

Commercial Momentum and Defence Validation Drive the Next Phase of Growth

Defence Industrial

We are revising our target price for Amaero Inc. (ASX: 3DA) upward to \$0.97, implying a compelling 287% total upside from the current \$0.25 share price and marking an uplift of 17% from our [January 2026 Update report](#). Our investment case has advanced materially as Amaero transitions from capacity build-out and customer qualification towards commercial scale-up. FY2026 revenue increased 376% YoY to A\$18.1m, and contracted backlog reached A\$23.1m by July 2026, equivalent to ~1.3x FY2026 revenue. Commercial visibility has strengthened further through the A\$7.8m minimum titanium powder commitment, with the customer expecting purchases to exceed the contracted minimum. Management is also targeting ~100% growth in titanium powder production in FY2027. Recent on-market buying also provides a positive alignment signal, with Pegasus Growth Capital investing ~A\$2.8m and increasing the substantial-holder group's voting interest from 30.23% to 31.30%, alongside separate director purchases. The external backdrop remains supportive, with US policy increasingly focused on domestic defence manufacturing, critical-material security and resilient supply chains. We believe stronger contracted demand, an established manufacturing platform, an upcoming US listing, and improving strategic positioning provide greater support for our valuation than at initiation.

Defence Programs Advance Towards Production

Amaero has achieved important milestones across refractory powders and PM-HIP. The A\$6.5m US Department of War refractory development programme provides near-term revenue while positioning Amaero within US efforts to develop lower-cost, domestically available high-temperature materials. Meanwhile, PM-HIP has progressed into low-rate initial production with BPMI for the US submarine industrial base following several years of development and qualification. Successful execution and follow-on production awards could establish additional recurring revenue streams beyond the existing contracted base.

Installed Capacity Provides Significant Operating Leverage

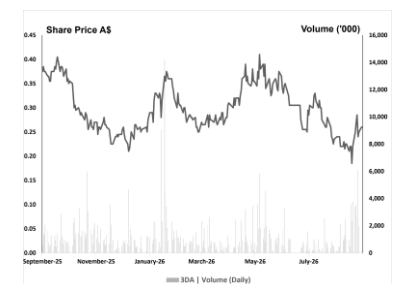
Amaero completed its initial A\$72m capital investment program on schedule and on budget, with three EIGA Premium atomisers providing ~680tpa of powder capacity. A fourth atomiser scheduled for June 2027 is expected to increase capacity to ~920tpa, while planned argon recycling should improve production economics. With substantial capacity already installed, the investment case is shifting towards utilisation and earnings conversion. Higher throughput should improve fixed-cost absorption and support margin expansion, making capacity utilisation and gross-margin progression key indicators through FY2027.

Valuation range of A\$0.78–1.16 per share

Using our DCF valuation methodology, we derive a valuation range of A\$0.78–1.16 per share, with a midpoint target price of A\$0.97/share. This reflects a P/NAV of 0.26x and a potential upside of 287%. Our higher valuation reflects stronger revenue and backlog, increased contracted titanium demand, installed manufacturing capacity and defence programs advancing towards production. Our valuation does not assume full value for a follow-on refractory program or a US listing. Following US domiciliation and confidential submission of a Form S-1, shareholders have approved the issuance of up to 5m common shares through an underwritten registered public offering, another enabling step toward potential US capital-market access. A successful listing could broaden institutional participation, improve liquidity and strengthen access to growth capital, although we assign no specific IPO premium given uncertainty around timing, pricing and potential dilution. FY27-30 represents an important earnings-conversion period, with further upside dependent on higher utilisation, improving operating margins, and converting development programs into recurring production. **Key risks** remain operational execution, slower order conversion and utilisation, continued cash consumption and potential dilution.

Date	02 Sept 2026
Share Price (A\$)	0.25
Target Price (A\$)	0.97
Market Cap (A\$m)	238.3
52-week L/H (A\$)	0.19/0.41
Free Float (%)	58.35%
Bloomberg	3DA AU
Reuters	3DA.AX

Price Performance (in A\$)



Business description

Amaero (ASX: 3DA) is a US-based advanced materials and manufacturing company specialising in high-value refractory, specialty and titanium alloy powders and PM-HIP components. Its platform combines EIGA Premium atomisation with advanced PM-HIP manufacturing to serve mission-critical applications across defence, aerospace, space and other industrial markets, while addressing growing demand for secure, domestic US manufacturing and supply chains.

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Disclosure - Readers should note that East Coast Research has been engaged and paid by the company featured in this report for ongoing research coverage.

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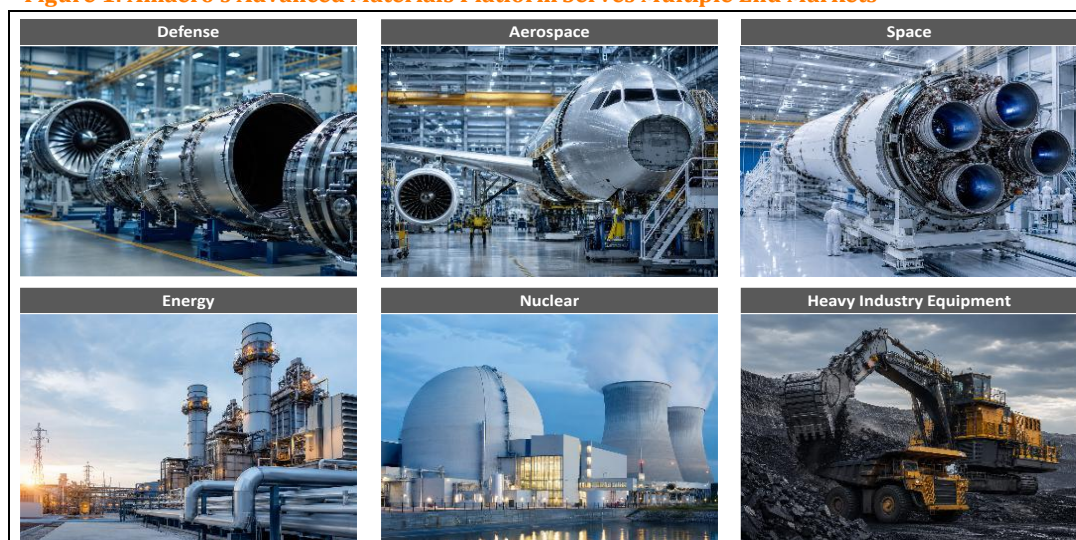
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Amaero: A US Advanced Materials & Defence Manufacturing Platform

Amaero targets critical supply-chain gaps in high-value metal powders and advanced component manufacturing, supported by growing demand for secure US domestic manufacturing across defence and other mission-critical industries

Amaero Inc. (ASX: 3DA) is a US-based advanced materials and manufacturing company focused on supplying high-performance metal powders and near-net-shape components to mission-critical applications across defence, space, aerospace, energy, oil & gas, medical, heavy industry and other advanced industrial markets (Figure 1). Founded in 2013 as an additive manufacturing business spun out of Monash University's Centre for Additive Manufacturing, Amaero has progressively evolved from a 3D printing technology and services company into a specialised US advanced manufacturing platform targeting dual-use applications for high-value refractory and titanium alloys.

Figure 1: Amaero's Advanced Materials Platform Serves Multiple End Markets



Source: East Coast Research (Illustrative Sector Imagery)

The Company's operations are centred at its 100,000 sq-ft manufacturing facility in Tennessee, where it produces high-value titanium, refractory and speciality alloy powders (Figure 2), including Ti-6Al-4V (Ti64) and niobium-based C103. Amaero uses its EIGA Premium atomisation technology to manufacture high-purity spherical powders for additive and advanced manufacturing applications. The contactless melting process reduces contamination risk, which is particularly important for reactive materials such as titanium and niobium. At the same time, management estimates EIGA Premium achieves ~50% feedstock-to-powder yield versus ~25% for conventional EIGA.

Amaero's second core capability is Powder Metallurgy Hot Isostatic Pressing (PM-HIP), which produces large, near-net-shape metal components with forged-equivalent material properties (Figure 3). The technology can provide an alternative to conventional casting and forging for components such as turbine rotors, valves, manifolds and pumps, particularly where traditional supply chains face limited capacity and long lead times. Amaero believes its PM-HIP capability can manufacture components weighing up to ten tonnes, while potentially reducing lead times, material wastage and machining requirements compared with conventional manufacturing method.

Figure 2: Advanced Materials Business



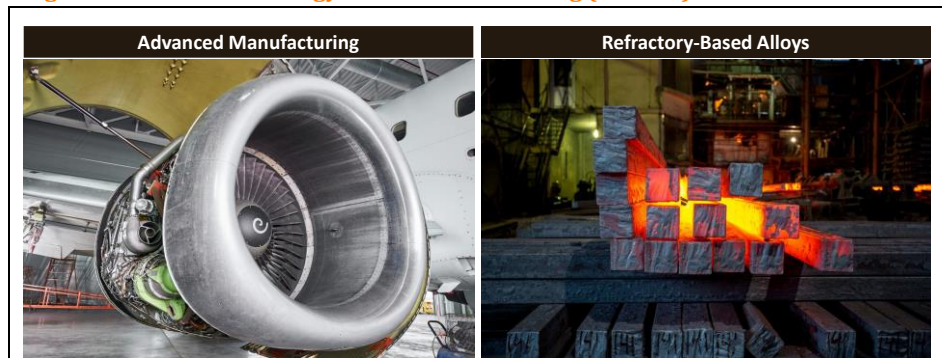
Source: Company

Amaero's strategy is therefore focused on two key supply-chain opportunities:

1. Producing high-performance refractory and titanium alloy powders; and
2. Manufacturing PM-HIP components to address bottlenecks in conventional casting and forging.

In our view, the combination of specialised manufacturing capabilities and a US-based production footprint positions Amaero to benefit from the broader push to reshore critical materials and strengthen domestic manufacturing supply chains, particularly across defence, aerospace, space and energy applications.

Figure 3: Powder Metallurgy Hot Isostatic Pressing (PM-HIP)



Source: Company

A \$6.5m US Department of War Contract Strengthens Refractory Powder Opportunity

In July 2026, Amaero was awarded a A\$6.5m (US\$4.5m), 13-month contract by the US Department of War (DoW) to develop alternative high-temperature refractory alloy powders, with the programme expected to be completed by August 2027. Working with the DoW, US national laboratories and defence and space industry participants, Amaero will select two alternative refractory alloys for further development, atomise the materials using its advanced gas atomisation technology, manufacture test parts through PM-HIP and collaborate with strategic suppliers to 3D print and test material coupons.

The economic rationale for the program is the rising cost and supply-chain exposure associated with C103. The alloy remains important for extreme-temperature applications across propulsion, hypersonics and space, but its composition—~89% niobium and ~10% hafnium—creates exposure to relatively scarce and expensive inputs. This has become more pronounced as hafnium prices have risen more than 700% over the past three years to ~US\$12,500/kg. **Developing alternative alloys that can deliver comparable performance at lower and more stable input costs could therefore reduce material-cost and supply risks for US defence and space programs.** However, any replacement would still need to satisfy demanding technical and qualification requirements.

The contract also provides near-term revenue visibility through monthly milestone-based progress payments. **Amaero expects to recognise ~40% of contract revenue during Q3-Q4 CY26 and ~50% during Q1-Q2 CY27, with the remaining ~10% thereafter through program completion.** Importantly, the program uses established gas atomisation technology that can be scaled to commercial production if the alternative alloys successfully progress through testing and qualification.

In our opinion, the A\$6.5m contract represents an important commercial and strategic milestone for the company. It provides near-term revenue visibility, positions Amaero within US efforts to develop lower-cost, domestically available refractory materials, and further validates its capabilities across gas atomisation and PM-HIP. Successful qualification could establish a pathway to subsequent production opportunities; however, the timing and scale of any follow-on contracts remain uncertain and are not incorporated into our base-case expectations.

*Beyond the DoW award, Amaero has developed a growing network of commercial and government relationships across the US advanced manufacturing ecosystem. **Long-term arrangements with partners including ADDMAN, Velo3D, Titomic, Knust-Godwin and UPM** provide evidence of increasing commercial engagement, while work with US defence agencies provides further validation of the Company's capabilities in mission-critical materials and manufacturing (Figure 4).*

Figure 4: Commercial Partnerships and US Defence Engagement



Source: Company

US Defence Spending and Domestic-Sourcing Policy Provide Structural Tailwinds

The US policy backdrop has become increasingly supportive of Amaero since our January 2026 initiation, as geopolitical tensions and supply-chain disruptions have increased the focus on domestic defence manufacturing, critical-material security and supply-chain resilience. The FY27 defence budget request includes US\$95bn for missiles and munitions and US\$37.9bn for offensive and defensive hypersonic programs, while substantial investment continues across naval and

US defence policy is increasingly shifting from higher spending alone towards rebuilding domestic manufacturing capacity and qualifying secure US suppliers—a structural tailwind for Amaero's powder and PM-HIP platforms

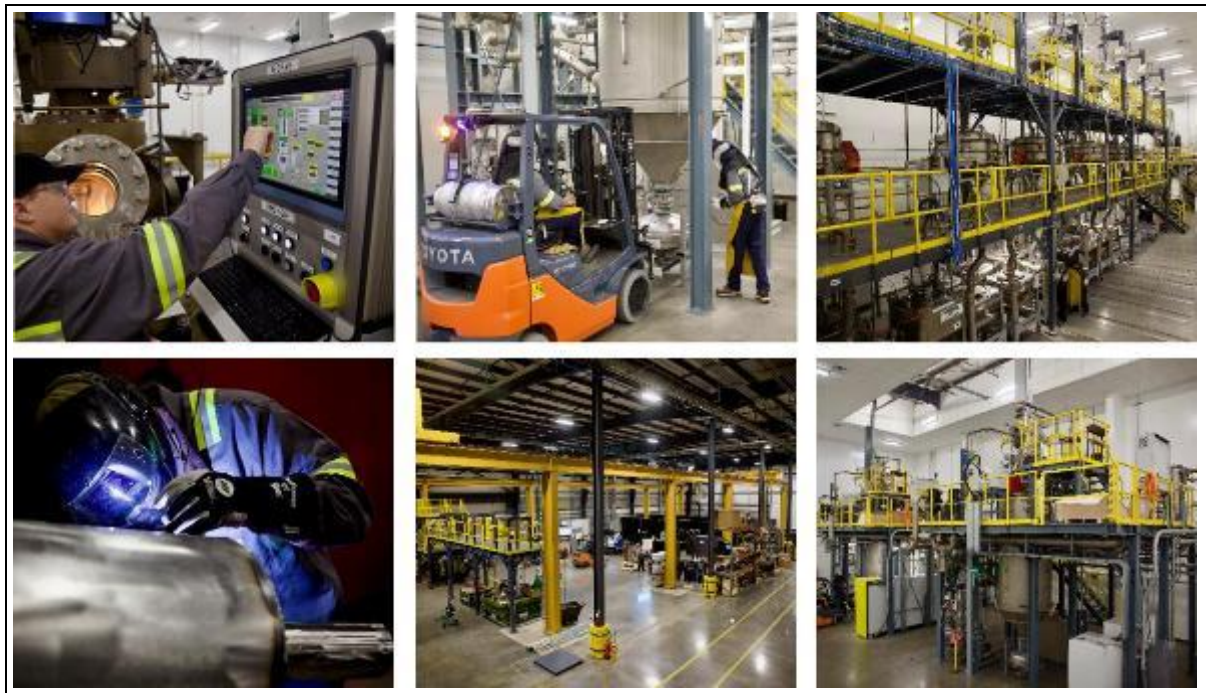
submarine programs¹. Separately, the Administration has proposed US\$113bn of additional funding for the defence industrial base, including >US\$48bn² for critical minerals, although this remains subject to congressional approval.

These priorities are directly relevant to Amaero's two core businesses. DoW has identified castings and forgings and strategic and critical materials among five priority industrial base sectors facing supply-chain vulnerabilities, alongside missiles and munitions. This aligns closely with Amaero's positioning: refractory powders address the need for secure domestic sources of advanced materials, while PM-HIP provides an alternative manufacturing route for selected components traditionally produced through constrained casting and forging supply chains.

The policy backdrop is also increasingly supportive of domestic shipbuilding. The Administration has identified the decline in US shipbuilding capacity as a national-security concern and is pursuing measures to rebuild domestic maritime manufacturing capacity and strengthen the associated industrial base. This is particularly relevant to Amaero's PM-HIP opportunity given its existing engagement with BPMI and the US submarine industrial base.

We believe the opportunity therefore extends beyond higher defence spending. US policy is increasingly directing capital and procurement priorities toward rebuilding domestic manufacturing capacity, critical-material supply chains, and the production resilience required to support advanced defence systems—creating a structural tailwind for both Amaero's powder and PM-HIP businesses.

Figure 1: Amaero's Advanced Materials Facility has all the Required Capabilities



Source: Company

July 2026 Executive Order Strengthens the Domestic-Sourcing Thesis

US policy moved further towards domestic sourcing in July 2026, when Executive Order 14415 directed the Department of War to strengthen domestic and allied defence supply chains, increase supply-chain traceability and accelerate the testing and qualification of new domestic sources and

¹<https://www.congress.gov/crs-product/R49023>

² <https://www.csis.org/analysis/tracking-fy-2027-defense-appropriations-reconciliation-and-supplemental-request>

materials. Contractors relying on unreliable foreign suppliers may also be required to qualify alternative sources. Executive Order 14415³.

This is particularly relevant to Amaero because qualification represents a significant barrier to entry for advanced-material suppliers. **Policies encouraging prime contractors to identify and qualify additional domestic sources could improve the pathway for Amaero's US-manufactured powders and components.** At the same time, greater traceability requirements reinforce the strategic value of secure domestic production.

The policy direction was reinforced on 30 July 2026, when the Administration determined under the Defence Production Act that inadequate US supplies of recoverable critical minerals and materials pose an increasing national-security risk and authorised the Secretary of Commerce to take action to secure their availability. This followed a January 2026 Section 232 determination that US reliance on imported processed critical minerals and derivative products threatened national security, highlighting insufficient domestic processing capacity and significant dependence on foreign supply chains.

In our assessment, **the combination of higher spending on hypersonics, munitions, and submarines; greater investment in domestic manufacturing capacity; and increasingly explicit domestic-sourcing requirements creates a supportive multi-year backdrop for Amaero's refractory powder and PM-HIP businesses.** However, these policies support the broader domestic industry and are likely to attract additional capacity and competition; ultimately, Amaero must convert its strategic positioning into recurring production contracts and higher capacity utilisation.

A\$7.8m Titanium Agreement Provides FY27 Revenue Visibility

In April 2026, **Amaero entered into a Master Purchasing Agreement for titanium alloy powders with a minimum commitment of A\$7.8m**, with equal quarterly shipments scheduled from July 2026 to June 2027. The customer can place additional purchase orders above the minimum commitment and has indicated that FY27 orders are expected to exceed the contracted minimum, providing revenue visibility and potential upside as titanium production scales.

Amaero also strengthened its route-to-market through a **three-year exclusive Master Purchasing Agreement with United Performance Metals (UPM)**, under which Amaero is the exclusive supplier of titanium alloy powders to UPM. The agreement included an initial **4,000kg purchase order**, part of revenue was deferred until FY27, and requires UPM to maintain minimum inventory for on-demand sales. In our view, the partnership broadens Amaero's distribution reach across defence, aerospace, space, medical and industrial markets, while providing scope for recurring replenishment orders as end-customer demand develops.

Commercial traction supports management's plan to increase titanium powder production by ~100% in FY27 versus FY26. Notably, Amaero reported that secured titanium powder revenue represented full utilisation of its then-current titanium capacity in Q4 FY26. Following commissioning of the third EIGA atomiser in June 2026, two of the Company's three systems are dedicated to titanium, providing ~480 tonnes per annum (tpa) of titanium powder capacity and substantial headroom for further volume growth.

The production ramp was temporarily interrupted following two safety incidents at the Tennessee facility in May, resulting in a six-week pause while Amaero completed a comprehensive safety review and remediation program. Production resumed in July, with ~A\$1.3m of contracted titanium revenue deferred into FY27 rather than cancelled, and no purchase-order cancellations reported during the shutdown. While the retention of customer orders is encouraging, **reliable production, safety performance and utilisation of the expanded capacity remain key near-term execution milestones.**

³ <https://www.whitehouse.gov/presidential-actions/2026/07/securing-americas-defense-supply-chains-and-ensuring-domestic-acquisition-of-critical-materials/>

While initially modest in value, the BPMI LRIP award provides an important proof point for PM-HIP and a potential pathway towards larger recurring production contracts.

PM-HIP Progresses from Qualification to Initial Production

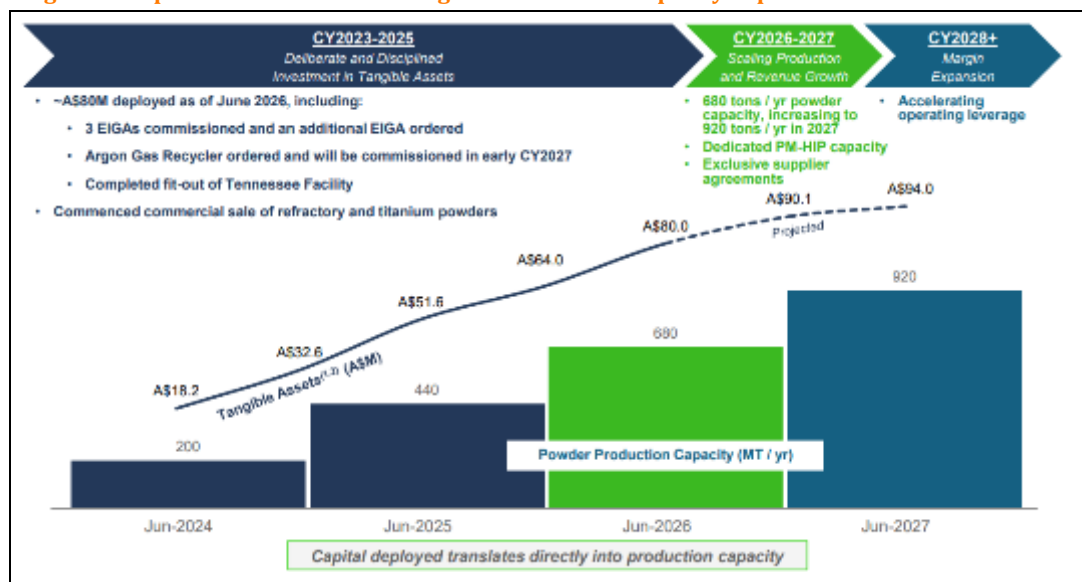
Amaero's PM-HIP business reached an important commercial milestone in July 2026, securing a **US\$344,000 low-rate initial production (LRIP) contract from Bechtel Plant Machinery Inc. (BPMI)** to manufacture piping in support of the US submarine industrial base. The award follows ~two years of collaboration with BPMI and the US Navy across development, demonstration and first-article programs, including six previously undisclosed contracts, and marks an important transition from technology qualification towards production.

The opportunity is supported by persistent bottlenecks in the US submarine supply chain, particularly limited domestic casting and forging capacity and long lead times for critical components. The US Navy has identified PM-HIP as a mature manufacturing technology and a viable alternative for addressing selected casting and forging constraints, while BPMI has previously indicated potential demand for up to ~400 PM-HIP components annually to support current and near-term shipbuilding requirements.

PM-HIP can produce large and complex near-net-shape components, including piping, valves, fittings, manifolds and pressure-containing parts, while potentially reducing lead times, material wastage and machining requirements compared with conventional manufacturing routes. Amaero's differentiation is centred on its proprietary numerical and metallurgical modelling, can-design expertise and ability to meet demanding material-performance requirements across defence and other critical applications.

In our view, the LRIP contract represents an important commercial and technical milestone for Amaero's PM-HIP business. Progression into LRIP provides further validation following several years of development and qualification work and establishes a potential pathway towards larger, recurring submarine component orders. If successfully converted into production-scale programs, PM-HIP could develop into an important second growth engine alongside Amaero's powder business, although the timing and scale of future awards remain uncertain.

Figure 6: Capital Investment Drives Significant Powder Capacity Expansion



Source: Company

Third EIGA Atomiser Completes Core Capacity Build-Out

Amaero commissioned its third EIGA Premium atomiser ahead of schedule in June 2026, completing its original three-year A\$72m capital investment program on schedule and on budget. The Company now operates three EIGA atomisers—one dedicated to refractory alloys and two to titanium—providing annual production capacity of **~200 tonnes of refractory and 480 tonnes**

of titanium alloy powders (~680 tonnes in total). The third atomiser effectively doubles Amaero's titanium powder capacity and, according to management, positions the Company as the largest-capacity US domestic producer of spherical refractory and titanium alloy powders.

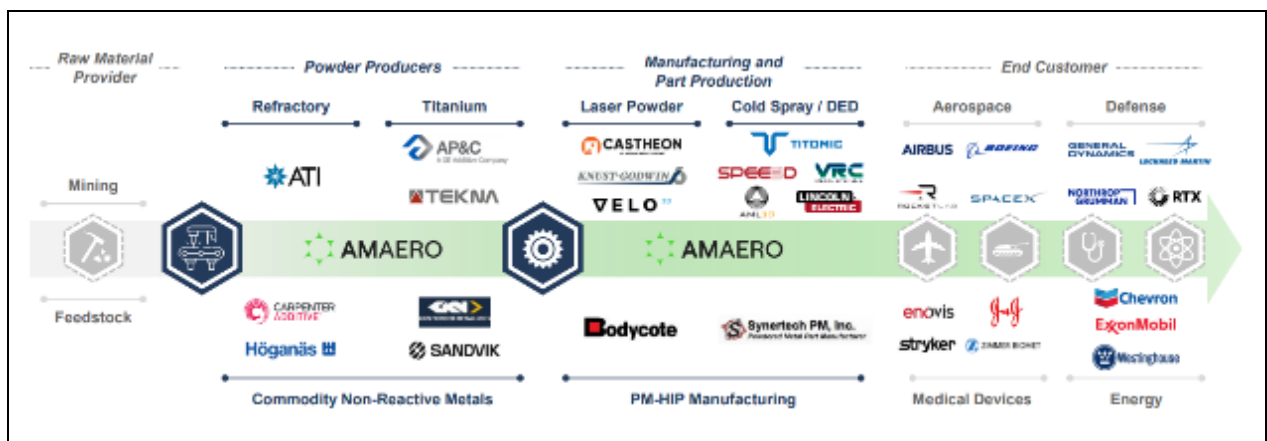
The expanded platform changes the investment case. With the core manufacturing infrastructure now established, Amaero's key challenge shifts from building capacity to driving utilisation and commercial returns from that capacity. Recent titanium orders and refractory programs provide encouraging evidence of demand, but the pace of utilisation will increasingly determine fixed-cost absorption, margin expansion and the pathway towards profitability. In our view, capacity utilisation is therefore becoming a more important valuation driver than incremental capacity additions alone.

Amaero is already progressing the next phase of expansion, with a fourth EIGA Premium atomiser scheduled for commissioning in June 2027, which is expected to increase total powder capacity from ~680tpa to ~920tpa. The Company is also targeting commissioning of an argon recycling plant in Q1 CY27, which management expects to reduce recurring argon expense by ~80%. While the fourth atomiser provides additional volume headroom, **we view the argon recycling plant as particularly important to the earnings story, as it targets a recurring production cost and should improve unit economics as throughput increases.** The value of the next investment phase will therefore be determined not simply by adding capacity, but by Amaero's ability to convert that capacity into higher utilisation, improving margins and ultimately positive cash generation (Figure 6).

Amaero Addresses Critical Gaps in the High-Value Supply Chain

Amaero operates at two strategically important points in the advanced-manufacturing value chain: high-value spherical metal powders and PM-HIP near-net-shape components. **In our opinion, both businesses address identifiable gaps in US advanced manufacturing supply chains.** Amaero's powder business targets constrained supplies of specialised materials, while PM-HIP provides an alternative manufacturing route for complex components traditionally produced through casting and forging (Figure 7).

Figure 7: Amaero's Position Across the Advanced Materials Value Chain



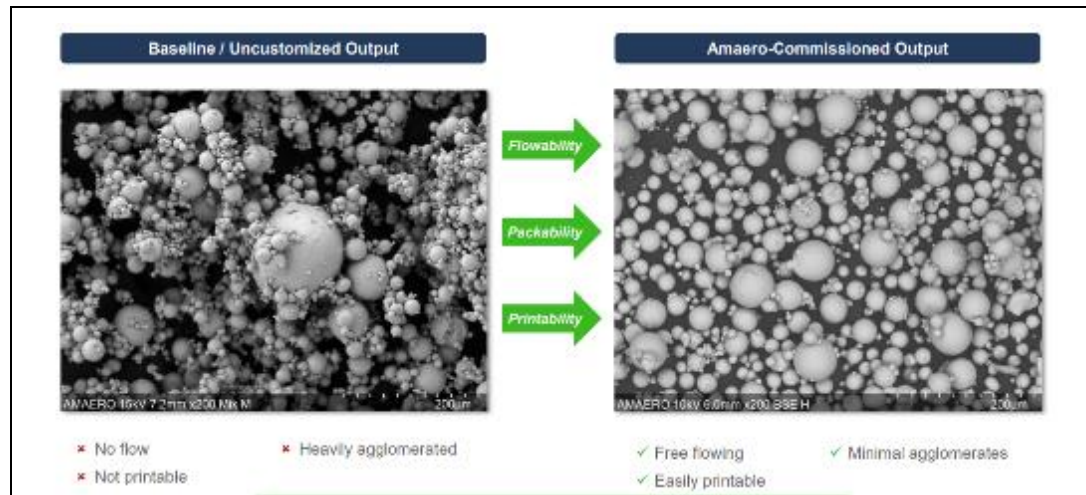
Source: Company

High-value powders: competing in a specialised segment of the powder market

Amaero is focused on high-purity spherical titanium and refractory alloy powders rather than the broader commodity metal-powder market. These materials are used in additive and other advanced manufacturing applications where powder morphology, flowability, purity, traceability and consistency can directly influence manufacturing performance. Refractory AM powders are often secondary product lines for existing suppliers, contributing to long lead times, inconsistent availability, and limited responsiveness—a gap Amaero is seeking to address through dedicated US capacity.

The technology proposition centres on EIGA Premium, a contactless melting process designed for reactive materials. By avoiding contact between molten metal and a crucible, EIGA reduces contamination risk, while management estimates its Premium configuration can achieve ~50% feedstock-to-powder yield versus ~25% for conventional EIGA. However, we believe the more relevant potential differentiator is the combination of equipment and process know-how: Amaero applies proprietary commissioning, equipment customisation and process tuning to improve powder characteristics including flowability, packability and printability (Figure 8).

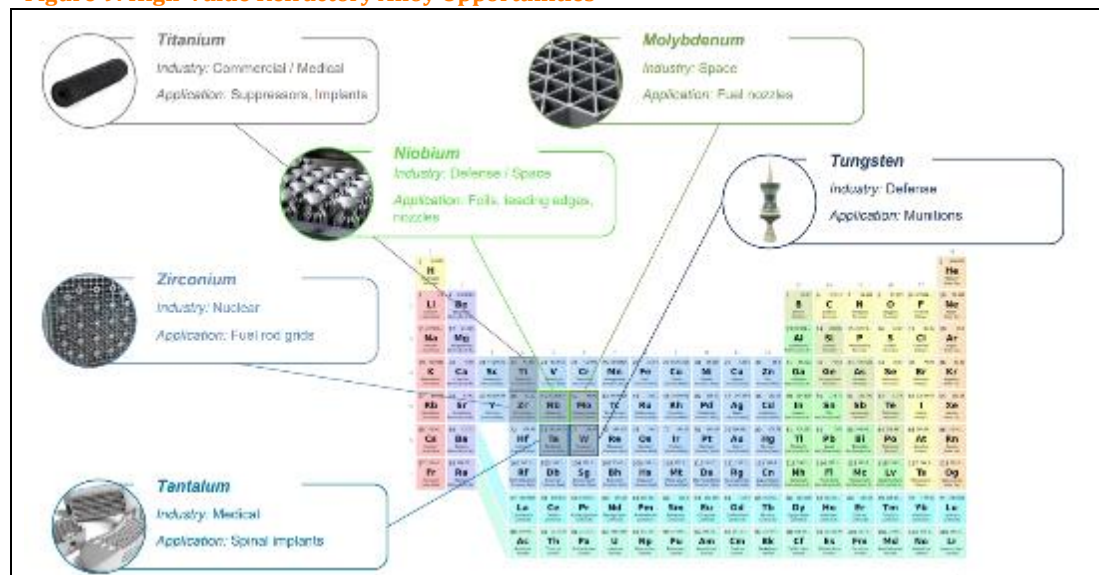
Figure 8: Proprietary Know-How Enhances EIGA Premium Performance



Source: Company

This positions Amaero in a relatively specialised part of the market, where qualification and product consistency may matter more than powder price alone. The addressable opportunity also extends beyond defence (Figure 9), with titanium and refractory materials serving applications across space, aerospace, nuclear, medical, energy and other advanced industrial markets.

Figure 9: High-Value Refractory Alloy Opportunities



Source: Company

PM-HIP: An alternative where conventional manufacturing becomes the bottleneck

PM-HIP addresses a different problem. Large mission-critical components have traditionally relied on castings and forgings, but limited domestic capacity, long procurement cycles, material availability and extensive machining can make conventional production increasingly challenging.

Amaero's PM-HIP process consolidates metal powder under heat and pressure to manufacture large, complex near-net-shape components with forged-like material properties.

Importantly, PM-HIP is not intended to replace casting and forging universally. Its value is greatest where conventional components are difficult to source or manufacture, inspection and quality are problematic, materials are difficult to process, significant machining is required, or complex geometries can be consolidated into fewer components. The Company's decision framework also highlights applications requiring isotropic forged-like properties and high buy-to-fly ratios as potential candidates for PM-HIP (Figure 10).

This makes the US submarine industrial base particularly relevant, where Amaero has progressed from development and qualification work into LRIP with BPML. The technology nevertheless has broader potential across energy, aerospace, oil & gas and other industries requiring large, high-integrity components. This provides scope for diversification as commercial adoption develops.

Figure 10: PM-HIP Provides an Alternative Route for Complex Components



Source: Company

The moat will ultimately be determined by qualification and execution

We believe Amaero's emerging competitive position rests on dedicated domestic capacity, specialised technology, proprietary process expertise and customer qualification. These factors are particularly important in mission-critical markets, where changing a qualified material or manufacturing source can require extensive testing and approval.

The Company's progress with the US Navy illustrates this dynamic ~18-month engagement involving evaluation, component development and formal Navy support before progressing further towards commercialisation. **The key investment question is therefore whether Amaero can convert technical qualification into repeat production volumes.** If it can, the

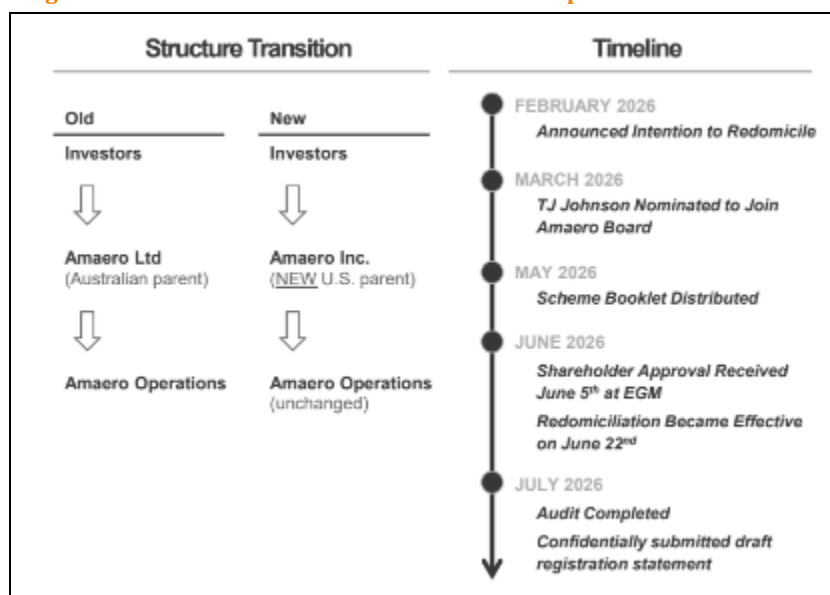
combination of qualification barriers, process know-how and installed US capacity could support more durable customer relationships; if conversion remains slow, the technological advantages alone will not necessarily translate into attractive returns.

US Domiciliation Has Established Pathway to Proposed US IPO

Amaero completed its domiciliation to the US in June 2026, with Delaware-incorporated Amaero Inc. replacing Amaero Ltd as the ultimate parent company (Figure 11). Existing shareholders retained equivalent economic ownership through ASX-listed CDIs under ticker 3DA, while the Company's underlying operations and strategy remained unchanged. The restructure aligns Amaero's corporate and governance framework more closely with its Tennessee-based operations, predominantly US customer base and growing exposure to the US defence industrial base.

Following the domiciliation and completion of the required PCAOB audit work, Amaero confidentially submitted a draft Form S-1 registration statement to the SEC for a proposed US IPO in July. In August 2026, the company publicly filed its Form S-1 registration statement with the SEC. The size, pricing and timing of the offering remain undetermined and subject to SEC review and market conditions. Management has previously targeted a potential US listing in late CY26 or early CY27, subject to equity-market conditions.

Figure 11: Domiciliation to the United States Complete



Source: Company

*"In our opinion, the strategic rationale extends beyond simply adding another exchange listing. A US listing could broaden access to institutional capital, improve trading liquidity and increase Amaero's visibility among investors familiar with defence, aerospace and advanced-materials businesses. The domiciliation also more closely aligns Amaero's corporate identity with its US manufacturing and customer base. **We view the proposed IPO as a potential re-rating and funding catalyst, although any valuation impact will ultimately depend on the timing, pricing, capital raised and associated shareholder dilution.**"*

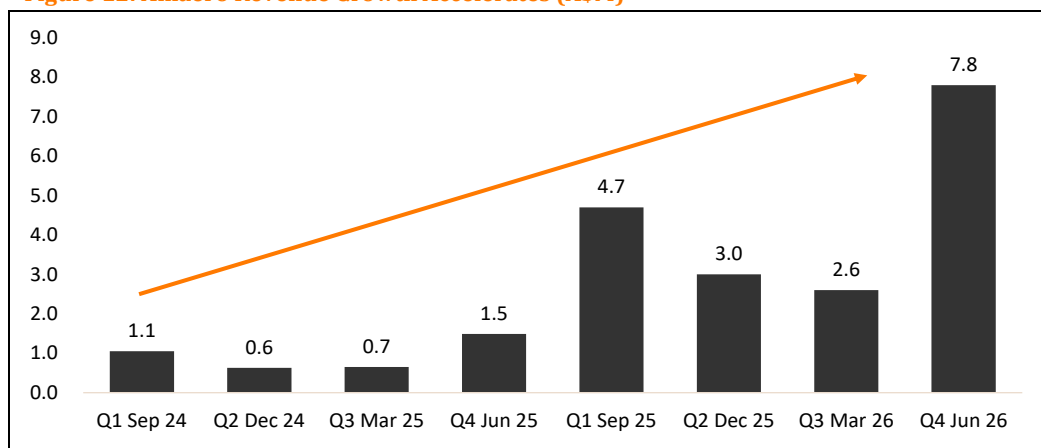
FY26 Revenue Growth Marks the Beginning of Commercial Scale-Up

Amaero delivered FY26 revenue of A\$18.1m, up 376% YoY from A\$3.8m in FY25, with the June quarter contributing a record A\$7.8m (Figure 12). The Company exited FY26 with an order backlog of A\$14.6m, which increased to A\$23.1m by 22 July 2026 following ~A\$8.5m of additional contract awards. Of the current backlog, A\$12.9m is scheduled for completion by 31 December 2026, providing meaningful near-term revenue visibility. FY26 revenue also included the impact of ~A\$1.3m of contracted titanium powder orders deferred into Q1 FY27 following the temporary

production interruption in May and June; absent this timing impact, FY26 revenue would have reached ~A\$19.5m.

Our analysis suggests that the sharp revenue acceleration provides the first meaningful evidence that Amaero's investment in its Tennessee manufacturing platform is translating into commercial demand. However, the Company remains loss-making as it scales production, and the next phase of the investment case increasingly depends on converting backlog into recurring revenue, increasing capacity utilisation and demonstrating operating leverage. **With the original three-year capital investment program now complete, we believe the transition from revenue growth to margin expansion and cash generation will be a key determinant of Amaero's valuation over the coming year.**

Figure 12: Amaero Revenue Growth Accelerates (A\$M)



Source: Company

Insider Investment Reinforces Confidence in Amaero's Growth Strategy

Recent on-market buying by Amaero's largest shareholder and members of the Board signals positive shareholder alignment as the Company moves into its commercial scale-up phase. Between 24 and 27 August 2026, Pegasus Growth Capital Fund I acquired 10.17m Amaero CDIs on-market for ~A\$2.8m (Figure 13), increasing the substantial-holder group's voting interest from 30.23% to 31.30%. The purchases represent an additional 1.07% of Amaero's outstanding CDIs and were completed over four consecutive trading days at progressively higher prices, from A\$0.243 to A\$0.305 per CDI.

The Pegasus investment is particularly relevant given its close association with Amaero's leadership. Chairman and CEO Hank Holland hold an indirect relevant interest in the Pegasus position, with his disclosed indirect holding consequently increasing from 288.2m to 298.4m CDIs. Importantly, Pegasus made the 10.17m CDI acquisition rather than Holland personally, although Holland's relationship with Pegasus creates shared economic exposure between Amaero's leadership and its largest shareholder.

The Pegasus purchases were accompanied by separate direct director buying. Non-Executive Director Erik Levy acquired 150,000 CDIs on-market at A\$0.215/CDI, increasing his directly held position from 38,889 to 188,889 CDIs. Bob Latta separately acquired 200,000 CDIs on-market, increasing his directly owned position from 300,000 to 500,000 CDIs. Latta also maintains an indirect beneficial interest through Pegasus.

In our view, the recent buying signals confidence and shareholder alignment. The most notable aspect is that Amaero's largest shareholder committed ~A\$2.8m of additional capital through on-market purchases despite already holding more than 30% of the Company, while individual directors also increased their personal holdings. **For an emerging company entering a critical commercial scale-up period, we believe increased financial exposure from directors and closely aligned shareholders strengthens the investment narrative.** While insider buying does not itself alter Amaero's operating outlook, it supports our positive view as the Company

seeks to convert its installed manufacturing capacity and growing contracted demand into higher utilisation and earnings.

Figure 13: Major Shareholder Adds ~A\$2.8m to Amaero Investment

Date	CDIs acquired	Price/CDI (weighted avg.)	Approx. investment
24 August 2026	2.72m	A\$0.243	A\$0.66m
25 August 2026	2.55m	A\$0.269	A\$0.69m
26 August 2026	2.40m	A\$0.286	A\$0.69m
27 August 2026	2.49m	A\$0.305	A\$0.76m
Total	10.17m	~A\$0.275	~A\$2.8m

Source: Company

Shareholder Approval Advances US Capital-Market Plans

Amaero held a Special Meeting of Stockholders on 28 August 2026, with shareholders approving all resolutions submitted to a vote. **These included adoption of the 2026 Equity Incentive Plan, approval to issue up to 5.0m shares of common stock through an underwritten registered public offering, an increase in the non-executive director fee pool and equity awards for non-executive directors.** The proposed equity award to Chairman and CEO Hank Holland was withdrawn prior to the meeting following further review.

Shareholders approved the issuance of up to 5.0m common shares through an underwritten registered public offering, with 83.82% voting in favour. **The approval supports Amaero's preparations for potential US capital-market access following its US domiciliation and confidential submission of a draft registration statement to the SEC.** Successful execution of the proposed US IPO could strengthen Amaero's capital-market profile, broaden institutional participation and provide additional funding flexibility as the business scales.

The approval also introduces potential dilution. With each common share representing 40 ASX-listed CDIs, the maximum 5.0m-share authorisation is equivalent to up to 200m CDI equivalents, or ~ 21% of Amaero's current ~953m CDI base. Importantly, this represents the maximum authorised amount rather than expected dilution; the actual impact will depend on the size, pricing and structure of any offering.

The 2026 Equity Incentive Plan passed by a narrow margin, with 50.82% voting in favour and 49.18% against, compared with substantially stronger support for the proposed public offering and individual director equity resolutions. The close vote indicates meaningful shareholder reservations around the incentive plan and warrants monitoring from a governance and dilution perspective.

Overall, the meeting provides another enabling step towards potential US capital-market access, while the prospective dilution and close incentive-plan vote remain important considerations.

Commercial Scale-Up and Improved Visibility Support a Higher Valuation

With the core manufacturing platform now substantially established, we believe Amaero is entering the next phase of its investment cycle, where valuation will increasingly be driven by capacity utilisation, recurring production volumes and earnings conversion, rather than infrastructure build-out. Despite the significant improvement in commercial activity, Amaero remains loss-making and the current valuation continues to reflect execution risk around utilisation, margin conversion and the timing of larger defence production contracts.

Commercial visibility has improved materially. FY26 revenue increased 376% YoY to A\$18.1m, while contracted backlog reached A\$23.1m by July 2026, equivalent to ~1.3x FY26 revenue. Amaero has also secured an A\$7.8m minimum titanium powder commitment, with the customer expecting purchases to exceed the contracted minimum. In our view, the increasing proportion of

contracted demand reduces reliance on prospective pipeline opportunities and provides stronger evidence that the Company's manufacturing platform is translating into commercial volumes.

The key source of potential operating leverage is Amaero's significant available production capacity. Following commissioning of the third EIGA atomiser, the Company has ~680tpa of powder nameplate capacity, comprising ~480tpa of titanium and ~200tpa of refractory alloys. Amaero has >28t of titanium powder contracted for Q3 CY26, representing >23% of ~120t quarterly titanium nameplate capacity, highlighting substantial theoretical headroom for volume growth within the existing infrastructure. Importantly, this represents contracted volume rather than reported actual utilisation. As production scales, higher throughput should support improved fixed-cost absorption, making capacity utilisation and gross-margin progression key indicators to monitor through FY27.

Upside optionality also exists beyond the current titanium powder ramp. PM-HIP has progressed into low-rate initial production with BPML, providing a potential pathway towards larger submarine industrial-base contracts. The US Department of War A\$6.5m refractory development programme could lead to future production opportunities if alternative alloys are successfully qualified. We do not assume material follow-on production awards at this stage but believe successful conversion would provide an additional source of revenue growth and diversification beyond the existing contracted base.

The balance sheet provides liquidity to support the near-term scale-up. However, cash consumption remains significant. Amaero reported A\$25.2m of cash at 30 June 2026, including A\$4.9m of restricted cash, with a further A\$4.7m EXIM Bank disbursement expected for previously incurred capital expenditure. EXIM financing provides non-dilutive funding for eligible equipment; however, increasing debt and continued operating cash outflows mean the pathway towards positive EBITDA and ultimately positive free cash flow remains important.

The strategic position has also strengthened following completion of the A\$72m initial capital investment program on schedule and on budget, US domiciliation and confidential submission of a Form S-1 for a proposed US IPO. We view a potential US listing positively, as it would more closely align Amaero's capital-markets presence with its US-based operations, customers and defence exposure, while potentially broadening institutional ownership, improving liquidity and increasing access to growth capital. Recent on-market buying provides an additional positive alignment signal, with Pegasus Growth Capital investing ~A\$2.8m to increase its substantial-holder group voting interest from 30.23% to 31.30%, alongside separate purchases by directors. In our opinion, the increased exposure of Amaero's largest shareholder and Board members reinforces confidence as the Company enters its commercial scale-up phase. We do not assign a specific IPO premium within our valuation at this stage, given uncertainty around timing, pricing, and potential dilution, which could provide additional upside if the transaction is successfully completed on favourable terms.

*In our view, FY27 represents the critical earnings-conversion phase of the Amaero investment thesis. **The infrastructure is largely in place, revenue and backlog have scaled materially, and initial production contracts provide increasing commercial validation.** These developments provide greater support for our valuation than at initiation and underpin our higher target price. Further upside will increasingly depend on demonstrating higher utilisation of the installed asset base, improving margins and converting development programs into recurring production revenue. Successful execution, together with a potential US listing, could provide additional valuation support; conversely, slower order conversion or weaker-than-expected utilisation could delay the pathway to profitability.*

Key Developments Since the Last Report

Since our last report dated 19 January 2026, Amaero has achieved several commercial, operational and corporate milestones that have materially advanced the investment case and shifted the focus from capacity build-out and customer qualification towards commercial scale-up and earnings conversion:

- **Transition from capacity build-out to commercialisation:** FY2026 revenue increased 376% YoY to A\$18.1m, while Q4 revenue reached a record A\$7.8m. Contracted backlog also increased to A\$23.1m by July 2026. In our view, the growth in revenue and contracted backlog represents the most significant fundamental change since our January initiation. The results indicate that the manufacturing platform is translating into increased commercial demand.
- **Powder revenue visibility has materially improved:** Amaero secured an A\$7.8m minimum FY2027 titanium powder commitment, alongside its UPM distribution agreement and existing Titomic relationship. The Company also entered Q3 CY2026 with >28t of contracted titanium powder orders, providing greater visibility into FY2027 production volumes and reducing reliance on prospective pipeline conversion.
- **PM-HIP has progressed into initial production:** Amaero secured a US\$344,000 low-rate initial production contract from BPMP for the US submarine industrial base, following approximately two years of development, demonstration and qualification activities. Although modest in financial terms, the award represents an important de-risking milestone for PM-HIP as it moves from qualification to production.
- **US Government Contract Strengthens the Refractory Powder Opportunity:** The A\$6.5m (US\$4.5m) DoW contract to develop alternative high-temperature refractory alloys provides near-term revenue and strategic validation of Amaero's gas atomisation and PM-HIP capabilities. Successful qualification could create a pathway to future production opportunities.
- **Installed capacity is no longer the primary near-term constraint:** Completion of the original A\$72m capital investment program and commissioning of the third EIGA Premium atomiser increased powder nameplate capacity to ~680tpa, comprising ~480tpa of titanium and ~200tpa of refractory alloys. The investment focus is now shifting towards utilisation, production efficiency and operating leverage.
- **Amended the EXIM Bank Credit Agreement:** Amaero amended its EXIM Bank credit agreement in June 2026, increasing the commitment from US\$22.8m to US\$26.1m, providing additional non-dilutive funding to support eligible manufacturing investments. The facility carries a fixed 5.36% base interest rate, with principal repayments beginning in September 2027.
- **US corporate positioning and governance strengthened:** Amaero completed its US domiciliation in June 2026 and subsequently submitted a confidential draft Form S-1 for a proposed US IPO. It also appointed Tim "TJ" Johnson as a Non-Executive Director and Chair of the Audit and Risk Committee. The appointment strengthens Amaero's US public-company governance capabilities.
- **Major shareholder and director buying reinforces alignment:** Amaero's largest shareholder, Pegasus Growth Capital Fund I, acquired 10.17m CDIs for ~A\$2.8m through on-market purchases between 24–27 August 2026, increasing the substantial-holder group's voting interest from 30.23% to 31.30%. The purchases were completed at progressively higher prices of ~A\$0.24–A\$0.30/CDI and were accompanied by separate on-market purchases by directors Erik Levy and Bob Latta. The increased exposure of Amaero's largest shareholder and Board members provides a positive confidence and alignment signal as the Company enters commercial scale-up.
- **Special Meeting advances US capital-market preparations:** At its 28 August 2026 Special Meeting, shareholders approved the issuance of up to 5.0m common shares through an underwritten registered public offering, with 83.82% voting in favour, providing another enabling step towards potential US capital-market access. Shareholders also approved the

2026 Equity Incentive Plan, although by a narrow 50.82% majority, highlighting some shareholder reservations around equity-based incentives and potential dilution.

- **Operational risk has become more visible:** Two safety incidents at the Tennessee facility resulted in a six-week titanium production interruption and ~A\$1.3m of contracted revenue being deferred into FY2027. While production subsequently resumed without order cancellations, the incidents highlight process safety, operational downtime and execution risk as increasingly important considerations as manufacturing volumes scale.

Figure 14: Key Management Targets and Execution Milestones

Metric / Initiative	Management Target / Plan	Timing
Titanium powder production	Increase production by ~100% vs FY26	FY27
Contracted backlog	A\$23.1m, with A\$12.9m scheduled for completion by 31 Dec 2026	H1 FY27
Profitability	Previously targeted positive Adjusted EBITDA; no current formal EBITDA guidance	CY27 target previously indicated
EIGA capacity	Increase from ~680tpa to ~920tpa following commissioning of fourth atomiser	June 2027
Argon recycling plant	Commission plant to reduce argon consumption and production costs	Q1 CY27
PM-HIP	Progress LRIP programs and pursue larger recurring production contracts	FY27 onward
Titanium commercialisation	Execute A\$7.8m minimum commitment and pursue additional customer volumes	Jul-26 to Jun-27
Refractory powders	Execute A\$6.5m DoW development program and progress qualification	Through Aug-27
U.S. IPO	Progress proposed U.S. listing following confidential Form S-1 submission	Late CY26 / early CY27 (indicative)

Source: Company

Valuation – DCF-based methodology suggests a favourable risk-reward proposition for Amaero

Why We Moved Back to DCF over Relative Valuation

While the market is convinced that Amaero is a niche player transforming defence, aerospace, and industry through next-generation manufacturing technologies, it is equally true that the company has a limited peer set. The biggest drawback of using relative valuation multiples is that they are being applied far into the future and then back-discounted. Companies like Amaero have back-ended cash flows that traditional market multiples are not well equipped to capture. Hence the change in methodology.

We have acknowledged that Amaero is favourably placed due to its unique first-mover advantage and its commissioning of the largest-capacity, lowest-cost U.S. domestic production of C103, refractory, and titanium alloy spherical powders. However, the relative valuation approach used by most brokers has failed to capture the full impact of this. In fact, ATI's aerospace segment—Amaero's key competitor—is no match for the scale of Amaero's LPBF segment (especially by 2030), making the relative valuation (RV) method increasingly futile.

Amaero has reported FY2026 revenue numbers in line with our estimates from the July 2025 report. However, the EBITDA loss has widened by around 25% more than estimated, which clearly indicates that management's basic guidance of EBITDA breakeven in FY27 is unlikely to be achieved. In addition, the exponential growth expected in FY29–35 will be back-ended. This alone is a sufficient reason to pause the relative valuation methodology that most brokers (including us) have been following.

We have also highlighted that investors need to look beyond the next two years. Amaero will still be in the early stages of maturity and growth, and it is experiencing an anticipated delay in its immediate revenue ramp due to the recent material government shutdown, which has also affected Amaero's peers. All financial indicators point to exponential growth and profitability taking time (i.e., FY2030 and beyond). In this context, it is best to return to a fundamental valuation methodology and build a 10-year DCF model, which we have now done.

In addition, capital market participants have not yet been convinced that there is a peer-average way to value Amaero's attributes. Many believe that no amount of peer valuation premium can justify its strong competitive positioning as a unique first-mover industrial play. Its technology-based moat and its status as a company supported by strong, durable tailwinds—not only from increased U.S. defence industrial sector spending but also from the reshoring of these capabilities back to the U.S.—are best captured in isolation. Ironically, this is why we ditched DCF earlier.

After careful deliberation, we are now convinced that, given Amaero's early-stage status, it will report negative or very low earnings/EBITDA in the near term, making multiples such as EV/EBITDA mathematically meaningless (even until FY29/30E). The market's irrational reliance on these multiples, often baked into current sentiment, is leading to systematically incorrect intrinsic values. These multiples also fundamentally ignore sudden, exponential shifts in modern technology adoption, which is exactly what makes Amaero unique: a robust technological shift.

Despite using relative valuation briefly, we are now convinced that our initial method of using DCF is the right—and best—way to comprehend Amaero's intrinsic value. DCF correctly captures the extended timelines required to achieve steady-state profitability and clearly maps out the heavy upfront capital expenditure that is a prerequisite for a large-scale transition into a high-margin business.

Most brokers have valued Amaero using a very small set of peers and applying a multiple that is well into the future, i.e., FY30E EV/EBITDA. This clearly indicates that they acknowledge Amaero will spend the next two to three years building capacity and incurring significant cash outflows on marketing and other corporate and administrative activities. This validates our thesis of moving away from the peer-based relative valuation methodology to a more sophisticated 10-year DCF model

Why a 10-year DCF? It fully captures the spectrum of potential financial outcomes

A standard 5-year DCF is often insufficient for new-age companies like Amaero. By the end of a 5-year period, small and niche firms are often still scaling rapidly and have not reached steady-state margins. Stopping at a limited 5-year timeframe forces you to apply a terminal value calculation (i.e., 2–3%) while the company is still growing at 30% or more annually. This severely underestimates intrinsic value. A 10-year window allows the company to complete its high-growth phase and normalise its cash flows, making the eventual terminal value calculation far more accurate.

A 10-year DCF model is also superior to relative valuation (multiples) for pricing a niche, new-age company like Amaero because it values the business on its unique intrinsic potential rather than comparing it to mismatched peers (in both operating model and scale). New-age firms often have no direct competitors (just like Amaero), unproven unit economics (Amaero is still in the investment phase), and back-ended cash flows (scale is still some time away for Amaero) that traditional market multiples completely fail to capture.

Consequently, it is prudent to look beyond FY30, when our assumptions put Amaero's atomisers at fairly decent utilisation, and to focus on the outer years. Since we have based our valuation on a long-term DCF, it implies an effective scale and steady-state margin that is still quite authentic and practical.

DCF indicates substantial upside

Our valuation of Amaero is based on a detailed DCF model that reflects the expected revenue trajectory and cost structure through FY2035. We anticipate that the company will continue to invest consistently across capacity building and sales networks. The model relies on management guidance, our own assessment of the sales conversion ratio and a more granular bottom-up segmentation of the core addressable market. As Amaero executes its sales backlogs and expands its sales framework, its revenue, profitability, and cash flows are expected to grow steadily. Once a stable cost base is established, operating leverage will help the company maintain net positive operating cash flow.

Our model assumes that Amaero will soon emerge from the shadow of a small, early-stage metallurgical refractory company to become a major, innovation-led supplier of mission-critical components for US defence forces, with an operating model that is not only scalable but also has broader industry use cases (i.e., space, aviation, medical, and oil & gas industries).

Our DCF model has the following key assumptions:

- **Commercial Scale-Up and Earnings Conversion Strengthen the Investment Case**

Our DCF calculation is primarily driven by forward revenues from Amaero's two key verticals, i.e. Powder Sales and PM-HIP Manufacturing, based on the production rate and per-unit price.

The company's revenue forecast aligns with the build-out of strategic partnerships and execution of development programs. We have built exponential revenue growth across our base case and bull case based on management's guidance on advancing numerous titanium powder opportunities, several of which could exceed 100t of annual demand. In addition, we have factored in the strategic contract for refractory powder development. We have also observed strong momentum in PM-HIP manufacturing and notable progress toward production contracts. We have built the same into the revenue forecast. Consequently, in our base case, we have modelled the group revenue to grow at a 5-year CAGR of 62% and a 10-year CAGR of 42%. In our bull case scenario, we have modelled the same to grow at a 5-year CAGR of 70% and a 10-year CAGR of 45%.

- **Margin Evolution and Operating Leverage Bridge Supports Positive Momentum**

A detailed analysis of Amaero's current expenses reflects a business transitioning from a small refractory into an innovation-led manufacturer delivering near-net-shape parts of

With the completion of its three-year investment cycle, Amaero is at an inflection point, having commissioned its production capacity and begun scaling revenue. The A\$23.1m order backlog further supports revenue visibility. With the investment cycle now complete and revenue growth tracking positively, the onset of operating leverage should support earnings improvement. In our view, a re-rating of Amaero's stock is increasingly a question of when, rather than why or how

mission-critical components to US defence. As of FY26, the group reports losses even at the gross level; however, we believe that in the future this trend will reverse as operating leverage kicks in. `

Amaero's margin expansion thesis is structural rather than cost-driven. Our updated operating model assumes a steady jump in EBITDA margin over 2030E-35E, reaching a steady ~25% over the long term. Amaero's higher EBITDA margin vs ~15% for mature US-based manufacturing companies is because aerospace/defence sector players consistently exhibit higher margins than generic industrial manufacturers, mainly because of regulated supply chains, high entry barriers, and long-cycle programs.

We believe management's ongoing investment in business operations, hiring newer staff, enhancing business image, higher depreciation charges, executing development programs, expanding sales framework, and investing across research efforts is expected to keep the operating profitability under the sun for a couple more years.

However, once the system settles and the sales pipeline widens beyond the US defence sector, operating leverage will support margin expansion across the board (Figure 15). According to our model, the company is expected to achieve operational break-even in FY28E. As noted earlier, we still model break-even in FY28E; however, our new assumptions factor in higher depreciation charges, which will keep operating profitability checked in the immediate future.

As operating leverage kicks in, Amaero is expected to witness systematic margin expansion

Figure 15: The profitability profile of Amaero is expected to improve drastically over the next 3-5 years

Margins (%)	FY 27E	FY 28E	FY 29E	FY 30E	FY 31E	FY 32E
Revenue Growth^	95.0%	90.4%	84.9%	62.1%	38.4%	30.3%
EBIT Margin	NA	NA	3.8%	10.0%	17.3%	22.5%
EBITDA Margin	NA	0.9%	7.6%	12.7%	19.4%	24.3%

Note: ^ Revenue growth for FY27 is calculated against the actual reported number for FY26

Source: East Coast Research

- **Forecast Horizon** – We have considered a forecast horizon of 10 years (FY27E-36E) as the company is still in the early phase of its growth lifecycle and experiencing strong backlog momentum. The company's operating margins are forecasted to bounce back sharply after a relatively subdued first couple of years.
- **Discount rate** - Considering that 3DA is a high-beta and highly volatile stock, we have assumed a post-tax WACC of 13.9%. Given the company's highly scalable, high-margin implementation, this might result in steady cash flows over the anticipated time frame. In addition, any potential delays in converting the development program into a recurring sales pipeline and volatility in the conversion rate should be considered alongside the equity risk premium we anticipate.
- **Funding** – 3DA is expected to maintain a healthy liquidity position with substantial cash reserves (cash and cash equivalents stand at A\$19.4m as of June-end 2026). As the company continues to expand and integrate its current assets to optimise operational synergies, it is not actively seeking new investment opportunities in the immediate future. With A\$80m of capital invested, Amaero is reaching an inflection point, having commissioned production capacity and commenced scaling revenue.

Overall, we believe that Amaero should be able to fund its operations through internally generated cash flows.

Figure 16: WACC calculation

WACC	13.9%
Risk-free rate of Return (Rf)	4.35%
Expected Market Return (Rp)	15.0%
Beta	1.4
Cost of Equity	19.5%
Weight of Equity	65.0%
Cost of debt	4.5%
Tax rate	21.0%
After-tax cost of debt	3.6%
Weight of Debt	35.0%
Terminal growth rate	2.0%

Source: East Coast Research

- **Additional Share Issue** – We have assumed a higher diluted share count than the company's current ordinary shares outstanding. Amaero currently has 953.2m ordinary shares on issue. In addition, the company has multiple sets of 107.1m unlisted options outstanding (exercisable at A\$0.24-0.5). We have incorporated the potential dilution from all of these multiple sets, as most are expected to be in-the-money over the next 12-month period and well before their expiry. Only one set of 25.7m unlisted options expires in Dec-26, but they are already in-the-money. This results in a total diluted share count of 1,060.4m shares used in our valuation calculations.
- **Cash Balance** – In our valuation model, we have assumed that multiple sets of in-the-money options, totalling 107.1m, will be exercised before expiry, thereby increasing the company's total cash balance. Consequently, the net cash balance used in our model stands at A\$54.8m (representing ~23% of 3DA's current market cap).
- **Terminal Value** – In our model, we have used a terminal growth rate of 2%, in line with the growth rate for a mature economy like the US.

Overall, Amaero is entering a critical phase where valuation should increasingly be driven by capacity utilisation, recurring production volumes and earnings conversion rather than infrastructure investment. Commercial visibility has improved materially, with FY26 revenue up 376% YoY to A\$18.1m and contracted backlog reaching A\$23.1m, alongside an A\$7.8m minimum titanium powder commitment. With ~680tpa of installed powder capacity, significant headroom remains to scale volumes and improve fixed-cost absorption, making utilisation and gross-margin progression key FY27 catalysts.

The balance sheet provides liquidity for the near-term ramp, while PM-HIP and refractory alloy programmes offer further upside through potential defence production contracts. Completion of the A\$72m capital investment programme, US domiciliation and proposed US IPO further strengthen Amaero's strategic positioning and access to capital. We view FY27-30 as the key earnings-conversion years—successful scaling of the installed asset base, margin turnaround and conversion of development programmes into recurring production revenue— supporting further re-rating, while slower order conversion or weaker utilisation remains the key risk.

Our DCF valuation model (**Figure 18**) has yielded an **implied enterprise value of A\$820m in the base case** and **A\$1,219m in the bull case**. On a per-share basis, this equates to a valuation range of **A\$0.78 to A\$1.16**, with a midpoint target of A\$0.97 per share, reflecting a P/NAV of 0.26x at the current level of **A\$0.25/share**. The mid-point target price represents an **upside potential of ~287%**, highlighting substantial valuation headroom for potential investors. This also marks a 17% jump from our previous target price (~30% jump in total equity value from our previous target).

Figure 17: Sensitivity w.r.t discount rate and terminal growth rate (base case)

		WACC						
		12.4%	12.9%	13.4%	13.9%	14.4%	14.9%	15.4%
Terminal Growth Rate	1.70%	0.859	0.827	0.798	0.772	0.748	0.727	0.708
	1.80%	0.863	0.830	0.801	0.774	0.751	0.730	0.710
	1.90%	0.867	0.833	0.804	0.777	0.753	0.732	0.712
	2.00%	0.871	0.837	0.807	0.780	0.756	0.734	0.714
	2.10%	0.875	0.841	0.810	0.783	0.758	0.736	0.716
	2.20%	0.879	0.844	0.813	0.786	0.761	0.738	0.718
	2.30%	0.884	0.848	0.817	0.788	0.763	0.741	0.720

Source: East Coast Research

Figure 18: DCF valuation calculation

Amaero Valuation (A\$m)	Base case	Bull case	Remark
Enterprise Value	819.9	1,219.4	
Cash & cash equivalents	54.8	54.8	Includes cash expected from exercising all listed options
Financial Debt	(44.4)	(44.4)	Including Lease Liabilities
Provisions and Other Liabilities	(3.3)	(3.3)	Provisions and Employee benefits
Total Equity Value	826.9	1,226.4	
Number of shares (m)	1,060.4	1,060.4	Post dilution
Implied price (A\$)	0.78	1.16	
Current price (A\$)	0.25	0.25	
Upside (%)	212%	363%	
Mid-point Target Price (A\$)	0.97		
Price / NAV (X)	0.26x		

Source: East Coast Research

Despite continuous investment in building capabilities and capacities, establishing the sales network, consistently expanding the backlog, and rapidly executing development programs, 3DA's share price remains ~39% below its 52-week high of A\$41 (-29% return in the last 12 months). We think this is largely due to transitory factors, including the dilution from an A\$50m equity placement, the upcoming expiration of a large options pool in early December, and operating breakeven being some distance away. In addition, capital market participants on the ASX fear further dilution as Amaero gets ready for a US listing.

Amaero's strategic positioning in the US aerospace and defence industry is unique; hence, we believe these fears are unnecessarily penalising the company for raising needed growth capital via an equity raise.

In our view, 3DA is undergoing a fundamental transformation. As backlog expansion-driven and development project-related news continue to emerge in the coming months, we expect potential investors to start reevaluating Amaero as a high-quality innovation-led critical-component manufacturer. ***We believe that, despite the share price underperformance to date, 3DA remains a compelling opportunity as the market catches up with the company's fundamentals. Supportive macroeconomic conditions—defence industrialisation (re-establishing the critical supply chain within the country) as the US government's priority—should set the stage for a further re-rating of Amaero's shares.***

Risk and Re-rating

Key Catalysts

Amaero is entering a catalyst-rich period as its established US manufacturing platform moves into commercial scale-up. In our view, the most important catalysts over the next 12–24 months are:

We have identified several potential catalysts that could help close the gap between 3DA's current share price and our target price.

- **Titanium Powder Production Ramp-Up:** Amaero expects to increase titanium powder production by ~100% in FY2027, supported by expanded EIGA capacity and the A\$7.8m minimum-commitment Master Purchasing Agreement. Further purchase orders above the committed amount, together with higher production volumes, would indicate that Amaero can convert its installed capacity into recurring commercial demand. Given the significant available titanium capacity, sustained volume growth should also support improved fixed-cost absorption and unit economics.
- **Refractory Powder Qualification and Production Contracts:** The A\$6.5m US Department of War development program provides Amaero with an opportunity to develop and qualify alternative high-temperature refractory alloys for defence and space applications. Successful qualification and subsequent production awards would represent an important catalyst, demonstrating that Amaero's refractory capability can progress from government-funded development into recurring commercial production.
- **PM-HIP Production and Submarine Opportunities:** Amaero's US\$344,000 low-rate initial production contract with BPPI marks an important transition for PM-HIP from development and qualification into commercial production. Further component qualifications and production awards, particularly within the US submarine industrial base, could materially increase the perceived value of the PM-HIP business and provide a second growth engine beyond metal powders.
- **Capacity Utilisation and Margin Improvement:** With three EIGA Premium atomisers commissioned, Amaero has substantially established its core powder manufacturing platform. The key catalyst is now improved capacity utilisation rather than further increases in installed capacity. Higher throughput should improve fixed-cost absorption and, importantly, provide evidence that rapid revenue growth can translate into sustainable positive gross margins and ultimately EBITDA and cash generation. We therefore view utilisation and gross-margin progression as important financial milestones through FY2027.
- **Further US Defence Contracts:** US policy increasingly prioritises domestic manufacturing, critical-material security and defence supply-chain resilience, providing a favourable backdrop for Amaero. Additional contracts with US government agencies, defence primes or military programs—particularly production contracts following successful development and qualification work—would provide further commercial validation and could accelerate the revenue ramp.
- **Potential US IPO:** Following US redomiciliation and confidential submission of a Form S-1 in July 2026, Amaero publicly filed its S-1 registration statement with the SEC in August 2026, marking a further step toward a proposed US IPO. A proposed US IPO represents an important potential corporate catalyst. Shareholders have now approved the issuance of up to 5.0m common shares through an underwritten registered public offering, an additional step toward potential US capital-market access. A successful US listing could broaden institutional ownership, improve liquidity, increase Amaero's visibility among US defence and advanced-manufacturing investors and strengthen access to growth capital. We do not currently assign a specific IPO premium, as the ultimate valuation impact depends on timing, pricing, structure, and potential dilution.

Key Risks

While Amaero has made significant progress in commercialising its US manufacturing platform, the investment thesis remains exposed to several execution and market risks:

- **Commercialisation and Customer Concentration:** Amaero remains dependent on converting contracted demand, development programmes and customer qualifications into larger recurring production volumes. Delays, cancellations or slower-than-expected volume ramp-ups from key customers could materially affect revenue growth, capacity utilisation and the pathway to profitability.
- **Operational, Safety and Technical Risk:** EIGA atomisation and PM-HIP involve complex manufacturing processes requiring stringent quality, process and safety controls. Equipment failures, production disruptions, safety incidents or failure to meet customer specifications could result in additional costs, delayed deliveries and reputational damage. This risk became tangible in FY2026 when two safety incidents resulted in a six-week production interruption and deferred revenue into FY2027. Concentration of manufacturing at the Tennessee facility may increase the potential impact of a significant operational disruption.
- **Customer Qualification and Programme Conversion Risk:** Defence, aerospace and other mission-critical applications typically require lengthy testing, qualification and approval processes. Delays or unsuccessful qualification of Amaero's powders or PM-HIP components could defer expected revenue, while successful development programmes do not guarantee follow-on production contracts. This is particularly relevant to the longer-term upside associated with the DoW refractory programmes and PM-HIP opportunities.
- **Capacity Utilisation and Margin Risk:** Amaero has invested ~A\$72m in its initial US manufacturing platform, creating a meaningful fixed-cost base ahead of full commercial utilisation. Despite strong FY2026 revenue growth, the Company has yet to demonstrate sustainable positive gross margins. If volumes scale more slowly than expected, underutilisation could constrain fixed-cost absorption, margins and cash generation, reducing returns on the Company's installed manufacturing capacity.
- **Funding, Liquidity and Dilution Risk:** Amaero continues to consume cash as it scales commercial production and remains dependent on sufficient liquidity until operations become self-funding. The FY2026 auditor highlighted a material uncertainty related to going concern, reflecting continued losses, operating cash outflows and potential requirements for additional funding. Further equity issuance could dilute existing shareholders, while additional borrowing would increase leverage, interest costs and financial obligations. Shareholders have approved the issuance of up to 5m common shares through an underwritten registered public offering, providing capacity to raise additional capital but potentially resulting in dilution depending on the size, pricing and structure of any offering.
- **Government, Policy and Programme Risk:** Amaero's growth prospects are increasingly dependent on US defence and industrial base spending. Changes in government budgets, procurement priorities, programme schedules or domestic-sourcing policies could affect the timing and scale of demand. Government-funded development programmes can also experience delays between qualification and production-scale procurement.
- **Competition and Technology Risk:** The same US policy support encouraging domestic advanced-manufacturing capacity could attract additional investment from established suppliers and new entrants. Competitors with greater financial resources, established customer relationships or alternative manufacturing technologies could pressure pricing, market share or the pace of customer adoption.
- **Market and Valuation Risk:** As an early-stage, loss-making advanced-materials company, Amaero's valuation remains sensitive to execution against growth expectations, defence-sector sentiment and broader equity-market conditions. A valuation that increasingly reflects future utilisation and earnings potential could be vulnerable if revenue conversion, margins, or the pathway to positive cash flow develop more slowly than expected.

The key risks to our investment thesis are slower-than-expected commercialisation, low-capacity utilisation, operational disruption, delayed customer qualification and continued funding requirements

Appendix I: Amaero's SWOT Analysis

Figure 19: SWOT analysis

Strengths	Weakness
Established US manufacturing platform: Completion of the initial A\$72m investment programme has established ~680tpa of powder nameplate capacity across three EIGA Premium atomisers. Specialised technology and process know-how: EIGA Premium, proprietary process optimisation and PM-HIP capabilities provide exposure to technically demanding, high-value materials and components. Increasing commercial visibility: Commercial visibility has strengthened materially, with FY26 revenue reaching A\$18.1m and backlog rising to A\$23.1m by July 2026. The A\$7.8m titanium agreement further strengthens the contracted demand base entering FY2027. Growing US defence validation: The A\$6.5m DoW refractory programme and BPMI LRIP contract provide commercial and technical validation across both powder and PM-HIP capabilities. Strategically aligned US footprint: Domestic production, US domiciliation and exposure to critical-material and defence supply chains align Amaero with increasing US emphasis on domestic sourcing and industrial resilience.	Profitability remains unproven: Despite strong FY26 revenue growth, Amaero has yet to demonstrate positive gross margins, with higher capacity utilisation and improved fixed-cost absorption critical to achieving sustainable profitability. Significant unused capacity: Current volumes remain well below installed nameplate capacity, leaving a meaningful fixed-cost base that requires higher throughput to generate attractive manufacturing economics. Continued cash consumption and funding requirements: Amaero remains cash-flow negative, while the FY26 audit report identified a material uncertainty related to going concern and noted the potential need for additional funding. Operational and facility concentration: Manufacturing is concentrated at the Tennessee facility and relies on specialised equipment, increasing exposure to downtime, equipment failures and process-safety incidents. Lengthy qualification cycles: Defence, aerospace and other mission-critical applications require rigorous testing and qualification, potentially extending the period between customer engagement and recurring production revenue.
Opportunities	Threats
Utilisation-driven operating leverage: Existing ~680tpa powder capacity provides significant volume headroom. Higher throughput could improve fixed-cost absorption and support the transition towards positive gross margins and EBITDA. Titanium commercial scale-up: Management plans to increase titanium production by ~100% in FY2027, supported by contracted demand and expanded capacity. This provides a near-term opportunity to demonstrate commercial scale. Refractory production opportunities: Successful execution of the DoW alternative-alloy programme could lead to follow-on production opportunities across hypersonic, propulsion and space applications. PM-HIP scale-up: Progression into LRIP with BPMI creates a potential pathway towards larger recurring submarine component contracts and a second growth platform alongside powders. US policy and capital-market catalysts: Domestic-sourcing initiatives, defence industrial-base investment and a potential US IPO could support commercial opportunities, institutional visibility, liquidity and access to capital.	Slower order and program conversion: Development contracts and successful qualifications do not guarantee recurring production awards; delays could result in weaker utilisation and financial performance. Operational and process-safety risk: Further safety incidents, equipment failures or quality issues could interrupt production, delay customer deliveries and increase costs. Competition: US policy support for domestic critical-material and advanced-manufacturing capacity is likely to attract additional investment from established suppliers and new entrants. Funding and dilution: Continued cash burn and investment requirements could require additional equity or debt funding, potentially resulting in shareholder dilution or higher leverage. Government and procurement exposure: Defence opportunities remain sensitive to government budgets, procurement priorities, qualification timelines and the timing of programme awards.

Source: East Coast Research

Appendix II: Backed by a proven leadership team

Figure 20: Amaero Inc. management and board members

Name and Designation	Profile
Mr Hank J. Holland Executive Chairman and Chief Executive Officer	- Mr Holland has over 35 years of experience across investment, finance and capital markets, with a particular focus on investing in and developing early-stage growth businesses - He is the Founder and Managing Partner of Pegasus Growth Capital, which owns ~30% of Amaero's outstanding shares. - Holland has previously held senior roles at First Republic Investment Management, Merrill Lynch and Sanford C. Bernstein. - Has served as Amaero's Chairman and CEO since 2022, overseeing the Company's strategic shift towards US-based advanced materials and defence manufacturing.
Mr. Robert Latta Non-Executive Director	- Mr Latta is an experienced US corporate lawyer and technology-sector adviser with more than four decades of experience. - He is a Former Senior Partner at Wilson Sonsini Goodrich & Rosati. - His practice covered corporate and transactional matters, including company formations, venture capital financings, public offerings and M&A.
Lt. General (ret.) H.R. McMaster Special Advisor to Chairman and CEO	- Mr McMaster is a retired US Army Lieutenant General and former US National Security Advisor, with extensive defence and national-security experience. - He advises Amaero's Chairman and CEO on strategic matters and supports engagement with the US government and defence industry. - His expertise and network support Amaero's strategy to become a key US defence supply-chain partner.
Mr. Brett Paduch Chief Financial Officer	- Mr Paduch has more than 20 years of finance experience across technology, industrial and public-accounting environments. - Brett previously served as CFO of a private-equity-backed technology company and spent more than a decade at PwC. - He is responsible for financial planning, reporting, treasury, capital management and finance operations.
Mr. Mick Maher Chief Strategy and Commercial Officer	- Mr Maher joined Amaero in January 2025 and leads commercial activities and strategic development. - Mick is a former DARPA Program Manager and previously held senior roles at the US Army Research Laboratory and in private industry. - Mick brings significant US defence, advanced materials and government-program experience.
Mr. Eric Bono Chief Technology Officer	- Mr Bono has over 25 years of experience in powder metallurgy, additive manufacturing and HIP technologies. - Previously, he held senior technical roles at 6K, Carpenter Technology and Puris. - He leads Amaero's technology development and manufacturing innovation, including refractory/titanium powders and PM-HIP.
Ms. Melissa Denton Chief Administrative Officer	- Ms Melissa is an experienced human resources and administrative executive with expertise across talent acquisition, compensation, employee relations, compliance and workforce development. - Previously, she held HR leadership roles at Cleveland-Cliffs and Cannon Automotive Solutions.

Source: Company

Appendix III: Change in Forecasts

Figure 21: Change in our model post the scaling of revenue by Amaero

A\$'000	OLD FORECAST				ACTUAL vs FORECAST			NEW FORECAST*					
	FY 27E	FY 28E	FY 29E	FY 30E	FY 26E	FY 26A	% difference	FY 27E	FY 28E	FY 29E	FY 30E	FY 31E	FY 32E
Revenue	45,732	112,371	188,751	279,733	19,875	18,146	-8.7%	35,378	67,359	124,528	201,912	279,490	364,297
growth %	152.0%	145.7%	68.0%	48.2%				95.0%	90.4%	84.9%	62.1%	38.4%	30.3%
EBITDA	9,130	14,398	41,084	67,914	25,514	31,800	24.6%	14,793	611	9,498	25,548	54,130	88,483
% margin	-20.0%	12.8%	21.8%	24.3%			losses widened	-41.8%	0.9%	7.6%	12.7%	19.4%	24.3%

Note: ^ In FY26 results, the company has reported depreciation within cost of goods sold, which we have rectified and have segregated in our new forecast calculation; both gross profit and EBITDA calculations therefore differ from our previous model

* Revenue forecast growth for FY27 is against the actual reported number for FY26A

Source: East Coast Research

Appendix IV: Difference in Valuation

Figure 22: Our updated model highlights an elevated valuation for Amaero

Valuation (A\$m)	NEW		OLD		% Growth in Valuation	
	Base Case	Bull Case	Base Case	Bull Case	Base Case	Bull Case
Enterprise Value	819.9	1,219.4	658.0	855.0	24.6%	42.6%
Cash & cash equivalent ¹	54.8	54.8	53.00	53.00		
Financial Debt ²	44.4	44.4	22.00	22.00		
Provisions and Other Liabilities	3.3	3.3				
Total Equity Value	826.9	1,226.4	689.00	886.00	20.0%	38.4%
Number of shares (m)	1,060.4	1,060.4	953.0	953.0	11.3%	11.3%
Implied price (A\$)	0.780	1.157	0.723	0.930	7.9%	24.4%
Current price (A\$)	0.250	0.250	0.250	0.250		
Upside (%)	212%	363%	189%	272%		
Mid-point Target Price (A\$)	0.968		0.826		17.2%	
Mid-point Target Price Upside (%)	287%		231%			
Price / NAV (X)	0.26		0.30			
Mid-point Equity Value (A\$)	1,026.7		787.5		30.4%	

Source: East Coast Research

Appendix V: Analyst's Qualifications

Riddhesh Chandwadkar

The analyst on this report is an Equity Research Analyst at Shares in Value (East Coast Research). Riddhesh holds a Bachelor's degree from the University of Mumbai and a Master of Commerce (Finance and Strategy) from the University of Sydney. He has passed Level I and Level II of the CFA Program and has a strong foundation in investment analysis, valuation, and portfolio management. Riddhesh has professional experience across Equity Capital Markets, having worked as an investment analyst on capital raisings and mergers and acquisitions for ASX-listed companies. His background combines fundamental equity research with hands-on transaction experience.

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