

Half-Year Report

January–June 2021

16 September 2021

SPINNOVA®

SPINNOVA PLC'S HALF-YEAR REPORT JANUARY–JUNE 2021 (Unaudited)

STRONG JOINT VENTURES AND SUCCESSFUL IPO PROVIDE SPRINGBOARD FOR GROWTH AND SCALEUP

JANUARY TO JUNE 2021

- Revenue grew to EUR 370 thousand (EUR 87 thousand).
- Operating loss for the period was EUR 3 093 thousand (EUR 1 993 thousand loss)
- Total investments were EUR 2 949 thousand (EUR 2 287 thousand).
- The number of permanent employees at the end of the period grew to 49 (28).

SIGNIFICANT EVENTS DURING H1 / 2021

- Spinnova announced a 50/50 joint venture with Suzano called Woodspin Oy, where Spinnova will be the exclusive technology provider, and started building the first commercial SPINNOVA® factory in Finland.
- Spinnova and Suzano announced Woodspin's scaling ambition to more than 1 million tonnes of SPINNOVA® fibre annual production capacity by 2031.
- Spinnova selected Valmet, a global leader in pulp and paper technology, to supply a drying component for the first Woodspin SPINNOVA® production line.
- Spinnova announced a 50/50 joint venture with ECCO's trading company KT Innovations called Respin Oy, where Spinnova will be the exclusive technology provider, and started building a proof-of-concept production line for leather waste-based fibre in Finland.
- It was agreed that Spinnova will charge a total of EUR 2.5 million for its services and technology to Respin over the course of the proof-of-concept phase.
- Spinnova carried out a successful initial public offering that raised EUR 115 million, thereby securing the core capital requirement for its growth plan. Trading in Spinnova's shares (SPINN) started on the Nasdaq Helsinki First North Growth Market on 24 June.
- adidas and the H&M Group joined the group of Spinnova's brand partners.
- Spinnova appointed Ben Selby as Chief Financial Officer and member of the management team. Former Chief Financial Officer Petri Poranen was appointed Chief Operating Officer.
- Harri Sundvik and Vinicius Nonino were appointed as Members of the Board of Directors.

SIGNIFICANT EVENTS AFTER THE PERIOD

- In August, Shahriare Mahmood was appointed as Chief Sustainability Officer and member of the management team.
- In August, Spinnova and The North Face announced they have signed a product development agreement.

SPINNOVA PLC'S KEY FIGURES

EUR Thousand	1-6/2021	1-6/2020	1-12/2020
Revenue	370	87	254
Operating profit / loss	-3 093	-1 993	-5 473
Earnings per share (EUR, diluted and undiluted) ¹⁾	-0.30	-0.06	-0.17
Net debt	-98 354	-3 010	-1 372
Equity ratio, %	90%	61%	54%
Number of permanent employees at the end of the period	49	28	40
Number of permanent employees, average	43	26	34

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 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 follows:

Period	Average number of shares during the period	Number of shares at the end of the period
1-6 / 2021	34 911 355	49 272 515
1-6 / 2020	33 512 521	34 053 600
1-12 / 2020	33 783 607	34 053 600



CEO'S REVIEW

In the first half of 2021, Spinnova reached the most important milestones of its journey so far. Spinnova started building the first commercial factory for Woodspin, the joint venture that we own 50/50 with our strategic partner Suzano, and we jointly agreed the plan to ensure commercial scaling of SPINNOVA® wood-based fibre. We started building a proof-of-concept production line for leather waste-based fibre for Respin, the joint venture that Spinnova owns 50/50 with ECCO's sister company KT Innovations AG. In June, we met the key capital requirement for our growth plan by listing Spinnova on the Nasdaq Helsinki First North Growth Market.

Brand partnerships developed favourably

In the first half of 2021, we were proud to announce that both adidas and the H&M Group joined our brand partners. Innovative product development also continued with other brand partners including Bergans, Bestseller, ECCO, Icebreaker and Marimekko, paving the way to a joint commercial future. With adidas' cornerstone investment in Spinnova's initial public offering, adidas intends to secure access to significant volumes of SPINNOVA® material in the future. Our partner ECCO showed its strong support for us by investing in Spinnova shares in our initial public offering.

After the reporting period, we had the pleasure of announcing our collaboration with The North Face, with the goal of commercializing sustainable products using SPINNOVA® materials and securing access to the first commercial volumes of the fibre.

Suzano committed to Woodspin scaleup

The wood-based SPINNOVA® fibre and the value-added products made of it, such as fabrics, are now our priority. Spinnova began construction work for the first Woodspin commercial factory in Jyväskylä, Central Finland during the reporting period.

The factory is expected to be completed at the end of 2022. Spinnova is the exclusive technology provider for Woodspin as well as Respin. In the spring, we agreed on a co-operation with Valmet, a global leader in pulp and paper technology, who will provide drying components for the first Woodspin production line.

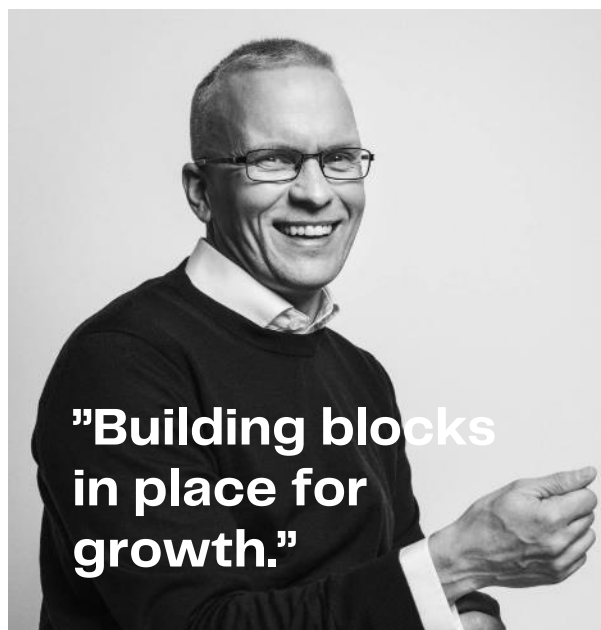
Suzano supports our scaling plans and has committed to the Woodspin joint venture producing more than one million tonnes of SPINNOVA® fibre per year within a decade. Suzano is investing in a micro fibrillated cellulose production facility next to the Woodspin factory in Jyväskylä. Spinnova is a strategically important new business investment and collaboration for Suzano.

IPO proceeds support growth plan

We raised 115 million euros through our successful initial public offering in June with approximately 20 000 investors participating. Spinnova's key long-term partners Suzano and Lenzing continued as significant shareholders and, in addition to numerous private and institutional investors, Spinnova's strategic partners adidas and ECCO joined Spinnova as shareholders. This IPO financing plays an important part in securing our growth plan.

The execution of our strategy is proceeding well. With demand from world class brands and with strategic partners for both raw material supply and industrial scaling, we now have the building blocks in place to execute our strategy and complete our commercialisation and production scaleup plans.

Janne Poranen
CEO, Co-Founder



SPINNOVA IN BRIEF

Spinnova has developed a production technology for a transformative, new textile fibre, SPINNOVA®, produced with a mechanical production process. Spinnova 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. Spinnova 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.

Spinnova's production technology can utilize 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.

SPINNOVA® fibre is 100% recyclable, quickly biodegradable, contains no microplastics and can be produced without dissolution or the use of harmful chemicals. CO₂ emissions from the production of SPINNOVA® fibre are approximately 65% less than that of cotton over the lifecycle from farming to fibre processing, and considerably less than that of polyester and viscose. Having completed the main phase of research and development, Spinnova is ramping up its global commercialisation phase. Spinnova expects to commercialise its technology platform, able to produce SPINNOVA® fibre from multiple raw materials without requiring changes in the technology.



BRAND PARTNERS

adidas

Bergans
OF NORWAY

BESTSELLER®

ecco®

H&M Group

icebreaker
Move to natural

marimekko

THE
NORTH
FACE®

RECENT AWARDS



ANDAM
FASHION AWARD
PARIS



SPINNOVA®

STRATEGY

Spinnova's mission is to produce the most sustainable textile fibres and materials in the world for the benefit of the environment and humanity.

Spinnova aims to be a global leader in the sustainable textile materials market. Spinnova intends 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

Until 2021, Spinnova has been focusing on developing the pilot production plant for wood-based SPINNOVA® fibre production. In the near 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 industrial scale production capacity. In the medium term, Spinnova plans to scale up leather waste-based fibre production on an exclusive basis with ECCO's sister company, KT Innovations AG.



The same technology is already capable of producing SPINNOVA® fibre from other raw material sources such as agricultural and textile waste. Spinnova is planning to expand production of waste-based SPINNOVA® fibres, as these feedstocks become more widely available.

Go-to market strategy

Spinnova's go-to-market strategy focuses on the three elements 1) technology sales, 2) fibre production and sales and 3) fabric sales. This encompasses selling Spinnova's technology platform exclusively to the joint venture companies in which it holds a 50% ownership stake and in the future potentially selling its technology platform to other parties. The joint venture companies produce SPINNOVA® fibre using the technology platform acquired from Spinnova, and sell the SPINNOVA® fibre to textile brands. Spinnova also aims to establish its own commercial scale fabric production supply chain selling SPINNOVA® fabrics. The fibre used in the yarn and fabrics production would be purchased from the joint ventures producing SPINNOVA® fibre.

Product and brand strategy

Spinnova's objective is to establish partnerships with leading apparel brands, to increase its brand recognition and to differentiate Spinnova's products to drive demand for SPINNOVA® fibre and fabric. Spinnova has several options for cooperation with apparel brands, as Spinnova could work with both premium and luxury brands and mass-market brands. Spinnova has two different product strategies, targeting the large mass-market brands with the SPINNOVA® fibre and the medium sized premium and luxury brands with the SPINNOVA® fabric.

MARKET OUTLOOK

The value of the global textile fibre market is about EUR 194 billion as of 2020 and is expected to grow to approximately EUR 244 billion by 2030. Global fibre consumption is expected to grow to 150-155mt by 2030.

Spinnova's initial target market, the fashion and apparel sector, represents approximately 75-85% of the global fibre market. 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. The number of units sold in 2019 accounts for approximately 90 million tons of fibre, a market value of approximately EUR 160 billion.

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.

A large share of major fashion and apparel brands have made commitments to significantly improve their environmental footprint. Hence, leading brands have ambitious sustainability programmes that often include a change of their material foundation. To achieve this goal, brands need to work with new material innovators like Spinnova. Being an early adopter of more sustainable, new materials is likely to be a competitive advantage for brands, as consumers demand more environmentally friendly options.

Various other industries are also on the lookout to replace their existing textile materials with sustainable, renewable alternatives, to minimize CO₂ emissions as well as chemical and water use. Spinnova is engaged in testing and entering into select partnerships in interior textiles, transportation textiles and selected non-woven and composite areas.

Spinnova's unique value proposition is well recognized in the industry. According to the Textile Exchange, the global non-profit organization in the textile fibre and material space, Spinnova is classified in the "Other plant-based fibres" category in the global classification of textile fibres¹. This sets it apart from man-made cellulosic fibres that are produced in a regenerative chemical process.

Critical climate action called for by, amongst others, the IPCC (Intergovernmental Panel on Climate Change) report that was published in August also supports Spinnova's innovation. Limiting human-induced global warming requires limiting cumulative CO₂ emissions, reaching at least net zero CO₂ emissions, along with strong reductions in other greenhouse gas emissions. Spinnova's wood-based fibre that is made of CO₂ negative raw material, as well as Spinnova fibre made from other raw materials and Spinnova's low emission technology could have a significant contribution in mitigating the textile industry's emissions.

The market outlook for Spinnova remains favourable. The demand for sustainable fibre and materials is growing and that growth is expected to continue.

¹ Textile Exchange's Preferred textile fibres and materials report 2020, 17 August 2021.

Impacts of the COVID-19 pandemic

During the COVID-19 pandemic in 2020-2021, Spinnova has seen no significant impacts on its business. Despite the target market's temporary challenges, all Spinnova's brand partners have continued their development projects with Spinnova according to plan, due to the significance of these sustainability efforts to their business going forward. Spinnova's pilot operations have also been running without interruptions throughout the pandemic, complying with up-to-date local pandemic instructions.



BUSINESS TARGETS

In H1 / 2021, Spinnova Group set the following medium and long-term business targets:

	PRODUCTION TARGETS	BUSINESS TARGETS	COMMERCIAL TARGETS
Medium term (4–6 years)	150 thousand tonnes of SPINNOVA® fibre production capacity	EBIT positive	Up to 20 commercial textile brand partnerships, which have SPINNOVA® materials in their product lines
Long term (10–12 years)	1 million tonnes of SPINNOVA® fibre production capacity	More than €200 million EBIT p.a. from share of profits from JVs, recurring technology fees and service maintenance fees Cumulative more than €1 billion cash margin from technology sales	Up to 80 commercial textile brand partnerships, which have SPINNOVA® materials in their product lines
Dividend policy (Spinnova Group)	Short to medium term: no dividends		



FINANCIAL REVIEW FOR SPINNOVA GROUP

JANUARY 1–JUNE 30, 2021

Revenue

Spinnova's revenue was EUR 370 thousand (EUR 87 thousand) for the six months ended 30 June 2021. During the period the majority of revenue was derived from delivery of a technology proof-of-concept project to one of the company's joint venture companies, Respin Oy. The remainder of the revenue during the period and all revenue in the first half of 2020 consisted primarily of proof of concept related R&D services and development projects provided to the company's customers and partners under joint development agreements. The increase compared to the first half of 2020 was mainly due to the technology sales to Respin Oy and higher income from development projects for partners. Advance payments for technology deliveries to Woodspin Oy and Respin Oy were not yet recognised as revenue during the first half of 2021.

Results

Spinnova's operating loss was EUR 3 093 thousand (EUR 1 993 thousand loss) for the six months ended 30 June 2021. The increase of the operating loss was primarily due to the increase in personnel expenses, depreciation and amortisation, and other operating expenses partly offset by increased revenue.

Spinnova's materials and services were EUR 270 thousand (EUR 70 thousand) for the six months ended 30 June 2021. The majority of the increase from the comparison period was due to the delivery of the technology proof-of-concept project to Respin Oy.

Spinnova's personnel expenses were EUR 1 815 thousand (EUR 977 thousand) for the six months ended 30 June 2021. The increase in personnel expenses was primarily due to strengthening the R&D, commercial and management teams and the overall expansion of Spinnova's total personnel to an average of 43 during the first half of 2021 as compared to an average of 26 during the first half of 2020.

Depreciation and amortisation were EUR 404 thousand (EUR 355 thousand) for the six months ended 30 June 2021.

Other operating expenses were EUR 974 thousand (EUR 679 thousand) for the six months ended 30 June 2021. Overall other operating expenses increased 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.

Financial expenses were EUR 7 294 thousand (EUR 69 thousand) for the six months ended 30 June 2021. The majority of these expenses were related to Spinnova's initial public offering.

During the period, the results were not significantly affected by the COVID-19 pandemic.

Financial Position and Cashflows

Spinnova's total assets at the end of the review period were EUR 117 951 thousand (EUR 20 078 thousand). Equity was EUR 103 860 thousand (EUR 12 251 thousand) and cash and cash equivalents were EUR 105 223 thousand (EUR 10 260 thousand). Net debt amounted to EUR -98 354 thousand (EUR -3 010 thousand).

Spinnova's cash flow from operating activities in January–June 2021 was EUR -5 756 thousand (EUR -1 630 thousand). The net cash flow used in operating activities was affected by the IPO related expenses, received advance payments for technology deliveries to the joint ventures, and an increase in personnel expenses.

Cash flow from investing activities was EUR -2 839 thousand (EUR -2 206) thousand. The net cash flow used in investing activities was affected by the company's significant capitalised development investments and investment made in the Woodspin joint venture. Cash flow from financing activities was EUR 105 697 thousand (EUR 1 350 thousand). During the six months ended 30 June 2021, the net cash flow from financing activities was affected by the proceeds from the initial public offering as well as an

additional investment of EUR 5 million into Spinnova by Suzano during May. An additional EUR 15 million of gross proceeds from the exercise of the IPO over-allotment option was received during July.

Investments and Research and Development

Spinnova's investments in development of new technology were EUR 1 199 thousand (EUR 2 287 thousand) in the six months ended 30 June 2021. The investments were comprised mainly of capitalised development investment which at the end of the reporting period were classified as assets under construction.

In the six months ended 30 June 2021 the company invested a total of EUR 1 750 thousand to its joint venture company, Woodspin Oy to finance the construction of the first Woodspin commercial factory.

Employees

Spinnova's number of permanent employees grew to 49 at the end of the period as compared to 28 on 30 June 2020.

Spinnova's number of permanent employees grew to an average of 43 during the period as compared to an average of 26 during the first half of 2020.

Shares and Shareholders

After the initial public offering and listing on the Nasdaq Helsinki First North Growth Market, the number of Spinnova shares issued was 51 243 605, taking into account the exercise of the over-allotment option on 1 July 2020. Spinnova's share capital is EUR 80 thousand. The company has one series of shares. All of the shares have one vote in a general meeting of shareholders, and all have equal rights to dividends. The company does not currently hold any of its own shares. The ISIN code of the shares is FI4000507595 and the trading code is "SPINN".

As of 30 June 2021, Spinnova had 20 084 shareholders. 33.6% of the shares were held by nominee registered shareholders. The following table presents Spinnova's ten largest registered shareholders by number of shares after the completion of the initial public offering based on the shareholders' register maintained by Euroclear Finland Ltd as at 30 June 2021.

Shareholder	Number of shares	% of all shares and votes
Besodos Investors Oy	4 048 680	7.90
Maki.vc Fund I Ky	3 540 300	6.91
Beata Domus Ab	3 430 560	6.69
Janne Poranen	3 382 500	6.60
Juha Salmela	3 382 200	6.60
Holdix Oy Ab	2 187 510	4.27
Ilmarinen Mutual Pension Insurance Company	1 454 060	2.84
Markku Kaloniemi	1 342 900	2.62
Timo Soininen	937 860	1.83
Turret Oy Ab	928 740	1.81
Ten largest registered shareholders, total	24 635 310	48.07
Other shareholders	26 608 295	51.93
In total	51 243 605	100.00

After the initial public offering on 24 June 2021, Spinnova's largest shareholder was Suzano S.A, with a holding of 19.14% (9 808 530 shares). Lenzing AG had a holding of 4.68% (2 400 000 shares). Pursuant to its cornerstone investment, adidas B.V had a holding of 0.77%. ECCO Holding A/S had a holding of

0.77% in Spinnova with its approved subscription commitment. The shareholdings of Suzano S.A. and Lenzing AG are nominee registered and are thus not included in the table of ten largest registered shareholders presented above.

Incentive Stock Option Programs

Spinnova has established stock option programs covering, among others, employees, and the members of the Board of Directors and the Management Team of the company. Based on the option programs, a total of 4 591 590 shares can be subscribed.

2018 stock option program

Spinnova's Annual General Meeting of Shareholders 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. In the resolution of the Board of Directors on 20 December 2018, Spinnova's Board of Directors resolved to issue up to 50 000 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 to 30 new shares at a subscription price of EUR 1.13 per share. 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.

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. 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 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 to 30 new shares at a subscription price of EUR 2.74 per Share. The 2020 stock options consist of two types: A options and B 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 sale of substantially all assets, but not by the FN Listing. 2020 B stock options vest based on Spinnova's pre-money 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.

Founders' stock option agreements

In addition to the stock option programs established by Spinnova, 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.

Risk factors

As Spinnova is an early-stage company, the viability of its business model has not yet been proven, and its technology platform is based on a new technology that is ultimately dependent on broader market acceptance.

The Spinnova Group has been operating at a loss, with no proof so far of being able to sustainably cover its costs with revenues without additional external funding. The most important business-related risks are associated with the Group's growth targets and their achievement with the company's chosen strategy,

as well as the operations of the Group's joint ventures, and Spinnova's ability to deliver technology projects on time and on budget.

Industry-related risks are mainly associated with competition in the sustainable textile industry and the speed with which apparel brands and other buyers adopt sustainable materials. Risks associated with the Group's financial position mainly comprise of credit and counterparty risks.

Spinnova'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 commercialisation of the company's operations and investments into the joint ventures. Due to these fluctuations, Spinnova presently believes that the period-to-period comparisons of its operating results are not a reliable indication of its future performance.

In Jyväskylä, 16 September 2021

Spinnova Plc
Board of Directors

CONDENSED FINANCIAL INFORMATION JANUARY TO JUNE 2021

Group Income Statement

EUR (thousand)	1-6/2021	1-6/2020	1-12/2020
REVENUE	370	87	254
Other operating income	0	0	77
Materials and services	-270	-70	-128
Personnel expenses	-1 815	-977	-2 318
Depreciation, amortisation and impairment losses	-404	-355	-714
Other operating expenses	-974	-679	-2 644
OPERATING PROFIT / LOSS	-3 093	-1 993	-5 473
Financial income and expenses			
Interest and other financial expenses	-7 294	-69	-172
Total financial income and expenses	-7 294	-69	-171
PROFIT / LOSS BEFORE APPROPRIATIONS AND TAXES	-10 387	-2 062	-5 644
PROFIT / LOSS FOR THE PERIOD	-10 387	-2 062	-5 644

Group Balance Sheet

EUR (thousand)	30.6.2021	30.6.2020	31.12.2020
ASSETS			
NON-CURRENT ASSETS			
Intangible assets			
Development expenses	5 888	5 637	6 238
Intangible rights	496	442	535
Total intangible assets	6 384	6 078	6 773
Tangible assets			
Machinery and equipment	109	129	122
Assets under construction	1 903	3 215	705
Total tangible assets	2 011	3 344	827
Investments			
Shares in associated companies	1 750	0	0
Total Investments	1 750	0	0
NON-CURRENT ASSETS TOTAL	10 145	9 422	7 600
CURRENT ASSETS			
Receivables			
Long-term receivables			
Other receivables	91	68	80
Total long-term receivables	91	68	80
Short-term receivables			
Trade receivables	1 082	65	524
Other receivables	190	253	549
Prepayments and accrued income	1 220	9	86
Total short-term receivables	2 492	328	1 159
Total receivables	2 583	395	1 239
Cash and cash equivalents	105 223	10 260	8 122
TOTAL CURRENT ASSETS	107 806	10 655	9 361
TOTAL ASSETS	117 951	20 078	16 961

EUR (thousand)	30.6.2021	30.6.2020	31.12.2020
EQUITY AND LIABILITIES			
EQUITY			
Share capital	80	3	3
Reserve for invested unrestricted equity	124 530	19 030	19 530
Retained earnings (loss) from previous periods	-10 363	-4 719	-4 719
Profit / loss for the period	-10 387	-2 062	-5 644
TOTAL EQUITY	103 860	12 251	9 169
LIABILITIES			
Non-current liabilities			
Loans from financial institutions	5 869	6 250	3 000
Total non-current liabilities	5 869	6 250	3 000
Current liabilities			
Loans from financial institutions	1 000	1 000	3 750
Advances received	2 533	0	12
Trade payables	4 116	277	301
Other liabilities	95	40	420
Accruals and deferred income	478	260	309
Total current liabilities	8 222	1 576	4 792
TOTAL LIABILITIES	14 091	7 826	7 792
TOTAL EQUITY AND LIABILITIES	117 951	20 078	16 961

Group Cash Flow Statement

EUR (thousand)	1-6/2021	1-6/2020	1-12/2020
Net cash from operating activities			
Profit (loss) before appropriations and taxes	-10 387	-2 062	-5 644
Adjustments:			
Depreciation and amortisation	404	355	714
Financial income and expenses	7 294	69	171
Loss on sale of assets	0	0	1 098
Share of profit / loss in associated companies	0	0	0
Cash flow before changes in working capital	-2 689	-1 638	-3 660
Changes in working capital			
Increase (-) / decrease (+) in current non-interest-bearing receivables	-1 843	225	-118
Increase (+) / decrease (-) in current non-interest-bearing liabilities	2 760	-148	431
Cash flow before financial items and taxes	-1 773	-1 561	-3 347
Interest paid and payments for other operating financial expenses	-3 984	-69	-172
Interest received from operating activities	0	0	0
Net cash from operating activities (A)	-5 756	-1 630	-3 519
Net cash from investing activities			
Investments in intangible assets	-1 089	-2 206	-3 705
Investments in tangible assets	-1 750	0	0
Proceeds from the sale of intangible and tangible assets	0	0	1 750
Net cash from investing activities (B)	-2 839	-2 206	-1 955
Net cash from financing activities			
Proceeds from paid-in increases in equity	105 578	1 000	1 000
Proceeds from long-term loans	619	600	600
Repayments of long-term loans	-500	-250	-750
Net cash from financing activities (C)	105 697	1 350	850
Net change in cash and cash equivalents (A+B+C) increase (+) / decrease (-)	97 101	-2 486	-4 623
Cash and cash equivalents in the beginning of the period	8 122	12 746	12 746
Cash and cash equivalents at the end of the period	105 223	10 260	8 122

Statement of changes in equity

EUR (thousand)	30.6.2021	30.6.2020	31.12.2020
Share capital in the beginning of the period	3	3	3
Increase of share capital	78	0	0
Share capital at the end of the period	80	3	3
Reserve for invested unrestricted equity in the beginning of the period	19 530	18 030	18 030
Directed share issue	105 000	1 000	1 500
Reserve for invested unrestricted equity at the end of the period	124 530	19 030	19 530
Retained earnings (loss) in the beginning of the period	-10 363	-4 719	-4 719
Profit (loss) for the period	-10 387	-2 062	-5 644
Retained earnings (loss) at the end of the period	-20 750	-6 781	-10 363
Total equity	103 860	12 251	9 169

NOTES TO THE INTERIM REPORT

ACCOUNTING POLICIES OF THE INTERIM FINANCIAL INFORMATION

The interim financial information for the six months period ended on 30 June 2021 and 30 June 2020 and financial year ended on 31 December 2020 has been prepared in accordance with Finnish accounting standards, the accrual principle, going concern principles and principle of prudence.

The information presented in this Interim Report has not been audited.

When accounting for the joint ventures in the consolidated financial information, the equity accounting method has been applied. Spinnova therefore recognises in its consolidated financial information the company's share of the joint ventures results corresponding to the ownership that Spinnova has in the joint ventures in its Group income statement under line item "share of profit (loss) in associated companies". The revenues or expenses of the joint ventures are not 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 Spinnova will be recognised simultaneously in the Group income statement. The remaining unrealised margin, corresponding to Spinnova'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.

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.

The financial information presented here does not include all the notes presented in the annual financial statements and the financial information must be read in conjunction with the financial statements for the financial year ended 31 December 2020.

Structural and financial arrangements

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. The share issue was registered in the Trade Register on 25 March 2021.

Holders of the stock options of the 2018 option program used part of the options on 22 January 2021 and subscribed to 1 683 shares which were registered in the Trade Register on 25 March 2021.

Holders of the stock options of the 2018 option program used part of the options on 17 March 2021 and subscribed to 603 shares which were registered in the Trade Register on 27 April 2021.

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.

A major shareholder of the company, Suzano S.A. exercised an additional investment option and the Board of Directors and Managing Director of Spinnova confirmed the decision to issue 60 901 new shares in accordance with the decision by the shareholders on 17 May 2021. The shares were registered in the Trade Register on 25 May 2021.

On 21 May 2021, the Board of Directors of the company resolved to execute a share split where the number of shares were multiplied by 30. The share split was registered in the Trade register on 2 June 2021.

On 25 May 2021, the company acquired a subsidiary, Spinnova Holdings Oy.

On 24 June 2021, Spinnova shares started trading on the Nasdaq Helsinki First North Growth Market. The initial public offering of Spinnova comprised a total of 13 140 605 new shares at a price per share of EUR 7.61, amounting to gross proceeds of approximately EUR 100 million. The Offering was oversubscribed due to which the Public Offering was discontinued on 18 June 2021 and the Institutional Offering was discontinued on 22 June 2021.

On 1 July 2021, the stabilisation period of Spinnova's shares after listing was discontinued and over-allotment option related to the offering exercised by stabilizing manager Carnegie. The total size of the Offering was confirmed at 15 111 695 shares and the gross proceeds from the Offering were approximately EUR 115 million. After exercise of the over-allotment option, the total number of all shares in Spinnova was 51 243 605.

On 6 September 2021, KT Trading AG transferred the ownership of all of its shares in Respin Oy to its wholly owned subsidiary KT Innovations AG

Management remuneration

One new member started in the Management Team in March 2021, 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.

Changes in intangible and tangible assets

EUR (thousand)	Development expenses	Intangible rights	Machinery and equipment	Assets under construction	Total
Net book value on Jan. 1, 2021	6 238	535	122	705	7 600
Additions			2	1 197	1 199
Depreciations	-350	-39	-15		-404
Net book value on Jun. 30, 2021	5 888	496	109	1 902	8 395

EUR (thousand)	Development expenses	Intangible rights	Machinery and equipment	Assets under construction	Total
Net book value on Jan. 1, 2020	5 941	474	131	944	7 490
Additions			16	2 271	2 287
Depreciations	-304	-33	-18		-355
Net book value on Jun. 30, 2020	5 637	441	129	3 215	9 422

EUR (thousand)	Development expenses	Intangible rights	Machinery and equipment	Assets under construction	Total
Net book value on Jan. 1, 2020	5 941	474	131	944	7 490
Additions				3 641	3 641
Deductions ¹				-2 848	-2 848
Reclassification	905	126	32	-1 031	32
Depreciations	-609	-65	-41		-715
Net book value on Dec. 31, 2020	6 238	535	122	705	7 600

Capitalised development expenses are related to the development and optimisation of the company's spinning technology. The expenses consist of materials, supplies and external services. Capitalisation of expenses is from "Purchases during the period".

¹Deduction of assets under control during the financial year of 2020 is driven by the sale of refining pilot for wood-based raw materials to Suzano as a part of the Woodspin JV contract with Suzano.

Loan maturity

The company had classified its long-term bank loan as a current liability in the 2020 financial statement due to the non-compliance with the founder ownership covenant in 2020. The company received a waiver from the bank for the non-compliance with the founder ownership covenant and therefore the non-current portion of this loan has been moved back to non-current liabilities in the second quarter of 2021.

Loan maturity EUR (thousand)	<1 year	1–2 years	2–5 years	> 5 years
Loans from financial institutions	1 000	1 000	3 514	1 355

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. During the first half of 2021, the company's related parties consist of the company's subsidiary Spinnova Holdings Oy, the company's exclusive joint ventures with Suzano and KT Innovations, 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.

The following related parties have had transactions with the company during the interim period presented or after:

- On 12 April 2019, the company entered into a management administrative and expert services agreements with a related party to the CEO of the company. The services amounted to EUR 35 thousand for the six months ended 30 June 2021. This agreement was terminated during May 2021.
- 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 on May 2021 a consultancy agreement, which is applied to services purchased since 1 January 2021, with a company controlled by Timo Soininen who is the Chair of the Board. The consultancy services amounted to EUR 48 thousand for the six months ended 30 June 2021 and the payables related to these services were EUR 39 thousand as at 30 June 2021.
- In April 2021, the company invested EUR 1 750 thousand into the Woodspin joint venture in line with the JV agreement.
- In May 2021, the company invoiced the first milestone related to the Respin Oy proof of concept technology delivery project.

The company's related parties have participated in the company's share issues and the company has granted stock option rights to the company's related parties. On 30 June 2021, related party holdings in the company were 56 per cent of shares and votes. In addition, related party members of the company's Management Team and Board of Directors had 90 786 stock options issued by the company entitling the holders to subscribe to a total of 2 723 580 shares.

Transactions with related parties have been executed on an arms' length basis.

Guarantees and contingent liabilities

EUR (thousand)	30.6.2021	30.6.2020	31.12.2020
Guarantees and pledges given			
Loan secured by a corporate mortgage	3 250	4 250	3 750
Corporate mortgage	10 000	10 000	10 000
Off-balance sheet financial commitments			
Rental liabilities ¹			
Maturing in less than 12 months	477	363	275
Maturing in more than 12 months	606	943	485
Leasing liabilities ¹			
Maturing in less than 12 months	52	62	67
Maturing in more than 12 months	79	47	101
Total rental and leasing liabilities	1 213	1 415	927

¹Rental and leasing liabilities are presented with VAT included.

Other financial commitments

Woodspin joint venture

Under the terms of the Woodspin Joint Venture Agreement, the Woodspin co-investors Spinnova and Suzano agreed to each subscribe for 1 750 000 newly issued shares in Woodspin and pay consideration of EUR 1 750 thousand for such shares. The company has made the investment of EUR 1 750 thousand to Woodspin in April 2021. The total investment of EUR 3 500 thousand by Spinnova and Suzano will be used in construction of a plant. Woodspin co-investors agreed that the plant may need additional investments, in which case any additional amounts shall be paid into the reserve for invested unrestricted equity of Woodspin and shall trigger the issuance of the correspondent number of new shares. The Woodspin Co-Investors have agreed to each invest EUR 11 million into the joint venture, of which EUR 10.25 million is remaining as of 30 June 2021.

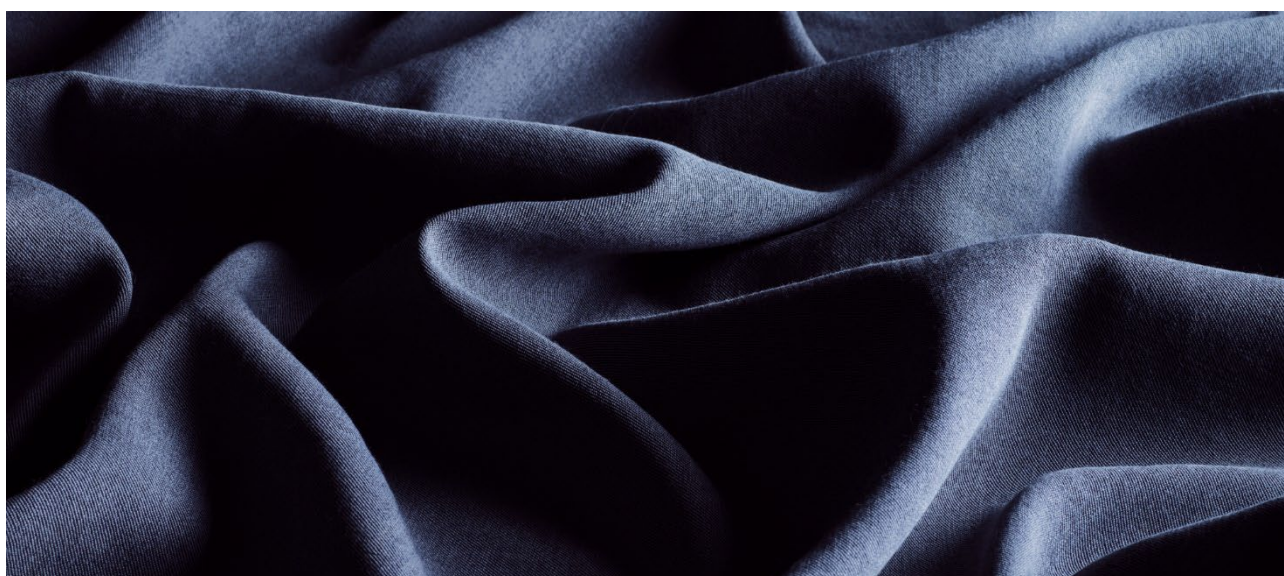
Respin joint venture

If the proof of concept phase is completed and the commercialisation phase commences, the company has agreed to invest up to EUR 1 250 thousand to the Respin joint venture. 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, the Respin Co-Investors Spinnova and KT Innovations AG shall each provide further capital to the joint venture as may be separately agreed. Further investments made will be of equal amounts by the co-investors and those will be recognised to the reserve for invested unrestricted equity of Respin.

Appendix

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 and compliance with the company's loan covenants.
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.



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UPCOMING FINANCIAL DISCLOSURES

Financial statement bulletin for January 1 - December 31, 2021 on Thursday, 24 February, 2022.

SPINNOVA – Sustainable textile materials, naturally

Spinnova transforms the way textiles are manufactured globally. Based in Finland, Spinnova has developed breakthrough technology for making textile fibre out of wood or waste, such as leather, textile or food waste, without harmful chemicals.

The patented SPINNOVA® fibre creates zero waste and side streams or microplastics, and its CO2 emissions and water use are minimal. SPINNOVA® materials are quickly biodegradable and circular. Spinnova is committed to using only sustainable raw materials such as FSC certified wood and waste.

Spinnova has received awards from amongst others: the Fast Company, ISPO, Scandinavian Outdoor, ANDAM, Monocle and Marie Claire UK.

Spinnova's shares (SPINN) are listed on the Nasdaq Helsinki First North Growth Market.

SPINNOVA® home: www.spinnova.com
Corporate & IR site: www.spinnovagroup.com