

Secured financing for production increase

Endomines agreed on convertible loan financing with Finnish investors to start production at Hosko and to increase production at the Pampalo underground mine.

Financing up to EUR 3.6 million secured

Endomines secured a convertible loan of up to EUR 3.6m from Finnish investors for gold production at Hosko and increased production at Pampalo. The agreement includes an initial EUR 1.8m in June 2023 and an option for another EUR 1.8m in October 2023. The convertible loans can be exchanged for shares after 24 months. The loans have a 36-month maturity with a 12% annual interest rate. Despite the high cost and risk for dilution, we see the financing positive as it supports the company's strategy execution in the Karelian Gold Line.

We revised our production estimates upwards

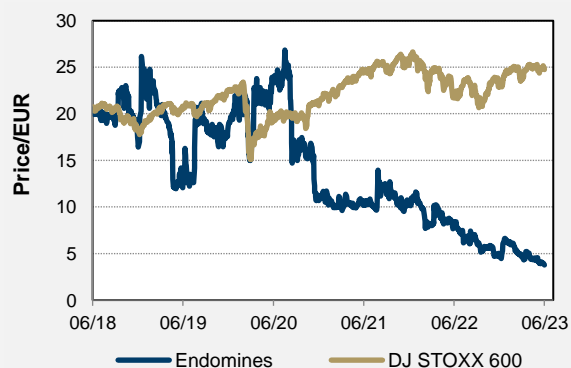
Endomines aims to produce 20k ounces by 2024 through investments in Hosko and Pampalo. Hosko is projected to contribute 10-30% of total production in 2024. With the investment in Pampalo underground mine, our production estimates for Pampalo have slightly increased. Alongside this, we expect Hosko to contribute around 20% of total production in 2024. Our 2024 production estimate is around 15.5k ounces, well below the company's target, due to the Pampalo gold reserves at the end of FY 2022 being only 29k ounces. We have also adjusted our estimates for CapEx, interest expenses, and depreciation.

BUY with TP of EUR 5.6 (6.5)

The revised production estimates do not have significant impact on our SOTP valuation, as we have already accounted for the potential of the satellite deposits along the Karelian Gold Line in our real option value model. The valuation of the company's US assets remains the biggest uncertainty in the SOTP model as Endomines has not yet released any information regarding the potential partnerships and/or divestments of these assets. We adjust the valuation downwards and value the US assets at EUR 42-46/oz (incl. net debt) which is roughly in line with the peer group EV/Resources (Table 3) and close to the original purchase price. Given the uncertainties, we maintain our valuation on the lower end of our SOTP-based valuation range.

Rating

BUY



Share price, EUR (Last trading day's closing price) 3.76

Target price, EUR 5.6

Latest change in recommendation 03-Mar-23

Latest report on company 05-Apr-23

Research paid by issuer: YES

No. of shares outstanding, '000's 9,449

No. of shares fully diluted, '000's 9,449

Market cap, EURm 36

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 17-Aug-23

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BUY HOLD 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 |
|--------------------------|---------------|--------------|-----------|-------------------------|------------|------------|-----------------------|----------------|----------------|------------|
| 2021 | 0.5 | -25.1 | -5,102.0% | -16.6 | -4.73 | -2.1 | 144.2 | -2.8 | -29.4 | 0.00 |
| 2022 | 13.5 | -15.5 | -114.8% | -8.0 | -1.92 | -2.6 | 4.0 | -3.5 | -17.1 | 0.00 |
| 2023E | 21.3 | 0.7 | 3.3% | -2.8 | -0.10 | -39.5 | 2.1 | 64.3 | -7.8 | 0.00 |
| 2024E | 22.9 | 2.3 | 10.2% | 2.7 | 0.11 | 32.8 | 1.8 | 18.2 | 7.7 | 0.00 |
| 2025E | 23.0 | 1.2 | 5.4% | 1.4 | 0.02 | 159.4 | 1.8 | 33.2 | 3.8 | 0.00 |
| Market cap, EURm | | | 36 | Gearing 2023E, % | | 27.3 | CAGR EPS 2022-25, % | | | 0.0 |
| Net debt 2023E, EURm | | | 10 | Price/book 2023E | | 1.0 | CAGR sales 2022-25, % | | | 19.4 |
| Enterprise value, EURm | | | 45 | Dividend yield 2023E, % | | 0.0 | ROE 2023E, % | | | -2.5 |
| Total assets 2023E, EURm | | | 56 | Tax rate 2023E, % | | 0.0 | ROCE 2023E, % | | | 1.5 |
| Goodwill 2023E, EURm | | | 0 | Equity ratio 2023E, % | | 62.0 | PEG, P/E 23/CAGR | | | 0.4 |

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

Table 1: Sum of the parts valuation, figures in EUR m

| | Evli est. | Gold spot | Estimate basis |
|--------------------|-----------|-----------|---|
| US assets | 40 | 45 | In-situ & purchase price analysis |
| Pampalo | 24 | 30 | DCF LOM 4 years (incl. Pampalo UG & OP + Hosko) + LOM increase option value |
| Karelian gold line | 5 | 8 | Real option value for currently known Karelian gold line satellite deposits |
| Overhead | (10) | (10) | Discounted overhead costs |
| Net cash | (6) | (6) | 12/2022 adjusted with recent known transactions |
| Total | 54 | 67 | |
| Per share | 5.6 | 7.0 | |

| | | | |
|-------------------------------|-------|-------|------|
| Long-term gold price (USD/Oz) | 1 750 | | Evli |
| Spot price (USD/oz) | | 1 950 | |
| Shares (m) | 9.6 | 9.6 | |

Source: Evli Research

Table 2: Estimate summary

| Endomines (EURm) | 2021 | H1/'22 | H2/'22 | 2022 | H1/'23E | H2/'23E | 2023E | 2024E | 2025E |
|-----------------------------|------------------|------------------|------------------|-----------------|----------------|----------------|---------------|---------------|---------------|
| Net sales | 0.5 | 5.6 | 7.9 | 13.5 | 11.2 | 10.1 | 21.3 | 22.9 | 23.0 |
| <i>sales growth %</i> | <i>-96%</i> | <i>>100%</i> | <i>61%</i> | <i>>100%</i> | <i>100%</i> | <i>28%</i> | <i>58%</i> | <i>8%</i> | <i>0%</i> |
| EBITDA | -11.6 | -3.5 | -3.0 | -6.4 | 1.6 | 1.9 | 3.5 | 5.4 | 4.4 |
| EBIT | -25.1 | -10.1 | -5.4 | -15.5 | 0.2 | 0.5 | 0.7 | 2.3 | 1.2 |
| <i>EBIT margin</i> | <i><-100%</i> | <i><-100%</i> | <i><-100%</i> | <i>-115%</i> | <i>-102%</i> | <i>-109%</i> | <i>3%</i> | <i>10%</i> | <i>5%</i> |
| Gold production (Oz) | 460 | 3 478 | 5 123 | 8 601 | 6 893 | 6 481 | 13 375 | 15 480 | 15 731 |
| Finland | 2021 | H1/'22 | H2/'22 | 2022 | H1/'23E | H2/'23E | 2023E | 2024E | 2025E |
| Net sales | 0.0 | 5.6 | 7.5 | 13.1 | 11.2 | 10.1 | 21.3 | 22.9 | 23.0 |
| Gold production (Oz) | 0 | 3 478 | 5 123 | 8601 | 6 893 | 6 481 | 13375 | 15480 | 15731 |
| United States | 2021 | H1/'22 | H2/'22 | 2022 | H1/'23E | H2/'23E | 2023E | 2024E | 2025E |
| Net sales | 6.7 | 0.0 | 0.4 | 0.4 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Gold production (Oz) | 460 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Assumptions | 2021 | H1/'22 | H2/'22 | 2022 | H1/'23E | H2/'23E | 2023E | 2024E | 2025E |
| Gold price USD/Oz | 1799 | 1874 | 1722 | 1798 | 1937 | 1873 | 1905 | 1805 | 1800 |
| Gold price EUR/Oz | 1521 | 1712 | 1649 | 1681 | 1785 | 1710 | 1747 | 1626 | 1607 |
| EUR/USD | 1.14 | 1.10 | 1.05 | 1.07 | 1.08 | 1.09 | 1.09 | 1.11 | 1.12 |

Source: Endomines, Evli Research

Table 3: Endomines tier-1 jurisdiction gold producer, developer and exploration company peer group, EV EUR / R&R Oz (both 2P reserves and M+I+I resources included)

| | Ticker | Company name | Location of assets | Mine type | Development stage | 000's Oz | | | | Enterprise value EURm | EV/Resources |
|--|---------|--------------------------------|--------------------|-----------|-------------------|----------|--------|----------|--------|-----------------------|--------------|
| | | | | | | Reserves | M&I | Inferred | Total | | |
| Producers | GOR-AU | Gold Road Resources Ltd | Australia | OP | Producing | 2 020 | 2 780 | 2 020 | 6 820 | 1 132 | 166 |
| | KRR-CA | Karora Resources, Inc. | Australia | OP / UG | Producing | 1 327 | 2 712 | 1 214 | 5 253 | 542 | 103 |
| | MND-CA | Mandalay Resources Corporation | Australia & Sweden | OP / UG | Producing | 886 | 1 620 | 473 | 2 979 | 109 | 37 |
| | RED-AU | Red 5 Limited | Australia | OP / UG | Producing | 2 700 | 1 455 | 1 527 | 5 682 | 448 | 79 |
| | VGX-CA | Victoria Gold Corp. | Canada | OP | Producing | 2 702 | 1 465 | 571 | 4 738 | 524 | 111 |
| | WDO-CA | Wesdome Gold Mines Ltd. | Canada | UG | Producing | 1 193 | 259 | 1 066 | 2 518 | 728 | 289 |
| | WGX-AU | Westgold Resources Ltd | Australia | OP / UG | Producing | 2 207 | 3 094 | 2 644 | 7 945 | 356 | 45 |
| | DPM-CA | Dundee Precious Metals Inc. | Europe | OP / UG | Producing | 5 015 | 3 372 | 4 482 | 12 869 | 785 | 61 |
| | ELD-CA | Eldorado Gold Corporation | Europe | OP / UG | Producing | 12 312 | 19 210 | 7 738 | 39 260 | 1 915 | 49 |
| Producers & advanced developers | ARTG-CA | Artemis Gold Inc | Canada | OP | DFS completed | 8 379 | 4 019 | 253 | 12 651 | 534 | 42 |
| | AOT-CA | Ascot Resources Ltd. | Canada | OP / UG | Construction | 1 170 | 1 849 | 1 250 | 4 269 | 94 | 22 |
| | BGL-AU | Belleve Gold Limited | Australia | OP / UG | FS completed | 1 340 | 1 700 | 1 500 | 4 540 | 700 | 154 |
| | LGD-CA | Liberty Gold Corp | United States | OP | PEA in progress | - | 2 600 | 1 650 | 4 250 | 90 | 21 |
| | MOZ-CA | Marathon Gold Corporation | Canada | OP / UG | FS completed | 2 700 | 3 960 | 1 100 | 7 760 | 337 | 43 |
| | NG-CA | Novagold Resources Inc | United States | OP | FS completed | 16 925 | 2 749 | 2 997 | 22 671 | 1 470 | 65 |
| | PPTA-US | Perpetua Resources Corp. | United States | OP | FS completed | 4 819 | 1 215 | 1 246 | 7 280 | 216 | 30 |
| Emerging developers & advanced exploration | SGNL-CA | Signal Gold Inc | Canada | OP / UG | FS completed | 36 | 2 581 | 484 | 3 101 | 34 | 11 |
| | SKE-CA | Skeena Resources Limited | Canada | OP / UG | PFS completed | 2 870 | 3 900 | - | 6 770 | 350 | 52 |
| | BTR-CA | Bonterra Resources, Inc. | Canada | OP / UG | PFS ongoing | - | 1 242 | 1 781 | 3 023 | 23 | 8 |
| | FURY-CA | Fury Gold Mines Limited | Canada | OP / UG | PEA completed | - | 1 377 | 1 220 | 2 597 | 39 | 15 |
| | MAE-CA | Maritime Resources Corp. | Canada | OP / UG | PEA completed | 272 | 428 | 160 | 860 | 14 | 16 |
| Emerging developers & advanced exploration | ME-CA | Moneta Gold Inc. | Canada | OP / UG | PEA ongoing | - | 4 460 | 8 292 | 12 752 | 75 | 6 |
| | RUP-CA | Rupert Resources Ltd. | Finland, Canada | OP / UG | PEA completed | - | 3 860 | 1 260 | 5 120 | 466 | 91 |
| | RDS-CA | Radisson Mining Resources Inc. | Canada | OP / UG | PEA completed | - | 501 | 449 | 950 | 28 | 29 |
| 1st quartile total group | | | | | | 1 176 | 1 436 | 481 | 3 012 | 78 | 21 |
| 3rd quartile total group | | | | | | 4 511 | 3 870 | 2 176 | 9 122 | 661 | 88 |
| Median total group | | | | | | 2 454 | 2 591 | 1 248 | 5 187 | 353 | 44 |
| Mean total group | | | | | | 3 623 | 3 092 | 1 869 | 7 748 | 459 | 64 |
| Median producers | | | | | | 2 207 | 2 183 | 1 371 | 5 468 | 542 | 79 |
| Mean producers | | | | | | 3 374 | 3 762 | 2 210 | 9 008 | 727 | 104 |
| Median advanced developer | | | | | | 2 785 | 2 675 | 1 248 | 7 025 | 337 | 42 |
| Mean advanced developer | | | | | | 4 183 | 3 089 | 1 334 | 8 606 | 425 | 49 |
| Median emerging developer & advanced exploration | | | | | | - | 1 310 | 1 240 | 2 810 | 34 | 16 |
| Mean total group emerging developer & advanced exploration | | | | | | - | 1 978 | 2 194 | 4 217 | 108 | 28 |

Source: Factset, Company materials, Evli Research

INTERIM FIGURES

| EVLI ESTIMATES, EURm | 2022Q1 | 2022Q2 | 2022Q3 | 2022Q4 | 2022 | 2023Q1E | 2023Q2E | 2023Q3E | 2023Q4E | 2023E | 2024E | 2025E |
|--------------------------------------|------------|-----------------|-----------------|----------------|----------------|------------|-------------|---------------|--------------|-------------|-------------|-------------|
| Net sales | 0.0 | 5.6 | -5.6 | 13.5 | 13.5 | 0.0 | 11.2 | 0.0 | 10.1 | 21.3 | 22.9 | 23.0 |
| EBITDA | 0.0 | -3.6 | 3.6 | -6.4 | -6.4 | 0.0 | 1.6 | 0.0 | 1.9 | 3.5 | 5.4 | 4.4 |
| <i>EBITDA margin (%)</i> | <i>0.0</i> | <i>-64.4</i> | <i>-64.4</i> | <i>-47.4</i> | <i>-47.4</i> | <i>0.0</i> | <i>14.3</i> | <i>0.0</i> | <i>18.4</i> | <i>16.3</i> | <i>23.7</i> | <i>19.0</i> |
| EBIT | 0.0 | -10.2 | 10.2 | -15.5 | -15.5 | 0.0 | 0.2 | 0.0 | 0.5 | 0.7 | 2.3 | 1.2 |
| <i>EBIT margin (%)</i> | <i>0.0</i> | <i>-181.3</i> | <i>-181.3</i> | <i>-114.8</i> | <i>-114.8</i> | <i>0.0</i> | <i>2.0</i> | <i>0.0</i> | <i>4.7</i> | <i>3.3</i> | <i>10.2</i> | <i>5.4</i> |
| Net financial items | 0.0 | 5.1 | -5.1 | -2.4 | -2.4 | 0.0 | -0.6 | 0.0 | -1.0 | -1.6 | -1.2 | -1.0 |
| Pre-tax profit | 0.0 | -5.1 | 5.1 | -17.9 | -17.9 | 0.0 | -0.4 | 0.0 | -0.5 | -0.9 | 1.1 | 0.2 |
| Tax | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| <i>Tax rate (%)</i> | <i>0.0</i> | <i>0.3</i> | <i>0.4</i> | <i>-0.1</i> | <i>-0.2</i> | <i>0.0</i> | <i>0.0</i> | <i>0.0</i> | <i>0.0</i> | <i>0.0</i> | <i>0.0</i> | <i>0.0</i> |
| Net profit | 0.0 | -5.1 | 5.1 | -17.9 | -17.9 | 0.0 | -0.4 | 0.0 | -0.5 | -0.9 | 1.1 | 0.2 |
| EPS | 0.00 | -0.54 | 0.54 | -1.91 | -1.92 | 0.00 | -0.04 | 0.00 | -0.06 | -0.10 | 0.11 | 0.02 |
| EPS adjusted (diluted no. of shares) | 0.00 | -0.54 | 0.54 | -1.91 | -1.92 | 0.00 | -0.04 | 0.00 | -0.06 | -0.10 | 0.11 | 0.02 |
| 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 |
| SALES, EURm | | | | | | | | | | | | |
| Endomines | 0.0 | 5.6 | -5.6 | 13.5 | 13.5 | 0.0 | 11.2 | 0.0 | 10.1 | 21.3 | 22.9 | 23.0 |
| Total | 0.0 | 5.6 | -5.6 | 13.5 | 13.5 | 0.0 | 11.2 | 0.0 | 10.1 | 21.3 | 22.9 | 23.0 |
| SALES GROWTH, Y/Y % | | | | | | | | | | | | |
| Endomines | <i>0.0</i> | <i>57,045.8</i> | <i>57,043.8</i> | <i>2,643.3</i> | <i>2,643.4</i> | <i>0.0</i> | <i>98.3</i> | <i>-100.0</i> | <i>-25.3</i> | <i>57.6</i> | <i>7.7</i> | <i>0.4</i> |
| Total | <i>0.0</i> | <i>57,036.7</i> | <i>57,016.5</i> | <i>2,642.8</i> | <i>2,643.4</i> | <i>0.0</i> | <i>98.4</i> | <i>-100.0</i> | <i>-25.3</i> | <i>57.6</i> | <i>7.7</i> | <i>0.4</i> |
| EBIT, EURm | | | | | | | | | | | | |
| Endomines | 0.0 | -10.2 | 10.2 | -15.5 | -15.5 | 0.0 | 0.2 | 0.0 | 0.5 | 0.7 | 2.3 | 1.2 |
| Total | 0.0 | -10.2 | 10.2 | -15.5 | -15.5 | 0.0 | 0.2 | 0.0 | 0.5 | 0.7 | 2.3 | 1.2 |
| EBIT margin, % | | | | | | | | | | | | |
| Endomines | <i>0.0</i> | <i>-181.2</i> | <i>-181.2</i> | <i>-114.8</i> | <i>-114.8</i> | <i>0.0</i> | <i>2.0</i> | <i>0.0</i> | <i>4.7</i> | <i>3.3</i> | <i>10.2</i> | <i>5.4</i> |
| Total | <i>0.0</i> | <i>-181.3</i> | <i>-181.3</i> | <i>-114.8</i> | <i>-114.8</i> | <i>0.0</i> | <i>2.0</i> | <i>0.0</i> | <i>4.7</i> | <i>3.3</i> | <i>10.2</i> | <i>5.4</i> |

| INCOME STATEMENT, EURm | 2018 | 2019 | 2020 | 2021 | 2022 | 2023E | 2024E | 2025E |
|--|--------------|---------------|-----------------|-----------------|----------------|-------------|-------------|-------------|
| Sales | 10.1 | 0.5 | 1.3 | 0.5 | 13.5 | 21.3 | 22.9 | 23.0 |
| <i>Sales growth (%)</i> | <i>-20.5</i> | <i>-94.6</i> | <i>134.3</i> | <i>-61.4</i> | <i>2,643.4</i> | <i>57.6</i> | <i>7.7</i> | <i>0.4</i> |
| EBITDA | -0.5 | -4.6 | -10.5 | -11.6 | -6.4 | 3.5 | 5.4 | 4.4 |
| <i>EBITDA margin (%)</i> | <i>-5.3</i> | <i>-841.1</i> | <i>-824.5</i> | <i>-2,362.0</i> | <i>-47.4</i> | <i>16.3</i> | <i>23.7</i> | <i>19.0</i> |
| Depreciation | -4.2 | -0.3 | -7.5 | -13.5 | -9.1 | -2.8 | -3.1 | -3.1 |
| EBITA | -4.7 | -4.9 | -18.0 | -25.1 | -15.5 | 0.7 | 2.3 | 1.2 |
| Goodwill amortization / writedown | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| EBIT | -4.7 | -4.9 | -18.0 | -25.1 | -15.5 | 0.7 | 2.3 | 1.2 |
| <i>EBIT margin (%)</i> | <i>-46.6</i> | <i>-903.4</i> | <i>-1,410.0</i> | <i>-5,102.0</i> | <i>-114.8</i> | <i>3.3</i> | <i>10.2</i> | <i>5.4</i> |
| Reported EBIT | -4.7 | -4.9 | -18.0 | -25.1 | -15.5 | 0.7 | 2.3 | 1.2 |
| <i>EBIT margin (reported) (%)</i> | <i>-46.6</i> | <i>-903.4</i> | <i>-1,410.0</i> | <i>-5,102.0</i> | <i>-114.8</i> | <i>3.3</i> | <i>10.2</i> | <i>5.4</i> |
| Net financials | 1.1 | -0.7 | -1.2 | -1.6 | -2.4 | -1.6 | -1.2 | -1.0 |
| Pre-tax profit | -3.6 | -5.6 | -19.2 | -26.7 | -17.9 | -0.9 | 1.1 | 0.2 |
| Taxes | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Minority shares | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Net profit | -3.6 | -5.6 | -19.2 | -26.7 | -17.9 | -0.9 | 1.1 | 0.2 |
| 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 |
| BALANCE SHEET, EURm | | | | | | | | |
| Assets | | | | | | | | |
| Fixed assets | 47 | 55 | 57 | 51 | 49 | 51 | 50 | 49 |
| Goodwill | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Right of use assets | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Inventory | 0 | 0 | 0 | 1 | 0 | 1 | 1 | 1 |
| Receivables | 0 | 0 | 0 | 2 | 2 | 3 | 3 | 3 |
| Liquid funds | 2 | 2 | 1 | 1 | 4 | 2 | 2 | 2 |
| Total assets | 49 | 56 | 58 | 55 | 55 | 56 | 56 | 55 |
| Liabilities | | | | | | | | |
| Shareholder's equity | 25 | 32 | 33 | 30 | 36 | 35 | 36 | 36 |
| Minority interest | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Convertibles | 17 | 17 | 0 | 0 | 0 | 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 | 4 | 4 | 15 | 16 | 11 | 12 | 9 | 8 |
| Non-interest bearing current liabilities | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Other interest-free debt | 4 | 3 | 10 | 9 | 9 | 10 | 11 | 11 |
| Total liabilities | 49 | 56 | 58 | 55 | 55 | 56 | 56 | 55 |
| CASH FLOW, EURm | | | | | | | | |
| + EBITDA | -1 | -5 | -11 | -12 | -6 | 3 | 5 | 4 |
| - Net financial items | 1 | -1 | -1 | -2 | -2 | -2 | -1 | -1 |
| - Taxes | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| - Increase in Net Working Capital | 1 | -1 | 0 | 0 | 3 | 0 | 1 | 0 |
| +/- Other | -2 | -2 | 4 | 1 | 1 | 0 | 0 | 0 |
| = Cash flow from operations | -1 | -7 | -7 | -12 | -4 | 2 | 5 | 3 |
| - Capex | -10 | -8 | -3 | -5 | -4 | -5 | -3 | -2 |
| - Acquisitions | -6 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| + Divestments | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| = Free cash flow | -16 | -15 | -10 | -17 | -8 | -3 | 3 | 1 |
| +/- New issues/buybacks | 24 | 13 | 20 | 24 | 24 | 0 | 0 | 0 |
| - Paid dividend | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| +/- Other | -7 | 2 | -11 | -7 | -13 | 1 | -3 | -1 |
| Change in cash | 0 | 0 | 0 | 0 | 3 | -2 | 0 | 0 |

| KEY FIGURES | 2019 | 2020 | 2021 | 2022 | 2023E | 2024E | 2025E |
|--|---------|--------|----------|-------|-------|-------|-------|
| M-cap | 42 | 35 | 57 | 47 | 36 | 36 | 36 |
| Net debt (excl. convertibles) | 3 | 14 | 14 | 7 | 10 | 7 | 5 |
| Enterprise value | 62 | 49 | 71 | 54 | 45 | 42 | 41 |
| Sales | 1 | 1 | 0 | 14 | 21 | 23 | 23 |
| EBITDA | -5 | -11 | -12 | -6 | 3 | 5 | 4 |
| EBIT | -5 | -18 | -25 | -15 | 1 | 2 | 1 |
| Pre-tax | -6 | -19 | -27 | -18 | -1 | 1 | 0 |
| Earnings | -6 | -19 | -27 | -18 | -1 | 1 | 0 |
| Equity book value (excl. minorities) | 32 | 33 | 30 | 36 | 35 | 36 | 36 |
| Valuation multiples | | | | | | | |
| EV/sales | 113.7 | 38.5 | 144.2 | 4.0 | 2.1 | 1.8 | 1.8 |
| EV/EBITDA | -13.5 | -4.7 | -6.1 | -8.4 | 13.0 | 7.8 | 9.4 |
| EV/EBITA | -12.6 | -2.7 | -2.8 | -3.5 | 64.3 | 18.2 | 33.2 |
| EV/EBIT | -12.6 | -2.7 | -2.8 | -3.5 | 64.3 | 18.2 | 33.2 |
| EV/OCF | -8.3 | -6.7 | -6.1 | -13.1 | 25.4 | 8.0 | 12.2 |
| EV/FCFF | -4.3 | -5.7 | -4.7 | -9.6 | -38.6 | 10.6 | 17.3 |
| P/FCFE | -0.1 | -0.1 | -0.1 | -5.9 | -12.8 | 13.0 | 26.3 |
| P/E | -7.5 | -1.8 | -2.1 | -2.6 | -39.5 | 32.8 | 159.4 |
| P/B | 1.3 | 1.1 | 1.9 | 1.3 | 1.0 | 1.0 | 1.0 |
| Target EV/EBITDA | 0.0 | 0.0 | 0.0 | 0.0 | 18.1 | 11.0 | 13.3 |
| Target EV/EBIT | 0.0 | 0.0 | 0.0 | 0.0 | 89.1 | 25.6 | 47.2 |
| Target EV/FCF | 0.0 | 0.0 | 0.0 | 0.0 | -22.6 | 21.8 | 43.2 |
| Target P/B | 0.0 | 0.0 | 0.0 | 0.0 | 1.5 | 1.5 | 1.5 |
| Target P/E | 0.0 | 0.0 | 0.0 | 0.0 | -58.9 | 48.9 | 237.4 |
| Per share measures | | | | | | | |
| Number of shares | 1,999 | 3,283 | 5,645 | 9,370 | 9,449 | 9,449 | 9,449 |
| Number of shares (diluted) | 1,999 | 3,283 | 5,645 | 9,370 | 9,449 | 9,449 | 9,449 |
| EPS | -2.82 | -5.84 | -4.73 | -1.92 | -0.10 | 0.11 | 0.02 |
| Operating cash flow per share | -3.73 | -2.23 | -2.07 | -0.44 | 0.19 | 0.56 | 0.35 |
| Free cash flow per share | -7.53 | -3.01 | -2.95 | -0.85 | -0.29 | 0.29 | 0.14 |
| Book value per share | 16.03 | 10.03 | 5.34 | 3.83 | 3.70 | 3.82 | 3.84 |
| 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, % | -35.6 | -28.2 | -29.4 | -17.1 | -7.8 | 7.7 | 3.8 |
| Efficiency measures | | | | | | | |
| ROE | -19.9 | -59.0 | -84.6 | -54.3 | -2.5 | 3.0 | 0.6 |
| ROCE | -10.0 | -35.5 | -53.4 | -33.6 | 1.5 | 5.1 | 2.8 |
| Financial ratios | | | | | | | |
| Inventories as % of sales | 0.6 | 19.2 | 162.0 | 3.0 | 3.0 | 3.0 | 3.0 |
| Receivables as % of sales | 23.2 | 25.9 | 360.9 | 14.8 | 14.8 | 14.8 | 14.8 |
| Non-interest bearing liabilities as % of sales | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| NWC/sales, % | -315.3 | -466.5 | -1,062.8 | -30.4 | -18.9 | -22.4 | -22.2 |
| Operative CAPEX/sales, % | 1,422.9 | 198.5 | 1,001.1 | 28.9 | 21.4 | 11.1 | 8.7 |
| CAPEX/sales (incl. acquisitions), % | 1,422.9 | 198.5 | 1,001.1 | 28.9 | 21.4 | 11.1 | 8.7 |
| FCFF/EBITDA | 3.1 | 0.8 | 1.3 | 0.9 | -0.3 | 0.7 | 0.5 |
| Net debt/EBITDA, book-weighted | -0.6 | -1.3 | -1.2 | -1.1 | 2.8 | 1.3 | 1.2 |
| Debt/equity, market-weighted | 0.1 | 0.4 | 0.3 | 0.2 | 0.3 | 0.3 | 0.2 |
| Equity ratio, book-weighted | 86.7 | 56.5 | 54.8 | 65.4 | 62.0 | 64.0 | 65.7 |
| Gearing, % | 6.0 | 43.1 | 47.9 | 18.9 | 27.3 | 18.9 | 15.1 |

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: Endomines new strategy focuses on development of the company's Finnish assets, the US assets are developed through partnership models. The company has proceeded well with reinitiating production at the Pampalo site, Endomines produced 8 601 ounces of gold during 2022. The company's focus in the near term is on Pampalo underground and East open pit production and on gold exploration activities in Karelian gold line.

| OWNERSHIP STRUCTURE | SHARES | EURm | % |
|----------------------------------|-----------|--------|-------|
| Joensuun Kauppa ja Kone | 1,763,013 | 6.629 | 18.7% |
| Clearstream Banking S.A. | 783,264 | 2.945 | 8.3% |
| Mariatorp Oy | 771,875 | 2.902 | 8.2% |
| Wipunen Varainhallinta Oy | 771,875 | 2.902 | 8.2% |
| Skandinaviska Enskilda Banken | 520,063 | 1.955 | 5.5% |
| K22 Finance Oy | 346,029 | 1.301 | 3.7% |
| Taloustieto Incrementum Oy | 317,159 | 1.193 | 3.4% |
| Transatlantic Mining Corporation | 207,541 | 0.780 | 2.2% |
| Vakuutusosakeyhtiö Henki-Fennia | 196,657 | 0.739 | 2.1% |
| Eyemaker's Finland Oy | 180,552 | 0.679 | 1.9% |
| Ten largest | 5,858,028 | 22.026 | 62% |
| Residual | 3,591,374 | 13.504 | 38% |
| Total | 9,449,402 | 35.530 | 100% |

EARNINGS CALENDAR

August 17, 2023

Q2 report

OTHER EVENTS**COMPANY MISCELLANEOUS**

CEO: Kari Vyhtinen

Ahventie 4 A, FI-02170 Espoo

CFO: Minni Lempinen

Tel:

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, % | $\frac{\text{Profit before extraordinary items and taxes} - \text{income taxes}}{\text{Shareholder's equity} + \text{minority interest} + \text{taxed provisions (average)}}$ | | |

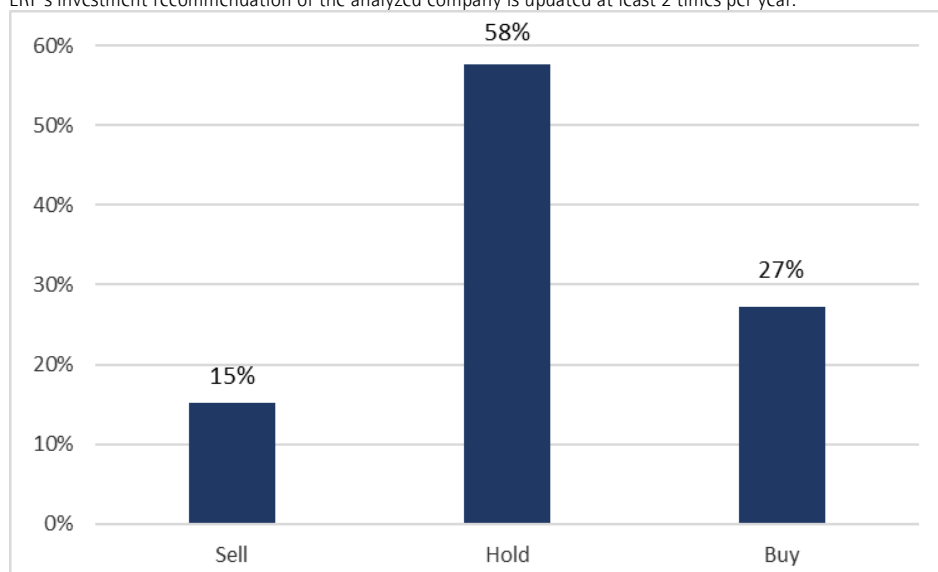
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Investment recommendations are defined as follows:

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

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

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