

## EQUITY RESEARCH

## ARVERNE GROUP ACT

## RESULTS REVIEW

## Company call

BUY

TP 9.5€

Up/Downside: 83%

## Controlled cash burn and shift toward an integrated model

Arverne's 2025 results beat expectations, with a clearly better-than-planned cash burn and the launch of the pre-industrial phase of Lithium de France. The granting of the C3IV tax credit (€150m) and the B2 round (€40m) fully secure the funding required for the pre-industrial phase. The discontinuation of operations with Storengy confirms the shift toward an integrated model, with value now created within Arverne's own assets rather than through third-party services. Against a backdrop of strengthening energy-sovereignty priorities, Arverne enters 2026–2028 with a significantly improved strategic positioning.

### Results broadly ahead of expectations

Consolidated revenue reached €18m (+27%), driven by deep drilling (€16.9m, +21%). The Heat & Cooling activity contributed for the first time (€0.8m), with its SPV model set to scale up in 2026. Surface drilling (DrillHeat) declined to €2.5m (-18%) due to project delays. Gross activity volume rose 46% to €25.2m. Net income came in at -€23.6m, better than expected and reflecting the ramp-up of pre-industrial investments and team expansion.

### Secured financing: lower cash burn and C3IV obtained

Arverne enters the pre-industrial phase with €78m in cash, net debt of -€41m, and €158.8m in equity, providing ample capacity to fund geothermal/lithium programmes. Cash burn in 2025 was well below plan, with €38m of capex vs €50m expected, thanks to tighter cost control and more disciplined capex phasing. The C3IV tax credit (up to €150m), activated progressively as industrial capex is deployed, combined with the B2 round (€40m), secures full financing of the pre-industrial phase and materially reduces the financial risk associated with the ramp-up of the integrated model.

### Shift toward an integrated model

2025 marked a strategic turning point. Beyond technical milestones (first well, DLE, +100-project/5TWh geothermal pipeline), the discontinuation of Storengy operations formalises Arverne's move toward an integrated model. From 2026 onward, two rigs will be fully allocated to internal projects, reducing external revenue but increasing value creation within the group's own assets. This transition, fully consistent with our expectations, marks the shift from a service-oriented profile to that of a verticalised industrial operator.

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	11.5	9.9	8.6
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 (€)	5.2
Industry	Utilities
Ticker	ARVEN-FR
Shares Out (m)	42.076
Market Cap (m €)	218.8
Next event	RA 25= mars 2026

Source: FactSet

### Ownership (%)

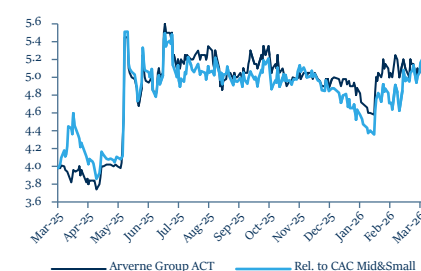
ex-associés d'Arverne+Fondateurs :	55.9
ADEME Investissement	9.3
Renault7.8%+Hydro5.3%+BPL4.1%	17.2
Free float	17.6

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	-1.0	0.0	6.1
Rel CAC Mid&Small	-2.1	9.0	11.7



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**

<b>Income Statement</b>	<b>12/22</b>	<b>12/23</b>	<b>12/24</b>	<b>12/25e</b>	<b>12/26e</b>	<b>12/27e</b>
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
<b>EBITDA</b>	<b>-0.7</b>	<b>-11.9</b>	<b>-17.7</b>	<b>-27.8</b>	<b>-14.4</b>	<b>2.3</b>
% of Sales	-6.5	-118.2	-125.3	-150.5	-43.3	3.1
<b>Current operating profit</b>	<b>-2.7</b>	<b>-15.1</b>	<b>-20.8</b>	<b>-33.4</b>	<b>-23.1</b>	<b>-33.5</b>
% 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
<b>Net profit, group share</b>	<b>-1.6</b>	<b>-53.3</b>	<b>-10.0</b>	<b>-31.3</b>	<b>-22.8</b>	<b>-42.5</b>
<b>Financial Statement</b>	<b>12/22</b>	<b>12/23</b>	<b>12/24</b>	<b>12/25e</b>	<b>12/26e</b>	<b>12/27e</b>
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
<b>Assets</b>	<b>8.8</b>	<b>61.9</b>	<b>100.0</b>	<b>139.1</b>	<b>231.2</b>	<b>508.2</b>
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
<b>Liabilities</b>	<b>8.8</b>	<b>61.9</b>	<b>100.0</b>	<b>139.1</b>	<b>231.2</b>	<b>508.2</b>
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
<b>Cash flow statement</b>	<b>12/22</b>	<b>12/23</b>	<b>12/24</b>	<b>12/25e</b>	<b>12/26e</b>	<b>12/27e</b>
CF after elimination of net borrowing costs and taxes	-0.4	-10.3	-10.4	-25.7	-11.9	-1.0
$\Delta$ 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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### Methodology

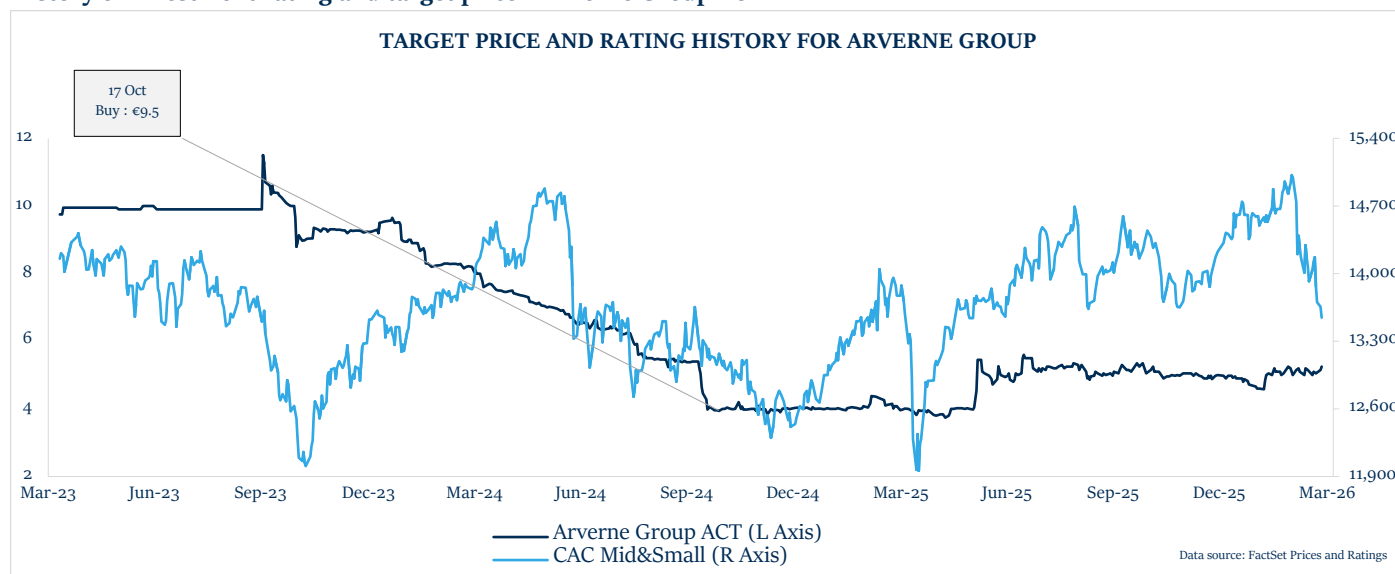
This Report may mention evaluation methods defined as follows:

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.
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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
20 Feb 26 - 07:12:59	Veneta Nikolova	€ 9.50	€ 9.50	€ 5.05	Buy	Buy
25 Nov 25 - 06:44:07	Veneta Nikolova	€ 9.50	€ 9.50	€ 5.05	Buy	Buy
12 Oct 25 - 19:33:19	Veneta Nikolova	€ 9.50	€ 9.50	€ 5.10	Buy	Buy
25 Sep 25 - 07:05:27	Veneta Nikolova	€ 9.50	€ 9.50	€ 4.98	Buy	Buy
06 Jun 25 - 08:17:08	Veneta Nikolova	€ 9.50	€ 9.50	€ 5.05	Buy	Buy
18 May 25 - 23:09:02	Veneta Nikolova	€ 9.50	€ 9.50	€ 4.02	Buy	Buy
21 Apr 25 - 21:34:59	Veneta Nikolova	€ 9.50	€ 9.50	€ 3.96	Buy	Buy
27 Mar 25 - 05:19:12	Veneta Nikolova	€ 9.50	€ 9.50	€ 3.98	Buy	Buy

## Distribution of Investment Ratings

Rating	Recommendation Universe*	Portion of these provided with investment banking services**
Buy	71%	72%
Hold	21%	59%
Sell	3%	40%
Under review	4%	86%

Midcap employs a rating system based on the following:

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**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.

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