SPINNOVA®

Listing on the First North Growth Market Finland of Nasdaq Helsinki Ltd
Offering of approximately EUR 100 million
Subscription Price EUR 7.61 per Offer Share

This Offering Circular (the "**Offering Circular**") has been prepared in connection with the initial public offering of the shares in Spinnova Plc, a public limited liability company incorporated in Finland ("**Spinnova**" or the "**Company**"). The Company aims to raise gross proceeds of approximately EUR 100 million by offering a preliminary maximum of 13,140,605 new shares in the Company (the "**New Shares**") for subscription (the "**Offering**").

The Offering consists of (i) a public offering to private individuals and entities in Finland (the "**Public Offering**") and (ii) an institutional offering to institutional investors in Finland and, in accordance with applicable laws, internationally outside the United States (the "**Institutional Offering**"). All offers and sales outside the United States will be made in offshore transactions in compliance with Regulation S under the U.S. Securities Act of 1933, as amended (the "**U.S. Securities Act**").

Carnegie Investment Bank AB, Finland Branch is the sole global coordinator and bookrunner for the Offering ("**Carnegie**" or the "**Sole Global Coordinator**"). Nordnet Bank AB ("**Nordnet**") acts as the subscription place in the Public Offering. The Company is expected to grant Carnegie, acting as the stabilising manager (the "**Stabilising Manager**"), an over-allotment option exercisable within 30 days from the commencement of trading of the Company's shares ("**Shares**") on Nasdaq First North Growth Market Finland maintained by Nasdaq Helsinki Ltd (the "**First North Growth Market**"), to subscribe for up to 1,971,090 additional new Shares (the "**Optional Shares**") solely to cover over-allotments in connection with the Offering, if any (the "**Over-Allotment Option**"). Stabilising Manager and the Company are expected to agree on a share issue and redemption arrangement related to the stabilisation in connection with the Offering. Pursuant to such arrangement, the Stabilising Manager may subscribe for a number of new Shares (the "**Additional Shares**", and together with the New Shares, the "**Offer Shares**") equal to the maximum number of Optional Shares to cover any possible over-allotments in connection with the Offering.

Certain funds managed by entities owned by Aktia Bank plc, certain funds managed by WIP Asset Management Ltd, certain funds managed by DnB Fund Management, Ilmarinen Mutual Pension Insurance Company, certain funds managed by Pareto Asset Management, certain funds managed by Sp-Fund Management Company Ltd and adidas Ventures B.V. (together the "**Cornerstone Investors**") have given subscription commitments in relation to the Offering, under which they commit to subscribe for Offer Shares equal to EUR 58 million in total at the Subscription Price (as defined below) of the Offer Shares. The subscription commitments of the Cornerstone Investors are conditional upon, among others, that the amount of the Offer Shares covered by the subscription commitments will be allotted to the Cornerstone Investors, and upon that the Company raises gross proceeds of at least EUR 100 million from the Offering as set out in the section "*Terms and Conditions of the Offering – Special Terms and Conditions Concerning the Institutional Offering – Commitments by Cornerstone Investors*".

The subscription period for the Offering will commence on 11 June 2021 at 10:00 a.m. (Finnish time) and end on or about 22 June 2021 at 4:00 p.m. (Finnish time) for the Public Offering and on or about 23 June 2021 at 11:00 a.m. (Finnish time) for the Institutional Offering, unless the subscription period is discontinued or extended. Instructions for submitting the subscriptions as well as detailed terms and conditions of the Offering are presented in this Offering Circular under "*Terms and Conditions of the Offering*". The Offer Shares are offered in the Offering for a subscription price of EUR 7.61 per Offer Share (the "**Subscription Price**"). The Subscription Price may be changed during the subscription period, provided, however, that in the Public Offering, the Subscription Price cannot be higher than the original Subscription Price, i.e. EUR 7.61 per Offer Share.

Prior to the Offering, the Shares have not been subject to trading on a regulated market or multilateral trading facility. The Company intends to submit a listing application to the Nasdaq Helsinki Ltd (the "**Helsinki Stock Exchange**") to list the Shares on the First North Growth Market under the share trading code "SPINN" (the "**FN Listing**"). Trading in the Shares is expected to commence on the First North Growth Market on or about 24 June 2021. Alexander Corporate Finance Oy will act as the Company's certified adviser (the "**Certified Adviser**") referred to in the Nasdaq First North Growth Market Rulebook (the "**First North Rulebook**").

The Offer Shares may not be offered or sold, directly or indirectly, in or into the United States, and the Offer Shares have not been, and will not be, registered under the U.S. Securities Act, or under the securities laws of any state of the United States and accordingly, may not be offered or sold, directly or indirectly, in or into the United States except in transactions exempt from registration under the U.S. Securities Act and any applicable United States state law. The Offer Shares are being offered and sold outside the United States in compliance with Regulation S under the U.S. Securities Act. See "*Important Information*".

Nasdaq First North Growth Market is a registered SME growth market, in accordance with the Directive on Markets in Financial Instruments (EU 2014/65) as implemented in the national legislation of Denmark, Finland and Sweden, operated by an exchange within the Nasdaq group. Issuers on Nasdaq First North Growth Market are not subject to all the same rules as issuers on a regulated main market, as defined in EU legislation (as implemented in national law). Instead they are subject to a less extensive set of rules and regulations adjusted to small growth companies. The risk in investing in an issuer on Nasdaq First North Growth Market may therefore be higher than investing in an issuer on the main market. All issuers with shares admitted to trading on Nasdaq First North Growth Market have a Certified Adviser who monitors that the rules are followed. Nasdaq Helsinki Ltd approves the application for admission to trading.

The distribution of the Offering Circular may be restricted by law in certain jurisdictions. The Offering Circular may not be distributed in the United States, Canada, New Zealand, Australia, Japan, Hong Kong, Singapore, South Africa or any other jurisdiction in which such distribution may lead to a breach of any law or regulatory requirement.

An investment in the Offer Shares involves risks. Prospective investors are advised to acquaint themselves with this entire Offering Circular and, in particular, "*Risk Factors*", when considering an investment in the Offer Shares.

Sole Global Coordinator and Bookrunner

Carnegie Investment Bank AB, Finland Branch

Carnegie

IMPORTANT INFORMATION

In connection with the FN Listing, the Company has prepared a Finnish language prospectus (the "**Finnish Prospectus**") in accordance with the Finnish Securities Market Act (746/2012, as amended) (the "**Finnish Securities Market Act**"), the Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC , as amended (the "**Prospectus Regulation**"), Commission Delegated Regulation (EU) 2019/980 of 14 March 2019, supplementing Regulation (EU) 2017/1129 of the European Parliament and of the Council as regards the format, content, scrutiny and approval of the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Commission Regulation (EC) No 809/2004, as amended (Annexes 1 and 11), Commission Delegated Regulation (EU) 2019/979 supplementing Regulation (EU) 2017/1129 of the European Parliament and of the Council with regard to regulatory technical standards on key financial information in the summary of a prospectus, the publication and classification of prospectuses, advertisements for securities, supplements to a prospectus, and the notification portal, and repealing Commission Delegated Regulation (EU) No 382/2014 and Commission Delegated Regulation (EU) 2016/301, as amended , as well as the regulations and guidelines issued by the Finnish Financial Supervisory Authority ("**FIN-FSA**"). This Offering Circular also contains a summary in the format required by Article 7 of the Prospectus Regulation. The Finnish Prospectus has been approved by the FIN-FSA, which is the competent authority under the Prospectus Regulation. The FIN-FSA only approves the Finnish Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Such approval should not be considered as an endorsement of the issuer that is the subject of this Offering Circular. The record number of the FIN-FSA's approval decision concerning the Finnish Prospectus is FIVA 40/02.05.04/2021. Investors should make their own assessment as to the suitability of investing in the securities. The Offering Circular is a translation of the Finnish Prospectus and contains the same information as the Finnish Prospectus, with the exception of certain information directed at investors outside of Finland. The Offering Circular has not been approved by the FIN-FSA. In the event of any discrepancies between the Finnish Prospectus and the Offering Circular, the Finnish Prospectus shall prevail.

This Offering Circular shall be valid until the public offering of the Offer Shares ends. If a significant new factor, material mistake or material inaccuracy relating to the information included into this Offering Circular arises, the obligation to supplement the Offering Circular under the Prospectus Regulation will end when the Offering Circular expires.

In this Offering Circular, any reference to "Spinnova" and the "Company" or the "Group" means Spinnova Plc and its subsidiaries collectively, except where it is clear from the context that the term refers only to Spinnova Plc, its subsidiary or business operations, or to some of these collectively, as the case may be. References to the shares or share capital of the Company or to the administration of the Company, respectively, shall refer to the shares, share capital and administration of Spinnova Plc.

The Company has prepared the Offering Circular to enable the public offering of the Offer Shares. Nothing contained in this Offering Circular shall constitute a promise or a representation by the Company or the Sole Global Coordinator regarding the future and the Offering Circular should not be considered as such a promise or representation. Prior to making an investment decision, prospective investors are advised to carefully acquaint themselves with the entire Offering Circular. In making an investment decision, prospective investors should rely on their own examinations of the Company and the terms and conditions of the Offering, including the benefits and risks involved in them. Investors should consult their own advisers, as they consider it necessary, before subscribing for or purchasing the Offer Shares. No person has been authorised to provide any information or to give any statements other than those contained in the Offering Circular in connection with the Offering. If such information is provided or such statements are given, they should not be considered to have been approved by the Company or the Sole Global Coordinator. The distribution of the Offering Circular or any offering or sale based thereon does not mean, under any circumstances, that the information contained in the Offering Circular is accurate in the future or that there has been no change in the Company's business after the date of the Offering Circular. The Company will correct and supplement information given in the Finnish Prospectus as required pursuant to Article 23 of the Prospectus Regulation.

The Sole Global Coordinator is acting exclusively for the Company in connection with the Offering and the protection afforded by the Sole Global Coordinator applies only to the Company. The Sole Global Coordinator will not regard any other person (whether or not recipient of the Offering Circular) as its client in relation to the Offering. The Sole Global Coordinator will not be responsible to anyone other than the Company for providing protection afforded to its clients nor for giving advice in relation to the Offering or any transaction or arrangement referred to in the Offering Circular.

With the exception of those duties and responsibilities of the Sole Global Coordinator under the Finnish law or under mandatory legislation of another jurisdiction in which the exclusion of liability would be illegal, invalid or unenforceable, the Sole Global Coordinator assumes no responsibility whatsoever for the contents of the Offering Circular or for any statement that is made or purported to have been made by it or in connection with the Company, the Group, the Offering, the Shares or the Offer Shares. The Sole Global Coordinator accordingly disclaims any and all liability, whether arising in tort, contract or otherwise (save as referred to above), which it might otherwise have in respect of the Offering Circular or any such statement.

The Offer Shares may not be offered or sold, directly or indirectly, in or into, and the Offering Circular or any other material related to the Shares or advertisements may not be distributed or published in any jurisdiction where this would be illegal or require actions in accordance with laws other than those of Finland. As a result, investors outside of Finland may not be permitted to accept the Offering Circular or to purchase the Offer Shares. It is not the responsibility of the Company or the Sole Global Coordinator to acquire appropriate information regarding the above restrictions or to comply with the above restrictions. The Offering Circular does not constitute an offer or a solicitation of an offer to purchase or subscribe for the Offer Shares in any jurisdiction where an offer or a solicitation would be illegal. The Company and the Sole Global Coordinator and their representatives accept no legal responsibility for violations of such restrictions, regardless of whether or not such restrictions are known to those considering investments in the Offer Shares. The Company reserves the right, in its sole and absolute discretion, to reject any subscription that the Company or its representatives, after due consideration, consider to result in a breach or violation of any law, rule or regulation.

The Offering is governed by Finnish law. Any disputes arising in connection with the Offering will be settled by a court of competent jurisdiction in Finland.

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SUMMARY

Introduction and Warnings

*This summary contains all information required by the regulation to be included in a summary. This summary should be read as an introduction to this offering circular (“**Offering Circular**”). Any decision to invest in the shares (the “**Shares**”) of Spinnova Plc (“**Spinnova**” or the “**Company**”) should be based on consideration of this Offering Circular as a whole by the investor.*

An investor investing in the Shares could lose all or part of the invested capital. Where a claim relating to the information contained in the Offering Circular is brought before a court, the plaintiff investor might, under applicable law, have to bear the costs of translating the Offering Circular before legal proceedings are initiated. The Company assumes civil liability for this summary including any translation thereof, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of this Offering Circular, or where it does not provide, when read together with the other parts of this Offering Circular, key information in order to aid investors when considering whether to invest in the Shares.

The identity and contact details of the Issuer are:

Company	Spinnova Plc
Business identity code	2653299-6
Legal entity identifier (“**LEI**”)	743700OSWC9YSSJWZB91
Domicile	Jyväskylä, Finland
Registered address	Palokärjentie 2-4, FI-40320 Jyväskylä, Finland

As at the date of this Offering Circular, the Company has one class of shares and the ISIN code for the Shares registered at Euroclear Finland Oy (“**Euroclear Finland**”) is FI4000507595.

The FIN-FSA has, in its capacity as competent authority under the Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC, as amended (the “**Prospectus Regulation**”), approved the Finnish language prospectus (the “**Finnish Prospectus**”) on 10 June 2021. The FIN-FSA only approves the Finnish Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Such approval should not be considered as an endorsement of the issuer that is the subject of this Offering Circular. The record number of the FIN-FSA’s approval of the Finnish Prospectus is FIVA 40/02.05.04/2021. The FIN-FSA’s address is P.O. Box 103, FI-00101 Helsinki, Finland, its telephone number is +358 9 183 51 and its email address is kirjaamo@finanssivalvonta.fi.

Key Information on the Issuer

Who is the issuer of the securities?

The issuer’s legal and commercial name is Spinnova Plc (previously Spinnova Ltd) and it is domiciled in Jyväskylä, Finland. The Company is registered in the trade register maintained by the Finnish Patent and Registration Office (the “**Finnish Trade Register**”) under the business identity code 2653299-6 and LEI identifier 743700OSWC9YSSJWZB91. The Company is a public limited liability company incorporated in Finland and operating under Finnish law.

Issuer’s principal activities

The Company has developed a production technology for a transformative new textile fibre (“**SPINNOVA® fibre**”) which is produced with a mechanical production process. The Company classifies SPINNOVA® fibre as the most natural man-made textile fibre due to its structural properties. The mechanical production process uses no harmful chemicals and produces no waste or side streams. The look and feel of SPINNOVA® fibre is similar to natural fibres such as cotton and linen. The Company’s production technology allows for the production of SPINNOVA® fibre from multiple raw material inputs, including wood and leather waste, and other renewable raw materials such as agricultural, food and beverage industry waste and textile waste. The Company derives earnings from sales of its proprietary technology, fibre production and sales and fabric sales. The Company expects to make technology sales to SPINNOVA® fibre producers, including, but not limited to, the Company’s joint ventures with Suzano S.A. (“**Suzano**”) and the sister company of ECCO, KT Trading AG (“**KT Trading**”). For the wood-based and leather waste based raw materials, the joint ventures with Suzano and KT Trading produce SPINNOVA® fibres, which are sold to apparel brands and other buyers, and the Company then receives a share of earnings based on its ownership of the relevant joint venture. For other raw material streams, the fibre production may be conducted directly by the Company or through joint ventures. The Company will produce SPINNOVA® fabrics by purchasing SPINNOVA® fibres from the joint ventures and converting the SPINNOVA® fibres into fabrics that are sold to apparel brands and other buyers.

Major shareholders

As at the date of this Offering Circular, the Company has 25 shareholders. The ten largest shareholders of the Company on the date of this Offering Circular are presented in the table below.

Shareholder	Number of Shares	Proportion of Shares and votes %
Suzano S.A.	9,808,530	27.15
Besodos Investors Oy	4,048,680	11.21
MAKI.VC FUND I Ky	3,540,300	9.80
Beata Domus Ab	3,430,560	9.49
Janne Poranen	3,382,500	9.36
Juha Salmela	3,382,200	9.36
Lenzing AG	2,400,000	6.64
Holdix Oy Ab	2,187,510	6.05
Markku Kaloniemi	1,272,900	3.52
Timo Soininen	937,860	2.60
Other shareholders	1,740,870	4.82
Total	**36,131,910**	**100**

No shareholder of the Company has control over the Company as referred in Chapter 2, Section 4 of the Finnish Securities Market Act (746/2012, as amended) (the "**Finnish Securities Market Act**"). All current shareholders of the Company have entered into a shareholders' agreement concerning the Company. This shareholders' agreement shall terminate upon FN Listing. The Company is not aware of any other such agreements concluded between its shareholders.

Board of Directors, Management Team and statutory auditor

At the date of this Offering Circular, the members of the Board of Directors of the Company are Timo Soininen (Chair), Ilkka Kivimäki, Gert Kroner, Hanna Liiri, Vinicius Nonino, Juha Salmela and Harri Sundvik.

The following table presents the members of the Management Team as at the date of this Offering Circular:

Name	Year of Birth	Citizen-ship	Position	Appointed	Employed since
Janne Poranen	1972	Finland	Chief Executive Officer, Co-founder	2014	2014
Lotta Kopra	1980	Finland	Chief Commercial Officer	2019	2019
Petri Poranen	1973	Finland	Chief Operating Officer	2021	2018
Juha Salmela	1973	Finland	Chief Technology Officer, Co-founder	2014	2014
Ben Selby	1983	United Kingdom and Finland	Chief Financial Officer	2021	2021

PricewaterhouseCoopers Oy, Authorised Public Accountants, acts as the Company's auditor with Markku Launis, Authorised Public Accountant, as the auditor with principal responsibility. Markku Launis is registered in the register of auditors referred to in Chapter 6, Section 9 of the Auditing Act (1141/2015, as amended).

What is the key financial information regarding the issuer?

The selected historical key financial information presented below has been derived from the Company's audited financial statements for the financial years ended 31 December 2020, 2019 and 2018 and unaudited interim financial information for the three months ended 31 March 2021 including the comparative financial information for the three months ended 31 March 2020. The audited financial statements of the Company and the unaudited interim financial information have been prepared in accordance with Finnish Accounting Standards. The following tables set forth the key figures of the Company for the periods indicated:

Income statement information

(EUR thousand unless otherwise indicated)	For the three months ended 31 March		For the financial years ended 31 December		
	2021	2020	2020	2019	2018
	(unaudited)		(audited, unless otherwise indicated)		
Revenue	92	21	254	758	190
Operating profit (loss)	-1,554	-1,005	-5,473	-1,779	-1,649
Profit (loss) for the period	-1,857	-1,039	-5,644	-1,911	-1,683
Earnings per share (EUR, diluted and undiluted)[1]	-0.05	-0.03	-0.17[2]	-0.06[2]	-0.06[2]

1) The Company's potential dilutive instruments consist of stock options. As the Company's business has been unprofitable, stock options would have an anti-dilutive effect on the earnings per share calculated based on the loss for the period and therefore they are not taken into account in measuring the dilutive loss per share. Thus, there is no difference between the undiluted and diluted loss per share. The number of shares in the historical figures is adjusted with the two share splits that took place first in May 2020 in which the number of shares was multiplied by 10 and then in May 2021 in which the number of shares was multiplied by 30. The number of shares used in the key performance indicators table are as following: as at 31 March 2021: 34,292,820; as at 31 March 2020: 33,171,300; as at 31 December 2020: 33,848,250; as at 31 December 2019: 30,181,150 and as at 31 December 2018: 29,124,600.

2) Unaudited.

Balance sheet information

(EUR thousand)	As at 31 March	As at 31 December		
	2021	2020	2019	2018
	(unaudited)	(audited, unless otherwise indicated)		
Total assets	15,049	16,961	20,857	7,056
Total equity	7,390	9,169	13,314	4,194
Total liabilities	7,659	7,792	7,543	2,862
Net debt	483	-1,372[1]	-5,846[1]	-731[1]

1) Unaudited.

Cash flows statement information

(EUR thousand)	For the three months ended 31 March		For the financial years ended 31 December		
	2021	2020	2020	2019	2018
	(unaudited)			(audited)	
Net cash from operating activities	-1,984	-583	-3,519	-2,053	-1,217
Net cash from investing activities	-449	-628	-1,955	-3,862	-3,214
Net cash from financing activities	328	1,600	850	16,580	1,350
Net change in cash and cash equivalents	**-2,106**	**389**	**-4,623**	**10,665**	**-3,080**
Cash and cash equivalents at beginning of period	8,122	12,746	12,746	2,081	5,161
Cash and cash equivalents at end of period	**6,017**	**13,134**	**8,122**	**12,746**	**2,081**

What are the key risks that are specific to the issuer?

- The Company is an early stage company, and the Company may fail in executing its business plan and managing its growth;
- the Company's technology platform is based on a new technology and its commercial success is ultimately dependent on broader market acceptance;
- the sustainable textile industry that the Company's technology targets is subject to global competition, which may hamper the Company's future earnings capacity;
- the Company shares the decision-making power of its joint ventures in accordance with the shareholders' agreements and ownerships of the joint ventures, as a result of which the joint ventures may not be able to make decisions favourable to the Company;
- if the Company's joint ventures are not able to substantially scale up their production capacity and in accordance with the plans, the Company's joint ventures may be unable to meet the

expected demands of their customers, which may result in the Company's revenues and earnings from the joint ventures being lower than it expects;

- the Company's joint ventures are dependent, among other things, on receiving raw materials for production, and any significant delay, price adjustment, lack of quality in supplies or loss of suppliers may have a material adverse effect on the Company's operations;

- the Company's joint ventures are dependent on energy for production, and a significant increase in the price of energy may have a material adverse on the Company's profitability;

- if the Company is unable to obtain sufficient financing at favourable terms in the future and/or is unable to generate sufficient revenue or achieve profitability, that may restrict the Company's ability to achieve its business targets and conduct its business operations in accordance with the set targets;

- the Company's working capital is not sufficient to meet Company's requirements to stay solvent without taking into account the proceeds of the Offering; and

- the Company is dependent on external financing if it, for example, pursues significant growth investments and the Company may have difficulties accessing additional financing on competitive terms or at all.

Key Information on the Securities

What are the main features of the securities?

The Company has one class of shares and the ISIN code for the shares registered at Euroclear Finland is FI4000507595. Each Share entitles its holder to one vote at the general meeting of shareholders of the Company and carries equal rights to dividends and other distributions by the Company. The rights attached to the Shares shall include, among others, pre-emptive rights to subscribe for new shares in the Company, right to participate and exercise voting power at the General Meeting of Shareholders of the Company, right to dividend and distribution of other unrestricted equity, and right to demand redemption at a fair price from a shareholder that holds shares representing more than 90 per cent of all the shares and votes in the Company, as well as other rights generally available under the Finnish Limited Liability Companies Act (624/2006, as amended) (the "**Finnish Companies Act**"). The Offer Shares will carry rights equal to all other Shares in the Company and will entitle their holders to dividend and other distributions of funds (including distribution of funds in the event of the Company's insolvency) as well as other rights related to the Shares when the title has been transferred. As of the FN Listing, the Shares of the Company shall be freely transferrable. The trading code of the Shares will be "SPINN" on the First North Growth Market.

As at the date of this Offering Circular, the Company's Articles of Association include redemption and consent clauses with respect to the Shares in the Company. The Company's Annual General Meeting resolved on 10 May 2021 to remove the redemption and consent clauses conditional upon that the Offer Shares are notified to be registered with the Finnish Trade Register.

Pursuant to Article 13 of the Company's Articles of Association in effect as of the FN Listing, after the Shares have been admitted to public trading on a market place, including but not limited to First North Growth Market, a person whose holdings, as specified in the Company's Articles of Association, either alone or together with other persons, in the voting rights attached to all the Shares registered at the Finnish Trade Register exceed 30 per cent or 50 per cent, shall be obliged to make an offer to purchase all the other Shares issued by the Company and options which entitle the holder to new Shares from the other shareholders and holders of such options.

In the forthcoming years, the Company will focus on financing the growth and the development of its business. Therefore, the Company expects to distribute no dividends in the near to mid-term.

In the share issue, the Company aims to raise gross proceeds of approximately EUR 100 million by offering a preliminary maximum of 13,140,605 new shares in the Company (the "**New Shares**") for subscription (the "**Offering**"). Unless the context indicates otherwise, the New Shares and the Additional Shares (as defined below) are together referred to herein as the "**Offer Shares**".

Where will the securities be traded?

The Company will apply for listing of the Shares on the First North Growth Market. Trading in the Shares is expected to commence on the First North Growth Market on or about 24 June 2021.

What are the key risks that are specific to the securities?

- The Company does not expect to pay any dividend in the near to mid-term and the amount of dividends paid by the Company in any given financial year is uncertain;

- the largest shareholder will continue to have significant decision-making power;

- the Shares have not previously been traded in any regulated market or multilateral trading facility, an active and liquid market may not develop on the First North Growth Market, the price of the Shares may be volatile and possible investors may lose a part or all of their investment; and

- if the Company fails to implement functions required for a listed company, the Company may face sanctions as a result.

Key Information on the Offer of the Securities to the Public

Under which conditions and timetable can I invest in this security?

General

The Company aims to raise gross proceeds of approximately EUR 100 million in the Offering by offering preliminary a maximum of 13,140,605 New Shares in the Company.

The Offering consists of (i) a public offering to private individuals and entities in Finland (the "**Public Offering**") and (ii) an institutional offering to institutional investors in Finland and, in accordance with applicable laws, internationally outside the United States (the "**Institutional Offering**"). Up to 657,030 Offer Shares are preliminarily offered in the Public Offering to private individuals and entities in Finland. Preliminarily up to 12,483,575 Offer Shares are offered in the Institutional Offering to institutional investors in Finland and, in accordance with applicable laws, internationally outside the United States on the terms and conditions set forth herein.

In connection with the Offering, the Company is expected to grant Carnegie as stabilising manager (the "**Stabilising Manager**") an over-allotment option, which would entitle the Stabilising Manager to subscribe for up to 1,971,090 additional new shares in the Company (the "**Optional Shares**") at the Subscription Price (as defined below) solely to cover over-allotments in connection with the Offering (the "**Over-Allotment Option**"). The Optional Shares represent approximately 3.85 per cent of the Shares and the votes after the Offering assuming that the Stabilising Manager subscribes for the Additional Shares (as defined below) in full and the Company will issue 15,111,695 Offer Shares. However, the Optional Shares shall not exceed 15 per cent of the total number of New Shares.

The Stabilising Manager and the Company are expected to agree on a share issue and redemption arrangement related to the stabilisation in connection with the Offering. Pursuant to such arrangement, the Stabilising Manager may subscribe for a number of new shares (the "**Additional Shares**") equal to the maximum number of Optional Shares to cover any possible over-allotments in connection with the Offering. To the extent that the Stabilising Manager subscribes for Additional Shares, it must return an equal number of shares to the Company for redemption and cancellation by the Company.

Subscription price and period

The subscription price for the Offer Shares in the Public Offering and the Institutional Offering is EUR 7.61 per Offer Share (the "**Subscription Price**"). The Subscription Price may be changed during the subscription period, provided, however, that in the Public Offering, the Subscription Price cannot be higher than the original Subscription Price, i.e. EUR 7.61 per Offer Share. Any change would be communicated through a company release.

The Company's Board of Directors, in consultation with the Sole Global Coordinator, will decide on the completion of the Offering and the final number of Offer Shares and the allocation of Offer Shares (the "**Completion Decision**") on or about 23 June 2021. The above information will be published through a company release immediately after the Completion Decision and be available on the Company's website at www.spinnovagroup.com/ipo following the publication of the company release and in the subscription places of the Public Offering no later than the business day following the Completion Decision, i.e. on or about 24 June 2021.

The subscription period for the Public Offering will commence on 11 June 2021 at 10.00 (Finnish time) and end on 22 June 2021 at 16.00 (Finnish time).

The subscription period for the Institutional Offering will commence on 11 June 2021 at 10.00 (Finnish time) and end on 23 June 2021 at 11.00 (Finnish time).

The Company's Board of Directors has, in the event of an oversubscription, the right to discontinue the Public Offering and the Institutional Offering to end at the earliest on 18 June 2021 at 16.00 (Finnish time). The Public Offering and the Institutional Offering may be discontinued or not be discontinued independently of one other. A company release regarding any discontinuation will be published without delay.

The Company's Board of Directors may extend the subscription periods of the Public Offering and the Institutional Offering. A possible extension of the subscription period will be communicated through a company release, which will indicate the new end date of the subscription period. The subscription periods of the Institutional Offering and the Public Offering will in any case end on 30 June 2021 at 11.00 (Finnish time) at the latest. The Company's Board of Directors may extend or refrain from extending the subscription periods of the Institutional Offering or the Public Offering independently of one another. A company release concerning the extension of the subscription period must be published no later than on the estimated final dates of the subscription periods for the Public Offering or the Institutional Offering stated above.

Cancellation according to the Prospectus Regulation

Where the Finnish Prospectus is supplemented pursuant to the Prospectus Regulation due to a significant new factor, material mistake or material inaccuracy, which may affect the assessment of the Offer Shares ("**Grounds for Supplement**"), investors who have subscribed for Offer Shares before the supplement is published shall have, in accordance with the Prospectus Regulation, the right to withdraw their Commitments within three (3) working days after the supplement of the Finnish Prospectus has been published. The cancellation right is further conditional on that the Grounds for Supplement have become known prior to the end of the Subscription Period or the delivery on the book-entry account of the subscriber of the Offer Shares which are subject to the cancellation (whichever occurs earlier).

The Company will announce cancellation instructions by way of a company release. This company release shall also announce investors' right to cancel subscriptions, the period within which subscriptions may be cancelled and more detailed instructions on cancellation. After the end of the cancellation period, the right of cancellation will lapse.

Trading in the Shares

The Company intends to submit a listing application with the Helsinki Stock Exchange to list the shares on First North Growth Market. Trading in the shares is expected to commence on First North Growth Market on or about 24 June 2021. The trading symbol of the share is "SPINN" and the ISIN code is FI4000507595.

Placing Agreement

The Company and the Sole Global Coordinator are expected to enter into a placing agreement (the "**Placing Agreement**"). In the Placing Agreement, the Company is expected to agree to issue Offer Shares to subscribers procured by the Sole Global Coordinator and the Sole Global Coordinator is expected to agree to procure subscribers for the Offer Shares.

Fees and expenses

The Company will pay the Sole Global Coordinator a commission, which is based on the gross proceeds from the Offer Shares. In addition to this, the Company may at its own discretion pay the Sole Global Coordinator an incentive fee. Furthermore, the Company has agreed to reimburse the Sole Global Coordinator for certain expenses.

The Company expects to pay a total of approximately EUR 7 million at the most in fees and expenses in relation to the Offering, assuming that the Company issues 13,140,605 Offer Shares at a subscription price of EUR 7.61 (the number of Offer Shares is calculated assuming that the Stabilising Manager does not subscribe for Additional Shares).

Dilution of ownership

The maximum number of Offer Shares offered in the Offering represents 29.49 per cent of all Shares and all voting rights after the completion of the Offering. In the event that existing shareholders of the

Company do not subscribe for the Offer Shares in the Offering, their total holding of Shares and total holding of voting rights would be diluted by 29.49 per cent.

Why is the Finnish Prospectus being produced?

The Company has prepared and published the Finnish Prospectus in order to offer Offer Shares to the public.

Reasons for the Offering

The objective of the Offering and the FN Listing is to allow the Company to continue its growth strategy and continue to make investments in its business with the proceeds from the Offering.

Use and estimated amount of proceeds

The Company aims to raise gross proceeds of approximately EUR 100 million from the Offering (assuming that the Offering is fully subscribed for). The net proceeds for the Company from the Offering are estimated to amount to approximately EUR 93 million.

The net proceeds from the Offering are intended to be used to support the Company's growth strategy. The Company estimates that the proceeds raised through the Offering will provide the Company with financial flexibility and leeway.

Interests Relevant to the Offering

The Sole Global Coordinator and/or its related parties have offered, and may offer in the future, advisory, consulting, and/or banking services to the Company. In relation to the Offering, the Sole Global Coordinator and/or investors who are related parties to the Sole Global Coordinator may take on their own account part of the Offer Shares, and in this position, hold, sell, or purchase Offer Shares on their own account, and may offer or sell Offer Shares outside the Offering in accordance with the applicable laws. The Sole Global Coordinator does not intend to announce the extent of such investments or transactions unless required by law.

Applicable laws and dispute resolution

The Offering shall be governed by the laws of Finland. Any dispute arising in connection with the Offering shall be settled by the court of competent jurisdiction in Finland.

RISK FACTORS

Potential investors should carefully consider the following risk factors, in addition to other information contained in this Offering Circular, before making any investment decisions.

The realisation of any of the risk factors described below may have an adverse effect on the Company's business, operating results and/or financial condition and the value of the Shares. Should these risks lead to a decline in the market price of the Shares, investors who have invested in the Offer Shares could lose part or all of their investment. The risk factor description is based on facts known to and estimated by the Company's Board of Directors and management at the date of the Offering Circular, owing to which the description may not necessarily be comprehensive in nature. The risks and uncertainties described below are not the only factors that affect the Company's operations. Other facts and uncertainties currently unknown or deemed immaterial by the Company may also have a material adverse effect on the Company's business, results of operations and/or financial condition as well as on the value of the Offer Shares.

The risk factors presented in this Offering Circular have been divided into six risk categories based on their nature. These categories are:

- *risks related to the Company's business activities and industry;*
- *risks related to the Company's joint ventures;*
- *risks related to the Company's financial situation;*
- *legal, regulatory and compliance risks;*
- *risks related to the Shares; and*
- *risks related to the Offering and the Trading on First North Growth Market.*

Within each category, the first presented risk factor is estimated to be most material based on an overall evaluation of the criteria set out in the Prospectus Regulation. In each category, the order in which the risk factors are presented after the first risk factor is not intended to reflect relative probability or the potential impact of the materialisation of such risks. The order of risk categories, when compared to risk factors in another risk category, does not in any way represent evaluation of the materiality of the risk factors within that category.

Risks Related to the Company's Business Activities and Industry

The Company is an early stage company, and the Company may fail in executing its business plan and managing its growth

The Company is an early stage company that has developed production technology to mechanically convert wood and leather waste, and other waste streams such as agricultural waste, waste from the food and beverage industry as well as textile waste into a sustainable textile fibre ("**SPINNOVA® fibre**"). The Company classifies SPINNOVA® fibre as the most natural man-made textile fibre due to its structural properties. The mechanical production process uses no harmful chemicals and produces no waste or side streams. The look and feel of SPINNOVA® is similar to natural fibres such as cotton and linen. The Company is seeking to commercialise its proprietary technology platform based on using the underlying production technology to convert multiple raw materials into SPINNOVA® fibre. In order to achieve commercialisation of its technology platform, the Company has undertaken a number of pilot projects and entered into exclusive joint venture agreements with Suzano S.A. ("**Suzano**") and KT Trading AG ("**KT Trading**") as a part of its business plan. The Company expects to generate revenue primarily from payments from joint venture companies or any other production companies producing SPINNOVA® fibre for technology project deliveries and recurring technology licensing fees. The Company's business plan includes technology sales on its own account, fibre production and sales through joint ventures, and fabric sales on its own account. The Company expects to ramp-up production capacity for SPINNOVA® fibre through its joint venture partnerships with Suzano and KT Trading from 1,000 tonnes per year in 2022 to over 1 million tonnes per year by 2029. For further details of the Company's business strategy, please see "*Information about the Company and Its Business – Business Strategy*". Executing the Company's business plan and achieving its targets are associated with greater risks and uncertainties than the operations of companies with established business activities. Accordingly, there can be no certainty that the Company will ever be able to execute its business plan and reach profitability. The Company may also adapt its current business plan, or decide to adopt a different business plan, so there can be no certainty that its revenue and/or earnings will be generated from sources currently anticipated by the business plan. Please also see " – *Risks Related to the Company's Financial Situation – If the Company is unable to obtain sufficient financing at favourable terms in the future and/or is unable to* *generate sufficient revenue or achieve profitability, that may restrict the Company's ability to achieve its business targets and conduct its business operations in accordance with the set targets*" below.

Execution of the Company's current business plan places significant strain on the Company's existing financial and human resources as the Company continues to invest in R&D, hire additional employees, increase its marketing efforts and fund its joint ventures. The Company must implement and improve its operational, financial, management, sales, marketing and human resources infrastructure while simultaneously continuing to focus on the commercialisation of its technology platform. Difficulties associated with the Company's development could impede the Company's ability to meet its business targets and could have a material adverse effect on the Company's business, financial condition, operating results and future prospects and on the value of the Offer Shares.

The Company's technology platform is based on a new technology and its commercial success is ultimately dependent on broader market acceptance

Technologies to provide sustainable raw materials to the textile industry have developed and continue to develop rapidly. This trend is driven by consumers' growing interest in and demand for sustainable products and global apparel brands' objectives to achieve their announced sustainability goals. As far as the Company is aware, the Company's production technology is the only one able to produce textile fibre without chemical dissolving or using any harmful chemicals. If the raw material used to produce SPINNOVA® fibre is not classified as natural that may affect the classification of SPINNOVA® fibre classification. However, the Company's production technology is new and the success of the Company's technology platform depends on the demand for the Company's products in the market. Without broader acceptance of the Company's technology platform, the Company may not be able to successfully implement its commercialisation phase and compete with other producers of sustainable textiles. If the Company's customers, including the retail brands it expects to sell its products to, do not accept the Company's products for broader commercial use, the Company may not be able to successfully implement its commercialisation phase, which may have a material adverse effect on the Company's business, financial condition, operating results and future prospects and on the value of the Offer Shares.

The sustainable textile industry that the Company's technology targets is subject to global competition, which may hamper the Company's future earnings capacity

The Company's business model is based on three earnings streams: (i) technology sales to and recurring technology fees from joint venture companies or any SPINNOVA® fibre production companies, (ii) exclusive joint ventures with Suzano and KT Trading and potentially other partners to produce and sell SPINNOVA® fibre made from different raw materials and (iii) selling to apparel brands fabric based on SPINNOVA® fibre. All of these earnings streams are subject to global competition and activities or actions of its competitors may affect the ability of the Company to implement its business plan.

Firstly, the development of a technology to produce sustainable textiles at a lower price by a competitor could affect the Company's ability to commercialise its technology platform. Commercialisation of the Company's technology platform is, in part, supported by the Company's sales of fibre produced through its exclusive joint ventures with Suzano and KT Trading. Yet there is a risk that existing competitors or new entrants to the market may develop superior or better fit for purpose fibres which could have an adverse effect on the Company's ability to execute its business plan. New developments in competing plant-based technologies may adversely affect the commercial competitiveness of the Company's technology platform. There is also a risk that the Company's current or future competitors, with potentially higher production capacity and larger resources than the Company, may manage to develop alternative, competing products, which could lead to Spinnova's technology platform being replaced, resulting in a deterioration of Spinnova's competitive position in the market and demand for the Company's products declining or, at worst, ceasing altogether. This could cause the Company to derive less revenues and earnings than anticipated in its business plan, which could have a material adverse effect on the Company's business, financial condition, operating results and future prospects and on the value of the Offer Shares.

Secondly the Company also expects to complement its technology and fibre sales business by directly selling fabrics to apparel brands. The fabric production industry is a competitive sector. There are also other competitors who may be working on developing other environmentally sustainable processes for fabric production. There are competitors to the Company that produce, or have a future aim to produce sustainable fabrics with closely related environmental and quality requirements. A requirement for the Company's ability to successfully compete with other producers of sustainable fabrics is that Spinnova's products gain the anticipated market penetration and that there is continued demand for them among consumers and suppliers. Consumer demand for and sale of the Company's products is dependent on several factors, such as consumers' general demand for sustainable alternatives and the cost of the Company's product in relation to other products that are perceived as equivalents. If consumer demand for sustainable alternatives to newly produced fabrics was to decline or disappear completely, or if the Company's competitors, with larger resources than the Company, develop modern and competitive alternatives to Spinnova's products, potentially at a lower price, there is a risk that Spinnova will not succeed in marketing and selling its fibre and fabrics as expected. This could hinder the Company's ability to support its technology sales business, which could have a material adverse effect on the Company's business, financial condition, operating results and future prospects and on the value of the Offer Shares.

The Company's operations are partially based on contracts for technology sales, which exposes Spinnova to risks relating to project completion and may result in cost overruns

The Company derives earnings from sales of its proprietary technology. The Company expects to make technology sales to SPINNOVA® fibre producers, including, but not limited to, the Company's joint ventures with Suzano and KT Trading. These technology sales may be based on fixed price contracts. These orders can present project-specific risks related to, for example, delivery schedules, equipment start-up, production capacity and end-product quality, which may hamper the demand for the Company's products and services. Contract awards are also affected by events outside Spinnova's control, such as events affecting the delivery site, prices, demand, general economic conditions, and securing of project financing. This uncertainty can cause difficulties in matching Spinnova's fixed costs and predicted order volume. The sales and operating margins realized in a fixed price contract may vary from original estimates as a result of changes in costs, especially fluctuating material costs, and productivity over the term of the contract, which may hamper the profitability of the Company. In addition, since certain items that Spinnova supplies are outsourced, Spinnova may be forced to quote at a fixed price to customers without knowing the costs of the purchased parts, which may reduce the Company's expected earnings from technology sales. While estimates are made using empirical data and quotes from potential suppliers, these may not always be accurate. Moreover, Spinnova is reliant on its suppliers delivering their products and services on time. There can be no assurance that these risks, if materialised, would not have a material adverse effect on Spinnova's business, financial condition and results of operations.

The Company's reputation and business may be harmed by news or social media coverage of the Company's suppliers or apparel brand partners, including but not limited to coverage that presents, or relies on, inaccurate, misleading, incomplete, or otherwise damaging information

If any of the parties with whom the Company does business, including both the joint ventures' suppliers of raw materials and the Company's apparel brands partners, were to face a significant reputation crisis, the Company's business and the business of the Company's exclusive joint ventures with Suzano and KT Trading could be affected. For example, the potential use of unethical sourcing practices by the Company's apparel brand partners could cause a significant reputation crisis, which could affect the Company's business and the business of the Company's joint ventures. As the Company's business grows and as interest in the Company and the sustainable textile industry overall increases, the Company may attract significant attention from news and social media outlets, including unfavourable coverage. If such news or social media coverage presents, or relies on, inaccurate, misleading, incomplete, or otherwise damaging information regarding the Company, such coverage could damage the Company's reputation in the industry and with current and potential partners, customers, employees, and investors, and could have a material adverse effect on the Company's business, financial condition, operating results and future prospects and on the value of the Offer Shares.

The Company has concluded joint development agreements and pilot partnership agreements with apparel brands, and such agreements carry risks that could affect the Company's business

The Company has entered into joint development agreements and pilot partnership agreements with apparel brands. For further details on the Company's ongoing joint development agreements and pilot partnership agreements with apparel brands, please see "*Information on the Company and Its Business – Material Agreements – Joint Development, Pilot Partnership and Materials Agreements*". When contracting with an apparel brand, there is risk that the customer base provided through the agreement with a given apparel brand does not match the Company's expectations. For example, an apparel brand's customers may not be as interested in sustainability and thus may be less interested in purchasing items made from SPINNOVA® fibre as the Company anticipated. The Company may be restricted from contracting with a rival apparel brand, whose customer base would be more likely to embrace purchasing items made from SPINNOVA® fibre. In addition, one or more of the apparel brands with which the Company has concluded a joint development agreement or pilot partnership agreement may not have the ability to or may decide not to utilize SPINNOVA® fibre in its product line to the extent anticipated. If any of the foregoing risks were to materialise, the Company's go-to-market strategy would be delayed, which could have a material adverse impact on the Company's business, financial condition, operating results and future prospects and on the value of the Offer Shares.

With respect to the sale of fibre through the Company's exclusive joint ventures with Suzano and KT Trading and the Company's sale of fabrics, the Company may fail to meet product quality standards of its contractual partners

With respect to the sale of fibres through the Company's exclusive joint ventures with Suzano and KT Trading and its sale of fabrics, the Company will likely need to enter into offtake agreements in which the Company may have to undertake to deliver products of a certain quality. When the Company begins commercial scale fabric production with its supply chain partners, certain adjustments to the process may be required in order for the joint ventures to be able to produce products at the predefined quality, and such adjustments can be both time and cost consuming. Problems with product quality or product performance, including any defects in the Company's products, could result in material reputational challenges, significant decrease in earnings, significant unexpected expenses and loss of future market share of the Company. In addition, customers of the Company or its exclusive joint ventures may terminate their agreements with them or choose not to continue cooperation with the Company or its exclusive joint ventures after the term of the agreement. Each of these could have a material adverse effect on Company's business, financial condition, operating results and future prospects and on the value of the Offer Shares.

The Company may suffer interruptions or failures of its information technology ("IT"), network or communications systems and/or cyber security breaches

Security breaches of the Company's IT infrastructure may create system disruptions, shutdowns or unauthorised disclosure of confidential information. If the Company is unable to prevent such breaches, its operations could be disrupted, or it may suffer financial damage or loss because of lost or misappropriated information. In addition, maintaining a functioning and adequate IT infrastructure could be costly, and security breaches could result in additional costs to the Company connected with investigating the events and improving systems. The Company cannot be certain that criminal capabilities, new discoveries in the field of cryptography or other developments will not compromise or breach the technology protecting the networks that access its services. If any of the Company's IT systems are interrupted, damaged by unforeseen events or fail for any extended period of time, including due to the actions of third parties, then the Company may not be able to effectively manage its business and significant reputational damage may occur for the Company, and this could have a material adverse effect on the Company's business, financial condition, operating results and future prospects and on the value of the Offer Shares.

The Company depends on key personnel and if such persons leave the Company or are not available and the Company is unable to attract new skilled personnel, the Company may be put at a competitive disadvantage

The Company's success is materially dependent on its ability to hire competent employees and on the professional skills of its key personnel, particularly its Chief Executive Officer, Janne Poranen, and its Chief Technology Officer, Juha Salmela, who together initially developed the production technology the Company expects to commercialise. Key personnel also include the Company's R&D team consisting of employees with combined experience from the pulp and paper technologies, fibre suspension flows, engineering, and fibre and bio-based materials industries. The Company's growth requires, among other things, the availability of a commercial sales team, quality and project management for its exclusive joint ventures with Suzano and KT Trading, research and development specialists and other competent and committed employees. The employment contracts of several of the Company's key personnel, including the Chief Commercial Officer, Chief Financial Officer and Sustainability Director, do not include a non-compete clause.

The Company losing the services of any of its key personnel or its key personnel not being available for any significant period of time would harm the Company's ability to successfully execute its business strategy and reach its business targets, which could have a material adverse effect on Company's business, financial condition, operating results and future prospects and on the value of the Offer Shares.

A contagious disease or any other serious public health concerns around the world could negatively affect the Company's operations

The COVID-19 pandemic that spread globally during 2020 has had a significant adverse impact on the global economy with continuing impacts during 2021, although the impacts of the pandemic on the Company to date have been minor. There is significant uncertainly as to how long the impacts of the COVID-19 pandemic will last into the future. In addition, there can be no assurance that there will not be another significant outbreak of a highly contagious disease in the future. The Company aims to provide its products and services internationally, and another significant outbreak could have an effect on its ability to deliver its products and services. There is no assurance that any precautionary measures taken against infectious diseases would be effective. The COVID-19 pandemic may also negatively affect the

Company's operations by affecting key members of the management team or the Company's operational staff, restricting the ability of the Company to enter into new agreements or requiring that the Company's production facility be at least partially closed down. If the COVID-19 pandemic continues throughout the second half of 2021, the resulting restrictions on travel and/or imposition of quarantines could have a negative impact on the economy and business activities in areas where the Company operates, which could have a material adverse effect on the Company's business, financial condition, operating results and future prospects and on the value of the Offer Shares.

The Company may not be successful in reaching commercial scale production using its technology

The Company has developed its technology platform to an advanced stage, but further development may be needed for commercial scale production. If further development of the technology platform is needed and is not successful or if the Company's development of the technology platform is delayed, this may hinder the ability of the Company to reach commercial scale production. Furthermore, the equipment utilised by the Company in its pilot production facility will not be the same as the equipment that will be utilised in the 1,000 tonnes plant that will established. The equipment provider is not providing any guarantees as to the performance of the equipment against the targeted performance criteria, and although the Company believes that its technology and production facility are associated with low project risk, there is however the risk that the equipment does not perform as expected by the Company and its joint venture. If any of these risks were to materialise, the Company could be prevented from advancing its primary revenue and cash flow from technology sales, which could have a material adverse effect on the Company's business, financial condition, operating results and future prospects and on the value of the Offer Shares.

Risks Related to the Company's Joint Ventures

The Company shares the decision-making power of its joint ventures in accordance with the shareholders' agreements and ownerships of the joint ventures, as a result of which the joint ventures may not be able to make decisions favourable to the Company.

As of the date of this Offering Circular, the Company has entered into exclusive joint ventures with Suzano and KT Trading. For further information on the exclusive joint ventures with Suzano and KT Trading, please see "*Information on the Company and Its Business – Material Agreements – Woodspin Joint Venture Agreement*" and "*Information on the Company and Its Business – Material Agreements – Respin Joint Venture Agreement*". There is risk that because the Company shares control with Suzano and KT Trading, respectively, the joint ventures will not be able to make decisions in a timely manner or in a manner favourable to the Company. For example, the board of directors' proposal for the general meeting of shareholders to decide to distribute dividends to the joint venture partners are made by a simple majority of the respective joint venture's board of directors, which would not be reached if, for example, the members of the board of directors elected by the Company are in favour of the distribution of dividends and the members of the board of directors elected by the Company's joint venture partner are opposed. In addition, the Company may lose decision power in its joint venture if it is unable to invest as much capital in its joint venture as its joint venture partner. If the Company becomes a minority shareholder in its joint venture, the Company would have only a limited possibility to affect the decisions significant to the joint venture's business. The materialisation of these risks could cause the Company to receive less profits and dividends from the joint ventures than anticipated, which could have a material adverse effect on Company's business, financial condition, cash flow and future prospects and on the value of the Offer Shares.

If the Company's joint ventures are not able to substantially scale up their production capacity and in accordance with the plans, the Company's joint ventures may be unable to meet the expected demands of their customers, which may result in the Company's revenues and earnings from the joint ventures being lower than it expects

The Company's strategy requires expansion of its own and its joint ventures' customer base, and in order to achieve that the Company needs to substantially scale up the production capacity of its joint ventures, as well as sales and marketing activities of its joint ventures carried out by the Company's and the joint ventures' commercial teams.

Expanding production capacity of the Company's exclusive joint venture with Suzano will require that the joint venture establish new production plants. For further details on the Company's exclusive joint venture with Suzano, please see "*Information on the Company and Its Business – The Company's Business Model – Joint Ventures with Partners – Wood-based Fibre; Joint Venture with Suzano*". The joint venture does not currently have the capacity for the commercial production of sustainable textile fibre. To successfully develop and commercialise its business, the joint venture must scale up its production capacity, in part to deliver the expected quantities in demand from the joint venture's customers and also to ensure relevance in volume terms in an expanding global market of more than 100 million tonnes of textiles per year.

The Company's joint ventures must continuously evaluate their need for equipment at future production plants and upgrade these plants to keep pace with technological developments in its field. There is a risk that Spinnova's joint ventures will not have the financial resources required to implement the necessary assessments and to scale up their production capacity. If the joint ventures fail to implement and adapt to new technology and legislation in their field and to deploy it in time and at a reasonable cost, Spinnova's joint ventures could lose its future customers to competitors with potentially greater resources than the joint ventures.

If the required funding is not obtained through the Offering, for example, the Company's exclusive joint venture with Suzano could be compelled to seek other, alternative funding that may only be obtained on less favourable terms, or change the schedule for the establishment of new production plants. If the Company is unable to provide the agreed amount of funding to the joint venture for the establishment of the first production plant, Suzano would be entitled to grant a convertible shareholder loan to the joint venture in an amount equal to the amount that the Company is unable to provide, which when converted would reduce the Company's ownership in the joint venture. For further details of the Company's exclusive joint venture with Suzano, please see "*Information on the Company and Its Business – Material Agreements – Woodspin Joint Venture Agreement*". Finally, there is a risk that the establishment of the new production plant could become more protracted and costlier than expected, which in turn, could lead to a delay or complete suspension of the Company's commercialisation of its technology platform.

The Company's exclusive joint venture with KT Trading related to leather waste materials, as described more fully in "*Information on the Company and Its Business – Material Agreements – Respin Joint Venture Agreement*", may require a new production plant related to leather waste raw materials. The Company expects that the joint venture will need to apply for and obtain the relevant permits and registrations such as environmental permits, after two years. There is a risk that such permits or registrations cannot be obtained at all or on favourable terms for the joint venture.

If the Company's joint ventures are unable to expand their production capacity because one or all of the risks associated with the establishment of the new production plant or the establishment of future production plants were to materialise, the Company's joint ventures could fail to meet the expected demands of their customers, which would result in the Company deriving less earnings from its joint ventures than it expects. This could have a material adverse effect on the Company's business, financial condition, operating results and future prospects and on the value of the Offer Shares.

The Company's joint ventures are dependent, among other things, on receiving raw materials for production, and any significant delay, price adjustment, lack of quality in supplies or loss of suppliers may have a material adverse effect on the Company's operations

The operations of the Company's joint ventures on wood and leather based raw material streams will be dependent on the supply of raw materials input, including micro fibrillated cellulose ("**MFC**") from Suzano and leather waste from KT Trading.

The Company's exclusive joint venture with Suzano is dependent on Suzano for the supply of MFC. Successful production at the joint venture's production facility is dependent on the quality of MFC supplied by Suzano. There is a risk that if Suzano is not able to supply MFC of the quality required, the joint venture will be forced to purchase MFC of the quality needed from the market at a higher price than anticipated. Suzano is obligated to provide MFC at a certain price for 18 months from the start of production the 1,000 tonnes production facility, and after those 18 months, there will also be the risk that the joint venture is not able to purchase MFC of the required quality from Suzano at a reasonable price.

The Company's exclusive joint venture with KT Trading is partially dependent on the supply of leather waste from KT Trading. KT Trading is expected to source leather waste from ECCO Sko A/S ("**ECCO**") and other leather producers. In addition, the Company's exclusive joint venture with KT Trading is expected to procure leather waste from the market. KT Trading must supply the joint venture with leather waste of sufficient quality and fit for the production of the joint venture. If the delivered leather waste does not meet the joint venture's quality criteria or KT Trading fails to deliver leather waste of the right quality completely, this may slow down or stop the joint venture's leather fibre production operations altogether. The joint venture is responsible for converting the leather waste into useful raw material, and thus there is also a risk that the joint venture will be unable to convert the leather waste into raw material of a sufficiently high quality.

The materialisation of any of the aforementioned risks could adversely affect the production of the Company's joint ventures and thereby affect the revenues and earnings which the Company receives from its joint ventures, which could have a material adverse effect on the Company's business, financial condition, operating results and future prospects and on the value of the Offer Shares.

The Company's joint ventures are dependent on energy for production, and a significant increase in the price of energy may have a material adverse on the Company's profitability

Upon commencement of production, the profitability of the Company's exclusive joint ventures with Suzano and KT Trading will be affected by the price of energy. The price of energy dictates both the price of the raw materials and the price of the drying process, which is an integral stage of production. As production is expected to move to even larger production facilities in the future, the price of energy will take on greater significance to the Company's joint ventures. The Company and the Company's joint ventures have no control over the development of energy prices. Any significant increase in the price of energy could adversely affect the profitability of the joint ventures and thereby result in the Company deriving less revenues and earnings from its joint ventures than expected, which could have a material adverse effect on the Company's business, financial condition, operating results and future prospects and on the value of the Offer Shares.

The Company's joint venture with Suzano is expected to initially have a single production facility, any disruption to which, could adversely affect the Company's business.

The Company's joint venture with Suzano is expected to initially have a single production facility. If the production facility is damaged, for example in a fire, the joint venture's business would be interrupted, having a material adverse effect on the Company's business, financial condition, operating results and future prospects and on the value of the Offer Shares.

Production by the Company's joint ventures is sensitive to stoppages and disruptions

The Company's earnings streams related to the sale of fibre through its exclusive joint ventures with Suzano and KT Trading and the manufacture and sale of fabrics are dependent on reliable and efficient production to ensure that products are delivered in time and meet the customers' quality standards. There is a risk that the Company's joint ventures will be affected by stoppages and disruptions to production, for example, as a result of machinery breakdowns, delayed, faulty or contaminated supplies of input materials, technical errors, labour law measures, accidents or other disruptions. A stoppage or disruption, such as a machinery breakdown, could lead to considerable costs and delays for the Company's joint ventures. Delated or faulty supplies of input materials, comprising wood, leather waste, agricultural and food and beverage industry waste as well as textile waste, could impact the joint ventures' production particularly adversely, both directly and indirectly, since the supplies are a requirement to be able to operate production according to plan. With respect to the Company's exclusive joint venture with KT Trading to produce fibre from leather waste, contaminated input material could lead to the joint venture being unable to obtain or retain its necessary environmental permit, which the Company expects that the joint venture will require after two years. Stoppages or disruptions could also entail that the Company's joint ventures fail to meet their obligations to future customers, which in turn, could damage Spinnova's reputation and lead to the joint ventures being forced to pay compensation or penalties due to delayed delivery or non-delivery. If these risks related to the joint ventures' production and operation materialise, fully or partly, the result could be a negative impact on the Company's earnings from its joint ventures, which would hinder the Company's ability to support its technology sales business. This could have a material adverse effect on the Company's future growth, operating results and future prospects and on the value of the Offer Shares.

Risks Related to the Company's Financial Situation

If the Company is unable to obtain sufficient financing at favourable terms in the future and/or is unable to generate sufficient revenue or achieve profitability, that may restrict the Company's ability to achieve its business targets and conduct its business operations in accordance with the set targets

The Company has generated losses since its formation. For the three months ended 31 March 2021 and 2020, the Company recognised losses of EUR 1,857 thousand and EUR 1,039 thousand, respectively. In the financial years ended 31 December 2020, 2019 and 2018, the Company recognised losses of EUR 5,644 thousand, EUR 1,911 thousand and EUR 1,683 thousand, respectively. These losses have mainly arisen as a result of the increase in personnel expenses, depreciation and amortisation, and other operating expenses as a result of the Company's increased costs of development work and commercialisation the Company's operations.

There is a significant risk as to whether the Company will be able to reach positive cash flow and results in the future, because the Company will be required to conduct further research and development work, business development and investments into the joint ventures. Such activities, together with anticipated general and administrative expenses associated with the growth strategy of the Company, will increase costs, and may reduce the Company's liquidity and prevent the Company from becoming profitable. There is a risk that the Company will not be able to generate sufficient revenues and earnings or achieve profitability to conduct its business operations in accordance with at each time applicable targets or strategies, which may restrict the Company's ability to achieve its business targets, maintain the scope of its operations, and its ability to obtain required additional funding. For further details on the Company's business targets, please see "*Information on the Company and Its Business – The Group's Medium-term and Long-term Business Targets*". In the past, the Company has financed its operations mainly with equity financing, loans from financial institutions, convertible loans and cash flow arising from development services sold to customers and partners, and grants. However, there can be no assurance that the Company will obtain sufficient financing in the future to carry out its planned activities and to engage into planned growth investments. Even if the Company does achieve profitability in the future, it may not be able to sustain profitability in subsequent periods. In addition, the Company's results of operations can fluctuate and, as a result, period-to-period comparisons are not necessarily meaningful and results of operations in prior financial periods should not be relied upon as an indication of the Company's future performance.

If the Company fails to obtain sufficient financing at favourable terms in the future and/or to generate sufficient income or achieve profitability, this could have a material adverse effect on the Company's business, financial condition, operating results and future prospects and on the value of the Offer Shares.

The Company's working capital is not sufficient to meet Company's requirements to stay solvent without taking into account the proceeds of the Offering

As at the date of this Offering Circular, the Company estimates that it does not have sufficient working capital to meet its present requirements and cover the working capital needs for a period of at least 12 months as of the date of this Offering Circular (see "*Capitalization and Indebtedness – Working Capital Statement*"). As at the date of this Offering Circular, the Company estimates that its working capital is sufficient until 31 January 2022.

The Company is of the opinion that if the Offering is completed in the intended timetable the proceeds from the Offering (together with its available cash and cash equivalents) provide the Company with sufficient working capital to meet its current working capital needs for a period of at least twelve months as of the date of this Offering Circular. If the Offering is not completed as expected, the Company needs to obtain additional financing to the extent required through other equity or debt financing, and if necessary, downscale significantly its operations through cost reductions and through reducing planned investments. If additional financing is not obtained, the Company may meet serious financial difficulties, and this could have a material adverse effect on the Company's business, financial condition, operating results and future prospects and on the value of the Offer Shares.

The Company may lack sufficient financing for its expansion plans, which would affect the Company's commercialisation

The Company intends to expand production capacity by having its exclusive joint venture with Suzano to establish a new production plant, as discussed in detail in " *– Risks Related to the Company's Joint Ventures – If the Company's joint ventures are not able to substantially scale up their production capacity and in accordance with the plans, the Company's joint ventures may be unable to meet the expected demands of their customers, which may result in the Company's revenues and earnings from the joint ventures being lower than it expects*" above. There is a risk that the Company will not have sufficient financing to fund the expansion plans of its joint ventures. If the Company is unable to finance its joint ventures as agreed, its holdings in the joint ventures may decrease, Suzano may have the right to make an equity investment in the Company, the joint venture partner may claim damages from the Company and the Company may have to sell its shares in the joint venture to its joint venture partner. Moreover, the Company may not have sufficient financing to undertake other expansion plans, and the failure to expand into new markets would materially affect the Company's ability to commercialise its business, which would have a material adverse impact on the Company's business, financial condition, operating results and future prospects and on the value of the Offer Shares.

The Company is dependent on external financing if it, for example, pursues significant growth investments and the Company may have difficulties accessing additional financing on competitive terms or at all

The Company is currently dependent on external financing acquired, for instance, via equity financing. The Company may still in the future require external financing if it, for example, pursues significant growth investments. In the long term, the Company estimates that it may also be dependent on external financing due to its increased working capital. The Company may not be able to obtain the financing it needs, or it may only be able to obtain financing at significantly higher cost than what has historically been the case. Factors such as financial market conditions, the general availability of credit, the fact that the Company is not profitable and the associated uncertainty around its profitability and creditworthiness, as well as that the Company does not have a credit rating issued by a credit rating agency, may affect the availability of financing. Global financial markets have experienced several periods of high volatility since the global financial crisis in 2008, including the COVID-19 pandemic described in " *– Risks Related to the Company's Business Activities and Industry – The occurrence of a* *contagious disease or any other serious public health concerns around the world could negatively affect the Company's operations*" above.

Factors, including adverse macroeconomic development, sovereign debt crises and unstable political environment may affect financial market conditions. Future periods of uncertainty, increased volatility, disruptions or sustained weak developments in the financial markets could constrain the Company's access to capital and result, for example, in a reduction of liquidity. A reduction in liquidity could make it more difficult to obtain funding for the Company at reasonable costs or at all. Being unable to obtain funding at a reasonable cost or at all, would affect the Company's ability to finance the operating and capital expenditure necessary to pursue further growth initiatives.

Difficulties in accessing additional financing could have a material adverse effect on the Company's business, financial condition, operating results and future prospects and on the value of the Offer Shares.

The Company's joint ventures could in the future require financial guarantees from the Company

The Company's exclusive joint ventures with Suzano and KT Trading may in the future have to seek external financing. The joint ventures may require external financing if they, for example, pursue significant growth investments. In order to secure the financing necessary for the growth of its joint ventures, the Company may be required to provide financial guarantees for its joint ventures. The joint ventures may be unable to adhere to the terms of any potential financing arrangements for which the Company is required to provide a financial guarantee, which could trigger an event of default. If such event of default were to occur, it could potentially lead to cross-default of the Company if the Company is unable to meet its obligations under the terms of the guarantee it provided, which could have an adverse effect on the Company's ability to obtain financing needed in the future and which could incur additional unforeseen costs for the Company. The materialisation of this risk could have a material adverse effect on the Company's business, financial conditions, operating results and on the value of the Offer Shares.

A possible impairment of capitalised development costs could have a material adverse effect on the Company's financial condition and results of operations

As at 31 March 2021, the Company's balance sheet included EUR 6,063 thousand of capitalised development costs of completed assets. In addition, the Company has capitalised development work of incomplete assets which are transferred to intangible assets after completion. The Company capitalises development costs on the balance sheet under intangible assets if they are expected to generate income over several accounting periods. The Company assesses, at each reporting date, whether there is an indication that the development costs would be impaired. The estimates concerning development costs capitalised on the balance sheet involve factors of uncertainty, and it is possible that the expected profitability of the development projects may vary as conditions change. The value of development costs capitalised on the balance sheet may be reduced if the expected future profitability changes. If the expected profitability for an asset recorded on the balance sheet is less than the amount of development costs recorded on the balance sheet, the value of the capitalised development cost is adjusted with a write-down to correspond to the expected profitability through profit and loss statement.

If the Company were to be required to record any significant write downs related to capitalised development costs in the future, such write downs would be recognised as a cost in the Company's profit and loss statement and this could, depending on the size of the write down in question, have a material adverse effect on the Company's business, financial condition, operating results and future prospects and on the value of the Offer Shares.

The Company is exposed to foreign exchange rate risks arising from fluctuations in currency exchange rates

The Company is exposed to foreign exchange rate risks directly and through its joint venture investments and will be especially exposed in the future to translation risks and transaction risks arising from fluctuations in currency exchange rates. The key foreign currency in which the joint ventures are expected to have the most significant exposure is the United States dollar because in the future the joint ventures are expected to purchase pulp and pulp derivative commodities denominated in United States dollars. If the Company, in the future, purchases virgin materials in order to create blended fibres or fabrics, such materials may be denominated in United States dollars. In addition, the Company and its joint ventures may sell its products in a currency other than euro. Currently the Company does not have subsidiaries or joint ventures outside euro area. However, in the future, it is possible that the Company has subsidiaries in the non-euro area, the assets, liabilities, income and expenses of which are converted into euros at appropriate periods for the financial statements purposes. The Company's foreign exchange risks will increase further if its sales or costs in foreign currencies increase significantly. The

Company monitors its currency positions but does not currently use any derivative instruments to hedge its exposure to foreign exchange risks.

The Company and its joint ventures are exposed to credit and counterparty risks

The Company and its joint ventures are exposed to counterparty and credit risks if the Company's and its joint ventures' contractual parties are unable to fulfil their obligations based on agreements. The counterparty risk mainly relates to trade receivables accrued in the Company's and its joint ventures' businesses. It is also possible that the Company's and its joint ventures' contractual parties are unable to pay agreed direct purchases from the Company and its joint ventures or fulfil their other liabilities towards the Company and its joint ventures when they fall due. There can also be no assurances that the Company's and its joint ventures' financing and insurance counterparties may not face serious financial difficulties or bankruptcy. The Company and its joint ventures' are exposed to a credit risk also when it invests its excess liquidity or enters into long and short-term credit agreements.

The Company and its joint ventures aim to manage the counterparty and credit risk by carefully selecting its contractual parties. However, there can be no assurances that the Company and its joint ventures will succeed in managing the risks related to its receivables and financing counterparties. Should financial institutions or other significant contractual parties acting as the Company's or its joint ventures' counterparty face payment difficulties or bankruptcy, this may affect negatively the Company's and its joint ventures' financial position. Any of the above-mentioned risks may have a material adverse effect on the Company's and its joint ventures' funding position and liquidity, which could have an adverse effect on its possibilities to maintain and develop its current operations and carry out the required investments, which could have a material adverse effect on the Company's and its joint ventures' business, results of operations, financial condition and future prospects.

The Company is exposed to interest risks that may have an adverse effect on the Company's earnings

The Company has at present exposure to potential interest risks through its financial institution loans. On 31 March 2021, the Company had a total of EUR 6,500 thousand of floating rate loans.

The interest on the product development grant agreements from the State Treasury of Finland is set at three percentage points below the official interest rate affirmed by the Ministry of Finance, provided however, that the interest is always at least one percentage point. For further information on the product development grant agreements with the State Treasury, please see "*Information on the Company and its Business – Material Agreements –Product Development Grant Agreement with the State Treasury of Finland*".

The interest on the loan agreement entered into between the Company and Keski-Suomen Osuuspankki ("**OP Bank**") is tied to the twelve-month Euribor rate, and the loan margin is set at 2.4 per cent. For further information on the loan agreement entered into between the Company and OP, please see "*Information on the Company and its Business – Material Agreements – OP Loan Agreement*".

Due to the Company's floating rate loans, an increase in interest rates may have a material adverse effect on the Company's financial costs. There is risk regarding the cash bank balances that the European Central Bank, in the event of a much weaker economy, could further lower its policy rates or that the commercial banks would begin to demand higher interest from small companies such as the Company for its cash balances. Negative interest rates could cause costs to the Company, which the Company would have to manage as part of its risk management and treasury policy by utilising different market instruments than bank accounts in the future.

The Company's and its joint ventures' business may be materially adversely affected by VAT rate or similar sales tax rate increases in the countries where it operates

The Company and its joint ventures have products that are subject to VAT or similar sales taxes in many of the countries where it operates, and tax rates are country specific. In some instances, the VAT liability of a product or service may be open to interpretation, and, therefore, changes in taxation and tax reassessments are possible. If VAT or sales tax rates were to increase in the future, the Company's and its joint ventures' profitability margins would be negatively impacted unless the Company and its joint ventures were able to increase the prices of its products to match the increase in VAT or sales tax. An increase in VAT or sales tax rates or other changes in VAT or sales tax legislation or interpretation may lead to higher tax expenses or force the Company and its joint ventures to increase its prices in a way which decreases the sales and the customer confidence. The increase in prices, the decrease in sales or profitability or the losing of customers could in turn individually or together cause the Company and its joint ventures to receive less revenue than it anticipates, which could have a material adverse effect on the Company's and its joint ventures' business, financial condition, operating results and future prospects and on the value of the Offer Shares.

The Company may not be able to utilize tax losses carried forward

The Company's losses from the years 2014 to 2019 have been confirmed in taxation as amounting to EUR 4.8 million. The Company's loss of EUR 5.6 million in 2020 has not yet been confirmed in taxation as at the date of the Offering Circular. The Company has applied to the Tax Administration for an exemption to use the tax losses from the years 2014 to 2020 despite changes in its ownership structure, including any changes in ownership during 2021 in connection with the Offering. The Tax Administration has on 31 May 2021 granted the Company an exemption to deduct the confirmed losses from the years 2017 and 2018 amounting to EUR 2.9 million. The Finnish government is entitled to challenge the potential exemption during a period of 60 days from the granting of the exemption. As such, it is possible that the Company may not be able to use said losses in future taxation. The accrued losses can only be utilised if the Company generates in the future taxable income covering the losses. There are no guarantees that the Company will generate in the future enough profits in order to use the accrued losses in part or fully.

If the Company is unable to use the tax losses in part or at all in taxation, this may have an adverse effect on the Company's balance sheet and result of operations.

Legal, Regulatory and Compliance Risks

If the Company is unable to guard its intellectual property rights ("IPRs") and trade secrets, its competitive advantage could be eroded

Much of the Company's competitive advantage is based on its IPRs and confidential information about the Company's technology platform and business operations, and the Company's patent protection is geographically broad and covers its main market areas. The Company is dependent on being able to guard both its existing IPRs, as well as its trade secrets and know-how relating to its products and services, including, but not limited to, information on inventions for which no patent applications have yet been made. For further information about the Company's IPRs, please see "*Information on the Company and Its Business – Intellectual Property Rights*".

There is a risk that someone who has access to the Company's IPRs, trade secrets and other confidential information, such as employees, consultants, advisors, business partners or customers and/or employees, consultants, advisors, business partners or customers of its exclusive joint venture partners, will disseminate or otherwise use this information in a manner that damages the Company. There is a risk that one of the Company's supply-side or demand-side partners would be able to apply material IPR protection to relevant supply-side technology or demand-side applications, thereby inhibiting the Company's commercial freedom to operate. There is a risk that one of the persons with access to the Company's IPRs may claim rights to the Company's IPRs. There is a risk that the Company may fail to adequately protect its IPRs from misuse or misappropriation. There is also a risk that the Company may fail to protect trade secrets and other confidential information using legal means, or that such information could become known in another way because of circumstances beyond the Company's control. The Company has multiple pending patent applications and the Company may intend to file new patent applications, and there is a risk that patents are not granted on the basis of those applications. If the Company's trade secrets are revealed to its competitors, the Company's competitive advantage could be eroded. In addition, competitors or other external parties could independently develop similar know-how, which could damage the Company's competitive advantage.

If the Company fails to protect its IPRs, fails to be granted patents or fails to secure the confidentiality of its trade secrets and know-how, or such information is spread without the Company's approval, this could lead to significant costs, reduce the Company's earnings, restrict the Company's ability to conduct its business to the extent planned in advance and tie up the Company's resources and thus impair the Company's profitability. This could have a material adverse effect on the Company's business, financial condition, operating results and future prospects and on the value of the Offer Shares.

The Company may be subject to third-party claims of IPR infringement

The Company is aware of at least one third-party foreign patent that partly covers production technology utilized in the Company's technology platform, and in the future, third parties may file such patent applications. If any patents or patent applications cover the Company's production technology or SPINNOVA® fibre, Spinnova may not be free to market its technology platform or manufacture fabrics as planned, absent a license, which may not be available to Spinnova on commercially reasonable terms, or at all.

It is also possible that the Company has failed to identify relevant third-party patents or applications. The Company may fail to identify relevant patents or patent applications or may identify pending patent applications of potential interest but incorrectly predict the likelihood that such patents may issue with claims of relevance to its production technology and SPINNOVA® fibre. In addition, the Company may be unaware of one or more issued patents that would be infringed by the sale or use of its technology platform, or the Company may incorrectly conclude that a third-party patent is invalid, unenforceable or not infringed by its activities. Additionally, pending patent applications that have been published can, subject to specified limitations, be later amended in a manner that could cover the Company's production technology or SPINNOVA® fibre.

As the sustainable fibre production industry expands and more patents are issued, the risk increases that the Company's production technology or SPINNOVA® fibre may be subject to claims of infringement of the patent rights of third parties. Parties making claims against Spinnova may obtain injunctive or other equitable relief, which could effectively block its ability to further develop and commercialise one or more of its product candidates. Defence of these claims, regardless of their merit, would involve substantial litigation expense and would be a substantial diversion of employee resources from Spinnova's business. In the event of a successful claim of infringement against Spinnova, the Company may have to pay substantial damages, including treble damages and attorneys' fees for wilful infringement, pay royalties, redesign its patent infringing products or obtain one or more licenses from third parties, which may be impossible or require substantial time and monetary expenditure. Each of the foregoing consequences could have a material adverse effect on the Company's business, financial condition, operating results and future prospects and on the value of the Offer Shares.

The Company may be involved in lawsuits to protect or enforce its patents, which could be expensive, time consuming, and unsuccessful.

Competitors may infringe the Company's patents. To cease such infringement or unauthorized use, the Company may be required to file patent infringement claims against a third party to enforce one of its patents which can be expensive, time-consuming and unpredictable. A court may decide that one or more of Spinnova's patents is not valid or is unenforceable, or may refuse to stop the other party from using the technology at issue on the grounds that the Company's patents do not cover the technology in question. An adverse result in any litigation or defence proceeding could put one or more of the Company's patents at risk of being invalidated, held unenforceable or interpreted narrowly and could put its patent applications at risk of not issuing. Defence of these claims, regardless of their merit, would involve substantial litigation expense and would be a substantial diversion of employee resources from the Company's business, and could therefore prevent or slow down the Company's actual business. Moreover, if the Company were to initiate legal proceedings against a third party to enforce a patent, the defendant could counterclaim that the patent is invalid and/or unenforceable. If a defendant were to prevail on a legal assertion of invalidity, unpatentability and/or unenforceability, the Company may lose at least part, and perhaps all, of the patent protection, and be prevented from conducting its business as planned in advance. Such a loss of patent protection could have a material adverse impact on the Company's business, financial condition, operating results and future prospects and on the value of the Offer Shares.

As the Company enters its commercialisation phase, the Company will become subject to product and other liability risks, which may expose the Company to lawsuits

While the Company currently delivers products on an "as-is" basis, this may be subject to product and other liability risks in the future. The Company will monitor its exposure to product liability and will seek to ensure it has adequate product liability insurance in place when necessary. However, the Company may be named as a defendant in product liability lawsuits, which may allege that products it has provided have resulted or could result in an unsafe condition or injury to consumers. The Company may be exposed to other liability lawsuits, such as tort, regulatory or intellectual property claims. For example, the Company could face allegations and claims that SPINNOVA® fibre is not the most natural man-made fibre. Such lawsuits could be costly to defend and could result in reduced sales, significant liabilities and diversion of management's time, attention and resources. Even claims without merit could subject the Company to adverse publicity and require it to incur significant legal fees. Furthermore, product liability claims and lawsuits, regardless of their ultimate outcome could have a material adverse effect on the Company's business, financial condition, operating results and future prospects and on the value of the Offer Shares.

The Company may be subject to complaints and litigation that could damage the Company's brand and reputation, divert management resources and have direct adverse financial effects

From time to time, the Company may be the subject of complaints and litigation from its employees or third parties, alleging injury, health, environmental, safety or operational concerns, nuisance, negligence or failure to comply with applicable laws and regulations. Any such complaints or claims, even if successfully resolved without direct adverse financial effect, could have a material adverse effect on the Company's brand and reputation and divert its financial and management resources from more beneficial uses. If the Company were to be found liable under any such claims, for instance claims relating to certain product or service deficiencies, it could, for example, be ordered to pay damages or compensation, which would have a material adverse effect on the Company's business, financial condition, operating results and future prospects and on the value of the Offer Shares.

The Company is subject to environmental, health and safety laws and regulations, which, if not complied with, could result in the Company's operations being limited or suspended and the Company incurring monetary penalties

The Company's facilities and operations are or are expected to become subject to environmental, health and safety laws and regulations. These laws and regulations govern, among other things, the use, handling and disposal of hazardous and other regulated substances and employee health and safety. Environmental, health and safety laws and regulations have increasingly become stricter, and the Company may incur additional expenses to ensure compliance with existing or new requirements in the future. Any failure by the Company to comply with such requirements could result in the limitation or suspension of its operations. The Company could also incur monetary fines, civil sanctions, third-party claims or clean up or other costs or damages pursuant to such requirements. In addition, compliance with environmental, health and safety requirements could restrict the Company's ability to expand its facilities or cause the Company to incur other significant expenses.

The materialisation of any of the foregoing risks could have a material adverse effect on the Company's business, financial condition, operating results and future prospects and on the value of the Offer Shares.

The Company's Articles of Association include provisions on notification on the change of holdings and obligation to purchase Shares for the protection of investors and if the Company's shareholders do not comply with such provisions, it could result in restricting the exercise of voting rights of the investors and non-redemption of Shares

Provisions of the Finnish Securities Markets Act on mandatory tender offers or notifications of major holdings do not apply to the Company even after the FN Listing. Therefore, the Articles of Association of the Company in effect as of the FN Listing contain provisions on the shareholders' obligation to notify the Company of the change of holdings and obligation to purchase Shares if certain thresholds specified in the Articles of Association are reached.

When the shareholdings or proportion of voting rights of a shareholder reach, exceed or decrease significantly, the shareholder has the obligation to notify the Company on the change of holdings in accordance with the Articles of Association of the Company. Obligation to notify changes of holdings applies to both Shares and financial instruments. If a shareholder does not notify the Company of the change of holdings in accordance with the Articles of Association, the shareholder may not exercise its voting rights attached to the Shares held by the shareholder prior to the change of holdings until the shareholder has made the required notification.

It is possible that a shareholder gains control of the Company without the other shareholders being informed about it. A shareholder, whose holdings in the Shares in the Company exceed, as defined in the Articles of Association, 30 per cent or 50 per cent, is obligated, in accordance with the Articles of Association, to make an offer to purchase other shareholders' Shares and options entitling to new Shares. Enforcement of the obligation to purchase Shares in accordance of the Articles of Association of the Company will be the sole responsibility of the Board of Directors of the Company and no securities market supervisory authority is responsible for overseeing the enforcement. It is therefore possible that a shareholder who is obliged to purchase Shares in accordance with the Articles of Association but who neglects this obligation, cannot be compelled to comply as efficiently as when such obligation is based on law or on an administrative order. If a shareholder does not comply with the provisions of the Articles of Association or the Articles of Association are not efficiently enforced by the Company's Board of Directors, this could result in restricting the exercise of voting rights of the shareholder who is obliged to buy Shares as well as in non-redemption of the Shares and options of other shareholders, and thus weaken the rights of the Company's shareholders.

Failure to comply with the above-mentioned obligations included in the Company's Articles of Association could have a material adverse effect on the Company's attractiveness as an investment and on the value of the Offer Shares. For more information on notification on the change of holdings and obligation to purchase Shares, please see "*The Shares and Share Capital of the Company – Redemption Right and Obligation and Obligation to Purchase Shares*" and "*The Shares and Share Capital of the Company – Notification on the Change of Holdings*" as well as the Company's Articles of Association included as Appendix A to this Offering Circular.

Risks Related to the Shares

The Company does not expect to pay any dividend in the near to mid-term and the amount of dividends paid by the Company in any given financial year is uncertain

The Company has distributed no dividends since it began operations in 2014. Under the provisions of the Finnish Limited Liability Companies Act (624/2006, as amended) (the "**Finnish Companies Act**"), the amount distributed by the Company as dividends may not exceed the amount of distributable funds shown on its latest audited financial statements adopted by the General Meeting of Shareholders. The possible distribution of dividends over a financial period depends on the Company's results of operations, financial condition, cash flow, investments, future outlook, terms of its financing agreements and other factors. The Company has capitalised development costs in its balance sheet, which is why the Company has only limited distributable funds. Under the Finnish Companies Act, the distribution of dividends is not permitted if it would jeopardise the Company's solvency. In the forthcoming years, the Company will focus on financing the growth and the development of its business. The Company will adhere to this very stringent dividend policy, tied to the Company's results and financial standing. The Company expects to distribute no dividends in the near to mid-term. The amount of any dividends to be potentially paid by the Company in any given financial year is thus uncertain, and if the Company does not pay any dividend, an investor's potential return will depend solely on the future development of the share price. Furthermore, the dividends paid by the Company for a certain financial period are not an indication of the dividends to be paid for financial periods in the future, if any.

The largest shareholder will continue to have significant decision-making power

As at the date of this Offering Circular, the largest shareholder of the Company, Suzano, holds 27.15 per cent of all the Shares and votes issued and outstanding in the Company on a non-diluted basis. If the Offering is carried out as planned, the current largest shareholder of the Company, Suzano, would hold approximately 19.14 per cent of all Shares and votes of the Company (assuming that the Stabilising Manager subscribes for the Additional Shares in full) immediately following the completion of the Offering, and the Company may also have other single significant shareholders of the Company after the completion of the FN Listing. Suzano also owns fifty per cent of the shares and votes in the exclusive joint venture established by the Company and Suzano. For further details on the exclusive joint venture, please see "*Information on the Company and Its Business – Material Agreements – Woodspin Joint Venture Agreement*".

The interests of the Company's largest shareholder will not necessarily correspond with those of other shareholders. Significant decisions made at a General Meeting of Shareholders of the Company include among other things, the adoption of the financial statements, discharge from liability of the management of the Company, deciding on allocation of distributable funds, payment of dividends and election of members of the Board of Directors of the Company and Auditors. Potential conflicting interests may have a material adverse effect on the position of other shareholder of the Company. Further, the concentration of ownership may delay or prevent change of control in the Company and adversely affect the market price and liquidity of the Company's Shares.

Share ownership is concentrated, and the largest shareholders will continue to have significant decision-making power

As at the date of this Offering Circular, the eight (8) largest shareholders of the Company hold 89.06 per cent of all the Shares and votes issued and outstanding in the Company on a non-diluted basis. If the Offering is carried out as planned, the current largest shareholders of the Company, Suzano, Besodos Investors Oy, MAKI.VC FUND I Ky, Beata Domus Ab, Janne Poranen, Juha Salmela, Lenzing AG and Holdix Oy Ab would hold approximately 62.80 per cent of all Shares and votes of the Company (assuming that the Stabilising Manager subscribes for the Additional Shares in full) immediately following the completion of the Offering, and the Company may also have other single significant shareholders of the Company after the completion of the FN Listing.

The interests of the Company's largest shareholders will not necessarily correspond with those of other shareholders. Significant decisions made at a General Meeting of Shareholders of the Company include among other things, the adoption of the financial statements, discharge from liability of the management of the Company, deciding on allocation of distributable funds, payment of dividends and election of members of the Board of Directors of the Company and Auditors. Potential conflicting interests may have a material adverse effect on the position of other shareholders of the Company. Further, the concentration of ownership may delay or prevent change of control in the Company and adversely affect the market price and liquidity of the Company's Shares.

Foreign shareholders may not be able to exercise their pre-emptive subscription right

According to Finnish legislation, shareholders have specific subscription rights in proportion to their holdings when issuing new shares or securities entitling to the subscription of new shares. However, foreign shareholders of the Company may not be able to exercise their subscription rights due to prevailing laws and regulations of their home countries. This may lead to the dilution of the ownership in the Company of such shareholders. Furthermore, if the number of such shareholders who cannot exercise their subscription rights is large and their subscription rights are sold on the market, this may have an adverse effect on the price of the subscription rights. In addition, the legislation of the relevant country may limit the right of a foreign shareholder to receive information on share issues and other important transactions. For more information on shareholders' rights, see "*The Shares and Share Capital of the Company – Shareholders' Rights*".

Future share issues or sales of significant numbers of Shares may decrease the value of the Offer Shares and dilute the shareholders' relative share of votes

A significant issue of new Shares or a significant sale of the Shares by shareholders or an impression that such issuances or sales may occur in the future, may have an adverse effect on the market value of the Shares and on the Company's ability to acquire funds through share issues in the future. In addition, if shareholders decide not to use their subscription rights in possible future rights issues, or if the Company executes directed share issues, the shareholders' proportional ownership and the total share of the voting rights related to the Shares may be diluted.

Holders of nominee-registered Shares cannot necessarily exercise their voting rights

The holders of nominee-registered Shares cannot necessarily exercise their voting rights unless their ownership has been temporarily registered under their own name in Euroclear Finland prior to the General Meeting of Shareholders of the Company. The Company cannot give any assurances that the holders of nominee-registered Shares would receive a summons to the General Meeting of Shareholders of the Company in time to instruct their account operators to either temporarily register their Shares or otherwise exercise their voting rights as the actual owners wish. For more information, please see "*The Shares and Share Capital of the Company – Shareholders' Rights – Voting Rights*".

Investors with a reference currency other than euro will become subject to certain foreign exchange risks when investing in the Shares

The Company uses the euro as its reporting currency. The Shares admitted to trading on the First North Growth Market will be traded and settled in euro and any future payments of dividends on the Shares will be denominated in euro.

Exchange rate fluctuations of the euro will therefore affect the market price of the Shares and the shareholders' return on investments in the Shares, the amount of dividends as well as other distributions received and could result in an increase or decline of the value of Shares for an investor whose principal or reference currency is not euro. In addition, such investors could incur additional transaction costs when converting euro into another currency.

Risks Related to the Offering and the Trading on First North Growth Market

The Shares have not previously been traded in any regulated market or multilateral trading facility, an active and liquid market may not develop on the First North Growth Market, the price of the Shares may be volatile and possible investors may lose a part or all of their investment

Before the FN Listing, the Shares have not been traded in any regulated market or multilateral trading facility, and there is no certainty that after the FN Listing, an active and liquid market will develop for the Shares. Accordingly, the liquidity of the Offer Shares is uncertain. In addition, the Offer Shares are not publicly traded or traded in a multilateral trading facility during the subscription period, nor can the Offer Shares subscribed in the Offering be sold before the end of the subscription period and before the trading in the Offer Shares commences on First North Growth Market. After the completion of the FN Listing, some of the Shares are for a limited period subject to a lock-up as described in section "*Plan of Distribution in the Offering – Lock-ups*" which may in part have an adverse effect on the liquidity of the Shares.

After the FN Listing, the market price of the Shares may be subject to significant fluctuations due to various reasons, such as the Company's ability to reach its business objectives. The Company cannot foresee or estimate any such price fluctuations. In addition, international financial markets have occasionally faced significant price and volume fluctuations regardless of the business development or future outlook of individual companies. In addition, any weakening of the general market situation or securities markets regarding the same type of securities may have a material adverse effect on the value of the Shares.

Share prices and stock markets may from time to time experience significant price and volume fluctuations that may be unrelated to the Company's operating results or prospects. Further, the Company's operating results and prospects may be less than the expectations of the stock markets, market analysts and investors. The Company cannot foresee or estimate these price fluctuations, and the market price of the Offer Shares may rise above or fall below the Subscription Price of the Offering. Any of these factors, if realised, could have a material adverse effect on the Company's business, financial condition, operating results and future prospects and on the value of the Offer Shares.

If the Company fails to implement functions required for a listed company, the Company may face sanctions as a result

The Company's contemplated FN Listing will bring new and more demanding requirements including reporting and corporate governance requirements for listed companies. In addition to non-recurring costs, the FN Listing will incur the Company additional administration costs. It is possible that implementation of such operations and processes and the personnel's adjustment requires more resources than planned and that these tasks cannot be performed with the same level of quality as previously or that such operations will be suspended. The governance, planning, reporting, communications and monitoring systems required from a listed company are more extensive than those required from private limited liability companies. Furthermore, the Company must allocate management, personnel, and other resources to these purposes and ensure the financial requirements to comply with the regulation and guidelines. There is a risk that the current operational risk management and internal control processes may not remain adequate as the Company grows and that the Company may fail to update such processes.

If the Company's processes for the financial reporting and communication to the market are not adequate, there is risk that the Company does not disclose the correct financial information to the market. In addition, demanding communication schedules and dependence on data systems and key personnel may pose challenges to the correctness of financial and other information and to the timely release of such information. If information published by the Company turns out to be incorrect, misleading or otherwise not in compliance with all applicable laws, rules and regulations, the Company may lose the trust of its investors and other interest groups and face sanctions as a result of such actions.

Increased costs or the realisation of the other above-mentioned risks could have a material adverse effect on the Company's business, financial condition, operating results and future prospects and on the value of the Offer Shares.

Investors cannot revoke their investment decisions

Subscriptions made in the Offering are binding and cannot be cancelled or changed, notwithstanding the exception specified in the terms and conditions of the Offering, once a subscription has been made. For more information on the binding subscriptions and cancellation of subscription commitments, see "*Terms and Conditions of the Offering – General Terms and Conditions of the Offering – Cancellation of Commitments*". Therefore, investors must make their investment decision prior to having knowledge of the final outcome of the Offering.

The Offering may not be carried out

In case the Offering does not result in an amount of subscriptions for the Offer Shares satisfactory to the Company and the Sole Global Coordinator and the raised gross proceeds are not at least EUR 100 million, the Offering will not be completed. The completion of the Offering is also conditional upon the signing of the placing agreement. The placing agreement concerning the Offering includes certain customary conditions concerning such aspects as the accuracy and correctness of certain contractual representations and warranties given by the Company. Should one or more of the conditions of the placing agreement be breached, the placing agreement may not be entered into or it may be terminated, as a result of which the Offering will not be carried out. For more information on the placing agreement, please see "*Plan of Distribution in the Offering – Placing Agreement*".

The companies listed on First North Growth Market are subject to less extensive securities market regulation than companies listed on regulated markets, and therefore investing in such company may contain more risks than investing in companies listed on regulated markets

The First North Growth Market is a multilateral trading facility operated by the Helsinki Stock Exchange. The companies listed on the First North Growth Market are subject to less extensive regulation than companies listed on regulated markets and therefore regulation on, for example, provisions on notification of major holdings and proportions of voting rights and mandatory public tender offers in the Finnish Market Securities Act do not apply to the companies listed on the First North Growth Market. However, the Company has included the obligation to notify of the changes of holdings and obligation to purchase Shares if certain thresholds are reached in its Articles of Association. For more information on the risks associated with the provisions on notification on changes of holdings and obligation to purchase Shares, please see " – *Legal, Regulatory and Compliance Risks – The Company's Articles of Association include provisions on notification on the change of holdings and obligation to purchase Shares for the protection of investors but if the Company's shareholders do not comply with such provisions, it could result in restricting the exercise of voting rights of the investors and non-redemption of Shares*" above. Due to these and other differences in regulation, the companies listed on the First North Growth Market and the rights and obligations of their shareholders differ from the rights and obligations of the companies on regulated markets and their shareholders. Investing in a company listed on the First

North Growth Market may contain more significant risks than investing in a company listed on regulated markets.

PARTIES RESPONSIBLE FOR THE INFORMATION GIVEN IN THE OFFERING CIRCULAR

Company

Spinnova Plc
Palokärjentie 2-4
FI-40320 Jyväskylä, Finland

Statement Regarding Information in the Offering Circular

The Company is responsible for the information included in the Offering Circular. To the best knowledge of the Company, the information included in the Offering Circular is in accordance with the facts and the Offering Circular contains no omission likely to affect its import.

THE BOARD OF DIRECTORS, AUDITORS AND ADVISORS

The Members of the Board of Directors of the Company

Name	Position
Timo Soininen	Chair
Ilkka Kivimäki	Member
Gert Kroner	Member
Hanna Liiri	Member
Vinicius Nonino	Member
Juha Salmela	Member
Harri Sundvik	Member

The address of the Board of Directors is Palokärjentie 2-4, FI-40320 Jyväskylä, Finland.

The Sole Global Coordinator and Bookrunner

Carnegie Investment Bank AB, Finland Branch
Eteläesplanadi 22 A
FI-00130 Helsinki, Finland

Legal Advisor to the Company

Borenius Attorneys Ltd
Eteläesplanadi 2
FI-00130 Helsinki, Finland

Legal Advisor to the Sole Global Coordinator

White & Case LLP
Aleksanterinkatu 44
FI-00100 Helsinki, Finland

Auditor of the Company

PricewaterhouseCoopers Oy
Authorised Public Accountants
Itämerentori 2
FI-00180 Helsinki, Finland

Certified Adviser

Alexander Corporate Finance Oy
Pohjoisesplanadi 37
FI-00100 Helsinki, Finland

CERTAIN MATTERS

Forward-Looking Statements

This Offering Circular includes forward-looking statements concerning, among other things, the Company's results, financial position, business strategy and plans and goals for future operations and objectives. Such statements are presented in "*Summary*", "*Risk Factors*", "*Information on the Company and its Business*", "*Operating and Financial Review*" and elsewhere in the Offering Circular.

Forward-looking statements pertain to both the Company, such as certain financial goals that the Company has set for itself, and the sectors and industry in which it operates. Statements containing the expressions "aim", "anticipate", "assume", "believe", "come", "continue", "could", "estimate", "expect", "intend", "may", "plan", "predict", "seek", "target", "will", or other similar expressions express forward-looking statements.

All forward-looking statements in the Offering Circular reflect the present views of the management of the Company of future events, and involve risks, uncertainties and assumptions. Such risks and factors of uncertainty are described, for example, in section "*Risk Factors*", which should be read together with other cautionary statements in the Offering Circular. These forward-looking statements apply only to the situation on the date of the Offering Circular and the Company's actual business operations, results, financial position and liquidity could differ materially from those indicated in the forward-looking statements. Moreover, even if the results of the Company's operations, financial position and liquidity, as well as development in the sectors where the Company operates, were in line with the forward-looking statements presented in the Offering Circular, the results and development are not necessarily indicative of the mentioned results and development of any future periods.

Unless otherwise required under the obligations set in applicable regulations (including the Offering Circular Regulation), the Company will not update or re-evaluate the forward-looking statements in the Offering Circular based on new information, future events or other factors. The statements made in this section apply to all subsequent written or oral forward-looking statements related to the Company or persons acting on behalf of it in their entirety. Persons considering investment should, prior to making an investment decision, carefully consider all factors mentioned in the Offering Circular due to which the Company's actual business operations, results, financial position and liquidity may differ from expectations.

Information from Third-Party Sources

This Offering Circular contains statistics, data and other information relating to the markets, market size, market shares and market positions and other industry data pertaining to the Company's business and markets. Such information is based on the Company's estimates and/or analyses based on multiple sources, such as Euromonitor database, Textile Exchange organisation, Fastmarkets RISI as well as an analysis made by McKinsey & Company in spring 2021 commissioned by the Company and an environmental impact comparison made by Simreka in 2020 commissioned by the Company ("Simreka's environmental impact comparison 2020") and information acquired through other means, unless otherwise stated. The aim of Simreka's environmental impact comparison 2020 was to provide an understanding of potential environmental related impacts and benefits of Spinnova's products based on life cycle impact assessment principles. The results of the analysis are based on early-stage life cycle analysis conducted following life cycle analysis related ISO guidelines (14040 and 14044). The results are based on preliminary data and estimates for manufacturing process and materials in the relevant supply chains.

Where certain information contained in this Offering Circular has been derived from third-party sources, such sources have been identified herein. The Company confirms that such third-party information has been appropriately reproduced herein and that as far as the Company is aware and is able to ascertain from information published by such third parties, no facts have been omitted that would render the reproduced information inaccurate or misleading.

However, the Company does not have access to all of the facts, assumptions and postulates underlying the market analyses, or statistical information and economic indicators contained in sources of third-party information, and the Company is unable to verify such information. Moreover, market studies are frequently based on information and assumptions that may not be exact or appropriate, and their methodology is by nature forward looking and speculative. Therefore, changes in the postulates and their premises on which market studies are based, could have a significant influence on the analyses and conclusions made.

The statements in this Offering Circular on the Company's market position and on other companies operating in its market areas are based solely on the experiences, internal investigations and assessments of the Company, as well as the reports and surveys it has commissioned, which the Company deems reliable. The Company cannot, however, guarantee that any of these statements are accurate or give an accurate description of the Company's position in its market, and none of the Company's internal investigations or information has been verified using external sources independent of those commissioned by the Company.

Unless otherwise identified, information in the Offering Circular related to the quantity of Shares and votes as well as shareholder's equity have been calculated based on information that was registered in the Trade Register at latest by the date of the Offering Circular.

Presentation of Financial Statements and Certain Other Information

Certain financial information incorporated into this Offering Circular are derived from the Company's audited financial statements for the financial years ended 2020, 2019 and 2018 (the "**Audited Financial Statements**"). The Audited Financial Statements have been prepared for the purpose of the Finnish Prospectus and have not been approved by the Company's General Meeting. The Audited Financial Statements have been incorporated by reference into this Offering Circular. The Audited Financial Statements included in the Offering Circular have been audited by PricewaterhouseCoopers Oy, Authorised Public Accountants, with Markku Launis, Authorised Public Accountant, as the Auditor with principal responsibility. PricewaterhouseCoopers Oy, Authorised Public Accountants, was elected as the Company's Auditor with Markku Launis, Authorised Public Accountant, as the Auditor with principal responsibility for the financial period ending 31 December 2021 in the Annual General Meeting of the Shareholders of the Company on 10 May 2021.

The Audited Financial Statements have been prepared in accordance with the Accounting Act (1336/1997, as amended), the Accounting Ordinance (1339/1997, as amended) and the instructions and statements of the Accounting Board operating in connection with the Ministry of Economic Affairs and Employment (together Finnish Accounting Standards, "**FAS**").

The Offering Circular includes interim financial information for the three months ended 31 March 2021 ("**Unaudited Interim Financial Information**") and comparative financial information for the interim financial information for the three months ended 31 March 2020 that have been prepared in accordance with FAS and presented to the extent required by Section 4.4 (e) (i)-(iv) of the First North Rulebook.

Alternative Performance Measures

The Company presents in this Offering Circular certain alternative performance measures of historical financial performance, financial position and cash flows, which, in accordance with the "Alternative Performance Measures" guidance issued by the European Securities and Markets Authority ("**ESMA**") are not accounting measures defined or specified in FAS (the "**Alternative Performance Measures**"). These Alternative Performance Measures are earnings per share (diluted and undiluted), net debt and equity ratio (per cent).

The exact definitions for calculating these Alternative Performance Measures that are not based on the FAS and the reason why the Company believes that the use of each alternative performance measure is beneficial are presented under "*Selected Financial Information – Key Performance Indicators*".

The Company presents Alternative Performance Measures as additional information to measures presented in the income statement, balance sheet, and statement of cash flows prepared in accordance with FAS. In Company's view, Alternative Performance Measures provide the management, investors, securities market analysts and other parties with significant additional information related to Company's results of operations, financial position and cash flows and are widely used by analysts, investors and other parties.

Alternative Performance Measures should not be viewed in isolation or as a substitute to the measures under FAS. All companies do not calculate Alternative Performance Measures in a uniform way, and therefore the Alternative Performance Measures presented in this Offering Circular may not be comparable with similarly named measures presented by other companies.

Alternative Performance Measures are unaudited.

Roundings

Certain figures in the Offering Circular, including financial data, have been rounded. Therefore, the sums of table columns and rows may not necessarily precisely correspond to the figures given as row or column totals. In addition, certain percentages reflect calculations based upon the underlying information prior to rounding and, accordingly, may not conform exactly to the percentages that would be derived if the relevant calculations were based upon the rounded numbers.

Availability of the Offering Circular

The Finnish Prospectus will be available on or about 10 June 2021 on the website of the Company at www.spinnovagroup.com/fi/listautuminen. In addition, the Finnish Prospectus will be available as a printed copy on or about 10 June 2021 at the registered head office of the Company at Palokärjentie 2-4, FI-40320 Jyväskylä, Finland at office hours.

This Offering Circular will be available on or about 10 June 2021 on the website of the Company at www.spinnovagroup.com/ipo.

No Incorporation of Website Information

The Offering Circular, documents incorporated by reference to it and the possible supplements of the Offering Circular, which will become part of the Offering Circular, will be published on the website of the Company. The other contents of the Company's website or any other website do not form a part of the Offering Circular and the FIN-FSA has not reviewed or approved them. Prospective investors should not rely on such information in making their decision to invest in the Offer Shares.

Information Available in the Future

The Company plans to publish its annual report, which includes audited consolidated financial statements and the report of the Board of Directors, for the financial year ending 31 December 2021 onwards, as well as a half-year report for the six months period ending 30 June 2021.

A half-year report for the six months period ending 30 June 2021 is planned to be published on 16 September 2021. The annual reports, including financial statements and the report of the Company's Board of Directors are published in English and in Finnish and the Company's interim reports and the company releases are published in English and in Finnish.

BACKGROUND AND REASONS FOR THE OFFERING AND USE OF PROCEEDS

Reasons for the Offering and FN Listing

The objective of the Offering is to enable Spinnova to implement its growth strategy and finance the Company's investments to scale-up wood-based fibre production through its exclusive joint venture with Suzano starting with the 1,000 tonnes capacity plant expected to be finalised at the end of 2022 and to scale production to 50,000 tonnes of capacity by 2024. Furthermore, the Offering is expected to benefit Spinnova by strengthening the recognition of Spinnova and its SPINNOVA® brand among customers, potential new employees and investors and in the textile sector in general, and thus enhance Spinnova's competitiveness in the market. The FN Listing would also enable the Company to obtain access to capital markets to raise new capital to support its growth strategy and broaden the Company's ownership base with domestic and foreign investors, which would increase the liquidity of the Shares. The FN Listing and increased liquidity would also make it possible to use the Shares more effectively as a means of consideration in incentive programs for personnel.

Use of Proceeds

In the Offering, Spinnova aims to collect gross proceeds of approximately EUR 100 million by offering a maximum of 13,140,605 New Shares for subscription. The Company expects to pay a total of approximately EUR 7 million at the most in fees and expenses in relation to the Offering, assuming that the Company issues 13,140,605 Offer Shares at a subscription price of EUR 7.61 (the number of Offer Shares is calculated assuming that the Over-Allotment Option is not used), and as such, the net proceeds that the Company will receive from the Offering are estimated to be approximately EUR 93 million.

The Company intends to use the net proceeds from the Offering in accordance with the following order of priority: (i) EUR 60 million to finance the Company's investments into the scale-up of wood-based fibre production through its exclusive joint venture with Suzano, and (ii) EUR 40 million for other business development purposes such as upscaling of the production capacity for leather-based fibres, pilot projects in other sustainable raw material areas, continued investments in R&D and patents, additional employee hires, business-to-business marketing, and increased working capital requirements and general corporate purposes, including to cover fees and expenses relating to the Offering.

For information on the effect of the Offering on the Company's capitalisation and indebtedness, see "*Capitalisation and Indebtedness*".

CAPITALISATION AND INDEBTEDNESS

The following table sets forth the Company's capitalisation and indebtedness as at 31 March 2021 (i) as realised based on the Company's unaudited financial information for the three month period ended on 31 March 2021 and (ii) as adjusted to reflect the 1) EUR 93 million net proceeds from the Offering, 2) the share capital increase registered on 2 June 2021, 3) Suzano's additional investment of EUR 5 million into the Company on 18 May 2021 and 4) classification of OP loans in the long-term assuming that the events presented as adjustments would have occurred on 31 March 2021. When reading the following table, it should be noted that the realisation of the Offering is not certain.

The following table should be read together with "*Selected Financial Information*" and "*Operating and Financial Review*" as well as the Audited Financial Statements and Unaudited Interim Financial Information incorporated by reference in this Offering Circular.

	31 March 2021	
(EUR thousand)	**Actual**	**Adjusted**
	(unaudited)	
CAPITALISATION		
Interest-bearing liabilities		
Current interest-bearing liabilities (including current portion of non-current debt)*	**3,500**	**1,000**
Secured	3,500	1,000[4]
Unguaranteed / unsecured	-	-
Non-current interest-bearing liabilities (excluding current portion of non-current debt)*	**3,000**	**5,500**
Secured	-	2,500[4]
Unguaranteed / unsecured	3,000	3,000
Equity		
Share capital	3	80[2]
Reserve for invested unrestricted equity	19,608	124,530[1,2,3]
Retained earnings (loss)	-10,363	-10,363
Profit (loss) for the period	-1,857	-8,571
Total equity	**7,390**	**105,676**
Total interest-bearing liabilities and equity	**13,890**	**112,176**
INDEBTEDNESS		
(A) Cash and cash equivalents	6,017	104,017 [1,3]
(B) Liquidity (A)	6,017	104,017
(C) Current portion of non-current debt*	3,500	1,000
(D) Current indebtedness (C)	**3,500**	**1,000**
(E) Current net indebtedness (D-B)	**-2,517**	**-103,017**
(F) Non-current interest-bearing liabilities (excluding current portion)*	3,000	5,500
(G) Non-current indebtedness (F)	**3,000**	**5,500**
(H) Net indebtedness (E+F)	**483**	**-97,517**

*) Loans from financial institutions

1) The Company aims to raise gross proceeds of approximately EUR 100 million from the Offering (based on EUR 7.61 Subscription price and assuming that 13,140,605 Offer shares will be subscribed). The gross proceedings improve the Company's capital structure by increasing the Company's reserve for invested unrestricted equity as well as cash and cash equivalents with the corresponding amount. Cash and cash equivalents has been adjusted by estimated expenses of EUR 7,000 thousand related to the Offering and FN-Listing and profit (loss) for the period has been adjusted by estimated expenses of EUR 6,714 thousand related to the Offering and FN-Listing, which are incurred and recognized as an expense after the three-month period ended 31 March 2021. The estimated expenses relating to the Offering and FN-Listing are EUR 7,000 thousand in total including the amount recognised as an expense and not paid prior to 31 March 2021.

2) On 10 May 2021, the Annual General Meeting of the Company resolved to change the form of the Company into a public limited liability company and to increase the share capital to reach the required limit of EUR 80,000 from public limited companies through a fund increase. The Company's share capital increased by EUR 78 thousand and the Company's reserve for invested unrestricted equity decreased with a corresponding amount.
3) Suzano has made an additional investment of EUR 5,000 thousand into the Company on 18 May 2021. This investment increases the reserve for invested unrestricted equity and cash and cash equivalents of the Company with the corresponding amount. For further information on this investment, please see "*Operating and Financial Review – Events After the End of the Previous Period*".
4) The Company has received a waiver from OP for the non-compliance with the founder ownership covenant, as described in "*Information on the Company and Its Business – Material Agreements – OP Loan Agreement*", and therefore the long-term portion of this facility of EUR 2,500 thousand has been moved back to non-current liabilities in June 2021.

Apart from the events described above, there have been no material changes in the Company's capitalisation and indebtedness since 31 March 2021.

More information on the Company's conditional debts and certain other off-balance sheet liabilities is presented in section "*Operating and Financial Review – Off-Balance Sheet Commitments*".

Working Capital Statement

The Company has insufficient working capital for its present requirements for a period of at least 12 months as of the date of this Offering Circular. This is mainly due to the Company's investments in research and development of the Company's production technology and investments in the Company's joint ventures over the next 12 months. Based on a conservative revenue forecast and cost estimate, the Company believes that a total of approximately EUR 8 million will be sufficient to cover its working capital shortfall for the 12 months as of the date of this Offering Circular. The Company's current working capital is sufficient until 31 January 2022.

The Company will carry out the Offering to ensure sufficient working capital, to execute the investments into the scale-up of wood-based fibre production and for other business development purposes as well as general corporate purposes. For further information, please see "*Background and Reasons for the Offering and Use of Proceeds – Use of Proceeds*". The Offering is conditional upon that at least EUR 100 million gross proceeds are raised by the Company. The Company has received EUR 58 million as Cornerstone commitments as at the date of this Offering Circular which include the same conditionality for the gross proceeds of EUR 100 million to be raised by the Company as the terms and conditions of the Offering. For further information, please see "*Terms and Conditions of the Offering – General Terms and Conditions of the Offering – Conditionality of the Offering and Publication of the Completion Decision*".

The Company estimates that if the Offering is completed in the intended timetable the gross proceeds of EUR 100 million will provide sufficient working capital (together with the Company's available funds) to meet its current working capital needs for a period of at least 12 months from the date of this Offering Circular. If the Offering is not completed as expected, the Company needs to obtain additional financing to the extent required through other equity or debt financing, and if necessary, downscale significantly its operations through cost reductions and through reducing planned investments. Should the Company be unable to obtain further financing it may meet serious financial difficulties.

DIVIDENDS AND DIVIDEND POLICY

Under the provisions of the Finnish Companies Act, the amount of dividend that the Company will be permitted to distribute is limited to the amount of distributable funds shown in its latest audited parent company financial statements under Finnish Accounting Standards adopted by the general meeting of shareholders, provided that it is not known or should not be known at the time of the distribution decision that the Company is insolvent or that the distribution will cause the insolvency of the Company. The general meeting of shareholders resolves on the distribution of dividends in accordance with the proposal for distribution of dividend made by the Board of Directors of the Company. Dividends on shares in a Finnish limited liability company, if any, are generally declared once a year.

During its existence the Company's operations have been unprofitable and no dividend has been distributed. In the forthcoming years, the Company will focus on financing the growth and the development of its business. The Company will adhere to this very stringent dividend policy, tied to the Company's results and financial standing. The Company expects to distribute no dividends in the near to mid-term.

IMPORTANT DATES

Subscription period of the Offering commences	11 June 2021 at 10:00 a.m. (Finnish time)
The Offering may be discontinued at the earliest	18 June 2021 at 4:00 p.m. (Finnish time)
Subscription period of the Public Offering ends on or about	22 June 2021 at 4:00 p.m. (Finnish time)
Subscription period of the Institutional Offering ends on or about	23 June 2021 at 11:00 a.m. (Finnish time)
Announcement of the final results of the Offering on or about	23 June 2021
Offer Shares subscribed for in the Public Offering registered in the investors' book-entry accounts on or about	24 June 2021
The Offer Shares offered in the Institutional Offering are ready to be delivered against payment through Euroclear Finland on or about	28 June 2021
Trading in the Shares commences on the First North Growth Market on or about	24 June 2021

TERMS AND CONDITIONS OF THE OFFERING

The term "subscription" refers in the following to an investor's offer or commitment in the Offering (as defined below) to subscribe for or purchase Offer Shares (as defined below), and an investor may be allocated either New Shares (as defined below) or Additional Shares (as defined below). Similarly, the terms "subscriber", "offer period", "subscription place", "offer price", "subscription offer" and "commitment" (or other similar terms) refer to both the New Shares (as defined below) and the Additional Shares (as defined below).

General Terms and Conditions of the Offering

General

Spinnova Plc, a public limited company incorporated in Finland (the "**Company**"), aims to raise gross proceeds of approximately EUR 100 million by offering preliminary maximum of 13 140 605 new shares in the Company (the "**New Shares**") for subscription (the "**Offering**"). Unless the context indicates otherwise, the New Shares and the Additional Shares (as defined below) are together referred to herein as the "**Offer Shares**".

A maximum of 13,140,605 new shares in the Company (assuming that the Stabilising Manager (as defined below) does not subscribe for Additional Shares (as defined below)) and a maximum of 15,111,695 new shares in the Company (assuming that the Stabilising Manager (as defined below) subscribes for the Additional Shares (as defined below) in full) may be issued in the Offering. The Offer Shares may represent up to approximately 26.67 per cent of the shares in the Company (the "**Shares**") and of the votes after the Offering assuming that the Stabilising Manager (as defined below) does not subscribe for Additional Shares (as defined below) (approximately 29.49 per cent of the Shares and votes assuming that the Stabilising Manager (as defined below) subscribes for the Additional Shares (as defined below) in full). As a result of the Offering, the number of Shares in the Company may increase to up to 51,243,605 Shares.

The Offering consists of (i) a public offering to private individuals and entities in Finland (the "**Public Offering**") and (ii) an institutional offering to institutional investors in Finland and, in accordance with applicable laws, internationally outside the United States (the "**Institutional Offering**").

Offer Shares will be offered in the Offering outside the United States in offshore transactions in compliance with Regulation S under the U.S. Securities Act of 1933 (the "**U.S. Securities Act**") and otherwise in compliance with said regulation. The Shares (including the Offer Shares) have not been registered, and they will not be registered under the U.S. Securities Act or under the securities laws of any state of the United States and, accordingly, will not be offered or sold, directly or indirectly, in or into the United States (as defined in Regulation S) unless they have been registered under the U.S. Securities Act or unless an exemption from the registration requirements of the U.S. Securities Act is applicable and any applicable state securities laws of the United States are complied with.

The terms and conditions of the Offering comprise of the general terms and conditions of the Offering as well as the special terms and conditions of the Public Offering and the Institutional Offering.

The Offering

The annual general meeting of the Company resolved on 10 May 2021 to authorise the Board of Directors of the Company to resolve on an issue of up to 30,000,000 new shares of the Company. Based on the authorisation, the Board of Directors resolved on 9 June 2021 preliminarily to issue New Shares in the Offering.

The Offer Shares are being offered in deviation from the shareholders' pre-emptive subscription right in order to enable the listing of all shares of the Company on the First North Growth Market ("**First North Growth Market**") of Nasdaq Helsinki Ltd (the "**Helsinki Stock Exchange**") (the "**FN Listing**"). The payment made to the Company for approved subscriptions for New Shares will be recorded in its entirety in the reserve for invested unrestricted equity. Thus, the Company's share capital will not increase in connection with the Offering.

Sole Global Coordinator and Subscription Place

The sole global coordinator for the Offering and the subscription place in the Institutional Offering is Carnegie Investment Bank AB, Finland Branch ("**Carnegie**" or the "**Sole Global Coordinator**"). Nordnet Bank AB ("**Nordnet**") acts as the subscription place in the Public Offering.

Over-Allotment Option

The Company is expected to grant Carnegie as stabilising manager (the "**Stabilising Manager**") an over-allotment option, which would entitle the Stabilising Manager to subscribe for up to 1,971,090 additional new shares in the Company (the "**Optional Shares**") at the Subscription Price (as defined below) solely to cover over-allotments in connection with the Offering (the "**Over-Allotment Option**"). The Over-Allotment Option would be exercisable within 30 days from the commencement of trading of the shares of the Company on First North Growth Market (which is expected to be from 24 June 2021 through 23 July 2021) (the "**Stabilisation Period**"). The Optional Shares represent approximately 3.85 per cent of the Shares and the votes after the Offering assuming that the Company will issue 15,111,695 Offer Shares. However, the Optional Shares shall not exceed 15 per cent of the total number of New Shares.

Stabilisation

The Stabilising Manager may, but is not obligated to, engage in measures during the Stabilisation Period that stabilise, maintain or otherwise affect the price of the shares. The Stabilising Manager may allocate a larger number of shares than the total number of Offer Shares, which will create a short position. The short position is covered if such number of shares does not exceed the number of Optional Shares. The Stabilising Manager is entitled to close the covered short position using the Over-Allotment Option and/or by buying shares on the market. In determining the acquisition method of the shares to cover the short position, the Stabilising Manager may consider, among other things, the market price of the shares in relation to the Subscription Price.

In connection with the Offering, the Stabilising Manager may also bid for and purchase shares in the market to stabilise the market price of the shares. These measures may support the market price of the shares (by raising or maintaining the market price of the shares in comparison with the price levels determined independently on the market or by preventing or delaying any decrease in the market price of the shares). However, stabilisation measures cannot be carried out at a higher price than the Subscription Price. The Stabilising Manager has no obligation to carry out these measures, and it may stop any of these measures at any time. The Stabilising Manager (or the Company on behalf of the Stabilising Manager) will publish the information regarding the stabilisation required by legislation or other applicable regulations. Stabilisation measures may be carried out on First North Growth Market during the Stabilisation Period.

Any stabilisation measures will be conducted in accordance with Regulation (EU) No 596/2014 of the European Parliament and of the Council on market abuse, as amended (the "**Market Abuse Regulatio**n") and the Commission Delegated Regulation (EU) 2016/1052 supplementing the Market Abuse Regulation with regard to regulatory technical standards for the conditions applicable to buy-back programs and stabilisation measures.

The Stabilising Manager and the Company are expected to agree on a share issue and redemption arrangement related to the stabilisation in connection with the Offering. Pursuant to such arrangement, the Stabilising Manager may subscribe for a number of new shares (the "**Additional Shares**") equal to the maximum number of Optional Shares to cover any possible over-allotments in connection with the Offering. To the extent that the Stabilising Manager subscribes for Additional Shares, it must return an equal number of shares to the Company for redemption and cancellation by the Company.

Placing Agreement

The Company and the Sole Global Coordinator are expected to enter into a placing agreement (the "**Placing Agreement**"). In the Placing Agreement, the Company is expected to agree to issue Offer Shares to subscribers procured by the Sole Global Coordinator and the Sole Global Coordinator is expected to agree to procure subscribers for the Offer Shares.

Subscription Period

The subscription period for the Public Offering will commence on 11 June 2021 at 10.00 (Finnish time) and end on 22 June 2021 at 16.00 (Finnish time).

The subscription period for the Institutional Offering will commence on 11 June 2021 at 10.00 (Finnish time) and end on 23 June 2021 at 11.00 (Finnish time).

The Company's Board of Directors has, in the event of an oversubscription, the right to discontinue the Public Offering and the Institutional Offering to end at the earliest on 18 June 2021 at 16.00 (Finnish time). The Public Offering and the Institutional Offering may be discontinued or not be discontinued independently of one other. A company release regarding any discontinuation will be published without delay.

The Company's Board of Directors may extend the subscription periods of the Public Offering and the Institutional Offering. A possible extension of the subscription period will be communicated through a company release, which will indicate the new end date of the subscription period. The subscription periods of the Institutional Offering and the Public Offering will in any case end on 30 June 2021 at 11.00 (Finnish time) at the latest. The Company's Board of Directors may extend or refrain from extending the subscription periods of the Institutional Offering or the Public Offering independently of one another. A company release concerning the extension of the subscription period must be published no later than on the estimated final dates of the subscription periods for the Public Offering or the Institutional Offering stated above.

Subscription Price

The subscription price for the Offer Shares in the Public Offering and the Institutional Offering is EUR 7.61 per Offer Share (the "**Subscription Price**"). The Subscription Price has been determined based on negotiations between the Company and the Sole Global Coordinator. The Subscription Price may be changed during the subscription period, provided, however, that in the Public Offering, the Subscription Price cannot be higher than the original Subscription Price, i.e. EUR 7.61 per Offer Share. Any change would be communicated through a company release.

If the Subscription Price is changed, the Finnish-language prospectus published by the Company in connection with the Offering (the "**Finnish Prospectus**") will be supplemented and the supplement will be published through a company release. If the Subscription Price is changed, and the Finnish Prospectus is supplemented, investors will be entitled to exercise their right of withdrawal under the Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC, as amended (the "**Prospectus Regulation**"). See " – *Cancellation of Commitments*" below.

Conditionality of the Offering and Publication of the Completion Decision

The Company's Board of Directors, in consultation with the Sole Global Coordinator, will decide on the completion of the Offering and the final number of Offer Shares and the allocation of Offer Shares (the "**Completion Decision**") on or about 23 June 2021. The above information will be published through a company release immediately after the Completion Decision and be available on the Company's website at www.spinnovagroup.com/ipo following the publication of the company release and in the subscription places of the Public Offering no later than the business day following the Completion Decision, i.e. on or about 24 June 2021. In case the Offering does not result in an amount of subscriptions for the New Shares satisfactory to the Company and/or the Sole Global Coordinator and the raised gross proceeds are not at least EUR 100 million, the Offering will not be completed. The completion of the Offering is conditional upon the Placing Agreement being entered into and remaining in force.

Cancellation of Commitments

A commitment to subscribe for Offer Shares in the Public Offering (a "**Commitment**") cannot be amended. A Commitment may only be cancelled in the situations provided for in Article 23 of the Prospectus Regulation.

Cancellation in Accordance with the Prospectus Regulation

Where the Finnish Prospectus is supplemented pursuant to the Prospectus Regulation due to a significant new factor, material mistake or material inaccuracy, which may affect the assessment of the Offer Shares ("**Grounds for Supplement**"), investors who have subscribed for Offer Shares before the supplement is published shall, in accordance with the Prospectus Regulation, have the right to withdraw their Commitments within three (3) working days after the supplement of the Finnish Prospectus has been published. Such cancellation period shall last for at least two working days from the publication of the supplement. The cancellation right is further conditional on that the Grounds for Supplement have become known prior to the end of the Subscription Period or the delivery on the book-entry account of the subscriber of the Offer Shares which are subject to the cancellation (whichever occurs earlier).

The Company will announce cancellation instructions by way of a company release. This company release shall also announce investors' right to cancel subscriptions, the period within which subscriptions may be cancelled and more detailed instructions on cancellation. After the end of the cancellation period, the right of cancellation will lapse.

Procedure to Cancel a Commitment

The cancellation of a Commitment must be notified in writing to the subscription place where the initial Commitment was made and within the time limit set for such cancellation. Investors subscribing through Nordnet shall submit a written notice of cancellation by email to operations.fi@nordnet.fi within the time limit set for cancellation or by sending the cancellation to the relevant office, subject to the following exceptions: Commitments submitted by Nordnet customers through the Nordnet online service can be cancelled by an authorised representative or via the Nordnet online service by accepting a separate Commitment cancellation using Nordnet's bank identifiers.

The potential cancellation of a Commitment must concern the entire Commitment. After the time limit set for cancellation has expired, the cancellation right is no longer valid. If a Commitment is cancelled, the place of subscription will return the amount paid for the Offer Shares to the bank account stated in the Commitment. The money is refunded as soon as possible after the cancellation, approximately within five banking days of serving the subscription place with the cancellation notice. If an investor's bank account is in a different bank than the place of subscription, the refund will be paid to a Finnish bank account in accordance with the payment schedule of the financial institutions, approximately no later than two banking days thereafter. No interest will be paid on the refunded amount.

Registration of Offer Shares to Book-Entry Accounts

An investor who is a Finnish natural person or a Finnish entity or foundation and has submitted a Commitment must have a book-entry account with a Finnish account operator or with an account operator operating in Finland. Investors must specify the details of their book-entry account in their Commitments.

The Offer Shares allocated in the Public Offering will be recorded in the book-entry accounts of investors who have made an approved Commitment on or about the first banking day after the Completion Decision, on or about 24 June 2021. In the Institutional Offering, investors should contact the Sole Global Coordinator in respect of subscription offers ("**Subscription Offer**") received by the Sole Global Coordinator or Nordnet in respect of Subscription Offers received in the Public Offering by Nordnet. In the Institutional Offering, the allocated Offer Shares will be ready to be delivered against payment on or about 28 June 2021 through Euroclear Finland.

Title and Shareholder Rights

Title to the Offer Shares will be transferred when the Offer Shares are paid for, registered in the trade register maintained by the Finnish Patent and Registration Office (the "**Trade Register**") and recorded on the investor's book-entry account. Offer Shares carry rights equal to all other shares in the Company and they will entitle their holders to dividends and other distributions of funds as well as other rights related to the shares when the title has been transferred.

Transfer Tax and Other Expenses

Transfer tax is not levied in connection with the issuance or subscription of New Shares in Finland. In the event of oversubscription, the Additional Shares are being allotted in connection with the commencement of trading in the shares on First North Growth Market, and no transfer tax is expected to be payable for these transfers in Finland. If transfer tax is due, the Company will pay or procure the payment of any transfer tax on the allotment of Additional Shares. Account operators charge fees in accordance with their price lists for the maintenance of the book-entry account and for safekeeping of shares.

Trading in the shares

The Company intends to submit a listing application with the Helsinki Stock Exchange to list the shares on First North Growth Market. Trading in the shares is expected to commence on First North Growth Market on or about 24 June 2021. The trading symbol of the share is "SPINN" and the ISIN code is FI4000507595.

When trading on First North Growth Market begins on or about 24 June 2021, not all of the Offer Shares issued in the Offering may yet have been transferred to the investors' book-entry accounts. If an investor wishes to sell Offer Shares subscribed for by it in the Offering on First North Growth Market, the investor should ensure that the number of shares registered to its book-entry account covers the transaction in question at the time of clearing.

Right to Cancel the Offering

The Company's Board of Directors may cancel the Offering at any time before the Completion Decision on the grounds of, *inter alia*, the market conditions, the Company's financial position or a material change in the Company's business. If the Company's Board of Directors decides to cancel the Offering, the subscription price paid by the investors will be refunded in approximately five banking days from the cancellation decision. If an investor's bank account is in a different bank than the place of subscription, the refund will be paid to a Finnish bank account in accordance with the payment schedule of the financial institutions, approximately no later than two banking days thereafter. No interest will be paid on the refunded amount.

Lock-ups

The Company will agree that, during the period that will end on the date that falls 360 days from the FN Listing and commencement of trading (i.e., on or about 19 June 2022), without the prior written consent of the Sole Global Coordinator (which consent may not be unreasonably withheld), it will not issue, offer, pledge, sell, contract to sell, sell any option rights or contract to purchase, purchase any option or contract to sell, grant any option right or warrant to purchase, lend or otherwise transfer or dispose of (or publicly announce such action), directly or indirectly, any Shares or any securities convertible into or exercisable or exchangeable for Shares or enter into any swap or other agreement that transfers to another, in whole or in part, any of the economic consequence of ownership of Shares, whether any such transactions are to be settled by delivery of the Shares or other securities, in cash or otherwise, or submit to the Company's general meeting a proposal to effect any of the foregoing. The Company lock-up does not apply to the Offering, pre-existing rights to purchase or subscribe for Shares based on warrants, options or other special rights entitling to Shares and issued by the Company, or the remuneration or incentive programs described in the Finnish Prospectus.

The members of the Company's Board of Directors and Management Team will agree that they will not, without the prior written consent of the Sole Global Coordinator (which consent may not be unreasonably withheld) and during a period ending 360 days after the FN Listing and commencement of trading (i.e., on or about 19 June 2022), issue, offer, pledge, sell, contract to sell, sell any option rights or contract to purchase, purchase any option or contract to sell, grant any option right or warrant to purchase, lend or otherwise directly or indirectly transfer or dispose of any Shares or any securities convertible into or exchangeable for Shares or enter into any swap or other agreement that transfers to another, in whole or in part, any of the economic consequence of ownership of Shares, whether any such transactions are to be settled by delivery of the Shares or other securities, in cash or otherwise.

The Company's existing shareholders holding at least 5 per cent of the total number of Shares or votes in the Company when trading commences on First North Growth Market will agree that they will not, without the prior written consent of the Sole Global Coordinator (which consent may not be unreasonably withheld) and during a period ending 180 days after the FN Listing and commencement of trading (i.e., on or about 21 December 2021), issue, offer, pledge, sell, contract to sell, sell any option rights or contract to purchase, purchase any option or contract to sell, grant any option right or warrant to purchase, lend or otherwise directly or indirectly transfer or dispose of any Shares or any securities convertible into or exchangeable for Shares or enter into any swap or other agreement that transfers to another, in whole or in part, any of the economic consequence of ownership of Shares, whether any such transactions are to be settled by delivery of the Shares or other securities, in cash or otherwise. There are certain exemptions to the application of the lock-up of such shareholders.

The lock-up applies to approximately 58.27 per cent of the Shares and votes after the Offering assuming that the Stabilising Manager does not subscribe for Additional Shares (approximately 56.03 per cent of the Shares and votes assuming that the Stabilising Manager subscribes for the Additional Shares in full).

Other Matters

Other issues and practical matters relating to the Offering will be resolved by the Board of Directors of the Company.

Documents on Display

The Company's latest financial statements, report of the Board of Directors and the auditor's report as well as the other documents pursuant to Chapter 5, Section 21 of the Finnish Companies Act (624/2006, as amended) (the "**Finnish Companies Act**"), are available during the subscription period at the Company's office at Palokärjentie 2-4, FI-40320 Jyväskylä, Finland.

Applicable Law

The Offering shall be governed by the laws of Finland. Any disputes arising in connection with the Offering shall be settled by a court of competent jurisdiction in Finland.

Special Terms and Conditions Concerning the Public Offering

General

Up to 657,030 Offer Shares are preliminarily offered in the Public Offering to private individuals and entities in Finland. Depending on the demand, the Company may reallocate Offer Shares between the Public Offering and the Institutional Offering in deviation from the preliminary number of Offer Shares without limitation. However, the minimum number of Offer Shares to be offered in the Public Offering will be 657,030 Offer Shares or, if the aggregate number of Offer Shares covered by the Commitments submitted in the Public Offering is smaller than this, such aggregate number of Offer Shares as covered by the Commitments.

The place of subscription has the right to reject a Commitment, either partially or wholly, if the Commitment does not comply with the terms and conditions herein or if it is otherwise incomplete.

Right to Participate and the Minimum and Maximum Amounts for Commitments

Investors whose domicile is in Finland and who submit their Commitments in Finland may participate in the Public Offering. Subscription Commitments in the Public Offering must cover no less than 100 and no more than 20,000 Offer Shares. Each investor may only provide one Commitment in the Public Offering. If an investor provides more than one Commitment in the Public Offering, only the first Commitment will be considered when allocating Offer Shares. Legal entities submitting a Commitment must have a valid LEI code.

Places of Subscription and Submission of Commitments

A Commitment will be considered to have been made when the investor has submitted a signed commitment form to the place of subscription in accordance with instructions of the place of subscription or has confirmed the Commitment with bank identifiers in accordance with the instructions of the place of subscription and paid for the subscription concerned by the Commitment. A Commitment submitted through web subscription is deemed to have been made when the investor has made the Commitment in accordance with the terms and conditions of the web subscription or has confirmed the Commitment with his or her bank identifiers and paid for the subscription price in accordance with the Commitment. Any more detailed instructions issued by the place of subscription must be taken into consideration when submitting a Commitment.

Commitments may only be cancelled in the manner and situations referred to under " – *General Terms and Conditions of the Offering – Cancellation of Commitments*" above.

The places of subscription in the Public Offering for customers with a book-entry account in Nordnet or another bank are:

- Nordnet's online service at www.nordnet.fi/fi/spinnova. Subscriptions can be made in the online service with bank identifiers of Nordnet as well as with bank identifiers of Aktia, Danske Bank, Handelsbanken, Nordea, Oma Säästöpankki, Osuuspankki, POP Pankki, S-Pankki, Säästöpankki and Ålandsbanken.

Submitting a Commitment via Nordnet's online service requires personal bank identifiers. A Commitment can also be made on behalf of corporation through Nordnet's online service. Such decedent's estates and persons under guardianship who are not Nordnet customers may not give a Commitment via the Nordnet online service, but shall rather give their Commitments at the offices of Nordnet, which are open by appointment only.

Commitments by or on behalf of persons under the age of 18, or otherwise under guardianship, must be made by their legal guardians and may require the consent of the local guardianship authority in Finland. A guardian may not subscribe for Offer Shares without the permission of the local guardianship authority, as the Offer Shares are not subject to trading at the time of the Commitment.

Payment for Offer Shares

When submitting a Commitment, the Subscription Price, i.e. EUR 7.61 per Offer Share multiplied by the number of Offer Shares covered by the Commitment is to be paid for the Offer Shares. If the Subscription Price is decreased, the new Subscription Price will be applied to the Commitments submitted thereafter.

The payment of a Commitment submitted via the online service of Nordnet Bank will be charged from the investor's cash bank account in Nordnet when the investor confirms the Commitment with his or her bank identifiers.

Approval of Commitments and Allocation

The Company will decide on the allocation of Offer Shares in the Public Offering to investors after the Completion Decision. The Company will decide on the procedure to be followed in the event of potential oversubscription. Commitments may be approved or rejected in whole or in part. In the case of oversubscription, the Company will aim to accept investors' Commitments for up to 50 Offer Shares, and for Commitments exceeding this number, to allocate Offer Shares in proportion to the amount of Commitments unmet.

A confirmation regarding the approval of the Commitments and the allocation of Offer Shares will be sent to the investors who have submitted their Commitments in the Public Offering as soon as possible and on or about 30 June 2021 at the latest. Nordnet's own customers who made their subscription through Nordnet will see their Commitments as well as the allocation of Offer Shares on the transaction page of Nordnet's online service.

Refunding of Paid Amounts

If the Commitment is rejected or only partially approved and/or if the Subscription Price is changed and the Subscription Price is lower than the amount paid at the time of making the Commitment, the excess amount of the paid amount will be refunded to the party that made the Commitment to the Finnish bank account identified in the Commitment on or about the fifth banking day after the Completion Decision, i.e. on or about 1 July 2021. If an investor's bank account is in a different bank than the place of subscription, the refund will be paid to a bank account in accordance with the payment schedule of the financial institutions, approximately no later than two banking days thereafter. No interest will be paid on the refunded amount. See also " – *General Terms and Conditions of the Offering – Cancellation of Commitments*" above.

Registration of Offer Shares to Book-Entry Accounts

An investor submitting a Commitment in the Public Offering must have a book-entry account with a Finnish account operator or an account operator operating in Finland, and the investor must specify the details of its book-entry account in its Commitment. Subscriptions to equity savings accounts can be made through Nordnet only to an equity savings account provided by Nordnet. The Offer Shares allocated in the Public Offering are recorded in the book-entry accounts of investors who have made an approved Commitment, on or about the first banking day after the Completion Decision (i.e. on or about 24 June 2021).

Special Terms and Conditions Concerning the Institutional Offering

General

Preliminarily up to 12,483,575 Offer Shares are offered in the Institutional Offering to institutional investors in Finland and, in accordance with applicable laws, internationally outside the United States on the terms and conditions set forth herein. Depending on the demand, the Company may reallocate Offer Shares between the Public Offering and the Institutional Offering in deviation from the preliminary number of Offer Shares without limitation. However, the minimum number of Offer Shares to be offered in the Public Offering will be 657,030 Offer Shares or, if the aggregate number of Offer Shares covered by the Commitments submitted in the Public Offering is smaller than this, such aggregate number of Offer Shares as covered by the Commitments.

Offer Shares will be offered in the Institutional Offering to institutional investors outside the United States in offshore transactions in compliance with Regulation S under the U.S. Securities Act and otherwise in compliance with said regulation. The Shares (including the Offer Shares) have not been registered, and they will not be registered under the U.S. Securities Act or under the securities laws of any state of the United States and, accordingly, will not be offered or sold, directly or indirectly, in or into the United States (as defined in Regulation S) unless they have been registered under the U.S. Securities Act or unless an exemption from the registration requirements of the U.S. Securities Act is applicable and any applicable state securities laws of the United States are complied with.

The Sole Global Coordinator has the right to reject a Subscription Offer, either partially or wholly, if it does not comply with the terms and conditions herein or if it is otherwise incomplete.

Right to Participate and Place of Subscription

An investor whose Subscription Offer covers at least 20,001 Offer Shares may participate in the Institutional Offering.

The Subscription Offers of investors in the Institutional Offering will be received by the Sole Global Coordinator.

Commitments by Cornerstone Investors

The cornerstone investors set out below (together the "**Cornerstone Investors**") have each individually in May and June 2021 given subscription undertakings in relation to the Offering, under which the

Cornerstone Investors have, each individually, committed to subscribe for Offer Shares at the Subscription Price, subject to certain conditions being fulfilled, at a pre-money equity value of up to EUR 275 million. The subscription commitments of the Cornerstone Investors are conditional upon that the Company raises gross proceeds of at least EUR 100 million from the Offering. According to the terms and conditions of the subscription undertakings, the Cornerstone Investors will be guaranteed the number of Offer Shares covered in the subscription undertaking. The Cornerstone Investors will not be compensated for their subscription undertakings. The Cornerstone Investors have given subscription undertakings as follows:

- the commitment of certain funds managed by entities owned by Aktia Bank plc amounts to EUR 12.5 million;
- the commitment of certain funds managed by WIP Asset Management Ltd amounts to EUR 12.5 million;
- the commitment of certain funds managed by DnB Fund Management amounts to EUR 10 million;
- the commitment of Ilmarinen Mutual Pension Insurance Company amounts to EUR 10 million;
- the commitment of certain funds managed by Pareto Asset Management amounts to EUR 5 million;
- the commitment of certain funds managed by Sp-Fund Management Company Ltd amounts to EUR 5 million; and
- the commitment of adidas Ventures B.V. amounts to EUR 3 million.

The subscription commitments of the Cornerstone Investors represent approximately 58.00 per cent of the Offer Shares assuming that the Stabilising Manager does not subscribe for Additional Shares (approximately 50.43 per cent assuming that the Stabilising Manager subscribes for the Additional Shares in full). The subscription commitment of certain funds managed by entities owned by Aktia Bank plc as well as the subscription commitment of certain funds managed by WIP Asset Management Ltd both represent approximately 12.50 per cent of the Offer Shares (approximately 10.87 per cent assuming that the Stabilising Manager subscribes for the Additional Shares in full), the subscription commitment of certain funds managed by DnB Fund Management as well as the subscription commitment of Ilmarinen Mutual Pension Insurance Company both represent approximately 10.00 per cent of the Offer Shares (approximately 8.70 per cent assuming that the Stabilising Manager subscribes for the Additional Shares in full), the subscription commitment of certain funds managed by Pareto Asset Management as well as the subscription commitment of certain funds managed by Sp-Fund Management Company Ltd both represent approximately 5.00 per cent of the Offer Shares (approximately 4.35 per cent assuming that the Stabilising Manager subscribes for the Additional Shares in full) and the subscription commitment of adidas Ventures B.V. represents approximately 3.00 per cent of the Offer Shares (approximately 2.61 per cent assuming that the Stabilising Manager subscribes for the Additional Shares in full).

Approval of Subscription Offers and Allocation

In the Institutional Offering, the Company will decide on the approval of Subscription Offers after the Completion Decision. The Company will decide on the procedure to be followed in the event of potential oversubscription. The Subscription Offers may be approved or rejected in whole or in part. A confirmation of the approved Subscription Offers in the Institutional Offering will be provided as soon as practicable after the allocation.

Payment for Offer Shares

Investors in the Institutional Offering must pay for the Offer Shares corresponding to their accepted Subscription Offers in accordance with the instructions issued by the Sole Global Coordinator on or about 28 June 2021. If necessary in connection with a Subscription Offer being made or before the approval of a Subscription Offer, the Sole Global Coordinator has the right provided by the duty of care set for securities intermediaries to require that the investor provide information concerning its ability to pay for the Offer Shares corresponding to its Subscription Offer or require that the payment for the Offer Shares concerned by the Subscription Offer be made in advance. The amount to be paid in this connection is the Subscription Price, i.e. EUR 7.61, multiplied by the number of Offer Shares covered by the Purchase Offer. If the Subscription Price is changed, the new Subscription Price will be applied to the orders submitted thereafter. Possible refunds will be made on or about on the fifth banking day following the Completion Decision, i.e. on or about 1 July 2021. No interest will be paid on the refunded amount.

MARKET AND INDUSTRY REVIEW

The following description contains market and industry information derived from third-party sources and the estimates of the Company's management and analyses based on multiple sources, such as Euromonitor database, Textile Exchange organisation, Fastmarkets RISI as well as an analysis made by McKinsey & Company in spring 2021 commissioned by the Company and Simreka's environmental impact comparison 2020 made by Simreka in 2020 commissionied by the Company and information acquired through other means. Where such information has been derived from third-party sources, the name of the source is given herein. The following discussion also contains estimates regarding the market position of the Company that cannot be gathered from publicly available sources. These estimates are based on information available to the Company from non-public sources and the knowledge of the Company's management of the industries and markets involved, including the analyses conducted by third-parties commissioned by the Company. For further information on the sources for the market and industry information, see "Certain Matters – Information from Third-Party Sources".

Market overview

Introduction to Spinnova's market

114Mt of textile fibres were produced in 2020, and the production is estimated to grow to approximately 146Mt by 2030. The value of the textile fibre market is about EUR 194 billion as of 2020 and is expected to grow to approximately EUR 244 billion by 2030. Furthermore, the global fibre consumption is expected to grow to 150-155mt by 2030, a growth driven by rapid growth of the middle class globally. The number of middle-class consumers is estimated to increase by 1.7 billion people by 2030.

Fashion and apparel represent approximately 75 to 85 per cent of the global fibre market.[1] Since 2000, apparel consumption has more than doubled, growing from around 50 billion units sold in 2000 to more than 130 billion units sold in 2019.[2] The number of units sold in 2019 accounts for approximately 90 million tons of fibre, a market value of approximately EUR 160 billion.[3] The recent increase in apparel consumption is driven by several factors, most importantly the growing middle class contributing to higher consumption, shorter fashion trends and fewer usage times of apparels before disposal.[4]

The fashion and apparel industry accounts for 4 per cent of global greenhouse gas ("**GHG**") emissions, where material production stands for approximately 49 per cent of the GHG emissions.[5] The industry consumes billions of litres of water and is estimated to create more than 90 million tonnes of waste annually.[6] A large share of major fashion and apparel brands have made commitments to significantly

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1 Source: The Fiber Year 2019, 2020, https://www.thefiberyear.com/fileadmin/pdf/TOC2019.pdf; Textile Exchange, Preferred Fiber & Materials Market Report 2020, https://textileexchange.org/wp-content/uploads/2020/06/Textile-Exchange_Preferred-Fiber-Material-Market-Report_2020.pdf; OECD-FAO Agricultural Outlook report, OECD/FAO, 2020, https://www.oecd-ilibrary.org/agriculture-and-food/oecd-fao-agricultural-outlook-2019-2028_a4b3631d-en#:~:text=Cotton%20production%20is%20sensitive%20to,countries%20in%20the%20past%20decade; Euromonitor database, Retail market value for home textile and apparel, 2019 retrieved 2021, https://www.euromonitor.com/; ICAC World textile demand Global Textile Fibre Demand: Trends and Forecast, Retail market value for home textile and apparel, 2019; Fastmarkets RISI database, DWP & softwood price 13 April 2021, https://www.risiinfo.com/service/mill-data-costs/asset-database/; The Freedonia Group, Global non wovens market report, 2019, https://www.freedoniagroup.com/industry-study/global-nonwovens-3693.htm.

2 Source: Ellen McArthur foundation, A new textiles economy: Redesigning fashion's future, 2017, available at http://www.ellenmacarthurfoundation.org/publications; Circular Fibres Initiative analysis based on Euromonitor database, International Apparel & Footwear, 2016 Edition (volume sales trends 2005–2015); Euromonitor database, Retail market for Apparel & Footwear, 2019; World Bank database, World GDP 2000-2020; Ellen MacArthur Foundation, A new textiles economy: Redesigning fashion's future, 2017, available at http://www.ellenmacarthurfoundation.org/publications.

3 Source: The Fiber Year 2019, 2020, https://www.thefiberyear.com/fileadmin/pdf/TOC2019.pdf; Textile Exchange, Preferred Fiber & Materials Market Report 2020, https://textileexchange.org/wp-content/uploads/2020/06/Textile-Exchange_Preferred-Fiber-Material-Market-Report_2020.pdf; OECD-FAO Agricultural Outlook report, OECD/FAO, 2020, https://www.oecd-ilibrary.org/agriculture-and-food/oecd-fao-agricultural-outlook-2019-2028_a4b3631d-en#:~:text=Cotton%20production%20is%20sensitive%20to,countries%20in%20the%20past%20decade; Euromonitor database, Retail market value for home textile and apparel, 2019 retrieved 2021, https://www.euromonitor.com/; ICAC World textile demand Global Textile Fibre Demand: Trends and Forecast, Retail market value for home textile and apparel, 2019; Fastmarkets RISI database, DWP & softwood price 13 April 2021, https://www.risiinfo.com/service/mill-data-costs/asset-database/; The Freedonia Group, Global non wovens market report, 2019, https://www.freedoniagroup.com/industry-study/global-nonwovens-3693.htm.

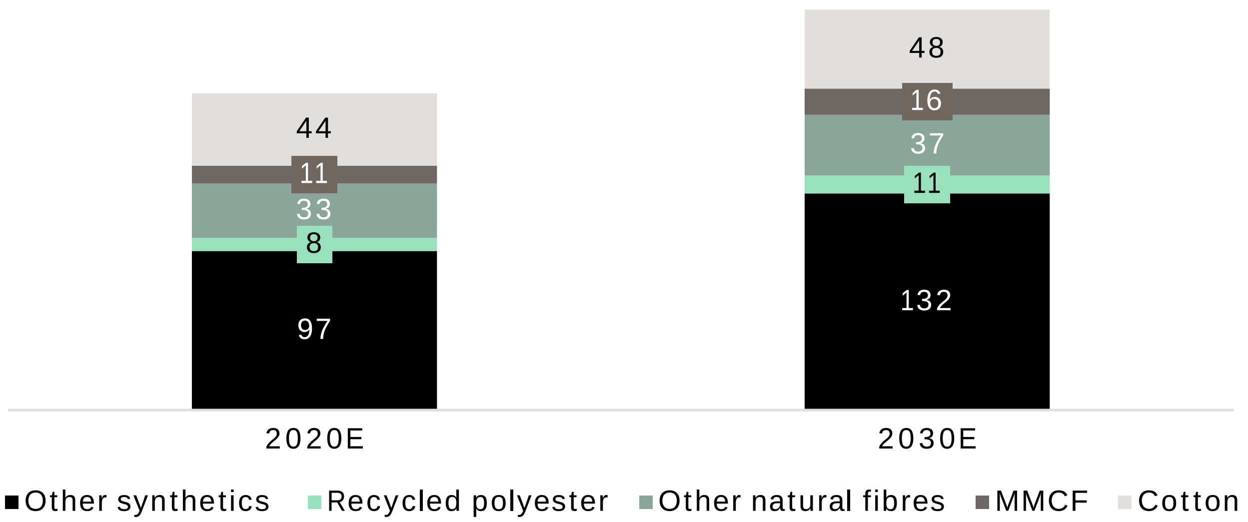
4 Source: Ellen McArthur foundation, A new textiles economy: Redesigning fashion's future, 2017, available at http://www.ellenmacarthurfoundation.org/publications; Circular Fibres Initiative analysis based on Euromonitor database, International Apparel & Footwear, 2016 Edition (volume sales trends 2005–2015); Euromonitor database, Retail market for Apparel & Footwear, 2019; World Bank database, World GDP 2000-2020; Ellen MacArthur Foundation, A new textiles economy: Redesigning fashion's future, 2017, available at http://www.ellenmacarthurfoundation.org/publications.

5 Source: McKinsey & Global Fashion Agenda, Fashion on Climate, August 2020.

6 Source: Niinimäki, K., Peters, G., Dahlbo, H. et al. The environmental price of fast fashion. Nat Rev Earth Environ 1, 189–200 (2020). https://doi.org/10.1038/s43017-020-0039-9.

improve their environmental footprint with more than 77 textile companies having signed up for Science Based Targets[7] and more than 100 fashion brands having committed to cut their GHG emissions by 30 per cent by 2030.[8] Still, under the current trajectory, the apparel industry is not on track towards more than mitigating the effects of its volume growth by 2030.[9]

Global fibre market production value, EUR billion[10]



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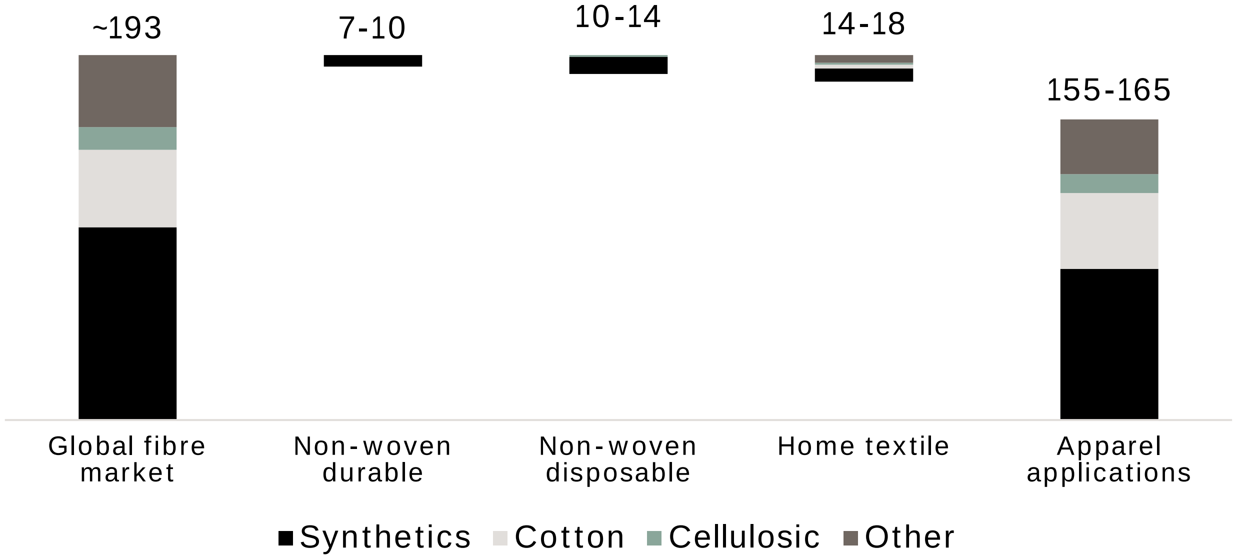
7 Source: Science-based Targets Initiative data retrieved April 2021, sector filtered: "Textiles, Apparel".

8 Source: UNFCC – UN Fashion industry charter, https://unfccc.int/climate-action/sectoral-engagement/global-climate-action-in-fashion/fashion-industry-charter-for-climate-action/participants-in-the-fashion-industry-charter-for-climate-action#eq-1; Management interviews.

9 Source: McKinsey & Global Fashion Agenda, Fashion on Climate, August 2020.

10 Calculated based on 2019 fibre prices and includes the following fibre categories: Cotton: Preferred cotton, regular cotton; MMCF: Viscose, Lyocell, and other MMCF; Other natural fibres: Wool, other animal-based fibres, other plant-based fibres; Synthetics: Virgin polyester, recycled polyester, polyamide, other synthetics. FX: USD to EUR, 2019 = 0.893. Recycled polyester estimated based on synthetics to recycled polyester ration in 2019. Source: Textile Exchange, Preferred Fiber & Materials Market Report 2020, https://textileexchange.org/wp-content/uploads/2020/06/Textile-Exchange_Preferred-Fiber-Material-Market-Report_2020.pdf; International Trade Centre statistics, Yarn pricing across MMCF, Cotton, Polyester, Other synthetics (2015-2021). retrieved 04/2021; Emerging textiles database, Prices for Modal and Lyocell vs. Viscose Staple Fiber (VSF), Raw Silk and Dried Cocoon Prices, Polyester Staple Fibers, Recycled vs. Virgin Polyester Staple Fibers (PSF), Raw silk and dried cocoons, Polyester Staple Fibers (PSF): Recycled v. Virgin (monthly prices), Cotton: Organic vs. BCI vs. Conventional, (2011-2020); Coherent Market Insights, Global Lyocell Fabric Market to Reach 745.9 KT by 2027.

Global fibre production by application area in 2019, EUR Bn[11]



Global apparel consumption and apparel utilisation

The United Nations (the "**UN**") estimates that global population will continue to grow in the coming decades. From 7.8 billion at the end of 2020, the population is expected to grow to 9.8 billion by 2050.[12] While the population is growing, people are also increasingly expected to move out of the low-income segment into the consumption-driving middle-class segment. Approximately 1.7 billion people are expected to make the transition by 2030,[13] which is expected to drive an increase in the total fibre market from around 112 million tonnes of textile in 2019 to around 158 million tonnes in 2030. The growth equals a market value increase of around USD 4 billion per year.[14]

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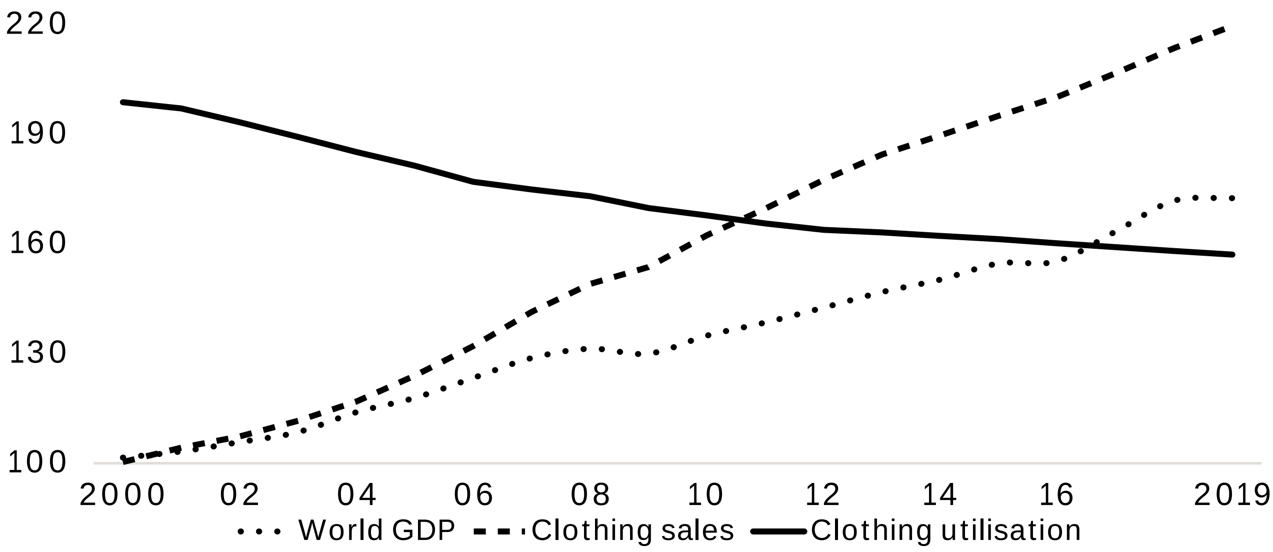
11 Other including silk, wool, down, and plant-based fibres, e.g. as jute, linen and hemp. Assumed similar distribution across different fibres categories in both non-woven durable and disposable. Home textile triangulated based on size of non-woven and apparel applications. Non-woven durable include construction, filtration, textile for transportation, and other applications. Non-woven disposable includes wipes, personal hygiene, and medical/surgical applications and other applications. Source: The Fiber Year 2019, 2020, https://www.thefiberyear.com/fileadmin/pdf/TOC2019.pdf; Textile Exchange, Preferred Fiber & Materials Market Report 2020, https://textileexchange.org/wp-content/uploads/2020/06/Textile-Exchange_Preferred-Fiber-Material-Market-Report_2020.pdf; OECD-FAO Agricultural Outlook report, OECD/FAO,2020, https://www.oecd-ilibrary.org/agriculture-and-food/oecd-fao-agricultural-outlook-2019-2028_a4b3631d-en#:~:text=Cotton%20production%20is%20sensitive%20to,countries%20in%20the%20past%20decade; Euromonitor database, Retail market value for home textile and apparel, 2019 retrieved 2021, https://www.euromonitor.com/; ICAC World textile demand Global Textile Fibre Demand: Trends and Forecast, Retail market value for home textile and apparel, 2019; Fastmarkets RISI database, DWP & softwood price 13 April 2021, https://www.risiinfo.com/service/mill-data-costs/asset-database/; The Freedonia Group, Global non wovens market report, 2019, https://www.freedoniagroup.com/industry-study/global-nonwovens-3693.htm.

12 Source: The UN, 2017: World population projected to reach 9.8 billion in 2050, and 11.2 billion in 2100 | UN DESA | United Nations Department of Economic and Social Affairs.

13 Source: Brookings Institution, 2018: Bloggers, Buzz and Soundbites: Innovative Media Approaches to Humanitarian Response (brookings.edu), available at https://www.brookings.edu/events/bloggers-buzz-and-soundbites-innovative-media-approaches-to-humanitarian-response/.

14 Estimated on an average textile fibre price of USD 900 per tonne.

Clothing sales and utilization comparison to world GDP, indexed (2000 = 100)[15]

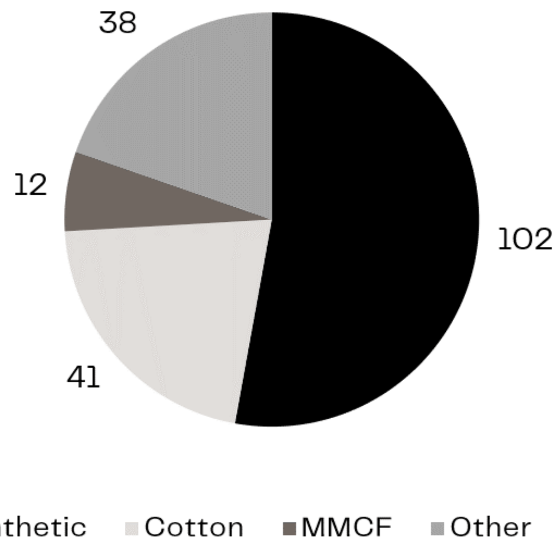


The global fibre mix and fibre types

The global fibre market consists of several fibre types, which can be divided into natural fibres, man-made cellulosic fibres (“**MMCF**”) and synthetic fibres (petroleum based). Natural fibres include plant-based fibres such as cotton and linen, animal-based fibres such as wool and silk and mineral based fibres such as glass fibre. Man-made cellulosic fibres can include chemically regenerated fibres, such as viscose, acetate, carbamate, lyocell, fibres produced with ionic liquids and cupro. Synthetic fibres include fibres that are produced from petroleum such as polyester, acrylic and elastane. Synthetic fibres represent the largest part of the global fibre market.

[15] Clothing utilization: average number of times a garment is worn before it ceases to be used (index starts at 200). Clothing utilization values for 2016-19 estimated based on previous growth rates. Source: Ellen MacArthur Foundation, A new textiles economy: Redesigning fashion's future, 2017, available at http://www.ellenmacarthurfoundation.org/publications; Circular Fibres Initiative analysis based on Euromonitor database, International Apparel & Footwear 2016 Edition (volume sales trends 2005–2015); Euromonitor database, Retail market for Apparel & Footwear, 2019; World Bank database, World GDP 2000-2020; Ellen MacArthur Foundation, A new textiles economy: Redesigning fashion’s future, 2017, available at http://www.ellenmacarthurfoundation.org/publications.

Share of textile fibre types by value, 2019 (EUR Bn)[16]



A shortage of natural-based fibres

As the global apparel market is growing, there is an increasing demand for fibre production. However, according to current estimates the forecasted supply of fibres will not be able to meet the fibre demand for at least three meaningful reasons. Firstly, only 60-70 per cent of global fibre supply can be synthetic due to the limits of its applications and properties. Secondly, global cotton production has slowed down due to the shortage of cultivable land and decreased availability of water. Thirdly, natural fibres, such as animal and plant-based fibres, have limited applications and scalability. These factors are expected to form a shortage in natural fibre production.[17]

Fibres that could meet the capacity requirements are synthetic fibres, which are based on fossil petroleum, or natural-based fibres. Synthetic fibres lack certain properties, which make them inadequate substitutes for natural fibres. In addition, synthetic fibres have been severely criticised due to their negative environmental impacts.[18] The Company therefore believes that its fibre product SPINNOVA® fibre will play an important role in the textile industry's future efforts to meet the appropriate textile fibres demand, and also in replacing the environmentally harmful, synthetic fibres. The management of the Company believes the shortage of natural-based fibres equate to roughly EUR 45-60 billion business opportunity by 2030.

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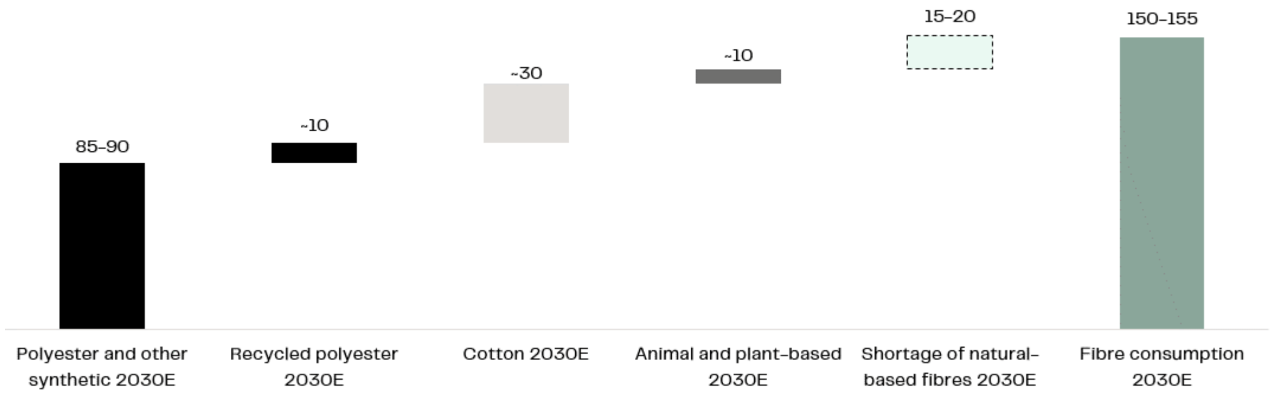
16 Other including silk, wool, down, and plant-based fibres, e.g. as jute, linen and hemp. Source: The Fiber Year 2019, 2020, https://www.thefiberyear.com/fileadmin/pdf/TOC2019.pdf; Textile Exchange, Preferred Fiber & Materials Market Report 2020, https://textileexchange.org/wp-content/uploads/2020/06/Textile-Exchange_Preferred-Fiber-Material-Market-Report_2020.pdf; OECD-FAO Agricultural Outlook report, OECD/FAO, 2020, https://www.oecd-ilibrary.org/agriculture-and-food/oecd-fao-agricultural-outlook-2019-2028_a4b3631d-en#:~:text=Cotton%20production%20is%20sensitive%20to,countries%20in%20the%20past%20decade; Euromonitor database, Retail market value for home textile and apparel, 2019 retrieved 2021, https://www.euromonitor.com/; ICAC World textile demand Global Textile Fibre Demand: Trends and Forecast, Retail market value for home textile and apparel, 2019; Fastmarkets RISI database, DWP & softwood price 13 April 2021, https://www.risiinfo.com/service/mill-data-costs/asset-database/; The Freedonia Group, Global non wovens market report, 2019, https://www.freedoniagroup.com/industry-study/global-nonwovens-3693.htm.

17 Source: Haemmerle, Franz, The Cellulose Gap (The Future of Cellulose Fiber), Lenzinger Berichte 89 (2011).

18 Source: Haemmerle, Franz, The Cellulose Gap (The Future of Cellulose Fiber), Lenzinger Berichte 89 (2011).

The estimated shortage of natural-based fibres in 2030 (mt)[19]



The global fibre mix in the textile fibre market* and Spinnova's *target market

SPINNOVA® fibre is suitable for multiple applications and industries, but the Company is first focusing on the apparel industry because of SPINNOVA® fibre's cotton-like qualities and the apparel industry's high demand for sustainable materials. The apparel industry's fibre demand, which is estimated to amount to approximately EUR 190 billion in 2030, can be roughly split between MMCF, cotton, other natural fibres, polyester, and other synthetics.[20]

The Company believes the SPINNOVA® fibre could replace MMCFs, cotton and other natural fibres, and recycled polyester, amounting to a target market of EUR 95 billion in 2020, which is expected to grow to EUR 110 billion by 2030, corresponding to approximately 47 million fibre tonnes in 2020 and 59 million fibre tonnes in 2030.[21] Furthermore, on top of this the Company's target market is expected to grow when also including the aforementioned shortage of natural-based fibres. According to the view of the Company's management, there is no technical barrier why SPINNOVA® fibres could not replace also other textile fibres in longer term.

There are multiple key drivers that fuel the growth, including an increased demand for apparel, a shortening of the apparel lifecycle, growing recognition of the apparel industry's environmental impact, as well as the fact that sustainable materials are the largest contributor to reducing the impact of the apparel industry on the environment. Global apparel sales growth significantly outpaced global GDP growth between 2000 and 2020. During the 20-year period, global apparel demand has grown 120 per cent, while global GDP has increased by 72 per cent. Reasons for the growth include a growing middle-class population across the globe and the growth of the "fast fashion" trend. While the "fast fashion" trend has contributed to a growth in apparel sales, it has typically been cheaply produced. This has caused the utilisation of apparel (meaning the average number of times a garment is worn before it ceases to be used) to decrease during the same time period by over 20 per cent.[22] Additional drivers within the production of sustainable textiles are listed in " – *Trends and drivers for increased production of sustainable textiles*" below.[23]

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19 Source: Textile Exchange, Preferred Fiber & Materials Market Report 2020, https://textileexchange.org/wp-content/uploads/2020/06/Textile-Exchange_Preferred-Fiber-Material-Market-Report_2020.pdf; The Fiber Year report 2020; the UN, World Population Prospects; Haemmerle, Franz, The Cellulose Gap (The Future of Cellulose Fiber), Lenzinger Berichte 89 (2011).

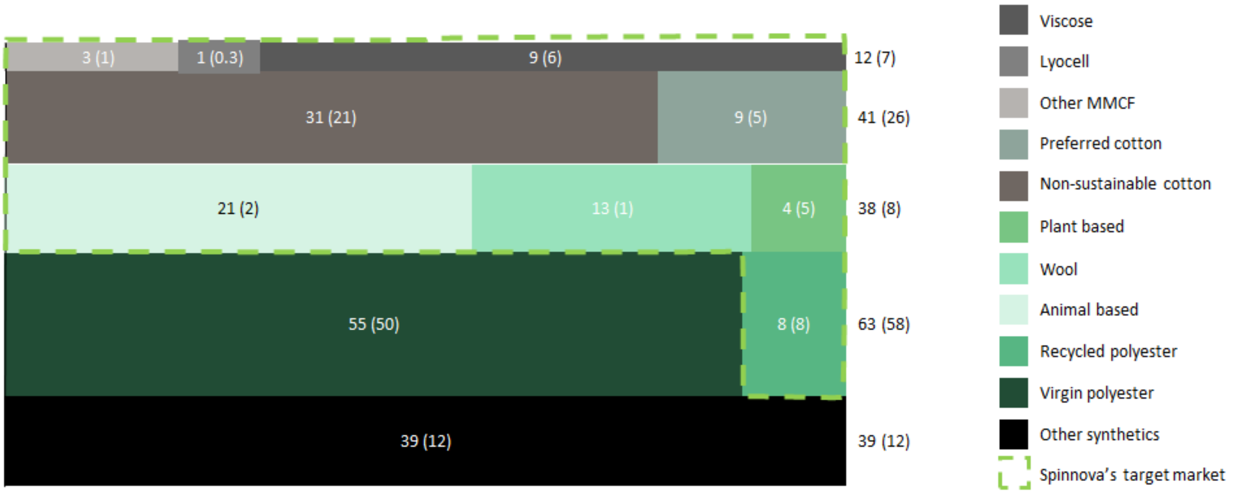
20 Including silk, wool, down, and plant-based fibres, e.g. as jute, linen and hemp.

21 Source: Textile Exchange, Preferred Fiber & Materials Market Report 2020, https://textileexchange.org/wp-content/uploads/2020/06/Textile-Exchange_Preferred-Fiber-Material-Market-Report_2020.pdf; International Trade Centre statistics, Yarn pricing across MMCF, Cotton, Polyester, Other synthetics (2015-2021). retrieved 04/2021; Emerging textiles database, Prices for Modal and Lyocell vs. Viscose Staple Fiber (VSF), Raw Silk and Dried Cocoon Prices, Polyester Staple Fibers, Recycled vs. Virgin Polyester Staple Fibers (PSF), Raw silk and dried cocoons, Polyester Staple Fibers (PSF): Recycled v. Virgin (monthly prices), Cotton: Organic vs. BCI vs. Conventional, (2011-2020).

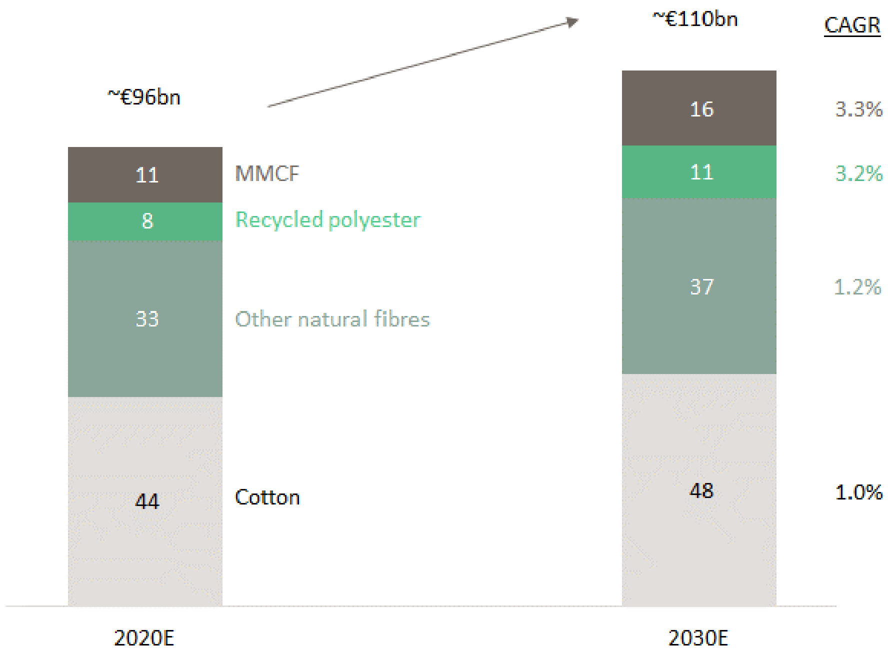
22 Apparel utilization values for 2016-19 estimated based on previous growth rates.

23 Source: Ellen McArthur foundation, A new textiles economy: Redesigning fashion's future, 2017, available at http://www.ellenmacarthurfoundation.org/publications; Circular Fibres Initiative analysis based on Euromonitor database, International Apparel & Footwear, 2016 Edition (volume sales trends 2005–2015); Euromonitor database, Retail market for Apparel & Footwear, 2019; World Bank database, World GDP 2000-2020; Ellen MacArthur Foundation, A new textiles economy: Redesigning fashion's future, 2017, available at http://www.ellenmacarthurfoundation.org/publications.

Textile fibre market production value in 2019, EUR Bn (Mt)[24]



Spinnova's target market[25]



24 The target market includes minor share from subcategories that are not addressable such as silk. FX: USD to EUR, 2019 = 0.893. Other MMFC: Modal & Cupro. Preferred cotton: ABRAPA, BASF e3, BCI, Cleaner Cotton, CmiA, Fairtrade, Fairtrade Organic, Field to Market, ISCC, myBMP, Organic, REEL Cotton, Regenerative Cotton, and Transitional Cotton. Plant based: Jute, Coir, Flax, Sisal, Bast, Ramie, Kapok, Abaca, Hemp, Other. Animal based: Down, Silk. Preferred cotton (EUR) estimated as a ~16% mark-up for conventional cotton estimated based on 2020 cotton prices. Plant-based (EUR) estimated based on ITC statistics. Source: Textile Exchange, Preferred Fiber & Materials Market Report 2020, https://textileexchange.org/wp-content/uploads/2020/06/Textile-Exchange_Preferred-Fiber-Material-Market-Report_2020.pdf; International Trade Centre statistics, Yarn pricing across MMCF, Cotton, Polyester, Other synthetics (2015-2021). retrieved 04/2021; Emerging textiles database, Prices for Modal and Lyocell vs. Viscose Staple Fiber (VSF), Raw Silk and Dried Cocoon Prices, Polyester Staple Fibers, Recycled vs. Virgin Polyester Staple Fibers (PSF), Raw silk and dried cocoons, Polyester Staple Fibers (PSF): Recycled v. Virgin (monthly prices), Cotton: Organic vs. BCI vs. Conventional, (2011-2020).

25 Spinnova's target market is expected to grow at a total CAGR of approximately 1.6 per cent between 2020 and 2030. Source: Textile Exchange, Preferred Fiber & Materials Market Report 2020, https://textileexchange.org/wp-content/uploads/2020/06/Textile-Exchange_Preferred-Fiber-Material-Market-Report_2020.pdf; International Trade Centre statistics, Yarn pricing across MMCF, Cotton, Polyester, Other synthetics (2015-2021). retrieved 04/2021; Emerging textiles database, Prices for Modal and Lyocell vs. Viscose Staple Fiber (VSF), Raw Silk and Dried Cocoon Prices, Polyester Staple Fibers, Recycled vs. Virgin Polyester Staple Fibers (PSF), Raw silk and dried cocoons, Polyester Staple Fibers (PSF): Recycled v. Virgin (monthly prices), Cotton: Organic vs. BCI vs. Conventional, (2011-2020); Coherent Market Insights, Global Lyocell Fabric Market to Reach 745.9 KT by 2027.

Value chain

The apparel industry value chain

Spinnova operates in the apparel industry value chain, which starts from raw materials followed by many subsequent steps in order to produce the final products that reach customers. At the beginning of the value chain is the production of textile fibre. The ways in which fibre is produced varies according to the type of fibre, whether natural or synthetic. The fibre is spun into yarn, which is then weaved or knitted into fabric. Fabric can then be used to create apparel that is sold to consumers. Yarn and fabric makers as well as apparel makers typically work as contractors for the apparel brands which hold the highest level of power in the value chain.

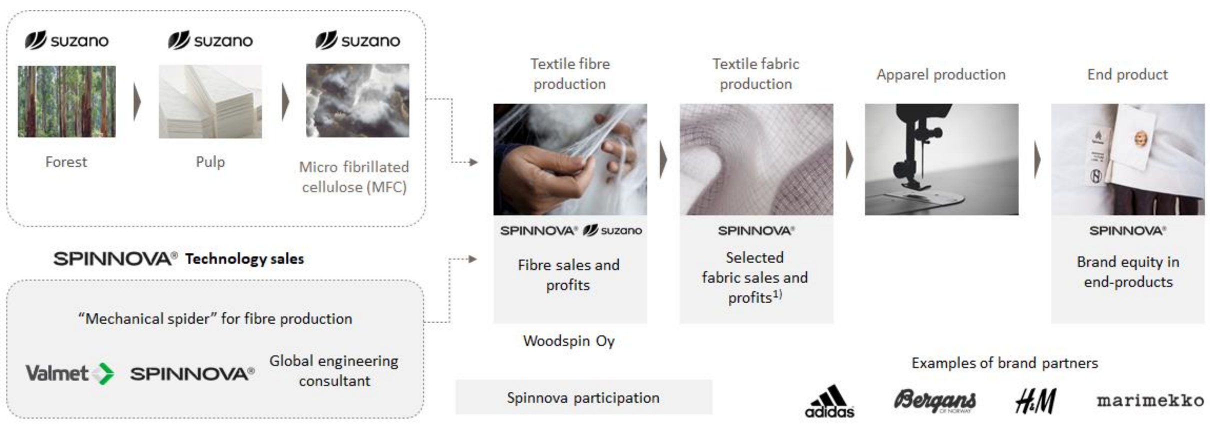
Spinnova's position in the value chain

Spinnova is present across the value chain. In addition to being able to produce the most natural man-made fibres from multiple raw material feedstocks and providing highly competitive technology, Spinnova is also present in several parts of the value chain through cooperation with multiple parties within the value chain, creating an integrated process. As further described in "*Information about the Company and Its Business*", Spinnova has established partnerships and joint ventures along the value chain. The exclusive joint venture partnership with pulp and paper producer Suzano allows Spinnova to secure one of its key raw material streams, MFC, at a fixed price level for 18 months, for the initial 1,000 tonnes plant, and a required quality in order to produce SPINNOVA® fibre. Spinnova has also entered an exclusive joint venture partnership with KT Trading, the sister company of the global shoemaker ECCO, to utilise leather waste as a feedstock. This collaboration with KT Trading is a concrete example that Spinnova technology can utilise multiple different raw materials as feedstock.

As the stream of feedstock enters the fibre producer's production process, a specialized set of machinery is required to convert the feedstock into fibre. The process for wood-based raw material begins with mixing the MFC with harmless additives, followed by extrusion of the mixed MFC, which is then dried, cut into staple fibres and collected.

Spinnova also has cooperations with the latter part of the value chain, the apparel brands. It has entered multiple joint development partnerships and has carried out strategic development collaborations with leading fashion names such as adidas AG ("**adidas**") and the H&M Hennes & Mauritz GBC AB (the "**H&M Group**"). Through these partnerships, Spinnova expects to take its textile materials to the market, to establish a well-known name for itself and to gain a foothold in the global apparel industry through increased brand value and visibility. Via the various brand partnerships and co-branding of products with the SPINNOVA® trademark, Spinnova is able to showcase its fibre in different apparels.

Spinnova's participation in the value chain (illustrated using wood raw material as an example)[26]



Note: 1) Spinnova's plan is to outsource fabric manufacturing to third parties.

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[26] Source: Company management information.

The input material market[27]

Spinnova's production technology can use multiple types of feedstock with wood pulp having the widest practical availability today. Spinnova's potential input feedstock is based on four categories, namely wood pulp, leather waste, agricultural residue or other textile waste.

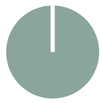
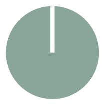
Pulp is a material that is produced by separating cellulose fibres from wood, fibre crops, wastepaper and rags. Especially pulp made from wood is traditionally used in the creation of paper products, such as printing, writing and tissue papers. Wood pulp is expected to be one of the most relevant input materials in Spinnova's operations as it is considered to be both competitive in price and easily available even in large quantities and volume.

Leather waste is also expected to be a highly relevant input material for Spinnova. Spinnova's technology utilises the proteins the leather waste contains to create a new, most natural man-made fibre. Despite a much lower feedstock capacity when compared to e.g. wood pulp, leather waste is expected to form a meaningful raw material input for Spinnova. SPINNOVA® fibre made from leather waste is expected to be priced higher than SPINNOVA® fibre made from wood pulp.

Theoretically, there are large amounts of agricultural residue available. It is theoretically an inexpensive resource that has similar properties and chemical composition as wood (cellulose) and it is highly suitable for textile fibre production. Typical examples of agricultural residue include rice straw, wheat straw, rice husk, barley and corn stover. However, the agricultural residue does not have established markets nor infrastructure on a global commercial scale today, which is limiting its use as feedstock.

Textile waste contributes to a smaller portion of the total currently available potential input material for Spinnova. However, in the future, it is possible that a higher amount of textile waste will be available as feedstock once the planned legislation for textile recycling is implemented for example in the EU. Spinnova can use textile waste by grinding it mechanically to MFC, or use textile waste based pulp.

Different types of feedstock[28]

	Feedstock available, Mt/a (€/tonne)	Pulp production capacity, Mt/a (€[29]/tonne)	Fibre material	Relevance[30]
Wood pulp	~700Mt/a[31]	~70 Mt/a[32]	Fibre extracted from wood	
Leather waste	~10 Mt/a	***Note***: *No pulp production step required*	Fibre made from solid leather waste	

[27] Source: Fastmarkets RISI, Agricultural Waste Fibers Towards Sustainability and Advanced Utilization, Asian Journal of Plant Sciences, 2016; The Food and Agriculture Organization of the UN, FAO; Ellen MacArthur Foundation, A new textiles economy: Redesigning fashion's future, 2017, available at http://www.ellenmacarthurfoundation.org/publications; Textile Exchange, Preferred Fiber & Materials Market Report 2020, https://textileexchange.org/wp-content/uploads/2020/06/Textile-Exchange_Preferred-Fiber-Material-Market-Report_2020.pdf.

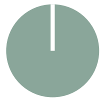
[28] Source: Fastmarkets RISI, Agricultural Waste Fibers Towards Sustainability and Advanced Utilization, Asian Journal of Plant Sciences, 2016; The Food and Agriculture Organization of the UN, FAO; Ellen MacArthur Foundation, A new textiles economy: Redesigning fashion's future, 2017, available at http://www.ellenmacarthurfoundation.org/publications; Textile Exchange, Preferred Fiber & Materials Market Report 2020, https://textileexchange.org/wp-content/uploads/2020/06/Textile-Exchange_Preferred-Fiber-Material-Market-Report_2020.pdf.

[29] FX: USD to EUR, 2019 = 0.893.

[30] The relevance of the raw material input is based on price and availability. Spinnova's technology is capable of utilizing all of the mentioned input materials.

[31] Feedstock amount calculated from production values of pulp and correlating to relevant species.

[32] 39.6 Mt/a BHKP (58.4%); 28.4 Mt/a BSKP (41.6%).

Agricultural residue	~600-700 Mt/a[33] ***Note:*** *Theoretical capacity. Not all feedstock is collectable/ available for use*		Natural fibre extracted from agricultural residues like corn stover, coconut husks etc.	
Textile waste today	<1Mt/a[34] *Note: potential for significant increase over time*	Note: no commercial pulp production at scale today Number of innovative players are able produce pulp from textile waste, e.g. Renewcell	Fibre produced from recycled mixed textile waste	

Trends and drivers for increased production of sustainable textiles

Consumer awareness

One of the most important recent consumer trends has been the significant increase in environmental awareness as sustainability has become a key factor in consumption decisions.

Consumers are willing to pay more for sustainable products. For example, 31 per cent of Generation Z (people born 1996-2019) are willing to pay more for sustainable items, whereas only 12 per cent of Boomers (people born 1946-1964) are willing to do so.[35]

The increased environmental awareness has not only changed consumer behaviour but also increased the political pressure for stricter legal requirements for the garment industry. In this new political and legal environment with more focus on environmental issues, several initiatives have been enacted. As examples, the European Union has legislated a number of regulations, which will come into force as of 2025, and in France, laws have been introduced that promote the circular economy and limit the waste of surplus apparel items.[36]

Regulations for increased textile recycling

As part of the increased political pressure on stricter legislation for apparel companies regarding sustainability, the European Commission introduced a circular economy action plan in March 2020, which aims at promoting textile recycling.[37] By 2025, every EU member country must offer separate collection of used textiles, and in addition member countries must take action in preventing collected material from going to landfills or incineration.[38] On a country level, many countries have taken their own initiatives and actions in order to reduce textile waste. France has introduced legislation encouraging the circular economy and the prohibition of destroying surplus apparel items, while Turkey expanded its zero-waste program to include textiles. In the Nordics, the Swedish government has undertaken actions with the purpose of increasing collection and recycling and to implement a national strategy for the support of circular economy.[39,40]

33 Estimated assuming 40 per cent waste out of agricultural production of ~1600 Mt/a based on Asian Journal of Plant Sciences, 2016.

34 Assuming only 1 per cent of textile-to-textile recycling out of ~100 Mt of fibre used in textile p.a.

35 Source: McKinsey New Age of the Consumer US Survey 2019.

36 Source: McKinsey Apparel CPO Survey 2019.

37 Source: European Commission, A new Circular Economy Action Plan: https://eur-lex.europa.eu/legal-content/EN/TXT/?qid=1583933814386&uri=.

38 Source: European Union, Textiles in Europe's circular economy: Textiles in Europe's circular economy — European Environment Agency, https://ec.europa.eu/environment/strategy/circular-economy-action-plan_en.

39 Source: Government of Sweden, Ett produktansvar för textile, https://www.regeringen.se/4ada18/contentassets/b6ad93ca7b9a40518355624c010dea7d/producentansvar-for-textil--en-del-av-den-cirkulara-ekonomin-sou-202072..

40 Source: Government of Sweden: Sverige ställer om till en cirkulär ekonomi: Sverige ställer om till en cirkulär ekonomi - Regeringen.se.

The Single-Use-Plastics (SUP) directive

The European Commission also introduced a Directive to ban certain single-use plastic products from 3 July 2021 onwards, where sustainable alternatives are easily available and affordable. Currently the Directive is addressing plastic items such as food containers, plastic bags and cigarette butts. It is possible that the EU's plastic definition also includes viscose or other MMCFs, which is used in a major share of clothes, due to chemical modification in the production process.[41]

In case the ban was to affect viscose or other MMCFs, it would imply competitive advantages to other players such as Spinnova in for example the market of wet wipes and other hygiene products which have traditionally been made of viscose or petroleum based raw materials.

The Paris Agreement and the UN's Fashion for Global Climate Action

During the 2015 climate conference in Paris, 196 countries entered into the world's first universal, legally binding global climate agreement, the Paris Agreement.[42] The purpose of the Agreement is to act against climate change. Following the Paris climate conference and the Paris Agreement, the UN network "Fashion for Global Climate Action"[43] was started, with the purpose of aligning the garment industry with the goals and objectives of the Paris Agreement and moving it towards net zero emissions by the year of 2050.

2030 Agenda for Sustainable Development

The 2030 Agenda for Sustainable Development is an initiative to solve and work towards the UN Sustainability Goals, which was launched in 2015. One of the sustainability goals is to safeguard sustainability in consumption and production, and as part of striving towards this goal, the amount of waste from consumption and productions must be significantly reduced by 2030. The reduction in waste is to be attained through prevention, reduction, reuse and recycling.[44]

Problems with cotton[45]

Cotton production creates a significant environmental burden through chemical pollution, water and soil degradation and habitat loss. While cotton cultivation only uses 2.4 per cent of global cropland, cotton cultivation accounts for approximately 20 per cent of global insecticide usage, which is higher than for any other single crop.

Cotton production is water intensive with c. 2,700 litres of water required to produce the cotton used in one T-shirt. Soil degradation is a major issue and in the 12 leading cotton producing countries, 12 to 36 per cent of the area under cotton production is affected by salinization. Production of cotton is sensitive to pests and weather conditions, and risk of production stagnation is significant with yield growth slow in several countries in the past decade.

Competitive landscape

Competing technologies and Spinnova's positioning

Based on the Company's understanding, Spinnova is one of the first companies in the world that is able to produce the most natural man-made fibre, commercially manufactured from wood pulp using mechanical processes only and without chemically modifying the fibres. Thus, the Company believes that it has an excellent market position as both customers and apparel companies are favouring

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41 Source: European Parliament, Parliamentary question for written answer E-004738/2020 https://www.europarl.europa.eu/doceo/document/E-9-2020-004738_EN.html.

42 Source: The UN, Paris Agreement, 2015: https://unfccc.int/process-and-meetings/the-paris-agreement/the-paris-agreement.

43 Source: The UN, Fashion for Global Climate Action: https://unfccc.int/sites/default/files/resource/20_REP_UN%20FIC%20Playbook_V7.pdf.

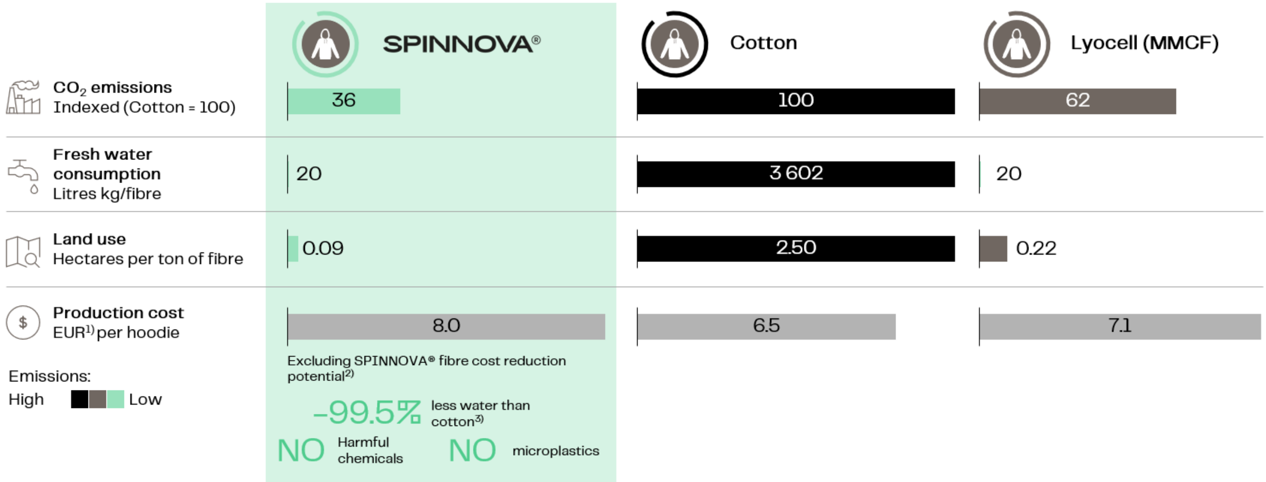
44 Source: The UN, Transforming our world: the 2030 Agenda for Sustainable Development, 2015: https://sdgs.un.org/2030agenda.

45 Source: IUCN-Biodiversity Risks and Opportunities in the Apparel Sector, https://portals.iucn.org/library/efiles/documents/Rep-2016-001.pdf; World Wide Fund for Nature, The sustainability of cotton, The impact of cotton on freshwater resources and ecosystems; Food and Agriculture Organization of the UN, FAO, World fertilizer trend and outlook for 2019; S. S. Muthu (Ed.), Roadmap to sustainable textile and clothing: Ecofriendly raw materials, technologies, and processing methods, Springer Science+Business Media Singapore, 2015; expert interviews; World Economic Forum; World Bank database, World GDP 2000-2020; GaBi database for CO_2 emissions and use of fresh water; McKinsey 2020, Biodiversity: The next frontier in sustainable fashion; OECD/ Food and Agriculture Organization of the UN, FAO, OECD-FAO Agricultural Outlook, 2020.

environmentally friendly solutions for the manufacturing of garment and looking for sustainable options that meet the capacity requirements.

Many other fibre producers use natural-based feedstock, but their chemical or dissolving processes change the chemical structure of the feedstock, resulting in man-made fibres, which can even be classified as plastic in certain products. There are also other mechanical processes that use no harmful chemicals, but these technologies and fibres require synthetic, oil-based materials or they are limited to smaller scale (e.g. cotton mechanical recycling).

The following picture shows a comparison of CO_2 emissions, fresh water consumption, land use and production costs from the production of a hoodie made from SPINNOVA® fibre with hoodies made from other fibres:



Note: 1) Estimated based on the t-shirt production cost calculation logic from Hasan et al. 2020, assuming that production of a cotton t-shirt costs 2.15 EUR and requires ~200g undyed fabric, a hoodie requires ~600g undyed fabric (excluding zippers etc.). Cost of yarn production and all other costs assumed to remain constant for the same weight of fabric used (~86% of cost of cotton hoodie); 2) Future cost reduction potential likely driven by decrease in price of raw material, optimized energy efficiency and price, optimized process, and economies of scale; 3) Calculated based on index values (cotton = 100 and Spinnova = 0.5). 99.5% less consumption is based on calculations where cotton irrigation has been included in the water consumption. Eucalyptus does not require irrigation. Source: ICAC, Hasan et al. 2020 "Addressing Social Issues in Commodity Markets", Simreka's environmental impact comparison 2020, Shen and Patel " Life Cycle Assessment of man-made cellulose fibres" (2010), Emerging textiles.

Comparison of competing technologies [46]

	CHEMICAL OR DISSOLVING PROCESS	MECHANICAL PROCESS WITH NO HARMFUL CHEMICALS
MMCF	Birla Cellulose, Natural fiber welding, Saxcell, Infinited Fiber, Evrnu, Ioncell, Lenzing, Tangshan Sanyou Group, Sateri, Tree to textile, Agraloop	SPINNOVA®
SYNTHETIC OIL BASED[1)]	Garbo, Loop Industries, DePoly, Gr3n, ioniqa, Cure, Polycycl, Ineos, Aromatics, Origin, Fairbrics, Dupont	Alpek, Toray Group, Unifi, Reliance, Polylana

1) Includes also biobased polyesters.

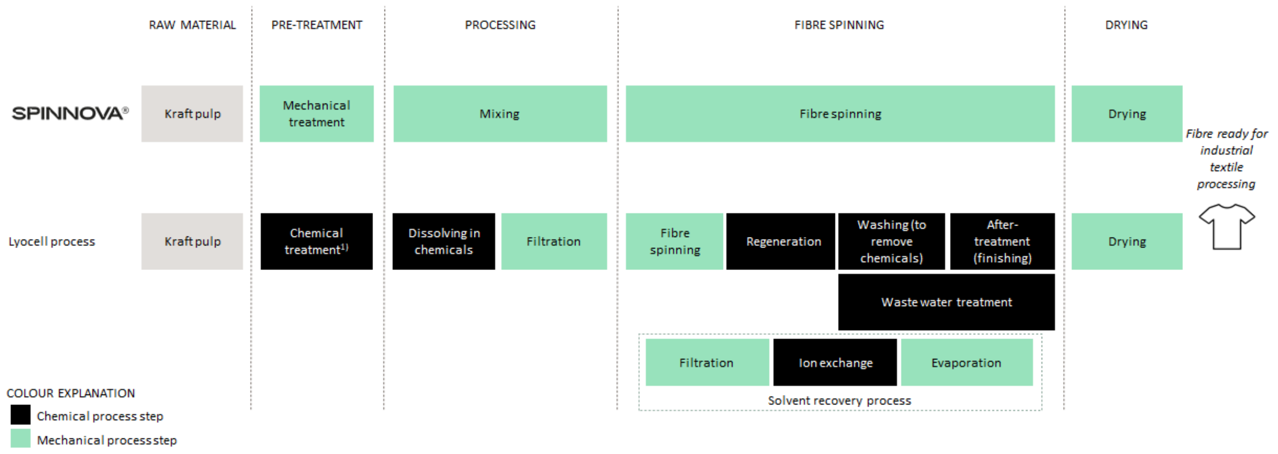
Comparison of different fibre production processes

Different feedstocks can be categorised as natural feedstock-based and synthetics feedstock-based fibres. Many manufacturers use natural-based feedstock, but their chemical or dissolving processes change the chemical structure of the feedstock. According to the current knowledge of the Company,

[46] Source: Press search; Company websites; Expert interviews.

Spinnova is the only scalable producer using wood-based feedstock with a mechanical process, resulting in the most natural man-made fibre product.[47]

Comparison of selected cellulose fibre production processes[48]



1) Pre-treatment refers to the extraction of hemicellulose to get dissolving pulp, which is a raw material in the lyocell process. Alternatively, dissolving pulp can be produced with the sulfite process.

Comparison of competitors and their production processes[49]

	Natural-based feedstock		Synthetics-based feedstock	
Process category	Mechanical	Chemical/dissolving	Chemical	Chemical or mechanical
Players	SPINNOVA®	Birla Cellulose, Agraloop, Lenzing, Saxcell, Ioncell, Renewcell, Natural fibre welding, Tangshan Sanyou Group, Sateri, Infinited Fiber, Evrnu, Tree to Textile	Virent, Avantium, Anellotech, Fairbrics, Origin, Natureworks, Mango materials, Kintra, Dupont	Gr3n, Carbios, Loop, Poseidon Plastics, Cure, Ioniqa, Jeplan, Polycycl, Toray Group, Garbo, Revolpet, Depoly, Ineos, Alpek, Far Eastern New Century, Reliance, Unifi, Polylana

The Company classifies SPINNOVA® fibre as the most natural man-made textile fibre due to its structural properties. The mechanical production process uses no harmful chemicals and produces no waste or side streams. The look and feel of SPINNOVA® fibre is similar to natural fibres such as cotton and linen.

Technical features and sustainability performance of competing apparel fibres

The key technical features of fibres used in apparel can be categorised between mechanical properties and touch and feel. Usual parameters for function include strength, elongation and absorbency, whereas parameters for touch and feel include breathability, thermal insulation, and natural feel, respectively.

47 Source: Company websites; Expert interviews.

48 Source: Zhang et al. (2018): NMMO regenerative cellulose; Company management's information.

49 Source: Company websites; Expert interviews.

Based on customer feedback received by the Company, in comparison to other sustainable fibres and adjacent materials, SPINNOVA® fibre produced fabric is typically comparable in function while it has high values in natural touch and feel.

Comparison of different textile fibres[50,51]

	Touch and Feel				Apparel customer view	
Material	Natural feel	Breathability	Thermal insulation	Moisture management	Look	Character
SPINNOVA®	High	High	High	High	▪ Natural ▪ Matt	▪ Robust
Cotton	High	High	Low	Low	▪ Natural ▪ Matt	▪ Robust
Wool	High	High	High	Medium	▪ Natural ▪ Matt	▪ Soft ▪ Robust
Lyocell (MMCF)	Low	High	Low	Low	▪ Artificial look ▪ Shiny	▪ Soft and slippery ▪ Floppy
rPET (recycled polyester)	Low	Low	Low	Low	▪ Plastic	▪ Robust ▪ Adjustable

50 Source: Company management interviews; Expert interviews; Press search, Rencheng T, Jianping Z, Shiying M., Lyocell textile dyeing and finishing technology. Beijing: China Textile Press, 2001

51 The elongation percentage is approximately 20 per cent for SPINNOVA® fibre made from leather waste.

	Functional properties (for production)					Recycling
Material	Fineness	Strength	Elongation	Abrasion resistance	Shrink resistance	Lives[1)]
SPINNOVA®	Medium	Medium	Passable	Medium	High	High
Cotton	Medium	Medium	Passable	Medium	High	Low
Wool	Medium	Passable	High	Medium	Passable	Low
Lyocell (MMCF)	Wide	High	Medium	Passable	Passable	Low
rPET (recycled polyester)	Wide	High	High	High	High	Medium

Note: 1) Number of times the fibre can be recycled.

SPINNOVA® fibre display "Best in Class" sustainability performance across GHG emissions, water depletion and land use when compared to e.g. cotton, wool, lyocell, viscose and polyester. The sustainability performance of apparel fibres is often measured by traditional measures such as GHG emissions, water depletion or use, land use, chemical use, pollution and other negative impacts. GHG emissions and water use are measured per kilogram of fibre, and land use is measured per hectares per tonne of fibre.

Comparison of different textile fibres' sustainability performance[52]

Impact: Negative ■■■■■ Positive

		Sustainability metrics					
MATERIAL	FIBRE TYPE	GHG EMISSIONS kg CO2/kg, indexed[2]	WATER DEPLETION/ USE liters/kg, indexed[2)]	LAND USE hectares/tonne, indexed[2)]	OTHER NEGATIVE IMPACTS	DESCRIPTION OF OTHER NEGATIVE IMPACTS (e.g. chemicals use, pollution)	ESTIMATED SUSTAINABILITY RANKING[3)]
SPINNOVA®[1)]	The most natural man-made fibre	0.3-0.4	~0	<0.05	low		#1
COTTON - CONVENTIONAL	Natural	1.0	1.0	1.0	high	Farming and use of fertilizers and pesticides degrades soil quality, water quality, and biodiversity	#6
COTTON - ORGANIC	Natural	0.7-0.9	~0.1	0.7-0.9	medium	Similar environmental impacts as with conventional cotton, but reduced as use of fertilizers and pesticides is reduced	#5
WOOL	Natural	6.0-6.5	~0.1	5.0-5.5	medium	Ethical issues related to animal welfare	#7
LYOCELL	Man-made	0.5-0.7	~0	~0.1	medium	Chemical dissolving techniques used, less harmful chemicals used than in viscose production	#2
VISCOSE	Man-made	0.7-0.9	~0	0.1-0.2	high	Chemical dissolving techniques used	#3
POLYESTER	Synthetic	0.7-0.9	<0.05	~0.1	high	Microplastics pollution	#4

52 1. Assuming that high efficiency wind electricity is used in manufacturing.

2. Indexed to cotton (indexed value = value / value of cotton).

3. The Company estimates the sustainability ranking based on GHG emissions, water depletion/use, land use, and other negative impacts with a weighted formula as follows: 1) Indexed values are multiplied by weights and summed together

Other applicable markets for Spinnova

Spinnova is initially focused on the textile material market related to apparel applications. However, SPINNOVA® fibre's qualities are suitable for multiple other applications and, hence, the same fibre that will be sold to apparel brands could be sold to other industries as well. Other industries where Spinnova can focus already in the short term include home and interior textiles, transportation textiles and industries utilising non-woven materials such as healthcare, hygiene and packaging. Additionally, SPINNOVA® fibre could be used in the production of composite materials to replace the use of other fibres. Megatrends like growing global middle-class and environmental awareness drive demand especially in the non-woven and home textile markets.

Non-woven market

The main application areas within the non-woven market can be split between disposable and durable non-woven goods. Suitable applications within the non-woven disposable products include personal hygiene products, wipes, medical and surgical products, and other disposable products, which added up to a total demand of 7-9 million fibre tonnes, which is equivalent to EUR 10-14 billion.[53] The qualities of SPINNOVA® fibre are especially suitable for personal hygiene products and wipes due to its good water absorbency and biodegradability properties. Hence, it could substitute viscose and synthetic fibres in these applications.

In the non-woven durable segment, the major areas are construction, filtration, motor vehicles and other durable non-woven end-uses. SPINNOVA® fibre could be used in construction applications for example in thermal insulation due to the fibre's good insulation properties. The non-woven durable market size for fibres was 5-8 million tonnes in 2019, corresponding to EUR 7-10 billion.[54]

Interior textile market

The home textile market can be categorised into living room textiles, bath textiles, rugs, bed textiles and kitchen and dining textiles, where, according to the view of the Company's management, SPINNOVA® fibre has demonstrated positive results in rugs and living room textiles due to its natural feel and haptics. The global retail home textile market size was EUR 97 billion in 2020 and it is expected to grow to EUR 123 billion in 2025.[55] Sustainability is a major trend in these consumer driven product categories as well, and many of these products have similar hand feel to the SPINNOVA® fibre.

(Weights: GHG emissions = 2, water depletion/use = 1, land use = 1, other negative impacts = 1. For other negative impacts, following numerical values are used: low = 0, medium = 1, high = 2), 2) materials are ranked according to the summed values.

Source: Research articles: Life Cycle Assessment of man-made cellulose fibres, 2010, Shen, Patel, https://www.researchgate.net/publication/50925966_Life_Cycle_Assessment_of_man-made_cellulose_fibres, Life Cycle Assessment (LCA) of Organic Cotton Report, 2014, Textile exchange, https://textileexchange.org/wp-content/uploads/2017/06/TE-LCA_of_Organic_Cotton-Fiber-Summary_of-Findings.pdf, Wool Production, Systematic review of Life Cycle Assessment studies, 2019 Devaux, http://kth.diva-portal.org/smash/record.jsf?pid=diva2%3A1299372&dswid=-4989, Greenhouse gas emissions profile for 1 kg of wool produced in the Yass Region, New South Wales: A Life Cycle Assessment approach, 2013, Brock et al.https://www.researchgate.net/publication/268631844_Greenhouse_gas_emissions_profile_for_1_kg_of_wool_produced_in_the_Yass_Region_New_South_Wales_A_Life_Cycle_Assessment_approach; Textile Exchange, Preferred Fiber & Materials Market Report 2020, https://textileexchange.org/wp-content/uploads/2020/06/Textile-Exchange_Preferred-Fiber-Material-Market-Report_2020.pdf; Stockholm Environment Institute, Ecological footprint and water analysis of cotton, hemp, and polyester, 2005; Simreka's environmental impact comparison 2020, Company's management interviews.

53 Source: The Fiber Year 2019, 2020, https://www.thefiberyear.com/fileadmin/pdf/TOC2019.pdf; Textile Exchange, Preferred Fiber & Materials Market Report 2020, https://textileexchange.org/wp-content/uploads/2020/06/Textile-Exchange_Preferred-Fiber-Material-Market-Report_2020.pdf; OECD-FAO Agricultural Outlook report, OECD/FAO, 2020, https://www.oecd-ilibrary.org/agriculture-and-food/oecd-fao-agricultural-outlook-2019-2028_a4b3631d-en#:~:text=Cotton%20production%20is%20sensitive%20to,countries%20in%20the%20past%20decade; Euromonitor database, Retail market value for home textile and apparel, 2019 retrieved 2021, https://www.euromonitor.com/; ICAC World textile demand Global Textile Fibre Demand: Trends and Forecast, Retail market value for home textile and apparel, 2019; Fastmarkets RISI database, DWP & softwood price 13 April 2021, https://www.risiinfo.com/service/mill-data-costs/asset-database/; The Freedonia Group, Global non wovens market report, 2019, https://www.freedoniagroup.com/industry-study/global-nonwovens-3693.htm.

54 Source: The Fiber Year 2019, 2020, https://www.thefiberyear.com/fileadmin/pdf/TOC2019.pdf; Textile Exchange, Preferred Fiber & Materials Market Report 2020, https://textileexchange.org/wp-content/uploads/2020/06/Textile-Exchange_Preferred-Fiber-Material-Market-Report_2020.pdf; OECD-FAO Agricultural Outlook report, OECD/FAO, 2020, https://www.oecd-ilibrary.org/agriculture-and-food/oecd-fao-agricultural-outlook-2019-2028_a4b3631d-en#:~:text=Cotton%20production%20is%20sensitive%20to,countries%20in%20the%20past%20decade; Euromonitor database, Retail market value for home textile and apparel, 2019 retrieved 2021, https://www.euromonitor.com/; ICAC World textile demand Global Textile Fibre Demand: Trends and Forecast, Retail market value for home textile and apparel, 2019; Fastmarkets RISI database, DWP & softwood price 13 April 2021, https://www.risiinfo.com/service/mill-data-costs/asset-database/; The Freedonia Group, Global non wovens market report, 2019, https://www.freedoniagroup.com/industry-study/global-nonwovens-3693.htm.

55 Source: Euromonitor database, Retail market value for home textile and apparel, 2019, https://www.euromonitor.com/.

Composites

Additionally, SPINNOVA® fibre could be used in the production of composite materials to replace the use of other fibres. In the view of the management of the Company, SPINNOVA® fibre has demonstrated positive results in this area and for example prototype alpine skis have been produced using SPINNOVA® fibre.

INFORMATION ON THE COMPANY AND ITS BUSINESS

Overview

The Company has developed a production technology for a transformative, new textile fibre known as SPINNOVA® fibre produced with a mechanical production process. The Company classifies SPINNOVA® fibre as the most natural man-made textile fibre due to its structural properties. The mechanical production process uses no harmful chemicals and produces no waste or side streams. The look and feel of SPINNOVA® fibre is similar to natural fibres such as cotton and linen. The Company believes that its production technology provides a sustainable alternative for the global textile market as consumers are increasingly demanding and willing to pay more for sustainable alternatives to water and chemical intensive cotton or man-made fibres such as polyester and viscose. The Company's production technology allows for the production of SPINNOVA® fibre from multiple raw material inputs, including wood and leather waste, and other renewable raw materials such as agricultural, food and beverage industry waste and textile waste. Wood pulp currently has the widest practical availability and is expected to be one of the most relevant input materials in Spinnova's operations. SPINNOVA® fibre is 100 per cent recyclable, quickly biodegradable, contains no microplastics and can be produced without dissolution or the use of harmful chemicals or harmful additives. Carbon dioxide ("**CO_2**") emissions from the production of SPINNOVA® fibre are approximately 65 per cent less than that of cotton over the lifecycle from farming to fibre processing, and considerably less than that of polyester and viscose.[56] Having completed the main phase of research and development, the Company is ramping up its global commercialisation phase. The Company expects to commercialise its technology platform, which is able to produce SPINNOVA® fibre from multiple raw materials without requiring changes in the underlying technology.

The Company's technology platform has been proven effective at the Company's industrial scale pilot production facility in Jyväskylä, Finland that has been operational in two to three working shifts for more than two years. The Company's technology platform is protected by strong worldwide IPR protection, including 36 granted international patents and 46 pending patents in nine patent families. The granted and pending patents protect the SPINNOVA® fibre, the "Mechanical Spider" apparatus on which SPINNOVA® fibre is produced and the finalised process by which SPINNOVA® fibre is produced from cellulose and natural proteins. The Company's SPINNOVA® brand has trade name level protection in most global geographies.

The Company's revenue was EUR 92 thousand for the three-month period ended 31 March 2021, EUR 21 thousand for the three-month period ended 31 March 2020 and EUR 254 thousand for the financial period ended 31 December 2020, EUR 758 thousand for the financial period ended 31 December 2019 and EUR 190 thousand for the financial period ended 31 December 2018. The Company is expected to derive earnings from sales of its proprietary technology, fibre production and sales, and fabric sales. The Company expects to make technology sales to SPINNOVA® fibre producers, including, but not limited to, the Company's joint ventures with Suzano and KT Trading. For the wood-based and leather waste based raw materials, the joint ventures with Suzano and KT Trading produce SPINNOVA® fibres, which are sold to apparel brands and other buyers, and the Company then receives a share of earnings based on its ownership of the relevant joint venture. For other raw material streams, the fibre production may be done conducted directly by the Company or through joint ventures. The Company will produce SPINNOVA® fabrics by purchasing SPINNOVA® fibres from the joint ventures and converting the SPINNOVA® fibres into fabrics that are sold to apparel brands and other buyers.

As at the date of this Offering Circular, the Company has 49 permanent employees, of whom approximately 40 per cent are women and approximately 60 per cent are men. The Company's employees consist of six different nationalities. After 1 January 2018, the Company has obtained a total of EUR 25.3 million in funding composed of both equity and debt financing, product development grants from Business Finland and product development loans from the State Treasury. The Company is seeking admission to the First North Growth Market primarily to gain access to additional funding from the international capital markets to scale its operations and commercialise its sustainable materials and technology platform. For more information on the reasons for the Offering, please see "*Reasons for the Offering and Use of Proceeds*".

History

While the Company was incorporated in November 2014, its technology is the result of more than ten years of research and development. The idea that led to the incorporation of the Company stems from 2009 when Juha Salmela and Janne Poranen worked with microcellulose research at the Technical Research Centre of Finland ("**VTT**"). During their work, Salmela discovered similarities between the flow properties of microcellulose and protein in spider webs. This discovery led Salmela to investigate whether wood fibre could be spun into textile fibre in a similar manner as a spider spins protein into spiderweb. They determined that it could be and refined and patented this process over the following

[56] Source: Simreka's environmental impact comparison 2020.

years into a validated technology platform. Spinnova owns the technology behind the technology platform and expects to commercialise it and the resulting sustainable materials: SPINNOVA® fibre and fabrics.

Key historical events

The following table outlines important events in the Company's history:

Year	Events
2014	- Spinnova Ltd was incorporated;
2015	- Lenzing, VTT, Besodos Investors Oy and Finnish private investors become shareholders of the Company; - the Company and Lenzing start a joint development agreement;
2016	- the Company focused its technology development on MFC; - the Company bought IPR to use MFC as a raw material for SPINNOVA® fibre production;
2017	- Suzano became a shareholder of the Company; - the Company began working with Suzano on a joint development agreement to optimise Suzano's MFC to produce high quality textile fibre with the Company's technology platform; - the Company and Marimekko began cooperation with the aim of furthering wood-based textiles' market entry;
2018	- the Company implemented financing arrangements with OP in the amount of EUR 4.5 million and Business Finland in the amount of EUR 3 million; - the Company completed and ramped up an industrial scale pilot production line;
2019	- Juha Salmela, the Company's Chief Technology Officer, received the CTO of the Year Europe 2018 award from the European Industrial Research Management Association; - the Company and TouchPoint Oy announced a product development collaboration; - the Company won Fast Company's World Changing Ideas Award; - the Company was among the three winners of the Bio-based Material of the Year awarded by the nova-Institute in Germany; - the Company succeeded in running successful industrial scale spinning trials with its wood-based, 0% harmful fibre; - the Company completed a EUR 11 million financing round with the Company's existing investors, which included family investment offices, private investors, a venture capital investment fund and industrial partners; - the Company and Fortum presented the world's first wheat straw-based clothing; - the Company and Bergans of Norway launched a fully circular textile concept;
2020	- the Company entered into a joint venture agreement with Suzano; - the Company entered into a joint venture agreement with KT Trading, the sister company of ECCO; - the Company announced a collaboration with Kemira to develop disruptively sustainable inherent dyeing; - the Company and the Danish multi-brand retailer Bestseller announced an active joint product development collaboration; - the collaboration between the Company and Marimekko was recognised in the Fast Company's 2020 Innovation by Design Awards; - the collaboration between the Company and Bergans of Norway was awarded the Sustainability Achievement of the Year 2020 for their Collection of Tomorrow by ISPO, the world's largest trade fair for sporting goods and sportswear, as well as the by the Scandinavian Outdoor Award jury; - Janne Poranen, the Company's CEO, was named as a finalist for the 2020 EY Entrepreneur of the Year Finland in the Start-up category and received an honorary recognition for Sustainability;
2021	- the naturally waxed anorak developed by the Company, Bergans of Norway and Halley Stevensons was declared "Overall winner" in the Scandinavian Outdoor Awards 2021/22; - the Company joins the Zero Discharge of Hazardous Chemicals' Roadmap to Zero programme; - the Company announced plans to open a joint venture factory for commercial scale sustainable fibre production with Suzano in 2022; and - Spinnova was awarded the Monocle Design Award 2021 for "Best Material".

Key Strengths

The Company's management believes that the following factors in particular are its key strengths and represent long term competitive advantages:

Unique and disruptive technology platform for producing sustainable and the most natural man-made textile fibres and materials

Spinnova has invented a unique technology process that uses zero harmful chemicals for producing sustainable and the most natural man-made textile fibres and materials at an industrial scale. The technology process is finalised, but the Company expects that aspects of it can be further optimised. The Company classifies SPINNOVA® fibre as the most natural man-made fibre due to its structural properties. The mechanical production process uses no harmful chemicals and produces no waste or side streams. The Company believes that the production process of wood-based SPINNOVA® fibre is more sustainable and environmentally friendly than other textile fibres, such as cotton, viscose, and polyester, due to its low CO_2 emissions, low water usage and no harmful chemical usage. For instance, the wood-based SPINNOVA® fibre production process emits 64.5 per cent less CO_2 emissions and uses 99.5 per cent less water than the cotton production process.[57] In addition, the SPINNOVA® textile fibre is also 100 per cent recyclable without losing quality, unlike cotton, for instance.

Experienced management, personnel and Board of Directors with extensive technical and commercial know-how

Spinnova's co-founders, Janne Poranen and Juha Salmela, have both held executive roles at VTT Technical Research Centre of Finland in the fields of fibres and bio-based materials for a combined total of 32 years before founding Spinnova. Janne Poranen served as, among other roles, the Principal Scientist and Head of Research Area in Fibres and Biobased Materials at VTT Technical Research Centre. The Company's core technology team members have on average 15 years of experience from pulp and paper research and development ("**R&D**") operations. Spinnova's management has strong know-how in fibre production, commercialisation and marketing of new and innovative products, significant project execution experience from upscaling new innovations into industrial scale, and finance. The strong management team has a proven track-record of building new businesses and business models. Spinnova's business model consists of two different revenue streams and the Company has strategic initiatives relating to new renewable raw material sources (agricultural, food and beverage industry waste and textile waste) in place. The management and personnel are highly committed via direct ownership in Spinnova and through an option program. The Company's organisational structure and management team are well composed to successfully further commercialise Spinnova's product and generate future growth. Finally, the Company has an experienced Board of Directors, headed by the Chair of the Board Timo Soininen, who is an experienced international growth company leader with over 20 years of operational experience in CEO roles.

Strong R&D capabilities and experienced R&D team

The Company has an R&D team consisting of employees with combined experience from the pulp and paper technologies, fibre suspension flows, engineering, and fibre and bio-based materials industries. The Company's R&D work is continuous and consists of both product (fibre and fabric) development and production technology development. Spinnova believes that it has strong capabilities to continue to develop new fibres from different raw material sources, as well as new technology upgrades to the production technology. In the future, the Company expects to be able to accelerate its R&D operations using machine learning as the Company obtains data from its fibre production because the Company owns all the data generated by its joint venture companies. With more and more data, Spinnova's simulation models can be enhanced and the Company expects this to allow better optimisation of production capacity, energy efficiency, production models, technical properties of the fibre, and environmental impact.

Highly scalable modular technology with low project risk

Spinnova's patented production technology is scalable due to its modular design which enables easy expansion of the current production facilities (brownfield expansion) and would also enable swift expansion to new locations (greenfield expansion). The Company also expects that each component of its production technology can be made more productive as described more fully in " – *Business Strategy – Technology strategy*" below. The Company believes that there is a low project risk related to the technology and production plant as the production plant design has been tried and tested over the two-year pilot phase. The Company also believes project risk is low because setting up new production plants is highly convenient as the extrusion and drying modules are simply replicated and placed side by side, eliminating the need for scaling up each component and testing them separately. Furthermore, the project risk is for the 1,000 tonne production facility is limited by the co-operation with Valmet Oyj ("**Valmet**") which is a Finland-based production equipment manufacturer with global operations as well as maintenance and service support. The project risk is also limited by the use of standardised equipment with no usage of customised components and spare parts. Lastly, Spinnova's production technology has proven to be flexible in terms of raw material sources because the same technology can be used for new raw material verticals.

Strong partners on-board for commercial ramp-up

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[57] Source: Simreka's environmental impact comparison 2020.

Spinnova has put together strong co-operation partners from a financial, operational, strategic, and commercial perspective for its production and commercial ramp-up. These include joint ventures with the world's largest cellulose provider Suzano and KT Trading, the sister company of the shoe manufacturer and retailer ECCO, collaborations with global apparel brands such as those of adidas and the H&M Group and a technology partnership with the global production equipment manufacturer Valmet. The strategic joint venture agreements with Suzano and KT Trading enable the raw material supply of MFC and leather waste, as well as competitive prices for these raw material streams. The Company foresees that the collaboration with global apparel brands will accelerate the Company's go-to-market strategy and increase brand visibility and awareness. Furthermore, the technology partnership with Valmet is expected to enable Spinnova to execute its growth strategy while ensuring the high quality of its production technology through Valmet's global operations.

Favourable joint venture structure

The exclusive joint venture agreements to produce SPINNOVA® fibre with the world's largest cellulose provider Suzano and KT Trading, the sister company of the shoe manufacturer and retailer ECCO, are favourable and instrumental for Spinnova's growth strategy. In addition to ensuring a raw material supply for the Company's operations, the Company believes that the joint venture agreements are a testament to the credibility of Spinnova's technology innovation. For instance, Suzano, Spinnova's joint venture partner, is committed to the joint venture's plan to produce the equivalent to one million tonnes of SPINNOVA® fibre in a year within the next 10 years. In the Company's view, Suzano's commitment is a demonstration of the global trend of moving towards using more sustainable textile fibres, and Spinnova is well-positioned to capture a large share of this opportunity via its joint venture with Suzano.

Intellectual property protected by strong patents and business secrets

Spinnova's technology is its most important asset. That is why the Company has in place a comprehensive IPR strategy and it works actively with patent applications, trademark protection and know-how, to ensure that the technology is properly protected. As at the date of this Offering Circular, the Company has 9 active patent families, 36 granted international patents and 46 pending patent applications. According to the Company's view, the geographical coverage of the its patents is broad and covers main market areas. For further details on the Company's IPRs, please see " – *Intellectual Property Rights*" below. Furthermore, Spinnova has a trade name level protection in all relevant global geographies applicable for the global apparel industry. Spinnova applies an IPR strategy that combines patents with business secrets, based on practices in the processing industry. Patents are applied for if they are considered strategically important, but a significant part of the Company's intellectual property is held as exclusive confidential information and know-how in its human capital and protected by non-disclosure agreements. Spinnova is looking to expand its patents during the next couple of years.

SPINNOVA® fibre's properties are comparable with natural textile fibres

SPINNOVA® fibre's properties are similar to that of natural textile fibres, especially to those of cotton. The key technical properties that are important in apparel production are tenacity, thickness and elongation, and SPINNOVA® fibre's technical properties are approximately on par with cotton. Moreover, Spinnova's R&D shows a promising track-record for continuous improvement of these technical properties. However, equally important are SPINNOVA® fibre's functional properties, i.e. how the end-consumer perceives the fibre material when using the apparel. SPINNOVA® fibre can compete with cotton in the following functional properties: water absorption, moisture transportation, thermal insulation and anti-microbial properties. The hand-feel and visual appearance of the SPINNOVA® fibre is approximately on par with cotton. Because it has similar properties to those of other natural textile fibres, SPINNOVA® fibre can be blended with other textile fibres, as is typical in the apparel industry, to create a fitting fibre blend for different purposes. SPINNOVA® fibre can be recycled multiple times and with every cycle the fibre retains it quality, which is, according to the Company management, unique because no other fibre material behaves the same way. The Company's own preliminary studies show that SPINNOVA® fibre's properties even improve after being recycled as the homogeneity of the micro fibrillated cellulose improves. The improvement comes from the fact that microfibrils are strong fibres and their properties can be controlled during mechanical refining.

Strong brand associated with sustainability

The SPINNOVA® brand is already recognised among and perceived positively by global apparel brands such as adidas and the H&M Group and Icebreaker.[58] The brand image is based on Spinnova's value proposition, embarking on the reduced environmental impact of textile fibres. This has already been recognised as Spinnova has, together with its Norwegian apparel brand partner Bergans of Norway, been awarded "Sustainability Achievement of the Year 2020" for their Collection of Tomorrow by ISPO, the world's largest trade fair for sporting goods and sportswear, as well as by the Scandinavian Outdoor Award jury twice. The Company has reached agreements with many apparel brands, e.g. with ECCO and

[58] Source: Company's management information.

Icebreaker, regarding the visibility of the SPINNOVA® brand in the final textile product. The pictures below show and example how the SPINNOVA® brand could be applied together with other apparel brands.

Large and growing target market

Spinnova's target textile fibre market was approximately EUR 95 billion (approximately 50 million tonnes) in 2020 and is estimated to increase to approximately EUR 110 billion (approximately 59 million tonnes) by 2030.[59,60] Furthermore, the textile fibre market has an unmet need of fibres with a natural origin due to the technical properties of natural fibres. This need is also known as the shortage of natural-based fibres and it is also partly driven by the slow cotton production and increased global fibre consumption. The shortage of natural-based fibres is expected to be approximately 15-20 million tonnes by 2030.[61] The management of the Company believes the shortage of natural-based fibres to be about EUR 45-60 billion business opportunity. Furthermore, the Company's target market growth is expected to be driven by the overall growth in demand for apparel, shortened lifecycle of clothing (increasing fast fashion), consumers' willingness to pay more for sustainable alternatives, global apparel brands commitment to take actions towards climate neutrality and to decrease greenhouse gas emission, the cotton replacement need and increasing environmental regulation.

Business Strategy

Spinnova aims to be a global leader in sustainable textile materials market. Spinnova's aim is to continue expanding its production capacity and establish more partnerships with apparel brands and textile manufacturers. To achieve its goals, Spinnova has divided its strategy into three areas: 1) technology strategy, 2) go-to-market strategy, and 3) product and brand strategy.

Technology strategy

In order to achieve the production targets and to make its technology competitive for the broader market, the Company has created a technology strategy consisting of a technology roadmap, R&D, technology concept and intellectual property (**"IP"**) protection.

The technology roadmap is the core of the Company's operations and serves as the guide for the future. The roadmap can be divided into three time horizons: 1) short term, 2) medium term, and 3) long term. Up until today, Spinnova has been focusing on developing the pilot production plant for wood-based SPINNOVA® fibre production but now the Company is advancing to the next phase. In the short term, the joint venture with Suzano for wood-based SPINNOVA® fibre on an exclusive basis is expected to serve as a proof of concept for Spinnova's business model and industrial scale production capacity. In the medium term, the Company plans to scale up leather waste-based fibre production on an exclusive basis with KT Trading (the shoe manufacturer and retailer ECCO's sister company). In the long term,

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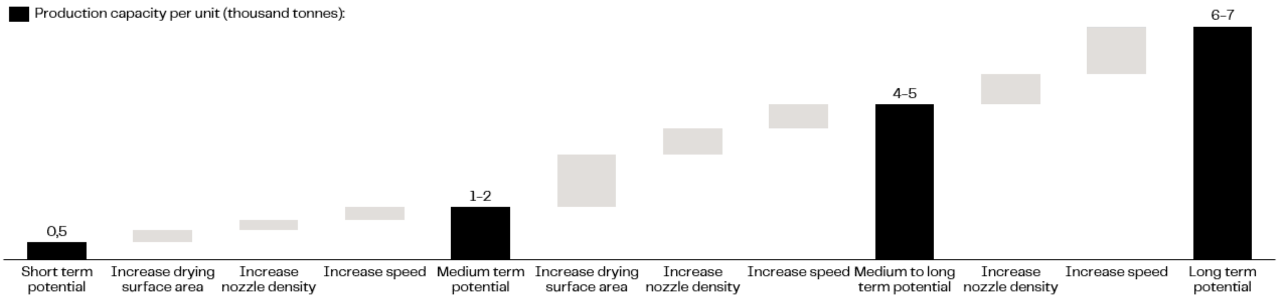
59 Spinnova's target market assumed to include cotton, MMCF, plant-based natural fibres and upcycled polyester.

60 Source: Textile Exchange, Preferred Fiber & Materials Market Report 2020, https://textileexchange.org/wp-content/uploads/2020/06/Textile-Exchange_Preferred-Fiber-Material-Market-Report_2020.pdf; ITC statistics; Emerging textiles database, Prices for Modal and Lyocell vs. Viscose Staple Fiber (VSF), Raw Silk and Dried Cocoon Prices, Polyester Staple Fibers, Recycled vs. Virgin Polyester Staple Fibers (PSF), Raw silk and dried cocoons, Polyester Staple Fibers (PSF): Recycled v. Virgin (monthly prices), Cotton: Organic vs. BCI vs. Conventional, (2011-2020); Coherent Market Insights, Business wire - Global Lyocell Fabric Market to Reach 745.9 KT by 2027.

61 Source: Textile Exchange, Preferred Fiber & Materials Market Report 2020, https://textileexchange.org/wp-content/uploads/2020/06/Textile-Exchange_Preferred-Fiber-Material-Market-Report_2020.pdf; the UN, World Population Prospect; Haemmerle, Franz, The Cellulose Gap (The Future of Cellulose Fiber), Lenzinger Berichte 89 (2011).

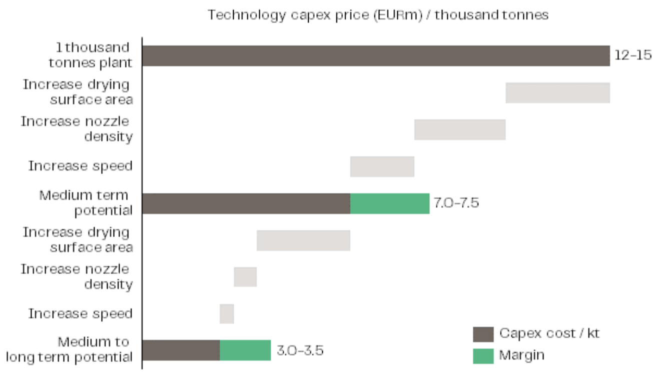
Spinnova is planning to expand the use of its technology to other raw material sources, such as agricultural waste and textile waste as these feedstocks become more widely available. However, Spinnova's technology is already today capable of producing SPINNOVA® fibre from leather waste, agricultural and textile waste.

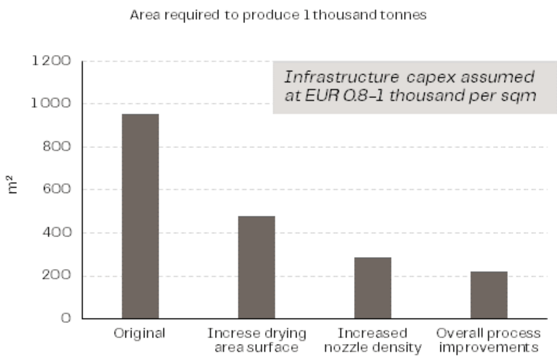
Spinnova has historically been focused on R&D and has a strong track-record of improving the technical and functional properties of the wood-based SPINNOVA® fibre. To ensure continuous competitiveness on the textile fibre and fabric market Spinnova will continue to invest in R&D to further improve the technical and functional properties of SPINNOVA® fibre and fabric as well as to explore new raw material sources mentioned above. Spinnova will also continue to develop its technology platform and to continuously upgrade its technology to ensure the competitiveness of its fibres by optimising production efficiency. The Company expects to enhance the output per unit by increasing the drying surface area per unit, increasing density of nozzles per metre in the extrusion phase, and increasing the speed of the drying process. These efficiency drivers will have a large impact on the production capacity per unit as illustrated below.



Graph: Base-line technology roadmap. Production capacity (kt) per unit (wood-based joint venture).

Over time the technology capex price per tonne is also expected to decrease due to the same production efficiency levers as described above. The technology capex price per capacity is estimated to decrease from EUR 12-15 million per 1,000 tonnes for the 1,000 tonnes production plant to EUR 7-7.5 million per 1,000 tonnes in the medium term, and to EUR 3-3.5 million per 1,000 tonnes in the medium to long term. In addition to the technology capex, there are also other investments required such as infrastructure. The production efficiency levers will also have a significant impact on the area required to produce one thousand tonnes of fibre, and thus the required infrastructure investments, as outlined in the graph below. The payback time on an investment into a fibre production plant at scale is expected to be between six and seven years for the fibre producer.

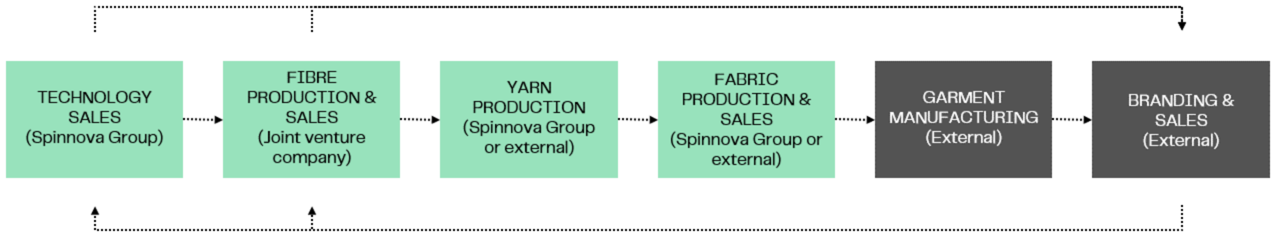




Graph: Technology capex price (EURm) / thousand tonnes of capacity and production facility area (m^2) required to produce 1,000 tonnes of SPINNOVA® fibre (wood-based joint venture).

Go-to-market strategy

In order to achieve the business targets, set by the Company, a go-to-market strategy has been created and it focuses on the three elements of Spinnova's business model: 1) technology sales, 2) fibre production and sales and 3) fabric sales. Spinnova's go-to-market strategy encompasses selling its technology platform exclusively to the joint venture companies in which Spinnova holds a 50% ownership stake and in the future potentially selling its technology platform exclusively to other parties. These joint venture companies produce SPINNOVA® fibre using the technology platform acquired from Spinnova, and sell the SPINNOVA® fibre to apparel brands and other buyers. Spinnova aims to establish its own commercial scale fabric production supply chain with the aim of selling SPINNOVA® fabrics. The fibre used in the yarn and fabrics production would be purchased from the joint ventures producing SPINNOVA® fibre.



Spinnova technology sales

The technology sales include technology project deliveries to the fibre producing joint ventures and consists of a turn-key solution where the technology is exclusively provided by Spinnova, and the main production machinery subcontracted by Spinnova from, among others, Valmet, Sulzer and Elomatic.

The Company already has a pilot production plant for wood-based fibre with a capacity of 100 tonnes per annum and the first commercial scale technology project delivery will be to Woodspin. The first commercial scale production plant is expected have a production capacity of a minimum of 1,000 tonnes per annum and the plant is estimated to be ready by the end of 2022. The economics behind the technology sales, to the wood-based joint venture, consist of a technology project delivery sale from Spinnova to the joint venture, a recurring technology fee of 6 per cent of the joint venture's operating cash flow (cash flow based) (5 per cent of revenues for the 1,000 tonnes plant) paid to Spinnova, and fee for maintenance service provided by Spinnova to Woodspin.

The technology sales to Woodspin will correspond to the production capacity ramp-up plan jointly agreed with Suzano and outlined below:

Production ramp-up schedule

- Annual cumulative production capacity plan for ramp-up of Woodspin production:
  - 2022: >1,000 tonnes per annum
  - 2024: >50,000 tonnes per annum
  - 2026: >150,000 tonnes per annum
  - 2027: >450,000 tonnes per annum
  - 2029: >1,000,000 tonnes per annum

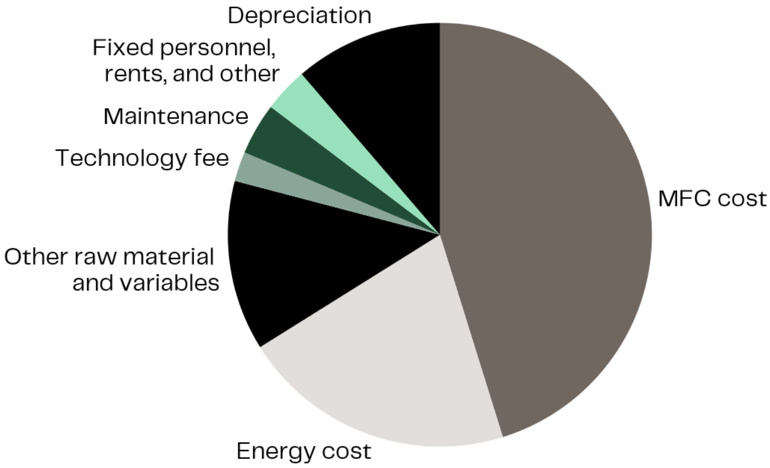
- Utilisation ramp-up assumption per new plant:
  - 1st year: 25 per cent
  - 2nd year: 75 per cent
  - 3rd year: 95 per cent

Spinnova's and KT Trading's (ECCO's sister company) leather waste-based joint venture is currently running a proof-of-concept phase for fibre production with leather waste as raw material. The economics behind the technology sales, for the leather waste-based joint venture, will consist of a technology project delivery sale from Spinnova to the joint venture and service provided by Spinnova to the leather waste based joint venture. Spinnova will not be eligible for a recurring technology fee as it is with the wood-based joint venture. The Company has not yet made any agreements relating to the structure of the operations for other raw materials verticals (agricultural waste and textile waste). Spinnova will always be the exclusive technology provider and will hence be entitled to a payment for the technology project deliveries.

SPINNOVA® fibre production and sales

SPINNOVA® production and sales will be conducted by the joint ventures, who will produce the fibre with the production technology provided by Spinnova. The goal is to establish customer relationships with global apparel brands and other customers that will directly buy SPINNOVA® fibre from the joint ventures. This will create opportunities for Spinnova to work directly with apparel brands, to be able to impact their choice of textile materials and to include the SPINNOVA® brand on the final textile product. For further details, please see " – *Business Strategy – Product and brand strategy*" below. In the wood-based joint venture with Suzano and the leather-based joint venture with KT Trading (ECCO's sister company), the economics behind the fibre sales will consist of a 50/50 split of the joint ventures profit between Spinnova and the joint venture partner.

The fibre sales will be driven, on one hand, by the size and cost efficiency of the fibre production, i.e. the fibre production capacity and production plant utilisation rate, and, on the other hand, by the underlying market demand for the SPINNOVA® fibre in terms of fibre sales volume and fibre sales price. As illustrated in the graphic below, the cost structure of the SPINNOVA® fibre production at scale will consists of the following cost components: MFC, energy, other raw materials and variables, maintenance costs, fixed personnel costs, rents, and depreciation.

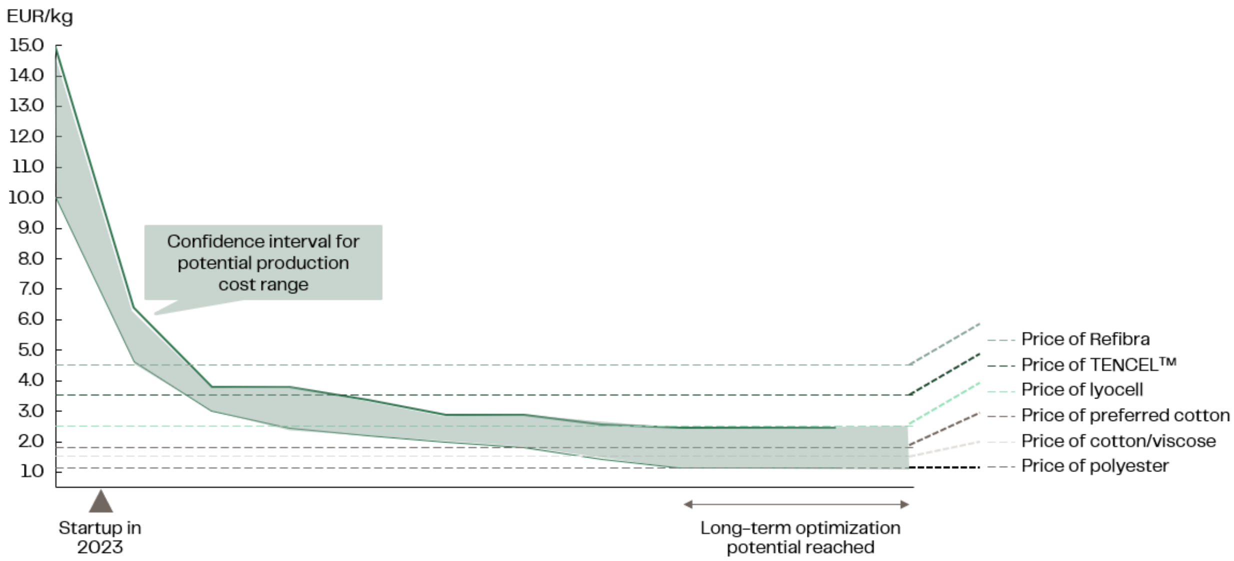


Graph: SPINNOVA® fibre production cost structure at scale

The Company's believes that the SPINNOVA® fibre sales price will reach parity with lyocell market price in the coming years, and that, in the longer term, SPINNOVA® fibre sales price will reach parity with cotton market price due to optimised fibre production costs.[62] Moreover, the Company has identified several cost reduction levers for reducing the production costs due to larger production volumes, increased capacity per production unit and more efficient operations, among others. These levers behind cost reductions include MFC purchase price, energy cost, energy consumption, personnel costs, and depreciation (i.e. capex).[63]

[62] Assuming no change in lyocell or cotton market price.

[63] Assuming no change in lyocell or cotton market price.



Graph: Potential SPINNOVA® fibre production cost development[64,65]

Firstly, the MFC cost, which is the largest cost item in SPINNOVA® fibre production, is estimated to decrease in the future due to an increased global supply of MFC. Suppliers are expected to reach economies of scale in MFC production and, as a consequence, to sell more MFC at lower prices and with lower margins. This expected trend of a decreasing MFC price is further supported by the anticipated decrease in the energy consumption of the MFC production process on the back of the production process becoming more energy efficient, as well as the factors affecting the energy purchase price outlined in the paragraph below. The MFC market has significant potential for future growth as there already exists both established and novel future applications and multiple active companies in this field of business. These companies include, among others, Suzano, Norske Skog, Stora Enso, and Oji Paper. Furthermore, examples of current and potential future applications of MFC include, among others, papermaking and packaging (additive for improving qualities), composites and plastics (additive for improving strength), food production (thickeners, stabiliser, or flavour carriers), and cosmetics (coating agent).

The second largest fibre production cost is energy, which, according to the Company, can be reduced by optimizing the location of the production plant or plants, either to a low energy cost location, or co-locating with pulp production as it may offer significant synergies on the energy and raw material supply side. The Company believes that energy efficiency can be further optimised by optimising the drying process and by improving heat recirculation. As the fibre will be produced by using renewable energy, the future development of the renewable energy market will also impact the Company's energy cost. The cost of renewable energy is forecasted to continue to decline as it has done since 2015.[66]

Thirdly, scale benefits will impact both personnel and depreciation (i.e. capex) costs of the SPINNOVA® fibre production. Personnel cost per tonne is estimated to decrease due to an increase in production capacity per unit. Similarly, capex per tonne is estimated to decrease significantly with higher unit capacity and efficiency.

Lastly, Spinnova could gain an additional cost benefit as compared to other fabric fibres in the case of a CO_2 scheme, which could impact the costs of other textile fibres and fibre producers having operations in the EU. At an illustrative longer-term CO_2 emission cost of EUR 100/tonne of CO_2 (**"tCO_2"**), the cost benefit of SPINNOVA® fibre could amount to approximately EUR 170-260 per tonne as compared to the other fabric fibres. The European Union has also via its Single-Use Plastics Directive introduced a plastic tax of EUR 800/tonnes, which could potentially indirectly increase the price of polyester and viscose.

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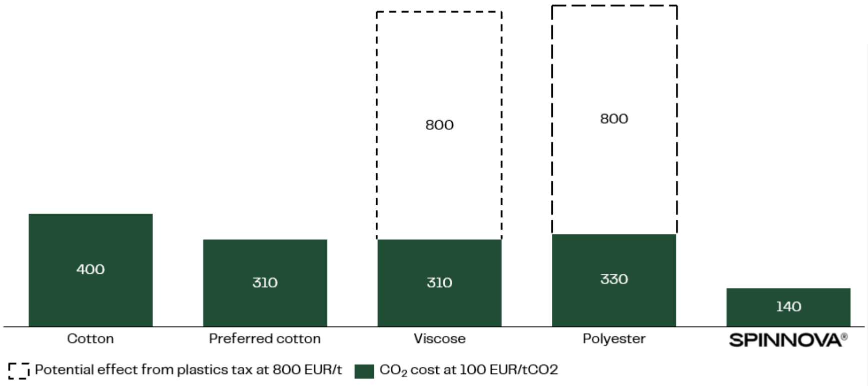
64 Source: Company management information; Textile Exchange, Preferred Fiber & Materials Market Report 2020, https://textileexchange.org/wp-content/uploads/2020/06/Textile-Exchange_Preferred-Fiber-Material-Market-Report_2020.pdf.

65 SPINNOVA® fibre production cost benchmarked against the current price level of Refribra, TENCEL™, lyocell, preferred cotton, cotton/viscose and polyester.

66 Source: International Energy Agency-The OECD Nuclear Energy Agency, Projected Costs of Generating Electricity 2020 report, available at https://iea.blob.core.windows.net/assets/ae17da3d-e8a5-4163-a3ec-2e6fb0b5677d/Projected-Costs-of-Generating-Electricity-2020.pdf.

However, it is yet uncertain how the plastic tax would be enforced and applied to textile fibres in the future and its application could also differ by member state.

The potential long-term impact of CO_2 emission costs and plastics tax on the prices of different fibres



Source: Research articles, Textile Exchange, Stockholm Environmental Institute; Simreka's environmental impact comparison 2020, Company management information.

Takeaways

- Spinnova could gain additional **cost benefit** in case of a CO_2 tax scheme and cost that would impact textile fibre producers
- At an illustrative long-term CO_2 emission tax of 100 EUR/tCO_2, **this cost benefit could represent approximately 170–260 EUR/t**
- **Plastics tax could potentially indirectly increase the price of polyester and viscose**, however it is uncertain how the plastics tax would be enforced and applied to textile fibres in the future and its application could differ by EU member state

The target customers for SPINNOVA® fibre consist of large multinational textile brands, especially apparel brands which use a lot of cotton and/or have a plan in place to reduce their environment impact. The Company works with many such brands already today. The Company's published brand collaborations today include adidas, H&M, the VF Corporation brand Icebreaker, Marimekko, BESTSELLER, Bergans of Norway and ECCO. SPINNOVA® fibre (or fabrics, as explained in " – *Business Strategy – Go-to-market strategy – SPINNOVA® fibre production and sales*" below) provide an attractive alternative for the brands considering its technical properties, low environmental impact, competitive pricing and rapid scale-up to commercial scale.

A brand grid of published brand partner collaborations

SPINNOVA® fabric production and sales

Spinnova also aims to produce and sell fabric by working together with yarn and fabric producers as subcontractors. To produce the fabric, Spinnova will purchase SPINNOVA® fibre from the joint ventures and produce fabric using assigned spinning, weaving or knitting, and finishing service providers. Spinnova will sell the fabric directly to apparel brands. The Company's business model has been verified on a small scale through its pilot production capabilities.

Product and brand strategy

The objective is to establish partnerships with leading apparel brands, to increase Spinnova's brand awareness and to differentiate Spinnova's product to drive demand for SPINNOVA® fibre and fabric. According to the Company's view, the Company could in the future work with both premium and luxury brands, such as, as examples only, Burberry, Hermès, and Hugo Boss, and mass-market brands such as, as examples only, the H&M Group, Inditex, and Zara. Premium and luxury brands have small to medium sales quantity, operate in a fragmented value chain, use premium raw materials, and source ready-made fabrics. Mass-market brands, on the other hand, have large sales quantity, operate in an integrated value chain, and source fibre and/or yarn as material and is, therefore, likely to produce their own fabric. Hence, there are distinct differences between the two customer groups and the Company has chosen two different product strategies based on that; Spinnova will target the large mass-market brands with its SPINNOVA® fibre and the medium sized premium and luxury brands with its SPINNOVA® fabric. The illustration below summarises Spinnova's product strategy.

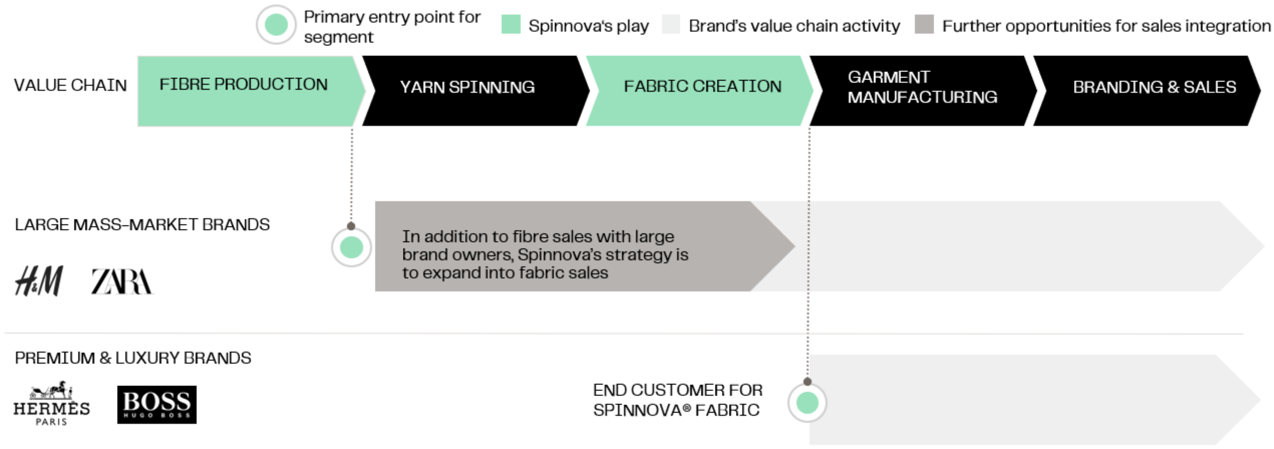


Illustration: Illustrative example of Spinnova's role in the value chain[67]

By marketing SPINNOVA® fibre and fabric directly to apparel brands and forming close partnerships with them and their direct suppliers, Spinnova will be able to create value for players throughout the value chain. Spinnova expects the partnership arrangements to be flexible, but to most often involve Spinnova providing practical support in developing and marketing a given textile product containing the SPINNOVA® brand. By including the SPINNOVA® brand on the textile product Spinnova will increase its brand awareness also with the consumers buying the end-product. Over time, Spinnova hopes that consumers will become more aware of the SPINNOVA® brand and the environmental benefits of the sustainable SPINNOVA® materials, which is also beneficial for the apparel brands as consumers are increasingly demanding more sustainable textile materials.

The Group's Medium-term and Long-term Business Targets

The following business targets have been adopted by the Board of Directors of the Company. These business targets contain forward-looking statements that are not guarantees of future financial performance, and the Company's actual results of operations could differ materially from those expressed in connection with these forward-looking statements. Many factors, such as those mentioned under "*Certain matters – Forward-Looking Statements*", "*Risk Factors*" and "*Operating and Financial Review – Key Factors Affecting the Group's Results of Operations*" may have an effect on the Company's business targets. All business targets mentioned here are targets and thus they should not be treated as forecasts, estimates or calculations of the Company's financial performance in the future.

The Group's medium-term business targets within the next four to six years are:

- to reach 150,000 tonnes of SPINNOVA® fibre production capacity;
- to be EBIT positive; and
- to enter into up to 20 commercial textile brand partnerships, which have SPINNOVA® materials in their product lines.

The Group's long-term business targets within the next ten to twelve years are:

- to reach one million tonnes of SPINNOVA® fibre production capacity;
- to achieve a cumulatively greater than EUR 1 billion cash margin from technology sales[68];
- to achieve more than EUR 200 million EBIT per annum level consisting of the Company's share of profits from joint ventures, recurring technology fees and service maintenance fees; and

[67] Source: Companies websites; Euromonitor database, Retail market for Apparel & Footwear, 2019; McKinsey State of Fashion 2017.

[68] Cash margin means technology sales project margin calculated by deducting direct costs from technology net sales before the elimination of the unrealised project margin due to the JV equity accounting method.

- to enter into up to 80 commercial textile brand partnerships, which have SPINNOVA® materials in their product lines.

Company's Services and Products

The Company's Technology Platform

The Company's production technology, which replicates the natural way a spider produces silk, has been proven viable for commercial production through proof of concept studies at the Company's 100 tonne pilot production facility in Jyväskylä, Finland. Over the past three years, the Company has conducted joint development and pilot partnership agreements with a variety of global apparel brands to bring its technology platform to the point of commercialisation. For further information on the joint development pilot programs that the Company has undertaken, please see " – *Material Agreements – Joint Development, Pilot Partnership and Materials Agreements*" below.

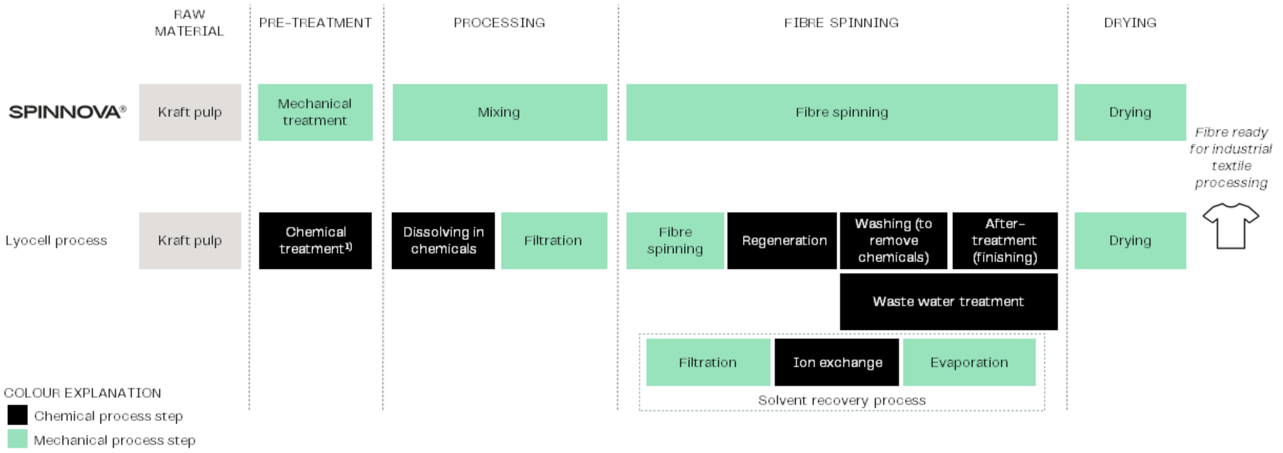
The Company's technology platform allows for the production of the most natural, sustainable and recyclable SPINNOVA® fibre from multiple raw materials. The illustration provided below displays how the Company's technology platform functions.

Note: 1) With longer life than normal cotton based on company management estimate
Source: Company management information, selected pictures from Unsplash (freely-usable images)

As inputs, the Company's technology platform is able to accept various types of wood or leather waste, and other waste streams such as agricultural, food and beverage industry waste as well as textile waste. The Company uses micro-fibrillated raw material which it transforms into spinning-ready fibre suspension without harmful chemicals. The suspension flows through unique nozzles at a high pressure where the natural microfibres are aligned with the flow to create elastic filament structure. The filament is then simply dried, i.e., the water is evaporated and natural microfibres are binding naturally together. After collection and cutting the fibres are ready for spinning into yarn. At no point in the process is dissolution or regeneration required.

The SPINNOVA® fibre production process is simple and easy to scale compared to the regenerating process of viscose, lyocell and other man-made cellulosic fibres, including new variants of these. The

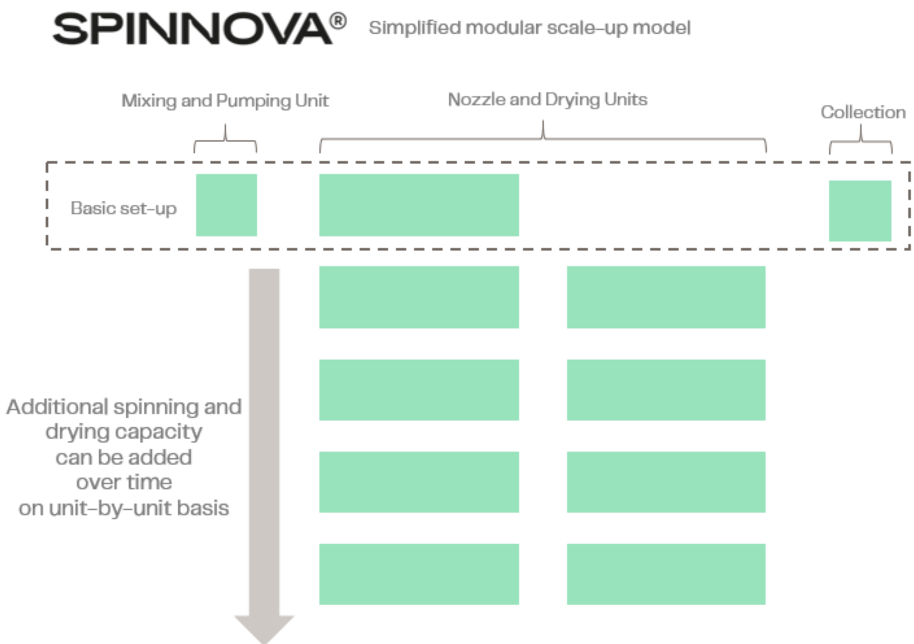
Company's method does not use dissolved pulp, dissolving processes or harmful chemicals, as illustrated in the graphic below.



Source: Zhang et al. (2018): NMMO regenerative cellulose; Company management's information.

Modular Units

The Company's manufacturing technology has a modular and easy to operate design, which enables rapid scaling up. The Company's manufacturing technology has been designed to be highly flexible and can be used for several different feedstocks, including wood, leather waste, agricultural, food and beverage industry waste, textile waste, without further technology development. Moreover, the investment requirements of fibril suspension and mixing machinery are expected to grow at a slower pace, resulting in scale benefits. The graphic below illustrates how the modularity of the Company's technology enables scale-up with less complication risk than typical industrial scale-up methods especially those which are based on chemical processes.



The Company's Most Natural Man-Made Fibre

The Company classifies SPINNOVA® fibre as the most natural man-made textile fibre due to its structural properties. Chemical analysis (FTIR and NIR) of SPINNOVA® fibre equals analysis results of paper yarn (and normal paper) and physical inspection (SEM) reveals intact microfibrils from the SPINNOVA® fibre structure. The look and feel of SPINNOVA® fibre is also similar to natural fibres.

Wood-based SPINNOVA® fibre

With respect to the SPINNOVA® fibre produced from wood-based raw materials, the Company has made a commitment to only use Forest Stewardship Council ("**FSC**") or Programme for the Endorsement of Forest Certification ("**PEFC**") certified wood as feedstock. Wood-based SPINNOVA® fibre is made from MFC, which is made using mechanical refining from Kraft pulp. The only additives that go into SPINNOVA® fibre are a small number of harmless polymers, such as carboxymethyl cellulose ("**CMC**"), that is widely used in papermaking and food processing. The Company works closely with a leading CMC producer. Wood-based SPINNOVA® fibre requires a miniscule amount of water compared to cotton. Wood-based SPINNOVA® fibre's water usage is 99.5 per cent less than cotton's over the lifecycle from farming all the way to ready fibre.[69] Whereas cotton cultivation requires irrigation, the trees used to produce Kraft pulp do not. The Company does not add water during the production process. SPINNOVA® fibre's production process does not use any harmful chemicals. Instead of using dissolved pulp and dissolving that further to cellulose polymers using harmful chemicals, the Kraft pulp feedstock is refined mechanically to micro scale cellulose fibres. The only side stream to SPINNOVA® fibre's production process is evaporated water from the drying process, which is re-circulated back into the process and heat recovered from the drying process. The heat is also returned to the production process and excess heat goes to the district heating network. Finally, CO_2 emissions of SPINNOVA® fibre are about 64.5 per cent less than cotton's over the lifecycle from farming to fibre processing, and also considerably less than polyester and viscose.[70] The raw material, responsibly farmed wood, used in SPINNOVA® fibre production absorbs more CO_2 than CO_2 emissions from Kraft pulp production. And by committing to only using FSC or PEFC certified wood, the Company ensures that it uses only wood from trees that absorb more CO_2 from the atmosphere than lumbering and pulping emit.

Technical and functional properties of SPINNOVA® fibre

The Company measures SPINNOVA® fibre according to parameters related to mechanical properties and touch and feel. Functional parameters include strength (dry tenacity), elongation percentage and absorbency. Touch and feel parameters include breathability (moisture management), thermal insulation and natural feel. A comparison of SPINNOVA® fibre with other textile fibres is provided in this Offering Circular at "*Market and Industry Review – Competitive landscape – Technical features and sustainability performance of competing apparel fibres – Comparison of different textile fibres*". Wood-based SPINNOVA® fibre properties are comparable to average cotton fibre qualities, and SPINNOVA® fibre made from leather waste have superior properties to those of cotton fibre. The same amount of SPINNOVA® fibre is required to produce a t-shirt, for example, as cotton fibre. The graphic below provides a comparison of cotton, SPINNOVA® fibre, and lyocell from a user's view based on the estimates of the Company's management.

THE USER VIEW	COTTON	SPINNOVA®	LYOCELL
Look	Natural Matt	Natural Matt	Artificial look Shiny
Feel	Robust	Robust	Soft & slippery Floppy

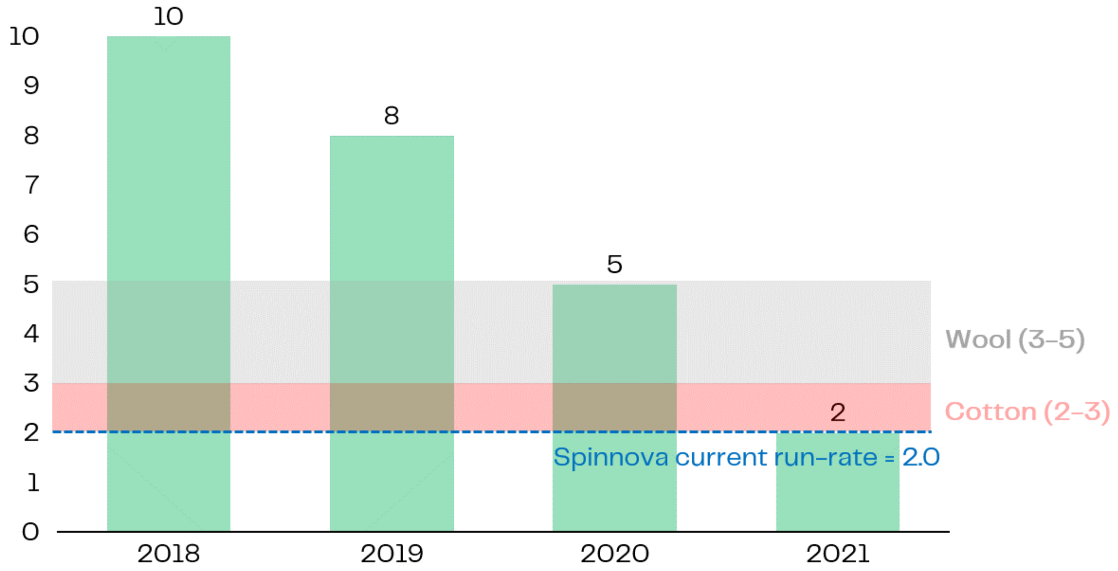
Fabrics made from SPINNOVA® fibre

Fabric made from SPINNOVA® fibre can be used for multiple applications. The Company until now focused on making durable and performance type fabrics from SPINNOVA® fibre, and the Company has received positive feedback from its customers, including the outdoor brand Bergans of Norway. The Bergans of Norway outdoor products made of SPINNOVA® fabrics are in retail available for consumers to buy. The Company expects that when it begins to produce SPINNOVA® fibre with finer qualities, that fibre will be suitable for an ever-wider range of textile applications. The Company has continually improved the fineness of SPINNOVA® fibre, as illustrated in the graphic below, in which "dTex" represents that linear density of the fibre.

[69] Source: Simreka's environmental impact comparison 2020. 99.5% smaller footprint is based on a calculation in which the artificial irrigation of cotton is included in its water usage, and eucalyptus uses no artificial irrigation.

[70] Source: Simreka's environmental impact comparison 2020.

SPINNOVA® fibre, wool and cotton fineness (thickness) measured by dTex index



Source: Company management information

SPINNOVA® fibre blends

SPINNOVA® fibre can be blended with other fibres to produce fabrics. For example, the products that Bergans of Norway are selling are made from SPINNOVA® fibre blended with lyocell. The Company is currently developing a product with the H&M Group in which a portion of the cotton, synthetic or dissolving fibres is replaced with comparatively more sustainable SPINNOVA® fibre. For details on the Company's joint development agreement with the H&M Group, please see " – *Material Agreements – Joint Development, Pilot Partnership and Materials Agreements – H&M Group Joint Development Agreement*" below. Similarly, the Company is currently developing products with adidas using SPINNOVA® fibre. For details on the Company's joint development agreement with adidas, please see " – *Material Agreements – Joint Development, Pilot Partnership and Materials Agreements – adidas Joint Development Agreement*" below. Additionally, the Company and adidas have in June 2021 decided to continue discussions on working towards a strategic partnership. Through its cornerstone undertaking and continued discussions aiming to a strategic partnership with the Company, adidas intends to secure access to significant volumes of SPINNOVA® materials in the future.

The Company expects that denim and outdoor products could possibly be the first large volume applications for SPINNOVA® fibre. Currently, there are no textile products made from 100 per cent SPINNOVA® fibre for sale. However, 100 per cent SPINNOVA® fibre products have been made for composites and nonwoven applications. For example, during the 2021-2022 winter season, alpine skis reinforced with SPINNOVA® fibre, replacing traditional glass and carbon fibres, will be launched. The Company expects that SPINNOVA® fibre can be blended with many fibres, but the Company estimates that the most applicable blend is between SPINNOVA® fibre and cotton because cotton is a natural fibre and SPINNOVA® fibre is the most natural man-made fibre and they share similar technical and functional properties. The Company has blended SPINNOVA® fibre with lyocell successfully and, by doing so, has created products that could not be created using only 100 per cent lyocell fibre. The Company has tested nearly all possible blends of SPINNOVA® fibre and other fibres. SPINNOVA® fibre can be blended with cotton, wool, lyocell, viscose, modal, polyester and nylon as required by the Company's customers.

The Company's Business Model

The Company's business model consists of three parts. First, the Company is the sole provider of its patented and scalable technology to partners for fast ramp-up of SPINNOVA® fibre production. Second, the Company engages in joint ventures with leading raw material providers to produce and sell SPINNOVA® fibre made from wood pulp and leather waste to apparel brands and other buyers. Third, the Company works directly with apparel brands as a go-to-market strategy and develops fabrics together with such apparel brands to suit the needs of the apparel brands. The Company expects to have multiple earnings streams: earnings from technology project deliveries, recurring technology license fees, share of profits from fibre sales through joint ventures, and fabric sales. During the next five years, technology project deliveries and recurring technology licensing fees are expected to be the main earnings stream.

The below picture illustrates Spinnova's role in the value chain between the producers of raw material and customers.

Joint Ventures with Partners

Currently, the Company has partnered with Suzano on the production of fibre from wood pulp and has begun a proof of concept project with ECCO on the production of filament from leather waste. These arrangements are exclusive for these inputs.

Wood-based Fibre; Joint Venture with Suzano

The Company has established a joint venture company, Woodspin Oy ("**Woodspin**"), with Suzano, to scale-up the Company's technology platform by making an investment in a series of commercial plants producing SPINNOVA® fibre and scale the total production capacity up to one million tons ("**Mt**") per annum by 2031. Suzano is the world's largest wood pulp producer with a capacity of 11Mt per annum and a market capitalization of approximately EUR 15 billion. Suzano specialises in responsibly farmed, FSC and PEFC certified eucalyptus. Suzano expects that Woodspin could produce more than one million annual tons by volume of SPINNOVA® fibre by 2031.

At the end of February 2021, the Company announced that it is building a joint venture factory with Suzano for commercial scale sustainable fibre production. The factory is expected to be completed in 2022 and it will be located in Jyväskylä, Finland. Suzano will ramp up its MFC production capacity next to the production site.

Under the terms of the joint venture between Spinnova and Suzano, each party invested 50 per cent of the equity required, respectively, for the formation of the joint venture. Spinnova will be the joint venture's exclusive technology provider and provide the intellectual property for the technology and production machines. Suzano will also invest in MFC production next to the SPINNOVA® fibre production site to supply raw material to the joint venture at a pre-defined price of EUR 2,000 per tonne for the first 18 months from the start of production. For further details on the Woodspin joint venture, please see " – *Material Agreements – Woodspin Joint Venture Agreement*" below.

According to the Company, Suzano sees the investment into Woodspin as a highly attractive investment. Suzano will receive a higher value add for their basic Kraft pulp product by selling the Kraft pulp internally at market terms to MFC production, converting Kraft pulp to MFC, converting MFC to SPINNOVA® fibre within Woodspin and selling the SPINNOVA® fibre to the market.

The Company expects to earn income from the joint venture through two income streams. First, the Company as the exclusive technology and machinery supplier will receive earnings based on the agreed technology and machinery deliveries as well as a recurring technology fee as a percentage of the joint venture's operative cash flow. The mark-up payable to the Company from the joint venture for machinery deliveries has not been agreed in the joint venture agreement, but will be subject to later agreement and will depend on the level of performance guarantees provided by the Company. Second, the Company will receive 50 per cent of the joint venture's profits on fibre sales to clothing brands and other buyers.

Leather-Waste Based Fibre; Joint Venture with KT Trading

The Company and ECCO's trading company KT Trading have collaborated for three years on work related to leather waste. In November 2020, the Company and KT Trading agreed on a joint venture and established the company Respin Oy ("**Respin**"). For further details on the Respin joint venture, please see " – *Material Agreements – Respin Joint Venture Agreement*" below. The Company has launched a proof of concept phase to develop the leather waste fibre technology ready for commercialisation.

After the proof of concept phase, it is the intention of KT Trading and the Company to start the commercial phase which is expected to involve the establishment of the first leather waste fibre production facility. The production facility is planned to be situated next to a tannery operated by ECCO, the precise location to be agreed later. Respin is expected to serve as the exclusive producer and marketer of leather waste fibres. The goal is to then expand the operations of Respin by opening new production facilities in selected locations. Respin will continue development work, optimising the leather waste fibre technology and the development of new leather-based raw materials between Spinnova and ECCO within the scope of the shared IPR. Development and optimising of the development work would continue to be outsourced to the Company. In addition, both KT Trading and the Company will have equal rights to establish their own leather waste fibre production facilities in the event that Respin is not willing or is unable to expand production. All of the fibre produced by Respin or any other production company will be sold to the market by Respin under the SPINNOVA® fibre brand. In order to avoid excess leather waste fibre supply in the market, new fibre production will only be established to meet proven demand. The leather waste technology may not be sold or licensed to external partners (including with a commitment to purchase the output of such new facilities) unless both KT Trading and the Company agree. Any production established outside of Respin shall pay a license fee to Respin for using the technology. The targeted minimum capacity of Respin's initial production unit totals 370 tonnes per year. KT Trading and Company target reaching this production level during the third year after production start-up.

All of Respin's raw material purchases are to be based on prevailing market prices. KT Trading is the principle supplier of leather waste raw material. The Company is the exclusive provider of technology and machinery for all production units. Respin will have its own sales/marketing organisation. All of the fibres produced by Respin will be sold at a market price, provided that ECCO would have the first right of refusal for 50 per cent share of staple fibres produced by Respin. ECCO consumer products based on leather waste will be co-branded with the SPINNOVA® brand. SPINNOVA® fibre made from leather waste is expected to be priced with a premium compared to SPINNOVA® fibre made from wood pulp.

Direct Relationships with Apparel Brands

In addition to forming partnerships for the fast ramp-up of fibre production, the Company has established direct relationships with apparel brands. The Company expects to purchase fibres from the joint ventures it operates with its partners, such as Suzano and ECCO. The Company will then convert the fibre into fabrics together with its supply chain partners and sells the SPINNOVA® fabric products to global apparel brands. Currently, the Company has announced agreements with adidas, the H&M Group, ECCO, Bergans of Norway, Marimekko, Bestseller and the VF Group brand Icebreaker. The Company expects to adopt co-branding strategies with these brands. Ultimately, the Company's goal is to be the leading sustainability textile material brand. The Company will earn revenue from the sale of fabric to apparel brands based on sold volumes. There are multiple joint developments on-going with the apparel brand partners which are targeting commercial applications in 2021-2022. Additionally, the Company expects that the joint ventures it has entered into will sell fibres directly to the apparel brands. For example, when Woodspin or Respin sell directly to apparel brands, the Company will receive 50 per cent of the respective joint venture's profits.

Sales and Marketing

Prior to 2019 Spinnova was focused on the research and development of the most natural man-made fibre technology and fibre products. Starting in 2019, the Company initiated commercial operations and started developing products with its chosen partners. Most recently several new hires have been made to strengthen the Company's commercial team, including the appointment of Lotta Kopra as the Chief Commercial Officer. Moreover, the Company has invested in brand building and positioning, product marketing, and communications to customers and other stakeholders.

The Company has decided to focus on the apparel sector as the largest initial potential market for SPINNOVA® fibres and SPINNOVA® fabrics. The Company's commercial and development strategy is to work with brand partners in the following sub-categories of the apparel industry: fashion, sports, footwear and accessories. Moreover, the Company is engaged in testing and entering into partnerships in interior textiles, transportation textiles and selected non-woven and composite areas. Consistent partner feedback suggests that SPINNOVA® fibre offers a novel and uniquely sustainable solution. The Company receives constantly contact requests from top tier global textile brands.

The joint development projects with partners seek to optimize the Company's textile material properties to meet defined commercial requirements and specifications, and ultimately to come up with new commercial scale products. One example of a successful partnership is Bergans of Norway, which has seen multiple product launches during 2019-2021.

The Company's focus on leading international brands as partners reflects the global nature of the textile industry. The Company is ramping up commercial scale sales and marketing in appropriate stages. As of the date of this Offering Circular, the Company's commercial sales and marketing team consists of 5 people with backgrounds in sales, business development, strategy, technology, textiles and marketing and communications. The Company's founders, R&D team and textile development teams support the sales and marketing with their technical expertise, which is often important in the overall sales effort. The Company plans to expand the commercial sales and marketing team up to 8 people during 2021 to gain further industry and international sales and marketing experience. The Company's focused team works effectively with its world class partners to enhance the growing marketing and communications initiatives.

The Woodspin and Respin joint ventures will establish their own sales and marketing organizations to bring the SPINNOVA® fibre to the market. The sales and marketing organizations of these joint ventures will benefit greatly from the existing global sales teams, relevant industry contacts and know-how of Spinnova's co-owners in the joint ventures, Suzano and KT Trading, the sister company of ECCO. Spinnova will have the sole responsibility for producing and selling SPINNOVA® fabrics to its customers.

The Company's Production

The Company's production is currently concentrated in its 100-tonne pilot production facility located in Jyväskylä. Production at the Company's pilot production facility has been on-going for the past two years in two or three daily shifts, without any significant technology related failures. The Company expects Woodspin to construct a 1,000-tonne production facility by the end of 2022, and, at the same time, Suzano will ramp up its MFC production capacity next to the production site. Because the production units are modular in size, the Company does not expect that production timetables for larger plants will increase. As the Company orders more production units from its suppliers, the Company expects that its suppliers will have ramped up their production capabilities for larger quantities of production units. Thus, the Company expects Woodspin to have a 50,000 tonne production facility completed by the end of 2024. For further details of the production ramp-up schedule, please see " – *Business Strategy – Business model – SPINNOVA® fibre production and sales – Production ramp-up schedule*" above. After new production facilities are constructed, the Company intends to continue using the 100-tonne pilot production facility for pilot projects testing other raw materials sources, such as agricultural waste, food and beverage industry waste, as well as textile waste.

The Company's Mission

The Company's mission is to produce the most sustainable textile fibres and materials in the world for the benefit of the environment and humanity. By doing that the Company aims at transforming the raw material base of the entire global textile industry for the better.

Research and Development

Upcycled Fibre

The Company expects that another unique feature of SPINNOVA® fibre is that it can be upcycled (recycled with improved properties) in the production process without losing quality or requiring the addition of virgin fibres. The Company expects to be able to upcycle garments produced by using its technology process. The Company expects to partner with apparel brands, whereby consumers can return used garments to the apparel brand and the Company upcycles the used garments. The Company expects that the quality of upcycled fibre will be as good, if not better, then the original fibre because the homogeneity of the micro fibrillated cellulose improves. Microfibrils are strong fibres and their properties can be controlled during mechanical refining. This is a recent finding, and the Company is still in the process of performing further trials to see how many times the upcycling process can be repeated.

Other Raw Materials and End Uses

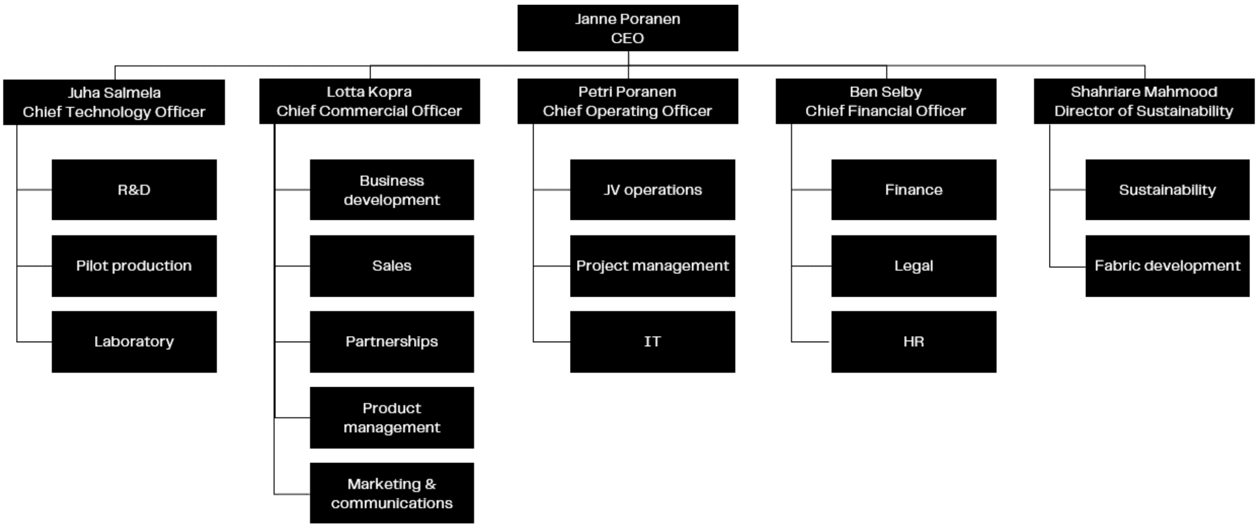
The Company continuously evaluates other raw materials for compatibility with its technology platform. The Company expects that it will be able to produce fibres from many different raw materials. The Company has already proof of concept to produce SPINNOVA® fibre from agricultural waste streams such as wheat straw and barley. The first apparels made out of wheat straw were produced together with Fortum in 2019. The Company continues to work with agricultural waste streams, and Company has global partners available to investigate those waste streams' scaling potential. The Company has also successfully used cotton waste as a raw material, where it sees a great future opportunity. Since the Company's technology is able to use multiple different raw materials without any major re-engineering, the Company is continuously evaluating these for the future.

Respin Research and Development

New collagen-based fibre innovations will continue to be made in collaboration between the Company, Respin and ECCO within the scope of the shared IPR. Unless agreed otherwise in the Respin License Agreement (as defined below), the costs of such development activities shall be borne fifty-fifty by the Company and ECCO.

Organization and Personnel

The Company's organisation is illustrated in the following diagram:



As at the date of this Offering Circular, the Company employed 49 permanent employees, including the CEO of the Company. As at 31 March 2021, the Company employed 45 employees, including the CEO of the Company. The number of employees, including the CEO, at the end of the financial years ended on 31 December 2020, 2019 and 2018, and well as the average number of employees, including the CEO, during those financial years is set forth in the below table.

Period	No. of employees as at end of financial year	Average no. of employees during financial year
Financial year ended 31 December 2020.........	40	34
Financial year ended 31 December 2019...........	24	18
Financial year ended 31 December 2018...........	18	13

As at 31 March 2021, out of the 45 employees, all were in Finland.

The Company's international and multidisciplinary team, including the Company's CEO and employees, consists of six nationalities and out of which seven have a Ph.D. degree from different scientific fields, such as physics, material chemistry and sustainability. The Company employs a Director of Sustainability, Shahriare Mahmood, who is responsible for sustainability and textile product development and a Chief Scientific Officer, Markku Kataja, who also works as a Professor at the Department of Physics at Jyväskylä University in Finland, where he leads the Complex Materials Research Group.

The Company expects to have approximately 120 or more employees by 2025. The Company expects Woodspin to have approximately 170 employees by 2025, consisting mainly of machinery operators and service personnel.

Legal Structure and History

General

The name of the Company is Spinnova Plc and it is domiciled in Jyväskylä, Finland. The Company is a public limited company incorporated under the laws of Finland. The Company's postal address is Palokärjentie 2-4, 40320 Jyväskylä. The Company's Business Identity Code is 2653299-6 and LEI code is 7437000SWC9YSSJWZB91. The Company was registered with the Finnish Trade Register on 13 November 2014. The website of the Company is www.spinnova.com. Apart from the information incorporated into the Offering Circular by reference, and possible supplements of the Finnish Prospectus, the information on the Company's website does not form a part of the Offering Circular.

Under Article 3 of its Articles of Association, the line of business of the Company is the manufacture of new value-added fibre products, research and development and the manufacture of machinery and equipment. In addition, the Company may own, manage and trade in real estate and securities.

Legal Structure

The following table presents the subsidiaries and associated companies directly or indirectly held by Spinnova at the date of the Offering Circular.

Subsidiaries	**Ownership**
Spinnova Holdings Oy	100 per cent
Associated companies	
Woodspin Oy	50 per cent
Respin Oy	50 per cent

The Company is the parent company of the Spinnova Group. The Company offers a technology platform that converts cellulose into sustainable textile fibres. With its technology platform, the Company is able to produce sustainable and the most natural man-made textile fibres without dissolving or harmful chemicals with no waste or side streams. The Company expects that its technology platform will have a large and permanent impact on the global textile market and the environment.

As at the date of this Offering Circular, the parent company, Spinnova Plc, has one wholly owned subsidiary, Spinnova Holdings Oy, which is a dormant company.

As described more in " – *The Company's Business Model – Joint Ventures with Partners – Wood-based Fibre; Joint Venture with Suzano*" above, the Company agreed on the establishment of an associated company, Woodspin, with Suzano on 1 December 2020. Specific details of the joint venture between the Company and Suzano are described in " – *Material Agreements – Woodspin Joint Venture Agreement*" below.

As described more in " – *The Company's Business Model – Joint Ventures with Partners – Leather-Waste Based Fibre; Joint Venture with KT Trading*" above, the Company agreed on the establishment of an associated company, Respin, with KT Trading on 5 November 2020. Specific details of the joint venture between the Company and KT Trading are described in " – *Material Agreements – Respin Joint Venture Agreement*" below.

Intellectual Property Rights

The Company's IPRs comprise of patents, copyrights, know-how, and trade secrets, trademarks and domain names. In addition, the Company has 46 pending patent applications. Based on the Company's view, the protection provided by IPRs provide the Company with a competitive advantage by preventing competitors for copying the Company's technology, service offerings and know-how.

The Company has in place an intellectual property strategy in order to protect the technology platform by the Company. The Company places strong emphasis on intellectual property protection and endeavours to actively protect its technology platform. The Company has verified the ownership and protection of intellectual property carefully in its operations. The Company actively protects its trade secrets and other IPRs. The Company holds patents in three key areas: raw materials and recipes, production technology and applications and use.

The Company has trademarks registered and trademark applications pending in the Australia, Brazil, Canada, China, Egypt, the European Union, India, Japan, Norway, Russia, Switzerland, Turkey, the United States, including "SPINNOVA". These trademark registrations, or applications therefor, are filed and registered in classes "5", "7", "9", "10", "11", "12", "15", "17", "19", "20", "22", "23", "24", "25", "26", "27", "28", "37", "40" and "42" for "SPINNOVA" under the Nice classification. Not all trademarks are registered in all the listed classes in all mentioned jurisdictions. The Company intends to pursue additional trademark registrations to the extent it believes doing so would be beneficial to its competitive position by, among other things, providing protection against the misuse of the Company's trademarks and related infringements.

The Company's Patents

The Company has applied for patents in jurisdictions that it has considered to be most important. Currently the Company has nine patent families.

The first patent family has four family members, of which patents have been granted in the European Union and the United States and patent applications are pending in the United States. The granted and pending claims are related to a method for the manufacture of fibrous yarn, a fibrous yarn product and the use of fibrous yarn. These patents expire in 2032.

The second patent family has ten family members, of which patents have been granted in the China, the European Union, Finland, Japan and the United States and patent applications are pending in Brazil, Canada and Russia. The granted and pending claims are related to a method and apparatus for producing fibre yarn. These patents expire in 2035.

The third patent family has nine family members, of which patents have been granted in Canada, Finland, Russia, Japan and the United States and patent applications are pending in Brazil, Chile, China and the European Union. The granted and pending claims are related to a method for producing high tensile strength nanofibre yarn. These patents expire in 2035.

The fourth patent family has three family members, of which one patent has been granted in the United States and patent applications are pending in Brazil and the European Union. The granted and pending claims are related to a mechanical method and system for the manufacture of fibrous yarn and a fibrous yarn product. These patents expire in 2036.

The fifth patent family has eight family members, of which patents have been granted in Russia and the United States and patent applications are pending in Brazil, Canada, Chile, China, the European Union and Japan. The granted and pending claims are related to a chemical method and system for the manufacture of fibrous yarn. These patents expire in 2036.

The sixth patent family has eight family members of which patent applications are pending in Brazil, Canada, Chile, China, the European Union, Japan, Russia and the United States. The pending claims are related to a fibrous monofilament. The seventh, eighth and ninth patent families fall within same family because they are based on the same priority application filed in Finland, from which the three patent family applications claim priority.

The seventh patent family relates to a filament and yarn produced on the basis of a natural protein, and the eighth patent family relates to a method and apparatus for manufacturing a staple fibre based on natural protein fibre. The patent applications for the seventh and eighth families were filed jointly with ECCO. The ninth patent family relates to a natural fibre based staple fibre and a method and apparatus for manufacturing such natural fibre based staple fibres. Applications are pending for the seventh, eight, and ninth families in Brazil, Canada, Chile, China, the European Union, Japan, Russia and the United States.

Furthermore, the Company has inventions for which patent applications disclosing and claiming will be filed by the Company with the Finnish Patent and Registration Office in the near future.

For more information on risks related to intellectual property, please see "*Risk Factors – Risks Related to the Company's Business Activities and Industry – If the Company is unable to guard its intellectual property rights ("IPRs") and trade secrets, its competitive advantage could be eroded*".

Real Estate and Leases

The Company's head office and pilot production facility are located on leased premises in Jyväskylä, Finland. The Company also leases office premises in Helsinki, Finland. The lease agreements are either open-ended agreements or fixed-term agreements.

Material Agreements

Besides those mentioned below, the Company has not concluded any agreements outside the scope of its ordinary business during the two financial years preceding the publication of the Offering Circular or in 2021, or any agreements outside the scope of its ordinary business, based on which the Company would be subject to significant obligations or hold significant rights at the date of the Offering Circular.

Woodspin Joint Venture Agreement

On 1 December 2020, the Company entered into a joint venture agreement with Suzano (the "**Woodspin Joint Venture Agreement**"), whereby Suzano and the Company (the "**Woodspin Co-Investors**") agreed to establish a joint venture for the purpose of the development, production, distribution and sales of wood-based textile fibre, yarn and filament, produced from MFC made of pulp, both hardwood or softwood, using the Company's technology. In connection with the Woodspin Joint Venture Agreement, a license agreement, a raw materials agreement and an assignment agreement were executed, as detailed in " *– Material Agreements – Woodspin Joint Venture Agreement – Woodspin License Agreement*", " *– Material Agreements – Woodspin Joint Venture Agreement – Woodspin Raw Materials*

Agreement" and " – *Material Agreements – Woodspin Joint Venture Agreement – Woodspin Assignment Agreement*" below.

Under the terms of the Woodspin Joint Venture Agreement, the Woodspin Co-Investors agreed to each subscribe for 1,750,000 newly issued shares in Woodspin and pay a consideration of EUR 1.75 million for such shares. The Woodspin Co-Investors agreed that the aggregate EUR 3.5 million would be used to finance the construction of a plant with capacity to produce 1,000 tonnes per year of filaments made directly from MFC. The Woodspin Co-Investors agreed that the plant may need additional investments, in which case any additional amounts shall be paid into the invested unrestricted funds of the equity of Woodspin and shall trigger the issues of the correspondent number of shares observing the valuation of EUR 1.00 per share. If the Company is unable to provide additional funds for the 1,000 tonnes plant, Suzano may grant a convertible loan to the Company amounting to a partial or full amount of the Company's portion of the additional investments, provided that the terms and conditions of the convertible loan agreement include the right for Suzano to receive new Shares and with the conditions that the receivable of Suzano is to be set off against the subscription price of the new Shares. The Woodspin Co-Investors have agreed to each invest EUR 11 million for the 1,000 tonnes plant by the end of 2022.

Once Woodspin reaches the commercial stage, under the terms of the Woodspin Joint Venture Agreement, Woodspin's product will be sold on the open market with pricing corresponding to the open market prices under arm's length terms. All fibres sold by Woodspin will be sold under the SPINNOVA® brand.

Under the Woodspin Joint Venture Agreement, Woodspin always has the right to be the exclusive distributor of the products produced and is responsible for the marketing of such new products. The Woodspin Co-Investors agreed that if either Woodspin Co-Investor identifies a new opportunity to expand Woodspin's operations by opening a new production facility to produce wood-based pulp and/or MFC products based on the Company's technology, each Woodspin Co-Investor shall have a pre-emptive right to participate in such new project (the "**Woodspin New Project**") with up to a fifty per cent interest. If either Woodspin Co-Investor identifies such an opportunity (the "**Woodspin Offering Party**") and the other Woodspin Co-Investor (the "**Woodspin Receiving Party**") elects not to exercise its pre-emptive right to participate or elects to participate with a less than fifty per cent interest, the Woodspin New Project, shall be developed by a separate independent company (the "**Woodspin New Project Company**").

A Woodspin New Project Company shall be (i) owned solely by the Woodspin Offering Party, (ii) owned solely by the Woodspin Offering Party and a third party (the "**Woodspin Independent Company**"), (iii) owned by the Woodspin Offering Party together with the Woodspin Receiving Party on a basis other than fifty per cent / fifty per cent, or (iv) owned by the Woodspin Offering Party, together with the Woodspin Receiving Party on a basis other than fifty per cent / fifty per cent, and a Woodspin Independent Party. If a Woodspin Independent Party is a competitor of Suzano, Suzano has the right to exercise its pre-emptive right to participate prior to the formalisation of a Woodspin New Project, including, for example, the formation of a Woodspin New Project Company. Woodspin shall sublicense the Company's technology relating to the mechanical treatment of pulp and MFC to convert pulp and MFC into textile fibre without harmful chemicals and the SPINNOVA® trademark to any Woodspin New Project Company.

A Woodspin New Project Company shall pay royalties to Woodspin (that will subsequently be paid to the Company) equivalent to six per cent over the operative cash flow of the Woodspin New Project Company. In any Woodspin New Project Company, the Company has the right to be the exclusive supplier to the Woodspin New Project Company of spinning equipment and machinery for the production of wood-based textile fibre, yarn and filament from pulp or MFC, the integration of which depends on the Company's technology relating to the mechanical treatment of pulp and MFC to convert pulp and MFC into textile fibre without harmful chemicals. In any Woodspin New Project Company, Suzano has the right to be the exclusive supplier of pulp and MFC, provided that the quality of pulp and MFC is adequate and fit for the Woodspin New Project Company's manufacturing operation and provided at competitive market price and market terms.

Within five years of the Woodspin Joint Venture Agreement, the Woodspin Co-Investors are prohibited from selling shares in Woodspin. After five years, each Woodspin Co-Investor may sell shares in Woodspin, provided that the non-selling Woodspin Co-Investor has the right of first refusal and a tag along right. Under the terms of the Woodspin Joint Venture Agreement, the Woodspin Co-Investors agreed to certain matters concerning the governance of Woodspin. If Woodspin distributes dividends, the dividends are distributed to the Woodspin Co-Investors. Each Woodspin Co-Investor is entitled to appoint an equal number of members to the board of directors of Woodspin. The right to appoint the chairman of the board of directors rotates between the Woodspin Co-Investors annually. In order for Woodspin to take certain actions, approval must be granted by Woodspin's board of directors. In the event of a tie, the chairman must refrain from casting a vote. If a majority vote cannot be reached in two consecutive meetings of the board of directors, the matter is escalated to the shareholders' meeting. If the tie remains after escalation, the same matter can only be submitted to new deliberations of the board of directors three months later. Until the matter is resolved, the matter shall maintain its status as is. The Woodspin Joint Venture Agreement contains procedures for resolving situations in which the shareholders' meeting is deadlocked.

Each Woodspin Co-Investor, while it is a party to the Woodspin Joint Venture Agreement, must refrain from engaging, investing, financing, or rendering services to any entity that develops, produces, distributes or sells textile fibre, yarn and filament, produced by using a spinning technology. The Woodspin Joint Venture Agreement additionally contains a non-solicitation clause lasting for the duration of the Woodspin Joint Venture Agreement and twelve months thereafter. The Woodspin Joint Venture Agreement terminates when Woodspin and the Woodspin Co-Investors agree in writing to terminate the agreement; a Woodspin Co-Investor ceases to hold shares in Woodspin; or upon an initial public offering of the shares of Woodspin. Upon occurrence of an event of default, and non-defaulting Woodspin Co-Investor shall have the right to seek the specific performance of the obligations set forth in the Woodspin Joint Venture Agreement.

Woodspin License Agreement

In connection with the Woodspin Joint Venture Agreement, the Company and Suzano and Woodspin entered into a license agreement (the "**Woodspin License Agreement**"). Under the terms of the Woodspin License Agreement, the Company granted to Woodspin a worldwide, perpetual, exclusive, sublicensable license to the Company's IPRs relating to the mechanical treatment of pulp and MFC to convert pulp and MFC into textile fibre without harmful chemicals to be used in Woodspin's business and in the production of filaments made directly from MFC supplied by Suzano. Under the terms of the Woodspin License Agreement, the Company also granted to Woodspin a worldwide, perpetual, permanent and irrevocable, exclusive, sublicensable license to use the Company's "Spinnova" trademark. As discussed under " – *Material Agreements – Woodspin Joint Venture Agreement*" above, Woodspin shall sublicense the Company's technology relating to the mechanical treatment of pulp and MFC to convert pulp and MFC into textile fibre without harmful chemicals and the "SPINNOVA" trademark to any Woodspin New Project Company, and the Woodspin New Project Company shall pay a technology fee to Woodspin (or the Company) equivalent to six per cent over the operative cash flow of the Woodspin New Project Company. The Woodspin License Agreement continues in force unless the Company elects to terminate the agreement after it has been materially breached by Woodspin and Woodspin has failed to cure the breach within sixty days of written notice of the breach from the Company.

Woodspin Raw Material Agreement

In connection with the Woodspin Joint Venture Agreement, the Company and Suzano and Woodspin entered into a raw material supply agreement (the "**Woodspin Raw Material Agreement**"). Under the terms of the Woodspin Raw Material Agreement, Suzano shall be the exclusive supplier of pulp and MFC used by the Woodspin in its business (the "**Raw Material**"), provided that Suzano has Raw Material readily available for delivery to Woodspin. The quality of Raw Material shall be adequate and fit for the purposes of the manufacturing operations of Woodspin as specified in certain requirements provided by Woodspin. If Suzano is unable at any point in the future to provide Raw Material meeting the requirements provided by Woodspin, Woodspin can purchase Raw Material from the market. The price of the Raw Material is limited to EUR 2 thousand per tonne for 18 months from the start of production of Woodspin's 1,000 tonnes plant. The Woodspin Raw Material Agreement is valid as long as Woodspin uses the Raw Material in its business during the operation of the precommercial plant. After five years from the execution of the Woodspin Raw Material Agreement, either Suzano or Woodspin may terminate the agreement with 90 days' notice. Suzano's maximum global liability to Woodspin is limited under the Woodspin Raw Material Agreement to the amount of the price of Raw Material indicted in the purchase order related to the damage or loss.

Woodspin Assignment Agreement

In connection with the Woodspin Joint Venture Agreement, the Company and Suzano International Trade GmbH ("**Suzano International**") and a privately held European machine manufacturer entered into an assignment agreement (the "**Woodspin Assignment Agreement**"). Under the terms of the Woodspin Assignment Agreement, the Company assigned to Suzano International all of its rights and obligations in and to a purchase agreement entered into on 18 June 2019 between the Company and the privately held European machine manufacturer (the "**Purchase Agreement**"). Under the Purchase Agreement, the Company acquired a refining product used for producing MFC from cellulose and other raw materials and licensed technology. Under the terms of the Woodspin Assignment Agreement, the Company retained the license to use the privately held European machine manufacturer's refining technology in all non-wood-based products.

Respin Joint Venture Agreement

On 5 November 2020, the Company entered into a joint venture agreement with KT Trading relating to Respin (the "**Respin Joint Venture Agreement**"). The Company and KT Trading (the "**Respin Co-Investors**") have established Respin as a fifty-fifty joint venture for the purpose of the development and commercialisation of staple and continuous filament fibres manufacturing based on collagen originating materials, including collagen waste and leather-based waste materials via a technology that is based on intellectual property and know-how licensed by Respin from ECCO and the Company. In connection with the Respin Joint Venture Agreement, a license agreement and a development material agreement and an assignment agreement were signed, as detailed in " – *Material Agreements – Respin Joint Venture Agreement – Respin License Agreement*", and " – *Material Agreements – Respin Joint Venture Agreement – Respin Development Agreement*" below. Under the terms of the Respin Joint Venture Agreement, all fibres sold by Respin will be sold under the SPINNOVA® brand and all consumer products sold by ECCO will be co-branded with the SPINNOVA® brand.

Under the terms of the Respin Joint Venture Agreement, KT Trading is the principal supplier of raw material to Respin and Respin shall acquire raw materials from KT Trading, provided that, KT Trading has raw materials readily available for delivery to the Respin, the quality of such raw materials is adequate and fits the purposes of Respin's manufacturing operations, and the raw material is provided at competitive market price and otherwise on market terms. The Company is Respin's exclusive provider of technology and machinery for all production units, which includes initially a pilot production facility during the proof-of-concept phase ("**POC Phase**") and the establishment of the first leather waste fibre production facility during the commercialisation phase. The goal is to then expand Respin by opening new production facilities in selected locations.

Under the terms of the Respin Joint Venture Agreement, the Respin Co-Investors agreed to each subscribe for 10,000 newly issued shares in Respin. The Respin Joint Venture Agreement details the financing of the POC Phase and the commercialisation phase. KT Trading agreed to provide financing for the POC Phase in the amount of maximum EUR 2.5 million. In the event KT Trading, in its sole discretion, elects not to continue the POC Phase, without limiting its obligation to pay the instalment for the then ongoing or completed milestone, KT Trading is not obliged to make any further instalments. EUR 1.65 million was paid in June 2021. The rest of the first instalment of EUR 1.75 million will be paid in third quarter of 2021, and the subsequent three milestone payments of EUR 250 thousand each shall be paid on the last day of each semi-annual milestone period. The funds paid by KT Trading shall be used solely to cover the costs of the services to be acquired by Respin under the Respin Development Agreement (as defined below).

If the POC Phase is completed and the commercialisation phase commences, the Company shall provide equity financing of up to EUR 1.25 million (or such lower amount that reflects 50% of the POC Phase's investments actually made by KT Trading). This amount shall be paid into the reserve for invested unrestricted equity of Respin. If further equity financing is needed in order to complete the commercialisation, each Respin Co-Investor shall provide further capital to the Company as may be separately agreed, provided that at such time the Respin Co-Investors shall provide an equal amount to be paid into the reserve for invested unrestricted equity of Respin. The profits of the Respin shall initially be used to fund the expansion of Respin's operations and thereafter for distributions to be made in the form of dividend payments.

Each of the Respin Co-Investors is entitled to establish their own leather waste fibre production facilities in the event that Respin is not willing or is unable to expand production. All of the fibre produced by facilities owned or controlled by the Respin Co-Investors would be sold to Respin, which sells the fibre to the market. Any entities established outside of Respin to produce leather waste fibre shall pay a license fee to the Respin for use of the production technology.

Under the terms of the Respin Joint Venture Agreement, the Respin Co-Investors agreed to certain matters concerning the governance of Respin. Each Respin Co-Investor is entitled to appoint an equal number of members to the board of directors of Respin. The right to appoint the chairman of the board rotates between KT Trading and the Company annually, except that the term of the first chairman of the board, who is appointed by the Company, lasts until the annual shareholders' meeting in 2022. In the event of a tie, the chairman of the board shall have the casting vote. In order for certain resolutions or actions in respect of Respin to be taken, approval shall require a signature by the representative of each Respin Co-Investor or a signature by all board members appointed by each Respin Co-Investor.

Each Respin Co-Investor are prohibited from selling shares in Respin, except with the consent of the other Respin Co-Investor and, if consent is granted, the non-selling party has a right of first refusal and a tag along right. The Respin Joint Venture Agreement contains procedures for resolving situations in which the shareholders' meeting is deadlocked, including, if no resolution can be reached, the possibility for the Respin Co-Investors to enter into a redemption process.

Under the terms of the Respin Joint Venture Agreement, each Respin Co-Investor agreed to non-competition and non-solicitation terms during the time it is a party to the Respin Joint Venture Agreement and for eighteen months thereafter. The Respin Joint Venture Agreement terminates when the Respin Co-Investors agree in writing to terminate the agreement or there is trade sale of Respin or an initial public offering of the shares of Respin.

Respin License Agreement

In connection with the Respin Joint Venture Agreement, the Company, ECCO and Respin entered into a license agreement (the "**Respin License Agreement**"). Under the terms of the Respin License Venture Agreement, the Company and ECCO granted to Respin a global, royalty-free license to exploit the IPR owned by them relating to staple and continuous filament fibre manufacturing processes based on collagen originating materials to be used as part of Respin's business. Any new IPR arising as part of the Respin's business or otherwise developed by the Respin shall be jointly owned by ECCO and the Company. The Respin License Agreement continues in force unless the Company or ECCO elects to terminate the agreement after it has been materially breached by Respin and Respin has failed to cure the breach within sixty days of written notice of the breach from ECCO or the Company. The Company and ECCO also have the right to terminate the Respin License Agreement if the Respin Joint Venture Agreement terminates or if ECCO and the Company, for any reason, jointly decide.

Respin Development Agreement

In connection with the Respin Joint Venture Agreement, the Company, ECCO and Respin entered into a development agreement (the "**Respin Development Agreement**"), whereby the Company agreed to provide to Respin certain services regarding the development work, technology and equipment during the POC Phase and commercialization phase. Under the terms of the Respin Development Agreement, the Company shall charge a total of EUR 2.5 million for its services to Respin over the course of the POC Phase and up to 31 October 2022, of which Respin has already paid EUR 1.65 million to Spinnova in June 2021. Respin shall pay EUR 100 thousand in third quarter of 2021 and EUR 250 thousand on each of 31 October 2021, 30 April 2022 and 31 October 2022. The Respin Development Agreement entered into force upon its execution and shall continue in force until at least 30 June 2022 and may thereafter be terminated by either the Company, ECCO or Respin by written notice to the other parties at least sixty days in advance. Each of the Company, ECCO or Respin may terminate the Respin Development Agreement with thirty days' notice to the other parties if a party commits a material breach of the agreement.

Suzano Investment Agreement

On 13 August 2019, Suzano and the Company entered into an investment agreement (the "**Suzano Investment Agreement**"). In connection with the signing of the Suzano Investment Agreement, Suzano subscribed for 3,045 Shares in the Company at the subscription price of EUR 821.01 per Share, the total aggregate subscription price being EUR 2.5 million. The Suzano Investment Agreement also entitled Suzano to make an additional up to EUR 5 million equity investment in the Company. In accordance with the terms of the Suzano Investment Agreement, Suzano made an additional equity investment in the Company and, on 18 May 2021, subscribed for 60,901 Shares in the Company at a subscription price of EUR 82.10 per Share with a total subscription price of EUR 5 million.

Bergans Supply Agreement

On 7 May 2021, the Company and Bergans Fritid AS ("**Bergans**") entered into a supply agreement (the "**Bergans Supply Agreement**"). Under the terms of the Bergans Supply Agreement, the Company agreed to deliver SPINNOVA® fabric to Bergans. The Bergans Supply Agreement requires that the SPINNOVA® brand be visible in the final product.

Joint Development, Pilot Partnership and Materials Agreements

The Company has entered into joint research and development agreements and pilot partnership agreements relating to improving textile fibre properties with various parties.

Blended Yarn Project Agreement

On 29 January 2021, the Company and a trading house entered into a proof of concept project agreement (the "**Blended Yarn PPA**") for blended yarn development and testing. Under the terms of the Blended Yarn PPA, the Japanese trading house has the title to the outcome of the project, which is a trial product made of SPINNOVA® fibre. Nothing in the agreement limits the Company's right to use its technology in connection with products or product ideas similar to the scope of the project. No title to or right in the underlying production technology, including patents and patent application is assigned from the Company to the trading house. All intellectual property rights arising in connection with the project regarding the fibre and its production technology will be vested in the Company. The parties to the Blended Yarn PPA agreed to discuss on cobranding of a commercial product that may result from this project in the future. The project under the Blended Yarn PPA is ongoing.

Icebreaker (VF Group) Joint Development Agreement

On 15 December 2020, the Company and Icebreaker Limited ("**Icebreaker**") entered into a joint development agreement (the "**Icebreaker JDA**") to conduct material co-innovation and joint development related to developing specific abric based on the Company's production technology and finishing knowledge. Under the Icebreaker JDA, each party shall retain all rights and title to any background IP, which shall be licensed to the other party solely for the purpose of the project. Any and all intellectual property rights relating to the Company's materials, or any modifications made in the course of the project shall be vested in the Company. The Icebreaker JDA is in force and effect until terminated. Icebreaker may terminate the Icebreaker JDA at any time for convenience with one month's written notice at any time. Spinnova may terminate the Icebreaker JDA at any time for convenience with six month's written notice. The SPINNOVA® ingredient brand must be visible in the Icebreaker end-products containing SPINNOVA® yarns.

H&M Group Joint Development Agreement

On 11 December 2020, the Company and the H&M Group entered into a joint development agreement (the "**H&M JDA**") to build on results of the previous pilot partnership between the H&M Group and the Company. Under the H&M JDA, the Company shall produce and deliver fibre to a supplier specified by the H&M Group. Use of the SPINNOVA® brand is subject to the Company's brand guidelines. Spinnova charges a material fee and a project research and development fee covering all additional costs up to finished fibre according to the agreed specification. The H&M Group shall have the title to end-product made with the SPINNOVA® fibre. The fibre, and the underlying production technology, is intellectual property of the Company, and no title to, or rights in the underlying production technology, including patents and patent application is assigned by the Company to the H&M Group under the H&M JDA. The initial term of the H&M JDA ends on 11 December 2021. If agreed in writing, the H&M JDA may be extended on the same terms and conditions. The H&M Group is entitled to terminate the H&M JDA at any time effective immediately.

adidas Joint Development Agreement

On 17 February 2020, the Company and adidas entered into a joint development agreement (the "**adidas JDA**"), whereby the Company agreed to provide advice and assistance in relation to the development of textiles composed of the Company's materials for sports and leisure products, including but not limited to footwear, apparel (including wearable electronics) and athletic equipment and their components ("**adidas JDA Sporting Goods**"). Under the terms of the adidas JDA, each party retains all rights in and to its own IPR, both background IPR and IPR arising from the adidas JDA ("**adidas JDA Foreground IPR**"). adidas agreed to assign to the Company all rights, title and interest in to the adidas Foreground IPR which relates to (i) the Company's technology, (ii) any modifications and enhancements to the Company's technology, (iii) the material created, developed or customized as a result of carrying out a project pursuant to the adidas JDA (the "**adidas JDA Material**"), or (iv) the usage of the Company's technology and the adidas JDA Material for products other than Adidas JDA Sporting Goods which incorporate the adidas JDA Material. The Company agreed to assign to adidas all rights, title, and interest in to the adidas JDA Foreground which relates solely to the construction and design of adidas JDA Sporting Goods which incorporate the adidas JDA Material. To the extent the Company or adidas may not lawfully assign to the other party any adidas JDA Foreground IPR, the Company and adidas agreed to grant to the other party a perpetual and exclusive right of use in the respective adidas JDA Foreground IPR. The adidas JDA continues in full force and effect until 31 December 2021. After 31 December 2021, the adidas JDA agreement shall be automatically renewed for successive periods of twelve months, either party gives written notice. Either party has the right to terminate the Adidas JDA if the other party is in material breach or the other party becomes insolvent.

Bestseller Pilot Partnership Agreement

On 21 January 2020, the Company and Bestseller A/S ("**Bestseller**") entered into a pilot partnership agreement (the "**Bestseller PPA**") to undertake a woven fabric prototyping project. Under the terms of the Bestseller PPA, Bestseller has the title to the outcome of the project, which is a trial product made of the SPINNOVA® fibre. Nothing in the agreement limits the Company's right to use its technology in connection with products or product ideas similar to the scope of the project. No title to or right in the underlying production technology, including patents and patent application is assigned from the Company to Bestseller. All intellectual property rights arising in connection with the project regarding the fibre and its production technology will be vested in the Company. Bestseller and the Company agreed to discuss on cobranding of a commercial product that may result from this project in the future. The project under the Bestseller PPA is ongoing.

Kemira Joint Development Agreement

On 20 June 2019, the Company and Kemira Oyj ("**Kemira**") entered into a joint development agreement (the "**Kemira JDA**") focused on conducting a joint research and development project related to improving textile fibre properties. Under the terms of the Kemira JDA, all confidential information, technology, and know-how that each party possesses on the 20 June 2019 or which each party respectively alone or together with third parties will develop after 20 June 2019 remains such party's sole property. The Kemira JDA does not grant to either party any license rights or other rights relating to any confidential information, technology or know-how. The title to any development results relating to Kemira products shall vest in and rest exclusively with and remain the sole property of Kemira. The title to the development products, any commercial applications, or any development results relating to the fibre production process or suspension/dope composition, shall vest in and rest exclusively with and remain the sole property of Spinnova. The title to any other results of the research and development project under the Kemira JDA shall rest joint and equally with the parties and shall constitute joint property of the parties. The development project under the Kemira JDA has ended on 31 May 2021, but the Company expects to continue the development project in the future.

CMC Producer Development Agreement

On 21 March 2018, the Company and a leading producer of carboxymethyl cellulose ("**CMC**") agreed jointly to investigate and develop CMC-based solutions for use in processing and manufacture of staple fibre and yarn (the "**CMC JDA**"). Under the terms of the CMC JDA, any IPRs owned by the leading CMC producer or the Company as of the effective date of or created outside the scope of the CMC JDA ("**CMC JDA Background IP**") remains the property of that party. Under the CMC JDA, the Company owns all IPRs that are discovered, created and/or reduced to practice during the term of the agreement ("**CMC JDA Arising IP**") related to non-wood-based fibre sources, staple fibre and yarn, and aqueous slurries containing CMC and non-wood-based fibre sources to be processed into staple fibre and yarn. Under the CMC JDA, the leading CMC producer owns all CMC JDA Arising IP relating to CMC and manufacture of CMC. Each party grants to the other a non-transferable, worldwide, royalty free, non-exclusive license to such of its patented CMC JDA Background IP for the sole purposes of carrying out the project. Any license to use the other party's patented CMC JDA Background IP terminates immediately upon termination of the CMC JDA. Under the CMC JDA, the Company granted to the leading CMC producer a transferable, worldwide, royalty-free, non-exclusive license to CMC JDA Arising IP owned by the Company to make, use, sell, offer to sell, import and export CMC. The CMC JDA terminates on 31 December 2022.

Product Development Grant Agreement with the State Treasury of Finland

The Company has entered into a repayable product development grant agreement with the State Treasury of Finland with the total debt amount of EUR 3 million on 15 June 2018 (the "**Product Development Grant Agreement**"). The Product Development Grant Agreement is repaid in several instalments of EUR 600,000 plus interest during the years 2023–2027. Business Finland has the right under the Product Development Grant Agreement to perform audits relating to the Company's development work and accounting.

The terms of the Product Development Grant Agreement allow the State Treasury and Business Finland to accelerate the Product Development Grant Agreement in certain circumstances. The acceleration clauses relate to, inter alia, (i) non-agreed use of the grant, (ii) a material change in the conditions pursuant to which the financing was granted and (iii) the Company's bankruptcy. Under the terms of the Product Development Grant Agreement, the Company is obliged to a pay interest of three percentage units lower than the official interest rate affirmed by the Ministry of Finance, however always at least one per cent per annum.

The Company must notify Business Finland in advance, when any significant business changes takes place during the project, after five years from the final payment of the financing or before the Product Development Grant Agreement has been repaid in total. If the Company omits the notification obligations, Business Finland may accelerate the Product Development Grant Agreement. The Company has notified Business Finland of the FN Listing and received on 20 May 2021 a confirmation from Business Finland that it will not accelerate the Product Development Grant Agreements in connection with the FN Listing.

Business Finland R&D Loan

The Company has on 3 January 2020 entered into a repayable R&D loan agreement with Business Finland ("**Business Finland R&D Loan**") with a total nominal debt of EUR 2,066 thousand. The Business Finland R&D Loan is repayable in annual instalments over a period of seven years. No funds have been withdrawn under this loan as at the date of this Offering Circular. It will be possible for the Company to withdraw funds under the Business Finland R&D Loan for the first time in June 2021.

Contractual terms of the Business Finland R&D Loan allow Business Finland to accelerate the repayment of the Business Finland R&D Loan partially or wholly. Generally, these acceleration clauses relate to, amongst others, (i) non-agreed use of the loan; (ii) cancellation or transfer of the project; (iii) provision of misleading or false information significantly affecting the R&D loan decision; or (iv) the financial conditions of the Company.

The Company must notify Business Finland in advance, when any significant ownership structure arrangement takes place during the project, after five years from the final payment of the financing or before the Business Finland R&D Loan has been repaid in total. If the Company omits the notification obligations, Business Finland may accelerate the R&D loans.

Grants for R&D Activities

The Company has been granted two grants by Business Finland (formerly Tekes) of which the largest, EUR 720 thousand, was granted during the financial year ended 31 December 2017) ("***Business Finland Grants for R&D Activities***"). The grants have been claimed as at the date of this Offering Circular.

The contractual terms of the Grants for R&D Activities allow Business Finland to demand payback of the grants partially or wholly, until ten years have elapsed since the last payment of the final instalment. Generally, these payback clauses relate to, inter alia, breach of the grant agreements and the Company's significantly deteriorating financial position. The Company must notify Business Finland in advance, when any significant business changes takes place during the project or after five years from the final payment of the financing. If the Company omits the notification obligations, Business Finland may demand payback of the grants. The Company has notified Business Finland of the FN Listing and received on 20 May 2021 a confirmation from Business Finland that it will not demand payback of the Business Finland Grants for R&D Activities in connection with the FN Listing.

The Company has been granted a grant of EUR 207,630 by Centre for Economic Development, Transport and the Environment of Central Finland (the "**ELY Center**") (the "**ELY Center Grant for Business Development**"). The contractual terms of the ELY Center Grant for Business Development allow the ELY Center to demand payback of the grants partially or wholly. Generally, these payback clauses relate to, inter alia, breach of the grant agreements and the Company's significantly deteriorating financial position. The Company must notify the ELY Center of any change affecting the use of the grant, change of the legal form of the Company and transfer of business or assets to other person. If the Company omits the notification obligations, the ELY Center may demand payback of the grants. The Company has notified the ELY Center of the FN Listing and received on 12 May 2021 a confirmation from the ELY Center that the change of ownership in connection with the FN Listing does not affect the ELY Centre Grant for Business Development and that changes in the ownership base do not constitute a basis for the recovery of the grant.

OP Loan Agreement

The Company has entered into a loan agreement with OP Bank with the total remaining debt amount on 31 May 2021 of EUR 3,333 thousand (the "**OP Loan**"). The OP Loan is repaid in monthly instalments, and the final loan repayment is falling due on 28 September 2024. The OP Loan has been granted to be used as working capital of the Company. The OP Loan is subject to the European Investment Fund's EIF SME Initiative Finland guarantee scheme, as well as to a bank guarantee granted by Finnvera (30 per cent). In addition, business mortgage notes with the total amount of EUR 10 million have been pledged by the Company for the security of the OP Loan.

OP Bank has the right to accelerate the OP Loan for repayment in certain conditions. The grounds for the acceleration relate to, inter alia, the Company's financial condition, breach of contract or contribution obligation and occurrence of substantial change in the Company's ownership basis. The Company's contribution obligation includes, amongst others, a notification of material changes in the Company's business operations. Company has notified OP Bank of the FN Listing and received on 24 May 2021 a confirmation from OP Bank that it will not accelerate the OP Loan in connection with the FN Listing. Material changes in the Company's business consist of, for example, changes in the Company's ownership structure, payment defaults as well as termination, reduction or material extension of business. The OP Loan covenant prohibits sale or transfer of assets, receivables or rights entitling to them outside of normal business operations.

The interest rate on the OP Loan is tied to the twelve-month Euribor rate, and the loan margin is set at 2.4 per cent. A change in the reference interest rate will change the interest margin accordingly, which will take effect on the day the reference interest rate is changed. OP Bank is entitled to revise the margin charged at the earliest one or three years from signing the loan agreement or from the previous revision of the margin. OP Bank must inform the Company of an increase by a written notice at least one month before the increase.

The OP Loan includes a financial covenant to maintain an equity ratio of at least 30 per cent. The level of the equity ratio covenant is calculated on the basis of the Finnish Company Analysis Association's calculation method for equity ratio. Under the loan agreement, OP Bank is entitled to an additional interest rate of one per cent for the time period that the Company is in breach of the covenant. Spinnova must notify OP Bank if the requirements agreed in the covenant are not fulfilled. Until 1 June 2021, the OP Loan contained a covenant, pursuant to which OP Bank had grounds to terminate the OP Loan if the combined proportion of all Shares and votes in the Company held by Janne Poranen and Juha Salmela fell below 20 per cent. Spinnova has on 6 April 2021 received a waiver from OP Bank regarding the shareholding covenant, and Spinnova and OP Bank have on 1 June 2021 entered into a new covenant, pursuant to which the OP Loan no longer contains a covenant regarding the founders' shareholding.

Shareholders' Agreement relating to the Company

All current shareholders of the Company have entered into a shareholders' agreement concerning the Company (the "**Shareholders' Agreement**"). The Shareholders' Agreement shall terminate when the FN Listing is completed. The Shareholders' Agreement contains a non-competition and non-solicitation provision applicable to Janne Poranen and Juha Salmela (the "**Founders**"), whereby each Founder undertakes, during the term of the Shareholders' Agreement and for a time period of 36 months following the later of the termination of the Shareholders' Agreement or the termination of the employment contract each Founder has with the Company, not to engage in competition with the Company. Engaging in competition is defined as being employed by a competitor of the Company or the Company's customer or shareholders, soliciting the Company's employees to become employed by the Company's competitors or customers or shareholders, participating as an entrepreneur, consultant or in any other comparable manner directly or indirectly in operations that constitute competition with the Company or shareholders, soliciting the Company's customers or cooperation partners to abandon their customership or cooperation with the Company or shareholders, and making preparations in order to carry out such competitive operations. The Company's Board of Directors is entitled to agree on exceptions to the above non-competition and non-solicitation undertakings on a case by case basis only with the consent of two thirds of the Company's shareholders who own more than ten per cent of Shares of the Company. If a Founder is in breach of the non-competition or non-solicitation obligation and has not cured the breach within a period of 30 days following a written notice by the Company, such Founder shall be obligated to promptly offer all of his shares as well as his option rights and other special rights entitling to shares either to the Company, to a third party appointed by the Company or to the other shareholders at the original purchase/subscription price of the said shares or special rights or at then-current fair market value if then-current fair market value is lower than the purchase/subscription price. In the event that the Founder has received their shares, option rights or other special rights entitling them to shares without compensation, the Founder shall be obligated to offer them for redemption/purchase correspondingly without compensation.

Insurances

The Company maintains insurance against various risks related to its business. The insurance coverage for the Company includes, among other things, property risk insurance, business insurance, operational liability insurance, business interruption insurance, legal expenses insurance, transport insurance and directors' and officers' liability insurance. The insurance agreements of the Company include limitations on compensation and deductibles. In the opinion of the Company's management, the scope of the Company's insurance policies is in accordance with the sector's practices and they cover risks against which insurance can be considered appropriate for the Company's needs and business circumstances. General restrictions apply to the insurances, due to which they may not necessarily cover all damage incurred.

Environmental, Health and Safety Matters

The Company has invented a unique technology process that uses zero harmful chemicals for producing sustainable textile fibres and materials at an industrial scale. SPINNOVA® fibre's CO_2 emissions are approximately 64.5 per cent less than cotton's over the entire lifecycle from farming to fibre process[71]. Moreover, the Company has made a commitment to only use FSC and/or PEFC certified wood or cellulosic waste streams. Please see " – *The Company's Services and Products – The Company's Most Natural Man-Made Fibre*" above. Responsibly farmed wood, which is one of the Company's primary raw materials, actually absorbs more CO_2 from the atmosphere than the pulping and logistics of the pulp supplier emit. The Company's production process does not require harmful chemicals and uses 99.5 per cent less water than cotton textile production[72], and SPINNOVA® fibre contains no microplastics.

To the Company's knowledge, it has not had incidents related to disposal, spill, leakage, deposit, emission, discharge or release of any harmful substance, material, or waste into the air, surface water, ground

71 Source: Simreka's environmental impact comparison 2020.

72 Source: Simreka's environmental impact comparison 2020.

water, sea, sediments, buildings, biodiversity, waste fills, sewerage system, or soil at any of the properties leased by it. In the production of its wood-based fibre and fabric, the Company does not use substances that are hazardous to the environment or health. Based on the assessment of Spinnova's management, no separate insurance for potential damages caused by hazardous waste is needed at the moment.

To the Company's knowledge, it will not require environmental permits for its wood-based fibre production facilities for the time being. This was confirmed by the Central Finland's Centre for Economic Development, Transport and the Environment on 1 April 2021. In the future, the Company's operations involving leather waste raw material or recycling cellulose-based textiles may require permits. These operations may require the handling of hazardous chemical products such as chromium and sulphates.

Spinnova has developed its safety culture in its pilot production facility. The Company's pilot production line is CE approved, which means it complies with the Machine Safety Directive 2006/42/EC. The Company conducts regular safety walks and risk evaluation in its pilot production facility, paying special attention to safety observations, clarifying close call situations and making continuous improvements to operational safety. There have been zero occupational accidents in the Company's operations and facilities since the founding of the Company.

During 2020 and 2021, Spinnova's occupational health care partner Terveystalo has carried out occupational health and safety inspections at the Company's pilot production facility in Jyväskylä. Terveystalo found the Company's occupational health and safety aspects, as well as the employees' wellbeing, to be on a very good level.

Legal Proceedings and Administrative Procedures

During the twelve months preceding the date of the Offering Circular, the Company has not been a party to legal, arbitration or administrative proceedings that may have or in the past twelve months have had a significant effect on the financial position or profitability of the Company or its subsidiaries, and the Company is not aware of any such proceedings being pending or threatened.

Regulatory Environment

The Company's products, fibre and fabric, are subject to European Union regulation, such as the General Product Safety Directive 2001/95/EC, as amended, the Textile Regulation (EU) No 1007/2011, as amended, and the European Labelling Directive for Footwear 94/11/EC, as amended. The Company's products and brand partner products with the Company's materials must be labelled clearly identifying the full fibre content and composition and parts of animal origin. Textiles can also be checked for conformity with the information supplied by the label at any stage of the marketing chain. Textile safety requirements are specified in an EU Directive.

The European Union keeps an annually updated list of restricted chemicals in textiles. The European Union's Registration, Evaluation, Authorisation, and Restriction of Chemicals (REACH) Regulation (EC) No 1907/2006, as amended, limits the levels of chemicals, particularly heavy metals and other pollutants, in consumer products of any type for the European Union market. The Company complies with all of the above-mentioned regulations.

The Company's operations involving leather waste comply with Commission Regulation (EU) No. 301/2014 of 25 March 2014 ("**Regulation 301/2014**") which regulates the presence of chromium VI in leather. Chromium VI compounds can be formed in leather through the oxidation of chromium III compounds, which are added in some tanning processes. Regulation 301/2014 applies to any leather article that is in contact with the skin and also to any leather component parts that may come into contact with the skin. Pursuant to Regulation 301/2014, chromium VI content in leather articles or component parts that may come into contact with the skin must not exceed 3.0 mg/kg.

SELECTED FINANCIAL INFORMATION

The following tables present a summary of the Company's income statement, balance sheet, cash flow statement and key figures as at and for the three months ended 31 March 2021 and 2020 and as at and for the financial years ended 31 December 2020, 2019 and 2018. The selected information presented below are based on the Audited Financial Statements of the Company prepared in accordance with the Finnish Accounting Standards and Unaudited Interim Financial Information for the three months ended 31 March 2021 including the comparative financial information for the three months ended 31 March 2020 prepared in accordance with Finnish Accounting Standards and included in this Offering Circular by reference.

This summary should be read together with the section "*Operating and Financial Review*" as well as the Audited Financial Statements of the Company and the Unaudited Interim Financial Information included in this Offering Circular by reference.

Income Statement

(EUR thousand unless otherwise indicated)	For the three months ended 31 March		For the financial years ended 31 December		
	2021	2020	2020	2019	2018
	(unaudited)		(audited)		
Revenue	**92**	**21**	**254**	**758**	**190**
Other operating income	-	-	77	129	20
Materials and services	-50	-51	-128	-55	-104
Personnel expenses	-890	-452	-2,318	-1,559	-993
Depreciation, amortisation and impairment losses	-202	-177	-714	-223	-212
Other operating expenses	-505	-347	-2,644	-828	-550
Operating profit (loss)	**-1,554**	**-1,005**	**-5,473**	**-1,779**	**-1,649**
Financial income and expenses	-303	-35	-171	-131	-42
Profit (loss) before tax	**-1,857**	**-1,039**	**-5,644**	**-1,911**	**-1,691**
Income taxes	-	-	-	-	8
Profit (loss) for the period	**-1,857**	**-1,039**	**-5,644**	**-1,911**	**-1,683**

Balance Sheet

(EUR thousand)	As at 31 March	As at 31 December		
	2021	2020	2019	2018
	(unaudited)	(audited)		
ASSETS				
Non-current assets				
Intangible assets	6,578	6,773	6,415	268
Tangible assets	1,237	827	1,075	4,497
Total non-current assets	**7,815**	**7,600**	**7,490**	**4,765**
Current assets				
Short and long-term receivables	1,217	1,239	621	211
Cash and cash equivalents	6,017	8,122	12,746	2,081
Total current assets	**7,234**	**9,361**	**13,367**	**2,292**
Total assets	**15,049**	**16,961**	**20,857**	**7,056**
EQUITY AND LIABILITIES				
Equity				
Share capital	3	3	3	3
Reserve for invested unrestricted equity	19,608	19,530	18,030	7,001

Retained earnings (loss)	-10,363	-4,719	-2,809	-1,125
Profit (loss) for the period	-1,857	-5,644	-1,911	-1,683
Total equity	**7,390**	**9,169**	**13,314**	**4,194**
Non-current liabilities				
Convertible loans	-	-	-	250
Loans from financial institutions	3,000	3,000	6,150	1,100
Total non-current liabilities	**3,000**	**3,000**	**6,150**	**1,350**
Current liabilities				
Loans from financial institutions	3,500	3,750	750	-
Advances received	12	12	-	129
Trade payables	347	301	277	1,159
Other liabilities	78	420	111	71
Accruals and deferred income	722	309	255	152
Total current liabilities	**4,659**	**4,792**	**1,393**	**1,512**
Total liabilities	**7,659**	**7,792**	**7,543**	**2,862**
Total equity and liabilities	**15,049**	**16,961**	**20,857**	**7,056**

Statement of Cash Flows

(EUR thousand)	For the three months ended 31 March		For the financial years ended 31 December		
	2021	2020	2020	2019	2018
	(unaudited)			(audited)	
Net cash from operating activities	-1,984	-583	-3,519	-2,053	-1,217
Net cash from investing activities	-449	-628	-1,955	-3,862	-3,214
Net cash from financing activities	328	1,600	850	16,580	1,350
Net change in cash and cash equivalents	**-2,106**	**389**	**-4,623**	**10,665**	**-3,080**
Cash and cash equivalents at beginning of period	8,122	12,746	12,746	2,081	5,161
Cash and cash equivalents at end of period	**6,017**	**13,134**	**8,122**	**12,746**	**2,081**

Key Performance Indicators

The Company follows several key performance indicators which it uses to measure its business. These key performance indicators include FAS-based indicators and Alternative Performance Measures. For additional information on Alternative Performance Measures, see "*Certain Matters – Presentation of Financial and Certain Other Information – Alternative Performance Measures*". The following table sets forth the key performance indicator data of the Company for the three months ended 31 March 2021 and the financial years ended 31 December 2020, 2019 and 2018.

	For the three months ended 31 March		For the financial years ended 31 December		
	2021	**2020**	**2020**	**2019**	**2018**
	(unaudited)			(unaudited)	
Earnings per share (EUR, diluted and undiluted)[1, 2]	-0.05	-0.03	-0.17	-0.06	-0.06
Net Debt (EUR thousand)	483	-5,634	-1,372	-5,846	-731
Equity ratio (per cent)	49	61	54	64	59

1) The Company's potential dilutive instruments consist of stock options. As the Company's business has been unprofitable, stock options would have an anti-dilutive effect on the earnings per share calculated based on the loss for the period and therefore they are not taken into account in measuring the dilutive loss per share. Thus, there is no difference between the undiluted and diluted loss per share.
2) The number of shares in the historical figures is adjusted with the two share splits that took place first in May 2020 in which the number of shares was multiplied by 10 and then in May 2021 in which the number of shares was multiplied by 30. The number of

shares used in the key performance indicators table are as following: as at 31 March 2021: 34,292,820; as at 31 March 2020: 33,171,300; as at 31 December 2020: 33,848,250; as at 31 December 2019: 30,181,150 and as at 31 December 2018: 29,124,600.

Calculation of Key Figures

Key figure	Definition	Reason for the use
Earnings per share, undiluted	Profit (loss) for the period / weighted average number of shares outstanding during the period	The indicator shows the allocation of the result to individual shares.
Earnings per share, diluted	Profit (loss) for the period / weighted average number of shares outstanding during the period + potential dilutive shares	The indicator shows the distribution of earnings to individual shares on a diluted basis.
Equity ratio (per cent)	Total equity / (Balance sheet total - advances received)	Measure for management to monitor the level of the Company's capital.
Net debt	Short-term interest-bearing liabilities + long-term interest-bearing liabilities – cash and cash equivalents	Net debt is an indicator to measure the external debt financing of the Company.

OPERATING AND FINANCIAL REVIEW

The following review concerning the Company's results of operations and financial position should be read together with the sections "Certain Matters – Presentation of Financial and Certain Other Information", "Capitalisation and Indebtedness" and "Selected Financial Information" as well as the Audited Financial Statements and the Unaudited Interim Financial Information of the Company. The Audited Financial Statements and the Unaudited Interim Financial Information of the Company have been prepared in accordance with FAS.

This review includes forward-looking statements, which inevitably involve risks and uncertainty. The actual results may differ materially from those contained in such forward-looking statements. See "Risk Factors" and "Certain Matters – Forward-Looking Statements".

Overview

Spinnova is a sustainable textile technology company offering a unique technology platform to produce SPINNOVA® fibre from multiple raw materials. The Company classifies SPINNOVA® fibre as the most natural man-made textile fibre due to its structural properties. The mechanical production process uses no harmful chemicals and produces no waste or side streams. The look and feel of SPINNOVA® fibre is similar to natural fibres such as cotton and linen. The Company's technology platform consists of the SPINNOVA® fibre itself, the "Mechanical Spider" apparatus on which SPINNOVA® fibre is produced and the process by which SPINNOVA® fibre is produced from raw materials. Each component of the Company's technology platform is protected by an intellectual property strategy that combines strong patent protection with business secrets, based on practices in the processing industry.

The Company's goal is to be the global leader in sustainable textile fibres. The textile fibre market has an unmet need for fibres with a natural origin and is expected to grow based on the increasing demand for sustainably produced textile fibres, consumers' willingness to pay more for sustainable alternatives and global textile brands' commitment to taking actions towards climate neutrality and reducing greenhouse gas emissions. The SPINNOVA® brand is already recognised and perceived positively by global apparel brands, and the Company has reached agreements with multiple textile brands on the joint development of textile products which will bear the SPINNOVA® brand alongside that of the textile brand.

The Company has a roster of strong co-operation partners from a financial, operational, strategic, and commercial perspective for its production and commercial ramp-up, including a joint venture with the world's largest cellulose provider Suzano and with KT Trading, the sister company of the global shoe manufacturer and retailer ECCO, collaborations with global apparel brands such as adidas and the H&M Group and a technology partnership with the reputable global production equipment manufacturer Valmet. The Company's exclusive joint venture agreements with Suzano and KT Trading are favourable and instrumental for Spinnova's growth strategy.

In the past, the Company's primary objective has been the development and validation of the Company's technology platform through proof-of-concept production at the Company's pilot production facility in Jyväskylä, Finland. The Company has derived its revenue from joint development agreements and pilot production agreements with textile brands and other parties. These agreements have been part of the evaluation of the Company's technology platform.

In the future, the Company expects to derive earnings from technology sales, fibre production and sales and fabric sales. Technology sales will be made to SPINNOVA® fibre producers, including, but not limited to, the joint ventures with Suzano and KT Trading. For the wood-based and leather waste based raw materials, the joint ventures with Suzano and KT Trading produce SPINNOVA® fibre, which is sold to apparel brands and other buyers, and the Company then receives a share of earnings based on its ownership of the joint venture. For other raw material streams, the fibre production may be conducted through joint ventures or directly by the Company. The Company is expected to produce SPINNOVA® fabric by purchasing SPINNOVA® fibre from the joint ventures and converting the SPINNOVA® fibre into fabrics that are sold to apparel brands.

Please see "*Information on the Company and Its Business*" for more information on the Company's business.

Key Factors Affecting the Company's Operating Results

Since the Company began its current operations, the Company has incurred losses. The Company's losses were EUR 1,857 thousand for the three months ended 31 March 2021, and the Company's losses were EUR 5,644 thousand, EUR 1,911 thousand and EUR 1,683 thousand for the financial years ended 31 December 2020, 2019 and 2018, respectively.

The Company's results of operations have fluctuated significantly from period to period in the past and are likely to do so in the future. The Company anticipates that its half-yearly and annual results of operations will be impacted in the near future by several factors, including increasing investments in the commercialisation of the Company's business. Due to these fluctuations, the Company presently believes that the period to period comparisons of its operating results are not a reliable indication of its future performance.

In the section below, the key factors affecting the Company's results of operations are considered from the perspective of the key factors affecting the operating results of the Company and the key factors affecting the operating results of the Company's exclusive joint ventures with Suzano and KT Trading.

Key Factors Affecting the Operating Results of the Company

Technology sales

The operating results of the Company are materially dependent on the Company's technology sales. Technology sales are driven by demand from fibre producing companies (including the Company's own joint ventures) for the Company's production technology. If demand for the Company's production technology increases, the Company expects to complete an increasing number of technology sales. The Company expects that the margin of technology sales will be driven by the attractiveness and the value-add proposition that the technology represents for production companies and the end buyers of SPINNOVA® fibre. The Company expects that the value-add to fibre production companies and end buyers of SPINNOVA® fibre will increase over time as the Company's production technology is further developed. The Company expects that the margin of technology sales will also be impacted by the cost of machinery and the costs charged by engineering suppliers, as well as by the Company's ability to deliver technology projects efficiently. The Company expects to earn recurring technology fees from technology sales to the Company's exclusive joint venture with Suzano linked to the operating cash flow of the joint venture. In the future, the Company also expects to earn revenue from selling upgrades to its production technology.

Contributions from the Company's exclusive joint ventures with Suzano and KT Trading

As the Company owns 50 per cent of each of the joint ventures with Suzano and KT Trading, the operating results of the Company are materially dependent on the operating result of the joint ventures, as outlined in " – *Key Factors Affecting the Company's Operating Results – Key Factors Affecting the Operating Results of the Company's Exclusive Joint Ventures*" below.

Fabric sales

The operating results of the Company will be dependent on the Company's sale of fabrics. The Company expects that the profit it will receive from fabric sales will be driven by four factors. First, the Company expects that the price of SPINNOVA® fibre purchased from the fibre producer as compared to the price at which it is able to sell fabric produced from SPINNOVA® fibre will impact the profit that the Company receives from fabric sales. Second, the Company expects that the profit that the Company receives from the sale of fabric blends will be impacted by the price of the other fibres utilized in the fabric blend. Third, the Company expects that the production costs for spinning and weaving of fabrics will affect the amount of profit the Company receives from the sale of fabrics. Finally, the revenue and profit that the Company receives from the sale of fabrics will be dependent on the end demand for the Company's fabrics from apparel brands and other buyers, which will impact the selling price and volume of the sales.

Opportunities for new raw material inputs

The operating results of the Company will be dependent in the future on the Company's ability to integrate new raw materials as inputs into its technology platform. The Company expects that R&D success regarding new materials will open up opportunities to utilise its production technology to produce SPINNOVA® fibres either through exclusive partnerships with joint ventures as it currently has with Suzano and KT Trading or through direct production by the Company itself, or potentially in the future through technology licensing to other fibre producers. The Company expects that agricultural waste, food and beverage industry waste as well as textile waste will prove to be suitable raw materials in the future. Thus, the Company expects that its ability to exploit new opportunities related to utilising agricultural waste, food and beverage industry waste and textile waste as raw materials will depend on the availability and cost of agricultural waste, food and beverage industry waste as well as textile waste.

Consolidated financial information will be presented from 30 June 2021 reporting onwards

The operating results of the Group are affected by the method of accounting for the investments in subsidiaries and joint ventures. The Group legal structure has been described in "*Information on the Company and Its Business – Legal Structure and History – Legal Structure*". Spinnova has acquired a subsidiary on 25 May 2021 and therefore in the future will present consolidated financial information from 30 June 2021 reporting onwards. In the consolidated financial information, subsidiaries are consolidated fully, i.e. all of their income and expenses, assets and liabilities are consolidated. Transactions and balances between Group companies are fully eliminated.

When accounting for the joint ventures in the consolidated financial information, the equity accounting method will be applied. The Company will therefore recognise in its consolidated financial information the Company's share of the joint ventures results corresponding to the ownership that the Company has in the joint ventures in its Group income statement under line item share of the joint ventures results. The revenues or expenses of the joint ventures will not be recognised in the Group income statement. When Spinnova makes a technology sale to one of its joint ventures, the entire sale will be recognised as revenue in the Group income statement. The profit margin from technology sales that corresponds to the proportion of the joint venture that is not owned by the Company will be recognised simultaneously in the Group income statement. The remaining unrealised margin, corresponding to the Company's proportionate ownership interest in the joint venture, will be recognised in the Group income statement according to the depreciation schedule of the joint venture of the capitalised technology purchased from Spinnova as part of the share of the joint ventures results.

In the Group financial statements, Spinnova's investment in the joint ventures is presented on one line item on the balance sheet, initially measured at the original investment amount. The carrying amount of the investment in the joint ventures will be adjusted by the share of profits from the joint ventures, and also by the unrealised margin from the technology sales to the joint ventures. Dividend payments received from the joint ventures are not presented in the Group income statement, but they decrease the carrying amount of Spinnova's investment in the joint ventures and increase Spinnova's cash balance.

Research and development costs

The Company's technology platform is ready for commercial production, but the Company continues to refine and optimise its production technology. For example, the Company expects to further optimise production capacity, energy efficiency, production models, technical properties of the fibre, and environmental impact. Moreover, the Company continues research and development into upcycled fibre and other raw materials and end uses. Research costs will be recognised in the income statement, development costs can be capitalised if the criteria for the capitalisation are met. The amortisation of the capitalised development costs into the income statement begins when the underlying development projects are put into production by the Company. Historically, the Company has capitalised a total of EUR 3,515 thousand, EUR 2,684 thousand and EUR 4,111 thousand in development costs in the financial years ended 31 December 2020, 2019 and 2018, respectively.

Additional employee hires

As at the date of this Offering Circular, the Company has 49 permanent employees. The Company expects to have approximately 120 or more employees by 2025. Personnel expenses have been EUR 2,318 thousand, EUR 1,559 thousand and EUR 993 thousand in the financial years ended 31 December 2020, 2019 and 2018, respectively. As the Company's number of employees grows, personnel expenses will affect the results of the Company's operations.

Business to business marketing

In medium term, the Company expects to close up to 20 commercial partnership agreements with textile brands to have items in the brands' products lines be made from SPINNOVA® fibre. In the long term, the Company expects to close up to 80 commercial partnership agreements. In order to conclude these commercial partnership agreements with apparel brands the Company will need to make further substantial investments into business-to-business marketing to facilitate the closing of these commercial partnership agreements, thus affecting the results of the Company's operations.

Key Factors Affecting the Operating Results of the Company's Exclusive Joint Ventures

In order to bring down the price of SPINNOVA® fibre to a competitive level, the Company needs to further optimise its technology platform. The Company expects that well-functioning, continuously improving production technology will be critical to bringing down the operating costs of its exclusive joint ventures with Suzano and KT Trading and, thus, enabling the joint ventures to sell SPINNOVA® fibre at competitive prices.

Revenue from fibre sales

The revenue of the Company's exclusive joint ventures with Suzano and KT Trading from fibre sales is driven by four factors: fibre production capacity, utilisation rate of production capacity, fibre sales volume and fibre price. Increasing fibre production capacity drives down the cost of capital expenditure per tonne as described in " – *Key Factors Affecting the Company's Operating Results – Key Factors Affecting the Operating Results of the Company's Exclusive Joint Ventures – Technology capital expenditure*" below. The utilisation rate of production capacity is expected to ramp up over three years: utilization is expected be at 25 per cent in the first year, 75 per cent in the second year and, finally, 95 per cent by the third year. The volume of fibre sold and the price at which it is sold likewise drive the revenue from SPINNOVA® fibre sales. Production is expected to begin at the end of 2022.

Production and raw materials cost

The production costs of the Company's exclusive joint ventures with Suzano and KT Trading for SPINNOVA® fibre are mainly driven by the cost of MFC (with respect to the Company's exclusive joint venture Suzano) or the cost of leather waste (with respect to the Company's exclusive joint venture with KT Trading), the cost of energy, and energy efficiency of the production facility. With respect to the Company's joint venture with Suzano, the most significant levers for reducing production costs are reducing the cost of MFC. The main cost components of MFC production are estimated by the Company to be pulp cost and production process cost, which indicate a theoretical lower limit for the cost of MFC in the long term. The Company expects that optimising the energy efficiency of the production facility could bring production costs per kilogram close to parity with the price of lyocell in the medium term and could even decrease below the price of cotton in the long term.

Technology capital expenditure

The Company expects that the technology costs per tonne of output to the Company's exclusive joint ventures with Suzano and KT Trading will go down over time. Technology costs are determined by the efficiency of the production technology and depreciation.

The Company's exclusive joint ventures with Suzano and KT Trading are expected to make substantial investments into increased capacity for its technology platform. In the medium term, the investments into increased capacity are expected to primarily consist of financing the ramp-up of wood-based fibre production. For additional information, please see "*Background and Reasons for the Offering and Use of Proceeds – Use of Proceeds*". As at 31 March 2021, the Company had a 100-tonne pilot production facility in Jyväskylä, Finland. The Company, through its exclusive joint ventures with Suzano and KT Trading, plans to reach 150,000 tonnes production capacity in the medium term and to reach one million tonnes production capacity in the long term. Availability and costs of equipment as well as unforeseen higher or lower planning, construction and compliance related costs would affect the results of the business.

The production efficiency of the production facilities of the Company's exclusive joint ventures with Suzano and KT Trading will affect the joint ventures' overall level of production. Production efficiency is driven by four key factors: drying area surface, nozzle density, energy efficiency, and speed. As a part of the production process, unfinished SPINNOVA® fibre is put through a drying unit. As the drying surface within the drying unit is increased, the output per drying unit is increased. Prior to drying, MFC is spun in filaments and extruded through nozzles onto the drying surface. By increasing the density of nozzles per metre during the extrusion phase, the volume of unfinished SPINNOVA® fibre entering the drying unit is increased. Energy efficiency relates to how well energy is recovered and recycled throughout the refining and drying processes, and the Company expects that improvements to energy efficiency can be made. The Company expects that energy consumption for the drying process will decrease by approximately 25 per cent as the process is further optimised. Finally, production efficiency is driven by the speed of the drying process. As the speed of drying process is increased, the volume of SPINNOVA® fibre produced per unit of time is increased. Increasing production efficiency by increasing the drying area surface of the drying units, increasing the nozzle density, increasing energy efficiency and increasing the drying speed will affect the overall level of production of the Company's exclusive joint ventures with Suzano and KT Trading.

Increased capacity is expected to drive a decrease in the capital expenditure required per tonne of SPINNOVA® fibre produced. As production is upgraded, the capital expenditure required per tonne of production capacity is expected to decrease. In the mid-term, the cost per machine of a production plant, including Spinnova's margin from technology delivery, is expected to increase by approximately 82 per cent as compared to a 1,000-tonne production plant, while production capacity per machine is expected to increase from 500 tonnes to 1,000-2,000 tonnes. Thus, the capital expenditure per tonne is expected to decrease by approximately 39 per cent. Likewise, the Company expects there to be a further decreased capital expenditure required per tonne of production capacity in a production plant in the mid- to long-term as compared to a production plant in the mid-term. In the mid- to long-term, the cost per machine in a production plant, including Spinnova's margin from technology delivery, is expected to increase by approximately 33 per cent as compared to a production plant in the mid-term, while production capacity per machine is expected to increase from 1,000-2,000 tonnes to 4,000-5,000 tonnes. Thus, the capital expenditure per tonne is expected to decrease by approximately 55 per cent. By driving the decrease of the capital expenditure per tonne, increased production capacity will affect the results of the business.

Financing for the Company's exclusive joint ventures with Suzano and KT Trading

Financing for the Company's exclusive joint ventures with Suzano and KT Trading will materially affect the results of those joint ventures. Both the proportion of financing that is debt financing and the cost of such debt financing to the Company's exclusive joint ventures with Suzano and KT Trading will affect the results of those joint ventures.

Events After the End of the Previous Period

Apart from the below mentioned events, there have not been significant changes in the Company's financial performance or financial position since 31 March 2021.

- In April 2021, the Company invested EUR 1,750 thousand into the Woodspin joint venture in accordance with the Woodspin Joint Venture Agreement.
- On 10 May 2021, the Annual General Meeting of Shareholders of the Company resolved to change the company form of the Company to a public limited liability company and to implement an increase in share capital by a capital increase to meet the required EUR 80,000 limit for a public limited liability company through a fund increase.
- On 10 May 2021, the Annual General Meeting of Shareholders of the Company resolved to authorise the Board of Directors to decide on a share issue for the completion of the FN Listing.
- On 18 May 2021, Suzano exercised its right under the Suzano Investment Agreement to make an additional investment of EUR 5 million in Spinnova.
- On 21 May 2021, the Board of Directors of the Company resolved to execute a share split, pursuant to which each Share entitled to 29 new Shares.
- On 25 May 2021, the Company acquired a subsidiary, Spinnova Holdings Oy.
- In May and June 2021, the Company received subscription commitments from Cornerstone Investors to subscribe for Shares amounting to EUR 58 million ahead of the Company's contemplated FN-Listing. Receipt of the proceeds based on subscription commitments is conditional to successful completion of the FN Listing and certain other conditions.

Outlook

The statements set forth in "– Outlook" below include forward-looking statements and are not guarantees of the Company's financial performance in the future. The Company's actual results and financial position could differ materially from those expressed or implied by these forward-looking statements as a result of many factors, including but not limited to those described under "Certain Matters – Forward-Looking Statements", "Certain Matters – Presentation of Financial Statements and Certain Other Information", "Risk Factors" and " – Key Factors Affecting the Company's Operating Results". The Company cautions prospective investors not to place undue reliance on these forward-looking statements.

The Company's business model is composed of three parts: technology sales; fibre production and sales; and fabric sales. The Company expects that its go-to-market strategy will enable it to achieve its business targets. In the medium term, over the next 4–6 years, the Company expects to reach 150,000 tonnes of SPINNOVA® fibre production capacity; be EBIT positive; and enter into up to 20 commercial textile brand partnerships, which have SPINNOVA® materials in their product lines. In the long term, over the next 10–12 years, the Company expects to reach one million tonnes of SPINNOVA® fibre production capacity; achieve a cumulatively greater than EUR 1 billion cash margin from technology sales; achieve more than EUR 200 million EBIT per annum from the Company's share of profits from exclusive joint ventures, recurring technology fees and service maintenance fees; and enter into up to 80 commercial textile brand partnerships, which have SPINNOVA® materials in their product lines. For further information, please see "*Information on the Company and Its Business – The Group's Medium-term and Long-term Business Targets*".

Key Items in the Income Statement

The following is a summary of the key items in the Company's income statement.

Revenue

Spinnova's historical revenue has consisted primarily of proof of concept related R&D services and pilot projects provided to the Company's customers and partners under joint development agreements. Spinnova has recognised the revenue from these contracts when the services have been rendered. By their nature these revenues do not constitute product-based sales or provide an indication of the future basis under which the Company expects to earn revenues, but they have been used to develop potential future partnerships and the Company's products further. In the future, revenues will consist of technology sales applied with the percentage of completion method, recurring technology fees and revenues from fabric sales.

Other Operating Income

Other operating income consists of grants from the EU for a development project during the financial years ended 31 December 2020, 2019 and 2018. The development project ended during 2020. Spinnova has recognised these grants as other operating income based on agreed project milestones.

Materials and Services

Materials and services have consisted of external services and purchases made which include mainly expenses related to delivering R&D services and projects for customers and partners. In the future, materials and services will mainly consist of external services and purchases related to delivering technology projects to customers, as well as raw materials and manufacturing services for fabric production.

Personnel Expenses

Personnel expenses consist of wages and salaries, social security expenses, pension expenses and other social security expenses.

Depreciation, Amortisation and Impairment

Depreciation, amortisation and impairment losses consist of amortisation of intangible and tangible assets according to plan.

Other Operating Expenses

Other operating expenses consists of premises expenses, IT expenses, marketing and communications expenses, consultant and professional fees, travel expenses, voluntary personnel related expenses and other expenses. Expenses related to running the pilot facility are included in other operating expenses.

Operating Profit (Loss)

Operating profit (loss) is the net amount arising from adding other operating income to revenue and subtracting from the subtotal cost of materials and services, personnel expenses, depreciation, amortisation and impairment losses as well as other operating expenses.

Financial Income and Expenses

Total financial income and expenses consists of interest and financial income and interest and other financial expenses.

Profit (Loss) Before Taxes

Profit (Loss) before taxes is the net amount arising from subtracting total financial income and expenses from the operating profit (loss).

Income Taxes

The Company's income taxes include the Company's accrued taxes based on taxable profit/loss for the period and tax adjustments related to the previous periods.

Profit (Loss) for the Period

Profit (Loss) for the period is calculated by subtracting income taxes from the profit (loss) before taxes.

Results of Operations for the Financial Years Ended 31 December 2020, 2019 and 2018 and for the Three Months Ended 31 March 2021 and 2020

The following review describes the development of the Company's business performance during the period covered by historical financial information. The comparison of results of operations for the financial years ended 31 December 2020, 2019 and 2018 are based on the Audited Financial Statements of the Company prepared in accordance with the Finnish Accounting Standards, and the comparison of results of operations for the three months ended 31 March 2021 and 2020 are based on the Unaudited Interim Financial Information for the three months ended 31 March 2021 including the Comparative Financial Information for the three months ended 31 March 2020 prepared in accordance with the Finnish Accounting Standards.

The following table sets forth the key items of the Company's income statement for the periods indicated.

(EUR thousand unless otherwise indicated)	For the three months ended 31 March		For the financial years ended 31 December			Change EUR thousand			Change %		
	2021	2020	2020	2019	2018	Q1 21/20	20/19	19/18	Q1 21/20	20/19	19/18
	(unaudited)		(audited)			(unaudited)			(unaudited)		
Revenue	**92**	**21**	**254**	**758**	**190**	**71**	**-503**	**568**	**331.9**	**-66.4**	**298.7**
Other operating income	-	-	77	129	20	-	-52	109	-	-40.0	540.1
Materials and services	-50	-51	-128	-55	-104	1	-73	49	-2.0	132.1	-47.3
Personnel expenses	-890	-452	-2,318	-1,559	-993	-438	-759	-566	97.0	48.7	57.0
Depreciation, amortisation and impairment	-202	-177	-714	-223	-212	-25	-491	-11	14.0	220.1	5.2
Other operating expenses	-505	-347	-2,644	-828	-550	-158	-1,816	-278	45.7	219.3	50.5
Operating profit (loss)	**-1,554**	**-1,005**	**-5,473**	**-1,779**	**-1,649**	**-550**	**-3,694**	**-130**	**54.7**	**207.6**	**7.9**
Financial income and expenses	-303	-35	-171	-131	-42	-269	-40	-89	776.6	30.5	211.3
Profit (loss) before taxes	**-1,857**	**-1,039**	**-5,644**	**-1,911**	**-1,691**	**-818**	**-3,734**	**-219**	**78.7**	**195.4**	**13.0**
Income taxes	-	-	-	-	8	-	-	-8	-	-	-
Profit (loss) for the period	**-1,857**	**-1,039**	**-5,644**	**-1,911**	**-1,683**	**-818**	**-3,734**	**-227**	**78.7**	**195.4**	**13.5**

Revenue

The Company's revenue in the periods presented has consisted primarily of proof of concept related R&D services and pilot projects provided to the Company's customers and partners.

The Company's revenue was EUR 92 thousand for the three months ended 31 March 2021. The increase compared to the first quarter of 2020 was mainly due to higher income from development projects for partners.

Revenue was EUR 254 thousand, EUR 758 thousand and EUR 190 thousand for the financial years ended 31 December 2020, 2019 and 2018, respectively. Year-to-year fluctuations in revenue are attributable to the timing of the development services provided to customers and partners. In 2019, revenue was significantly higher than in 2018 or 2020 because the Company performed work on a large development project for one of its partners.

Other Operating Income

The Company had no other operating income for the three months ended 31 March 2021 and 2020, respectively. The Company's other operating income was EUR 77 thousand, EUR 129 thousand and EUR 20 thousand for the financial years ended 31 December 2020, 2019 and 2018, respectively.

Other operating income consisted of grants from the EU for a development project during the full years 2020, 2019 and 2018 that ended during 2020.

Materials and Services

The Company's materials and services were EUR 50 thousand and EUR 51 thousand for the three months ended 31 March 2021 and 2020, respectively.

Costs related to materials and services were EUR 128 thousand, EUR 55 thousand and EUR 104 thousand for the financial years ended 31 December 2020, 2019 and 2018, respectively.

Period-to-period fluctuations in materials and services are mainly attributable to the consumption of materials and services in the Company's development projects and operations.

Personnel Expenses

The Company's personnel expenses were EUR 890 thousand and EUR 452 thousand for the three months ended 31 March 2021 and 2020, respectively.

Personnel expenses were EUR 2,318 thousand, EUR 1,559 thousand and EUR 993 thousand for the financial years ended 31 December 2020, 2019 and 2018, respectively.

The increase of personnel expenses was primarily due to strengthening the R&D team, the forming of Spinnova's commercial team during 2019, the strengthening of the Company's management team, and the overall expansion of Spinnova's total personnel to an average of 34 during 2020 as compared to an average of 13 during 2018.

Depreciation, Amortisation and Impairment

Depreciation and amortisation were EUR 202 thousand and EUR 177 thousand for the three months ended 31 March 2021 and 2020, respectively.

Depreciation and amortisation were EUR 714 thousand, EUR 223 thousand and EUR 212 thousand for the financial years ended 31 December 2020, 2019 and 2018, respectively.

The increase in depreciation and amortisation is mainly attributable to the increase of intangible and tangible assets throughout the periods ending from 31 December 2018 to 31 March 2021. Amortisations increased during 2020 mainly due to development work capitalised at the end of 2019.

Other Operating Expenses

Other operating expenses were EUR 505 thousand and EUR 347 thousand for the three months ended 31 March 2021 and 2020, respectively. Other operating expenses were EUR 2,644 thousand, EUR 828 thousand and EUR 550 thousand for the financial years ended 31 December 2020, 2019 and 2018, respectively.

Overall other operating expenses increased during the periods ending from December 31, 2018 to March 31, 2021 due to increased expenses as the Company has ramped up its business and for example expanded the amount of premises rented, increased marketing costs in line with the commercialisation of the business and increased machinery costs, as well as certain consulting and legal services. As part of the formation of the Woodspin joint venture with Suzano in December 2020, the Company decided to sell its capitalised development work related to wood based refining technology to Suzano, as described in detailed in "*Information on the Company and Its Business – Material Agreements – Woodspin Joint Venture Agreement – Woodspin Assignment Agreement*", and recognised a loss of EUR 1,098 thousand in other operating expenses. Under the terms of the Woodspin Assignment Agreement, the Company retained the license to the technology for use in non-wood-based products.

Operating Loss

The operating loss was EUR 1,554 thousand and EUR 1,005 thousand for the three months ended 31 March 2021 and 2020, respectively. The operating loss increased by EUR 550 thousand as compared to the three months ended 31 March 2020.

The operating losses were EUR 5,473 thousand, EUR 1,779 thousand and EUR 1,649 thousand for the financial years ended 31 December 2020, 2019 and 2018, respectively. The operating loss increased by EUR 3,694 thousand for the financial year ended 31 December 2020 as compared to the financial year ended 31 December 2019, when the operating loss increased by EUR 130 thousand as compared to the financial year ended 31 December 2018.

The increase of the operating loss throughout the periods ending from 31 December 2018 to 31 March 2021 was primarily due to the increase in personnel expenses, depreciation and amortisation, and other operating expenses, as outlined above.

Finance Income and Expenses

Finance income and expenses were EUR -303 thousand and EUR -35 thousand for the three months ended 31 March 2021 and 2020, respectively. During the first quarter of 2021 finance expenses increased mainly due to expenses related to the planned initial public offering of the Company.

Finance income and expenses were EUR -171 thousand, EUR -131 thousand and EUR -42 thousand for the financial years ended 31 December 2020, 2019 and 2018, respectively. The increase in finance expenses during the periods ending from 31 December 2018 to 31 December 2020 was primarily due to the increased interest expenses from additional borrowings drawn in 2019 and the beginning of 2020.

Income Taxes

The Company did not pay any income tax or recognise any income tax expense for the three months ended 31 March 2021, or for the financial years ended 31 December 2020 and 31 December 2019 as the Company has been loss making. For the financial year ended 31 December 2018, the Company recognised an income tax refund of EUR 8 thousand.

Loss for the Period

The loss for the period was EUR 1,857 thousand and EUR 1,039 thousand for the three months ended 31 March 2021 and 2020, respectively. The loss for the period increased by EUR 818 thousand as compared to the three months ended 31 March 2020.

The losses for the financial year were EUR 5,644 thousand, EUR 1,911 thousand and EUR 1,683 thousand for the financial years ended 31 December 2020, 2019 and 2018, respectively. The loss for the period ended 31 December 2020 increased by EUR 3,734 thousand as compared to the financial year ended 31 December 2019, when the loss for the period increased by EUR 227 thousand as compared to the financial year ended 31 December 2018.

Liquidity and Capital Resources

General Overview

Historically the Company has financed its operations mainly with equity financing, loans from financial institutions, convertible loans and cash flow arising from development services sold to customers and partners, and grants. The Company's liquidity needs over the coming 12 months will include operating expenses, investments into tangible and intangible assets and equity investments into the Woodspin and Respin joint ventures. The Company's borrowings are described below. The Company's trade receivables and payables have not historically been material to understand the Company's capital resources, although this may change in the future as the Company begins technology sales.

Cash Flows

The following table sets forth a summary of the Company's statement of cash flows for the three months ended 31 March 2021 and 2020 and for the financial years ended 31 December 2020, 2019 and 2018:

(EUR thousand)	For the three months ended 31 March		For the financial years ended 31 December		
	2021	2020	2020	2019	2018
	(unaudited)		(audited)		
Net cash from operating activities	-1,984	-583	-3,519	-2,053	-1,217
Net cash from investing activities	-449	-628	-1,955	-3,862	-3,214
Net cash from financing activities	328	1,600	850	16,580	1,350
Net change in cash and cash equivalents	**-2,106**	**389**	**-4,623**	**10,665**	**-3,080**
Cash and cash equivalents at beginning of period	8,122	12,746	12,746	2,081	5,161
Cash and cash equivalents at end of period	**6,017**	**13,134**	**8,122**	**12,746**	**2,081**

Cash Flow from Operating Activities

During the three months ended 31 March 2021, the net cash flow used in operating activities was affected especially by the increase in personnel expenses and other operating expenses.

During the financial years ended 31 December 2020, 2019 and 2018, the net cash flow used in operating activities was negative due to the Company's focus on its development activities, as well as an increase in personnel expenses and in other operating expenses as the Company commercialised its business, resulting in a negative operating profit.

Cash Flow from Investing Activities

During the three months ended 31 March 2021 and the financial years ended 31 December 2020, 2019 and 2018, the net cash flow used in investing activities was affected especially by the Company's significant capitalised development investments. The cash flow from investing activities in the financial year ended 31 December 2020 was lower than in the financial year ended 31 December 2019 because the Company sold its capitalised development work related to wood based refining technology to Suzano.

Cash Flow from Financing Activities

During the three months ended 31 March 2021, the net cash flow from financing activities was affected especially by the repayment of loans, offset by the payment of option subscription receivables by employees.

During the financial year ended 31 December 2020, the Company continued to draw on the loans put in place with financial institutions during 2018. During the financial year ended 31 December 2019, cash flow from financing activities increased due to equity investments into the Company and the drawdown of loans from financial institutions put in place during 2018. During the financial year ended 31 December 2018, the Company put in place the loans from financial institutions described below and a convertible loan or EUR 250 thousand which was converted into new shares of the Company in 2019 according to the convertible loan agreement.

Loans from Financial Institutions

As at the date of this Offering Circular, the Company had financing agreements described in "*Information on the Company and its Business – Material Agreements – OP Loan Agreement*" and "*Information on the Company and its Business – Material Agreements – Product Development Grant Agreement with the State Treasury of Finland*". As at 31 March 2021, the balance sheet included EUR 3,500 thousand loans for OP and EUR 3,000 thousand for the State Treasury.

The OP Loan is repaid in monthly instalments, and the final loan repayment is falling due on 28 September 2024. The OP Loan has been granted to be used as working capital of the Company. The OP Loan is subject to the European Investment Fund's EIF SME Initiative Finland guarantee scheme, as well as to a bank guarantee granted by Finnvera (30 per cent). In addition, business mortgage notes with the total amount of EUR 10 million have been pledged for the security of the loans. OP Bank has the right to accelerate the OP Loan for repayment in certain conditions. The grounds for the acceleration relate to, inter alia, the Company's financial condition and breach of contract or contribution obligation. The OP Loan has an equity ratio covenant of 30 per cent.

The State Treasury loan is repaid in several instalments of EUR 600,000 plus interest during the years 2023–2027. The State Treasury loan is unsecured and not subject to any covenant conditions.

Maturity of the Company's Loans

The maturity profile of the Company's loans as at 31 March 2021 is presented in the following table:

	(unaudited)			
Loan maturity (EUR thousand)	**<1 year**	**1–2 years**	**2-5 years**	**> 5 years**
Loans from financial institutions	3,500	0	1,800	1,200
Total	**3,500**	**0**	**1,800**	**1,200**

The Company has received in April 2021 a waiver from OP Bank for the non-compliance with the founder ownership covenant, as described in "*Information on the Company and Its Business – Material Agreements – OP Loan Agreement*", and therefore the long-term portion of this facility has been moved back to non-current liabilities from the second quarter of 2021. On 31 May 2021 the maturity profile of the Company's loans was as follows:

	(unaudited)			
Loan maturity (EUR thousand)	**<1 year**	**1–2 years**	**2-5 years**	**> 5 years**
Loans from financial institutions	1,000	1,000	3,133	1,200
Total	**1,000**	**1,000**	**3,133**	**1,200**

Investments

The Company's cash-flow based gross investments were EUR 449 thousand and EUR 628 thousand in the three months ended 31 March 2021 and 2020, respectively. The investments comprised mainly of capitalised development investments.

The Company's cash-flow based gross investments were EUR 3,705 thousand, EUR 3,862 thousand and EUR 3,214 thousand in the financial years ended 31 December 2020, 2019 and 2018, respectively. Net investments during the financial year ended 31 December 2020 were lower than for the financial year ended 31 December 2019 because the Company sold to Suzano its capitalised development work related to wood based refining technology for EUR 1,750 thousand. Investments in the financial year ended 31 December 2019 were higher than for the financial year ended 31 December 2018 due to increased development work as the Company established its pilot production facility.

The Company's future material investments comprise mainly of commitments the Company has made under the joint venture agreements with Suzano and KT Trading. For further details, please see "*Information on the Company and Its Business – Material Agreements – Woodspin Joint Venture Agreement*" and "*Information on the Company and Its Business – Material Agreements – Respin Joint Venture Agreement*".

Balance Sheet Information

Assets

Non-current Assets

Non-current assets consist of intangible assets and tangible assets. The Company's intangible assets consist of development expenses and intangible rights. The Company's tangible assets consist of machinery and equipment and advance payments and assets under construction

The following table sets forth the Company's non-current assets at the dates indicated.

	As at 31 March	As at 31 December			Change EUR thousand		
(EUR thousand)	**2021**	**2020**	**2019**	**2018**	**Mar 21/ Dec 20**	**20/19**	**19/18**
	(unaudited)		(audited)			(unaudited)	
Non-current assets							
Intangible assets	6,578	6,773	6,415	268	-194	357	6,147
Tangible assets	1,237	827	1,075	4,497	409	-247	-3,422

Total non-current assets	7,815	7,600	7,490	4,765	215	110	2,725

The Company's intangible assets mainly consisted of capitalised development expenses related to constructing the industrial scale pilot production capability and continued work on optimising it as well as other refining, automation and commercial development work. Additionally, intangible assets included capitalised expenses related to patents. In the financial year ended 31 December 2019 intangible assets increased significantly due to the increase in development work capitalised as the industrial scale pilot production facility was built. Intangible assets increased less between 31 December 2019 and 31 December 2020 than between 31 December 2018 and 31 December 2019 because the Company sold its capitalised development work related to wood based refining technology to Suzano in December 2020.

The tangible assets were composed primarily of advance payments and assets under construction for development work, which are transferred after completion to intangible assets. A minor portion of the tangible assets consists of machinery and equipment.

Current Assets

Current assets consist of receivables and cash and cash equivalents. The Company's receivables consist of long-term receivables and short-term receivables.

The following table sets forth the Company's current assets at the dates indicated.

	As at 31 March	As at 31 December			Change EUR thousand		
(EUR thousand)	2021	2020	2019	2018	Mar 21/ Dec 20	20/19	19/18
	(unaudited)	(audited)			(unaudited)		
Current assets							
Short and long-term receivables	1,217	1,239	621	211	-22	618	410
Cash and cash equivalents	6,017	8,122	12,746	2,081	-2,106	-4,623	10,665
Total current assets	**7,234**	**9,361**	**13,367**	**2,292**	**-2,128**	**-4,005**	**11,075**

The decrease in current assets as at 31 March 2021 as compared to 31 December 2020 is attributable to negative net cash flow from operating activities as well as the purchase of tangible assets. The decrease in current assets as at 31 December 2020 as compared to 31 December 2019 is mainly attributable to a decrease in the Company's cash and cash equivalents. The increase in current assets as at 31 December 2019 as compared to 31 December 2018 is mainly attributable to an increase in the Company's cash and cash equivalents as a result of financing activity during 2019.

Equity and Liabilities

Equity

Equity consists of share capital, reserve for invested unrestricted equity, retained earnings (loss) and profit (loss) for the period.

The following table sets forth the Company's equity at the dates indicated.

	As at 31 March	As at 31 December			Change EUR thousand		
(EUR thousand)	2021	2020	2019	2018	Mar 21/ Dec 20	20/19	19/18
	(unaudited)	(audited)			(unaudited)		
Equity							
Share capital	3	3	3	3	0	0	0
Reserve for invested unrestricted equity	19,608	19,530	18,030	7,001	78	1,500	11,030
Retained earnings (loss)	-10,363	-4,719	-2,809	-1,125	-5,644	-1,911	-1,683
Profit (loss) for the period	-1,857	-5,644	-1,911	-1,683	3,787	-3,734	-227

Total equity	**7,390**	**9,169**	**13,314**	**4,194**	**-1,780**	**-4,145**	**9,119**

At the end of the three months ended 31 March 2021, the decrease in equity was mainly due to the increased loss for the period, partially offset by the increase in the reserve for invested unrestricted equity as a result of the exercise of employee stock options.

The decrease in equity as at 31 December 2020 as compared to 31 December 2019 was mainly due to the increased loss for the period, partly offset by an increase in the reserve for invested unrestricted equity as a result of the exercise of shareholder and employee investment options. The increase in equity as at 31 December 2019 as compared to 31 December 2018 was mainly due to the equity financing round conducted in September 2019 and the conversion of the EUR 250 thousand convertible loan to equity.

Non-current Liabilities

Non-current liabilities consist of loans from financial institutions and convertible loans.

The following table sets forth the Company's non-current liabilities at the dates indicated.

	As at 31 March	**As at 31 December**			**Change EUR thousand**		
(EUR thousand)	**2021**	**2020**	**2019**	**2018**	**Mar 21/ Dec 20**	**20/19**	**19/18**
	(unaudited)	**(audited)**			**(unaudited)**		
Non-current liabilities							
Convertible loans	-	-	-	250	-	-	-250
Loans from financial institutions	3,000	3,000	6,150	1,100	0	-3,150	5,050
Total non-current liabilities	**3,000**	**3,000**	**6,150**	**1,350**	**0**	**-3,150**	**4,800**

The decrease in total non-current liabilities as at 31 December 2020 as compared to 31 December 2019 was mainly due to the reclassification of the facility from OP bank as current liabilities due to the non-compliance with the founder ownership covenant in 2020. The Company has received a waiver from OP bank for the non-compliance with the founder ownership covenant, as described in "*Information on the Company and Its Business – Material Agreements – OP Loan Agreement*", and therefore the long-term portion of this facility has been moved back to non-current liabilities from the second quarter of 2021. The increase in total non-current liabilities as at 31 December 2019 as compared to 31 December 2018 was mainly due to the increased drawdown of borrowing facilities during 2019 to fund the construction of the industrial pilot.

Current Liabilities

Current liabilities consist of loans from financial institutions, advances received, trade payables, other liabilities and accruals and deferred income.

The following table sets forth the Company's current liabilities at the dates indicated.

	As at 31 March	**As at 31 December**			**Change EUR thousand**		
(EUR thousand)	**2021**	**2020**	**2019**	**2018**	**Mar 21/ Dec 20**	**20/19**	**19/18**
	(unaudited)	**(audited)**			**(unaudited)**		
Current liabilities							
Loans from financial institutions	3,500	3,750	750	-	-250	3,000	750
Advances received	12	12	-	129	0	12	-129
Trade payables	347	301	277	1,159	46	24	-883
Other liabilities	78	420	111	71	-342	309	40
Accruals and deferred income	722	309	255	152	413	54	103

Total current liabilities	**4,659**	**4,792**	**1,393**	**1,512**	**-133**	**3,399**	**-119**

The decrease in total current liabilities as at 31 March 2021 as compared to 31 December 2020 was mainly due to a scheduled amortisation repayment of existing facilities.

The increase in total current liabilities as at 31 December 2020 as compared to 31 December 2019 was mainly due to the reclassification of the facility from OP bank as current liabilities due to the non-compliance with the founder ownership covenant in 2020. The Company has received a waiver from OP bank for the non-compliance with the founders' shareholding covenant, and therefore the long-term portion of this facility has been moved back to non-current liabilities from the second quarter of 2021. As of 1 June 2021, the OP Loan has not contained a covenant regarding the founders' shareholding. The decrease in total current liabilities as at 31 December 2019 as compared to 31 December 2018 was mainly due to lower trade payables in 2019 compared to 2018 which included trade payables related to investments into the industrial pilot. The decline in current liabilities was curbed by the increase of loans from financial institutions as at 31 December 2019 compared to 31 December 2018.

Off-Balance Sheet Commitments

	As at 31 March	As at 31 December			Change EUR thousand		
(EUR thousand)	**2021**	**2020**	**2019**	**2018**	**Mar 21/ Dec 20**	**20/19**	**19/18**
	(unaudited)	**(audited)**			**(unaudited)**		
Guarantees and pledges given							
Loan secured by corporate mortgage	3,500	3,750	4,500	500	-250	-750	4,000
Corporate mortgage	10,000	10,000	10,000	10,000	0	0	0
Material off-balance sheet financial commitments							
Rental liabilities*							
Maturing in < 12 months	355	274	344	255	81	-70	89
Maturing in > 12 months	491	485	219	298	7	266	-79
Leasing liabilities*							
Maturing in < 12 months	64	67	33	33	-3	34	0
Maturing in > 12 months	109	101	20	53	8	81	-33
Rental and leasing liabilities total	1,019	926	616	638	92	310	-22
Investment commitments to joint ventures	12,250	12,250	-	-	0	-	-

* Rental and leasing liabilities include VAT 24 %

Woodspin

Under the terms of the Woodspin Joint Venture Agreement, the Woodspin Co-Investors agreed to each subscribe for 1,750,000 newly issued shares in Woodspin and pay consideration of EUR 1.75 million for such shares. The Woodspin Co-Investors agreed that the aggregate EUR 3.5 million would be used to finance the construction of a plant with capacity to produce 1,000 tons per year of filaments made directly from MFC. The Woodspin Co-Investors agreed that the plant may need additional investments, in which case any additional amounts shall be paid into the invested unrestricted funds of the equity of Woodspin and shall trigger the issues of the correspondent number of shares observing the valuation of EUR 1.00 per share. If the Company is unable to provide additional funds, Suzano may grant a convertible loan to the Company amounting to a partial or full amount of the Company's portion of the additional investments, provided that the terms and conditions of the convertible loan agreement include the right for Suzano to receive new shares and with the conditions that the receivable of Suzano is to be set off against the subscription price of the new shares. The Woodspin Co-Investors have agreed to each invest EUR 11 million in the first plant by the end of 2022.

Respin

If the POC Phase is completed and the commercialisation phase commences, the Company shall provide equity financing of up to EUR 1.25 million (or such lower amount that reflects 50% of the investments actually made by KT Trading). This amount shall be paid into the reserve for invested unrestricted equity of Respin. If further equity financing is needed in order to complete the commercialisation, each Respin Co-Investor shall provide further capital to the Company as may be separately agreed, provided that at such time the Respin Co-Investors shall provide an equal amount to be paid into the invested unrestricted equity of Respin.

Related Party Transactions

Parties are considered to be related parties if one party has the ability to control the other party or to exercise significant influence or joint control over the other party in making financial and operational decisions. As at the date of the Offering Circular, the Company's related parties consist of the Company's subsidiary Spinnova Holdings Oy, the Company's exclusive joint ventures with Suzano and KT Trading, Woodspin Oy and Respin Oy, respectively, shareholders Suzano, Lenzing AG, MAKI.VC FUND I Ky and Besodos Investors Oy that have significant influence over the Company, the Members of the Board of Directors and the Company's Management Team and their closely related family members and the entities over which they have control or joint control.

During the periods presented the following related parties have had transactions on an arms' length basis with the Company:

- The Company entered into a consultancy agreement on 8 February 2021 with a company controlled by Harri Sundvik, a member of the Company's Board of Directors and in 29 December 2020 a consultancy agreement with a company controlled by Timo Soininen, the Chair of the Company's Board of Directors, that will apply to services rendered from 1 January 2021. Both consultancy agreements are valid until further notice and can be terminated by either contracting party by 60 days' notice. Under the agreements, the Company has undertaken to pay a monthly fee to the companies that are parties to the agreements. The consulting services for the three months ended 31 March 2021 were EUR 18 thousand. The payables related to these agreements were EUR 18 thousand at the end of 31 March 2021.

- On 12 April 2019, the Company entered into a management administrative and expert services agreement with a related party to the CEO of the Company, as well as between 1 January 2018 and 31 July 2018, the Company purchased outsourced CFO services. The services amounted to EUR 19 thousand for the three months ended 31 March 2021, EUR 63 thousand for the financial year ended 31 December 2020, EUR 42 thousand for the financial year ended 31 December 2019 and EUR 14 thousand for the financial year ended 31 December 2018. The payables related to these services were EUR 6 thousand as at 31 March 2021, EUR 4 thousand as at 31 December 2020 and EUR 4 thousand as at 31 December 2019.

- In 2018, the Company issued to MAKI.VC FUND I Ky a convertible loan of EUR 250 thousand. The convertible loan was converted into equity of the Company in 2019.

- In 2020, the Company sold its capitalised development work related to wood based refining technology to Suzano and recognised a loss of EUR 1,098 thousand. The sales price was included in the Company's accounts receivables as at 31 December 2020. On 18 May 2021, Suzano exercised its right under the Suzano Investment Agreement to make an additional investment of EUR 5 million in Spinnova. For further details, please see "*Information on the Company and Its Business – Material Agreements – Suzano Investment Agreement*".

- In April 2021, the Company invested EUR 1,750 thousand into the Woodspin joint venture in line with the JV agreement. For further details, please see "*Information on the Company and Its Business – Material Agreements – Woodspin Joint Venture Agreement*".

The Company's related parties have participated in the Company's share issues and the Company has granted stock options to the Company's related parties. On the date of this Offering Circular, related party holdings and votes in the Company were 76.9 per cent. In addition, related party members of the Company's Management Team and Board of Directors have 90,786 option rights issued by the Company.

For further information on the Board of Directors and management team remuneration, shareholdings and options in the Company, please see "*The Company's Administration, Management and Auditors – Board of Directors and the Management Team – Board of Directors*", "*The Company's Administration, Management and Auditors – Board of Directors and the Management Team – Management Team*", "*The Company's Administration, Management and Auditors – Management Holdings*", "*The Shares and Share Capital of the Company – The Shareholders of the Company*" and "*The Shares and Share Capital of the*

Company – Option Programs". The investment commitments related to Woodspin and Respin joint ventures are described under " – *Off-Balance Sheet Commitments – Woodspin*" above and " – *Off-Balance Sheet Commitments – Respin*" above.

The Company has not had other significant related party transactions after the three months ended 31 March 2021.

Treasury Policy

The Company has implemented a Treasury Policy. The purpose of Spinnova's Treasury Policy is to define the mandate and objectives of Spinnova Treasury, by setting guidelines for treasury operations and financial risk management. The Treasury Policy also includes principles and risk limits in relation to overall group liquidity, debt maturity, bank relations, funding arrangements, cash management, foreign exchange and interest rate risk management as well as counterparty risk.

Related to liquidity and funding, the Company targets to hold sufficient liquidity to cover at least all forecast net cash needs for the next 12 months. In addition to the threshold for liquidity, the capital structure profile of the Company is managed to have an equity ratio above 30 per cent. Above a threshold of EUR 5 million of gross financial debt outstanding, Spinnova maintains a minimum of 25 per cent of outstanding debt in floating rates i.e. holds no more than 75 per cent in fixed rate.

THE COMPANY'S ADMINISTRATION, MANAGEMENT AND AUDITORS

General on the Company's Administration

Pursuant to the provisions of the Finnish Companies Act and the Company's Articles of Association, the management and control of the Company is divided between the shareholders, the Board of Directors and the CEO.

The shareholders participate in the administration and management of the Company through resolutions adopted at the general meeting of shareholders. In general, the Board of Directors convenes the general meeting of shareholders. In addition, a general meeting of shareholders must be held pursuant to the Finnish Companies Act when requested in writing by the Auditor of the Company or by shareholders representing at least one-tenth of all the issued Shares for the purposes of addressing a specified matter.

Board of Directors and the Management Team

Board of Directors

The Board of Directors has general responsibility for the Company's governance and the appropriate organisation of operations. The Board of Directors has approved rules of procedure that define the matters within the Board of Directors' responsibility. The Board of Directors affirms the principles of the Company's strategy, organisation, accounting and controlling the management of assets, and appoints the CEO of the Company. The CEO is responsible for carrying out the strategy of the Company and for day-to-day administration based on the instructions and orders issued by the Board of Directors.

The Company's Board of Directors consists of a minimum of three and maximum of eight ordinary members. The term of office of the members of the Board of Directors expires at the end of the annual general meeting of shareholders following their election. The Board of Directors elects a Chair from among its members for the duration of its term of office.

The Board of Directors of the Company has an Audit Committee and a Remuneration Committee, assisting the Board of Directors of the Company in preparing and handling its tasks and obligations. The Board of Directors of the Company has decided to elect Harri Sundvik, Vinicius Nonino and Timo Soininen as members of the Audit Committee and Harri Sundvik as the Chair of the Audit Committee. Furthermore, the Board of Directors has decided to elect Timo Soininen, Ilkka Kivimäki and Vinicius Nonino as members of the Remuneration Committee and Timo Soininen as the Chair of the Remuneration Committee.

The Board of Directors has seven members as at the date of this Offering Circular. The members of the Board of Directors as at the date of this Offering Circular are listed in the following:

Name	Year of Birth	Position	Board Member Since
Timo Soininen	1965	Chair	2014
Ilkka Kivimäki	1969	Board Member	2018
Gert Kroner	1970	Board Member	2015
Hanna Liiri	1970	Board Member	2018
Vinicius Nonino	1970	Board Member	2021
Juha Salmela	1973	Board Member	2014
Harri Sundvik	1957	Board Member	2021

Timo Soininen has been the Chair of the Board of Directors since 2018 and prior to that he has served as a member of the Board of Directors since the founding of the Company in 2014. He is also the founding partner of Spinnova. Mr. Soininen is an experienced international growth company leader with over 20 years of operational experience in CEO roles. He is an active startup investor in over 30 companies internationally. He is one of the founders and former CEO of Small Giant Games Ltd. which he helped to grow from zero to hundreds of millions of revenue with high profitability in just 3 years. In December 2018, 80 per cent of the company was acquired by Zynga (NASDAQ:ZNGA) at a USD 700 million valuation. Soininen has served as Chairman of Small Giant Games Ltd. since 2020. Additionally, he is a partner and the Chairman of the Board of Nightingale Health Oyj (since 2020) and Chairman of the Board of Villagecape Ventures Oy (since 2014). He has acted as an advisor to Critical Force Entertainment Oy since 2015. Previously, Mr Soininen has acted in the following roles: CEO of Sulake Corporation between 2001 and 2010, Marketing Director of StepStone between 2000 and 2001 and as Marketing Manager and as a member of the management team of United Biscuits Nordic – Fazer Keksit Oy between 1995 and 2000. He has also served as a member of the Board of Directors of Aiforia Technologies Oy between 2014 and 2020 and as a member of the Board of Directors of Fingertip Oy between 2012 and 2017. Mr. Soininen holds a Master of Science (Economics) degree from the Helsinki School of Economics. He is a Finnish citizen.

Ilkka Kivimäki has been a member of the Board of Directors since 2018. Mr. Kivimäki is a founding partner and the Chairman and CEO of MAKI Ventures Oy and has managed the investment portfolios of the Maki.VC Funds since 2017. He has served as the Chairman of the Board of Directors of Mainframe Industries Oy since 2019, the Chairman of the Board of Directors of Singa Oy since 2019, a member of the Board of Directors of Enfuce Financial Services Oy since 2019, the Chairman of the Board of Directors of Disior Oy since 2018, a member of the Board of Directors of Sumpli Oy since 2018, the Chairman of the Board of Directors of Fake Production Oy since 2018, a member of the Board of Directors of Altum Technologies Oy since 2018, a member of the Board of the Aalto University Foundation since 2018, Advisor to the Prime Minister of Finland in Research and Innovation Policy as a member of the Research and Innovation Council since 2016, a member of the Board of Directors of Junction Hackathon since 2016, a member of the Board of Directors of Wave Ventures Oy since 2016, the Chairman, Vice Chairman, a member of the Board of Directors and Chairman of the Nomination Committee of Kasvuryhmä Suomi Ry since 2013, and Chairman of the Board of Directors and Chairman of the Advisory Board of the Startup Sauna Foundation since 2012. Previously, Mr. Kivimäki served as Chairman of the Board of the AVP Advisory Board between 2017 and 2019, Advisor to the Minister of Economic Affairs as member of the National AI Steering Group between 2017 and 2019, Advisor to the Prime Minister of Finland in External Economic Affairs as a member of the Steering Group of Team Finland between 2014 and 2018, Chairman of the Board of Directors of Slush Oy between 2012 and 2018 and Head Coach of Startup Sauna between 2011 and 2012. Previously, Mr. Kivimäki held the positions of Partner at Inventure Oy between 2013 and 2017, Angel Investor and Coach at Startup Sauna between 2009 and 2013, Senior Vice President at SAP AG between 2007 and 2009, Founding CEO at Wicom Communications Ltd between 1999 and 2007, Vice President and Chief Operating Officer at Nexor-Superstore Oy between 1994 and 1999 and Project Engineer at Kone Hissit Oy. Mr. Kivimäki holds a Master's Degree in Science (Engineering) from the Helsinki University of Technology. Mr. Kivimäki received an honorary Doctorate of Science from Aalto University. He is a Finnish citizen.

Gert Kroner has been a member of the Board of Directors since 2015. Mr. Kroner has served as a member of the Board of Directors of Kompetenzzentrum Holz GmbH since 2020. Since 2018, he has been the Vice President of Global R&D at Lenzing AG. Previously, he held various positions at Lenzing AG, acting as Vice President of Global R&D Product Innovation between 2017 and 2018, Global Director of Production Innovation between 2015 and 2017, Head of Product R&D between 2014 and 2015 and Head of Fibre Science between 2007 and 2013. Mr. Kroner holds a PhD degree from the University of Graz. He is an Austrian citizen.

Hanna Liiri has been a member of the Company's Board of Directors since 2018. Since 2005, she has been the Managing Partner and Portfolio Manager at Besodos Investors Oy. Ms. Liiri has been a member of the Board of Directors of Woodly Oy since 2017 and a member of the Board of Directors of Paptic Oy since 2015. Ms. Liiri has served as a member of the Board of Directors of GuardianX Technologies Ltd between 2019 and 2020, a member of the Board of Directors Sellusta Finland Oy/Sukarwood between 2016 and 2018, and a substitute member of the Board of Directors of Spinnova Oy between 2014 and 2018. Previously, she held the positions of a Stockbroker at United Bankers Securities between 1999 and 2004, and an Assistant in Financing at Jaakko Pöyry Group in 1999. In addition, between 1991 and 1998 she held various positions in Financial Administration in Finland and Germany at GS-Hydro Group. Ms. Liiri holds a Master of Science (Economics) from the Helsinki School of Economics and Business Administration. She is a Finnish Citizen.

Vinicius Nonino has been a member of the Board of Directors of the Company since 2021. Mr. Nonino has been a member of the Board of Directors of IBEMA Papel Cartão since 2019 and a member of the Board of Directors of Ensyn Corporation since 2012. Since 2019, he has served as the New Business Executive Officer of Suzano S/A. Previously, he held the positions of New Business Strategy Director of Fibria Celulose S/A between 2007 and 2019, Corporate Strategy Manager of Votorantim Group between 2003 and 2007, Associate Consultant at A.T. Kerney between 2001 and 2003, and Account Manager of Firmenich Group between 1994 and 1995. Mr. Nonino holds a Master's Degree in Business Administration from New York University. He is a Brazilian Citizen.

Juha Salmela has been a member of the Company's Board of Directors since 2014 and a member of the Management Team since 2014. Previously, between 1997 and 2014, he held the position of a Researcher, Team Manager, and Principal Investigator at VTT. In addition, between 2004 and 2005, Mr. Salmela was an Expat at the University of British Columbia in Canada. He received the CTO of the Year Europe 2018 award from the European Industrial Research Management Association. Mr. Salmela holds a Master's of Science degree from the University of Jyväskylä. He is a Finnish Citizen.

Harri Sundvik has been a member of the Board of Directors of the Company since 2021. Between 2016 and 2020, Mr. Sundvik held various positions, including but not limited to, Chairman of the Board, and member of the Board of Directors in technology startups and emerging sustainable technology companies. Previously, he served as Vice-Chairman of Investment Banking at Bank of America Merrill Lynch between 2006 and 2016 and Managing Director of Investment Banking at JPMorgan between 1987 and 2006. Mr. Sundvik holds a Master's in Business Administration from the City University Business

School London and an LLM from the University of Helsinki. He is dual citizen of the United Kingdom and Finland.

Management Team

The members of the Company's Management Team are all under the direct supervision of the CEO of the Company, who is appointed by the Board of Directors. The following persons are the members of the Management Team as at the date of this Offering Circular:

Name	Year of Birth	Position	Member of the Management Team Since
Janne Poranen	1972	Chief Executive Officer, Co-founder	2014
Lotta Kopra	1980	Chief Commercial Officer	2019
Petri Poranen	1973	Chief Operating Officer	2018
Juha Salmela	1973	Chief Technology Officer, Co-founder	2014
Ben Selby	1983	Chief Financial Officer	2021

Janne Poranen has been the Chief Executive Officer of the Company and a member of the Management Team since 2014. Previously, Mr. Poranen has held various positions at VTT Technical Research Centre of Finland Ltd, acting as Principal Scientist between 2014 and 2015, Head of Research Area, Fibres and Biobased Materials during 2014, Technology Manager between 2006 and 2013, Key Account Manager during 2006, Group Manager between 2005 and 2006, Deputy Group Manager between 2002 and 2004, Team Leader, VTT Processes, Fluid Dynamics Team, during 2002, Senior Researcher, VTT Processes, between 2001 and 2002, Expatriate, VTT Processes (University of Maine, Department of Chemical Engineering) during 2001 and Research, VTT Energy, between 1999 and 2001. He also held the positions of Researcher at the University of Jyväskylä during 1997 and Master's Thesis Employee and Candidate Employee at Valmet Oyj between 1996 and 1997. Mr. Poranen holds a PhD degree from the University of Jyväskylä. He is a Finnish Citizen.

Lotta Kopra has been the Chief Commercial Officer of the Company and a member of the Management Team since 2019. Ms. Kopra has been a member of the Board of Directors of eQ Oyj since 2019, and a member of the Board of Directors of Solteq Oyj since 2018. She has served as a member of the Board of Directors of Pikkujätti/Aava Group Oy between 2019 and 2021, Lindström Invest Oy between 2019 and 2020, Tidy Technologies Oy between 2016 and 2019, LIID Oy between 2017 and 2019, Flashnode Oy between 2018 and 2019, Magenta Advisory Oy between 2010 and 2015, and Bearing Point Oy between 2015 and 2018. Ms. Kopra is the co-founder of and has been the Chairman of the Board, and a member of the Board of Directors of Magenta Advisory Oy between 2010 and 2015. Previously, she held the positions of Associate Partner of BearingPoint Oy between 2015 and 2018, and Senior Leadership of Capgemini Consulting between 2005 and 2010. Ms. Kopra holds a Master's of Science degree in Economics from Aalto University. She is a Finnish Citizen.

Petri Poranen has been the Company's Chief Operating Officer since 2021, a member of the Management Team since 2018, and served as the Company's Chief Financial Officer between 2018 and 2021. In addition, Mr. Poranen serves as the Chairman of the Board of Directors of PMPConsulting Oy since 2015, and a member of the Board of Directors of Colia Norge AS since 2015. Previously, Mr. Poranen has served as a member of the Board of Directors of Suomen Kotikylmiö Oy between 2015 and 2018 and a member of the Board of Directors of Colia Scandinavia AB between 2015 and 2019. Mr. Poranen held various positions at Porkka Finland Oy, acting as Site Director Panel Factory between 2012 and 2015, Division Business Controller between 2009 and 2015, and between 2002 and 2007. He has held the position of a Consultant at PMPConsulting Oy between 2015 and 2018. Additionally, Mr. Poranen held various positions at Huurre Group Oy, acting as Division Business Controller between 2008 and 2010 and Group Business Controller between 2006 and 2008. Mr. Poranen studied Accounting at Tampere University. He is a Finnish Citizen.

Please see **Juha Salmela**'s biography in " – *Board of Directors*" above.

Ben Selby has been the Chief Financial Officer of the Company and a member of the Management Team since 2021. Mr. Selby has served as the Vice President of Investor Relations and Treasury at Basware between 2017 and 2021 and Head of Investor Relations at Basware between 2016 and 2017. Additionally, Mr. Selby held various positions at Bank of America Merrill Lynch acting, among others, as Director during 2015, Vice President between 2012 and 2015, Associate between 2008 and 2012, and Analyst between 2005 and 2008. Mr. Selby holds a Bachelor of Arts degree and a Master of Arts degree from the University of Cambridge. He is dual citizen of the United Kingdom and Finland.

CEO

The Company's CEO is appointed by the Board of Directors. The Company's CEO since 2014 has been Janne Poranen. The CEO manages and develops the Company's business and is in charge of the operative administration of the Company in accordance with the instructions of the Board of Directors. The CEO presents matters and reports to the Board of Directors. The CEO carries out the day-to-day administration in accordance with the instructions of the Board of Directors and ensures that the Company's accounting complies with legislation and that the management of the Company's assets is organised in a reliable manner.

The CEO's contract may be terminated by the CEO with four months' notice and by the Company with six months' notice, and the contract includes non-competition, non-recruitment and non-inducement obligations that apply while the agreement is in force and remain in force for 24 months after the termination of the contract. The Company is obligated to continue paying the CEO's salary for the duration of the notice period. Moreover, if the CEO's contract is terminated by the Company without cause, the Company shall pay a severance payment to the CEO corresponding to the CEO's salary for twelve months. If the CEO's contract is terminated by the Company for cause defined in the contract, the Company is not obligated to pay the CEO's salary following the date of termination.

Shareholders' Nomination Board

On 10 May 2021, the Company's Annual General Meeting of Shareholders resolved on the establishment of a shareholders' nomination board (the "**Nomination Board**") conditional on the FN Listing. The principal task of the Nomination Board is to prepare the election and remuneration of members of the Board of Directors as well as the proposals for the remuneration of members of the Board committees to the next Annual General Meetings of Shareholders, as well as, if necessary, for Extraordinary General Meetings of Shareholders and to ensure that the Board of Directors and its members possess the skills and experience that meet the needs of the Company. The Nomination Board shall act until further notice, until otherwise resolved by the general meeting of shareholders.

The Nomination Board consists of four members. Three of them are representatives appointed by the three largest shareholders, and one is a Board member elected by the Company's Board of Directors from among its members. The right of appointment of the members representing the shareholders is annually vested with the three shareholders, whose proportion of the votes conferred by all of the Company's Shares according to the shareholders' register maintained by Euroclear Finland is the largest on the first working day of September in the calendar year preceding the Annual General Meeting of Shareholders.

The tasks of the Nomination Board include:

- preparing and presenting the proposals to be made to the Annual General Meeting of Shareholders regarding Remuneration Policy as relates to the remuneration of the Board members and other remuneration matters of the Board members:

- preparing and presenting the proposal to be made to the Annual General Meeting of Shareholders concerning the number of Board members;

- preparing and presenting the proposal to be made to the Annual General Meeting of Shareholders concerning the Board members;

- sourcing successor candidates for Board members; and

- preparing and presenting for the approval of the Board of Directors the Board Diversity Policy.

Corporate Governance

In its decision-making and corporate governance, the Company complies with the Finnish Companies Act, Articles of Association of the Company, First North Rulebook, securities markets legislation, as well as other applicable regulations. When trading in the Company's shares commences on the First North Growth Market, the Company will voluntarily apply the Finnish Corporate Governance Code, entered into force on 1 January 2020 and published by the Finnish Securities Market Association.

Information on the Members of the Board of Directors and Members of the Management Team and the CEO

As at the date of the Offering Circular, the members of the Board of Directors, the members of the Management Team and the CEO have not during the previous five years prior to the publication of the Offering Circular:

- had any convictions in relation to fraudulent offences,
- acted in executive positions, such as members of administrative, executive or supervisory bodies, or been part of the management of or acted as a general partner of a limited partnership in a company which has filed for bankruptcy, liquidation or restructuring proceedings (excluding such liquidation processes, which have been voluntary in order to legally dissolve a limited liability company in accordance with the Finnish Companies Act in Finland), or
- been the subject of prosecution or penalty by judicial or supervisory authority (including professional associations), and been disqualified by a court from acting as a member of administrative, management or supervisory bodies of any company or prohibited the person from acting in the management of any company or from managing the affairs at any company.

Conflicts of Interest

The provisions regarding the conflicts of interest of the management of a company are set forth in the Finnish Companies Act. Pursuant to Chapter 6, Section 4 of the Finnish Companies Act, a member of the Board of Directors may not participate in the handling of a matter that pertains to an agreement between himself and the company. Nor may a member of the Board of Directors take part in the handling of a matter pertaining to an agreement between the company and a third party, should the member in question thereby stand to gain a material benefit, which may be in conflict with the company's interests. What is stated above with regard to agreements is correspondingly applicable to other legal acts, legal proceedings and other rights of action. These provisions also apply to the CEO. There are no provisions regarding the conflicts of interest of the members of the management team in the Finnish Companies Act.

Of the members of the Board of Directors and the Management Team of the Company, Timo Soininen, Lotta Kopra, Juha Salmela and Janne Poranen are also shareholders of the Company.

Related party transactions are described under "*Operating and Financial Review – Related Party Transactions*".

To the knowledge of the Company, the members of the Board of Directors, the members of the Management Team or the CEO do not have other potential conflicts of interest between their duties to the Company and their private interests or their other duties than the ones mentioned below. Vinicius Nonino, who is a member of the Board of Directors, holds the position of New Business Executive Officer at Suzano. Gert Kroner, who is a member of the Board of Directors, holds the position of Vice President of Global R&D at Lenzing, which operates in the same field as the Company. The CEO of the Company is related to the Chief Operating Officer of the Company.

At the date of this Offering Circular, of the members of the Board of Directors, Timo Soininen, Gert Kroner, and Harri Sundvik are independent of the Company and its major shareholders. Ilkka Kivimäki, Hanna Liiri and Vinicius Nonino are independent of the Company but not independent of the Company's major shareholders. Juha Salmela is neither independent of the Company's major shareholders nor independent of the Company. Following the FN Listing, the Board of Directors intends to conduct a search for an additional independent board member with international financial experience from the textile industry.

Management Holdings

Members of the Board of Directors and the Management Team of the Company held at the date of this Offering Circular a total of 15,474,240 Shares, representing 42.83 per cent of the Company's Shares and votes. Additionally, the members of the Board of Directors and the Management Team of the Company held as at the date of this Offering Circular a total of 90,786 options entitling to Shares. For more information on incentive programs, please see " – *Management Remuneration and Incentive and Pension Schemes – Incentive Programs*" below.

The following table sets forth the ownership of Shares in the Company by the members of the Board of Directors, the members of the Management Team and the CEO as well as the number of options held by those persons as at the date of this Offering Circular:

Name	Position	Shares	Proportion of Shares and votes %	Options[1]
Timo Soininen	Chairman	937,860[2]	2.60	32,204[3]
Ilkka Kivimäki	Board Member	3,540,300[4]	9.80	0
Gert Kroner	Board Member	0	0	0
Hanna Liiri	Board Member	4,048,680[5]	11.21	0
Vinicius Nonino	Board Member	0	0	0
Juha Salmela	Board Member / Chief Technology Officer	3,382,200	9.36	8,000[6]
Harri Sundvik	Board Member	0	0	2,500[7]
Janne Poranen	CEO	3,382,500	9.36	8,000[8]
Lotta Kopra	Chief Commercial Officer	182,700	0.51	15,000[9]
Petri Poranen	Chief Operating Officer	0	0	14,132[10]
Ben Selby	Chief Financial Officer	0	0	10,950[11]
Total		**15,474,240**	**42.38**	**90,786**

1) Each stock option entitles its holder to subscribe for 30 Shares.
2) Timo Soininen holds 937,860 Shares. In addition, Villagecape Ventures Oy, Timo Soininen's closely associated company over which Timo Soininen does not have control, holds 97,320 Shares.
3) Timo Soininen holds 6,441 2020 A Stock Options and 25,763 2020 B Stock Options.
4) Ilkka Kivimäki's holding consists of 3,540,300 Shares held by MAKI.VC FUND I Ky.
5) Hanna Liiri's holding consists of 4,048,680 Shares held by Besodos Investors Oy.
6) Juha Salmela holds 8,000 2020 B Stock Options.
7) COBL UK Ltd, a company controlled by Harri Sundvik, holds 2,500 2020 B Stock Options.
8) Janne Poranen holds 8,000 2020 B Stock Options.
9 Lotta Kopra holds 5,000 2020 B Stock Options and 10,000 2018 Stock Options.
10) Petri Poranen holds 5,000 2020 B Stock Options and 9,132 2018 Stock Options.
11) Ben Selby holds 5,950 2020 A Stock Options and 5,000 2020 B Stock Options.

Management Remuneration and Incentive and Pension Schemes

Board of Directors

Pursuant to the Finnish Companies Act, the remuneration of the members of the Board of Directors is decided by the Annual General Meeting of Shareholders.

No annual remuneration or meeting fees were paid to the members of the Board of Directors for the financial years ended 31 December 2020, 2019 and 2018.The Annual General Meeting of the Company held on 10 May 2021 resolved that a monthly fee of EUR 2,000 would be paid to each member of the Board of Directors.

The Company has not given any guarantees or other commitments on behalf of any of the members of the Board of Directors.

CEO and Other Management Team

The Company's Board of Directors determines the salary, remuneration and other benefits received by the CEO of the Company. The CEO determines the salary, remuneration and other benefits received by the members of the Company's Management Team. The remuneration of the CEO of the Company and members of the Company's Management Team consists of salaries, remuneration and other employee benefits.

The salaries, remuneration and other benefits (excluding pension expenses and other incidental expenses) paid to the CEO of the Company totalled EUR 133 thousand for the twelve months ended 31 December 2020, EUR 137 thousand for the twelve months ended 31 December 2019, and EUR 135 thousand for the twelve months ended 31 December 2018.

The Company offers the statutory pension cover to the CEO.

The following table sets forth the employee benefits paid to the members of the Management Team (excluding the CEO) for the financial years indicated:

(EUR in thousands)	1 January–31 December		
	2020	2019	2018
		(unaudited)	
Salary, remuneration and other benefits*	274	214	149
Pension expenses	43	39	27

Total	**316**	**252**	**176**

*excludes remuneration through Stock Option Program. Please see more information on the stock options of the Management Team of the Company under " - *Management Remuneration and Incentive and Pension Schemes - Incentive Programs*" below, " - *Management Holdings*" above and "*The Shares and Share Capital of the Company – Changes in the Number of Shares and the Share Capital*".

One new member has started in the Management Team after 31 December 2020, and the monthly salaries paid to the Company's CEO and Chief Technology Officer have been increased in June 2021. Otherwise, there have been no material changes to the remuneration of the members of the Management Team and the CEO after 31 December 2020.

Incentive Programs

The Company has established stock option programs covering, among others, employees, and the members of the Board of Directors and the Management Team of the Company. Please see more information on the stock options of the members of the Board of Directors and the Management Team of the Company under " – *Management Holdings*" above.

2018 Stock Option Program

The Annual General Meeting of Shareholders of the Company on 14 November 2018 resolved to authorize the Board of Directors to issue up to 50,000 stock options to key persons of the Company (the "**2018 Stock Option Authorization**"). In the resolution of the Board of Directors on 20 December 2018, the Company's Board of Directors resolved to issue up to 50,000 stock options (the "**2018 Stock Options**") pursuant to its authority under the 2018 Stock Option Authorization to selected current or new key persons, advisors, consultants or members of the Board of Directors of the Company for the purpose of incentivising the key resources of the Company.

Each 2018 Stock Option entitles the holder of 2018 Stock Option (a "**2018 Stock Option Holder**") to 30 new Shares at a subscription price of EUR 1.13 per Share.[73] The subscription period for the 2018 Stock Options commenced on 1 January 2019 or on such other date as agreed with the recipient of the 2018 Stock Option in connection with the subscription of the 2018 Stock Options. The 2018 Stock Options vest linearly over four years from the commencement of their subscription period. The subscription period for Shares based on the 2018 Stock Options expires on 31 December 2028 at the latest. Notwithstanding the aforementioned subscription period, a 2018 Stock Option Holder shall be entitled to subscribe for Shares with all of its 2018 Stock Options within a period of time determined by the Board of Directors in connection with the FN Listing. Such subscription right will lapse after the expiration of the time period set by the Board of Directors.

If a 2018 Stock Option Holder ceases to be employed by the Company or ceases to be a member of the Board of Directors of the Company, the Board of Directors shall set a period of fourteen days during which the 2018 Stock Option Holder may subscribe for Shares with those 2018 Stock Options for which the Share subscription period has commenced as at the last day of such person's employment or membership. The 2018 Stock Option Holder shall be deemed to have transferred to the Company or a person designated by the Company free of charge those 2018 Stock Options that are not exercised during the time-period set by the Board of Directors. However, the Board of Directors may decide that the 2018 Stock Option Holder may, notwithstanding the aforesaid, keep all or some of the 2018 Stock Options.

2020 Stock Option Program

The shareholders of the Company unanimously resolved on 30 December 2020 to authorize the Board of Directors to issue up to 103,053 stock options to key persons of the Company (the "**2020 Stock Option Authorization**"). In the resolution of the Board of Directors on 30 December 2020, the Company's Board of Directors resolved to issue up to 103,053 stock options (the "**2020 Stock Options**") pursuant to its authority under the 2020 Stock Option Authorization to selected current or new key persons, advisors, consultants or members of the Board of Directors of the Company for the purpose of incentivising the key resources of the Company.

Each 2020 Stock Option entitles the holder of 2020 Stock Option (a "**2020 Stock Option Holder**") to 30 new Shares at a subscription price of EUR 2.74 per Share.[74] The 2020 Stock Options consist of two types: A options ("**2020 A Stock Options**") and B options ("**2020 B Stock Options**"). 2020 A Stock Options vest linearly over a period of 48 months, and vesting is accelerated in the event of a change of control or exit, but not by the FN Listing. 2020 B Stock Options vest based on Spinnova's pre-money

[73] Taking into account share splits.

[74] Taking into account share splits.

valuation after FN Listing. One half of the 2020 B Stock Options vests if Spinnova's pre-money valuation reaches more than EUR 400 million, and the remaining half vest if Spinnova's pre-money valuation reaches more than EUR 1 billion. The subscription period for Shares based on the 2020 Stock Options expires on 31 December 2030 at the latest.

If a 2020 Stock Option Holder ceases to be employed by the Company, a consultant of the Company or a member of the Board of Directors of the Company, the Board of Directors shall set a period of fourteen days during which the 2020 Stock Option Holder may subscribe for Shares with those 2020 Stock Options for which the share subscription period has commenced as at the last day of such person's employment or membership. The 2020 Stock Option Holder shall be deemed to have transferred to the Company or a person designated by the Company free of charge those 2020 Stock Options that are not exercised during the time-period set by the Board of Directors. However, the Board of Directors may decide that the 2020 Stock Option Holder may, notwithstanding the aforesaid, keep all or some of the 2020 Stock Options.

Founders' Stock Option Agreements

In addition to the stock option programs established by the Company, the Company's founders Janne Poranen and Juha Salmela have entered into stock option agreements with certain employees of the Company in 2015 and 2017. Under these option agreements, certain employees of the Company are entitled to purchase 251,160 Shares in total from Janne Poranen and Juha Salmela at an exercise price of EUR 0.21 per Share.

Auditors

PricewaterhouseCoopers, Authorised Public Accountants, acts as the Company's Auditor with Markku Launis, Authorised Public Accountant, as the auditor with principal responsibility. Markku Launis is registered in the register of auditors referred to in Chapter 6, Section 9 of the Auditing Act (1141/2015, as amended).

THE SHARES AND SHARE CAPITAL OF THE COMPANY

General on the Shares and Share Capital of the Company

The Company was incorporated on 13 November 2014. The Company's commercial name is Spinnova Plc (previously Spinnova Ltd), and it is domiciled in Jyväskylä, Finland. The Company is registered in the Finnish Trade Register under business identity code 2653299-6 and LEI code 7437000SWC9YSSJWZB91. The Company is a public limited liability company incorporated in Finland and operating under Finnish law. The Company's registered address is Palokärjentie 2-4, FI-40320 Jyväskylä, Finland.

Pursuant to Article 3 of the Company's Articles of Association in effect as of the FN Listing, the Company's field of business is the manufacture of new value-added fibre products, research and development and the manufacture of machinery and equipment. In addition, the Company may own, manage and trade in real estate and securities.

On the date of this Offering Circular, the Company's share capital was EUR 80 thousand. On the date of this Offering Circular, the Company had issued 36,131,910 fully paid Shares. Each Share entitles the holder to one vote at the Company's general meeting of shareholders. The Shares have no nominal value. The Company has one class of shares. The Shares were entered into the Finnish book-entry system on 7 June 2021, and the ISIN code of the Share is FI4000507595. As at the date of this Offering Circular, the Company does not hold any treasury shares.

As at the date of this Offering Circular, the Company's Articles of Association include redemption and consent clauses with respect to the Shares in the Company. The Company's Annual General Meeting has on 10 May 2021 resolved to remove the redemption and consent clauses conditional upon that the Offer Shares are notified to be registered with the Finnish Trade Register.

Changes in the Number of Shares and the Share Capital

The following table sets forth a summary of the changes in the Company's share capital and number of Shares from 1 January 2018 to the date of this Offering Circular.

Time	Arrangement	Subscription price per Share (EUR)	Number of Shares in the arrangement	Number of Shares after the arrangement	Share capital (EUR)	Registered(1
10 May 2021	Increase in share capital(2	-	0	36,131,910	80,000	2 June 2021
21 May 2021	Share issue without payment(3	-	34,927,513	36,131,910	2,500	2 June 2021
18 May 2021	Directed share issue(4	82.10	60,901	1,204,397	2,500	25 May 2021
16 April 2021 and 17 April 2021	Options exercise(5	33,99	603	1,143,496	2,500	27 April 2021
22 January 2021	Options exercise(6	33.99	1,683	1,142,893	2,500	25 March 2021
30 December 2020	Directed share issue(7	82.10	6,090	1,141,210	2,500	25 March 2021
29 April 2020	Share issue without payment(8	-	1,021,608	1,135,120	2,500	15 May 2020
31 December 2019	Directed share issue(9	333.92	2,941	113,512	2,500	21 April 2020
13 August 2019	Directed share issue(10	821.01	13,130	110,571	2,500	15 October 2019
4 April 2019	Directed share issue(11	695,29	359	97,441	2,500	15 May 2019

1) The date refers to the date registered to the Finnish Trade Register.
2) The Company's form was changed to a public limited liability company by the Annual General Meeting of Shareholders of the Company on 10 May 2021, in connection with which the Company's share capital was increased to EUR 80,000.
3) The Company's Board of Directors resolved on 21 May 2021 on a share issue of 34,927,513 new Shares without payment to the Company's shareholders so that one Share entitled the holder to 29 new Shares.

[4)] The Company's shareholders unanimously resolved on 17 May 2021 on a directed share issue of 60,901 new Shares to execute Suzano's additional investment in accordance with the terms of the Suzano Investment Agreement. The new Shares were subscribed for on 18 May 2021.
[5)] The holders of options under the 2018 Stock Options Program exercised their 2018 Stock Options on 16 April 2021 and 17 April 2021 and subscribes for 603 new Shares.
[6)] The holders of options under the 2018 Stock Options Program exercised their 2018 Stock Options on 22 January 2021 to subscribe for 1,683 new Shares.
[7)] The Company's shareholders unanimously resolved on 30 December 2020 on a directed share issue of 6,090 new Shares to the Chief Commercial Officer of the Company pursuant to the subscription right included in her employment contract.
[8)] The Annual General Meeting of the Company resolved on 29 April 2020 on a share issue of 1,021,608 new Shares without payment to the Company's shareholders so that one Share entitled the holder to nine new Shares.
[9)] The Company's shareholders unanimously resolved on 31 December 2019 on a directed share issue of 2,941 new Shares to MAKI.VC FUND I Ky in order to complete an additional investment in accordance with the investment agreement concluded between the Company and the shareholder in question.
[10)] The Company's shareholders unanimously resolved on 13 August 2019 on a directed share issue of 13,130 new Shares to eight different investors to finance the costs and investments of the Company's industrial pilot phase.
[11)] The Annual General Meeting of the Company resolved on 4 April 2019 on a directed share issue of 359 new Shares to MAKI.VC FUND I Ky in order to convert a convertible loan of EUR 250 thousand into new Shares in the Company.

The Shareholders of the Company

As at the date of this Offering Circular, the Company has 25 shareholders. The ten largest shareholders of the Company on the date of this Offering Circular are presented in the table below.

Shareholder	Number of Shares	Proportion of Shares and votes %
Suzano S.A.	9,808,530	27.15
Besodos Investors Oy	4,048,680	11.21
MAKI.VC FUND I Ky	3,540,300	9.80
Beata Domus Ab	3,430,560	9.49
Janne Poranen	3,382,500	9.36
Juha Salmela	3,382,200	9.36
Lenzing AG	2,400,000	6.64
Holdix Oy Ab	2,187,510	6.05
Markku Kaloniemi	1,272,900	3.52
Timo Soininen	937,860	2.60
Other shareholders	1,740,870	4.82
Total	**36,131,910**	**100**

The Company has no knowledge of any shareholder exercising control over the Company or of any other events or arrangements after the Offering, the operation of which may have an impact on the exercise of control over the Company in the future.

Authorisations Granted to the Board of Directors

The Company's Annual General Meeting resolved on 10 May 2021 to authorise the Board of Directors to decide on the issuance of new shares and/or of own shares held by the Company in one or more instalments against or without payment in connection with the FN Listing. The number of new shares that may be issued and/or shares held by the Company that may be conveyed cannot exceed 30,000,000 shares. The authorisation includes the right to deviate from the shareholders' subscription right, provided that there is a weighty financial reason for the Company to deviate. The Board of Directors is entitled to decide on the terms of the share issue or conveyance of the shares held by the Company. The authorisation given to the Board of Directors also includes the right to decide whether the share subscription price is to be entered in full or in part in the reserve for invested unrestricted equity or as an increase of share capital. The authorisation is valid until 31 December 2021.

The Company's Annual General Meeting resolved on 10 May 2021 to authorise the Board of Directors to decide on the issuance of new shares as well as conveyance of shares held by the Company in one or more instalments against or without payment, and the issuance of special rights entitling to shares referred to in Chapter 10, Section 1 of the Finnish Companies Act by one or several decisions. The number of shares that may be issued pursuant to the authorisation and the number of shares that may be issued or conveyed by virtue of the authorisation to issue special rights entitling to shares cannot exceed 4,500,000 shares. The authorisation is valid until 10 May 2026.

The Company's Annual General Meeting resolved on 10 May 2021 to authorise the Board of Directors to decide on the repurchase of the Company's own shares in one or several tranches. The number of the Company's own shares that may be repurchased by virtue of the authorisation cannot exceed 4,500,000 shares. Only the unrestricted equity of the Company can be used for repurchasing own shares on the basis of the authorisation. Under the authorisation, a shareholder can convey shares back to the Company against or without payment. Own shares can be repurchased for at most at the price formed for shares in public trading or at the price otherwise formed on the market on the purchase day. The authorisation given to the Board of Directors includes the right to decide on how own shares are repurchased. Own shares can be repurchased otherwise than in proportion to the shareholdings of the shareholders. The authorisation is valid until 10 November 2022.

Option Programs

The Company has established incentive option programs covering, among others, employees, and members of the Board of Directors and the Management Team of the Company.

Incentive Stock Option Programs

For further description of the Company's incentive stock option programs, please see "*The Company's Administration, Management and Auditors – Management Remuneration and Incentive Schemes – Incentive Programs*".

Outstanding Stock Options

Program	Subscription Price of Company Share with Stock Option	Exercise Period	Outstanding Stock Options	Number of Shares to Which the Stock Options entitle
2018 Stock Options[75]	EUR 1.13	Date of registration to the Finnish Trade Register until 31 December 2028 or within a period of time determined by the Board of Directors in connection with the FN Listing	47,464	1,423,920
2020 A Stock Options[76]	EUR 2.74	Date of registration to the Finnish Trade Register until 31 December 2030	12,391	371,730
2020 B Stock Options[77]	EUR 2.74	Date of registration to the Finnish Trade Register until 31 December 2030	59,263	1,777,890
Total			**119,118**	**3,573,540**

Shareholders' Rights

Shareholders' Pre-emptive Subscription Right

Under the Finnish Companies Act, existing shareholders of Finnish companies have a pre-emptive right to subscribe for shares in the company in proportion to their shareholding, unless otherwise resolved by the general meeting of shareholders in regards to the offering. Under the Finnish Companies Act, a resolution to deviate from the shareholders' pre-emptive right is valid only if approved by at least two-thirds of all votes cast and all shares represented at the general meeting of shareholders. The shareholders' pre-emptive subscription right may be deviated from if such deviation is justified by weighty financial reasons from the perspective of the company. A directed offering may also be carried out as a share issue without consideration if there are particularly weighty financial reasons from the perspective of the company and the shareholders.

Certain shareholders resident in or with a registered address in a country other than Finland may not be able to exercise their pre-emptive subscription right in respect of their shareholding, unless the shares and connected subscription rights are registered in accordance with the securities legislation of the relevant country or an exemption from registration or other similar requirements is applicable.

General Meeting of Shareholders

In accordance with the Finnish Companies Act, shareholders exercise their decision-making powers in matters concerning the Company at the general meeting of shareholders. The annual general meeting of shareholders is held yearly, on a date decided by the Board of Directors, within six months from the closing date of the accounting period.

[75] Each 2018 Stock Option entitles its holder to subscribe for 30 Shares.

[76] Each 2020 A Stock Option entitles its holder to subscribe for 30 Shares.

[77] Each 2020 B Stock Option entitles its holder to subscribe for 30 Shares.

The annual general meeting of shareholders decides on, among others, adoption of the financial statements, distribution of dividends and election of members of the Board of Directors and Auditor and their respective remuneration. The annual general meeting of shareholders also decides on discharge from liability of the Board of Directors and the CEO.

In addition to the annual general meeting of shareholders, extraordinary general meetings of shareholders may also be held, if required. Subject to the matter to be resolved, the qualified majority provisions set out in the Finnish Companies Act will be applied. Pursuant to the Finnish Companies Act, decisions that require a qualified majority must be approved by two-thirds of the votes cast and shares represented at the general meeting of shareholders. A qualified majority is needed for, inter alia, amending the Articles of Association, redeeming and acquiring the Company's own shares, as well as for deciding on mergers and demergers. There are no specific requirements regarding the number of participants for the quorum of the general meeting of shareholders in the Finnish Companies Act or the Company's Articles of Association.

Shareholders have the right to have a matter falling within the competence of general meeting of shareholders dealt with by the general meeting of shareholders pursuant to the Finnish Companies Act if they so demand from the Board of Directors in writing well in advance so that the matter can be included in the notice of the meeting. If either a shareholder or shareholders controlling at least ten per cent of the shares or the company's auditor requests that a certain matter be considered at a general meeting of shareholders, the Board of Directors must immediately convene a general meeting of shareholders.

According to the Company's Articles of Association in effect as of the FN Listing, the notice to a general meeting of shareholders shall be delivered to the shareholders no earlier than three months and no later than three weeks prior to the meeting. The notice shall, however, be delivered at least nine days prior to the record date for the general meeting of shareholders. As of the FN Listing, under the Articles of Association, the notice to the general meeting of shareholders shall be delivered to the shareholders by means of a notice published on the company's website or in at least one national daily newspaper designated by the Board of Directors. Furthermore, in order to be entitled to attend and exercise their right to speak at the general meeting of shareholders, a shareholder must notify the Company of its attendance by the date specified in the notice of meeting, which date may not be earlier than ten days prior to the general meeting of shareholders.

Shareholders, who have been entered in the Company's register of shareholders maintained by Euroclear Finland no later than eight business days before the general meeting of shareholders (record date of the general meeting of shareholders) and who have notified the Company of their attendance for the general meeting of shareholders no later than on the date stated in the notice of the meeting, or nominee-registered shareholders who have temporarily been entered in the Company's register of shareholders for taking part in the general meeting of shareholders have the right to participate in the general meeting of shareholders. The notice concerning a temporary registration must be made no later than on the date stated in the notice of the meeting, which must be a date subsequent to the record date of the general meeting of shareholders. Nominee-registered shareholders are deemed to have registered for the general meeting of shareholders if they have been entered temporarily into the register of shareholders. Shareholders may attend the general meeting of shareholders in person or through an authorised representative.

Shareholders may have several representatives who represent them on the basis of shares held in different securities accounts. If a shareholder participates in the general meeting of shareholders through several representatives, the shares on the basis of which each representative represents the shareholder must be announced when registering for the meeting. Representatives must present a proxy or other credible evidence of their authorisation. In addition, each shareholder and authorised representative may employ an assistant at the general meeting of shareholders.

Voting Rights

A shareholder may attend and vote at a general meeting of shareholders in person or through an authorised representative. If holders of nominee-registered shares wish to attend the general meeting of shareholders and exercise their voting rights, they must temporarily register the shares under their own name in the Company's register of shareholders maintained by Euroclear Finland. The notice concerning a temporary registration must be made no later than on the date stated in the notice of the meeting, which must be a date subsequent to the record date of the general meeting of shareholders.

Resolutions made at general meetings of shareholders generally require a simple majority of the votes. However, certain resolutions, such as amending the Articles of Association, issuing shares in deviation of the existing shareholders' pre-emptive subscription right and, in certain cases, making decisions on mergers or demergers, require a majority of at least two-thirds of the votes cast and of the shares represented at the general meeting of shareholders. In addition, certain resolutions, such as a mandatory redemption of the shares by the company in deviation from the shareholdings of the shareholders, require consent of all shareholders.

Dividends and Other Distributions of Funds

In accordance with the practice prevailing in Finland, dividends on shares in a Finnish company are generally paid once a year and the dividend can only be paid after the general meeting of shareholders has adopted the company's financial statements and resolved on the amount of dividends to be paid in accordance with the dividend distribution proposal of the Board of Directors. According to the Finnish Companies Act, the distribution of dividends may, however, also be based on the adopted financial statements prepared for that purpose during the financial year. The general meeting of shareholders may also authorise the Board of Directors to resolve on the distribution of dividends. The authorisation will be valid at the latest until the beginning of the next annual general meeting of shareholders. A resolution on the distribution of dividends or granting of authorisation to the Board of Directors requires a majority decision at the general meeting of shareholders.

The amount of dividends resolved on by the general meeting of shareholders cannot exceed the amount proposed by the Board of Directors. According to the Finnish Companies Act, shareholders who hold at least ten per cent of the company's shares may, regardless of the proposal for the distribution of dividend at the annual general meeting of shareholders, demand that, within the limits of distributable profit, at least half of the previous financial year's profit be distributed as dividends, from which any undistributed amount pursuant to the Articles of Association must be deducted. However, shareholders may at the most demand that eight per cent of the company's equity be distributed as dividends.

According to the Finnish Companies Act, the shareholders' equity is divided into restricted and unrestricted equity. The division has significance when determining the amount of distributable funds. Restricted equity consists of the share capital, revaluation surplus, fair value reserve and revaluation reserves. The share premium fund and the reserve fund are also included in restricted equity. Other equity reserves are included in unrestricted equity. The amount of dividends may not exceed the distributable funds in the latest adopted financial statements of the company less the funds that may not be distributed pursuant to any applicable provisions in the Articles of Association. Losses from the previous financial years and dividends distributed earlier in the current financial year reduce the amount of distributable funds. Any material changes in the company's financial position after the preparation of the previous financial statements must be taken into account upon resolving on the distribution of dividends. The amount of dividends that may be distributed is at all times subject to the company remaining liquid after the distribution of dividends. Consequently, no dividends may be distributed if, when resolving on the distribution it is known or should be known, the company is insolvent or the distribution would result in insolvency of the company.

Dividend and other distributions are paid to shareholders, or any parties named by the shareholders, entered in the shareholders' register on the record date of the payment of dividends. The shareholders' register is maintained by Euroclear Finland through the relevant book-entry account operators. Under the Finnish book-entry securities system, dividends are paid by account transfers to the accounts of the shareholders appearing in the register. Dividends are not paid to shareholders not entered in the shareholders' register. The right to dividends expires within three years from the payment date of the dividend. All of the Shares carry equal rights to dividends and other distribution, including the distribution of the Company's assets in the event of liquidation.

Treasury Shares

Under the Finnish Companies Act, a company may acquire its own shares. Resolutions on the acquisition of a company's own shares must be adopted at the general meeting of shareholders. A general meeting of shareholders may also authorise the Board of Directors for a fixed period of time, which cannot exceed 18 months from the decision of the general meeting of shareholders, to resolve on the purchase of the company's own shares using unrestricted equity. A general meeting of shareholders may resolve on the directed acquisition of the company's own shares, in which case the shares are not purchased from shareholders in proportion to their shareholdings. A directed acquisition is subject to weighty financial reasons on the part of the company. A public limited company may not, either directly or through its subsidiaries, hold more than ten per cent of its own shares. Treasury shares do not entitle the company to dividends or other rights attached to the shares. As at the date of this Offering Circular, the Company does not hold any treasury shares.

Transfer of Shares

Upon a sale of shares through the Finnish book-entry securities system, the relevant shares are transferred from the seller's book-entry account to the buyer's book-entry account as an account transfer. The sale is registered as an advance transaction until settlement and payment, after which the buyer is automatically registered in the company's register of shareholders. In case the shares are nominee-registered, the sale of the shares does not require any entries into the book-entry securities system, unless the nominee account holder is changed pursuant to the sale.

Redemption Right and Obligation and Obligation to Purchase Shares

Under the Finnish Companies Act, a shareholder who holds shares representing more than 90 per cent of all shares and votes in the company is entitled to redeem the remaining shares in the company from other shareholders at a fair price. The Finnish Companies Act provides detailed provisions for the calculation of the said shares and votes. In addition, a shareholder whose shares may be redeemed in accordance with the above mentioned, is entitled to request the majority shareholder to redeem the shares held in the company by the said shareholder. If a shareholding constitutes the right and obligation for redemption, the company must immediately enter this in the Trade Register. The Redemption Committee of the Finland Chamber of Commerce appoints a requisite number of arbitrators to resolve disputes related to the redemption and the redemption price. The redemption price will be determined on the basis of the fair market price preceding the initiation of the arbitration proceedings.

As at the date of this Offering Circular, the Company's Articles of Association include redemption and consent clauses with respect to the Shares in the Company. The Company's Annual General Meeting has on 10 May 2021 resolved to remove the redemption and consent clauses conditional upon that the Offer Shares are notified to be registered with the Finnish Trade Register.

Pursuant to Article 13 of the Company's Articles of Association in effect as of the FN Listing, after the Shares have been admitted to public trading on a market place, including but not limited to First North Growth Market, a person whose holdings, as specified in the Company's Articles of Association, either alone or together with other persons, in the voting rights attached to all the Shares registered at the Finnish Trade Register exceed 30 per cent or 50 per cent, shall be obliged to make an offer to purchase all the other Shares issued by the Company and options which entitle the holder to new Shares from the other shareholders and holders of such options.

Notification on the Change of Holdings

Pursuant to Article 12 of the Company's Articles of Association in effect as of the FN Listing, a shareholder shall notify the Company of its shareholding and voting rights, when such holdings reach, exceed or decrease below 5 per cent, 10 per cent, 15 per cent, 20 per cent, 25 per cent, 30 per cent, 50 per cent, 2/3 or 90 per cent of the total voting rights in the Shares or the total number of Shares registered with the Finnish Trade Register. A shareholder shall also make a notification on the change of holdings when it has on the basis of a financial instrument the right to receive a number of Shares that results in reaching, exceeding or decreasing below any of the abovementioned thresholds. The financial instruments may be physically or cash settled. The obligation to make a notification also arises when a shareholder's combined holdings of the above (shareholding or voting rights and long-position acquired through financial instruments) reach, exceed or decrease below any of abovementioned thresholds. Article 12 of the Articles of Association shall be interpreted in accordance with Chapter 9 Sections 5–8 of the Finnish Securities Market Act.

Foreign Exchange Control

Foreigners may acquire shares in a Finnish limited liability company without separate exchange control consent. Foreigners may also receive dividends without separate Finnish exchange control consent, but the company distributing dividend is liable to withhold withholding tax from the assets being transferred from Finland, unless otherwise specified in an applicable tax treaty. Foreigners that have acquired shares in a Finnish limited liability company may receive shares pursuant to a bonus issue or participate in a new subscription without separate exchange control consent. Foreign shareholders may sell their shares in a Finnish company in Finland, and the proceeds of such sales may be transferred out of Finland in any convertible currency. Finland does not have valid exchange control regulations that would restrict the sale of shares in a Finnish company to another foreigner.

THE FIRST NORTH GROWTH MARKET AND THE SECURITIES MARKETS

The following summary is a general description of the provisions of the securities markets regulations applicable to the First North Growth Market and it is based on the laws, rules and regulations in effect in Finland on the date of this Offering Circular. The description does not constitute an exhaustive list of all laws, rules and regulations applicable to the First North Growth Market.

About the First North Growth Market

The First North Growth Market is Nasdaq's Nordic growth market, designed for small and growing companies. Companies listed on the First North Growth Market are subject to less extensive rules than companies listed on a regulated market, such as the official list of the Helsinki Stock Exchange. This is intended to allow smaller companies to enjoy the benefits of being publicly traded companies without excess administrative burden. Unlike on the regulated markets, companies listed on the First North Growth Market must engage a Certified Adviser whose role is to ensure that companies comply with applicable requirements and rules.

The First North Growth Market is regulated as a multilateral trading facility as opposed to a regulated market. "Multilateral trading facility" and "regulated market" are classifications for trading venues of securities set out in Directive 2014/65/EU on Markets in Financial Instruments. Multilateral trading facilities and the holders and issuers of securities listed on a multilateral trading facility are subject to less stringent rules than regulated markets and the holders and issuers of securities listed on a regulated market. Companies that have applied for their shares to be listed on the First North Growth Market are subject to the First North Rulebook but not the requirements for admission to trading on a regulated market. For more information, see " – *Regulation of the Finnish Securities Markets*" below. The rules for issuers are set out in the First North Rulebook. For more information, see " – *Trading and Settlement on the First North Growth Market*" below.

The First North Growth Market uses the same INET Nordic trading system as the Nasdaq Nordic main markets for trading in shares. The trading periods comprise a pre-trading session, a continuous trading session and a post-trading session. The trading periods and the respective trading hours are set out in a time table in force from time to time, as made available by the Nasdaq Nordic stock exchanges at http://www.nasdaqomxnordic.com/tradinghours.

Trading and Settlement on the First North Growth Market

The First North Growth Market is maintained by the Helsinki Stock Exchange, a member of the Nasdaq group. Pursuant to the First North Rulebook, the Trading Rules of Helsinki Stock Exchange (in Finnish: *Nasdaq Helsinki Oy:n Arvopaperien Kaupankäyntisäännöt*) apply on the First North Growth Market as set out in further detail in the First North Rulebook (including Supplement C – Finland).

Trading and clearing on the Helsinki Stock Exchange and thus also on the First North Growth Market are carried out in euros, and the smallest possible price change (tick size) in securities quotations is dependent on the price of share. Price information is provided and published in euros only.

The Company's Shares are issued and registered in the book-entry securities system maintained by Euroclear Finland. Trades in shares listed on the First North Growth Market are settled bilaterally in Euroclear Finland's Infinity 2 clearing system. Such transactions are carried out on the second banking day after the trade date (T+2), unless otherwise agreed upon between the parties.

The Finnish Book-Entry Securities System

General

The Company is a Finnish public limited liability company that contemplates to apply for listing of its Shares for trading on the First North Growth Market. The Company's Shares are registered in the electronic book-entry securities system maintained by Euroclear Finland.

Registration

Book-entry securities system means a system maintained by central securities depository in where shares or other securities have been issued as book-entries, which are registered into book-entry accounts. The Issuer has a right to choose the central securities depository in where shares are issued. All companies whose shares are subject to public trading on the Helsinki Stock Exchange or the First North Growth Market must use the book-entry securities system. In Finland, the central securities depository is Euroclear Finland, which provides clearing and registration services of securities on the national level. Euroclear Finland maintains a book-entry register for both equity and debt capital securities. Euroclear Finland's registered address is Urho Kekkosen katu 5 C FI-00100 Helsinki, Finland.

Euroclear Finland maintains company-specific shareholder registers of shareholders of companies that have joined the book-entry securities system. Account operators (i.e., banks, investment service companies and clearing parties authorised by Euroclear Finland) manage book-entry accounts and make entries in them. The expenses incurred by Euroclear Finland in connection with maintaining the book-entry securities system are borne mainly by the issuers participating in the book-entry securities system and the account operators. Dividends and other distributions of funds are paid to shareholders or their nominees entered in the shareholder register on the relevant record date. Under Euroclear Finland's book-entry securities system, dividends are paid by account transfers to the accounts of the shareholders appearing in the register.

All shareholders of companies, or their trustees, participating in the book-entry securities system must open a book-entry account with some account operator or register their shares through a nominee registration process in order to have their securities entered in accounts. However, Finnish shareholders cannot register their shares in Finnish companies through a nominee registration process in Finland. Non-Finnish shareholder may register book-entries in a custodial nominee account, when the book-entries are registered in the name of a custodial account holder in the company's shareholders' register. A custodial nominee account must contain information on the custodial account holder instead of the beneficial owner of the share and indication that the account is a custodial nominee account. Book-entries managed on behalf of one or more owners can be registered in a custodial nominee account. In addition, the shares owned by a foreigner, foreign entity or trustee may be registered in the book-entry account opened in the name of it, but ownership can be registered through a nominee registration process in the company's shareholders' register. Joint account in a book-entry register of central securities depository is opened for the shareholders, who have not transferred their shares into book-entries, and the issuer is registered as an account operator.

All transfers of securities registered with the book-entry securities system are executed as computerised book-entry transfers. The account operator confirms entries by submitting to the holder of the account a notification indicating book entries made to the book-entry accounts. In addition, the book-entry account holders receive an annual notification of their holdings at the end of calendar year. Each book-entry account is required to contain information with respect to the account holder and other holders of rights to the book-entries entered into the account or a custodial account holder that administers the assets of custodial nominee account, as well as information on the account operator administering the account. The required information includes the type and amount of book-entries entered in to the account as well as the rights and restrictions pertaining to the account and to the book-entries registered into it. Euroclear Finland and all the account operators are required to observe confidentiality. However, Euroclear Finland, and the company has an obligation to disclose some information concerning the shareholders' register (such as, account holder's name and address), with the exception of custodial nominee registration. The company and the FIN-FSA are entitled to, upon request, receive certain information on the owners of securities registered in a custodial nominee account. The company has to keep shareholders' register accessible to public on their headquarters, or if the company is participating the book-entry securities system, on the office of central securities depository in Finland.

Each account operator is liable for possible errors and omissions in the book-entry registers maintained by it and for any breach of privacy. If an account owner has suffered damage as a result of a faulty registration or an amendment to or deletion of rights related to registered securities and if the account operator in question is unable to compensate for such damage due to default, which is not temporary, account owner is entitled to receive compensation from the statutory registration fund of Euroclear Finland.

The capital of the registration fund must be at least 0.0048 per cent of the average of the total market value of the book-entries kept in the book-entry securities system during the last five calendar years, but no less than EUR 20 million. The compensation to be paid from the registration fund to the same injured party will be equal to the amount of compensation claimed from the account operator, however no more than EUR 25,000. The registration fund's obligation to compensate is limited to EUR 10 million per single damage.

Custody of Shares and Nominee Registration

A non-Finnish shareholder may authorise an account operator (or certain other Finnish or non-Finnish organisation approved by Euroclear Finland) to act as a custodial nominee account holder on its behalf. A custodial nominee account holder has right to receive dividends on in favour of shareholder. An owner of nominee-registered shares has to apply for temporary entry in the shareholder register to be able to participate in and vote at the general meeting of shareholders of a company, and the shares have to be registered into shareholder's register no later than on the date stated in notice of the general meeting of shareholders, which must be after the record date of the general meeting of shareholders. An owner of nominee-registered shares, which is assigned to be temporarily registered in shareholders' register, is deemed to be signed up for the general meeting of shareholders and no further signing is required, provided that such an owner of nominee-registered shares has, on the grounds of the shares, the right to be registered in company's shareholder register maintained by Euroclear Finland, on the record date.

A custodial nominee account holder is required, upon request, to disclose to the FIN-FSA and the relevant company the identity of the beneficial shareholder of the shares registered in its name, if it is known, and the number of shares owned by the shareholder. If the identity of the shareholder of nominee-registered shares is not known, the custodial nominee account holder has to provide corresponding information on the party acting as the shareholder's representative and deliver representative's written declaration that the beneficial shareholder of the shares is not a natural or legal Finnish person.

Finnish trustees, acting on behalf of Euroclear Bank, S.A/N.V (as operator of Euroclear Finland) and Clearstream, have custodial accounts in the book-entry securities system and, accordingly, non-Finnish shareholders can maintain their shares listed on the First North Growth Market in accounts in Euroclear Bank, S.A/N.V or Clearstream. A shareholder, who is willing to hold its shares in the book-entry securities system in its own name but who does not have a book-entry account in Finland has to open a book-entry account through some account operator as well as euro-denominated bank account.

Compensation Fund for Investors and the Deposit Guarantee Fund

The Investors' Compensation Fund is regulated under the Finnish Act on Investment Services (747/2012, as amended, the "**Finnish Investment Services Act**"). Under the Finnish Investment Services Act, investors are divided into professional and non-professional investors. The Investors' Compensation Fund does not pay compensation for losses of professional customers. The definition of professional customer includes companies and public corporations that can be expected to know the securities markets and risks related to them. In addition, investor can also register, based on its expertise and experience from securities markets, in a written consent into a professional customer. However, natural persons are usually assumed as non-professional customers.

Credit institutions and investment service companies must belong to the Investors' Compensation Fund. The membership requirement does not apply to such an investment service company that solely offers the mediation of orders, investment advice or organizing of multilateral trading as investment service and who does not hold or manage client assets. The Investors' Compensation Fund only covers non-professional customers. The Investors' Compensation Fund secures investor's clear and undisputed receivables in situations, where the investment service company or credit institution is being declared bankrupt or reorganisation proceedings have been initiated, or it is otherwise unable to bear its liabilities for payment over the given period, in a manner other than temporary. The amount of compensation paid to a same investor is 90 per cent of the investor's receivables from the same investment service company or credit institution, but no more than EUR 20,000. However, the Investors' Compensation Fund does not pay compensation for losses caused by, for example, price changes or incorrect investment decisions. Instead, an investor is always responsible for the consequences of its investment decisions.

In accordance with the Act on the Financial Stability Authority (1195/2014, as amended), deposit banks must belong to the Deposit Guarantee Scheme, which aims to secure depositors' receivables if the deposit bank becomes insolvent in a manner other than temporary. Any receivables of a single depositor in a single deposit bank that are in an account, and any payments that have not yet been entered in an account, are compensated from the assets of the Deposit Guarantee Fund, but no more than up to EUR 100,000. An investor's receivables may either be compensated from the Deposit Guarantee Fund or the Investors' Compensation Fund. Accordingly, investor's assets may not be compensated from both of these funds at the same time.

Regulation of the Finnish Securities Markets

The central act concerning the securities markets is the Finnish Securities Market Act, which contains, among other things, regulations regarding companies and shareholders' disclosure obligation, the issuance of securities, prospectuses and public takeover bids. Regulation ((EU) No 596/2014, as amended, the "**Market Abuse Regulation**") of the European Parliament and of the Council regarding market abuse concerns, among others, companies subject to trading on regulated market and multilateral trading system, and it is applied to financial instruments subject to trading on the First North Growth Market. The Market Abuse Regulation regulates, among other things, insider dealing, unlawful revealing of insider information, market manipulation and disclosure of inside information. The Market Abuse Regulation sets forth obligations for, among other things, issuers' executives and their related entities and also market operators and investment service companies. In addition, Market Abuse Regulation regulates market sounding, investment recommendations, and statistics and forecasts facilitated by public entities that can have a significant effect on financial markets. The FIN-FSA and Helsinki Stock Exchange have provided more detailed regulation under the Finnish Securities Market Act. The FIN-FSA supervises compliance with these regulations and the operation of security markets in Finland.

The Finnish Securities Market Act and the Market Abuse Regulation specify minimum requirements for disclosure obligation for Finnish companies applying for listing of securities subject to multilateral trading, or making a public offering of securities in Finland. The information provided must be sufficient to enable a potential investor to make a sound evaluation of the securities being offered and of the issuer as well as of matters that may have a material effect on the value of the securities. The issuer of securities subject to multilateral trading has an obligation to disclose any matters likely to have significant effect on the value of the securities. The First North Rulebook includes also obligation to regularly publish financial information concerning company and other requirements regarding a continuous disclosure obligation. Information disclosed has to be kept accessible to the public. Pursuant to the Market Abuse Regulation, the issuer of a publicly traded security has the obligation to disclose insider information, which directly concerns that issuer, as soon as possible. The issuer may delay disclosure of inside information provided that all of the conditions set forth in the Market Abuse Regulation are met. The disclosed information has to provide an investor with adequate information for making a justified assessment of the security and its issuer.

The requirements that are only applied in regulated marketplaces, such as regulations on the flagging obligation, set out in the Finnish Securities Market Act or in other regulation, do not apply to securities subject to trading on the First North Growth Market. However, certain regulations, such as regulations on market abuse and specific rules governing takeover bids, set out in the Finnish Securities Market Act also apply to securities subject to multilateral trading.

The Finnish Securities Market Act regulates takeover bids for shares subject to public trading on a regulated market or securities entitling to such shares. Furthermore, regulation applies partially to voluntary takeover bids for shares subject to trading in a multilateral trading system or securities entitling to shares. Regulation concerning mandatory takeover bids does not apply on the First North Growth Market.

A person, who publicly offers to purchase shares admitted to trading in a multilateral trading facility upon the issuer's application or securities entitling to such shares, cannot place the holders of the securities subject to a takeover bid in an unequal position. The offeror must provide the holders of the target company's securities with material and sufficient information, on the basis of which the holders of the securities can make an informed assessment of the bid. The bid must be made public and notified to the holders of the securities, the organiser of multilateral trading and the FIN-FSA. Before publishing the bid, the offeror must ensure that it is able to fully pay the possibly offered cash consideration and carry out all reasonable measures required to secure the implementation of any other type of consideration. The requirements of law regarding the determination of type and amount of offer consideration and regulations regarding increasing and compensation obligation of offer consideration are applied also to a takeover bid made for shares subject to multilateral trading.

However, the Company's Articles of Association include provisions on obligation to notify the change of holdings and obligation to purchase Shares. For more information on notification on the change of holdings and obligation to purchase Shares, please see "*The Shares and Share Capital of the Company – Redemption Right and Obligation and Obligation to Purchase Shares*" and "*The Shares and Share Capital of the Company – Notification on the Change of Holdings*" as well as the Company's Articles of Association included as Appendix A to this Offering Circular.

The regulations set out in the Finnish Companies Act on the redemption of minority shares are applicable to shares subject to multilateral trading. Therefore, a shareholder that holds more than nine tenths of all shares and votes in a company has the right, for the fair price, to redeem the shares of other shareholders. In addition, if a shareholder holds more than nine tenths of all shares and votes in a company, a minority shareholder is entitled to demand redemption of its shares by such majority shareholder.

Any abuse of the securities markets, such as the abuse of insider information, unlawful disclosure of insider information, market manipulation and breach of disclosure obligation, is punishable under the Finnish Penal Code (39/1889, as amended). In addition, pursuant to the Market Abuse Regulation, the Finnish Securities Market Act and the Finnish Act on the Financial Supervisory Authority (878/2008, as amended), the FIN-FSA has the right to impose administrative sanctions to the extent the offence does not fall within the scope of the Finnish Penal Code. Such sanctions include, for example, administrative fine, public warning or penalty payments for any applicable neglect or breach of regulations on market abuse. Helsinki Stock Exchange may also issue disciplinary sanctions for breaches of the First North Rulebook.

TAXATION IN FINLAND

The following summary is based on tax laws of Finland, Finnish case law and Finnish tax practice as in effect and applied on the date of this Offering Circular. Any changes in tax laws and their interpretation may affect taxation and they may also have a retroactive effect. The summary is not exhaustive and does not take into account or deal with the tax laws of any country other than Finland. The tax legislation of the tax domicile of the person considering the investment and of Finland may affect the possible income from the Offer Shares. Prospective investors considering subscribing for Offer Shares are advised, at their discretion, to consult a tax advisor in order to obtain information about Finnish or foreign tax consequences resulting from the FN Listing as well as the subscription, ownership and disposition of the Offer Shares. Prospective investors are advised, at their discretion, to consult a tax advisor with respect to the Finnish or foreign tax consequences applicable to their particular circumstances.

The following is a description of the material Finnish income tax and transfer tax consequences that may be relevant with respect to the Offering. The description below is applicable to both Finnish resident and non-resident natural persons and limited liability companies for the purposes of Finnish domestic tax legislation relating to dividend distributions on shares and capital gains arising from the sale of shares.

The following description does not take into account or discuss tax laws of any other country than Finland and does not address tax considerations applicable to such holders of shares that may be subject to special tax rules relating to, among others, different restructurings of corporations, controlled foreign corporations, non-business carrying entities, income tax exempt entities or general or limited partnerships. Furthermore, this description does not address Finnish inheritance or gift tax consequences.

This description is primarily based on:

- The Finnish Income Tax Act (1535/1992, as amended, the "**Finnish Income Tax Act**");
- The Finnish Business Income Tax Act (360/1968, as amended, the "**Finnish Business Income Tax Act**");
- The Act on the Taxation of Income of a Person Subject to Limited Tax Liability (627/1978, as amended) (the "**Tax at Source Act**");
- The Finnish Transfer Tax Act (931/1996, as amended); and
- The Finnish Act on Tax Assessment (1558/1995, as amended, the "**Finnish Tax Assessment Act**").

In addition, relevant case law as well as decisions and statements made by the tax authorities in effect and available as at the date of this Offering Circular have been taken into account.

The following description is subject to change, which change could apply retroactively and could, therefore, affect the tax consequences described below.

General on Taxation

Residents and non-residents of Finland are treated differently for tax purposes. The worldwide income of persons resident in Finland is subject to taxation in Finland. Non-residents are taxed on income from Finnish sources only. Additionally, Finland imposes taxes on non-residents for income connected with their permanent establishments situated in Finland. However, tax treaties may limit the applicability of Finnish tax legislation and also the right of Finland to tax Finnish source income received by a non-resident.

Generally, a natural person is deemed to be a resident in Finland if such person resides in Finland continuously for a more than six months or if the permanent home and abode of such person is in Finland. However, a Finnish national who has moved abroad is considered to be resident in Finland until three years have passed from the end of the year of departure unless it is proven that no substantial ties to Finland existed during the relevant tax year.

Earned income is taxed at progressive rates. At the date of this Offering Circular, capital income tax rate is 30 per cent. In addition, should the amount of capital income received by a resident natural person exceed EUR 30,000 in a calendar year, the capital income tax rate is 34 per cent on the amount that exceeds EUR 30,000. Corporate entities established under the laws of Finland, or having their place of effective management in Finland, are regarded as residents in Finland and are, therefore, subject to corporate income tax on their worldwide income. In addition, non-residents are subject to Finnish corporate income tax on their income connected with their permanent establishments situated in Finland. At the date of this Offering Circular, the corporate income tax rate is 20 per cent.

The following is a summary of certain Finnish tax consequences relating to the purchase, ownership and disposition of shares by Finnish resident and non-resident shareholders.

Taxation of Dividends and Distribution of Funds from Unrestricted Equity Capital

Distribution of funds from unrestricted equity capital by a publicly listed company as defined in the Finnish Income Tax Act ("**Listed Company**") is taxed as distribution of dividends. Therefore, the following applies also to the distribution of funds from unrestricted equity capital of the Company.

Resident Natural Persons

If shares owned by a natural person are not included in the business activity (i.e., business income source) of such person, 85 per cent of dividends paid by a Listed Company to such shareholder is considered capital income of the recipient, which is taxable at the rate of 30 per cent (34 per cent on the amount that exceeds EUR 30,000 in a calendar year), while the remaining 15 per cent is tax exempt. 85 per cent of dividends paid by a Listed Company to a natural person whose underlying shares belong to the business activity of such shareholder is taxable as business source income, partly as earned income, which is taxed at a progressive rate, and partly as capital income, which is taxed at a rate of 30 per cent (34 per cent on the amount that exceeds EUR 30,000 in a calendar year), and the remaining 15 per cent is tax exempt.

Distribution of dividends by a Listed Company to resident natural persons is subject to advance tax withholding. At the date of this Offering Circular, the amount of the advance tax withholding is 25.5 per cent of the amount of dividend paid. The advance tax withheld by the distributing company is credited against the final tax payable by the shareholder for the dividend received. Resident natural persons have to review their pre-filled income tax return form to confirm that the amount of dividend income reported is correct. In case the amount of dividend income or withheld tax reported in the pre-filled income tax return form is incorrect, the resident natural persons must correct these amounts to their tax returns and provide the corrected tax returns to the Finnish Tax Administration.

A withholding tax of 50 per cent needs to be withheld from dividends paid to a Finnish tax resident shareholder when the underlying shares are nominee-registered and the beneficiary's identifying information has not been delivered. These provisions are applied to dividend distributions made to Finnish tax resident shareholders as of 1 January 2020.

Finnish Limited Liability Companies

Taxation of dividends distributed by a Listed Company depends, among other things, on whether the Finnish company receiving the dividend is a Listed Company or not.

Dividends received by a Listed Company from another Listed Company are generally tax exempt. However, in cases where the underlying shares are included in the investment assets of the shareholder, 75 per cent of the dividend is taxable income while the remaining 25 per cent is tax exempt. Only banking, insurance and pension institutions may have investment assets.

Dividends received by a non-listed Finnish company (i.e., a privately held company) from a Listed Company are taxable income subject to 20 per cent corporate income tax rate. However, in cases where the privately held company directly owns 10 per cent or more of the share capital of the Listed Company distributing the dividend, the dividend received on such shares is tax exempt, provided that the underlying shares are not included in the investment assets of the shareholder.

Non-Residents

As a general rule, non-residents of Finland are subject to Finnish withholding tax on dividends paid by a Finnish company. The withholding tax is withheld by the company distributing the dividend at the time of dividend payment and no other taxes on the dividend are payable in Finland. The withholding tax rate is 20 per cent for non-resident corporate entities as income receivers and 30 per cent for all other non-residents as income receivers, unless otherwise set forth in an applicable tax treaty. The withholding tax rate is 35 per cent if the underlying shares are nominee-registered and there is no identifying information on the beneficial owner at the time of payment.

Finland has entered into double taxation treaties with several countries pursuant to which the withholding tax rate is reduced on dividends paid to persons entitled to the benefits under such treaties. For example, in the case of the treaties with the following countries, Finnish withholding tax rate regarding dividends of portfolio shares is generally reduced to the following percentages: Austria: 10 per cent; Belgium: 15 per cent; Canada: 15 per cent; Denmark: 15 per cent; France: 0 per cent; Germany: 15 per cent; Ireland: 0 per cent; Italy: 15 per cent; Japan: 15 per cent; the Netherlands: 15 per cent; Norway: 15 per cent; Spain: 15 per cent; Sweden: 15 per cent; Switzerland: 10 per cent; the United Kingdom: 0 per cent; and the United States: 15 per cent (0 per cent for certain pension funds). This list is not exhaustive. A further reduction in the withholding tax rate is usually available to corporate shareholders for distributions on qualifying holdings (usually direct ownership of at least 10 or 25 per cent of the share capital or votes of the distributing company). The reduced withholding rate benefit in an applicable tax treaty will be available if the person beneficially entitled to the dividend has provided a valid tax card or necessary details of its nationality and identity to the company paying the dividend.

Where shares in a Finnish company are held through a nominee account, a Finnish company pays dividends to the nominee account managed by the custodian, who then delivers the dividend payment to the beneficial owners. On 1 January 2021 the amendments to the Tax at Source Act entered into force, which changed the taxation and the tax assessment procedure of dividends paid to nominee-registered shares by enabling the assessment procedure provided in the OECD's Treaty Relief and Compliance Enhancement (TRACE) Schema. The previous Custodian Register and the ancillary simplified procedure has abolished and replaced by the Register of Authorised Intermediaries in accordance with the TRACE Schema.

According to the Section 10b of the Tax at Source Act, when a listed company distributes dividend to nominee-registered share, the dividend provisions of an international tax treaty may be applied if the payor of the dividend or the intermediary closest to the dividend beneficiary, who at the time of the dividend distribution is registered in the Finnish Tax Administration's Register of Authorised Intermediaries, has taken reasonable measures to determine the beneficiary's country of residence and to verify that the dividend provisions of the international tax treaty can be applied to the beneficiary. The authorised intermediary reports the amount of tax at source to the dividend payor for tax withholding purposes. If the beneficiary cannot be identified with certainty or it cannot be verified that the beneficiary is actually eligible for the tax treaty benefits, the tax treaty benefits cannot be granted at the time of the payment.

A withholding tax lower than 35 per cent can be withheld from dividends paid to a non-resident only, if the identity information on the dividend beneficiary can be submitted to the Finnish Tax Administration. If the payor or the authorised intermediary does not have access to the required information on the beneficiary, the payor must withhold 35 per cent tax at source from the dividend paid to a nominee-registered share.

Certain Qualifying Non-Resident Corporate Entities Residing in EU Member States

Under Finnish tax laws, no withholding tax is levied on dividends paid to foreign corporate entities that reside, and are subject to corporate tax, in an EU member state as specified in Article 2 of the Parent Subsidiary Directive (2011/96/EU, as amended), and that directly hold at least 10 per cent of the capital in the distributing Finnish company.

Certain Non-Resident Corporate Entities Residing Within the EEA

Dividends paid to certain non-resident corporate entities residing within the EEA are either fully tax exempt or taxed at a reduced withholding tax rate, depending on how the dividend would be taxed if paid to a corresponding Finnish corporate entity.

In Finland, no withholding tax is levied on dividends paid by a Finnish company to a non-resident company provided that (i) the company receiving the dividend is resident in a country within the EEA; (ii) Council Directive 2011/16/EU on administrative cooperation in the field of taxation and repealing Directive 77/799/EEC (as amended, the "**Mutual Assistance Directive**"), or an agreement regarding executive assistance and exchange of information in tax matters within the EEA, is applicable to the home country of the recipient of the dividend; (iii) the company receiving the dividend corresponds to a Finnish corporate entity as defined in Section 33d, Subsection 4, of the Finnish Income Tax Act or in Section 6a of the Finnish Business Income Tax Act; (iv) the dividend would be fully tax exempt if paid to such corresponding Finnish company or entity (see " – *Finnish Limited Liability Companies*" above); and (v) the company receiving the dividend provides evidence (in the form of a certificate issued by the home country's tax authorities) that the paid withholding tax could not de facto be fully credited in the home country pursuant to the applicable double taxation treaty.

In cases where the dividend received by a foreign company fulfilling requirement set forth in point (iii) above and residing within a country fulfilling the requirements set forth in points (i) and (ii) above would be only partially tax exempt if paid to a corresponding Finnish entity (see " – *Finnish Limited Liability Companies*" above), the Finnish withholding tax is levied (see " – *Non-Residents*" above), but the withholding tax rate in respect of such dividends is reduced to 15 per cent (instead of 20 per cent). Therefore, exclusive of entities defined in the Parent Subsidiary Directive that qualify for a tax exemption through the direct ownership of at least 10 per cent of the capital in the distributing Finnish company (see " – *Certain Qualifying Non-Resident Corporate Entities Residing in EU Member States*" above), the 15 per cent withholding tax rate is applicable to dividends paid to non-resident companies fulfilling the requirement set forth in point (iii) above and residing within a country fulfilling the requirements set forth in points (i) and (ii) above if the underlying shares in the Finnish company distributing the dividend belong to the investment assets of the recipient company, or if the recipient is not a Listed Company. Depending on the applicable double taxation treaty, the applicable withholding tax rate can also be less than 15 per cent (see " – *Non-Residents*" above).

Certain Non-Resident Natural Persons Residing Within the EEA

Instead of being subject to withholding tax as described under " – *Non-residents*" above, dividends paid to non-resident natural persons can be, upon request by such non-resident natural person, taxed pursuant to the Finnish Tax Assessment Act (i.e., taxed similarly to dividends paid to residents of Finland (see " – *Resident Natural Persons*" above) provided, however, that (i) the person receiving the dividend is resident in a country within the EEA; (ii) the Mutual Assistance Directive, or an agreement regarding executive assistance and exchange of information in tax matters within the EEA, is applicable to the home country of the recipient of the dividend; and (iii) the recipient of the dividend provides evidence (in the form of a certificate issued by the home country's tax authorities) that any paid withholding tax could not de facto be fully credited in the home country pursuant to an applicable double taxation treaty.

Taxation of Capital Gains

Resident Natural Persons

A capital gain or loss arising from the sale of shares that do not belong to the business activity of the shareholder is taxable in Finland as a capital gain or deductible as a capital loss for resident natural persons. At the date of this Offering Circular, capital gains are taxed at a rate of 30 per cent (34 per cent on the amount that exceeds EUR 30,000 in a calendar year). If the shares belong to the business activity (business income source) of the seller, any gain arising from the sale is deemed to be business income of the seller, which will be divided according to the Finnish Income Tax Act to be taxed as earned income at a progressive tax rate and capital income at a rate of 30 per cent (34 per cent on the amount that exceeds EUR 30,000 in a calendar year).

Capital loss arising from the sale of shares that do not belong to the business activity of the shareholder in the year 2016 and thereafter, is primarily deductible from the resident natural person's capital gains and secondarily from other capital income of the same year and during the following five tax years. Capital losses are not taken into account when calculating the capital income deficit for the tax year, and they do not increase the amount of the deficit credit that is deductible from the taxes under the deficit crediting system. The deductibility of losses related to securities included in the seller's business activity is determined as described under " – *Finnish Limited Liability Companies*" below.

Notwithstanding the above, capital gains arising from the sale of assets that do not belong to the business activity of the shareholder are exempt from tax provided that the proceeds of all assets sold by the resident natural person during the tax year do not, in aggregate, exceed EUR 1,000 (exclusive of proceeds from the sale of any assets that are tax exempt pursuant to Finnish tax laws). Correspondingly, capital losses are not tax deductible if the acquisition cost of all assets sold during the tax year does not, in aggregate, exceed EUR 1,000 (exclusive of proceeds from the sale of any assets that are tax exempt pursuant to Finnish tax laws) and also the proceeds of all assets sold by the resident natural person during the tax year do not, in aggregate, exceed EUR 1,000.

Any capital gain or loss is calculated by deducting the original acquisition cost and sales related expenses from the sales price. Alternatively, a natural person holding shares that are not included in the business activity of the shareholder may, instead of deducting the actual acquisition costs, choose to apply a so-called presumptive acquisition cost, which is equal to 20 per cent of the sales price, or in the case of shares which have been held for at least ten years, 40 per cent of the sales price. If the presumptive acquisition cost is used instead of the actual acquisition cost, any selling expenses are deemed to be included therein and cannot be deducted separately from the sales price.

Resident natural persons have to report information relating to the sale of shares on their income tax return of the tax year concerned.

Finnish Limited Liability Companies

The following applies only to Finnish limited liability companies that are taxed on the basis of the Finnish Business Income Tax Act. As a general rule, a capital gain arising from the sale of shares is taxable income of a limited liability company.

Shares may be fixed assets, current assets, investment assets or financial assets of a limited liability company. The taxation of a disposal of shares and loss of value varies according to the asset type for which the shares qualify. Shares may also qualify as non-business income source assets of a limited liability company. The Finnish Income Tax Act's provisions are applied to capital gains that have arisen from the sale of assets from the non-business income source.

The sales price of any sale of shares is generally included in the business income of a Finnish company. Correspondingly, the acquisition cost of shares is deductible from business income upon disposal of the shares. However, an exemption for capital gains on share disposals is available for Finnish companies, provided that certain strictly defined requirements are met. Under this so called participation exemption, capital gains arising from the sale of shares that are part of the fixed assets of a selling company that is not engaged in private equity activities are not considered as taxable business income and, correspondingly, capital losses incurred on the sale of such shares are not tax deductible provided, among other things, that (i) the selling company has directly and continuously for at least one year owned at least 10 per cent of the share capital in the company whose shares are sold and such ownership of the sold shares has ended at the most one year before the sale and the shares sold belong to those shares; (ii) the company whose shares have been sold is not a real estate or residential housing company or a limited liability company whose activities, on a factual basis, mainly consist of ownership or possession of real estate; and (iii) the company whose shares are sold is resident in Finland or is a company located in another EU member state, as further specified in Article 2 of the Parent Subsidiary Directive (2011/96/EU, as amended), or is resident in a country with which Finland has entered into a double taxation treaty that is applicable to dividends.

Tax deductible capital losses pertaining to the sale of shares (other shares than shares sold under the participation exemption) that are part of the fixed assets of the selling company can only be deducted from capital gains arising from the sale of fixed assets shares in the same fiscal year and the subsequent five years. Capital losses pertaining to the sale of shares that are not part of fixed assets are tax deductible from taxable income in the same fiscal year and the subsequent ten years in accordance with the general rules concerning losses carried forward.

Non-Residents

Non-residents who are not generally liable for tax in Finland are usually not subject to Finnish taxes on capital gains realised on the sale of shares in a Listed Company, unless the non-resident taxpayer is deemed to have a permanent establishment in Finland for income tax purposes as referred to in the Income Tax Act and an applicable tax treaty and the shares are considered to be assets of that permanent establishment. Non-residents may also be subject to Finnish taxes on capital gains realised on the sale of shares in a Listed Company if more than 50 per cent of the assets of the Listed Company consist of Finnish real estate, unless applicable tax treaty limits the taxing right of Finland on capital gains.

Finnish Transfer Tax

There is no transfer tax payable in Finland in connection with the issuance and subscription of new shares.

No transfer tax is payable in Finland on transfers of shares admitted to trading on a public and regularly functioning marketplace and quoted on Helsinki Stock Exchange, provided that the transfer is made against a fixed pecuniary consideration. The transfer tax exemption requires that an investment firm, a foreign investment firm or other party offering investment services, as defined in the Finnish Investment Services Act (747/2012), is brokering or acting as a party to the transaction, or that the transferee has been approved as a trading party in the market in which the transfer is executed. Further, if the broker or the counterparty to the transaction is not a Finnish investment firm, a Finnish financial institution, or a Finnish branch or office of a foreign investment firm or financial institution, the transfer tax exemption requires that the transferee submits a notification of the transfer to the Finnish tax authorities within two months of the transfer, or that the broker submits an annual declaration regarding the transfer to the Finnish tax authorities as set forth in the Finnish Tax Assessment Act.

Certain separately defined transfers, such as those relating to equity investments or distribution of funds or transfers in which consideration comprises in full or in part of work contribution, are not covered by the transfer tax exemption. Additionally, in case law it has been considered that if an incentive scheme remuneration of key persons is paid in cash and the receiver of the remuneration is obliged to purchase shares of the Listed Company with a part of the remuneration, consideration of the share purchase comprises in full or in part of work contribution, and is thus subject to transfer tax.

Neither does the exemption apply to transfers carried out on the basis of an offer made after trading with the securities has ended or before the commencement of trading unless it concerns a share sale of old shares based on a combined purchase and subscription offer directly relating to a share issue carried out in connection with the listing of the shares and provided that subjects to be transferred are specified only after commencement of the trading and that the purchase price corresponds to the price to be paid for the new shares. In addition, the exemption does not apply to transfers carried out in order to fulfil the obligation to redeem minority shares under the Finnish Companies Act (see "*The Shares and Share*

Capital of the Company – Shareholders' Rights – Redemption Right and Obligation and Mandatory Tender Offer").

If the transfer or sale of the shares does not fulfil the above criteria for a tax-exempt transfer, transfer tax at the rate of 1.6 per cent of the sales price is payable by the purchaser. However, if the purchaser is neither a resident in Finland nor a Finnish branch or office of a foreign financial institution, investment firm, fund management company or EEA alternative investment fund manager, the Finnish tax resident seller must collect the tax from the purchaser and pay the tax to the Finnish tax authorities. If the broker is a Finnish investment firm or financial institution, or a Finnish branch or office of a foreign investment firm or financial institution, it is liable to collect the transfer tax from the purchaser and pay the tax to the Finnish tax authorities. If neither the purchaser nor the seller is tax resident in Finland or a Finnish branch or office of a foreign financial institution, foreign investment firm, foreign fund management company or EEA alternative investment fund manager, the transfer of shares will be exempt from Finnish transfer tax unless shares in a real estate company are transferred. No transfer tax is collected if the amount of the tax is less than EUR 10.

PLAN OF DISTRIBUTION IN THE OFFERING

Placing Agreement

The Company and the Sole Global Coordinator are expected to enter into a placing agreement (the "**Placing Agreement**"). In the Placing Agreement, the Company is expected to agree to issue Offer Shares to subscribers procured by the Sole Global Coordinator and the Sole Global Coordinator is expected to agree to procure subscribers for the Offer Shares.

The Sole Global Coordinator's duty to fulfil its obligations pursuant to the Placing Agreement is expected to be conditional on the fulfilment of certain conditions. These conditions are expected to include, among others, that no material adverse change has taken place regarding the Company's business and that the shares have been admitted to trading on First North Growth Market. The Sole Global Coordinator is expected to have the right to terminate the Placing Agreement subject to certain conditions prior to the Listing. The Company is expected to indemnify the Sole Global Coordinator against certain liabilities in relation to the Offering, including, in certain circumstances, liabilities pursuant to relevant securities market laws. In addition, the Company is expected to represent and warrant to the Sole Global Coordinator certain customary matters. Such representations and warranties may relate to, among others, the Company's business and compliance with the law, the Shares, and the contents of this Offering Circular.

Over-Allotment Option

The Company is expected to grant Carnegie as stabilising manager (the "**Stabilising Manager**") an over-allotment option, which would entitle the Stabilising Manager to subscribe for up to 1,971,090 additional new shares in the Company (the "**Optional Shares**") at the Subscription Price solely to cover over-allotments in connection with the Offering (the "**Over-Allotment Option**"). The Over-Allotment Option would be exercisable within 30 days from the commencement of trading of the shares of the Company on First North Growth Market (which is expected to be from 24 June 2021 through 23 July 2021) (the "**Stabilisation Period**"). The Optional Shares represent approximately 3.85 per cent of the Shares and votes after the Offering assuming that the Company will issue 15,111,695 Offer Shares. However, the Optional Shares shall not exceed 15 per cent of the total number of New Shares.

Stabilisation

The Stabilising Manager may, but is not obligated to, engage in measures during the Stabilisation Period that stabilise, maintain or otherwise affect the price of the shares. The Stabilising Manager may allocate a larger number of shares than the total number of Offer Shares, which will create a short position. The short position is covered if such number of shares does not exceed the number of Optional Shares. The Stabilising Manager is entitled to close the covered short position using the Over-Allotment Option and/or by buying shares on the market. In determining the acquisition method of the shares to cover the short position, the Stabilising Manager may consider, among other things, the market price of the shares in relation to the Subscription Price.

In connection with the Offering, the Stabilising Manager may also bid for and purchase shares in the market to stabilise the market price of the shares. These measures may support the market price of the shares (by raising or maintaining the market price of the shares in comparison with the price levels determined independently on the market or by preventing or delaying any decrease in the market price of the shares). However, stabilisation measures cannot be carried out at a higher price than the Subscription Price. The Stabilising Manager has no obligation to carry out these measures, and it may stop any of these measures at any time. The Stabilising Manager (or the Company on behalf of the Stabilising Manager) will publish the information regarding the stabilisation required by legislation or other applicable regulations. Stabilisation measures may be carried out on First North Growth Market during the Stabilisation Period.

Any stabilisation measures will be conducted in accordance with the Market Abuse Regulation and the Commission Delegated Regulation (EU) 2016/1052 supplementing the Market Abuse Regulation with regard to regulatory technical standards for the conditions applicable to buy-back programs and stabilisation measures.

The Stabilising Manager and the Company are expected to agree on a share issue and redemption arrangement related to the stabilisation in connection with the Offering. Pursuant to such arrangement, the Stabilising Manager may subscribe for a number of new shares (the "**Additional Shares**") equal to the maximum number of Optional Shares to cover any possible over-allotments in connection with the Offering. To the extent that the Stabilising Manager subscribes for Additional Shares, it must return an equal number of shares to the Company for redemption and cancellation by the Company.

Lock-ups

The Company will agree that, during the period that will end on the date that falls 360 days from the FN Listing and commencement of trading (i.e., on or about 19 June 2022), without the prior written consent of the Sole Global Coordinator (which consent may not be unreasonably withheld), it will not issue, offer, pledge, sell, contract to sell, sell any option rights or contract to purchase, purchase any option or contract to sell, grant any option right or warrant to purchase, lend or otherwise transfer or dispose of (or publicly announce such action), directly or indirectly, any Shares or any securities convertible into or exercisable or exchangeable for Shares or enter into any swap or other agreement that transfers to another, in whole or in part, any of the economic consequence of ownership of Shares, whether any such transactions are to be settled by delivery of the Shares or other securities, in cash or otherwise, or submit to the Company's general meeting a proposal to effect any of the foregoing. The Company lock-up does not apply to the Offering, pre-existing rights to purchase or subscribe for Shares based on warrants, options or other special rights entitling to Shares and issued by the Company, or the remuneration or incentive programs described in the Finnish Prospectus.

The members of the Company's Board of Directors and Management Team will agree that they will not, without the prior written consent of the Sole Global Coordinator (which consent may not be unreasonably withheld) and during a period ending 360 days after the FN Listing and commencement of trading (i.e., on or about 19 June 2022), issue, offer, pledge, sell, contract to sell, sell any option rights or contract to purchase, purchase any option or contract to sell, grant any option right or warrant to purchase, lend or otherwise directly or indirectly transfer or dispose of any Shares or any securities convertible into or exchangeable for Shares or enter into any swap or other agreement that transfers to another, in whole or in part, any of the economic consequence of ownership of Shares, whether any such transactions are to be settled by delivery of the Shares or other securities, in cash or otherwise.

The Company's existing shareholders holding at least 5 per cent of the total number of Shares or votes in the Company when trading commences on First North Growth Market will agree that they will not, without the prior written consent of the Sole Global Coordinator (which consent may not be unreasonably withheld) and during a period ending 180 days after the FN Listing and commencement of trading (i.e., on or about 21 December 2021), issue, offer, pledge, sell, contract to sell, sell any option rights or contract to purchase, purchase any option or contract to sell, grant any option right or warrant to purchase, lend or otherwise directly or indirectly transfer or dispose of any Shares or any securities convertible into or exchangeable for Shares or enter into any swap or other agreement that transfers to another, in whole or in part, any of the economic consequence of ownership of Shares, whether any such transactions are to be settled by delivery of the Shares or other securities, in cash or otherwise. There are certain exemptions to the application of the lock-up of such shareholders.

The lock-up applies to approximately 58.27 per cent of the Shares and votes after the Offering assuming that the Stabilising Manager does not subscribe for Additional Shares (approximately 56.03 per cent of the Shares and votes assuming that the Stabilising Manager subscribes for the Additional Shares in full).

Fees and Expenses

The Company will pay the Sole Global Coordinator a commission, which is based on the gross proceeds from the Offer Shares. In addition to this, the Company may at its own discretion pay the Sole Global Coordinator an incentive fee. Furthermore, the Company has agreed to reimburse the Sole Global Coordinator for certain expenses.

The Company expects to pay a total of approximately EUR 7 million at the most in fees and expenses in relation to the Offering, assuming that the Company issues 13,140,605 Offer Shares at a subscription price of EUR 7.61 (the number of Offer Shares is calculated assuming that the Stabilising Manager does not subscribe for Additional Shares).

Interests Relevant to the Offering

The Sole Global Coordinator and/or its related parties have offered, and may offer in the future, advisory, consulting, and/or banking services to the Company. In relation to the Offering, the Sole Global Coordinator and/or investors who are related parties to the Sole Global Coordinator may take on their own account part of the Offer Shares, and in this position, hold, sell, or purchase Offer Shares on their own account, and may offer or sell Offer Shares outside the Offering in accordance with the applicable laws. The Sole Global Coordinator does not intend to announce the extent of such investments or transactions unless required by law.

Dilution

The maximum number of Offer Shares offered in the Offering represents 29.49 per cent of all Shares and voting rights after the completion of the Offering. In the event that existing shareholders of the

Company do not subscribe for the Offer Shares in the Offering, their total holding of Shares and total holding of voting rights would be diluted by 29.49 per cent.

The Company's equity per Share stood at EUR 0.22 as at 31 March 2021 when considering the share split that took place in May 2021.

Information to Distributors

Solely for the purposes of the product governance requirements contained within: (a) EU Directive 2014/65/EU on markets in financial instruments, as amended ("**MiFID II**"); (b) Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 supplementing MiFID II; and (c) local implementing measures (together, the "**MiFID II Product Governance Requirements**"), and disclaiming all and any liability, whether arising in tort, contract or otherwise, which any "manufacturer" (for the purposes of the MiFID II Product Governance Requirements) may otherwise have with respect thereto, the Offer Shares have been subject to a product approval process, which has determined that the Offer Shares are: (i) compatible with an end target market of retail investors and investors who meet the criteria of professional clients and eligible counterparties, each as defined in MiFID II; and (ii) eligible for distribution through all distribution channels as are permitted by MiFID II (the "**Target Market Assessment**"). Notwithstanding the Target Market Assessment, distributors should note that: the price of the Offer Shares may decline and investors could lose all or part of their investment; the Offer Shares offer no guaranteed income and no capital protection; and an investment in the Offer Shares is compatible only with investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom. The Target Market Assessment is without prejudice to the requirements of any contractual, legal or regulatory selling restrictions in relation to the Offering.

For the avoidance of doubt, the Target Market Assessment does not constitute: (a) an assessment of suitability or appropriateness for the purposes of MiFID II; or (b) a recommendation to any investor or group of investors to invest in, or purchase, or take any other action whatsoever with respect to the Offer Shares.

Each distributor is responsible for undertaking its own target market assessment in respect of the Offer Shares and determining appropriate distribution channels.

DOCUMENTS ON DISPLAY

Copies of the following documents may be inspected during the period of validity of this Offering Circular on the website of the Company at www.spinnovagroup.com/ipo:

- The Articles of Association of the Company
- The Audited Financial Statements and the related auditor's report
- Unaudited Interim Financial Information
- The Finnish Prospectus

DOCUMENTS INCORPORATED BY REFERENCE

The following documents have been incorporated in this Offering Circular by reference. The documents have been published on Spinnova's website at www.spinnovagroup.com/ipo and can be accessed by clicking the below hyperlinks.

Document	Information incorporated by reference
Interim Financial Information for the three months ended 31 March 2021	Unaudited interim financial information for the three months ended 31 March 2021 including the comparative financial information for the three months ended 31 March 2020 prepared in accordance with the Finnish Accounting Standards
Set of financial statements for the periods of 1 January–31 December 2018, 1 January–31 December 2019 and 1 January–31 December 2020 and the related auditor's report	Audited financial statements of the Company for the financial years ended 31 December 2018, 31 December 2019 and 31 December 2020 prepared in accordance with the Finnish Accounting Standards and the related auditor's report

APPENDIX A – ARTICLES OF ASSOCIATION OF SPINNOVA PLC (UNOFFICIAL ENGLISH TRANSLATION)

The Articles of Association described in this appendix will be in effect as of the FN Listing.

1 THE NAME OF THE COMPANY

The name of the company is Spinnova Oyj and in English, Spinnova Plc.

2 DOMICILE OF THE COMPANY

The domicile of the company is Jyväskylä.

3 LINE OF BUSINESS

The line of business of the company is the manufacture of new value-added fibre products, research and development and the manufacture of machinery and equipment. In addition, the company may own, manage and trade in real estate and securities.

4 CHIEF EXECUTIVE OFFICER

The company has a Chief Executive Officer who is appointed by the Board of Directors of the company.

5 BOARD OF DIRECTORS

The company has a Board of Directors, consisting of a minimum of three (3) and a maximum of eight (8) ordinary members. The Board of Directors elects a Chair from among its members for its term. The term of office of the members of the Board of Directors expires at the closing of the Annual General Meeting following their election.

6 REPRESENTATION OF THE COMPANY

In addition to the Board of Directors, the Chair of the Board of Directors and the Chief Executive Officer may represent the company each alone and the members of the Board of Directors jointly two together. In addition, the Board of Directors may grant a procuration or the right to represent the company to a designated person.

7 BOOK-ENTRY SECURITIES SYSTEM

The shares of the company belong to the book-entry securities system after the expiry of the registration period decided by the Board of Directors.

8 AUDITOR

The company shall have an auditor that is an auditing firm approved by the Finnish Patent and Registration Office.

The term of office of the auditor shall expire at the closing of the Annual General Meeting following their election.

9 FINANCIAL PERIOD

The financial period of the company is the calendar year.

10 NOTICE TO GENERAL MEETING

The notice to General Meeting shall be delivered to the shareholders no earlier than three (3) months and no later than three (3) weeks prior to the General Meeting, however, no later than nine (9) days before the record date of the General Meeting.

The notice shall be delivered to the shareholders by means of a notice published on the company's website or in at least one national daily newspaper designated by the Board of Directors.

In order to be entitled to attend and exercise their right to speak at the General Meeting, a shareholder must notify the company of its attendance by the date specified in the notice convening the General Meeting, which date may not be earlier than ten (10) days prior to the General Meeting.

In addition to the domicile of the company, General Meetings may be held in Helsinki, Espoo or Vantaa.

11 ANNUAL GENERAL MEETING

The Annual General Meeting shall be held annually on a date decided by the Board of Directors within six (6) months from the end of the financial year.

At the Annual General Meeting, the following shall be

presented:

1. the financial statements, which include the consolidated financial statements, and the annual report;
2. the auditor's report; and

decided:

3. the adoption of the financial statements, which in the parent company also includes the adoption of the consolidated financial statements;
4. the use of the profit shown on the balance sheet;
5. the discharge from liability of the members of the Board of Directors and the Chief Executive Officer;
6. the remuneration of the members of the Board of Directors and the auditor;
7. the number of the members of the Board of Directors

elected:

8. the members of the Board of Directors;
9. the auditor;

and discussed:

10. other matters potentially included in the notice to the Annual General Meeting.

12 NOTIFICATION ON THE CHANGE OF HOLDINGS

A shareholder shall notify the company of its shareholding and voting rights, when such holdings reach, exceed or decrease below 5%, 10%, 15%, 20%, 25%, 30%, 50%, 2/3 or 90% of the total voting rights in the shares in the company or the total number of shares in the company registered with the Finnish Trade Register. A shareholder shall also make a notification on the change of holdings when it has on the basis of a financial instrument the right to receive a number of shares in the company that results in reaching, exceeding or decreasing below any of the abovementioned thresholds. The financial instruments may be physically or cash settled. The obligation to make a notification also arises when a shareholder's combined holdings of the above (shareholding or voting rights and long-position acquired through financial instruments) reach, exceed or decrease below any of abovementioned thresholds.

This Article 12 shall be interpreted in accordance with Chapter 9 Sections 5–8 of the Finnish Securities Market Act.

In the calculation of the holdings of the shareholder, such holdings shall also comprise holdings of the entities under the shareholder's control. Furthermore, holdings of a third party shall be taken into account if the shareholder has the right to acquire, transfer or exercise voting rights attached to the holdings of a third party.

The obligation to notify the company on the change of holdings does not apply to:

- shares acquired for the sole purpose of settlement activities for a maximum of four trading days and to custodians of securities holding shares in this capacity and that may exercise the voting rights attached to the shares in their custody only under specific instructions;

- shareholdings and voting rights in the trading book of a credit institution or an investment service provider if:

  a) the holdings in the trading book do not exceed 5% of the votes or the total number of shares in the company; and

  b) the voting rights attached to the shares in the trading book are not exercised or otherwise used to intervene in the management of the company;

- shareholdings and voting rights that have been acquired in the purpose of stabilisation in connection with an offering of securities, in accordance with the EU Market Abuse Regulation ((EU) No 596/2014, as amended), if the voting rights attached to the shares are not exercised or otherwise used to intervene in the management of the company.

The notification on the change of holdings shall be made without undue delay after the shareholding or voting rights of a shareholder reach, exceed or decrease below any of the abovementioned thresholds or when the shareholder has on the basis of a financial instrument the right to receive a number of shares in the company that reaches, exceeds or decreases below any of the abovementioned thresholds.

The notification on the change of holdings shall contain the following information:

a) grounds for making the notification on the change of holdings;

b) point of time when the shareholding or voting rights reached, exceeded or decreased below any of the abovementioned thresholds;

c) exact proportion of the shares and voting rights in the company held either directly or indirectly by the shareholder;

d) exact proportion of the shares and voting rights in the company held either directly or indirectly by the shareholder through financial instruments;

e) the price and number of the shares concerned;

f) type of financial instrument;

g) complete name of the shareholder and trade register number or equivalent identification number;

h) complete name and trade register number or equivalent identification number of each of the controlled entities;

i) report on the division of the holdings between the shareholder and each of the controlled entities; and

j) chain of companies under the shareholder’s control through which shares in the company and voting rights attached to such shares are held.

The company shall post a template form of notification on the change of holdings to its website. When a notification on the change of holdings has been made to the company or the company otherwise becomes aware of the reaching, exceeding or decreasing below any of above-mentioned thresholds, the company shall publish the information on the change of holdings in the company and deliver such information to the market without undue delay.

The shareholder shall make the notification on the change of holdings in Finnish or English at its discretion and the company shall publish all information pertaining to the change of holdings in the company without undue delay.

In the event that the shareholder fails to comply with its obligation to notify the company of any changes in its holdings where these holdings reach or exceed any of the thresholds above, the shareholder is entitled to exercise only the voting rights conferred by the shares that were held by the shareholder before the change in its holdings of shares occurred, until it has made the requisite notification.

13 OBLIGATION TO PURCHASE SHARES

Offer

After the shares in the company have been admitted to public trading on a market place, including but not limited to Nasdaq First North Growth Market Finland, a person whose holdings, either alone or together with other persons in a way defined hereinafter, in the voting rights attached to all the shares in the company registered at the Finnish Trade Register exceed 30% or 50%, shall be obliged to make an offer to purchase all the other shares issued by the company and options which entitle the holder to new shares in the Company from the other shareholders and holders of such options.

In the calculation of the voting rights, the following shares shall be taken into account:

1. shares held by the offeror as well as persons acting in concert with the offeror;
2. shares held by the offeror or by the persons acting in concert with the offeror together with a third party; and
3. shares, the voting rights attached to which the shareholder is entitled to use or direct under a contract or other arrangement.

Any person acting as a custodian of the company's shares shall not be deemed to be an offeror for the purposes of this Article 13 and their holdings shall be deemed to be excluded for the purposes of calculating the voting rights.

In calculating the voting rights of a person for the purposes of this Article 13, any restrictions on the exercise of the voting rights in provisions of applicable law, the Articles of Association or an agreement to which the person is a party shall not be taken into account. Shares held by the company or any entity under the control of the company shall not be taken into account in the determining of the aggregate voting rights attached to all the shares in the company.

In the event that there is one person whose holdings of voting rights exceed either of the limits of 30% or 50% referred to above, no other person shall become obliged to make an offer until its holdings exceed the holdings of the first person. In the event that the holdings of one person have exceeded either one of the limits stated above, i.e. 30% or 50%, and this is solely as a result of activities of the company or another person, the person shall not be obliged to make an offer until it purchases or subscribes for or in any other manner increases its holdings of the voting rights in the company.

Purchase price

The purchase price payable by the offeror shall be a fair market price. The purchase price can be cash, securities or shares, or combination of cash, securities and shares. The starting point for the determination of the purchase price shall be the highest of the following:

- highest price paid by the offeror or a person acting in concert with the offeror for shares in the company during the six (6) months prior to the emergence of the obligation to make an offer; or
- in the event no such acquisitions have been made, the volume weighted average trading price of the shares in the company subject to public trading during the preceding three (3) month period.

If an acquisition deemed to have influenced the purchase price is denominated in a currency other than the euro, in which the shares in the company are traded, the conversion value of such currency used in an acquisition to the trading currency shall be calculated through the official rates of the European Central Bank for the currencies in question seven (7) days prior to the date on which the Board of Directors notified the shareholders of the offer.

The offeror shall be obliged to treat all offerees equally and pay the same price per share to all offerees willing to sell their shares to the offeror on the basis of the offer irrespective of the identity of the offeree, number of the shares held by the offeree or the point of time when the offeree sells its shares to the offeror.

In the event the offeror or a person acting in concert with the offeror acquires shares in the company under better terms and conditions than what has been offered to the offerees in the offer and such acquisition takes place between the date on which the obligation to make an offer has arisen and the due date by which demands for purchase shall be made, the offeror shall be obliged to amend the offer to correspond to the said acquisition. The procedure for the amendment of the offer is set forth below.

In the event the offeror or a person acting in concert with the offeror acquires shares in the company under better terms and conditions than what has been offered to the offerees in the offer (or in the amended offer, if any) and such acquisition takes place within nine (9) months after the due date by which demands for purchase were made to the offeror, the offeror shall be obliged to compensate the offerees who have accepted the offer (or the amended offer, if any) for the difference between the purchase price paid in the offer (or the amended offer, if any) and the price paid in the said acquisition.

Procedure

The offeror shall have an obligation to make an offer in writing to the company's address addressed to the Board of Directors. The communication on the obligation to make an offer shall contain the number of shares held by the offeror and information on the number and price of the shares acquired during the last twelve (12) months. The communication on the obligation to make an offer shall also contain the address at which the offeror may be contacted and it shall be made in the Finnish or English language at the discretion of the offeror.

The Board of Directors shall notify the company's shareholders of the arising of the obligation to make an offer within 45 days of the receipt of the communication on the obligation to make an offer or, in the absence of such communication or where such communication fails to arrive within the specified period, of the date on which it otherwise became aware of such obligation to make an offer. The notice of the Board of Directors shall contain all of the information of the date on which the obligation to make an offer has arisen, the basis for determination of the purchase price to the extent known to the Board of Directors and the due date for accepting the offer. The offeror shall be obliged to provide the Board of

Directors with all information reasonably required by the Board of Directors for the Board of Directors to make its own notification to the shareholders. The notification of the Board of Directors shall be made in accordance with the provisions of Article 10 concerning the notice to General Meeting. An offeree who wishes to accept the offer shall do so in writing within 30 days of the notification of the Board of Directors. The notification of acceptance, which shall be sent to the company or to a party appointed by the Board of Directors, shall indicate the number of shares to which the acceptance relates. An offeree who accepts the offer shall, at the same time as making its notification of acceptance, provide the company with all necessary documentation to carry out the transfer of the relevant shares to the offeror upon the payment of the purchase price.

The offeror shall immediately inform the Board of Directors if the offer needs to be amended in accordance with the above provisions and provide the Board of Directors with all information reasonably requested by it. In the event the offer has already been notified to the offerees, the Board of Directors shall promptly notify the offerees on the amended offer in the manner set forth in the paragraph immediately above together with information on the possible extension on the original due date for accepting the offer as set forth in the paragraph immediately above. Such extension shall be determined by the Board of Directors and it shall not exceed seven (7) days from the original due date for accepting the offer as set forth in the paragraph immediately above.

If the offer is not accepted by an offeree by the due date for accepting the offer as set forth in the paragraph above, the offeree loses its right to accept the offer (or the amended offer, if any). An offeree shall have the right to revoke its acceptance at any time until the purchase has taken place in accordance with the terms of the offer.

Immediately after the due date for accepting the offer as set forth in the paragraph above, the company shall
notify the offeror of the total number of acceptances of the offer. The offeror shall, within 14 days of receipt of
such a notice and in accordance with the company's instructions pay the purchase price and complete the purchase of the shares in respect of which acceptances have been received.

The purchase price or any part thereof which is not paid within the specified period shall accrue default interest of 20 per cent per annum as of the date on which the purchase should have been made. Additionally, if the offeror has failed to observe the above provisions concerning an obligation to make an offer, default interest shall be calculated from the date on which the communication on the obligation to make an offer should have been made.

The company shall make all releases relating to notices and information published to the shareholders of the
company set forth in this Article 13 in Finnish and in English.

Any provisions relating to the application and interpretation of the obligation to purchase shares and not explicitly stipulated in this Article 13 shall be determined by applying the Directive 2004/25/EC of the European
Parliament and of the Council of 21 April 2004 on takeover bids as implemented and applied in Finland on
companies listed on Nasdaq Helsinki Ltd's main market.

Dispute resolution

The Board of Directors has a full authorisation to determine the application of this Article 13, including also the application of directly or analogically applicable regulation in its entirety or partially. The authorisation given to the Board of Directors shall include all discretion vested in a relevant takeover panel, including but not limited to, assessing whether the shareholding threshold in accordance with this Article 13 has been reached, the authorisation to decide on the terms and conditions of the offer and the amount of consideration to be offered by the offeror to the offerees. Furthermore, the Board of Directors may for a special reason and on application grant a permission to derogate from the obligation to purchase shares and the other obligations provided for in this Article.

Any resolution or decision of or the use of discretionary power or decision-making power which are made bona fide in accordance with this Article 13 are final and binding, and actions which are made bona fide by the Chair of the Board of Directors or any Director or by a member of the Board of Directors or which are made on behalf of or in accordance with a Power of Attorney given by the Board of Directors or a member of the Board of Directors in accordance with the provisions of this Article 13 are final and binding on all relevant parties concerned and cannot be challenged with respect to validity or otherwise on any grounds. The Board of Directors does not have an obligation to give grounds for the resolutions, decisions or notifications given in accordance with this Article 13.

If one half or more of the members of the Board of Directors would have a conflict of interest or would otherwise be unable to resolve on matters relating to this Article 13, the Board of Directors shall appoint an independent financial adviser to undertake the role of the Board of Directors for the purposes of this Article. Any such adviser must have the relevant experience and relevant background for takeover matters. Any such adviser shall have similar authorisations as granted to the Board of Directors in this Article unless the Board of Directors decides otherwise in connection with the appointing of an adviser or otherwise.

Restriction on number of votes

In the event that the shareholder fails to comply with its obligation to make an offer in the manner defined above, the shareholder is entitled to exercise only that number of votes conferred by the shares held by the said shareholder that at the most does not amount to or exceed the lowest threshold that would trigger the obligation to make an offer, i.e. 30%, as determined above.

THE COMPANY
Spinnova Plc
Palokärjentie 2-4
FI-40320 Jyväskylä, Finland

SOLE GLOBAL COORDINATOR AND BOOKRUNNER
Carnegie Investment Bank AB, Finland Branch
Eteläesplanadi 22 A
FI-00130 Helsinki, Finland

LEGAL ADVISOR TO THE COMPANY
Borenius Attorneys Ltd
Eteläesplanadi 2
FI-00130 Helsinki, Finland

LEGAL ADVISOR TO THE SOLE GLOBAL COORDINATOR AND BOOKRUNNER
White & Case LLP
Aleksanterinkatu 44
FI-00100 Helsinki, Finland

AUDITOR OF THE COMPANY
PricewaterhouseCoopers Oy
Authorised Public Accountants
Itämerentori 2
FI-00180 Helsinki, Finland