



Financial Statements Bulletin

January–December 2021
24 February 2022

SPINNOVA®

SPINNOVA PLC'S FINANCIAL STATEMENTS BULLETIN JANUARY– DECEMBER 2021

SCALING ACCELERATES AND FIRST TECHNOLOGY SALES MATERIALISE

JANUARY TO DECEMBER 2021 (Audited)

- Revenue grew to EUR 6 063 thousand (EUR 254 thousand).
- Operating loss for the period was EUR 7 172 thousand (EUR 5 473 thousand loss)
- Total investments were EUR 4 366 thousand (EUR 3 673 thousand).
- The number of permanent employees at the end of the period grew to 58 (40).

JULY TO DECEMBER 2021

- Revenue grew to EUR 5 661 thousand (EUR 168 thousand).
- Operating loss for the period was EUR 4 079 thousand (EUR 3 480 thousand loss)
- Total investments were EUR 1 414 thousand (EUR 1 385 thousand).
- The number of permanent employees at the end of the period grew to 58 (40).

SIGNIFICANT EVENTS DURING H2 / 2021

- 1 July: The over-allotment option of Spinnova's initial public offering was exercised, bringing the gross proceeds raised to approximately EUR 115 million.
- 13 August: Spinnova's Sustainability Director Shahriare Mahmood was appointed Chief Sustainability Officer and member of the management team.
- 16 August: Spinnova and The North Face signed a development agreement to develop new, sustainable, high-performance textiles for the outdoor apparel category.
- 12 October: Spinnova and Icebreaker announced they are developing circular SPINNOVA®-merino wool blend products.
- 5 November: Spinnova decided on a new, estimated EUR 2.2 million investment in its R&D capabilities; an industrial scale in-house yarn spinning facility.
- 24 November: Spinnova made its debut in composites in partnership with ski manufacturer PUSU.
- 17 December: Spinnova completed the pilot production line for leather based SPINNOVA® fibre.

SIGNIFICANT EVENTS AFTER THE PERIOD

- 13 January, 2022: Spinnova joined the United Nations Global Compact
- 21 January, 2022: Sustainable PUSU X SPINNOVA premium skis received prestigious ISPO Award
- 10 February, 2022: Spinnova and adidas unveiled their first commercial product

KEY FIGURES

EUR (thousand)	7-12/2021	7-12/2020	1-12/2021	1-12/2020
Revenue	5 661	168	6 063	254
Operating profit (loss)	-4 079	-3 480	-7 172	-5 473
Earnings per share (EUR, diluted and undiluted) ¹⁾	-0.10	-0.11	-0.36	-0.17
Net debt	-100 093	-1 372	-100 093	-1 372
Equity ratio	92%	54%	92%	54%
Number of personnel (average)	53	34	49	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
7-12 / 2021	51 243 605	51 243 605
7-12 / 2020	34 053 600	34 053 600
1-12 / 2021	43 133 797	51 243 605
1-12 / 2020	33 783 607	34 053 600



CEO'S REVIEW

Spinnova reached many big milestones in 2021 as we delivered against our strategy. In the second half our main scaling priority, building the first commercial scale factory for the Woodspin joint venture, proceeded according to plan. The factory construction in Finland is expected to be ready for technology installations by the end of the summer, and the factory to be completed by the end of the year.

The factory will include Spinnova's and Suzano's joint venture Woodspin's fibre production, Suzano Finland's micro-fibrillated cellulose refining, as well as Spinnova's headquarters. What's worth mentioning here is that this is Suzano's first ever production investment outside of Brazil. This is a great step in the joint commitment with Suzano to reach one million tonnes of SPINNOVA® fibre annual production capacity within 10-12 years.

We also finished building a pilot production line in Finland in December as planned for Respin, our joint venture with ECCO's leather partner KT Trading. Respin has now begun working towards commercializing the disruptively circular SPINNOVA® leather waste fibre. Respin will pay a total 2.5 million euros to Spinnova for the pilot production line and R&D services in the course of the proof-of-concept phase that is estimated to take one year.

Extending our technology to this waste-based raw material is a great example of the uniqueness of our innovation and technology. Spinnova is not just an incremental improvement to existing fibres, but a versatile technology platform. We produce the most natural man-made textile fibre out of many feedstocks, without harmful or complex chemical processes, with the touch and feel of natural fibres such as cotton and linen. To support the commercialization of SPINNOVA® fibres, we have decided to make an estimated 2.2 million-euro investment in an in-house yarn spinning facility for research and development purposes. This will streamline Spinnova's commercial textile development, enhance brand collaborations, and further improve our market entry capabilities.

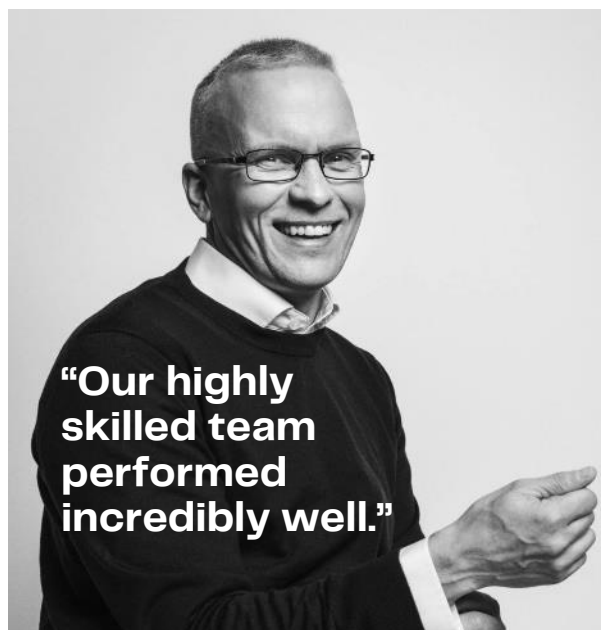
In September, we were proud to announce that The North Face became our brand partner, joining existing brand partners adidas, the H&M Group, Bergans, Bestseller, ECCO, Icebreaker and Marimekko, all paving the way to a joint commercial future in long-term collaboration.

To expand outside the apparel and footwear sector, we entered the composites market in November. We introduced alpine skis made with SPINNOVA® fabric in collaboration with a Finnish woodcore ski manufacturer PUSU Skis. This limited but promising commercial edition is another important demonstration of the versatility of our material.

The initial public offering financing raised in the summer plays an important part in securing our growth plan. During 2021, we almost doubled our headcount compared with 2020, as we continue to invest in growth. We have been proud to attract top Finnish and global talent to contribute to our growth story! Our highly skilled, committed world class team performed incredibly well in 2021, achieving all key targets.

In 2022, our main focus is on completing the Woodspin factory on time, piloting with Respin and continuing our brand collaborations to introduce more commercial SPINNOVA® products. We have the building blocks in place to execute our strategy; commercialize the SPINNOVA® fibre and scale our production. Planning for our next scaleup, Woodspin's 50 thousand tonne factory, has already started. I'm looking forward to talking more about that soon!

Janne Poranen
CEO, Co-Founder
Spinnova



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 SPINNOVA® 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 pulp 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. Having completed the main phase of research and development, Spinnova is ramping up its production and taking steps for global commercialization.



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

ISPO
Award
2022



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 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 focused 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 leather partner, KT Trading 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 plans to establish its own commercial scale fabric production supply chain selling SPINNOVA® fabrics. The fibre used in the yarn and fabrics will 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 150-155 million tonnes 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 tonnes of fibre, representing 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.

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.

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.

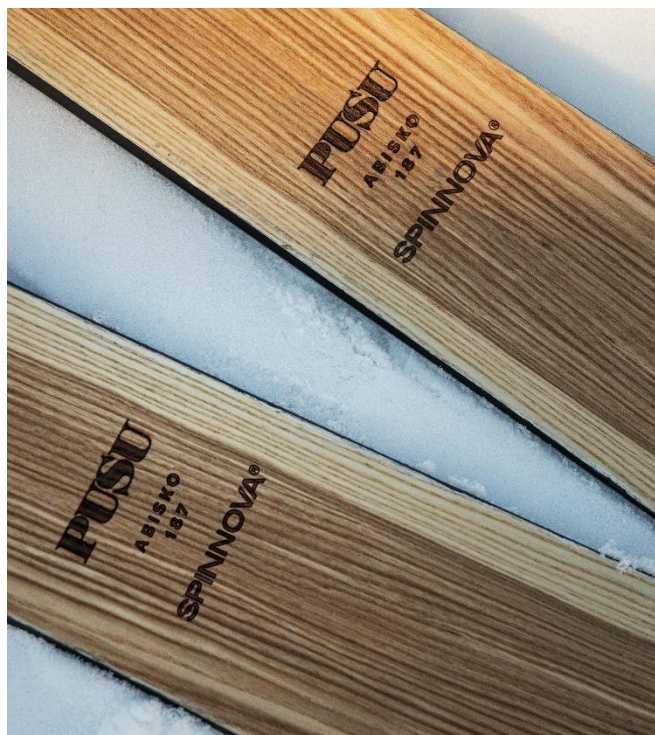
Critical climate action called for by, amongst others, the IPCC (Intergovernmental Panel on Climate Change) report that was published in August also supports Spinnova's innovation. Limiting human-induced global warming requires limiting cumulative CO₂ emissions, reaching at least net zero CO₂ emissions, 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, which in turn is expected to drive the demand for Spinnova's technology.

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

Impact of the COVID-19 pandemic

During the COVID-19 pandemic in 2020-2021, Spinnova saw no material impact 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 strategic significance of these sustainability efforts to their businesses. Spinnova did experience some yarn and fabric delivery delays, which did not significantly impact the timeline of the development projects.



BUSINESS TARGETS

In 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

1 JANUARY – 31 DECEMBER, 2021

Revenue

Spinnova's revenue was EUR 6 063 thousand (EUR 254 thousand) for the year ended 31 December 2021. During the period, the vast majority of the revenue was derived from the technology delivery project to Spinnova's joint venture company, Woodspin, and delivery of a technology proof-of-concept project to Spinnova's joint venture company, Respin.

The remainder of the revenue during the period and all revenue in 2020 consisted primarily of proof of concept related R&D services and development projects provided to Spinnova's brand partners under joint development agreements. The increase in revenue compared to the second half of 2020 was mainly due to the technology sales to Woodspin and Respin.

Results

Spinnova's operating loss was EUR 7 172 thousand (EUR 5 473 thousand loss) for the year ended 31 December 2021. The increase of the operating loss was primarily due to the increase in personnel expenses and depreciation and amortisation partly offset by increased revenue.

Spinnova's materials and services costs were EUR 5 020 thousand (EUR 128 thousand) for the reporting period. The increase from the comparison period was mainly due to the delivery of the technology project to Woodspin and delivery of the proof-of-concept project to Respin.

Spinnova's personnel expenses were EUR 4 500 thousand (EUR 2 318 thousand) for the year ended 31 December 2021. The increase in personnel expenses was primarily due to strengthening the R&D, commercial, corporate functions and management teams and the expansion of Spinnova's permanent employees to an average of 49 during the reporting period of 2021 as compared to an average of 34 during the reporting period of 2020. The total number of Spinnova's employees was 64 on 31 December 2021, including six fixed term employees.

Depreciation and amortisation were EUR 809 thousand (EUR 714 thousand) for the year ended 31 December 2021. The increase in depreciation and amortization was driven by the higher level of capitalized development expenses during the financial year 2021 compared to 2020.

Other operating expenses were EUR 2 691 thousand (EUR 2 644 thousand) for the reporting period. Other operating expenses increased as the company has ramped up its business and for example expanded the number 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 and costs related to being a listed company. Included in the other operating expenses for full year 2020 was a one-time write-off cost of EUR 1 098 thousand, related to the refining technology pilot plant sale to Suzano as a part of the joint venture agreement.

Financial expenses were EUR 8 251 thousand (EUR 171 thousand) for the year ended 31 December 2021. The majority of these expenses were related to Spinnova's initial public offering.

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

Financial Position and Cashflows

Spinnova's total assets at 31 December 2021 were EUR 123 654 thousand (EUR 16 961 thousand). Equity was EUR 113 893 thousand (EUR 9 169 thousand) and investments and cash and cash equivalents were EUR 107 036 thousand (EUR 8 122 thousand). Net debt amounted to EUR -100 093 thousand (EUR -1 372 thousand). Net debt decreased significantly as a result of the proceeds received from the initial public offering.

Spinnova's cash flow from operating activities during the reporting period was EUR -9 460 thousand (EUR -3 519 thousand). The net cash flow used in operating activities was affected by an increase in personnel expenses and increased level of other operating expenses driven by overall ramp up of the business and changes in the working capital. Working capital changes were mainly driven by a higher receivables level from joint venture technology delivery projects during the second half of 2021. The first payment of EUR

1.75 million out of the total EUR 2.5 million proof-of-concept project was received from Respin in the third quarter of 2021. The remainder of the total project fee is expected to be received in the future according to the project milestones.

Cash flow from investing activities was EUR -4 610 thousand (EUR -1 955) 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 112 984 thousand (EUR 850 thousand). During 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. Transaction costs from the IPO were EUR 7 787 thousand.

Investments and Research and Development

Spinnova's investments in development of new technology were EUR 2 592 thousand (EUR 3 641 thousand) in the year ended on 31 December 2021. The investments were comprised mainly of capitalised development investment of which a significant portion were classified as assets under construction at the end of the reporting period.

Employees

Spinnova's number of permanent employees grew to 58 at the end of the period as compared to 40 on 31 December 2020. The total number of Spinnova's employees was 64 on 31 December 2021, including six fixed term employees.

Spinnova's number of permanent employees grew to an average of 53 during July-December 2021, as compared to an average of 34 during the second half of 2020.

Spinnova's operations have been running without interruptions throughout the COVID-19 pandemic. Spinnova has complied with local pandemic instructions at all times, as well as enabled remote work and limited traveling where possible.

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, 2021. Spinnova's share capital is EUR 80 thousand.

Spinnova has one series of shares. Each share has 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 31 December 2021, Spinnova had 30 648 shareholders. 31.05% of the shares were held by nominee registered shareholders. The following table presents Spinnova's ten largest registered shareholders by number of shares based on the shareholders' register maintained by Euroclear Finland Ltd as on 31 December, 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
Poranen Janne Tapani	3 382 500	6.60
Salmela Juha Matti	3 382 200	6.60
Holdix Oy Ab	2 187 510	4.27
Kaloniemi Markku	1 299 253	2.54
Turret Oy Ab	1 203 740	2.35
Soininen Timo Juhani	937 860	1.83
Keskinäinen Eläkevakuutusyhtiö Ilmarinen	818 433	1.60
Ten largest registered shareholders, total	24 231 036	47.29
Other shareholders, total	27 012 569	31.05
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. Spinnova did not receive any flagging notifications between 24 June, 2021 and 31 December, 2021.

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 outstanding option programs, options corresponding to a total of 4 462 410 shares remain that can be subscribed as of 31 December 2021, corresponding to 8.0% of the diluted total number of shares.

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 First North Listing. Such subscription right will lapse after the expiration of the time period set by the Board of Directors.

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.

Holders of the stock options of the 2018 option program subscribed to 60 600 shares during December 2021 which were registered in the Trade Register on 14 February, 2022.

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 First North Listing. 2020 B stock options vest based on Spinnova's pre-money valuation after First North 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

The ability of Spinnova to earn revenues and profits from technology sales, and for Spinnova's joint ventures to earn revenues and profits from SPINNOVA® fibre sales is dependent on Spinnova's ability to scale its fibre production technology and increase the joint ventures' SPINNOVA® fibre production capacity. There is a risk that Spinnova may not be able to scale its fibre technology and increase production capacity at the joint ventures whilst lowering production costs per tonne so that SPINNOVA® fibre can be produced and sold to customers at the needed volumes and prices to meet Spinnova's business targets.

The Group and its joint ventures may not be able to attract customers at the needed volumes and prices to meet its business targets. The company may not be able to meet the fibre property and quality requirements of customers, which in turn could negatively impact the sales of SPINNOVA® fibre from the Group's joint ventures and sales of fabrics from Spinnova. If competitors are able to produce high quality fibres with the same or better sustainability properties at competitive prices, this could negatively affect sales of SPINNOVA® fibres. If apparel brands and other buyers adopt sustainable materials more slowly than anticipated, this could negatively affect sales of SPINNOVA® fibre.

Delivery of the Group's technology projects may be delayed and may not be completed according to budget, which could negatively impact the Group's results. Delays and additional costs could be caused by amongst other factors: insufficient or inadequate definitions of the production and technology concept, contracting risk with partners and suppliers, delays in construction, supply chain delays and cost inflation, inadequate resources to deliver large projects or insufficient financing of the joint ventures.

The results of the Group's joint ventures will affect the results of the Group. If raw materials, including micro-fibrillated cellulose, are not available to the Group's joint ventures at the required quality and cost level, this may affect their operations and results negatively. If electricity prices rise, this may have a negative effect on the results of the joint ventures.

Spinnova has an ingredient brand strategy for the Spinnova brand to become a recognised consumer-facing brand alongside apparel brands. Its brand ambition is to be known by consumers worldwide for its high-quality materials and as a guarantee of sustainability. Any negative media reports about Spinnova, in particular related to the company's sustainability practices and the performance of its materials, whether

real or otherwise, could harm the company's reputation and impact the Group's results. Such reputational risks could stem from the Group and/or its joint ventures and/or its suppliers and customers.

Spinnova's fabric sales strategy is dependent on its ability to successfully implement its ingredient brand strategy as well as to establish a sustainable fabric production supply chain and to procure raw materials including SPINNOVA® fibre at the required quality and cost level. If Spinnova is not able to implement these and access raw materials needed to produce SPINNOVA® fabrics at the required quality and cost level, this could negatively impact the Group's results.

The Group is at risk of IT security breaches. If the company does not protect its intellectual property it may face limitations in its freedom to operate or potential demands for royalties. If the Group and its joint ventures are unable to attract and retain skilled and talented employees, this may impact the ability to meet the strategy targets. If the Covid pandemic continues, or another pandemic emerges, this may impact demand from the Group's and its joint ventures' customers and may also negatively impact the Group's and its joint ventures' supply chains and employees and hence ability to operate according to the strategy.

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. If the Group and its joint ventures are unable to access sufficient financing sources, they may be unable to continue to execute the expansion plans and strategy. Risks associated with the Group's financial position mainly comprise of credit and counterparty risks.

In the short to medium term, the majority of Spinnova's revenues are expected to be derived from technology sales to Woodspin and Respin. The timing of these technology sales is directly linked to the timing of the planned production capacity increases at Woodspin and Respin. As production capacity increases are not planned in every calendar year, this may affect year-to-year comparisons of Spinnova's revenues and profitability. If there are any delays to planned production capacity increases at Woodspin and Respin, this would negatively impact Spinnova's revenues and profitability.

Outlook for 2022

The medium term business targets Spinnova has set in June 2021 are to achieve 150 thousand tonnes of production capacity, to be EBIT positive and have up to 20 brand partners. Spinnova will continue to work towards these targets and execute its strategy according to plan in 2022. Its target market is growing, and the demand for sustainable textile materials is very strong. Spinnova expects to complete the building of the first Woodspin factory on time and for it to be operational at the end of 2022. Spinnova expects to continue to launch commercial editions of products with its brand partners.

During 2022, Spinnova's revenues are expected to grow in comparison to 2021, driven primarily by higher technology sales of the project deliveries to Woodspin and Respin. During 2022, whilst Spinnova focuses on investing in growth and production scaling, the company is not expected to be profitable.

The Board of Directors' proposal for distributing profits

In the medium term, Spinnova focuses on growth and production scaling. The company does not expect to distribute a dividend in the short to medium term. The distributable unrestricted equity of Spinnova Plc on 31 December 2021 is EUR 105 262 thousand of which the loss of the period is EUR -15 206 thousand. The Board of Directors proposes to the Annual General Meeting that no dividend be distributed for the financial year January-December 2021, and that the loss of the financial year is recorded in the retained earnings.

In Jyväskylä, 24 February, 2022

Spinnova Plc
Board of Directors

CONDENSED FINANCIAL INFORMATION JANUARY-DECEMBER 2021

Group Income Statement

EUR (thousand)	7-12/2021	7-12/2020	1-12/2021	1-12/2020
REVENUE	5 661	168	6 063	254
Other operating income	0	77	0	77
Materials and services	-4 750	-58	-5 020	-128
Personnel expenses	-2 685	-1 342	-4 500	-2 318
Depreciation, amortisation and impairment losses	-405	-360	-809	-714
Other operating expenses	-1 717	-1 965	-2 691	-2 644
Share of profit (loss) in associated companies	-183	0	-215	0
OPERATING PROFIT (LOSS)	-4 079	-3 480	-7 172	-5 473
Financial income and expenses				
Other interest and financial income	0	0	1	0
Interest and other financial expenses	-958	-103	-8 251	-172
Total financial income and expenses	-957	-102	-8 251	-171
PROFIT (LOSS) BEFORE APPROPRIATIONS AND TAXES	-5 036	-3 582	-15 423	-5 644
PROFIT (LOSS) FOR THE PERIOD	-5 036	-3 582	-15 423	-5 644

Group Balance Sheet

EUR (thousand)	31.12.2021	31.12.2020
ASSETS		
NON-CURRENT ASSETS		
Intangible assets		
Development expenses	6 899	6 238
Intangible rights	593	535
Total intangible assets	7 492	6 773
Tangible assets		
Machinery and equipment	113	122
Assets under construction	1 800	705
Total tangible assets	1 913	827
Investments		
Shares in associated companies	1 749	0
Total Investments	1 749	0
NON-CURRENT ASSETS TOTAL	11 155	7 600
CURRENT ASSETS		
Receivables		
Long-term receivables		
Other receivables	91	80
Total long-term receivables	91	80
Short-term receivables		
Trade receivables	575	524
Receivables from associated companies	4 432	0
Other receivables	311	549
Prepayments and accrued income	54	86
Total short-term receivables	5 372	1 159
Total receivables	5 463	1 239
Investments	99 719	0
Cash and cash equivalents	7 317	8 122
TOTAL CURRENT ASSETS	112 499	9 361
TOTAL ASSETS	123 654	16 961

EUR (thousand)	31.12.2021	31.12.2020
EQUITY AND LIABILITIES		
EQUITY		
Share capital	80	3
Reserve for invested unrestricted equity	139 599	19 530
Retained earnings (loss) from previous periods	-10 363	-4 719
Profit / loss for the period	-15 423	-5 644
TOTAL EQUITY	113 893	9 169
LIABILITIES		
Non-current liabilities		
Loans from financial institutions	5 943	3 000
Total non-current liabilities	5 943	3 000
Current liabilities		
Loans from financial institutions	1 000	3 750
Advances received	329	12
Trade payables	1 125	301
Other liabilities	189	420
Accruals and deferred income	1 176	309
Total current liabilities	3 818	4 792
TOTAL LIABILITIES	9 761	7 792
TOTAL EQUITY AND LIABILITIES	123 654	16 961

Group Cash Flow Statement

EUR (thousand)	7-12/2021	7-12/2020	1-12/2021	1-12/2020
Net cash from operating activities				
Profit (loss) before appropriations and taxes	-5 036	-3 582	-15 423	-5 644
Adjustments:				
Depreciation and amortisation	405	360	809	714
Financial income and expenses	957	102	8 251	171
Loss on sale	0	1 098	0	1 098
Group eliminations	183	0	217	0
Cash flow before changes in working capital	-3 491	-2 022	-6 146	-3 660
Changes in working capital				
Increase (-) / decrease (+) in current non-interest-bearing receivables	-2 795	-344	-4 638	-118
Increase (+) / decrease (-) in current non-interest-bearing liabilities	-4 530	579	1 508	431
Cash flow before financial items and taxes	-10 816	-1 786	-9 277	-3 347
Interest paid and payments for other operating financial expenses	-140	-103	-184	-172
Interest received from operating activities	0	0	1	0
Net cash from operating activities (A)	-10 955	-1 889	-9 460	-3 519
Net cash from investing activities				
Investments in tangible and intangible assets	-1 488	-1 499	-2 577	-3 705
Investments in associated companies	0	0	-1 752	0
Proceeds from the sale of intangible and tangible assets	0	1 750	0	1 750
Re-valuations	-281	0	-281	0
Net cash from investing activities (B)	-1 769	251	-4 610	-1 955
Net cash from financing activities				
Proceeds from paid-in increases in equity	15 000	0	120 578	1 000
Transaction costs from the share issues	-537	0	-7 787	0
Proceeds from long-term loans	574	0	1 193	600
Repayments of long-term loans	-500	-500	-1 000	-750
Net cash from financing activities (C)	14 537	-500	112 984	850
Net change in cash and cash equivalents (A+B+C) increase (+) / decrease (-)	1 813	-2 138	98 914	-4 623
Cash and cash equivalents in the beginning of the period	105 223	10 260	8 122	12 746
Cash and cash equivalents at the end of the period	107 036	8 122	107 036	8 122
EUR (thousand)	2021	2020	2021	2020
Investments	99 719	0	99 719	0
Cash and cash equivalents	7 317	8 122	7 317	8 122
Investments, cash and cash equivalents in the balance sheet	107 036	8 122	107 036	8 122
Cash and cash equivalents in the cash flow statement	107 036	8 122	107 036	8 122

Statement of changes in equity

EUR (thousand)	7-12/2021	7-12/2020	1-12/2021	1-12/2020
Share capital in the beginning of the period	80	3	3	3
Share capital increase	0	0	78	0
Share capital at the end of the period	80	3	80	3
Total restricted equity	80	3	80	3
Reserve for invested unrestricted equity in the beginning of the period	124 530	19 030	19 530	18 030
IPO + over-allotment option	15 000	0	115 000	0
Directed share issue	68	500	5 146	1 500
Share capital increase	0	0	-78	0
Reserve for invested unrestricted equity at the end of the period	139 599	19 530	139 599	19 530
Retained earnings (loss) in the beginning of the period	-20 750	-6 781	-10 363	-4 719
Profit (loss) for the period	-5 036	-3 582	-15 423	-5 644
Retained earnings (loss) at the end of the period	-25 786	-10 363	-25 786	-10 363
Total unrestricted equity	113 813	9 167	113 813	9 167
Total equity	113 893	9 169	113 893	9 169

NOTES TO THE FINANCIAL STATEMENTS BULLETIN

Accounting policy

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

The information presented in this interim report related to full financial year 2020 and 2021 has been audited. The information presented in this report related to the six-month period ending 31 December 2021 and 31 December 2020 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 2021.

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 First North 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, which officially formed the Spinnova Group.

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. The company will nonetheless be referred to as KT Trading in Spinnova's reporting.

On 23 June and 13 October 2021, the first two drawdowns were made of the loan granted by Business Finland for Spinnova's development work. The drawdowns totalled EUR 1 193 thousand out of a total loan of EUR 2 066 thousand.

On 5 November 2021 Central Finland branch of the Centre for Economic Development, Transport and the Environment granted a development subsidy worth EUR 604 thousand to Spinnova's estimated EUR 2.2 million investment in an industrial scale in-house yarn spinning facility.

Holders of the stock options of the 2018 option program subscribed to 60 600 shares during December 2021 which were registered in the Trade Register on 14 February, 2022.

Management remuneration

Two new members started in the Management Team, one in March 2021 and one in August 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 1 Jul, 2021	5 888	496	109	1 903	8 395
Additions			20	1 395	1 414
Reclassification	1 361	136		-1 497	0
Depreciations	-350	-39	-16		-405
Net book value on 31 Dec, 2021	6 899	593	113	1 800	9 405

EUR (thousand)	Development expenses	Intangible rights	Machinery and equipment	Assets under construction	Total
Net book value on 1 Jul, 2020	5 637	442	129	3 215	9 422
Additions			16	1 370	1 385
Deductions ¹				-2 848	-2 848
Reclassification	905	126		-1 031	0
Depreciations	-304	-33	-23		-360
Net book value on 31 Dec, 2020	6 238	535	122	705	7 600

EUR (thousand)	Development expenses	Intangible rights	Machinery and equipment	Assets under construction	Total
Net book value on 1 Jan, 2021	6 238	535	122	705	7 600
Additions			22	2 592	2 614
Reclassification	1 361	136		-1 497	0
Depreciations	-700	-78	-31		-809
Net book value on 31 Dec, 2021	6 899	593	113	1 800	9 405

EUR (thousand)	Development expenses	Intangible rights	Machinery and equipment	Assets under construction	Total
Net book value on 1 Jan, 2020	5 941	474	131	944	7 490
Additions			32	3 641	3 673
Deductions ¹				-2 848	-2 848
Reclassification	905	126		-1 031	0
Depreciations	-609	-65	-41		-714
Net book value on 31 Dec, 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 joint venture 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 31.12.2021 EUR (thousand)	<1 year	1–2 years	2–5 years	> 5 years
Loans from financial institutions	1 000	1 600	3 061	1 281

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 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 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.

The following related parties have had transactions with the company during the 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 Chairman of the Board. The consultancy services amounted to EUR 98 thousand for the twelve months ended 31 December 2021 and the payables related to these services were EUR 46 thousand as at 31 December 2021.
- The technology delivery related invoicing for the first Commercial Woodspin factory started in May 2021 and continued throughout 2021.
- The Company sold technology development service to Suzano's refining pilot plant with EUR 323 thousand EUR during the financial year 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 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. Related party members of the company's Management Team and Board of Directors had 93 786 stock options issued by the company entitling the holders to subscribe to a total of 2 813 580 shares.

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

Guarantees and contingent liabilities

EUR (thousand)	31.12.2021	31.12.2020
Guarantees and pledges given		
Loan secured by a corporate mortgage	2 750	3 750
Corporate mortgage	10 000	10 000
Off-balance sheet financial commitments		
Rental liabilities ¹		
Maturing in less than 12 months	488	274
Maturing in more than 12 months	365	485
Leasing liabilities ¹		
Maturing in less than 12 months	101	67
Maturing in more than 12 months	113	101
Total rental and leasing liabilities	1 068	926

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 9.25 million is remaining as of 31 December 2021.

Respin joint venture

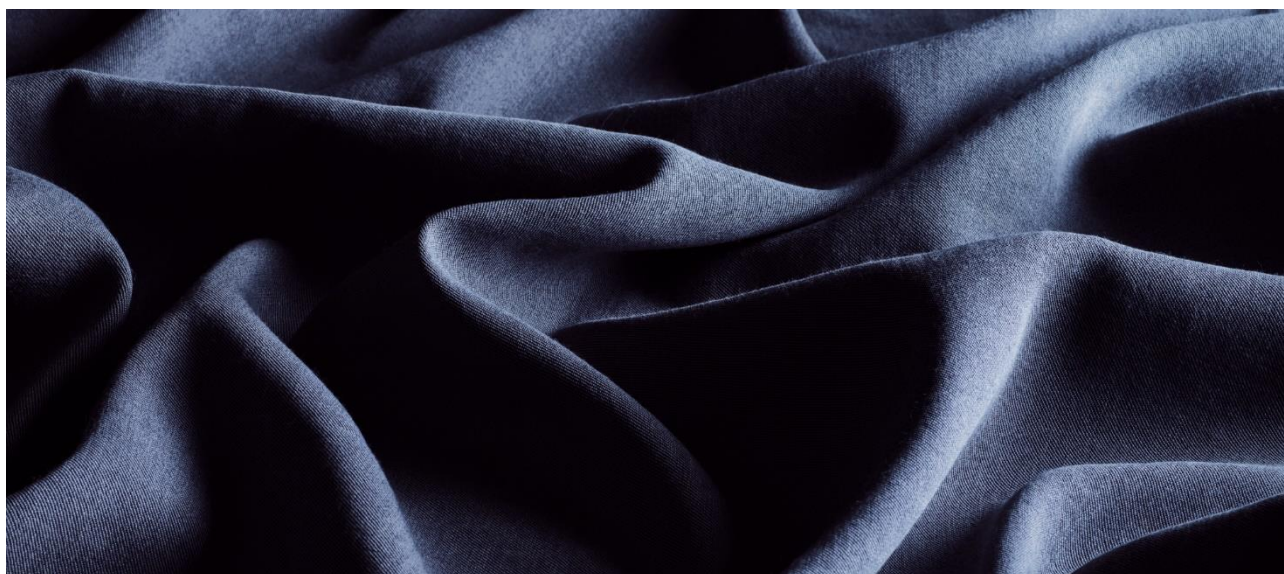
If the proof-of-concept phase is completed and the commercialisation phase commences, the company has agreed to invest up to EUR 1 250 thousand to the Respin joint venture. This amount shall be paid into the reserve for invested unrestricted equity of Respin.

If further equity financing is needed in order to complete the commercialisation, the Respin co-investors Spinnova and KT Trading 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 + investments)	Net debt is an indicator to measure the external debt financing of the company.



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UPCOMING FINANCIAL DISCLOSURES

Spinnova's Annual Report for 2021 will be published on week 14/2022. Spinnova's Annual General Meeting will be held on 5 May, 2022. A separate invitation to the meeting will follow. Spinnova's half-year financial report for January-June, 2022 will be published on 8 September, 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