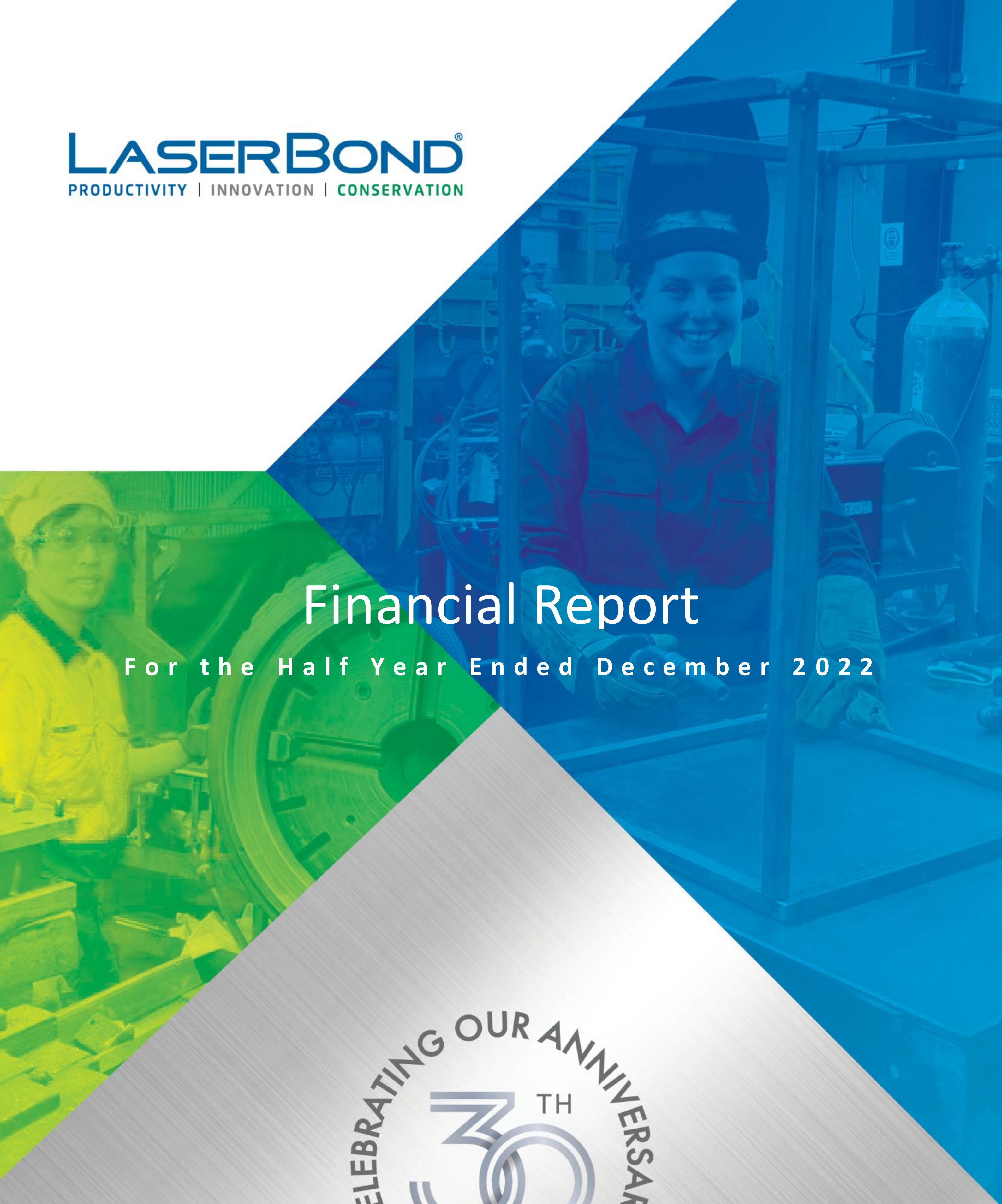
LASERBOND®

PRODUCTIVITY | INNOVATION | CONSERVATION



Financial Report

For the Half Year Ended December 2022

CELEBRATING OUR 30TH ANNIVERSARY

Est. 1992

Appendix 4D &
Half-Yearly Financial Report LaserBond Limited

ABN 24 057 636 692

Half Year Information given to the ASX under Listing Rule 4.2A
For half-year ended 31st December 2022

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CHAIRMAN'S LETTER

Dear Shareholder

We appreciate your continued support and understand the importance you place on our ability to provide certainty and demonstrate growth. As the results will highlight, the LaserBond Team has again delivered in the first half of FY23 with another strong overall financial and operational performance. This growth was underpinned by healthy improvement in all earnings metrics. Within the organisation, we scaled up our skilled workforce and applied additional focus on our sales and marketing effort in both Australia and in targeted offshore markets. In addition, we have continued discussions with various prospects to acquire a local facility in Western Australia to service customers and grow our market share in that region.

LaserBond has fully resumed its sales and marketing activities in multiple international markets as well as domestically to support the planned expansion. In the first half, our sales team visited and held very promising discussions, facilitated by Austrade, with potential customers in various locations throughout Asia and North and South America. We have also augmented our labour force to better optimise the output from our facilities and intend to recruit additional skilled workers during the current half, either locally or through continued skilled migrant recruitment. The acquisition of the Queensland facility has proved to be very successful, contributing beneficial revenues while still offering significant scope to optimise the operations for additional revenue and profit as we continue to implement the LaserBond knowledge and processes.

While businesses around the country are negotiating the challenges of a raft of internal and external issues such as wage increases and workforce shortages, inflation, interest rate rises, increased cost of capital, and supply chain constraints, LaserBond has been able to increase prices in a measured manner to maintain our targeted gross profit margin above 50%.

I am pleased to report that the solid foundations of our core business have enabled another set of substantial earnings increases compared with the previous corresponding period. Revenue from continuing operations increased by almost 40% from $13.38 million in 1H22 to $18.65 million, while EBITDA grew 37.1% from $3.37 million in 1H22 to $4.62 million in 1H23. Similarly, profit after tax was up by 31.6% to $2.00 million in 1H23 from $1.52 million in the previous corresponding period.

Performance Highlights

	1H23		1H22
Revenue from Continuing Operations	$18.65 M	Up 39.4% from	$13.38 M
EBITDA	$4.62 M	Up 37.1% from	$3.37 M
Net Profit Before Tax	$2.74 M	Up 47.3% from	$1.86 M
Net Profit After Tax	$2.00 M	Up 31.6% from	$1.52 M

These earnings increases reflect the growing acceptance and increased demand from our existing customers of our laser cladding services and products both domestically and internationally. Both the Products Division and the Services Division achieved considerable earnings growth, while the Technology Division continued to be struck by component delays thus only achieving revenue from licensing fees, however the 2H23 will see revenue of approximately $3 million from two delayed technology licensing agreements and other technology sales.

Cash flows from operations increased by 54.1% from $2.57 million in 1H22 to $3.96 million in 1H23. Cash balances increased by $2.75 million from $5.68 million in 1H23 over the closing FY22 position. A further acquisition could be funded at least partially from existing cash reserves.

Since its inception, LaserBond has operated from a sustained research and development platform, investing continuously in product and technology ideas that arise during the natural course of business in a truly customer-focused organisation. The Company's R&D work also seeks to anticipate the market direction and demand, and often results in valuable collaborative relationships with tertiary institutions to advance development work while achieving objective expert validation of R&D projects. Several products and technologies that we have recently commercialised have now begun contributing to revenue and are built into forecast earnings for the business.

During the first half the board also appointed an additional independent non-executive director, Dagmar Parsons, whose appointment was effective from 30 January 2023. A mechanical engineer by training, Dagmar brings to the LaserBond board more than two decades of experience at senior executive and non-executive levels in the fields of engineering, manufacturing, construction, and services. Her career has spanned the mining and mining services, infrastructure, oil and gas, power, paper, and steel sectors where she has developed considerable expertise in business strategy, innovation, and leadership. The board welcomes Dagmar and looks forward to benefiting from her extensive and relevant experience.

With respect to our geographic expansion plans, we continue to concentrate on the North American market as an attractive market for our steel mill rolls and other proprietary technology as well as other offshore markets in Asia, Europe, and South America. Expansion via new product development in existing and new markets remains the core driver of our R&D program and increased capacity and capability will drive a significant proportion of our earnings growth over the next few years and remains the Company's primary focus. Lastly, we continue to fulfil existing opportunities for our Technology Licensing Division and expect to recognise revenue for two delayed technology sales in the second half of FY23.

Outlook

There is much speculation about forecasts for the Australian, and indeed the global economy. We are experiencing inflation rates not seen for thirty years, sharply rising interest rates, higher commodities prices, and significantly higher energy, fuel, and living costs. On the flip side however, unemployment is sitting at a 50-year low, the national economy continues to grow, and our currency remains reasonable stable. What this all means for the year ahead is incredibly hard to predict. JP Morgan's *2023 Business Leaders Outlook: Australia* indicates a moderate level of optimism about the global and national economies, with a slightly higher level of confidence about increasing revenue and profits.

This increased level of uncertainty in the market lends itself well to LaserBond's primary divisions being Products and Services. As experience tells us more clients will be seeking our Services Division to prolong the life of their machinery and to reduce costs by reclaiming items rather than scrapping. This is the same for the Products Division, demand grows as customers look for longer wearing products. As a result, the year ahead will see the Company continuing with its strategy of growth through our core Divisions being Products & Services and, while we are pursuing part of our growth through specific offshore markets, our business in Australia continues to have vast opportunities, not least through acquisition to expand our geographic footprint as well as increasing shifts and output from existing facilities through recruitment and training programs.

Despite the mix of economic pressures facing Australian businesses, demand for our products, services, and proprietary technologies continues to grow. LaserBond's performance to date, the critical nature of its products and services for a blue-chip client base in essential services and other core industry sectors, the sizeable nature of its targeted offshore markets, and the strength of its balance sheet give the board confidence that it can achieve its revenue target of $60 million in FY25.

Dividend

In recognition of another favourable half-year performance, combined with the strength of our balance sheet and its capacity to fund planned growth, the directors have declared an interim dividend of 0.8 cents per share fully franked. This is in line with the final dividend for FY22 and is 33.3% higher than the FY22 interim dividend. The dividend confirms the board's view, after a particularly difficult trading environment over a protracted period, that LaserBond's products, services and technologies have been validated as being integral to the continuing and efficient operations in essential services and other heavy industries. It also underpins the Board's belief that the Company can meet the planned capital requirements for its domestic and international expansion strategy.

On behalf of the board, I thank all our committed shareholders who have invested in our business because they share our belief in its prospects. I also thank our employees (35% of whom are shareholders) who have risen to the many challenges that have emerged over the past few years and not only enabled the business to continue to service its customers across a wide spectrum of industries but have devised ways to confront challenges that could not have been fathomed a mere three years ago.

The board has maintained a constant focus on the rapidly changing economic environment, reacting quickly and decisively to address and mitigate risk, and analysing the potential opportunities that so often emanate from disruptive forces, such as those of our recent past. I look forward to keeping you updated on our innovations, and financial and operational progress, as we build revenue from our proprietary technologies and products both in Australia and offshore.

Philip Suriano

Chairman

RESULTS FOR ANNOUNCEMENT TO THE MARKET

	Half year ended 31st December 2022		Half year ended 31st December 2021
Revenues from ordinary activities	$18,651,716	Up 39.4% from	$13,378,138
Net profit from ordinary operating activities after tax attributable to members	$2,000,063	Up 31.6% from	$1,522,122
Net profit for the period attributable to members	$2,000,063	Up 31.6% from	$1,522,122
Earnings per share (cents) from profit attributable to members	1.83	Up 16.6% from	1.57
Net tangible assets per ordinary share (NTA Backing - cents)	20.46	Down 19.7% from	25.48

Net tangible assets include right of use assets with a carrying value of $6,561,187 as at 31 December 2022 (31 December 2021: $3,937,436)

Dividend Information

Dividends	Amount Per Share (cents)	Total	Franked Amount	Record Date	Payment Date
2022 Final	0.8	$874,349	100%	9 September 22	7 October 22
2021 Interim	0.8	$876,925	100%	8 March 23	31 March 23

The Board has resolved to pay a fully franked interim dividend of 0.8 cents per share. With the forecasted continued growth, the Board expects to be able to continue to pay dividends in the future. As the Board resolution regarding dividends was made after 31st December 2022, the dividend will be paid from retained earnings but is not recognised as a liability in the half-year financial statements.

Dividend Reinvestment Plans

During the period LaserBond Limited had a Dividend Reinvestment Plan (DRP) in operation. Under the DRP shareholders may elect to have dividends on some or all of their ordinary shares automatically reinvested in additional LaserBond shares, at a discount to the market price. Full details of the operation of the DRP are contained in the Terms and Conditions available on the LaserBond website: www.laserbond.com.au.

The Board has resolved to offer the DRP for the FY2023 interim dividend. The discount applied to determine the market price in accordance with the DRP terms and conditions will be 5%.

Brief Explanation of Results

Further detail on operating performance and outlook is held in the Director's Report as well as the ASX release lodged in conjunction with the Report.

Details of Subsidiaries

During the period from 1st July 2022 to 31st December 2022, LaserBond Limited has not gained or lost control over any entities.

Details of Associates and Joint Venture Entities

During the period from 1st July 2022 to 31st December 2022, LaserBond Limited has no interest in any Associates or Joint Venture Entities.

Details of Foreign Entities

During the period from 1st July 2022 to 31st December 2022, LaserBond Limited has no interest in any foreign entities.

Audit Modified Opinion, Emphasis of Matter or other matter

None.

DIRECTORS' REPORT

Your Directors present their report on the entity for the half-year ended 31st December 2022.

Directors

Details of the Company's Directors during the half year and up to the date of the report are as follows:

Director	Position Held	In Office Since
Philip Suriano	Non-Executive Chairman	6 May 2008
Ian Neal	Non-Executive Director	9 May 2022
Dagmar Parsons	Non-Executive Director	30 January 2023
Wayne Hooper	Executive Director & CEO	21 April 1994
Matthew Twist	Executive Director & CFO	30 June 2020

Overview

Since founding LaserBond a little over 30 years ago, we have maintained a steadfast eye on our customers and how we can innovate to influence the market and deliver operating efficiencies and cost reductions well in advance of their expectations. To this end, we have created a culture of innovation in the business, where customers approach us with a problem, and we work collaboratively to find a solution. The unwavering commitment to investing in the R&D projects that have emerged from these approaches, combined with collaborative relationships with reputable tertiary institutions to validate and endorse our work, has resulted in a business that has grown its revenue continuously throughout.

Supply chain issues, the scarcity of skilled workers, wage increases, inflation, interest rate rises, higher cost of capital, and higher input costs (most notably for energy), are confronting most businesses as they adapt to the ever-changing business environment.

Fortunately, many of these challenges have been mitigated so they have not significantly affected the business adversely. We are continuing to recruit additional skilled workers at LaserBond, these employees are being hired to further augment output and support our growth aspirations as opposed to replenishing the workforce to underpin historical levels of demand. With respect to wage increases, our Company's remuneration approach has tracked CPI to avoid the current situation where many businesses face the challenge of a significant CPI catch-up in conjunction with high levels of inflation. Supply chain constraints have been largely avoided in the business due to a strategic decision made to increase minimum levels of critical inventory stocks well in advance of any supply issues. The impact of higher input costs, particularly relating to energy has been mitigated with timely price increases, while the absence of bank debt has negated the effect of rising interest rates on our business.

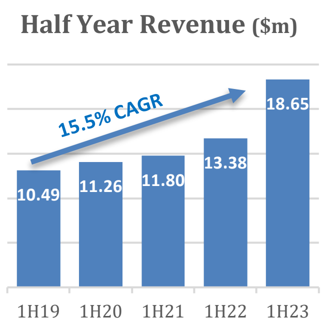
The past twelve months has seen a return to full-scale sales and marketing activity which is required to secure the growth set out in our strategic plan. This renewed focus has again highlighted the great interest in what we do and verified the relevance of our products and technologies in many large and attractive markets. With assistance from Austrade, we have initiated and progressed discussions with several potential customers within our target markets. For larger-scale investments, however, there is always a lag between converting these discussions into sales orders. For products such as the LaserBond rotary feeders and steel mill rolls that are attractive to the North American market, we have resumed our efforts to penetrate this market with products that are more effective in operation than those of many of our competitors.

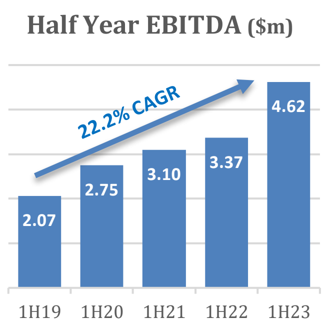
The recently acquired Queensland facility has proved a success, making revenue contributions that are above those modeled in the acquisition analysis and providing more opportunity than originally envisaged to increase the workforce and further optimise facility usage. As we have foreshadowed, the current focus is on acquiring a facility in Western

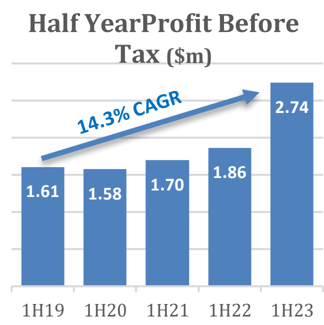
Australia to service that market and we are advanced in discussions with some appealing prospects to secure a presence in a valuable market.

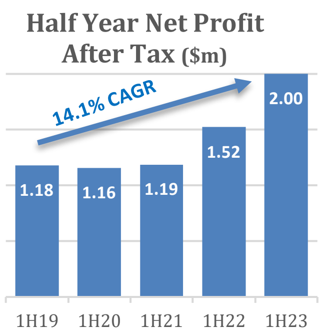
Financial Performance

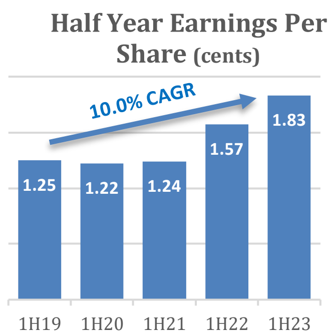
LaserBond achieved another excellent half-year financial performance, with double-digit increases in all earnings metrics. Revenue increased by almost 40% to $18.65 million from $13.38 million in the previous corresponding period, while EBITDA increased by 37.1% to $4.62 million compared with $3.37 million in 1H22. Profit before tax increased 47.3% to $2.74 million from $1.86 million in the previous corresponding period, and after-tax profit grew by 31.6% to $2.00 million from $1.52 million in 1H21. Consequently, earnings per share increased by 16.6% from 1.57 cents to 1.83 cents.

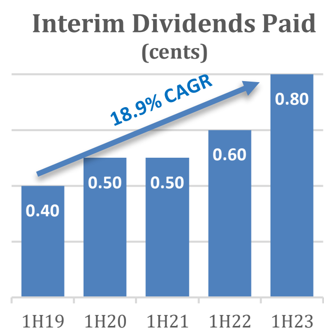




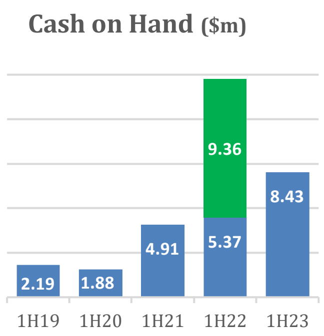


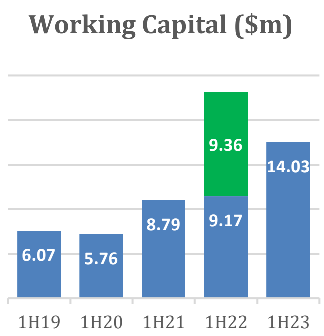


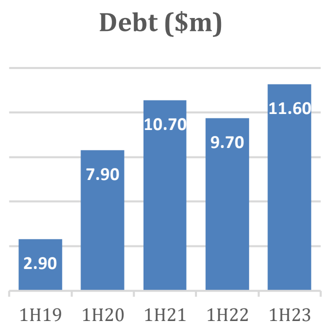




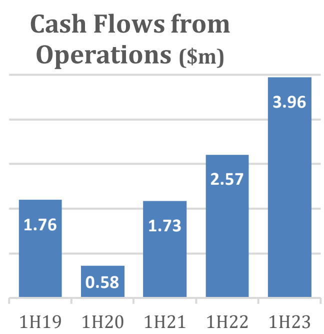
The balance sheet remains healthy, with a comfortable level of working capital and a 5.1% increase in net assets to $28.92 million. Cash on hand for the period increased from $5.68 million to $8.43 million at the end of December 2022. Working capital remains strong with a 17.19% increase over the closing FY22 position. Other than AASB16 lease liabilities, LaserBond's debt consists entirely of equipment financing. The requirement to report facility lease liabilities as debt did not come into effect until 2H19, so is not shown for 1H19. Since then, we have leased facilities at 2 additional sites (Victoria and Queensland), as well as purchased additional equipment required to meet significant increases in demand.

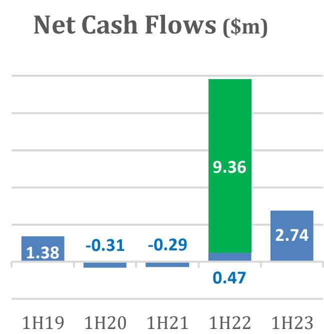






Cash flow from operations continues to be strong, with a 54.1% increase to $3.96 million, compared to $2.57 million in the previous corresponding period and increased by a compound annual growth rate of 22.5% over a five-year period. Net cash flow increased from $0.47 million in 1H22 to $2.74 million in 1H23, exclusive of the $9.36 million of funds achieved via the December 21 capital raising.





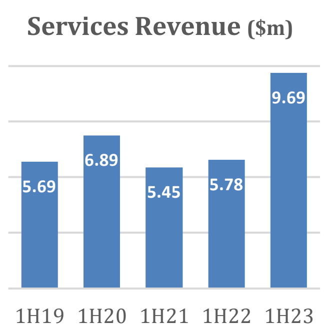
Operational Performance

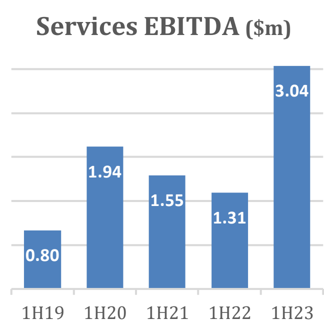
The first half was characterised by a strong sales performance in both the Products and Services divisions, despite lingering issues, particularly with respect to skilled labour and supply chain difficulties. The Queensland facility has made strong contributions to revenue and we are in the process of augmenting capacity with additional skilled workers and equipment to exploit the strong demand in that market. The Technology division has been affected by the long lead times required for large investment sales after a two-year hiatus, with lingering effects from supply chain issues. More broadly, we have seen a substantial increase in demand over the past six to twelve months as businesses return to normal operations.

Services Division

The half-year performance of the Services division can be characterised by vastly increased sales and preserved margins, which also validated the acquisition of the new Queensland facility.

The Services division achieved revenue of $9.69 million, a 67.8% increase on the previous corresponding period, and increased by a compound annual growth rate of 14.2% over the previous five-year period. The increase in 1H23 was partly due to the expansion of the business into Queensland, commencing February 2022. The Queensland facility contributed $2.55 million, representing 26.3% of total Services revenue, thus validating the acquisition decision.

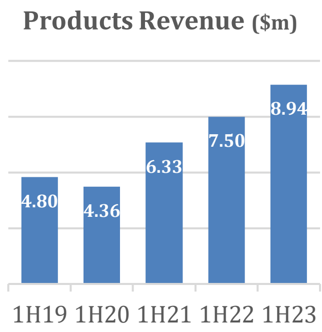


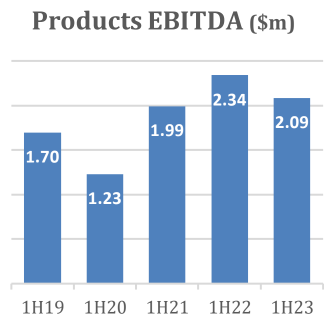


Services Division EBITDA increased by 132.0%, largely due to the ability for our business development team to resume travel and the ramping up of customers' businesses as the effect of the pandemic receded during the 2022 calendar year. Given our specialised services, margins were able to be preserved in an environment of high inflation.

Products Division

The Products division half-year performance can be characterised by increased sales and decreased margins due to wage and supply cost pressures.





The division achieved revenue of $8.94 million, which represents an 19.2% increase on the previous corresponding period. The division grew at a compound annual growth rate of 16.8% since 1H19. A significant increase in orders is expected during 2H23 as OEMs return to normal levels of demand after a period of inventory reduction. Increased sales efforts in markets in North and South America as well as Asia will also promote LaserBond branded products into new and large offshore markets.

Products EBITDA decreased by 10.8% due to a large proportion of this revenue derived from products sold under existing contracted price agreements with OEMs. LaserBond is currently in the process of reviewing these prices and implementing appropriate increases to restore gross profit margins to historical levels. In terms of inventory management, a 2019 policy to increase minimum levels of inventory has proved to be a prudent decision. These higher inventory levels have kept the business's requirements ahead of any delays in shipments, enabling LaserBond to continue to fulfill customer demand and earn revenue that would otherwise have been under threat.

The division has also faced wage pressures as driven by the significant and rapid hikes in inflation. However, given the Company has always increased remuneration for its workforce in line with CPI increases, there was no increase backlog to address and the full extent that some businesses are currently facing has been mitigated.

Technology Division

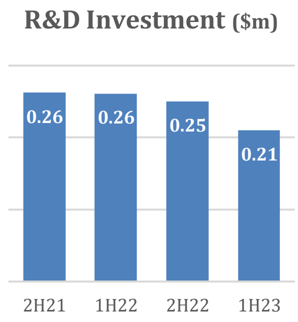
The half-year performance in the Technology division continued to experience aftermath effects of the pandemic.

Revenue for the first half was $22,200 derived only from licensing fees for our UK licensee. However, In the second half of FY23, we expect to recognise revenue of approximately $3 million, primarily relating to the equipment sale of two LaserBond® cladding cells to our North American licensee and to Curtin University in Western Australia. There will also be initial consumables sales from the first supply of these cells and additional licence fees and consumables from the existing UK and New Zealand licensees. Swinburne University in Victoria has also ordered a fully enclosed laser automation cell with robotics, powder feeders and a control system for research purposes, utilising a blue laser source supplied by others. The Swinburne project, funded by an Australian Research Council grant, aims to establish Australia's first experimental platform based on new high-power blue laser technology to understand precision processing of reflective materials which are difficult to treat.

During the reporting period the Company invested significantly in developing overseas technology customers. The negative EBITDA of <$0.31m> for the Technology division is a result of global sales and marketing activities for future sales, with significant employment and travel costs related to opportunities being developed in Europe, Asia and South America. In each of these regions, LaserBond continues to engage with potential customers in negotiation and demonstration of its technologies in pursuit of several promising licensing opportunities.

Innovation

Over the first half, LaserBond's R&D program continued to progress its stable of projects, investing a further $0.21 million. While it appears that investment in the program has reduced in recent times, the investment in the core projects has remained constant. The reduction relates to varying contributions to Cooperative Research Centre Projects partly funded by government, as well as high customer demand creating an increasing backlog of work which has somewhat inhibited access by the R&D team for machine time to carry out experiments. With the increased capacity enabled by the new skilled migrant workers, the backlog is being reduced which will enable more machine time for R&D projects. Plans to expand the R&D team with an additional two people will accelerate progress on advancing critical projects to commercialisation.



In conjunction with various tertiary and research institutions, progress was made during the first half on several R&D initiatives to achieve greater efficiency and capacity within LaserBond's operations, and therefore increased margin and revenue, as well as to develop solutions for specific customer-related issues. During the reporting period, a collaboration between LaserBond, an large mining equipment OEM and the Future Industries Institute of the University of South Australia (FII) developed a novel highly wear resistant laser clad coating system to increase wear resistance of specific components used in the mining industry. Field trials for the system will begin this calendar year. Another project, conducted in collaboration with Monash University with Australian Research Council funding and a tram operator, aims to develop a solution for the cladding of the tram tracks both for wear resistance and noise limitation.

To help optimise internal efficiencies, the R&D team, also in co-operation with the University of SA with Australian Research Council funding, is developing a monitoring system for in-situ crack detection during the laser cladding process which will improve quality and deliver greater process efficiency. These benefits will then translate into improved margins and increased output and revenue, with testing due to commence early in 2023. A grant was also secured for another project that aims to increase productivity without sacrificing quality. Testing on LaserBond's proprietary steel mill rolls for international customers has commenced. The process will enable more throughput in LaserBond's laser cladding facilities which will decrease lead times, increase capacity, and augment revenue and margins.

People

Like many businesses LaserBond has faced challenges in hiring adequate levels of skilled employees to fully optimise output from all its facilities. In 1H23, the business successfully on-boarded 13 new skilled recruits from The Philippines, allocating them to the various facilities. Whilst the migrants are skilled, we need to bring them up to speed on our specialised processes. A further two applications that were part of the initial batch are still being processed and expected to arrive in the current half.

Over the 2022 calendar year, the workforce grew from 109 to 135 employees to help fulfil the increasing demand. Given the dearth of skilled workers available in Australia, the business is also focused on growing its apprentice and trainee programs across the 4 sites. These programs are coordinated by our Learning and Development manager who is dedicated to ensuring the training is well delivered. The Company is also working with a migration agent to undertake the application process for the next group of migrant workers to join the operations. LaserBond closely manages the risk of losing its newly upskilled migrant workers by paying them appropriately, and aiding and support when they arrive in Australia. New skilled migrant employees are provided with short-term accommodation, assistance with securing long term accommodation and given small loans to purchase critical items such as cars. This approach engenders a high level of loyalty to the Company and the high retention rate for migrant workers attest to the favourable way they are welcomed by LaserBond.

Strategy

The past three years have instigated review of our strategy to determine its relevance in the trading environments in which we operate. Clearly, we have altered some of the tactics that were planned to implement these objectives, but by and large, our strategy has remained relevant as a roadmap for the growth of our business. The four cornerstones are as follows:

- Geographic Expansion – push existing and new products into new markets as well as provide high-performance reclamation services in a timely manner to customers in broader markets
- Capacity and Capability – invest in people, equipment, and automation to improve margins and build productivity
- Product and Process Development – innovate, build R&D capability, and stay ahead of the market
- Technology Licensing – build a suite of technologies for sale under long-tailed licensing arrangements.

Expansion into Western Australia with the acquisition of a facility to service an attractive market remains our priority. To that end, we are in discussions to acquire a base in the West and complete a national footprint from which to service a large and growing stable of customers spread across mining and mining services, energy, transport, oil and gas, manufacturing, and other industrial sectors. Such an acquisition exemplifies our strategy to acquire complementary businesses that provide skilled personnel and equipment with an existing client base as well as a local facility for LaserBond® cladding technology in a new market.

On the international expansion front, from May last year, we reignited our business development efforts in specific target markets and with the assistance of Austrade have progressed discussions in numerous regions for our products and technologies.

We have augmented our capability with more employees and our capacity with more equipment to meet the current high level of demand, and while our R&D program has been affected by reduced machine time, our commitment, as a business driven by innovation, is to restore that time in coming months as we reduce lead times in the NSW operations. R&D has been a mainstay in our business and that focus will continue.

Outlook

While many commentators have mixed views about Australia's economic outlook, we remain confident our core offering will continue to be in high demand as it reduces total cost of ownership across a broad range of capital-intensive industries.

Discussions and product trials in several international markets have been extremely positive and there is also continued interest in our technology. For the foreseeable future, we see no sign of demand waning in the Australian market, with consumption across the board remaining strong in our primary sectors. At LaserBond, we are in the process of employing more skilled workers and installing new equipment in every one of our state-based facilities to increase capacity to meet the current demand. We have also applied additional focus on our sales and marketing efforts both in Australia and offshore to promote the benefits of LaserBond's products and technologies to drive increased revenue from specific lucrative markets.

The Board believes that the long-term revenue target of $60 million by the end of the financial year 2025 remains realistic and is intent on equipping the business to realise its full potential. In the last 30 years, we have achieved a substantial amount, abiding by the principles of rigorous cost control, customer focus, and new product and solutions to a diversity of mechanical and engineering challenges. We have now built the foundations necessary to support significant growth and demand is at our doorstep. I look forward to updating you on the full story of our achievements for FY23.

Events subsequent to balance date

On 30 January 2023 the Board appointed Ms. Dagmar Parsons as an additional non-executive director.

In February 2023, the renewal of the South Australia facility lease, as mentioned in Note 11, was executed.

Other that those already disclosed in this half yearly financial report, there has not been any item, transaction, or event of a material nature, in the opinion of the Directors, to affect substantially the operations of the Company, the results of those operations or the state of affairs of the Company in subsequent financial years.

Auditor's Independence Declaration

The lead auditor's independence declaration under section 307C of the Corporations Act 2001 is included on page 16 of the financial report for the half-year ended 31 December 2022.

This report is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the directors by:

Wayne Hooper

Executive Director

Dated this 24 day of February 2023.

DIRECTORS' DECLARATION

The Directors of the Company declare that:

1. The half-year financial statements and notes, as set out on pages 23 to 28 are in accordance with the Corporations Act 2001 including:
   a) complying with Accounting Standards AASB134: Interim Financial Reporting and the Corporations regulation 2001; and
   b) giving a true and fair view of the Company's financial position as at 31st December 2022 and of its performance for the half-year ended on that date.
2. In the Directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

Wayne Hooper
Executive Director

Dated this 24th Day of February 2023.

LNP Audit + Assurance

ABN 65 155 188 837
L8 309 Kent Street Sydney NSW 2000
L24 570 Bourke Street Melbourne VIC 3000
L14 167 Eagle Street Brisbane QLD 4000
1300 551 266
www.lnpaudit.com

AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF LASERBOND LIMITED

As lead auditor of LaserBond Limited for the half-year ended 31 December 2022, I declare that, to the best of my knowledge and belief, there have been:

1. no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and

2. no contraventions of any applicable code of professional conduct in relation to the audit.

LNP Audit and Assurance Pty Ltd

Archana Kumar
Director

Sydney 24 February 2023

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INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF LASERBOND LIMITED

REPORT ON THE HALF-YEAR FINANCIAL REPORT

Conclusion

We have reviewed the half-year financial report of LaserBond Limited, (the Company), which comprises the condensed statement of financial position as at 31 December 2022, the condensed statement of profit or loss and other comprehensive income, the condensed statement of changes in equity and the condensed statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the Directors' Declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of LaserBond Limited's does not comply with the *Corporation Act 2001* including:

(a) Giving a true and fair view of LaserBond Limited's financial position as at 31 December 2022 and of its financial performance for the half-year ended on that date; and
(b) complying with Australian Accounting Standards 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of Financial Report Performance by the Independent Auditor of the Entity.* Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company in accordance with the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES110 *Code of Ethics for Professional Accountants* (including Independence Standards) (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporation Act 2001* which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's review report.

Responsibility of the Directors for the Financial Report

The Directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the Directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility for the Review of the Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Company's financial position as at 31 December 2022 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

LNP Audit and Assurance Pty Ltd

Archana Kumar
Director
Sydney, 24 February 2023

Condensed Statement of Profit or Loss and Other Comprehensive Income for the Half-Year Ended 31 December 2022

	31 Dec 2022 $	31 Dec 2021 $
Revenue from continuing operations	18,651,716	13,378,138
Cost of Sales	(8,990,530)	(6,114,711)
Gross Profit from continuing operations	**9,661,186**	**7,263,426**
Other Income	229,789	196,470
Administration Expenses	(2,159,781)	(1,246,861)
Depreciation & Amortisation	(1,612,075)	(1,287,443)
Employment Expenses	(2,844,108)	(2,380,314)
Finance Costs	(283,883)	(217,936)
Research & Development Costs	(210,454)	(261,038)
Other Expenses	(40,761)	(202,916)
Profit before tax	2,739,913	1,863,388
Income tax expense	(739,850)	(341,266)
Profit for the period	2,000,063	1,522,122
Other comprehensive income for the period, net of tax	–	–
Total comprehensive income attributable to members of LaserBond Limited	2,000,063	1,522,122
Earnings per share for profit attributable to members:		
Basic and Diluted Earnings per share (cents)	1.83	1.57

These Financial Statements should be read in conjunction with the accompanying notes.

Condensed Statement of Financial Position

for the Half-Year Ended 31 December 2022

	Notes	31 Dec 2022 $	30 Jun 2022 $
CURRENT ASSETS			
Cash and cash equivalents		8,425,686	5,683,812
Trade and Other Receivables	2	7,787,927	9,773,596
Inventories	3	7,034,300	5,589,899
Total Current Assets		**23,247,913**	**21,047,307**
NON-CURRENT ASSETS			
Property, plant and equipment	4	18,160,068	16,367,296
Deferred tax assets		742,618	632,398
Rental Bond		43,777	37,500
Goodwill	5	6,260,968	6,260,968
Intangible Assets		275,774	157,643
Total Non-Current Assets		**25,483,205**	**23,455,805**
TOTAL ASSETS		**48,731,118**	**44,503,112**
CURRENT LIABILITIES			
Trade and Other Payables	6	4,123,583	4,263,545
Current Tax Liabilities		488,398	110,014
Employee Benefits		2,098,904	1,823,267
Financial Liabilities	7	2,154,495	2,577,877
Total Current Liabilities		**8,865,380**	**8,774,703**
NON-CURRENT LIABILITIES			
Financial Liabilities	7	9,432,387	6,708,326
Employee Benefits		123,636	89,769
Deferred Tax Liability		1,390,411	1,422,202
Total Non-Current Liabilities		**10,946,434**	**8,220,297**
TOTAL LIABILITIES		**19,811,814**	**16,995,000**
NET ASSETS		**28,919,304**	**27,508,112**
EQUITY			
Issued Capital	8	18,512,435	18,226,957
Retained earnings		10,406,869	9,281,155
TOTAL EQUITY		**28,919,304**	**27,508,112**

These Financial Statements should be read in conjunction with the accompanying notes.

Condensed Statement of Cash Flows

for the Half-Year Ended 31 December 2022

	31 Dec 2022 $	31 Dec 2021 $
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from Customers	22,117,131	16,040,447
Payments to Suppliers and Employees	(17,391,592)	(12,908,466)
Interest Paid	(283,883)	(217,936)
Interest Received	17,727	792
Income Taxes Paid	(503,477)	(344,467)
Net cash provided by operating activities	3,955,906	2,570,370
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for Plant and Equipment	(94,164)	(506,604)
Payment for Acquisitions	(0)	(250,000)
Loans to Employees, net	(67,888)	7,683
Net cash used in investing activities	(162,052)	(748,921)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Issue of Shares, net	(2,217)	9,356,754
Repayment of Finance Leases	(443,570)	(916,751)
Dividends Paid	(606,193)	(439,313)
Net cash (used in)/provided by financing activities	(1,051,980)	8,000,690
NET INCREASE IN CASH HELD	2,741,874	9,822,139
Cash at Beginning of Period	5,683,812	4,907,855
CASH AT END OF PERIOD	8,425,686	14,729,994

These Financial Statements should be read in conjunction with the accompanying notes.

Condensed Statement of Changes in Equity
for the Half-Year Ended 31 December 2022

	Issued ordinary capital	Retained earnings	Total equity
	$	$	$
Opening Balance at 1st July 2021	7,378,717	6,882,958	14,261,675
Profit for the period	-	1,522,122	1,522,122
Dividends paid during the period	-	(576,044)	(576,044)
Issue of Share Capital (net of costs)	9,580,851	-	9,580,851
Closing Balance at 31st December 2021	16,959,568	7,829,036	24,788,604
Opening Balance at 1st July 2022	18,226,957	9,281,155	27,508,112
Profit for the period	-	2,000,063	2,000,063
Dividends paid during the period	-	(874,349)	(874,349)
Issue of Share Capital (net of costs)	285,478	-	285,478
Closing Balance at 31st December 2022	18,512,435	10,406,869	28,919,304

These Financial Statements should be read in conjunction with the accompanying notes

Notes to the Condensed Financial Statements for the Half-Year Ended 31 December 2022

Corporate Information

LaserBond Limited (the Company) is a for profit listed public Company incorporated and domiciled in Australia. The financial report for the half year ended 31 December 2022 relates to LaserBond Limited as an individual entity. The Company specialises in developing technologies and implementing its metal cladding methodologies to increase operating performance and wear life of capital-intensive machinery components. LaserBond operates from facilities in New South Wales, South Australia, and Victoria.

The financial statements have been approved and authorised for issue by the Board of Directors on 24 February 2022.

Note 1: Significant Accounting Policies

a) General information and basis of preparation

The condensed financial report is a general-purpose financial report prepared in accordance with the Corporations Act 2001, applicable Accounting Standards (including AASB 134 Interim Financial Reporting) and other mandatory professional reporting requirements. All amounts are presented in Australian dollars ($AUD). The condensed financial report does not include notes of the type normally included in an annual financial report and shall be read in conjunction with the annual report for the year ended 30 June 2022 and any public announcements made during the half year to 31 December 2022 in accordance with the continuous disclosure obligations under the Australian Securities and Exchange Listing Rules and the Corporations Act 2001. The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the Company's annual financial report for the financial year ended 30 June 2022, unless stated otherwise.

b) New and Amended Standards Adopted

The accounting policies adopted in the preparation of the half year financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended 30 June 2022, except for the adoption of new standards effective as of 1 July 2022. The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The Company has adopted all the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and are effective for the financial year beginning 1 July 2022. Adoption of these standards did not have a material impact on the Company's half year financial report.

c) Critical accounting estimates and judgement

In applying the Company's accounting policies, several estimates and assumptions have been made concerning the future. The directors base their judgements and estimates on historical experience and various other factors they believe to be reasonable under the circumstances, but which are inherently uncertain and unpredictable. As a result, actual results could differ from those estimates. The main areas where a higher degree of judgement arises or where assumptions and estimates are significant to the financial statements are:

Carrying amount of Goodwill – The Company determines whether goodwill is impaired at least at each reporting date. This requires an estimation of the recoverable amount of the cash generating units (CGU) to which goodwill has been allocated, using value in use discounted cash flow methodology. The value in use calculation requires the directors to estimate the future cash flows expected to arise from the cash generating unit and a suitable discount rate in order to calculate present value. Where the future cash flows are less than expected, a material impairment loss may arise. As at period end, based on management's assessment, there were no impairment indicators and hence, no impairment was required.

Note 2: Trade & Other Receivables

	31 Dec 2022	30 Jun 2022
	$	$
Trade receivables	7,164,928	8,862,893
Provision for expected credit losses	(105,000)	(80,000)
Loans – Employees	32,790	9,553
Prepayments and other receivables (a)	695,209	981,150
	7,787,927	9,773,596

a) Balances include progress payments raw materials, recruitment and patent applications.

Note 3: Inventories

Stock on Hand – Raw Materials	3,604,857	2,219,248
Stock on Hand – Finished Goods	185,158	228,326
Work in Progress	3,244,285	1,979,231
	7,034,300	4,426,805

The increase in work in progress is largely based around the three Technology division equipment sales, currently under construction. Revenue recognition of approximately $2.78 million from these three equipment sales are expected to occur during the second half of the 2023 fiscal year.

Note 4: Property, Plant & Equipment

Prepayments of Assets (a)	1,685,481	1,924,790
Plant & Equipment		
At cost	18,786,469	18,346,413
Less accumulated depreciation	(9,139,752)	(8,212,482)
	9,646,717	10,133,931
Office Equipment		
At cost	339,513	324,804
Less accumulated depreciation	(238,941)	(216,896)
	100,572	107,908
Motor Vehicles		
At cost	678,976	640,077
Less Accumulated depreciation	(512,865)	(492,063)
	166,111	148,014
Right of Use Assets		
At cost	9,789,851	6,737,451
Less Accumulated depreciation	(3,228,664)	(2,684,798)
	6,561,187	4,052,653
Total property, plant & equipment	18,160,068	16,367,296

Prepayments of assets includes the work in progress related to the design and construction of an automated laser cladding cell developed for the NSW facility, plus deposits for a CNC Lathe for New South Wales, and Large Lathes for South Australia and Victoria to continue increase facility capabilities.

The increase in Right of Use Assets relates to a renegotiated facility lease for Smeaton Grange, NSW for a further term of five years plus a five-year option.

Note 5: Goodwill

	31 Dec 2022 $	30 Jun 2022 $
Goodwill	6,260,968	6,260,968

The Company determines whether goodwill is impaired at least at each reporting date. This requires an estimation of the recoverable amount of the cash generating units (CGU) to which goodwill has been allocated, using value in use discounted cash flow methodology. The value in use calculation requires the directors to estimate the future cash flows expected to arise from the cash generating unit and a suitable discount rate in order to calculate present value. Where the future cash flows are less than expected, a material impairment loss may arise. As at period end, based on management's assessment, there were no impairment indicators and hence no impairment was required.

Note 6: Trade and Other Payables

Income in Advance	1,686,961	1,570,373
Other Payables and Accrued Expenses	2,436,622	2,693,171
	4,123,583	4,263,544

Income in advance relates to deposits and progress payments as per the Technology division's contracts for the supply of two laser cladding cells to North America and Curtin University in WA, plus an automation cell for Swinburne University.

Note7: Financial Liabilities

Current Liabilities		
Hire purchase and finance lease	1,458,491	1,308,399
Lease Liabilities (AASB 16)	696,004	1,269,478
	2,154,495	2,577,877
Non-Current Liabilities		
Hire purchase and finance lease	3,001,527	3,441,090
Lease Liabilities (AASB 16)	6,430,860	3,267,236
	9,432,387	6,708,326
	11,586,882	9,286,203

The increase in Lease Liabilities related to AASB 16: Right of Use Assets is based on the restatement related to the extension for the New South Wales facility lease for a further five years plus a five-year option.

Note 8: Contributed Equity

	31 Dec 2022 $	30 Jun 2022 $
Issued and Paid-Up Capital	18,512,435	18,226,957

	31 Dec 2022 Shares	31 Dec 2022 $	30 Jun 2022 Shares	30 Jun 2022 $
Existing Shares	109,301,609	18,226,957	96,055,413	7,378,717
Issued Shares	314,034	285,478	13,246,196	10,848,240
	109,615,643	18,512,435	109,301,609	18,226,957

a) Ordinary Shares

Date	Details	No. Shares	Issue Price (Cents per Share)	$
1 July 2022	Opening Balance	109,301,609		18,226,957
7 October 2022	Dividend Reinvestment Plan	314,034	0.5455	266,275
31 December 2022	ESP Share Based Payment Expense	-	-	19,203
31 December 2022	Closing Balance	109,615,643		18,512,435

Note 9: Dividends

	31 Dec 2022 $	31 Dec 2021 $
Declared fully franked 2022 final dividend of 0.8 cents per share (2021: 0.6)	874,349	574,360

Dividends not recognised during reporting period

Since 31 December 2022, the Directors have recommended the payment of an interim dividend of 0.8 cents per fully paid ordinary share (2021: 0.6 cents), fully franked based on tax paid at 25.0%. The aggregate amount of the proposed dividend expected to be paid on 31 March 2023 out of retained earnings at 31 December 2022, but not recognised as a liability, is $876,925.

Note 10: Related Party Transactions

Transactions with related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

(a) Other Related Parties	31 Dec 2022 $	31 Dec 2021 $
Labour Costs		
Payroll persons related to executive directors	95,400	126,388

Note: this is exclusive of executive director remuneration which is included in the remuneration report within the Directors' Report of the 2022 Annual Report.

(b) Key Management Personnel Transactions

Consultants		
Hawkesdale Group	2,868	12,500

These consultant fees are paid to non-executive director related entities and relate to services to support executive functions. Fees relative to a non-executive director's board fees are included in the remuneration report within the Directors' Report of the 2022 Annual Report. Hawkesdale Group provided consultancy services related to sales support and strategy development. This is a director related entity.

Superannuation	31 Dec 2022 $	31 Dec 2021 $
Contribution to superannuation funds on behalf of key management personnel	40,176	36,361

Note 11: Contingent Liabilities and Commitments

The Company has committed to:

a) The renewal of the facility lease for our South Australian premises for five years plus a five-year option. This is expected to increase the right of use asset liability by $1,142,833.
b) Security deposit guarantees of $245,102 with the Commonwealth Bank for three of the leased premises.
c) Committed but unpaid amount of $386,000 for fixed assets, including motor vehicles and lathes.

Else, the Directors are not aware of any other contingent liabilities or commitments as of 31 December 2022.

Note 12: Subsequent Events

On 30 January 2023 the Board appointed Ms. Dagmar Parsons as an additional non-executive director.

In February 2023, the renewal of the South Australia facility lease, as mentioned in Note 11, was executed.

Other than those already disclosed in this half year financial report, there has not been any item, transaction, or event of a material nature likely, in the opinion of the Directors, to affect substantially the operations of the Company, the results of those operations or the state of affairs of the Company in subsequent financial years.

Note 13: Segment Reporting

The Company has identified its operating segments based on the internal reports that are reviewed and used by the Executive Directors (chief operating decision makers) in assessing performance and determining the allocation of resources. The Company operates entirely within Australia.

	31 December 2022				
	Services $	Product $	Technology $	R&D $	Total $
Revenue	9,691,344	8,938,172	22,200	-	18,651,716
EBITDA	3,039,891	2,086,707	(306,246)	(202,208)	4,618,144
Interest	138,458	127,698	-	-	266,156
Depreciation & Amortisation	831,558	766,934	-	13,583	1,612,075
Profit Before Income Tax	2,069,875	1,192,075	(306,246)	(215,791)	2,739,913
Income tax expense	(559,167)	(321,457)	82,583	58,191	(739,850)
Profit after Income Tax	1,510,708	870,618	(223,663)	(157,600)	2,000,063

	Dec 22
Assets	48,731,118
Liabilities	(19,811,814)

	31 December 2021				
	Services $	Product $	Technology $	Other $	Total $
Revenue	5,776,356	7,501,442	100,340	-	13,378,138
EBITDA	1,310,376	2,339,366	(20,512)	(261,254)	3,367,976
Interest	94,466	122,679	-		217,145
Depreciation & Amortisation	552,700	717,761	-	16,982	1,287,443
Profit Before Income Tax	663,210	1,498,926	(20,512)	(278,236)	1,863,388
Income tax expense	(121,462)	(274,516)	3,757	50,955	(341,266)
Profit after Income Tax	541,748	1,224,410	(16,755)	(227,281)	1,522,122
					June 2022
Assets					44,503,112
Liabilities					(16,995,000)

Company Details

Registered Office and Principal Place of Business:

LaserBond Ltd	2/57 Anderson Road SMEATON GRANGE NSW 2565 Phone: 02 4631 4500 www.laserbond.com.au

Divisions of Head Office:

South Australia	112 Levels Road CAVAN SA 5094 Phone: 08 8262 2289
Victoria	26-32 Aberdeen Road ALTONA VIC 3018 Phone: 03 9398 5925
Queensland	74 High Road BETHANIA QLD 4205 Phone: 07 3200 9733

Share Registry:

Boardroom Pty Ltd	Grosvenor Place Level 8, 210 George Street SYDNEY NSW 2000 Phone: 1300 737 760 www.boardroomlimited.com.au

Auditor:

LNP Audit & Assurance Pty Ltd	Level 8, 309 Kent Street SYDNEY NSW 2000 www.lnpaudit.com.au

Solicitor:

HWL Ebsworth Lawyers	Level 14, Australia Square 264-278 George Street SYDNEY NSW 2000 Phone: +61 2 9334 8555

Bankers:

Commonwealth Bank of Australia	Major Client Group Level 9, Darling Park Tower 1 201 Sussex Street SYDNEY NSW 2000