

SPINNOVA®

20 21

GOVERNANCE AND FINANCIAL REVIEW

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Corporate governance statement 2021

Introduction

The administration and management of Spinnova Plc ("Spinnova" or the "Company") is based on the Finnish Limited Liability Companies Act (624/2006, as amended, the "Companies Act"), Finnish Securities Markets Act (746/2012, as amended, the "Securities Markets Act"), the Company's Articles of Association and the rules and guidelines of Nasdaq First North Growth Market Finland marketplace maintained by Nasdaq Helsinki Ltd.

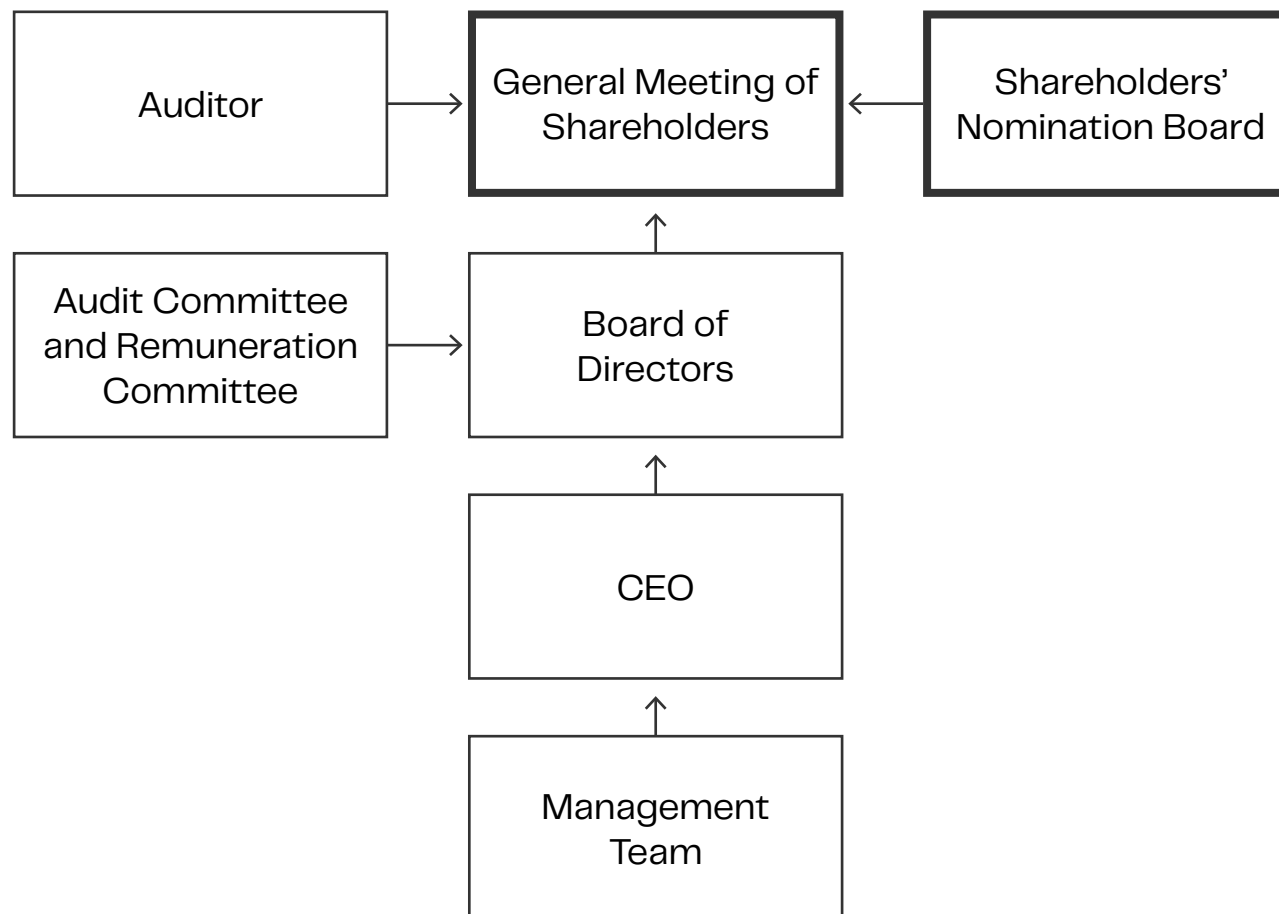
Spinnova complies with the Finnish Corporate Governance Code 2020 issued by the Finnish Securities Market Association, with no exceptions. An unofficial English translation of the Finnish Corporate Governance Code is available on the Security Market Association's website www.cgfinland.fi/en/.

The Corporate Governance Statement is issued separately from the Board of Directors' Report and is disclosed together with Spinnova's Financial statements 2021, the Board of Directors' Report and the Remuneration Report 2021 on the Company's website. This Corporate Governance Statement 2021 has been approved by the Board of Directors of Spinnova. Up-to-date information on Spinnova's governance is available on the Company's website.

Spinnova's governing bodies

The governing bodies of Spinnova are the General Meeting of Shareholders, the Shareholders' Nomination Board, the Board of Directors with its two committees: the Audit Committee and the Remuneration Committee, as well as the CEO supported by the Management Team. The highest decision-making power in Spinnova is exercised by the Company's shareholders at the General Meeting. The Board of Directors is responsible for the administration and the proper organization of the operations of the Company. The CEO, assisted by the Management Team, is responsible for the operative management of the Company.

Spinnova is a shareholder in two joint venture companies, Woodspin Oy and Respin Oy, which are established to advance the business strategy of Spinnova. The governance models of the joint venture companies are based on the joint venture agreements between Spinnova and the respective joint venture partners, the articles of association of the joint venture companies and applicable legislation. Both joint ventures have their own Board of Directors.



General Meeting of Shareholders

At a General Meeting of Shareholders, Spinnova's shareholders can participate in the supervision, decision-making and control of the Company and exercise their right to speak and vote. Spinnova has one series of shares, and each share carries one vote at the General Meeting of Shareholders.

Spinnova's General Meeting of Shareholders is held at the Company's domicile in Jyväskylä or in Helsinki, Espoo or Vantaa in Finland, and is convened by the Board of Directors. The Annual General Meeting is held annually on a date determined by the Board of Directors within six months of the end of the financial year. An Extraordinary General Meeting may be convened to discuss a specific matter when the Board of Directors deems it appropriate or otherwise required by law.

The General Meeting of Shareholders decides on matters required by the Companies Act and the Articles of Association. The Annual General Meeting decides on

- the approval of the financial statements
- the distribution of profit
- the discharge from liability of the members of the Board of Directors and the CEO, and
- the election of the members of the Board of Directors and the auditor, and their remuneration.

The competence of the Annual General Meeting also includes amending the Articles of Association, deciding on the purchase of the Company's own shares, share issues and stock option programs, and authorizing the Board of Directors to decide on such.

The notice of a General Meeting shall be delivered to the shareholders by means of a notice published on the Company's website or in at least one national daily newspaper designated by the Board of Directors. The meeting notice is also published as a company release.

The shareholders are entitled to have a matter put on the agenda of the Annual General Meeting, provided that the matter can be decided upon by the Annual General Meeting according to the Finnish Companies Act. The request must be submitted in writing to the Board of Directors early enough so that the matter can be included in the meeting notice. The date by which the shareholder must notify the Board of Directors of a matter that they demand to be addressed at the Annual General Meeting is announced on Spinnova's website.

A shareholder has the right to participate in the Annual General Meeting if they have been entered as a shareholder in the Company's shareholder register

maintained by Euroclear Finland Ltd eight business days prior to the Annual General Meeting and if they have notified the Company of their participation in the manner set out in the notice. The holder of nominee-registered shares also acquires the right to participate in the Annual General Meeting by temporarily registering in the Company's shareholder register maintained by Euroclear Finland Ltd.

The Company publishes the minutes of the General Meeting on the Company's website and keeps them available to shareholders for at least five years after the General Meeting.

ANNUAL GENERAL MEETING IN 2021

Spinnova's Annual General Meeting was held on 10 May 2021. The Annual General Meeting resolved in addition to the matters decided pursuant to the Company's Articles of Association to incorporate the shares of the company into the book-entry securities system, to change the form of the Company into a public limited liability company and to increase the share capital to reach the required limit of EUR 80 000 from public limited companies as well as to establish a Shareholders' Nomination Board. The Annual General Meeting also resolved to authorize the Board of Directors to resolve on share issues for the purposes of a share split as well as for listing the Company's shares for trading on the First North Growth Market Finland marketplace maintained by Nasdaq Helsinki Ltd. In addition, the Annual General Meeting also resolved to authorize the Board of Directors to issue shares and special rights to shares as well as to repurchase the Company's own shares.

Board of Directors

Pursuant to the Companies Act and the Company's Articles of Association, the Board of Directors is in charge of the Company's administration and the proper organization of operations and represents the Company. The Board of Directors has drawn up a written charter, which defines its main tasks and operating principles.

According to the written charter, the Board of Directors is responsible for the management of the Company and for the proper arrangement of its operations. In addition, the Board of Directors is responsible for the appropriate arrangement of the supervision of the Company's accounts and finances. The CEO has a duty to provide the Board of Directors with any information that they may need in order to see to their duties.

THE BOARD OF DIRECTORS:

- convenes the annual and extraordinary general meetings in addition to preparing and submitting proposals to the general meeting
- defines the Company's profit-sharing policy and submits a proposal concerning profit sharing to the general meeting
- decides on charitable donations within the framework provided by the Finnish Companies Act
- defines the operating principles of the Company's risk control system and internal controls
- discusses and adopts the annual report and financial statements as well as the interim reports
- decides on the establishment or disbandment of committees and confirms their charters
- defines the diversity policy of the Company's Board of Directors

In addition to the duties set out in law and in the Articles of Association, the Board of Directors discusses matters that are significant to and which have a long-term impact on the extent and quality of the operations of the Company and the group:

- the long-term vision and strategic goals and guidelines as well as the primary financial goals
- the group structure and the budgets of group companies as part of the group's budget, including capital expenditure
- the strategically or financially important investments of the group, significant expansions or reductions in business operations
- corporate transactions and business asset deals
- significant contingent liabilities and other matters with a material impact on the group's business operations

Pursuant to the Articles of Association, the Company's Board of Directors comprises no fewer than three and no more than eight ordinary members. The Shareholders' Nomination Board, appointed annually by the Company's three largest shareholders and the Board of Directors in accordance with the Charter of the Shareholders' Nomination Board, makes a proposal to the Annual General Meeting on the composition and remuneration of the Board of Directors.

The members of the Board of Directors are elected by the Annual General Meeting for a term of office that ends at the close of the Annual General Meeting that first follows their election. The Board of Directors elects the Chair of the Board from among its members. The Board may also elect a Deputy Chair of the Board from among its members unless one has been elected by the general meeting.

The Board of Directors convenes in accordance with the schedule agreed upon in the annual master plan that is adopted in advance. The Board of Directors will convene not less than 10 times a year.

BOARD OF DIRECTORS IN 2021

The Board of Directors on 1 January 2021 included Timo Soininen (Chair), Fernando Bertolucci, Ilkka Kivimäki, Gert Kroner, Hanna Liiri and Juha Salmela. The shareholders decided with a unanimous decision on 11 March 2021 to elect Harri Sundvik as a new member of the Board of Directors and to elect Vinicius Nonino to replace Fernando Bertolucci as a member of the Board of Directors.

The Annual General Meeting on 10 May 2021 reappointed the members Timo Soininen, Ilkka Kivimäki, Gert Kroner, Hanna Liiri, Vinicius Nonino, Juha Salmela and Harri Sundvik to the Board of Directors.

In 2021, the work of the Board of Directors focused in particular on preparing the Company for listing its shares for trading on the First North Growth Market Finland marketplace as well as overseeing the execution of the Company's business strategy. The Board of Directors held meetings or made unanimous resolutions without convening a meeting a total of 24 times in 2021. Attendance in the meetings and decisions is reported in the table on [page 14](#).

The key CV information of the Board members as of 31 December 2021 is presented on [pages 12–14](#). The shares and share-based rights of the members of the Board members and their controlled entities in the Company and in the companies belonging to the same group as the Company at the end of the previous financial year are presented in this Corporate Governance Statement.

INDEPENDENCE ASSESSMENT

According to the Corporate Governance Code, a majority of the Board members shall be independent of the company, with at least two of these members also being independent of the significant shareholders of the company. The Board of Directors assesses the independence of its members from the Company and significant shareholders annually and as required.

According to the independence assessment, of the Board members at the end of 2021, all members of the Board were determined to be independent of the Company, except for Juha Salmela, who is the Chief Technology Officer of Spinnova. Of the Board members who were determined to be independent of the Company, Timo Soininen, Ilkka Kivimäki, Gert Kroner, Hanna Liiri and Harri Sundvik were determined to be independent also of significant shareholders. Vinicius Nonino was determined to be dependent due to his position as the New Business Executive Officer of Suzano S.A. According to the Corporate Governance Code, a significant shareholder is a shareholder who holds at least 10% of all company shares or the votes carried by all the shares, or who has the right or obligation to acquire the corresponding number of already issued shares.

SELF-ASSESSMENT

The Board of Directors assesses its operations on an annual basis to ascertain whether the Board of Directors is operating efficiently. The Board of Directors sets out the process used in its assessment in its annual action plan.

When assessing the operations of the Board of Directors, the extent to which it has implemented its action plan will also be reviewed. At the same time, the expectations of the Company's stakeholders vis-à-vis the operations of the Board of Directors will also be assessed. Furthermore, it will be ascertained whether the Charter of the Board of Directors is up-to-date. This assessment is carried out as an internal self-assessment.

DIVERSITY

Spinnova's Board of Directors has defined the diversity principles of the Board. The purpose of the diversity principles is to define the objectives and methods by which the appropriate diversity of the Board of Directors is achieved, which in turn furthers the effective working of the Board of Directors as a collective. Diversity also reinforces the objective that the Board of Directors' competence profile as a whole supports the development of the current and future business of the Company, and it is seen as a material part and success factor that enables the achievement of strategic objectives and the continuous improvement of customer-oriented operations.

The Company's Board of Directors must have sufficient expertise and as a collective must have requisite knowledge and experience in matters of the Company's industry and business. A person elected as a member of the Board of Directors must have the required qualifications for the position, and the possibility to devote sufficient amount of time to perform the assignment, as well as be of good ethical standing.

The diversity of Spinnova's Board of Directors is viewed from different perspectives. The material factors for the Company are the members' complementary skills, education and experience from different professions and industries, different development stages of business operations and management, and the personal attributes of the members. The diversity of the Board of Directors is supported by experience from the international operating environment and relevant industries, as well as cultural knowledge and the consideration of age and gender distribution.

The Company's long-term objective is to achieve a balanced representation of both genders in the Board of Directors. Both genders shall always be represented in the Board of Directors, and the Board of Directors shall consider it vital to maintain representation of the under-represented gender at least one third share in the Board members.

The diversity goals defined in Spinnova's diversity principles are evaluated to be adequately realized in 2021. Both genders were represented in the Board of Directors in 2021. At the year-end 2021, one Board member was female and six male. One of the members was under 50 years old and six members 50 years or over.

Board Committees

The Board of Directors has established an Audit Committee and a Remuneration Committee to increase the efficiency of its work. The Board of Directors annually elects the members and the chair of the committees from among its members and approves the written charters of the committees. If needed, the Board of Directors may at a later stage establish other committees from amongst its members and working groups to prepare material decisions.

AUDIT COMMITTEE

The Audit Committee has a written charter. The Audit Committee's duties are to:

- monitor the financial statement reporting process as well as monitor and assess the financial reporting process
- monitor the financial situation and financing situation of the group
- handle the budget, forecast and assumptions related to them, and
- handle the financial statements, annual reports, interim financial reports and financial reports before the Board of Director's approval.

In addition, the Audit Committee's duties include monitoring and assessing the efficiency of the Company's

internal monitoring, possible internal audit and risk management systems, monitoring significant financial and other risks and their control measures, as well as monitoring transactions of the Company's management and their related parties and possible conflicts of interest related to them. Regarding auditing, the Audit Committee monitors the statutory audit and prepares a proposal on the election of the auditor, among other things.

The Audit Committee comprises of at least three members of the Board of Directors. The majority of the members of the Audit Committee must be independent of the Company and at least one member must be independent of the Company's significant shareholders. As required by the Companies Act, a member of the Audit Committee may not participate in the day-to-day management of the Company or an entity or foundation that is consolidated in the Company's consolidated financial statements. At least one member of the audit committee must also have accounting or auditing expertise.

The committee convenes at least four times a year. The committee does not have an independent decision-making power, but it acts as a preparatory body on the issues of which are submitted to the Board of Directors for decision.

REMUNERATION COMMITTEE

The Remuneration Committee has the following duties:

- preparing matters related to the appointment of the CEO and other management and to review appropriate candidates for their successors
- preparing matters related to the salaries and other financial benefits of the CEO and other management
- preparing matters related to the Company's incentive systems
- assessing the remuneration of the CEO and other management and ensuring the appropriateness of the incentive systems
- assessing and making recommendations to the Board of Directors with regard to programmes and other incentive systems that are based on shares or special rights entitling to shares
- planning the incentivisation of other staff and the development of the organisation
- answering questions regarding the Remuneration Report at the annual general meeting; and
- recommending a remunerations advisor to the Company's Board of Directors as necessary and submitting a proposal regarding the remuneration paid to the said advisor.

The Remuneration Committee comprises of at least three members of the Board of Directors. The majority of the Remuneration Committee's members must be independent of the Company.

The committee meets as necessary, but at least three times a year. The Remuneration Committee has no independent power to make decisions.

BOARD COMMITTEES IN 2021

The Board of Directors decided to elect Harri Sundvik, Vinicius Nonino and Timo Soininen as members of the Audit Committee and Harri Sundvik as the Chair of the Audit Committee. Furthermore, the Board of Directors decided to elect Timo Soininen, Ilkka Kivimäki and Vinicius Nonino as members of the Remuneration Committee and Timo Soininen as the Chair of the Remuneration Committee.

In 2021, the Audit Committee met two times. In 2021, the work of the Audit Committee focused in particular on reviewing the first half interim report and overseeing the treasury investments of the IPO proceeds.

The meeting attendance is in the committee meetings is reported in the table on **page 14**.

BOARD OF DIRECTORS ON 31 DECEMBER 2021

TS

TIMO SOININEN

b. 1965

Master of Science (Economics)

Finnish citizen

- Chair of the Board of Directors 2018–, member of the Board of Directors 2014–
- Chair of the Remuneration Committee, member of the Audit Committee
- Independent of the Company and its major shareholders
- Spinnova's shares on 31 December, 2021: 937,860 shares. In addition, Villagecape Ventures Oy, Timo Soininen's closely associated company over which Timo Soininen does not have control, held 97,320 shares. Timo Soininen holds 6,441 pcs 2020 A Stock Options and 25,763 pcs 2020 B Stock Options.
- Main occupation: Board professional and investor; founding partner of Spinnova

IK

ILKKA KIVIMÄKI

b. 1969

Master's Degree in Science (Engineering)

and an honorary Doctorate of Science

Finnish citizen

- Member of the Board of Directors 2018–
- Member of the Remuneration Committee
- Independent of the Company and its major shareholders
- Spinnova's shares on 31 December, 2021: 3,540,300 shares (held by MAKI.VC FUND I Ky), personal ownership 2,780 shares, and 0 options
- Main occupation: Founding partner and the Chairman and CEO of MAKI Ventures Oy 2017–

GK

GERT KRONER

b. 1970

PhD

Austrian citizen

- Member of the Board of Directors 2015–
- Independent of the Company and its major shareholders
- Spinnova's shares on 31 December, 2021: 0 shares and 0 stock options
- Main occupation: Vice President of Global R&D at Lenzing AG 2018–

BOARD OF DIRECTORS ON 31 DECEMBER 2021

HL

HANNA LIIRI

b. 1970

Master of Science (Economics)

Finnish citizen

- Member of the Board of Directors 2018–
- Independent of the Company and its major shareholders
- Spinnova's shares on 31 December, 2021: 4,048,680 shares (held by Besodos Investors Oy), personal ownership 500 shares and 0 stock options
- Main occupation: Managing Partner and Portfolio Manager at Besodos Investors Oy 2005–

VN

VINICIUS NONINO

b. 1970

Master's Degree in Business Administration

Brazilian citizen

- Member of the Board of Directors 2021–
- Member of the Audit Committee and the Remuneration Committee
- Independent of the Company but dependent of its major shareholders
- Spinnova's shares on 31 December, 2021: 0 shares and 0 stock options
- Main occupation: New Business Executive Officer of Suzano S.A. 2019–

JS

JUHA SALMELA

b. 1973

Master of Science

Finnish citizen

- Member of the Board of Directors 2014–
- Member of the Management Team since 2014
- Dependent of the Company
- Spinnova's shares on 31 December, 2021: 3,382,200 shares and 8,000 pcs 2020 B Stock Options
- Main occupation: Chief Technology Officer, Co-founder of Spinnova

BOARD OF DIRECTORS ON 31 DECEMBER 2021

HS

HARRI SUNDVIK

b. 1957

Master's Degree in Business Administration

Finnish and British citizen

- Member of the Board of Directors 2021–
- Chair of the Audit Committee
- Independent of the Company and its major shareholders
- Spinnova's shares on 31 December, 2021: 0 shares and 2,500 pcs 2020 B Stock Options (held by COBL UK Ltd, a company controlled by Sundvik)
- Main occupation: Board professional

BOARD AND COMMITTEE MEMBERS' MEETING PARTICIPATION IN 2021

MEMBER	BOARD OF DIRECTORS	AUDIT COMMITTEE
Timo Soininen	16/16	2/2
Ilkka Kivimäki	16/16	-
Gert Kroner	14/16	-
Hanna Liiri	15/16	-
Vinicius Nonino (since March 2021)	13/15	2/2
Juha Salmela	16/16	
Harri Sundvik (since March 2021)	15/15	2/2
Fernando Bertolucci (until March 2021)	0/1	-

SHAREHOLDERS' NOMINATION BOARD

Spinnova's Annual General Meeting on 10 May, 2021 decided to establish a permanent Shareholders' Nomination Board (the "Nomination Board").

The Nomination Board is a shareholder body responsible for preparing proposals to the General Meeting regarding the election and remuneration of the members of the Board of Directors.

The main task of the Nomination Board is to ensure that the Board of Directors and its members have sufficient knowledge and experience to meet the Company's needs, and to prepare well-founded proposals for the Annual General Meeting regarding the election and remuneration of the members of the Board of Directors. Each shareholder of the Company may also submit their own proposal directly to the Annual General Meeting.

The General Meeting of Spinnova has approved the written charter of the Shareholders' Nomination Board.

The Nomination Board will

- prepare and present proposals regarding the remuneration policy concerning the remuneration of the members of the Board of Directors and other matters related to the remuneration thereof to the Annual General Meeting
- prepare and present a proposal regarding the number of members of the Board of Directors to the Annual General Meeting
- prepare and present a proposal regarding who should be elected as a member of the Board of Directors to the Annual General Meeting

- seek prospective successors to replace the members of the Board of Directors; and
- prepare and present for board approval the principles concerning the diversity of the Board of Directors.

The Nomination Board will assess the performance of the Board of Directors and take the results of such assessments into account in its work as appropriate. The Nomination Board may also seek the contributions of other shareholders when preparing its proposals and retain the services of an external consultant in order to find suitable candidates.

The Nomination Board has four members. Three of those members are representatives appointed by the three largest shareholders, and one member is a Board member appointed by the Company's Board of Directors from amongst themselves.

Each year, those three shareholders that hold the largest share of the votes conferred by all shares in the Company on the first Finnish business day of the September preceding the applicable annual general meeting pursuant to the shareholders' register maintained by Euroclear Finland Ltd or, in the case of nominee registered shareholders, on the basis of separate shareholding information presented by them, will be entitled to appoint members that represent the shareholders. In the event that two or more shareholders hold an equal number of shares and votes, and the representative

or representatives nominated by either or all such shareholders cannot be appointed to serve on the Nomination Board, the right to appoint a representative to the Nomination Board will be decided by drawing lots.

The Chair of the Board of Directors will request the three largest shareholders, who will be determined as stated above, to each appoint one member to the Nomination Board. If a shareholder does not wish to exercise its right of appointment within the time frame set by the Chair of the Board of Directors, the right will be transferred to the next largest shareholder that would otherwise not have the right of appointment.

COMPOSITION OF THE NOMINATION BOARD

The following members were nominated to Spinnova's Nomination Board as of September 2, 2021:

- Vinicius Nonino, Suzano S.A.
- Hanna Liiri, Besodos Investors Oy
- Ilkka Kivimäki, Maki.vc Fund I Ky
- Timo Soininen, Chairman of the Board of Directors of Spinnova Plc

The Nomination Board submitted its proposal on the Board composition on 8 March 2021 to Spinnova's Board of Directors for the Annual General Meeting 2022 on 5 May 2021. The proposal was also published as a company release.

CHIEF EXECUTIVE OFFICER

The Board of Directors appoints the CEO of Spinnova and decides on the terms of his/her employment, which are defined in a written CEO agreement. The CEO is responsible for implementing the goals, plans, policies and objectives in the Company set by the Board of Directors. According to the Companies Act, the CEO is responsible for ensuring that the Company's accounting complies with legislation and that the management of the Company's assets is arranged reliably. The Board of Directors evaluates the work of the CEO and the achievement of the goals set for them.

Spinnova's CEO is Janne Poranen, Co-founder of Spinnova.

MANAGEMENT TEAM

The Company's Management Team, which supports the CEO, is responsible for the development and operational activities of the Company and the business activities in accordance with the objectives set by the Board of Directors and the CEO. The Management Team assists the CEO in preparing the strategy, operating principles and other business operations and the Company's common affairs among other things. The CEO acts as a chair of the Management Team.

In 2021, the Management Team focused in its work in particular on executing Spinnova's strategy including further developing the commercialization of the Company through brand partnerships, continued development of the Spinnova technology and materials, and preparation work for the Company's initial public offering.

The CV information of the Management Team is available on the Company's website at www.spinnovagroup.com. The shares and share-based rights of the members of the Management Team and their controlled entities in the Company and in the companies belonging to the same group as the Company at the end of the previous financial year are presented in the Corporate Governance Statement.

MANAGEMENT TEAM ON 31 DECEMBER, 2021

JP

JANNE PORANEN

Chief Executive Officer, Co-founder of Spinnova

Member of the Management Team 2014–

b. 1972, PhD

Finnish citizen

Spinnova's shares on 31 December, 2021: 3,382,500 shares and 8,000 pcs 2020 B Stock Options

LK

LOTTA KOPRA

Chief Commercial Officer

Member of the Management Team 2019–

b. 1980, Master of Science (Economics)

Finnish citizen

Spinnova's shares on 31 December, 2021: 182,700 shares and 15,000 options (of which 5,000 are 2020 B Stock Options and 10,000 pcs 2018 Stock Options)

SM

SHAHRIARE MAHMOOD

Chief Sustainability Officer

Member of the Management Team 2021–

b. 1976, Doctor of Science (Tech)

Finnish and Bangladeshi citizen

Spinnova's shares on 31 December, 2021: 0 shares and 3,000 pcs 2018 Stock Options

PP

PETRI PORANEN

Chief Operating Officer 2021–,

Member of the Management Team 2018–

Served as the Company's Chief Financial Officer in 2018–2021

b. 1973, studied accounting

Finnish citizen

Spinnova's shares on 31 December, 2021: 0 shares and 14,132 options (of which 5,000 are B Stock Options 2020 and 9,132 Stock Options 2018)

JS

JUHA SALMELA

Chief Technology Officer, Co-founder of Spinnova

Member of the Management Team 2014–

Member of the Board of Directors 2014–

b. 1973, Master of Science

Finnish citizen

Spinnova's shares on 31 December, 2021: 3,382,200 shares and 8,000 pcs 2020 B Stock Options

BS

BEN SELBY

Chief Financial Officer,

Member of the Management Team 2021–

b. 1983, Master of Arts degree

British and Finnish citizen

Spinnova's shares on 31 December, 2021: 0 shares and 10,950 options (of which 5,950 are 2020 Stock Options and 5,000 pcs 2020 B Stock Options)

INTERNAL CONTROL AND RISK MANAGEMENT OF THE FINANCIAL REPORTING PROCESS

The internal control and risk management principles, instructions, practices and responsibilities related to the Company's financial reporting process are designed to ensure that the Company's financial reporting is reliable and that the financial statements have been prepared in accordance with applicable legislation, regulations and the Company's operating principles.

INTERNAL CONTROL

The purpose of Spinnova's internal control is to ensure the efficiency and productivity of the Company's operations, the reliability of financial and operational management reporting, and compliance with applicable legislation and regulations and internal guidelines within the Company. Internal control is an essential part of the Company's business management and in ensuring the achievement of its business objectives. The Company strives to organize internal control effectively so that deviations from the Company's targets are detected as early as possible or so that they can be prevented.

The Company's Board of Directors is responsible for organizing the Group's internal control, and the Audit Committee monitors the effectiveness of internal control. The Management Team is responsible for ensuring that effective control procedures are in place to manage risks. Responsibility for risks and related controls, and for implementing corrective actions related to controls, lies with operational management. Each employee of the Company contributes to the first line of defence by acting ethically, following the Company's established

policies and exercising business-related supervision. The tasks of the Company's finance unit include monitoring the effectiveness of controls in connection with interim breaks in financial reporting.

The Company's internal controls comprise of the internal control policy approved by the Board of Directors, and the decision-making and approval procedures, control points defined in a uniform manner in the various processes, as well as their monitoring and undertaking of corrective measures. Risk assessment forms the basis for effective internal control. Control functions ensure that the realization of identified risks is minimised.

In 2021, the Company uplifted its internal controls in line with the requirements of being a listed company. Additional controls were implemented around purchase and payment processes, HR and payroll processes, financial accounting, reporting, budgeting and forecasting processes, investments, and project planning. During the fourth quarter of 2021 the Company implemented an ERP system.

INTERNAL AUDIT

As for now, Spinnova does not have an internal audit function. In accordance with its charter, the Board's Audit Committee evaluates the need to establish an internal audit function annually. The Audit Committee may use internal or external resources to perform separate internal audits.

RISK MANAGEMENT

Spinnova Group's risk management is guided by the risk management policy. The objective of the risk management is to create operational conditions in which business-related risks are managed comprehensively and systematically at all levels of the organisation. The principle is to identify risks, assess their magnitude and significance, define risk mitigation measures and decide on their implementation and monitor of their effects.

The Company uses a group-level risk assessment and monitoring model and conducts a comprehensive risk assessment annually, in which the most significant risks to the Company's strategy and other objectives are assessed, as well as their probability and impact on business, and risk management measures are mapped. If necessary, the risk assessments are updated, for example, for the risk assessments in the interim reports.

The Company's Board of Directors is responsible for defining the Company's risk-taking level, decides on taking strategic risks and is responsible for monitoring the results of risk management and evaluating its effectiveness. The Board's Audit Committee monitors the effectiveness of the Company's risk management system.

Financial risks are reviewed annually as part of the group-level risk assessment. Financial risks are managed primarily through following the Company's Treasury policy. Compliance with the Treasury policy is reviewed in each meeting of the Audit Committee.

The key risks identified in Spinnova's risk management process are described in the risk factors section of the Board of Directors' report for 2021.

RELATED PARTY TRANSACTIONS

Spinnova complies with the rules of First North in respect of related party transactions and ensures that the requirements set for the monitoring, evaluation, decision-making and disclosure of related party transactions are complied with.

Spinnova'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; Suzano as a major shareholder, the members of the Board of Directors and Management Team and their closely related family members and the entities over which they have control or joint control. The Company evaluates and monitors transactions with its related parties and ensures that potential conflicts of interest are properly taken into account in the Company's decision-making.

If related party transactions are relevant to the Company and differ from the Company's ordinary business or have been entered into other than under normal market conditions, the Company will report the decision-making procedure for such related party transactions.

Information on related party transactions in 2021 is provided in the notes to Spinnova's Financial Statements for 2021.

INSIDER MANAGEMENT

Spinnova complies with the provisions of the EU Market Abuse Regulation ((EU) 596/2014, as amended by the "MAR") and the lower-level regulations issued thereunder, the Securities Markets Act, guidelines issued by competent authorities and the Guidelines for Insiders issued by Nasdaq Helsinki Ltd. In addition, the Company's Board of Directors has approved the Company's internal insider guidelines based on the guidance of Nasdaq Helsinki Ltd.

The Company has appointed an insider manager, who is responsible for maintaining insider lists in the Company, handling trading restrictions and the obligation to report and disclose transactions, internal communication and training related to insider matters, and the supervision of insider matters.

The Company has internal procedures for disclosing inside information, possibly postponing the disclosure of inside information and maintaining project-specific insider lists.

The Company complies with the trading restriction on managers under Article 19 (11) of the MAR Regulation (closed period) of 30 days before the announcement of an interim financial report or a year-end report. In addition, the Company has separately identified certain persons who participate in the preparation of financial statements or who have access to the relevant information, and employees or directors of the Company who are members or deputies of the Board of Directors or management team in any of the Company's joint ventures subject to a trading restriction of similar length and content (closed period).

WHISTLEBLOWING

Spinnova has a Whistleblowing Policy approved by the Board of Directors. The Whistleblowing Policy supports responsible behavior and compliance with laws, regulations and our values through establishing requirements and procedures in relation to the reporting of violations. The Whistleblowing Policy is intended to encourage and enable employees and others to raise serious concerns within Spinnova prior to seeking resolution outside the Company.

Spinnova's whistleblowing channel managed by an external service provider is an anonymous way to raise concerns of non-compliance with Spinnova's values, ethical norms, laws and regulations. Spinnova will conduct its investigations of any reported violation as discreetly as possible and in a confidential manner to the greatest extent possible commensurate with carrying out a thorough and adequate investigation. Spinnova's principle is that no one shall suffer adverse employment consequences, harassment, be discriminated against or retaliated against for making a claim in good faith of a violation of Spinnova's values, guidelines, ethical norms or applicable laws and regulations.

In 2021, there were no issues submitted through Spinnova's whistleblowing channel.

AUDITING

The statutory audit includes the audit of the Company's accounts, financial statements and administration. In addition to the annual auditor's report, the auditors regularly report to the Board of Directors on their audit findings and participate in the meetings of the Board's Audit Committee.

According to the Articles of Association, the Company must have an auditor, which is an audit firm approved by the Finnish Patent and Registration Office. The auditor's term of office ends at the end of the first Annual General Meeting following the election.

The Company's Audit Committee prepares a proposal on the election of the auditor. The General Meeting elects the Company's auditor and decides on the auditor's fee.

AUDIT IN 2021

PricewaterhouseCoopers, Authorised Public Accountants, acts as the Company's Auditor with Markku Launis, Authorised Public Accountant, as the auditor with principal responsibility. Markku Launis is registered in the register of auditors referred to in Chapter 6, Section 9 of the Auditing Act (1141/2015, as amended). PricewaterhouseCoopers Oy has acted as the auditor of Spinnova since 2014.

The auditor is paid a fee according to an invoice approved by the Company. In 2021, the auditors were paid a total of EUR 17 thousand for the auditing services and a total of EUR 452 thousand for other advisory services unrelated to auditing. The other advisory services during 2021 mainly concerned preparatory work for the Company's initial public offering.

Remuneration Report 2021

Introduction

This remuneration report for the financial year 2021 (the “Remuneration Report 2021”) describes the remuneration of the Board of Directors and the CEO of Spinnova Plc (“Spinnova” or the “Company”). The Remuneration Report 2021 has been prepared in accordance with the reporting requirements of the Corporate Governance Code 2020 of the Finnish Securities Market Association and the applicable legislation.

Trading in Spinnova’s shares began on the Nasdaq First North Growth Market Finland marketplace on 24 June 2021. Spinnova’s remuneration policy (the “Remuneration Policy”) will be presented to the Annual General Meeting of Spinnova for the first time in the Annual General Meeting 2022, to be held on 5 May 2022 for an advisory vote. After that, the Remuneration Policy will be presented to the Annual General Meeting at least every fourth year and always if significant changes are proposed to it. Also the Remuneration Report 2021 will be presented to the Annual General Meeting 2022.

The Remuneration Policy has been applied in the remuneration of Spinnova’s Board of Directors and the CEO already during the financial year 2021. Spinnova’s Remuneration Policy presents the remuneration framework for the members of Spinnova’s Board of Directors, and the CEO. There were no deviations to the Remuneration Policy in the remuneration paid in 2021 and reported here. No clawbacks of the remuneration took place during the financial year 2021.

This Remuneration Report 2021 includes the principles governing the remuneration of the members of the company’s Board of Directors and the CEO and a description of the practical implementation of the Remuneration Policy. The Report also includes the remuneration paid to the members of the Board of Directors and CEO in the financial year 2021.

KEY REMUNERATION PRINCIPLES

The purpose of Spinnova’s Remuneration Policy is to support the Company’s strategic goals and promote its competitiveness and long-term financial success. The objective of the remuneration is to encourage and reward the management for work that is in line with the Company’s strategy at a given time and for compliance with the set rules, as well as to motivate them to strive for the success of the Company and foster their long-term commitment to the Company’s goals. The Company’s remuneration supports achieving strategic targets, profitability, and increased shareholder value.

Well-functioning and competitive remuneration is also an essential tool for engaging competent directors and executives for the Company. This, in turn, contributes to the financial success of the Company, and the implementation of good corporate governance.

Business development of the Company and remuneration

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

The patent protected 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'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.

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

AVERAGE REMUNERATION

EUR	2018	2019	2020	2021
Chair of the Board	-	-	-	12 000
Other Board members (opting in) on average	-	-	-	12 000
CEO	159 739	162 012	153 984	280 331
Spinnova's employee remuneration on average ¹⁾	68 013	79 639	63 247	83 787
Key business figures				
Net sales (000s)	190	758	254	6 063
Number of personnel (on average)	13	18	34	49

¹⁾ The average remuneration of Spinnova's employees (excluding the CEO) was calculated as follows: wages and bonuses and pension expenses of all employees for the period minus the CEO wages and bonus and pension expenses divided by average number of personnel for the period.

Remuneration of the Board of Directors

Decisions concerning the remuneration of the Board of Directors are made by the Annual General Meeting for a single term of office at a time based on a proposal of the Board.

The remuneration of the Board of Directors can consist of one or more components. The Board of Directors can, for instance, be paid an annual or a monthly fee as well as a meeting fee for board meetings or committee and governing body meetings. In addition to the board fees, the Board members may be compensated for travelling expenses and/or other costs directly incurred by the board work as decided by the general meeting. Board members may also be compensated with a long-term stock option plan in order to align the interests of board members, the Company and shareholders.

Remuneration paid to the Board members can be paid in cash and/or shares partially or in full. Decisions concerning the distribution of the Company's shares, stock options, or other special rights entitling to shares shall be made in the General Meeting or by the Board of the Company pursuant to an authorization from the General Meeting.

The members of the Company's Board are not eligible for short-term incentive plans paid in cash based on their position as a member of the Board.

REMUNERATION IN 2021

The Annual General Meeting of the Company held on 10 May 2021 resolved on the remuneration of the Board of Directors. Pursuant to the resolution, following the listing of the company, from July 2021 onwards a monthly fee of EUR 2 000 is paid to each member of the Board of Directors. No separate meeting fees nor fees of committee members are paid.

The remuneration paid or due to the members of the Board of Directors followed the decision of the Annual General meeting and totalled EUR 36 000.

Ilkka Kivimäki, Gert Kroner, Hanna Liiri and Vinicius Nonino opted not to receive the monthly fee payable to the Board members.

For the financial years 2018–2020, no annual remuneration or meeting fees were paid to the members of the Board of Directors.

CONSULTANCY AGREEMENTS

The Company entered into a consultancy agreement on 29 December 2020 with a company controlled by Timo Soininen, the Chair of the Company's Board of Directors, and on 8 February 2021 with a company controlled by Harri Sundvik, a member of the Company's Board of Directors, that will apply to services rendered from 1 January 2021.

Both consultancy agreements are valid until further notice and can be terminated by either contracting party by 60 days' notice. Under the agreements, the Company has undertaken to pay a monthly fee to the companies that are parties to the agreements. The monthly fees for the consulting services totalled EUR 97 926 in 2021. In addition a bonus related to the successful completion of Spinnova's initial public offering was paid to these companies for a total of EUR 14 thousand. These services are not part of the duties of the Chair of the Board of Directors and that of a Board member, and accordingly are not part of that remuneration.

Member of the Board	Total remuneration (paid or due), EUR
Timo Soininen	12 000
Ilkka Kivimäki	0
Gert Kroner	0
Hanna Liiri	0
Juha Salmela	12 000
Vinicius Nonino, since March 2021	0
Harri Sundvik, since March 2021	12 000
Total	36 000

Remuneration of the CEO

The Company's Board of Directors determines the salary, remuneration and other benefits received by the CEO of the Company.

The CEO's remuneration is primarily comprised of a monthly salary, employee benefits, and variable bonuses as well as possible long-term incentive schemes and commitment programmes, the use of which is at the sole discretion of the Board of Directors. In addition, the CEO can be granted a separate, reasonable supplementary pension arrangement or other possible benefits to ensure that a competent CEO is committed to the Company's development.

FIXED SALARY

The fixed monthly salary is confirmed in the managing director agreement. A part of the salary can be replaced with a housing benefit or a car benefit. The CEO's professional competence and responsibilities as well as the general salary level in similar positions are taken into account when determining the CEO's fixed salary. In 2021, the CEO Janne Poranen's fixed monthly salaries paid totalled EUR 190 799 (EUR 107 076 in 2020). The monthly salary was increased in June 2021.

VARIABLE BONUS

The variable bonus is bound to the financial success of the Company as well as the achievement of the Company's strategic goals. The Company's Board of Directors determine the accumulation criteria for the variable bonus as well as the goals set for each criterion at the beginning of each accumulation period, and it assesses the fulfilment of the bonus at the end of the

accumulation period in connection with the CEO's annual performance evaluation. The criteria defined by the Board may consider matters such as the Company's commercial progress, turnover, operating profit, stability of customers, efficiency of operations, employee satisfaction, the progress of product development, and product-group specific growth.

The Board of Directors decide on a case by case basis the possible long-term incentives and commitment programmes that will be granted to the CEO. Any bonuses paid to the CEO on the basis of the variable bonus scheme as well as on the basis of the long-term incentive schemes and commitment programmes can be paid in cash and/or shares partially or in full.

In 2021, Spinnova's bonus program focused on the company's key priorities, and it included a total of nine equally weighted specific targets in the areas of product optimization, development of commercial partnerships and building of corporate support for strategy execution. The payout structure for the annual bonus was based on setting a minimum threshold and maximum threshold for each individual target. Depending on the achievement level of these targets, the total annual bonus would be between zero and three months' salary. Spinnova's entire personnel shared the same annual targets along with the same bonus structure. Based on the bonus program for 2021 and the targets reached, the payout for the CEO was 2.1 months' salary or EUR 46 284 including the statutory pension. The bonus was paid in February 2022.

In 2021 the CEO was paid a one-off bonus totalling EUR 22 354 including the statutory pension for the successful completion of the company's initial public offering. In 2021, the variable remuneration constituted 24 percent of the overall remuneration of the CEO and fixed salary 76 percent.

KEY PROVISIONS APPLIED TO THE CEO'S EMPLOYMENT

The managing director agreement sets out the key provisions that apply to the CEO's employment. The provisions are agreed corresponding to the valid market practice at the time of signing the agreement.

The CEO's contract may be terminated by the CEO with four months' notice and by the Company with six months' notice. The Company is obligated to continue paying the CEO's salary for the duration of the notice period. Moreover, if the CEO's contract is terminated by the Company without cause, the Company shall pay a severance payment to the CEO corresponding to the CEO's salary for twelve months. If the CEO's contract is terminated by the Company for cause defined in the contract, the Company is not obligated to pay the CEO's salary following the date of termination.

The contract includes non-competition, non-recruitment and non-inducement obligations that apply while the agreement is in force and remain in force for 24 months after the termination of the contract.

The CEO's retirement age is determined by the Finnish statutory pension system and is 65 years 11 months at the earliest under the applicable legislation. He is eligible for the Finnish statutory pension. The Company does not offer a supplementary pension plan.

REMUNERATION OF THE CEO IN 2021 (EUR)*

Fixed monthly salary	190 799
Benefits	20 895
Incentives	22 354
Total	234 047

* Including statutory pension

REMUNERATION PAID TO THE CEO IN 2022 BASED ON 2021 PERFORMANCE (EUR)*

INCENTIVES	46 284
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* Including statutory pension

Stock option programs

The Company has established stock option programs covering, among others, employees, and the members of the Board of Directors and the Management Team of the Company.

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. Spinnova's Chief Executive Officer and Board Members are not participants in the 2018 Stock Option Program.

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.

THE BOARD MEMBERS' AND THE CEO'S PARTICIPATION IN THE STOCK OPTION PROGRAM 2020

Name	Number of Stock Options granted, pcs	Number of shares that can be subscribed for with the options
Timo Soininen, Chair of the Board	6 441 (2020 A Stock Options)	193 230
	25 763 (2020 B Stock Options)	772 890
Juha Salmela, Member of the Board	8 000 (2020 B Stock Options)	240 000
Harri Sundvik	2 500 (2020 B Stock Options)	75 000
Janne Poranen, CEO	8 000 (2020 B Stock Options)	240 000

The subscription price for the shares is EUR 2.74 per share.

Report of the Board of Directors

1 JANUARY – 31 DECEMBER, 2021

About Spinnova

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

The patent protected 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'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.

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



Spinnova's market

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, 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 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.

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 production lines
DIVIDEND POLICY (SPINNOVA GROUP)	Short to medium term no dividends		

Review of 2021

Spinnova reached many big milestones in 2021, as the company delivered against its strategy. In particular, building the first commercial scale factory for the Woodspin joint venture proceeded according to plan as an important investment to scale Spinnova's operations. The factory construction in Finland is expected to be completed by the end of 2022, which will be a great step for the joint commitment with Suzano to reach one million tonnes of SPINNOVA® fibre annual production capacity within 10–12 years.

Spinnova also finished building a pilot production line in December as planned for Respin, its joint venture with ECCO's leather partner KT Trading. Respin has now begun working towards commercializing the disruptively circular SPINNOVA® leather waste fibre. Extending Spinnova's technology to this waste-based raw material is a great example of the uniqueness of the innovation.

To support the commercialization of SPINNOVA® fibres, the Board decided to make an estimated 2.2-million-euro investment in an in-house yarn spinning facility, which will streamline Spinnova's commercial textile development, enhance brand collaborations, and further improve its market entry capabilities.

In 2021, Spinnova announced brand partnerships with adidas, ECCO, the H&M Group, The North Face and Icebreaker, who joined existing brand partners, Bergans, Bestseller, and Marimekko, all paving the way to a joint commercial future in long-term collaboration.

To expand outside the apparel and footwear sector, Spinnova entered the composites market in November, with alpine skis made with SPINNOVA® fabric in collaboration with a Finnish woodcore ski manufacturer PUSU Skis.

The initial public offering in the summer which raised EUR 115 million plays an important part in securing Spinnova's growth plan. During 2021, Spinnova almost doubled its headcount compared to 2020, as it continues to invest in growth. Spinnova's committed, world class team performed incredibly well in 2021, achieving all key targets.

In 2022, Spinnova's main focus is on completing the Woodspin factory on time, piloting with Respin and continuing brand collaborations to introduce more commercial SPINNOVA® products. Spinnova has the building blocks in place to execute their strategy; commercialize the SPINNOVA® fibre and scale their production. Planning for their next scaleup, Woodspin's 50 thousand tonne factory, has already started.

Significant events of 2021

- **25 February:** Spinnova announced a 50/50 joint venture with Suzano called Woodspin and started building the first commercial SPINNOVA® factory in Finland.
- **10 March:** Spinnova appointed Ben Selby as Chief Financial Officer and member of the management team.
- **14 April:** Harri Sundvik and Vinicius Nonino were appointed as Members of the Board of Directors.
- **17 May:** Spinnova and Suzano announced Woodspin's scaling ambition to more than 1 million tonnes of SPINNOVA® fibre annual production capacity by 2031.
- **20 May:** Spinnova announced a 50/50 joint venture called Respin with ECCO's leather partner KT Trading, and started building a proof-of-concept production line for leather waste-based fibre.
- **28 May:** Spinnova announced it's planning on an initial public offering and listing on the Nasdaq Helsinki First North Growth Market.
- **10 June:** adidas announced it is a cornerstone investor in Spinnova's contemplated initial public offering.
- **24 June:** Spinnova completed an initial public offering that raised EUR 100 million, and trading in Spinnova's shares started.
- **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®.

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.

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. In particular, all Spinnova's brand partners have continued their development projects with Spinnova according to plan, due to the strategic importance of 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.

Key figures

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

Financial Performance

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 Woodspin, and delivery of a technology proof-of-concept project to 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 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 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 49 in 2021, as compared to an average of 34 in 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. 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 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 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.

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 development 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, ELY centre of Central Finland 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.

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.

Outlook for 2022

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.

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 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.

Board of Directors and auditors

The Board of Directors on 1 January 2021 included Timo Soininen (chair), Hanna Liiri, Juha Salmela, Fernando Bertolucci, Ilkka Kivimäki and Gert Kroner. The shareholders decided with a unanimous decision on 11 March, 2021 to elect Harri Sundvik as a new member of the Board of Directors and to elect Vinicius Nonino to replace Fernando Bertolucci as a member of the Board of Directors.

The Annual General Meeting on 10 May, 2021 reappointed the members Timo Soininen, Ilkka Kivimäki, Gert Kroner, Hanna Liiri, Vinicius Nonino, Juha Salmela and Harri Sundvik to the Board of Directors.

The CV information of the Board members is available on the Company's website at www.spinnovagroup.com.

On 10 May, 2021, Spinnova's Annual General Meeting decided to establish a permanent Shareholders' Nomination Board. The Nomination Board is a shareholder body responsible for preparing proposals to the General Meeting regarding the election and remuneration of the members of the Board of Directors.

The following members were nominated to Spinnova's Nomination Board as of September 2, 2021:

- Vinicius Nonino, Suzano S.A.
- Hanna Liiri, Besodos Investors Oy
- Ilkka Kivimäki, Maki.vc Fund I Ky
- Timo Soininen, Chairman of the Board of Directors of Spinnova Plc

PricewaterhouseCoopers, Authorised Public Accountants, acts as Spinnova's Auditor with Markku Launis, Authorised Public Accountant, as the auditor with principal responsibility.

Financial statements

1 JANUARY – 31 DECEMBER, 2021

INCOME
STATEMENT

EUR (thousand)	GROUP		PARENT COMPANY	
	1-12/2021	1-12/2020	1-12/2021	1-12/2020
REVENUE	6 063	254	6 063	254
Other operating income	0	77	0	77
Materials and services	-5 020	-128	-5 020	-128
Personnel expenses	-4 500	-2 318	-4 500	-2 318
Depreciation, amortisation and impairment losses	-809	-714	-809	-714
Other operating expenses	-2 691	-2 644	-2 689	-2 644
Share of profit (loss) in associated companies	-215	0		
OPERATING PROFIT (LOSS)	-7 172	-5 473	-6 955	-5 473
Financial income and expenses				
Other interest and financial income	1	0	1	0
Interest and other financial expenses	-8 251	-172	-8 251	-172
Total financial income and expenses	-8 251	-171	-8 251	-171
Profit (loss) before appropriations and taxes	-15 423	-5 644	-15 206	-5 644
PROFIT (LOSS) FOR THE PERIOD	-15 423	-5 644	-15 206	-5 644

BALANCE
SHEET

EUR (thousand)	GROUP		PARENT COMPANY	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020
ASSETS				
NON-CURRENT ASSETS				
Intangible assets				
Development expenses	6 899	6 238	6 899	6 238
Intangible rights	593	535	593	535
Total intangible assets	7 492	6 773	7 492	6 773
Tangible assets				
Machinery and equipment	113	122	113	122
Advance payments and assets under construction	1 800	705	1 800	705
Total tangible assets	1 913	827	1 913	827
Investments				
Shares in subsidiaries companies	0	0	2	0
Shares in associated companies	1 749	0	1 750	0
Total Investments	1 749	0	1 752	0
	0	0		
NON-CURRENT ASSETS TOTAL	11 155	7 600	11 157	7 600
CURRENT ASSETS				
Receivables				
Long-term receivables				
Other receivables	91	80	91	80
Total long-term receivables	91	80	91	80
Short-term receivables				
Trade receivables	575	524	575	524
Receivables from associated companies	4 432	0	4 432	0
Other receivables	311	549	311	549
Prepayments and accrued income	54	86	54	86
Total short-term receivables	5 372	1 159	5 372	1 159
Total receivables	5 463	1 239	5 463	1 239
Investments	99 719	0	99 719	0
Cash and cash equivalents	7 317	8 122	7 317	8 122
TOTAL CURRENT ASSETS	112 499	9 361	112 499	9 361
TOTAL ASSETS	123 654	16 961	123 656	16 961

EUR (thousand)	GROUP		PARENT COMPANY	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020
EQUITY AND LIABILITIES				
EQUITY				
Share capital	80	3	80	3
Reserve for invested unrestricted equity	139 599	19 530	139 599	19 530
Retained earnings (loss) from previous periods	-10 363	-4 719	-10 363	-4 719
Profit (loss) for the period	-15 423	-5 644	-15 206	-5 644
TOTAL EQUITY	113 893	9 169	114 109	9 169
LIABILITIES				
Non-current liabilities				
Loans from financial institutions	5 943	3 000	5 943	3 000
Total non-current liabilities	5 943	3 000	5 943	3 000
Current liabilities				
Loans from financial institutions	1 000	3 750	1 000	3 750
Advances received	329	12	329	12
Trade payables	1 125	301	1 125	301
Other liabilities	189	420	189	420
Accruals and deferred income	1 176	309	962	309
Total current liabilities	3 818	4 792	3 604	4 792
TOTAL LIABILITIES	9 761	7 792	9 547	7 792
TOTAL EQUITY AND LIABILITIES	123 654	16 961	123 656	16 961

CASHFLOW
STATEMENT

EUR (thousand)	GROUP		PARENT COMPANY	
	1-12/2021	1-12/2020	1-12/2021	1-12/2020
Net cash from operating activities				
Profit (loss) before appropriations and taxes	-15 423	-5 644	-15 206	-5 644
Adjustments:				
Depreciation and amortisation	809	714	809	714
Financial income and expenses	8 251	171	8 251	171
Loss on sale	0	1 098	0	1 098
Share of profit (loss) in associated companies	217	0	0	0
Cash flow before changes in working capital	-6 146	-3 660	-6 146	-3 660
Changes in working capital				
Increase (-) / decrease (+) in current non-interest-bearing receivables	-4 638	-118	-4 638	-118
Increase (+) / decrease (-) in current non-interest-bearing liabilities	1 508	431	1 508	431
Cash flow before financial items and taxes	-9 277	-3 347	-9 277	-3 347
Interest paid and payments for other operating financial expenses	-184	-172	-184	-172
Interest received from operating activities	1	0	1	0
Net cash from operating activities (A)	-9 460	-3 519	-9 460	-3 519
Net cash from investing activities				
Investments in tangible and intangible assets	-2 577	-3 705	-2 577	-3 705
Investments in associated companies	-1 752	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)	-4 610	-1 955	-4 610	-1 955
Net cash from financing activities				
Proceeds from paid-in increases in equity	120 578	1 000	120 578	1 000
Transaction costs from the share issues	-7 787	0	-7 787	0
Proceeds from long-term loans	1 193	600	1 193	600
Repayments of long-term loans	-1 000	-750	-1 000	-750
Net cash from financing activities (C)	112 984	850	112 984	850
Net change in cash and cash equivalents (A+B+C) increase (+) / decrease (-)	98 914	-4 623	98 914	-4 623
Cash and cash equivalents in the beginning of the period	8 122	12 746	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)	GROUP		PARENT COMPANY	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020
Share capital in the beginning of the period	3	3	3	3
Share capital increase	78	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	19 530	18 030	19 530	18 030
IPO + over-allotment option	115 000	0	115 000	0
Directed share issue	5 146	1 500	5 146	1 500
Share capital increase	-78	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	-10 363	-4 719	-10 363	-4 719
Profit (loss) for the period	-15 423	-5 644	-15 206	-5 644
Retained earnings (loss) at the end of the period	-25 786	-10 363	-25 569	-10 363
Total unrestricted equity	113 813	9 167	114 029	9 167
Total equity	113 893	9 169	114 109	9 169

Notes to the consolidated and parent company financial statements

The business ID of Spinnova Plc is (2653299-6) and the company headquarters are located at Palokärjentie 2-4, 40320 Jyväskylä. These consolidated financial statements consist of the parent company Spinnova Plc and its joint venture companies Woodspin Oy and Respin Oy and subsidiary Spinnova Holdings Oy. The shares of the parent company Spinnova Plc have been listed on Nasdaq First North Growth Market in Helsinki since June 24, 2021.

The Board of Directors approved these financial statements for issue on 23 February, 2022. According to the Finnish Companies Act, the shareholders can approve or reject the financial statements at the Annual General Meeting held after their publication. Furthermore, the Annual General Meeting can decide on modifications to be made to the financial statements.

ACCOUNTING POLICIES OF THE FINANCIAL STATEMENTS

This set of financial statements including financial statements for the financial years ended on 31 December 2021 and 31 December 2020 have been prepared in accordance with the accrual principle, going concern principles and principle of prudence irrespective of the results for the financial period. The financial statements are presented in euros. Figures presented in these financial statements have been rounded from exact figures and therefore the sum of figures presented individually can deviate from the presented sum figure.

Intangible and tangible assets are recognised as expenses as amortisation and depreciation within their useful lives. Amortisation and depreciation according to plan are as follows:

Development expenses	straight-line	10 years
Intangible rights	straight-line	10 years
Machinery and equipment	residual method	25%

Intangible and tangible assets

Intangible and tangible assets are recognised in the balance sheet at the acquisition cost less any planned depreciation and amortisation, received subsidies, and possible impairment losses. Incomplete assets whose useful life has not yet begun, are recorded in advance payments for intangible assets or advance payments for tangible assets and assets in progress according to their nature. Intangible and tangible assets are recorded as expenses as amortisation and depreciation according to predetermined plans during their useful life.

Research and development expenses

Research expenses, such as the acquisition of new data and the search for alternative products and processes, are recognised as expenses on an accrual basis, i.e. on the date the expense is incurred.

The company has capitalised development expenses according to the Accounting Act 5:8§. The company capitalises development expenses in intangible assets if they are expected to generate income over several financial periods. According to the principle of prudence the Company does not capitalise all development expenses. The company has capitalised materials and consumables as well as external services which have been directly attributable to completing the asset as the management has intended it to function. The company has not capitalised personnel expenses. During the development period of a specific asset, prior to the completion of the asset the development costs are capitalized as assets under construction.

The company capitalises development expenses as an intangible asset when the completion of the asset is technically feasible so that the asset is available for use or sale, the company has the capacity, intention, and resources to complete the asset as well as to use it or sell it, the company estimates that the asset is likely to have future economic benefits that can be demonstrated, and the company is able to reliably measure the expenses attributable to the intangible asset during its development phase.

The estimates concerning development expenses capitalised on the balance sheet involve factors of uncertainty and it is possible that the expected

economic benefits to be generated from development projects may vary as conditions change. The value of development expenses capitalised on the balance sheet may be reduced if the expected economic benefits to be generated changes.

If the expected economic benefits to be generated by an asset is less than the balance sheet value, i.e. the development expenses capitalised less historical amortisation, the value of the capitalised development expenses is adjusted with a write-off to correspond to the expected economic benefits to be generated by the asset.

The capitalised and not yet amortised development expenses is deducted from the company's distributable unrestricted equity. The company presents the book value of capitalised development expenses as a separate line item in the calculation of distributable unrestricted equity.

Measurement of receivables, financial instruments and liabilities

Receivables and liabilities that are due in more than a year have been classified as non-current in the balance sheet. Receivables and liabilities that are due within a year have been classified as current, respectively.

The company has measured receivables at nominal value or probable value which is lower than nominal value. Securities included in the financial assets and other such financial assets are measured at the acquisition cost or at fair value which is lower than acquisition cost.

The company's liabilities have been measured at nominal value. In the periods when the company has not met

covenants of a loan or received a waiver from the lender the loan has been classified as current. The company has three loans from financial institutions. One of the loans contains the following covenants: equity ratio more than 30%; a restriction to sell or transfer of asset items in the balance sheet; the company has obligation to deliver its financial statements to the financial institution within 30 days of the maximum preparation period set by the Accounting Act.

On 31 December 2020 the loan from Keski-Suomen Osuuspankki was classified as a current liability due to the non-compliance with the founder ownership covenant. The company has 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. The loan agreement was updated in June 2021 and the founder ownership covenant was removed from the loan agreement.

Accounting policies for recognition of income and expenses

The company's revenue in 2021 mainly consisted of technology delivery sales and technology proof-of-concept project sales to Spinnova's joint venture companies. The rest of the revenue in 2021 and all revenue in 2020 consisted of R&D services to Spinnova's customers and partners under joint development agreements.

Revenue recognition from the technology delivery and technology proof-of-concept projects is based on the percentage of completion method whereby the completion percentage is derived from the incurred costs compared to the total estimated costs of the project during the total project timeline.

Revenue from the R&D services have been recognised when the services have been rendered. By their nature these revenues do not constitute product-based sales or provide an indication of the future basis under which the company expects to earn revenues, but they have been used to develop potential future partnerships and the company's products further. In the future, revenues will consist of technology sales applied with the percentage of completion method, recurring technology fees and revenues from fabric sales.

Indirect taxes and discounts provided to customers have been deducted from revenue recognised. The company recognises expenses with accrual basis when the company has received goods or services.

Grants received

Grants received for acquiring intangible and tangible assets have been recognised as a decrease of the acquisition cost in balance sheet. Other grants received have been recognised as Other operating income.

Group consolidation

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.

In the full year 2021 financials the eliminated profit of the proof-of-concept project to Respin and the share of profit from Respin is reported in the liabilities under the line-item accruals and deferred income due to the fact that Spinnova's first equity investment into Respin will occur after the proof-of-concept project is finalized.

The only differences between consolidated Spinnova Group's financials and parent company Spinnova Plc's financials during the full year 2021 are driven by the consolidation of joint venture companies' profits (loss) and eliminated profit margin from technology sales from Spinnova Plc to Respin.

Holdings in other companies

- Respin Oy (3177396-2), based in Finland, a joint venture, 50% ownership.
- Woodspin Oy (3201103-8), based in Finland, a joint venture, 50% ownership.
- Spinnova Holdings Oy (3192902-3), based in Finland, a subsidiary, 100% ownership.

Notes to the Group financial statements

REVENUE SPLIT BY REVENUE RECOGNITION METHOD

EUR (thousand)	1-12/2021	1-12/2020
Revenue based on the percentage of completion method	5 586	0
Other revenue	476	254
Total	6 063	254

GRANTS RECEIVED

The Company has received an EU grant for a development project during years 2018 to 2020. The project was completed in 2020. The expenses related to the grant are included in materials and services and personnel expenses.

EUR (thousand)	1-12/2021	1-12/2020
Other operating income	0	77

MATERIALS AND SERVICES

The vast majority of the materials and services purchased during the financial year 2021 were related to the technology and proof-of-concept delivery projects to Spinnova's joint venture companies, Woodspin and Respin.

EUR (thousand)	1-12/2021	1-12/2020
Raw materials and consumables	-4 073	-65
External services	-946	-62
Total materials and services	-5 020	-128

PERSONNEL EXPENSES

During the reporting period the Company's average number of permanent personnel was 49 employees (34 in 2020).

EUR (thousand)	1-12/2021	1-12/2020
Wages and salaries	-3 735	-1 939
Social security expenses		
Pension expenses	-567	-303
Other social security expenses	-198	-77
Total personnel expenses	-4 500	-2 318

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.

EUR (thousand)	1-12/2021	1-12/2020
CEO	199	133
Management team	582	274
Board of Directors	28	0
Total *	809	407

MANAGEMENT PENSION OBLIGATIONS

The Company offers the statutory pension cover to the management, which has been covered with a pension insurance with defined contributions (TyEL).

* The management remuneration table includes the annual salaries and benefits of the management and does not include the statutory pension insurance cover (TyEL).

DEPRECIATION, AMORTISATION AND IMPAIRMENT LOSSES

EUR (thousand)	1-12/2021	1-12/2020
Development expenses	-700	-609
Intangible rights	-78	-65
Machinery and equipment	-31	-41
Total depreciation and amortisation	-809	-714

OTHER OPERATING EXPENSES

EUR (thousand)	1-12/2021	1-12/2020
Other personnel costs	-350	-237
Premises and equipment	-861	-641
Corporate and administrative expenses	-1 269	-498
Other expenses	-211	-169
Loss on the sale of assets*	0	-1 098
Total other operating expenses	-2 691	-2 644

* As part of the formation of the Woodspin joint venture with Suzano in December 2020, the Company sold its capitalised development work related to wood-based refining technology to Suzano.

AUDITOR'S FEES

EUR (thousand)	1-12/2021	1-12/2020
Auditor's fees	32	12
Engagements referred to in the Auditing Act, 1.1,2 §	417	0
Tax services	11	2
Other services	4	10

FINANCIAL INCOME AND EXPENSES

Increase in the financial expenses during the year 2021 compared to year 2020 was mainly driven by the initial public offering related expenses shown in the other financial expenses.

EUR (thousand)	1-12/2021	1-12/2020
Financial income	1	0
Interest expenses	-105	-143
Securities at fair value	-281	0
Other expenses	-7 866	-28
Total financial income and expenses	-8 251	-171

CHANGES IN INTANGIBLE AND TANGIBLE ASSETS

EUR (thousand)	Development expenses ¹	Intangible rights	Machinery and equipment	Assets under construction	Total
2021					
Acquisition cost in the beginning of the period	6 993	787	396	705	8 881
Transfers from assets under construction	1 361	136	0	-1 497	0
Additions	0	0	22	2 592	2 614
Acquisition cost at the end of the period	8 354	922	418	1 800	11 495
Accumulated amortisation and impairment losses in the beginning of the period	-756	-252	-274	0	-1 281
Amortisation according to plan	-700	-78	-31	0	-809
Accumulated amortisation and impairment losses at the end of the period	-1 455	-329	-305	0	-2 090
Book value at the end of the period	6 899	593	113	1 800	9 405

EUR (thousand)	Development expenses ¹	Intangible rights	Machinery and equipment	Assets under construction	Total
2020					
Acquisition cost in the beginning of the period	6 088	661	364	944	8 057
Transfers from assets under construction	905	126	0	-1 031	0
Additions	0	0	32	3 641	3 673
Deductions ²	0	0	0	-2 848	-2 848
Acquisition cost at the end of the period	6 993	787	396	705	8 881
Accumulated amortisation and impairment losses in the beginning of the period	-147	-187	-233	0	-567
Amortisation according to plan	-609	-65	-41	0	-714
Accumulated amortisation and impairment losses at the end of the period	-756	-252	-274	0	-1 281
Book value at the end of the period	6 238	535	122	705	7 600

¹ 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".

² Deduction of assets under construction 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.

INVESTMENTS

EUR (thousand)	Shares in subsidiary companies
Net book value at 1 January, 2021	0
Additions	1 750
Eliminations	-1
Net book value at 31 December, 2021	1 749
Book value at 31.12.2021	1 749
Book value at 31.12.2020	0

OTHER CURRENT RECEIVABLES

EUR (thousand)	31.12.2021	31.12.2020
Share issue receivables	68	500
Other receivables	242	49
Total other current receivables	311	549

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.

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

MATERIAL ITEMS INCLUDED IN PREPAYMENTS AND ACCRUED INCOME AS WELL AS ACCRUALS AND DEFERRED INCOME

Individual items included in prepayments and accrued income as well as accruals and deferred income consist of typical year-end related accrued items such as personnel expenses and social security expenses. Share of profit from Respin as well as the unrealized margin of the proof-of-concept delivery to Respin is reported in the Other accruals and deferred income.

Accrued vacation payment consists of remaining vacation days from the reporting period and periods prior to the reporting period. Company policy is to grant employees all of the annual vacation days at the beginning of the calendar year, which results in a practice where the accrued vacation salary is at its highest level in January.

EUR (thousand)	31.12.2021	31.12.2020
Prepayments and accrued income		
Accruals of payments	36	22
Other accruals	18	37
Expenses to be re-invoiced	0	28
Total prepayments and accrued income	54	86
Accruals and deferred income		
Accrued salaries	659	0
Accrued vacation salaries	90	174
Pension insurance payments	158	75
Social security payments of the employer	54	37
Other accruals and deferred income	215	23
Total accruals and deferred income	1 176	309

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 Soinen 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.

DEFERRED TAXES

According to a principle of prudence, the Company has not recognised deferred tax assets from tax losses carried forward.

EUR (thousand)	31.12.2021	31.12.2020
Tax losses carried forward from previous years	10 416	4 775
Tax loss carried forward from the period	15 138*	5 641
Tax losses carried forward total	25 554	10 416

* The loss for the period of 2021 is yet not approved by the tax authorities.

GUARANTEES AND CONTINGENT LIABILITIES

EUR	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*		
Maturing in less than 12 months	488	274
Maturing in more than 12 months	365	485
Leasing liabilities*		
Maturing in less than 12 months	101	67
Maturing in more than 12 months	113	101
Total rental and leasing liabilities	1 068	926

* Rental 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.

Notes to the parent company financial statements

REVENUE SPLIT BY REVENUE RECOGNITION METHOD

EUR (thousand)	1-12/2021	1-12/2020
Revenue based on the percentage of completion method	5 586	0
Other revenue	476	254
Total	6 063	254

GRANTS RECEIVED

The Company has received an EU grant for a development project during years 2018 to 2020. The project was completed in 2020. The expenses related to the grant are included in materials and services and personnel expenses.

EUR (thousand)	1-12/2021	1-12/2020
Other operating income	0	77

MATERIALS AND SERVICES

The vast majority of the materials and services purchased during the financial year 2021 were related to the technology and proof-of-concept delivery projects to Spinnova's joint venture companies, Woodspin and Respin.

EUR (thousand)	1-12/2021	1-12/2020
Raw materials and consumables	-4 073	-65
External services	-946	-62
Total materials and services	-5 020	-128

PERSONNEL EXPENSES

During the reporting period the Company's average number of permanent personnel was 49 employees (34 in 2020).

EUR (thousand)	1-12/2021	1-12/2020
Wages and salaries	-3 735	-1 939
Social security expenses		
Pension expenses	-567	-303
Other social security expenses	-198	-77
Total personnel expenses	-4 500	-2 318

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.

EUR (thousand)	1-12/2021	1-12/2020
CEO	199	133
Management team	582	274
Board of Directors	28	0
Total *	809	407

* The management remuneration table includes the annual salaries and benefits of the management and does not include the statutory pension insurance cover (TyEL).

MANAGEMENT PENSION OBLIGATIONS

The Company offers the statutory pension cover to the management, which has been covered with a pension insurance with defined contributions (TyEL).

DEPRECIATION, AMORTISATION AND IMPAIRMENT LOSSES

EUR (thousand)	1-12/2021	1-12/2020
Development expenses	-700	-609
Intangible rights	-78	-65
Machinery and equipment	-31	-41
Total depreciation and amortisation	-809	-714

OTHER OPERATING EXPENSES

EUR (thousand)	1-12/2021	1-12/2020
Other personnel costs	-350	-237
Premises and equipment	-861	-641
Corporate and administrative expenses	-1 269	-498
Other expenses	-209	-169
Loss on the sale of assets*	0	-1 098
Total other operating expenses	-2 689	-2 644

* As part of the formation of the Woodspin joint venture with Suzano in December 2020, the Company sold its capitalised development work related to wood-based refining technology to Suzano.

AUDITOR'S FEES

EUR (thousand)	1-12/2021	1-12/2020
Auditor's fees	32	12
Engagements referred to in the Auditing Act, 1.1.2 §	417	0
Tax services	11	2
Other services	4	10

FINANCIAL INCOME AND EXPENSES

Increase in the financial expenses during the year 2021 compared to year 2020 was mainly driven by the initial public offering related expenses shown in the other financial expenses.

EUR (thousand)	1-12/2021	1-12/2020
Financial income	1	0
Interest expenses	-105	-143
Securities at fair value	-281	0
Other expenses	-7 866	-28
Total financial income and expenses	-8 251	-171

CHANGES IN INTANGIBLE AND TANGIBLE ASSETS

EUR (thousand)	Development expenses ¹	Intangible rights	Machinery and equipment	Assets under construction	Total
2021					
Acquisition cost in the beginning of the period	6 993	787	396	705	8 881
Transfers from assets under construction	1 361	136	0	-1 497	0
Additions	0	0	22	2 592	2 614
Acquisition cost at the end of the period	8 354	922	418	1 800	11 495
Accumulated amortisation and impairment losses in the beginning of the period	-756	-252	-274	0	-1 281
Amortisation according to plan	-700	-78	-31	0	-809
Accumulated amortisation and impairment losses at the end of the period	-1 455	-329	-305	0	-2 090
Book value at the end of the period	6 899	593	113	1 800	9 405

EUR (thousand)	Development expenses ¹	Intangible rights	Machinery and equipment	Assets under construction	Total
2020					
Acquisition cost in the beginning of the period	6 088	661	364	944	8 057
Transfers from assets under construction	905	126	0	-1 031	0
Additions	0	0	32	3 641	3 673
Deductions ²	0	0	0	-2 848	-2 848
Acquisition cost at the end of the period	6 993	787	396	705	8 881
Accumulated amortisation and impairment losses in the beginning of the period	-147	-187	-233	0	-567
Amortisation according to plan	-609	-65	-41	0	-714
Accumulated amortisation and impairment losses at the end of the period	-756	-252	-274	0	-1 281
Book value at the end of the period	6 238	535	122	705	7 600

¹ 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".

² Deduction of assets under construction 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

INVESTMENTS

EUR (thousand)	Shares in subsidiaries companies	Shares in associated companies
Net book value at 1 January, 2021	0	0
Additions	1 750	2
Deductions	0	0
Net book value at 31 December, 2021	1 750	2
Book value at 31.12.2021	1 750	2
Book value at 31.12.2020	0	0

OTHER CURRENT RECEIVABLES

EUR (thousand)	31.12.2021	31.12.2020
Share issue receivables	68	500
Other receivables	242	49
Total other current receivables	311	549

DISTRIBUTABLE UNRESTRICTED EQUITY

EUR thousand	31.12.2021	31.12.2020
Retained earnings	-10 363	-4 719
Profit (loss) of the period	-15 206	-5 644
Reserve for invested unrestricted equity	139 599	19 530
Share issue	-68	-500
Capitalised development expenses	-8 699	-6 943
Total distributable unrestricted equity	105 262	1 724

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.

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

MATERIAL ITEMS INCLUDED IN PREPAYMENTS AND ACCRUED INCOME AS WELL AS ACCRUALS AND DEFERRED INCOME

Individual items included in prepayments and accrued income as well as accruals and deferred income consist of typical year-end related accrued items such as personnel expenses and social security expenses.

EUR (thousand)	31.12.2021	31.12.2020
Prepayments and accrued income		
Accruals of payments	36	22
Other accruals	18	37
Expenses to be re-invoiced	0	28
Total prepayments and accrued income	54	86
Accruals and deferred income		
Accrued salaries	659	0
Accrued vacation salaries	90	174
Pension insurance payments	158	75
Social security payments of the employer	54	37
Other accruals and deferred income	1	23
Total accruals and deferred income	962	309

DEFERRED TAXES

According to a principle of prudence, the Company has not recognised deferred tax assets from tax losses carried forward.

EUR (thousand)	31.12.2021	31.12.2020
Tax losses carried forward from previous years	10 416	4 775
Tax loss carried forward from the period	14 921*	5 641
Tax losses carried forward total	25 337	10 416

*The loss for the period of 2021 is yet not approved by the tax authorities.

GUARANTEES AND CONTINGENT LIABILITIES

EUR	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*		
Maturing in less than 12 months	488	274
Maturing in more than 12 months	365	485
Leasing liabilities*		
Maturing in less than 12 months	101	67
Maturing in more than 12 months	113	101
Total rental and leasing liabilities	1 068	926

*Rental and leasing liabilities are presented with VAT included.

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.

Signatures to the financial statements

IN JYVÄSKYLÄ, FEBRUARY 23, 2022

SPINNOVA PLC

SOININEN TIMO
Chair of the Board of Directors

NONINO VINICIUS
Board Member

KIVIMÄKI ILKKA
Board Member

KRONER GERT
Board Member

LIIRI HANNA
Board Member

SALMELA JUHA
Board Member

SUNDBIK HARRI
Board Member

PORANEN JANNE
CEO

Auditor's note

We have today issued an auditor's report on the audit performed.

In Jyväskylä,
February 23, 2022

PricewaterhouseCoopers Oy,
Authorized Public Accountants

Launis Markku,
Authorized Public Account

Auditor's Report

(Translation of the Finnish Original)

TO THE ANNUAL GENERAL MEETING OF SPINNOVA PLC

Report on the Audit of the Financial Statements

OPINION

In our opinion, the financial statements give a true and fair view of the group's and the company's financial performance and financial position in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements.

WHAT WE HAVE AUDITED

We have audited the financial statements of Spinnova Oyj (business identity code 2653299-6) for the financial period 1.1.-31.12.2021. The financial statements comprise the balance sheets, the income statements, cash flow statements and notes for the group as well as for the parent company.

BASIS FOR OPINION

We conducted our audit in accordance with good auditing practice in Finland. Our responsibilities under good auditing practice are further described in the Auditor's Responsibilities for the Audit of Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

INDEPENDENCE

We are independent of the parent company and of the group companies in accordance with the ethical requirements that are applicable in Finland and are relevant to our audit, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

RESPONSIBILITIES OF THE BOARD OF DIRECTORS AND THE MANAGING DIRECTOR FOR THE FINANCIAL STATEMENTS

The Board of Directors and the Managing Director are responsible for the preparation of financial statements that give a true and fair view in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors and the Managing Director are responsible for assessing the parent company's and the group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting. The financial statements are prepared using the going concern basis of accounting unless there is an intention to liquidate the parent company or the group or to cease operations, or there is no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with good auditing practice will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with good auditing practice, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the parent company's or the group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the parent company's or the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the parent company or the group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events so that the financial statements give a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Other Reporting Requirements

OTHER INFORMATION

The Board of Directors and the Managing Director are responsible for the other information. The other information that we have obtained prior to the date of this auditor's report is the report of the Board of Directors.

Our opinion on the financial statements does not cover the other information.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. With respect to the report of the Board of Directors, our responsibility also includes considering whether the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

In our opinion, the information in the report of the Board of Directors is consistent with the information in the financial statements and the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Jyväskylä
PricewaterhouseCoopers Oy
Authorised Public Accountants

Markku Launis
Authorised Public Accountant (KHT)

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