

Endomines

(Company registration no. 556694-2974)

Half-year interim report for 2021

This interim report is a translation from the Swedish original which was published on 19 August 2021. In the event of difference between the English translation and the Swedish original, the Swedish interim report shall prevail.

1 January – 30 June 2021



Drilling a long hole sample hole with the Boart Longyear Stopemate drill at the S4550 West Haulage – Friday Mine

ENDOMINES Half-year interim report 2021

Restart of the Friday Mine in Idaho – USA and Pampalo Mine - Finland

H1 2021 (vs. H1 2020)

Operational highlights

- Endomines ends the Care and Maintenance phase at the Friday Mine in Idaho, USA by upgrading the Orogrande Processing facility and continuing development work at the mine.
- Endomines prepares for the restart of its Pampalo Mine, Finland in 2022 with the decline development progressing at a rate of 80m per month from the 775m RL and infill drilling for grade control purposes down to the 805m RL.
- Endomines signs a merger plan and decides on the re-domiciliation of the company from Sweden to Finland.
- Endomines started to prepare a scoping study and a drilling program for its Montana gold assets, US Grant and Kearsarge Gold Projects.
- No injuries reported in the last 12 months; LTIFR 0 (0)

Financial highlights

- Total revenue was 0.1 MSEK (10.5)
- EBITDA was -40.3 MSEK (-45.3)
- Total cash flow was 16.1 MSEK (-12.3)
- Earnings per share was -0.59 SEK (-0.61)

Significant subsequent events

- On July 2, 2021, Endomines Finland Plc announces entering into a comprehensive financing package with a group of Finnish investors for an aggregated amount of EUR 5 million.
- On July 19, 2021, Endomines announced the resolutions from the EGM which approved the merger plan between Endomines AB (publ) and Endomines Finland Oyj.
- On July 20, 2021, Endomines announced that its Interim CEO and CFO Marcus Ahlström have resigned. The Board started the search for a new permanent CEO and is anticipating being able to have that search completed in the fall 2021.
- On August 12, 2021, Endomines announced new and very encouraging drill results from Pampalo Deep Project.
- On August 16, 2021, Endomines announces that ore mining begins at Endomines' Friday Mine in Idaho, USA and gold production starts in the end of August.

Outlook

During Q3 2021 gold production will restart at the Orogrande Processing facility after a stop of 12 months. Restaffing at both mine and the mill has taken slightly longer than expected due to market conditions caused by COVID-19. Also, delivery of some vital mill equipment and components have been delayed due to longer than expected lead-times. This combined has caused a slight delay to the mill start-up from July to late August.

The Pampalo project is moving ahead according to plan and is now expected to start ramping-up to full production earlier than planned, at the beginning of Q1/2022 instead of previously planned Q2/2022. This will, however, postpone the development ore production to Q1/2022 instead of end of Q4/2021 as earlier announced.

As a result of these changes, the gold production guidance for the remainder of the year is now expected to be approx. 1,500 oz. The new revised production guidance is primarily due to the strategic decision to postpone the processing of the Pampalo development ore to Q1/2022 to be able to start full gold production sooner than what was earlier planned. These changes will strengthen the company's 2022 cashflow and give stability to both the USA and Finnish Assets.

Endomines updates on mid-term goal

The board of Endomines has updated the mid-term goal for the Friday and Pampalo assets:

Friday: When in full production Endomines expects the annual gold production from the Friday mine to reach 7,800-9,000 oz. Full production estimated by Q4 2021/Q1 2022.

Pampalo: When in full production Endomines expects the annual gold production from the Pampalo mine to reach 10,000-11,500 oz. Full production estimated by Q2/Q3 2022.

Key figures (Consolidated)	Jan-Jun		
<i>MSEK if not otherwise stated</i>	2021	2020	+/-
Total revenue	0.1	10.5	-10.4
Cost	-40.4	-55.8	15.4
EBITDA	-40.3	-45.3	5.0
Depreciation and write-downs	-55.2	-11.7	-43.5
EBIT	-95.5	-56.9	-38.6
Net result for the period	-120.8	-68.0	-52.8
Earnings per share (SEK)	-0.59	-0.61	0.02
Cash flow from operating activities	-84.1	-59.5	-24.6
Cash flow from investing activities	-15.5	-18.6	3.1
Cash flow from financing activities	116.1	65.9	50.2
Liquid assets at the end of the period	28.0	3.4	24.6
Personnel at the end of the period	43	48	-5
LTIFR	0	0	0

LTIFR = The Lost Time Injury Frequency Rate is based on reported lost time injuries resulting in one day or more off work per 1,000,000 hours worked on a rolling 12-month basis. LTIFR has been calculated for the whole company including contractors.

Marcus Ahlström, interim CEO and CFO: "During the second quarter Endomines further strengthened its financial position by entering into a comprehensive financing package with LDA Capital for an aggregated amount of EUR 14 million and issued 14 million Warrants. This additional financing arrangement is instrumental for Endomines to continue its path to bringing both Friday and Pampalo mine projects into production and developing its other mine projects in the US.

We have spent one million USD on upgrading the Orogrande Processing facility at the Friday Mine in Idaho, including a new low-cost low-tech solution to tailings dewatering which is scalable for future

production needs. We have also put a greater emphasis on increasing the plant's instrumentation to manage our processes better. The production capacity of the mine has been enhanced with the purchase of a new mining fleet, and underground services upgrades to allow deeper ore developments.

We have begun the process of developing an exploration surface drilling program for our Montana gold assets thus allowing us to better understand on how to unlock the potential of these resources. The Montana gold assets form a major part of our strategic development going forward, allowing us to become a mid-tier gold mining company.

The restart and development of our Pampalo mine operation in Finland at the Karelian Gold Line started in April 2021 and is well on target for a production start during the first quarter 2022. We are very excited about bringing our Pampalo mine back into production supported by the currently high gold market price and encouraging results from the first results of our drilling program at the mine.

The re-domicile process of moving the company from Sweden to Finland through a down-stream merger continued throughout Q2 2021 and all necessary steps and requirements were carried out and finalised. The process is still ongoing but is moving ahead according to plan and we anticipate concluding the merger by the beginning of Q4 2021.

Our full focus is now on enabling a successful start-up of the operations both at Friday and the Pampalo mining project. I would like to thank very much for the hard work and strong work ethic that our entire staff have shown this year.”

Restart at the Friday mine in Idaho, USA

Endomines has spent the first half of 2021 planning and implementing a one million USD program to de-bottle neck the Orogrande Processing facility to increase the production capacity to 5,000 tons per month. Part of the upgrade included the tailing and concentrate dewatering installation, laboratory refurbishment and instrumentation control systems for the entire process.

The mine's production capacity has been enhanced with the purchase of a new mining fleet, including two 4-yard and one 1 1/2-yard underground loaders. A jumbo and long hole drill rig and a third haul truck have been “leased to purchase” which also allows better utilisation of the company's short term cash flow. The electrical, compressed air and ventilation service are being upgraded to allow development to be pushed further in the North and South stoping areas as well as deepening the decline into the next stoping blocks. A 2,400 m diamond core drill program is planned to be carried out in Q3 2021. The drilling will give a much-improved definition of the upper stopes going forward at the Friday mine.

In connection with half-year procedures Endomines carried out the impairment test for the Friday-mine and mill in accordance with IAS – 36 Impairment of assets. Based on the test, management decided to impair the assets by 47.7 MSEK. The write-down is result of the delayed ramp-up of Friday mining operations and increased investment costs herewith.

Production figures, Friday	Jan-Jun		
	2021	2020	+/-
Milled ore (tonnes)	0	4,945.2	-4,945.2
Head grade (Au gram/tonne)	0	2.9	-2.9
Gold recovery (%)	0	71.5	-71.5
Hourly utilization (%)	0	33.0	-33.0
Gold production (kg)	0	10.1	-10.1
Gold production (oz)	0	326.1	-326.1
LTIFR	0	0	0

Production figures for H1 are based on Company's own assaying and not confirmed by any external laboratory. Production figures do not include Pampalo processing plant residue gold excavated in H1. LTIFR = The Lost Time Injury Frequency Rate is based on reported lost time injuries resulting in one day or more off work per 1,000,000 hours worked on a rolling 12-month basis. LTIFR has been calculated for the whole company including contractors.

Activities at Endomines' other USA projects

Endomines has several prospective historical mines within its USA portfolio. Based on the stage of their development, the mines can be placed into two strategic categories, medium and long-term development mines. The medium-term strategic mines are the Montana assets which consist of US Grant and Kearsarge. The Company plans to undertake environmental, exploration, metallurgical and project development activities starting H2 2021. This will begin with the preparation of an updated estimate of mineral resources followed by a scoping study addressing the economic potential of the project.

These assets are key cornerstones in the future development of the Endomines group to become a mid-tier gold mining company. The US Grant and Kearsarge properties are high-grade gold vein systems located in the historic Alder Gulch (Virginia City) mining district in Madison County Montana. The US Grant Property consists of mining claims covering 2.2 sq km, along with a processing facility designed to mill 150 tons per day using gravity separation and froth flotation to produce gold concentrates.

The US Grant mine is a high-grade, underground gold and silver project with a historical resource totaling 165,700 ounces of gold and 4.47M ounces of silver contained in 346,000 tons (381,400 short tons) of mineralized material. Although production records are not well documented, historic mining grades range between 6.9 - 8.6 g/t (0.2 - 0.25 oz/t) gold and 171.4 - 342.8 g/t (5 - 10 oz/t) silver.

The Kearsarge property consists of mining claims covering 2.5 sq km and is located approximately 8 km from the US Grant Mill. The mine is also a high-grade, underground gold project with a historical resource totaling 380,700 ounces of gold contained in 4.1 million tonnes (4.5 million short tons) of mineralized material.

Once the conceptual modeling has been completed, initial exploration will be to drill from surface to confirm the historical database and to generate fresh material for metallurgical studies, followed by step-out drilling to extend resources. Environmental activities are focused on baseline studies for permitting activities, as well as exploration permitting and monitoring for the Projects.

Endomines also intends to pursue re-opening accessible underground workings (last accessed in 2018 (US Grant) and 2005 (Kearsarge)) to allow for underground mapping, sampling, and delineation drilling from underground drilling stations.

Endomines Project engineers have reviewed the US Grant processing facilities and identified areas where improvements can be made to the mill. Results of metallurgical studies from the 2021

exploration campaign will be used to refine the process plans for the operation and incorporated into restart plans as they become available.

The long-term strategic mine projects category consists of other Idaho assets and will require detailed due diligence work to prioritize their intrinsic value. Endomines believes that within the current market there may also be possibilities for joint ventures to realize these assets' value sooner.

Updates on Pampalo mine re-opening

The Pampalo mine was put on care and maintenance (C&M) in 2018 when gold prices were at multi-year lows (\$1250/oz). The ore lenses in the underground mine are open at depth and the known extensions have been outlined by drilling down to the 855-mine level. These areas can be accessed by extending the existing decline thereby deepening the mine. The gold mineralization and ore lenses are also still completely open below these mining levels. When the mine was placed on C&M, Endomines calculated that by extending the decline some 100m and developing these deep ore zones, the start-up of the mine production would be feasible at gold prices at/or above \$1500/oz. In December 2020, Endomines announced that it will re-evaluate reopening the Pampalo mine because of the positive gold price outlook.

In January 2021, the planning and preparations for the mine deepening and extension of the decline started. Tenders for selecting mine contractor were sent out and supplier agreements were prepared. After negotiations with several parties, Power Mining Oy was chosen to refurbish the current decline and drive the decline down to the first production levels. Power Mining mobilized its crew during March and commenced decline refurbishment work. Mine dewatering improvement and power network upgrading also commenced in March.

In April 2021, the extension of the decline development and therefore mine deepening project started. Contractor, Power Mining Oy, has driven on average some 80 meters of decline per month during Q2. The 795 level was reached in July, and the bottom of the new production area will be reached in September. The rock conditions appear to be challenging on the lower levels and if ground support must be increased significantly, it may have an impact on the timeline. All the supplies required for underground infrastructure are on site. Recruiting of personnel continues in Q3.

The mill equipment inspections and maintenance continued during Q2/21. The ore crushing plant was inspected and maintained in June, and no damages or other issues were found. Therefore, the crushing plant is ready for production. The maintenance of the rest of the processing plant, mainly grinding and flotation circuits, will start after the holiday season in August when mill operator crews will be hired. The tailing dam's capacity project confirmed that sufficient capacity is available with minor work until Q3/2022.

Underground core drilling

The underground core drilling program started on May 19th, 2021. One diamond drill rig was mobilized to site by the selected drill contractor, Comadev Oy. By the end of June, a total of 25 infill core drill holes (2 120 m) targeted at the planned production area between 755 and 815 mine levels were completed. The planned infill drilling program is approximately 6 300 meters in total. The results will be used in updating the current mineral resource estimate and the mine plan. Geological logging, sampling, and assaying of the drill core is currently in progress.

As part of the Pampalo underground drilling program, six exploration drill holes (1 700m) will be drilled from tunnels, located approximately 650m below the surface, to test mineralized structures east (Pampalo East) and north (Pampalo fold) of the Pampalo main mineralization.

Exploration activities along the Karelian Gold Line

During the second quarter Endomines has continued its near mine and regional exploration programs along the Karelian Gold Line in Eastern Finland. The work of updating and validating the existing mineral resource estimates for all the near mine and regional exploration projects continued, as well as creating work plans for the coming exploration programs.

Tukes, the Finnish mining authority, approved extension applications for Ilokulta 10-13 and Korvila 1-3 exploration permits and approved new exploration permit application for Kuittila.

Health, environment, and safety

Endomines' strategy relating to health, environment and safety is a non-acceptance of accidents and adverse environmental incidents, that is a Zero Harm policy.

With the restart of both the Friday Idaho mine and Pampalo mine in Finland there is a new emphasis on reinstating Operational Health and Safety policies across our company. To manage this, the company has recruited a Group OH&S Manager to coordinate this undertaking. Standardization across both sites is a cornerstone in re-establishing Endomines' values across the whole group and protecting current and future employees.

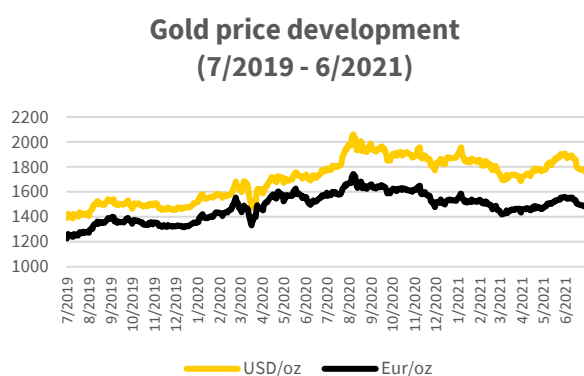
The activities of the group have been steadily increasing at both sites and at the end of Q2 2021, the rolling twelve-month LTI rate (lost-time injuries per one million working hours) in both Pampalo and Idaho was 0, making the combined Group level LTI frequency also 0 for the second year running.

Personnel

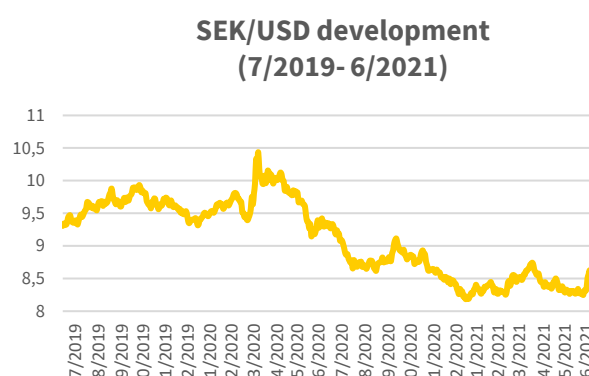
By the close of the Q2 2021 Endomines has increased staff and contractors at both sites as part of the preparations to restart both operations this year. Both the Friday Mine and the Pampalo Mine will be fully manned by Q4 2021 and by the beginning of Q1 2022 in connection with the ramp-up of the Pampalo Mill.

Gold price and exchange rates

At the end of Q2 2021, the gold price was 1,758 USD/oz (LBMA AM on 30th June 2021), a decrease of one per cent compared to 1,771 USD/oz at the end of Q2 2020 (LBMA AM on 30th June 2020). The average gold price for Q2 2021 was 1,814 USD/oz (1,711), and for first half of 2021 1,806 USD/oz (1,646) showing increases of six per cent compared to Q2 2020 and 10 per cent compared to the first half of 2020.



Gold price development in July 2019 – June 2021 in USD/oz and EUR/oz (LBMA AM).



Swedish central bank (Riksbank) daily reference rates for SEK/USD July 2019 – June 2021.

Comments on the financial results H1 2021

Key figures (Consolidated)	Jan-Jun		
	2021	2020	+/-
<i>MSEK if not otherwise stated</i>			
Total revenue	0.1	10.5	-10.4
Operational expense	-40.4	-55.8	15.4
EBITDA	-40.3	-45.3	5.0
Depreciation and write-downs	-55.2	-11.7	-43.5
EBIT	-95.5	-56.9	-38.6
Net result for the period	-120.8	-68.0	-52.8
Earnings per share (SEK)	-0.59	-0.61	0.2

Result

Total revenue, including change in inventory, for H1 2020 amounted to 0.1 MSEK (10.5). The decrease was due to Friday operations being temporarily under care and maintenance.

EBITDA amounted to -40.3 MSEK (-45.3), increase of 5.0 MSEK reflecting the ongoing production activities at the Friday mine. EBIT was -95.5 MSEK (-56.9).

Depreciation and write-downs amounted to -55.2 MSEK (-11.7), including the impairment of 47.7 MSEK of the Friday mine.

Operating expenses decreased to -40.4 MSEK (-55.8). The decrease of the operating expenses compared to H1 2020 is due to the Friday mine care and maintenance status for the first part of the year, and gradual ramp up of the production activities.

Net financial result amounted to -25.4 MSEK (-11.2).

Profit after tax was -120.8 MSEK (-68.0), with income taxes amounting to 0.0 MSEK (0.0). Net result per share was -0.59 SEK (-0.61).

Cash flow and financing

Cash flow from operations before change in net working capital was -51.4 MSEK (-49.8) in H1 2021. The change in net working capital amounted to -32.7 MSEK (-9.8). Cash flow from investments was -15.5 MSEK (-18.6).

Total cash flow from financing amounted to 116.1 MSEK (65.9). Main items comprise of rights issue, which provided Endomines approximately SEK 214 million before transaction costs, and repayment of loans. For further information on the finance items, please see the notes presented at the end of the report. Endomines had no outstanding bank loans at the end of Q2 2021.

Financial position

Net debt amounted to 74.6 MSEK (109.4) at the end of Q2 2021. Decrease was mainly due to repayment of loans following the rights issue concluded in Q1 2021. Total equity amounted to 442.2 MSEK (454.6). Following the a forementioned changes in equity and net debt, Endomines Group's Gearing decreased to 17 per cent (24).

Balance sheet total amounted to 586.2 MSEK (600.9), and equity ratio being around the same level at 75 per cent (76). Capital employed amounted to 544.8 MSEK (580.3). Group cash at the end Q2 2021 amounted to 28.0 (3.4) MSEK.

Future liquidity development

In order to execute on its long-term growth strategy, development of the next projects as well as exploration and mine development activities, the company requires access to financing. The Board and management are actively engaged in continuing to secure financing that will enable the company to implement its long-term growth strategy.

During the reporting period, Endomines has completed a rights issue. The rights issue provided Endomines with approximately SEK 214 million before transaction costs. During the reporting period Endomines announced completing a comprehensive financing package with LDA Capital for an aggregated amount of 14 MEUR. The financing package includes a Convertible Note Facility Agreement for an aggregate principal amount of EUR 6 million and a Put Option Agreement for an aggregate principal amount of EUR 8 million. The aggregate commitment under the Convertible Note Facility Agreement will be issued to the Investor in tranches of 2 million Euros. The financing package was approved by the AGM on June 10, 2021. After the reporting period Endomines announced entering a comprehensive financing package with a group of Finnish investors for an aggregated amount of EUR 5 million.

These financing arrangements and agreements together covers Endomines' current working capital needs and enables Endomines to continue ramping up gold production at the Friday mine in Idaho, develop and re-start the Pampalo mine and to continue the exploration along the Karelian Gold Line. To be able to execute on Endomines long-term growth strategy more financing may be needed during 2022 and Endomines is currently reviewing different financing possibilities for this matter.

The parent company Endomines AB

The parent company's total operating expenses amounted to 10.0 MSEK (9.4) of which 9.2 MSEK (8.5) comprised of other operating expenses, including costs for the Group CEO, and 0.8 MSEK (0.9) of personnel expenses, including board remuneration. From May 2017 all the expenses for the group CEO have been carried by the parent company.

Cash at the end of H1 2021 amounted to 24.9 MSEK (2.3).

For more information, see the profit and loss statement and the statement of financial position of the parent company.

Annual General Meeting on 10th June 2021

Endomines AB held its Annual General Meeting on 10th June 2021. The minutes of the AGM are available on the Company's website. A summary of the most important resolutions is included in the press release published on 10th June 2021.

Risks in Endomines operations

All mining and exploration companies are subject to several risks, e.g. technical, commercial, environmental as well as financial. Various circumstances may delay or prevent exploration of a target or production from an existing mine, thereby also substantially impacting the Company's financial performance and liquidity. This can be expected especially during the startup period of both our Friday and Pampalo operations. In addition, foreign operations, in Endomines' case currently the USA, may expose the Company to various risks relating to e.g. currency exchange risks, and operational or legal requirements specific to the foreign jurisdictions in question. For further information on risks and

uncertainties, see the latest Annual Report. Management is continuously monitoring, assessing and managing risks.

Related party transactions

In addition to board fees paid to board members, certain significant shareholders participated in the company's rights issue in Q1 2021. Also, the chairman of the board of directors and the interim CEO participated in the rights issue in Q1 2021.

Endomines share capital and the share

The share capital of Endomines AB on 30th June 2021 amounted to 442,240,070 SEK, consisting of 221,120,035 shares at a quota value of SEK 2 per share. According to Endomines' articles of association, the share capital shall amount to not less than SEK 300 million and not more than SEK 1 200 million.

The total number of shares traded during H1 2021 on the stock exchange was 65.6 million, representing 29.7 per cent of the total number of shares on 30th June 2021. The relative liquidity of the share in Nasdaq Helsinki was 71.0 per cent and 29.0 per cent in Nasdaq Stockholm.

At the end of H1 2021, 61.0 per cent of the outstanding shares were registered in Finland, 5.9 per cent in Sweden and 33.1 per cent elsewhere. The share price at the end of H1 2021 was 2.60 SEK (6.66 SEK at the end of H1 2020), closing at highest on 22th January 2021 at 3.0 SEK and lowest on 25th March 2021 at 2.42 SEK.

Company strategy

Endomines is an agile and modern mining company. We are active in the exploration and mining of gold deposits in the United States and exploration in Finland. We aim to grow the value of our company by developing our assets into economically profitable mines in keeping with sustainable mining practices. We also seek growth through mergers, acquisitions and other co-operative arrangements.

Endomines strives to improve its long-term growth opportunities through expanded exploration, production and company acquisitions. Endomines intends to acquire mineral deposits located in stable jurisdictions, which can be put into production quickly and with limited investments. In early 2018, as a first step, the Company completed the acquisition of TVL Gold Idaho, now Endomines Idaho LLC, a US mining company that owns the rights to five gold projects in Idaho, USA. On October 8th, 2021, Endomines announced the completed purchase of the US Grant Mine and Mill in conjunction with the Lease Assignment of the Kearsarge Gold Project in the Virginia City Mining District in Montana, USA from Transatlantic Mining.

Through exploration, Endomines also strives to secure its mining production and company growth over the long term. The current exploration activity will be focused on the US Grant and Kearsarge properties to prove the potential to bringing these operations in to production in 2022/2023.

Regional exploration along the Karelian Gold Line is currently under review and the company is evaluating different options including a possible third-party participation to fully exploit the area's potential.

Interim Report preparation principles

The Consolidated Accounts have been prepared in accordance with the International Financial Reporting Standards (IFRS) approved by the EU, and with the Swedish Financial Reporting Board recommendation, RFR1, complementary accounting rules for Groups, which specifies the supplementary information required in addition to IFRS standards, pursuant to the provisions of the Swedish Annual Accounts Act. The Parent Company Accounts have been prepared in accordance with the Swedish Financial Reporting Board recommendation, RFR2 Accounting for a legal person. This Interim Report has

been prepared in accordance with IAS 34, Interim Financial Reporting, and in accordance with the Swedish Annual Accounts Act, while the Parent Company accounts have been prepared in accordance with the Swedish Annual Accounts Act. The accounting principles and calculation methods have remained unchanged from those applied in the 2020 Annual Report. New and amended standards and interpretations from the IASB have had no impact on consolidated earnings or financial position, or on the presentation of the interim report.

Alternative financial metrics

The company presents certain financial metrics in the Interim Report that are not defined in accordance with IFRS. The Company believes these metrics provide valuable complementary information for investors and the Company's management in that they enable an evaluation of the Company's performance. Not all companies calculate financial metrics in the same way, so the metrics used by Endomines are not always comparable with those used by other companies, and these metrics should, therefore, not be regarded as a replacement for metrics defined in accordance with IFRS. These financial metrics are calculated in accordance with the definitions presented on page 11 of the 2020 Annual Report as well as on the Company's website (in Swedish). Definitions and calculations are not reproduced in this report.

Financial calendar

- *11th November 2021* *Business review Q3-2021*

Contact persons

Marcus Ahlström, Deputy CEO and CFO, +358 50 544 68 14, marcus.ahlstrom@endomines.com
Vern Langdale, Director of Operations, +358 44 422 9657, vern.langdale@endomines.com

Financial information

This information is information that Endomines AB is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact persons set out above, at 9:00 CEST on 19 August 2021.

Board assurance

The Board of Directors and the CEO affirm that this interim report provides an accurate overview of the operations, financial position and performance of the Parent Company and the Group, and describes the significant risks and uncertainties faced by the Parent Company and the companies in the Group.

In Stockholm on 19 August 2021

Endomines AB (Publ)

Ingmar Haga
Chairman of the Board

Jeremy Read
Member of the Board

Eeva Ruokonen
Member of the Board

Markus Ekberg
Member of the Board

Jukka-Pekka Joensuu
Member of the Board

Marcus Ahlström
Interim CEO and CFO

Consolidated statement of profit and loss and other comprehensive income

KSEK	Jan-Jun	
	2021	2020
Revenue	12	7 151
Change in stock of finished goods and work in progress	0	3 371
Other income	84	20
Total revenue	96	10 542
Raw materials and supplies	-3 319	-6 750
Personnel expenses	-18 748	-23 851
Other expenses	-18 301	-25 217
EBITDA	-40 272	-45 276
Depreciation and impairment	-55 182	-11 654
Operating result	-95 454	-56 930
Financial income	0	193
Financial expenses	-25 352	-11 382
Net financial items	-25 352	-11 189
+Profit(-) loss before taxes	-120 806	-68 119
Income taxes	-2	-1
Deferred taxes	-	160
Net result for the period	-120 808	-67 960
Other comprehensive income that will be classified to profit/loss		
Translation differences	18 001	2 959
Comprehensive result for the period	-102 807	-65 001
Net result attributable to the parent company	-120 808	-67 960
Total comprehensive income attributable to the parent company	-102 807	-65 001
Earnings per share (SEK)		
before and after dilution effect	-0,59	-0,61
Average number of shares		
before and after dilution effect	206 150 892	111 924 585

Parent company statement of profit and loss

KSEK	Jan-Jun	
	2021	2020
Other income	0	0
Total revenue	0	0
Other external expenses	-9 245	-8 489
Personnel expenses	-842	-875
Depreciation and impairment	-110 000	-
Operating result	-120 087	-9 365
Financial income	16 489	10 750
Financial expenses	-10 445	-10 262
Net financial items	6 044	488
+Profit(-) loss before taxes	-114 043	-8 877
Deferred taxes	-	160
Net result for the period	-114 043	-8 717
Comprehensive result for the period	-114 043	-8 717

Consolidated balance sheet

KSEK	Note	30 Jun	31 Dec	30 Jun
		2021	2020	2020
Intangible fixed assets		354 296	387 652	372 880
Tangible fixed assets		187 957	174 970	198 250
Financial fixed assets		5 316	5 270	5 502
Total fixed assets		547 569	567 892	576 632
Inventories		3 095	2 464	4 490
Trade receivables		–	–	1 231
Other receivables		3 023	1 262	888
Prepaid expenses and accrued income		4 481	2 064	14 185
Cash and cash equivalents		28 009	11 260	3 433
Total current assets		38 608	17 050	24 227
TOTAL ASSETS		586 177	584 942	600 859
Shareholders' equity				
Share capital		442 240	394 385	348 152
Unrestricted equity fund		999 165	832 743	808 853
Reserves		-2 007	-20 008	45 148
Retained earnings, including profit (loss) for the period		-997 204	-876 425	-747 521
Shareholders' equity attributable to the parent company shareholders		442 194	330 695	454 632
Total shareholders' equity		442 194	330 695	454 632
Liabilities				
Liabilities to credit institutions	1, 2	2 144	5 871	5 723
Long-term Bond	3	–	37 139	38 777
Long-term loan facility	4	16 200	32 184	29 818
Other provisions		13 275	12 801	13 193
Other long-term liabilities	2	22 210	22 002	
Total long-term liabilities		53 829	109 997	87 511
Liabilities to credit institutions	1, 2	4 387	8 488	6 148
Short-term loan facility	4	20 250	70 150	32 400
Short-term Bond	3	37 462	–	–
Other provisions		395	391	409
Accounts payable		16 591	17 327	10 154
Other short-term liabilities		431	27 139	5 708
Accrued expenses and advances received		10 638	20 755	3 897
Total short-term liabilities		90 154	144 250	58 716
Total liabilities		143 983	254 247	146 227
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		586 177	584 942	600 859

Parent company balance sheet

KSEK	Note	30 Jun	31 Dec	30 Jun
		2021	2020	2020
Shares in group companies		178 502	273 186	333 422
Receivables group companies		494 835	395 032	308 287
Other receivables		3 312	1 185	758
Cash and cash equivalents		24 866	10 311	2 346
TOTAL ASSETS		701 515	679 714	644 813
Shareholders' equity		584 302	484 068	526 886
Payables to group companies		8 771	10 281	8 690
Other long-term liabilities	1,2	38 409	–	–
Other liabilities	1, 2, 3, 4	70 034	185 365	109 238
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		701 515	679 714	644 813

Consolidated changes of shareholders' equity

KSEK					Total
	Share capital	Other capital provided	Reserves	Retained earnings	shareholders' equity
All shareholders' equity is attributable to the parent company					
Opening balance 1 Jan 2020	240 157	732 521	42 189	-678 841	336 026
Net result for the period	-	-	-	-196 864	-67 960
Other comprehensive income	-	-	-62 197	-	2 959
Total comprehensive income for the period	-	-	-62 197	-196 864	-65 001
Transactions with the shareholders					
Rights issue	53 636	31 681	-	-	85 317
Convertible conversion	100 592	70 235	-	-720	170 107
Share issue costs	-	-1 694	-	-	-1 694
Total transactions with the shareholders	154 228	100 222	-	-720	253 730
Closing balance as of 31 Dec 2020	394 385	832 743	-20 008	-876 425	330 695
Opening balance 1 Jan 2021	394 385	832 743	-20 008	-876 425	330 695
Net result for the period	-	-	-	-120 808	-120 808
Other comprehensive income	-	-	18 001	29	18 030
Total comprehensive income for the period	-	-	18 001	-120 779	-102 778
Transactions with the shareholders					
Rights issue	47 855	175 769	-	-	223 624
Share issue costs	-	-9 347	-	-	-9 347
Total transactions with the shareholders	47 855	166 422	-	-	214 277
Closing balance as of 30 Jun 2021	442 240	999 165	-2 007	-997 204	442 194

Consolidated statement of cash flows

KSEK	Jan-Jun	
	2021	2020
Cash flows from operating activities		
+Profit/(-) loss before taxes	-120 806	-68 120
Adjusted for:		
Depreciation	8 043	11 289
Impairment	47 062	365
Unrealised exchange rate differences on internal receivables and payables	-360	1 452
Financing income and expense	5 189	5 234
Other items	9 470	-
Cash flows from operating activities before change in net working capital	-51 402	-49 779
Change in net working capital	-32 713	-9 763
Total cash flows from operating activities	-84 115	-59 542
Cash flows from investing activities		
Payments for intangible fixed assets	-814	-1 385
Payments for tangible fixed assets	-14 677	-4 515
Prepayments of intangible fixed assets	-	-12 746
Total cash flows from investing activities	-15 491	-18 646
Total cash flows before financing activities		
	-99 606	-78 188
Cash flows from financing activities		
Proceeds from issue of new shares	213 977	14 535
Share issue costs	-9 347	-1 034
Proceeds from borrowings	-	55 445
Repayment of borrowings	-81 659	-56
Finance lease payments	-6 848	-3 022
Total cash flows from financing activities	116 123	65 867
Net (decrease)/increase in liquid assets	16 517	-12 321
Liquid assets at the beginning of the period	11 259	15 727
Effect of exchange rate changes on liquid assets	233	27
Liquid assets in the end of the period	28 009	3 433

Notes to the financial report

Note 1 Financial instruments	30 Jun	31 Dec	30 Jun
KSEK	2021	2020	2020
Receivables:			
Trade receivables and other receivables excluding accruals	8 339	6 532	7 621
Cash and cash equivalents	28 009	11 260	3 433
Total receivables	36 348	17 792	11 054
Other financial liabilities:			
Bond, principle	37 462	37 139	38 777
Loan facility	36 450	–	62 218
Lease financing	4 989	11 509	8 842
Subtotal borrowings	99 151	48 648	109 837
Accounts payables and other current liabilities excluding non-financial liabilities	17 022	17 327	15 862
Total	116 173	65 975	125 699
Note 2 Borrowings and net debt	30 Jun	31 Dec	30 Jun
KSEK	2021	2020	2020
Long-term borrowings			
Bond, principle	–	37 139	38 777
Long-term loan facility	16 200	32 184	29 818
Lease financing	648	3 120	2 745
Other interest-bearing liabilities	23 706	24 753	2 978
Total long-term liabilities	40 554	97 196	74 318
Short-term borrowings			
Short-term loan facility	20 250	70 150	32 400
Bond, principle	37 462	–	–
Lease financing	4 341	8 389	6 097
Other interest-bearing liabilities	46	30 864	51
Total short-term liabilities	62 099	109 403	38 548
Total borrowings (all amounts are EUR/USD-denominated)	102 653	206 599	112 866
Net debt			
Cash and cash equivalents	28 009	11 260	3 433
Total borrowings	102 653	206 599	112 866
Net interest-bearing debt	74 644	195 339	109 433
Shareholders' equity	442 194	330 695	454 632
Gearing ratio (net debt divided by equity)	17 %	59 %	24 %
Note 3 Bond	30 Jun	31 Dec	30 Jun
KSEK	2021	2020	2020
Bond, Principle	37 462	37 139	38 777
Accrued interest of bond	1 453	3 687	1 504
Total amount	38 915	40 826	40 281

The bond was issued on 4th March 2019. It has a three-year tenor and a fixed annual interest rate of 12.0 percent. The bond is callable at 103 percent of the nominal amount after one year and at 101 percent of the nominal amount after two years.

Note 4 Loan facilities	<u>30 Jun</u>	<u>31 Dec</u>	<u>30 Jun</u>
KSEK	2021	2020	2020
Long-term loan facility	16 200	32 184	29 818
Accrued interest of long-term loan facility	2 429	2 761	892
Short-term loan facility	20 250	70 150	32 400
Accrued interest of short-term loan facility	3 132	9 919	1 425
Total amount	42 011	115 014	64 535

Long-term loan facility was issued on 1st April 2020 primarily for Finnish institutional investors, including the Chairman of the Board. The loan has a two-year tenor and fixed annual interest rate of 12.0 percent. Endomines can choose to extend the loan with one further year at an interest rate increase of 0.25% p.a. The Loan is callable anytime at 100 percent of the nominal amount on Endomines' sole discretion.



Auditor's report

Endomines AB (publ) org nr. 556694-2974

Introduction

We have reviewed the condensed interim financial information (interim report) of Endomines AB (publ) as of 30 June 2021 and the six-month period then ended. The board of directors and the CEO are responsible for the preparation and presentation of the interim financial information in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements ISRE 2410, Review of Interim Report Performed by the Independent Auditor of the Entity. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing, ISA, and other generally accepted auditing standards in Sweden. The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, in accordance with IAS 34 and the Swedish Annual Accounts Act, regarding the Group, and with the Swedish Annual Accounts Act, regarding the Parent Company.

Stockholm,

August 19, 2021

Öhrlings PricewaterhouseCoopers AB

Anna Rozhdestvenskaya