

EQUITY RESEARCH

ARVERNE GROUP ACT

NEWS

Company call

BUY

TP 9.5€

Up/Downside: 91%

Drilling Launched, Vision Affirmed

Lithium de France reaches a key milestone with the launch of drilling after five years of preparation. This marks the start of a decisive phase to validate the DLE technology under real conditions and confirm the technical viability of the project. Guidance is now adjusted toward the lower end of the range due to project phasing with Safran, whose delay does not affect the overall expected business volume.

Lithium de France Takes a Decisive Step

After five years of preparation, the Lithium de France (LDF) project enters a critical phase with the start of drilling. Led by Arverne Drilling Services, drilling is expected to last seven months—well beyond a standard doublet in the Paris region (four months)—due to Alsatian geological specifics. On the first well, a demonstrator will be installed to test the direct lithium extraction (DLE) technology developed in the lab over the past five years under real conditions. This step is crucial as it will confirm technical viability and pave the way for integration into battery production chains.

Tightened Guidance

Management confirms its 2025 guidance in terms of business volumes, adjusted to €25–27M (€14.5–16.5M to be achieved in H2) versus €25–30M initially, as the Safran project started a few weeks late. We revise our FY25 revenue estimate to around €18.5M (vs €20.8M), implying a stable H2 revenue of about €9.4M, without altering the longer-term trajectory. The Safran project will mainly contribute from 2026 with a significant business volume, prompting us to maintain our 2026 scenario unchanged. Meanwhile, LDF is progressing according to the drilling and doublet schedule.

Competitive Costs and Environmental Impact: Differentiating Strengths

LDF confirms its competitiveness with cash costs below €4,500/t, ensuring economic viability, while its ESG footprint stands out with a 90% reduction in heat-related emissions and a 70% reduction in CO₂ emissions per kg of lithium produced compared to the mining/salar mix. The target production of 27,000 tonnes is confirmed. Upcoming steps—doublet drilling, demonstrator installation, and DFS publication in mid-2026—will validate costs, DLE process efficiency, and ESG metrics, opening a decisive phase for medium-term prospects.

TP ICAP Midcap Estimates	12/24	12/25e	12/26e	12/27e	Valuation Ratio	12/25e	12/26e	12/27e
Sales (m €)	14.1	18.5	33.2	74.6	EV/Sales	11.0	9.6	8.5
Current Op Inc (m €)	-20.8	-33.4	-23.1	-33.5	Source: TPICAP Midcap			
Current op. Margin (%)	na	na	na	na				
EPS (€)	-0.29	-0.90	-0.66	-1.22				
DPS (€)	0.00	0.00	0.00	0.00				
Yield (%)	0.0	0.0	0.0	0.0				
FCF (m €)	-35.7	-72.9	-135.8	-352.5				

Research partially paid by the Issuer

Key data

Price (€)	5.0
Industry	Utilities
Ticker	ARVEN-FR
Shares Out (m)	42.076
Market Cap (m €)	209.5
Next event	RA 25= mars 2026

Source: FactSet

Ownership (%)

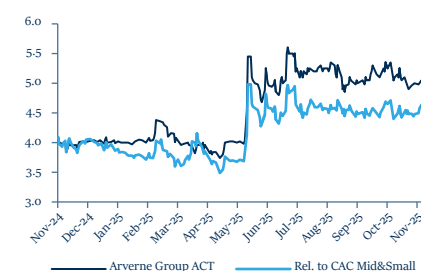
ex-associés d'Arverne+Fondateurs :	55.9
ADEME Investissement	9.3
Renault7.8%+Hydro5.3%+BPL4.1%	17.2
Free float	17.6

Source: TPICAP Midcap estimates

EPS (€)	12/25e	12/26e	12/27e
Estimates	-0.90	-0.66	-1.22
Change vs previous estimates (%)	na	na	na

Source: TPICAP Midcap estimates

Performance (%)	1D	1M	YTD
Price Perf	-1.4	-5.1	23.9
Rel CAC Mid&Small	-1.4	-0.7	15.7



Source: FactSet

Consensus FactSet - Analysts:na	12/25e	12/26e	12/27e
Sales	22.2	34.6	76.7
EBIT	-28.4	-30.2	-35.3
Net income	-26.3	-28.3	-33.0

Analyst

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FINANCIAL DATA

Income Statement	12/22	12/23	12/24	12/25e	12/26e	12/27e
Sales	10.7	10.1	14.1	18.5	33.2	74.6
Changes (%)	-15.0	-5.8	40.2	30.8	79.5	124.8
Gross profit	10.9	13.6	19.7	15.2	41.2	63.4
% of Sales	102.2	134.8	139.1	82.0	124.2	85.0
EBITDA	-0.7	-11.9	-17.7	-27.8	-14.4	2.3
% of Sales	-6.5	-118.2	-125.3	-150.5	-43.3	3.1
Current operating profit	-2.7	-15.1	-20.8	-33.4	-23.1	-33.5
% of Sales	-24.9	-149.8	-146.8	-180.4	-69.4	-44.8
Non-recurring items	0.0	0.0	0.0	0.0	0.0	0.0
EBIT	-2.7	-15.1	-20.8	-33.4	-23.1	-33.5
Net financial result	-0.1	4.1	11.2	0.5	-2.2	-11.4
Income Tax	-0.0	1.0	0.2	0.0	0.0	5.6
Tax rate (%)	-1.0	0.0	25.0	25.0	na	na
Net profit, group share	-1.6	-53.3	-10.0	-31.3	-22.8	-42.5
Financial Statement	12/22	12/23	12/24	12/25e	12/26e	12/27e
Goodwill	0.0	0.0	0.0	0.0	0.0	0.0
Tangible and intangible assets	11.2	58.2	104.9	141.1	232.2	510.7
Right of Use	0.0	0.0	0.0	0.0	0.0	0.0
Financial assets	0.0	0.0	0.0	0.0	0.0	0.0
Working capital	-2.4	0.2	-8.1	-5.2	-4.2	-5.7
Other Assets	0.0	3.4	3.1	3.1	3.1	3.1
Assets	8.8	61.9	100.0	139.1	231.2	508.2
Shareholders equity group	-5.6	164.1	155.9	124.6	101.8	59.3
Minorities	0.7	14.3	14.0	12.5	12.0	18.4
LT & ST provisions and others	0.0	2.2	2.1	2.1	2.1	2.1
Net debt	13.6	-124.2	-77.4	-5.5	109.9	423.1
Other liabilities	0.0	5.9	6.2	6.2	6.2	6.2
Liabilities	8.8	61.9	100.0	139.1	231.2	508.2
Net debt excl. IFRS 16	13.6	-124.8	-106.3	-34.4	81.0	394.1
Gearing net	-2.8	-0.7	-0.5	-0.0	1.0	5.4
Leverage	-19.5	10.4	4.4	0.2	-7.6	181.8
Cash flow statement	12/22	12/23	12/24	12/25e	12/26e	12/27e
CF after elimination of net borrowing costs and taxes	-0.4	-10.3	-10.4	-25.7	-11.9	-1.0
Δ WCR	-3.7	2.6	-8.3	2.9	1.0	-1.5
Operating cash flow	-4.0	-7.7	-18.7	-22.9	-10.9	-2.5
Net capex	-5.0	-18.2	-17.1	-50.0	-124.9	-350.0
FCF	-9.0	-25.9	-35.7	-72.9	-135.8	-352.5
Acquisitions/Disposals of subsidiaries	0.0	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	-1.2	-7.4	0.6	-20.0	-70.0	-350.0
Dividends paid	0.0	0.0	0.0	0.0	0.0	0.0
Repayment of leasing debt	-0.1	-0.2	0.0	0.0	0.0	0.0
Equity Transaction	0.0	98.2	0.7	0.0	0.0	0.0
Others	2.8	0.7	4.0	5.0	6.0	7.0
Change in net cash over the year	-7.3	68.3	-30.4	-87.9	-199.8	-695.5

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Analyst certifications

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Methodology

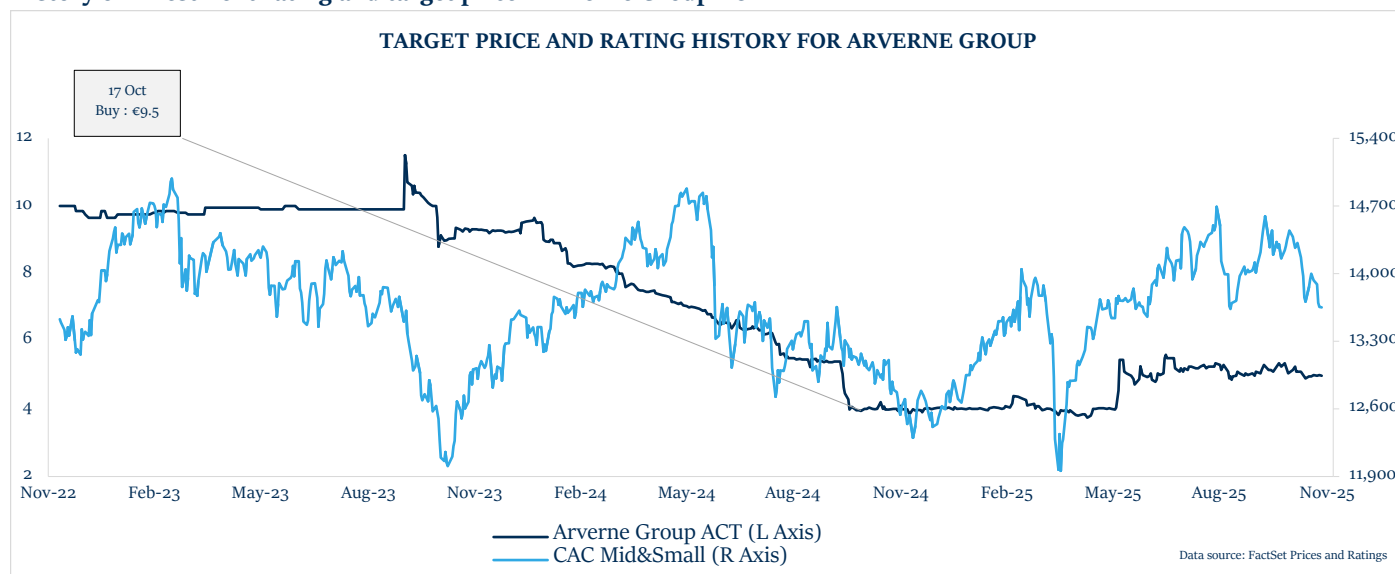
This Report may mention evaluation methods defined as follows:

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

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
12 Oct 25 - 19:33:19	Veneta Nikolova	€ 9.50	€ 9.50	€ 5.10	Achat	Buy
25 Sep 25 - 07:05:27	Veneta Nikolova	€ 9.50	€ 9.50	€ 4.98	Achat	Buy
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

Distribution of Investment Ratings

Rating	Recommendation Universe*	Portion of these provided with investment banking services**
Buy	76%	71%
Hold	17%	63%
Sell	4%	0%
Under review	3%	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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