Flashnote
22 July 2026

MACQUARIE

Alpha HPA

Outperform

4Q report; approaching the $1m rev milestone

Chemicals
Australia


Ben Wedd, CFA


John Purtell

A4N AU	Outperform
Price (at 21 Jul 2026)	**AUD0.55**
12-month target	**AUD1.05**
12-month TSR (%)	**92.7**
Volatility Index	**High**
Market Cap (Local) (m)	791
Market Cap (USD) (m)	554
30-day avg turnover (AUD) (m)	2.4

Investment Fundamentals

Year end 30 Jun	2025A	2026E	2027E	2028E
Revenue (m)	0.3	0.7	1.4	72.4
EBITDA (m)	(35.9)	(43.9)	(43.8)	0.8
EBIT (m)	(39.2)	(47.3)	(47.6)	(19.7)
Reported profit (m)	(32.6)	(45.1)	(44.9)	(17.9)
Adjusted profit (m)	(32.6)	(45.1)	(44.9)	(17.9)
EPS adj (¢)	(2.9)	(3.7)	(3.1)	(1.2)
EPS adj growth (%)	(12.9)	(29.9)	16.2	60.2
Total DPS (¢)	0.0	0.0	0.0	0.0
Total div yield (%)	0.0	0.0	0.0	0.0
ROA (%)	(12.4)	(10.9)	(7.4)	(2.4)
ROE (%)	(14.0)	(14.4)	(11.7)	(5.1)

What's new

- 4Q op cash of -$11m and **FY26 -$40.5m better vs our -$43.5m**. **FY26 cash collection** on sales of **$690k** compares to our $730k rev estimate; suggests upside to our rev est as cash collection lags. Within op cash flows, Stage 1 facility **cash operating + staff costs** of -$9.5m vs 3Q's -$8.5m and **FY26 -$36.7m better vs our -$44.5m**. 4Q net interest income of $1.6m; FY26 $3.6m above our $2.3m.
- 4Q cash collection on sales of $289k an acceleration on 3Q's $193k. Open orders of ~$1.4m above 3Q's $0.9m. **Weighted avge unit price for open orders of US$26.22/kg** below 3Q's $28.41 and our $28.5 FY26 est.
- 4Q **capex** investment of $46m and **FY26 $162m** slightly below our $165 estimate. Alpha **cash balance of $161m** above our $146m with delta due to op cash flow beat and additional govt grants within the 4Q ($7m).
- Alpha notes it is engaged with **NAIF & EFA** re the completion of customary CP's for debt facilities and is **targeting first facility draw in December Q of this CY**.
- Stage 2 development proceeding at pace with **construction well progressed** including all SX units installed. Alpha targeting to award balance of all SMP contracts in the Sept Q and balance of E&I jobs in Dec Q. Company notes it is satisfied with budget and schedule performance against total spend envelope of $699m (updated in late-Jan).

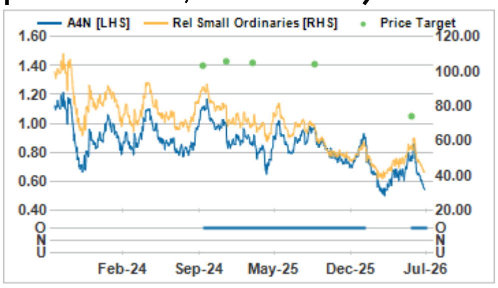
Why it matters

- Product marketing update similar to 16 June ann't (report) where Alpha disclosed LOI's >12kt with new agreements across Li-batteries and semiconductors. Interesting chart in quarterly showing LOI and indicated tonnes for **spherical alumina** (primarily for semiconductors): **LOI's total ~1,500tpa** with additional **~3,600tpa indicated from customers** and which Alpha has "strong confidence" will convert into LOI's and contracts.
- **Stage 2 capacity upgraded by 17% to 12.2ktpa** vs DFS with company seeing performance upside from plant following stage 1 ops. Bulk of upgrade to capacity in pre-cursor **Al-nitrate** product which has lifted to **5.0ktpa from 3.5ktpa** (ATH also increased 300t to 2ktpa). Revised total capacity in-line with our 12.3ktpa at full ramp-up.
- We recently wrote that **Alpha is in a stronger position now vs earlier in 2026** and we expect debt draw down in CY26. Company has explicitly noted a target for first facility draw in Dec-Q which is an expression of confidence in our view. This is an important catalyst. **Stage 1 facility sales continue to build** with quarterly cash collections >$1mpa on an annualised basis.

What now

- **OP**. Recent share price weakness provides an attractive entry point in our view. Stock catalyst-rich the next 6-12 mths, with NAIF/EFA debt draw down expected Dec Q, & as stage 2 build completes.

A4N AU rel Small Ordinaries performance, & rec history



Source: FactSet, Macquarie Research, Jul 2026 (all figures in AUD unless noted, TP in AUD)

Analysts

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Important Disclosures

Recommendation definitions

Macquarie – Asia and USA
Outperform – expected return >10%
Neutral – expected return from -10% to +10%
Underperform – expected return <-10%

Macquarie – Australia/New Zealand
Outperform – expected return >10%
Neutral – expected return from 0% to 10%
Underperform – expected return <0%

During periods of share price volatility, recommendations and target prices may occasionally and temporarily be inconsistent with the above definitions.

Recommendations – 12 months
12-month target – Expected share price in 12 months
Valuation – The company's estimated fair value share price based on the disclosed valuation methodology
Note: Quant recommendations may differ from Fundamental Analyst recommendations

Volatility index definition

This is calculated from the volatility of historical price movements.

Very high – highest risk – Stock should be expected to move up or down 60–100% in a year – investors should be aware this stock is highly speculative.

High – stock should be expected to move up or down at least 40–60% in a year – investors should be aware this stock could be speculative.

Medium – stock should be expected to move up or down at least 25–40% in a year.

Low – stock should be expected to move up or down at least 15–25% in a year.
* Applicable to select stocks in Asia/Australia/NZ

Note: expected return is reflective of a Medium Volatility stock and should be assumed to adjust proportionately with volatility risk

Financial definitions

All "Adjusted" data items have had the following adjustments made:
Added back: goodwill amortisation, provision for catastrophe reserves, IFRS derivatives & hedging, IFRS impairments & IFRS interest expense
Excluded: non recurring items, asset revals, property revals, appraisal value uplift, preference dividends & minority interests

EPS = adjusted net profit / efpowa*
ROA = adjusted ebit / average total assets
ROA Banks/Insurance = adjusted net profit /average total assets
ROE = adjusted net profit / average shareholders funds
Gross cashflow = adjusted net profit + depreciation
*equivalent fully paid ordinary weighted average number of shares

All Reported numbers for Australian/NZ listed stocks are modelled under IFRS (International Financial Reporting Standards).

Recommendation proportions for quarter ending 30 Jun 2026

	AU/NZ	Asia	USA	
Outperform	65.38%	70.02%	64.29%	(for global coverage by Macquarie, 1.91% of stocks followed are investment banking clients)
Neutral	27.62%	16.78%	35.71%	(for global coverage by Macquarie, 0.40% of stocks followed are investment banking clients)
Underperform	6.99%	13.19%	0.00%	(for global coverage by Macquarie, 0.00% of stocks followed are investment banking clients)

Company-Specific Disclosures

Company Name	Disclosure
Alpha HPA (A4N AU) **Outperform** 12-month target: AUD1.05 - DCF/ multiples Valuation: AUD 0.96 - DCF (WACC 10.2%) Price: AUD0.55	Macquarie managed or co-managed a public offering of securities of Alpha HPA Ltd in the past 12 months, for which it received compensation. Macquarie Group Limited together with its affiliates owns a net long of 0.5% or more of the equity securities of Alpha HPA Ltd. A Macquarie analyst(s) involved with the preparation of this research has, in the past 12 months, visited material operations of Alpha HPA Ltd. In connection with such a visit, the company may have furnished local transportation and/or accommodation, which requires authorisation in adherence with Macquarie policy requirements. Macquarie Group Limited together with its affiliates beneficially owns 1% or more of the equity securities of Alpha HPA Ltd. Macquarie Group is a substantial securities holder of Alpha HPA Ltd.

Target Price Risk Disclosures

Company Name	Risk Disclosure
Alpha HPA (A4N AU)	• Alpha is a pre- large scale production, pre-earnings project and key risks to our price target being realised are centred on ramp-up of stage 2 facility / ability to produce HPA to generate rev/earnings and further market development thru LOIs/binding sales contracts. For a more fulsome discussion of risks, refer to Key Risks section of our initiation report. • **LOI development and conversion to sales contracts.** Key to sales delivery is increasing conversion of LOIs to binding sales contracts and building towards 100% of nameplate capacity covered by LOIs. Failure to convert LOIs to actual sales out of stage 2 presents downside to sales estimates. • **Unlock of $400m govt debt facilities**. NAIF/EFA facilities are a key component of the capital stack; failure to unlock these facilities in 2026 would result in a funding gap and need for alternative capital sources. • **Project ramp-up/execution risks**. Delays in construction of the Stage 2 facility would likely mean it takes longer to reach full production and earnings/cash flow positive. A related risk is commissioning problems which likewise delays the production ramp-up profile and timing of earnings generation. • **Build cost inflation**. Further unanticipated costs and/or cost inflation with the build could lead to funding pressure and, in a downside scenario, may necessitate further capital raising (debt or equity). We note ~$80m in headroom above projected stage 2 cape on our forecasts.

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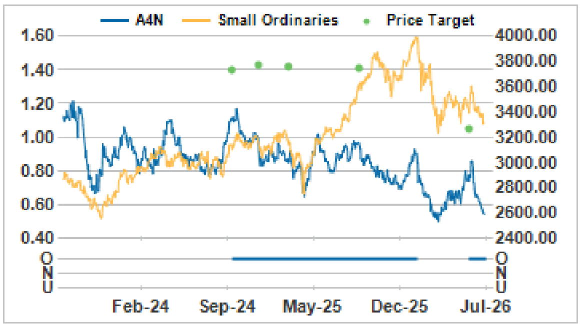
Recommendation history

Company name	Date	Recommendation	Target price
Alpha HPA (A4N AU)	11-Jun-2026	Outperform	AUD 1.05
	29-Aug-2025	Outperform	AUD 1.41
	27-Feb-2025	Outperform	AUD 1.42
	11-Dec-2024	Outperform	AUD 1.43
	3-Oct-2024	Outperform	AUD 1.40



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