



# Financial statements bulletin

JANUARY–DECEMBER 2022

28 FEBRUARY 2023

**SPINNOVA®**



# Spinnova Plc's Financial Statements Bulletin January–December 2022

Woodspin's first commercial factory construction work completed and Spinnova team strengthened

## JANUARY–DECEMBER 2022

- Revenue grew to EUR 24 279 thousand (EUR 6 063 thousand).
- Operating result for the period was EUR -12 309 thousand (EUR -7 172 thousand).
- Total investments were EUR 16 293 thousand (EUR 4 366 thousand). The increase was mainly related to the Woodspin joint venture.
- Net cash was EUR 76 314 thousand (EUR 100 093 thousand).
- The number of permanent employees at the end of the period grew to 75 (58).
- Building our first commercial factory for Woodspin. In addition, feasibility planning for Woodspin's second factory has been ongoing.
- Continuing to introduce new commercial products with brand partners, including adidas, Marimekko and Bestseller.
- Strengthening of key teams and management.

## JULY–DECEMBER 2022

- Revenue grew to EUR 16 644 thousand (EUR 5 661 thousand).
- Operating result for the period was EUR -6 486 thousand (EUR -4 079 thousand).
- Total investments were EUR 8 859 thousand (EUR 1 414 thousand), the increase mainly related to the Woodspin joint venture.
- 1 August: Kim Poulsen started as CEO.
- 29 December: Board of Directors decided on a new share-based commitment programme for the CEO, aligning the CEO and shareholders, to increase the company's value in the long term.

## KEY FIGURES

EUR (thousand)	7-12/2022	7-12/2021	1-12/2022	1-12/2021
Revenue	16 644	5 661	24 279	6 063
Operating result	-6 486	-4 079	-12 309	-7 172
Earnings per share (EUR, diluted and undiluted) <sup>1</sup>	-0.13	-0.10	-0.28	-0.36
Net cash	76 314	100 093	76 314	100 093
Equity ratio, %	87%	92%	87%	92%
Number of permanent employees at the end of the period	75	58	75	58
Number of permanent employees, average	70	53	67	49

<sup>1</sup> 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 used in the key performance indicators table are found in the Appendix on page 25.

*Unless otherwise specified, all figures presented in this report in brackets refer to the corresponding period of the previous year.*

## BUSINESS PROGRESS IN 2022 AND OUTLOOK

### The one thousand tonne Woodspin factory

The construction work for Woodspin's first factory in central Finland was completed at the end of October, after which work to finalize the technology installations has continued. The factory has started up and has been producing fibre in February 2023. The ramp-up will continue through the year 2023, gradually increasing production capacity. Spinnova's textile development work continues, and we are planning to launch our first products using Suzano micro-fibrillated cellulose (MFC) as raw material.

### Woodspin second factory

The market opportunity and ambition level to scale to one million tonnes with Suzano remains unchanged. Feasibility planning for the next plant progressed well during 2022. Both optimal size and comparison of brownfield and greenfield sites are under evaluation. Spinnova is actively working with Suzano to improve the efficiency of the raw material process. At the same time Spinnova continues to further develop the technology concept of the spinning process. The business case for the next Woodspin factory investment is being finalized and will use the learnings from the first factory as it ramps up production. It is therefore expected that the next Woodspin plant will be completed after 2024.

### Respin

At the end of 2022 the Respin pilot line built by Spinnova produced fibre from leather waste raw material. Following the success of the pilot trials, Spinnova and ECCO have agreed to proceed towards commercializing the product and to go ahead with a feasibility study and pre-engineering of the first commercial factory, which is planned to be located in the Netherlands.

### Other raw materials and end uses

Spinnova continued to develop other raw material sources and to evaluate applications beyond apparel. Recent tests with recycled textile fibre showed promising results. The company will continue to invest into research and development during 2023.

### Macroeconomic environment

In 2022, the macroeconomic environment continued to change, resulting in higher energy prices, material price inflation, supply chain challenges and possible higher cost of financing.

### Commercial outlook

The long-term demand for sustainable textile fibres and materials remains strong and Spinnova expects to see increased interest as more fibre volumes become available as Woodspin ramps up.

## FINANCIAL GUIDANCE FOR 2023

Spinnova will continue to work towards its long- and medium-term business targets and execute its strategy accordingly in 2023.

The timing of the final investment decisions of the next Woodspin and Respin plants will be key factors in the timing of Spinnova's technology revenues.

In 2023, revenues are estimated to be lower than in 2022, impacted by expected phasing of technology sales fees. The loss will increase during 2023 as the company is ramping up operations.

## CEO'S REVIEW

Spinnova's committed and talented team reached many significant milestones in 2022. We completed the first commercial factory construction work for Wood spin and strengthened the management and our key operational teams.

Spinnova had record revenues in 2022. At the same time the operating loss increased primarily due to the company investing in future growth. Challenges in the global supply chain, uncertain market conditions and increasing inflation increased the costs of materials and services in 2022, while the impact from increased energy prices was a minor factor on the company's results.

Safety is one of our top priorities and I'm particularly happy that we did not have any lost time incidents during 2022. Also, our health and safety processes took a step further, and we were awarded the ISO 45001 occupational health and safety management system certification in December.

### Commercial launches continued with brand partners

During the second half of 2022, we continued to introduce new commercial products with our brand partners. Commercial product launches are a sign of our successful research and development and demonstrate the suitability of the SPINNOVA® fibre for a wide range of applications. For example, the first commercial product with adidas, the adidas TERREX HS1 mid-layer hoodie, was available for consumers online and in select retail outlets from July.

Marimekko launched a capsule collection of three products made with SPINNOVA® fibre. This was the first time the fibre was used in a fabric with a printed pattern. We were honoured as Marimekko chose to use their iconic poppy pattern in the Spinova capsule collection. Bestseller's brand JACK&JONES launched trousers made from a blend of SPINNOVA® fibre and cotton.

With Halti, we announced the launch of a water resistant and windproof parka, which is expected to hit the stores in spring 2023. The parka is dyed with imogo's sustainable hi-precision dyeing technology and is the first product to make use of both Spinnova's and imogo's technologies. In addition, we continued our cooperation with The North Face, Bergans and Icebreaker. The fibre used in the 2022 product launches was produced on Spinnova's pilot line using MFC from Scandinavia. At the same time Suzano has been ramping up their own MFC production in 2022 for the Woodspin factory launch.

Year 2022 was a year of awards for us, as we were recognized in several fields, showing the team's great efforts to reach our common goal to produce the most sustainable textile fibres and materials in the world.

### Woodspin's first factory construction work completed – fibre produced – Respin

In 2022, the main strategic goal was to build our first commercial factory for Woodspin, a 50/50 joint venture with Suzano. The construction work was completed at the end of October after which the work has continued to finalize the technology installations. I am very satisfied that we were able to progress the project to commissioning and towards the commercial start-up despite the challenging global macroeconomic and supply chain environment.

At the same time, we have continued working on the feasibility study of the technology concept for Woodspin's second factory.

### Respin – Fibre produced on the pilot line and feasibility planning started for the next plant

The joint venture work with ECCO progressed well, producing fibre from leather waste at the end of 2022. We have decided to go ahead with a feasibility study and pre-engineering of the next factory, which is planned to be located in the Netherlands.

### Thank You!

My first half year at the helm of Spinnova has been eventful and I look forward to taking the next step in reaching industrial scale in our operations and the production of SPINNOVA® fibre together with our world class team, partners, customers and investors. I would like to thank all stakeholders who continue to support and believe in our sustainable mission of transforming the raw material base of the entire global textile industry for the better.

Best Regards,  
**Kim Poulsen**  
CEO

## SPINNOVA IN BRIEF

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® fibre is the breakthrough sustainable fibre, created with ground-breaking patented 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.

The fashion industry is estimated to be responsible for four percent of global greenhouse gas emissions. In the textile value chain, material production and processing are the phases where the most emissions are created.<sup>1</sup>

Spinnova's technology offers a solution for the textile industry to cut emissions by replacing conventional water and chemical intensive cotton and viscose and oil-based polyester with the sustainable SPINNOVA® fibre.

SPINNOVA® fibre is produced with a unique mechanical process, which uses minimal water and no harmful chemicals. The CO<sub>2</sub> emissions from the production are estimated to be 72 percent lower compared to conventional cotton. Furthermore, the first Woodspin commercial scale production plant located in Jyväskylä, Finland, is expected to save more CO<sub>2</sub> emissions than it emits.<sup>2</sup>

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

In 2022, Spinnova announced brand partnerships with adidas, the H&M Group's ARKET, Bestseller's JACK&JONES, Marimekko and Halti. In addition, we continued our cooperation with The North Face, Bergans and Icebreaker.

### Received awards

Spinnova received several awards in 2022. The company made the lists of TIME's Best Inventions of 2022 and Fast Company's *Brands that matter*. The company was among the finalists in the Financial Times *Tech Champions* and in *Star of Innovations* in European Small&Mid-Caps. In addition, Spinnova won the *Sustainability Tech* award by Capgemini, *Technology Fast 50 Impact* award by Deloitte and *Engineering achievement of the year* (Vuoden Insinööriteko). The company's Sustainability Report was recognised by *Sustainability Reporting* (Kestävyysraportointi) and was chosen to be the best in Finland among SME companies.

<sup>1</sup>"Fashion on climate", Global Fashion Agenda and McKinsey, 2020 and Textile Exchange

<sup>2</sup>Factory 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 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 over four years. Production at Spinnova's and Suzano's 50/50 joint venture Woodspin's first commercial one thousand tonne plant, will be ramped up during 2023. This factory is expected to serve as a demonstration of industrial scale production capacity. The planning for the next industrial scale production plant is ongoing. Spinnova has also been piloting leather waste-based fibre production on an exclusive basis with ECCO through the 50/50 owned Respin joint venture since 2021.

Spinnova's technology can produce SPINNOVA® fibre also from other than wood and leather waste-based raw material sources such as agricultural and textile waste. Spinnova is currently studying options to scale fibre production with these other raw material sources.

### Go-to market strategy

Spinnova's go-to-market strategy focuses on the three elements:

1) Technology sales; This encompasses selling Spinnova's technology platform exclusively to the joint venture companies in which it holds a 50 percent ownership stake, and in the future potentially selling or licensing its technology platform to other parties. In 2022, the majority of Spinnova's sales came from technology sales to joint ventures.

2) Fibre production and sales (through joint ventures); The joint venture companies produce SPINNOVA® fibre using the technology platform acquired from Spinnova and sell the SPINNOVA® fibre to textile brands. SPINNOVA® fibre sales are currently in the pre-commercial phase where products are developed jointly with brand partners.

3) Fabric sales; Spinnova 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. Spinnova is currently investigating business model options regarding fabric sales.

## Product and brand strategy

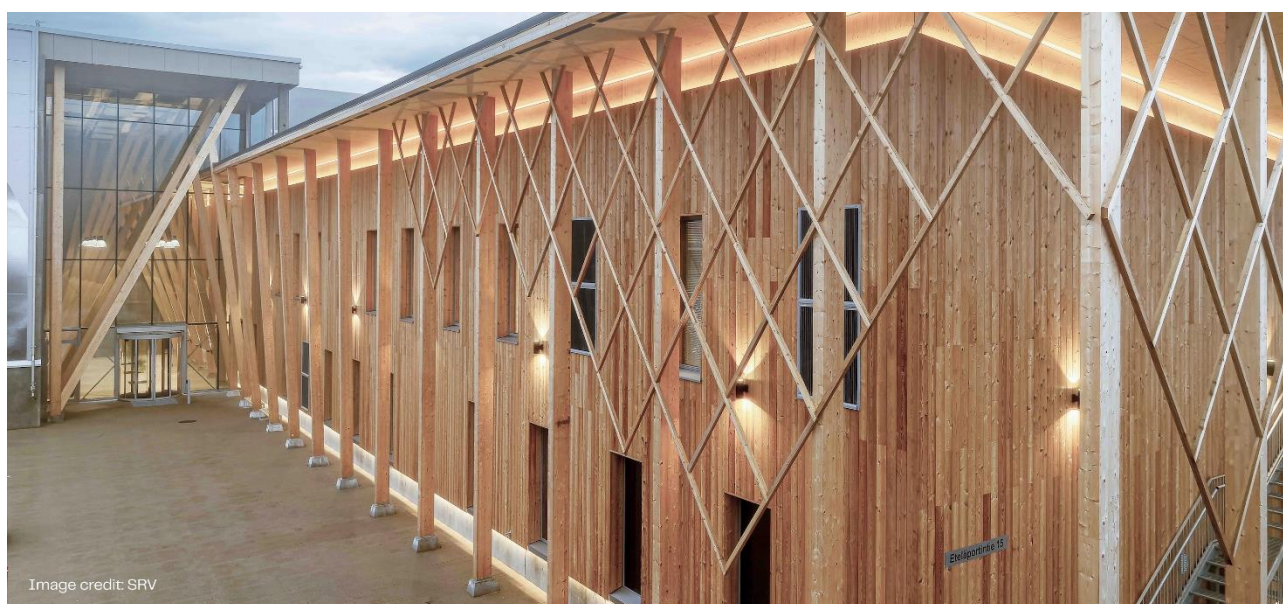
Spinnova's brand vision is to become the top-of-mind sustainable textile material globally. The value proposition centres around sustainability, high performance benefits and natural feel. Spinnova's objective is to build partnerships with selected leading apparel brands and to anchor the SPINNOVA® brand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

## Progress against business targets

In 2021, Spinnova Group set the following medium and long-term business targets.

	COMMERCIAL	PRODUCTION	BUSINESS
<b>PROGRESS AGAINST TARGETS</b>	<p>Spinnova announced brand collaborations that have released commercial products:</p> <ul style="list-style-type: none"> <li>• adidas</li> <li>• H&amp;M's ARKET</li> <li>• Bestseller's brand JACK&amp;JONES</li> <li>• Marimekko</li> <li>• Bergans</li> <li>• PUSU</li> </ul>	<p>The construction work for the first Woodspin factory was completed at the end of October – Fibre produced in February 2023.</p> <p>Second Woodspin factory feasibility planning progressed.</p> <p>The Respin pilot line produced fibre from leather waste in 2022.</p> <p>Tests with recycled textile fibre and agricultural waste showed promising results.</p>	<p>In 2022,</p> <p>Revenue grew to EUR 24 million.</p> <p>EBIT was EUR -12 million.</p>
<b>MEDIUM TERM TARGETS (2025-2027)</b>	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.
<b>LONG TERM TARGETS (2031-2033)</b>	Up to 80 commercial textile brand partnerships, which have SPINNOVA® materials in their product lines.	One million tonnes of SPINNOVA® fibre production capacity.	<p>More than EUR 200 million EBIT p.a. from share of profits from JV's, recurring technology fees, and service maintenance fees.</p> <p>Cumulative more than EUR one billion cash margin from technology sales.</p>
<b>Dividend policy</b>	In short- and medium term: no dividend		

## Woodspin factory in November 2022





## MARKET OUTLOOK

Spinnova provides sustainable materials for the global textile fibre market, the value of which was about EUR 200 billion in 2021 and is expected to grow to approximately EUR 245 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 75–85 percent of the global fibre market.<sup>1</sup>

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 by for example introducing sustainable materials in their collections. To achieve this goal, brands need to work with new material innovators like Spinnova. The EU is calling for a change in the textile industry demonstrated by its new strategy for sustainable and circular textiles that aims by 2030 for textile products on the EU market 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<sup>2</sup>.

Spinnova's unique value proposition including its environmentally friendly mechanical production process 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 fibres<sup>3</sup>. 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 CO<sub>2</sub> 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. An example of this is the ISPO award-winning alpine skis from PUSU and Spinnova, which is our first commercial application in the field of composites.

Critical climate action called for by, amongst others, the IPCC (Intergovernmental Panel on Climate Change), whose latest report was published in April 2022, also supports Spinnova's innovation. Limiting human-induced global warming requires limiting cumulative CO<sub>2</sub> emissions, reaching at least net zero CO<sub>2</sub> 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 demand for sustainable fibre and materials is likely to continue to grow, which in turn would drive the demand for Spinnova's technology, fibres, and materials.



<sup>1</sup>Company management and third-party sources mentioned in Spinnova IPO Offering Circular 10 June 2021.

<sup>2</sup>EU Strategy for Sustainable and Circular Textiles, 30 March 2022.

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



## **FINANCIAL REVIEW FOR SPINNOVA GROUP**

### **The Impact of the Ukraine war and the COVID-19 pandemic**

Challenges in the global supply chain, uncertain market conditions and increasing inflation driven by the war in Ukraine and COVID-19 pandemic increased the costs of materials and services in 2022. The biggest impact was on the Woodspin joint venture capital investment budget which increased by EUR 9 million to a total of approximately EUR 31 million, raising each joint venture partner's commitment from EUR 11 million to EUR 15.5 million. The impact from increased energy prices was a minor factor on the operating results.

### **1 JULY – 31 DECEMBER 2022**

#### **Revenue and Results**

Spinnova's revenue was EUR 16 644 thousand (EUR 5 661 thousand) for the six months reporting period from 1 July to 31 December 2022. The increase in revenues compared to 2021 was mainly driven by the technology sales to Woodspin's first factory and other services provided to Woodspin.

For the six months reporting period the operating result was EUR -6 485 thousand (EUR -4 079 thousand). The increased loss for the reporting period compared to 2021 was mainly driven by overall ramping up of the business by for example strengthening Spinnova's core teams. In addition to increased personnel expenses Spinnova's share of loss in associated companies increased from EUR -183 thousand in the second half of 2021 to EUR -701 thousand in 2022, mainly driven by the operational ramp-up of Woodspin's organization and production site.

Financial expenses for the six months period ending 31 December 2022 were EUR 98 thousand (EUR 957 thousand) consisting mainly of interest related to the company's long-term loans.

#### **Cashflow**

Spinnova's cash flow from operating activities in July–December 2022 was EUR -10 262 thousand (EUR -10 955 thousand).

Cash flow from investing activities was EUR -8 699 thousand (EUR -1 769 thousand). The net cash flow used in investing activities was affected by the investment made in the Woodspin joint venture and company's capitalised development investments.

Cash flow from financing activities was EUR 176 thousand (EUR 14 537 thousand) which consisted of loan repayments, loan expenses and drawdown of a development loan. During 2021, the net cash flow from financing activities was affected by the exercise of the IPO over-allotment option.

#### **Investments**

Spinnova's investments in development of new technology were EUR 1 281 thousand (EUR 1 395 thousand) in the six months period. 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.

In July–December 2022 Spinnova invested a total of EUR 7 500 thousand (0) into the Woodspin joint venture.

#### **Employees**

Spinnova's number of permanent employees grew to an average of 70 during July to December 2022 as compared to an average of 53 during the same period in 2021.

## 1 JANUARY – 31 DECEMBER 2022

### Revenue

Spinnova's revenue was EUR 24 279 thousand (EUR 6 063 thousand) for the year ended 31 December 2022. During the period, most of the revenue was derived from the technology delivery projects to Woodspin's one thousand tonne production facility and delivery of a technology proof-of-concept project to Respin. In addition to the technology delivery sales, Spinnova invoiced Woodspin for work related to commercial activities and establishing Woodspin's new organization in Finland.

The remainder of the revenue during the reporting period (as well as in 2021), consisted primarily of proof-of-concept related R&D services and development projects provided to Spinnova's partners. The increase in revenue compared to 2021 was mainly due to the technology sales to Woodspin.

### Results

Spinnova's operating result was EUR -12 309 thousand (EUR -7 172 thousand loss) for the year ended 31 December 2022. The increase of the operating loss, despite the increase in revenue, was primarily due to the increase in personnel expenses and increase in other operating expenses as the company invests in building an organisation fit to support the anticipated future growth. The increase in Woodspin technology delivery related materials and services was in line with the increase in revenues.

Spinnova's materials and services costs were EUR 23 116 thousand (EUR 5 020 thousand) for the full year of 2022. The increase from the comparison period was mainly due to the delivery of the technology project to Woodspin.

Spinnova's personnel expenses were EUR 7 878 thousand (EUR 4 500 thousand) for the year ended 31 December 2022. The increase in personnel expenses was driven by overall cost inflation as well as the expansion of Spinnova's permanent employees to an average of 67 during the reporting period of 2022 as compared to an average of 49 during the reporting period of 2021. The total number of Spinnova's employees was 81 on 31 December 2022, including 6 fixed term employees. New employees were hired to the commercial, and the technology delivery project teams to ensure the technology delivery and start-up for the one thousand tonne Woodspin factory, as well as new hires to the management team.

Depreciation and amortisation were EUR 958 thousand (EUR 809 thousand) for the year ended 31 December 2022. The increase in depreciation and amortization was driven by the higher level of capitalized development expenses during the financial year 2022 compared to 2021.

Other operating expenses were EUR 3 862 thousand (EUR 2 691 thousand) for the full year of 2022. Other operating expenses increased as the company ramped up its business and, for example, increased the number of premises rented and marketing costs in line with the commercialisation of the business, and increased machinery costs. In addition, certain consulting and legal services costs increased somewhat.

The share of loss in associated companies was EUR -774 thousand (EUR -215 thousand) in 2022. The loss in 2022 was mainly related to Woodspin and its operations establishing a new organization and renting the premises for the first Woodspin production facility.

Financial expenses were EUR 1 808 thousand (EUR 8 251 thousand) for the year ended 31 December 2022. Financial expenses during 2022 consisted mainly of write-downs of company's investments in money market funds during the first half of the year driven by the unexpected financial market environment. Overall financial expenses were lower in 2022 than in 2021, as most expenses in 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 115 034 thousand (EUR 123 654 thousand). Equity was EUR 100 042 thousand (EUR 113 893 thousand) and investments and cash and cash equivalents were EUR 82 716 thousand (EUR 107 036 thousand). Net cash amounted to EUR 76 314 thousand (EUR 100 093 thousand).

Spinnova's cash flow from operating activities in January–December 2022 was EUR –6 446 thousand (EUR –9 460 thousand). The net cash flow used in operating activities was driven by the loss for the period, offset by a positive change in working capital achieved by optimizing the level of trade receivables from technology deliveries to the company's joint ventures and trade payables to the company's key suppliers.

Cash flow from investing activities was EUR –17 668 thousand (EUR –4 610 thousand). The net cash flow used in investing activities increased due to the company's investment into the Woodspin joint venture as well as Spinnova's own capitalised development investments. Cash flow from financing activities was EUR –206 thousand (EUR 112 984 thousand) which consisted of loan re-payments, loan expenses and drawdown of a development loan. During 2021, the net cash flow from financing activities was affected by the proceeds from the IPO.

## Investments and Research and Development

Spinnova's investments in development of new technology were EUR 3 965 thousand (EUR 2 592 thousand) for the year ended 31 December 2022. The investments were comprised mainly of capitalised development investment, a significant part of which at the end of the reporting period were classified as assets under construction.

In 2022, the co-investors in Woodspin decided to increase the capital investment to a total of EUR 31 000 thousand (each of Spinnova and Suzano will invest total of EUR 15 500 thousand), of which EUR 1 500 thousand per shareholder is remaining as of 31 December 2022. At the end of the reporting period Spinnova has invested a total of EUR 14 000 thousand into the Woodspin joint venture of which a total of EUR 12 250 thousand was invested in 2022 (EUR 1 750 thousand).

## EMPLOYEES

Spinnova's number of permanent employees grew to 75 at the end of the period as compared to 58 on 31 December 2021. The total number of Spinnova's employees was 81 (64) on 31 December 2022, including six (6) fixed term employees.

Spinnova's number of permanent employees grew to an average of 67 during 2022 as compared to an average of 49 during 2021.

Spinnova's operations have been running without interruptions in 2022 as well as throughout the COVID-19 pandemic. Spinnova has complied with local pandemic instructions, as well as enabled remote work.

## CHANGES IN GROUP MANAGEMENT

In 2022, Kim Poulsen was appointed CEO of Spinnova, while co-founder Janne Poranen became Chair of the Board of Directors. In addition, four new members started in the management team. In May, Allan Andersen was appointed Chief Sales Officer and member of the management team and Teemu Lindberg was appointed as Executive Vice President, Production Scaling, and member of the management team. General Counsel and Board Secretary Lasse Holopainen was appointed member of the Spinnova management team in August. Chief Product Officer Lotta Kopra resigned from her operative role in June.

## 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 does not currently hold any of its own shares.

Spinnova has one series of shares. All the shares have one vote in a general meeting of shareholders, and all have equal rights to dividends. The ISIN code of the shares is FI4000507595, and the trading code is SPINN.

As of 31 December 2022, Spinnova had 35 900 (30 648) shareholders. Of the shares, 26.97 (31.05) percent 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 Modular Finance Ab and Euroclear Finland Ltd of 30 December 2022.



Shareholder	Number of shares	% Of all shares and votes
Suzano S.A	9 808 530	19.10
Besodos Investors Oy	4 048 680	7.86
Maki.vc Fund I Ky	3 540 300	6.87
Beata Domus Ab	3 370 560	6.54
Janne Poranen	3 263 030	6.33
Lenzing AG	2 400 000	4.68
Holdix Oy Ab	2 187 510	4.24
Juha Salmela	1 960 322	3.80
Aktia Asset Management	1 719 133	3.34
Ella Salmela	1 302 770	2.54
<b>Ten largest registered shareholders, total</b>	<b>33 600 835</b>	<b>65.32</b>
<b>Other shareholders, total</b>	<b>17 937 400</b>	<b>34.68</b>
<b>In total</b>	<b>51 538 235</b>	<b>100.00</b>

### Spinova shares on Nasdaq First North Growth Market

January–December 2022	No. of shares traded	Average daily turnover EUR	High EUR	Low EUR	Average <sup>1</sup> EUR	Last EUR
SPINN	13 637 742	361 975	13.99	3.84	7.468	5.44

<sup>1</sup>Volume weighted average

Market capitalization at the end of the year 2022 totalled approximately EUR 280.4 million.

### Flagging notification

In June 2022 Spinova received a notification in accordance with the Company's Articles of association Chapter 12 Notification on the change of holdings, according to which the total direct and indirect holdings of Juha Salmela had on 21 June 2022 decreased below five (5) percent of the Company's shares and votes, due to transferring shares according to a marital settlement agreement.

## INCENTIVE STOCK OPTION PROGRAMMES

Detailed information on incentive programmes is found on <https://spinnovagroup.com/corporate-governance/remuneration/>

Spinova has established stock option programmes covering, among others, employees, and the members of the Board of Directors and the Management Team of the company. Based on the option programmes, a total of 7 131 590 shares can be subscribed. Of this amount 6 296 510 shares remain to be subscribed, which corresponds to a maximum approximately 11 percent of the diluted share amount, including 716 970 unallocated shares related to the 2018 and 2020 options programmes.

### 2018 stock option programme

Spinova'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.

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

In 2022, holders' of 2018 options subscribed to 233 280 shares which were registered in the Trade Register during year 2022. These shares started trading in the First North Growth Market Finland marketplace maintained by Nasdaq Helsinki Oy together with the old shares. For subscriptions made with the stock options 2018, the entire subscription price of EUR 264 thousand has been entered in the reserve for invested unrestricted equity.

## 2020 stock option programme

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.

Each 2020 Stock Option entitles the holder of 2020 Stock Option (a "2020 Stock Option Holder") to 30 new shares at a subscription price of EUR 2.74 per share\*. The 2020 Stock Options consist of two types: A options ("2020 A Stock Options") and B options ("2020 B Stock Options"). 2020 A Stock Options vest linearly over a period of 48 months, and vesting is accelerated in the event of a change of control or exit, but not by a listing of the Company's shares. 2020 B Stock Options vest based on Spinnova's pre-money valuation after a potential listing of the Company's shares. 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.

Holders of 2020 A options subscribed to 750 shares during 2022, which were registered in the Trade Register. For subscriptions made with the stock options 2020, the entire subscription price of EUR 2 thousand has been entered in the reserve for invested unrestricted equity.

## 2022 stock option programme

Spinnova Plc's Board of Directors decided on 25 May 2022 to launch a new stock option programme 2022 for the company's key personnel. A total of 2 500 000 stock options can be issued under the stock option programme, entitling the holders to subscribe for a maximum of 2 500 000 new or treasury shares in the company.

2022 option programme consists of two option classes A-options and B-options: The Class A Stock Options become vested to the option holders in instalments over a period of four (4) years, commencing on the date the of the allocation. The Class B Stock Options become vested to the option holders on the basis of the company's share price exceeding certain thresholds: 20 percent become vested once company's share price reaches the share subscription price multiplied by 1.4, 25 percent when multiplier of 1.9, 25 percent when multiplier of 2.6 and 30 percent when multiplier of 3.7 is reached.

The share subscription price for the Stock Options shall be the trade volume weighted average quotation of the company's share on Nasdaq First North Growth Market Finland during a thirty-day period. The share subscription price for the issued 2022 stock options were the following: EUR 7.7097 per share for options granted 25 May, EUR 6.635 per share for options granted 14 September and EUR 5.960 per share for options granted 29 November 2022.

## Other stock options 2022

Spinnova Plc's Board of Directors decided on 25 May 2022 to issue stock options to Sari Pohjonen, a member of the company's Board of Directors.

A total of 40,000 stock options were issued and they were issued free of charge. The stock options entitle the holder to subscribe for a maximum of 40,000 new or treasury shares in the company. This corresponds to a maximum of approximately 0.078 percent of all the company's shares and votes after a possible share subscription if the subscription consist solely of new shares.

The subscription price for the shares to be subscribed for on the basis of the stock options is EUR 7.7097 per share, which corresponds to the volume-weighted average price of the thirty-day share during the review period, which ended on 20 May 2022. The subscription price is recorded in the company's invested unrestricted equity fund.

The subscription period for the shares to be subscribed for on the basis of the stock options starts from the issuance of the stock options and ends on 31 December 2030. Share subscriptions based on options are conditional on vesting conditions, which are tied to time and the development of the share value.

## CEO's commitment programme

The Board of Directors of Spinnova Plc decided to establish a new share-based long-term commitment programme for the company's CEO in December 2022.

The objective of the commitment programme is to align the objectives of the CEO and shareholders in order to increase the company's value in the long term as well as to commit the CEO to work for the company and own the company's shares.

The long-term commitment programme for the CEO is a one-time programme covering the financial years 2023–2026. In the programme, the CEO has the opportunity to earn Spinnova shares as a reward based on their employment with the Company and personal share ownership in such a way that for each share acquired by the CEO and allocated to the commitment programme, the CEO can earn as a reward two matching shares free of charge.

The potential reward of the commitment programme will be paid after the end of the performance period, no later than April 2027. In general, the reward will be paid partly in Spinnova Plc shares and partly in cash. The cash proportion of the reward is intended for covering taxes and statutory social security contributions arising from the reward to the participant. In general, no reward is paid if the CEO's employment or director contract terminates before the reward payment. The maximum reward to be paid on the basis of the commitment programme

corresponds to the value of approximate maximum total of 33 388 Spinnova Plc shares, including the cash proportion.

### Founders' stock option agreements

In addition to the stock option programmes 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 unbought shares.

## RISK MANAGEMENT

*Spinnova's risk management provides a framework to consistently assess the company's risks in a changing environment. Spinnova is exposed to strategic, operational, financial or compliance risks that might negatively impact business activities, the group's financial situation, or its assets.*

*The risk categories are described below and remain valid in the current reporting period.*

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 in the estimated timetable. There is also a risk that Spinnova is not able to scale its technology and increase production 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.

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. Decision-making in joint venture companies may be slower than anticipated and Spinnova's ability to affect decision-making is limited to the 50 percent ownership it currently holds in Woodspin and Respin.

The current general macroeconomic environment and geopolitical situation remains challenging and uncertain. This may negatively affect the availability, timing and terms of financing required for increasing production capacity of SPINNOVA® fibre. 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 Spinnova's and its joint ventures' business and may negatively impact the size and timing of investments into increased production capacity at the joint ventures.

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.

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.

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. Cyber security requires comprehensive information and assessment of physical and digital security threats. Therefore, Spinnova invested in additional corporate IT resources in 2022.

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 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. Other risks associated with the Group's financial position mainly comprise of credit and counterparty risks.

## BOARD OF DIRECTORS AND AUDITORS

The Board of Directors on 1 January 2022 included Timo Soininen (Chair), Hanna Liiri, Juha Salmela, Vinicius Nonino, Harri Sundvik, Ilkka Kivimäki and Gert Kroner.

The Annual General Meeting on 5 May 2022 re-elected Timo Soininen, Gert Kroner, Hanna Liiri, Vinicius Nonino, Juha Salmela and Harri Sundvik (Chair 11 May– 31 July) as members of the Board of Directors. Sari Pohjonen and Janne Poranen (Chair from 1 August) were elected as new members. In September 2022, Timo Soininen decided to step down from his role as a member of Spinnova's Board of Directors.

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

## THE BOARD OF DIRECTORS' PROPOSAL FOR DISTRIBUTING PROFITS

In the medium term, Spinnova focuses on growth. 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 2022 was EUR 89 383 thousand, of which the result of the period was EUR -13 344 thousand. The Board of Directors proposes to the Annual General Meeting that no dividend be distributed for the financial year January–December 2022, and that the loss of the financial year is recorded in the retained earnings.

In Jyväskylä, 28 February 2023

**Spinnova Plc**  
Board of Directors

## UPCOMING FINANCIAL DISCLOSURES

Spinnova will arrange a webcast event to present the financial year 2022 results on Tuesday 28 February 2023 at 11.30 a.m. (EET). To watch the webcast please visit: <https://spinnovagroup.com/reports/>

Spinnova's Annual Report for 2022 will be published in week 14/2023.

Spinnova's Annual General Meeting will be held on 4 May 2023. A separate invitation to the meeting will follow.

Spinnova's half-year financial report for January–June 2023 will be published on 31 August 2023.

## CONDENSED FINANCIAL INFORMATION JANUARY – DECEMBER 2022

### Group Income Statement

EUR (thousand)	7-12/2022	7-12/2021	1-12/2022	1-12/2021
<b>REVENUE</b>	16 644	5 661	24 279	6 063
Materials and services	-16 094	-4 750	-23 116	-5 020
Personnel expenses	-3 998	-2 685	-7 878	-4 500
Depreciation, amortization, and impairment losses	-481	-405	-958	-809
Other operating expenses	-1 856	-1 717	-3 862	-2 691
Share of Result in associated companies	-701	-183	-774	-215
<b>OPERATING RESULT</b>	<b>-6 486</b>	<b>-4 079</b>	<b>-12 309</b>	<b>-7 172</b>
Financial income and expenses				
Other interest and financial income	0	0	1	1
Interest and other financial expenses	-98	-958	-1 809	-8 251
<b>Total financial income and expenses</b>	<b>-98</b>	<b>-957</b>	<b>-1 808</b>	<b>-8 251</b>
<b>RESULT BEFORE APPROPRIATIONS AND TAXES</b>	<b>-6 584</b>	<b>-5 036</b>	<b>-14 117</b>	<b>-15 423</b>
<b>RESULT FOR THE PERIOD</b>	<b>-6 584</b>	<b>-5 036</b>	<b>-14 117</b>	<b>-15 423</b>

## Group Balance Sheet

EUR (thousand)	31.12.2022	31.12.2021
<b>ASSETS</b>		
<b>NON-CURRENT ASSETS</b>		
Intangible assets		
Development expenses	10 136	6 899
Intangible rights	763	593
<b>Total intangible assets</b>	<b>10 899</b>	<b>7 492</b>
Tangible assets		
Machinery and equipment	159	123
Assets under construction	1 432	1 800
<b>Total tangible assets</b>	<b>1 591</b>	<b>1 913</b>
Investments		
Shares in associated companies	13 249	1 749
<b>Total Investments</b>	<b>13 249</b>	<b>1 749</b>
<b>NON-CURRENT ASSETS TOTAL</b>	<b>25 739</b>	<b>11 155</b>
<b>CURRENT ASSETS</b>		
Receivables		
Long-term receivables		
Other receivables	135	91
<b>Total long-term receivables</b>	<b>135</b>	<b>91</b>
Short-term receivables		
Trade receivables	62	575
Receivables from associated companies	5 496	4 432
Other receivables	267	311
Prepayments and accrued income	618	54
<b>Total short-term receivables</b>	<b>6 443</b>	<b>5 372</b>
<b>Total receivables</b>	<b>6 578</b>	<b>5 463</b>
Investments	49 495	99 719
Cash and cash equivalents	33 222	7 317
<b>TOTAL CURRENT ASSETS</b>	<b>89 295</b>	<b>112 499</b>
<b>TOTAL ASSETS</b>	<b>115 034</b>	<b>123 654</b>

EUR (thousand)	31.12.2022	31.12.2021
<b>EQUITY AND LIABILITIES</b>		
<b>EQUITY</b>		
Share capital	80	80
Reserve for invested unrestricted equity	139 865	139 599
Retained earnings (loss) from previous periods	-25 786	-10 363
Result for the period	-14 117	-15 423
<b>TOTAL EQUITY</b>	<b>100 042</b>	<b>113 893</b>
<b>LIABILITIES</b>		
Non-current liabilities		
Loans from financial institutions	5 403	5 943
<b>Total non-current liabilities</b>	<b>5 403</b>	<b>5 943</b>
Current liabilities		
Loans from financial institutions	1 000	1 000
Advances received	34	329
Trade payables	6 501	1 125
Other liabilities	184	189
Accruals and deferred income	1 871	1 176
<b>Total current liabilities</b>	<b>9 589</b>	<b>3 818</b>
<b>TOTAL LIABILITIES</b>	<b>14 992</b>	<b>9 761</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>115 034</b>	<b>123 654</b>



## Group Cash Flow Statement

EUR (thousand)	7-12/2022	7-12/2021	1-12/2022	1-12/2021
<b>Net cash from operating activities</b>				
Result before appropriations and taxes	-6 584	-5 036	-14 117	-15 423
Adjustments:				
Depreciation and amortization	481	405	958	809
Financial income and expenses	98	957	1 808	8 251
Group eliminations	701	183	774	217
<b>Cash flow before changes in working capital</b>	<b>-5 304</b>	<b>-3 491</b>	<b>-10 577</b>	<b>-6 146</b>
<b>Changes in working capital</b>				
Increase (-) / decrease (+) in current non-interest-bearing receivables	-3 866	-2 795	-1 200	-4 638
Increase (+) / decrease (-) in current non-interest-bearing liabilities	-953	-4 530	5 592	1 508
<b>Cash flow before financial items and taxes</b>	<b>-10 124</b>	<b>-10 816</b>	<b>-6 184</b>	<b>-9 277</b>
Interest paid and payments for other operating financial expenses	-138	-140	-262	-184
Interest received from operating activities	0	0	1	1
<b>Net cash from operating activities (A)</b>	<b>-10 262</b>	<b>-10 955</b>	<b>-6 446</b>	<b>-9 460</b>
<b>Net cash from investing activities</b>				
Investments in tangible and intangible assets	-1 239	-1 488	-3 871	-2 577
Investments in associated companies	-7 500	0	-12 250	-1 752
Re-valuations and proceeds from the sale of investments	40	-281	-1 547	-281
<b>Net cash from investing activities (B)</b>	<b>-8 699</b>	<b>-1 769</b>	<b>-17 668</b>	<b>-4 610</b>
<b>Net cash from financing activities</b>				
Proceeds from paid-in increases in equity	216	15 000	334	120 578
Transaction costs from the share issues	0	-537	0	-7 787
Proceeds from long-term loans	460	574	460	1 193
Repayments of long-term loans	-500	-500	-1 000	-1 000
<b>Net cash from financing activities (C)</b>	<b>176</b>	<b>14 537</b>	<b>-206</b>	<b>112 984</b>
<b>Net change in cash and cash equivalents (A+B+C) increase (+) / decrease (-)</b>	<b>-18 785</b>	<b>1 813</b>	<b>-24 319</b>	<b>98 914</b>
Cash and cash equivalents in the beginning of the period	101 501	105 223	107 036	8 122
Cash and cash equivalents at the end of the period	82 716	107 036	82 716	107 036
<b>EUR (thousand)</b>	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
Investments	49 495	99 719	49 495	99 719
Cash and cash equivalents	33 222	7 317	33 222	7 317
<b>Investments, cash, and cash equivalents in the balance sheet</b>	<b>82 716</b>	<b>107 036</b>	<b>82 716</b>	<b>107 036</b>
<b>Cash and cash equivalents in the cash flow statement</b>	<b>82 716</b>	<b>107 036</b>	<b>82 716</b>	<b>107 036</b>

## Statement of changes in equity

EUR (thousand)	7-12/2022	7-12/2021	1-12/2022	1-12/2021
Share capital in the beginning of the period	80	80	80	3
Share capital increase	0	0	0	78
<b>Share capital at the end of the period</b>	<b>80</b>	<b>80</b>	<b>80</b>	<b>80</b>
<b>Total restricted equity</b>	<b>80</b>	<b>80</b>	<b>80</b>	<b>80</b>
<b>Reserve for invested unrestricted equity in the beginning of the period</b>	<b>139 653</b>	<b>124 530</b>	<b>139 599</b>	<b>19 530</b>
IPO + over-allotment option	0	15 000	0	115 000
Directed share issue	212	68	267	5 146
Share capital increase	0	0	0	-78
<b>Reserve for invested unrestricted equity at the end of the period</b>	<b>139 865</b>	<b>139 599</b>	<b>139 865</b>	<b>139 599</b>
Retained earnings (loss) in the beginning of the period	-33 320	-20 750	-25 786	-10 363
Result for the period	-6 584	-5 036	-14 117	-15 423
<b>Retained earnings (loss) at the end of the period</b>	<b>-39 904</b>	<b>-25 786</b>	<b>-39 904</b>	<b>-25 786</b>
<b>Total unrestricted equity</b>	<b>99 962</b>	<b>113 813</b>	<b>99 962</b>	<b>113 813</b>
<b>Total equity</b>	<b>100 042</b>	<b>113 893</b>	<b>100 042</b>	<b>113 893</b>

## NOTES TO THE FINANCIAL STATEMENTS BULLETIN

### Accounting policies

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

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 result 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 by the unrealised margin from the technology sales to the joint ventures.

The financial information presented in this report 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 2022. This financial statements bulletin has not been audited. The financial statements of 2022 has been audited.

### Structural and financial arrangements

Holders of the 2018 options subscribed to 60 600 shares during December 2021, which were registered in the Trade Register on 14 February 2022. In addition, holders' of 2018 options subscribed to 233 280 shares, in 2022, which were registered in the Trade Register during year 2022.

Holders of 2020 A options subscribed to 750 shares during December 2022, which were registered in the Trade Register on 29 December 2022.

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 programme 2022 for the company's key personnel. A total of 2 500 000 stock options can be issued under the programme 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 programme are described in the incentive stock option programmes section of the interim report.

In addition, The Board of Directors of Spinnova Plc decided to establish a new share-based long-term commitment programme for the company's CEO in 2022.

The long-term commitment programme for the CEO is a one-time programme covering the financial years 2023–2026. In the programme, the CEO has the opportunity to earn Spinnova shares as a reward based on their employment with the Company and personal share ownership in such a way that for each share acquired by the CEO and allocated to the commitment programme, the CEO can earn as a reward two matching shares free of charge.

### Management remuneration

In 2022, four new members started in the Management Team including the new CEO Kim Poulsen who joined in July. One in May, two in August and one in September. A long-term commitment programme was established for the new CEO in December 2022. There have been no other material changes to the remuneration of the members of the Management Team and the CEO in 2022.

After stepping down as the CEO, Janne Poranen continued working as an employee of the company.

## Changes in intangible and tangible assets

EUR (thousand)	Development expenses	Intangible rights	Machinery and equipment	Assets under construction	Total
<b>Net book value on 1 Jul. 2022</b>	<b>6 481</b>	<b>548</b>	<b>99</b>	<b>4 485</b>	<b>11 612</b>
Additions			78	1 281	1 359
Reclassification	4 073	260		-4 333	0
Depreciations	-418	-45	-17		-481
<b>Net book value on 31 Dec. 2022</b>	<b>10 136</b>	<b>763</b>	<b>159</b>	<b>1 432</b>	<b>12 490</b>

EUR (thousand)	Development expenses	Intangible rights	Machinery and equipment	Assets under construction	Total
<b>Net book value on 1 Jul. 2021</b>	<b>5 888</b>	<b>496</b>	<b>109</b>	<b>1 903</b>	<b>8 395</b>
Additions			20	1 395	1 414
Reclassification	1 361	136		-1 497	0
Depreciations	-350	-39	-16		-405
<b>Net book value on 31 Dec. 2021</b>	<b>6 899</b>	<b>593</b>	<b>113</b>	<b>1 800</b>	<b>9 405</b>

EUR (thousand)	Development expenses	Intangible rights	Machinery and equipment	Assets under construction	Total
<b>Net book value on 1 Jan. 2022</b>	<b>6 899</b>	<b>593</b>	<b>113</b>	<b>1 800</b>	<b>9 405</b>
Additions			78	3 965	4 043
Reclassification	4 073	260		-4 333	0
Depreciations	-836	-91			-958
<b>Net book value on 31 Dec. 2022</b>	<b>10 136</b>	<b>763</b>	<b>159</b>	<b>1 432</b>	<b>12 490</b>

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

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 31.12.2022 EUR (thousand)	<1 year	1–2 years	2–5 years	> 5 years
Loans from financial institutions	1 000	1 350	3 453	600

## 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 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 valid between 1 January 2021 and 31 August 2022, with a company controlled by Timo Soininen who was a member of the Company's Board of Directors. The consultancy services amounted to EUR 73 thousand during 2022 and there were no payables related to these services on 31 December 2022.
- Spinnova sold technology development services to Suzano's refining pilot plant for EUR 238 thousand EUR during 2022.
- The technology delivery related invoicing for the first commercial Woodspin factory started in May 2021 and continued throughout 2022. In addition to technology delivery, Spinnova sold sales and general administration related services to Woodspin during 2022.
- The company invested EUR 12 250 thousand into the Woodspin joint venture in line with the JV agreement during 2022.
- In May 2021, the company invoiced the first milestone related to the Respin proof of concept technology delivery project, and the second and third milestones were invoiced in December 2022.

The company's related parties have shareholdings in the company and the company has granted stock option rights to certain related parties. On 31 December 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 2 947 460 shares.

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

## Guarantees and contingent liabilities

EUR (thousand)	31.12.2022	31.12.2021
<b>Guarantees and pledges given</b>		
Loan secured by a corporate mortgage	1 750	2 750
Corporate mortgage	10 000	10 000
<b>Off-balance sheet financial commitments</b>		
Rental liabilities <sup>1</sup>		
Maturing in less than 12 months	759	488
Maturing in more than 12 months	429	365
Leasing liabilities <sup>1</sup>		
Maturing in less than 12 months	189	101
Maturing in more than 12 months	223	113
<b>Total rental and leasing liabilities</b>	<b>1 601</b>	<b>1 068</b>

<sup>1</sup>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 a 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 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 the co-investors decided to increase the capital investment to a total of EUR 31 million (each of Spinnova and Suzano will invest total of EUR 15.5 million), of which EUR 1.5 million per shareholder is remaining as of 31 December 2022. Spinnova has invested total of 14 million euros into Woodspin joint venture as of the end of the reporting period.

Addition to the combined investment amount of EUR 31 000 thousand, The Board of Directors of Spinnova decided on 15 February 2023, to grant up to EUR 4 400 thousand of additional equity funding to Woodspin, subject to Suzano's decision to do the same.

### *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

### The number of shares used in key performance indicators

Period	Average number of shares during the period	Number of shares at the end of the period
7-12 / 2022	51 366 297	51 538 235
7-12 / 2021	51 243 605	51 243 605
1-12 / 2022	51 331 672	51 538 235
1-12 / 2021	43 133 797	51 243 605

### 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 financial statements bulletin and all earlier financial reports and presentations are available on Spinnova's website: [spinnovagroup.com/reports/](https://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 CO<sub>2</sub> 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.*

SPINNOVA® home: [www.spinnova.com](https://www.spinnova.com)  
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