

PRESS RELEASE 31 January 2018 at 8:00 a.m.

## **BBS-Bioactive Bone Substitutes Oyj announces its intention to launch an initial public offering and plans to apply for its shares to be listed on the Nasdaq First North Finland and Sweden marketplaces**

*Not for publication or distribution, directly or indirectly, in or into the United States, Canada, Australia, Hong Kong, South Africa, Singapore, Japan, New Zealand or any other country, in which the publication or distribution of this presentation would be unlawful.*

BBS-Bioactive Bone Substitutes Oyj's Board of Directors has decided to launch an initial public offering beginning on 5.2.2018 (the "Offering"), and the Company plans to apply to have its shares listed on the First North Finland marketplace maintained by Nasdaq Helsinki Oy and the Nasdaq First North Sweden marketplace maintained by Nasdaq OMX Stockholm AB.

BBS-Bioactive Bone Substitutes ("BBS" or "Company") is a Finnish health technology company that has developed a new generation innovative medical device product for the treatment of bone defects.

BBS was established in 2003, and a seven-year product development project at the University of Oulu preceded the establishment of the Company. The Company has a strong patent portfolio and a production facility for reindeer bone protein extract, which was granted manufacturing authorisation by the Finnish Medicines Agency FIMEA. The Company has no turnover.

The bone substitute ARTEBONE® developed by the Company is intended to be used in orthopaedic operations to treat bone defects and deficiencies and bone healing problems. The Company has launched the application process for the CE mark. The CE mark is a prerequisite for the commercialisation of ARTEBONE® in the EU area.

### **The Offering in brief**

The Company has decided to initially issue a maximum of 1,400,000 new shares in the Offering (the "Offer Share"). The subscription price in the Offering is EUR 5.50 per offered share (the "Subscription Price"). If all of the Offer Shares are subscribed for and the subscriptions approved, the Offer Shares represent approximately 31.4 per cent of the Company's shares and votes before the Offering and a maximum of approximately 23.9 per cent after the Offering, provided that all of the Offer Shares initially offered in the Offering are subscribed for in full. The Company's objective is raise approximately EUR 7.7 million from the Offering prior to fees and expenses related to the Offering, assuming that all of the new shares are subscribed for.

The subscription period for the Offering will commence on Monday, 5 February 2018 at 09:30 a.m. Finnish time and 08:30 a.m. Swedish time and end no later than 18 February 2018 at 12:00 p.m. Finnish time and 12:00 p.m. Swedish time.

The Finnish Financial Supervisory Authority has approved the Company's Listing Prospectus on 30.1.2018. The Listing Prospectus will be available in electronic form on the Company's website at <http://www.bbs-artebone.fi/> and at [www.nordnet.fi](http://www.nordnet.fi) ([www.nordnet.se](http://www.nordnet.se) in Sweden). The Listing

Prospectus is available as a paper version at the Company's headquarters at Kiviharjunlenkki 6, 90220 Oulu.

### **Reasons for listing and use of funds to be procured**

The objective of the Offering is primarily to enable the Company to raise funds to complete ARTEBONE®'s ongoing application processes for the CE mark and FDA approval, begin commercial production and the commercialisation of the product. Funds are also needed to continue product development, develop and maintain the patent portfolio, ensure sufficient self-financing for growth investments in accordance with the Company's strategy and hire additional staff for sales and marketing. The use of the funds is described in more detail in the Listing Prospectus.

### **Main terms of the Offering**

The Company offers up to 1 400 000 new shares in the Company for subscription in the Initial Public Offering. The number of Initial Public Offering Shares will be determined based on subscriptions of investors in Finland and in Sweden ("Initial Public Offering Shares"). Assuming that all Initial Public Offering Shares are subscribed and all the subscriptions are approved, The Initial Public Offering Shares constitute approximately 31.4 percent of shares and votes in the Company carried by all shares prior to the Initial Public Offering and approximately 23.9 percent of shares and votes in the Company carried by all shares after the Initial Public Offering, provided that all the Initial Public Offering Shares offered in the Initial Public Offering are subscribed. All the shares of the Initial Public Offering are new shares in the Company.

The Shares of Initial Public Offering are offered to be subscribed at EUR 5,50 per share. The Initial Public Offering Shares in Sweden, delivered by Euroclear Sweden, shall be paid in Swedish krona with EUR/SEK forward rate as described in Prospectus. The minimum subscription in Retail Offering is 200 Shares of Initial Public Offering and the maximum subscription In Retail Offering is 20 000 shares. The investors who subscribe 20 001 shares in minimum are eligible to participate in the Institutional Offering in Finland.

The Subscription period of the Initial public offering Shares ("Subscription period") begins on 5.2.2018 at 09:30 Finnish time (at 08:30 Swedish time) and it ends in Finland on 18.2.2018 at 24:00 Finnish time and in Sweden at 24:00 Swedish time unless the Company decides to shorten or extend the Subscription period during the Subscription period.

The subscription place of the Initial Public Offering Shares ("Subscription Place") in the Finnish Retail Offering is the Finnish branch of Nordnet Bank AB, [www.nordnet.fi/bone](http://www.nordnet.fi/bone). In the online service it is possible to subscribe with online bank user identifiers of Nordnet as well with identifiers of Aktia, Danske Bank, Handelsbanken, Nordea, Oma Säästöpankki, OP Bank, POP Bank, S-Bank, Säästöpankki and Ålandsbanken. When separately agreed the subscriber in the Retail Offering may make the subscription also at the customer service of the Finnish branch of Nordnet Bank AB, address Yliopistonkatu 5, 00100 Helsinki on business day between 09:30 and 16:30.

The subscription place in the Finnish Institutional Offering is the Finnish branch of Nordnet Bank AB, address Yliopistonkatu 5, 00100 Helsinki, tel. +358 9 68178444 and the head office of the Company, the address of which is Kiviharjunlenkki 6, 90220 Oulu; [info@bbs-artebone.fi](mailto:info@bbs-artebone.fi).

The Subscription place in the Swedish Retail and Institutional offerings is Nordnet Bank AB, [www.nordnet.se/bbs](http://www.nordnet.se/bbs). The subscriptions are made in the subscription system of Nordnet Bank AB.

BBS aims to receive 7.7 million euros through its issue of shares of initial Public Offering. The Company expects to receive 9.8 euros in net proceeds if all shares are subscribed for. The minimum amount of earnings for carrying out the initial public offering is 2 million euros, which would translate to about 1.7 million euros in net proceeds according to the management estimates.

### **BBS-Bioactive Bone Substitutes Oyj in brief**

BBS-Bioactive Bone Substitutes Oyj is a Finnish health technology company that has developed a new generation innovative medical device product for the treatment of bone defects in orthopaedic and traumatological surgery. The Company has no turnover.

BBS-Bioactive Bone Substitutes Oyj ("BBS") was established in 2003. A seven-year product development project at the University of Oulu preceded the establishment of the Company. The Company's domicile is Oulu, and it has 12 employees. The Company also has a scientific advisory board consisting of medical experts. The Company has an authorised production facility for bone protein extract and is in the process of obtaining ISO 13485 certification for the ARTEBONE® implant production line.

The Company's first product ARTEBONE® is an injectable paste in a ready-to-use syringe, injected into the bone's problem spot or fracture area. It is designed to promote the natural healing of the bone by utilising growth factors extracted from reindeer bone and tricalcium phosphate (TCP) ceramics that act as a base for bone formation. All of the preclinical testing and clinical tests have been done, and the Company has launched the application process for the CE mark. The CE mark is a prerequisite for the commercialisation of ARTEBONE® in the EU area.

ARTEBONE®'s benefit is that it reduces expensive operating room time compared to the use of the patient's own bone and speeds up the patient's recovery time, as well as reducing treatment costs.

### **BBS-Bioactive Bone Substitutes Oyj's CEO Pekka Jalovaara:**

"Orthopaedic diseases are the second most common cause for disability and user of health care resources worldwide, and they increase with the ageing population. An improved standard of living means that there is a desire and capability to treat even difficult bone defects, as long as effective yet safe, reasonably priced and easy-to-use methods exist.

Alternatives have long been sought for bone grafts made from a person's own bone. The market for bone substitutes is USD 2.3-2.7 billion and growing steadily. Especially young surgeons favour substitutes that reduce operating time. Synthetic options, however, have not always proved to be effective enough, and recombinant technology products based on a single growth factor, which have been considered to be effective, have been associated with complication problems in addition to a high price.

The product we have developed has features similar to a person's own bone graft. The clinical trial ended in late 2017, and the product received good marks for functionality and safety.

I believe that ARTEBONE® has great potential to succeed in the growing market for orthobiological products both in Europe and elsewhere."

## Financial development and key figures

BBS had no turnover in 2017 or the corresponding period in the previous year. The result for the financial year 2017 was EUR -4,427 million (EUR -0,678 million in 2016). The EUR 2.95 million depreciation made on initial costs of the TEKES project recorded in December 2017 on activations affected the result the most. The depreciation is based on the view shared by the Company's management and TEKES in autumn 2017, according to which a part of the project's previous product development work was deemed unnecessary with regard to the functionality or income expectations for the Company's current and definitive product. TEKES conditionally approved the Company's application for an arrangement with creditors related to written-down project costs on 13 October 2017.

The Company's working capital is not sufficient for the planned needs for 2018, unless the Company is able to secure equity financing or debt financing to launch its own production and sales activities. The objective is to raise this working capital requirement primarily in the First North Offering. Up until now, the Company has been in the product development stage, and operating cash flow cannot be generated until it has received the CE mark for its main product that enables sales.

1,000 euros, the figures are audited	31/12/2017	2016	2015
Other operating income	20	19	21
Depreciation	-161	-108	-161
Operating profit (EBIT)	-4,346	-600	-550
Financial expenses	-81	-78	-76
Profit for the financial year (Loss)	-4,427	-678	-626
Balance sheet total	9,681	12,802	12,454
Total liabilities	8,601	8,206	7,990
Number of staff	12	12	12

More detailed financial information, including the income statement and balance sheet, as well as key figures and their formulas, is available in the Listing Prospectus.

### Important dates (times are Finnish time)

- Launch 31 January 2018 at 11:00 a.m.

- The listing prospectus will be available (estimate) 31 January 2018
- The subscription period for the Offering commences on 5 February 2018 at 09:30 a.m.
- The subscription period may be discontinued at the earliest (estimate) on 16 February 2018 at 4:30 p.m.
- The subscription period ends (estimate) on 18 February 2018 at 12:00 p.m.
- The final result of the Offering will be announced no later than (estimate) 20 February 2018
- The Offer Shares are recorded in the Trade Register and securities accounts (estimate) 26 February 2018
- Trading in the Shares commences on First North Finland and First North Sweden (estimate) on 28 February 2018

## **Manager and places of subscription**

BBS-Bioactive Bone Substitutes Oyj acts as the manager of the Initial Public Offering.

The subscription place of the Initial Public Offering Shares ("Subscription Place") in the Finnish Retail Offering is the Finnish branch of Nordnet Bank AB, [www.nordnet.fi/bone](http://www.nordnet.fi/bone). The subscription place in the Finnish Institutional Offering is the Finnish branch of Nordnet Bank AB, address Yliopistonkatu 5, 00100 Helsinki, tel. +358 9 68178444 and the head office of the Company, the address of which is Kiviharjunlenkki 6, 90220 Oulu; [info@bbs-artebone.fi](mailto:info@bbs-artebone.fi).

The Subscription place in the Swedish Retail and Institutional Offerings is Nordnet Bank AB, [www.nordnet.se/bbs](http://www.nordnet.se/bbs). The subscriptions are made in the subscription system of Nordnet Bank AB.

Aalto Capital Partners Oy acts as the Certified Advisor in Finland. Stockholm Certified Advisers AB acts as the Certified Adviser in Sweden.

## **Press briefing**

BBS-Bioactive Bone Substitutes will hold a press briefing today, 31 January.2018 at 11:00 a.m. at the premises of the Helsinki Stock Exchange at Fabianinkatu 14, 00100 Helsinki.

## **More information from**

Pekka Jalovaara, CEO, tel. 050 5529275, e-mail: [pekka.jalovaara@bbs-artebone.fi](mailto:pekka.jalovaara@bbs-artebone.fi)

Hannu Säynäjäkangas, CFO, tel. 040 5021092, e-mail: [hannu.saynajakangas@bbs-artebone.fi](mailto:hannu.saynajakangas@bbs-artebone.fi)

Jarmo Halonen, Chairman of the Board of Directors, tel. 0400 732358, [jarmo.halonen@elecster.fi](mailto:jarmo.halonen@elecster.fi)

## **Disclaimer:**

*This presentation does not constitute an offer of securities for sale in the United States, nor may the securities be offered or sold in the United States absent registration or an exemption from registration as provided in the U.S. Securities Act of 1933, as amended, and the rules and regulations thereunder. No part of the initial public offering concerning the securities is registered in the United States, and the securities will not be offered to the public in the United States.*

*In connection with the Company's possible initial public offering, with respect to each Member State of the European Economic Area other than Finland and Sweden, and which has implemented the Prospectus Directive (each, a "Relevant Member State"), no action will be undertaken to make an offer to the public of securities requiring publication of a prospectus in any Relevant Member State. As a result, in connection with the Company's possible initial public offering, the securities may only be offered in Relevant Member States (a) to any legal entity which is a qualified investor as defined in the Prospectus Directive; or (b) in any other circumstances falling within Article 3(2) of the Prospectus Directive. For the purposes of this paragraph, the expression an "offer of securities to the public" means the communication in any form and by any means of sufficient information on the terms of the offer and the securities to be offered so as to enable an investor to decide to exercise, purchase or subscribe the securities, as the same may be varied by any measure implementing the Prospectus Directive in that Relevant Member State. The expression "Prospectus Directive" means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State and the expression "2010 PD Amending Directive" means Directive 2010/73/EU.*