

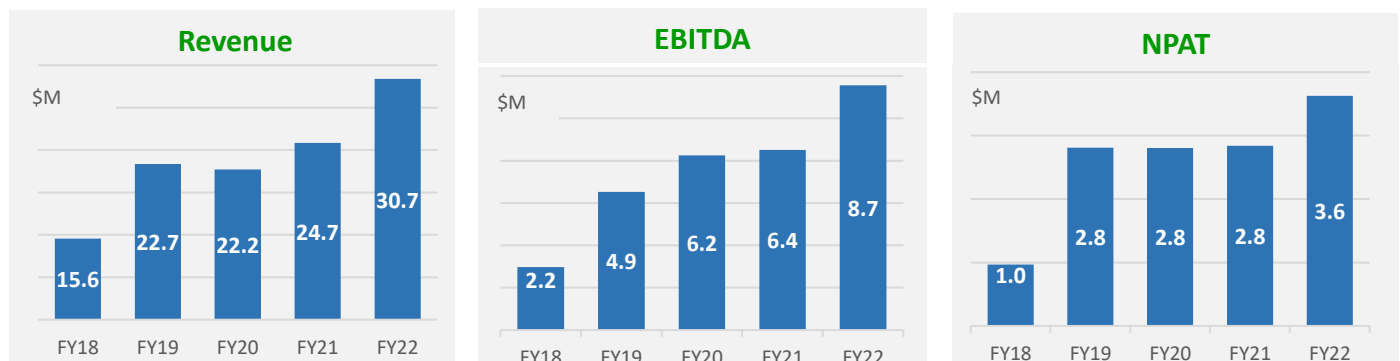
## 2022 Annual General Meeting – 20 October 2022

Presentation by Wayne Hooper – CEO, Executive Director

Good Morning,

Welcome to the 2022 Annual General Meeting for LaserBond Ltd. I am pleased to present a brief review of the 2022 financial year, as well as an update on the revenue for this financial year and on our plans to continue our strong growth.

### FY22 – Brief Review



Despite some challenges, it was satisfying that we achieved excellent growth in all divisions.

Recapping the past year, the highlights included;

- Revenue was up 24.5% year on year;
- EBITDA increased by 35.9%;
- Net Profits After Tax increased 27.9%;
- Earnings per share increased 19.5% to 3.53c;
- Cash balances increased by 15.8% to \$5.68 million;
- Working capital increased by 39.7% to \$12.27 million;
- Fully franked dividends increased by 16.7% to 1.4c per share;
- A successful capital raising via a placement and share purchase plan to fund the acquisition of the Queensland business, and
- Successful integration of the Queensland business into LaserBond's operations from 1 February.

The primary driver for these excellent results was a significant increase in demand for our products and services across the board, as well as a contribution from the Queensland acquisition from February onwards.

A constraint to the business was the difficulty of increasing our skilled workforce to satisfy the additional demand. Labour shortages are occurring throughout Australia, and the metals industry is no exception. To combat this we:

- intensified our local recruiting efforts;
- increased our apprenticeship and traineeship programs to assist in providing future skilled workers; and,
- set about sourcing a second tranche of skilled migrants from around May 2021 in anticipation of the skilled migration program returning.

Ultimately labour shortages during FY22 resulted in an extension of lead-times for our customers and lower revenue than we would otherwise have obtained.

LaserBond sources raw materials for its processes from around the world. During the pandemic, we anticipated there would likely be supply chain issues and made the strategic decision to increase our forward orders and stock holdings of essential, high volume raw materials. This strategy served us well when the supply chain delays inevitably occurred, at the expense of short term cash flow. The raw materials have an indefinite shelf life and stock levels will be moderated in future, freeing up additional cash whilst taking into account our projected increasing demand.

The expected recognition of revenue for two technology sales in FY22 was not possible due to delays in delivery of relatively minor electronic components. Our automation equipment suppliers unexpectedly and repeatedly extended their promised delivery dates, finally meaning the business could not deliver on these technology orders in FY22. These systems were very close to completion, significantly increasing WIP inventory at 30 June 2022 for delivery in this financial year. We have learnt from this experience and the business is now ordering several components that have become long lead time parts in advance, as preparation for the execution of new technology sale agreements in FY23.

In summary, these results represented a very good year, despite the challenges, and has set us up for continuing strong growth.

## FY23 – Highlights so far

We are celebrating 30 years since the fledgling family company that became LaserBond was started in late 1992.

Solid growth in revenue is continuing. For the first quarter to September 30, revenue was \$9.457 million, up by 36.4% on the prior corresponding period in FY22. This revenue was entirely from the Products and Services Divisions, with revenue for the two Technology sales yet to be recognised.

With the assistance of Austrade, our Technology sales team has exhibited at various industry events and met with potential technology partners in India, Brazil, Chile and Peru. There is strong interest from several companies, with some site visits to LaserBond being planned for further discussions.

The excellence of LaserBond's training programs was recently acknowledged by selection as a finalist in the NSW Training Awards.

Our efforts to recruit skilled migrants are finally being rewarded with new staff members arriving late in the first quarter. These new team members have been inducted, initially trained and employed across our four sites. Further skilled migrant trade staff are expected to arrive in the coming weeks. With the additional staff we have been able to reduce our average lead times this financial year, with still more work to do. As we further train these additional team members, we will be able to continue the reduction in lead times and the strong growth of the business.

Whilst inflationary pressures have grown significantly, for our Services and Technology Divisions, each job or supply is separately quoted. For the larger customers within the Products division, negotiated price increases are occurring. We are in the fortunate position of having previously negotiated fixed electricity pricing across our four sites for a 2-year period until December 31, 2023. We are confident we will be able to generally maintain margins in this current environment.



## FY25 Revenue Target

We plan to reach our revenue target of \$60m by FY25 through growth in many areas:

- Ongoing organic growth in our Services and Products Divisions across our four sites through better utilisation of existing capacity with additional skilled labour;
- Enhancement of laser cladding equipment in Queensland to provide greater capability;
- Continuing growth in sales of products such as steel mill rolls and rotary feeders;
- Delivering at least two technology sales per annum;
- Ongoing consumable sales and license fees from existing and new licensees;
- Utilisation of the additional capacity and efficiency of our new LaserBond® cladding systems installed in NSW and Victoria;
- Increasing sales through utilisation of E-Clad™, Nanoclad™ and Microclad™; and
- Continuing the domestic expansion for our Services division.

## Domestic Expansion

Most customers within our Services division rely on timely reclamation of their wearing components due to tightly scheduled maintenance and overhaul activities for their equipment or breakdowns. Downtime is expensive. LaserBond has expanded its operations domestically to four states, and is looking for expansion opportunities in Western Australia. This will benefit our Services division revenue with facilities to support more end-users throughout Australia.

Thank you for attending our AGM. We look forward to reporting our half-year results in February.

