ArcStone Kingswood a Division of Kingswood Capital Partners, LLC

Equity Research

REalloys, Inc. (NasdaqCM: ALOY)

Rating: BUY

Price Target: $18.00
Share Price: $8.19

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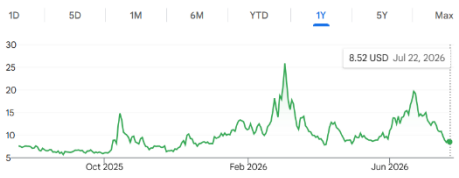
Company Data

Average Daily Volume (M)	2.4097
52-Week Range	5.64-26.90
Shares Outstanding (M)	14.50
Market Cap (M)	559.0
Enterprise Value (M)	532.0
Total Cash (M), mrq	50.0
Total Debt (M)	1.41
Total Debt to Cap	0.01

Estimates

FYE: Dec		2026E	2027E
EPS	Q1	($1.98)A	N/A
	Q2	($0.02)	N/A
	Q3	($0.03)	N/A
	Q4	($0.03)	N/A
	FY	($2.06)	($0.01)
P/E		NMF	NMF
Rev	Q1	$0.706A	N/A
	Q2	$0.720	N/A
	Q3	$0.735	N/A
	Q4	$0.749	N/A
	FY	$2.909	$35,000
EV/Sales		NMF	NMF

One-Year Performance Chart



July 23, 2026

Investment Thesis:

We initiate coverage of REalloys, Inc. with a Buy rating and a $18 twelve-month price target. REalloys is an early-stage developer of a rare earth separation and metallization facility in partnership with a North American midstream processing partner, with first production from Phase 1 expected in 2027. We believe that the company currently holds an early-mover advantage in developing and implementing a vertically integrated production infrastructure for rare earth elements in North America, critical for the onshoring of strategic rare earth supply chains in the United States and Canada. REalloys plans to develop multiple magnet manufacturing facilities across the U.S., leveraging a capital-efficient, modular design, and its existing strategic partnerships with 30+ recycled MREO and primary mined concentrate feed suppliers give the company a strong head-start advantage. Our $18 price target is based on shares trading at a peer group multiple of ~71x our 2028 EBITDA estimate of $24.3M.

Key Investment Considerations:

Vertically integrated rare metals supply chain. REalloys Inc. is building a vertically integrated “mine-to-magnet” platform focused on rebuilding North America’s supply chain resilience for rare earth elements ("REEs") and permanent magnets. The company's strategy spans the full value chain, from upstream mining and recycled feedstock sourcing, through midstream rare earth separation and metallization, to downstream NdFeB magnet manufacturing. REalloys is headquartered in Euclid, Ohio, where it operates the only heavy rare earth metallization facility in North America.

Three strategic assets undergird the company. REalloys' platform is anchored by three strategic assets: the Euclid Magnet Facility in Ohio, which provides metallization and advanced processing capabilities; the Hoidas Lake Rare Earth Element Project in Saskatchewan, Canada, with 3.755 million tons of measured, indicated, and inferred resources at 1.984% TREO (74,492 tons contained); and a partnership with the Saskatchewan Research Council (SRC) for midstream rare earth separation and oxide production. The company has also secured feedstock agreements with St. George Mining for up to approximately 40% offtake from the Araxa Project in Brazil (40.6 million ore tons at 4.13% TREO) and Critical Metals Corp for up to approximately 15% offtake from the Tanbreez Project in Southern Greenland (44.9 million ore tons at 0.38% TREO).

At the intersection of three powerful macro tailwinds. China's recent imposition of export controls on seven rare earth elements (including Dy, Tb, Sm, and Gd); the 2027 NDAA deadline banning Chinese-origin rare earth magnets and metals from U.S. defense systems; and an accelerating global push to onshore critical mineral supply chains. The company's leadership team includes former U.S. Army four-star General Jack Keane, GM Defense President Steve DuMont, and newly appointed Advisory Board Chair Joe Kasper, the former Chief of Staff to the U.S. Secretary of Defense.

Company Overview

REalloys Inc. is a development-stage rare earth elements and magnets company operating across the full mine-to-magnet value chain in North America. The company was listed on NASDAQ under the symbol ALOY on February 25, 2026, following the completion of its reverse takeover of Blackboxstocks Inc. (incorporated 2011). REalloys the operating company was founded in 2024. REalloys is building what it describes as a "closed-loop" rare earth processing and manufacturing platform, combining primary mined concentrate from its Hoidas Lake deposit with recycled mixed rare earth oxide ("MREO") feedstock from 30+ identified suppliers.

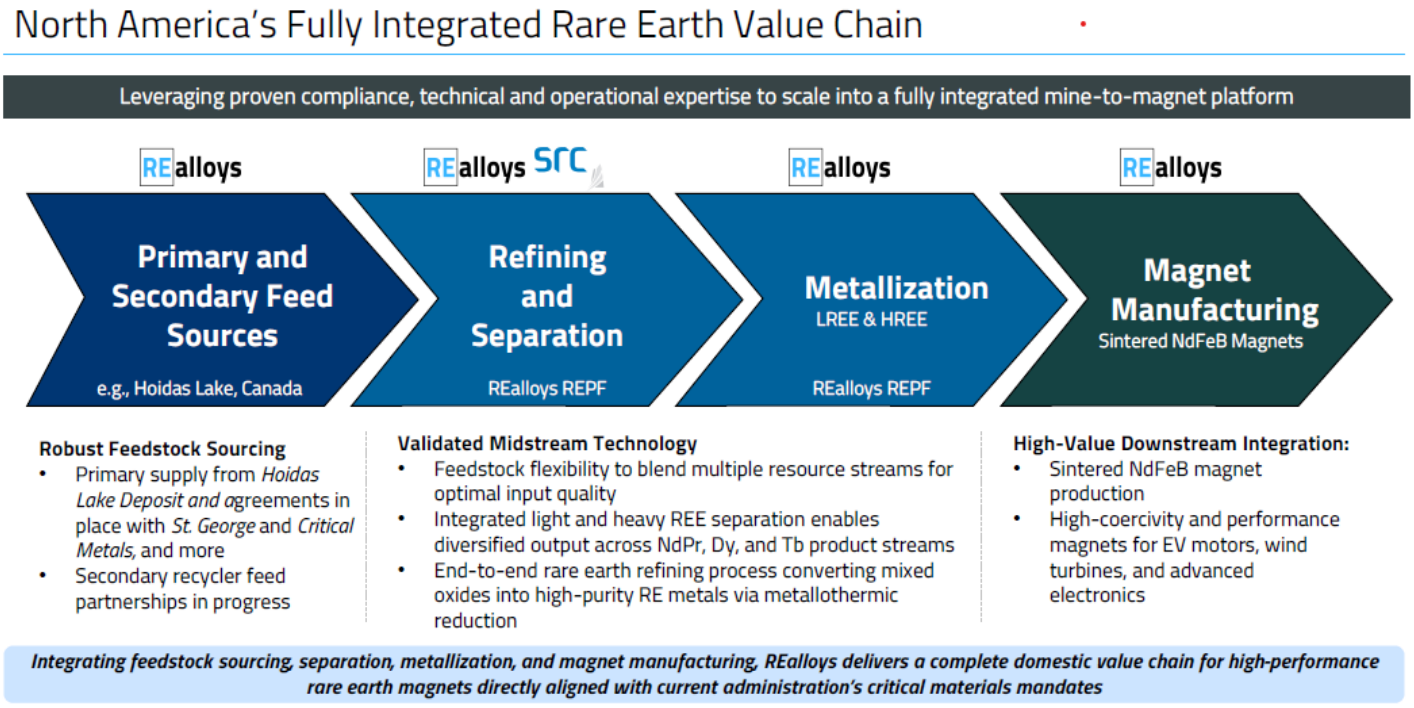
The Company currently generates modest revenue from its Euclid, Ohio facility, which operates the only heavy rare earth metallization capability in North America. In March 2026, the U.S. Defense Logistics Agency awarded a contract to REalloys' subsidiary Terves LLC for the scale-up of domestic samarium and gadolinium metal production, validating the Company's defense-sector positioning.

Business Model & Value Chain

Upstream (Mining & Feedstock): REalloys controls the Hoidas Lake Rare Earth Element Project in Saskatchewan, Canada, through its 100% acquisition of Strategic Metals Development Inc. and PMT Critical Metals Inc. The deposit comprises 14 contiguous mineral claims covering 12,522 hectares, with 2.153 million tonnes of measured and indicated resources at 1.906% TREO and 1.602 million tonnes of inferred resources at 2.089% TREO, providing a long-term primary feedstock source for both light and heavy REEs (Nd+Pr: 26.8% of TREO, Dy+Tb: 0.52% of TREO). The company has also secured feedstock agreements with St George Mining for up to approximately 40% offtake from the Araxa Project in Brazil (40.6 million ore tonnes at 4.13% TREO) and Critical Metals Corp for up to approximately 15% offtake from the Tanbreez Project in Southern Greenland (44.9 million ore tonnes at 0.38% TREO). In addition, REalloys maintains 20+ secondary recycled feed sources and 10+ primary feed suppliers in its pipeline.

Midstream (Separation & Metallization): The company's core technical differentiation lies in its proprietary midstream separation technology, developed in partnership with the Saskatchewan Research Council. This process achieves a 95% recovery rate, 98% recovery efficiency, and greater than 99.5% purity for both light and heavy REEs, converting rare earth oxide feedstocks into high-purity separated oxides and then into rare earth metals. The SRC partnership provides validated technology and de-risks execution. The Phase 2 REPF, a REalloys-owned 245-tonne HREE Processing Plant with 28,000 tpa intake capacity, is designed to produce 3,000 tonnes of NdPr metal and 245 tonnes of Dy+Tb metals annually, with construction beginning in 2027 and commissioning targeted for 2030.

Downstream (Magnet Manufacturing): At the Euclid Magnet Facility in Ohio, REalloys operates the only heavy rare earth metallization facility in North America. The Euclid metallization EPF is targeted for 2027 startup, with magnet manufacturing commencing in 2029. The Company's five-step magnet production process encompasses alloying and strip casting, hydrogen decrepitation and jet milling, pressing and sintering, machining, and surface coating. Initial magnet capacity is targeted at 3,000 tpa, growing to 18,000 tpa by 2035, with annual output targeting approximately 400 tonnes per year of NdPr metals (approximately 500,000 EV-equivalent magnets).



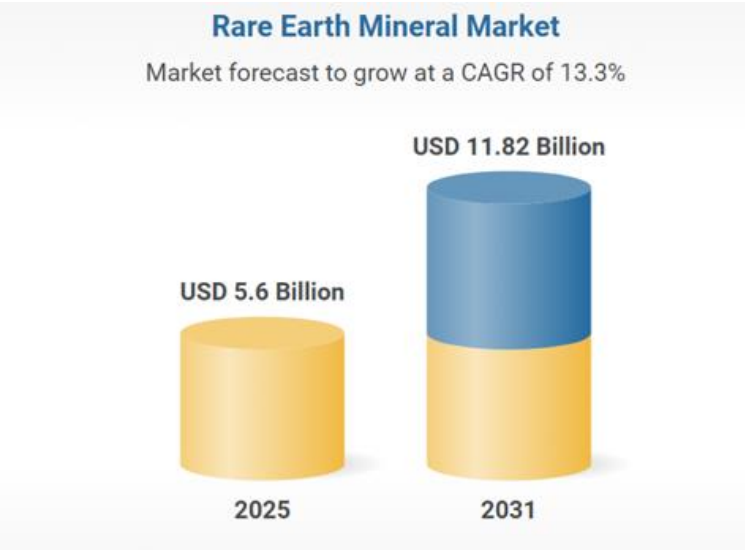
Source: REalloys, Inc.

Industry Overview

“Rare earths” is becoming an increasingly familiar term today, given the critical strategic importance of its elements to advanced, technology-driven economies. Rare earth minerals consist of a basket of 17 chemical elements that, over the past decades, have become increasingly critical to a growing list of verticals dependent on advanced technological processes and next-generation product designs. These minerals include scandium, yttrium, and 15 others from the periodic table. Over 200 devices rely on REMs, particularly high-tech consumer products such as cell phones, computer hard drives, electric and hybrid vehicles, flat-screen monitors, and televisions. In defense applications, REMs are integral to electronic displays, navigational systems, lasers, radar, and sonar. Although REMs may not represent a large share of a product's weight, value, or volume, they are often essential for functionality. Many industries are highly dependent on rare earth elements as a result of their unique, non-substitutable properties. Rare earth elements have now become foundational to modern technology, and their global supply base remains highly concentrated.

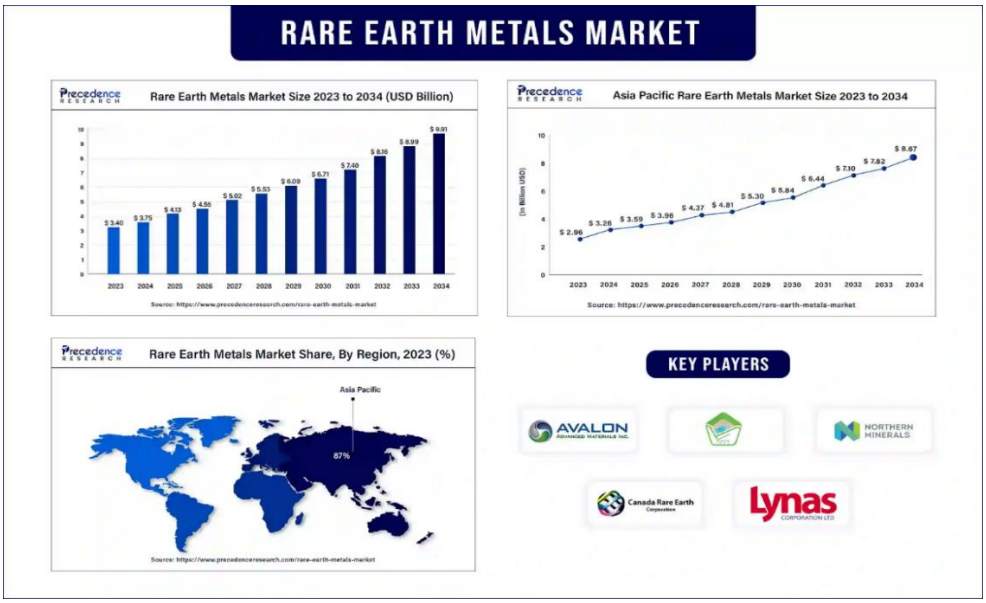
While the actual elements are usually not scarce in the Earth's crust, they are found in compounds. Their processing (separation) is therefore costly and energy-intensive. Global mine production has expanded significantly over the past decade, with output reaching record highs of about 390,000 metric tons in 2025. China accounts for the majority of that output, leading both in mining and refining. Other notable producers include Myanmar, Australia, and the United States, though their combined contribution remains modest. China's domestic output has grown substantially over time, reinforcing the country's position as the dominant node in the global rare earth supply chain.

The Rare Earth Mineral Market is expected to grow at a 13.25% CAGR, to $11.8 billion in 2031 from $5.6 billion in 2025, according to industry market research group Research and Markets.



Source: Research & Markets

Another industry market forecast by Precedence Research pegs the Rare Earth Minerals market at $4.6 billion in 2026, growing to $9.9 billion in 2034, growing at a CAGR of 10%. According to that research, the Asia-Pacific region dominates the global market with an 87% market share.



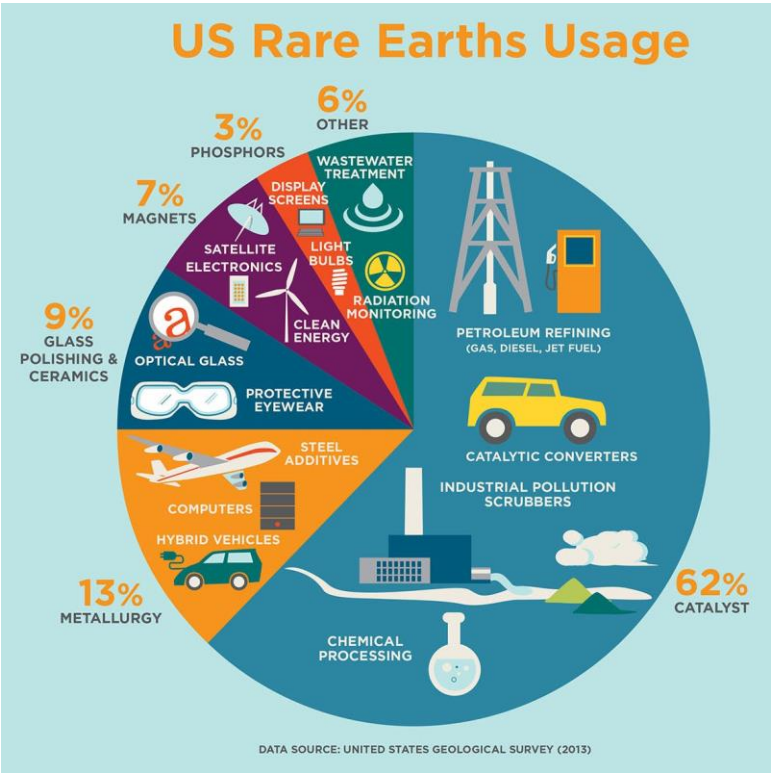
Source: Precedence Research

A basket of 17 elements. There are 17 metallic elements collectively known as rare earth minerals (REM). These encompass scandium, yttrium, and the 15 lanthanides from the periodic table. Over 200 devices rely on REMs, notably high-tech consumer products including mobile phones, computer hard drives, electric and hybrid vehicles, flat-screen monitors, and televisions. In defense applications, REMs are integral to electronic displays, navigational systems, lasers, radar, and sonar. REMs often do not represent a large share of a product's weight, value, or volume; however, they are usually essential for their functionality. For example, magnets made from REMs enable voice coils and spindle motors in desktops and laptops, although they comprise a small percentage of the product’s total mass.

Expanding vertical market applications. The REM market is driven in part by expanding applications, new technological innovations, and the transition to sustainable energy. Growth is driven by rising demand in automotive magnets and catalytic converter systems, and their role in electric vehicle batteries. REMs influence markets through uses in automotive exhaust systems, rechargeable Lithium Ion batteries, fluorescent lighting, smartphones, and other mobile devices. Market expansion is further supported by R&D initiatives, growth in end-use sectors, infrastructure upgrades, and organizational efforts to advance technology.

Demand is also fueled by REM applications in defense equipment. These include communication systems, drone technology, night-vision products, precision-guided missiles, and stealth technologies. Public and private sector initiatives to boost REM production domestically contribute to market growth.

Chemical catalyst products represent the largest end-use segment at 74%, followed by ceramics and glass at 10%, metallurgical applications and alloys at 6%, polishing at 4%, and other uses at 6%.

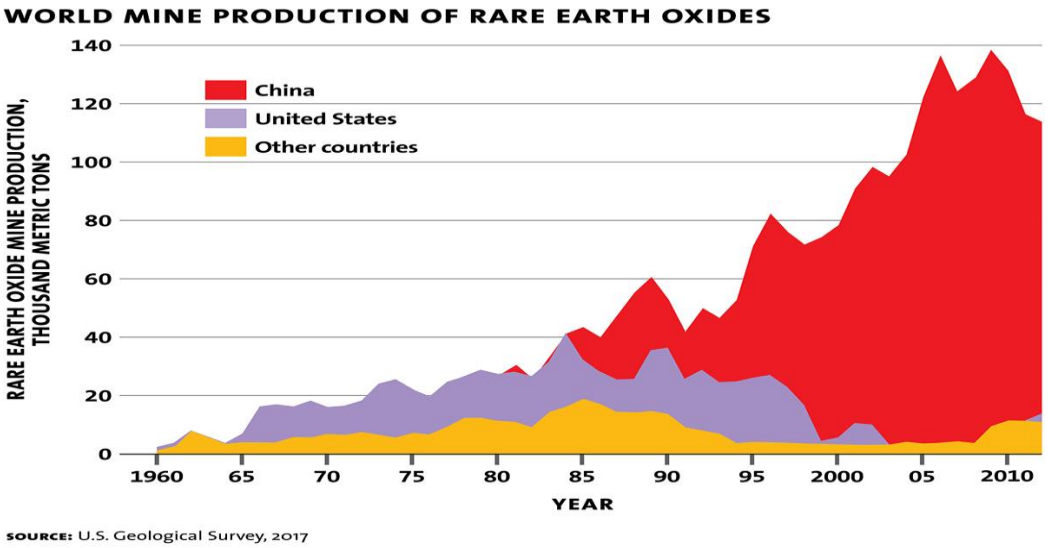


Asia-Pacific region dominates. The REM market is poised for accelerating and sustained growth in North America and the Asia-Pacific region, with Asia-Pacific holding a dominant position. In this region, consumption of rare earth elements is forecasted to surge due to increased investments in healthcare and rising demand for ceramics in production. Countries including India, Vietnam, China, and Japan have emerged as key electronics manufacturing hubs, attracting investments from multiple companies.

North American TAM expansion. The REM market in North America is expected to see significant expansion during the forecast period. Key factors include expanding end-use industries, a growing population of technology-savvy consumers, regular redesign and production of consumer electronics, and increased semiconductor demand driven by technological advancements. REMs are vital for manufacturing AI-driven systems, smart LED lighting, smartphones, and various other products. The region has also witnessed rising development of green energy solutions including electric vehicles, where REM are critical for numerous components.

Key strategic concerns for North America. According to data in the chart below, a lion's share of the world's recent rare earth metals production has been occurring in China. In fact, between 2003 and 2013 the percentage of rate earths metals produced in the United States has been reduced to zero, and only after that time has production in the United States begun to be slowly reestablished. Clearly, Western governments in North America and Europe are increasingly at risk of losing easy access to REMs from

China, which means that continued procurements going forward from the Asia-Pacific region will become significantly more costly and unreliable. These trends carry significant geopolitical risks for the U.S., as its future supply of REMs can only be assured if local production is increased.



Overall, the REM sector benefits from increasing synergies between technological innovation and industrial demand. As applications diversify, REM users must navigate supply chain dynamics to ensure a steady supply of materials in the face of rising geopolitical uncertainty. The emphasis on electric mobility and advanced electronics underscores REMs' strategic importance, while regional disparities highlight Asia-Pacific's leadership in both production and consumption. In North America, innovation in technologies focused on defense, public safety and renewable energy positions the market for strong expansion. For yttrium specifically, its multifunctional properties ensure sustained relevance, fostering R&D and commercialization efforts. Industry experts should monitor evolving end-use trends to optimize investments and mitigate dependencies on concentrated supply sources.

Dual benefits of innovation and demand. Overall, the REM sector benefits from synergies between technological innovation and industrial demand. As applications diversify, particularly in sustainable and high-tech sectors, navigating supply chain dynamics to manage growth becomes critical. The emphasis on electric mobility and advanced technology infrastructure fuel REM's strategic importance, while regional disparities in production both highlight Asia-Pacific's leadership in production and consumption, as well as the need for North America to ensure its own reliable supply chains, particularly against the backdrop of rising geopolitical instability and a secular retreat from global economies of scale.

The Rare Earth Magnet Market

Rare earth magnets are permanent magnets made from magnetized materials that produce their magnetic field. These include rare earth alloys such as neodymium, samarium, and dysprosium, among

others. Rare earth permanent magnets, unlike electromagnets, do not lose their magnetic properties until they are heated above a certain high temperature.

Being the strongest permanent magnets available, rare earth magnets' performance is significantly better than "ordinary" ceramic/ferrite magnets and also of alnico magnets (composed of strontium, carbonate, and iron oxide, and, aluminum, nickel and cobalt, respectively). Rising demand for electric vehicles, continued investment in wind and alternative energy sources, advances in high-temperature magnet technology, and a growing focus on sustainable production and recycling are driving the rare earth magnet market growth.

Rare Earth Magnet Market Trends. The key market drivers include growth of the automotive technology sector, together with higher consumer goods demand. With consumer spending continuing to grow, the rising sales of electronic devices such as smartphones, tablets, televisions, and computers create incremental demand for REMs. Rising customer awareness and government initiatives are fueling sales of electric and hybrid vehicles around the world, undergirding the rare earth magnet market expansion.

Additionally, the market is expected to benefit from a substantial expansion of the wind energy generation industry due to rapid industrialization, population growth, and increased demand for electricity. However, the rare earth magnet market remains prone to price fluctuations in rare earth materials such as dysprosium and neodymium, due in part to China's ban on exporting rare earth elements to other regions.
The following industry trends are currently propelling and re-shaping the market's dynamics:

- The various applications of NdFeB (Neodymium Iron Boron) magnets include Automobile, Electronics, Power Generators, Medical Industry, and Wind Power, among others, whereas the different applications of SmCo (Samarium Cobalt) magnets are defense, aerospace, electronics, medical devices, and motors, actuators and industrial application.
- NdFeB magnets are expected to dominate the rare earth magnet market share in the forecast period, due to their excellent magnetic properties.
- NdFeB magnets are generally considered the leading magnet type. NdFeB magnets are known for their strong magnetic properties and high energy density, making them widely used in various applications, including electronics, automotive, medical devices, and renewable energy.
- SmCo (Samarium Cobalt) magnets also possess strong magnetic properties but are typically more expensive than NdFeB magnets. The choice between NdFeB and SmCo magnets often depends on specific application requirements, cost considerations, and temperature stability.
- The rare earth magnet market is thriving on account of surging EV adoption and rising demand for high-performance vehicles.
- Over the next five years, the market is expected to benefit from the expanding application spectrum of NdFeB magnets in EVs and an increase in demand for high-performance vehicles. Magnets play a crucial role in electric motors and powertrains of EVs, contributing to improved efficiency and overall performance.
- Increasing research activities to explore the potential of neodymium magnets for both diagnostic and therapeutic applications are expected to further aid the market growth in the coming years.

Competitive Landscape

Some of the major suppliers in the rare earth magnet market are increasingly investing in the development of innovative manufacturing processes for rare earth magnets.

Proterial Ltd
Proterial Ltd is a cutting-edge materials technology company, specializing in advanced magnetic materials. Its innovative solutions cater to diverse industries, offering high-performance materials for applications ranging from electronics to renewable energy, contributing to technological advancements globally.

Shin-Etsu Chemical Co., Ltd (JPT)
Shin-Etsu Chemical Co., Ltd stands as a prominent global chemical company. Renowned for its expertise in manufacturing rare earth magnets, the company plays a crucial role in various industries, including electronics, automotive, and renewable energy, contributing to technological progress and sustainability.

Arnold Magnetic Technologies
Arnold Magnetic Technologies is a leading manufacturer of high-performance magnets, magnetic assemblies, and precision thin metals. Its innovative solutions cater to diverse applications, including aerospace, medical, and automotive industries, providing cutting-edge magnetic technologies for enhanced performance and efficiency.

Bunting Magnetics Co.

Bunting Magnetics Co. is a well-established name in the magnetic equipment industry. Specializing in magnetic separation, metal detection, and material handling solutions, the company serves diverse sectors, including recycling, mining, and manufacturing, contributing to efficient and sustainable material processing worldwide.

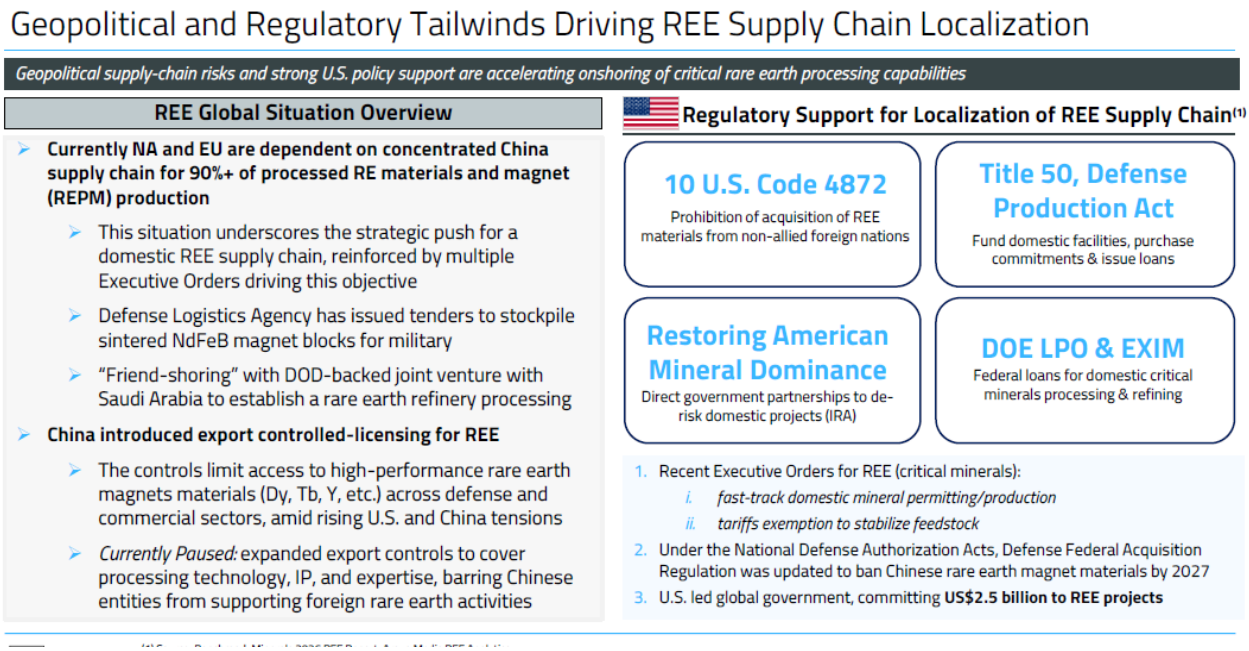
Other key suppliers in the global rare earth magnet market are Electron Energy Corporation, and others.

Niron, a startup in Minneapolis, United States, has started testing the production of permanent magnets with iron nitride. The company has received funding of USD 100 million to scale up its project and produce the magnets without using rare-earth materials from China.

REalloys' Strategic Advantages

China export controls Strengthen ALOY's Competitive Positioning. Magnet rare earths—neodymium, praseodymium, dysprosium, terbium and samarium—are critical inputs for NdFeB and samarium-cobalt magnets used across defense, aerospace, electric and hybrid vehicles, robotics, industrial automation, wind, medical devices and consumer electronics. During 2025 and into 2026, China expanded export controls and licensing requirements on rare earths, rare earth magnets and downstream products, including products containing even trace amounts of Chinese-origin material. The November 2025 U.S.–China trade and economic understanding suspended certain expanded controls

and retaliatory measures, but heightened market focus on rare earth supply chain volatility, potential magnet rare earth shortages, price volatility and the strategic value of non-Chinese supply remain industry risk factors. As an integrated North American producer that spans upstream resources and downstream metallization and magnet materials, REalloys is well positioned to benefit from these trends relative to some competitors, particularly as U.S. policy, procurement and customer qualification frameworks continue to favor domestic, traceable supply.



Source: REalloys, Inc.

U.S. and Allied Policy and Procurement Favors Onshoring. U.S. initiatives under the Defense Production Act, the Inflation Reduction Act, the Department of Defense Industrial Base Analysis and Sustainment program and related procurement and grant programs *continue to support the domestic critical minerals supply chain.* REalloys' Euclid Facility currently supplies government and government-affiliated customers, and is actively pursuing additional government, defense and dual-use customer relationships and funding opportunities.

REalloys combines deep domain expertise of the REM market with highly-developed government relations team. This combination effectively gives the company a first-mover advantage as it executes on its "mine-to-magnet" strategy of supply chain integration, together with its flexible sourcing and logistics, using strategic partnerships and contract expertise to accelerate deployment and adapt quickly to market opportunities. The company's strong DoD compliance combined with its positioning builds trust with high-margin end users, including U.S. protected and commercial customers, and its first-mover status enables strategic offtakes, government-backed funding, and customer qualification pathways ahead of competitors.

Advancement of the SRC Strategic Processing and Metallization Arrangements. REalloys continues to advance its strategy to develop rare earth separation, processing, and metallization capabilities in North America. A key element of this strategy is the company's relationship with the Saskatchewan Research Council ("SRC"), located in Saskatoon, Saskatchewan Province, Canada, under which it entered into arrangements in November 2025 to support pilot-scale process development and the planned development of a commercial-scale metallization facility.

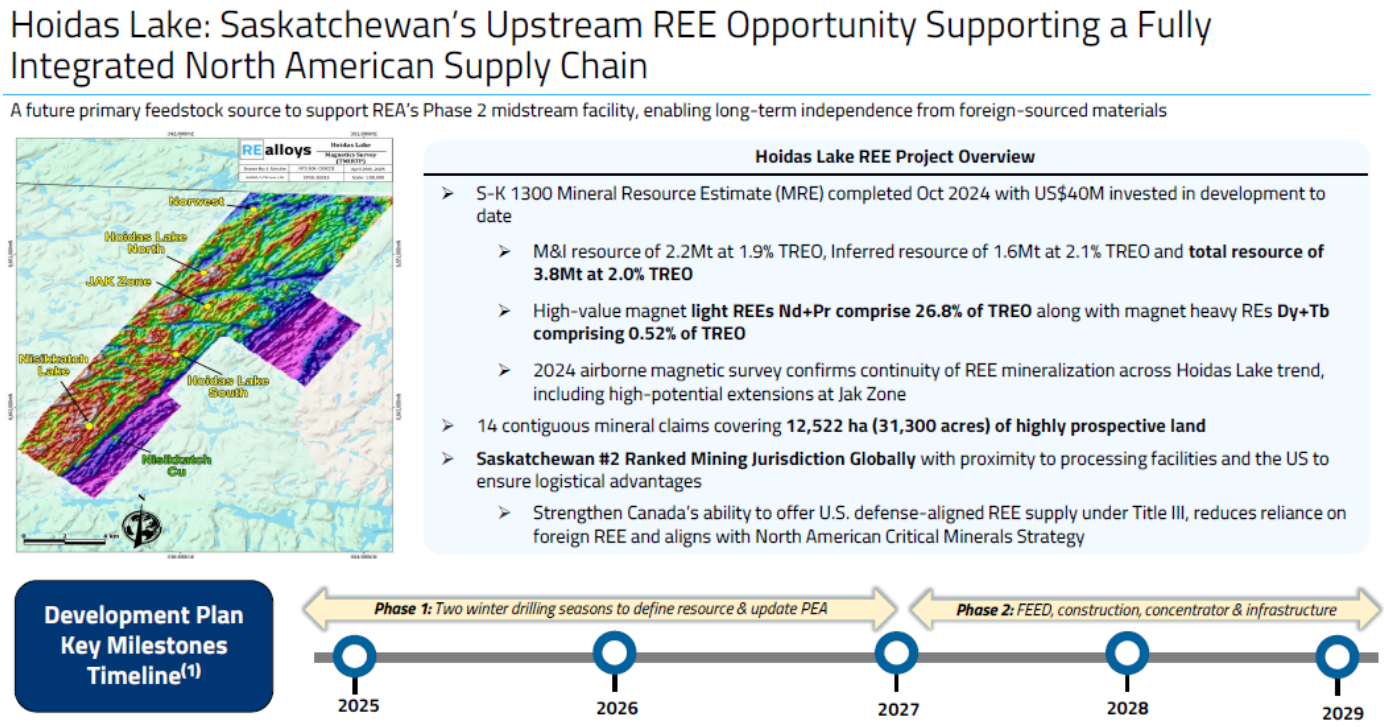
The SRC arrangements are expected to affect the company's business, liquidity, capital allocation, operating results, and development timeline. During the three months ended March 31, 2026, REalloys paid aggregate deposits of $2.4 million to SRC, consisting of $1.4 million under the Pilot Agreement and $1.0 million under the EPF Agreement. The deposits were recorded as prepaid or other assets rather than expense, construction in progress, or property and equipment.

The Pilot process project is intended to support pilot-scale process development and validation activities. The anticipated pilot process and related pilot equipment are expected to provide technical information necessary to determine processing specifications, equipment configuration, operating parameters, and other requirements for the planned commercial-scale metallization facility. The results, timing, and cost of the pilot program may affect the scope, timing, and cost of the commercial-scale facility and our related capital requirements.

Future expenditures related to the planned commercial-scale metallization facility may be significant and may vary based on the pilot results, engineering requirements, equipment procurement, permitting and safety requirements, commissioning requirements, availability of financing, and approval of future work programs. Management expects that these arrangements will continue to be an important factor affecting liquidity and capital resources as the company advances its processing and metallization strategy.

Ramp-Up and Expansion of the Euclid Facility. Near-term revenue is generated primarily at the Euclid Facility under short-term service and supply contracts for rare earth metals, alloys and magnet materials. From acquisition on March 31, 2025 through December 31, 2025, the Euclid Facility generated $0.8 million of early-stage revenue and $0.9 million of related cost of sales. Growth in revenue and operating margin will depend on customer and product qualification, capital investment in equipment upgrades, automation and capacity expansion, feedstock supply (including under the SRC arrangement), workforce and continued compliance with the requirements applicable to U.S. government and defense customers. The company continues to evaluate further investment in metallization, alloy and magnet materials capacity, which may require additional capital expenditures.

Advancement of the Hoidas Lake Project. The Hoidas Lake Project remains an exploration-stage property. As of March 31, 2026, REalloys has capitalized $50.5 million in related mining property rights, with no amortization recorded as production has not commenced; mineral exploration costs are expensed as incurred. Advancing the project toward S-K 1300 mineral resources and reserves will likely require substantial multi-year expenditures, including drilling and metallurgical testing, environmental and engineering studies, indigenous and community engagement, permitting and pre-feasibility and feasibility studies. The timing, scope and outcome of these activities—and the ultimate development decision—will materially affect our long-term financial profile and capital needs.



Source: REalloys, Inc.

The Hoidas Lake dispositions require annual exploration expenditures of CDN$15 per hectare in each of years two through ten following staking, and CDN$25 per hectare thereafter. The property is also subject to a 1.8% net smelter return royalty, capped at an aggregate CDN$1.0 million payable quarterly from gross revenue once commercial production is reached.

Management Team

REalloys is operated by a management team with deep domain experience in the rare earth metals and magnets industries:

Lipi Sternheim, CEO. Lipi Sternheim is the Founder and Chief Executive Officer of REalloys and serves on its Board of Directors. He is also the founder and CEO of Quartz Lake Mining, a Nevada-based integrated gold mining company, and has spent more than two decades de-risking and developing mining and oil & gas projects, with a focus on resource security and vertically integrated value chains. At REalloys, he is leading the build-out of a fully integrated "mine-to-magnet" platform across North America, spanning rare earth feedstock, midstream processing, metallization, and magnet manufacturing. Sternheim's work sits at the intersection of critical minerals, national security, and advanced manufacturing. He has led capital formation, corporate structuring, and strategic partnerships with entities such as the Saskatchewan Research Council and North American defense and industrial stakeholders.

Anupam Ghildyal, COO. Anupam has been integral in building over ten startups, serving as a co-founder, founding team member, or founding investor across the manufacturing, materials, energy, and technology sectors. He co-founded three companies focused on breakthrough innovations: low-cost direct lithium extraction from brines, lead-acid battery regeneration, and domestic production rare-earth metals and magnets. Anupam was also a part of the founding team at VulcanForms, that has set up the highest throughput metal additive manufacturing facility in North America to reindustrialize American metal manufacturing. Anupam has a track record of accelerating early- and growth-stage companies from ideation and prototyping to full commercialization. He has helped launch over 20 products, raised more than $1 billion in funding, and established manufacturing and sales operations across the globe.

Craig Cunningham, CFO. Craig Cunningham has more than 25 years of experience in wealth management, investment advisory, and strategic financing across North America. Over the course of his career, Craig held senior leadership roles at Morgan Stanley, Wells Fargo Advisors, and other major financial institutions, where he built and managed portfolios for high-net-worth clients, institutional investors, and Fortune-level executives. His expertise spans structured finance, corporate growth strategy, investor relations, and the design of capital-market instruments for complex industrial and growth-stage companies. Craig brings to REalloys experience in capital formation and investor communications for companies undergoing rapid growth. At REalloys, Craig supports capital strategy, investor messaging, board-level preparation, and long-term financial structuring – critical pillars as the company builds North America's first fully integrated rare earth metals and magnet manufacturing ecosystem.

Recent Developments

REalloys and JS Link Sign Non-Binding Strategic Letter of Intent to Develop a North American Rare Earth Magnet Platform. On July 7, REalloys announced the execution of a non-binding Letter of Intent to evaluate a strategic partnership with JS Link, Inc., a rare earth platform company, to develop an integrated North American rare earth magnet manufacturing platform. Under the non-binding LOI, the companies intend to evaluate opportunities to combine REalloys' North American rare earth supply chain, processing, heavy rare earth metallization, government and defense relationships, commercialization capabilities and capital markets expertise with JS Link's permanent magnet manufacturing technology, operational expertise and global manufacturing platform.

The parties intend to explore the development of one of the first fully integrated non-Chinese rare earth supply chains spanning feedstock, separation, metallization and permanent magnet manufacturing capable of serving the rapidly growing demand from the U.S. defense industrial base, aerospace, automotive, robotics, artificial intelligence infrastructure, energy and other strategic industries. The companies also intend to evaluate opportunities related to manufacturing, commercialization, government-supported financing programs, strategic customer relationships and long-term growth initiatives.

Partnership Agreement with The United States Army to Operate Processing Facilities on The Tooele Army Base in Utah. On June 25, REalloys announced that it has been selected by the United States Army to enter into exclusive contract negotiations for a long-term Enhanced Use Lease ("EUL") to design, finance, build, and operate a critical-mineral processing facilities at the Tooele Army Depot located in Tooele, Utah. Under the contemplated definitive arrangement, REalloys is expected to establish domestic heavy rare earth processing capacity for the heavy rare earth elements that are foundational to the warfighting capability of the U.S. Joint Forces. The award is enacted through the

Army's Strategic Capital Initiatives (SCI), an effort to partner with the private sector to accelerate enterprise-wide modernization. According to the Army, these awards mark the first time the Army has sited commercial mineral-processing facilities on American military installations pursuant to a direct execution of Executive Order 14241. REalloys was named alongside a small group of U.S.-organized industry partners selected to build out domestic processing for minerals the Army has identified as essential to munitions, missiles, sensors, batteries, and the platforms its soldiers depend on.

Letter of Intent with Patriot Exploration & Mining. On June 4, REalloys announced that it has signed a non-binding Letter of Intent ("LOI") with Patriot Exploration & Mining, LLC. Patriot is a U.S.-based rare earth exploration and development company with an aligned mission to unlock domestic reserves of rare earth elements and strategic minerals, and reported access to 2 billion metric tons of above-ground, rare earth element-bearing material across more than 150 tested Appalachian Basin sites, spanning from Alabama to Pennsylvania, and containing over 40 U.S.-designated critical minerals including neodymium, dysprosium, praseodymium, and terbium.

The LOI establishes a framework under which REalloys could have priority access and preferential allocation rights to up to approximately 30% of the rare earth products produced from Patriot's U.S. operations, subject to the negotiation and execution of a definitive long-term offtake agreement.

In alignment with REalloys' strategy to build a diversified, allied feedstock network to supply North America's most advanced defense-grade rare earth midstream platform, Patriot's above-ground, fully domestic brownfield resource base aims to deliver defense-grade rare earth material that REalloys' processing infrastructure is designed to separate, refine, and metallize.

MOU with Ramaco Resources to Advance Rare Earth Production from U.S. Coal-Hosted Resources. On May 28, REalloys announced the execution of a non-binding Memorandum of Understanding ("MOU") with Ramaco Resources, Inc. to evaluate a strategic long-term partnership for the supply and commercialization of rare earth and critical mineral products from Ramaco's Brook Mine operation in Wyoming. Pursuant to the terms of the non-binding MOU, REalloys and Ramaco expect to collaborate on metallurgical testing, product qualification, and commercial evaluation of mixed rare earth carbonate ("MREC") and scandium oxide produced from Ramaco's Brook Mine rare earth platform. The MOU establishes a framework under which REalloys may secure supply rights for up to 20% of Ramaco's future MREC and critical materials production.

According to the companies, the proposed partnership aligns with broader U.S. efforts to establish resilient domestic and allied critical mineral supply chains for strategic technologies, defense systems, advanced manufacturing, energy infrastructure, and next-generation industrial applications.

Financial Overview

Q1’26 Revenue and Profitability. REalloys is a development-stage company and hence does not currently have meaningful revenue. For the last quarter (Q1) ending in March, 2026, the company reported total revenue of $706K, and generated a gross profit of $373K at a gross margin of 52.8%. In that quarter, the company posted a loss of $106.7 million, or ($1.98) per share. We do not expect the company to generate positive earnings until 2028.

Q1’26 Cash Flow and Liquidity. As of March 31, 2026, the company had cash of ~$50 million and almost no debt, and its total shareholders’ equity was $101.6 million. In June, 2026, the company closed on a private placement for the purchase and sale of an aggregate of 7 million shares of common stock at

a purchase price of $14.25 per share, resulting in aggregate gross proceeds of approximately $100 million, bringing the total cash balance to ~$130 million. Operating cash flow at the end of 1Q'26 was a loss of $10.6 million, offset by an investing cash flow increase of $396K and a financing cash flow increase of $10.6 million.

Key assumptions of our earnings model. We are modeling total revenue of $35M for CY'27 and a CY'27 gross margin of 49%. For Q2'26 our revenue estimate is $720K and a gross margin of 47%. We expect ALOY's profitability to begin improving significantly in CY'27 and CY'28, as the benefits of the company's "mine to magnet" supply chain integration begins to generate incremental revenue increases, leading to what we see as increases in both revenue and operating margins in 2H of CY'27 and in CY'28.

We are also modeling SG&A expense of about $3.5M per quarter in 2026, followed by proportional increases in 2027 and 2028. We view 2028 as the first "normal" earnings year for the company, and are modeling earnings per share of $0.22 on revenue of $105M and an increased share count of 95 million shares. For F'Q1, our EPS estimate is ($0.09) on ~14.5M diluted shares outstanding; for FY'27, we estimate EPS of ($0.25). Our EBITDA estimate for 2028 is $24.3M at an EBITDA margin of 23.2%

Our 12-month price target on ALOY shares is $18, based on a full valuation of ALOY shares trading at a multiple ~71x our CY'28 EBITDA estimate of $24.3M (see attached earnings model), which is consistent with current peer group multiples. We note, however, that many of ALOY's peers lack a synergistic supply-chain complement to their largely extraction-based revenue models, making their growth prospects more linear and more limited. We believe that the company's ecosystem-based business model is innovative and differentiated, and thus deserves a valuation premium.

ARCSTONE KINGSWOOD

REalloys Inc.
ALOY (NASDAQ)

	2024	2025	MAR '26	JUN '26E	SEP '26E	DEC '26E	2026E	2027E	2028E
GAAP Income Statement ($000)									
Sales	$ 2,566.9	$ 1,844.2	$ 706.0	$ 720.1	$ 734.5	$ 749.2	$ 2,909.9	$ 35,000.0	$105,000.0
Cost of Goods Sold (COGS) incl. D&A	1,453.3	925.6	333.0	381.7	389.3	382.1	1,486.1	17,850.0	52,500.0
Depreciation	16.0	3.5	87.0	85.0	85.0	85.0	342.0	1,026.0	4,104.0
Gross Profit	$ 1,113.6	$ 918.6	$ 373.0	$ 338.5	$ 345.2	$ 367.1	$ 1,423.8	$ 17,150.0	$ 52,500.0
Gross Margin (%)	*43.4%*	*49.8%*	*52.8%*	*47.0%*	*47.0%*	*49.0%*	*48.9%*	*49.0%*	*50.0%*
SG&A Expense	4,422.7	4,926.2	85,402.0	3,035.0	3,545.0	3,655.0	95,637.0	20,093.6	33,329.4
Research & Development	417.9	307.6	34.0	35.0	45.0	55.0	169.0	500.0	1,000.0
Other SG&A	4,004.8	4,618.6	2,541.0	3,000.0	3,500.0	3,600.0	12,641.0	19,593.6	32,329.4
EBIT (Operating Income)	$ (3,309.1)	$ (4,007.6)	$ (87,657.0)	$ (2,696.5)	$ (3,199.8)	$ (3,287.9)	$ (96,841.2)	$ (2,943.6)	$ 19,170.6
Operating Margin (%)	*-128.9%*	*-217.3%*	*NMF*	*NMF*	*NMF*	*NMF*	*NMF*	*-8.4%*	*18.3%*
Nonoperating Income - Net	(29.9)	(17.8)	370.0	1,135.0	1,135.0	1,135.0	3,775.0	2,500.0	1,800.0
Nonoperating Interest Income	0.0	139.7	370.0	1,135.0	1,135.0	1,135.0	3,775.0	2,500.0	1,800.0
Other Income (Expense)	(29.9)	(157.5)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Interest Expense	132.6	592.5	8.0	0.0	0.0	0.0	8.0	1,100.0	1,100.0
Gross Interest Expense	132.6	592.5	8.0	0.0	0.0	0.0	8.0	1,100.0	1,100.0
Extraordinary Expense - Net	(0.3)	721.0	9,833.0	0.0	0.0	0.0	9,833.0	0.0	0.0
Impairments	0.0	0.0	6,394.0	0.0	0.0	0.0	6,394.0	0.0	0.0
Property,Plant & Equipment	0.0	0.0	6,394.0	0.0	0.0	0.0	6,394.0	0.0	0.0
Exceptional Provisions	0.0	784.0	3,439.0	0.0	0.0	0.0	3,439.0	0.0	0.0
Unrealized Valuation Gain/Loss	0.3	(30.0)		0.0	0.0	0.0	0.0	0.0	0.0
Investments	0.3	(30.0)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other One-Time Charges	0.0	(93.0)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Restructuring of Debt	0.0	(93.0)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Pretax Income	(3,471.2)	(5,339.0)	(106,718.0)	(1,561.5)	(2,064.8)	(2,152.9)	(112,497.2)	(443.5)	20,970.6
Taxes	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net Income	$ (3,471.2)	$ (5,339.0)	$ (106,718.0)	$ (1,561.5)	$ (2,064.8)	$ (2,152.9)	$ (112,497.2)	$ (443.5)	$ 20,970.6
Net Income available to Common	(3,471.2)	(5,339.0)	(106,718.0)	(1,561.5)	(2,064.8)	(2,152.9)	(112,497.2)	(1,607.1)	(1,607.1)
Per Share									
EPS (diluted)	$ (1.03)	$ (0.97)	$ (1.98)	$ (0.02)	$ (0.03)	$ (0.03)	$ (2.06)	$ (0.01)	$ 0.22
Total Shares Outstanding (M)	3.377	3.881	53.954	70.100	70.700	72.300	66.764	75.500	95.000
EBITDA									
EBITDA	$(3,293.03)	$(4,004.17)	$ (87,488.00)	$(2,603.24)	$ (3,024.77)	$(3,104.89)	$ (96,220.90)	$ (883.69)	$24,308.51
EBITDA Margin (%)	*-128.3%*	*-217.1%*	*NMF*	*NMF*	*NMF*	*NMF*	*NMF*	*-2.5%*	*23.2%*
EBIT	(3,309.1)	(4,007.6)	(87,657.0)	(2,696.5)	(3,199.8)	(3,287.9)	(96,841.2)	(2,943.6)	19,170.6
Depreciation & Amortization Expense	16.0	3.5	87.0	85.0	85.0	85.0	342.0	1,026.0	4,104.0
Supplemental									
Stock Option Comp Exp	368.7	1,260.7	81,771.0	8.3	90.0	98.0	81,967.3	1,033.9	1,033.9

All figures in thousands of U.S. Dollar except per share and labeled items.

Source: FactSet; ArcStone/Kingswood estimates.

Risks to Our Price Target

REalloys is dependent on short-term contract work, and there are no guarantees that the company will receive any additional orders or contracts. The Euclid Magnet Facility is currently producing rare earth metals and magnet materials for the DLA, the DOE's AMES National Laboratory and NdFeB magnet industry clients. Contract works are short term in nature, often less than six months, and there are no guarantees that any additional orders will be received by REalloys.

In addition to the short term limited rare earth metals and magnet materials contract works, the Euclid Magnet Facility is under development to significantly increase production of NdFeB magnet materials commencing in the fourth quarter of 2025 to expand to 500 metric tonnes per annum ("mtpa") magnet materials and magnet production capacity by the second quarter of 2026 and 1,000 mtpa production of magnet materials and magnets by the second quarter of 2027. REalloys' lack of commercial operating history at these forecasted volumes scale limits the accuracy of any forward-looking forecasts, prospects or business outlooks or plans.

REalloys may not be able to secure the necessary feedstock, offtake, or equipment in order to economically produce NdFeB magnet materials and magnets, including from the HLREE. REalloys' commercial framework agreements with the Saskatchewan Research Council ("SRC"), located in Saskatoon, Saskatchewan Province, Canada, outlines the rare earth oxide and metal products the SRC will provide to the REalloys, in return for REalloys providing funding towards SRC's contemplated expanded processing capabilities. The expanded processing would allow SRC to process the oxide and metal products it intends to provide REalloys. Under the framework agreements REalloys is entitled to priority offtake rights, including rights of first refusal on future volumes to be processed at SRC's expanded Separation Facilities. There can be no assurances that the conditions required for REalloys to fund toward the SRC's expansion, including agreement of detailed scope and budget, over which REalloys has unilateral and sole discretion of the approval, will occur.

REalloys realizes revenue at the Euclid Magnet Facility from contract works, which include the production of a limited amount rare earth metals and magnet materials for and on behalf of its clients. To date, REalloys has yet to realize any revenues from the direct production and/or sale of NdFeB magnet materials and magnet or critical minerals, or rare earth minerals, and its operating and capital investment and cash flow needs have been financed through the issuances of debt and equity raises and not through cash flows derived from its operations.

Any profitability in the future from the company's business will be dependent upon the development of the projects, the award of additional contract works beyond 2026, and the production of NdFeB magnet materials and magnets. Accordingly, REalloys may not realize profits, including in the medium to long term. Additional expenditures may be required for working capital purposes, including but not limited to meeting minimum expenditure commitments at the HLREE, constructing, completing and installing additional NdFeB magnet materials and magnet production equipment. Additionally, REalloys' magnet materials and magnet production capabilities might not be able to fully utilize the nameplate capacity of the equipment.

Limited operating history. REalloys has a limited operating history upon which to base estimates of future operating costs and capital requirements. Actual operating costs and economic returns of any and all of REalloys' projects may differ significantly from the costs and returns estimated, and accordingly our financial condition, results of operations and cash flows may be negatively affected. Further, REalloys has no history in operating a business, except for the Euclid Magnet Facility's contract works, other than pursuing a business combination. In the near term, the company's development and growth depends on its ability to: (i) extend and source new contract works; (ii) successfully produce magnet materials and magnets at the Euclid Magnet Facility; (iii) secure additional reliable sources of Light Rare Earth Elements ("LREE") and Heavy Rare Earth Elements ("HREE") feedstock at prices that are acceptable and attractive to REalloys; (iv) receive processed LREE and HREE materials from the SRC Separation Facilities on acceptable commercial terms and conditions; and (v) secure additional NdFeB magnet materials and magnet customers that are willing and able to purchase REalloys' magnet materials and magnets at prices that are expected to be profitable for REalloys. Delays in the completion of the expansion of the Euclid Magnet Facility could have a material adverse effect on its business, results of operations and financial condition.

Positive cash flows are not guaranteed. The company's ability to continue with development of its business plan to produce and sell NdFeB magnet materials and magnets, to receive LREE and HREE products from the SRC Separation Facilities, and our plans regarding the Euclid Magnet Facility and the HLREE, ultimately depends on the company's ability to generate revenues, achieve and maintain profitability, and generate positive cash flow from operations. There are no assurances that the projects will result in achieving and maintaining profitability and developing positive cash flows. The economic viability of REalloys' future business activities has many risks and uncertainties including, but not limited to:

- a significant, prolonged decrease in the price of NdFeB magnet materials and magnets;
- difficulty in marketing and/or selling NdFeB magnet materials and magnets;
- significantly higher than expected capital costs and delays in constructing and commission our projects;
- delays to the commissioning of the expansion at the SRC Separation Facilities, currently schedule for the second quarter of 2026;
- significantly higher than expected feedstock costs and/or source and secure suitable feedstock to support magnet materials and magnet production in the near term until HLREE is capable of satisfying our feedstock needs;
- significant delays, reductions or stoppages of production activities;
- shortages of adequate and skilled labor or a significant increase in labor costs;
- secure additional contract works at the Euclid Magnet Facility;
- implementation of any trade restrictions and tariffs on the movement of LREE and HREE from the SRC Separation Facilities to the Euclid Magnet Facility;
- the introduction of significantly more stringent regulatory laws and regulations and associated delays in permitting including but not limited to further access to explore and develop, as applicable, the HLREE, the SRC Separation Facilities, and the Euclid Magnet Facility;
- delays in the availability of necessary equipment, including construction or production equipment; and

- adverse impacts from tariffs and trade restrictions by U.S.A. and/or Canada and/or other countries.

Collaborative, joint venture and licensing arrangements are not certain. A key element of the company's long-term business strategy is to vertically integrate into further downstream and mid-stream processing of NdFeB magnet materials and magnets. It may also need to license certain intellectual property related to mid-stream and downstream processes and/or develop the ability, or collaborate with, purchase, or form a joint venture with existing participants in the LREEs, HREEs and magnet materials and magnet production supply chain. In addition, other licenses that may be necessary for some of these mid-stream and downstream processing steps have not yet been obtained. Any failure to establish or maintain collaborative, joint venture or licensing arrangements to produce mid-stream and downstream products on favorable terms could adversely affect the company's business prospects, financial condition or ability to develop and commercialize downstream magnet materials and magnets.

Government contract dependency. REalloys is dependent directly and indirectly on US government contracts, which often are only partially funded, subject to immediate termination, and heavily regulated and audited as the targeted NdFeB magnet materials and magnet clients of REalloys include direct sale of materials to the US government and to companies reliant on US government contracts. The interruption of or termination or failure to fund, or negative audit findings for, one or more of these contracts could have an adverse impact on its business, financial condition, results of operations and cash flows.

Generally, US government contracts generally contain provisions permitting termination, in whole or in part, without prior notice at the US government's convenience upon payment only for work done and commitments made at the time of termination. The company can give no assurance that one or more of its US government contracts will not be terminated and this also applies to non-US government clients that are reliant on US government contracts. Also, REalloys can give no assurance that it would be able to procure new contracts to offset the revenue or backlog lost as a result of any termination of non-US government contracts.

Conducting business with the US government is also subject to specific procurement regulations and a variety of socioeconomic and other requirements. These requirements, although customary in US government contracts, will increase performance and compliance costs. These costs might increase in the future, thereby reducing margins, which could have an adverse effect on business prospects, financial condition, results of operations and cash flows

In addition, the US government has and may continue to implement initiatives focused on efficiencies, affordability and cost growth and other changes to its procurement practices, such as those pursued by the recently created Department of Government Efficiency ("DOGE"). These initiatives and changes to procurement practices may change the way US government contracts are solicited, negotiated and managed, which may affect whether and how the company will pursue opportunities to provide products and services to the US government.

Mineral resource estimates may be different from actual mineral reserves, and final quantities that the company may ultimately recover, and market price fluctuations and changes in operating and capital

costs may render all or part of the mineral resources uneconomic to extract. The company has reported its mineral resource estimates ("Mineral Resource Estimates") in accordance with the requirements of the Modernization of Property Disclosures for Mining Registrants set forth in subpart 1300 of Regulation S-K. However, there are numerous uncertainties inherent in estimating quantities of mineral resources and in projecting potential future mineral reserves and rates of mineral production, including many factors beyond management's control.

Limited visibility on contractually committed customers. REalloys does not currently have any contractually committed customers for the planned output and delivery of NdFeB magnet materials and magnets, except for existing contract works at the Euclid Magnet Facility. Management is actively working on an expansion project to increase production from current levels for contract works to 500 mtpa of NdFeB magnet materials and magnets. Success depends on management's ability to generate revenue and operate profitably, which depends in part on its ability to identify target customers and convert such contacts into meaningful orders or expand on current customer relationships.

REalloys does not currently have any revenue or definitive off-take or sales agreements with customers in place, except for existing contract works at the Euclid Magnet Facility. Although REalloys is in periodic discussions with potential customers regarding potential offtake agreements, there is no assurance that the parties will be able to reach an agreement or that REalloys will be able to produce and deliver the required NdFeB magnet materials and/or magnets in accordance with the customer's required specifications and timing requirements.

Risk of predatory pricing and other tactics by our competitors or state actors. The rare earth magnet production and critical and rare earth minerals mining and processing markets are capital intensive and competitive. Production of NdFeB magnet materials and magnets, and critical and rare earth minerals is dominated by Chinese competitors. These competitors may have greater financial resources, as well as other strategic advantages to operate, maintain, improve and possibly expand their facilities. Additionally, the Chinese competitors have historically been able to produce at relatively low costs due to domestic economic and regulatory factors, including less stringent environmental and other governmental regulations and lower labor and benefit costs. This could lead to strategic advantages that competitors may have over REalloys, including lower labor, compliance and production costs.

Some of these competitors have made, or may make, acquisitions or enter partnerships or other strategic relationships to achieve competitive advantages. In addition, new entrants who are not currently considered competitors may enter the market through acquisitions, partnerships or strategic relationships. Management expects these trends to continue as demand for NdFeB magnet materials and magnets and critical and rare earth materials increases. Industry consolidation may result in competitors with more compelling product offerings or greater pricing flexibility than REalloys, or business practices that make it more difficult to compete effectively, including based on price, sales, technology or supply. These competitive pressures could have a material adverse effect on the company's business.

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