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MIDCAP

EQUITY RESEARCH

ARVERNE GROUP ACT

NEWS
Company call

BUY

TP 9.5€
Up/Downside: 140%

Key milestone: entering the pre-industrial phase

The construction of the demonstrator on a first geothermal doublet in Alsace marks a key milestone in validating DLE (Direct Lithium Extraction) under real-world conditions. This follows lab tests carried out with Equinor on Alsatian samples, enabling an assessment of the technical and economic performance of the process. Its success would pave the way for large-scale industrialization, with a strong positive impact expected on the group's market valuation.

A Pivotal Step in Lithium de France's Industrial Scale-Up

The start of drilling (subject to prefectural approval, 09/25) is a crucial step to confirm assumptions derived from laboratory tests with Equinor, as well as data gathered during 3D exploration campaigns in the Rhine Basin. Over a 12–18-month period, flow rates, yields, and the performance of different DLE technologies will be assessed under real conditions. This work is part of the ongoing Definitive Feasibility Study, following a Pre-Feasibility Study which confirmed the project's competitiveness (production cost < €4,500/ton of lithium carbonate, recovery rate of 91%, positioning in the top global cost quartile).

Public-Private Financing to Share Risks

Backed by a public-private leverage effect (France 2030, Bpifrance, EU, industrial partners such as Equinor, DG SKID, and Tenaris), the €50M in Capex will help distribute the risk. Validating operational performance is a prerequisite for moving to the industrialization phase, with first geothermal lithium production expected in 2028, and a capacity goal of 27 kt/year of lithium and 2.2 to 4 TWh/year of geothermal heat by 2031. This would position Lithium de France as one of Europe's leading geothermal lithium players, supported by an expanded permit portfolio and strong local value chain integration.

Inclusion of Alsace Geothermal Lithium Projects in the EC's Strategic Projects List (Critical Raw Materials Act - CRMA)

This designation paves the way for accelerated regulatory procedures (permit timelines capped at 27 months) and prioritised financing at the EU level. The CRMA aims to reduce the EU's dependence on dominant suppliers—China currently controls about 90% of global lithium refining capacity. Arverne is positioning itself as a contributor to sovereignty goals: producing locally at least 10% of annual extraction needs, 40% in processing, and 25% in recycling by 2030.

What About Other Players?

Vulcan Energy, a sector pioneer, already operates an industrial lithium hydroxide production plant in Germany, targeting a scale-up to 24 kt/year. Eramet, in partnership with Électricité de Strasbourg, is developing a pilot on an existing well in Alsace, aiming for over 10 kt/year of production by 2030. EnBW, in collaboration with LevertonHELM, has validated high-purity lithium production at the pilot scale. ThermIon (Fraunhofer ISE) is developing a breakthrough technology based on electrochemical extraction, although the project remains in the pre-industrial stage. These initiatives highlight the sector's growing momentum, with an integrated model combining extraction, refining, and geothermal energy supply..

TP ICAP Midcap Estimates	12/23	12/24e	12/25e	12/26e
Sales (m €)	10.1	14.1	20.8	15.2
Current Op Inc (m €)	-13.8	-20.8	-32.2	-26.9
Current op. Margin (%)	na	na	na	na
EPS (€)	-1.50	-0.29	-0.83	-0.75
DPS (€)	0.00	0.00	0.00	0.00
Yield (%)	0.0	0.0	0.0	0.0
FCF (m €)	-24.6	-34.0	-71.5	-138.7

Valuation Ratio	12/24e	12/25e	12/26e
EV/Sales	4.3	6.2	16.3

Source: TPICAP Midcap

Research partially paid by the Issuer

Key data	
Price (€)	4.0
Industry	Utilities
Ticker	ARVEN-FR
Shares Out (m)	34.787
Market Cap (m €)	137.8
Next event	Rés S1-25=24.9.25

Source: FactSet

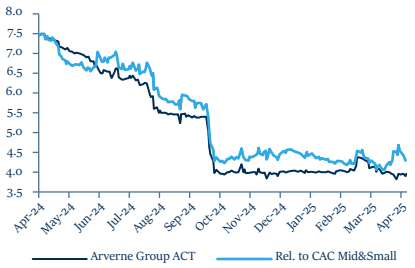
Ownership (%)	
ex-associés d'Arverne+Fondateurs	64.1
ADEME Investissement	9.3
Renault	8.3
Free float	18.4

Source: TPICAP Midcap estimates

EPS (€)	12/24e	12/25e	12/26e
Estimates	-0.29	-0.83	-0.75
Change vs previous estimates (%)	na	na	na

Source: TPICAP Midcap estimates

Performance (%)	1D	1M	YTD
Price Perf	1.5	-4.6	-1.5
Rel CAC Mid&Small	1.1	3.1	-2.6



Source: FactSet

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FINANCIAL DATA

Income Statement	12/21	12/22	12/23	12/24e	12/25e	12/26e
Sales	12.6	10.7	10.1	14.1	20.8	15.2
Changes (%)	180.5	-15.0	-5.8	40.2	47.0	-26.8
Gross profit	11.5	9.9	9.5	12.0	17.1	12.9
% of Sales	91.5	92.8	94.3	84.8	82.0	85.0
EBITDA	**-2.2**	**-1.7**	**-16.0**	**-25.3**	**-26.7**	**-31.3**
% of Sales	-17.4	-15.9	-158.7	-178.6	-128.1	-205.2
Current operating profit	**-2.4**	**-2.7**	**-13.8**	**-20.8**	**-32.2**	**-26.9**
% of Sales	-19.1	-24.9	-137.0	-146.8	-154.8	-176.8
Non-recurring items	0.0	0.0	0.0	0.0	0.0	0.0
EBIT	-2.4	-2.7	-13.8	-20.8	-32.2	-26.9
Net financial result	-0.0	-0.1	4.1	11.2	0.5	-4.2
Income Tax	-0.0	-0.0	1.0	0.2	0.0	0.0
Tax rate (%)	-1.6	-1.0	0.0	25.0	25.0	na
Net profit, group share	**-2.4**	**-1.6**	**-52.0**	**-10.0**	**-28.9**	**-26.2**

Financial Statement	12/21	12/22	12/23	12/24e	12/25e	12/26e
Goodwill	0.0	0.0	0.0	0.0	0.0	0.0
Tangible and intangible assets	8.8	11.2	58.6	105.3	142.0	231.4
Right of Use	0.0	0.0	0.0	0.0	0.0	0.0
Financial assets	0.3	0.0	0.0	0.0	0.0	3.1
Working capital	1.3	-2.4	0.2	-6.4	-4.5	-5.0
Other Assets	0.0	0.0	2.7	0.0	0.0	0.0
Assets	10.3	8.8	61.6	99.0	137.5	229.6
Shareholders equity group	3.1	-5.6	164.1	155.9	127.0	100.8
Minorities	0.1	0.7	14.3	14.0	11.3	9.5
LT & ST provisions and others	0.2	0.0	2.2	1.2	3.0	3.0
Net debt	6.8	13.6	-124.5	-77.4	-9.1	111.0
Other liabilities	0.1	0.0	6.1	6.9	6.9	6.9
Liabilities	10.3	8.8	61.6	99.0	137.5	229.6
Net debt excl. IFRS 16	6.7	13.6	-125.1	-77.4	-9.1	111.0
Gearing net	2.1	-2.8	-0.7	-0.5	-0.1	1.0
Leverage	-3.1	-8.0	7.8	3.1	0.3	-3.6

Cash flow statement	12/21	12/22	12/23	12/24e	12/25e	12/26e
CF after elimination of net borrowing costs and taxes	-0.9	-0.4	-9.1	-10.4	-23.3	-13.3
ΔWCR	-1.4	-3.7	2.6	-6.6	1.9	-0.5
Operating cash flow	-2.3	-4.0	-6.4	-17.0	-21.5	-13.8
Net capex	-1.6	-5.0	-18.2	-17.1	-50.0	-124.9
FCF	-3.9	-9.0	-24.6	-34.0	-71.5	-138.7
Acquisitions/Disposals of subsidiaries	0.6	0.0	0.0	0.0	0.0	0.0
Other investments	0.0	0.0	0.0	0.0	0.0	0.0
Change in borrowings	-0.3	-1.2	-7.4	0.6	-20.0	-70.0
Dividends paid	0.0	0.0	0.0	0.0	0.0	0.0
Repayment of leasing debt	-0.0	-0.1	-0.2	0.0	0.0	0.0
Equity Transaction	0.6	0.0	98.2	0.7	0.0	0.0
Others	1.0	2.8	0.7	4.0	5.0	6.0
Change in net cash over the year	-2.1	-7.3	69.6	-28.7	-86.5	-202.7

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Methodology

This Report may mention evaluation methods defined as follows:
1. DCF method: discounting of future cash flows generated by the company's operations. Cash flows are determined by the analyst's financial forecasts and models. The discount rate used corresponds to the weighted average cost of capital, which is defined as the weighted average cost of the company's debt and the theoretical cost of its equity as estimated by the analyst.
2. Comparable method: application of market valuation multiples or those observed in recent transactions. These multiples can be used as references and applied to the company's financial aggregates to deduce its valuation. The sample is selected by the analyst based on the characteristics of the company (size, growth, profitability, etc.). The analyst may also apply a premium/discount depending on his perception of the company's characteristics.
3. Assets and liabilities method: estimate of the value of equity capital based on revalued assets adjusted for the value of the debt.
4. Discounted dividend method: discounting of estimated future dividend flows. The discount rate used is generally the cost of capital.
5. Sum of the parts: this method consists of estimating the various activities of a company using the most appropriate valuation method for each of them, then realizing the sum of the parts.

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G. Midcap and the Issuer have agreed to the provision by the former to the latter of a service for the production and distribution of the investment recommendation on the said Issuer: Arverne Group ACT

J. Sponsored research or other issuer-related revenues represent more than 5% of the external provider's revenues: Arverne Group ACT

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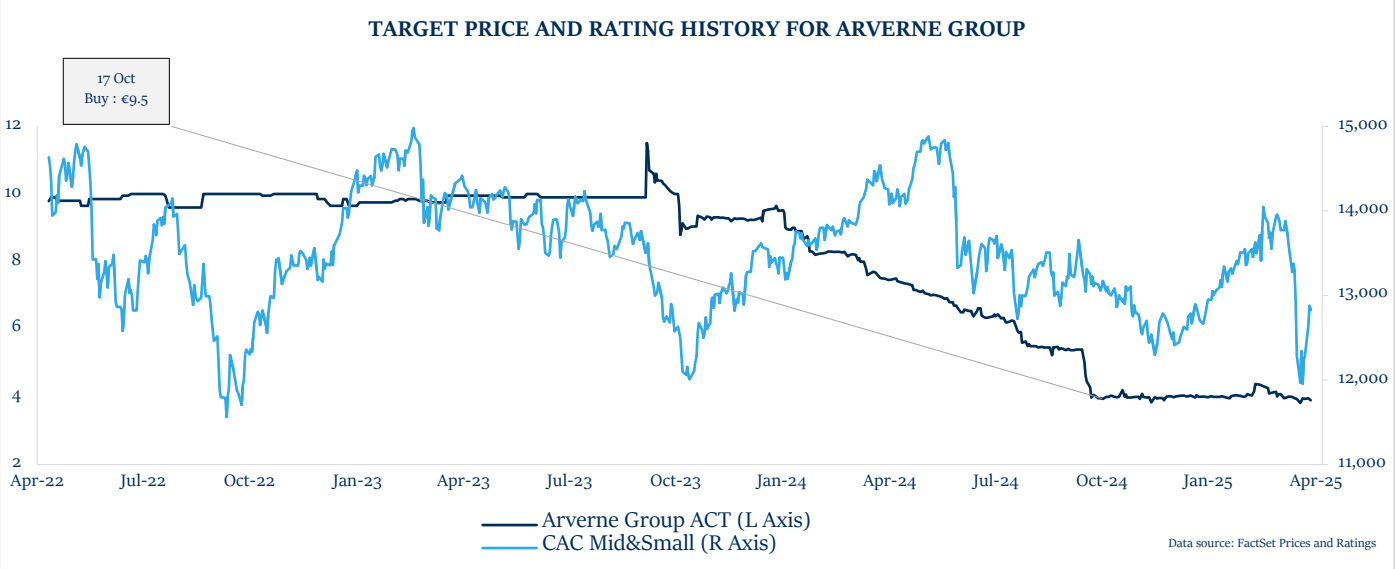
History of investment rating and target price – Arverne Group ACT



Historical recommendations and target price (-1Y)

Date	Analyst	Old Target Price	New Target Price	Closing Price	Old Recommendation	New Recommendation
27 Mar 25 - 05:19:12	Veneta Nikolova	€ 9.50	€ 9.50	€ 3.98	Achat	Buy
26 Feb 25 - 08:28:21	Veneta Nikolova	€ 9.50	€ 9.50	€ 4.08	Achat	Buy
28 Jan 25 - 07:55:14	Veneta Nikolova	€ 9.50	€ 9.50	€ 4.00	Achat	Buy
17 Oct 24 - 09:37:42	Veneta Nikolova	NA	€ 9.50	€ 3.96	NA	Buy

Distribution of Investment Ratings

Rating	Recommendation Universe*	Portion of these provided with investment banking services**
Buy	80%	64%
Hold	15%	68%
Sell	3%	20%
Under review	2%	100%

Midcap employs a rating system based on the following:
Buy: Expected to outperform the markets by 10% or more over a 6 to 12 months horizon.
Hold: expected performance between -10% and +10% compared to the market over a 6 to 12 months horizon.
Sell: Stock is expected underperform the markets by 10% or more over a 6 to 12 months horizon.

The history of ratings and target prices for the Issuers covered in this report are available on request at https://researchtpicap.midcapp.com/en/disclaimer.

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