

## Production guidance lower than expected

Endomines H2 figures were negatively impacted by the production method change in Pampalo and preparatory work in Hosko. Excluding the effect, profitability was above our estimates. The production guidance for 2024 was weaker than expected.

- Revenue in H2 amounted to EUR 9.0m, slightly lower than we had expected.
- EBITDA in H2 was at EUR -1.0 m (-2.9m H2 2022), lower than our estimate of EUR 0.4m. EBITDA included roughly EUR 2.0m negative effect from production method change in mine and preparatory work for Hosko. Excluding the effect, the EBITDA would have been approximately EUR 1m.
- EBIT in H1 amounted to EUR -2.2m, lower than our estimate of EUR -0.8m.
- EBITDA from Pampalo production was at EUR 0.9m, up from EUR 0.4m during the second half of 2022. Excluding the EUR 2m negative effect, Pampalo's profitability was slightly higher than we anticipated.
- EBITDA from the company's other functions (Karelian gold line operations, USA operations and common functions) was at EUR -1.9m (EUR -2.1m Evli est.).
- Endomines will continue negotiations regarding the company's US assets in 2024 and the goal is to find a solution as soon as possible.
- With the new exploration results from Kuittila and Korvilansuo, the company will treat the Muurinsuo-Korvilansuo-Kuittila area as one entity called Southern Gold Line. Endomines was able to increase Korvilansuo resources by 307% and Kuittila by 114% in 2023.
- 2024 outlook: Gold production will increase by 15-35% from 2023 (roughly 14 700 – 17 300 ounces, our current estimate at 17 600 ounces) and financial result is expected to improve from 2023.

### Rating

SELL

H2/23	Actual	Evli	Year ago
Revenue	9.0	9.7	7.9
EBITDA*	-1.0	0.4	-2.9
EBIT*	-2.2	-0.8	-4.5

Deviation	Actual	Evli	Year ago
Net sales		-8 %	14 %
EBITDA		-	66 %
EBIT		<-100%	51 %

\*Includes EUR 2.0m of negative effects from production method change in Pampalo and preparatory work in Hosko

Share price, EUR (Last trading day's closing price) 6.75

Target price, EUR 5.6

Latest change in 13-Feb-24

Latest report on company 13-Feb-24

Research paid by issuer: YES

No. of shares outstanding, 9,795

No. of shares fully diluted, 9,795

Market cap, EURm 66

Free float, % 55.4

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
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	20.4	-1.6	-7.8%	-5.9	-0.39	-17.4	3.9	-49.4	-8.9	0.00
2024E	29.2	2.7	9.4%	0.5	0.08	88.3	2.7	28.5	0.7	0.00
2025E	31.3	4.6	14.6%	1.9	0.26	25.8	2.4	16.8	2.8	0.00

Market cap, EURm	66	BV per share 2023E, EUR	39.5	CAGR EPS 2022-25, %	0.0
Net debt 2023E, EURm	13	Price/book 2023E	2.1	CAGR sales 2022-25, %	32.4
Enterprise value, EURm	79	Dividend yield 2023E, %	0.0	ROE 2023E, %	-11.2
Total assets 2023E, EURm	57	Tax rate 2023E, %	0.0	ROCE 2023E, %	-3.4
Goodwill 2023E, EURm	0	Equity ratio 2023E, %	56.7	PEG, P/E 23/CAGR	0.0

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

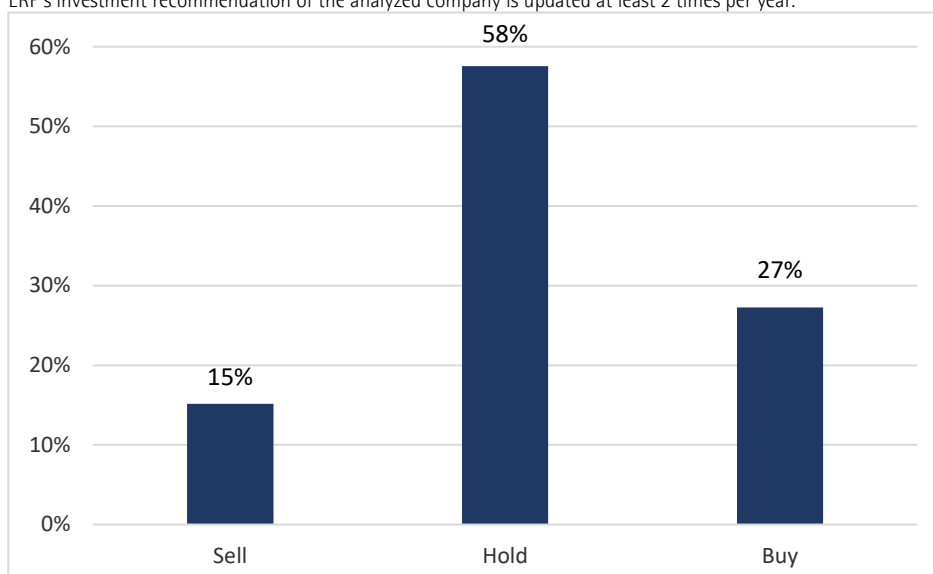
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Investment recommendations are defined as follows:

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

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

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