

Pau, 28 March 2024

Mission-driven Company, Arverne Group announces its first achievements in line with its strategy and targets

A portfolio of Exclusive Exploration Permits (geothermal and geothermal lithium) totalling a global acreage that increases from 171 square km to 2,852 square km¹

A strong financial structure with the successful IPO on Euronext Paris (September 2023)

**Upgrading of the industrial tool, strengthened team with key skills
Gross business volume² of €11.9 million (+9%)**

OUTLOOK

Restating 2027 and 2030 ambitions in geothermal energy and geothermal lithium

Increase of the drilling rig fleet

Gross business volume to reach between €16 million and €18 million at the end of 2024, +35% to +50% growth

¹ Total acreage of the permits (PER) of which 2.530km² coming from the acquisition of Géorhin and in a renewal process

² Includes 50% of the turnover of DrillHeat (1.8M€), unconsolidated subsidiary operated by Arverne Group who owns a 50% share

Pau, March 28, 2024 - Arverne Group, a French industrial company specialized in the production of underground resources, publishes its 2023 annual results:

- Increase of the Exclusive Exploration Permit portfolio (geothermal energy and geothermal lithium), raising the secured acreage from 171 km² to 2,852 km²;
- A strong financial position with net cash amounting to €131.5 million at year end;
- 9% increase in gross business volume to €11.9 million, including €1.8 million generated by the shallow drilling activities of DrillHeat, an unconsolidated subsidiary operated by Arverne Group which owns a 50% share;
- Consolidated revenues reaching €10.1 million;
- A key year of structuring, with total headcount increasing to 142 employees (160 including 18 within DrillHeat) at end of 2023, + 70% compared to the end of 2022 in order to support the Group's 2030 targets.

"We are very pleased with the operational milestones reached in 2023. Arverne Group has grown significantly and strengthened its operational and financial performance capacity, enabling the Group to mobilize the resources needed to achieve its ambitious goals by 2030, and to become one of the major players in European geothermal energy and geothermal lithium. The teams are very proud to be part of a mission-driven company and developing energy transition solutions," says Pierre Brossollet, Founder, Chairman and CEO of Arverne Group.

The Company's key achievements over the past year:

- two major financial operations including a successful IPO on Euronext Paris (gross amount of around €185 million raised) with strategic financial and industrial partners;
- increase in the number of Exclusive Exploration Permits (geothermal energy and geothermal lithium), bringing the portfolio to eight PER and the total acreage from 171km² to 2,852km², in particular by completing the acquisition of GéoRhin, renamed 2gré;
- the deployment of approximately €50 million of CapEx mainly to accelerate the expansion of the drilling rig fleet;
- the ongoing testing and trials in partnership with the Norwegian group Equinor in order to select the most suitable Direct Lithium Extraction technique (DLE) for Alsace's brines in 2024;
- the signature with Renault Group of a contract for the sale of battery-grade lithium, with the first lithium production planned for 2027;

- the implementation of Arverne Group's mission, as a mission-driven company, with the setup of 10 operational targets and extra-financial commitments regarding climate and environment, employees' well-being and the development of the local communities where the Group operates.

Arverne Group's mission and the definition of extra-financial targets

2023 was the year of the implementation of Arverne Group's mission. By deciding to become a mission-driven company voluntarily in 2022, the Group confirmed its engagement to deeply anchor CSR in its business model. Arverne Group is determined to play an active part in the ecological transition, while ensuring that it benefits as many people as possible, in particular its employees and the regions in which it operates.

After including its raison d'être in its articles of association in 2022, the Group set up its Mission Committee in 2023 (composed of 2 external members and 2 employees) and defined 10 operational targets. These extra-financial commitments are based on three pillars to which Arverne Group is committed to reinforce its actions: the climate and the environment, the well-being of its employees and the development of the regions in which the Group operates.

The implementation of Arverne Group's mission and the deployment of its operational targets in 2023 have been audited by an independent third-party. In its audit report, which will be appended to the Group's annual report, the auditor concluded that all the social and environmental objectives had been met.

Furthermore, in addition to implementing its roadmap as a mission-driven company, the Group has included CSR criteria in the variable part of the corporate officers' compensation for 2024, taking into account:

- a safety target;
- a carbon assessment, followed by the definition of targets for limiting greenhouse gas emissions;
- actions aimed at promoting diversity, and
- training programs for the employees.

Strong commercial momentum driven by shallow drilling that confirms the Group's execution capacities

<i>In thousands of euros</i>	12/31/2023	12/31/2022	Change
Deep drilling (Arverne Drilling Services)	9,835	10,403	-6%
Other	258	313	-17%
Consolidated revenues	10,092	10,717	-6%
Shallow drilling (DrillHeat)	1,835	220	x8.3
Gross business volume	11,927	10,937	+9%

The gross business volume shows a +9% increase to reach €11.9 million. A key indicator, this activity performance that aggregates all the billings of each subsidiary and restated for the consolidation effects, confirms the Group's abilities to realize the coming drilling operations both internally and for external customers in accordance with its development plan.

This performance includes the business generated by DrillHeat for €1.8 million. Operated by Arverne Group which owns a 50% share, DrillHeat's full year 2023 turnover (€3.7 million) is not recognised in the consolidated revenues for the 2023 financial year, but clearly shows the Group's step up in the drilling segment. DrillHeat drilled more than 33,000 meters, laid 196 geothermal probes, and operated 3 drilling machines.

Consolidated revenues at the end of 2023 totalled €10.1 million, down 6% compared to the previous financial year. This is explained by the temporary suspension of a well maintenance campaign. The revenues were generated by supplying drilling equipment and skilled labour.

The subsidiaries Lithium de France (62.6% owned by Arverne Group) and 2gré (a 100% company acquired in March 2023) are continuing their investments, with the aim of producing geothermal heat for the first time in 2025 for 2gré, and geothermal lithium for the first time in 2027 for Lithium de France.

Operating income in line with the Group’s structuring strategy, non-cash items related to the merger with the SPAC Transition that impact the net income

The Company strengthened its teams with a total headcount (FTE) increasing from 86 to 142 employees between the end of 2022 and the end of 2023, resulting in an increase in personnel expenses to €13.1 million (x2.3 compared to 2022). This underscores firstly the increase in the drilling order book, and secondly the strengthening of the skills required for the investment program announced by the Group. Personnel expenses include a €2.3 million expense for the allocation of free shares to all employees.

<i>In thousands of euros</i>	12/31/2023	12/31/2022
Revenues	10,092	10,717
Purchasing and subcontracting	-11,410	-6,268
Personnel expenses	-13,110	-5,786
Taxes and duties	-292	-207
Other income and expenses	2,791	846
Current EBITDA³ (excl. exceptional items)	-11,928	-699
Depreciation and provisions	-1,898	-1,968
Current operating income	-13,826	-2,667

After taking into account this scheduled investment phase, in order to strengthen the Company’s headcount, the current EBITDA (excluding exceptional items) amounts to -€11,9 million. The net income stands at -€53.8 million mainly because of a -€54.1 million non-cash impact that relates to the listing costs incurred with the SPAC merger with Transition⁴. Excluding this non-cash impact, the net income would have been close to breakeven.

Strong growth in assets

Total assets rose sharply in 2023, from €20.7 million to €219.5 million.

This change mainly reflects:

- **the investments made over the period (total fixed assets increasing from €11.2 million to €58.6 million)** in particular the acquisition of new Exclusive Exploration Permits (PER) for geothermal projects by 2gré, the development of

³ Corresponds to the current operating income before depreciation

⁴ Immediate recognition as expenses of all the preference shares not taking into account the reaching of the minimum threshold for each category of them to be converted

- projects combining geothermal energy and geothermal lithium production (Lithium de France), as well as the acquisition of a deep drilling rig (€10.3 million);
- **the successful completion of two major financial operations (gross cash flow which increases from €3.2 million to €143.2 million)**, which secured the required financial flexibility to pursue the investments announced by the Company:
 - a series B funding round of €44 million, with the following participants:
 - Equinor Ventures for €7 million (the investment subsidiary of the first Scandinavian energy group that had already invested in 2022 as part of a series A round);
 - Norsk Hydro as a new shareholder for €17 million (a global Norwegian player with strong presence in aluminium, energy and metal recycling sectors);
 - Arverne Group for €20 million.
 - €162 million raised from financial and industrial investors in the context of the IPO on Euronext Paris

A robust financial structure

The shareholders' equity increased sharply to €178.4 million at the close of the financial year (-€4.9 million on December 31, 2022). The main explanation is the €162 million raised by Arverne Group.

With a low indebtedness of €11.8 million, mainly resulting from the financial liabilities (€7.5 million) taken over with the GéoRhin acquisition, **the net cash position shows a large surplus of €131.5 million**, allowing the Group to execute its investment program.

Targets for 2024

Arverne Group's financial targets and operational structuring milestones for 2024 are:

- **a gross business volume of between €16 million and €18 million**, i.e. growth of between +35% and +50% compared to 2023. This performance will be again mainly driven by the drilling activity, which already includes strong growth secured by the signature of commercial contracts;
- **CapEx deployment** of around €50 million;
- **a pre-feasibility** study (PFS), a key step that will enable to update the technical and financial assumptions relating to geothermal lithium production, and to select the type of battery-grade lithium (hydroxide or carbonate).
- **3 new filings for drilling permits**, preliminary step to sell geothermal heat;

The Group also reminds that, on the first quarter of 2024, it has been awarded a new lithium permit (Les Poteries Minérales), and announced a capitalistic partnership with Herrenknecht AG to accelerate the acquisition of drilling machines in order to meet both its own drilling needs and external customer demands.

Restatement of the 2030 ambitions

Arverne Group confirms its ambitions for 2030:

- **2024-2030**: deployment of a total gross investment program of €2,400 million, including:
 - €600⁵ million by 2gré (sale of 1.8 TWh of geothermal heat per year) and,
 - €1,800⁶ million by Lithium de France (sale of 3 TWh of geothermal heat per year, sale of 30 kt of battery-grade lithium⁷ per year).
- **2025**: first geothermal heat production,

⁵ Before subsidies

⁶ Before subsidies and 62% to be borne by Arverne Group

⁷ LCE lithium carbonate equivalent

- **2027:** first geothermal lithium production, revenues to reach between €200million and €350 million⁸ with an EBITDA margin target of around 60%,
- **2030:** revenues to reach between €800 million and €1.15 billion⁹ with an EBITDA margin target of around 70%.

Next publication: half-year 2024 results, 25 September 2024 (after trading)

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⁸ Company's assumptions: €65/MWh (heat price for 2gré), €45/MWh (heat price for Lithium de France), before consolidation impact and depending on the PFS results

⁹ Company's assumption: €25k/t LHM +/-20%, €65/MWh (heat price for 2gré), €45/MWh (heat price for Lithium de France), before consolidation impact and depending on the PFS results

Consolidated income statement

<i>In thousands of euros</i>	2023.12	2022.12
	12 months	12 months
Revenues	10,092	10,717
Other operating income	1,241	45
Capitalised production	2,841	961
Purchases consumed	-574	-774
External expenses	-10,836	-5,494
Personnel expenses	-13,110	-5,786
Taxes and duties	-292	-207
Other operating expenses	-1,291	-160
Current EBITDA (excl. exceptional items)	-11,928	-699
Depreciation and amortisation	-1,898	-1,968
Current operating income	-13,826	-2,667
Other non-current operating income	13,435	-
Other non-recurring operating expenses	-60,939	0
Operating income	-61,330	-2,667
Income from cash and cash equivalents	4,933	-
Cost of gross financial debt	-807	-125
Cost of net financial debt	4,118	-125
Other financial income	2,691	954
Other financial expenses	-272	-18
Income before tax	-54,784	-1,856
Income tax	968	-19
Income after tax	-53,816	-1,875
Share of net income of equity-accounted companies	0	0
Total net income	-53,816	-1,875
Group share	-52,035	-1,646
Share of non-controlling interests	-1,782	-228
Earnings per share	-2.34	-0.11
Diluted earnings per share	-2.34	-0.11

Consolidated balance sheet assets

<i>In thousands of euros</i>	2023.12	2022.12
	12 months	12 months
Intangible assets	39,192	4,475
Tangible assets	19,445	6,685
Financial assets	-	20
Deferred tax assets	3,448	0
Non-current assets	62,085	11,180
Inventories	413	-
Trade receivables and others	15,275	1,109
Other financial assets	1,096	72
Cash and cash equivalents	143,229	3,165
Current assets	160,012	4,346
Assets held for sale	-	5,175
Total Assets	222,097	20,701

Consolidated balance sheet liabilities

<i>In thousands of euros</i>	2023.12	2022.12
	12 months	12 months
Capital and share premium	194,301	1,157
Other reserves	21,621	-7,005
Accumulated results	-51,832	204
Non-controlling interests	14,346	748
Total shareholders' equity	178,438	-4,896
Shareholders' equity - Group share	164,092	-5,644
Borrowings and financial debt	9,904	2,242
Other provisions	1,632	44
Other non-current liabilities	3,437	-
Deferred tax liabilities	5,465	3
Total non-current liabilities	20,438	2,290
Borrowings and financial debt - current	1,856	2,934
Other provisions	992	-
Other current liabilities	20,371	12,972
Total current liabilities	23,221	15,906
Liabilities associated with assets held for sale		7,401
Total Liabilities	222,097	20,701

Cash flow statement

<i>in thousands of euros, IFRS</i>	2023	2022
Net income	-53,816	-1,875
Depreciation, amortisation and provisions net of reversals	2,262	1,966
Other changes	40,591	-667
Cash flow from operations	-10,964	-576
Changes in trade and other receivables	2,053	353
Change in trade and other payables	2,121	-503
Change in other current receivables / payables	-8,690	-307
Tax paid	130	-28
Net cash flow from operating activities	-15,349	-1,061
Acquisition of fixed assets	-15,590	-1,170
Capitalised development expenditure	-5,914	-3,978
Other changes	1,060	962
Net cash flow from investing activities	-20,444	-4,187
Capital increases	114,599	4,368
Debt issues	15,499	2,100
Loan repayments	-7,730	-130
Other changes	53,487	-892
Net cash flow from financing activities	175,856	5,446
Change in cash, and cash equivalents	140,063	197
Cash and cash equivalents as of January 1	3,165	2,654
Cash and cash equivalents as of December 31	143,227	2,851
Cash and cash equivalents associated with assets held for sale		313
Cash and cash equivalents as of December 31	143,227	3,165

About Arverne Group

Arverne Group specialises in harnessing underground resources to transform them into environmentally friendly, local and renewable energy, contributing to the prosperity of local communities. As an integrated industrial player, Arverne Group spans the entire underground value chain, from exploration to drilling and production to sales to end-users. Arverne Group aims to become the French leader in geothermal energy and its by-products, including low-carbon geothermal lithium.

Founded in Pau in 2018, Arverne Group has structured its business activities around several subsidiaries, notably 2gré (sale of geothermal heat), Lithium de France (geothermal heat and extraction and sale of geothermal lithium) and Arverne Drilling Services (drilling operations).

A mission-driven company, Arverne Group is listed on [the professional segment of Euronext Paris](#) and is part of the Tech Leaders segment of Euronext Paris (ISIN FR001400JWR8, mnemonic ARVEN).

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Disclaimer

This press release contains certain forward-looking statements that should not be regarded as historical facts. These statements are not guaranteeing of the Company's future performance. These forward-looking statements relate to the Company's future prospects, developments and marketing strategy and are based on expectations and estimates of amounts not yet determinable. Forward-looking statements are subject to a variety of risks and uncertainties, in particular those described in the merger prospectus approved by the Autorité des Marchés Financiers on July 27, 2023 under number 23-331, as they relate to future events and are dependent on circumstances that may or may not materialise in the future. In particular, the Company's actual financial position, results and cash flow, as well as the trends in the sector in which the Company operates, may differ materially from those proposed or reflected in the forward-looking statements contained in this press release. Even if the Company's financial position, results, cash-flows and developments in the sector in which the Company operates were to conform to the forward-looking statements contained in this press release, such results or developments cannot be construed as a reliable indication of the Company's future results or developments. The Company provides the information contained in this press release as of March 27, 2024, and disclaims any intention or obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

Certain figures and numbers in this press release have been rounded, therefore, the totals and percentages shown in the tables do not necessarily equal the sum of the figures, amounts or percentages rounded individually. The audit procedures have been carried-out and the statutory auditors' report on the financial statements should be released end of April 2024.

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