

## Pampalo progress, Friday challenges

Ramp-up of ore development and processing at Friday continues but mining was temporarily halted due to a need to conduct further underground definition drilling. Pampalo is progressing well, with the first batch of concentrate delivered and full production capacity seen in Q1/22.

- Revenue in Q4 amounted to SEK 3.2\*m, below our estimate of SEK 17.3m. The company fell short of its earlier production guidance of around 1,200oz, with production of 460.3oz, at a head grade of 2.89g/t.
- EBITDA in Q4 was at SEK -41.6m\*, below our estimate of SEK -28.0m given the lower revenue.
- EBIT in Q4 amounted to SEK -121.4m\* (Evli SEK -33.7m), including larger write-downs on the Friday project.  
\*Figures derived from Q1-Q3 and full year figures
- During Q4, at Pampalo, ore production from the mine reached mine development started. The decline reached target levels in September. The mill was refurbished and tested in December and the first concentrate was delivered in January.
- Ramp up and ore processing continued at Friday. Ramp up was delayed by a need to conduct underground definition drilling due to ore irregularities. The production guidance for 2022 is as such under review and can be updated once new resource estimates have been completed.
- Production guidance for 2022:** The Pampalo mine and mill are expected to reach full production capacity during Q1/22. When in full production the annual gold production is expected to be 10,000 to 11,500oz. The production guidance for Friday is under review.

**Rating** 🟡 HOLD

Q4/21	Actual	Evli	Year ago	Q3/21
Revenue	3.2	17.3	0.7	1.7
EBITDA	-41.6	-23.7	-39.7	-36.3
EBIT	-121.4	-33.7	-99.1	-38.2

Deviation	Actual	Evli	Year ago	Q3/21
Net sales		-82 %	>100%	88 %
EBITDA		-76 %	-5 %	-15 %
EBIT		<-100%	-22 %	<-100%

Figures derived from Q1-Q3 and full year figures

Share price, SEK (Last trading day's closing price)	2.10
Target price, SEK	2.7
Latest change in recommendation	20-Aug-21
Latest report on company	12-Nov-21
Research paid by issuer:	YES
No. of shares outstanding, '000's	223,120
No. of shares fully diluted, '000's	223,120
Market cap, SEKm	469
Free float, %	0.0
Exchange rate EUR/SEK	10.150
Reuters code	ENDO.ST
Bloomberg code	ENDO SS
Average daily volume, SEKm	0.2
Next interim report	25-Feb-22
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+ BUY 🟡 HOLD - SELL

### PRE-REPORT KEY FIGURES

	Sales SEKm	EBIT SEKm	EBIT %	FCF SEKm	EPS SEK	P/E (x)	EV/Sales (x)	EV/EBIT (x)	FCF yield %	DPS SEK
2019E	5.8	-52.4	-903.4%	-159.2	-0.75	-7.5	112.7	-12.5	-35.6	0.00
2020E	13.1	-184.7	-1,410.0%	-103.5	-1.50	-1.9	38.8	-2.8	-28.2	0.00
2021E	19.1	-167.4	-875.9%	-231.8	-0.90	-2.3	33.7	-3.8	-49.5	0.00
2022E	217.9	-46.9	-21.5%	-327.8	-0.43	-4.9	4.5	-20.7	-69.9	0.00
2023E	516.0	52.7	10.2%	-263.3	-0.30	-7.0	2.4	23.4	-56.2	0.00

Market cap, SEKm	469	BV per share 2011E, SEK	53.2	CAGR EPS 2010-13, %	-41.4
Net debt 2011E, SEKm	175	Price/book 2011E	1.4	CAGR sales 2010-13, %	240.3
Enterprise value, SEKm	643	Dividend yield 2011E, %	0.0	ROE 2011E, %	-61.0
Total assets 2011E, SEKm	610	Tax rate 2011E, %	0.0	ROCE 2011E, %	-33.7
Goodwill 2011E, SEKm	0	Equity ratio 2011E, %	53.9	PEG, P/E 11/CAGR	0.0

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

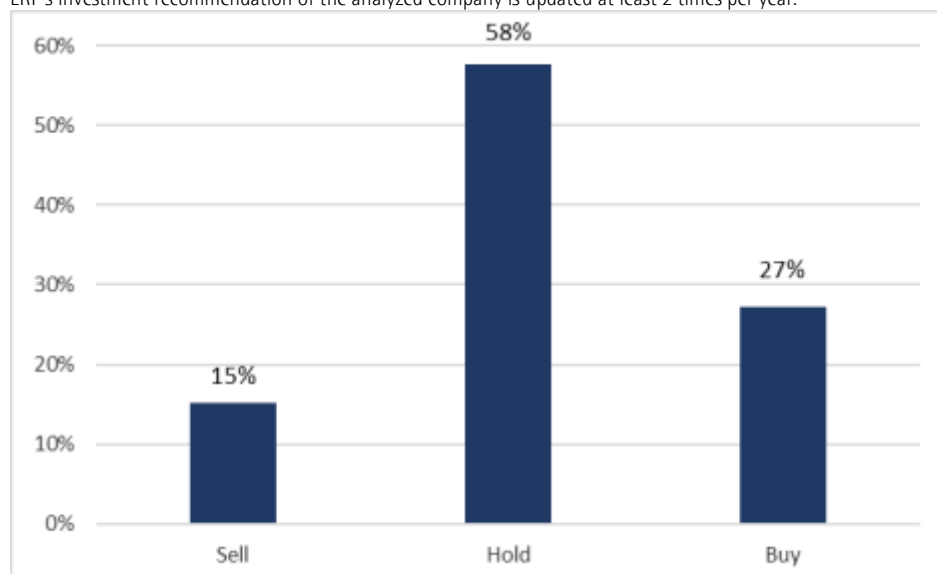
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Investment recommendations are defined as follows:

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

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