:**

Somero Enterprises provides industry-leading concrete-leveling 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](http://www.somero.com)

## **Chairman's and Chief Executive Officer's Statement**

### **Overview**

We finished 2025 strongly, delivering results in line with what we anticipated as the year progressed, following a more challenging first half. We responded decisively to the softer demand backdrop, preserving profitability while continuing to support our customers and execute our strategic priorities. During the year we also completed a smooth leadership transition, with Tim Averkamp appointed Chief Executive Officer. This ensured continuity in the way we run the business, incorporated valuable expertise and viewpoints, and sharpened our focus on execution as we move into the next phase.

Revenue declined 19% to US\$ 88.9m (2024: US\$ 109.2m) reflecting lower volumes across multiple regions and product categories. Our flexible cost structure and disciplined cost measures supported adjusted EBITDA of US\$ 17.5m (2024: US\$ 27.7m) and an adjusted EBITDA margin of 20% (2024: 25%). Pricing actions and efficiency gains helped mitigate unabsorbed overhead, with gross margin of 52% (2024: 54%). Cash flow from operations was US\$ 17.9m (2024: US\$ 17.6m) supported by higher advance customer deposits, benefits from new US tax legislation and lower capex and interim dividend outflows. This translated to a year-end cash balance of US\$ 33.2m after returning US\$ 9.3m through dividends and US\$ 2.6m through share buybacks. Inventory increased primarily due to new products and lower sales volumes, while collections remained strong.

### **End markets and competitive position**

Long-term fundamentals for private non-residential construction remain supported by structural demand drivers such as onshoring, data centers, warehousing and logistics, power generation, battery plants and semiconductor manufacturing. However, in 2025, tariffs and policy uncertainty, interest rates and credit conditions, labor availability and geopolitical tensions continued to weigh on project activity and equipment purchasing, with the impact most pronounced on larger projects and demand for Boomed screeds.

Toward the end of 2025, a range of broad-based market indicators pointed to stabilization, including steadier US private non-residential construction spending and improving contractor sentiment and backlog measures. While these indicators are not necessarily directly correlated with our trading, they are positive, and consistent with what we are hearing from customers. Entering FY 2026, customers report healthy bidding activity and backlogs, although caution persists.

Against this backdrop, we remain confident in Somero's competitive positioning. The landscape has not changed materially, and we believe Somero retains a clear market-leading position. There are higher levels of competitor activity in certain international markets, particularly in Europe and we are responding by executing on strategic initiatives focused on continuing to invest in innovation, strengthening our sales and dealer channels and expanding our European customer support platform. This includes leveraging our Belgium service center and the recent launch of the Somero Concrete Institute in Belgium, improving customer proximity and supporting growth in training, parts and service revenues.

### **Regional Review**

#### ***North America***

North American sales declined 17% to US\$ 68.1m (2024: US\$ 82.2m), driven by lower sales of Boomed screeds and 3D Profiler Systems. Revenue from direct sales to new customers represented 17% of total revenue in the region (2024: 23%).

Customers continue to report healthy bidding and robust backlogs, though project starts remain subdued, as previously reported. Importantly, long-term demand drivers in non-residential construction remain intact. Ongoing labor shortages are also reinforcing the need for automation and productivity improvements, which supports demand for our solutions.

#### ***Europe***

In Europe, sales declined 39% to US\$ 8.9m (2024: US\$ 14.6m), driven mostly by a decrease in Boomed Screeds and Ride-on Screeds. Revenue from direct sales to new customers represented 36% of total revenue in the region (2024: 32%). Economic conditions in Europe remain subdued but appear to be stabilizing, private investment is cautious amid trade

uncertainty and structural pressures including elevated construction costs and labor shortages. Pricing remains competitive as contractors chase limited work, and we remain focused on differentiating through performance and support.

Europe remains a priority market for Somero despite the current demand backdrop. Our Belgium facility, opened in 2024, strengthened regional support through local service and repair capability and now also hosts the Somero Concrete Institute, bringing the same hands-on training program offered in the US to European customers. We see clear demand in the region for a more price-accessible, high-quality laser screed offering. The Hammerhead, introduced in H2 2025, is designed to address that segment and has received positive feedback to date. We are also progressing initiatives to strengthen and expand our dealer channel to broaden our footprint and accelerate adoption across Europe.

### ***Australia***

In Australia, revenue declined 15% to US\$ 5.6m (2024: US\$ 6.6m). Revenue from direct sales to new customers represented 32% of total revenue in the region (2024: 62%).

Looking ahead, non-residential demand in Australia is, aggregate, expected to hold, although project activity is likely to remain lumpy and sector specific. We remain confident there is further opportunity to deepen penetration in the region as we continue to build awareness and demonstrate the productivity, reliability, and support that underpin Somero's value proposition.

### ***Rest of World***

Our Rest of World region, which includes Latin America, the Middle East, India, Southeast Asia, Korea and China, reported sales of US\$ 6.3m (2024: US\$ 5.8m), representing a 9% increase. The main contributor to 2025 revenues was the Middle East, which reported sales of US\$ 2.2m compared to US\$ 0.6m in 2024. As previously stated, given the relatively small base of business in each region, trading tends to fluctuate from period to period.

### **Product Review**

Demand across our product categories is driven by the mix of project types and applications in the non-residential market, which can shift by region and over time. As a result, our product mix and order patterns naturally fluctuate.

In 2025, lower industry activity impacted volumes across most product categories. Boomed screed sales decreased 19% to US\$ 34.8m (2024: US\$ 43.1m) and ride-on screed sales decreased 21% to US\$ 16.1m (2024: US\$ 20.3m). Sales of 3D Profiler Systems and remanufactured machines decreased 27% and 18%, respectively.

SkyScreed 36, introduced in 2019, continues to target the high-rise structural segment where we see significant long-term potential. Sales were US\$ 0.3m in 2025 (2024: US\$ 0.4m). As with many new categories, adoption remains gradual and near-term volumes can be uneven as the solution gains wider acceptance.

Parts and service revenue was more resilient, albeit declining to US\$ 17.0m (2024: US\$ 19.1m), mainly in North America, Australia, and Rest of World, commensurate with overall volume declines in those regions. In Europe, parts and service revenue remained relatively stable, supported by our in-region service and training capability, which continues to receive positive customer feedback and supports ongoing customer retention and aftermarket demand.

For further product and geographic revenue details, see footnote 14.

### **Cashflow and Balance Sheet**

Operating cash flow in 2025 was slightly above the prior year at US\$ 17.9m (2024: US\$ 17.6m), with lower profits offset by higher advance customer deposits, favorable impact of new US tax legislation, and lower capex expenditures and interim dividend payout.

Capital expenditure was US\$ 1.0m (2024: US\$ 2.4m), relating primarily to on-going product software programs and other routine investments. Dividends of US\$ 9.3m (2024: US\$ 15.8) were paid, reflecting the Company's ongoing commitment to disciplined return of cash to shareholders, alongside US\$ 2.6m share repurchases under the 2025 and residual 2024 buyback programs.

Net cash at 31 December 2025 was US\$ 33.2m (31 December 2024: US\$ 29.5m) after the dividend payments, leaving the Company with ample liquidity to support operations and strategic investments. The balance sheet remains debt-free with access to an unutilized US\$ 25.0m secured revolving line of credit, providing a strong platform for future growth.

## **Strategic Update**

Since the introduction of our strategic framework in our interim results, the Company has moved from strategy definition to disciplined execution. While market conditions remain uneven, we have made tangible progress across each pillar of our strategic framework, focused on strengthening the core business, advancing innovation, and positioning the Company for sustainable long-term growth and superior shareholder returns. The progress we have made on select initiatives is summarised below.

### 1. **Fortify - Reinforcing the foundation of the business to ensure resilience, consistency, and operational discipline across cycles**

#### ***Operational Discipline and Cost Management***

- Took decisive actions in 2025 to align costs with demand while protecting core capabilities
- Improved planning and inventory management helped stabilize margins and preserve cash generation in a softer volume environment
- Embedding lean disciplines, including 6S and workplace organization, and visual management, as a core element of our operating model to drive productivity and support efficient scaling as volumes recover

#### ***Somero Concrete Institute Europe Launch***

- Launched the Somero Concrete Institute in Belgium, extending our proven U.S. training model into Europe
- Provides hands-on training, technical education and certification aligned with Somero best practice
- Strengthens our European service footprint and supports better machine utilization and aftermarket engagement

### 2. **Innovate - Advancing technology and product development to expand our addressable market and reinforce category leadership**

#### ***2025 Product Development & Portfolio Expansion***

- **SRS-4e**: electric-powered version of the SRS-4, progressing our electrification roadmap in line with customer demand and sustainability-led adoption. Electrification remains an important part of our long-term agenda
- **Hammerhead**: expands Somero into the broader small to mid-range contractor segment with a more affordable, easy to use, and high-quality offering, with strong early customer and dealer reception in the US and Europe
- **S-15EZ**: next-generation mid-sized Boomed screed designed to improve productivity, quality, and ease of use as pour sizes trend smaller and maneuverability becomes more important

### ***2025 Technology Development***

Advanced digital capability and telematics to enhance customer experience, utilization, uptime, remote diagnostics and aftermarket opportunity

- **Virtual Reality Training Simulation:** VR-based S-22EZ training with mobile access to enable flexible, remote learning. Improves efficiency, lowers cost, and reinforces technology-driven customer value.
- **Somero Experts App:** delivers digital manuals, checklists, and troubleshooting tools to improve uptime and efficiency and simplify operator support and machine management.
- **Telematics Offering:** Standard telematics on new S-15EZ, S-22EZ, and S-28EZ, harnesses digital technology to turn machine data into actionable insight.

### ***2026 Product Development & Portfolio Expansion***

- **S-22EZ+:** updated “flagship” Boomed screed with 30+ features focused on quality, automation, and ease of use
- **Viper walk-behind laser screed:** debuted at World of Concrete, designed for tight spaces and on-deck applications

Beyond these launches, our product and innovation pipeline remains active. Each product reflects years of R&D and direct engagement with customers and dealers, giving us confidence that our pipeline is well aligned with real-world demand as end markets evolve. We continue to advance new machines that address customer pain points and enhance productivity, introduce technologies that strengthen both our current and future products, and explore opportunities in adjacent markets where Somero can apply its expertise to broaden its reach.

### 3. **Amplify - Expanding Somero’s reach, broadening market coverage, and deploying capital to drive long-term value creation**

#### ***Commercial Coverage and Aftermarket***

- Continued to strengthen dealer coverage in domestic and international markets to improve proximity and responsiveness
- Introduced product-specific territory managers to increase specialist support and accountability across key product lines
- This more integrated approach is designed to support adoption, utilization and growth in parts, service and training revenue over the equipment lifecycle

#### ***Capital Allocation & M&A Framework***

- Formalized a clear capital allocation framework, reinforcing our priorities around balance sheet strength, disciplined investment and consistent shareholder returns
- Developed an M&A framework focused on capability, addressable market expansion and strengthening aftermarket and customer engagement
- Engaged experienced M&A advisory support and initiated early outreach, positioning the Company to pursue opportunities selectively while maintaining financial discipline

Although implementation remains in its early stages, initiatives are advancing positively. The Board expects to continue refining priorities as programs mature and to provide updates on milestones and outcomes as appropriate.

## **Capital Allocation, M&A Framework, Dividends and Share Buyback**

### ***Capital Allocation***

#### **1. Maintain a strong balance sheet**

- Retain sufficient cash for operations and strategic initiatives, and a cushion for unexpected market conditions
- Potential leverage of up to 2.0x net debt to EBITDA, reserved for M&A
- Reduce debt when appropriate

#### **2. Invest in the business**

- Accelerate growth through targeted organic investment
- Commercial expansion and excellence
- Manufacturing and operating efficiency, scale, and process discipline
- Innovation and productivity enhancements

#### **3. Strategic acquisitions**

- Pursue value-accretive M&A to advance the strategy and drive long-term value creation
- Focus on acquisitions that build on the core and expand the total addressable market
- See M&A Framework

#### **4. Return capital to shareholders**

- Ordinary dividend payout of 50% of adjusted net income<sup>1</sup>
- No supplemental dividend declared for 2026 in support of M&A Framework
- Offset dilution from employee equity incentive programs<sup>1</sup>
- Opportunistic share repurchases<sup>1</sup>

<sup>1</sup> Subject to ongoing Board approval

### ***M&A Framework***

#### **Framework & Activity**

- Established a disciplined M&A framework aligned with strategic priorities to accelerate our strategic roadmap
- Engaged experienced advisor to reinforce process discipline, targeted outreach and opportunity assessment
- Market outreach and opportunity assessment underway, enabling selective and financially disciplined execution

#### **Strategic Filters**

- Technology / Capability Expansion
- Portfolio / Product Enhancement
- Recurring Revenue
- Revenue Diversification
- Operational &/or Commercial Synergies
- Geographic & Market (TAM) Expansion

#### **Financial Criteria**

- Incremental Revenue
- ROIC > Cost of Capital
- Accretive Free Cash Flow

## ***Dividends***

Reflecting the Group's FY 2025 performance, strong financial position, and outlook for 2026, the Board has declared a final FY 2025 ordinary dividend of US\$ 0.0624 per share. The final dividend is calculated using the Board -approved payout ratio of 50% of adjusted net income, after considering the Company's expected cash requirements. Together with the interim dividend of US\$ 0.0400 per share paid in October 2025, this brings the total FY 2025 ordinary dividend to US\$ 0.1024 (2024: US\$ 0.1693 per share). The final 2025 ordinary dividend will be payable on May 8, 2026, to shareholders on the register at April 10, 2026 and the common stock will trade ex-dividend on April 9, 2026.

## ***Share Buyback***

In 2025, the Company repurchased 856,785 shares under its share buyback program, which is intended to offset dilution from ongoing equity award programs (2024: 608,918 shares). The maximum price paid per share is no more than the higher of 105% of the average middle market closing price for the five business days preceding the repurchase, the price of the last independent trade, and the highest current independent purchase bid. Shares repurchased are intended to be cancelled and the Company will make further announcements as and when purchases are made.

The Board has also approved a 2026 share buyback program of up to US\$ 4.0m, to mitigate future dilution from share issuances under the Company's equity award programs and fund opportunistic share buybacks in accordance with the Company's capital allocation framework.

## **Our People**

The Board would like to thank our employees worldwide for their commitment and professionalism throughout 2025. Their skill, flexibility, and focus on customer outcomes helped Somero respond quickly to changing market conditions while continuing to deliver high-quality products and service. This capability is a key differentiator for the Group and supports both our operating model and long-term performance. We remain committed to creating a rewarding environment that invests in development, encourages high standards, and provides opportunities for our people to grow.

## **Environmental, Social and Governance**

The Board considers ESG factors as part of its ongoing oversight of the business, with a focus on the issues most relevant to long-term performance and stakeholder expectations.

A key material topic for Somero is the environmental impact of construction activity and the role our equipment can play in improving efficiency. Independent studies by Colorado State University and Middle Tennessee State University found that use of Somero's laser screed technology in non-residential slab-on-grade projects can reduce concrete usage and associated construction-phase emissions by approximately 3%.

We continue to progress electrification in line with customer demand, with two electric machines now introduced. Alongside this, we remain focused on training and education for both customers and employees, supporting safer, more productive job sites and improved equipment utilization. Somero also engages with industry associations and trade groups to support best practice across the sector. The Board remains committed to strong governance, including maintaining an appropriately diverse and independent Board composition.

## **Conclusion and Outlook**

Despite a challenging environment, our employees' skill and dedication drove significant operational progress in 2025, with trading momentum improving in the second half of the year, trading and profitability were in line with revised market expectations. We maintained shareholder returns, launched two new products and a next-generation machine that contributed meaningful revenue, and progressed product development to support further new and next-generation launches in 2026 and beyond.

Looking ahead, the Board continues to see compelling long-term demand fundamentals for US non-residential construction, supported by various end markets. Customers continue to report healthy bidding activity and backlogs, and we expect Europe and Australia to remain contributors, alongside further benefit from our product pipeline. At the same time, uncertainty around tariffs and trade, geopolitical relations, immigration policy, and a still-restrictive monetary environment remain a key constraint on near-term decision-making and project starts.

In support of the Board's long-term growth agenda, we have committed to targeted investment to drive strategic initiatives. With the planned investments in 2026, we expect an increase in operating costs of approximately US\$ 2.0m.

For 2026, the Board expects revenue, profitability, and cash generation to be broadly comparable to 2025. Expansion into a new customer segment, continued execution of strategic initiatives, and steady customer activity are expected to help offset ongoing weakness in large-line Boomed screeds and continued global uncertainty. While some broad-based indicators and customer feedback suggest conditions stabilized toward the end of 2025, we remain cautious in our expectations given the uneven nature of recovery signals across end markets.

**Bob Scheuer**

Non-Executive Chairman

**Tim Averkamp**

Chief Executive Officer

10 March 2026

## FINANCIAL REVIEW

### Summary of financial results

	Year ended December 31,	
	2025	2024
	US\$ 000 Except per share data	US\$ 000 Except per share data
<b>Revenue</b>	88,857	109,154
<b>Cost of sales</b>	42,661	50,350
<b>Gross profit</b>	46,196	58,804
<b>Operating expenses</b>		
Selling, marketing and customer support	13,376	14,723
Engineering and product development	2,080	2,691
General and administrative	16,798	17,113
Total operating expenses	32,254	34,527
<b>Operating income</b>	13,942	24,277
<b>Other income (expense)</b>		
Interest expense	(55)	(53)
Interest income	433	354
Foreign exchange impact	793	(918)
Other	88	139
<b>Income before income taxes</b>	15,201	23,799
<b>Provision for income taxes</b>	4,981	5,195
<b>Net income</b>	10,220	18,604
Basic earnings per share	0.19	0.34
Diluted earnings per share	0.18	0.33
Basic adjusted net income per share <sup>(1), (2), (4)</sup>	0.20	0.34
Diluted adjusted net income per share <sup>(1), (2), (4)</sup>	0.20	0.33
<b>Other data</b>		
Adjusted EBITDA <sup>(1), (2), (4)</sup>	17,475	27,667
Adjusted net income <sup>(1), (3), (4)</sup>	11,070	18,590
Depreciation expense	2,281	1,688
Amortization of intangibles	142	142
Capital expenditures	964	2,449

#### 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 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,	
	2025	2024
	US\$ 000	US\$ 000
<b>Adjusted EBITDA reconciliation</b>		
Net income	10,220	18,604
Tax provision	4,981	5,195
Interest expense	55	53
Interest income	(433)	(354)
Foreign exchange impact	(793)	918
Other	(88)	(139)
Depreciation	2,281	1,688
Amortization	142	142
Non-cash lease expense	179	334
Stock-based compensation	931	1,226
<b>Adjusted EBITDA</b>	<b>17,475</b>	<b>27,667</b>
<b>Adjusted net income reconciliation</b>		
Net income	10,220	18,604
Amortization	142	142
Valuation allowance on deferred tax assets	857	-
Tax impact of stock option & RSU settlements	(149)	(156)
<b>Adjusted net income reconciliation</b>	<b>11,070</b>	<b>18,590</b>

- Notes:
- 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.
  - 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 expense, depreciation, amortization, stock-based compensation, and non-cash lease expense.
  - 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.
  - 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 by 19% to approximately US\$ 88.9m (2024: US\$ 109.2m). The Company's revenues consist primarily of sales from Boomed Screed products, which include the S-28EZ, S22-EZ, S-15R, S-15EZ, SRS-6, SRS-4, and SRS-4e Laser Screed machines, sales from Ride-on Screed products, which are drive through the concrete machines that include the S-485, S-940, S940e, Hammerhead, and S-158C Laser Screed machines, remanufactured machines sales, 3-D Profiler Systems, parts and service, and other revenues which consist of revenue from sales of other equipment, training and shipping charges.

Boomed Screed sales decreased to approximately US\$ 34.8m (2024: US\$ 43.1m), Ride-on Screed sales decreased to approximately US\$ 16.1m (2024: US\$ 20.3m), remanufactured machine sales decreased to approximately US\$ 5.8m (2024: US\$ 7.1m), 3-D Profiler System sales decreased to approximately US\$ 7.0m (2024: US\$ 9.6m) all decreases due as unit volume declines. Parts and service revenue decreased to approximately US\$ 17.0m (2024: US\$19.1m) declining to a lesser extent aided by the addition of the Belgium sales and service center. All other revenues decreased to approximately US\$ 8.3 (2024: US\$ 10.0m) with declines across most products.

Sales to customers located in North America contributed 77% of total revenue (2024: 75%), sales to customers in Europe contributed 10% (2024: 14%), sales to customers in Australia contributed 6% (2024: 6%) and sales to customers in ROW (Latin America, India, China, Middle East, Korea and Southeast Asia) contributed 7% (2024: 5%).

Sales in North America totaled approximately US\$ 68.1m (2024: US\$ 82.2m) down 17%, primarily driven by a decrease in Boomed Screeds, Ride-on Screeds and 3-D Profiler Systems. Sales in Europe were approximately US\$ 8.9m (2024: US\$ 14.6m) down 39%, driven mostly by a decrease in Boomed Screeds and Ride-on Screeds. Sales in Australia were approximately US\$ 5.6m (2024: US\$ 6.6m) down 15%, driven mostly by a decrease in Ride-on Screeds. Sales to customers in ROW were approximately US\$ 6.3m (2024: US\$ 5.8m), increasing by 9% driven by an increase in Boomed Screeds sold in the Middle East.

## Gross profit

Gross profit decreased to approximately US\$ 46.2m (2024: US\$ 58.8m), with gross margins decreasing to 52% compared to 54% in 2024, reflecting higher input and logistical costs, lower volume scale and unabsorbed overhead, partly offset by a price increase.

## Operating expenses

Operating expenses excluding depreciation, amortization and stock-based compensation for 2025 were approximately US\$ 29.8m (2024: US\$ 32.1m), which is primarily reflective of lower headcount, variable incentive compensation, partly offset by CEO onboarding and related expenses and lapsing of a bad debt reversal in the prior year.

## Debt

As of December 31, 2025, 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 of its business assets.

## Provision for income taxes

The provision for income taxes decreased to approximately US\$ 5.0m, at an overall effective tax rate of 33%, compared to a provision of approximately US\$ 5.2m in 2024, at an overall effective tax rate of 22%. The increase in overall effective tax rate is due to a valuation allowance placed on foreign deferred tax assets.

## 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 stock options and restricted stock units.

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

	<b>Year ended December 31,</b>	
	<b>2025</b>	<b>2024</b>
	<b>US\$ 000</b>	<b>US\$ 000</b>
Income available to stockholders	10,220	18,604
Basic weighted shares outstanding	54,604,352	55,126,730
Net dilutive effect of stock options and restricted stock units	818,232	632,703
Diluted weighted average shares outstanding	55,422,584	55,759,433
	<b>Per Share</b>	<b>Per Share</b>
	<b>US\$</b>	<b>US\$</b>
Basic earnings per share	0.19	0.34
Diluted earnings per share	0.18	0.33
Basic adjusted net income per share	0.20	0.34
Diluted adjusted net income per share	0.20	0.33

## Consolidated Balance Sheets

As of December 31, 2025 and December 31, 2024

	As of December 31,	
	2025 US\$ 000	2024 US\$ 000
<b>Assets</b>		
<b>Current assets:</b>		
Cash and cash equivalents	33,164	29,486
Accounts receivable – net of allowance for credit losses of US\$ 803 in 2025 and US\$ 1,194 in 2024	6,978	9,251
Inventories – net	21,016	18,816
Prepaid expenses and other current assets	2,210	2,576
Income tax receivable	1,078	1,286
<b>Total current assets</b>	<b>64,446</b>	<b>61,415</b>
Accounts receivable, non-current – net	693	567
Property, plant, and equipment – net	25,477	26,763
Financing lease right-of-use assets – net	928	546
Operating lease right-of-use assets – net	1,998	2,224
Intangible assets – net	836	978
Goodwill	3,294	3,294
Deferred tax asset	-	1,982
Other assets	258	347
<b>Total assets</b>	<b>97,930</b>	<b>98,116</b>
<b>Liabilities and stockholders' equity</b>		
<b>Current liabilities:</b>		
Accounts payable	6,765	3,544
Accrued expenses	5,319	7,409
Financing lease liability – current	292	229
Operating lease liability – current	356	332
<b>Total current liabilities</b>	<b>12,732</b>	<b>11,514</b>
Financing lease liability – long-term	523	247
Operating lease liability – long-term	1,710	1,967
Deferred tax liability	506	-
Other liabilities	47	87
<b>Total liabilities</b>	<b>15,518</b>	<b>13,815</b>
<b>Stockholders' equity</b>		
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, 54,257,375 and 54,908,160 shares issued on December 31, 2025 and December 31, 2024, respectively, and 54,065,489 and 54,908,160 shares outstanding on December 31, 2025 and December 31, 2024, respectively	26	26
Less: treasury stock, 191,886 shares as of December 31, 2025 and 0 shares as of December 31, 2024 at cost	(589)	-
Additional paid in capital	9,386	10,947
Retained earnings	76,253	75,334
Other comprehensive loss	(2,664)	(2,006)
<b>Total stockholders' equity</b>	<b>82,412</b>	<b>84,301</b>
<b>Total liabilities and stockholders' equity</b>	<b>97,930</b>	<b>98,116</b>

See Notes to audited consolidated financial statements.

**Consolidated Statements of Comprehensive Income**  
For the years ended December 31, 2025 and 2024

	<b>As of December 31,</b>	
	<b>2025</b>	<b>2024</b>
	<b>US\$ 000</b>	<b>US\$ 000</b>
	<i>Except per share</i>	<i>Except per share</i>
	<i>data</i>	<i>data</i>
<b>Revenue</b>	88,857	109,154
<b>Cost of sales</b>	42,661	50,350
<b>Gross profit</b>	46,196	58,804
<b>Operating expenses</b>		
Sales, marketing, and customer support	13,376	14,723
Engineering and product development	2,080	2,691
General and administrative	16,798	17,113
<b>Total operating expenses</b>	<b>32,254</b>	<b>34,527</b>
<b>Operating income</b>	13,942	24,277
<b>Other income (expense)</b>		
Interest expense	(55)	(53)
Interest income	433	354
Foreign exchange impact	793	(918)
Other	88	139
<b>Income before income taxes</b>	<b>15,201</b>	<b>23,799</b>
<b>Provision for income taxes</b>	4,981	5,195
<b>Net income</b>	<b>10,220</b>	<b>18,604</b>
<b>Other comprehensive income</b>		
Cumulative translation adjustment	(658)	323
<b>Comprehensive income</b>	<b>9,562</b>	<b>18,927</b>
<b>Earnings per common share</b>		
Earnings per share – basic	0.19	0.34
Earnings per share – diluted	0.18	0.33
<b>Weighted average number of common shares outstanding</b>		
Basic	54,604,352	55,126,730
Diluted	55,422,584	55,759,433

*See Notes to audited consolidated financial statements.*

## Consolidated Statements of Changes in Stockholders' Equity

For the years ended December 31, 2025 and 2024

	<u>Common stock</u>			<u>Treasury stock</u>		Retained earnings US\$ 000	Other Comprehensive loss US\$ 000	Total Stockholders' equity US\$ 000
	Shares	Amount US\$ 000	Additional paid-in capital US\$ 000	Shares	Amount US\$ 000			
<b>Balance - December 31, 2023</b>	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)
Cancellation of 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	-	-	-	-	-	-	-
<b>Balance - December 31, 2024</b>	54,908,160	26	10,947	-	-	75,334	(2,006)	84,301
Cumulative translation adjustment	-	-	-	-	-	-	(658)	(658)
Net income	-	-	-	-	-	10,220	-	10,220
Stock-based compensation	-	-	931	-	-	-	-	931
Dividend	-	-	-	-	-	(9,301)	-	(9,301)
Cancellation of treasury stock	(664,899)	-	(2,038)	(664,899)	2,038	-	-	-
RSUs settled for cash	-	-	(454)	-	-	-	-	(454)
Share buyback	-	-	-	856,785	(2,627)	-	-	(2,627)
New shares issued	14,114	-	-	-	-	-	-	-
<b>Balance - December 31, 2025</b>	54,257,375	26	9,386	191,886	(589)	76,253	(2,664)	82,412

See Notes to audited consolidated financial statements.

## Consolidated Statements of Cash Flows

For the years ended December 31, 2025 and 2024

	Year ended December 31,	
	2025	2024
	US\$ 000	US\$ 000
<b>Cash flows from operating activities:</b>		
Net income	10,220	18,604
Adjustments to reconcile net income to net cash provided by operating activities:		
Deferred taxes	2,488	(308)
Depreciation and amortization	2,423	1,830
Non-cash lease expense	179	334
Provision for credit recoveries	(234)	(633)
Stock-based compensation	931	1,225
Gain on sale of property and equipment	(31)	(74)
Working capital changes:		
Accounts receivable	2,381	81
Inventories	(2,200)	559
Prepaid expenses and other current assets	366	(188)
Other assets	89	(106)
Accounts payable, accrued expenses and other liabilities	1,102	(312)
Income tax payable (receivable)	208	(3,385)
<b>Net cash provided by operating activities</b>	<b>17,922</b>	<b>17,627</b>
<b>Cash flows from investing activities:</b>		
Property, plant, and equipment purchases	(964)	(2,449)
<b>Net cash used in investing activities</b>	<b>(964)</b>	<b>(2,449)</b>
<b>Cash flows from financing activities:</b>		
Payment of dividend	(9,301)	(15,768)
RSUs settled for cash	(454)	(714)
Payments under financing leases	(240)	(2,604)
Share buy back	(2,627)	(240)
<b>Net cash used in financing activities</b>	<b>(12,622)</b>	<b>(19,326)</b>
Effect of exchange rates on cash and cash equivalents	(658)	323
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>3,678</b>	<b>(3,825)</b>
Cash and cash equivalents:		
Beginning of period	29,486	33,311
End of period	33,164	29,486

See Notes to audited consolidated financial statements.

## Notes to the Consolidated Financial Statements

As of December 31, 2025 and 2024

### 1. Organization and description of business

#### Nature of business

Somero Enterprises, Inc. (the “Company” or “Somero”) designs, assembles, remanufactures, sells, and distributes concrete leveling, 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 in Chesterfield, England; Kampenhout, Belgium; Melbourne, Australia and New Delhi, India.

### 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 (“U.S. GAAP”).

#### 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 the consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the amounts reported in the consolidated 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 a number of financial institutions globally, 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\$ 333,000 and US\$ 320,000 is included in “Cash and cash equivalents” on the consolidated balance sheets as of December 31, 2025 and December 31, 2024. This represents cash deposited by the Company into a guaranteed deposit account and designated as collateral for the building lease in Australia and Belgium, in accordance with the lease agreement.

#### Accounts receivable and allowances for credit losses

Financial instruments which potentially subject the Company to concentration of credit risk consist primarily of accounts receivable. 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 specific identification and historical experience. As of December 31, 2025 and December 31, 2024, the allowance for credit losses was approximately US\$ 803,000 and US\$ 1,194,000, respectively. Provision for credit recoveries for the years ended December 31, 2025 and 2024, was approximately US\$ 234,000 and US\$ 633,000, respectively. The opening balance of accounts receivable on January 1, 2024 was US\$ 9,266,000, which includes US\$ 431,000 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, 2025 and December 31, 2024, the provision for obsolete and slow-moving inventory was approximately US\$ 1,887,000 and US\$ 1,163,000, 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 twelve 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. The Company did not incur a goodwill impairment loss for the periods ended December 31, 2025 nor December 31, 2024.

## 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 upon shipment. For arrangements which include FOB destination shipping terms, revenue is recognized upon delivery to the customer. The Company recognizes the revenue for service agreements and training once the service or training has occurred.

As of December 31, 2025 and December 31, 2024, there were approximately US\$ 467,000 and US\$ 520,000, respectively, of extended service agreement liabilities. The opening balance of extended service agreement liabilities on January 1, 2024 was US\$ 600,000. During the years ended December 31, 2025 and 2024, approximately US\$ 438,000 and US\$ 489,000 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, 2025 and December 31, 2024, there were approximately US\$ 3,561,000 and US\$ 505,000, respectively, in customer deposit liabilities for advance payments received during the period for contracts expected to ship following the end of the period. The opening balance of customer deposit liabilities for advance payments received on January 1, 2024 was US\$ 1,635,000. As of December 31, 2025 and December 31, 2024, 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.

	<b>US\$ 000</b>
Balance, January 1, 2024	(1,290)
Warranty charges	497
Accruals	(394)
Balance, December 31, 2024	(1,187)
Balance, January 1, 2025	(1,187)
Warranty charges	343
Accruals	(431)
Balance, December 31, 2025	(1,275)

### **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 are reflected in the consolidated financial statements. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to temporary differences between the consolidated 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. Compensation related to stock-based payments was approximately US\$ 931,000 and US\$ 1,225,000 for the year ended December 31, 2025 and 2024, respectively. In addition, the Company settled approximately US\$ 454,000 and US\$ 714,000 in restricted stock units for cash during the year ended December 31, 2025 and 2024, 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 restricted stock units. Earnings per common share have been computed based on the following:

	Year ended December 31,	
	2025	2024
	US\$ 000	US\$ 000
Net income	10,220	18,604
Basic weighted shares outstanding	54,604,352	55,126,730
Net dilutive effect of restricted stock units	818,232	632,702
Diluted weighted average shares outstanding	55,422,584	55,759,432

### 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.

### New accounting pronouncements

In December 2023, the FASB issued ASU 2023-09, "Income Taxes (Topic 740): Improvements to Income Tax Disclosures". This update enhances the transparency of income tax disclosures by requiring consistent categories and greater disaggregation of information in the rate reconciliation, as well as disaggregation of income taxes paid by jurisdiction. The Company adopted this guidance for the year ended December 31, 2025 on a prospective basis. The adoption of this ASU resulted in increased disaggregation in our rate reconciliation table, particularly regarding state and foreign tax effects, but did not have a material impact on the Company's consolidated financial statements.

### 3. Inventories

Inventories consisted of the following:

	December 31, 2025	December 31, 2024
	US\$ 000	US\$ 000
Raw material	11,081	10,229
Finished goods and work in process	6,118	5,974
Remanufactured	3,817	2,613
Total	21,016	18,816

### 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 following table reflects other intangible assets:

		Weighted average	December 31, 2025	December 31, 2024
		Amortization Period	US\$ 000	US\$ 000
<i>Capitalized cost</i>	Patents	12 years	19,247	19,247
	Intangible Assets		7,434	7,434
			26,681	26,681
<i>Accumulated amortization</i>	Patents	12 years	18,891	18,819
	Intangible Assets		6,954	6,884
			25,845	25,703
<i>Net carrying costs</i>	Patents	12 years	356	428
	Intangible Assets		480	550
			836	978

Amortization expense associated with the intangible assets in each of the year ended December 31, 2025 and 2024 was approximately US\$ 142,000 and US\$ 142,000, respectively. The amortization expense for each of the next 5 years will be approximately US\$ 142,000 and the remaining amortization thereafter will be approximately US\$ 126,000.

## 5. Property, plant, and equipment

Property, plant, and equipment consist of the following:

	December 31, 2025 US\$ 000	December 31, 2024 US\$ 000
Land	864	864
Building and improvements	26,407	26,291
Machinery and equipment	10,481	9,794
	37,752	36,949
Less: accumulated depreciation and amortization	(12,275)	(10,186)
	25,477	26,763

Depreciation expense for the year ended December 31, 2025 and 2024 was approximately US\$ 2,281,000 and US\$ 1,688,000, 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 its business assets. No amounts were drawn under the secured revolving line of credit as of December 31, 2025 and December 31, 2024.

Interest expense for the year ended December 31, 2025 and 2024 was approximately US\$ 55,000 and US\$ 53,000, 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 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\$ 990,000 and US\$ 1,022,000 to the savings and retirement plan during the year ended December 31, 2025 and 2024, respectively.

## 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 7 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 sheets, reflect management's current expectations regarding the exercise of renewal options. The components for lease expense were as follows:

	Year Ended December 31, 2025 US\$ 000	Year Ended December 31, 2024 US\$ 000
Operating lease cost	573	688
Finance lease cost:		
Amortization of right-of-use assets	309	396
Interest on lease liabilities	49	42
Total finance lease cost	358	438

As of December 31, 2025, the weighted average remaining lease term for finance and operating leases was 2.9 years and 6.0 years, respectively, and the weighted average discount rate was 8.2% and 6.0%, respectively. As of December 31, 2024, the weighted average remaining lease term for finance and operating leases was 2.4 years and 6.7 years, respectively, and the weighted average discount rate was 8.5% and 6.0%, respectively.

Maturities of lease liabilities represent the full 12 months of each successive period as follows:

	<b>Operating Leases</b>	<b>Finance Leases</b>
	<b>US\$ 000</b>	<b>US\$ 000</b>
2026	489	349
2027	489	293
2028	366	218
2029	279	59
2030	279	-
Thereafter	557	-
Total	2,459	919
Less imputed interest	(393)	(104)
Total	2,066	815

## 9. Supplemental cash flow and non-cash financing disclosures

	<b>Year ended December 31,</b>	
	<b>2025</b>	<b>2024</b>
	<b>US\$ 000</b>	<b>US\$ 000</b>
Cash paid for interest	48	69
Cash paid for taxes	2,211	8,158
Finance lease liabilities arising from obtaining right-of-use assets	339	168
Operating lease liabilities arising from obtaining right-of-use assets	-	652

## 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. On December 31, 2025 and December 31, 2024, the Company had four customers which represented 33% and three customers that represented 19% 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:

	<b>2025</b>	<b>2024</b>
	<b>US\$ 000</b>	<b>US\$ 000</b>
Beginning balance	1,194	1,862
Provision for credit losses	-	-
Write-offs	(157)	(35)
Recoveries	(234)	(633)
Ending balance	803	1,194

## 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

Income before income tax expense (benefit) for the year ended December 31, 2025 is as follows (in thousands):

	<b>2025</b>
	<b>US\$ 000</b>
US income before tax	17,776
Foreign loss before tax	(2,575)
<b>Total income before tax</b>	<b>15,201</b>

Significant components of the provision for income tax expense (benefit) are as follows (in thousands):

	<b>2025</b>	<b>2024</b>
	<b>US\$ 000</b>	<b>US\$ 000</b>
<b>Current Income Tax Expense</b>		
Federal	1,971	4,382
State	522	1,079
Foreign	-	42
<b>Total current income tax expense</b>	<b>2,493</b>	<b>5,503</b>
<b>Deferred Income Tax Expense (Benefit)</b>		
Federal	1,525	427
State	106	(20)
Foreign	857	(715)
<b>Total deferred income tax expense (benefit)</b>	<b>2,488</b>	<b>(308)</b>
<b>Total income tax expense</b>	<b>4,981</b>	<b>5,195</b>

As of December 2025 and 2024, the effects of temporary differences that give rise to the deferred tax assets are as follows (in thousands):

	<b>2025</b>	<b>2024</b>
	<b>US\$ 000</b>	<b>US\$ 000</b>
<b>Deferred tax assets:</b>		
Provision for credit losses	120	109
Inventory	527	287
Accrued expenses	278	287
UK intangibles	142	142
Stock compensation	439	451
Foreign NOL	1,863	1,352
Foreign tax credit	357	357
Lease liability	-	21
Capitalized research expenditures	71	1,612
Other	169	173
<b>Gross deferred tax assets</b>	<b>3,966</b>	<b>4,791</b>
<b>Less: valuation allowance</b>	<b>(2,005)</b>	<b>(636)</b>
<b>Total deferred tax assets</b>	<b>1,961</b>	<b>4,155</b>
<b>Deferred tax liabilities:</b>		
Prepaid expenses	(210)	(186)

Fixed assets	(1,724)	(1,448)
Intangible assets	(533)	(526)
Right of use assets	-	(13)
Total deferred tax liabilities	(2,467)	(2,173)
Net deferred tax asset (liability)	(506)	1,982

A reconciliation of the differences between the effective tax rate and the federal statutory tax rate for the year ended December 31, 2024 is as follows (in thousands):

	<b>2024</b>
	<b>US\$ 000</b>
Consolidated Income Before Tax	23,799
Statutory Rate	21%
Statutory Rate Expense	4,998
State taxes	813
Foreign Taxes	(314)
Permanent differences due to stock options & RSUs	38
Permanent differences due to other items	9
Foreign Derived Intangible Income	(464)
Change in Valuation Allowance	182
Tax credits	(197)
Other	130
	<u>5,195</u>

A reconciliation of the differences between the effective tax rate and the federal statutory tax rate for the year ended December 31, 2025 is as follows (in thousands):

	<b>Amount</b>	<b>Percent</b>
U.S. Federal Statutory Rate	3,194	21.00%
State and Local Income Taxes, Net of Federal Income Tax Effect (a)	521	3.43%
Foreign Tax Effects:		
<u>United Kingdom</u>		
Change in Valuation Allowance	369	2.43%
Other	(10)	-0.06%
<u>Belgium</u>		
Change in Valuation Allowance	396	2.60%
Other	(54)	-0.36%
<u>Australia</u>		
Change in Valuation Allowance	615	4.04%
Other	92	0.61%
<u>Italy</u>		
Other	(11)	-0.07%
Effects of Cross-Border Tax Laws:		
Foreign Derived Intangible Income	(195)	-1.28%
Other	69	0.45%
Tax credits	(115)	-0.75%
Change in valuation allowance	-	0.00%
Nontaxable or nondeductible items	127	0.84%
Changes in unrecognized tax benefit	-	0.00%
Other	(17)	-0.11%
Effective tax rate	<u>4,981</u>	<u>32.76%</u>

(a) State taxes in Michigan, Florida, and Illinois make up the majority (greater than 50 percent) of the effect of this category.

As of December 31, 2025, the Company has US\$ 7.14 m 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 are 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 a conclusion that a valuation allowance is not needed. As of December 31, 2025, management has determined that a valuation allowance is currently needed against the Company's Australia, Belgium, Italy, and UK deferred tax assets.

The Company files income tax returns in the U.S. federal jurisdiction and various state jurisdictions. The Company has no open years for the tax year 2021 and forward at the end of December 31, 2025. The Company has open years related to United Kingdom filings for the tax year 2021, and open years related to Italian filings for tax years 2020 forward.

The Company adopted the accounting standard for uncertain tax positions, ASC 740-10, 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 consolidated 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.

#### Statement of Cash Flow Disclosure

The amounts of cash income taxes paid by the Company were as follows:

	<u>2025</u>
Disclosure of Income Taxes Paid	
Jurisdiction	
Federal	1,490
State and local	465
Foreign	
Belgium	208
All other foreign	<u>74</u>
Income taxes, net of amounts refunded	2,237

#### 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 is managed and evaluated as a single operating segment by the Chief Operating Decision Makers ("CODM"), comprised of the Executive Leadership Team. 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 following table shows the breakdown by geography during the year ended December 31, 2025 and 2024:

USD \$000	North America		Europe		Australia		ROW <sup>(1)</sup>		Total	
	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024
Boomed screeds <sup>(2)</sup>	26,246	31,374	4,092	7,171	2,740	2,738	1,711	1,803	34,789	43,085
Ride-on screeds <sup>(3)</sup>	11,893	13,927	1,989	3,279	591	1,513	1,626	1,622	16,099	20,341
Remanufactured machines	5,440	5,829	-	1,034	-	-	321	189	5,761	7,052
3-D Profiler System	5,782	8,576	378	228	798	792	-	-	6,958	9,596
Parts & Service	12,875	14,360	1,660	1,893	792	1,075	1,648	1,778	16,975	19,107
Other <sup>(4)</sup>	5,856	8,158	754	1,000	628	434	1,037	381	8,275	9,973
<b>Total</b>	<b>68,092</b>	<b>82,224</b>	<b>8,873</b>	<b>14,605</b>	<b>5,549</b>	<b>6,552</b>	<b>6,343</b>	<b>5,773</b>	<b>88,857</b>	<b>109,154</b>

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-15EZ, SRS-6, SRS-4 and SRS-4e.

3. Ride-on Screeds include the S-940, S-940e, S-485, Hammerhead, and S-158C.

4. Other includes training and freight, as well as other equipment such as the SkyScreed, 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\$ 931,000 and US\$ 1,225,000 for the years ended December 31, 2025 and 2024, respectively. The income tax effect recognized for stock-based compensation was US\$ 0.1m and US\$ 0.2m, respectively, for the years ended December 31, 2025 and 2024.

### 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 2025 and 2024 is presented below:

	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)
<b>Outstanding at December 31, 2024</b>	<b>646,349</b>	<b>2,977,916</b>

	Shares	Grant date fair market value US\$
Outstanding at January 1, 2025	646,349	2,977,916
Granted	395,032	1,287,178
Vested or settled for cash	(140,898)	(907,244)
Forfeited	(16,730)	(65,000)
<b>Outstanding at December 31, 2025</b>	<b>883,753</b>	<b>3,292,850</b>

RSUs settled for cash were US\$ 454,000 in 2025 and US\$ 714,000 in 2024.

As of December 31, 2025, there was US\$ 1,240,000 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 1.25 years.

## 16. Employee compensation

The Board approved management bonuses and profit-sharing payments totaling US\$ 736,000 and US\$ 1.2m, partly paid in December 2025 and 2024, respectively. The remainder to be paid in early 2026, based upon the Company meeting

certain financial targets. Amounts not paid during 2025 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 2025, the Company issued 6,906 shares of common stock, valued at US\$ 23,000 at the time of grant. In March 2024, the Company issued 5,310 shares of common stock, valued at US\$ 21,000 at the time of grant.

### **17. Share buyback**

In February 2025 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, 2025, the Company purchased 657,140 shares of common stock for an aggregate value of US\$ 1,996,000 pursuant to the share buyback program authorized in 2025, and 199,645 shares of common stock for an aggregate value of US\$ 631,000, which completed the share buyback program authorized in 2024. In connection with the Company's share buyback programs authorized in 2025 and 2024, 664,899 shares held in treasury were cancelled in 2025.

### **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 10, 2026, the date the consolidated financial statements were available for issuance.

### **Dividend**

The Board approved a dividend payout ratio of 50% of adjusted net income and is pleased to announce a final 2025 dividend of 6.24 US cents per share that will be payable on May 8, 2026 to shareholders on the register at April 10, 2026. Together with the interim dividend paid in October 2025 of 4.00 US cents per share, this represents a full year regular dividend to shareholders of 10.24 US cents per share.

Distribution amount:	\$0.0624 cents per share
Ex-dividend date:	9 April 2026
Dividend record date:	10 April 2026
Final day for currency election:	24 April 2026
Payment date:	8 May 2026

### **Equity bonus plan**

In February 2026, the Board approved the 2025 Equity Bonus Plan, under which eligible senior managers can elect to receive up to 100% of their 2025 annual performance bonus in shares of common stock. The Company expects to issue shares for awards under the 2025 Equity Bonus Plan in 2026.

### **Share buyback**

In February 2026, 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\$ 4,000,000. The purpose of the program is to mitigate future dilution resulting from share issuances under the Company's equity award programs and fund opportunistic share repurchases. The Company estimates that the program will be fulfilled by the end of 2026.

## **Other Unaudited Information**

### **Dividend**

All dividends, 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 Computershare 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](mailto:webcorres@computershare.co.uk).

### **Annual General Meeting**

The Annual General Meeting of Stockholders (the "AGM") of the Company will be held 46980 State Hwy M26 Atlantic Mine, Michigan 49905 USA on June 17, 2026 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 21, 2026 will be entitled to receive notice of, and vote at, the AGM.