



Molekule Reports Fourth Quarter and Full Year 2022 Financial Results

March 30, 2023

Introduces Q1 2023 Revenue Guidance of Approximately \$8 Million and Full Year Fiscal 2023 Revenue Guidance of Between \$60-\$70 Million

PALM BEACH GARDENS, Fla., March 30, 2023 (GLOBE NEWSWIRE) -- Molekule Group, Inc. ("Molekule" or the "Company") (Nasdaq: MKUL), an emerging leader in air purification technology solutions, systems for healthcare and commercial smart building applications, and individual consumer protection, today reported financial results for the three months and year ended December 31, 2022 ("FY 2022").

Fourth Quarter 2022 Operational Highlights and Recent Developments

- The Company's Pürgo™ air sanitization device received FDA clearance for the elimination of SARS-CoV-2, with additional testing performed to also confirm elimination of influenza and RSV.
- Completed the acquisition of Molekule, Inc. on January 12, 2023 and changed the Company name to Molekule Group, Inc. and began trading under a new ticker symbol (NASDAQ: MKUL).
- Entered into a definitive agreement on February 26, 2023, to further expand its industry-leading portfolio of Indoor Air Quality ("IAQ") solutions technology with a definitive agreement to acquire Aura Smart Air Ltd. ("Aura"), accelerating the Company's B2B sector strategy.

Management Commentary

"The combination of Molekule and AeroClean has transformed our business to one that provides us with the innovative technology that is needed in today's market," said Jason DiBona, Chief Executive Officer of Molekule. "With our combined expertise and capabilities, our FDA-cleared premium air purification products, and our SaaS solutions, we are better positioned than ever to realize our full potential in the estimated \$15 billion indoor air quality market. We are now intensely focused on integrating the best that both teams have to offer and to realize cost and operational synergies to streamline our operations and optimize profitability."

Mr. DiBona added, "With the addition of Aura, we expect to further enhance these capabilities and improve our offering to implement service and subscription models allowing customers to monitor and control IAQ from a single location on an enterprise-wide basis to further facilitate the safe return of in-office workers and advance their sustainability and ESG initiatives. Aura is expected to further add significant strategic relationships and channel partners across several key markets, as well as additional synergies. With these transactions, we are building a company that is ready to execute on our mission to become the leading provider of indoor air quality solutions."

Mr. DiBona concluded, "We are off to a great start in 2023 and are more excited than ever about the future. We are accelerating our ability to introduce software and dashboard solutions to drive incremental revenues and expanded sales opportunities to drive further value for our shareholders, while delivering best-in-class solutions that meet the evolving needs of our customers. The significant momentum we've established allows us to share our revenue guidance for Q1 2023 of approximately \$8 million, with expected revenue of \$60-70 million for FY 2023."

Corporate Update

Following completion of the acquisition of Molekule, Inc. on January 12, 2023, the combined company now has the largest range of proprietary and patented, FDA-cleared air purification devices to address the rapidly growing global air purification market. As a result of the Aura acquisition, the Company also offers a Software-as-a-Service ("SaaS") software solution for B2B businesses, further enabling facility managers to monitor and control individual room air quality on an enterprise-wide basis from a single location.

On February 26, 2023, the Company announced it had entered into a definitive agreement to acquire Aura, an Israeli-based technology company currently listed on the Tel Aviv Stock Exchange, in an all-stock merger with a value of approximately \$10 million. The Company intends to implement Aura's advanced software, sensor and IoT technology across its entire product range and in each of its highly developed sales channels, including major global healthcare, commercial and municipal customers, to provide multi-location and multi-room, enterprise-wide safe air solutions.

Fourth Quarter 2022 Financial Highlights

(Unless otherwise stated, comparisons are made between Q4 2022 and Q3 2022 results)

- Revenue increased 64% to \$91,149.
- Gross profit increased 79% to \$49,315.
- Gross profit margin improved by 690 basis points to 54.1%.
- Selling, general and administrative ("SG&A") expenses were \$4.3 million.
- Net loss from operations for the fourth quarter of 2022 was \$4.5 million.

Full Year 2022 Financial Highlights

(Unless otherwise stated, comparisons are made between FY 2022 and FY 2021 results)

- Generated revenues of \$227,186.
- SG&A expenses were \$15.0 million, representing an increase of \$10.7 million primarily due to increases in legal and other

expenses associated with the Merger (approximately \$3.5 million), non-cash compensation (approximately \$3.0 million), private placement (\$1.3 million) and public company costs (\$1.2 million).

- Research and Development (“R&D”) expenses declined 52% to \$2.0 million. R&D expenses primarily consisted of quality and regulatory, testing, engineering, and manufacturing design costs. Additional costs were incurred in 2021 as a result of incremental outsourced engineering, testing, and regulatory costs associated with the launch of Pürgo and 510(K) submission.
- Total current assets were \$24.8 million and total current liabilities were \$4.1 million as of December 31, 2022. Net working capital as of December 31, 2022, was \$20.7 million.
- Gross profit and gross profit margin were \$114,627 and 50.5%, respectively, compared to \$277,615 and 45% for 2021.
- FY 2022 Net loss was \$5.7 million compared to \$7.9 million for FY 2021.
- Cash was \$22 million as of December 31, 2022, compared to \$19.6 million as of December 31, 2021.

Financial results and analyses are available on the Company's investor relations website: <https://investors.molekule.com/>.

Forward-Looking Statements

This press release includes forward-looking statements relating to our management's expectations, beliefs and intentions and Molekule's prospects. Forward-looking statements are statements that are not historical facts, including the statements of our management and statements under the heading “Management Commentary.” Such forward-looking statements are based on our management's current expectations and projections about future events and trends, which are inherently subject to risks, assumptions and uncertainties that could cause actual results to differ materially from those explicitly or implicitly projected, including (without limitation): macroeconomic uncertainties driven by the war between Ukraine and Russia; rising inflation and the COVID-19 pandemic; a failure by our products to perform as expected; our inability to develop adequate distribution, customer service, and technical support networks; our failure to implement our business strategy; effects of any acquisitions of other companies or technologies, including with Molekule, and the possible diversion of the attention of our management or any challenges faced while integrating such into our business; any delay in or failure to achieve clearance from the U.S. Food and Drug Administration to market our products or our failure to comply with applicable laws and regulations; our inability to develop and maintain reliable manufacturing, consulting and other vendor relationships important to the commercialization of our products; our inability to protect our intellectual property or our infringement upon the proprietary rights of others; our inability to efficiently manage research and development spending; potential dilution of existing stockholders if we issue additional equity securities (including in connection with acquisitions); and risks related to maintaining our listing on Nasdaq.

These and other risks and uncertainties that could affect Molekule's future results are included under the caption “Risk Factors” in AeroClean's annual report on Form 10-K for the fiscal year ended December 31, 2021 filed with SEC on April 1, 2022 and our quarterly reports on Form 10-Q for the fiscal quarters ended March 31, 2022 and June 30, 2022, as well as under the caption “Risk Factors” in our Form S-1 filed with the SEC on July 11, 2022 and amended on July 20, 2022, which are available on the SEC's website at www.sec.gov. Further information regarding potential risks or uncertainties that could affect actual results will be included in other periodic filings Molekule makes with the SEC.

The forward-looking statements in this release reflect management's expectations as of the date hereof and Molekule expressly disclaims any obligations or undertaking to release publicly any updates or revisions to any forward-looking statements contained herein to reflect any change in the expectations with respect thereto or any change in events, conditions or circumstances on which any statement is based. Investors should realize that if our underlying assumptions for the projections contained herein prove inaccurate or that known or unknown risks or uncertainties materialize, actual results could vary materially from our expectations and projections.

No Offer or Solicitation

This press release shall not constitute an offer to sell or the solicitation of an offer to sell or the solicitation of an offer to buy any securities, nor shall there be any sale of securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction. No offer of securities shall be made except by means of a prospectus meeting the requirements of Section 10 of the Securities Act, and otherwise in accordance with applicable law.

About Molekule

Molekule is on a mission to provide clean indoor air to everyone, everywhere. With the largest range of proprietary, FDA-cleared air purification devices on the market, Molekule is providing consumers, business owners and medical professionals with hardware and software solutions to better understand and improve indoor air quality. Its Air Pro, Air Mini+ and Pürgo™ purification devices can be applied to virtually any indoor space, including homes, classrooms, offices, hospitals and more. For more information and customer reviews, visit <https://molekule.com>.

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Financial Statements

MOLEKULE GROUP, INC. AND SUBSIDIARY Balance Sheets

December 31, 2022

December 31, 2021

ASSETS

Cash	\$	22,062,657	\$	19,629,649
Other current assets		2,722,296		1,948,004
Total current assets		24,784,953		21,577,653
Non-current assets		4,373,933		2,145,095
Total assets	\$	29,158,886	\$	23,722,748

LIABILITIES AND STOCKHOLDERS' EQUITY

Current liabilities	\$	4,562,253	\$	1,511,079
Non-current liabilities		4,893,431		501,254
Total liabilities		9,455,684		2,012,333
Total equity		19,703,202		21,710,415
Total liabilities and stockholders' equity	\$	29,158,886	\$	23,722,748

**MOLEKULE GROUP, INC. AND SUBSIDIARY
Statements of Operations**

	Three Months Ended Dec 31,		Year Ended Dec 31,	
	2022	2021	2022	2021
Product revenues	\$ 91,149	\$ 261,299	\$ 227,186	\$ 261,299
Cost of sales	41,835	147,733	112,559	147,733
Gross profit	49,314	113,566	114,627	113,566
Operating expenses:				
Selling, general and administrative	4,765,325	685,079	15,453,261	2,678,689
Research and development	210,746	956,499	1,954,552	3,617,101
Total operating expenses	4,976,071	1,641,578	17,407,813	6,295,790
Loss from operations	(4,926,757)	(1,528,012)	(17,293,186)	(6,182,224)
Change in fair value of warrant liability	216,000	-	(10,623,000)	-
Income (loss) before income tax benefit	(5,142,757)	(1,528,012)	(6,670,186)	(6,182,224)
Income tax benefit	74,573	-	501,254	-
Net income (loss)	\$ (5,068,184)	\$ (1,528,012)	\$ (6,168,932)	\$ (6,182,224)
Net income (loss) per share:				
Basic and Diluted	\$ (0.33)	\$ (0.13)	\$ (0.42)	\$ (0.61)
Weighted-average common shares outstanding:				
Basic and Diluted	15,378,593	11,363,636	14,676,369	10,135,506

**MOLEKULE GROUP, INC. AND SUBSIDIARY
Statements of Cash Flows**

	Year Ended December 31,	
	2022	2021
Net cash flows used in operating activities	(10,638,912)	(7,795,087)
Net cash flows used in investing activities	(506,631)	(1,748,392)
Net cash flows provided by financing activities	13,578,551	26,840,011
Net increase in cash	2,433,008	17,296,532
Cash, beginning of period	19,629,649	2,333,117
Cash, end of period	\$ 22,062,657	\$ 19,629,649

Supplemental disclosures of cash flow information:

Cash paid for interest	-	7,465
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Source: Molekule Group, Inc.