

Wire to Wire: Filling the Navy's Gaps

AML3D Limited

AML3D (ASX: AL3) is developing an industrial-scale metal additive manufacturing platform focused on defence, maritime and heavy industrial applications. Through its proprietary ARCEMY platform and WAM technology, the company is positioning itself within the modernisation of the US Maritime Industrial Base and the broader transition toward sovereign and distributed manufacturing infrastructure. Commercial traction is increasingly evident across key defence primes, with an **order book of \$29 million** as of 31 March 2026, underpinned by a **\$9.9 million four-system ARCEMY order from Newport News Shipbuilding**, ongoing deployments with Austal USA at the US Navy's additive manufacturing Centre of Excellence, and engagement across BlueForge Alliance and other US industrial operators.

The investment case rests on **three core pillars**. First, AML3D provides exposure to long-duration structural growth drivers including rising defence expenditure, expansion of the US submarine industrial base and increasing focus on sovereign manufacturing capability across allied nations. Second, the company is transitioning from early-stage technology validation toward deeper industrial integration within strategically important defence ecosystems, evidenced by Newport News Shipbuilding expanding its ARCEMY fleet from two to six systems within six months. Third, expansion of the installed ARCEMY base could support growing recurring software, maintenance and manufacturing revenues while deepening customer integration across defence and industrial supply chains.

AML3D is progressively embedding itself within industrial environments where production flexibility, operational resilience and localised manufacturing capability are becoming increasingly critical. As governments and operators continue prioritising distributed production infrastructure and supply chain resilience, industrial-scale additive manufacturing adoption may accelerate over the coming decade, positioning AML3D to benefit from both defence and broader industrial adoption trends across energy, infrastructure and heavy industry markets.

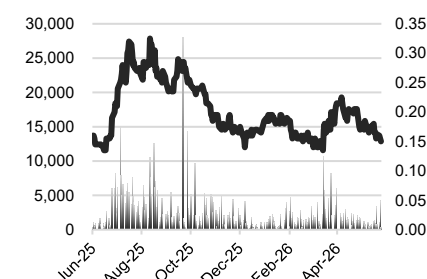
Our valuation framework implies a fair value of **\$0.37/sh**, representing 155% upside to the current \$0.145 share price. With a \$29 million order book, expanding US defence exposure, increasing alignment with AUKUS-related industrial initiatives and growing strategic relevance within allied manufacturing supply chains, we believe AML3D is positioning itself as an emerging advanced manufacturing platform leveraged to the next generation of defence and industrial production infrastructure.

Recommendation	SPEC BUY
Price Target	\$0.37
Share Price	\$0.145
TSR	+155%

Company Profile

Market Cap	\$81m
Enterprise Value	\$56m
SOI (diluted)	556.5m
Cash	\$26.5m
ADV (3-month)	536k
52-Week Range	0.135 - 0.34

Price Performance



Company Overview

AML3D (ASX: AL3) is an Australian advanced manufacturing company developing industrial-scale metal additive manufacturing solutions through its proprietary ARCEMY® platform and WAM® technology. The company is expanding within the US Maritime Industrial Base through deployments with Newport News Shipbuilding, Austal USA and other defence customers. Near-term catalysts include additional ARCEMY® orders, further US Navy contracts and continued expansion across the United States and Europe.

Analyst

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Figure 1: Key upcoming catalysts. Source: Company guidance, ASX announcements. Timing based on company disclosures and analyst estimates.

Catalyst	Est. Timing
Additional ARCEMY orders from US defence customers	CY2026
Further US Navy manufacturing contracts	CY2026
Expansion of Newport News Shipbuilding deployments	CY2026
UK defence programme progression with BAE Systems	CY2026-CY2027
Growth in ARCEMY installed base	CY2026-2027



Contents

Wire to Wire: Filling the Navy's Gaps 1

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Investment Thesis3

Financial Summary 4

1. Rebuilding Naval Manufacturing5

 Naval Supply Chains Under Pressure 5

 Additive Manufacturing Becomes Strategic..... 6

 AUKUS and Sovereign Manufacturing 7

 AML3D's Strategic Positioning8

2. Redefining Industrial Manufacturing 9

 ARCEMY and the Industrialisation of Additive Manufacturing 9

 WAM Technology and Large Scale Metal Printing10

 Manufacturing at the Point of Need.....11

 Software, Automation and Process Control.....11

 Building a Scalable Manufacturing Platform12

3. Scaling Through Defence & Infrastructure..... 13

 Commercial Momentum within the US Defence Ecosystem13

 Strategic Defence Partnerships14

 Expanding into Industrial End Markets.....15

 Scaling the ARCEMY Installed Base15

 International Expansion Strategy16

 Scaling from Early Adoption to Industrial Integration.....16

4. Market Opportunity & Peers17

 Market Opportunity17

 Qualitative Peer Positioning.....19

 Financial KPI Comparison21

5. Valuation 25

 Revenue Forecast25

 Margins, Costs & Operating Leverage.....26

 From Earnings to Free Cash Flow27

 Discount Rate29

 Terminal Value & Equity Bridge.....29

 Sensitivity Analysis.....30

Appendix 32

 Key Risks32

 Board & Management.....33

Investment Thesis

AML3D offers exposure to a rare combination of industrial policy, defence capacity expansion and early commercial adoption of large scale metal additive manufacturing. The company remains at an early stage of financial maturity, but its strategic relevance is increasing as Western defence supply chains face growing pressure to deliver complex metal components faster, locally and with less dependence on legacy supplier networks. The investment case rests on AML3D's ability to solve a specific and increasingly valuable problem: the production of qualified, large format metal parts in markets where conventional manufacturing lead times are becoming a strategic constraint.

The current market valuation appears to reflect a business still largely viewed as an emerging hardware supplier, rather than a potential industrial platform embedded within defence and critical manufacturing workflows. This creates a potential mispricing opportunity if AML3D continues to convert technical validation into repeat system orders, production contracts and deeper customer integration. The company's \$29 million order book as of 31 March 2026, anchored by a \$9.9 million four-system ARCEMY order from Newport News Shipbuilding and ongoing deployments with Austal USA, suggests that ARCEMY is moving beyond demonstration use cases and into environments where reliability, qualification and supply chain resilience matter more than lowest cost production alone.

The most important change in the equity story is the shift from technology proof to commercial repeatability. AML3D's opportunity is differentiated if ARCEMY systems become part of a broader manufacturing architecture for naval sustainment, submarine supply chains and heavy industrial component production. Each new deployment expands the installed base and creates future opportunities for software, support, maintenance, qualification work and contract manufacturing.

A key attraction of the model is its potential operating leverage. Revenue growth could scale faster than the cost base if system orders, component manufacturing and recurring service revenues build on the same technology platform, improving revenue quality and reducing dependence on individual large equipment sales. The upside case depends not only on how many ARCEMY systems are sold, but on whether those deployments become recurring industrial nodes inside customer supply chains.

The defence market provides a more favourable adoption environment than many commercial manufacturing verticals. Procurement decisions in naval and sustainment programs are increasingly influenced by availability, resilience and strategic control of production capacity. AML3D is still small relative to the scale of the opportunity, but that is also the source of potential asymmetry. Even modest penetration of defence and heavy industrial markets could have a material impact on revenue, margin structure and valuation.

Overall, AML3D should be viewed as an early stage advanced manufacturing platform with exposure to a structural rebuild of allied industrial capacity. With a \$29 million order book and Newport News Shipbuilding expanding its ARCEMY fleet from two to six systems within six months, the probability of translating strategic relevance into sustained commercial scale is improving. While execution risk remains high, the combination of growing defence demand, expanding ARCEMY adoption and potential recurring revenue formation creates a favourable risk reward profile for investors willing to underwrite early stage industrial growth.



Financial Summary

Valuation Details				
Share Price (A\$)	\$0.145			
Market Cap (A\$m)	80.70			
Enterprise Value (A\$m)	56.03			
Fair Value/Share (A\$)	\$0.37			

Financial Statements (A\$m)	FY25	FY26E	FY27E	FY28E
Income Statement				
Revenue	7.39	16.85	23.00	44.19
EBITDA	-6.54	-0.88	0.41	8.33
EBIT	-7.48	-2.03	-1.46	6.12
Net Income	-7.40	-2.03	-1.46	4.28
Balance Sheet				
Cash & Cash Equivalents	30.40	23.13	13.48	13.27
Inventory	1.35	2.77	3.78	5.45
Receivables	1.18	2.54	3.47	6.05
Other Assets	5.84	12.02	18.58	22.11
Total Assets	38.78	40.46	39.31	46.89
Total Debt	1.79	1.58	1.39	1.23
Other Liabilities	4.90	6.42	6.91	10.36
Total Liabilities	6.69	8.00	8.31	11.60
Shareholders' Equity	32.09	32.46	31.00	35.29
Cash Flow Statement				
Net Income	-7.40	-2.03	-1.46	4.28
Add: Depreciation & Amortisation	0.93	1.15	1.87	2.21
Less: Change in Net Working Capital/Other	3.58	-1.40	-1.67	-1.13
Cash Flow from Operations	-2.89	-2.29	-1.25	5.36
Cash Flow from Investing	-2.11	-5.90	-8.19	-5.39
Equity Raised (net)	28.03	0.00	0.00	0.00
Net Borrowings/Other	-0.38	0.92	-0.20	-0.18
Cash Flow from Financing	27.66	0.92	-0.20	-0.18
Free Cash Flow	-7.69	-7.37	-7.66	-0.03

Per Share Data	FY25	FY26E	FY27E	FY28E
Shares Outstanding (m)	556.5	567.9	567.9	576.9
Normalised EPS (A\$)	-0.013	-0.004	-0.003	0.007
Dividends per Share (A\$)	0.00	0.00	0.00	0.00
Payout	0%	0%	0%	0%
Franking	0%	0%	0%	0%

Ratios	FY25	FY26E	FY27E	FY28E
Liquidity				
Current Ratio	1.76	5.02	3.64	2.57
Quick Ratio	4.72	3.21	2.04	1.67
Solvency				
Debt to Equity	0.06x	0.05x	0.04x	0.03x
Equity to Assets	82.7%	80.2%	78.9%	75.3%
Profitability				
ROA (Return on Assets)	-19.1%	-5.0%	-3.7%	9.1%
ROE (Return on Equity)	-23.1%	-6.2%	-4.7%	12.1%
ROIC	-150.5%	-13.0%	-5.4%	18.4%
Gross Margin	68.4%	64.2%	67.0%	61.3%
EBITDA Margin	-88.5%	-5.2%	1.8%	18.9%
EBIT Margin	-101.2%	-12.0%	-6.3%	13.9%
NPAT Margin	-100.2%	-12.0%	-6.3%	9.7%
Growth				
Revenue	0.9%	128.0%	36.5%	92.1%
EBITDA improvement	-3.2m	+5.7m	+1.3m	+7.9m
NPAT improvement	-3.2m	+5.4m	+0.6m	+5.7m
Valuation				
P/E	n.m.	n.m.	n.m.	19.5x
EV/Sales	24.2	11.3	8.7	4.6
EV/EBITDA	-27.3	-215.2	483.8	24.4

1. Rebuilding Naval Manufacturing

Naval Supply Chains Under Pressure

Global naval and defence supply chains are undergoing a period of structural realignment, driven by rising geopolitical tensions, ageing fleet infrastructure and increasing pressure on Western nations to rebuild sovereign industrial capability. Across the United States and allied defence markets, traditional manufacturing systems are struggling to meet the growing demands for production flexibility, responsiveness and operational readiness required by modern naval programs.

The challenge is particularly pronounced within the US Maritime Industrial Base, where many critical components continue to rely on fragmented supplier networks, ageing production infrastructure and highly specialised manufacturing processes. A large proportion of existing naval platforms were originally commissioned decades ago, creating mounting challenges around maintenance, sustainment and long-term component availability.

In many cases, critical parts are no longer produced by the original supplier or can only be sourced with extended lead times. Conventional manufacturing methods are often poorly suited to low-volume, highly specialised replacement production, particularly where tooling costs, setup complexity and constrained supplier capacity undermine economic efficiency. As a result, supply chain bottlenecks are increasingly affecting fleet readiness, sustainment programs and broader naval modernisation initiatives.

At the same time, Western governments are placing growing emphasis on sovereign manufacturing capability and supply chain resilience. Defence procurement priorities are increasingly shifting away from pure cost optimisation toward production flexibility, localised manufacturing capacity and strategic redundancy across allied industrial networks.

This transition is creating a favourable environment for advanced manufacturing technologies capable of reducing lead times, improving production responsiveness and enabling more decentralised manufacturing models.

AML3D is already beginning to benefit from this shift. In March 2026, the company secured a contract to manufacture five high-priority components for US Navy submarines after the incumbent supplier was no longer able to deliver the required parts. The contract highlights both the growing strain emerging across existing naval supply chains and the increasing relevance of additive manufacturing within mission-critical defence infrastructure.

Figure 2: Strategic Growth Drivers

- 🔺 **US Navy** highlights need for up to **100 additive manufacturing systems** creating a **\$150 million to \$200 million opportunity** for AML3D.
- 🔺 US Navy demand drives **expansion into shipbuilding** with three systems installed at Austal and two at Huntington Ingalls Industries.
- 🔺 Funding in place for **US Technology Centre expansion** to meet surging demand.
- 🔺 **Expand European defense market** opportunities following initial BAE Systems contract in the UK.
- 🔺 Strategy to **expand into non-Defense markets** in the US underway with initial utilities order from the Tennessee Valley Authority.



Source: Investor Presentation, 27/02/2026

Additive Manufacturing Becomes Strategic

Against this backdrop, additive manufacturing is evolving from a niche prototyping technology into a strategically important industrial manufacturing capability. Advances in industrial-scale metal additive manufacturing are increasingly enabling the production of complex, high-value components with materially shorter lead times, greater production flexibility and improved supply chain responsiveness relative to conventional manufacturing methods.

The strategic significance of this shift is particularly evident across defence and heavy industrial markets, where operational readiness and manufacturing resilience are becoming increasingly critical. The ability to manufacture qualified metal components closer to the point of demand reduces dependence on extended global supply chains while simultaneously improving production agility, sustainment efficiency and inventory management.

AML3D is positioning itself directly within this structural transition through its ARCEMY platform and proprietary WAM technology, both of which are specifically designed for large-scale industrial metal component production across defence, maritime, energy and heavy industry applications.

Importantly, AML3D's positioning extends beyond technology development into operational deployment within strategically important manufacturing ecosystems. The company has already supplied ARCEMY systems and manufacturing solutions to customers including Newport News Shipbuilding, Austal USA, the Tennessee Valley Authority and other industrial operators across the United States.

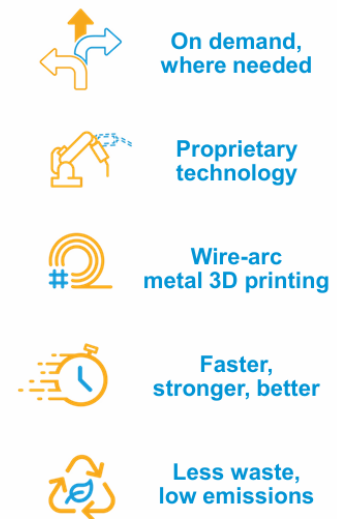
The relationship with Newport News Shipbuilding is particularly significant. As a subsidiary of Huntington Ingalls Industries, Newport News is one of the most strategically important shipbuilders within the US defence industrial ecosystem and a key manufacturer of nuclear submarines and aircraft carriers for the US Navy. AML3D's integration within this supply chain therefore represents more than a commercial contract alone; it provides meaningful early-stage validation of the company's manufacturing capability within one of the most demanding industrial environments globally.

As additive manufacturing adoption continues to accelerate across defence and industrial markets, companies with proven industrial-scale capability, qualified production systems and embedded strategic relationships are likely to become

increasingly well positioned within the next generation of advanced manufacturing supply chains.

Figure 3: The ARCEMY Advantage

- 🔼 **Produces complex industrial parts on demand, where needed**, to accredited standards, reducing the need for large, expensive inventories.
- 🔼 Proprietary WAM® metal 3D printing technology **large scale, open air, free-form manufacturing** across multiple metals and alloys.
- 🔼 WAM® uses an electric arc to deposit molten metal, layer by layer to build better components at a **lower cost with lower lead times**.
- 🔼 WAM® makes parts up to **75% faster, 30% stronger and 50% more resistant** to metal fatigue, compared to traditional manufacturing.
- 🔼 Potential for a **95% reduction in material waste** and a significant reduction in Scope 3 Emissions creates a greener advanced manufacturing solution.



Source: Investor Presentation, 27/02/2026

AUKUS and Sovereign Manufacturing

Additional long-term support for the AML3D investment thesis stems from the growing strategic significance of AUKUS. The trilateral security partnership between Australia, the United States and the United Kingdom is expected to drive substantial investment into naval infrastructure, sovereign industrial capability and defence manufacturing over the coming decades.

Importantly, AUKUS extends well beyond submarine procurement alone. The agreement reflects a broader strategic objective centred on strengthening integrated defence supply chains and expanding advanced manufacturing capability across allied nations. This includes the development of resilient industrial ecosystems capable of supporting submarine construction, sustainment and broader maritime defence requirements over the long term.

As a result, manufacturing technologies that improve production flexibility, reduce lead times and support distributed manufacturing models are likely to become increasingly important within allied defence networks.

AML3D is seeking to position itself early within this structural shift. Alongside the expansion of its US operations, the company is progressing opportunities within the UK defence market, including programs involving BAE Systems UK and discussions surrounding future ARCEMY deployments across Europe.

Over time, this strategy could support the development of a geographically diversified manufacturing footprint spanning Australia, the United States and Europe. Such a footprint would position AML3D within emerging AUKUS-aligned industrial supply chains at a time when allied nations are increasingly prioritising sovereign capability, resilient manufacturing infrastructure and integrated defence production networks.

AML3D's Strategic Positioning

The AML3D investment thesis is not simply centred on a new manufacturing technology, but rather on the broader structural transformation underway across defence and industrial production systems.

The company is positioned at the intersection of several long-term themes, including the rebuilding of sovereign manufacturing capability, increasing demand for supply chain resilience, the shift toward distributed manufacturing models and the growing strategic importance of advanced metal additive manufacturing within critical industrial sectors.

Through its exposure to the US Maritime Industrial Base, expanding strategic partnerships and growing installed ARCEMY base, AML3D has already established an operational foothold within strategically important defence and industrial manufacturing ecosystems.

Importantly, the company's positioning increasingly extends beyond technology development alone. AML3D is progressively embedding itself within industrial supply chains where manufacturing flexibility, operational responsiveness and production resilience are becoming critical priorities.

The key investment question now centres on execution and scalability. If AML3D can successfully convert its current strategic positioning into repeatable system deployments, expanding recurring revenue streams and deeper integration across defence and industrial supply chains, the company could emerge as a differentiated advanced manufacturing platform leveraged to the next generation of allied industrial infrastructure.

2. Redefining Industrial Manufacturing

ARCEMY and the Industrialisation of Additive Manufacturing

AML3D is positioning itself at the forefront of a broader transformation reshaping global industrial production. As governments and industrial operators place increasing emphasis on supply chain resilience, sovereign capability and manufacturing flexibility, industrial-scale additive manufacturing is evolving from a niche engineering technology into a strategically important production solution.

This transition is particularly evident across defence, maritime and heavy industrial markets, where traditional manufacturing systems are increasingly struggling to meet modern operational requirements. Extended lead times, fragmented supplier networks and ageing production infrastructure are driving growing demand for faster, more flexible and more localised manufacturing capability.

AML3D's ARCEMY platform has been specifically developed to address these challenges.

Unlike many additive manufacturing companies that remain focused on prototyping or smaller precision applications, AML3D is targeting industrial-scale metal component production within mission-critical environments. The company's systems are designed to manufacture large, structurally demanding metal components used across naval infrastructure, defence sustainment, energy and broader heavy industrial applications.

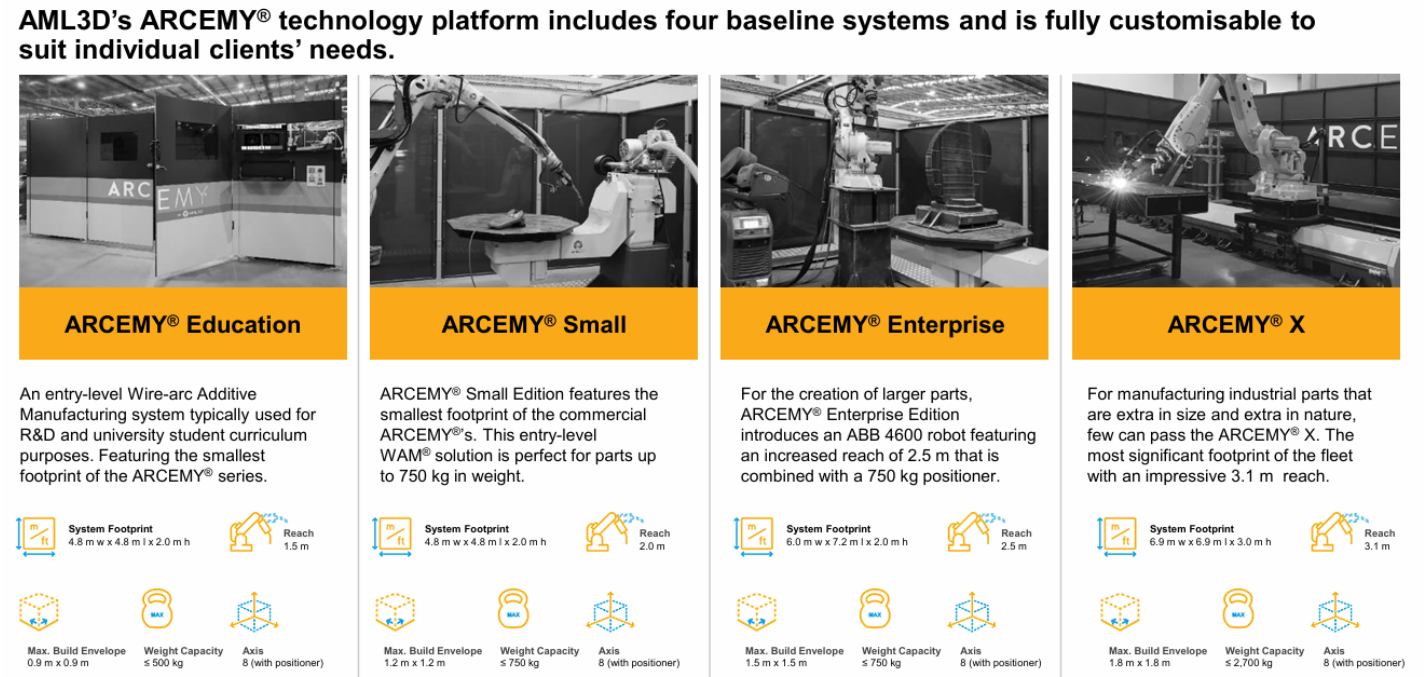
This positioning materially differentiates AML3D from much of the broader additive manufacturing sector.

Rather than competing within lower-value or increasingly commoditised segments of the market, AML3D is building exposure to industries characterised by higher barriers to entry, extended qualification cycles and strategically important customer relationships. As industrial operators increasingly seek technologies capable of improving manufacturing agility and reducing supply chain dependency, the relevance of AML3D's platform appears to be strengthening.

Importantly, ARCEMY is not simply a standalone printing system. The platform combines robotic manufacturing capability, advanced software architecture and industrial metal processing into an integrated production solution designed to operate within demanding industrial environments.

This integrated approach enables AML3D to position itself not merely as a hardware provider, but increasingly as an advanced manufacturing platform company participating in the long-term evolution of industrial production systems.

Figure 4: AML3D Technology Stack – hardware



Source: Investor Presentation, 27/02/2026

WAM Technology and Large Scale Metal Printing

The technological foundation of the ARCEMY platform is AML3D’s proprietary WAM technology, or Wire Additive Manufacturing.

Unlike powder-based additive manufacturing systems, WAM utilises wire feedstock materials to manufacture large-scale metal components with high structural integrity and industrial-grade performance characteristics. The technology is particularly well suited to applications where component size, material strength and operational durability are critical.

This is especially relevant within defence and maritime manufacturing environments, where components are often highly engineered, difficult to source and required to perform under demanding operational conditions.

Wire-based manufacturing also provides several practical industrial advantages. Relative to certain powder-based systems, WAM can offer improved material efficiency, lower feedstock costs and greater scalability for large-format production. These characteristics may become increasingly important as additive manufacturing adoption expands across broader industrial applications.

AML3D’s strategic focus on large-scale industrial manufacturing creates a differentiated position within the additive manufacturing market. Many industry participants remain concentrated within smaller precision applications or prototyping environments, whereas AML3D is specifically targeting industrial production capability within strategically important supply chains.

This distinction is significant because industrial and defence applications typically involve more extensive qualification requirements, longer customer engagement cycles and higher operational barriers to entry. Successfully operating within these environments requires not only technological capability, but also process validation, quality assurance and long-term manufacturing reliability.

AML3D’s growing exposure to the US Maritime Industrial Base provides increasingly important validation in this regard. Qualification standards within defence manufacturing remain among the highest globally, particularly where production

traceability, material integrity and operational performance are critical. The company's ability to secure contracts and expand relationships within this ecosystem suggests growing industry confidence in both the scalability and industrial applicability of its technology platform.

Manufacturing at the Point of Need

One of the most strategically significant aspects of AML3D's platform is its ability to support distributed, or point-of-need, manufacturing.

Traditional industrial supply chains are largely built around centralised production models, where components are manufactured within a limited number of specialised facilities before being distributed globally through complex logistics networks. While highly efficient under stable operating conditions, these systems can become increasingly vulnerable during periods of geopolitical disruption, transportation bottlenecks or supply shortages.

The limitations of these models have become increasingly visible in recent years, particularly across defence and heavy industrial markets where production continuity, operational readiness and component availability are critical.

AML3D's technology directly addresses this challenge by enabling manufacturing capability to be deployed closer to operational demand centres or integrated directly within domestic industrial ecosystems. Through modular ARCEMY systems, industrial operators can potentially reduce lead times, improve manufacturing responsiveness and strengthen overall supply chain resilience.

Within defence manufacturing, this capability may become increasingly valuable over time. The ability to manufacture qualified components closer to naval shipyards, defence facilities and operational locations has important implications for sustainment efficiency, fleet readiness and broader industrial resilience.

As governments and industrial operators continue prioritising sovereign capability and localised manufacturing infrastructure, distributed production models are likely to become increasingly important across strategic industries. Given its early positioning within defence and maritime manufacturing ecosystems, AML3D appears well placed to benefit from this broader structural transition.

Software, Automation and Process Control

Beyond hardware itself, AML3D is also developing proprietary software and process control capabilities designed to improve manufacturing consistency, traceability and quality assurance across industrial production environments.

This aspect of the business is strategically important and, in our view, remains underappreciated within the broader investment narrative.

Within industries such as defence, aerospace and energy, industrial customers require substantially more than basic printing capability. Qualification standards increasingly demand integrated manufacturing systems capable of delivering repeatable, certifiable and fully traceable production outcomes over extended operational cycles.

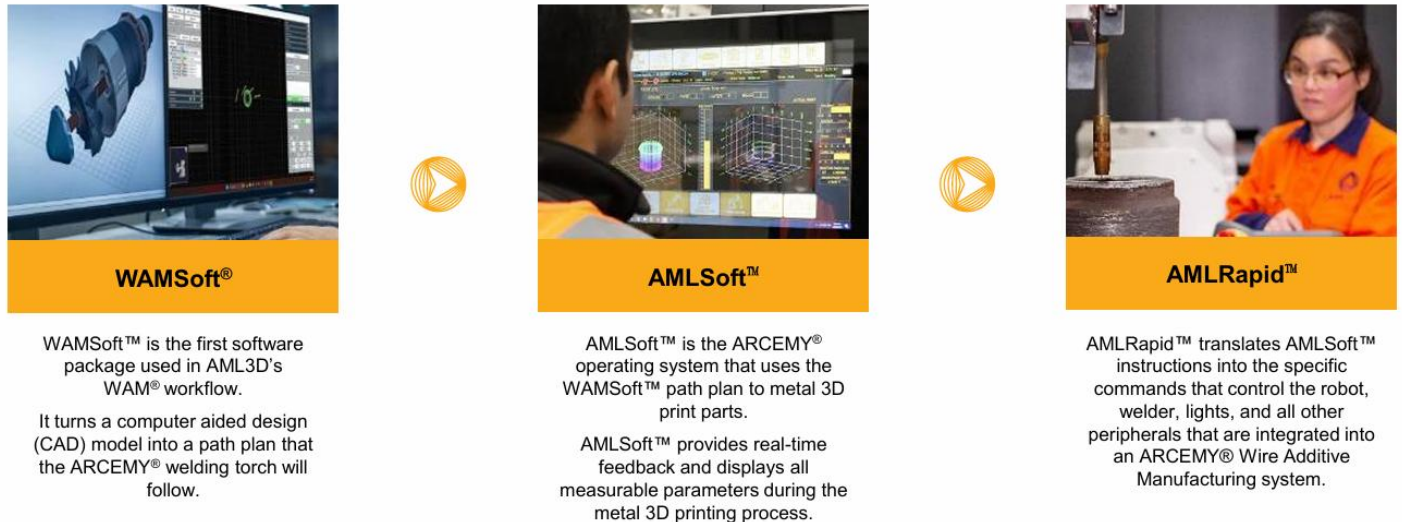
AML3D's software architecture enables the monitoring and optimisation of key manufacturing parameters throughout the production process, supporting improved process stability, production consistency and quality control. Over time, this integrated approach combining hardware, software and process management could become an increasingly important source of competitive differentiation.

Importantly, the software component of the platform also has the potential to enhance the quality of AML3D's long-term revenue profile. As the installed ARCEMY base expands, recurring revenues generated through software, maintenance, technical

support and system optimisation services could become increasingly meaningful within the broader business model.

This evolution from predominantly transactional equipment sales toward a more integrated platform-based model may ultimately support stronger margins, improved customer retention and greater long-term scalability.

Figure 5: AML3D Technology Stack – Software



Source: Investor Presentation, 27/02/2026

Building a Scalable Manufacturing Platform

Long term, AML3D appears to be pursuing an opportunity significantly broader than the sale of additive manufacturing systems alone.

The company is progressively building an internationally connected advanced manufacturing platform aligned with the broader shift toward sovereign industrial capability and distributed production infrastructure. With operations in Australia, expanding infrastructure within the United States and potential future growth opportunities across Europe, AML3D is gradually establishing a geographically diversified manufacturing footprint spanning strategically important industrial and defence markets.

This positioning could become increasingly valuable as governments and industrial operators continue prioritising localised manufacturing capability, resilient supply chains and advanced production infrastructure.

Should industrial metal additive manufacturing continue gaining traction across defence and heavy industrial applications, AML3D may benefit from several structural growth drivers simultaneously. These include rising defence expenditure, increasing investment into maritime infrastructure, growing emphasis on sovereign manufacturing capability and the broader transformation of global industrial production systems.

Ultimately, the key investment question centres on execution and scalability. If AML3D can successfully convert its current strategic positioning into repeatable deployments, expanding recurring revenue streams and deeper integration within defence and industrial supply chains, the company could emerge as a differentiated advanced manufacturing platform leveraged to the next generation of industrial production infrastructure.

3. Scaling Through Defence & Infrastructure

Commercial Momentum within the US Defence Ecosystem

AML3D's investment case is increasingly evolving from a technology validation story into one centred on commercial execution and industrial integration. Over recent years, the company has significantly expanded its operational footprint within the United States, strategically aligning itself with the ongoing modernisation of the US Maritime Industrial Base.

This expansion comes at a critical time for the US defence sector. Naval production programs are facing mounting pressure from ageing industrial infrastructure, labour shortages, extended lead times and growing geopolitical urgency surrounding fleet readiness and submarine production capacity. In response, the US government and major defence contractors are placing greater emphasis on sovereign manufacturing capability, supply chain resilience and advanced production technologies capable of improving responsiveness across critical defence infrastructure.

AML3D is increasingly positioning itself within this broader structural shift.

Importantly, the company is no longer operating purely at the proof-of-concept stage. AML3D has already secured multiple commercial contracts, ARCEMY deployments and manufacturing programs across strategically important defence and industrial environments within the United States. During the March 2026 quarter, the company announced approximately \$12.5 million in new contracts, including a \$9.9 million order from Newport News Shipbuilding for four ARCEMY systems and a \$2.6 million contract to manufacture components for US Navy submarines.

These announcements marked an important milestone in the commercial progression of the business. Defence manufacturing supply chains are typically characterised by long qualification cycles, conservative procurement frameworks and stringent operational requirements. Once suppliers become embedded within these ecosystems, relationships often deepen over time as reliability, production consistency and manufacturing capability are validated.

In this context, AML3D's growing exposure to the US Maritime Industrial Base potentially represents more than a series of standalone contracts. Rather, it may reflect the early stages of deeper integration into strategically important defence manufacturing networks capable of supporting long-duration commercial opportunities over time.

The company's positioning also appears increasingly aligned with broader US industrial policy priorities. Washington continues to prioritise sovereign manufacturing capability and expansion of the domestic submarine industrial base, particularly as geopolitical competition and defence spending continue to accelerate. AML3D's focus on industrial-scale additive manufacturing capability may therefore benefit not only from cyclical defence expenditure growth, but also from longer-term structural policy support for domestic production infrastructure.

Figure 6: Growth Strategy - US

Continued expansion of systems sales and component manufacturing to meet strong, ongoing defense demand. Develop industrial manufacturing opportunities across Utilities, Oil & Gas, Marine, Aerospace and Energy.

- 📌 **US Navy Letter of Intent (LOI)** confirms strong demand supported by US Navy funding to uplift the U.S. Submarine Industrial Base.
- 📌 US advocacy to **triple the Defense opportunity** by AML3D supporting the US Maritime Industrial Base including, submarines, surface fleet and munitions
- 📌 ARCEMY® sale to Tennessee Valley Authority (TVA), largest public utility and 6th largest power supplier in the US, demonstrates **non-defence demand**.
- 📌 Funding and planning to **double US capacity** to meet surging defence demand and build out non-defence opportunities.
- 📌 Metal 3D printing of proof-of-concept parts to demonstrate **WAM® and ARCEMY® fit-for-purpose**.



Source: Investor Presentation, 27/02/2026

Strategic Defence Partnerships

One of the clearest indicators of AML3D's growing relevance within advanced manufacturing is the calibre of organisations with which the company is establishing commercial relationships.

Among the most strategically important is Newport News Shipbuilding, a subsidiary of Huntington Ingalls Industries and one of the primary manufacturers of nuclear submarines and aircraft carriers for the US Navy. AML3D's ARCEMY deployments and component manufacturing programs within this environment provide meaningful validation of the company's industrial manufacturing capability within one of the most demanding production ecosystems globally.

The significance of these relationships extends well beyond near-term revenue contribution alone. Within defence manufacturing, supplier qualification processes are highly rigorous and operationally demanding. Production reliability, traceability, quality assurance and long-term consistency are critical requirements, particularly for naval and submarine applications. Companies capable of successfully operating within these environments often establish highly defensible long-term competitive positions.

AML3D's relationship with Austal USA is similarly important. Austal remains a key participant within the US naval shipbuilding ecosystem and broadens AML3D's exposure across maritime defence infrastructure and shipbuilding programs. At the same time, the company's engagement with BlueForge Alliance further reinforces its positioning within broader US submarine industrial initiatives.

BlueForge Alliance was established to support the expansion and modernisation of the US Submarine Industrial Base, an area receiving increasing strategic and political attention as the United States seeks to accelerate submarine production and sustainment capability. AML3D's involvement within this ecosystem therefore provides exposure to a broader structural investment cycle linked to long-term naval manufacturing expansion.

Collectively, these relationships suggest that AML3D is progressively transitioning from an emerging manufacturing technology company into a more deeply integrated participant within strategically important defence supply chains.

Expanding into Industrial End Markets

While defence currently represents the primary driver of AML3D's investment narrative, the company is also steadily expanding into broader industrial applications beyond naval manufacturing.

This diversification strategy is important because it broadens AML3D's addressable market while reducing long-term reliance on a single industry vertical. The company has already established commercial relationships across energy, utilities and heavy industrial markets, including deployments involving the Tennessee Valley Authority and other industrial operators throughout the United States.

Many of these industries face structural challenges similar to those emerging across defence supply chains. Ageing infrastructure, extended equipment life cycles, increasingly difficult-to-source replacement components and growing pressure to minimise operational downtime are becoming common issues across industrial sectors globally.

AML3D's technology appears well suited to these environments. The ability to manufacture complex industrial components with shorter lead times and greater production flexibility could become increasingly valuable for operators seeking to improve operational resilience and reduce supply chain dependency.

Importantly, industrial additive manufacturing adoption outside aerospace and defence remains relatively underpenetrated. As acceptance of industrial-scale metal additive manufacturing continues to expand, AML3D could potentially benefit from broader adoption trends across energy, infrastructure and heavy industry markets over time.

This industrial optionality adds another dimension to the company's long-term growth profile and further reinforces the scalability of its platform.

Scaling the ARCEMY Installed Base

A central component of AML3D's long-term strategy is the continued expansion of its installed ARCEMY base across defence and industrial markets.

As additional systems are deployed operationally, the company has the potential to benefit from multiple reinforcing growth dynamics simultaneously. A larger installed base not only increases direct system sales opportunities, but also deepens customer integration and creates the potential for recurring software, maintenance, service and technical support revenues over time.

This evolution is strategically important because recurring platform revenues typically support higher-quality earnings profiles and stronger long-term scalability relative to purely transactional hardware sales.

As customers increasingly integrate ARCEMY systems into operational manufacturing environments, switching costs and long-term customer dependence may gradually strengthen. Over time, AML3D could progressively evolve from a company primarily selling manufacturing systems into a more integrated advanced manufacturing platform business with growing recurring-revenue exposure.

The scalability of this model could become particularly important if industrial-scale metal additive manufacturing adoption accelerates across defence, infrastructure and heavy industrial markets over the coming decade.

International Expansion Strategy

Although the United States remains AML3D's primary strategic growth market, the company is also actively pursuing broader international expansion opportunities, particularly across the United Kingdom and Europe.

This strategy closely aligns with the broader geopolitical realignment currently underway across allied defence manufacturing systems. As Western governments place increasing emphasis on sovereign industrial capability and integrated defence supply chains, manufacturing technologies capable of supporting decentralised and flexible production models are becoming strategically more important.

AML3D has already announced engagement with BAE Systems UK through feasibility and test block programs linked to defence manufacturing applications. The company is also progressing discussions surrounding potential ARCEMY deployments and broader commercial expansion opportunities across Europe.

Importantly, the rationale for this expansion extends beyond geographic diversification alone. The development of manufacturing capability across Australia, the United States and Europe could ultimately position AML3D within a broader interconnected allied manufacturing network aligned with long-term AUKUS and defence industrial priorities.

As defence cooperation between allied nations continues to deepen, industrial platforms capable of supporting sovereign production capability and distributed manufacturing infrastructure are likely to become increasingly important within future defence supply chains.

Scaling from Early Adoption to Industrial Integration

Perhaps the most important transition currently underway at AML3D is the shift from early technology adoption toward deeper industrial integration.

Historically, many additive manufacturing companies have struggled to move beyond pilot programs, engineering demonstrations and niche prototyping applications. Achieving long-term commercial success within industrial manufacturing requires significantly more than technological capability alone. It depends on operational integration, recurring customer utilisation, qualification expertise and the ability to embed production systems within mission-critical supply chains.

AML3D increasingly appears to be progressing through this transition.

The company's expanding relationships across defence and industrial manufacturing ecosystems suggest it is gradually moving beyond early-stage experimentation toward becoming an operational manufacturing partner within strategically important supply chains. This distinction is critical because long-term value creation in advanced manufacturing is ultimately driven by industrial adoption and recurring operational relevance rather than technology development alone.

If successfully executed, this transition could materially strengthen AML3D's long-term competitive positioning and support the emergence of a scalable advanced manufacturing platform leveraged to multiple structural growth themes simultaneously.



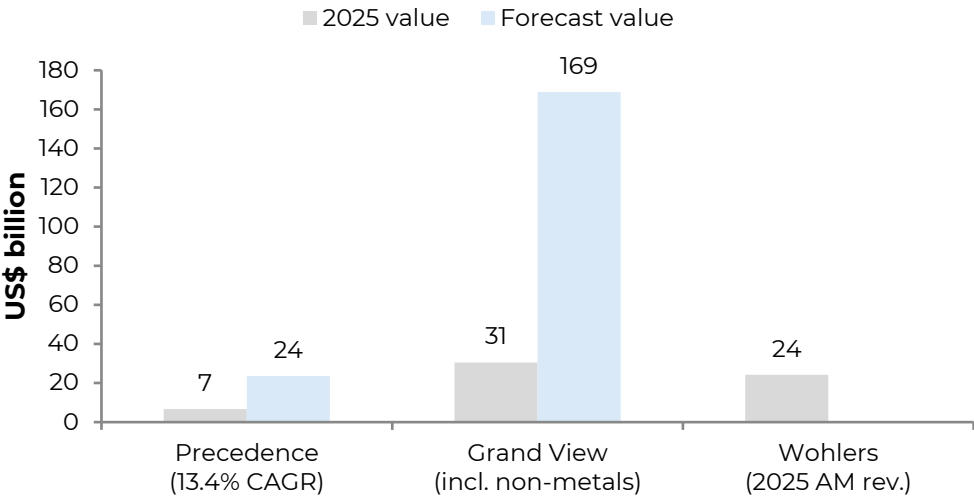
4. Market Opportunity & Peers

Market Opportunity

The global metal additive manufacturing market sits at the intersection of three reinforcing demand vectors that collectively define the addressable opportunity for AL3 and its peer set: a structurally growing commercial AM market, an unprecedented US naval recapitalisation programme, and the AUKUS trilateral defence framework.

The global metal additive manufacturing market is estimated at USD 6.68 billion in 2025, anticipated to reach USD 23.58 billion by 2035 at a CAGR of 13.44% (Precedence Research, 2026). Independent technology research firm IDTechEx estimates a 10.4% CAGR for metal 3D printing over the same period (IDTechEx, 2025), broadly consistent with consensus. Aerospace and Defense leads the application segment, with North America commanding the largest regional share at approximately 41% of the global market in 2025 (Precedence Research, 2026). The broader additive manufacturing market including non-metals was estimated at USD 30.55 billion in 2025 and projected to reach USD 168.93 billion by 2033, growing at a CAGR of 23.9% (Grand View Research, 2026). For 2025, AM revenues across all segments reached USD 24.2 billion, with printing services representing 48% of total value (Wohlers Report, 2026)

Figure 7: Competing metal AM market forecasts



Source: Precedence Research (2026); Grand View Research (2026); Wohlers Report (2026). Scope differs — Grand View includes non-metal AM; Wohlers shows single-year AM revenue. Evolution Capital does not independently verify third-party market forecasts.

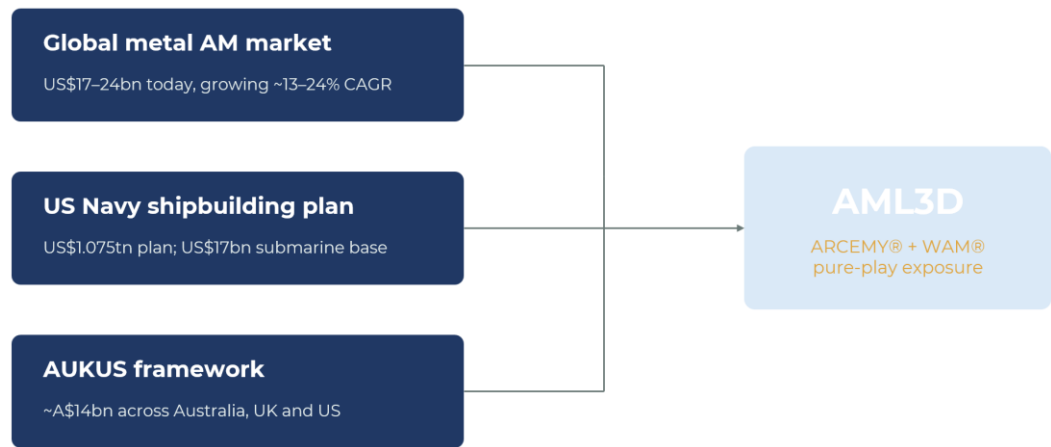
The most significant near term demand catalyst is the recapitalisation of the United States Navy fleet. Under the Navy's 2025 shipbuilding plan, the average annual cost of new ship construction is USD 40.1 billion in 2024 dollars over fiscal years 2025 to 2054, totalling USD 1.075 trillion over three decades to achieve the Navy's target of 381 manned battle force ships (Congressional Budget Office, 2025). The 2025 plan targets a total force of 515 naval platforms comprising 381 battle force ships and 134 unmanned surface and undersea vessels (Congressional Budget Office, 2025). The Navy's 2026 plan extends this trajectory to a 450 vessel fleet by 2031, including procurement of 15 nuclear powered Trump class battleships by 2055 with initial investments starting in fiscal year 2028 (US Navy 2026 Shipbuilding Plan, 2026).

The submarine industrial base represents the highest priority demand vector and the most direct addressable market for AL3's ARCEMY platform. The current Virginia class delivery rate is approximately 1.3 per year against a Navy requirement of two Virginia class plus one Columbia class per year, scaling to 2.33 Virginia class per year to meet the AUKUS commitment (USNI News, 2026). The submarine industrial base has received approximately USD 17 billion in cumulative investment, with BlueForge Alliance alone receiving USD 1.3 billion since its inception in 2022 (USNI News, 2024). The base

comprises more than 16,000 national suppliers facing a fivefold increase in workload, with an estimated 100,000 additional workforce members required over the next 10 years (BlueForge Alliance, 2024). Additive manufacturing is explicitly identified as a central enabling technology, with BlueForge leading an additive manufacturing consortium across universities, OEMs and AM companies focused on the material maturity needed to drive industrial base capacity (Breaking Defense, 2024).

The AUKUS trilateral partnership amplifies this demand signal. The United States intends to sell Australia three Virginia Class SSNs from as early as the 2030s, authorised by US Congress in December 2023, with an option for up to two additional boats (Australian Submarine Agency, 2026). On 15 February 2026, the Australian Government confirmed a USD 3.9 billion investment to launch full scale construction of the AUKUS submarine Construction Yard at Osborne, South Australia (Army Recognition, 2026). The broader Australian AUKUS commitment is \$ 6 billion over four years, creating approximately 20,000 direct jobs over the next 30 years (Australian Defence Ministers, 2023), supplemented by \$4.5 billion of co funding to support US production scale up (ASPI, 2024) and \$4.6 billion to expand Rolls Royce's Derby site (SSN AUKUS programme documentation, 2026).

Figure 8: Three reinforcing demand vectors converging on AML3D



Source: Market figures per Section 4 (Precedence Research; CBO 2025; Australian Submarine Agency).

In parallel, the SHIPS for America Act and the Building SHIPS in America Act, reintroduced in 2025 with bipartisan support, aim to expand the US flag international fleet by 250 ships in 10 years and establish a 25% Investment Tax Credit for qualified domestic shipyard investment (Holland and Knight, 2025), aligned with Executive Order 14269 "Restoring America's Maritime Dominance" (Holland and Knight, 2025).

We see the aggregate opportunity as a multi decade convergence of three reinforcing demand drivers: a USD 17 to 24 billion global metal AM market compounding at 13 to 24%, a USD 1.075 trillion US Navy shipbuilding plan with USD 17 billion of dedicated submarine industrial base funding and an explicit additive manufacturing mandate, and an AUKUS framework contributing approximately \$ 14 billion across Australia, the UK and the US. AL3 has positioned itself directly into this demand stack through its open ended Manufacturing License Agreement with BlueForge Alliance, which provides access to US Navy submarine parts and components for ARCEMY qualification (AML3D ASX announcement, September 2024). The company has already begun converting this positioning into revenue, securing a \$ 9.9 million ARCEMY order from Newport News Shipbuilding and a \$ 2.61 million contract to manufacture five replacement components for in service trials aboard US Navy submarines in Nickel Aluminium Bronze alloy already qualified to US Navy standards (AML3D ASX announcement, March 2026). The July 2025 Letter of Intent from the US Navy, referencing demand for approximately 100 ARCEMY systems and 1,600 components by 2030, quantifies the near-term company-specific opportunity within this broader thematic. This demand signal has since been revised

upward: the May 2026 Austal/AML3D joint announcement updated the component forecast to 3,400 by 2030, more than doubling the original figure.

Qualitative Peer Positioning

There is no listed pure play that replicates AL3's business model precisely, so we construct the peer set to balance technology comparability against capital markets relevance. Three ASX constituents (TTT, MPW and IPX) capture the cohort of small and mid cap industrial technology issuers with proprietary additive manufacturing or specialty materials capabilities and shared US defence reshoring exposure. The most important comparable in the set, however, is not listed on the ASX. In our view Lincoln Electric Holdings (NYSE: LECO) is the single most relevant benchmark for AL3, because it is the only listed company globally that competes head to head with AL3 on Wire Arc Additive Manufacturing within the US Navy submarine industrial base. We therefore treat Lincoln Electric as the primary comparable and anchor the analysis around it.

Lincoln Electric (NYSE: LECO), the primary comparable. Lincoln Electric is the most direct technology competitor to AL3 and the central reference point for this peer analysis. In September 2025 the company announced a joint investment with the US Navy Maritime Industrial Base Program and General Dynamics Electric Boat to commission four SculptPrint robotic Wire Arc Additive Manufacturing systems at its Cleveland, Ohio facility for the production of critical submarine components (Lincoln Electric press release, September 2025). It has already delivered the first metal 3D printed part for permanent use on a US naval vessel, a reactor door hinge for a nuclear submarine printed in MIL 100S material (American Manufacturer, December 2025). Lincoln Electric competes with AL3 on the same WAAM (Wire Arc Additive Manufacturing) technology, in the same end market (the US Navy submarine industrial base), and through the same channel partner, given that General Dynamics Electric Boat sits within the submarine programme that AL3 services via BlueForge. The distinction is one of scale and business mix rather than technology. Lincoln Electric is a USD 13.9 billion market capitalisation diversified welding, cutting and automation group generating TTM revenue of approximately \$6.18 billion (USD 4.23 billion) at a 36.5% gross margin and approximately \$749 million of net profit, of which additive manufacturing represents under 2% of group revenue. We include Lincoln Electric in the quantitative comparison precisely because it is the validating incumbent for AL3's technology pathway. Its decision to commit to WAAM at the submarine industrial base confirms both the technology and the end market that underpin AL3's investment thesis. For an investor, AL3 offers pure play exposure to exactly the technology and customer programme that a USD 13.9 billion profitable industrial leader has chosen to back.

AML3D Limited (AL3). AL3 operates a proprietary Wire Arc Additive Manufacturing process, marketed under the WAM and ARCEMY brands, producing large format near net shape metal components and complete machine systems for sale or lease. The business is diversified across three monetisation channels: ARCEMY machine sales contributed 48% of FY25 revenue, contract printing and parts manufacturing 40%, and licensing and lease arrangements the residual 12%. AL3 holds proprietary patents across seven jurisdictions, full AS9100D aerospace and Lloyd's Register and DNV maritime certifications, and operates production facilities in Adelaide, Australia and Stow, Ohio, the latter purpose built to service the US Navy Maritime Industrial Base. The customer book is anchored by the US Navy ecosystem (Newport News Shipbuilding, BlueForge Alliance) and increasingly diversified through wins with FasTech in US aerospace and Tennessee Valley Authority in US utilities. In short, AL3 is the pure play challenger deploying the same core technology as Lincoln Electric, but in a focused configuration that, as we discuss below, delivers materially higher gross margins.

Titomic Limited (TTT). Titomic is the world's only listed pure play cold spray additive manufacturing platform, commercialising its proprietary Titomic Kinetic Fusion (TKF) technology under licence from CSIRO. The business model is principally machine led, with H1 CY26 revenue split across machines (71%), projects (18%) and consumables (11%), and the operational footprint concentrated at Huntsville, Alabama with support from

Melbourne and Heerenveen in the Netherlands. Strategic catalysts in 2026 include a NASA Space Act Agreement, the appointment of retired US Lieutenant General Trey Obering to leadership, and a board approved redomicile to the United States via Scheme of Arrangement in H2 2026 with a subsequent US dual listing. While TTT shares AL3's machine centric model, its cold spray technology addresses coating and repair applications that are distinct from AL3's large format structural part production.

Metal Powder Works (MPW). MPW commercialises its patented non thermal DirectPowder process, which converts solid bar stock directly into specialty metal powders for additive manufacturing, press and sinter, cold spray and other advanced manufacturing applications. The company positions itself as a vertically differentiated alternative to incumbent gas atomisation, and has seen material commercial acceleration through H1 FY26 and into Q3 FY26, including its first NATO defence contract under the UK Ministry of Defence's Project TAMPA programme and active deployments aboard USS Essex and HMCS Asterix at RIMPAC 2026. The Pittsburgh, Pennsylvania manufacturing base entered full operation following commissioning of the Next Gen number 1 production line at a designed 100 metric tonne annual capacity. MPW sits further upstream in the value chain as a powder supplier rather than a parts or systems integrator. Its FY25 reverse merger with K TIG materially altered the historical financial baseline.

IperionX (IPX). IPX runs a fundamentally different economic structure as the only listed vertically integrated US domestic titanium platform, spanning mineral resource through HAMR and HSPT proprietary titanium reduction and sintering technologies to titanium parts manufacturing at its Halifax County, Virginia campus. Its strategic positioning is reinforced by a US Department of War Technology Investment Agreement providing capital expenditure reimbursement, an SBIR Phase III Indefinite Delivery Indefinite Quantity contract ceiling of USD 99 million, and the receipt of approximately 290 metric tonnes of US Government titanium scrap feedstock at no cost. IPX is dual listed on Nasdaq and the ASX, reports under exploration entity accounting, and remains essentially pre commercial, with first material customer revenues guided for the second half of calendar 2026.

In our framework the cohort separates into three tiers. Lincoln Electric is the validating incumbent: profitable, at scale, and the only direct WAAM competitor, but with additive manufacturing diluted to under 2% of a USD 15.7 billion diversified group. AL3 is the pure play challenger on the same WAAM technology and the same US Navy programme, generating the highest gross margin in the entire cohort at 57.9% and the only positive gross profit among the pure plays. TTT, MPW and IPX are adjacent pure plays, each commercially earlier stage and addressing distinct slices of the additive manufacturing value chain in cold spray, powder production and titanium feedstock respectively. All five issuers carry elevated US defence end market exposure (AL3 87%, TTT 69%, MPW 90%, IPX 100%, LECO approximately 62% Americas) and benefit from the same NDAA, SHIPS Act and AUKUS policy tailwinds set out in Section 1.1. We note a separate Nasdaq pure play metal AM reference point, Velo3D Inc., which uses Laser Powder Bed Fusion technology and generates TTM revenue of approximately \$ 74 million with guidance to turn EBITDA positive in H2 2026, for contextual valuation purposes only; we exclude it from the core comparison given its distinct L PBF technology.

Table 1: Qualitative Peer Comparison

	AML3D LIMITED (XASX:AL3)	TITOMIC LIMITED (XASX:TTT)	METAL POWDER WORKS (XASX:MPW)	IPERIONX LIMITED (XASX:IPX)	LINCOLN ELECTRIC (NYSE:LECO)
Core Technology	Wire-Arc AM (WAAM)	Cold Spray AM (TKF™)	Non-thermal DirectPowder™	HAMR® + HSPT™ Titanium	Wire-Arc AM (SculptPrint®), same WAAM tech as AL3
Product Type	Machines + Parts + Licenses	Machines + Coating Services	Specialty Metal Powders	Vertically Integrated Ti Parts	Welding equipment + AM systems + consumables
Value Chain Position	Mid-stream (parts + systems)	Mid-stream (machines)	Upstream (raw material)	Fully Integrated (mine to part)	Mid-stream (equipment + consumables)
Revenue Streams	3-channel: Machines 48% / Print 40% / License 12%	2-channel: Machines + Services	1-channel: Powder Sales	Pre-revenue	Diversified: Welding, Cutting, Automation, AM
Headquarters	Adelaide, Australia	Huntsville, AL (USA)	Pittsburgh, PA (USA)	Halifax County, VA (USA)	Cleveland, Ohio (USA)
US Operations Footprint	Stow, Ohio	Huntsville, AL (59k sq ft)	Pittsburgh, PA	Virginia + Tennessee	Cleveland OH + global (160+ countries)
Key Certifications	AS9100D, Lloyd's, DNV	AS9100, DNV	ITAR-registered	DPA Title III	AS9100, ISO, defense-qualified
Anchor Customers	US Navy, HII, Austal, BlueForge	Triton, NASA, Deutsche Bahn, RNLAC	UK MoD (TAMPA), US Navy	US Dept of War	US Navy, GD Electric Boat, broad industrial
Stage of Commercialisation	Generating positive GP at scale	Scaling — negative GP	Early commercial, positive GP	Pre-revenue	Mature, profitable (US\$23bn group)
Strategic Catalyst (12m)	\$29m order backlog → record FY26	US redomicile + Nasdaq listing H2 2026	Capacity ramp, NATO contracts	First commercial revenue H2 2026	2030 strategic targets; AM scale-up
Government Support Mechanism	BlueForge MLA (open-ended)	US capacity expansion	Project TAMPA (UK MoD)	DoW TIA + SBIR Phase III IDIQ (US\$99m ceiling)	US Navy MIB Program (4 SculptPrint systems)
Capital Allocation Approach	Asset-light (TTM capex \$2.6m)	Moderate (US\$10m on Huntsville)	Moderate (Pittsburgh facility)	Heavy (TTM capex \$26.4m)	Dividend (30yr growth) + buybacks + capex
Balance Sheet	Debt-free	\$13.2m US loan	Debt-free	Minor equipment loans	US\$1.3bn debt, investment-grade
Distinctive Differentiator	Only positive-GP pure-play with 3-stream model	Only listed cold spray pure-play	Only listed DirectPowder™ producer	Only US-domestic vertically integrated Ti player	Only profitable WAAM player; submarine validated
Key Risk	Customer concentration (88%)	Path to GM positivity unclear	Small absolute revenue base	Pre-revenue, execution risk	AM is <2% of revenue, not pure-play exposure

Sources: Company filings (Annual Reports FY25, Half-Year Reports H1 FY26, Quarterly Reports Q3 FY26), company websites, ASX/Nasdaq announcements May 2026. Customer mix percentages based on most recent disclosure where available.

Financial KPI Comparison

The central question we address is how AL3 is valued relative to Lincoln Electric, its only direct WAAM competitor, and against the adjacent pure play cohort. The data reveals a consistent pattern: AL3 demonstrates the strongest unit economics in the group while trading at the lowest revenue multiple among the pure plays.

Margin dispersion is the most diagnostic feature of the cohort. AL3 is the only pure play that generates positive gross profit at scale, posting TTM gross profit of \$3.5 million on TTM revenue of \$6.0 million for a 57.9% gross margin. This is the highest gross margin in the entire group, and sits more than 20 percentage points above Lincoln Electric's 36.5%, which itself reflects the blended economics of a mature diversified industrial. Among the other pure plays, MPW reports a 44.1% gross margin on \$3.4 million of annualised H1 FY26 revenue, TTT generates an implied negative 2.3% gross margin (sales revenue less production related expenses, the latter inclusive of R&D and therefore overstating cost),

and IPX is pre revenue. In our view the fact that AL3 generates a gross margin more than 20 points above its only profitable competitor is the single most important observation in this analysis. It suggests that AL3's WAAM technology, deployed in a focused pure play configuration, is structurally more profitable at the gross level than the same technology embedded within a diversified incumbent.

EBITDA economics separate the validating incumbent from the challengers. Lincoln Electric generates approximately \$1.2 billion of TTM EBITDA at a 19.5% margin and approximately \$749 million of net profit, the profile of a mature market leader. The four pure plays are all currently loss making at the EBITDA line as they scale, with AL3's TTM EBITDA loss of \$8 million on \$6 million of revenue, a margin of negative 133%, representing the least negative outcome among them, ahead of TTT at negative 271%, MPW at negative 206% and IPX. We would not read this as evidence that AL3 is structurally unprofitable; every pure play in this emerging category currently runs EBITDA losses. The more relevant point is that AL3 sits closest to the inflection point and runs with the tightest loss discipline relative to revenue. R&D intensity reinforces the read: AL3 reinvests 25.0% of TTM revenue into research and development, well above MPW's 8.8%, funding the AIDR twin wire ARCEMY programme and the Nickel Aluminium Bronze and Copper Nickel material qualification work that directly supports the US Navy opportunity.

Cash flow and capital intensity further separate the names. Lincoln Electric, as the mature incumbent, generates substantial positive operating cash flow of approximately \$637 million on a TTM basis and funds both dividends and buybacks, so burn and runway metrics do not apply. Among the pure plays, AL3's TTM operating cash outflow of \$5.5 million is materially lower than IPX at \$48.2 million and below TTT at approximately \$10 million and MPW at \$4.2 million. More importantly, AL3's TTM customer cash receipts of \$9.8 million substantially exceed its TTM accounting revenue of \$6.0 million, a cash conversion ratio of approximately 164%, indicating the company is collecting customer deposits ahead of revenue recognition. This is supported by AML3D's H1 FY26 balance sheet, which reported \$4.3 million of contract liabilities, primarily representing customer deposits. The company also disclosed more than \$2 million of deposits secured against H2 FY26 deliveries (AML3D H1 FY26 Interim Report, 2026). We therefore view the sharp decline in H1 FY26 revenue versus the prior corresponding period primarily as a timing issue rather than evidence of weakening demand. This interpretation is supported by approximately \$16.5 million of orders in hand at 31 December 2025, comprising \$9.0 million carried forward from FY25 and a further \$7.5 million secured during H1 FY26 but scheduled for delivery in H2 FY26. Notably, the order book exceeded AML3D's entire FY25 revenue base, providing strong evidence of underlying demand momentum (AML3D Interim Results Presentation, 2026).

Balance sheet strength is most pronounced for AL3. The company holds \$26.5 million of cash against zero borrowings, a Cash to Market Capitalisation ratio of 33.9%, the highest in the cohort and well above Lincoln Electric at 2.1%, TTT at 6.2%, MPW at 5.3% and IPX at 3.5%. Lincoln Electric, by contrast, carries approximately \$1.9 billion of debt at an 87% debt to equity ratio, the capital structure of a leveraged investment grade industrial rather than an early stage growth company. On current burn rates AL3 commands approximately 4.8 years of cash runway against a pure play peer median of roughly 2.6 years (TTT 2.6 years, MPW 3.1 years, IPX 1.5 years). On Price to Book, AL3 trades at 2.6 times, the lowest in the entire cohort, against Lincoln Electric at 9.2 times, TTT at 8.6 times, IPX at 12.9 times and MPW at 12.8 times, implying the market is currently capitalising AL3 at the lowest premium to net asset value despite the strongest gross margin in the group.

On EV to Sales the headline valuation dislocation becomes clear. AL3 trades at 8.6 times TTM revenue. Lincoln Electric, as a mature profitable incumbent, trades at 3.5 times, appropriately low for a slow growth large cap industrial. Among the pure plays TTT trades at 49.0 times and MPW at 68.9 times, while IPX is not meaningful given its negligible revenue base. The position of AL3 between the two reference poles is the key point. It trades at roughly 2.5 times Lincoln Electric's multiple, which we view as justified

by AL3's far higher growth potential and its pure play leverage to the AM thematic, yet at a discount of more than 85% to its emerging stage ASX pure play peers TTT and MPW, despite being the only one of the three to generate positive gross profit. AL3 is, in effect, priced between a mature industrial and its loss making pure play peers, while exhibiting the best gross margin profile of any of them.

Pulling the threads together, AL3 carries the highest gross margin in the entire peer group, including its only profitable competitor Lincoln Electric, the only positive gross profit result among the pure plays, the least negative EBITDA margin of the pure plays, a debt free balance sheet, the highest cash to market capitalisation ratio, the longest pure play operating runway, the strongest cash conversion ratio and the lowest Price to Book multiple in the cohort. Most importantly, AL3's core WAAM technology and its US Navy submarine end market have been independently validated by Lincoln Electric, a USD 13.9 billion profitable industrial leader that has committed to the identical technology, in the identical programme, through the identical channel partner. We therefore conclude that the market is currently anchoring AL3's valuation to short term revenue softness, a semi annual rather than quarterly reporting cadence and constrained secondary market liquidity, rather than to the structural profitability, capital efficiency and balance sheet strength the company demonstrably possesses, and rather than to the powerful third party validation of its technology that Lincoln Electric's submarine investment represents.

Table 2: Financial Peer Comparison

Competitor	AML3D LIMITED (XASX:AL3)	TITOMIC LIMITED (XASX:TTT)	METAL POWDER WORKS (XASX:MPW)	IPERIONX LIMITED (XASX:IPX)	LINCOLN ELECTRIC (NYSE:LECO)	Peer Median (ex-AL3)
TRADING DATA						
Share Price (¢ AUD)	14.0¢	25.5¢	204.0¢	601.0¢	37143.4¢	402.5¢
Shares on Issue (m)	556.5	1,606.1	121.2	339.4	54.8	230.3
Market Cap (\$m)	77.9	409.6	247.2	2,039.8	20,349.7	1,224.7
3M Avg Daily Volume (\$m)	0.563	0.851	0.520	8.200	116.872	4.526
Mcap / 3M ADV (days)	138	481	475	249	174	362
BALANCE SHEET						
Cash & Equivalents (\$m)	26.5	25.5	13.2	70.4	436.7	48.0
Total Borrowings (\$m)	0.0	13.2	0.0	6.5	1,919.0	9.8
Net Cash / (Debt) (\$m)	26.5	12.3	13.2	63.9	-1,482.4	12.7
Enterprise Value (\$m)	51.5	397.2	234.1	1,975.9	21,832.1	1,186.6
Inventory (\$m)	1.50	3.40	1.70	0.60	759.67	2.55
Total Assets (\$m)	37.6	70.5	20.6	188.7	5,698.1	129.6
Total Equity (\$m)	29.7	47.8	19.3	158.0	2,207.9	102.9
Debt / Equity	–	0.3x	–	0.0x	0.9x	0.2x
REVENUE PROFILE (TTM, \$m)						
TTM Revenue	6.01	8.11	3.40	0.10	6,179.61	5.76
Revenue Growth (H1 vs PCP)	-29.8%	n/a	+200.0%	n/a	+11.7%	+105.9%
US Revenue Exposure %	86.9%	69.0%	90.0%	100.0%	62.0%	79.5%
PROFITABILITY (TTM)						
TTM Gross Profit (\$m)	3.48	-0.18	1.50	n/a	2,255.63	1.50
TTM Gross Margin %	57.9%	(2.3%)	44.1%	–	36.5%	36.5%
TTM EBITDA (\$m)	-8.0	-22.0	-7.0	-100.0	1,205.2	-14.5
TTM EBITDA Margin %	(133.2%)	(271.1%)	(205.9%)	(100000.0%)	19.5%	(238.5%)
TTM Net Profit/(Loss) (\$m)	-9.10	-27.80	-7.40	-101.60	749.44	-17.60
TTM Net Margin %	(151.5%)	(342.6%)	(217.6%)	(101600.0%)	n/a	(342.6%)
TTM EPS (¢)	(1.6¢)	(1.7¢)	(6.1¢)	(29.9¢)	1367.9¢	(3.9¢)

COST STRUCTURE (TTM)

TTM R&D Expense (\$m)	1.50	n/a	0.30	31.50	102.26	31.50
R&D / Revenue %	25.0%	–	8.8%	31500.0%	1.7%	8.8%
TTM Share-Based Payments (\$m)	1.05	5.40	2.00	13.60	43.83	9.50
SBP / Net Loss %	11.5%	19.4%	27.0%	13.4%	n/a	19.4%

CASH FLOW & EFFICIENCY (TTM)

TTM Operating Cash Flow (\$m)	-5.54	-10.00	-4.20	-48.20	636.95	-7.10
TTM Capex (\$m)	-2.69	-10.00	-2.90	-26.40	-175.31	-18.20
TTM Free Cash Flow (\$m)	-8.2	-20.0	-7.1	-74.6	461.6	-13.6
TTM Customer Cash Receipts (\$m)	9.82	7.00	1.80	0.08	6,135.78	4.40
Cash Conversion (Receipts/Rev)	163.4%	86.3%	52.9%	80.0%	99.3%	83.1%
Quarterly Burn Rate (\$m)	1.39	2.50	1.05	12.05	n/a	2.50

LIQUIDITY & RUNWAY

Cash / Market Cap %	33.9%	6.2%	5.3%	3.5%	2.1%	4.4%
Cash per Share (¢)	4.8¢	1.6¢	10.9¢	20.7¢	797.0¢	15.8¢
Runway (Quarters)	19.1	10.2	12.5	5.8	n/a	10.2
Runway (Years)	4.8	2.6	3.1	1.5	n/a	2.6

VALUATION MULTIPLES

EV / TTM Revenue	8.6x	49.0x	68.9x	19758.9x	3.5x	58.9x
Mcap / TTM Revenue	13.0x	50.5x	72.7x	20397.9x	3.3x	61.6x
EV / TTM Gross Profit	14.8x	–	156.1x	–	9.7x	82.9x
Price / Book	2.6x	8.6x	12.8x	12.9x	9.2x	11.0x

Source: Company filings; AL3 FY25 Annual Report (HLB Mann Judd, 15-Aug-2025), H1 FY26 Interim Report (KPMG reviewed, 26-Feb-2026), Q3 FY26 Appendix 4C (28-Apr-2026); TTT H1 CY26 Half-Year Report and Q1 CY26 Quarterly; MPW H1 FY26 Half-Year Report and Q3 FY26 Appendix 4C; IPX H1 FY26 Interim Report and Q3 FY26 Appendix 5B; Lincoln Electric (NYSE: LECO) Q1 2026 Form 10-Q and FY2025 Form 10-K. Share prices as of 02 June 2026 close (ASX and NYSE). USD figures (LECO, IPX) converted to AUD at 1 USD = 1.4609 AUD (RBA reference rate). TTM (Trailing Twelve Months) = FY25 + H1 FY26 – H1 FY25 where comparable accounting periods exist, with bridges noted where peer fiscal year-ends differ.

5. Valuation

We value AML3D ("AL3") using a discounted cash flow (DCF) model. This is the appropriate primary method for AL3 because the company is transitioning from a pre-profit research-and-development phase into commercial-scale manufacturing: its value lies almost entirely in future cash flows rather than current earnings or asset backing. A DCF captures the steep ramp in revenue, the inflection to positive cash generation, and the long-run operating leverage in a single internally consistent framework. We cross-check the output against the implied trading multiples.

Our base case produces a fair value of **\$0.37** per share, against a share price of \$0.145 at the valuation date – implying approximately **155%** upside. The valuation rests on three pillars that the remainder of this section builds up step by step: (i) a bottom-up revenue forecast; (ii) a margin and cost structure that delivers operating leverage as revenue scales; and (iii) a discount rate and terminal value that frame the long-run cash flows. We then stress every major assumption in the sensitivity analysis.

Table 3: Valuation Summary

Metric	Value	Comment
Fair value per share	\$0.37	Base case DCF (unrisked)
Current share price	\$0.145	At valuation date
Implied upside	155.0%	Capital growth; no dividend
Enterprise value (A\$m)	187.0	PV of FCF + PV of terminal value
Equity value (A\$m)	211.7	EV + net cash
WACC	11.1%	Cost of equity; nil leverage
Terminal growth	3.0%	Gordon growth on FY33E FCF

Revenue Forecast

Revenue is the single most important input and is built bottom up across three distinct pillars rather than as a top down growth rate. This allows each revenue stream to be driven by its own physical and price assumptions and makes the forecast transparent and individually testable. The three pillars are ARCEMY system sales, contract manufacturing of components, and recurring services and technical support.

Pillar 1: ARCEMY system sales

Each ARCEMY system is a discrete capital equipment sale. We forecast units delivered per year and an average selling price (ASP) per system. Unit volumes step up from 5 in FY26E to 34 by FY33E, anchored to AL3's disclosed order book (which already includes the Newport News Shipbuilding order for four ARCEMY X systems and the Austal portable unit) and to the US Navy Letter of Intent ("LOI"), which identifies the need for up to 100 WAM system installations by 2030. ASP rises from \$1.6m to \$2.3m, reflecting a mix shift toward larger ARCEMY X systems and modest price escalation. Pillar 1 revenue grows from \$8.0m in FY26E to \$78.2m in FY33E.

Pillar 2: contract manufacturing (components)

As AL3 builds out its own installed capacity in Australia and the US, it increasingly manufactures and sells finished metal components rather than only the printers. The LOI linked volume takes the latest US Navy demand forecast of up to 3,400 components by 2030 (Austal/AML3D joint announcement, 6 May 2026, up from the 1,600 figure in the FY25 Annual Report) and applies an AL3 capture share rising from 35% in FY26E to 44% from FY30E onwards. We add a separate non LOI volume for industrial, UK and other defence customers. Average revenue per component declines from c.\$14,000 to c.\$10,000 as the mix moves from low volume prototypes toward higher volume standardised production. Pillar 2 revenue grows from \$5.2m in FY26E to \$23.7m in FY33E.

Pillar 3: services & technical support

Every system sold creates a recurring, high margin annuity of maintenance, spare parts, software updates and technical support. We model this as the cumulative installed base of systems multiplied by an annual revenue per system that rises from c.\$150k to c.\$220k as the service offering deepens. Because the installed base compounds, with each year's system sales adding permanently to the base, services is the fastest growing pillar in the back half of the forecast, reaching \$31.5m by FY33E (24% of revenue). This pillar is the principal source of the model's improving quality of earnings over time.

Table 4: Revenue Build by Pillar (\$m)

\$m	FY24A	FY25A	FY26E	FY27E	FY28E	FY29E	FY30E	FY31E	FY32E	FY33E
System sales	4.8	4.5	8.0	17.0	27.0	41.8	50.0	58.8	68.2	78.2
Components	2.0	2.3	5.2	9.2	10.9	12.6	16.7	18.0	20.1	23.7
Services	0.5	0.6	1.1	1.9	3.7	6.7	11.2	16.8	23.5	31.5
Total revenue	7.3	7.4	16.8	23.0	44.2	61.0	78.0	93.6	111.8	133.3

Our FY26E revenue of \$16.9m reflects the H2 ramp after a soft H1 FY26 (\$3.25m of revenue), including the first-year recognition of the Newport News (HII) systems under their operating-lease structure. The cumulative system count reaches c.82 units by FY30E, equivalent to roughly four-fifths of the 100-system LOI target, a demanding but defensible base case for a "pivotal" supplier, and one that deliberately leaves both upside (faster conversion, the mooted NDAA "Phase 2" order) and downside (competition, appropriations timing) outside the central case.

Margins, Costs & Operating Leverage

The investment case depends not only on revenue growth but on the conversion of that growth into cash as fixed costs are absorbed. We model gross margin, then the operating cost base, then the resulting profitability.

Gross margin

Reported gross margin was 63% in FY24A and 68% in FY25A. We forecast gross margin of 64% in FY26E and 67% in FY27E, before normalising towards 60–62% over the outer forecast period. The elevated near-term margin profile primarily reflects the Newport News Shipbuilding ARCEMY operating lease agreements.

Under the lease structure, ARCEMY systems remain on AML3D's balance sheet and are therefore not recognised through cost of sales at the time of deployment. Instead, the systems are capitalised and depreciated over a ten-year period, while lease income is recognised as revenue. This accounting treatment results in a temporary uplift to reported gross margins during the initial deployment phase.

Beyond the lease-related benefit, we expect underlying gross margins to remain supported by a growing contribution from higher-value defence programs, system sales and software- and service-related revenues. As the revenue mix matures and the relative contribution from lease income declines, reported gross margins are expected to converge towards a more sustainable 60–62% range.

Importantly, AML3D's reported gross margin is structurally higher than that of many industrial manufacturing businesses, as a significant portion of manufacturing labour is recognised below the gross profit line rather than within cost of sales. As a result, operating leverage is expected to become increasingly visible through employee expenses and EBITDA margins rather than through gross margin expansion alone.

Operating costs

Director and employee benefits, the largest cost line, are built bottom-up by region (Australia, US, UK/Europe) as average headcount multiplied by a fully-loaded cost per head. Total headcount rises from 41 in FY25A to 133 by FY33E, with the US growing fastest

in line with the Navy ramp while Australian headcount stays broadly flat, consistent with management's comment that growth is almost entirely US-driven. Total employee cost grows from \$8.0m to \$33.1m. All other operating lines, including insurance, occupancy, marketing, workshop, professional fees and other, are modelled on the most appropriate driver for each (headcount, facility count or revenue). Total operating expenditure rises from \$11.6m in FY25A to \$36.9m by FY33E, but, critically, falls sharply as a percentage of revenue, which is the mechanism that drives the margin inflection.

Table 5: Profitability & Operating Leverage (\$m)

\$m	FY26E	FY27E	FY28E	FY29E	FY30E	FY31E	FY32E	FY33E
Revenue	16.8	23.0	44.2	61.0	78.0	93.6	111.8	133.3
Gross profit	10.8	15.4	27.1	36.6	46.8	57.1	68.2	82.7
EBITDA	-0.9	0.4	8.3	13.5	19.6	26.3	34.3	45.8
EBIT	-2.0	-1.5	6.1	11.3	17.5	24.2	32.3	43.7
NPAT	-2.0	-1.5	4.3	7.9	12.2	16.9	22.6	30.6
EBITDA margin	-5.2%	1.8%	18.9%	22.2%	25.1%	28.1%	30.7%	34.3%

The business reaches EBITDA breakeven in FY27E, with EBIT breakeven following in FY28E, before scaling to a c.34% EBITDA margin by FY33E. This trajectory, from a negative EBITDA margin in FY26E to a 34% positive margin by FY33E, is the quantitative expression of the operating-leverage thesis and is the principal driver of value creation in the model.

From Earnings to Free Cash Flow

The DCF discounts unlevered free cash flow (FCF), not earnings. We derive FCF from EBIT in five steps, shown in full below so that every line is traceable: (1) tax the EBIT at the 30% Australian corporate rate, but only once cumulative tax losses are exhausted (from FY28E); (2) add back depreciation and amortisation, which are non-cash; (3) deduct the investment in working capital, which is a genuine cash outflow as receivables and inventory grow with the business; (4) deduct capital expenditure on the US and UK facility build-outs and on growth equipment; the result is unlevered FCF.

Working capital assumptions

Working capital is forecast using days-based drivers applied to revenue and cost of sales, which keeps each balance-sheet item tied to an operational assumption rather than a fixed percentage. The drivers, and the logic behind each, are set out below.

Trade receivables are modelled at a debtor-days (DSO) assumption that starts at 55 days of revenue and tightens to 50 days from FY28E. This is consistent with the FY25A outcome (58 days) and reflects AL3's stated customer terms of 14 to 45 days, blended across a mix that includes faster-paying US Navy direct contracts and slower-paying defence primes.

Inventory is modelled on a days-of-cost-of-sales (DIO) basis that eases from 60 days in the near term to around 40 days by FY33E. Inventory is dominated by work in progress, since each ARCEMY system carries a build cycle of several months; management noted that raw material and finished-goods holdings are minimal (under \$0.5m), with year-end inventory driven almost entirely by the stage of in-progress system builds. We assume a gradual improvement as production standardises and throughput rises.

Trade payables are modelled at a creditor-days (DPO) assumption that normalises from 90 days in FY26E toward 75 days, then rises gradually to around 88 days by FY33E as AL3's scale and negotiating position with suppliers improve. This provides a partial working-capital offset to the growth in receivables and inventory.

Contract liabilities, customer deposits received in advance of delivery, are a structurally favourable feature of AL3's working capital, because defence customers typically pay 40 to 50% on order for capital equipment. We model the deposit balance falling from 167 days of revenue in FY25A toward a more normalised level over the forecast, reflecting a mix shift toward components and services (which carry smaller or no upfront deposits) and faster backlog turnover at scale.

Employee benefit provisions (accrued annual and long-service leave) are modelled at c.6.5% of total employee cost, consistent with the FY25A relationship, and grow in line with the expanding headcount. Borrowings, derivative instruments and lease liabilities are excluded from working capital: borrowings and leases are financing items, and the small derivative balance is a treasury item, so including them would double-count against the financing cash flows.

The net effect is that working capital consumes cash steadily throughout the forecast as the business grows, in a range of roughly \$1.1m to \$2.1m per year, with receivables and inventory growth partly offset by payables, customer deposits and employee provisions. This is the normal signature of a rapidly scaling manufacturer and is fully captured in the free cash flow build below.

Table 6: Working Capital Days-Based Drivers

Driver	FY25A	FY26E	FY27E	FY28E	FY29E	FY30E	FY31E	FY32E	FY33E
Debtor days (DSO)	58	55	55	50	50	50	50	50	50
Inventory days (DIO)	211	167	182	116	113	108	108	105	105
Creditor days (DPO)	176	90	70	75	75	80	82	85	88
Customer-deposit days	167	91	72	46	39	34	31	29	27

Capital expenditure assumptions

Capital expenditure is anchored by two disclosed expansion programs and a normalised maintenance-capex assumption. The first is the planned \$12m expansion of AML3D's US operations at Stow, Ohio, designed to double capacity and support rising demand for ARCEMY systems, AM components and material qualification work in the US. By 31 March 2026, AML3D had invested \$0.8m as the first tranche of this fully funded program, while reported 9M FY26 payments for property, plant and equipment stood at \$1.4m. This supports a back end loaded capex profile, with the bulk of the Stow expansion phased into FY27E and FY28E.

The second growth program is the planned \$5m European Technology Centre. The timing is linked to the deployment of a UK ARCEMY system and the development of European defence demand. As early UK activity, including BAE-related qualification work, is currently being supported from Australia, we model the European facility investment in FY27E rather than FY26E. Total capex therefore peaks at \$8.0m in FY27E as the Stow build-out and initial European investment overlap, before normalising to c.\$1.5m per annum from FY29E for maintenance and incremental growth capital. For modelling purposes, we assume the European facility is leased rather than owned, with the building recognised through right-of-use assets and lease liabilities, while equipment and fit-out are treated as capex.

FCF is negative across FY26E to FY28E as the company funds the c.\$12m US capacity doubling, the c.\$5m UK Technology Centre and the build cost of the Newport News lease systems while margins are still scaling. FCF reaches breakeven in FY29E and then inflects sharply positive from FY30E, with the business generating c.\$21.7m of unlevered FCF by FY33E. The concentration of cash generation in the outer years is the reason the terminal value carries significant weight, which we address directly in the sensitivity analysis.

Discount Rate

We discount FCF at a weighted average cost of capital (WACC) of 11.08%, built up from first principles rather than assumed. Because AL3 carries no net debt, the WACC is anchored to the cost of equity, which we derive using the capital asset pricing model with additional premia appropriate to a small, speculative, pre-profit stock.

The beta deserves particular explanation. A raw regression of AL3's weekly returns against the ASX 200 over three years produces a beta of just 0.10. We do not regard this raw figure as a reliable measure of forward-looking systematic risk. A beta of 0.10 would imply AL3 is almost uncorrelated with the market and less risky than a utility – implausible for a pre-profit defence-technology micro-cap. We therefore apply the Blume adjustment, the standard correction used by Bloomberg and others, which pulls the raw beta toward the market mean of 1.0: adjusted beta = $0.67 \times 0.10 + 0.33 \times 1.0 = 0.40$.

Applying the adjusted beta of 0.40, a risk-free rate of 4.7% (consistent with prevailing Australian 10-year government bond yields), and an equity market risk premium of 6.0% gives a CAPM cost of equity of 7.1%. To this we add a 3.0% size premium and a 1.0% illiquidity premium, reflecting AL3's sub-\$150m market capitalisation and limited trading liquidity, for a total cost of equity of 11.08%. With nil target leverage, the WACC equals this 11.08%.

Table 7: WACC Build-up

Component	Assumption
Risk-free rate (Rf)	4.7%
Equity beta	0.4
Equity market risk premium	6.0%
Size premium	3.0%
Illiquidity premium	1.0%
Cost of equity	11.1%
After-tax cost of debt	7.0%
Target leverage (D/V)	0.0%
WACC	11.1%

We regard 11.08% as appropriately conservative for a speculative small-cap. The size and illiquidity premia together add 4.0 percentage points over the CAPM cost of equity, reflecting the company's stage and scale.

Terminal Value & Equity Bridge

Beyond the explicit FY26E–FY33E forecast period, we apply a Gordon-growth terminal value methodology, capitalising FY33E free cash flow at a 3.0% perpetual growth rate and an 11.08% WACC. This results in a present value of the terminal value of \$159.9m. Adding the \$27.1m present value of explicit forecast free cash flows generates an enterprise value of \$187.0m.

We then add cash of \$26.5m and deduct \$1.8m of lease liabilities, resulting in an equity value of \$211.7m. Based on 567.9m diluted shares outstanding, this implies a fair value of \$0.37 per share.

Table 8: Enterprise & Equity Value Bridge (\$m)

	\$m
PV of explicit FCF (FY26E–FY33E)	27.1
PV of terminal value	159.9
Enterprise value	187.0
+ Cash	26.5
– Debt	-1.8
Equity value	211.7
÷ Diluted shares (m)	567,945,783
Fair value per share (\$)	\$0.37

The terminal value represents approximately 86% of enterprise value. This is high in absolute terms but is the unavoidable arithmetic consequence of valuing a business whose cash generation is concentrated in the outer forecast years and beyond; it is typical of early-stage, high-growth companies. It does, however, make the valuation unusually sensitive to the discount rate and the assumed durability of terminal cash flows – the two variables we stress most heavily in the sensitivity analysis that follows.

Sensitivity Analysis

Given the weighting toward terminal value, the valuation is most sensitive to the discount rate, the long-term growth rate, and the durability of the terminal-year cash flow. We present two two-way sensitivity tables that isolate these drivers. In each, the base-case cell (11.08% WACC) is shaded, and the full range of outcomes is discussed beneath the table.

WACC versus long-term growth rate

This table flexes the discount rate from 9.5% to 12.5% against the terminal growth rate from 2.0% to 4.0%, holding all operating assumptions at base case. It isolates the pure financial-assumption risk in the valuation.

Table 9: Fair Value (\$/sh) — WACC vs Long-Term Growth

LTR \ WACC	9.5%	10.0%	10.5%	11.1%	11.5%	12.0%	12.5%
2.0%	0.43	0.40	0.37	0.34	0.32	0.30	0.28
2.5%	0.46	0.42	0.39	0.35	0.33	0.31	0.29
3.0%	0.49	0.45	0.41	0.37	0.35	0.32	0.30
3.5%	0.53	0.48	0.43	0.39	0.37	0.34	0.32
4.0%	0.57	0.51	0.46	0.42	0.39	0.36	0.33

Across the entire grid, from the most punitive combination (12.5% WACC, 2.0% growth) to the most favourable (9.5% WACC, 4.0% growth), fair value ranges from \$0.28 to \$0.57. Every single cell exceeds the current \$0.15 share price by a wide margin. Even at a 12.5% WACC, almost 1.5 percentage points above our base case, fair value of \$0.30 implies c.95% upside. The table also shows that the valuation is materially more sensitive to the discount rate (moving across columns) than to the terminal growth rate (moving down rows): a 1-percentage-point change in WACC moves fair value by c.\$0.07 to \$0.08, whereas a 1-percentage-point change in growth moves it by c.\$0.04 to \$0.05.

WACC versus terminal cash-flow durability

Because the terminal value represents 85% of enterprise value, the key judgement in the valuation is whether FY33E free cash flow is an appropriate basis for capitalisation into perpetuity. The table below tests this directly by scaling terminal-year FCF from 0.6×

to 1.4× of our FY33E estimate against the same WACC range. This is therefore the most important sensitivity in the analysis.

Table 10: Fair Value (\$/sh) — WACC vs terminal cash-flow durability

Term.FCF \ WACC	9.5%	10.0%	10.5%	11.1%	11.5%	12.0%	12.5%
60.0%	0.33	0.31	0.28	0.26	0.25	0.23	0.22
80.0%	0.41	0.38	0.35	0.32	0.30	0.28	0.26
100.0%	0.49	0.45	0.41	0.37	0.35	0.32	0.30
120.0%	0.57	0.52	0.47	0.43	0.40	0.37	0.35
140.0%	0.65	0.59	0.54	0.49	0.45	0.42	0.39

The sensitivity analysis highlights that valuation risk is driven far more by the durability of terminal cash flow than by near-term forecast variance. If sustainable terminal free cash flow were 40% below our FY33E estimate (the 0.6× row), for example due to slower conversion of the Navy LOI opportunity, lower system utilisation, or margin pressure as competition intensifies, fair value declines materially but still remains above the current share price in most scenarios. At the base-case WACC, fair value falls to approximately \$0.29 per share, while even the harshest combination of lower terminal cash flow and elevated discount rates results in valuation support around \$0.22 to \$0.24 per share.

Conversely, if AML3D captures a larger portion of the US Navy demand opportunity, expands its installed ARCEMY base faster than expected, or scales its higher-margin recurring services and licensing revenues more effectively, the upside becomes significant. Under the 1.2× to 1.4× terminal FCF scenarios, fair value extends into the \$0.50 to \$0.66 range depending on the discount rate applied. The overall payoff profile therefore remains asymmetric: downside appears relatively contained versus the current share price, while successful execution against the US defence manufacturing opportunity could support substantial upside.

We adopt \$0.37 per share as our central fair-value estimate, with the sensitivity analysis implying a more realistic operating range of approximately \$0.29 to \$0.50 once extreme stress and blue-sky scenarios are excluded.

Appendix

Key Risks

Commercialisation and Execution Risk

AML3D remains in the early stages of commercial scaling, with the long term investment thesis heavily dependent on management's ability to convert existing defence and industrial relationships into sustained revenue growth and recurring commercial deployments.

While the company has made meaningful progress establishing a presence within the US Maritime Industrial Base, the transition from early deployments and pilot programs toward broader operational adoption remains execution intensive. Delays in customer procurement cycles, slower than expected deployment activity or difficulties scaling manufacturing capability could impact revenue growth and operating leverage.

In addition, the company's international expansion strategy, particularly within the United States and Europe, requires continued investment into operational infrastructure, customer support and commercial capability. Successfully managing this expansion while maintaining operational efficiency will remain critical over the medium term.

Customer Concentration and Defence Exposure

A significant portion of AML3D's near term growth strategy is linked to defence and maritime manufacturing markets, particularly within the United States.

While this positioning provides exposure to large structural growth opportunities, it also creates customer concentration and sector exposure risk. The timing and scale of future revenue growth may be influenced by defence procurement cycles, government funding priorities and the pace of adoption within the US Maritime Industrial Base.

Defence related procurement processes are often highly complex and subject to delays, budget reallocations and political uncertainty. As a result, contract timing and deployment schedules may be less predictable than in traditional commercial markets.

Although AML3D is increasingly expanding into broader industrial sectors including energy, utilities and infrastructure, defence markets currently remain central to the company's strategic growth outlook.

Technology Adoption Risk

Industrial metal additive manufacturing remains an emerging production technology relative to traditional manufacturing methods.

While adoption across defence and heavy industry is increasing, the pace of broader market penetration may ultimately be slower than anticipated. Large industrial customers often require extensive qualification processes, operational testing and long validation timelines before integrating new manufacturing technologies into mission critical production environments.

AML3D's long term growth assumptions therefore depend partly on continued industry acceptance of additive manufacturing as a scalable and commercially viable production solution.

There is also a risk that competing manufacturing technologies or alternative additive manufacturing platforms achieve stronger commercial adoption within key target markets over time.

Competitive Risk

The additive manufacturing industry remains highly competitive and technologically dynamic, with participants ranging from early stage private companies through to large global industrial and engineering groups.

AML3D competes across several segments of the advanced manufacturing ecosystem, including industrial additive manufacturing, metal printing and distributed production infrastructure. Existing competitors may possess larger balance sheets, broader customer networks, greater manufacturing scale or more established international operations.

As the strategic importance of sovereign manufacturing capability increases, competitive intensity within defence and industrial additive manufacturing markets may also accelerate.

Maintaining technological differentiation, operational execution capability and customer integration will therefore remain important for AML3D's long term competitive positioning.

Funding and Liquidity Risk

AML3D remains in a growth investment phase and may require additional capital to support international expansion, manufacturing capacity growth and ongoing commercial scaling initiatives.

While the company has strengthened its commercial position and order book momentum, there is no guarantee that future revenue growth will be sufficient to fund expansion activities or accelerate the pathway to profitability within expected timeframes.

As a smaller ASX-listed industrial technology company, AML3D may also experience periods of share price volatility and lower trading liquidity relative to larger industrial or defence peers. Changes in broader market sentiment toward emerging technology or small-cap growth companies could therefore materially impact valuation outcomes and access to capital markets.

Key Person Risk

AML3D's strategy and commercial development remain closely linked to the experience and execution capability of its senior leadership team and technical personnel.

The company's relationships within the US Maritime Industrial Base, defence manufacturing ecosystem and broader industrial markets have been developed over a relatively short period and remain important to future growth prospects. The loss of key executives, engineering specialists or strategic commercial personnel could negatively impact operational execution, customer relationships and broader growth initiatives.

As the business continues scaling internationally, attracting and retaining experienced personnel across advanced manufacturing, defence and industrial operations will remain increasingly important.

Board & Management

Noel Cornish AM – Non-Executive Chairman

Chairman of AML3D and independent director, appointed as Chairman in October 2022. Cornish brings deep industrial and governance experience, including former roles as Chief Executive of BlueScope Steel's Australian and New Zealand businesses, President of North Star BlueScope Steel in Ohio, Chairman of Snowy Hydro and IMB Bank, and National President of Ai Group. He is currently Chairman of Hunter Valley Coal Chain and a Council member and Pro Chancellor of the University of Newcastle. He was appointed a Member of the Order of Australia in 2017 for business leadership and community service.

Sean Ebert – Managing Director & CEO

Managing Director and CEO of AML3D, appointed Managing Director and CEO in September 2023 after joining the Board in August 2019. Ebert has more than 25 years of executive experience across public and private high-growth companies in engineering,

technology and consumer goods across Australia, the US, China and Europe. His background includes former roles as Global Director M&A at Worley, CEO of Camms and CEO of Profit Impact. At AML3D, he leads the company's US Scale-Up strategy, international expansion and commercial repositioning toward defence, maritime and industrial manufacturing markets.

Andrew Sales – Executive Director & Founder

Founder of AML3D and Executive Director, appointed to the Board in November 2014 and CTO in September 2022. Sales is a Chartered Engineer and recognised welding technology specialist with more than 28 years of global experience across Australia, Europe, South America, Africa and Asia. His background spans oil and gas, resources, mining, advanced manufacturing, heavy engineering and fabrication. He sits on two Standards Australia committees, including the committee for Additive Manufacturing, and remains central to AML3D's technology leadership and WAMplatform development.

Peter Siebels – Non-Executive Director

Independent Non-Executive Director of AML3D, appointed in January 2024. Siebels brings significant governance, audit and financial oversight experience following a 30-year career with KPMG, including roles on the Australian National Board and National Executive Committee. Since 2015, he has pursued a governance and advisory career, including chair roles with RAA, RAA Insurance, Electricity Industry Superannuation Scheme, Hood Sweeney and Robern Menz, as well as non-executive director roles with ECH, Adelaide University and GCF Investments. He has chaired investment, finance and audit, governance, nominations and risk committees.

Pete Goumas – President & CEO, AML3D USA

President and CEO of AML3D USA and a board member of AML3D USA. Goumas brings more than 38 years of experience leading technical and manufacturing organisations across government, civil nuclear power, power generation and technology development. His role is strategically important as AML3D scales its US operations, supports current and prospective US customers and deepens its position within the US defence and industrial manufacturing ecosystem.

Frederick J. Stefany – Non-Executive Director, AML3D USA

Non-Executive Director of AML3D USA, appointed in June 2025. Stefany brings a distinguished 43-year career overseeing US Navy acquisition and technology initiatives. He previously served as Acting Assistant Secretary of the Navy for Research, Development and Acquisition, Principal Civilian Deputy and Deputy Assistant Secretary for Ship Programs, managing major shipbuilding and modernisation projects. Most importantly for AML3D's US strategy, he led the Maritime Industrial Base Program initiative to strengthen manufacturing, providing the US leadership team with valuable defence-sector insight and relationships.

Hamish McEwin – Chief Financial Officer

Chief Financial Officer of AML3D. McEwin has more than 25 years of experience across accounting, finance and senior management, with particular expertise in operational transformation and talent development across manufacturing, import/export and distribution sectors. His role is important as AML3D manages the transition from growth investment toward larger-scale commercial execution across the US and international markets.

Evolution Capital Ratings System

Recommendation Structure

- **Buy:** The stock is expected to generate a total return of >10% over a 12-month horizon. For stocks classified as 'Speculative', a total return of >30% is expected.
- **Hold:** The stock is expected to generate a total return between -10% and +10% over a 12-month horizon.
- **Sell:** The stock is expected to generate a total return of <-10% over a 12-month horizon.

Risk Qualifier

- **Speculative ('Spec'):** This qualifier is applied to stocks that bear significantly above-average risk. These can be pre-cash flow companies with nil or prospective operations, companies with only forecast cash flows, and/or those with a stressed balance sheet. Investments in these stocks may carry a high level of capital risk and the potential for material loss.

Other Ratings:

- **Under Review (UR):** The rating and price target have been temporarily suppressed due to market events or other short-term reasons to allow the analyst to more fully consider their view.
- **Suspended (S):** Coverage of the stock has been suspended due to market events or other reasons that make coverage impracticable. The previous rating and price target should no longer be relied upon.
- **Not Covered (NC):** Evolution Capital does not cover this company and provides no investment view.

Expected total return represents the upside or downside differential between the current share price and the price target, plus the expected next 12-month dividend yield for the company. Price targets are based on a 12-month time frame.

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