

TERMS AND CONDITIONS OF THE OFFERING

The Offering and subscription right

In accordance with the shareholders' pre-emptive subscription right, BBS-Bioactive Bone Substitutes Oyj ("BBS" or the "Company") is offering up to 6,578,481 new shares in the Company for subscription (the "Offer Shares") (the "Offering").

BBS will give all shareholders registered in BBS's shareholder register maintained by Euroclear Finland Ltd ("Euroclear Finland") one (1) book-entry subscription right (the "Subscription Right") per each share held on the Offering record date 22 November 2023 (the "Record Date"). Each one hundred (100) Subscription Rights entitles the holder to subscribe for forty-five (45) Offer Shares. Fractions of Offer Shares will not be given. The Subscription Rights will be registered in shareholders' book-entry accounts approximately on 23 November 2023. The Subscription Rights can be freely assigned and they will be traded on First North Growth Market Finland ("First North Finland") (trading symbol BONEHU0223, ISIN: FI4000562335) between 27 November 2023 and 7 December 2023. 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 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 Price

Subscription Price of Offer Shares is EUR 0.40 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 37.5 per cent lower compared with the closing price of the Company's share on First North Finland on 17 November 2023 (EUR 0.64).

Subscription Period

The subscription period for the Offer Shares (the "Subscription Period") will commence on 27 November 2023 at 10.00 Finnish time and is expected to end on 13 December 2023 at 16.00 Finnish time.

The Company may, at its sole discretion, extend the Subscription Period. The Subscription Period may be extended once or several times, however not past 20 December 2023. 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 account operators and custodians function as subscription locations.

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 basic information document and cancellations of subscriptions*".

Unexercised Subscription Rights will expire and have no value when the Subscription Period ends on 13 December 2023 at 16.00 Finnish time.

Dilution of the shareholding

As a result of the Offering, the number of the Company's shares may rise from 14,618,874 to a maximum of 21,197,328 shares. The Offer Shares correspond to approximately 45.00 percent of all the Company's shares immediately before the Offering and about 31.03 percent of the Company shares after the Offering, assuming that the Offering is fully subscribed.

Of the maximum of 7,000,000 shares that the Board of Directors of the Company has received an authorisation to issue, a maximum of 6,578,481 shares will be issued in the Offering, which means at least 421,519 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. 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 shall receive the subscription order and the payment no later than on 23 December 2023 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.

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 19 December 2023. 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 18 December 2023. 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 basic information document 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 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 Offer Shares.

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 18 December 2023 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 system of Euroclear Finland.

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. This is estimated to be the next day after the subscription, in accordance with Euroclear Finland's clearing timetable. Trading in the Temporary Shares will commence on First North Finland (trading symbol BONEHN0223, ISIN: FI4000562327) as their own special share class approximately on 27 November 2023. 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 22 December 2023 and the Offer Shares will be subject to trading together with the Company's existing shares approximately on 22 December 2023 on First North Finland.

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 basic information document and cancellations of subscriptions

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

If the Basic Information Document prepared in connection with the Offering is supplemented 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 two (2) 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 Basic Information Document. 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.