

Production developing as expected

The production ramp-up in Pampalo developed as expected during H2 2022, although profitability was impacted by cost inflation, which is anticipated to ease in 2023. Endomines anticipates a significant improvement in its financial performance in 2023 compared to 2022 driven by higher volumes, easing cost inflation and positive development of the price of gold.

- Revenue in H2 amounted to EUR 7.9m, roughly in line with our estimate of EUR 8.1m. Gold production amounted to 5,123 oz vs. our estimate of 5,402 oz.
- EBITDA in H2 was at EUR -3.0, lower than our estimate of EUR 0.6m.
- EBIT in H2 amounted to EUR -5.4m (Evli EUR -0.8m)
- During H2, at Pampalo, gold production increased by 47% when comparing to H1. FY production came in at 8,601 oz, slightly lower than the middle point of 2022 FY guidance of roughly 8000 – 9400 Oz.
- Profitability in H2 2022 was affected by cost inflation and non-recurring costs related to the transfer of domicile from Sweden to Finland
- For 2023, the company expects gold production of roughly 11,600 – 13,300 Oz, our estimate for 2023 gold production is currently at 11,693 Oz.
- In terms of profitability, Endomines expects its financial performance to improve considerably from 2022 driven by lower energy prices, positive development of gold prices, lower production costs especially during H2 2023 and higher volumes.

Rating

 **HOLD**

H2/22	Actual	Evli	Year ago
Revenue	7.9	8.1	0.0
EBITDA	-3.0	0.6	-7.7
EBIT	-5.4	-0.8	-15.7
Deviation	Actual	Evli	Year ago
Net sales		-2 %	-
EBITDA		-	61 %
EBIT		<-100%	66 %

Share price, EUR (Last trading day's closing price) **6.10**

Target price, EUR **6.5**

Latest change in recommendation **12-Nov-21**

Latest report on company **04-Jan-23**

Research paid by issuer: **YES**

No. of shares outstanding, '000's **9,280**

No. of shares fully diluted, '000's **9,280**

Market cap, EURm **57**

Free float, % **86.3**

Exchange rate EUR **1.000**

Reuters code **ENDOM.HE**

Bloomberg code **ENDOM FH**

Average daily volume, EURm **0.2**

Next interim report

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 BUY  HOLD  SELL

PRE-REPORT KEY FIGURES

	Sales EURm	EBIT EURm	EBIT %	FCF EURm	EPS EUR	P/E (x)	EV/Sales (x)	EV/EBIT (x)	FCF yield %	DPS EUR
2020	1.3	-18.0	-1,410.0%	-9.9	-5.84	-1.8	38.5	-2.7	-28.2	0.00
2021	0.5	-25.1	-5,102.0%	-16.6	-4.73	-2.1	144.2	-2.8	-29.4	0.00
2022E	13.7	-11.0	-80.0%	-11.1	-0.82	-7.5	4.4	-5.5	-19.7	0.00
2023E	17.9	-1.5	-8.3%	-3.6	-0.28	-22.0	3.6	-43.3	-6.4	0.00
2024E	17.6	-1.5	-8.5%	0.7	-0.27	-22.8	3.6	-42.8	1.2	0.00
Market cap, EURm				57	BV per share 2022E, EUR		9.5	CAGR EPS 2021-24, %		-61.6
Net debt 2022E, EURm				4	Price/book 2022E		1.3	CAGR sales 2021-24, %		229.2
Enterprise value, EURm				61	Dividend yield 2022E, %		0.0	ROE 2022E, %		-20.4
Total assets 2022E, EURm				63	Tax rate 2022E, %		-0.6	ROCE 2022E, %		-8.5
Goodwill 2022E, EURm				0	Equity ratio 2022E, %		70.2	PEG, P/E 22/CAGR		0.1

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

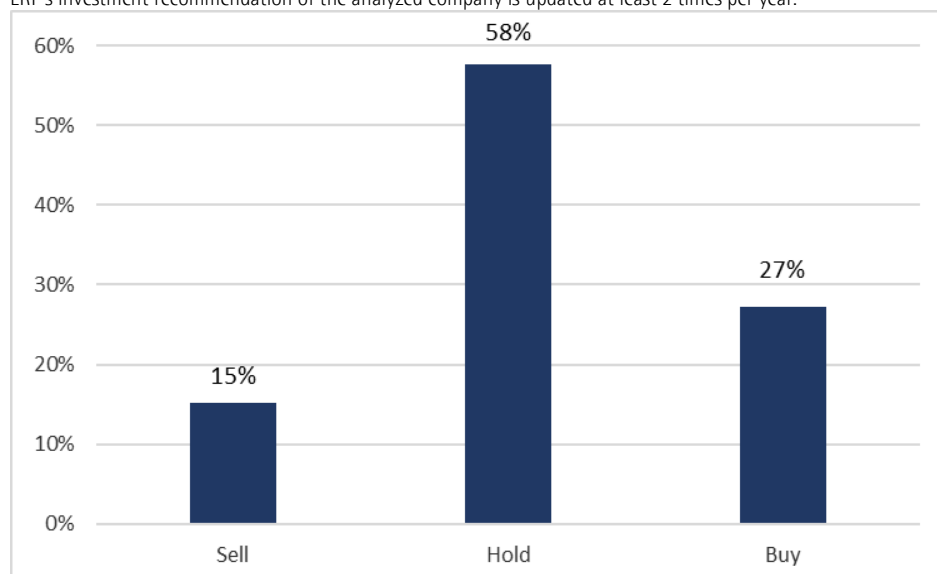
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Investment recommendations are defined as follows:

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

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