

Significant Reinvestment to Accelerate Growth

LaserBond Limited (ASX: LBL) achieved stable revenue against the previous corresponding period, as advised at our 2024 annual general meeting.

The revenue result combines a stellar performance in the Services division, where the benefits of the reinvestment drove a 16.8% increase. Products division revenue was impacted by market issues experienced by our large global OEM customers.

Key Points

- **Revenue Performance:** in line with AGM guidance for 1H25.
- **Strategic Investments:** increasing costs by \$1.41 million, focused on:
 - Expanded senior leadership, under guidance from and supporting the CEO, transforming the business to deliver on strategic objectives.
 - Driving industry and customer spending through targeted business development and sales efforts.
 - Increasing capabilities via capital investment.
 - Reducing lead times through recruitment, training and improved capacity utilisation.
- **Operational Successes:**
 - 16.8% revenue growth in Services.
 - Launched the Quick Response Team in Queensland, supporting reducing lead times.
 - Manufactured the first modular LaserBond® laser-cladding cell, reinforcing strategic investment in the Gateway Group.
 - Reintroducing business development activities for modular laser-cladding cells under license.
 - Dedicated time in the US market to refine business strategy, expand opportunities and assess potential acquisitions.

Revenue

\$20.30M

0.1% increase on pcip

Investment

\$1.78M

Benefits becoming evident in 2H25

Net Profit After Tax

\$1.04M

38.4% decrease on pcip

2H25 Guidance

Revenue

\$22.2 to \$25.1M

9.4% to 23.6% increase on 1H25.

Profit Before Tax

\$2.4 to \$3.1M

80% to 134% increase on 1H25.

Financial Performance

In line with expectations, LaserBond's sales revenue for 1H25 was flat. The Services division delivered a significant growth in revenue, largely generated by the enhanced facilities and additional workforce resulting from the reinvestment program. This upside was able to absorb lower revenue in the Products division revenue. The Technologies division also delivered revenue from its first modular laser cladding cell.

Gross profit margin was nominally lower due to training and development of new skilled workers, but over the past five years has remained stable, within the range of 50% to 54%.

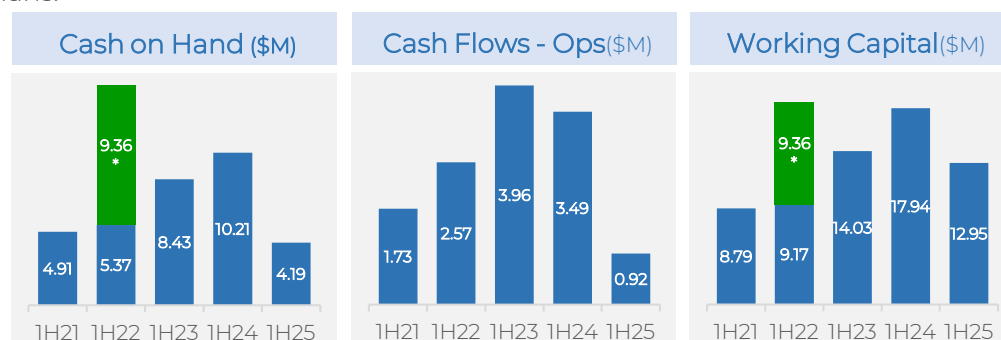
As a result, EBITDA was 21.4% lower, resulting in a 32.7% decline in profit before tax and 38.4% lower profit after tax.

Dividend

The Board has determined to pay a 1H25 fully-franked interim dividend of 0.4 cents per share. The intention is to continue declaring dividends, balancing the business's need for capital to grow and shareholders' commitment to the LaserBond expansion plans.

Cash and Debt

Cash levels for the half also reflect the accelerated investment costs. Cash receipts from customers were down by 10.2% or \$2.41 million compared with 1H24.



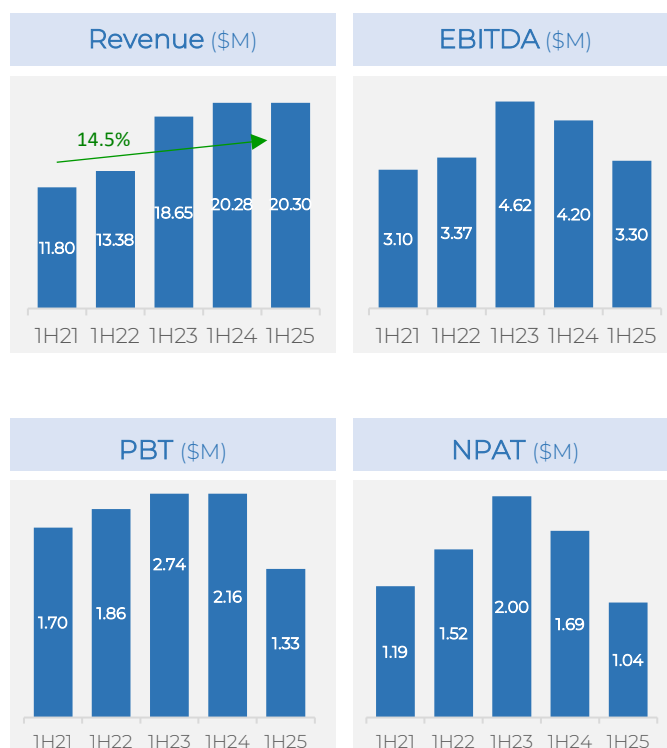
* Capital of \$9.36 million was raised in December 2021 and used to fund the QLD acquisition in Jan 2022.

Working capital was largely flat against the start of the period with a 3.3% decrease and remains adequate to fund the operations.

Strategy

Numerous strategic milestones aimed at accelerating growth across the operations were achieved or progressed during the half. These included:

- the advancement of expansion plans to establish a local LaserBond facility in North America to capture significant upside from existing customers and large new markets for the Services and Technology divisions. Several prospective acquisition targets have emerged, and research has identified a range of attractive opportunities to further support the rationale to expand into that region;
- increased capacity and capability to boost productivity at sites, which has involved investing in new equipment and upgrading existing manufacturing infrastructure combined with the addition of larger teams of skilled workers. It also involved building up the other side of the equation, which is the sales resourcing necessary to push the higher levels of productivity through to the market and convert them to revenue; and



- the successful design, manufacture, testing and sale of a new laser cladding cell that is quicker-to-market, more flexible and scalable in its modular form, and lower cost and to met a wider section of the market.

Operational Performance

Services

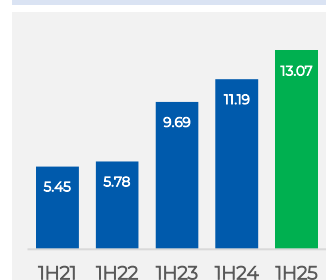
Following a 24.5% average annual increase since 1H21, revenue from the Services division increased by 16.8%, largely due to benefits emanating from the accelerated reinvestment program beginning to flow through in the form of productivity improvements.

To capitalise on the increased productivity enabled by the reinvestment, further growth prospects have been identified in reducing customer lead times to repair a piece of equipment and have it back in operation to generate revenue for the customer as soon as possible. To that end, Quick Response Teams (QRTs) were introduced in the Queensland facility to reduce lead times and

customer opportunity cost. Based on the success of this initiative, with a marked increase in production levels, combined with the increased man hours and improved facilities, a new site is being sought for the Queensland operations in order to further support the current and imminent growth.

Furthermore, QRTs are being introduced at all LaserBond sites in 2H25.

Services Revenue(\$M)

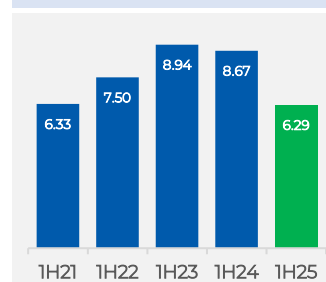


Products

Revenue in the Products division declined by 27.5% due to challenges with operating costs and competitive pressures experienced by some major customers. However, a driver for the reinvestment program was to reduce exposure to large customer fluctuations with increased sales activity to diversify, expand and de-risk the customer base.

Over the past 18 months, some large customers experienced disruptions and changes that have resulted in difficulty forecasting demand and lumpy ordering profiles. These disruptions and changes have included supplier closures at short notice, the instalment of new and complex operating software, leadership changes, competition pressures and margin issues. However, the affected customers are in the process of implementing strategies to restore normal ordering levels and expand their own sales channels, and, as such, Products revenue is expected to remain stable for at least the next two halves.

Products Revenue(\$M)



Technology

The technology division delivered revenue of \$0.94 million including the sale of its first, modular laser cladding cell to Gateway Group in WA. LaserBond purchased a 40% stake in Gateway in March 2024.

In essence, a series of three modular laser cladding cells has been designed to appeal to wider a market segment seeking a lower cost, standardised product. The new cells have interchangeable components and can be manufactured in a quarter of the time.

With the aim of securing two new licensing agreements for these products annually, business development activity has been ramped up, with several potential customers in discussions and much interest more broadly in the marketplace.

Investment in Associates

Based on LaserBond's ownership of 40% of the equity in the Gateway Group, the Company applies equity accounting principles. LaserBond reports \$372,659, presenting 40% of the profits after tax reported by Gateway. For 1H25, Gateway reports \$19.86 million in revenue, with limited growth on the previous corresponding period. However, profits grew by 7.4% based on focused productivity improvements. Gateway is expanding their facility from a footprint of 15,000m² to 25,000m² to allow for future growth, including the planned additional capabilities to support the introduction of LaserBond's surface engineering applications. We look forward to supporting them through this process, and the success to come with surface engineering capabilities in Western Australia.

Outlook

Over the half, the benefits of the reinvestment to accelerate growth across the business began to emerge, becoming particularly evident in the Services division and underpinning its strong revenue contribution. These benefits range from higher levels of productivity at all sites, to increasing sales activity, a wider customer base, and encouraging levels of engagement for the new modular laser cladding cells.

On this basis, and notwithstanding the traditionally long sales process involved with new customers and products, revenue for 2H25 is expected to be in the range of \$22.2 million to \$25.1 million, representing growth of 9.4% to 23.6% on the 1H25 performance. The low end of this range is based on maintaining momentum in Services division growth, with a limited level of growth in the Products division. Assumptions for the higher end of the range are based on optimum revenue from the Services division as well as a return to typical sales activity in the Product division.

Consequently, 2H25 net profit before tax is estimated to fall between \$2.4 and \$3.1 million, representing an 80% to 134% increase on 1H25 NPAT. Therefore, this equates to a full-year revenue range for 2025 of between \$43.0 million and \$46.0 million, and a full-year before-tax profit range of between \$4.1 and \$4.7 million. It should be noted that this revenue estimate does not include revenue from the 40% stake in Gateway Group, acquired in 1H24, given that the two sets of accounts are not consolidated, and thus revenue is not shown.

We also expect, over 2H25, to materially progress our plans for offshore expansion as further investigation, discussion and analysis clarifies the most advantageous means to execute those ambitions.

~ ENDS ~

Authorised for release by the Board of LaserBond Limited.

Further information about the company's financial and operational performance can be found in the Appendix 4D and 1H25 Half Year Report also lodged with the ASX today.

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About LaserBond

LaserBond is a specialist surface engineering company founded in 1992 that focuses on the development and application of materials, technologies and methodologies to increase operating performance and wear-life of capital-intensive machinery components. Within these industries, the wear of components can have a profound effect on the productivity and total cost of ownership of their capital equipment. As almost all components fail at the surface, due to material removal through abrasion, erosion, corrosion, cavitation, heat and impact, and any combination of these wear mechanisms, a tailored surface metallurgy will extend its life and enhance its performance.