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MIDCAP

EQUITY RESEARCH

ARVERNE GROUP ACT

BUY

NEWS
Company call

TP 9.5€
Up/Downside: 16%

Successful Completion of the €70m Bond Issue

This first step in financing the Dual Flow plan comes at an opportune time, in our view, as it strengthens Arverne's financial visibility while its two key growth drivers — geothermal energy and geothermal lithium — are benefiting from increasing regulatory support across France and Europe. The development of the Lithium de France project and the geothermal portfolio will rely on a combination of equity, debt, subsidies and, depending on the project, strategic partnerships, notably with Equinor and Banque des Territoires.

Strong Support from Existing Investors

The €70m ORANE issue was subscribed by shareholders and financial partners already heavily committed to Arverne, collectively representing 53.75% of the share capital. Geogreen, the holding company controlled by Pierre Brossollet and RGreen Invest, contributed €37m, accounting for more than half of the funds raised. Bpifrance invested €20m, followed by Eiffel Essentiel Invest (€6m), ADEME Investissement (€4m) and Crédit Mutuel Equity (€3m). The ORANEs carry a 7% annual coupon, fully capitalised, and may be redeemed in cash, Arverne shares or through the transfer of holdings in Lithium de France and 2gré. In our view, the composition of the investor group sends a strong signal of confidence in the Group's strategy and its ability to enter a new phase of development.

Confidence Supported by Progress at Lithium de France

This confidence is underpinned by a portfolio of nearly 100 deep geothermal projects (with a target of signing €400m of long-term geothermal contracts in 2026), as well as by the progress achieved at Lithium de France, which could ultimately account for around three-quarters of Group revenue. Lithium de France is continuing well-testing operations at the Schwabwiller site, having recently entered Phase 5 of its temperature profiling programme. During Q3 26, Arverne plans in particular to bring the geothermal doublet into operation, connect the industrial demonstrator, qualify the sorbents, validate the Direct Lithium Extraction (DLE) process and advance Front-End Engineering Design (FEED) studies. Q4 26 is expected to include several key milestones for the project, including publication of a first reserve certification report, validation of battery-grade specifications for Renault and the results of the Definitive Feasibility Study (DFS). This sequence represents one of the key catalysts for the investment case over the coming months, with the potential to improve visibility on recoverable resources, industrial performance and the project's overall economic viability.

An Increasingly Supportive Regulatory Environment

The fundraising comes as the regulatory backdrop becomes increasingly favourable for geothermal energy. In France, the publication of the third National Low-Carbon Strategy (SNBC3) reinforces the central role of geothermal heat pumps in decarbonising the building sector, while transport electrification targets are expected to support long-term lithium demand. At the European level, the Electrification Action Plan presented on 17 July includes the creation of a Geothermal Stakeholders Partnership aimed at accelerating the development of the sector. These initiatives complement recent measures introduced in France, including the increase in regulatory thresholds for shallow geothermal projects and the sector's eligibility for Energy Savings Certificates (CEE).

Research partially paid by the Issuer

Key data	
Price (€)	8.2
Industry	Utilities
Ticker	ARVEN-FR
Shares Out (m)	42.076
Market Cap (m €)	344.2
Next event	RS1-26 = sept 2026

Source: FactSet

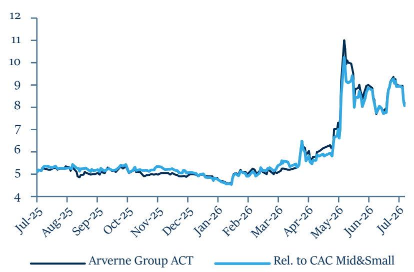
Ownership (%)	
Geogreen	25.8
Fondateurs du SPAC Transition	20.2
ADEME Investissement	9.3
Free float	14.1

Source: TPICAP Midcap estimates

EPS (€)	12/25e	12/26e	12/27e
Estimates	-0.59	-0.72	-0.89
Change vs previous estimates (%)	na	na	na

Source: TPICAP Midcap estimates

Performance (%)	1D	1M	YTD
Price Perf	-1.7	-1.9	66.9
Rel CAC Mid&Small	-2.6	-3.3	64.3



Source: FactSet

TP ICAP Midcap Estimates	12/24	12/25e	12/26e	12/27e
Sales (m €)	14.1	18.0	18.0	25.0
Current Op Inc (m €)	-20.8	-25.7	-25.8	-29.1
Current op. Margin (%)	na	na	na	na
EPS (€)	-0.29	-0.59	-0.72	-0.89
DPS (€)	0.00	0.00	0.00	0.00
Yield (%)	0.0	0.0	0.0	0.0
FCF (m €)	-35.3	-56.3	-90.3	-235.1

Valuation Ratio	12/25e	12/26e	12/27e
EV/Sales	17.3	19.8	na

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

Analyst
Veneta Nikolova
veneta.nikolova@tpicap.com
+33173030972

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	25.0
Changes (%)	-15.0	-5.8	40.2	27.2	0.0	38.9
Gross profit	10.9	13.6	19.7	26.7	27.5	33.1
% of Sales	102.2	134.8	139.1	148.4	152.9	132.2
EBITDA	**-0.7**	**-11.9**	**-17.7**	**-20.0**	**-20.8**	**-23.5**
% of Sales	-6.5	-118.2	-125.3	-110.9	-115.6	-93.8
Current operating profit	**-2.7**	**-15.1**	**-20.8**	**-25.7**	**-25.8**	**-29.1**
% of Sales	-24.9	-149.8	-146.8	-142.6	-143.4	-116.2
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	-29.1
Net financial result	-0.1	4.1	4.2	1.7	-1.7	-5.1
Income Tax	-0.0	1.0	0.2	1.5	1.8	2.5
Tax rate (%)	-1.0	0.0	25.0	25.0	na	na
Net profit, group share	**-1.6**	**-53.3**	**-10.0**	**-20.7**	**-24.9**	**-30.8**

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	58.6	105.3	136.3	153.8	314.6
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	-20.9
Other Assets	0.0	3.4	3.1	2.6	2.6	2.6
Assets	8.8	62.3	100.8	132.1	148.9	297.3
Shareholders equity group	-5.6	164.1	155.9	140.6	115.7	84.9
Minorities	0.7	14.3	14.0	18.1	15.3	15.3
LT & ST provisions and others	0.0	2.6	3.0	2.7	2.7	2.7
Net debt	13.6	-124.2	-77.4	-32.6	11.9	191.2
Other liabilities	0.0	5.5	5.3	3.3	3.3	3.3
Liabilities	8.8	62.3	100.8	132.1	148.9	297.3
Net debt excl. IFRS 16	13.6	-124.8	-106.3	-61.9	-17.5	161.8
Gearing net	-2.8	-0.7	-0.5	-0.2	0.1	1.9
Leverage	-19.5	10.4	4.4	1.6	-0.6	-8.2

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	-19.5	-22.7
ΔWCR	-3.7	2.6	-7.9	-0.1	-0.8	-12.4
Operating cash flow	-4.0	-7.7	-18.3	-15.8	-20.3	-35.1
Net capex	-5.0	-18.2	-17.1	-40.6	-70.0	-200.0
FCF	-9.0	-25.9	-35.3	-56.3	-90.3	-235.1
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	70.0	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	-7.0	80.0	-35.2	-47.8	-20.3	-235.1

DISCLAIMER

Analyst certifications

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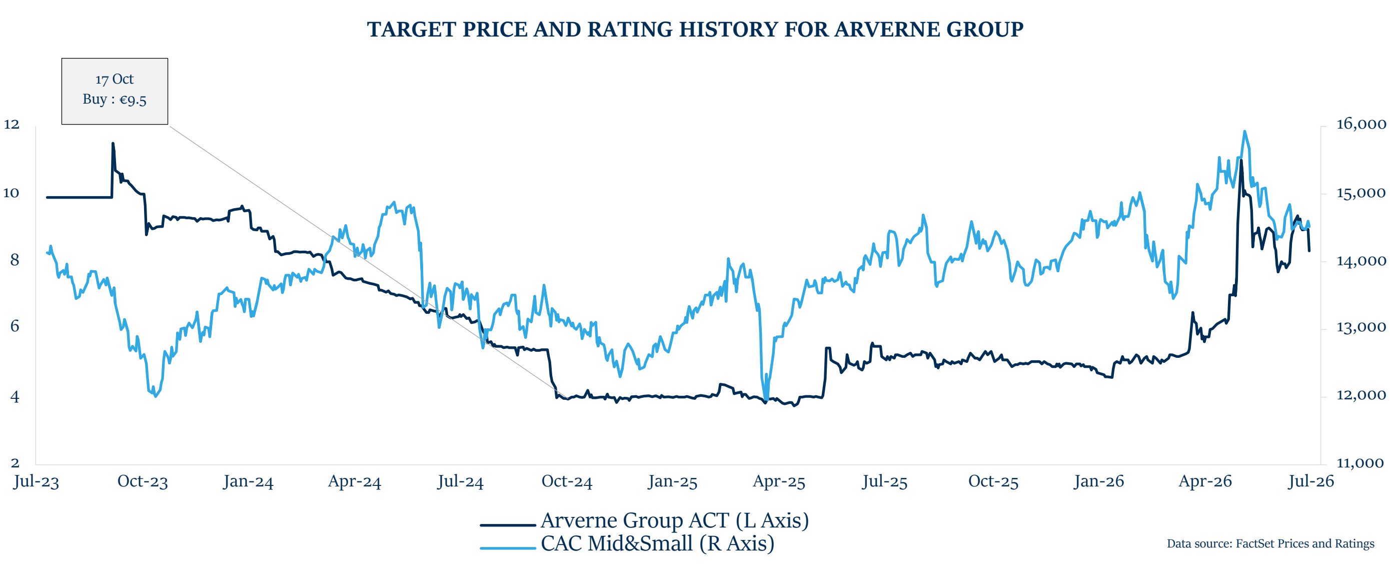
Methodology

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
02 Jul 26 - 07:10:02	Veneta Nikolova	€ 9.50	€ 9.50	€ 7.96	Buy	Buy
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	70%	74%
Hold	21%	59%
Sell	3%	40%
Under review	6%	80%

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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