

## Driven into a tight spot

Endomines Q3 figures were weaker than expected, as a tight funding situation forced the company to put operations at Friday into care and maintenance. The company is now seeking to bolster up its financial position through a series of measures, seeking SEK 281m through a rights issue for ramp-up at Friday and for other projects. We adjust our TP to SEK 3.5 (5.5), rating now HOLD (SELL)

### Friday operations put under care and maintenance

Endomines reported weaker than expected Q3 results, as the operations at Friday were put under care and maintenance due to a very tight financial situation. Ramp-up at Friday was previously delayed by problems with the tailings dewatering system and although solving the problems would not have been a large investment, the limited cash flows and very tight cash position (Q3/20: SEK 12.0m) forced the company to take more drastic measures. Q3 revenue and EBITDA of SEK 1.9m and SEK -23.1m were as such clearly below our estimates (Evli SEK 11.1m and -15.6m respectively).

### Taking measures to improve financial position

Endomines announced intentions to initiate a SEK 281m rights issue, at a subscription price of SEK 2.5 per share, along with possible directed share issues of near SEK 75m to cover guarantee undertakings and bridge financing claim set-offs. With some 60 percent of the rights issue covered by subscription undertakings and guarantee commitments Endomines should in our view be able to secure enough funding to restart operations at Friday and potentially also Pampalo if the gold price remains at >1,800 USD/oz levels. We estimate a six to eight month delay in ramp-up of Friday due to the funding challenges.

### HOLD (SELL) with a TP of SEK 3.5 (5.5)

With the estimated impact of the rights issue on share amounts and net debt we adjust our TP to SEK 3.5 (5.5), assuming that the rights issue is subscribed in full. The gold price remains at beneficial levels and is continuing to see upwards pressure despite minor short-term declines. We raise our rating to HOLD (SELL).

Rating

■ HOLD



Share price, SEK (Last trading day's closing price) 3.60

Target price, SEK 3.5

Latest change in recommendation 02-Dec-20

Latest report on company 31-Aug-20

Research paid by issuer: YES

No. of shares outstanding, '000's 131,305

No. of shares fully diluted, '000's 131,305

Market cap, SEKm 473

Free float, % -

Exchange rate EUR/SEK 10.230

Reuters code ENDO.ST

Bloomberg code ENDO SS

Average daily volume, SEKm 0.2

Next interim report -

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■ BUY ■ HOLD ■ SELL

## KEY FIGURES

	Sales SEKm	EBIT SEKm	EBIT %	FCF SEKm	EPS SEK	P/E (x)	EV/Sales (x)	EV/EBIT (x)	FCF yield %	DPS SEK
2018	104.0	-48.5	-46.6%	-166.5	-1.06	-5.6	3.9	-8.4	-79.0	0.00
2019	5.8	-52.4	-903.4%	-159.8	-0.75	-7.5	112.7	-12.5	-35.7	0.00
2020E	12.9	-102.5	-794.6%	-146.3	-1.10	-3.3	45.3	-5.7	-30.9	0.00
2021E	90.9	-40.9	-45.0%	-150.0	-0.22	-16.6	8.1	-17.9	-31.7	0.00
2022E	260.4	25.1	9.6%	-251.8	0.04	86.4	3.8	39.3	-53.3	0.00
Market cap, SEKm			473	Gearing 2020E, %		25.8	CAGR EPS 2019-22, %			0.0
Net debt 2020E, SEKm			112	Price/book 2020E		1.1	CAGR sales 2019-22, %			255.4
Enterprise value, SEKm			584	Dividend yield 2020E, %		0.0	ROE 2020E, %			-37.5
Total assets 2020E, SEKm			578	Tax rate 2020E, %		0.1	ROCE 2020E, %			-18.6
Goodwill 2020E, SEKm			0	Equity ratio 2020E, %		74.8	PEG, P/E 20/CAGR			0.0

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

Endomines (SEKm)	2018	Q1/'19	Q2/'19	Q3/'19	Q4/'19	2019	Q1/'20	Q2/'20	Q3/'20	Q4/'20E	2020E	2021E	2022E
Net sales	105.3	2.1	1.4	1.6	0.7	5.8	3.0	7.5	1.9	0.5	12.9	90.9	260.4
sales growth %	-13.9%	-92.9%	-96.7%	-93.8%	-91.5%	-94.5%	42.9%	>100%	18.8%	-28.6%	>100%	>100%	>100%
EBITDA	-5.5	-11.5	-9.3	-12.9	-15.1	-48.8	-27.8	-17.5	-23.1	-14.5	-83.0	3.3	105.2
EBIT	-48.5	-13.3	-9.0	-16.4	-13.7	-52.4	-29.2	-27.7	-28.7	-16.9	-115.4	-40.9	25.1
EBIT margin	-46.0%	<-100%	<-100%	<-100%	<-100%	<-100%	<-100%	<-100%	<-100%	<-100%	<-100%	-45.0%	9.6%
Gold production (Oz)	10 552	0	0	0	0	0	0	326	212	0	538	5 932	16 993
<b>Pampalo</b>	<b>2018</b>	<b>Q1/'19</b>	<b>Q2/'19</b>	<b>Q3/'19</b>	<b>Q4/'19</b>	<b>2019</b>	<b>Q1/'20</b>	<b>Q2/'20*</b>	<b>Q3/'20*</b>	<b>Q4/'20E</b>	<b>2020E</b>	<b>2021E</b>	<b>2022E</b>
Net sales	105.3	2.1	1.4	1.6	0.7	5.8	3.0	2.5	0.0	0.0	5.5	0.0	0.0
Gold production (Oz)	10552	0	0	0	0	0	0	0	0	0	0.0	0.0	0.0
<b>Idaho</b>	<b>2018</b>	<b>Q1/'19</b>	<b>Q2/'19</b>	<b>Q3/'19</b>	<b>Q4/'19</b>	<b>2019</b>	<b>Q1/'20</b>	<b>Q2/'20*</b>	<b>Q3/'20*</b>	<b>Q4/'20E</b>	<b>2020E</b>	<b>2021E</b>	<b>2022E</b>
Net sales	0.0	0.0	0.0	0.0	0.0	0.0	0.0	5.0	1.9	0.5	7.4	90.9	260.4
Gold production (Oz)	0	0	0	0	0	0	0	326	212	0	538	5932	16993
<b>Assumptions</b>	<b>2018</b>	<b>Q1/'19</b>	<b>Q2/'19</b>	<b>Q3/'19</b>	<b>Q4/'19</b>	<b>2019</b>	<b>Q1/'20</b>	<b>Q2/'20</b>	<b>Q3/'20</b>	<b>Q4/'20E</b>	<b>2020E</b>	<b>2021E</b>	<b>2022E</b>
Gold price USD/Oz	1269	1304	1310	1473	1481	1393	1582	1711	1908	1850	1763	1900	1900
Gold price EUR/Oz	1073	1148	1170	1325	1338	1245	1437	1555	1631	1581	1507	1624	1624
USD/SEK	8.67	9.18	9.47	9.59	9.61	9.46	9.67	9.69	8.87	8.86	8.86	8.86	8.86
EUR/SEK	10.26	10.42	10.61	10.66	10.64	10.58	10.66	10.66	10.37	10.37	10.37	10.37	10.37
EUR/USD	1.18	1.14	1.12	1.11	1.11	1.12	1.10	1.10	1.17	1.17	1.17	1.17	1.17

\*Net sales split Evli estimate (not reported)

Valuation	Evli est. MSEK	Spot MSEK	Estimate basis
Friday	248	223	LOM 8 years, avg. CC 830 USD/oz, ~92,000oz concentrate produced
Idaho other assets	498	454	Purchase price and in-situ value analysis
Pampalo	67	60	Real option model, assuming profitability above 1,550-1,600 USD/oz gold price
Karelia other	89	86	In-situ value for assets. Exploration ~200usd/m, mainly recent drillings
US Grant and Kearsarge	96	96	Investment cost
Corporate/other	-196	-196	DCF estimate assuming active operations until 2030
Net cash (debt)	112	112	Estimated post rights issue net cash
Total	914	835	
Per share	3.7	3.4	
Long-term gold price (USD/Oz)	1900		Evli
Spot price (USD/Oz)		1814	
Shares (m)	243.9	243.9	Q3/20 + Rights issue

\*Net cash and share estimates assume full subscription of the rights issue and cash payment of subscription guarantees but do not include the impact of potential loan set offs through directed share issues

VALUATION RESULTS	BASE CASE DETAILS	VALUATION ASSUMPTIONS	ASSUMPTIONS FOR WACC
Current share price	3.60 PV of Free Cash Flow	1,283 Long-term growth, %	-10.5 Risk-free interest rate, %
DCF share value	8.20 PV of Horizon value	0 WACC, %	8.7 Market risk premium, %
Share price potential, %	127.8 Unconsolidated equity	0 Spread, %	0.5 Debt risk premium, %
Maximum value	8.6 Marketable securities	16 Minimum WACC, %	8.2 Equity beta coefficient
Minimum value	7.9 Debt - dividend	-222 Maximum WACC, %	9.2 Target debt ratio, %
Horizon value, %	0.0 Value of stock	1,077 Nr of shares, Mn	131.3 Effective tax rate, %

DCF valuation, SEKm	2019	2020E	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	Horizon
Net sales	6	13	91	260	915	1,139	1,139	1,124	1,124	338	302	0
<i>Sales growth, %</i>	<i>-94.4</i>	<i>122.4</i>	<i>604.7</i>	<i>186.5</i>	<i>251.5</i>	<i>24.4</i>	<i>0.0</i>	<i>-1.3</i>	<i>0.0</i>	<i>-70.0</i>	<i>-10.5</i>	<i>0.0</i>
Operating income (EBIT)	-52	-102	-41	25	374	506	501	491	509	73	85	0
<i>Operating income margin, %</i>	<i>-903.4</i>	<i>-794.6</i>	<i>-45.0</i>	<i>9.6</i>	<i>40.8</i>	<i>44.4</i>	<i>44.0</i>	<i>43.7</i>	<i>45.3</i>	<i>21.7</i>	<i>28.2</i>	<i>0.0</i>
+ Depreciation+amort.	4	21	38	74	109	113	119	119	109	97	70	
EBITDA	-49	-82	-3	99	483	619	619	610	618	170	156	
- Paid taxes	0	0	0	-5	-75	-101	-100	-98	-102	-15	-17	
- Change in NWC	-4	-2	-20	-44	-169	-58	0	4	0	203	9	
<i>NWC / Sales, %</i>	<i>-310.5</i>	<i>-124.3</i>	<i>4.5</i>	<i>18.4</i>	<i>23.7</i>	<i>24.1</i>	<i>24.1</i>	<i>24.1</i>	<i>24.1</i>	<i>20.1</i>	<i>19.4</i>	
+ Change in other liabs	4	0	0	0	0	0	0	0	0	0	0	
- Operative CAPEX	-100	-21	-115	-292	-56	-54	-55	-55	-55	-23	-21	
<i>opCAPEX / Sales, %</i>	<i>1,719</i>	<i>162.8</i>	<i>126.5</i>	<i>112.1</i>	<i>6.1</i>	<i>4.7</i>	<i>4.8</i>	<i>4.9</i>	<i>4.9</i>	<i>6.8</i>	<i>7.0</i>	
- Acquisitions	0	0	0	0	0	0	0	0	0	0	0	
+ Divestments	0	0	0	0	0	0	0	0	0	0	0	
- Other items	0	0	0	0	0	0	0	0	0	0	0	
= FCFF	-148	-105	-138	-242	183	406	464	460	461	335	127	0
= Discounted FCFF		-104	-126	-204	141	289	305	278	256	171	60	0
= DFCF min WACC		-104	-127	-206	143	295	312	286	265	178	62	0
= DFCF max WACC		-104	-126	-202	139	284	298	270	248	165	57	0

## INTERIM FIGURES

EVLI ESTIMATES, SEKm	2019Q1	2019Q2	2019Q3	2019Q4	2019	2020Q1	2020Q2	2020Q3	2020Q4E	2020E	2021E	2022E
Net sales	2.1	1.4	1.6	0.7	5.8	3.0	7.5	1.9	0.5	12.9	90.9	260.4
EBITDA	-11.5	-9.3	-12.9	-15.1	-48.8	-27.8	-17.5	-22.6	-14.0	-81.8	-2.9	98.9
<i>EBITDA margin (%)</i>	<i>-547.6</i>	<i>-663.0</i>	<i>-806.2</i>	<i>-2,157.1</i>	<i>-841.1</i>	<i>-926.7</i>	<i>-232.8</i>	<i>-1,187.5</i>	<i>-2,792.6</i>	<i>-634.0</i>	<i>-3.2</i>	<i>38.0</i>
EBIT	-13.3	-9.0	-16.4	-13.7	-52.4	-29.2	-27.7	-28.7	-16.9	-102.5	-40.9	25.1
<i>EBIT margin (%)</i>	<i>-633.3</i>	<i>-642.9</i>	<i>-1,025.0</i>	<i>-1,957.1</i>	<i>-903.4</i>	<i>-973.3</i>	<i>-369.3</i>	<i>-1,510.5</i>	<i>-3,380.0</i>	<i>-794.6</i>	<i>-45.0</i>	<i>9.6</i>
Net financial items	0.0	-7.8	2.1	-2.0	-7.7	-15.1	3.9	-15.5	-15.0	-41.7	-12.0	-12.4
Pre-tax profit	-13.3	-16.8	-14.3	-15.7	-60.1	-44.3	-23.8	-44.2	-31.9	-144.2	-52.9	12.7
Tax	0.3	-0.3	0.0	0.0	0.0	0.0	0.2	0.0	0.0	0.2	0.1	-2.5
<i>Tax rate (%)</i>	<i>2.3</i>	<i>-1.8</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.7</i>	<i>0.0</i>	<i>0.0</i>	<i>0.1</i>	<i>0.1</i>	<i>20.0</i>
Net profit	-13.0	-17.1	-14.3	-15.7	-60.1	-44.3	-23.6	-44.2	-31.9	-144.0	-52.9	10.2
EPS	-0.16	-0.21	-0.18	-0.20	-0.75	-0.34	-0.18	-0.34	-0.24	-1.10	-0.22	0.04
EPS adjusted (diluted no. of shares)	-0.16	-0.21	-0.18	-0.20	-0.75	-0.34	-0.18	-0.34	-0.24	-1.10	-0.22	0.04
Dividend per share	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>SALES, SEKm</b>												
Endomines	2.1	1.4	1.6	0.7	5.8	3.0	7.5	1.9	0.5	12.9	90.9	260.4
Total	2.1	1.4	1.6	0.7	5.8	3.0	7.5	1.9	0.5	12.9	90.9	260.4
<b>SALES GROWTH, Y/Y %</b>												
Endomines	-92.9	-96.7	-93.4	-91.5	-94.4	42.9	435.7	18.8	-28.6	122.4	604.7	186.5
Total	-92.9	-96.7	-93.4	-91.5	-94.4	42.9	435.7	18.8	-28.6	122.4	604.7	186.5
<b>EBIT, SEKm</b>												
Endomines	-13.3	-9.0	-16.4	-13.7	-52.4	-29.2	-27.7	-28.7	-16.9	-102.5	-40.9	25.1
Total	-13.3	-9.0	-16.4	-13.7	-52.4	-29.2	-27.7	-28.7	-16.9	-102.5	-40.9	25.1
<b>EBIT margin, %</b>												
Endomines	-633.3	-642.9	-1,025.0	-1,957.1	-903.4	-973.3	-369.3	-1,510.5	-3,380.0	-794.6	-45.0	9.6
Total	-633.3	-642.9	-1,025.0	-1,957.1	-903.4	-973.3	-369.3	-1,510.5	-3,380.0	-794.6	-45.0	9.6

INCOME STATEMENT, SEKm	2015	2016	2017	2018	2019	2020E	2021E	2022E
Sales	113.0	101.1	122.2	104.0	5.8	12.9	90.9	260.4
<i>Sales growth (%)</i>	<i>-34.3</i>	<i>-10.5</i>	<i>21.0</i>	<i>-14.9</i>	<i>-94.4</i>	<i>122.4</i>	<i>604.7</i>	<i>186.5</i>
EBITDA	-67.8	-7.7	-5.7	-5.5	-48.8	-81.8	-2.9	98.9
<i>EBITDA margin (%)</i>	<i>-60.0</i>	<i>-7.6</i>	<i>-4.7</i>	<i>-5.3</i>	<i>-841.1</i>	<i>-634.0</i>	<i>-3.2</i>	<i>38.0</i>
Depreciation	-84.9	-95.4	-59.1	-43.0	-3.6	-20.7	-38.1	-73.8
EBITA	-152.7	-103.1	-64.8	-48.5	-52.4	-102.5	-40.9	25.1
Goodwill amortization / writedown	-3.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBIT	-156.6	-103.1	-64.8	-48.5	-52.4	-102.5	-40.9	25.1
<i>EBIT margin (%)</i>	<i>-138.6</i>	<i>-102.1</i>	<i>-53.0</i>	<i>-46.6</i>	<i>-903.4</i>	<i>-794.6</i>	<i>-45.0</i>	<i>9.6</i>
Reported EBIT	-156.6	-103.1	-64.8	-48.5	-52.4	-102.5	-40.9	25.1
<i>EBIT margin (reported) (%)</i>	<i>-138.6</i>	<i>-102.1</i>	<i>-53.0</i>	<i>-46.6</i>	<i>-903.4</i>	<i>-794.6</i>	<i>-45.0</i>	<i>9.6</i>
Net financials	-6.1	-1.5	-4.5	11.0	-7.7	-41.7	-12.0	-12.4
Pre-tax profit	-162.7	-104.7	-69.3	-37.5	-60.1	-144.2	-52.9	12.7
Taxes	-2.3	-20.3	0.0	0.1	0.0	0.2	0.1	-2.5
Minority shares	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net profit	-165.0	-125.0	-69.3	-37.4	-60.1	-144.0	-52.9	10.2
Cash NRIs	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Non-cash NRIs	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>BALANCE SHEET, SEKm</b>								
<b>Assets</b>								
Fixed assets	221	171	130	476	573	573	650	868
Goodwill	0	0	0	0	0	0	0	0
Right of use assets	0	0	0	0	0	0	0	0
Inventory	2	1	2	2	0	0	3	8
Receivables	12	21	12	4	1	3	21	59
Liquid funds	20	29	16	19	16	2	14	39
Total assets	274	222	161	501	590	578	687	974
<b>Liabilities</b>								
Shareholder's equity	169	115	45	252	336	432	380	390
Minority interest	0	0	0	0	0	0	0	0
Convertibles	0	0	0	169	175	0	0	0
Lease liabilities	0	0	0	0	0	0	0	0
Deferred taxes	0	0	0	0	0	0	0	0
Interest bearing debt	83	84	84	44	46	114	275	552
Non-interest bearing current liabilities	14	0	0	0	0	0	0	0
Other interest-free debt	8	24	32	36	32	32	32	32
Total liabilities	274	222	161	501	590	578	687	974
<b>CASH FLOW, SEKm</b>								
+ EBITDA	-68	-8	-6	-5	-49	-82	-3	99
- Net financial items	-6	-2	-4	11	-8	-42	-12	-12
- Taxes	6	-1	0	0	0	0	0	-3
- Increase in Net Working Capital	-23	0	9	8	-4	-2	-20	-44
+/- Other	13	-3	2	-22	0	0	0	0
= Cash flow from operations	-77	-14	1	-8	-60	-125	-35	40
- Capex	-28	-38	-14	-100	-100	-21	-115	-292
- Acquisitions	0	0	0	-59	0	0	0	0
+ Divestments	0	0	0	0	0	0	0	0
= Free cash flow	-105	-52	-13	-167	-160	-146	-150	-252
+/- New issues/buybacks	16	71	0	244	144	240	0	0
- Paid dividend	0	0	0	0	0	0	0	0
+/- Other	-5	-10	-1	-74	12	-108	162	277
Change in cash	-94	9	-14	3	-3	-14	12	25

KEY FIGURES	2016	2017	2018	2019	2020E	2021E	2022E
M-cap	192	126	211	448	473	473	473
Net debt (excl. convertibles)	54	68	25	30	112	262	513
Enterprise value	246	194	405	654	584	734	986
Sales	101	122	104	6	13	91	260
EBITDA	-8	-6	-5	-49	-82	-3	99
EBIT	-103	-65	-48	-52	-102	-41	25
Pre-tax	-105	-69	-37	-60	-144	-53	13
Earnings	-125	-69	-37	-60	-144	-53	10
Equity book value (excl. minorities)	115	45	252	336	432	380	390
<b>Valuation multiples</b>							
EV/sales	2.4	1.6	3.9	112.7	45.3	8.1	3.8
EV/EBITDA	-32.0	-34.0	-73.7	-13.4	-7.1	-256.3	10.0
EV/EBITA	-2.4	-3.0	-8.4	-12.5	-5.7	-17.9	39.3
EV/EBIT	-2.4	-3.0	-8.4	-12.5	-5.7	-17.9	39.3
EV/OCF	-18.1	198.3	-53.2	-10.9	-4.7	-21.0	24.6
EV/FCFF	-4.7	-28.6	-2.3	-4.4	-5.6	-5.3	-4.1
P/FCFE	-5.4	-13.9	-1.3	-2.8	-3.2	-5.9	-3.5
P/E	-1.5	-1.8	-5.6	-7.5	-3.3	-16.6	86.4
P/B	1.7	2.8	0.8	1.3	1.1	1.2	1.2
Target EV/EBITDA	0.0	0.0	0.0	0.0	-7.0	-389.3	13.8
Target EV/EBIT	0.0	0.0	0.0	0.0	-5.6	-27.2	54.4
Target EV/FCF	0.0	0.0	0.0	0.0	-3.9	-7.4	-5.4
Target P/B	0.0	0.0	0.0	0.0	1.1	2.2	2.2
Target P/E	0.0	0.0	0.0	0.0	-3.2	-16.1	84.0
<b>Per share measures</b>							
Number of shares	15,280	15,280	35,148	79,957	131,305	243,852	243,852
Number of shares (diluted)	15,280	15,280	35,148	79,957	131,305	243,852	243,852
EPS	-8.18	-4.53	-1.06	-0.75	-1.10	-0.22	0.04
Operating cash flow per share	-0.89	0.06	-0.22	-0.75	-0.95	-0.14	0.16
Free cash flow per share	-3.40	-0.86	-4.74	-2.00	-1.11	-0.61	-1.03
Book value per share	7.50	2.97	7.16	4.20	3.29	1.56	1.60
Dividend per share	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Dividend payout ratio, %	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Dividend yield, %	0.0	0.0	0.0	0.0	0.0	0.0	0.0
FCF yield, %	-27.1	-10.5	-79.0	-35.7	-30.9	-31.7	-53.3
<b>Efficiency measures</b>							
ROE	-88.3	-86.6	-25.2	-20.5	-37.5	-13.0	2.6
ROCE	-45.8	-39.6	-9.9	-10.3	-18.6	-6.8	3.1
<b>Financial ratios</b>							
Inventories as % of sales	0.9	1.8	1.7	0.6	3.0	3.0	3.0
Receivables as % of sales	20.6	9.9	3.6	22.8	22.8	22.8	22.8
Non-interest bearing liabilities as % of sales	0.0	0.0	0.0	0.0	0.0	0.0	0.0
NWC/sales, %	-0.1	-7.9	-20.8	-310.5	-124.3	4.5	18.4
Operative CAPEX/sales, %	38.0	11.6	95.9	1,719.3	162.8	126.5	112.1
CAPEX/sales (incl. acquisitions), %	38.0	11.6	39.0	1,719.3	162.8	126.5	112.1
FCFF/EBITDA	6.8	1.2	32.3	3.0	1.3	48.2	-2.4
Net debt/EBITDA, book-weighted	-7.0	-11.9	-4.6	-0.6	-1.4	-91.3	5.2
Debt/equity, market-weighted	0.4	0.7	0.2	0.1	0.2	0.6	1.2
Equity ratio, book-weighted	51.6	28.3	84.0	86.7	74.8	55.3	40.0
Gearing, %	47.3	149.3	6.0	6.0	25.8	68.9	131.7

**COMPANY DESCRIPTION:** Endomines engages in exploration, mining, and extraction of gold deposits. Its sites are found in Eastern Finland along the Karelian Gold line and in Idaho, USA. The company was founded in 2005 and is headquartered in Stockholm, Sweden. Endomines focuses its operations to assets in stable jurisdictions that can be brought to production rapidly and with limited investment.

**INVESTMENT CASE:** The ramp-up of operations at the Friday-mine has been burdened by challenges and the operations were put under care and maintenance in August 2020 due to a weak cash position. The company is now taking action to improve its financial situation to reinitiate ramp-up of operations and bring more assets to production. Supportive development in gold prices offer additional potential for increased revenue and could see previously economically non-feasible assets in Finland being brought to production.

OWNERSHIP STRUCTURE	SHARES	SEKm	%
Clearstream Banking S.A.	32,551,615	117.186	24.8%
Evli Pankki Plc	15,274,116	54.987	11.6%
Joensuun Kauppa ja Kone	11,250,913	40.503	8.6%
NTGS Lux Luxembourg Branch CL AC	8,560,000	30.816	6.5%
Nordea Bank Abp (Publ)	8,509,214	30.633	6.5%
Mariatorp Oy	6,800,000	24.480	5.2%
Wipunen Varainhallinta	6,700,000	24.120	5.1%
Aktia Bank Abp	3,070,050	11.052	2.3%
Ålandsbanken Abp	1,576,667	5.676	1.2%
Suokas Petri Kristian	1,500,000	5.400	1.1%
Ten largest	95,792,575	344.853	73%
Residual	35,512,600	127.845	27%
Total	131,305,175	472.699	100%

## EARNINGS CALENDAR

## OTHER EVENTS

## COMPANY MISCELLANEOUS

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CFO: Marcus Ahlström

Tel: +46 8 611 66 45

IR:

## 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	$\frac{\text{Price per share}}{\text{Shareholders' equity} + \text{taxed provisions per share}}$	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 per year
ROE, %	$\frac{\text{Profit before extraordinary items and taxes} - \text{income taxes}}{\text{Shareholder's equity} + \text{minority interest} + \text{taxed provisions (average)}}$		



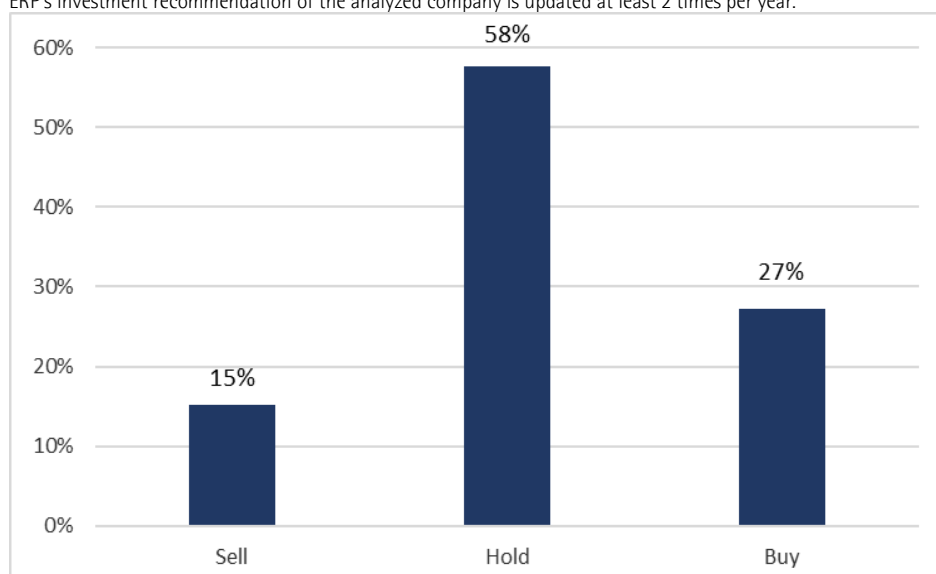
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Investment recommendations are defined as follows:

Target price compared to share price	Recommendation
< -10 %	SELL
-10 – (+10) %	HOLD
> 10 %	BUY

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Name(s) of the analyst(s): Salokivi

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