



## Q4 interim and Year-End Report for 2018

This interim report is a translation from the Swedish original which was published on 14 February 2019. In the event of difference between the English translation and the Swedish original, the Swedish interim report shall prevail.

1 JANUARY – 31 DECEMBER 2018



**Friday mine in Idaho starts initial  
ore production in December**

[www.endomines.com](http://www.endomines.com)

## Friday mine in Idaho starts initial ore production in December

### Q4 2018 (vs Q4-2017)

#### *Operational highlights*

- Gold production was 27.9 kg (98.7), reflecting suspension of the Pampalo mine in October
- Milled ore was 7,559 tons (39,692) at head grade of 2.6 g/t (3.0)
- Cash Cost was 948 USD/oz (1,264)

#### *Financial highlights*

- Revenue was 7.9 MSEK (28.5)
- EBITDA was -6.1 MSEK (-5.9)
- Total cash flow was -43.5 MSEK (1.8)
- Earnings per share was -0.51 SEK (-3.71)

### Full year 2018 (vs. full year 2017)

#### *Operational highlights*

- Gold production was 331.3 kg (398.1)
- Milled ore was 116,456 tons (165,539) at head grade of 3.3 g/t (2.9)
- Cash Cost was 981 USD/oz (1,165)

#### *Financial highlights*

- Revenue was 105.3 MSEK (122.6)
- Adjusted EBITDA, excluding transaction costs associated with the acquisition of TVL Gold Idaho and co-operation negotiations at Endomines Oy, was 5.9 MSEK (-5.7)
- EBITDA was -5.5 MSEK (-5.7)
- Total cash flow was 0.4 MSEK (-13.7)
- Earnings per share was -1.10 SEK (-6.60)

## SIGNIFICANT SUBSEQUENT EVENTS

Endomines has entered into a Letter of Intent to lease the Unity Mine in Idaho, USA. The Unity Mine is located adjacent to Endomines' Rescue property and allows exploration and development of the two assets into one extended mine crossing nine known gold bearing veins.

Endomines has commenced the sale of a up to EUR 5 million senior secured bonds and warrants. The bond carries a coupon of 12.0 per cent and has 3-year maturity. The number of the associated warrants is 5,555,555 and their exercise price is EUR 0.90 per warrant.

### **Production guidance for 2019:**

Annual gold production at the Friday mine in Idaho, USA, is expected to be approximately 9,000oz at a cash cost of 650-900 USD/oz, depending on the area of production, over the life time of the mine. In the first quarter of 2019, Endomines has commenced ramp-up of the mine and anticipates producing 5,000 – 8,000oz gold in concentrate during the year, with the final output depending on the grades and ton-nages mined during the period.

Key figures (Consolidated)	Oct-Dec			Jan-Dec		
	2018	2017	+/-	2018	2017	+/-
<i>MSEK if not otherwise stated</i>						
Revenue	7.9	28.5	-20.6	105.3	122.6	-17.3
Cost	-13.9	-34.5	20.6	-110.7	-128.3	17.6
Depreciation and write-downs	-8.1	-32.0	23.9	-43.0	-59.1	16.1
Adjusted EBITDA	-6.1	-5.9	-0.2	5.9	-5.7	11.6
EBITDA	-6.1	-5.9	-0.2	-5.5	-5.7	0.2
EBIT	-14.2	-37.9	23.7	-48.5	-64.8	16.3
Net result for the period	-17.9	-38.9	21.0	-37.4	-69.3	31.9
Earnings per share (SEK)	-0.51	-3.71	3.20	-1.10	-6.60	5.50
Cash flows from operating activities	3.5	3.4	0.1	-7.6	1.0	-8.6
Investments	-50.1	-0.6	-49.5	-158.9	-12.3	-146.6
Financing	3.1	-1.0	4.1	166.9	-2.4	169.3
Liquid assets at the end of the period	18.9	15.8	3.1	18.9	15.8	3.1
Personnel at the end of the period	24	40	-16	24	40	-16

**CEO Saira Miettinen-Lähde:** “We achieved a significant milestone by commencing ore production at our Friday mine in Idaho, USA, in December. Since the start, we have continued mining and focused on grade control and improving our understanding of the ore boundaries. The grade control sampling has produced encouraging results, confirming e.g. 1.1 m wide intercept reporting 52.1 g/t gold.

At the processing plant, we have seen some delays in final equipment deliveries and due to this, are just now at the final stages of installations. We anticipate starting up the plant in early March, which allows us to ramp up the Friday gold concentrate production during the early months of 2019, as anticipated.

In October, we placed our Pampalo mine in Ilimantsi, Finland, under care and maintenance after concluding that the current gold price did not support investment in a decline to the next deeper level of the mine. Up until the suspension, we produced 331kg (10,650oz) of gold in Pampalo in 2018, which exceeded our initial expectations of 250-300kg by a substantial margin. Given that we have all necessary production infrastructure in place and known gold resources for at least 18 months’ production in Pampalo, we look forward to opportunities to open the Pampalo mine again, or to utilize the processing facility for gold concentrate production from ore mined elsewhere along the Karelian Gold Line.

Our 2018 exploration results confirm the high exploration potential of the Karelian Gold Line and encourage us to continue work in the area. The drilling and base of till sampling results close to the Pampalo mine have given indications of possible further findings even within the existing mining concession areas. The results more broadly have improved our understanding of the regional geology, which in turn helps us in further improving our 3D structural model of the area and targeting our exploration program for 2019 and beyond.

Financially, our fourth quarter reflected the suspension of mining in Pampalo, with revenue amounting to SEK 7.9 million and EBITDA to MSEK -6.1. For the full year, our revenue came to MSEK 105.3 and adjusted EBITDA, excluding costs associated with the TVL Gold Idaho acquisition and the co-operation negotiations, was MSEK 5.9.

After the reporting period, we have announced our intention to lease the Unity Mine in Idaho, USA. The Unity Mine is located adjacent to Endomines' Rescue property and allows exploration and development of the two assets together into one extended mine crossing nine known gold bearing veins. The lease of the Unity Mine marks the first step in our planned expansion in Idaho and is in line with our announced strategy to acquire assets that can be taken to production reasonably quickly and with limited capital expenditure."

### Production in Pampalo

Total gold production in Pampalo in Q4 2018 amounted to 27.9kg (98.7) and in 2018 to 331.3kg (398.1). Operations at the Pampalo mine were suspended in October, contributing to the lower quarterly production compared to the previous year. Of the reported production, 12.8kg gold was recovered from the cleanup of the processing plant.

In Q4, the gold head grade averaged 2.6 g/t and was 0.4 g/t lower than in the corresponding period in 2017. For the full year 2018, the head grade averaged 3.3g/t, which represents a significant, 0.4g/t improvement over the previous year. The improvement in the head grade primarily derives from a higher in-situ grade of ore.

Following the suspension of mining, Endomines has placed the mine and the processing facility under care and maintenance. The mine is kept dry, allowing underground exploration drilling to the nearby areas from the existing decline, as well as rapid re-start of production if the gold market price supports the required investment in a decline down to the next lower level of the known gold resource.

Production figures	Oct-Dec			Jan-Dec		
	2018	2017	+/-	2018	2017	+/-
Milled ore (tonnes)	7,559	39,692	-32,133	116,456	165,539	-49,083
Head grade (Au gram/tonne)	2.6	3.0	-0.4	3.3	2.9	0.4
Gold recovery (%)	77.1	83.0	-5.9	82.6	83.4	-0.8
Hourly utilization (%)	40.0	36.6	3.4	39.3	38.8	0.5
Gold production (kg)	27.9	98.7	-70.9	331.3	398.1	-66.8
Gold production (oz)	896	3,173	-2,277	10,651	12,799	-2,148
Cash Cost (USD/oz)	948	1,264	-316	981	1,165	-184
LTIFR	-	-	-	11	16	-5

Production figures for the last quarter are based on Company's own assaying and not confirmed by any external laboratory. Figures are individually rounded off.

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.

### Exploration and underground development in Pampalo

No exploration drilling in the deep extension of the Pampalo mine was conducted in 2018.

The results of the 2017 drilling campaign indicate that there are sufficient ore tonnages for approximately 1-1.5 years' production within the next 100 vertical meters below the production area of 2018. The gold grade of that resource is slightly higher compared to the gold grades in the upper level. Mining the deep extension would require investment in a decline, which at the current gold price does not appear profitable. The decline investment has therefore been postponed and the operations at Pampalo temporarily suspended in October 2018.

## **Regional exploration activities along the Karelian Gold Line**

Endomines commenced an extensive, multi-year exploration program on the Karelian Gold Line in May 2018. The program is based on a three-dimensional structural model of the area, developed jointly with Model Earth from Australia.

In 2018, a drilling program including 28 holes, totaling 3,332 meters on the Pampalo near mine, Central Duplex and Palosuo targets, was completed. A total of 2,093 Base of Till (BOT) samples were also taken, with sampling focused on areas in the vicinity of Pampalo, the Central Duplex and the Hosko North areas. Assays for approximately 75% of the samples have been received to date, outlining several new gold anomalous areas. Geophysical surveys, including IP gradient surveys, UAV magnetic survey and ground gravity survey, over target areas near the Pampalo mine and north of Hosko have outlined potential extensions to known mineralization or new areas; these results will be combined with BOT results to define drill targets for future exploration.

Overall, the results of the exploration activities completed in 2018 confirm the high exploration potential of the Karelian Gold Line and especially highlight the prospective areas close to the existing mines. The complete drill core results from the 2018 program are found in the exploration report published on the Company's website at:

[https://endomines.com/wp-content/uploads/2019/01/Endomines\\_2019\\_Exploration\\_update\\_final2.pdf](https://endomines.com/wp-content/uploads/2019/01/Endomines_2019_Exploration_update_final2.pdf)

Endomines organized a layman sample competition, "Kultakisa Kakkonen", in co-operation with the Geological Survey of Finland during the summer of 2018. Altogether 140 boulder and bedrock samples were received in the competition and several of the samples were of high quality, returning good assay results from laboratory analyses. As a result of the competition and based on the samples received, Endomines has applied for a claim reservation covering the Jeremia area in Lieksa, in Eastern Finland. The Company plans to carry out systematic boulder prospecting and bedrock mapping programs on this area and some other new target areas during the summer of 2019.

## **Endomines Idaho**

Endomines completed the acquisition of TVL Gold Idaho, the US mining company that holds rights to five gold projects in Idaho, USA, in February 2018. The total purchase price of TVL Gold Idaho was 31.25 MUSD, of which 7.25 MUSD was paid in cash at closing. The remainder of the purchase price will be paid by a 3.33 MUSD, 18-month loan note and a 20.67 MUSD (SEK 170,826,528) convertible note with fixed SEK currency rate and mandatory conversion at pre-agreed share prices. For further information on the terms of the acquisition and related loan instruments, see Note 13 in the financial section.

The Company has changed the name of the acquired US entity to Endomines Idaho LLC. Endomines Idaho is the US operating entity within the Endomines Group structure.

## **Project development at the Idaho, USA projects**

The Friday mine project in Idaho, USA, reached a significant milestone in December with the commencement of ore production. Since the initial start-up, mining has continued with focus on improved grade control and understanding of the ore boundaries. The grade control sampling has produced encouraging results, confirming e.g. a 1.1 m wide intercept reporting 52.1 g/t gold.

At the time of this announcement, the equipment installations at the processing plant near Elk City are at their final stages, and it is estimated that the plant start-up will take place in early March, allowing gold concentrate production to ramp up during the early months of 2019, as anticipated. Some delays in the final equipment deliveries have been seen, which has pushed the start-up of the processing plant forward by some weeks. However, as the rate limiting factor in the early months of operation will be the ore production, this has no impact on the first-year gold concentrate output overall.

In the fourth quarter, the decision was taken to change the mining method at Friday from shrinkage stoping to cut and fill. According to the geological work and modelling carried out in 2018, the ore zones are wider than previously understood, which makes them better suitable for the cut and fill method. The cut and fill method is a more advanced technique than shrinkage stoping, and as such it is more scalable, has improved selectivity for ore vs. waste, and requires less workforce. Cut and fill is also recognized as a safer method. Overall, the Company estimates that from the currently known gold resources at Friday, significantly more gold can be recovered through cut and fill than by shrinkage stoping.

Whilst the choice of the cut and fill method gives clear overall benefits through the life of mine, it has the initial implications of increasing the need for mine development during the first year of operation, which in turn increases the requirement for working capital and capital expenditure in the early stages of operation. Due to the new mining method, the mine plan for the first year also has a slightly lower estimated gold grade than the approximately 8g/t average grade anticipated for the life of mine.

After ramp-up, the Friday mine is anticipated to produce around 9,000oz (280kg) gold per annum at an average grade of approximately 8g/t for an initial mine life of more than seven years. All-in cash cost of production following ramp-up is estimated at USD 650-900 per oz depending on the area of production. The project capital expenditure is currently estimated at USD 9.5-10.0 million. Construction of the processing plant building and the tailings areas during the fourth quarter caused some cost overrun, partly because of the upgraded design of the tailings areas for environmental reasons.

All necessary permits to operate the Friday mine and the Elk City processing facility are in place. Based on recent modelling of the generator discharges at the mine site, it has been concluded that an air quality permit will not be needed. Instead, an exemption under the relevant Idaho legislation has been filed.

Work at the other four projects in Idaho, Rescue, Kimberly, Buffalo Gulch and Deadwood, has to date been limited to the review of existing data, sampling and planning of future exploration activities, and environmental baseline studies related to permitting. It is estimated that the permitting processes for said projects will take 1-5 years depending on the project and type of planned operation.

### **Health, environment and safety**

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

In the fourth quarter of 2018, the continued focus has been on the development of relevant safety and environmental practices for the Company's Idaho operations, while also paying attention to the continued good practices in Pampalo, especially as the operations have been under preparation for suspension. At the end of Q4 2018, the rolling twelve-month LTI rate (lost-time injuries per one million working hours) in Pampalo was 11, and in Idaho 0. The combined Group level LTI frequency was 9.

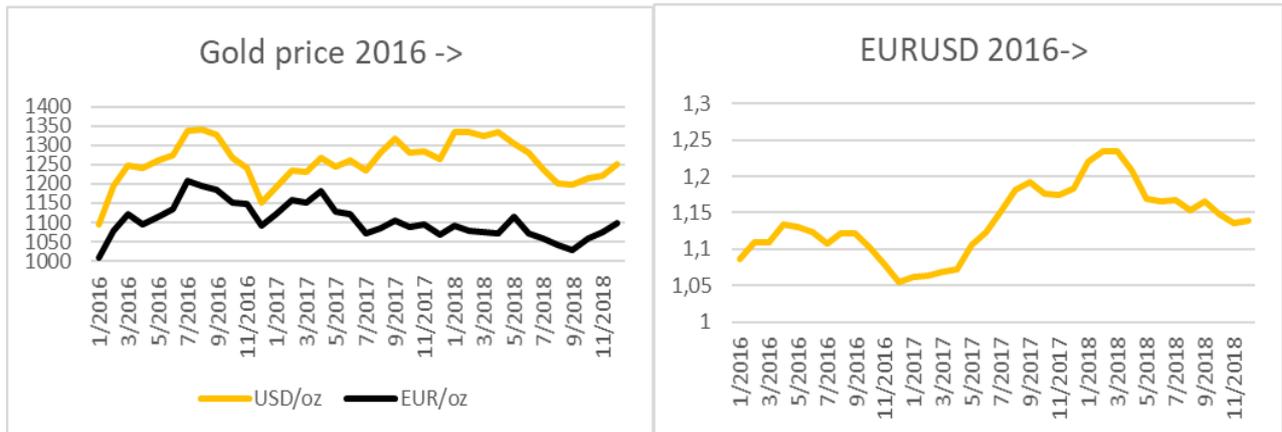
### **Gold price and EURUSD exchange rate**

At the end of Q4 2018, the gold price was 1,282 USD/oz, a decrease of 1 per cent compared to 1,297 USD/oz at the end of Q4 2017 (LBMA AM on 31 December 2018). The average gold price for Q4 2018 was 1,229 USD/oz (1,277), representing a decrease of 4 per cent over the corresponding period the year before.

The average gold price in euro for Q4 2018 was 1,077 EUR/oz (1,084), representing a decrease of 1 per cent over the corresponding period the year before.

With its gold production in 2018 solely in Finland, Endomines incurred virtually all its operating costs in euro, whereas the pricing of gold is in USD. The EUR/USD exchange rate thus had a significant impact on the Company's revenue and profitability, with a stronger euro against the US Dollar impacting revenue negatively. The majority of the costs incurred in Endomines' US operations in 2018 were capitalized project expenditure relating to the construction of the Friday mine. As such they did not have a substantial impact on the Group's profitability.

Graph: Average gold price and EURUSD exchange rate



## Comments on the financial results

### Q4 2018

Key figures (Consolidated)	Oct-Dec		
	2018	2017	+/-
<i>MSEK if not otherwise stated</i>			
Revenue	7.9	28.5	-20.7
Cost	-13.9	-34.5	20.6
Adjusted EBITDA	-6.1	-5.9	-0.2
EBITDA	-6.1	-5.9	-0.2
Depreciation and write-downs	-8.1	-32.0	23.9
EBIT	-14.2	-37.9	23.7
Net result for the period	-17.9	-38.9	21.0
Earnings per share (SEK)	-0.51	-3.71	3.20

### Result

Total revenue, including change in inventory, for the fourth quarter amounted to MSEK 7.9 (28.5). Net sales amounted to 8.3 MSEK (30.3), representing a 22.0 MSEK, or 73 per cent decrease compared to Q4 2017. The delivered gold content in concentrate amounted to 22.9kg (98.8), or 736 oz (3,177), which was 77 per cent less than in the corresponding period 2017. The decrease was due to the suspension of gold concentrate production at the Pampalo mine in October.

EBITDA was -6.1 MSEK (-5.9), impacted by lower volume of deliveries but on the other hand compensated by lower costs due to the suspension of the mining activities in mid-September.

Depreciations and write downs amounted to 8.1 MSEK (32.0). The decrease is mainly due to the suspension of depletions for the mine after the Pampalo mine was placed under care and maintenance as well the suspended depreciations of other tangible production assets after the temporary stop of production.

Operating expenses decreased to 13.9 MSEK (34.5). Operating expenses per milled ore ton at the Pampalo mine increased from previous year's level to 86 EUR/ton (66) mainly due to the smaller tonnage. Cash cost decreased to 948 USD/oz (1,264), largely as a result of the discontinuation of mine development in June in preparation for the suspension of production in Pampalo after the third quarter.

Net financial result amounted to -3.8 MSEK (-1.0). The increased loss came mainly from the 3.1 MSEK interest on the convertible loan issued to the sellers of TVL Gold Idaho.

Profit after tax was -17.9 MSEK (-38.9), with income taxes amounting to 0.0 MSEK (0.0). Net result per share was -0.51 SEK (-3.71).

## Full year 2018

Key figures (Consolidated)	Jan-Dec		
	2018	2017	+/-
<i>MSEK if not otherwise stated</i>			
Revenue	105.3	122.6	-17.3
Cost	-110.7	-128.3	17.6
Depreciation and write-downs	-43.0	-59.1	16.1
Adjusted EBITDA	5.9	-5.7	11.6
EBITDA	-5.5	-5.7	0.2
EBIT	-48.5	-64.8	16.3
Net result for the period	-37.4	-69.3	31.9
Earnings per share (SEK)	-1.10	-6.60	5.50

### Result

Total revenue, including change in inventory, for the full year 2018 amounted to 105.3 MSEK (122.6). Net sales decreased by 17.0 MSEK to 104.0 MSEK (121.0), representing a decrease of 14 per cent. The delivered gold content in concentrate decreased by 17 per cent and amounted to 328.5kg (395.5), equivalent to 10,562 oz (12,715). The decrease was mainly due to the suspension of production in Pampalo in October. The average gold price was slightly higher than the year before at 1,265 USD/oz (1,259).

EBITDA amounted to -5.5 MSEK (-5.7), an increase of 0.2 MSEK primarily reflecting higher gold grade in ore and improved production efficiency as well as lower costs due to the suspension of the mining operations in Pampalo. Adjusted EBITDA, excluding the costs associated with the acquisition of TVL Gold Idaho in Q1 2018 and the costs related to the co-operation negotiations was 5.9 MSEK. EBIT was above the previous year's level and amounted to -48.5 MSEK (-64.8).

Depreciations and write-downs amounted to 43.0 MSEK (59.1). Main change compared to the comparison period relates to the impairment charges. In 2018 impairment charges amounted to 7.1 MSEK relating to the write down of the remaining value of the Rämepuro mine. In 2017, the impairment charges amounted to 23.0 MSEK and related to the write-down of buildings and machines. No impairment charges were made to the Pampalo mine or other production assets in 2018

Operating expenses decreased to 110.7 MSEK (128.3), mainly due to the ramp-down of Pampalo mining operations; hence, operating expenses per milled ore ton decreased and amounted to 66 EUR (70). Total milled ore amounted to 116,456 tons (165,539). Cash Cost decreased to 981 USD/oz (1,165). Cash cost was positively impacted by the improved head grade compared to the previous year as well as the discontinuation of mine development in June ahead of the suspension of production in Pampalo in October 2018.

Net financial result amounted to 11.0 MSEK (-4.5). The increase came mainly from the 2 MEUR (20.5 MSEK) write down of a bank loan in connection with other financing transactions in Q1 2018.

Profit after tax was -37.4 MSEK (-69.3), with income taxes amounting to 0.0 MSEK (0.0). Net result per share was -1.10 SEK (-6.60).

## **Cash flow and financing**

Cash flow from operations before change in net working capital was -15.9 MSEK (-8.0) in 2018. The change in net working capital was -8.3 MSEK (-9.0). Cash flow after investments was -158.9 MSEK (-12.3). The main increase in investing activities was due to the construction project relating to the Friday mine and processing plant. Total cash flow from financing amounted to 166.9 MSEK (-2.4). Main items comprise net proceeds from the rights issue of 182.9 MSEK and the 19.8 MSEK repayment of loans related to the restructuring of the outstanding bank loans. For further information regarding the restructuring of the bank loans, see Note 12 in the financial section.

Endomines had no outstanding bank loans at the end of the fourth quarter 2018.

## **Financial position**

Net debt, including the debt portion of the convertible note issued to the sellers of TVL Gold Idaho, amounted to 185.3 MSEK (67.7) MSEK at the end of 2018. Total equity amounted to 251.7 MSEK (45.4). Gearing decreased to 74 per cent (149) mainly due to the restructuring of the outstanding bank debt and the completed rights emission.

Balance sheet total amounted to 500.9 MSEK (160.6), and equity ratio increased to 50 per cent (28). Capital employed amounted to 473.7 MSEK (136.7). Group cash at the end of 2018 amounted to 18.9 MSEK.

## **Future liquidity development**

After the reporting period, Endomines has commenced the sale of an up to 5 MEUR senior secured bond and associated warrants. If exercised, the warrants associated with the bond would bring in additional up to 5 MEUR to the Company. The bond covers the Company's needs for working capital for the ramp-up of the Friday mine as well as near-term exploration and development in Finland and Idaho, USA. However, in order to execute on the Company's growth strategy, further funding in 2019 may be needed. The Company is assessing financing options for said purposes.

## **Employees**

Total head count at the end of Q4 2018 was 24, of which 13 at the Pampalo Mine and 11 in Endomines Idaho LLC. The average head count in 2018 was 38 (42).

Endomines concluded co-operation negotiations with its whole personnel at the Pampalo mine on 5 June 2018, leading to the lay-off 26 employees for more than 90 days and termination of 4 employee contracts, which mainly were implemented during the fourth quarter of 2018 upon the suspension of mining operations in Pampalo.

## **The parent company Endomines AB**

The parent company's operating expenses amounted to 11.8 MSEK (11.4), an increase of 0.4 MSEK or 4 per cent over 2017. Other external expenses amounted to 10.0 MSEK (6.8) including costs for the group CEO. From May 2017 all the expenses for the group CEO have been carried by the parent company. Personnel expenses amounted to 1.8 MSEK (4.6), including Board remuneration.

Cash at the end of Q4 2018 amounted to 9.6 MSEK (1.5), and total cash flow was 8.1 MSEK. Cash paid for the acquisition of TVL Gold Idaho was 57.1 MSEK and other cash flow was 114.7 MSEK net. Equity was 251.4 MSEK (174.2), including share capital of 281.2 MSEK (262.2).

Endomines AB established a branch in Finland, Endomines AB (Suomen sivuliike), in June 2018

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

## **Annual General Meeting on 22 May 2018**

Endomines AB held its Annual General Meeting on 22 May 2018. The minutes of the AGM are available (in Swedish only) on the Company's website. A summary of the most important resolutions in English is included in the press release published on 22 May 2018.

## **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. 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**

With the exception of Board fees, no transactions affecting the Company's position and result took place between Endomines and related parties.

## **Nomination committee**

The nomination committee of Endomines AB: Ingeborg Åkermarck (Chairman), representing Lago Kapital Oy; Kyösti Kakkonen, representing Joensuu Kauppa ja Kone Oy and Ingmar Haga, Chairman in Endomines AB. For more information, see homepage corporate governance/nomination committee.

## **Endomines share capital and the share**

The share capital of Endomines AB amounts to 281,182,280 SEK, consisting of 35,147,785 shares at a quota value of SEK 8 per share. According to Endomines' articles of association, the share capital shall amount to not less than SEK 200 million and not more than SEK 800 million.

The total number of shares traded during 2018 on the stock exchange was 19.4 million, representing 55.1 per cent of the total number of shares. The relative liquidity of the share in Nasdaq Helsinki was 53.7 per cent and 46.3 per cent in Nasdaq Stockholm. At the end of 2018, 84 per cent of the outstanding shares were registered in Finland, 14 per cent in Sweden and 2 per cent elsewhere.

The share price at the end of 2017 was 11.5 SEK and 6.0 SEK as at 28 December 2018, closing at highest on 9 January 2018 at 14.2 SEK and lowest on 21 December 2018 at 5.2 SEK.

## **Authorization for the Board of Directors to resolve on new issue of shares, warrants and convertibles**

The Annual General Meeting resolved to authorize the Board of Directors during the period up to the next AGM to, on one or several occasions, resolve on the issuance of new shares, warrants and/or convertibles with or without deviation from the shareholders' pre-emption right, through payment with cash, with non-cash consideration or set-off. The share capital after the issue cannot exceed the Company's current maximum share capital which is 800 MSEK.

## **Company strategy**

Endomines is a mining and exploration company with its primary focus on gold. The Company invests in exploration along the Karelian Gold Line in Eastern Finland with the aim of enabling long-term profitable gold production in the area, utilizing the existing production infrastructure at the Pampalo mine.

Endomines also aims to improve its growth prospects through mergers and acquisitions. The Company intends to broaden its resource base by acquiring assets in stable jurisdictions, preferably with relatively short time to production and limited capital expenditure requirements. As the first step in February 2018, Endomines acquired TVL Gold Idaho (now Endomines Idaho), which holds rights to five gold projects in Idaho, USA.

### **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 2017 Annual Report, except for the newly applied IFRS 9 and IFRS 15 which are discussed under a separate heading.

### **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 7 of the 2017 Annual Report as well as on the Company's website (both Swedish and English). Definitions and calculations are not reproduced in this report.

### **Changes in reporting principles as of January 1, 2018**

As of 1 January 2018, the company applies IFRS 9 financial instruments and IFRS 15 revenues from contracts with customers.

### **IFRS 9, Financial Instruments**

This standard is applied from 1 January 2018. Endomines applies IFRS 9 as of 1 January 2018. IFRS 9 replaces IAS 39, financial instruments; accounting and valuations. IFRS 9 changes how financial assets are classified and valued, introduces an impairment model for losses on receivables and a change of principles for hedging instruments. The implementation of IFRS 9 has no significant impact on Endomines' reported figures.

The accrued liabilities for the convertible loan amounting to 170.8 MSEK at fixed currency rate on 13 March 2018 is treated as a liability at fair value through profit and loss. Equity component of the liability amounting to 1.5 MSEK and deferred tax assets effect have been recognized in retained earnings. Comparable figures for 2017 have not been restated. The fair value changes of the loan are recorded through profit and loss.

## **IFRS 15, Revenues from Contracts with Customers**

This standard is applied from 1 January 2018. Endomines applies IFRS 15 as of 1 January 2018. IFRS 15 is the standard for revenue recognition and replaces IAS 18 Revenues and IAS 11 Construction Contracts. Endomines has evaluated its contracts with its current customers and concluded that the revenue recognition is not materially impacted after the transition to IFRS 15. Hence, no adjustments have been made.

## **Changes in reporting principles as of 1 January, 2019**

As of 1 January 2019, leasing.

## **IFRS 16, Leasing**

This standard is applied from 1 January 2019. Endomines applies IFRS 16 as of 1 January 2019. Endomines intends to apply the simplified transition approach and will not restate comparative amounts for the year prior to first adoption.

IFRS 16 mainly affects lessee accounting and the main impact is that all leases that are currently recognized as operating leases will be recognized in a way that resembles the existing recognition of finance leases, i.e. a right-of-use asset and a leasing liability are recognized. The Group applies an exemption to the new rules whereby in the recognition of low value leases, no right-of-use asset or leasing liability are recognized.

As at 31 December 2018, the Group's non-cancellable operating leasing commitments (undiscounted) were around 2.7 MSEK. These will be recognized as a liability.

## **Financial calendar**

- 16 April 2019 *Annual report 2018*
- 8 May 2019 *Business review Q1-2019*
- 9 May 2019 *Annual General Meeting*
- 16 August 2019 *Half-year report H1-2019*
- 7 November 2019 *Business review Q3-2019*

## **Auditors review**

This interim report is unaudited.

## **Proposal on dividend**

The Board of Directors proposes that no dividend be paid for 2018.

## **Contact person**

Saila Miettinen-Lähde, CEO of Endomines AB, +358 40 548 36 95

## **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 7:45 CET on 14 February 2019.

In Stockholm on 14 February 2019

Endomines AB (Publ)

Ingmar Haga  
Chairman of the Board

Staffan Simberg  
Member of the Board

Rauno Pitkänen  
Member of the Board

Michael Mattsson  
Member of the Board

Thomas Hoyer  
Member of the Board

Saila Miettinen-Lähde  
CEO

## Consolidated statement of profit and loss and other comprehensive income

KSEK	Note	October-December		January-December	
		2018	2017	2018	2017
Net sales	1	8 280	30 288	104 039	121 009
Change in stock of finished goods and work in progress		-1 674	-1 760	-72	1 223
Other income		1 258	10	1 285	388
<b>Total revenue</b>		<b>7 864</b>	<b>28 538</b>	<b>105 252</b>	<b>122 620</b>
Raw materials and supplies		-601	-5 401	-12 434	-24 441
Personnel expenses	2	-3 583	-9 282	-28 657	-31 133
Other expenses	3	-9 758	-19 787	-69 657	-72 751
<b>EBITDA</b>		<b>-6 078</b>	<b>-5 932</b>	<b>-5 496</b>	<b>-5 705</b>
Depreciation and impairment	4	-8 091	-31 995	-42 956	-59 061
<b>Operating result</b>		<b>-14 169</b>	<b>-37 927</b>	<b>-48 452</b>	<b>-64 766</b>
Financial income	5	43	-	20 513	-13
Financial expenses	5	-3 881	-993	-9 558	-4 474
<b>Net financial items</b>		<b>-3 838</b>	<b>-993</b>	<b>10 955</b>	<b>-4 487</b>
<b>+Profit/(-) loss before taxes</b>		<b>-18 007</b>	<b>-38 920</b>	<b>-37 497</b>	<b>-69 253</b>
Income taxes	6	-	-	-	-
Deferred taxes		115	-	115	-
<b>Net result for the period</b>		<b>-17 892</b>	<b>-38 920</b>	<b>-37 382</b>	<b>-69 253</b>
<b>Other comprehensive income that will be classified to profit/loss</b>					
Translation differences		2 966	240	24 958	97
		<b>2 966</b>	<b>240</b>	<b>24 958</b>	<b>97</b>
<b>Comprehensive income for the period</b>		<b>-14 926</b>	<b>-38 680</b>	<b>-12 424</b>	<b>-69 156</b>
<b>Net result 100 % attributable to the parent company</b>		<b>-17 892</b>	<b>-38 920</b>	<b>-37 382</b>	<b>-69 253</b>
<b>100% of total comprehensive income is attributable to the parent company</b>		<b>-14 926</b>	<b>-38 680</b>	<b>-12 424</b>	<b>-69 156</b>
<b>Earnings per share (SEK)</b>	7				
before and after dilution effect		<b>-0,51</b>	-3,71	<b>-1,10</b>	-6,60
<b>Average number of shares</b>					
before and after dilution effect	7	35 147 785	10 486 275	34 122 090	10 486 275

## Parent company statement of profit and loss

KSEK	October-December		January-December	
	2018	2017	2018	2017
Net sales	-	111	-	446
<b>Total revenue</b>	<b>-</b>	<b>111</b>	<b>-</b>	<b>446</b>
Other external expenses	-3 055	-2 208	-9 993	-6 832
Personnel expenses	-168	-1 849	-1 849	-4 596
Depreciation and impairment	-25 000	-44 000	-125 000	-44 000
<b>Operating result</b>	<b>-28 223</b>	<b>-47 946</b>	<b>-136 842</b>	<b>-54 982</b>
Financial income	2 404	1 972	5 202	2 775
Financial expenses	-3 411	-33	-9 900	-158
<b>Net financial items</b>	<b>-1 007</b>	<b>1 939</b>	<b>-4 698</b>	<b>2 617</b>
<b>+Profit/(-) loss before taxes</b>	<b>-29 230</b>	<b>-46 007</b>	<b>-141 540</b>	<b>-52 365</b>
<b>Net result for the period</b>	<b>-29 230</b>	<b>-46 007</b>	<b>-141 540</b>	<b>-52 365</b>
<b>Comprehensive income for the period</b>	<b>-29 230</b>	<b>-46 007</b>	<b>-141 540</b>	<b>-52 365</b>

## Consolidated balance sheet

KSEK	Note	31 Dec 2018	31 December 2017
Intangible fixed assets	8	355 286	63 061
Tangible fixed assets	8	115 733	62 237
Financial fixed assets	9	5 395	5 171
<b>Total fixed assets</b>		<b>476 414</b>	<b>130 469</b>
Inventories		1 762	2 182
Trade receivables		0	7
Other receivables		766	2 500
Prepaid expenses and accrued income		3 015	9 589
Cash and cash equivalents	11	18 931	15 813
<b>Total current assets</b>		<b>24 474</b>	<b>30 091</b>
<b>TOTAL ASSETS</b>		<b>500 888</b>	<b>160 560</b>
<b>Shareholders' equity</b>			
Shareholders' equity			
Share capital	10	281 182	262 157
Unrestricted equity fund		542 065	343 873
Reserves		30 365	5 407
Retained earnings		-601 921	-566 056
Shareholders' equity attributable to the parent company shareholders		<b>251 691</b>	<b>45 381</b>
<b>Total shareholders' equity</b>		<b>251 691</b>	<b>45 381</b>
<b>Liabilities</b>			
Liabilities to credit institutions	12	2 427	75 917
Convertible bond	13	168 880	0
Other provisions		8 951	7 724
<b>Total long-term liabilities</b>		<b>180 258</b>	<b>83 641</b>
Liabilities to credit institutions	12	32 888	7 641
Convertible bond	13	8 861	0
Other provisions		401	384
Accounts payable		17 152	11 630
Other current liabilities	11	1 592	4 491
Accruals and other provisions		8 045	7 392
<b>Total current liabilities</b>		<b>68 939</b>	<b>31 538</b>
<b>Total liabilities</b>		<b>249 197</b>	<b>115 179</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>		<b>500 888</b>	<b>160 560</b>

## Parent company balance sheet

KSEK	31 Dec 2018	31 December 2017
Shares in group companies	329 200	132 714
Receivables group companies	128 752	49 249
Other receivables	557	5 356
Cash and cash equivalents	9 628	1 516
<b>Total assets</b>	<b>468 137</b>	<b>188 835</b>
Shareholders' equity	251 363	174 215
Payables to group companies	7 748	7 427
Convertible bond	177 741	–
Other liabilities	31 285	7 193
<b>Total shareholder's equity and liabilities</b>	<b>468 137</b>	<b>188 835</b>

## Consolidated changes of shareholders' equity

KSEK	Share capital	Other capital provided	Reserves	Retained earnings	Total shareholders' equity
All shareholders' equity is attributable to the parent company					
<b>Opening balance 1 Jan 2017</b>	<b>262 157</b>	<b>343 873</b>	<b>5 310</b>	<b>-496 804</b>	<b>114 536</b>
Net result for the period	–	–	–	-69 252	<b>-69 252</b>
Other comprehensive income	–	–	97	–	<b>97</b>
<b>Total comprehensive income for the period</b>	<b>–</b>	<b>–</b>	<b>97</b>	<b>-69 252</b>	<b>-69 155</b>
<b>Transactions with the shareholders</b>					
<b>Closing balance as of 31 December 2017</b>	<b>262 157</b>	<b>343 873</b>	<b>5 407</b>	<b>-566 056</b>	<b>45 381</b>
<b>Opening balance 1 Jan 2018</b>	<b>262 157</b>	<b>343 873</b>	<b>5 407</b>	<b>-566 056</b>	<b>45 381</b>
Net result for the period	–	–	–	-37 384	<b>-37 384</b>
Other comprehensive income	–	–	24 958	–	<b>24 958</b>
<b>Total comprehensive income for the period</b>	<b>–</b>	<b>–</b>	<b>24 958</b>	<b>-37 384</b>	<b>-12 426</b>
<b>Transactions with the shareholders</b>					
Rights issue, conversion of loan	29 512	6 029	–	–	<b>35 541</b>
Rights issue	167 779	20 972	–	–	<b>188 751</b>
Rights issue costs	–	-7 076	–	–	<b>-7 076</b>
Decrease of quota value	-178 267	178 267	–	–	–
Reclassification of equity part of convertible	–	–	–	1 519	<b>1 519</b>
<b>Total transactions with the shareholders</b>	<b>19 024</b>	<b>198 192</b>	<b>–</b>	<b>1 519</b>	<b>218 735</b>
<b>Closing balance as of 31 Dec 2018</b>	<b>281 181</b>	<b>542 065</b>	<b>30 365</b>	<b>-601 921</b>	<b>251 691</b>

## Consolidated statement of cash flows

KSEK	October-December		January-December	
	2018	2017	2018	2017
<b>Cash flows from operating activities</b>				
+Profit/(-) loss before taxes	-18 007	-38 920	-37 497	-69 253
Adjusted for:				
Depreciation	1 016	9 033	35 881	36 099
Impairment	7 075	22 962	7 075	22 962
Unrealised exchange rate differences on internal receivables and payables	1 646	-1 300	-1 785	-1 300
Remission of loan	-43	–	-20 513	–
Other items	234	3 519	893	3 519
<b>Cash flows from operating activities before change in net working capital</b>	<b>-8 079</b>	<b>-4 706</b>	<b>-15 946</b>	<b>-7 973</b>
Change in net working capital	11 549	8 120	8 341	8 951
<b>Total cash flows from operating activities</b>	<b>3 470</b>	<b>3 414</b>	<b>-7 605</b>	<b>978</b>
<b>Cash flows from investing activities</b>				
Payments for intangible fixed assets	-1 520	-53	-8 870	-1 847
Payments for tangible fixed assets	-48 616	-572	-90 865	-12 337
Acquisition of TVL	–	–	-59 176	–
Change in other long-term receivables	17	19	-2	1 927
<b>Total cash flows from investing activities</b>	<b>-50 119</b>	<b>-606</b>	<b>-158 913</b>	<b>-12 258</b>
<b>Total cash flows before financing activities</b>	<b>-46 649</b>	<b>2 808</b>	<b>-166 518</b>	<b>-11 280</b>
<b>Cash flows from financing activities</b>				
Proceeds from issue of new shares	–	–	188 753	–
Share issue costs	774	–	-5 842	–
Repayment of borrowings	3 453	–	-13 405	–
Finance lease payments	-1 107	-971	-2 611	-2 418
<b>Total cash flows from financing activities</b>	<b>3 120</b>	<b>-971</b>	<b>166 895</b>	<b>-2 418</b>
<b>Net (decrease)/increase in liquid assets</b>	<b>-43 529</b>	<b>1 837</b>	<b>377</b>	<b>-13 698</b>
Liquid assets at the beginning of the period	62 430	13 821	15 813	29 440
Effect of exchange rate changes on liquid assets	30	155	2 741	70
<b>Liquid assets in the end of the period</b>	<b>18 931</b>	<b>15 813</b>	<b>18 931</b>	<b>15 813</b>

## Notes to the interim financial report

### Exchange rates EUR/SEK

	January-December	
	2018	2017
Conversion of profit and loss statements	10,2567	9,6326
Conversion of closing balance at end of previous year period	10,2753	9,8497
Conversion of closing balance at end of previous year		9,8497

Source: Riksbanken

Note 1 Net sales by geographical market KSEK	October-December		January-December	
	2018	2017	2018	2017
EU (flotation concentrate)	8 277	28 002	102 703	112 280
Norway (gravimetric gold concentrate)	3	2 285	1 336	8 728
<b>Net sales</b>	<b>8 280</b>	<b>30 288</b>	<b>104 039</b>	<b>121 009</b>

Note 2 Remuneration to employees	October-December		January-December	
	2018	2017	2018	2017
Average number of employees	24	42	38	42
Total personnel expenses including Board fees excl. co-operation negotiations costs	KSEK 3 583	9 282	28 657	31 133
Average per person and month	SEK 50 000	74 000	62 000	62 000

Note 3 Other expenses	October-December		January-December	
	2018	2017	2018	2017
External services, production	1 712	11 765	34 463	48 641
Energy, production	1 112	1 907	7 799	8 237
Other	6 934	6 115	27 395	15 873
<b>Total other expenses and extraordinary costs</b>	<b>9 758</b>	<b>19 787</b>	<b>69 657</b>	<b>72 751</b>

Note 4 Depreciation	October-December		January-December	
	2018	2017	2018	2017
Depletion based on production of ore	53	5 023	24 678	21 363
Other depreciation	963	4 010	11 203	14 736
<b>Total depreciation</b>	<b>1 016</b>	<b>9 033</b>	<b>35 881</b>	<b>36 099</b>
Total impairment charges	7 075	22 962	7 075	22 962
<b>Total depreciation and impairment charges</b>	<b>8 091</b>	<b>31 995</b>	<b>42 956</b>	<b>59 061</b>

Note 5 Financial income and expense	October-December		January-December	
	2018	2017	2018	2017
Sale of dormant subsidiary company	-	-	-	-13
Remission of loan	43	-	20 513	-
<b>Total financial income</b>	<b>43</b>	<b>-</b>	<b>20 513</b>	<b>-13</b>
Interest expense	-3 826	-2 669	-11 826	-6 117
Financial exchange rate differences	-55	1 676	2 268	1 643
<b>Total financial expense</b>	<b>-3 881</b>	<b>-993</b>	<b>-9 558</b>	<b>-4 474</b>
<b>Net financial items</b>	<b>-3 838</b>	<b>-993</b>	<b>10 955</b>	<b>-4 487</b>

### Note 6 Income taxes

Management is re-assessing the Group's outlook on generating taxable income over the next 2-3 years. As at 31 December 2018, the Group has not recognized any deferred tax assets.

Note 7 Earnings per share KSEK if not otherwise stated	October-December		January-December	
	2018	2017	2018	2017
Before and after dilution effect:				
Net result 100 % attributable to the parent company	-17 892	-38 920	-37 382	-69 253
Weighted average number of issued shares	35 147 785	10 486 275	34 122 090	10 486 275
<b>Earnings per share</b>	<b>-0,51</b>	<b>-3,71</b>	<b>-1,10</b>	<b>-6,60</b>
<b>Number of shares:</b>				
Number of shares at end of period			35 147 785	10 486 275

Note 8 Intangible and tangible fixed assets KSEK	January-December	
	2018	2018
	Intangible assets	Tangible assets
Opening net book amount	63 061	62 237
Additions	8 870	90 866
Acquisitions	257 511	30
Exchange differences	25 844	5 556
Depreciation	–	-35 881
Impairment	–	-7 075
<b>Closing net book amount</b>	<b>355 286</b>	<b>115 733</b>

Note 9 Financial fixed assets	31 Dec 2018	31 Dec 2017
Other receivables		
Pledged liquid assets due to environmental guarantees	5 395	5 171

#### Note 10 Rights issue

In February 2018, Endomines completed a rights issue of 22,069,718 shares with the subscription price of SEK 9 per share in Sweden and EUR 0.92 per share in Finland. The gross proceeds of the rights issue amounted to approximately 189 MSEK before transaction costs and net proceeds to approximately 182 MSEK after transaction costs.

Note 11 Financial instruments (KSEK)	31 Dec 2018	31 Dec 2017
Trade receivables and other receivables excluding accruals	6 161	7 678
Cash and cash equivalents	18 931	15 813
	<b>25 092</b>	<b>23 491</b>
<b>Other financial liabilities:</b>		
Bank loans	–	74 759
Convertible	168 880	-
Finance leases	4 504	6 314
Loans with special terms	–	2 485
<b>Subtotal borrowings</b>	<b>173 384</b>	<b>83 558</b>
Bridge loan to finance advance payment for acquisition	–	2 223
Accounts payables and other current liabilities excluding non-financial liabilities	17 268	11 629
<b>Total</b>	<b>190 651</b>	<b>97 410</b>

Note 12 Borrowings and net debt KSEK	31 Dec 2018	31 Dec 2017
<b>Long-term</b>		
Bank loans	–	70 819
Convertible	168 880	-
Acquisition loan	–	-
Loans with special term	–	2 485
Lease financing	2 427	2 613
<b>Total long-term liabilities</b>	<b>171 307</b>	<b>75 917</b>
<b>Short-term</b>		
Bank loans	–	3 940
Acquisition loan	30 811	-
Lease financing	2 077	3 701
<b>Total short-term liabilities</b>	<b>32 888</b>	<b>7 641</b>
<b>Total borrowings (all amounts are EUR-denominated)</b>	<b>204 195</b>	<b>83 558</b>
<b>Net debt</b>		
Cash and cash equivalents	18 931	15 813
<b>Total borrowings</b>	<b>204 195</b>	<b>83 558</b>
<b>Net interest-bearing debt</b>	<b>185 264</b>	<b>67 745</b>
<b>Shareholders' equity</b>	<b>251 691</b>	<b>45 381</b>
Gearing ratio (net debt divided by equity)	74 %	149 %

#### Bank Loans

##### Endomines' bank debt rearrangement and repayment executed on 14 February 2018

As of 14 February 2018, the Company has no outstanding bank debt in accordance with an agreement dated 22 November 2017. As announced on 22 November 2017, the Company had reached an agreement with its lenders such that 2 MEUR (20 MSEK) of the outstanding debt of 7.6 MEUR (76 MSEK) was written off, provided that the Company made a prepayment of 2 MEUR (20 MSEK) after the Rights Issue had been completed and Joensuun Kauppa ja Kone Oy ("JKK") in connection therewith took over the remaining debt, 3.6 MEUR (36 MSEK), from the lenders. These transactions were completed on 14 February 2018 and, as a result, Endomines has no remaining bank debt.

As also had been agreed, the company's lender, JKK, subsequently offset Endomines' full 3.6 MEUR loan against a directed share issue in Endomines. The directed share issue comprised 3,688,960 shares to JKK, corresponding to 10.5 per cent of the total number of shares in Endomines after the issue, at a subscription price of 9.90 SEK per share.

**Note 13 Convertible  
KSEK****31 dec 2018 31 dec 2017****The Group**

Convertible	168 880	-
Accrued interest of convertible	8 861	-
<b>Total amount</b>	<b>177 741</b>	<b>-</b>

The convertible loan of 170,826,528 SEK in total runs with a yearly interest of 6.0 percent that, at Endomines' discretion, can be paid in cash or in shares. Half of the convertible loan can be converted during the period 31 March 2019 – 30 March 2020 (or at an earlier time if Endomines Board of Directors resolves that such early conversion is in the company's best interest) at a conversion price of 12.76 SEK per new share. The remaining part of the convertible loan can be converted during the period 31 March 2020 – 30 March 2021 at a conversion price of 13.91 SEK per new share. If conversion has not taken place before 1 April 2021, Endomines has the right to execute conversion of the remaining part of the convertible loan at a conversion price of 15.07 SEK per share.

If conversion is made after approximately 12 and 24 months in accordance with the description above, the holder of the convertible will get in total 12,834,250 shares in Endomines, corresponding to approximately 26.8 per cent of the total number of shares in the company (calculated without conversion of the interest into new shares and assuming no other equity issues prior to said conversions ). As a result of conversion, the holder's total shareholding in Endomines cannot exceed 29.9 percent.

**Note 14 Pledged assets and contingent liabilities  
KSEK****31 Dec 2018 31 Dec 2017****The Group**

Pledged assets for liabilities to credit institutions	-	1 449
Pledged cash deposits due to environmental guarantees	5 395	5 171
<b>Pledged assets</b>	<b>5 395</b>	<b>6 620</b>
Contingent liabilities	-	39 624
<b>The parent company</b>		
Pledged assets for liabilities to credit institutions	-	130 015
Contingent liabilities	None	None

**Note 15 Analyses of change of EBIT****MSEK****October-December January-December**

	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
<b>EBIT as reported</b>	<b>-14,2</b>	<b>-37,9</b>	<b>-48,5</b>	<b>-64,8</b>
Change of EBIT	23,8		16,3	
<i>Change of EBIT per category</i>				
<b>Total Revenue</b>	<b>-20,7</b>		<b>-17,4</b>	
Cost of raw materials	4,8		12,0	
Employee cost	5,7		2,5	
Other cost	10,0		3,1	
<b>Total Cost</b>	<b>20,5</b>		<b>17,6</b>	
	<b>-0,1</b>		<b>0,2</b>	
Depreciation	8,0		0,2	
<b>+Incr/-Decr of EBIT</b>	<b>23,8</b>		<b>16,3</b>	

End of notes