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MIDCAP

EQUITY RESEARCH

ARVERNE GROUP ACT

RESULTS REVIEW
Company call

BUY

TP 9.5€
Up/Downside: 91%

Focus on short-term operational milestones

Research partially paid by the Issuer

H1 results are in line with our expectations, and the gross business volume puts Arverne in a favorable position to achieve its annual guidance. However, out of caution, the group is suspending its long-term targets due to lithium price volatility, and prefers to focus its communication on short-term operational milestones.

Half-year results aligned with annual projections

H1 2025 revenue – linked to deep drilling – rose 104% to €9.1m, driven mainly by geothermal installations at ADP and the long-standing contract with Storengy. Gross business volume (including surface drilling) reached €10.5m (+73.5%), positioning the company well to deliver on its annual guidance (€25–30m). Net income, group share, stood at -€11.7m. The balance sheet remains sound: after €11.9m in expenditures (PER: €4.1m; R&D at Lithium de France: €2.1m; drilling: €5.7m), Arverne still has €90m in net cash excluding lease liabilities—sufficient to pursue its investment plan (€50m planned for 2025)—particularly as the group has just completed its Series B2 financing with Equinor (€40m in favor of Lithium de France).

Promising progress

In line with our expectations, this release leads us to maintain our 2025 revenue growth forecast of +47%. Growth in 2025–2026 should be supported in particular by the geothermal doublet operations for Safran with Dalkia. Lithium de France is entering its pre-industrial phase, with drilling scheduled for H2 2025 and a first geothermal heat production expected in 2027. Meanwhile, Arverne has expanded through a partnership with Crédit Agricole (CAPGEN) to finance geothermal projects in Nouvelle-Aquitaine. Under this structure, Arverne acts as operator, while commercialization will be handled by both partners. In addition, Arverne signed a cooperation and exclusivity agreement for a geothermal project in Île-de-France, structured as an SPV, representing €150m in gross business volume over 30 years, with a €26m investment.

Long-term targets suspended due to lithium price volatility

The lithium market remains highly volatile. After falling from $10k/t to $8k/t in June 2025, the price rebounded to $11k/t in September, supported by expectations surrounding the closure of a mine in China (3% of global supply), before edging down slightly, though not returning to its previous lows. In light of this uncertainty, Arverne has prudently decided not to reiterate its revenue and margin targets for 2028–2031, choosing instead to focus on short-term operational milestones. We believe this approach is well suited to current challenges.

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	6.8	7.9	18.7

Source: TPICAP Midcap

Key data	
Price (€)	5.0
Industry	Utilities
Ticker	ARVEN-FR
Shares Out (m)	34.787
Market Cap (m €)	173.2
Next event	Rés S1-25=24.9.25

Source: FactSet

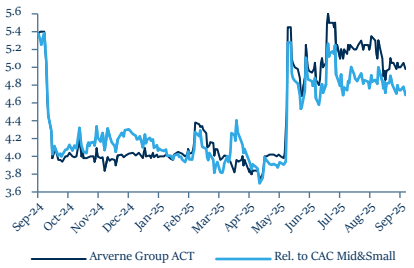
Ownership (%)	
ex-associés d'Arverne+Fondateurs	64.1
ADEME Investissement	9.3
Renault	8.3
Free float	18.4

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	-1.4	-6.9	23.9
Rel CAC Mid&Small	-1.7	-3.1	11.9



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.

Conflict of Interests between TP ICAP Midcap and the Issuer

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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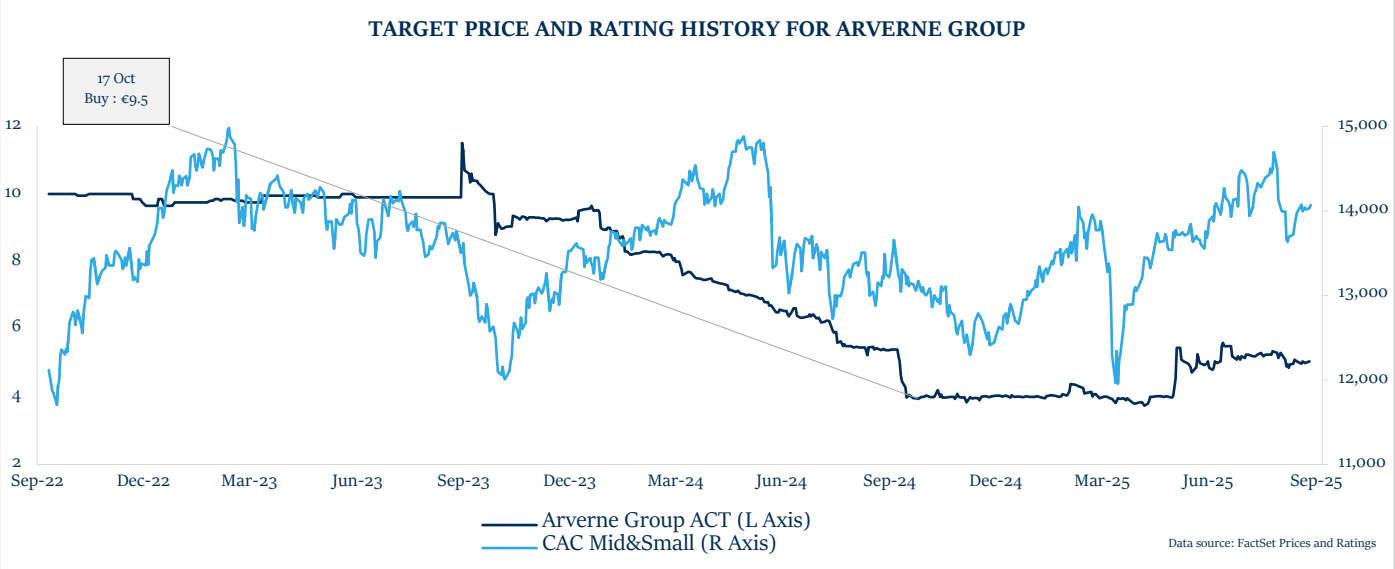
History of investment rating and target price – Arverne Group ACT



Historical recommendations and target price (-1Y)

Date	Analyst	Old Target Price	New Target Price	Closing Price	Old Recommendation	New Recommendation
06 Jun 25 - 08:17:08	Veneta Nikolova	€ 9.50	€ 9.50	€ 5.05	Achat	Buy
18 May 25 - 23:09:02	Veneta Nikolova	€ 9.50	€ 9.50	€ 4.02	Achat	Buy
21 Apr 25 - 21:34:59	Veneta Nikolova	€ 9.50	€ 9.50	€ 3.96	Achat	Buy
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	78%	69%
Hold	17%	54%
Sell	3%	40%
Under review	1%	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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