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Document produced on
11 October 2026 at 9:50pm CET
Document published on
11 October 2026 at 9:21am CET

MIDCAP

EQUITY RESEARCH

ARVERNE GROUP ACT

NEWS
Company call

BUY

TP 9.5€
Up/Downside: 67%

Lithium de France Joins the Circle of European Strategic Projects

The designation of Lithium de France as a European Strategic Project under the Critical Raw Materials Act (CRMA) marks the entry of Arverne's geothermal lithium project into the select group of assets considered essential by the European Commission for industrial sovereignty and the security of the European battery value chain. The next key milestone will be to demonstrate whether this recognition can translate, as it did for Vulcan Energy, into improved access to infrastructure financing from banks and institutional lenders.

From a French Project to a Strategic European Infrastructure Asset

The European Commission selected Lithium de France as one of 46 Strategic Projects, including only six lithium-related initiatives. The project stands out as one of the few assets covering the entire value chain, from extraction to refining, alongside projects such as Neptune Energy Innovation (ALE/Altmark Lithium Extraction) and Zinnwald Lithium in Germany. This vertically integrated approach directly supports the CRMA's objectives, which target by 2030 the domestic supply of 10% of Europe's critical raw material extraction, 40% of processing capacity and 25% of recycling requirements. Following its designation as a *Grand Projet Stratégique* in France, Lithium de France is now recognised as a key component of Europe's battery supply chain.

No Automatic Funding, but a Potential Financing Catalyst

CRMA Strategic Project status does not provide funding in itself. Its primary benefits lie in two areas: accelerated and coordinated permitting procedures through a one-stop-shop framework, and enhanced visibility among European financing institutions, particularly the European Investment Bank. The label therefore improves access to potential funding sources without constituting any financing guarantee. This is particularly relevant for Arverne, as the development of Lithium de France is expected to require approximately €1.8-1.9bn of capex, making the completion of the Definitive Feasibility Study (DFS) and the structuring of project financing the main value-creation milestones ahead.

Vulcan: A Useful Benchmark, but at a Much More Advanced Stage

The experience of Vulcan Energy illustrates that CRMA status can facilitate access to European financing, although funding capacity remains primarily linked to project maturity. When Vulcan's Lionheart Project obtained Strategic Project status in March 2025, the project was already substantially de-risked, with a completed DFS, secured offtake agreements and advanced discussions with lenders. Nine months later, Vulcan announced FID (Final Investment Decision) alongside a €2.2bn financing package, including a €250m EIB loan, support from five export credit agencies and seven commercial banks. Strategic Project status therefore strengthened the credibility of an already financeable project rather than creating the conditions for financing on its own.

A Positive Step, but Key Technical and Financing Milestones Remain Ahead

Lithium de France remains at an earlier stage of development, with several critical milestones still to be achieved, including DLE technology validation at industrial scale, publication of the DFS and further progress on environmental and social permitting studies. In this context, CRMA Strategic Project status should primarily be viewed as an additional layer of regulatory and financing de-risking that could facilitate future access to European funding sources. As demonstrated by the Vulcan case, large-scale institutional financing typically materialises only once technical and economic viability has been conclusively demonstrated.

TP ICAP Midcap Estimates	12/25	12/26e	12/27e	12/28e
Sales (m €)	18.0	14.5	25.0	46.2
Current Op Inc (m €)	-25.7	-25.9	-25.6	-21.0
Current op. Margin (%)	na	na	na	na
EPS (€)	-0.59	-0.72	-0.79	-0.62
DPS (€)	0.00	0.00	0.00	0.00
Yield (%)	0.0	0.0	0.0	0.0
FCF (m €)	-56.3	-91.2	-108.4	-94.3

Valuation Ratio	12/26e	12/27e	12/28e
EV/Sales	17.3	11.9	7.1

Source: TPICAP Midcap

Research partially paid by the Issuer

Key data	
Price (€)	5.7
Industry	Utilities
Ticker	ARVEN-FR
Shares Out (m)	42.076
Market Cap (m €)	239.8
Next event	RA 26 = mars 2027

Source: FactSet

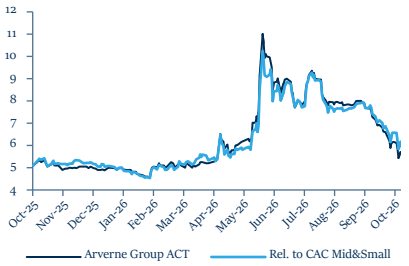
Ownership (%)	
Geogreen	25.5
Fondateurs du SPAC Transition	19.9
ADEME Investissement	9.2
Free float	16.0

Source: TPICAP Midcap estimates

EPS (€)	12/26e	12/27e	12/28e
Estimates	-0.72	-0.79	-0.62
Change vs previous estimates (%)	na	na	na

Source: TPICAP Midcap estimates

Performance (%)	1D	1M	YTD
Price Perf	4.8	-25.6	16.3
Rel CAC Mid&Small	3.4	-20.9	25.7



Source: FactSet

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FINANCIAL DATA

Income Statement	12/23	12/24	12/25	12/26e	12/27e	12/28e
Sales	10.1	14.1	18.0	14.5	25.0	46.2
Changes (%)	-5.8	40.2	27.2	-19.4	72.4	84.8
Gross profit	13.6	19.7	26.7	27.5	36.5	55.3
% of Sales	134.8	139.1	148.4	189.6	146.0	119.6
EBITDA	**-11.9**	**-17.7**	**-20.0**	**-20.9**	**-20.0**	**-13.0**
% of Sales	-118.2	-125.3	-110.9	-143.8	-80.0	-28.2
Current operating profit	**-15.1**	**-20.8**	**-25.7**	**-25.9**	**-25.6**	**-21.0**
% of Sales	-149.8	-146.8	-142.6	-178.3	-102.4	-45.6
Non-recurring items	0.0	0.0	0.0	0.0	0.0	0.0
EBIT	-15.1	-20.8	-25.7	-25.9	-25.6	-21.0
Net financial result	4.1	4.2	1.7	-1.7	-5.1	-7.0
Income Tax	1.0	0.2	1.5	1.8	2.5	3.5
Tax rate (%)	0.0	25.0	25.0	na	na	na
Net profit, group share	**-53.3**	**-10.0**	**-20.7**	**-24.9**	**-27.4**	**-21.4**

Financial Statement	12/23	12/24	12/25	12/26e	12/27e	12/28e
Goodwill	0.0	0.0	0.0	0.0	0.0	0.0
Tangible and intangible assets	58.6	105.3	136.3	153.8	188.2	201.2
Right of Use	0.0	0.0	0.0	0.0	0.0	0.0
Financial assets	0.0	0.0	0.9	0.9	0.9	0.9
Working capital	0.2	-7.7	-7.7	-9.4	-23.5	-27.9
Other Assets	3.4	3.1	2.6	2.6	2.6	2.6
Assets	62.3	100.8	132.1	148.0	168.3	176.9
Shareholders equity group	164.1	155.9	140.6	115.7	88.3	66.9
Minorities	14.3	14.0	18.1	15.3	15.3	16.6
LT & ST provisions and others	2.6	3.0	2.7	2.7	2.7	2.7
Net debt	-124.2	-77.4	-32.6	11.1	58.7	87.4
Other liabilities	5.5	5.3	3.3	3.3	3.3	3.3
Liabilities	62.3	100.8	132.1	148.0	168.3	176.9
Net debt excl. IFRS 16	-124.8	-106.3	-61.9	-18.3	29.4	58.0
Gearing net	-0.7	-0.5	-0.2	0.1	0.6	1.0
Leverage	10.4	4.4	1.6	-0.5	-2.9	-6.7

Cash flow statement	12/23	12/24	12/25	12/26e	12/27e	12/28e
CF after elimination of net borrowing costs and taxes	-10.3	-10.4	-15.7	-19.6	-19.2	-9.9
ΔWCR	2.6	-7.9	-0.1	-1.6	-14.1	-4.4
Operating cash flow	-7.7	-18.3	-15.8	-21.2	-33.4	-14.3
Net capex	-18.2	-17.1	-40.6	-70.0	-75.0	-80.0
FCF	-25.9	-35.3	-56.3	-91.2	-108.4	-94.3
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	7.4	-0.6	-1.4	70.0	0.0	0.0
Dividends paid	0.0	0.0	0.0	0.0	0.0	0.0
Repayment of leasing debt	-0.2	0.0	0.0	0.0	0.0	0.0
Equity Transaction	98.2	0.7	9.9	0.0	0.0	0.0
Others	-2.3	0.0	0.0	0.0	0.0	0.0
Change in net cash over the year	80.0	-35.2	-47.8	-21.2	-108.4	-94.3

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Methodology

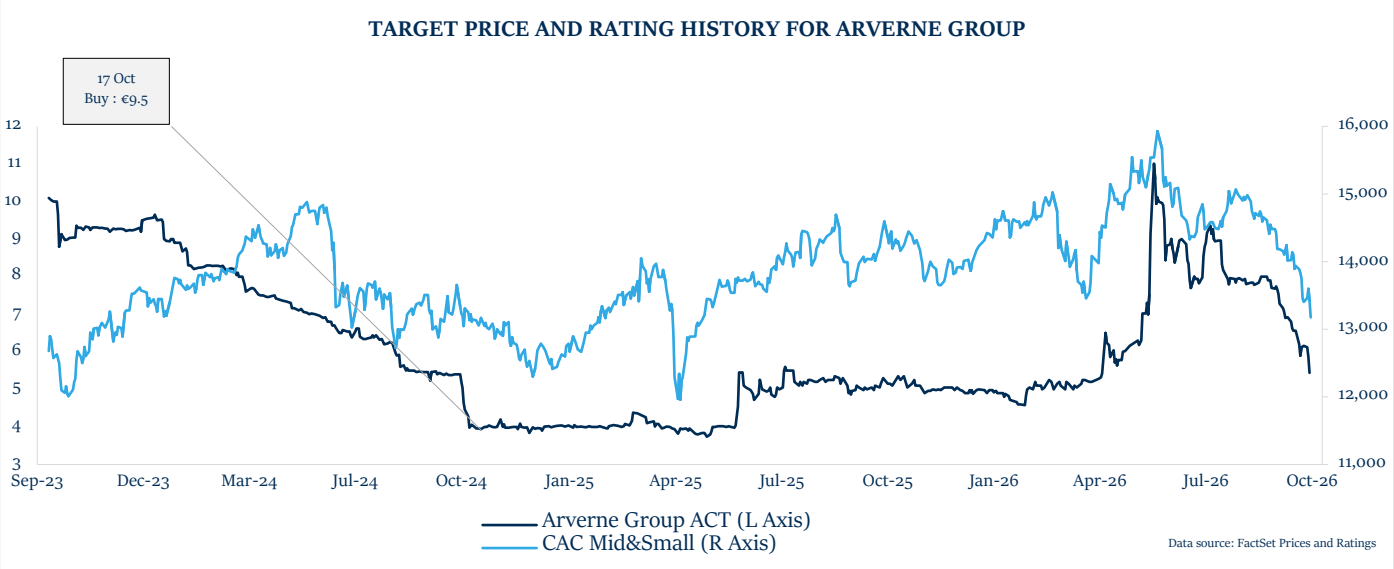
This Report may mention evaluation methods defined as follows:
1. DCF method: discounting of future cash flows generated by the company's operations. Cash flows are determined by the analyst's financial forecasts and models. The discount rate used corresponds to the weighted average cost of capital, 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

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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 Oct 26 - 07:53:57	Veneta Nikolova	€ 9.50	€ 9.50	€ 6.12	Buy	Buy
24 Sep 26 - 07:17:45	Veneta Nikolova	€ 9.50	€ 9.50	€ 6.56	Buy	Buy
14 Sep 26 - 08:25:20	Veneta Nikolova	€ 9.50	€ 9.50	€ 7.28	Buy	Buy
04 Sep 26 - 07:02:03	Veneta Nikolova	€ 9.50	€ 9.50	€ 7.90	Buy	Buy
27 Jul 26 - 05:08:07	Veneta Nikolova	€ 9.50	€ 9.50	€ 8.18	Buy	Buy
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

Distribution of Investment Ratings

Rating	Recommendation Universe*	Portion of these provided with investment banking services**
Buy	69%	77%
Hold	22%	58%
Sell	4%	33%
Under review	5%	88%

Midcap employs a rating system based on the following:
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