

A high-angle photograph of a woman with dark hair, wearing a light-colored hoodie, climbing a steep, rocky cliff. She is reaching up with her right hand on a rock ledge. The cliff is composed of large, dark, textured rocks. Some dry, yellowish-brown grass is growing on the rocks. The background shows more of the cliff and some bare tree branches.

Half-Year Report

January–June 2022

8 September 2022

SPINNOVA®

SPINNOVA PLC'S HALF-YEAR REPORT JANUARY–JUNE 2022 (Unaudited)

PRODUCTION SCALING STRATEGY AND COMMERCIALISATION PROCEEDING ACCORDING TO PLAN

JANUARY TO JUNE 2022¹

- Revenue grew to EUR 7 635 thousand (EUR 370 thousand)
- Operating loss for the period was EUR 5 825 thousand (EUR 3 093 thousand loss)
- Total investments were EUR 7 435 thousand (EUR 2 949 thousand)
- Net cash was EUR 95 059 thousand (EUR 98 354 thousand)
- The number of permanent employees at the end of the period grew to 69 (49).

SIGNIFICANT EVENTS DURING H1 / 2022

- 10 February: First commercial product made with a SPINNOVA® blend launched with adidas
- In May the management team was strengthened by appointing Allan Andersen as Chief Sales Officer and Teemu Lindberg Executive Vice President, Production Scaling
- 2 June: Woodspin increased its capital investment budget by EUR 9 million to enhance sustainability and R&D capabilities and account for cost inflation.
- 3 June: Chief Product Officer Lotta Kopra resigned from her operative role continuing as an Advisor
- 14 June: Kim Poulsen was appointed as the new CEO of Spinnova and Janne Poranen was appointed Chair and Harri Sundvik as Deputy Chair of Spinnova Board of Directors, as of 1 August 2022

SIGNIFICANT EVENTS AFTER THE PERIOD

- 1 September: General Counsel Lasse Holopainen was appointed to the management team

OUTLOOK FOR 2022 (UNCHANGED):

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

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

¹Unless otherwise specified, all figures presented in this half-year report in brackets refer to the corresponding period of the previous year. The information in the half-year report is unaudited. Information concerning the full year 2021 is based on the audited financial statements for 2021.

SPINNOVA PLC'S KEY FIGURES

EUR Thousand	1-6/2022	1-6/2021	1-12/2021
Revenue	7 635	370	6 063
Operating profit / loss	-5 825	-3 093	-7 172
Earnings per share (EUR, diluted and undiluted) ¹⁾	-0.15	-0.30	-0.36
Net debt	-95 059	-98 354	-100 093
Equity ratio, %	87%	90%	92%
Number of permanent employees at the end of the period	69	49	58
Number of permanent employees, average	65	43	49

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

The number of shares used in the key performance indicators table are as follows:

Period	Average number of shares during the period	Number of shares at the end of the period
1-6 / 2022	51 296 473	51 348 455
1-6 / 2021	34 911 355	49 272 515
1-12 / 2021	43 133 797	51 243 605



CEO'S REVIEW

The first half of 2022 was a time of many exciting changes for Spinnova. I was humbled and honoured to start as Spinnova's CEO on August 1st continuing the outstanding work of co-founder Janne Poranen. Our ambitious goal is to scale and commercialise SPINNOVA® fibre technology and production with our highly dedicated and talented team.

Succeeding in our strategy is dependent on our world class people. During the first half of the year, we have completed recruitments of key personnel in order to implement our ambitious plan. For Spinnova, safety and well-being of employees is our number one priority, and we continue to develop first class processes.

SPINNOVA® is a climate positive textile fibre

Our breakthrough technology sets Spinnova apart. Carbon handprint calculations made for the first Spinnova commercial factory in 2022 showed that the production value chain is expected to save more CO₂ emissions than it emits, making SPINNOVA® fibre a climate positive textile material. This is a huge advantage in the textile market where the shift to sustainable materials is speeding up.

First commercial products launched by brand partners

In the first half of 2022, we were excited to announce the first commercial products with our brand partners adidas and ARKET. These products are made with a SPINNOVA® fibre and cotton blend, demonstrating SPINNOVA® as a sustainable premium textile ingredient brand suitable for commercial use. Product development continues with our many brand partners, and we aim to continue introducing new commercial products throughout the year.

Scaling proceeding as planned

The commercialisation and scaling strategy is proceeding according to plan. The demand for sustainable fibre continues to increase in the nearly EUR 200 billion annual revenue global textile fibre market.

This year our main focus has been building our first commercial factory for Woodspin (50/50 JV between Spinnova and Suzano). The construction and technology deliveries are both on track to be completed by the end of 2022. In order to enhance sustainability and R&D capabilities of the factory as well as to account for cost inflation, Woodspin decided to increase the capital investment budget for Woodspin by EUR 9 million. We want to have the best possible concept in place when Woodspin starts operating.

Respin's (50/50 JV between Spinnova and Ecco) pilot factory has been running successfully during the current year and we are starting to plan the commercialisation phase according to schedule. Spinnova is the exclusive technology provider for Woodspin and Respin. Technology sales to both companies have realized according to the timetable, which can be seen in our sales growth.

The next phase of scaling is Woodspin's second factory for which Woodspin has started feasibility planning. Spinnova as exclusive technology provider has started the pre-engineering work for the technology concept for this factory.

Spinnova's technology is ready to scale and I look forward to executing our growth strategy further together with the whole team. I would like to thank our world class team, partners, customers and investors for their continuous support.

Kim Poulsen
CEO



SPINNOVA IN BRIEF

SPINNOVA® is the breakthrough sustainable fibre, created with ground-breaking technology, that mimics how spiders weave their webs. SPINNOVA® can be produced from multiple raw materials from wood to leather, textile, agricultural, food industry and beverage waste. The look and feel of SPINNOVA® is similar to natural fibres such as cotton and linen.

Textile fibres are estimated to be the single largest contributor of greenhouse gas emissions in the fashion industry. Spinnova production technology provides a sustainable alternative to address this and other environmental challenges in the industry. We believe the shift to sustainable materials will be further accelerated as consumers are increasingly demanding and willing to pay more for materials that help solve problems arising from water and chemical intensive cotton or man-made fibres such as polyester and viscose.

SPINNOVA® production results in zero waste and pollution: Each kilogram of raw material is converted to a kilogram of fibre, without using of harmful chemicals. SPINNOVA® is made to circulate. The fibre retains its quality, spin after spin. This is unique in mechanical recycling. When the fibre reaches the end of its lifecycle, it is fully biodegradable and can become part of nature again.

SPINNOVA® CO₂ emissions from the production of SPINNOVA® fibre are 72% lower compared to conventional cotton. The first commercial scale production plant, currently being built in Jyväskylä, Finland, is expected to save more CO₂ emissions than it emits.¹

Having completed the main phase of research and development, Spinnova is ramping up its global commercialisation phase.



BRAND PARTNERS

adidas *Bergans* OF NORWAY BESTSELLER® ECCO®

H&M Group icebreaker Move to natural marimekko THE NORTH FACE

RECENT AWARDS



¹Factory specific and based on carbon handprint calculations made by an independent third-party consultancy Clonet. Carbon handprint methodology has been developed by the Finnish Technical Research Centre VTT and LUT University and are based on the ISO 14067:2018 standard.

STRATEGY & BUSINESS TARGETS

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

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



Technology strategy

Spinnova's pilot production plant for wood-based SPINNOVA® fibre has been operating for three years now. Spinnova's and Suzano's Woodspin joint venture is building a 1k tonne plant. This factory is expected to serve as a demonstration of industrial scale production capacity. The planning for the next production plant has been started. Spinnova is currently also piloting and planning to scale up leather waste-based fibre production on an exclusive basis with ECCO.

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

Go-to market strategy

Spinnova's go-to-market strategy focuses on the three elements 1) technology sales, 2) fibre production and sales and 3) fabric sales. This encompasses selling Spinnova's technology platform exclusively to the joint venture companies in which it holds a 50% ownership stake, and in the future potentially selling or licensing its technology platform to other parties. The first technology sales to joint ventures have been realized.

The joint venture companies produce SPINNOVA® fibre using the technology platform acquired from Spinnova and sell the SPINNOVA® fibre to textile brands. Spinnova's fibre sales is in the pre-commercial phase where products are developed jointly with brand partners.

Spinnova also aims to establish its own commercial scale fabric production supply chain selling SPINNOVA® fabrics. The fibre used in the yarn and fabrics production would be purchased from the joint ventures producing SPINNOVA® fibre.

Product and brand strategy

Spinnova's brand vision is to become the top-of-mind sustainable textile material globally. The value proposition centres around sustainability, high performance benefits and natural feel. Spinnova's objective is to build partnerships with selected leading apparel brands and to anchor the SPINNOVA® brand to high volume product segments. Spinnova targets both premium and luxury brands as well as mass-market brands. Spinnova has launched partnerships with several leading brands such as adidas, Bergans of Norway, Bestseller, H&M Group, Marimekko and the North Face. Spinnova aims to position itself as an appealing ingredient brand, which is visible to the consumer in the brand partners' final products.

Business targets

In H1 / 2021, Spinnova Group set the following medium and long-term business targets. The progress at the end of H1 / 2022 is described below.

	COMMERCIAL		PRODUCTION		BUSINESS
Progress against business targets	✓ Launch of hoody with adidas	adidas	✓ Pilot plant operational for 3 years		✓ EUR 7.6 million sales in H1/2022, majority from technology sales
	✓ Launch of signature overshirt with ARKET (H&M)	ARKET	✓ 1kT plant on track for completion by the end of 2022		✓ Sales Outlook for 2022 higher than 2021 (EUR 6 million)
	✓ Multiple products with Bergans	Bergans OF NORWAY	✓ 50kT plant in feasibility planning and technology concept pre-engineering phase		
Medium term targets (2025–2027)	Up to 20 commercial textile brand partnerships, which have SPINNOVA® materials in their product lines		150 thousand tonnes of SPINNOVA® fibre production capacity		EBIT positive
Long term targets (2031–2033)	Up to 80 commercial textile brand partnerships, which have SPINNOVA® materials in their product lines		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



MARKET OUTLOOK

The value of the global textile fibre market was about EUR 200 billion in 2021 and is expected to grow to approximately EUR 244 billion by 2030. Global fibre consumption is expected to grow to 150-155 million tonnes by 2030.

Spinnova's initial target market, the fashion and apparel sector, represents approximately 75-85% of the global fibre market. Since 2000, apparel consumption has more than doubled, growing from around 50 billion units sold in 2000 to more than 130 billion units sold in 2020. The number of units sold in 2020 accounts for approximately 90 million tons of fibre, a market value of approximately EUR 160 billion.¹

The 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 and regulators demand more environmentally friendly options.



The EU is calling for a change in the textile industry demonstrated by its new Strategy for Sustainable and Circular Textiles that aims for textile products in EU to be long-lived and recyclable, to a great extent made of recycled fibres, free of hazardous substances and produced respecting social rights and the environment by 2030². 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 fibres³. This sets SPINNOVA® apart from man-made cellulosic fibres that are produced in a regenerative chemical process.

Various other industries are also on the lookout to replace their existing textile materials with sustainable, renewable alternatives, to minimize CO₂ emissions as well as chemical and water use. Spinnova is engaged in testing and entering into select partnerships in interior textiles, transportation textiles and selected non-woven and composite areas. ISPO award-winning alpine skis from PUSU and Spinnova is an example of a commercial product in the field of composites.

Critical climate action called for by, amongst others, the IPCC (Intergovernmental Panel on Climate Change), which latest report was published in April 2022, 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 sustainable textile fibre can 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 growth is expected to continue. This in turn is expected to drive the demand for Spinnova's technology.

Impact of COVID and war in Ukraine

Spinnova has seen no material direct impacts on its business relating to the coronavirus pandemic or the war in Ukraine. Spinnova is however closely monitoring the situation and will adjust its operations and plans if needed.

¹Company management and third-party sources mentioned in Spinnova IPO Offering Circular 10 June 2021

²EU Strategy for Sustainable and Circular Textiles, 30 March 2022

³Textile Exchange's Preferred textile fibres and materials report 2020, 17 August 2021.

FINANCIAL REVIEW FOR SPINNOVA GROUP

JANUARY 1–JUNE 30, 2022

Revenue

Spinnova's revenue was EUR 7 635 thousand (EUR 370 thousand) for the six months ended 30 June 2022. During the period, the vast majority of the revenue was derived from the technology delivery projects to Woodspin's 1 thousand tonne production facility and to Respin.

The remainder of the revenue during the period consisted primarily of R&D services and development projects provided to Spinnova's partners.

Results

Spinnova's operating loss was EUR 5 825 thousand (EUR 3 093 thousand loss) for the six months ended 30 June 2022. The increase of the operating loss was primarily driven by the overall ramp-up of the business as planned in terms of hiring new employees to key roles in the organization, developing tools around key business processes and accelerating sales, marketing and branding activities.

Spinnova's materials and services expenses were EUR 7 022 thousand (EUR 270 thousand) for the six months ended 30 June 2022. The majority of the increase from the comparison period was due to the technology delivery to Woodspin.

Spinnova's personnel expenses were EUR 3 880 thousand (EUR 1 815 thousand) for the six months ended 30 June 2022. The increase in personnel expenses was primarily due to strengthening the key teams in the organization. New employees were hired to R&D, production and technology delivery teams to ensure timely technology delivery and start-up for the 1k tonne Woodspin factory. The commercial team was expanded to accelerate the sales, branding and marketing activities of Spinnova and its joint venture companies. Also, management and corporate functions teams hired new employees to support the growth of the company. The number of permanent employees on average during the first half of 2022 was 65 as compared to an average of 43 during the first half of 2021.

Depreciation and amortisation were EUR 478 thousand (EUR 404 thousand) for the six months ended 30 June 2022. The increase was driven by a higher level of fixed assets, mainly capitalized development expenses, during the period compared to 2021.

Other operating expenses were EUR 2 008 thousand (EUR 974 thousand) for the six months ended 30 June 2022. Overall 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.

Financial expenses were EUR 1 710 thousand (EUR 7 294 thousand) for the six months ended 30 June 2022. The majority of the expenses in 2022 related to losses from Spinnova's investments in money market funds, driven by the negative development of global markets. Overall financial expenses were lower than in 2021 as the majority of expenses in the first half of 2021 were related to Spinnova's initial public offering.

Financial Position and Cashflows

Spinnova's total assets at the end of the review period were EUR 122 327 thousand (EUR 117 951 thousand). Equity was EUR 106 414 thousand (EUR 103 860 thousand) and investments and cash and cash equivalents were EUR 101 501 thousand (EUR 105 223 thousand). Net debt amounted to EUR -95 059 thousand (EUR -98 354 thousand).

Spinnova's cash flow from operating activities in January–June 2022 was EUR 3 816 thousand (EUR -5 756 thousand). The net cash flow used in operating activities was driven by the loss of the period, offset by positive change in working capital achieved by optimizing the level of trade receivables from technology deliveries to company's joint ventures and trade payables to the company's key suppliers.

Cash flow from investing activities was EUR -8 969 thousand (EUR -2 839) thousand. The net cash flow used in investing activities was affected by investments made in the Woodspin joint venture, the company's

capitalised development investments as well as realized negative performance of the company's short-term investments in money market funds.

Cash flow from financing activities was EUR -382 thousand (EUR 105 697 thousand) during the six months ended 30 June 2022. It comprised of repayment of a long-term loan partly offset by proceeds from paid-in increases in equity. In the first half of 2021 the cash flow from financing activities was mainly impacted by the gross proceeds of the initial public offering.

Investments and Research and Development

Spinnova's investments in development of new technology were EUR 2 584 thousand (EUR 1 199 thousand) for the six months ended 30 June 2022. The investments were comprised mainly of capitalised development investment which at the end of the reporting period were classified as assets under construction.

In the six months ended 30 June 2022 the company invested a total of EUR 4 750 thousand (EUR 1 750 thousand) to its joint venture company, Woodspin Oy to finance the construction of the first Woodspin commercial factory.

Employees

Spinnova's number of permanent employees grew to 69 at the end of the period as compared to 49 on 30 June 2021. The total number of Spinnova's employees was 84 on 30 June 2022, including 15 fixed term employees.

Spinnova's number of permanent employees grew to an average of 65 during the period as compared to an average of 43 during the first half of 2021.

Annual General Meeting 2022 and constitutive meeting of the board and board committees

Spinnova Plc's Annual General Meeting (the "AGM") was held on 5 May 2022. The AGM approved the financial statements and discharged the members of the Board of Directors and the CEO from liability for the financial year 2021 and approved both the Company's Remuneration Report and Remuneration Policy. The Meeting decided that no dividend will be paid for the financial year that ended on 31 December 2021.

The number of members of the Board of Directors was confirmed to be eight and the AGM re-elected Timo Soininen, Gert Kroner, Hanna Liiri, Vinicius Nonino, Juha Salmela and Harri Sundvik as members of the Board of Directors. Sari Pohjonen and Janne Poranen were elected as new members. The AGM confirmed a fixed monthly compensation of EUR 2 000 for each Board Member. The AGM also authorized the board to grant option rights for Sari Pohjonen to subscribe for a maximum of 40 000 shares in the Company.

The AGM re-elected PricewaterhouseCoopers Ltd, Authorized Public Accountants, as the auditor of the Company with Markku Launis, APA, acting as the principally responsible auditor. The remuneration for the auditor will be paid against the auditor's reasonable invoice.

The new Board of Directors held its constitutive meeting on 11 May 2022. The Board of Directors elected Harri Sundvik as its Chair. Sari Pohjonen (Chair), Vinicius Nonino and Harri Sundvik were selected as members of the Audit committee and Hanna Liiri (Chair), Vinicius Nonino and Harri Sundvik as members of the Remuneration Committee.

Board authorisations

The AGM resolved on 10 May 2021 to authorise the Board of Directors to decide on the issuance of new shares as well as conveyance of shares held by the Company in one or more instalments against or without payment, and the issuance of special rights entitling to shares referred to in Chapter 10, Section 1 of the Finnish Companies Act by one or several decisions. The number of shares that may be issued or conveyed cannot exceed 4 500 000 shares. The authorisation is valid until 10 May 2026.

The AGM resolved on 10 May 2021 to authorise the Board of Directors to decide on the repurchase of 4 500 000 of the Company's own shares in maximum in one or several tranches. The authorisation is valid until 10 November 2022.

The Company's AGM held on 5 May 2022 authorized Board of Directors to grant option rights entitling Sari Pohjonen, elected new member of the Board of Directors, to subscribe for a maximum of 40 000 shares in the company. The Board of Directors decided to issue these stock options on 31 May 2022.

Shares and Shareholders

Spinnova's share is listed on the Nasdaq First North Growth Market (trading code "SPINN"). Spinnova's share capital is EUR 80 thousand. The company nor its subsidiaries do not currently hold any of own shares.

As of 30 June 2022, Spinnova had 33 981 shareholders. 28.6% of the shares were held by nominee registered shareholders. The following table presents Spinnova's ten largest registered shareholders by number of shares based on the shareholders' register maintained by Euroclear Finland Ltd as at 30 June 2022.

Shareholder	Number of shares	% of all shares and votes
Besodos Investors Oy	4 048 680	7.89
Maki.vc Fund I Ky	3 540 300	6.90
Beata Domus Ab	3 370 560	6.56
Janne Poranen	3 263 030	6.36
Holdix Oy Ab	2 187 510	4.26
Juha Salmela	1 960 322	3.82
Ella Salmela	1 302 770	2.54
Markku Kaloniemi	1 272 900	2.48
Turret Oy Ab	1 091 000	2.13
Timo Soininen	937 860	1.83
Ten largest registered shareholders, total	22 974 932	44.74
Other shareholders	28 373 523	55.26
In total	51 348 455	100.00

On 30 June 2022, Spinnova's largest shareholder was Suzano S.A, with a holding of 19.10% (9 808 530 shares). The shareholding of Suzano S.A. is nominee registered and is thus not included in the table of ten largest registered shareholders presented above.

On June 23 2022 Spinnova notified that there had been a change of holdings pursuant to Spinnova's Articles of association. Juha Salmela's shareholding in Spinnova decreased below the threshold of 5 percent due to transferring shares according to marital settlement agreement and option agreements with original employees.

Incentive Stock Option Programs

Spinnova has established stock option programs covering, among others, employees, and the members of the Board of Directors and the Management Team of the company. Based on the option programs, a total of 7 091 590 shares can be subscribed. Of this amount 7 047 340 shares remain to be subscribed.

2018 stock option program

Spinnova's Annual General Meeting of Shareholders on 14 November 2018 resolved to authorize the Board of Directors to issue up to 50 000 stock options to key persons of the company

The details of the program are presented in the Governance and Financial Review 2021, which can be read at: <https://spinnovagroup.com/reports/>

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

Between 15 January and 2 May 2022, a total of 44 250 Spinnova Plc's new shares has been subscribed for with the company's stock options 2018. For subscriptions made with the stock options 2018, the entire subscription price of EUR 50 thousand will be entered in the reserve for invested unrestricted equity. These shares were registered in the Trade Register on 31 May 2022 and started trading in the First North Growth Market Finland marketplace maintained by Nasdaq Helsinki Oy together with the old shares as of 1 June 2022.

Holders of the stock options of the 2018 option program subscribed to 3 900 shares during May-June 2022 which will be registered in the Trade Register during year 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.

The details of the program are presented in the Governance and Financial Review 2021, which can be read at: <https://spinnovagroup.com/reports/>

2022 stock option program

Spinnova Plc's Board of Directors decided on 31 May 2022 to launch a new stock option program 2022 for the company's key personnel. A total of 2 500 000 stock options can be issued under the stock option program, entitling the holders to subscribe for a maximum of 2 500 000 new or treasury shares in the company, corresponding to a maximum of approximately 4.9 percent of all the company's shares and votes. The details of the program are presented in the company release: <https://spinnovagroup.com/releases/spinnova-plc-spinnovas-board-of-directors-decide-on-a-new-stock-option-program-2022/>

Spinnova Plc's Board of Directors decided on 31 May 2022 to issue stock options to Sari Pohjonen, a member of the company's Board of Directors. The details of the issue are presented in the company release: <https://spinnovagroup.com/releases/spinnova-plc-spinnovas-board-of-directors-decided-to-issue-stock-options/>

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. Under this agreement 238 640 shares were transferred on 21 June 2022, after which there remains 12 520 shares not yet exercised.

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. If Spinnova is not able to do this, it may not be possible 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 significantly, this may have a negative effect on the results of the joint ventures.

Spinnova has an ingredient brand strategy for the Spinnova brand to become a recognised consumer-facing brand alongside apparel brands. Its brand ambition is to be known by consumers worldwide for its high-quality materials and as a guarantee of sustainability. Any negative media reports about Spinnova, in particular related to the company's sustainability practices and the performance of its materials, whether real or otherwise, could harm the company's reputation and impact the Group's results. Such reputational risks could stem from the Group and/or its joint ventures and/or its suppliers and customers.

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

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

The Spinnova Group has been operating at a loss, with no proof so far of being able to sustainably cover its costs with revenues without additional external funding. If the Group and its joint ventures are unable to access sufficient financing sources, they may be unable to continue to execute the expansion plans and strategy. Risks associated with the Group's financial position mainly comprise of credit and counterparty risks.

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

The current general macroeconomic environment and geopolitical situation remains challenging and uncertain. If consumer confidence remains low or decreases this may have a negative impact on consumer demand for products containing SPINNOVA® fibre and fabric. This could negatively impact the results of Spinnova and its joint ventures and may negatively impact the size and timing of investments into increased production capacity at the joint ventures.

UPCOMING FINANCIAL DISCLOSURES

Spinnova will arrange a webcast event to present the H1 2022 results on Thursday 8 September 2022 at 11.00 am (EEST). To watch the webcast please visit: <https://spinnovagroup.com/reports/>

In Jyväskylä, 8 September 2022

Spinnova Plc
Board of Directors

CONDENSED FINANCIAL INFORMATION JANUARY TO JUNE 2022

Group Income Statement

EUR (thousand)	1-6/2022	1-6/2021	1-12/2021
REVENUE	7 635	370	6 063
Materials and services	-7 022	-270	-5 020
Personnel expenses	-3 880	-1 815	-4 500
Depreciation, amortisation and impairment losses	-478	-404	-809
Other operating expenses	-2 008	-974	-2 691
Share of profit (loss) in associated companies	-73	0	-215
OPERATING PROFIT (LOSS)	-5 825	-3 093	-7 172
Financial income and expenses			
Other interest and financial income	27	0	1
Interest and other financial expenses	-1 737	-7 294	-8 251
Total financial income and expenses	-1 710	-7 294	-8 251
PROFIT / LOSS BEFORE APPROPRIATIONS AND TAXES	-7 536	-10 387	-15 423
PROFIT / LOSS FOR THE PERIOD	-7 536	-10 387	-15 423

Group Balance Sheet

EUR (thousand)	30 June 2022	30 June 2021	31 Dec 2021
ASSETS			
NON-CURRENT ASSETS			
Intangible assets			
Development expenses	6 481	5 888	6 899
Intangible rights	548	496	593
Total intangible assets	7 029	6 384	7 492
Tangible assets			
Machinery and equipment	99	109	113
Assets under construction	4 485	1 903	1 800
Total tangible assets	4 583	2 011	1 913
Investments			
Shares in associated companies	6 499	1 750	1 749
Total Investments	6 499	1 750	1 749
NON-CURRENT ASSETS TOTAL	18 111	10 145	11 155
CURRENT ASSETS			
Receivables			
Long-term receivables			
Other receivables	91	91	91
Total long-term receivables	91	91	91
Short-term receivables			
Trade receivables	163	1 082	575
Receivables from associated companies	1 778	0	4 432
Other receivables	294	190	311
Prepayments and accrued income	389	1 220	54
Total short-term receivables	2 624	2 492	5 372
Total receivables	2 715	2 583	5 463
Investments	74 117	30 000	99 719
Cash and cash equivalents	27 384	75 223	7 317
TOTAL CURRENT ASSETS	104 216	107 806	112 499
TOTAL ASSETS	122 327	117 951	123 654

EUR (thousand)	30 June 2022	30 June 2021	31 Dec 2021
EQUITY AND LIABILITIES			
EQUITY			
Share capital	80	80	80
Reserve for invested unrestricted equity	139 653	124 530	139 599
Retained earnings (loss)	-25 786	-10 363	-10 363
Profit (loss) for the period	-7 534	-10 387	-15 423
TOTAL EQUITY	106 414	103 860	113 893
LIABILITIES			
Non-current liabilities			
Loans from financial institutions	5 443	5 869	5 943
Total non-current liabilities	5 443	5 869	5 943
Current liabilities			
Loans from financial institutions	1 000	1 000	1 000
Advances received	20	2 533	329
Trade payables	7 782	4 116	1 125
Other liabilities	146	95	189
Accruals and deferred income	1 523	478	1 176
Total current liabilities	10 471	8 222	3 818
TOTAL LIABILITIES	15 914	14 091	9 761
TOTAL EQUITY AND LIABILITIES	122 327	117 951	123 654

Group Cash Flow Statement

EUR (thousand)	1-6/2022	1-6/2021	1-12/2021
Net cash from operating activities			
Profit (loss) before appropriations and taxes	-7 536	-10 387	-15 423
Adjustments:			
Depreciation and amortisation	478	404	809
Financial income and expenses	1 710	7 294	8 251
Group eliminations	75	0	217
Cash flow before changes in working capital	-5 273	-2 689	-6 146
Changes in working capital			
Increase (-) / decrease (+) in current non-interest-bearing receivables	2 667	-1 843	-4 638
Increase (+) / decrease (-) in current non-interest-bearing liabilities	6 545	2 760	1 508
Cash flow before financial items and taxes	3 939	-1 773	-9 277
Interest paid and payments for other operating financial expenses	-124	-3 984	-184
Interest received from operating activities	0	0	1
Net cash from operating activities (A)	3 816	-5 756	-9 460
Net cash from investing activities			
Investments in tangible and intangible assets	-2 632	-1 089	-2 577
Investments in associated companies	-4 750	-1 750	-1 752
Proceeds from the sale of investments	-1 191	0	0
Re-valuations	-396	0	-281
Net cash from investing activities (B)	-8 969	-2 839	-4 610
Net cash from financing activities			
Proceeds from paid-in increases in equity	118	105 578	120 578
Transaction costs from the share issues	0	0	-7 787
Proceeds from long-term loans	0	619	1 193
Repayments of long-term loans	-500	-500	-1 000
Net cash from financing activities (C)	-382	105 697	112 984
Net change in cash and cash equivalents (A+B+C) increase (+) / decrease (-)	-5 535	97 101	98 914
Cash and cash equivalents in the beginning of the period	107 036	8 122	8 122
Cash and cash equivalents at the end of the period	101 501	105 223	107 036

EUR (thousand)	1-6/2022	1-6/2021	1-12/2021
Investments	74 117	30 000	99 719
Cash and Cash equivalents	27 384	75 223	7 317
Cash and cash equivalents in the balance sheet	101 501	105 223	107 036
Cash and cash equivalents in the cash flow statement	101 501	105 223	107 036

Statement of changes in equity

EUR (thousand)	1-6/2022	1-6/2021	1-12/2021
Share capital in the beginning of the period	80	3	3
Share capital increase	0	78	78
Share capital at the end of the period	80	80	80
Total restricted equity	80	80	80
Reserve for invested unrestricted equity in the beginning of the period	139 599	19 530	19 530
IPO + over-allotment option	0	100 000	115 000
Directed share issue	54	5 078	5 146
Share capital increase	0	-78	-78
Reserve for invested unrestricted equity at the end of the period	139 653	124 530	139 599
Retained earnings (loss) in the beginning of the period	-25 786	-10 363	-10 363
Profit (loss) for the period	-7 534	-10 387	-15 423
Retained earnings (loss) at the end of the period	-33 320	-20 750	-25 786
Total unrestricted equity	106 334	103 780	113 813
Total equity	106 414	103 860	113 893

NOTES TO THE INTERIM REPORT

ACCOUNTING POLICIES OF THE INTERIM FINANCIAL INFORMATION

The interim financial information for the six months period ended on 30 June 2022 and 30 June 2021 and financial year ended on 31 December 2021 has been prepared in accordance with Finnish accounting standards, the accrual principle, going concern principles and principle of prudence.

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

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

The profit margin from technology sales that corresponds to the proportion of the joint venture that is not owned by Spinnova will be recognised simultaneously in the Group income statement. The remaining unrealised margin, corresponding to Spinnova's proportionate ownership interest in the joint venture, will be recognised in the Group income statement according to the depreciation schedule of the joint venture of the capitalised technology purchased from Spinnova.

In the Group financial statements, Spinnova's investment in the joint ventures is presented on one line item on the balance sheet, initially measured at the original investment amount. The carrying amount of the investment in the joint ventures will be adjusted by the share of profits from the joint ventures, and also by the unrealised margin from the technology sales to the joint ventures.

The financial information presented here does not include all the notes presented in the annual financial statements and the financial information must be read in conjunction with the financial statements for the financial year ended 31 December 2021.

Structural and financial arrangements

Between 15 January and 2 May 2022, a total of 44 250 Spinnova Plc's new shares were subscribed for with the company's stock options 2018.

The AGM held on 5 May 2022 authorized Board of Directors to grant option rights entitling Sari Pohjonen, elected new member of the Board of Directors, to subscribe for a maximum of 40 000 shares in the company.

Spinnova Plc's Board of Directors decided on 31 May 2022 to launch a new stock option program 2022 for the company's key personnel. A total of 2 500 000 stock options can be issued under the program entitling the holders to subscribe for a maximum of 2 500 000 new or treasury shares in the company, corresponding to a maximum of approximately 4.9 percent of all the company's shares and votes after a possible share subscription if the subscriptions consist solely of new shares. The details of the program are described in the incentive stock option programs section of the interim report.

Changes in intangible and tangible assets

EUR (thousand)	Development expenses	Intangible rights	Machinery and equipment	Assets under construction	Total
Net book value on 1 Jan 2022	6 899	593	113	1 800	9 405
Additions				2 685	2 685
Depreciations	-418	-45	-14		-477
Net book value on 30 June 2022	6 481	548	99	4 485	11 613

EUR (thousand)	Development expenses	Intangible rights	Machinery and equipment	Assets under construction	Total
Net book value on 1 Jan 2021	6 238	535	122	705	7 600
Additions			2	1197	1 199
Depreciations	-350	-39	-15		-404
Net book value on 30 June 2021	5 888	496	109	1 902	8 395

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

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.

Loan maturity

Loan maturity EUR (thousand)	<1 year	1–2 years	2–5 years	> 5 years
Loans from financial institutions	1 000	1 685	2 561	1 196

Related party transactions

Parties are considered to be related parties if one party has the ability to control the other party or to exercise significant influence or joint control over the other party in making financial and operational decisions. During the first half of 2022, the company's related parties consist of the company's subsidiary Spinnova Holdings Oy, the company's exclusive joint ventures with Suzano and Ecco, Woodspin Oy and Respin Oy, respectively, shareholders Suzano, Lenzing AG and Besodos Investors Oy that have significant influence over the company, the Members of the Board of Directors and the company's Management Team and their closely related family members and the entities over which they have control or joint control.

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

- The company entered into a consultancy agreement on 8 February 2021 with a company controlled by Harri Sundvik, Deputy Chair of the Board, and in May 2021 into a consultancy agreement, which is applied to services purchased since 1 January 2021, with a company controlled by Timo Soininen who is a member of the Company's Board of Directors. The consultancy services amounted to EUR 41 thousand for the six months ended 30 June 2022 and the payables related to these services were EUR 31 thousand as of 30 June 2022.
- The company sold technology development services to Suzano's refining pilot plant for EUR 132 thousand EUR during the first half of 2022.
- The technology delivery related invoicing for the first Commercial Woodspin factory started in May 2021 and continued throughout the first half of 2022.
- The company invested EUR 4 750 thousand into the Woodspin joint venture in line with the JV agreement during the first half of 2022.

The company's related parties have shareholdings in the company and the company has granted stock option rights to certain related parties. On 30 June 2022, related party holdings in the company were 39 percent of shares and votes. In addition, related party members of the company's Management Team and Board of Directors had stock options issued by the company entitling the holders to subscribe to a total of 2 403 580 shares.

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

Guarantees and contingent liabilities

EUR (thousand)	30 June 2022	30 June 2021	31 Dec 2021
Guarantees and pledges given			
Loan secured by a corporate mortgage	2 250	3 250	2 750
Corporate mortgage	10 000	10 000	10 000
Off-balance sheet financial commitments			
Rental liabilities ¹			
Maturing in less than 12 months	517	477	488
Maturing in more than 12 months	220	606	365
Leasing liabilities ¹			
Maturing in less than 12 months	114	52	101
Maturing in more than 12 months	88	79	113
Total rental and leasing liabilities	938	1 213	1 068

¹Rental and leasing liabilities are presented with VAT included.

Other financial commitments

Woodspin joint venture

Under the terms of the Woodspin Joint Venture Agreement, the Woodspin co-investors Spinnova and Suzano agreed to each subscribe for 1 750 000 newly issued shares in Woodspin and pay consideration of EUR 1 750 thousand for such shares. The company has made the investment of EUR 1 750 thousand to Woodspin in April 2021. The total investment of EUR 3 500 thousand by Spinnova and Suzano will be used in construction of the plant. Woodspin co-investors agreed that the plant will need additional investments that shall be paid into the reserve for invested unrestricted equity of Woodspin. During the reporting period co-investors made a decision to increase the capital investment by EUR 9 million (each of Spinnova and Suzano will invest an additional EUR 4.5 million). In total Woodspin co-investors have agreed to each invest EUR 15.5 million into the joint venture, of which EUR 9 million is remaining as of 30 June 2022. Spinnova has invested a total of EUR 6.5 million into the Woodspin joint venture as of the end of the reporting period.

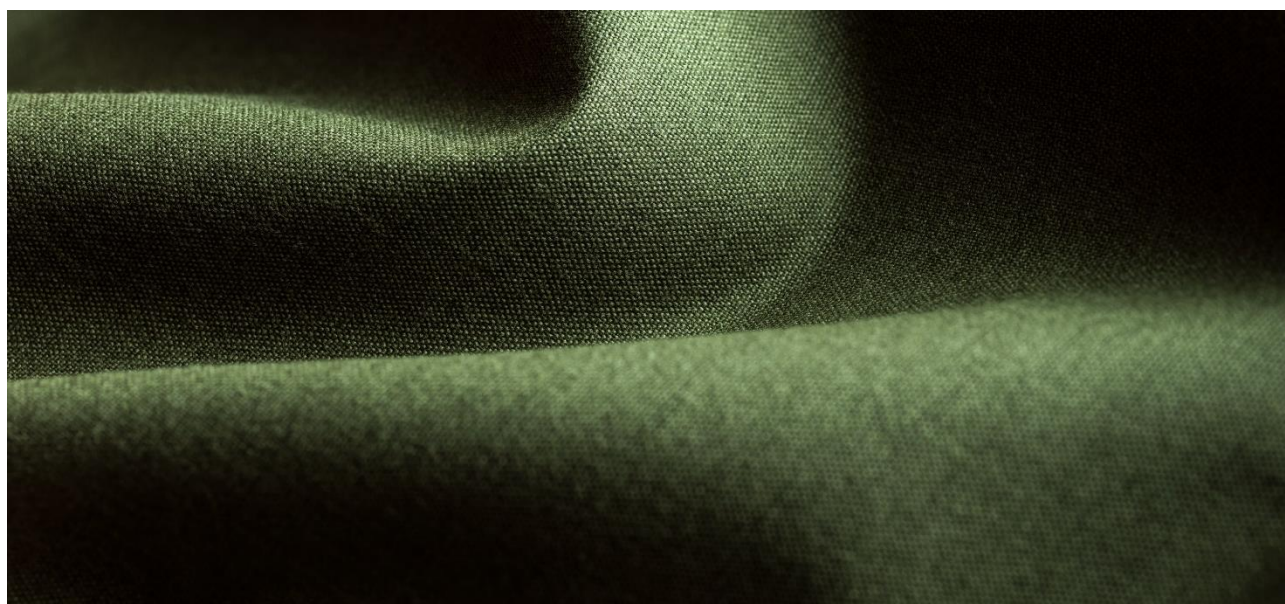
Respin joint venture

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 to complete the commercialisation, the Respin Co-Investors Spinnova and Ecco 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. Spinnova has not invested any funds into the Respin joint venture as of the end of the reporting period.

Appendix

Calculation of Key Figures

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



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This half-year report and all earlier financial reports and presentations are available on Spinnova's website: spinnovagroup.com/reports/

SPINNOVA – Sustainable textile materials, naturally

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

The 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® fibre is produced without harmful or complex chemical processes, and has the touch and feel of natural fibres such as cotton and linen.

Spinnova has received awards from e.g. the Fast Company, ISPO, Scandinavian Outdoor, ANDAM, Monocle and Marie Claire UK.

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

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