

Governance, Remuneration and Financial Statements 2022

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SPINNOVA®

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Corporate Governance Statement 2022

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.

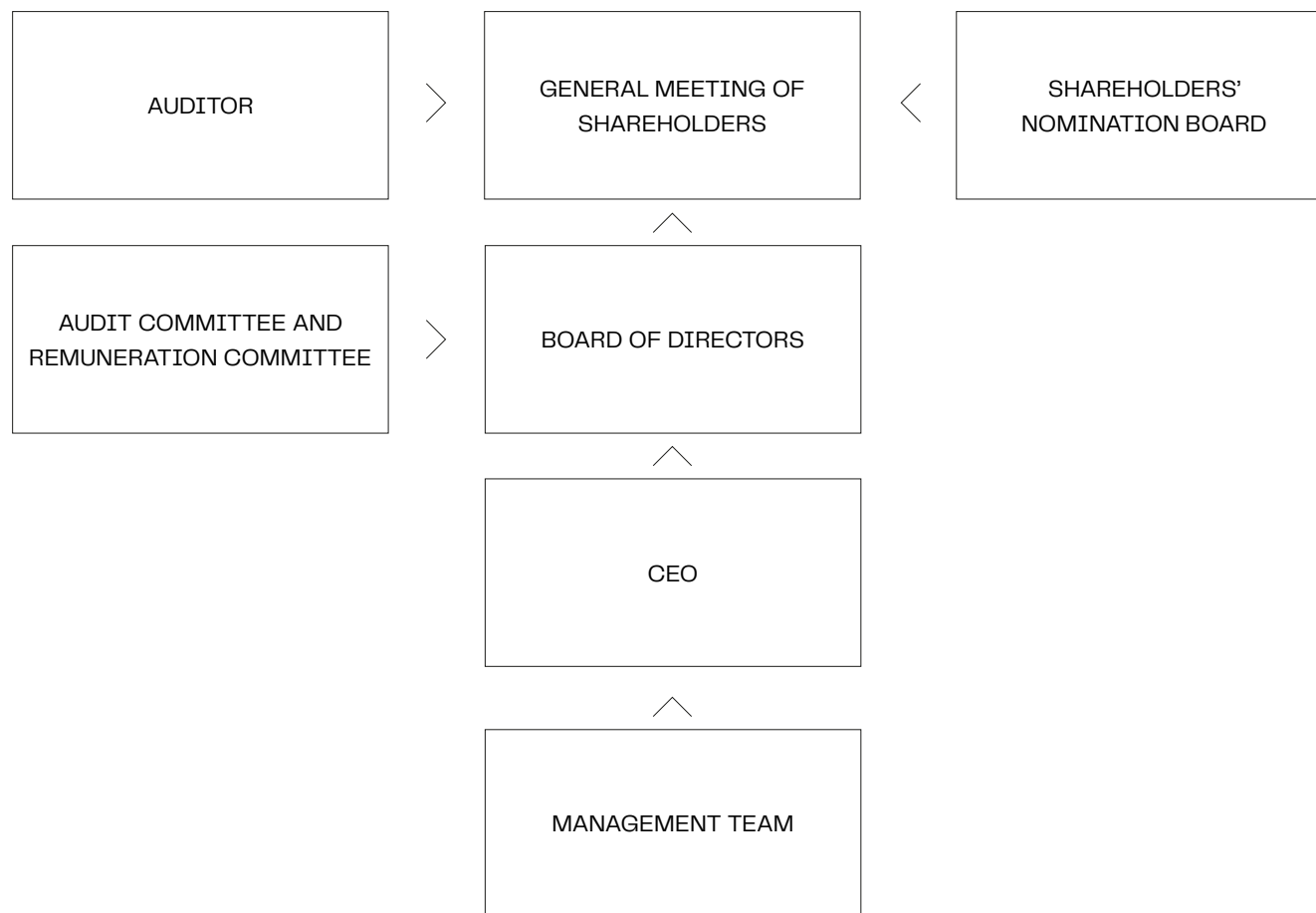
Spinnova complies with the Finnish Corporate Governance Code 2020 issued by the Finnish Securities Market Association, with no exceptions. An unofficial English translation of the Finnish Corporate Governance Code is available on the Security Market Association's website www.cgfinland.fi/en/.

The Corporate Governance Statement is issued separately from the Board of Directors' Report and is disclosed together with Spinnova's Financial statements 2022, the Board of Directors' Report and the Remuneration Report 2022 on the Company's website. This Corporate Governance Statement 2022 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 2022

Spinnova's Annual General Meeting was held on 5 May 2022. The Annual General Meeting approved the financial statements for 2021, discharged the members of the Board of Directors and the CEO from liability for the financial year 2021 and approved both the Company's Remuneration Report and Remuneration Policy 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 2021–31 December 2021, 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.

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.

THE BOARD OF DIRECTORS:

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

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

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

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

The members of the Board of Directors are elected by the Annual General Meeting for a term of office that ends at the close of the Annual General Meeting that first follows their election. 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.

BOARD OF DIRECTORS IN 2022

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

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

In 2022, the work of the Board of Directors focused in particular on ensuring the successful construction of the first commercial factory for Woodspin (50/50 joint venture with Suzano), enabling a smooth CEO transition and preparing for future scaling-up of the production of the Spinnova fibre. The Board of Directors held meetings or made unanimous resolutions without convening 19 times in 2022. Attendance in the meetings and decisions is reported in the table page 15.

The key CV information of the Board members as of 31 December 2022 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 2022, 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 Vinicius Nonino, due to him belonging to the operative management of Suzano S/A, which has a close cooperation relationship

with the Company. Of the Board members who were determined to be independent of the Company, Gert Kroner, Hanna Liiri, Harri Sundvik and Sari Pohjonen were 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 2022. Both genders were represented in the Board of Directors in 2022. At the year-end 2022, 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 2022

The new Board of Directors held its constitutive meeting on 11 May 2022. The Board of Directors elected Harri Sundvik as its Chair. Sari Pohjonen (Chair), Vinicius Nonino and Harri Sundvik were selected as members of the Audit committee and Hanna Liiri (Chair), Vinicius Nonino and Harri Sundvik as members of the Remuneration Committee. On 14 June, the Board of Directors elected Janne Poranen as its Chair and Harri Sundvik as Vice-Chair, effective 1 August.

In 2022, the Audit Committee met five times. In 2022, the work of the Audit Committee focused in particular on reviewing the financial statement and monitoring treasury investments. The Remuneration Committee met three times.

Board of Directors on 31 December 2022



JANNE PORANEN

b. 1972, PhD
Finnish citizen
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 2022: 3 263 030 shares and 8 000 of 2020 B Stock Options
Co-founder of Spinnova



GERT KRONER

b. 1970, PhD
Austrian citizen
Member of the Board of Directors since 2015
Independent of the Company and its major shareholders
Company shareholding on 31 December 2022: 0 shares and 0 stock options
Main occupation: Vice President of Global R&D at Lenzing AG since 2018–



HANNA LIIRI

b. 1970, Master of Science (Economics)
Finnish citizen
Member of the Board of Directors since 2018
Chair of the Remuneration Committee
Independent of the Company and of its major shareholders
Company shareholding on 31 December 2022: 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–



VINICIUS NONINO

b. 1970, Master's Degree in Business Administration
Brazilian citizen
Member of the Board of Directors since 2021
Member of the Audit Committee and the Remuneration Committee
Independent of the Company but not independent of its major shareholders
Company shareholding on 31 December 2022: 0 shares and 0 stock options
Main occupation: New Business Executive Officer of Suzano S.A since 2019–

**SARI POHJONEN**

b. 1966, Master of Science
(Economics)
Finnish citizen
Member of the board since 2022
Chair of the Audit Committee
Independent of the company and its
major shareholders
Company shareholding on
31 December 2022: 400 shares
and 20 000 of 2022 A options and
20 000 of 2022 B options
Main occupation: Board professional

**JUHA SALMELA**

b. 1973, Master of Science
Finnish citizen
Deputy Chair of the Board since 2022
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 2022: 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
Member of the Board of Directors
since 2021
Member of the Audit Committee and
Remuneration Committee
Independent of the Company and its
major shareholders
Company shareholding on
31 December 2022: 0 shares and
2 500 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 2022

Member	Board of Directors	Audit Committee	Remuneration Committee
Janne Poranen	14/14	-	-
Ilkka Kivimäki	5/5	-	-
Gert Kroner	17/19	-	-
Hanna Liiri	19/19	-	3/3
Vinicius Nonino	18/19	5/5	3/3
Sari Pohjonen	14/14	3/3	-
Juha Salmela	19/19	-	-
Timo Soininen	12/14	1/2	-
Harri Sundvik	19/19	5/5	3/3

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 September 5, 2022:

- Janne Poranen, Chair of the Board of Directors of Spinnova Plc, Chair of the Nomination Board
- Vinicius Nonino, Suzano S.A.
- Hanna Liiri, Besodos Investors Oy
- 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.

Spinnova's CEO, as of 1 August 2022, is Kim Poulsen. Spinnova's co-founder Janne Poranen was CEO until 31 July 2022.

MANAGEMENT TEAM

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

CEO. The Management Team assists the CEO in preparing the strategy, operating principles and other business operations and the Company's common affairs among other things. The CEO is the chair of the Management Team.

In 2022, the Management Team focused in its work on executing Spinnova's strategy including scaling production capacity through building Woodspin's first commercial factory, further developing the commercialisation of the company by launching products with brand partnerships and continued the development of Spinnova's technology and materials.

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

Management Team on 31 December 2022



KIM POULSEN

CEO, Member of the Management Team since 2022

b. 1966, Master of Science (Economics and Business administration)

Finnish Citizen

Company shareholding on

31 December 2022: 0 shares, 175 000 of 2022 A3 options and 175 000 of 2022 B3 options (2022 A3 and B3: one option equals 1 share)



BEN SELBY

Chief Financial Officer, Member of the Management Team since 2021

b. 1983, Master of Arts degree

British and Finnish citizen

Company shareholding on

31 December 2022: 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)



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 2022: 0 shares, 40 000 of 2022 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)



ALLAN ANDERSEN

Chief Sales Officer
Member of the Management Team since 2022

b. 1973

Danish Citizen

Company shareholding on

31 December 2022: 0 shares, 100 000 of 2022 A2 options and 100 000 of 2022 B2 options (2022 A2 and B2: 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 2022: 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 2022: 0 shares and 3 000 Options 2018, 55 000 of 2022 B3 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 2022: 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 2022: 1 960 322 shares and 8 000 2020 B Stock Options (2020: one option equals 30 shares, 2022: one option equals one share)

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 defence 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.

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.

The Company uses a group-level risk assessment and monitoring model and conducts a comprehensive risk assessment annually, in

which the most significant risks to the Company's strategy and other objectives are assessed, as well as their probability and impact on business, and risk management measures are mapped. If necessary, the risk assessments are updated, for example, for the risk assessments in the interim reports.

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

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

The key risks identified in Spinnova's risk management process are described in the risk factors section of the Board of Directors' report for 2022.

RELATED PARTY TRANSACTIONS

Spinnova complies with the rules of First North in respect of related party transactions and ensures

that the requirements set for the monitoring, evaluation, decision-making and disclosure of related party transactions are complied with.

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

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 2022 is provided in the notes to Spinnova's Financial Statements for 2022.

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 2022, there were no issues submitted through Spinnova's whistleblowing channel.

AUDITING

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

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

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

Audit in 2022

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

The auditor is paid a fee according to an invoice approved by the Company. In 2022, the auditors were paid EUR 28 thousand for the auditing services.

02

Remuneration Report 2022

Remuneration Report 2022

DEAR SHAREHOLDER,

This remuneration report (the “Remuneration Report 2022”) describes the remuneration of the Board of Directors and the CEO of Spinnova Plc (“Spinnova” or the “Company”) between 1 January 2022 and 31 December 2022. The Remuneration Report 2022 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 2022 and reported here. No clawbacks of the remuneration took place during the financial year 2022.

The Remuneration Report 2022 includes the principles governing the remuneration of the members of the company’s Board of Directors and the CEO and a description of the practical implementation of the Remuneration Policy. The Report also includes the remuneration paid to the members of the Board of Directors and CEO in the financial year 2022.

OUR 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

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

Spinnova spinning technology creates zero waste and side streams, and its CO₂ emissions and water use are minimal. SPINNOVA® fibre is quickly biodegradable and circular creating zero microplastics. Spinnova is committed to using only sustainable raw materials such as FSC certified wood and waste. SPINNOVA® fibre is spun without harmful or complex chemical processes and has the touch and feel of natural fibres such as cotton and linen.

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

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

Average remuneration

EUR	2018	2019	2020	2021	2022
Chair, total ¹				12 000	14 000
Other Board members (opting in) on average	0	0	0	12 000	18 677
CEO, total ²	159 739	162 012	153 984	280 331	306 611
Spinnova's employee remuneration on average ³	68 013	79 639	63 247	82 015	89 817
Key business figures					
Net sales (000 s)	190	758	254	6 063	24 279
Number of personnel (on average)	13	18	34	51	81

¹ Timo Soininen, Chair until 5 May 2022, Harri Sundvik, Chair 6 May–31 July 2022 and Janne Poranen, Chair as of 1 August 2022

² Janne Poranen CEO until 31 July 2022, and Kim Poulsen as of 1 August 2022

³ 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 authorization from the General Meeting.

The members of the Company's Board are not eligible for short-term incentive plans paid in cash based on their position as a member of the Board. 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 2022

The Annual General Meeting of the Company held on 5 May 2022 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 100 thousand.

Ilkka Kivimäki, Gert Kroner and Vinicius Nonino opted not to receive the monthly fee payable to the Board members during 2022. Hanna Liiri opted not to receive the monthly fee during 1 January – 30 April 2022.

(In 2021, annual remuneration and meeting fees totalled EUR 36 thousand. In 2021 board compensation was paid only after the company's initial public offering in June 2021).

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, and in May 2021 into a consultancy agreement, effective from 1 January 2021 (which was terminated, effective 31 August 2022) with a company controlled by Timo Soinen who was then the chair of the Company's Board of Directors. The consultancy services amounted to EUR 73 thousand for the financial year ending 31 December 2022, and there were no payables related to these services as of 31 December 2022.

REMUNERATION OF THE CHAIRMAN OF THE BOARD AND BOARD MEMBERS WITH SEPARATE EMPLOYMENT TERMS

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

Member of the Board	Annual Fees, EUR	Remuneration based on employment, EUR ¹	Total remuneration (paid or due), EUR
Janne Poranen, from 5 May 2022 ²	0	184 870	184 870
Gert Kroner	0	0	0
Hanna Liiri	16 000	0	16 000
Vinicius Nonino	0	0	0
Juha Salmela	24 000	250 714	274 714
Harri Sundvik	24 000	0	24 000
Sari Pohjonen, as of 5 May 2022	16 000	0	16 000
Timo Soinen, until 30 September 2022	20 000	0	20 000
Ilkka Kivimäki, until 5 May 2022	0	0	0
Total	100 000	429 037	535 584

¹ Including salary, benefits and statutory pension

² Including remuneration from May to July while acting as CEO and August to December while acting as Chairman of the Board. See remuneration based on employment terms in the chapter below

In addition– founder and Board member, Juha Salmela, had a role as Deputy CEO, Chief Technology Officer and Member of the Management Team. Remuneration of Juha Salmela was EUR 250 714 including base salary, benefits and statutory pension. Total remuneration includes earned bonus of 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 2022 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.

In 2022, Janne Poranen's, who acted as CEO 1 January – 31 July 2022, fixed monthly salaries including statutory pension totalled EUR 142 829 (EUR 190 799 for the full year 2021). CEO, as of 1 August 2022, Kim Poulsen's fixed monthly salaries including statutory pension totalled EUR 118,370 in 2022.

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.

The CEO is entitled to an equity-based incentive plan (e.g., stock options) enabling a subscription or award of up to 350 000 shares in the Company, subject to and in accordance with a separate decision by the Board of Directors. The Board of Directors will decide on the specific terms and conditions of such an equity-based incentive plan.

In addition, the CEO is entitled to a share-based long-term commitment programme. The objective

of the commitment programme is to align the objectives of the CEO and shareholders to increase the company's value in the long term as well as to commit the CEO to work for the company and own the company's shares. The long-term commitment programme for the CEO is a one-time programme covering the financial years 2023–2026. In the programme, the CEO can earn Spinnova shares as a reward based on their employment with the Company and personal share ownership in such a way that for each share acquired by the CEO and allocated to the commitment programme, the CEO can earn as a reward two matching shares free of charge.

The potential reward of the commitment programme will be paid after the end of the performance period, no later than April 2027. In general, the reward will be paid partly in Spinnova Plc shares and partly in cash. The cash proportion of the reward is intended for covering taxes and statutory social security contributions arising from the reward to the participant. In general, no reward is paid if the CEO's employment or director's contract terminates before the reward payment. The maximum reward to be paid on the basis of the commitment programme corresponds to the value of the approximate maximum total of 33,388 Spinnova Plc shares, including the cash proportion.

In 2022, Spinnova's bonus programme focused on the company's key priorities, and it targets the areas of production scaling, R&D and innovation, commercial development, and sustainability. In

addition, management team members had an additional target based on employee wellbeing score. The pay out structure for the annual bonus was based on setting a minimum threshold and maximum threshold for each individual target. Depending on the achievement level of these targets, the total annual bonus would be between zero- and three-months' salary. Spinnova's entire personnel shared the same annual targets along with the same bonus structure.

Based on the bonus programme for 2022 and the achievement of the targets, Janne Poranen who acted as CEO 1 January – 31 July 2022, earned a bonus of EUR 15 275, including statutory pension contributions in 2022. CEO Kim Poulsen earned a bonus of EUR 12 104, including statutory pension contributions in 2022. Bonuses earned in 2022 were paid in February 2023.

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 contractual retirement age of Kim Poulsen follows the Finnish law and is 65 years and 3 months. He is eligible for the Finnish statutory pension.

The Company does not offer a supplementary pension plan.

REMUNERATION PAID TO CEO JANNE PORANEN 1 JANUARY – 31 JULY 2022 (EUR)¹

Following Janne Poranen stepping down as CEO, he has continued to be employed by the Company.

	EUR
Fixed monthly salary	142 829
Benefits	12 263
Short-term incentives	15 275 ²
Total	170 367

¹ Including statutory pension

² Earned in 2022 paid in 2023

REMUNERATION PAID TO DEPUTY CEO JUHA SALMELA 1 JANUARY – 31 DECEMBER 2022 (EUR)¹

	EUR
Fixed monthly salary	216 495
Benefits	11 922
Short-term incentives	22 297 ²
Total	250 714

¹ Including statutory pension

² Earned in 2022 paid in 2023

REMUNERATION PAID TO CEO KIM POULSEN 1 AUGUST – 31 DECEMBER 2022 (EUR)¹

	EUR
Fixed monthly salary	118 370
Benefits	5 771
Short-term incentives	12 104 ²
Total	136 244

¹ Including statutory pension

² Earned in 2022 paid in 2023

In 2022, the share of variable remuneration of the total remuneration of Janne Poranen from January to July was 9% and the share of fixed remuneration was 91%. The corresponding proportions for Juha Salmela and Kim Poulsen were 9% and 91%.

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 7 131 590 shares can be subscribed. Of this amount 6 296 510 shares remain to be subscribed, which corresponds to a maximum of approximately 11 percent of the diluted share amount, including 716,970 unallocated shares related to the 2018 and 2020 options programmes.

2018 STOCK OPTION PROGRAMME

Spinnova's Annual General Meeting of Shareholders on 14 November 2018 resolved to authorize the Board of Directors to issue up to 50 000 stock options to key persons of the Company. In the resolution of the Board of Directors on 20 December 2018, Spinnova's Board of Directors resolved to issue up to 50 000 stock options pursuant to its authority under the 2018 stock option authorization to selected current or new key persons, advisors, consultants, or members of the Board of Directors of the Company for the purpose of incentivizing the key resources of the Company. 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 authorization 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 of 2020 stock option to 30 new shares at a subscription price of EUR 2.74 per Share. The 2020 stock options consist of two types: A options and B options. 2020 A stock options vest linearly over 48 months, and vesting is accelerated in the event of a change of control or sale of substantially all assets, but not by the First North Listing. 2020 B stock options vest based on Spinnova's pre-money valuation after First North Listing. One half of the 2020 B stock options 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 Board will make separate decisions on stock options allocation to key company employees. 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 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 for the shares to be subscribed under the stock options programme 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 realized 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.

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

STOCK OPTIONS TO MEMBER OF THE BOARD OF DIRECTORS

In accordance with the authorization given by the Annual General Meeting on May 5, 2022, Spinnova Plc's Board of Directors decided to issue stock options to Sari Pohjonen, a member of the company's Board of Directors. The purpose of the stock options is to align the goals of the company's shareholders and members of the Board of Directors to increase the company's value in the long term and to secure the best possible expertise to support the company's growth.

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

The subscription price for the shares to be subscribed for on the basis of the stock options

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

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

The stock options consist of two types: A options and B options. 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.

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

- 20% of the B stock options will vest on the date when the price for the company's share for the first time reaches or exceeds EUR 10.79.
- Another 25% of the B stock options will vest when the price reaches or exceeds EUR 14.65.
- Another 25% of the B stock options will vest when the price for the company's share reaches or exceeds EUR 20.05.

- The last 30% of the B stock options will vest when the price for the company's share reaches or exceeds EUR 28.54.

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 238 640 shares were transferred on 21 June 2022, after which there remains 12 520 shares not yet exercised on 31 December 2022.

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

Name	Number of Stock Options granted pcs	Number of shares that can be subscribed for with the options
Timo Soininen, Chair of the Board until 5 May 2022	6 441 (2020 A Stock Options) 25 763 (2020 B Stock Options)	108 690 (vested) 386 430 (vested)
Harri Sundvik, Chair of the Board 5 May – 31 July 2022	2 500 (2020 B Stock Options)	75 000
Janne Poranen, Chair of the Board as of 1 August 2022 (CEO until 31 July 2022).	8 000 (2020 B Stock Options)	240 000
Juha Salmela, Member of the Board	8 000 (2020 B Stock Options)	240 000
Sari Pohjonen, Member of the Board	20 000 (2022 A Stock Options)	20 000
	20 000 (2022 B Stock Options)	20 000
Kim Poulsen, CEO as of 1 August 2022	175 000 (2022 A3 Stock Options)	175 000
	175 000 (2022 B3 Stock Options)	175 000

03

Report of the Board of Directors

Report of the Board of Directors of Spinnova Plc

1 January – 31 December 2022

ABOUT SPINNOVA

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

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

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

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 CO₂ emissions from the production are estimated to be 72 percent lower compared to conventional cotton. Furthermore, the first Woodspin commercial scale production plant, located in Jyväskylä, Finland, will save more CO₂ emissions than is generated during the entire fibre production chain.²

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

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

¹ Fashion on climate", Global Fashion Agenda and McKinsey, 2020 and Textile Exchange

² 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.

SPINNOVA'S MARKET

Spinnova provides sustainable materials for the global textile fibre market, the value of which was about EUR 200 billion in 2021 and is expected to grow to approximately EUR 245 billion by 2030. Global fibre consumption is expected to grow to 150–155 million tonnes by 2030. Spinnova's initial target market, the fashion and apparel sector, represents 75–85 percent of the global fibre market.³

The increase in apparel consumption is driven by several factors, most importantly the growing middle class contributing to higher consumption, shorter fashion trends and fewer usage times of apparels before disposal.

A large share of major fashion and apparel brands have made commitments to significantly improve their environmental footprint by for example introducing sustainable materials in their collections. To achieve this goal, brands need to work with new material innovators like Spinnova. The EU is calling for a change in the textile industry demonstrated by

its new strategy for sustainable and circular textiles that aims by 2030 for textile products on the EU market to be long-lived and recyclable, to a great extent made of recycled fibres, free of hazardous substances and produced respecting social rights and the environment⁴.

Spinnova's unique value proposition including its environmentally friendly mechanical production process is well recognized in the industry. According to the Textile Exchange, the global non-profit organization in the textile fibre and material space, Spinnova is classified in the "Other plant-based fibres" category in the global classification of textile fibres⁵. This sets SPINNOVA® apart from man-made cellulosic fibres that are produced in a regenerative chemical process.

Various other industries are also on the lookout to replace their existing textile materials with sustainable, renewable alternatives, to minimize CO₂ emissions as well as chemical and water use. Spinnova is engaged in testing and entering select

partnerships in interior textiles, transportation textiles and selected non-woven and composite areas. An example of this is the ISPO award-winning alpine skis from PUSU and Spinnova, which is our first commercial application in the field of composites.

Critical climate action called for by, amongst others, the IPCC (Intergovernmental Panel on Climate Change), whose latest report was published in April 2022, also supports Spinnova's innovation. Limiting human-induced global warming requires limiting cumulative CO₂ emissions, reaching at least net zero CO₂ emissions, along with strong reductions in other greenhouse gas emissions. Spinnova's sustainable textile fibre can have a significant contribution in mitigating the textile industry's emissions.

The demand for sustainable fibre and materials is likely to continue to grow, which in turn would drive the demand for Spinnova's technology, fibres and materials.

³ Company management and third-party sources mentioned in Spinnova IPO Offering Circular 10 June 2021

⁴ EU Strategy for Sustainable and Circular Textiles, 30 March 2022

⁵ Textile Exchange's Preferred textile fibres and materials report 2020, 17 August 2021

PROGRESS AGAINST BUSINESS TARGETS

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

	COMMERCIAL	PRODUCTION	BUSINESS
PROGRESS AGAINST TARGETS	<p>Spinnova announced brand collaborations that have released commercial products</p> <ul style="list-style-type: none"> • adidas • H&M's ARKET • Bestseller's brand JACK&JONES • Marimekko • Bergans • PUSU 	<p>The construction work for the first Woodspin factory was completed at the end of October – Fibre produced in February 2023</p> <p>Second Woodspin factory feasibility planning progressed</p> <p>The Respin pilot line produced fibre from leather waste in 2022</p> <p>Tests with recycled textile fibre and agricultural waste showed promising results</p>	<p>In 2022,</p> <p>Revenue grew to EUR 24 million</p> <p>EBIT was EUR -12 million</p>
MEDIUM TERM TARGETS (2025-2027)	Up to 20 commercial textile brand partnerships, which have SPINNOVA® materials in their product lines.	150 thousand tonnes of SPINNOVA® fibre production capacity	EBIT positive
LONG TERM TARGETS (2031-2033)	Up to 80 commercial textile brand partnerships, which have SPINNOVA® materials in their product lines	One million tonnes of SPINNOVA® fibre production capacity	<p>More than EUR 200 million EBIT p.a. from share of profits from JV's, recurring technology fees, and service maintenance fees</p> <p>Cumulative more than EUR one billion cash margin from technology sales</p>
DIVIDEND POLICY	In short- and medium term: no dividend		

REVIEW OF 2022

Spinnova reached many big milestones in 2022, as the company delivered against its strategy. Building the first commercial scale factory for the Woodspin joint venture proceeded. The factory construction in Jyväskylä, Finland was completed, and the projects progressed with technology installations to commissioning and towards the commercial start-up. The factory will be a great step for the joint commitment with Suzano to reach one million tonnes of SPINNOVA® fibre annual production capacity in 2031–2033. At the same time, the feasibility planning of the technology concept for Woodspin's second factory has been ongoing. To support the next phase in Spinnova's development, the Board of Directors appointed Kim Poulsen, M.Sc. (Econ.), as the Company's new CEO. He assumed his duties in August. Former CEO and co-founder Janne Poranen continues in the Company as Chair of Spinnova Board of Directors.

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

During 2022, Spinnova's headcount increased by 18 employees from 2021 throughout the organization, as it continued to invest in growth. In 2022, the team continued to work towards the ambitious goal to scale and commercialise SPINNOVA® fibre technology and production.

SIGNIFICANT EVENTS IN 2022

Product launches	
11 February	Spinnova and adidas unveiled their first commercial product: the adidas TERREX hoodie
4 March	ISPO award-winning premium PUSU x SPINNOVA® composite skis started to challenge glass fibre performance and user experience
25 April	H&M's ARKET's signature overshirt available in sustainable SPINNOVA® blend
26 June	Spinnova partnered with imogo to apply resource-efficient dyeing to sustainable SPINNOVA® fabrics
15 July	adidas TERREX hoodie made with SPINNOVA® landed in stores
29 August	Marimekko released capsule collection made with responsible SPINNOVA® fibre.
26 October	BESTSELLER brand Jack&Jones brought their first SPINNOVA® product to the stores
22 November	Spinnova partnered with Nordic outdoor brand Halti – urban parka jacket made with SPINNOVA® fibre and imogo's resource-efficient dyeing available in spring 2023

Innovations and Awards	
13 January	Spinnova joins the UN Global Compact
13 September	Spinnova won Engineer Invention of the Year in Finland
4 October	Spinnova received Business Finland NextGeneration EU grant for fibre development work
10 November	SPINNOVA® mentioned in TIME's Best Inventions of 2022

Management Team	
2 May	Allan Andersen appointed Chief Sales Officer and member of the management team as of May
9 May	Teemu Lindberg appointed as Executive Vice President, Production Scaling and member of the management team as of August
3 June	Chief Product Officer Lotta Kopra resigned from her operative role
14 June	Kim Poulsen was appointed CEO of Spinnova as of 1 August
26 August	General Counsel and Board Secretary Lasse Holopainen was appointed member of the Spinnova management team

Safety is one of Spinnova's top priorities. In 2022, there were no reported lost time incidents (LTI). The health and safety processes also took a step further, as the company was awarded the ISO 45001 occupational health and safety management system certification at the end of the year.

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

IMPACT OF THE UKRAINE WAR AND THE COVID-19 PANDEMIC

Challenges in the global supply chain, uncertain market conditions and increasing inflation driven by the war in Ukraine and COVID-19 pandemic increased the costs of materials and services in 2022. The biggest impact was on the Woodspin joint

KEY FIGURES

EUR (thousand)	1-12/2022	1-12/2021
Revenue	24 279	6 063
Operating result	-12 309	-7 172
Earnings per share (EUR, diluted and undiluted) ¹	-0.28	-0.36
Net cash	76 314	100 093
Equity ratio	87%	92%
Number of permanent employees at the end of the period	75	58
Number of permanent personnel (average)	67	49

¹ The company's potential dilutive instruments consist of stock options. As the company's business has been unprofitable, stock options would have an anti-dilutive effect and therefore they are not taken into account in measuring the dilutive loss per share. Thus, there is no difference between the undiluted and diluted loss per share.

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

Period	Average number of shares during the period	Number of shares at the end of the period
January - December 2022	51 331 672	51 538 235
January - December 2021	43 133 797	51 243 605

venture capital investment budget which increased by EUR 9 million to a total of approximately EUR 31 million, raising each joint venture partner's commitment from EUR 11 million to EUR 15.5 million. The impact from increased energy prices was a minor factor on the operating results.

Financial performance, 1 January – 31 December 2022

REVENUE

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

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

RESULTS

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

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

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

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

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

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

Financial expenses were EUR 1 808 thousand (EUR 8 251 thousand) for the year ended 31 December 2022. Financial expenses during 2022 consisted mainly of write-downs of company's investments in money market funds during the first half of the year driven by the unexpected financial market environment. Overall financial expenses were lower in 2022 than in 2021, as most expenses in 2021 were related to Spinnova's initial public offering.

Challenges in global supply chain, uncertain market conditions and increasing inflation driven by the war in Ukraine and COVID-19 pandemic increased the costs of materials and services during the year of 2022.

FINANCIAL POSITION AND CASHFLOWS

Spinnova's total assets on 31 December 2022 were EUR 115 034 thousand (EUR 123 654 thousand). Equity was EUR 100 042 thousand (EUR 113 893 thousand) and investments and cash and cash equivalents were EUR 82 716 thousand (EUR 107 036 thousand). Net cash amounted to EUR 76 314 thousand (EUR 100 093 thousand).

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

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

INVESTMENTS AND RESEARCH AND DEVELOPMENT

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

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

EMPLOYEES

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

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

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

CHANGES IN GROUP MANAGEMENT

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

SHARES AND SHAREHOLDERS

Spinnova's share is listed on the Nasdaq First North Growth Market (trading code SPINN). Spinnova's share capital is EUR 80 thousand. The company does not currently hold any of its own shares.

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

31 December 2022, Spinnova had 35 900 (30 648) shareholders, of which 26.97 (31.05) percent were held by nominee registered shareholders.

The following table presents Spinnova's ten largest registered shareholders by number of based on the shareholders' register maintained by Modular Finance Ab and Euroclear Finland Ltd. as of 30 December 2022.

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

FLAGGING NOTIFICATIONS

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

Company's shares and votes, due to transferring shares according to a marital settlement agreement.

INCENTIVE STOCK OPTION PROGRAMMES

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

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 7 131 590 shares can be subscribed. Of this amount 6 296 510 shares remain to be subscribed, which corresponds to a maximum of approximately 11 percent of the diluted share amount, including 716 970 unallocated shares related to the 2018 and 2020 options programmes.

2018 stock option programme

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

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

SPINNOVA SHARES ON NASDAQ FIRST NORTH GROWTH MARKET

January-December 2022	No. of shares traded	Average daily turnover	High EUR	Low EUR	Average ¹ EUR	Last EUR
SPINN	13 637 742	361 975	13.99	3.84	7 468	5.44

¹ Volume weighted average

Each 2018 stock option entitles the holder of 2018 stock option to 30 new shares at a subscription price of EUR 1.13 per share. The subscription period for the 2018 stock options commenced on 1 January 2019 or on such other date as agreed with the recipient of the 2018 stock option in connection with the subscription of the 2018 stock options. The 2018 stock options vest linearly over four years from the commencement of their subscription period. The subscription period for shares based on the 2018 stock options expires on 31 December 2028 at the latest. Notwithstanding the afore mentioned subscription period, a 2018 stock option holder shall be entitled to subscribe for shares with all of its 2018 stock options within a period of time determined by the Board of Directors in connection with the First North Listing. Such subscription right will lapse after the expiration of the time period set by the Board of Directors.

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

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

2020 stock option programme

The shareholders of the company unanimously resolved on 30 December 2020 to authorize the Board of Directors to issue up to 103 053 stock options to key persons of the company. In the resolution of the Board of Directors on 30 December 2020, the company's Board of Directors resolved to issue up to 103 053 stock options pursuant to its authority under the 2020 stock option authorization to selected current or new key persons, advisors, consultants or members of the Board of Directors of the company for the purpose of incentivising the key resources of the company.

Each 2020 Stock Option entitles the holder of 2020 Stock Option (a "2020 Stock Option Holder") to 30 new shares at a subscription price of EUR 2.74 per share*. The 2020 Stock Options consist of two types: A options ("2020 A Stock Options") and B options ("2020 B Stock Options"). 2020 A Stock Options vest linearly over a period of 48 months, and vesting is accelerated in the event of a change of control or exit, but not by a listing of the Company's shares. 2020 B Stock Options vest based on Spinnova's pre-money valuation after a potential listing of the Company's shares. One half of the 2020 B Stock Options vests if Spinnova's pre-money valuation reaches more than EUR 400 million, and the remaining half vest if Spinnova's pre-money valuation reaches more than EUR 1 billion. The subscription period for Shares based on the 2020 Stock Options expires on 31 December 2030 at the latest.

Holders' of 2020 A options subscribed to 750 shares during December 2022, which were registered in the Trade Register on 28 December 2022. For subscriptions made with the stock options 2020, the entire subscription price of EUR 2 thousand has been entered in the reserve for invested unrestricted equity.

2022 stock option programme

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

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

The share subscription price for the Stock Options shall be the trade volume weighted average quotation of the company's share on Nasdaq First

North Growth Market Finland during a thirty-day period. The share subscription price for the issued 2022 stock options were the following: EUR 7.7097 per share for options granted 25 May, EUR 6.635 per share for options granted 14 September and EUR 5.960 per share for options granted 29 November 2022.

Other stock options 2022

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

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

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

The subscription period for the shares to be subscribed for on the basis of the stock options starts from the issuance of the stock options and ends on 31 December 2030. Share subscriptions based on options are conditional on vesting

conditions, which are tied to time and the development of the share value.

CEO's commitment programme

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

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

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

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

be paid on the basis of the commitment programme corresponds to the value of approximate maximum total of 33 388 Spinnova Plc shares, including the cash proportion.

Founders' stock option agreements

In addition to the stock option programmes established by Spinnova, the company's founders Janne Poranen and Juha Salmela have entered into stock option agreements with certain employees of the company in 2015 and 2017. Under these option agreements, certain employees of the company are entitled to purchase 251 160 shares in total from Janne Poranen and Juha Salmela at an exercise price of EUR 0.21 per share. Under this agreement 238 640 shares were transferred on 21 June 2022, after which there remains 12 520 unbought shares.

STRUCTURAL AND FINANCIAL ARRANGEMENTS

Spinnova Plc has received a grant of a maximum of EUR 1.6 million for its research and development work from Business Finland for 1 October 2022 – 31 December 2024. The grant amount represents 50 percent of the project's total cost estimate of EUR 3.2 million.

Woodspin, the joint venture of Spinnova and its strategic partner, Suzano, decided to increase the capital investment budget of its factory project under construction in Central Finland. The revised capital investment budget amounts to approximately EUR 31 million, which represents an EUR 9 million increase to the initial investment budget made in 2020. Spinnova and Suzano are each making an additional EUR 4.5 million capital investment

commitment, raising each JV partner's commitment from EUR 11 million to EUR 15.5 million

The company's founders Janne Poranen and Juha Salmela 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.

Spinnova Plc's Board of Directors decided to launch a new stock option programme 2022 for the company's key personnel. A total of 2 500 000 stock options can be issued under the stock option programme and they are issued free of charge.

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

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

Holders' of 2018 options subscribed to 233 280 shares in 2022 which were registered in the Trade Register during year 2022.

Holders' of 2020 A options subscribed to 750 shares during December 2022, which were registered in the Trade Register on 28 December 2022.

RISK FACTORS

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

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

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

In the short to medium term, the majority of Spinnova's revenues are expected to be derived from technology sales to Woodspin and Respin. The

timing of these technology sales is directly linked to the timing of the planned production capacity increases at Woodspin and Respin. As production capacity increases are not planned in every calendar year, this may affect year-to-year comparisons of Spinnova's revenues and profitability. If there are any delays to planned production capacity increases at Woodspin and Respin, this would negatively impact Spinnova's revenues and profitability. Decision-making in joint venture companies may be slower than anticipated and Spinnova's ability to affect decision-making is limited to the 50 percent ownership it currently holds in Woodspin and Respin.

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

Delivery of the Group's technology projects may be delayed and may not be completed according to budget, which could negatively impact the Group's results. Delays and additional costs could be caused by amongst other factors: insufficient

or inadequate definitions of the production and technology concept, contracting risk with partners and suppliers, delays in construction, supply chain delays and cost inflation, inadequate resources to deliver large projects or insufficient financing of the joint ventures.

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

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

Spinnova has an ingredient brand strategy for the Spinnova brand to become a recognised consumer-

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

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

The Group is at risk of IT security breaches. Cyber security requires comprehensive information and assessment of physical and digital security threats. Therefore, Spinnova invested in additional corporate IT resources in 2022.

If the company does not protect its intellectual property, it may face limitations in its freedom to operate or potential demands for royalties.

If the Group and its joint ventures are unable to attract and retain skilled and talented employees, this may impact the ability to meet the strategy targets. If the Covid pandemic continues, or another pandemic emerges, this may impact demand from the Group's and its joint ventures' customers and may also negatively impact the Group's and its joint ventures' supply chains and employees and hence ability to operate according to the strategy.

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

BOARD OF DIRECTORS AND AUDITORS

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

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

2022, Timo Soininen decided to step down from his role as a member of Spinnova's Board of Directors.

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

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

FINANCIAL GUIDANCE FOR 2023

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

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

In 2023, revenues are estimated to be lower than in 2022, impacted by expected phasing of technology sales fees.

The loss will increase during 2023 as the company is ramping up operations.

THE BOARD OF DIRECTORS' PROPOSAL FOR DISTRIBUTING PROFITS

In the medium term, Spinnova focuses on growth. The company does not expect to distribute a dividend in the short to medium term. The distributable unrestricted equity of Spinnova Plc on 31 December 2022 is EUR 89 383 thousand of which the loss of the period is EUR -13 344 thousand. The Board of Directors proposes to the Annual General Meeting that no dividend be distributed for the financial year January-December 2022, and that the loss of the financial year is recorded in the retained earnings.

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Financial Statements

Financial Statements January–December 2022

Income Statement

EUR (thousand)	Group		Parent Company	
	1-12/2022	1-12/2021	1-12/2022	1-12/2021
REVENUE	24 279	6 063	24 279	6 063
Materials and services	-23 116	-5 020	-23 116	-5 020
Personnel expenses	-7 878	-4 500	-7 878	-4 500
Depreciation, amortisation, and impairment losses	-958	-809	-958	-809
Other operating expenses	-3 862	-2 691	-3 862	-2 689
Share of profit (loss) in associated companies	-774	-215		
OPERATING RESULT	-12 309	-7 172	-11 535	-6 955
Financial income and expenses				
Other interest and financial income	1	1	1	1
Interest and other financial expenses	-1 809	-8 251	-1 809	-8 251
Total financial income and expenses	-1 808	-8 251	-1 808	-8 251
Result before appropriations and taxes	-14 117	-15 423	-13 344	-15 206
RESULT FOR THE PERIOD	-14 117	-15 423	-13 344	-15 206

Balance Sheet

EUR (thousand)	Group		Parent Company	
	31.12.2022	31.12.2021	31.12.2022	31.12.2021
ASSETS				
NON-CURRENT ASSETS				
Intangible assets				
Development expenses	10 136	6 899	10 136	6 899
Intangible rights	763	593	763	593
Total intangible assets	10 899	7 492	10 899	7 492
Tangible assets				
Machinery and equipment	159	113	159	113
Advance payments and assets under construction	1 432	1 800	1 432	1 800
Total tangible assets	1 591	1 913	1 591	1 913
Investments				
Shares in subsidiaries companies	0	0	2	2
Shares in associated companies	13 249	1 749	14 000	1 750
Total Investments	13 249	1 749	14 002	1 752
	0	0		
NON-CURRENT ASSETS TOTAL	25 739	11 155	26 492	11 157
CURRENT ASSETS				
Receivables				
Long-term receivables	0	0	0	0
Other receivables	135	91	135	91
Total long-term receivables	135	91	135	91
Short-term receivables				
Trade receivables	62	575	62	575
Receivables from associated companies	5 496	4 432	5 496	4 432
Other receivables	267	311	267	311
Prepayments and accrued income	618	54	618	54
Total short-term receivables	6 443	5 372	6 443	5 372
Total receivables	6 578	5 463	6 578	5 463
Investments	49 495	99 719	49 495	99 719
Cash and cash equivalents	33 222	7 317	33 222	7 317
TOTAL CURRENT ASSETS	89 295	112 499	89 295	112 499
TOTAL ASSETS	115 034	123 654	115 787	123 656

Balance Sheet

EUR (thousand)	Group		Parent Company	
	31.12.2022	31.12.2021	31.12.2022	31.12.2021
EQUITY AND LIABILITIES				
EQUITY				
Share capital	80	80	80	80
Reserve for invested unrestricted equity	139 865	139 599	139 865	139 599
Retained earnings (loss) from previous periods	-25 786	-10 363	-25 569	-10 363
Result for the period	-14 117	-15 423	-13 344	-15 206
TOTAL EQUITY	100 042	113 893	101 032	114 109
LIABILITIES				
Non-current liabilities				
Loans from financial institutions	5 403	5 943	5 403	5 943
Total non-current liabilities	5 403	5 943	5 403	5 943
Current liabilities				
Loans from financial institutions	1 000	1 000	1 000	1 000
Advances received	34	329	34	329
Trade payables	6 501	1 125	6 501	1 125
Other liabilities	184	189	184	189
Accruals and deferred income	1 871	1 176	1 634	962
Total current liabilities	9 589	3 818	9 352	3 604
TOTAL LIABILITIES	14 992	9 761	14 754	9 547
TOTAL EQUITY AND LIABILITIES	115 034	123 654	115 787	123 656

Cashflow Statement

EUR (thousand)	Group		Parent Company	
	1-12/2022	1-12/2021	1-12/2022	1-12/2021
Net cash from operating activities				
Profit (loss) before appropriations and taxes	-14 117	-15 423	-13 344	-15 206
Adjustments:				
Depreciation and amortisation	958	809	958	809
Financial income and expenses	1 808	8 251	1 808	8 251
Share of profit (loss) in associated companies	774	217	0	0
Cash flow before changes in working capital	-10 577	-6 146	-10 577	-6 146
Changes in working capital				
Increase (-) / decrease (+) in current non-interest-bearing receivables	-1 200	-4 638	-1 200	-4 638
Increase (+) / decrease (-) in current non-interest-bearing liabilities	5 592	1 508	5 592	1 508
Cash flow before financial items and taxes	-6 184	-9 277	-6 184	-9 277
Interest paid and payments for other operating financial expenses	-262	-184	-262	-184
Interest received from operating activities	1	1	1	1
Net cash from operating activities (A)	-6 446	-9 460	-6 446	-9 460
Net cash from investing activities				
Investments in tangible and intangible assets	-3 871	-2 577	-3 871	-2 577
Investments in associated companies	-12 250	-1 752	-12 250	-1 752
Re-valuations and proceeds from the sale of investments	-1 547	-281	-1 547	-281
Net cash from investing activities (B)	-17 668	-4 610	-17 668	-4 610
Net cash from financing activities				
Proceeds from paid-in increases in equity	334	120 578	334	120 578
Transaction costs from the share issues	0	-7 787	0	-7 787
Proceeds from long-term loans	460	1 193	460	1 193
Repayments of long-term loans	-1 000	-1 000	-1 000	-1 000
Net cash from financing activities (C)	-206	112 984	-206	112 984
Net change in cash and cash equivalents (A+B+C) increase (+) / decrease (-)	-24 319	98 914	-24 319	98 914
Cash and cash equivalents in the beginning of the period	107 036	8 122	107 036	8 122
Cash and cash equivalents at the end of the period	82 716	107 036	82 716	107 036
EUR (thousand)	2022	2021	2022	2021
Investments	49 495	99 719	49 495	99 719
Cash and cash equivalents	33 222	7 317	33 222	7 317
Investments, cash, and cash equivalents in the balance sheet	82 716	107 036	82 716	107 036
Cash and cash equivalents in the cash flow statement	82 716	107 036	82 716	107 036

Statement of changes in equity

EUR (thousand)	Group		Parent Company	
	1-12/2022	1-12/2021	1-12/2022	1-12/2021
Share capital in the beginning of the period	80	3	80	3
Share capital increase	0	78	0	78
Share capital at the end of the period	80	80	80	80
Total restricted equity	80	80	80	80
Reserve for invested unrestricted equity in the beginning of the period	139 599	19 530	139 599	19 530
IPO + over-allotment option	0	115 000	0	115 000
Directed share issue	267	5 146	267	5 146
Share capital increase	0	-78	0	-78
Reserve for invested unrestricted equity at the end of the period	139 865	139 599	139 865	139 599
Retained earnings (loss) in the beginning of the period	-25 786	-10 363	-25 569	-10 363
Result for the period	-14 117	-15 423	-13 344	-15 206
Retained earnings (loss) at the end of the period	-39 904	-25 786	-38 913	-25 569
Total unrestricted equity	99 962	113 813	100 952	114 029
Total equity	100 042	113 893	101 032	114 109

Notes to the consolidated and parent company financial statements

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

The Board of Directors approved these financial statements for issue on 27 February 2023. According to the Finnish Companies Act, the shareholders can approve or reject the financial statements at the Annual General Meeting held after their publication. Furthermore, the Annual General Meeting can decide on modifications to be made to the financial statements.

Accounting policies of the financial statements

This set of financial statements including financial statements for the financial years ended on 31 December 2022 and 31 December 2021 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	10 years
Intangible rights	straight-line	10 years
Machinery and equipment	residual method	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. The company has not capitalised personnel expenses. During the development period of a specific asset, prior to the completion of the asset the development costs are capitalized as assets under construction.

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

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

If the expected economic benefits to be generated by an asset is less than the balance sheet value, i.e., the development expenses capitalised less

historical amortisation, the value of the capitalised development expenses is adjusted with a write-off to correspond to the expected economic benefits to be generated by the asset.

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

MEASUREMENT OF RECEIVABLES, FINANCIAL INSTRUMENTS, AND LIABILITIES

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

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

The company's liabilities have been measured at nominal value. In the periods when the company has not met covenants of a loan or received a waiver from the lender the loan has been classified as current. The company has three loans from financial institutions. One of the loans contains the following covenants: equity ratio more than 30%; a restriction to sell or transfer of asset items in the balance sheet;

the company has obligation to deliver its financial statements to the financial institution within 30 days of the maximum preparation period set by the Accounting Act.

ACCOUNTING POLICIES FOR RECOGNITION OF INCOME AND EXPENSES

The company's revenue in 2022 mainly consisted of technology delivery sales and technology proof-of-concept project sales to Spinnova's joint venture companies, as in 2021. 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.

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

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

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

GRANTS RECEIVED

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

GROUP CONSOLIDATION

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

makes a technology sale to one of its joint ventures, the entire sale will be recognised as revenue in the Group income statement.

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

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

In the full year 2021 and 2022 financials, the eliminated profit of the proof-of-concept project to Respin and the share of profit from Respin is reported in the liabilities under the line-item accruals and deferred income because Spinnova's first equity investment into Respin will occur after the proof-of-concept project is finalized.

The only differences between consolidated Spinnova Group's financials and parent company Spinnova Plc's financials during the full year 2022 are driven by the consolidation of joint venture companies' profits (loss) and eliminated profit margin from technology sales from Spinnova Plc to Respin.

HOLDINGS IN OTHER COMPANIES

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

Notes to the group financial statements

REVENUE SPLIT BY REVENUE RECOGNITION METHOD

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

Other revenue in 2022 consisted of proof-of-concept related R&D services and development projects provided to Spinnova's 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)	1-12/2022	1-12/2021
Revenue based on the percentage of completion method	23 752	5 586
Other revenue	527	476
Total	24 279	6 063

GRANTS RECEIVED

The Company has received grants from ELY centre for Central Finland worth EUR 604 thousand and from Business Finland worth EUR 1 603 thousand for research and development projects. By the end of year 2022 no funds have been received from the grants.

MATERIALS AND SERVICES

Most of the materials and services purchased during the financial year 2022 were related to the technology and proof-of-concept delivery projects to Spinnova's joint venture companies, Woodspin and Respin.

EUR (thousand)	1-12/2022	1-12/2021
Raw materials and consumables	-17 398	-4 073
External services	-5 718	-946
Total materials and services	-23 116	-5 020

PERSONNEL EXPENSES

During the reporting period the Company's average number of permanent personnel was 67 employees (49 in 2021). The total number of employees at the end of 2022 was 81 (64) including six fixed term employees. The increase in personnel expenses was primarily due to strengthening the key teams in the organization and salary increases driven by the overall cost inflation.

EUR (thousand)	1-12/2022	1-12/2021
Wages and salaries	-6 453	-3 735
Social security expenses		
Pension expenses	-1 039	-567
Other social security expenses	-386	-198
Total personnel expenses	-7 878	-4 500

MANAGEMENT REMUNERATION

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

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

EUR (thousand)	1-12/2022	1-12/2021
CEO	275	199
Management team	868	582
Board of Directors ¹	202	28
Total²	1 345	809

¹ Including Janne Poranens remuneration after continuing as an employee from 1 August 2022.

² The management remuneration table includes the annual salaries and benefits of the management and does not include the statutory pension insurance cover (TyEL).

MANAGEMENT PENSION OBLIGATIONS

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

DEPRECIATION AND AMORTISATION

EUR (thousand)	1-12/2022	1-12/2021
Development expenses	-836	-700
Intangible rights	-91	-78
Machinery and equipment	-31	-31
Total depreciation and amortisation	-958	-809

OTHER OPERATING EXPENSES

EUR (thousand)	1-12/2022	1-12/2021
Other personnel costs	-560	-350
Premises and equipment	-1 454	-861
Corporate and administrative expenses	-1 481	-1 271
Other expenses	-367	-209
Total other operating expenses	-3 862	-2 691

AUDITOR'S FEES

EUR (thousand)	1-12/2022	1-12/2021
Auditor's fees	28	32
Engagements referred to in the Auditing Act, 1.1,2 §	0	417
Tax services	5	11
Other services	43	4

FINANCIAL INCOME AND EXPENSES

The decrease in the financial expenses during the year 2022 compared to year 2021 was mainly driven by the initial public offering related expenses from 2021 shown in the Other financial expenses. In 2022, financial expenses mainly consisted of decreased fair values of securities.

EUR (thousand)	1-12/2022	1-12/2021
Financial income	1	1
Interest expenses	-135	-105
Securities at fair value and proceeds from the sale of securities	-1 547	-281
Other expenses	-127	-7 866
Total financial income and expenses	-1 808	-8 251

CHANGES IN INTANGIBLE AND TANGIBLE ASSETS

EUR (thousand)	Development expenses ¹	Intangible rights	Machinery and equipment	Assets under construction	Total
2022					
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
Acquisition cost at the end of the period	12 427	1 183	496	1 432	15 538
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
Accumulated amortisation and impairment losses at the end of the period	-2 291	-420	-337	0	-3 048
Book value at the end of the period	10 136	763	159	1 432	12 490

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

¹ Capitalised development expenses are related to the development and optimisation of the company's spinning technology. The expenses consist of materials, supplies and external services.

INVESTMENTS

EUR (thousand)	Shares in subsidiaries companies 2022	Shares in subsidiaries companies 2021
Net book value at 1 January	1 750	0
Additions	12 250	1 750
Net book value at 31 December	14 000	1 750
Eliminations at 1 January	-1	0
Additions	-750	-1
Eliminations at 31 December	751	-1
Book Value at 31 December	13 249	1 749

OTHER CURRENT RECEIVABLES

Other receivables consists mainly of VAT receivables.

EUR (thousand)	31.12.2022	31.12.2021
Share issue receivables	1	68
Other receivables	266	242
Total other current receivables	267	311

LOAN MATURITY

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

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 ELY center grant.

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

Accrued vacation payment consists of remaining vacation days from the reporting period and periods prior to the reporting period. Company rules of accruing vacation pay was changed in 2022 to follow the official holiday credit year instead of the 2021 way where the policy was to grant employees all the annual vacation days at the beginning of the calendar year, which resulted in a practice where the accrued vacation salary is at its highest level in January.

EUR (thousand)	31.12.2022	31.12.2021
Prepayments and accrued income		
Accruals of payments	303	36
Other accruals	2	18
Expenses to be re-invoiced	313	0
Total prepayments and accrued income	618	54
Accruals and deferred income		
Accrued salaries	720	659
Accrued vacation salaries	717	90
Pension insurance payments	123	158
Social security payments of the employer	72	54
Other accruals and deferred income	238	215
Total accruals and deferred income	1 871	1 176

RELATED PARTY TRANSACTIONS

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

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

- The company entered into a consultancy agreement on 8 February 2021 with a company controlled by Harri Sundvik, Deputy Chair of the Board, and in May 2021 into a consultancy agreement valid between 1 January 2021 and 31 August 2022, with a company controlled by Timo Soininen who was a member of the Company's Board of Directors. The consultancy services amounted to EUR 73 thousand during 2022 and there were no payables related to these services on 31 December 2022.
- Spinnova sold technology development services to Suzano's refining pilot plant for EUR 238 thousand EUR during 2022.
- The technology delivery related invoicing for the first commercial Woodspin factory started in May 2021 and continued throughout 2022. In addition to technology delivery, Spinnova sold sales and general administration related services to Woodspin during 2022.
- The company invested EUR 12 250 thousand into the Woodspin joint venture in line with the JV agreement during 2022.

- In May 2021, the company invoiced the first milestone related to the Respin proof of concept technology delivery project, and the second and third milestones were invoiced in December 2022.

The company's related parties have shareholdings in the company and the company has granted stock option rights to certain related parties. Related party members of the company's Management Team and Board of Directors had stock options issued by the company entitling the holders to subscribe to a total of 2 947 460 shares.

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

ASSOCIATED COMPANIES

EUR (thousand)	1-12/2022	1-12/2021
Woodspin Oy profit (loss) of period	-1 500	-1
Respin Oy profit (loss) of period	-5	-27

DEFERRED TAXES

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

EUR (thousand)	31.12.2022	31.12.2021
Tax losses carried forward from previous years	25 554	10 416
Tax loss carried forward from the period	14 189 ¹	15 138
Tax losses carried forward total	39 743	25 554

¹ The loss for the period of 2022 is yet not approved by the tax authorities.

GUARANTEES AND CONTINGENT LIABILITIES

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

¹ Rental and leasing liabilities are presented with VAT included.

OTHER FINANCIAL COMMITMENTS**Woodspin joint venture**

Under the terms of the Woodspin Joint Venture Agreement, the Woodspin co-investors Spinnova and Suzano agreed to each subscribe for 1 750 000 newly issued shares in Woodspin and pay a consideration of EUR 1 750 thousand for such shares. The company made the investment of EUR 1 750 thousand to Woodspin in April 2021.

The Woodspin co-investors agreed that the plant will need additional investments that shall be paid into the reserve for invested unrestricted equity of Woodspin. During the reporting period the co-investors made a decision to increase the capital investment to a total of EUR 31 000 thousand (each of Spinnova and Suzano will invest total of EUR 15.5 million), of which EUR 1 500 thousand per shareholder is remaining as of 31 December 2022. Spinnova has invested total of EUR 14 000 thousand into Woodspin joint venture as of the end of the reporting period.

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

Respin joint venture

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

If further equity financing is needed to complete the commercialisation, the Respin co-investors Spinnova and ECCO shall each provide further capital to the joint venture as may be separately agreed. Further investments made will be of equal amounts by the co-investors and those will be recognised to the reserve for invested unrestricted equity of Respin.

Spinnova has not invested any funds into the Respin joint venture as of the end of the reporting period.

Notes to the parent company financial statements

REVENUE SPLIT BY REVENUE RECOGNITION METHOD

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.

Other revenue in 2022 consisted of proof-of-concept related R&D services and development projects provided to Spinnova's 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)	1-12/2022	1-12/2021
Revenue based on the percentage of completion method	23 752	5 586
Other revenue	527	476
Total	24 279	6 063

GRANTS RECEIVED

The Company has received grants from ELY centre for Central Finland worth EUR 604 thousand and from Business Finland worth EUR 1 603 thousand for research and development projects. By the end of year 2022 no funds have been received from the grants.

MATERIALS AND SERVICES

Most of the materials and services purchased during the financial year 2022 were related to the technology and proof-of-concept delivery projects to Spinnova's joint venture companies, Woodspin and Respin.

EUR (thousand)	1-12/2022	1-12/2021
Raw materials and consumables	-17 398	-4 073
External services	-5 718	-946
Total materials and services	-23 116	-5 020

PERSONNEL EXPENSES

During the reporting period the Company's average number of permanent personnel was 67 employees (49 in 2021). The total number of employees at the end of 2022 was 81 (64) including six fixed term employees. The increase in personnel expenses was primarily due to strengthening the key teams in the organization and salary increases driven by the overall cost inflation.

EUR (thousand)	1-12/2022	1-12/2021
Wages and salaries	-6 453	-3 735
Social security expenses		
Pension expenses	-1 039	-567
Other social security expenses	-386	-198
Total personnel expenses	-7 878	-4 500

MANAGEMENT REMUNERATION

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

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

EUR (thousand)	1-12/2022	1-12/2021
CEO	275	199
Management team	868	582
Board of Directors ¹	202	28
Total²	1 345	809

¹ Including Janne Poranens remuneration after continuing as an employee from 1 August 2022.

² The management remuneration table includes the annual salaries and benefits of the management and does not include the statutory pension insurance cover (TyEL).

MANAGEMENT PENSION OBLIGATIONS

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

DEPRECIATION, AMORTISATION, AND IMPAIRMENT LOSSES

EUR (thousand)	1-12/2022	1-12/2021
Development expenses	-836	-700
Intangible rights	-91	-78
Machinery and equipment	-31	-31
Total depreciation and amortisation	-958	-809

OTHER OPERATING EXPENSES

EUR (thousand)	1-12/2022	1-12/2021
Other personnel costs	-560	-350
Premises and equipment	-1 454	-861
Corporate and administrative expenses	-1 481	-1 269
Other expenses	-367	-209
Total other operating expenses	-3 862	-2 689

AUDITOR'S FEES

EUR (thousand)	1-12/2022	1-12/2021
Auditor's fees	28	32
Engagements referred to in the Auditing Act, 1.1,2 §	0	418
Tax services	5	11
Other services	43	4

FINANCIAL INCOME AND EXPENSES

The decrease in the financial expenses during the year 2022 compared to year 2021 was mainly driven by the initial public offering related expenses from 2021 shown in the other financial expenses. In 2022, financial expenses mainly consisted of decreased fair values of securities.

EUR (thousand)	1-12/2022	1-12/2021
Financial income	1	1
Interest expenses	-135	-105
Securities at fair value and proceeds from the sale of securities	-1 547	-281
Other expenses	-127	-7 866
Total financial income and expenses	-1 808	-8 251

CHANGES IN INTANGIBLE AND TANGIBLE ASSETS

EUR (thousand)	Development expenses ¹	Intangible rights	Machinery and equipment	Assets under construction	Total
2022					
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
Acquisition cost at the end of the period	12 427	1 183	496	1 432	15 538
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
Accumulated amortisation and impairment losses at the end of the period	-2 291	-420	-337	0	-3 048
Book value at the end of the period	10 136	763	159	1 432	12 490

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

¹ Capitalised development expenses are related to the development and optimisation of the company's spinning technology. The expenses consist of materials, supplies and external services.

INVESTMENTS

EUR (thousand)	Shares in subsidiaries companies 2022	Shares in subsidiaries companies 2021
Net book value on 1 January	1 750	0
Additions	12 250	1 750
Deductions	0	0
Net book value on 31 December	14 000	1 750
Book value on 31.12.	14 000	1 750

EUR (thousand)	Shares in subsidiaries companies 2022	Shares in subsidiaries companies 2021
Net book value on 1 January	2	0
Additions	0	2
Net book value on 31 December	2	2
Book value on 31.12.	2	2

OTHER CURRENT RECEIVABLES

EUR (thousand)	31.12.2022	31.12.2021
Share issue receivables	1	68
Other receivables	266	242
Total other current receivables	267	311

DISTRIBUTABLE UNRESTRICTED EQUITY

EUR (thousand)	31.12.2022	31.12.2021
Retained earnings	-25 569	-10 363
Profit (loss) of the period	-13 344	-15 206
Reserve for invested unrestricted equity	139 865	139 599
Share issue	-1	-68
Capitalised development expenses	-11 568	-8 699
Total distributable unrestricted equity	89 383	105 262

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

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 ELY center grant.

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

Accrued vacation payment consists of remaining vacation days from the reporting period and periods prior to the reporting period. Company rules of accruing vacation pay was changed in 2022 to follow the official holiday credit year instead of the 2021 way where the policy was to grant employees all the annual vacation days at the beginning of the calendar year, which resulted in a practice where the accrued vacation salary is at its highest level in January.

EUR (thousand)	31.12.2022	31.12.2021
Prepayments and accrued income		
Accruals of payments	303	36
Other accruals	2	18
Expenses to be re-invoiced	313	0
Total prepayments and accrued income	618	54
Accruals and deferred income		
Accrued salaries	720	659
Accrued vacation salaries	717	90
Pension insurance payments	123	158
Social security payments of the employer	72	54
Other accruals and deferred income	1	1
Total accruals and deferred income	1 634	962

DEFERRED TAXES

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

EUR (thousand)	31.12.2022	31.12.2021
Tax losses carried forward from previous years	25 337	10 416
Tax loss carried forward from the period	13 415 ¹	14 921
Tax losses carried forward total	38 752	25 337

¹ The loss for the period of 2022 is yet not approved by the tax authorities.

GUARANTEES AND CONTINGENT LIABILITIES

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

¹ 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 financial statements

In Jyväskylä, 27 February 2023

SPINNOVA PLC

Poranen Janne

Chair of the Board of Directors

Nonino Vinicius

Board Member

Pohjonen Sari

Board Member

Sundvik Harri

Board Member

Liiri Hanna

Board Member

Salmela Juha

Board Member

Kroner Gert

Board Member

Poulsen Kim

CEO

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

What we have audited

We have audited the financial statements of Spinnova Oyj (business identity code 2653299-6) for the financial period 1.1.–31.12.2022. The financial statements comprise the balance sheets, the income statements, cash flow statements and notes for the group as well as for the parent company.

BASIS FOR OPINION

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

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

Independence

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

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

The Board of Directors and the Managing Director are responsible for the preparation of financial statements that give a true and fair view in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements. The Board of Directors and the Managing Director are

also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to

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

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

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

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

OTHER REPORTING REQUIREMENTS

Other Information

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

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained

in the audit, or otherwise appears to be materially misstated. With respect to the report of the Board of Directors, our responsibility also includes considering whether the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

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

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a

material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Jyväskylä

PricewaterhouseCoopers Oy
Authorised Public Accountants

Markku Launis
Authorised Public Accountant (KHT)

SPINNOVA®

SPINNOVAGROUP.COM

+358 20 703 2430

PALOKÄRJENTIE 2-4
FIN-40320 JYVÄSKYLÄ

BULEVARDI 7 C
FIN-00120 HELSINKI

