PROSPECTUS **9.5.2022**

BBS-Bioactive Bone Substitutes Oyj

Rights Issue
Up to 3,490,762 shares
Subscription price EUR 1.30 or SEK 13.48 per share

BBS-Bioactive Bone Substitutes Oyj ("Company" or "BBS"), a public limited liability company registered in Finland, is offering up to 3,490,762 new shares (the "Offer Shares") in a rights issue, against consideration, based on the shareholders' preferential subscription right at the subscription price of EUR 1.30 or SEK 13.48 per Offer Share (the "Subscription Price") in accordance with the terms of the Offering (the "Offering") set out below. The Offer Shares shall be paid in euros in Finland or in Swedish crowns in Sweden. The Offer Shares shall represent around 33.3 percent of all of the Company's shares after the Offering, should the Offering be subscribed for in its entirety.

BBS will give all its shareholders registered in BBS's shareholder register maintained by Euroclear Finland Ltd ("Euroclear Finland") or Euroclear Sweden Ltd ("Euroclear Sweden") one (1) book-entry subscription right (the "Subscription Right") per each share held on the Offering record date 13 May 2022 (the "Record Date"). Two (2) Subscription Rights entitles the holder to subscribe for one (1) Offer Share. Fractions of Offer Shares will not be given. The Subscription Rights will be registered in shareholders' book-entry accounts in the book-entry system maintained by Euroclear Finland approximately on 16 May 2022 and in the book-entry system maintained by Euroclear Sweden approximately on 17 May 2022. The Subscription Rights can be freely assigned and they will be traded on First North Growth Market Finland ("First North Finland") maintained by Nasdaq Helsinki Oy ("Helsinki Stock Exchange") (trading symbol BONEHU0122, ISIN: FI4000522818) and on First North Growth Market Sweden ("First North Sweden") maintained by Nasdaq Stockholm AB ("Stockholm Stock Exchange") (trading symbol BONES TR, ISIN: SE0017885999) between 18 May 2022 and 27 May 2022. The subscription period for the Offer Shares will commence on 18 May 2022 at 10.00 Finnish time (9.00 Swedish time) and end on 3 June 2022 at 16.00 Finnish time (15.00 Swedish time) in Finland and on 1 June 2022 at 16.00 Finnish time (15.00 Swedish time) in Sweden. Any unused Subscription Rights shall lapse on 3 June 2022 at 16.00 Finnish time (15.00 Swedish time) in Finland and on 1 June 2022 at 16.00 Finnish time (15.00 Swedish time) in Sweden. See "*Terms and conditions of the Offering – Exercising Subscription Rights*".

The Offer Shares subscribed for during the Offering will be issued as book entries in the book-entry system of Euroclear Finland and delivered to the investors through the book-entry systems of Euroclear Finland and Euroclear Sweden. After the subscription, temporary shares corresponding to the Offer Shares subscribed for based on the Subscription Rights (the "Temporary Shares") will be entered in the subscriber's book-entry account. Trading in the Temporary Shares will commence on First North Finland (trading code BONEHN0122, ISIN code: FI4000522826) and on First North Sweden (trading code BONES BTA, ISIN code: SE0017886005) as their own special share class approximately on 18 May 2022. The Temporary Shares will be combined with the Company's current shares after the Offer Shares have been registered in the Trade Register. The combining will occur in the book-entry system maintained by Euroclear Finland approximately on 17 June2022 and in the book-entry system maintained by Euroclear Sweden approximately on 23 June 2022. The Offer Shares will be subject to trading together with the Company's existing shares approximately on 20 June 2022 on First North Finland and approximately on 23 June2022 on First North Sweden.

In addition, BBS will issue a maximum of 436,345 warrants of series TO1 and a maximum of 436,345 warrants of series TO2 (the "Warrants") free of charge to persons who subscribed for the Offer Shares in the Offering, which entitle to subscribe for a total of up to 872,690 new shares of the Company. The Warrants will be issued in the following manner: the subscriber will receive one (1) Warrant of series TO1 and one (1) Warrant of series TO2 per each eight (8) subscribed and paid Offer Shares, the subscription of which the Board of Directors has approved. Fractions of the Warrants will not be issued.

Each Warrant will entitle its holder to subscribe for one (1) new share during the subscription period 21 November – 2 December 2022 (for TO1) and 22 May – 2 June 2023 (for TO2) respectively, with a subscription price that will be decided based on the volume weighted average price of the Company's shares in First North Finland during the period 7 November – 17 November 2022 (for TO1) and 8 May – 18 May 2023 (for TO2) with a 25 per cent discount. The shares to be subscribed for based on the Warrants are delivered through Euroclear Sweden will be payable in Swedish krona. The Swedish krona-denominated subscription price will be determined using the Swedish Riksbank's EURSEK rate one (1) business day before the start of the subscription period. The Swedish krona denomination of the subscription price will be announced by the Company by way of a company release when the subscription period for the shares to be subscribed for based on the Warrants commences. The subscription price of the shares to be subscribed for based on the Warrants may decrease in certain situations, see "*BBS-Bioactive Bone Substitutes Oyj Warrant Plan 1-2022* and *BBS-Bioactive Bone Substitutes Oyj Warrant Plan 2-2022*". The Warrants will be issued and registered in the book-entry system of Euroclear Finland. The Warrants will be delivered to subscribers through the book-entry systems of Euroclear Finland and Euroclear Sweden. Provided that no changes are made to the subscription period of the Offering, the Warrants will be delivered to subscribers approximately during week 24, 2022. The ISIN codes of the Warrants are FI4000522891 (TO1) and FI4000522909 (TO2). The Company intends to file an application to the Stockholm Stock Exchange and the Helsinki Stock Exchange for the listing of the Warrants on First North Sweden and First North Finland. The trading symbols are expected to be BONES TO1 and BONES TO2 on First North Sweden and BONEHEW12022 and BONEHEW22022 on First North Finland. If the listing of the Warrants occurs, the Company expects trading to commence on First North Sweden and on First North Finland approximately during week 24, 2022.

In certain countries, legislation may restrict the distribution of this EU growth prospectus (the "Prospectus" or the "EU Growth Prospectus") and the offering of the Subscription Rights, Offer Shares and Warrants as well as the sales of the Subscription Rights, Offer Shares and Warrants. This Prospectus does not constitute an offer to issue Subscription Rights, Offer Shares or Warrants to anyone in a country where it would be prohibited by local laws or other regulations to offer shares to such a person. This Prospectus or any other material relating to the Offering shall not be delivered to or published in any country without complying with the laws and regulations of such country.

The Offering does not apply to persons resident in Australia, South-Africa, Hong Kong, Japan, Canada, New Zealand, Singapore or the United States or in any other country where it would be prohibited by local laws or other regulations. The Subscription Rights, the Offer Shares or the Warrants have not been registered or will not be registered in accordance with the U.S. Securities Act of 1933, as amended (the "U.S. Securities Act"), or under the securities laws of any state of the United States and, accordingly, may not be offered or sold, directly or indirectly, in or into the United States (as defined in Regulation S), unless registered under the U.S. Securities Act or pursuant to an exemption from the registration requirements of the U.S. Securities Act and in compliance with any applicable state securities laws of the United States.

Nasdaq First North Growth Market is a registered SME growth market, in accordance with the Directive on Markets in Financial Instruments (EU 2014/65) as implemented in the national legislation of Denmark, Finland and Sweden, operated by an exchange within the Nasdaq group. Issuers on Nasdaq First North Growth Market are not subject to all the same rules as issuers on a regulated market, as defined in EU legislation (as implemented in national law). Instead, they are subject to a less extensive set of rules and regulations adjusted to small growth companies. The risk in investing in an issuer on Nasdaq First North Growth Market may therefore be higher than investing in an issuer on the main market. All issuers with shares admitted to trading on Nasdaq First North Growth Market have a Certified Adviser who monitors that the rules are followed. Nasdaq Helsinki approves the application for admission to trading.

Investment in the Offer Shares involves risks. The main risk factors are discussed under the Prospectus section "Risk factors".

Company's financial advisor in the Offering
Aalto Capital Partners Oy

Certified advisor
Nordic Certified Advisers AB

Issuer agent in Finland
Nordea Bank Oyj

Offering's subscription venue and the issuer agent in Sweden
Hagberg & Aneborn Fondkomission AB

IMPORTANT INFORMATION AND NOTICE TO INVESTORS

In connection with the Offering, the Company has prepared a Finnish-language prospectus (the "Finnish-language Prospectus") in accordance with the Finnish Securities Markets Act (746/2012, as amended), Regulation (EU) 2017/1129 of the European Parliament and the Council on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC, as amended (the "Prospectus Regulation"), the Commission Delegated Regulation (EU) 2019/980 supplementing Regulation (EU) 2017/1129 of the European Parliament and of the Council as regards the format, content, scrutiny and approval of the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Commission Regulation (EC) No 809/2004 (the "Delegated Regulation"), as amended, with its Annexes 18, 24 and 26, the Commission Delegated Regulation (EU) 2019/979 supplementing Regulation (EU) 2017/1129 of the European Parliament and of the Council with regard to regulatory technical standards on key financial information in the summary of a prospectus, the publication and classification of prospectuses, advertisements for securities, supplements to a prospectus, and the notification portal, and repealing Commission Delegated Regulation (EU) No 382/2014 as well as the regulations and guidelines issued by the Finnish Financial Supervisory Authority (the "Finnish FSA").

This Prospectus has been prepared as EU growth prospectus in accordance with Article 15 of the Prospectus Regulation and the Delegated Regulation. The Prospectus also contains a summary in the required format in accordance with Article 7 of the Prospectus Regulation and Article 33 and Annex 23 of the Delegated Regulation. The Finnish FSA has approved of the Finnish-language Prospectus as the competent authority under the Prospectus Regulation. The Finnish FSA has only approved the Finnish-language Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. The investors should themselves consider if it is suitable to invest in the securities. Such approval of the Finnish FSA shall not be considered as an endorsement of the respective issuer set forth in the Finnish-language Prospectus. The journal number for the approval resolution regarding the Finnish-language Prospectus is FIVA/2022/168. In accordance with the Prospectus Regulation, an English-language translation which includes a Swedish-language summary has been prepared. The Finnish FSA notifies the approved Prospectus to the Swedish Financial Supervisory Authority (Swedish: Finansinspektionen) (the "Swedish FSA") for use in Sweden. The Company is responsible for the translations of the Prospectus and the documents incorporated by reference thereto.

The Offering will be governed by the laws of Finland and any disputes arising in connection with the Offering will be settled by a court of competent jurisdiction in Finland. This document is an unofficial English translation of the Finnish-language Prospectus and references to the "Prospectus" refer to the Finnish-language Prospectus. In the event of any discrepancies, the Finnish-language Prospectus shall prevail.

No person has been authorised to give any information or to make any statements regarding the Offering other than those contained in the Prospectus.

The information contained herein is current as at the date of the Prospectus. The validity of the Prospectus ends upon the end of the offer period. Obligation to provide with supplement to the Prospectus due to a significant new fact, material error or material inaccuracy shall end when this Prospectus is no longer valid.

The information contained in the Prospectus is not an insurance or guarantee of future events by BBS and should not be construed as such. Unless otherwise stated, estimates of market developments related to the Company or its business are based on estimates reasonably verified by the Company's management.

Neither the publication of the Prospectus nor the offer, sale or delivery of the Subscription Rights, the Offer Shares or the Warrants based on the Prospectus, does not in any circumstances mean that no changes could occur in the Company's business after the date of the Prospectus or that the information contained in the Prospectus would hold true in the future. However, the Company has the obligation to supplement the Prospectus prior to the end of the offer period due to an error or omission of material information or material new information not included in the Prospectus, discovered prior to the end of the offer period if information bears material significance to the investors. According to the law, such inaccurate, insufficient, or new material information shall be published without undue delay by way of publishing a supplement to the Prospectus in the same manner as the Prospectus.

Investors are encouraged to follow company announcements published by the Company.

Making an investment decision regarding the Offering should be based on an independent assessment of the legal, tax, business, financial and other consequences of subscription or acquisition of the Subscription Rights, the Offer Shares and the Warrants, including the merits and risks involved. Any tax consequences arising from an investor's participation in the Offering will be solely on account of such investor.

In certain countries legislation may restrict the distribution of this Prospectus and sale and offering of the Subscription Rights, the Offer Shares and the Warrants. The Company and its advisers recommend the persons into whose possession the Prospectus comes to adequately familiarise themselves of and to observe all such restrictions.

Neither the Company nor its advisers accept any legal responsibility for any violation of these restrictions, whether or not a prospective subscriber or purchaser of the Subscription Rights, the Offer Shares and the Warrants is aware of such restrictions. This Prospectus does not constitute an offer of, or an invitation to purchase, any of the Subscription Rights, the Offer Shares or the Warrants in any country where such an offer or invitation is against the law. No actions have been taken to register or to permit a public offering of the Subscription Rights, the Offer Shares or the Warrants in any jurisdiction of outside Finland and Sweden.

The Company reserves the right based on its sole discretion to resolve on rejection of such subscription of the Offer Shares or the Warrants that, based on the Company's or its representative's opinion, may lead to breach of any law, rule or regulation.

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INFORMATION INCORPORATED BY REFERENCE

The following documents are included in this Prospectus by reference:

BBS-Bioactive Bone Substitutes Oyj Financial Statements 2021 (FAS, audited)	**Pages**
Board of Directors' Report	1.1–1.6
Financial statements (including income statement, balance sheet, cash flow statement and the notes of the income statement and balance sheet)	2.1–8.5
Auditor's report	1(2)-2(2)
Available at: https://www.bbs-artebone.fi/wp/wp-content/uploads/2022/03/EN_Annual-Report2021.pdf	

BBS-Bioactive Bone Substitutes Oyj Financial Statements 2020 (FAS, audited)	**Pages**
Board of Directors' Report	1.1–1.6
Financial statements (including income statement, balance sheet, cash flow statement and the notes of the income statement and balance sheet)	2.1–8.4
Auditor's report	1(2)-2(2)
Available at: https://www.bbs-artebone.fi/wp/wp-content/uploads/2021/03/ENG_annualreport_2020.pdf	

BBS-Bioactive Bone Substitutes Oyj's Articles of Association
Available at: https://www.bbs-artebone.fi/investors/governance/#Articles%20of%20Association

SUMMARY

1. Introduction	
1.1	**Name and ISIN codes of the securities** The Finnish-language Prospectus ("Prospectus" or "EU Growth Prospectus") applies to a share issue (the "Offering") in which BBS-Bioactive Bone Substitutes Oyj is offering, primarily for subscription by its shareholders based on the shareholders' pre-emptive subscription rights, a maximum of 3,490,762 new shares ("the Offer Shares") with ISIN code FI4000522826. In addition, BBS will issue a maximum of 436,345 series TO1 warrants and maximum of 436,345 series TO2 warrants (the "Warrants") to persons who subscribed for the Offer Shares in the Offering, entitling them to subscribe for a maximum of t 872,690 new shares in the Company. The ISIN codes of the Warrants are FI4000522891 (TO1) and FI4000522909 (TO2).
1.2	**Identity and contact details of the issuer** The issuer's registered business name is BBS-Bioactive Bone Substitutes Oyj (the "Company" or "BBS"), BBS-Bioactive Bone Substitutes Abp in Swedish and BBS-Bioactive Bone Substitutes Plc in English. The contact details of the issuer are as follows: Address: BBS-Bioactive Bone Substitutes Oyj, Kiviharjunlenkki 6, 90220 Oulu Business and community ID: 0866451-4 Legal entity identifier (LEI): 743700BYSBP0PCR6N767
1.3	**Competent authority who has approved the EU Growth Prospectus** The Finnish Financial Supervisory Authority (the "Finnish FSA"), which is the competent authority for the purposes of the Regulation (EU) 2017/1129 of the European Parliament and the Council, as amended (the "Prospectus Regulation"), has approved of the EU Growth Prospectus. The Finnish FSA has only approved the EU Growth Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Such approval of the Finnish FSA shall not be considered as an endorsement of the respective issuer set forth in the EU Growth Prospectus. The number for the approval resolution regarding this EU Growth Prospectus is FIVA/2022/168. The contact details of the Finnish FSA are the following: address: Financial Supervisory Authority, P.O. Box 103, 00101 Helsinki; telephone: +358 9 183 51; email address: kirjaamo@finanssivalvonta.fi
1.4	**Date of approval of the EU Growth Prospectus** This EU Growth Prospectus has been approved on 9 May 2022.
1.5	**Warning** This summary should be read as an introduction to the EU Growth Prospectus. Any decision to invest in securities, i.e., Offer Shares, should be based on consideration of the EU Growth Prospectus as a whole by the investor. Investors investing in Offer Shares can lose all or part of the capital they have invested. Where a claim relating to the information contained in the EU Growth Prospectus is brought before a court, the plaintiff investor might, under the applicable legislation, have to bear the costs of translating the EU Growth Prospectus before the legal proceedings are initiated. The Company assumes civil liability in respect of this summary including translation thereof only if it is misleading, inaccurate, or inconsistent, when read together with the other parts of the EU Growth Prospectus, or where it does not provide, when read together with the other parts of the EU Growth Prospectus, key information in order to aid investors when considering whether to invest in the Offer Shares.
2. Key information on the issuer	
2.1	**Who is the issuer of securities?** The issuer of securities is BBS-Bioactive Bone Substitutes Oyj, which is a public limited liability company (in Swedish: publikt aktiebolag) established in Finland, which is governed by Finnish legislation. The Company's domicile is Oulu. The Company has been established and registered in Finland in the Trade Register with the Business ID 0866451-4. ***Main operations of the issuer*** BBS is a biomedical technology company, which develops bioactive medical devices and implants to be used in orthopaedic surgery. BBS was established in 2003 as a spinoff of a research project at University of Oulu, Finland. The goal for the Company was to develop and commercialize a bone implant product promoting bone healing. The implant is based on reindeer bone proteins, which contains effective bone growth factors for the bone-graft markets. The product aims to fill the market gap between the osteoconductive or weakly osteoinductive bone-graft substitutes, such as demineralized human bone matrix

(DBM) and synthetic bone substitute products (TCP, hydroxyapatite), and the very expensive recombinant bone morphogenetic protein products.

Shareholder(s) directly or indirectly controlling the issuer

To the knowledge of the management of the Company, the Company is not directly or indirectly owned or controlled by any shareholder.

Names of key persons belonging to the issuer's management

The Company's Board members are Jarmo Halonen (chairman), Pekka Jalovaara, Seppo Nevalainen, Kirk Adriano and Ahti Paananen. Members of the Company's management group are Ilkka Kangasniemi (Managing Director), Liisa Hukka, (Financial Director), Hanna Tölli, Hanna Tölli and Mikko Viitanen.

2.2 **Key financial information concerning the issuer and the respective qualifications**

The BBS group consists of its parent company (BBS-Bioactive Bone Substitutes Oyj) and its 100% owned subsidiary (Bio Bones Oy) (the "BBS Group"). Bio Bones Oy owns and manages the production property located in Reisjärvi. Bio Bones Oy does not have any other business operations.

The following tables present some key financial information on the basis of the Company's/BBS Group's financial statements for the financial periods ending 31 December 2021 and 31 December 2020. The Company's audited financial statements for the accounting periods ending 31 December 2021 and 31 December 2020, have been prepared in accordance with Finnish Accounting Standards (FAS). The selected financial information presented below do not include all the information from the Company's financial statements.

Thousand euros	**2021** **1/1/2021 – 31/12/2021**	**2020** **1/1/2020 – 31/12/2020**
Key figures for the income statement (Audited, unless stated otherwise)		
Revenue	0	0
Personnel costs	1,199	795
Depreciation	231	214
Operating profit (loss)	-2,571	-2,645
Profit (loss) for the financial year	-2,771	-2,731
Key figures for the balance sheet and capital structure		
Total assets	10,506	12,693
Equity	3,634	6,087
Equity ratio	35 %**Error! Reference source not found.**	48 %[1]
Key figures for cash flow		
Cash flow from operating activities	-2,520	-2,418
Cash flow from financing activities	443	5,423
Data per share		
Number of shares	6,847,520	6,571,525
Average number of shares	6,606,215	5,897,533
Equity per share, EUR	0.53**Error! Reference source not found.**	0.93**Error! Reference source not found.**
Earnings per share, EUR	-0.42**Error! Reference source not found.**	-0.46**Error! Reference source not found.**
Personnel		
Average number of employees	19	12

[1] Unaudited

	The auditor's report, which has been issued for the financial statements prepared for the Company's financial year ending on 31 December 2021, includes the following statement concerning the weighting of the following factor: **Significant uncertainty concerning the continuity of business operations** We want to draw attention to the loss amount indicated in the profit & loss statement as well as the negative cash flow indicated in the cash flow statement for the financial year. In addition, we want to draw attention to the sections "Operating capital situation" and "Estimate of future development" of the annual report in which the Company highlights the uncertainty concerning the sufficiency of the Company's funding. These events or conditions indicate such significant certainty, which could provide significant reason to doubt the Company's ability to continue its operations. Our statement has not been changed in this matter.
2.3	**Key risks that are specific to the issuer** The key risks specific to the Company are as follows: 1. On the date of the Prospectus, the Company's working capital is not sufficient to cover the Company's current needs and the need for working capital for the next 12 months following the date of this Prospectus, and if the Company is unable to raise at least 3.4 million euros in net funds with the Offering, the Company will require further working capital funding 2. BBS' business operations are currently at a stage of development due to which the development of business operations involves factors of uncertainty. 3. The Offering may not raise funds in full and if the Offering raises funds substantially less than expected, this will affect the Company's ability to use the proceeds as planned. 4. The Company will likely need additional equity and/or debt financing after the Offering to implement its business plan and there is no certainty that such additional funding will be available. 5. The CE marking and FDA approval of BBS' product involves such risks that could cause significant additional expenses and delays. 6. The production, preservation and reproducibility of pro-duction of BBS' extract and implant involve risks which may result in substantial additional costs. 7. Even if the extract and implant are placed on the market, BBS may not be able to create the extensive sales network required, and the products may not gain market acceptance at the end user level. 8. Pricing and reimbursability of products may not materialise as planned. 9. BBS' current intellectual property rights may not be adequate for protecting the Company's products effectively enough. 10. BBS may violate the intellectual property rights of third parties and claims for violations of intellectual property rights may be made against the Company. 11. The competitive situation of the industry and the downward pressure it has on prices, and the existence of competitive products may have an adverse effect on BBS' profitability and market shares in the future. 12. BBS may be subjected to product liability and product safety claims, which may have an adverse effect on business operations.
3. Key information on the securities	
3.1	**What are the main features of the securities?** In the Company's share issue (the "Offering"), which is the subject of this Prospectus, up to 3,490,762 new Company shares (the "Offer Shares") are offered for subscription. Before the Offering, the Company has 6,981,525 registered shares. The ISIN code for the Offer Shares is FI4000522826, and the trading symbol BONEH on Nasdaq First North Growth Market Finland marketplace (”First North Finland”) maintained by Nasdaq Helsinki Oy (”Helsinki Stock Exchange”) and BONES on Nasdaq First North Growth Market Sweden marketplace (”First North Sweden”) maintained by Nasdaq Stockholm AB (”Stockholm Stock Exchange”). The Offer Shares have no nominal value. The Offer Shares subscribed for in the Offering will be issued as book-entries in the book-entry system maintained by Euroclear Finland Oy, address Urho Kekkosenkatu 5 C (PL 1110), 00100 (00101) Helsinki (”Euroclear Finland”) and delivered to investors via the book-entry systems maintained by Euroclear Finland and Euroclear Sweden AB, address Klarabergsviadukten 63 (PO Box 191), 111 64 (SE-101 23) Stockholm, Sweden (”Euroclear Sweden”). BBS will give all its shareholders registered in BBS's shareholder register maintained by Euroclear Finland or Euroclear Sweden one (1) book-entry subscription right (the ”Subscription Right”) per each share held on the Offering record date 13 May 2022 (the "Record Date"). Two (2) Subscription Rights entitles the holder to subscribe for one (1) Offer Share. The Subscription Rights will be registered in shareholders' book-entry accounts in the book-entry system maintained by Euroclear Finland approximately on 16 May 2022 and in the book-entry system maintained by Euroclear Sweden approximately on 17 May 2022. The Subscription Rights can be freely assigned and they will be traded on First North

	Finland (trading symbol BONEHU0122, ISIN: FI4000522818) and on First North Sweden (trading symbol BONES TR, ISIN: SE0017885999) between 18 May 2022 and 27 May 2022. After the subscription, temporary shares corresponding to the Offer Shares subscribed for based on the Subscription Rights (the "Temporary Shares") will be entered in the subscriber's book-entry account. Trading in the Temporary Shares will commence on First North Finland (trading code BONEHN0122, ISIN code: FI4000522826) and on First North Sweden (trading code BONES BTA, ISIN code: SE0017886005) as their own special share class approximately on 18 May 2022. The Temporary Shares will be combined with the Company's current shares after the Offer Shares have been registered in the Trade Register. The Offer Shares are denominated in euro. The Offer Shares which are traded on First North Finland are traded and settled in euro. The Offer Shares which are traded on First North Sweden are traded and settled in Swedish krona. In addition, BBS will issue a maximum of 436,345 warrants of series TO1 and a maximum of 436,345 warrants of series TO2 (the "Warrants") free of charge to persons who subscribed for the Offer Shares in the Offering, which entitle to subscribe for a total of up to 872,690 new shares of the Company. The Warrants will be issued in the following manner: the subscriber will receive one (1) Warrant of series TO1 and one (1) Warrant of series TO2 per each eight (8) subscribed and paid Offer Shares, the subscription of which the Board of Directors has approved. The ISIN codes of the Warrants are FI4000522891 (TO1) and FI4000522909 (TO2). The Company intends to file an application to the Stockholm Stock Exchange and the Helsinki Stock Exchange for the listing of the Warrants on First North Sweden and First North Finland. The trading symbols are expected to be BONES TO1 and BONES TO2 on First North Sweden and BONEHEW12022 and BONEHEW22022 on First North Finland. Rights attached to the Offer Shares include, but are not limited to, the pre-emptive right to subscribe for new shares in the Company, the right to participate in and exercise voting rights during the General Meeting, the right to dividends and other unrestricted equity, the right to demand the redemption of shares at a fair price from a shareholder who owns more than 90 percent of all shares and votes in the Company, and other general rights under the Companies Act. The Offer Shares are freely transferable. Each Offer Share entitles its holder to one vote at the Company's General Meeting. According to the Companies Act, a share certificate concerning a limited liability company's share can only be assigned to a designated person, but a share certificate cannot be issued at all if the company's shares are associated with a book entry system as in the case of BBS shares. The Company's Board of Directors has not defined a dividend policy for the Company. The Company's possible future dividend payments are dependent on the Company's future developments and the Company's future financial position. The Company has never paid dividends and as of 31 December 2021 the Company has no distributable funds. There is no certainty whether the Company will be able to pay dividends for any accounting period.
3.2	**Where will the securities be traded?** The Company's shares are traded at First North Finland and First North Sweden. The Company shall apply for the Subscription Rights, the Temporary Shares and the Warrants to be traded on First North Finland and First North Sweden. The Nasdaq First North Growth Market is registered as an SME growth market. Nasdaq First North Growth Market issuers are not subject to all the same rules as regulated markets as defined by EU law. Nasdaq First North Growth Market issuers, on the other hand, follow lower-standard rules and regulations for small growth companies.
3.3	**Is there a guarantee attached to the securities?** The securities are not subject to a guarantee.
3.4	**What are the key risks that are specific to the securities?** 1. The market price of the shares, the Subscription Rights and the Warrants may vary significantly, and the market price of the shares may drop below the Subscription Price. 2. If the shareholders do not use their Subscription Rights, this will dilute the proportional share of ownership and the Subscription Rights may lose their value entirely. 3. An active public market may not develop for the Company's shares, the Subscription Rights and/or the Warrants.
4. Key information on the offer of securities and the admission to trading	
4.1	**Under which conditions and timetable can I invest in this security?** BBS will give all its shareholders registered in BBS's shareholder register maintained by Euroclear Finland or Euroclear Sweden one (1) book-entry subscription right (the "Subscription Right") per each share held on the Offering record date 13 May 2022 (the "Record Date"). Two (2) Subscription Rights entitles the holder to subscribe for one (1) Offer Share. The subscription period for the Offer Shares will commence on 18 May 2022 at 10.00 Finnish time (9.00 Swedish time) and end on 3 June 2022 at 16.00 Finnish time (15.00 Swedish time) in Finland and on 1 June 2022 at 16.00 Finnish time (15.00 Swedish time) in Sweden. Any unused Subscription Rights shall lapse on 3 June 2022 at 16.00 Finnish time (15.00 Swedish time) in Finland and on 1 June 2022 at 16.00 Finnish time (15.00 Swedish time) in Sweden. Fractions of Offer Shares are not assigned, and a single Subscription Right may not be exercised only partially. The Subscription Rights will be registered in shareholders' book-entry accounts in the book-entry system maintained by Euroclear Finland approximately on 16 May

	2022 and in the book-entry system maintained by Euroclear Sweden approximately on 17 May 2022. The Subscription Rights can be freely assigned and they will be traded on First North Finland (trading symbol BONEHU0122, ISIN: FI4000522818) and on First North Sweden (trading symbol BONES TR, ISIN: SE0017885999) between 18 May 2022 and 27 May 2022. If a Company share entitling to a Subscription Right is subject to a pledge or another such restriction, the Subscription Right may not be exercisable without the consent of the pledgee or other rights holder. The Subscription Price of Offer Shares is EUR 1.30 or SEK 13.48 per Offer Share. In addition, BBS will issue a maximum of 436,345 warrants of series TO1 and a maximum of 436,345 warrants of series TO2 (the "Warrants") free of charge to persons who subscribed for the Offer Shares in the Offering, which entitle to subscribe for a total of up to 872,690 new shares of the Company. The Warrants will be issued in the following manner: the subscriber will receive one (1) Warrant of series TO1 and one (1) Warrant of series TO2 per each eight (8) subscribed and paid Offer Shares, the subscription of which the Board of Directors has approved. Fractions of the Warrants will not be issued. Each Warrant will entitle its holder to subscribe for one (1) new share during the subscription period 21 November – 2 December 2022 (for TO1) and 22 May – 2 June 2023 (for TO2) respectively, with a subscription price that will be decided based on the volume weighted average price of the Company's shares in First North Finland during the period 7 November – 17 November 2022 (for TO1) and 8 May – 18 May 2023 (for TO2) with a 25 per cent discount. The shares to be subscribed for based on the Warrants are delivered through Euroclear Sweden will be payable in Swedish krona. The Swedish krona-denominated subscription price will be determined using the Swedish Riksbank's EURSEK rate one (1) business day before the start of the subscription period. The Swedish krona denomination of the subscription price will be announced by the Company by way of a company release when the subscription period for the shares to be subscribed for based on the Warrants commences. The trading symbols are expected to be BONES TO1 and BONES TO2 on First North Sweden and BONEHEW12022 and BONEHEW22022 on First North Finland. ***Fees and expenses*** In connection with the Offering, the Company is expected to pay a total of approximately EUR 0.5 million in fees and expences. The Company, Nordea Bank Oyj or Hagberg & Aneborn Fondkomission AB do not charge fees or expenses to investors subscribing for the Offer Shares and Warrants. However, securities intermediaries and other service providers used by investors may charge the investor fees based on an agreement between the investor and the service provider. ***Dilution*** If the Offering is subscribed in full, the Offer Shares shall represent approximately 33.3 percent of the Company's shares and votes after the Offering. If the Offering and the maximum number of Warrants are issued and all Warrants are exercised, the new shares to be issued correspond to a total of approximately 38.5 percent of all the Company's shares after all Warrants have been exercised and the corresponding shares have been issued. ***Applicable law*** The Offering and Offer Shares shall be governed by Finnish law. Any disputes concerning the Offering shall be settled by a competent court in Finland.
4.2	**Why has this EU Growth Prospectus been produced?** BBS has prepared and published this Prospectus to carry out the Offering and the issuing of Warrants. ***Reasons for the Offering*** The proceeds received from the Offering will be used, among other things, to complete the ongoing process for applying for the BBS bone implant ARTEBONE® Paste CE marking, launching the commercialization of the ARTEBONE® Paste and pay the loan instalments and interest described in more detail under section *"Background and reasons for the Offering – The use and estimated amount of the proceeds from the Offering"* of the Prospectus. ***The use and estimated amount of the proceeds from the Offering*** The total proceeds of the Offering may amount at maximum approximately EUR 4.5 million based on the maximum number of Offer Shares (3,490,762 Offer Shares) and the Subscription Price of EUR 1.30 per Offer Share. The net proceeds of the Offering amount to a maximum of approximately EUR 4.0 million after deducting estimated offering fees and expenses payable by the Company of approximately EUR 0.5 million. The Company may complete the Offering even though the Offer Shares are not subscribed for in full, in which case the total and net proceeds of the Offering are accordingly lower. The Company estimates that it will spend the net proceeds received from the Offering and the Warrants on implementing the Company's business plan, strengthening the working capital as well as on debt servicing and payments, including, but not limited to, the following: 1.The main intended use of proceeds is to successfully complete the ongoing CE marking application process for BBS' bone implant ARTEBONE® Paste including the ISO 13485 certification of the Company's quality system as part of the CE marking. The proceeds will also be used for product development, maintaining the patent portfolio and developing production as well as for the FDA approval application process for obtaining a marketing authorization for ARTEBONE® Paste in the U.S. market. 2. For initiating the commercialisation of ARTEBONE® Paste (approximately 0.7 million euros).

	3. For paying the loan repayments and interest of EUR 0.7 million, which will be repayable in the next 12 months. In addition, the subscription undertaking given by RiverFort in connection with the Offering includes a provision, based on which the Company shall use a sum corresponding the subscription price paid by RiverFort in the Offering for repayment of RiverFort's loan receivable from the Company (for further details, please see section "*Financial information and key figures – Material loans of the Company – RiverFort loan arrangement*" of the Prospectus). The above-mentioned estimation on the use of proceeds is based on the assumption of maximum proceeds being raised in the Offering. The above presented estimate on the use of proceeds is based on the assumption that the Offering is fully subscribed. The estimated proportions of the use of proceeds may vary depending on the amount of the capital raised and the business development. If the Offering is not fully subscribed, it may not be possible to implement the planned measures in full and austerity measures must be taken, which can potentially cause a delay in starting production, marketing and sales. ***Subscription undertakings*** The Company's current shareholders Reisjärvi Municipality, Finha Capital Oy, Panvest Oy, RiverFort Global Opportunities PCC Limited, Jarmo Halonen, Jyrki Halonen, Pekka Jalovaara and Ahti Paananen have provided subscription undertakings concerning the subscription of Offer Shares, which concern approximately 34.9 percent of the Offering, i.e., they have provided a total of EUR 1.6 million in subscription undertakings for the Offering. ***Conflicts of interest*** Aalto Capital Partners Oy is acting as BBS' financial advisor for the Offering in accordance with the terms of the concluded agreement. The agreement specifies the services that Aalto Capital Partners Oy will offer in connection with the Offering as well as the rights and obligations of parties. Aalto Capital Partners Oy will receive the fee, that has been agreed to in advance for these services and a portion of the fees is tied to the amount of proceeds received from the Offering. It is therefore in Aalto Capital Partners Oy's interests for the Offering to be successful.

SAMMANFATTNING

1. Introduktion	
1.1	**Värdepapperens namn och ISIN-koder** Detta prospekt (”Prospektet” eller ”EU-tillväxtprospektet”) avser en aktieemission (”Aktieemissionen”) i vilken BBS-Bioactive Bone Substitutes Oyj erbjuder upp till 3.490.762 nya aktier (”Emissionsaktier”) med ISIN-kod FI4000260583 med företrädesrätt för befintliga aktieägare. BBS kommer även att fritt överlåta upp till 436.345 tekningsoptioner av serie TO1 och upp till 436.345 tekningsoptioner av serie TO2 (”Teckningsoptioner”) till de som har tecknat Emissionsaktier i Aktieemissionen, vilka ger rätt att teckna upp till 872.690 nya aktier i Bolaget. ISIN-koderna för Teckningsoptionerna är FI4000522891 (TO1) och FI4000522909 (TO2).
1.2	**Emittentens namn och kontaktuppgifter** Emittentens registrerade företagsnamn är BBS-Bioactive Bone Substitutes Oyj (”Bolaget” eller ”BBS”), BBS-Bioactive Bone Substitutes Abp på svenska och BBS-Bioactive Bone Substitutes Plc på engelska. Bolagets kontaktuppgifter är följande: Adress: BBS-Bioactive Bone Substitutes Oyj, Kiviharjunlenkki 6, 90220 Uleåborg, Finland Företags- och organisationsnummer: 0866451-4 LEI-kod: 743700BYSBP0PCR6N767
1.3	**Behörig myndighet som har godkänt EU-tillväxtprospektet** Finska Finansinspektionen har godkänt detta EU-tillväxtprospekt som den behöriga myndighet som avses i Europaparlamentets och rådets förordning (EU) 2017/1129, inbegripet dess ändringar. Finansinspektionen har endast godkänt detta EU-tillväxtprospekt i den utsträckning som det uppfyller kraven i Prospektförordningen med avseende på tillämpningsområde, förståbarhet och konsekvens. Finansinspektionens godkännande utgör inte ett godkännande av den emittent som detta EU-tillväxtprospekt avser. Numret för beslutet om godkännande av detta EU-tillväxtprospekt är FIVA/2022/168. Finansinspektionens kontaktuppgifter är följande: Adress: Finansinspektionen, PB 103, 00101 Helsingfors, Finland; telefonnummer: +358 9183 51; e-post: kirjaamo@finanssivalvonta.fi
1.4	**Godkännandedatum för EU-tillväxtprospektet** Detta EU-tillväxtprospekt godkändes den 9 maj 2022.
1.5	**Varning** Denna sammanfattning bör läsas som en introduktion till EU-tillväxtprospektet. Potentiella investerare bör grunda eventuella beslut att investera i värdepapper, dvs. Emissionsaktier, på en bedömning av EU-tillväxtprospektet i sin helhet. Investerare som investerar i Emissionsaktier kan förlora hela eller delar av det investerade kapitalet. Om en talan som har samband med informationen i EU-tillväxtprospektet väcks i en domstol kan den klagande investeraren, enligt tillämplig nationell lagstiftning, behöva bära kostnaderna för att översätta EU-tillväxtprospektet innan de rättsliga förfarandena inleds. Endast de personer som har ställt upp sammanfattningen eller dess eventuella översättningar i tabellform omfattas av ansvarsskyldighet, om sammanfattningen är vilseledande, felaktig eller inkonsekvent när den läses tillsammans med övriga delar av EU-tillväxtprospektet, eller om den inte, när den läses tillsammans med övriga delar av EU-tillväxtprospektet, innehåller nyckelinformation för att bistå investerare när de överväger att investera i Emissionsaktierna.
2. Nyckelinformation om emittenten	
2.1	**Vem är emittenten av värdepapperen?** Emittenten av värdepapperen är BBS-Bioactive Bone Substitutes Oyj, ett publikt aktiebolag grundat i Finland och som regleras enligt finsk lagstiftning. Bolagets hemvist är Uleåborg. Bolaget är grundat och registrerat i Finland, i handelsregistret med FO-nummer 0866451-4. ***Emittentens huvudsakliga verksamhet*** BBS är ett biomedicinskt teknikföretag som utvecklar bioaktiva medicintekniska produkter och implantat att användas i ortopedisk kirurgi. BBS grundades 2003 som en spinoff av ett forskningsprojekt vid Uleåborgs universitet. Målet för Bolaget var att utveckla och kommersialisera en benimplantatprodukt som främjar benläkning. Implantatet är baserat på renbenproteiner, som innehåller effektiva bentillväxtfaktorer för bentransplantatmarknaderna. Produkten syftar till att fylla marknadsgapet mellan de osteokonduktiva eller svagt osteoinduktiva bentransplantatsubstanserna, såsom demineraliserad human benmatris (DBM) och syntetiska benersättningsprodukter (TCP, hydroxyapatit), och de mycket dyra rekombinanta benmorfogenesproteinprodukterna.

	Aktieägare som direkt eller indirekt kontrollerar emittenten Bolaget känner inte till att någon aktieägare har ett bestämmande inflytande i Bolaget. ***Namn på nyckelpersoner i emittentens ledning*** Bolagets styrelseledamöter är Jarmo Halonen (ordförande), Pekka Jalovaara, Seppo Nevalainen, Kirk Adriano och Ahti Paananen. Medlemmarna i Bolagets ledningsgrupp är Ilkka Kangasniemi (verkställande direktör), Liisa Hukka (finanschef), Hanna Tölli, Soile Hakala och Mikko Viitanen.
2.2	**Finansiell nyckelinformation om emittenten och dess relevanta reserver** BBS-koncernen består av dess moderbolag (BBS-Bioactive Bone Substitutes Oyj) och dess helägda dotterbolag (Bio Bones Oy) (”BBS-koncernen”). Bio Bones Oy äger och driver produktionsanläggningen som är belägen i Reisjärvi. Bio Bones Oy bedriver ingen annan affärsverksamhet. I tabellerna nedan presenteras vissa finansiella nyckeluppgifter på grundval av Bolagets/BBS-koncernens finansiella rapporter för de räkenskapsperioder som löpte ut den 31 december 2021 respektive den 31 december 2020. Bolagets granskade finansiella rapporter för redovisningsperioderna som löpte ut den 31 december 2021 respektive den 31 december 2020 har upprättats i enlighet med finska redovisningsstandarder (FAS). Den utvalda finansiella information som presenteras nedan omfattar inte all information i Bolagets finansiella rapporter.

Tusen euro	**2021** **1.1.2021-31.12.2021**	**2020** **1.1.2020-31.12.2020**
Nyckeltal i resultaträkningen (Granskade, om inte annat anges)		
Omsättning	0	0
Personalkostnader	1 199	795
Avskrivning	231	214
Rörelseresultat	-2 571	-2 645
Räkenskapsårets vinst (förlust)	-2 771	-2 731
Nyckeltal som beskriver kapitalstrukturen		
Summa tillgångar	10 506	12 693
Eget kapital, tusen euro	3 634	6 087
Soliditet	35 %[2]	48 %[2]
Nyckeltal som beskriver kassaflödet		
Internt tillförda medel	-2 520	-2 418
Kassaflöde från finansieringsverksamheten	443	5 423
Aktiespecifika uppgifter		
Antal aktier	6 847 520	6 571 525
Genomsnittligt antal aktier	6 606 215	5 897 533
Aktiespecifikt eget kapital, euro	0,53[2]	0.93[2]
Aktiespecifikt resultat, euro	-0,42[2]	-0.46[2]
Personal		
Genomsnittligt antal anställda	19	12

I revisionsberättelsen, som upprättades för de finansiella rapporterna för Bolagets räkenskapsår som löpte ut den 31 december 2021, återfinns följande kommentar om viktningen av följande faktor:

Betydande osäkerhet kring affärsverksamhetens kontinuitet

[2] Orevideriad

	Vi vill rikta uppmärksamhet mot det förlustbelopp som anges i resultaträkningen, liksom det negativa kassaflöde som anges i kassaflödesanalysen för räkenskapsåret. Vi vill även uppmärksamma avsnitten ”Rörelsekapitalets situation” och ”Uppskattning av framtida utveckling” i årsredovisningen, där Bolaget belyser osäkerheten avseende Bolagets tillräckliga finansiering. Dessa händelser eller förhållanden indikerar en sådan betydande osäkerhet att det kan finnas starka skäl att tvivla på Bolagets förmåga att fortsätta sin verksamhet. Vår rapport har inte ändrats i detta hänseende.
2.3	**Huvudsakliga risker avseende emittenten** De huvudsakliga riskerna för Bolaget är följande: 1. Vid Prospektdatumet är Bolagets rörelsekapital inte tillräckligt för att täcka Bolagets aktuella behov eller behovet av rörelsekapital under de tolv månaderna efter Prospektdatumet, och om Bolaget inte kan anskaffa minst 3,4 miljoner euro i nettolikvid med Aktieemissionen kommer Bolaget att behöva ytterligare finansiering för rörelsekapitalet. 2. BBS affärsverksamhet är för närvarande i ett stadium av utveckling, och av detta följer att utvecklingen av affärsverksamheten inbegriper osäkerhetsfaktorer. 3. Det är möjligt att Aktieemissionen inte blir fulltecknad och om Aktieemissionen inbringar väsentligt mindre medel än förväntat kommer detta att påverka Bolagets förmåga att använda likviden som planerat. 4. Företaget kommer sannolikt att behöva ytterligare eget kapital och/eller skuldfinansiering efter Aktieemissionen för att implementera sin affärsplan och det finns ingen säkerhet att sådan ytterligare finansiering kommer att finnas tillgänglig. 5. CE-märkning och FDA-godkännande av BBS produkt innebär sådana risker som kan orsaka betydande extra kostnader och förseningar. 6. Produktion, lagring och reproducerbarhet av produktion av BBS extrakt och implantat medför risker som kan leda till betydande extra kostnader. 7. Även om extraktet och implantatet släpps ut på marknaden kanske BBS inte kan skapa det omfattande säljnätverk som krävs, och produkterna kanske inte får marknadsacceptans på slutanvändarnivå. 8. Prissättning och ersättningsnivå för produkter uppgår inte till de nivåer som planerats. 9. BBS nuvarande immateriella rättigheter kanske inte är tillräckliga för att skydda Bolagets produkter tillräckligt effektivt. 10. BBS kan kränka tredje parts immateriella rättigheter, och påståenden om intrång i immateriella rättigheter kan göras mot Bolaget. 11. Branschens konkurrenssituation och det nedåtgående trycket på priserna och förekomsten av konkurrerande produkter kan ha en negativ inverkan på BBS lönsamhet och marknadsandelar i framtiden. 12. BBS kan bli föremål för produktansvar och produktsäkerhetsanspråk, vilket kan ha en negativ inverkan på affärsverksamheten.
3. Viktiga uppgifter om värdepapperen	
3.1	**Vad är värdepapperens viktigaste egenskaper?** Erbjudandet uppgår till maximalt 3.490.762 nya aktier (”Emissionsaktier”). Före Aktieemissionen uppgår antalet aktier i Bolaget till 6.981.525 aktier. Emissionaktiernas ISIN-kod är FI4000260583 och kortnamn är BONEH på Nasdaq First North Growth Market Finland (”First North Finland”) som drivs av Nasdaq Helsinki Oy (”Helsingforsbörsen”), och BONES på Nasdaq First North Growth Market Sweden (”First North Sweden”) som drivs av Nasdaq Stockholm AB (”Stockholmsbörsen”). Emissionsaktierna har inget nominellt värde. De Emissionsaktier som tecknas i Aktieemissionen kommer att registreras i det värdepapperssystem som drivs av Euroclear Finland Oy, adress Urho Kekkonens gata 5 C (PL 1110), 00100 (00101) Helsingfors, Finland (”Euroclear Finland”) och de kommer att levereras till investerare via de värdepapperssystem som drivs av Euroclear Finland och Euroclear Sweden AB, adress Klarabergsviadukten 63 (Box 191), 111 64 (101 23) Stockholm, Sverige (”Euroclear Sweden”). Den som är registrerad som aktieägare i Bolagets aktieägarförteckning vilken upprätthålls av Euroclear Finland eller Euroclear Sweden erhåller en (1) teckningsrätt (”Teckningsrätt” eller ”TR”) för varje ägd aktie på Aktieemissionens avstämningsdag, den 13 maj 2022 (”Avstämningsdag”). Två (2) Teckningsrätter ger innehavaren rätt att teckna en (1) Emissionsaktie. Teckningsrätterna kommer att registreras på aktieägarnas värdepapperskonton i värdepapperssystemet som drivs av Euroclear Finland ungefär den 16 maj 2022 och i värdepapperssystemet som drivs av Euroclear Sweden ungefär den 17 maj 2022. Teckningsrätterna är fritt överlåtbara och de kommer att handlas på First North Finland (kortnamn BONEHU0122, ISIN-kod: FI4000522818), och på First North Sweden (kortnamn BONES TR, ISIN-kod: SE0017885999), mellan den 18 maj 2022 och den 27 maj 2022. Efter teckningen kommer interimsaktier, så kallade Betalda Tecknade Aktier (”BTA”) att bokas in på tecknarens VP-konto. Handel med BTA kommer att inledas på First North Finland (kortnamn BONEHN0122, ISIN-kod: FI4000522826) och på First North Sweden (kortnamn BONES BTA, ISIN-kod: SE0017886005) som en separat art ungefär den 18 maj 2022. Efter registrering av Emissionsaktierna i handelsregistret kommer BTA att omvandlas till vanliga aktier.

	Emissionsaktierna är i euro. Emissionsaktierna som omfattas av handel på First North Finland handlas och hanteras i euro. Emissionsaktierna som omfattas av handel på First North Sweden handlas och hanteras i svenska kronor. BBS kommer även att fritt överlåta upp till 436.345 tekningsoptioner av serie TO1 och upp till 436.345 tekningsoptioner av serie TO2 (”Teckningsoptioner”) till de som har tecknat Emissionsaktier i Aktieemissionen, vilka ger rätt att teckna upp till 872.690 nya aktier i Bolaget. Teckningsoptionerna utfärdas på ett sådant sätt att för varje åtta (8) tecknad, betald och tilldelad Emissionsaktie, vars tecknande har godkänts av styrelsen, kommer tecknaren att få en (1) Teckningsoption av serie TO1 och en (1) Teckningsoption av serie TO2. ISIN-koderna för Teckningsoptionerna är FI4000522891 (TO1) och FI4000522909 (TO2). Bolaget har för avsikt att lämna in en ansökan till Stockholmsbörsen och Helsingforsbörsen om att lista Teckningsoptionerna på First North Sweden och First North Finland. Kortnamn på First North Sweden förväntas bli BONES TO1 och BONES TO2 och på First North Finland BONEHEW12022 och BONEHEW22022. Rättigheterna kopplade till Emissionsaktierna inkluderar till exempel företräde till att teckna nya aktier i Bolaget, rätten att delta i och utöva rösträtt på bolagsstämman, rätten till utdelning och annan obegränsad aktieutdelning och rätten att kräva inlösen av aktierna till verkligt värde från en aktieägare som äger mer än 90 procent av alla aktier och röster i Bolaget samt andra allmänna rättigheter enligt aktiebolagslagen. Emissionsaktierna är fritt överlåtbara. Varje Emissionsaktie berättigar till en röst på bolagsstämman. Enligt aktiebolagslagen får ett depåbevis för aktier i ett aktiebolag endast hänföras till en utsedd person, men ett depåbevis får inte hänföras alls om bolagets aktier är knutna till ett värdepapperssystem som i fallet med BBS aktier. Bolagets styrelse har inte fastställt en utdelningspolicy för Bolaget. Bolagets eventuella framtida utdelningar är beroende av Bolagets framtida utveckling och finansiella ställning. Bolaget har aldrig betalat utdelning och per den 31 december 2021 har Bolaget inga utdelningsbara medel. Det finns ingen säkerhet om Bolaget kommer att kunna betala utdelning för någon räkenskapsperiod.
3.2	**Handel med värdepapperen** Bolagets aktier handlas på First North Finland och First North Sweden. Bolaget kommer att ansöka om att Teckningsrätterna, de Betalda Tecknade Aktierna och Teckningsoptionerna tas upp till handel på First North Finland och First North Sweden. Nasdaq First North Growth Market är en registrerad tillväxtmarknad för små och medelstora företag. Emittenter på Nasdaq First North Growth Market omfattas inte av samma regler som emittenter på en reglerad marknad, enligt definitionen i EU-lagstiftningen. I stället är de föremål för mindre omfattande regler och förordningar som är anpassade till små tillväxtföretag.
3.3	**Omfattas värdepapperen av en garanti?** Värdepapperen omfattas inte av en garanti.
3.4	**Vilka är de huvudsakliga riskerna kopplade till värdepapperen?** 1. Marknadspriset för aktier, Teckningsrätter och Teckningsoptioner kan variera avsevärt, och marknadspriset för aktierna kan sjunka under teckningskursen. 2. Om aktieägarna inte använder sina Teckningsrätter kan detta späda ut den proportionella andelen ägande och Teckningsrätterna kan komma att förlora hela sitt värde. 3. Det är möjligt att det inte uppstår en likvid publik marknad för Bolagets aktier, Teckningsrätter eller Teckningsoptioner.
4. Viktiga uppgifter om erbjudandet av värdepapperen och handeln med dem	
4.1	**Krav och tidsplan för investeringar i värdepapperen** BBS kommer att förse alla sina aktieägare som anges i aktieägarförteckningen som upprätthålls av Euroclear Finland eller Euroclear Sweden med en (1) Teckningsrätt för varje ägd aktie på Aktieemissionens Avstämningsdag, den 13 maj 2022. Två (2) Teckningsrätter ger innehavaren rätt att teckna en (1) Emissionsaktie. Teckningsperioden för Emissionsaktierna kommer att inledas den 18 maj 2022 kl. 10.00 finsk tid (9.00 svensk tid) och avslutas den 3 juni 2022 kl. 16.00 finsk tid (15.00 svensk tid) i Finland och den 1 juni 2022 kl. 16.00 finsk tid (15.00 svensk tid) i Sverige. Fraktioner av Emissionsaktier kommer inte att överlåtas, och Teckningsrätter kan inte användas delvis. Teckningsrätterna kommer att registreras på aktieägarnas VP-konton i värdepapperssystemet som upprätthålls av Euroclear Finland ungefär den 16 maj 2022 och i värdepapperssystemet som upprätthålls av Euroclear Sweden ungefär den 17 maj 2022. Teckningsrätterna kan fritt överlåtas, och de handlas på First North Finland (kortnamn BONEHU0122, ISIN-kod: FI4000522818) och på First North Sweden (kortnamn BONES TR, ISIN-kod: SE0017885999), mellan den 18 maj 2022 och den 27 maj 2022. De aktier som är intecknade eller omfattas av andra begränsningar kräver samtycke från innehavaren av inteckningen eller rättigheten. Emissionsaktierna emitteras till en teckningskurs på 1,30 euro eller 13,48 svenska kronor per Emissionsaktie. BBS kommer även att fritt överlåta upp till 436.345 tekningsoptioner av serie TO1 och upp till 436.345 tekningsoptioner av serie TO2 (”Teckningsoptioner”) till de som har tecknat Emissionsaktier i Aktieemissionen, vilka ger rätt att teckna upp till 872.690 nya aktier i Bolaget. Teckningsoptionerna utfärdas på ett sådant sätt att för varje åtta (8) tecknad och betald Emissionsaktie, vars tecknande har godkänts av styrelsen, kommer tecknaren att få en (1) Teckningsoption från TO1-serien och en (1) Teckningsoption från TO2-serien. Fraktioner av Teckningsoptioner kommer inte att hanteras. Varje

	Teckningsoption ger ägaren rätt att teckna en (1) ny aktie mellan 21 november och 2 december 2022 (Teckningsoption TO1) och mellan 22 maj och 2 juni 2023 (Teckningsoption TO2). Teckningskursen för aktier som kan tecknas med Teckningsoption kommer att fastställas på ett sådant sätt att Teckningskursen motsvarar det volymviktade genomsnittspriset på en Bolagets aktie på First North Finland mellan 7 och 17 november 2022 (TO1) och mellan 8 och 18 maj 2023 (TO2) minskat med 25 procent. Aktier som tecknas med hjälp av Teckningsoptioner överlåtna genom Euroclear Sweden ska betalas i svenska kronor. Teckningskursen i svenska kronor kommer att fastställas enligt Riksbankens växelkurs för euro och svenska kronor dagen före handel. Kortnamn på First North Sweden förväntas bli BONES TO1 och BONES TO2 och på First North Finland BONEHEW12022 och BONEHEW22022. ***Avgifter och kostnader*** I samband med Aktieemissionen förväntas Bolaget betala totalt cirka 0,5 miljoner euro i emissionsavgifter och emissionskostnader. Bolaget, Nordea Bank Oyj eller Hagberg & Aneborn Fondkommission AB debiterar inte investerare som tecknar Emissionsaktier några avgifter eller kostnader. Värdepappersmäklare och andra tjänsteleverantörer kan dock ta ut avgifter från investerare enligt avtalet mellan tjänsteleverantören och investeraren. ***Utspädning*** Om Aktieemissionen tecknas helt kommer Emissionsaktierna att utgöra ungefär 33,3 procent av Bolagets aktier och röster efter Aktieemissionen. Om en Aktieemission och dessutom det maximala antalet Teckningsoptioner emitteras, och samtliga Teckningsoptioner används för att teckna aktier, kommer motsvarande totala nya aktier att uppgå till ungefär 38,5 procent av Bolagets alla aktier, efter tillhandahållandet av de tecknade aktierna på grundval av Aktieemissionen och Teckningsoptionerna. ***Tillämplig lagstiftning*** Aktieemissionen och Emissionsaktierna regleras enligt finsk lagstiftning. Eventuella tvister som rör Aktieemissionen ska avgöras av behörig tingsrätt i Finland.
4.2	**Varför upprättas detta EU-tillväxtprospekt?** BBS har förberett och publicerat detta Prospekt för att genomföra Aktieemissionen och erbjuda Teckningsoptioner. ***Syftet med Aktieemissionen*** Likviderna från Aktieemissionen kommer att användas för att slutföra den pågående CE-ansökningsprocessen för BBS-benimplantatet ARTEBONE® Paste, för att starta kommersialiseringen av ARTEBONE® Paste och för amortering och räntebetalningar av lån, beskrivs mer i detalj under "*Bakgrund och skäl för emissionen - Beräknad avkastning och användning av medel.*" ***Uppskattad emissionslikvid och användning av medel*** De totala emissionslikviden kan nå upp till cirka 4,5 miljoner euro på grundval av det maximala antalet Emissionsaktier (3.490.762 Emissionsaktier) och Teckningskursen på 1,30 euro per Emissionsaktie. Nettolikvid av Aktieemissionen är upp till cirka 4,0 miljoner euro efter att avgifter och kostnader för emissionen på ungefär 0,5 miljoner euro, som ska betalas av Bolaget, har avräknats från likviden. Bolaget kan dock genomföra Aktieemissionen även om Emissionsaktierna inte tecknas helt. I ett sådant fall kommer de totala emissionslikviden och nettolikviden av Aktieemissionen att bli lägre. Bolaget räknar med att spendera nettolikviden från Aktieemissionen och Teckningsoptioner på att genomföra Bolagets affärsplan, stärka rörelsekapitalet liksom på skuldreglering och betalningar, inklusive, med inte begränsat till, följande: 1. Det främsta syftet som avses med medlen är att slutföra den pågående ansökningsprocessen för CE-märkning för BBS benimplantat ARTEBONE® Paste, inbegripet certifieringen av Bolagets kvalitetssystem enligt ISO 13485 som en del av CE-märkningen. Medlen kommer även att användas för produktutveckling, upprätthållande av patentportföljen och utveckling av produktionen, liksom för ansökningsprocessen för FDA-certifiering, genom vilken ARTEBONE® Paste kan erhålla rätt till försäljning på den amerikanska marknaden. 2. För inledande av kommersialiseringen av ARTEBONE® Paste (cirka 0,7 miljoner euro). 3. För betalning av lån och räntebetalningar för lånet på 0,7 miljoner euro, som ska betalas under nästa tolvmånadersperiod. I RiverForts teckningsförbindelsen på cirka 150 000 EUR ingår ett villkor om att Bolaget ska använda likviden från RiverFort för att återbetala RiverForts lånefordran på Bolaget (För mer information om lånefaciliteten, se "*Finansiell information och nyckeltal – Företags väsentliga lån - RiverFort Loan Facility*" i Prospektet). Ovannämnda uppskattning av användningen av nettolikvider är baserad på antagandet om full teckning i Aktieemissionen. Den beräknade andelen medel som avsätts för ovanstående syften kan komma att variera, grundat på mängden kapital som anskaffas och på hur Bolagets affärsverksamhet utvecklas. Om Aktieemissionen inte tecknas fullt kan det hända att de planerade åtgärderna inte kan genomföras fullt ut och att besparingsåtgärder måste vidtas, vilket skulle kunna försena produktionen, marknadsföringen och inledandet av handeln. ***Teckningsförbindelser*** Bolagets nuvarande aktieägare Reisjärven kunta, Finha Capital Oy, Panvest Oy, RiverFort Global Opportunities PCC Limited, Jarmo Halonen, Jyrki Halonen, Pekka Jalovaara och Ahti Paananen har lämnat teckningsförbindelser vad gäller

	tecknandet av Emissionsaktier, som uppgår till ungefär 34,9 procent av Aktieemissionen, dvs. de har erbjudit sammanlagt 1,6 miljoner euro i garantier för Aktieemissionen. ***Intressekonflikter*** Aalto Capital Partners Oy agerar som BBS finansiella rådgivare för Aktieemissionen i enlighet med villkoren i det ingångna avtalet. Avtalet specificerar de tjänster som Aalto Capital Partners Oy kommer att erbjuda i samband med Aktieemissionen samt granskar parternas rättigheter och skyldigheter. Aalto Capital Partners Oy kommer att erhålla den avgift som har avtalats om i förväg för dessa tjänster. En del av avgifterna är bunden till de likvider som genereras av Aktieemissionen. Det ligger därför i Aalto Capital Partners Oys intresse att Aktieemissionen blir framgångsrik.

PERSONS RESPONSIBLE, THIRD-PARTY INFORMATION, EXPERTS' REPORTS, AND COMPETENT AUTHORITY APPROVAL

Person responsible for the Prospectus and their declaration

BBS-Bioactive Bone Substitutes Oyj, domiciled in Oulu, is responsible for this Prospectus. The Company declares that the details of the Prospectus correspond to facts according to the Company's best understanding and nothing that may likely affect the matter has been excluded from the Prospectus.

Third party details

This Prospectus contains data about the market and field of operation in which BBS is active, the size of the market, as well BBS' competitive position. Whenever the data contained in this Prospectus originates from third-party sources, the sources are cited.

The Company confirms that the information from third parties in the Prospectus is represented properly. Even though the Company has duly reproduced the data obtained from third-party sources, the Company has not verified the accuracy of this data, market data, or other data on which third parties have based their research. Insofar as the Company is aware of and has been able to verify the data published by such third parties, it has not omitted anything that could make the data imprecise or misleading. Furthermore, market research is often based on data and assumptions that can be imprecise or unsuitable, and the methodology used is inherently future-related and speculative.

This Prospectus also contains evaluations concerning the Company's market position, which cannot be gathered from publications by individuals or organisations that conduct market research or from other independent sources. In many cases, the data in question is not publicly available from sources such as trade associations, public authorities, or other organisations or institutions. The Company believes that the internal data contained in this Prospectus regarding market data and data derived from it will help investors get a better picture of the field of operation in which the Company is active, as well as the Company's position within it. Although the Company believes that its internal market estimates are correct, no outside expert has inspected or verified them, and the Company cannot guarantee that an outside expert would arrive at the same results using different methods.

The data sources used in the Prospectus are as follows:

- Allied Market Research Report: Bone Grafts and Substitutes Market by Product (Allografts, Bone Grafts Substitutes, and Cell-based Matrices), by Application (Spinal Fusion, Long Bone, Foot & Ankle, Craniomaxillofacial, Joint Reconstruction, and Dental Bone Grafting) - Global Opportunity Analysis and Industry Forecast, 2014 – 2022
- Allied Market Research Report: Bone Grafts and Substitutes Market Size, Share & Trends Analysis Report by Material Type (Allograft, Synthetic), By Application Type (Spinal Fusion, Craniomaxillofacial, Long Bone), By Region, And Segment Forecasts, 2019 - 2026
- Bae et al. Intervariability and intravariability of bone morphogenetic proteins in commercially available demineralized bone matrix products. Spine (Phila Pa 1976) 20;31(12): Pages 1299-1306; 200
- DiGiovanni, C. W. et al. Prospective, Randomized, Multi-Center Feasibility Trial of rhPDGF-BB versus Autologous Bone Graft in a Foot and Ankle Fusion Model. Foot Ankle Int. 32, 344–354 (2011).GlobalData: Bone Grafts and Substitutes, Global Outlook, 2015–2028
- Grand View Research - Bone Grafts and Substitutes Market Analysis by Material (Natural - Autografts, Allografts; Synthetic - Ceramic, Composite, Polymer, Bone Morphogenetic Proteins (BMP)), By Application (Craniomaxillofacial, Dental, Foot & Ankle, Joint Reconstruction, Long Bone, Spinal Fusion) Forecasts To 2024
- Service pricelist of the Hospital District of Helsinki and Uusimaa 2017
- H. Shergafi, et al. Bone transplantation and immune response. Journal of Orthopaedic Surgery. 2009
- Subtalar Arthrodesis with Use of Adipose-Derived Cellular Bone Matrix Compared with Autologous Bone Graft A Multicenter, Randomized Controlled Trial C. Lucas Myerson, MD, Mark S. Myerson, MD, J. Chris Coetzee, MD, Rebecca Stone McGaver, MS, ATC, and M. Russell Giveans, PhD J Bone Joint Surg Am. 2019;101:1904-11

- Polaris Market Research: Bone Grafts and Substitutes Market Size, Share & Trends Analysis Report by Material Type (Natural, Synthetic); By Application Type (Spinal Fusion, Craniomaxillofacial, Long Bone); By Region - Segment Forecast, 2021 - 2028
- SS. Lim, et al. A comparative risk assessment of burden of disease and injury attributable to 67 risk factors and risk factor clusters in 21 regions, 1990-2010: a systematic analysis for the Global Burden of Disease Study 2010. Lancet. 2012
- Tannoury CA et al. Complications with the use of bone morphogenetic protein 2 (BMP-2) in spine surgery. The Spine Journal 14(3). 2013
- Transparency Market Research Bone Grafts and Substitutes Market - Global Industry Analysis, Size, Share, Growth, Trends and Forecast, 2015 – 2023, Global Industry Analysts – Bone Graft Substitutes – A Global Strategic Business Report
- The Orthopaedic Industry Annual Report 2015
- The Orthopaedic Industry Annual Report 2016
- The Orthopaedic Industry Annual Report 2019
- The Orthopaedic Industry Annual Report 2021
- Tölli H, Thesis: Reindeer – Derived Bone Protein Extract in the healing of bone defects Evaluation of various carrier materials and delivery systems, University of Oulu 2011
- Vision Research Reports - Bone Graft and Substitutes Market Size, Share, Trends, Growth, Production, Consumption, Revenue, Company Analysis and Forecast 2021–2028

Competent authority's approval

This Prospectus has been approved by the Finnish Financial Supervisory Authority, as competent authority under Regulation (EU) 2017/1129. The Finnish Financial Supervisory Authority has only approved this Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by Regulation (EU) 2017/1129 and this approval should not be considered as an endorsement of the issuer that is the subject of this Prospectus. Investors should make their own assessment as to the suitability of investing in the securities i.e., the Offer Shares.

This Prospectus has been prepared as an EU growth prospectus in accordance with Article 15 of Regulation (EU) 2017/1129.

BACKGROUND AND REASONS FOR THE OFFERING

Purpose of the Offering

This Prospectus has been prepared for the Company's share issue (the "Offering") in which maximum of 3,490,762 Company's new shares (the "Offer Shares") are offered for subscription to existing shareholders on the basis of the shareholders' pre-emptive subscription rights. The proceeds received from the Offering will be used, among other things, to complete the ongoing process for applying for the BBS bone implant ARTEBONE® Paste CE marking, launching the commercialization of the ARTEBONE® Paste and pay the loan instalments and interest as described in more detail under section "*Background and reasons for the Offering – The use and estimated amount of the proceeds from the Offering*" of the Prospectus.

The use and estimated amount of the proceeds from the Offering

The total proceeds of the Offering may amount at maximum approximately EUR 4.5 million based on the maximum number of Offer Shares (3,490,762 Offer Shares) and the Subscription Price of EUR 1.30 per Offer Share. The net proceeds of the Offering amount to a maximum of approximately EUR 4.0 million after deducting estimated offering fees and expenses payable by the Company of approximately EUR 0.5 million. The Company may complete the Offering even though the Offer Shares are not subscribed for in full, in which case the total and net proceeds of the Offering are accordingly lower.

The Company estimates that it will spend the net proceeds received from the Offering and the Warrants on implementing the Company's business plan, strengthening the working capital as well as on debt servicing and payments, including, but not limited to, the following:

1.The main intended use of proceeds is to successfully complete the ongoing CE marking application process for BBS' bone implant ARTEBONE® Paste including the ISO 13485 certification of the Company's quality system as part of the CE marking. The proceeds will also be used for product development, maintaining the patent portfolio and developing production as well as for the FDA approval application process for obtaining a marketing authorization for ARTEBONE® Paste in the U.S. market.

2. For initiating the commercialisation of ARTEBONE® Paste (approximately 0.7 million euros).

3. For paying the loan repayments and interest of EUR 0.7 million, which will be repayable in the next 12 months.

In addition, the subscription undertaking given by RiverFort in connection with the Offering includes a provision, based on which the Company shall use a sum corresponding the subscription price paid by RiverFort in the Offering for repayment of RiverFort's loan receivable from the Company (for further details, please see section "*Financial information and key figures – Material loans of the Company – RiverFort loan arrangement*" of the Prospectus).

The above-mentioned estimation on the use of proceeds is based on the assumption of maximum proceeds being raised in the Offering.

The above presented estimate on the use of proceeds is based on the assumption that the Offering is fully subscribed. The estimated proportions of the use of proceeds may vary depending on the amount of the capital raised and the business development. If the Offering is not fully subscribed, it may not be possible to implement the planned measures in full and austerity measures must be taken, which can potentially cause a delay in starting production, marketing and sales.

Advisors

The Company's financial advisor is Aalto Capital Partners Oy, and their contact details are: Mikonkatu 15A, 00100 Helsinki, Finland.

The Company's certified advisor is Nordic Certified Advisers SB, and their contact details are: Stureplan 15, 111 45 Sweden.

The Company's legal advisor regarding Finnish law in the preparation of this Prospectus is Smartius Oy and their contact details are: Köydenpunojankatu 14, 20100 Turku, Finland.

Relevant conflicts of interest related to the Offering

Aalto Capital Partners Oy is acting as BBS' financial advisor for the Offering in accordance with the terms of the concluded agreement. The agreement specifies the services that Aalto Capital Partners Oy will offer in connection with the Offering as well as the rights and obligations of parties. Aalto Capital Partners Oy will receive the fee, that has been agreed to in advance for these services and a portion of the fees is tied to the amount of proceeds received from the Offering. It is therefore in Aalto Capital Partners Oy's interests for the Offering to be successful.

STRATEGY, FUNDING AND BUSINESS ENVIRONMENT

Details about the issuer

The issuer's business name is BBS-Bioactive Bone Substitutes Oyj, BBS-Bioactive Bone Substitutes Abp in Swedish and BBS-Bioactive Bone Substitutes Plc in English. The Company has been registered in the Finnish Patent and Registration Office's trade register on 6 February 1991, and its Business ID is 0866451-4 and its legal entity identifier (LEI) is 743700BYSBP0PCR6N767. The accounting period of the Company is one calendar year.

The Company's domicile is Oulu, and its company form is a public limited liability company referred to in the Finnish Limited Liability Companies' Act (624/2006 including amendments, the "Companies Act"), and is governed by the legislation in force in the Company's place of establishment and registration country Finland. The address of the Company's main office is BBS-Bioactive Bone Substitutes Oyj, Kiviharjunlenkki 6, 90220 Oulu and its phone number is +358 40 7080 307.

According to Section 2 of the Articles of Association, BBS' field of business is to exercise medical and dental research and treatment activities, as well as maintain a research and treatment facility, convene related services, import, purchase, sell, hire and produce machines, devices, equipment and medicinal products necessary in this field of business. Medical activities for commercialising artificial bone and exercising business with artificial bone and manufacturing rights.

The Company's website address is www.bbs-artebone.fi. The Company underlines that any information on the said website, or on other websites referenced on the Company's websites, is not part of the Prospectus, except of such information which has been incorporated by reference herein (see section "*Information incorporated by reference*") or unless it is a case of supplementing the Prospectus, which is deemed as part of the Prospectus. The Finnish Financial Supervisory Authority has not audited or approved the information on the Company's website or on other websites referred to on the Company's website.

Financing

Main changes in the Company's external funding and financial structure

The following main changes have occurred in the Company's external funding or financial structure between the end of the financial year that ended on 31 December 2021 and the date of this Prospectus:

- The Company has agreed with RiverFort Global Opportunities PCC Ltd ("RiverFort") on a draw down of additional capital of EUR 250,000 in accordance with the terms of the financing agreement published on 30 September 2021. The additional capital was drawn down on 23 February 2022. BBS paid a transaction fee of EUR 22,500 by transferring 9,113 of its own shares to RiverFort at a price of 2.4689 euros per share. In accordance with the terms of the original financing agreement, the reference price is bound to the volume-weighted average price (VWAP) of the five (5) days prior to the payment of each block of shares. After increasing the block of shares, BBS issued RiverFort 36,164 warrants. Please see further information in the Prospectus section "*Financial information and key figures – Material loans of the Company – RiverFort loan arrangement*" of the Prospectus).
- The Company has concluded a loan commitment agreement with Finha Capital Oy, which enables draw down of EUR 450,000 working capital credit, if necessary. The final terms of the credit shall be agreed upon separately in connection with any draw down. The agreement has been replaced by a subscription undertaking given by Finha Capital Oy in connection with the Offering and it is no longer valid on the date of the Prospectus.

Statement on the planned funding

Before the Offering, the Company's operations have been financed with share issues, Business Finland's product development loans, loans granted by shareholders and a capital loan granted by Tekes.

In addition, in September 2021, the Company has agreed with RiverFort Global Operations PCC Ltd on a loan-type capital arrangement of up to EUR 2,000,000 for strengthening the Company's working capital. The loan includes the right to replace it for Company shares as specified in more detail in the loan agreement (see further information in the Prospectus section "*Financial information and key figures – Material loans of the Company – RiverFort loan arrangement*" of the Prospectus). The arrangement has been agreed upon jointly with the London-based RiverFort Global Capital Limited. By the date of the Prospectus, a total of EUR 1,000,000 have been withdrawn and thus the agreement allows the Company to draw additional capital of up to EUR 1,000,000. With the help of the described financial arrangements, the Company's working capital has been strengthened and the submission of the Company's CE marking application in March 2022 has been enabled.

The Company's activities and business operations are intended to be financed for 12 months from the date of the Prospectus with the proceeds raised from the Offering and any new shares that may be subscribed with the Warrants. In addition to the proceeds raised with the Offering, the intended purposes described in the Prospectus section "*Background and reasons of the Offering - The use and estimated amount of the proceeds from the Offering*" may require further funding, which can be acquired for the Company, for example, through new loan instruments or share issues. The Company's Board of Directors shall separately decide on any necessary measures concerning the acquisition of funding, while considering the intended purposes for funds raised with the Offering, described in the Prospectus section "*Background and reasons of the Offering - The use and estimated amount of the proceeds from the Offering*".

Market overview

Introduction

BBS-Bioactive Bone Substitutes Oyj (BBS) is a biotechnology company positioned within the orthopaedics market and segmented in the orthobiologic products.

Orthopaedics addresses the treatment of musculoskeletal disorders, injuries and diseases such as arthritis, osteoporosis, fractures, back pain, scoliosis and soft tissue disorders. Especially bone defects and disturbances in bone union and healing due to different reasons, such as various injuries or illnesses, are common bone problems in orthopaedics. These problems can occur with for example trauma and prosthesis surgery and bone disease. Orthopaedic diseases are the second largest cause of disability and they have the fourth biggest impact on public health worldwide[3]. Certain bone healing problems and defects will require either bone transplantation (autografting, allografting) or bone substitutes implant and as a result, bone tissue is the second most transplanted type of tissue in the world[4].

BBS' core competence is in development and manufacturing of easy and ready-to-use osteopromotive orthobiologic bone substitute implants. The bone graft substitutes are intended to be used instead of own-bone- and bank-bone grafts for the treatment of various forms of injuries and diseases that affect bone tissue. Orthobiologics are biological materials used to improve the healing of bones, injured muscles, tendons and joint and etc. ligaments. Orthobiologic products support tissue healing by harnessing regenerative potential in cellular scale and accelerating healing by adapting biology or biochemistry to replace musculoskeletal tissues. Orthobiologics have application across joint reconstruction, trauma, soft tissue and spine surgery.

Different bone grafting methods

Autograft and Allograft

Traditionally bone transplants come from patient's own bone usually harvested from iliac crest (autograft), commercially available bone products from donors (allograft) or from bone banks which store bone taken during bone surgeries (allograft). Historically autograft has been the criterion standard. The use of previously mentioned substitutes is restricted by the limited availability of autologous bone, bank bone and allograft products. In addition to the limitations in availability, the need for multiple surgical operations increases the risk of infections and transmission of diseases and at the same time additional operations needed to harvest the bone grafts increase the total cost of the procedures. Due to the aforementioned reasons, the demand of alternatives and replacements of autologous bone grafts is increasing and, as a result, the use of bone graft substitutes has increased steadily in recent years. In addition, the new generation of orthopaedic surgeons is moving to the use of substitutes, due to the advantages of the shorter operation times, the avoidance of the increased risk of morbidity and complications inflicted upon the patient and the avoidance of additional surgical operations required in traditional bone graft solutions is significant not only for the well-being of the patient but also for the society.

Bone graft substitutes

The increasing demand for biocompatible bone grafts substitutes has raised the interest and efforts of companies to develop comprehensive orthobiologic platforms. Biocompatible bone graft substitutes do not face rejection reaction from the host; hence, their development has been the recent main trend in the market[5].

The main available alternatives for autografts and allografts are synthetic mineral-based bone substitutes and Demineralised Bone Matrix (DBM) products, both of which are moderately priced. However, they are not always

[3] 1 SS. Lim, et al. A comparative risk assessment of burden of disease and injury attributable to 67 risk factors and risk factor clusters in 21 regions, 1990-2010: a systematic analysis for the Global Burden of Disease Study 2010. Lancet. 2012

[4] H. Shergafi, et al. Bone transplantation and immune response. Journal of Orthopaedic Surgery. 2009

[5] Allied Market Research Report: Bone Grafts and Substitutes Market by Product (Allografts, Bone Grafts Substitutes, and Cell-based Matrices), by Application (Spinal Fusion, Long Bone, Foot & Ankle, Craniomaxillofacial, Joint Reconstruction, and Dental Bone Grafting) - Global Opportunity Analysis and Industry Forecast, 2014 - 2022

effective enough for sufficient bone healing. The products leading the market have been based on technology of producing recombinant bone morphogenetic proteins (rhBMP) which are quite expensive compared to those previously mentioned. In addition, they also have possible side effects and such as overgrowth and malign degeneration[6].

Market lacks bone void fillers that outperform the synthetic materials and DBMs but would still be substantially more cost effective than synthetic growth factor BMP products. In addition to higher prices, the growth factor BMP products, which have been market leaders, have sustained serious adverse effect problems and their sales have decreased significantly. This provides more space on the markets for the ARTEBONE® product developed by BBS.

Markets

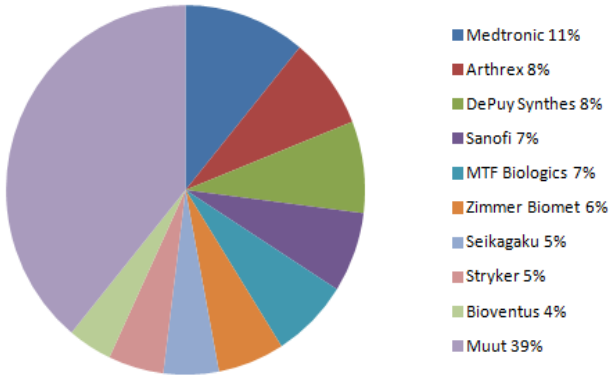
Total market size

According to Orthoworld's Orthopaedic Industry Annual Report 2021, published in June, the total sales of global orthopaedic markets was 47.5 billion US dollars in 2020 and it is expected to increase to 54.5 billion dollars in 2021. Orthoworld forecasted that the market will increase by 14.6% compared to 2020 and 2.5% compared to 2019. The global sales of orthobiological products are a significant part of the orthopaedic market. In 2020, the sales of orthobiological products totalled 4.5 billion US dollars (5.3 billion US dollars in 2019). The decrease in sales between 2019-2020 is mainly due to the uncertainty factors and challenges caused by the COVID-19 pandemic. The market was reported to have returned towards normal figures in 2021[7]. The annual growth of the orthobiological products' market is forecasted to be approximately 3.5-3.7 percent[8]. The bone substitutes market (allograft and synthetic products) was valued at approximately 2.3 – 2.7 billion USD in year 2015[9] and this represents the current serviceable market for BBS. In addition to the existing bone substitutes market, a latent market also exists for bone graft substitutes, as approximately 1/3 of all relevant operations are made with autograft. Therefore, the potential bone graft substitute market can, based on BBS's estimates, grow by 50 % to up to 4 billion USD. Based on understanding of the Company's management, young generation orthopaedic surgeons are gladly and readily moving from autografts to the use of bone graft substitutes, which is one of the main force driving the market.

Competition landscape within the market

The orthopaedic market is relatively concentrated. Larger players generate significant gross margins (typically over 80 %) through their control of the clinician interface. Smaller companies tend to be the locations of significant product research and development and larger players often buy these companies to strengthen their offerings[10].

Companies' market shares in orthobiologics in 2018 are shown in the following graph[8].



Graph: Companies' market shares in the orthobiological sector in 2018[8]

[6] Tannoury CA et al. Complications with the use of bone morphogenetic protein 2 (BMP-2) in spine surgery. The Spine Journal 14(3). 2013

[7] The Orthopaedic Industry Annual Report, Orthoworld's publication in June 2021

[8] The Orthopaedic Industry Annual Report, Orthoworld's publication in March 2019

[9] Transparency Market Research Bone Grafts and Substitutes Market - Global Industry Analysis, Size, Share, Growth, Trends and Forecast, 2015 – 2023, Global Industry Analysts – Bone Graft Substitutes – A Global Strategic Business Report, Allied Market Research - Bone Grafts and Substitutes Market by Product (Allografts, Bone Grafts Substitutes, and Cell-based Matrices), by Application (Spinal Fusion, Long Bone, Foot & Ankle, Craniomaxillofacial, Joint Reconstruction, and Dental Bone Grafting) - Global Opportunity Analysis and Industry Forecast, 2014 – 2022, Grand View Research - Bone Grafts And Substitutes Market Analysis By Material (Natural - Autografts, Allografts; Synthetic - Ceramic, Composite, Polymer, Bone Morphogenetic Proteins (BMP)), By Application (Craniomaxillofacial, Dental, Foot & Ankle, Joint Reconstruction, Long Bone, Spinal Fusion) Forecasts To 2024

[10] The Orthopaedic Industry Annual Report, Orthoworld's publication May 2015

In addition, a handful of companies, including LifeNet Health, Heraeus, AlloSource, RTI Surgical, NuVasive and Wright Medical, control a substantial market share of the remaining 39% of the orthobiologics market. As smaller companies develop and prove the efficacy of the novel orthobiologics, it's expected that the industry's top companies will invest in acquisitions or collaborations. Mergers and acquisitions do happen within the market such as when Zimmer announced it would buy Biomet in 2014. The merger took place in 2015[11].

All larger players within the market tend to specialise in a particular market segment, even if they have a large offering portfolio which covers a wide range of market areas. No single market player has achieved a leading position in more than one market segment[8].

In the Company's opinion, the key factors which enable the underlying market's biggest players' market dominance are:

- Well established and stable sales and distribution channels/sales forces
- Long term relationships with surgeons and healthcare professionals
- Compelling and reliable clinical results
- Competitive pricing
- Effective quantity and other discount models

Market disruption caused by coronavirus situation

On the basis of information from the Company's partner contacts, and on the basis of Finnish news and foreign publications, it is apparent that the turnover of orthopaedic companies has decreased significantly during 2020 compared to 2019. The Company's conclusion is supported by, e.g., Orthoworld, according to which the total value of the global orthopaedic market decreased by approximately USD 5.6 billion (-10,6 %) between 2019–2020 from a total of 53.1 billion US dollars in 2019 to 47.5 billion US dollars in 2020[7]. Orthoworld has reported that the market in 2021 has returned to the level in 2019 as the COVID-19 pandemic begins to ease. In 2021, the market is expected to gradually increase from 2019 (2.5%) and reach 54.5 billion US dollars[7]. In 2020, the decrease in the market was mainly due to healthcare's contingency measures caused by the coronavirus, which have led to elective treatment procedures being postponed. On the other hand, the deferrals of elective procedures will cause high patient numbers at the end of the year and will thus, quickly return the companies' turnovers to a pre-pandemic level. The long-term negative effect is the temporarily reduced ability of poorly performing companies to invest in new innovations. This may have a slowing effect on BBS' partner negotiations. On the other hand, it is increasingly more important for companies to acquire new competitive operators for themselves in the challenging competition situation.

Due to losses suffered by states, health care systems will be subject to even greater savings targets. For this reason, products and services that create savings without a decrease in the level of care are now in a much better competition situation. ARTEBONE® Paste has precisely these product characteristics.

Global bone grafts and substitutes market

The global bone substitutes market was valued at approximately 2.7 billion US dollars in 2020. According to Vision Research Reports, the global Bone Transplants and Substitutes markets are expected to reach a value of approximately 4.0 billion US dollars in 2028. In this case, the annual growth would be 5.5% during the years 2021–2028[12].

The adaptation of new operation techniques and the demand of minimally invasive surgery coupled with the rising number of orthopaedic surgeries caused by the ageing population are the main factors driving the growth of global bone substitutes market[13]. Moreover, the availability of advanced products in varied shapes and sizes providing high osteoconductive and osteoinductive properties are factors that drive the bone substitutes demand and usage globally[14].

Bone graft substitutes are used in orthopaedic surgeries for various applications. The increasing geriatric population contributes to occurrence of orthopaedic problems, which are for example connected with osteoporosis and the weakening of bones related with osteoporosis. According to the United Nations, Department of Economic and Social Affairs, Population Division, in year 2013 the number of people above age 60 reached 841 million and the number is expected to reach 2 billion by the year 2050. With the rise in the elderly population, the number of orthopaedic surgeries is expected to grow considerably in the near future. The aging population and the growing amount of orthopaedic surgeries and operations, therefore, are expected to have a positive effect on the overall bone graft market and the market's growth[14]. However, one of the limiting factors for the growth of the bone graft market is the risk of disease transmission. In addition

[11] The Orthopaedic Industry Annual Report, Orthoworld:n julkaisu maaliskuu 2016

[12] Vision Research Reports - Bone Graft And Substitutes Market Size, Share, Trends, Growth, Production, Consumption, Revenue, Company Analysis and Forecast 2021–2028

[13] Tannoury CA et al. Complications with the use of bone morphogenetic protein 2 (BMP-2) in spine surgery. The Spine Journal 14(3). 2013

[14] Polaris Market Research: Bone Grafts and Substitutes Market Size, Share & Trends Analysis Report By Material Type (Natural, Synthetic); By Application Type (Spinal Fusion, Craniomaxillofacial, Long Bone); By Region - Segment Forecast, 2021 - 2028

to the risk of disease transmission, the high cost of some of the products and the stringent official regulation are also limiting the market growth[15].

The bone-graft segment is predicted to grow considerably in the near future[14]. Allografts (bone banks etc.) are commonly used biomaterials worldwide[15]. Allografts are acquired from hospitals' bone banks, but also as commercial products based on donations by will. Products based on demineralized bone are a type of allografts, which have a somewhat better osteoinductive potential than other allografts. Synthetic BMP products have been a market leader in the bone transfer and substitutes markets, but the products are associated with many adverse effects, such as bone hypertrophy and malignant degeneration[16]. Synthetic bone-graft substitutes such as ceramic combination products and polymers, are more cost efficient and due to their cost efficiency challenge the market position of allografts. Furthermore, the lack of microbe contamination risk is another advantage of synthetic bone-grafts.

Market trends with the bone graft market

The sales of the bone-graft substitutes are showing steady annual growth and in the Company's opinion one of the possible reasons are the young generation of orthopaedic surgeons' preference towards the usage of substitutes, which shortens the operation theatre time and lowers the number of complications. One of the market's growth areas include the early intervention products, especially in major joints and products that are less complex and expensive. These products are expected to have a positive effect on the increase of sales[17]. A steady growth of the bone substitute implant market is expected to continue due to, for example, the following factors:

- The rapid increase of the population over 45 years old[15]
- People are more active and have longer life expectancies[15]
- Wider access to information, particularly through online sources (Company's opinion)
- Newer generations of orthopaedic surgeons are more prone and acceptable in the usage of orthobiologics[15]
- The increased demand for cost/benefit-ratio of health care costs[18]
- The increase in standard of life and improvements in health care infrastructure in developing countries, such as in: Brazil, Russia, India, China, South Africa, Mexico, Indonesia, Nigeria and Turkey[18]
- New technologies and procedures that expand and/or create new market opportunities and niches[18]

In addition to the presented growth drivers, the players within the market and the overall market environment is affected by factors such as:

- Companies with orthobiologic products are challenged by the US regulatory environment, which requests for broader clinical and economic data[17]
- The responsibility of the development of novel technologies and possible risks related to the development are expected be transferred to the smaller market participants[17]

The geographical segmentation of the bone graft market

In 2018, the US and European share was 86% of the global orthopaedic products markets. 62% of sales took place in the United States of America, 24% in Europe and around 9% in the Asian Pacific region[8]. According to GlobalData, the global Bone Transplants and Substitutes markets are expected to reach a value of 3.2 billion US dollars in 2028. According to GlobalData's report, the quickest growth in the use of bone substitute is in Asia, where the combined annual growth rate (CAGR) is forecasted at 5.4% in 2018-2028. During the same period, the growth in North America and Europe will be at a level of 2.7-2.9%[18].

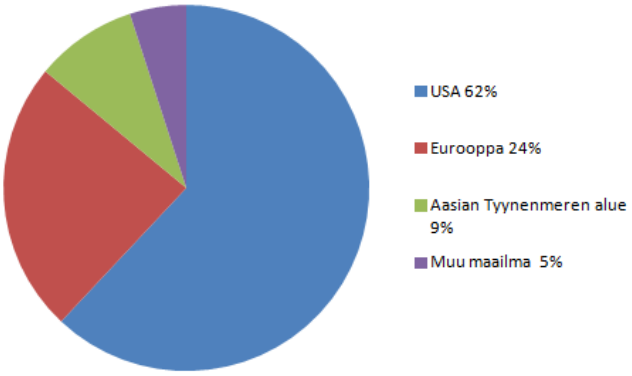
From the geographical market areas, the United States represent the largest market, which is due to the increase in number of elderly people, the increase in bone disorders among the elderly and the favourable reimbursement policies for orthopaedic procedures. The following graph presents the sales of orthopaedic markets in 2018 per region[8].

[15] Allied Market Research Report: Bone Grafts And Substitutes Market Size, Share & Trends Analysis Report By Material Type (Allograft, Synthetic), By Application Type (Spinal Fusion, Craniomaxillofacial, Long Bone), By Region, And Segment Forecasts, 2019 - 2026

[16] Tannoury CA et al. Complications with the use of bone morphogenetic protein 2 (BMP-2) in spine surgery. The Spine Journal 14(3). 2013

[17] The orthopaedic industry annual report 2019

[18] GlobalData: Bone Grafts and Substitutes, Global Outlook, 2015–2028



Graph: Regional shares in the orthobiological sector in 2018[8]

Business description

BBS briefly

BBS-Bioactive Bone Substitutes Oyj (BBS) is a biomedical technology company, which develops bioactive medical devices and implants to be used in orthopaedic surgery. BBS was established in 2003 as a spinoff of a research project at University of Oulu, Finland. The goal for the Company was to develop and commercialize a bone implant product promoting bone healing. The implant is based on reindeer bone proteins, which contains effective bone growth factors for the bone-graft markets. The product aims to fill the market gap between the bone-graft substitutes currently existing in the market, such as demineralized human bone matrix (DBM) and synthetic bone substitute products (TCP, hydroxyapatite), and the recombinant bone morphogenetic protein products. CE marking application of the Company's first product, ARTEBONE® Paste implant, was submitted on 9 March 2022.

So far, the core competence of BBS has been in R&D and manufacturing of bone-graft substitute implants based on reindeer bone protein extract. BBS has developed a bone implant, which can be used in bone healing and in bone defect treatment. The main product development stages, including clinical studies, of the first product, the ARTEBONE® Paste, have been completed and CE marking for the product has been applied for, which would allow it to be sold in the EU. In addition, the intention is to apply a sales permit for the product in the United States.

The production of reindeer bone protein extract was studied by FIMEA, and the Company was granted a pharmaceutical plant permit in September 2015. FIMEA shall carry out follow-up audits approximately every two years. As part of CE marking, ISO13485 certification is required for the Company's quality system. The manufacturing facility is completely owned by BBS and is located in Reisjärvi, Finland. In terms of space, the manufacturing facility has the capacity to increase its production to hundreds of thousands of implants, which corresponds well to the market demand.

BBS will initially focus on indication areas in extremities, scapula and pelvis area, which shall be later extended to cover other indications such as the spine. After the successful business achieved through BBS' own implant, the Company may also license and sell bone extract as a raw material.

History of BBS

Submission of the CE marking application	2022: Submission of the CE marking application. The Company expects approval for CE marking to come in 2023.
Preparing for submission of application and commercialization	2021: The results of animal testing required by the authorities confirmed the functionality of the product and the result required for the approval of the product classification. 2021: The second part of the U.S. divisional patent application was approved. 2021: Additional investments were made in product development, quality system and commercial production.

	2021: The Company recruited and trained 4 new production people. 2020: Corona pandemic caused delays in development work and certification. 2020: Positive results from clinical trial were published. 2020: Delays caused by the additional requirements brought about by the entry force of the MDR regulation (regulation of the European Parliament and of the Council on medical devices ((EU) 2917/745) (Medical Devices Regulation). 2020: The supplementary animal trial, required by the CE marking, started in 2019. Final results were expected in June 2020. Inconsistent interpretation made by the research institute caused a need to change in the design of the study and reanalysis of the data. Final results were still expected at the turn of the year. 2020: The first part of the U.S. patent application was approved. 2020: Investments in product development, production, quality system, towards commercial production were made after the financing round. 2020: The Company recruited a new quality director and 2 production personnel and 2 quality control laboratory personnel. 2019: Preparation for the FDA permit application were set in motion. 2019: ISO 13485 quality system were updated, waits for certification. 2019: Ilkka Kangasniemi started CEO. 2018: CE marking process starts is UK (BSI-UK). The cooperation ended during supplemental trial as a result of Brexit.
Production and licensing	2016: Launch of the FDA pre-submission process in the U.S. 2015: Production and licensing: Reindeer bone protein extract production line, pharmaceutical factory permit.
Clinical trial Production line for clinical trial Preclinical development work	2013-2017: All the patients are operated and followed-up. 2009-2012: Patented production line for clinical trial. 2007-2014: Preclinical trial for ARTEBOBE® and bone extract.
Founding of the company	2003: Founding of the BBS-Bioactive Bone Substitutes PLC.
Product development and prototype phase	1997-2997: Development of ARTEBONE® implant, construction of a small-scale production line, R&D project in university of Oulu (Bone Transplantation Research Group).
Academic research and innovation	1980-1990s: Scientific research in university of Tampere and Oulu.

Strategy

The Company's strategy is to commercialise the protein extract drug by using it to develop its own bone substitute products, market them to local markets, and to other markets via their distributors and partners. The second strategic

foundation is to offer the protein extract to the Company's partners as raw material for their own products and support partners in their product development work and marketing.

The short-term strategy (2 years) is to successfully obtain CE marking, begin the development of marketing and launch the product in the local markets and elsewhere in the EU. The CE marking application process is ongoing and the application has been submitted on 9 March 2022. The Company aims to successfully gain CE marking for the ARTEBONE® Paste implant during 2023. If the Company receives the CE mark on its product, BBS will be able to implement its sales strategy. According to the Company's plans, its first geographical markets will be the Nordic countries and certain European markets.

Market strategy

BBS' marketing strategy is based on the Key Opinion Leader (KOL) operating model, which refers to the generation of demand through the influence of opinions that takes place through top experts. The main target group for influence and marketing includes trauma surgeons and orthopaedic surgeons. The key factors of the operating model are clinical product testing, scientific publications, lectures, digital easy-access information and doctor-to-doctor communications. Evaluations that take place at hospitals and in health care are essential in marketing.

Above all, the marketing of the ARTEBONE® product involves the distribution of information. Purchase decisions can only be established through good treatment responses and the approval of the new product concept.

The Company also places significant effort on the motivation of its distribution chain's sales personnel. Without activated sales personnel, the product will easily slip among the numerous products in the distribution chain.

The sales strategy in the Nordic countries and Baltic area is based on direct sales to hospitals via its own sales organisation. Elsewhere in Europe, the strategy is based on sales to key hospitals via distributors. Elsewhere in the world, BBS aims to operate as a partner for other manufacturer's operating in the field. The efficient and impressive distribution of information is essential everywhere.

BBS aims to initially enter the market with the ARTEBONE® Paste implant. Another foundation for sales is aimed to be achieved through the development of partners' own products. The protein extract can be combined with various implants in which the bone growth needs to be accelerated. In this case, BBS operates as the contractual manufacture of the protein extract and as marketing support for its partners. This could bring added value to implant manufacturers' products by increasing the bioactivity of their implant, which improves the performance of partners' own products. The Company is undergoing evaluation processes with its partner candidates. These processes could lead to marketing agreements for the sales of the Company's own products as well as development and marketing agreements for partners' products.

- On the date of the Prospectus, the Company doesn't have any salespeople, but it will recruit salespeople according to the commercialisation plan, based on BBS' management's assessments. In this way, the Company receives direct feedback from the customers. During successful market entry, BBS aims to expand to the other markets and indication areas through planned product modifications.
- Preparations for the FDA 510(k) approval process is continued slightly behind the CE marking process. The aim is to gain FDA approval approx. a year after the CE marking. The sales of ARTEBONE® within the US market may begin through selected partners after the marketing authorisation has been gained from the FDA. There are uncertainties considering the receiving of a marketing authorization see *"Risk factors – Risk associated with BBS' product development and product approval – The CE marking and FDA Approval of BBS' product involves such risks that could cause significant additional expenses and delays"*. Such partners are the existing operators within the market which already have established existing distribution channels. BBS' own sales network is not perceived to be a realistic option at this stage within the US market.

Pricing strategy

Product 1 ARTEBONE® Paste: According to the market surveys conducted by BBS, competing products and treatments are sold in EU for a price range varying between 500 – 5,000 euros. According to the Company's estimate, ARTEBONE® Paste's end user pricing is typically set between the range of 1,300 – 2,500 euros per implant, whereas one implant is for one implant procedure. The implant-specific price may differ from the initial estimate.

Based on the Company's own surveys, despite of ARTEBONE® Paste's significant advantages over existing DBM products, ARTEBONE® will be priced very competitively. In addition to competitive pricing, the price variations of ARTEBONE will remain low varying slightly country by country depending on differences in national reimbursement policies.

Product 2 Extract as a raw material: Bone protein extract raw material can be offered to the selected partners as a component for their products. The buyer is responsible for the required regulatory approvals. As an example of a co-operation agreement is the deal between Wyeth and Medtronic where Wyeth manufactures and sells their rhMBP-2 protein to Medtronic at 50 % of Medtronic's end user value. In cases where protein extract is sold as a raw material, turnover would only be formed from the sales of the extract, in which case the marketing cost is mostly eliminated from the cost structure.

Distribution strategy

After obtaining CE marking, which the Company is aiming for, the Company will initially target the markets in the geographically situated Northern and Central European countries. BBS will use a distribution strategy, where the Company's own product specialists will contact and visit the key customers and influencers, and train the customers to use ARTEBONE® technology, whilst other markets will be served by well-known bone-graft specialized distributors. This method allows BBS to avoid the high sales investments typically associated with the implant business.

The first countries to be targeted are Nordic countries, Italy (and Slovenia), Germany, Austria, Switzerland, France (and Belgium), the Netherlands and the UK. If success is reached in these aforementioned countries, new additional geographical areas will be added.

The Company's long-term goals

The vision of BBS is to become one of the leading international enterprises in the field of bioactive bone implants. The Company's aim is to offer next-generation medical products for the treatment of bone defects in orthopaedic surgeries; in a sector, where R&D work requires perseverance and courage to be innovative. The long-term strategic objective (5 years) is to strongly focus on the development and marketing of the Company's own, and its partners, new product concepts, which aim to maximise the coverage of the protein extract's overall market area. At the same time, the Company shall develop strategic partnerships with other operators in the field.

The Company's future challenges concerning the implementation of the strategy

The main challenges concerning the implementation of the strategy include, e.g.:

- Successful completion of regulatory approvals and approval processes for the Company's products in product development in critical market areas (e.g. CE and FDA).
- Marketing strategy's successful implementation, communication and the positive attitude towards the Company's products from the sector's key opinion leaders and main marketing target groups.
- Successful development of the internal and external sales organisation and distribution chain. This involves selecting the right partners as well as the Company's ability to recruit and train skilled, active and motivated staff.
- The sale of protein extract and the relevant partner's product development and the success of clinical trials.
- Success of the Company's pricing strategy.
- The Company's ability to conclude strategic partnerships with industry operators.

Products and offering

BBS' product candidates and potential indication areas:

Product 1. ARTEBONE® Paste: The first product developed by the Company is a paste in ready-to-use syringe. The main constituents of the paste are TCP granules which perform and form the supporting structure for the growing bone and the protein extract, which acts as an active component completing the paste's likeness of bone.

The product is intended for the treatment of bone damage and changes in the extremities, pelvis and shoulder blades. ARTEBONE® Paste is able to generate bone tissue in the damaged area as effectively as the patient's autograft, making it an alternative form of treatment to the method that has been considered a standard.

Product 2. ARTEBONE® reindeer bone protein extract: The bone extract may also be sold to other companies as a part of their own products. Numerous implant products are used in orthopaedics, and in connection with them, there is often a need for better osteoinduction. They may be permanent or biodegradable products, which intended uses comprehensively cover the sector of orthopaedics. In addition to the extract, the Company aims to sell in the future scientific and technical results material and product development to these targeted customer companies.

Products 3-5. Other product forms used in orthopaedic surgeries:

- ARTEBONE® blocks, which are used for the treatment of specifically shaped bone defects in places where it is necessary to retain the volume of the treated area. E.g., spinal fusions and osteotomy, i.e., restorative surgeries of bone positioning.
- The gel-like ARTEBONE® product, which is used to fill the gaps and voids around implants, is used to accelerate the implant's integration process with the surrounding bone, e.g. in connection with the use of screws and prosthetics.
- Cements which are used in areas where there is the need to glue bone segments together for the duration of the healing process and in which bone growth wants to be accelerated. These are, for example, trauma-related fractures.

BBS' orthopaedic bone implant – ARTEBONE® Paste

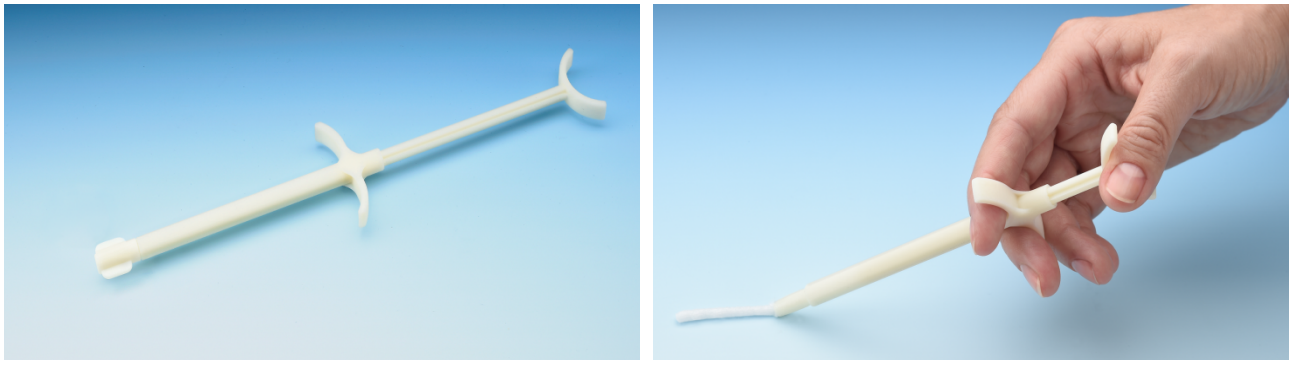


Image: ARTEBONE® Paste is an injectable paste in a ready to use syringe, The main components of the paste are the bone growth conducting ceramic matrix TCP-granules (Tricalciumphosphate) and the osteoinductive reindeer bone protein extract.

Product benefits of ARTEBONE® Paste for customers on the basis of the Company's view:

Surgeons:

- one treatment per product
- injectable
- optimal performance at a competitive price
- controlled and predictable end result
- safe, no human disease transmission risk
- an alternative to bank bone or autograft
- is considerably cheaper compared to synthetic BMP products
- reduces operating time and costs
- controlled product quality, excellent batch-to-batch consistency
- immediately ready-to-use, good shelf life, remains ready-to-use sufficiently long to be stored in the operating room

Payers:

- substantial potential cost savings (improved patient recovery) are possible for hospitals that have a reimbursement system in place
- cost savings for insurance companies and/or third-party payers due to the decreasing operation costs as a result of shorter surgical operation's theatre time, patient recovery time is improved and reduces the time spent in hospitals and the patient is ready for society's service earlier
- decreases the total treatment cost due to the reduction of surgical operation's theatre time
- compared to autografts decreases the occurrence of complications caused by bone harvesting

ARTEBONE® Paste's competitive landscape

ARTEBONE® Paste and its raw material, the reindeer bone protein extract will compete closely in three subsegments of the bone graft market. These three market segments are the demineralised bone matrix (DBM) segment, the synthetic protein (BMP) market segment and the segment of the synthetic substances. Due to adverse effects, the market share of recombinant BMPs (Infuse, InductOs, Osigraft) have decreased, which provides new and additional opportunities for the ARTEBONE® product. Therefore, by considering the key drivers in the current orthobiologic market, it is the view of BBS' management that BBS' ARTEBONE® and reindeer bone protein extract together could provide added value to the market. ARTEBONE®'s comparison against other bone graft substitutes, based on BBS' research and the information collected from product brochures and web pages is presented in the following table.

Product	Performance	Safety	Raw-material availability	Price per unit	Market popularity
Autograft	✓✓✓	✓✓	Autografts can be harvested from the majority of the patients. Availability is determined by patient's overall bone quality.	An autograft itself is free but requires an additional surgical procedure.	Is currently used in approximately 2/3 of operations where bone grafts are required. The popularity of Autografts is declining due to patients' increased recovery times and possible adverse events caused by the second surgical operation and the limitations in the availability of harvestable quality bone.
Allografts	✓✓	✓✓	Availability of Allografts are limited by the amount of suitable and compatible donors.	Commonly cost approximately between 300 – 600 USD	Allografts are commonly used on the market. Possible risk exists of human disease transmission from donor to patient.
Bone Morphogenic Proteins (BMP)	✓✓✓	✓	No limitations in availability.	The majority of BMP products are priced approximately between 3,500 – 5,500 USD.	Former market leading product type. The sales of BMP products have decreased due to possible side effects.
Demineralised bone matrix (DBM)	✓✓	✓✓✓	DBM products are limited by the availability of suitable donors. One unit of DBM is one donor.	Commonly cost approximately between 600 – 900 USD	Market popularity is increasing, but batch-to-batch inconsistency occurs due to the natural variations in donor bone quality.
Synthetic bone grafts (ceramic)	✓	✓✓✓	No limitations in availability.	Commonly priced between the range of approximately 900 – 1,300 USD.	Market popularity is increasing.
Stem cells	-	✓✓	No limitations in availability.	The price is expected to be high.	The market popularity is currently marginal.
BBS ARTEBONE®	✓✓✓	✓✓✓	No limitations in availability.	Preliminary price range for is set between 1,300 – 2,500 EUR	ARTEBONE's possible market demand is expected to be high.

ARTEBONE® Paste's strengths and competitive advantages

1. ARTEBONE® Paste is the next generation's medical device on bone graft substitute market.

- The medical device on the bone graft market, which combines bone healing stimulating bone protein extract with bone growth conducting TCP achieving better performance compared to demineralized bone matrix (DBM) and mineral-based synthetic products[19].
- Superior natural capability in stimulating bone healing compared to competing solutions, but at the same time safe and cost efficient (based on BBS' point of view).
- Potential to replace traditional solutions, which rely on harvesting and using patient's own or donor-bone.

2. The device is immediately ready-to-use reducing surgeons' operating time.

- ARTEBONE® Paste does not require mixing nor additional preparations in the operation room during the surgery.
- The device is user friendly and has no variability in performance due to on-site preparation. Reduces operating time, costs and improves surgical operations' results.

[19] Tölli H, Thesis: Reindeer – Derived Bone Protein Extract in the healing of bone defects Evaluation of various carrier materials and delivery systems, University of Oulu 2011

3. Higher degree of safety when compared to the existing market alternatives.

- ARTEBONE® products require one surgery, whereas traditional own bone solutions require two. This minimises possible complications caused by bone harvesting operation and enhances the patient's recovery process.
- ARTEBONE® product has not been found to involve the risk of human disease transmission.

4. Competitive pricing against when compared to comparable bone graft substitutes.

- The ARTEBONE® Paste implant's preliminary price is between EUR 1,300 – 2,500 per device. Despite of superior performance, ARTEBONE® is priced in-line with DBM and mineral-based synthetic products.
- Synthetic BMP products are priced between 3,500 – 5,500 USD. For example, the price for the BMP-7 product Osigraft is 4,400 euros and for the BMP-2 product InductOs 3,085 euros, respectively, according to the service catalogue of the Hospital District of Helsinki and Uusimaa[20].

5. Optimal performance whereas existing products display variations or unreliability.

- ARTEBONE® Paste provides superior performance (determined by previous animal tests carried out by BBS, future publication, (see sections "*Patents and patent applications*" and "*Research and development – Regulatory status - Performance and efficiency trials*" of the Prospectus) compared to Demineralised Bone Matrix (DBM) and mineral-based synthetic solutions[21].
- Synthetic solutions are not always effective enough for stimulating sufficient bone healing.
- ARTEBONE® products have potential to produce more reliable and consistent results compared to DBM products.

6. Batch-to-batch consistency exceeding comparable products.

- BBS aims to ensure the quality of the equipment and the batches through its own production facility, selective manufacturing processes and certified quality system and supplier agreements. However, there are risk factors associated with the manufacturing process, see *"Risk factors – Risk associated with the manufacturing and commercialisation of BBS' products – The production, preservation and reproducibility of production of BBS' extract and implant involve risks which may result in substantial additional costs"*.
- Unlike reindeer bone protein extract, a batch of allograft or DBM must, due to regulations, originate from one human donor (one donor is one batch) and therefore it is impossible to ensure batch-to-batch consistency of DBMs, due to the natural variations between the donor-bone quality.

7. Own production facility and unlimited supply of raw material ensures production quality.

- BBS' facility in Reisjärvi is capable of large-scale production enabling fast market entry as well as production and batch consistency.
- The bone protein extract manufacturing is certified by FIMEA and the auditing process for the Company's quality management system's ISO 13485 certification required for the manufacturing of the ARTEBONE® Paste is ongoing. The facility's annual production potential is sufficient to meet the demand of global market for the first few years and further scale-up to the annual production of approx. one million products is possible. The protein extract used in ARTEBONE® Paste is extracted from reindeer bones through BBS' proprietary patented manufacturing process. The raw material selection and manufacturing process provide a nearly unlimited supply of natural raw material and ensure cost effectiveness.
- Raw material supply reliability is secured through an exclusive agreement. Finland's largest reindeer abattoir exclusively supplies BBS' facility in Reisjärvi with the frozen deliveries of the bones of reindeer it has slaughtered. Bones are a side product of the abattoirs, so the reindeer are not slaughtered only for the Company's purposes.

8. ARTEBONE® implant has a wide range of applicable indication areas.

- ARTEBONE® Paste will initially be introduced to bone graft substitute market.
- The primary aim is to treat bone defects and bone-healing problems in extremities, such as the foot and ankle, pelvis and scapula.
- In the future ARTEBONE® Paste can be expanded to cover other indication areas, such as dentistry, maxillofacial surgery and the spine.

[20] Helsinki and Uusimaa hospital district 2017 service price list

[21] Tölli H, Thesis: Reindeer – Derived Bone Protein Extract in the healing of bone defects Evaluation of various carrier materials and delivery systems, University of Oulu 2011

Production

Production facilities and manufacturing in Reisjärvi

The production facility for ARTEBONE® Paste and BBS' reindeer bone protein extract located in Reisjärvi, Finland, is completely owned by BBS. BBS' production facilities contain the bioprocess instrumentation, clean rooms (Classes ISO 7-ISO 5), and quality systems and controls consistent with the requirements for manufacturing a medical device product. The manufacturing of the reindeer bone extract has been audited by Finnish Medicines Agency FIMEA in August 2015 and certificate for commercial production for medicinal substance was given in September 2015. The reinspection will be performed about every other year. The manufacturing of the ARTEBONE® Paste implant will in addition require ISO 13485 certification of the Company's quality management system, which shall be part of the CE marking process.

The scaling process of the facility is based on multiplying production lines, because the increase in batch size is risky and may take years of development. The recent clean room area covers 200 m2 of the total 3 000 m2 of factory floor space. Thus far, BBS has invested approximately 5 million euros in the manufacturing facility.

Description of the manufacturing process of ARTEBONE®

BBS has developed a process for the demineralisation of bone and preparation of a bone extract. The preparation of the extract starts with cleaning, cutting, and milling of the reindeer long bone obtained from Wildea abattoir in Rovaniemi into bone granules. The bone granules are subsequently subjected to a series of processing steps designed to obtain the non-viable bone extract as a component for ARTEBONE® implant. The preparation of one production batch takes three weeks. However, the preparation of new production batch can be started each week.

In the manufacturing process of the end product (ARTEBONE® Paste) a base paste is prepared to which the lyophilised bone extract and β-tricalcium phosphate (β-TCP) are mixed to form a homogeneous paste. The paste is filled in 3 ml syringes and closed in sterilisation and protective aluminium foil pouches. The final medical device is sterilised by E-beam irradiation.

Quality management systems and standards

The Quality Management System at BBS is based on standard ISO 13485:2016 (7.5.1.2.2 Installation activities and 7.5.1.2.3 Servicing activities are excluded) as well as on the directive 2001/83/EC (6th November 2001) of the European Parliament and of the Council on the Community code relating to medicinal products for human regulations and on European Union rules for Good Manufacturing Practice (GMP) Part II - Basic Requirements for Active Substances. In addition, applied requirements of Medical Device Regulation (EU 2017/745, 5th April 2017) and US Medical Device Regulations (US 21 CFR Part 820) have been implemented.

The standards and regulations for medical devices are implemented to ensure that our products confirm regulatory requirements. Information about new or changed standards, regulations and directives are followed from EU publications, the Finnish Standards Association SFS, etc. The quality system has been updated to meet the most recent requirements in 2019.

Customers

The Company is a growth company, which does not have existing turnover. On the date of the Prospectus, the Company does not have customers.

Research and development

Regulatory status

The Company has submitted a CE marking application for ARTEBONE® Paste on 9 March 2022. All the preclinical studies for ARTEBONE® Paste required for CE marking have been completed. In addition, all the required clinical trials have been carried out. According to the clinical research report completed in February 2020, the ARTEBONE® Paste performs equally well as autografts.

Preclinical and clinical studies

Safety evaluation studies with the reindeer bone protein extract

Lyophilised reindeer bone protein extract is a novel, innovative and main constituent of the ARTEBONE® implant. The following studies have been performed:

- Systemic toxicity studies
- acute i.v. toxicity study in rats
- i.v. (intravenous) toxicity study in dogs
- 7-day repeated dose i.v. toxicity pilot study in rats
- 14-day repeated dose studies in rats
- 14-day repeated dose studies in dogs

In addition, kinetic i.v. studies with radiolabelled reindeer bone protein extract were carried out. These studies cover extensively the systemic safety aspect of the reindeer bone protein extract, and from the human risk assessment point of view they did not reveal any severe or unexpected findings.

Viral clearance study (Texcell, Evry, France)

The conclusion of the study was that the chemicals used in BBS' protein extract manufacturing process eliminate viruses very efficiently. Therefore, the risk for viral transmission is negligible.

Biocompatibility studies with ARTEBONE® Paste

Biocompatibility studies with ARTEBONE® Paste include the following studies:

- cytotoxicity test
- intracutaneous reactivity test in rabbits
- sensitisation test (the guinea pig maximation test)
- acute toxicity test in mice
- genotoxicity test (the Ames test)
- genotoxicity test (the in vitro mammalian cell gene mutation assay)
- genotoxicity test (the mouse micronucleus test in vivo)
- bone implantation studies in rabbits with 4 and 12 weeks follow-up times
- intramuscular implantation studies in rabbits with 4 and 12 weeks follow-up times

The results of these biocompatibility studies indicated that ARTEBONE® Paste is not genotoxic nor sensitising. ARTEBONE® Paste does not cause intracutaneous irritation or acute systemic toxicity either.

Bone implantation studies conducted with the ARTEBONE® Paste revealed no signs of inflammatory or immunological reactions or necrosis. This was also the case in the intramuscular implantation studies which were conducted purely to reveal biocompatibility and possible reactions. These findings indicate that ARTEBONE® Paste has a good local tolerance and osseous integration.

Evaluation of immunological risk

Regarding immunogenicity, as with all therapeutic proteins there is a potential for immune responses to be generated against the protein extract components of ARTEBONE® Paste. However, this often causes no detectable clinical effects. In clinical trials carried out for the ARTEBONE® Paste, there were no indications of any immunological reactions in any patients.

During the trial, blood samples were also taken from the patients, and they were used to measure changes in the level of antibodies. They were not observed to have an effect on the patient's ankle fusion results. The Company shall confirm the elimination of any allergy risks with systematic monitoring.

Performance and efficiency trials

The osteopromotive performance of a bone graft material is dependent on the quantity and bioactivity of the bone growth factors in the material. Human allograft material and demineralized bone matrix (DBM) products are not osteoconductive and only poorly osteoinductive because they come from single human donors who vary widely in age and health. In addition, many of these products have been shown to completely lack some of the known growth factors required for optimal bone regeneration.

In order to guarantee a consistent and high level of growth factors in ARTEBONE®-implant, only the bones from young and healthy reindeers are procured for the manufacturing process. The manufacturing process has been designed to retain and extract all of the necessary factors originally present in the bone. Biochemical tests for specific growth factors have shown that BMP-2 is present in three times higher amounts in ARTEBONE® compared to human allograft and DBM products (own analysis by BBS and Bae et al. 2006[22]). Because extract delivers a broad spectrum and higher level of growth factors compared with DBM products (in the fracture or fusion site), it results in superior bone regeneration compared to similar products that do not have the same osteopromotive properties. The effect of reindeer bone protein extract has been demonstrated in numerous in vivo studies published in peer review publications.

ARTEBONE® Paste is resorbed and replaced with the patients' new bone during the healing process. The sheep studies carried out by BBS (hole defect in femoral condyle, see FIGURE 1 and FIGURE 2) suggests that the reindeer protein extract promotes bone formation compared against controls without extract. This is reflected in the significantly increased areas of osteoids and new bone adjacent to osteoids at three weeks and at significantly less TCP granules left at 8 weeks in the study groups compared against controls without the extract. This suggests an increase in the resorption of TCP granules in the study groups compared to controls in which the extract was not used. The sheep study suggests that the bone protein extract improves the functionality of the TCP and implant entity.

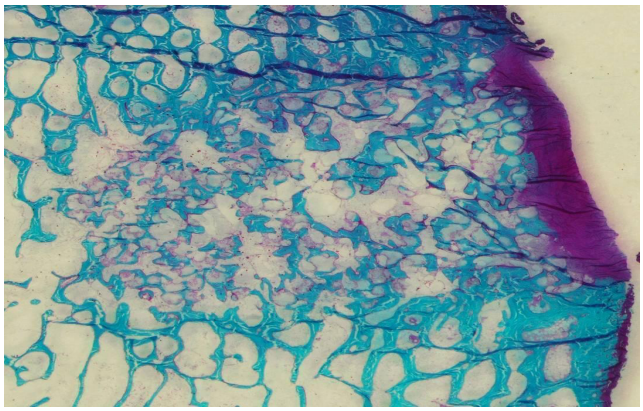


Image 1: Sample, where bone protein extract was used

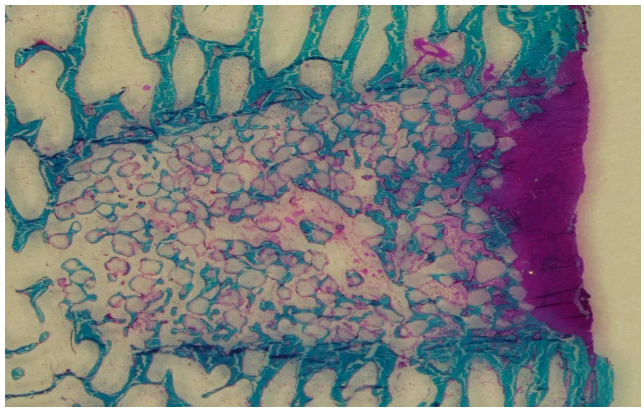


Image 2: Control without bone protein extract

In the spring of 2019, the processing of the Company's CE marking application was suspended due to shortcomings in the content of the previously completed sheep trial (Figures 1 and 2). The shortcomings of this animal study were noted to involve Good Laboratory Practise requirements, as well as the variation between the doses of samples (larger and smaller dose in animal trial than in clinical trial) which led to the lack of equivalency compared with the samples of the clinical trial, and the insufficiency of reference groups in comparison with authority requirements. Due to the authority decision, a supplementary animal trial was carried out, and the samples were sent on for histological analysis by the end of the year 2019. The results of a supplementary animal study were completed in September 2021. The study results confirm the functionality of ARTEBONE® Paste, which contains reindeer bone protein extract and on the basis of the results, the Company is able to positively respond to requirements presented by authorities.

Clinical trial

The trial which preparations began in 2013 and where the results were finalized in February 2020, tested the ARTEBONE® Paste as a bone void filler in the fusion of the lower and upper ankle joint, and the results were compared

[22] Bae et al. Intervariability and intravariability of bone morphogenetic proteins in commercially available demineralized bone matrix products. Spine (Phila Pa 1976) 20;31(12): Pages 1299-1306; 200

to autografts referred to in literature. Autografts are still considered to be the gold standard for treatments that require a bone void filler.

The clinical trial was a multicentre trial which studied the fusion of the upper and lower ankle joint with the objective of reducing pain caused by post-fracture osteoarthritis. The trial studied safety in particular, i.e. whether ARTEBONE® Paste causes serious unexpected side effects during a 12-month follow-up period. The performance of ARTEBONE® Paste was studied by monitoring the speed of bone formation with computer tomography after six months and radiographically at all follow-up timing points.

The trial was participated in by 34 patients in five different hospitals in Finland and Poland. CT scan results indicated that the joint fusion had progressed by 94.1% in six months post-operation. The result is also clinically very good.

These results are comparable with autograft treatments reported in literature. As a form of treatment, autografts continue to be the gold standard, but they are associated with many complications. Autograft treatment requires the patient to undergo a second surgery, where the bone is harvested from. Therefore, the site from where bone is harvested from will damage an otherwise healthy site and cause additional pain. Since the risk of infection and complications increase, recovery at the harvesting site may be slow and the treatment costs will increase.

The complications reported in this study are in line with the ankle and foot fusion studies referred to in literature

The following can be concluded:

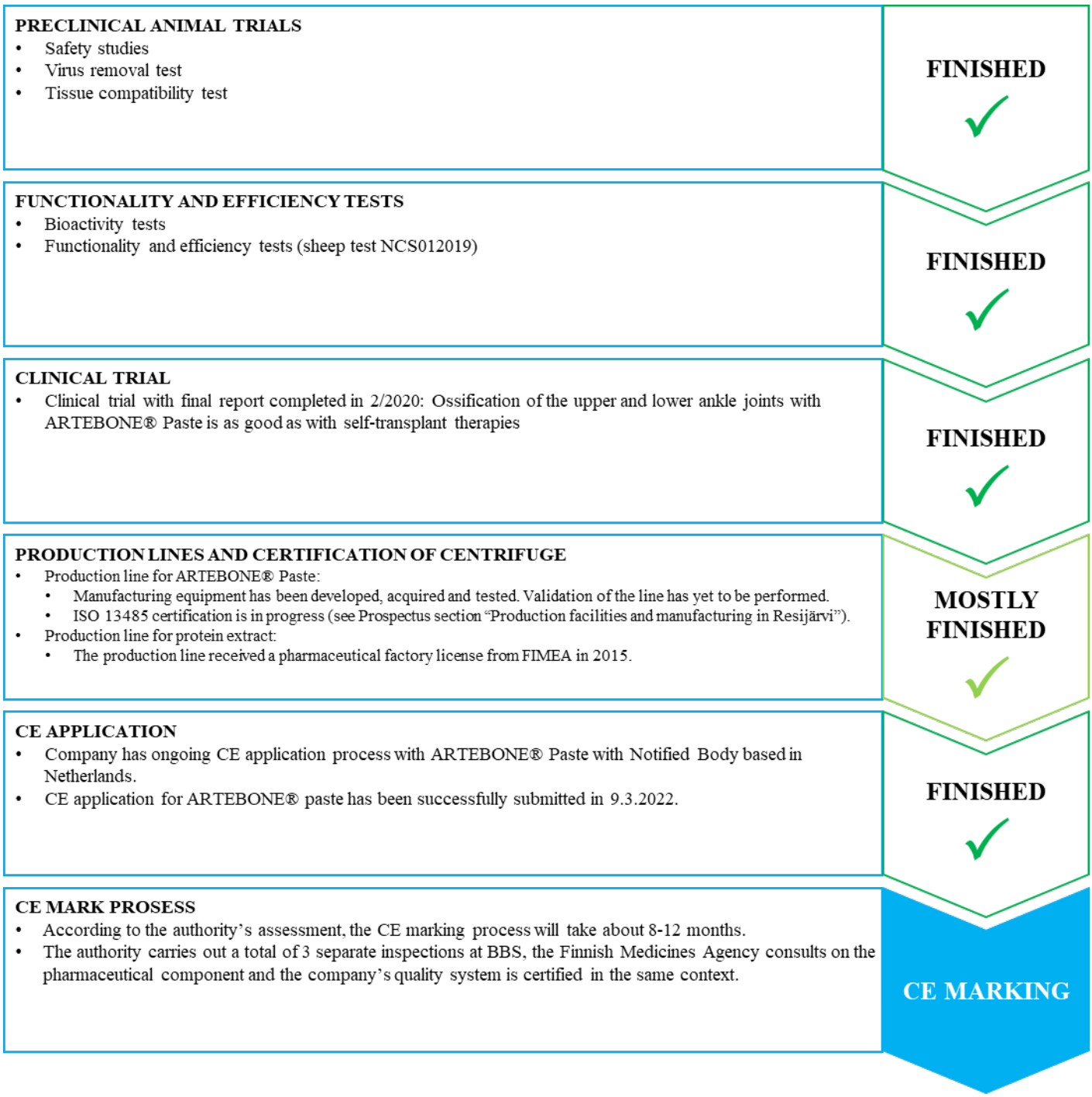
1. The fusion of the lower and upper joint of the ankle was as good with the ARTEBONE product as in case of autograft therapy (Myerson et al. 2019, DiGiovanni et al. 2013).
2. The ARTEBONE® Paste is safe to use and it did not cause any side effects caused by the product. The use of the ARTEBONE® Paste may reduce the risks and complications that have been observed in autograft procedures and with the use of synthetic bone growth factor products.
3. The ARTEBONE® Paste can be used for the treatment of bone trauma and as a bone void filler in the orthopaedic procedures and allografts of extremities, pelvis and shoulder blades.

Upcoming clinical trials

The Company has no ongoing or beginning clinical trials in the coming months. If ARTEBONE® Paste successfully receives the CE mark, the Company estimates that the next clinical trial of ARTEBONE® Paste will start during 2023. The clinical study focuses on the long-term monitoring and performance of the product that is CE marked and on the market as well as examines any potential side effects of the product that may not have been observed during previous trials.

CE Marking

The CE mark is issued by a Notified Body and it is the prerequisite for initiating the sales of ARTEBONE® Paste within the EU area. The diagram below shows what is required for the CE marking for the ARTEBONE® Paste and at what stage they are in. In addition to the tests described below, the Company's quality management system must also be ISO-certified. The ISO certification's audit process requires more than one inspection by the Notified Body and the ISO certification is the final stage before the CE marking approval. ARTEBONE® Paste's CE marking approval is subject to the ISO 13485 certification's audit process being in process. The production line for the bone protein extract has already been certified by FIMEA in 2015.



BBS has discussed with several authorities (e.g. FIMEA, Notified Body BSI, MHRA, EMA) about the classification of ARTEBONE® Paste. According to FIMEA and VALVIRA, ARTEBONE® Paste is classified as a class of Medical Device Class III and based on the latest clarification from the Notified Body BSI, ARTEBONE® Paste can be approved as Class III Medical Device, provided that the added value of the protein extract can be shown in animal tests.

In 2018, the application for ARTEBONE® Paste's CE marking was submitted to the Notified Body (BSI-UK) that operates in England. Cooperation with them ended due to Brexit. In the spring of 2019, the processing of the Company's application was suspended due to shortcomings in the content of the previously completed animal trial. The shortcomings of this animal study were noted to involve Good Laboratory Practise requirements, as well as the variation between the doses of samples (larger and smaller dose in animal trial than in clinical trial) which led to the lack of equivalency compared with the samples of the clinical trial, and the insufficiency of reference groups in comparison with authority requirements. Due to the authority decision, a supplementary animal trial was carried out, and the samples were sent on for histological analysis by the end of the year. The results of a supplementary animal study were completed in September 2021. The study results confirm the functionality of ARTEBONE® Paste containing reindeer bone protein extract and on the basis of the results, the Company is able to positively respond to requirements presented by authorities.

The Company has an ongoing CE marking application process with the Notified Body in Holland (BSI-NL). The CE application has been submitted on 9 March 2022. The Notified Body and the competent authority, such as FIMEA, shall, on their own part, process the application in such a way that the Company expects to be granted CE marking during the upcoming year of 2023. There are uncertainties considering the receiving of the CE marking see *"Risk factors – Risk associated with BBS' product development and product approval – The CE marking and FDA Approval of BBS' product involves such risks that could cause significant additional expenses and delays".*

During routine inspection and certification processes, the authority normally finds remarks in the documentation and similar practices provided by companies. Depending on the number and extent of deficiencies or shortcomings, it is expected that companies will take time to make changes and respond. Time has been set aside for submitting additions and answers as part of the normal application process. If, in the opinion of the authority, any finding would require such significant changes that it would not be possible to respond to the submitted comment withing the normal time allowed, the companies may have a delay in the submitted schedule, the length of which is impossible to estimate in advance. The Company believes that it has received a sufficient number and quality to meet all regulatory requirements when submitting an application for CE marking. However, the authority has final right to interpret the requirements of the regulations as it sees fit.

Food and Drug Administration's Approval

Food and Drug Administration (FDA) is one of the United States' federal executive departments, which is responsible for protecting and promoting public health through the control and supervision of various areas, such as medical devices.

The Company shall apply for FDA approval for its product, and the initial pre-submission has been completed. During the next stage, the aim is to agree on a suitable approval route and necessary materials for the application with FDA.

Intellectual property rights

Patents and patent applications

BBS' technological know-how is protected by a strong internationally valid patent portfolio covering the key markets in Europe, USA, Canada, Eurasia and Asia.

The Company also has patents on bone morphogenetic proteins (BMP-3, BMP-4 and BMP-6). More information is presented on the BBS' patent portfolio in the table below. A patent has successfully been issued for the production of the Company's ARTEBONE® product in the United States in January 2022, which protects the Company's technology in the important US markets.

	EUROPE							EURASIA		ASIA	NORTH AMERICA	
Description of Patent	DE	FR	UK	IT	ES	SE	CH	RU	KAZ	INDIA	CA	US
Method and Preparation: A method for preparing a bone protein preparation and a bone protein preparation.	✓	✓	✓	✓	✓	✓	✓	✓	✓		✓	✓
rRdBMP-3c: Bone morphogenetic protein 3 and osteogenic devices and pharmaceutical products containing morphogenetic protein 3.	✓	✓	✓	✓	✓					✓		✓
rRdBMP-4: Bone morphogenetic protein 4 and osteogenic devices and pharmaceutical products containing morphogenetic protein 4.	✓	✓	✓							✓		✓
rRdBMP-6: Bone morphogenetic proteins containing a heparin binding site and osteogenic devices and pharmaceutical products containing morphogenetic protein 6.	✓	✓	✓							✓		✓

Trademarks

The Company uses trade names, logos and trademarks in its business activities that it owns or that it has obtained user rights for in its operations. The most important trademark for the Company's business operations is ARTEBONE®, which has been registered in 12 countries, including e.g., EU, USA and China.

Main recent business-related measures

In terms of the Company's business operations, the main recent measures have included, e.g.:

- Completion of supplementary animal test results in September 2021, which allow the Company to respond positively to requirements presented by authorities. The test results confirm the functionality of the Company's ARTEBONE® Paste, which contains reindeer bone protein extract.
- Patent issued in United States in January 2022 for the production of the ARTEBONE® product.
- Completion and submission of the CE marking application on 9 March 2022, as well as the measures that have allowed the submission of the CE marking application, e.g., completion of the quality system, completion of new documentation due to taking MDR requirements provisions into account, completion of production's equipment investments and corrective measures as well as the recruitment and training of production staff.

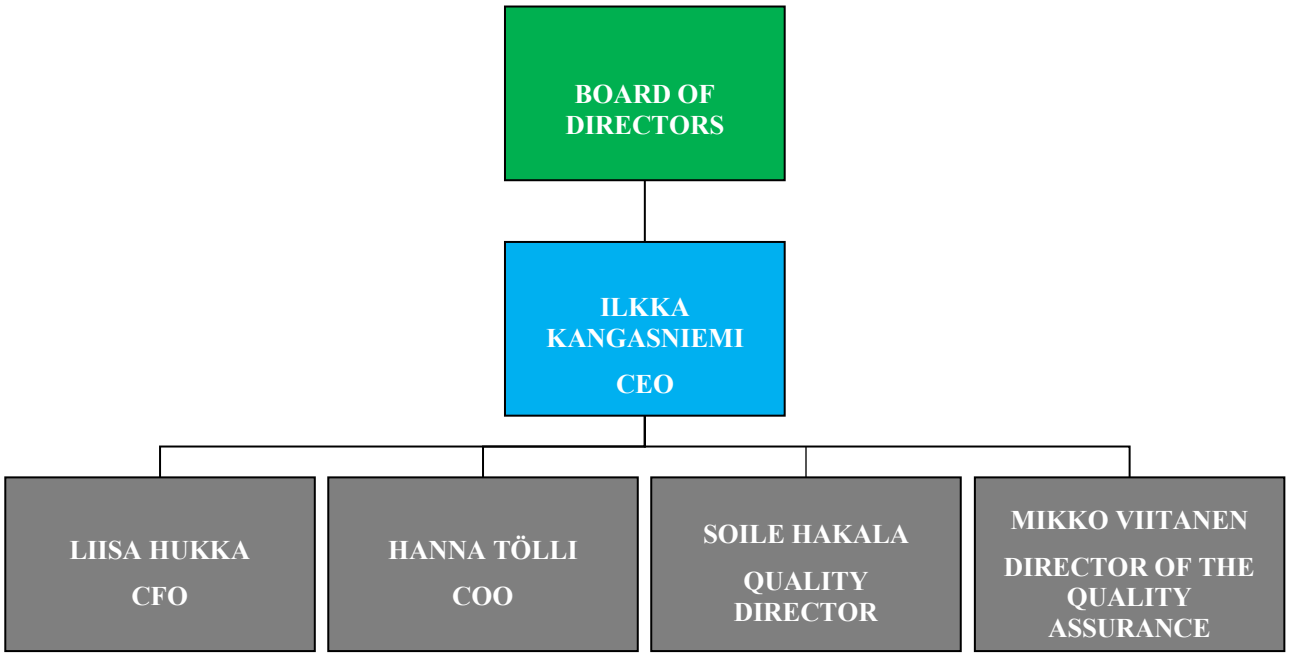
Company's structure

The BBS Group consists of its parent company (BBS-Bioactive Bone Substitutes Oyj) and its 100% owned subsidiary (Bio Bones Oy). Bio Bones Oy owns and manages the production property located in Reisjärvi where BBS' production facilities are located. Bio Bones Oy does not have any other business operations. BBS has prepared consolidated financial statements in accordance with the Finnish Accounting Standards ("FAS"), as referred to in Chapter 6 Section 1 of the Accounting Act, for the financial periods that ended on 31 December 2020 and 31 December 2021.

Organisation and employees

BBS has 20 employees on the date of the Prospectus.

Ilkka Kangasniemi operates as the Company's CEO. In addition to him, the Company's management group includes CFO Liisa Hukka, COO Hanna Tölli, Quality Director Soile Hakala and Director of the Quality Assurance Laboratory Mikko Viitanen. The organisation structure has been described in the following table.



Investments

In the current financial year, the Company's investments have been 26 thousand euros and the investments have been financed with the proceeds from the share issue in 2020. The Company has planned new investments for the development of the production line in continuous production by e.g., increasing automation at the packaging point. A small expansion

of the clean room is also necessary. Approximately 0,5 million euros has been budgeted to be spent on these and other investments related to the process and product development. According to the Company's estimate, if the Company is granted CE marking for its product and the sales of the product begins, the capacity of the current production line will be sufficient for at least two years. The budgeted investments are to be financed with the proceeds from the Offering.

Abbreviations and explanations of terms

ARTEBONE® Paste	Ready to use paste in a syringe, consisting of tricalcium phosphate granules and reindeer bone protein extract. This is the first product of BBS.
BMP	Bone morphogenic protein
BSI	Notified Body, which is responsible for the CE marking approval
CRO	Clinical Research Organization
DBM	Demineralized bone matrix
EBITDA	Earnings Before Interest, Taxes, Depreciation and Amortization
EMEA	The European Medicines Agency (EMA)
Extract	Raw material is reindeer bone protein extract
FDA	Food and Drug Administration, United States Medical Device regulatory authority
FDA 510(k)	Premarket notification to the FDA to demonstrate that the device to be marketed is at least as safe and effective, that is, substantially equivalent, to a legally marketed medical device.
FIMEA	Finnish Medicine Agency Fimea maintains and improves the health of the population by supervising and developing the pharmaceutical sector
HA	Hydroxyapatite, chemically similar to the mineral component of bones and hard tissues. Classified bioactive as it supports bone ingrowths and osseointegration.
IFU	Instructions for Use
Implant	Medical device made to replace and act as a missing biological structure
IP	Intellectual Property
ISO	International Organization for Standardization
KPI	Key Performance Indicator
Biocompatibility	Ability of a biomaterial to perform its desired function with respect to a medical therapy, without eliciting any undesirable local or systemic effects in the recipient or beneficiary of that therapy, but generating the most appropriate beneficial cellular or tissue response in that specific situation, and optimizing the clinically relevant performance of that therapy
Malign degeneration	Malignant change
NB	Notified Body. A certified organization granting the CE marking as authorization to sell in the EU.
NMP	N-Methyl-Pyrollidone
Non-union	a fracture takes longer than usual to heal
NWC	Net Working Capital

Own bone graft	Autograft, Bone harvested from patient’s own skeleton
Orthobiologics	Biological material promoting healing of a tissue
Osteoinductive	Osteoinduction involves the stimulation of osteoprogenitor cells to differentiate into osteoblasts that then begin new bone formation. The most widely studied type of osteoinductive cell mediators are bone morphogenetic proteins (BMPs)
Osteoconductive	Osteoconduction occurs when the bone graft material serves as a scaffold for new bone growth that is perpetuated by the native bone.
Osteoporosis	Osteoporosis is a disease that weakens the bones and increases the risk of broken bones.
Bank bone	Bone taken from human donor
PMA	Pre-Market Approval, an FDA process of scientific and regulatory review to evaluate the safety and efficacy of Class III medical devices
Rejection	Body's immune system attacks the transplant. For example, a transplanted kidney may be rejected.
rhBMP	Recombinant Human Bone Morphogenic Protein
TCP	Tricalcium phosphate
TEKES	Finnish funding agency for technology and innovation
VALVIRA	National Supervisory Authority for Wellness and Health

WORKING CAPITAL STATEMENT

According to the Company's estimate, its working capital on the date of the Prospectus is not sufficient to cover the current working capital need for the next 12 months. The reason for this is the estimated difference of profits and costs caused by the Company's operations. The Company's capital shortcoming for the next 12 months is approximately 3.4 million euros, and the Company believes that 3.4 million euros will be sufficient to cover the working capital need for at least the mentioned 12 months following the date of the Prospectus. The Company's current working capital is estimated to be sufficient until the end of July 2022, and if the remaining working capital limit according to Riverfort's agreement is withdrawn in full, until the end of September 2022.

The Company shall carry out the Offering to ensure the sufficiency of working capital and the Offering has a special significance in terms of the funding of the Company's business operations and the continuity of the operations. The Company estimates that if the Offering is carried out according to the planned schedule and the net funds raised from the Company's Offering are at least approximately 3.4 million euros, the net profits of the Offering together with the Company's funds and receivables will be sufficient to cover the Company's working capital needs for at least 12 months after the date of this Prospectus.

However, the Company can implement the Offering even if the Offer Shares are not subscribed in full. The Company aims to acquire more debt or equity funding, if the Company does not raise at least approximately 3.4 million euros with the Offering. In addition, the need for further funding is affected by possible negative changes in the Company's business operations, such as possible delays in the CE marking process. In the case of the previously mentioned situations the Company aims to also adapt its cost structure primarily reducing its fixed expenses, such as third-party services. The number of staff is in accordance with the CE approval process so there are no essential possibilities for adaption as it progresses. If the net funds raised in the Company's Offering are below approximately 3.4 million euros and further funding is not obtained, the Company may have to delay, reduce or suspend its operations.

RISK FACTORS

Those contemplating investing in the Offer Shares are encouraged to carefully familiarise in all the information provided in this Prospectus, particularly in the risk factors specified below in this Prospectus. Aspects that may potentially influence investment decisions are also reviewed elsewhere in the Prospectus. If one or more of the described risk factors is realised, it may have a negative effect on the Company's business operations, financial position and operating profit and/or the value of the Company's securities. The following description of risk factors is based on aspects that were known and assessed at the time of preparing the Prospectus, due to which the description of the risk factors may not necessarily be exhaustive. Other risks and factors of uncertainty, which the Company is not yet aware of or which it currently considers to be irrelevant, may have a material negative effect on the Company's business operations, operating profit and financial position. The value of the Company's securities may decrease as a result of these risks being realised, and investors may lose their investment either partially or in full.

The risks presented hereinafter have been divided into the following categories according to their characteristics:

1. *Risks associated with BBS' stage of development, financial position and financing*
2. *Risks associated with BBS' product development and product approval*
3. *Risks associated with the manufacturing and commercialisation of BBS' products*
4. *Other risks associated with BBS' business operations*
5. *Risks associated with BBS' industry and relevant regulations*
6. *Risks associated with the Offering*
7. *Risks associated with the Company's shares and Warrants*

In each category, the risk which is assessed to be the most significant on the basis of the overall assessment of criteria specified in the Prospectus Regulation shall be presented first. However, the order of presentation following the first risk factor of each category shall not describe the likelihood of such risk factors occurrence or the potential impact of their realisation. The risk factors' order of presentation shall not describe the significance of risks in each risk category compared to the risks of other risk categories.

Risks associated with BBS' stage of development, financial position and financing

On the date of the Prospectus, the Company's working capital is not sufficient to cover the Company's current needs and the need for working capital for the next 12 months following the date of this Prospectus, and if the Company is unable to collect at least 3.4 million euros in net funds with the Offering, the Company will require further working capital funding.

On the date of this Prospectus, the Company's current working capital is not sufficient to cover its needs for the next 12 months (see *"Working Capital Statement*").

The completion of the CE marking of the Company's ARTEBONE® Paste, the launch of production and the creation of marketing channels according to the Company's business plan will require a considerable amount of working capital (see Prospectus sections "*Business description*", "*Background and reasons for the Offering - The use and estimated amount of the proceeds from the Offering*" and "*Working capital statement*"). The financial conditions necessary for continuing BBS' business operations depend on, among other things, whether the Company is able to meet its future financing needs with funds that will be available to the Company by means of issuing new shares in the Offering, among other things.

The Company estimates it will need approximately 3.4 million euros of financing for working capital during the aforementioned period. If the net funds raised in the Offering remain less than 3.4 million euros, the Company will need more working capital funding, which it plans to acquire, if necessary, with debt and equity funding.

If the working capital runs out, the Company will run into serious financial difficulties that may result liquidation and at worst, bankruptcy. Possible future share issues related to additional financing (subscription rights and specially directed issues) may dilute the holdings of existing shareholders in the Company.

BBS' business operations are currently at a stage of development and there are no guarantees that the business operations may become profitable.

The Company does not currently have any products in the commercial production or in marketing phase, nor has the Company generated positive operating profits historically. BBS has not accumulated any revenues during its operating

history. BBS' loss for the accounting period ending on 31 December 2021 was approximately 2.8 million euros. The Company's auditor's report for the financial year 2021 contains additional information on the material uncertainties related to going concern (see "*Financial information and key figures - Reservations included in the auditor's reports*").

It is possible that BBS will not generate significant revenues in the coming years, however launching the Company's marketing and products' R&D projects will result in considerable expenses. Therefore, it is likely that BBS' business operations will incur substantial losses in the coming years as well. In order to make the Company's business profitable, as well as the future prospects of the Company's business, depend essentially on whether the Company is capable of making its products into marketable ones, is the Company able to enter commercial and other forms of cooperation agreements, and obtain the necessary regulatory approvals. Additionally, obtaining the necessary funding will have significant impact on the Company's financial position and the Company's ability to implement and follow the Company's business plan. Many of the factors affecting the BBS' operating profit, such as cooperative agreements to be entered with third parties and grants and subsidies to be received, are largely beyond the control of the Company. BBS' business operations becoming profitable in the future is associate with significant uncertainty factors. For as long as the Company's business operations produce a loss, the Company requires additional funding to continue and develop its operations. If further funding is not obtained, the Company will be unable to develop its operations as planned and it may end up in a situation of insolvency. The realisation of the risks described above can have a significant adverse effect on the Company's business operations, operating profit and financial position and/or the value of securities.

The Company will likely need additional equity and/or debt financing even after the Offering to implement its business plan and there is no certainty that such additional funding will be available.

The Company will likely need more equity and/or debt financing even after the Offering in order to implement its business plan. There is no assurance that the Company is capable of ensuring enough funding to be able to continue its planned activities. The situation of the financial markets and its effect on the willingness of investors to take risks pose a serious risk that the Company will not be able to obtain new funding in the future. A general decline in the availability of financing and an increase in financing costs can have an adverse effect on the Company's possibilities for obtaining additional funding in the future.

If future cash flow from the operations of BBS is not enough to cover the Company's expenses and the Company is not able to obtain additional funding at the right time or under suitable terms to fund its business operations, this may have a material adverse effect on the Company's operations and it may require the Company to limit or suspend its activities or it may result in the Company's insolvency and ultimately liquidation or bankruptcy. As a result, the shareholders could lose their investment in the Company.

BBS is dependent on its ability to recruit and retain the necessary executives and employees.

In a typical manner for growth companies, the Company has a small number of employees compared to companies with more established business operations. On the date of this Prospectus, the Company has 20 employees (see further details in "*Strategy, funding and business environment – Organisation and employees*"). The skills and experience of the Company's key employees and other key persons are important factors for the Company in terms of the development of the Company's business operations. Since the development of the Company's business operations significantly depends on the skills of the Company's employees and management, it also significantly depends on the Company's ability to commit the current key persons to the Company and, if necessary, recruit new, skilled staff and other key persons to the Company in the future. Due to the Company's low number of employees, the simultaneous resignation of several key persons in the Company could cause temporary delays in the Company's production process and the planned development of business operations.

The Company's sector requires its employees and management personnel to have special skills and expertise related to the Company's products. Globally, there are rather few experts in the sector, and particularly in Finland, it may be difficult to find senior-level experts. For this reason, experts may have to be recruited, and have been historically recruited, from abroad as well as from Finland. Due to the low number of experts, the recruitment processes may stretch out and recruiting from abroad may further lengthen the process, which may cause delays to, for example the Company's production process, the development of new products and the planned development of business operations.

In order to successfully recruit the best experts in the sector and commit them to the Company, the Company must also retain its position as an attractive employer and partner. For these purposes, the Company's reputation and ability to develop its product portfolio, business operations and financial position are important factors. Negative publicity concerning, for example, the Company's financial position, the safety of the Company's products, test results of future products, intellectual property right and any of their violations, adherence of legislation and authority provisions, fulfilment of other obligations or failures of future plans may have a weakening effect on the Company's reputation among the sector's experts and thus weaken the Company's ability to recruit skilled staff and other key persons.

Failure to commit or recruit key employees or other key persons may have a significantly adverse effect on the Company's business operations, financial position, operating profits and prospects.

Income from capitalised development costs and intangible rights may be less than expected.

The Company capitalises expenditures used for developing products and technologies, and personnel costs and procurements to the extent they are expected to generate income in the future. The total amount of capitalised development costs on the Company's balance sheet on 31 December 2021 was 7,533 thousand euros, of which 6,369 thousand euros for the Native Project, 257 thousand euros for the cleanroom built for the Native Project and 1,164 thousand euros for a follow-on clinical project. These items will be depreciated over a period of ten (10) years on a straight-line method. Unfavourable changes to expected future profitability can result in changes to depreciation sequencing or recognition of impairment losses. If the Company needs to change the durations of depreciations or recognise impairment losses, this may have a material adverse effect on the Company's operating profit, financial position and/or value of securities

Ability to use confirmed losses may be uncertain.

BBS' business has incurred substantial losses over its history; it has 2 531 thousand euros in tax losses as of 31 December 2021. The losses are mainly the result of R&D activity conducted by companies. The use of tax losses requires future taxable income that covers the losses. However, there is no assurance that the Company will generate sufficient taxable income in the future to utilize some or all of its tax losses. This may have a material adverse effect on the Company's business operations, operating profit, financial position and/or value of securities.

Risks associated with BBS' product development and product approval

The CE marking and FDA approval of BBS' product involves such risks that could cause significant additional expenses and delays.

The Company has submitted a CE marking application for ARTEBONE® Paste on 9 March 2022. According to the Company's understanding, the application has been completed according to authority requirements. However, due to the decision-making authority regarding the granting of the CE marking and the fact that the requirements of the authorities are partly subject to interpretation, it is possible that the Company interprets the requirements differently from the deciding authority. An authority's interpretation, which deviates from the Company's understanding, may lead to the entire product development sections, the entire product or the product class to being rejected as a medical device.

If the authorities do not approve the CE marking application submitted by the Company on 9 March 2022, the Company may have to change their operations and/or carry out further tests, which may result in further costs to the Company, or the Company may have to limit or suspend its operations. Delays in the approval of the CE marking application delays the introduction of ARTEBONE® Paste to the markets, which, on the other hand, would delay any turnover expected from its sales, in which case the Company's operations would continue at a loss. For as long as the Company's business operations produce a loss, the Company requires additional funding to continue and develop its operations. If further funding is not obtained, the Company will be unable to develop its operations Possible planned and it may possibly end up in a situation of insolvency. If the CE marking application for the ARTEBONE® Paste submitted by the Company was not approved or there was a delay in being granted the CE marking, for example, due to delays in the validation processes, this could have a significantly adverse effect on the Company's business operations, operating profit, financial position and/or value of securities.

The Company's plan is that preparation for the FDA 510(k) approval process for ARTEBONE® Paste shall be continued after the CE marking. Even if the CE marking application for ARTEBONE® Paste was successfully approved, the FDA approval of ARTEBONE® Paste still involves significant uncertainties. Since the United States market is one of the most important market areas for medical devices, if the Company were to encounter delays in the FDA approval process or it were unable to obtain FDA approval for ARTEBONE® Paste this could have a significantly adverse effect on the Company's business operations, operating profit, financial position and/or value of securities.

BBS' product development and the clinical trials to be conducted in connection with it are dependent on third parties.

The Company is dependent on third parties such as hospitals, other pharmaceutical companies, researchers as well as members and consultants of clinical research organisations in its product development and clinical studies. There is no certainty that these third parties will act with care or stay on schedule when conducting product development work and studies, and they may not have the necessary financial resources to continue operations, as a result of which the Company's clinical trials may be delayed or fail. Furthermore, the Company cannot control how much time and resources the third parties use on the Company's R&D programs. The Company's product development work may be delayed, or

the Company may incur other setbacks if third parties do not properly perform their contractual obligations, meet the requirements of laws and authorities concerning the performance of clinical trials or other trials and studies related to drug development, or stick to agreed deadlines. The failure or delay of clinical trials delays the Company's product development, the launch of new products and thus any future revenue from sales of products of the Company, which may cause a material adverse effect on the Company's operations, operating profit and financial position and/or the value of securities.

Risks associated with the manufacturing and commercialisation of BBS' products

The production, preservation and reproducibility of production of BBS' extract and implant involve risks which may result in substantial additional costs.

BBS' extract is manufactured through chemical or biotechnological processes from biological starting material. Products that are produced through these kinds of processes involve risks regarding their preservation, production reproducibility and the preservation, availability and safety of bones and chemicals used as starting material. Products that are produced by means of biotechnology involve production risks because biotechnological production methods are often based on biotechnological unit operations executed at different production phases and subsequent analyses, in which there may be variations between production batches. Likewise, the final yield from each production batch may vary, thereby affecting the costs of the final product and hence its profitability or a production batch may need to be rejected due to detected impurities or departure due to a later identified safety risk in the starting material. There are also risks associated with the transport of products. If one or more of the aforementioned risks materialise, BBS may have to produce new batches, which results in substantial additional costs and delays, which may have a material adverse effect on the Company's operations, operating profit and financial position and/or the value of securities.

BBS' commercial production is dependent on third parties.

The development and manufacturing of the Company's products is partly dependent on raw materials, components and services provided by third parties. The Company has a valid contract for the supply of reindeer bone and provision of quality assurance services and laboratory services with third parties. Additionally, the Company has concluded an agreement on the supply of tricalcium phosphate (TCP), which is required for the development and production of products. There are several suppliers of TCP on the market.

There may be restrictions or interruptions in the supply of raw materials, components and services that are needed in the development and production of products. If the availability of materials, components or services would decline for any reason, it could slow down the Company's product development, manufacturing and commercialization process or at worst prevent it altogether. Even though certain commercially available raw materials and components and subcontracting services provided by third parties are important to the manufacturing of BBS' products and for its operations and earnings, the Company's management believes that these kinds of raw materials, components and subcontractors can be replaced; this may, however, result in delays and additional costs to the Company.

However, in the event of an interruption in the provision of raw materials, components or services provided to BBS by third parties, it could cause additional costs for the Company as well as delay the launch of the Company's products on the market and thus any future turnover from sales of the products to the Company. Additional costs and the postponement of any potential future revenue from sales of the Company's products would have a material adverse effect on the Company's operations, operating profit and financial position and/or the value of securities.

Even if the extract and implant are placed on the market, BBS may not be able to create the extensive sales network required, and the products may not gain market acceptance at the end user level.

BBS' possibility to receive sales and cash flows depends largely on how the Company and its future selected partners succeed in bringing the products developed by the Company to the market and getting market acceptance for them. One factor affecting this is how physicians and patents respond to the Company's products. Market acceptance is influenced by the following, among other things: product safety, results obtained in studies during the development of the products, reputation of companies, existence of competing products, quality-toprice ratio of the products, and support to be received from public authorities by means of a marketing and distribution network, among other things. All factors which prevent the Company's products from gaining market acceptance or restrict it are likely to adversely affect the potential future revenue from the Company's products. Therefore, the realization of such factors could have a material adverse effect on the Company's operations, operating profit and financial position and/or the value of securities.

Pricing and reimbursability of products may not materialise as planned.

Successful pricing of products will play a crucial role in the future commercial success and profitability of the Company's products. Furthermore, the reimbursability of the drugs in public and private health care systems will have a significant effect on the prices of the product and thereby on the Company's profitability. In the EU area each state decides on its own reimbursement policy but there is no reimbursement scheme in North America. There is a growing desire to reduce the costs of the public health care system. The entities that maintain reimbursement systems are seeking to reduce costs of health care as far as possible by influencing the pricing of medicines and health care services. The future reimbursement situation of new health care products and services is uncertain, and there are no guarantees that the Company's future products will be reimbursable or will get a level of reimbursement that would ensure the profitability of the Company's products. If the Company's future products do not receive reimbursement at all or to a sufficient extent for their profitable sales, it is not profitable for the Company to manufacture and sell such products, in which case the products do not generate turnover and the product development costs used for their development cannot be covered. This may have a material adverse effect on the Company's operations, operating profit and financial position and/or the value of securities.

Other risks related to BBS's business

BBS' current intellectual property rights may not be adequate for protecting the Company's products effectively enough.

Competitors of the Company may simultaneously develop product concepts similar to BBS and it is possible that a competitor has pending patent applications, or they may have been granted or will be granted patents and other exclusive rights related to product concepts, technologies, methods and intended uses, which may prevent the patenting of products, technologies, methods and intended uses developed by the Company or compete with them. Additionally, it is possible that the Company is not aware of pending patent applications or granted patents that concern the products it has developed. Patents or other exclusive rights granted to BBS may be challenged, invalidated or infringed in the future.

There is significant uncertainty related to the sufficiency of the Company's current patents' protection as well as their ability to protect the Company's intellectual property rights sufficiently and provide the Company a commercial advantage. In the event of potential claims of patent infringement or invalidity directed at the Company by third parties, the Company may possibly lose some of its essential patents. Furthermore, defending against possible claims of patent infringement or claims related to pro-cessing of a patent application raised against the Company, and patent litigation and suchlike procedures launched to defend the Company's own patents require resources, take time and may possibly result in substantial costs to the Company.

The Company is also dependent on trade secrets and the know-how of its management and employees. There is no assurance that the Company's employees, consultants, advisors or other entities aware of trade secrets do not violate their obligation to not disclose trade secrets and know-how, or that the Company's competitors do not become aware of the trade secrets and know-how in a way which the Company cannot effectively protect itself against.

Failure to obtain, manage and protect intellectual property rights may have a material adverse effect on the Company's operations, operating profit and financial position and/or the value of securities.

BBS may violate the intellectual property rights of third parties and claims for violations of intellectual property rights may be made against the Company.

There is significant uncertainty as to whether the Company's current products, technologies, methods or their current or future application violate the patents or other copyrights of third parties. In this case, the Company may be the subject of legal proceedings and the R&D operations as well as the commercialisation of the products of the Company and its partners may be denied, which could lead to the termination or cancellation of agreements concluded with partners. If a claim made by a third party against the Company for the violation of intellectual property rights is successful, the Company and its partners may have to acquire licenses to the relevant patents or other intellectual property rights, or develop or acquire alternative technologies, which would likely incur further costs to the Company. Alternative technologies or necessary licenses may not be available, which may delay the Company's product development work and the commercialisation processes of medical device or drug concepts. The realization of the risks described above can have a significant adverse effect on the Company's business operations, operating profit and financial position and/or the value of securities.

Global exceptional circumstances may have a significant adverse effect on BBS' business operations

Global exceptional circumstances, such as the current pandemic caused by the coronavirus (COVID-19) may have a direct and indirect effect on BBS' business operations, for example, due to the restrictions and other measures caused by the

prevention of the epidemic or pandemic and its spreading. Restrictive measures in exceptional circumstances may affect the availability and access to experts and employees utilised by BBS. If BBS cannot, due to restrictive measures, use its necessary staff and experts as planned in its product development, product commercialisation and product production, this may lead to delays in product development, commercialisation and product production as well as an increase in costs.

Mobility restrictions may limit or even suspend device, part and material deliveries in global production and transport as a result of present interruptions and problems. BBS uses domestic and foreign providers in these deliveries, so the problems could affect BBS' ability to develop and produce its products.

Epidemics and pandemics could also lead to long-term sick leaves and quarantine periods of BBS' employees.

Healthcare bottlenecks in different states may also lead, and have led, to non-urgent procedures being postponed, which can temporarily affect the demand of future products being used in special hospital care.

On the date of this Prospectus, the final effects of the ongoing coronavirus pandemic (including the time, duration and scope of the effects) on both BBS' business operations and BBS' raw material and other production suppliers, distributors and other contractual partners are difficult to estimate, particularly since the pandemic situation and the consequential public authority measures change rapidly. BBS assesses that the pandemic situation can have at least a short-term effect on the availability of experts and employees as well as delay raw material deliveries, and thus lead to possible delays of BBS' own production and increasing costs. Upon being actualised, any of the previously mentioned risks can have a significant adverse effect on BBS' business operations, financial position, operating profit and forecasts, for example, in the form of product development and production slowing down and a decrease in demand.

Coronavirus pandemic has suspended many clinical studies.

The Company does not have ongoing clinical studies and no such studies are planned to be started in the next few months. If the ARTEBONE® Paste successfully obtains CE marking, the Company estimates that the next clinical study with ARTEBONE® Paste will start in 2023. A clinical study focuses on the long-term monitoring of a CE-marked product, which is on the market, studies the product's functionality and studies any side effects caused by the product, which may have not been observed during previous trials.

With the prospect of the pandemic continuing for the foreseeable future, potentially for years, the risk to obtain permits for clinical trials which are subject to Government decrees will increase. In this case, the product development of the Company and its potential partners may experience significant delays, which the Company cannot affect, and which would lead to the Company not being able to launch new products. In such situation, the Company's turnover would remain, for an indeterminable period, on relying on any turnover made on the Company's first product, the ARTEBONE® Paste. If the ARTEBONE® Paste were to not make any turnover in the future or the turnover were to be less than the amount of costs, loan repayments and depreciations concerning the Company's operations, the Company's operation would continue at a loss. For as long as the Company's business operations produce a loss, the Company requires additional funding to continue and develop its operations. If the Company is unable to obtain further funding, the Company will be unable to develop its operations as planned and it may end up in a situation of insolvency. The suspension of the clinical studies of the Company's products that are currently or in the future in their product development stage, therefore, increases the risks concerning the Company's general development stage and funding sufficiency, and their actualisation may have a significantly adverse effect on the Company's business operations, operating profit, financial position and/or value of securities.

Possible travel restrictions may prevent authorities from auditing BBS' quality system.

On the date of this Prospectus, the Company is unaware of any significant current travel restrictions, which could prevent the Notified Body's officials from travelling from the Netherlands to Finland and BBS' premises. If any travel restrictions were enforced, the certification of the quality system, which must be carried out as part of the Company's product approval process, may be delayed for the duration of the travel restrictions. During any travel restrictions, authorities can partially complete their duties with the help of the quality system documentation to be supplied. Any remaining audit visits shall be carried out when the Notified Body's officials can travel to Finland. If any travel restrictions were to be enforced during the ARTEBONE® Paste's CE marking process, the delay of the quality system's audit visits will delay the Company's first product's, ARTEBONE® Paste's CE marking process and the possible approval of the marking application, which was submitted on 9 March 2022. Delays in the approval of the CE marking application may delay the introduction of ARTEBONE® Paste to the markets, which, on the other hand, would delay any turnover expected from the sales of ARTEBONE® Paste, in which case the Company's operations would continue at a loss. For as long as the Company's business operations produce a loss, the Company requires additional funding to continue and develop its operations. If further funding is not obtained, the Company will be unable to develop its operations as planned and it may possibly end up in a situation of insolvency. The possible delay of the Company's quality system certification and, thus,

the CE approval of ARTEBONE® Paste, therefore, increases the risks concerning the Company's general development stage and funding sufficiency, and their actualisation may have a significantly adverse effect on the Company's business operations, operating profit, financial position and/or value of securities.

Political and financial uncertainty in certain states may have an adverse effect on BBS' business operations.

Because BBS will seek to sell ARTEBONE® Paste after obtaining the necessary regulatory approvals to several different countries, BBS is possibly exposed in the future to the effects of risks related to international trade. Such risks related to international trade, which upon actualisation may have an adverse effect on BBS' business operations, are, for example, financial and political uncertainties, international crisis situations, industrial actions and strikes, changes to trade and taxation legislation as well as embargos, acts of terrorism and war activities in export countries and Finland.

Russia's invasion to Ukraine has so far not affected the Company's operations, with the exceptions of general upward pressure on prices due to accelerating inflation. It is expected that prices will continue to rise, increasing the Company's costs. In addition, it is possible that availability restrictions of certain raw materials may cause delays or restrictions to availability of certain products. In addition, since the start of the war, the tightening of financial markets has been noticeable. It may affect the Company's ability to raise additional funding in the Offering and future issues.

Upon realisation, any of the above risks can have a significantly adverse effect on BBS' business operations, financial position, operating profit and prospects, for example, in such a way that BBS may not be able to distribute its products in the future to the said countries or the distribution or production of products may become significantly more difficult.

Risks associated with BBS' industry and relevant regulations

The competitive situation of the industry and the downward pressure it has on prices, and the existence of competitive products may have an adverse effect on BBS' profitability and market shares in the future.

On the date of the Prospectus, the Company does not yet have any approved products on the market and thus has no turnover. Other companies in the sector may develop products that compete with BBS' products and are intended for treating the same indications and diagnoses as products developed by BBS. The existence of competing products may weaken the possible profitability achieved by the Company in the future and reduce its potentially achieved market share in the future. Additionally, the development of competing products may lead to a situation in which a competitor develops an exclusive position in certain areas, which further weakens the Company's potentially achieved position in the market. Due to the competitive situation, there is downward pressure on prices of medical devices and drugs. Pricing of future products will have a major impact on the commercial success of the Company and its financial profitability. If the Company fails in pricing its products, if competition reduces the potentially achieved market share of the Company's products, or if competition forces prices of the Company's products down, the materialization of the aforementioned risks may have a material adverse effect on the Company's operations, operating profit and financial position and/or the value of securities.

BBS may be subjected to product liability and product safety claims, which may have an adverse effect on business operations.

The risk that medical devices and medicines become the subject of product liability claims or product safety claims is typically substantial. In the future, BBS' products may become the subject of product liability and/or product safety litigation in which the subject of the proceedings would be whether the Company's products have adverse effects on their users.

During clinical trials, claims concerning product liability and safety can be brought against the Company's products even before their commercial marketing and sales. Product liability and safety claims may result in significant liabilities to the Company, including the liability to pay compensation, and the obligation to pay punitive damages, and they may result in significant costs to the Company. Litigation requires resources, takes time and is expensive, and there is no assurance that the Company would win such a case, or that a product liability claim against the Company will not lead to the removal of its future products from the market or a modification of their permissible uses.

Any possible product liability and product safety claim costs to be paid by the Company, based on product safety requirements, damages, fines, as well as product recall and product replacement costs can be significant and have a significant negative impact on the Company's business operations, operating profit, financial position and/or the value of securities.

Risks associated with the Offering

The Offering may not raise funds in full and if the Offering raises funds substantially less than expected, this will affect the Company's ability to use the proceeds as planned.

There is no certainty that the Offering will be subscribed in full. The Company has received subscription undertakings from current shareholders for a total value of approximately 1.6 million euros, prior to transaction costs, which total approximately 0.5 million euros (see the Prospectus section "*Terms and conditions of the Offering – Subscription undertakings*"). Those who have provided subscription undertakings have therefore committed to subscribe a total of up to approximately 34.9 percent of the Offering.

If a significantly lower amount of funds is raised with the Offering than expected, this would affect the Company's ability to use the proceeds in a planned manner, which may cause delays in commencement of production, marketing and sales. For this reason, the market price of the Company's shares could drop below the Subscription Prince of the Offering. In these conditions, investors who have participated in the Offering by subscribing Offer Shares, may suffer a direct unrealised loss as a result of their investment.

If the Shareholders do not use their Subscription Rights, this may dilute the proportional share of ownership and the Subscription Rights may lose their value entirely.

The Subscription Period begins on 18 May 2022 and ends in Sweden on 1 June 2022 and in Finland on 3 June 2022. The end date of the Subscription Period is also the last day that the Subscription Rights can be used. If a holder of Subscription Rights chooses to use their Subscription Rights, they must provide their instructions concerning the Offering to their account manager or the subscription location within the Subscription Period as well as observe any special deadlines possibly set out by the account managers. If a shareholder decides not to exercise or sell their Subscription Rights or if a shareholder or security broker used by it does not meet the requirements set out in *"Terms and conditions of the Offering"*, the Subscription Rights shall become void and they expire worthless at the end of the Subscription Period. In this case, the shareholder's relative ownership and share of votes provided by the number of shares shall dilute in the same ratio. Even if the shareholder decided to sell any of their unused Subscription Rights or these Subscription Rights were sold on behalf of the shareholder, the compensation obtained from the market for the Subscription Rights may not correspond to the dilution, which the realisation of the Offering causes.

As a result of the Offering, the Company's number of shares may increase from 6,981,525 shares to up to 10,472,287 shares. The offered Offer Shares constitute approximately 50 percent of all the Company's shares immediately before the Offering, and approximately 33.3 percent after the Offering, if the Offering is fully subscribed.

If also all the Warrants offered to the subscribers of the Offer Shares are also used for subscribing shares, the number of Company shares may, as a result of shares subscribed on the basis of the Offering and the Warrants, increase to up to 11,344,977 shares. If all the Warrants offered to the subscribers of the Offer Shares are also used for subscribing shares, the Offer Shares and the shares subscribed on the basis of the Warrants correspond to 62.5 percent of all the Company's shares immediately before the Offering, and approximately 38.5 percent after the completion of the share subscriptions in the Offering and based on the Warrants, presuming that the Offering is fully subscribed and all the Warrants offered to subscribers of the Offer Shares are used for subscription of shares.

All foreign shareholders may not be able to use their Subscription Rights.

Certain shareholders, who live or have a registered address in certain countries outside Finland and Sweden, may not be able to use their Subscription Rights, because the Company's shares have not been registered in accordance with the said country's legislation concerning securities or in another equivalent manner, unless the applicable legislation concerning registration and other similar requirements has an applicable exception that applies to the situation. See also *"Information about the securities - Information about shareholders' rights concerning Offer Shares"*.

There is no certainty as to whether all the providers of subscription undertakings fulfil their obligations towards the Company.

The Company has received subscription undertakings from current shareholders for a total value of approximately 1.6 million euros (see the Prospectus section "*Terms and conditions of the Offering – Subscription undertakings*"). Those who have provided subscription undertakings have therefore committed to subscribe a total of up to approximately 34.9 percent of the Offering. The Company has not received or requested collateral from parties that have provided subscription undertakings for the Offering. Although the Company trusts the parties that have provided subscription undertakings, there is no certainty as to whether all the providers of subscription undertakings will meet their obligations towards the Company. If all of the providers of subscription undertakings do not fulfil their obligations towards the Company, the

Company may have to collect payments by legal means, which will incur costs and delays in payments to the Company. In this case, the Company may also obtain less funds from the Offering than in a situation in which the providers of subscription undertakings fulfil their obligations according to their agreements.

Risks associated with the Company's shares and Warrants

An active public market may not develop for the Company's shares, the Subscription Rights and the Warrants.

The Company's objective is to apply the Subscription Rights, the Offer Shares and the Warrants for multilateral trading on First North Finland and First North Sweden. Trading with Subscription Rights will begin on First North Finland and First North Sweden 18 May 2022 and end 27 May 2022. There have been significant fluctuations in the liquidity of the Company's shares and there is no certainty of the future liquidity of the Company's shares, the Subscription Rights and the Warrants.

On the date of this Prospectus, there is no certainty as to whether the Company's Warrants will be accepted for trading on First North Finland and First North Sweden according to the planned schedule or at all. This could occur if the Company does not obtain enough Warrant holders to guarantee the liquidity on First North Finland or First North Sweden. If the listing of Warrants is not realised, functional markets will not form for the Warrants.

The market price of shares, the Subscription Rights and the Warrants may vary significantly, and the market price of the shares may drop below the Subscription Price.

The market price of the Company's shares, the Subscription Rights and the Warrants may vary, which may be due to e.g., actual or assumed fluctuations in the Company's operating profit, information concerning innovations, new products or services introduced by the Company or its competitors, changes to assessments performed by financial analysts, conditions or trends in the Company's product market, exchange rates, development of regulations, general market conditions or other factors. In addition to this, price and volume variations have occasionally occurred in the financial market, which are not associated with the development or prospects of an individual company's business operations. The previously mentioned changes and market variations may lead to the increased volatility of the shares' market price, and the price of the Company's shares could drop below the Subscription Price. If the price of the Company's shares drops below the Subscription Price, investors who have participated in the Offering by subscribing Offer Shares, may suffer a direct unrealised loss as a result of their investment.

If the market price of the Company's shares is lower than the Subscription Price of the shares referred to in the Warrants' terms during the subscription period of the shares referred to in the Warrants' terms, shares will probably not be subscribed on the basis of the Warrants and the Company will not obtain the funds needed to safeguard its working capital from the shares that are available to subscribe on the basis of Warrants.

Concentration of share ownership.

The ownership of the Company is concentrated on the date of this Prospectus as well as possibly immediately after the Offering. The largest shareholders of the Company can exercise substantial influence in the Company. On the date of this Prospectus, the ten largest shareholders own a total of approximately 56% of the Company's outstanding shares and votes.

The aforementioned shareholders may exercise significant decision-making power in the Company's General Meetings in the selection of members of the Company's Board of Directors, dividend payment and other matters governed by the General Meeting.

The amount of the dividend paid by BBS is uncertain and it is possible that no dividend will be paid for any accounting period.

BBS' ability to pay a dividend to its shareholders in the future depends on many factors, such as the Company's earnings, financial position and capital needs, as well as provisions in the Companies Act on the distribution of profits. BBS has not made a profit throughout its history. Turning the Company's business into a profitable one depends on many factors such as obtaining financing and getting sales started (see the Prospectus sections *"Strategy, funding and business environment"* and *"Financial information and key figures"*). One of the conditions for paying a dividend is that the Company must have distributable assets pursuant to the Companies Act. Additionally, the payment of dividends shall not jeopardize the Company's solvency pursuant to the Companies Act. One of the responsibilities of the Board of Directors of BBS is to ensure the solvency and liquidity of the Company before deciding on payment of a dividend. The Company's Board of Directors has not defined a dividend policy for the Company (see *"Financial information and key figures - Dividend policy"*). The Company has never paid dividends. There is no certainty whether the Company will be able to pay dividends for any financial period. The Company did not have distributable funds on 31 December 2021.

Holders of nominee registered shares in the Company may not be able to exercise their voting rights.

The true owners of the Company's nominee registered shares are not able to use their voting rights, unless their ownership has been reregistered in their name at Euroclear Finland before the Company's General Meeting. The same applies to such shareholders whose shares are registered at Euroclear Sweden. There is no certainty that the true owners of the Company's shares will receive the invitation to the General Meeting in time in order to instruct their account managers to either reregister their shares or otherwise use their voting rights in true owners' chosen manner. There is also no certainty as to whether the account managers will take the necessary measures to allow such investors to participate in the General Meeting, even if such investors have provided such instructions.

Future issuances of Company's shares or special rights entitling to shares or their trades may have a negative effect on the market price of the shares and dilute the proportional share of ownership.

In the future BBS will likely require additional equity financing by means of new share issues or other equity instruments. The material issues or sales of shares or special rights entitling to shares in the future or the understanding that such issues or sales could take place in the future, may have an adverse effect on the shares' market price as well as the Company's ability to acquire equity financing. In addition to this, future rights issues or directed issues of shares or special rights entitling to shares will dilute the shareholders' relative share ownership and voting power, if the shareholder decides not to subscribe shares or special rights entitling to shares, or if the shareholder is not entitled to subscribe them.

Currency exchange rate changes can have an adverse effect on investors who have participated in the Offering in Sweden.

BBS' reporting currency is the euro. On the other hand, the shares issued in First North Sweden, including the Offer Shares, are traded and settled in Swedish krona. Furthermore, the Company's possible dividends shall be informed and paid in euros. Any future dividends paid for shares stored in Euroclear Sweden's value of the share accounts, shall be paid in Swedish krona once the payable amount has been converted from euros to Swedish krona. Therefore, the currency exchange rate changes between the Swedish krona and the euro will affect the market price of the shares that are traded at First North Sweden, and any future dividends that are paid in Swedish krona. Since the Swedish krona is not bound to the euro, currency exchange rate changes between the krona and euro may affect the shareholder's revenue for their share investment in the Company. As a result, the dividends and other funds distributed in Swedish krona as well as the value of the Company's shares that have been quoted in First North Sweden in Swedish krona can increase or decrease. This may have a material adverse effect on the value of the Company's shares that have been quoted in First North Sweden in Swedish krona, as well as the future dividends paid to investors where the shares have been registered in Euroclear Sweden.

INFORMATION ABOUT THE SECURITIES

General information about the Offer Shares

In the Company's share issue (the "Offering"), which is the subject of this Prospectus, up to 3,490,762 new Company shares (the "Offer Shares") are offered for subscription. Before the Offering, the Company has 6,981,525 registered shares. The ISIN code for the Offer Shares is FI4000522826, and the trading symbol is BONEH on the Nasdaq First North Growth Market Finland marketplace ("First North Finland") maintained by Nasdaq Helsinki Oy ("Helsinki Stock Exchange") and BONES on the Nasdaq First North Growth Market Sweden marketplace ("First North Sweden") maintained by Nasdaq Stockholm AB ("Stockholm Stock Exchange"). The Offer Shares have no nominal value.

The Offer Shares subscribed in the Offering shall be issued as book-entries in the book-entry system maintained by Euroclear Finland Oy, address Urho Kekkosenkatu 5 C (PL 1110), 00100 (00101) Helsinki ("Euroclear Finland") and they shall be delivered to investors via the book-entry systems maintained by Euroclear Finland and Euroclear Sweden AB, address Klarabergsviadukten 63 (PO Box 191), 111 64 (SE-101 23) Stockholm, Sweden ("Euroclear Sweden").

The Offer Shares are denominated in euro. The Offer Shares which are traded on First North Finland are traded and settled in euro. The Offer Shares which are traded on First North Sweden are traded and settled in Swedish krona.

Information about the shareholder rights related to Offer Shares

The rights related to Offer Shares shall be determined according to the prevailing Companies Act and other valid Finnish legislation. The Company only has one series of shares, so the Offer Shares have the same rights as the Company's existing registered shares.

The rights attached to the Offer Shares include the right to participate in the General Meeting and exercise their right to vote there. Each Offer Share shall provide one vote in the General Meeting.

To be entitled to participate in the General Meeting and use his/her voting rights there, the shareholder shall register to the Company in accordance with the Company's Articles of Association no later than by the date mentioned on the General Meeting invitation, which may be no earlier than ten days before the General Meeting. Depending on the situation, the shareholders shall comply with requirements concerning the Company's shares registered at Euroclear Finland or Euroclear Sweden, and any guidelines set out in the relevant General Meeting invitation.

To be entitled to participate in the Company's General Meeting and exercise their voting rights, a shareholder, whose shares have been registered at Euroclear Finland, must have been registered as the Company's shareholder in Euroclear Finland's shareholder register, which is maintained according to Finnish legislation, for at least eight (Finnish) working days before the General Meeting. If the holder of nominee registered shares wishes to participate in the General Meeting and use voting rights, he/she must temporarily register the shares in his/her own name on Euroclear Finland's shareholder register no later than on the date indicated on the General Meeting invitation, which must be after the recorded date of the General Meeting. Notice concerning the temporary registration of a nominee registered shareholder on the Company's shareholder register shall be deemed as registration to the General Meeting.

To be entitled to participate in the Company's General Meeting and exercise their voting rights, a shareholder, whose shares have been registered at Euroclear Sweden, must have (i) been registered as the Company's shareholder in Euroclear Sweden's shareholder register for at least eight (Finnish) working days before the General Meeting, and (ii) request temporary registration of Company ownership in Euroclear Finland's shareholder register no later than by the date specified in the General Meeting invitation.

In addition, to be entitled to participate in the General Meeting, a shareholder, who has Company shares registered at Euroclear Sweden via the bank or a security brokerage, must (i) temporarily re-register the said Company shares to the register maintained by Euroclear Sweden using their own name by instructing the account manager of Company shares to send Euroclear Sweden a request for temporary registration on Euroclear Sweden's shareholder register, and (ii) ensure that the shares' account manager sends the above-mentioned request concerning temporary registration to the Company's shareholder register maintained by Euroclear Finland.

A request for the temporary registration of ownership on Euroclear Finland's shareholder list shall be deemed as registration to the General Meeting.

All the Company's shares, including the Offer Shares, provide equal financial rights, including the right to dividends and the right to the distribution of funds, such as the right to a percentage if the Company is dissolved.

On the basis of the financial statements for the financial periods that ended on 31 December 2021 and 31 December 2020, or otherwise before the date of the Prospectus, the Company has not paid any dividends and there are no guarantees that there will be any funds to distribute in the future. Decisions on any dividend distributions or other distributions of funds would be made in accordance with the Companies Act as follows:

A dividend can be paid, or unrestricted equity can be distributed after the General Meeting has confirmed the Company's financial statements and decided on the distribution of a divided or other unsecured equity on the basis of the Board's proposal. In accordance with the Companies Act, a dividend payment or other non-restricted equity capital distribution can also be based on another financial statement than that of the most recently ended financial year, provided that the General Meeting has confirmed such financial statement. If the company is obliged to appoint an auditor by virtue of legislation or its Articles of Association, the financial statement must be audited.

The amount of dividends or non-restricted equity capital to be distributed is limited to the amount of distributable funds, which are indicated in the parent company's financial statement, to which the decision to pay dividends or otherwise distribute non-restricted equity capital is based on, and which is influenced by significant changes to the company's financial situation following the compilation of the financial statement. The parent company of the group may not distribute more dividends than the amount of distributable funds in accordance with the parent company's most recently confirmed and audited financial statement. Funds may not be distributed as dividends or by means of other distribution means of non-restricted equity capital, if it is known, or should be known, at the time of deciding upon distribution that the company is insolvent, or the distribution would cause the company's insolvency.

The amount of dividends may not exceed the amount proposed or otherwise approved in the Board's dividend distribution proposal, unless the shareholders that represent at least a tenth of all shares have required so at the General Meeting, in which case the dividend may not exceed the lower amount of the following: (i) at least half of the profit of the previous financial year, deducted by (any) amounts to be undistributed in accordance with the Articles of Association, and (ii) the amount of previously specified distributable funds. In this case, the amount of dividends may not however exceed 8 percent of the company's equity, and the amount to be distributed must be adjusted by the amount of any dividends possibly distributed before the General Meeting.

For shares registered in Finland's, i.e., Euroclear Finland's book-entry system, dividends and other distributed funds are paid to the shareholders or their nominee registered shares' account managers, who have been registered in the Company's shareholder register on the relevant record date. In the Euroclear Finland book-entry system, dividends are paid by bank transfer to the accounts of shareholders in the register.

In Sweden's Euroclear Sweden book-entry system, dividends and other distributed funds are paid to the shareholders whose names have been logged in Sweden's centralised book-entry system on the relevant record date and to the bank accounts of owners registered at Euroclear Sweden. Shareholders registered at Euroclear Sweden are assumed to receive the payments one bank day later than the shareholders registered at Euroclear Finland. If a shareholder registered in Sweden is an account manager, the account manager will receive the dividend and other financial rights provided by the shares on behalf of the nominee registered shareholder.

The right to dividends expires three years after the dividend payment date.

According to the Companies Act, the shareholders of the Company have the pre-emptive right to subscribe for shares in proportion to their shareholdings, unless otherwise provided in the resolution regarding the issue. Deviating from the shareholders' pre-emptive subscription right requires that there is a weighty financial reason for deviating. As stated above with respect to dividends, the right to subscribe for shares in the rights issue is also based in the ownership of the Company on the record date.

A redemption right and obligation as set out in the Companies Act is attached to the Company's shares. Under the Companies Act, a shareholder with shares representing more than nine tenths of all shares and voting rights attached to all shares in a company has the right to redeem shares of other shareholders in such company against fair value. Such shareholder is correspondingly obliged to redeem if the shareholder entitled to have its shares redeemed demands the redemption of its shares. The Articles of Association of the Company does not contain redemption or conversion clauses.

The Offer Shares entitle to above described and other shareholder rights in the Company after they have been registered within the Trade Register and delivered to the investor's book-entry account.

Share issuance authorisation and decision

Authorisation to issue Offer Shares

On 17 March 2022, the Extraordinary General Meeting of the Company authorised the Board of Directors to decide on share issues as well as issues of option rights and other special rights entitling to shares, pursuant to Chapter 10, section 1 of the Companies Act as follows:

Under the authorisation, a maximum of 6,000,000 shares may be issued.

The Board of Directors decides on all terms and conditions of the share issues and options rights and other special rights entitling to shares. Share issues and the issuance of option rights other special rights entitling to shares may deviate from the shareholders' pre-emptive subscription right (directed issue) if there is a weighty financial reason from the Company's point of view. Authorisation applies to the transfer of both new shares and the Company's existing shares.

In the Company's share issues, shares can be transferred against a payment or without consideration. A directed share issue may only be without consideration if there is a particularly weighty financial reason for this in terms of the Company and considering the interest of all shareholders.

The authorisation is valid until 30 June 2023 and it cancelled the authorisation granted by the Annual General Meeting on 28 April 28 2021.

If the Offering is fully subscribed and the Warrants are used in full to subscribe for new shares, there remains 1,636,548 shares in the authorisation.

Decision concerning the issuance of Offer Shares

Under the authorisation referred to above, the Company's Board has decided on the Offering referred to in this Prospectus on 6 May 2022 in accordance with the terms of the following section "*Terms and conditions of the Offering*".

Subscription Period for the issue of shares and commencement of trading

The subscription period for the Offer Shares (the "Subscription Period") will commence on 18 May 2022 at 10.00 Finnish time (9.00 Swedish time) and is expected to end on 3 June 2022 at 16.00 Finnish time (15.00 Swedish time) in Finland and on 1 June 2022 at 16.00 Finnish time (15.00 Swedish time) in Sweden. The Company may, at its sole discretion, extend the Subscription Period. The Subscription Period may be extended once or several times, however not past 15 June 2022. Any extensions of the Subscription Period will be announced by way of a company release before the end of the Subscription Period.

The Offer Shares shall be the subject of trading together with the Company's existing shares on or about 20 June 2022 on First North Finland and on or about 23 June 2022 on First North Sweden.

Warning regarding tax issues related to the Offer Shares and Offering

The investor should note that the tax legislation in the investor's home or residence country and in the Company's country of registration in Finland may affect the income from the Company's shares (including the Offer Shares). Prospective investors are advised to consult professional tax advisors as to the tax consequences of the purchase, ownership and sale or other transfer of Offer Shares.

The Offering does not apply to persons resident in Australia, South-Africa, Hong Kong, Japan, Canada, New Zealand, Singapore or the United States or in any other country where it would be prohibited by local laws or other regulations.

Finnish tax considerations regarding the Offer Shares

The tax legislation of the investor's country of residence and the tax legislation of Finland may affect the income received from the securities. The following summary is based on the tax laws of Finland as in effect as at the date of this Prospectus. Changes in the tax laws could have a retroactive effect on taxation. The following summary is not exhaustive and does not take into account or discuss the tax laws of any state other than Finland. The description below is applicable to both Finnish resident and non-resident natural persons and limited liability companies for the purposes of Finnish domestic tax legislation relating to dividend distributions on shares and capital gains arising from the sale of shares. Prospective investors are advised to consult professional tax advisors as to the tax consequences of the purchase, ownership and disposition of shares in Company and the Warrants. The following description does not address tax considerations

applicable to such holders of the Subscription Rights, the Company's shares or the Warrants that may be subject to special tax rules relating to, among others, different restructurings of corporations, controlled foreign corporations, non-business carrying entities, income tax-exempt entities or general or limited partnerships. Furthermore, this description does not address Finnish inheritance or gift tax consequences.

General

Residents and non-residents of Finland are treated differently for tax purposes. The worldwide income of persons resident in Finland is subject to taxation in Finland. Non-residents are taxed on income from Finnish sources only. Additionally, Finland imposes taxes on non-residents for income connected with their permanent establishments situated in Finland. However, tax treaties may limit the applicability of Finnish tax legislation and also the right of Finland to tax Finnish-source income received by a non-resident.

Generally, a natural person is deemed to be a resident in Finland if such person continuously remains in Finland for a period of more than six months or if the permanent home and abode of such person is in Finland. However, a Finnish national who has moved abroad is considered to be resident in Finland until three years have passed from the end of the year of departure unless it is proven that no substantial ties to Finland existed during the relevant tax year. Earned income, including salary, is taxed at progressive rates.

Currently, the capital income tax rate is 30 per cent. In addition, should the amount of capital income received by a resident natural person exceed EUR 30,000 in a calendar year, the capital income tax rate is 34 per cent on the amount that exceeds EUR 30,000.

Corporate entities established under the laws of Finland are regarded as residents in Finland and are, therefore, subject to corporate income tax on their worldwide income. In addition, non-residents are subject to Finnish corporate income tax on their income connected with their permanent establishments situated in Finland. Currently, the corporate income tax rate is 20 per cent.

Dividend taxation

General

The tax treatment of dividend income is dictated by whether the company distributing the dividend is publicly listed or not. By a publicly listed company is meant a company ("Listed Company") whose shares are admitted to trading:

- in a regulated market as set forth in the Finnish Act on Trading in Financial Instruments (1070/2017, as amended);
- in another regulated market supervised by authorities outside the EEA-area; or
- in a multilateral trading facility as set forth in the Finnish Act on Trading in Financial Instruments, provided that the share has been admitted to trading by application of the company or with its consent.

First North is a multilateral trading facility as referred to above; hence the provisions regarding distribution of dividend of a publicly traded company are applied to the taxation of the dividend income from the Company.

Funds distributed from the so-called reserve for invested unrestricted equity (SVOP-reserve) of a Finnish publicly listed company are considered as dividend income for taxation purposes.

Resident natural persons

85 per cent of dividends paid by a Listed Company to a shareholder, who is a resident natural person, is considered capital income of the recipient, while the remaining 15 per cent is tax exempt.

85 per cent of dividends paid by a Listed Company to a natural person whose underlying shares belong to the business activity of such shareholder is taxable partly as earned income, which is taxed at a progressive rate, and as capital income, and the remaining 15 per cent is tax exempt.

Distribution of dividends by a Listed Company to resident natural persons is subject to advance tax withholding. Currently, the amount of the advance tax withholding is 25.5 per cent. The advance tax withheld by the distributing company is credited against the final tax payable by the shareholder for the dividend received.

Resident natural persons

85 per cent of dividends paid by a Listed Company to a shareholder, who is a resident natural person, is considered capital income of the recipient, while the remaining 15 per cent is tax exempt.

85 per cent of dividends paid by a Listed Company to a natural person whose underlying shares belong to the business activity of such shareholder is taxable partly as earned income, which is taxed at a progressive rate, and as capital income, and the remaining 15 per cent is tax exempt.

Distribution of dividends by a Listed Company to resident natural persons is subject to advance tax withholding. Currently, the amount of the advance tax withholding is 25.5 per cent. The advance tax withheld by the distributing company is credited against the final tax payable by the shareholder for the dividend received.

Finnish limited liability companies

Taxation of dividends distributed by a Listed Company depends, among other things, on whether the Finnish company receiving the dividend is a Listed Company or not. Dividends received by a Listed Company from another Listed Company are generally tax exempt. However, in cases where the underlying shares are included in the investment assets of the shareholder, 75 per cent of the dividend is taxable income while the remaining 25 per cent is tax exempt. Only banking, insurance and pension institutions may have investment assets.

Dividends received by a Finnish company that is not a Listed Company (i.e., a privately held company) from a Listed Company are fully taxable income. However, in cases where the privately held company directly owns 10 per cent or more of the share capital of the Listed Company distributing the dividend, the dividend received on such shares is tax exempt, provided that the underlying shares are not included in the investment assets of the shareholder.

Non-residents

As a general rule, non-residents of Finland are subject to Finnish withholding tax on dividends paid by a Finnish company. The withholding tax is withheld by the company distributing the dividend at the time of dividend payment and no other taxes on the dividend are payable in Finland. The withholding tax rate is 20 per cent for non-resident corporate entities as income receivers and 30 per cent for all other non-residents as income receivers. The withholding tax rate may be reduced or removed in full on the basis of an applicable tax treaty.

The reduced withholding rate benefit in an applicable tax treaty will be available if the person beneficially entitled to the dividend has provided a valid tax card or necessary details of its nationality and identity to the company paying the dividend.

If the shares are held in a nominee-registered account, a customer receiving dividends from Finland may be granted tax treaty benefits if the registered custodian identifies the recipient of the dividend, reliably ascertains this tax country of residence and ensures that the dividend provisions of the international agreement apply to the recipient. If the information is not available, the payer must charge a withholding tax of 35 per cent on the dividend paid on the nominee-registered share. Such a situation would exist if the registered custodian did not have the tax information of the recipient of the dividend available at the time of payment of the dividend, including information that the recipient of the dividend would be a general taxpayer in Finland. Even in the event that the recipient of the dividend has not consented to the disclosure of his information, a withholding tax of 35 per cent must be levied.

Dividends may be subject to a withholding tax of 30 per cent if the registered custodian has access to the identification of the recipient of the dividend but does not have sufficient information to ensure that the tax treaty is applicable. If the entity has been identified as the recipient of the dividend, a withholding tax of 20 per cent may be levied on the dividends.

Dividends paid on shares held in Euroclear Sweden's book-entry system may be subject to full withholding tax, subject to the availability of information required to use the tax rate in accordance with the tax convention.

In accordance with Finnish tax legislation, withholding tax is not withheld from dividends, which are paid to foreign companies, as set forth in Article 2 of the parent-subsidiary directive (2011/96/EU), located in an EU member state and subject to income tax of their home state, which directly have a minimum holding of 10 per cent of the capital of the dividend-distributing Finnish company.

Dividends paid to certain foreign companies located in the EEA-area are also either fully tax exempt or subject to a reduced withholding tax rate depending on the tax agreement and on how the dividend would be taxed, if it were paid to

an equivalent Finnish company. Full withholding tax is withheld from other dividends paid to non-resident companies, unless the applicable double taxation treaty dictates otherwise

Capital gains

Resident natural persons

A capital gain or loss arising from the sale of subscription rights or shares that do not belong to the business activity of the shareholder is generally taxable in Finland as a capital gain or deductible as a capital loss for resident natural persons. With regard to warrants, the tax treatment varies depending on whether or not the warrants are traded on a regulated market. Gains on the sale of all warrants not belonging to the owner's business activities are generally taxed in Finland as capital income of a taxable natural person. On the other hand, the expiry of a warrant right or the resulting capital loss is deductible from the capital gains only in respect of warrant rights that are traded on a regulated market. As First North is not a regulated market, the expiration of the Warrants or the capital loss are not deductible from capital gains.

Capital gains are currently taxed as capital income A capital loss arising in 2016 and after that from the sale of subscription rights, shares or warrants that are traded on regulated market that do not belong to the business activity of the shareholder is primarily deductible from the resident natural person's capital gains and secondarily from other capital gains arising in the same year and during the following five tax years. Capital losses are excluded from the calculation of capital income deficit for the concerned tax year and can, therefore, not be deducted from the amount of the deficit-credit that is deductible under the deficit-crediting system. If the shares belong to the business activity (business income source) of the seller, any gain arising from the sale thereof is deemed to be business income of the seller, which will be divided according to the Finnish Income Tax Act to be taxed as earned income at a progressive tax rate and as capital income.

Notwithstanding the above, capital gains arising from the sale of assets that do not belong to business activity are exempt from tax provided that the proceeds of all assets sold by the resident natural person during the tax year do not, in aggregate, exceed EUR 1,000 (exclusive of proceeds from the sale of any assets that are tax exempt pursuant to Finnish tax laws). Correspondingly, capital losses are not tax deductible if the acquisition cost of all assets sold during the tax year does not, in aggregate, exceed EUR 1,000 (exclusive of proceeds from the sale of any assets that are tax exempt pursuant to Finnish tax laws).

Any capital gain or loss is calculated by deducting the original acquisition cost and sales related expenses from the sales price. Alternatively, a natural person holding shares that are not included in the person’s business activity may, instead of deducting the actual acquisition costs, choose to apply a so-called presumptive acquisition cost, which equals 20 per cent of the sales price, or in the case of shares which have been held for at least ten years, 40 per cent of the sales price. If the presumptive acquisition cost is used instead of the actual acquisition cost, any selling expenses are deemed to be included therein and cannot be deducted separately from the sales price.

When a shareholder sells the Offer Shares subscribed for in the Offering, the acquisition date of the Offer Shares is considered to be the acquisition date of the shares that entitle the shareholder to receive the Subscription Rights. The acquisition price of the previously acquired shares and the acquisition price of the Offer Shares subscribed for in the Offering are added together and divided equally between the previously acquired shares and the subscribed Offer Shares. When a shareholder sells the Subscription Rights received in connection with the Offering without using them to subscribe for the Offer Shares in the Offering, the actual acquisition price of the Subscription Rights is considered to be zero and the shareholder's tax acquisition date is in this case, the acquisition cost assumption of 20 per cent or, if the Offer Shares on the basis of which the Subscription Rights were acquired has been owned for ten years or more, 40 per cent is used to calculate the amount of the capital gain from the sale of the Subscription Rights. However, if the seller of the Subscription Rights has purchased the Subscription Rights, the seller may choose whether to use the acquisition cost assumption or the actual acquisition price (i.e., the acquisition price of the Subscription Rights plus the costs of sale).

If the Offer Shares are subscribed for on the basis of the purchased Subscription Rights, the Offer Shares will be deemed acquired at the time of acquisition of the Subscription Rights. The same date also determines the amount of the acquisition cost assumption. If the seller wishes to use the actual acquisition cost, the capital gain or -loss on disposal will be calculated by deducting from the sale price both the acquisition price of the Subscription Rights and the Offer Shares (and the costs incurred from the sale).

Finnish limited liability companies

The following applies only to Finnish limited liability companies that are taxed on the basis of the Finnish Business Income Tax Act. As a general rule, a capital gain arising from the sale of shares is taxable income of a limited liability company, which is taxed with a rate of 20 per cent.

Shares may be fixed assets, current assets, investment assets or financial assets of a limited liability company. The taxation of a disposal of shares and loss of value varies according to the asset type for which the shares qualify.

The sales price of any sale of subscription rights or shares is generally included in the business income of a Finnish liability company. Correspondingly, the acquisition cost of shares is deductible from business income upon disposal of the shares. However, an exemption for capital gains on share disposals is available for Finnish companies, provided that certain strictly defined requirements are met. The main criteria for the application of the so-called participation exemption are that the company selling the shares has directly and continuously for at least one year, and such ownership of the sold shares has ended at the most one year before the sale, owned at least 10 per cent of the share capital in the company whose shares are sold, and the sold shares belong to the shares owned in accordance with the above. However, capital gains are not tax-except, if the shares are not considered to belong to fixed assets.

Tax deductible capital losses pertaining to the sale of shares (other shares than shares sold under the participation exemption) that are part of the fixed assets of the selling company can only be deducted from capital gains arising from the sale of fixed assets shares in the same financial year and the subsequent five years. Capital losses pertaining to the sale of shares that are not part of fixed assets are tax deductible from taxable income in the same financial year and the subsequent ten years in accordance with the general rules concerning losses carried forward.

From 2020 onwards, the asset class of the company's other assets includes assets that are not used in the company's income generation activities. Losses arising from the transfer of other assets are deductible only from taxable profits arising from the transfer of other assets in the tax year and the following five tax years.

Non-residents

Non-residents who are not generally liable for tax in Finland are usually not subject to Finnish taxes on capital gains realised on the sale of shares in a Listed Company, unless the non-resident taxpayer is deemed to have a permanent establishment in Finland for income tax purposes as referred to in the Income Tax Act and an applicable tax treaty and the shares are considered to be assets of that permanent establishment.

Finnish transfer tax

Transfer tax is not payable in connection with the issuance of new shares or other securities.

There is no transfer tax payable in Finland on transfers or sales of subscription rights and shares admitted to trading on First North if the transfer is made against a fixed pecuniary consideration. The transfer tax exemption requires that an investment firm, a foreign investment firm or other party offering investment services, as defined in the Finnish Investment Services Act (747/2012, as amended), is brokering or acting as a party to the transaction, or that the transferee has been approved as a trading party in the market in which the transfer is executed. Further, if the broker or the counterparty to the transaction is not a Finnish investment firm, Finnish credit institution, or a Finnish branch or office of a foreign investment firm or credit institution, the transfer tax exemption requires that the transferee submits a notification of the transfer to the Finnish Tax Administration within two months of the transfer, or that the broker submits an annual declaration regarding the transfer to the Finnish Tax Administration as set forth in the Act on Assessment Procedure (1558/1995, as amended).

Certain separately defined transfers, such as those relating to equity investments or distribution of funds, are not covered by the transfer tax exemption. In addition, the exemption does not apply to transfers carried out in order to fulfil the obligation to redeem minority shares under the Companies Act. If the transfer or sale of shares does not fulfil the above criteria for a tax-exempt transfer, transfer tax at the rate of 1.6 per cent of the sales price is payable by the purchaser. However, if the purchaser is neither a tax resident in Finland nor a Finnish branch or office of a foreign credit institution, investment firm or fund management company, the seller must collect the tax from the purchaser. If the broker is a Finnish stockbroker or credit institution, or a Finnish branch or office of a foreign stockbroker or credit institution, it is liable to collect the transfer tax from the purchaser and pay the tax to the state. If neither the purchaser nor the seller is tax resident in Finland or a Finnish branch or office of a foreign credit institution or foreign investment firm, the transfer of shares will be exempt from Finnish transfer tax. No transfer tax is collected if the amount of the tax is less than EUR 10. However, the transfer tax return must be submitted even when the amount of tax is less than 10 euros and the tax is not payable.

Swedish tax considerations regarding the Offer Shares and the Warrants

The following summary outlines certain Swedish tax issues related to the Offering for private individuals and limited liability companies that are residents of Sweden for tax purposes, unless otherwise stated. The summary is based on current legislation and is intended only to provide general information regarding the Offering. The summary does not cover situations where shares are held as current assets in business operations or where shares are held by partnerships.

Moreover, the summary does not cover the special rules regarding tax-free capital gains (including non-deductible capital losses) and dividends in the corporate sector which may be applicable when the investor holds shares in the Company which are deemed to be held for business purposes (for tax purposes, Sw. näringsbetingade andelar). The special rules which in certain cases may be applicable to shares in companies which are or have been so-called close companies or to shares acquired by means of such shares is not covered and nor the special taxation rules regarding assets held through investments saving accounts (Sw. investeringssparkonto).

Furthermore, special tax rules apply to certain categories of companies who are shareholders. The treatment for tax purposes of each individual shareholder depends in part on such shareholder's particular circumstances. Those considering in investing should consult an independent tax advisor as to the tax consequences relating to their particular circumstances that could arise from the Offering, including the applicability and effect of foreign regulations and double tax treaties.

Private individuals

Capital gains taxation

For private individuals resident in Sweden for tax purposes, capital income such as interest income, dividends and capital gains on listed shares is taxed in the capital income category. The tax rate in the capital income category is 30 per cent.

Capital gains and capital losses are calculated to equal the difference between the proceeds received when the shares are sold or redeemed, after deduction for potential sale expenses and the acquisition cost for tax purposes. The acquisition cost for listed shares is normally determined according to the "average method". This means that the cost of acquiring all shares of the same type and class as the divested share are added together and calculated collectively, with respect to changes to the holding. Alternatively, the "standard method", according to which the acquisition cost is deemed to be equal to 20 per cent of the net proceeds received when the shares are sold or redeemed, may be applied.

Capital losses on listed shares may be fully deductible against taxable capital gains on shares the same fiscal year. The loss is also deductible against gains on other listed securities that are taxed in the same manner as shares (however, not against gains on participations in investment funds containing Swedish receivables only, Sw. räntefonder). Capital losses not absorbed by these set-off rules are deductible at 70 per cent in the capital income category.

Should a net loss arise in the capital income category, a reduction is granted of the tax on income from employment and business operations, as well as property tax and municipal property fees. The tax reduction is granted at 30 per cent of such net loss which does not exceed SEK 100,000 and at 21 per cent of any remaining net loss. An excess net loss cannot be carried forward to future tax years.

Dividend taxation

For private individuals resident in Sweden for tax purposes, a preliminary tax is withheld on dividends. The preliminary tax is normally withheld by Euroclear Sweden, or in respect of nominee-registered shares, by the nominee. The Swedish preliminary tax withheld may be reduced under applicable double tax treaties.

Additionally, dividends from a foreign company are generally subject to foreign withholding tax. However, the tax rate is normally reduced under applicable tax treaties for dividends beneficially owned by a person resident in Sweden for the purpose of the treaty. Foreign tax can generally be credited from the Swedish tax on the same income.

Allocation, exercise, and disposal of subscription rights

Neither allocation nor exercise of subscription rights triggers taxation. For shareholders who do not wish to exercise their subscription rights and instead sell their subscription rights, there may be a taxable capital gain. Subscription rights based on a shareholding of existing shares are deemed to be acquired for SEK 0. The entire sales proceeds after deducting sales costs will be subject to taxation. The standard method is not applicable in this case. The acquisition cost for the original shares is not affected. For subscription rights purchased or otherwise acquired (i.e., that are not received based on a shareholding of existing shares), the price paid for the rights constitutes the acquisition cost. The acquisition cost of such subscription rights shall be taken into account when calculating the tax basis for the shares. The "standard method" may be used on disposal of listed subscription rights. A subscription right that is not exercised or sold, and thus expires, is deemed disposed of at SEK 0.

Allocation, exercise, and disposal of warrants

Allocation of warrants in connection with the subscription of new shares is not taxed at the recipient when the recipient is a shareholder in the company that the warrants relate to. Nor when the warrants are exercised for subscription of shares

will they be subject to taxation. For shareholders who sell their warrants, there may be a taxable capital gain. Warrants based on a shareholding of existing shares are deemed to be acquired for SEK 0. The entire sales proceeds after deducting sales costs will thus be subject to taxation. For warrants purchased or otherwise acquired (i.e., that are not received based on a shareholding of existing shares), the price paid for the warrants constitutes the acquisition cost.

Limited liability companies

Capital gains and dividends taxation

For Swedish limited liability companies (Sw. aktiebolag) all income, including taxable capital gains and dividends, is taxed as income from business operations at a rate of 20.6 per cent. Taxable capital gains and capital losses are calculated in the same way as described above regarding private individuals.

Capital losses on shares may only be offset against taxable capital gains on shares and other securities taxed in the same manner as shares. If a capital loss cannot be deducted by the company which has made the loss, it may be deducted the same year from a group company's taxable capital gains on shares and other securities taxed as shares, provided that the companies are entitled to tax consolidation (through group contributions, Sw. koncernbidrag) and that both companies so request in the tax return of the same year. A net capital loss on shares, which cannot be utilised a certain year, may be carried forward (by the limited liability company having made the loss) and offset in future tax years against taxable capital gains on shares and other securities taxed as shares, without any limitation in time. Special tax rules may apply to certain categories of companies or certain legal persons, for example mutual funds and investments companies.

Additionally, dividends from a foreign company are generally subject to foreign withholding tax. However, the tax rate is normally reduced under applicable tax treaties for dividends beneficially owned by a person resident in Sweden for the purpose of the treaty. Foreign tax can generally be credited from the Swedish tax on the same income

Allocation, exercise and disposal of subscription rights

Neither allocation nor exercise of subscription rights trigger taxation. For shareholders who do not wish to exercise their subscription rights and instead sell their subscription rights, there may be a taxable capital gain. Subscription rights based on a shareholding of existing shares are deemed to be acquired for SEK 0. The entire sales proceeds after deducting sales costs will be subject to taxation. The standard method is not applicable in this case. The acquisition cost for the original shares is not affected. For subscription rights purchased or otherwise acquired (i.e., that are not received based on a shareholding of existing shares), the price paid for the rights constitutes the acquisition cost. The acquisition cost of such subscription rights shall be taken into account when calculating the tax basis for the shares. The "standard method" may be used on disposal of listed subscription rights. A subscription right that is not exercised or sold, and thus expires, is deemed disposed of at SEK 0.

Allocation, exercise, and disposal of warrants

Allocation of warrants in connection with the subscription of new shares is not taxed at the recipient when the recipient is a shareholder in the company that the warrants relate to. Nor when the warrants are exercised for subscription of shares will they be subject to taxation. For shareholders who sell their warrants, there may be a taxable capital gain. Warrants based on a shareholding of existing shares are deemed to be acquired for SEK 0. The entire sales proceeds after deducting sales costs will thus be subject to taxation. For warrants purchased or otherwise acquired (i.e., that are not received based on a shareholding of existing shares), the price paid for the warrants constitutes the acquisition cost.

Non-resident shareholders in Sweden

Capital gains taxation

Shareholders who are not resident in Sweden for tax purposes and not conducting business from a permanent establishment in Sweden are generally not liable for capital gains taxation in Sweden upon the disposal of shares. However, shareholders may be subject to taxation in their state of residence. According to a domestic Swedish provision, non-Swedish tax resident individuals may be subject to Swedish capital gains taxation upon disposal of securities, if they have been residents of Sweden or have had a habitual abode in Sweden at any point during the calendar year of disposal or the ten preceding calendar years. In a number of cases, though, the applicability of this rule is limited by double tax treaties.

Regulations on tender offers and tender offers regarding the Company

The obligation under the Finnish Securities Markets Act (746/2012, as amended) to make a public tender offer for the purchase of the shares and securities of the offeree company above a certain ownership threshold applies only if those shares or securities are traded on a regulated market and therefore do not apply to the shares of the Company (including Offer Shares) obliging to make a mandatory takeover bid.

Under the Swedish Takeover Act, there is no obligation based on holdings of voting rights to make a public tender offer to purchase the remaining shares and other securities if such shares or securities are not traded on a regulated market. The Swedish Corporate Governance Board (in Swedish: Kollegiet för Svensk Bolagsstyrning) has published rules for public tender offers that apply for companies that are listed on multilateral trading facilities and that in all material aspects are similar to the rules for public tender offers for companies listed on a regulated market. These rules set out regulations with respect to mandatory public tender offers. However, the rules regarding mandatory public tender offers only apply to Swedish companies listed on the multilateral trading facilities and therefore do not apply to the Company.

However, the Company's shareholders are subject to the obligation (and right) under the Companies Act to redeem the shares of other shareholders at fair value when the ownership of a shareholder entitled and obliged to redeem increases to more than nine tenths of all the Company's shares and votes.

As of the date of the Prospectus, BBS's shares are not the subject of any public tender offer and no public tender offers have been made for BBS's shares or other securities during the current or financial years which ended on 31 December 2021 or 31 December 2020.

TERMS AND CONDITIONS OF THE OFFERING

The Offering, subscription right and Warrants

In accordance with the shareholders' pre-emptive subscription right, the Company is offering up to 3,490,762 new shares in the Company for subscription by the Company's shareholders (the "Offer Shares") (the "Offering").

BBS will give all shareholders registered in BBS's shareholder register maintained by Euroclear Finland Ltd ("Euroclear Finland") or Euroclear Sweden Ltd ("Euroclear Sweden") one (1) book-entry subscription right (the "Subscription Right") per each share held on the Offering record date 13 May 2022 (the "Record Date"). Two (2) Subscription Rights entitles the holder to subscribe for one (1) Offer Share. Fractions of Offer Shares will not be given. The Subscription Rights will be registered in shareholders' book-entry accounts in the book-entry system maintained by Euroclear Finland approximately on 16 May 2022 and in the book-entry system maintained by Euroclear Sweden approximately on 17 May 2022. The Subscription Rights can be freely assigned and they will be traded on First North Finland (trading symbol BONEHU0122, ISIN: FI4000522818) and on First North Sweden (trading symbol BONES TR, ISIN: SE0017885999) between 18 May 2022 and 27 May 2022. If a Company share entitling to a Subscription Right is subject to a pledge or another such restriction, the Subscription Right may not be exercisable without the consent of the pledgee or other rights holder.

In addition, BBS will issue a maximum of 436,345 warrants of series TO1 and 436,345 warrants of series TO2 (the "Warrants") free of charge to persons who subscribed for the Offer Shares in the Offering, which entitle to subscribe for a total of up to 872,690 new shares of the Company, meaning one (1) Warrant gives the right to subscribe for one (1) new share. The Warrants will be issued in the following manner: the subscriber will receive one (1) Warrant of series TO1 and one (1) Warrant of series TO2 per each eight (8) subscribed and paid Offer Shares, the subscription of which the Board of Directors has approved. Fractions of the Warrants will not be issued. Warrants can be freely assigned. The terms of the Warrants are presented below in this Prospectus, see *"BBS-Bioactive Bone Substitutes Oyj warrant plan 1-2022 and BBS-Bioactive Bone Substitutes Oyj warrant plan 2-2022".*

The right to subscribe for unsubscribed Offer Shares without Subscription Rights

The Board of Directors of the Company shall resolve on offering any unsubscribed Offer Shares secondarily to shareholders and other investors who have submitted a subscription application concerning the Offer Shares during the Subscription Period without Subscription Rights. See subsequently "*Subscription for Offer Shares without Subscription Rights and allocation*".

Subscription undertakings

The current shareholders of the Company mentioned below have provided subscription undertakings, on the basis of which the current shareholders have committed to subscribe for approximately 34.9 percent of the Offer Shares offered in the Offering, i.e. they have committed to participate in the Offering with approximately 1.6 million euros. The Company has received the following subscription undertakings to subscribe for Offer Shares in connection with the Offering:

Shareholder subscribing for Offer Shares	Subscription undertaking (shares)	Subscription undertaking (EUR)
Finha Capital Oy	384,615	499,999.50
Reisjärven kunta	350,360	455,468.00
Ahti Paananen	166,689	216,695.70
Panvest Oy	123,076	159,998.80
RiverFort Global Opportunities PCC Limited	115,384	149,999.20
Jarmo Halonen	30,769	39,999.70
Jyrki Halonen	30,769	39,999.70
Pekka Jalovaara	15,384	19,999.20
Total	**1,127,046**	**1,582,159.80**

The subscription undertakings are conditional to the Company's Board of Directors' decision on the Offering made at the latest on 30 June 2022. In addition, the subscription undertaking given by RiverFort includes a provision, based on which the Company shall use a sum corresponding the subscription price paid by RiverFort in the Offering to repayment of RiverFort's loan receivable from the Company (for further details, please see section "*Financial information and key figures – Material loans of the Company – RiverFort loan arrangement*" of the Prospectus). The Company has not received or requested collaterals from the parties that have committed to subscribe for the Offer Shares in the Offering on the basis of subscription undertakings. All the subscription undertakings have been concluded between 5 May and 6 May 2022.

Subscription Price

Subscription Price of Offer Shares is EUR 1.30 or SEK 13.48 per Offer Share (the "Subscription Price"). The Subscription Price for the Offer Shares will be recorded in the reserve for invested unrestricted equity. The Subscription Price includes a normal pre-emptive rights issue discount. The Subscription Price is approximately 34.9 per cent lower compared with the closing price of the Company's share on First North Sweden on 5 May 2022 (SEK 20.70) and 33,0 per cent lower compared with the closing price of the Company's share on First North Finland on 5 May 2022 (EUR 1.94).

Subscription Period

The subscription period for the Offer Shares (the "Subscription Period") will commence on 18 May 2022 at 10.00 Finnish time (9.00 Swedish time), and is expected to end on 3 June 2022 at 16.00 Finnish time (15.00 Swedish time) in Finland and on 1 June 2022 at 16.00 Finnish time (15.00 Swedish time) in Sweden.

The Company may, at its sole discretion, extend the Subscription Period. The Subscription Period may be extended once or several times, however not past 15 June 2022. Any extensions of the Subscription Period will be announced by way of a company release before the end of the Subscription Period.

If the Subscription Period is extended, the allocation date, the payment due dates and the dates of delivery of Offer Shares will be changed accordingly.

Subscription locations, account operators, custodians and nominees may require their customers to submit subscription orders on a certain day prior to the end of trading on the Subscription Rights or before the Subscription Period ends.

Subscription locations

The following function as subscription locations:

a) In Finland, account operators and custodians.

b) In Sweden,

Hagberg & Aneborn Fondkommission AB
Valhallavägen 124
SE-114 41 Stockholm
Tel: +46 8 408 933 50
Email: info@hagberganeborn.se

Investors shall comply with the instructions issued by account operators and the subscription location.

Exercising Subscription Rights

A shareholder may participate in the Offering by subscribing for the Offer Shares through the Subscription Rights in his/her/its book-entry account and by paying the Subscription Price. In order to participate in the Offering, a shareholder shall make a subscription according to the instructions given by his/her/its custodian or account operator.

The holders of purchased Subscription Rights shall submit their subscription order according to the instructions issued by their custodian or account operator.

Such shareholders and other investors participating in the Offering whose Company shares or the Subscription Rights are registered in the name of a nominee shall submit their subscription order according to the instructions given by their nominee.

The subscription orders must be submitted separately for each book-entry account.

Deficient or erroneous subscription orders may be rejected. If the Subscription Price is not paid according to these terms and conditions or the payment is insufficient, the subscription order may be rejected. In such a situation, the Subscription Price paid will be refunded to the subscriber approximately three (3) local banking days from the date when the subscriptions have been accepted. No interest will be paid for such payment.

Any subscriptions made are binding, and they cannot be changed or cancelled except in accordance with the subsequent section "*Supplements to prospectus and cancellations of subscriptions*".

Unexercised Subscription Rights will expire and have no value when the Subscription Period ends on 3 June 2022 at 16.00 Finnish time (15.00 Swedish time) in Finland and on 1 June 2022 at 16.00 Finnish time (15.00 Swedish time) in Sweden.

Dilution of the shareholding

As a result of the Offering, the number of the Company's shares may rise from 6,981,525 to a maximum of 10,472,287 shares. The Offer Shares correspond to approximately 50.0 percent of all the Company's shares immediately before the Offering and about 33.3 percent of the Company shares after the Offering, assuming that the Offering is fully subscribed.

In case also all the Warrants offered to the subscribers of Offer Shares would be used for subscription of shares, the number of Company's shares may rise to a maximum of 11,344,977 shares as a result of the Offering and the shares subscribed based on the Warrants. In case also all the Warrants offered to the subscribers of Offer Shares would be used for subscription of shares, the Offer Shares and the shares subscribed based on the Warrants correspond to 62.5 per cent of all the Company's shares immediately before the Offering and about 38.5 per cent of the Company's shares after the Offering and subscription of the shares based on the Warrants offered to the subscribers of Offer Shares, assuming that the Offering is fully subscribed and all the Warrants are used for subscription of shares.

Of the maximum of 6,000,000 shares that the Board of Directors of the Company has received an authorisation to issue, a maximum of 4,363,452 shares will be issued in the Offering, which means at least 1,636,548 shares will be left of the authorisation.

Subscription for Offer Shares without Subscription Rights and allocation

The subscription of the Offer Shares without the Subscription Rights by a shareholder and/or another investor is performed by submitting a subscription order and by simultaneously paying the Subscription Price in accordance with the instructions provided by the subscriber's account operator, custodian or, in the case of investors entered into the nominee register, the nominee. A subscription order in Sweden which is sent by mail has to be submitted in good time before the last day for subscription. Only one (1) subscription order without Subscription Rights can be done. If multiple subscription orders are given, only the last one is taken into account. An incomplete or incorrect subscription order may be ignored. The subscription order is binding.

The custodian, account operator or nominee of the shareholder and/or investor, whose subscribed Offer Shares are delivered through the book-entry system maintained by Euroclear Finland, shall receive the subscription order and the payment no later than on 3 June 2022 or at an earlier time according to the instructions given by the custodian, account operator or nominee.

The custodian, account operator or nominee of the shareholder and/or investor, whose subscribed Offer Shares are delivered through the book-entry system maintained by Euroclear Sweden shall receive the subscription order and the payment no later than on 1 June 2022 or at an earlier time according to the instructions given by the custodian, account operator or nominee.

If all the Offer Shares have not been subscribed on the basis of the Subscription Rights, BBS's Board of Directors will decide on the allocation of the Offer Shares subscribed for without the Subscription Rights as follows:

a) First to those who also have subscribed for the Offer Shares on the basis of the Subscription Rights. If the subscribers in question oversubscribe the Offering, the allocation to such subscribers will be determined in a book-entry account-specific manner in proportion to the number of the Subscription Rights used for the subscription for the Offer Shares and, if this is not possible, by drawing lots; and

b) Secondly to those who have subscribed for the Offer Shares only without the Subscription Rights, and if the subscribers in question oversubscribe the Offering, the allocation to such subscribers will be determined in a book-entry account-specific manner in proportion to the number of the Offer Shares which the subscribers have subscribed for and, if this is not possible, by drawing lots.

BBS will confirm the approval of the subscription of the Offer Shares subscribed for without the Subscription Rights, if approved, for all investors who have submitted a subscription order to subscribe for the Offer Shares without the Subscription Rights. Investors who subscribe for the Offer Shares without Subscription Rights through their account operators receive information regarding their subscription according to the routines of the account operator.

If the Offer Shares subscribed for without the Subscription Rights are not allocated in the number referred to in the subscription order, the paid Subscription Price corresponding to the Offer Shares not obtained will be refunded to the subscriber approximately on 9 June 2022. No interest will be paid on such a payment.

Approval and payment of subscriptions

The Company's Board of Directors will approve all the subscriptions made on the basis of the Subscription Rights and in accordance with the terms and conditions of this Offering and the applicable laws and regulations approximately on 8 June 2022. In addition, the Company's Board of Directors will approve the subscriptions made without the Subscription Rights and in accordance with the terms and conditions of the Offering applicable laws and regulations pursuant to the allocation principles presented below in the section *"Subscription for Offer Shares without Subscription Rights and allocation"*. The Board of Directors may, based on its own consideration, resolve to reject a subscription made by an investor in the Offering inter alia,

a) if the Board of Directors considers that the subscription breaches an applicable law or regulation; or

b) there is reason to believe that it would require other measures from the Company than publication of the Prospectus in order for the transfer of the Offer Shares to the investor to be permitted.

The Subscription Price of the Offer Shares subscribed for in the Offering must be paid in full in euro in Finland or Swedish krona in Sweden in connection with the submission of the subscription order according to the instructions given by the subscription location, the custodian or the account operator.

A subscription is considered made when the subscription order has arrived at the subscription location, the account operator or custodian in question and the Subscription Price has been paid in full. By subscribing, the subscriber authorises his / her account operator to disclose the necessary personal data, the number of his / her book-entry account and the details of the subscription to the parties involved in the order or the execution of the order to allocate and settle the shares and the Warrants.

Announcement of outcome of the Offering

Provided that no changes are made to the Subscription Period, the Company will announce the outcome of the Offering approximately on 8 June 2022 by way of a company release.

Registration and delivery of the Offer Shares

The Offer Shares subscribed for in the Offering will be issued as book entries in the book-entry system of Euroclear Finland and delivered to the investors through the book-entry systems of Euroclear Finland and Euroclear Sweden.

After the subscription, temporary shares corresponding to the Offer Shares subscribed for based on the Subscription Rights (the "Temporary Shares") will be entered in the subscriber's book-entry account. In Finland, this is estimated to be the next day, in accordance with Euroclear Finland's clearing timetable. Trading in the Temporary Shares will commence on First North Growth Market Finland (trading symbol BONEHN0122, ISIN: FI4000522826) and on First North Growth Market Sweden (trading symbol BONES BTA, ISIN: SE0017886005) as their own special share class approximately on 18 May 2022. The Temporary Shares will be combined with current shares after the Offer Shares have been registered in the Trade Register. The delivery and combination will take place approximately on 17 June 2022, in the book-entry system maintained by Euroclear Finland, and the Offer Shares will be subject to trading together with the Company's existing shares approximately on 20 June 2022 on First North Growth Market Finland. The delivery and combination will take place approximately on 23 June 2022, in the book-entry system maintained by Euroclear Sweden, and the Offer Shares will be subject to trading together with the Company's existing shares approximately on 23 June 2022 on First North Growth Market Sweden.

The Offer Shares subscribed for without the Subscription Rights will be delivered at the same time as the ones that have been subscribed for with the Subscription Rights, and no Temporary Shares will be delivered in respect to these.

Shareholder rights

The Offer Shares will confer all shareholder rights from their registration with the Trade Register and delivery to the investors. Each Share in the Company confers one vote at the Company's General Meetings.

Supplements to Prospectus and cancellations of subscriptions

Subscriptions placed in the Offering and are binding and irrevocable and may only be cancelled as follows:

If the Prospectus is supplemented in accordance with the prospectus regulation due to a significant new fact, material error or material inaccuracy which may affect the evaluation of the Offer Shares or the Temporary Shares, the investors that have subscribed for Offer Shares before the publication of the supplement have the right to cancel their subscription within specific cancellation period. The duration of the cancellation period shall be at least three (3) working days from the publication of the supplement. The possible cancellation of a subscription concerns the entire subscription. The right of cancellation is conditional to the occurrence or noting of the abovementioned significant new fact, material error or material inaccuracy prior to the end of the Subscription Period or entry of the Offer Shares or the Temporary Shares subject to cancellation into subscriber's book-entry account (whichever is first in order). If an investor wishes to cancel his or her subscription in accordance with the above-mentioned right of withdrawal, the cancellation of the subscription must be done in writing to the place of subscription where the subscription has been made.

After the end of the cancellation period, the cancellation rights does no longer exist.

If an investor has cancelled his or her subscription, the amount paid by the investor for the Offer Shares will be returned to the investor's bank account stated in connection with the subscription. The money is refunded approximately within three (3) banking days of the cancellation. No interest will be paid on the refunded amount. The Company will include the cancellation instructions in a company release in connection with publication of the supplement to the Prospectus. If the shareholder has sold or otherwise reassigned his/her Subscription Rights, the sale or transfer cannot be cancelled.

Governing law

The Offering and the Offer Shares shall be governed by Finnish law. The courts of Finland have exclusive jurisdiction to settle any dispute which may arise out of or in connection with the Offering.

Other matters

The Company's Board of Directors may make decisions on other matters related to the Offering.

BBS-BIOACTIVE BONE SUBSTITUTES OYJ WARRANT PLAN 1-2022

Based on the authorisation granted by the Extraordinary General Meeting of shareholders on 17 March 2022, the Board of Directors of the Company has on 6 May 2022 resolved to issue warrants (the "Warrants TO1") to the persons who have subscribed for the Offer Shares in the Offering on the following terms and conditions.

I Warrant TO1 terms and conditions

1. Number of Warrants TO1

The maximum number of Warrants TO1 to be issued is 436,345, and they entitle their holders to subscribe for a maximum of 436,345 new shares in the Company.

2. Right to Warrants TO1

The Warrants TO1 shall be issued free of charge to the persons who subscribed for the Offer Shares in the Offering, so that for each eight (8) Offer Shares subscribed and paid for, the subscription of which the Board of Directors has approved, the subscriber receives one (1) Warrant of series TO1. Fractions of the Warrants will not be issued. The Company has a weighty financial reason for the issuance of Warrants, since the Company estimates that it will need more working capital to be able to commercialize its first product. Issuance of the Warrants TO1 is seen as a cost-efficient alternative to obtain additional capital for the Company in the future.

3. Subscription of Warrants TO1

The Warrants TO1 are subscribed in connection with subscription of the Offer Shares in the Offering by using the same subscription form.

The Board of Directors of the Company approves the subscriptions of the Warrants TO1 at the same time that it approves the subscriptions in the Offering, i.e., approximately on 8 June 2022.

4. Incorporation of Warrants TO1 into the book-entry system and potential listing

The Warrants TO1 will be issued and registered in the book-entry system of Euroclear Finland. The Warrants will be delivered to subscribers through the book-entry systems of Euroclear Finland and Euroclear Sweden. Provided that no changes are made to the Subscription Period of the Offering, the Warrants TO1 will be delivered to subscribers through the book-entry system maintained by Euroclear Finland approximately during week 24, 2022 and through the book-entry system maintained by Euroclear Sweden approximately during week 24, 2022. The ISIN code of the Warrants TO1 is FI4000522891.

The Company intends to file an application to Nasdaq Stockholm AB (the "Stockholm Stock Exchange") and Nasdaq Helsinki Oy (the "Helsinki Stock Exchange") for the listing of the Warrants TO1 on First North Sweden and First North Finland. The trading symbol is expected to be BONES TO1 on First North Sweden and BONEHEW12022 on First North Finland. If the listing of the Warrants TO1 occurs, the Company expects trading to commence on First North Finland approximately during 24, 2022 and on First North Sweden approximately during 24, 2022.

II Share subscription terms and conditions

1. Right to subscribe for shares

Each Warrant TO1 entitles its holder to subscribe for one (1) new share in the Company. The share subscription price shall be recorded in the Company's reserve for invested unrestricted equity.

2. Share subscription and payment

The subscription period for shares subscribed for on the basis of the Warrants TO1 shall be 21 November – 2 December 2022.

Should the last day of the share subscription period not be a banking day, the share subscription may be made on a banking day following the last share subscription day.

Share subscriptions shall take place at the head office of the Company, at the same subscription locations as in the Offering or possibly in another location and manner to be determined later. Upon subscription, payment for the shares subscribed

for shall be made to the bank account designated by the Company. The Board of Directors shall decide on all measures concerning the share subscription.

3. Share subscription price

The share subscription price is determined by the volume weighted average price of the Company's share on First North Finland between 7 November 2022 and 17 November 2022, with an applied discount of 25 per cent.

The shares to be subscribed for based on the Warrants TO1 and delivered through Euroclear Sweden will be payable in Swedish krona. The Swedish krona-denominated subscription price will be determined using the Swedish Riksbank's EURSEK rate on 18 November 2022. The Swedish krona denomination of the subscription price will be announced by the Company by way of a company release when the subscription period for the shares to be subscribed for based on the Warrants TO1 commences.

The share subscription price of the Warrants TO1 may be decreased in certain cases mentioned above in Section 7 below.

4. Registration of shares

Shares subscribed for and fully paid shall be registered on the book-entry account of the subscriber. The Company intends to file an application to First North Finland and First North Sweden for the listing of the shares subscribed for with the Warrants TO1.

5. Shareholder rights

The dividend rights of the new shares and other shareholder rights shall commence when the shares have been entered into the Trade Register and delivered to the subscribers.

6. Share issues, stock options and other special rights entitling to shares before share subscription

Should the Company, before the share subscription, decide on an issue of shares or an issue of new stock options or other special rights entitling to shares so that the shareholders have preferential subscription rights, the owner of a Warrant TO1 shall have the same right as, or an equal right to, that of a shareholder. Equality is reached in the manner determined by the Board of Directors by adjusting the number of shares available for subscription, the share subscription prices or both of these.

7. Rights in certain cases

Should the Company distribute dividends or assets from reserves of unrestricted equity, the share subscription price of the Warrants TO1 shall be decreased by the amount of the dividend per share, or the amount of the distributable unrestricted equity decided before the share subscription, as per the dividend record date or the record date of the repayment of equity.

Should the Company reduce its share capital by distributing share capital to the shareholders, the share subscription price of the Warrants TO1 shall be decreased by the amount of the distributable share capital per share decided before share subscription, as per the record date of the repayment of share capital.

Should the Company be placed in liquidation before the share subscription, the Warrant TO1 owners shall be given an opportunity to exercise their share subscription rights, within a period of time determined by the Board of Directors. Should the Company be deregistered, before the share subscription, the Warrant TO1 owner shall have the same right as, or an equal right to, that of a shareholder.

Should the Company resolve to merge with another company as a merging company or merge with a company to be formed in a combination merger, or should the Company resolve to be demerged entirely, the Warrant TO1 owners shall, prior to the registration of the execution of a merger or a demerger, be given the right to subscribe for shares with their Warrants, within a period of time determined by the Board of Directors. Alternatively, the Board of Directors may give a Warrant TO1 owner the right to convert the Warrants TO1 into warrants issued by the other company, in the manner determined in the merger or demerger plan, or in a manner otherwise determined by the Board of Directors. After such period, no share subscription right or conversion right shall exist. The same process shall apply to cross-border mergers or demergers, or should the Company, after having registered itself as a European Company (Societas Europae), or otherwise, register a transfer of its domicile from Finland into another Member State of the European Economic Area. The Board of Directors shall decide on the impact of potential partial demerger on the Warrants TO1. In the above

situations, the Warrant TO1 owners shall have no right to require that the Company redeems the Warrants TO1 from them at fair value.

Acquisition or redemption of the Company's own shares or acquisition of stock options or other special rights entitling to shares shall have no impact on the rights of the Warrant TO1 owner. Should the Company, however, resolve to acquire or redeem its own shares from all shareholders, the Warrant TO1 owners shall be made an equivalent offer.

Should a reverse split, as referred to in Chapter 15 Section 9 of the Companies Act, be executed in the Company before the share subscription, the Warrant TO1 owner has obligation to return Warrants TO1 to the Company without consideration in the same proportion as the shares are being redeemed from the shareholders of the Company in connection with the reverse split. The excess Warrants TO1 that are potentially being redeemed as a result of rounding are then sold by the Company on behalf of the Warrant TO1 owner in a similar way as the shares. As a result of the reverse split, also minimum and maximum subscription prices of the shares referred to in Section II. 3 are increased in the same proportion as the number of shares in the Company decreases in the reverse split.

Should a redemption right and obligation to all of the Company's shares, as referred to in Chapter 18 Section 1 of the Companies Act, arise to any of the shareholders, prior to the end of the share subscription period, on the basis that a shareholder possesses over 90 per cent of the shares and the votes of the shares of the Company, the Warrant TO1 owners shall be given a possibility to use their right of share subscription by virtue of the Warrants, within a period of time determined by the Board of Directors, or the Warrant TO1 owners shall have an equal obligation to that of shareholders to transfer their Warrants TO1 to the redeemer.

III Other matters

The Company may maintain a register of the Warrant TO1 owners to which the Warrant TO1 owners' personal data is recorded. The Company may send all announcements regarding the Warrants TO1 to the Warrant TO1 owners by mail to the latest address available to the Company and/or as a company release.

Unless so authorised or required by applicable law, neither the Company, account-operating institute nor Euroclear Finland or Euroclear Sweden may provide information on Warrant TO1 owners to third parties.

The Company is entitled to receive the following details from Euroclear Finland and Euroclear Sweden regarding the Warrant TO1 owners:

1) the Warrant TO1 owners name, personal identification number, or other identification number, and postal address; and
2) the number of Warrants TO1.

These terms and conditions shall be governed by the laws of Finland. Disputes arising out of or relating to these Warrants TO1 shall be settled by a competent court in Finland.

The Board of Directors may decide on the technical amendments to these terms and conditions resulting from incorporation of Warrants TO1 into the book-entry system, listing of the Warrants TO1 as well as on other amendments and specifications to these terms and conditions which are not considered as essential.

These Warrant TO1 terms and conditions have been prepared in Finnish and in English. In the case of any discrepancy between the Finnish and English versions, the Finnish version shall prevail.

BBS-BIOACTIVE BONE SUBSTITUTES OYJ WARRANT PLAN 2-2022

Based on the authorisation granted by the Extraordinary General Meeting of shareholders on 17 March 2022, the Board of Directors of the Company has on 6 May 2022 resolved to issue warrants (the "Warrants TO2") to the persons who have subscribed for the Offer Shares in the Offering on the following terms and conditions.

I Warrant TO2 terms and conditions

1. Number of Warrants TO2

The maximum number of Warrants TO2 to be issued is 436,345, and they entitle their holders to subscribe for a maximum of 436,345 new shares in the Company.

2. Right to Warrants TO2

The Warrants TO2 shall be issued free of charge to the persons who subscribed for the Offer Shares in the Offering, so that for each eight (8) Offer Shares subscribed and paid for, the subscription of which the Board of Directors has approved, the subscriber receives one (1) Warrant of series TO2. Fractions of the Warrants will not be issued. The Company has a weighty financial reason for the issuance of Warrants, since the Company estimates that it will need more working capital to be able to commercialize its first product. Issuance of the Warrants TO2 is seen as a cost-efficient alternative to obtain additional capital for the Company in the future.

3. Subscription of Warrants TO2

The Warrants TO2 are subscribed in connection with subscription of the Offer Shares in the Offering by using the same subscription form.

The Board of Directors of the Company approves the subscriptions of the Warrants TO2 at the same time that it approves the subscriptions in the Offering, i.e., approximately on 8 June 2022.

4. Incorporation of Warrants TO2 into the book-entry system and potential listing

The Warrants TO2 will be issued and registered in the book-entry system of Euroclear Finland. The Warrants will be delivered to subscribers through the book-entry systems of Euroclear Finland and Euroclear Sweden. Provided that no changes are made to the Subscription Period of the Offering, the Warrants TO2 will be delivered to subscribers through the book-entry system maintained by Euroclear Finland approximately during week 24, 2022 and through the book-entry system maintained by Euroclear Sweden approximately during week 24, 2022. The ISIN code of the Warrants TO2 is FI4000522909.

The Company intends to file an application to Nasdaq Stockholm AB (the "Stockholm Stock Exchange") and Nasdaq Helsinki Oy (the "Helsinki Stock Exchange") for the listing of the Warrants TO2 on First North Sweden and First North Finland. The trading symbol is expected to be BONES TO2 on First North Sweden and BONEHEW22022 on First North Finland. If the listing of the Warrants TO2 occurs, the Company expects trading to commence on First North Finland approximately during 24, 2022 and on First North Sweden approximately during 24, 2022.

II Share subscription terms and conditions

1. Right to subscribe for shares

Each Warrant TO2 entitles its holder to subscribe for one (1) new share in the Company. The share subscription price shall be recorded in the Company's reserve for invested unrestricted equity.

2. Share subscription and payment

The subscription period for shares subscribed for on the basis of the Warrants TO2 shall be 22 May – 2 June 2023.

Should the last day of the share subscription period not be a banking day, the share subscription may be made on a banking day following the last share subscription day.

Share subscriptions shall take place at the head office of the Company, at the same subscription locations as in the Offering or possibly in another location and manner to be determined later. Upon subscription, payment for the shares subscribed

for shall be made to the bank account designated by the Company. The Board of Directors shall decide on all measures concerning the share subscription.

3. Share subscription price

The share subscription price is determined by the volume weighted average price of the Company's share on First North Finland between 8 May 2023 and 18 May 2023, with an applied discount of 25 per cent.

The shares to be subscribed for based on the Warrants TO2 and delivered through Euroclear Sweden will be payable in Swedish krona. The Swedish krona-denominated subscription price will be determined using the Swedish Riksbank's EURSEK rate on 19 May 2023. The Swedish krona denomination of the subscription price will be announced by the Company by way of a company release when the subscription period for the shares to be subscribed for based on the Warrants TO2 commences.

The share subscription price of the Warrants TO2 may be decreased in certain cases mentioned above in Section 7 below.

4. Registration of shares

Shares subscribed for and fully paid shall be registered on the book-entry account of the subscriber. The Company intends to file an application to First North Finland and First North Sweden for the listing of the shares subscribed for with the Warrants TO2.

5. Shareholder rights

The dividend rights of the new shares and other shareholder rights shall commence when the shares have been entered into the Trade Register and delivered to the subscribers.

6. Share issues, stock options and other special rights entitling to shares before share subscription

Should the Company, before the share subscription, decide on an issue of shares or an issue of new stock options or other special rights entitling to shares so that the shareholders have preferential subscription rights, the owner of a Warrant TO2 shall have the same right as, or an equal right to, that of a shareholder. Equality is reached in the manner determined by the Board of Directors by adjusting the number of shares available for subscription, the share subscription prices or both of these.

7. Rights in certain cases

Should the Company distribute dividends or assets from reserves of unrestricted equity, the share subscription price of the Warrants TO2 shall be decreased by the amount of the dividend per share, or the amount of the distributable unrestricted equity decided before the share subscription, as per the dividend record date or the record date of the repayment of equity.

Should the Company reduce its share capital by distributing share capital to the shareholders, the share subscription price of the Warrants TO2 shall be decreased by the amount of the distributable share capital per share decided before share subscription, as per the record date of the repayment of share capital.

Should the Company be placed in liquidation before the share subscription, the Warrant TO2 owners shall be given an opportunity to exercise their share subscription rights, within a period of time determined by the Board of Directors. Should the Company be deregistered, before the share subscription, the Warrant TO2 owner shall have the same right as, or an equal right to, that of a shareholder.

Should the Company resolve to merge with another company as a merging company or merge with a company to be formed in a combination merger, or should the Company resolve to be demerged entirely, the Warrant TO2 owners shall, prior to the registration of the execution of a merger or a demerger, be given the right to subscribe for shares with their Warrants, within a period of time determined by the Board of Directors. Alternatively, the Board of Directors may give a Warrant TO2 owner the right to convert the Warrants TO2 into warrants issued by the other company, in the manner determined in the merger or demerger plan, or in a manner otherwise determined by the Board of Directors. After such period, no share subscription right or conversion right shall exist. The same process shall apply to cross-border mergers or demergers, or should the Company, after having registered itself as a European Company (Societas Europae), or otherwise, register a transfer of its domicile from Finland into another Member State of the European Economic Area. The Board of Directors shall decide on the impact of potential partial demerger on the Warrants TO2. In the above

situations, the Warrant TO2 owners shall have no right to require that the Company redeems the Warrants TO2 from them at fair value.

Acquisition or redemption of the Company's own shares or acquisition of stock options or other special rights entitling to shares shall have no impact on the rights of the Warrant TO2 owner. Should the Company, however, resolve to acquire or redeem its own shares from all shareholders, the Warrant TO2 owners shall be made an equivalent offer.

Should a reverse split, as referred to in Chapter 15 Section 9 of the Companies Act, be executed in the Company before the share subscription, the Warrant TO2 owner has obligation to return Warrants TO2 to the Company without consideration in the same proportion as the shares are being redeemed from the shareholders of the Company in connection with the reverse split. The excess Warrants TO2 that are potentially being redeemed as a result of rounding are then sold by the Company on behalf of the Warrant TO2 owner in a similar way as the shares. As a result of the reverse split, also minimum and maximum subscription prices of the shares referred to in Section II. 3 are increased in the same proportion as the number of shares in the Company decreases in the reverse split.

Should a redemption right and obligation to all of the Company's shares, as referred to in Chapter 18 Section 1 of the Companies Act, arise to any of the shareholders, prior to the end of the share subscription period, on the basis that a shareholder possesses over 90 per cent of the shares and the votes of the shares of the Company, the Warrant TO2 owners shall be given a possibility to use their right of share subscription by virtue of the Warrants, within a period of time determined by the Board of Directors, or the Warrant TO2 owners shall have an equal obligation to that of shareholders to transfer their Warrants TO2 to the redeemer.

III Other matters

The Company may maintain a register of the Warrant TO2 owners to which the Warrant TO2 owners' personal data is recorded. The Company may send all announcements regarding the Warrants TO2 to the Warrant TO2 owners by mail to the latest address available to the Company and/or as a company release.

Unless so authorised or required by applicable law, neither the Company, account-operating institute nor Euroclear Finland or Euroclear Sweden may provide information on Warrant TO2 owners to third parties.

The Company is entitled to receive the following details from Euroclear Finland and Euroclear Sweden regarding the Warrant TO2 owners:

1) the Warrant TO2 owners name, personal identification number, or other identification number, and postal address; and
2) the number of Warrants TO2.

These terms and conditions shall be governed by the laws of Finland. Disputes arising out of or relating to these Warrants TO2 shall be settled by a competent court in Finland.

The Board of Directors may decide on the technical amendments to these terms and conditions resulting from incorporation of Warrants TO2 into the book-entry system, listing of the Warrants TO2 as well as on other amendments and specifications to these terms and conditions which are not considered as essential.

These Warrant TO2 terms and conditions have been prepared in Finnish and in English. In the case of any discrepancy between the Finnish and English versions, the Finnish version shall prevail.

BOARD OF DIRECTORS AND OTHER SENIOR MANAGEMENT

Board of Directors

Composition of the Board of Directors

Based on Section 4 of the Company's Articles of Association, the Company has a Board of Directors which consists of 3-7 ordinary members, which the shareholders shall elect in the General Meeting. The term of each member of the Board expires at the end of the first Annual General Meeting following the election.

The Board of Directors will elect its chairman. The Board's decision becomes the position that the majority of the members present are in favour of the meeting. When the vote is even, the chairman's voice resolves. The Board of Directors has not appointed committees from among its members.

The work address of the Board members is Kiviharjunlenkki 6, 90220 Oulu.

As of the date of this Prospectus, the Board of Directors comprises the persons set out in the below table:

Name	Position	Born	Elected
Jarmo Halonen	Chairman of the Board	1952	2016
Pekka Jalovaara	Board member	1941	2003
Seppo Nevalainen	Board member	1956	2020
Kirk Andriano	Board member	1956	2021
Ahti Paananen	Board member	1965	2022

The Board members are independent of the Company, other management and significant shareholders, except for the following individuals:

- Pekka Jalovaara is not independent of the Company or significant shareholders

Presentations of the Board members

Jarmo Halonen, born in 1952, Master of Science (Technology), Machine Engineering and Industrial Economy

Member of the Board since May 2016 and Chairman of the Board since 2018.

Jarmo Halonen was the CEO of Elecster Oyj between 1988-2017 and between 1979 and 1988 he has acted in various managerial positions at Elecster Oyj. Jarmo is also a member of the administration council at Mutual Insurance Company Fennia.

In addition to his assignment in BBS, Jarno Halonen has the following memberships in administrative, governing, or supervisory bodies and/or is partner in the following partnerships:

Company	Position
Bio Bones Oy	Board member
Elecster Oyj	Board member
Sandudd Oy	Board member
Finvac Automation Ltd Oy	Chairman and Managing Director
Okuli Oy	Board Member and Managing Director
Finvenla Oy	Board Member and Managing Director
A/S Eesti Elecster	Board member
Elecster (Tianjin) Dairy Machinery Ltd	Board member
Elecster (Tianjin) Aseptic Packaging Co. Ltd	Board member

Pekka Jalovaara, born in 1941, MD, PhD, Professor of Orthopaedics and Traumatology

Member of the Board since 2003.

Professor Pekka Jalovaara is BBS' founder. He originally joined the research project in 1996 which later led to the establishment of BBS in 2003. He is also a significant shareholder in the Company. From 2011 until October 2019, Jalovaara operated as the Company's CEO. Nowadays, he operates as the Company's advisor. Pekka Jalovaara is an Emeritus Professor of Orthopaedics and Traumatology at the University of Oulu, where he has been actively involved in a number of research projects. Professor Pekka Jalovaara has published extensively in the field of orthopaedics. He is a

member of several International Orthopaedic Societies and has organised international congresses on the research and utilisation of Bone Morphogenic Proteins.

In addition to his assignment in BBS, Pekka Jalovaara has the following memberships in administrative, governing, or supervisory bodies and/or is partner in the following partnerships:

Company	Position
Bio Bones Oy	Board member

Seppo Nevalainen, born in 1956, engineer, automation and electronics

Member of the Board since August 2020.

Seppo Nevalainen has a diverse and long career in sales and marketing management duties and Boards of medical device companies such as Alnor Oy, Datex-Ohmeda Div. of Instrumentarium Corp., GE Healthcare, Inion Oy, Mediracer Oy, Ozics AG, StickTech Oy, Riverbank CS Ltd, Technical University of Tampere, Onbone Oy and most recently HUR Oy.

In addition to his assignment in BBS, Seppo Nevalainen has the following memberships in administrative, governing, or supervisory bodies and/or is partner in the following partnerships:

Company	Position
Bio Bones Oy	Board member

Kirk Andriano, born in 1956, DI, Doctor of Biotechnology

Member of the Board since April 2021.

Kirk Adriano has operated in a wide range of management duties at e.g., Medicus Biosciences, Ltd, Elute Inc, Histogenics Corporation, ProChon Biotech, Ltd (currently part of Histogenics Corporation), Curative Biosciences Inc., Inion Oy, MacroMed Inc., and Atrix Laboratories Inc.

In addition to his assignment in BBS, Kirk Adriano does not have other memberships in administrative, governing, or supervisory bodies and/or is not partner in partnerships.

Ahti Paananen, born in 1965

Member of the Board since April 2022.

Ahti Paananen has acted in a variety of businessfields during his career. In his current function he is the CEO and Chairman of PolarWay Oy, a 2007 founded real estate management company from Jyväskylä. Paananen has earlier founded also Panvest Oy in which he acted as the chairman. In addition, he is a member of the management board in university foundation of Jyväskylä.

In addition to his assignment in BBS, Ahti Paananen has the following memberships in administrative, governing, or supervisory bodies and/or is partner in the following partnerships:

Company	Position
PolarWay Oy	Managing director and chairman of the Board
Finansineliö Oy	Board member
Go-On Finland Oy	Board member
Consulting 1864 Oy	Board member
FM Timber Oy	Board member

Ahti Paananen is also a Board member in several real estate companies.

CEO and management team

General overview on the Company's CEO and management team

The Board of Directors appoints the CEO. The CEO shall see to the executive management of the Company in accordance with the instructions and orders given by the Board of Directors. The CEO shall see to it that the accounts of the Company are in compliance with the law and that its financial affairs have been arranged in a reliable manner. The CEO shall supply

the Board of Directors and the members of the Board of Directors with the information necessary for the performance of the duties of the Board of Directors.

The CEO may undertake measures that are unusual or extensive in view of the scope and nature of the activities of the Company only if so authorised by the Board of Directors or if it is not possible to wait for a decision of the Board of Directors without causing essential harm to the business operations of the Company. In the latter case, the Board of Directors shall be notified of the measures as soon as possible.

The members of the Company's management team operate directly under the supervision of the CEO and the CEO leads the management team. The COO, the Director of Quality Assurance Laboratory and the Director of Quality on part of the responsible manager are employed by the Company. The CFO and the Director of Quality operate under a service agreement.

The work address of the management group is Kiviharjunlenkki 6, 90220 Oulu.

The following table shows the members of the Company's management team on the date of this Prospectus.

Name	Poisition	Born	Nominated
Ilkka Kangasniemi	CEO	1964	2019
Liisa Hukka	CFO	1966	2021
Hanna Tölli	COO	1983	2016
Soile Hakala	Director of Quality	1976	2020
Mikko Viitanen	Director of Quality Assurance Laboratory	1971	2020

Presentation of the members of the management

CEO Ilkka Kangasniemi, born in 1964, PhD, Docent in Biomaterial Science, University of Turku

Ilkka Kangasniemi became BBS' CEO on 15 October 2019 after Pekka Jalovaara moved on to operate as the Company's advisor. Kangasniemi is also the R&D Director and chairman of the Board for ID Creations Oy which he has also founded. Previously he has operated as the R&D director for Vivoxid Oy, and he has been involved in establishing several biomaterial companies.

Ilkka Kangasniemi does not have other memberships in administrative, governing, or supervisory bodies and/or is not partner in partnerships.

CFO Liisa Hukka, born in 1966, DI(tuta), MSc in Manufacturing Systems Engineering

Liisa Hukka has extensive experience in financial management duties, companies' change processes and different stages of growth in growth companies and international stock exchange companies. She has operated both in the industry and as a service provider. Liisa has worked, e.g., as Nestor Cables Oy's Financial Director and she operates as the financial management consultant in mandates for several companies in different business sectors at Talenom Konsultointipalvelut Oy.

Liisa Hukka does not have other memberships in administrative, governing, or supervisory bodies and/or is not partner in partnerships.

COO Hanna Tölli, born in 1983, Doctor of Philosophy, MSc in Health Sciences, Medical Technology

Hanna Tölli has extensive experience about biomaterials and bone substitutes, she has written her doctor's thesis concerning the BBS product. She has worked for BBS since 2006 and she has been the Company's management group member since 2016.

Hanna Tölli does not have other memberships in administrative, governing, or supervisory bodies and/or is not partner in partnerships.

Director of Quality Soile Hakala, born in 1976, pharmacist

Soile Hakala has 18 years of experience in various quality management and manufacturing tasks in pharmaceutical industry. Her career also includes duties as a pharmacist in a pharmacy and as a researcher in a university.

Soile Hakala does not have other memberships in administrative, governing, or supervisory bodies and/or is not partner in partnerships.

Director of Quality Assurance Laboratory Mikko Viitanen, born in 1971, Master of Philosophy (Biochemistry), Master of Science (Bioprocess Technology)

Mikko Viitanen has 20 years of experience in the development of laboratory analysis methods. He has also developed purification methods for reindeer bone protein extract. He has worked for BBS since 2006 and he has been a management group member since 2019.

Mikko Viitanen does not have other memberships in administrative, governing, or supervisory bodies and/or is not partner in partnerships.

Other information about the board and other management

During the five years prior to the date of this Prospectus (including the date of the Prospectus), the Company's Board members or management group members:

- Have not been sentenced for fraud;
- Have not been subject to official judgements of legal or supervisory authorities (including trade unions) and/or consequences ordered by such entities, or;
- Have not been subject to a business ban or a similar court-ordered ban concerning generally operating as a member of a company's administration, management or supervisory body or the ban of operating as a member of a company's administration, management or supervision body within the Company or another specific company.

There are no family relations between the members of the Board or management group.

Remuneration and benefits

The shareholders decide on the remuneration of Board members in the General Meeting in accordance with the Companies Act.

During the financial years ending 31 December 2021 and 31 December 2020, the Board members and management group were paid remuneration (including performance-based remuneration and later payable compensations) and fringe benefits as follows, thousand euros:

Board of Directors	**2021**	**2020**
Jarmo Halonen	3	8
Kirk Adriano	2	-
Pekka Jalovaara	47	40
Seppo Nevalainen	2	2
Ahti Paananen	-	-
Management	**2021**	**2020**
Ilkka Kangasniemi	139	93
Other management (total)	248	206

There are no service or pension agreements between the Board or management group members (including the CEO) and the Company apart from the CFO, who started on 1 February 2021 who works outsourced with a service agreement. After the end of the financial year 2021 and up to the publication date of the Prospectus, no significant changes have been made to the remuneration or benefits of the Board or management group members (including the CEO).

Board and management group ownership of the Company

The following table presents the Company's shares and rights entitling to shares owned by the Company's Board and management group on the date of this Prospectus.

	Shares	**Options**	**Ownership- and voting rights %**
The Board members			
Jarmo Halonen	27,112	-	0.04 %
Kirk Adriano	-	-	-
Pekka Jalovaara	532,850	149,000	7.9 %
Seppo Nevalainen	-	-	-
Ahti Paananen	333,379	-	4.9%
Management			

Ilkka Kangasniemi	-	-	-
Liisa Hukka	-	-	-
Hanna Tölli	-	9,000	-
Mikko Viitanen	-	9,000	-
Management and the Board members total	893,341	167,000	12.9 %

FINANCIAL INFORMATION AND KEY FIGURES

The BBS group consists of its parent company (BBS-Bioactive Bone Substitutes Oyj) and its 100% owned subsidiary (Bio Bones Oy) (the "BBS Group"). Bio Bones Oy owns and manages the production facility located in Reisjärvi. Bio Bones Oy does not have any other business operations.

The Company's financial statements for the financial years ended 31 December 2021 and 31 December 2020 have been incorporated in this Prospectus by reference as has been specified in further detail below. The Company's audited financial statements for the financial years ended 31 December 2021 and 31 December 2020, which include consolidated financial statements, have been prepared in accordance with Finnish Accounting Standards (FAS).

The Company's financial statements for the financial years ended 31 December 2021 and 31 December 2020 have been prepared on the going concern basis, which assumes that BBS is able to realise its assets and discharge its liabilities in the normal course of business for the foreseeable future. The Company estimates that it does not have enough working capital to meet its current needs i.e., for a period of at least 12 months as of the date of these financial statements (see Prospectus section "*Working capital statement*" and the auditor's report 2021 section "*Significant uncertainty concerning the continuity of business operations*").

The financial information presented in this section should be read together with the Company's audited financial statements, which have been incorporated in this Prospectus by reference.

Excluding the financial statements that have been indicated above to have been audited, the Company's auditor has not audited any other information in the Prospectus.

To the extent that this section (and, where applicable, other sections) contains statements using the words "anticipates", "assumes", "believes", "expects", "will", "intends", "may", "plans", "should" and similar expressions, these forward-looking statements may not be based on historical facts but are statements about future expectations. These statements include information on the future results, plans and expectations with regard to the Company's business, including its strategic plans and plans on growth and profitability, and the general economic conditions.

These forward-looking statements are based on present plans, estimates, projections, and expectations. They are based on certain expectations, which, even though they seem to be reasonable at present, may turn out to be incorrect, and are subject to various risks and uncertainties. Investor should not rely on these forward-looking statements. The actual results of operations or financial condition of the Company may differ materially from those expressed or implied in the forward-looking statements.

In light of the risks, uncertainties, assumptions and other factors referred to in this Prospectus, events described in the forward-looking statements may not occur or may fail to materialise. Consequently, there can be no guarantee regarding the accuracy and completeness of any of the forward-looking statements contained in this Prospectus or the actual materialisation of predicted developments.

The figures presented in this section and in other sections in the Prospectus including the financial information, have been subject to rounding adjustments. Accordingly, in certain instances, the sum of the numbers in a column or row in tables may not conform exactly to the total figure given for that column or row. In addition, certain percentages presented in this Prospectus reflect calculations based upon the underlying information prior to rounding and, accordingly, may not conform exactly to the percentages that would be derived if the relevant calculations were based upon the rounded numbers.

Unless otherwise indicated in this Prospectus, all references to **"**EUR**"** or **"**euro" are to the currency introduced at the start of the third stage of European Economic and Monetary Union pursuant to the Treaty establishing the European Community. All amounts presented in this Prospectus are in euro, unless otherwise indicated.

Alternative performance measures

In this section, the Company presents certain alternative performance measures of historical financial performance and financial position ("Alternative Performance Measures") which are not accounting measures defined or named in FAS to as set forth in the guidance of the European Securities and Markets Authority "ESMA" regarding alternative performance measures. Such Alternative Performance Measures are equity ratio, earnings per share, EBITDA, and profitability-based relative ratios.

Such Alternative Performance Measures are presented as additional information for the measures presented in the income statements, balance sheets and cash flow statements of the Company prepared in accordance with FAS. According to the

Company's view, equity ratio provides significant and useful information about the financial position of the Company for the management, investors and market analysts and is widely recognized by analysts, investors, and other relevant parties. According to the Company's view, earnings per share provides insight how the revenues of the Company are divided amongst its owners.

Such Alternative Performance Measures are presented as additional information for the measures presented in the income statements, balance sheets and cash flow statements of the Company prepared in accordance with FAS. According to the Company's view, equity ratio provides significant and useful information about the financial position of the Company for the management, investors and market analysts and is widely recognized by analysts, investors, and other relevant parties. According to the Company's view, earnings per share provides insight how the revenues of the Company are divided amongst its owners. The alternative performance measures presented in this Prospectus are unaudited.

The Company believes that the following key financial performance measures are helpful in analysing the Company's business operations:

Key performance indicators of the Company

	2021	**2020**
Thousand euros	**1/1/2021 – 31/12/2021**	**1/1/2020 – 31/12/2020**
Key financials for the income statement		
(Audited, unless stated otherwise)		
Revenue	0	0
Personnel costs	1,199	795
Depreciation	231	214
Operating profit (loss)	-2,571	-2,645
Profit (loss) for the financial year	-2,771	-2,731
Key figures for the balance sheet and capital structure		
Total assets	10,506	12,693
Equity	3,634	6,087
Equity ratio[23]	35 %[24]	48 %[24]
Key figures for cash flow		
Cash flow from operating activities	-2,520	-2,418
Cash flow from financing activities	443	5,423
Data per share		
Number of shares	6,847,520	6,571,525
Average number of shares	6,606,215	5,897,533
Equity per share, EUR	0,53[24]	0,93[24]
Earnings per share, EUR	-0,42[24]	-0,46[24]
Personnel		
Average number of employees	19	12

Revenue

The Company did not have revenues during the financial years 2020 and 2021.

BBS is a company in its product development stage. Since the Company develops and produces medical devices, the revenues resulting from the sales of the Company's products is subject to successfully obtaining a sales permit, such as CE marking, for its product/products.

[23] When calculating the equity ratio, capital loan has been included in equity

[24] Unaudited

Significant changes in the Company's financial position

In addition to the events mentioned below, no significant changes have taken place in the Company's financial position between the end of the financial year that ended 31 December 2021 and the date of this Prospectus:

- The Company has agreed with RiverFort Global Opportunities PCC Ltd ("RiverFort") on a draw down of additional capital of EUR 250,000 in accordance with the terms of the financing agreement published on 30 September 2021. The additional capital was drawn down on 23 February 2022. BBS paid a transaction fee of EUR 22,500 by transferring 9,113 of its own shares to RiverFort at a price of 2.4689 euros per share. In accordance with the terms of the original financing agreement, the reference price is bound to the volume-weighted average price (VWAP) of the five (5) days prior to the payment of each block of shares. After increasing the block of shares, BBS issued RiverFort 36,164 warrants. Please see further information in the Prospectus section "*Financial information and key figures – Material loans of the Company – RiverFort loan arrangement*" of the Prospectus).
- The Company has concluded a loan commitment agreement with Finha Capital Oy, which enables draw down of EUR 450,000 working capital credit, if necessary. The final terms of the credit shall be agreed upon separately in connection with any draw down. The agreement has been replaced by a subscription undertaking given by Finha Capital Oy in connection with the Offering and it is no longer valid on the date of the Prospectus.

Dividend policy

The Company's Board of Directors has not defined a dividend policy for the Company. The Company's possible future dividend payments are dependent on the Company's future developments and the Company's future financial position. The Company has never paid dividends and as of 31 December 2021 the Company has no distributable funds. There is no certainty whether the Company will be able to pay dividends for any accounting period.

Material loans of the Company

RiverFort loan arrangement

The Company signed an agreement with RiverFort Global Opportunities PCC Ltd ("RiverFort") on 30 September 2021 concerning a loan-type capital arrangement for up to 2,000,000 euros. The arrangement has been agreed upon jointly with the London-based RiverFort Global Capital Limited. By the date of the Prospectus, a total of 1,000,000 euros has been withdrawn and thus the agreement allows the Company to raise additional capital of up to 1,000,000 euros, which requires RiverFort's approval for each additional draw.

The main commercial terms and conditions of the loan are following:

1. The loan is interest-free.
2. The loan commission is nine percent (9%) of the raised funds. The loan commission can be paid for each loan instalment in the form of the Company's shares at a price ("Reference Price"), which corresponds to the volume weighted average price five (5) trading days prior to the withdrawing the instalment.
3. Loan instalments can be drawn for 36 months after the date of the loan agreement.
4. Each loan instalment shall be payable within 18 months after being drawn.
5. If RiverFort wishes, the loan can be converted into the Company's new shares by subscribing shares at a price, which is the lowest of the following:
    - 140% of the Reference Price; or
    - 90% of the lowest one trading day volume weighted average price during a period of ten trading days prior to the conversion.

The first EUR 250,000 instalment of the loan was converted into Company's shares in November 2021 at subscription price of EUR 1.8656 per share. The exchange was carried out by transferring a total of 134,005 Company's own shares to RiverFort. As a restructuring fee, 32,359 shares were transferred at price of EUR 2.0086 per share.

In addition, RiverFort obtained warrants from the Company, which entitle it to subscribe the Company's shares to a number, which is obtained by dividing 50% of the amount of each loan instalment with the said loan instalment's Reference Price. On the basis of warrants, the subscription price of shares is 140% of the relevant loan instalment's Reference Price and they can be used to subscribe to shares within 48 months from the issue date of the warrants (30 September 2021). The number of warrants issued by the Company on the date of the Prospectus is 164,571.

Loans from financial institutions and investors

BBS has in its balance sheet the following loans from Business Finland/Tekes for product development:

● 0,578 million EUR product development loan in 2015, the annual rate is 1.0%, the repayment period of the loan is 8 years from June 11, 2024, the annual repayment is 72,335 EUR.

● 2,732 million EUR product development loan in 2010, the annual interest rate is 1.0%, the repayment period of the loan is 9 years from June 9, 2022, the annual repayment is 303,556 EUR.

● 1,434 million EUR product development loan in 2009, the annual interest rate is 1.0%, the repayment period of the loan is 10 years from June 30, 2020, the annual repayment is 179,298 EUR.

● 49 thousand EUR product development loan in 2007, the annual rate is 1.0%, the repayment period of the loan is 8 years from October 2, 2018, the annual repayment is 8,180 EUR.

The loan financing has been paid on the basis of project costs statements reported by BBS. The terms of the Business Finland/Tekes loans follow the general loan terms of the lender. The annual interest rate on the loans is three percentage points lower than the current base rate set by the Ministry of Finance, but at least one (1) per cent.

If the project fails or is in danger of failing, the lender may be given an additional repayment period, the loan or part of it may be converted into an equity loan or the unpaid principal and interest of the loan may, in exceptional cases be waived in whole or in part.

Finnvera plc has granted BBS a loan in 2010 with 222,090 EUR remaining in the company's financial statements in 2021, interest EB6 + 3.760%, the repayment period is 10 years, and an instalment of 13,900 EUR semi-annually. The loan is secured by a corporate mortgage of 300 thousand EUR.

Finnvera plc granted a loan to BBS's subsidiary Bio Bones Oy in 2007, with the remaining 513,628 EUR in the financial statements in 2021, The interest rate of the loan is EB6 + 3,680%, the repayment period is 10 years, the instalment is 32,100 EUR semi-annually. The loan is secured by 500 thousand EUR of real estate mortgages.

Capital loan

BBS has received the following capital loan from Tekes:

● 0,950 million EUR capital product development loan 2004, of which 175,825 EUR remains, expires on 31 December 2022.

In the capital loan, the interest rate is one percentage point lower than the base interest valid at any given time rate set by the Ministry of Finance, but no less than three per cent. The interest rate on the Company's capital loan is now 3.0%. Interest is paid only if the amount payable can be used to distribute the profits of the company and if the company is the parent company, according to the most recently ended financial year's balance sheet of its group (interest repayment condition).

Three is a condition for repayment of the capital loan (repayment restriction condition), the loan will be repaid only if the company's and if it is the parent company, its capital and other non-distributable items according to the balance sheet for the last financial year are fully covered.

The unpaid interest on the capital loan had accrued in the amount of 91,087.35 at the end of the financial year and the unpaid repayments in the amount of 150,708 EUR. The next instalment is 31 December 2022 (25,118 EUR).

Reservations included in the auditor's reports

The auditor's report, which has been issued for the financial statements prepared for the Company's financial year ending on 31 December2021, includes the following statement concerning the weighting of the following factor:

Significant uncertainty concerning the continuity of business operations
We want to draw attention to the loss amount indicated in the profit & loss statement as well as the negative cash flow indicated in the cash flow statement for the financial year. In addition, we want to draw attention to the sections "Operating capital situation" and "Estimate of future development" of the annual report in which the Company highlights the uncertainty concerning the sufficiency of the Company's funding. These events or conditions indicate such significant certainty, which could provide significant reason to doubt the Company's ability to continue its operations. Our statement has not been changed in this matter.

INFORMATION CONCERNING THE SHAREHOLDERS AND LEGAL MATTERS

Largest shareholders

	Shareholder	Number of shares	% Of total shares and votes	Cumulatively %
1.	Finha Capital	1,060,938	15.7	15.7
2.	Reisjärven kunta	700,721	10.4	26.1
3.	Jalovaara Pekka	550,700	8.2	34.3
4.	Halonen Irma	369,276	5.5	39.8
5.	Paananen Ahti	333,379	4.9	44.7
6.	Panvest	305,177	4.5	49.3
7.	HALONEN JUKKA PEKKA	175,913	2.6	51.9
8.	EUROCLEAR BANK SA/NV Hallintarekisteri	171,123	2.5	54.4
9.	Oulun Kaupunki	130,081	1.9	56.4
10.	Halonen Veronika	129,337	1.9	58.3
	Muut	2,820,357	41.8	100.0
	TOTAL (issued)	**6,747,002**	**100.00**	
	BBS-BIOACTIVE BONE SUBSTITUTES OYJ	234,523	3.36	
	YHTEENSÄ	**6,981,525**	**100.00**	

The Company has one series of shares. Each share confers one vote at the Company's general meetings. The Company's management is unable to estimate the actual number of shares and votes of entities that own nominee registered shares.

The Company is not aware that it would be, directly or indirectly, owned or controlled by a third party. The Company is not aware of any arrangements which would cause changes to the authority of the Company in the future.

Legal proceedings and arbitration proceedings

During the last 12 months, BBS Group has not had any administrative procedures, court trials or arbitration procedures (including any ongoing or possible procedures BBS is aware of), which could have or, during the last 12 months, has had a significant effect on the Company's financial position or profitability.

Conflicts of interest

The conflicts of interest of the management of Finnish companies are regulated in the Companies Act. Pursuant to the disqualification rule in Chapter 6 Section 4 of the Companies Act, a member of the Board of Directors shall not participate in the consideration of a matter pertaining to a contract between the member and the Company. A member of the Board of Directors shall likewise not participate in the consideration of a matter pertaining to a contract between the Company and a third party, if the member is to derive an essential benefit in the matter and that benefit may be contrary to the interests of the Company. The above-mentioned disqualification provision shall respectively be applied to other legal acts and court proceedings as well as to other exercise of right of action. The same provisions are applied to the managing director.

The members of the Board of Directors, the managing director or other members of the management team do not have conflicts of interests between their tasks in relation to the Company and their private interests or other duties, and none of them has been appointed to their position in the Company pursuant to an arrangement or understanding with major shareholders, customers, suppliers or others.

Related party transactions

The Company's related parties, referred to in the international financial statements standards approved under Regulation (EC) No. 1606/2002, include BBS' subsidiaries, Board members, managing director, management group members as well as shareholders who have significant influence over the Company. The previously mentioned related parties of the Company also include these individuals' close family members and entities in which such persons have a controlling interest.

Apart from ordinary intra-group transactions, the Company has not entered into any other significant transactions or similar arrangements with its related parties during the accounting periods that ended on 31 December 2021 and 31 December 2020 or during the financial year of 2022 by the date of the Prospectus. The salaries and other employee benefits of the Company's Board of Directors and management are discussed in the Prospectus section "*Board of Directors and other senior management - Remuneration and benefits*".

Significant agreements

During the financial year prior to the date of the Prospectus and during the current financial year, the Company has not concluded any significant agreements other than those concluded as part of normal business operations.

Company's share capital and shares as well as option rights and other special rights

Share capital

On the date of this Prospectus, the Company's share capital is 80,000.00 euros. On 31 December 2021 and 31 December 2020, the Company's share capital has been equally large, i.e., 80,000.00 euros.

Shares

The Company's shares have no nominal value. BBS has one series of shares, and its ISIN code is FI4000260583. The shares have been issued in accordance with Finnish legislation in euros.

On the date of the Prospectus, BBS owns 234,523 Company's own shares.

The following table presents the number of shares issued by the Company on 31 December 2021, 31 December 2020and the date of the Prospectus. On the said dates, the relevant Offer Shares have been paid in full and registered in the Trade Register:

Date	Shares (pcs)
31/12/2019	5,204,820
31/12/2020	6,571,525
31/12/2021	6,981,525
On the date of the Prospectus	6,981,525

During the financial period that ended on 31 December 2019, the number of shares increased as a result of a directed share issue of 114,300 shares.

During the financial period that ended on 31 December 2020, the number of shares increased by 1,366,705 shares as a result of a rights issue and direct share issue.

During the accounting period ending 31 December 2021, the number of shares increased by 410,000 shares due to a share issue without consideration carried out by the Company for itself, which related to the loan arrangement described above in "*Financial information and key figures – Material loans of the Company – RiverFort loan arrangement*". During the financial year 2021, 166,364 of the shares owned by the Company were transferred to RiverFort.

9,133 shares of the shares owned by the Company after 31 December 2021 have been transferred to RiverFort as a withdrawal commission for the second instalment of funding.

Outstanding authorisations

On 17 March 2022, the Extraordinary General Meeting of the Company authorised the Board of Directors to decide on share issues as well as issues of option rights and other special rights entitling to shares, pursuant to Chapter 10, section 1 of the Companies Act as follows:

Under the authorisation, a maximum of 6,000,000 shares may be issued.

The Board of Directors decides on all terms and conditions of the share issues and options rights and other special rights entitling to shares. Share issues and the issuance of option rights other special rights entitling to shares may deviate from the shareholders' pre-emptive subscription right (directed issue) if there is a weighty financial reason from the Company's point of view. Authorisation applies to the transfer of both new shares and the Company's existing shares.

In the Company's share issues, shares can be transferred against a payment or without consideration. A directed share issue may only be without consideration if there is a particularly weighty financial reason for this in terms of the Company and considering the interest of all shareholders.

The authorisation is valid until 30 June 2023 and it cancelled the authorisation granted by the Annual General Meeting on 28 April 28 2021.

If the Offering is fully subscribed and the Warrants are used in full to subscribe for new shares, there remains 1,636,548 shares in the authorisation.

Option rights and other special rights

In addition to Warrants TO1 and TO2, the Company has issued or granted the following option rights or other special rights entitling to shares.

Option rights 2012

On 18 July 2012, the Company's shareholders have with a unanimous decision resolved on issuance of option rights ("Option rights 2012"). All 170,000 options have been issued in 2012 to the staff, and they have not yet been used to subscribe for shares. The option rights have been issued in deviation from the shareholders' pre-emptive subscription right to employees, other staff, Board members and other third parties working in benefit of the Company in order to commit them to the Company. A total of 170,000 option rights are issued, which will entitle the subscription of a total of 170,000 new shares or existing shares held by the Company. The subscription price of the shares to be subscribed by the option right is one (1.00) euro. If those, that have the right to subscribe option rights, do not subscribe to all the option rights offered to them, the excess option rights will remain unused, and the Company can reissue them. Others, who have the right to subscribe, do not have the right to subscribe to option rights that have not been subscribed, unless the Board decides otherwise. If an option right holder's employment, operating, consultancy or other agreement or duty as a member of the Board, management team or other body with the Company or a company in the same group ends for any reason, he/she or his/her right holder shall be deemed to have transferred such option rights to the Company on the end date of the agreement or duty to the extent that the share subscription time had not started on the end date of the employment, operating, consultancy or other agreement or duty. In exceptional cases, the Company's Board can grant an exception to the previously mentioned transfer obligation.

The subscription time of shares begins from the registration of option rights in such a way that the option rights holder may use the option rights to subscribe to:

- 25% of the Company's shares after the option right holder's employment, operating, consultancy or other similar agreement or role as a Board member, in the management team or other similar body, has lasted continuously for more than one (1) year from the start date of the parent agreement or duty in the Company or a company in the same group.

  25% of the Company's shares after each full (1) year, when the option rights holder's employment, operating, consultancy or other similar agreement or role as a board member, in the management team or other similar body, has lasted continuously for more than one (1) year from the start date of the parent agreement or duty in the Company or a company in the same Group.

  Thus, all shares can be subscribed for after 4 years from when the option right holder's employment, operating, consultancy or other agreement or duty as a board member, in the management team or other body has started, provided that the parent agreement or duty has continuously been valid for the relevant period.

- If authority in the Company changes, the option right transferees are given the right to exercise their option rights for share subscription as set out by the Board and by the date set by the Board. The change of authority refers to any acquisition of shares (signing an agreement concerning the acquisition) that exceeds 50% of the Company's shares or voting rights, carried out by any person, company or group after option rights have been given.

The original subscription time for shares to be subscribed with options ends on 31 December 2019. On 5 April 2018, the Board has extended the subscription period to subscribe shares with option rights until 31 December 2023.

RiverFort's warrants

In relation to the loan arrangement described above in "*Financial information and key figures – Material loans of the Company – RiverFort loan arrangement*", the Company has provided RiverFort Global Opportunities PCC Ltd with warrants that entitle to subscribe the Company's new shares. The warrants entitle to subscribe the Company's shares to a number, which is obtained by dividing 50% of the amount of each loan instalment with the said loan instalment's Reference Price. On the basis of warrants, the subscription price of shares is 140% of the relevant loan instalment's Reference price and they can be used to subscribe to shares within 48 months from the issue date of the warrants

(September 30, 2021). The number of warrants issued by the Company on the date of the Prospectus is 164,571. The shares' subscription price for 128,407 warrants is 2.9204 euros per share and for 36,164 warrants, 2.4689 euros per share.

AVAILABLE DOCUMENTS

The following documents are available in electronic format on the Company's website https://www.bbs-artebone.fi, and copies of them are available during normal office hours at the Company's main office at Kiviharjunlenkki 6, 90220 Oulu:

1. The Company's registered Articles of Association on the date of this Prospectus
2. The Company's financial statements 2021 (audited), which includes
   - the Board of Directors' Report and;
   - The Auditor's Report of the Financial Statements.
3. The Company's financial statements 2020 (audited), which includes
   - the Board of Directors' Report and;
   - The Auditor's Report of the Financial Statements.

Due to COVID-19 precautionary measures, investors are kindly asked to contact the Company by phone (+358 40 7080 307) before visiting BBS' main office.