MIDCAP

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EQUITY RESEARCH

ARVERNE GROUP ACT

NEWS

BUY

TP 9.5€

Up/Downside: 19%

Closing of RGREEN Invest's entry

Research partially paid by the Issuer

RGREEN Invest (through INFRAGREEN V) has completed a €52.4m investment in Geogreen, a vehicle jointly controlled with Arverne's founder. Beyond the credibility signal sent by this transaction, which has no impact on our estimates, it reshapes the governance balance. By confirming that the ORANE financing was largely subscribed by existing investors, the deal introduces RGREEN as a new shareholder at the Geogreen level.

RGREEN established as a strategic partner

The appointment of Geogreen to the Board of Directors formalises RGREEN's involvement in strategic decision-making, particularly regarding capital allocation and the development of the geothermal lithium business. The concert party agreement with Arosco has been confirmed, together with a commitment to remain below the 30% threshold of share capital and voting rights. While this removes any takeover bid risk, it also creates a cap on any future increase in ownership through subsequent financing rounds. Following the transaction, Geogreen holds 25.76% of the share capital, alongside the SPAC founders (21.41%). Free float stands at 14.1% (vs. 17.6% previously), as Crédit Mutuel Equity's 3.6% stake is now excluded from the free float following its participation in the ORANE financing. Separately, Pierre Brossollet's off-market block purchases (5.76% of the share capital at €4 per share) were acquired from historical pre-IPO shareholders and therefore had no impact on the free float.

ORANE largely subscribed by existing investors

The €70m ORANE issuance is predominantly subscribed by Geogreen (€37m), alongside existing investors (Bpifrance, Eiffel, ADEME and Crédit Mutuel Equity). This reflects increased commitment from the core shareholder base rather than diversification. The ability to attract new investors remains a key medium-term consideration, particularly given the capital intensity of lithium-related developments.

Shareholder base structured for upcoming funding rounds

In a context of rising capital requirements, the presence of a reference investor—combining sector expertise, strong commitment capacity and a long-term horizon—represents a positive signal. It should facilitate a gradual opening of the shareholder base, validate the Dual Flow model at a time of accelerating geothermal deployment, and enhance Arverne's credibility in executing future funding rounds.

Investment case strengthened, entry point improved

We reiterate our BUY recommendation and €9.50 target price. The recent share price pullback improves upside potential, while the closing enhances visibility on near-term funding and governance. The key catalyst now lies in Arverne's ability to broaden its investor base beyond the current core group.

Key data	
Price (€)	8.0
Industry	Utilities
Ticker	ARVEN-FR
Shares Out (m)	42.076
Market Cap (m €)	334.9
Next event	RS1-26 = sept 2026

Source: FactSet

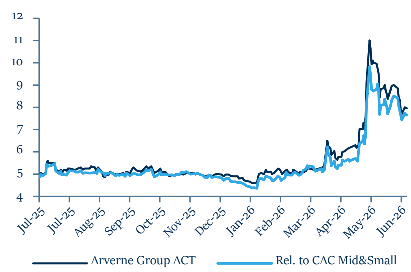
Ownership (%)	
Geogreen	25.8
Fondateurs du SPAC Transition	21.4
ADEME Investissement	9.3
Free float	14.1

Source: TPICAP Midcap estimates

EPS (€)	12/25e	12/26e	12/27e
Estimates	-0.59	-0.65	-0.40
Change vs previous estimates (%)	na	na	na

Source: TPICAP Midcap estimates

Performance (%)	1D	1M	YTD
Price Perf	0.3	-20.1	62.4
Rel CAC Mid&Small	-0.2	-13.3	62.2



Source: FactSet

TP ICAP Midcap Estimates	12/24	12/25e	12/26e	12/27e
Sales (m €)	14.1	18.0	18.0	35.0
Current Op Inc (m €)	-20.8	-25.7	-25.8	-15.1
Current op. Margin (%)	na	na	na	na
EPS (€)	-0.29	-0.59	-0.65	-0.40
DPS (€)	0.00	0.00	0.00	0.00
Yield (%)	0.0	0.0	0.0	0.0
FCF (m €)	-35.3	-56.3	-71.3	-150.2

Valuation Ratio	12/25e	12/26e	12/27e
EV/Sales	16.8	19.5	13.2

Source: TPICAP Midcap

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

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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	18.0	18.0	35.0
Changes (%)	-15.0	-5.8	40.2	27.2	0.0	94.4
Gross profit	10.9	13.6	19.7	26.7	27.5	42.8
% of Sales	102.2	134.8	139.1	148.4	152.9	122.3
EBITDA	**-0.7**	**-11.9**	**-17.7**	**-20.0**	**-20.8**	**-9.5**
% of Sales	-6.5	-118.2	-125.3	-110.9	-115.6	-27.2
Current operating profit	**-2.7**	**-15.1**	**-20.8**	**-25.7**	**-25.8**	**-15.1**
% of Sales	-24.9	-149.8	-146.8	-142.6	-143.4	-43.2
Non-recurring items	0.0	0.0	0.0	0.0	0.0	0.0
EBIT	-2.7	-15.1	-20.8	-25.7	-25.8	-15.1
Net financial result	-0.1	4.1	4.2	1.7	0.6	-0.6
Income Tax	-0.0	1.0	0.2	1.5	1.6	1.0
Tax rate (%)	-1.0	0.0	25.0	25.0	na	na
Net profit, group share	**-1.6**	**-53.3**	**-10.0**	**-20.7**	**-22.7**	**-13.9**

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	104.5	135.5	159.1	272.9
Right of Use	0.0	0.0	0.0	0.0	0.0	0.0
Financial assets	0.0	0.0	0.0	0.9	0.9	0.9
Working capital	-2.4	0.2	-7.7	-7.7	-8.5	-25.3
Other Assets	0.0	3.4	3.1	2.6	2.6	2.6
Assets	8.8	61.9	100.0	131.3	154.2	251.2
Shareholders equity group	-5.6	164.1	155.9	140.6	117.9	104.0
Minorities	0.7	14.3	14.0	18.1	15.3	15.3
LT & ST provisions and others	0.0	2.2	2.1	1.8	1.8	1.8
Net debt	13.6	-124.2	-77.4	-32.6	16.0	126.9
Other liabilities	0.0	5.9	6.2	4.2	4.2	4.2
Liabilities	8.8	61.9	100.0	131.3	154.2	251.2
Net debt excl. IFRS 16	13.6	-124.8	-106.3	-61.9	-13.4	97.5
Gearing net	-2.8	-0.7	-0.5	-0.2	0.1	1.1
Leverage	-19.5	10.4	4.4	1.6	-0.8	-13.3

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	-15.7	-18.5	-8.5
ΔWCR	-3.7	2.6	-7.9	-0.1	-0.8	-16.8
Operating cash flow	-4.0	-7.7	-18.3	-15.8	-19.3	-25.2
Net capex	-5.0	-18.2	-17.1	-40.6	-52.0	-125.0
FCF	-9.0	-25.9	-35.3	-56.3	-71.3	-150.2
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	1.4	0.0	0.0
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	9.9	0.0	0.0
Others	0.8	-2.3	0.0	0.0	0.0	0.0
Change in net cash over the year	-9.3	65.3	-34.0	-45.0	-71.3	-150.2

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Analyst certifications

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Methodology

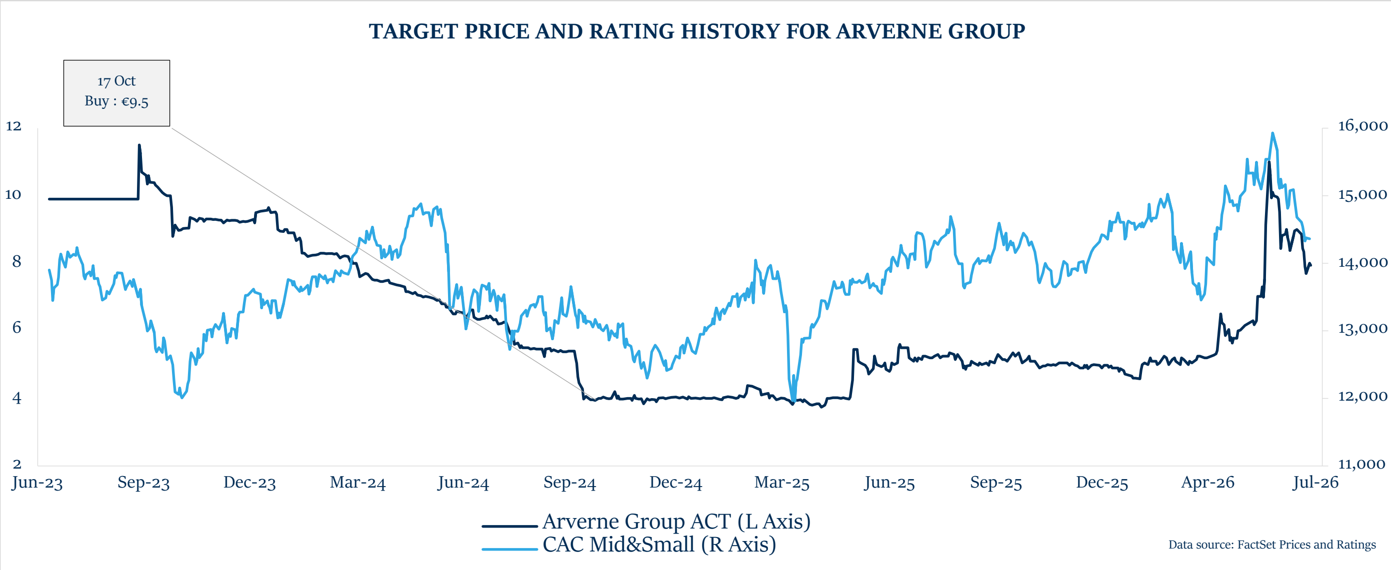
This Report may mention evaluation methods defined as follows:

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.

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

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
16 Jun 26 - 07:41:37	Veneta Nikolova	€ 9.50	€ 9.50	€ 8.80	Buy	Buy
18 May 26 - 22:51:02	Veneta Nikolova	€ 9.50	€ 9.50	€ 7.02	Buy	Buy
10 May 26 - 03:58:24	Veneta Nikolova	€ 9.50	€ 9.50	€ 6.24	Buy	Buy
08 Apr 26 - 08:15:26	Veneta Nikolova	€ 9.50	€ 9.50	€ 5.28	Buy	Buy
26 Mar 26 - 06:48:01	Veneta Nikolova	€ 9.50	€ 9.50	€ 5.20	Buy	Buy
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

Distribution of Investment Ratings

Rating	Recommendation Universe*	Portion of these provided with investment banking services**
Buy	71%	72%
Hold	19%	61%
Sell	4%	50%
Under review	6%	78%

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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