

Second chapter of the story begins

In May, Endomines unveiled its updated strategy for 2025–2029. The company achieved a successful turnaround during the previous strategy period, supported by favorable market conditions and solid operational execution. We believe Endomines remains on the right track moving forward while we see the new targets rather ambitious.

Gold exploration, development and mining company

Endomines is active on exploration, development and mining of gold assets located in the Karelian Gold Line in Eastern Finland. In addition to the Finnish assets, the company also holds rights to seven deposits located in the United States. The company's current strategic focus is on the Finnish operations where it produces gold concentrate in its processing facility in Pampalo and conducts exploration both in Pampalo and other parts of the Karelian Gold Line.

Targets are achievable, but the schedule is uncertain

Endomines aims to produce some 70,000–100,000 ounces of gold by around 2030, or roughly 5–7x time production of 14,304 ounces in 2024. The gold production growth is aimed to be achieved by developing the Southern Gold Line prospect into production. The schedule seems rather tight for the development, yet the company has already started permitting processes in the area and has identified resource base of approximately 270,000 ounces in the SGL. Furthermore, Endomines has a track record of successfully ramping up deposits in the area. Considering the recent financing arrangement and the favorable developments in the gold market, the annual exploration drilling expenditures of EUR 4–6 million should be well secured. Furthermore, the latest drill results from Ukkolanvaara indicate potential and may further accelerate resource growth in the Southern Gold Line.

REDUCE (prev. SELL) with a TP of EUR 27.0 (prev. EUR 24.5)

Our updated fair value range for Endomines is at EUR 24.5 – 29.2 per share. We continue to base our TP in the middle of the range derived from the sum of the parts model. The primary reason for the TP increase is the sustained strength of the gold market and the positive trend in gold prices. Although there are several positive aspects for the investment case, significant uncertainties persist, and the company's investment case will be shaped by both gold market movements and the results of exploration work in the years to come.

Rating ■ Reduce



Share price, EUR (Last trading day's closing price) **28.75**
Target price, EUR 27.0

Latest change in recommendation 09-Sep-25

Latest report on company 09-Sep-25

Research paid by issuer: YES

No. of shares outstanding, '000's 11 128

No. of shares fully diluted, '000's 11 128

Market cap, EURm 320

Free float, % 42.9 %

Exchange rate 1.0

Reuters code ENDOM.HE

Bloomberg code ENDOM FH

Average daily volume, EUR 0.2

Next interim report

Web site endomines.com/en/for-investors/

Analyst Atte Jortikka

E-mail atte.jortikka@evli.com

Telephone +358 400 543 725

■ BUY ■ ACCUMULATE ■ REDUCE ■ SELL

KEY FIGURES

	Sales EURm	EBIT EURm	EBIT %	FCF EURm	EPS EUR	P/E (x)	EV/Sales (x)	EV/EBIT (x)	FCF yield %	DPS EUR
2023	19.7	-3.0	-15.2%	-10.7	-0.55	-12.3	4.1	-26.8	-16.3%	
2024	28.7	2.6	9.1%	-11.6	0.03	293.9	3.7	40.1	-12.6%	
2025E	49.7	15.8	31.7%	3.7	0.97	29.6	6.6	20.9	1.2%	
2026E	59.1	25.5	43.2%	16.4	1.93	14.9	5.3	12.3	5.1%	
2027E	64.2	29.1	45.3%	21.1	2.22	13.0	4.5	10.0	6.6%	
Market cap, EURm	320			Gearing 2025E, %	-8.4 %			CAGR EPS 2024–27, %	324.8 %	
Net debt 2025E, EURm	9			Price/book 2025	6.2			CAGR Sales 2024–27, %	30.8 %	
Enterprise value, EURm	329			Dividend yield 2025E, %	0.0 %			ROE 2025E, %	23.2 %	
Total assets 2025E, EURm	90			Tax rate 2025E, %	4.4 %			ROCE 2025E, %	25.6 %	
Goodwill 2025E, EURm	0			Equity ratio 2025E, %	74.6 %			PEG, P/E 25/CAGR	0.8	

All the important disclosures can be found on the last pages of this report.

Investment summary

Endomines is a mining company active in exploration, development and mining of gold deposits in Finland. The company also holds rights to seven deposits in the United States. Endomines was founded in 1995 and employs 54 people (2024 average). The company has three deposits in production, underground and open-pit deposits in Pampalo and a satellite deposit in Hosko. Other Finnish assets consist of exploration and development projects along the Karelian Gold Line including the highly prospective Southern gold line. Endomines United States asset portfolio consists of several mine projects and processing facilities in Idaho and Montana.

Strong gold market has acted as a tailwind

In early 2025, gold prices surpassed 3000 USD per ounce for the first time in history, driven by heightened uncertainties resulting from the escalating global trade war. Gold spot price is now above USD 3500 per ounce, considerably higher than the levels of USD 1000 – 1400 per ounce that prevailed for most of the previous decade. During 2022–2023, the real interest rates increased at a rapid rate as the FED and ECB hiked rates. High real interest rate environment has traditionally made holding gold less desirable as fixed income instruments provide investors with competitive low-risk steady cash flow. Even though the real rates increased, the gold price did not move down accordingly, the likely reason for the dislocation being geopolitical tensions and high central bank demand witnessed during the last few years. Gold miners are very profitable at the current gold price levels as the average AISC (all-in sustaining cost) globally is less than half of the current gold spot price.

Production growth opportunities relatively limited for the coming five years...

The Pampalo mine was put into care and maintenance in 2018 because of an unfavorable market environment, with gold prices at USD 1,200–1,300 per ounce—less than half of today's levels. Following an improvement in gold prices, the company chose to invest in deepening the Pampalo mine and reopening both the mine and mill. This work was completed in late 2021, and the Pampalo mine began producing gold concentrate again in the first quarter of 2022. Endomines has increased its gold production each year since, reaching around 14,300 ounces in 2024. Under its updated 2025–2029 strategy, the company targets producing approximately 25,000 ounces annually at Pampalo by 2029, representing a 12% compound annual growth rate.

... yet long-term growth prospects remain attractive

By approximately 2030, Endomines aims to ramp-up its production to 70,000 – 100,000 ounces. The ambitious goal is targeted to be reached by commencing production in the Southern Gold Line, a prospect located some 20 kilometers south of Pampalo. Endomines expects to complete pre-feasibility study (PFS) for the prospect by H1/2027 and conclude financing negotiations and make an investment decision during 2028. Following the investment decision, construction and commissioning of the operations will take place during 2029–2030. The timeline for the Southern Gold Line ramp-up seems rather ambitious and is highly dependent on factors such as the success of exploration, permitting and ramp-up. The early positive signs from Ukkolanvaara give a positive indication of the exploration potential in the region.

United States assets remain in limbo

The company's non-core assets in the United States represent an important, though gradually diminishing, share of the total value in our sum-of-the-parts model. Endomines acquired these assets between 2018 and 2020. One of the objectives during the previous strategy period was to secure a partnership agreement in the United States, a goal that was not achieved. The company has excluded its US assets from the 2025–2029 strategy and continues to explore options for freeing up capital from these assets, leaving the future uncertain.

Company overview

Full strategic focus in Finland

The Endomines' Finnish assets are situated along the Karelian Gold Line in eastern Finland. In 2022, the company revised its strategy to make Finnish operations its core focus. Currently, Endomines operates three producing deposits in the area: Pampalo—which includes both underground and open pit mining—and Hosko, a satellite deposit. The company also owns a processing plant at Pampalo, with an annual capacity of 440,000 tonnes of ore. In addition to the Pampalo mine, its satellite deposits, and the processing plant, Endomines holds exploration rights for a 40-kilometre stretch of the Karelian Gold Line greenstone belt.

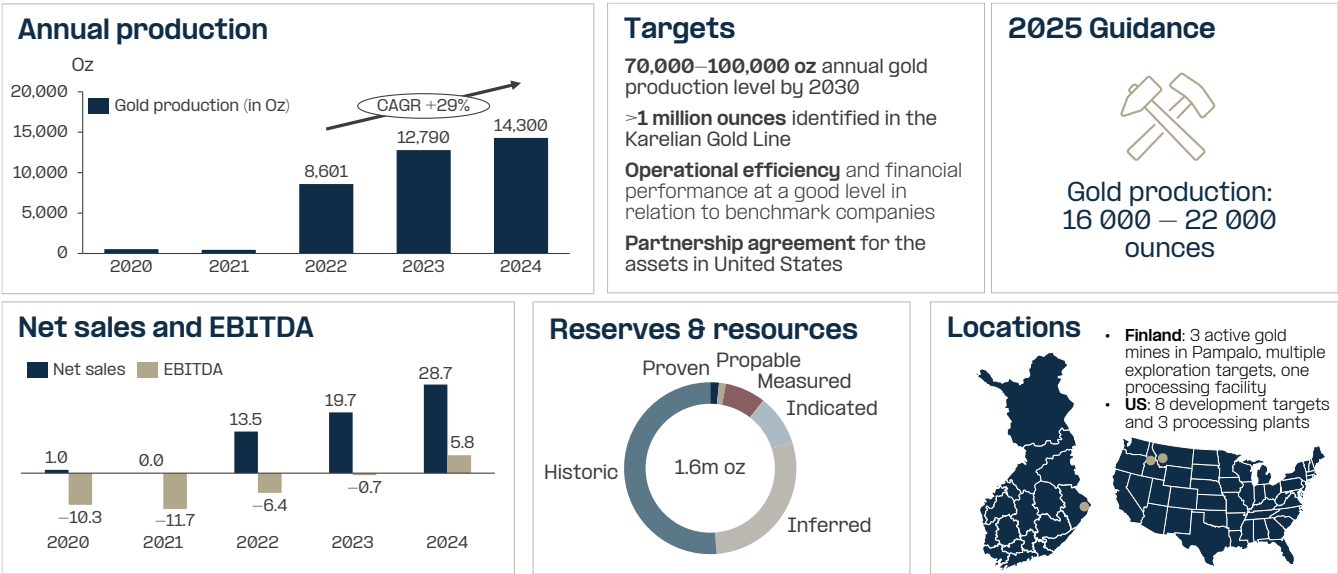
Production volumes and resources have increased in Finland

Endomines continued its strategy execution in 2024 as it increased both its production in Pampalo and carried out exploration and increased resources in the Karelian Gold Line. The company's production in Pampalo increased to 14 304 ounces, up nearly 12% from 12 790 ounces in 2023. With strong production and gold prices Pampalo's EBITDA increased to EUR 10.3m from 3.3m in 2023 and total group EBITDA increased to EUR 5.8m in 2024 from EUR -0.7m. In exploration, the company focused on both southern and northern parts of the Karelian Gold Line. As a result, resources increased by 98% in Kuittila and by 107% in Korvilansuo, both located in the southern part of the gold line. Total Southern Gold Line resources increased to nearly 270,000 ounces, up from approximately 150,000 ounces at the end of 2023. In total, Southern Gold Line resources have increased nearly 200,000 ounces in two years. In addition to the Southern Gold Line, the company was able to increase its resources in other parts of the Karelian Gold Line including Hosko and Pampalo. In Pampalo, the company's P+P reserves increased to 46 600 ounces from 32 200 ounces at the end of 2023. At the same time the total Pampalo resources increased to 122 700 ounces from 110 200 ounces in 2023 (incl. P+P reserves). In total, the resources (incl. reserves) have increased by 148% in two years to nearly 500,000 ounces of gold.

Expansion to United States proved to be costly

Endomines acquired TVL Gold in 2018, which had rights to five gold projects in Idaho, United States. The Idaho assets are located in three different mining districts: Orogrande, Warren and Marshall Lake. In 2020, Endomines acquired two mines and a processing plant in Montana, continuing its expansion in the US. The company's most developed asset in the United States, the Friday project in Idaho, suffered from ramp-up issues and has since been put into care and maintenance. The assets in the United States are not currently the primary strategic focus. Freeing up capital from the company's assets in United States acts as an opportunity for the company as it would provide capital to finance the exploration and asset development efforts in Finland. On the other hand, the US assets carry the potential risk of impairment should Endomines fail to establish a partnership agreement or proceed with the sale of these assets. One of the operational objectives included securing a partnership agreement within the United States by the close of 2023, a target that was not met. While not in the focus of the current strategy, the US assets are significant as the company has invested roughly 44m USD in the assets. The deposits are currently valued at EUR 35 million on the balance sheet, with the majority of this amount attributed to the assets located in Idaho.

Figure 1: Company overview



Source: Endomines, Evli Research

Asset portfolio

A well-balanced portfolio with assets in every development phase

Endomines owns gold mining assets spanning all stages of the mining project lifecycle: exploration targets, development projects, and deposits already in production. This puts the company in an advantageous position in the current strong gold market, as it can finance its early-stage exploration efforts through revenue from its own gold production.

Endomines develops assets from discovery to production

Endomines distinguishes itself from many junior mining companies as it aims to develop assets from the exploration phase all the way to the production phase. Exploration companies generally do not advance their assets to the production phase. Instead, they typically develop projects to the feasibility stage, at which point they sell them to mining companies. The project generally requires more capital as it progresses through the development lifecycle which small exploration companies typically lack. In addition, the skills necessary for exploration are different from those required for mining operations.

The road from discovery to production can be a long one

For a mining project to develop from exploration target to a mine site, the company must conduct geological and engineering work and assess the economic feasibility of the deposit. In the process, mineral resources are turned into ore reserves as economic and geological confidence increases. The road from discovery to producing mine is long, according to a study by S&P, discovery to production averages over 15 years based on data from over 100 mines globally. Endomines has environmental permits for three deposits other than the Pampalo underground deposit: Pampalo East, Rämepuro and Hosko. With other deposits in early exploration and development phase, the path to production can be a long journey. Issues in development and permitting satellite deposits would create possible delays and be negative for future production and cash flows. Endomines has obtained permits for four mines in the Karelian Gold Line area. Furthermore, with active production in the region, the company is well-positioned to assess the feasibility of these deposits.

Mineral resources and ore reserves are the basis of future production

Mineral resources are defined as concentration or the occurrence of solid material of economic interest that has reasonable prospects for eventual economic extraction. Resources are further divided into inferred, indicated and measured mineral resources where inferred resources have the least amount of geological confidence and measured mineral resources the most. Reserves are the economically mineable part of the measured and indicated mineral resources. There are multiple resource classification standards globally, arguably the most used standards are NI 43-101 (National Instrument 43-101, by CIM Canada) and JORC (Joint Ore Reserves Committee Code, Australia).

Half of the company's resources are classified as historic

Endomines Finnish resources are estimated according to the JORC-code, Friday & Buffalo Gulch resource are classified according to NI 43-101. Other US assets that the company owns in Idaho and Montana are classified as "historic resources" as a qualified person has not done sufficient work to classify the resources according to the NI 43-101 code. Even though the company has commented that the historic resources appear to be in general accordance with NI 43-101 standards, they do not fully comply with modern standards and therefore contain the highest amount of geological risk. A large part of the company's measured and indicated resources are in the Friday and Buffalo Gulch sites in the United States. In addition to its resources, the company has ore reserves that are exclusively located in Pampalo.

Endomines has both open pit and underground projects

Open pit mining is used to exploit near surface deposits; the deposits that exist near surface are economically more feasible to mine with an open pit as opposed to an underground operation. The advantage is based on a few attributes: powerful load, haul and dump vehicles can be used to move large volumes and much larger equipment can maneuver in open pits. These factors lead to faster production in an open pit operation. In addition to the productivity factors, an open pit mine is much faster to set up and typically demands lower initial investment cost. Average grade for an open pit gold mine is roughly 0.5–1.5 Au g/t, while the average grade for an underground gold mine is approximately 5.0–9.0 Au g/t. Buffalo Gulch, Deadwood, parts of Pampalo and the Karelian Gold Line satellite deposits are designed to be extracted via open pit method. The Idaho open pit deposits are relatively low grade as Buffalo Gulch average grade (M+I+I) is roughly 0.5 Au g/t and Deadwood historic resource grade is 0.8 Au g/t. The open pit deposits located in Finland are of higher grade; Karelian Gold Line deposits have average grade (M+I+I) of roughly 1.7 Au g/t and Pampalo open pit 1.4 Au g/t. Underground mines use different mining methods to extract the ore, including for example block caving, cut-and-fill, room-and-pillar, and stoping mining methods. The mining method chosen depends on the geology of the deposit. Pampalo underground mine uses mainly the sublevel stoping mining method, cut-and-fill mining method is only used in the Northern ore lense where the ore is associated with talc. The grade of the deposit prevents wider use of the higher cost cut-and-fill mining method, which requires cemented fill. Long-hole sublevel stoping is the most common mining method in Finland, it is suited for an ore body that is very tall and vertical or steeply dipping. In long-hole sublevel stoping, the ore body is divided into sublevels roughly 15–40 meters from each other. The ore is blasted from the different sublevels and removed from one level at the bottom.

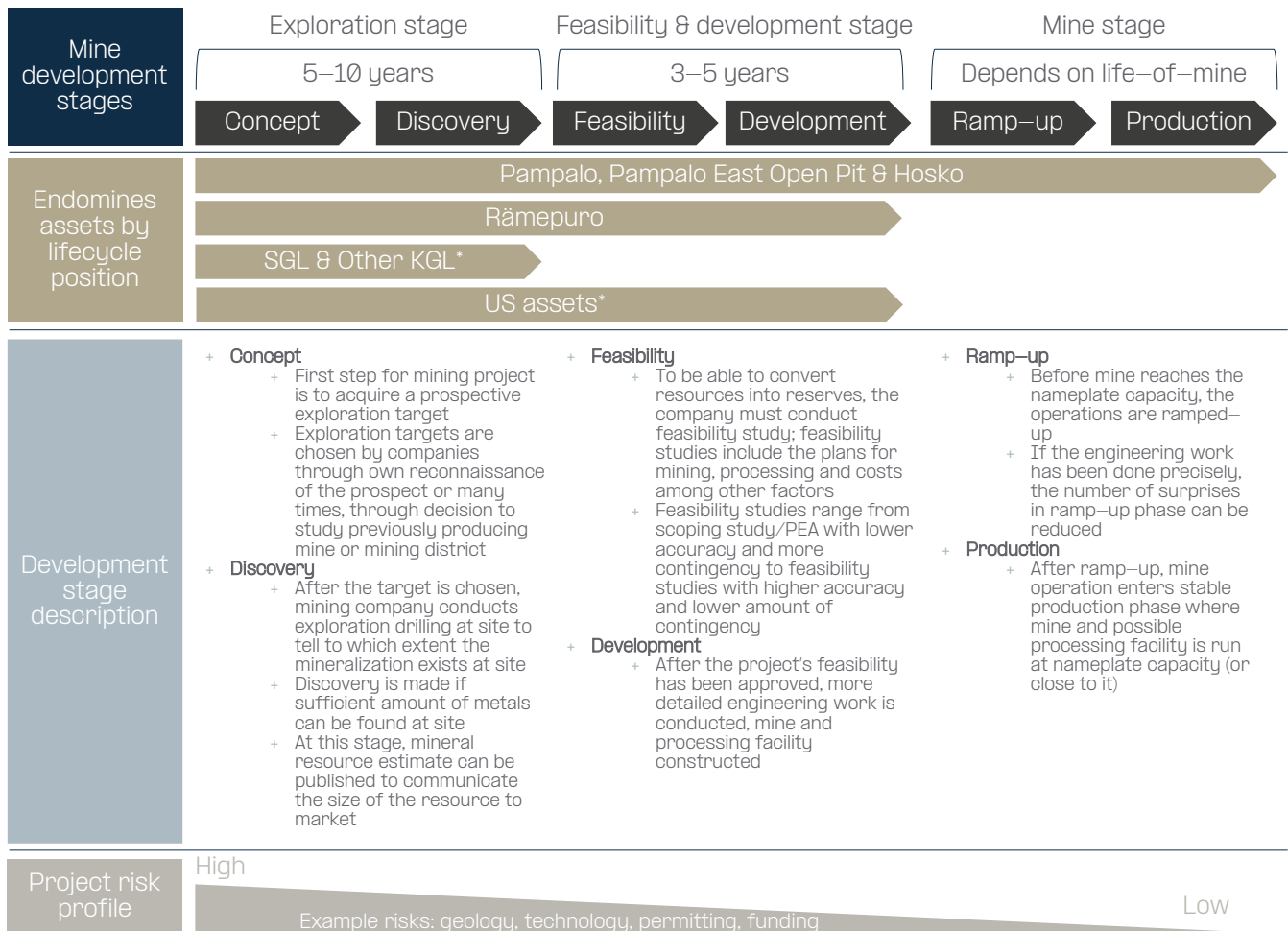
Endomines uses conventional processing methods

The processing method depends on the quality and characteristics of the ore mined. Widely used processing methods include for example gravity separation, flotation and cyanidation. Endomines does not use cyanide in its gold production. Generally, cyanidation is a processing method used in low-grade ore deposits. Due to the highly poisonous nature, usage of cyanide is banned in many jurisdictions, for example, Montana was the first US state to ban usage of cyanide at open pit mines in 1998. The low-grade open pit ore deposits in Idaho; Buffalo Gulch and Deadwood, are designed to use heap leaching processing method. Permitting is difficult for the heap leach assets mainly because of the cyanide used in the process. Concentration methods include gravity concentration and froth flotation. Both concentration methods are used in the Pampalo and US Grant processing facilities. Orogrande processing facility is designed to use froth flotation concentration method. In brief, the gravity concentration method relies on using gravity separators to separate particles based on their density while froth floatation relies on floatation machines to separate particles based on their hydrophobic nature.

Fully permitted and operating 440k ton processing facility in Pampalo

The company operates a fully functional processing facility with a nameplate capacity of 420,000 tons. Strategically located along the Karelian gold line, approximately half of this capacity remains unutilized. This enables the transition to production with comparatively modest capital investment for some of the satellite deposits, which stands as a core advantage. In 2024, Endomines started ore production in Hosko satellite deposit to improve capacity utilization in the Pampalo processing facility. We see it likely that the company aims to bring more satellite deposits into production already in the short to medium term.

Figure 2: Mine project lifecycle



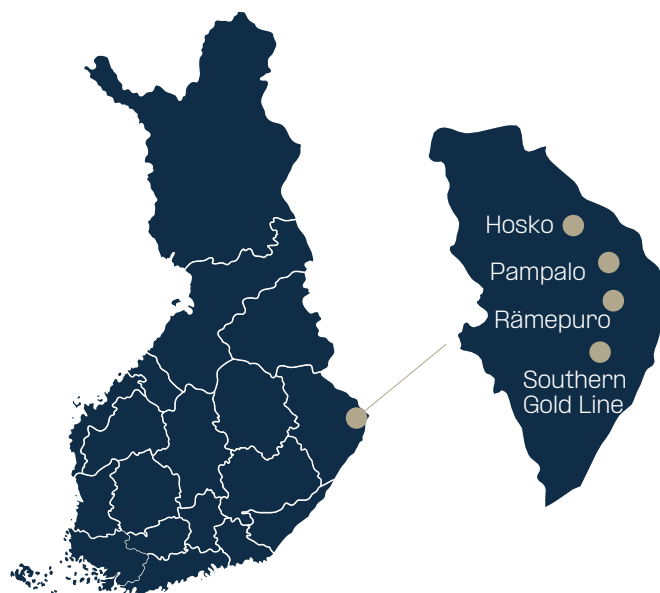
*Projects in various different development phases, SGL = Southern Gold Line, KGL = Karelian Gold Line

Source: New Age Metals, Evli Research, Endomines

Finland

Endomines' assets in Finland are situated in the Eastern part of the country, concentrated along a gold-rich greenstone belt that stretches over 40 kilometers in length and spans approximately five kilometers in width. This prolific geological zone hosts multiple gold deposits and exploration targets. At the heart of this gold-bearing region lies the Pampalo processing plant, which serves as the central hub for the company's mining and production activities. The strategy released in 2022 shifted the focus to the known satellite deposits and the exploration potential in the Karelian gold line. The company aims to identify a deposit with over 1.5–2.0 million ounces of gold resources and achieve annual gold production of approximately 70,000–100,000 ounces along the Karelian Gold Line by around 2030. Endomines aims to achieve these goals by focusing strongly on exploration, permitting and ramping up production in the Karelian Gold Line.

Figure 3: Locations of Karelian Gold Line and the most significant current deposits



Source: Endomines, Evli Research

Assets in production (Pampalo OP & UG and Hosko)

The Pampalo mine has changed ownership multiple times over the course of its history

The Pampalo gold mine is located in Eastern Finland, approximately 45 kilometers northeast of the municipality of Ilomantsi. Pampalo was first discovered by the Geological Survey of Finland (GTK) in 1990. After the initial discovery, Outokumpu Mining was the owner of the deposit from 1994 to 2003 until Dragon Mining (Polar Mining at the time) purchased the deposit. Dragon Mining held the deposit for less than five years as Endomines acquired the deposit in 2007. The first section of the Pampalo underground tunnel was mined during 1997–2003 by Outokumpu. Before the underground mine, Outokumpu operated the Pampalo open pit until 1998. Endomines commenced production in February 2011 after the mine construction project was completed in December 2010.

Production from 2011 to 2018, care and maintenance from 2018 to 2021

Endomines has historically produced approximately 10 000 to 30 000 ounces of gold per year from the Pampalo mine. Head grades have typically been between 2–4 gold grams per tonne of ore. Pampalo was put into care & maintenance in 2018 as the gold price levels at the time did not allow for economically feasible mining operation and did not support the investment needed to deepen the mine to a new production level. In 2019 gold prices started to increase from the low levels seen during 2015–2018 and in January 2021, Endomines started planning and preparations for the mine deepening because of the favorable price development.

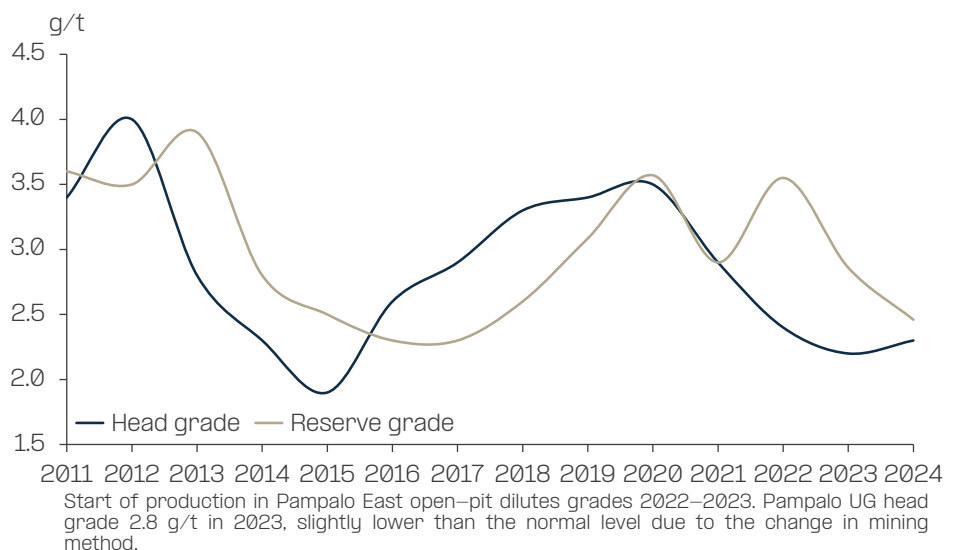
Production commenced again in late 2021

The first production area of the deep ore zone was reached in November 2021 and ore production was started. In May 2022, the company announced that it will start production in the East pit. The ore in the East pit is significantly lower grade compared to the underground mine. Mining low-grade ore is economically viable due to higher gold prices and the lower cash cost typically associated with open pit mining operations. With ore production from Pampalo underground and open pit, the company produced 8,601 ounces in 2022.

Production growth continued in 2023–2024 despite some issues

Endomines increased gold production in Pampalo by 49% to 12,790 ounces in 2023. The growth was impressive even though the company switched mining methods in the Pampalo underground mine during Q4 2023 which had a negative impact on the annual production. In 2024, growth in production continued as the company produced 14,304 ounces in total. However, production challenges were encountered again in the fourth quarter due to issues in both underground and open pit operations. Endomines exercised the option to begin production on the permitted deposits in the Karelian gold line, with production starting in Hosko in early February 2024. The company had done prior work on Hosko as it has carried out a pilot plant processing test for the deposit. According to our understanding, Hosko contributed roughly 10–20% of total production in 2024. At the end of 2024, Hosko had indicated resources of 98,000 tonnes at 3.1 g/t resulting in 9700 ounces and inferred resources of 945,000 tonnes at 1.5 g/t resulting in 44,500 ounces.

Figure 4: Pampalo production head grade vs. reserve grade, g/t



Source: Endomines, Evli Research

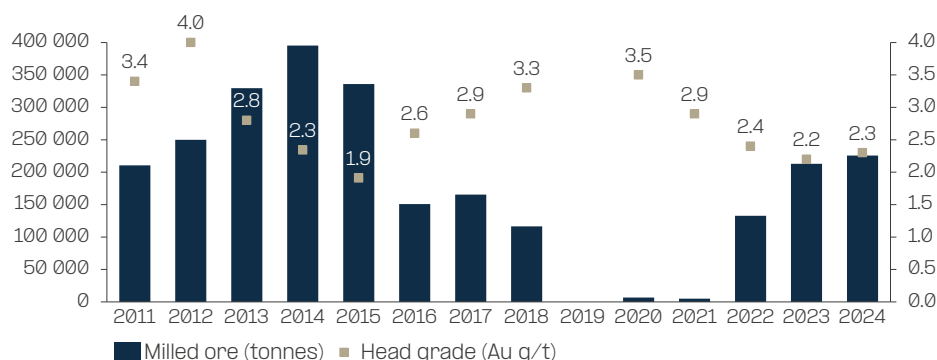
Both head grade and reserve grades have declined

The company's head grade (grade within the ore that is delivered to the mill for processing) has declined from 3.5 g/t in 2020 to 2.3 g/t in 2024. The main reason for the grade dilution has been the start of mining operations in the open pit as mentioned above. Reserve grades have followed similar development, partly explained by the fact that the rise in gold prices has made mining certain lower grade parts of the underground mine feasible.

Capacity utilization at 70% in Pampalo's processing facility

Endomines owns a processing facility at the Pampalo site capable of processing ore from both the Pampalo mine and possible other satellite mines in the Karelian gold line. Construction of the Pampalo processing plant was completed in 2009, maximum capacity of the plant is 440 000 tonnes of ore per annum. The ore is processed with conventional processing technologies. The ore from the mine is transported first to the crusher where it is crushed into smaller grain size (under 13 millimeters). After crushing, the ore goes through milling where it is milled into <0.1mm grain size. After milling, based on grain size, the material is led to gravity or froth flotation from which it is finally moved into concentrate storage after dewatering. Only 2.0 kg of gravimetric gold was produced in 2024, while total gold production was 444.9 kg. The processing facility is currently running well below the nameplate capacity as in 2024, the company processed a little over 225 000 tonnes of ore and hourly utilization was at 70%.

Figure 5: Pampalo historic milled ore tonnes (lhs) & head grade (rhs, g/t) 2011–2024

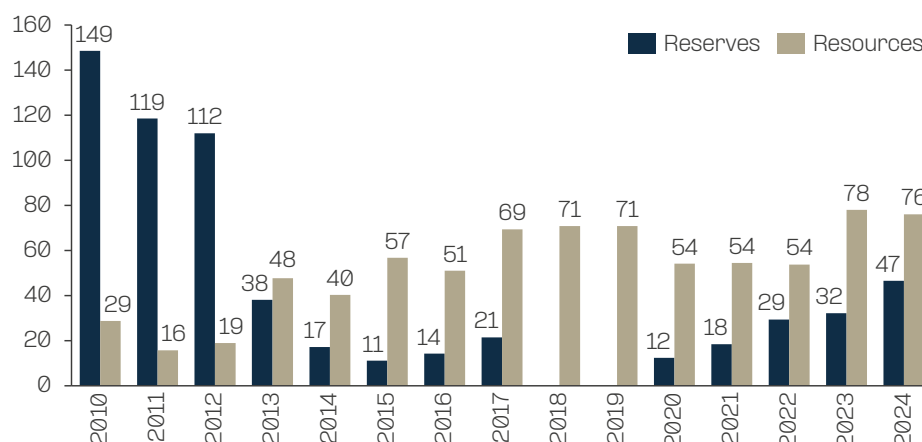


Source: Endomines, Evli Research

Geological work has been conducted by previous owners

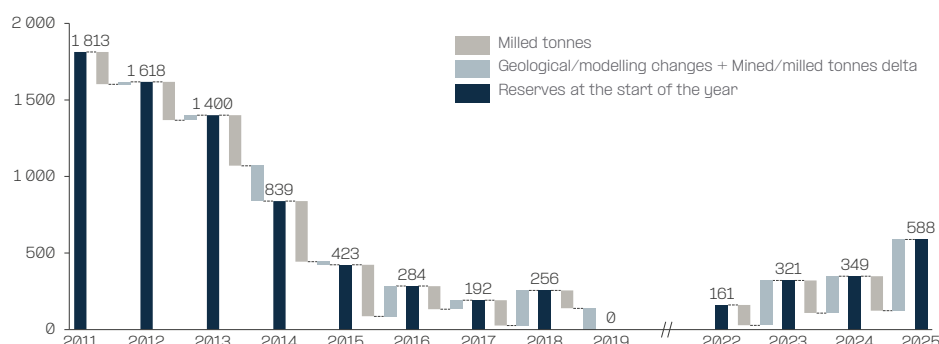
As previously mentioned, Pampalo is located among a 40-kilometer-long section of the almost 300-kilometer-long Ilomantsi-Kostamuksha greenstone belt. After the initial discovery by GTK, Outokumpu Mining acquired the deposit in 1994. During the ownership period from 1994 to 2003, Outokumpu conducted core drilling at site as hundreds of holes were drilled both from surface and underground (approximately 12 780m of core drilling in total) and, as a result of the drilling, mineral resources were defined for the first time in Pampalo. Outokumpu also carried out a feasibility study in Pampalo and defined the first ore reserves at site. Construction of the Pampalo underground decline was initiated by Outokumpu in 1997. Dragon Mining (Polar Mining at the time) acquired the deposit from Outokumpu in 2003. Core drilling continued during Dragon Mining ownership but to a lesser extent. Endomines acquired the deposit in 2007, the company has conducted extensive drilling and other detailed geological work at site since the acquisition. In 2018, the remaining reserves were depleted at the time and the Pampalo mine was put under care & maintenance until 2021. There was only a small amount of geological work done at the site during this period.

Figure 6: Historic development of Pampalo mineral resources and ore reserves 2010–2024, end of year, in thousands of ounces



Source: Endomines, Evli Research

Figure 7: Pampalo + Karelian Gold Line reserve development 1/2011–1/2024, in thousands of ore tonnes



Source: Endomines, Evli Research

Underground infill drilling is conducted simultaneously with mining operations

The total life-of-mine potential of Pampalo underground mine is hard to assess as Endomines conducts underground drilling simultaneously with mining to identify the geology at the next production level. This is cost effective for the company as there is no need to invest in an exploration tunnel but decreases the visibility beyond the next production level. Endomines has been able to increase Pampalo reserves every year from 2020 despite utilizing the deposit for production. In addition, the company has made promising discoveries substantially below the current production level. In March 2025, Endomines updated its ore reserve and mineral resource estimate for Pampalo. The current Pampalo reserves stand at 47 thousand ounces while resources are at 76 thousand ounces (Pampalo total resources excluding reserves). The Pampalo underground deposit continues to be open at depth and therefore there is still potential for new discoveries and an increase in life of mine. According to the updated depreciation method for Pampalo underground mine, the company assumes actual economic life to extend at least until the end of 2032.

Gold grades in Pampalo are rather low compared to international peers

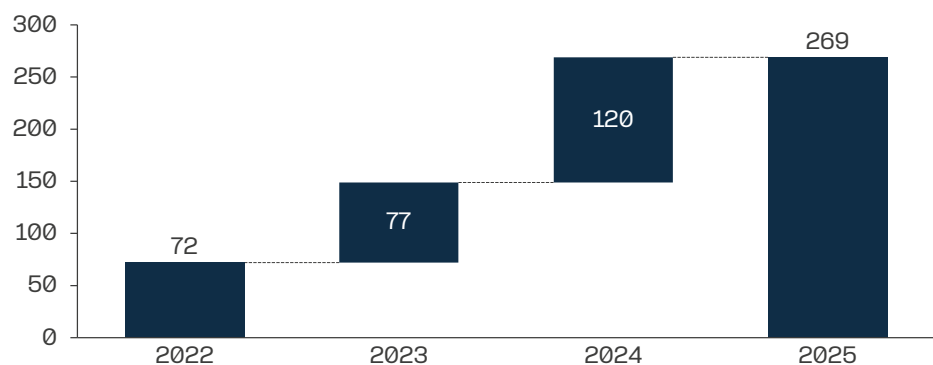
The current Pampalo resources are of rather low grade compared against mine stage underground gold projects in North America, Europe, Australia and New Zealand (5–6 Au g/t vs. Pampalo underground reserves at 3.0–3.5g Au g/t). The open pit grades for the mine stage gold projects in North America, Europe, Australia and New Zealand are roughly 1–2 Au g/t, whereas Pampalo East open pit reserve grade is 1.0 g/t, at the lower end of the range.

Resource growth has been rapid the Southern Gold Line

Southern Gold Line

The Southern Gold Line, a promising area containing multiple deposits, has been one of the company's key exploration focus areas over the past two years. In 2023, Endomines focused its exploration efforts on the Southern Gold Line prospect, working in Korvilansuo and Kuittila. In Korvilansuo, the company drilled 35 drill holes of which 31 intersected gold-bearing zones with gold grade above the lower cut-off level of 0.4 g/t of gold. In Kuittila, Endomines drilled 33 holes of which all intersected gold-bearing zones. In addition to gold, some of the Kuittila drill holes intersected silver, molybdenum, zinc, lead and copper. Several of the drill holes encountered regions with high gold concentrations. With the exploration efforts of 2023, Korvilansuo's resources increased as much as 307 % and Kuittila's by 114 %. In 2024, Endomines kept Southern Gold Line prospect as one of its exploration focus areas. In Kuittila, the gold resources climbed to 97,490 ounces, growing 98% from the last year's levels. The growth in resources was even faster in Korvilansuo where resources climbed to 138,800 ounces, growing 107% year-over-year. Southern Gold Line currently has gold resources of 268,800 ounces (mostly inferred resources). We find the company's focus on the Southern Gold Line cluster positive as developing and permitting one larger deposit is more cost efficient and consumes less time compared to multiple smaller satellite deposits.

Figure 8: Development of resources in the Southern Gold Line, in 000's of ounces



Source: Endomines, Evli Research

Southern Gold Line is the main exploration focus area going forward

Endomines is currently focusing on developing new deposits to raise the production level from the current 14,300 ounces to 70,000–100,000 ounces by around 2030. The Southern Gold Line prospect is at the front and center of this plan. The prospect requires further exploration, permitting and feasibility studies going forward. To finance the development, Endomines secured financing of up to EUR 12m during spring 2025.

Ukkolanvaara shows early potential

In May 2025, Endomines released early results from the spring 2025 exploration programme in Ukkolanvaara. The results were promising as the UKKO-001 drill hole intersected multiple high-grade gold mineralizations. In addition to the promising results from the UKKO-001 drill hole, also the UKKO-002, UKKO-003 & UKKO-005 showed visible gold before the actual in-depth analysis. Visible gold typically occurs in drill cores with gold grades above 5 g/t. Ukkolanvaara is located next to the company's Muurinsuo prospect in the Southern Gold Line. We see the Ukkolanvaara prospect as highly potential. While the results released are preliminary, the deposit seems to be very extensive. The number and length of the intersects is higher compared to previous results the company has received from the Southern Gold Line.

Critical raw materials could speed up the permitting process

In addition to gold, exploration results have shown potential for tungsten and molybdenum production in the Southern Gold Line. Elevated concentrations of the metals were identified in every drill hole of the Kuittila exploration programme last year. The company identifies tungsten and molybdenum as potential by-products as the metals are present in the siderite of the deposit. Tungsten is known for its hardness, density, and high melting point, making it a critical industrial metal with applications in heavy-duty equipment and high-tech industries. Tungsten is considered a strategic metal due to its importance in defense, aerospace, and advanced manufacturing, as well as its limited availability. China dominates global production and exports of tungsten, accounting for more than 80 percent of the supply, with other producers including Russia, Vietnam, and Austria. Molybdenum is a versatile metal that is widely used in industrial applications due to its high melting point, strength, and resistance to corrosion. The majority of molybdenum demand comes from the steel industry, where it is used to enhance the strength, hardness, and corrosion resistance of steel. Tungsten is a critical raw material listed by the European Union. The EU is currently selecting strategic projects to boost domestic strategic raw materials capacity. The selected projects will benefit from coordinated support in relation to financing and potential offtakes, in addition to streamlined permitting. In the first round of selections, 47 projects were selected to gain critical raw material producer status. Of the 47 projects, 23 projects had an extraction component in them. According to the Commission, 170 project proposals were made. Two of the selected projects are tungsten projects, both located in Spain. Assessing the possibility of the Southern Gold Line gaining strategic project status is too early yet for a project to be selected, it must have meaningful contribution to the security of the Union's supply of strategic raw materials. Therefore, the side-product opportunity must be meaningful for Southern Gold Line to gain the status.

Other prospects in the Karelian Gold Line

Northern Gold Line shows early potential

In late 2024, Endomines results of the autumn 2024 drilling program in Kartitsa, situated in the northern part of the gold line ("Northern Gold Line"). Kartitsa is located approx. 6.5 km north of the Hosko mine and 16.5 km north of the Pampalo mill. The results followed previous high-grade exploration results published in August. In total, the spring-summer and autumn drilling program consisted of 23 drill holes with a total length of over 4000 meters. Both drilling programs included drill holes that intersected high concentrations of gold. According to the results, the Kartitsa prospect is approximately 1500m long gold-bearing zone and the mineralization is still open towards the north and at depth. The area is one of the focus areas for the company's exploration efforts in 2025.

Rämepuro is an old active deposit

Rämepuro satellite deposit was in production from 2014 to 2016 producing nearly 200 000 tonnes of ore. Rämepuro currently possesses M+I+I resources of nearly 40 thousand ounces of gold. The average grade for Rämepuro deposit is approximately 1.5 grammes of gold per tonne, which should be economically feasible at the current gold prices. We understand that the company is currently developing the deposit for production. Once operational, we anticipate that Rämepuro could contribute some 2–4 thousand ounces to the total production output annually.

United States

Endomines entered United States in 2018 by acquiring assets in Idaho

Through acquisitions and agreements, Endomines has developed a project portfolio in United States that consists of six projects in Idaho; Buffalo Gulch, Deadwood, Friday, Kimberly, Unity and Rescue (of which Unity is under lease contract) and two projects in Montana; US Grant and Kearsarge (of which Kearsarge is under a lease contract). Endomines expanded its operations in 2018 as it acquired five gold projects in Orogrande, Warren and Marshall Lake Mining Districts located Idaho, United States for a total consideration of USD 31.3m. In 2019, the company entered into a lease agreement with GoldSilver mines to lease the Unity mine located in the Warren district of Idaho. Unity is located close to the company's Rescue deposit. Additionally, in late 2020, the company announced the acquisition of US Grant & Kearsarge deposits in Montana, USA. Assets were acquired from Transatlantic Mining Corporation, total consideration amounted to approximately USD 12.4 million. The company's projects in the US are in various development stages. Friday and Buffalo Gulch have resource estimates that are conducted in accordance with the NI 43-101 code. The company has not been able to advance the projects located in United States to a full-scale commercial production. In its 2022 strategy update, Endomines redirected its strategic focus towards Finland. The company's US assets are currently only being advanced through a partnership model. Initiating gold production from the US assets would necessitate further investment. The company's original goal was to establish a partnership in the U.S. by the end of 2023. Despite efforts over the last years, Endomines has yet to finalize an agreement.

Brief description of Endomines US deposits:

Friday

Friday is situated in the middle of the company's Idaho asset portfolio

Friday is an underground deposit situated in the middle of the company's five owned projects in Idaho. The Friday's planned production is approximately 7 000 – 9 000 ounces of gold p.a. and life-of-mine is approximately 7 years. Compared to Pampalo mine, Friday is expected to have much higher head grades (approx. 8g/t), higher recoveries (>90%) and lower cash cost (650–900 USD/Oz). During the last few years, Endomines has focused its efforts on Friday in the United States because of its later-stage development status. The original plan was that the mine would be commissioned in December 2018 and that the ramp-up would take place during early 2019. The mine suffered from various ramp-up issues during 2019–2022. In 2022, mining operations were suspended with only minimal staff remaining on-site, as the company shifted its focus to prioritise its Finnish assets.

Buffalo Gulch & Deadwood

Buffalo Gulch & Deadwood are low-grade open-pit heap leach projects

Buffalo Gulch is situated north of the Friday project; it is an open pit project with very low head grades (approx. 0.5g/t). Because of the low head grades, Buffalo Gulch project is designed to use heap leach processing. Heap leaching is a widely used processing technology in nickel, copper and gold production. Heap leaching has proved to be the most economical processing method especially for lower grade ores. In addition to Buffalo Gulch, heap leaching processing method is expected to be used in the Deadwood project with similar geology situated just south of the Buffalo Gulch project. Heap leach processing is more difficult to permit; in 2019 the company expected that the permitting process for the Buffalo Gulch and Deadwood open pit projects would take 3–5 years. No modern test work or feasibility studies have been conducted for Deadwood and Buffalo Gulch. Deadwood historic resources: 2 375 000 tonnes at 0.8 Au g/t and Buffalo Gulch NI 43-101 compliant resources: 8 873 000 tonnes at 0.5 Au g/t.

Rescue & Kimberly

Historic high-grade underground deposits

The company has classified the resource estimates of Rescue and Kimberly projects as historical as the estimates have not been conducted according to modern resource estimation standards. The Kimberly and Rescue projects are located south of Friday in the Warren and Marshall Lake mining districts. The assets are high grade underground deposits (Kimberly historic resources 261 000 tonnes at 19.2 Au g/t and Rescue historic resources 67 000 tonnes at 21.3 Au g/t). There exists significant exploration potential, especially in the higher-grade underground deposits as the exploration efforts have been limited and poorly documented.

US Grant & Kearsarge

The company acquired Montana asset portfolio in 2020

Endomines project portfolio in Montana comprises of US Grant and Kearsarge projects which were acquired from TransAtlantic Mining Corporation in late 2020. Both the US Grant and Kearsarge underground mine projects are in the Alder Gulch mining district in Montana. The assets were acquired for a total consideration of USD 12.7m. The US Grant project consists of a group of patented and unpatented claims (5 patented and 28 unpatented claims totaling approximately 2.1 square kilometers) within the Alder Mountain project in the Virginia City Mining District of Madison County, Montana. The Virginia City deposits were first discovered in 1863, the US Grant mine has been active historically for number of periods between 1864 and 1988. The more recent owners have kept the deposit under care & maintenance. The Kearsarge mine consists of 35 patented claims covering approximately 2.8 square kilometers. It is located 8 kilometers south of the US Grant mine. Based on a preliminary economic assessment (PEA) report published in 2016, mine life of US Grant is 3.6 years and gold production over life of mine 21 959 Oz. The report estimates that total recovery would be 86.5% and gold head grade roughly 4g/t on average. The PEA was based on only 4 500 Oz of Measured + Indicated resources and 30 000 Oz of Inferred resources, these resources represent only roughly 20% of the total historic resources in the US Grant mine.

The deposits have not been adequately explored

US Grant and Kearsarge deposits are located in the Virginia City mining district dominated by crystalline metamorphic and related igneous rocks of the Precambrian Cherry Creek Formation. Similar to Rescue, Kimberly and Deadwood, the Montana resources are historic in nature. US Grant historical resources are 346 000 tonnes at 14.9 Au g/t (165 700 ounces, in addition there are roughly 4.47m ounces of silver according to historic resource estimate) and Kearsarge 4 100 000 at 3.0 Au g/t (381 000 ounces). US Grant and Kearsarge have exploration potential as both deposits are open to depth and along strike with traceable strike lengths of 1200m and 1000m respectively. The US Grant PEA study conducted by the previous owner concluded that the US Grant Mine property has not been adequately explored as the property has had only a limited amount of exploration drilling during its history.

Small Miners Exemption permit was received in late 2024

While the assets in United States have stayed under care & maintenance for the last two years, the application for US Grant's Small Miners Exemption was accepted by the US authorities in late 2024. The permit was previously expired for the US Grant deposit. The SMES permit is designed to allow individuals or small-scale operators to conduct mining activities without the need for a full-scale operating permit, which typically involves more extensive environmental and regulatory requirements. The permit allows Endomines to conduct exploration and production in the US Grant deposit. We do not expect company to operate in the area as the Finnish assets remain the focus of the company's strategy. On the other hand, the valid permit makes the deposit more attractive to potential partners or buyers.

Strategy

Strategic shift in 2022 proved to be successful

During the last strategy period, spanning from 2022 to 2024, the company was able to achieve a notable turnaround. The company's EBITDA in 2022 was EUR –6.4m while in 2024, it was EUR 5.8m. Endomines was able to increase its gold production from the levels of roughly 8601 ounces in 2022 to 14 304 ounces in 2024. At the same time, the gold price has increased notably which has led to over doubling of net sales during the period. While mainly positive, the main negative from the last strategy period was that the company was not able to agree on a partnership agreement in the US which was one of its operational goals for the period. Furthermore, Endomines set a target to identify over one million ounces of gold mineralization in the Karelian Gold Line by the end of 2025. However, with little less than 500k ounces in resources by the end of 2024, it appears unlikely that the company will reach this goal.

Updated strategy builds on a strong foundation

In May 2025, Endomines revised its strategy for the 2025–2029 period. The updated strategy focuses on expanding the company's scale significantly by increasing both resources and production, while also incorporating the production of critical minerals into its objectives. The updated strategic focus areas include the following:

- Pampalo production is the engine of Endomines' performance and future scale
- Exploration enables the long-term growth in production volumes
- Critical minerals at Karelian Gold Line are an emerging exploration area
- Financial stability supports the growth phase
- Sustainability is the backbone of all operations

Aiming to produce 70,000–100,000 ounces of gold around 2030

Production from the Pampalo mine and processing facility will continue to be the foundation for the company's strategy. Pampalo is especially important during the next few years as there are only two satellite deposits currently in production (Hosko and Pampalo East open pit). While the true mine life of Pampalo is hard to assess at this point, the company has reported high-grade drill results at lower levels and has reserves of over 40,000 ounces in the underground mine. Moreover, the company's revised depreciation method estimates that the underground mine's real economic life will last until the end of 2032. The current ore reserves in Pampalo represent roughly two–three years' worth of production based on the current mining rate. As a medium-term target, Endomines aims to produce approximately 25,000 ounces by 2029. With the updated long-term targets, Endomines targets gold production of 70,000–100,000 ounces by around 2030. To achieve the targeted range, additional exploration work in the Southern Gold Line is necessary to establish the required gold reserves. The company aims to establish a new Southern Gold Line production facility or to expand the Pampalo operations. Endomines has already done nature surveys in the area and is currently conducting permitting work in the area. The company aims to have a pre-feasibility study completed for the Southern Gold Line operation by early 2027.

The production target is ambitious

We see the 25,000-ounce goal by 2029 realistic given the approximately 12% production CAGR required and the unused processing capacity in the Pampalo facility. As earlier commented, the timeline for the Southern Gold Line ramp-up seems rather ambitious and is highly dependent on factors such as the success of permitting process and exploration. On the other hand, the company possesses expertise and experience in bringing deposits in the area into production and has promising prospects, such as Ukkolanvaara, where resource growth could potentially occur rapidly. With the start of gold production at Southern Gold Line, the company plans to also produce tungsten and molybdenum, as exploration results in 2024 showed their presence in Kuittila. Tungsten is included on the EU's list of critical minerals, making

Goal to define 1.5–2.0 million ounces of gold resources in the KGL

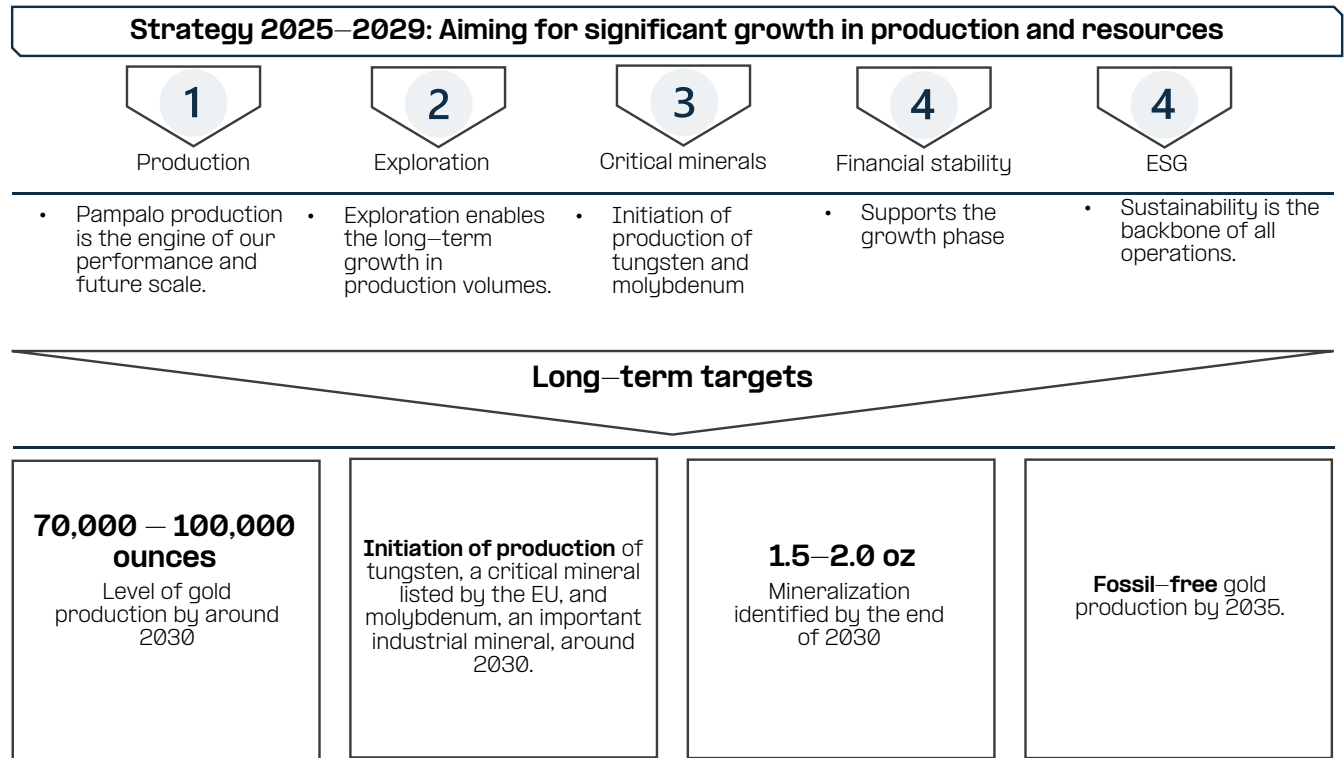
Sustainability remains as the backbone of operations

the project potentially eligible for strategic project status. The two-year window for building and commissioning leaves no room for error. Considering the timeline risks, we expect that the company has allowed for some flexibility. It aims to achieve a production level of 70,000–100,000 ounces by approximately 2030, rather than precisely at that year.

The company aims to define a 1.5–2.0 million ounce gold resource on the Karelian Gold line by the end of 2030. As earlier mentioned, in its previous strategy, Endomines aimed for more than 1 million ounces by the end of 2025. At the end of 2024, the Pampalo mine and Karelian Gold Line were estimated to contain nearly 500 thousand ounces of gold. Achieving the new target would require adding at least ~170,000 ounces annually. The company aims to conduct approximately 120 000 meters of exploration drilling during the strategy period with an annual capital expenditure of approximately EUR 4–6m to achieve the target. While rather ambitious, we see the goal more realistic than the previous one (1 million ounces by the end of 2025) given the rate of recent resource increase, the company's improved financial situation and several potential prospects along the Karelian Gold Line.

For companies like Endomines, proactively addressing ESG factors is critical for securing license to operate, accessing capital, managing reputational risks, and ensuring long-term value creation. Endomines aims to have fossil-free gold production by 2035. The move towards fossil-free gold production is a concrete example of Endomines including ESG principles into its strategy, aiming for both environmental stewardship and social responsibility. While we see the ESG focus vital, the fossil-free production by 2035 seems rather ambitious as according to our understanding, there is currently no fully fossil-free gold production on a commercial scale in the world.

Figure 9: Strategy overview



Source: Endomines, Evli Research

Market

Supply

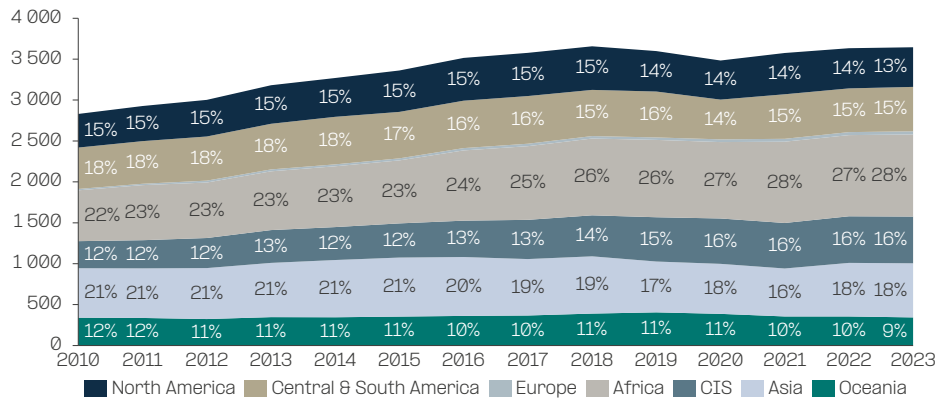
Finland is one of the largest gold producers in Europe, still small in global scale

United States was the 5th largest gold producer in the world in 2024

Finland is relatively active in gold exploration; Finland had the second highest gold exploration budget after Sweden in Europe during 2023 (excl. Russia) with USD 75.3m according to S&P. Finland's share of the global gold exploration budget is small as the global gold exploration budget for 2023 was USD 12.8b. In 2023, 15 companies were active in gold exploration and production in Finland. Rupert Resources had the largest gold exploration budget in 2023 in Finland with USD 18.6m. Rupert Resources is currently developing its Ikkari project in Northern Finland. Other active companies included Agnico Eagle, Aurion Resources, FireFox Gold, B2 Gold, Dragon Mining and Mawson Gold. According to data by GTK and Finnish Safety and Chemicals Agency, there were four mines active and producing gold as the primary product in Finland in 2024: Kittilä (Agnico Eagle), Jokisivu (Dragon Mining), Hosko & Pampalo (Endomines). Finland's share of the global gold supply is very minimal, less than one percent. Finland's annual gold production volume is still among the highest in Europe.

United States has one of the highest exploration budgets for gold in the world. The most active companies in gold exploration in United States are global gold mining industry giants such as Barrick Gold, Newmont and Kinross. There are many companies active in gold exploration in both Idaho and Montana and the majority of the exploration activity is focused on areas where gold has been historically produced. According to United States Geological Survey (USGS), in 2024, there were more than 40 lode mines, several larger placer mines and numerous smaller placer mines in the United States producing gold. Gold mine production in 2024 was estimated to be approximately 158 tons, which is roughly 5% of the total global production. Idaho and Montana have not been the most active states in recent years for gold mining. To our knowledge, there is currently at least one gold producing mine in Idaho; Golden Chest mine which is owned and operated by Idaho Strategic Resources. Golden Chest is an open-pit and underground mine with annual production of approximately 12,000 Oz of gold and cash cost of 1500 USD/Oz. There are currently no active larger gold mines in Montana, in 2019, the last active mine Golden Sunlight owned by Barrick Gold was shut down. According to the USGS, Nevada was the leading gold-producing state producing over 70% of the total supply of the United States. In addition to Nevada, Alaska is an important gold producing state.

Figure 10: Development of gold mine supply, 2010–2023, tonnes of gold (lhs), % of total mine supply by geographical location



Source: Metals Focus, Evli Research

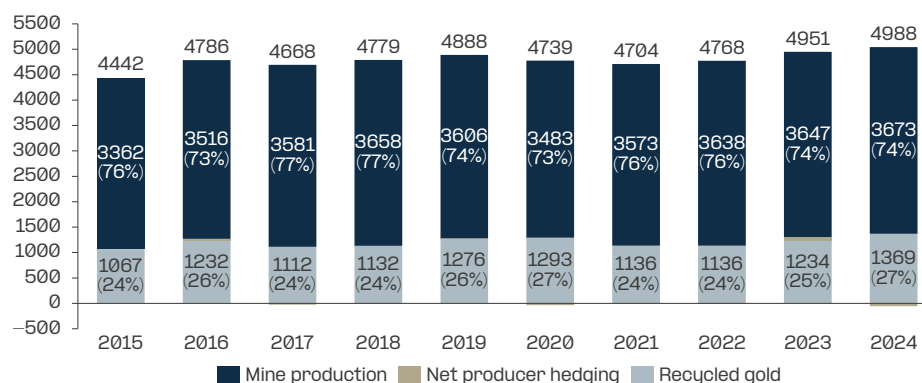
European supply growing quickly, albeit from a relatively small base

During 2011–2023, gold mine production increased 2% per year. The highest production increase was seen in Europe, as production increased by nearly 7% per year (CAGR). Although growing fast, European production was roughly 1% of the total global output in 2023. The world's largest continent for gold production, Africa, grew its production by 1% in 2023. Africa produced nearly 30% of the global gold output in 2023. The most important African gold producing countries are South Africa, Mali, Burkina Faso and Sudan.

Recycling is an important part of total supply

Besides mining, about a quarter of the total gold supply comes from recycling. The main source of recycled gold (at least 90% according to World Gold Council) is gold jewellery. Gold recycling is a notably more agile source of gold compared to mine production, because of the responsiveness, recycled gold helps to keep the global gold market in balance. During 2011–2023, recycling supply decreased from over 1600 tonnes in 2011 to roughly 1100 tonnes in 2022. The decrease was mainly due to decreased gold prices, in 2011, the gold market witnessed high gold prices that reached well over 2000 USD/oz. According to WGC, gold price is the main driver for recycling as gold price changes account for approximately 75% of annual changes in recycling output. With the current hot gold market and high gold prices during 2023–2024, the recycling supply has increased. According to data by Metals Focus, the recycled gold supply increased by approximately 9% y/y in 2023 and further 11% y/y in 2024. At the same time, mine production has increased by only 0.2–0.7% p.a.

Figure 11: Gold production by category, in tonnes (% of total), 2015–2024



Source: Metals Focus, Refinitiv GFMS, ICE Benchmark Administration, World Gold Council

Demand

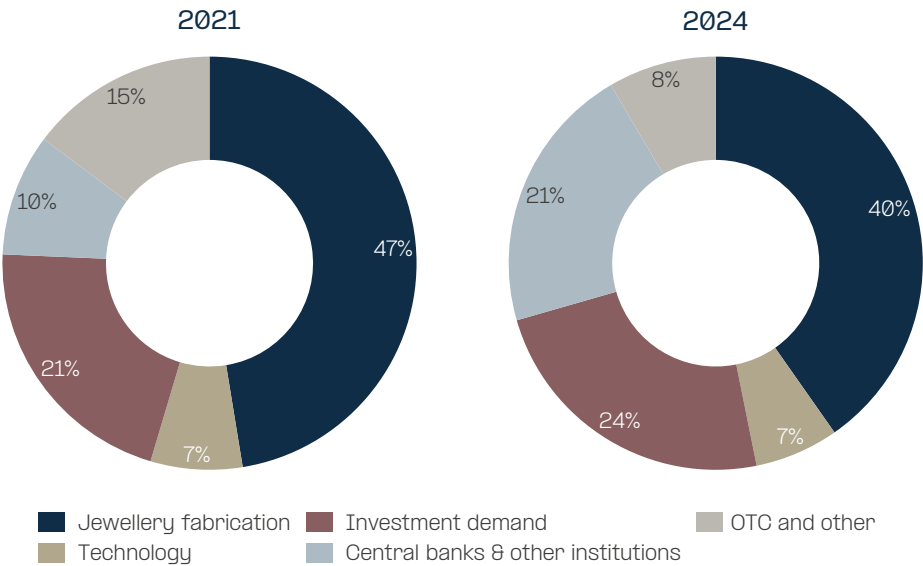
Jewellery is the largest end-market, India and China being the most important markets

Gold demand can be categorized into four primary sectors: jewellery, investment, technology and central bank demand. The main sector for gold consumption is the jewellery manufacturing industry. China and India are the two most important countries for gold jewellery demand. Historically, India has been the largest market for gold jewellery, but in the recent years, China has caught up and even surpassed India as the largest buyer in some years. In 2024, India and China together accounted for over half of the total demand. Other important regions for gold jewellery demand are the Middle East and Northern America. Gold jewellery demand has remained stable at 2000–2700 tonnes over the past decade. In 2020, gold jewellery demand experienced a sharp decline of 38% y/y as COVID–19 hit consumer confidence globally, in 2021 the demand normalized to levels seen before COVID–19 and has stayed over 2000 p.a. tonnes since. In 2024, gold demand for jewellery fabrication fell 9% y/y likely due to higher prevailing gold prices.

Investment demand is roughly one fourth of the total demand

End–use as an investment is the third biggest demand area for gold. Investment end–use includes demand for gold coins, bars, ETFs and similar gold backed securities. Global investment demand for gold in 2024 was 1180 tons or 24% of the total demand. The investment demand peaked in 2020 when it was nearly 1800 tonnes of gold. A major reason for the decrease in demand has been the decrease in gold demand from ETFs and similar gold linked investment vehicles.

Figure 12: Gold demand in 2021 vs. 2024 by end–use category, % of total demand



Source: World Gold Council, Evli Research

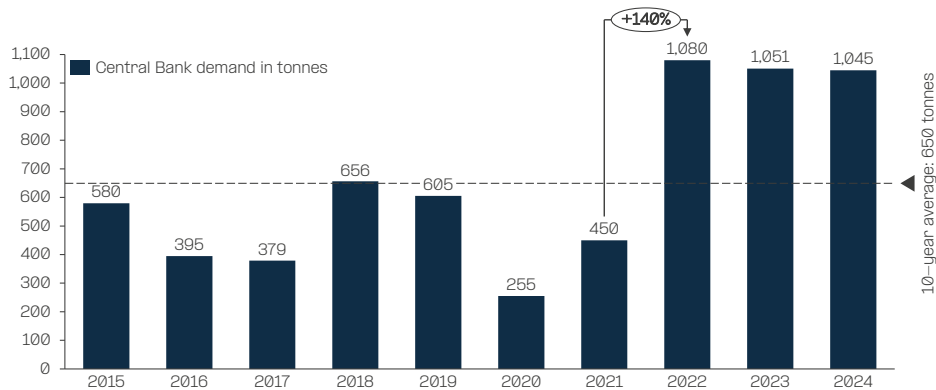
Technology is the smallest end–use of gold

Technology demand was just 7% out of the total demand in 2024. The technology end–use demand has remained relatively flat during the last ten years while it has declined roughly 30% compared to the levels seen during early 2010's. The major reason for this is the relatively high price of gold, therefore, companies are incentivized to decrease the usage of gold in technological devices produced.

Record central bank buying during 2022–2024

Central bank demand in 2024 was roughly 21% out of the total gold demand globally. Central bank demand more than doubled in 2022 as in 2021, the demand was approximately 10% of the total gold demand. Central bank buying in 2022 was the highest on record according to World Gold Council. The main drivers behind the record central bank demand were geopolitical uncertainty and high inflation. The main buyers in 2022 were emerging market central banks, namely Turkey and China. Central bank demand is mainly driven by the need of global central banks to diversify their reserves.

Figure 13: Gold demand by central banks, tonnes of gold

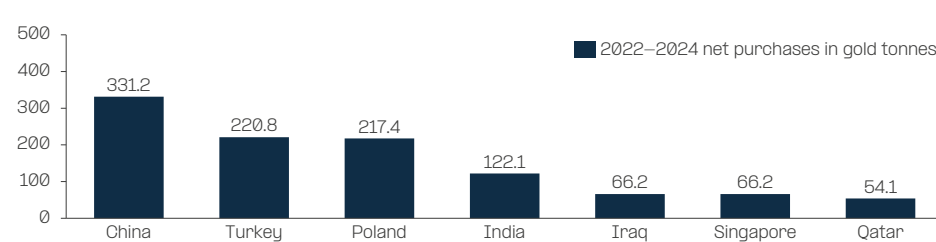


Source: Metals Focus, World Gold Council

Emerging market central banks have been net-buyers

Looking at the central bank reserve trends, the largest emerging market central banks have been net buyers during 2022–2024. Largest increases have been witnessed in for example China, Turkey and Poland where the central bank reserves have increased by 200–300 tons during 2022–2024. At the end of 2024, the official reserves at the People’s Bank of China were at nearly 2300 tonnes of gold. Some market speculation hints that the central bank has been buying gold covertly and is currently sitting on more than 5000 tonnes of gold, or over twice the official amount.

Figure 14: Central bank net buying during 2022–2024 (difference in official gold reserves Q4/21 vs. Q4/24), in tonnes of gold, official records



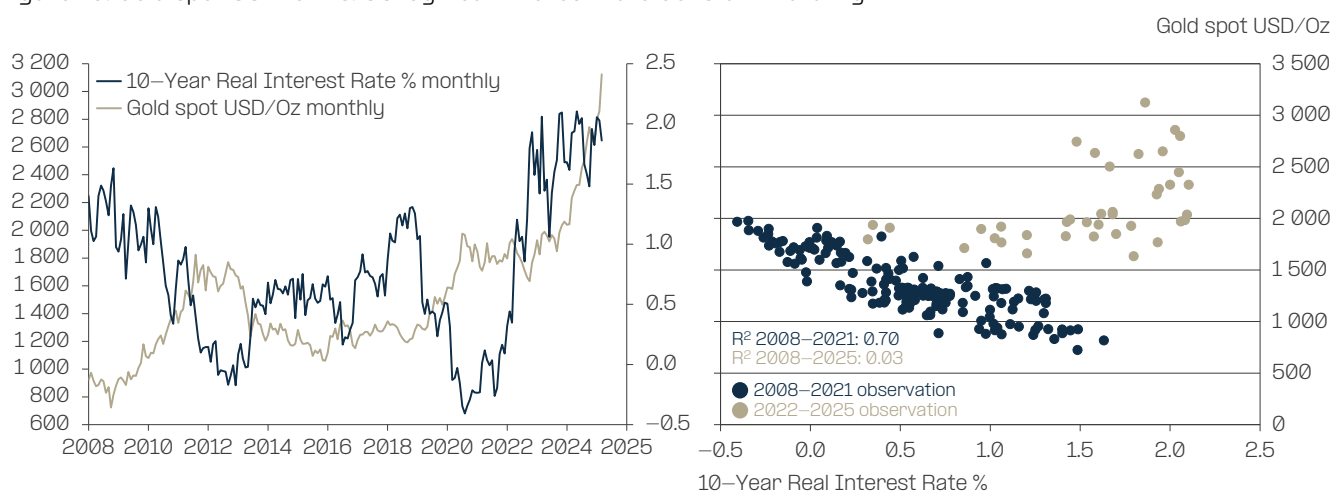
Source: World Gold Council, Evli Research

Pricing

Gold price is driven by daily trading

Gold price is quoted by the ounce in USD, gold spot price is driven by daily gold trading. The bulk of daily gold trading occurs in the London OTC market (Loco) and various futures exchanges such as COMEX and SHFE (Shanghai Futures Exchange). Compared to many other commodities, gold has a high stock to flow ratio meaning that the above ground gold stock is much larger than yearly output from gold mines. According to WGC, total above-ground stocks at the end of the 2023 were 216 265 tonnes of gold (while mine output was 3 661 tonnes; 59x stock to flow ratio). Gold above-ground stock consists of gold in the form of jewellery (45% of above ground stock), bars and coins (22%), gold held by central banks (17%) and other (15%). Because of high stock to flow ratio, in the short term, the trading of above ground stock drives gold pricing rather than mine output fundamentals.

Figure 15: Gold spot USD/Oz vs. US10y Real Interest Rate Constant Maturity

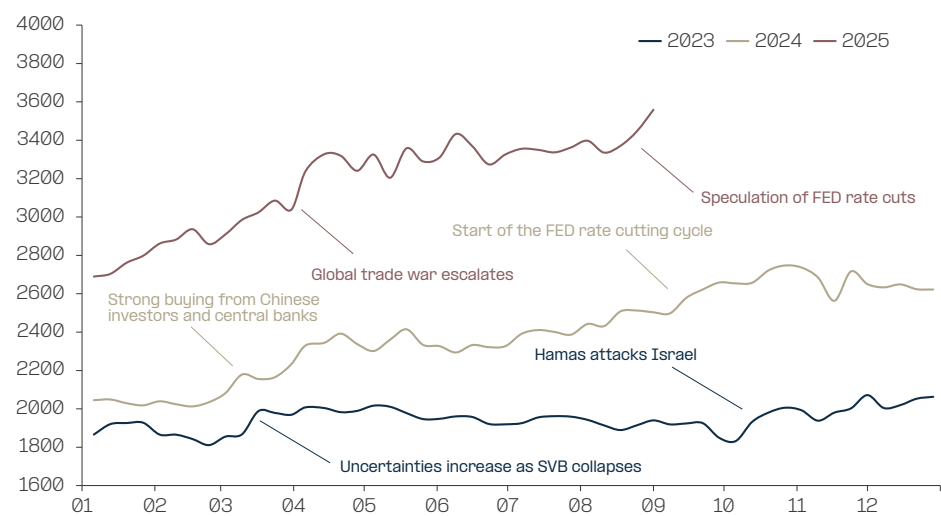


Source: Bloomberg, FRED, Evli Research

Gold price is affected by various factors: political and financial turmoil, interest rates and inflation among others

The sentiment in the daily trading of gold fluctuates due to political and financial turmoil and changes in factors such as currency exchange rates and real interest rates. Gold has historically performed well during political and financial turmoil; therefore, gold is also considered as a safe-haven asset. During the first phase of COVID-19 in 2020, gold was trading at all time high levels, in March 2022, as Russia started war against Ukraine, gold price hit 2050 USD/Oz. In October 2023, following the Hamas attack on Israel, gold breached 2000 USD line again. In early 2025, gold prices surpassed 3000 USD per ounce for the first time in history, driven by heightened uncertainties resulting from the escalating global trade war. The attractiveness of gold as a safe-haven asset depends on the opportunity cost of holding gold. High real interest rate environment makes holding gold less desirable as fixed income instruments provide investors with competitive low-risk steady cash flow. Gold has historically had an inverse relationship against real interest rates. During 2022-2024, the real rates increased at a rapid rate as the FED and ECB have hiked rates. Even though the real rates increased, the gold price did not move down accordingly, the likely reason for the dislocation was the geopolitical tensions and high central bank demand witnessed during recent years.

Figure 16: Gold price development has been driven by central banks decisions and geopolitical tensions during 2023–2025, gold price USD/oz, weekly price

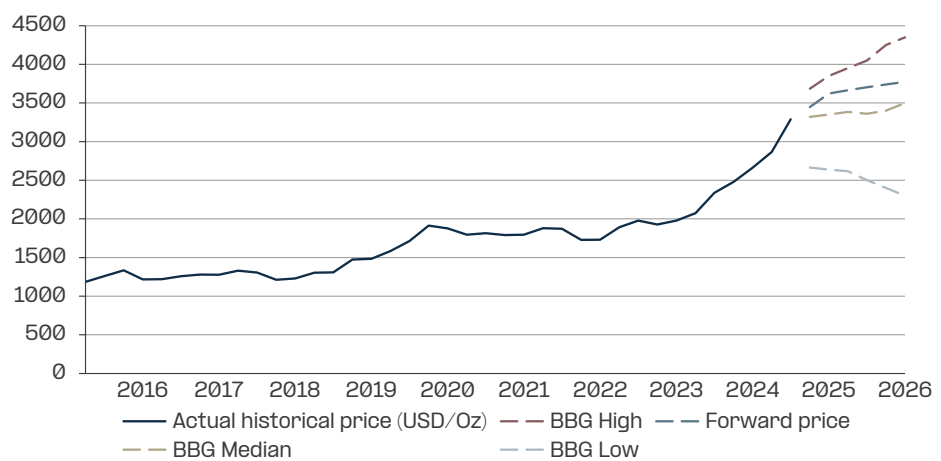


Source: Bloomberg, Evli Research

Gold prices are currently at all time high levels enabling higher margins despite cost inflation

Gold is currently trading at over 3000 USD/Oz, the current price is well over the 1000–1400 USD/Oz range where gold traded during the last decade. Gold miners are very profitable at the current gold price levels as the average AISC (all-in sustaining cost) globally is roughly 1400–1500 USD/Oz. The industry has seen the highest global cash margin levels in history from 2020 to 2024, currently, nearly 100% of the current gold production globally is profitable, according to data by the WGC.

Figure 17: Historical gold price per quarter, consensus estimates and forward price, USD/Oz, Q1/2016–Q4/2026



Source: Bloomberg, Evli Research

Consensus price forecasts are spread wide

With the recent sharp increase in gold price, the estimates going forward are spread wide. For 2025, the Bloomberg consensus estimate high is at 3420 USD/Oz while low is at 2460 USD/oz. We anticipate that a median value of 3,200 USD/oz aligns closely with the most likely outcome. Going forward, the consensus high for 2026 is at 4150 USD/oz and low 2460 USD/oz. Forward prices are at approximately 3300 USD/oz and 3700 USD/oz for 2025 and 2026 respectively.

Financial performance

Pampalo operations were largely unprofitable during 2012–2018

Endomines has had difficulties with profitability throughout its history. During the Pampalo operational years 2011–2018, the company was able to reach positive EBITDA in 2011 (SEK 22.8m), 2012 (SEK 88.7m) and 2014 (SEK 5.5m). The year 2012 was the company's best operationally, as also the net profit and free cash flow were on the positive side. The reason for strong financial results were higher head grades, improved mining methods and high gold prices.

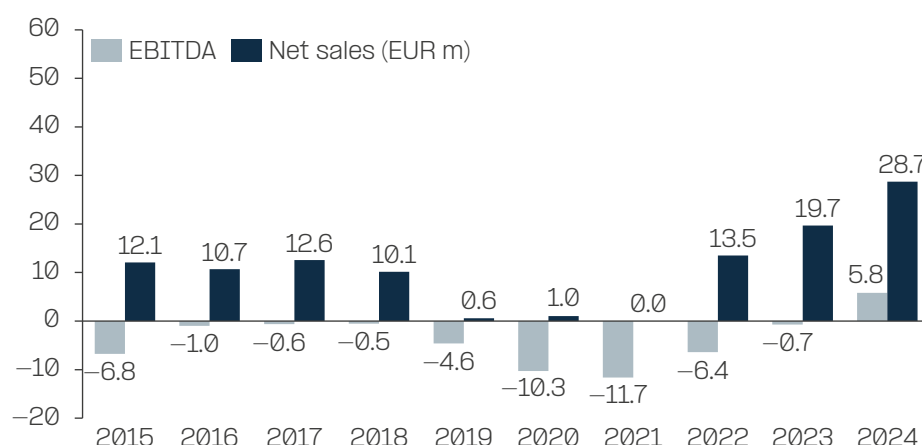
Operations in the United States were not financially

During 2019–2021, Endomines faced challenges due to its expansion efforts in the United States not unfolding as anticipated, particularly with the development of the Friday mine in Idaho. The focus on the U.S. market, coupled with the operational challenges encountered there, resulted in limited production. With virtually no production, the company's operations remained loss-making. With the new management, the company's focus has shifted back to Finland. In 2021, the Pampalo mine was deepened into a new production level according to plan and in December 2021, mill maintenance was successfully completed. With the efforts made to restart production in Pampalo, the company's production picked up in 2022 as Pampalo produced 8 601 ounces of gold. Still, as the production figures were relatively low and the US operations unprofitable, the group profitability was negative.

Successful turnaround during 2023–2024

Benefiting from favorable gold price levels, Endomines has steadily increased production at Pampalo over the past two years. In 2024, the company produced 14,300 ounces of gold, up from 12,790 in 2023. The increase in production, along with the average gold price rising to approximately USD 2400/oz from roughly USD 1900/oz, resulted in net sales of EUR 28.7m, up from EUR 19.7m in 2023. The company successfully mitigated production cost inflation, leading to a group EBITDA of EUR 5.8 million, an increase from EUR –0.7 million in 2023. The Pampalo cash cost remained stable at EUR 1281 per ounce, compared to EUR 1278 per ounce in 2023. The turnaround is more pronounced in the group figures for 2024, yet it commenced already in 2023 with Pampalo's EBITDA rising to a positive EUR 3.3 million.

Figure 18: Net sales & EBITDA, in EURm, per year, 2015–2024



Source: Endomines, Evli Research

Net sales

Current mine output should be sufficient to reach the mid-term goal of 20,000 oz p.a.

The company's volumes are affected by many variables such as the ore mined, gold head grades, ore milled and recoveries at the processing plant. Grades at Pampalo have historically hovered around 2–4 Au g/t, while recoveries have been around 82–87%. Pampalo gold production peaked in 2012 at 27 860 Oz, the production was reached by milling 250 000 tonnes of ore. In comparison, in 2014, the company milled nearly 400 000 tonnes of ore yet, gold production was only 24 497 Oz. Even though milled ore tonnes in 2014 were 58% higher, gold production was 12% lower. This highlights the importance of gold head grade in the ore and the recovery levels in processing facility; head grade in 2014 was 2.3 Au g/t when in 2012 head grade was 4.0 Au g/t, similarly, gold recovery in 2014 was 82.1% when in 2012 recovery was 86.1%. Endomines targets gold production of 70 000 – 100 000 ounces by 2030. Currently, the areas in production in addition to the Pampalo underground mine include the East open pit and Hosko satellite deposit. Achieving the target necessitates the commencement of mining operations in the Southern Gold Line.

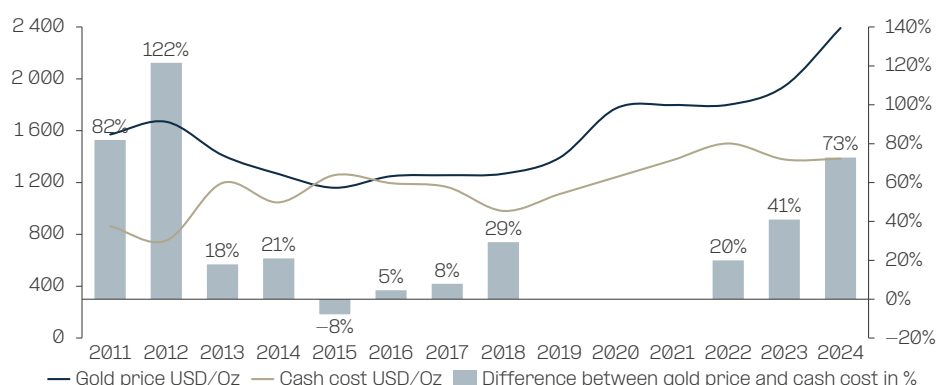
Produces gold concentrate

Endomines' final product is gold concentrate that is sold to refiners. The refiners demand a processing fee/treatment charge from the refining process, so the price of gold concentrate produced by Endomines does not equal to refined gold spot price. The payability percentage of Endomines gold concentrate from Pampalo has not been disclosed, historically clients have included K.A. Rasmussen from Norway for the gravimetric concentrate and Boliden Harjavalta for the flotation concentrate. In 2020 the company signed agreement with H&H Metals regarding Friday gold flotation concentrate where payability percentage was set to 95%. In November 2023, Endomines renewed its gold concentrate sales agreement with Boliden, in addition to gold, the contract covers silver and copper that may be found in the concentrate. In 2024, almost all of the production was flotation concentrate, therefore Boliden purchases vast majority of the company's total production.

The current gold price levels promote increasing production

Besides the operational factors affecting volumes, gold price is arguably the most important factor driving the company's net sales. Gold prices were at a relatively high level during the first two years of production in Pampalo, high gold price levels combined with favorable operational performance (high head grades, strong recoveries) led to revenue of SEK 235m in 2012. During 2013 gold prices started to decline and stayed at relatively low levels from 2014 to 2019. In 2015, as gold prices were at low levels, the company announced the start of selective mining of higher-grade areas to improve the profitability of the operation. Because of selective mining, the mined ore volumes from 2016 to 2018 were significantly lower compared to the years where the focus was not on head grade. The gold price first breached the 2000 USD/oz level in 2020 amid COVID-19 related demand for safe haven assets. The gold price has continued its bull run ever since as previously mentioned. The current gold price is well over USD 3000/oz and incentivizes Endomines to increase its production throughput as the operations are very profitable with the current gold price levels. Should the gold price and the company's cash cost remain unchanged for the rest of the year 2025, the difference between the gold price and cash cost would be similar to that observed in 2012.

Figure 19: Gold price vs. cash cost, USD/Oz (lhs), difference between gold price and cash cost in % (rhs), 2011–2024

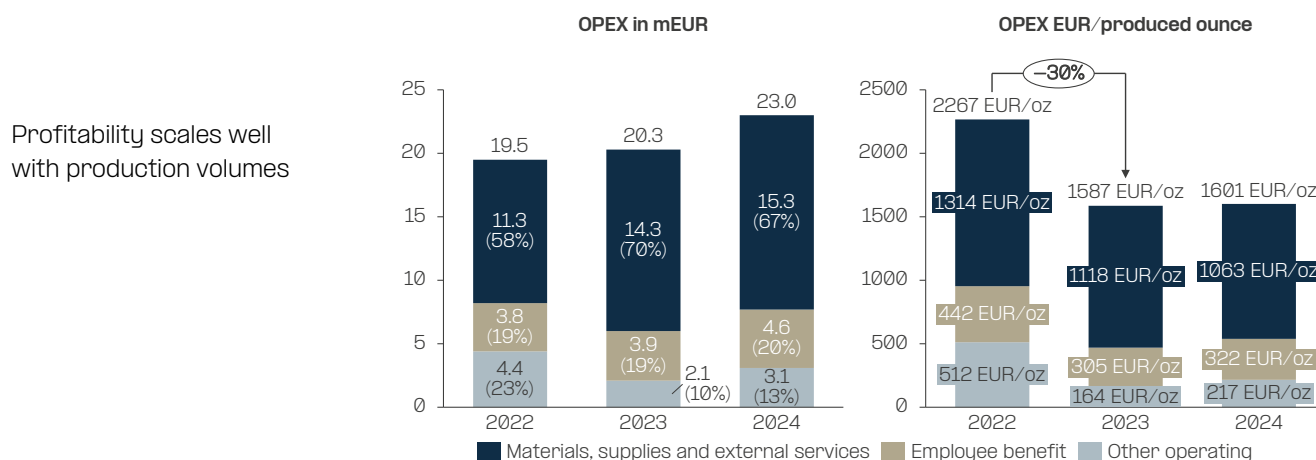


Source: Endomines, Factset, Evli Research

Profitability

Endomines' largest cost category is materials, supplies, and external services, with external services being the most significant component. Endomines utilizes contractors in its mining operations. The company had only 54 own employees at the end of 2024 of which majority were white-collar workers. During 2023–2024, materials, supplies, and external services accounted for approximately 70% of net sales, while employee benefits, the second-largest expense, made up around 20%. Other operating expenses have decreased to near 10% of total net sales, compared to 23% in 2022. Comparing expenses to produced volumes, operating expenses have decreased categorically from the levels seen in 2022 across the board. Endomines' profitability scales well with production and net sales growth and is particularly sensitive to fluctuations in gold prices. Looking at other operating segments, the company has been able to cut the United States care and maintenance costs to some EUR 0.7m in 2024 while operating costs in the Karelian Gold Line have stayed at little under EUR 1m during 2023–2024.

Figure 20: OPEX by item in absolute EURm terms and by EUR/oz, 2022–2024

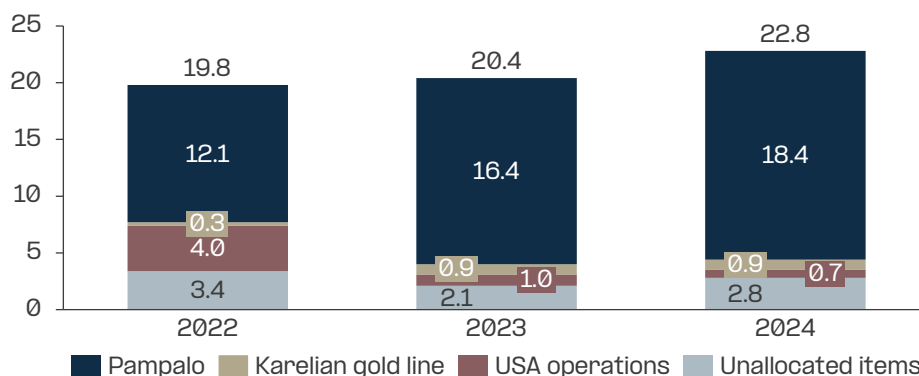


Source: Endomines, Evli Research

Profitability scales well
with production volumes

Figure 21: Endomines operational cost development by operating segment 2022–2024, in EURm

The annual expenses in the US have gone down below EUR 1m



Source: Endomines, Evli Research

TCC and AISC are typical cost measures for mining companies

Total cash cost (TCC) and all-in sustaining cost (AISC) are commonly used metrics in the metals & mining industry to benchmark and demonstrate the costs of operations. TCC consists of mining costs, ore processing costs, mine site general & administrative costs and royalty & production tax costs. Potential by-product credits/revenues are deducted from the TCC. In addition to the cost items included in TCC, AISC includes corporate overheads, reclamation costs, exploration costs and sustaining capital expenditure. The Pampalo mine has historically operated at total cash cost of roughly 1200–1400 USD/Oz. According to S&P the median estimated total cash cost for both underground and open pit gold mines in 2023 was estimated to be a little over 900 USD/Oz. We assume that Pampalo's relatively high TCC is based mainly on relatively low grades for underground mining.

Cost inflation puts pressure on gold miner margins

The inflationary environment during the last few years has affected gold miners as prices of input costs such as energy, wages and consumables increased. According to the Metals Focus, the gold miners' global average AISC was at USD 1456 per ounce in Q3/24, growing roughly 9% y/y. The costs for gold miners have been on an upward trend since the start of 2021. The current cost levels are the highest seen during the last 15 years. Despite the cost inflation, the gold miners' average margins are still at all-time high levels, driven by higher gold prices. We believe that the elevated cost levels are partially due to the initiation of production in lower-grade projects, made feasible by higher gold prices. The Finnish inflation rate increased to near 10% levels at the end of 2022 yet has declined to the current level of approximately 0.5% (03/2025). Endomines has benefited from reduced costs in key areas, such as energy, during 2023–2024, compared to the high prices experienced in 2022.

Balance sheet

Endomines has issued stock and agreed to numerous financing agreements during the last few years

The company's liquidity situation has remained tight during recent years as issues in the Friday ramp-up have dampened profitability and cash flow generation. During the last years, Endomines has frequently raised additional financing to fund acquisitions, asset development and exploration activities. The company has been able to secure financing by raising funds through share issues and loan instruments offered for Nordic institutional investors. In addition to the current owners, Endomines made a financing agreement with LDA Capital in 2021 yet in late 2023, the company redeemed the convertible loan agreed with LDA Capital ahead of schedule. After the redemption, the funding is concentrated on the company's long-term shareholders. Terms for financing have historically been tight and the annual interest rates for loan facilities have been in the range of 10–12% per annum. In addition to interest, the loans have been convertible meaning that they present a dilutive effect if exercised.

Closed a long-term financing arrangement of up to EUR 12m

Endomines released in April that it has secured a financing arrangement of up to EUR 12 million, comprising a secured loan facility of up to EUR 8 million, an account limit of EUR 3 million, and bank guarantees and financing limits totaling a maximum of EUR 1 million. While the cost of financing was not published, we see the new financing package as positive. Historically, the company has relied on dilutive equity issuance and convertible loans for its funding needs. The financing package is used to enable growth-oriented activities during 2025–2026. Growth-oriented activities involve expanding the company's resource base and increasing production. These activities include technical and financial planning, permitting and exploration. In addition to financing growth, we expect that the company aims to have some breathing room as its balance sheet has remained tight throughout recent years. The agreed financing complements convertible loan facility of EUR 2.3m that was agreed upon at the start of 2025.

Current convertible loans outstanding

At the end of H1 2025, Endomines had EUR 15m worth of convertible loans in its balance sheet. In December 2024, a total of EUR 7.4m of notes were converted for new shares at an average exchange price of EUR 7.12 per share. The total number of shares and votes in Endomines increased from 9.8m shares and votes to 10.8m shares and votes. According to our understanding, the conversion was related to more than one of the company's convertible loans and in addition, involved conversion of interest accrued. Conversions have continued throughout the first half of 2025 and the current shares outstanding is at approximately 10.9m shares.

- Convertible loan up to EUR 2.3m 1/25
 - Use case: Preparatory work related to the new strategy, as well as for general business needs.
 - Investors: Current owners of Endomines
 - Terms: Maturity of 24 months, annual interest rate of 10%, loan can be converted to Endomines shares at the earliest 12 months after the date of withdrawal of the loan. Conversion price: fixed EUR 7.51 and is based on the average closing share price in December 2024 minus 5.5%. Interest is payable at the end of the contract.
- Convertible loan up to EUR 3.8m 3/24
 - Use case: Expansion of exploration in the Southern Golden Line, as well as for general business needs.
 - Investors: Current owners of Endomines
 - Terms: Maturity of 48 months, annual interest rate of 10%, loan can be converted to Endomines shares at the earliest 12 months after

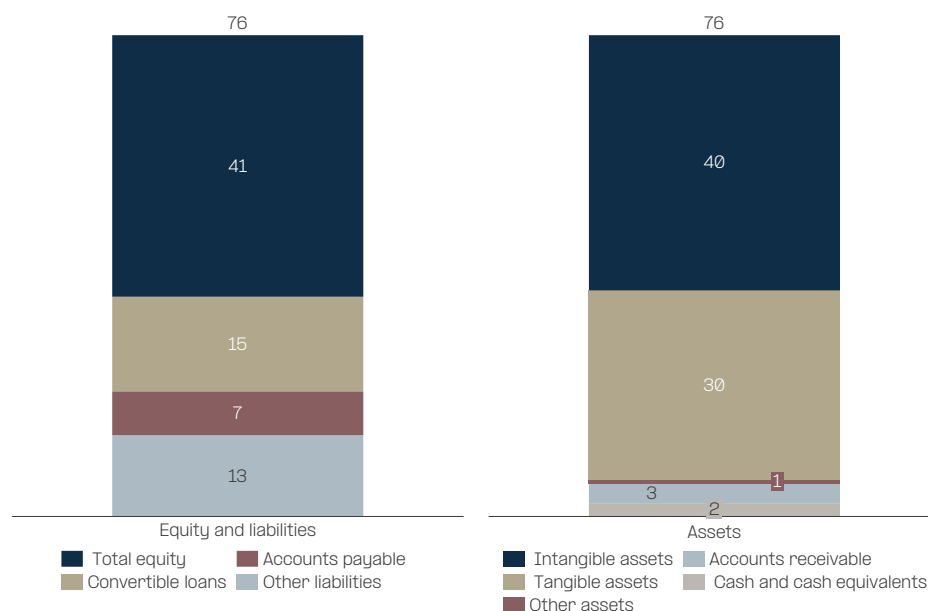
the date of withdrawal of the loan. Conversion price: average market price calculated at the share's closing price during the 10 trading days preceding the day of the exchange request, minus 18%. Interest is payable at the end of the contract.

- Convertible loan up to EUR 3.2m 11/23
 - Use case: To advance strategic projects according to plans, i.e. exploration in the Karelian Gold Line
 - Investors: Current owners of Endomines
 - Terms: Maturity of 36 months, annual interest rate of 10%, loan can be converted to Endomines shares at the earliest 12 months after the date of withdrawal of the loan. Conversion price: average market price calculated of the daily closing market prices during the applicable pricing period with a deduction of 15 per cent. Interest is payable at the end of the contract.
- Convertible loan of up to EUR 3.6m 6/23
 - Use case: To start production at Hosko and to increase production at the Pampalo underground mine
 - Investors: Group of Finnish investors
 - Terms: Maturity of 36 months, can be converted wholly or partly into Endomines shares 24 months after the drawdown date. The subscription price for the first EUR 1.8 million convertible loans is the average share price for the period 15.5.2023–15.6.2023 reduced by 15% (EUR 3.51 per share). The subscription price of the optional second convertible loan is the average share price for the period 1.9.2023–30.9.2023 reduced by 15% (EUR 3.36 per share).
 - Other: Both of the tranches have been drawn
- Convertible loans of EUR 10.8m during 2021–2022
 - Use case: To improve the company's balance sheet and to finance ramp-up of Pampalo and Friday and exploration activities in the Karelian gold line
 - Investors: Group of Finnish investors
 - Terms: Interest rate of 10% per annum. Conversion price of EUR 5.44 per share.
 - Other: Endomines has agreed with a group of Finnish investors to extend the convertible loans, issued in 2021 and 2022, by three years. The loans and related interest are now due in 2027 (prev. 2024).

The current share price of Endomines is considerably higher compared to the conversion prices of the convertible loans of EUR 10.8m, EUR 3.6m and EUR 2.3m. The EUR 3.6m convertible loan which was used to start production at Hosko and to increase production at the Pampalo UG mine can be converted 24 months after the drawdown date (6/25) with conversion price of EUR 3.44 per share. This presents potential addition of roughly a million shares. The convertible loan of EUR 2.3m which was agreed upon as part of the financing package agreed on H1/25 has a conversion price of EUR 7.51 per share leading to potential dilution of approximately 300 thousand shares. In addition, the company's convertible loans of EUR 10.8m that were agreed upon during 2021–2022 have conversion price of EUR 5.44 per share. According to our understanding, this convertible was partly converted to shares in December 2024. Besides the convertible loans with fixed conversion prices, Endomines has two convertible loans outstanding, worth EUR 3.8m and EUR 3.2m, which have a conversion price tied to the share price with discounts of 18% and 15% respectively. Endomines has also raised capital by share offerings in recent years. In 2022, the company completed its listing on Nasdaq Helsinki and issued 2.6m new shares to support its growth strategy in the Karelian gold line. The number of shares outstanding for the

company has increased threefold over the last few years. In addition to share issues, the share count has increased as a result of conversions of convertible loans.

Figure 22: Endomines balance sheet composition at the end of FY 2024, mEUR

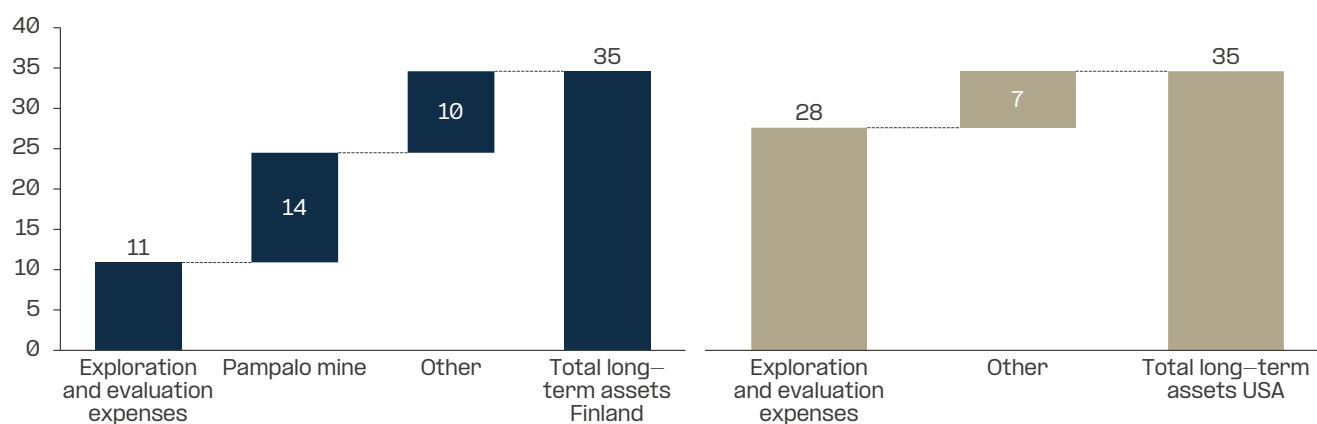


Source: Endomines, Evli Research

Major part of tangible assets in balance sheet are tied to the US assets

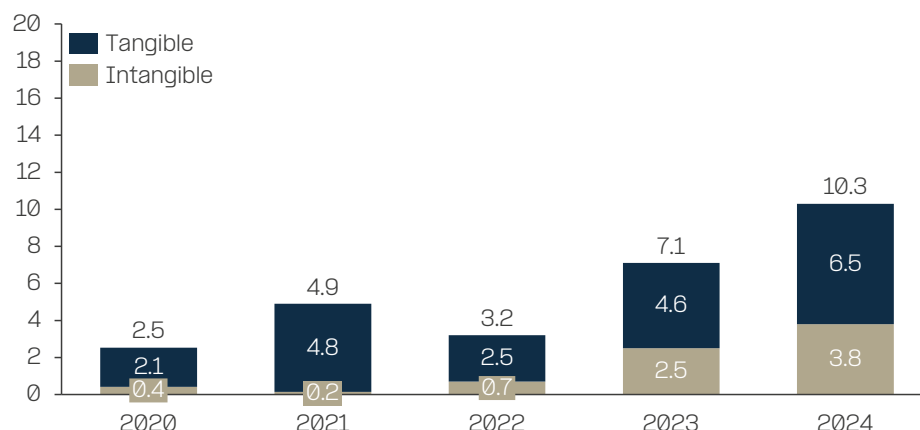
Endomines assets are mostly fixed which is typical for a mining company, over half of Endomines fixed asset base consists of intangible assets, largest portion of intangible assets are related to acquisitions in 2018 (Idaho assets, TVL Gold) and 2020 (Montana assets, Transatlantic Mining). The value of the assets located in the USA increased from EUR 33m at the end of 2023 to EUR 35m at the end of 2024. In addition to the US assets, intangible assets include for example some capitalized exploration and evaluation expenditures for mineral resources in the Karelian gold line. Tangible assets stood at EUR 30m at the end of FY 2024. The single largest tangible asset item was Pampalo mine at EUR 14m. In addition to the Pampalo mine, tangible assets included EUR 7m of machinery and equipment and EUR 6m of buildings and structures among other asset items.

Figure 23: Long-term assets (intangible and tangible) in Finland (blue, lhs) and United States (brown, rhs)



Source: Endomines, Evli Research

Figure 24: Endomines CAPEX tangible and intangible assets, 2020–2024, in EURm

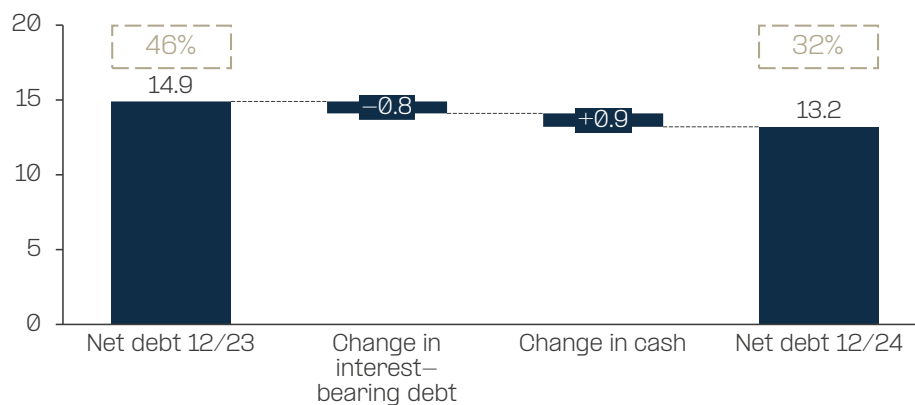


Source: Endomines, Evli Research

Capital investments
have increased in
2023–2024

In the past, the company has invested between 2–5 million EUR in tangible assets. Over the last two years, it has increased its investment levels. In 2024, Endomines invested EUR 6.5m on property, plant & equipment while in 2023 the company invested approximately EUR 4.6m. The biggest tangible investments were related to the Pampalo and Hosko mines and machinery and equipment. In addition to investments in tangible assets, the company has invested in intangible assets. In 2024, Endomines invested EUR 3.8m in intangible assets while in 2023, the figure was EUR 2.5m. Intangible investments were related to exploration in the Karelian Gold Line. Endomines reported a net debt of EUR 13.2m at the end of FY 2024. The company had EUR 14.9m in convertible loans, a decrease from EUR 16.1m at the end of 2023. At the end of the fiscal year, Endomines had EUR 2.1m in cash.

Figure 25: Net debt development 12/23 vs. 12/24, in EUR m (lhs), net gearing in %



Source: Endomines, Evli Research

Estimates

Growing production coupled with the market tailwind should result in record profitability in 2025

Endomines provides production guidance instead of numerical forecasts for net sales and profitability. The company expects to produce 16 000 – 22 000 ounces of gold in 2025 and the production growth is expected to be more rapid during the second half of the year. Endomines delivered a strong performance in H1, despite a slight shortfall relative to our profitability estimate. With production growth of near 26% and some 39% higher average gold price, the company's sales grew expectedly 64% to EUR 21.5m (Evli est. EUR 22.4m). Group EBITDA came close to our estimate yet fell short as Pampalo's cash cost did not scale down according to our estimate (group EBITDA act. EUR 7.7m, Evli est. EUR 9.1m). According to our understanding, despite higher volumes, the cash cost was negatively affected by lower head grade. Due to higher gold price levels, the company has been able to utilize the lower grade ore which has slightly increased the cash cost per ounce. The overhead expenses were in line with our estimates. We continue to estimate gold production of some 19,300 ounces for the full year. We expect production growth to be faster in H2 in line with the company's guidance. Faster production growth coupled with higher gold prices should continue to drive rapid net sales growth also in H2. We have increased our estimate for Pampalo cash cost slightly for H2 due to the company's selective mining approach seen in H1 and possible hiccups to production related to the Power Mining acquisition in Q3. Despite this, profitability should improve over H1 as a product of higher gold price. On the other hand, we have further decreased our estimate for cash cost for the coming years. Going forward, Endomines expects Power Mining acquisition to reduce cash cost by some EUR 90–120 per ounce starting from 2026.

Should have no problem in reaching production of ~25,000 oz by 2029

Endomines' targets to grow its production to some 25,000 ounces by 2029. This requires adding approximately 2 100 ounces of gold production per year on an absolute basis or CAGR growth of 12% for the period. We see this rate of production realistic given the company's historical production growth and gold resources. The company's processing facility in Pampalo has excess capacity which is to be utilized during the current strategy period. In addition to Pampalo underground and open pit mines, Endomines started production from Hosko in early 2024. We expect Hosko's production to amount to some 3000–5000 ounces per year during the forecast period. While we model production growth throughout the forecast period, we expect that the largest annual growth comes already in 2025 as processing capacity is filled with ore production from Hosko. In addition to Hosko, we estimate additional permitted satellite deposits namely Rämepuro and/or Pampalonlammit to add to the total production. We now model gold production of some 25 700 ounces in 2029E as we expect that the company can reach the preliminary 2029 production target.

Profitability is largely driven by the prevailing gold price

Our gold price forecast is based on a blend of consensus median estimates and gold forward prices. For 2025E, we estimate average gold price of approximately 3250 USD/oz. Our current forecast expects a slight reduction to the gold price during Q4 compared to the current spot price. Going forward, we forecast gold to trade at USD 3400 – 3500 per ounce for 2026–2029E. For the FX rate, we assume an EUR/USD of 1.13 for 2025 and 1.16 for subsequent years. A stronger USD would benefit Endomines, as the company sells its gold concentrate to customers in USD. Endomines renewed its gold concentrate sales agreement with Boliden during Q4/23, the agreement is long-term and in addition to gold, the contract covers silver and copper that may be found in the concentrate. We do not adjust the payability estimates as it was not disclosed with the release of the new contracts. We expect that the payability of the gold concentrate will be roughly 90% of the gold spot price. For production cost, we estimate slight cost inflation which is alleviated by increasing production offering scale benefits. We model cash cost for Pampalo excl. investments to be approximately

EUR 1250–1400/oz during the forecast period. We expect that the care and maintenance costs associated with the US assets will be roughly EUR 0.8m during FY 2024. While still burning the company's cash, the current cost level in the US is significantly lower than we have seen pre-2023. In addition to costs in the US, we expect operating costs of roughly EUR 4–5m for Karelian gold line and other purposes for the coming years.

Key short–medium term risks are gold price fluctuations and potential production issues

The biggest risks to our estimates are related to the prevailing gold price and production volume estimate. The most important factor for the company's net sales and profitability remains the gold price. Our gold price estimate for the coming years is below the current spot price, therefore if the spot price remains at the current levels or increases, our estimates are too conservative. We have illustrated the potential upside in our sum of the parts valuation model using the current spot price as the estimate for future price level. On the other hand, a downside risk exists even though our estimate for the coming years is below the current market price. In terms of production, potential disruptions related to the ramp–up in the satellite deposits or Pampalo underground mine production could negatively impact net sales and profitability. We consider processing risks relatively limited as the company has been running the current processing facility without major hiccups for a long time.

Long–term potential relies on the Southern and Northern Gold Line

We model production from Pampalo up to the year 2032. As earlier mentioned, Endomines targets production of 70,000–100,000 ounces around 2030. Reaching the target requires successful exploration, permitting and ramp–up of the Southern Gold Line. Beyond 2030, Endomines aims to continue to bring new prospects to production such as the Northern Gold Line. We consider the potential ramp–up of the Southern Gold Line prospect in our sum–of–the–parts model through a Monte Carlo simulation model.

Table 1: Estimate summary

Endomines (EURm)	2023	H1/'24	H2/'24	2024	H1/'25	H2/'25E	2025E	2026E	2027E
Gold production (Oz)	12 790	7 019	7 285	14 304	8 832	10 464	19 296	21 777	23 908
<i>Production growth %</i>	49%	4%	21%	12%	26%	44%	35%	13%	10%
Net sales	19.7	13.1	15.6	28.7	21.5	28.2	49.7	59.1	64.2
<i>Sales growth %</i>	46%	23%	73%	46%	64%	81%	73%	19%	9%
Pampalo EBITDA	3.3	4.0	6.3	10.3	10.0	15.0	25.0	32.7	36.3
Group EBITDA	–0.7	1.9	3.9	5.8	7.7	12.6	20.3	28.7	32.3
<i>EBITDA margin</i>	–3%	14%	25%	20%	36%	44%	41 %	49%	50%
EBIT	–3.0	0.1	2.5	2.6	5.4	10.4	15.8	25.5	29.1
<i>EBIT margin</i>	–15%	1%	16%	9%	25%	37%	32%	43%	45%
Assumptions	2023	H1/'24	H2/'24	2024	H1/'25	H2/'25E	2025E	2026E	2027E
Gold price USD/Oz	1942	2208	2570	2389	3072	3484	3278	3496	3464
Gold price EUR/Oz	1790	2045	2383	2214	2822	2990	2906	3014	2986
EUR/USD	1.09	1.08	1.08	1.08	1.09	1.17	1.13	1.16	1.16

Source: Endomines, Factset, Evli Research

Valuation

REDUCE (prev. SELL)
with a TP of EUR 27.0
(EUR 24.5)

We have increased our TP to EUR 27.0 (prev. EUR 24.5) while upgrading rating to REDUCE (prev. SELL), reflecting the positive net changes made to our sum of the parts model. We continue to base our TP at the middle of the fair value range derived from the SOTP-model. The lower end of the range remains unchanged from our previous update, yet the higher end of the fair value range has increased due to continued strong gold market performance. Our valuation approach for Pampalo operations is based on the net present value of future cash flows. We include production from Pampalo and Hosko in our estimates based on the current reserves and resources, as well as the potential start of production at other satellite deposits such as Rämepuro. For the undeveloped Karelian Gold Line assets, we use a Monte Carlo simulation-based model and have previously updated our model assumptions to reflect recent promising developments in the Southern Gold Line. The value of the company's US assets has increased slightly due to higher peer group resource-based multiples, but we continue to apply a conservative approach given the company's limited progress in unlocking value from these non-core assets. Our long-term gold price estimate is currently at USD 3300/oz (unchanged) which is below the current spot price. Reflecting the current strong gold market, our Spot case is based on the prevailing spot price of gold. To account for the possible dilution, we count convertible notes that can be converted into shares during FY 2025 as part of shares outstanding while we adjust net debt for the conversion and accrued convertible note interest at the end of FY 2025E.

Potential of Karelian
Gold Line has increased
during the year

For Pampalo, our valuation is based on the net present value of the operations. Cash flow-based valuation is possible for Pampalo UG & OP and Hosko as the deposits are in production and therefore the production and cost parameters can be estimated. Historically, Endomines has been able to turn resources into reserves effectively in Pampalo, therefore, we have included M+I+I (or some 120,000 ounces in total) resources in our cash flow analysis in addition to current known reserves. Cash flows from the Pampalo operations and overhead expenses are discounted using cost of capital of 9%. We consider the value of the company's undeveloped assets in the Karelian Gold Line using a Monte Carlo simulation on the projects possible future cash flows. We have used several operational inputs in the model including estimates for production volume, life of mine, gold price, initial and sustaining capital expenditure and production costs among others. For the base case, we expect life of mine (LOM) of 20 years, annual production of approximately 60,000 ounces and initial capital expenditure of EUR 100m. For cash cost excl. investments, we use base case estimate of EUR 1300/oz. We use a discount rate of 12–16% in the model to consider the uncertainty regarding our assumptions. Endomines aims to complete pre-feasibility study of Southern Gold Line during the first half of 2027 which provides further clarity to the inputs after the technical review of the project. The model is highly sensitive to changes in the gold price estimate. In our sum-of-the-parts model, we use both our long-term gold price estimate and the current spot price to determine the value range for the assets.

Value of the assets in United States remains a question mark

The company's non-core assets in the United States constitute an important, yet increasingly smaller portion of the total value in our sum-of-the-parts model. The assets were initially bought for USD 44m, with USD 31.3m for Idaho assets and USD 12.7m for Montana assets. The lower range our sum-of-the-parts value is based on the resource valuation of the company's NI43-101 compliant resources in the United States. Due to slightly higher peer resource-based multiples, we increase the value of the assets slightly compared to our latest update. The upper end of the valuation range ("Spot") is based on the balance sheet value of the assets which was EUR 35m at the end of 2024. We continue to use a conservative valuation for the assets, keeping the lower end of our value range below the balance sheet value, as the company has yet to demonstrate progress in realizing the value of the assets.

Table 2: Sum-of-the-parts valuation summary

	Evli est.	Spot	Estimate basis
US asset portfolio	28	35	Evli est. based on peer valuation of resources, Spot est. based on balance sheet value
Pampalo	149	167	DCF based on reserves & resources for Pampalo OP & UG, Hosko
Karelian gold line	165	204	Real option value for the Southern Gold Line + other satellites
Overhead	(19)	(19)	Discounted overhead costs
Net cash (debt)	3	3	2025E adjusted for theoretical conversion + accrued interest
Fair Value	326	389	
Long-term gold price (USD/oz)	3 300		Evli est.
Spot price (USD/oz)		3 650	
Diluted shares outstanding (m)	13.3	13.3	Incl. theoretical conversion of notes available for conversion during FY 2025
Fair value per share	24.5	29.2	

Source: Evli Research

Priced above peers based on EV/Resources multiple

Enterprise value to resources multiple is a crude yet commonly used metric to value both exploration and mining companies. The metric divides the company's enterprise value by the total attributable resource gold ounces. The main weakness for EV/Resources is that the metric doesn't consider the economics of the assets owned by the company. Based on EV/Resources, the company is currently priced at a premium compared to the wider peer group and its different subsegments based on the portfolio development stage. Considering the peer group median multiple of EUR 212 EUR per ounce, Endomines' current resource-based pricing implies resource base of approximately 1.5 million ounces of gold.

Peer group is divided by asset portfolio development stage

Advanced exploration / Emerging developer: Advanced exploration and emerging developer peer group consists of companies with assets in exploration and early feasibility study phases. These companies are typically conducting exploration at site or have started early feasibility study work such as scoping study/preliminary economic assessment on their assets.

Advanced developer: Advanced developers consist of companies that have assets in late development phase, these companies have typically completed the early phase feasibility studies such as scoping study and pre-feasibility study. Some of the companies have already completed definitive feasibility study and are heading towards construction depending on the permitting and financing situation.

Junior / Mid-tier Producer: Junior producers are gold miners that produced less than 300k ounces per year, companies that produce over 300k ounces per year but less than 1m ounces are considered mid-tier producers. Gold producers that produce over 1m ounces per year are considered major miners. Endomines' target is to produce 70-100k ounces by around 2030, reaching the target would put Endomines into the junior producer category.

Table 3: Peer group summary, enterprise value to resources, Endomines' enterprise value adjusted for potential conversion of convertible loans outstanding

						000's Oz					
	Ticker	Company name	Location of assets	Mine type	Development stage	Reserves	M&I	Inferred	Total	EV EURm	EV/P&R
Junior & mid-tier producers	BGL-AU	Bellevue Gold Limited	Australia	OP / UG	Producing	1 290	710	1 100	3 100	778	251
	CMM-AU	Capricorn Metals Ltd	Australia	OP / UG	Producing	4 019	1 236	1 495	6 750	2 410	357
	GOR-AU	Gold Road Resources Ltd	Australia	OP	Producing	1 920	790	2 100	4 810	2 005	417
	WDO-CA	Wesdome Gold Mines Ltd.	Canada	UG	Producing	1 131	327	928	2 386	1 680	704
	WGX-AU	Westgold Resources Ltd	Australia	OP / UG	Producing	3 304	4 831	4 026	12 161	1 862	153
	AGI-CA	Alamos Gold	North America, Mexico, Turkey	OP / UG	Producing	16 008	6 892	4 670	27 570	11 704	425
	RRL-AU	Regis Resources	Australia	OP / UG	Producing	1 661	4 219	1 660	7 540	1 960	260
	ELD-CA	Eldorado Gold Corporation	Europe, Canada	OP / UG	Producing	11 900	10 100	6 800	28 800	4 708	163
Advanced developers	ARTG-CA	Artemis Gold Inc	Canada	OP	Plant commissioning	8 000	4 406	288	12 694	4 957	391
	MAE-CA	Maritime Resources Corp.	Canada	OP / UG	Plant commissioning	272	129	32	433	132	305
	NG-CA	Novagold Resources Inc	United States	OP	FS completed	20 309	3 298	3 596	27 203	1 864	69
	PPTA-US	Perpetua Resources Corp.	United States	OP	FS completed	4 819	1 215	1 246	7 280	814	112
	SKE-CA	Skeena Resources Limited	Canada	OP / UG	DFS completed	4 600	900	30	5 530	1 666	301
Emerging developers & advanced exploration	BTR-CA	Bonterra Resources, Inc.	Canada	OP / UG	PFS ongoing		1 242	1 781	3 023	16	5
	LGD-CA	Liberty Gold Corp	United States	OP	PFS completed		3 110	1 053	712	147	207
	FURY-CA	Fury Gold Mines Limited	Canada	OP / UG	PEA completed		1 160	512	1 672	88	53
	RUP-CA	Rupert Resources Ltd.	Europe	OP / UG	PEA completed		4 087	136	4 223	760	180
	RDS-CA	Radisson Mining Resources Inc.	Canada	OP / UG	PEA completed		501	446	947	146	154
Excl. historic resources	PAMPALO-FI	Endomines	Finland, United States	OP / UG	Producing	47	274	457	777	329	424
1st quartile total group						1 661	818	328	1 851	146	143
3rd quartile total group						11 900	4 359	3 222	12 561	1 993	365
Median total group						4 600	2 176	1 150	5 170	1 673	229
Mean total group						6 720	2 950	1 831	9 186	2 157	250
Median producers						2 612	4 525	3 063	9 851	1 982	308
Mean producers						5 987	4 527	3 364	13 878	3 986	341
Median advanced developer						4 819	1 215	288	7 280	1 666	301
Mean advanced developer						7 600	1 990	1 038	10 628	1 887	236
Median emerging developer & advanced exploration							1 242	512	1 672	146	154
Mean total group emerging developer & advanced exploration							2 020	786	2 115	232	120

Source: Factset, company presentations, Evli Research

Earnings-based multiples are elevated, yet they do not fully reflect the company's future potential

We believe earnings-based multiples are not ideal for valuing junior mining companies. The primary value in a junior mining company is in its mineral resources, reserves, and exploration potential, not in current or near-term earnings. Therefore, we do not use traditional earnings-based multiples to value Endomines, yet we use them as a reference. Our peer group consists of junior and mid-tier gold producers operating in tier-1 jurisdictions. The peer group median gold production estimate for 2025E is approximately 250,000 ounces, notably higher than Endomines' current production and the production target for 2030. For mid-tier producers, we have only included those with a smaller scale of operations, specifically those with estimated annual production for 2025 below 500,000 ounces. The peer group is valued at 5-4x EV/EBITDA based on consensus median estimates for 2025-2026E. Endomines is priced at 16-10x EV/EBITDA based on our estimates for 2025-2026E. The premium is significant, yet we see substantial earnings upside for Endomines due to the exploration potential in the Karelian Gold Line. Additionally, the earnings-based multiples do not consider the value of the company's assets in the United States which are currently under care and maintenance.

Table 4: Peer group

ENDOMINES PEER GROUP	MCAP MEUR	EV/EBITDA			EV/EBIT			P/E			Gold production (000s of oz)		
		25	26	27	25	26	27	25	26	27	25	26	27
Calibre Mining											323	469	456
Torex Gold Resources	2671	4.8x	3.6x	3.6x	6.2x	4.5x	4.5x	10.5x	8.3x	7.9x	379	422	424
Mandalay Resources	306										83	80	75
Dundee Precious Metals	2794	6.0x	6.1x	6.5x	8.5x	7.2x	6.8x	8.9x	10.8x	12.0x	250	200	161
Gold Road Res	2066	7.1x	5.9x	6.2x	8.6x	7.1x	7.6x	12.9x	10.7x	11.1x	164	177	177
Vault Minerals	2175	4.9x	4.0x	3.5x	10.0x	6.9x	5.8x	14.0x	9.8x	8.6x	362	397	426
Regis Resources	2044	3.9x	3.7x	4.1x	7.3x	6.5x	7.6x	11.6x	9.8x	10.6x	372	374	383
Ramelius Resources	3595	4.4x	5.2x	4.4x	5.7x	7.4x	7.0x	11.3x	18.9x	17.1x	298	213	205
Capricorn Metals	2686	12.4x	9.3x	6.3x	13.5x	10.2x	7.0x	23.0x	16.6x	11.4x	116	123	250
Westgold Resources	1906	4.5x	3.5x	3.4x	8.5x	5.7x	5.6x	13.0x	8.5x	8.7x	281	340	382
Alkane Resources	865	3.0x	1.8x	1.8x	4.3x	2.5x	2.4x	13.7x	8.7x	7.8x	71		
Aurelia Metals	199	2.3x	2.5x	2.0x	3.8x	5.5x	3.9x	8.8x	12.3x	8.8x	49	47	44
Genesis Minerals	3223	9.9x	7.8x	7.2x	13.5x	10.4x	9.9x	19.4x	14.7x	13.6x	205	247	273
Pantoro Gold	1080	7.4x	5.5x	4.3x	11.6x	8.3x	6.5x	18.4x	11.6x	9.4x	83	106	111
New Gold	4179	6.6x	3.8x	4.1x	10.1x	5.1x	5.2x	12.2x	6.7x	7.1x	342	494	420
Integra Resources	351	6.6x	4.5x	4.0x				11.7x	8.5x	7.5x	72	76	73
Wesdome Gold Mines	1831	4.7x	4.4x	4.5x	6.0x	5.5x	5.9x	8.9x	8.2x	8.1x	199	207	209
Centerra Gold	1471	3.3x	2.8x	3.0x	5.0x	4.1x	5.8x	9.3x	7.6x	8.3x	281	299	280
Bellevue Gold	726	5.3x	3.9x	3.3x	12.1x	7.1x	5.8x	19.9x	10.3x	8.1x	128	151	179
Alamos Gold	11579	11.9x	9.1x	8.9x	15.6x	10.9x	10.4x	23.0x	17.0x	17.1x	588	647	712
Eldorado Gold	4446	6.3x	3.9x	3.8x	8.0x	4.8x	6.7x	15.5x	8.0x	7.4x	482	600	674
Peer Group Average	3002	6.1x	4.8x	4.5x	8.8x	6.6x	6.4x	14.0x	10.9x	10.0x	244	283	296
Peer Group Median	2055	5.3x	4.0x	4.1x	8.5x	6.7x	6.2x	12.9x	9.8x	8.7x	250	230	262
Endomines (Evli est.)	320	16.2x	10.4x	9.0x	20.9x	12.3x	10.0x	29.6x	14.9x	13.0x	19	22	24

Endomines prem./disc. to peer mediar. 206 % 163 % 121 % 146 % 83 % 63 % 129 % 52 % 50 % -92 % -91 % -91 %

Source FactSet, Evli Research

Investment risks

Junior mining and exploration companies are risky by nature

Investing in junior mining and exploration companies is risky due to the substantial risks of mining projects. Only a few projects advance from exploration to mine stage. These companies often operate with limited financial resources and rely on continuous external funding to progress their projects. The path from discovery to production is long and fraught with uncertainty, as projects must overcome numerous technical, regulatory, and environmental hurdles.

Geological confidence increases throughout project development and decreases overall risk

Geological risk represents the most significant project risk for mining companies, as it fundamentally determines future production potential. This risk is mitigated through ongoing studies that enhance the geological understanding of the deposit. For example, Endomines experienced geological risk materializing in early 2022 when the ore body at the Friday mine turned out to be more irregular than initially anticipated. The level of geological knowledge about a company's assets is reflected in its resource and reserve estimates. Mineral resources are categorized as inferred, indicated, or measured, with inferred resources carrying the lowest level of geological confidence and measured resources the highest. Reserves, meanwhile, are the economically recoverable portion of measured and indicated resources. In the case of Endomines, most of its resources in the United States are classified as historic, as they do not meet JORC or NI 43-101 reporting standards. Consequently, the geological risk associated with Endomines' U.S. project portfolio can be considered elevated.

Metallurgical risks are alleviated with pilot-scale tests

Metallurgical risk, much like geological risk, has a direct impact on both the production output and operating costs of a mining project. After extraction, ore must undergo several processing stages—such as crushing, milling, and concentration methods like flotation or gravity separation—to produce the final product. For gold, additional processing methods such as cyanidation (including heap leaching) may be used, with the choice of method depending on factors like particle size and how the gold is bound to other minerals. Metallurgical risk can be reduced by conducting metallurgical tests, which are typically carried out alongside feasibility studies. These tests involve processing ore samples from the deposit under controlled laboratory conditions, or at larger pilot or demonstration plants, to assess the most effective extraction methods. At Endomines' Pampalo mine, gold recovery rates have historically remained stable at around 82–84%.

Cost overruns are typical in mining

According to a survey conducted in 2019 by McKinsey, only 37% of mining projects completed during 2008–2018 came in within 15% of the announced budget in the feasibility study phase. Over half of the projects exceeded the budget by at least 15%, with average capital expenditure overrun of 49%. Every fifth project exceeded the original budget set in feasibility study by over 100%, the average overrun in these "disaster projects" was 3 times the original feasibility study estimate. Endomines is developing the Southern Gold Line prospect into production, necessitating investment in new processing capacity and infrastructure.

Permitting is a mandatory step before reaching mine stage

Permitting is a binary risk by nature; mining company must receive the necessary permits to be able to proceed to the mine stage. Permits vary by jurisdiction, and typical permits needed for a mining project include exploration, mine, construction and environmental permits. In addition to the deposits currently in production, the company's Rämepuro deposit is fully permitted. Endomines is conducting permitting work in the Southern Gold Line with the intention of applying for a permit during 2024–2026. The application will then be processed, and a decision will be made over the following two years.

Financing is costly for junior mining and exploration companies

Mining projects require a significant amount of financing to proceed all the way to the mine stage. Exploration and early-development mining companies typically rely on equity financing, late-stage and mine-stage projects can be financed via debt instruments as the cash flows are more certain. Endomines has issued shares and entered into financing agreements multiple times during recent years as the company has lacked production and therefore cash flows. In 2025, the company was able to secure funding of up to EUR 12 million, comprising a secured loan facility of up to EUR 8 million, an account limit of EUR 3 million, and bank guarantees and financing limits totaling a maximum of EUR 1 million. We anticipate that the company will be able to fund its exploration and development investments over the next years using its existing financing arrangements and cash flow from operations. However, if market conditions were to worsen or if the Pampalo processing operations underperform, the company may need to seek additional financing. For the Southern Gold Line, the company plans to enter financing negotiations and target having an investment decision finalized in 2028.

Market risk is present throughout the mine lifecycle

Market risk stands apart from other risks related to mining projects in that it does not diminish as a project advances; it remains constant for both junior and major mining companies. The currently high gold prices make it possible to operate lower-grade and higher-cost projects profitably. Gold price is currently at well over 3000 USD/oz and the company's cash cost excl. investments in Pampalo operations is approximately 1250 EUR/oz. The current price levels allow for high margins and strong cash flow generation to fund the company's investments.

Appendix: Ore reserves & mineral resources

Karelian Gold Line					
Reserves	Tonnes	Grade	Oz	Kg	Classification
Pampalo – Underground	274 000	3.0	26 000	808	Proven
Pampalo – Underground	129 000	3.6	14 800	459	Probable
Pampalo – Open pit	185 000	1.0	5 800	181	Probable
Total Pampalo reserves	588 000	2.9	46 600	1 448	
Resources	Tonnes	Grade	Oz	Kg	Classification
Pampalo – Underground	231 000	3.7	27 300	851	Measured
Pampalo – Underground	109 000	4.5	15 600	485	Indicated
Pampalo – NW	29 000	2.5	2 300	71	Indicated
Pampalo – Open pit	157 000	1.2	5 800	181	Indicated
M + I	526 000		51 000	1 588	M+I
Pampalo – NW	103 000	1.8	6 000	185	Inferred
Pampalo – Open pit	488 000	1.5	23 800	742	Inferred
Pampalo – Underground	347 000	3.8	41 900	1 305	Inferred
Inferred	938 000	2.0	71 700	2 232	Inferred
Total Pampalo resources	1 464 000	2.6	122 700	3 820	
Resources	Tonnes	Grade	Oz	Kg	Classification
Hosko					Measured
Hosko	98 000	3.1	9 700	302	Indicated
Räme puro	23 000	2.7	1 900	61	Measured
Räme puro	412 000	1.5	20 200	630	Indicated
Kuivisto East	37 000	3.2	3 800	118	Indicated
Measured	23 000		1 900	61	203
Indicated	547 000		33 700	1 050	1 549
M + I	570 000	1.5	35 600	1 111	M + I
Hosko	945 000	1.5	44 500	1 382	Inferred
Räme puro	381 000	1.4	18 500	514	Inferred
Kuivisto East	145 000	1.0	4 700	145	Inferred
Inferred	1 471 000	1.1	65 700	2 041	Inferred
Total other Karelian resources	2 041 000	1.3	101 300	3 152	
Resources	Tonnes	Grade	Oz	Kg	Classification
Muurinsuo	354 000	1.9	22 100	687	Indicated
M + I	354 000	1.9	22 100	687	M + I
Muurinsuo	231 000	1.4	10 400	323	Inferred
Korvilansuo	2 727 000	1.6	138 800	4 309	Inferred
Kuittila	2 211 000	1.4	97 500	3 029	Inferred
Inferred	5 189 000	1.1	246 700	7 661	Inferred
Total Southern Gold Line resources	5 523 000	2.1	268 800	8 348	
Total Karelian gold line resources	9 028 000		492 800	15 320	
United States					
Resources	Tonnes	Grade	Oz	Kg	
Measured	245 000	6.9	54 200	1 686	
Indicated	217 000	6.2	43 000	1 337	
M + I	462 000	6.5	97 200	3 023	
Inferred	296 000	4.9	46 700	1 453	
Total Friday resources	758 000		143 900	4 476	
Resources	Tonnes	Grade	Oz	Kg	
Measured	3 515 000	0.6	64 800	2 016	
Indicated	3 230 000	0.5	49 900	1 552	
M + I	6 745 000	0.5	114 700	3 568	
Inferred	2 128 000	0.4	25 700	799	
Total Buffalo Gulch resources	8 873 000		140 400	4 387	
Resources	Tonnes	Grade	Oz	Kg	
Rescue Historic	67 000	21.3	45 980	1 430	
Kimberly Historic	261 000	19.2	160 930	5 005	
Deadwood Historic	2 375 000	0.8	58 601	1 823	
US Grant Historic	346 000	14.9	165 700	5 152	
Kearsarge Historic	4 100 000	3.0	381 000	12 218	
Total Historic resources	7 149 000		812 211	25 628	
Total United States resources	16 780 000		1 096 511	34 471	

INTERIM FIGURES

EVLI ESTIMATES, EURm	2024Q1	2024Q2	2024Q3	2024Q4	2024	2025Q1E	2025Q2	2025Q3E	2025Q4E	2025E	2026E	2027E
Net sales	0.0	13.1	0.0	15.6	28.7	0.0	21.5	0.0	28.2	49.7	59.1	64.2
EBITDA		1.9		3.9	5.8		7.7		12.6	20.3	30.0	32.3
EBITDA margin (%)		14.5%		25.1%	20.3%		35.9%		44.5%	40.8%	50.9%	50.2%
EBIT		0.1		2.5	2.6		5.4		10.4	15.8	25.5	29.1
EBIT margin (%)		0.8%		16.2%	9.1%		25.1%		36.7%	31.7%	43.2%	45.3%
Net financial items		-1.1		-1.1	-2.2		-3.1		-1.3	-4.4	-1.7	-1.7
Pre-tax profit		-1.0		1.4	0.4		2.3		9.1	11.3	23.9	27.4
Tax				-0.1	-0.1				-0.5	-0.5	-2.4	-2.7
Tax rate (%)				7.1%	24.2%				5.5%	4.4%	10.0%	10.0%
Net profit		-1.0		1.3	0.3		2.3		8.6	10.8	21.5	24.7
EPS		-0.09		0.12	0.03		0.20		0.77	0.97	1.93	2.22
EPS adj. (diluted)		-0.09		0.12	0.03		0.20		0.77	0.97	1.90	2.01
Dividend per share												
SALES, EURm	2024Q1	2024Q2	2024Q3	2024Q4	2024	2025Q1E	2025Q2	2025Q3E	2025Q4E	2025E	2026E	2027E
Endomines		13.1		15.6	28.7		21.5		28.2	49.7	59.1	64.2
Total	0.0	13.1	0.0	15.6	28.7	0.0	21.5	0.0	28.2	49.7	59.1	64.2
SALES GROWTH, Y/Y%	2024Q1	2024Q2	2024Q3	2024Q4	2024	2025Q1E	2025Q2	2025Q3E	2025Q4E	2025E	2026E	2027E
Endomines		22.7%		72.9%	45.7%		63.7%		81.5%	73.4%	18.7%	8.8%
Total		22.7%		72.9%	45.7%		63.7%		81.5%	73.4%	18.7%	8.8%
EBIT, EURm	2024Q1	2024Q2	2024Q3	2024Q4	2024	2025Q1E	2025Q2	2025Q3E	2025Q4E	2025E	2026E	2027E
Endomines		0.1		2.5	2.6		5.4		10.4	15.8	25.5	29.1
Total		0.1		2.5	2.6		5.4		10.4	15.8	25.5	29.1
EBIT margin %	2024Q1	2024Q2	2024Q3	2024Q4	2024	2025Q1E	2025Q2	2025Q3E	2025Q4E	2025E	2026E	2027E
Endomines		0.8%		16.2%	9.1%		25.1%		36.7%	31.7%	43.2%	45.3%
Total		0.8%		16.2%	9.1%		25.1%		36.7%	31.7%	43.2%	45.3%

INCOME STATEMENT, EURm	2020	2021	2022	2023	2024	2025E	2026E	2027E
Sales	1.3	0.5	13.5	19.7	28.7	49.7	59.1	64.2
Sales growth (%)	134.3%	-61.5%	2 643.4%	45.9%	45.7%	73.4%	18.7%	8.8%
EBITDA	-10.5	-11.6	-6.4	-0.6	5.8	20.3	30.0	32.3
EBITDA margin (%)	-824.5%	-2	-47.1%	-3.1%	20.3%	40.8%	50.9%	50.2%
		362.0%						
Depreciation	-7.5	-13.5	-8.3	-2.4	-3.2	-4.5	-4.5	-3.2
EBITA	-18.0	-25.1	-14.7	-3.0	2.6	15.8	25.5	29.1
Goodwill amortization / writedown								
EBIT	-18.0	-25.1	-14.7	-3.0	2.6	15.8	25.5	29.1
EBIT margin (%)	-1 410.0%	-5	-108.9%	-15.2%	9.1%	31.7%	43.2%	45.3%
		102.0%						
Reported EBIT	-18.0	-25.1	-14.7	-3.0	2.6	15.8	25.5	29.1
EBIT margin (reported) (%)	-1 410.0%	-5	-108.9%	-15.2%	9.1%	31.7%	43.2%	45.3%
		102.0%						
Net financials	-1.2	-1.6	-2.7	-2.3	-2.2	-4.4	-1.7	-1.7
Pre-tax profit	-19.2	-26.7	-17.4	-5.3	0.4	11.3	23.9	27.4
Taxes	0.0	0.0	0.0		-0.1	-0.5	-2.4	-2.7
Minority shares								
Net profit	-19.2	-26.7	-17.5	-5.3	0.3	10.8	21.5	24.7
Cash NRIs								
Non-cash NRIs								
BALANCE SHEET, EURm								
Assets								
Fixed assets	57	51	49	55	70	78	84	87
Goodwill								
Right of use assets								
Inventory	0	1	0	0	0	1	1	1
Receivables	0	2	2	2	3	6	7	7
Liquid funds	1	1	4	1	2	6	22	43
Total assets	58	55	55	59	76	90	113	139
Liabilities								
Shareholders' equity	33	30	36	32	41	52	73	98
Minority interest								
Convertibles				16	15	15	15	15
Lease liabilities								
Deferred taxes								
Interest bearing debt	15	16	11					
Non-interest bearing current liabilities					5	8	10	11
Other interest-free debt	10	9	9	11	15	15	15	15
Total liabilities	58	55	55	59	75	90	113	139
CASH FLOW, EURm								
+ EBITDA	-11	-12	-6	-1	6	20	30	32
- Net financial items	-1	-2	-3	-2	-2	-4	-2	-2
- Taxes	0	0	0		0	-1	-2	-3
- Increase in Net Working Capital	0	0	3	1	3	1	0	0
+/- Other	4	1	2					
= Cash flow from operations	-7	-12	-4	-2	6	16	26	28
- Capex	-3	-5	-4	-9	-18	-13	-10	-7
- Acquisitions								
+ Divestments								
= Free cash flow	-10	-17	-8	-11	-12	4	16	21
+/- New issues/buybacks	20	24	23	2	9			
- Paid dividend								
+/- Other	-11	-7	-13	6	4	0		
Change in cash	0	0	3	-3	1	4	16	21

KEY FIGURES	2021	2022	2023	2024	2025E	2026E	2027E
M-cap	57	47	66	92	320	320	320
Net debt (excl. convertibles)	14	7	-1	-2	-6	-22	-43
Enterprise value	71	54	81	105	329	313	292
Sales	0	14	20	29	50	59	64
EBITDA	-12	-6	-1	6	20	30	32
EBIT	-25	-15	-3	3	16	26	29
Pre-tax	-27	-17	-5	0	11	24	27
Earnings	-27	-17	-5	0	11	21	25
Equity book value (excl. minorities)	30	36	32	41	52	73	98

Valuation multiple	2021	2022	2023	2024	2025E	2026E	2027E
EV/Sales	144.2	4.0	4.1	3.7	6.6	5.3	4.5
EV/EBITDA	-6.1	-8.4	-134.2	18.0	16.2	10.4	9.0
EV/EBITA	-2.8	-3.6	-26.8	40.1	20.9	12.3	10.0
EV/EBIT	-2.8	-3.6	-26.8	40.1	20.9	12.3	10.0
EV/OCF	-6.1	-13.1	-42.6	16.2	20.3	11.9	10.4
EV/FCF	-4.7	-10.2	-10.8	-19.9	41.4	17.5	12.9
P/FCFR	-0.1	-5.9	-6.1	-7.9	88.1	19.5	15.2
P/E	-2.1	-2.7	-12.3	293.9	29.6	14.9	13.0
P/BV	1.9	1.3	2.0	2.2	6.2	4.4	3.3
Target EV/EBITDA					15.3	9.8	8.4
Target EV/EBIT					19.7	11.5	9.4
Target EV/FCFF					83.4	17.9	12.9
Target P/BV					5.8	4.1	3.1
Target P/E, diluted	-3.0	-8.0	-14.5	-1560.3	27.8	14.2	13.4

Per share measures	2021	2022	2023	2024	2025E	2026E	2027E
Number of shares (million)	5.64	9.37	9.80	10.83	11.13	11.13	11.13
Number of shares (diluted, million)	5.64	9.37	9.80	10.83	11.13	11.32	12.27
EPS	-4.73	-1.87	-0.55	0.03	0.97	1.93	2.22
Operating cash flow per share	-2.07	-0.44	-0.19	0.60	1.46	2.37	2.52
Free cash flow per share	-2.95	-0.85	-1.09	-1.07	0.33	1.47	1.90
Book value per share	5.34	3.83	3.30	3.80	4.67	6.60	8.82
Dividend per share							
Dividend payout ratio, %							
Dividend yield, %							
FCF yield, %	-29.4%	-17.1%	-16.3%	-12.6%	1.2%	5.1%	6.6%

Efficiency measures	2021	2022	2023	2024	2025E	2026E	2027E
ROE	-84.6%	-52.9%	-15.7%	0.9%	23.2%	34.2%	28.7%
ROCE	-53.4%	-31.9%	-6.3%	5.0%	25.6%	32.8%	28.8%

Financial ratios	2021	2022	2023	2024	2025E	2026E	2027E
Inventories as % of sales	162.0%	3.0%	2.0%	1.4%	1.4%	1.4%	1.4%
Receivables as % of sales	360.9%	14.8%	10.4%	11.2%	11.2%	11.2%	11.2%
Non-int. bearing liabilities as % of sales				16.7%	16.7%	16.7%	16.7%
NWC/sales, %	-1062.8%	-30.4%	-26.1%	-28.2%	-18.1%	-15.9%	-14.9%
Operative CAPEX/Sales, %	1001.1%	28.9%	44.7%	63.1%	25.1%	16.9%	10.9%
CAPEX/sales (incl. acquisitions), %	1001.1%	28.9%	44.7%	63.1%	25.1%	16.9%	10.9%
FCFF/EBITDA	1.3	0.8	12.4	-0.9	0.4	0.6	0.7
Net Debt/EBITDA, book-weighted	-1.2	-1.1	2.0	-0.4	-0.3	-0.7	-1.3
Debt/equity, market-weighted	0.3	0.2					
Equity ratio, book-weighted	0.5	0.7	0.8	0.7	0.7	0.8	0.8
Gearing, %	47.9%	18.9%	-2.5%	-3.7%	-8.4%	-24.8%	-38.1%

INVESTMENT CASE: Endomines strategy focuses on development of the company's Finnish assets. The company has made solid progress in restarting production at the Pampalo site, with gold output reaching 14,300 ounces in 2024. By 2030, Endomines targets annual production of 70,000–100,000 ounces of gold, with the majority expected to come from the Southern Gold Line prospect. Consequently, the investment case will primarily be driven by the future developments in the Southern Gold Line.

OWNERSHIP STRUCTURE	SHARES	EURm	%
Joensuun Kauppa ja Kone Oy	2 381 691	68.474	21.4 %
Mariatorp OY	1 490 000	42.838	13.4 %
Wipunen varainhallinta Oy	1 485 000	42.694	13.3 %
K22 Finance Oy	407 204	11.707	3.7 %
Kakkonen Kari Heikki Ilmari	307 704	8.846	2.8 %
Taloustieto Incrementum Oy	297 089	8.541	2.7 %
Vakuutusosakeyhtiö Henki–Fennia	265 000	7.619	2.4 %
Hietamoor Oy	234 655	6.746	2.1 %
Eyemaker's Finland Oy	222 726	6.403	2.0 %
Ehnrnooth Helene Margareta	150 000	4.313	1.3 %
Ten largest	7 241 069	208.181	65.1 %
Residual	3 887 391	111.762	34.9 %
Total	11 128 460	319.943	100%

OTHER EVENTS

CEO: Kari Vyhtinen
CFO: Minni Lempinen
IR: Anni Turpeinen

DEFINITIONS

P/E	$\frac{\text{Price per share}}{\text{Earnings per share}}$	EPS	$\frac{\text{Profit before extraord. items and taxes} - \text{income taxes} + \text{minority interest}}{\text{Number of shares}}$
P/BV	$\frac{\text{Price per share}}{\text{Shareholder's equity} + \text{taxed provisions per share}}$	DPS	Dividend for the financial period per share
Market cap	Price per share * Number of shares	OCF (Operating cash flow)	EBITDA – Net financial items – Taxes – Increase in working capital – Cash NRIs ± Other adjustments
EV (Enterprise value)	Market cap + net debt + minority interest at market value – share of associated companies at market value	FCF (Free cash flow)	Operating cash flow – Operative CAPEX – acquisitions + divestments
EV/Sales	$\frac{\text{Enterprise value}}{\text{Sales}}$	FCF yield, %	$\frac{\text{Free cash flow}}{\text{Market cap}}$
EV/EBITDA	$\frac{\text{Enterprise value}}{\text{Earnings before interest, tax, depreciation and amortization}}$	Operative CAPEX / Sales	$\frac{\text{Capital expenditure} - \text{divestments} - \text{acquisitions}}{\text{Sales}}$
EV/EBIT	$\frac{\text{Enterprise value}}{\text{Operating profit}}$	Net working capital	Current assets – current liabilities
Net debt	Interest bearing debt – financial assets	Capital employed / Share	$\frac{\text{Total assets} - \text{non-interest bearing debt}}{\text{Number of shares}}$
Total assets	Balance sheet total	Gearing	$\frac{\text{Net debt}}{\text{Equity}}$
Div yield, %	$\frac{\text{Dividend per share}}{\text{Price per share}}$	Debt/Equity, %	$\frac{\text{Interest bearing debt}}{\text{Shareholders' equity} + \text{minority interest} + \text{taxed provisions}}$
Payout ratio, %	$\frac{\text{Total dividends}}{\text{Earnings before extraordinary items and taxes} - \text{income taxes} + \text{minority interest}}$	Equity ratio, %	$\frac{\text{Shareholders' equity} + \text{minority interest} + \text{taxed provisions}}{\text{Total assets} - \text{interest-free loans}}$
ROCE, %	$\frac{\text{Profit before extraordinary items} + \text{interest expenses} + \text{other financial costs}}{\text{Balance sheet total} - \text{non-interest bearing debt (average)}}$	CAGR, %	Cumulative annual growth rate = Average growth rate per year
ROE, %	$\frac{\text{Profit before extraordinary items and taxes} - \text{income taxes}}{\text{Shareholders' equity} + \text{minority interest} + \text{taxed provisions (average)}}$		

Important Disclosures

Evli Research Partners Plc ("ERP") uses 12-month target prices. Target prices are defined by utilizing analytical techniques based on financial theory including (but not limited to) discounted cash flow analysis and comparative valuation. The selection of valuation methods depends on different circumstances. Target prices may be altered on the basis of new information coming to light in the underlying company or changes in interest rates, changes in foreign exchange rates, other securities prices or market indices or outlook for the aforementioned factors or other factors that may change the conditions of financial markets. The valuation assumptions used are sensitive to changes and can significantly affect fair values. A change of a single percentage point in any used assumption could affect fair values by more than +/-20%. Recommendations and changes by analysts are available at [Analysts' recommendations and ratings revisions](#).

Investment recommendations are defined as follows:

Target price compared to share price

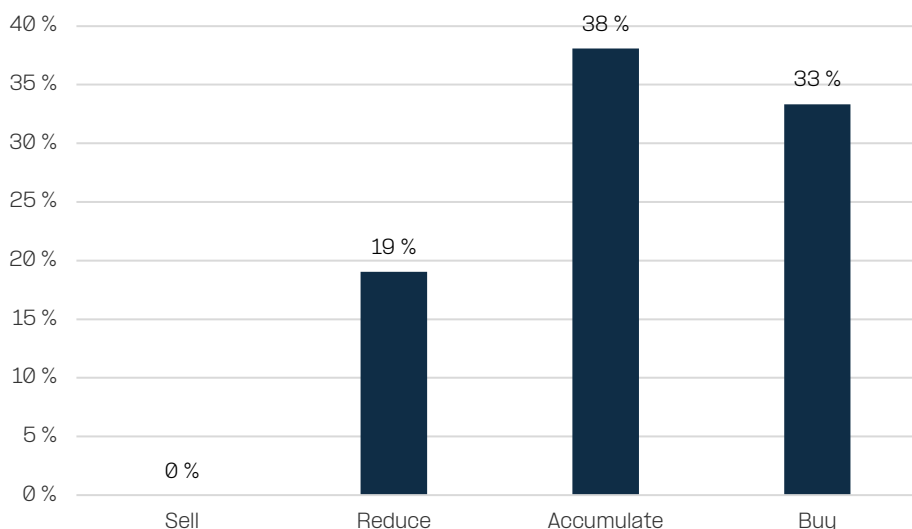
< -10 %
-10 - 0 %
0 - (+10) %
> 10 %

Recommendation

SELL
RECUDE
ACCUMULATE
BUY

ERP may temporarily suspend the rating and, if applicable, the target price to comply with regulations and/or firm policies, in which case a NOT RATED classification is used.

ERP's investment recommendation of the analyzed company is updated at least 2 times per year.



The graph above shows the distribution of ERP's recommendations of companies under coverage on the 16th of May, 2025. If recommendation is not given, it is not mentioned here.

Name(s) of the analyst(s): Atte Jortikka

This research report has been prepared by Evli Research Partners Plc ("ERP" or "Evli Research"). ERP is a subsidiary of Evli Plc. Production of the investment recommendation has been concluded on 9.9.2025, 08:30. This report has been published on 9.9.2025, 08:50.

None of the analysts contributing to this report, persons under their guardianship or corporations under their control have a position in the shares of the company or related securities.

The date and time for any price of financial instruments mentioned in the recommendation refer to the previous trading day's closing price(s) unless otherwise stated in the report.

Each analyst responsible for the content of this report assures that the expressed views accurately reflect the personal views of each analyst on the covered companies and securities. Each analyst assures that (s)he has not been, nor are or will be, receiving direct or indirect compensation related to the specific recommendations or views contained in this report.

Companies in the Evli Group, affiliates or staff of companies in the Evli Group, may perform services for, solicit business from, hold long or short positions in, or otherwise be interested in the investments (including derivatives) of any company mentioned in the publication or report.

According to ERP's best knowledge, the issuer(s) of the securities does/(do) not hold in excess of 5% of the total issued share capital of the issuer(s).

Neither ERP nor any company within the Evli Group have managed or co-managed a public offering of the company's securities during the last 12 months prior to, received compensation for investment banking services from the company during the last 12 months prior to the publication of the research report.

ERP may pursue an assignment from the issuer(s) of the financial instruments mentioned in the recommendation or this report. These assignments may have a limited economic or financial impact on ERP and/or Evli. Under such assignments ERP may perform services including, but not limited to, arranging investor meetings or –events, investor relations communication advisory and production of research material.

ERP has signed an agreement with the issuer of the financial instruments mentioned in the recommendation, which includes production of research reports. This assignment has a limited economic and financial impact on ERP and/or Evli. Under the assignment ERP performs services including, but not limited to, arranging investor meetings or –events, investor relations communication advisory and production of research material.

ERP or another company within the Evli Group does not have an agreement with the company to perform market making services.

For the prevention and avoidance of conflicts of interests with respect to this report, there is an information barrier (Chinese wall) between Investment Research and Corporate Finance units concerning unpublished investment banking services to the company. The remuneration of the analyst(s) is not tied directly or indirectly to investment banking transactions performed by Evli Plc or any company within Evli Group.

This report has not been disclosed to the company prior to its dissemination.

This report is provided and intended for informational purposes only and may not be used or considered under any circumstances as an offer to sell or buy any securities or as advice to trade any securities.

This report is based on sources ERP considers to be correct and reliable. The sources include information providers Reuters and Bloomberg, stock-exchange releases from the companies and other company news, Statistics Finland and articles in newspapers and magazines. However, ERP does not guarantee the materialization, correctness, accuracy or completeness of the information, opinions, estimates or forecasts expressed or implied in the report. In addition, circumstantial changes may have an influence on opinions and estimates presented in this report. The opinions and estimates presented are valid at the moment of their publication and they can be changed without a separate announcement. Neither ERP nor any company within the Evli Group are responsible for amending, correcting or updating any information, opinions or estimates contained in this report. Neither ERP nor any company within the Evli Group will compensate any direct or consequential loss caused by or derived from the use of the information represented in this publication.

All information published in this report is for the original recipient's private and internal use only. ERP reserves all rights to the report. No part of this publication may be reproduced or transmitted in any form or by any means, electronic, mechanical, photocopying, recording or otherwise, or stored in any retrieval system of any nature, without the written permission of ERP.

This report or its copy may not be published or distributed in Australia, Canada, Hong Kong, Japan, New Zealand, Singapore or South Africa. The publication or distribution of this report in certain other jurisdictions may also be restricted by law. Persons into whose possession this report comes are required to inform themselves about and to observe any such restrictions.

Evli Plc is not registered as a broker-dealer with the U. S. Securities and Exchange Commission ("SEC"), and it and its analysts are not subject to SEC rules on securities analysts' certification as to the currency of their views reflected in the research report. Evli Bank is not a member of the Financial Industry Regulatory Authority ("FINRA"). It and its securities analysts are not subject to FINRA's rules on Communications with the Public and Research Analysts and Research Reports and the attendant requirements for fairness, balance and disclosure of potential conflicts of interest. This research report is only being offered in U.S. by Auerbach Grayson & Company, LLC (Auerbach Grayson) to Major U.S. Institutional Investors and is not available to, and should not be used by, any U.S. person or entity that is not a Major U.S. Institutional Investor. Auerbach Grayson is a broker-dealer registered with the U.S. Securities and Exchange Commission and is a member of the FINRA. U.S. entities seeking more information about any of the issuers or securities discussed in this report should contact Auerbach Grayson. The securities of non-U.S. issuers may not be registered with or subject to SEC reporting and other requirements.

ERP is not a supervised entity but its parent company Evli Plc is supervised by the Finnish Financial Supervision Authority.

Contact information**SALES, TRADING AND RESEARCH****Equity Sales & Trading**

Joachim Dannberg (head)	+358 9 4766 9123
Aleksi Jalava	+358 9 4766 9123
Pasi Väisänen	+358 9 4766 9123

Evli Investment Solutions

Johannes Asuja	+358 9 4766 9205
----------------	------------------

Equity Research

Jerker Salokivi (head)	+358 9 4766 9149
Joonas Ilvonen	+358 44 430 9071
Atte Jortikka	+358 40 054 3725
Atte Pitkälampi	+358 44 047 6597

EVLI

EVLI PLC
Aleksanterinkatu 19 A
P.O. Box 1081
FIN-00101 Helsinki, FINLAND
Phone +358 9 476 690
Internet www.evli.com
E-mail firstname.lastname@evli.com

**EVLI PLC,
STOCKHOLMSFILIAL**
Regeringsgatan 67 P.O. Box 16354
SE-103 26 Stockholm
Sverige
stockholm@evli.com
Tel +46 (0)8 407 8000