





# CONTENTS 2023

## REPORT OF THE BOARD OF DIRECTORS OF SPINNOVA PLC

1 JANUARY – 31 DECEMBER 2023..... 3

## CORPORATE GOVERNANCE STATEMENT

Introduction.....	16
Spinnova's governing bodies .....	17
General Meeting of Shareholders .....	18
Board of Directors.....	20
Board Committees.....	23
Board of Directors on 31 December 2023.....	25
Management Team on 31 December 2023.....	29

## REMUNERATION REPORT

Introduction to remuneration in Spinnova.....	35
Remuneration of the Board of Directors.....	36
Remuneration of the CEO .....	38
Stock option programmes .....	40

## FINANCIAL STATEMENTS

Group Consolidated Financial Statements (IFRS).....	44
Notes to the consolidated IFRS financial statements.....	48
Parent Company Financial Statements.....	83
Notes to the parent company financial statements.....	87
Signatures to the Board of Directors' Report and the Financial Statements.....	95

<b>AUDITOR'S REPORT .....</b>	<b>96</b>
-------------------------------	-----------

A woman with long, wavy brown hair and bangs, wearing a grey coat, and a man with long brown hair, wearing a tan jacket over a grey turtleneck, are both looking upwards and to the right. They are positioned in front of a textured, dark blue-grey background that resembles a wall or a large piece of fabric. The lighting is soft, highlighting their faces and the texture of their clothing.

# Report of the Board of Directors



# Report of the Board of Directors of Spinnova Plc

## 1 January – 31 December 2023

### ABOUT SPINNOVA

Spinnova is on a mission to transform the raw material base of the global textile ecosystem with its technology.

SPINNOVA® fibre is a sustainable textile 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 74 percent lower compared to conventional cotton.<sup>2</sup>

Having completed the main phase of research and development, Spinnova is moving to its global commercialisation phase. Spinnova's joint venture company Woodspin's first wood-based fibre factory was opened in 2023.

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

<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.



## REVIEW OF 2023

In 2023 Spinnova continued to execute its strategy to scale the production of SPINNOVA® fibre and commercialise its technology innovation. A major milestone in 2023 was the technology handover of the first factory producing wood-based SPINNOVA® fibre to the joint venture Woodspin. The Woodspin factory was opened in May 2023 and ramp-up of its operations continued throughout the year.

Other operational highlights during the year were entering into a yarn development co-operation agreement with Tearfil and launching R&D work for

textile and agricultural waste streams with the aid of a maximum EUR 1.9 million grant from Business Finland. Spinnova's spinning line installation work at Tearfil's site in Portugal started in the end of 2023 and continued during the beginning of 2024.

On commercial front, Spinnova's brand partner Halti launched an urban parka made from SPINNOVA® fibre in April. Spinnova also announced a co-operation with Swedish textile recycling innovator Renewcell to test textile waste-based raw material in Spinnova's process.

In August, Spinnova announced a review of its strategy and medium- and long-term business targets.

Tuomas Oijala started as Spinnova's CEO on 11 December 2023 after former CEO Kim Poulsen stepped down on 21 April 2023. CFO and Deputy CEO Ben Selby acted as interim CEO in between.

## SIGNIFICANT EVENTS IN 2023

Business	
<b>4 April</b>	Halti's urban parka made from SPINNOVA® fibre enters stores
<b>25 May</b>	Successful technology handover of the first factory producing wood-based SPINNOVA® fibre to the joint venture Woodspin
<b>14 June</b>	Spinnova entered into a yarn development co-operation agreement with Tearfil.
<b>14 August</b>	Spinnova received a grant of maximum EUR 1.9 million, for its research and development (R&D) work for textile and agricultural waste streams, from Business Finland.
<b>31 August</b>	Spinnova announced a strategy review.
<b>13 September</b>	Spinnova and Swedish textile recycling innovator Renewcell announced their cooperation.
Management Team and the Board of Directors	
<b>1 March</b>	Santeri Heinonen was appointed Chief Human Resources Officer and management team member
<b>21 April</b>	CEO Kim Poulsen stepped down as CEO, and CFO Ben Selby was appointed as interim CEO.
<b>31 August</b>	Tuomas Oijala was appointed CEO and Ben Selby Deputy CEO, effective 1 January 2024 at the latest
<b>11 December</b>	Tuomas Oijala started as CEO and Ben Selby as Deputy CEO



**IFRS KEY FIGURES**

<b>EUR (thousand)</b>	<b>1-12/2023</b>	<b>1-12/2022</b>
Revenue	10 640	24 279
Operating result	-20 926	-13 149
Earnings per share (EUR, diluted and undiluted) <sup>1</sup>	-0.38	-0.29
Net cash	54 426	74 454
Equity ratio	89 %	86%
Number of permanent employees at the end of the period	76	75
Number of permanent personnel (average)	77	67

<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 as follows:

<b>Period</b>	<b>Average number of shares during the period</b>	<b>Number of shares at the end of the period</b>
January - December 2023	51 898 723	52 228 685
January - December 2022	51 331 672	51 538 235



**STRATEGY REVIEW**

On 31 August 2023, Spinnova announced a review of its strategy and medium- and long-term business targets. The global demand drivers and resulting opportunity for Spinnova continue to be very strong. Spinnova's ambition level to transform the global textile material industry remains unchanged. Spinnova has decided to prioritise actions which – in the short- to medium-term – deliver the fastest time to positive cashflows, and create the most value for the company's stakeholders.

The outcome of the strategy review was announced on 14 March 2024 and will be presented in our Capital Markets Day on 14 March 2024.

Spinnova has set the following strategy targets:

	<b>Short term (2025-2026)</b>	<b>Medium term (2028-2030)</b>	<b>Long term (2034-2036)</b>
Cumulative technology sales*	30k tonnes	130k tonnes	450k tonnes
Financial	No additional external financing required	EBIT positive	More than EUR 100 million EBIT per year  More than 30% of revenues recurring**
*Total cumulative annual fibre production capacity committed to be built by Spinnova technology customers or by Spinnova through own investments			
**Royalty and service fees			

As Spinnova is implementing its technology sales strategy and does not plan to make its own investment into fibre production in the short to medium term, Spinnova does not expect to need additional external financing in order to reach its strategy targets.

Upside potential to Spinnova's strategy targets is expected to be driven by acceleration of the timing of investment decisions for new plants by our technology customers, increased adoption of sustainable materials by consumers and brands, further regulation of raw materials in the textile

industry and faster than anticipated ramp up of alternative raw material pulp suppliers.

Downside potential to Spinnova's strategy targets may include potential delays to investment decisions by our technology customers, potential delays to delivery of our technology projects to customers, slower than anticipated development of reductions in capex or opex per tonne of Spinnova's technology, and slower than expected development of SPINNOVA® fibre properties which would reduce the size of the addressable fibre market for our technology customers.



## MARKET ENVIRONMENT

The overall market outlook for Spinnova continues to be favourable. The demand for sustainable fibres and materials is growing and growth is expected to continue. The textile industry must cut GHG emissions by 45% by 2030 to be in line with the Paris Agreement and keeping global warming to a 1.5°C pathway<sup>1</sup>. The value of the global textile fibre market is estimated to be some EUR 200 billion and is expected to grow to approximately EUR 245 billion by 2030<sup>2</sup>. Global fibre production volume is expected to grow from 116 million tonnes in 2022 to 147 million tonnes by 2030 if business continues as usual<sup>3</sup>. The market growth and efforts to reduce environmental impacts are expected to drive demand also for Spinnova's fibre technology. However, the current challenging macroeconomic environment may affect demand for sustainable fibres and Spinnova's fibre technology in the short term.

To increase the share of sustainable materials in products, the whole textile industry value chain from fibre innovators and producers to yarn, fabric and garment makers and to brands must move onwards from sustainability targets to deepening their cooperation. Furthermore, the transition to a

more sustainable material base is not only demand driven, but production capacity increases require investments into new technology and production capacity takes time to build. Textile Exchange, Boston Consulting Group and Quantis have estimated that there could be a 133 million tonne "preferred materials\*" gap in 2030 if investments into sustainable materials are not done in time<sup>1</sup>.

Spinnova monitors closely market trends, legislation and environmental initiatives related to the textile industry. 2023 was a year of record-breaking heat waves affecting textile material production supply chains globally. The climate challenge in the industry is urgent and it is putting pressure on new legislation. The EU aims by 2030 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<sup>4</sup>. In the EU as many as 16 pieces of legislation are currently under discussion, with the first coming to force in 2024<sup>5</sup>.

More than 85% of leading brands (by sales) have publicly declared decarbonization targets for their supply chains<sup>1</sup>. Brands have for example

committed to Science Based Targets and introduced sustainable materials into their collections. Spinnova continues to look for partners who are willing to take action and pioneer the change into sustainable materials in a larger scale, beyond sustainable capsule collections.

## IMPACT OF GLOBAL GEOPOLITICAL SITUATION

Spinnova has seen no material direct impacts on its business relating to the uncertain global geopolitical situation during the reporting period. The company is closely monitoring the situation and will adjust its operations and plans if needed.

<sup>1</sup> Textile Exchange, Boston Consulting Group and Quantis: Sustainable Raw Materials Will Drive Profitability for Fashion and Apparel Brands, October 2023 at: <https://www.bcg.com/publications/2023/driving-profitability-with-raw-materials-in-fashion> and Textile Exchange at: <https://textileexchange.org/climate-vision/>

<sup>2</sup> Company management and third-party sources mentioned in Spinnova IPO Offering Circular 10 June 2021

<sup>3</sup> Textile Exchange: Materials Market Report, December 2023

<sup>4</sup> EU Strategy for Sustainable and Circular Textiles, 30 March 2022.

<sup>5</sup> McKinsey & Company, Business of Fashion: The State of Fashion 2024.

## FINANCIAL PERFORMANCE, 1 JANUARY – 31 DECEMBER 2023

### REVENUE

Spinnova's revenue was EUR 10 640 thousand (EUR 24 279 thousand) for the year ended 31 December 2023. During the period, most 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.

### PROFITABILITY

Spinnova's operating result was EUR –20 926 thousand (EUR –13 149 thousand) for January–December 2023. The increase of the operating loss was primarily driven by the overall ramp-up of the business, larger number of employees and higher cost impact of stock option programmes compared to January–December 2022. In addition, Woodspin's production start-up and ramp-up increased the share of loss from joint ventures compared to 2022.

Spinnova's materials and services expenses were EUR 9 849 thousand (EUR 23 116 thousand) for the year ended 31 December 2023. The decrease compared to the previous year was due to timing of technology delivery to Woodspin's production facility where majority of the project delivery was completed during 2022.

Spinnova's personnel expenses were EUR 10 637 thousand (EUR 8 714 thousand) for the year ended

31 December 2023. The increase in personnel expenses was primarily due to the higher amount of personnel, salary inflation and higher cost impact of Spinnova's stock option programmes compared to year 2022.

Depreciation and amortisation were EUR 2 504 thousand (EUR 1 628 thousand) for the year ended 31 December 2023. The increase was driven by a higher level of fixed assets at the beginning of the year, mainly capitalised development expenses and right-of-use assets, compared to 2022.

Other operating expenses were EUR 5 779 thousand (EUR 3 414 thousand) for the year ended 31 December 2023. Overall other operating expenses increased as the company ramped up its business and completed critical one-off business and corporate development projects.

The share of results in joint ventures was EUR –3 544 thousand (EUR –649 thousand) for the year ended 31 December 2023. The increased loss was mainly related to Woodspin and its operations establishing a new organisation and ramping-up production at the new production facility. In addition, the loss at Woodspin increased due to purchasing alternative MFC raw material from Scandinavia.

Financial income was EUR 1 937 thousand (EUR 0 thousand) for the year ended 31 December 2023 due to positive development of the company's current investments. Financial expenses were EUR –304 thousand (EUR –1 867 thousand) for the period

ended 31 December 2023. Financial expenses in 2023 consisted mainly of paid interest related to the company's interest-bearing borrowings. In 2022 financial expenses consisted mainly of revaluation of company's investments in money market funds driven by the financial market environment.

### FINANCIAL POSITION AND CASHFLOWS

Spinnova's total assets at the end of the review period were EUR 98 614 thousand (EUR 119 918 thousand). Equity was EUR 87 328 thousand (EUR 102 883 thousand). Cash and cash equivalents and current investments amounted to EUR 61 459 thousand (EUR 82 716 thousand). The cash position at the end of the reporting period was negatively impacted by the loss of the reporting period.

Spinnova's net cash flow from operating activities in January–December 2023 was EUR –13 998 thousand (EUR –5 227 thousand). The net cash flow from operating activities was driven by the loss of the period and change in working capital due to decrease in current non-interest-bearing-liabilities and decrease in trade receivables from Woodspin. The change in net working capital for the period was EUR –1 348 thousand (EUR 4 391 thousand).

Cash flow from investing activities was EUR –4 153 thousand (EUR 31 879 thousand). The majority of negative cash flow from investing activities related to investments into Woodspin.



Cash flow from financing activities was EUR 103 thousand (EUR -746 thousand) during the period ended 31 December 2023 mainly affected by higher share issues related to option programmes and higher repayments of lease liabilities, compared to the same period in 2022.

### INVESTMENTS AND RESEARCH AND DEVELOPMENT

Spinnova's investments in tangible and intangible assets total EUR 663 thousand (EUR 4 723 thousand), of which investments in patents and development of new technology was EUR 165 thousand (EUR 3 488 thousand) and investments in machinery and equipment were EUR 498 thousand (EUR 1 235 thousand) for the period ended 31 December 2023. The decline in investments compared to the same period in 2022 was due to a EUR 1 366 thousand investment into the in-house R&D yarn-spinning machinery made in 2022 and technology development projects in 2022. During 2023 Spinnova's R&D teams focused on the commissioning and ramp-up of the first Woodspin factory and therefore technology development investments were lower.

In the period ended 31 December 2023 the company invested a total of EUR 8 300 thousand (EUR 12 250 thousand) to its joint ventures. During

2023 Woodspin's technology project cost increased to EUR 36 million, up from EUR 31 million projected in 2022. The co-investors Spinnova and Suzano each pay half of the investments to Woodspin. Spinnova has invested into the Woodspin joint venture a total of EUR 22.05 million by 31 December 2023.

On 31 December 2023 Spinnova's commitments and guarantees to joint ventures consists of EUR 1 250 thousand investments into Respin if Respin proceeds to commercial phase, and EUR 418 thousand absolute guarantee for Woodspin's premise lease agreement.

### PERSONNEL

Spinnova's number of permanent employees was 76 (75) at the end of the period January-December 2023, and on average 77 (67) for the period. The total number of Spinnova's employees was 81 (81) on 31 December 2023, including 5 (6) fixed term employees.

### CHANGES IN GROUP MANAGEMENT

1 March 2023, Santeri Heinonen was appointed Chief Human Resources Officer and management team member. He started in his position on 2 May 2023.

21 April 2023, CEO Kim Poulsen stepped down as CEO, and the company's Board of Directors

appointed CFO Ben Selby as interim CEO. The search for a new permanent CEO commenced immediately. Mr. Selby started as interim CEO as of 21 April 2023. He simultaneously continues in his position as CFO.

31 August 2023, Tuomas Oijala was appointed CEO of Spinnova Plc and Ben Selby deputy CEO, effective as of 1 January 2024 at the latest. Mr. Oijala and Mr. Selby started in their roles on 11 December 2023.

### SHARES AND SHAREHOLDERS

Spinnova's share is listed on the Nasdaq First North Growth Market Finland. Spinnova's share capital is EUR 80 thousand. Spinnova has one series of shares. All the shares have one vote in the general meeting of shareholders and have equal rights to dividends. The ISIN code of the shares is FI4000507595, and the trading code is SPINN.

As of 31 December 2023, Spinnova had 36 066 (35 900) shareholders. Of the shares, 25.18 (26.97) percent were held by nominee registered shareholders. The company does not currently hold any of its own shares.

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 as of 31 December 2023.

LARGEST SHAREHOLDERS		
Shareholder	Number of shares	Of all shares and votes, %
Suzano S.A	9 808 530	18.78
Besodos Investors Oy	4 048 680	7.75
Maki.vc Fund I Ky	3 540 300	6.78
Beata Domus Ab	3 348 238	6.41
Janne Poranen	2 663 030	5.10
Holdix Oy Ab	2 187 510	4.19
Lenzing AG	2 173 642	4.16
Juha Salmela	1 960 322	3.75
Aktia Asset Management	1 535 013	2.94
Timo Soininen	1 356 794	2.60
<b>Ten largest registered shareholders, total</b>	<b>32 622 059</b>	<b>62.46</b>
<b>Other shareholders, total</b>	<b>19 606 626</b>	<b>37.54</b>
<b>In total</b>	<b>52 228 685</b>	<b>100.00</b>

## SPINNOVA SHARES ON NASDAQ FIRST NORTH GROWTH MARKET

January–December 2023	No. of shares traded	Average daily turnover	High EUR	Low EUR	Average <sup>1</sup> EUR	Last EUR
SPINN	12 354 901	179 999	7,38	1,492	3,657	2,395

<sup>1</sup> Volume weighted average

Market capitalisation at the end of December 2023 totalled approximately EUR 125 million.

## THE ANNUAL GENERAL MEETING AND THE BOARD OF DIRECTORS

Spinova Plc's Annual General Meeting was held on 4 May 2023 at 2.00 p.m. EET at Sanomatalo, Töölönlahdenkatu 2, FI-00100 Helsinki, Finland.

The Annual General Meeting approved the financial statements for 2022, discharged the members of the Board of Directors and the CEO from liability for the financial year 2022 and approved the Company's Remuneration Report for governing bodies.

The Annual General Meeting resolved that no dividend be distributed on the basis of the balance sheet to be adopted for the financial year 1 January 2022– 31 December 2022, and that the loss from the financial year be recorded in the Company's retained earnings.

The Annual General Meeting resolved that the remuneration of the Board of Directors would be a fixed monthly fee of EUR 2 000 for each Board Member. No separate meeting fees or committee member fees is to be paid.

## Members of the Board of Directors

The Annual General Meeting resolved that the number of members of the Board of Directors for the term ending at the close of the Annual General Meeting 2024 is seven (7).

Janne Poranen, Hanna Liiri, Juha Salmela and Harri Sundvik were re-elected as members of the Board of Directors, and Petri Kalliokoski, Julio Ramundo and Kirsi Sormunen were elected as new members of the Board of Directors.



## STOCK OPTIONS

The Board members are independent of the company, except for Janne Poranen and Juha Salmela, due to their employment or service relationship with the company, and Julio Ramundo due to belonging to the operative management of Suzano S.A., which has a close cooperation relationship with Spinnova. All the Board members who are independent of the company are also independent of the company's significant shareholders. Spinnova's definition of Board members' independence complies with the Finnish Corporate Governance Code (2020).

In addition to the election of Chair, the Board elected members of the Board of Directors' Audit Committee and the Remuneration Committee. The members and duties of the Board Committees are further described at <https://spinnovagroup.com/board-of-directors/board-committees/>.

### Shares subscribed with options

Instrument	Number of options	Number of subscribed shares	Subscription price	Subscription price, total
Option Plan 2018	5 167	155 010	1.13	175 161.30
Option Plan 2020A	3 655	109 650	2.74	300 441.00
Options Plan 2020B	14 193	425 790	2.74	1 166 664.60
<b>Total</b>	<b>23 015</b>	<b>690 450</b>	<b>-</b>	<b>1 642 266.90</b>

Detailed information on incentive programmes is found in the Remuneration Report section of this same document and at <https://spinnovagroup.com/corporategovernance/remuneration/>

Spinnova 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 6 245 620 shares can be subscribed, taking into account deducted forfeited options. Of this amount there are 3 828 930 shares outstanding on 31 December 2023, which corresponds to a maximum approximately 6.8 percent of the diluted share amount.

During 1 January – 31 December 2023, holders of the options subscribed to 690 450 shares, which were registered in the Trade Register. For subscriptions made with the stock options the entire subscription price of EUR 1 642 266.90 thousand has been entered in the reserve for invested unrestricted equity.

The Annual General Meeting in 2023 authorised to resolve on the issuance of shares and special rights entitling to shares. The total number of shares that may be issued under the authorisation for purposes other than incentive schemes may not exceed 5 150 000 shares, which corresponds to approximately 10 percent of all shares in the Company. In addition, a maximum of 800 000 shares, corresponding to approximately 1.6 percent of the total number of shares in the Company, may be issued for the purposes of incentive schemes. Shares may be issued directly or via special rights. The authorisation cancels the authorisation granted by the Annual General Meeting 2021 to resolve on the issuance of shares and special rights entitling to shares. The authorisation is valid until 30 June 2024.

### Expense recognised for employee services received

EUR (thousand)	1-12/2023	1-12/2022
Option Plan 2020	-343	-993
Option Plan 2022	-2 067	-488
Option Plan 2022 for Board Members	8	-35
Total expense arising from share-based payment transactions	-2 402	-1 516

### Cancellation of non-vested stock options

The options and established share-based long-term commitment programme granted by the Board, to the company's former CEO Kim Poulsen as well as the stock options issued to Sari Pohjonen, a former member of Spinnova's Board of Directors, and options of employees who have left the company, were cancelled in 2023.

### AUDITORS

The Annual General Meeting 2023 re-elected Authorised Public Accountants, as the auditor of the Company for a term of office ending at the end of the next Annual General Meeting.

Mr. Markku Launis, APA, acted as the principally responsible auditor until September 2023. PricewaterhouseCoopers Ltd, designated Certified Public Accountant (CPA) Jukka Torkkeli as Spinnova's Responsible Auditor as of 25 September 2023.

The remuneration for the auditor will be paid against the auditor's reasonable invoice.

### SHORT-TERM RISKS AND UNCERTAINTY FACTORS

The ability of Spinnova to earn revenues and profits from technology sales, and for Spinnova's technology customers to earn revenues and profits from SPINNOVA® fibre sales is dependent on Spinnova's ability to scale its fibre production technology and for its customers to increase the production capacity of SPINNOVA® fibre. There is a risk that Spinnova is not able to scale its technology whilst lowering production costs and capex per tonne. If Spinnova is not able to do this, it may not be possible for Spinnova to meet its strategy targets.

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

Spinnova may not be able to attract customers at the needed volumes to meet its strategy targets. The company may not be able to meet the fibre property and quality requirements of fibre customers, which in turn could negatively impact Spinnova's technology sales and the sales of SPINNOVA® fibre from technology customers. If

competitors are able to produce high quality fibres with the same or better sustainability properties at competitive prices, this could negatively affect Spinnova's technology sales. If apparel brands and other buyers adopt sustainable materials more slowly than anticipated, this could negatively affect Spinnova's technology sales.

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 technology customers.

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's ability to affect decision-making in joint ventures is limited to the 50 percent ownership it currently holds in Woodspin and Respin.

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.

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.

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. This could negatively impact Spinnova's and its technology sales customers' business and may negatively

impact the size and timing of investments into increased production capacity.

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 and has created an IT risk mitigation plan.

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. Global pandemics 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.

## OUTLOOK

### Financial Guidance for 2024

In 2024, revenues are estimated to be lower than in 2023. The timing of revenues is linked to the timing of technology sales and delivery of the next production facility. The operating result is expected to improve from 2023 but to continue to be

negative. The total of Spinnova's personnel expenses and other operating expenses is expected to be lower in 2024 than in 2023.

### THE BOARD OF DIRECTORS' PROPOSAL FOR DISTRIBUTING PROFITS

In the medium term, Spinnova focuses on growth and 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 2023 was EUR 79 129 thousand, of which the result of the period was EUR -14 627 thousand. The Board of Directors proposes to the Annual General Meeting that no dividend be distributed for the financial year January-December 2023, and that the loss of the financial year is recorded in the retained earnings.



# Corporate Governance Statement



# Introduction

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

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

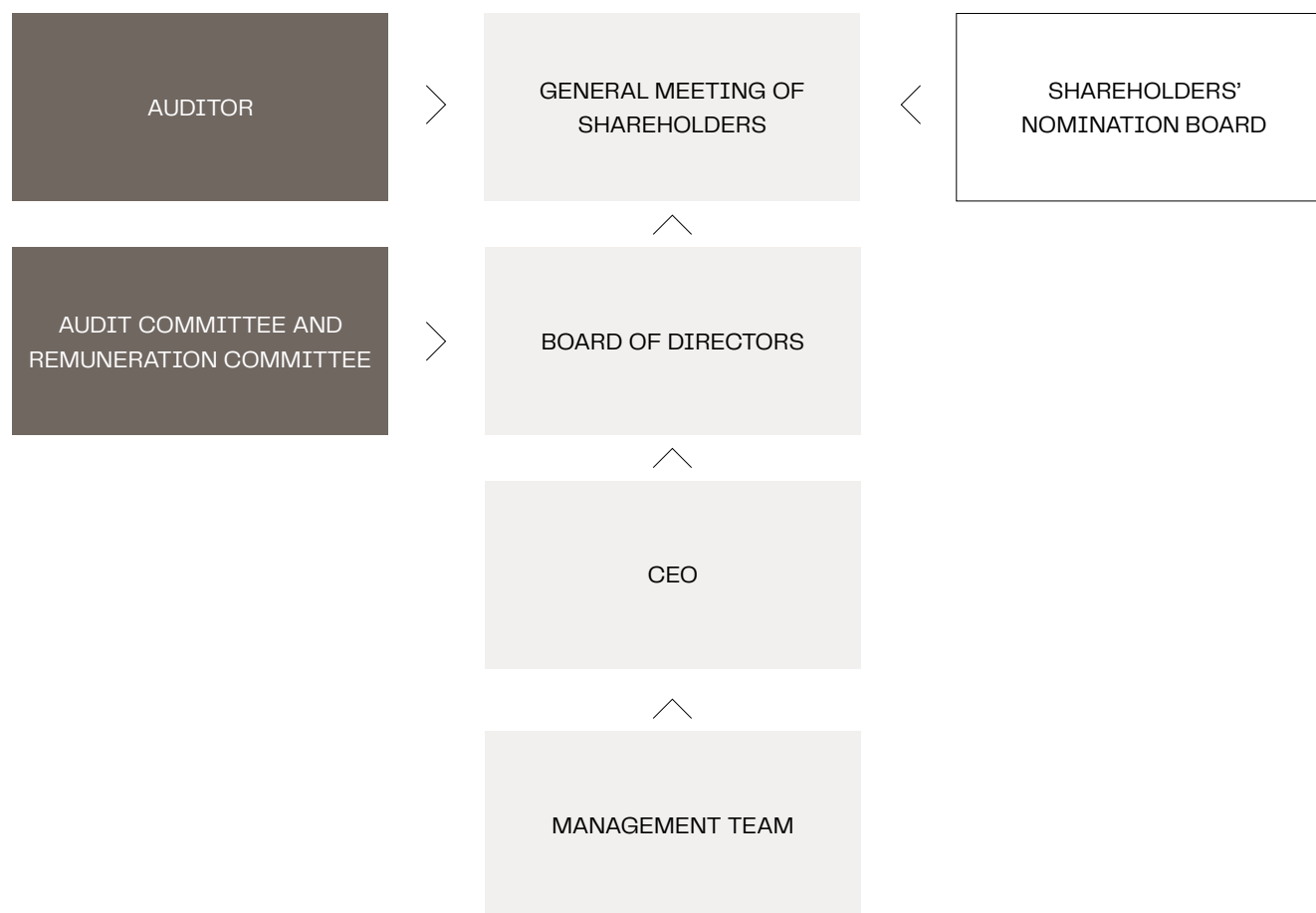
The Corporate Governance Statement is issued separately from the Board of Directors' Report and is disclosed together with Spinnova's Financial Statements 2023, the Board of Directors' Report and the Remuneration Report 2023 on the Company's website. This Corporate Governance Statement 2023 has been reviewed by the Audit Committee of Spinnova. Up-to-date information on Spinnova's governance is available on the Company's website.



# Spinnova's governing bodies

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

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



# General Meeting of Shareholders

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

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

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

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

The competence of the Annual General Meeting also includes amending the Articles of Association, deciding on the purchase of the Company's own shares, issuance of shares and issuance of special rights entitling to shares, and authorising the Board of Directors to decide on such.

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

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

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

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

### **ANNUAL GENERAL MEETING IN 2023**

Spinnova's Annual General Meeting was held on 4 May 2023. The Annual General Meeting approved the financial statements for 2022, discharged the members of the Board of Directors and the CEO from liability for the financial year 2022 and approved the Company's Remuneration Report. The Annual General Meeting resolved that no dividend be distributed on the basis of the balance sheet to be adopted for the financial year 1 January–31 December 2022, and that the loss from the financial year be recorded in the company's retained earnings. The Annual General Meeting further decided on topics related to the remuneration and election of the members of the board and the auditor as well as on an authorisation for the board to issue shares and special rights entitling to shares.



# Board of Directors

## THE BOARD OF DIRECTORS:

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

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

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

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

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

**BOARD OF DIRECTORS IN 2023**

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

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

The Board of Directors on 1 January 2023 included Janne Poranen (Chair), Harri Sundvik (Deputy Chair), Gert Kroner, Hanna Liiri, Vinicius Nonino, Juha Salmela and Sari Pohjonen.

The Annual General Meeting on 4 May 2023 re-elected Janne Poranen, Hanna Liiri, Juha Salmela and Harri Sundvik as members of the Board of Directors. Petri Kalliokoski, Julio Ramundo and Kirsi Sormunen were elected as new members.

In 2023, the work of the Board of Directors focused in particular on ensuring the successful construction of the factory and hand-over of the technology to Woodspin (50/50 joint venture with Suzano), finding and nominating a new CEO and preparing for future scaling-up of the production of the SPINNOVA® fibre by commencing a review of the company strategy.

The Board of Directors held meetings or made unanimous resolutions without convening 18 times in 2023. Attendance in the meetings and decisions is reported in the table on page 15.

The key CV information of the Board members as of 31 December 2023 is presented on pages 13–14. The shares and share-based rights of the members of the Board members and their controlled entities in the Company and in the companies belonging

to the same group as the Company at the end of the previous financial year are presented in this Corporate Governance Statement.

**INDEPENDENCE ASSESSMENT**

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

According to the independence assessment of the Board members at the end of 2023, all members of the Board were determined to be independent of the Company, except for Janne Poranen, and Juha Salmela, due to their employment relationship with the Company and Julio Ramundo, due to him belonging to the operative management of Suzano S/A, which has a close cooperation relationship with the Company. All the Board members who were determined to be independent of the Company, namely Petri Kalliokoski, Hanna Liiri, Kirsi Sormunen and Harri Sundvik were also determined to be independent also of significant shareholders.

According to the Corporate Governance Code, a significant shareholder is a shareholder who holds at least 10% of all company shares or the votes carried by all the shares, or who has the right or obligation to acquire the corresponding number of already issued shares.

#### **SELF-ASSESSMENT**

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

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

#### **DIVERSITY**

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

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

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

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

The diversity goals defined in Spinnova's diversity principles are evaluated to be realised in 2023. Both genders were represented in the Board of Directors in 2023. At the year-end 2023, two Board members were female and five were male.



# Board Committees

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

## AUDIT COMMITTEE

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

- monitor the financial statement reporting process as well as monitor and assess the financial reporting process
- monitor the financial situation and financing situation of the group
- handle the budget, forecast and assumptions related to them, and

- handle the financial statements, annual reports, interim financial reports, and financial reports before the Board of Director's approval.

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

The Audit Committee is comprised of at least three members of the Board of Directors. The majority of the members of the Audit Committee must be independent of the Company and at least one member must be independent of the Company's significant shareholders. As required by the

Companies Act, an Audit Committee member may not participate in the day-to-day management of the Company, or an entity or foundation

consolidated in the Company's consolidated financial statements. At least one member of the audit committee must also have accounting or auditing expertise.

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

## REMUNERATION COMMITTEE

The Remuneration Committee has the following duties:

- preparing matters related to the appointment of the CEO and other management and to review appropriate candidates for their successors
- preparing matters related to the salaries and other financial benefits of the CEO and other management
- preparing matters related to the Company's incentive systems

- assessing the remuneration of the CEO and other management and ensuring the appropriateness of the incentive systems
- assessing and making recommendations to the Board of Directors regarding programmes and other incentive systems that are based on shares or special rights entitling to shares
- planning the incentivisation of other staff and the development of the organisation
- answering questions regarding the Remuneration Report at the annual general meeting; and
- recommending a remunerations advisor to the Company's Board of Directors as necessary and submitting a proposal regarding the remuneration paid to the said advisor.

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

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

#### **BOARD COMMITTEES IN 2023**

The new Board of Directors held its constitutive meeting on 4 May 2023. The Board of Directors elected Janne Poranen as its Chair. Kirsi Sormunen (Chair), Hanna Liiri and Harri Sundvik were selected as members of the Audit committee and Petri Kalliokoski (Chair), Hanna Liiri and Julio Ramundo as members of the Remuneration Committee.

In 2023, the Audit Committee met 6 times. In 2023, the work of the Audit Committee focused

on reviewing the FAS IFRS transition and financial statement as well as monitoring treasury investments.

The Remuneration Committee met 5 times. The attendance of committee meetings is presented in the table later.

# Board of Directors on 31 December 2023

Janne Poranen



b. 1972, PhD (Physics)  
Finnish citizen  
Member of the Board of Directors since 2022  
Chair of the Board of Directors since 1 August 2022  
Member of the Management Team 2014–2022  
Not independent of the Company,  
independent of major shareholders  
Company shareholding on 31 December 2023: 2 663 030 shares and 8 000 of 2020 B Stock Options  
Co-founder of Spinnova

Petri Kalliokoski



b. 1975, Master of Science (Tech.)  
Finnish citizen  
Member of the Board of Directors since 2023  
Chair of the Remuneration Committee  
Independent of the Company and its major shareholders  
Company shareholding on 31 December 2023: 0 shares and 0 stock options  
Main occupation: CEO and owner at High Metal Oy, chair of the boards of Ukko.fi and mcare Group Oy

Hanna Liiri



b. 1970, Master of Science (Economics)  
Finnish citizen  
Member of the Board of Directors since 2018  
Member of the Audit and Remuneration Committee  
Independent of the Company and of its major shareholders  
Company shareholding on 31 December 2023: 4 048 680 shares (held by Besodos Investors Oy), 6 000 shares (personal holding) and 0 stock options  
Main occupation: Managing Partner and Portfolio Manager at Besodos Investors Oy since 2005–

Julio Ramundo



b. 1969, Bachelor of Business Administration, MBA  
Brazilian citizen  
Member of the Board of Directors since 2023  
Member of the Remuneration Committee  
Not independent of the Company and not independent of major shareholders  
Company shareholding on 31 December 2023: 0 shares and 0 stock options  
Main occupation: New Business Director, Carbon and Suzano Ventures at Suzano S.A.



Kirsi Sormunen



b. 1957, Master of Science (Economics)  
Finnish citizen  
Member of the board since 2023 Chair of  
the Audit Committee Independent of the  
company and its major shareholders  
Company shareholding on 31 December  
2023: 0 shares and 0 options  
Main occupation: Board professional

Juha Salmela



b. 1973, Master of Science Finnish citizen  
Member of the Board of Directors since  
2014  
Member of the Management Team since  
2014  
Not independent of the Company,  
independent of major shareholders  
Company shareholding on  
31 December 2023: 1 960 322 shares  
and 8 000 of 2020 B Stock Options Main  
occupation: Chief Technology Officer, Co-  
founder of Spinnova

Harri Sundvik



b. 1957, Master's Degree in Business  
Administration  
Finnish and British citizen  
Deputy chair of the Board of Directors  
since 2022  
Member of the Board of Directors since  
2021  
Member of the Audit Committee  
Independent of the Company and its major  
shareholders  
Company shareholding on 31 December  
2023: 0 shares and 1 250 of 2020 B Stock  
Options (held by COBL UK Ltd, a company  
controlled by Sundvik)  
Main occupation: Board professional

**BOARD AND COMMITTEE MEMBERS' MEETING AND DECISION PARTICIPATION IN 2023**

Member	Board of Directors	Audit Committee	Remuneration Committee
Janne Poranen	16 / 16	–	–
Petri Kalliokoski, from 4 May 2023	8 / 8	–	5 / 5
Hanna Liiri	16 / 16	4 / 4	5 / 5
Julio Ramundo, from 4 May 2023	8 / 8	–	5 / 5
Juha Salmela	15 / 16	–	–
Kirsi Sormunen, from 4 May 2023	8 / 8	4 / 4	–
Harri Sundvik	16 / 16	6 / 6	–
Gert Kroner, until 4 May 2023	8 / 8	–	–
Vinicius Nonino, until 4 May 2023	6 / 8	2 / 2	–
Sari Pohjonen, until 4 May 2023	8 / 8	2 / 2	–

**SHAREHOLDERS' NOMINATION BOARD**

The Nomination Board, established in 2021, is a shareholder body responsible for preparing proposals to the General Meeting regarding the election and remuneration of the members of the Board of Directors.

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

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

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

- prepare and present for board approval the principles concerning the diversity of the Board of Directors.

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

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

Each year, those three shareholders that hold the largest share of the votes conferred by all shares in the Company on the first Finnish business day of the September preceding the applicable annual general meeting pursuant to the shareholders' register maintained by Euroclear Finland Ltd or, in the case of nominee registered shareholders, based on separate shareholding information presented by them, will be entitled to appoint members that represent the shareholders. In the event that two or more shareholders hold an equal number of shares and votes, and the representative or representatives nominated by either or all such shareholders cannot be appointed to serve on the Nomination Board, the right to appoint a representative to the Nomination Board will be decided by drawing lots.

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

#### **COMPOSITION OF THE NOMINATION BOARD**

The following members were nominated to Spinnova Plc's Shareholders' Nomination Board as of 4 September 2023:

- Hanna Liiri, Besodos Investors Oy, Chair of the Nomination Board
- Janne Poranen, Chair of the Board of Directors of Spinnova Plc
- Julio Ramundo, Suzano S.A.
- Ilkka Kivimäki, Maki.vc Fund I Ky

#### **CHIEF EXECUTIVE OFFICER**

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

Kim Poulsen was Spinnova's CEO until 21 April 2023. Spinnova's CFO Ben Selby acted as interim CEO during 21 April – 10 December 2023. Tuomas Oijala was appointed Spinnova's new CEO and Ben Selby deputy CEO on 31 August 2023, effective 1 January 2024 at the latest. Mr. Oijala took up his duties on 11 December 2023.

#### **MANAGEMENT TEAM**

The Company's Management Team, which supports the CEO, is responsible for the development and operational activities of the Company and the business activities in accordance with the objectives set by the Board of Directors and the CEO. The CEO is the chair of the Management Team.

In 2023, the Management Team focused in its work on scaling production capacity through delivering technology to Woodspin's first factory and continued commercialisation of the company by launching products with brand partners. Furthermore, the Management Team continued the development of Spinnova's technology and materials as well as reviewed Spinnova's strategy.

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

# Management Team on 31 December 2023

Tuomas Oijala



Chief Executive Officer  
Member of the Management Team since 2023  
b. 1985, Master of Science (Engineering)  
Finnish and US citizen  
Company shareholding on 31 December 2023: 0 shares and 0 options.

Ben Selby



Chief Financial Officer, Deputy CEO  
Member of the Management Team since 2021  
Interim CEO 21 April – 10 December 2023,  
Deputy CEO since 11 December 2023. , b. 1983, Master of Arts degree  
British and Finnish citizen  
Company shareholding on 31 December 2023: 0 shares and 10 950 options, of which 5 950 are 2020 A Stock Options and 5 000 of 2020 B Stock Options (2020 A and B: one option equals 30 shares)

Allan Andersen



Chief Sales Officer  
Member of the Management Team since 2022  
b. 1973  
Danish Citizen  
Company shareholding on 31 December 2023: 90 shares, 100 000 of 2022 A2 options and 100 000 of 2022 B2 options (2022 A2 and B2: one option equals one share)

Santeri Heinonen



Chief Human Resources Officer  
Member of the Management Team since 2023  
b. 1974, Master of Science (Economics)  
Finnish citizen  
Company shareholding on 31 December 2023: 0 shares and 0 options.

Lasse Holopainen



General Counsel and Board Secretary  
Member of the Management Team since 2022  
b. 1981, Master of Laws Finnish Citizen  
Company shareholding on 31 December 2023: 0 shares, 40 000 of 2023 A1 options, 40 000 of 2022 B1 options, 60 000 of 2022 A3 options and 60 000 of 2022 B3 options (2022 A1, B1 and B3: one option equals one share)

Teemu Lindberg



Executive Vice President,  
Production Scaling  
Member of the Management  
Team since 2022  
b. 1976, Master of Science  
(Engineering)  
Finnish Citizen  
Company shareholding on 31  
December 2023: 0 shares,  
100 000 of 2022 A3 options  
and 100 000 of 2022 B3 options  
(2022 A3 and B3: one option  
equals one share)

Shahriare Mahmood



Chief Sustainability Officer  
Member of the Management  
Team since 2021  
b. 1976, Doctor of Science (Tech)  
Bangladeshi and Finnish citizen  
Company shareholding on 31  
December 2023: 0 shares and  
3 000 Options 2018, 55 000 of  
2022 A3 options and 55 000  
of 2022 B3 options (2018: one  
option equals 30 shares, 2022  
A3 and B3: one option equals one  
share)

Petri Poranen



Chief Operating Officer  
since 2021 Member of the  
Management Team since 2018  
Served as the Company's Chief  
Financial Officer in 2018–2021 b.  
1973,  
Studied Accounting  
Finnish citizen  
Company shareholding on 31  
December 2023: 0 shares and  
14 132 options, of which 5 000  
are B Stock Options 2020 and  
9 132 Stock Options 2018 (2018  
and 2020: One option equals 30  
shares)

Juha Salmela



Chief Technology Officer,  
Co-founder of Spinnova  
Member of the Management  
Team since 2014  
Member of the Board of Directors  
since 2014  
b. 1973, Master of Science Finnish  
citizen  
Company shareholding on 31  
December 2023: 1 960 322  
shares and 8 000 2020 B Stock  
Options (2020: one option equals  
30 shares,)



## INTERNAL CONTROL AND RISK MANAGEMENT OF THE FINANCIAL REPORTING PROCESS

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

### Internal control

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

The Company's Board of Directors is responsible for organising the Group's internal control, and the Audit Committee monitors the effectiveness of internal

control. The Management Team is responsible for ensuring that effective control procedures are in place to manage risks.

Responsibility for risks and related controls, and for implementing corrective actions related to controls, lies with operational management. Each employee of the Company contributes to the first line of defense by acting ethically, following the Company's established policies, and exercising business-related supervision. The Company's finance unit's tasks include monitoring the effectiveness of controls in connection with interim financial reporting breaks.

The Company's internal controls comprise the internal control policy approved by the Board of Directors, and the decision-making and approval procedures, control points defined in a uniform manner in the various processes, as well as their monitoring and undertaking of corrective measures.

Risk assessment forms the basis for effective internal control. Control functions ensure that the realisation of identified risks is minimised.

The Company has its internal controls in line with the requirements of being a listed company. Additional controls have been implemented

around purchase and payment processes, HR and payroll processes, financial accounting, reporting, budgeting, and forecasting processes, investments, and project planning. The Company has an enterprise resource planning (ERP) system in place. In 2023 the Company transitioned to IFRS financial reporting.

### Internal audit

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

### Risk Management

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

**RELATED PARTY TRANSACTIONS**

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

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

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

The key risks identified in Spinnova's risk management process are described in the risk factors section of the Board of Directors' report for 2023.

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

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 2023, the company's related parties consisted of the company's subsidiary Spinnova Holdings Oy, the company's exclusive joint ventures with Suzano SA and ECCO, Woodspin Oy and Respin Oy, respectively, shareholders Suzano, Lenzing AG and Besodos Investors Oy that have significant influence over the company as well as 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.

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

Information on related party transactions in 2023 is provided in the notes to Spinnova's Financial Statements for 2023.

**INSIDER MANAGEMENT**

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

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

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

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

#### WHISTLEBLOWING

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

Spinnova's whistleblowing channel, provided by an external service provider, is an anonymous

way to raise concerns of non-compliance with Spinnova's values, ethical norms, laws, and regulations. Spinnova will investigate any reported violation as discreetly as possible and confidentially commensurate with a thorough and adequate investigation. Spinnova's principle is that no one shall suffer adverse employment consequences, harassment, be discriminated against or retaliated against for making a claim in good faith of a violation of Spinnova's values, guidelines, ethical norms or applicable laws and regulations.

In 2023, there was one issue submitted through Spinnova's whistleblowing channel.

#### AUDITING

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

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

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

#### Audit in 2023

PricewaterhouseCoopers, Authorised Public Accountants, acts as the Company's Auditor. The auditor with principal responsibility Jukka Torkkeli is registered in the register of auditors referred to in Chapter 6, Section 9 of the Auditing Act (1141/2015, as amended).

PricewaterhouseCoopers Oy has acted as the auditor of Spinnova since 2014. The auditor with principal responsibility was changed in 2023 and Mr. Torkkeli was designated by PricewaterhouseCoopers Oy as the Responsible Auditor as of 25 September 2023.

The auditor is paid a fee according to an invoice approved by the Company. In 2023, the auditors were paid EUR 176 thousand (28 thousand) for auditing services. In 2023 auditing services included also the IFRS transitioning project.



# Remuneration



# Introduction to remuneration in Spinnova

## DEAR SHAREHOLDER,

This remuneration report (the “Remuneration Report 2023”) describes the remuneration of the Board of Directors and the CEO and Deputy CEO of Spinnova Plc (“Spinnova” or the “Company”) between 1 January 2023 and 31 December 2023. The Remuneration Report 2023 has been prepared in accordance with the reporting requirements of the Corporate Governance Code in Finland (2020) of the Finnish Securities Market Association as well as applicable legislation.

Trading in Spinnova's shares began on the Nasdaq First North Growth Market Finland marketplace on 24 June 2021. Spinnova's remuneration policy (the “Remuneration Policy”) was presented to the Annual General Meeting of Spinnova for the first time in the Annual General Meeting 2022. The Remuneration Policy is presented to the Annual General Meeting at least every fourth year and always if significant changes are proposed to it. The Remuneration Report is presented to the Annual General Meeting annually.

Spinnova's Remuneration Policy presents the remuneration framework for the members of Spinnova's Board of Directors, and the CEO. There were no deviations to the Remuneration Policy in the remuneration paid in 2023 and reported here. No claw backs of the remuneration took place during the financial year 2023.

The Remuneration Report 2023 includes the principles governing the remuneration of the members of the company's Board of Directors and the CEO and a description of the practical implementation of the Remuneration Policy. The Report also includes the remuneration paid to the members of the Board of Directors, the CEO and the Deputy CEO in the financial year 2023.

## KEY REMUNERATION PRINCIPLES

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

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

## BUSINESS DEVELOPMENT OF THE COMPANY AND REMUNERATION

In 2023 Spinnova's revenue totalled EUR 10.6 million (EUR 24.3 million) and operating loss was EUR -20.9 million (EUR -13.1 million). The financial performance of the company was at the expected level as revenues from technology sales to Woodspin started to phase out and Spinnova is still ramping up its' own and joint venture Woodspin's operations.

CEO remuneration in 2023 consisted of fixed monthly salary, benefits and short-term incentives. In addition, the former CEO was paid a severance payment and the current CEO a signing bonus.

Spinnova has company-wide operational business targets based on the Company's strategy. These targets and followed throughout the year, and they determine the level of the variable bonus payment for all employees including management. In 2023 Spinnova progressed in production scaling as technology delivery to Woodspin's first factory was completed. Commercialisation efforts continued as Halti introduced a parka jacket made with Spinnova fibre and Spinnova initiated the setup of a yarn spinning line in Portugal together with Tearfil.

Remuneration of the CEO for 2023 is presented in this report separately for former CEO Kim Poulsen, Interim CEO Ben Selby and current CEO Tuomas Oijala. Deputy CEO remuneration is presented for former Deputy CEO Juha Salmela and current Deputy CEO Ben Selby



# Remuneration of the Board of Directors

## Average remuneration

EUR	2018	2019	2020	2021	2022	2023
Chair, total				12 000	14 000	0
Other Board members (opting in) on average	0	0	0	12 000	18 677	12 413
CEO, total	159 739	162 012	153 984	280 331	306 611	458 774 <sup>1</sup>
Spinnova's employee remuneration on average <sup>2</sup>	68 013	79 639	63 247	82 015	89 817	89 883
<b>Key business figures</b>						
Net sales (000 s)	190	758	254	6 063	24 279	10 640
Number of personnel (on average)	13	18	34	51	81	77

<sup>1</sup> Kim Poulsen as of 1 January–21 April 2023, Ben Selby 21 April–10 December 2023 and Tuomas Oijala as of 11 December 2023

<sup>2</sup> The average remuneration of Spinnova's employees (excluding the CEO) was calculated as follows: wages and salaries and pension expenses of all employees for the period minus the CEO wages and salary and pension expenses divided by average number of personnel for the period

## REMUNERATION OF THE BOARD OF DIRECTORS

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

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

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

The members of the Company's Board are not eligible for short-term incentive plans paid in cash based on their position as a member of the Board. However, and according to the Company Remuneration Policy, if a member of the Board of

Directors is in a service or employment relationship with the Company, they will be paid a regular salary in accordance with market practice that is based on the service or employment relationship, and the board fee will be determined on the same basis as that of other members of the Board.

### Remuneration in 2023

The Annual General Meeting of the Company held on 4 May 2023 resolved on the remuneration of the Board of Directors. Pursuant to the resolution a monthly fee of EUR 2 000 is paid to each member of the Board of Directors. No separate meeting fees nor fees of committee members are paid.

The remuneration paid or due to the members of the Board of Directors followed the decision of the Annual General meeting and totalled EUR 111.7 thousand (2022: 100 thousand)

Julio Ramundo, Gert Kroner and Vinicius Nonino opted not to receive the monthly fee payable to the Board members during 2023.

### Consultancy agreements

The company entered into a consultancy agreement on 8 February 2021 with a company controlled by Harri Sundvik, current Deputy Chair of the Board.

The consultancy services amounted to EUR 45 thousand (EUR 73 thousand) for the financial year ending 31 December 2023, and there were no payables related to these services as of 31 December 2023. COBL UK Ltd, a company controlled by Sundvik, earned an income of EUR 85 thousand in 2023 through subscribing Spinnova shares with options.

Member of the Board	Annual Fees, EUR	Remuneration based on employment, EUR <sup>1</sup>	Total remuneration (paid or due), EUR
Janne Poranen (Chair)	-	281 512	281 512
Petri Kalliokoski, from 4 May 2023	15 714	-	15 714
Hanna Liiri	24 000	-	24 000
Julio Ramundo, from 4 May 2023	-	-	-
Juha Salmela	24 000	252 877	276 877
Kirsi Sormunen, from 4 May 2023	15 714	-	15 714
Harri Sundvik (vice Chair)	24 000	-	24 000
Gert Kroner, until 4 May 2023	-	-	-
Vinicius Nonino, until 4 May 2023	-	-	-
Sari Pohjonen, until 4 May 2023	8 286	-	8 286
<b>Total</b>	<b>111 714</b>	<b>534 389</b>	<b>646 103</b>

<sup>1</sup> Including salary, benefits and statutory pension

### REMUNERATION OF THE CHAIR OF THE BOARD AND BOARD MEMBERS WITH SEPARATE EMPLOYMENT TERMS

The Chair of the Board, Janne Poranen, has had in addition to his role as Chair of the Board a separate employment-based compensation contract as of 1 August 2022. In 2023, his remuneration as employee was EUR 281 512 (EUR 111 518) including base salary, benefits and statutory pension. In his role as employee, Poranen works on long-term strategic projects for Spinnova.

In addition, founder and Board member, Juha Salmela acts as the Chief Technology Officer and Member of the Management Team. The remuneration of Juha Salmela (Deputy CEO until 21 March 2023) was EUR 252 877 (EUR 250 714) including base salary, benefits and statutory pension. The total remuneration includes earned bonus of EUR 12 323 paid in 2024 (2022: EUR 22 297, which was paid in 2023).

# Remuneration of the CEO

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

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

The performance criteria for 2023 bonuses were tied to the Company's performance.

## Fixed salary

The fixed monthly salary is confirmed in the managing director's agreement. A part of the salary can be replaced with a housing benefit or a car benefit. The CEO's professional competence and responsibilities as well as the general salary level in similar positions are considered when determining the CEO's fixed salary.

CEO, during 1 January – 21 April, Kim Poulsen's 2023 fixed monthly salaries including statutory pension totalled EUR 86 196 in 2023. Interim CEO, during 21 April – 10 December, Ben Selby's fixed monthly salaries including statutory pension totalled EUR 198 727 in 2023. CEO, during 11 December – 31

December, Tuomas Oijala's 2023 fixed monthly salaries including statutory pension totalled EUR 21 206 in 2023.

## Variable bonus

The variable bonus is bound to the financial success of the Company and the achievement of its strategic goals. The Company's Board of Directors determine the accumulation criteria for the variable bonus as well as the goals set for each criterion at the beginning of each accumulation period, and it assesses the fulfilment of the bonus at the end of the accumulation period in connection with the CEO's annual performance evaluation. The criteria defined by the Board may consider matters such as the Company's commercial progress, turnover, operating profit, stability of customers, efficiency of operations, employee satisfaction, the progress of product development, and product-group specific growth.

In 2023, the criteria for Spinnova's bonus programme, which was also the basis for the CEO's variable short term incentive, focused on the company's key priorities, and consisted of targets in the following strategic areas, with the applicable weightings; Achieving technology sales in the wood fibre raw material space (40%), Ensuring commercial readiness of the fibre product (20%), Commercializing leather based fibre and technology (15%), Achieving a proof of concept in other raw materials than wood and leather (15%) and Ensuring a safe working environment (10%).

The pay out structure for the annual bonus was based on setting three key KPIs for each individual target.

Depending on the achievement level of these targets, the total annual bonus would be between zero- and three-months' salary. Spinnova's entire personnel shared the same annual targets along with the same bonus structure. In 2023 Spinnova set up a personnel fund. Annual bonuses are paid either as cash or to the personnel fund.

Based on the 2023 bonus targets, interim CEO during 21 April – 10 December, Ben Selby earned a bonus of EUR 11 323, including statutory pension contributions. CEO Tuomas Oijala commenced work on 11 December 2023, and earned a bonus of EUR 1 592 and a signing bonus of EUR 29 385 including statutory pension contributions. Bonuses earned in 2023 were paid in February 2024.

## Key provisions applied to the CEO's employment

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

The CEO's contract may be terminated by the CEO with six months' notice and by the Company with six months' notice. The Company is obliged to pay the CEO's salary for the duration of the notice period. Moreover, if the CEO's contract is terminated by the

Company without cause, the Company shall pay a severance payment to the CEO corresponding to the CEO's salary for twelve months. If the CEO's contract is terminated by the Company for a cause defined in the contract, the Company is not obligated to pay the CEO's salary following the date of termination.

The contract includes non-competition, non-recruitment and non-inducement obligations that apply while the agreement is in force and remain in force for 12 months after the termination of the contract.

The Company does not offer a supplementary pension plan.

Interim CEO Ben Selby worked under his existing CFO contract with adjusted salary and benefits during the interim period 21 April 2023 – 10 December 2023.

#### REMUNERATION PAID TO CEO KIM POULSEN 1 JANUARY – 21 APRIL 2023 (EUR)<sup>1</sup>

	EUR
Fixed monthly salary	206 196 <sup>2</sup>
Benefits	7 062
Short-term incentives	–
<b>Total</b>	<b>213 258</b>

<sup>1</sup> Including statutory pension

<sup>2</sup> Including severance payment

#### REMUNERATION PAID TO DEPUTY CEO JUHA SALMELA 1 JANUARY – 21 MARCH 2023 (EUR)<sup>1</sup>

	EUR
Fixed monthly salary	49 601
Benefits	2 962
Short-term incentives	2 892 <sup>2</sup>
<b>Total</b>	<b>55 456</b>

<sup>1</sup> Including statutory pension

<sup>2</sup> Earned in 2023 paid in 2024

#### REMUNERATION PAID TO INTERIM CEO<sup>1</sup> AND DEPUTY CEO<sup>2</sup> BEN SELBY 21 APRIL – 10 DECEMBER 2023 (EUR)<sup>3</sup>

	EUR
Fixed monthly salary	198 727
Benefits	165
Short-term incentives	11 323 <sup>4</sup>
<b>Total</b>	<b>210 215</b>

<sup>1</sup> 21 April–10 December 2023

<sup>2</sup> 11 December–31 December 2023

<sup>3</sup> Including statutory pension

<sup>4</sup> Earned in 2023 paid in 2024

#### REMUNERATION PAID TO CEO TUOMAS OIJALA 11 DECEMBER – 31 DECEMBER 2023 (EUR)<sup>1</sup>

	EUR
Fixed monthly salary	21 206
Benefits	16
Short-term incentives	30 977 <sup>2</sup>
<b>Total</b>	<b>52 198</b>

<sup>1</sup> Including statutory pension

<sup>2</sup> Signing bonus paid in 2023, bonus payment earned in 2023 and paid in 2024

In 2023, the share of variable remuneration of the total remuneration (excluding severance payment) for Kim Poulsen was 0% and the share of fixed remuneration was 100%. The corresponding proportions for Juha Salmela were 5% and 95%, for Ben Selby 5% and 95% and for Tuomas Oijala 59% and 41%.

# Stock option programmes

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

Spinnova 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 6 245 620 shares can be subscribed taking in account deducted forfeited options. Of this amount 3 828 930 options (each entitling to 1 share) were allocated and not yet exercised as of 31 December 2023, which corresponds to a maximum of approximately 6.8 percent of the diluted share amount.

## 2018 STOCK OPTION PROGRAMME

Spinnova's Annual General Meeting of Shareholders on 14 November 2018 resolved to authorize the Board of Directors to issue up to 50 000 stock options to key persons of the Company. In the resolution of the Board of Directors on 20 December 2018, Spinnova's Board of Directors resolved to issue up to 50 000 stock options pursuant to its authority under the 2018 stock option authorisation to selected current or new key persons, advisors, consultants, or members of the Board of Directors of the Company for the purpose of incentivizing the key resources of the Company.

Each 2018 stock option entitles the holder to subscribe 30 new shares at a subscription price of EUR 1.13 per Share. Spinnova's Chief Executive

Officer and Board Members are not participants in the 2018 Stock Option Programme.

## 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. In the resolution of the Board of Directors on 30 December 2020, the Company's Board of Directors resolved to issue up to 103 053 stock options pursuant to its authority under the 2020 stock option authorisation to selected current or new key persons, advisors, consultants, or members of the Board of Directors of the Company for the purpose of incentivizing the key resources of the Company.

Each 2020 stock option entitles the holder to subscribe 30 new shares at a subscription price of EUR 2.74 per Share. The 2020 stock options consist of two types: A options and B options. 2020 A stock options vest linearly over 48 months, and vesting is accelerated in the event of a change of control or sale of substantially all assets, but not by the First North Listing. 2020 B stock options vest based on Spinnova's pre-money valuation after the First North Listing. One half of the 2020 B stock options vest 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.

## 2022 STOCK OPTION PROGRAMME

In 2022, Spinnova Plc's Board of Directors decided to launch a new stock option programme 2022 for the company's key personnel. The purpose is to align the goals of the company's shareholders and key personnel to increase the company's value in the long term and to commit key personnel to the company and offer them a competitive remuneration system.

2 500 000 stock options can be issued under the stock option programme and they are issued free of charge. The stock options entitle 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 subscription price is the thirty-day volume-weighted average price of the share during the review period, which may end two to seven days before the stock option issue date. The subscription price is entered in the company's invested unrestricted equity fund.

Options can be issued by a separate decision of the company's Board of Directors in a maximum of four batches in total. These four batches were issued during 2022-2023 and 1 503 000 options from this program were issued for key employees.



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 partly time-based and partly related to the development of the Spinnova share value.

Each 2022 Stock Option entitles its holder to subscribe for one new share. The 2022 stock options consist of two types: A options and B options. 2022 A stock options vest over a period of 4 years, with the first 25% vesting on the first anniversary of the issuance of the options and the remaining 75% vesting will vest in six equal instalments every six months following the following the first anniversary of the issuance date.

2022 B stock options vest based on the company's share price exceeding certain thresholds.

- 20% of the 2022 B stock options will vest on the date when the price for the company's share for the first time reaches or exceeds the share subscription price multiplied by 1.4, however this threshold may not be lower than EUR 10.50.
- Another 25% of the 2022 B stock options will vest on the date when the price for the company's share for the first time reaches or exceeds the share subscription price multiplied by 1.9, however this threshold may not be lower than EUR 14.50.

- Another 25% of the 2022 B stock options will vest on the date when the price for the company's share for the first time reaches or exceeds the share subscription price multiplied by 2.6, however this threshold may not be lower than EUR 20.00.
- The last 30% of the 2022 B stock options will vest on the date when the price for the company's share for the first time reaches or exceeds the share subscription price multiplied by 3.7, however this threshold may not be lower than EUR 28.00.

The share subscription price for the issued 2022 stock options were the following: EUR 7.71 per share for options granted 25 May 2022, EUR 6.64 per share for options granted 14 September 2022, EUR 5.96 per share for options granted 29 November 2022 and EUR 5.95 per share for options granted on 21 March 2023.

#### **Cancellation of non-vested stock options**

The options and established share-based long-term commitment programme for the company's former CEO Kim Poulsen as well as issued stock options to Sari Pohjonen, a former member of Spinnova's Board of Directors', and options of employees who have left the company, were cancelled in 2023.

#### **FOUNDERS' STOCK OPTION AGREEMENTS**

In addition to the stock option programmes, 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 there remains 12 520 shares not yet exercised on 31 December 2023.

#### **BOARD MEMBERS' AND THE CEO'S PARTICIPATION IN THE SPINNOVA STOCK OPTION PROGRAMMES**

<b>Name</b>	<b>Number of Stock Options granted pcs (each entitling to 30 shares) at the end of the year</b>	<b>Number of shares that can be subscribed for with the options</b>
Janne Poranen, Chair of the Board	8 000 (2020 B Stock Options)	240 000
Juha Salmela, Member of the Board	8 000 (2020 B Stock Options)	240 000
Harri Sundvik, Vice Chair of the Board	1 250 (2020 B Stock Options)	37 500





# Financial Statements



# Contents

Group Consolidated Financial Statements (IFRS).....	44	<b>4. FINANCIAL INSTRUMENTS AND CAPITAL STRUCTURE .....</b>	<b>70</b>
Group Consolidated Statement of Profit and Loss and		4.1. Financial risk management .....	70
Other Comprehensive Income.....	44	4.2. Fair value measurement.....	72
Group Consolidated Statement of Financial Position.....	45	4.3. Financial assets and liabilities.....	72
Group Consolidated Statement of Changes in Equity .....	46	4.3. Financial assets and liabilities (continue).....	75
Group Consolidated Statement of Cash Flows .....	47	4.4. Liquid Funds .....	77
Notes to the consolidated IFRS financial statements.....	48	4.5. Investments recognised at fair value through profit or loss and other investments.....	77
<b>1. KEY ACCOUNTING POLICIES AND CONSOLIDATION.....</b>	<b>48</b>	4.6. Borrowings and lease liabilities.....	78
1.1. General information.....	48	4.7. Capital management .....	80
1.2. Basis of preparation.....	48	4.8. Equity .....	80
1.3. Accounting estimates and judgements applied in the preparation of the financial statements.....	49	<b>5. OTHER NOTES.....</b>	<b>80</b>
1.4. Standards issued but not yet effective.....	50	5.1. Related party transactions .....	80
<b>2. SPINNOVA PERFORMANCE.....</b>	<b>52</b>	5.2. Contingent liabilities and other commitments.....	82
2.1. Revenue from contracts with customers.....	52	5.3. Events after reporting period .....	82
2.2. Other operating income and expenses .....	54	<b>PARENT COMPANY FINANCIAL STATEMENTS .....</b>	<b>83</b>
2.3. Materials and services.....	54	Parent Company Income Statement.....	83
2.4. Employee benefit expenses .....	55	Parent Company Balance Sheet .....	84
2.5. Share-based payments.....	55	Parent Company Balance Sheet .....	85
2.6. Financial income and financial expenses.....	60	Parent Company Cashflow Statement.....	86
2.7. Income tax.....	60	Notes to the parent company financial statements.....	87
2.8. Earnings per share.....	62	Signatures to the Board of Directors' Report and the Financial Statements.....	95
<b>3. CAPITAL EMPLOYED.....</b>	<b>62</b>	<b>AUDITOR'S REPORT (Translation of the Finnish Original).....</b>	<b>97</b>
3.1. Associates and Joint Ventures .....	62		
3.2. Intangible assets .....	64		
3.3. Property, plant and equipment .....	65		
3.4. Leases.....	66		
3.5. Trade and other receivables.....	68		
3.6. Trade and other payables and contract liabilities.....	70		

# Group Consolidated Financial Statements (IFRS)

## Group Consolidated Statement of Profit and Loss and Other Comprehensive Income

EUR (thousand)	Note	1-12/2023	1-12/2022
<b>Revenue (net sales)</b>	<b>2.1.</b>	<b>10 640</b>	<b>24 279</b>
Other operating income	2.2.	749	92
Materials and services	2.3.	-9 849	-23 116
Personnel expenses	2.4.-2.5.	-10 637	-8 714
Depreciation, amortisation and impairment losses	3.2.-3.4.	-2 504	-1 628
Other operating expenses	2.2.	-5 779	-3 414
Share of profit (loss) from joint ventures	3.1.	-3 544	-649
<b>Operating result (EBIT)</b>		<b>-20 926</b>	<b>-13 149</b>
Financial income	2.6.	1 937	0
Financial expenses	2.6.	-304	-1 867
<b>Result before tax</b>		<b>-19 293</b>	<b>-15 016</b>
Income tax	2.7.	-303	-107
<b>Result for the financial period</b>		<b>-19 596</b>	<b>-15 123</b>
<b>Attributable to</b>			
Equity holders of the parent		-19 596	-15 123
Non-controlling interests		0	0

EUR (thousand)	Note	1-12/2023	1-12/2022
<b>Result for the financial period</b>		<b>-19 596</b>	<b>-15 123</b>
Items that will not be reclassified to profit or loss in subsequent periods (net of tax):			
Share of other comprehensive income from joint ventures		0	0
Other comprehensive income/(loss) for the year, net of tax		0	0
<b>Total comprehensive income for the financial period</b>		<b>-19 596</b>	<b>-15 123</b>
<b>Attributable to</b>			
Equity holders of the parent		-19 596	-15 123
Non-controlling interests		0	0
<b>Earnings per share</b>			
Earnings per share, basic & diluted		-0.38	-0.29



# Group Consolidated Statement of Financial Position

EUR (thousand)	Note	31.12.2023	31.12.2022
<b>Assets</b>			
<b>Non-current assets</b>			
Intangible assets	3.2.	11 697	13 080
Property, plant, and equipment	3.3.	1 958	1 517
Right-of-use assets	3.4.	1 184	1 838
Investments in joint ventures	3.1.	18 891	14 137
Other non-current receivables	3.5.	135	135
Deferred tax assets	2.7.	7	52
<b>Total non-current assets</b>		<b>33 872</b>	<b>30 758</b>
<b>Current assets</b>			
Trade receivables	3.5.	2 301	5 558
Other current receivables	3.5.	257	267
Prepayments and accruals	3.5.	725	618
Investments	4.4.-4.5.	46 285	49 495
Cash and cash equivalents	4.4.	15 174	33 222
<b>Total current assets</b>		<b>64 742</b>	<b>89 160</b>
<b>Total assets</b>		<b>98 614</b>	<b>119 918</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Share capital	4.7.-4.8.	80	80
Reserve for invested unrestricted equity	4.7.-4.8.	135 014	133 372
Retained earnings / accumulated deficit	4.7.-4.8.	-47 765	-30 570
<b>Equity attributable to shareholders of the parent</b>		<b>87 328</b>	<b>102 883</b>
<b>Total equity</b>		<b>87 328</b>	<b>102 883</b>
<b>Non-current liabilities</b>			
Borrowings	4.1.-4.3.; 4.5.; 4.6.	4 466	5 403
Lease liabilities	3.4.; 4.6.	563	1 032
Deferred tax liabilities	2.7.	680	421
<b>Total non-current liabilities</b>		<b>5 709</b>	<b>6 856</b>
<b>Current liabilities</b>			
Borrowings	4.1.-4.3.; 4.5.; 4.6.	1 350	1 000
Lease liabilities	3.4.; 4.6.	655	827
Contract liabilities	3.6.	0	34
Trade payables	3.6.	1 574	6 501
Accrued expenses	3.6.	1 600	1 634
Other current liabilities	3.6.	398	184
<b>Total current liabilities</b>		<b>5 577</b>	<b>10 179</b>
<b>Total liabilities</b>		<b>11 286</b>	<b>17 035</b>
<b>Total equity and liabilities</b>		<b>98 614</b>	<b>119 918</b>

# Group Consolidated Statement of Changes in Equity

2023	Attributable to the equity holders of the parent			
EUR (thousand)	Share capital	Fund for unrestricted equity	Retained earnings	Total
<b>Equity on 1.1.2023</b>	<b>80</b>	<b>133 372</b>	<b>-30 570</b>	<b>102 882</b>
Profit for the period	-	-	-19 596	-19 596
Other comprehensive income	-	-	-	-
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-19 596</b>	<b>-19 596</b>
<b>Transactions with owners</b>				
Share-based payments	-	-	2 402	2 402
Share issue	-	1 641	-	1 641
<b>Equity on 31.12.2023</b>	<b>80</b>	<b>135 014</b>	<b>-47 765</b>	<b>87 328</b>

2022	Attributable to the equity holders of the parent			
EUR (thousand)	Share capital	Fund for unrestricted equity	Retained earnings	Total
<b>Equity on 1.1.2022</b>	<b>80</b>	<b>133 106</b>	<b>-16 962</b>	<b>116 223</b>
Profit for the period	-	-	-15 123	-15 123
Other comprehensive income	-	-	-	-
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-15 123</b>	<b>-15 123</b>
<b>Transactions with owners</b>				
Share-based payments	-	-	1 516	1 516
Share issue	-	267	-	267
<b>Equity on 31.12.2022</b>	<b>80</b>	<b>133 372</b>	<b>-30 570</b>	<b>102 883</b>

# Group Consolidated Statement of Cash Flows

EUR (thousand)	Note	1-12/2023	1-12/2022
<b>Operating activities</b>			
Profit / loss for the period		-19 596	-15 123
Adjustments to reconcile profit/loss for the period to net cash flows:			
Income tax expense	2.7.	303	107
Depreciation and impairment	3.2.-3.4.	2 504	1 628
Finance income and expenses	2.6.	-100	1 841
Net profit (loss) on financial instruments at fair value through profit or loss	4.5.	-1 533	26
Share-based payment expense	2.5.	2 402	1 516
Share of profit from joint ventures	3.1.	3 544	649
Other adjustments		-	-
Change in working capital:			
Increase (-) / decrease (+) in current non-interest-bearing receivables	3.5.	3 160	-1 200
Increase (-) / decrease (+) in current non-interest-bearing liabilities	3.6.	-4 507	5 592
Interest received from operating activities		43	
Interests and other payments for financial expenses		-218	-262
Income tax paid		-	-
<b>Net cash flow from operating activities</b>		<b>-13 998</b>	<b>-5 228</b>
<b>Net cash flow from investing activities</b>			
Purchase of intangible and tangible assets	3.2.-3.3.	-935	-4 551
Purchase of financial instruments	4.5.	-21	-30 005
Proceeds from sale of financial instruments	4.5.	5 103	78 686
Investments to joint ventures	3.1.	-8 300	-12 250
<b>Net cash flow from investing activities</b>		<b>-4 153</b>	<b>31 879</b>
<b>Net cash flow from financing activities</b>			
Share issue	4.8.	1 641	334
Repayment of principal portion of lease liabilities	4.6.	-952	-540
Proceeds from borrowings	4.6.	413	460
Repayment of borrowings	4.6.	-1 000	-1 000
<b>Net cash flow from financing activities</b>		<b>103</b>	<b>-746</b>
<b>Net change in cash and cash equivalents</b>		<b>-18 048</b>	<b>25 905</b>
Cash and cash equivalents at 1.1.		33 222	7 317
<b>Cash and cash equivalents at 31.12.</b>		<b>15 174</b>	<b>33 222</b>

# Notes to the consolidated IFRS financial statements

## 1. KEY ACCOUNTING POLICIES AND CONSOLIDATION

### 1.1. General information

#### Corporate information

The business ID of Spinnova Plc (Oyj) is (2653299-6) and the company headquarters are located at Palokärjentie 2-4, 40320 Jyväskylä. These consolidated financial statements consist of Spinnova Plc and its joint venture companies Woodspin Oy and Respin Oy and subsidiary Spinnova Holdings Oy. Spinnova Oyj is a publicly listed company on Nasdaq First North Growth Market Finland. Spinnova is incorporated and domiciled in Finland. The registered office is located in Jyväskylä, Finland.

Spinnova is principally engaged in the provision of technology deliveries and services for sustainable textile production (see Note 2.1.). Information on Spinnova's structure is provided in this note below. Information about joint ventures is provided in Note 3.1. Information on other related party relationships of Spinnova is provided in Note 5.1.

#### Spinnova Oyj information

#### Information about subsidiaries

The consolidated financial statements of Spinnova include the following subsidiary below. More information about the consolidation principle is presented in Note 1.2 Basis of preparation.

Name of Subsidiary	Principal activities	Country of incorporation	% equity interest	
			2023	2022
Spinnova Holdings Oy (3192902-3)	Holding company for future investments	Finland	100	100

#### Joint arrangement in which Spinnova is a joint venturer

Spinnova has a 50% interest in Woodspin Oy and Respin Oy. For more details, refer to Note 3.1.

Name of Subsidiary	Principal activities	Country of incorporation	% equity interest	
			2023	2022
Woodspin Oy (3201103-8)	Joint Venture Investment	Finland	50	50
Respin Oy (3177396-2)	Joint Venture Investment	Finland	50	50

### 1.2. Basis of preparation

#### Basis of preparation and adoption of IFRS

The consolidated financial statements of Spinnova have been prepared in accordance with International Financial Reporting Standards (IFRS) and IFRIC Interpretations as adopted by European Union as of 31 December 2023. The notes to the financial statements also comply with the Finnish accounting and corporate legislation.

The consolidated financial statements have been prepared on a historical cost basis, unless otherwise stated in the accounting policies below. The consolidated financial statements are presented in euros and all values are rounded to the nearest thousand, except when otherwise indicated. Consequently, the sum of individual numbers may deviate from the presented sum figure due to rounding differences. The comparative year information is presented in the following column after the latest financial year's information.

#### Consolidation principles

The consolidated financial statements include the financial statements of the Parent Company and entities controlled by Spinnova Oyj (its subsidiaries). The entity has control of another entity when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Acquired subsidiaries are



consolidated from the date on which control is transferred to Spinnova and are no longer consolidated from the date that control ceases.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Spinnova's accounting policies. All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Non-controlling interests are presented in the consolidated statement of financial position as within equity, separately from equity attributable to shareholders. Non-controlling interests are separately presented in the statement of other comprehensive income.

#### **Investment in joint ventures**

Joint arrangements are arrangements in which the sharing of joint control has been contractually agreed between two or more parties. Joint control exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have right to the net assets of the arrangement.

Investments in joint ventures are accounted for using the equity method, and on initial recognition, they are recognised at cost. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. The Group's share of profits or losses of the joint venture is recognised as a separate item.

Spinnova presents a share of profit (loss) from joint ventures as part of the operating profit because joint ventures are a significant part of Spinnova's operations and delivering the company strategy. Spinnova has significant contracts with joint ventures for exclusive right on technology deliveries to the joint ventures and selling Spinnova's fibre occurs primarily through joint ventures. Joint ventures are operated with different raw material providers.

#### **Non-controlling interests**

Transactions with non-controlling interests are regarded as transactions with equity owners. In the case of purchases from non-controlling interests, the difference between any consideration paid and the relevant share of the carrying value of net assets acquired in the subsidiary is recorded in shareholders' equity.

Gains or losses on disposal to non-controlling interests are also recorded directly in shareholders' equity.

#### **Segment reporting**

Spinnova has one reportable segment. The reported segments comprise of Spinnova. See further information in the note 2.1 Revenue from contracts with customers.

#### **Currencies**

Spinnova's consolidated financial statements are presented in euros, which is also the parent company's functional currency. For each entity, Spinnova determines the functional currency and items included in the financial statements of each entity are measured using that functional currency. Spinnova uses the direct method of consolidation and on disposal of a foreign operation, the gain or loss that is reclassified to profit or loss reflects the amount that arises from using this method.

Transactions in foreign currencies are initially recorded by Spinnova's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

#### **1.3. Accounting estimates and judgements applied in the preparation of the financial statements**

The preparation of Spinnova's consolidated financial statements requires management to use judgement, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

In the process of applying Spinnova's accounting policies, management has made various judgements. Those which management has assessed to have the most significant effect on the amounts recognised in the consolidated financial statements have been discussed in the individual notes of the related financial statement line items.

The most significant accounting policies requiring judgment by the management and the key factors of uncertainty related to estimates are presented in the following notes:

- Share-based payments (Note 2.5.)
- Joint Ventures (Note 3.1.)
- Leases (Note 3.4.)
- Expected credit losses (Note 3.5)

#### **1.4. Standards issued but not yet effective**

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of Spinnova's financial statements are disclosed below. Spinnova intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

#### **Classification of Liabilities as Current or Non-current– Amendments to IAS 1 Non-Current Liabilities with Covenants – Amendments to IAS 1**

The IASB has issued amendments to IAS 1 in January 2020 and in February 2022. According to IAS 1, to classify a liability as non-current, an entity must have the right to defer settlement of the liability for at least twelve months after the reporting period. The amendments clarify that:

- Covenants of loan arrangements which an entity must comply with only after the reporting date do not affect the classification of a liability as current or non-current at the reporting date. However, those covenants that an entity is required to comply with on or before the reporting date would affect classification as current or non-current, even if the covenant is only assessed after the entity's reporting date.
- The classification of financial liabilities as current or non-current is unaffected by management intention or expectations about whether an entity will exercise its right to defer settlement of a liability or settlement of the liability between the end of the reporting period and the date the financial statements are authorised for issue.
- The settlement refers to a transfer to the counterparty that results in the extinguishment of the liability. The transfer could be of cash or other economic resources or the entity's own equity instruments. Terms of a liability that could,

at the option of the counterparty, result in its settlement by the transfer of the entity's own equity instruments do not affect its classification as current or non-current if the entity classifies the option as an equity instrument, recognising it separately from the liability as an equity component of a compound financial instrument. The amendment may impact the presentation of convertible instruments.

The amendments introduce additional disclosure requirements on loans which contain covenants including:

- the carrying amount of the liability
- information about the covenants, and
- facts and circumstances, if any, that indicate that the entity may have difficulty complying with the covenants.

The amendments shall be applied retrospectively in accordance with the normal requirements in IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors. Effective date 1 January 2024.

#### **Supplier finance arrangements – Amendments to IAS 7 and IFRS 7**

The IASB has issued new disclosure requirements about supplier financing arrangements ('SFAs'), after feedback to an IFRS Interpretations Committee agenda decision highlighted that the information required by IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures falls short of meeting user information needs. The objective of the new disclosures is to provide information about SFAs that enable investors to assess the effects on an entity's liabilities, cash flows and the exposure to liquidity risk.

The new disclosures include information about the following:

- a) The terms and conditions of SFAs.
- b) The carrying amounts of financial liabilities that are part of SFAs and the line items in which those liabilities are presented.
- c) The carrying amount of the financial liabilities in (b) for which suppliers have already received payment from the finance providers.

d) The range of payment due dates for both the financial liabilities that are part of SFAs, and comparable trade payables that are not part of such arrangements.

e) Non-cash changes in the carrying amounts of financial liabilities in (b).

f) Access to SFA facilities and concentration of liquidity risk with finance providers.

The IASB has provided transitional relief by not requiring comparative information in the first year, and also not requiring disclosure of specified opening balances. Further, the required disclosures are only applicable for annual periods during the first year of application. Effective date 1 January 2024 (not yet endorsed in the EU).

#### **Amendments to IAS 21 – Lack of Exchangeability**

An entity is impacted by the amendments when it has a transaction or an operation in a foreign currency that is not exchangeable into another currency at a measurement date for a specified purpose. A currency is exchangeable when there is an ability to obtain the other currency (with a normal administrative delay), and the transaction would take place through a market or exchange mechanism that creates enforceable rights and obligations. Effective for annual periods beginning on or after 1 January 2025 (not yet endorsed in the EU).

#### **Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback**

The IASB has issued narrow-scope amendments to requirements for sale and leaseback transactions in IFRS 16 explaining how an entity accounts for a sale and leaseback after the date of the transaction. The amendments specify that, in measuring the lease liability subsequent to the sale and leaseback, the seller-lessee determines 'lease payments' and 'revised lease payments' in a way that does not result in the

seller-lessee recognising any amount of the gain or loss that relates to the right of use that it retains. This could particularly impact sale and leaseback transactions where the lease payments include variable payments that do not depend on an index or a rate. Effective date 1 January 2024.

## 2. SPINNOVA PERFORMANCE

### 2.1. Revenue from contracts with customers

#### Accounting principles

The disclosures of significant accounting judgements, estimates and assumptions relating to revenue from contracts with customers are provided in this note.

#### Segment information

Spinnova currently reports its business operations as one segment.

Spinnova's main business is to provide technology and technology related services for the production of sustainable Spinnova® textile fibres. In addition to these goods and services, Spinnova has sold joint development projects to apparel brands aiming for further development of the Spinnova® -fibre and introducing the fibre to end customers.

#### Revenue recognition

In line with IFRS 15, revenue from contracts with customers is recognised when control of goods or services are transferred to the customer, at an amount that reflects the consideration to which Spinnova expects to be entitled in exchange for those goods or services. Control is transferred either at point in time or over time based on which criteria stated in IFRS 15 is fulfilled. Spinnova has generally concluded that it is the principle in its revenue arrangements because it typically controls the goods or services before transferring them to the customer and bears the responsibility until this transfer.

#### Performance obligations

Spinnova's contracts with customers have been analysed with IFRS 15 which has concluded that Spinnova has several performance obligations which are presented and recognised based on the contract and customer circumstances. Spinnova mainly recognises revenue over time for its services.

Majority of Spinnova's revenue from contracts is derived from technology sales which comprises of Spinnova's delivery, installation and commissioning of production technology to Woodspin and delivery, installation and commissioning of pilot-scale production line to Respin. Revenue from both technology delivery projects is recognised over time since Spinnova does not have alternative

use for the sold assets and Spinnova has an enforceable right to payment for performance completed to date.

Revenue from other services which span from equipment installation to start-up services are recognised over time when control of the goods or services are transferred to the customer. Currently Spinnova mainly offers these services to its joint ventures, where payment terms vary based on the customer contracts. Performance obligations are fulfilled in accordance with the work performed.

On a smaller scale, Spinnova provides prototype production and testing services mainly through joint development agreements to external parties. The revenue from these services is recognised over time when control of the goods or services are transferred to the customer. Payment terms for these also vary on customer contracts. Performance obligations are fulfilled in accordance with the work performed.

Spinnova considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated (e.g., warranties, penalties for delay). In determining the transaction price for the sale of services, Spinnova considers the effects of variable consideration, the existence of significant financing components, noncash consideration, and consideration payable to the customer (if any).

The typical payment terms of Spinnova's sales contracts are 14 to 60 days. Spinnova does not typically have any special payment terms.

In accordance with Spinnova's sales contracts, Spinnova has a right to consideration from a customer in an amount that corresponds the value of service completed to date. Spinnova recognises the revenue in the amount to which it has a right to invoice, and thus Spinnova applies the practical expedient in accordance with IFRS 15 related to the disclosure of allocation of transaction price to the remaining performance obligations.

#### Variable consideration

If the consideration in a contract includes a variable amount, Spinnova estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur



when the associated uncertainty with the variable consideration is subsequently resolved.

Spinnova has no significant variable considerations.

#### Significant financing component

Spinnova may receive advance payments from customers for the sale of its goods and services. There is not a significant financing component for these contracts considering the length of time between the customers' payment and the transfer of the equipment/services.

Spinnova applies the practical expedient for short-term advances received from customers. That is, the promised amount of consideration is not adjusted for the effects of a significant financing component if the period between the transfer of the promised good or service and the payment is one year or less.

#### Warranty obligations

Spinnova does not provide any warranties to its customers that would be considered as separate performance obligations. Spinnova typically only provides warranties for general repairs of defects that existed at the time of sale, as required by law.

#### Contract balances

##### Trade receivables

A receivable represents Spinnova's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in note 4.3 Financial assets and liabilities.

##### Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which Spinnova has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before Spinnova transfers goods or services to the customer, a contract liability is recognised when the payment is made, or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when Spinnova performs under the contract.

#### Other principles

Spinnova's contracts with customers do not include non-cash considerations.

#### Disaggregated revenue information

Set out below is the disaggregation of Spinnova's revenue from contracts with customers:

##### Internal/External sales

EUR (thousand)	31.12.2023	31.12.2022
Sales to Joint Ventures*	10 334	23 941
Direct Sales	305	338
<b>Total</b>	<b>10 640</b>	<b>24 279</b>

\* Sales to single customers exceeding 10 per cent or more of company's total revenue; Woodspin EUR 9 867 thousand in 2023 and EUR 23 158 thousand in 2022.

##### Geographical markets

EUR (thousand)	31.12.2023	31.12.2022
Finland	10 423	24 226
Others	217	53
<b>Total</b>	<b>10 640</b>	<b>24 279</b>

##### Timing of revenue recognition

EUR (thousand)	2023	2022
Goods and services transferred over time	10 640	24 279
<b>Total</b>	<b>10 640</b>	<b>24 279</b>

#### Contract balances

Spinnova's contract balances are, as follows:

EUR (thousand)	31.12.2023	31.12.2022
Trade receivables	2 301	5 558
Contract liabilities	0	34

## 2.2. Other operating income and expenses

### Other operating income

Other operating income includes income that is not directly related to income from Spinnova's operating activities. Spinnova's other operating income consists of grant & rental incomes.

### Government grants – Accounting principle

Government grants are recognised where there is reasonable assurance that the grant will be received, and all conditions attached will be met. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as a reduction in the cost of the related asset.

### Government Grant details

The Company has received grants from Business Finland worth EUR 1 603 thousand for fibre development project and EUR 1 956 thousand for developing SPINNOVA® fibre from new raw materials project. By the end of year 2023 no funds have been received from the grants.

EUR (thousand)	1–12/2023	1–12/2022
Received grants	714	
Other income	34	92
<b>Total other operating income</b>	<b>749</b>	<b>92</b>

### Other operating expenses

Other operating expenses include other expenses than costs of goods sold.

The other operating expenses consist mainly of voluntary personnel costs, premises and machinery costs, marketing and administrative expenses and IT costs. Short-term and low-value leases included in the premises and equipment are presented in more detail in the note 3.4. Leases.

EUR (thousand)	1–12/2023	1–12/2022
Other personnel costs	-257	-560
Premises and equipment	-2 227	-1 006
Corporate and administrative expenses	-2 334	-1 481
Other expenses*	-960	-367
<b>Total Other Operating expenses</b>	<b>-5 779</b>	<b>-3 414</b>

\*Other expenses include among other vehicle and travelling expenses.

### Audit fees

EUR (thousand)	1–12/2023	1–12/2022
Audit fees	-64	-28
Tax services	-21	-5
Other services	-91	-43
<b>Total audit fees</b>	<b>-176</b>	<b>-76</b>

\*In 2023, other services include the audit costs of IFRS conversion and Business Finland project.

## 2.3. Materials and services

### Accounting principles

Materials and service expenses are expenses related to ordinary operating activities. Most of the materials and services purchased during the financial year 2023 were related to the technology delivery and proof-of-concept delivery projects to Spinnova's joint venture companies, Woodspin and Respin. Spinnova recognises expenses at cost.

### Materials and service expenses

EUR (thousand)	1–12/2023	1–12/2022
Materials	-6 495	-17 398
Services	-3 354	-5 718
<b>Total materials and services</b>	<b>-9 849</b>	<b>-23 116</b>

**2.4. Employee benefit expenses****Accounting principles**

Spinnova provides to its employees' statutory pension benefits according to standard regulatory practice in Finland. Spinnova's post-employment benefit plans are defined contribution-based plans. In the defined contribution-based plans, Spinnova pays fixed contributions to a pension insurance company. After that, Spinnova does not have legal obligations to pay any additional amounts related to the defined contribution plans. The payments made on the defined contribution plans are recognised in the profit and loss statement during a financial period to which they relate.

**Employee benefit expenses**

EUR (thousand)	1-12/2023	1-12/2022
Wages and salaries	-6 718	-5 773
Social security costs	-404	-386
Pension expenses	-1 113	-1 039
Share-based payments	-2 402	-1 516
<b>Total employee benefit expenses</b>	<b>-10 637</b>	<b>-8 714</b>

**Average number of permanent employees**

	1-12/2023	1-12/2022
Average number of permanent employees during the period	77	67

**Share-based payments**

Please see information regarding share-based payments in note 2.5. Share-based payments.

**Salaries, fees and benefits paid for the Board of Directors and for Spinnova's management**

Please see the note 5.1. Related party transactions for information regarding compensation to Board of Directors, the CEO and Spinnova management team.

**2.5. Share-based payments****Accounting principles**

Share based incentive programs are valued at fair value on the grant date based on the gross number of shares awarded, recognised as an expense in the statement of profit and loss during the period in which the conditions are met (Vesting period) and with the corresponding adjustment to the equity.

Employees, including senior executives, of Spinnova receive remuneration in the form of share-based options payments, whereby employees render services as consideration for equity instruments (equity-settled transactions).

At each reporting date, Spinnova revises its estimates on the amount of share-based payments that are expected to vest. The impact of the revision to previous estimates is accrued as other personnel expenses with corresponding entry directly to equity. The historical development of Spinnova's share price and the expected dividends have been taken into account when calculating the fair value. Spinnova does not have cash-settled share-based payment programs.

**Equity-settled transactions**

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model. That cost is recognised in employee benefits expense (Note 2.4.), together with a corresponding increase in equity (other capital reserves), over the period in which the service and, where applicable, the performance conditions are fulfilled (the vesting period). The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and Spinnova's best estimate of the number of equity instruments that will ultimately vest. The expense or credit in the statement of profit or loss for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of Spinnova's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value.

No expense is recognised for awards that do not ultimately vest because non-market performance and/or service conditions have not been met. Where awards include a market or non-vesting condition, the transactions are treated as vested irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

When the terms of an equity-settled award are modified, the minimum expense recognised is the grant date fair value of the unmodified award, provided the original vesting terms of the award are met. An additional expense, measured as at the date of modification, is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee. Where an award is cancelled by the entity or by the counterparty, any remaining element of the fair value of the award is expensed immediately through profit or loss.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share (further details are given in Note 2.8.).

**Description of the share-based payments plans**

Spinnova has four separate option plans for its key personnel and one for a board member, which have been initiated between 2018 and 2022. The purpose of Spinnova's option plans is to align interests of Spinnova and its key personnel, motivate the employees to own Spinnova's shares, increasing their commitment and thus increase the shareholder value in the long term. All of these programs are equity settled transactions and thus, Spinnova (as a parent company) does not have any cash-settlement alternatives. Based on the option programs, a total of 6 245 620 shares, taking into account deducted forfeited options, can be subscribed by the key personnel of Spinnova.

Spinnova has executed two share splits of which the first took place in May 2020 where the number of shares was multiplied by 10, and the second split in May 2021 where the number of shares was multiplied by 30. The effect of the splits has been taken into account in the ongoing option programs by amending the programs under influence. Information and figures presented below related to the option plans initiated in 2018 and 2020 are detailed as they are in their current state. The amendments related to the plans due to the stock splits did not affect to the terms and conditions of these programs nor changed the rights of the participants.

Regarding each of Spinnova's option plans, in case the stock option holder's employment or engagement with the company ceases, the holder of the options has 14-days' period to settle the exercisable options that have been vested. The option plans are equity settled and thus, each plan entitle the option holders only to subscribe for shares and no cash alternatives are offered. Spinnova has no right or obligation to settle the options in cash. The options shall not be assigned, transferred or pledged to a third party without consent of the Board of Directors. The owner's right for the dividends arises only when the options are exercised and registered.

**Option Plan 2018 – (OP 2018)**

The Board of Directors of Spinnova decided on 20 December 2018 to establish a share-based option plan for Spinnova's key personnel, with a grant date of 1 January 2019. Based on the amendments made for the programme due to the stock splits during the option plan period presented above, the programme entitles option holders to subscribe in a total of 1 500 000 options, including a



right of purchasing one share each (1:1) at a subscription price of 1.13 EUR per share.

The stock options are vesting and become exercisable over the 48 months (4 years) on equal annual instalments (1/4) following the first anniversary of the grant date. The options become instantly exercisable, when company performs an IPO or if over 50% of the shares or if the operations or a significant component of the operations are sold to a third-party. The programme does not have any market or non-market vesting conditions.

Due to the IPO of Spinnova in June 2021, options in the option plan 2018 vested immediately and became exercisable. As the subscription period of the programme lasts until 31 December 2028, the contractual term of each option granted is ten years.

#### **Option Plan 2020 – (OP 2020)**

The Board of Directors of Spinnova decided on 30 December 2020 to establish a share-based option plan for Spinnova's key personnel, with a grant date of 30 December 2020. The program consists of an equal amount of stock options A and B. Based on the amendment made for the programme due to the stock split during the option plan period presented above, the programme entitles option holders to subscribe a total of 3 091 590 options, including a right of purchasing one share each (1:1) at a subscription price of 2.74 EUR per share.

The class A stock options vest and become exercisable over the 48 months (4 years) on equal quarterly instalments (1/16) following the first anniversary of the grant date. The Class A options' vesting is accelerated in the event of a change of control or sale of substantially all assets, but not by the First North Listing. The last date of exercising the options is 31 December 2030. The A options do not have market or non-market vesting conditions.

Vesting for B options is conditional based on the Spinnova's pre-money valuation after listing to the First North as follows: One half of the B options vests if Spinnova's pre-money valuation reaches more than 400 million EUR. The remaining half vests if Spinnova's pre-money valuation reaches over EUR 1 billion. Class B options do not have non-market vesting conditions. One half of the B options vested in 2021 after Spinnova's IPO. The costs arising from the second half of the Class B options is recorded to the period ending in 2025.

Vesting is accelerated for both option classes in the event of a change of control or sale of substantially all assets. As the subscription period lasts until 31 December 2030, the contractual term of each option granted is ten years.

#### **Option Plan 2022 – (OP 2022)**

The Board of Directors of Spinnova decided on 25 May 2022 to establish a share-based option plan for Spinnova's key personnel. The program consists of an equal amount of two branches of stock options, A and B, totalling 2 500 000 options including the right of purchasing one share each (1:1).

The plan is divided into four different grant dates and fair value dates, which are identified as following symbols: 2022A1, 2022B1, 2022A2, 2022B2, 2022A3, 2022B3. Option plans with respective numbers after each tranche letter describes the timely order. Grant tranches 2022A1 and 2022B1 were granted on 25 May 2022; 2022A2 and 2022B2 were granted on 14 September 2022 and 2022A3 and 2022B3 were granted on 29 November 2022.

The Class A stock options in each tranche become vested in instalments over a period of four years as follows: 25% of the class A options will vest on the first anniversary of the issue date. The remaining 75% of the A options will vest in six equal instalments every six months following the first anniversary of the issue date, so that the last instalment will vest on the fourth anniversary of the issue date. The Class A options will not vest during unpaid leaves. Class A options do not have market or non-market conditions.

The Class B stock options become vested on the basis of the company's share price in the Nasdaq First North exceeding the thresholds for the first time described as follows: first 20% vests when the stock exceeds share subscription price multiplied by 1.4, with a threshold not less than EUR 10.5. Next 25% vests when the stock exceeds share subscription price multiplied by 1.9, with a threshold not less than EUR 14.5. Following 25% vests when the stock price exceeds share subscription price multiplied by 2.6, with a threshold not less than EUR 20. The last 30% of the B options vests when the stock price exceeds share subscription price multiplied by 3.7 with a threshold not less than EUR 28. Class B options do not have non-market conditions. Expenses arising from Class B options are recorded for periods ending between 31 December 2024 and 31 December 2026.

The subscription period for the stock options expires on 31 December 2030, the contractual term for each option granted is eight years.

#### **Option Plan 2022 – Board Member – (OP 2022 BOD)**

The Board of Directors of Spinnova decided on 10 May 2022 to establish a share-based option plan for a member of Spinnova's Board of Directors. The program consists of equal amounts of two branches of stock options, A and B, totalling 40 000 options including the right to purchasing one share each (1:1). The stock option program has a similar contractual framework and conditions to the 2022 stock option program presented above. The expense recognised from this option program during 2022 was cancelled during 2023 due to the board member leaving the company.

#### **CEO Matching Share Plan 2023 (MSP 2023)**

The Board of Directors of Spinnova decided on 29 December 2022 to establish a share-based matching share plan for the CEO of Spinnova. The program consists of an one-time investment in the company share, whereafter the CEO has the opportunity to earn up to three matching shares per invested share. No expenses were recognised from this plan due to the CEO leaving the company.

#### **Fair value of the share options**

The fair value of the share options is estimated at the grant date using a binomial option pricing model taking into account terms and conditions on which the share options were granted. However, performance conditions attached into B tranches of plans 2020 and 2022 are only considered in determining the number of instruments that will ultimately vest.

The expense recognised for employee services received during the year is shown in the following table:

<b>EUR (thousand)</b>	<b>1-12/2023</b>	<b>1-12/2022</b>
Option Plan 2020	-343	-993
Option Plan 2022	-2 067	-488
Option Plan 2022 for board members	8	-35
<b>Total expense arising from share-based payment transactions</b>	<b>-2 402</b>	<b>-1 516</b>

The options and established share-based long-term commitment programme granted by the Board, to the company's former CEO Kim Poulsen as well as the stock options issued to Sari Pohjonen, a former member of Spinnova's Board of Directors, and options of employees who left the company, were cancelled in 2023.

### Movements during the year

The following table illustrates the movements in company's share split adjusted number of share options during the year (excluding share appreciation rights):

2023	OP 2022 BOD	OP 2022	OP 2020	OP 2018
Outstanding on 1 January	40 000	1 666 000	1 910 400	1 130 040
Granted during the year		187 000	-	-
Forfeited during the year	-40 000	-360 000	-15 000	-
Exercised during the year	-	-	-535 440	-155 010
Expired during the year	-	-	-	-
<b>Outstanding on 31 December</b>	<b>-</b>	<b>1 493 000</b>	<b>1 359 960</b>	<b>975 030</b>
Exercisable on 31 December	-	175 998	728 640	975 030
2022	OP 2022 BOD	OP 2022	OP 2020	OP 2018
Outstanding on 1 January	-	-	2 382 120	1 423 920
Granted during the year	40 000	1 666 000	-	-
Forfeited during the year	-	-	-470 970	-
Exercised during the year	-	-	-750	-293 880
Expired during the year	-	-	-	-
<b>Outstanding on 31 December</b>	<b>40 000</b>	<b>1 666 000</b>	<b>1 910 400</b>	<b>1 130 040</b>
Exercisable on 31 December	-	-	1 110 930	1 130 040

### Valuation models and key assumptions used

The following tables list the inputs to the models used for the four plans for the years ended 31 December 2023 and 2022 respectively:

2023	OP 2022 BOD	OP 2022	OP 2020	OP 2018
Weighted average fair values at the measurement date (€)	3.13-3.83	2.06-4.80	13.65-380.83	14.06-53.10
Dividend yield (%)	0%	0%	0%	0%
Expected volatility (%)	43.90%	41.5%-47.4%	37.3% - 46.9%	36.3% - 40.1%
Risk-free interest rate (%)	1.40%	1.4%-2.8%	(-0.4%) - 0.0%	(-0.4%) - 0.5%
Expected life of share options (years)	8	8	10	10
Weighted average share price (€)	7.36	21.82	82.50	14.64
Model used	Binomial	Binomial	Binomial	Binomial
2022	OP 2022 BOD	OP 2022	OP 2020	OP 2018
Weighted average fair values at the measurement date (€)	3.13-3.83	2.06-4.80	13.65-380.83	14.06-53.10
Dividend yield (%)	0%	0%	0%	0%
Expected volatility (%)	43.90%	41.5%-47.4%	37.3% - 46.9%	36.3% - 40.1%
Risk-free interest rate (%)	1.40%	1.4%- 2.5%	-0.4% - 0.0%	-0.4% - 0.5%
Expected life of share options (years)	8	8	10	10
Weighted average share price (€)	7.36	21.82	82.50	14.64
Model used	Binomial	Binomial	Binomial	Binomial

The share-based payment programs have several grant dates, which have a specific volatility, risk-free interest rate, and grant date fair value. These are projected as ranges in the table above.

### Volatility

Estimated volatility of shares used in determining the fair value of the stock options is based on historical volatility of Spinnova's shares, where available, and historical volatility of Spinnova's peer companies shares.

## 2.6. Financial income and financial expenses

### Accounting principles

The financial income of Spinnova consists of fair value gains and realised gains from fund investments. The financial expenses relate mostly to loans from credit institutions.

Spinnova recognises financial income and expenses in the period during which they are incurred. Interest income and expenses are recognised using the effective interest method. Further information regarding the financial instruments is presented in the sections 4.1. – 4.3. Investments recognised at fair value through profit or loss are presented in note 4.5.

### Financial income

EUR (thousand)	1-12/2023	1-12/2022
Gains from fair valuation of financial instruments	1 533	0
Other finance income	404	1
<b>Total financial income</b>	<b>1 937</b>	<b>1</b>

### Financial expenses

EUR (thousand)	1-12/2023	1-12/2022
Interest on debts and borrowings	-142	-135
Interest expenses from leases	-65	-32
Losses from fair valuation of financial instruments	0	-1 573
Other finance costs	-98	-127
<b>Total financial expenses</b>	<b>-304</b>	<b>-1 867</b>

## 2.7. Income tax

### Accounting principles

#### Current income tax

Income taxes are comprised of tax recognised on the taxable income for the financial year in addition to deferred taxes. Taxes for the items recognised in the statement of profit and loss are included in income taxes in the statement of profit and loss. The tax effect for items recognised directly in the other comprehensive income statement (OCI) is also recognised in other comprehensive income (OCI).

Taxes based on taxable income are recorded according to the local tax rules using the appropriate tax rate. If there is uncertainty included in the interpretation of the income tax rules, Spinnova estimates if the company is able to fully utilise the tax position that is stated in income tax calculations. If necessary, tax bookings are adjusted to reflect the changes in tax position.

#### Deferred tax

A deferred tax asset or liability is recorded on temporary differences arising between the tax bases of assets and liabilities and their financial statement carrying amounts at the reporting date. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the reporting date. The most significant temporary differences in Spinnova arise mainly from leases and fair valuation of financial assets and liabilities through profit or loss.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered. Deferred tax liabilities are recognised in the balance sheet in full.

Spinnova offsets the deferred tax assets and deferred liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax



liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority on the same taxable entity.

### Direct taxes

The major components of income tax expense for the years ended 31 December 2023 and 2022 are:

EUR (thousand)	1-12/2023	1-12/2022
Deferred taxes	-303	-107
<b>Income tax total</b>	<b>-303</b>	<b>-107</b>

### Tax rate reconciliation

EUR (thousand)	1-12/2023	1-12/2022
<b>Profit before income tax</b>	<b>-19 293</b>	<b>-14 853</b>
Tax calculated at parent's tax rate of 20% (2021 20%)	3 859	2 970
Non-deductible expenses	-528	-254
Income not subject to tax	25	0
Confirmed losses, of which no deferred tax assets recorded	-3 659	-2 824
<b>Income taxes</b>	<b>-303</b>	<b>-107</b>

Spinnova paid no income tax for financial years 2023 and 2022.

### Deferred tax

#### Deferred tax assets 2023

EUR (thousand)	1.1.2023	Recognised in profit or loss	31.12.2023
Leases	4	2	7
Revaluation of financial assets at fair value through profit and loss	47	-47	0
<b>Total</b>	<b>52</b>	<b>-45</b>	<b>7</b>

#### Deferred tax assets 2022

EUR (thousand)	1.1.2022	Recognised in profit or loss	31.12.2022
Leases	3	2	4
Revaluation of financial assets at fair value through profit and loss	56	-9	47
<b>Total</b>	<b>59</b>	<b>-7</b>	<b>52</b>

#### Deferred tax liabilities 2023

EUR (thousand)	1.1.2023	Recognised in profit or loss	31.12.2023
Revaluation of financial assets at fair value through profit and loss	0	307	307
Recognition of intangible assets	421	-48	373
<b>Total</b>	<b>421</b>	<b>258</b>	<b>680</b>

#### Deferred tax liabilities 2022

EUR (thousand)	1.1.2022	Recognised in profit or loss	31.12.2022
Revaluation of financial assets at fair value through profit and loss	5	-5	0
Recognition of intangible assets	316	105	421
<b>Total</b>	<b>321</b>	<b>100</b>	<b>421</b>

### Confirmed losses

Confirmed losses expire in 10 years. Tax losses expire as follows:

EUR (thousand)	2023	2022
Due in 5 years	2 870	1 185
Due later than in 5 years*	50 744	37 567
<b>Total</b>	<b>53 614</b>	<b>38 752</b>

\*The loss of Spinnova Ltd for the period of 2023 is yet not approved by the tax authorities. The loss in 2023 was EUR 14 862 thousand and the loss in 2022 EUR 13 415 thousand.

## 2.8. Earnings per share

### Accounting principles

Basic EPS figures are calculated by dividing the profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the period.

Diluted EPS figures are calculated by dividing the profit attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the period plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

### Earnings per share, basic

	1-12/2023	1-12/2022
Profit attributable to ordinary equity holders of the parent, EUR (thousand)	-19 596	-15 123
Weighted average number of ordinary shares, thousand*	51 899	51 332
<b>Earnings per share, basic and diluted</b>	<b>-0.38</b>	<b>-0.29</b>

\* The weighted average number of shares takes into account the weighted average effect of changes in treasury share transactions during the year.

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of authorisation of these financial statements.

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.

## 3. CAPITAL EMPLOYED

### 3.1. Associates and Joint Ventures

#### Accounting principles

Joint Ventures are companies controlled by Spinnova and another external party, where both have joint control of the joint venture. Spinnova has two joint venture arrangements, Woodspin Oy and Respin Oy, both are domiciled in Finland. Suzano S.A. is the co-investor in the Woodspin joint venture (incorporated in 14 May 2021) both, Spinnova and Suzano having equal 50% ownership. ECCO is the co-investor in the Respin joint venture (incorporated in 15 January 2021) both, Spinnova and ECCO having equal 50% ownership. Both joint ventures' financial periods end on 31 December, thus no timing related differences in relation to reported financial information. The financial statements of the joint ventures are prepared according to Finnish accounting standards (FAS) and restated by Spinnova with relevant IFRS adjustments for group consolidation and IFRS reporting purposes. Spinnova recognises the joint ventures in the consolidated financial statements by applying the equity method.

#### Summarised balance sheet

EUR (thousand)	31.12.2023	31.12.2022
<b>Assets</b>		
<b>Total Non-current assets</b>	57 171	53 597
Current assets, not including cash	1 491	2 000
Cash and cash equivalents	1 301	3 094
<b>Total current assets</b>	<b>2 792</b>	<b>5 094</b>
<b>Total assets</b>	<b>59 963</b>	<b>58 691</b>
<b>Equity and liabilities</b>		
<b>Total Equity</b>	37 832	28 715
<b>Non-current liabilities</b>		
Other non-current liabilities, excluding deferred tax	17 472	22 032
Deferred tax liabilities	-	-
<b>Total non-current liabilities</b>	<b>17 472</b>	<b>22 032</b>
<b>Current liabilities</b>		
Other current liabilities, excluding taxes payable	4 659	7 944
<b>Total current liabilities</b>	<b>4 659</b>	<b>7 944</b>
<b>Total liabilities</b>	<b>22 131</b>	<b>29 976</b>
<b>Total equity and liabilities</b>	<b>59 963</b>	<b>58 691</b>

**Summarised statement of profit or loss**

EUR (thousand)	1-12/2023	1-12/2022
Revenue (net sales)	60	-
Cost of sales	-3 334	-
Administrative expenses	-607	-1 167
Depreciation and amortisation	-2 963	-346
<b>Operating profit (EBIT)</b>	<b>-6 844</b>	<b>-1 513</b>
Total Financial income and expense	-988	4
<b>Profit before tax</b>	<b>-7 832</b>	<b>-1 508</b>
Income tax	99	1
<b>Profit for the financial period</b>	<b>-7 733</b>	<b>-1 508</b>
<b>Total Comprehensive income for the period</b>	<b>-7 733</b>	<b>-1 508</b>
<b>Spinnova's share of profit/loss for the year</b>	<b>-3 866</b>	<b>-754</b>

Spinnova did not have any goodwill or other adjustments arising from Joint Ventures. Beyond Joint Ventures, Spinnova did not have any joint operations.

**Changes in the carrying amount of the joint ventures**

During the financial period of 2023 Spinnova invested EUR 8 050 thousand as a direct investment to Woodspin Oy. The EUR amount equals the share capital of the equity paid by Suzano. During financial period of 2022 Spinnova invested EUR 12 250 thousand into Woodspin Oy, which equals the capital investment of Suzano's.

Respin Oy's net worth increased in 2023 by EUR 500 thousand and in 2022 by EUR 250 thousand due to investments made by ECCO according to the Joint venture agreement. During the financial period of 2023 Spinnova invested EUR 250 thousand in Respin to fund the development work together with ECCO, following the shareholder's decision made in the second half of 2023. Book value of Respin' shares equals 50% of Respin's net worth adjusted with the elimination of internal sales margin.

**Reconciliation of net worth of joint ventures and book value of the joint ventures**

EUR (thousand)	1-12/2023	1-12/2022
Net worth 1.1.	28 715	5 472
Additions	16 850	24 750
Profit (loss) of the period	-7 733	-1 508
<b>Net worth 31.12.</b>	<b>37 832</b>	<b>28 715</b>
Spinnova's share (50%)	18 916	14 357
Elimination of internal profit margin on sold assets to Respin	-24	-222
<b>Book value 31.12.</b>	<b>18 891</b>	<b>14 136</b>

Spinnova's joint venture, Woodspin Oy, combines Spinnova's technology capabilities with the wood-based raw material, micro fibrillated cellulose (MFC), provided by Suzano to produce and sell textile fibres. Woodspin's average number of personnel during 2023 was 32 (8).

Spinnova's participation in Woodspin is a joint arrangement as it fulfils the requirements in a contractual arrangement with Suzano S.A. Both parties are in joint control of the arrangement as each owns 50% of the joint arrangement. Both parties have equal voting rights in the board of directors, each appointing three members out of the six total, as long as the parties retain at least 50% of the shares. The right to appoint the chairman of the board rotates with one-year intervals between the parties. Spinnova and Suzano as co-investors have established Woodspin as a separate Finnish limited liability company. Woodspin, for this purpose is classified as a separate vehicle. The legal form of the separate vehicle is relevant when assessing the type of joint arrangement. The rights and obligations agreed to by the parties in their contractual arrangements are consistent, or do not conflict, with the rights and obligations conferred on the parties thus leading to the conclusion that Woodspin Oy is classified as a Joint Venture to Spinnova.

Spinnova's joint venture, Respin Oy, combines Spinnova's technology capabilities with collagen originating materials, provided by ECCO to develop and commercialise textile fibres based on the collagen originating materials. Respin did not have any personnel during 2023 and 2022.

Spinnova's participation in Respin is a joint arrangement as it fulfils the requirements with a contractual arrangement with ECCO. Both parties are in joint

control of the arrangement as each owns 50% of the joint arrangement. Both parties have equal voting rights in the board of directors, each appointing three members out of the six total. In alternating years, each partner has the right to name a Chair of the board. Spinnova and ECCO as co-investors have established Respin as a separate Finnish limited liability company. Respin, for this purpose is classified as a separate vehicle. The legal form of the separate vehicle is relevant when assessing the type of joint arrangement. The rights and obligations agreed to by the parties in their contractual arrangements are consistent, or do not conflict, with the rights and obligations conferred on the parties thus leading to the conclusion that Respin Oy is classified as a Joint Venture to Spinnova.

### 3.2. Intangible assets

#### Accounting principles

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is recorded in profit or loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

Spinnova does not currently have intangible assets with indefinite useful lives.

An intangible asset is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated

as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss.

A summary of the policies applied to Spinnova's intangible assets is, as follows:

	Patents & Trademarks	Development costs
<b>Useful lives</b>	Finite (10 years)	Finite (5–10 years)
<b>Amortisation method used</b>	Amortised on a straight-line basis over the period of the patent	Amortised on a straight-line basis over the period of expected future sales from the related project
<b>Internally generated or acquired</b>	Acquired	Internally generated

EUR (thousand)	Patents and Trademarks	Development costs	Assets under development	Total
<b>Cost</b>				
<b>1.1.2022</b>	<b>922</b>	<b>10 076</b>	<b>1 600</b>	<b>12 599</b>
Additions	0	680	2 808	3 488
Reclassifications	260	4 073	-4 333	0
<b>31.12.2022</b>	<b>1 183</b>	<b>14 830</b>	<b>75</b>	<b>16 087</b>
Additions	325	0	529	854
Reclassifications	0	-85	-604	-689
<b>31.12.2023</b>	<b>1 508</b>	<b>14 745</b>	<b>0</b>	<b>16 252</b>
<b>Amortisation and impairment</b>				
<b>1.1.2022</b>	<b>-329</b>	<b>-1 597</b>	<b>0</b>	<b>-1 926</b>
Amortisation	-91	-989	0	-1 080
<b>31.12.2022</b>	<b>-420</b>	<b>-2 586</b>	<b>0</b>	<b>-3 006</b>
Amortisation	-94	-1 455	0	-1 549
<b>31.12.2023</b>	<b>-514</b>	<b>-4 041</b>	<b>0</b>	<b>-4 555</b>
<b>Book value, EUR (thousand)</b>				
31.12.2023	993	10 704	0	11 697
31.12.2022	763	12 243	75	13 080



**Research and development**

Research costs are expensed as incurred. Development expenditures on an individual project are recognised as an intangible asset when Spinnova can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale,
- Its intention to complete and its ability and intention to use or sell the asset,
- How the asset will generate future economic benefits,
- The availability of resources to complete the asset,
- The ability to measure reliably the expenditure during development.

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete, and the asset is available for use. It is amortised over the period of expected future benefit. Amortisation is recorded in the group of depreciation, amortisation and impairment losses. During the period of development, the asset is tested for impairment annually.

Spinnova capitalises development costs for a project in accordance with its accounting policy. Initial capitalisation of costs is based on management's judgement that technological and economic feasibility is confirmed, usually when a product development project has reached a defined milestone according to an established project management model. In determining the amounts to be capitalised, management makes assumptions regarding the expected future cash generation of the project, discount rates to be applied and the expected period of benefits.

**Impairment testing of intangible assets**

Spinnova assesses the economic value of its intangible assets at each reporting date. The intangible assets result in impairment if the intangible asset is considered to have lower economic value than the carried value of cost less any accumulated amortization.

Intangible assets are tested following the IFRS guidance for impairment testing. Impairment testing is carried out at Group level. Spinnova monitors intangible assets at Group level. Spinnova has currently only one cash-generating unit.

The recoverable amount from the cash generating unit is determined based on value-in-use calculations. The calculations are prepared following the discounted cash flow method using the management approved estimates for the following year and subsequent development derived from the strategic plans. Terminal year value has been defined based on the long-term strategic plans.

Spinnova has assessed at each reporting date whether there is any indication that the assets would require impairment. Based on the assessment and current status of the intangible assets, no indication of impairment has been identified and no impairment has been recognized for the financial periods ended 31.12.2023 and 31.12.2022.

When assessing the recoverable amounts of cash generating units, management believes that no reasonably possible change in any of the key variables used would lead to a situation where the recoverable amount of the units would fall below their carrying amount.

**3.3. Property, plant and equipment****Accounting principles**

Property, plant, and equipment consists mainly of machinery and equipment and assets under construction. Property, plant and equipment is measured at cost less accumulated depreciation and impairment losses, if any.

Assets under construction consist of an R&D spinning line that will be installed in Portugal. According to the collaboration agreement with Spinnova's yarn development partner Tearfil, Spinnova is the owner of the equipment and the line operations and operational costs will be paid for by Tearfil for 10 years

from the start-up of the line. In return the majority of the R&D line's capacity will be utilized by Tearfil. Spinnova will be able to utilize the line's capacity up to the level that meets the requirements and demand from Spinnova's textile product development. A balancing fee will be paid to Tearfil annually to reflect the difference between the value of the installed equipment compared to the operational costs borne by Tearfil.

Depreciation of property, plant and equipment before the conversion period has been depreciated with the 25% residual method. The straight-line method will be applied to all machinery and equipment acquired after the conversion period, since the difference between the residual method and straight-line method has been considered to be insignificant. The straight-line depreciation method has been applied to machinery and equipment acquisitions from January 1, 2023, onwards.

A straight-line basis over the estimated useful lives to their residual value, as follows:

- Machinery and equipment 3–5 years,
- Other equipment 3–5 years, if any,
- Assets under construction are not depreciated. The depreciation will begin once the asset is completed. Spinnova reclassifies the assets after completion.

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted prospectively, if appropriate.

Sales gains and losses on disposal or transfer of tangible assets are presented in other operating income and expenses. Sales gains or losses are calculated as the difference between the sales price and the remaining acquisition cost.

EUR (thousand)	Machinery & equipment	Assets under construction	Total
<b>Acquisition cost</b>			
<b>1.1.2022</b>	<b>418</b>	<b>200</b>	<b>618</b>
Additions	78	1 158	1 235
<b>31.12.2022</b>	<b>496</b>	<b>1 358</b>	<b>1 853</b>
Additions	252	246	498
<b>31.12.2023</b>	<b>747</b>	<b>1 604</b>	<b>2 351</b>

EUR (thousand)	Machinery & equipment	Assets under construction	Total
<b>Depreciation and impairment</b>			
<b>1.1.2022</b>	<b>-305</b>	<b>0</b>	<b>-305</b>
Depreciation charge for the year	-31	0	-31
<b>31.12.2022</b>	<b>-337</b>	<b>0</b>	<b>-337</b>
Depreciation charge for the year	-57	0	-57
<b>31.12.2023</b>	<b>-394</b>	<b>0</b>	<b>-394</b>

<b>Book value, EUR (thousand)</b>			
31.12.2023	354	1 604	1 958
31.12.2022	159	1 358	1 517

### 3.4. Leases

#### Accounting principles

##### Spinnova as a lessee

The lease contracts of Spinnova consist mainly of office buildings, office equipment, and vehicles. Lease contracts are valid for a fixed period or until further notice. Spinnova does not have any service contracts that contain an asset for which a right-of-use asset should be recognised in accordance with IFRS 16.

Spinnova assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

**Right-of use assets**

Right-of-use assets are measured at acquisition cost comprising the amount of the initial measurement of lease liability, any lease payments made at or before the commencement date (less any incentives received), any initial direct costs incurred by Spinnova, and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease. For contracts that comprise both lease components and non-lease components, the payments are split between these components and non-lease components are expensed as incurred.

Subsequently, the right-of-use assets are measured at initial measurement less accumulated depreciation and impairment losses. The right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset and recognised as an expense in the statement of profit and loss.

**Lease liabilities**

At the inception of the lease, Spinnova measures the lease liability at the present value of the lease payments over the lease term. The lease payments included in the measurement of the lease liability comprise the following payments:

- fixed payments,
- variable lease payments that depend on an index or a rate,
- the price of the purchase option if it is reasonably certain that the option will be exercised by Spinnova, and
- payments of penalties for terminating the lease, if the lease term reflects Spinnova exercising an option to terminate the lease,

The fixed payments consist of the minimum lease payments.

Lease payments are discounted by using the lessee's incremental borrowing rate since the interest rates are not easily available in the lease contracts. Spinnova's incremental borrowing rate is determined based on financing offers received and market conditions and it is reviewed annually. Further information regarding

the incremental borrowing rate has been disclosed in the note 5.1. Financial risk management.

Interest expenses on lease liabilities are recognised in financial items in the statement of profit and loss over the lease term. The lease liabilities are subsequently measured at initial recognition less lease payments that are allocated to the principal.

For the contracts with extension options, Spinnova applies judgement to evaluate whether it is reasonably certain that the extension option will be exercised. Extensions for the leases are included in the lease liability when the lease term is reasonably certain to be extended.

When determining the lease term for the contracts that are valid until further notice, Spinnova takes into account the company's short and mid-term planning and strategy. The estimates of the lease terms are updated at each reporting date.

**Short-term lease contracts and contracts of low-value assets**

Spinnova applies the exemptions applicable to short-term lease contracts (lease period 12 months or less), and for lease contracts for which the underlying asset is of low value. These lease contracts are not recognised in the statement of financial position but booked as expenses when the costs are incurred. Lease expenses recognised for short-term leases and low-value assets are presented more in detailed below. These items are presented as part of other operating expenses, which are presented in note 2.2. Other operating income and expenses.

**Subleases**

In accordance with IFRS 16, Spinnova has recognised one sublease with its related party, Suzano Finland Oy. A sublease is a transaction where the underlying asset (office space) is re-leased by a Spinnova to a third party (Suzano) where the lease between Spinnova and the lessor is in effect. The sublease is in relation to the office space used by Suzano, where Spinnova retains all the rights and risks related to the property, as the risks and rewards have been deemed to stay with Spinnova, the lease is considered as an operating lease.

During the reporting periods of 2022 & 2023 Spinnova has recognised the sublease income in other operating income and the expenses in other operating expenses.

#### Right-of-use assets

EUR (thousand)	Right-of-use assets, buildings	Right-of-use assets, vehicles	Total
<b>1.1.2022</b>	<b>996</b>	<b>49</b>	<b>1 046</b>
Additions	1 309	0	1 309
Depreciations for the financial year	-489	-27	-517
<b>31.12.2022</b>	<b>1 816</b>	<b>22</b>	<b>1 838</b>
<b>1.1.2023</b>	<b>1 816</b>	<b>22</b>	<b>1 838</b>
Additions	0	245	245
Depreciations for the financial year	-825	-74	-899
<b>31.12.2023</b>	<b>991</b>	<b>193</b>	<b>1 184</b>

#### Lease liabilities

EUR (thousand)	2023	2022
<b>1.1.</b>	<b>1 859</b>	<b>1 058</b>
Additions	245	1 309
Lease payments	-952	-540
Interest expenses	65	32
<b>31.12.</b>	<b>1 218</b>	<b>1 859</b>
<b>EUR (thousand)</b>	<b>31.12.2023</b>	31.12.2022
Long-term lease liabilities	563	1 032
Short-term lease liabilities	655	827
<b>Total</b>	<b>1 218</b>	<b>1 859</b>

The maturity analysis of lease liabilities is disclosed in Note 4.6. Borrowings and lease liabilities.

#### Impact of leases on profit and loss statement

EUR (thousand)	1-12/2023	1-12/2022
Short-term leases	-113	-48
Low value assets	-146	-101
Depreciations of right-of-use assets	-899	-517
Interest expenses from lease liabilities	-65	-32
<b>Total</b>	<b>-1 223</b>	<b>-698</b>

The cash flows arising from lease contracts during the financial period 2023 were EUR -1 223 thousand (2022: EUR -698 thousand).

#### Accounting estimates and management's judgements

The most significant management judgement relates to open-ended lease agreements. For these contracts, management needs to estimate the length of the lease term, which may significantly affect the amounts of right-of-use asset and lease liability as well as the related depreciation and interest expense. Management judgment is also applied in defining the incremental borrowing rate used to calculate the present value of the future lease payments.

### 3.5. Trade and other receivables

#### Trade and other receivables

##### Accounting principle

Trade and other receivables comprise trade receivables, other receivables and prepayment and accrued incomes.

Trade and other receivables arise from typical business transactions and are non-interest-bearing receivables. Trade receivables are receivables from selling products or providing services to customers in the ordinary course of business. Trade receivables are initially recognised at fair value at inception and recognised as subsequently measured at amortised cost following the classification of financial assets. Other receivables are recognised as cost and are typically including tax receivables and other short-term accruals, which are not considered as financial assets.

Financial assets are further detailed in note 4.3 Financial Assets and Liabilities.



**Trade receivables**

EUR (thousand)	31.12.2023	31.12.2022
Trade receivables from external customers	68	62
Trade receivables from Joint Ventures	2 233	5 496
<b>Total trade receivables</b>	<b>2 301</b>	<b>5 558</b>

Trade receivables are non-interest bearing and are generally on terms of 14 to 60 days.

For terms and conditions relating to related party receivables, refer to Note 5.1. Related party transactions.

**Other receivables & accruals**

Other non-current receivables consist of guarantees related to rented premises. Other current receivables consist of mainly value added tax receivables. Prepayment and accrued incomes comprise mainly accruals of payments and accrual of development subsidy.

EUR (thousand)	31.12.2023	31.12.2022
Other non-current receivables	135	135
Other current receivables	257	267
Prepayments and accruals	725	618
<b>Total other receivables</b>	<b>1 117</b>	<b>1 020</b>

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due from different customer segments with similar loss patterns (i.e., by public sector and private sector). The calculation reflects the probability-weighted outcome, the time value of money, and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Trade receivables which are over 360 days past due are considered as defaulted. Past due trade receivables are subject to enforcement activity and collection. The collection process is managed by Spinnova's finance department.

Spinnova evaluates the concentration of risk with respect to trade receivables and contract assets as low, as its customers are located in several jurisdictions

and industries and operate in largely independent markets. Thus, the risks are not concentrated, which decreases the amount of expected credit losses.

Spinnova does not hold collateral as security.

Spinnova recognises credit loss provisions for expected credit losses (ECL) on trade receivables in accordance with IFRS 9. For analysing and recognition of ECL regarding trade receivables, the simplified approach for determining the expected credit losses of IFRS 9 is applied. In this approach the credit losses are based on predetermined credit loss rates by customer category. The rates are determined by past events and external sources.

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECL. For measurement of ECL for trade receivables Spinnova uses a provision matrix, where it has specified fixed provision rates depending on the number of days that a trade receivable is past due. The provision matrix is based on historical observed default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates specific to the client sector-based risk analysis.

At every reporting date the historical observed default rates are updated and changes in the forward-looking estimates are analysed. Expected credit losses have not been recorded from the value added tax that is included in trade receivables. Loss allowances for ECL are presented in the statement of financial position as a deduction from the gross carrying amount of the assets. In the statement of profit and loss, the amount of ECL (or reversal) is recognised as an impairment gain or loss in other operating expenses.

Spinnova's joint ventures, Woodspin and Respin have been excluded from the aging of outstanding trade receivables tables. Due to their funding and payment structures, Spinnova does not consider the joint ventures at risk for default on trade receivables. Based on the 50% ownership of the joint ventures, Spinnova is participating in the decision making at the purchasing side before any sales are agreed, therefore making sure that the expected credit loss is insignificant.

**Expected Credit Losses**

Spinnova has analyzed the trade receivables and other receivables, and the related expected credit losses for the financial period ending 31 December 2023 and the comparative information for the financial period ending 31 December

2022. As a result Spinnova has not recognised expected credit losses from either of the periods, since the amount of expected credit losses are considered to be insignificant due to the size of the external trade receivables and Spinnova has not had historical credit losses. Spinnova assesses the need for presenting the expected credit losses at each reporting period and when the credit risk arising from its customers changes significantly.

### 3.6. Trade and other payables and contract liabilities

#### Accounting principle

Trade and other payables consist of payables related to typical business activities such as purchases, employee accruals, tax accruals and tax payables. The payables are recognised at cost or at amortised cost. Spinnova's accrued expenses include expenses, which have not yet been invoiced. Trade payables are typically due between 30–90 days. Contract liabilities include payments received from customers related to Spinnova's sales contract, for which the goods or services are not yet rendered.

EUR (thousand)	31.12.2023	31.12.2022
Current trade and other payables		
Trade payables	1 574	6 501
Contract liabilities	0	34
Other payables	398	184
Accrued expenses	1 600	1 634
<b>Total current trade and other payables</b>	<b>3 572</b>	<b>8 352</b>

Other payables consist of social security payments and pay as you earn (PAYE) liabilities. The accrued expenses comprise mainly accrued salaries and vacations. Share of profit from Respin as well as the unrealised margin of the proof-of-concept delivery to Respin is reported in the accrued expenses.

The definitions for contract liabilities are presented in note 2.1 Revenue from contracts with customers.

## 4. FINANCIAL INSTRUMENTS AND CAPITAL STRUCTURE

### 4.1. Financial risk management

#### Financial instruments risk management objectives and policies

Spinnova is exposed to various financial risks in its operations. Spinnova follows its Group Treasury Policy, and its management team monitors entity's exposures and risk framework periodically. Spinnova has proper policies and procedures in place for mitigating against financial risks. Financial risks are identified, measured and managed in accordance with Treasury Policy. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below.

#### Market risk

Market risk is the risk that the fair value or future cash flows arising from financial instruments will fluctuate because of changes in market prices or market conditions. Market risk comprises primarily of foreign exchange and interest rate risk. Currently Spinnova does not have significant foreign currency exposures.

In relation to the risk management policy Spinnova estimates the exposure to the relevant market risk's by performing a sensitivity analysis periodically at the end date of each reporting period. The analyses have been prepared on the basis

that all other variables are kept constant. For Spinnova, the main risk of which the sensitivity analysis is being made is an interest rate risk.

### Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. Spinnova's exposure to the interest rate fluctuations relates primarily to the portion of Spinnova's long-term debt obligations that have floating interest rates. Spinnova's long-term bank loans that have floating interest rates are connected to Euribor rates. Changes in market interest rates have a direct effect on Spinnova's future interest payments.

Spinnova's policy of reducing the effects of interest rate risk is to maintain a predefined balance between the total amount of loan instruments acquired and liquidity position. The management assesses the interest rate risk at each reporting date to implement procedures required to maintain a stable interest rate environment. Spinnova has the ability to renegotiate the terms of the financial instruments in case the market environment and interest rate environment changes significantly.

### Interest rate sensitivity

The sensitivity analysis of interest rate risk relates to the position as of 31 December 2023 and 2022 as a reference. The following table demonstrates the sensitivity to an estimated reasonably possible changes in the interest rates, based on following assumptions that has been made:

Spinnova's borrowings, which consist of one bank loan and two loans from the State treasury. The bank loan's effective interest rate is based on 12-month Euribor + margin and the effective interest rate of the loans from state treasury are based on base rate of interest confirmed by the Ministry of Finance. Since the base rate of interest confirmed by Ministry of Finance is driven by the 12-month Euribor, it is concluded that the sensitivity analysis should be performed with the 12 month Euribor for all three loans.

The changes in the interest rate level are shown in full without considering the possible effects of contractual interest rate floors related to loans. With all other variables kept constant and the interest rate is changed by 1%, Spinnova's profit before tax and equity is affected through the impact on floating rate loans, as follows:

EUR (thousand)	Increase/ decrease in %	Effect on profit before tax	Pre-tax effect on Equity
<b>2023</b>			
12-month Euribor	+1%	-61	-61
12-month Euribor	-1%	61	61
<b>2022</b>			
12-month Euribor	+1%	-67	-67
12-month Euribor	-1%	67	67

For interest bearing financial liabilities the interest rate range is between 1%-6.6% during the reporting period. The maximum exposure to the interest rate risk includes all the loans, which have floating interest rate. Spinnova had EUR 5 816 thousand (2022: EUR 6 403 floating interest rate loans).

Additionally, Spinnova has fund investments, which are relatable to low-risk fixed income investments. The investments included in the current assets are highly liquid and can be sold at the current market prices quickly if needed. Therefore the interest rate risk related to these investments does not have a significant impact on Spinnova's profit.

### Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows will fluctuate due to changes in foreign exchange rates. Spinnova's exposure to the foreign currency risk relates primarily to the operating activities, when revenue or expense is denominated in a foreign currency.

Spinnova does not currently have significant foreign currency exposures. Therefore, the sensitivity analysis related to foreign currencies is not relevant for Spinnova.

### Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a potential financial loss. Spinnova's exposure to the credit risk relates primarily to the operating activities, which include such items as trade receivables and cash balances.

However, credit risk arising from trade receivables is not considered to be significant since majority of current trade receivables arise from joint ventures and large manufacturing companies. Bank balances and investments in funds are held in well regarded financial institutions, so the respected credit risk is low. For

more information about credit risk arising from joint ventures, please, see note 3.5.

### **Liquidity risk**

Liquidity risk is the risk that existing funds and borrowing facilities become insufficient to meet the business needs or that extra costs are incurred in order to arrange such funds and borrowing facilities. Spinnova monitors its available funds and maturity analysis as the basis for concluding the cash requirements. The management assesses forecasts for short and long-term needs of the related cash flows to maintain the liquidity requirements and the funding needs.

Spinnova's objective is to maintain a balance between continuity of funding and flexibility through use of liquid assets such as bank balances and investments in funds, and if necessary bank loans. Spinnova's liquid assets are considerably large compared to the loan instruments, and therefore the group does not face a significant exposure for the liquidity risk. Please see further information regarding the liquid assets in the note 4.4. Liquid Funds. For more detailed information of financial liabilities and the Maturity analysis related, which presents the relevant cash outflows for the foreseeable future, please see note 4.6.

Spinnova has a considerable head room for covenants at their current position. Spinnova has not had any repayment events caused by breaches of covenants. However, terms of a covenant were changed in 2021 due to a breach of non-compliance related to the foundership covenant.

Please see further information regarding the covenants in the note 4.6. Borrowings and lease liabilities and 4.7. Capital management.

### **4.2. Fair value measurement**

Spinnova measures financial instruments at fair value at each balance sheet date. Aside from this note, additional fair value related disclosures, including the valuation methods, significant estimates and assumptions are also provided in note 2.5. Share-based payments.

### **Accounting principles**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption

that the transaction to sell the asset or transfer the liability takes place in the principal or in the most advantageous market accessible by Spinnova for the asset or liability.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

Spinnova uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

### **Fair value estimation**

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1: Available quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2: Valuation techniques, for which the lowest level input that is significant to the fair value measurement and it is directly or indirectly observable.

Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable and require independent consideration and judgement from the valuation perspective.

### **Fair values**

Tabular presentation of Spinnova's financial assets and liabilities can be found in Note 4.3.

### **4.3. Financial assets and liabilities**

### **Accounting principles**

A financial instrument is any contract that forms as a financial asset for one entity and as a financial liability or equity instrument for another entity.

### **Financial assets**

Spinnova's financial assets are measured at fair value at initial recognition at trade date, and are classified as subsequently measured at amortised cost, fair

value through other comprehensive income (OCI), or fair value through profit or loss. The classification is based on the contractual cash flow characteristics of the financial asset and Spinnova's business model for managing the instruments. The impairment of the financial assets is discussed in detail in the risk management section in Note 4.1 Financial risk management.

#### **Amortised cost**

Financial assets are classified at amortised cost, if the objective of holding the asset is to collect contractual cash flows and if the cash flows are solely payments of principal and interest. Financial assets which fulfil both of the conditions are subsequently measured using the effective interest rate method (EIR) and are subject to impairment. Any gains or losses from these financial assets are recognised in profit or loss when the asset is derecognised, modified, or impaired.

Spinnova's financial assets at amortised cost include cash and cash equivalents, trade receivables.

#### **Financial assets at fair value through profit and loss**

Financial assets are classified at fair value through profit and loss when the financial assets are held for trading and when the collection of cash flows are not based on payments of principal and interest and do not pass the SPPI test. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

Spinnova classifies investments in funds at fair value through profit and loss.

#### **Financial assets at fair value through Other comprehensive income (OCI)**

Financial assets are classified at fair value through other comprehensive income if the objective of holding the financial asset fulfills both to collect contractual cashflows and to sell the financial asset, and if the cash flows are solely payments of principal and interest. Financial assets at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining

fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss.

At initial recognition Spinnova can make an irrevocable election to classify and measure its equity investments as equity instruments designated at fair value through other comprehensive income when these instruments are not held for sale and when these financial instruments fulfil the requirements of investments to equity instruments under IAS 32.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when Spinnova benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

Spinnova does not currently have any financial assets to be classified at fair value through other comprehensive income.

#### **Derecognition of financial assets**

Spinnova derecognises a financial asset when, and only when the contractual rights to the cash flows from the financial asset expires or it transfers the financial asset, and the transfer qualifies for de-recognition. Spinnova continues to recognise the transferred asset to the extent of its continuing involvement. In that case, Spinnova also recognises an associated liability.



**Impairment of financial assets**

Spinnova recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that Spinnova expects to receive, discounted at an approximation of the original effective interest rate.

Further information about ECL is presented in the Note 3.5. Trade and other receivables.

**Financial liabilities**

Spinnova recognises a financial liability in its statement of financial position when, and only when, the entity becomes party to the contractual provision of the instrument. Spinnova's financial liabilities are measured at fair value at initial recognition at trade date and are classified as subsequently measured at amortised cost and fair value through profit or loss. The financial liabilities are classified to their respective current and non-current accounts.

**At amortised cost**

Spinnova's financial liabilities classified at amortised cost are initially recognised at fair value less any related transaction cost and are subsequently measured using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

This category generally applies to interest-bearing loans and borrowings and trade payables.

**Financial liabilities at fair value through profit and loss**

Financial liabilities measured at fair value through profit and loss include e.g., financial liabilities which are designated at inception to be subsequently measured at fair value through profit and loss.

Spinnova does not currently have any financial liabilities to be classified through fair value through profit and loss.

**De-recognition of financial liabilities**

Spinnova de-recognises financial liabilities when, and only when the obligation of a financial liability specified in its respective contract is discharged, cancelled or it expires.

**Offsetting of financial instruments**

When a certain legal conditions and the intention to settle on a net basis exists, financial assets and liabilities can be offset and the net amount reported in the consolidated statement of financial position, for the entity to realise the assets and settle the liabilities in question simultaneously.

Spinnova does not currently offset its financial instruments.

## 4.3. Financial assets and liabilities (continue)

## Financial instruments by classification 31.12.2023

## Financial assets, 2023

EUR (thousand)	Note	Level	Fair value through profit and loss	Fair value through OCI	At amortised cost	Book value	Fair value
<b>Non-current financial assets</b>							
Other receivables			0	0	135	135	135
<b>Non-current financial assets total</b>			<b>0</b>	<b>0</b>	<b>135</b>	<b>135</b>	<b>135</b>
<b>Current financial assets</b>							
Trade receivables			0	0	2 301	2 301	2 301
Investments in funds		1	46 285	0	0	46 285	46 285
Cash and cash equivalents			0	0	15 174	15 174	15 174
<b>Current financial assets total</b>			<b>46 285</b>	<b>0</b>	<b>17 475</b>	<b>63 760</b>	<b>63 760</b>
<b>Financial assets total</b>			<b>46 285</b>	<b>0</b>	<b>17 610</b>	<b>63 896</b>	<b>63 896</b>

## Financial liabilities, 2023

EUR (thousand)	Note	Level	Fair value through profit and loss	Fair value through OCI	At amortised cost	Book value	Fair value
<b>Non-current financial liabilities</b>							
Interest-bearing loans and borrowings			0	0	4 466	4 466	4 466
<b>Non-current financial liabilities total</b>			<b>0</b>	<b>0</b>	<b>4 466</b>	<b>4 466</b>	<b>4 466</b>
<b>Current financial liabilities</b>							
Borrowings			0	0	1 350	1 350	1 350
Trade payables			0	0	1 574	1 574	1 574
<b>Current financial liabilities total</b>			<b>0</b>	<b>0</b>	<b>2 924</b>	<b>2 924</b>	<b>2 924</b>
<b>Financial liabilities total</b>			<b>0</b>	<b>0</b>	<b>7 390</b>	<b>7 390</b>	<b>7 390</b>

## Financial instruments by classification 31.12.2022

## Financial assets, 2022

EUR (thousand)	Note	Level	Fair value through profit and loss	Fair value through OCI	At amortised cost	Book value	Fair value
<b>Non-current financial assets</b>							
Other receivables			-	-	135	135	135
<b>Non-current financial assets total</b>			-	-	<b>135</b>	<b>135</b>	<b>135</b>
<b>Current financial assets</b>							
Trade receivables			-	-	5 558	5 558	5 558
Capital protected structured note			-	-	5 000	5 000	5 000
Investments in funds		1	44 495	-	-	44 495	44 495
Cash and cash equivalents			-	-	33 222	33 222	33 222
<b>Current financial assets total</b>			<b>44 495</b>	-	<b>43 780</b>	<b>88 275</b>	<b>88 275</b>
<b>Financial assets total</b>			<b>44 495</b>	-	<b>43 915</b>	<b>88 410</b>	<b>88 410</b>

## Financial liabilities, 2022

EUR (thousand)	Note	Level	Fair value through profit and loss	Fair value through OCI	At amortised cost	Book value	Fair value
<b>Non-current financial liabilities</b>							
Interest-bearing loans and borrowings			-	-	5 403	5 403	5 403
<b>Non-current financial liabilities total</b>			-	-	<b>5 403</b>	<b>5 403</b>	<b>5 403</b>
<b>Current financial liabilities</b>							
Interest-bearing loans and borrowings			-	-	1 000	1 000	1 000
Trade payables			-	-	6 501	6 501	6 501
<b>Current financial liabilities total</b>			-	-	<b>7 501</b>	<b>7 501</b>	<b>7 501</b>
<b>Financial liabilities total</b>			-	-	<b>12 904</b>	<b>12 904</b>	<b>12 904</b>

#### 4.4. Liquid Funds

Cash and cash equivalents and investments included in the current assets that consist of highly liquid investment funds are an integral part of Spinnova's cash management.

The funds and capital protected structured note included in the current investments are highly liquid and can be sold at the current market prices quickly when needed and therefore the investments are included in the liquid funds of the company.

The objective of Spinnova's cash management is to optimise the amount of working capital and to minimise financing costs through an efficient management of cash flows.

EUR (thousand)	31.12.2023	31.12.2022
Cash and cash equivalents	15 174	33 222
Current investments	46 285	49 495
<b>Total</b>	<b>61 459</b>	<b>82 716</b>

Cash at banks earns interest at floating rates based on daily bank deposit rates. Spinnova did not have credit facilities in use for the period. For more details about investments, please, see note 4.5. Investments recognised at fair value through profit or loss and other investments.

#### Net Cash

EUR (thousand)	31.12.2023	31.12.2022
Cash and cash equivalents	15 174	33 222
Current investments	46 285	49 495
<b>Net cash excluding leasing liabilities and borrowings</b>	<b>61 459</b>	<b>82 716</b>
Non-current borrowings	-4 466	-5 403
Current borrowings	-1 350	-1 000
Lease liabilities	-1 218	-1 859
<b>Net Cash total</b>	<b>54 426</b>	<b>74 454</b>

#### 4.5. Investments recognised at fair value through profit or loss and other investments

Investments in funds includes investments for equity and fixed-income funds. These investments are financial instruments measured at fair value at inception and are classified to be subsequently measured at fair value through profit or loss. Spinnova recognises the fair value gains and losses in the statement of profit or loss.

The funds included in the current investments are highly liquid and can be sold at the current market prices quickly when needed.

EUR (thousand)	31.12.2023	31.12.2022
Investments in funds	46 285	44 495
Other investments at amortised cost	0	5 000
<b>Total</b>	<b>46 285</b>	<b>49 495</b>

All of the fund investments are publicly traded fund investments for which a market price is directly available in the markets.

Change in the fair value EUR (thousand)	Fair value
<b>Balance as of 1.1.2022</b>	<b>99 745</b>
Acquisition	30 005
Disposal	-78 686
Realised loss	-1 621
Fair value gain	44
Fair value loss	-26
Other changes	33
<b>Balance as of 31.12.2022</b>	<b>49 495</b>
Acquisition	21
Disposal	-5 103
Realised gain	103
Fair value gain	1 769
Fair value loss	0
Other changes	0
<b>Balance as of 31.12.2023</b>	<b>46 285</b>

#### 4.6. Borrowings and lease liabilities

##### Interest-bearing liabilities and net debt

Majority of Spinnova's liabilities consist of borrowings. Spinnova's borrowings consists of three separate loan agreements, of which one is from a commercial financial institution and two are from Business Finland (State Treasury of Finland), which has granted Spinnova more favorable conditions and lower interest rate. The loan from a commercial financial institution includes covenant conditions, which are described in more detail at the end of this section.

Spinnova did not record the below-market rate of interest as a government grant under FAS and used the IFRS 1 exemption to not record the below-market rate of interest as government grant within the conversion period and during 2022. Spinnova has recognised interest expense and government grant portion of these loans as interest expense in the statement of profit or loss on a net basis.

Non-current and current borrowing in 2023 consists of a bank loan of EUR 750 thousand (EUR 1 750 thousand in 2022) and two loans from State treasury of Finland totalling EUR 5 066 thousand (EUR 4 653 thousand in 2022).

<b>Net debt total</b>		
<b>EUR (thousand)</b>	<b>31.12.2023</b>	<b>31.12.2022</b>
Non-current interest-bearing loans and borrowings	4 466	5 403
Current interest-bearing loans and borrowings	1 350	1 000
Lease liabilities	1 218	1 859
Liquid funds	-61 459	-82 716
<b>Net debt total</b>	<b>-54 426</b>	<b>-74 454</b>

##### Changes in the interest-bearing liabilities

###### 31.12.2023

<b>EUR (thousand)</b>	<b>Opening balance 1.1.</b>	<b>Repayment</b>	<b>Proceeds from borrowings</b>	<b>Other changes</b>	<b>Reporting date balance 31.12.</b>
Non-current borrowings	5 403	0	413	-1 350	4 466
Current borrowings	1 000	-1 000	0	1 350	1 350
Lease liabilities	1 859	-952	0	310	1 218
<b>Total changes in interest-bearing liabilities</b>	<b>8 262</b>	<b>-1 952</b>	<b>413</b>	<b>310</b>	<b>7 034</b>

###### 31.12.2022

<b>EUR (thousand)</b>	<b>Opening balance 1.1.</b>	<b>Repayment</b>	<b>Proceeds from borrowings</b>	<b>Other changes</b>	<b>Reporting date balance 31.12.</b>
Non-current borrowings	5 943	-	460	-1 000	5 403
Current borrowings	1 000	-1 000	-	1 000	1 000
Lease liabilities	1 058	-540	-	1 341	1 859
<b>Total changes in interest-bearing liabilities</b>	<b>8 001</b>	<b>-1 540</b>	<b>460</b>	<b>1 341</b>	<b>8 262</b>



**Maturity Distribution of Financial Liabilities**

The maturity distribution of the financial liabilities table below is presenting the cash outflows in relation to Spinnova's financial liabilities. The objective is to present the liquidity requirements for meeting the upcoming outflows on an annual basis. The maturity analysis involves the interest-bearing financial liabilities and IFRS 16 lease liabilities in order to present the actual outflows in

relation to all Spinnova's liabilities. Interest expenses included in the maturity distribution tables are calculated using the interest rates of the balance sheet date.

Based on the maturity distribution position Spinnova management facilitates the credit position and liquidity requirement and adjusts Spinnova's credit risk policy.

**31.12.2023**

EUR (thousand)	Book value	2024	2025	2026	2027	2028	Over 5 years	Total Cash Outflows
Borrowings	5 816	1 434	1 336	1 320	1 304	604		5 999
Lease liabilities	1 218	692	576	20				1 288
Trade payables	1 574	1 574						1 574
<b>Total</b>	<b>8 608</b>	<b>3 700</b>	<b>1 912</b>	<b>1 341</b>	<b>1 304</b>	<b>604</b>	<b>0</b>	<b>8 861</b>

**31.12.2022**

EUR (thousand)	Book value	2023	2024	2025	2026	2027	Over 5 years	Total Cash Outflows
Borrowings	6 403	1 112	1 416	1 191	1 180	1 168	606	6 673
Lease liabilities	1 859	902	916	240	-	-	-	2 059
Trade payables	6 501	6 501	-	-	-	-	-	6 501
<b>Total</b>	<b>14 763</b>	<b>8 515</b>	<b>2 332</b>	<b>1 432</b>	<b>1 180</b>	<b>1 168</b>	<b>606</b>	<b>15 233</b>

**Covenants related to the loan liabilities**

Currently Spinnova has the following covenant conditions attached to a one of its three interest-bearing loans: equity ratio above 30%, restriction to sell or transfer asset items in the balance sheet, and an obligation to deliver the financial statements to the financial institution within 30 days of the maximum preparation period set by the accounting act. Based on Spinnova's treasury policy, the group's finance team is responsible of monitoring and ensuring the covenant conditions being met. Possible breaches in the covenants would permit the bank to immediately call loans and borrowings.

In the current reporting period, Spinnova has not had any breaches nor repayment events caused by breaches of covenants.

#### 4.7. Capital management

For the purpose of Spinnova's capital management, capital includes issued capital, and all other equity reserves attributable to the equity holders of the parent. The primary objective of Spinnova's capital management is to maximise the shareholder value.

Spinnova manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, Spinnova may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. Spinnova monitors capital using net cash balances and gearing ratio.

Interest-bearing net debt is presented separately in note 4.6. Borrowings and lease liabilities and Net cash is presented in note 4.4 Liquid Funds and Net cash.

EUR (thousand)	2023	2022
Net debt (note 5.5)	54 426	74 454
Equity	87 328	102 883
Equity ratio	89%	86%
Gearing %	-62%	-72%

In order to achieve this overall objective, Spinnova's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements.

Please see further information regarding the covenants in the note 4.6. Borrowings and lease liabilities.

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2023 and 2022.

#### 4.8. Equity

##### Equity and capital reserves

Equity consists of share capital, reserve for unrestricted equity, and retained earnings.

Number of shares (thousands)	2023	2022
<b>Total number of shares in the beginning of the period</b>	<b>51 538</b>	<b>51 244</b>
Own shares held in the beginning of the period	-	-
Purchase of own shares	-	-
Transfer of own shares	-	-
Shares issued	690	295
<b>Total number of shares at the end of the period</b>	<b>52 229</b>	<b>51 538</b>
Of which own shares held by the parent company	-	-
<b>Shares outstanding at the end of reporting period</b>	<b>52 229</b>	<b>51 538</b>

##### Dividends

The Board of Directors proposes to the Annual General Meeting that no dividend will be paid for 2023. Spinnova did not pay any dividends in 2022.

##### Reserve for invested unrestricted equity

The reserve for invested unrestricted equity contains the other equity-related investments and share subscription prices to the extent not to be credited to the share capital.

#### 5. OTHER NOTES

##### 5.1. Related party transactions

Spinnova'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 table provides the total amount of transactions that have been entered into with related parties for the relevant financial year. Sales to related parties and receivables consists of sales to Spinnova's related party company, Woodspin Oy. In 2023, purchases from related parties consisted of consultancy fees paid to companies controlled by member of the board of directors Harri Sundvik.

#### Transactions with related parties

EUR (thousand)	31.12.2023	31.12.2022
Sales to related parties	99	330
Purchases from related parties	45	73
Receivables	5	59
Liabilities	0	-

The sales to and purchases from related parties are carried out on usual commercial terms.

#### Compensation of key management personnel

Key management personnel consist of the members of the Board of Directors, Spinnova CEO and members of Spinnova management team. More details on the remuneration is found in The Remuneration Report 2022.

##### Compensation of the members of the Board of Directors

EUR (thousand)	2023	2022
Chair of the board	0	14
Other board members	112	86
<b>Total</b>	<b>112</b>	<b>100</b>

##### Spinnova CEO

EUR (thousand)	2023	2022
Short-term employee benefits	288	259
Post-employment pension and medical benefits	51	48
Termination benefits	120	-
Share-based payment transactions	-22	66
<b>Total compensation paid to CEO personnel</b>	<b>437</b>	<b>373</b>

The amounts disclosed in the table are the amounts recognised as an expense during the reporting period related to key management personnel.

##### Spinnova management team

EUR (thousand)	2023	2022
Short-term employee benefits	1 072	879
Post-employment pension and medical benefits	188	161
Termination benefits	0	-
Share-based payment transactions	1 137	246
<b>Total compensation paid to management team</b>	<b>2 397</b>	<b>1 286</b>

##### Spinnova's management's total compensation

EUR (thousand)	2023	2022
Short-term employee benefits	1 360	1 138
Post-employment pension and medical benefits	239	209
Termination benefits	120	-
Share-based payment transactions	1 115	312
<b>Total compensation paid to key management personnel</b>	<b>2 834</b>	<b>1 659</b>

<b>Total compensation paid to key management personnel incl. Board of Directors *</b>	<b>2 945</b>	<b>1 759</b>
---	--------------	--------------

\*Spinnova provides voluntary medical expenses insurance to all of its permanent employees. The monetary cost benefit derived from the insurance to a single employee is not considered material, therefore the impact is not included in the table.

#### Shares owned by the key management

Key management of the company owns directly or through other companies total of 8 678 thousand shares of Spinnova at December 31 2023.

#### Transactions with Joint Ventures

The technology delivery related invoicing for the first commercial Woodspin factory started in May 2021 and continued throughout 2022 and 2023. In addition to technology delivery, Spinnova sold sales and production ramp-up related services to Woodspin during 2023.

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 fourth and at the same time final milestone was invoiced in September 2023. During the 4th quarter of 2023 Spinnova sold development work to Respin.

During the reporting period Spinnova invested EUR 8 050 thousand into Woodspin and 250 thousand into Respin.

EUR (thousand)	31.12.2023	31.12.2022
Sales to related parties	10 334	23 850
Purchases from related parties	548	99
Receivables	2 233	5 496
Liabilities	457	114
Investments made to joint ventures	8 300	12 250

## 5.2. Contingent liabilities and other commitments

### Commitments

#### Guarantees and pledges given

EUR (thousand)	31.12.2023	31.12.2022
Loans, which are secured with corporate mortgages	750	1 750
Corporate mortgage	10 000	10 000
Absolute guarantee for Woodspin's premises lease agreement	418	

#### Off-balance sheet financial commitments

EUR (thousand)	2023	2022
Lease commitments*		
Maturing in less than 1 year	91	119
Maturing later	51	97
<b>Total other commitments</b>	<b>142</b>	<b>216</b>

\*Lease commitments presented in the table consists of leases for which the lease term ends within 12 months or for which the underlying asset is of low value, such as temporary rental of small premises and small equipment rental. Lease commitments 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 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. Spinnova has invested into the Woodspin joint venture a total of EUR 22 050 thousand by 31 December 2023 equalling the investment made by Suzano.

In January 2024, the co-investors of Woodspin agreed to invest up to EUR 13 000 thousand into Woodspin Joint venture between January 2024 and January 2025. Both investors investing equally sized portions of EUR 6500 thousand.

#### Respin joint venture

If commercialisation phase for Respin 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.

By the end of the reporting period Spinnova has invested total of EUR 250 thousand into Respin joint venture.

## 5.3. Events after reporting period

- Spinnova and Suzano signed a non-binding Letter of Intent regarding plans for a new wood-based fibre production factory on 7 March 2024. Suzano plans to own and operator the factory at their own site. The targeted annual capacity of the factory is 20 thousand tonnes of fibre.
- Strategy review was finalized and the updated strategy was announced on 14 March 2024. The strategy will be presented in more detail in the Capital Markets Day on 14 March 2024.
- Spinnova made changes in the management team on 14 March 2024. The management team members and roles will be: Tuomas Oijala, CEO, Ben Selby, CFO and Deputy CEO, Santeri Heinonen, Chief Operating Officer, Lasse Holopainen, Chief Revenue Officer, Shahriare Mahmood, Chief Product and Sustainability Officer and Juha Salmela, Chief Technology Officer. Chief Sales Officer Allan Andersen and Executive Vice President, Production Scaling Teemu Lindberg will leave the Management Team. In addition, Chief Operations Officer Petri Pora-nen decided to step down from the Spinnova Management Team due to health reasons.
- To support the effective execution of the updated strategy and to achieve the profitability targets, Spinnova started change negotiations affecting the entire organisation except the management team on 14 March 2024

# Parent Company Financial Statements January–December 2023

## Parent Company Income Statement

EUR (thousand)	1-12/2023	1-12.2022
<b>REVENUE</b>	10 640	24 279
Other operating income	724	
Materials and services	-9 849	-23 116
Personnel expenses	-8 236	-7 878
Depreciation, amortisation, and impairment losses	-1 366	-958
Other operating expenses	-6 706	-3 862
<b>OPERATING RESULT</b>	<b>-14 793</b>	<b>-11 535</b>
Financial income and expenses		
Other interest and financial income	404	1
Interest and other financial expenses	-239	-1 809
Total financial income and expenses	165	-1 808
Result before appropriations and taxes	-14 627	-13 344
<b>RESULT FOR THE PERIOD</b>	<b>-14 627</b>	<b>-13 344</b>



# Parent Company Balance Sheet

EUR (thousand)	31.12.2023	31.12.2022
<b>ASSETS</b>		
<b>NON-CURRENT ASSETS</b>		
Intangible assets		
Development expenses	8 837	10 136
Intangible rights	993	763
<b>Total intangible assets</b>	<b>9 830</b>	<b>10 899</b>
Tangible assets		
Machinery and equipment	354	159
Advance payments and assets under construction	1 604	1 432
<b>Total tangible assets</b>	<b>1 958</b>	<b>1 591</b>
Investments		
Shares in subsidiaries companies	2	2
Shares in associated companies	22 300	14 000
<b>Total Investments</b>	<b>22 302</b>	<b>14 002</b>
<b>NON-CURRENT ASSETS TOTAL</b>	<b>34 090</b>	<b>26 492</b>
<b>CURRENT ASSETS</b>		
Receivables		
Long-term receivables		
Other receivables	135	135
<b>Total long-term receivables</b>	<b>135</b>	<b>135</b>
Short-term receivables		
Trade receivables	68	62
Receivables from associated companies	2 233	5 496
Other receivables	257	267
Prepayments and accrued income	725	618
<b>Total short-term receivables</b>	<b>3 283</b>	<b>6 443</b>
<b>Total receivables</b>	<b>3 418</b>	<b>6 578</b>
Investments	44 753	49 495
Cash and cash equivalents	15 174	33 222
<b>TOTAL CURRENT ASSETS</b>	<b>63 345</b>	<b>89 295</b>
<b>TOTAL ASSETS</b>	<b>97 435</b>	<b>115 787</b>

# Parent Company Balance Sheet

EUR (thousand)	31.12.2023	31.12.2022
<b>EQUITY AND LIABILITIES</b>		
<b>EQUITY</b>		
Share capital	80	80
Reserve for invested unrestricted equity	141 507	139 865
Retained earnings (loss) from previous periods	-38 913	-25 569
Result for the period	-14 627	-13 344
<b>TOTAL EQUITY</b>	<b>88 046</b>	<b>101 032</b>
<b>LIABILITIES</b>		
Non-current liabilities		
Loans from financial institutions	4 466	5 403
<b>Total non-current liabilities</b>	<b>4 466</b>	<b>5 403</b>
Current liabilities		
Loans from financial institutions	1 350	1 000
Advances received		34
Trade payables	1 574	6 501
Other liabilities	398	184
Accruals and deferred income	1 600	1 634
<b>Total current liabilities</b>	<b>4 922</b>	<b>9 352</b>
<b>TOTAL LIABILITIES</b>	<b>9 388</b>	<b>14 754</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>97 435</b>	<b>115 787</b>

# Parent Company Cashflow Statement

EUR (thousand)	1-12/2023	1-12/2022
<b>Net cash from operating activities</b>		
Profit (loss) before appropriations and taxes	-14 627	-13 344
Adjustments:		
Depreciation and amortisation	1 366	958
Financial income and expenses	-165	1 808
<b>Cash flow before changes in working capital</b>	<b>-13 427</b>	<b>-10 577</b>
<b>Changes in working capital</b>		
Increase (-) / decrease (+) in current non-interest-bearing receivables	3 159	-1 200
Increase (+) / decrease (-) in current non-interest-bearing liabilities	-4 507	5 592
<b>Cash flow before financial items and taxes</b>	<b>-14 775</b>	<b>-6 184</b>
Interest paid and payments for other operating financial expenses	-218	-262
Interest received from operating activities	43	1
<b>Net cash from operating activities (A)</b>	<b>-14 950</b>	<b>-6 446</b>
<b>Net cash from investing activities</b>		
Investments in tangible and intangible assets	-935	-3 871
Purchase of financial instruments	-21	-30 005
Proceeds from sale of financial instruments	5 103	78 683
Investments in associated companies	-8 300	-12 250
<b>Net cash from investing activities (B)</b>	<b>-4 153</b>	<b>32 556</b>
<b>Net cash from financing activities</b>		
Proceeds from paid-in increases in equity	1 642	334
Proceeds from long-term loans	413	460
Repayments of long-term loans	-1 000	-1 000
<b>Net cash from financing activities (C)</b>	<b>1 055</b>	<b>-206</b>
<b>Net change in cash and cash equivalents (A+B+C)</b>		
<b>increase (+) / decrease (-)</b>	<b>-18 047</b>	<b>25 905</b>
Cash and cash equivalents in the beginning of the period	33 222	7 317
<b>Cash and cash equivalents at the end of the period</b>	<b>15 174</b>	<b>33 222</b>

# Notes to the parent company financial statements

The business ID of Spinnova Plc is (2653299-6) and the company headquarters are located at Palokärjentie 2-4, 40320 Jyväskylä. The shares of the parent company Spinnova Plc have been listed on Nasdaq First North Growth Market in Helsinki since June 24, 2021.

During the reporting period Spinnova issued total of 690 450 new shares that were subscribed by the stock options holders. In addition total of 187 000 stock options from the 2022 option program were granted to key employees of the company. The new stock options entitle the the holders to subscribe for a maximum of 187 000 new or treasury shares of the company. Spinnova has one series of shares. All the shares have one vote in the general meeting of shareholders and have equal rights to dividends.

## Holdings in other companies

Respin Oy (3177396-2), based in Finland, a joint venture, 50% ownership.

Woodspin Oy (3201103-8), based in Finland, a joint venture, 50% ownership.

Spinnova Holdings Oy (3192902-3), based in Finland, a subsidiary, 100% ownership.

## ACCOUNTING POLICIES OF THE FINANCIAL STATEMENTS

This set of financial statements including financial statements for the financial years ended on 31 December 2023 and 31 December 2022 have been prepared in accordance with the accrual principle, going concern principles and principle of prudence irrespective of the results for the financial period. The financial statements are presented in euros. Figures presented in these financial statements have been rounded from exact figures and therefore the sum of figures presented individually can deviate from the presented sum figure.

### Intangible and tangible assets

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

nature. Intangible and tangible assets are recorded as expenses as amortisation and depreciation according to predetermined plans during their useful life.

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

Development expenses	straight-line	5-10 years
Intangible rights	straight-line	5-10 years
Machinery and equipment	straight-line/residual method	5 years/ 25%

### Research and development expenses

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

The company has capitalised development expenses according to the Accounting Act 5:8§. The company capitalises development expenses in intangible assets if they are expected to generate income over several financial periods. According to the principle of prudence the Company does not capitalise all development expenses. The company has capitalised materials and consumables as well as external services which have been directly attributable to completing the asset as the management has intended it to function. In the year 2023, the company has also capitalised personnel expenses as intangible asset development costs.

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

The estimates concerning development expenses capitalised on the balance sheet involve factors of uncertainty and it is possible that the expected economic benefits to be generated from development projects may vary as conditions

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

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

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

#### Measurement of receivables, financial instruments, and liabilities

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

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

The company's liabilities have been measured at nominal value. In the periods when the company has not met covenants of a loan or received a waiver from the lender the loan has been classified as current. The company has three loans from financial institutions. One of the loans contains the following covenants: equity ratio more than 30%; a restriction to sell or transfer of asset items in the balance sheet; the company has obligation to deliver its financial statements to the financial institution within 30 days of the maximum preparation period set by the Accounting Act.

#### Accounting policies for recognition of income and expenses

The company's revenue in 2023 mainly consisted of technology delivery sales and technology proof-of-concept project sales to Spinnova's joint venture companies, as in 2022. The rest of the revenue in 2022 consisted of R&D services to Spinnova's customers and partners under joint development agreements and commercial and general administration related services to Woodspin.

#### Grants received

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

#### REVENUE

The majority of revenue based on the percentage of completion method is derived from the technology delivery project to Woodspin during both the reporting and the comparison periods. The rest of the revenue based on the percentage of completion method is from the proof-of-concept project delivery to Respin.

Projects that are expected to take more than a year to complete are categorised as long-term projects, and the percentage of completion of those projects is measured by the cumulative incurred costs compared to the estimated total cost of the project. At the reporting date Spinnova did not have income from long-term projects that had not been recognised yet nor any provisions related to long-term projects.

Other revenue in 2023 consisted of R&D services and development projects provided to Spinnova's JVs and partners, and commercial and general administration related services to Woodspin. Other revenue in comparison period consisted primarily of proof-of-concept related R&D services and development projects provided to Spinnova's partners.

EUR (thousand)	1-12/2023	1-12/2022
Revenue based on the percentage of completion method	9 921	23 752
Other revenue	719	527
<b>Total</b>	<b>10 640</b>	<b>24 279</b>

#### OTHER OPERATING INCOME

Spinnova has been granted government subsidies from Business Finland worth EUR 1 603 thousand for fibre development project and EUR 1 957 thousand for developing SPINNOVA® fibre from new raw materials project. The grant amounts represent 50% of the project's total cost estimate. As of 31 December 2023, Spinnova has not received any funding related to the grants yet.



EUR (thousand)	1-12/2023	1-12/2022
Grants received	714	0
Other operating income	10	0

### MATERIALS AND SERVICES

Most of the materials and services purchased during the financial year 2023 were related to the technology and proof-of-concept delivery projects to Spinnova's joint venture companies, Woodspin and Respin

EUR (thousand)	1-12/2023	1-12/2022
Raw materials and consumables	-6 495	-17 398
External services	-3 354	-5 718
<b>Total materials and services</b>	<b>-9 849</b>	<b>-23 116</b>

### PERSONNEL EXPENSES

During the reporting period the Company's average number of permanent personnel was 77 employees (67 in 2022). The total number of employees at the end of 2023 was 81 (81 in 2022) including five fixed term employees. The increase in personnel expenses was primarily due to salary increases driven by the overall cost inflation.

EUR (thousand)	1-12/2023	1-12/2022
Wages and salaries	-6 718	-6 453
Social security expenses		
Pension expenses	-1 113	-1 039
Other social security expenses	-404	-386
<b>Total personnel expenses</b>	<b>-8 236</b>	<b>-7 878</b>

### MANAGEMENT REMUNERATION

In 2023, two new members joined the Management Team including the new CEO Tuomas Oijala who joined in December. Former CEO, Kim Poulsen left the company in April and CFO Ben Selby acted as the interim CEO between April and December. There have been no other material changes to the remuneration of the members of the Management Team and the CEO in 2023.

EUR (thousand)	1-12/2023	1-12/2022
CEO	339	307
Management team	1 260	1 040
Board of Directors	112	100
<b>Total<sup>2</sup></b>	<b>1 711</b>	<b>1 447</b>

<sup>2</sup> The management remuneration table includes the annual salaries and benefits of the management, including the statutory pension fees that was not part of the table in 2022 financial statement. The table includes the board fees paid to the Board of Directors. More details and information can be found in the remuneration report.

**MANAGEMENT PENSION OBLIGATIONS**

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

**DEPRECIATION, AMORTISATION, AND IMPAIRMENT LOSSES**

EUR (thousand)	1-12/2023	1-12/2022
Development expenses	-1 214	-836
Intangible rights	-94	-91
Machinery and equipment	-57	-31
<b>Total depreciation and amortisation</b>	<b>-1 366</b>	<b>-958</b>

**OTHER OPERATING EXPENSES**

EUR (thousand)	1-12/2023	1-12/2022
Other personnel costs	-257	-560
Premises and equipment	-3 155	-1 454
Corporate and administrative expenses	-2 334	-1 481
Other expenses	-960	-367
<b>Total other operating expenses</b>	<b>-6 706</b>	<b>-3 862</b>

**AUDITOR'S FEES**

EUR (thousand)	1-12/2023	1-12/2022
Auditor's fees	64	28
Engagements referred to in the Auditing Act, 1.1.2 §	21	0
Tax services	91	5
Other services	176	43

**FINANCIAL INCOME AND EXPENSES**

The increase in financial income was largely due to the proceeds from the sale of financial securities and the positive development of money markets compared to the year 2022. The financial costs in 2023 mainly consisted of interest expenses on loans.

EUR (thousand)	1-12/2023	1-12/2022
Financial income	168	1
Interest expenses	-142	-135
Securities at fair value and proceeds from the sale of securities	237	-1 547
Other expenses	-97	-127
<b>Total financial income and expenses</b>	<b>165</b>	<b>-1 808</b>

## CHANGES IN INTANGIBLE AND TANGIBLE ASSETS

EUR (thousand)	Development expenses <sup>1</sup>	Intangible rights	Machinery and equipment	Assets under construction	Total
<b>2023</b>					
Acquisition cost in the beginning of the period	12 427	1 183	496	1 432	15 538
Transfers from assets under construction	-85	325		-604	-364
Additions			252	776	1 027
<b>Acquisition cost at the end of the period</b>	<b>12 342</b>	<b>1 508</b>	<b>747</b>	<b>1 604</b>	<b>16 201</b>
Accumulated amortisation and impairment losses in the beginning of the period	-2 291	-420	-337		-3 048
Amortisation according to plan	-1 214	-94	-57		-1 366
<b>Accumulated amortisation and impairment losses at the end of the period</b>	<b>-3 506</b>	<b>-514</b>	<b>-394</b>		<b>-4 414</b>
<b>Book value at the end of the period</b>	<b>8 837</b>	<b>993</b>	<b>354</b>	<b>1 604</b>	<b>11 788</b>

EUR (thousand)	Development expenses <sup>1</sup>	Intangible rights	Machinery and equipment	Assets under construction	Total
<b>2022</b>					
Acquisition cost in the beginning of the period	8 354	922	418	1 800	11 495
Transfers from assets under construction	4 073	260	0	-4 333	0
Additions	0	0	78	3 965	4 043
<b>Acquisition cost at the end of the period</b>	<b>12 427</b>	<b>1 183</b>	<b>496</b>	<b>1 432</b>	<b>15 538</b>
Accumulated amortisation and impairment losses in the beginning of the period	-1 455	-329	-305	0	-2 090
Amortisation according to plan	-836	-91	-31	0	-958
<b>Accumulated amortisation and impairment losses at the end of the period</b>	<b>-2 291</b>	<b>-420</b>	<b>-337</b>	<b>0</b>	<b>-3 048</b>
<b>Book value at the end of the period</b>	<b>10 136</b>	<b>763</b>	<b>159</b>	<b>1 432</b>	<b>12 490</b>

<sup>1</sup> 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.

## INVESTMENTS

EUR (thousand)	Shares in subsidiaries 2023	Shares in subsidiaries 2022
Net book value on 1 January	14 000	1 750
Additions	8 300	12 250
Net book value on 31 December	22 300	14 000
Book value on 31.12.	22 300	14 000

EUR (thousand)	Shares in associated companies 2023	Shares in associated companies 2022
Net book value on 1 January	2	2
Additions	0	0
Net book value on 31 December	2	2
Book value on 31.12.	2	2

## OTHER CURRENT RECEIVABLES

EUR (thousand)	31.12.2023	31.12.2022
Share issue receivables	0	1
Other receivables	257	266
Total other current receivables	257	267

## PARENT COMPANY STATEMENT OF CHANGES IN EQUITY

EUR (thousand)	1-12/2023	1-12/2022
Share capital in the beginning of the period	80	80
Share capital at the end of the period	80	80
Total restricted equity	80	80
Reserve for invested unrestricted equity in the beginning of the period	139 865	139 599
Directed share issue	1 641	267
Reserve for invested unrestricted equity at the end of the period	141 507	139 865
Retained earnings (loss) in the beginning of the period	-38 913	-25 569
Result for the period	-14 627	-13 344
Retained earnings (loss) at the end of the period	-53 541	-38 913
Total unrestricted equity	87 966	100 952
Total equity	88 046	101 032

## DISTRIBUTABLE UNRESTRICTED EQUITY

EUR (thousand)	31.12.2023	31.12.2022
Retained earnings	-38 913	-25 569
Profit (loss) of the period	-14 627	-13 344
Reserve for invested unrestricted equity	141 507	139 865
Share issue		-1
Capitalised development expenses	-8 837	-11 568
Total distributable unrestricted equity	79 129	89 383

31.12.2023 EUR (thousand)	<1 year	1-2 years	2-5 years	> 5 years
Loans from financial institutions	1 350	1 289	3 177	

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

Individual items included in prepayments and accrued income are typical year-end related accrued invoices and reporting period's accrued portion of the Business Finland grant.

Accruals and deferred income consist of typical year-end related accrued items such as personnel expenses and social security expenses.

EUR (thousand)	31.12.2023	31.12.2022
Prepayments and accrued income		
Accruals of payments	17	303
Accruals of grants	708	313
Other accruals		2
Total prepayments and accrued income	725	618
Accruals and deferred income		
Accrued salaries	317	720
Accrued vacation salaries	1 091	717
Pension insurance payments	117	123
Social security payments of the employer	49	72
Other accruals and deferred income	26	1
Total accruals and deferred income	1 600	1 634

**DEFERRED TAXES**

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

EUR (thousand)	31.12.2023	31.12.2022
Tax losses carried forward from previous years	38 752	25 337
Tax loss carried forward from the period	14 862	13 415
<b>Tax losses carried forward total</b>	<b>53 614</b>	<b>38 752</b>

<sup>1</sup> The loss for the period of 2023 is yet not approved by the tax authorities.

**RELATED PARTY TRANSACTIONS**

Spinnova'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 table provides the total amount of transactions that have been entered into with related parties for the relevant financial year. Sales to related parties and receivables consists of sales to Spinnova's related party company, Woodspin Oy. In 2023, purchases from related parties consist of consultancy fees paid to companies controlled by member of the board of directors Harri Sundvik.

**TRANSACTIONS WITH RELATED PARTIES**

EUR (thousand)	31.12.2023	31.12.2022
Sales to related parties	99	330
Purchases from related parties	45	73
Receivables	5	59
Liabilities	0	0

The sales to and purchases from related parties are carried out on usual commercial terms.

**Shares owned by the key management**

Key management of the company owns directly or through other companies total of 8 678 thousand shares of Spinnova at December 31 2023.

**Transactions with Joint Ventures**

The technology delivery related invoicing for the first commercial Woodspin factory started in May 2021 and continued throughout 2022 and 2023. In addition to technology delivery, Spinnova sold sales and production ramp-up related services to Woodspin during 2023.

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 fourth and at the same time final milestone was invoiced in September 2023. During the 4th quarter of 2023 Spinnova sold development work to Respin.

During the reporting period Spinnova invested EUR 8 050 thousand into Woodspin and 250 thousand into Respin.

EUR (thousand)	31.12.2023	31.12.2022
Sales to related parties	10 334	23 850
Purchases from related parties	548	99
Trade receivables	2 233	5 496
Trade payables	457	114
Investments made to joint ventures	8 300	12 250



**GUARANTEES AND CONTINGENT LIABILITIES**

EUR (thousand)	31.12.2023	31.12.2022
<b>Guarantees and pledges given</b>		
Loan secured by a corporate mortgage	750	1 750
Corporate mortgage	10 000	10 000
Absolute guarantee for Woodspin's premises lease agreement	418	
<b>Off-balance sheet financial commitments</b>		
Rental liabilities <sup>1</sup>		
Maturing in less than 12 months	857	759
Maturing in more than 12 months	280	429
Leasing liabilities <sup>1</sup>		
Maturing in less than 12 months	213	189
Maturing in more than 12 months	190	223
<b>Total rental and leasing liabilities</b>	<b>1 540</b>	<b>1 601</b>

<sup>1</sup> Rental and leasing liabilities are presented with VAT included.

## Appendix

**CALCULATION OF KEY FIGURES**

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

# Signatures to the Board of Directors' Report and the Financial Statements

**SPINNOVA PLC****Poranen Janne**

Chairman of the Board

**Salmela Juha**

Member of the Board

**Kalliokoski Petri**

Member of the Board

**Sormunen Kirsi**

Member of the Board

**Liiri Hanna**

Member of the Board

**Sundvik Harri**

Member of the Board

**Ramundo Julio**

Member of the Board

**Oijala Tuomas**

CEO

In Jyväskylä 14 March 2024





# Auditor's Report



# Auditor's Report (Translation of the Finnish Original)

To the Annual General Meeting of Spinnova Oyj

## Report on the Audit of the Financial Statements

### OPINION

In our opinion

- the consolidated financial statements give a true and fair view of the group's financial position, financial performance and cash flows in accordance with IFRS Accounting Standards as adopted by the EU
- the financial statements give a true and fair view of the parent company's financial performance and financial position in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements.

### What we have audited

We have audited the financial statements of Spinnova Plc (business identity code 2653299-6) for the year ended 31 December, 2023. The financial statements comprise:

- the Group Consolidated Statement of Financial Position, Group Consolidated Statement of Profit and Loss and Other Comprehensive Income,

Group Consolidated Statement of Changes in Equity, Group Consolidated Statement of Cash Flows and notes, which include material accounting policy information and other explanatory information

- the Parent Company Income Statement, Parent Company Balance Sheet, Parent Company Cash-flow Statement and notes.

### BASIS FOR OPINION

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

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

### Independence

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

ethical responsibilities in accordance with these requirements.

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

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

In preparing the financial statements, the Board of Directors and the Managing Director are responsible for assessing the parent company's and the group's ability to continue as a going concern, disclosing,

as applicable, matters relating to going concern and using the going concern basis of accounting. The financial statements are prepared using the going concern basis of accounting unless there is an intention to liquidate the parent company or the group or to cease operations, or there is no realistic alternative but to do so.

#### **AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS**

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit

procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the parent company's or the group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the parent company's or the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures

in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the parent company or the group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events so that the financial statements give a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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



## Other Reporting Requirements

### **OTHER INFORMATION**

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

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

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

considering whether the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

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

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

Helsinki 14 March 2024

**PricewaterhouseCoopers Oy**

Authorised Public Accountants

**Jukka Torkkeli**

Authorised Public Accountant (KHT)

**SPINNOVA®**



**SPINNOVAGROUP.com**

+358 20 703 2430

PALOKÄRJENTIE 2-4  
FIN-40320 JYVÄSKYLÄ

ETELÄPORTINTIE 15  
FIN-40530 JYVÄSKYLÄ

BULEVARDI 7 C  
FIN-00120 HELSINKI