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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2022

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _____to_____

Commission file number 001-41096

Molekule Group, Inc.

(Exact name of registrant as specified in its charter)

Delaware	**45-3213164**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
10455 Riverside Dr., Palm Beach Gardens, Florida	**33410**
(Address of principal executive office)	(Zip Code)

Registrant's telephone number, including area code: **833-652-5326**

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	**Trading Symbol(s)**	**Name of each exchange on which registered**
Common Stock, $0.01 Par Value	MKUL	The Nasdaq Capital Market

Securities registered pursuant to section 12(g) of the Act: **None**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

Note- Checking the box above will not relieve any registrant required to file reports pursuant to Section 13 or 15(d) of the Exchange Act from their obligation under those Sections.

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the Registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☐	Accelerated filer	☐
Non-accelerated filer	☒	Smaller reporting company	☒
		Emerging growth company	☒

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☐

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the Registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ☐ No ☒

As of June 30, 2022, the aggregate market value of the registrant's common stock held by non-affiliates was approximately $114.4 million.

As of March 22, 2023, there were 30,427,750 shares of common stock outstanding.

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CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING STATEMENTS

The Private Securities Litigation Reform Act of 1995 provides a "safe harbor" for forward-looking statements to encourage companies to provide prospective information to investors. This Annual Report on Form 10-K (this "Annual Report") includes forward-looking statements that reflect our current expectations and projections about our future results, performance and prospects. Forward-looking statements include all statements that are not historical in nature or are not current facts. When used in this Annual Report, the words "anticipate," "believe," "continue," "could," "estimate," "expect," "intend," "may," "might," "plan," "possible," "potential," "predict," "project," "should," "would" or the negative of these terms or similar expressions are intended to identify forward-looking statements, although not all forward-looking statements contain such identifying words. These forward-looking statements are based on our current expectations and assumptions about future events and are based on currently available information as to the outcome and timing of future events.

These forward-looking statements are subject to a number of risks, uncertainties, assumptions and other factors that could cause our actual results, performance and prospects to differ materially from those expressed in, or implied by, these forward-looking statements. Factors that might cause such a difference include, but are not limited to, those discussed under the heading "Risk Factors" in this Annual Report, including the following factors:

- general economic conditions in the markets where we operate;
- the impact of the COVID-19 pandemic and related prophylactic measures;
- expected timing of regulatory approvals and product launches;
- non-performance of third-party vendors and contractors;
- risks related to our ability to successfully sell our products and the market reception to and performance of our products;
- our compliance with, and changes to, applicable laws and regulations;
- our limited operating history;
- our ability to manage growth;
- our ability to obtain additional financing when and if needed;
- our ability to expand product offerings;
- our ability to compete with others in our industry;
- our ability to protect our intellectual property;
- the ability of certain stockholders to determine the outcome of matters that require stockholder approval;
- our ability to retain the listing of our common stock on Nasdaq;
- our ability to defend against legal proceedings;
- success in retaining or recruiting, or changes required in, our officers, key employees or directors;
- our ability to achieve the expected benefits from the Molekule Merger (as defined in "*Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations"*);
- the risk that goodwill or identifiable intangible assets could become impaired; and
- our ability to successfully consummate acquisitions.

In light of these risks, uncertainties and assumptions, you are cautioned not to put undue reliance on any forward-looking statements in this Annual Report. These statements should be considered only after carefully reading this entire Annual Report. Except as required under the federal securities laws and rules and regulations of the SEC, we undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. Additional risks that we may currently deem immaterial or that are not presently known to us could also cause the forward-looking events discussed in this Annual Report not to occur.

PART I

Item 1. Business

Overview

Molekule Group, Inc. (the "Company," "Molekule," "we," "us" or "our") is a pathogen elimination technology company on a mission to keep work, play and life going by improving indoor air quality. We have the largest range of proprietary and patented, FDA-cleared air purification devices to address the rapidly growing global air purification market. Our air hygiene product, Pūrgo™ (pure-go), is an FDA 510(k) cleared, Class II medical device that provides continuous air filtration, sanitization and supplemental ventilation solutions with technology that can be applied in any indoor space – including in hospitals, offices and even in elevators. Pūrgo™ products feature SteriDuct™, a proprietary germicidal UV-C technology. In addition, our Air Pro and Air Mini+ air purifiers leverage a PECO technology that can destroy viruses, bacteria, mold, allergens, volatile organic compounds ("VOCs"), chemicals and more from the air. Our purpose is simple: to never stop innovating solutions that keep people healthy and safe, so life never stops.

In June 2022, the US Food and Drug Administration (the "FDA") granted our Pūrgo technology 510(k) clearance for use in healthcare and other markets for which product performance to reduce the amount of certain airborne particles and infectious microbes in an indoor environment must be validated to specific standards.

On January 12, 2023, we completed our acquisition of Molekule, Inc., which produces and sells air purification devices that can be used by both consumer and commercial users. These air purifiers incorporate our patented technology, photoelectrochemical oxidation ("PECO"), to capture and destroy a wide range of organic material, such as bacteria, viruses, mold and volatile organic compounds.

On February 26, 2023, we entered into an Agreement and Plan of Merger with Aura Smart Air Ltd. ("Aura"), an Israeli company listed on the Tel Aviv Stock Exchange and the creator of a proprietary, software, sensor and internet-of-things ("IoT") enabled data-driven air purification system. We intend to implement Aura's advanced software, sensor and IoT technology across our entire product range and in each of our highly developed sales channels, including major global healthcare, commercial and municipal customers, seeking multi-location and multi-room, enterprise-wide safe air solutions. Consummation of the merger is subject to customary closing conditions, including among others the SEC declaring our registration statement on Form S-4 effective, the listing of our common stock on the Tel Aviv Stock Exchange, receipt of Aura shareholder approval, receipt of a tax ruling regarding Israeli withholding tax and receipt of all material third party consents. The merger is expected to close early in the second half of 2023.

As part of our business strategy, we continually evaluate a wide array of strategic opportunities, including the acquisition, disposition or licensing of intellectual property, mergers and acquisitions, joint ventures and other strategic transactions. We may seek to acquire technologies, product lines and companies that operate in businesses similar to our own or that are ancillary, complementary or adjacent to our own or in which we do not currently operate. Such businesses could operate in the air purification space or more generally in the health and wellness space or in other industries. We could also seek to merge with or into another company or sell all or substantially all of our assets to another company. We could also seek to merge with or into another company or sell all or substantially all of our assets to another company. In connection with these activities, we may enter into non-binding letters of intent as we assess the commercial appeal of potential strategic transactions. Any transactions that we enter into could be material to our business, financial condition and operating results.

We were formed as Cleanco Bioscience Group LLC, a limited liability company in Florida, in September 2011 and effected a name change to AeroClean Technologies, LLC and conversion to a Delaware limited liability company in September 2020. On November 23, 2021, we converted into a Delaware corporation as AeroClean Technologies, Inc. On January 12, 2023, we effected a name change to Molekule Group, Inc. in connection with our acquisition of Molekule, Inc.

Our Products

We currently offer four purifier products for sale: Pūrgo, Air Mini+, Air Pro and Air Pro Rx, as well as replaceable pre-filters and filters for the Air Mini+, Air Pro and Air Pro Rx. Each of Pūrgo, Air Mini+, Air Pro and Air Pro Rx has received FDA 510(k) clearance and are therefore cleared for medical use to destroy bacteria and viruses.

Pūrgo

Our air hygiene product, Pūrgo™, is an FDA 510(k) cleared, Class II medical device that provides continuous air filtration, sanitization and supplemental ventilation solutions with technology that can be applied in any indoor space – including in hospitals, offices and even in elevators. Pūrgo™ products feature SteriDuct™, a proprietary germicidal UV-C LED technology. Our proprietary, patented UV-C LED technology is incorporated in our equipment and devices to reduce the exposure of occupants of interior spaces to airborne particles and pathogens. These spaces include hospital and non-hospital healthcare facilities (such as outpatient chemotherapy and other infusion facilities and senior living centers and nursing homes), schools and universities, commercial properties and other indoor spaces. Pūrgo has been well-received by our customers.

Air Mini+

The Air Mini+ is a direct-to-consumer air purifier whose features include a particle sensor, five fan speeds and automatic fan speed adjustment through the product's Auto Protect Mode. The Air Mini+ is designed for customers seeking air purifiers for smaller rooms and is most effective for rooms 250 square feet in size, or smaller. It stands 12 inches high, 8.26 inches in diameter, and weighs just over seven pounds. The purifier is designed to be whisper quiet, producing 39 decibels at its lowest fan speed and 62 decibels at its highest.

The Air Mini+ particle sensor detects the amount of particulate matter in the air of the room in which the air purifier operates. If on Auto Protect Mode, Air Mini+ will automatically adjust the air purifier's fan speed based on particulate matter sensed in the air. With these features, Air Mini+ responds in real-time to reduce the amount of particles in the air like pollen and dust, while also capturing and destroying other indoor air pollutants including VOCs, mold, bacteria and viruses. The product is also Wi-Fi and app enabled, allowing users to control it on iOS and Android devices, and has Apple Homekit integration.

Air Pro

We offer the Air Pro as a direct-to-consumer and business-to-business product for larger rooms of up to 1,000 square feet with similar features to the Air Mini+. The Air Pro is also equipped with PECO technology and includes sensors that measure VOCs, carbon dioxide and relative humidity in the air, six fan speeds and Auto Protect Mode. It is 23.1 inches high, 10.9 inches wide, weighs 22.9 pounds and produces 33 to 64 decibels of sound.

Air Pro Rx

The Air Pro Rx is a medical-grade purifier designed for critical or high traffic areas in healthcare facilities for rooms in excess of 600 square feet. The Air Pro Rx is equipped with PECO technology and includes two filters and four different settings to manage air flow. It is 12 inches high, 8.26 inches wide, weighs 7.3 pounds and produces 39 to 69 decibels of sound.

Filters and Filter Replacements

We offer replacement filters for the Air Mini+, Air Pro and Air Pro Rx on a subscription basis or as-needed for single purchases. We recommend to customers that they replace the filter in their air purifier every six months to support maximum efficiency.

PECO-HEPA Tri-Power

Our new PECO-HEPA Tri-Power filter, launched in October 2022, offers the potential for one of the highest levels of purification available in the market. Combining PECO and HEPA technologies, as well as a carbon filter, into one product creates a robust filter to capture and destroy particles, chemicals and viruses. The filter's improved efficiency offers our customers three layers of protection: our PECO technology that destroys toxic gases, viruses, bacteria, mold, allergens, organic compounds, and more; HEPA technology, the industry standard in particle capture and filtration; and carbon filtration with odor and gas-reducing purification power.

Molekule App & 28 Day View

The Molekule mobile application (the "Molekule App"), launched in summer 2022, is available in both Apple's App Store and the Google Play Store and gives our customers the opportunity to activate their subscriptions, adjust the settings on their Molekule air

purifiers and, in the case of Air Pro customers, the ability to monitor changes in IAQ over time. The Molekule App provides a 28 day look back of IAQ trends sensed by the Air Pro air purifier, breaking down pollutants detected, including VOCs, and pollutants that range from PM 1 to PM 10 in size. The Molekule App lists the top three pollutants detected by a customer's air purifier and provides an Air Score ranging from good, moderate, bad, and very bad.

Molekule Air Platform

Molekule Air Platform (the "MAP"), launched in September 2022, is a dashboard that allows data from multiple air purifiers and controls to be accessed in one interface, and is ideal for healthcare, education, business, hospitality and government settings.

The MAP is designed to provide a unique set of features for businesses, including:

- **Fleet onboarding for quick activation**: Fleet onboarding allows organizations to onboard multiple air purifiers at the same time through the business-to-business app. Once an air purifier is onboarded to the MAP, that purifier will allow other purifiers to securely onboard.

- **Unique dashboards to increase visibility**: Unique dashboards enable users to see the IAQ of every room where a Molekule air purifier is located, as well as an air purifier's status, which allows users to see which rooms have the highest IAQ, and which rooms need more time to have the air cleaned.

Our Markets

Our mission is to establish Molekule as the leader in creating a safe indoor environment, free of dangerous pathogens, particles, allergens, mold and fungi, for the healthcare, commercial office, educational and transportation marketplaces. Our goal is to become the leading provider of airborne pathogen-eradication solutions, through the application of air sanitization using our UV-C LED and UV light and filtration media technologies, and to create comprehensive solutions for at-risk enclosed spaces across hospitals, outpatient treatment facilities, universities and schools, senior living and nursing homes, non-hospital healthcare facilities, commercial buildings and the human transport and travel industries.

The global air purification market is estimated to be valued at $15 billion and is projected to grow to approximately $25 billion by 2030. The Environmental Protection Agency has found that indoor air may be up to five times as polluted as outdoor air. In addition, there are approximately 26 million asthma sufferers and 40 million allergy sufferers in the United States and 300 million asthma sufferers and 800 million allergy sufferers around the world, presenting a significant market opportunity for the air purifier market. Moreover, increased government regulations related to air quality control, combined with rising levels of pollution, airborne diseases and natural catastrophes, have also contributed to an increase in consumer demand for air purifiers. For example, there have been over 600 million COVID-19 cases globally and wildfires are forecasted to rise by 50% by the year 2100. It is currently estimated that an air purification device is in one in every four American homes.

Since the design architecture of the pathogen killing SteriDuct has an efficient high air flow and a low pressure loss profile, the design is flexible and can be incorporated into many applications. Implementation of our SteriDuct technology into the Pūrgo devices incorporates both a sophisticated filtration system that reduces particles, odors, organic solvents, bacteria, viruses, allergen and mold, as well as our patented UV-C LED based pathogen killing system. SteriDuct may also be used in large spaces such as lecture halls and auditoriums. SteriDuct purification devices can be deployed at the HVAC discharge grille or at the central air handler. This implementation would not require additional fans in the air handler due to the low-pressure characteristics of SteriDuct. We expect that similar configurations can be developed for airplanes and buses.

We sell our products through three primary channels:

- ***Retail channel.*** We offer Molekule products in more than 10 countries and throughout some of the largest retailers in the United States. We focus on building strong partnerships with our retailers by working closely with them to develop a winning promotional cadence, merchandising our products in a compelling manner, both in-store and digitally, educating their sales forces, and promoting our products through joint marketing efforts. Our retail channel is comprised of five categories:

    - *Large CE Retail*: includes Best Buy and Amazon, both domestically and internationally;

- *Home improvement Retail*: includes Lowes and Home Depot, two of the largest home improvement retailers in the United States;

- *Mid-Market Retail*: includes P.C. Richard & Sons, Wellbots.com, the Army & Air Force Exchange Service and the Home Shopping Network;

- *Specialty Retail*: includes specialty retailers in fitness, design and lifestyle, such as Alo Yoga, MoMA, MTMC Interior Design, GOOP, Neighborhood Goods, The Knot and Zola; and

- *Certified Refurbished*: refurbished Molekule air purifiers are available for purchase in eBay's Certified Refurbished Store.

- ***Consumer direct channel.*** We market our products directly to consumers through online and offline advertising campaigns and marketing promotions in order to facilitate the sale of our full line of products in the United States and in other countries, which are available on our website at www.molekule.com.

- ***Corporate and medical facility channel.*** We market and offer products and services to businesses seeking air purification solutions for their corporate offices and other corporate spaces, as well as to medical facilities looking to update and improve their air purification technology.

Historically, a majority of Molekule, Inc.'s revenue has been driven through its direct-to-consumer channel. We will continue to expand this channel through creative advertising and marketing programs, including digital advertising (Meta Platforms, Google platforms, podcasts and digital video), direct mail and other programing. Additionally, Molekule has a strong strategic partner in Amazon whom we expect will continue to drive revenue. With our proprietary Molekule Air Platform software, we are seeing increased interest from our business partners. We will be specifically targeting organizations in the hospitality sector, the medical and healthcare sector, the transportation sector, and the education and government sectors. We are dedicated to science and technology in order to deliver the best possible IAQ to our customers by leveraging our sensors and software to make visible and destroy otherwise invisible pollutants.

Engineering and Manufacturing of Products; Sourcing of Components

We outsource the manufacturing of our products to several contract manufacturers, including: Mack Molding Company, Inc. ("Mack Molding"), a leading contract manufacturer of medical devices, which also has experience manufacturing devices for the transportation, energy/environment, defense/aerospace and consumer markets; Inventec Appliances Corporation ("IAC"), the primary entity that manufactures and assembles our air purifiers; and Columbus Industries, Inc. ("Columbus Industries"), the manufacturer of the filters for our air purifiers. Our in-house facility provides the chemical coating for the filters manufactured by Columbus Industries. IAC manufactures our products in their facilities located in Malaysia and China, while Columbus Industries manufactures our filters in Mexico. We provide the chemical coating process for our filters in our Lakeland, Florida facility. The components used in our products are sourced either directly by us or on our behalf by our contract manufacturers from a variety of component suppliers selected by us and located worldwide. Our operations employees coordinate our relationships with our contract manufacturers and component suppliers. We believe that using outsourced manufacturing enables greater scale and flexibility at lower costs than establishing our own manufacturing facilities. We evaluate on an ongoing basis our current contract manufacturers and component suppliers, including, whether or not to utilize new or alternative contract manufacturers or component suppliers or to conduct manufacturing capabilities in-house.

We also contracted with Intelligent Product Solutions Inc. ("IPS"), a leading medical and technology device engineering group, in developing the device configuration, which would optimize the performance and reliability of our patented technologies. With over 100 designers and engineers who specialize in commercializing highly exacting applications of new technology, a dedicated IPS team has worked continuously with us to design, develop, test and source the components for the commercial production of the Pūrgo device. This is particularly true of electronics design and software engineering as well as product industrial design. We also engaged MethodSense, a regulatory affairs and quality assurance consulting firm, to reduce time to market and move our devices successfully through the FDA regulatory process. MethodSense is a global medical device consultancy and software developer with over 21 years of deep industry experience, proven processes and modern technology focused on the commercial success of medical device companies.

We work with third-party fulfillment partners that deliver our products from multiple locations worldwide, which allows us to reduce order fulfillment time, reduce shipping costs, and improve inventory flexibility. We manage our inventory based on sales and production forecasts and anticipated lead times for sourcing components and assembly.

Intellectual Property

Intellectual property is an important aspect of our business, and we seek protection for our intellectual property as appropriate. We rely upon a combination of patent, copyright, trade secret, and trademark laws and contractual restrictions, such as confidentiality agreements and licenses, to establish and protect our proprietary rights. As the leader in the fast-growing market for air purification devices, we have developed a significant patent portfolio to protect certain elements of our proprietary technology.

Our ability to stop third parties from making, using, selling, offering to sell or importing our products depends on the extent to which we have rights under valid and enforceable patents or trade secrets that cover these activities. As of March 22, 2023, we had seven issued U.S. utility patents, and 14 utility patent applications, including four provisional patent applications, pending in the United States. Our currently issued utility patents will expire at different times in the future, with the earliest expiring in 2031 and the latest expiring in 2041. Our currently pending applications will generally remain in effect for 20 years from the date of filing of the initial applications. As of March 22, 2023, we had three issued U.S. design patents, and three design patent applications pending in the United States. As of March 22, 2023, we had 16 design patents issued in six foreign countries and one design patent application pending in one foreign country (India). We maintain all utility and design patents and file for renewal at specified times to the extent such patents are and remain relevant to our business. We continually review our development efforts to assess the existence and patentability of new intellectual property. We pursue the registration of our domain names and trademarks and service marks in the United States and in certain locations outside the United States, and in pursuing such registrations, we have conducted trademark clearance searches where appropriate. As of March 22, 2023, we had an international trademark portfolio comprised of 39 registered trademarks.

This fundamental technology for the Air Mini+, Air Pro and Air Pro Rx has been licensed from the University of Florida, and a modification of the technology has been licensed from the University of South Florida, which is not yet integrated in the air purifiers. Since 2014, Molekule, Inc. has developed its own intellectual property, which is protected in the form of patents or patent applications and trade secrets. The novel air photoelectrochemical purification systems and methodology, filter configuration and shape and filter manufacturing related inventions have been protected through patents, while PECO chemistry and coating process have been kept as trade secrets. The aesthetic designs of Molekule, Inc.'s commercialized air purifiers have been protected through design patents.

The University of Florida Research Foundation, Inc. has granted Molekule, Inc. an exclusive worldwide license for use of PECO technology in certain licensed products and processes the consideration for which includes minimum annual royalty payments paid quarterly and a royalty of 1.5% of net sales received from licensed products subject to potential reductions in connection with certain financing efforts and to the minimum royalty payments.

The University of South Florida Research Foundation, Inc. ("USFRF") has granted Molekule, Inc. an exclusive worldwide license to certain modifications of the PECO technology, which are not currently in use in our air purifier products. Molekule, Inc. paid a license issue fee of $30,000 and a $1,000 minimum royalty payment to USFRF for 2022. Additional royalties would be due with respect to any sales of licensed products and processes making use of the technology.

We cannot be sure that patents will be granted with respect to any of pending patent applications or with respect to any patent applications we file in the future, nor can we be sure that any existing patents or any patents that may be granted in the future upon which we rely will be commercially useful in protecting our products or processes.

Competition

We believe that the COVID-19 pandemic and other factors implicated by climate change has increased, and will continue to increase, the global focus on clean air. We experience competition from organizations such as large, diverse companies with extensive product development and manufacturing, as well as smaller specialized companies, that have developed and are attempting to develop air filtration and purification systems. We believe that we have significant competitive advantages over other organizations. For example, we believe that products that compete with our products in the "medical grade" niche are expensive, cumbersome and have a limited effective life.

Additionally, we believe many of our competitors are promoting technologies that are not proven, do not have enough scientific data and are potentially harmful. Importantly, our SteriDuct and PECO technologies meet or exceed each of the air purifiers guidelines and recommendations by the Centers for Disease Control and Prevention, Environmental Protection Agency and the American Society of Heating, Refrigerating and Air-Conditioning Engineers.

Our competitors may develop and commercialize products and technologies that compete with our products and technologies. Organizations that compete with us may have substantially greater financial resources than we do and may be able to: (i) provide broader services and product lines; (ii) make greater investments in research and development; (iii) carry on larger research and development initiatives; (iv) undertake more extensive marketing campaigns; and (v) adopt more aggressive pricing policies than we can. They also may have greater name recognition and better access to customers than we do. We also expect to continue to face competition from alternative technologies. As we introduce new products, as the air purification market or our business evolves, or as other companies introduce new products, services or technologies, we may become subject to additional competition in the United States and in other countries. Our technology and products may be rendered obsolete or uneconomical by advances in existing technological approaches or products or the development of different approaches or products by one or more of our competitors.

Regulation

We are subject to regulation by the FDA in marketing our devices, having received 510(k) clearance for Pūrgo, Air Pro, Air Pro Rx and Air Mini+ in June 2022, April 2020, September 2021 and March 2021, respectively, classifying each as a Class II medical device. FDA 510(k) clearance enables the marketing and use of our products as medical devices in healthcare and other markets for which product performance is required to be validated by certified independent labs.

The FDA regulates the development, design, manufacturing, safety, effectiveness, labeling, packaging, storage, installation, servicing, recordkeeping, clearance, adverse event reporting, advertising, promotion, marketing and distribution, and import and export of medical devices to ensure that medical devices distributed domestically are safe and effective for their intended uses and otherwise meet the requirements of the Federal Food, Drug, and Cosmetic Act.

After an air purification product is cleared for marketing as a medical device, numerous and pervasive regulatory requirements continue to apply. These include:

- establishment registration and device listing with the FDA;
- requirements that manufacturers, including third-party manufacturers, follow stringent design, testing, control, documentation and other quality assurance procedures during all aspects of the design and manufacturing process;
- labeling and marketing regulations, which require that promotion is truthful, not misleading, fairly balanced and provides adequate directions for use and that all claims are substantiated;
- clearance of a new 510(k) premarket notification for modifications to 510(k) cleared devices that could significantly affect safety or effectiveness or that would constitute a major change in intended use of the device;
- medical device reporting regulations, which require that a manufacturer report to the FDA information that reasonably suggests a device it markets may have caused or contributed to a death or serious injury, or has malfunctioned and the device or a similar device that it markets would be likely to cause or contribute to a death or serious injury, if the malfunction were to recur;
- correction, removal and recall reporting regulations, which require that manufacturers report to the FDA field corrections and product recalls or removals if undertaken to reduce a risk to health posed by the device or to remedy a violation of the FDCA that may present a risk to health;
- complying with the federal law and regulations requiring Unique Device Identifiers on devices and also requiring the submission of certain information about each device to the FDA’s Global Unique Device Identification Database;

- the FDA's recall authority, whereby the agency can order device manufacturers to recall from the market a product that is in violation of governing laws and regulations if the FDA finds that there is a reasonable probability that the device would cause serious, adverse health consequences or death; and

- post-market surveillance activities and regulations, which apply when deemed by the FDA to be necessary to protect the public health or to provide additional safety and effectiveness data for the device.

Our manufacturing processes are required to comply with applicable regulations covering the methods and the facilities and controls for the design, manufacture, testing, production, processes, controls, quality assurance, labeling, packaging, distributions, installation and servicing of finished devices intended for human use. Regulations also require, among other things, maintenance of a device master record, device history file and complaint files. As a specification developer of regulated medical devices, our facilities and records relating to such devices are subject to periodic scheduled or unscheduled inspections by the FDA. In addition, as a manufacturer, each of Mack Moldings', IAC's and Columbus Industries' facilities, records and manufacturing processes are also subject to periodic scheduled or unscheduled inspections by the FDA. Following such inspections, the FDA may issue reports known as Forms FDA 483 or Notices of Inspectional Observations, which list instances where the FDA investigator believes the inspected entity has failed to comply with applicable regulations and/or procedures. If the observations are sufficiently serious or the entity fails to respond appropriately, the FDA may issue a Warning Letter, which are notices of intended enforcement actions. For less serious violations that may not rise to the level of regulatory significance, the FDA may issue an Untitled Letter. The FDA may take more significant administrative or legal action, such as the shutdown of or placing restrictions on the entity's operations or the recall or seizure of related products, if the entity continues to be in substantial noncompliance with applicable regulations. The discovery of previously unknown problems with our devices could result in restrictions on the device, including the inability to market the device for its intended use or voluntary or mandatory device recalls.

The FDA has broad regulatory compliance and enforcement powers. If the FDA determines that we failed to comply with applicable regulatory requirements, it can take a variety of compliance or enforcement actions, which may result in any of the following sanctions:

- warning letters, untitled letters, fines, injunctions, consent decrees and civil penalties;

- recalls, withdrawals or administrative detention or seizure of our devices;

- operating restrictions or partial suspension or total shutdown of production;

- refusal to grant export or import approvals for our products; or

- criminal prosecution.

Environmental Matters

We are subject to various environmental, health and safety laws, regulations and permitting requirements, including those governing the emission and discharge of hazardous materials into ground, air or water, noise emissions, the generation, storage, use, management and disposal of hazardous and other waste, the import, export and registration of chemicals, the cleanup of contaminated sites, and the health and safety of our employees. Based on information currently available to us, we do not expect environmental costs and contingencies to have a material adverse effect on our operations. The operation of our Lakeland, Florida facility, however, entails risks in these areas. Significant expenditures could be required in the future to comply with environmental or health and safety laws, regulations or other requirements. Certain of these compliance requirements are imposed by our customers, who at times require us to be registered with U.S. health or safety regulatory agencies, whether on the federal or state level.

Under environmental laws and regulations, we are required to obtain environmental permits from governmental authorities for certain operations.

In the European marketplace, among others, electrical and electronic equipment is required to comply with the Directive on Waste Electrical and Electronic Equipment of the EU, which aims to prevent waste by encouraging reuse and recycling, and the EU Directive on Restriction of Use of Certain Hazardous Substances, which restricts the use of various hazardous substances in electrical and

electronic products. Our products and certain components of such products "put on the market" in the EU (whether or not manufactured in the EU) are subject to these directives. Additionally, we are required to comply with certain laws, regulations and directives governing chemicals, including the U.S. Toxic Substances Control Act and Registration, Evaluation, Authorisation and Restriction of Chemicals ("REACH"), the Restriction of Hazardous Substances Directive ("RoHS") and Classification, Labelling and Packaging Regulation ("CLP") in the EU. These and similar laws and regulations require, among others, the registration, evaluation, authorization and labeling of certain chemicals that we use and ship.

Employees

As of March 22, 2022, we had 92 employees, 91 of which were full-time employees. We also utilize full-time independent contractors and full-time equivalent consultants as well as consulting firms for product development, engineering, quality and regulatory matters, investor relations, marketing and advertising, public relations and social media. We also utilize many consultants in the ordinary course of our business and hire additional personnel on a project-by-project basis.

Item 1A. Risk Factors

A description of the risks and uncertainties associated with our business is set forth below. You should carefully consider the risks described below, as well as the other information in this Annual Report on Form 10-K, including our financial statements and the related notes and "Management's Discussion and Analysis of Financial Condition and Results of Operations," particularly before deciding whether to invest in our securities. The occurrence of any of the events or developments described below could materially and adversely affect our business, financial condition, results of operations and growth prospects. In such an event, the market price of our common stock could decline, and you may lose all or part of your investment. The risks described below are not the only ones we face. Additional risks and uncertainties not presently known to us or that we currently deem immaterial may also impair our business operations and adversely affect our results of operations and financial condition.

Summary Risk Factors

Risks Related to our Business

- If our products fail to perform as expected, our ability to develop, market and sell our products could be harmed.
- Global logistics and supply chain bottlenecks could have an adverse effect on our business and operating results.
- We expect to incur future losses and cannot be certain that we will become profitable.
- Our limited operating history and rapid growth makes evaluating our current business and future prospects difficult and may increase the risk of investment.
- Our audited consolidated financial statements include a note regarding substantial doubt about our ability to continue as a going concern.
- We will need additional capital to execute our business plan. If we cannot raise additional funds when needed, our operations and prospects could be negatively affected.
- Covenants contained in the agreements that govern our indebtedness impose restrictions on us and certain of our subsidiaries that may affect their ability to operate their businesses.
- Our significant indebtedness exposes us to increased costs from rising interest rates and requires substantial cash to service.
- Any acquisitions, partnerships or joint ventures that we enter into could disrupt our operations and have a material adverse effect on our business, financial condition and results of operations.

- We may not be successful in implementing our proposed business strategy to achieve our expected revenue growth or effectively manage growth.
- Our products have not been proven to reduce the risk of COVID-19 transmission.
- If we do not successfully anticipate market needs and develop products and services that meet those needs, or if those products and services do not gain market acceptance, our business, operating results and financial condition will be adversely impacted.
- We lack manufacturing experience and capabilities and are required to rely on third-party manufacturers and are dependent on their quality and effectiveness.
- Disruption of our supply chain could have an adverse impact on our business, financial condition and results of operations.
- Our business activities have been, and may continue to be, disrupted due to the ongoing global COVID-19 pandemic.
- Increasing costs for manufactured components, raw materials, transportation, health care and energy prices may adversely affect our profitability.
- Our ability to expand our product offerings and introduce additional products and services may be limited, which could have a material adverse effect on our business, financial condition and results of operations.
- Customers may cancel, delay or return our orders of our products. As a result, our backlog may not be indicative of our future revenue.
- Quality problems with, and product liability claims in connection with, our products could lead to recalls or safety alerts, harm to our reputation, or adverse verdicts or costly settlements and could have a material adverse effect on our business, financial condition and results of operations.

Risks Related to Regulation

- We are subject to continuing regulation by the FDA, and if we fail to comply with regulations, including FDA and other state regulations, our business could suffer.
- We are subject to certain advertising and promotional regulations.

Risks Related to Intellectual Property

- Our success will depend partly on our ability to operate without infringing or misappropriating the proprietary rights of others.
- If we are unable to adequately protect or enforce our intellectual property rights, such information may be used by others to compete against it.
- If we breach any of our license agreements, that could have a material adverse effect on our businesses, operating results and financial condition.

Risks Related to our Common Stock

- Our largest stockholders have the ability to control all matters submitted to stockholders for approval.
- While our common stock is listed on Nasdaq, if we do not meet Nasdaq’s continuing listing requirements, we could be delisted, and there can be no assurance that an active and liquid public market will fully develop or be sustained.

- The trading price and volume of our common stock may be volatile.

- If our shares become subject to the SEC's penny stock rules, broker-dealers may experience difficulty in completing customer transactions, and trading activity in our shares may be adversely affected.

Risks Related to our Business

If our products fail to perform as expected, our ability to develop, market and sell our products could be harmed.

The success of our principal products - Pūrgo, Air Mini+, Air Pro, Air Pro RX and corresponding filters and filter subscriptions – depends on the ability of these products to perform as expected. It is possible: (i) that our products will be found to be less effective than anticipated or fail to receive necessary regulatory clearances; (ii) that the products, even if effective, will be difficult to manufacture at commercial levels or uneconomical to market; (iii) that proprietary rights of third parties will preclude us from using certain technologies or marketing such products; and (iv) that third parties will use or market superior or equivalent technologies or products.

Moreover, our products may contain defects in design and manufacture that may cause them to not perform as expected or that may require repairs, recalls and design changes. We have a limited frame of reference from which to evaluate the long-term performance of our products. All of our products were initially launched in 2019 or later. If these devices, or additional devices or applications of our technology that we may develop in the future fail, to perform as expected, customers may delay deliveries or terminate further orders and we may need to initiate product recalls, each of which could adversely affect our sales and brand and could adversely affect our business, financial condition and results of operations.

Our future success will depend on our ability to develop and introduce, on a timely basis, products that address the evolving needs of our customers. If we are unable to develop, validate and scale the technology necessary to compete successfully with existing or newly emerging technologies, or if we are unable to develop products based on these technologies, our business, financial condition and results of operations could be seriously harmed.

Global logistics and supply chain bottlenecks could have an adverse effect on our business and operating results.

Logistics and supply chain bottlenecks could have an adverse effect on our business and impact the availability and cost of raw materials and component parts. For example, various electronic components and semi-conductor chips have become increasingly difficult to source and, when available, may be subject to substantially longer lead times and higher costs than historically applicable. We expect these ongoing global logistics and supply chain bottlenecks and component shortages may adversely impact our ability to source component parts at favorable prices (if at all) and may result in delays in, or reduced output from, our third-party manufacturing activities. Higher component costs and/or delays in our ability to manufacture and distribute our products could have a material adverse effect on our sales, revenues and results of operations.

We expect to incur future losses and cannot be certain that we will become profitable

We have incurred operating losses each year since our inception and only began to recognize revenue starting in July 2021. Molekule had declining revenue in the last three years and also sustained operating losses for those years. These losses are expected to continue during 2023. We cannot be certain that we will ever achieve or sustain profitability. If we continue to incur operating losses for a period longer than expected, or in an amount greater than expected, we may be unable to continue our operations.

Our limited operating history and rapid growth makes evaluating our current business and future prospects difficult and may increase the risk of investment.

Our limited operating history may make it difficult to evaluate our current business and future prospects as we continue to grow our business. Our ability to forecast our future revenue and operating results is subject to a number of uncertainties, including our ability to plan for and model future growth. We have encountered, and will continue to encounter, risks and uncertainties frequently experienced by growing companies in rapidly evolving industries as we continue to grow our business. If our assumptions regarding these uncertainties, which we use to plan our business and budget for our expenses, are incorrect or change in reaction to changes in our

markets, or if we do not address these risks successfully, our operating and financial results could differ materially from our expectations and our business could suffer.

We have made, and expect to continue to make, significant investments in our business, including investments in our manufacturing, technology, marketing and sales efforts. These investments include an investment to expand the capabilities of our facilities, increased staffing and further market expansion. If our business does not generate the level of revenue required to support this investment, our net sales and profitability will be adversely affected.

We will need additional capital to execute our business plan. If we cannot raise additional funds when needed, our operations and prospects could be negatively affected.

The design, manufacture, sale, marketing and servicing of our devices and other products is capital-intensive. We will require substantial additional capital to develop our products and services, conduct research and development and fund operations for the foreseeable future. We will need to raise additional capital to scale our manufacturing, roll out other future products or services, and also to continue to offer our devices and any services relating to those products. In particular, we are especially focused on developing new devices, SaaS software solutions, advanced sensor technology and smart building integrations and IoT devices, which will require additional capital.

In addition, we may need to raise funds to finance future capital needs, such as making principal and interest payments under our loan agreements. Under the senior loan agreement with Silicon Valley Bank (“SVB”), we are required to pay interest monthly and repay the principal amount of the loans under the agreement in 36 equal monthly installments commencing May 1, 2023, and under the mezzanine loan agreement with SVB, we are required to pay interest monthly and repay the loans under the agreement in 36 equal monthly installments for two tranches beginning on April 1, 2024 and April 1, 2025, respectively. Under the facility term loan with Trinity Capital Inc. (“Trinity”), we are required to pay principal and interest monthly with the principal being paid in equal monthly installments from the month after the amount was drawn until April 1, 2026.

On March 10, 2023, SVB was closed by the California Department of Financial Protection and Innovation, which appointed the Federal Deposit Insurance Corporation (“FDIC”) as receiver. At the time of the closure and as of the date of this Annual Report, we held assets in securities in sweep accounts purchased through SVB but managed in segregated custodial accounts by a third-party asset manager. On March 13, 2023, the FDIC announced that all of SVB’s deposits and substantially all of its assets had been transferred to a newly created, full-service FDIC-operated bridge bank, Silicon Valley Bridge Bank, N.A. (“SVBB”). SVBB assumed all loans that were previously held by SVB. On March 27, 2023, First-Citizens Bank & Trust Company assumed all of SVBB’s customer deposits and certain other liabilities and acquired substantially all of SVBB’s loans and certain other assets from the FDIC.

Under the terms of our senior loan agreement and mezzanine loan agreement with SVB, we are required to keep substantially all of our cash and investments with SVB. While we have had full access to the assets in our sweep accounts since March 13, 2023, we may be impacted by other disruptions to the U.S. banking system caused by the recent developments involving SVB, including potential delays in our ability to transfer funds and potential delays in making payments to vendors while new banking relationships are established.

For these reasons, among others, we cannot be certain that additional financing will be available when and as needed or, if available, that it will be available on acceptable terms. If financing is available, it may be on terms that adversely affect the interests of our existing stockholders.

We cannot be certain that additional funds will be available us on favorable terms when required, or at all. Our success in raising additional capital may be significantly affected by general market conditions, the market price of our common stock, our financial condition, uncertainty about the future commercial success of our current products and services, the development and commercial

success of future products or services, regulatory developments, the status and scope of our intellectual property, any ongoing litigation, our compliance with applicable laws and regulations and other factors.

If we raise funds through the issuance of equity securities or equity-linked securities, such issuances of additional capital stock may cause stockholders to experience significant dilution of their ownership interests and the per share value of our common stock to decline. Any equity securities issued also may provide for rights, preferences or privileges senior to those of holders of our common stock. Sales of a substantial number of shares of our common stock in the public market or the perception that these sales might occur could depress the market price of our common stock and could impair our ability to raise capital through the sale of additional equity securities. If we raise funds through the issuance of debt securities or through bank borrowings or borrowings from other investors, the terms of debt securities issued or borrowings, if available, could impose significant restrictions on our operations. If we raise funds through collaborations and licensing arrangements, we might be required to relinquish significant rights to its technologies or products, or grant licenses on terms that are not favorable to us.

If we cannot raise additional funds when needed, our financial condition, results of operations, business and prospects could be materially adversely affected. Our ability to obtain additional financing, if and when required, will depend on investor and lender demand, our operating performance, the condition of the capital markets and other factors, and we do not know whether additional financing will be available to us on favorable terms when required, or at all.

In addition, inflation has increased as a result of, among other factors, supply constraints, federal stimulus funding, increases to household savings and the sudden macroeconomic shift in activity levels arising from the loosening or removal of many government restrictions and the broader availability of COVID-19 vaccines. Increased inflation has had, and may continue to have, an effect on interest rates. Increased interest rates may adversely affect our ability to obtain, or the terms under which we can obtain, any potential additional funding.

Our significant indebtedness exposes us to increased costs from rising interest rates and requires substantial cash to service.

Upon closing of the Molekule Merger, we assumed approximately $36.5 million of indebtedness under the senior loan agreement and mezzanine loan agreement with SVB and the facility term loan agreement with Trinity. We may incur additional indebtedness in the future as well. The interest rates on the loans with SVB are variable and have therefore increased significantly over the past year and expose us to the risk of higher costs upon further increases in rates. A 1% increase or decrease in interest rates would correspondingly increase or decrease our annual interest expense by approximately $0.4 million.

Our ability to make scheduled payments on our indebtedness depends on our future performance and ability to raise additional capital, which is subject to economic, financial, competitive and other factors, some of which are beyond our control. If we are unable to generate sufficient cash to service our debt, we may be required to adopt one or more alternatives, such as selling assets, restructuring our debt or obtaining additional capital through equity sales or incurrence of additional debt on terms that may be onerous or highly dilutive to our stockholders. Our ability to engage in any of these activities would depend on the capital markets and our financial condition at such time, and we may not be able to do so when needed, on desirable terms or at all, which could result in a default on our debt obligations. Any failure by us to make all payments under the debt instruments when due would cause us to be in default under the applicable debt instrument. In the event of any such default, lenders may be able to foreclose on our assets that secure the debt or declare all borrowed funds, together with accrued and unpaid interest, immediately due and payable, thereby potentially causing all of our available cash to be used to pay our indebtedness or forcing us into bankruptcy or liquidation if we do not then have sufficient cash available. Any such event or occurrence could severely and negatively impact our operations and prospects.

Covenants contained in the agreements that govern our indebtedness impose restrictions on us and certain of our subsidiaries that may affect their ability to operate their businesses.

We are party to a senior loan agreement and a mezzanine loan agreement, each entered into with SVB, and a facility term loan with Trinity. These agreements contain various affirmative and negative covenants, and future credit or lease agreements that we may enter into also likely will contain affirmative and negative covenants.

The agreements governing our indebtedness with SVB and Trinity contain covenants that restrict our ability to, among other things, incur liens, incur additional indebtedness, other than permitted indebtedness, enter into mergers or acquisitions, sell or otherwise dispose of assets, pay dividends or repurchase stock, make investments and engage in affiliate transactions, subject to customary exceptions. In

addition, the agreements with SVB contain a financial covenant that requires us to maintain, at all times, unrestricted and unencumbered cash and cash equivalents of at least $2.0 million to be tested as of any day, and we are required to maintain an aggregate net revenue of $50.0 million for the calendar year ending December 31, 2023 and, with respect to future annual periods, net revenue levels reasonably agreed between us and SVB prior to February 28 of each calendar year thereafter.

On March 10, 2023, SVB was closed by the California Department of Financial Protection and Innovation, which appointed the FDIC as receiver. At the time of the closure and as of the date of this Annual Report, we held assets in securities in sweep accounts purchased through SVB but managed in segregated custodial accounts by a third-party asset manager. On March 13, 2023, the FDIC announced that all of SVB's deposits and substantially all of its assets had been transferred to a newly created, full-service FDIC-operated bridge bank, SVBB. SVBB assumed all loans that were previously held by SVB. On March 27, 2023, First-Citizens Bank & Trust Company assumed all of SVBB's customer deposits and certain other liabilities and acquired substantially all of SVBB's loans and certain other assets from the FDIC.

Under the terms of our senior loan agreement and mezzanine loan agreement with SVB, we are required to keep substantially all of our cash and investments with SVB. While we have had full access to the assets in our sweep accounts since March 13, 2023, we may be impacted by other disruptions to the U.S. banking system caused by the recent developments involving SVB, including potential delays in our ability to transfer funds and potential delays in making payments to vendors while new banking relationships are established.

Our ability to comply with these provisions may be affected by events beyond our control. Failure to comply with these covenants could result in an event of default, which, if not cured or waived, could accelerate our repayment obligations.

Any acquisitions, partnerships or joint ventures that we enter into could disrupt our operations and have a material adverse effect on our business, financial condition and results of operations.

Our strategy is to evaluate potential strategic acquisitions of businesses, including partnerships or joint ventures with third parties. We may not be successful in identifying acquisition, partnership and joint venture candidates. In addition, we may not be able to continue the operational success of such businesses or successfully finance or integrate any businesses that we acquire or with which we form a partnership or joint venture. The process of integrating an acquired business may involve unforeseen costs and delays or other operational, technical and financial difficulties and may require a disproportionate amount of management attention and financial and other resources.

Any acquisition, partnership or joint venture may not be successful, may reduce our cash reserves, may negatively affect our earnings and financial performance and, to the extent financed with the proceeds of debt, may increase our indebtedness. Any acquisition, partnership or joint venture may also involve the issuance of equity securities, either as merger consideration or in order to raise funds through an equity offering or private placement, which would dilute the interests of existing stockholders. We cannot ensure that any acquisition, partnership or joint venture we make will not have a material adverse effect on our business, financial condition and results of operations.

We may not be successful in implementing our proposed business strategy to achieve our expected revenue growth or effectively manage growth.

In the future, even if our revenues increase, our rate of growth may decline. In any event, we will not be able to grow as rapidly or at all if we do not:

- successfully establish our technology and brand;
- establish a commercial footprint;
- accelerate development of prototypes and market introduction of our devices and other novel applications of our proprietary SteriDuct and PECO technologies;
- capitalize on our collaboration with experts in aerospace;

- explore opportunities for collaboration; or
- identify opportunities to establish industry leadership domestically and internationally.

We cannot assure you that we will be able to meet these objectives. As we grow, we expect to invest substantial financial and other resources to:

- expand into non-medical markets such as schools, long-term care facilities and the aviation and HVAC industries;
- support the development of a team of senior sales associates;
- accelerate our development of complementary devices; and
- incur general administration, including legal, accounting and other compliance, expenses related to being a public company.

Our planned growth will place significant demands on our management and on our operational and financial resources. We have hired and expect to continue hiring additional personnel to support our planned growth.

Our organizational structure will become more complex as we add staff, and we will need to improve our operational, legal, financial and management controls as well as our reporting systems and procedures. We will require significant capital expenditures and the investment of valuable management resources to grow and develop in these areas. We may be unable to hire, train, retain and manage the necessary personnel or to identify, manage and exploit potential strategic relationships and market opportunities. A failure to manage our growth effectively could materially and adversely affect our ability to market our products, which could have a material adverse effect on our business, financial condition and results of operations.

Our products have not been proven to reduce the risk of COVID-19 transmission.

We expect that much of the demand for our products will be based not only on our ability to reduce exposure of immunocompromised patients to airborne organisms that cause HAIs but also reduce the risk of COVID-19 transmission. Since the beginning of the COVID-19 pandemic, we have learned that the original SARS-CoV-2 strain can mutate rapidly, and these mutant strains, such as the Delta and Omicron variants, continue to spread throughout the global population. Accordingly, much is still unknown about the manner in which bacteria and viruses, including the novel coronavirus underlying COVID-19, and any mutation or variation thereof are transmitted among human beings. Current studies have highlighted that COVID-19, like seasonal flu viruses and other pathogens (such as SARS and MERS), is transmitted by air predominantly through contact between an infected person and others. While we have proven that our devices can eliminate 99.99% (“4 Log”) of airborne pathogens in controlled laboratory environments, including the Omicron variant of SARS-CoV-2, we have not conducted any tests or studies regarding the ability of such devices to reduce the spread of COVID-19 and any mutation or variation thereof, and our devices may ultimately not succeed in reducing the spread of COVID-19 or any mutation or variation thereof. Further, additional research may determine that COVID-19 is transmitted among human beings in other ways not known or fully understood. We expect demand for our products would be significantly less than anticipated if our products are not perceived as being effective at reducing the risk of COVID-19 transmission or if COVID-19 is determined to spread in ways other than through airborne transmission.

If we do not successfully anticipate market needs and develop products and services that meet those needs, or if those products and services do not gain market acceptance, our business, operating results and financial condition will be adversely impacted.

We may not be able to anticipate future market needs or be able to improve our products or to develop new products and services to meet such needs on a timely basis, if at all. In addition, our inability to diversify beyond our current offerings could adversely affect our business. Any new products and applications or product and application enhancements that we introduce may not achieve any significant degree of market acceptance from current or potential customers, which would adversely affect our business, operating results, financial condition and profitability. In addition, the introduction of new products or applications, or enhancements to existing products or applications, may decrease customer demand for our products and services, including ongoing subscriptions for our air filters, or future purchases of our products, thereby offsetting the benefit of even a successful product or service introduction. Any of the foregoing could adversely impact our business, operating results and financial condition.

We lack manufacturing experience and capabilities and are required to rely on third-party manufacturers and are dependent on their quality and effectiveness.

We do not have our own manufacturing facilities or capabilities and as such we rely on certain third parties to manufacture our products and product components. We have engaged Mack Molding, an FDA-regulated subsidiary of the privately held Mack Group, to manufacture the Pūrgo device. In addition, we outsource the majority of the manufacture and assembly of our Air Mini+, Air Pro and Air Pro RX air purifiers to IAC, and we also outsource the production of our filters to Columbus Industries.

Although our manufacturers are experienced contract manufacturers of medical devices, there can be no assurance that our manufacturers will be able to continue to manufacture our products successfully, including in a manner that complies with regulatory requirements, or at a scale to meet customer demand. In addition, the failure to achieve and maintain high manufacturing standards, including failure to detect or control unexpected events or unanticipated manufacturing errors, or the frequent occurrence of such errors, could result in delays or failures in product testing or delivery, cost overruns, product recalls or withdrawals and other problems that could seriously hurt our business. Third-party manufacturers can encounter difficulties involving manufacturing processes, facilities, operations, production yields, quality control, compliance and shortages of qualified personnel.

The current term of our agreement with IAC will end in July 2023, at which time the agreement will automatically renew for an additional one-year term, subject to a six-month notice by either party of its intent not to renew. The current term of our agreement with Columbus Industries will expire in 2023 and is automatically renewable for an additional two-year term, subject to a 12-month notice by either party of its intent not to renew. Our agreement with Mack Molding does not have a termination date. If for any reason we are unable to renew the IAC and Columbus Industries agreements or if our third-party manufacturers are unable or unwilling to perform, we may not be able to terminate our agreements with them, and we may not be able to locate alternative manufacturers or enter into favorable agreements with them, nor can we be certain that any such third parties will have the manufacturing capacity to meet future requirements. If these manufacturers, or any alternate manufacturer, experience any significant difficulties in their respective manufacturing processes for our products or product components, or should these manufacturers cease doing business with us, we could experience significant interruptions in the supply of our products or may not be able to create a supply of our products at all. Were we to encounter manufacturing issues, our ability to produce a sufficient supply of our products might be negatively affected. Our inability to coordinate the efforts of our third-party manufacturers, or the lack of capacity available at our third-party manufacturers, could impair our ability to supply our products at required levels.

We cannot guarantee our manufacturing and assembly partners will be able to manufacture our products at commercial scale on a cost-effective basis. If the commercial-scale manufacturing costs of our products are higher than expected, these costs may significantly impact our operating results.

Disruption of our supply chain could have an adverse impact on our business, financial condition and results of operations.

Our ability to manufacture, assemble, transport and sell our products is critical to our success. Damage or disruption to our supply chain, including third-party manufacturing, assembly or transportation and distribution capabilities, due to weather, including any potential effects of climate change, natural disaster, fire or explosion, terrorism, pandemics (such as the ongoing COVID-19 pandemic), strikes, government action or other reasons beyond our control or the control of our suppliers, manufacturers and business partners could impair our ability to manufacture or sell our products. Failure to take adequate steps to mitigate the likelihood or potential impact of such events, or to effectively manage such events if they occur, particularly when a product is sourced from or manufactured by a single supplier, manufacturer or location, could adversely affect our business or financial results.

We cannot provide assurances that our third-party suppliers will not experience delays in production or shipping or work shortages as a result of the ongoing COVID-19 pandemic, or that such third-party supplies will be able to dedicate sufficient resources to meet our scheduled delivery requirements or that our suppliers will have sufficient resources to satisfy our requirements during any period of sustained demand. Moreover, the global nature of the ongoing COVID-19 pandemic could result in there being fewer alternative suppliers. As a result of the ongoing COVID-19 pandemic, we have experienced significant delays in receiving shipments of our air purifiers from Malaysia to our facility in Fremont, California, as shipping times have increased from approximately 47 days before March 2020, up to approximately 82 days during the first quarter of 2021, to approximately 60 days currently.

Failure of suppliers or manufacturers to supply or manufacture, or delays in supplying or manufacturing, our raw materials, components or products, or allocations in the supply of certain high demand raw materials or components, for any reason, could

materially adversely affect our operations and our ability to meet our own delivery schedules on a timely and competitive basis. Additionally, our third-party suppliers or manufacturers may provide us with raw materials, components or products that fail to meet our expectations or the expectations of our customers, which could subject us to product liability claims, other claims and litigation, which could have an adverse effect on our business, operating results and financial condition. In particular, disputes with significant suppliers and manufacturers, including disputes regarding pricing or performance, could adversely affect our ability to supply products to our customers and could materially and adversely affect our product sales, financial condition and results of operations.

Our business activities have been, and may continue to be, disrupted due to the ongoing global COVID-19 pandemic.

We face various risks and uncertainties related to the ongoing global COVID-19 pandemic. Since the first quarter of 2020, the pandemic has led to periods of disruption and volatility in the global economy and capital markets, which has increased the cost of capital and adversely impacted access to capital. During 2020 and, to a lesser extent, 2021 and 2022, the government-enforced travel restrictions, quarantines and business closures around the world that occurred periodically in response to the pandemic have significantly impacted our ability to manufacture, sell and distribute our products to customers around the world. For example, as a result of the global COVID-19 pandemic, we temporarily closed all our offices and continued to incur additional lease expenses for a lease that could not be terminated. The pandemic has, and may continue to, disrupt our third-party manufacturers and supply chain and our ability to fulfill orders for our products. Furthermore, if significant portions of our workforce are unable to work effectively, including because of illness, quarantines, government actions, facility closures, remote working or other restrictions in connection with the ongoing global COVID-19 pandemic, our operations will likely be adversely impacted.

It is not currently possible to reliably project the direct impact of the ongoing COVID-19 pandemic on our operations. For example, governmental mandates related to the ongoing global COVID-19 pandemic, among other factors, have negatively impacted, and may continue to impact, personnel and operations at third-party manufacturing and component part supplier facilities in the United States and around the world, creating logistics and supply chain bottlenecks across many industries. These disruptions have adversely impacted the availability and cost of raw materials and component parts. For example, various electronic components and semi-conductor chips have become increasingly difficult to source and, when available, may be subject to substantially longer lead times and higher costs than historically applicable. We expect that these ongoing global logistics and supply chain bottlenecks and component shortages may adversely impact our ability to source component parts at favorable prices (if at all) and may result in delays in, or reduced output from, our third-party manufacturing activities. Higher component costs and/or delays in our ability to manufacture and distribute our products could have a material adverse effect on our sales, revenues and operating results.

To the extent the ongoing COVID-19 pandemic adversely affects our business, operating results and financial condition, it may also have the effect of heightening many of the other risks described in this "*Risk Factors*" section, including but not limited to those relating to cyberattacks and security vulnerabilities or interruptions or delays due to third parties.

Increasing costs for manufactured components, raw materials, transportation, health care and energy prices may adversely affect our profitability.

We use a broad range of manufactured components and raw materials in our products, including aluminum, semiconductors, resin, filtration media and equipment such as fans and motors. Materials, wages and subcontracting costs comprise a significant portion of our total costs. The current economic environment, including increasing interest rates and inflation, has resulted, and may continue to result, in price volatility and an increase of these costs. Further increases in the price of these items could further materially increase our operating costs and materially adversely affect our profit margins. Similarly, transportation, steel and healthcare costs have risen steadily over the past few years and represent an increasing burden for us. Although we try to contain these costs whenever possible, and although we try to pass along increased costs in the form of price increases to our customers, we may be unsuccessful in doing so, and even when successful, the timing of such price increases may lag significantly behind our incurrence of higher costs.

Our ability to expand our product offerings and introduce additional products and services may be limited, which could have a material adverse effect on our business, financial condition and results of operations.

Entry into new markets may require us to compete with new companies, cater to customer expectations and comply with new complex regulations, which may be unfamiliar. Accordingly, we could need to invest significant resources in market research, legal counsel and our organizational infrastructure, and a return on such investments may not be achieved for several years, if at all. Additionally, failure to comply with applicable regulations or to obtain required licenses could result in penalties or fines. Further, we

may fail in demonstrating the value of any new value-added product to customers, which would compromise our ability to successfully create new revenue streams or receive returns in excess of investments. Any of these risks, if realized, could materially and adversely affect our business, financial condition and results of operations.

Customers may cancel, delay or return our orders of our products. As a result, our backlog may not be indicative of our future revenue.

Customers may cancel, delay or return our orders of our products for reasons beyond our control, including for reasons related to and exacerbated by the ongoing global COVID-19 pandemic.

We offer a 30-day trial to our retail customers, pursuant to which, subject to certain conditions, customers may return our ordered product in exchange for a full refund, including any shipping charges associated with that order. If a retail customer elects to return our product, we may not be able to refurbish such unit for a subsequent sale and may ultimately be unable to realize a profit for that unit.

If orders are delayed, the timing of our revenues could be affected and orders may remain in our backlog for extended periods of time. Revenue recognition occurs at time of product shipment and is subject to unanticipated delays. If we receive relatively large orders in any given quarter, fluctuations in the levels of our quarterly backlog can result because the backlog in that quarter may reach levels that may not be sustained in subsequent quarters. As a result, our backlog may not be indicative of our future revenues.

Quality problems with, and product liability claims in connection with, our products could lead to recalls or safety alerts, harm to our reputation, or adverse verdicts or costly settlements and could have a material adverse effect on our business, financial condition and results of operations.

Quality is extremely important to us and our customers due to the serious and costly consequences of product failure, and our business exposes us to potential product liability risks that are inherent in the design, manufacture and marketing of medical devices and services. In addition, our products may be used in intensive care settings with immunocompromised and seriously ill patients. Component failures, manufacturing defects or design flaws could result in an unsafe condition or injury to, or death of, a patient or other user of our products. These problems could lead to the recall of, or issuance of a safety alert relating to, our products and could result in unfavorable judicial decisions or settlements arising out of warranty or product liability claims and lawsuits, including class actions related to product quality issues or otherwise, which could negatively affect our business, financial condition and results of operations. In particular, a material adverse event involving one of our products could result in reduced market acceptance and demand for all products offered under our brand and could harm our reputation and ability to market products in the future.

High quality products are critical to the success of our business. If we fail to meet the high standards we set for ourselves and that our customers expect, and if our products are the subject of recalls, safety alerts or other material adverse events, our reputation could be damaged, we could lose customers and our revenue could decline.

We attempt to include provisions in our agreements and purchase orders with customers that are designed to limit our exposure to potential liability for damages arising from defects or errors in our products. However, it is possible that these limitations may not be effective as a result of unfavorable judicial decisions or laws enacted in the future.

The sale and support of our products entails the risk of product liability claims. Any product liability claim brought against us, regardless of its merit, could result in material expense, diversion of management time and attention, damage to our business and reputation and brand, and could cause us to fail to retain existing customers or to fail to attract new customers. Any of the foregoing problems, including product liability claims or product recalls in the future, regardless of the ultimate outcome, could harm our reputation and have a material adverse effect on our business, financial condition and results of operations.

We have limited experience selling our products to healthcare, hospitality and education and government facilities, and we might be unsuccessful in increasing our sales.

Our B2B channel strategy depends in part on our ability to sell our products to healthcare, hospitality and education and government facilities. We have limited experience with respect to sales and marketing, and in particular marketing to hospitals and healthcare facilities. We launched the Molekule Air Platform specifically to address the needs of companies returning to in-person office and work arrangements, and we have limited information to-date in order to fully understand if the needs of our customers will support this

business channel strategy. If we are unsuccessful at manufacturing, marketing and selling our products and services, our business, operating results and financial condition will be materially adversely affected

We have invested and expect to continue to invest in research and development efforts that further enhance our products and technology. Such investments may affect our operating results and liquidity, and, if the return on these investments is lower or develops more slowly than we expect, our revenue and operating results may suffer.

We have invested and expect to continue to invest in research and development efforts that further enhance our products. These investments may involve significant time, risks and uncertainties, including the risk that the expenses associated with these investments may affect our margins, operating results and liquidity and that such investments may not generate sufficient revenues to offset liabilities assumed and expenses associated with these new investments.

The air purification industry changes rapidly as a result of technological and product developments, which may render our products and technology, including our SteriDuct technology and PECO nanotechnology, less effective. We believe that we must continue to invest a significant amount of time and resources in our products and technology to maintain and improve our competitive position. If we do not achieve the benefits anticipated from these investments or if the achievement of these benefits is delayed, our business, operating results and prospects may be materially adversely affected.

Our results of operations could be negatively impacted if we are unable to capitalize on research and development spending.

We have and intend to continue to spend a significant amount of time and resources on research and development projects in order to develop and validate new and innovative products. We believe these projects will result in the commercialization of new products and will create additional future sales. However, factors including regulatory delays, safety concerns or patent disputes could delay the introduction or marketing of new products. We may experience an unfavorable impact on our business and financial condition if we are unable to capitalize on those efforts to successfully market new products.

From time to time, we may receive invitations from third parties to license patents owned or controlled by such parties. We will evaluate these requests and may consider obtaining licenses that are compatible with our business objectives. However, we may not be able to obtain licenses on acceptable terms, if at all.

Our inability to operate without infringing upon the proprietary rights of others or a failure to obtain or maintain any necessary licenses could have a material adverse effect on our business, financial condition or results of operations.

We operate in an industry that is competitive and subject to technological change.

The air purification industry is characterized by intense competition and rapid technological change, and we compete with other companies on a variety of factors, including price, size, product features, manufacturing capabilities and services. Our products compete broadly with other companies offering air purification technology, including large air purifier manufacturers, such as Blueair, a brand owned by Unilever PLC, Dyson and Levoit. Some of our competitors have significantly greater financial and marketing resources than us or are more specialized than we are with respect to particular markets.

Many competitors have longer operating histories, larger customer bases and greater financial, research and development, technical, marketing and sales and personnel resources than us. Given their capital resources, larger companies that compete or may compete with us in the future are better positioned relative to us to substantially increase their manufacturing capacity, research and development and marketing efforts or to withstand any significant reduction in orders by customers. Such larger companies are able to: (i) provide broader and more diverse product lines and market focus and thus are not as susceptible to downturns or seasonality in a particular market (ii) make greater investments in research and development; (iii) carry on larger research and development initiatives; (iv) undertake more extensive marketing campaigns; and (v) adopt more aggressive pricing policies than us. In addition, some of our competitors have been in operation much longer than we have been and therefore may have more longstanding and established relationships with current and potential customers, established sales and distribution networks, significant goodwill and global name recognition. We also expect to continue to face competition from alternative technologies. Our technology and products may be rendered obsolete or uneconomical by advances in existing technological approaches or products or the development of different approaches or products by one or more of our competitors.

In addition, we believe that the COVID-19 pandemic as well as recently discovered more virulent and more infectious strains of the coronavirus have increased, and will continue to increase, this competition. Further, the FDA Enforcement Policy for Sterilizers, Disinfectant Devices, and Air Purifiers during the Coronavirus Disease 2019 (COVID-19) Public Health Emergency and other temporary accommodations implemented by the FDA as a result of the COVID-19 pandemic to enable disinfectant devices, sterilizers, air purifiers and other medical equipment to be brought to market in an expedited manner has made it easier for new entrants to enter into our market.

Because we are small and do not have a significant amount of capital, we must limit our activities. Our relative lack of capital and resources may adversely affect our ability to compete with large entities that produce and market air purifier products. Furthermore, it may become necessary for us to reduce our prices in response to competition. A reduction in prices of our products could adversely affect our revenues and profitability.

In addition, other entities not currently offering products similar to us may enter the market. Any delays in the general market acceptance of our products may harm our competitive position. Any such delay would allow our competitors additional time to improve their service or product offerings and provide time for new competitors to develop. Increased competition may result in pricing pressures, reduced operating margins and loss of market share, which could have an adverse effect on our business, operating results and financial condition.

If our competition is better able to develop and market products or services that are cheaper, safer, more effective, or otherwise more appealing to consumers, we may be unable to effectively compete.

We may collaborate with third parties to help develop certain technologies.

We may seek out collaboration opportunities to extend our UV-C LED technology and PECO nanotechnology to the integrated air handling systems of large buildings, elevators and commercial aircraft.

We also may create strategic alliances with aviation industry suppliers to provide both ground-based and in-flight air purification systems. There can be no assurances that we will enter into any such collaborations or that we will be successful. If our collaborations are not successful, it may impact our ability to develop new technologies and products, which could adversely impact our business, financial condition and results of operations. Further, such collaborations may introduce additional risk with respect to possible unauthorized use or infringement upon our intellectual property rights by the third parties with whom, if any, we ultimately engage in strategic collaborations.

We rely on our information technology systems to manage numerous aspects of our business, and a disruption of these systems could adversely affect our business.

We rely on our information technology systems to manage numerous aspects of our business, including to efficiently purchase materials, components and products from our suppliers and manufacturers, provide procurement and logistic services, ship products to our customers, manage our accounting and financial functions, including our internal controls, and maintain our research and development data. our information technology systems are an essential component of our business, and any disruption could significantly limit our ability to manage and operate our business efficiently. A failure of our information technology systems to perform properly could disrupt our supply chain, product development and customer experience, which may lead to increased overhead costs and decreased sales and have an adverse effect on our reputation and financial condition. In addition, during the ongoing global COVID-19 pandemic, a substantial portion of our employees have conducted work remotely, making us more dependent on potentially vulnerable communications systems and making us more vulnerable to cyberattacks.

Although we take steps and incur significant costs to secure our information technology systems, including our computer systems, internet sites, email and other telecommunications and data networks, our security measures may not be effective, and our systems may be vulnerable to damage or interruption. The failure of any such systems or the failure of such systems to scale as our business grows could adversely affect our results of operations. Disruption to our information technology systems could result from power outages, computer and telecommunications failures, computer viruses, cyber-attacks or other security breaches, catastrophic events such as fires, floods, earthquakes, tornadoes, hurricanes, acts of war or terrorism and usage errors by our employees.

Our reputation and financial condition could be adversely affected if, as a result of a significant cyber-event or otherwise:

- our operations are disrupted or shut down;
- our or our customers' or employees' confidential, proprietary information is stolen or disclosed;
- we incur costs or are required to pay fines in connection with stolen customer, employee or other confidential information;
- we must dedicate significant resources to system repairs or increase cyber-security protection; or
- we otherwise incur significant litigation or other costs.

If our computer systems are damaged or cease to function properly, or if we do not replace or upgrade certain systems, we may incur substantial costs to repair or replace them and may experience an interruption of our normal business activities or loss of critical data. Any such disruption could adversely affect our reputation and financial condition.

We also rely on information technology systems maintained by third parties, including third-party cloud computing services and the computer systems of our suppliers, manufacturers, retailers and resellers, for both our internal operations and our customer-facing infrastructure. These systems are also vulnerable to the types of interruption and damage described above, but we have less ability to take measures to protect against such disruptions or to resolve them if they were to occur. Information technology problems faced by third parties on which we rely could adversely impact our business and financial condition as well as negatively impact our brand reputation.

Our digital marketing and social media efforts may expose us to certain risks.

Our marketing efforts currently include various initiatives, including digital marketing on a variety of social media channels, such as Meta Platforms, search engine optimization on websites, such as Google, Bing and Yahoo!, various branding strategies and mobile "push" notifications and email. We anticipate that sales and marketing expenses will continue to represent a significant percentage of our overall operating costs for the foreseeable future. We have acquired a significant number of our customers through digital advertising on platforms and websites owned by Meta and Google. Our investments in sales and marketing may not effectively reach potential customers, potential customers may decide not to buy our products or customer spend for our products may not yield the intended return on investment, any of which could negatively affect our financial results.

Many factors, several of which are beyond our control, may reduce our ability to acquire, maintain and further engage with customers, including:

- system updates to app stores and advertising platforms such as Instagram and Google, including adjustments to algorithms that may decrease user engagement or negatively affect our ability to reach a broad audience;
- consumers opting out of the collection of certain personal information, including opting out of cookies, for marketing purposes;
- consumers opting out of the receipt of promotional emails or text messages;
- federal and state laws governing the use of personal information in marketing to potential or existing customers and patients and the regulation of the use of discounts, promotions and other marketing strategies in the healthcare industry;
- changes in advertising platforms' pricing, which could result in higher advertising costs;
- changes in digital advertising platforms' policies, such as those of Instagram and Google, that may delay or prevent us from advertising through these channels, which could result in reduced traffic to and sales on our website and the websites or stores of our third-party resellers, or that may increase the cost of advertising through these channels;
- changes in search algorithms by search engines;

- ineffectiveness of our marketing efforts and other spend to continue to acquire new customers;
- decline in popularity of, or governmental restrictions on, social media platforms where we advertise;
- the development of new search engines or social media sites that reduce traffic on existing search engines and social media sites; and
- consumer behavior changes as a result of the ongoing global COVID-19 pandemic.

In addition, we believe that many of our new customers originate from word-of-mouth and other non-paid referrals from existing customers, so we must ensure that our existing customers are satisfied with and continue to derive value from our products and services in order to continue receiving those referrals. If our efforts to satisfy our existing customers are not successful, we may not be able to attract new customers. Further, if our customer base does not continue to grow, we may be required to incur significantly higher marketing expenses than we currently anticipate to attract new customers. A significant decline in our customer base would have an adverse effect on our business, operating results and financial condition.

Changes in our product and channel mix may impact our gross margins and financial performance.

Our financial performance may be affected by the mix of products — Pūrgo, Air Mini+, Air Pro, Air Pro RX and corresponding filters and filter subscriptions — we sell during a given period. Different products as well as different methods of distribution have different margins, and therefore, our gross margins may fluctuate based on the mix of products sold or sales channels through which products are sold in a given period. If our product or channel mix shifts too far into lower gross margin products or sales in a given period and we are not able to sufficiently reduce the production and other costs associated with those products or sales or substantially increase the sales of our higher gross margin products, our profitability could be reduced.

Additionally, the introduction of new products or services may further heighten quarterly fluctuations in gross profit and gross profit margins due to manufacturing ramp-up and start-up costs as well as new product introduction pricing strategies. Other factors that may negatively affect our gross profit include increases in freight and material costs, as well as increased promotional discounting. We may experience significant quarterly fluctuations in gross profit margins or operating income or loss due to the impact of the mix of products, channels or geographic areas in which we sell our products from period to period.

Changes in our pricing model, including due to price competition, could negatively impact our business, including our gross margins and operating results.

We have limited experience with respect to determining the optimal prices for our products and subscription models, and as a result, we have in the past, and expect that we may in the future, need to change our pricing model from time to time, which could impact our financial results. Further, we can give no assurance that we will be able to maintain satisfactory prices for our Pūrgo, Air Mini+, Air Pro and Air Pro RX and other products we may develop in the future. If we are forced to lower the price we charge for our products, including due to the prices of our competitors, our gross margins will decrease, which may harm our ability to invest in and grow our business. If we are unable to maintain our prices, or if our costs increase due to inflation or otherwise and we are unable to offset such increase with an increase in our prices, our margins could erode, which could harm our business, financial condition and results of operations.

In addition, as the market for our products grows, as new competitors introduce competitive products or as we introduce new products or enters into new markets, we may be unable to attract new customers at the same price or based on the same pricing models we have historically used. Pricing decisions may also impact the mix of adoption among our product offerings and negatively impact our overall revenue. Moreover, competition may require us to make substantial price concessions. Our business, operating results and financial condition may be adversely affected by any of the foregoing, and we may have increased difficulty achieving profitability.

Our facilities, as well as the facilities of our third-party manufacturers, are vulnerable to disruption due to natural or other disasters, strikes and other events beyond our or our manufacturers' control.

A major earthquake, fire, tsunami, hurricane, cyclone or other disaster, such as a pandemic, major flood, seasonal storms, nuclear event or terrorist attack affecting our facilities or the areas in which we are located, or affecting those of our third-party manufacturers,

could significantly disrupt our or their operations and delay or prevent product production and distribution during the time required to repair, rebuild or replace our or our third-party manufacturers' damaged facilities. These delays could be lengthy and costly.

If any of our third-party manufacturers' facilities are negatively impacted by such a disaster, production and distribution of our products could be delayed, which can impact the period in which we recognize the revenue related to the sale of those products. Additionally, customers may delay purchases of our products until operations return to normal. Even if we are able to respond quickly to a disaster, the continued effects of the disaster could create uncertainty in our business operations. In addition, concerns about terrorism, the effects of a terrorist attack, political turmoil, labor strikes, war (including the war in Ukraine) or the outbreak of epidemic diseases (including the outbreak of COVID-19 and variants) could have a negative effect on our operations and sales.

If we are unable to complete and implement our plan to manufacture, fulfill and ship some of our products from our in-house facility, our profitability may suffer.

We have not yet fully implemented our business plans to manufacture, fulfill and ship some of our products entirely from our in-house facility. In particular, we have been coating filter media with our proprietary blend of chemicals using a company called TSG Finishing, and we continue to rely on third-party manufacturers, such as Columbus Industries, for all of the supply in our filter product lines. We have established a manufacturing line to coat our filter media with chemicals at the Peco-Zero facility in Lakeland, Florida, which has been operational since September 2022. Both product improvement and incremental profit in our business are expected from successfully coating filter media in-house. While having the capability to meet a portion of the demand for filters from manufacturing lines set up in the Peco-Zero facility is expected to improve our margins and lower dependency on suppliers, to the extent these efforts are unsuccessful, we may need to write down certain of our investments, and our profitability could suffer as a result.

Global economic disruptions and inflation or stagflation could seriously harm our business.

Broad-based business or economic disruptions could adversely affect our business. For example, Russia's invasion of Ukraine has prompted the United States and other countries to announce sanctions against Russia. The full effect of this military conflict and related sanctions on the global economy and our existing and prospective customers and, as a result, our business, remains uncertain. While the onset of the ongoing global COVID-19 pandemic underscored the urgency of bringing to market air purification solutions to help protect front-line healthcare workers, patients and the general population, associated business shutdowns or disruptions could impair our ability to manufacture or sell our products, which would adversely affect our business, financial condition and results of operations.

Further, inflation or possible stagflation in the United States and other regions has the potential to adversely affect our liquidity, business, financial condition and operating results by increasing our overall product cost structure, which would negatively impact our business, particularly if we are unable to achieve the increases in product prices necessary to appropriately offset the additional costs sufficient to maintain margins. The existence of inflation in certain economies has resulted in, and may continue to result in, higher interest rates and capital costs, energy and shipping costs, increased costs of labor, weakening exchange rates and other similar effects. Although we may take measures to mitigate the impact of this inflation, if these measures are not effective, our business, financial condition, operating results and liquidity will be materially adversely affected. Even if such measures are effective, there could be a difference between the timing of when these beneficial actions impact our operating results and when the cost of inflation is incurred. Inflation and any economic challenges may also adversely impact spending patterns by our customers.

In addition, current macroeconomic conditions have caused turmoil in the banking sector. For example, on March 10, 2023, SVB was closed by the California Department of Financial Protection and Innovation, which appointed the FDIC as receiver. At the time of the closure and as of the date of this Annual Report, we held assets valued at approximately $10 million in securities in sweep accounts purchased through SVB but managed in segregated custodial accounts by a third-party asset manager. On March 13, 2023, the FDIC announced that all of SVB's deposits and substantially all of its assets had been transferred to a newly created, full-service FDIC-operated bridge bank, SVBB. SVBB assumed all loans that were previously held by SVB. On March 27, 2023, First-Citizens Bank & Trust Company assumed all of SVBB's customer deposits and certain other liabilities and acquired substantially all of SVBB's loans and certain other assets from the FDIC.

While we have had full access to the assets in our sweep accounts since March 13, 2023, we may be impacted by other disruptions to the U.S. banking system caused by the recent developments involving SVB, including potential delays in our ability to transfer funds and potential delays in making payments to vendors while new banking relationships are established.

We cannot predict at this time to what extent our or our collaborators, employees, suppliers, contract manufacturers and/or vendors could be negatively impacted by these and other macroeconomic and geopolitical events.

The sale of our products depends in part upon customer discretionary spending, and economic conditions that adversely impact consumers' ability and desire to spend discretionary income may reduce overall levels of spending on our products. For example, during the fiscal year ended December 31, 2022, Molekule, Inc. observed a slowdown in purifier sales on its direct-to-consumer website, which it believes was a result of macroeconomic conditions negatively impacting prospective customers' willingness to purchase air purifiers.

Our results of operations may fluctuate significantly, which will make our future results difficult to predict and could cause our results to fall below expectations.

Our quarterly and annual results of operations may fluctuate significantly, which will make it difficult for us to predict future results. These fluctuations may occur due to a variety of factors, many of which are outside of our control and may be difficult to predict, including, but not limited to:

- expenditures that we may incur to acquire, develop or commercialize additional products and technologies;
- the level of demand for any future products, which may vary significantly over time;
- customer mix and the varying lengths of sales cycles for different customer segments;
- developments involving our competitors;
- the cost of servicing and maintaining our products;
- the timing and cost of, and level of investment in, research and development and commercialization activities, which may change from time to time;
- the costs associated with acquisitions, including the acquisitions of Molekule, Inc. and Aura and other mergers we may pursue in the future;
- the cost of manufacturing, as well as building out our supply chain, which may vary depending on the quantity of productions, and the terms of any agreements it enters into with third-party suppliers; and
- general market conditions and other factors, including factors unrelated to our operating performance or the operating performance of our competitors.

The cumulative effects of these factors could result in large fluctuations and unpredictability in our quarterly and annual results of operations. As a result, comparing our results of operations on a period-to-period basis may not be meaningful. Investors should not rely on past results as an indication of our future performance.

This variability and unpredictability could also result in our failing to meet the expectations of industry or financial analysts or investors for any period. If our revenue or results of operations fall below the expectations of analysts or investors or below any forecasts it may provide to the market, or if the forecasts of us provided to the market are below the expectations of analysts or investors, the price of our common stock could decline substantially. Such a stock price decline could occur even when we have met any previously publicly stated revenue or operating guidance we may provide.

Our future operating results may fluctuate significantly if our investments in innovative technologies are not as profitable as anticipated.

On a regular basis, we review the existing technologies available in the market and identify strategic new technologies to develop and invest in. We have currently been devoting significant resources and capital to new technologies in new devices, SaaS software solutions, advanced sensor technology, smart building integrations and IoT devices. We are investing in research and development, developing relationships with customers and suppliers, and re-directing corporate and operational resources so that we may grow within these innovative technologies. Our results could be harmed if we fail to expand our customer base, if demand for our solutions is lower than expected or if income related to the innovative technologies is lower than anticipated.

In particular, we will continue to devote considerable resources, including the allocation of capital expenditures, to growing the SaaS service offering revenue over the next several years. There can be no assurance that we will meet revenue targets for this service, and if we fail to achieve its revenue goals, our growth and operating results will be materially adversely affected. Additionally, new or existing customers may choose to purchase our SaaS services rather than its on-premise solutions. If our customers' purchases trend away from perpetual licenses toward its SaaS, or to the extent customers defer orders, our product revenue, and our timing of revenue generally, may be adversely affected, which could adversely affect our results of operations and financial condition.

In addition, the IoT is a relatively new market and there are a significant number of competitors in the market. If the market does not expand as rapidly as we or others expect or if customers adopt competitive solutions rather than our solutions, our IoT business may not generate the revenues we expect. Further, customers and potential customers often begin the process of implementing IoT with a proof-of-concept evaluation, in some cases with multiple different technology vendors. Our success in this emerging market will depend on our ability to engage with customers to ensure that their investment moves beyond planning to broader deployment and yields value at their desired speed and expected costs.

In order to remain competitive, we expect we will continue to make significant investments in technology. However, there is no guarantee that the capital and resources that we have invested, or that we will invest in the future, will allow us to develop suitable SaaS platform enhancements or software applications or maintain and expand the SaaS platform and technology infrastructure, including through IoT solutions as intended, which could have a material adverse effect on our ability to compete or require us to purchase expensive software solutions from third-party developers.

We cannot accurately predict future revenues or profitability in the evolving market for air purification technology and products.

The market for air purification technology and products is rapidly evolving. As is typical for a rapidly evolving industry, demand for and market acceptance of recently introduced products are subject to a high level of uncertainty and may be influenced by uncertain economic conditions or the existence or absence of seasonal wildfires or health epidemics. For example, uncertain economic conditions may affect a prospective customer's discretionary income and willingness to purchase our air purifiers, and the absence of seasonal wildfires or health epidemics could negatively impact the demand for our air purifiers. Moreover, since the market for our products is evolving, it is difficult to predict the future growth rate, if any, and size of this market.

Because of our limited operating history and the emerging nature of the markets in which we compete, we may be unable to accurately forecast our revenues or our profitability. The market for our products and the long-term acceptance of our products are uncertain, and our ability to attract and retain qualified personnel with industry expertise, particularly sales and marketing personnel, is uncertain. To the extent we are unsuccessful in increasing revenues, we may be required to appropriately adjust spending to compensate for any unexpected revenue shortfall, or to reduce our operating expenses, causing us to forego potential revenue generating activities, either of which could have a material adverse effect on our business, operating results and financial condition.

Our business is subject to seasonal sales, which could result in volatility in our operating results, some of which may not be immediately reflected in our financial position and results of operations.

Our business may be affected by the general seasonal trends common to the retail and air purification markets. These include, but are not limited to:

- seasonal demand associated with the holiday season in the fourth quarter of each year; and

- increased interest in air purification products associated during periods of increased natural disasters, such as seasonal wildfires in California and the Pacific Northwest, which typically take place in late summer.

This seasonality may adversely affect our business and cause our results of operations to fluctuate.

Risks Related to Regulation

We are subject to continuing regulation by the FDA, and if we fail to comply with regulations, including FDA and other state regulations, our business could suffer.

We and the third-party suppliers and manufacturers we engage with to produce our air purifiers and filters are subject to FDA regulatory requirements, which include quality system regulations related to the manufacture of our products, labeling regulations and medical device reporting ("MDR") regulations. For example, MDR regulations require us to report to the FDA if we become aware of information that reasonably suggests our air purifiers or component products may have caused or contributed to a death or serious injury, or have malfunctioned and the products or a similar product we market would likely cause or contribute to a death or serious injury if the malfunction were to recur. We are also required to report corrections and removals to the FDA where the correction or removal was initiated to reduce a risk to health posed by our products or to remedy a violation of the Federal Food, Drug, and Cosmetic Act (the "FDCA") caused by any of our products that may present a risk to health, and maintain records of other corrections or removals.

The manufacturing process for a product cleared as a medical device, such as Pūrgo, the Air Mini+, Air Pro and Air Pro RX, is subject to FDA regulations. Suppliers and manufacturers must meet applicable manufacturing requirements and undergo rigorous facility and process validation tests required by regulatory authorities in order to comply with regulatory standards, such as the FDA's quality system regulations. Although our agreements with our contract manufacturers require us to perform according to FDA quality system requirements, any of our suppliers or manufacturers could fail to comply with such requirements or to perform their obligations to us in relation to quality or otherwise. Under such circumstances, we may choose or be forced to enter into an agreement with another third-party manufacturer, which we may not be able to do on reasonable terms, if at all. If we are required to change manufacturers for any reason, we must verify that the new manufacturer maintains facilities and procedures that comply with applicable quality standards and regulations. The delays associated with the qualification of a new contract manufacturer could negatively affect our ability to produce our products in a timely manner or within budget.

The FDA regulates promotion, advertising and claims made with respect to FDA-regulated medical devices, including our Pūrgo, Air Mini+, Air Pro and Air Pro RX products. Failure to comply with these requirements can result in, among other things, adverse publicity, warning letters, corrective advertising and potential civil and criminal penalties.

The FDA and state authorities have broad enforcement powers. We and our third-party suppliers and manufacturers are subject to ongoing inspection by regulatory authorities from time to time. Any failure by us or our third-party suppliers or manufacturers to comply with applicable regulatory requirements could result in enforcement actions by the FDA or state agencies, which may include any of the following sanctions:

- untitled letters, warning letters, fines, injunctions, consent decrees and civil penalties;
- recall, termination of distribution, administrative detention, injunction or seizure of our products;
- customer notifications or repair, replacement or refunds;
- operating restrictions or partial suspension or total shutdown of production;
- refusing or delaying our requests for modifications to our air purifier devices, including Pūrgo, the Air Mini+, the Air Pro and the Air Pro RX;
- withdrawing or suspending clearance that has already been granted;

- FDA refusal to issue certificates to foreign governments needed to export products for sale in other countries; and
- criminal prosecution.

Any corrective action, whether voluntary or involuntary, as well as potentially defending ourselves in a lawsuit, will require the dedication of our time and capital, distract management from operating our business and may harm our reputation and financial results.

We are subject to certain advertising and promotional regulations.

In addition to the laws and regulations enforced by the FDA, advertising for various services and for non-restricted medical devices is subject to federal truth-in-advertising laws enforced by the Federal Trade Commission ("FTC"), as well as comparable state consumer protection laws. Our efforts to promote medical device products via social media initiatives may subject us to additional scrutiny of our practices. For example, the FTC and other consumer protection agencies scrutinize all forms of advertising (whether in digital or traditional formats) for business services, consumer-directed products and non-restricted medical devices to ensure that advertisers are not making false, misleading or unsubstantiated claims or failing to disclose material relationships between the advertiser and their products' endorsers, among other potential issues. The FDA oversees the advertising and promotional labeling for restricted medical devices and ensures, among other things, that there is effective communication of, and a fair and balanced presentation of, the risks and benefit of such high-risk medical devices.

Under the Federal Trade Commission Act (the "FTC Act"), the FTC is empowered, among other things, to: (a) prevent unfair methods of competition and unfair or deceptive acts or practices in or affecting commerce; (b) seek monetary redress and other relief for conduct injurious to consumers; and (c) gather and compile information and conduct investigations relating to the organization, business, practices and management of entities engaged in commerce. The FTC has very broad enforcement authority, and failure to abide by the substantive requirements of the FTC Act and other consumer protection laws can result in administrative or judicial penalties, including injunctions affecting the manner in which we would be able to market our products in the future, or criminal prosecution. We are planning to increase our advertising activities that may be subject to these federal and state truth-in-advertising laws. Any actual or perceived non-compliance with those laws could lead to an investigation by the FTC or a comparable state agency, or could lead to allegations of misleading advertising by private plaintiffs. Any such action against us could disrupt our business operations, cause damage to our reputation, and result in a material adverse effect on our businesses.

For example, in November 2020, Molekule, Inc. was named as a defendant in a class action lawsuit that alleged, among other things, that Molekule, Inc. misrepresented the capabilities of its products. Molekule, Inc. entered into a class-wide settlement of this matter, and the settlement was finalized on January 25, 2022. As a result of the settlement, as of the years ended December 31, 2022 and 2021, Molekule, Inc. accrued a loss liability of $2.7 million. Any future litigation or actions against us in the future could disrupt our business operations, cause damage to our reputation and result in a material adverse effect on our business.

Significant additional governmental regulation could subject us to unanticipated delays, which would adversely affect our sales and revenues.

Our business strategy depends in part on our ability to get our products into the market as quickly as possible. Additional laws and regulations, or changes to existing laws and regulations that are applicable to our business, may be enacted or promulgated, and the interpretation, application or enforcement of existing laws and regulations may change. We cannot predict the nature of any future laws, regulations, interpretations, applications or enforcement or the specific effects any of these might have on our businesses.

Any future laws, regulations, interpretations, applications or enforcement could delay or prevent regulatory clearance of our products and our ability to market our products. Moreover, changes that result in our failure to comply with the requirements of applicable laws and regulations could result in the types of enforcement actions by the FDA or other agencies as described above, all of which could impair our ability to have manufactured and to sell the affected products.

Our international operations subject us to a variety of risks and uncertainties that could adversely affect our business and operating results. our business is subject to risks associated with manufacturing and selling our products in locations outside of the United States.

Some of our products and components are manufactured in facilities located in Malaysia, China and Mexico, and our products are distributed in more than 10 countries around the world. Accordingly, we face significant operational risks from doing business internationally. For current and potential international customers whose contracts are denominated in U.S. dollars, the relative change in local currency values creates relative fluctuations in our product pricing. These changes in international end-user costs may result in lost orders and reduce the competitiveness of our products in certain foreign markets.

Other risks and uncertainties we face from global operations include:

- limited protection for the enforcement of contract and intellectual property rights in certain countries where we may sell our products or work with suppliers, manufacturers, retailers, resellers or other third parties;
- potentially longer sales and payment cycles and potentially greater difficulties in collecting accounts receivable;
- costs and difficulties of customizing products for foreign countries;
- challenges in providing solutions across a significant distance, in different languages and among different cultures;
- laws and business practices favoring local competition;
- being subject to a wide variety of complex foreign laws, treaties and regulations and adjusting to any unexpected changes in such laws, treaties and regulations;
- compliance with U.S. laws affecting activities of U.S. companies abroad, including the U.S. Foreign Corrupt Practices Act (“FCPA”), and compliance with anti-corruption laws in other countries, such as the UK Bribery Act (“Bribery Act”);
- tariffs, trade barriers and other regulatory or contractual limitations on our ability to sell or develop our products in certain foreign markets;
- operating in countries with a higher incidence of corruption and fraudulent business practices;
- changes in regulatory requirements, including export controls, tariffs and embargoes, other trade restrictions, competition, corporate practices and data privacy concerns;
- potential adverse tax consequences arising from global operations;
- rapid changes in government, economic and political policies and conditions; and
- political or civil unrest or instability, terrorism or epidemics and other similar outbreaks or events.

Our failure to effectively manage the risks and uncertainties associated with global operations could limit future growth of our business and adversely affect our business and operating results.

In particular, the majority of our products are manufactured by IAC in facilities in Malaysia and China. In each of these countries, the government may exercise substantial control over certain sectors of the economy through regulation and state ownership. Changes in the laws and regulations of Malaysia or China, or in our interpretation or enforcement, including with respect to IAC’s operations, may significantly impact us. Further, tensions between the United States and China have led to a series of tariffs being imposed by the United States on imports from mainland China, as well as other business restrictions.

Changes in tax laws or tax rulings could materially affect our financial position, operating results and cash flows.

The tax regimes we are subject to or operate under, including income and non-income taxes, are unsettled and may be subject to significant change. Changes in tax laws, regulations or rulings, or changes in interpretations of existing laws and regulations, could materially affect our financial position and results of operations. For example, the 2017 Tax Cuts and Jobs Act (the "Tax Act") made broad and complex changes to the U.S. tax code, including changes to U.S. federal tax rates, additional limitations on the deductibility of interest, both positive and negative changes to the utilization of future net operating loss ("NOL") carryforwards, allowing for the expensing of certain capital expenditures and putting into effect the migration from a "worldwide" system of taxation to a more territorial system.

Future guidance from the IRS with respect to the Tax Act may affect us, and certain aspects of the Tax Act could be repealed or modified in future legislation. The Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act") has already modified certain provisions of the Tax Act. In addition, it is uncertain if and to what extent various states will conform to the Tax Act, the CARES Act or any newly enacted federal tax legislation. The issuance of additional regulatory or accounting guidance related to the Tax Act could materially affect our tax obligations and effective tax rate in the period issued.

In addition, our international operations are, and to the extent we expand internationally, our operations will be, subject to other jurisdictions with complex tax laws, the application of which can be uncertain. The amount of taxes we pay in these jurisdictions could increase substantially as a result of changes in the applicable tax principles, including increased tax rates, new tax laws or revised interpretations of existing tax laws and precedents, which could have an adverse impact on our liquidity and operating results. In addition, the authorities in several jurisdictions could review our tax returns and impose additional tax, interest and penalties, which could have an impact on us and on our operating results. In addition, many countries in Europe and a number of other countries and organizations have recently proposed or recommended changes to existing tax laws or have enacted new laws that could significantly increase our tax obligations in the countries where we do business or require us to change the manner in which we operate our business.

We are subject to environmental, health and safety laws and regulations related to our operations, which could subject us to compliance costs or potential liability in the event of non-compliance.

We are subject to various environmental laws and regulations governing our operations, including, but not limited to, emissions into the air and water and the use, handling, disposal and remediation of hazardous substances. A certain risk of environmental liability is inherent in our production activities. These laws and regulations govern, among other things, the generation, use, storage, registration, handling and disposal of chemicals and waste materials, the presence of specified substances in electrical products, the emission and discharge of hazardous materials into the ground, air or water, the cleanup of contaminated sites, including any contamination that results from spills due to our failure to properly dispose of chemicals and other waste materials and the health and safety of our employees. Under these laws, regulations and requirements, we also could be subject to liability for improper disposal of chemicals and waste materials, including those resulting from the use of our products and accompanying materials by end-users. Accidents or other incidents that occur at our facilities or involve our personnel or operations could result in claims for damages against us. Compliance with extensive environmental, health and safety laws could require material expenditures, changes in our operations or site remediation. In addition, we use hazardous materials in our businesses, and we must comply with environmental laws and regulations associated therewith. Any claims relating to improper handling, storage or disposal of these materials or noncompliance with applicable laws and regulations could be time consuming and costly and could adversely affect our business and operating results.

In the event we are found to be financially responsible, as a result of environmental or other laws or by court order, for environmental damages alleged to have been caused by us or occurring on our premises, we could be required to pay substantial monetary damages or undertake expensive remedial obligations. If our operations fail to comply with such laws or regulations, we may be subject to fines and other civil, administrative or criminal sanctions, including the revocation of permits and licenses necessary to continue our business activities. In addition, we may be required to pay damages or civil judgments in respect of third-party claims, including those relating to personal injury (including exposure to hazardous substances that we may generate, use, store, handle, transport, manufacture or dispose of), property damage or contribution claims. Some environmental laws allow for strict, joint and several liabilities for remediation costs, regardless of fault. We may be identified as a potentially responsible party under such laws. The amount of any costs, including fines or damages payments that we might incur under such circumstances, could substantially exceed any insurance we have to cover such losses. Any of these events, alone or in combination, could have a material adverse effect on our business, operating results and financial condition and could adversely affect our reputation.

In addition, the export of our products internationally from our or our manufacturers' production facilities subjects us to environmental laws and regulations concerning the import and export of chemicals and hazardous substances such as the United States Toxic Substances Control Act and the Registration, Evaluation, Authorization and Restriction of Chemical Substances. These laws and regulations require the testing and registration of some chemicals that we ship along with, or that form a part of, our products. If we fail to comply with these or similar laws and regulations, we may be required to make significant expenditures to reformulate the chemicals that we use in our products or incur costs to register such chemicals to gain or regain compliance. Additionally, we could be subject to significant fines or other civil and criminal penalties should we not achieve such compliance.

The cost of complying with current and future environmental, health and safety laws applicable to our operations, or the liabilities arising from past releases of, or exposure to, hazardous substances, may result in future expenditures. Any of these developments, alone or in combination, could have an adverse effect on our business, operating results and financial condition.

Aspects of our businesses are subject to privacy, data use and data security regulations, which could increase our costs.

We collect personally identifiable information from our employees, prospects and our customers. Privacy and security laws and regulations may limit the use and disclosure of certain information and require us to adopt certain cybersecurity and data handling practices that may affect our ability to effectively market our products to current, past or prospective customers. We must comply with privacy laws in the United States, Europe and elsewhere (to the extent of our respective operations in such jurisdictions), including the General Data Protection Regulations ("GDPR") in the European Union ("EU"), which became effective May 25, 2018, and the California Consumer Privacy Act of 2018, which was enacted on June 28, 2018 and became effective on January 1, 2020. Further, in connection with its withdrawal from the EU, the United Kingdom has implemented the GDPR as of January 1, 2021 (as it existed on December 31, 2020 but subject to certain U.K.-specific amendments). These laws create new individual privacy rights and impose increased obligations, including disclosure obligations, on companies handling personal data. In many jurisdictions, consumers must be notified in the event of a data security breach, and such notification requirements continue to increase in scope and cost. Privacy and security laws and regulations may limit the use and disclosure of certain information and require us to adopt certain cybersecurity and data handling practices that may affect our ability to effectively market our products to current, past or prospective customers. While we have invested in, and intend to continue to invest in, resources to comply with these standards, we may not be successful in doing so, and any such failure could have an adverse effect on our business, operating results and reputation.

As privacy, data use and data security laws are interpreted and applied, compliance costs may increase, particularly in the context of ensuring that adequate data protection and data transfer mechanisms are in place. In recent years, there has been increasing regulatory enforcement and litigation activity in this area in the United States and in various other countries in which we operate.

We may not be able to achieve or maintain satisfactory pricing and margins for our products, which could harm our business and results of operations.

We can give no assurance that we will be able to maintain satisfactory prices for our devices and other products we develop in the future. If we are forced to lower the price we charge for our devices, our gross margins will decrease, which will harm our ability to invest in and grow our business. If we are unable to maintain our prices, or if our costs increase due to inflation or otherwise and we are unable to offset such increase with an increase in our prices, our margins could erode, which could harm our business, financial condition and results of operations.

Risks Related to our Intellectual Property

Our success will depend partly on our ability to operate without infringing or misappropriating the proprietary rights of others.

We may be sued for infringing or misappropriating the proprietary rights of others. We may have to pay substantial damages, including treble damages, for past infringement if it is ultimately determined that our products or technology infringe a third party's proprietary rights. Other companies may have filed patent applications on concepts similar to the concepts underlying our technologies and products. In addition, patents may be issued covering UV-C LED SteriDuct technology and PECO nanotechnology or other technologies or methods of air purification that could prevent us from developing our technologies or products or that relate to certain other aspects of technology that we utilize or expect to utilize.

If we are unable to adequately protect or enforce our intellectual property rights, such information may be used by others to compete against us.

We have devoted substantial resources to the development of our technology, including our SteriDuct technology and PECO nanotechnology, and related intellectual property rights. Our success and future revenue growth will depend, in part, on our ability to protect the various facets of our intellectual property. We rely on a combination of registered and unregistered intellectual property and protect our rights using patents, trademarks, trade secrets, confidentiality agreements and invention assignment agreements, along with other methods. Moreover, we rely on an exclusive worldwide license from the University of Florida Research Foundation, Inc. ("UFRF") for use of PECO nanotechnology in certain products and processes.

Despite our efforts to protect our intellectual property and proprietary rights, it is possible that competitors or other unauthorized third parties may obtain, copy, use or disclose our technologies, including our UV-LED SteriDuct technology or PECO nanotechnology, inventions, processes, improvements or any other intellectual property. We cannot assure you that any of our existing or future patents or other intellectual property rights will not be challenged, invalidated, circumvented or will otherwise provide us with meaningful protection. Any of our pending patent applications may not be granted, and we may not be able to obtain foreign patents or pending applications corresponding to our U.S. patents. Even if foreign patents are granted, effective enforcement in foreign countries may not be available. Once the patents have expired, it is possible that competitors and other third parties may commercialize products that utilize our proprietary processes, which could materially reduce or eliminate any competitive advantage that we may have over our competitors.

There may be circumstances where we may not have the right to control the preparation, filing and prosecution of all patent applications that we license from third parties, or to maintain or enforce the rights to patents licensed from third parties, in which case, we will be dependent on our licensors to obtain, maintain and enforce patent protection for our licensed intellectual property. Our licensors may not successfully prosecute the patent applications that are licensed to us, and even if patents are issued in respect of these patent applications, our licensors may fail to maintain these patents or may determine not to pursue litigation against other companies that are infringing these patents. In other words, such licensed patents and patent applications may not be prosecuted and enforced in a manner consistent with the best interests of our business. Further, we cannot be certain that such activities related to the preparation, filing, prosecution, maintenance or enforcement of the licensed patent rights by licensors have been or will be conducted in compliance with applicable laws and regulations or will result in valid and enforceable patent rights. We may have limited control over the manner in which our licensors initiate an infringement proceeding against a third-party infringer of the licensed patent rights or defend certain of the licensed patent rights. It is possible that the licensor's infringement proceeding or defense activities with respect to the licensed patent rights may be less vigorous than had we conducted them. In the event that our licensors fail to adequately pursue and maintain patent protection for the licensed patents and patent applications they control, and to timely cede control of such prosecution or enforcement to us, our competitors might be able to enter the market, which would have a material adverse effect on our business.

Our trade secrets, know-how and other unregistered proprietary rights are a key aspect of our intellectual property portfolio. While we take reasonable steps to protect our proprietary information and intellectual property in trade secrets and other forms of confidential information protection, and enter into confidentiality agreements and invention assignment agreements intended to protect such rights, such agreements can be difficult and costly to enforce or may not provide adequate remedies if violated, and we may have inadvertently not have entered into such agreements with all relevant parties, or some of the agreements may prove invalid in some or all jurisdictions. Such agreements may be breached, and trade secrets or confidential information may be willfully or unintentionally disclosed, including by employees who may leave the company and join our competitors, or our competitors or other parties may learn of the information in some other way. The disclosure to, or independent development by, a competitor of our proprietary information and intellectual property, including our SteriDuct technology and PECO nanotechnology, trade secrets, know-how or other technology-related information not protected by a patent or other intellectual property right could materially reduce or eliminate any competitive advantage that we may have over such competitor.

If our patents and other intellectual property rights do not adequately protect our technology, our competitors may be able to offer competitive or similar products. our competitors may also be able to develop similar technology independently, reverse engineer our technology or design around our patents and other intellectual property rights. Any of the foregoing events would lead to increased competition and reduce our revenue or gross margins, which would adversely affect our operating results.

If we attempt to enforce our intellectual property rights, we may be subject or party to claims, negotiations or complex, protracted litigation. Intellectual property disputes and litigation, regardless of merit, can be costly, lengthy and substantially disruptive to business operations, including, for example, by diverting attention and energies of management and key technical personnel and by increasing

costs of doing business. Even if we are ultimately able to enforce our intellectual property rights against third-party infringers, we may not be able to enjoin such infringers from continuing their infringing activity while the dispute or litigation is ongoing. Any of the foregoing could adversely affect our businesses and financial condition.

As part of any settlement or other compromise to avoid complex, protracted litigation, we may agree not to pursue future claims against a third party, including related to alleged infringement of our intellectual property rights. Part of any settlement or other compromise with another party may resolve a potentially costly dispute but may also have future repercussions on our ability to defend and protect our intellectual property rights, which in turn could adversely affect our businesses.

If we breach any of our license agreements, it could have a material adverse effect on our businesses, operating results and financial condition.

We are party to a license agreement that grants us an exclusive worldwide license for use of PECO nanotechnology in certain licensed products and processes, and we have entered and may in the future enter into license agreements with third parties under which we may license the improved PECO or other technology in our current or future products.

These intellectual property license agreements may require us to comply with various obligations, as well as potential royalty and milestone payments and other obligations. If we fail to comply with our obligations under any of these or future license agreements, use the licensed intellectual property in an unauthorized manner or if we become subject to bankruptcy-related proceedings or otherwise materially breach any license agreements, the terms of the license granted may be materially modified by rendering currently exclusive licenses non-exclusive or we may give our licensors the right to terminate the applicable license agreement, in whole or in part. Generally, the loss or termination of our rights under the PECO License or any other licenses that we may acquire in the future, could harm our businesses, financial condition and results of operations.

We may also, in the future, enter into license agreements with third parties under which we are sublicensor. If a sublicensor fails to comply with its obligations under its upstream license agreement with its licensor, the licensor may have the right to terminate the upstream license, which may result in termination of its sublicense. If this were to occur, we would no longer have rights to the applicable intellectual property unless we are able to secure our own direct license with the owner of the relevant rights, which may not be achievable on reasonable terms, or at all, which may impact our ability to continue to develop and commercialize our products that incorporate the relevant intellectual property.

Licensing of intellectual property is of critical importance to our business and involves complex legal, business and scientific issues. Disputes may arise between us and our licensors regarding intellectual property subject to a license agreement, including:

- the scope of rights granted under the license agreement and other interpretation-related issues;
- whether and the extent to which our technology and processes infringe on intellectual property of the licensor that is not subject to the licensing agreement;
- our right to sublicense patent and other intellectual property rights to third parties;
- our diligence obligations with respect to the use of the licensed technology, and what activities satisfy those diligence obligations;
- our right to transfer or assign the license;
- the ownership of inventions and know-how resulting from the joint creation or use of intellectual property by our licensors and us and our partners; and
- whether and the extent to which inventors are able to contest the assignment of our rights to our licensors.

If disputes over intellectual property that we have licensed or license in the future prevent or impair our ability to maintain our current licensing arrangements on acceptable terms or at all, we may be unable to successfully develop and commercialize our current

or future products, which could have a material adverse effect on our business. In addition, if disputes arise as to ownership of licensed intellectual property, our ability to pursue or enforce the licensed patent rights may be jeopardized. If we or our licensors fail to adequately protect this intellectual property, our ability to commercialize our products could suffer. Further, certain of our future license agreements with third parties may limit or delay our ability to consummate certain transactions, may impact the value of those transactions or may limit our ability to pursue certain activities.

Our intellectual property licensed from various third parties may be subject to retained rights.

Licensors often retain certain rights under license agreements, including the right to use the underlying licensed intellectual property for non-commercial academic and research use, to publish general scientific findings from research related to the licensed intellectual property and to make customary scientific and scholarly disclosures of information relating to the licensed intellectual property. It is difficult to monitor whether licensors limit our use of the licensed intellectual property to these uses, and we could incur substantial expenses to enforce our rights to licensed intellectual property in the event of misuse.

In addition, the United States federal government retains certain rights in inventions produced with its financial assistance under the Patent and Trademark Law Amendments Act, or the Bayh-Dole Act. The federal government retains a "nonexclusive, nontransferable, irrevocable, paid-up license" for its own benefit. The Bayh-Dole Act also provides federal agencies with "march-in rights." March-in rights allow the government, in specified circumstances, to require the contractor or successors in title to the patent to grant a "nonexclusive, partially exclusive, or exclusive license" to a "responsible applicant or applicants." If the patent owner refuses to do so, the government may grant the license itself. In addition, a number of other countries have similar regimes regarding "march-in" rights. We have collaborated with academic institutions to accelerate our research or development efforts and may need to do so again in the future. While we try to avoid engaging with university partners in projects in which there is a risk that government funds may be commingled, we cannot guarantee that any co-developed intellectual property will be free from government rights pursuant to the Bayh-Dole Act or similar legislation. If, in the future, we co-own or license intellectual property that is critical to our business that is developed in whole or in part with government funds subject to the Bayh-Dole Act or other similar legislation, our ability to enforce or otherwise exploit such licensed intellectual property may be adversely affected.

Our strategy of obtaining rights to key technologies through in-licenses may not be successful.

We may seek to expand our technology and product offerings in part by in-licensing the rights to key technologies. The future growth of our business will depend in part on our ability to in-license or otherwise acquire the rights to additional technologies. We cannot assure you that we will be able to in-license or acquire the rights to any technologies from third parties on acceptable terms or at all. Even if we are able to obtain a license, it may be non-exclusive, thereby giving our competitors access to the same technologies. In that event, we may be required to expend significant time and resources to develop or license replacement technology.

The in-licensing and acquisition of these technologies is a competitive area, and a number of more established companies are or may also pursue strategies to license or acquire technologies that we may consider attractive. These established companies may have a competitive advantage over us due to their size, cash resources and greater capabilities. In addition, companies that perceive us to be a competitor may be unwilling to license rights to us. Furthermore, we may be unable to identify suitable technologies within our area of focus. If we are unable to successfully obtain rights to suitable technologies, our business, financial condition and results of operations could suffer.

Third-party lawsuits and assertions that we or our licensors have infringed upon patents, trade secrets or other intellectual property rights of third parties may have a significant adverse effect on our financial condition.

Third parties may own issued patents and pending patent applications that exist in fields relevant to air purification processes, SteriDuct technology or PECO nanotechnology or any other technology related to or underlying our products. Some of these third parties may assert that we or our respective licensors are employing our proprietary technology without authorization. There may be third-party patents or patent applications with claims related to air purification processes, SteriDuct technology or PECO nanotechnology or any other technology related to or underlying our products. Because patent applications can take many years to issue as patents, there may be currently pending patent applications that may later result in issued patents that our products and technology may potentially infringe. In addition, third parties may obtain patents in the future and claim that our or our respective licensors' products or technology infringe upon these obtained patents. Any third-party lawsuit or other assertion to which we or our respective licensors are subject alleging our

infringement of patents, trade secrets or any other intellectual property rights may have a significant adverse effect on our financial condition.

Our business relies on technological and other innovations embodied in various forms of proprietary information and other intellectual property related information. Any failure to protect our intellectual property rights could potentially harm our competitive advantages to an extent, which may have an adverse effect on our operating results and financial condition.

We may be required to make significant capital investments into the research and development of proprietary information and other intellectual property as we develop, improve and scale our processes, technologies and products, and failure to fund and make such investments, or underperformance of the technology funded by those investments, could severely impact our business, financial condition and operating results. From time to time, we collaborate with partners on certain research and development activities, and the success of such research and development activities is aided by the cooperation of such partners.

In addition, our failure to adequately protect our intellectual property rights could result in the reduction or loss of our competitive advantage. We may be unable to prevent third parties from using our proprietary information and other intellectual property without our authorization or from independently developing proprietary information and other intellectual property that is similar to ours, particularly in those countries where the laws do not protect our proprietary rights to the same degree as in the United States or those countries where we do not have intellectual property rights protection. The use of our proprietary information and other intellectual property, including our SteriDuct technology and PECO nanotechnology, by others could reduce or eliminate competitive advantages that we have developed, potentially causing us to lose sales, licensing opportunities, actual or potential customers, or otherwise harm our businesses. If it becomes necessary for us to litigate to protect these intellectual property rights, any proceedings could be burdensome, lengthy and costly, could result in counterclaims challenging our intellectual property (including validity or enforceability) or accusing us of infringement, and we may not prevail.

Our patent applications and issued patents may be practiced by third parties without our knowledge. Our competitors may also attempt to design around our patents or copy or otherwise obtain and use our proprietary information and other intellectual property, including our SteriDuct technology and PECO nanotechnology. Moreover, our competitors may already hold or have applied for patents in the United States or abroad that, if enforced, could possibly prevail over our patent rights or otherwise limit our ability to manufacture, sell or otherwise commercialize one or more of our products in the United States or abroad. With respect to pending patent applications, we may not be successful in securing issued patents, or the claims of such patents may be narrowed, any of which may limit our ability to protect inventions that these applications were intended to cover, which could harm our ability to prevent others from exploiting our technologies and commercializing products similar to our products. In addition, the expiration of a patent can result in increased competition with consequent erosion of profit margins.

Our confidentiality agreements could be breached or may not provide meaningful protection for at least a portion of our trade secrets or proprietary technology. Adequate remedies may not be available in the event of an unauthorized use or disclosure of our trade secrets and proprietary technology, including our SteriDuct technology and PECO nanotechnology. Violations by others of our confidentiality agreements and the loss of employees who have specialized knowledge and expertise could harm our competitive position resulting from the exclusive nature of such knowledge and expertise and cause our sales and operating results to decline as a result of increased competition. In addition, others may obtain knowledge of our trade secrets through independent development or other access by legal means.

The applicable governmental authorities may not approve any of our pending trademark applications. A failure to obtain trademark registrations in the United States and in other countries could limit our ability to obtain and retain use of our trademarks in those jurisdictions. Moreover, third parties may seek to oppose our applications or otherwise challenge the resulting registrations. In the event that our trademarks are not approved or are successfully challenged by third parties, we could be forced to rebrand our products, which could result in loss of brand recognition and could require us to devote significant resources to rebranding and advertising and marketing new brands. We could be sued by third parties who, unbeknown to us, have pre-existing rights to such marks or brands in our markets or industries.

The failure of any of our patents, trademarks, trade names, trade secrets, other intellectual property rights, intellectual property right assignments or confidentiality agreements to protect our proprietary information and other intellectual property, including our SteriDuct technology and PECO nanotechnology and product design, our other proprietary technology and any other technology and know-how, could have a material adverse effect on our businesses and operating results.

We may incur substantial costs enforcing and defending our intellectual property rights.

We may incur substantial expense and costs in protecting, enforcing and defending our intellectual property rights against third parties. Intellectual property disputes may be costly, lengthy and substantially disruptive to our business operations by diverting attention and energies of management and key technical personnel and by increasing our costs of doing business. Third-party intellectual property claims asserted against us could subject us to significant liabilities, require us to enter into royalty and licensing arrangements on unfavorable terms, prevent us from assembling or licensing certain of our products, subject us to injunctions restricting our sale of products, cause severe disruptions to our operations or the marketplaces in which we compete or require us to satisfy indemnification commitments with our customers, including contractual provisions under various license arrangements. In addition, we may incur significant costs in acquiring the necessary third-party intellectual property rights for use in our products. Any and all of these could have an adverse effect on our business and financial condition.

Risks Related to our Common Stock

Our largest stockholders have the ability to control all matters submitted to stockholders for approval.

Our six largest stockholders beneficially own, in the aggregate, approximately 60% of our outstanding shares of common stock. As a result, if these stockholders were to choose to act together, they would be able to control all matters submitted to our stockholders for approval, as well as our management and affairs. For example, these persons, if they choose to act collectively, would control the election of directors and approval of any charter amendment, merger, consolidation or sale of all or substantially all of our assets. These stockholders could cause us to take actions that these stockholders believe to be in our best interests but with which the remainder of our stockholders disagree. For example, they could cause us to enter into mergers with companies that operate in different businesses or could elect to cause us to sell all or substantially all of our assets.

This concentration of voting power may have the effect of deterring hostile takeovers, delaying or preventing changes in control, or limiting the ability of our other stockholders to approve transactions that they may deem to be in the best interests of the Company. Moreover, the concentration of stock ownership may adversely affect the trading price of our common stock by reducing the number of shares trading in the market or to the extent investors perceive a disadvantage in owning stock of a company with significant stockholders.

While our common stock is listed on Nasdaq, if we do not meet Nasdaq's continuing listing requirements, we could be delisted, and there can be no assurance that an active and liquid public market will fully develop or be sustained.

Our common stock is listed on Nasdaq. Notwithstanding such listing, there can be no assurance that an active or liquid public market will fully develop or be sustained. In addition, if we do not meet Nasdaq's continuing listing requirements, including Nasdaq requirements related to maintenance of a minimum stock price, the aggregate market value of our common stock and the number of public holders of our common stock, we could be delisted by Nasdaq. In the absence of an active or liquid public market:

- investors may have difficulty buying and selling or obtaining market quotations;
- market visibility for our securities may be limited; and
- a lack of visibility for our securities may have a depressive effect on any market price for our securities.

Moreover, there can be no assurance that securities analysts of brokerage firms will provide coverage of the Company, if at all. In the event there is no active or liquid public market for our common stock or coverage of the Company by securities analysts of brokerage firms, you may be unable to dispose of our common stock at desirable prices or at all. Moreover, there is a risk that our common stock could be delisted from Nasdaq or any other trading market on which it may be listed or quoted.

The lack of an active trading or liquid public market may impair our ability to raise capital to continue to fund operations by selling securities and may impair our ability to use our securities as consideration for future acquisitions.

The trading price and volume of our common stock may be volatile.

The trading price and volume of our common stock may be volatile. The stock markets in general have experienced extreme volatility that has often been unrelated to the operating performance of particular companies. These broad market fluctuations may adversely affect the trading price of our common stock. As a result, you may suffer a loss on your investment.

The market for our common stock will depend on a number of factors, most of which we cannot control, including:

- general economic conditions within the U.S. and internationally, including changes in interest rates;
- general market conditions, including fluctuations in commodity prices;
- domestic and international economic, legal and regulatory factors unrelated to our performance;
- actual or anticipated fluctuations in our quarterly and annual results and those of our competitors;
- quarterly variations in the rate of growth of our financial indicators, such as revenue, EBITDA, net income and net income per share;
- our businesses, operations, results and prospects;
- our operating and financial performance;
- future mergers and strategic alliances;
- changes in government regulation, taxes, legal proceedings or other developments;
- shortfalls in our operating results from levels forecasted by securities analysts;
- changes in revenue or earnings estimates, or changes in recommendations by equity research analysts;
- failure to achieve the perceived benefits of the mergers as rapidly as or to the extent anticipated by financial or industry analysts;
- speculation in the press or investment community;
- the failure of research analysts to cover our common stock;
- sales of our common stock by the Company, large stockholders or management, or the perception that such sales may occur;
- changes in accounting principles, policies, guidance, interpretations or standards;
- announcements concerning us or our competitors;
- public reaction to our press releases, other public announcements and filings with the SEC;
- strategic actions taken by competitors;
- actions taken by our stockholders;
- additions or departures of key management personnel;
- maintenance of acceptable credit ratings or credit quality;

- the general state of the securities markets; and
- the risk factors described in this Annual Report.

These and other factors may impair the market for our common stock and the ability of investors to sell shares at an attractive price. These factors also could cause the market price and demand for our common stock to fluctuate substantially, which may negatively affect the price and liquidity of our common stock. Many of these factors and conditions are beyond the control of us or our stockholders.

Securities class action litigation has often been instituted against companies following periods of volatility in the overall market and in the market price of a company's securities. Such litigation, if instituted against us, could result in very substantial costs, divert management's attention and resources and harm our business, operating results and financial condition.

If our shares become subject to the SEC's penny stock rules, broker-dealers may experience difficulty in completing customer transactions, and trading activity in our shares may be adversely affected.

If we fail to meet certain criteria specified in the federal securities laws, including with respect to our reported net tangible assets, transactions in our shares may become subject to the "penny stock" rules promulgated under the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Under these rules, broker-dealers who recommend such shares to persons other than institutional accredited investors must:

- make a special written suitability determination for the purchaser;
- receive the purchaser's written agreement to the transaction prior to sale;
- provide the purchaser with risk disclosure documents that identify certain risks associated with investing in "penny stocks" and that describe the market for these "penny stocks" as well as a purchaser's legal remedies; and
- obtain a signed and dated acknowledgment from the purchaser demonstrating that the purchaser has actually received the required risk disclosure document before a transaction in a "penny stock" can be completed.

If our shares become subject to these rules, broker-dealers may find it difficult to effectuate customer transactions, and trading activity in our shares may be adversely affected. As a result, the market price of our shares may be depressed, and you may find it more difficult to sell our shares. We believe that we are currently not subject to the "penny stock" rules, but that could change in the future.

We are an "emerging growth company" under the JOBS Act, and we cannot be certain if the reduced disclosure requirements applicable to emerging growth companies will make our common stock less attractive to investors.

We are an "emerging growth company," as defined in the Jumpstart Our Business Startups Act of 2012 (the "JOBS Act"), and we may take advantage of certain exemptions from various reporting requirements that are applicable to other public companies that are not "emerging growth companies," including, but not limited to, not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act, reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements and exemptions from the requirements of holding a non-binding advisory vote on executive compensation and stockholder approval of any golden parachute payments not previously approved. We cannot predict if investors will find our common stock less attractive because we may rely on these exemptions. If some investors find our common stock less attractive as a result, there may be a less active trading market for our common stock, and our stock price may be more volatile.

In addition, Section 107 of the JOBS Act also provides that an "emerging growth company" can take advantage of the extended transition period provided in Section 7(a)(2)(B) of the Securities Act of 1933, as amended (the "Securities Act"), for complying with new or revised accounting standards. In other words, an "emerging growth company" can delay the adoption of certain accounting standards until those standards would otherwise apply to private companies. We are choosing to take advantage of the extended transition period for complying with new or revised accounting standards. As a result, our financial statements may not be comparable to companies that comply with new or revised accounting pronouncements as of public company effective dates, and we will incur

additional costs in connection with complying with the accounting standards applicable to public companies at such time or times as they become applicable to us.

We will remain an "emerging growth company" for up to five years, through the fiscal year ending December 31, 2026, although we will lose that status sooner if our revenue exceeds $1.235 billion in any year, if we issue more than $1.0 billion in non-convertible debt in a three-year period or if the market value of our common stock that is held by non-affiliates exceeds $700 million as of June 30 of any year.

Because of our status as an "emerging growth company" and because we will have an extended transition period for complying with new or revised financial accounting standards, we may be less attractive to investors and it may be difficult for us to raise additional capital as and when we need it. Investors may be unable to compare our business with other companies in our industry if they believe that our financial accounting is not as transparent as other companies in our industry. Any inability to raise additional capital as and when we need it could have a material adverse effect on our business, financial condition, results of operations, liquidity and prospects.

The sale of significant amounts of shares in the market, or the perception that such sales could occur, would have a material adverse effect on the market price of our shares.

Any sale of significant amounts of shares in the market, or the prospect of any such sale, would have a material adverse effect on the future market price for our shares or on our ability to obtain future financing. Any of the foregoing may have a depressive effect on the price of our shares.

Our officers, directors and other stockholders — who collectively own 24,882,558 shares of our common stock, or approximately 81.8% of the outstanding shares of our common stock, have agreed that they will not offer, sell or otherwise transfer any shares of our common stock until July 12, 2023, subject to limited exceptions.

Any release of shares under these lockup agreements, or the perception that such release could occur, would have a negative effect on the trading price of our common stock. In addition, a significant number of shares will be eligible for sale in the public market on July 12, 2023. The trading price of our common stock may decline as this lockup expiration date approaches and following the expiration of these lockup agreements.

We have and expect to continue to incur significant increased costs as a result of operating as a public company, and our management is now required to devote substantial time to new compliance initiatives.

As a public company, we incur significant legal, accounting and other expenses that we did not incur as a private company. We are subject to reporting requirements under the Exchange Act, the other rules and regulations of the SEC and the rules and regulations of Nasdaq.

The expenses required to adequately report as a public company are material, and compliance with the various reporting and other requirements applicable to public companies requires considerable time and attention of management. For example, the Sarbanes-Oxley Act and the rules of the SEC and national securities exchanges impose various requirements on public companies, including requiring the establishment and maintenance of effective disclosure and internal controls. Our management and other personnel need to devote a substantial amount of time to these compliance initiatives.

These rules and regulations have and will continue to increase our legal and financial compliance costs and have and will continue to make some activities more time consuming and costly. For example, we expect these rules and regulations will make it more difficult and more expensive for us to obtain director and officer liability insurance, and we may be required to accept reduced policy limits on coverage or incur substantial costs to maintain the same or similar coverage. The impact of these events could also make it more difficult for us to attract and retain qualified personnel to serve on our Board, our board committees or as executive officers.

Certain provisions contained in our certificate of incorporation and bylaws, and certain provisions of Delaware law, may prevent or delay an acquisition of us or other strategic transactions, which could decrease the trading price of our common stock.

Our certificate of incorporation, our bylaws and Delaware law contain provisions that are intended to deter coercive takeover practices and inadequate takeover bids and to encourage prospective acquirers to negotiate with our board of directors rather than to attempt a hostile takeover.

In addition, because we have not chosen to be exempt from Section 203 of the General Corporation Law of the State of Delaware (the "DGCL"), this provision could also delay or effectively prevent a change of control that some stockholders may favor. In general, Section 203 provides that, subject to limited exceptions, persons that, together with their affiliates and associates, acquire ownership of 15% or more of the outstanding voting stock of a Delaware corporation shall not engage in any "business combination" with that corporation or its subsidiaries, including any merger or various other transactions, for a three-year period following the date on which that person became the owner of 15% or more of the corporation's outstanding voting stock.

We believe these provisions could help to protect our stockholders from coercive or otherwise unfair takeover tactics by requiring potential acquirers to negotiate with our board of directors and by providing our board of directors with more time to assess any acquisition proposal. These provisions are not intended to make us immune from takeovers. However, these provisions will apply even if the offer may be considered beneficial by some stockholders and could delay or effectively prevent an acquisition that our board of directors determines is not in the best interests of our company and our stockholders. These provisions may also prevent or discourage attempts to remove and replace incumbent directors.

Our bylaws provide that the Court of Chancery in the State of Delaware is the sole and exclusive forum for substantially all disputes between us and our stockholders, which could limit stockholders' ability to obtain a favorable judicial forum for disputes with us or out directors, officers or employees.

Our bylaws contain a forum and venue selection provision, which provides that, unless we consent in writing to the selection of an alternative forum, the Court of Chancery of the State of Delaware (or, if the Court of Chancery does not have jurisdiction, the federal district court for the District of Delaware) shall be the sole and exclusive forum for: (i) any derivative action or proceeding brought on behalf of the Company; (ii) any action asserting a claim for breach of a fiduciary duty owed by any director, officer, employee or agent of the Company to the Company or our stockholders; or (iii) any action asserting a claim arising pursuant to any provision of the DGCL, our certificate of incorporation or our bylaws; or (iv) any action asserting a claim governed by the internal affairs doctrine, in each case subject to said court having personal jurisdiction over the indispensable parties named as defendants in such action.

It further provides that, if any action the subject matter of which is within the scope of the forum and venue selection provision is filed in a court other than a court located within the State of Delaware in the name of any stockholder, such stockholder shall be deemed to have consented to: (x) the personal jurisdiction of the state and federal courts located within the State of Delaware in connection with any action brought in any such court to enforce the forum and venue selection provision; and (y) having service of process made upon such stockholder in any such action by service upon such stockholder's counsel in the action as agent for such stockholder. It further provides that any person or entity purchasing or otherwise acquiring any interest in shares of our capital stock shall be deemed to have notice of and consented to the provisions of the forum and venue selection provision.

For the avoidance of doubt, the forum and venue selection provision described above applies to any claim falling within the four categories of actions described above, regardless of whether such claim arises under the common law or under statute. However, in accordance with Section 27 of the Exchange Act, the federal courts shall have exclusive jurisdiction over all suits brought to enforce any duty or liability created by the Exchange Act or the rules and regulations thereunder. Moreover, Section 22 of the Securities Act creates concurrent jurisdiction for federal and state courts over all suits brought to enforce any duty or liability created by the Securities Act or the rules and regulations thereunder.

The choice of forum provision in our bylaws may limit stockholders' ability to bring a claim in a judicial forum that they find favorable for disputes with us or our directors, officers, employees or agents, which may discourage such lawsuits against us and our directors, officers, employees and agents even though an action, if successful, might benefit stockholders. The applicable courts may also reach different judgments or results than would other courts, including courts where a stockholder considering an action may be located or would otherwise choose to bring the action, and such judgments or results may be more or less favorable to us than to our stockholders. With respect to the provision making the Court of Chancery of the State of Delaware (or, if such court lacks jurisdiction,

any other state or federal court located within the State of Delaware) the sole and exclusive forum for certain types of actions, stockholders who do bring a claim in the Court of Chancery or a state or federal court located within the State of Delaware could face additional litigation costs in pursuing any such claim, particularly if they do not reside in or near Delaware. Finally, if a court were to find this provision of our bylaws inapplicable to, or unenforceable in respect of, one or more of the specified types of actions or proceedings, we may incur additional costs associated with resolving such matters in other jurisdictions, which could have a material adverse effect on us.

If securities or industry analysts do not publish research or reports about our business, if they adversely change their recommendations regarding our common stock or if our operating results do not meet their expectations, our stock price and trading volume could decline.

The trading market for our common stock will depend in part on the research and reports that securities or industry analysts publish about us or our business. While securities and industry analysts currently cover us, securities and industry analysts may not publish research on us. If no securities or industry analysts provide coverage of us, the trading price for our common stock would likely be negatively impacted. In the event securities or industry analysts initiate coverage, if one or more of the analysts who cover us downgrade our securities or publish inaccurate or unfavorable research about our business or if our operating results do not meet analyst expectations, our stock price would likely decline. If one or more of these analysts cease coverage of us or fail to publish reports on us regularly, demand for our common stock could decrease, which might cause our common stock price and trading volume to decline.

We have never paid dividends and do not currently intend to pay dividends to our stockholders.

We have never paid dividends and do not currently intend to pay dividends in the future. Whether any dividends are declared or paid to our stockholders, and the amounts of any such dividends that are declared or paid, will be subject to the discretion of our board of directors, which may be impacted by any of the following factors:

- we may not have enough cash to pay such dividends or to repurchase shares due to our cash requirements, capital spending plans, cash flow or financial position;
- decisions on whether, when and in which amounts to make any future distributions will remain at all times entirely at the discretion of our board of directors, which could change our dividend practices at any time and for any reason;
- our desire to maintain or improve the credit ratings on our debt; and
- the amount of dividends that we may distribute to our stockholders is subject to restrictions under Delaware law and is limited by the negative covenants in our loan agreements and, potentially, the terms of any future indebtedness that we may incur.

Stockholders should be aware that they have no contractual or other legal right to dividends that have not been declared.

Financial Industry Regulatory Authority sales practice requirements may limit your ability to buy and sell our common stock, which could depress the price of our shares.

Financial Industry Regulatory Authority (“FINRA”) rules require broker-dealers to have reasonable grounds for believing that an investment is suitable for a customer before recommending that investment to the customer. Prior to recommending speculative low-priced securities to their non-institutional customers, broker-dealers must make reasonable efforts to obtain information about the customer’s financial status, tax status and investment objectives, among other things. Under interpretations of these rules, FINRA believes that there is a high probability such speculative low-priced securities will not be suitable for at least some customers. Thus, FINRA requirements make it more difficult for broker-dealers to recommend that their customers buy our common stock, which may limit your ability to buy and sell our shares, have an adverse effect on the market for our common stock and thereby depress our share price.

The forward-looking statements contained in this Annual Report are subject to several known and unknown risks that could have a material impact on our performance.

This Annual Report contains forward-looking statements, including forecasts of future performance as well as other statements regarding, among other items, our business strategies and anticipated demand for our products. These forecasts and other forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. These factors include, but are not limited to, risks related to our new and uncertain technology and business, the early stage of commercialization and development of our products, our limited operating history, competition, the uncertainty of intellectual property protection and other risks discussed in this section as well as other factors referenced herein.

General Risk Factors

Business or economic disruptions could seriously harm our business.

Broad-based business or economic disruptions could adversely affect our business. Adverse changes in global or regional economic conditions periodically occur, including recession or slowing growth, changes or uncertainty in fiscal, monetary or trade policy, higher interest rates, tighter credit, inflation, lower capital expenditures by businesses, increases in unemployment and lower consumer confidence and spending. Such adverse changes could result from geopolitical and security issues, such as armed conflict and civil or military unrest, political instability, human rights concerns and terrorist activity, catastrophic events such as natural disasters and public health issues (including the COVID-19 pandemic), supply chain interruptions, new or revised export, import or doing business regulations, including trade sanctions and tariffs, or other global or regional occurrences.

For example, Russia's invasion of Ukraine has prompted the U.S. and other countries to announce sanctions against Russia, which could adversely affect the global economy and financial markets and lead to instability and lack of liquidity in capital markets, particularly if current or new sanctions continue for an extended period of time or if geopolitical tensions result in expanded military operations on a global scale. In addition, the recent invasion of Ukraine by Russia, and the impact of sanctions against Russia and the potential for retaliatory acts from Russia, could result in increased cyberattacks against U.S. companies. The full effect of this military conflict and related sanctions on the global economy and our existing and prospective customers and, as a result, our business remains uncertain.

While the onset of the COVID-19 global pandemic underscored the urgency of bringing to market air purification solutions to help protect front-line healthcare workers, patients and the general population, associated business shutdowns or disruptions could impair our ability to manufacture or sell our products, which would adversely affect our business, financial condition and results of operations.

We are dependent on management and key personnel, and our business would suffer if we fail to retain our key personnel and attract additional highly skilled employees.

Our success depends, to a significant degree, upon the continued contributions of the members of our senior management and highly credentialed scientists. If we lose the services of one or more of these people, we may be unable to achieve our business objectives. We may be unable to attract and retain personnel with the advanced technical qualifications or managerial experience necessary for the development of our business and products or commercialization of our products.

Our success depends on the specialized skills of our management team and key operating personnel, particularly those of our Chief Executive Officer, Jason DiBona, our Chief Financial Officer, Ryan Tyler, and our Chief Operating Officer, Ritankar "Ronti" Pal. This may present particular challenges as we operate in a specialized industry, which may make replacement of our management team and key operating personnel difficult. A loss of any of our managers or key employees, or our failure to satisfactorily perform our responsibilities, could have an adverse effect on our business, operating results, financial condition and prospects.

Our success has been dependent, and will continue to depend, on our ability to identify, hire, develop, motivate and retain highly qualified personnel for all areas of our organization, particularly research and development and marketing and sales. Trained and experienced personnel are in high demand and may be in short supply. Many of the companies with which we compete for experienced employees have greater resources than us and may be able to offer more attractive terms of employment. In addition, we invest significant time and expense in training employees, which increases their value to competitors that may seek to recruit them.

In addition, our current employees are at-will employees, which means that either we or the employee may terminate the employment relationship at any time, and our agreements with our independent contractors generally extend only on a monthly basis after an initial term, with the ability of either party to terminate the agreement upon prior notice to the other party.

We may not be able to attract, develop and maintain the skilled workforce necessary to operate our business, and labor expenses may increase as a result of a shortage in the supply of qualified personnel, which will negatively impact our business, operating results, financial condition and prospects. Each member of senior management, as well as our key employees, may terminate employment without notice and without cause or good reason. The members of our senior management, except for Mr. DiBona, Mr. Tyler and Mr. Pal, are not subject to non-competition agreements. Accordingly, the adverse effect resulting from the loss of certain members of senior management could be compounded by our inability to prevent them from competing with us.

Our stockholders may experience dilution in the future.

From time to time in the future, we may issue additional shares of our capital stock or offer debt or other equity securities, including additional shares of common stock or warrants to purchase common stock, senior or subordinated notes, debt securities convertible into equity or shares of preferred stock. Issuing additional shares of our capital stock, other equity securities or securities convertible into equity may dilute the economic and voting rights of our existing stockholders, reduce the market price of shares of our common stock or both. Debt securities convertible into equity could be subject to adjustments in the conversion rate pursuant to which certain events may increase the number of equity securities issuable upon conversion. Preferred stock, if issued, could have a preference with respect to liquidating distributions or a preference with respect to dividend payments that could limit our ability to pay dividends to the holders of our common stock. Our decision to issue securities in any future offering will depend on market conditions and other factors, which may adversely affect the amount, timing or nature of our future offerings. As a result, holders of our common stock bear the risk that our future offerings may reduce the market price of shares of our common stock and dilute their percentage ownership.

We currently have an outstanding warrant to purchase 1,500,000 shares of our common stock. Any exercise or partial exercise of this warrant would dilute the holders of our common stock. The current exercise price of the warrant is $11.00 per share. Whether or not the warrant is exercised will depend on our stock price, and any exercise is at the discretion of the holder of the warrant. We may issue other warrants, options and derivative securities in the future, which would also dilute the holders of our common stock.

In addition, our certificate of incorporation authorizes us to issue, without the approval of stockholders, one or more classes or series of preferred stock having such designations, powers, preferences and relative, participating, optional and other special rights, including preferences over our common stock with respect to dividends and distributions, as our board of directors generally may determine. The terms of one or more classes or series of preferred stock could dilute the voting power or reduce the value of our common stock. For example, the repurchase or redemption rights or liquidation preferences that could be assigned to holders of preferred stock could affect the residual value of our common stock.

We have, intend to and may continue to acquire other companies or technologies, which could divert our management's attention, result in additional dilution to stockholders and otherwise disrupt our operations and adversely affect our business, financial condition and results of operations.

Our success will depend, in part, on our ability to grow our business, which has included and we expect will continue to include acquisitions. We may identify opportunities to establish industry leadership domestically and internationally through selective joint ventures and acquisitions that further capitalize on our differentiated technology. In some circumstances, we may determine to do so through the acquisition of complementary businesses and technologies rather than through internal development. We may also seek to acquire businesses in industries in which we do not currently operate. Some of these acquisitions or other transactions may be material. The identification of suitable acquisition candidates can be difficult, time-consuming and costly, and we may not be able to successfully complete identified acquisitions. The risks we face in connection with acquisitions include:

- diversion of management's time and focus from operating our business to addressing acquisition integration challenges;
- coordination of technology, research and development and sales and marketing functions;
- retention of employees from the acquired company;

- cultural challenges associated with integrating employees from the acquired company into our organization;
- integration of the acquired company's accounting, management information, human resources and other administrative systems;
- the need to implement or improve controls, policies and procedures at a business that prior to the acquisition may have lacked effective controls, policies and procedures;
- potential write-offs of intangibles or other assets acquired in such transactions that may have an adverse effect on our results of operations;
- liability for activities of the acquired company before the acquisition, including patent and trademark infringement claims, violations of laws, commercial disputes, tax liabilities and other known and unknown liabilities; and
- litigation or other claims in connection with the acquired company, including claims from terminated employees, consumers, former stockholders or other third parties.

Our failure to address these risks or other problems encountered in connection with acquisitions and investments could result in our failure to realize the anticipated benefit of these acquisitions or investments, cause us to incur unanticipated liabilities and otherwise harm our business. Future acquisitions could also result in dilutive issuances of our equity securities, the incurrence of debt, contingent liabilities, amortization expenses or the write-off of goodwill, any of which could harm our financial condition. Also, the anticipated benefits of any acquisitions may not materialize. Any of these risks, if realized, could materially and adversely affect our business, financial condition and results of operations.

Security breaches, loss of data and other disruptions could compromise sensitive information related to our business, prevent us from accessing critical information or expose us to liability, which could adversely affect our business and our reputation.

We utilize information technology systems and networks to process, transmit and store electronic information in connection with our business activities. As the use of digital technologies has increased, cyber incidents, including deliberate attacks and attempts to gain unauthorized access to computer systems and networks, have increased in frequency and sophistication. These threats pose a risk to the security of our systems and networks and the confidentiality, availability and integrity of our data, all of which are vital to our operations and business strategy. There can be no assurance that we will be successful in preventing cyber-attacks or successfully mitigating their effects.

Despite the implementation of security measures, our computer systems and those of our current and future third-party service providers are vulnerable to damage or disruption from hacking, computer viruses, software bugs, unauthorized access or disclosure, natural disasters, terrorism, war and telecommunication, equipment and electrical failures. In addition, there can be no assurance that we will promptly detect any such disruption or security breach, if at all. Unauthorized access, loss or dissemination could disrupt our operations, including our ability to conduct research and development activities, process and prepare company financial information and manage various general and administrative aspects of our business.

To the extent that any such disruption or security breach results in a loss of or damage to our data or applications, or inappropriate disclosure or theft of confidential, proprietary or personal information, we could incur liability, suffer reputational damage or poor financial performance or become the subject of regulatory actions by federal, state or non-U.S. authorities, any of which could adversely affect our business.

We may need to initiate lawsuits to protect or enforce our patents or other proprietary rights, which would be expensive and, if unsuccessful, may cause us to lose some of our intellectual property rights.

In order to protect or enforce our patent and other intellectual property rights, it may be necessary for us to initiate patent or other intellectual property litigation proceedings against third parties, such as infringement suits or interference proceedings. These lawsuits could be expensive, take significant time and could divert management's attention from other business concerns. These lawsuits could put our patents at risk of being invalidated or interpreted narrowly and our patent applications at a risk of not being issued. Further, these

lawsuits may also provoke the defendants to assert claims against us. The patent position of medical device firms is highly uncertain, involves complex legal and factual questions and has recently been the subject of much litigation. There can be no assurance that we will prevail in any such suits or proceedings or that the damages or other remedies awarded to us, if any, will be commercially valuable.

We may be subject to legal proceedings in the ordinary course of our business. If the outcomes of these proceedings are adverse to us, it could have a material adverse effect on our business, financial condition and results of operations.

We may be subject various legal proceedings from time to time, which could have a material adverse effect on our business, financial condition and results of operations. Claims arising out of actual or alleged violations of law could be asserted against us by individuals, either individually or through class actions, by governmental entities in civil or criminal investigations and proceedings or by other entities. These claims could be asserted under a variety of laws, including but not limited to consumer finance laws, consumer protection laws, intellectual property laws, privacy laws, labor and employment laws, securities laws and employee benefit laws. These actions could expose us to adverse publicity and to substantial monetary damages and legal defense costs, injunctive relief and criminal and civil fines and penalties, including but not limited to suspension or revocation of licenses to conduct business. See "*Item 3. Legal Proceedings*."

Insurance policies may be expensive and only protect us from some business risks, which will leave us exposed to significant uninsured liabilities.

We do not know if we will be able to obtain and maintain insurance with adequate levels of coverage. Any significant uninsured liability may require us to pay substantial amounts, which may adversely affect our business, financial position and results of operations.

Item 1B. Unresolved Staff Comments

None.

Item 2. Properties

Our principal executive offices are located at 10455 Riverside Drive, Palm Beach Gardens, FL 33410. We lease approximately 20,000 square feet at this location from a related party, which includes our warehouse and distribution facilities. Molekule Inc,'s headquarters are located in San Francisco, California, in a facility of approximately 38,000 square feet. The current lease at this facility, entered into in February 2019, and as amended in August 2019 and further amended in January 2021, expires in September 2026, with the option to extend the term of the lease for an additional five years. We also lease manufacturing facilities in Lakeland, Florida, consisting of 6,462 square feet of warehouse space and 738 square feet of office space. The lease in Lakeland, Florida was entered into in November 2018 and has a term of 60 months with an option to renew for two additional three-year terms.

We believe that our current facilities are adequate for our current needs and that we will be able to obtain additional space on commercially reasonable terms if needed.

Item 3. Legal Proceedings

From time to time, we are subject to legal proceedings in the normal course of operating our business. The outcome of litigation, regardless of the merits, is inherently uncertain. In August 2022, the Company received notice of a complaint filed in the U.S. District Court for the Southern District of New York (the "Court") by Sterilumen, Inc. ("Sterilumen"), a wholly-owned subsidiary of Applied UV, Inc., in connection with the marketing and sale of the Company's patented air purification products. In the complaint, the plaintiff alleged trademark infringement, violation of fair competition practices and damages to Sterilumen. On March 13, 2023, the Court dismissed Sterilumen's claims with prejudice and ruled that the Company's counterclaims remained extant. We subsequently agreed with Sterilumen that Sterilumen will not challenge the Court's dismissal and will not bring any future claim against the Company alleging infringement from the use of SteriDuct or AeroClean and that the Company will file a notice to dismiss its counterclaims without prejudice.

We are not currently party to any legal proceedings, the adverse outcome of which, individually or in the aggregate, we believe will have a material adverse effect on our business, financial condition or results of operations.

Item 4. Mine Safety Disclosures

Not applicable.

PART II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Market Information

Our common stock is traded on The Nasdaq Capital Market under the symbol "MKUL."

Holders

As of March 22, 2023, there were approximately 157 record holders of shares of our common stock. This does not reflect persons or entities that hold our common stock in nominee or "street" name through various brokerage firms.

Dividends

We have not paid any cash dividends on our shares of common stock to date. The payment of cash dividends in the future will be dependent upon our revenues and earnings, if any, capital requirements and general financial condition and will be declared at the discretion of our board of directors. It is the current intention of our board of directors to retain all earnings, if any, for use in our business operations and, accordingly, our board of directors does not anticipate declaring any dividends in the foreseeable future.

Equity Compensation Plans

See "*Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters—Securities Authorized for Issuance under Equity Compensation Plans*," which is incorporated by reference into this Item 5.

Performance Graph

As a smaller reporting company, we are not required to provide the information required by Item 201(e) of Regulation S-K.

Unregistered Sales of Securities

None other than as previously reported.

Use of Proceeds from Registered Offerings

None.

Purchase of Equity Securities by the Registrant and Affiliated Purchasers

None.

Item 6. Reserved

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

Unless the context otherwise requires, all references in this section to "we," "us," "our" *or the* "Company" *refer to the Company prior to the consummation of the merger with Molekule, Inc. The following discussion and analysis should be read in conjunction with the financial statements and related notes included elsewhere in this Annual Report. This discussion contains forward-looking statements reflecting our current expectations and estimates and assumptions concerning events and financial trends that may affect our future operating results or financial position. Actual results and the timing of events may differ materially from those contained in these forward-looking statements due to a number of factors, including those discussed in the sections entitled* "Risk Factors" *and* "Cautionary Statement Concerning Forward-Looking Statements" *appearing elsewhere in this Annual Report.*

Overview

Molekule Group, Inc. (formerly known as AeroClean Technologies, Inc.) is a pathogen elimination technology company on a mission to keep work, play and life going by improving indoor air quality. We have the largest range of proprietary and patented, FDA-cleared air purification devices to address the rapidly growing global air purification market. Our air hygiene product, Pūrgo™, is an FDA 510(k) cleared, Class II medical device that provides continuous air filtration, sanitization and supplemental ventilation solutions with technology that can be applied in any indoor space – including in hospitals, offices and even in elevators. Pūrgo™ products feature SteriDuct™, a proprietary germicidal UV-C technology. In addition, our Air Pro and Air Mini+ air purifiers leverage a PECO technology that can destroy viruses, bacteria, mold, allergens, VOCs, chemicals and more from the air. Our purpose is simple: to never stop innovating solutions that keep people healthy and safe, so life never stops.

In June 2022, the FDA granted our Pūrgo technology 510(k) clearance for use in healthcare and other markets for which product performance to reduce the amount of certain airborne particles and infectious microbes in an indoor environment must be validated to specific standards.

On October 1, 2022, we acquired Germsweepusa Inc. (doing business as GSI Technology), a company focused on deploying an analytics-based approach to indoor air quality by monitoring real-time air quality and work safety conditions in an innovative, integrated dashboard offering air quality, human capital and security for a purchase consideration of $350,000 in cash and the issuance of 88,104 shares of common stock, or $276,647 based on the fair value at closing. The full purchase price of $626,647 has been allocated to goodwill as the Company has determined that the fair value of assets acquired and liabilities assumed was zero. The transaction costs incurred in connection with this acquisition amounted to $87,865 and are included in selling, general and administrative expenses.

The most valuable asset acquired was the assembled workforce (two founders) and subsumed as part of the transaction. The intent of acquiring GSI Technology was to support and drive the Company's Public Sector and Enterprise IAQ sales and business development efforts. Historical revenues of GSI Technology were minimal and its customer base was not comprised of long-term contracts with high percentages of renewals to which value could be placed upon customer contracts. By the time the transaction closed, we had already concluded that GSI Technology's underlying technology was still in alpha stage and unproven. Additionally, we completed the merger with Molekule Inc. whereby that underlying technology would be the foundation of the Molekule prospectively. GSI Technology has not generated any revenue since acquisition.

On January 12, 2023, we completed our acquisition of Molekule, Inc. (the "Molekule Merger"), which produces and sells air purification devices that can be used by both consumer and commercial users. These air purifiers incorporate our patented PECO technology to capture and destroy a wide range of organic material, such as bacteria, viruses, mold and volatile organic compounds.

On February 26, 2023, we entered into an Agreement and Plan of Merger with Aura Smart Air Ltd., an Israeli company listed on the Tel Aviv Stock Exchange and the creator of a proprietary, software, sensor and IoT enabled data-driven air purification system. We intend to implement Aura's advanced software, sensor and IoT technology across our entire product range and in each of our highly developed sales channels, including major global healthcare, commercial and municipal customers, seeking multi-location and multi-room, enterprise-wide safe air solutions. Consummation of the merger is subject to customary closing conditions, including among others the SEC declaring our registration statement on Form S-4 effective, the listing of our common stock on the Tel Aviv Stock

Exchange, receipt of Aura shareholder approval, receipt of a tax ruling regarding Israeli withholding tax and receipt of all material third party consents. The merger is expected to close early in the second half of 2023.

We have incurred operating losses each year since our inception and only began to recognize revenue starting in July 2021. Our losses of $6.2 million and $7.9 million incurred during the years ended December 31, 2022 and 2021, respectively, and accumulated deficit of $7.9 million as of December 31, 2022 raise substantial doubt about our ability to continue as going concern, and our independent registered accounting firm has included an explanatory paragraph relating to our ability to continue as a going concern in its audit report with respect to our audited financial statements for the years ended December 31, 2022 and 2021. See Note 1 to our audited consolidated financial statements included elsewhere in this Annual Report. As of December 31, 2022, we had an aggregate cash balance of approximately $22.0 million.

As part of our business strategy, we continually evaluate a wide array of strategic opportunities, including the acquisition, disposition or licensing of intellectual property, mergers and acquisitions, joint ventures and other strategic transactions. We may seek to acquire technologies, product lines and companies that operate in businesses similar to our own or that are ancillary, complementary or adjacent to our own or in which we do not currently operate. Such businesses could operate in the air purification space or more generally in the health and wellness space or in other industries. We could also seek to merge with or into another company or sell all or substantially all of our assets to another company. In connection with these activities, we may enter into non-binding letters of intent as we assess the commercial appeal of potential strategic transactions. Any transactions that we enter into could be material to our business, financial condition and operating results.

Macroeconomic and Geopolitical Events on Our Business

We continue to monitor the COVID-19 pandemic and its variants, including the emergence of variant strains, which continue to spread throughout the world and have adversely impacted global commercial activity and contributed to significant declines and volatility in financial markets. Across many industries, including the Company's, COVID-19 — among other factors — has negatively impacted personnel and operations at third-party manufacturing and component part supplier facilities in the United States and around the world. These disruptions have adversely impacted the availability and cost of raw materials and component parts. For example, various electronic components and semi-conductor chips have become increasingly difficult to source and, when available, may be subject to substantially longer lead times and higher costs than historically applicable. While the Company's manufacturing run rate is not currently being impacted, past shortages have impacted the Company's ability to manufacture units.

In addition, U.S. and global financial markets have experienced disruption due to various macroeconomic and geopolitical events. These include, but are not limited to, rising inflation, rising interest rates, the risk of a recession and other ongoing global conflicts. For example, on March 10, 2023, SVB was closed by the California Department of Financial Protection and Innovation, which appointed the FDIC as receiver. At the time of the closure and as of the date of this Annual Report, we held assets in securities in sweep accounts purchased through SVB but managed in segregated custodial accounts by a third-party asset manager. On March 12, 2023, the FDIC announced that Signature Bank was closed and that the FDIC was appointed as receiver. On March 13, 2023, the FDIC announced that all of SVB's deposits and substantially all of its assets had been transferred to a newly created, full-service FDIC-operated bridge bank, SVBB. SVBB assumed all loans that were previously held by SVB. On March 27, 2023, First-Citizens Bank & Trust Company assumed all of SVBB's customer deposits and certain other liabilities and acquired substantially all of SVBB's loans and certain other assets from the FDIC. While we have had full access to the assets in our sweep accounts since March 13, 2023, we may be impacted by other disruptions to the U.S. banking system caused by the recent developments involving SVB, including potential delays in our ability to transfer funds and potential delays in making payments to vendors while new banking relationships are established. We cannot predict at this time to what extent our or our collaborators, employees, suppliers, contract manufacturers and/or vendors could be negatively impacted by these and other macroeconomic and geopolitical events.

Further, geopolitical events and global economic sanctions resulting from the ongoing conflict between Russia and Ukraine may impact new or existing projects and the prices and availability of raw materials, energy and other materials. These events may also impact energy and regulatory policy nationally or regionally for the impacted regions. In addition, we have experienced and are experiencing varying levels of inflation resulting in part from increased shipping and transportation costs, raw material costs and labor costs.

We continue to actively monitor impacts on our business and may take further actions that impact operations as may be required by federal, state or local authorities or that we determine is in the best interests of our employees, customers, suppliers and stockholders.

Management cannot predict the full impact of the COVID-19 pandemic and geopolitical events on our sales and marketing channels and supply chain, and, as a result, the ultimate extent of the effects on the Company are highly uncertain and will depend on future developments. Such effects could exist for an extended period of time.

Results of Operations

The following table summarizes our results of operations for the periods indicated:

	Year Ended December 31,		
	2022	2021	Change
Product revenues	$ 227,186	$ 616,511	$ (389,325)
Cost of sales	112,559	338,896	(226,337)
Gross profit	114,628	277,615	(162,987)
Operating expenses:			
Selling, general and administrative	15,453,261	4,327,998	11,125,263
Research and development	1,954,552	4,193,362	(2,238,810)
Total operating expenses	17,407,813	8,521,360	8,886,453
Loss from operations	(17,293,185)	(8,243,745)	(9,049,440)
Change in fair value of warrant liability	(10,623,000)	—	(10,623,000)
Loss before income tax benefit	(6,670,185)	(8,243,745)	1,573,560
Income tax benefit	501,254	320,138	181,116
Net loss	$ (6,168,931)	$ (7,923,607)	$ 1,754,676

Revenue and Cost of Sales

Revenue for the year ended December 31, 2022 was $227,186 as compared to $616,511 for the year ended December 31, 2021. Sales decreased by $389,325 for the year ended December 31, 2022 as compared to the prior year period due to a large sale to a healthcare system in the prior year period with no such sale in the current period. Cost of sales for the year ended December 31, 2022 were $112,559 as compared to $338,896 for the year ended December 31, 2021. Cost of sales decreased by $226,337 for the year ended December 31, 2022 as compared to the prior year due primarily to the decrease in sales.

Operating Expenses

Selling General and Administrative Expenses

Selling, general and administrative expenses (SG&A) consist primarily of costs related to our employees, independent contractors and consultants. Other significant general and administrative expenses include accounting and legal services and expenses associated with obtaining and maintaining patents as well as marketing and advertising services and expenses associated with establishing our brand and developing our website, marketing materials and call center.

For the fiscal years ended December 31, 2022 and 2021, we incurred $15,453,261 and $4,327,998, respectively, of SG&A. We attribute the increase of $11,125,263 primarily to the transactions that occurred in fiscal 2022 and a greater level of business activities being conducted in the year ended December 31, 2022 as compared to the same period in 2021. SG&A increased in fiscal 2022 versus fiscal 2021 primarily due to an increase in non-cash stock based compensation of $1,787,214, placement agent fees of $1,326,212, Molekule Merger transaction costs of $2,710,148, public company costs of $2,942,539, which includes insurance expenses of $1,018,276, and marketing expenses of $416,558.

Research and Development Expenses

Since our inception, we have focused our resources on our research and development activities. We expense research and development costs as they are incurred. Our research and development expenses primarily consist of outsourced engineering, product development and manufacturing design costs. For the years ended December 31, 2022 and 2021, we incurred $1,954,552 and $4,193,362 respectively, in research and development costs. Research and development decreased by $2,238,810 in 2022 due to the streamlining of

our manufacturing processes and a reduction in expenses after testing and preparing for the FDA submission in the second quarter of 2022.

Change in Fair Value of Warrant Liability

The change in fair value of the warrant liability was a non-cash gain of $10,623,000 resulting from a decrease in the fair value of the warrant liability, which was reported in our statement of operations for the year ended December 31, 2022.

Net Losses

Our net losses were $6,168,931 and $7,923,607 for the fiscal years ended December 31, 2022 and 2021, respectively, for the reasons set forth above.

Liquidity and Capital Resources

Sources of Liquidity

As of December 31, 2022, we had cash of $22,062,657 compared to cash of $19,629,649 as of December 31, 2021. On November 29, 2021, we completed our initial public offering (the "IPO") of 2,514,000 shares of our common stock, which included the partial exercise of the underwriters' overallotment option, at a public offering price of $10.00 per share for aggregate gross proceeds of $25,140,000 and net proceeds of approximately $21,640,000, after deducting underwriting fees and closing costs of approximately $3,500,000.

We issued a purchase option to the underwriters (the "Underwriter Option") exercisable within five years of our IPO for 5.0% of the shares of our common stock issued in the IPO, or 125,700 shares of our common stock, at an exercise price of $12.50 per share. On June 21, 2022, 31,192 shares of our common stock were issued on a cashless basis pursuant to the Underwriter Option.

Prior to our IPO, our limited liability company predecessor funded its operations principally with approximately $15,000,000 in gross proceeds from the sale of Class A units. As of December 31, 2022, we had an accumulated deficit of $7,916,791. Net cash used in operating activities was $10,638,912 for the fiscal year ended December 31, 2022 as compared to $7,795,087 in the prior year.

On June 29, 2022, we completed a private placement with a single institutional investor (the "Purchaser") pursuant to which we received gross cash proceeds of $15,000,000 in connection with the issuance of (i) 1,500,000 shares of our common stock and (ii) a common stock purchase warrant (the "Warrant") to purchase up to 1,500,000 shares of our common stock (the "Private Placement"). The Warrant has an exercise price of $11.00 and is exercisable until July 21, 2027. Net proceeds amounted to $13,578,551 after issuance costs of $1,421,449, of which $1,326,212 was charged to expense and $95,237 was charged to additional paid-in capital.

The Purchaser has contractually agreed to restrict its ability to exercise the Warrant if the number of shares of our common stock held by the Purchaser and its affiliates after such exercise would exceed 4.99% of the then issued and outstanding shares of our common stock. The Purchaser may increase or decrease this limitation upon notice to the Company, but in no event will any such limitation exceed 9.99%.

Pursuant to a registration rights agreement between us and the Purchaser, we have filed and maintain an effective registration statement on Form S-3 registering the offering and resale, from time to time, by the Purchaser of up to 3,000,000 shares of our common stock, which includes 1,500,000 shares of our common stock issued in the Private Placement and 1,500,00 shares issuable upon the exercise of the Warrant acquired in the Private Placement.

Debt and Financing Arrangements

Upon the closing of our acquisition of Molekule, Inc. on January 12, 2023, we assumed indebtedness under (1) a Loan and Security Agreement with Silicon Valley Bank, (2) a Mezzanine Loan and Security Agreement with Silicon Valley Bank and (3) a Facility Term Loan with Trinity Capital.

Senior Term Loan. In June 2016, Molekule, Inc. entered into a Loan and Security Agreement with SVB (as amended, amended and restated, supplemented or otherwise modified from time to time, the "Senior Term Loan"). We became a co-borrower under this agreement upon the closing of the Molekule Merger. At the closing of the Molekule Merger, the outstanding principal balance under the Senior Term Loan was $4.4 million. The Senior Term Loan bears interest at an annual rate equal to the greater of (x) the Prime Rate plus 1% or (y) 4.25%. As of the date of this Annual Report, the interest rate was 9.0% per year. The maturity date for the Senior Term Loan is April 1, 2026. Interest is payable monthly in arrears. The principal is repayable in 36 equal monthly installments beginning on May 1, 2023. The Loan and Security Agreement contains customary representations and warranties, affirmative and negative covenants (including financial covenants), events of default and termination provisions. The financial covenants include requirements to maintain a minimum cash balance of $2.0 million and an annual revenue target of $50.0 million for the calendar year ending December 31, 2023. Revenue targets for periods occurring after December 31, 2023 shall be mutually agreed by us and SVB. We also are required to maintain our primary operating and other deposit accounts and securities accounts with SVB and its affiliates.

Mezzanine Term Loan. In March 2021, Molekule, Inc. entered into a Mezzanine Loan and Security Agreement with SVB, pursuant to which SVB issued to Molekule, Inc. a $30.0 million mezzanine term loan (as amended, amended and restated, supplemented or otherwise modified from time to time, the "Mezzanine Term Loan"), consisting of a Mezzanine Term Loan A tranche of $15.0 million and a Mezzanine Term Loan B tranche of $15.0 million. We became a co-borrower under this agreement upon the closing of the Molekule Merger. At the closing of the Molekule Merger, the outstanding principal balance under the Mezzanine Term Loan was $30.0 million. The Mezzanine Term Loan bears interest at a floating rate per annum equal to the greater of (x) the Prime Rate plus 6.00% or (y) 9.25%. As of the date of this Annual Report, the interest rate was 14.0% per year. The Mezzanine Term Loan A tranche matures in March 2027 and the Mezzanine Term Loan B tranche matures in March 2028. Interest is payable monthly in arrears. The principal of the Mezzanine Term Loan A tranche is repayable in 36 equal monthly installments beginning on April 1, 2024. The principal of the Mezzanine Term Loan B Tranche is repayable in 36 equal monthly installments beginning on April 1, 2025. The Mezzanine Loan and Security Agreement contains customary representations and warranties, affirmative and negative covenants (including financial covenants), events of default and termination provisions. The financial covenants include requirements to maintain a minimum cash balance of $2.0 million and an annual revenue target of $50.0 million for the calendar year ending December 31, 2023. Revenue targets for periods occurring after December 31, 2023 shall be mutually agreed by us and SVB. We also are required to maintain all of our deposit accounts, the cash collateral account and excess cash with SVB and its affiliates.

Facility Term Loan. In June 2020, Molekule, Inc. entered into a Facility Term Debt Agreement (the "Facility Term Loan") with Trinity for the ability to draw down lease financing related to funding the build out of our filter manufacturing plant. We became a co-lessee under this agreement upon the closing of the Molekule Merger. Molekule, Inc. drew down $2.9 million in June 2020, $0.6 million in September 2020, $0.9 million in December 2020 and $0.5 million in August 2021. Principal and interest are paid monthly with the principal being repaid in equal monthly installments from the month after the amount was drawn until April 1, 2026, with the last two months' payments having been made at the inception of each loan. At the end of the term, Trinity also requires us to pay down an additional 10% of the total term draw down amount, which results in an additional payment of $0.4 million in total for all the draws. This additional payment is being accreted to the total outstanding amount over the term of the Facility Term Loan and resulted in an incremental $0.3 million of long-term debt to Trinity as of the closing of the Molekule Merger. At the closing of the Molekule Merger, the outstanding principal balance under the Facility Term Loan was $2.6 million. The Facility Term Loan contains customary representations and warranties, affirmative and negative covenants and event of default provisions.

On March 10, 2023, SVB was closed by the California Department of Financial Protection and Innovation, which appointed the FDIC as receiver. At the time of the closure and as of the date of this Annual Report, we held assets in securities in sweep accounts purchased through SVB but managed in segregated custodial accounts by a third-party asset manager. On March 13, 2023, the FDIC announced that all of SVB's deposits and substantially all of its assets had been transferred to a newly created, full-service FDIC-operated bridge bank, SVBB. SVBB assumed all loans that were previously held by SVB. On March 27, 2023, First-Citizens Bank & Trust Company assumed all of SVBB's customer deposits and certain other liabilities and acquired substantially all of SVBB's loans and certain other assets from the FDIC.

While we have had full access to the assets in our sweep accounts since March 13, 2023, we may be impacted by other disruptions to the U.S. banking system caused by the recent developments involving SVB, including potential delays in our ability to transfer funds and potential delays in making payments to vendors while new banking relationships are established. See "*Risk Factors — Risks Related to Our Business — Global economic disruptions and inflation or stagflation could seriously harm our business.*"

Future Funding Requirements and Outlook

On February 1, 2021, we entered into a lease with Garden Bio Science Partners, LLC, an entity controlled by the chair of our Board, with a term of ten years at an annual base rent of $260,000, subject to escalation of 2.5% on an annual basis. As of December 31, 2022, the future minimum lease payments under this arrangement approximated $2,430,820.

We have incurred operating losses since our inception. These losses are expected to continue as we continue to make significant investments in our business.

For the year ended December 31, 2022, we incurred a net loss of $6,168,931, net cash used in operating activities was $10,638,912 and had an accumulated deficit of $7,916,791, at December 31, 2022. Our recurring losses from operations, recurring cash used in operating activities, accumulated deficit, and expected working capital needs to fund our combined operations and meet debt obligations as a result of the acquisition of Molekule, Inc. in January 2023 raise substantial doubt about our ability to continue as a going concern. Our ability to fund our operations is dependent upon management's plans, which include raising capital, managing costs and generating sufficient revenues to offset costs. There can be no assurances that we will be able to secure any such additional financing on acceptable terms and conditions, or at all. Accordingly, management has concluded there is substantial doubt as to our ability to continue as a going concern within one year after the date the financial statements are issued. . See Note 1 to our audited consolidated financial statements included elsewhere in this Annual Report.

The design, manufacture, sale, marketing and servicing of our devices and other products is capital-intensive. We expect that we will have sufficient capital to fund planned operations for the next 12 months. However, we will require substantial additional capital to develop our products and services, conduct research and development and fund operations for the foreseeable future. We will need to raise additional capital to scale our manufacturing, roll out other future products or services, and also to continue to offer our devices and any services relating to those products. In particular, we are especially focused on developing new devices, SaaS software solutions, advanced sensor technology and smart building integrations and IoT devices, which will require additional capital. In addition, we may need to raise funds to finance future capital needs, such as making principal and interest payments under our loan agreements. Moreover, if we continue to pursue an acquisition strategy, we may need to raise incremental capital in order to finance the purchase price to be paid to target stockholders for any cash consideration.

As a result of these funding requirements, we will likely need to obtain additional financing by engaging in debt and/or equity offerings or seeking additional borrowings. To the extent that we raise additional capital through the sale of convertible debt or equity securities, or pay for acquisitions in whole or in part with the issuance of equity securities (either as merger consideration or to finance the cash portion of merger consideration), the ownership interests of our stockholders will be diluted, and the terms of these securities may include liquidation or other preferences that adversely affect the rights of our stockholders. Debt financing, if available, may involve agreements that include covenants limiting or restricting our ability to take specific actions, such as incurring additional debt, making capital expenditures or declaring dividends. The availability of debt financing or equity capital will depend upon our financial condition and results of operations as well as prevailing market conditions.

Our independent registered public accounting firm in its report on our consolidated financial statements for the years ended December 31, 2022 and 2021 have expressed substantial doubt about our ability to continue as a going concern.

Inflation

Inflation has adversely affected our business, and we expect this to continue through the end of 2023. We have been and expect to continue to be negatively impacted by increased component and logistics costs. Increased inflation has had, and may continue to have, an effect on interest rates, which has increased, and may continue to increase, our borrowing costs. In addition, our cost of labor and materials may increase, which would negatively impact our business and financial results. Alternatively, deflation may cause a deterioration of global and regional economic conditions, which could impact unemployment rates and consumer discretionary spending. These, and other factors that may increase the risk of significant deflation, could negatively impact our business and results of operations.

Critical Accounting Estimates

Our management's discussion and analysis of our financial condition and results of operations is based on our financial statements, which we have prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). The preparation of the financial statements in accordance with GAAP requires us to make estimates and assumptions that affect the reported amounts and related disclosures. We evaluate these estimates, judgments and methodologies on an ongoing basis. We base our estimates on historical experience and on various other assumptions that we believe are reasonable. Our actual results could differ from those estimates.

Our significant accounting policies are more fully described in Note 2. Summary of Significant Accounting Policies to our audited financial statements included elsewhere in this Annual Report. We believe that the accounting policies are critical for fully understanding and evaluating our financial condition and results of operations.

JOBS Act

On April 5, 2012, the JOBS Act, was enacted. Under the JOBS Act, emerging growth companies can delay adopting new or revised accounting standards issued subsequent to the enactment of the JOBS Act until such time as those standards apply to private companies. We have irrevocably elected to avail ourselves of this exemption from new or revised accounting standards and, therefore, will not be subject to the same new or revised accounting standards as public companies that are not emerging growth companies. As a result of this election, our financial statements may not be comparable to companies that are not emerging growth companies.

Subject to certain conditions set forth in the JOBS Act, as an "emerging growth company," we intend to rely on certain of other exemptions, including without limitation, (i) the exemption from providing an auditor's attestation report on our system of internal controls over financial reporting pursuant to Section 404(b) of the Sarbanes-Oxley Act and (ii) the exemption from complying with any requirement that may be adopted by the PCAOB regarding mandatory audit firm rotation or a supplement to the auditor's report providing additional information about the audit and the financial statements, known as the auditor discussion and analysis. We will remain an "emerging growth company" until the earliest of: (i) the last day of the fiscal year in which we have total annual gross revenues of $1.235 billion or more; (ii) the last day of our fiscal year following the fifth anniversary of the date of the completion of the IPO; (iii) the date on which we have issued more than $1 billion in non-convertible debt during the previous three years; or (iv) the date on which we are deemed to be a large accelerated filer under the rules of the SEC.

Item 7A. Quantitative and Qualitative Disclosures about Market Risk

As a smaller reporting company, we are not required to provide the information required by Item 305 of Regulation S-K.

Item 8. Financial Statements and Supplementary Data

The information called for by Item 8 is found in a separate section of this Annual Report starting on page F-1. See the "Index to Financial Statements" on page F-1.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

Item 9A. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

We carried out an evaluation, under the supervision of and with the participation of our management, including our chief executive officer and chief financial officer, of the effectiveness, as of December 31, 2022, of the design and operation of our disclosure controls and procedures (as defined in Rule 13a-15(e) of the Exchange Act). Based upon that evaluation, our chief executive officer and chief financial officer concluded that our disclosure controls and procedures were effective as of December 31, 2022.

Changes in Internal Control over Financial Reporting

Except as disclosed below, there were no changes in our internal control over financial reporting identified in management's evaluation pursuant to Rules 13a-15(d) or 15d-15(d) of the Exchange Act during the quarter ended December 31, 2022 that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

MANAGEMENT'S ANNUAL REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

The management of Molekule Group, Inc. (the "Company") is responsible for establishing and maintaining adequate internal control over financial reporting for the Company. Internal control over financial reporting is a process designed by, or under the supervision of, the Company's principal executive and principal financial officers, and effected by the Company's Board of Directors, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the Company's financial statements for external purposes in accordance with generally accepted accounting principles.

The Company's internal control over financial reporting includes those policies and procedures that: (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles and the receipts and expenditures of the Company are being made only in accordance with authorizations of the management and directors of the Company; and (3) provide reasonable assurance regarding prevention of timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions or that the degree of compliance with the policies or procedures may deteriorate.

The Company's management assessed the effectiveness of the Company's internal control over financial reporting as of December 31, 2022. In making the assessment, the Company's management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission in *Internal Control – Integrated Framework (2013)*. Based on its assessment, management believes that, as of December 31, 2022, the Company's internal control over financial reporting is effective.

REMEDIATION STATUS

During the quarter ended December 31, 2022, management remediated the previously disclosed material weakness related to the Company's limited accounting personnel and other resources to address internal control over financial reporting, which led to a lack of sufficient segregation of duties within the accounting function, a lack of timely reconciliation of accounts and review of the Company's financial statements at each reporting period, a lack of appropriate contemporaneous documentation and/or valuation for certain equity transactions and execution of significant agreements containing inaccurate terms and errors. Management hired additional qualified accounting personnel with appropriate knowledge and expertise in accounting and GAAP to assist in timely maintenance of support and reconciliations for our financial statements as well as to allow for appropriate segregation of duties.

Item 9B. Other Information

None.

Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections

Not applicable.

PART III

Item 10. Directors, Executive Officers and Corporate Governance

Our Executive Officers

The following table sets forth information regarding the Company's executive officers as of March 28, 2023.

Name, Age and Title	Business Experience
Jason DiBona, Age 52 Chief Executive Officer	Mr. DiBona has served as our Chief Executive Officer since May 2020. Mr. DiBona brings more than 25 years of experience in developing and executing strategies for sustainable growth. He has held leadership roles in medical and healthcare technologies, global sales operations and start-up environments and has experience working with diverse private and public sector clients in more than 120 countries. Mr. DiBona spent the majority of his career, from 1999 to 2014, at GE Healthcare, holding multiple leadership and business development roles across the global healthcare organization. After his time at GE Healthcare, from 2014 to 2018, Mr. DiBona led the sales and marketing efforts at ePreop, a start-up medical software developer, with a successful launch and exit in the role of Executive Vice President of Sales and Marketing. Prior to Molekule, Mr. DiBona served as Senior Vice President of Global Sales Strategies for America's largest homebuilder, Lennar Corporation. Mr. DiBona earned his Bachelor of Science degrees in Molecular Biology and Microbiology from the University of Central Florida.
Ryan Tyler, Age 39 Chief Financial Officer	Mr. Tyler has served as our Chief Financial Officer since October 2020. Prior to joining Molekule, Mr. Tyler held various positions from 2014 to 2020 at B/E Aerospace, Inc., KLX Inc. and KLX Energy Services Holdings, Inc., including Vice President, overseeing financial reporting, internal controls, corporate development, investor relations and financial planning and analysis. Prior to the KLX Inc. spin-off from B/E Aerospace, Mr. Tyler served as B/E Aerospace's Director of Financial Reporting and Internal Controls from 2013 to 2014, where he focused on the company's public filings, mergers and acquisitions and capital raises. Mr. Tyler also spent three years at Oxbow Carbon LLC, serving as a Controller responsible for several of the company's lines of business over the three-year period. Mr. Tyler spent five years at Ernst & Young as a Manager providing audit services to public and private clients in multiple sectors, including telecommunications, real estate, healthcare, financial services and distribution. Mr. Tyler received his Bachelor and Master of Accounting degrees from the University of Florida and received a Certified Public Accountant designation in Florida (inactive).
Ritankar "Ronti" Pal, Age 53 Chief Operating Officer	Mr. Pal has served as our Chief Operating Officer since January 2023. Mr. Pal served as Chief Operating Officer of Molekule, Inc. from July 2022 and Chief Financial Officer of Molekule, Inc. from January 2022 and previously served as the Chief Financial Officer of Payactiv, Inc. from February 2019 to June 2021. Before joining Payactiv, Inc., Mr. Pal served as a Managing Director at Barclays Capital between 2006 and 2012. Prior to Barclays Capital, Mr. Pal held positions of increasing responsibility at Salomon Brothers, Citibank and Citigroup between 1993 and 2006, before being promoted to Managing Director at Citigroup in 2002, and serving in such capacity until 2006. Mr. Pal holds a Bachelor of Arts degree in Mathematics from Reed College and a Bachelor of Science Degree in Engineering and Applied Science from the California Institute of Technology.

Our Board of Directors

The following table sets forth information regarding our directors as of March 22, 2023. The table contains each person's biography as well as the qualifications and experience each person brings to our board of directors. Our board of directors consists of eight members, seven of whom met applicable regulatory and exchange listing independence requirements.

Name, Age, Business Experience and Current Directorships	Director Since

Amin J. Khoury, PhD (Hon), Age 83 2020

Dr. Khoury is one of our co-founders and has been the Chairman of our board of directors since May 2020. Previously, Dr. Khoury served as Chief Executive Officer and Chairman of the Board of Directors of KLX Inc. from its formation in December 2014 until its sale to The Boeing Company in October 2018. Dr. Khoury served as Chairman of the Board, Chief Executive Officer and Co-Chief Executive Officer of B/E Aerospace from its founding in 1987 until its sale to Rockwell Collins in 2017. Dr. Khoury also served as Chairman, Chief Executive Officer and President of KLX Energy from September 2018 until May 2020. Dr. Khoury was a Trustee of the Scripps Research Institute from May 2008 until July 2014. Until 2012, for 26 years, Dr. Khoury also served as a director of Synthes, Inc., having earlier been Chairman of Synthes Maxillofacial, and a founding investor in Spine Products, Inc., which was acquired by Synthes in 1999. Synthes, a $4 billion annual revenue company, was the world's leading manufacturer and marketer of orthopedic trauma implants and a leading global manufacturer and marketer of cranial-maxillofacial and spine implants before Dr. Khoury led an effort to merge Synthes with Johnson & Johnson in a $21 billion transaction in 2012. Dr. Khoury holds an Executive Masters Professional Director Certification, the highest level, from the American College of Corporate Directors and a Master's Degree in Business Administration from Northeastern University. Dr. Khoury has served as a member of the Board of Trustees of Northeastern University since July 2018 and received an honorary doctorate from Northeastern University in May 2019. Dr. Khoury is a highly effective leader in organizational design and development matters and has been instrumental in identifying and attracting our managerial talent, team of highly accomplished scientists and board members. He has an intimate knowledge of the Company, our industry and our competitors. All of the above experience and leadership roles uniquely qualify him to serve as our Company's Chairman of the board of directors.

David Helfet, M.D., Age 75 2020

Dr. Helfet is one of our co-founders and has served as our Chief Medical Officer and on our board of directors since May 2020. He is currently a Professor of Orthopedic Surgery at the Weill Medical College of Cornell University and Director of the Combined Orthopedic Trauma Service at both the Hospital for Special Surgery and New York-Presbyterian Hospital. He has served on several committees of the American Academy of Orthopedic Surgeons, the AO/ASIF Foundation (currently the Chairman of AO Documentation and Publishing), AO North America and the American Board of Orthopedic Surgery, among others. In addition, Dr. Helfet has been extensively involved in the Orthopedic Trauma Association, including as President from 1998 to 1999, and is still on its board as a past President. He was Assistant Professor of Orthopedic Surgery at Johns Hopkins University School of Medicine from 1982 to 1986, Associate Professor and Chief of Orthopedic Trauma at the University of South Florida School of Medicine/Tampa General Hospital from 1986 to 1991 and at the Cornell University Medical College from 1991 to 1998. Dr. Helfet has been the recipient of many honors and awards, has published extensively on orthopedic trauma topics and is annually ranked as one of New York Magazine's "Best Doctors in New York" and Castle-Connolly's "America's Top Doctors." Dr. Helfet completed his undergraduate studies at the University of Cape Town, receiving a Bachelor of Science degree in biochemistry with honors, followed by medical school, where he received Bachelor of Medicine and Bachelor of Surgery degrees in 1975. His internship and surgical residency were completed at Edendale Hospital in Pietermaritzburg, South Africa and at Johns Hopkins University in Baltimore, Maryland, followed by orthopedic residency also at Johns Hopkins University, then fellowships at the University of Bern, Insel Hospital in 1981 and at UCLA from 1981 to 1982. Dr. Helfet brings a unique perspective to our board of directors as a world renowned orthopedic surgeon, which, along with his intimate knowledge of our Company and our industry, uniquely qualifies him to serve as a member of our board of directors.

Michael Senft, Age 64 2020

Mr. Senft has served on our board of directors, and as the Lead Independent Director since June 2020. Over the past three years, Mr. Senft has served as a strategic advisor to several other venture stage companies, including acting as senior advisor to Critical Response Group, a venture-stage company established to apply battlefield protocols to homeland security applications. From 2014 to 2018, Mr. Senft served as Vice President — Chief Financial Officer, Treasurer and Head of Investor Relations of KLX Inc. Prior to his role at KLX Inc., Mr. Senft was an investment banker for over 30 years, including roles as Senior Managing Director at Moelis & Company, Global Head of Leveraged Finance at CIBC and Global Co-Head of Leveraged Finance at Merrill Lynch. Mr. Senft has also served on the Boards of Directors of B/E Aerospace, Del Monte Foods and Moly Mines Ltd. Mr. Senft received his Bachelor of Arts degree in Economics from Princeton University and his Master of Business Administration degree from the Stern School of Business at New York University. Mr. Senft's education and extensive experience in strategic business planning, coupled with a deep understanding of our business, uniquely qualify him to serve as a member of our board of directors.

Thomas P. McCaffrey, Age 68 2021

Mr. McCaffrey has served on our board of directors since November 2021. He has been a member of the Board of Directors of KLX Energy since April 22, 2020. Mr. McCaffrey served as President, Chief Executive Officer and Chief Financial Officer of KLX Energy from May 2020 until July 2020 and as Senior Vice President and Chief Financial Officer of KLX Energy from September 2018 until April 30, 2020. Prior to that, Mr. McCaffrey served as President and Chief Operating Officer of KLX Inc. from December 2014 until its sale to The Boeing Company in October 2018 and as Senior Vice President and Chief Financial Officer of B/E Aerospace from May 1993 until December 2014. Prior to joining B/E Aerospace, Mr. McCaffrey practiced as a Certified Public Accountant for 17 years with a large international accounting firm and a regional accounting firm based in California. Since 2016, Mr. McCaffrey has served as Vice Chair of the Board of Trustees of Palm Beach Atlantic University and serves as a member of its various committees and is currently Chairman of its Audit Committee. Mr. McCaffrey received his Bachelor of Science degree in Business Administration with a concentration in Accounting from California Polytechnic State University-San Luis Obispo. Our board of directors benefits from Mr. McCaffrey's extensive leadership experience, thorough knowledge of our business and extensive strategic planning and public company experience.

Heather Floyd, Age 44 2021

Ms. Floyd has served on our board of directors since November 2021. Ms. Floyd also currently serves as Vice President, Finance & Controller at Sequa Corporation (parent company of Chromalloy). Previously, Ms. Floyd served as Vice President — Finance and Corporate Controller of KLX Energy and Vice President — Finance and Corporate Controller of KLX Inc. from February 2014 until September 2021. Ms. Floyd has over 20 years of combined accounting, auditing, financial reporting and Sarbanes-Oxley compliance experience. Prior to joining KLX Inc., Ms. Floyd held various positions at B/E Aerospace, including most recently Vice President — Internal Audit. Prior to joining B/E Aerospace, Ms. Floyd served as an Audit Manager with Ernst & Young and in various accounting roles at Corporate Express, now a subsidiary of Staples. Ms. Floyd is a Certified Public Accountant licensed to practice in Florida. Ms. Floyd received her Bachelor of Science and Engineering and Bachelor of Business Administration in International Business and Trade from Florida Atlantic University. Ms. Floyd's extensive accounting, auditing, financial reporting and public company experience qualify her to serve as a member of our board of directors.

Timothy J. Scannell, Age 58 2022

Mr. Scannell has been a director since May 2022. Mr. Scannell brings over 30 years of experience and success delivering market-leading results from his leadership roles at Stryker, one of the world's leading medical technology companies. Mr. Scannell served as President and Chief Operating Officer of Stryker between 2018 and 2021, overseeing all of Stryker's commercial businesses and regions globally. Prior to this, he served as group president for Stryker's MedSurg & Neurotechnology businesses for ten years. Mr. Scannell currently serves as a director and non-executive chairman of the Board of Directors for Insulet Corporation and is a director on the boards of Novocure Limited, Renalytix plc and Collagen Matrix, Inc. Mr. Scannell attended the University of Notre Dame, where he received a bachelor's degree in Business Administration and Marketing and

his Master of Business Administration. Mr. Scannell's extensive leadership experience, particularly with respect to public companies within the medical industry, qualify him to serve as a member of our board of directors.

Stephen M. Ward, Jr., Age 67 2022

Mr. Ward has been a director since November 2022. Mr. Ward is the retired President, Chief Executive Officer and a member of the Board of Directors of Lenovo Corporation, the international company formed by the acquisition of IBM Corporation's personal computer business by Lenovo. Mr. Ward had spent 26 years at IBM Corporation holding various management positions, including Chief Information Officer and Senior Vice President and General Manager, Personal Systems Group. Mr. Ward has been a director of Carpenter Technology Corporation since 2001, where he is the Chair of the Corporate Governance Committee and a member of the Compensation and Science and Technology Committees. Mr. Ward is a founding team member and board member of C3.AI, an Artificial Intelligence SaaS company that develops software for business transformation, analytics and control. Mr. Ward is the Chairman of the Compensation Committee and a member of the Nominating and Corporate Governance Committee of C3.AI. Mr. Ward served as a member of the Board of Directors of KLX Energy from September 2018 to May 2021. He also served on the Board of Directors of KLX Inc. from December 2014 until its sale to The Boeing Company in October 2018. Mr. Ward was previously a board member and co-founder of E2open, a maker of enterprise software, a board member of E-Ink, a maker of high-tech screens for e-readers and computers, a director at Vonage Holdings Corp. from June 2021 to July 2022 until its sale to Telefonaktiebolaget LM Ericsson, an internet communications company, and a member of the board of QDVision, the developer and a manufacturer of quantum dot technology for the computer, TV and display industries until its sale to Samsung in 2016. Mr. Ward attended the California Polytechnic State University-San Luis Obisqo, where he received a bachelor's degree in Mechanical Engineering. Our board of directors believes that Mr. Ward's broad executive experience and focus on innovation enables him to share with our board of directors valuable perspectives on a variety of issues relating to management, strategic planning, tactical capital investments and growth.

Brad Feld, Age 57 2023

Mr. Feld has been a director since January 2023 and served as a member of the Molekule, Inc. board of directors since April 2022. Mr. Feld is a founding partner of Foundry Group, a venture capital firm with more than $4 billion in assets under management. Mr. Feld has been a board member of, advisor to and investor in other well-known technology companies, including Fitbit (now owned by Alphabet), Zynga (now owned by Take-Two Interactive) and SendGrid (now owned by Twilio Inc.). Currently, Mr. Feld serves on the boards of a number of private companies as well, including Formlabs Inc., Glowforge Inc., Sphero, Inc. and Techstars, which Mr. Feld also co-founded. Mr. Feld holds a Bachelor of Science and a Master of Science in management science from the Massachusetts Institute of Technology. Our board of directors believes Mr. Feld's qualifications to serve on our board of directors include his extensive investment experience and network in the technology sector.

Structure of the Board of Directors

Our board of directors consists of eight directors, and each director's term expires at each annual meeting of stockholders.

In connection with our acquisition of Molekule, Inc., on January 12, 2023, certain stockholders of the Company and certain former stockholders of Molekule, Inc. representing approximately 56.6% of the voting power of our common stock entered into a Stockholders Agreement providing that such stockholders will take all reasonable actions to nominate the existing members of our board of directors to be members of our board of directors until immediately after our 2024 annual meeting of stockholders.

Director Independence

Our board of directors has determined that Dr. Helfet, Messrs. McCaffrey, Scannell, Senft, Ward and Feld and Ms. Floyd are each an "independent director" under the Nasdaq listing rules, which is defined generally as a person other than an officer or employee of the company or its subsidiaries or any other individual having a relationship that, in the opinion of the company's board of directors, would interfere with the director's exercise of independent judgment in carrying out the responsibilities of a director. The board of directors determines the independence of directors annually based on a review by the directors and the Nominating and Corporate

Governance Committee. In determining whether a director is independent, our board of directors determines whether each director meets the objective standards for independence set forth in the rules of Nasdaq.

Audit Committee

We have a separately-designated standing audit committee (the "Audit Committee") established in accordance with Section 3(a)(58)(A) of the Exchange Act. Ms. Floyd (Chair) and Messrs. McCaffrey, and Senft currently serve as members of the Audit Committee. Under the current SEC rules and the Nasdaq rules, all of the members are independent. Our Board has determined that Ms. Floyd and Messrs. McCaffrey are each an "audit committee financial expert" in accordance with current SEC rules. All members of the Audit Committee are independent, as that term is used in Item 407 of Regulation S-K of the federal securities laws.

Compensation Committee

The Compensation Committee is currently composed of Messrs. McCaffrey, Scannell and Senft, Ms. Floyd and Dr. Helfet, with Mr. McCaffrey serving as chair. All of the members of the Compensation Committee are independent as defined by Nasdaq listing rules and are non-employee directors.

Nominating and Corporate Governance Committee

The Nominating and Corporate Governance Committee is composed of Messrs. McCaffrey, Scannell and Senft, Ms. Floyd and Dr. Helfet, with Mr. Scannell serving as chair. All of the members of the Nominating and Corporate Governance Committee are independent as defined by the Nasdaq listing rules.

Code of Business Conduct

Our Board has adopted a code of ethics and business conduct that applies to all of our directors, officers and employees, including our principal executive officer, principal financial officer and all other employees performing a similar function. We maintain a copy of our code of ethics and business conduct, including any amendments thereto and any waivers applicable to any of our directors and officers, on our website at www.molekule.com.

Item 11. Executive Compensation

This section discusses the material components of the executive compensation program for our "named executive officers." As a "smaller reporting company" and an "emerging growth company", each as defined in the JOBS Act, we are not required to include a Compensation Discussion and Analysis and have elected to comply with the scaled disclosure requirements applicable to smaller reporting companies and emerging growth companies. In 2022, our "named executive officers" were as follows:

- Jason DiBona, Chief Executive Officer;
- Ryan Tyler, Chief Financial Officer; and
- Mark Krosney, Chief Scientific Officer.

Summary Compensation Table

The following table sets forth information concerning the compensation of our named executive officers for the years ended December 31, 2022 and 2021.

Name and Principal Position	Year	Salary ($)	Bonus ($)[1]	Stock Awards ($)[2]	All Other Compensation ($)[3]	Total ($)
Jason DiBona	2022	294,000	110,000	294,002	8,450	706,452
Chief Executive Officer	2021	280,000	165,000	2,955,130	8,450	3,408,580
Ryan Tyler	2022	231,000	140,000	173,252	—	544,252
Chief Financial Officer	2021	220,000	115,500	1,477,560	—	1,813,060
Mark Krosney	2022	—	—	—	162,504	162,504
Chief Scientific Officer	2021	—	—	—	162,504	162,504

(1) Messrs. DiBona and Tyler earned annual cash bonuses for 2022 equal to $110,000 and $140,000, respectively, which were paid in March 2023. Messrs. DiBona and Tyler earned annual cash bonuses for 2021 equal to $165,000 and $115,500, respectively, which were paid in March 2022. Mr. Krosney did not earn an annual cash bonus for 2022 or 2021.

(2) The amounts reported represent the aggregate full grant date fair value calculated in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 718 (without any reduction for risk of forfeiture), rather than the amounts paid to or realized by the named individual. For more information about our adoption of FASB ASC 718 and how we value stock-based awards (including assumptions made in such valuation), refer to Note 11 to our consolidated audited financial statements for the fiscal year ended December 31, 2022 included elsewhere in this Annual Report.

(3) Amounts in this column for 2022 represent: (i) for Mr. DiBona, total car allowance payments of $8,450; and (ii) for Mr. Krosney, aggregate consulting fees of $162,504. Amounts in this column for 2021 represent: (i) for Mr. DiBona, total car allowance payments of $8,450; and (ii) for Mr. Krosney, aggregate consulting fees of $162,504.

Narrative to Summary Compensation Table

2022 Salary and Consulting Fees

For 2022, Messrs. DiBona and Tyler received a base salary at a per annum rate of $294,000 and $231,000, respectively, to compensate them for services rendered to our Company.

The base salary payable to each of Messrs. DiBona and Tyler is intended to provide a fixed component of compensation reflecting the executive's skill set, experience, role and responsibilities.

Mr. Krosney provided consulting services to us for the entirety of 2022 and did not receive a base salary. The aggregate amount of the consulting fees paid to Mr. Krosney in 2022 was equal to $162,504. There is no written consulting agreement with respect to the consulting services provided by Mr. Krosney.

2022 Bonuses

For 2022, Messrs. DiBona and Tyler were eligible to receive a discretionary annual cash bonus as determined by our board of directors in its sole discretion, targeted for Messrs. DiBona and Tyler at a percentage of base salary equal to 100% and 70%, respectively. We will pay annual cash bonuses of $110,000 and $140,000 to Messrs. DiBona and Tyler, respectively, in March 2023 for 2022 performance.

Equity Compensation

We adopted the 2021 Incentive Award Plan (the "2021 Plan") in connection with the IPO in order to facilitate the grant of cash and equity incentives to directors, employees (including Messrs. DiBona and Tyler) and consultants (including Mr. Krosney) of our

Company and certain of its affiliates and to enable our Company and certain of its affiliates to obtain and retain services of these individuals, which is essential to our long-term success.

On June 1, 2022, the Company granted Messrs. DiBona and Tyler 141,347 and 83,294 restricted stock units, respectively, under the 2021 Plan. For more information, please see "— *Outstanding Equity Awards at Fiscal Year-End*" below.

Employee Benefits

Health/Welfare Plans

In 2022, Messrs. DiBona and Tyler were eligible to participate in our health and welfare plans, including medical, dental and vision benefits, short-term and long-term disability insurance and life insurance.

No Tax Gross-Ups

We do not make gross-up payments to cover our named executive officers' personal income taxes that may pertain to any of the compensation or perquisites paid or provided by our Company.

Outstanding Equity Awards at Fiscal Year-End

The following table provides information concerning outstanding equity awards held by each named executive officer as of December 31, 2022.

		Stock Awards			
Name	**Grant Date**	**Number of shares that have not vested**	**Market Value of shares or units of stock that have not vested ($)[3]**	**Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested**	**Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights that Have Not Vested**
Jason DiBona	6/1/2022[1]	141,347	442,416	—	—
	11/29/2021[2]	119,159	372,968	—	—
	11/29/2021[1]	38,131	119,350	—	—
Ryan Tyler	6/1/2022[1]	83,294	260,710	—	—
	11/29/2021[2]	59,579	186,482	—	—
	11/29/2021[1]	19,066	59,677	—	—
Mark Krosney	—	—	—	—	—

(1) Awards constitute restricted stock units that will vest in equal installments on each of the first three anniversaries of the grant date, subject to the applicable named executive officer's continued service through the applicable vesting dates.

(2) Awards constitute restricted stock units that will vest in equal installments on each of the first two anniversaries of the grant date, subject to the applicable named executive officer's continued service through the applicable vesting dates.

(3) Values are based on the closing price of $3.13 per share of our common stock on December 30, 2022, as quoted on the Nasdaq Capital Market.

Employment Agreements

We entered into employment agreements with each of Messrs. DiBona and Tyler on November 1, 2020, which were subsequently amended on May 1, 2021 (the "Original Employment Agreements"), providing for their positions as Chief Executive Officer and Chief Financial Officer, respectively. The Original Employment Agreements provided for (i) at-will employment and no fixed term, (ii) an

annual base salary for Messrs. DiBona and Tyler of $280,000 and $220,000, respectively, and (iii) eligibility to receive a discretionary annual cash bonus, based upon achievement of annual performance targets, targeted for Messrs. DiBona and Tyler at a percentage of base salary equal to 100% and 70%, respectively.

Pursuant to their respective Original Employment Agreements, upon a termination of employment by us without Cause (as defined in the applicable Original Employment Agreement), each of Messrs. DiBona and Tyler would have received continued payment of his respective base salary for a period of six months following the applicable executive's termination of employment. In addition, upon a termination of employment by us without Cause or by either of Messrs. DiBona and Tyler for Good Reason (as defined in the applicable Original Employment Agreement), in each case during the 12-month period following the occurrence of a Change of Control (as defined in the applicable Original Employment Agreement), the vesting of the applicable executive's outstanding time-vesting equity awards would have accelerated and vested in full. In order to receive any of the foregoing severance payments and benefits, Messrs. DiBona and Tyler would have been required to execute a separation agreement containing a release of claims in favor of us.

On October 3, 2022, we entered into amended and restated employment agreements with each of Messrs. DiBona and Tyler, pursuant to which such executives continued as our Chief Executive Officer and Chief Financial Officer, respectively, each effective as of the closing of our acquisition of Molekule, Inc. on January 12, 2023, and which completely replaced and superseded the Original Employment Agreements (each such new employment agreement, a "New Employment Agreement").

Pursuant to their respective New Employment Agreements, (i) Mr. DiBona receives a base salary of $350,000 and (ii) Mr. Tyler receives a base salary of $300,000. In addition, each of Messrs. DiBona and Tyler is eligible for a target annual bonus equal to 60% of each such executive's annual base salary. Each New Employment Agreement provides that the base salary of the applicable executive officer may be adjusted from time to time but may not be adjusted below the executive's base salary for the preceding year. In addition, each New Employment Agreement provides that no executive will be required to move his principal place of business to a location that is more than 30 miles from his current principal place of business.

In addition, pursuant to their respective New Employment Agreements, each of Messrs. DiBona and Tyler is not eligible to receive severance payments or benefits in the event of a resignation for Good Reason, (as defined in the applicable New Employment Agreement) constructive termination or similar event. However, in the event that any of Messrs. DiBona and Tyler is terminated by us without Cause (as defined in the applicable New Employment Agreement) at any time, such executive will be entitled to receive an amount equal to his base salary and employer-paid healthcare coverage for a severance period of 12 months. To the extent any such termination occurs within 12 months following a Change of Control (as defined in the applicable New Employment Agreement), all of the executive's time-based equity awards will become fully vested.

We also entered into a Confidentiality, Non-Competition, Non-Solicitation and Inventions Assignment Agreement with each of Messrs. DiBona and Tyler, which contains (i) a confidentiality covenant that applies during the course of the executive's employment with us and perpetually following his termination of employment, (ii) a non-competition covenant that applies during the course of the executive's employment with us and for a period of two years following his termination of employment and (iii) customer and employee non-solicitation covenants that apply during the course of the executive's employment with us and for a period of two years following his termination of employment.

Mr. Krosney provided consulting services to us for the entirety of 2022. There is no written consulting agreement with respect to the consulting services provided by Mr. Krosney.

Director Compensation

The following table sets forth information concerning the compensation of our non-employee directors for the year ended December 31, 2022.

Name[3]	Fees Earned or Paid in Cash ($)	Stock Awards[1][2] ($)	All Other Compensation ($)	Total ($)
Amin J. Khoury, PhD (Hon)	—	125,002	—	125,002
David Helfet, M.D.	—	110,001	—	110,001
Michael Senft	—	125,002	—	125,002
Thomas P. McCaffrey	—	120,001	—	120,001
Heather Floyd	—	120,001	—	120,001
Timothy J. Scannell	—	193,071	—	193,071
Stephen Ward	—	278,806	—	278,806

(1) The amounts reported represent the aggregate full grant date fair value of applicable stock awards issued in 2022, calculated in accordance with FASB ASC Topic 718 (without any reduction for risk of forfeiture), rather than the amounts paid to or realized by the named individual. For more information about our adoption of FASB ASC Topic 718 and how we value stock-based awards (including assumptions made in such valuation), refer to Note 11 to our audited financial statements for the fiscal year ended December 31, 2022 included elsewhere in this Annual Report.

(2) The table below shows the aggregate number of unvested restricted stock units held as of December 31, 2022 by each non-employee director who was serving as of December 31, 2022:

Name	Unvested Restricted Stock Units (#)
Amin J. Khoury, PhD (Hon)	85,339
David Helfet, M.D.	73,319
Michael Senft	85,339
Thomas P. McCaffrey	82,935
Heather Floyd	82,935
Timothy J. Scannell	92,289
Stephen Ward	92,000

(3) Since Mr. Feld joined our board of directors on January 12, 2023 and did not receive any compensation for 2023 from us during the fiscal year ended on December 31, 2022, he is not shown in the table.

2022 Equity Awards

On May 11, 2022, we granted 37,000 restricted stock units to Mr. Scannell. On June 1, 2022, we granted 60,097 restricted stock units to each of Dr. Khoury and Mr. Senft, 52,885 restricted stock units to Dr. Helfet, 57,693 restricted stock units to each of Mr. McCaffrey and Ms. Floyd and 55,289 restricted stock units to Mr. Scannell. On November 10, 2022, we granted 92,000 restricted stock units to Mr. Ward. Each award of restricted stock units is eligible to vest in three equal installments on each of the first three anniversaries of the grant date, subject to the applicable director's continued service to us through the applicable vesting date. Notwithstanding the foregoing, any unvested portion of a director's award of restricted stock units will vest in full immediately prior to the consummation of a change in control (as defined in the applicable award agreement), subject to the applicable director's continued service to us through such date.

Director Deferred Compensation Plan

Effective January 1, 2022, we adopted the Non-Employee Directors Stock and Deferred Compensation Plan (the "Director Deferred Compensation Plan"). As of the date of this Annual Report, none of our directors have made elections under the Director Deferred Compensation Plan.

An aggregate of up to 277,273 shares of our common stock may be delivered pursuant to the Director Deferred Compensation Plan. Subject to the terms and conditions of the Director Deferred Compensation Plan, each non-employee director may elect to defer his or her eligible compensation for any calendar year. Eligible compensation includes retainer and/or meeting fees for services as a director, which may be payable in cash or shares of our common stock. With respect to cash compensation, a director may elect, in lieu of cash, to receive such compensation in shares of our common stock, to defer such compensation in a cash account or to defer such compensation in a stock unit account (or any combination thereof). With respect to equity compensation, a director may elect, in lieu of common stock, to defer all or a portion of such compensation in a stock unit account. The portion of eligible compensation subject to deferral or payment in shares of our common stock is limited to increments of 25%, 50%, 75% and 100%.

If an eligible director makes an election to defer the receipt of his or her compensation in cash, then each quarter, the participant's cash account will be credited with earnings reasonably determined by the plan administrator to be allocable to such account. If an eligible director makes an election to defer the receipt of his or her stock or cash compensation in a stock unit account, although such participant will not be entitled to any voting or other stockholder rights with respect to stock units granted or credited under the Director Deferred Compensation Plan, each quarter, such participant's stock unit account will be credited with additional stock units equal to the amount of dividends paid during the quarter on a number of shares equal to the aggregate number of stock units in the stock unit account divided by the average fair market value of a share of common stock as of the applicable crediting date. All stock units or other amounts credited to a participant's account will at all times be fully vested and not subject to a risk of forfeiture.

In the event of a Change in Control (as defined in the Director Deferred Compensation Plan), or in the event that a participant ceases to serve as a director, the crediting of amounts to a cash account and the crediting of stock units to a stock unit account would accelerate to the date of the Change in Control or termination of service. Our Board may terminate or discontinue the Director Deferred Compensation Plan at any time, and the Director Deferred Compensation Plan will automatically terminate upon a Change in Control. No benefits will accrue in respect of eligible compensation earned after a discontinuance or termination of the Director Deferred Compensation Plan.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

Securities Authorized for Issuance under Equity Compensation Plans

In conjunction with our IPO, we adopted the 2021 Plan, the Employee Stock Purchase Plan (the "ESPP") and the Director Deferred Compensation Plan. We have not yet granted any awards or securities under the ESPP or the Director Deferred Compensation Plan.

The following table summarizes equity compensation plan information for the 2021 Plan, the ESPP and the Director Deferred Compensation Plan, all stockholder approved, as a group, as of December 31, 2022.

Plan Category	Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights[1] (#) (a)	Weighted-average Exercise Price of Outstanding Options, Warrants and Rights ($) (b)	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column (a))[3] (#) (c)
Equity Compensation Plans Approved by Stockholders	1,183,113	n/a [2]	3,196,712
Equity Compensation Plans not Approved by Stockholders	n/a	n/a	n/a
Total	**1,183,113**	**—**	**3,196,712**

(1) This column is comprised of 1,183,113 shares of our common stock subject to unvested restricted stock units granted under the 2021 Plan.

(2) The weighted-average exercise price is required to be calculated based solely on the exercise prices of outstanding options (there were none as of December 31, 2022) and does not reflect the shares that will be issued upon the vesting of outstanding restricted stock units, which have no exercise price.

(3) This column is comprised of (i) 2,780,803 shares of our common stock that remain available for future issuance under the 2021 Plan, (ii) 277,273 shares of our common stock that remain available for future issuance under the Director Deferred Compensation Plan and (iii) 138,636 shares of our common stock that remain available for future issuance under the ESPP.

Security Ownership of Certain Beneficial Owners and Management

The following table and notes thereto set forth certain information with respect to the beneficial ownership of the Company's common stock as of March 22, 2023, except as otherwise noted, by (i) each person who is known to us to beneficially own more than 5% of the outstanding shares of common stock of the Company, (ii) each of the Company's named executive officers, (iii) each of the Company's directors and (iv) all of the Company's executive officers and directors as a group.

We have determined beneficial ownership in accordance with SEC rules. Except as indicated in the footnotes below, we believe, based on the information furnished to us, that the persons and entities named in the table below have sole voting and investment power with respect to all shares of common stock that they beneficially own, subject to applicable community property laws.

Applicable percentage ownership is based on 30,427,750 shares of common stock outstanding at March 22, 2023. In computing the number of shares of common stock beneficially owned by a person or entity and the percentage ownership of that person or entity, we deemed to be outstanding all shares of common stock subject to restricted stock units held by that person or entity that are vested or that will vest within 60 days of March 22, 2023. We did not deem these shares outstanding, however, for the purpose of computing the

percentage ownership of any other person or entity. Unless otherwise indicated, the address of each beneficial owner listed in the table below is c/o Molekule Group, Inc., 10455 Riverside Drive, Palm Beach Gardens, FL 33410.

Name of Beneficial Owner	Shares Beneficially Owned	Percentage of Shares Beneficially Owned
5% Stockholders		
Foundry Group Next, L.P.[1]	7,217,710	23.7 %
Entities associated with Crosslink[2]	2,355,290	7.7 %
Entities associated with Uncork Capital[3]	1,702,824	5.6 %
Lewis Pell[4]	1,569,060	5.2 %
Named Executive Officers and Directors		
Amin J. Khoury, PhD (Hon)[5]	4,132,414	13.6 %
David Helfet, M.D.[6]	770,107	2.5 %
Mark Krosney	256,728	*
Michael Senft[7]	50,483	*
Thomas P. McCaffrey[8]	199,129	*
Heather Floyd[9]	12,621	*
Timothy J. Scannell[10]	12,333	—
Stephen M. Ward, Jr.[11]	—	—
Brad Feld[1]	7,217,710	23.7 %
Jason DiBona[12]	138,224	*
Ryan Tyler[13]	69,112	*
All Executive Officers and Directors as a Group (12 persons)[14]	13,079,697	43.0 %

* Less than one percent.

(1) Based solely on information reported in a Schedule 13D, filed with the SEC on January 23, 2023 by Foundry Group Next, L.P. ("Foundry"). As reported in such filing, Foundry has shared voting power with respect to 7,217,710 shares and shared dispositive power with respect to 7,217,710 shares. Foundry is the holder of the shares of common stock reported therein, and each of (i) Foundry's general partner, FG Next GP, L.L.C. ("Foundry GP"), and (ii) Brad Feld, as managing director of Foundry GP, may be deemed to be indirect beneficial owners of such shares. Foundry GP and Brad Feld disclaim beneficial ownership of the securities except to the extent of their respective pecuniary interests therein. The principal business address of Foundry is 645 Walnut St., Boulder, CO 80306. Following the closing of the Molekule merger, Brad Feld received a one-time initial grant of 92,000 Restricted Stock Units.

(2) Consists of the aggregate holdings of common stock of: (i) Crosslink Crossover Fund VII, L.P. ("Crossover VII"), (ii) Crosslink Crossover Fund VIII, L.P. and Crosslink Crossover Fund VIII-B, L.P. (collectively, the "Crossover VIII Funds"); (iii) Crosslink Endeavour Fund I, L.P. ("Crosslink Endeavour"); (iv) Crosslink Ventures VII, L.P. and Crosslink Ventures VII-B, L.P. (collectively, the "Crosslink Ventures Funds"); and (v) Crosslink Bayview VII, L.L.C. Crosslink Capital, Inc. ("Crosslink Inc.") serves as the investment adviser of the Crosslink Ventures Funds, Crosslink Bayview VII, L.L.C., Crossover VII and the Crossover VIII Funds and has shared voting and investment control over the shares held by such entities and may be deemed to beneficially own the shares held by such entities. Crosslink LLC serves as the investment adviser of Crosslink Endeavor and has shared voting and investment control over the shares held by such entity and may be deemed to beneficially own the shares owned by such entity. The shares held by Crossover VII may be deemed to be indirectly beneficially owned by its general partner, Crossover Fund VII Management, L.L.C. The shares held by the Crossover VIII Funds may be deemed to be indirectly beneficially owned by their general partner, Crossover Fund VIII Management, L.L.C. The shares held by Crosslink Endeavour may be deemed to be indirectly beneficially owned by its general partner, Endeavour I Holdings, L.L.C. The shares held by the Crosslink Ventures Funds may be deemed to be indirectly beneficially owned by their general partner, Crosslink Ventures VII Holdings, L.L.C. The shares held by Crosslink Bayview VII, LLC may be deemed to be indirectly beneficially owned by its manager, Crosslink Ventures VII Holdings, L.L.C. Michael J. Stark is the control person of Crosslink Inc. In that capacity, he shares voting and dispositive power over the shares held by Crossover VII, the Crossover VIII Funds, the Crosslink Ventures Funds and Crosslink Bayview VII, LLC and may be deemed to beneficially own the shares held by such entities. Michael J. Stark, David R. Silverman and Eric J. Chin are the control persons of Crosslink LLC, and in that capacity, they share voting and dispositive power over the shares held by Crosslink Endeavour

and may be deemed to beneficially own the shares held by such entity. Crosslink Inc. and Crosslink LLC are related entities and may constitute a group with respect to the shares. Those entities and their control persons may be deemed to beneficially own the shares beneficially held by Crossover VII, the Crossover VIII Funds, the Crosslink Ventures Funds, Crosslink Bayview VII, L.L.C. and Crosslink Endeavour. The aforementioned general partners, Michael J. Stark, David R. Silverman and Eric Chin disclaim beneficial ownership of the securities except to the extent of their respective pecuniary interests therein. The principal business address of the foregoing entities is 2180 Sand Hill Road, Suite 200, Menlo Park, CA 94025.

(3) Consists of the aggregate holdings of: (i) SoftTech VC IV, LP; (ii) SoftTech VC PLUS, LP; and (iii) Uncork Plus II LP. The shares held by the foregoing entities may be deemed to be indirectly beneficially owned by (i) their general partners, respectively, SoftTech VC IV, LLC, SoftTech VC PLUS, LLC and Uncork Plus II GP, LLC (collectively, the "Uncork GPs") and (ii) Jean-Francois Clavier, the managing member of each of the Uncork GPs. The Uncork GPs and Jean-Francois Clavier disclaim beneficial ownership of the securities except to the extent of their respective pecuniary interests therein. The principal business address of the foregoing entities is c/o Uncork Capital, 500 2nd Street, 3rd Floor San Francisco, CA 94107.

(4) Based solely on information reported in a Schedule 13G, filed with the SEC on February 14, 2022, by Mr. Pell. As reported in such filing, Mr. Pell has sole voting power with respect to 1,569,060 shares and sole dispositive power with respect to 1,569,060 shares.

(5) Includes 12,621 shares of common stock underlying vested restricted stock units that have not yet settled and excludes 735,338 shares of common stock underlying restricted stock units that do not vest within 60 days of March 22, 2023.

(6) Includes 10,517 shares of common stock underlying vested restricted stock units that have not yet settled and excludes 73,919 shares of common stock underlying restricted stock units that do not vest within 60 days of March 22, 2023.

(7) Includes 12,621 shares of common stock underlying vested restricted stock units that have not yet settled and excludes 85,338 shares of common stock underlying restricted stock units that do not vest within 60 days of March 22, 2023.

(8) Includes 12,621 shares of common stock underlying vested restricted stock units that have not yet settled and excludes 82,934 shares of common stock underlying restricted stock units that do not vest within 60 days of March 22, 2023. Does not include 186,509 shares of common stock held by the 2012 McCaffrey Family Trust.

(9) Includes 12,621 shares of common stock underlying vested restricted stock units that have not yet settled and excludes 82,934 shares of common stock underlying restricted stock units that do not vest within 60 days of March 22, 2023.

(10) Excludes 79,956 shares of common stock underlying restricted stock units that do not vest within 60 days of March 22, 2023.

(11) Excludes 92,000 shares of common stock underlying restricted stock units that do not vest within 60 days of March 22, 2023.

(12) Includes 138,224 shares of common stock underlying vested restricted stock units that have not yet settled and excludes 561,776 shares of common stock underlying restricted stock units that do not vest within 60 days of March 22, 2023.

(13) Includes 69,112 shares of common stock underlying vested restricted stock units that have not yet settled and excludes 630,888 shares of common stock underlying restricted stock units do not vest within 60 days of March 22, 2023.

(14) Includes 489,173 shares of common stock underlying vested restricted stock units that have not yet settled and excludes 2,916,580 shares of common stock underlying restricted stock units that do not vest within 60 days of March 22, 2023.

Item 13. Certain Relationships and Related Transactions, and Director Independence

Our certificate of incorporation provides that no contract or transaction between us and one or more of our directors or officers (including entities or other organizations in which one or more of our directors or officers have a financial interest) shall be void or voidable solely for that reason, or because such director or officer is present at, participates in, or his or her vote is counted at the meeting where the contract or transaction is authorized, if (i) the material facts of the director's or officer's interest in the contract or transaction are disclosed to or known by the Board or committee thereof and the Board or the committee thereof in good faith authorizes the contract or transaction by an affirmative vote of a majority of the disinterested directors (even if less than a quorum), (ii) the material facts of the

director's or officer's interest in the contract or transaction are disclosed to or known by the stockholders entitled to vote thereon, and the contract or transaction is specifically approved in good faith by a vote of the stockholders, or (iii) the contract or transaction is fair to our Company at the time that it is authorized, approved or ratified by the Board, a committee thereof or the stockholders.

Our Board adopted a written policy pursuant to which our Audit Committee will be presented with a description of any related party transactions for them to consider for approval. The policy is designed to operate in conjunction with and as a supplement to the provisions of our Code of Ethics and Business Conduct, a copy of which is posted on our website investors.molekule.com.

The policy generally provides that our management will gather information with respect to actual or potential related party transactions and then present to the Audit Committee for approval any transaction at or above an amount that exceeds $120,000 in which the related person may have a direct or indirect interest. In determining whether to approve or ratify a related party transaction, we expect the Audit Committee to consider the following: whether the related party transaction is on terms no less favorable than terms generally available to an unaffiliated third party under the same or similar circumstances; and the extent of the related party's interest in the related party transaction. The policy also identifies certain types of transactions that our Board has pre-identified as not involving a direct or indirect material interest and are, therefore, not considered related party transactions for purposes of the policy.

Furthermore, under our Code of Ethics and Business Conduct persons other than directors and executive officers who have questions about a potential conflict of interest or who become aware of an actual or potential conflict should discuss the matter with, and seek a determination and prior authorization or approval from, the Chief Financial Officer. The Chief Financial Officer may not authorize or approve conflict of interest matters or make determinations as to whether a problematic conflict of interest exists without first providing the Chief Executive Officer with a written description of the activity and seeking the Chief Executive Officer's written approval. If the Chief Financial Officer is involved in the potential or actual conflict, the matter will instead be discussed directly with the Audit Committee. Directors and executive officers must seek determinations and prior authorizations or approvals of potential conflicts of interest exclusively from the Audit Committee.

Other than compensation arrangements, we describe below transactions and series of similar transactions since January 1, 2022, to which we were a party or will be a party, in which:

- the amounts involved exceeded or will exceed the lesser of $120,000 or 1% of the average of our total assets at year-end for the last two completed fiscal years; and

- any of our directors, executive officers or holders of more than 5% of any class of our voting securities, or any member of the immediate family of the foregoing persons, had or will have a direct or indirect material interest.

Our Chairman, Dr. Khoury, owns 50% of the limited liability company that is the landlord for our corporate headquarters. Annual rent under our lease is $260,000, increasing 2.5% on each anniversary. The lease term is 10 years beginning from March 1, 2021. As of December 31, 2022, the Company's remaining payments under the lease approximated $2,430,820.

Upon the completion of our IPO, we entered into a registration rights agreement with our Chairman and each of our other stockholders that held 10% or more of our outstanding shares of common stock upon completion of the IPO. On January 12, 2023, we amended and restated this registration rights agreement to include Crosslink Inc. and Foundry. The registration rights agreement provides (x) our Chairman, Crosslink Inc. and Foundry with "demand" registration and customary "piggyback" registration rights and (y) our other stockholders party to the registration rights agreement with customary "piggyback" registration rights. The registration rights agreement also provides that we will pay certain expenses relating to such registrations and indemnify the registration rights holders against certain liabilities that may arise under the Securities Act of 1933, as amended.

See "Part III, Item 10. Directors, Executive Officers, and Corporate Governance" for information regarding director independence.

Item 14. Principal Accountant Fees and Services

Principal Accountant Fees and Services

The following table sets forth by category of service the fees incurred in engagements performed by Citrin Cooperman & Company, LLP for professional services rendered to the Company for the fiscal years ended December 31, 2022 and December 31, 2021.

	Year ended December 31, 2022 ($)	Year ended December 31, 2021 ($)
Audit Fees[1]	270,000	176,500
Audit-Related Fees[2]	53,000	55,250
Tax Fees	-	-
All Other Fees	-	-
Total Fees	323,000	231,750

(1) Audit Fees consisted of professional services rendered in connection with the audit of the Company's annual financial statements included in the Company's Annual Report on Form 10-K and quarterly review of financial statements included in the Company's Quarterly Reports on Form 10-Q.

(2) Audit-related fees pertain to services provided in connection with the Company's offering statement on Form 1-A and other documents, including comfort letters and consents, issued in connection with the Company's offering pursuant to Regulation A of the Securities Act and subsequent listing of our common stock on the Nasdaq Capital Market.

Pre-Approval Policies and Procedures

The Audit Committee approves all audit and audit-related services, tax services and other services provided by Citrin Cooperman & Company, LLP.

Any services provided by Citrin Cooperman & Company, LLP that are not specifically included within the scope of the audit must be pre-approved by the Audit Committee in advance of any engagement. Under the Sarbanes-Oxley Act of 2002, audit committees are permitted to approve certain fees for audit-related services, tax services and other services pursuant to a de minimis exception prior to the completion of an audit engagement. In 2022, none of the fees paid to Citrin Cooperman & Company, LLP were approved pursuant to the de minimis exception.

Auditor Name: CITRIN COOPERMAN & COMPANY, LLP
Auditor Location: New York, New York
PCAOB ID: 2468

PART IV

Item 15. Exhibits and Financial Statement Schedules

Documents filed as part of this report:

Article I. Financial Statements. See Index to Financial Statements, which appears on page F-1 hereof. The financial statements listed in the accompanying Index to Financial Statements are filed herewith in response to this Item.

Article II. Financial Statement Schedules. All other schedules have been omitted because the required information is not applicable or the information is included in the financial statements or the notes thereto.

Article III. Exhibits. The exhibits listed on the accompanying Index to Exhibits are filed as part of this Annual Report.

INDEX TO EXHIBITS

Exhibit No.	Exhibit Description
2.1+	Agreement and Plan of Merger, dated October 3, 2022, by and among AeroClean Technologies, Inc., Air King Merger Sub Inc. and Molekule, Inc. (incorporated by reference to Exhibit 2.1 of the Company's Current Report on Form 8-K (File No. 001-41096) filed with the SEC on October 4, 2022.
2.2+	Agreement and Plan of Merger, dated February 26, 2023, by and among Molekule Group, Inc., Avatar Merger Sub Ltd. and Aura Smart Air Ltd. (incorporated by reference to Exhibit 2.1 of the Company's Current Report on Form 8-K (File No. 001-41096) filed with the SEC on February 27, 2023.
3.1*	Amended and Restated Certificate of Incorporation of the Company.
3.2	Second Amended and Restated Bylaws of the Company (incorporated by reference to Exhibit 3.3 to the Company's Current Report on Form 8-K (File No. 001-41096), filed with the SEC on January 12, 2023).
4.1	Form of Common Stock Certificate (incorporated by reference to Exhibit 4.4 to the Company's Registration Statement on Form S-8 (File No. 333-261396), filed with the SEC on January 13, 2023).
4.2	Form of Share Purchase Option (incorporated by reference to Exhibit 3.2 to the Company's Offering Statement (File No. 024-11650), filed with the SEC on September 21, 2021, as amended).
4.3	Amended and Restated Registration Rights Agreement, dated January 12, 2023 (incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K (File No. 001-41096), filed with the SEC on January 12, 2023).
4.4	Stockholders Agreement, dated January 12, 2023 (incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K (File No. 001-41096), filed with the SEC on January 12, 2023).
4.5	Form of Restricted Stock Unit Agreement (Directors) (incorporated by reference to Exhibit 6.10 to the Company's Offering Statement (File No. 024-11650), filed with the SEC on September 21, 2021, as amended).
4.6	Form of Restricted Stock Unit Agreement (incorporated by reference to Exhibit 6.11 to the Company's Offering Statement (File No. 024-11650), filed with the SEC on September 21, 2021, as amended).
4.7*	Description of securities registered under Section 12 of the Securities Exchange Act of 1934.
10.1†	Molekule Group, Inc. 2021 Incentive Award Plan (incorporated by reference to Exhibit 99.1 to the Company's Registration Statement on Form S-8 (File No. 333-261396), filed with the SEC on November 29, 2021).
10.2†	Molekule Group, Inc. Employee Stock Purchase Plan (incorporated by reference to Exhibit 99.2 to the Company's Registration Statement on Form S-8 (File No. 333-261396), filed with the SEC on November 29, 2021).
10.3†	Molekule Group, Inc. Non-Employee Directors Stock and Deferred Compensation Plan (incorporated by reference to Exhibit 99.3 to the Company's Registration Statement on Form S-8 (File No. 333-261396), filed with the SEC on November 29, 2021).
10.4†	Molekule Group, Inc. 2021 Deferred Compensation Plan (incorporated by reference to Exhibit 99.1 to the Company's Registration Statement on Form S-8 (File No. 333-261395), filed with the SEC on November 29, 2021).
10.5†	Consultant Agreement, dated as of May 1, 2020, between CleanCo Bioscience Group LLC and Jason DiBona (incorporated by reference to Exhibit 6.2 to the Company's Offering Statement (File No. 024-11650), filed with the SEC on September 21, 2021, as amended).

10.6†	Amended and Restated Employment Agreement by and among Jason DiBona and AeroClean Technologies, Inc., dated October 3, 2022 (incorporated by reference Exhibit 10.5 of the Current Report on Form 8-K filed on October 4, 2022).
10.7†	Confidentiality, Non-Competition, Non-Solicitation and Inventions Assignment Agreement, dated as of November 1, 2020, by and between AeroClean Technologies, LLC and Jason DiBona (incorporated by reference to Exhibit 6.4 to the Company's Offering Statement (File No. 024-11650), filed with the SEC on September 21, 2021, as amended).
10.8†	Amended and Restated Employment Agreement by and among Ryan Tyler and AeroClean Technologies, Inc., dated October 3, 2022 (incorporated by reference Exhibit 10.6 of the Current Report on Form 8-K filed on October 4, 2022).
10.9†	Confidentiality, Non-Competition, Non-Solicitation and Inventions Assignment Agreement, dated as of November 1, 2020, by and between AeroClean Technologies, LLC and Ryan Tyler (incorporated by reference to Exhibit 6.6 to the Company's Offering Statement (File No. 024-11650), filed with the SEC on September 21, 2021, as amended).
10.10†	Executive Employment Agreement by and among Ritankar Pal and AeroClean Technologies, Inc., dated October 3, 2022 (incorporated by reference Exhibit 10.8 of the Current Report on Form 8-K filed on October 4, 2022).
10.11†	Confidentiality, Non-Competition, Non-Solicitation and Inventions Assignment Agreement, dated as of October 3, 2022 by and between AeroClean Technologies, LLC and Ritankar Pal (incorporated by reference Exhibit 10.8 of the Current Report on Form 8-K filed on October 4, 2022).
10.12*^^	License Agreement, dated as of August 11, 2008, between Advanced Technologies & Testing Labs, Inc. and the University of Florida Research Foundation, Inc., as amended.
10.13*^^	License Agreement, dated as of July 15, 2015, between Transformair, Inc. and the University of South Florida Research Foundation, Inc., as amended.
10.14*^^	Confirmatory Assignment Agreement, dated as of February 20, 2019, between Advanced Technologies & Testing Laboratories, Inc. and Molekule, Inc.
10.15*#	Mezzanine Loan and Security Agreement, dated as of March 22, 2021, by and between Silicon Valley Bank and Molekule, Inc.
10.16*#	First Loan Modification Agreement to the Mezzanine Loan and Security Agreement, dated as of May 19, 2022, by and between Silicon Valley Bank and Molekule, Inc.
10.17*#	Second Loan Modification Agreement to Mezzanine Loan and Security Agreement, dated as of October 1, 2022, by and between Silicon Valley Bank and Molekule, Inc.
10.18*#	Joinder and Sixth Loan Modification Agreement, dated as of January 12, 2023, by and among Silicon Valley Bank, Molekule, Inc. and Molekule Group, Inc.
10.19*#	Loan and Security Agreement, dated as of June 24, 2016, by and between Silicon Valley Bank and Molekule, Inc.
10.20*#	Amended and Restated Loan and Security Agreement, dated as of August 29, 2019, by and between Silicon Valley Bank and Molekule, Inc.
10.21*#	First Loan Modification Agreement to the Loan and Security Agreement, dated as of March 9, 2020, by and between Silicon Valley Bank and Molekule, Inc.
10.22*#	Second Loan Modification Agreement to the Loan and Security Agreement, dated as of July 19, 2020, by and between Silicon Valley Bank and Molekule, Inc.
10.23*#	Third Loan Modification Agreement to the Loan and Security Agreement, dated as of March 22, 2021, by and between Silicon Valley Bank and Molekule, Inc.
10.24*#	Fourth Loan Modification Agreement to the Loan and Security Agreement, dated as of May 19, 2022, by and between Silicon Valley Bank and Molekule, Inc.
10.25*#	Fifth Loan Modification Agreement to the Loan and Security Agreement, dated as of October 1, 2022, by and between Silicon Valley Bank and Molekule, Inc.
10.26*#	Joinder and Third Loan Modification Agreement, dated as of January 12, 2023, by and among Silicon Valley Bank, Molekule, Inc. and Molekule Group, Inc.
10.27*#	Master Lease Agreement, dated as of June 19, 2020, by and between Trinity Capital Inc and Molekule, Inc.
10.28*#	Amendment to the Master Lease Agreement, dated as of August 25, 2021, by and between Trinity Capital Inc and Molekule, Inc.

10.29*#	Second Amendment to the Master Lease Agreement, dated as of June 1, 2022, by and between Trinity Capital Inc and Molekule, Inc.
10.30*#	Joinder to Master Lease Agreement, dated as of January 12, 2023, by and among Trinity Capital Inc., Molekule, Inc.
21.1*	List of Subsidiaries.
23.1*	Consent of Citrin Cooperman & Company, LLP. As of March 31, 2023
31.1*	Certification of Principal Executive Officer, pursuant to Rules 13a-14(a) and15d-13(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2*	Certification of Principal Financial Officer, pursuant to Rules 13a-14(a) and15d-13(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1**	Certification of Principal Executive Officer, pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2**	Certification of Principal Financial Officer, pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS*	Inline XBRL Instance Document.
101.SCH*	Inline XBRL Taxonomy Extension Schema Document.
101.CAL*	Inline XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF*	Inline XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB*	Inline XBRL Taxonomy Extension Label Linkbase Document.
101.PRE*	Inline XBRL Taxonomy Extension Presentation Linkbase Document.
104	Cover Page Interactive Data File.

*	Filed herewith
**	Furnished herewith
†	Management contract or compensatory plan or arrangement
+	Schedules and exhibits to this exhibit omitted pursuant to Regulation S-K Item 601(b)(2). The Registrant agrees to furnish supplementally a copy of any omitted schedule or exhibit to the SEC upon request.
#	Schedules have been omitted pursuant to Item 601(a)(5) of Regulation S-K. The registrant hereby undertakes to furnish supplemental copies of any of the omitted schedules upon request by the SEC; provided, that the registrant may request confidential treatment pursuant to Rule 24b-2 of the Exchange Act for any schedules so furnished.
^^	Portions of the exhibit (indicated by asterisks) have been omitted in accordance with the rules of the SEC.

Item 16. Form 10-K Summary

None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: March 31, 2023

MOLEKULE GROUP, INC.
By: /s/ Jason DiBona
Name: Jason DiBona
Title: Chief Executive Officer
(Principal Executive Officer)

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Signature	Title	Date
/s/ Jason DiBona Jason DiBona	Chief Executive Officer (Principal Executive Officer)	March 31, 2023
/s/ Ryan Tyler Ryan Tyler	Chief Financial Officer (Principal Financial Officer)	March 31, 2023
/s/ Amin J. Khoury Amin J. Khoury, PhD (Hon)	Chairman of the Board	March 31, 2023
/s/ David Helfet David Helfet, M.D.	Director	March 31, 2023
/s/ Michael Senft Michael Senft	Director	March 31, 2023
/s/ Thomas P. McCaffrey Thomas P. McCaffrey	Director	March 31, 2023
/s/ Heather Floyd Heather Floyd	Director	March 31, 2023
/s/ Timothy J. Scannell Timothy J. Scannell	Director	March 31, 2023
/s/ Stephen M. Ward, Jr. Stephen M. Ward, Jr.	Director	March 31, 2023
/s/ Brad Feld Brad Feld	Director	March 31, 2023

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

Audited Consolidated Financial Statements

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of
Molekule Group, Inc. (fka AeroClean Technologies, Inc.)

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheets of Molekule Group, Inc. (fka AeroClean Technologies, Inc.) and Subsidiary (the "Company") as of December 31, 2022 and 2021, and the related consolidated statements of operations, changes in members'/stockholders'equity, and cash flows for each of the years in the two-year period ended December 31, 2022, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022 and 2021, and the results of its operations and its cash flows for each of the years in the two-year period ended December 31, 2022, in conformity with accounting principles generally accepted in the United States of America.

Substantial Doubt About the Company's Ability to Continue as a Going Concern

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 1 to the financial statements, the Company's recurring losses from operations, recurring cash used in operating activities, accumulated deficit, and expected working capital needs to fund its combined operations and meet debt obligations as a result of the acquisition of Molekule, Inc. in January 2023, raise substantial doubt about its ability to continue as a going concern. The Company's continued operations are dependent upon its ability to raise additional funds through debt or equity financing. There can be no assurances that the Company will be able to secure any such additional financing on acceptable terms and conditions, or at all. Management's plans in regard to these matters are described in Note 1. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. Our opinion is not modified with respect to that matter.

Uncertainties Regarding the Disruptions in U.S. Banking System

As discussed in Note 1 to the financial statements, in March 2023, the shut-down of certain financial institutions raised economic concerns over disruption to the U.S. banking system. Given the uncertainty of the situation, the related financial statement impact cannot be reasonably estimated at this time. Our opinion is not modified with respect to that matter.

Adoption of New Accounting Standard

As discussed in Note 1 to the financial statements, the Company adopted Accounting Standards Codification Topic 842, *Leases*, as of January 1, 2022 using the modified retrospective transition approach. Our opinion is not modified with respect to this matter.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud.

The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ CITRIN COOPERMAN & COMPANY, LLP

We have served as the Company's auditor since 2020.

New York, New York
March 31, 2023

MOLEKULE GROUP, INC. AND SUBSIDIARY (f/k/a AEROCLEAN TECHNOLOGIES, INC.)
CONSOLIDATED BALANCE SHEETS

	December 31, 2022	December 31, 2021
ASSETS		
Current assets:		
Cash	$ 22,062,657	$ 19,629,649
Accounts receivable	36,188	177,064
Prepaid expenses and other current assets	665,395	1,124,998
Inventories	2,020,713	645,942
Total current assets	24,784,953	21,577,653
Property and equipment, net	2,119,134	2,123,428
Operating lease right-of-use asset	1,606,485	—
Goodwill	626,647	—
Other assets	21,667	21,667
Total assets	$ 29,158,886	$ 23,722,748
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 3,220,082	$ 927,194
Accrued expenses and other current liabilities	1,228,402	583,885
Current operating lease liability	113,769	—
Total current liabilities	4,562,253	1,511,079
Long-term liabilities:		
Warrant liability	3,372,000	—
Long-term operating lease liability	1,521,431	—
Deferred tax liability	—	501,254
Total liabilities	9,455,684	2,012,333
Commitments and contingencies (Note 9)		
Stockholders' equity:		
Preference Shares, $0.01 par value; 11,000,000 shares authorized; none issued and outstanding	—	—
Common stock, $0.01 par value per share; 110,000,000 shares authorized; 15,496,932 and 13,877,636 issued and outstanding as of December 31, 2022 and 2021, respectively	154,969	138,776
Additional paid-in capital	27,465,024	23,319,499
Accumulated deficit	(7,916,791)	(1,747,860)
Total stockholders' equity	19,703,202	21,710,415
Total liabilities and stockholders' equity	$ 29,158,886	$ 23,722,748

See accompanying notes to the consolidated financial statements.

MOLEKULE GROUP, INC. AND SUBSIDIARY (f/k/a AEROCLEAN TECHNOLOGIES, INC.)
CONSOLIDATED STATEMENTS OF OPERATIONS

	Year Ended December 31,	
	2022	2021
Product revenues	$ 227,186	$ 616,511
Cost of sales	112,559	338,896
Gross profit	114,628	277,615
Operating expenses:		
Selling, general and administrative	15,453,261	4,327,998
Research and development	1,954,552	4,193,362
Total operating expenses	17,407,813	8,521,360
Loss from operations	(17,293,185)	(8,243,745)
Change in fair value of warrant liability	(10,623,000)	—
Loss before income tax benefit	(6,670,185)	(8,243,745)
Income tax benefit	501,254	320,138
Net loss	(6,168,931)	(7,923,607)
Net loss per share:		
Basic and diluted	$ (0.42)	$ (0.74)
Weighted-average common shares outstanding:		
Basic and diluted	14,676,369	10,675,765

See accompanying notes to the consolidated financial statements.

MOLEKULE GROUP, INC. AND SUBSIDIARY (f/k/a AEROCLEAN TECHNOLOGIES, INC.)
CONSOLIDATED STATEMENTS OF CHANGES IN MEMBERS'/STOCKHOLDERS' EQUITY

	Class A		Common Stock		Additional Paid-in Capital	Accumulated Deficit	Total Members'/ Stockholders' Equity
	Units	Amount	Shares	Amount			
Balance, December 31, 2020	8,081,578	$ 10,751,274	—	$ —	$ —	$ (8,223,407)	$ 2,527,867
Reclassification of accumulated deficit	—	(8,223,407)	—	—	—	8,223,407	—
Issuance of equity units	5,073,056	5,073,056	—	—	—	—	5,073,056
Initial public offering of common stock, net of underwriting discounts, commissions and issuance costs	—	—	2,514,000	25,140	21,641,265	—	21,666,404
Corporate conversion	(13,428,948)	(1,528,222)	11,363,636	113,636	1,414,586	—	—
Stock compensation expense	274,314	924,438	—	—	263,649	—	1,188,087
Net loss	—	(6,997,139)	—	—	—	(926,468)	(7,923,607)
Corporate conversion tax-effect	—	—	—	—	—	(821,392)	(821,392)
Balance, December 31, 2021	—	—	13,877,636	138,776	$ 23,319,499	$ (1,747,860)	$ 21,710,415
Issuance of common stock and warrants	—	—	1,531,192	15,312	894,458	—	909,770
Issuance of common stock for business acquisition	—	—	88,104	881	275,766	—	276,647
Stock-based compensation	—	—	—	—	2,975,301	—	2,975,301
Net loss	—	—	—	—	—	(6,168,931)	(6,168,931)
Balance, December 31, 2022	—	$ —	15,496,932	$ 154,969	$ 27,465,024	$ (7,916,791)	$ 19,703,202

See accompanying notes to the consolidated financial statements.

MOLEKULE GROUP, INC. AND SUBSIDIARY (f/k/a AEROCLEAN TECHNOLOGIES, INC.)
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year Ended December 31,	
	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	$ (6,168,931)	$ (7,923,607)
Adjustments to reconcile net loss to net cash used in operating activities:	—	—
Offering costs associated with warrant liability	1,326,212	—
Change in fair value of warrant liability	(10,623,000)	—
Deferred tax benefit	(501,254)	(320,138)
Depreciation	160,924	79,646
Equity-based compensation	2,975,301	1,188,086
Non-cash lease expense	125,420	
Changes in operating assets and liabilities:		
Accounts receivable	140,876	(177,064)
Inventories	(1,374,771)	(645,942)
Other current and non-current assets	459,603	(841,836)
Accounts payable	2,292,896	595,119
Accrued expenses and other liabilities	644,517	250,649
Lease liabilities	(96,705)	—
Net cash used in operating activities	(10,638,912)	(7,795,087)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	(156,631)	(1,748,392)
Acquisitions, net of cash acquired	(350,000)	—
Net cash used in investing activities	(506,631)	(1,748,392)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from issuance of common stock and warrants	15,000,000	5,173,599
Proceeds from issuance of common stock from initial public offering	—	25,140,000
Payment of issuance costs	(1,421,449)	(3,473,588)
Proceeds from loan from related party	—	1,000,000
Repayment of loan from related party	—	(1,000,000)
Net cash 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 schedule of non-cash activities:		
Cash paid for interest	$ —	$ 7,465

See accompanying notes to the consolidated financial statements.

MOLEKULE GROUP, INC. (f/k/a AEROCLEAN TECHNOLOGIES, INC.)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Description of Business

Description of Business

AeroClean Technologies, Inc. (the "Company") was initially formed as CleanCo Bioscience Group LLC ("CBG") in the State of Florida on September 2, 2011. Subsequent to its formation, CBG established a team of scientists, engineers and medical experts to provide solutions for the challenges posed by harmful airborne pathogens and resultant hospital acquired infections. On September 15, 2020, CBG converted into AeroClean Technologies, LLC as a Delaware limited liability company and is headquartered in Palm Beach Gardens, Florida. On November 23, 2021, AeroClean Technologies, LLC incorporated in the state of Delaware as AeroClean Technologies, Inc. See Note 3, Public Offering for a discussion of the Company's recent initial public offering (the "Public Offering"). The Company is an interior space air purification technology company with an immediate objective of initiating full-scale commercialization of its high-performance interior air sterilization and disinfection products for the eradication of coronavirus and other harmful airborne pathogens. The Company was established to develop technology-driven, medical-grade air purification solutions for hospitals and other healthcare settings. The company also acquired GSI Germsweepusa Inc. (doing business as GSI Technology) as a wholly-owned subsidiary (See Note 14).

On January 12, 2023, in connection with the acquisition of Molekule, Inc., the Company changed its name from AeroClean Technologies, Inc. to Molekule Group, Inc. (see Note 15).

Liquidity and Going Concern

The provisions of Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 205-40, *Presentation of Financial Statements — Going Concern* (ASC 205-40) require management to assess an entity's ability to continue as a going concern within one year of the date the financial statements are issued. In each reporting period (including interim periods), an entity is required to assess conditions known and reasonably knowable as of the financial statement issuance date to determine whether it is probable an entity will not meet its financial obligations within one year from the financial statement issuance date. Substantial doubt about an entity's ability to continue as a going concern exists when conditions and events, considered in the aggregate, indicate it is probable the entity will be unable to meet its financial obligations as they become due within one year after the date the financial statements are issued.

The Company incurred a net loss of $6,168,931, and its net cash used in operating activities was $10,638,912 for the year ended December 31, 2022. In addition, the Company's accumulated deficit was $7,916,791 at December 31, 2022. The Company's recurring losses from operations, recurring cash used in operating activities, accumulated deficit, expected working capital needs to fund its combined operations and new debt obligations as a result of the acquisition of Molekule, Inc. in January 2023 (see Note 15), raise substantial doubt about its ability to continue as a going concern. The Company's ability to fund its operations is dependent upon management's plans, which include raising capital, managing costs and generating sufficient revenues to offset costs. There can be no assurances that the Company will be able to secure any such additional financing on acceptable terms and conditions, or at all. Accordingly, management has concluded there is substantial doubt as to the Company's ability to continue as a going concern within one year after the date the financial statements are issued. Please see note 15. Subsequent Events for additional information regarding the impact of the Company's acquisition of Molekule, Inc.

COVID-19 Pandemic

The Company continues to monitor the outbreak of COVID-19 and its variants, which continue to spread throughout the world and adversely impact global commercial activity and contribute to significant declines and volatility in financial markets. The Company's ongoing research and development activities, including development of product prototypes and manufacturing activities, are all conducted in the United States, and as a result, the Company has been able to mitigate some of the adverse impact of the COVID-19 pandemic on its global supply chain.

The Company continues to actively monitor the situation and may take further actions that impact operations as may be required by federal, state or local authorities or that the Company determines is in the best interests of its employees, customers, suppliers and

stockholders. As of the date of issuance of these financial statements, the pandemic presents uncertainty and risk as the Company cannot reasonably determine or predict the nature, duration or scope of the overall impact the COVID-19 pandemic will have on its business, results of operations, liquidity or capital resources.

2. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") and pursuant to the accounting and disclosure rules and regulations of the U.S. Securities and Exchange Commission (the "SEC") and include its wholly owned subsidiary, Germsweepusa, Inc. ("GSI Technology"). All significant intercompany accounts and transactions have been eliminated in consolidation.

The Company is an "emerging growth company," as defined in the Jumpstart Our Business Startups Act of 2012 (the "JOBS Act"). Under the JOBS Act, emerging growth companies can delay adopting new or revised accounting standards issued subsequent to the enactment of the JOBS Act until such time as those standards apply to private companies. The Company has elected to avail itself of this exemption from new or revised accounting standards and, therefore, the financial statements may not be comparable to companies that comply with the new or revised accounting pronouncements as of the public company effective dates.

Use of Estimates

The preparation of the Company's financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and expenses and related disclosure of contingent assets and liabilities. Significant estimates in these financial statements include those related to the fair value of equity-based compensation, revenue recognition, the incremental borrowing rate for leases, warrant liability, and deferred tax valuation allowance. On an ongoing basis, the Company evaluates its estimates, judgments and methodologies. The Company bases its estimates on historical experience and on various other assumptions believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Due to the inherent uncertainty involved in making estimates, actual results could differ materially from those estimates.

Cash and Cash Equivalents

The Company considers all short-term investments with an original maturity of three months or less when purchased to be cash and cash equivalents. The Company did not have any cash equivalents as of December 31, 2022 and 2021.

Revenue Recognition

The Company recognizes revenues related to sales of products upon the customer obtaining control of promised goods, in an amount that reflects the consideration that is expected to be received in exchange for those goods. To determine revenue recognition for arrangements within the scope of ASC Topic 606, *Revenue from Contracts with Customers*, the following five steps are performed: (i) identify the contract(s) with a customer; (ii) identify the performance obligations in the contract; (iii) determine the transaction price; (iv) allocate the transaction price to the performance obligations in the contract; and (v) recognize revenue when (or as) the Company satisfies a performance obligation. Revenue is recognized in the amount of the transaction price that is allocated to the respective performance obligation when (or as) the performance obligation is satisfied. Revenues from product sales are recognized at a point in time, and revenue is recognized when title, and risk and rewards of ownership have transferred to the customer, which is generally upon shipment. In instances where title does not pass to the customer upon shipment, the Company recognizes revenue upon delivery or customer acceptance, depending on the terms of the arrangement.

Warranty Costs

The Company provides a three-year warranty on its Pūrgo device from the date of sale to its customers. The Company's policy is to record a provision for estimated future costs related to warranty expense when they are probable and reasonably estimable, which is when revenue is recognized. There was no warranty accrual as of December 31, 2022 and 2021, respectively.

Research & Development Expenses

Research and development expenses are expensed as incurred and consist principally of contract labor and third-party engineering, product development and testing costs related to the development of medical grade air purification devices and related components as well as concepts for future product development.

Income Taxes

Prior to the Public Offering, the Company was a limited liability company and was treated as a partnership for federal and state income tax purposes. Therefore, no provision for income taxes had been included in the financial statements since taxable income or loss was allocated to members, who were responsible for any taxes thereon, in accordance with the provisions of the operating agreement.

On November 23, 2021 in conjunction with the Public Offering, the Company incorporated in the State of Delaware. The Company recognizes and measures its unrecognized tax benefit in accordance with FASB ASC 740, Income Taxes. The Company provides deferred income taxes for temporary differences between the amounts of assets and liabilities recognized for financial reporting purposes and such amounts recognized for income tax purposes. Deferred income taxes are computed using enacted tax rates that are expected to be in effect when the temporary differences reverse. Under that guidance, management assesses the likelihood that tax positions will be sustained upon examination based on the facts, circumstances and information available at the end of each period, including the technical merits of those positions. The measurement of unrecognized tax benefits is adjusted when new information is available or when an event occurs that requires a change. For the years ended December 31, 2022, and 2021, the Company did not identify any uncertain tax positions taken or expected to be taken in an income tax return that would require adjustment to, or disclosure in, its financial statements.

Accounts Receivable

Trade accounts receivable are stated net of an allowance for doubtful accounts. The Company estimates the allowance for doubtful accounts based on review and analysis of specific customer balances that may not be collectible and how recently payments have been received. Accounts are considered for write-off when they become past due and when it is determined that the probability of collection is remote. As of December 31, 2022 and 2021, there was no allowance for doubtful accounts.

Inventories

The Company values inventories at the lower of cost or net realizable value using the first-in, first-out or weighted average cost method. Net realizable value is the estimated selling price in the ordinary course of business, less reasonable predictable costs of completion, disposal and transportation. Inventories on hand at December 31, 2022 and 2021 consisted primarily of spare parts and finished goods.

Property and Equipment

Property and equipment are stated at cost and depreciated generally under the straight-line method over their estimated useful lives (or the lesser of the term of the lease for leasehold improvements, as appropriate), except for tooling, which is depreciated utilizing the units-of-production and straight-line method. The Company periodically reviews long-lived assets including the right-of-use assets for impairment whenever events or changes in business circumstance indicate that the carrying value of the assets may not be recoverable. Under those circumstances, if the fair value were less than the carrying amount of the asset, the Company would recognize a loss for the difference. The Company has determined that long-lived assets were not impaired during the years ended December 31, 2022 and 2021.

Offering Costs

The Company capitalizes certain legal, accounting and other third-party fees directly associated with in-process equity financing as deferred offering costs. Deferred offering costs were offset against the proceeds from the Public Offering.

Common Stock Equivalents

The Company has potential common stock equivalents related to its outstanding restricted stock units and warrants. These potential common stock equivalents are not included in diluted loss per share for any period presented in which there is a net loss because the effect would have been anti-dilutive.

Share-based Payments

The Company accounts for share-based payments to employees and non-employees in accordance with the provisions of FASB ASC 718, Compensation — Stock Compensation ("ASC 718"). Under ASC 718, the Company measures the share-based compensation cost on the date of grant, based on the fair value of the award, and expense is recognized over the requisite service period. The fair value of the restricted stock units granted under the 2021 Long-Term Incentive Plan is the quoted closing price per share on the date of grant.

Fair Value Measurements

Certain assets and liabilities are carried at fair value in accordance with U.S. GAAP. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in the principal or most advantageous market in an orderly transaction between market participants at the measurement date. A three-tier fair value hierarchy that prioritizes the inputs used in the valuation methodologies, is as follows:

Level 1 Valuations based on quoted prices for identical assets and liabilities in active markets.

Level 2 Valuations based on observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets and liabilities in markets that are not active, or other inputs observable or that can be corroborated by observable market data.

Level 3 Valuations based on unobservable inputs reflecting the Company's own assumptions, consistent with reasonably available assumptions made by other market participants. These valuations require significant judgment.

At December 31, 2022 and 2021, the carrying amounts of the Company's financial instruments, including cash, prepaid expenses and other current assets, accounts payable and accrued liabilities approximated their respective fair value due to the short-term nature of these instruments.

Financial Instruments – Derivatives

The Company evaluates its financial instruments to determine if the financial instrument itself or if any embedded component of a financial instrument potentially qualifies as a derivative required to be separately accounted for in accordance with FASB ASC 815, Derivatives and Hedging ("ASC 815"). The accounting for warrants issued to purchase shares of common stock of the Company is based on the specific terms of the respective warrant agreement. A warrant classified as a derivate liability is initially measured at its issue-date fair value, with such fair value subsequently adjusted at each reporting period, with the resulting fair value adjustment recognized as other income or expense. Upon the occurrence of an event resulting in the warrant liability being subsequently classified as equity, or the exercise of the warrant or the conversion option, the fair value of the derivative liability will be adjusted on such date-of-occurrence, with such date-of-occurrence fair value adjustment recognized as other income or expense, and then the derivative liability will be derecognized at such date-of-occurrence fair value.

Operating Segment

The Company operates in one segment. All of the Company's assets are in the United States of America.

Concentrations of Credit Risk

The Company maintains its cash at a major financial institution with high credit quality, and at times, the balance in its cash deposits may exceed the Federal Deposit Insurance Corporation (the "FDIC") limits of $250,000. The Company has not experienced and does not anticipate any losses on deposits with commercial banks and financial institutions that exceed federally insured limits.

On March 10, 2023, Silicon Valley Bank ("SVB") was closed by the California Department of Financial Protection and Innovation, which appointed the FDIC as receiver. At the time of the closure and as of the date of this financial statemetns, the Company held assets in securities in sweep accounts purchased through SVB but managed in segregated custodial accounts by a third-party asset manager. On March 13, 2023, the (" FDIC") announced that all of SVB's deposits and substantially all of its assets had been transferred to a

newly created, full-service FDIC-operated bridge bank, Silicon Valley Bridge Bank, N.A ("SVBB"). SVBB assumed all loans that were previously held by SVB. On March 27, 2023, First-Citizens Bank & Trust Company assumed all of SVBB's customer deposits and certain other liabilities and acquired substantially all of SVBB's loans and certain other assets from the FDIC. The Company has had full access to the assets in the sweep accounts since March 13, 2023. The uncertainty of the situation has the potential to have a financial impact to the Company that cannot be reasonably estimated at this time.

The Company's suppliers and vendors include engineering firms and consultants, research and development companies, testing laboratories, contract manufacturers and other suppliers required to design, test and manufacture its products. The Company obtains some of its services from a limited group of vendors; however, the Company has neither experienced any significant disruptions nor expects any significant disruptions to its operations due to supplier concentration. There were no expenditures with any vendor that exceeded 10% of total expenditures for the year ended December 31, 2022. The Company's largest and second supplier accounted for 13% and 11% of total expenditures, respectively for the years ended December 31, 2022 and 2021, respectively, while its second largest supplier accounted for 11% and 33% of total expenditures for the year ended December 31, 2021.

Significant customers may change from year to year depending on the overall level of activity and the sales of the Company's products to each customer. During the year ended December 31, 2022, the Company's largest and second largest customers accounted for approximately 13% and 12% of the Company's revenues, respectively. During the year ended December 31, 2022, the Company's largest and second largest customers accounted for approximately 45% and 12% of the Company's revenues, respectively.

Business Combinations and Acquisitions

The Company accounts for acquisitions as business combinations using the acquisition method of accounting in accordance with ASC 805, Business Combinations. The Company accounts for acquisitions in which it obtains control of one or more businesses as a business combination. The purchase price of the acquired businesses is allocated to the tangible and intangible assets acquired and liabilities assumed based on their estimated fair values at the acquisition date. The excess of the purchase price over those fair values is recognized as goodwill. During the measurement period, which may be up to one year from the acquisition date, the Company may record adjustments, in the period in which they are determined, to the assets acquired and liabilities assumed with the corresponding offset to goodwill. If the assets acquired are not a business, the Company accounts for the transaction or other event as an asset acquisition. Under both methods, the Company recognizes the identifiable assets acquired, the liabilities assumed, and any noncontrolling interest in the acquired entity. In addition, for transactions that are business combinations, the Company evaluates the existence of goodwill as gain from a bargain purchase.

Goodwill

Goodwill represents the excess of the aggregate consideration paid for an acquisition over the fair value of the assets acquired and liabilities assumed. The Company has recorded goodwill in connection with its business combination with GSI Technology on October 1, 2022 (See Note 14). In accordance with U.S. GAAP, the Company will test goodwill for impairment annually in October each year or whenever events or circumstances make it more likely than not that impairment may have occurred. Such events and circumstances may be a significant change in business climate, economic and industry trends, legal factors, negative performance indicators, or significant competition or changes in strategy. For the purposes of that assessment, the Company has determined to assign the goodwill acquired in the business combination to a single reporting unit.

JOBS Act Accounting Election

The Company is an "emerging growth company," as defined in the JOBS Act. Under the JOBS Act, emerging growth companies can delay adopting new or revised accounting standards issued subsequent to the enactment of the JOBS Act until such time as those standards apply to private companies. The Company has elected to avail itself of this exemption from new or revised accounting standards and, therefore, the financial statements may not be comparable to companies that comply with the new or revised accounting pronouncements as of the public company effective dates.

Recent Accounting Standards

The Company has reviewed recent accounting pronouncements and, with the exception of the below, concluded they are either not applicable to the business or no material effect is expected on the financial statements as a result of future adoption.

In June 2016, the FASB issued Accounting Standards Update ("ASU") No. 2016-13, Financial Instruments - Credit Losses, which was subsequently amended by ASU No. 2018-19 and ASU No. 2019-10, and which requires the measurement of expected credit losses for financial instruments carried at amortized cost held at the reporting date based on historical experience, current conditions and reasonable forecasts. The updated guidance also amends the current other-than-temporary impairment model for available-for-sale debt securities by requiring the recognition of impairments relating to credit losses through an allowance account and limits the amount of credit loss to the difference between a security's amortized cost basis and its fair value. In addition, the length of time a security has been in an unrealized loss position will no longer impact the determination of whether a credit loss exists. The main objective of this ASU is to provide financial statement users with more decision-useful information about the expected credit losses on financial instruments and other commitments to extend credit held by a reporting entity at each reporting date. The standard is effective for the fiscal year beginning after December 15, 2022. The Company will continue to assess the possible impact of this standard, but it currently does not expect that the adoption of this standard will have a significant impact on its financial statements and its limited history of bad debt expense relating to trade accounts receivable.

Recent Accounting Standards Adopted

In February 2016, the FASB issued ASU 2016-02, Leases ("Topic 842"), which supersedes ASC Topic 840, Leases. Topic 842 requires lessees to recognize most leases on their balance sheets as a right-of use asset with a corresponding lease liability. The update also expands the required quantitative and qualitative disclosures surrounding leases. The Company adopted ASC 842 on January 1, 2022 using the modified retrospective transition approach under ASC 842 to not restate comparative periods in transition and use the effective date of ASC 842 as the date of initial adoption. The Company only has one operating lease in place related to its warehouse, distribution facility and corporate headquarters for a 10-year term. At the date of adoption, the Company's remaining lease payments of $2,696,254 will be discounted using its incremental borrowing rate to record the right of use asset and corresponding lease liability. Refer to Note 8, Leases.

3. Public Offering

On November 29, 2021, the Company completed the Public Offering of 2,514,000 shares of its common stock, which included the partial exercise of the underwriters' overallotment option, at a public offering price of $10.00 per share for aggregate gross proceeds of $25,140,000 and net proceeds of approximately $21,640,000 after deducting underwriting fees of approximately $2,200,000 and other offering costs of approximately $1,300,000.The Company issued a purchase option to the underwriters ("UPO") exercisable within five years of the Public Offering for 5.0% of the shares of common stock issued, or 125,700 shares of common stock, at an exercise price of $12.50 per share. The Company's common stock is listed on The Nasdaq Capital Market under the symbol "MKUL." In connection with the Public Offering, on November 23, 2021, the Company converted from a Delaware limited liability company into a Delaware corporation (the "Corporate Conversion") and changed its name to AeroClean Technologies, Inc. In connection with the Corporate Conversion, the outstanding member units of 13,428,948 were converted into 11,363,636 shares of common stock at a conversion ratio of 0.8462. The Corporate Conversion has been adjusted retroactively for the purposes of calculating basis and diluted earnings per share. The Company's certificate of incorporation authorizes 110,000,000 shares of common stock and 11,000,000 shares of preferred stock.

4. Prepaid Expenses and Other Current Assets

Prepaid expenses and other current assets consist primarily of prepaid insurance premiums and amounts paid to suppliers and vendors for inventories and retainers for engineering, product development, testing and other services to be performed. Prepaid expenses and other current assets were $665,395 and $1,124,998 at December 31, 2022 and December 31, 2021, respectively.

5. Inventories

Inventory consisted of the following:

	December 31, 2022	2021
Raw materials	$ 712,752	$ 475,767
Finished goods	1,307,961	170,175
Total inventories	$ 2,020,713	$ 645,942

6. Property and Equipment

Property and equipment consisted of the following:

	Useful Life (Years)	December 31, 2022	2021
Leasehold improvements	Lesser of useful life or lease term	$ 847,217	$ 847,217
Machinery and tooling	7	1,270,652	1,123,391
Furniture and equipment	3 - 10	241,835	232,466
		2,359,704	2,203,074
Less: accumulated depreciation		240,570	79,646
		$ 2,119,134	$ 2,123,428

Property and equipment are stated at cost and depreciated generally under the straight-line method over their estimated useful lives (or the lesser of the term of the lease for leasehold improvements, as appropriate), except for tooling, which is depreciated utilizing the units-of-production and straight-line method. Depreciation expenses were $160,924 and $79,646 for the years ended December 31, 2022 and 2021, respectively.

7. Accrued Expenses and Other Current Liabilities

Accrued expenses and other current liabilities consisted of the following as of:

	December 31, 2022	2021
Accrued wages and bonus	$ 514,169	$ 408,418
Research and development	47,547	35,708
Professional and consulting fees	16,876	13,120
Accrued legal fees	439,901	29,512
Other accrued liabilities	209,909	97,127
Total accrued expenses and other current liabilities	$ 1,228,402	$ 583,885

8. Leases

The Company adopted ASU No. 2016-02, Leases ASC Topic 842 effective January 1, 2022. The Company elected the modified retrospective transition method under ASC Topic 842 and as such information prior to January 1, 2022 has not been restated and continues to be reported under the accounting standards in effect for the period (ASC Topic 840-Leases). The Company elected the package of practical expedients which allows the Company to carry forward its historical lease classification assessment of whether a contract is or contains a lease and initial direct costs for leases that exist prior to adoption. The Company used its incremental borrowing rate based on the information available at the commencement date in determining the present value of lease payments.

On February 1, 2021, the Company entered into a lease with Gardens Bio Science Partners, LLC, an entity under common control of the Company’s co-founder and Chairman of the Board. The leased premises consist of 20,000 square feet of office and warehouse space and has a lease term of 10 years at an annual base rent of $260,000 subject to escalation of 2.5% on an annual basis.

The company recognized a right of use asset of $1,731,905 and corresponding lease liability for this lease on January 1, 2022. For purposes of calculating the right of use asset and lease liability, the Company estimated that its incremental borrowing rate was 9.99% per annum.

Future minimum lease payments under noncancellable operating leases as of December 31, 2022 were as follows:

Years ending December 31,		
2023	$	272,058
2024		278,858
2025		285,829
2026		292,975
2027		300,299
Thereafter		1,000,801
Total Lease Payments	$	2,430,820
Less: Imputed Interest		(795,620)
Total Lease Liability	$	1,635,200

For the year ended December 31, 2022, the operating cash outflows for lease payments totaled $265,421 and the operating lease cost, recognized on a straight-line basis totaled $294,137. At December 31, 2022, the remaining lease term was 98 months.

9. Commitments and Contingencies

Legal Proceedings

From time to time, the Company is subject to legal proceedings in the normal course of operating its business. The outcome of litigation, regardless of the merits, is inherently uncertain. In August 2022, the Company received notice of a complaint filed in the U.S. District Court for the Southern District of New York (the "Court") by Sterilumen, Inc. ("Sterilumen"), a wholly-owned subsidiary of Applied UV, Inc., in connection with the marketing and sale of the Company's patented air purification products. In the complaint, the plaintiff alleged trademark infringement, violation of fair competition practices and damages to Sterilumen. On March 13, 2023, the Court dismissed Sterilumen's claims with prejudice and ruled that the Company's counterclaims remained extant. The Company subsequently agreed with Sterilumen that Sterilumen will not challenge the Court's dismissal and will not bring any future claim against the Company alleging infringement from the use of SteriDuct or AeroClean and that the Company will file a notice to dismiss its counterclaims without prejudice. The Company did not establish a contingency reserve related to this matter.

The Company is not currently party to any legal proceedings, the adverse outcome of which, individually or in the aggregate, it believes will have a material adverse effect on its business, financial condition or results of operations.

Indemnities, Commitments and Guarantees – Effective November 1, 2020, the Company executed employment agreements with two key members of management that will continue until terminated by either party. In the event of termination without cause, the Company is obligated to pay the executive their base salary for a period of six months. Further, in the event of termination without cause or resignation for good reason, or a change of control, each as defined in the agreements, within twelve months of such termination or resignation, each of the executives is entitled to accelerated vesting of any outstanding time-based equity awards. The employment agreements provide for a base salary and a discretionary annual bonus to be determined at the sole discretion of the Company's Board of Managers, for periods prior to the Corporate Conversion, and the Company's Board of Directors (in either case, the "Board"), for periods following the Corporate Conversion. The Company's employment agreements generally provide for certain protections in the event of a change of control. These protections generally include the payment of severance under certain circumstances in the event of a change of control. On May 1, 2021, the employment agreements were amended to provide for the eligibility of each executive to receive restricted stock units upon the conversion of the Company to a Delaware corporation. See Note 3, Public Offering. Accordingly, the executives were granted an aggregate of 443,269 restricted stock units contemporaneously with the Public Offering. The Company also had agreements in place with independent contractors whereby the Company was required to compensate the independent contractors fifty percent in cash and fifty percent in equity. The equity consideration was contingent upon future events, including the conversion to a Delaware corporation and a new round of equity financing from third- party sources. On October 3, 2022, the

employment agreements were amended in connection with the merger with Molekule Inc. See Note 15. Subsequent Events. Accordingly, the executives were granted an aggregate of 705,090 restricted stock units.

Guaranteed Payment – Effective August 10, 2022 the Company entered into a Sales Agency Agreement (the "Agency Agreement") with a company to develop a market for its products in the United States for a period of one year with mutual option to renew annually for up to a term of five years. The Agency Agreement provides for payments on a monthly basis to the agent of an amount equal to the greater of the commissions earned and a guaranteed minimum ranging from $502,500 to $667,500. The Company expensed approximately $350,000 during the year ended ended December 31, 2022 in connection with the Agency Agreement.

Registration Rights Agreement – In connection with the Public Offering the Company entered into a registration rights agreement with the Chairman of its board and each of its other stockholders that held 10% or more of its outstanding common stock immediately upon completion of the Public Offering, providing (x) our Chairman with "demand" registration and customary "piggyback" registration rights, and (y) the other stockholders party to the registration rights agreement with customary "piggyback" registration rights. The registration rights agreement provides that the Company will pay certain expenses relating to such registrations and indemnify the registration rights holders against certain liabilities that may arise under the Securities Act of 1933, as amended.

10. Related Party Transactions

The Company recorded an aggregate of $16,889 and $80,000 of revenues for units sold to related parties for the years ended December 31, 2022 and 2021, respectively. At December 31, 2022 and 2021 amounts included in accounts receivable were $9,616 and $63,290, respectively.

Bridge Loans **–** On each of September 30, 2021 and November 5, 2021, the Company borrowed $500,000 pursuant to bridge loan agreements (the "Bridge Loans") from a related party at an interest rate of the prime rate plus 3.0% per annum, which was 6.25% for the life of the Bridge Loans, with the principal and accrued interest due upon demand. The Company used the proceeds from the Bridge Loans to fund operations, including working capital requirements, continued product launch costs and other overhead costs until the proceeds from the Public Offering became available. On December 1, 2021, the Company repaid the Bridge Loans in full, including unpaid accrued interest, with a portion of the net proceeds of the Public Offering. See Note 3, Public Offering.

11. Stockholders' Equity

Common Stock

The Company is authorized to issue up to 110,000,000 shares of common stock with a par value of $0.01. In November 2021, the Company completed its Public Offering and sold 2,514,000 shares of common stock for net proceeds of approximately $21,640,000. See Note 3, Public Offering.

Dividend Rights - Subject to the rights, if any, of the holders of any outstanding series of the Company's preferred stock, holders of the Company's common stock will be entitled to receive dividends out of any of its funds legally available when, as and if declared by the Board.

Voting Rights - Each holder of the Company's common stock is entitled to one vote per share on all matters on which stockholders are generally entitled to vote. The Company's certificate of incorporation does not provide for cumulative voting in the election of directors.

Liquidation - If the Company liquidates, dissolves or winds up its affairs, holders of its common stock are entitled to share proportionately in the Company's assets available for distributions to stockholders, subject to the rights, if any, of the holders of any outstanding series of the Company's preferred stock.

Other Rights - Holders of the Company's common stock have no preemptive, subscription, redemption or conversion rights.

Preference Shares

The Company is authorized to issue up to 11,000,000 shares of preferred stock with a par value of $0.01. Under the Company's certificate of incorporation and subject to the limitations prescribed by law, the Board may issue the Company's preferred stock in one or more series and may establish from time to time the number of shares to be included in such series and may fix the designation, the

voting powers, if any, and preferences and relative participating, optional or other rights, if any, of the shares of each such series and any qualifications, limitations or restrictions thereof. When and if the Company issues any shares of preferred stock, the Board will establish the number of shares and designation of such series and the voting powers, if any, and preferences and relative participating, optional or other special rights, and the qualifications, limitations and restrictions thereof, for the particular preferred stock series.

Long-Term Incentive Plan

In conjunction with the Public Offering, on November 23, 2021, the Company adopted the Employee Stock Purchase Plan, the 2021 Incentive Award Plan (as amended, the "Long-Term Incentive Plan" or the "LTIP"), and the Non-Employee Directors Stock and Deferred Compensation Plan (collectively, the "Plans"). During 2022, the Company increased the number of shares available for issuance under the LTIP from 1,386,364 to 3,963,916. The Company reserved 4,379,825 shares, collectively, for issuance or sale under the Plans. On November 29, 2021, at the closing of the Public Offering, the Company granted 443,269 restricted stock units to members of management (See Note 9, Commitments and Contingencies) and 182,999 restricted stock units to members of the Board under the Long-Term Incentive Plan.

The Company maintains an LTIP under which the Company's Compensation Committee has the authority to grant stock options; stock appreciation rights; restricted stock; restricted stock units; performance stock; performance units; and other forms of equity-based or equity-related awards.

During the year ended December 31, 2022, the Company granted restricted stock units to members of the Board and certain members of management. Restricted stock units grants vest over periods ranging from two to three years and are granted at the discretion of the Compensation Committee of the Company's. Compensation cost is generally recorded on a straight-line basis over the vesting term of the restricted stock units based on the grant date value using the closing trading price.

Stock-based compensation expense of $2,975,301 and $263,648 was recorded in selling, general and administrative expense for the years ended December 31, 2022 and 2021, respectively. Unrecognized compensation cost related to restricted stock awards made by the Company was $4,956,120 at December 31, 2022, which is expected to be recognized over the weighted average remaining life of 2.15 years at the weighted average grant date fair value of $4.65 per restricted stock unit.

The following is the restricted stock unit activity for the year ended December 31, 2022:

	Number of Shares	Weighted Average Grant Date Fair Value per Share	Weighted Average Remaining vesting Period (in years)
Outstanding January 1, 2022	626,268	10.00	
Awarded	825,180	2.34	
Vested	(268,335)	10.00	
Forfeited	-		
Outstanding December 31, 2022	1,183,113	4.65	2.15

Members' Units

Prior to the completion of the Public Offering (See Note 3, Public Offering), the Board was authorized to issue Class A Units ("Units"), which entitled unitholders to allocations of profits and losses and other items and distributions of cash and other property as was set forth in the Company's operating agreement, as amended. The Board had the right at any time and from time to time to authorize and cause the Company to create and/or issue equity securities to any person, in which event, all units of a class, group or series would have been diluted in an equal manner as to the other units of such class, group or series, and the Board had the power to amend the operating agreement to allow for such additional issuances and dilution and to make any such other amendments necessary or desirable to reflect such issuances. The holder of each Unit had the right to one vote per Unit on all matters to be voted on by the Members.

Between January 1, 2021 and the Public Offering, the Company sold an additional 5,073,056 Units to existing members resulting in gross proceeds of $5,073,056.

Effective April 1, 2021, the Board approved the issuance of an aggregate of 274,314 Units, of which 140,085 Units were issued to independent contractors and 134,229 Units were issued to Board members as compensation for services provided. Certain of the Units were issued to independent contractors as consideration for services pursuant to existing agreements, which provided for payment of fifty percent in cash and fifty percent in equity (See Note 9, Commitments and Contingencies). The subscription agreements issued to the contractors included a provision that no payments for services rendered after March 31, 2021 will be in the form of equity. Non-cash stock compensation of $924,438 was recognized from these units.

Private Placement

On June 29, 2022, the Company completed the private placement in connection with a securities purchase agreement dated June 26, 2022 (the "Private Placement"). In the Private Placement, the Company received gross cash proceeds of $15,000,000 in connection with the issuance of (i) 1,500,000 shares of common stock and (ii) a warrant to purchase up to 1,500,000 shares of common stock. The Warrant has an exercise price of $11.00 per share and is exercisable until July 21, 2027. Net proceeds amounted to $13,578,551 after issuance costs of $1,421,449.

The Warrant was classified as a liability, and as such, the gross proceeds and issuance costs were allocated to the Warrant liability based on its fair value with the residual being allocated to the common stock, resulting in the allocation of gross proceeds of $13,995,000 and $1,005,000 to the Warrant liability and common stock, respectively, and issuance costs of $1,326,212 and $95,237 were charged to expense and additional paid-in-capital respectively.

On July 21, 2022, the Company's registration statement on Form S-1 relating to the resale of 3,000,000 shares of common stock by the selling stockholder listed in the prospectus (including 1,500,000 shares of common stock issued in the Private Placement and 1,500,000 shares of common stock issuable upon the exercise of the outstanding Warrant acquired in the Private Placement) was declared effective by the SEC. The Company will not receive any proceeds in connection with the sale of common stock by the selling stockholder but will receive the exercise price of the Warrant to the extent the Warrant is exercised by the selling stockholder. In conjunction with the Private Placement, the Company entered into a registration rights agreement whereby the Company is required to register for resale and maintain the effectiveness of the registration statement which registers the resale of shares of common stock held by the selling stockholder. Pursuant to the registration rights agreement, the Company is liable for certain liquidated damages upon failure to comply with such registration rights.

The Company measures the warrant at fair value by using the Black-Scholes model in each reporting period until it is exercised or expired, with changes in the fair values being recognized in the Company's statement of operations .The Company performed a valuation of the new warrant and determined its fair value at issuance to be $13,995,000, expected term 5.26 years, equity volatility 90% and risk-free rate of return 3.2%. The fair value, as of December 31, 2022, was $3,372,000, expected term 4.74 years, equity volatility 125% and risk-free rate of return 4%.

The Company issued a purchase option to the underwriters (the "Underwriter Option") exercisable within five years of its IPO for 5.0% of the shares of its common stock issued in the IPO, or 125,700 shares of its common stock, at an exercise price of $12.50 per share. On June 21, 2022, 31,192 shares of the Company's common stock was issued on a cashless basis pursuant to the Underwriter Option.

12. Loss Per Common Share

Basic net loss per common share is computed using the weighted average common shares outstanding during the year. Diluted net loss per common share reflects the potential dilution from assumed conversion of all dilutive securities such as unvested restricted stock units and warrants using the treasury stock method. When the effects of the outstanding restricted stock units and warrants are anti-dilutive, they are not included in the calculation of diluted net loss per common share.

The following table sets forth the computation of basic and diluted net loss per share for the years ended December 31, 2022 and 2021:

	2022	2021
Net loss	$ (6,168,931)	$ (7,923,607)
Basic weighted average common shares	14,676,369	10,675,765
Diluted weighted average common shares	14,676,369	10,675,765
Basic net loss per common share	$ (0.42)	$ (0.74)

	Year Ended December 31,	
	2022	2021
Outstanding Warrants	1,500,000	—
Restricted stock units, including market based RSUs	1,451,448	626,268
Total	2,951,448	626,268

13. Income Taxes

Income tax benefit consisted of the following:

	December 31, 2022	December 31, 2021
Current Expense:		
Federal	$ —	$ —
State	—	—
	—	—
Deferred Benefit:		
Federal	414,299	266,278
State	86,955	53,860
	501,254	320,138
Total Income Tax Benefit	$ 501,254	$ 320,138

The significant components of the Company's deferred tax assets and liabilities at December 31, 2022 and at December 31, 2021 are as follows:

	December 31, 2022	December 31, 2021
Federal Net Operating Loss	$ 1,938,600	$ 205,018
State Net Operating Loss	219,293	42,419
Capitalized R&D	501,533	—
Fixed Assets	(506,458)	(536,567)
Tax Credits	67,911	5,968
Stock Compensation	782,991	66,822
Accrued Compensation and Other Expenses	94,811	
Right of Use Assets	(388,355)	—
Lease Liability	395,297	—
Other	547	217
Prepaid Expenses	(160,854)	(285,131)
Total gross deferred tax assets/(liabilities)	2,945,316	(501,254)
Less valuation allowance	(2,945,316)	—
Net deferred tax assets/(liabilities)	$ —	$ (501,254)

A reconciliation of the statutory U.S. federal income tax rate to the Company's effective tax rate is as follows:

	December 31, 2022	December 31, 2021
Federal Statutory Rate	21.0%	21.00%
Permanent Differences	(0.07)%	(0.10)%
Transaction Costs	(9.69)%	-
State Taxes	6.06%	4.32%
Credits	0.93%	0.48%
Valuation Allowance	(44.16)%	-
Change in Fair Value of Warrant Liability	33.4%	-
Effective Tax Rate	7.51%	25.70%

At December 31, 2022, the Company had federal and state net operating loss (NOL) carryforwards of approximately $9,231,000 and $6,908,000, respectively. The federal and state net operating losses ("NOL's") were generated after 2017 and can be carried forward indefinitely. At December 31, 2022, the Company had federal research and development (R&D) credit carryforwards of approximately $68,000. If not utilized, the federal R&D credits will begin to expire in 2041.

In assessing the realizability of the net deferred tax assets, the Company considers all relevant positive and negative evidence to determine whether it is more likely than not that some portion of the deferred income tax will not be realized. The realization of the gross deferred tax assets is dependent on several factors, including the generation of sufficient taxable income prior to expiration of the net operation loss carryforwards. At December 31, 2022, the Company has recorded a full valuation allowance against its net deferred tax assets of approximately $2,945,000. The change in the valuation allowance during the year ended 2022 was approximately $2,945,000.

Sections 382 and 383 of the Internal Revenue Code, and similar state regulations, contain provisions that may limit the NOL carryforwards available to be used to offset income in any given year upon the occurrence of certain events, including changes in the ownership interests of significant stockholders. In the event of a cumulative change in ownership in excess of 50% over a three-year period, the amount of the NOL carryforwards that the Company may utilize in any one year may be limited. The Company has not undertaken a formal analysis to determine if a change in ownership occurred during 2022 or 2021.

Entities are also required to evaluate, measure, recognize and disclose any uncertain income tax provisions taken on their income tax returns. The Company has analyzed its tax positions and has concluded that as of December 31, 2022, there were no uncertain positions. The Company's U.S. federal and state net operating losses have occurred since its inception in 2009 and as such, tax years subject to potential tax examination could apply from that date because the utilization of net operating losses from prior years opens the relevant year to audit by the IRS and/or state taxing authorities. Interest and penalties, if any, as they relate to income taxes assessed, are included in the income tax provision. The Company did not have any unrecognized tax benefits and has not accrued any interest or penalties for the 12 months ended December 31, 2022 and 2021.

14. Business Combination

On October 1, 2022, the Company acquired GSI Technology, a company focused on deploying an analytics-based approach to indoor air quality by monitoring real-time air quality and work safety conditions in an innovative, integrated dashboard offering air quality, human capital and security for a purchase consideration of $350,000 in cash and the issuance of 88,104 shares of common stock, or $276,647 based on the fair value at closing. The full purchase price of $626,647 has been allocated to goodwill as the Company has determined that the fair value of assets acquired and liabilities assumed was zero. The transaction costs incurred in connection with this acquisition amounted to $87,865 and are included in the selling, general and administrative expenses.

The most valuable asset acquired was the assembled workforce (two founders) and subsumed as part of the transaction. The intent of acquiring GSI Technology was to support and drive the Company’s Public Sector and Enterprise IAQ sales and business development efforts. Historical revenues of GSI Technology were minimal and its customer base was not comprised of long-term contracts with high percentages of renewals to which value could be placed upon customer contracts. By the time the transaction closed, the Company had already concluded that GSIs underlying technology was still in alpha stage and unproven. Additionally, the Company completed the merger with Molekule Inc. whereby that underlying technology would be the foundation of the Company prospectively. GSI Inc. hasn’t generated any revenue since acquisition.

15. Subsequent Events

Acquisition of Molekule Inc.

On January 12, 2023, the Company completed the acquisition of Molekule, Inc., which produces and sells air purification devices that can be used by both consumer and commercial users. These air purifiers incorporate the patented technology, photoelectrochemical oxidation (“PECO”), to capture and destroy a wide range of organic material, such as bacteria, viruses, mold and volatile organic compounds.

The Company’s mission is to establish itself as the leader in creating a safe indoor environment, free of dangerous pathogens, particles, allergens, mold and fungi, for the healthcare, commercial office, educational and transportation marketplaces. The Company’s goal is to become the leading provider of airborne pathogen-eradication solutions, through the application of air sanitization using its UV-C LED and UV light and filtration media technologies, and to create comprehensive solutions for at-risk enclosed spaces across hospitals, outpatient treatment facilities, universities and schools, senior living and nursing homes, non-hospital healthcare facilities, commercial buildings and the human transport and travel industries.

Pursuant to the Agreement and Plan of Merger (the "Merger Agreement") dated October 3, 2022 by and among the Company, Air King Merger Sub Inc., a Delaware corporation and direct wholly-owned subsidiary of the Company ("Merger Sub"), and Molekule, Inc., a Delaware corporation ("Molekule"), providing for, among other things, and subject to the terms and conditions therein, an all-stock merger transaction pursuant to which Merger Sub will merge with and into Molekule, with Molekule continuing as the surviving entity and a wholly-owned subsidiary of the Company (the "Merger").

At the effective time of the Merger (the "Effective Time"), the outstanding shares of Molekule common stock, par value $0.0001, that were issued and outstanding immediately prior to the effective time of the Merger (the "Molekule Common Stock") (including shares of Molekule Common Stock resulting from the conversion of Molekule's eligible preferred stock, but excluding dissenting shares and shares held in treasury), were converted automatically into, and the holders of such shares of Molekule Common Stock were entitled to receive, by virtue of the Merger and upon the terms and subject to the conditions set forth in the Merger Agreement, 14,907,210 fully paid and nonassessable shares of Company common stock, par value $0.01 per share (the "Company Common Stock"), that resulted in the Molekule stockholders in the aggregate, after taking into account the Company Common Stock underlying In-the-Money Company Warrants (as defined in the Merger Agreement) and the grants of restricted stock units ("RSUs") by the Company to certain continuing Molekule employees which were deemed vested and outstanding as of immediately following the Effective Time, holding 49.5% of the Outstanding Shares (as defined in the "Merger Agreement') (the "Merger Consideration"). Immediately following the closing of the merger, there were 30,427,750 shares of Company Common Stock outstanding, which does not include Company Common Stock that may be issued upon the vesting of RSUs.

At the Effective Time, each in-the-money Molekule warrant, by virtue of the Merger and without further action on the part of the holder thereof, converted into the right to receive, for each share of Molekule Common Stock subject to such in-the-money Molekule warrant (including shares of Molekule Common Stock issuable upon conversion of any Molekule preferred stock issuable upon exercise of any Molekule warrant), a portion of the Merger Consideration equal to the Merger Consideration that would have been payable in respect of such share had such in-the-money Molekule warrant been exercised immediately prior to the Effective Time less the exercise price with respect to such warrant. Each Molekule warrant issued and outstanding as of the Effective Time that was not an in-the-money Molekule warrant was automatically cancelled and terminated for no consideration immediately prior to the Effective Time.

At the Effective Time, each outstanding option to acquire Molekule Common Stock was cancelled and terminated for no consideration. Any shares of Molekule Common Stock that were available for issuance pursuant to Molekule's 2015 stock plan (the "Residual Shares") were converted at the Effective Time into the number of shares of Company Common Stock equal to the product of the number of such Residual Shares and the exchange ratio determined in accordance with the Merger Agreement (the "Assumed Shares"). The Company may issue the Assumed Shares after the Effective Time pursuant to the settlement of any equity awards granted under the Molekule 2015 stock plan, AeroClean's 2021 Incentive Award Plan or any other AeroClean equity plan.

The initial purchase price allocation for the acquisition is expected to be completed by the end of the first quarter of 2023.

Upon closing of the acquisition of Molekule, Inc. on January 12, 2023, the Company assumed indebtedness under (1) a Loan and Security Agreement with Silicon Valley Bank, (2) a Mezzanine Loan and Security Agreement with Silicon Valley Bank and (3) a Facility Term Loan with Trinity Capital.

Senior Term Loan. In June 2016, Molekule, Inc. entered into a Loan and Security Agreement with SVB (as amended, amended and restated, supplemented or otherwise modified from time to time, the "Senior Term Loan"). The Company became a co-borrower under this agreement upon the closing of the Molekule Merger. At the closing of the Molekule Merger, the outstanding principal balance under the Senior Term Loan was $4.4 million. The Senior Term Loan bears interest at an annual rate equal to the greater of (x) the Prime Rate plus 1% or (y) 4.25%. As of the date of this Annual Report, the interest rate was 9.0% per year. The maturity date for the Senior Term Loan is April 1, 2026. Interest is payable monthly in arrears. The principal is repayable in 36 equal monthly installments beginning on May 1, 2023. The Loan and Security Agreement contains customary representations and warranties, affirmative and negative covenants (including financial covenants), events of default and termination provisions. The financial covenants include requirements to maintain a minimum cash balance of $2.0 million and an annual revenue target of $50.0 million for the calendar year ending December 31, 2023. Revenue targets for periods occurring after December 31, 2023 shall be mutually agreed by the Company and SVB. The Company also is required to maintain its primary operating and other deposit accounts and securities accounts with SVB and its affiliates.

Mezzanine Term Loan. In March 2021, Molekule, Inc. entered into a Mezzanine Loan and Security Agreement with SVB, pursuant to which SVB issued to Molekule, Inc. a $30.0 million mezzanine term loan (as amended, amended and restated, supplemented or otherwise modified from time to time, the "Mezzanine Term Loan"), consisting of a Mezzanine Term Loan A tranche of $15.0 million and a Mezzanine Term Loan B tranche of $15.0 million. The Company became a co-borrower under this agreement upon the closing of the Molekule Merger. As of the December 31, 2022, the outstanding principal balance under the Mezzanine Term Loan was $30.0 million. The Mezzanine Term Loan bears interest at a floating rate per annum equal to the greater of (x) the Prime Rate plus 6.00% or (y) 9.25%. As of the date of this Annual Report, the interest rate was 14.0% per year. The Mezzanine Term Loan Tranche A matures in March 2027 and the Mezzanine Term Loan B matures in March 2028. Interest is payable monthly in arrears. The principal of Mezzanine Term Loan Tranche A is repayable in 36 equal monthly installments beginning on April 1, 2024. The principal of Mezzanine Term Loan B Tranche is repayable in 36 equal monthly installments beginning on April 1, 2025. The Mezzanine Loan and Security Agreement contains customary representations and warranties, affirmative and negative covenants (including financial covenants), events of default and termination provisions. The financial covenants include requirements to maintain a minimum cash balance of $2.0 million and an annual revenue target of $50.0 million for the calendar year ending December 31, 2023. Revenue targets for periods occurring after December 31, 2023 shall be mutually agreed by the Company and SVB. The Company also is required to maintain all of its deposit accounts, the cash collateral account and excess cash with SVB and its affiliates.

Facility Term Loan. In June 2020, Molekule, Inc. entered into a Facility Term Debt Agreement (the "Facility Term Loan") with Trinity for the ability to draw down lease financing related to funding the build out of its filter manufacturing plant. The Company became a co-lessee under this agreement upon the closing of the Molekule Merger. Molekule, Inc. drew down $2.9 million in June 2020, $0.6 million in September 2020, $0.9 million in December 2020 and $0.5 million in August 2021. Principal and interest are paid monthly with the principal being repaid in equal monthly installments from the month after the amount was drawn until April 1, 2026, with the last two months payments having been made at the inception of each loan. At the end of the term, Trinity also requires the Company to pay down an additional 10% of the total term draw down amount, which results in an additional payment of $0.4 million in total for all the draws. This additional payment is being accreted to the total outstanding amount over the term of the Facility Term Loan and resulted in an incremental $0.3 million of long-term debt to Trinity as of the closing of the Molekule Merger. At the closing of the Molekule Merger, the outstanding principal balance under the Facility Term Loan was $2.6 million. The Facility Term Loan contains customary representations and warranties, affirmative and negative covenants and event of default provisions.

On March 10, 2023, SVB was closed by the California Department of Financial Protection and Innovation, which appointed the FDIC as receiver. At the time of the closure and as of the date of this Annual Report, the Company held assets in securities in sweep accounts purchased through SVB but managed in segregated custodial accounts by a third-party asset manager. On March 13, 2023, the FDIC announced that all of SVB's deposits and substantially all of its assets had been transferred to a newly created, full-service FDIC-operated bridge bank, SVBB. SVBB assumed all loans that were previously held by SVB. On March 27, 2023, First-Citizens Bank & Trust Company assumed all of SVBB's customer deposits and certain other liabilities and acquired substantially all of SVBB's loans and certain other assets from the FDIC.

While the Company has had full access to the assets in its sweep accounts since March 13, 2023, it may be impacted by other disruptions to the U.S. banking system caused by the recent developments involving SVB, including potential delays in its ability to transfer funds and potential delays in making payments to vendors while new banking relationships are established

Acquisition of Aura Smart Air

On February 26, 2023, the Company entered into an Agreement and Plan of Merger (the "Agreement") with Avatar Merger Sub Ltd., an Israeli company and wholly owned subsidiary of the Company ("Merger Sub"), and Aura Smart Air Ltd., an Israeli company listed on the Tel Aviv Stock Exchange (the "TASE") and the creator of a proprietary, software, sensor and IoT-enabled data-driven air purification system ("Aura").

The Agreement provides that, upon the terms and subject to the conditions set forth in the Agreement, and in accordance with the Israeli Companies Law, Merger Sub shall be merged with and into Aura, and Aura will continue as a wholly owned subsidiary of the Company (the "Merger"). At the closing of the Merger, upon the terms and subject to the conditions set forth in the Agreement, each ordinary share of Aura issued and outstanding immediately prior to the closing of the Merger will be converted into the right to receive from Molekule a number of validly issued, fully paid and nonassessable shares of Molekule common stock equal to

(A) 3,519,105, *divided by* (B) the aggregate number of issued and outstanding Aura ordinary shares as of the closing of the Merger, in each case without interest (the "Merger Consideration"). Any fractional shares of Molekule common stock will be rounded down.

Each of Molekule, Merger Sub and Aura has provided customary representations, warranties and covenants in the Agreement. The completion of the Merger is subject to various closing conditions, including Aura obtaining the requisite shareholder approval and an Israeli tax ruling regarding withholding tax, Molekule's registration statement on Form S-4 being declared effective by the U.S. Securities and Exchange Commission (the "SEC") and the Israel Securities Authority (the "ISA") and the listing of the Molekule common stock on the TASE. The Agreement contains customary termination rights for both the Company and Aura. Both the Company and Aura have the right to terminate the Agreement if the closing of the Merger does not occur on or before September 30, 2023.

The Merger is expected to close early in the second half of 2023.

Exhibit 3.1

Explanatory Note: This exhibit is being filed pursuant to Item 601(b)(3)(i) of Regulation S-K, which requires a conformed version of our charter reflecting all amendments in one document. Therefore, the document below reflects the Amended and Restated Certificate of Incorporation of Molekule Group, Inc., as filed with the Delaware Secretary of State on January 12, 2023, revised to incorporate the amendment filed with the Delaware Secretary of State on January 12, 2023, which amendment changed the name of the Corporation to "Molekule Group, Inc."

CONFORMED VERSION OF AMENDED AND RESTATED CERTIFICATE OF INCORPORATION OF MOLEKULE GROUP, INC. AS AMENDED BY AMENDMENT FILED ON JANUARY 12, 2023

ARTICLE I

Name

The name of the corporation is Molekule Group, Inc. (the "Corporation").

ARTICLE II

Registered Office and Registered Agent

The address of the registered office of the Corporation in the State of Delaware is 850 New Burton Road, Suite 201 in the City of Dover County of Kent, 19904. The name of the registered agent of the Corporation at such address is Cogency Global Inc.

ARTICLE III

Corporate Purpose

The purpose of the Corporation is to engage in any lawful act or activity for which corporations may be organized under the General Corporation Law of the State of Delaware (the "General Corporation Law").

ARTICLE IV

Capital Stock

(1) The total number of shares of all classes of stock that the Corporation shall have authority to issue is 121,000,000, of which 110,000,000 shall be shares of Common Stock of the Corporation, par value $0.01 per share ("Common Stock"), and 11,000,000 shall be shares of Preferred Stock, at a par value of $0.01 per share ("Preferred Stock").

(2) The Board of Directors of the Corporation (the "Board") is hereby expressly authorized to provide, out of the unissued shares of Preferred Stock, for the issuance of one or more series of Preferred Stock and, with respect to each such series, to fix the number of shares constituting such series and the designation of such series, the voting powers, if any, of the shares of such series, and the preferences and relative, participating, optional or other special rights, if any, and any qualifications, limitations or restrictions thereof, of the shares of such series. The powers, preferences and relative, participating, optional and other special rights of each series of Preferred Stock, and the qualifications, limitations or restrictions thereof, if any, may differ from those of any and all other series at any time outstanding. The Corporation shall, from time to time and in accordance with applicable law, increase the number of authorized shares of Common Stock if at any time the number of shares of Common Stock remaining unissued and available for issuance shall not be sufficient to permit the conversion of any series of Preferred Stock that, as provided for or fixed pursuant to the provisions of this paragraph (2) of Article IV, is otherwise convertible into Common Stock.

ARTICLE V

Board of Directors

(1) The business and affairs of the Corporation shall be managed by, or under the direction of, the Board, which may exercise all such powers of the Corporation and do all such lawful acts and things as are not by law or this Certificate of Incorporation directed or required to be exercised or done by stockholders.

(2) The Bylaws of the Corporation may fix and alter the number of directors and may prescribe the term of office, and from time to time the number of directors may be increased or decreased by amendment of the Bylaws of the Corporation; provided that in no case shall the number of directors be less than three.

(3) Any director or the entire Board may be removed from office only for cause and only by the affirmative vote of at least sixty-six and two-thirds percent (66 2/3%) of the total voting power of the outstanding shares of the capital stock of the Corporation entitled to vote in any annual election of directors, voting together as a single class.

(4) Vacancies occurring on the Board for any reason, including, without limitation, vacancies occurring as a result of the death, resignation, retirement, disqualification or removal from office of a director, or the creation of new directorships that increase the number of directors, shall solely be filled by a majority vote of the directors then in office, even if the number of such directors is less than a quorum, or by a sole remaining director, or by the written consent of such directors as permitted by the General Corporation Law and as provided in the Bylaws of the Corporation, and shall not be filled by the stockholders.

(5) At any meeting of stockholders at which directors are elected, directors shall be elected by a plurality of the voting power of the shares entitled to vote on the election of directors and present in person or by proxy at the meeting. Elections of directors of the Corporation need not be by written ballot, except and to the extent provided in the Bylaws of the Corporation.

(6) To the fullest extent permitted by the General Corporation Law as it now exists and as it may hereafter be amended, no director of the Corporation shall be personally liable to the Corporation or its stockholders for monetary damages for breach of fiduciary duty as a director. For the avoidance of all doubt, notwithstanding any other provision in this Certificate of Incorporation, no amendment to, modification of or repeal of this paragraph (6) shall apply to or have any effect on the liability or alleged liability of any director of the Corporation for or with respect to any acts or omissions of such director occurring prior to such amendment.

(7) Nothing in this Article V shall be deemed to affect or restrict (i) any rights of the holders of any series of Preferred Stock to elect directors as provided for or fixed pursuant to the provisions of Article IV, or (ii) the ability of the Board to provide, pursuant to Article IV, for the preferences and relative, participating, optional or other special rights, if any, and any qualifications, limitations or restrictions thereof, of the shares of any series of Preferred Stock, including with regard to those directors, if any, to be elected by the holders of any series of Preferred Stock.

ARTICLE VI

Interested Directors and Officers

(1) No contract or transaction between the Corporation and one or more of its directors or officers, or between the Corporation and any other corporation, partnership, association or other organization in which one or more of the Corporation's directors or officers are directors or officers, or have a financial interest, shall be void or voidable solely for this reason, or solely because such director or officer is present at or participates in the meeting of the Board or committee thereof that authorizes the contract or transaction, or solely because his or her vote is counted for such purpose, if (i) the material facts as to his or her relationship or interest and as to the contract or transaction are disclosed or are known to the Board or the committee, and the Board or committee in good faith authorizes the contract or transaction by the affirmative votes of a majority of the disinterested directors, even though the disinterested directors be less than a quorum, (ii) the material facts as to his or her relationship or interest and as to the contract or transaction are disclosed or are known to the stockholders entitled to vote thereon, and the contract or transaction is specifically approved in good faith by vote of the stockholders, or (iii) the contract or transaction is fair as to the Corporation as of the time it is authorized, approved or ratified by the Board, a committee thereof or the stockholders.

(2) Common or interested directors may be counted in determining the presence of a quorum at a meeting of the Board or of a committee which authorizes the contract or transaction.

ARTICLE VII

Stockholder Action

(1) The annual meeting of stockholders of the Corporation for the election of directors of the Corporation, and for the transaction of such other business as may properly come before such meeting, shall be held at such place, date and time as shall be fixed by the Board in its sole and absolute discretion.

(2) Except as otherwise required by law, or as otherwise provided for or fixed pursuant to the provisions of Article IV with regard to the rights of holders of shares of one or more series of Preferred Stock, special meetings of stockholders of the Corporation may only be called by (i) the Board or (ii) the Chairman of the Board of the Corporation or the Chief Executive Officer of the Corporation.

(3) Any previously scheduled meeting of the stockholders may be postponed to another date, time or place by resolution of the Board.

(4) Except as otherwise provided for or fixed pursuant to the provisions of Article IV with regard to the rights of holders of shares of one or more series of Preferred Stock, no action that is required or permitted to be taken by the stockholders of the Corporation at any annual or special meeting of stockholders may be effected by written consent of stockholders in lieu of a meeting; provided, however, that the taking of any action that is required or permitted to be taken by the stockholders of the Corporation at any annual or special meeting of stockholders may be effected by written consent of stockholders in lieu of a meeting if such action and the taking of such action by written consent of stockholders in lieu of a meeting have each been expressly approved in advance by the Board.

ARTICLE VIII

Officers' Liability

To the fullest extent permitted by the General Corporation Law as it now exists and as it may hereafter be amended, no officer of the Corporation shall be personally liable to the Corporation or its stockholders for monetary damages for breach of fiduciary duty as an officer. For the avoidance of all doubt, notwithstanding any other provision in this Certificate of Incorporation, no amendment to, modification of or repeal of this Article VIII shall apply to or have any effect on the liability or alleged liability of any officer of the Corporation for or with respect to any acts or omissions of such officer occurring prior to such amendment or repeal. Solely for purposes of this Article VIII, "officer" shall have the meaning provided in Section 102(b)(7) of the General Corporation Law as it now exists and as it may hereafter be amended.

ARTICLE IX

Indemnification and Insurance

(1) Each person who was or is made a party or is threatened to be made a party to or is involved (including, without limitation, as a witness) in any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (hereinafter, a "proceeding"), by reason of the fact that he or she is or was a director or officer of the Corporation or, while serving as a director or officer of the Corporation, is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation or of a partnership, joint venture, trust or other enterprise, including service with respect to employee benefit plans, whether the basis of such proceeding is an alleged action in an official capacity as a director or officer or in another capacity for or at the request of the Corporation, shall be indemnified and held harmless by the Corporation to the fullest extent authorized by the General Corporation Law, as the same exists or may hereafter be amended (but, in the case of any such amendment, only to the extent that such amendment permits the Corporation to provide broader indemnification rights than said law permitted the Corporation to provide prior to such amendment), against all expense, liability and loss (including attorneys' fees, judgments, fines, excise taxes or penalties, including under the Employee Retirement Income Security Act of 1974, as amended, and amounts paid or to be paid in settlement) reasonably incurred or suffered by such person in connection therewith, and such indemnification shall continue as to a person who has ceased to serve in the capacity that initially entitled such person to indemnity hereunder and shall inure to the benefit of his or her heirs, executors and administrators; provided, however, that, except as provided in paragraph (2) of this Article IX with respect to proceedings seeking to enforce rights to indemnification hereunder, the Corporation shall indemnify any such person seeking indemnification in connection with a proceeding (or part thereof) initiated by such person only if such proceeding (or part thereof) was specifically authorized by the Board. The right to indemnification conferred in this Article IX shall be a contract right that vests upon a person becoming a director or officer of the Corporation or upon a person serving at the request of the Corporation as a director, officer, employee or agent of another corporation or of a partnership, joint venture, trust or other enterprise, including service with respect to employee benefit plans, and shall include the right to be paid by

the Corporation the expenses incurred in defending any such proceeding in advance of its final disposition; provided, however, that, if the General Corporation Law requires, the payment of such expenses incurred by a director or officer of the Corporation in his or her capacity as a director or officer of the Corporation (and not in any other capacity in which service was or is rendered by such person while a director or officer, including, without limitation, service to an employee benefit plan) in advance of the final disposition of a proceeding, shall be made only upon delivery to the Corporation of an undertaking, by or on behalf of such director or officer, to repay all amounts so advanced if it shall ultimately be determined that such director or officer is not entitled to be indemnified under this Article IX or otherwise. Notwithstanding the foregoing, subsequent to an indictment of, or the filing of a civil complaint by a U.S. federal or state governmental enforcement agency against, a director or officer of the Corporation (in any capacity, including as an employee or agent of another enterprise and service to an employee benefit plan) entitled to or receiving advancement of expenses, the Corporation may, subject to applicable law (including to the extent indemnification is required under Section 145(c) of the General Corporation Law), terminate, reduce or place conditions upon any future advancement of expenses (including with respect to costs, charges, attorneys' fees, experts' fees and other fees) incurred by such director or officer relating to his or her defense thereof if (i) such director or officer does not prevail at trial, enters into a plea arrangement, agrees to the entry of a final administrative or judicial order imposing sanctions on such director or officer or otherwise admits, in a legal proceeding, to the alleged violation resulting in the relevant indictment or complaint, or (ii) if the Corporation initiates an internal investigation and a determination is made (x) by the disinterested directors, even though less than a quorum, or (y) if there are no disinterested directors or the disinterested directors so direct, by independent legal counsel in a written opinion, that the facts known to the decision-maker at the time such determination is made demonstrate that such director or officer acted in a manner that is not indemnifiable by the Corporation. Any future indemnification or similar agreement entered into by the Corporation with any director or officer of the Corporation and that addresses the advancement of expenses shall contain restrictions substantially similar to the immediately preceding sentence.

(2) If a claim under paragraph (1) of this Article IX is not paid in full by the Corporation within ninety (90) days after a written claim has been received by the Corporation, the claimant may, at any time thereafter, bring suit against the Corporation to recover the unpaid amount of the claim and, if successful in whole or in part, the claimant shall also be entitled to be paid the expense of prosecuting such claim. It shall be a defense to any such action that the claimant has not met the standards of conduct that make it permissible under the General Corporation Law for the Corporation to indemnify the claimant for the amount claimed or, in the case of a claim regarding advancement of expenses, the Corporation has terminated, reduced or placed conditions upon advancement of expenses in accordance with paragraph (1) of this Article IX, but in each case, the burden of proving such defense shall be on the Corporation. Neither the failure of the Corporation (including the Board, a committee thereof, independent legal counsel or its stockholders) to have made a determination prior to the commencement of such action that indemnification of the claimant is proper in the circumstances because he or she has met the applicable standard of conduct set forth in the General Corporation Law, nor an actual determination by the Corporation (including the Board, a committee thereof, independent legal counsel or its stockholders) that the claimant has not met such applicable standard of conduct, shall be a defense to the action or create a presumption that the claimant has not met the applicable standard of conduct.

(3) The right to indemnification and the advancement and payment of expenses conferred in this Article IX shall not be exclusive of any other right that any person may have or hereafter acquire under any law (common or statutory), provision of the Certificate of Incorporation of the Corporation, other bylaw, agreement, vote of stockholders or disinterested directors or otherwise.

(4) If this Article IX or any portion hereof shall be invalidated on any ground by any court of competent jurisdiction, then the Corporation shall nevertheless indemnify and hold harmless each director or officer of the Corporation as to costs, charges and expenses (including attorneys' fees, experts' fees and other fees), judgments, fines and amounts paid in settlement with respect to any action, suit or proceeding, whether civil, criminal, administrative or investigative, to the full extent permitted by any applicable portion of this Article IX that shall not have been invalidated and to the full extent permitted by applicable law.

(5) For the avoidance of all doubt, notwithstanding any other provision in this Certificate of Incorporation, no amendment to, modification of or repeal of any provision of this Article IX shall apply to or have any effect on the liability or alleged liability, or any right to indemnification or to advancement of expenses, of any director or officer of the Corporation for or with respect to any acts or omissions of such director or officer occurring prior to such amendment, except as otherwise consented to in writing by such director or officer.

(6) The Board may, or may authorize one or more officers to, provide for the indemnification or advancement of expenses by the Corporation to any current or former employee or agent of the Corporation or any of the Corporation's subsidiaries who would not otherwise have a right to indemnification or advancement of expenses pursuant to this Article IX and was or is made a party to or is threatened to be made a party to or is otherwise involved or threatened to be involved (including, without limitation, as a witness) in any proceeding, by reason of the fact that he or she is or was such an employee or agent or, while serving as an employee or agent, he or she is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation or a partnership, joint venture, trust, nonprofit entity or other enterprise, including service with respect to an employee benefit plan, of such scope and effect and subject to such terms as determined by the Board or such officer or officers, in each case, as and to the extent permitted by applicable law.

(7) The Corporation may purchase and maintain insurance on behalf of itself and any person who is or was a director, officer, employee or agent of the Corporation, or is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against such person and incurred by such person in any such capacity, or arising out of such person's status as such, whether or not the Corporation would have the power to indemnify such person against such liability under Section 145 of the General Corporation Law.

ARTICLE X

Bylaws

In furtherance and not in limitation of the powers conferred by the General Corporation Law, the Board shall expressly have the power to adopt, amend or repeal the Bylaws of the Corporation. Any adoption, amendment or repeal of the Bylaws of the Corporation by the Board shall require the approval of a majority of the entire Board. The stockholders shall also have the power to adopt, amend or repeal the Bylaws of the Corporation, provided, however, that, in addition to any vote of the holders of any class or series of stock of the Corporation required by law or by this Certificate of Incorporation, the affirmative vote of at least sixty-six and two-thirds percent (66 2/3%) of the voting power of the then-outstanding voting stock of the Corporation, voting together as a single class, shall be required for the stockholders of the Corporation to amend, repeal or adopt any provision of the Bylaws of the Corporation.

ARTICLE XI

Amendment

(1) The Corporation reserves the right to amend, alter, change or repeal any provisions contained in this Certificate of Incorporation in the manner now or hereafter prescribed by law, and all the provisions of this Certificate of Incorporation and, except as expressly provided otherwise in this Certificate of Incorporation, all rights conferred on stockholders, directors, officers, employees or agents of the Corporation in this Certificate of Incorporation are subject to this reserved power.

(2) Notwithstanding anything contained in this Certificate of Incorporation to the contrary, and in addition to any affirmative vote of the holders of any particular class of stock of the Corporation required by applicable law or this Certificate of Incorporation, the affirmative vote of at least sixty-six and two-thirds percent (66 2/3%) of the voting power of the then-outstanding voting stock of the Corporation, voting together as a single class, shall be required for the stockholders of the Corporation to amend, repeal or adopt any provisions of this Certificate of Incorporation inconsistent with Article V, paragraphs (2) and (4) of Article VII or this Article XI of this Certificate of Incorporation.

Exhibit 4.6

DESCRIPTION OF REGISTRANT'S SECURITIES REGISTERED PURSUANT TO SECTION 12 OF THE SECURITIES EXCHANGE ACT OF 1934

The following description of the capital stock of AeroClean Technologies, Inc. ("us," "our," "we" or the "Company") is a summary of the rights of our capital stock and summarizes certain provisions of our certificate of incorporation and our bylaws. This summary does not purport to be complete and is qualified in its entirety by the provisions of our certificate of incorporation and bylaws, copies of which have been filed as exhibits to this Annual Report on Form 10-K, as well as to the applicable provisions of the Delaware General Corporation Law.

DESCRIPTION OF CAPITAL STOCK

General

Our authorized capital stock consists of 121,000,000 shares, all with a par value of $0.01 per share, of which:

- 110,000,000 shares are designated common stock; and
- 11,000,000 shares are designated preferred stock.

Common Stock

Dividend Rights

Subject to the rights, if any, of the holders of any outstanding series of our preferred stock, holders of our common stock will be entitled to receive dividends out of any of our funds legally available when, as and if declared by our board of directors.

Voting Rights

Each holder of our common stock is entitled to one vote per share on all matters on which stockholders are generally entitled to vote. Our certificate of incorporation does not provide for cumulative voting in the election of directors.

Liquidation

If we liquidate, dissolve or wind up our affairs, holders of our common stock are entitled to share proportionately in our assets available for distributions to stockholders, subject to the rights, if any, of the holders of any outstanding series of our preferred stock.

Other Rights

Holders of our common stock have no preemptive, subscription, redemption or conversion rights and our common stock is not subject to a sinking fund provision. Any shares of common stock sold under this offering circular will be validly issued, fully paid and nonassessable upon issuance against full payment of the purchase price for such shares.

Preferred Stock

Under our certificate of incorporation and subject to the limitations prescribed by law, our board of directors may issue our preferred stock in one or more series and may establish from time to time the number of shares to be included in such series and may fix the designation, the voting powers, if any, and preferences and relative participating, optional or other rights, if any, of the shares of each such series and any qualifications, limitations or restrictions thereof.

When and if we issue any shares of preferred stock, our board of directors will establish the number of shares and designation of such series and the voting powers, if any, and preferences and relative participating, optional or other special rights, and the qualifications, limitations and restrictions thereof, for the particular preferred stock series.

Dividends

We have not paid any cash dividends on our shares of common stock to date. The payment of cash dividends in the future will be dependent upon our revenues and earnings, if any, capital requirements and general financial condition and will be within the discretion of our board of directors. It is the current intention of our board of directors to retain all earnings, if any, for use in our business operations and, accordingly, our board of directors does not anticipate declaring any dividends in the foreseeable future.

Anti-Takeover Effects of Provisions of our Certificate of Incorporation and Bylaws

Our certificate of incorporation and bylaws contain, and Delaware statutory law contains, provisions that could make acquisition of our Company by means of a tender offer, a proxy contest or otherwise more difficult. These provisions are expected to discourage certain types of coercive takeover practices and takeover bids that our board of directors may consider inadequate and to encourage persons seeking to acquire control of us to first negotiate with our board of directors. We believe that the benefits of increased protection of our ability to negotiate with the proponent of an unfriendly or unsolicited proposal to acquire or restructure us outweigh the disadvantages of discouraging takeover or acquisition proposals because, among other things, negotiation of these proposals could result in an improvement of their terms. The description set forth below is only a summary and is qualified in its entirety by reference to our certificate of incorporation and our bylaws, both of which are filed as exhibits to our offering statement of which this offering circular forms a part.

Number of Directors; Filling Vacancies; Removal. Our certificate of incorporation and bylaws provide that our business and affairs will be managed by or under the direction of our board of directors. Our certificate of incorporation and bylaws provide that the board of directors will consist of not less than three nor more than nine members, with the exact number of directors within these limits to be fixed exclusively by the board of directors. In addition, our certificate of incorporation provides that any board vacancy, including a vacancy resulting from an increase in the number of directors, may be filled solely by the affirmative vote of a majority of the remaining directors then in office, even if less than a quorum of the board, or by the sole remaining director.

Special Meetings. Our certificate of incorporation and bylaws provide that special meetings of the stockholders may only be called by our board of directors or certain of our officers. These provisions will make it more difficult for stockholders to take an action opposed by our board of directors.

No Stockholder Action by Written Consent Unless Approved by Our Board. Our certificate of incorporation and bylaws require that all actions to be taken by stockholders must be taken at a duly called annual or special meeting, and stockholders will not be permitted to act by written consent unless both the action and the taking of the action by written consent are approved in advance by our board of directors. These provisions may make it more difficult for stockholders to take an action opposed by our board of directors.

Amendments to Our Certificate of Incorporation. Our certificate of incorporation provides that the affirmative vote of the holders of at least 66 2⁄3% of the total voting power of the then-outstanding shares of common stock entitled to vote, voting as a single class, is required to amend or repeal, or adopt any provision inconsistent with, certain provisions in our certificate of incorporation, including those provisions regarding the filling of vacancies on the board of directors, provisions providing for the removal of directors, provisions regarding the calling of special meetings, provisions regarding stockholder action by written consent and provisions regarding amendment of our certificate of incorporation. These provisions may make it more difficult for stockholders to make changes to our certificate of incorporation.

Amendments to Our Bylaws. Our certificate of incorporation provides that our board of directors has the power to adopt, amend or repeal the bylaws. Any such adoption, amendment or repeal of our bylaws by the board of directors shall require approval of a majority of the entire board. Our certificate of incorporation provides that, notwithstanding any other provision of our certificate of incorporation, the affirmative vote of the holders of at least 66 2⁄3% of the total voting power of the then-outstanding shares of common stock entitled to vote, voting as a single class, is required for our stockholders to amend or repeal, or adopt any provisions in the bylaws. These provisions may make it more difficult for stockholders to make changes to our bylaws that are opposed by our board of directors.

Requirements for Advance Notification of Stockholder Nomination and Proposals. Under our bylaws, stockholders of record may nominate persons for election to our board of directors or bring other business constituting a proper matter for stockholder action at annual meetings only by providing proper notice to our secretary. Proper notice must be generally received not less than 90 days nor more than 120 days prior to the first anniversary date of the annual meeting for the preceding year (or, in some cases, prior to the tenth day following the announcement of the meeting) and must include, among other information, the name and address of the stockholder giving the notice, certain information relating to each person whom such stockholder proposes to nominate for election as a director and a brief description of any business such stockholder proposes to bring before the meeting. Nothing in our bylaws may be deemed to affect any rights of stockholders to request inclusion of proposals in our proxy statement pursuant to Rule 14a-8 under the Exchange Act. Contests for the election of directors or the consideration of stockholder proposals will be precluded if the proper procedures are not followed. Third parties may therefore be discouraged from conducting a solicitation of proxies to elect their own slate of directors or to approve their own proposals.

Forum and Venue. Our bylaws provide that, unless we otherwise consent in writing to the selection of an alternative forum, the sole and exclusive forum for certain legal actions involving the Company will be the Court of Chancery of the State of Delaware (or, if the Court of Chancery of the State of Delaware lacks subject matter jurisdiction, the federal district court for the District of Delaware).

Transfer Agent

The registrar and transfer agent for our common stock is Computershare.

Listing

Prior to this offering, there has been no public market for our securities. Our common stock has been approved for listing on the Nasdaq Capital Market under the symbol “AERC”.

Exhibit 4.7

DESCRIPTION OF REGISTRANT'S SECURITIES REGISTERED PURSUANT TO SECTION 12 OF THE SECURITIES EXCHANGE ACT OF 1934

The following description of the capital stock of Molekule Group, Inc. ("us," "our," "we" or the "Company") is a summary of the rights of our capital stock and summarizes certain provisions of our certificate of incorporation and our bylaws. This summary does not purport to be complete and is qualified in its entirety by the provisions of our certificate of incorporation and bylaws, copies of which have been filed as exhibits to this Annual Report on Form 10-K, as well as to the applicable provisions of the Delaware General Corporation Law.

DESCRIPTION OF CAPITAL STOCK

Authorized Capital Stock

Under our certificate of incorporation, our authorized capital stock consists of:

- 110,000,000 shares of common stock, par value $0.01 per share; and
- 11,000,000 shares of preferred stock, par value $0.01 per share.

The following is a description of the material terms of our certificate of incorporation and bylaws. We refer you to our certificate of incorporation and bylaws, copies of which have been filed as exhibits to this Annual Report on Form 10-K.

Common Stock

Dividend Rights. Subject to the rights, if any, of the holders of any outstanding series of our preferred stock, holders of our common stock will be entitled to receive dividends out of any of our funds legally available when, as and if declared by our board of directors.

Voting Rights. Each holder of our common stock is entitled to one vote per share on all matters on which stockholders are generally entitled to vote. Our certificate of incorporation does not provide for cumulative voting in the election of directors.

Liquidation. If we liquidate, dissolve or wind up our affairs, holders of our common stock are entitled to share proportionately in our assets available for distributions to stockholders, subject to the rights, if any, of the holders of any outstanding series of preferred stock.

Other Rights. Holders of our common stock have no preemptive, subscription, redemption or conversion rights.

Preferred Stock

Under our certificate of incorporation and subject to the limitations prescribed by law, our board of directors may cause us to issue preferred stock in one or more series and may establish from time to time the number of shares to be included in such series and may fix the designation, voting powers, if any, and preferences and relative participating, optional or other rights, if any, of the shares of each such series and any qualifications, limitations or restrictions thereof. See "*Anti-Takeover Effects of Provisions of our Certificate of Incorporation and Bylaws*."

When and if we issue any shares of preferred stock, our board of directors will establish the number of shares and designation of such series and voting powers, if any, and preferences and relative participating, optional or other special rights, and the qualifications, limitations and restrictions thereof, for the particular preferred stock series.

Dividends

We have not paid any cash dividends on shares of our common stock to date. The payment of cash dividends in the future will be dependent upon our revenues and earnings, if any, capital requirements and general financial condition and will be within the discretion of our board of directors. It is the current intention of our board of directors to retain all earnings, if any, for use in our business operations and, accordingly, our board of directors does not anticipate declaring any dividends in the foreseeable future.

Warrant

On June 29, 2022, we issued a warrant to purchase up to 1,500,000 shares of our common stock at an exercise price of $11.00 per share. The warrant must be exercised on or prior to 5:00 p.m. on July 21, 2027. The warrantholder has contractually agreed to restrict its ability to exercise the warrant if the number of shares of our common stock held by the warrantholder and its affiliates after such exercise would exceed 4.99% of the then issued and outstanding shares of our common stock. The warrantholder may increase or decrease this limitation upon notice to the Company, but in no event will any such limitation exceed 9.99%.

Our Transfer Agent

The registrar and transfer agent for our common stock is Computershare.

Listing

Our common stock is listed on the Nasdaq Capital Market under the symbol “MKUL.”

Anti-Takeover Effects of Provisions of our Certificate of Incorporation and Bylaws

Our certificate of incorporation and bylaws contain, and Delaware statutory law contains, provisions that could make the acquisition of our Company by means of a tender offer, a proxy contest or otherwise more difficult. These provisions are expected to discourage certain types of coercive takeover practices and takeover bids that our board of directors may consider inadequate and to encourage persons seeking to acquire control of us to first negotiate with our board of directors. We believe that the benefits of increased protection of our ability to negotiate with the proponent of an unfriendly or unsolicited proposal to acquire or restructure us outweigh the disadvantages of discouraging takeover or acquisition proposals because, among other things, negotiation of these proposals could result in an improvement of their terms. The description set forth below is only a summary and is qualified in its entirety by reference to our certificate of incorporation and our bylaws, both of which are filed as exhibits to this Annual Report on Form 10-K.

Number of Directors; Filling Vacancies; Removal. Our certificate of incorporation and bylaws provide that our business and affairs will be managed by or under the direction of our board of directors. Our certificate of incorporation and bylaws provide that our board of directors will consist of not less than three nor more than nine members, with the exact number of directors within these limits to be fixed exclusively by our board of directors. In addition, our certificate of incorporation provides that any board of directors vacancy, including a vacancy resulting from an increase in the number of directors, may be filled solely by the affirmative vote of a majority of the remaining directors then in office, even if less than a quorum of our board of directors, or by the sole remaining director.

Special Meetings. Our certificate of incorporation and bylaws provide that special meetings of the stockholders may only be called by our board of directors or certain of our officers. These provisions will make it more difficult for stockholders to take an action opposed by our board of directors.

No Stockholder Action by Written Consent Unless Approved by our Board of Directors. Our certificate of incorporation and bylaws require that all actions to be taken by stockholders must be taken at a duly called annual or special meeting, and stockholders will not be permitted to act by written consent unless both the action

and the taking of the action by written consent are approved in advance by our board of directors. These provisions may make it more difficult for stockholders to take an action opposed by our board of directors.

Amendments to Our Certificate of Incorporation. Our certificate of incorporation provides that the affirmative vote of the holders of at least 66⅔% of the total voting power of the then-outstanding shares of our common stock entitled to vote, voting as a single class, is required to amend or repeal, or adopt any provision inconsistent with, certain provisions in our certificate of incorporation, including those provisions regarding the filling of vacancies on our board of directors, provisions providing for the removal of directors, provisions regarding the calling of special meetings, provisions regarding stockholder action by written consent and provisions regarding amendment of our certificate of incorporation. These provisions may make it more difficult for stockholders to make changes to our certificate of incorporation.

Amendments to Our Bylaws. Our certificate of incorporation provides that our board of directors has the power to adopt, amend or repeal our bylaws. Any such adoption, amendment or repeal of our bylaws by our board of directors shall require approval of a majority of our entire board of directors. Our certificate of incorporation provides that, notwithstanding any other provision of our certificate of incorporation, the affirmative vote of the holders of at least 66⅔% of the total voting power of the then-outstanding shares of our common stock entitled to vote, voting as a single class, is required for our stockholders to amend or repeal, or adopt any provisions, in our bylaws. These provisions may make it more difficult for stockholders to make changes to our bylaws that are opposed by our board of directors.

Requirements for Advance Notification of Stockholder Nomination and Proposals. Under our bylaws, stockholders of record may nominate persons for election to our board of directors or bring other business constituting a proper matter for stockholder action at annual meetings only by providing proper notice to our secretary. Proper notice must be generally received not less than 90 days nor more than 120 days prior to the first anniversary date of the annual meeting for the preceding year (or, in some cases, prior to the tenth day following the announcement of the meeting) and must include, among other information, the name and address of the stockholder giving the notice, certain information relating to each person whom such stockholder proposes to nominate for election as a director and a brief description of any business such stockholder proposes to bring before the meeting. Nothing in our bylaws may be deemed to affect any rights of stockholders to request inclusion of proposals in our proxy statement pursuant to Rule 14a-8 under the Securities Exchange Act of 1934, as amended. Contests for the election of directors or the consideration of stockholder proposals will be precluded if the proper procedures are not followed. Third parties may therefore be discouraged from conducting a solicitation of proxies to elect their own slate of directors or to approve their own proposals.

Forum and Venue. Our bylaws provide that, unless we otherwise consent in writing to the selection of an alternative forum, the sole and exclusive forum for certain legal actions involving the Company will be the Court of Chancery of the State of Delaware (or, if the Court of Chancery of the State of Delaware lacks subject matter jurisdiction, the federal district court for the District of Delaware).

In addition, certain provisions in our outstanding warrant could make it more difficult or expensive for a third party to acquire us. Upon the occurrence of certain transactions constituting a “fundamental transaction,” the warrant will become exercisable for the merger consideration payable in connection with such fundamental transaction and the surviving entity will be required to assume our obligations under the warrant. The holder of the warrant will also be able to require the Company to repurchase the warrant at its then-fair market value. These and other provisions of our outstanding warrant could make it more difficult or expensive for a third party to acquire us even where the acquisition could be beneficial to you.

Exhibit 10.12

CERTAIN CONFIDENTIAL INFORMATION CONTAINED IN THIS DOCUMENT, MARKED BY [*], HAS BEEN OMITTED BECAUSE IT IS NOT MATERIAL AND IS THE TYPE THAT THE REGISTRANT TREATS AS PRIVATE AND CONFIDENTIAL.

Agreement No. _____

STANDARD EXCLUSIVE LICENSE AGREEMENT
WITH SUBLICENSING TERMS

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This Agreement is made effective the 11th day of August, 2008, (the "Effective Date") by and between the University of Florida Research Foundation, Inc. (hereinafter called "UFRF"), a nonstock, nonprofit Florida corporation, and **Advanced Technologies & Testing Labs, Inc.** (hereinafter called "Licensee"), a small entity corporation organized and existing under the laws of Florida;

WHEREAS, UFRF owns certain inventions that are described in the "Licensed Patents" defined below, and UFRF is willing to grant a license to Licensee under any one or all of the Licensed Patents and Licensee desires a license under all of them;

NOW, THEREFORE, in consideration of the mutual covenants and agreements set forth below, the parties covenant and agree as follows:

Section 1. Definitions

1.1 "Licensed Patents" shall refer to and mean all of the following UFRF intellectual property:

1.1.1 the United States patent number [*]; and United States patent number [*], and all United States patents and foreign patents and patent applications based on this U.S. application;

1.1.2 United States and foreign patents issued from the applications listed in 1.1.1 above and from divisionals and continuations of these applications, to the extent the claims are directed to subject matter specifically described in the applications listed in 1.1.1 above and are dominated by the claims of those patent applications and patents issuing thereon or reissues thereof, and any and all foreign patents and patent applications corresponding thereto, all to the extent owned or controlled by the University of Florida.

1.2 "Licensed Product" and "Licensed Process" shall mean:

1.2.1 In the case of a Licensed Product, any product or part thereof developed by or on behalf of Licensee that:

(a) is covered in whole or in part by an issued, unexpired claim or a pending claim contained in the Licensed Patents, in any country in which any product is made, used or sold; or

(b) is manufactured by using a process which is covered in whole or in part by an issued, unexpired claim or a pending claim contained in the Licensed Patents, in any country in which any such process is used or in which any such product is used or sold.

1.2.2 In the case of a Licensed Process:

(a) any process which is covered in whole or in part by an issued, unexpired claim or a pending claim contained in the Licensed Patents in any country in which such process is practiced.

1.3 “Net Sales” shall mean [*].

1.4 The term “Affiliate” shall mean: (a) any person or entity which controls at least fifty percent (50%) of the equity or voting stock of the Licensee or (b) any person or entity fifty percent (50%) of whose equity or voting stock is owned or controlled by the Licensee or (c) any person or entity of which at least fifty percent (50%) of the equity or voting stock is owned or controlled by the same person or entity owning or controlling at least fifty percent (50%) of Licensee or (d) any entity in which any officer or employee is also an officer or employee of Licensee or any person who is an officer or employee of Licensee.

1.5 The term “Sublicensee” shall mean any third party to whom Licensee confers the right to make, use or sell Licensed Product and/or Licensed Processes and/or any of the intellectual property rights embodied in Licensed Patents.

1.6 “Development Plan” shall mean a written report summarizing the development activities that are to be undertaken by the Licensee to bring Licensed Products and/or Licensed Processes to the market. The Development Plan is attached as Appendix A.

1.7 “Development Report” shall mean a written account of Licensee’s progress under the Development Plan having at least the information specified on Appendix B to this Agreement, and shall be sent to the address specified on Appendix B.

1.8 “Licensed Field” shall be [*].

1.9 “Licensed Territory” shall be worldwide.

Section 2. <u>Grant</u>

2.1 License.

2.1.1 License Under Licensed Patents

UFRF hereby grants to Licensee an exclusive license, limited to the Licensed Field and the Licensed Territory, under the Licensed Patents to make, use and sell Licensed Products and/or Licensed Processes. UFRF reserves to itself and the University of Florida the right to make and use Licensed Products and/or Licensed Processes solely for [*]. In addition, UFRF reserves to itself, as well as to the University of Florida and to all non-profit research institutions, the right to use materials that might be covered under Licensed Patents solely for their internal research, educational, and clinical purposes and to meet all applicable governmental requirements governing the ability to transfer materials.

2.2 Sublicense.

2.2.1 Licensee may grant written, Sublicenses to third parties. Any agreement granting a Sublicense shall state that the Sublicense is subject to the termination of this Agreement. Licensee shall have the same responsibility for the activities of any Sublicensee or Affiliate as if the activities were directly those of Licensee.

2.2.2 In respect to Sublicenses granted by Licensee under 2.2.1 above, Licensee shall pay to UFRF an amount equal to what Licensee would have been required to pay to UFRF had Licensee sold the amount of Licensed Products or Licensed Processes sold by such Sublicensee. In addition, if Licensee receives any fees, minimum royalties, or other payments in consideration for any rights granted under a Sublicense, and such payments are not based directly upon the amount or value of Licensed Products or Licensed Processes sold by the Sublicensee, then Licensee shall pay UFRF [*]. Licensee shall not receive from Sublicensees anything of value in lieu of cash payments in consideration for any Sublicense under this Agreement without the express prior written permission of UFRF.

2.2.3 Licensee shall provide UFRF with an unredacted copy of each sublicense agreement and any agreement which transfers intellectual property rights granted hereunder, at least [*] prior to the execution of the sublicense agreement.

2.2.4 In the event that UFRF notifies Licensee in writing of a third party's interest in a field of use which Licensee is not addressing at the time of receipt of the notice, Licensee shall respond to UFRF in writing within [*] of receipt of such notice to inform UFRF whether Licensee intends to pursue the Field of Use. If in such response, Licensee elects to forego the Field of Use, UFRF may terminate the Licensee's license in said field and negotiate and execute said license directly.

Section 3. Due Diligence

3.1 Development.

3.1.1 Licensee agrees to and warrants that:

(a) it has the expertise necessary to independently evaluate and successfully commercialize the inventions of the Licensed Patents;

(b) it will establish and actively and diligently pursue the Development Plan (see Appendix A) to the end that the inventions of the Licensed Patents will be utilized to provide Licensed Products and/or Licensed Processes for sale in the retail market within the Licensed Field;

(c) it will diligently develop markets for Licensed Products and Licensed Processes;

(d) and, until [*], it will supply UFRF with a written Development Report [*].

3.1.2 Licensee agrees that the first commercial sale of products to the retail customer shall occur on or before [*] or UFRF shall have the right to terminate the Agreement pursuant to Section 9.3 hereto. In addition, Licensee will meet [*] or UFRF shall have the right to terminate the Agreement pursuant to Section 9.3. Licensee will notify UFRF in writing as each milestone is met.

3.1.3 Upon written request by Licensee to negotiate extensions of any milestones or due dates set forth in Appendix D, such request to be received by UFRF no less than [*] prior to any of the due dates subject of such request, set forth in this Section 3.1.3, such request fully describing Licensee's diligent efforts to achieve the milestone required to be met by such due date, UFRF shall consider in good faith such requests. Upon granting such request, UFRF and Licensee shall negotiate such extensions in good faith.

3.1.4 University of Florida policies may require approval of clinical trials involving technology invented at the University. Accordingly, Licensee will notify UFRF prior to commencing any clinical trials at the University of Florida or its affiliated medical facilities.

Section 4. Payments

4.1 License Issue Fee.

Licensee agrees to pay to UFRF a license issue fee of [*] within [*].

4.2 Royalty.

4.2.1 Royalty on Licensed Patents. In addition to the Section 4.1 license issue fee, Licensee agrees to pay to UFRF as earned royalties a royalty calculated as [*]. The royalty is deemed earned as of the earlier of the date the Licensed Product and/or Licensed Process is actually sold and paid for, the date an invoice is sent by Licensee or its Sublicensee(s), or the date a Licensed Product and/or Licensed Process is transferred to a third party for any promotional reasons. The royalty shall remain fixed while this Agreement is in effect at a rate of [*].

4.3 Other Payments.

4.3.1 Licensee agrees to pay UFRF minimum royalty payments, as follows:

Payment	**Year**
[*]	[*]
[*]	[*]
[*]	[*]

The minimum royalty shall be paid in advance on a quarterly basis for each year in which this Agreement is in effect. The first minimum royalty payment shall be due on [*] and shall be in the amount of [*]. The minimum royalty for a given year shall be due in advance and shall be paid [*]. [*]

4.4 Accounting for Payments.

4.4.1 Amounts owing to UFRF under Sections and 4.3 shall be paid on a quarterly basis after the amount of minimum royalties paid is exceeded, with such amounts due and received by UFRF on or before [*]. Any amounts which remain unpaid after the date they are due to UFRF shall accrue interest from the due date at the rate of [*]. However, in no event shall this interest provision be construed as a grant of permission for any payment delays.

Licensee shall also be responsible for repayment to UFRF of any attorney, collection agency, or other out-of-pocket UFRF expenses required to collect overdue payments due from this Section , Section or any other applicable section of this Agreement.

4.4.2 Except as otherwise directed, all amounts owing to UFRF under this Agreement shall be paid in U.S. dollars to UFRF at the following address:

[*]

All royalties owing with respect to [*] stated in currencies other than U.S. dollars shall be converted at the rate shown in the Federal Reserve Noon Valuation - Value of Foreign Currencies on the day preceding the payment due date.

4.4.3 A certified full accounting statement showing how any amounts payable to UFRF under Section 4.3 have been calculated shall be submitted to UFRF on the date of each such payment. In addition to being certified, such accounting statements shall contain a written representation signed by an executive officer of Licensee that states that the statements are true, accurate, and fairly represent all amounts payable to UFRF pursuant to this Agreement. Such accounting shall be on a per-country and product line, model or trade name basis and shall be summarized on the form shown in Appendix C - UFRF Royalty Report of this Agreement.

4.4.4 In the event no payment is owed to UFRF because the amount of minimum royalties paid has not been exceeded or otherwise, an accounting demonstrating that fact shall be supplied to UFRF.

4.4.5 UFRF is exempt from paying income taxes under U.S. law. Therefore, all payments due under this Agreement shall be made without deduction for taxes, assessments, or other charges of any kind which may be imposed on UFRF by any government outside of the United States or any political subdivision of such government with respect to any amounts payable to UFRF pursuant to this Agreement. All such taxes, assessments, or other charges shall be assumed by Licensee.

Section 5. <u>Certain Warranties and Disclaimers of UFRF</u>

5.1 UFRF warrants that it is the owner of the Licensed Patents or otherwise has the right to grant the licenses granted to Licensee in this Agreement. However, nothing in this Agreement shall be construed as:

5.1.1 a warranty or representation by UFRF as to the validity or scope of any right included in the Licensed Patents;

5.1.2 a warranty or representation that anything made, used, sold or otherwise disposed of under the license granted in this Agreement will or will not infringe patents of third parties;

5.1.3 an obligation to bring or prosecute actions or suits against third parties for infringement of Licensed Patents;

5.1.4 an obligation to furnish any know-how not provided in Licensed Patents or any services other than those specified in this Agreement; or

5.1.5 a warranty or representation by UFRF that it will not grant licenses to others to make, use or sell products not covered by the claims of the Licensed Patents which may be similar and/or compete with products made or sold by Licensee.

5.2 EXCEPT AS OTHERWISE EXPRESSLY SET FORTH IN THIS AGREEMENT, UFRF MAKES NO REPRESENTATIONS AND EXTENDS NO WARRANTIES OF ANY KIND, EITHER EXPRESS OR IMPLIED, INCLUDING BUT NOT LIMITED TO WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, AND VALIDITY OF PATENT RIGHTS CLAIMS, ISSUED OR PENDING. UFRF ASSUMES NO RESPONSIBILITIES WHATSOEVER WITH RESPECT TO USE, SALE, OR OTHER DISPOSITION BY LICENSEE, ITS SUBLICENSEE(S), OR THEIR VENDEES OR OTHER TRANSFEREES OF PRODUCT INCORPORATING OR MADE BY USE OF INVENTIONS LICENSED UNDER THIS AGREEMENT.

Section 6. Record Keeping

6.1 Licensee and its Sublicensee(s) shall keep books and records sufficient to verify the accuracy and completeness of Licensee's and its Sublicensee(s)'s accounting referred to above, including without limitation, inventory, purchase and invoice records, manufacturing records, sales analysis, general ledgers, financial statements, and tax returns relating to the Licensed Products and/or Licensed Processes. Such books and records shall be preserved for a period not less than [*] after they are created or as required by federal law, both during and after the term of this Agreement.

6.2 Licensee and its Sublicensee(s) shall take all steps necessary so that UFRF may, within [*] of its written request, audit, review and/or copy all of the books and records at a single U.S. location to verify the accuracy of Licensee's and its Sublicensee(s)'s accounting. Such review may be performed by any authorized employees of UFRF as well as by any attorneys and/or accountants designated by UFRF, upon reasonable notice and during regular business hours. If a deficiency with regard to any payment hereunder is determined, Licensee and its Sublicensee(s) shall pay the deficiency within [*] of receiving notice thereof along with applicable interest as described in Section 4.4.1. If a royalty payment deficiency for a calendar year exceeds [*] of the royalties paid for that year, then Licensee and its Sublicensee(s) shall be responsible for paying UFRF's out-of-pocket expenses incurred with respect to such review.

6.3 At any time during the term of this agreement, UFRF may request in writing that Licensee verify the calculation of any past payments owed to UFRF through the means of a selfaudit. Within [*] of the request, Licensee shall complete a self-audit of its books and records to verify the accuracy and completeness of the payments owed. Within [*] of the completion of the self-audit, Licensee shall submit to UFRF a report detailing the findings of the self-audit and the manner in which it was conducted in order to verify the accuracy and completeness of the payments owed. If Licensee has determined through its self-audit that there is any payment deficiency, Licensee shall pay UFRF the deficiency along with applicable interest under Section 4.4.l with the submission of the self-audit report to UFRF.

Section 7. Patent Prosecution

7.1 UFRF shall diligently prosecute and maintain the Licensed Patents using counsel of its choice. UFRF shall provide Licensee with copies of all patent applications amendments, and other filings with the United States Patent and Trademark Office and foreign patent offices. UFRF will also provide Licensee with copies of office actions and other communications received by UFRF from the United States Patent and Trademark Office and foreign patent offices relating to Licensed Patents. Licensee agrees to keep such information confidential.

7.2 [*].

7.3 [*]. It shall be the responsibility of Licensee to keep UFRF fully apprised of the "small entity" status of Licensee and all Sublicensees with respect to the U.S. patent laws and with respect to the patent laws of any other countries, if applicable, and to inform UFRF of any changes in writing of such status, within [*] of any such change. In the event that additional licenses are granted to licensees for alternate fields-of-use, patent expenses associated with Licensed Patents will be divided proportionally between the number of existing licensees beginning upon the Effective Date. In the case of foreign patent protection, if a licensee declines to reimburse UFRF for its proportional share of patent expenses in any particular country, then said licensee relinquishes the right to commercialize Licensed Products in the specified country.

Section 8. Infringement and Invalidity

8.1 Licensee shall inform UFRF promptly in writing of any alleged infringement of the Licensed Patents by a third party and of any available evidence thereof.

8.2 During the term of this Agreement, UFRF shall have the right, but shall not be obligated, to prosecute at its own expense any such infringements of the Licensed Patents. If UFRF prosecutes any such infringement, Licensee agrees that UFRF may include Licensee as a co-plaintiff in any such suit, without expense to Licensee.

8.3 If within [*] after having been notified of any alleged infringement, UFRF shall have been unsuccessful in persuading the alleged infringer to desist and shall not have brought and shall not be diligently prosecuting an infringement action, or if UFRF shall notify Licensee at any time prior thereto of its intention not to bring suit against any alleged infringer, then, and in those events only, Licensee shall have the right, but shall not be obligated, to prosecute at its own expense any infringement of the Licensed Patents, and Licensee may, for such purposes, use the name of UFRF as party plaintiff. No settlement, consent judgment or other voluntary final disposition of the suit may be entered into without the consent of UFRF, which consent shall not be unreasonably withheld. Licensee shall indemnify UFRF against any order for costs that may be made against UFRF in such proceedings.

8.4 In the event that Licensee shall undertake the enforcement by litigation and/or defense of the Licensed Patents by litigation, any recovery of damages by Licensee for any such suit shall be applied first in satisfaction of any unreimbursed expenses and legal fees of Licensee relating to the suit, and next toward reimbursement of UFRF for any legal fees, and unreimbursed expenses. The balance remaining from any such recovery shall be divided equally between Licensee and UFRF.

8.5 In any infringement suit that either party may institute to enforce the Licensed Patents pursuant to this Agreement, the other party hereto shall, at the request and expense of the party initiating such suit, cooperate in all respects and, to the extent possible, have its employees testify when requested and make available relevant records, papers, information, samples, specimens, and the like.

8.6 In the event a declaratory judgment action alleging invalidity or noninfringement of any of the Licensed Patents shall be brought against Licensee, UFRF, at its option, shall have the right, within [*] after commencement of such action, to intervene and take over the sole defense of the action at its own expense.

8.7 In the event Licensee contests the validity of any Licensed Patents, Licensee shall continue to pay royalties and make other payments pursuant to this Agreement with respect to that patent as if such contest were not underway until the patent is adjudicated invalid or unenforceable by a court of last resort.

Section 9. Term and Termination

9.1 The term of this license shall begin on the Effective Date of this Agreement and continue until the date that no Licensed Patent remains an enforceable patent.

9.2 Licensee may terminate this Agreement at any time by giving [*] written notice of such termination to UFRF. Such a notice shall be accompanied by a statement of the reasons for termination.

9.3 UFRF may terminate this Agreement by giving Licensee [*] written notice if Licensee:

9.3.1 is delinquent on any report or payment;

9.3.2 is not diligently developing and commercializing Licensed Product and Licensed Process;

9.3.3 misses a milestone described in Appendix D;

9.3.4 is in breach of any provision;

9.3.5 provides any false report;

9.3.6 goes into bankruptcy, liquidation or proposes having a receiver control any assets;

9.3.7 violates any laws or regulations of applicable government entities;

9.3.8 shall cease to carry on its business pertaining to Licensed Patents; or

9.3.9 if payments of earned royalties under Section 4.3 once begun, ceases for more than two (2) calendar quarters.

Termination under this Section 9.3 will take effect [*] after written notice by UFRF unless Licensee remedies the problem in that [*] period.

9.4 UFRF may immediately terminate this Agreement upon the occurrence of the second separate default by Licensee within any [*] period for failure to pay royalties, patent or any other expenses when due.

9.5 Upon the termination of this Agreement for any reason, nothing herein shall be construed to release either party from any obligation that matured prior to the effective date of such termination. Licensee shall remain obligated to provide an accounting for and to pay royalties earned to the date of termination, and any minimum royalties shall be prorated as of the date of termination by the number of days elapsed in the applicable calendar year. Licensee may, however, after the effective date of such termination, sell all Licensed Products, and complete Licensed Products in the process of manufacture at the time of such termination and sell the same, provided that Licensee shall remain obligated to provide an accounting for and to pay running royalties thereon.

9.6 Licensee shall be obligated to deliver to UFRF, within [*] of the date of termination of this agreement, complete and unredacted copies of all documentation prepared for or submitted for all regulatory approvals of Licensed Products or Licensed Processes.

Section 10. Assignability

This Agreement may not be transferred or assigned by Licensee except with the prior written consent of UFRF, in which case assignee assumes all responsibilities under this license.

Section 11. Dispute Resolution Procedures

11.1 Mandatory Procedures.

In the event either party intends to file a lawsuit against the other with respect to any matter in connection with this Agreement, compliance with the procedures set forth in this Section shall be a condition precedent to the filing of such lawsuit, other than for injunctive relief. Either party may terminate this Agreement as provided in this Agreement without following the procedures set forth in this section.

11.1.1 When a party intends to invoke the procedures set forth in this section, written notice shall be provided to the other party. Within [*] of the date of such notice, the parties agree that representatives designated by the parties shall meet at mutually agreeable times and engage in good faith negotiations at a mutually convenient location to resolve such dispute.

11.1.2 If the parties fail to meet within the time period set forth in section 11.1.1 above or if either party subsequently determines that negotiations between the representatives of the parties are at an impasse, the party declaring that the negotiations are at an impasse shall give notice to the other party stating with particularity the issues that remain in dispute.

11.1.3 Not more than [*] after the giving of such notice of issues, each party shall deliver to the other party a list of the names and addresses of at least three individuals, any one of whom would be acceptable as a neutral advisor in the dispute (the "Neutral Advisor") to the party delivering the list. Any individual proposed as a Neutral Advisor shall have experience in determining, mediating, evaluating, or trying intellectual property litigation and shall not be affiliated with the party that is proposing such individual.

11.1.4 Within [*] after delivery of such lists, the parties shall agree on a Neutral Advisor. If they are unable to so agree within that time, within [*], they shall each select one individual from the lists. Within [*], the individuals so selected shall meet and appoint a third individual from the lists to serve as the Neutral Advisor. Within [*] after the selection of a Neutral Advisor:

(a) The parties shall each provide a written statement of the issues in dispute to the Neutral Advisor.

(b) The parties shall meet with the Neutral Advisor in [*] on a date and time established by the Neutral Advisor. The meeting must be attended by persons authorized to make final decisions on behalf of each party with respect to the dispute. At the meeting, each party shall make a presentation with respect to its position concerning the dispute. The Neutral Advisor will then discuss the issues separately with each party and attempt to resolve all issues in the dispute. At the meeting, the parties will enter into a written settlement agreement with respect to all issues that are resolved. Such settlement agreement shall be final and binding with respect to such resolved issues and may not be the subject of any lawsuit between the parties, other than a suit for enforcement of the settlement agreement.

11.1.5 The expenses of the neutral advisor shall be shared by the parties equally. All other out-of-pocket costs and expenses for the alternative dispute resolution procedure required under this Section shall be paid by the party incurring the same.

11.1.6 Positions taken and statements made during this alternative dispute resolution procedure shall be deemed settlement negotiations and shall not be admissible for any purpose in any subsequent proceeding.

11.2 Failure to Resolve Dispute.

If any issue is not resolved at the meeting with the Neutral Advisor, either party may file appropriate administrative or judicial proceedings with respect to the issue that remains in dispute. No new issues may be included in the lawsuit without the mandatory procedures set forth in this section having first been followed.

Section 12. <u>Product Liability; Conduct of Business</u>

12.1 Licensee and its Sublicensee(s) shall, at all times during the term of this Agreement and thereafter, indemnify, defend and hold UFRF, the Florida Board of Governors, the University of Florida Board of Trustees, the University of Florida, and each of their directors, officers, employees, and agents, and the inventors of the Licensed Patents, regardless of whether such inventors are employed by the University of Florida at the time of the claim, harmless

against all claims and expenses, including legal expenses and reasonable attorneys fees, whether arising from a third party claim or resulting from UFRF's enforcing this indemnification clause against Licensee, arising out of the death of or injury to any person or persons or out of any damage to property and against any other claim, proceeding, demand, expense and liability of any kind whatsoever (other than patent infringement claims) resulting from the production, manufacture, sale, use, lease, consumption, marketing, or advertisement of Licensed Products or Licensed Process(es) or arising from any right or obligation of Licensee hereunder. Notwithstanding the above, UFRF at all times reserves the right to retain counsel of its own to defend UFRF's, the Florida Board of Governors', the University of Florida Board of Trustees', the University of Florida's, and the inventor's interests.

12.2 Licensee warrants that it now maintains and will continue to maintain liability insurance coverage appropriate to the risk involved in producing, manufacturing, clinical trials, selling, marketing, using, leasing, consuming, or advertising the products subject to this Agreement and that such insurance coverage lists UFRF, the Florida Board of Governors, the University of Florida Board of Trustees, the University of Florida, and the inventors of the Licensed Patents as additional insureds. Within [*] after the execution of this Agreement and thereafter [*], Licensee will present evidence to UFRF that the coverage is being maintained with UFRF, the University of Florida, and its inventors listed as additional insureds. In addition, Licensee shall provide UFRF with at least [*] prior written notice of any change in or cancellation of the insurance coverage.

Section 13. Use of Names

Licensee and its Sublicensee(s) shall not use the names of UFRF, or of the University of Florida, nor of any of either institution's employees, agents, or affiliates, nor the name of any inventor of Licensed Patents, nor any adaptation of such names, in any promotional, advertising or marketing materials or any other similar form of publicity, or to suggest any endorsement by the such entities or individuals, without the prior written approval of UFRF in each case.

Section 14. Miscellaneous

14.1 This Agreement shall be construed in accordance with the internal laws of the State of Florida

14.2 The parties hereto are independent contractors and not joint venturers or partners.

14.3 Licensee shall ensure that it applies patent markings that meet all requirements of U.S. law, 35 U.S.C. §287, with respect to all Licensed Products subject to this Agreement.

14.4 This Agreement constitutes the full understanding between the parties with reference to the subject matter hereof, and no statements or agreements by or between the parties, whether orally or in writing, shall vary or modify the written terms of this Agreement. Neither party shall claim any amendment, modification, or release from any provisions of this Agreement by mutual agreement, acknowledgment, or otherwise, unless such mutual agreement is in writing, signed by the other party, and specifically states that it is an amendment to this Agreement.

14.5 Licensee shall not encumber or otherwise grant a security interest in any of the rights granted hereunder to any third party.

14.6 Licensee acknowledges that it is subject to and agrees to abide by the United States laws and regulations (including the Export Administration Act of 1979 and Arms Export Contract Act) controlling the export of technical data, computer software, laboratory prototypes, biological material, and other commodities. The transfer of such items may require a license from the cognizant agency of the U.S. Government or written assurances by Licensee that it shall not export such items to certain foreign countries without prior approval of such agency. UFRF neither represents that a license is or is not required or that, if required, it shall be issued.

14.7 Licensee is responsible for any and all wire/bank fees associated with all payments due to UFRF pursuant to this agreement.

14.8 Survival.

The provisions of this Section shall survive termination of this Agreement. Upon termination of the Agreement for any reason, the following sections of the License Agreement will remain in force as non-cancelable obligations:

- Section 6 Record Keeping
- Section 9 Requirement to pay royalties on sale of Licensed Products made, and in process, at time of License Agreement termination
- Section 12 Product Liability; Conduct of Business
- Section 13 Use of Names
- Section 18 Confidentiality

Section 15. <u>Notices</u>

Any notice required to be given pursuant to the provisions of this Agreement shall be in writing and shall be deemed to have been given

- when delivered personally, **or**
- if sent by facsimile transmission, when receipt thereof is acknowledged at the facsimile number of the recipient as set forth below, **or**
- the second day following the day on which the notice has been delivered prepaid to a national air courier service, **or**
- five (5) business days following deposit in the U.S. mail if sent certified mail, **(return receipt acknowledgement is not required to certify delivery).**

15.1 If to the University of Florida Research Foundation, Inc.:

[*]

with a copy to:

[*]

If to Licensee:

[*]

Section 16. Contract Formation and Authority

The submission of this Agreement does not constitute an offer, and this document shall become effective and binding only upon the execution by duly authorized representatives of both Licensee and UFRF. Copies of this Agreement that have not been executed and delivered by both UFRF and Licensee shall not serve as a memorandum or other writing evidencing an agreement between the parties. This Agreement shall automatically terminate and be of no further force and effect, without the requirement of any notice from UFRF to Licensee, if UFRF does not receive the License Issue Fee or certificates representing shares issued to UFRF pursuant to this Agreement, as applicable, within [*] of the Effective Date.

16.1 UFRF and Licensee hereby warrant and represent that the persons signing this Agreement have authority to execute this Agreement on behalf of the party for whom they have signed.

16.2 Force Majeure.

No default, delay, or failure to perform on the part of Licensee or UFRF shall be considered a default, delay or failure to perform otherwise chargeable hereunder, if such default, delay or failure to perform is due to causes beyond either party's reasonable control including, but not limited to: strikes, lockouts, or inactions of governmental authorities, epidemics, war, embargoes, fire, earthquake, hurricane, flood, acts of God, or default of common carrier. ln the event of such default, delay or failure to perform, any date or times by which either party is otherwise scheduled to perform shall be extended automatically for a period of time equal in duration to the time lost by reason of the excused default, delay or failure to perform.

Section 17. Confidentiality

17.1 Each Party shall maintain all information of the other Party which is treated by such other Party as proprietary or confidential (referred to herein as "Confidential Information") in confidence, and shall not disclose, divulge or otherwise communicate such confidential information to others, or use it for any purpose, except pursuant to, and in order to carry out, the terms and objectives of this Agreement, and each party hereby agrees to exercise every reasonable precaution to prevent and restrain the unauthorized disclosure of such confidential information by any of its Affiliates, directors, officers, employees, consultants, subcontractors, Sublicensees or agents. The parties agree to keep the terms of this Agreement confidential, provided that each party may disclose this Agreement to their authorized agents and investors who are bound by similar confidentiality provisions. Notwithstanding the foregoing, Confidential Information of a party shall not include information which: (a) was lawfully known by the receiving party prior to disclosure of such information by the disclosing party to the receiving party; (b) was or becomes generally available in the public domain, without the fault of the receiving party; (c) is subsequently disclosed to the receiving party by a third party having a lawful right to make such disclosure; (d) is required by law, rule, regulation or legal process to

be disclosed, provided that the receiving party making such disclosure shall take all reasonable steps to restrict and maintain to the extent possible confidentiality of such disclosure and shall provide reasonable notice to the other party to allow such party the opportunity to oppose the required disclosure; or (e) has been independently developed by employees or others on behalf of the receiving party without access to or use of disclosing party's information as demonstrated by written record. Each party's obligations under this Section 18 shall extend for a period of [*] from termination or expiration of this Agreement.

Section 18. University Rules and Regulations

18.1 Licensee understands and agrees that University of Florida personnel who are engaged by Licensee, whether as consultants, employees or otherwise, or who possess a material financial interest in Licensee, are subject to the University of Florida's rule regarding outside activities and financial interests set forth in Florida Administrative Code Rule 6Cl l .0l l, the University of Florida's Intellectual Property Policy, and a monitoring plan which addresses conflicts of interests associated therewith. Any term or condition of an agreement between Licensee and such University of Florida personnel which seeks to vary or override such personnel's obligations to the University of Florida may not be enforced against such personnel, the University of Florida or UFRF, without the express written consent of an individual authorized to vary or waive such obligations on behalf of the University of Florida and UFRF. Furthermore, should an interest of Licensee conflict with the interest of the University of Florida, University of Florida personnel are obligated to resolve such conflicts according to the guidelines and policies set forth by the University of Florida.

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement on the dates indicated below.

UNIVERSITY OF FLORIDA RESEARCH FOUNDATION, INC.

/s/ David L. Day Date: August 12, 2008
David L. Day
Director, Office of Technology Licensing

ADVANCED TECHNOLOGIES & TESTING LABS, INC.

By: /s/ Lovely Goswami Date: August 11, 2008

Lovely Goswami
President, Advanced Technologies & Testing Labs, Inc.

Appendix A - Development Plan

Appendix B - Development Report

Appendix C - UFRF Royalty Report

Appendix D - Milestones

FIRST AMENDMENT TO PATENT
LICENSE AGREEMENT NO. A7636
DATED 4 DECEMBER, 2008

WHEREAS, the University of Florida Research Foundation, Inc., a not-for-profit corporation duly organized and existing under the laws of the State of Florida and having its principal office at [*] (hereinafter referred to as "UFRFI"), and Advanced Technologies & Testing Labs, Inc., a corporation duly organized under the laws of the State of FL, and having its principal office at 6025 N.W. 13th Place, , Gainesville, FL, 32605, (hereinafter referred to as "Licensee") entered into a license agreement effective 08/11/08 (hereinafter "License Agreement");

WHEREAS, the parties now wish to amend the License Agreement;

NOW THEREFORE, in consideration of the premises and mutual covenants contained herein the parties hereto agree as follows;

1. The following section of the license agreement shall be re-written to read as follows: Section 7 .2 Patent Prosecution

   Licensee shall pay to UFRF the sum of twelve thousand dollars ($12,000.00), to reimburse any and all expenses associated with the preparation, filing, prosecution, the issuance, maintenance, defense, and reporting of the Licensed Patents incurred prior to Effective Date. This amount shall be paid in three quarterly payments as follows:

   First installment of $4,000 payable on or before to Dec. 15, 2008. Second installment of $4,000 payable on or before March 1, 2009. Third and final installment of $4,000 payable on or before June 1, 2009.

2. All other provisions of the License Agreement shall remain in full force and effect and unmodified by this Amendment.

3. This amendment shall be executed in duplicate and shall be referred to as the First Amendment.

UNIVERSITY OF FLORIDA RESEARCH FOUNDATION, INC.		**ADVANCED TECHNOLOGIES & TESTING LABS, INC.**	
By:	/s/ David L. Day	By:	/s/ Lovely Goswami
Name:	David L. Day	Name:	Lovely Goswami
Title:	Director of Technology Licensing	Title:	President
Date:	December 15, 2008	Date:	

SECOND AMENDMENT TO
LICENSE AGREEMENT NO. A7636

WHEREAS, the University of Florida Research Foundation, Inc., a not-for-profit corporation duly organized and existing under the laws of the State of Florida and having its principal office at [*] (hereinafter referred to as "UFRFI"), and Advanced Technologies & Testing Labs, In, a corporation duly organized under the laws of the State of FL, and having its principal office at 3802 Spectrum Blvd., Suite 143, Tampa, FL, 33612, (hereinafter referred to as "Licensee") entered into a license agreement effective 08/11/08 (hereinafter "License Agreement");

WHEREAS, the parties amended the License Agreement by that First Amendment dated December 15, 2008;

WHEREAS, the parties now wish to further amend the License Agreement by this Second Amendment effective May 19, 2011;

NOW THEREFORE, in consideration of the premises and mutual covenants contained herein the patties hereto agree as follows;

1. The following section of the license agreement shall be re-written to read as follows:·

Section 3 Due Diligence

3.1.2 Licensee agrees that the first commercial sale of products to the retail customer shall occur on or before [*] or UFRF shall have the right to terminate the Agreement pursuant to Section 9.3 hereto. In addition, Licensee will meet [*] or UFRF shall have the right to terminate the Agreement pursuant to Section 9.3. Licensee will notify UFRF in writing as each milestone is met.

Section 4 Payments

4.3 Other Payments

4.3.1 Licensee agrees to pay UFRF minimum royalty payments, as follows:

Payment	Year
[*]	[*]
[*]	[*]
[*]	[*]

[*]

2. All other provisions of the License Agreement shall remain in full force and effect and unmodified by this Amendment.

3. This amendment shall be executed in duplicate and shall be referred to as the Second Amendment.

UNIVERSITY OF FLORIDA RESEARCH FOUNDATION, INC.		**ADVANCED TECHNOLOGIES & TESTING LABS, INC.**	
By:	/s/ David L. Day	By:	/s/ Lovely Goswami
Name:	David L. Day	Name:	Lovely Goswami
Title:	Director of Technology Licensing	Title:	President
Date:	December 22, 2011	Date:	December 4, 2011

Amended Appendix A - Development Plan

THIRD AMENDMENT TO
LICENSE AGREEMENT NO. A7636

WHEREAS, the University :of Florida Research Foundation, Inc., a not-for-profit corporation duly organized and existing under the laws of the State of Florida and having its principal office at [*] (hereinafter referred to as "UFRFI"), and Advanced Technologies & Testing Labs, In, a corporation duly organized under the laws of the State of Florida, and having its principal office at 3802 Spectrum Blvd., Suite 143, Tampa, FL, 33612, (hereinafter referred to as "Licensee") entered into a license agreement effective August 11, 2008 (hereinafter "License Agreement");

WHEREAS, the parties amended the License Agreement by that First Amendment dated December 15, 2008;

WHEREAS, the parties amended the License Agreement by a Second Amendment effective May 19, 2011; and

WHEREAS, the parties now wish to further amend the License Agreement by this Third Amendment effective August 6, 2012;

NOW THEREFORE, in consideration of the premises and mutual covenants contained herein the parties hereto agree as follows;

1. The following section of the license agreement shall be re-written to read as follows:

Section 3 Due Diligence

3.1.2 Licensee agrees that the first commercial sale of products to the retail customer shall occur on or before [*] or UFRF shall have the right to terminate the Agreement pursuant to Section 9.3 hereto. In addition, Licensee will meet the milestones shown in Amended Appendix D or UFRF shall have the right to terminate the Agreement pursuant to Section 9.3. Licensee will notify UFRF in writing as each milestone is met.

Section 4 Payments

4.3 Other Payments

4.3.1 Licensee agrees to pay UFRF minimum royalty payments, as follows:

Payment	Year
[*]	[*]
[*]	[*]
[*]	[*]
[*]	[*]
[*]	[*]

Section 7 Patent Prosecution

7.3 Licensee currently owes [*]. Licensee will pay this amount in full by [*]plus any new accruing patent costs incurred between [*].

2. All other provisions of the License Agreement shall remain in full force and effect and unmodified by this Amendment.

3. This amendment shalt be executed in duplicate and shall be referred to as the Third Amendment.

UNIVERSITY OF FLORIDA RESEARCH FOUNDATION, INC.	**ADVANCED TECHNOLOGIES & TESTING LABS, INC.**
By: /s/ David L. Day	By: /s/ Lovely Goswami
Name: David L. Day	Name: Lovely Goswami
Title: Director of Technology Licensing	Title: President
Date: September 16, 2012	Date: September 14, 2012

FOURTH AMENDMENT TO LICENSE AGREEMENT No. A7636

WHEREAS, the University of Florida .Research Foundation, Inc,, a not-for-profit corporation duly organized and existing under the laws of the State of Florida and having its principal office at [*] (hereinafter, “UFRF”) and Advanced Technologies and Testing Labs, Inc., a corporation duly organized under the laws of the State of Florida, and having its principal office at 3802 Spectrum Blvd, Suite L43, Tampa FL 33612 (hereinafter, “Licensee”) entered into a license agreement effective August 11,2008 (hereinafter, “License Agreement”).

WHEREAS, the parties amended the License Agreement by that First Amendment dated December 15,2008;

WHEREAS the parties amended the License Agreement by a Second Amendment effective May 19,2011;

WHEREAS, the parties amended the License Agreement by that Third Amendment effective August 6, 2012;

WHEREAS, the now wish to further amend the License Agreement by this Fourth Amendment, effective February 28,2014;

NOW THEREFORE, in consideration of the premises and mutual covenants contained herein tire parties hereto agree, as follows:

1.) Section 1,8, pursuant to the Licensed Field shall be amended to read, as follows: ““Licensed Field” shall be [*].”

2.) All other provisions of the License Agreement shall remain in full force and effect and unmodified by this Amendment.

UNIVERSITY OF FLORIDA RESEARCH FOUNDATION, INC.

BY: /s/ David L. Day DATE: 3/4/14

Name and Title: David L. Day, Director of Technology Licensing

ADVANCE&TECHNOLOGÏES & TESTING LABS

BY: /s/ Lovely Goswami DATE: 2/27/14

Name and Title: Lovely Goswami, President.

FIFTH AMENDMENT TO
LICENSE AGREEMENT NO. A7636

WHEREAS, the University of Florida Research Foundation, Inc., a not-for-profit corporation duly organized and existing under the laws of the State of Florida and having its principal office at [*] (hereinafter referred to as "UFRF"), and Advanced Technologies & Testing Labs, Inc., a corporation duly organized under the laws of the State of Florida, and having its principal office at 3802 Spectrum Blvd. Suite 143, Tampa, FL, 33612, (hereinafter referred to as "Licensee") entered into a License Agreement effective August 11, 2008 (hereinafter "License Agreement");

WHEREAS, the parties amended the License Agreement by a First Amendment on December 15,2008;

WHEREAS, the parties amended the License Agreement again by a Second Amendment on May 19,2011;

WHEREAS, the parties further amended the License Agreement by a Third Amendment on August 6, 2012;

WHEREAS, the parties further amended the License Agreement by a Fourth Amendment on February 28, 2014;

WHEREAS, the parties now wish to further amend the License Agreement by this Fifth Amendment effective April 17, 2014.

NOW THEREFORE, in consideration of the premises and mutual covenants contained herein the parties hereto agree as follows;

1. The following section of the License Agreement shall be re-written to read as follows:

Section 4 Payments

4.3 Other Payments

Payment	Year
$1,000	2010-2011
$250	Q1 2012 (already paid)
$0.00	Q2 2012 - Q4 2014 (payments suspended)
$3,000	2015
$5,000	2016 and each year thereafter on the same date, for the life of this Agreement.

[*]

2. All other provisions of the License Agreement shall remain in full force and effect and unmodified by this Amendment.

3. This amendment shall be executed in duplicate and shall be referred to as the First Amendment.

UNIVERSITY OF FLORIDA RESEARCH FOUNDATION, INC.		**ADVANCED TECHNOLOGIES & TESTING LABS, INC.**	
By:	/s/ David L. Day	By:	/s/ Lovely Goswami
Name:	David L. Day	Name:	Lovely Goswami
Title:	Director of Technology Licensing	Title:	President
Date:		Date:	April 28, 2014

SIXTH AMENDMENT TO

LICENSE AGREEMENT NO. A7636

WHEREAS, the University of Florida Research Foundation, Inc., a not-for-profit corporation duly organized and existing under the laws of the State of Florida and having its principal office at [*] (hereinafter referred to as "UFRF"), and Advanced Technologies & Testing Labs, Inc., a corporation duly organized under the laws of the State of Florida, and having its principal office at 3802 Spectrum Blvd. Suite 143, Tampa, FL, 33612, (hereinafter referred to as "Licensee") entered into a License Agreement effective August 11, 2008 (hereinafter "License Agreement");

WHEREAS, the parties amended the License Agreement by a First Amendment on December 15, 2008;

WHEREAS, the parties amended the License Agreement by a Second Amendment on May 19, 2011;

WHEREAS, the parties further amended the License Agreement by a Third Amendment on August 6, 2012;

WHEREAS, the parties further amended the License Agreement by a Fourth Amendment on February 28, 2014;

WHEREAS, the parties further amended the License Agreement by a Fifth Amendment on April 17, 2014;

WHEREAS, the parties now wish to further amend the License Agreement with this Sixth Amendment.

NOW THEREFORE, in consideration of the premises and mutual covenants contained herein the parties hereto agree as follows;

2. The University of Florida Research Foundation, Inc. approves the transfer of the License Agreement A7636 to Transformair, LLC, and Transformair, LLC assumes all responsibilities of the License Agreement and its Amendments.

3. All other provisions of the License Agreement shall remain in full force and effect and unmodified by this Amendment.

4. This amendment shall be effective October 31, 2014 and shall be referred to as the Sixth Amendment

UNIVERSITY OF FLORIDA RESEARCH FOUNDATION, INC.

By: /s/ David L. Day
Name: David L. Day
Title: Director of Technology Licensing
Date: 11/4/14

ADVANCED TECHNOLOGIES & TESTING LABS, INC.

By: /s/ Lovely Goswami
Name: Lovely Goswami
Title: President
Date: 10/31/19

TRANSFORMAIR, LLC

/s/ Lovely Goswami
By: Lovely Goswami
Title: Manager
Date: 10/31/14

SEVENTH AMENDMENT TO
LICENSE AGREEMENT NO. A7636

WHEREAS, the University of Florida Research Foundation, Inc., a not-for-profit corporation duly organized and existing under the laws of the State of Florida and having its principal office at [*] (hereinafter referred to as "UFRF"), and Transformair, Inc., a corporation duly organized under the laws of the State of Florida, and having its principal office at 3802 Spectrum Blvd., Suite 143, Tampa, FL, 33612, (hereinafter referred to as "Licensee") entered into a License Agreement effective August 11, 2008 (hereinafter "License Agreement");

WHEREAS, the parties amended the License Agreement by a First Amendment on December 15, 2008;

WHEREAS, the parties amended the License Agreement by a Second Amendment on May 19, 2011;

WHEREAS, the parties amended the License Agreement by a Third Amendment on August 6, 2012;

WHEREAS, the parties amended the License Agreement by a Fourth Amendment on February 28, 2014;

WHEREAS, the parties amended the License Agreement by a Fifth Amendment on April 17, 2014;

WHEREAS, the parties amended the License Agreement by a Sixth Amendment on October 31, 2014;

WHEREAS, the parties now wish to further amend the License Agreement by this Seventh Amendment.

NOW THEREFORE, in consideration of the premises and mutual covenants contained herein the parties hereto agree as follows;

1. The following section of the license agreement shall be re-written to read as follows:

Section 4.2 Royalty.

4.2.1 Royally on Licensed Patents. In addition to the Section 4.1 license issue fee, Licensee agrees to pay to UFRF as earned royalties a royalty calculated as a percentage of Net Sales. The royalty is deemed earned as of [*]. The royalty shall remain fixed while this Agreement is in effect at a rate of one and one-half percent (1.5%) of Net Sales.

However, at the time of the writing of this Amendment, Licensee is in negotiations with potential investors. In an effort to assist Licensee in securing funding, UFRF agrees that the rate will remain at [*] through [*]; and then will reduce to [*] between [*]; and will reduce again to [*] for [*]. This change is contingent on the Licensee obtaining at least [*].

If funding of at least [*] is not obtained by June 30, 2016, the royalty rate will revert back to the original 1.5% of all Net Sales.

2. All other provisions of the License Agreement shall remain in full force and effect and unmodified by this Amendment.

3. This amendment shall be effective September 8, 2015 and shall be referred to as the Seventh Amendment.

UNIVERSITY OF FLORIDA RESEARCH FOUNDATION, INC.		**TRANSFORMAIR, INC.**	
By:	/s/ David L. Day	By:	/s/ Lovely Goswami
Name:	David L. Day	Name:	Lovely Goswami
Title:	Director of Technology Licensing	Title:	President
Date:	September 21, 2015	Date:	September 18, 2015

CERTAIN CONFIDENTIAL INFORMATION CONTAINED IN THIS DOCUMENT, MARKED BY [*], HAS BEEN OMITTED BECAUSE IT IS NOT MATERIAL AND IS THE TYPE THAT THE REGISTRANT TREATS AS PRIVATE AND CONFIDENTIAL.

STANDARD EXCLUSIVE LICENSE AGREEMENT
WITH SUBLICENSING TERMS

Agreement# Number LIC14095.

This Agreement is made effective July 15, 2015, (the "Effective Date") by and between the University of South Florida Research Foundation, Inc. (hereinafter called "Licensor"), a nonstock, nonprofit Florida corporation, under Chapter 617 Florida Statutes, and a direct support organization of the University of South Florida ("University") pursuant to section 1004.28 Florida Statutes and Transformair, Inc. (hereinafter called "Licensee"), small corporation organized and existing under the laws of Delaware;

WHEREAS, Licensor is the exclusive licensee of certain inventions that are described in the "Licensed Patents" defined below (Licensor Reference# [*]), and Licensor is willing to grant a license to Licensee under any one or all of the Licensed Patents and Licensee desires a license under all of them;

NOW, THEREFORE, in consideration of the mutual covenants and agreements set forth below, the parties covenant and agree as follows:

Section 1. Definitions

1.1 "Affiliate" means: (a) any person or entity which controls at least fifty percent (50%) of the equity or voting stock of the Licensee or (b) any person or entity fifty percent (50%) of whose equity or voting stock is owned or controlled by the Licensee or (c) any person or entity of which at least fifty percent (50%) of the equity or voting stock is owned or controlled by the same person or entity owning or controlling at least fifty percent (50%) of Licensee or (d) any entity in which any officer or employee is also an officer or employee of Licensee or any person who is an officer or employee of Licensee or (e) any other relationship as in fact, constitutes actual control.

1.2 "Development Plan" means the written report summarizing the development activities that are to be undertaken by the Licensee to bring Licensed Products and/or Licensed Processes to the market. The Development Plan is attached as Appendix A.

1.3 "Development Report" means a written account of Licensee's progress under the Development Plan having at least the information specified on Appendix B to this Agreement, and shall be sent to the address specified on Appendix B.

1.4 "Investigator" means Dharendra Yogi Goswami, Elias K. Stefanakos, and Yangyang Zhang, while employed by Licensor.

1.5 "Know-How" means unpatented technology and/or information that was developed by the Investigator, including without limitation methods, processes, techniques, compounds, cell lines, materials, sequences, drawings, indications, data, results of tests, or studies, plans, and expertise, whether patentable or not, which relates specifically to the Licensed Patents and existing on the date hereof, only to the extent wholly owned and controlled by Licensor, except that, Know-How shall not include the Licensed Patents.

1.6 "Licensed Field" shall be [*].

1.7 "Licensed Patents" means all of the following Licensor intellectual property:

1.7.1 the patent(s)/patent application(s) identified on Schedule l hereto;

1.7.2 any and all United States and foreign patent applications claiming priority to any of the patent(s) and patent application(s) identified on Schedule 1 hereto (except that in the case of continuation-in-part application(s), only to the extent that the subject matter claimed in such continuation-in-part application(s)is suppo1ted under 35 U.S.C. 112 in the patent(s)/patent application(s) identified on Schedule 1 hereto); and

1.7.3 any and all patents issuing from the patent applications identified in section 1.6.1 and 1.6.2, including, but not limited to, letters patents, patents of addition, reissues, reexaminations, extensions, restorations, and supplementary protection certificates;

all to the extent owned or controlled by Licensor.

1.8 "Licensed Product" and "Licensed Process" means:

1.8.1 In the case of a Licensed Product, any product or part thereof, on a country-by-country basis, that:

(a) is covered in whole or in part by an issued, unexpired claim or a pending claim contained in the Licensed Patents, in any country in which such product is made, used, imported or sold; or

(b) is manufactured by using a process that is covered in whole or in part by an issued, unexpired claim or a pending claim contained in the Licensed Patents, in any country in which any such process is used or in which any such product is used, imported, or sold; or

(c) incorporates, utilizes, or was developed utilizing, Know-How or that is manufactured using Know-How or using a process developed using Know-How.

1.8.2 In the case of a Licensed Process, any process, on a country-by-country basis, that:

(a) is covered in whole or in part by an issued, unexpired claim or a pending claim contained in the Licensed Patents in any country in which such process is practiced; or

(b) incorporates, utilizes, or was developed utilizing, Know-How.

1.9 "Licensed Territory" shall be limited to worldwide.

1.10 "Net Sales" means [*].

1.11 "Patent Challenge" means a challenge to the validity, patentability, enforceability and/or noninfringement of any of the Licensed Patents or otherwise opposing any of the Licensed Patents.

1.12 "Sublicense" means, directly or indirectly, to sublicense, grant any other right with respect to, or agree not to assert, any right licensed to Licensee under this Agreement.

1.13 "Sublicensee" means any third party to whom Licensee grants a Sublicense.

Section 2. **Grant**

2.1 License.

2.1.1 License Under Licensed Patents and Know-How

Subject to the terms of this Agreement, Licensor hereby grants to Licensee: a) a royalty-bearing, exclusive license, limited to the Licensed Field and the Licensed Territory, under the Licensed Patents to make, have made, develop, use, lease, import, export, offer to sell, sell and have sold Licensed Products and/or Licensed Processes, and b) a royalty bearing, non-exclusive license, limited to the Licensed Field and the Licensed Territory, under the Know-How to make, have made, develop, use, lease, import, export, offer to sell, sell and have sold Licensed Products and/or Licensed Processes. Licensor reserves to itself and to all nonprofit entities with which it collaborates the right under the Licensed Patents to make, have made, develop, import and use Licensed Products and Licensed Processes solely for [*]. In addition, Licensor reserves to itself, as well as to all non-profit research institutions with which it collaborates, the right to use materials that might be covered under Licensed Patents solely for their internal research, educational, and clinical purposes and to meet all applicable governmental and peer review journal requirements governing the transfer of materials.

2.1.2 The license granted hereunder shall not be construed to confer any rights upon Licensee by implication, estoppel, or otherwise as to any technology not part of the Licensed Patents in the specified Licensed Field and specified Licensed Territory.

2.2 Sublicense.

2.2.1 Licensee may grant written Sublicenses under the Licensed Patents to third parties upon Licensor's approval, which approval shall not be unreasonably withheld. Any agreement granting a Sublicense shall state that the Sublicense is subject to the terms and conditions of this Agreement and to the termination of this Agreement. Licensee shall have the same responsibility for the activities of any Sublicensee or Affiliate as if the activities were directly those of Licensee.

2.2.2 Licensee shall provide Licensor with an unredacted copy of each Sublicense agreement and any agreement which transfers intellectual property rights granted hereunder, at least [*] prior to the execution of the Sublicense agreement.

2.2.3 In the event that Licensor notifies Licensee in writing of a third party's interest in a market or territory which Licensee is not addressing at the time of receipt of the notice, Licensee shall respond to Licensor in writing within [*]of receipt of such notice to inform Licensor whether Licensee intends to pursue the market or

territory. If in such response, Licensee elects to forego the market or territory, Licensor may terminate in said market or territory the license granted in 2.1.1.

Section 3. **Due Diligence**

3.1 Development.

3.1.1 Licensee agrees to and warrants that:

(a) it has, or will obtain, the expertise necessary to independently evaluate the inventions of the Licensed Patents and Know-How;

(b) it will actively and diligently pursue the Development Plan, see Appendix A) to the end that the inventions of the Licensed Patents will be utilized to provide Licensed Products and/or Licensed Processes for sale in the retail market within the Licensed Field;

(c) it will diligently develop markets for Licensed Products and Licensed Processes;

(d) and, until [*], it will supply Licensor with a written Development Report [*].

3.1.2 Licensee agrees that the first commercial sale of products to the retail customer shall occur on or before [*] or Licensor shall have the right to terminate this Agreement pursuant to Section 9.3 hereto. In addition, Licensee will meet [*] or Licensor shall have the right to terminate this Agreement pursuant to Section 9.3. Licensee will notify Licensor in writing as each milestone is met.

3.1.3 Upon written request by Licensee to negotiate extensions of any milestones or due dates set forth in Appendix D, such request to be received by Licensor no less than [*] prior to any of the due dates subject of such request, set forth in this Section 3.1.3, such request fully describing Licensee's diligent efforts to achieve the milestone required to be met by such due date, Licensor shall consider in good faith such requests. Upon granting such request, Licensor and Licensee shall negotiate such extensions in good faith.

3.1.4 Licensor's policies may require approval of clinical trials involving technology invented by Licensor. Accordingly, Licensee will notify Licensor prior to commencing any clinical trials at the Licensor's facility or any affiliated medical facilities.

3.1.5 Every year Licensor is required to report on statistics that are relevant to growth of businesses in Florida. On January 31 and July 31 of each year, Licensee shall provide a report that includes: the current # of employees in Florida, the total # of employees, information about whether the company has gone public or been acquired, detail of the amount and sources of funding, any new products that have been introduced to the market, the number of employees who are USF graduates, and the number of USF interns for the period since the last report was received. This information will be held in confidence and provided in the

aggregate. No confidential information will be identified with the specific company absent your agreement.

Section 4. **Payments**

4.1 License Issue Fee.

Licensee agrees to pay Licensor a License Issue Fee [*] within [*].

4.2 Issuance of Equity.

(i) If the company proposes to sell any equity securities or securities that are convertible into equity securities of the Company (collectively "Equity Securities") in a financing, then RESEARCH FOUNDATION and/or its Assignee (as defined below) will have the right to purchase up to that portion of the Equity Securities that equals the RESEARCH FOUNDATION'S then current, fully-diluted percentage ownership of the Company on the same terms and conditions as are offered with respect to such Equity Securities sold in such financing. The term "Assignee" means a) any equity to which the RESEARCH FOUNDATION's preemptive rights have been assigned either by the RESEARCH FOUNDATION or another entity, or (b) any entity that is controlled by the University of South Florida or RESEARCH FOUNDATION.

(ii) If the RESEARCH FOUNDATION and/or its Assignee (Assignee is limited to Osage University Partners) has no current ownership of the Company, if the Company proposes to raise [*] or more in Venture Capital, then RESEARCH FOUNDATION and/or its Assignee will have an opportunity to purchase up to [*] of the securities issued in such offering on the same terms and conditions as are offered to the other purchasers in such financing.

4.3 Royalty.

Royalty on Licensed Patents. In addition to the Section 4.1 License Issue Fee, Licensee agrees to pay to Licensor as earned royalties a royalty calculated as [*]. The royalty is deemed earned as of the earlier of the date the Licensed Product and/or Licensed Process is actually sold and paid for, the date an invoice is sent by Licensee, its Affiliate, or its Sublicensee, or the date a Licensed Product and/or Licensed Process is transferred to a third party for any promotional reasons. For products that use licensed products and processes only for a part of a device, the [*] royalty will based on the prorated fraction of the product using the licensed products and processes. Licensee shall pay to Licensor royalties as follows:

(i) [*]; and

(ii) [*]; and

(iii) [*].

4.4 Other Payments.

4.4.1 Licensee agrees to pay Licensor minimum royalty payments, as follows:

Payment	Year
[*]	[*]

and every year thereafter on the same date, for the life of this Agreement.

The minimum royalty shall be paid in advance on an annual basis for each year in which this Agreement is in effect. The first minimum royalty payment shall be due on [*] and shall be in the amount of [*]. The minimum royalty for a given year shall be due in advance and shall be paid on [*] for the following year. [*]

Sublicenses. In respect to Sublicenses granted by Licensee under 2.2.1 above, Licensee shall pay to Licensor an amount equal to what Licensee would have been required to pay to Licensor had Licensee sold the amount of Licensed Product or Licensed Process sold by such Sublicensee. In addition, if Licensee receives any fees, minimum royalties, milestone payments, or other payments arising from the Sublicense, and such payments are not earned royalties as defined in Section 4.3 above, then Licensee shall pay Licensor [*] of such payments within [*] of receipt thereof. Such payments shall not be allocated, off-set or otherwise reduced as a result of including rights other than those licensed hereunder in such permitted written Sublicense. Licensee shall not receive from Sublicensees anything of value in lieu of cash payments in consideration arising from any Sublicense under this Agreement without the express prior written permission of Licensor.

4.5 Accounting for Payments.

4.5.1 Amounts owing to Licensor under Section 4.3 shall be paid on a quarterly basis after the amount of minimum royalties paid is exceeded, with such amounts due and received by Licensor on or before [*]. All royalties owing with respect to [*] stated in currencies other than U.S. dollars shall be converted at the rate shown in the Federal Reserve Noon Valuation - Value of Foreign Currencies on the day preceding the payment due date.

4.5.2 Any amounts which remain unpaid after the date they are due to Licensor shall accrue interest from the due date at the rate of [*]. However, in no event shall this interest provision be construed as a grant of permission for any payment delays. Licensee shall also be responsible for repayment to Licensor of any attorney, collection agency, or other out-of-pocket Licensor expenses required to collect overdue payments due under this Section 4 or any other applicable Section of this Agreement.

4.5.3 Except as otherwise directed, all amounts owing to Licensor under this Agreement shall be paid in U.S. dollars to Licensor at the following address:

[*]

4.5.4 A certified full accounting statement showing how any amounts payable to Licensor under Section 4 have been calculated shall be submitted to Licensor on the date of each such payment. In addition to being certified, such accounting statements shall contain a written representation signed by an executive officer of Licensee that states that the statements are true, accurate, and fairly represent all amounts payable to Licensor pursuant to this Agreement. For earned royalties, such accounting shall be on a per-country and product line, model or trade name basis and shall be summarized on the form shown in Appendix C-Licensor Royalty Report of this Agreement. For earned royalties, in the event no payment

is owed to Licensor because the amount of minimum royalties paid has not been exceeded or otherwise, an accounting demonstrating that fact shall be supplied to Licensor.

4.5.5 Licensor is exempt from paying income taxes under U.S. law. Therefore, all payments due under this Agreement shall be made without deduction for taxes, assessments, or other charges of any kind which may be imposed on Licensor by any government outside of the United States or any political subdivision of such government with respect to any amounts payable to Licensor pursuant to this Agreement. All such taxes, assessments, or other charges shall be assumed by Licensee.

Section 5. **Certain Warranties and Disclaimers of Licensor**

5.1 Licensor warrants that, except as otherwise provided under Section 17.1 of this Agreement with respect to U.S. Government interests, it is the owner or exclusive licensee of the Licensed Patents or otherwise has the right to grant the licenses granted to Licensee in this Agreement. However, nothing in this Agreement shall be construed as:

(a) a warranty or representation by Licensor as to the validity or scope of any right included in the Licensed Patents;

(b) a warranty or representation that anything made, used, sold or otherwise disposed of under the license granted in this Agreement will or will not infringe patents of third parties;

(c) an obligation to bring or prosecute actions or suits against third parties for infringement of Licensed Patents;

(d) an obligation to furnish any services other than those specified in this Agreement; or

(e) a warranty or representation by Licensor that it will not grant licenses to others to make, use or sell products not covered by the claims of the Licensed Patents which may be similar and/or compete with products made or sold by Licensee.

5.2 EXCEPT AS OTHERWISE EXPRESSLY SET FORTH 1N THIS AGREEMENT, LICENSOR MAKES NO REPRESENTATIONS AND EXTENDS NO WARRANTIES OF ANY KIND, EITHER EXPRESS OR IMPLIED, INCLUDING BUT NOT LIMITED TO WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, AND VALJDITY OF PATENT RIGHTS CLAIMS, ISSUED OR PENDING. LICENSOR ASSUMES NO RESPONSIBILITIES WHATSOEVER WITH RESPECT TO USE, SALE, OR OTHER DISPOSITION BY LICENSEE, ITS SUBUCENSEE(S), OR THEIR VEN DEES OR OTHER TRANSFEREES OF PRODUCT JNCORPORATING OR MADE BY USE OF INVENTIONS LICENSED UNDER THIS AGREEMENT.

Section 6. **Record Keeping**

6.1 Licensee and its Sublicensee(s) shall keep books and records sufficient to verify the accuracy and completeness of Licensee's and its Sublicensee(s)'s accounting referred to above, including without limitation, inventory, purchase and invoice records, manufacturing records, sales analysis, general ledgers, financial statements, and tax returns relating to the Licensed Products and/or Licensed Processes. Such books and records shall be preserved for a period not less than [*] after they are created or as required by federal law, both during and after the term of this Agreement.

6.2 Licensee and its Sublicensee(s) shall take all steps necessary so that Licensor may, within [*] of its written request, audit, review and/or copy all of the books and records at a single U.S. location to verify the accuracy of Licensee's and its Sublicensee(s)'s accounting. Such review may be performed by any authorized employees of Licensor as well as by any attorneys and/or accountants designated by Licensor, upon reasonable notice and during regular business hours. If a deficiency with regard to any payment hereunder is determined, Licensee and its Sublicensee(s) shall pay the deficiency within [*] of receiving notice thereof along with applicable interest as described in Section 4.5. If a royalty payment deficiency for a calendar year exceeds [*] of the royalties paid for that year, then Licensee and its Sublicensee(s) shall be responsible for paying Licensor's out-of-pocket expenses incurred with respect to such review.

6.3 At any time during the term of this Agreement, Licensor may request in writing that Licensee verify the calculation of any past payments owed to Licensor through the means of a self-audit. Within [*] of the request, Licensee shall complete a self-audit of its books and records to verify the accuracy and completeness of the payments owed. Within [*] of the completion of the self-audit, Licensee shall submit to Licensor a report detailing the findings of the self-audit and the manner in which it was conducted in order to verify the accuracy and completeness of the payments owed. If Licensee has determined through its selfaudit that there is any payment deficiency, Licensee shall pay Licensor the deficiency along with applicable interest under Section 4.5 with the submission of the self-audit report to Licensor.

Section 7. **Patent Prosecution**

7.1 Licensor shall prosecute and maintain the Licensed Patents using counsel of its choice. Licensor shall provide Licensee with copies of all documents sent to and received from the United States Patent and Trademark Office and foreign patent offices relating to Licensed Patents. Licensee agrees to keep such information confidential.

7.2 [*]

7.3 [*] It shall be the responsibility of Licensee to keep Licensor fully apprised of the "small entity" status of Licensee and all Sublicensees with respect to the U.S. patent laws and with respect to the patent laws of any other countries, if applicable, and to inform Licensor of any changes in writing of such status, within [*] of any such change. In the event that additional licenses are granted to licensees for alternate fields-of-use, patent expenses associated with Licensed Patents will be divided proportionally between the number of existing licensees. ln the case of foreign patent protection, if Licensee gives [*] notice that it intends to decline to reimburse Licensor for patent expenses for any Licensed Patent in any particular country, then the license granted hereunder respecting such Licensed Patent shall terminate after such [*] and Licensee relinquishes the right to commercialize Licensed Products in the specified country.

Section 8. Infringement and Invalidity

8.1 Licensee shall inform Licensor promptly in writing of any alleged infringement of the Licensed Patents by a third party and of any available evidence thereof.

8.2 During the term of this Agreement, Licensor shall have the right, but shall not be obligated, to prosecute at its own expense any such infringements of the Licensed Patents. If Licensor prosecutes any such infringement, Licensee agrees that Licensor may include Licensee as a co-plaintiff in any such suit, without expense to Licensee.

8.3 If within [*] after having been notified of any alleged infringement, Licensor shall have been unsuccessful in persuading the alleged infringer to desist and shall not have brought an infringement action against the alleged infringer, or if Licensor shall notify Licensee at any time prior thereto of its intention not to bring suit against the alleged infringer, then, and in those events only, Licensee shall have the right, but shall not be obligated, to prosecute at its own expense any infringement of the Licensed Patents, and Licensee may, for such purposes, use the name of Licensor as party plaintiff. No settlement, consent judgment or other voluntary final disposition of the suit may be entered into without the consent of Licensor, which consent shall not be unreasonably withheld. Licensee shall indemnify Licensor against any order for costs that may be made against Licensor in such proceedings.

8.4 In the event that a declaratory judgment action is brought against Licensor or Licensee by a third party alleging invalidity, unpatentability, unenforceability, or non-infringement of the Licensed Patents, Licensor, at its option, shall have the right within [*] after commencement of such action to take over the sole defense of the action at its own expense. If Licensor does not exercise this right, Licensee shall be responsible for the sole defense of the action at Licensee's sole expense, subject to Sections 8.5 and 8.6.

8.5 In the event that Licensee shall undertake the enforcement by litigation and/or defense of the Licensed Patents by litigation, Licensor shall have the right, but not the obligation, to voluntarily join such litigation, represented by its own counsel at its own expense. In the event that Licensor or Licensee shall undertake the enforcement by litigation and/or defense of the Licensed Patents by litigation, any recovery of damages by Licensor or Licensee for any such suit shall be applied first in satisfaction of any unreimbursed expenses and legal fees of Licensor relating to the suit, and next toward reimbursement of any unreimbursed expenses and legal fees of Licensee relating to the suit. The balance remaining from any such recovery shall be divided equally between Licensee and Licensor.

8.6 In any suit in which either party is involved to enforce or defend the Licensed Patents pursuant to this Agreement, the other party hereto shall, at the request and expense of the party initiating such suit, cooperate in all respects and, to the extent possible, have its employees testify when requested and make available relevant records, papers, information, samples, specimens, and the like.

8.7 In the event Licensee contests the validity of any Licensed Patents, unless and until Licensor terminates this Agreement pursuant to 9.3.10, Licensee shall continue to pay royalties and make other payments pursuant to this Agreement with respect to the contested Licensed Patent(s) as if such contest were not underway until the contested Licensed Patent(s) is adjudicated invalid or unenforceable by a court of last resort.

Section 9. Term and Termination

9.1 The term of this license shall begin on the Effective Date of this Agreement and continue until the later of the date that no Licensed Patent remains a pending application or an enforceable patent, or the date on which Licensee's obligation to pay royalties expires pursuant to Section 4.3 above.

9.2 Licensee may terminate this Agreement at any time by giving at least [*] written notice of such termination to Licensor. Such a notice shall be accompanied by a statement of the reasons for termination.

9.3 Licensor may terminate this Agreement if (a) Licensee (i) is delinquent on any report or payment; (ii) is not diligently developing and commercializing Licensed Products and Licensed Processes; (iii) misses a milestone described in Appendix D; (iv) is in breach of any provision; (v) provides any false report; (vi) goes into bankruptcy, liquidation or proposes having a receiver control any assets; (vii) violates any laws or regulations of applicable government entities; or (viii) shall cease to carry on its business pertaining to Licensed Patents; or (b) if payments of earned royalties under Section 4.3, once begun, cease for more than two (2) calendar quarters. Termination under this Section 9.3 will take effect [*] after written notice by Licensor, unless Licensee remedies the problem in that [*]period, [*].

9.4 If Licensee or any of its Affiliates brings a Patent Challenge against Licensor, or assists another party in bringing a Patent Challenge against Licensor (except as required under a court order or subpoena), then Licensor may immediately terminate this Agreement and/or the license granted hereunder. If a Sublicensee brings a Patent Challenge against Licensor, or assists another party in bringing a Patent Challenge against Licensor (except as required under a court order or subpoena), then Licensor may send a written demand to Licensee to terminate such Sublicense. If Licensee fails to so terminate such Sublicense within [*] days after Licensor's demand, Licensor may immediately terminate this Agreement and/or the license granted hereunder.

9.5 If Licensee, any of its Affiliates or a Sublicensee (i) brings a Patent Challenge against Licensor or (ii) assists another party in bringing a Patent Challenge against Licensor (except as required under a court order or subpoena), and if Licensor does not choose to exercise its rights to terminate this Agreement pursuant to Section 9.4 then, in the event that such the Patent Challenge is successful, Licensee will have no right to recoup any consideration, including royalties, paid during the period of challenge. In the event that the Patent Challenge is unsuccessful, Licensee shall reimburse Licensor for all reasonable legal fees and expenses incurred in its defense against the Patent Challenge.

9.6 Licensor may immediately terminate this Agreement upon the occurrence of the second separate default by Licensee within any [*] period for failure to pay royalties, patent or any other expenses when due.

9.7 Upon the termination of this Agreement for any reason, nothing herein shall be construed to release either party from any obligation that matured prior to the effective date of such termination. Licensee shall remain obligated to provide an accounting for and to pay royalties earned to the date of termination, and any minimum royalties shall be prorated as of the date of termination by the number of days elapsed in the applicable calendar year. Licensee may, however, after the effective date of such termination, sell all

Licensed Products, and complete Licensed Products in the process of manufacture at the time of such termination and sell the same, provided that Licensee shall remain obligated to provide an accounting for and to pay running royalties thereon.

9.8 Licensee shall be obligated to deliver to Licensor, within [*] of the date of termination of this agreement, complete and unredacted copies of all documentation prepared for or submitted for all regulatory approvals of Licensed Products or Licensed Processes.

Section 10. Assignability

This Agreement may not be transferred or assigned by Licensee except with the prior written consent of Licensor, in which case assignee assumes all responsibilities under this license.

Section 11. Dispute Resolution Procedures

11.1 Mandatory Procedures.

In the event either party intends to file a lawsuit against the other with respect to any matter in connection with this Agreement, compliance with the procedures set forth in this Section shall be a condition precedent to the filing of such lawsuit, other than for injunctive relief. Either party may terminate this Agreement as provided in this Agreement without following the procedures set forth in this section.

11.1.1 When a party intends to invoke the procedures set forth in this section, written notice shall be provided to the other party. Within [*] of the date of such notice, the parties agree that representatives designated by the parties shall meet at mutually agreeable times and engage in good faith negotiations at a mutually convenient location to resolve such dispute.

11.1.2 If the parties fail to meet within the time period set forth in section 11.1.1 above or if either party subsequently determines that negotiations between the representatives of the parties are at an impasse, the party declaring that the negotiations are at an impasse shall give notice to the other party stating with particularity the issues that remain in dispute.

11.1.3 Not more than [*] after the giving of such notice of issues, each party shall deliver to the other party a list of the names and addresses of at least three individuals, any one of whom would be acceptable as a neutral advisor in the dispute (the “Neutral Advisor”) to the party delivering the list. Any individual proposed as a Neutral Advisor shall have experience in determining, mediating, evaluating, or trying intellectual property litigation and shall not be affiliated with the party that is proposing such individual.

11.1.4 Within [*] after delivery of such lists, the parties shall agree on a Neutral Advisor. If they are unable to so agree within that time, within [*], they shall each select one individual from the lists. Within [*], the individuals so selected shall meet and appoint a third individual from the lists to serve as the Neutral Advisor. Within [*] after the selection of a Neutral Advisor:

(a) The parties shall each provide a written statement of the issues in dispute to the Neutral Advisor.

(b) The parties shall meet with the Neutral Advisor in [*] on a date and time established by the Neutral Advisor. The meeting must be attended by persons authorized to make final decisions on behalf of each party with respect to the dispute. At the meeting, each party shall make a presentation with respect to its position concerning the dispute. The Neutral Advisor will then discuss the issues separately with each party and attempt to resolve all issues in the dispute. At the meeting, the parties will enter into a written settlement agreement with respect to all issues that are resolved. Such settlement agreement shall be final and binding with respect to such resolved issues and may not be the subject of any lawsuit between the parties, other than a suit for enforcement of the settlement agreement.

11.1.5 The expenses of the neutral advisor shall be shared by the parties equally. All other out-of-pocket costs and expenses for the alternative dispute resolution procedure required under this Section shall be paid by the party incurring the same.

11.1.6 Positions taken and statements made during this alternative dispute resolution procedure shall be deemed settlement negotiations and shall not be admissible for any purpose in any subsequent proceeding.

11.2 Failure to Resolve Dispute.

If any issue is not resolved at the meeting with the Neutral Advisor, either party may file appropriate administrative or judicial proceedings with respect to the issue that remains in dispute. No new issues may be included in the lawsuit without the mandatory procedures set forth in this section having first been followed.

Section 12. **Product Liability; Conduct of Business**

12.1 Licensee and its Sublicensee(s) shall, at all times during the term of this Agreement and thereafter, indemnify, defend and hold Licensor, its board, University and its Affiliates and Trustees, the Florida Board of Governors, and each of their directors, officers, employees, and agents, and the inventors of the Licensed Patents, regardless of whether such inventors are employed by Licensor at the time of the claim, harmless against all claims and expenses, including legal expenses and reasonable attorneys fees, whether arising from a third party claim or resulting from Licensor's enforcing this indemnification clause against Licensee, arising out of the death of or injury to any person or persons or out of any damage to property and against any other claim, proceeding, demand, expense and liability of any kind whatsoever (other than patent infringement claims) resulting from the development, production, manufacture, sale, use, lease, consumption, marketing, or advertisement of Licensed Products or Licensed Process(es) or arising from any right or obligation of Licensee hereunder. Notwithstanding the above, Licensor at all times reserves the right to retain counsel of its own to defend Licensor's, its board, University and its Affiliates' and Trustees, the Florida Board of Governors', and the inventor's interests.

12.2 Licensee warrants that it now maintains and will continue to maintain liability insurance coverage appropriate to the risk involved in development, producing, manufacturing, clinical trials, selling, marketing, using, leasing, consuming, or advertising the products

subject to this Agreement and that such insurance coverage lists Licensor, its Affiliates, its Trustees, the Florida Board of Governors, and the inventors of the Licensed Patents as additional insureds. Within [*] after the execution of this Agreement and thereafter [*], Licensee will present evidence to Licensor that the coverage is being maintained with Licensor, University and its Affiliates and Trustees, the Florida Board of Governors, and its inventors listed as additional insureds. In addition, Licensee shall provide Licensor with at least [*] prior written notice of any change in or cancellation of the insurance coverage.

Section 13. **Use of Names**

Licensee and its Sublicensee(s) shall not use the names of Licensor, nor of any of either institution's employees, agents, or affiliates, nor the name of any inventor of Licensed Patents, nor any adaptation of such names, in any promotional, advertising or marketing materials or any other similar form of publicity, or to suggest any endorsement by the such entities or individuals, without the prior written approval of Licensor in each case.

Section 14. **Miscellaneous**

14.1 This Agreement shall be construed in accordance with the internal laws of the State of Florida

14.2 The parties hereto are independent contractors and not joint venturers or partners.

14.3 Licensee shall ensure that it applies patent markings that meet all requirements of U.S. law, 35 U.S.C. §287, with respect to all Licensed Products subject to this Agreement.

14.4 This Agreement constitutes the full understanding between the parties with reference to the subject matter hereof, and no statements or agreements by or between the parties, whether orally or in writing, shall vary or modify the written terms of this Agreement. Neither party shall claim any amendment, modification, or release from any provisions of this Agreement by mutual agreement, acknowledgment, or otherwise, unless such mutual agreement is in writing, signed by the other party, and specifically states that it is an amendment to this Agreement.

14.5 Licensee shall not encumber or otherwise grant a security interest in any of the rights granted hereunder to any third party.

14.6 Licensee acknowledges that it is subject to and agrees to abide by the United States laws and regulations (including the Export Administration Act of 1979 and Arms Export Contract Act) controlling the export of technical data, computer software, laboratory prototypes, biological material, and other commodities. The transfer of such items may require a license from the cognizant agency of the U.S. Government or written assurances by Licensee that it shall not export such items to certain foreign countries without prior approval of such agency. Licensor neither represents that a license is or is not required or that, if required, it shall be issued.

14.7 Licensee is responsible for any and all wire/bank fees associated with all payments due to Licensor pursuant to this agreement.

14.8 Survival.

The provisions of this Section shall survive termination of this Agreement. Upon termination of the Agreement for any reason, the following sections of the License Agreement will remain in force as non-cancelable obligations:

- Section 6 Record Keeping
- Section 9 Requirement to pay royalties on sale of Licensed Products made, and in process, at time of License Agreement termination
- Section 12 Product Liability; Conduct of Business
- Section 13 Use of Names
- Section 18 Confidentiality

Section 15. Notices

Any notice required to be given pursuant to the provisions of this Agreement shall be in writing and shall be deemed to have been given (a) when delivered personally; or (b) if sent by facsimile transmission, when receipt thereof is acknowledged at the facsimile number of the recipient as set forth below; or (c) the second day following the day on which the notice has been delivered prepaid to a national air courier service; or five (5) business days following deposit in the U.S. mail if sent certified mail, (return receipt acknowledgement is not required to certify delivery).

15.1 All payments and royalty reports to:

[*]

Development reports; updates; equity agreements, proxy statements and shareholder information; and all other notices and communications to:

[*]

15.2 If to Licensee:

[*]

Section 16. Contract Formation and Authority

The submission of this Agreement does not constitute an offer, and this document shall become effective and binding only upon the execution by duly authorized representatives of both Licensee and Licensor. Copies of this Agreement that have not been executed and delivered by both Licensor and Licensee shall not serve as a memorandum or other writing evidencing an agreement between the parties. This Agreement shall automatically terminate and be of no further force and effect, without the requirement of any notice from Licensor to Licensee, if Licensor does not receive the License Issue Fee or certificates representing shares issued to Licensor pursuant to this Agreement, as applicable, within [*] of the Effective Date.

16.1 Licensor and Licensee hereby warrant and represent that the persons signing this Agreement have authority to execute this Agreement on behalf of the party for whom they have signed.

16.2 Force Majeure.

No default, delay, or failure to perform on the part of Licensee or Licensor shall be considered a default, delay or failure to perform otherwise chargeable hereunder, if such default, delay or failure to perform is due to causes beyond either party's reasonable control including, but not limited to: strikes, lockouts, or inactions of governmental authorities, epidemics, war, embargoes, fire, earthquake, hurricane, flood, acts of God, or default of common carrier. In the event of such default, delay or failure to perform, any date or times by which either party is otherwise scheduled to perform shall be extended automatically for a period of time equal in duration to the time lost by reason of the excused default, delay or failure to perform.

Section 17. **United States Government Interests**

17.1 It is understood that if the United States Government (through any of its agencies or otherwise) has funded research during the course of or under which any of the inventions of the Licensed Patents were conceived or made. The United States Government is entitled, as a right, under the provisions of 35 U.S.C. §202-212 and applicable regulations of Title 37 of the Code of Federal Regulations, to a non-exclusive, nontransferable, irrevocable, paid-up license to practice or have practiced the inventions of such Licensed Patents for governmental purposes. Any license granted to Licensee in this Agreement shall be subject to such right.

17.2 Licensee agrees that for Licensed Products covered by the Licensed Patents that are subject to the non-exclusive royalty-free license to the United States Government, said Licensed Products will be manufactured substantially in the United States. Licensee further agrees that it shall abide by all the requirements and limitations of U.S. Code, Title 35, Chapter 18, and implementing regulations thereof, for all patent applications and patents invented in whole or in part with federal money.

Section 18. **Confidentiality**

18.1 Each Party shall maintain all information of the other Party which is treated by such other Party as proprietary or confidential (referred to herein as "Confidential Information") in confidence, and shall not disclose, divulge or otherwise communicate such confidential information to others, or use it for any purpose, except pursuant to, and in order to carry out, the terms and objectives of this Agreement, and each party hereby agrees to exercise every reasonable precaution to prevent and restrain the unauthorized disclosure of such confidential information by any of its Affiliates, directors, officers, employees, consultants, subcontractors, Sublicensees or agents. The parties agree to keep the terms of this Agreement confidential, provided that each party may disclose this Agreement to their authorized agents and investors who are bound by similar confidentiality provisions. Notwithstanding the foregoing, Confidential Information of a party shall not include information which: (a) was lawfully known by the receiving party prior to disclosure of such information by the disclosing party to the receiving party; (b) was or becomes generally available in the public domain, without the fault of the receiving party; (c) is subsequently disclosed to the receiving party by a third party having a lawful right to make such disclosure; (d) is required by law, rule, regulation or legal process to be disclosed, provided that the receiving party making such disclosure shall take all reasonable steps to restrict and maintain to the extent possible confidentiality of such disclosure and shall provide reasonable notice to the other party to allow such party the opportunity to oppose the required disclosure; or (e) has been independently developed by employees or others on behalf of the receiving party without access to or use of

disclosing party's information as demonstrated by written record. Each party's obligations under this Section 18 shall extend for a period of [*] from termination or expiration of this Agreement.

Section 19. University Rules and Regulations

19.1 Licensee understands and agrees that Licensor's personnel who are engaged by Licensee, whether as consultants, employees or otherwise, or who possess a material financial interest in Licensee, are subject to Florida's rule regarding outside activities and financial interests set forth in Florida Administrative Code Rule 6C1-1.011, the Licensor's Intellectual Property Policy, and a monitoring plan which addresses conflicts of interests associated therewith. Any term or condition of an agreement between Licensee and such personnel which seeks to vary or override such personnel's obligations to Licensor may not be enforced against such personnel or the Licensor, without the express written consent of an individual authorized to vary or waive such obligations on behalf of the Licensor. Furthermore, should an interest of Licensee conflict with the interest of the Licensor, Licensor's personnel are obligated to resolve such conflicts according to the guidelines and policies set forth by the Licensor.

Signatures on next page.

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement on the dates indicated below.

LICENSOR

/s/ Valerie Landrio McDevitt Date: August 28, 2015
Valerie Landrio McDevitt, Associate Vice President

/s/ Rebecca Puig Date: July 17, 2015
Rebecca Puig, Associate Vice President

Patents & Licensing

LICENSEE

By: /s/ Lovely Goswami Date: August 19, 2015

Name and Office: Lovely Goswami, Co-Founder

ACKNOWLEDGED AND AGREED:

UNIVERSITY OF SOUTH FLORIDA BOARD OF TRUSTEES A PUBLIC BODY CORPORATE

INVENTOR	/s/ Dharendra Yogi Goswami
INVENTOR	/s/ Elias K. Stefanakos
INVENTOR	/s/ Yangyang Zhang

Appendix A - Development Plan

Appendix B - Development Report

Appendix C - UFRF Royalty Report

Appendix D - Milestones

Schedule 1

LICENSE AMENDMENT 1

PREAMBLE

This Amendment to be effective the 10th day of August, 2015 (Effective Date of this Amendment), by and between the UNIVERSITY OF SOUTH FLORIDA RESEARCH FOUNDATION, INC., a corporation not for profit under Chapter 617 Florida Statutes, and a direct support organization of the University of South Florida ("University") pursuant to section 1004.28 Florida Statutes, having its principal office at 4202 East Fowler Avenue, Tampa, Florida 33620, U.S.A. (hereinafter referred to as "RESEARCH FOUNDATION"), and Transformair, Inc. having its principal office at 3802 Spectrum Blvd., Suite 143, Tampa, FL 33612 (hereinafter referred to as "LICENSEE").

WITNESSETH

WHEREAS, RESEARCH FOUNDATION and LICENSEE previously entered into a license agreement effective the 15th day of July, 2015 (hereinafter "License Agreement") under certain Patent Rights (as defined in the License Agreement) relating to "Enhancement of Photocatalytic Effect with Surface Roughness in Photocatalytic Reactors" (USF Reference# 13A026);

WHEREAS, RESEARCH FOUNDATION and LICENSEE desire to amend the License Agreement with respect to the earned Royalty.

NOW, THEREFORE, in consideration of the premises and the mutual covenants contained herein, the parties hereto agree as follows:

Section 4.3 of the License Agreement is deleted in its entirety and replaced with the following.

4.3 Royalty.

Royalty on Licensed Patents. In addition to the Section 4.1 License Issue Fee, Licensee agrees to pay to Licensor as earned royalties a royalty calculated as a percentage of Net Sales. The royalty is deemed earned as of the earlier of the date the Licensed Product and/or Licensed Process is actually sold and paid for, the date an invoice is sent by Licensee, its Affiliate, or its Sublicensee, or the date a Licensed Product and/or Licensed Process is transferred to a third party for any promotional reasons. For products that use licensed products and processes only for a part of a device, the royalty will be based on the prorated fraction of the product using the licensed products and processes. Licensee shall pay to Licensor royalties as follows:

For a cumulative earned royalty basis up to and including ten million dollars ($10,000,000)

(i) one percent (1%) for Net Sales of Licensed Products, for each product, on a country-by-country basis, as defined by Sections 1.7.1 (a), and 1.7.l(b); and

(ii) one percent (l%) for Net Sales of Licensed Processes, for each process, on a country-by-country basis, as defined by Section l.7.2 (a); and

(iii) one percent (1%) for Net Sales of all other Licensed Products and Licensed Processes.

For a cumulative earned royalty basis greater than ten million dollars ($10,000,000) up to and including fifty million dollars ($50,000,000)

(i) three quarters of one percent (0.75%) for Net Sales of Licensed Products, for each product, on a country-by-country basis, as defined by Sections 1.7.1(a), and 1.7.1(b); and

(ii) three quarters of one percent (0.75%) for Net Sales of Licensed Processes, for each process, on a country-by-country basis, as defined by Section 1.7.2 (a); and

(iii) three quarters of one percent (0.75%) for Net Sales of all other Licensed Products and Licensed Processes.

For a cumulative earned royalty basis greater than fifty million dollars ($50,000,000)

(i) half of one percent (0.5%) for Net Sales of Licensed Products, for each product, on a country-by-country basis, as defined by Sections 1.7.1 (a), and 1.7.1(b); and

(ii) half of one percent (0.5%) for Net Sales of Licensed Processes, for each process, on a country-by-country basis, as defined by Section 1.7.2 (a); and

(iii) half of one percent (0.5%) for Net Sales of all other Licensed Products and Licensed Processes.

Except as specifically stated in this Amendment and previous Amendments, all other terms and conditions of the original License Agreement remain in full force and effect.

UNIVERSITY OF SOUTH FLORIDA RESEARCH FOUNDATION, INC.	Transformair, Inc.
By: /s/ Valerie Landrio McDevitt	By: /s/ Lovely Goswami
Valerie Landrio McDevitt	Name: Lovely Goswami
Associate Vice President	Title: Co-Founder
Patents & Licensing	

EXHIBIT 10.14

CONFIRMATORY ASSIGNMENT AGREEMENT

This Confirmatory Assignment Agreement ("***Agreement***") is made effective as of this 20th day of February 2019 (the "***Effective Date***"), by and between Advanced Technologies & Testing Laboratories, a Florida corporation ("***ATTL***"), and Molekule, Inc., a Delaware corporation (the "***Company***"). ATTL and the Company may be referred to individually as a "party" or collectively as the "parties".

RECITALS

A. ATTL was the recipient of that certain award from the U.S. Environmental Protection Agency (the "***EPA***") under Contract No. EP-D-15-027 effective as of September 1, 2015 (the "***EPA SBIR Grant***"), which ATTL assigned to the Company.

B. In connection with the assignment of the EPA SBIR Grant, it was intended that ATTL would also assign to the Company any and all of its Intellectual Property Rights arising from work relating to the business of the Company, performed, created or developed prior to the formation of the Company.

C. ATTL may not have formally and/or completely assigned such Intellectual Property Rights to the Company.

D. The assignment contained in this Agreement implements ATTL's and the Company's original intent by assigning, transferring and confirming the assignment and transfer to the Company of any and all right, title and interest in and to EPA SBIR Grant and the ATTL IPR (as defined below) and is made to document the parties' prior understanding and agreement and perfect the Company's ownership rights in the ATTL IPR.

NOW THEREFORE, in consideration of the Company's payment of $5.00 to ATTL and other good and valuable consideration, the receipt and sufficiency of which ATTL hereby acknowledges, the parties agree as follows:

1. DEFINITIONS.

1.1 "***Intellectual Property Rights***" shall mean all industrial, intellectual property or other similar rights arising out of: (i) any patent or any application therefor and any and all reissues, divisions, continuations, renewals, re-examinations, extensions and continuations-in- part thereof; (ii) inventions (whether patentable or not in any country), invention disclosures, industrial designs, improvements, trade secrets, proprietary information, know-how, technology and technical data; (iii) copyrights, mask works, copyright registrations, mask work registrations, and applications therefor in any country, and all other rights corresponding thereto throughout the world; (iv) registered or common law trademarks, service marks, trade dress, trade names, logos, intent-to-use registrations or notices, and applications to register or use any of the foregoing anywhere in the world; (v) Internet or World Wide Web domain names or URLs with any governmental or quasi-governmental authority, including Internet domain name registrars; (vi) other proprietary rights in technology, including software, all source and object code, algorithms, architecture, structure, display screens, layouts, inventions, development tools and all documentation and media constituting, describing or relating to the above, including, without limitation, manuals, memoranda, records, and business information, anywhere in the world; and (vii) any

applications, registrations, provisional applications or other filings for, or to obtain, protect, perfect, or secure any of the foregoing, anywhere in the world.

1.2 "***ATTL IPR***" means all Intellectual Property Rights arising from work performed by ATTL, its employees, officers, agents, consultants, or any other party for the benefit of ATTL relating to the business of the Company, including any such Intellectual Property Rights created or developed by prior to the formation of ATTL for the benefit of ATTL.

1.3 "***Moral Rights***" means any right to claim authorship to or to object to any distortion, mutilation, or other modification or other derogatory action in relation to a work, whether or not such action would be prejudicial to the author's reputation, and any similar right, existing under common or statutory law of any country in the world or under any treaty, regardless of whether or not such right is denominated or generally referred to as a "moral right."

2. ASSIGNMENT OF RIGHTS.

2.1 Assignment. ATTL hereby irrevocably assigns and transfers to the Company any and all of its right, title and interest in and to (i) the ATTL IPR and (ii) all rights to enforce such rights including the right to sue and recover any sums now or hereafter due or payable with respect to any of the ATTL IPR.

2.2 Waiver of Moral Rights. ATTL hereby waives and agrees never to assert any Moral Rights in or with respect to any and all of the ATTL IPR that may exist anywhere in the world, together with all claims for damages and other remedies asserted on the basis of Moral Rights.

2.3 Perfection of Assignment. ATTL shall execute such documents and take such steps as Company may reasonably require at the cost and expense of the Company to fulfill the provisions of and to give to the Company the full benefit of this Agreement.

3. WARRANTY. ATTL warrants to the Company that it has not assigned any right, title or interest in or to any of the ATTL IPR to any third party.

4. GENERAL PROVISIONS.

4.1 Non-Waiver. The failure of any party at any time to require performance by the other party of any provision hereof shall not affect in any way the full right to require such performance at any time thereafter, nor shall the waiver by any party of a breach of any provision hereof by taken or held to be a waiver of the provision itself.

4.2 Severability. If any term of this Agreement is held invalid or unenforceable for any reason, the remainder of the provisions shall continue in full force and effect, and the parties shall substitute a valid provision with the same intent and economic effect.

4.3 Applicable Law. This Agreement shall be governed by and construed in accordance with the laws of California.

4.4 Entire Agreement. Upon execution, this Agreement shall constitute the entire agreement among the parties with respect to the subject matter hereof and merges all prior and contemporaneous communications. It shall not be modified except by a written agreement dated subsequent to the date of this Agreement and signed on behalf of the parties by their respective duly authorized representatives.

4.5 Assignment. ATTL may not assign any rights or obligations hereunder without the prior express written consent of the Company. Company may assign this Agreement or any rights granted hereunder. Subject to the above restrictions on assignment, this Agreement shall inure to the benefit of and bind the successors and assigns of the parties.

4.6 Counterparts. This Agreement may be executed in one or more counterparts, each of which will be deemed an original, but which collectively will constitute one and the same instrument.

4.7 Headings and References. The headings and captions used in this Agreement are used for convenience only and are not to be considered in construing or interpreting this Agreement.

[*Signature Page Follows*]

IN WITNESS WHEREOF, the parties have executed this Agreement as evidenced by the duly authorized signatures below as of the Effective Date set forth above.

ADVANCED TECHNOLOGIES & TESTING LABORATORIES, INC.

By: /s/ Lovely Goswami

Name: Lovely Goswami

Title: President

MOLEKULE, INC.

By: /s/ Dilip Goswami

Name: Dilip Goswami

Title: Chief Executive Officer

MEZZANINE LOAN AND SECURITY AGREEMENT

THIS MEZZANINE LOAN AND SECURITY AGREEMENT (this "**Agreement**") dated as of March 22, 2021 (the "**Effective Date**") between **SILICON VALLEY BANK**, a California corporation ("**Bank**"), and **MOLEKULE, INC.**, a Delaware corporation ("**Borrower**"), provides the terms on which Bank shall lend to Borrower and Borrower shall repay Bank. The parties agree as follows:

1 ACCOUNTING AND OTHER TERMS

Except as otherwise provided in this Agreement, (i) accounting terms not defined in this Agreement and (ii) calculations and determinations must be made following GAAP. Capitalized terms not otherwise defined in this Agreement shall have the meanings set forth in Section 13. All other terms contained in this Agreement, unless otherwise indicated, shall have the meanings provided by the Code to the extent such terms are defined therein.

2 LOAN AND TERMS OF PAYMENT

2.1 Promise to Pay. Borrower hereby unconditionally promises to pay Bank the outstanding principal amount of all Credit Extensions and accrued and unpaid interest thereon as and when due in accordance with this Agreement.

2.2 Mezzanine Term Loan Advance.

(a) Availability. Subject to the terms and conditions of this Agreement, Borrower shall request on the Effective Date, and Bank shall, on or about the Effective Date, make one (1) term loan advance available to Borrower in the original principal amount of Thirty Million Dollars ($30,000,000.00) (the "**Mezzanine Term Loan Advance**"). After repayment, the Mezzanine Term Loan Advance (or any portion thereof) may not be reborrowed.

(b) Repayment. Commencing on the first Payment Date following the Funding Date of the Mezzanine Term Loan Advance, and continuing on each Payment Date thereafter, Borrower shall make monthly payments of interest, in arrears, on the principal amount of the Mezzanine Term Loan Advance at the rate set forth in Section 2.3. Commencing on the Mezzanine Term Loan Amortization Date, and continuing on each Payment Date thereafter, Borrower shall repay the Mezzanine Term Loan Advance in (i) monthly installments of principal over the number of months for the period commencing on the Mezzanine Term Loan Amortization Date and ending on the Mezzanine Term Loan Maturity Date, plus (ii) monthly payments of accrued interest as set forth above. All outstanding principal and accrued and unpaid interest under the Mezzanine Term Loan Advance, and all other outstanding Obligations with respect to the Mezzanine Term Loan Advance, are due and payable in full on the Mezzanine Term Loan Maturity Date.

(c) Permitted Prepayment. Borrower shall have the option to prepay all, but not less than all, of the Mezzanine Term Loan Advance, provided Borrower (i) delivers written notice to Bank of its election to prepay the Mezzanine Term Loan Advance at least ten (10) days prior to such prepayment, and (ii) pays, on the date of such prepayment (A) the outstanding principal plus accrued and unpaid interest with respect to the Mezzanine Term Loan Advance, (B) the Prepayment Fee, and (C) all other sums, if any, that shall have become due and payable with respect to the Mezzanine Term Loan Advance, including interest at the Default Rate with respect to any past due amounts.

(d) Mandatory Prepayment Upon an Acceleration. If the Mezzanine Term Loan Advance is accelerated by Bank following the occurrence and during the continuance of an Event of Default, Borrower shall immediately pay to Bank an amount equal to the sum of (i) all outstanding principal plus accrued and unpaid interest with respect to the Mezzanine Term Loan Advance, (ii) the Prepayment Fee, and (iii) all other sums, if any, that shall have become due and payable with respect to the Mezzanine Term Loan Advance, including interest at the Default Rate with respect to any past due amounts.

2.3 Payment of Interest on the Credit Extensions.

(a) Interest Rate. Subject to Section 2.3(b), the principal amount outstanding under the Mezzanine Term Loan Advance shall accrue interest at a floating per annum rate equal to the greater of (A) the Prime Rate plus six percent (6.00%) and (B) nine and one-quarter of one percent (9.25%), which interest shall be payable monthly in accordance with Section 2.3(d) below.

(b) Default Rate. Immediately upon the occurrence and during the continuance of an Event of Default, Obligations shall bear interest at a rate per annum which is five percent (5.00%) above the rate that is otherwise applicable thereto (the "**Default Rate**") unless Bank otherwise elects from time to time in its sole discretion to impose a smaller increase. Fees and expenses which are required to be paid by Borrower pursuant to the Loan Documents (including, without limitation, Bank Expenses) but are not paid when due shall bear interest until paid at a rate equal to the highest rate applicable to the Obligations. Payment or acceptance of the increased interest rate provided in this Section 2.3(b) is not a permitted alternative to timely payment and shall not constitute a waiver of any Event of Default or otherwise prejudice or limit any rights or remedies of Bank.

(c) Adjustment to Interest Rate. Changes to the interest rate of any Credit Extension based on changes to the Prime Rate shall be effective on the effective date of any change to the Prime Rate and to the extent of any such change.

(d) Payment; Interest Computation. Interest is payable monthly on the Payment Date of each month and shall be computed on the basis of a 360-day year for the actual number of days elapsed. In computing interest, (i) all payments received after 12:00 p.m. Pacific time on any day shall be deemed received at the opening of business on the next Business Day, and (ii) the date of the making of any Credit Extension shall be included and the date of payment shall be excluded; provided, however, that if any Credit Extension is repaid on the same day on which it is made, such day shall be included in computing interest on such Credit Extension.

2.4 Fees. Borrower shall pay to Bank:

(a) Commitment Fee. A fully earned, non-refundable commitment fee of Two Hundred Twenty Five Thousand Dollars ($225,000.00), on the Effective Date;

(b) Prepayment Fee. The Prepayment Fee, when due hereunder; and

(c) Bank Expenses. All Bank Expenses (including reasonable attorneys' fees and out-of-pocket filing and search expenses for documentation and negotiation of this Agreement, which fees (exclusive of expenses), together with the fees (exclusive of out-of-pocket filing and search expenses) for documentation and negotiation of the Third Loan Modification Agreement to the Senior Loan Agreement, will not exceed Seventy-Five Thousand Dollars ($75,000.00) as of the Effective Date) incurred through and after the Effective Date, when due (or, if no stated due date, upon demand by Bank).

Unless otherwise provided in this Agreement or in a separate writing by Bank, Borrower shall not be entitled to any credit, rebate, or repayment of any fees earned by Bank pursuant to this Agreement notwithstanding any termination of this Agreement or the suspension or termination of Bank's obligation to make loans and advances hereunder. Bank may deduct amounts owing by Borrower under the clauses of this Section 2.4 pursuant to the terms of Section 2.5(c). Bank shall provide Borrower written notice of deductions made from the Designated Deposit Account pursuant to the terms of the clauses of this Section 2.4.

2.5 Payments; Application of Payments; Debit of Accounts.

(a) All payments to be made by Borrower under any Loan Document shall be made in immediately available funds in Dollars, without setoff or counterclaim, before 12:00 p.m. Pacific time on the date when due. Payments of principal and/or interest received after 12:00 p.m. Pacific time are considered received at the opening of business on the next Business Day. When a payment is due on a day that is not a Business Day, the payment shall be due the next Business Day, and additional fees or interest, as applicable, shall continue to accrue until paid.

(b) So long as no Event of Default has occurred and is continuing, other than with respect to payments for which the allocation or application is specified in the Agreement, payments shall be applied as directed by Borrower. If an Event of Default has occurred and is continuing, Bank shall have the exclusive right to determine the order and manner in which all payments with respect to the Obligations may be applied and Borrower shall have no right to specify the order or the accounts to which Bank shall allocate or apply any payments required to be made by Borrower to Bank or otherwise received by Bank under this Agreement when any such allocation or application is not specified elsewhere in this Agreement.

(c) Bank may debit the Designated Deposit Account (or, if funds in the Designated Deposit Account are insufficient or if an Event of Default has occurred and is continuing, any other account of Borrower maintained with Bank), for principal and interest payments or any other amounts Borrower owes Bank when due. These debits shall not constitute a set-off.

2.6 Withholding. Payments received by Bank from Borrower under this Agreement will be made free and clear of and without deduction for any and all present or future taxes, levies, imposts, duties, deductions, withholdings, assessments, fees or other charges imposed by any Governmental Authority (including any interest, additions to tax or penalties applicable thereto). Specifically, however, if at any time any Governmental Authority, applicable law, regulation or international agreement requires Borrower to make any withholding or deduction from any such payment or other sum payable hereunder to Bank, Borrower hereby covenants and agrees that the amount due from Borrower with respect to such payment or other sum payable hereunder will be increased to the extent necessary to ensure that, after the making of such required withholding or deduction, Bank receives a net sum equal to the sum which it would have received had no withholding or deduction been required, and Borrower shall pay the full amount withheld or deducted to the relevant Governmental Authority. Borrower will, upon request, furnish Bank with proof reasonably satisfactory to Bank indicating that Borrower has made such withholding payment; provided, however, that Borrower need not make any withholding payment if the amount or validity of such withholding payment is contested in good faith by appropriate and timely proceedings and as to which payment in full is bonded or reserved against by Borrower. The agreements and obligations of Borrower contained in this Section 2.6 shall survive the termination of this Agreement.

3 CONDITIONS OF LOANS

3.1 Conditions Precedent to Initial Credit Extension. Bank's obligation to make the initial Credit Extension is subject to the condition precedent that Bank shall have received, in form and substance satisfactory to Bank, such documents, and completion of such other matters, as Bank may reasonably deem necessary or appropriate, including, without limitation:

(a) duly executed signatures to the Loan Documents;

(b) duly executed signatures to the Warrant, together with a capitalization table of Borrower;

(c) (i) the Operating Documents and a long-form good standing certificate of Borrower certified by the Secretary of State of Delaware and (ii) a certificate of good standing/foreign qualification of Borrower certified by the Secretary of State (or equivalent agency) of California and Florida, each as of a date no earlier than thirty (30) days prior to the Effective Date;

(d) a secretary's certificate of Borrower with respect to such Borrower's Operating Documents, incumbency, specimen signatures and resolutions authorizing the execution and delivery of this Agreement and the other Loan Documents to which it is a party;

(e) duly executed signatures to the completed Borrowing Resolutions for Borrower;

(f) a First Amendment to and Ratification of Subordination Agreement from Trinity Capital Inc.;

(g) certified copies, dated as of a recent date, of financing statement searches, as Bank may request, accompanied by written evidence (including any UCC termination statements) that the Liens indicated in any such financing statements either constitute Permitted Liens or have been or, in connection with the initial Credit Extension, will be terminated or released;

(h) the Perfection Certificate of Borrower, together with the duly executed signature thereto;

(i) Intellectual Property search results and completed exhibits to the IP Agreement;

(j) completed and executed logo consent form for Bank to (i) use Borrower's logo, (ii) use a tombstone to highlight the transaction and (iii) issue a press release (solely to the extent approved by and in a form acceptable to Borrower in its sole discretion and Bank) highlighting and summarizing the credit facilities extended by Bank to Borrower under this Agreement for marketing purposes; and

(k) payment of the fees and Bank Expenses then due as specified in Section 2.4 hereof.

3.2 Conditions Precedent to all Credit Extensions. Bank's obligations to make each Credit Extension, including the initial Credit Extension, is subject to the following conditions precedent:

(a) timely receipt of an executed Payment/Advance Form and any materials and documents required by Section 3.4(b);

(b) the representations and warranties in this Agreement shall be true, accurate, and complete in all material respects on the date of the proposed Credit Extension and/or of the Payment/Advance Form, as applicable, and on the Funding Date of each Credit Extension, taking into account updates thereof subsequent to the Effective Date to the extent permitted by notice to the Bank by one or more specific provisions of this Agreement; provided, however, that such materiality qualifier shall not be applicable to any representations and warranties that already are qualified or modified by materiality in the text thereof; and provided, further that those representations and warranties expressly referring to a specific date or time period shall be true, accurate and complete in all material respects as of such date or with respect to such time period, and no Event of Default shall have occurred and be continuing or result from the Credit Extension. Each Credit Extension is Borrower's representation and warranty on that date that the representations and warranties in this Agreement remain true, accurate, and complete in all material respects, taking into account updates thereof subsequent to the Effective Date to the extent permitted by notice to the Bank by one or more specific provisions of this Agreement; provided, however, that such materiality qualifier shall not be applicable to any representations and warranties that already are qualified or modified by materiality in the text thereof; and provided, further that those representations and warranties expressly referring to a specific date or time period shall be true, accurate and complete in all material respects as of such date or with respect to such time period; and

(c) Bank determines to its satisfaction that there has not been any material impairment in the general affairs, management, results of operation, financial condition or the prospect of repayment of the Obligations, nor any material adverse deviation by Borrower from the most recent business plan of Borrower presented to and accepted by Bank.

3.3 Covenant to Deliver. Borrower agrees to deliver to Bank each item required to be delivered to Bank under this Agreement as a condition precedent to any Credit Extension. Borrower expressly agrees that a Credit Extension made prior to the receipt by Bank of any such item shall not constitute a waiver by Bank of Borrower's obligation to deliver such item, and the making of any Credit Extension in the absence of a required item shall be in Bank's sole discretion.

3.4 Procedures for Borrowing. Subject to the prior satisfaction of all other applicable conditions to the making of the Mezzanine Term Loan Advance set forth in this Agreement, to obtain the Mezzanine Term Loan Advance, Borrower (via an individual duly authorized by an Administrator) shall notify Bank (which notice shall be irrevocable) by electronic mail by 12:00 noon Pacific time on the Funding Date of the Mezzanine Term Loan Advance. Such notice shall be made by Borrower through Bank's online banking program, provided, however, if Borrower is

not utilizing Bank's online banking program, then such notice shall be in a written format acceptable to Bank that is executed by an Authorized Signer. Bank shall have received satisfactory evidence that the Board has approved that such Authorized Signer may provide such notices and request the Mezzanine Term Loan Advance. In connection with such notification, Borrower must promptly deliver to Bank by electronic mail or through Bank's online banking program a completed Payment/Advance Form executed by an Authorized Signer together with such other reports and information, as Bank may reasonably request. Bank shall credit proceeds of the Mezzanine Term Loan Advance to the Designated Deposit Account. Bank may make the Mezzanine Term Loan Advance under this Agreement based on instructions from an Authorized Signer or without instructions if the Mezzanine Term Loan Advance is necessary to meet Obligations which have become due.

4 CREATION OF SECURITY INTEREST

4.1 Grant of Security Interest. Borrower hereby grants Bank, to secure the payment and performance in full of all of the Obligations, a continuing security interest in, and pledges to Bank, the Collateral, wherever located, whether now owned or hereafter acquired or arising, and all proceeds and products thereof.

Borrower acknowledges that it previously has entered, and/or may in the future enter, into Bank Services Agreements with Bank. Regardless of the terms of any Bank Services Agreement, Borrower agrees that any amounts Borrower owes Bank thereunder shall be deemed to be Obligations hereunder and that it is the intent of Borrower and Bank to have all such Obligations secured by the first priority perfected security interest in the Collateral granted herein (subject only to Permitted Liens that are permitted pursuant to the terms of this Agreement to have superior priority to Bank's Lien in this Agreement).

If this Agreement is terminated, Bank's Lien in the Collateral shall continue until the Obligations (other than inchoate indemnity obligations) are repaid in full in cash. Upon payment in full in cash of the Obligations (other than inchoate indemnity obligations) and at such time as Bank's obligation to make Credit Extensions has terminated, Bank shall, at the sole cost and expense of Borrower, release its Liens in the Collateral and all rights therein shall revert to Borrower. In the event (x) all Obligations (other than inchoate indemnity obligations), except for Bank Services, are satisfied in full, and (y) this Agreement is terminated, Bank shall terminate the security interest granted herein upon Borrower providing cash collateral acceptable to Bank in its good faith business judgment for Bank Services, if any. Bank shall use reasonable efforts to inform Borrower within a reasonable period of time what constitutes acceptable cash collateral with respect to each Bank Services Agreement in force and effect when Borrower delivers its written termination notice. In the event such Bank Services consist of outstanding Letters of Credit, Borrower shall provide to Bank cash collateral in an amount equal to (x) if such Letters of Credit are denominated in Dollars, then at least one hundred five percent (105.0%); and (y) if such Letters of Credit are denominated in a Foreign Currency, then at least one hundred ten percent (110.0%), of the Dollar Equivalent of the face amount of all such Letters of Credit plus all interest, fees, and costs due or to become due in connection therewith (as estimated by Bank in its good faith business judgment), to secure all of the Obligations relating to such Letters of Credit.

4.2 Priority of Security Interest. Borrower represents, warrants, and covenants that, assuming the filing by Bank of a UCC financing statement with the Secretary of State of Delaware covering the Collateral, and solely with respect any type of Collateral for which the receipt of a Control Agreement by Bank is necessary in order to perfect Bank's security interest, Bank's receipt of a Control Agreement, the security interest granted herein is and shall at all times continue to be a first priority perfected security interest in the Collateral (subject only to Permitted Liens that are permitted pursuant to the terms of this Agreement to have superior priority to Bank's Lien under this Agreement). If Borrower shall acquire a commercial tort claim, Borrower shall promptly notify Bank in a writing signed by Borrower of the general details thereof and grant to Bank in such writing a security interest therein and in the proceeds thereof, all upon the terms of this Agreement, with such writing to be in form and substance reasonably satisfactory to Bank.

4.3 Authorization to File Financing Statements. Borrower hereby authorizes Bank to file financing statements, without notice to Borrower, with all appropriate jurisdictions to perfect or protect Bank's interest or rights hereunder, including a notice that any disposition of the Collateral, by either Borrower or any other Person, shall be deemed to violate the rights of Bank under the Code.

5 REPRESENTATIONS AND WARRANTIES

Borrower represents and warrants as follows:

5.1 Due Organization, Authorization; Power and Authority. Borrower is duly existing and in good standing as a Registered Organization in its jurisdiction of formation and is qualified and licensed to do business and is in good standing in any jurisdiction in which the conduct of its business or its ownership of property requires that it be qualified except where the failure to do so could not reasonably be expected to have a material adverse effect on Borrower's business. In connection with this Agreement, Borrower has delivered to Bank a completed certificate signed by Borrower entitled "Perfection Certificate" (the "**Perfection Certificate**"). Borrower represents and warrants to Bank that (a) Borrower's exact legal name is that indicated on the Perfection Certificate and on the signature page hereof; (b) Borrower is an organization of the type and is organized in the jurisdiction set forth in the Perfection Certificate; (c) the Perfection Certificate accurately sets forth Borrower's organizational identification number or accurately states that Borrower has none; (d) the Perfection Certificate accurately sets forth Borrower's place of business, or, if more than one, its chief executive office as well as Borrower's mailing address (if different than its chief executive office); (e) Borrower (and each of its predecessors) has not, in the past five (5) years, changed its jurisdiction of formation, organizational structure or type, or any organizational number assigned by its jurisdiction; and (f) all other information set forth on the Perfection Certificate pertaining to Borrower and each of its Subsidiaries is accurate and complete in all material respects (it being understood and agreed that Borrower may from time to time update certain information in the Perfection Certificate after the Effective Date (whether through the delivery of a new Perfection Certificate, written notice to Bank of updates thereto, or delivery of a Compliance Certificate) to the extent permitted by one or more specific provisions in this Agreement). If Borrower is not now a Registered Organization but later becomes one, Borrower shall promptly notify Bank of such occurrence and provide Bank with Borrower's organizational identification number.

The execution, delivery and performance by Borrower of the Loan Documents to which it is a party have been duly authorized, and do not (i) conflict with any of Borrower's organizational documents, (ii) contravene, conflict with, constitute a default under or violate any material Requirement of Law, (iii) contravene, conflict or violate any applicable order, writ, judgment, injunction, decree, determination or award of any Governmental Authority by which Borrower or any of its Subsidiaries or any of their property or assets may be bound or affected, (iv) require any action by, filing, registration, or qualification with, or Governmental Approval from, any Governmental Authority (except such Governmental Approvals which have already been obtained and are in full force and effect or are being obtained pursuant to Section 6.1), or (v) conflict with, contravene, constitute a default or breach under, or result in or permit the termination or acceleration of, any material agreement by which Borrower is bound. Borrower is not in default under any agreement to which it is a party or by which it is bound in which the default could reasonably be expected to have a material adverse effect on Borrower's business.

5.2 Collateral. Borrower has good title to, rights in, and the power to transfer each item of the Collateral

upon which it purports to grant a Lien hereunder, free and clear of any and all Liens except Permitted Liens. Borrower has no Collateral Accounts at or with any bank or financial institution other than Bank or Bank's Affiliates except for the Collateral Accounts described in the Perfection Certificate delivered to Bank in connection herewith and which Borrower has taken such actions as are necessary to give Bank a perfected security interest therein, pursuant to the terms of Section 6.6(b). The Accounts are bona fide, existing obligations of the Account Debtors.

The Collateral is not in the possession of any third party bailee (such as a warehouse) except as otherwise provided in the Perfection Certificate. None of the components of the Collateral shall be maintained at locations other than as provided in the Perfection Certificate or as permitted pursuant to Section 7.2.

All Inventory is in all material respects of good and marketable quality, free from material defects.

Borrower is the sole owner of the Intellectual Property which it owns or purports to own except for (a) non-exclusive licenses granted to its customers in the ordinary course of business, (b) over-the-counter software or open source software that is commercially available to the public, and (c) Intellectual Property licensed to Borrower and, to the extent material to Borrower's business, noted on the Perfection Certificate. Each Patent which it owns or purports to own and which is material to Borrower's business is, to Borrower's knowledge, valid and enforceable, and no part of the Intellectual Property which Borrower owns or purports to own and which is material to Borrower's business has been judged invalid or unenforceable, in whole or in part. To the best of Borrower's knowledge, no

claim has been made that any part of the Intellectual Property violates the rights of any third party except to the extent such claim would not reasonably be expected to have a material adverse effect on Borrower's business.

Except as noted on the Perfection Certificate, Borrower is not a party to, nor is it bound by, any Restricted License.

5.3 Litigation. Except as set forth in the Perfection Certificate on the Effective Date, there are no actions or proceedings pending or, to the knowledge of any Responsible Officer, threatened in writing by or against Borrower or any of its Subsidiaries that would reasonably be expected to result in damages or costs to Borrower or any of its Subsidiaries in an amount more than, individually or in the aggregate, Two Hundred Fifty Thousand Dollars ($250,000.00).

5.4 Financial Statements; Financial Condition. All consolidated financial statements for Borrower and any of its Subsidiaries delivered to Bank by submission to the Financial Statement Repository fairly present in all material respects Borrower's consolidated financial condition and Borrower's consolidated results of operations. There has not been any material deterioration in Borrower's consolidated financial condition since the date of the most recent financial statements submitted to the Financial Statement Repository.

5.5 Solvency. The fair salable value of Borrower's consolidated assets (including goodwill minus disposition costs) exceeds the fair value of Borrower's liabilities; Borrower is not left with unreasonably small capital after the transactions in this Agreement; and Borrower is able to pay its debts (including trade debts) as they mature.

5.6 Regulatory Compliance. Borrower is not an "investment company" or a company "controlled" by an "investment company" under the Investment Company Act of 1940, as amended. Borrower is not engaged as one of its important activities in extending credit for margin stock (under Regulations X, T and U of the Federal Reserve Board of Governors). Borrower (a) has complied in all material respects with all Requirements of Law, and (b) has not violated any Requirements of Law the violation of which could reasonably be expected to have a material adverse effect on its business. None of Borrower's or any of its Subsidiaries' properties or assets has been used by Borrower or any Subsidiary or, to the best of Borrower's knowledge, by previous Persons, in disposing, producing, storing, treating, or transporting any hazardous substance other than legally. Borrower and each of its Subsidiaries have obtained all consents, approvals and authorizations of, made all declarations or filings with, and given all notices to, all Governmental Authorities that are necessary to continue their respective businesses as currently conducted.

5.7 Subsidiaries; Investments. Borrower does not own any stock, partnership, or other ownership interest or other equity securities except for equity securities of Borrower's Subsidiaries and Permitted Investments.

5.8 Tax Returns and Payments; Pension Contributions. Borrower has timely filed all required tax returns and reports, and Borrower has timely paid all foreign, federal, state and local taxes, assessments, deposits and contributions owed by Borrower except (a) to the extent such taxes are being contested in good faith by appropriate proceedings promptly instituted and diligently conducted, so long as such reserve or other appropriate provision, if any, as shall be required in conformity with GAAP shall have been made therefor, or (b) if such taxes, assessments, deposits and contributions do not, individually or in the aggregate, exceed Fifty Thousand Dollars ($50,000.00).

To the extent Borrower defers payment of any contested taxes, Borrower shall (i) notify Bank in writing of the commencement of, and any material development in, the proceedings, and (ii) post bonds or take any other steps required to prevent the Governmental Authority levying such contested taxes from obtaining a Lien upon any of the Collateral that is other than a "Permitted Lien." Borrower is unaware of any claims or adjustments proposed for any of Borrower's prior tax years which could reasonably be expected to result in additional taxes becoming due and payable by Borrower in excess of Fifty Thousand Dollars ($50,000.00). Borrower has paid all amounts necessary to fund all present pension, profit sharing and deferred compensation plans in accordance with their terms, and Borrower has not withdrawn from participation in, and has not permitted partial or complete termination of, or permitted the occurrence of any other event with respect to, any such plan which could reasonably be expected to result in any liability of Borrower, including any liability to the Pension Benefit Guaranty Corporation or its successors or any other governmental agency.

5.9 Use of Proceeds. Borrower shall use the proceeds of the Credit Extensions solely as working capital and to fund its general business requirements and not for personal, family, household or agricultural purposes.

5.10 Full Disclosure. No written representation, warranty or other statement of Borrower in any certificate or written statement submitted to the Financial Statement Repository or otherwise given to Bank, as of the date such representation, warranty, or other statement was made, taken together with all such written certificates and written statements given to Bank, contains any untrue statement of a material fact or omits to state a material fact necessary to make the statements contained in the certificates or written statements not misleading (it being recognized by Bank that the projections and forecasts provided by Borrower in good faith and based upon reasonable assumptions are not viewed as facts and that actual results during the period or periods covered by such projections and forecasts may differ from the projected or forecasted results).

5.11 Definition of "Knowledge." For purposes of the Loan Documents, whenever a representation or warranty is made to Borrower's knowledge or awareness, to the "best of" Borrower's knowledge, or with a similar qualification, knowledge or awareness means the actual knowledge, after reasonable investigation, of any Responsible Officer.

6 AFFIRMATIVE COVENANTS

Until such time as all Obligations are satisfied in full and Bank has no further obligation to make Credit Extensions to Borrower, Borrower shall do all of the following:

6.1 Government Compliance.

(a) Maintain its and all its Subsidiaries' legal existence and good standing in their respective jurisdictions of formation and maintain qualification in each jurisdiction in which the failure to so qualify would reasonably be expected to have a material adverse effect on Borrower's business or operations. Borrower shall comply, and have each Subsidiary comply, in all material respects, with all laws, ordinances and regulations to which it is subject, where the failure to so comply would reasonably be expected to have a material adverse effect on Borrower's business or operations.

(b) Obtain all of the Governmental Approvals necessary for the performance by Borrower of its obligations under the Loan Documents to which it is a party and the grant of a security interest to Bank in the Collateral. Borrower shall promptly provide copies of any such obtained Governmental Approvals to Bank.

6.2 Financial Statements, Reports, Certificates. Provide Bank with the following by posting to the Financial Statement Repository:

(a) as soon as available, but no later than thirty (30) days after the last day of each month, a company prepared consolidated balance sheet and income statement covering Borrower's consolidated operations for such month certified by a Responsible Officer and in a form reasonably acceptable to Bank (the "**Monthly Financial Statements**");

(b) within thirty (30) days after the last day of each month and together with the Monthly Financial Statements, a duly completed Compliance Statement, confirming that as of the end of such month, Borrower was in full compliance with all of the terms and conditions of this Agreement, and setting forth calculations showing compliance with the financial covenants set forth in this Agreement and such other information as Bank may reasonably request, including, without limitation, a statement that at the end of such month there were no held checks;

(c) within sixty (60) days after the end of each fiscal year of Borrower, and promptly (but, in any event, with two (2) Business Days) following any Board-approved updates or amendments thereto, (i) annual operating budgets (including income statements, balance sheets and cash flow statements, by month) for the then current fiscal year of Borrower, and (ii) annual financial projections for such fiscal year (on a quarterly basis), in each case as approved by the Board and commensurate in form and substance with those provided to Borrower's venture

capital investors, together with any related business forecasts used in the preparation of such annual financial projections;

(d) as soon as available, and in any event within one hundred eighty (180) days (or two hundred seventy (270) days with respect to Borrower's fiscal year ended December 31, 2020) following the end of Borrower's fiscal year, audited consolidated financial statements prepared under GAAP, consistently applied, together with an unqualified opinion (provided that such opinion may contain a "going concern" qualification typical for venture backed companies similar to Borrower) on the financial statements from an independent certified public accounting firm reasonably acceptable to Bank;

(e) as soon as available, and within forty-five (45) days of them being presented to the Board in connection with any regular or special meeting of the Board convened pursuant to Borrower's Operating Documents, copies of all financial statements, reports, information and notices (including, without limitation, any board packages) presented to the Board, provided, however, that such copies may exclude such information as Borrower deems reasonably necessary in good faith in order to prevent impairment of the attorney client privilege, to protect highly confidential proprietary information, to avoid a conflict of interest or for other similar reasons, in each case, as reasonably determined in good faith by Borrower;

(f) in the event that Borrower becomes subject to the reporting requirements under the Exchange Act within ten (10) days of filing, copies of all periodic and other reports, proxy statements and other materials filed by Borrower and/or any Guarantor with the SEC, any Governmental Authority succeeding to any or all of the functions of the SEC or with any national securities exchange, or distributed to its shareholders, as the case may be. Documents required to be delivered pursuant to the terms hereof (to the extent any such documents are included in materials otherwise filed with the SEC) may be delivered electronically and if so delivered, shall be deemed to have been delivered on the date on which Borrower posts such documents, or provides a link thereto, on Borrower's website on the internet at Borrower's website address; provided, however, Borrower shall promptly notify Bank in writing (which may be by electronic mail) of the posting of any such documents;

(g) within five (5) days of delivery, copies of all statements, reports and notices made available to Borrower's security holders or to any holders of Subordinated Debt;

(h) prompt written notice of any changes to the beneficial ownership information set out in Sections 2(d), (e), (f) and (g) of the Perfection Certificate. Borrower understands and acknowledges that Bank relies on such true, accurate and up-to-date beneficial ownership information to meet Bank's regulatory obligations to obtain, verify and record information about beneficial owners of its legal entity customers;

(i) prompt report of any legal actions pending or threatened in writing against Borrower or any of its Subsidiaries that could reasonably be expected to result in damages or costs to Borrower or any of its Subsidiaries of, individually or in the aggregate, Two Hundred Fifty Thousand Dollars ($250,000.00) or more; and

(j) promptly, from time to time, such other information regarding Borrower or compliance with the terms of any Loan Documents as reasonably requested by Bank.

Any submission by Borrower of a Compliance Statement or any other financial statement submitted to the Financial Statement Repository pursuant to this Section 6.2 or otherwise submitted to Bank shall be deemed to be a representation by Borrower that (a) as of the date of such Compliance Statement or other financial statement, the information and calculations set forth therein are true, accurate and correct, (b) as of the end of the compliance period set forth in such submission, Borrower is in complete compliance with all required covenants except as noted in such Compliance Statement or other financial statement, as applicable; (c) as of the date of such submission, no Events of Default have occurred or are continuing; (d) all representations and warranties other than any representations or warranties that are made as of a specific date in Section 5 remain true and correct in all material respects as of the date of such submission except as noted in such Compliance Statement or other financial statement, as applicable; (e) as of the date of such submission, Borrower and each of its Subsidiaries has timely filed all required tax returns and reports, and Borrower has timely paid all foreign, federal, state and local taxes, assessments, deposits and contributions owed by Borrower except as otherwise permitted pursuant to the terms of Section 5.8; and (f) as of the date of such

submission, no Liens have been levied or claims made against Borrower or any of its Subsidiaries relating to unpaid employee payroll or benefits of which Borrower has not previously provided written notification to Bank.

6.3 Inventory; Returns. Keep all Inventory in good and marketable condition, free from material defects. Returns and allowances between Borrower and its Account Debtors shall follow Borrower's customary practices as they exist at the Effective Date. If any Account Debtor returns any Inventory to Borrower, Borrower shall, at all times after the aggregate amount of all such returns on and after the Effective Date first exceeds One Hundred Thousand Dollars ($100,000.00), promptly notify Bank and, upon request, provide Bank with a copy of the applicable credit memorandum associated with such Account Debtor's returns.

6.4 Taxes; Pensions. Timely file, and require each of its Subsidiaries to timely file, all required tax returns and reports and timely pay, and require each of its Subsidiaries to timely pay, all foreign, federal, state and local taxes, assessments, deposits and contributions owed by Borrower and each of its Subsidiaries, except for deferred payment of any taxes contested pursuant to the terms of Section 5.8 hereof and taxes with respect to which the amount does not exceed the amount set forth in Section 5.8 hereof, and shall deliver to Bank, on demand, appropriate certificates attesting to such payments, and pay all amounts necessary to fund all present pension, profit sharing and deferred compensation plans in accordance with their terms.

6.5 Insurance.

(a) Keep its business and the Collateral insured for risks and in amounts standard for companies in Borrower's industry and location and as Bank may reasonably request. Insurance policies shall be in a form, with financially sound and reputable insurance companies that are not Affiliates of Borrower, and in amounts that are reasonably satisfactory to Bank. All property policies shall have a lender's loss payable endorsement showing Bank as lender loss payee. All liability policies shall show, or have endorsements showing, Bank as an additional insured. Bank shall be named as lender loss payee and/or additional insured with respect to any such insurance providing coverage in respect of any Collateral.

(b) Ensure that proceeds payable under any property policy are, at Bank's option, payable to Bank on account of the Obligations. Notwithstanding the foregoing, (i) so long as no Event of Default has occurred and is continuing, Borrower shall have the option of applying the proceeds of any casualty policy not exceeding Two Hundred Fifty Thousand Dollars ($250,000.00) in the aggregate for all losses under all casualty policies in any one year, toward the replacement or repair of destroyed or damaged property; provided that any such replaced or repaired property (A) shall be of equal or like value as the replaced or repaired Collateral and (B) shall be deemed Collateral in which Bank has been granted a first priority security interest, and (ii) after the occurrence and during the continuance of an Event of Default, all proceeds payable under such casualty policy shall, at the option of Bank, be payable to Bank on account of the Obligations.

(c) At Bank's request, Borrower shall deliver certified copies of insurance policies and evidence of all premium payments. Each provider of any such insurance required under this Section 6.5 shall agree, by endorsement upon the policy or policies issued by it or by independent instruments furnished to Bank, that it will give Bank twenty (20) days prior written notice (ten (10) days for non-payment of premium) before any such policy or policies shall be canceled. If Borrower fails to obtain insurance as required under this Section 6.5 or to pay any amount or furnish any required proof of payment to third persons and Bank, Bank may make all or part of such payment or obtain such insurance policies required in this Section 6.5, and take any action under the policies Bank deems prudent.

6.6 Accounts.

(a) Maintain its and all of its Subsidiaries' Deposit Accounts, the Cash Collateral Account and excess cash with Bank and Bank's Affiliates, provided that Borrower may maintain the payment processor accounts disclosed in the Perfection Certificate delivered on the Effective Date or otherwise disclosed to Bank in writing so long as proceeds in excess of Two Hundred Fifty Thousand Dollars ($250,000.00) received in such accounts are transferred to a Deposit Account of Borrower maintained at Bank promptly, and in any event on a weekly basis (the "Payment Processor Accounts"). In addition to the foregoing, Borrower, any Subsidiary of

Borrower and any Guarantor shall conduct all of its business credit cards banking exclusively with Bank and Bank's Affiliates. Any Guarantor shall maintain all depository, operating and excess cash with Bank and Bank's Affiliates.

(b) In addition to and without limiting the restrictions in (a), Borrower shall provide Bank five (5) days prior written notice before establishing any Collateral Account at or with any bank or financial institution other than Bank or Bank's Affiliates. For each Collateral Account that Borrower at any time maintains, Borrower shall cause the applicable bank or financial institution (other than Bank) at or with which any Collateral Account is maintained to execute and deliver a Control Agreement or other appropriate instrument with respect to such Collateral Account to perfect Bank's Lien in such Collateral Account in accordance with the terms hereunder which Control Agreement may not be terminated without the prior written consent of Bank. The provisions of the previous sentence shall not apply to (i) deposit accounts exclusively used for payroll, payroll taxes, and other employee wage and benefit payments to or for the benefit of Borrower's employees and identified to Bank by Borrower as such or (ii) the Payment Processor Accounts.

6.7 Protection and Registration of Intellectual Property Rights.

(a) (i) Use commercially reasonable efforts necessary to protect, defend and maintain the validity and enforceability of its Intellectual Property which is material for the conduct of Borrower's business (other than Intellectual Property which Borrower licenses from one or more third parties); (ii) promptly advise Bank in writing of material infringements or any other event that could reasonably be expected to materially and adversely affect the value of its Intellectual Property which is material for the conduct of Borrower's business; and (iii) not allow any Intellectual Property which is material for the conduct of Borrower's business to be abandoned, forfeited or dedicated to the public without Bank's written consent.

(b) If Borrower (i) obtains any Patent, registered Trademark, registered Copyright, registered mask work, or any pending application for any of the foregoing, whether as owner, licensee or otherwise, or (ii) applies for any Patent or the registration of any Trademark, then Borrower shall provide written notice thereof to Bank with the next Compliance Statement delivered to Bank and shall, upon Bank's request, execute such intellectual property security agreements and other documents and take such other actions as Bank may request in its good faith business judgment to perfect and maintain a first priority perfected security interest in favor of Bank in such property. If Borrower decides to register any Copyrights or mask works in the United States Copyright Office, Borrower shall: (x) provide Bank with at least fifteen (15) days prior written notice of Borrower's intent to register such Copyrights or mask works together with a copy of the application it intends to file with the United States Copyright Office (excluding exhibits thereto); (y) execute an intellectual property security agreement and such other documents and take such other actions as Bank may request in its good faith business judgment to perfect and maintain a first priority perfected security interest in favor of Bank in the Copyrights or mask works intended to be registered with the United States Copyright Office; and (z) record such intellectual property security agreement with the United States Copyright Office contemporaneously with filing the Copyright or mask work application(s) with the United States Copyright Office. Upon Bank's request, Borrower shall promptly provide to Bank copies of all applications that it files for Patents or for the registration of Trademarks, Copyrights or mask works, together with evidence of the recording of the intellectual property security agreement required for Bank to perfect and maintain a first priority perfected security interest in such property.

(c) Provide written notice to Bank within fifteen (15) days of entering or becoming bound by any Restricted License (other than over-the-counter software that is commercially available to the public). Borrower shall take such commercially reasonable steps as Bank requests to obtain the consent of, or waiver by, any person whose consent or waiver is necessary for (i) any Restricted License to be deemed "Collateral" and for Bank to have a security interest in it that might otherwise be restricted or prohibited by law or by the terms of any such Restricted License, whether now existing or entered into in the future, and (ii) Bank to have the ability in the event of a liquidation of any Collateral to dispose of such Collateral in accordance with Bank's rights and remedies under this Agreement and the other Loan Documents.

6.8 Litigation Cooperation. From the date hereof and continuing through the termination of this Agreement, make available to Bank, without expense to Bank, Borrower and its officers, employees and agents and Borrower's books and records, to the extent that Bank may deem them reasonably necessary to prosecute or defend

any third-party suit or proceeding instituted by or against Bank with respect to any Collateral or relating to Borrower. All information obtained by Bank during or as a result of such activities shall be governed by Section 12.9.

6.9 Formation or Acquisition of Subsidiaries. Notwithstanding and without limiting the negative covenants contained in Sections 7.3 and 7.7 hereof, at the time that Borrower or any Guarantor forms any direct or indirect Subsidiary or acquires any direct or indirect Subsidiary after the Effective Date (including, without limitation, pursuant to a Division), Borrower and such Guarantor shall (a) cause such new Subsidiary to provide to Bank a joinder to this Agreement to become a co-borrower hereunder, or, if elected by Bank in its sole discretion, a Guarantor, together with such appropriate financing statements and/or Control Agreements, all in form and substance reasonably satisfactory to Bank (including being sufficient to grant Bank a first priority Lien (subject to Permitted Liens) in and to the assets of such newly formed or acquired Subsidiary), (b) provide to Bank appropriate certificates and powers and financing statements, pledging all of the direct or beneficial ownership interest in such new Subsidiary (or, if such new Subsidiary is a Foreign Subsidiary, more than 65% of the presently existing and hereafter arising issued and outstanding shares of capital stock owned by Borrower of any Foreign Subsidiary which shares entitle the holder thereof to vote for directors or any other matter), in form and substance reasonably satisfactory to Bank; and (c) if requested by Bank, provide to Bank all other documentation in form and substance reasonably satisfactory to Bank, including one or more opinions of counsel reasonably satisfactory to Bank, which in its opinion is appropriate with respect to the execution and delivery of the applicable documentation referred to above. Any document, agreement, or instrument executed or issued pursuant to this Section 6.9 shall be a Loan Document.

6.10 Further Assurances. Execute any further instruments and take further action as Bank reasonably requests to perfect or continue Bank's Lien in the Collateral or to effect the purposes of this Agreement. Deliver to Bank, within five (5) days after the same are sent or received, copies of all correspondence, reports, documents and other filings with any Governmental Authority regarding compliance with or maintenance of Governmental Approvals or Requirements of Law or that could reasonably be expected to have a material effect on any of the Governmental Approvals or otherwise on the operations of Borrower or any of its Subsidiaries.

6.11 Post-Closing Requirements. Deliver to Bank, each in form and substance satisfactory to Bank, within forty-five (45) days of the Effective Date, (a) a certificate on the Acord 25 form with respect to Borrower's liability insurance policies, (b) a certificate on the Acord 28 form with respect to Borrower's property insurance policies, (c) an endorsement to Borrower's general liability insurance policy that names Bank as an additional insured, (d) an endorsement to Borrower's property insurance policy that names Bank as the sole lender's loss payee, (e) endorsements to the general liability and property insurance policies stating that the insurer will give Bank at least twenty (20) days prior written notice (ten (10) days for non-payment of premium) before any such policy or policies shall be canceled, (f) a landlord's consent in favor of Bank for 4000 Combee Road, Lakeland, Florida, by the landlord thereof, together with the duly executed signatures thereto, and (g) a bailee's waiver by ALOM in favor of Bank for 48105 Warm Springs Boulevard, Fremont, California and 3910 Waldemere Avenue, Indianapolis, Indiana, together with the duly executed signatures thereto.

7 NEGATIVE COVENANTS

Borrower shall not do any of the following without Bank's prior written consent:

7.1 Dispositions. Convey, sell, lease, transfer, assign, or otherwise dispose of (including, without limitation, pursuant to a Division) (collectively, "**Transfer**"), or permit any of its Subsidiaries to Transfer, all or any part of its business or property, except for Transfers (a) of Inventory in the ordinary course of business; (b) of worn-out, unneeded, fully depreciated or obsolete Equipment that is, in the reasonable judgment of Borrower, no longer economically practicable to maintain or useful in the ordinary course of business of Borrower; (c) consisting of Permitted Liens and Permitted Investments; (d) consisting of the sale or issuance of any stock of Borrower permitted under Section 7.2 of this Agreement; (e) consisting of Borrower's use or transfer of money or Cash Equivalents in a manner that is not prohibited by the terms of this Agreement or the other Loan Documents; (f) of non-exclusive licenses for the use of the property of Borrower or its Subsidiaries in the ordinary course of business and licenses that could not result in a legal transfer of title of the licensed property but that may be exclusive in respects other than territory and that may be exclusive as to territory only as to discrete geographical areas outside of the United States; (g) consisting of any lease or sublease of real property (including the Transfer of any leasehold improvements whether

or not fully depreciated) by Borrower; and (h) resulting from the abandonment, forfeiture or dedication to the public of Intellectual Property to the extent permitted by Section 6.7(a)(iii).

7.2 Changes in Business, Management, Control, or Business Locations. (a) Engage in or permit any of its Subsidiaries to engage in any business other than the businesses currently engaged in by Borrower and such Subsidiary, as applicable, or reasonably related or incidental thereto; (b) liquidate or dissolve (provided that nothing herein shall prevent a Subsidiary (other than a Borrower or Guarantor) from liquidating or dissolving to the extent that all assets thereof are distributed to Borrower or another Subsidiary simultaneously with such liquidation or dissolution); (c) fail to provide notice to Bank of any Key Person departing from or ceasing to be employed by Borrower within five (5) days after such Key Person's departure from Borrower; or (d) permit or suffer any Change in Control.

Borrower shall not, without at least fifteen (15) days prior written notice to Bank: (1) add any new offices or business locations, including warehouses (unless such new offices or business locations contain less than Two Hundred Fifty Thousand Dollars ($250,000.00) in Borrower's assets or property) or deliver any portion of the Collateral valued, individually or in the aggregate, in excess of Two Hundred Fifty Thousand Dollars ($250,000.00) to a bailee at a location other than to a bailee and at a location already disclosed in the Perfection Certificate, (2) change its jurisdiction of organization, (3) change its organizational structure or type, (4) change its legal name, or (5) change any organizational number (if any) assigned by its jurisdiction of organization. If Borrower adds any new offices or business locations, including warehouses, containing in excess of Five Hundred Thousand Dollars ($500,000.00) of Borrower's assets or property, then Borrower will promptly use commercially reasonable efforts to cause such landlord of any such new offices or business locations, including warehouses, to execute and deliver a landlord consent in form and substance reasonably satisfactory to Bank. If Borrower delivers any portion of the Collateral valued, individually or in the aggregate, in excess of Five Hundred Thousand Dollars ($500,000.00) to a bailee, and Bank and such bailee are not already parties to a bailee agreement governing both the Collateral and the location to which Borrower intends to deliver the Collateral, then Borrower will promptly use commercially reasonable efforts to cause such bailee to execute and deliver a bailee agreement in form and substance reasonably satisfactory to Bank.

7.3 Mergers or Acquisitions. Merge or consolidate, or permit any of its Subsidiaries to merge or consolidate, with any other Person, or acquire, or permit any of its Subsidiaries to acquire, all or substantially all of the capital stock or property of another Person (including, without limitation, by the formation of any Subsidiary or pursuant to a Division). A Subsidiary may merge or consolidate into another Subsidiary or into Borrower.

7.4 Indebtedness. Create, incur, assume, or be liable for any Indebtedness, or permit any Subsidiary to do so, other than Permitted Indebtedness.

7.5 Encumbrance. Create, incur, allow, or suffer any Lien on any of its property, or assign or convey any right to receive income, including the sale of any Accounts, or permit any of its Subsidiaries to do so, except for Permitted Liens, permit any Collateral not to be subject to the first priority security interest granted herein, or enter into any agreement, document, instrument or other arrangement (except with or in favor of Bank) with any Person which directly or indirectly prohibits or has the effect of prohibiting Borrower or any Subsidiary from assigning, mortgaging, pledging, granting a security interest in or upon, or encumbering any of Borrower's or any Subsidiary's Intellectual Property, except (i) customary restrictions on assignment in any license agreement where Borrower or any Subsidiary is the licensee (not the licensor), and (ii) as is otherwise permitted in Section 7.1 hereof and the definition of "Permitted Liens" herein.

7.6 Maintenance of Collateral Accounts. Maintain any Collateral Account except pursuant to the terms of Section 6.6(b) hereof.

7.7 Distributions; Investments. (a) Pay any dividends or make any distribution or payment or redeem, retire or purchase any capital stock provided that Borrower may (i) convert any of its convertible securities into other securities pursuant to the terms of such convertible securities or otherwise in exchange thereof, (ii) make cash payments in lieu of the issuance of fractional shares upon the conversion of convertible securities, stock splits, stock combinations or business combinations in an aggregate amount not to exceed One Hundred Thousand Dollars ($100,000.00) per fiscal year, (iii) pay dividends solely in common stock; (iv) make purchases of capital stock in

connection with the exercise of stock options or stock appreciation by way of a cashless exercise; and (v) repurchase the stock of former employees or consultants pursuant to stock repurchase agreements so long as an Event of Default does not exist at the time of any such repurchase and would not exist after giving effect to any such repurchase, provided that the aggregate amount of all such repurchases does not exceed Two Hundred Fifty Thousand Dollars ($250,000.00) per fiscal year; or (b) directly or indirectly make any Investment (including, without limitation, by the formation of any Subsidiary) other than Permitted Investments, or permit any of its Subsidiaries to do so.

7.8 Transactions with Affiliates. Directly or indirectly enter into or permit to exist any material transaction with any Affiliate of Borrower, except for (i) sales of equity securities in bona fide venture financing transactions to the extent not prohibited by Section 7.2, (ii) the incurrence of Subordinated Debt, (iii) transactions of the type described in and permitted pursuant to Section 7.7 hereof, (iv) Investments of the type described in and permitted under sub-clauses (f), (g) and (k) of the definition of Permitted Investments, (v) commercially reasonable and customary compensation or other incentive arrangements approved by the Board and (vi) other transactions that are in the ordinary course of Borrower's business, upon fair and reasonable terms that are no less favorable to Borrower than would be obtained in an arm's length transaction with a non-affiliated Person.

7.9 Subordinated Debt. (a) Make or permit any payment on any Subordinated Debt, except under the terms of the subordination, intercreditor, or other similar agreement to which such Subordinated Debt is subject, or (b) amend any provision in any document relating to the Subordinated Debt which would increase the amount thereof, provide for earlier or greater principal, interest, or other payments thereon, or adversely affect the subordination thereof to Obligations owed to Bank.

7.10 Compliance. Become an "investment company" or a company controlled by an "investment company", under the Investment Company Act of 1940, as amended, or undertake as one of its important activities extending credit to purchase or carry margin stock (as defined in Regulation U of the Board of Governors of the Federal Reserve System), or use the proceeds of any Credit Extension for that purpose; fail to (a) meet the minimum funding requirements of ERISA, (b) prevent a Reportable Event or Prohibited Transaction, as defined in ERISA, from occurring, or (c) comply with the Federal Fair Labor Standards Act, the failure of any of the conditions described in clauses (a) through (c) which could reasonably be expected to have a material adverse effect on Borrower's business; or violate any other law or regulation, if the violation could reasonably be expected to have a material adverse effect on Borrower's business, or permit any of its Subsidiaries to do so; withdraw or permit any Subsidiary to withdraw from participation in, permit partial or complete termination of, or permit the occurrence of any other event with respect to, any present pension, profit sharing and deferred compensation plan which could reasonably be expected to result in any liability of Borrower, including any liability to the Pension Benefit Guaranty Corporation or its successors or any other governmental agency.

8 EVENTS OF DEFAULT

Any one of the following shall constitute an event of default (an "**Event of Default**") under this Agreement:

8.1 Payment Default. Borrower fails to (a) make any payment of principal or interest on any Credit Extension when due, or (b) pay any other Obligations within three (3) Business Days after such Obligations are due and payable (which three (3) Business Day cure period shall not apply to payments due on the Mezzanine Term Loan Maturity Date). During the cure period, the failure to make or pay any payment specified under clause (b) hereunder is not an Event of Default (but no Credit Extension will be made during the cure period);

8.2 Covenant Default.

(a) Borrower fails or neglects to perform any obligation in Sections 6.2, 6.3, 6.4, 6.5, 6.6, 6.7(b), 6.9, or 6.11 or violates any covenant in Section 7; or

(b) Borrower fails or neglects to perform, keep, or observe any other term, provision, condition, covenant or agreement contained in this Agreement or any Loan Documents, and as to any default (other than those specified in this Section 8) under such other term, provision, condition, covenant or agreement that can be cured, has failed to cure the default within ten (10) days after the occurrence thereof; provided, however, that if the default cannot

by its nature be cured within the ten (10) day period or cannot after diligent attempts by Borrower be cured within such ten (10) day period, and such default is likely to be cured within a reasonable time, then Borrower shall have an additional period (which shall not in any case exceed thirty (30) days) to attempt to cure such default, and within such reasonable time period the failure to cure the default shall not be deemed an Event of Default (but no Credit Extensions shall be made during such cure period). Cure periods provided under this section shall not apply, among other things, to financial covenants or any other covenants set forth in clause (a) above;

8.3 Investor Support. If Bank determines in its good faith judgment that it is the clear intention of Borrower's investors to not continue to fund Borrower, or arrange funding of Borrower with investors acceptable to Bank in its sole good faith discretion, in the amounts and timeframe to the extent necessary to enable Borrower to satisfy the Obligations as they become due and payable;

8.4 Attachment; Levy; Restraint on Business.

(a) (i) The service of process seeking to attach, by trustee or similar process, any funds of Borrower or of any entity under the control of Borrower (including a Subsidiary) in excess of One Hundred Thousand Dollars ($100,000.00), or (ii) a notice of lien or levy is filed against any of Borrower's assets by any Governmental Authority, and the same under subclauses (i) and (ii) hereof are not, within ten (10) days after the occurrence thereof, discharged or stayed (whether through the posting of a bond or otherwise); provided, however, no Credit Extensions shall be made during any ten (10) day cure period; or

(b) (i) any material portion of Borrower's assets is attached, seized, levied on, or comes into possession of a trustee or receiver, or (ii) any court order enjoins, restrains, or prevents Borrower from conducting all or any material part of its business;

8.5 Insolvency. (a) Borrower is unable to pay its debts (including trade debts) as they become due or otherwise becomes insolvent; (b) Borrower begins an Insolvency Proceeding; or (c) an Insolvency Proceeding is begun against Borrower and is not dismissed or stayed within thirty (30) days (but no Credit Extensions shall be made while any of the conditions described in clause (a) exist and/or until any Insolvency Proceeding is dismissed);

8.6 Other Agreements. There is, under any agreement to which Borrower or any Guarantor is a party with a third party or parties, (a) any default resulting in a right by such third party or parties, whether or not exercised, to accelerate the maturity of any Indebtedness in an amount individually or in the aggregate in excess of Two Hundred Fifty Thousand Dollars ($250,000.00); or (b) any breach or default by Borrower or Guarantor, the result of which could reasonably be expected to have a material adverse effect on Borrower's or any Guarantor's business;

8.7 Judgments; Penalties. One or more fines, penalties or final judgments, orders or decrees for the payment of money in an amount, individually or in the aggregate, of at least Two Hundred Fifty Thousand Dollars ($250,000.00) (not covered by independent third-party insurance as to which liability has been accepted by such insurance carrier) shall be rendered against Borrower by any Governmental Authority, and the same are not, within ten (10) days after the entry, assessment or issuance thereof, discharged, satisfied, or paid, or after execution thereof, stayed or bonded pending appeal, or such judgments are not discharged prior to the expiration of any such stay (provided that no Credit Extensions will be made prior to the satisfaction, payment, discharge, stay, or bonding of such fine, penalty, judgment, order or decree);

8.8 Misrepresentations. Borrower or any Person acting for Borrower makes any representation, warranty, or other statement now or later in this Agreement, any Loan Document or in any writing delivered to Bank or to induce Bank to enter this Agreement or any Loan Document, and such representation, warranty, or other statement is incorrect in any material respect when made;

8.9 Subordinated Debt. Any document, instrument, or agreement evidencing any Subordinated Debt shall for any reason be revoked or invalidated or otherwise cease to be in full force and effect, any Person shall be in breach thereof or contest in any manner the validity or enforceability thereof or deny that it has any further liability or obligation thereunder, or the Obligations shall for any reason be subordinated or shall not have the priority contemplated by this Agreement or any applicable subordination or intercreditor agreement;

8.10 Guaranty. (a) Any guaranty of any Obligations terminates or ceases for any reason to be in full force and effect; (b) any Guarantor does not perform any obligation or covenant under any guaranty of the Obligations; (c) any circumstance described in Sections 8.3, 8.4, 8.5, 8.6, 8.7, or 8.8 of this Agreement occurs with respect to any Guarantor, (d) the death, liquidation, winding up, or termination of existence of any Guarantor; or (e) (i) a material impairment in the perfection or priority of Bank's Lien in the collateral provided by Guarantor or in the value of such collateral or (ii) a material adverse change in the general affairs, management, results of operation, condition (financial or otherwise) or the prospect of repayment of the Obligations occurs with respect to any Guarantor;

8.11 Governmental Approvals. Any Governmental Approval shall have been (a) revoked, rescinded, suspended, modified in an adverse manner or not renewed in the ordinary course for a full term or (b) subject to any decision by a Governmental Authority that designates a hearing with respect to any applications for renewal of any of such Governmental Approval or that could reasonably be expected to result in the Governmental Authority taking any of the actions described in clause (a) above, and such decision or such revocation, rescission, suspension, modification or non-renewal (i) causes, or could reasonably be expected to cause, a material adverse change, or (ii) adversely affects the legal qualifications of Borrower or any of its Subsidiaries to hold such Governmental Approval in any applicable jurisdiction and such revocation, rescission, suspension, modification or non-renewal could reasonably be expected to affect the status of or legal qualifications of Borrower or any of its Subsidiaries to hold any Governmental Approval in any other jurisdiction the loss of which Governmental Approval could reasonably be expected to have a material adverse effect on the business of Borrower; or

8.12 Senior Loan Agreement. The occurrence of an Event of Default (as defined in the Senior Loan Agreement) under the Senior Loan Agreement (other than an Event of Default solely resulting from a default under Section 6.9 thereof).

9 BANK'S RIGHTS AND REMEDIES

9.1 Rights and Remedies. Upon the occurrence and during the continuance of an Event of Default, Bank may, without notice or demand, do any or all of the following:

(a) declare all Obligations immediately due and payable (but if an Event of Default described in Section 8.5 occurs all Obligations are immediately due and payable without any action by Bank);

(b) stop advancing money or extending credit for Borrower's benefit under this Agreement or under any other agreement between Borrower and Bank;

(c) demand that Borrower (i) deposit cash with Bank in an amount equal to at least (A) one hundred five percent (105.0%) of the Dollar Equivalent of the aggregate face amount of all Letters of Credit denominated in Dollars remaining undrawn, and (B) one hundred ten percent (110.0%) of the Dollar Equivalent of the aggregate face amount of all Letters of Credit denominated in a Foreign Currency remaining undrawn (plus, in each case, all interest, fees, and costs due or to become due in connection therewith (as estimated by Bank in its good faith business judgment)), to secure all of the Obligations relating to such Letters of Credit, as collateral security for the repayment of any future drawings under such Letters of Credit, and Borrower shall forthwith deposit and pay such amounts, and (ii) pay in advance all letter of credit fees scheduled to be paid or payable over the remaining term of any Letters of Credit;

(d) terminate any FX Contracts;

(e) verify the amount of, demand payment of and performance under, and collect any Accounts and General Intangibles, settle or adjust disputes and claims directly with Account Debtors for amounts on terms and in any order that Bank considers advisable, and notify any Person owing Borrower money of Bank's security interest in such funds. Borrower shall collect all payments in trust for Bank and, if requested by Bank, immediately deliver the payments to Bank in the form received from the Account Debtor, with proper endorsements for deposit;

(f) make any payments and do any acts it considers necessary or reasonable to protect the Collateral and/or its security interest in the Collateral. Borrower shall assemble the Collateral if Bank requests and

make it available as Bank designates. Bank may enter premises where the Collateral is located, take and maintain possession of any part of the Collateral, and pay, purchase, contest, or compromise any Lien which appears to be prior or superior to its security interest and pay all expenses incurred. Borrower grants Bank a license to enter and occupy any of its premises, without charge, to exercise any of Bank's rights or remedies;

(g) apply to the Obligations any (i) balances and deposits of Borrower it holds, or (ii) amount held by Bank owing to or for the credit or the account of Borrower;

(h) ship, reclaim, recover, store, finish, maintain, repair, prepare for sale, advertise for sale, and sell the Collateral. Bank is hereby granted a non-exclusive, royalty-free license or other right to use, without charge, Borrower's labels, Patents, Copyrights, mask works, rights of use of any name, trade secrets, trade names, Trademarks, and advertising matter, or any similar property as it pertains to the Collateral, in completing production of, advertising for sale, and selling any Collateral and, in connection with Bank's exercise of its rights under this Section 9.1, Borrower's rights under all licenses and all franchise agreements inure to Bank's benefit;

(i) place a "hold" on any account maintained with Bank and/or deliver a notice of exclusive control, any entitlement order, or other directions or instructions pursuant to any Control Agreement or similar agreements providing control of any Collateral;

(j) demand and receive possession of Borrower's Books; and

(k) exercise all rights and remedies available to Bank under the Loan Documents or at law or equity, including all remedies provided under the Code (including disposal of the Collateral pursuant to the terms thereof).

Bank's right of payment, lien priority and ability to exercise rights and remedies, in each case under this Agreement, shall be subordinate to its right of payment, lien priority and ability to exercise rights and remedies, in each case under the Senior Loan Agreement. Notwithstanding the foregoing, so long as no Event of Default under Section 8.12 has occurred and is continuing, Borrower shall be permitted to make, and Bank shall be permitted to receive and apply, scheduled payments (whether on account of principal, interest, fees, expenses or otherwise) to Bank as provided in this Agreement.

9.2 Power of Attorney. Borrower hereby irrevocably appoints Bank as its lawful attorney-in-fact, exercisable following the occurrence of an Event of Default, to: (a) endorse Borrower's name on any checks, payment instruments, or other forms of payment or security; (b) sign Borrower's name on any invoice or bill of lading for any Account or drafts against Account Debtors; (c) demand, collect, sue, and give releases to any Account Debtor for monies due, settle and adjust disputes and claims about the Accounts directly with Account Debtors, and compromise, prosecute, or defend any action, claim, case, or proceeding about any Collateral (including filing a claim or voting a claim in any bankruptcy case in Bank's or Borrower's name, as Bank chooses); (d) make, settle, and adjust all claims under Borrower's insurance policies; (e) pay, contest or settle any Lien, charge, encumbrance, security interest, or other claim in or to the Collateral, or any judgment based thereon, or otherwise take any action to terminate or discharge the same; and (f) transfer the Collateral into the name of Bank or a third party as the Code permits. Borrower hereby appoints Bank as its lawful attorney-in-fact to sign Borrower's name on any documents necessary to perfect or continue the perfection of Bank's security interest in the Collateral regardless of whether an Event of Default has occurred until all Obligations have been satisfied in full and the Loan Documents have been terminated. Bank's foregoing appointment as Borrower's attorney in fact, and all of Bank's rights and powers, coupled with an interest, are irrevocable until all Obligations have been fully repaid and performed and the Loan Documents have been terminated.

9.3 Protective Payments. If Borrower fails to obtain the insurance called for by Section 6.5 or fails to pay any premium thereon or fails to pay any other amount which Borrower is obligated to pay under this Agreement or any other Loan Document or which may be required to preserve the Collateral, Bank may obtain such insurance or make such payment, and all amounts so paid by Bank are Bank Expenses and immediately due and payable, bearing interest at the then highest rate applicable to the Obligations, and secured by the Collateral. Bank will make reasonable efforts to provide Borrower with notice of Bank obtaining such insurance at the time it is obtained or within a

reasonable time thereafter. No payments by Bank are deemed an agreement to make similar payments in the future or Bank's waiver of any Event of Default.

9.4 Application of Payments and Proceeds Upon Default. If an Event of Default has occurred and is continuing, Bank shall have the right to apply in any order any funds in its possession, whether from Borrower account balances, payments, proceeds realized as the result of any collection of Accounts or other disposition of the Collateral, or otherwise, to the Obligations. Bank shall pay any surplus to Borrower by credit to the Designated Deposit Account or to other Persons legally entitled thereto; Borrower shall remain liable to Bank for any deficiency. If Bank, directly or indirectly, enters into a deferred payment or other credit transaction with any purchaser at any sale of Collateral, Bank shall have the option, exercisable at any time, of either reducing the Obligations by the principal amount of the purchase price or deferring the reduction of the Obligations until the actual receipt by Bank of cash therefor.

9.5 Bank's Liability for Collateral. So long as Bank complies with reasonable banking practices regarding the safekeeping of the Collateral in the possession or under the control of Bank, Bank shall not be liable or responsible for: (a) the safekeeping of the Collateral; (b) any loss or damage to the Collateral; (c) any diminution in the value of the Collateral; or (d) any act or default of any carrier, warehouseman, bailee, or other Person. Borrower bears all risk of loss, damage or destruction of the Collateral.

9.6 No Waiver; Remedies Cumulative. Bank's failure, at any time or times, to require strict performance by Borrower of any provision of this Agreement or any other Loan Document shall not waive, affect, or diminish any right of Bank thereafter to demand strict performance and compliance herewith or therewith. No waiver hereunder shall be effective unless signed by the party granting the waiver and then is only effective for the specific instance and purpose for which it is given. Bank's rights and remedies under this Agreement and the other Loan Documents are cumulative. Bank has all rights and remedies provided under the Code, by law, or in equity. Bank's exercise of one right or remedy is not an election and shall not preclude Bank from exercising any other remedy under this Agreement or other remedy available at law or in equity, and Bank's waiver of any Event of Default is not a continuing waiver. Bank's delay in exercising any remedy is not a waiver, election, or acquiescence.

9.7 Demand Waiver. Borrower waives demand, notice of default or dishonor, notice of payment and nonpayment, notice of any default, nonpayment at maturity, release, compromise, settlement, extension, or renewal of accounts, documents, instruments, chattel paper, and guarantees held by Bank on which Borrower is liable.

10 NOTICES

All notices, consents, requests, approvals, demands, or other communication by any party to this Agreement or any other Loan Document must be in writing and shall be deemed to have been validly served, given, or delivered: (a) upon the earlier of actual receipt and three (3) Business Days after deposit in the U.S. mail, first class, registered or certified mail return receipt requested, with proper postage prepaid; (b) upon transmission, when sent by electronic mail or facsimile transmission; (c) one (1) Business Day after deposit with a reputable overnight courier with all charges prepaid; or (d) when delivered, if hand-delivered by messenger, all of which shall be addressed to the party to be notified and sent to the address, facsimile number, or email address indicated below. Bank or Borrower may change its mailing or electronic mail address or facsimile number by giving the other party written notice thereof in accordance with the terms of this Section 10.

If to Borrower: Molekule, Inc.
1184 Harrison Street
San Francisco, CA 94103
Attn: General Counsel
Email: legalnotices@molekule.com

with a copy (which shall not constitute notice) to:
Fenwick & West LLP
801 California Street
Mountain View, CA 94014
Attn: Cynthia Hess
Email: chess@fenwick.com

If to Bank: Silicon Valley Bank
505 Howard Street
San Francisco, CA 94105
Attn: Michelle Wu
Email: mwu@svb.com

with a copy to: Morrison & Foerster LLP
200 Clarendon Street
Boston, MA 02116
Attn.: David Ephraim
Phone: (617) 648-4730
E-Mail: DEphraim@mofo.com

11 CHOICE OF LAW, VENUE, AND JURY TRIAL WAIVER

Except as otherwise expressly provided in any of the Loan Documents, New York law governs the Loan Documents without regard to principles of conflicts of law. Borrower and Bank each submit to the exclusive jurisdiction of the State and Federal courts in New York, New York; provided, however, that nothing in this Agreement shall be deemed to operate to preclude Bank from bringing suit or taking other legal action in any other jurisdiction to realize on the Collateral or any other security for the Obligations, or to enforce a judgment or other court order in favor of Bank. Borrower expressly submits and consents in advance to such jurisdiction in any action or suit commenced in any such court, and Borrower hereby waives any objection that it may have based upon lack of personal jurisdiction, improper venue, or forum non conveniens and hereby consents to the granting of such legal or equitable relief as is deemed appropriate by such court. Borrower hereby waives personal service of the summons, complaints, and other process issued in such action or suit and agrees that service of such summons, complaints, and other process may be made by registered or certified mail addressed to Borrower at the address set forth in, or subsequently provided by Borrower in accordance with, Section 10 of this Agreement and that service so made shall be deemed completed upon the earlier to occur of Borrower's actual receipt thereof or three (3) days after deposit in the U.S. mails, proper postage prepaid.

TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, BORROWER AND BANK EACH WAIVE THEIR RIGHT TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION ARISING OUT OF OR BASED UPON THIS AGREEMENT, THE LOAN DOCUMENTS OR ANY CONTEMPLATED TRANSACTION, INCLUDING CONTRACT, TORT, BREACH OF DUTY AND ALL OTHER CLAIMS. THIS WAIVER IS A MATERIAL INDUCEMENT FOR BOTH PARTIES TO ENTER INTO THIS AGREEMENT. EACH PARTY HAS REVIEWED THIS WAIVER WITH ITS COUNSEL.

This Section 11 shall survive the termination of this Agreement.

12 GENERAL PROVISIONS

12.1 Termination Prior to Maturity Date; Survival. All covenants, representations and warranties made in this Agreement shall continue in full force until this Agreement has terminated pursuant to its terms and all Obligations have been satisfied. So long as Borrower has satisfied the Obligations (other than inchoate indemnity obligations, and any other obligations which, by their terms, are to survive the termination of this Agreement, and any Obligations under Bank Services Agreements that are cash collateralized in accordance with Section 4.1 of this Agreement), this Agreement may be terminated prior to the Mezzanine Term Loan Maturity Date by Borrower, effective three (3) Business Days after written notice of termination is given to Bank. Those obligations that are expressly specified in this Agreement as surviving this Agreement's termination shall continue to survive notwithstanding this Agreement's termination.

12.2 Successors and Assigns. This Agreement binds and is for the benefit of the successors and permitted assigns of each party. Borrower may not assign this Agreement or any rights or obligations under it without Bank's prior written consent (which may be granted or withheld in Bank's discretion). Bank has the right, without

the consent of or notice to Borrower, to sell, transfer, assign, negotiate, or grant participation in all or any part of, or any interest in, Bank's obligations, rights, and benefits under this Agreement and the other Loan Documents (other than the Warrant, as to which assignment, transfer and other such actions are governed by the terms thereof).

12.3 Indemnification. Borrower agrees to indemnify, defend and hold Bank and its directors, officers, employees, agents, attorneys, or any other Person affiliated with or representing Bank (each, an "**Indemnified Person**") harmless against: (i) all obligations, demands, claims, and liabilities (collectively, "**Claims**") claimed or asserted by any other party in connection with the transactions contemplated by the Loan Documents; and (ii) all losses or expenses (including Bank Expenses) in any way suffered, incurred, or paid by such Indemnified Person as a result of, following from, consequential to, or arising from transactions between Bank and Borrower (including reasonable attorneys' fees and expenses), except for Claims and/or losses directly caused by such Indemnified Person's gross negligence or willful misconduct.

This Section 12.3 shall survive until all statutes of limitation with respect to the Claims, losses, and expenses for which indemnity is given shall have run.

12.4 Time of Essence. Time is of the essence for the performance of all Obligations in this Agreement.

12.5 Severability of Provisions. Each provision of this Agreement is severable from every other provision in determining the enforceability of any provision.

12.6 Correction of Loan Documents. Bank may correct patent errors and fill in any blanks in this Agreement and the other Loan Documents consistent with the agreement of the parties so long as Bank provides Borrower with written notice of such correction and allows Borrower at least ten (10) days to object to such correction. In the event of such objection, such correction shall not be made except by an amendment signed by both Bank and Borrower.

12.7 Amendments in Writing; Waiver; Integration. No purported amendment or modification of any Loan Document, or waiver, discharge or termination of any obligation under any Loan Document, shall be enforceable or admissible unless, and only to the extent, expressly set forth in a writing signed by the party against which enforcement or admission is sought. Without limiting the generality of the foregoing, no oral promise or statement, nor any action, inaction, delay, failure to require performance or course of conduct shall operate as, or evidence, an amendment, supplement or waiver or have any other effect on any Loan Document. Any waiver granted shall be limited to the specific circumstance expressly described in it, and shall not apply to any subsequent or other circumstance, whether similar or dissimilar, or give rise to, or evidence, any obligation or commitment to grant any further waiver. The Loan Documents represent the entire agreement about this subject matter and supersede prior negotiations or agreements. All prior agreements, understandings, representations, warranties, and negotiations between the parties about the subject matter of the Loan Documents merge into the Loan Documents.

12.8 Counterparts. This Agreement may be executed in any number of counterparts and by different parties on separate counterparts, each of which, when executed and delivered, is an original, and all taken together, constitute one Agreement.

12.9 Confidentiality. Bank agrees to maintain the confidentiality of Information (as defined below), except that Information may be disclosed (a) to Bank's subsidiaries, Affiliates, employees, directors, agents, attorneys, accountants and other professional advisors (collectively, "**Representatives**" and, together with Bank, collectively, "**Bank Entities**"); (b) to prospective transferees, assignees, credit providers or purchasers of any of Bank's interests under or in connection with this Agreement and their Representatives (*provided*, however, Bank shall use its best efforts to obtain any such prospective transferee's, assignee's, credit provider's purchaser's or their Representatives' agreement to the terms of this provision); (c) as required by law, regulation, subpoena, or other order; (d) to Bank's regulators or as otherwise required in connection with Bank's examination or audit; (e) as Bank considers appropriate in exercising remedies under the Loan Documents; and (f) to third-party service providers of Bank so long as such service providers have executed a confidentiality agreement with Bank with terms no less restrictive than those contained herein. The term "**Information**" means all information received from Borrower regarding Borrower or its business, in each case other than information that is either: (i) in the public domain or in Bank's possession when disclosed to Bank, or becomes part of the public domain (other than as a result of its disclosure by Bank in violation

of this Agreement) after disclosure to Bank; or (ii) disclosed to Bank by a third party, if Bank does not know that the third party is prohibited from disclosing the information.

Bank Entities may use anonymous forms of confidential information for aggregate datasets, for analyses or reporting, and for any other uses not expressly prohibited in writing by Borrower. The provisions of the immediately preceding sentence shall survive the termination of this Agreement.

12.10 Reserved.

12.11 Electronic Execution of Documents. The words "execution," "signed," "signature" and words of like import in any Loan Document shall be deemed to include electronic signatures or the keeping of records in electronic form, each of which shall be of the same legal effect, validity and enforceability as a manually executed signature or the use of a paper-based recordkeeping systems, as the case may be, to the extent and as provided for in any applicable law, including, without limitation, any state law based on the Uniform Electronic Transactions Act.

12.12 Right of Setoff. Borrower hereby grants to Bank a Lien and a right of setoff as security for all Obligations to Bank, whether now existing or hereafter arising upon and against all deposits, credits, collateral and property, now or hereafter in the possession, custody, safekeeping or control of Bank or any entity under the control of Bank (including a subsidiary of Bank) or in transit to any of them. At any time after the occurrence and during the continuance of an Event of Default, without demand or notice, Bank may setoff the same or any part thereof and apply the same to any liability or Obligation of Borrower even though unmatured and regardless of the adequacy of any other collateral securing the Obligations. ANY AND ALL RIGHTS TO REQUIRE BANK TO EXERCISE ITS RIGHTS OR REMEDIES WITH RESPECT TO ANY OTHER COLLATERAL WHICH SECURES THE OBLIGATIONS, PRIOR TO EXERCISING ITS RIGHT OF SETOFF WITH RESPECT TO SUCH DEPOSITS, CREDITS OR OTHER PROPERTY OF BORROWER, ARE HEREBY KNOWINGLY, VOLUNTARILY AND IRREVOCABLY WAIVED.

12.13 Captions. The headings used in this Agreement are for convenience only and shall not affect the interpretation of this Agreement.

12.14 Construction of Agreement. The parties mutually acknowledge that they and their attorneys have participated in the preparation and negotiation of this Agreement. In cases of uncertainty this Agreement shall be construed without regard to which of the parties caused the uncertainty to exist.

12.15 Relationship. The relationship of the parties to this Agreement is determined solely by the provisions of this Agreement. The parties do not intend to create any agency, partnership, joint venture, trust, fiduciary or other relationship with duties or incidents different from those of parties to an arm's-length contract.

12.16 Third Parties. Nothing in this Agreement, whether express or implied, is intended to: (a) confer any benefits, rights or remedies under or by reason of this Agreement on any persons other than the express parties to it and their respective permitted successors and assigns; (b) relieve or discharge the obligation or liability of any person not an express party to this Agreement; or (c) give any person not an express party to this Agreement any right of subrogation or action against any party to this Agreement.

13 DEFINITIONS

13.1 Definitions. As used in the Loan Documents, the word "shall" is mandatory, the word "may" is permissive, the word "or" is not exclusive, the words "includes" and "including" are not limiting, the singular includes the plural, and numbers denoting amounts that are set off in brackets are negative. As used in this Agreement, the following capitalized terms have the following meanings:

"**Account**" is, as to any Person, any "**account**" of such Person as "account" is defined in the Code with such additions to such term as may hereafter be made, and includes, without limitation, all accounts receivable and other sums owing to such Person.

"**Account Debtor**" is any "**account debtor**" as defined in the Code with such additions to such term as may hereafter be made.

"**Administrator**" is an individual that is named (a) as an "Administrator" in the "SVB Online Services" form completed by Borrower with the authority to determine who will be authorized to use SVB Online Services (as defined in Bank's Online Banking Agreement as in effect from time to time) on behalf of Borrower; and (b) as an Authorized Signer of Borrower in an approval by the Board.

"**Affiliate**" is, with respect to any Person, each other Person that owns or controls directly or indirectly the Person, any Person that controls or is controlled by or is under common control with the Person, and each of that Person's senior executive officers, directors, partners and, for any Person that is a limited liability company, that Person's managers and members.

"**Agreement**" is defined in the preamble hereof.

"**Authorized Signer**" is any individual listed in Borrower's Borrowing Resolution who is authorized to execute the Loan Documents, including making (and executing if applicable) any Credit Extension request, on behalf of Borrower.

"**Bank**" is defined in the preamble hereof.

"**Bank Entities**" is defined in Section 12.9.

"**Bank Expenses**" are all audit fees and expenses, costs, and expenses (including reasonable and documented out-of-pocket attorneys' fees and expenses) for preparing, amending, negotiating, administering, defending and enforcing the Loan Documents (including, without limitation, those incurred in connection with appeals or Insolvency Proceedings) or otherwise incurred with respect to Borrower or any Guarantor.

"**Bank Services**" are any products, credit services, and/or financial accommodations previously, now, or hereafter provided to Borrower or any of its Subsidiaries by Bank or any Bank Affiliate, including, without limitation, any letters of credit, cash management services (including, without limitation, merchant services, direct deposit of payroll, business credit cards, and check cashing services), interest rate swap arrangements, and foreign exchange services as any such products or services may be identified in Bank's various agreements related thereto (each, a "**Bank Services Agreement**").

"**Bank Services Agreement**" is defined in the definition of Bank Services.

"**Board**" is Borrower's board of directors.

"**Borrower**" is defined in the preamble hereof.

"**Borrower's Books**" are all Borrower's books and records including ledgers, federal and state tax returns, records regarding Borrower's assets or liabilities, the Collateral, business operations or financial condition, and all computer programs or storage or any equipment containing such information.

"**Borrowing Resolutions**" are, with respect to any Person, those resolutions adopted by such Person's board of directors (and, if required under the terms of such Person's Operating Documents, stockholders) and delivered by such Person to Bank approving the Loan Documents to which such Person is a party and the transactions contemplated thereby, together with a certificate executed by its secretary on behalf of such Person certifying (a) such Person has the authority to execute, deliver, and perform its obligations under each of the Loan Documents to which it is a party, (b) that set forth as a part of or attached as an exhibit to such certificate is a true, correct, and complete copy of the resolutions then in full force and effect authorizing and ratifying the execution, delivery, and performance by such Person of the Loan Documents to which it is a party, (c) the name(s) of the Person(s) authorized to execute the Loan Documents, including making (and executing if applicable) any Credit Extension request, on behalf of such Person, together with a sample of the true signature(s) of such Person(s), and (d) that Bank may conclusively rely on such

certificate unless and until such Person shall have delivered to Bank a further certificate canceling or amending such prior certificate.

"**Business Day**" is any day that is not a Saturday, Sunday or a day on which Bank is closed, except that if any determination of a "Business Day" shall relate to an FX Contract, the term "Business Day" shall mean a FX Business Day.

"**Cash Equivalents**" means (a) marketable direct obligations issued or unconditionally guaranteed by the United States or any agency or any State thereof having maturities of not more than one (1) year from the date of acquisition; (b) commercial paper maturing no more than one (1) year after its creation and having the highest rating from either Standard & Poor's Ratings Group or Moody's Investors Service, Inc.; (c) Bank's certificates of deposit issued maturing no more than one (1) year after issue; and (d) money market funds at least ninety-five percent (95%) of the assets of which constitute Cash Equivalents of the kinds described in clauses (a) through (c) of this definition.

"**Change in Control**" means (a) at any time, any "person" or "group" (as such terms are used in Sections 13(d) and 14(d) of the Exchange Act) shall become, or obtain rights (whether by means of warrants, options or otherwise) to become, the "beneficial owner" (as defined in Rules 13(d)-3 and 13(d)-5 under the Exchange Act), directly or indirectly, of forty-nine percent (49%) or more of the ordinary voting power for the election of directors of Borrower (determined on a fully diluted basis) other than by the sale of Borrower's equity securities in a public offering or to venture capital or private equity investors so long as Borrower identifies to Bank the venture capital or private equity investors at least seven (7) Business Days prior to the closing of the transaction and provides to Bank a description of the material terms of the transaction; (b) during any period of twelve (12) consecutive months, a majority of the members of the board of directors or other equivalent governing body of Borrower cease to be composed of individuals (i) who were members of that board or equivalent governing body on the first day of such period, (ii) whose election or nomination to that board or equivalent governing body was approved by individuals referred to in clause (i) above constituting at the time of such election or nomination at least a majority of that board or equivalent governing body or (iii) whose election or nomination to that board or other equivalent governing body was approved by individuals referred to in clauses (i) and (ii) above constituting at the time of such election or nomination at least a majority of that board or equivalent governing body; or (c) at any time, Borrower shall cease to own and control, of record and beneficially, directly or indirectly, one hundred percent (100.0%) of each class of outstanding capital stock of each Subsidiary of Borrower free and clear of all Liens (except Permitted Liens).

"**Claims**" is defined in Section 12.3.

"**Code**" is the Uniform Commercial Code, as the same may, from time to time, be enacted and in effect in the State of New York; provided, that, to the extent that the Code is used to define any term herein or in any Loan Document and such term is defined differently in different Articles or Divisions of the Code, the definition of such term contained in Article or Division 9 shall govern; provided further, that in the event that, by reason of mandatory provisions of law, any or all of the attachment, perfection, or priority of, or remedies with respect to, Bank's Lien on any Collateral is governed by the Uniform Commercial Code in effect in a jurisdiction other than the State of New York, the term "Code" shall mean the Uniform Commercial Code as enacted and in effect in such other jurisdiction solely for purposes of the provisions thereof relating to such attachment, perfection, priority, or remedies and for purposes of definitions relating to such provisions.

"**Collateral**" is any and all properties, rights and assets of Borrower described on Exhibit A. "**Collateral Account**" is any Deposit Account, Securities Account, or Commodity Account.

"**Commodity Account**" is any "commodity account" as defined in the Code with such additions to such term as may hereafter be made.

"**Compliance Statement**" is that certain statement in the form attached hereto as Exhibit B.

"**Contingent Obligation**" is, for any Person, any direct or indirect liability, contingent or not, of that Person for (a) any indebtedness, lease, dividend, letter of credit or other obligation of another such as an obligation, in each

case, directly or indirectly guaranteed, endorsed, co made, discounted or sold with recourse by that Person, or for which that Person is directly or indirectly liable; (b) any obligations for undrawn letters of credit for the account of that Person; and (c) all obligations from any interest rate, currency or commodity swap agreement, interest rate cap or collar agreement, or other agreement or arrangement designated to protect a Person against fluctuation in interest rates, currency exchange rates or commodity prices; but "Contingent Obligation" does not include endorsements in the ordinary course of business. The amount of a Contingent Obligation is the stated or determined amount of the primary obligation for which the Contingent Obligation is made or, if not determinable, the maximum reasonably anticipated liability for it determined by the Person in good faith; but the amount may not exceed the maximum of the obligations under any guarantee or other support arrangement.

"**Control Agreement**" is any control agreement entered into among the depository institution at which Borrower maintains a Deposit Account or the securities intermediary or commodity intermediary at which Borrower maintains a Securities Account or a Commodity Account, Borrower, and Bank pursuant to which Bank obtains control (within the meaning of the Code) over such Deposit Account, Securities Account, or Commodity Account.

"**Copyrights**" are any and all copyright rights, copyright applications, copyright registrations and like protections in each work of authorship and derivative work thereof, whether published or unpublished and whether or not the same also constitutes a trade secret.

"**Credit Extension**" is the Mezzanine Term Loan Advance, Letter of Credit, FX Contract, amount utilized for cash management services or any other extension of credit by Bank for Borrower's benefit.

"**Default Rate**" is defined in Section 2.3(b).

"**Deferred Revenue**" is all amounts received or invoiced in advance of performance under contracts and not yet recognized as revenue.

"**Deposit Account**" is any "**deposit account**" as defined in the Code with such additions to such term as may hereafter be made.

"**Designated Deposit Account**" is the account number ending 387 (last three digits) maintained by Borrower with Bank.

"**Division**" means, in reference to any Person which is an entity, the division of such Person into two (2) or more separate Persons, with the dividing Person either continuing or terminating its existence as part of such division, including, without limitation, as contemplated under Section 18-217 of the Delaware Limited Liability Company Act for limited liability companies formed under Delaware law, or any analogous action taken pursuant to any other applicable law with respect to any corporation, limited liability company, partnership or other entity.

"**Dollars**," "**dollars**" or use of the sign "$" means only lawful money of the United States and not any other currency, regardless of whether that currency uses the "$" sign to denote its currency or may be readily converted into lawful money of the United States.

"**Dollar Equivalent**" is, at any time, (a) with respect to any amount denominated in Dollars, such amount, and (b) with respect to any amount denominated in a Foreign Currency, the equivalent amount therefor in Dollars as determined by Bank at such time on the basis of the then-prevailing rate of exchange in San Francisco, California, for sales of the Foreign Currency for transfer to the country issuing such Foreign Currency.

"**Effective Date**" is defined in the preamble hereof.

"**Equipment**" is all "**equipment**" as defined in the Code with such additions to such term as may hereafter be made, and includes without limitation all machinery, fixtures, goods, vehicles (including motor vehicles and trailers), and any interest in any of the foregoing.

"**Equity Event**" is Borrower's delivery, on or prior to January 31, 2023, of evidence satisfactory to Bank in its sole and absolute discretion, confirming that Borrower has received, on or after the Effective Date but on or prior to January 31, 2023, unrestricted and unencumbered net cash proceeds in an amount of at least Fifty Million Dollars ($50,000,000.00) from the sale of Borrower's equity securities to, or a Subordinated Debt financing with, investors acceptable to Bank in its good faith business judgment.

"**ERISA**" is the Employee Retirement Income Security Act of 1974, and its regulations.

"**Event of Default**" is defined in Section 8.

"**Exchange Act**" is the Securities Exchange Act of 1934, as amended.

"**Financial Statement Repository**" is the email address A32e60@svb.com or such other means of collecting information approved and designated by Bank after providing notice thereof to borrower from time to time.

"**Foreign Currency**" means lawful money of a country other than the United States.

"**Foreign Subsidiary**" means a Subsidiary not organized under the laws of the United States or any state or territory thereof or the District of Columbia.

"**Funding Date**" is any date on which a Credit Extension is made to or for the account of Borrower which shall be a Business Day.

"**FX Business Day**" is any day when (a) Bank's Foreign Exchange Department is conducting its normal business and (b) the Foreign Currency being purchased or sold by Borrower is available to Bank from the entity from which Bank shall buy or sell such Foreign Currency.

"**FX Contract**" is any foreign exchange contract by and between Borrower and Bank under which Borrower commits to purchase from or sell to Bank a specific amount of Foreign Currency on a specified date.

"**GAAP**" is generally accepted accounting principles set forth in the opinions and pronouncements of the Accounting Principles Board of the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board or in such other statements by such other Person as may be approved by a significant segment of the accounting profession, which are applicable to the circumstances as of the date of determination.

"**General Intangibles**" is all "general intangibles" as defined in the Code in effect on the date hereof with such additions to such term as may hereafter be made, and includes without limitation, all Intellectual Property, claims, income and other tax refunds, security and other deposits, payment intangibles, contract rights, options to purchase or sell real or personal property, rights in all litigation presently or hereafter pending (whether in contract, tort or otherwise), insurance policies (including without limitation key man, property damage, and business interruption insurance), payments of insurance and rights to payment of any kind.

"**Governmental Approval**" is any consent, authorization, approval, order, license, franchise, permit, certificate, accreditation, registration, filing or notice, of, issued by, from or to, or other act by or in respect of, any Governmental Authority.

"**Governmental Authority**" is any nation or government, any state or other political subdivision thereof, any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative functions of or pertaining to government, any securities exchange and any self-regulatory organization.

"**Guarantor**" is any Person providing a Guaranty in favor of Bank.

"**Guaranty**" is any guarantee of all or any part of the Obligations, as the same may from time to time be amended, restated, modified or otherwise supplemented.

"**Indebtedness**" is (a) indebtedness for borrowed money or the deferred price of property or services, such as reimbursement and other obligations for surety bonds and letters of credit, (b) obligations evidenced by notes, bonds, debentures or similar instruments, (c) capital lease obligations, and (d) Contingent Obligations.

"**Indemnified Person**" is defined in Section 12.3.

"**Information**" is defined in Section 12.9.

"**Insolvency Proceeding**" is any proceeding by or against any Person under the United States Bankruptcy Code, or any other bankruptcy or insolvency law, including assignments for the benefit of creditors, compositions, extensions generally with its creditors, or proceedings seeking reorganization, arrangement, or other relief.

"**Intellectual Property**" means, with respect to any Person, all of such Person's right, title, and interest in and to the following:

(a) its Copyrights, Trademarks and Patents;

(b) any and all trade secrets and trade secret rights, including, without limitation, any rights to unpatented inventions, know-how and operating manuals;

(c) any and all source code;

(d) any and all design rights which may be available to such Person;

(e) any and all claims for damages by way of past, present and future infringement of any of the foregoing, with the right, but not the obligation, to sue for and collect such damages for said use or infringement of the Intellectual Property rights identified above; and

(f) all amendments, renewals and extensions of any of the Copyrights, Trademarks or Patents.

"**Inventory**" is all "**inventory**" as defined in the Code in effect on the date hereof with such additions to such term as may hereafter be made, and includes without limitation all merchandise, raw materials, parts, supplies, packing and shipping materials, work in process and finished products, including without limitation such inventory as is temporarily out of Borrower's custody or possession or in transit and including any returned goods and any documents of title representing any of the above.

"**Investment**" is any beneficial ownership interest in any Person (including stock, partnership interest or other securities), and any loan, advance or capital contribution to any Person.

"**IP Agreement**" is that certain Intellectual Property Security Agreement between Borrower and Bank dated as of the Effective Date, as may be amended, modified or restated from time to time.

"**Key Person**" is each of Borrower's (a) Chief Executive Officer, who is Jaya Rao as of the Effective Date, and (b) Chief Technology Officer, who is Dilip Goswami as of the Effective Date.

"**Letter of Credit**" is a standby or commercial letter of credit issued by Bank upon request of Borrower based upon an application, guarantee, indemnity, or similar agreement.

"**Lien**" is a claim, mortgage, deed of trust, levy, charge, pledge, security interest or other encumbrance of any kind, whether voluntarily incurred or arising by operation of law or otherwise against any property.

"**Loan Documents**" are, collectively, this Agreement and any schedules, exhibits, certificates, notices, and any other documents related to this Agreement, the Senior Loan Agreement, the IP Agreement, the Warrant, any Bank Services Agreement, any subordination agreement, any note, or notes or guaranties executed by Borrower or any Guarantor, and any other present or future agreement by Borrower and/or any Guarantor with or for the benefit of Bank in connection with this Agreement, the Senior Loan Agreement or Bank Services, all as amended, restated, or otherwise modified.

"**Mezzanine Term Loan Advance**" is defined in Section 2.2(a) of this Agreement.

"**Mezzanine Term Loan Amortization Date**" is the Payment Date of the twenty-fifth (25th) month following the Effective Date, provided, however, that if the Equity Event occurs on or prior to January 31, 2023, the Mezzanine Term Loan Amortization Date will be the Payment Date of the thirty-seventh (37th) month following the Effective Date.

"**Mezzanine Term Loan Maturity Date**" is March 22, 2025.

"**Monthly Financial Statements**" is defined in Section 6.2(a).

"**Obligations**" are Borrower's obligations to pay when due any debts, principal, interest, fees, Bank Expenses, the Prepayment Fee and other amounts Borrower owes Bank now or later, whether under this Agreement, the other Loan Documents (other than the Warrant), or otherwise, including, without limitation, all obligations relating to Bank Services and interest accruing after Insolvency Proceedings begin and debts, liabilities, or obligations of Borrower assigned to Bank, and to perform Borrower's duties under the Loan Documents (other than the Warrant).

"**Operating Documents**" are, for any Person, such Person's formation documents, as certified by the Secretary of State (or equivalent agency) of such Person's jurisdiction of organization on a date that is no earlier than thirty (30) days prior to the Effective Date, and, (a) if such Person is a corporation, its bylaws in current form, (b) if such Person is a limited liability company, its limited liability company agreement (or similar agreement), and (c) if such Person is a partnership, its partnership agreement (or similar agreement), each of the foregoing with all current amendments or modifications thereto.

"**Patents**" means all patents, patent applications and like protections including without limitation improvements, divisions, continuations, renewals, reissues, extensions and continuations-in-part of the same.

"**Payment/Advance Form**" is that certain form in the form attached hereto as Exhibit C.

"**Payment Date**" is the first (1st) calendar day of each month.

"**Payment Processor Accounts**" is defined in Section 6.6(a).

"**Perfection Certificate**" is defined in Section 5.1.

"**Permitted Indebtedness**" is:

(a) Borrower's Indebtedness to Bank under this Agreement and the other Loan Documents (including, without limitation, Indebtedness to Bank pursuant to the Senior Loan Agreement);

(b) Indebtedness existing on the Effective Date which is shown on the Perfection Certificate (other than Indebtedness in favor of Expeditors International of Washington, Inc. and First Insurance Funding);

(c) Subordinated Debt;

(d) unsecured Indebtedness to trade creditors incurred in the ordinary course of business;

(e) Indebtedness incurred as a result of endorsing negotiable instruments received in the ordinary course of business;

(f) Indebtedness secured by Liens permitted under clauses (a) and (c) of the definition of "Permitted Liens" hereunder;

(g) extensions, refinancings, modifications, amendments and restatements of any items of Permitted Indebtedness (a) through (f) above, provided that the principal amount thereof is not increased or the terms thereof are not modified to impose more burdensome terms upon Borrower or its Subsidiary, as the case may be;

(h) unsecured Indebtedness of Borrower arising from bank service agreements (other than bank services related to credit cards) in the ordinary course of business not exceeding Five Hundred Thousand Dollars ($500,000.00) in the aggregate outstanding at any time;

(i) unsecured Indebtedness of Borrower not exceeding One Million Dollars ($1,000,000.00) in the aggregate outstanding at any time consisting of funds advanced by Equipment lessors to be used for improvements to Equipment leased by such lessors to Borrower;

(j) Indebtedness in favor of First Insurance not exceeding Eight Hundred Thousand Dollars ($800,000.00) in the aggregate outstanding at any time relating to insurance premium financing arrangements so long as such Indebtedness is secured solely by the proceeds of the policies being financed;

(k) Indebtedness in favor of Expeditors International of Washington, Inc. not exceeding Seven Million Dollars ($7,000,000.00) in the aggregate outstanding at any time so long as such Indebtedness is secured solely by in-transit Inventory being transported by such party; and

(l) other Indebtedness not otherwise permitted by Section 7.4 not exceeding One Hundred Thousand Dollars ($100,000.00) in the aggregate outstanding at any time.

"**Permitted Investments**" are:

(a) Investments (including, without limitation, Subsidiaries) existing on the Effective Date which are shown on the Perfection Certificate;

(b) Investments consisting of Cash Equivalents;

(c) Investments consisting of the endorsement of negotiable instruments for deposit or collection or similar transactions in the ordinary course of Borrower;

(d) Investments consisting of deposit accounts (but only to the extent that Borrower is permitted to maintain such accounts pursuant to 6.6 of this Agreement) in which Bank has a first priority perfected security interest;

(e) Investments accepted in connection with Transfers permitted by Section 7.1;

(f) Investments consisting of the creation of a Subsidiary for the purpose of consummating a merger transaction permitted by Section 7.3 of this Agreement, which is otherwise a Permitted Investment;

(g) Investments by Subsidiaries in or to other Subsidiaries or Borrower and Investments by Borrower in Subsidiaries not to exceed One Million Dollars ($1,000,000.00) in the aggregate in any fiscal year;

(h) Investments consisting of (i) travel advances and employee relocation loans and other employee loans and advances in the ordinary course of business, and (ii) loans to employees, officers or directors relating to the purchase of equity securities of Borrower or its Subsidiaries pursuant to employee stock purchase plans or agreements approved by the Board;

(i) Investments (including debt obligations) received in connection with the bankruptcy or reorganization of customers or suppliers and in settlement of delinquent obligations of, and other disputes with, customers or suppliers arising in the ordinary course of business;

(j) Investments consisting of notes receivable of, or prepaid royalties and other credit extensions, to customers and suppliers who are not Affiliates, in the ordinary course of business; provided that this paragraph (k) shall not apply to Investments of Borrower in any Subsidiary;

(k) joint ventures or strategic alliances in the ordinary course of Borrower's business consisting of the non-exclusive licensing of technology, the development of technology or the providing of technical support, provided that any cash investments by Borrower do not exceed Five Hundred Thousand Dollars ($500,000.00) in the aggregate in any fiscal year; and

(l) other Investments not otherwise permitted by Section 7.7 not exceeding One Hundred Thousand Dollars ($100,000.00) in the aggregate outstanding at any time.

"**Permitted Liens**" are:

(a) Liens existing on the Effective Date which are shown on the Perfection Certificate or arising under this Agreement or the other Loan Documents (including, without limitation, Liens in favor of Bank granted pursuant to the Senior Loan Agreement but excluding Liens in favor of Expeditors International of Washington, Inc. and First Insurance Funding);

(b) Liens for taxes, fees, assessments or other government charges or levies, either (i) not due and payable or (ii) being contested in good faith and for which Borrower maintains adequate reserves on Borrower's Books, provided that no notice of any such Lien has been filed or recorded under the Internal Revenue Code of 1986, as amended, and the Treasury Regulations adopted thereunder;

(c) purchase money Liens or capital leases (i) on Equipment acquired or held by Borrower incurred for financing the acquisition of the Equipment securing no more than Four Million Dollars ($4,000,000.00) in the aggregate amount outstanding, or (ii) existing on Equipment when acquired, if the Lien is confined to the property and improvements and the proceeds of the Equipment;

(d) Liens of carriers, warehousemen, suppliers, or other Persons (other than Liens in favor of Expeditors International of Washington, Inc.) that are possessory in nature arising in the ordinary course of business so long as such Liens attach only to Inventory which are not delinquent or remain payable without penalty or which are being contested in good faith and by appropriate proceedings which proceedings have the effect of preventing the forfeiture or sale of the property subject thereto;

(e) Liens to secure payment of workers' compensation, employment insurance, old-age pensions, social security and other like obligations incurred in the ordinary course of business (other than Liens imposed by ERISA);

(f) Liens incurred in the extension, renewal or refinancing of the Indebtedness secured by Liens described in (a) through (c), but any extension, renewal or replacement Lien must be limited to the property encumbered by the existing Lien and the principal amount of the indebtedness may not increase;

(g) leases or subleases of real property granted in the ordinary course of Borrower's business (or, if referring to another Person, in the ordinary course of such Person's business), and leases, subleases, non-exclusive licenses or sublicenses of personal property (other than Intellectual Property) granted in the ordinary course of Borrower's business (or, if referring to another Person, in the ordinary course of such Person's business), if the leases, subleases, licenses and sublicenses do not prohibit granting Bank a security interest therein;

(h) non-exclusive licenses of Intellectual Property granted to third parties in the ordinary course of business and licenses of Intellectual Property that could not result in a legal transfer of title of the licensed

property that may be exclusive in respects other than territory and that may be exclusive as to territory only as to discrete geographical areas outside of the United States;

(i) Liens in favor of customs and revenue authorities arising as a matter of law to secure payment of customs duties in connection with the importation of goods;

(j) Liens arising from attachments or judgments, orders, or decrees in circumstances not constituting an Event of Default under Sections 8.4 and 8.7;

(k) Liens on deposits in favor of Inversiones Caribou GWP, SA, Iron Works Properties, LLC, Joe P. Ruthven Revocable Trust, Lic. Fernando Avendaño Alfaro, L Seven, Offramp, LLC and University of South Florida Research Foundation to secure the performance of operating leases, bids, trade contracts (other than for borrowed money) and performance bonds in each case, incurred in the ordinary course of business not representing an obligation for borrowed money, provided that the aggregate amount of all such deposits may not exceed Three Hundred Seven Thousand Dollars ($307,000.00) at any time;

(l) Liens in favor of other financial institutions arising in connection with Borrower's deposit and/or securities accounts held at such institutions, provided that (i) Bank has a first priority perfected security interest in the amounts held in such deposit and/or securities accounts to the extent required pursuant to Section 6.6 of this Agreement and (ii) such accounts are permitted to be maintained pursuant to Section 6.6 of this Agreement;

(m) Liens on proceeds of insurance policies financed by First Insurance securing Indebtedness permitted under clause (j) of the definition of "Permitted Indebtedness" hereunder; and

(n) Liens in favor of Expeditors International of Washington, Inc. on in-transit Inventory being transported by such Person securing Indebtedness permitted under clause (k) of the definition of "Permitted Indebtedness" hereunder.

"**Person**" is any individual, sole proprietorship, partnership, limited liability company, joint venture, company, trust, unincorporated organization, association, corporation, institution, public benefit corporation, firm, joint stock company, estate, entity or government agency.

"**Prepayment Fee**" shall be, with respect any prepayment of the Mezzanine Term Loan Advance, an additional fee payable to Bank in an amount equal to two percent (2.0%) of the principal amount outstanding immediately prior to such prepayment. Notwithstanding the foregoing, Bank agrees to waive the Prepayment Fee if the Mezzanine Term Loan Advance is prepaid in full in accordance with Section 2.2(c) in connection and simultaneously with the refinancing of the Mezzanine Term Loan Advance by Bank in Bank's sole and absolute discretion.

"**Prime Rate**" is the rate of interest per annum from time to time published in the money rates section of The Wall Street Journal or any successor publication thereto as the "prime rate" then in effect; provided that, in the event such rate of interest is less than zero, such rate shall be deemed to be zero for purposes of this Agreement; and provided further that if such rate of interest, as set forth from time to time in the money rates section of The Wall Street Journal, becomes unavailable for any reason as determined by Bank, the "Prime Rate" shall mean the rate of interest per annum announced by Bank as its prime rate in effect at its principal office in the State of California (such Bank announced Prime Rate not being intended to be the lowest rate of interest charged by Bank in connection with extensions of credit to debtors); provided that, in the event such rate of interest is less than zero, such rate shall be deemed to be zero for purposes of this Agreement.

"**Registered Organization**" is any "registered organization" as defined in the Code with such additions to such term as may hereafter be made.

"**Representatives**" is defined in Section 12.9.

"**Requirement of Law**" is as to any Person, the organizational or governing documents of such Person, and any law (statutory or common), treaty, rule or regulation or determination of an arbitrator or a court or other Governmental Authority, in each case applicable to or binding upon such Person or any of its property or to which such Person or any of its property is subject.

"**Responsible Officer**" is any of the Chief Executive Officer, President, Chief Financial Officer and Controller of Borrower.

"**Restricted License**" is any material license or other agreement with respect to Intellectual Property which is material to the conduct of Borrower's business where Borrower is the licensee (a) that prohibits or otherwise restricts Borrower from granting a security interest in Borrower's interest in such license or agreement or any other property, or (b) for which a default under or termination of could reasonably be expected to interfere with Bank's right to sell any Collateral.

"**SEC**" shall mean the Securities and Exchange Commission, any successor thereto, and any analogous Governmental Authority.

"**Securities Account**" is any "**securities account**" as defined in the Code with such additions to such term as may hereafter be made.

"**Senior Loan Agreement**" is that certain Amended and Restated Loan and Security Agreement by and between Bank and Borrower dated August 29, 2019, as the same has been and as may be further amended, restated, supplemented or otherwise modified from time to time.

"**Subordinated Debt**" is indebtedness incurred by Borrower subordinated to all of Borrower's now or hereafter indebtedness to Bank (pursuant to a subordination, intercreditor, or other similar agreement in form and substance satisfactory to Bank entered into between Bank and the other creditor), on terms acceptable to Bank.

"**Subsidiary**" is, as to any Person, a corporation, partnership, limited liability company or other entity of which shares of stock or other ownership interests having ordinary voting power (other than stock or such other ownership interests having such power only by reason of the happening of a contingency) to elect a majority of the board of directors or other managers of such corporation, partnership or other entity are at the time owned, or the management of which is otherwise controlled, directly or indirectly through one or more intermediaries, or both, by such Person. Unless the context otherwise requires, each reference to a Subsidiary herein shall be a reference to a Subsidiary of Borrower or Guarantor.

"**Trademarks**" means any trademark and servicemark rights, whether registered or not, applications to register and registrations of the same and like protections, and the entire goodwill of the business of Borrower connected with and symbolized by such trademarks.

"**Transfer**" is defined in Section 7.1.

"**Warrant**" is, each and together, (i) that certain Warrant to Purchase Stock dated as of the Effective Date between Borrower and Bank and (ii) that certain Warrant to Purchase Stock dated as of the Effective Date between SVB Innovation Credit Fund VIII, L.P. and Bank, each as amended, modified, supplemented and/or restated from time to time.

[Signature page follows.]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the Effective Date.

BORROWER:

MOLEKULE, INC.

By: /s/ Rajesh Sharma
Name: Rajesh Sharma
Title: Chief Financial Officer

BANK:

SILICON VALLEY BANK

By: /s/ Michelle Wu
Name: Michelle Wu
Title: Vice President

EXHIBIT A - COLLATERAL DESCRIPTION

The Collateral consists of all of Borrower's right, title and interest in and to the following personal property:

All goods, Accounts (including health-care receivables), Equipment, Inventory, contract rights or rights to payment of money, leases, license agreements, franchise agreements, General Intangibles, Intellectual Property, commercial tort claims, documents, instruments (including any promissory notes), chattel paper (whether tangible or electronic), cash, deposit accounts, certificates of deposit, fixtures, letters of credit rights (whether or not the letter of credit is evidenced by a writing), securities, and all other investment property, supporting obligations, and financial assets, whether now owned or hereafter acquired, wherever located; and all Borrower's Books relating to the foregoing, and any and all claims, rights and interests in any of the above and all substitutions for, additions, attachments, accessories, accessions and improvements to and replacements, products, proceeds and insurance proceeds of any or all of the foregoing.

Notwithstanding the foregoing, the Collateral does not include (a) more than 65% of the presently existing and hereafter arising issued and outstanding shares of capital stock owned by Borrower of any Foreign Subsidiary which shares entitle the holder thereof to vote for directors or any other matter; (b) any interest of Borrower as a lessee or sublessee under a real property lease; (c) rights held under a license that are not assignable by their terms without the consent of the licensor thereof (but only to the extent such restriction on assignment is enforceable under applicable law); (d) any interest of Borrower as a lessee under an Equipment lease if Borrower is prohibited by the terms of such lease from granting a security interest in such lease or under which such an assignment or Lien would cause a default to occur under such lease (but only to the extent that such prohibition is enforceable under all applicable laws including, without limitation, the Code); *provided, however,* that upon termination of such prohibition, such interest shall immediately become Collateral without any action by Borrower or Bank.; or (e) any "intent-to-use" trademarks at all times prior to the first use thereof, whether by the actual use thereof in commerce, the recording of a statement of use with the United States Patent and Trademark Office or otherwise, but only to the extent the granting of a security interest in such "intent-to-use" trademarks would be contrary to applicable law.

EXHIBIT B

COMPLIANCE STATEMENT

EXHIBIT C
LOAN PAYMENT/ADVANCE REQUEST FORM

FIRST LOAN MODIFICATION AGREEMENT

This First Loan Modification Agreement (this "Loan Modification Agreement") is entered into as of May 19, 2022, by and between **SILICON VALLEY BANK**, a California corporation, with its principal place of business at 3003 Tasman Drive, Santa Clara, California 95054 and with a loan production office located at 505 Howard Street, 3rd Floor, San Francisco, California 94105 ("Bank") and **MOLEKULE, INC.**, a Delaware corporation whose address is 1301 Folsom Street, San Francisco, California 94103 ("Borrower").

1. DESCRIPTION OF EXISTING INDEBTEDNESS AND OBLIGATIONS. Among other indebtedness and obligations which may be owing by Borrower to Bank, Borrower is indebted to Bank pursuant to a loan arrangement dated as of March 22, 2021, evidenced by, among other documents, a certain Mezzanine Loan and Security Agreement dated as of March 22, 2021, between Borrower and Bank (as amended, the "Loan Agreement"). Capitalized terms used but not otherwise defined herein shall have the same meaning as in the Loan Agreement.

2. DESCRIPTION OF COLLATERAL. Repayment of the Obligations is secured by (a) the Collateral as defined in the Loan Agreement and (b) the Intellectual Property Collateral as defined in a certain Intellectual Property Security Agreement dated as of March 22, 2021 between Borrower and Bank, as amended by a certain First Amendment to Intellectual Property Security Agreement dated as of the date of this Loan Modification Agreement (the "Intellectual Property Security Agreement") (together with any other collateral security granted to Bank, the "Security Documents"). Hereinafter, the Security Documents, together with all other documents evidencing or securing the Obligations shall be referred to as the "Existing Loan Documents".

3. DESCRIPTION OF CHANGE IN TERMS.

A. Modifications to Loan Agreement.

1 As a condition precedent to the effectiveness of this Loan Modification Agreement, Borrower shall deliver evidence to Bank, satisfactory to Bank in its sole and absolute discretion, that Borrower has received, after May 12, 2022 but on or prior to the date of this Loan Modification Agreement, unrestricted and unencumbered net cash proceeds in an aggregate amount of at least Twenty Million Dollars ($20,000,000.00) from the sale of Borrower's equity securities to investors satisfactory to Bank in Bank's sole and absolute discretion.

2 Borrower hereby acknowledges and agrees that Borrower will deliver to Bank, each in form and substance satisfactory to Bank in its sole and absolute discretion, on or before (a) the date that is five (5) Business Days from the date of this Loan Modification Agreement, a copy, certified by the Secretary of the Borrower, of the executed written consent of the Requisite Holders (as defined in the Company's Restated Certificate of Incorporation filed with the Delaware Secretary of State on or about the date hereof) approving the issuance of the shares of Borrower's Series 1 Preferred Stock upon exercise of (i) that certain Warrant to Purchase Stock between Borrower and Bank dated as of the date of this Loan Modification Agreement and (ii) that certain Warrant to Purchase Stock between Borrower and SVB Innovation Credit Fund VIII, L.P. dated as of the date of this Loan Modification Agreement, and (b) the date that is thirty (30) days from the date of this Loan Modification Agreement, (i) evidence that Borrower has entered into an amendment with respect to Borrower's Indebtedness owed to Trinity Capital Inc., which amendment reflects terms satisfactory to Bank in its sole and absolute discretion and (ii) a bailee's waiver from ALOM with respect to the third-party location at 44660 Osgood Road. Fremont, California. Borrower acknowledges and agrees that the failure of Borrower to satisfy the requirements set forth in the immediately preceding sentence by the deadlines set forth above shall result in an immediate Event of Default under the Loan Agreement for which there shall be no grace or cure period.

3 Notwithstanding Section 6.2(d) of the Loan Agreement to the contrary, Borrower shall have until August 31, 2022 to deliver to Bank its audited consolidated financial statements prepared under GAAP, consistently applied, together with an unqualified opinion (provided that such opinion may contain a "going concern" qualification typical for venture backed companies similar to Borrower) with respect to its fiscal year ended December 31, 2021.

4 The Loan Agreement shall be amended by deleting the following text, appearing in Section 2.2(b) thereof:

> "Commencing on the first Payment Date following the Funding Date of the Mezzanine Term Loan Advance, and continuing on each Payment Date thereafter, Borrower shall make monthly payments of interest, in arrears, on the principal amount of the Mezzanine Term Loan Advance at the rate set forth in Section 2.3. Commencing on the Mezzanine Term Loan Amortization Date, and continuing on each Payment Date thereafter, Borrower shall repay the Mezzanine Term Loan Advance in (i) monthly installments of principal over the number of months for the period commencing on the Mezzanine Term Loan Amortization Date and ending on the Mezzanine Term Loan Maturity Date, plus (ii) monthly payments of accrued interest as set forth above."

and inserting in lieu thereof the following:

> "Commencing on the first Payment Date following the Funding Date of the Mezzanine Term Loan Advance, and continuing on each Payment Date thereafter, Borrower shall make monthly payments of interest, in arrears, on the principal amount of the Mezzanine Term Loan Advance at the rate set forth in Section 2.3; provided, however, that Borrower shall not be required to make the monthly payment of interest due on May 1, 2022 (the "**Deferred Interest Payment**") and the amount of the Deferred Interest Payment shall instead be due and payable on June 1, 2022. Commencing on the applicable Mezzanine Term Loan Amortization Date, and continuing on each Payment Date thereafter, Borrower shall repay Tranche A in (i) thirty-six (36) equal monthly installments of principal, plus (ii) monthly payments of accrued interest as set forth above. Commencing on the applicable Mezzanine Term Loan Amortization Date, and continuing on each Payment Date thereafter, Borrower shall repay Tranche B in (i) thirty-six (36) equal monthly installments of principal, plus (ii) monthly payments of accrued interest as set forth above."

5 The Loan Agreement shall be amended by inserting the following new Section 6.12, appearing immediately after Section 6.11 thereof:

> " **6.12 Financial Covenant - Net Revenue**. Maintain at all times, to be tested as of the last day of each calendar quarter, aggregate Net Revenue, as determined in accordance with GAAP, for such quarter of at least (i) Twelve Million Dollars ($12,000,000.00) for the calendar quarter ending June 30, 2022, (ii) Seventeen Million Dollars ($17,000,000.00) for the calendar quarter ending September 30, 2022, (iii) Twenty Two Million Five Hundred Thousand Dollars ($22,500,000.00) for the calendar quarter ending December 31, 2022, (iv) Fourteen Million Two Hundred Fifty Thousand Dollars ($14,250,000.00) for the calendar quarter ending March 31, 2023, (v) Twenty One Million Five Hundred Thousand Dollars ($21,500,000.00) for the calendar quarter ending June 30, 2023, (vi) Nineteen Million Five Hundred Thousand Dollars ($19,500,000.00) for the calendar quarter ending September 30, 2023 and (vii) Twenty Six Million Dollars ($26,000,000.00) for the calendar quarter ending December 31, 2023.

With respect to any period ending after December 31, 2023, the Net Revenue level for each such period shall be mutually agreed by Bank and Borrower, each acting in its reasonable discretion, based upon, among other factors, budgets, sales projections, operating plans and other financial information with respect to Borrower that Bank deems relevant, including, without limitation Borrower's annual financial projections approved by the Board. With respect thereto:

(i) Borrower's failure to agree in writing (which agreement shall be set forth in a written amendment to this Agreement) on or before March 15, 2024 to any such covenant levels proposed by Bank with respect to the 2024 calendar year shall result in an immediate Event of Default for which there shall be no grace or cure period;

(ii) Borrower's failure to agree in writing (which agreement shall be set forth in a written amendment to this Agreement) on or before March 15, 2025 to any such covenant levels proposed by Bank with respect to the 2025 calendar year shall result in an immediate Event of Default for which there shall be no grace or cure period;

(iii) Borrower's failure to agree in writing (which agreement shall be set forth in a written amendment to this Agreement) on or before March 15, 2026 to any such covenant levels proposed by Bank with respect to the 2026 calendar year shall result in an immediate Event of Default for which there shall be no grace or cure period;

(iv) Borrower's failure to agree in writing (which agreement shall be set forth in a written amendment to this Agreement) on or before March 15, 2027 to any such covenant levels proposed by Bank with respect to the 2027 calendar year shall result in an immediate Event of Default for which there shall be no grace or cure period; and

(v) Borrower's failure to agree in writing (which agreement shall be set forth in a written amendment to this Agreement) on or before March 15, 2028 to any such covenant levels proposed by Bank with respect to the 2028 calendar year shall result in an immediate Event of Default for which there shall be no grace or cure period."

6 The Loan Agreement shall be amended by deleting the following text, appearing in Section 8.2 thereof:

" (a) Borrower fails or neglects to perform any obligation in Sections 6.2, 6.3, 6.4, 6.5, 6.6, 6.7(b), 6.9, or 6.11 or violates any covenant in Section 7; or"

and inserting in lieu thereof the following:

" (a) Borrower fails or neglects to perform any obligation in Sections 6.2, 6.3, 6.4, 6.5, 6.6, 6.7(b), 6.9, 6.11, or 6.12 or violates any covenant in Section 7; or"

7 The Loan Agreement shall be amended by inserting the following new definitions, appearing in Section 13.1 thereof:

" "**First LMA Effective Date**" is May 19, 2022."

“ “**Net Revenue**” means revenue, as determined in accordance with GAAP, less discounts and returns.”

“ “**Tranche A**” means a portion of the principal balance of the Mezzanine Term Loan Advance outstanding on the First LMA Effective Date in an amount equal to Fifteen Million Dollars ($15,000,000.00).”

“ “**Tranche B**” means the portion of the principal balance of the Mezzanine Term Loan Advance outstanding on the First LMA Effective Date in excess of the amount of Tranche A (which, as of the First LMA Effective Date, is Fifteen Million Dollars ($15,000,000.00).”

8 The Loan Agreement shall be amended by deleting the following definitions, appearing in Section 13.1 thereof:

“ “**Mezzanine Term Loan Amortization Date**” is the Payment Date of the twenty-fifth (25th) month following the Effective Date, provided, however, that if the Equity Event occurs on or prior to January 31, 2023, the Mezzanine Term Loan Amortization Date will be the Payment Date of the thirty-seventh (37th) month following the Effective Date.”

“ “**Mezzanine Term Loan Maturity Date**” is March 22, 2025.”

“ “**Warrant**” is, each and together, (i) that certain Warrant to Purchase Stock dated as of the Effective Date between Borrower and Bank and (ii) that certain Warrant to Purchase Stock dated as of the Effective Date between SVB Innovation Credit Fund VIII, L.P. and Bank, each as amended, modified, supplemented and/or restated from time to time.”

and inserting in lieu thereof the following:

“ “**Mezzanine Term Loan Amortization Date**” is (a) with respect to Tranche A, April 1, 2024 and (b) with respect to Tranche B, April 1, 2025.”

“ “**Mezzanine Term Loan Maturity Date**” is (a) with respect to Tranche A, March 1, 2027 and (b) with respect to Tranche B, March 1, 2028.”

“ “**Warrant**” is, each and together, (i) that certain Warrant to Purchase Stock dated as of the Effective Date between Borrower and Bank, (ii) that certain Warrant to Purchase Stock dated as of the Effective Date between SVB Innovation Credit Fund VIII, L.P. and Bank, (iii) that certain Warrant to Purchase Stock dated as of the First LMA Effective Date between Borrower and Bank, (iv) that certain Warrant to Purchase Stock dated as of the First LMA Effective Date between SVB Innovation Credit Fund VIII, L.P. and Bank, each as amended, modified, supplemented and/or restated from time to time.”

9 The Compliance Statement appearing as **Exhibit B** to the Loan Agreement is hereby replaced with the Compliance Statement attached as **Schedule 1** hereto.

B. Waiver. Bank hereby waives Borrower’s existing defaults under the Loan Agreement by virtue of Borrower’s failure to make the payment of principal and interest with respect to the Mezzanine Term Loan Advance that was due on May 1, 2022 as required pursuant to Section 2.2(b) (for clarity, the obligation to make such payment of interest on the terms set forth in this Loan Modification is not waived, only the failure to make such payment on May 1, 2022 is waived).

4. FEES AND EXPENSES. Borrower shall reimburse Bank for all documented legal fees and out-of-pocket filing and search expenses reasonably incurred by Bank in connection with this amendment to the Existing Loan Documents.

5. RATIFICATION OF INTELLECTUAL PROPERTY SECURITY AGREEMENT. Borrower hereby ratifies, confirms and reaffirms, all and singular, the terms and conditions of the Intellectual Property Security Agreement, and acknowledges, confirms and agrees that the Intellectual Property Security Agreement contains an accurate and complete listing of all Intellectual Property Collateral as defined in the Intellectual Property Security Agreement, and shall remain in full force and effect.

6. PERFECTION CERTIFICATE. Borrower hereby ratifies, confirms and reaffirms, all and singular, the terms and disclosures contained in a certain Perfection Certificate of Borrower dated as of May 19, 2022 (the "Perfection Certificate"), and acknowledges, confirms and agrees that the disclosures and information Borrower provided to Bank in the Perfection Certificate have not changed, as of the date hereof. Borrower hereby agrees that all references in the Loan Agreement to the "Perfection Certificate" shall hereinafter be deemed to be references to the Perfection Certificate as defined herein.

7. CONSISTENT CHANGES. The Existing Loan Documents are hereby amended wherever necessary to reflect the changes described above.

8. RATIFICATION OF LOAN DOCUMENTS. Borrower hereby ratifies, confirms, and reaffirms all terms and conditions of all security or other collateral granted to Bank, and confirms that the indebtedness secured thereby includes, without limitation, the Obligations.

9. RELEASE BY BORROWER.

A. FOR GOOD AND VALUABLE CONSIDERATION, Borrower hereby forever relieves, releases, and discharges Bank and its present or former employees, officers, directors, agents, representatives, attorneys, and each of them, from any and all claims, debts, liabilities, demands, obligations, promises, acts, agreements, costs and expenses, actions and causes of action, of every type, kind, nature, description or character whatsoever, whether known or unknown, suspected or unsuspected, absolute or contingent, arising out of or in any manner whatsoever connected with or related to facts, circumstances, issues, controversies or claims existing or arising from the beginning of time through and including the date of execution of this Loan Modification Agreement (collectively "Released Claims"). Without limiting the foregoing, the Released Claims shall include any and all liabilities or claims arising out of or in any manner whatsoever connected with or related to the Loan Documents, the recitals hereto, any instruments, agreements or documents executed in connection with any of the foregoing or the origination, negotiation, administration, servicing and/or enforcement of any of the foregoing.

B. In furtherance of this release, Borrower expressly acknowledges and waives any and all rights under Section 1542 of the California Civil Code, which provides as follows:

> "**A general release** does not extend to claims that the creditor or releasing party does not know or suspect to exist in his or her favor at the time of executing the release and that, if known by him or her, would have materially affected his or her settlement with the debtor or released party." (Emphasis added.)

C. By entering into this release, Borrower recognizes that no facts or representations are ever absolutely certain and it may hereafter discover facts in addition to or different from those which it presently knows or believes to be true, but that it is the intention of Borrower hereby to fully, finally and forever settle and release all matters, disputes and differences, known or unknown, suspected or unsuspected; accordingly, if Borrower should subsequently discover that any fact that it relied upon in entering into this release was untrue, or that any understanding of the facts was incorrect, Borrower shall not be entitled to set aside this release by reason thereof, regardless of

any claim of mistake of fact or law or any other circumstances whatsoever. Borrower acknowledges that it is not relying upon and has not relied upon any representation or statement made by Bank with respect to the facts underlying this release or with regard to any of such party's rights or asserted rights.

D. This release may be pleaded as a full and complete defense and/or as a cross-complaint or counterclaim against any action, suit, or other proceeding that may be instituted, prosecuted or attempted in breach of this release. Borrower acknowledges that the release contained herein constitutes a material inducement to Bank to enter into this Loan Modification Agreement, and that Bank would not have done so but for Bank's expectation that such release is valid and enforceable in all events.

E. Borrower hereby represents and warrants to Bank, and Bank is relying thereon, as follows:

1 Except as expressly stated in this Loan Modification Agreement, neither Bank nor any agent, employee or representative of Bank has made any statement or representation to Borrower regarding any fact relied upon by Borrower in entering into this Loan Modification Agreement.

2 Borrower has made such investigation of the facts pertaining to this Loan Modification Agreement and all of the matters appertaining thereto, as it deems necessary.

3 The terms of this Loan Modification Agreement are contractual and not a mere recital.

4 This Loan Modification Agreement has been carefully read by Borrower, the contents hereof are known and understood by Borrower, and this Loan Modification Agreement is signed freely, and without duress, by Borrower.

5 Borrower represents and warrants that it is the sole and lawful owner of all right, title and interest in and to every claim and every other matter which it releases herein, and that it has not heretofore assigned or transferred, or purported to assign or transfer, to any person, firm or entity any claims or other matters herein released. Borrower shall indemnify Bank, defend and hold it harmless from and against all claims based upon or arising in connection with prior assignments or purported assignments or transfers of any claims or matters released herein.

10. CONTINUING VALIDITY. Borrower understands and agrees that in modifying the existing Obligations, Bank is relying upon Borrower's representations, warranties, and agreements, as set forth in the Existing Loan Documents. Except as expressly modified pursuant to this Loan Modification Agreement, the terms of the Existing Loan Documents remain unchanged and in full force and effect. Bank's agreement to modifications to the existing Obligations pursuant to this Loan Modification Agreement in no way shall obligate Bank to make any future modifications to the Obligations. Nothing in this Loan Modification Agreement shall constitute a satisfaction of the Obligations. It is the intention of Bank and Borrower to retain as liable parties all makers of Existing Loan Documents, unless the party is expressly released by Bank in writing. No maker will be released by virtue of this Loan Modification Agreement.

11. COUNTERSIGNATURE. This Loan Modification Agreement shall become effective only when it shall have been executed by Borrower and Bank.

[The remainder of this page is intentionally left blank]

This Loan Modification Agreement is executed as of the date first written above.

BORROWER:	**BANK:**
MOLEKULE, INC.	**SILICON VALLEY BANK**
By: /s/ Jonathan Harris	By: /s/ Sheila Colson
Name: Jonathan Harris	Name: Sheila Colson
Title: Chief Executive Officer	Title: Managing Director

Schedule 1

EXHIBIT B

COMPLIANCE STATEMENT

SECOND LOAN MODIFICATION AGREEMENT

This Second Loan Modification Agreement (this "Loan Modification Agreement") is entered into as of October 1, 2022, by and between **SILICON VALLEY BANK**, a California corporation, with its principal place of business at 3003 Tasman Drive, Santa Clara, California 95054 and with a loan production office located at 505 Howard Street, 3rd Floor, San Francisco, California 94105 ("Bank") and **MOLEKULE, INC.**, a Delaware corporation whose address is 1301 Folsom Street, San Francisco, California 94103 ("Borrower").

1. DESCRIPTION OF EXISTING INDEBTEDNESS AND OBLIGATIONS. Among other indebtedness and obligations which may be owing by Borrower to Bank, Borrower is indebted to Bank pursuant to a loan arrangement dated as of March 22, 2021, evidenced by, among other documents, a certain Mezzanine Loan and Security Agreement dated as of March 22, 2021, between Borrower and Bank, as amended by a certain First Loan Modification Agreement dated as of May 19, 2022 (as amended, the "Loan Agreement"). Capitalized terms used but not otherwise defined herein shall have the same meaning as in the Loan Agreement.

2. DESCRIPTION OF COLLATERAL. Repayment of the Obligations is secured by (a) the Collateral as defined in the Loan Agreement and (b) the Intellectual Property Collateral as defined in a certain Intellectual Property Security Agreement dated as of March 22, 2021 between Borrower and Bank, as amended by a certain First Amendment to Intellectual Property Security Agreement dated as of May 19, 2022 (the "Intellectual Property Security Agreement") (together with any other collateral security granted to Bank, the "Security Documents"). Hereinafter, the Security Documents, together with all other documents evidencing or securing the Obligations shall be referred to as the "Existing Loan Documents".

3. DESCRIPTION OF CHANGE IN TERMS.

A. Modifications to Loan Agreement.

1 Notwithstanding Section 6.2(d) of the Loan Agreement to the contrary, Borrower shall have until October 3, 2022 to deliver to Bank its audited consolidated financial statements prepared under GAAP, consistently applied, together with an unqualified opinion (provided that such opinion may contain a "going concern" qualification typical for venture backed companies similar to Borrower) with respect to its fiscal year ended December 31, 2021.

2 The Loan Agreement shall be amended by deleting the following, appearing as Section 6.12 thereof:

" **6.12 Financial Covenant - Net Revenue**. Maintain at all times, to

be tested as of the last day of each calendar quarter, aggregate Net Revenue, as determined in accordance with GAAP, for such quarter of at least (i) Twelve Million Dollars ($12,000,000.00) for the calendar quarter ending June 30, 2022, (ii) Seventeen Million Dollars ($17,000,000.00) for the calendar quarter ending September 30, 2022, (iii) Twenty Two Million Five Hundred Thousand Dollars ($22,500,000.00) for the calendar quarter ending December 31, 2022, (iv) Fourteen Million Two Hundred Fifty Thousand Dollars ($14,250,000.00) for the calendar quarter ending March 31, 2023, (v) Twenty One Million Five Hundred Thousand Dollars ($21,500,000.00) for the calendar quarter ending June 30, 2023, (vi) Nineteen Million Five Hundred Thousand Dollars ($19,500,000.00) for the calendar quarter ending September 30, 2023 and (vii) Twenty Six Million Dollars ($26,000,000.00) for the calendar quarter ending December 31, 2023.

With respect to any period ending after December 31, 2023, the Net Revenue level for each such period shall be mutually agreed by Bank and Borrower, each

acting in its reasonable discretion, based upon, among other factors, budgets, sales projections, operating plans and other financial information with respect to Borrower that Bank deems relevant, including, without limitation Borrower's annual financial projections approved by the Board. With respect thereto:

(i) Borrower's failure to agree in writing (which agreement shall be set forth in a written amendment to this Agreement) on or before March 15, 2024 to any such covenant levels proposed by Bank with respect to the 2024 calendar year shall result in an immediate Event of Default for which there shall be no grace or cure period;

(ii) Borrower's failure to agree in writing (which agreement shall be set forth in a written amendment to this Agreement) on or before March 15, 2025 to any such covenant levels proposed by Bank with respect to the 2025 calendar year shall result in an immediate Event of Default for which there shall be no grace or cure period;

(iii) Borrower's failure to agree in writing (which agreement shall be set forth in a written amendment to this Agreement) on or before March 15, 2026 to any such covenant levels proposed by Bank with respect to the 2026 calendar year shall result in an immediate Event of Default for which there shall be no grace or cure period;

(iv) Borrower's failure to agree in writing (which agreement shall be set forth in a written amendment to this Agreement) on or before March 15, 2027 to any such covenant levels proposed by Bank with respect to the 2027 calendar year shall result in an immediate Event of Default for which there shall be no grace or cure period; and

(v) Borrower's failure to agree in writing (which agreement shall be set forth in a written amendment to this Agreement) on or before March 15, 2028 to any such covenant levels proposed by Bank with respect to the 2028 calendar year shall result in an immediate Event of Default for which there shall be no grace or cure period."

and inserting in lieu thereof the following:

" **6.12 Financial Covenants**.

(a) Net Revenue. Maintain at all times, to be tested as of the last day of each calendar quarter, aggregate Net Revenue, as determined in accordance with GAAP, for such quarter of at least (i) Twelve Million Dollars ($12,000,000.00) for the calendar quarter ending June 30, 2022, (ii) Nine Million Dollars ($9,000,000.00) for the calendar quarter ending September 30, 2022, (iii) Thirteen Million Dollars ($13,000,000.00) for the calendar quarter ending December 31, 2022, (iv) Eight Million Dollars ($8,000,000.00) for the calendar quarter ending March 31, 2023, (v) Twelve Million Dollars ($12,000,000.00) for the calendar quarters ending June 30, 2023 and September 30, 2023 and (vi) Eighteen Million Dollars ($18,000,000.00) for the calendar quarter ending December 31, 2023.

With respect to any period ending after December 31, 2023, the Net Revenue level for each such period shall be mutually agreed by Bank and Borrower, each acting in its reasonable discretion, based upon, among other factors, budgets, sales projections, operating plans and other financial information with respect to

Borrower that Bank deems relevant, including, without limitation Borrower's annual financial projections approved by the Board. With respect thereto:

(i) Borrower's failure to agree in writing (which agreement shall be set forth in a written amendment to this Agreement) on or before March 15, 2024 to any such covenant levels proposed by Bank with respect to the 2024 calendar year shall result in an immediate Event of Default for which there shall be no grace or cure period;

(ii) Borrower's failure to agree in writing (which agreement shall be set forth in a written amendment to this Agreement) on or before March 15, 2025 to any such covenant levels proposed by Bank with respect to the 2025 calendar year shall result in an immediate Event of Default for which there shall be no grace or cure period;

(iii) Borrower's failure to agree in writing (which agreement shall be set forth in a written amendment to this Agreement) on or before March 15, 2026 to any such covenant levels proposed by Bank with respect to the 2026 calendar year shall result in an immediate Event of Default for which there shall be no grace or cure period;

(iv) Borrower's failure to agree in writing (which agreement shall be set forth in a written amendment to this Agreement) on or before March 15, 2027 to any such covenant levels proposed by Bank with respect to the 2027 calendar year shall result in an immediate Event of Default for which there shall be no grace or cure period; and

(v) Borrower's failure to agree in writing (which agreement shall be set forth in a written amendment to this Agreement) on or before March 15, 2028 to any such covenant levels proposed by Bank with respect to the 2028 calendar year shall result in an immediate Event of Default for which there shall be no grace or cure period.

Notwithstanding the foregoing, upon and following the closing of the AeroClean Acquisition, the terms of this Section 6.12(a) shall be replaced with the following:

(a) Net Revenue. Maintain at all times, aggregate Net Revenue, as determined in accordance with GAAP:

(i) to be tested as of the last day of each calendar quarter, for such quarter of at least (i) Twelve Million Dollars ($12,000,000.00) for the calendar quarter ending June 30, 2022, (ii) Nine Million Dollars ($9,000,000.00) for the calendar quarter ending September 30, 2022 and (iii) Thirteen Million Dollars ($13,000,000.00) for the calendar quarter ending December 31, 2022; and

(ii) to be tested as of the last day of the calendar year ending December 31, 2023, for such calendar year, of at least Fifty Million Dollars ($50,000,000.00).

With respect to any period ending after December 31, 2023, the Net Revenue level for each such period shall be mutually agreed by Bank and Borrower, each acting in its reasonable discretion, based upon, among other factors, budgets, sales projections, operating plans and other financial information with respect to

Borrower that Bank deems relevant, including, without limitation Borrower's annual financial projections approved by the Board. With respect thereto:

(i) Borrower's failure to agree in writing (which agreement shall be set forth in a written amendment to this Agreement) on or before February 28, 2024 to any such covenant levels proposed by Bank with respect to the 2024 calendar year shall result in an immediate Event of Default for which there shall be no grace or cure period;

(ii) Borrower's failure to agree in writing (which agreement shall be set forth in a written amendment to this Agreement) on or before February 28, 2025 to any such covenant levels proposed by Bank with respect to the 2025 calendar year shall result in an immediate Event of Default for which there shall be no grace or cure period;

(iii) Borrower's failure to agree in writing (which agreement shall be set forth in a written amendment to this Agreement) on or before February 28, 2026 to any such covenant levels proposed by Bank with respect to the 2026 calendar year shall result in an immediate Event of Default for which there shall be no grace or cure period;

(iv) Borrower's failure to agree in writing (which agreement shall be set forth in a written amendment to this Agreement) on or before February 28, 2027 to any such covenant levels proposed by Bank with respect to the 2027 calendar year shall result in an immediate Event of Default for which there shall be no grace or cure period; and

(v) Borrower's failure to agree in writing (which agreement shall be set forth in a written amendment to this Agreement) on or before February 28, 2028 to any such covenant levels proposed by Bank with respect to the 2028 calendar year shall result in an immediate Event of Default for which there shall be no grace or cure period.

(b) Financing Event. Deliver evidence to Bank, reasonably satisfactory to Bank, on or prior to January 31, 2023, that the Financing Event occurred on or prior to such date.

(c) Minimum Cash. Maintain at all times upon and after the closing of the AeroClean Acquisition, be tested as of any day, unrestricted and unencumbered cash maintained with Bank of at least Two Million Dollars ($2,000,000.00)."

3 The Loan Agreement shall be amended in the definition of "Permitted Investments" in Section 13.1 thereof by (i) deleting "." where it appears at the end of clause (l) thereof and inserting in lieu thereof "; and" and (ii) inserting the following new text appearing at the end thereof:

" (m) Investments by any Borrower in any other Borrower."

4 The Loan Agreement shall be amended by inserting the following new definitions, appearing in Section 13.1 thereof:

" "**AeroClean Acquisition**" means the acquisition by AeroClean Technologies, Inc. of one hundred percent (100.0%) of the equity securities of Borrower."

" "**Financing Event**" is Borrower's delivery, on or prior to January 31, 2023, of evidence satisfactory to Bank in its reasonable discretion, confirming that Borrower has received, on or after October 1, 2022 but on or prior to January 31, 2023, unrestricted and unencumbered net cash proceeds in an amount of at least Five Million Dollars ($5,000,000.00) from the sale of Borrower's equity securities to, or a Subordinated Debt financing with, investors acceptable to Bank in its good faith business judgment."

5 The Compliance Statement appearing as **Exhibit B** to the Loan Agreement is hereby replaced with the Compliance Statement attached as **Schedule 1** hereto.

4. FEES AND EXPENSES. Borrower shall reimburse Bank for all documented legal fees and out-of-pocket filing and search expenses reasonably incurred by Bank in connection with this amendment to the Existing Loan Documents.

5. RATIFICATION OF INTELLECTUAL PROPERTY SECURITY AGREEMENT. Borrower hereby ratifies, confirms and reaffirms, all and singular, the terms and conditions of the Intellectual Property Security Agreement, and acknowledges, confirms and agrees that the Intellectual Property Security Agreement contains an accurate and complete listing of all Intellectual Property Collateral as defined in the Intellectual Property Security Agreement, and shall remain in full force and effect.

6. RATIFICATION OF PERFECTION CERTIFICATE. Borrower hereby ratifies, confirms and reaffirms, all and singular, the terms and disclosures contained in a certain Perfection Certificate of Borrower dated as of May 19, 2022 (the "Perfection Certificate"), and acknowledges, confirms and agrees that the disclosures and information Borrower provided to Bank in the Perfection Certificate have not changed, as of the date hereof.

7. CONSISTENT CHANGES. The Existing Loan Documents are hereby amended wherever necessary to reflect the changes described above.

8. RATIFICATION OF LOAN DOCUMENTS. Borrower hereby ratifies, confirms, and reaffirms all terms and conditions of all security or other collateral granted to Bank, and confirms that the indebtedness secured thereby includes, without limitation, the Obligations.

9. RELEASE BY BORROWER.

A. FOR GOOD AND VALUABLE CONSIDERATION, Borrower hereby forever relieves, releases, and discharges Bank and its present or former employees, officers, directors, agents, representatives, attorneys, and each of them, from any and all claims, debts, liabilities, demands, obligations, promises, acts, agreements, costs and expenses, actions and causes of action, of every type, kind, nature, description or character whatsoever, whether known or unknown, suspected or unsuspected, absolute or contingent, arising out of or in any manner whatsoever connected with or related to facts, circumstances, issues, controversies or claims existing or arising from the beginning of time through and including the date of execution of this Loan Modification Agreement (collectively "Released Claims"). Without limiting the foregoing, the Released Claims shall include any and all liabilities or claims arising out of or in any manner whatsoever connected with or related to the Loan Documents, the recitals hereto, any instruments, agreements or documents executed in connection with any of the foregoing or the origination, negotiation, administration, servicing and/or enforcement of any of the foregoing.

B. In furtherance of this release, Borrower expressly acknowledges and waives any and all rights under Section 1542 of the California Civil Code, which provides as follows:

"**A general release** does not extend to claims that the creditor or releasing party does not know or suspect to exist in his or her favor at the time of executing the release and that, if

known by him or her, would have materially affected his or her settlement with the debtor or released party." (Emphasis added.)

C. By entering into this release, Borrower recognizes that no facts or representations are ever absolutely certain and it may hereafter discover facts in addition to or different from those which it presently knows or believes to be true, but that it is the intention of Borrower hereby to fully, finally and forever settle and release all matters, disputes and differences, known or unknown, suspected or unsuspected; accordingly, if Borrower should subsequently discover that any fact that it relied upon in entering into this release was untrue, or that any understanding of the facts was incorrect, Borrower shall not be entitled to set aside this release by reason thereof, regardless of any claim of mistake of fact or law or any other circumstances whatsoever. Borrower acknowledges that it is not relying upon and has not relied upon any representation or statement made by Bank with respect to the facts underlying this release or with regard to any of such party's rights or asserted rights.

D. This release may be pleaded as a full and complete defense and/or as a cross-complaint or counterclaim against any action, suit, or other proceeding that may be instituted, prosecuted or attempted in breach of this release. Borrower acknowledges that the release contained herein constitutes a material inducement to Bank to enter into this Loan Modification Agreement, and that Bank would not have done so but for Bank's expectation that such release is valid and enforceable in all events.

E. Borrower hereby represents and warrants to Bank, and Bank is relying thereon, as follows:

1 Except as expressly stated in this Loan Modification Agreement, neither Bank nor any agent, employee or representative of Bank has made any statement or representation to Borrower regarding any fact relied upon by Borrower in entering into this Loan Modification Agreement.

2 Borrower has made such investigation of the facts pertaining to this Loan Modification Agreement and all of the matters appertaining thereto, as it deems necessary.

3 The terms of this Loan Modification Agreement are contractual and not a mere recital.

4 This Loan Modification Agreement has been carefully read by Borrower, the contents hereof are known and understood by Borrower, and this Loan Modification Agreement is signed freely, and without duress, by Borrower.

5 Borrower represents and warrants that it is the sole and lawful owner of all right, title and interest in and to every claim and every other matter which it releases herein, and that it has not heretofore assigned or transferred, or purported to assign or transfer, to any person, firm or entity any claims or other matters herein released. Borrower shall indemnify Bank, defend and hold it harmless from and against all claims based upon or arising in connection with prior assignments or purported assignments or transfers of any claims or matters released herein.

10. CONTINUING VALIDITY. Borrower understands and agrees that in modifying the existing Obligations, Bank is relying upon Borrower's representations, warranties, and agreements, as set forth in the Existing Loan Documents. Except as expressly modified pursuant to this Loan Modification Agreement, the terms of the Existing Loan Documents remain unchanged and in full force and effect. Bank's agreement to modifications to the existing Obligations pursuant to this Loan Modification Agreement in no way shall obligate Bank to make any future modifications to the Obligations. Nothing in this Loan Modification Agreement shall constitute a satisfaction of the Obligations. It is the intention of Bank and Borrower to retain as liable parties all makers of Existing Loan Documents, unless the party is expressly released by Bank in writing. No maker will be released by virtue of this Loan Modification Agreement.

11. COUNTERSIGNATURE. This Loan Modification Agreement shall become effective only when it shall have been executed by Borrower and Bank.

[The remainder of this page is intentionally left blank]

This Loan Modification Agreement is executed as of the date first written above.

BORROWER:	**BANK:**
MOLEKULE, INC.	**SILICON VALLEY BANK**
By: /s/ Jonathan Harris	By: /s/ Sheila Colson
Name: Jonathan Harris	Name: Sheila Colson
Title: Chief Executive Officer	Title: Managing Director

Schedule 1

EXHIBIT B

JOINDER AND THIRD LOAN MODIFICATION AGREEMENT

This Joinder and Third Loan Modification Agreement (this "Agreement") is entered into as of January 12, 2023, by and among (a) **SILICON VALLEY BANK**, a California corporation, with its principal place of business at 3003 Tasman Drive, Santa Clara, California 95054 and with a loan production office located at 505 Howard Street, 3rd Floor, San Francisco, California 94105 ("Bank"), (b) **MOLEKULE, INC.**, a Delaware corporation, whose address is 1301 Folsom Street, San Francisco, California 94103 ("Existing Borrower"), and (c) **MOLEKULE GROUP, INC. (F/K/A AEROCLEAN TECHNOLOGIES, INC.)**, a Delaware corporation, whose address is 10455 Riverside Drive, Palm Beach Gardens, Florida 33410 ("New Borrower"). New Borrower and Existing Borrower, are hereinafter jointly and severally, individually and collectively, "**Borrower**".

1. DESCRIPTION OF EXISTING INDEBTEDNESS AND OBLIGATIONS. Among other indebtedness and obligations which may be owing by Existing Borrower to Bank, Existing Borrower is indebted to Bank pursuant to a loan arrangement dated as of March 22, 2021, evidenced by, among other documents, a certain Mezzanine Loan and Security Agreement dated as of March 22, 2021, between Existing Borrower and Bank, as amended by a certain First Loan Modification Agreement dated as of May 19, 2022, as further amended by a certain Second Loan Modification Agreement dated as of October 1, 2022 (the "Loan Agreement"). Capitalized terms used but not otherwise defined herein shall have the same meaning as in the Loan Agreement.

2. JOINDER TO LOAN AGREEMENT. New Borrower hereby joins the Loan Agreement and each of the Loan Documents, and agrees to comply with and be bound by all of the terms, conditions and covenants of the Loan Agreement and Loan Documents, as if it were originally named a "Borrower" therein. Without limiting the generality of the preceding sentence, New Borrower agrees that it will be jointly and severally liable, together with the Existing Borrower, for the payment and performance of all obligations and liabilities of Borrower under the Loan Agreement, including, without limitation, the Obligations. Each Borrower hereby appoints the other as agent for the other for all purposes hereunder. Each Borrower hereunder shall be obligated to repay all Credit Extensions made pursuant to the Loan Agreement, regardless of which Borrower actually receives said Credit Extension, as if each Borrower hereunder directly received all Credit Extensions.

3. SUBROGATION AND SIMILAR RIGHTS. Each Borrower waives any suretyship defenses available to it under the Code or any other applicable law. Each Borrower waives with respect to all Obligations of such Borrower and the Obligations of any other Borrower any right to require Bank to: (i) proceed against any other Borrower or any other person; (ii) proceed against or exhaust any security; or (iii) pursue any other remedy. Bank may exercise or not exercise any right or remedy it has against any Borrower or any security it holds (including the right to foreclose by judicial or non-judicial sale to the extent permitted by law) without affecting any Borrower's liability. Notwithstanding any other provision of this Agreement, the Loan Agreement or other Loan Documents, each Borrower irrevocably agrees that, until the Loan Agreement has terminated pursuant to its terms and all Obligations (other than inchoate indemnity obligations, any other obligations which by their terms are to survive the termination of the Loan Agreement, and any Obligations under Bank Services Agreements that are cash collateralized in accordance with Section 4.1 of the Loan Agreement) have been satisfied, it shall not exercise any rights that it may have at law or in equity (including, without limitation, any law subrogating Borrower to the rights of Bank under the Loan Agreement or pursuant to any agreement providing for indemnification, reimbursement or any other similar arrangement) to seek contribution, indemnification or any other form of reimbursement from any other Borrower, or any other Person now or hereafter primarily or secondarily liable for any of the Obligations, for any payment made by Borrower with respect to the Obligations in connection with the Loan Agreement or otherwise and all rights that it might have to benefit from, or to participate in, any security for the Obligations as a result of any payment made by Borrower with respect to the Obligations in connection with the Loan Agreement or otherwise. If any payment is made to a Borrower in contravention of this Section 3, such Borrower shall hold such payment in trust for Bank and such payment shall be promptly delivered to Bank for application to the Obligations, whether matured or unmatured.

4. GRANT OF SECURITY INTEREST. To secure the prompt payment and performance of all of the Obligations, New Borrower hereby grants to Bank a continuing lien upon and security interest in the Collateral set forth on Exhibit A of the Loan Agreement (as if such Collateral were deemed to pertain to the assets of New Borrower) of New Borrower, whether now owned or existing or hereafter created, acquired, or arising, and wherever located. New Borrower further covenants and agrees that by its execution hereof it shall provide all such

information, complete all such forms, and take all such actions, and enter into all such agreements, in form and substance reasonably satisfactory to Bank that are reasonably requested by Bank or necessary in order to grant a valid, perfected first priority security interest to Bank in the Collateral (subject only to Permitted Liens that are permitted pursuant to the terms of the Loan Agreement to have superior priority to Bank's Lien in the Loan Agreement). New Borrower hereby authorizes Bank to file financing statements, without notice to Borrower, with all appropriate jurisdictions in order to perfect or protect Bank's interest or rights hereunder, including a notice that any disposition of the Collateral, by either Borrower or any other Person, shall be deemed to violate the rights of Bank under the Code, and any such financing statements may indicate the Collateral as "all assets of the Debtor" or words of similar effect, or as being of an equal or lesser scope, or with greater detail, all in Bank's reasonable discretion.

5. REPRESENTATIONS AND WARRANTIES. New Borrower hereby represents and warrants to Bank that all representations and warranties in the Loan Documents made on the part of Existing Borrower are true and correct on the date hereof with respect to New Borrower, with the same force and effect as if New Borrower was named as "Borrower" in the Loan Documents in addition to Existing Borrower.

6. DESCRIPTION OF COLLATERAL. Repayment of the Obligations is secured by (a) the Collateral as defined in the Loan Agreement, (b) the Intellectual Property Collateral as defined in a certain Intellectual Property Security Agreement dated as of March 22, 2021 between Existing Borrower and Bank, as amended by a certain First Amendment to Intellectual Property Security Agreement dated as of the date of May 19, 2022, and as further amended by a certain Second Amendment to Intellectual Property Security Agreement dated as of the date of this Agreement (as amended, the "Existing Borrower Intellectual Property Security Agreement"), and (c) the Intellectual Property Collateral as defined in a certain Intellectual Property Security Agreement dated as of the date of this Agreement between New Borrower and Bank (the "New Borrower Intellectual Property Security Agreement") (together with any other collateral security granted to Bank, as amended, the "Security Documents"). Hereinafter, the Security Documents, together with all other documents evidencing or securing the Obligations shall be referred to as the "Existing Loan Documents".

7. DELIVERY OF DOCUMENTS. Each Borrower hereby agrees that the following documents shall be delivered to Bank prior to or contemporaneously with delivery of this Agreement, each in form and substance satisfactory to Bank:

A. a secretary's corporate borrowing certificate for New Borrower with respect to New Borrower's certificate of incorporation, by-laws, incumbency and resolutions authorizing the execution and delivery of this Agreement and the other documents required by Bank in connection with this Agreement;

B. consent of each Borrower's shareholders, as necessary, authorizing the execution and delivery of this Agreement and the other documents required by Bank in connection with this Agreement;

C. a long form Certificate of Good Standing for New Borrower certified by the Secretary of State of Delaware;

D. certificates of Good Standing/Foreign Qualification, as applicable, certified by the Secretary of State (or equivalent agency) for each state in which New Borrower is qualified to do business;

E. a second amendment to and ratification of subordination agreement from Trinity Capital, Inc.;

F. an Intellectual Property Security Agreement between New Borrower and Bank;

G. Intellectual Property search results and completed exhibits to the Intellectual Property Security Agreement between New Borrower and Bank;

H. a second amendment to and ratification of intellectual property security agreement between Existing Borrower and Bank;

I. the results of UCC searches for New Borrower indicating that there are no Liens other than Permitted Liens, and otherwise in form satisfactory to Bank;

J. a Perfection Certificate for New Borrower; and

K. a legal opinion (authority and enforceability) of New Borrower's counsel dated as of the date of this Agreement together with the duly executed signature thereto.

8. MODIFICATIONS TO LOAN AGREEMENT.

1 Borrower hereby acknowledges and agrees that Borrower will deliver to Bank, each in form and substance satisfactory to Bank, on or before the date that is thirty (30) days from the date of this Agreement, (a) a landlord's consent in favor of Bank for 10455 Riverside Drive, Palm Beach Gardens, Florida 33410, by the landlord thereof, together with the duly executed signatures thereto and (b) evidence of insurance (on Acord 28 and Acord 25 certificates, together with endorsements to the liability and property policies, as acceptable to Bank) for Borrower. Borrower acknowledges and agrees that the failure of Borrower to satisfy the requirements set forth in the immediately preceding sentence on or before the date that is thirty (30) days from the date of this Agreement shall result in an immediate Event of Default under the Loan Agreement for which there shall be no grace or cure period.

2 The Loan Agreement shall be amended by deleting the following text, appearing in the preamble thereof:

" **THIS MEZZANINE LOAN AND SECURITY AGREEMENT** (this "**Agreement**") dated as of March 22, 2021 (the "**Effective Date**") between **SILICON VALLEY BANK**, a California corporation ("**Bank**"), and **MOLEKULE, INC.**, a Delaware corporation ("**Borrower**"), provides the terms on which Bank shall lend to Borrower and Borrower shall repay Bank."

and inserting in lieu thereof the following:

" **THIS MEZZANINE LOAN AND SECURITY AGREEMENT** (this "**Agreement**") dated as of March 22, 2021 (the "**Effective Date**") by and among (a) **SILICON VALLEY BANK**, a California corporation ("**Bank**"), and (b) (i) **MOLEKULE, INC.**, a Delaware corporation ("**Molekule**"), and **MOLEKULE GROUP, INC. (F/K/A AEROCLEAN TECHNOLOGIES, INC.)**, a Delaware corporation ("**Molekule Parent**") (jointly and severally, individually and collectively, "**Borrower**"), provides the terms on which Bank shall lend to Borrower and Borrower shall repay Bank."

3 The Loan Agreement shall be amended by deleting the following text, appearing in Section 5.1 thereof:

"In connection with this Agreement, Borrower has delivered to Bank a completed certificate signed by Borrower entitled "Perfection Certificate" (the "**Perfection Certificate**")."

and inserting in lieu thereof the following:

"In connection with this Agreement, each Borrower has delivered to Bank a completed certificate signed by such Borrower entitled "Perfection Certificate" (collectively, the "**Perfection Certificate**")."

4 The Loan Agreement shall be amended by deleting the following text, appearing in Section 6.2 thereof:

" (a) as soon as available, but no later than thirty (30) days after the last day of each month, a company prepared consolidated balance sheet and income statement covering Borrower's consolidated operations for such month certified by a Responsible Officer and in a form reasonably acceptable to Bank (the "**Monthly Financial Statements**");"

" (c) within sixty (60) days after the end of each fiscal year of Borrower, and promptly (but, in any event, with two (2) Business Days) following any Board-approved updates or amendments thereto, (i) annual operating budgets (including income statements, balance sheets and cash flow statements, by month) for the then current fiscal year of Borrower, and (ii) annual financial projections for such fiscal year (on a quarterly basis), in each case as approved by the Board and commensurate in form and substance with those provided to Borrower's venture capital investors, together with any related business forecasts used in the preparation of such annual financial projections;"

and inserting in lieu thereof the following:

" (a) as soon as available, but no later than thirty (30) days after the last day of each month, a company prepared consolidated balance sheet and income statement covering Molekule Parent's consolidated operations for such month certified by a Responsible Officer and in a form reasonably acceptable to Bank (the "**Monthly Financial Statements**");"

" (c) within sixty (60) days after the end of each fiscal year of Molekule Parent, and promptly (but, in any event, with two (2) Business Days) following any Board-approved updates or amendments thereto, (i) annual operating budgets (including income statements, balance sheets and cash flow statements, by month) for the then current fiscal year of Molekule Parent, and (ii) annual financial projections for such fiscal year (on a quarterly basis), in each case as approved by the board of directors of Molekule Parent, together with any related business forecasts used in the preparation of such annual financial projections;"

5 The Loan Agreement shall be amended by deleting the following, appearing as Section 7.1 thereof:

" **7.1 Dispositions.** Convey, sell, lease, transfer, assign, or otherwise dispose of (including, without limitation, pursuant to a Division) (collectively, "**Transfer**"), or permit any of its Subsidiaries to Transfer, all or any part of its business or property, except for Transfers (a) of Inventory in the ordinary course of business; (b) of worn-out, unneeded, fully depreciated or obsolete Equipment that is, in the reasonable judgment of Borrower, no longer economically practicable to maintain or useful in the ordinary course of business of Borrower; (c) consisting of Permitted Liens and Permitted Investments; (d) consisting of the sale or issuance of any stock of Borrower permitted under Section 7.2 of this Agreement; (e) consisting of Borrower's use or transfer of money or Cash Equivalents in a manner that is not prohibited by the terms of this Agreement or the other Loan Documents; (f) of non-exclusive licenses for the use of the property of Borrower or its Subsidiaries in the ordinary course of business and licenses that could not result in a legal transfer of title of the licensed property but that may be exclusive in respects other than territory and that may be exclusive as to territory only as to discrete geographical areas

outside of the United States; (g) consisting of any lease or sublease of real property (including the Transfer of any leasehold improvements whether or not fully depreciated) by Borrower; and (h) resulting from the abandonment, forfeiture or dedication to the public of Intellectual Property to the extent permitted by Section 6.7(a)(iii)."

and inserting in lieu thereof the following:

" **7.1 Dispositions.** Convey, sell, lease, transfer, assign, or otherwise dispose of (including, without limitation, pursuant to a Division) (collectively, "**Transfer**"), or permit any of its Subsidiaries to Transfer, all or any part of its business or property, except for Transfers (a) to any Borrower; (b) of Inventory in the ordinary course of business; (c) of worn-out, unneeded, fully depreciated or obsolete Equipment that is, in the reasonable judgment of Borrower, no longer economically practicable to maintain or useful in the ordinary course of business of Borrower; (d) consisting of Permitted Liens and Permitted Investments; (e) consisting of the sale or issuance of any stock of Borrower permitted under Section 7.2 of this Agreement; (f) consisting of Borrower's use or transfer of money or Cash Equivalents in a manner that is not prohibited by the terms of this Agreement or the other Loan Documents; (g) of non-exclusive licenses for the use of the property of Borrower or its Subsidiaries in the ordinary course of business and licenses that could not result in a legal transfer of title of the licensed property but that may be exclusive in respects other than territory and that may be exclusive as to territory only as to discrete geographical areas outside of the United States; (h) consisting of any lease or sublease of real property (including the Transfer of any leasehold improvements whether or not fully depreciated) by Borrower; and (i) resulting from the abandonment, forfeiture or dedication to the public of Intellectual Property to the extent permitted by Section 6.7(a)(iii)."

6 The Loan Agreement shall be amended by deleting the following, appearing as Sections 7.7 and 7.8 thereof:

" **7.7 Distributions; Investments.** (a) Pay any dividends or make any distribution or payment or redeem, retire or purchase any capital stock provided that Borrower may (i) convert any of its convertible securities into other securities pursuant to the terms of such convertible securities or otherwise in exchange thereof, (ii) make cash payments in lieu of the issuance of fractional shares upon the conversion of convertible securities, stock splits, stock combinations or business combinations in an aggregate amount not to exceed One Hundred Thousand Dollars ($100,000.00) per fiscal year, (iii) pay dividends solely in common stock; (iv) make purchases of capital stock in connection with the exercise of stock options or stock appreciation by way of a cashless exercise; and (v) repurchase the stock of former employees or consultants pursuant to stock repurchase agreements so long as an Event of Default does not exist at the time of any such repurchase and would not exist after giving effect to any such repurchase, provided that the aggregate amount of all such repurchases does not exceed Two Hundred Fifty Thousand Dollars ($250,000.00) per fiscal year; or (b) directly or indirectly make any Investment (including, without limitation, by the formation of any Subsidiary) other than Permitted Investments, or permit any of its Subsidiaries to do so.

7.8 Transactions with Affiliates. Directly or indirectly enter into or permit to exist any material transaction with any Affiliate of Borrower, except for (i) sales of equity securities in bona fide venture financing transactions to the extent not prohibited by Section 7.2, (ii) the incurrence of Subordinated Debt,

(iii) transactions of the type described in and permitted pursuant to Section 7.7 hereof, (iv) Investments of the type described in and permitted under sub-clauses (f), (g) and (k) of the definition of Permitted Investments, (v) commercially reasonable and customary compensation or other incentive arrangements approved by the Board and (vi) other transactions that are in the ordinary course of Borrower's business, upon fair and reasonable terms that are no less favorable to Borrower than would be obtained in an arm's length transaction with a nonaffiliated Person."

and inserting in lieu thereof the following:

" **7.7 Distributions; Investments.** (a) Pay any dividends or make any distribution or payment or redeem, retire or purchase any capital stock provided that Borrower may (i) make such dividends, distributions or payments to any other Borrower, (ii) convert any of its convertible securities into other securities pursuant to the terms of such convertible securities or otherwise in exchange thereof, (iii) make cash payments in lieu of the issuance of fractional shares upon the conversion of convertible securities, stock splits, stock combinations or business combinations in an aggregate amount not to exceed One Hundred Thousand Dollars ($100,000.00) per fiscal year, (iv) pay dividends solely in common stock; (v) make purchases of capital stock in connection with the exercise of stock options or stock appreciation by way of a cashless exercise; and (vi) repurchase the stock of former employees or consultants pursuant to stock repurchase agreements so long as an Event of Default does not exist at the time of any such repurchase and would not exist after giving effect to any such repurchase, provided that the aggregate amount of all such repurchases does not exceed Two Hundred Fifty Thousand Dollars ($250,000.00) per fiscal year; or (b) directly or indirectly make any Investment (including, without limitation, by the formation of any Subsidiary) other than Permitted Investments, or permit any of its Subsidiaries to do so.

7.8 Transactions with Affiliates. Directly or indirectly enter into or permit to exist any material transaction with any Affiliate of Borrower, except for (i) any transactions between a Borrower and any other Borrower, (ii) sales of equity securities in bona fide venture financing transactions to the extent not prohibited by Section 7.2, (iii) the incurrence of Subordinated Debt, (iv) transactions of the type described in and permitted pursuant to Section 7.7 hereof, (v) Investments of the type described in and permitted under sub-clauses (f), (g) and (k) of the definition of Permitted Investments, (vi) commercially reasonable and customary compensation or other incentive arrangements approved by the Board and (vii) other transactions that are in the ordinary course of Borrower's business, upon fair and reasonable terms that are no less favorable to Borrower than would be obtained in an arm's length transaction with a nonaffiliated Person."

7 The Loan Agreement shall be amended by inserting the following new Section 9.8 immediately after Section 9.7 thereof:

" **9.8 Borrower Liability.** Any Borrower may, acting singly, request Credit Extensions hereunder. Each Borrower hereby appoints each other as agent for the other for all purposes hereunder, including with respect to requesting Credit Extensions hereunder. Each Borrower hereunder shall be jointly and severally obligated to repay all Credit Extensions made hereunder, regardless of which Borrower actually receives said Credit Extension, as if each Borrower hereunder directly received all Credit Extensions. Each Borrower waives (a) any suretyship defenses available to it under the Code or any other

applicable law by virtue of any other Borrower's liability with respect to the Obligations, and (b) any right to require Bank to: (i) proceed against any Borrower; (ii) proceed against or exhaust any security of another Borrower; or (iii) pursue any other remedy against another Borrower. Bank may exercise or not exercise any right or remedy it has against any Borrower or any security it holds (including the right to foreclose by judicial or non-judicial sale) without affecting any Borrower's liability. Notwithstanding any other provision of this Agreement or other related document, each Borrower irrevocably waives, until the payment in full of all Obligations (other than inchoate indemnity obligations, any other obligations which by their terms are to survive the termination of this Agreement, and any Obligations under Bank Services Agreements that are cash collateralized in accordance with Section 4.1 of this Agreement) and the termination of this Agreement, all rights that it may have at law or in equity (including, without limitation, any law subrogating Borrower to the rights of Bank under this Agreement) to seek contribution, indemnification or any other form of reimbursement from any other Borrower for any payment made by Borrower with respect to the Obligations in connection with this Agreement or otherwise and all rights that it might have to benefit from, or to participate in, any security for the Obligations as a result of any payment made by Borrower with respect to the Obligations in connection with this Agreement or otherwise. Any agreement providing for indemnification, reimbursement or any other arrangement in violation of this Section 9.8 shall be null and void. If any payment is made to a Borrower in contravention of this Section 9.8, such Borrower shall hold such payment in trust for Bank and such payment shall be promptly delivered to Bank for application to the Obligations, whether matured or unmatured."

8 The Loan Agreement shall be amended in the definition of "Permitted Indebtedness" in Section 13.1 thereof by (i) deleting "and" where it appears at the end of clause (k) thereof, (ii) deleting "." where it appears at the end of clause (l) thereof, (iii) inserting in lieu thereof "; and" and (iv) adding the following text appearing at the end of the definition:

" (m) any Indebtedness of a Borrower to any other Borrower."

9 The Loan Agreement shall be amended by inserting the following new definitions, to appear alphabetically in Section 13.1 thereof:

" "**Molekule**" is defined in the preamble hereof."

" "**Molekule Parent**" is defined in the preamble hereof."

" "**Third LMA Effective Date**" is January 12, 2023."

10 The Loan Agreement shall be amended by deleting the following definitions, appearing in Section 13.1 thereof:

" "**AeroClean Acquisition**" means the acquisition by AeroClean Technologies, Inc. of one hundred percent (100.0%) of the equity securities of Borrower."

" "**Change in Control**" means (a) at any time, any "person" or "group" (as such terms are used in Sections 13(d) and 14(d) of the Exchange Act) shall become, or obtain rights (whether by means of warrants, options or otherwise) to become, the "beneficial owner" (as defined in Rules 13(d)-3 and 13(d)-5 under the Exchange Act), directly or indirectly, of forty-nine percent (49%) or more of

the ordinary voting power for the election of directors of Borrower (determined on a fully diluted basis) other than by the sale of Borrower's equity securities in a public offering or to venture capital or private equity investors so long as Borrower identifies to Bank the venture capital or private equity investors at least seven (7) Business Days prior to the closing of the transaction and provides to Bank a description of the material terms of the transaction; (b) during any period of twelve (12) consecutive months, a majority of the members of the board of directors or other equivalent governing body of Borrower cease to be composed of individuals (i) who were members of that board or equivalent governing body on the first day of such period, (ii) whose election or nomination to that board or equivalent governing body was approved by individuals referred to in clause (i) above constituting at the time of such election or nomination at least a majority of that board or equivalent governing body or (iii) whose election or nomination to that board or other equivalent governing body was approved by individuals referred to in clauses (i) and (ii) above constituting at the time of such election or nomination at least a majority of that board or equivalent governing body; or (c) at any time, Borrower shall cease to own and control, of record and beneficially, directly or indirectly, one hundred percent (100.0%) of each class of outstanding capital stock of each Subsidiary of Borrower free and clear of all Liens (except Permitted Liens)."

" "**Financing Event**" is Borrower's delivery, on or prior to January 31, 2023, of evidence satisfactory to Bank in its reasonable discretion, confirming that Borrower has received, on or after October 1, 2022 but on or prior to January 31, 2023, unrestricted and unencumbered net cash proceeds in an amount of at least Five Million Dollars ($5,000,000.00) from the sale of Borrower's equity securities to, or a Subordinated Debt financing with, investors acceptable to Bank in its good faith business judgment."

" "**IP Agreement**" is that certain Intellectual Property Security Agreement between Borrower and Bank dated as of the Effective Date, as may be amended, modified or restated from time to time."

" "**Key Person**" is each of Borrower's (a) Chief Executive Officer, who is Jaya Rao as of the Effective Date, and (b) Chief Technology Officer, who is Dilip Goswami as of the Effective Date."

" "**Warrant**" is, each and together, (i) that certain Warrant to Purchase Stock dated as of the Effective Date between Borrower and Bank, (ii) that certain Warrant to Purchase Stock dated as of the Effective Date between SVB Innovation Credit Fund VIII, L.P. and Bank, (iii) that certain Warrant to Purchase Stock dated as of the First LMA Effective Date between Borrower and Bank, (iv) that certain Warrant to Purchase Stock dated as of the First LMA Effective Date between SVB Innovation Credit Fund VIII, L.P. and Bank, each as amended, modified, supplemented and/or restated from time to time."

and inserting in lieu thereof the following:

" "**AeroClean Acquisition**" means the acquisition by Molekule Parent of one hundred percent (100.0%) of the equity securities of Molekule."

" "**Change in Control**" means (a) at any time, any "person" or "group" (as such terms are used in Sections 13(d) and 14(d) of the Exchange Act) shall become, or obtain rights (whether by means of warrants, options or otherwise) to become, the "beneficial owner" (as defined in Rules 13(d)-3 and 13(d)-5 under the Exchange Act), directly or indirectly, of forty-nine percent (49%) or more of

the ordinary voting power for the election of directors of Molekule Parent (determined on a fully diluted basis) other than by the sale of Molekule Parent's equity securities in a public offering or to venture capital or private equity investors so long as Borrower identifies to Bank the venture capital or private equity investors at least seven (7) Business Days prior to the closing of the transaction and provides to Bank a description of the material terms of the transaction; (b) during any period of twelve (12) consecutive months, a majority of the members of the board of directors or other equivalent governing body of Molekule Parent cease to be composed of individuals (i) who were members of that board or equivalent governing body on the first day of such period, (ii) whose election or nomination to that board or equivalent governing body was approved by individuals referred to in clause (i) above constituting at the time of such election or nomination at least a majority of that board or equivalent governing body or (iii) whose election or nomination to that board or other equivalent governing body was approved by individuals referred to in clauses (i) and (ii) above constituting at the time of such election or nomination at least a majority of that board or equivalent governing body; or (c) at any time, Borrower shall cease to own and control, of record and beneficially, directly or indirectly, one hundred percent (100.0%) of each class of outstanding capital stock of each Subsidiary of Borrower free and clear of all Liens (except Permitted Liens)."

" "**Financing Event**" is Borrower's delivery, on or prior to January 31, 2023, of evidence satisfactory to Bank in its reasonable discretion, confirming that Molekule has received, on or after October 1, 2022 but on or prior to January 31, 2023, unrestricted and unencumbered net cash proceeds in an amount of at least Five Million Dollars ($5,000,000.00) from the sale of Molekule's equity securities to, or a Subordinated Debt financing with, investors acceptable to Bank in its good faith business judgment."

" "**IP Agreement**" is, collectively, (a) that certain Intellectual Property Security Agreement between Molekule and Bank dated as of the Effective Date and (b) that certain Intellectual Property Security Agreement between Molekule Parent and Bank dated as of the Third LMA Effective Date, as may be amended, modified or restated from time to time."

" "**Key Person**" is each of Borrower's Chief Executive Officer and Chief Financial Officer."

" "**Warrant**" is, each and together, (i) that certain Warrant to Purchase Stock dated as of the Effective Date between Molekule and Bank, (ii) that certain Warrant to Purchase Stock dated as of the Effective Date between Molekule and SVB Innovation Credit Fund VIII, L.P., (iii) that certain Warrant to Purchase Stock dated as of the First LMA Effective Date between Molekule and Bank, (iv) that certain Warrant to Purchase Stock dated as of the First LMA Effective Date between Molekule and SVB Innovation Credit Fund VIII, L.P., each as amended, modified, supplemented and/or restated from time to time."

11 The Compliance Statement appearing as **Exhibit B** to the Loan Agreement is hereby replaced with the Compliance Statement attached as **Schedule 1** hereto.

B. ACKNOWLEDGEMENT OF DEFAULT; FORBEARANCE BY BANK. Borrower acknowledges that it is currently in default by virtue of Borrower's failure to comply with the financial covenant set forth in Section 6.12 of the Loan Agreement (relative to the requirement that Borrower maintain a certain minimum Net Revenue) for the calendar quarter ended December 31, 2022 (the "Default"). Bank hereby agrees to forbear from exercising its rights and remedies

with respect to the Default from the date of this Agreement until the earlier to occur of (a) the occurrence of any Event of Default (other than the Default) or (b) January 13, 2023. Bank further agrees that, in the event the AeroClean Acquisition closes on or prior to January 13, 2023, then the Default shall be deemed to be waived by Bank. Borrower hereby acknowledges and agrees that except as specifically provided herein, nothing in this Section 3.B. or anywhere in this Loan Modification Agreement shall be deemed or otherwise construed as a waiver by the Bank of the Default or any of its rights and remedies pursuant to the Existing Loan Documents, applicable law or otherwise.

9. FEES AND EXPENSES. Borrower shall reimburse Bank for all documented legal fees and out-of-pocket filing and search expenses reasonably incurred by Bank in connection with this amendment to the Existing Loan Documents.

10. RATIFICATION OF INTELLECTUAL PROPERTY SECURITY AGREEMENTS.

(a) Existing Borrower hereby ratifies, confirms and reaffirms, all and singular, the terms and conditions of the Existing Borrower Intellectual Property Security Agreement, and acknowledges, confirms and agrees that the Existing Borrower Intellectual Property Security Agreement contains an accurate and complete listing of all Intellectual Property Collateral as defined in the Existing Borrower Intellectual Property Security Agreement, and shall remain in full force and effect.

(b) New Borrower hereby ratifies, confirms and reaffirms, all and singular, the terms and conditions of the New Borrower Intellectual Property Security Agreement, and acknowledges, confirms and agrees that the New Borrower Intellectual Property Security Agreement contains an accurate and complete listing of all Intellectual Property Collateral as defined in the New Borrower Intellectual Property Security Agreement, and shall remain in full force and effect.

11. PERFECTION CERTIFICATES.

(a) Existing Borrower hereby ratifies, confirms and reaffirms, all and singular, the terms and disclosures contained in a certain Perfection Certificate dated as of January 12, 2023 (the "Existing Borrower Perfection Certificate"), and acknowledges, confirms and agrees that the disclosures and information Existing Borrower provided to Bank in the Existing Borrower Perfection Certificate have not changed, as of the date hereof.

(b) In connection with this Agreement, New Borrower has delivered to Bank a Perfection Certificate signed by New Borrower dated as of the date of this Agreement (the "New Borrower Perfection Certificate"). New Borrower represents and warrants to Bank that: (i) New Borrower's exact legal name is that indicated on the New Borrower Perfection Certificate and on the signature page hereof; and (ii) New Borrower is an organization of the type, and is organized in the jurisdiction, set forth in the New Borrower Perfection Certificate; (iii) the New Borrower Perfection Certificate accurately sets forth New Borrower's organizational identification number or accurately states that New Borrower has none; (iv) the New Borrower Perfection Certificate accurately sets forth New Borrower's place of business, or, if more than one, its chief executive office as well as New Borrower's mailing address if different; and (v) all other information set forth on the New Borrower Perfection Certificate pertaining to New Borrower is accurate and complete.

Borrower hereby acknowledges and agrees that all references in the Loan Agreement to the "Perfection Certificate" shall mean and include, collectively, the Existing Borrower Perfection Certificate and the New Borrower Perfection Certificate.

12. CONSISTENT CHANGES. The Existing Loan Documents are hereby amended wherever necessary to reflect the changes described above.

13. RATIFICATION OF LOAN DOCUMENTS. Borrower hereby ratifies, confirms, and reaffirms all terms and conditions of all security or other collateral granted to Bank, and confirms that the indebtedness secured thereby includes, without limitation, the Obligations.

14. RELEASE BY BORROWER.

A. FOR GOOD AND VALUABLE CONSIDERATION, Borrower hereby forever relieves, releases, and discharges Bank and its present or former employees, officers, directors, agents, representatives, attorneys, and each of them, from any and all claims, debts, liabilities, demands, obligations, promises, acts, agreements, costs and expenses, actions and causes of action, of every type, kind, nature, description or character whatsoever, whether known or unknown, suspected or unsuspected, absolute or contingent, arising out of or in any manner whatsoever connected with or related to facts, circumstances, issues, controversies or claims existing or arising from the beginning of time through and including the date of execution of this Agreement (collectively "Released Claims"). Without limiting the foregoing, the Released Claims shall include any and all liabilities or claims arising out of or in any manner whatsoever connected with or related to the Loan Documents, the recitals hereto, any instruments, agreements or documents executed in connection with any of the foregoing or the origination, negotiation, administration, servicing and/or enforcement of any of the foregoing.

B. In furtherance of this release, Borrower expressly acknowledges and waives any and all rights under Section 1542 of the California Civil Code, which provides as follows:

> "**A general release** does not extend to claims that the creditor or releasing party does not know or suspect to exist in his or her favor at the time of executing the release and that, if known by him or her, would have materially affected his or her settlement with the debtor or released party." (Emphasis added.)

C. By entering into this release, Borrower recognizes that no facts or representations are ever absolutely certain and it may hereafter discover facts in addition to or different from those which it presently knows or believes to be true, but that it is the intention of Borrower hereby to fully, finally and forever settle and release all matters, disputes and differences, known or unknown, suspected or unsuspected; accordingly, if Borrower should subsequently discover that any fact that it relied upon in entering into this release was untrue, or that any understanding of the facts was incorrect, Borrower shall not be entitled to set aside this release by reason thereof, regardless of any claim of mistake of fact or law or any other circumstances whatsoever. Borrower acknowledges that it is not relying upon and has not relied upon any representation or statement made by Bank with respect to the facts underlying this release or with regard to any of such party's rights or asserted rights.

D. This release may be pleaded as a full and complete defense and/or as a cross-complaint or counterclaim against any action, suit, or other proceeding that may be instituted, prosecuted or attempted in breach of this release. Borrower acknowledges that the release contained herein constitutes a material inducement to Bank to enter into this Agreement, and that Bank would not have done so but for Bank's expectation that such release is valid and enforceable in all events.

E. Borrower hereby represents and warrants to Bank, and Bank is relying thereon, as follows:

1 Except as expressly stated in this Agreement, neither Bank nor any agent, employee or representative of Bank has made any statement or representation to Borrower regarding any fact relied upon by Borrower in entering into this Agreement.

2 Borrower has made such investigation of the facts pertaining to this Agreement and all of the matters appertaining thereto, as it deems necessary.

3 The terms of this Agreement are contractual and not a mere recital.

4 This Agreement has been carefully read by Borrower, the contents hereof are known and understood by Borrower, and this Agreement is signed freely, and without duress, by Borrower.

5 Borrower represents and warrants that it is the sole and lawful owner of all right, title and interest in and to every claim and every other matter which it releases herein, and that it has not heretofore assigned or transferred, or purported to assign or transfer, to any person, firm or entity any claims or other matters herein released. Borrower shall indemnify Bank, defend and hold it harmless from and against all claims based upon or arising in connection with prior assignments or purported assignments or transfers of any claims or matters released herein.

15. CONTINUING VALIDITY. Borrower understands and agrees that in modifying the existing Obligations, Bank is relying upon Borrower's representations, warranties, and agreements, as set forth in the Existing Loan Documents. Except as expressly modified pursuant to this Agreement, the terms of the Existing Loan Documents remain unchanged and in full force and effect. Bank's agreement to modifications to the existing Obligations pursuant to this Agreement in no way shall obligate Bank to make any future modifications to the Obligations. Nothing in this Agreement shall constitute a satisfaction of the Obligations. It is the intention of Bank and Borrower to retain as liable parties all makers of Existing Loan Documents, unless the party is expressly released by Bank in writing. No maker will be released by virtue of this Agreement.

16. COUNTERSIGNATURE. This Agreement shall become effective only when it shall have been executed by Borrower and Bank.

[The remainder of this page is intentionally left blank]

This Agreement is executed as of the date first written above.

EXISTING BORROWER:

MOLEKULE, INC.

By: /s/ Jonathan Harris

Name: Jonathan Harris

Title: Chief Executive Officer

NEW BORROWER:

MOLEKULE GROUP, INC. (F/K/A AEROCLEAN TECHNOLOGIES, INC.)

By: /s/ Ritankar “Ronti” Pal

Name: Ritankar Pal

Title: Chief Operating Officer

BANK:

SILICON VALLEY BANK

By: /s/ Sheila Colson

Name: Sheila Colson

Title: Managing Director

Schedule 1

EXHIBIT B

LOAN AND SECURITY AGREEMENT

THIS LOAN AND SECURITY AGREEMENT (this "**Agreement**") dated as of June 24, 2016 (the "**Effective Date**"), between **SILICON VALLEY BANK**, a California corporation ("**Bank**"), and **MOLEKULE, INC.** (fka Transformair, Inc.), a Delaware corporation ("**Borrower**"), provides the terms on which Bank shall lend to Borrower and Borrower shall repay Bank. The parties agree as follows:

1 ACCOUNTING AND OTHER TERMS

Except as otherwise provided in this Agreement, (i) accounting terms not defined in this Agreement and (ii) calculations and determinations must be made following GAAP. Capitalized terms not otherwise defined in this Agreement shall have the meanings set forth in Section 13. All other terms contained in this Agreement, unless otherwise indicated, shall have the meanings provided by the Code to the extent such terms are defined therein.

2 LOAN AND TERMS OF PAYMENT

2.1 Promise to Pay. Borrower hereby unconditionally promises to pay Bank the outstanding principal amount of all Credit Extensions and accrued and unpaid interest thereon as and when due in accordance with this Agreement.

2.1.1 Growth Capital Loan.

(a) Availability. Subject to the terms and conditions of this Agreement, Bank agrees to make advances to Borrower (each a "**Growth Capital Advance**" and collectively the "**Growth Capital Advances**"), from time to time, prior to the Growth Capital Commitment Termination Date, in an aggregate amount not to exceed the Growth Capital Loan Commitment. Each Growth Capital Advance must be in an amount of not less than the lesser of (i) Two Hundred Fifty Thousand Dollars ($250,000) or (ii) the remaining amount available under the Growth Capital Loan Commitment. After repayment, no Growth Capital Advance may be reborrowed.

(b) Repayment of Growth Capital Advance.

(i) Interest-Only Payments. For each Growth Capital Advance, Borrower shall make monthly payments of interest-only commencing on the first (1st) Business Day of the first (1st) month following the month in which the Funding Date occurs with respect to such Growth Capital Advance and continuing thereafter during the Interest-Only Period, on the first (1st) Business Day of each successive month.

(ii) Principal and Interest Payments. For each Growth Capital Advance outstanding as of the last day of the Interest-Only Period, Borrower shall make thirty-six (36) consecutive equal monthly payments of principal plus all accrued but unpaid interest commencing on the first (1st) Business Day of the first (1st) month after the Interest-Only Period (the

"**Conversion Date**"), in amounts that would fully amortize the applicable Growth Capital Advance, as of the Conversion Date, over the Repayment Period. The Final Payment and all

unpaid principal and accrued and unpaid interest on each Growth Capital Advance are due and payable in full on the Growth Capital Maturity Date.

(c) Voluntary Prepayment. Borrower shall have the option to prepay all Growth Capital Advances in full, provided Borrower (i) shall provide written notice to Bank of its election to prepay the Growth Capital Advances at least thirty (30) days prior to such prepayment and (ii) pays, on the date of such prepayment, (A) all outstanding principal and accrued but unpaid interest, plus (B) the Final Payment, plus (C) all other sums, including Bank Expenses, if any, that shall have become due and payable.

(d) Mandatory Prepayment Upon an Acceleration. If the Growth Capital Advances are accelerated following the occurrence of an Event of Default, Borrower shall immediately pay to Bank an amount equal to the sum of (i) all outstanding principal and accrued but unpaid interest, plus (ii) the Final Payment, plus (iii) all other sums, including Bank Expenses, if any, that shall have become due and payable.

2.2 Payment of Interest on the Credit Extensions.

(a) Interest Rate. Subject to Section 2.2(b), the principal amount outstanding for each Growth Capital Advance shall accrue interest at a floating per annum rate equal to the Prime Rate, which shall be payable monthly.

(b) Default Rate. Immediately upon the occurrence and during the continuance of an Event of Default, Obligations shall bear interest at a rate per annum which is five percentage points (5.0%) above the rate that is otherwise applicable thereto (the "**Default Rate**"). Fees and expenses which are required to be paid by Borrower pursuant to the Loan Documents (including, without limitation, Bank Expenses) but are not paid when due shall bear interest until paid at a rate equal to the highest rate applicable to the Obligations. Payment or acceptance of the increased interest rate provided in this Section 2.2(b) is not a permitted alternative to timely payment and shall not constitute a waiver of any Event of Default or otherwise prejudice or limit any rights or remedies of Bank.

(c) Adjustment to Interest Rate. Changes to the interest rate of any Credit Extension based on changes to the Prime Rate shall be effective on the effective date of any change to the Prime Rate and to the extent of any such change.

(d) Payment; Interest Computation. Interest is payable monthly on the first calendar day of each month and shall be computed on the basis of a 360-day year for the actual number of days elapsed. In computing interest, (i) all payments received after 12:00 p.m. Pacific time on any day shall be deemed received at the opening of business on the next Business Day, and (ii) the date of the making of any Credit Extension shall be included and the date of payment shall be excluded; provided, however, that if any Credit Extension is repaid on the same day on which it is made, such day shall be included in computing interest on such Credit Extension.

2.3 Fees. Borrower shall pay to Bank the following:

(a) Final Payment. The Final Payment, when due hereunder;

(b) Good Faith Deposit. Borrower has paid to Bank a good faith deposit of Five Thousand Dollars ($5,000) (the "**Good Faith Deposit**") to initiate Bank's due diligence review process, which amount shall be applied to Bank Expenses on the Effective Date; and

(c) Expenses. All Bank Expenses (including reasonable attorneys' fees and expenses, plus expenses for documentation and negotiation of this Agreement, which attorneys' fees (exclusive of expenses) shall not exceed Six Thousand Dollars ($6,000) through the Effective Date, so long as there are no more than two (2) turns of the Loan Documents) incurred through and after the Effective Date, when due (or, if no stated due date, upon demand by Bank).

(d) Fees Fully Earned. Unless otherwise provided in this Agreement or in a separate writing by Bank, Borrower shall not be entitled to any credit, rebate, or repayment of any fees earned by Bank pursuant to this Agreement notwithstanding any termination of this Agreement or the suspension or termination of Bank's obligation to make loans and advances hereunder. Bank may deduct amounts owing by Borrower under the clauses of this Section 2.3 pursuant to the terms of Section 2.4(c). Bank shall provide Borrower written notice of deductions made from the Designated Deposit Account pursuant to the terms of the clauses of this Section 2.3.

2.4 Payments; Application of Payments; Debit of Accounts.

(a) All payments to be made by Borrower under any Loan Document shall be made in immediately available funds in Dollars, without setoff or counterclaim, before 12:00 p.m. Pacific time on the date when due. Payments of principal and/or interest received after 12:00 p.m. Pacific time are considered received at the opening of business on the next Business Day. When a payment is due on a day that is not a Business Day, the payment shall be due the next Business Day, and additional fees or interest, as applicable, shall continue to accrue until paid.

(b) Bank has the exclusive right to determine the order and manner in which all payments with respect to the Obligations may be applied. Borrower shall have no right to specify the order or the accounts to which Bank shall allocate or apply any payments required to be made by Borrower to Bank or otherwise received by Bank under this Agreement when any such allocation or application is not specified elsewhere in this Agreement.

(c) Bank may debit any of Borrower's deposit accounts, including the Designated Deposit Account, for principal and interest payments or any other amounts Borrower owes Bank when due. These debits shall not constitute a set-off.

2.5 Withholding. Payments received by Bank from Borrower under this Agreement will be made free and clear of and without deduction for any and all present or future taxes, levies, imposts, duties, deductions, withholdings, assessments, fees or other charges imposed by any Governmental Authority (including any interest, additions to tax or penalties applicable thereto). Specifically, however, if at any time any Governmental Authority, applicable law, regulation or international agreement requires Borrower to make any withholding or deduction from any such payment or other sum payable hereunder to Bank, Borrower hereby covenants and agrees that the amount due from Borrower with respect to such payment or other sum payable

hereunder will be increased to the extent necessary to ensure that, after the making of such required withholding or deduction, Bank receives a net sum equal to the sum which it would have received had no withholding or deduction been required, and Borrower shall pay the full amount withheld or deducted to the relevant Governmental Authority. Borrower will, upon request, furnish Bank with proof reasonably satisfactory to Bank indicating that Borrower has made such withholding payment; provided, however, that Borrower need not make any withholding payment if the amount or validity of such withholding payment is contested in good faith by appropriate and timely proceedings and as to which payment in full is bonded or reserved against by Borrower. The agreements and obligations of Borrower contained in this Section 2.5 shall survive the termination of this Agreement.

3 CONDITIONS OF LOANS

3.1 Conditions Precedent to Initial Credit Extension. Bank's obligation to make the initial Credit Extension is subject to the condition precedent that Bank shall have received, in form and substance satisfactory to Bank, such documents, and completion of such other matters, as Bank may reasonably deem necessary or appropriate, including, without limitation:

(a) duly executed original signatures to the Loan Documents;

(b) a duly executed original signature to the Warrant;

(c) duly executed original signatures to the Control Agreements;

(d) the Operating Documents and long-form good standing certificates of Borrower and its Subsidiaries certified by the Secretary of State (or equivalent agency) of Borrower's and such Subsidiaries' jurisdiction of organization or formation and each jurisdiction in which Borrower and each Subsidiary is qualified to conduct business, each as of a date no earlier than thirty (30) days prior to the Effective Date;

(e) duly executed original signatures to the completed Borrowing Resolutions for Borrower;

(f) certified copies, dated as of a recent date, of financing statement searches, as Bank may request, accompanied by written evidence (including any UCC termination statements) that the Liens indicated in any such financing statements either constitute Permitted Liens, or have been, or in connection with the initial Credit Extension will be, terminated or released;

(g) the Perfection Certificate executed by Borrower;

(h) a bailee's waiver in favor of Bank for each location where Borrower maintains property with a third party, by each such third party, together with the duly executed original signatures thereto;

(i) a copy of Borrower's Registration Rights Agreement and/or Investors' Rights Agreement and any amendments thereto;

(j) evidence satisfactory to Bank that the insurance policies and endorsements required by Section 6.5 hereof are in full force and effect, together with appropriate evidence showing lender loss payable and/or additional insured clauses and cancellation notice to Bank (or endorsements reflecting the same) in favor of Bank; and

(k) payment of the fees and Bank Expenses then due as specified in Section 2.3 hereof.

3.2 Conditions Precedent to all Credit Extensions. Bank's obligations to make each Credit Extension, including the initial Credit Extension, are subject to the following conditions precedent:

(a) timely receipt of an executed Payment/Advance Form;

(b) the representations and warranties in this Agreement shall be true, accurate, and complete in all material respects on the date of the Payment/Advance Form and on the Funding Date of each Credit Extension; taking into account updates thereof subsequent to the Effective Date to the extent permitted by notice to the Bank by one or more specific provisions of this Agreement; provided, however, that such materiality qualifier shall not be applicable to any representations and warranties that already are qualified or modified by materiality in the text thereof; and provided, further that those representations and warranties expressly referring to a specific date or time period shall be true, accurate and complete in all material respects as of such date or with respect to such time period, and no Event of Default shall have occurred and be continuing or result from the Credit Extension. Each Credit Extension is Borrower's representation and warranty on that date that the representations and warranties in this Agreement remain true, accurate, and complete in all material respects; provided, however, that such materiality qualifier shall not be applicable to any representations and warranties that already are qualified or modified by materiality in the text thereof; and provided, further that those representations and warranties expressly referring to a specific date or time period shall be true, accurate and complete in all material respects as of such date or with respect to such time period; and

(c) Bank determines to its satisfaction that there has not been any material impairment in the general affairs, management, results of operation, financial condition or the prospect of repayment of the Obligations; and there has not been any material adverse deviation by Borrower from the most recent business plan of Borrower presented to and accepted by Bank.

3.3 Covenant to Deliver. Borrower agrees to deliver to Bank each item required to be delivered to Bank under this Agreement as a condition precedent to any Credit Extension. Borrower expressly agrees that a Credit Extension made prior to the receipt by Bank of any such item shall not constitute a waiver by Bank of Borrower's obligation to deliver such item, and any such Credit Extension in the absence of a required item shall be made in Bank's sole discretion.

3.4 Procedures for Borrowing. Subject to the prior satisfaction of all other applicable conditions to the making of a Credit Extension set forth in this Agreement, to obtain a Credit Extension, Borrower shall notify Bank (which notice shall be irrevocable) by electronic mail, facsimile, or telephone by 12:00 p.m. Pacific time on the Funding Date of the Credit

Extension. Together with any such electronic or facsimile notification, Borrower shall deliver to Bank by electronic mail or facsimile a completed Payment/Advance Form executed by a Responsible Officer or his or her designee. Bank may rely on any telephone notice given by a person who Bank believes is a Responsible Officer or designee. Bank shall credit Credit Extensions to the Designated Deposit Account. Bank may make Credit Extensions under this Agreement based on instructions from a Responsible Officer or his or her designee or without instructions if the Credit Extensions are necessary to meet Obligations that have become due.

4 CREATION OF SECURITY INTEREST

4.1 Grant of Security Interest. Borrower hereby grants Bank, to secure the payment and performance in full of all of the Obligations, a continuing security interest in, and pledges to Bank, the Collateral, wherever located, whether now owned or hereafter acquired or arising, and all proceeds and products thereof.

Borrower acknowledges that it previously has entered, and/or may in the future enter, into Bank Services Agreements with Bank. Regardless of the terms of any Bank Services Agreement, Borrower agrees that any amounts Borrower owes Bank thereunder shall be deemed to be Obligations hereunder and that it is the intent of Borrower and Bank to have all such Obligations secured by the first priority perfected security interest in the Collateral granted herein (subject only to Permitted Liens that may have superior priority to Bank's Lien in this Agreement).

If this Agreement is terminated, Bank's Lien in the Collateral shall continue until the Obligations (other than inchoate indemnity obligations) are satisfied in full, and at such time, Bank shall, at Borrower's sole cost and expense, terminate its security interest in the Collateral and all rights therein shall revert to Borrower. In the event (x) all Obligations (other than inchoate indemnity obligations), except for Bank Services, are satisfied in full, and (y) this Agreement is terminated, Bank shall terminate the security interest granted herein upon Borrower providing cash collateral acceptable to Bank in its good faith business judgment for Bank Services, if any. In the event such Bank Services consist of outstanding Letters of Credit, Borrower shall provide to Bank cash collateral in an amount equal to (x) if such Letters of Credit are denominated in Dollars, then at least one hundred five percent (105.0%); and (y) if such Letters of Credit are denominated in a Foreign Currency, then at least one hundred ten percent (110.0%), of the Dollar Equivalent of the face amount of all such Letters of Credit plus all interest, fees, and costs due or to become due in connection therewith (as estimated by Bank in its good faith business judgment), to secure all of the Obligations relating to such Letters of Credit.

4.2 Priority of Security Interest. Borrower represents, warrants, and covenants that the security interest granted herein is and shall at all times continue to be a first priority perfected security interest in the Collateral (subject only to Permitted Liens that are permitted pursuant to the terms of this Agreement to have superior priority to Bank's Lien under this Agreement). If Borrower shall acquire a commercial tort claim, Borrower shall promptly notify Bank in a writing signed by Borrower of the general details thereof and grant to Bank in such writing a security interest therein and in the proceeds thereof, all upon the terms of this Agreement, with such writing to be in form and substance reasonably satisfactory to Bank.

4.3 Authorization to File Financing Statements. Borrower hereby authorizes Bank to file financing statements, without notice to Borrower, with all appropriate jurisdictions to perfect or protect Bank's interest or rights hereunder, including a notice that any disposition of the Collateral, by Borrower or any other Person, shall be deemed to violate the rights of Bank under the Code.

5 REPRESENTATIONS AND WARRANTIES

Borrower represents and warrants as follows:

5.1 Due Organization, Authorization; Power and Authority. Borrower is duly existing and in good standing as a Registered Organization in its jurisdiction of formation and is qualified and licensed to do business and is in good standing in any jurisdiction in which the conduct of its business or its ownership of property requires that it be qualified except where the failure to do so could not reasonably be expected to have a material adverse effect on Borrower's business. In connection with this Agreement, Borrower has delivered to Bank a completed certificate signed by Borrower, entitled "Perfection Certificate". Borrower represents and warrants to Bank that (a) Borrower's exact legal name is that indicated on the Perfection Certificate and on the signature page hereof; (b) Borrower is an organization of the type, and is organized in the jurisdiction, set forth in the Perfection Certificate; (c) the Perfection Certificate accurately sets forth Borrower's organizational identification number or accurately states that Borrower has none; (d) the Perfection Certificate accurately sets forth Borrower's place of business, or, if more than one, its chief executive office as well as Borrower's mailing address (if different than its chief executive office); (e) Borrower (and each of its predecessors) has not, in the past five (5) years, changed its jurisdiction of formation, organizational structure or type, or any organizational number assigned by its jurisdiction; and (f) all other information set forth on the Perfection Certificate pertaining to Borrower and each of its Subsidiaries is accurate and complete (it being understood and agreed that Borrower may from time to time update certain information in the Perfection Certificate after the Effective Date to the extent permitted by one or more specific provisions in this Agreement). If Borrower is not now a Registered Organization but later becomes one, Borrower shall promptly notify Bank of such occurrence and provide Bank with Borrower's organizational identification number.

The execution, delivery and performance by Borrower of the Loan Documents to which it is a party have been duly authorized, and do not (i) conflict with any of Borrower's organizational documents, (ii) contravene, conflict with, constitute a default under or violate any material Requirement of Law, (iii) contravene, conflict with or violate any applicable order, writ, judgment, injunction, decree, determination or award of any Governmental Authority by which Borrower or any of its Subsidiaries or any of their property or assets may be bound or affected, (iv) require any action by, filing, registration, or qualification with, or Governmental Approval from, any Governmental Authority (except such Governmental Approvals that have already been obtained and are in full force and effect) or (v) conflict with, contravene, constitute a default or breach under, or result in or permit the termination or acceleration of, any material agreement by which Borrower is bound. Borrower is not in default under any agreement to which it is a party or by which it is bound in which the default could reasonably be expected to have a material adverse effect on Borrower's business.

5.2 Collateral. Borrower has good title to, rights in, and the power to transfer each item of the Collateral upon which it purports to grant a Lien hereunder, free and clear of any and all Liens except Permitted Liens. Borrower has no Collateral Accounts at or with any bank or financial institution other than Bank or Bank's Affiliates except for the Collateral Accounts described in the Perfection Certificate delivered to Bank in connection herewith and which Borrower has taken such actions as are necessary to give Bank a perfected security interest therein, pursuant to the terms of Section 6.6(b). The Accounts are bona fide, existing obligations of the Account Debtors.

The Collateral is not in the possession of any third party bailee (such as a warehouse) except as otherwise provided in the Perfection Certificate. None of the components of the Collateral shall be maintained at locations other than as provided in the Perfection Certificate or as permitted pursuant to Section 7.2.

All Inventory is in all material respects of good and marketable quality, free from material defects.

Borrower is the sole owner of the Intellectual Property which it owns or purports to own except for (a) non-exclusive licenses granted to its customers in the ordinary course of business, (b) over-the-counter software that is commercially available to the public, and (c) material Intellectual Property licensed to Borrower and noted on the Perfection Certificate. Each Patent which it owns or purports to own and which is material to Borrower's business is valid and enforceable, and no part of the Intellectual Property which Borrower owns or purports to own and which is material to Borrower's business has been judged invalid or unenforceable, in whole or in part. To the best of Borrower's knowledge, no claim has been made that any part of the Intellectual Property violates the rights of any third party except to the extent such claim would not reasonably be expected to have a material adverse effect on Borrower's business.

Except as noted on the Perfection Certificate, Borrower is not a party to, nor is it bound by, any Restricted License.

5.3 Litigation. There are no actions or proceedings pending or, to the knowledge of any Responsible Officer, threatened in writing by or against Borrower or any of its Subsidiaries involving more than One Hundred Thousand Dollars ($100,000) individually or in the aggregate.

5.4 No Material Deviation in Financial Statements. All consolidated financial statements for Borrower and any of its Subsidiaries delivered to Bank fairly present in all material respects Borrower's consolidated financial condition and Borrower's consolidated results of operations. There has not been any material deterioration in Borrower's consolidated financial condition since the date of the most recent financial statements submitted to Bank.

5.5 Solvency. The fair salable value of Borrower's consolidated assets (including goodwill minus disposition costs) exceeds the fair value of Borrower's liabilities; Borrower is not left with unreasonably small capital after the transactions in this Agreement; and Borrower is able to pay its debts (including trade debts) as they mature.

5.6 Regulatory Compliance. Borrower is not an "investment company" or a company "controlled" by an "investment company" under the Investment Company Act of 1940,

as amended. Borrower is not engaged as one of its important activities in extending credit for margin stock (under Regulations X, T and U of the Federal Reserve Board of Governors). Borrower (a) has complied in all material respects with all Requirements of Law, and (b) has not violated any Requirements of Law the violation of which could reasonably be expected to have a material adverse effect on its business. None of Borrower's or any of its Subsidiaries' properties or assets has been used by Borrower or any Subsidiary or, to the best of Borrower's knowledge, by previous Persons, in disposing, producing, storing, treating, or transporting any hazardous substance other than legally. Borrower and each of its Subsidiaries have obtained all consents, approvals and authorizations of, made all declarations or filings with, and given all notices to, all Governmental Authorities that are necessary to continue their respective businesses as currently conducted.

5.7 Subsidiaries; Investments. Borrower does not own any stock, partnership, or other ownership interest or other equity securities except for Permitted Investments.

5.8 Tax Returns and Payments; Pension Contributions. Borrower has timely filed all required tax returns and reports, and Borrower has timely paid all foreign, federal, state and local taxes, assessments, deposits and contributions owed by Borrower except (a) to the extent such taxes are being contested in good faith by appropriate proceedings promptly instituted and diligently conducted, so long as such reserve or other appropriate provision, if any, as shall be required in conformity with GAAP shall have been made therefor, or (b) if such taxes, assessments, deposits and contributions do not, individually or in the aggregate, exceed Ten Thousand Dollars ($10,000).

To the extent Borrower defers payment of any contested taxes, Borrower shall (i) notify Bank in writing of the commencement of, and any material development in, the proceedings, and (ii) post bonds or take any other steps required to prevent the Governmental Authority levying such contested taxes from obtaining a Lien upon any of the Collateral that is other than a "Permitted Lien." Borrower is unaware of any claims or adjustments proposed for any of Borrower's prior tax years which could reasonably be expected to result in additional taxes becoming due and payable by Borrower in excess of Ten Thousand Dollars ($10,000). Borrower has paid all amounts necessary to fund all present pension, profit sharing and deferred compensation plans in accordance with their terms, and Borrower has not withdrawn from participation in, and has not permitted partial or complete termination of, or permitted the occurrence of any other event with respect to, any such plan which could reasonably be expected to result in any liability of Borrower, including any liability to the Pension Benefit Guaranty Corporation or its successors or any other governmental agency.

5.9 Use of Proceeds. Borrower shall use the proceeds of the Credit Extensions solely as working capital to fund its general business requirements and not for personal, family, household or agricultural purposes.

5.10 Full Disclosure. No written representation, warranty or other statement of Borrower in any certificate or written statement given to Bank, as of the date such representation, warranty, or other statement was made, taken together with all such written certificates and written statements given to Bank, contains any untrue statement of a material fact or omits to state a material fact necessary to make the statements contained in the certificates or statements

not misleading (it being recognized by Bank that the projections and forecasts provided by Borrower in good faith and based upon reasonable assumptions are not viewed as facts and that actual results during the period or periods covered by such projections and forecasts may differ from the projected or forecasted results).

5.11 Definition of "Knowledge." For purposes of the Loan Documents, whenever a representation or warranty is made to Borrower's knowledge or awareness, to the "best of" Borrower's knowledge, or with a similar qualification, knowledge or awareness means the actual knowledge, after reasonable investigation, of any Responsible Officer.

6 AFFIRMATIVE COVENANTS

Until such time as all Obligations are satisfied in full and Bank has no further obligation to make Credit Extensions to Borrower, Borrower shall do all of the following:

6.1 Government Compliance.

(a) Maintain its and all its Subsidiaries' legal existence and good standing in their respective jurisdictions of formation and maintain qualification in each jurisdiction in which the failure to so qualify would reasonably be expected to have a material adverse effect on Borrower's business or operations. Borrower shall comply, and have each Subsidiary comply, in all material respects, with all laws, ordinances and regulations to which it is subject.

(b) Obtain all of the Governmental Approvals necessary for the performance by Borrower of its obligations under the Loan Documents to which it is a party and the grant of a security interest to Bank in the Collateral. Borrower shall promptly provide copies of any such obtained Governmental Approvals to Bank.

6.2 Financial Statements, Reports, Certificates. Provide Bank with the following:

(a) Monthly Financial Statements. As soon as available, but no later than thirty (30) days after the last day of each month, a company prepared consolidated balance sheet and income statement covering Borrower's consolidated operations for such month certified by a Responsible Officer and in a form reasonably acceptable to Bank (the "**Monthly Financial Statements**");

(b) Monthly Compliance Certificate. Within thirty (30) days after the last day of each month and together with the Monthly Financial Statements, a duly completed Compliance Certificate signed by a Responsible Officer, certifying that as of the end of such month, Borrower was in full compliance with all of the terms and conditions of this Agreement, and setting forth such other information as Bank may reasonably request;

(c) Annual Operating Budget and Financial Projections. Within thirty (30) days after to the end of each fiscal year of Borrower, (i) annual operating budgets (including income statements, balance sheets and cash flow statements, by month) for the upcoming fiscal year of Borrower, and (ii) annual financial projections for the following fiscal year (on a quarterly basis) as approved by Borrower's board of directors, commensurate with those operating budgets and financial projections provided to Borrower's venture capital investors;

(d) Annual Financial Statements. If Borrower's board of directors requires CPA-audited or reviewed annual financial statements, then, as soon as available, and in any event within two hundred seventy (270) days following the end of Borrower's fiscal year, audited or reviewed consolidated financial statements prepared under GAAP, consistently applied, together with (A) an unqualified opinion on the financial statements from an independent certified public accounting firm reasonably acceptable to Bank in its reasonable discretion, in the case of CPA-audited financial statements, or (B) a report from an independent certified public accounting firm acceptable to Bank in its reasonable discretion, in the case of CPA-reviewed financial statements. If Borrower's board of directors does not require CPA-audited or reviewed annual financial statements, then, as soon as available, and in any event within sixty (60) days after the end of Borrower's fiscal year, company-prepared consolidated financial statements for such fiscal year certified by a Responsible Officer and in a form reasonably acceptable to Bank;

(e) Other Statements. Within five (5) days of delivery, copies of all statements, reports and notices made available to Borrower's security holders or to any holders of Subordinated Debt;

(f) SEC Filings. In the event that Borrower becomes subject to the reporting requirements under the Exchange Act within five (5) days of filing, copies of all periodic and other reports, proxy statements and other materials filed by Borrower with the SEC, any Governmental Authority succeeding to any or all of the functions of the SEC or with any national securities exchange, or distributed to its shareholders, as the case may be. Documents required to be delivered pursuant to the terms hereof (to the extent any such documents are included in materials otherwise filed with the SEC) may be delivered electronically and if so delivered, shall be deemed to have been delivered on the date on which Borrower posts such documents, or provides a link thereto, on Borrower's website on the Internet at Borrower's website address; provided, however, Borrower shall promptly notify Bank in writing (which may be by electronic mail) of the posting of any such documents;

(g) Legal Action Notice. A prompt report of any legal actions pending or threatened in writing against Borrower or any of its Subsidiaries that could result in damages or costs to Borrower or any of its Subsidiaries of, individually or in the aggregate, One Hundred Thousand Dollars ($100,000) or more; and

(h) Other Financial Information. Other financial information reasonably requested by Bank.

6.3 Inventory; Returns. Keep all Inventory in good and marketable condition, free from material defects. Returns and allowances between Borrower and its Account Debtors shall follow Borrower's customary practices as they exist at the Effective Date. Borrower must promptly notify Bank of all returns, recoveries, disputes and claims that involve more than One Hundred Thousand Dollars ($100,000).

6.4 Taxes; Pensions. Timely file, and require each of its Subsidiaries to timely file, all required tax returns and reports and timely pay, and require each of its Subsidiaries to timely pay, all foreign, federal, state and local taxes, assessments, deposits and contributions owed by

Borrower and each of its Subsidiaries, except for deferred payment of any taxes contested pursuant to the terms of Section 5.8 hereof, and shall deliver to Bank, on demand, appropriate certificates attesting to such payments, and pay all amounts necessary to fund all present pension, profit sharing and deferred compensation plans in accordance with their terms.

6.5 Insurance.

(a) Keep its business and the Collateral insured for risks and in amounts standard for companies in Borrower's industry and location and as Bank may reasonably request. Insurance policies shall be in a form, with financially sound and reputable insurance companies that are not Affiliates of Borrower, and in amounts that are satisfactory to Bank. All property policies shall have a lender's loss payable endorsement showing Bank as lender loss payee. All liability policies shall show, or have endorsements showing, Bank as an additional insured. Bank shall be named as lender loss payee and/or additional insured with respect to any such insurance providing coverage in respect of any Collateral.

(b) Proceeds payable under any property policy are, at Bank's option, payable to Bank on account of the Obligations.

(c) At Bank's request, Borrower shall deliver certified copies of insurance policies and evidence of all premium payments. Each provider of any such insurance required under this Section 6.5 shall agree, by endorsement upon the policy or policies issued by it or by independent instruments furnished to Bank, that it will give Bank twenty (20) days prior written notice (ten (10) days' for non-payment of premium) before any such policy or policies shall be materially altered or canceled. If Borrower fails to obtain insurance as required under this Section 6.5 or to pay any amount or furnish any required proof of payment to third persons and Bank, Bank may make all or part of such payment or obtain such insurance policies required in this Section 6.5, and take any action under the policies Bank deems prudent.

6.6 Operating Accounts.

(a) Maintain its primary operating and other deposit accounts and securities accounts with Bank and Bank's Affiliates.

(b) Provide Bank five (5) days prior written notice before establishing any Collateral Account at or with any bank or financial institution other than Bank or Bank's Affiliates. For each Collateral Account that Borrower at any time maintains, Borrower shall cause the applicable bank or financial institution (other than Bank) at or with which any Collateral Account is maintained to execute and deliver a Control Agreement or other appropriate instrument with respect to such Collateral Account to perfect Bank's Lien in such Collateral Account in accordance with the terms hereunder, which control agreements may not be terminated without the prior written consent of Bank. The provisions of the previous sentence shall not apply to deposit accounts exclusively used for payroll, payroll taxes and other employee wage and benefit payments to or for the benefit of Borrower's employees and identified to Bank by Borrower as such.

6.7 Reserved.

6.8 Protection of Intellectual Property Rights.

(a) (i) Use commercially reasonable efforts necessary to protect, defend and maintain the validity and enforceability of its Intellectual Property which is material for the conduct of Borrower's business (other than Intellectual Property which Borrower licenses from one or more third parties); (ii) promptly advise Bank in writing of material infringements or any other event that could reasonably be expected to materially and adversely affect the value of its Intellectual Property which is material for the conduct of Borrower's business; and (iii) not allow any Intellectual Property which is material for the conduct of Borrower's business to be abandoned, forfeited or dedicated to the public without Bank's written consent.

(b) Provide written notice to Bank within fifteen (15) days of entering or becoming bound by any Restricted License (other than over-the-counter software that is commercially available to the public). Borrower shall take such commercially reasonable steps as Bank requests to obtain the consent of, or waiver by, any person whose consent or waiver is necessary for (i) any Restricted License to be deemed "Collateral" and for Bank to have a security interest in it that might otherwise be restricted or prohibited by law or by the terms of any such Restricted License, whether now existing or entered into in the future, and (ii) Bank to have the ability in the event of a liquidation of any Collateral to dispose of such Collateral in accordance with Bank's rights and remedies under this Agreement and the other Loan Documents.

6.9 Litigation Cooperation. From the date hereof and continuing through the termination of this Agreement, make available to Bank, without expense to Bank, Borrower and its officers, employees and agents and Borrower's books and records, to the extent that Bank may deem them reasonably necessary to prosecute or defend any third-party suit or proceeding instituted by or against Bank with respect to any Collateral or relating to Borrower. All Confidential Information obtained by Bank during or as a result of such activities shall be governed by Section 12.9.

6.10 Access to Collateral; Books and Records. Allow Bank, or its agents, at reasonable times, on one (1) Business Day's notice (provided no notice is required if an Event of Default has occurred and is continuing), to inspect the Collateral and audit and copy Borrower's Books. Such inspections or audits shall be conducted no more often than once every twelve (12) months unless an Event of Default has occurred and is continuing in which case such inspections and audits shall occur as often as Bank shall determine is necessary. The foregoing inspections and audits shall be at Borrower's expense. In the event Borrower and Bank schedule an audit more than ten (10) days in advance, and Borrower cancels or seeks to reschedule the audit with less than ten (10) days written notice to Bank, then (without limiting any of Bank's rights or remedies), Borrower shall pay Bank a fee of One Thousand Dollars ($1,000) plus any invoiced out-of-pocket expenses incurred by Bank to compensate Bank for the anticipated costs and expenses of the cancellation or rescheduling.

6.11 Formation or Acquisition of Subsidiaries. Notwithstanding and without limiting the negative covenants contained in Section 7.3 and 7.7 hereof, at the time that Borrower forms any direct or indirect Subsidiary or acquires any direct or indirect Subsidiary after the Effective Date, Borrower shall (a) cause such new Subsidiary to provide to Bank a joinder to the Loan Agreement to cause such Subsidiary to become a co-borrower hereunder, together with

such appropriate financing statements and/or Control Agreements, all in form and substance reasonably satisfactory to Bank (including being sufficient to grant Bank a first priority Lien (subject to Permitted Liens) in and to the assets of such newly formed or acquired Subsidiary), (b) provide to Bank appropriate certificates and powers and financing statements, pledging all of the direct or beneficial ownership interest in such new Subsidiary, in form and substance reasonably satisfactory to Bank, and (c) provide to Bank all other documentation in form and substance reasonably satisfactory to Bank, which in its opinion is appropriate with respect to the execution and delivery of the applicable documentation referred to above. Any document, agreement, or instrument executed or issued pursuant to this Section 6.11 shall be a Loan Document.

6.12 Further Assurances. Execute any further instruments and take further action as Bank reasonably requests to perfect or continue Bank's Lien in the Collateral or to effect the purposes of this Agreement.

7 NEGATIVE COVENANTS

Borrower shall not do any of the following without Bank's prior written consent:

7.1 Dispositions. Convey, sell, lease, transfer, assign, or otherwise dispose of (collectively, "**Transfer**"), or permit any of its Subsidiaries to Transfer, all or any part of its business or property, except for Transfers (a) of Inventory in the ordinary course of business; (b) of worn-out, fully depreciated or obsolete Equipment that is, in the reasonable judgment of Borrower, no longer economically practicable to maintain or useful in the ordinary course of business of Borrower; (c) consisting of Permitted Liens and Permitted Investments; (d) consisting of the sale or issuance of any stock of Borrower permitted under Section 7.2 of this Agreement; (e) consisting of Borrower's use or transfer of money or Cash Equivalents in a manner that is not prohibited by the terms of this Agreement or the other Loan Documents; and (f) of non-exclusive licenses for the use of the property of Borrower or its Subsidiaries in the ordinary course of business.

7.2 Changes in Business, Management, Control or Business Locations.

(a) Engage in or permit any of its Subsidiaries to engage in any business other than the businesses currently engaged in by Borrower and such Subsidiary, as applicable, or reasonably related thereto; (b) liquidate or dissolve; (c) fail to provide notice to Bank of any Key Person departing from or ceasing to be employed by Borrower within five (5) days after his or her departure from Borrower; or (d) permit or suffer any Change in Control.

Borrower shall not, without at least twenty (20) days prior written notice to Bank: (1) add any new offices or business locations, including warehouses (unless such new offices or business locations contain less than Twenty Thousand Dollars ($20,000) in Borrower's assets or property) or deliver any portion of the Collateral valued, individually or in the aggregate, in excess of Ten Thousand Dollars ($10,000) to a bailee at a location other than to a bailee and at a location already disclosed in the Perfection Certificate, (2) change its jurisdiction of organization, (3) change its organizational structure or type, (4) change its legal name, or (5) change any organizational number (if any) assigned by its jurisdiction of organization. If Borrower intends

to deliver any portion of the Collateral valued, individually or in the aggregate, in excess of Ten Thousand Dollars ($10,000) to a bailee, and Bank and such bailee are not already parties to a bailee agreement governing both the Collateral and the location to which Borrower intends to deliver the Collateral, then Borrower will first receive the written consent of Bank, and such bailee shall execute and deliver a bailee agreement in form and substance reasonably satisfactory to Bank.

7.3 Mergers or Acquisitions. Merge or consolidate, or permit any of its Subsidiaries to merge or consolidate, with any other Person, or acquire, or permit any of its Subsidiaries to acquire, all or substantially all of the capital stock or property of another Person (including, without limitation, by the formation of any Subsidiary). A Subsidiary may merge or consolidate into another Subsidiary or into Borrower.

7.4 Indebtedness. Create, incur, assume, or be liable for any Indebtedness, or permit any Subsidiary to do so, other than Permitted Indebtedness.

7.5 Encumbrance. Create, incur, allow, or suffer any Lien on any of its property, or assign or convey any right to receive income, including the sale of any Accounts, or permit any of its Subsidiaries to do so, except for Permitted Liens; permit any Collateral not to be subject to the first priority security interest granted herein; or enter into any agreement, document, instrument or other arrangement (except with or in favor of Bank) with any Person that directly or indirectly prohibits, or has the effect of prohibiting, Borrower from assigning, mortgaging, pledging, granting a security interest in or upon, or encumbering any of Borrower's Intellectual Property, except (i) customary restrictions on assignment in any license agreement where Borrower or Subsidiary is the licensee (not licensor), and (ii) as is otherwise permitted in Section 7.1 hereof and the definition of "Permitted Lien" herein.

7.6 Maintenance of Collateral Accounts. Maintain any Collateral Account except pursuant to the terms of Section 6.6(b) hereof.

7.7 Distributions; Investments. (a) Pay any dividends or make any distribution or payment or redeem, retire or purchase any capital stock provided that (i) Borrower may convert any of its convertible securities into other securities pursuant to the terms of such convertible securities or otherwise in exchange thereof, (ii) Borrower may pay dividends solely in common stock; and (iii) Borrower may repurchase the stock of former employees or consultants pursuant to stock repurchase agreements so long as an Event of Default does not exist at the time of such repurchase and would not exist after giving effect to such repurchase, provided that the aggregate amount of all such repurchases does not exceed One Hundred Thousand Dollars ($100,000) per fiscal year; or (b) directly or indirectly make any Investment (including, without limitation, by the formation of any Subsidiary) other than Permitted Investments, or permit any of its Subsidiaries to do so.

7.8 Transactions with Affiliates. Directly or indirectly enter into or permit to exist any material transaction with any Affiliate of Borrower, except for transactions that are in the ordinary course of Borrower's business, or as otherwise permitted by Section 7.2 hereof, upon fair and reasonable terms that are no less favorable to Borrower than would be obtained in an arm's length transaction with a non-affiliated Person.

7.9 Subordinated Debt.

(a) Make or permit any payment on any Subordinated Debt, except under the terms of the subordination, intercreditor, or other similar agreement to which such Subordinated Debt is subject, or (b) amend any provision in any document relating to the Subordinated Debt that would increase the amount thereof, provide for earlier or greater principal, interest, or other payments thereon, or adversely affect the subordination thereof to Obligations owed to Bank.

7.10 Compliance. Become an "investment company" or a company controlled by an "investment company", under the Investment Company Act of 1940, as amended, or undertake as one of its important activities extending credit to purchase or carry margin stock (as defined in Regulation U of the Board of Governors of the Federal Reserve System), or use the proceeds of any Credit Extension for that purpose; fail to (a) meet the minimum funding requirements of ERISA, (b) prevent a Reportable Event or Prohibited Transaction, as defined in ERISA, from occurring, or (c) comply with the Federal Fair Labor Standards Act, the failure of any of the conditions described in clauses (a) through (c) which could reasonably be expected to have a material adverse effect on Borrower's business; or violate any other law or regulation, if the violation could reasonably be expected to have a material adverse effect on Borrower's business, or permit any of its Subsidiaries to do so; withdraw or permit any Subsidiary to withdraw from participation in, permit partial or complete termination of, or permit the occurrence of any other event with respect to, any present pension, profit sharing and deferred compensation plan which could reasonably be expected to result in any liability of Borrower, including any liability to the Pension Benefit Guaranty Corporation or its successors or any other governmental agency.

8 EVENTS OF DEFAULT

Any one of the following shall constitute an event of default (an "**Event of Default**") under this Agreement:

8.1 Payment Default. Borrower fails to (a) make any payment of principal or interest on any Credit Extension when due, or (b) pay any other Obligations within three (3) Business Days after such Obligations are due and payable (which three (3) Business Day grace period shall not apply to payments due on the Growth Capital Maturity Date). During the cure period, the failure to make or pay any payment specified in clause (b) hereunder is not an Event of Default (but no Credit Extension will be made during the cure period);

8.2 Covenant Default.

(a) Borrower fails or neglects to perform any obligation in Sections 6.2, 6.4, 6.5, 6.6, 6.7, 6.8(b), 6.10, 6.11, or 6.12 or violates any covenant in Section 7; or

(b) Borrower fails or neglects to perform, keep, or observe any other term, provision, condition, covenant or agreement contained in this Agreement or any Loan Documents, and as to any default (other than those specified in this Section 8) under such other term, provision, condition, covenant or agreement that can be cured, has failed to cure the default within ten (10) days after the occurrence thereof; provided, however, that if the default cannot by its nature be cured within the ten (10) day period or cannot after diligent attempts by Borrower be cured within such ten (10) day period, and such default is likely to be cured within a

reasonable time, then Borrower shall have an additional period (which shall not in any case exceed thirty (30) days) to attempt to cure such default, and within such reasonable time period the failure to cure the default shall not be deemed an Event of Default (but no Credit Extensions shall be made during such cure period). Cure periods provided under this section shall not apply, among other things, to financial covenants or any other covenants set forth in clause (a) above;

8.3 Investor Support; Priority of Security Interest. If Bank determines in its good faith judgment that (i) it is the clear intention of Borrower's investors to not continue to fund Borrower, or arrange funding of Borrower with investors acceptable to Bank in its sole good faith discretion, in the amounts and timeframe to the extent necessary to enable Borrower to satisfy the Obligations as they become due and payable, or (ii) there is a material impairment in the perfection or priority of Bank's security interest in the Collateral;

8.4 Attachment; Levy; Restraint on Business.

(a)(i) The service of process seeking to attach, by trustee or similar process, any funds of Borrower or of any entity under the control of Borrower (including a Subsidiary) in excess of Fifty Thousand Dollars ($50,000), or (ii) a notice of lien or levy is filed against any of Borrower's assets by any Governmental Authority, and the same under subclauses (i) and (ii) hereof are not, within ten (10) days after the occurrence thereof, discharged or stayed (whether through the posting of a bond or otherwise); provided, however, no Credit Extensions shall be made during any ten (10) day cure period; or

(b)(i) any material portion of Borrower's assets is attached, seized, levied on, or comes into possession of a trustee or receiver, or (ii) any court order enjoins, restrains, or prevents Borrower from conducting all or any material part of its business;

8.5 Insolvency. (a) Borrower is unable to pay its debts (including trade debts) as they become due or otherwise becomes insolvent; (b) Borrower begins an Insolvency Proceeding; or ( )an Insolvency Proceeding is begun against Borrower and not dismissed or stayed within thirty (30) days (but no Credit Extensions shall be made while any of the conditions described in clause (a) exist and/or until any Insolvency Proceeding is dismissed);

8.6 Other Agreements. There is, under any agreement to which Borrower or any Guarantor is a party with a third party or parties, (a) any default resulting in a right by such third party or parties, whether or not exercised, to accelerate the maturity of any Indebtedness in an amount individually or in the aggregate in excess of One Hundred Thousand Dollars ($100,000); or (b) any breach or default by Borrower or Guarantor, the result of which could reasonably be expected to have a material adverse effect on Borrower's or any Guarantor's business;

8.7 Judgments; Penalties. One or more fines, penalties or final judgments, orders, or decrees for the payment of money in an amount, individually or in the aggregate, of at least One Hundred Thousand Dollars ($100,000) (not covered by independent third-party insurance as to which liability has been accepted by such insurance carrier) shall be rendered against Borrower by any Governmental Authority, and the same are not, within ten (10) days after the entry, assessment or issuance thereof, discharged, satisfied, or paid, or after execution thereof stayed or bonded pending appeal, or such judgments are not discharged prior to the expiration of

any such stay (provided that no Credit Extensions will be made prior to the satisfaction, payment, discharge, stay, or bonding of such fine, penalty, judgment, order, or decree);

8.8 Misrepresentations. Borrower or any Person acting for Borrower makes any representation, warranty or other statement now or later in this Agreement, any Loan Document or in any writing delivered to Bank or to induce Bank to enter this Agreement or any Loan Document, and such representation, warranty, or other statement is incorrect in any material respect when made;

8.9 Subordinated Debt. A default or breach occurs under any agreement between Borrower and any creditor of Borrower that signed a subordination, intercreditor, or other similar agreement with Bank, or any creditor that has signed such an agreement with Bank breaches any terms of such agreement; or

8.10 Governmental Approvals. Any Governmental Approval shall have been (a) revoked, rescinded, suspended, modified in an adverse manner or not renewed in the ordinary course for a full term or (b) subject to any decision by a Governmental Authority that designates a hearing with respect to any applications for renewal of any of such Governmental Approval or that could reasonably be expected to result in the Governmental Authority taking any of the actions described in clause (a) above, and such decision or such revocation, rescission, suspension, modification or non-renewal (i) causes, or could reasonably be expected to cause, a Material Adverse Change, or (ii) adversely affects the legal qualifications of Borrower or any of its Subsidiaries to hold such Governmental Approval in any applicable jurisdiction and such revocation, rescission, suspension, modification or non-renewal could reasonably be expected to affect the status of or legal qualifications of Borrower or any of its Subsidiaries to hold any Governmental Approval in any other jurisdiction.

9 BANK'S RIGHTS AND REMEDIES

9.1 Rights and Remedies. Upon the occurrence and during the continuance of an Event of Default, Bank may, without notice or demand, do any or all of the following:

(a) declare all Obligations immediately due and payable (but if an Event of Default described in Section 8.5 occurs all Obligations are immediately due and payable without any action by Bank);

(b) stop advancing money or extending credit for Borrower's benefit under this Agreement or under any other agreement between Borrower and Bank;

(c) for any Letters of Credit, demand that Borrower (i) deposit cash with Bank in an amount equal to at least 105% (110% for Letters of Credit denominated in a Foreign Currency) of the Dollar Equivalent of the aggregate face amount of all Letters of Credit remaining undrawn (plus all interest, fees, and costs due or to become due in connection therewith (as estimated by Bank in its good faith business judgment)), to secure all of the Obligations relating to such Letters of Credit, as collateral security for the repayment of any future drawings under such Letters of Credit, and Borrower shall forthwith deposit and pay such amounts, and (ii) pay in advance all letter of credit fees scheduled to be paid or payable over the remaining term of any Letters of Credit;

(d) terminate any FX Contracts;

(e) verify the amount of, demand payment of and performance under, and collect any Accounts and General Intangibles, settle or adjust disputes and claims directly with Account Debtors for amounts on terms and in any order that Bank considers advisable, notify any Person owing Borrower money of Bank's security interest in such funds;

(f) make any payments and do any acts it considers necessary or reasonable to protect the Collateral and/or its security interest in the Collateral. Borrower shall assemble the Collateral if Bank requests and make it available as Bank designates. Bank may enter premises where the Collateral is located, take and maintain possession of any part of the Collateral, and pay, purchase, contest, or compromise any Lien that appears to be prior or superior to its security interest and pay all expenses incurred. Borrower grants Bank a license to enter and occupy any of its premises, without charge, to exercise any of Bank's rights or remedies;

(g) apply to the Obligations (i) any balances and deposits of Borrower it holds, or (ii) any amount held by Bank owing to or for the credit or the account of Borrower;

(h) ship, reclaim, recover, store, finish, maintain, repair, prepare for sale, advertise for sale and sell the Collateral. Bank is hereby granted a non-exclusive, royalty-free license or other right to use, without charge, Borrower's labels, Patents, Copyrights, mask works, rights of use of any name, trade secrets, trade names, Trademarks, and advertising matter, or any similar property as it pertains to the Collateral, in completing production of, advertising for sale, and selling any Collateral and, in connection with Bank's exercise of its rights under this Section, Borrower's rights under all licenses and all franchise agreements inure to Bank's benefit;

(i) place a "hold" on any account maintained with Bank and/or deliver a notice of exclusive control, any entitlement order, or other directions or instructions pursuant to any Control Agreement or similar agreements providing control of any Collateral;

(j) demand and receive possession of Borrower's Books; and

(k) exercise all rights and remedies available to Bank under the Loan Documents or at law or equity, including all remedies provided under the Code (including disposal of the Collateral pursuant to the terms thereof).

9.2 Power of Attorney. Borrower hereby irrevocably appoints Bank as its lawful attorney-in-fact, exercisable upon the occurrence and during the continuance of an Event of Default, to: (a) endorse Borrower's name on any checks or other forms of payment or security; (b) sign Borrower's name on any invoice or bill of lading for any Account or drafts against Account Debtors; (c) settle and adjust disputes and claims about the Accounts directly with Account Debtors, for amounts and on terms Bank determines reasonable; (d) make, settle, and adjust all claims under Borrower's insurance policies; (e) pay, contest or settle any Lien, charge, encumbrance, security interest, and adverse claim in or to the Collateral, or any judgment based thereon, or otherwise take any action to terminate or discharge the same; and (f) transfer the Collateral into the name of Bank or a third party as the Code permits. Borrower hereby appoints Bank as its lawful attorney-in-fact to sign Borrower's name on any documents necessary to

perfect or continue the perfection of Bank's security interest in the Collateral, regardless of whether an Event of Default has occurred, until all Obligations have been satisfied in full and Bank is under no further obligation to make Credit Extensions hereunder. Bank's foregoing appointment as Borrower's attorney in fact, and all of Bank's rights and powers, coupled with an interest, are irrevocable until all Obligations have been fully repaid and performed and Bank's obligation to provide Credit Extensions terminates.

9.3 Protective Payments. If Borrower fails to obtain the insurance called for by Section 6.5 or fails to pay any premium thereon or fails to pay any other amount which Borrower is obligated to pay under this Agreement or any other Loan Document or which may be required to preserve the Collateral, Bank may obtain such insurance or make such payment, and all amounts so paid by Bank are Bank Expenses and immediately due and payable, bearing interest at the then highest rate applicable to the Obligations, and secured by the Collateral. Bank will make reasonable efforts to provide Borrower with notice of Bank obtaining such insurance at the time it is obtained or within a reasonable time thereafter. No payments by Bank are deemed an agreement to make similar payments in the future or Bank's waiver of any Event of Default.

9.4 Application of Payments and Proceeds Upon Default. If an Event of Default has occurred and is continuing, Bank shall have the right to apply in any order any funds in its possession, whether from Borrower account balances, payments, proceeds realized as the result of any collection of Accounts or other disposition of the Collateral, or otherwise, to the Obligations. Bank shall pay any surplus to Borrower by credit to the Designated Deposit Account or to other Persons legally entitled thereto; Borrower shall remain liable to Bank for any deficiency. If Bank, directly or indirectly, enters into a deferred payment or other credit transaction with any purchaser at any sale of Collateral, Bank shall have the option, exercisable at any time, of either reducing the Obligations by the principal amount of the purchase price or deferring the reduction of the Obligations until the actual receipt by Bank of cash therefor.

9.5 Bank's Liability for Collateral. So long as Bank complies with reasonable banking practices regarding the safekeeping of the Collateral in the possession or under the control of Bank, Bank shall not be liable or responsible for: (a) the safekeeping of the Collateral; (b) any loss or damage to the Collateral; (c) any diminution in the value of the Collateral; or (d) any act or default of any carrier, warehouseman, bailee, or other Person. Borrower bears all risk of loss, damage or destruction of the Collateral.

9.6 No Waiver; Remedies Cumulative. Bank's failure, at any time or times, to require strict performance by Borrower of any provision of this Agreement or any other Loan Document shall not waive, affect, or diminish any right of Bank thereafter to demand strict performance and compliance herewith or therewith. No waiver hereunder shall be effective unless signed by the party granting the waiver and then is only effective for the specific instance and purpose for which it is given. Bank's rights and remedies under this Agreement and the other Loan Documents are cumulative. Bank has all rights and remedies provided under the Code, by law, or in equity. Bank's exercise of one right or remedy is not an election and shall not preclude Bank from exercising any other remedy under this Agreement or other remedy available at law or in equity, and Bank's waiver of any Event of Default is not a continuing waiver. Bank's delay in exercising any remedy is not a waiver, election, or acquiescence.

9.7 Demand Waiver. Borrower waives demand, notice of default or dishonor, notice of payment and nonpayment, notice of any default, nonpayment at maturity, release, compromise, settlement, extension, or renewal of accounts, documents, instruments, chattel paper, and guarantees held by Bank on which Borrower is liable.

10 NOTICES

All notices, consents, requests, approvals, demands, or other communication by any party to this Agreement or any other Loan Document must be in writing and shall be deemed to have been validly served, given, or delivered: (a) upon the earlier of actual receipt and three (3) Business Days after deposit in the U.S. mail, first class, registered or certified mail return receipt requested, with proper postage prepaid; (b) upon transmission, when sent by electronic mail or facsimile transmission; (c) one (1) Business Day after deposit with a reputable overnight courier with all charges prepaid; or (d) when delivered, if hand-delivered by messenger, all of which shall be addressed to the party to be notified and sent to the address, facsimile number, or email address indicated below. Bank or Borrower may change its mailing or electronic mail address or facsimile number by giving the other party written notice thereof in accordance with the terms of this Section 10.

If to Borrower:	Molekule, Inc. 2507 Bryant Street San Francisco, CA 94110 Attn: Dilip Goswami, Chief Executive Officer Email: dgoswami@molekule.com Website URL: molekule.com
With a copy (which shall not constitute notice) to:	FENWICK & WEST LLP Attn: Cynthia Hess, Esq. 801 California St. Mountain View, CA 94041 Telephone: (650) 988-8500 Email: chess@fenwick.com
If to Bank:	Silicon Valley Bank 555 Mission Street, Suite 900 San Francisco, CA 94105 Attn: Julian Nash Fax: (415) 615-0076 Email: jnash@svb.com

11 CHOICE OF LAW, VENUE, JURY TRIAL WAIVER AND JUDICIAL REFERENCE

Except as otherwise expressly provided in any of the Loan Documents, California law governs the Loan Documents without regard to principles of conflicts of law. Borrower and Bank each submit to the exclusive jurisdiction of the State and Federal courts in Santa Clara County, California; provided, however, that nothing in this Agreement shall be deemed to

operate to preclude Bank from bringing suit or taking other legal action in any other jurisdiction to realize on the Collateral or any other security for the Obligations, or to enforce a judgment or other court order in favor of Bank. Borrower expressly submits and consents in advance to such jurisdiction in any action or suit commenced in any such court, and Borrower hereby waives any objection that it may have based upon lack of personal jurisdiction, improper venue, or forum non conveniens and hereby consents to the granting of such legal or equitable relief as is deemed appropriate by such court. Borrower hereby waives personal service of the summons, complaints, and other process issued in such action or suit and agrees that service of such summons, complaints, and other process may be made by registered or certified mail addressed to Borrower at the address set forth in, or subsequently provided by Borrower in accordance with, Section 10 of this Agreement and that service so made shall be deemed completed upon the earlier to occur of Borrower's actual receipt thereof or three (3) days after deposit in the U.S. mails, proper postage prepaid.

TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, BORROWER AND BANK EACH WAIVE THEIR RIGHTS TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION ARISING OUT OF OR BASED UPON THIS AGREEMENT, THE LOAN DOCUMENTS OR ANY CONTEMPLATED TRANSACTION, INCLUDING CONTRACT, TORT, BREACH OF DUTY AND ALL OTHER CLAIMS. THIS WAIVER IS A MATERIAL INDUCEMENT FOR BOTH PARTIES TO ENTER INTO THIS AGREEMENT. EACH PARTY HAS REVIEWED THIS WAIVER WITH ITS COUNSEL.

WITHOUT INTENDING IN ANY WAY TO LIMIT THE PARTIES' AGREEMENT TO WAIVE THEIR RESPECTIVE RIGHT TO A TRIAL BY JURY, if the above waiver of the right to a trial by jury is not enforceable, the parties hereto agree that any and all disputes or controversies of any nature between them arising at any time shall be decided by a reference to a private judge, mutually selected by the parties (or, if they cannot agree, by the Presiding Judge of the Santa Clara County, California Superior Court) appointed in accordance with California Code of Civil Procedure Section 638 (or pursuant to comparable provisions of federal law if the dispute falls within the exclusive jurisdiction of the federal courts), sitting without a jury, in Santa Clara County, California; and the parties hereby submit to the jurisdiction of such court. The reference proceedings shall be conducted pursuant to and in accordance with the provisions of California Code of Civil Procedure §§ 638 through 645.1, inclusive. The private judge shall have the power, among others, to grant provisional relief, including without limitation, entering temporary restraining orders, issuing preliminary and permanent injunctions and appointing receivers. All such proceedings shall be closed to the public and confidential and all records relating thereto shall be permanently sealed. If during the course of any dispute, a party desires to seek provisional relief, but a judge has not been appointed at that point pursuant to the judicial reference procedures, then such party may apply to the Santa Clara County, California Superior Court for such relief. The proceeding before the private judge shall be conducted in the same manner as it would be before a court under the rules of evidence applicable to judicial proceedings. The parties shall be entitled to discovery which shall be conducted in the same manner as it would be before a court under the rules of discovery applicable to judicial proceedings. The private judge shall oversee discovery and may enforce all discovery rules and orders applicable to judicial proceedings in the same manner as a trial court judge. The parties agree that the selected or appointed private judge shall have the power to decide all issues in the

action or proceeding, whether of fact or of law, and shall report a statement of decision thereon pursuant to California Code of Civil Procedure § 644(a). Nothing in this paragraph shall limit the right of any party at any time to exercise self-help remedies, foreclose against collateral, or obtain provisional remedies. The private judge shall also determine all issues relating to the applicability, interpretation, and enforceability of this paragraph.

This Section 11 shall survive the termination of this Agreement.

12 GENERAL PROVISIONS

12.1 Termination Prior to Maturity Date; Survival. All covenants, representations and warranties made in this Agreement continue in full force until this Agreement has terminated pursuant to its terms and all Obligations have been satisfied. So long as Borrower has satisfied the Obligations (other than inchoate indemnity obligations, any other obligations which, by their terms, are to survive the termination of this Agreement, and any Obligations under Bank Services Agreements that are cash collateralized in accordance with Section 4.1 of this Agreement), this Agreement may be terminated prior to the Growth Capital Maturity Date by Borrower, in accordance with Section 2.1.1. Those obligations that are expressly specified in this Agreement as surviving this Agreement's termination shall continue to survive notwithstanding this Agreement's termination.

12.2 Successors and Assigns. This Agreement binds and is for the benefit of the successors and permitted assigns of each party. Borrower may not assign this Agreement or any rights or obligations under it without Bank's prior written consent (which may be granted or withheld in Bank's discretion). Bank has the right, without the consent of or notice to Borrower, to sell, transfer, assign, negotiate, or grant participation in all or any part of, or any interest in, Bank's obligations, rights, and benefits under this Agreement and the other Loan Documents (other than the Warrant, as to which assignment, transfer and other such actions are governed by the terms thereof).

12.3 Indemnification. Borrower agrees to indemnify, defend and hold Bank and its directors, officers, employees, agents, attorneys, or any other Person affiliated with or representing Bank (each, an "**Indemnified Person**") harmless against: (i) all obligations, demands, claims, and liabilities (collectively, "**Claims**") claimed or asserted by any other party in connection with the transactions contemplated by the Loan Documents; and (ii) all losses or expenses (including Bank Expenses) in any way suffered, incurred, or paid by such Indemnified Person as a result of, following from, consequential to, or arising from transactions between Bank and Borrower (including reasonable attorneys' fees and expenses), except for Claims and/or losses directly caused by such Indemnified Person's gross negligence or willful misconduct.

This Section 12.3 shall survive until all statutes of limitation with respect to the Claims, losses, and expenses for which indemnity is given shall have run.

12.4 Time of Essence. Time is of the essence for the performance of all Obligations in this Agreement.

12.5 Severability of Provisions. Each provision of this Agreement is severable from every other provision in determining the enforceability of any provision.

12.6 Correction of Loan Documents. Bank may correct patent errors and fill in any blanks in this Agreement and the other Loan Documents consistent with the agreement of the parties.

12.7 Amendments in Writing; Waiver; Integration. No purported amendment or modification of any Loan Document, or waiver, discharge or termination of any obligation under any Loan Document, shall be enforceable or admissible unless, and only to the extent, expressly set forth in a writing signed by the party against which enforcement or admission is sought. Without limiting the generality of the foregoing, no oral promise or statement, nor any action, inaction, delay, failure to require performance or course of conduct shall operate as, or evidence, an amendment, supplement or waiver or have any other effect on any Loan Document. Any waiver granted shall be limited to the specific circumstance expressly described in it, and shall not apply to any subsequent or other circumstance, whether similar or dissimilar, or give rise to, or evidence, any obligation or commitment to grant any further waiver. The Loan Documents represent the entire agreement about this subject matter and supersede prior negotiations or agreements. All prior agreements, understandings, representations, warranties, and negotiations between the parties about the subject matter of the Loan Documents merge into the Loan Documents.

12.8 Counterparts. This Agreement may be executed in any number of counterparts and by different parties on separate counterparts, each of which, when executed and delivered, is an original, and all taken together, constitute one Agreement.

12.9 Confidentiality. In handling any confidential information, Bank shall exercise the same degree of care that it exercises for its own proprietary information, but disclosure of information may be made: (a) to Bank's Subsidiaries or Affiliates (such Subsidiaries and Affiliates, together with Bank, collectively, "**Bank Entities**"); (b) to prospective transferees or purchasers of any interest in the Credit Extensions (provided, however, Bank shall use its best efforts to obtain any prospective transferee's or purchaser's agreement to the terms of this provision); (c) as required by law, regulation, subpoena, or other order; (d) to Bank's regulators or as otherwise required in connection with Bank's examination or audit; (e) as Bank considers appropriate in exercising remedies under the Loan Documents; and (f) to third-party service providers of Bank so long as such service providers have executed a confidentiality agreement with Bank with terms no less restrictive than those contained herein. Confidential information does not include information that is either: (i) in the public domain or in Bank's possession when disclosed to Bank, or becomes part of the public domain (other than as a result of its disclosure by Bank in violation of this Agreement) after disclosure to Bank; or (ii) disclosed to Bank by a third party if Bank does not know that the third party, is prohibited from disclosing the information.

Bank Entities may use anonymous forms of confidential information for aggregate datasets, for analyses or reporting, and for any other uses not expressly prohibited in writing by Borrower. The provisions of the immediately preceding sentence shall survive termination of this Agreement.

12.10 Attorneys' Fees, Costs and Expenses. In any action or proceeding between Borrower and Bank arising out of or relating to the Loan Documents, the prevailing party shall be entitled to recover its reasonable attorneys' fees and other costs and expenses incurred, in addition to any other relief to which it may be entitled.

12.11 Electronic Execution of Documents. The words "execution," "signed," "signature" and words of like import in any Loan Document shall be deemed to include electronic signatures or the keeping of records in electronic form, each of which shall be of the same legal effect, validity and enforceability as a manually executed signature or the use of a paper-based recordkeeping systems, as the case may be, to the extent and as provided for in any applicable law, including, without limitation, any state law based on the Uniform Electronic Transactions Act.

12.12 Captions. The headings used in this Agreement are for convenience only and shall not affect the interpretation of this Agreement.

12.13 Construction of Agreement. The parties mutually acknowledge that they and their attorneys have participated in the preparation and negotiation of this Agreement. In cases of uncertainty this Agreement shall be construed without regard to which of the parties caused the uncertainty to exist.

12.14 Relationship. The relationship of the parties to this Agreement is determined solely by the provisions of this Agreement. The parties do not intend to create any agency, partnership, joint venture, trust, fiduciary or other relationship with duties or incidents different from those of parties to an arm's-length contract.

12.15 Third Parties. Nothing in this Agreement, whether express or implied, is intended to: (a) confer any benefits, rights or remedies under or by reason of this Agreement on any persons other than the express parties to it and their respective permitted successors and assigns; (b) relieve or discharge the obligation or liability of any person not an express party to this Agreement; or (c) give any person not an express party to this Agreement any right of subrogation or action against any party to this Agreement.

13 DEFINITIONS

13.1 Definitions. As used in the Loan Documents, the word "shall" is mandatory, the word "may" is permissive, the word "or" is not exclusive, the words "includes" and "including" are not limiting, the singular includes the plural, and numbers denoting amounts that are set off in brackets are negative. As used in this Agreement, the following capitalized terms have the following meanings:

"**Account**" is any "account" as defined in the Code with such additions to such term as may hereafter be made, and includes, without limitation, all accounts receivable and other sums owing to Borrower.

"**Account Debtor**" is any "account debtor" as defined in the Code with such additions to such term as may hereafter be made.

"**Affiliate**" is, with respect to any Person, each other Person that owns or controls directly or indirectly the Person, any Person that controls or is controlled by or is under common control with the Person, and each of that Person's senior executive officers, directors, partners and, for any Person that is a limited liability company, that Person's managers and members.

"**Agreement**" is defined in the preamble hereof.

"**Bank**" is defined in the preamble hereof.

"**Bank Entities**" is defined in Section 12.9.

"**Bank Expenses**" are all audit fees and expenses, costs, and expenses (including reasonable attorneys' fees and expenses) for preparing, amending, negotiating, administering, defending and enforcing the Loan Documents (including, without limitation, those incurred in connection with appeals or Insolvency Proceedings and those identified as Bank Expenses in Section 9.3 hereof) or otherwise incurred with respect to Borrower.

"**Bank Services**" are any products, credit services, and/or financial accommodations previously, now, or hereafter provided to Borrower or any of its Subsidiaries by Bank or any Bank Affiliate, including, without limitation, any letters of credit, cash management services (including, without limitation, merchant services, direct deposit of payroll, business credit cards, and check cashing services), interest rate swap arrangements, and foreign exchange services as any such products or services may be identified in Bank's various agreements related thereto (each, a "**Bank Services Agreement**").

"**Borrower**" is defined in the preamble hereof.

"**Borrower's Books**" are all Borrower's books and records including ledgers, federal and state tax returns, records regarding Borrower's assets or liabilities, the Collateral, business operations or financial condition, and all computer programs or storage or any equipment containing such information.

"**Borrowing Resolutions**" are, with respect to any Person, those resolutions substantially in the form attached hereto as Exhibit C.

"**Business Day**" is any day that is not a Saturday, Sunday or a day on which Bank is closed.

"**Cash Equivalents**" means (a) marketable direct obligations issued or unconditionally guaranteed by the United States or any agency or any State thereof having maturities of not more than one (1) year from the date of acquisition; (b) commercial paper maturing no more than one (1) year after its creation and having the highest rating from either Standard & Poor's Ratings Group or Moody's Investors Service, Inc.; and (c) Bank's certificates of deposit issued maturing no more than one (1) year after issue.

"**Change in Control**" means (a) at any time, any "person" or "group" (as such terms are used in Sections 13(d) and 14(d) of the Exchange Act) shall become, or obtain rights (whether by means of warrants, options or otherwise) to become, the "beneficial owner" (as defined in Rules

13(d)-3 and 13(d)-5 under the Exchange Act), directly or indirectly, of twenty-five percent (25%) or more of the ordinary voting power for the election of directors of Borrower (determined on a fully diluted basis) other than by the sale of Borrower's equity securities in a public offering or to venture capital or private equity investors so long as Borrower identifies to Bank the venture capital or private equity investors at least seven (7) Business Days prior to the closing of the transaction and provides to Bank a description of the material terms of the transaction; (b) during any period of 12 consecutive months, a majority of the members of the Board of Directors or other equivalent governing body of Borrower cease to be composed of individuals (i) who were members of that Board or equivalent governing body on the first day of such period, (ii) whose election or nomination to that Board or equivalent governing body was approved by individuals referred to in clause (i) above constituting at the time of such election or nomination at least a majority of that Board or equivalent governing body or (iii) whose election or nomination to that Board or other equivalent governing body was approved by individuals referred to in clauses (i) and (ii) above constituting at the time of such election or nomination at least a majority of that Board or equivalent governing body; and (c) at any time, Borrower shall cease to own and control, of record and beneficially, directly or indirectly, one hundred percent (100%) of each class of outstanding capital stock of each Subsidiary of Borrower free and clear of all Liens (except Liens created by this Agreement).

"**Claims**" is defined in Section 12.3.

"**Code**" is the Uniform Commercial Code, as the same may, from time to time, be enacted and in effect in the State of California; provided, that, to the extent that the Code is used to define any term herein or in any Loan Document and such term is defined differently in different Articles or Divisions of the Code, the definition of such term contained in Article or Division 9 shall govern; provided further, that in the event that, by reason of mandatory provisions of law, any or all of the attachment, perfection, or priority of, or remedies with respect to, Bank's Lien on any Collateral is governed by the Uniform Commercial Code in effect in a jurisdiction other than the State of California, the term "Code" shall mean the Uniform Commercial Code as enacted and in effect in such other jurisdiction solely for purposes of the provisions thereof relating to such attachment, perfection, priority, or remedies and for purposes of definitions relating to such provisions.

"**Collateral**" is any and all properties, rights and assets of Borrower described on Exhibit A.

"**Collateral Account**" is any Deposit Account, Securities Account, or Commodity Account.

"**Commodity Account**" is any "commodity account" as defined in the Code with such additions to such term as may hereafter be made.

"**Compliance Certificate**" is that certain certificate in the form attached hereto as Exhibit D.

"**Contingent Obligation**" is, for any Person, any direct or indirect liability, contingent or not, of that Person for (a) any indebtedness, lease, dividend, letter of credit or other obligation of

another such as an obligation, in each case, directly or indirectly guaranteed, endorsed, co-made, discounted or sold with recourse by that Person, or for which that Person is directly or indirectly liable; (b) any obligations for undrawn letters of credit for the account of that Person; and (c) all obligations from any interest rate, currency or commodity swap agreement, interest rate cap or collar agreement, or other agreement or arrangement designated to protect a Person against fluctuation in interest rates, currency exchange rates or commodity prices; but "Contingent Obligation" does not include endorsements in the ordinary course of business. The amount of a Contingent Obligation is the stated or determined amount of the primary obligation for which the Contingent Obligation is made or, if not determinable, the maximum reasonably anticipated liability for it determined by the Person in good faith; but the amount may not exceed the maximum of the obligations under any guarantee or other support arrangement.

"**Control Agreement**" is any control agreement entered into among the depository institution at which Borrower maintains a Deposit Account or the securities intermediary or commodity intermediary at which Borrower maintains a Securities Account or a Commodity Account, Borrower, and Bank pursuant to which Bank obtains control (within the meaning of the Code) over such Deposit Account, Securities Account, or Commodity Account.

"**Conversion Date**" is defined in Section 2.1.1(b)(ii).

"**Copyrights**" are any and all copyright rights, copyright applications, copyright registrations and like protections in each work of authorship and derivative work thereof, whether published or unpublished and whether or not the same also constitutes a trade secret.

"**Credit Extension**" is any Growth Capital Advance or any other extension of credit by Bank for Borrower's benefit under this Agreement.

"**Default Rate**" is defined in Section 2.2(b).

"**Deposit Account**" is any "deposit account" as defined in the Code with such additions to such term as may hereafter be made.

"**Designated Deposit Account**" is the multicurrency account denominated in Dollars, account number ********387, maintained by Borrower with Bank.

"**Dollars**," "**dollars**" or use of the sign "**$**" means only lawful money of the United States and not any other currency, regardless of whether that currency uses the "$" sign to denote its currency or may be readily converted into lawful money of the United States.

"**Dollar Equivalent**" is, at any time, (a) with respect to any amount denominated in Dollars, such amount, and (b) with respect to any amount denominated in a Foreign Currency, the equivalent amount therefor in Dollars as determined by Bank at such time on the basis of the then-prevailing rate of exchange in San Francisco, California, for sales of the Foreign Currency for transfer to the country issuing such Foreign Currency.

"**Effective Date**" is defined in the preamble hereof.

"**Equipment**" is all "equipment" as defined in the Code with such additions to such term as may hereafter be made, and includes without limitation all machinery, fixtures, goods, vehicles (including motor vehicles and trailers), and any interest in any of the foregoing.

"**ERISA**" is the Employee Retirement Income Security Act of 1974, and its regulations.

"**Event of Default**" is defined in Section 8.

"**Exchange Act**" is the Securities Exchange Act of 1934, as amended.

"**Final Payment**" is a payment (in addition to and not a substitution for the regular monthly payments of principal plus accrued interest) due in accordance with Section 2.1.1 above, equal to the original principal amount of the applicable Growth Capital Advance multiplied by the Final Payment Percentage.

"**Final Payment Percentage**" is three and one half percent (3.50%).

"**Foreign Currency**" means lawful money of a country other than the United States.

"**Foreign Subsidiary**" means a Subsidiary not organized under the laws of the United States or any state or territory thereof or the District of Columbia.

"**Funding Date**" is any date on which a Credit Extension is made to or for the account of Borrower, which shall be a Business Day.

"**FX Contract**" is any foreign exchange contract by and between Borrower and Bank under which Borrower commits to purchase from or sell to Bank a specific amount of Foreign Currency on a specified date.

"**GAAP**" is generally accepted accounting principles set forth in the opinions and pronouncements of the Accounting Principles Board of the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board or in such other statements by such other Person as may be approved by a significant segment of the accounting profession, that are applicable to the circumstances as of the date of determination.

"**General Intangibles**" is all "general intangibles" as defined in the Code in effect on the date hereof with such additions to such term as may hereafter be made, and includes without limitation, all Intellectual Property, claims, income and other tax refunds, security and other deposits, payment intangibles, contract rights, options to purchase or sell real or personal property, rights in all litigation presently or hereafter pending (whether in contract, tort or otherwise), insurance policies (including without limitation key man, property damage, and business interruption insurance), payments of insurance and rights to payment of any kind.

"**Governmental Approval**" is any consent, authorization, approval, order, license, franchise, permit, certificate, accreditation, registration, filing or notice, of, issued by, from or to, or other act by or in respect of, any Governmental Authority.

"**Governmental Authority**" is any nation or government, any state or other political subdivision thereof, any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative functions of or pertaining to government, any securities exchange and any self-regulatory organization.

"**Growth Capital Advance**" is defined in Section 2.1.1(a).

"**Growth Capital Commitment Termination Date**" is April 30, 2017.

"**Growth Capital Loan Commitment**" is One Million Dollars ($1,000,000).

"**Growth Capital Maturity Date** is April 1, 2020.

"**Guarantor**" is any Person providing a Guaranty in favor of Bank.

"**Guaranty**" is any guarantee of all or any part of the Obligations, as the same may from time to time be amended, restated, modified or otherwise supplemented.

"**Indebtedness**" is (a) indebtedness for borrowed money or the deferred price of property or services, such as reimbursement and other obligations for surety bonds and letters of credit, (b) obligations evidenced by notes, bonds, debentures or similar instruments, (c) capital lease obligations, and (d) Contingent Obligations.

"**Indemnified Person**" is defined in Section 12.3.

"**Insolvency Proceeding**" is any proceeding by or against any Person under the United States Bankruptcy Code, or any other bankruptcy or insolvency law, including assignments for the benefit of creditors, compositions, extensions generally with its creditors, or proceedings seeking reorganization, arrangement, or other relief.

"**Intellectual Property**" means, with respect to any Person, all of such Person's right, title, and interest in and to the following:

(a) its Copyrights, Trademarks and Patents;

(b) any and all trade secrets and trade secret rights, including, without limitation, any rights to unpatented inventions, know-how, operating manuals;

(c) any and all source code;

(d) any and all design rights which may be available such Person;

(e) any and all claims for damages by way of past, present and future infringement of any of the foregoing, with the right, but not the obligation, to sue for and collect such damages for said use or infringement of the Intellectual Property rights identified above; and

(f) all amendments, renewals and extensions of any of the Copyrights, Trademarks or Patents.

"**Interest-Only Period**" means the period commencing on the first (1st) Business Day following a Funding Date and continuing through April 30, 2017.

"**Inventory**" is all "inventory" as defined in the Code in effect on the date hereof with such additions to such term as may hereafter be made, and includes without limitation all merchandise, raw materials, parts, supplies, packing and shipping materials, work in process and finished products, including without limitation such inventory as is temporarily out of Borrower's custody or possession or in transit and including any returned goods and any documents of title representing any of the above.

"**Investment**" is any beneficial ownership interest in any Person (including stock, partnership interest or other securities), and any loan, advance or capital contribution to any Person.

"**Key Person**" is of Borrower's Chief Executive Officer, who is Dilip Goswami as of the Effective Date.

"**Letter of Credit**" is a standby or commercial letter of credit issued by Bank upon request of Borrower based upon an application, guarantee, indemnity, or similar agreement.

"**Lien**" is a claim, mortgage, deed of trust, levy, charge, pledge, security interest or other encumbrance of any kind, whether voluntarily incurred or arising by operation of law or otherwise against any property.

"**Loan Documents**" are, collectively, this Agreement and any schedules, exhibits, certificates, notices, and any other documents related to this Agreement, the Warrant, any Bank Services Agreement, any subordination agreement, any note, or notes or guaranties executed by Borrower or any Guarantor, and any other present or future agreement by Borrower and/or any Guarantor with or for the benefit of Bank in connection with this Agreement or Bank Services, all as amended, restated, or otherwise modified.

"**Material Adverse Change**" is (a) a material impairment in the perfection or priority of Bank's Lien in the Collateral or in the value of such Collateral; (b) a material adverse change in the business, operations, or condition (financial or otherwise) of Borrower; or (c) a material impairment of the prospect of repayment of any portion of the Obligations.

"**Obligations**" are Borrower's obligation to pay when due any debts, principal, interest, fees, Bank Expenses, and other amounts Borrower owes Bank now or later, whether under this Agreement, the other Loan Documents (other than the Warrant), or otherwise, including, without limitation, any interest accruing after Insolvency Proceedings begin and debts, liabilities, or obligations of Borrower assigned to Bank, and the performance of Borrower's duties under the Loan Documents (other than the Warrant).

"**Operating Documents**" are, for any Person, such Person's formation documents, as certified by the Secretary of State (or equivalent agency) of such Person's jurisdiction of organization on a date that is no earlier than thirty (30) days prior to the Effective Date, and, (a) if such Person is a corporation, its bylaws in current form, (b) if such Person is a limited liability company, its limited liability company agreement (or similar agreement), and (c) if such Person

is a partnership, its partnership agreement (or similar agreement), each of the foregoing with all current amendments or modifications thereto.

"**Patents**" means all patents, patent applications and like protections including without limitation improvements, divisions, continuations, renewals, reissues, extensions and continuations-in-part of the same.

"**Payment/Advance Form**" is that certain form attached hereto as Exhibit B.

"**Perfection Certificate**" is defined in Section 5.1.

"**Permitted Indebtedness**" is:

(a) Borrower's Indebtedness to Bank under this Agreement and the other Loan Documents;

(b) Indebtedness existing on the Effective Date and shown on the Perfection Certificate;

(c) Subordinated Debt;

(d) unsecured Indebtedness to trade creditors incurred in the ordinary course of business;

(e) Indebtedness incurred as a result of endorsing negotiable instruments received in the ordinary course of business;

(f) Indebtedness in an aggregate principal amount not to exceed One Hundred Thousand Dollars ($100,000) secured by Permitted Liens; and

(g) extensions, refinancings, modifications, amendments and restatements of any items of Permitted Indebtedness (a) through (f) above, provided that the principal amount thereof is not increased or the terms thereof are not modified to impose more burdensome terms upon Borrower or its Subsidiary, as the case may be.

"**Permitted Investments**" are:

(a) Investments shown on the Perfection Certificate and existing on the Effective Date;

(b) Investments consisting of Cash Equivalents;

(c) Investments consisting of the endorsement of negotiable instruments for deposit or collection or similar transactions in the ordinary course of Borrower;

(d) Investments consisting of deposit accounts in which Bank has a perfected security interest;

(e) Investments accepted in connection with Transfers permitted by Section 7.1;

(f) Investments consisting of the creation of a Subsidiary for the purpose of consummating a merger transaction permitted by Section 7.3 of this Agreement, which is otherwise a Permitted Investment;

(g) Investments of Subsidiaries in or to other Subsidiaries or Borrower and Investments by Borrower in Subsidiaries not to exceed Fifty Thousand Dollars ($50,000) in the aggregate in any fiscal year;

(h) Investments consisting of (i) travel advances and employee relocation loans and other employee loans and advances in the ordinary course of business, and (ii) loans to employees, officers or directors relating to the purchase of equity securities of Borrower or its Subsidiaries pursuant to employee stock purchase plans or agreements approved by Borrower's Board of Directors;

(i) Investments (including debt obligations) received in connection with the bankruptcy or reorganization of customers or suppliers and in settlement of delinquent obligations of, and other disputes with, customers or suppliers arising in the ordinary course of business; and

(j) Investments consisting of notes receivable of, or prepaid royalties and other credit extensions, to customers and suppliers who are not Affiliates, in the ordinary course of business; provided that this paragraph (j) shall not apply to Investments of Borrower in any Subsidiary.

"**Permitted Liens**" are:

(a) Liens existing on the Effective Date and shown on the Perfection Certificate or arising under this Agreement and the other Loan Documents;

(b) Liens for taxes, fees, assessments or other government charges or levies, either not due and payable or being contested in good faith and for which Borrower maintains adequate reserves on its Books, provided that no notice of any such Lien has been filed or recorded under the Internal Revenue Code of 1986, as amended, and the Treasury Regulations adopted thereunder;

(c) purchase money Liens (i) on Equipment acquired or held by Borrower incurred for financing the acquisition of the Equipment securing no more than One Hundred Thousand Dollars ($100,000) in the aggregate amount outstanding, or (ii) existing on Equipment when acquired, if the Lien is confined to the property and improvements and the proceeds of the Equipment;

(d) Liens of carriers, warehousemen, suppliers, or other Persons that are possessory in nature arising in the ordinary course of business so long as such Liens attach only to Inventory, securing liabilities in the aggregate amount not to exceed One Hundred Thousand Dollars ($100,000) and which are not delinquent or remain payable without penalty or which are

being contested in good faith and by appropriate proceedings which proceedings have the effect of preventing the forfeiture or sale of the property subject thereto;

(e) Liens to secure payment of workers' compensation, employment insurance, old-age pensions, social security and other like obligations incurred in the ordinary course of business (other than Liens imposed by ERISA);

(f) Liens incurred in the extension, renewal or refinancing of the indebtedness secured by Liens described in (a) through (c); provided that any extension, renewal or replacement Lien must be limited to the property encumbered by the existing Lien and the principal amount of the indebtedness may not increase;

(g) leases or subleases of real property granted in the ordinary course of Borrower's business (or, if referring to another Person, in the ordinary course of such Person's business), and leases, subleases, non-exclusive licenses or sublicenses of personal property (other than Intellectual Property) granted in the ordinary course of Borrower's business (or, if referring to another Person, in the ordinary course of such Person's business), if the leases, subleases, licenses and sublicenses do not prohibit granting Bank a security interest therein;

(h) non-exclusive license of Intellectual Property granted to third parties in the ordinary course of business;

(i) Liens arising from attachments or judgments, orders, or decrees in circumstances not constituting an Event of Default under Sections 8.4 and 8.7; and

(j) Liens in favor of other financial institutions arising in connection with Borrower's deposit and/or securities accounts held at such institutions, provided that Bank has a perfected security interest in the amounts held in such deposit and/or securities accounts.

"**Person**" is any individual, sole proprietorship, partnership, limited liability company, joint venture, company, trust, unincorporated organization, association, corporation, institution, public benefit corporation, firm, joint stock company, estate, entity or government agency.

"**Prime Rate**" is the rate of interest per annum from time to time published in the money rates section of The Wall Street Journal or any successor publication thereto as the "prime rate" then in effect; provided that if such rate of interest, as set forth from time to time in the money rates section of The Wall Street Journal, becomes unavailable for any reason as determined by Bank, the "Prime Rate" shall mean the rate of interest per annum announced by Bank as its prime rate in effect at its principal office in the State of California (such Bank announced Prime Rate not being intended to be the lowest rate of interest charged by Bank in connection with extensions of credit to debtors).

"**Registered Organization**" is any "registered organization" as defined in the Code with such additions to such term as may hereafter be made.

"**Repayment Period**" is a period of time commencing on the Conversion Date and ending on the Growth Capital Maturity Date.

"**Requirement of Law**" is as to any Person, the organizational or governing documents of such Person, and any law (statutory or common), treaty, rule or regulation or determination of an arbitrator or a court or other Governmental Authority, in each case applicable to or binding upon such Person or any of its property or to which such Person or any of its property is subject.

"**Responsible Officer**" is any of the Chief Executive Officer, President, Chief Financial Officer or Controller of Borrower.

"**Restricted License**" is any material license or other agreement with respect to Intellectual Property which is material to the conduct of Borrower's business where Borrower is the licensee (a) that prohibits or otherwise restricts Borrower from granting a security interest in Borrower's interest in such license or agreement or any other property, or (b) for which a default under or termination of could reasonably be expected to interfere with the Bank's right to sell any Collateral.

"**SEC**" shall mean the Securities and Exchange Commission, any successor thereto, and any analogous Governmental Authority.

"**Securities Account**" is any "securities account" as defined in the Code with such additions to such term as may hereafter be made.

"**Subordinated Debt**" is indebtedness incurred by Borrower subordinated to all of Borrower's now or hereafter indebtedness to Bank (pursuant to a subordination, intercreditor, or other similar agreement in form and substance satisfactory to Bank entered into between Bank and the other creditor), on terms acceptable to Bank.

"**Subsidiary**" is, as to any Person, a corporation, partnership, limited liability company or other entity of which shares of stock or other ownership interests having ordinary voting power (other than stock or such other ownership interests having such power only by reason of the happening of a contingency) to elect a majority of the board of directors or other managers of such corporation, partnership or other entity are at the time owned, or the management of which is otherwise controlled, directly or indirectly through one or more intermediaries, or both, by such Person. Unless the context otherwise requires, each reference to a Subsidiary herein shall be a reference to a Subsidiary of Borrower or Guarantor.

"**Trademarks**" means any trademark and servicemark rights, whether registered or not, applications to register and registrations of the same and like protections, and the entire goodwill of the business of Borrower connected with and symbolized by such trademarks.

"**Transfer**" is defined in Section 7.1.

"**Warrant**" is that certain Warrant to Purchase Stock dated as of the Effective Date executed by Borrower in favor of Bank.

[Signature page follows.**]**

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the Effective Date.

BORROWER:

MOLEKULE, INC.

By: /s/ Dilip N. Goswami
Name: Dilip N. Goswami
Title: Chief Executive Officer

BANK:

SILICON VALLEY BANK

By: /s/ Julian Nash
Name: Julian Nash
Title: Vice President

EXHIBIT A

The Collateral consists of all of Borrower's right, title and interest in and to the following personal property:

All goods, Accounts (including health-care receivables), Equipment, Inventory, contract rights or rights to payment of money, leases, license agreements, franchise agreements, General Intangibles, commercial tort claims, documents, instruments (including any promissory notes), chattel paper (whether tangible or electronic), cash, deposit accounts, fixtures, letters of credit rights (whether or not the letter of credit is evidenced by a writing), securities, and all other investment property, supporting obligations, and financial assets, whether now owned or hereafter acquired, wherever located; and

all Borrower's Books relating to the foregoing, and any and all claims, rights and interests in any of the above and all substitutions for, additions, attachments, accessories, accessions and improvements to and replacements, products, proceeds and insurance proceeds of any or all of the foregoing.

Notwithstanding the foregoing, the Collateral does not include (a) any Intellectual Property; provided, however, the Collateral shall include all Accounts and all proceeds of Intellectual Property. If a judicial authority (including a U.S. Bankruptcy Court) would hold that a security interest in the underlying Intellectual Property is necessary to have a security interest in such Accounts and such property that are proceeds of Intellectual Property, then the Collateral shall automatically, and effective as of the Effective Date, include the Intellectual Property to the extent necessary to permit perfection of Bank's security interest in such Accounts and such other property of Borrower that are proceeds of the Intellectual Property, (b) more than 65% of the presently existing and hereafter arising issued and outstanding shares of capital stock owned by Borrower of any Foreign Subsidiary which shares entitle the holder thereof to vote for directors or any other matter, (c) any interest of Borrower as a lessee or sublessee under a real property lease; (d) rights held under a license that are not assignable by their terms without the consent of the licensor thereof (but only to the extent such restriction on assignment is enforceable under applicable law); or (e) any interest of Borrower as a lessee under an Equipment lease if Borrower is prohibited by the terms of such lease from granting a security interest in such lease or under which such an assignment or Lien would cause a default to occur under such lease; provided, however, that upon termination of such prohibition, such interest shall immediately become Collateral without any action by Borrower or Bank.

EXHIBIT B

Loan Payment/Advance Request Form

EXHIBIT C

BORROWING RESOLUTIONS

EXHIBIT D

COMPLIANCE CERTIFICATE

AMENDED AND RESTATED LOAN AND SECURITY AGREEMENT

THIS AMENDED AND RESTATED LOAN AND SECURITY AGREEMENT (this "**Agreement**") dated as of August 29, 2019 (the "**Effective Date**") between **SILICON VALLEY BANK**, a California corporation ("**Bank**"), and **MOLEKULE, INC.**, a Delaware corporation ("**Borrower**"), provides the terms on which Bank shall lend to Borrower and Borrower shall repay Bank. This Agreement amends and restates in its entirety that certain Loan and Security Agreement, dated as of June 29, 2016, by and between Borrower and Bank (as amended, the "**Prior Agreement**"). The parties agree as follows:

1 ACCOUNTING AND OTHER TERMS

Except as otherwise provided in this Agreement, (i) accounting terms not defined in this Agreement and (ii) calculations and determinations must be made following GAAP. Capitalized terms not otherwise defined in this Agreement shall have the meanings set forth in Section 13. All other terms contained in this Agreement, unless otherwise indicated, shall have the meanings provided by the Code to the extent such terms are defined therein.

2 LOAN AND TERMS OF PAYMENT

2.1 Promise to Pay. Borrower hereby unconditionally promises to pay Bank the outstanding principal amount of all Credit Extensions and accrued and unpaid interest thereon as and when due in accordance with this Agreement.

2.2 Revolving Line.

(a) Availability. Subject to the terms and conditions of this Agreement and to deduction of Reserves, Bank shall make Advances not exceeding the Availability Amount. For the avoidance of doubt, subject in each case to terms and conditions of this Agreement with respect to the amount available to borrow with respect to Eligible Accounts, Eligible Inventory and the Working Capital Amount at any time, Borrower shall have the right to designate with each request for an Advance the portion of such Advance that shall be based on Eligible Accounts, Eligible Inventory and the Working Capital Amount. Amounts borrowed under the Revolving Line may be repaid and, prior to the Revolving Line Maturity Date, reborrowed, subject to the applicable terms and conditions precedent herein. With respect to any voluntary repayment of amounts under the Revolving Line by Borrower (i) made when a Streamline Period is in effect, Borrower may designate, prior to making such repayment, the portion of such repayment that will be applied to each of the outstanding Obligations with respect to Advances made based upon Eligible Accounts, the outstanding Obligations with respect to Advances made based upon Eligible Inventory and the outstanding Obligations with respect to Advances made based upon the Working Capital Amount (provided that the amount of any such repayment with respect to which Borrower has not made a designation prior to the repayment being made shall be applied in the order set forth in subsection (ii)) or (ii) made when a Streamline Period is not in effect, the amount of such repayment will be applied first to the outstanding Obligations with respect to Advances made based upon Eligible Accounts (up to the total amount of such Obligations), second to the outstanding Obligations with respect to Advances made based upon Eligible Inventory (up to the total amount of such Obligations) and third to the outstanding Obligations with respect to Advances made based upon the Working Capital Amount (up to the total amount of such Obligations).

(b) Termination; Repayment. The Revolving Line terminates on the Revolving Line Maturity Date, when the principal amount of all Advances, the unpaid interest thereon, and all other Obligations relating to the Revolving Line shall be immediately due and payable.

2.3 Term Loan 2019.

(a) Availability. Subject to the terms and conditions of this Agreement, upon Borrower's request during the Draw Period, Bank shall make term loan advances available to Borrower in an aggregate original principal amount not to exceed Four Million Dollars ($4,000,000). In addition, subject to the terms and conditions of this Agreement and the occurrence of the Performance Milestone, upon Borrower's request during the Draw Period, Bank shall make additional term loan advances available to Borrower in an aggregate original principal amount not

to exceed One Million Dollars ($1,000,000). Each advance made pursuant to this Section 2.3(a) is referred to herein as a "**Term Loan Advance**" and, collectively, as the "**Term Loan Advances**". Each Term Loan Advance must be in an amount equal to at least Five Hundred Thousand Dollars ($500,000). After repayment, no Term Loan Advance (or any portion thereof) may be reborrowed.

(b) Repayment. With respect to each Term Loan Advance, commencing on the first Payment Date following the Funding Date of such Term Loan Advance, and continuing on each Payment Date thereafter, Borrower shall make monthly payments of interest, in arrears, on the principal amount of such Term Loan Advance at the rate set forth in Section 2.6(a). Commencing on January 1, 2020, and continuing on each Payment Date thereafter, Borrower shall repay each Term Loan Advance in (i) thirty-six (36) equal monthly installments of principal, plus (ii) monthly payments of accrued interest as set forth above. All outstanding principal and accrued and unpaid interest under the Term Loan Advances, and all other outstanding Obligations with respect to the Term Loan Advances, are due and payable in full on the Term Loan Maturity Date.

(c) Permitted Prepayment. Borrower shall have the option to prepay all, but not less than all, of the Term Loan Advances, provided Borrower (i) delivers written notice to Bank of its election to prepay the Term Loan Advances at least ten (10) days prior to such prepayment, and (ii) pays, on the date of such prepayment (A) the outstanding principal plus accrued and unpaid interest with respect to the Term Loan Advances, (B) the Final Payment, and (C) all other sums, if any, that shall have become due and payable with respect to the Term Loan Advances, including interest at the Default Rate with respect to any past due amounts.

(d) Mandatory Prepayment Upon an Acceleration. If the Term Loan Advances are accelerated by Bank following the occurrence and during the continuance of an Event of Default, Borrower shall immediately pay to Bank an amount equal to the sum of (i) all outstanding principal plus accrued and unpaid interest with respect to the Term Loan Advances, (ii) the Final Payment, and (iii) all other sums, if any, that shall have become due and payable with respect to the Term Loan Advances, including interest at the Default Rate with respect to any past due amounts.

2.4 Growth Capital Term Loan.

(a) Availability. Borrower acknowledges that Bank previously made a growth capital term loan to Borrower pursuant to the terms of the Prior Agreement (the "**GCTL**"). As of the Effective Date, the aggregate principal amount outstanding under the GCTL is Two Hundred Twenty Two Thousand Two Hundred Twenty Two and 16/100 Dollars ($222,222.16). Borrower acknowledges and agrees that no further advances will be made under the GCTL, and after repayment, the GCTL may not be reborrowed.

(b) Repayment. Commencing on the first Payment Date following the Effective Date, and continuing on each Payment Date thereafter, Borrower shall repay the GCTL in (i) eight (8) consecutive equal monthly payments of principal, plus (ii) monthly payments of accrued but unpaid interest at the rate set forth in Section 2.6(a)(iii). All outstanding principal and accrued and unpaid interest under the GCTL, and all other outstanding Obligations with respect to the GCTL (including the GCTL Final Payment), are due and payable in full on the GCTL Maturity Date.

(c) Voluntary Prepayment. Borrower shall have the option to prepay the GCTL in full, provided Borrower (i) shall provide written notice to Bank of its election to prepay the Growth Capital Advances at least ten (10) days prior to such prepayment and (ii) pays, on the date of such prepayment, (A) all outstanding principal and accrued but unpaid interest with respect to the GCTL, (B) the GCTL Final Payment, and (C) all other sums, including Bank Expenses, if any, that shall have become due and payable with respect to the GCTL.

(d) Mandatory Prepayment Upon an Acceleration. If the GCTL is accelerated following the occurrence of an Event of Default, Borrower shall immediately pay to Bank an amount equal to the sum of (i) all outstanding principal and accrued but unpaid interest, plus (ii) the GCTL Final Payment, plus (iii) all other sums, including Bank Expenses, if any, that shall have become due and payable with respect to the GCTL.

2.5 Overadvances. If, at any time, the outstanding principal amount of any Advances exceeds the lesser of either the Revolving Line or the Borrowing Base, Borrower shall immediately pay to Bank in cash the amount of such excess (such excess, the "**Overadvance**"). Without limiting Borrower's obligation to repay Bank any Overadvance, Borrower agrees to pay Bank interest on the outstanding amount of any Overadvance, on demand, at a per annum rate equal to the rate that is otherwise applicable to Advances plus five percent (5.00%) unless Bank otherwise elects from time to time in its sole discretion to impose a smaller increase.

2.6 Payment of Interest on the Credit Extensions.

(a) Interest Rate.

(i) Advances. Subject to Section 2.6(b), (x) the principal amount outstanding under the Revolving Line in respect of Advances based on Eligible Accounts shall accrue interest at a floating per annum rate equal to the greater of (A) the Prime Rate and (B) four and three-quarters of one percent (4.75%), (y) the principal amount outstanding under the Revolving Line in respect of Advances based on Eligible Inventory shall accrue interest at a floating per annum rate equal to the greater of (A) the Prime Rate plus one-quarter of one percent (0.25%) and (B) five percent (5.00%), and (z) the principal amount outstanding under the Revolving Line in respect of Advances based on the Working Capital Amount shall accrue interest at a floating per annum rate equal to the greater of (A) the Prime Rate plus one-half of one percent (0.50%) and (B) five and one-quarter of one percent (5.25%). In each case, such interest shall be payable monthly in accordance with Section 2.6(d) below.

(ii) Term Loan Advances. Subject to Section 2.6(b), the principal amount outstanding under each Term Loan Advance shall accrue interest at a floating per annum rate equal to the greater of (A) the Prime Rate minus one percent (1.00%) and (B) four and one-quarter of one percent (4.25%), which interest shall be payable monthly in accordance with Section 2.6(d) below.

(iii) GCTL. Subject to Section 2.6(b), the principal amount outstanding under the GCTL shall accrue interest at a floating per annum rate equal to the Prime Rate, which interest shall be payable monthly in accordance with Section 2.6(d) below.

(b) Default Rate. Immediately upon the occurrence and during the continuance of an Event of Default, Obligations shall bear interest at a rate per annum which is five percent (5.00%) above the rate that is otherwise applicable thereto (the "**Default Rate**") unless Bank otherwise elects from time to time in its sole discretion to impose a smaller increase. Fees and expenses which are required to be paid by Borrower pursuant to the Loan Documents (including, without limitation, Bank Expenses) but are not paid when due shall bear interest until paid at a rate equal to the highest rate applicable to the Obligations. Payment or acceptance of the increased interest rate provided in this Section 2.6(b) is not a permitted alternative to timely payment and shall not constitute a waiver of any Event of Default or otherwise prejudice or limit any rights or remedies of Bank.

(c) Adjustment to Interest Rate. Changes to the interest rate of any Credit Extension based on changes to the Prime Rate shall be effective on the effective date of any change to the Prime Rate and to the extent of any such change.

(d) Payment; Interest Computation. Interest is payable monthly on the Payment Date of each month and shall be computed on the basis of a 360-day year for the actual number of days elapsed. In computing interest, (i) all payments received after 12:00 p.m. Pacific time on any day shall be deemed received at the opening of business on the next Business Day, and (ii) the date of the making of any Credit Extension shall be included and the date of payment shall be excluded; provided, however, that if any Credit Extension is repaid on the same day on which it is made, such day shall be included in computing interest on such Credit Extension.

2.7 Fees. Borrower shall pay to Bank:

(a) Revolving Line Commitment Fee. A fully earned, non-refundable commitment fee in respect of the Revolving Line of Five Thousand Dollars ($5,000), on the Effective Date;

(b) Term Loan Commitment Fee. A fully earned, non-refundable commitment fee in respect of the Term Loan Advances of Five Thousand Dollars ($5,000), on the Effective Date;

(c) GCTL Final Payment. The GCTL Final Payment, when due hereunder;

(d) Final Payment. The Final Payment, when due hereunder;

(e) Bank Expenses. All Bank Expenses (including reasonable attorneys' fees and expenses for documentation and negotiation of this Agreement) incurred through and after the Effective Date, when due (or, if no stated due date, upon demand by Bank).

(f) Fees Fully Earned. Unless otherwise provided in this Agreement or in a separate writing by Bank, Borrower shall not be entitled to any credit, rebate, or repayment of any fees earned by Bank pursuant to this Agreement notwithstanding any termination of this Agreement or the suspension or termination of Bank's obligation to make loans and advances hereunder. Bank may deduct amounts owing by Borrower under the clauses of this Section 2.7 pursuant to the terms of Section 2.8(c). Bank shall provide Borrower written notice of deductions made from the Designated Deposit Account pursuant to the terms of the clauses of this Section 2.7.

2.8 Payments; Application of Payments; Debit of Accounts.

(a) All payments to be made by Borrower under any Loan Document shall be made in immediately available funds in Dollars, without setoff or counterclaim, before 12:00 p.m. Pacific time on the date when due. Payments of principal and/or interest received after 12:00 p.m. Pacific time are considered received at the opening of business on the next Business Day. When a payment is due on a day that is not a Business Day, the payment shall be due the next Business Day, and additional fees or interest, as applicable, shall continue to accrue until paid.

(b) So long as no Event of Default has occurred and is continuing, other than with respect to payments for which the allocation or application is specified in the Agreement, payments shall be applied as directed by Borrower. If an Event of Default has occurred and is continuing, Bank shall have the exclusive right to determine the order and manner in which all payments with respect to the Obligations may be applied and Borrower shall have no right to specify the order or the accounts to which Bank shall allocate or apply any payments required to be made by Borrower to Bank or otherwise received by Bank under this Agreement when any such allocation or application is not specified elsewhere in this Agreement.

(c) Bank may debit the Designated Deposit Account (or, if funds in the Designated Deposit Account are insufficient or if an Event of Default has occurred and is continuing, any other account of Borrower maintained with Bank), for principal and interest payments or any other amounts Borrower owes Bank when due. These debits shall not constitute a set-off.

2.9 Withholding. Payments received by Bank from Borrower under this Agreement will be made free and clear of and without deduction for any and all present or future taxes, levies, imposts, duties, deductions, withholdings, assessments, fees or other charges imposed by any Governmental Authority (including any interest, additions to tax or penalties applicable thereto). Specifically, however, if at any time any Governmental Authority, applicable law, regulation or international agreement requires Borrower to make any withholding or deduction from any such payment or other sum payable hereunder to Bank, Borrower hereby covenants and agrees that the amount due from Borrower with respect to such payment or other sum payable hereunder will be increased to the extent necessary to ensure that, after the making of such required withholding or deduction, Bank receives a net sum equal to the sum which it would have received had no withholding or deduction been required, and Borrower shall pay the full amount withheld or deducted to the relevant Governmental Authority. Borrower will, upon request, furnish Bank with proof reasonably satisfactory to Bank indicating that Borrower has made such withholding payment; provided, however, that Borrower need not make any withholding payment if the amount or validity of such withholding

payment is contested in good faith by appropriate and timely proceedings and as to which payment in full is bonded or reserved against by Borrower. The agreements and obligations of Borrower contained in this Section 2.9 shall survive the termination of this Agreement.

3 CONDITIONS OF LOANS

3.1 Conditions Precedent to Initial Credit Extension. Bank's obligation to make the initial Credit Extension is subject to the condition precedent that Bank shall have received, in form and substance satisfactory to Bank, such documents, and completion of such other matters, as Bank may reasonably deem necessary or appropriate, including, without limitation:

(a) duly executed signatures to the Loan Documents;

(b) duly executed original signatures to the Warrant, together with a capitalization table of Borrower;

(c) (i) the Operating Documents and long-form good standing certificates of Borrower certified by the Secretary of State of Delaware and (ii) a certificate of good standing/foreign qualification of Borrower certified by the Secretary of State of each of California and Florida, each as of a date satisfactory to Bank in its reasonable discretion;

(d) a secretary's certificate of Borrower with respect to such Borrower's Operating Documents, incumbency, specimen signatures and resolutions authorizing the execution and delivery of this Agreement and the other Loan Documents to which it is a party;

(e) duly executed signatures to the completed Borrowing Resolutions for Borrower;

(f) certified copies, dated as of a recent date, of financing statement searches, as Bank may request, accompanied by written evidence (including any UCC termination statements) that the Liens indicated in any such financing statements either constitute Permitted Liens or have been or, in connection with the initial Credit Extension, will be terminated or released;

(g) the Perfection Certificate of Borrower, together with the duly executed signature thereto;

(h) with respect to the initial Advance, a completed Borrowing Base Report (and any schedules related thereto and including any other information requested by Bank with respect to Borrower's Accounts); and

(i) payment of the fees and Bank Expenses then due as specified in Section 2.7 hereof.

3.2 Conditions Precedent to all Credit Extensions. Bank's obligations to make each Credit Extension, including the initial Credit Extension, is subject to the following conditions precedent:

(a) timely receipt of (i) the Credit Extension request and any materials and documents required by Section 3.4(a) and (ii) with respect to the request for Term Loan Advances, an executed Payment/Advance Form and any materials and documents required by Section 3.4(b);

(b) the representations and warranties in this Agreement shall be true, accurate, and complete in all material respects on the date of the proposed Credit Extension and/or of the Payment/Advance Form, as applicable, and on the Funding Date of each Credit Extension, taking into account updates thereof subsequent to the Effective Date to the extent permitted by notice to the Bank by one or more specific provisions of this Agreement; provided, however, that such materiality qualifier shall not be applicable to any representations and warranties that already are qualified or modified by materiality in the text thereof; and provided, further that those representations and warranties expressly referring to a specific date or time period shall be true, accurate and complete in all material respects as of such date or with respect to such time period, and no Event of Default shall have occurred and be continuing or result from the Credit Extension. Each Credit Extension is Borrower's representation and warranty on

that date that the representations and warranties in this Agreement remain true, accurate, and complete in all material respects, taking into account updates thereof subsequent to the Effective Date to the extent permitted by notice to the Bank by one or more specific provisions of this Agreement; provided, however, that such materiality qualifier shall not be applicable to any representations and warranties that already are qualified or modified by materiality in the text thereof; and provided, further that those representations and warranties expressly referring to a specific date or time period shall be true, accurate and complete in all material respects as of such date or with respect to such time period; and

(c) Bank determines to its satisfaction that there has not been any material impairment in the general affairs, management, results of operation, financial condition or the prospect of repayment of the Obligations, nor any material adverse deviation by Borrower from the most recent business plan of Borrower presented to and accepted by Bank.

3.3 Covenant to Deliver. Borrower agrees to deliver to Bank each item required to be delivered to Bank under this Agreement as a condition precedent to any Credit Extension. Borrower expressly agrees that a Credit Extension made prior to the receipt by Bank of any such item shall not constitute a waiver by Bank of Borrower's obligation to deliver such item, and the making of any Credit Extension in the absence of a required item shall be in Bank's sole discretion.

3.4 Procedures for Borrowing.

(a) Advances. Subject to the prior satisfaction of all other applicable conditions to the making of an Advance set forth in this Agreement, to obtain an Advance, Borrower (via an individual duly authorized by an Administrator) shall notify Bank (which notice shall be irrevocable) by electronic mail by 12:00 p.m. Pacific time on the Funding Date of the Advance. Such notice shall be made by Borrower through Bank's online banking program, provided, however, if Borrower is not utilizing Bank's online banking program, then such notice shall be in a written format acceptable to Bank that is executed by an Authorized Signer. Bank shall have received satisfactory evidence that the Board has approved that such Authorized Signer may provide such notices and request Advances. In connection with any such notification, Borrower must promptly deliver to Bank by electronic mail or through Bank's online banking program such reports and information, including without limitation, sales journals, cash receipts journals, accounts receivable aging reports, as Bank may request in its sole discretion. Bank shall credit proceeds of an Advance to the Designated Deposit Account. Bank may make Advances under this Agreement based on instructions from an Authorized Signer or without instructions if the Advances are necessary to meet Obligations which have become due.

(b) Term Loan Advances. Subject to the prior satisfaction of all other applicable conditions to the making of a Term Loan Advance set forth in this Agreement, to obtain a Term Loan Advance, Borrower (via an individual duly authorized by an Administrator) shall notify Bank (which notice shall be irrevocable) by electronic mail by 12:00 noon Pacific time on the Funding Date of the Term Loan Advance. Such notice shall be made by Borrower through Bank's online banking program, provided, however, if Borrower is not utilizing Bank's online banking program, then such notice shall be in a written format acceptable to Bank that is executed by an Authorized Signer. Bank shall have received satisfactory evidence that the Board has approved that such Authorized Signer may provide such notices and request Term Loan Advances. In connection with such notification, Borrower must promptly deliver to Bank by electronic mail or through Bank's online banking program a completed Payment/Advance Form executed by an Authorized Signer together with such other reports and information, as Bank may reasonably request. Bank shall credit proceeds of any Term Loan Advance to the Designated Deposit Account. Bank may make Term Loan Advances under this Agreement based on instructions from an Authorized Signer or without instructions if the Term Loan Advances are necessary to meet Obligations which have become due.

3.5 Post-Closing Requirements. Within (a) forty-five (45) days after the Effective Date, Borrower shall deliver to Bank (i) an Acord 25 certificate with respect to Borrower's general liability insurance policies, (ii) an Acord 28 certificate with respect to Borrower's property insurance policies, (iii) an endorsement to Borrower's general liability insurance policy that names Bank as an additional insured, (iv) an endorsement to Borrower's property insurance policy that names Bank as lender loss payee and (v) endorsements to the general liability and property insurance policies of Borrower stating that the insurer will give Bank at least twenty (20) days prior written notice (ten (10) days for non-payment of premium) before any such policy or policies shall be canceled. and (b) forty-five

(45) days of the Effective Date, Borrower shall use commercially reasonable efforts to deliver to Bank a bailee's waiver in favor of Bank for each location where Borrower maintains property with a value in excess of Five Hundred Thousand Dollars ($500,000.00) with a third party in the United States, by each such third party, together with the duly executed signatures thereto. Failure to comply with the foregoing requirement within the time period provided, or such longer period as Bank may permit in its sole discretion, shall constitute an Event of Default for which no grace or cure period shall exist.

4 CREATION OF SECURITY INTEREST

4.1 Grant of Security Interest. Borrower hereby grants Bank, to secure the payment and performance in full of all of the Obligations, a continuing security interest in, and pledges to Bank, the Collateral, wherever located, whether now owned or hereafter acquired or arising, and all proceeds and products thereof.

Borrower acknowledges that it previously has entered, and/or may in the future enter, into Bank Services Agreements with Bank. Regardless of the terms of any Bank Services Agreement, Borrower agrees that any amounts Borrower owes Bank thereunder shall be deemed to be Obligations hereunder and that it is the intent of Borrower and Bank to have all such Obligations secured by the first priority perfected security interest in the Collateral granted herein (subject only to Permitted Liens that are permitted pursuant to the terms of this Agreement to have superior priority to Bank's Lien in this Agreement).

If this Agreement is terminated, Bank's Lien in the Collateral shall continue until the Obligations (other than inchoate indemnity obligations) are repaid in full in cash. Upon payment in full in cash of the Obligations (other than inchoate indemnity obligations) and at such time as Bank's obligation to make Credit Extensions has terminated, Bank shall, at the sole cost and expense of Borrower, release its Liens in the Collateral and all rights therein shall revert to Borrower. In the event (x) all Obligations (other than inchoate indemnity obligations), except for Bank Services, are satisfied in full, and (y) this Agreement is terminated, Bank shall terminate the security interest granted herein upon Borrower providing cash collateral acceptable to Bank in its good faith business judgment for Bank Services, if any. Bank shall use reasonable efforts to inform Borrower within a reasonable period of time what constitutes acceptable cash collateral with respect to each Bank Services Agreement in force and effect when Borrower delivers its written termination notice. In the event such Bank Services consist of outstanding Letters of Credit, Borrower shall provide to Bank cash collateral in an amount equal to (x) if such Letters of Credit are denominated in Dollars, then at least one hundred five percent (105.0%); and (y) if such Letters of Credit are denominated in a Foreign Currency, then at least one hundred ten percent (110.0%), of the Dollar Equivalent of the face amount of all such Letters of Credit plus all interest, fees, and costs due or to become due in connection therewith (as estimated by Bank in its good faith business judgment), to secure all of the Obligations relating to such Letters of Credit.

4.2 Priority of Security Interest. Borrower represents, warrants, and covenants that, assuming the filing by Bank of a UCC financing statement with the Secretary of State of Delaware covering the Collateral, and solely with respect any type of Collateral for which the receipt of a Control Agreement by Bank is necessary in order to perfect Bank's security interest, Bank's receipt of a Control Agreement, the security interest granted herein is and shall at all times continue to be a first priority perfected security interest in the Collateral (subject only to Permitted Liens that are permitted pursuant to the terms of this Agreement to have superior priority to Bank's Lien under this Agreement). If Borrower shall acquire a commercial tort claim, Borrower shall promptly notify Bank in a writing signed by Borrower of the general details thereof and grant to Bank in such writing a security interest therein and in the proceeds thereof, all upon the terms of this Agreement, with such writing to be in form and substance reasonably satisfactory to Bank.

4.3 Authorization to File Financing Statements. Borrower hereby authorizes Bank to file financing statements, without notice to Borrower, with all appropriate jurisdictions to perfect or protect Bank's interest or rights hereunder, including a notice that any disposition of the Collateral, by either Borrower or any other Person, shall be deemed to violate the rights of Bank under the Code.

5 REPRESENTATIONS AND WARRANTIES

Borrower represents and warrants as follows:

5.1 Due Organization, Authorization; Power and Authority. Borrower is duly existing and in good standing as a Registered Organization in its jurisdiction of formation and is qualified and licensed to do business and is in good standing in any jurisdiction in which the conduct of its business or its ownership of property requires that it be qualified except where the failure to do so could not reasonably be expected to have a material adverse effect on Borrower's business. In connection with this Agreement, Borrower has delivered to Bank a completed certificate signed by Borrower entitled "Perfection Certificate" (the "**Perfection Certificate**"). Borrower represents and warrants to Bank that (a) Borrower's exact legal name is that indicated on the Perfection Certificate and on the signature page hereof; (b) Borrower is an organization of the type and is organized in the jurisdiction set forth in the Perfection Certificate; (c) the Perfection Certificate accurately sets forth Borrower's organizational identification number or accurately states that Borrower has none; (d) the Perfection Certificate accurately sets forth Borrower's place of business, or, if more than one, its chief executive office as well as Borrower's mailing address (if different than its chief executive office); (e) Borrower (and each of its predecessors) has not, in the past five (5) years, changed its jurisdiction of formation, organizational structure or type, or any organizational number assigned by its jurisdiction; and (f) all other information set forth on the Perfection Certificate pertaining to Borrower and each of its Subsidiaries is accurate and complete in all material respects (it being understood and agreed that Borrower may from time to time update certain information in the Perfection Certificate after the Effective Date (whether through the delivery of a new Perfection Certificate, written notice to Bank of updates thereto, or delivery of a Compliance Certificate) to the extent permitted by one or more specific provisions in this Agreement). If Borrower is not now a Registered Organization but later becomes one, Borrower shall promptly notify Bank of such occurrence and provide Bank with Borrower's organizational identification number.

The execution, delivery and performance by Borrower of the Loan Documents to which it is a party have been duly authorized, and do not (i) conflict with any of Borrower's organizational documents, (ii) contravene, conflict with, constitute a default under or violate any material Requirement of Law, (iii) contravene, conflict or violate any applicable order, writ, judgment, injunction, decree, determination or award of any Governmental Authority by which Borrower or any of its Subsidiaries or any of their property or assets may be bound or affected, (iv) require any action by, filing, registration, or qualification with, or Governmental Approval from, any Governmental Authority (except such Governmental Approvals which have already been obtained and are in full force and effect or are being obtained pursuant to Section 6.1), or (v) conflict with, contravene, constitute a default or breach under, or result in or permit the termination or acceleration of, any material agreement by which Borrower is bound. Borrower is not in default under any agreement to which it is a party or by which it is bound in which the default could reasonably be expected to have a material adverse effect on Borrower's business.

5.2 Collateral. Borrower has good title to, rights in, and the power to transfer each item of the Collateral upon which it purports to grant a Lien hereunder, free and clear of any and all Liens except Permitted Liens. Borrower has no Collateral Accounts at or with any bank or financial institution other than Bank or Bank's Affiliates except for the Collateral Accounts described in the Perfection Certificate delivered to Bank in connection herewith and which Borrower has taken such actions as are necessary to give Bank a perfected security interest therein, pursuant to the terms of Section 6.8(b). The Accounts are bona fide, existing obligations of the Account Debtors.

The Collateral is not in the possession of any third party bailee (such as a warehouse) except as otherwise provided in the Perfection Certificate. None of the components of the Collateral shall be maintained at locations other than as provided in the Perfection Certificate or as permitted pursuant to Section 7.2.

All Inventory is in all material respects of good and marketable quality, free from material defects.

Borrower is the sole owner of the Intellectual Property which it owns or purports to own except for (a) nonexclusive licenses granted to its customers in the ordinary course of business, (b) over-the-counter software or open source software that is commercially available to the public, and (c) Intellectual Property licensed to Borrower and, to the extent material to Borrower's business, noted on the Perfection Certificate. Each Patent which it owns or purports to own and which is material to Borrower's business is, to Borrower's knowledge, valid and enforceable, and no part of the Intellectual Property which Borrower owns or purports to own and which is material to Borrower's business has been judged invalid or unenforceable, in whole or in part. To the best of Borrower's knowledge, no claim has been made that any part of the Intellectual Property violates the rights of any third party except to the extent such claim would not reasonably be expected to have a material adverse effect on Borrower's business.

Except as noted on the Perfection Certificate, Borrower is not a party to, nor is it bound by, any Restricted License.

5.3 Accounts Receivable; Inventory.

(a) For each Account with respect to which Advances are requested, on the date each Advance is requested and made, such Account shall be an Eligible Account.

(b) All statements made and all unpaid balances appearing in all invoices, instruments and other documents evidencing the Eligible Accounts are and shall be true and correct and all such invoices, instruments and other documents, and all of Borrower's Books are genuine and in all respects what they purport to be. All sales and other transactions underlying or giving rise to each Eligible Account shall comply in all material respects with all applicable laws and governmental rules and regulations. Borrower has no knowledge of any actual or imminent Insolvency Proceeding of any Account Debtor whose accounts are Eligible Accounts in any Borrowing Base Report. To the best of Borrower's knowledge, all signatures and endorsements on all documents, instruments, and agreements relating to all Eligible Accounts are genuine, and all such documents, instruments and agreements are legally enforceable in accordance with their terms.

(c) For any item of Inventory consisting of Eligible Inventory in any Borrowing Base Report, such Inventory (i) consists of finished goods, in good, new, and salable condition, which is not perishable, returned, consigned, obsolete, not sellable, damaged, or defective, and is not comprised of demonstrative or custom inventory, works in progress, packaging or shipping materials, or supplies; (ii) meets all applicable governmental standards; (iii) has been manufactured in compliance with the Fair Labor Standards Act; (iv) is not subject to any Liens, except the first priority Liens granted or in favor of Bank under this Agreement or any of the other Loan Documents and Permitted Liens that do not have priority over Bank's Lien in this Agreement; (v) is located in the United States at the locations identified by Borrower in the Perfection Certificate where it maintains Inventory for which Borrower has delivered to Bank a duly executed landlord consent or bailee waiver, and (vi) such Inventory has not been stored at any such location for more than one hundred fifty (150) days.

5.4 Litigation. There are no actions or proceedings pending or, to the knowledge of any Responsible Officer, threatened in writing by or against Borrower or any of its Subsidiaries that would reasonably be expected to result in damages or costs to Borrower or any of its Subsidiaries in an amount more than, individually or in the aggregate, Two Hundred Fifty Thousand Dollars ($250,000).

5.5 Financial Statements; Financial Condition. All consolidated financial statements for Borrower and any of its Subsidiaries delivered to Bank by submission to the Financial Statement Repository fairly present in all material respects Borrower's consolidated financial condition and Borrower's consolidated results of operations. There has not been any material deterioration in Borrower's consolidated financial condition since the date of the most recent financial statements submitted to the Financial Statement Repository.

5.6 Solvency. The fair salable value of Borrower's consolidated assets (including goodwill minus disposition costs) exceeds the fair value of Borrower's liabilities; Borrower is not left with unreasonably small capital after the transactions in this Agreement; and Borrower is able to pay its debts (including trade debts) as they mature.

5.7 Regulatory Compliance. Borrower is not an "investment company" or a company "controlled" by an "investment company" under the Investment Company Act of 1940, as amended. Borrower is not engaged as one of its important activities in extending credit for margin stock (under Regulations X, T and U of the Federal Reserve Board of Governors). Borrower (a) has complied in all material respects with all Requirements of Law, and (b) has not violated any Requirements of Law the violation of which could reasonably be expected to have a material adverse effect on its business. None of Borrower's or any of its Subsidiaries' properties or assets has been used by Borrower or any Subsidiary or, to the best of Borrower's knowledge, by previous Persons, in disposing, producing, storing, treating, or transporting any hazardous substance other than legally. Borrower and each of its Subsidiaries have obtained all consents, approvals and authorizations of, made all declarations or filings with, and given all notices to, all Governmental Authorities that are necessary to continue their respective businesses as currently conducted.

5.8 Subsidiaries; Investments. Borrower does not own any stock, partnership, or other ownership interest or other equity securities except for equity securities of Borrower's Subsidiaries and Permitted Investments.

5.9 Tax Returns and Payments; Pension Contributions. Borrower has timely filed all required tax returns and reports, and Borrower has timely paid all foreign, federal, state and local taxes, assessments, deposits and contributions owed by Borrower except (a) to the extent such taxes are being contested in good faith by appropriate proceedings promptly instituted and diligently conducted, so long as such reserve or other appropriate provision, if any, as shall be required in conformity with GAAP shall have been made therefor, or (b) if such taxes, assessments, deposits and contributions do not, individually or in the aggregate, exceed Fifty Thousand Dollars ($50,000).

To the extent Borrower defers payment of any contested taxes, Borrower shall (i) notify Bank in writing of the commencement of, and any material development in, the proceedings, and (ii) post bonds or take any other steps required to prevent the Governmental Authority levying such contested taxes from obtaining a Lien upon any of the Collateral that is other than a "Permitted Lien." Borrower is unaware of any claims or adjustments proposed for any of Borrower's prior tax years which could reasonably be expected to result in additional taxes becoming due and payable by Borrower in excess of Fifty Thousand Dollars ($50,000). Borrower has paid all amounts necessary to fund all present pension, profit sharing and deferred compensation plans in accordance with their terms, and Borrower has not withdrawn from participation in, and has not permitted partial or complete termination of, or permitted the occurrence of any other event with respect to, any such plan which could reasonably be expected to result in any liability of Borrower, including any liability to the Pension Benefit Guaranty Corporation or its successors or any other governmental agency.

5.10 Use of Proceeds. Borrower shall use the proceeds of the Credit Extensions solely as working capital and to fund its general business requirements and not for personal, family, household or agricultural purposes.

5.11 Full Disclosure. No written representation, warranty or other statement of Borrower in any certificate or written statement submitted to the Financial Statement Repository or otherwise given to Bank, as of the date such representation, warranty, or other statement was made, taken together with all such written certificates and written statements given to Bank, contains any untrue statement of a material fact or omits to state a material fact necessary to make the statements contained in the certificates or written statements not misleading (it being recognized by Bank that the projections and forecasts provided by Borrower in good faith and based upon reasonable assumptions are not viewed as facts and that actual results during the period or periods covered by such projections and forecasts may differ from the projected or forecasted results).

5.12 Definition of "Knowledge." For purposes of the Loan Documents, whenever a representation or warranty is made to Borrower's knowledge or awareness, to the "best of" Borrower's knowledge, or with a similar qualification, knowledge or awareness means the actual knowledge, after reasonable investigation, of any Responsible Officer.

6 AFFIRMATIVE COVENANTS

Until such time as all Obligations are satisfied in full and Bank has no further obligation to make Credit Extensions to Borrower, Borrower shall do all of the following:

6.1 Government Compliance.

(a) Maintain its and all its Subsidiaries' legal existence and good standing in their respective jurisdictions of formation and maintain qualification in each jurisdiction in which the failure to so qualify would reasonably be expected to have a material adverse effect on Borrower's business or operations. Borrower shall comply, and have each Subsidiary comply, in all material respects, with all laws, ordinances and regulations to which it is subject, where the failure to so comply would reasonably be expected to have a material adverse effect on Borrower's business or operations.

(b) Obtain all of the Governmental Approvals necessary for the performance by Borrower of its obligations under the Loan Documents to which it is a party and the grant of a security interest to Bank in the Collateral. Borrower shall promptly provide copies of any such obtained Governmental Approvals to Bank.

6.2 Financial Statements, Reports, Certificates. Provide Bank with the following by posting to the Financial Statement Repository:

(a) a Borrowing Base Report (i) with each request for an Advance, (ii) no later than Friday of each week (reflecting information that is current as of a date no earlier than the prior Friday) when a Streamline Period is not in effect, and (iii) within seven (7) days after the end of each month when a Streamline Period is in effect;

(b) (i) with each request for an Advance, (ii) no later than Friday of each week (reflecting information that is current as of a date no earlier than the prior Friday) when a Streamline Period is not in effect, and (iii) within seven (7) days after the end of each month when a Streamline Period is in effect, (A) monthly accounts receivable agings, aged by invoice date, (B) monthly accounts payable agings, aged by invoice date, and outstanding or held check registers, if any, (C) monthly reconciliations of accounts receivable agings (aged by invoice date), and general ledger, and (D) monthly perpetual inventory reports for Inventory valued on a first-in, first-out basis at the lower of cost or market (in accordance with GAAP) or such other inventory reports as are requested by Bank in its good faith business judgment;

(c) as soon as available, but no later than thirty (30) days after the last day of each month, a company prepared consolidated balance sheet and income statement covering Borrower's consolidated operations for such month certified by a Responsible Officer and in a form reasonably acceptable to Bank (the "**Monthly Financial Statements**");

(d) within thirty (30) days after the last day of each month and together with the Monthly Financial Statements, a duly completed Compliance Statement, confirming that as of the end of such month, Borrower was in full compliance with all of the terms and conditions of this Agreement, and setting forth calculations showing compliance with the financial covenants set forth in this Agreement and such other information as Bank may reasonably request, including, without limitation, a statement that at the end of such month there were no held checks;

(e) within sixty (60) days after the end of each fiscal year of Borrower, and promptly (but, in any event, with two (2) Business Days) following any Board-approved updates or amendments thereto, (i) annual operating budgets (including income statements, balance sheets and cash flow statements, by month) for the then current fiscal year of Borrower, and (ii) annual financial projections for such fiscal year (on a quarterly basis), in each case as approved by the Board and commensurate in form and substance with those provided to Borrower's venture capital investors, together with any related business forecasts used in the preparation of such annual financial projections;

(f) for each fiscal year for which the Board requires Borrower to prepare audited financial statements, as soon as available, and in any event within two hundred seventy (270) days following the end of Borrower's fiscal year, audited consolidated financial statements prepared under GAAP, consistently applied, together with an unqualified opinion (provided that such opinion may contain a "going concern" qualification typical for venture backed companies similar to Borrower) on the financial statements from an independent certified public accounting firm reasonably acceptable to Bank. If the Board does not require audited financial statements, then, as soon as available, and in any event within ninety (90) days after the end of Borrower's fiscal year, company-prepared consolidated financial statements for such fiscal year certified by a Responsible Officer and in a form reasonably acceptable to Bank;

(g) in the event that Borrower becomes subject to the reporting requirements under the Exchange Act within ten (10) days of filing, copies of all periodic and other reports, proxy statements and other materials filed by Borrower and/or any Guarantor with the SEC, any Governmental Authority succeeding to any or all of the functions of the SEC or with any national securities exchange, or distributed to its shareholders, as the case may be. Documents required to be delivered pursuant to the terms hereof (to the extent any such documents are included in materials otherwise filed with the SEC) may be delivered electronically and if so delivered, shall be deemed to have been delivered on the date on which Borrower posts such documents, or provides a link thereto, on

Borrower's website on the internet at Borrower's website address; provided, however, Borrower shall promptly notify Bank in writing (which may be by electronic mail) of the posting of any such documents;

(h) within five (5) days of delivery, copies of all statements, reports and notices made available to Borrower's security holders or to any holders of Subordinated Debt;

(i) prompt written notice of any changes to the beneficial ownership information set out in Section 14 of the Perfection Certificate. Borrower understands and acknowledges that Bank relies on such true, accurate and up-to-date beneficial ownership information to meet Bank's regulatory obligations to obtain, verify and record information about beneficial owners of its legal entity customers;

(j) prompt report of any legal actions pending or threatened in writing against Borrower or any of its Subsidiaries that could reasonably be expected to result in damages or costs to Borrower or any of its Subsidiaries of, individually or in the aggregate, Two Hundred Fifty Thousand Dollars ($250,000) or more; and

(k) promptly, from time to time, such other information regarding Borrower or compliance with the terms of any Loan Documents as reasonably requested by Bank.

Any submission by Borrower of a Compliance Statement or any other financial statement submitted to the Financial Statement Repository pursuant to this Section 6.2 or otherwise submitted to Bank shall be deemed to be a representation by Borrower that (a) as of the date of such Compliance Statement or other financial statement, the information and calculations set forth therein are true, accurate and correct, (b) as of the end of the compliance period set forth in such submission, Borrower is in complete compliance with all required covenants except as noted in such Compliance Statement or other financial statement, as applicable; (c) as of the date of such submission, no Events of Default have occurred or are continuing; (d) all representations and warranties other than any representations or warranties that are made as of a specific date in Section 5 remain true and correct in all material respects as of the date of such submission except as noted in such Compliance Statement or other financial statement, as applicable; (e) as of the date of such submission, Borrower and each of its Subsidiaries has timely filed all required tax returns and reports, and Borrower has timely paid all foreign, federal, state and local taxes, assessments, deposits and contributions owed by Borrower except as otherwise permitted pursuant to the terms of Section 5.9; and (f) as of the date of such submission, no Liens have been levied or claims made against Borrower or any of its Subsidiaries relating to unpaid employee payroll or benefits of which Borrower has not previously provided written notification to Bank.

6.3 Accounts Receivable.

(a) Schedules and Documents Relating to Accounts. Borrower shall deliver to Bank transaction reports and schedules of collections, as provided in Section 6.2, on Bank's standard forms; provided, however, that Borrower's failure to execute and deliver the same shall not affect or limit Bank's Lien and other rights in all of Borrower's Accounts, nor shall Bank's failure to advance or lend against a specific Account affect or limit Bank's Lien and other rights therein. If requested by Bank, Borrower shall furnish Bank with copies (or, at Bank's request, originals) of all contracts, orders, invoices, and other similar documents, and all shipping instructions, delivery receipts, bills of lading, and other evidence of delivery, for any goods the sale or disposition of which gave rise to such Accounts. In addition, Borrower shall deliver to Bank, on its request, the originals of all instruments, chattel paper, security agreements, guarantees and other documents and property evidencing or securing any Accounts, in the same form as received, with all necessary indorsements, and copies of all credit memos.

(b) Disputes. Borrower shall promptly notify Bank of all disputes or claims relating to Accounts. Borrower may forgive (completely or partially), compromise, or settle any Account for less than payment in full, or agree to do any of the foregoing so long as (i) Borrower does so in good faith, in a commercially reasonable manner, in the ordinary course of business, in arm's-length transactions, and reports the same to Bank in the regular reports provided to Bank; (ii) no Event of Default has occurred and is continuing; and (iii) after taking into account all such discounts, settlements and forgiveness, the total outstanding Advances will not exceed the lesser of the Revolving Line or the Borrowing Base.

(c) Collection of Accounts. Borrower shall direct Account Debtors to deliver or transmit all proceeds of Accounts into a cash collateral account, or via electronic deposit capture into such other such other "blocked account" as specified by Bank (either such account, the "**Cash Collateral Account**"). Whether or not an Event of Default has occurred and is continuing, Borrower shall immediately deliver all payments on and proceeds of Accounts to the Cash Collateral Account. Subject to Bank's right to maintain a reserve pursuant to Section 6.3(d), all amounts received in the Cash Collateral Account shall be (i) when a Streamline Period is not in effect, applied to immediately reduce the Obligations under the Revolving Line (unless Bank, in its sole discretion, at times when an Event of Default exists, elects not to so apply such amounts), which amounts will be applied first to the outstanding Obligations with respect to Advances made based upon Eligible Accounts (up to the total amount of such Obligations), second to the outstanding Obligations with respect to Advances made based upon Eligible Inventory (up to the total amount of such Obligations) and third to the outstanding Obligations with respect to Advances made based upon the Working Capital Amount (up to the total amount of such Obligations), or (ii) when a Streamline Period is in effect, transferred on a daily basis to Borrower's operating account with Bank. Borrower hereby authorizes Bank to transfer to the Cash Collateral Account any amounts that Bank reasonably determines are proceeds of the Accounts (provided that Bank is under no obligation to do so and this allowance shall in no event relieve Borrower of its obligations hereunder).

(d) Reserves. Notwithstanding any terms in this Agreement to the contrary, at times when an Event of Default exists, Bank may hold any proceeds of the Accounts and any amounts in the Cash Collateral Account that are not applied to the Obligations pursuant to Section 6.3(c) above (including amounts otherwise required to be transferred to Borrower's operating account with Bank when a Streamline Period is in effect) as a reserve to be applied to any Obligations regardless of whether such Obligations are then due and payable (which application shall be in the order specified in Section 6.3(c)(i) above).

(e) Returns. Provided no Event of Default has occurred and is continuing, if any Account Debtor returns any Inventory to Borrower, Borrower shall promptly (i) determine the reason for such return, (ii) issue a credit memorandum to the Account Debtor in the appropriate amount, and (iii) at all times after the aggregate amount of all such returns on and after the Effective Date first exceeds One Hundred Thousand Dollars ($100,000.00), provide a copy of such credit memorandum to Bank, upon request from Bank. In the event any attempted return occurs after the occurrence and during the continuance of any Event of Default, Borrower shall hold the returned Inventory in trust for Bank, and immediately notify Bank of the return of the Inventory.

(f) Verifications; Confirmations; Credit Quality; Notifications. Bank may, from time to time, (i) verify and confirm directly with the respective Account Debtors the validity, amount and other matters relating to the Accounts, either in the name of Borrower or Bank or such other name as Bank may choose, and notify any Account Debtor of Bank's security interest in such Account and/or (ii) conduct a credit check of any Account Debtor to approve any such Account Debtor's credit.

(g) No Liability. Bank shall not be responsible or liable for any shortage or discrepancy in, damage to, or loss or destruction of, any goods, the sale or other disposition of which gives rise to an Account, or for any error, act, omission, or delay of any kind occurring in the settlement, failure to settle, collection or failure to collect any Account, or for settling any Account in good faith for less than the full amount thereof, nor shall Bank be deemed to be responsible for any of Borrower's obligations under any contract or agreement giving rise to an Account. Nothing herein shall, however, relieve Bank from liability for its own gross negligence or willful misconduct.

6.4 Remittance of Proceeds. Except as otherwise provided in Section 6.3(c), deliver, in kind, all proceeds arising from the disposition of any Collateral to Bank in the original form in which received by Borrower not later than the following Business Day after receipt by Borrower, to be applied to the Obligations (a) prior to an Event of Default, pursuant to the terms of Section 6.3(c) hereof, and (b) after the occurrence and during the continuance of an Event of Default, pursuant to the terms of Section 9.4 hereof; provided that, if no Event of Default has occurred and is continuing, Borrower shall not be obligated to remit to Bank the proceeds of the sale of worn out or obsolete Equipment disposed of by Borrower in good faith in an arm's length transaction for an aggregate purchase price of One Hundred Thousand Dollars ($100,000) or less (for all such transactions in any fiscal year). Borrower agrees that it will not commingle proceeds of Collateral with any of Borrower's other funds or property, but will hold such proceeds separate and apart from such other funds and property and in an express trust for Bank. Nothing in this Section 6.4 limits the restrictions on disposition of Collateral set forth elsewhere in this Agreement.

6.5 Taxes; Pensions. Timely file, and require each of its Subsidiaries to timely file, all required tax returns and reports and timely pay, and require each of its Subsidiaries to timely pay, all foreign, federal, state and local taxes, assessments, deposits and contributions owed by Borrower and each of its Subsidiaries, except for deferred payment of any taxes contested pursuant to the terms of Section 5.9 hereof and taxes with respect to which the amount does not exceed the amount set forth in Section 5.9 hereof, and shall deliver to Bank, on demand, appropriate certificates attesting to such payments, and pay all amounts necessary to fund all present pension, profit sharing and deferred compensation plans in accordance with their terms.

6.6 Access to Collateral; Books and Records. At reasonable times, on one (1) Business Day's notice (provided no notice is required if an Event of Default has occurred and is continuing), Bank, or its agents, shall have the right to inspect the Collateral and the right to audit and copy Borrower's Books. The foregoing inspections and audits shall be conducted no more often than once every twelve (12) months (or more frequently as Bank in its sole discretion determines that conditions warrant) unless an Event of Default has occurred and is continuing in which case such inspections and audits shall occur as often as Bank shall determine is necessary. The foregoing inspections and audits shall be conducted at Borrower's expense and the charge therefor shall be One Thousand Dollars ($1,000) per person per day (or such higher amount as shall represent Bank's then-current standard charge for the same), plus reasonable out-of-pocket expenses. In the event Borrower and Bank schedule an audit more than eight (8) days in advance, and Borrower cancels or seeks to or reschedules the audit with less than eight (8) days written notice to Bank, then (without limiting any of Bank's rights or remedies) Borrower shall pay Bank a fee of Two Thousand Dollars ($2,000) plus any out-of-pocket expenses incurred by Bank to compensate Bank for the anticipated costs and expenses of the cancellation or rescheduling. The Initial Audit shall be completed within ninety (90) days after the Effective Date, and Borrower shall cooperate with Bank in order to timely complete same.

6.7 Insurance.

(a) Keep its business and the Collateral insured for risks and in amounts standard for companies in Borrower's industry and location and as Bank may reasonably request. Insurance policies shall be in a form, with financially sound and reputable insurance companies that are not Affiliates of Borrower, and in amounts that are reasonably satisfactory to Bank. All property policies shall have a lender's loss payable endorsement showing Bank as lender loss payee. All liability policies shall show, or have endorsements showing, Bank as an additional insured. Bank shall be named as lender loss payee and/or additional insured with respect to any such insurance providing coverage in respect of any Collateral.

(b) Ensure that proceeds payable under any property policy are, at Bank's option, payable to Bank on account of the Obligations. Notwithstanding the foregoing, (i) so long as no Event of Default has occurred and is continuing, Borrower shall have the option of applying the proceeds of any casualty policy not exceeding Two Hundred Fifty Thousand Dollars ($250,000.00) in the aggregate for all losses under all casualty policies in any one year, toward the replacement or repair of destroyed or damaged property; provided that any such replaced or repaired property (A) shall be of equal or like value as the replaced or repaired Collateral and (B) shall be deemed Collateral in which Bank has been granted a first priority security interest, and (ii) after the occurrence and during the continuance of an Event of Default, all proceeds payable under such casualty policy shall, at the option of Bank, be payable to Bank on account of the Obligations.

(c) At Bank's request, Borrower shall deliver certified copies of insurance policies and evidence of all premium payments. Each provider of any such insurance required under this Section 6.7 shall agree, by endorsement upon the policy or policies issued by it or by independent instruments furnished to Bank, that it will give Bank twenty (20) days prior written notice (ten (10) days for non-payment of premium) before any such policy or policies shall be canceled. If Borrower fails to obtain insurance as required under this Section 6.7 or to pay any amount or furnish any required proof of payment to third persons and Bank, Bank may make all or part of such payment or obtain such insurance policies required in this Section 6.7, and take any action under the policies Bank deems prudent.

6.8 Accounts.

(a) Maintain its and all of its Subsidiaries' primary Deposit Accounts, the Cash Collateral Account and primary Securities Accounts with Bank and Bank's Affiliates. In respect of payment processor accounts

disclosed in the Perfection Certificate delivered on the Effective Date or otherwise disclosed to Bank in writing, Borrower may maintain such payment processor accounts so long as proceeds in excess of Two Hundred Fifty Thousand Dollars ($250,000.00) received in such accounts are transferred to a Deposit Account of Borrower maintained at Bank promptly, and in any event on a weekly basis (the "Payment Processor Accounts"). Any Guarantor shall maintain all depository, operating and securities/investment accounts with Bank and Bank's Affiliates.

(b) In addition to and without limiting the restrictions in (a), Borrower shall provide Bank five (5) days prior written notice before establishing any Collateral Account at or with any bank or financial institution other than Bank or Bank's Affiliates. For each Collateral Account that Borrower at any time maintains, Borrower shall cause the applicable bank or financial institution (other than Bank) at or with which any Collateral Account is maintained to execute and deliver a Control Agreement or other appropriate instrument with respect to such Collateral Account to perfect Bank's Lien in such Collateral Account in accordance with the terms hereunder which Control Agreement may not be terminated without the prior written consent of Bank. The provisions of the previous sentence shall not apply to (i) deposit accounts exclusively used for payroll, payroll taxes, and other employee wage and benefit payments to or for the benefit of Borrower's employees and identified to Bank by Borrower as such or (ii) the Payment Processor Accounts.

6.9 Financial Covenant – Equity Event. Deliver evidence to Bank, reasonably satisfactory to Bank, on or prior to December 31, 2019, that the Equity Event occurred on or prior to such date.

6.10 Protection of Intellectual Property Rights.

(a) (i) Use commercially reasonable efforts necessary to protect, defend and maintain the validity and enforceability of its Intellectual Property which is material for the conduct of Borrower's business (other than Intellectual Property which Borrower licenses from one or more third parties); (ii) promptly advise Bank in writing of material infringements or any other event that could reasonably be expected to materially and adversely affect the value of its Intellectual Property which is material for the conduct of Borrower's business; and (iii) not allow any Intellectual Property which is material for the conduct of Borrower's business to be abandoned, forfeited or dedicated to the public without Bank's written consent.

(b) Provide written notice to Bank within fifteen (15) days of entering or becoming bound by any Restricted License (other than over-the-counter software that is commercially available to the public). Borrower shall take such commercially reasonable steps as Bank requests to obtain the consent of, or waiver by, any person whose consent or waiver is necessary for (i) any Restricted License to be deemed "Collateral" and for Bank to have a security interest in it that might otherwise be restricted or prohibited by law or by the terms of any such Restricted License, whether now existing or entered into in the future, and (ii) Bank to have the ability in the event of a liquidation of any Collateral to dispose of such Collateral in accordance with Bank's rights and remedies under this Agreement and the other Loan Documents.

6.11 Litigation Cooperation. From the date hereof and continuing through the termination of this Agreement, make available to Bank, without expense to Bank, Borrower and its officers, employees and agents and Borrower's books and records, to the extent that Bank may deem them reasonably necessary to prosecute or defend any third-party suit or proceeding instituted by or against Bank with respect to any Collateral or relating to Borrower. All information obtained by Bank during or as a result of such activities shall be governed by Section 12.9.

6.12 Online Banking.

(a) Utilize Bank's online banking platform for all matters requested by Bank which shall include, without limitation (and without request by Bank for the following matters), uploading information pertaining to Accounts and Account Debtors, requesting approval for exceptions, requesting Credit Extensions, and uploading financial statements and other reports required to be delivered by this Agreement (including, without limitation, those described in Section 6.2 of this Agreement).

(b) Comply with the terms of Bank's Online Banking Agreement as in effect from time to time and ensure that all persons utilizing Bank's online banking platform are duly authorized to do so by an Administrator.

Bank shall be entitled to assume the authenticity, accuracy and completeness on any information, instruction or request for a Credit Extension submitted via Bank's online banking platform and to further assume that any submissions or requests made via Bank's online banking platform have been duly authorized by an Administrator.

6.13 Formation or Acquisition of Subsidiaries. Notwithstanding and without limiting the negative covenants contained in Sections 7.3 and 7.7 hereof, at the time that Borrower or any Guarantor forms any direct or indirect Subsidiary or acquires any direct or indirect Subsidiary after the Effective Date (including, without limitation, pursuant to a Division), Borrower and such Guarantor shall (a) cause such new Subsidiary to provide to Bank a joinder to this Agreement to become a co-borrower hereunder, or, if elected by Bank in its sole discretion, a Guarantor, together with such appropriate financing statements and/or Control Agreements, all in form and substance reasonably satisfactory to Bank (including being sufficient to grant Bank a first priority Lien (subject to Permitted Liens) in and to the assets of such newly formed or acquired Subsidiary), (b) provide to Bank appropriate certificates and powers and financing statements, pledging all of the direct or beneficial ownership interest in such new Subsidiary (or, if such new Subsidiary is a Foreign Subsidiary, more than 65% of the presently existing and hereafter arising issued and outstanding shares of capital stock owned by Borrower of any Foreign Subsidiary which shares entitle the holder thereof to vote for directors or any other matter), in form and substance reasonably satisfactory to Bank; and (c) if requested by Bank, provide to Bank all other documentation in form and substance reasonably satisfactory to Bank, including one or more opinions of counsel reasonably satisfactory to Bank, which in its opinion is appropriate with respect to the execution and delivery of the applicable documentation referred to above. Any document, agreement, or instrument executed or issued pursuant to this Section 6.13 shall be a Loan Document.

6.14 Further Assurances. Execute any further instruments and take further action as Bank reasonably requests to perfect or continue Bank's Lien in the Collateral or to effect the purposes of this Agreement. Deliver to Bank, within five (5) days after the same are sent or received, copies of all correspondence, reports, documents and other filings with any Governmental Authority regarding compliance with or maintenance of Governmental Approvals or Requirements of Law or that could reasonably be expected to have a material effect on any of the Governmental Approvals or otherwise on the operations of Borrower or any of its Subsidiaries.

7 NEGATIVE COVENANTS

Borrower shall not do any of the following without Bank's prior written consent:

7.1 Dispositions. Convey, sell, lease, transfer, assign, or otherwise dispose of (including, without limitation, pursuant to a Division) (collectively, "**Transfer**"), or permit any of its Subsidiaries to Transfer, all or any part of its business or property, except for Transfers (a) of Inventory in the ordinary course of business; (b) of worn-out, unneeded, fully depreciated or obsolete Equipment that is, in the reasonable judgment of Borrower, no longer economically practicable to maintain or useful in the ordinary course of business of Borrower; (c) consisting of Permitted Liens and Permitted Investments; (d) consisting of the sale or issuance of any stock of Borrower permitted under Section 7.2 of this Agreement; (e) consisting of Borrower's use or transfer of money or Cash Equivalents in a manner that is not prohibited by the terms of this Agreement or the other Loan Documents; (f) of non-exclusive licenses for the use of the property of Borrower or its Subsidiaries in the ordinary course of business and licenses that could not result in a legal transfer of title of the licensed property but that may be exclusive in respects other than territory and that may be exclusive as to territory only as to discrete geographical areas outside of the United States; (g) consisting of any lease or sublease of real property (including the Transfer of any leasehold improvements whether or not fully depreciated) by Borrower; and (h) resulting from the abandonment, forfeiture or dedication to the public of Intellectual Property to the extent permitted by Section 6.10(a)(iii).

7.2 Changes in Business, Management, Control, or Business Locations. (a) Engage in or permit any of its Subsidiaries to engage in any business other than the businesses currently engaged in by Borrower and such Subsidiary, as applicable, or reasonably related or incidental thereto; (b) liquidate or dissolve (provided that nothing herein shall prevent a Subsidiary (other than a Borrower or Guarantor) from liquidating or dissolving to the extent that all assets thereof are distributed to Borrower or another Subsidiary simultaneously with such liquidation or dissolution); (c) fail to provide notice to Bank of any Key Person departing from or ceasing to be employed by Borrower within five (5) days after such Key Person's departure from Borrower; or (d) permit or suffer any Change in Control.

Borrower shall not, without at least fifteen (15) days prior written notice to Bank: (1) add any new offices or business locations, including warehouses (unless such new offices or business locations contain less than Two Hundred Fifty Thousand Dollars ($250,000) in Borrower's assets or property) or deliver any portion of the Collateral valued, individually or in the aggregate, in excess of Two Hundred Fifty Thousand Dollars ($250,000) to a bailee at a location other than to a bailee and at a location already disclosed in the Perfection Certificate, (2) change its jurisdiction of organization, (3) change its organizational structure or type, (4) change its legal name, or (5) change any organizational number (if any) assigned by its jurisdiction of organization. If Borrower adds any new offices or business locations, including warehouses, containing in excess of Five Hundred Thousand Dollars ($500,000) of Borrower's assets or property, then Borrower will promptly use commercially reasonable efforts to cause such landlord of any such new offices or business locations, including warehouses, to execute and deliver a landlord consent in form and substance reasonably satisfactory to Bank. If Borrower delivers any portion of the Collateral valued, individually or in the aggregate, in excess of Five Hundred Thousand Dollars ($500,000) to a bailee, and Bank and such bailee are not already parties to a bailee agreement governing both the Collateral and the location to which Borrower intends to deliver the Collateral, then Borrower will promptly use commercially reasonable efforts to cause such bailee to execute and deliver a bailee agreement in form and substance reasonably satisfactory to Bank.

7.3 Mergers or Acquisitions. Merge or consolidate, or permit any of its Subsidiaries to merge or consolidate, with any other Person, or acquire, or permit any of its Subsidiaries to acquire, all or substantially all of the capital stock or property of another Person (including, without limitation, by the formation of any Subsidiary or pursuant to a Division). A Subsidiary may merge or consolidate into another Subsidiary or into Borrower.

7.4 Indebtedness. Create, incur, assume, or be liable for any Indebtedness, or permit any Subsidiary to do so, other than Permitted Indebtedness.

7.5 Encumbrance. Create, incur, allow, or suffer any Lien on any of its property, or assign or convey any right to receive income, including the sale of any Accounts, or permit any of its Subsidiaries to do so, except for Permitted Liens, permit any Collateral not to be subject to the first priority security interest granted herein, or enter into any agreement, document, instrument or other arrangement (except with or in favor of Bank) with any Person which directly or indirectly prohibits or has the effect of prohibiting Borrower or any Subsidiary from assigning, mortgaging, pledging, granting a security interest in or upon, or encumbering any of Borrower's or any Subsidiary's Intellectual Property, except (i) customary restrictions on assignment in any license agreement where Borrower or any Subsidiary is the licensee (not the licensor), and (ii) as is otherwise permitted in Section 7.1 hereof and the definition of "Permitted Liens" herein.

7.6 Maintenance of Collateral Accounts. Maintain any Collateral Account except pursuant to the terms of Section 6.8(b) hereof.

7.7 Distributions; Investments. (a) Pay any dividends or make any distribution or payment or redeem, retire or purchase any capital stock provided that Borrower may (i) convert any of its convertible securities into other securities pursuant to the terms of such convertible securities or otherwise in exchange thereof, (ii) make cash payments in lieu of the issuance of fractional shares upon the conversion of convertible securities, stock splits, stock combinations or business combinations in an aggregate amount not to exceed One Hundred Thousand Dollars ($100,000.00) per fiscal year, (iii) pay dividends solely in common stock; (iv) make purchases of capital stock in connection with the exercise of stock options or stock appreciation by way of a cashless exercise; and (v) repurchase the stock of former employees or consultants pursuant to stock repurchase agreements so long as an Event of Default does not exist at the time of any such repurchase and would not exist after giving effect to any such repurchase, provided that the aggregate amount of all such repurchases does not exceed Two Hundred Fifty Thousand Dollars ($250,000) per fiscal year; or (b) directly or indirectly make any Investment (including, without limitation, by the formation of any Subsidiary) other than Permitted Investments, or permit any of its Subsidiaries to do so.

7.8 Transactions with Affiliates. Directly or indirectly enter into or permit to exist any material transaction with any Affiliate of Borrower, except for (i) sales of equity securities in bona fide venture financing transactions to the extent not prohibited by Section 7.2, (ii) the incurrence of Subordinated Debt, (iii) transactions of the type described in and permitted pursuant to Section 7.7 hereof, (iv) Investments of the type described in and permitted under sub-clauses (f), (g) and (k) of the definition of Permitted Investments, (v) commercially reasonable and customary compensation or other incentive arrangements approved by the Board and (vi) other transactions that

are in the ordinary course of Borrower's business, upon fair and reasonable terms that are no less favorable to Borrower than would be obtained in an arm's length transaction with a non-affiliated Person.

7.9 Subordinated Debt. (a) Make or permit any payment on any Subordinated Debt, except under the terms of the subordination, intercreditor, or other similar agreement to which such Subordinated Debt is subject, or (b) amend any provision in any document relating to the Subordinated Debt which would increase the amount thereof, provide for earlier or greater principal, interest, or other payments thereon, or adversely affect the subordination thereof to Obligations owed to Bank.

7.10 Compliance. Become an "investment company" or a company controlled by an "investment company", under the Investment Company Act of 1940, as amended, or undertake as one of its important activities extending credit to purchase or carry margin stock (as defined in Regulation U of the Board of Governors of the Federal Reserve System), or use the proceeds of any Credit Extension for that purpose; fail to (a) meet the minimum funding requirements of ERISA, (b) prevent a Reportable Event or Prohibited Transaction, as defined in ERISA, from occurring, or (c) comply with the Federal Fair Labor Standards Act, the failure of any of the conditions described in clauses (a) through (c) which could reasonably be expected to have a material adverse effect on Borrower's business; or violate any other law or regulation, if the violation could reasonably be expected to have a material adverse effect on Borrower's business, or permit any of its Subsidiaries to do so; withdraw or permit any Subsidiary to withdraw from participation in, permit partial or complete termination of, or permit the occurrence of any other event with respect to, any present pension, profit sharing and deferred compensation plan which could reasonably be expected to result in any liability of Borrower, including any liability to the Pension Benefit Guaranty Corporation or its successors or any other governmental agency.

8 EVENTS OF DEFAULT

Any one of the following shall constitute an event of default (an "**Event of Default**") under this Agreement:

8.1 Payment Default. Borrower fails to (a) make any payment of principal or interest on any Credit Extension when due, or (b) pay any other Obligations within three (3) Business Days after such Obligations are due and payable (which three (3) Business Day cure period shall not apply to payments due on the Revolving Line Maturity Date, the Term Loan Maturity Date or the GCTL Maturity Date). During the cure period, the failure to make or pay any payment specified under clause (b) hereunder is not an Event of Default (but no Credit Extension will be made during the cure period);

8.2 Covenant Default.

(a) Borrower fails or neglects to perform any obligation in Sections 6.2, 6.3, 6.4, 6.5, 6.6, 6.7, 6.8, 6.9, 6.10(b), 6.12, 6.13, or 6.14 or violates any covenant in Section 7; or

(b) Borrower fails or neglects to perform, keep, or observe any other term, provision, condition, covenant or agreement contained in this Agreement or any Loan Documents, and as to any default (other than those specified in this Section 8) under such other term, provision, condition, covenant or agreement that can be cured, has failed to cure the default within ten (10) days after the occurrence thereof; provided, however, that if the default cannot by its nature be cured within the ten (10) day period or cannot after diligent attempts by Borrower be cured within such ten (10) day period, and such default is likely to be cured within a reasonable time, then Borrower shall have an additional period (which shall not in any case exceed thirty (30) days) to attempt to cure such default, and within such reasonable time period the failure to cure the default shall not be deemed an Event of Default (but no Credit Extensions shall be made during such cure period). Cure periods provided under this section shall not apply, among other things, to financial covenants or any other covenants set forth in clause (a) above;

8.3 Investor Support. If Bank determines in its good faith judgment that it is the clear intention of Borrower's investors to not continue to fund Borrower, or arrange funding of Borrower with investors acceptable to Bank in its sole good faith discretion, in the amounts and timeframe to the extent necessary to enable Borrower to satisfy the Obligations as they become due and payable;

8.4 Attachment; Levy; Restraint on Business.

(a) (i) The service of process seeking to attach, by trustee or similar process, any funds of Borrower or of any entity under the control of Borrower (including a Subsidiary) in excess of One Hundred Thousand Dollars ($100,000), or (ii) a notice of lien or levy is filed against any of Borrower's assets by any Governmental Authority, and the same under subclauses (i) and (ii) hereof are not, within ten (10) days after the occurrence thereof, discharged or stayed (whether through the posting of a bond or otherwise); provided, however, no Credit Extensions shall be made during any ten (10) day cure period; or

( ) (i) any material portion of Borrower's assets is attached, seized, levied on, or comes into possession of a trustee or receiver, or (ii) any court order enjoins, restrains, or prevents Borrower from conducting all or any material part of its business;

8.5 Insolvency. (a) Borrower is unable to pay its debts (including trade debts) as they become due or

otherwise becomes insolvent; (b) Borrower begins an Insolvency Proceeding; or (c) an Insolvency Proceeding is begun against Borrower and is not dismissed or stayed within thirty (30) days (but no Credit Extensions shall be made while any of the conditions described in clause (a) exist and/or until any Insolvency Proceeding is dismissed);

8.6 Other Agreements. There is, under any agreement to which Borrower or any Guarantor is a party

with a third party or parties, (a) any default resulting in a right by such third party or parties, whether or not exercised, to accelerate the maturity of any Indebtedness in an amount individually or in the aggregate in excess of Two Hundred Fifty Thousand Dollars ($250,000); or (b) any breach or default by Borrower or Guarantor, the result of which could reasonably be expected to have a material adverse effect on Borrower's or any Guarantor's business;

8.7 Judgments; Penalties. One or more fines, penalties or final judgments, orders or decrees for the payment of money in an amount, individually or in the aggregate, of at least Two Hundred Fifty Thousand Dollars ($250,000) (not covered by independent third-party insurance as to which liability has been accepted by such insurance carrier) shall be rendered against Borrower by any Governmental Authority, and the same are not, within ten (10) days after the entry, assessment or issuance thereof, discharged, satisfied, or paid, or after execution thereof, stayed or bonded pending appeal, or such judgments are not discharged prior to the expiration of any such stay (provided that no Credit Extensions will be made prior to the satisfaction, payment, discharge, stay, or bonding of such fine, penalty, judgment, order or decree);

8.8 Misrepresentations. Borrower or any Person acting for Borrower makes any representation, warranty, or other statement now or later in this Agreement, any Loan Document or in any writing delivered to Bank or to induce Bank to enter this Agreement or any Loan Document, and such representation, warranty, or other statement is incorrect in any material respect when made;

8.9 Subordinated Debt. Any document, instrument, or agreement evidencing any Subordinated Debt shall for any reason be revoked or invalidated or otherwise cease to be in full force and effect, any Person shall be in breach thereof or contest in any manner the validity or enforceability thereof or deny that it has any further liability or obligation thereunder, or the Obligations shall for any reason be subordinated or shall not have the priority contemplated by this Agreement or any applicable subordination or intercreditor agreement;

8.10 Guaranty. (a) Any guaranty of any Obligations terminates or ceases for any reason to be in full force and effect; (b) any Guarantor does not perform any obligation or covenant under any guaranty of the Obligations;

( ) any circumstance described in Sections 8.3, 8.4, 8.5, 8.6, 8.7, or 8.8 of this Agreement occurs with respect to any Guarantor, (d) the death, liquidation, winding up, or termination of existence of any Guarantor; or (e) (i) a material impairment in the perfection or priority of Bank's Lien in the collateral provided by Guarantor or in the value of such collateral or (ii) a material adverse change in the general affairs, management, results of operation, condition (financial or otherwise) or the prospect of repayment of the Obligations occurs with respect to any Guarantor; or

8.11 Governmental Approvals. Any Governmental Approval shall have been (a) revoked, rescinded, suspended, modified in an adverse manner or not renewed in the ordinary course for a full term or (b) subject to any decision by a Governmental Authority that designates a hearing with respect to any applications for renewal of any of

such Governmental Approval or that could reasonably be expected to result in the Governmental Authority taking any of the actions described in clause (a) above, and such decision or such revocation, rescission, suspension, modification or non-renewal (i) causes, or could reasonably be expected to cause, a material adverse change, or (ii) adversely affects the legal qualifications of Borrower or any of its Subsidiaries to hold such Governmental Approval in any applicable jurisdiction and such revocation, rescission, suspension, modification or non-renewal could reasonably be expected to affect the status of or legal qualifications of Borrower or any of its Subsidiaries to hold any Governmental Approval in any other jurisdiction the loss of which Governmental Approval could reasonably be expected to have a material adverse effect on the business of Borrower.

9 BANK'S RIGHTS AND REMEDIES

9.1 Rights and Remedies. Upon the occurrence and during the continuance of an Event of Default, Bank may, without notice or demand, do any or all of the following:

(a) declare all Obligations immediately due and payable (but if an Event of Default described in Section 8.5 occurs all Obligations are immediately due and payable without any action by Bank); provided, however, if an Event of Default described in Section 8.2(a) occurs solely as a result of Borrower's failure to comply with Section 6.9, Bank shall not be entitled to declare Obligations constituting Term Loan Advances or the GCTL immediately due and payable;

(b) stop advancing money or extending credit for Borrower's benefit under this Agreement or under any other agreement between Borrower and Bank;

(c) demand that Borrower (i) deposit cash with Bank in an amount equal to at least (A) one hundred five percent (105.0%) of the Dollar Equivalent of the aggregate face amount of all Letters of Credit denominated in Dollars remaining undrawn, and (B) one hundred ten percent (110.0%) of the Dollar Equivalent of the aggregate face amount of all Letters of Credit denominated in a Foreign Currency remaining undrawn (plus, in each case, all interest, fees, and costs due or to become due in connection therewith (as estimated by Bank in its good faith business judgment)), to secure all of the Obligations relating to such Letters of Credit, as collateral security for the repayment of any future drawings under such Letters of Credit, and Borrower shall forthwith deposit and pay such amounts, and (ii) pay in advance all letter of credit fees scheduled to be paid or payable over the remaining term of any Letters of Credit;

(d) terminate any FX Contracts;

(e) verify the amount of, demand payment of and performance under, and collect any Accounts and General Intangibles, settle or adjust disputes and claims directly with Account Debtors for amounts on terms and in any order that Bank considers advisable, and notify any Person owing Borrower money of Bank's security interest in such funds. Borrower shall collect all payments in trust for Bank and, if requested by Bank, immediately deliver the payments to Bank in the form received from the Account Debtor, with proper endorsements for deposit;

(f) make any payments and do any acts it considers necessary or reasonable to protect the Collateral and/or its security interest in the Collateral. Borrower shall assemble the Collateral if Bank requests and make it available as Bank designates. Bank may enter premises where the Collateral is located, take and maintain possession of any part of the Collateral, and pay, purchase, contest, or compromise any Lien which appears to be prior or superior to its security interest and pay all expenses incurred. Borrower grants Bank a license to enter and occupy any of its premises, without charge, to exercise any of Bank's rights or remedies;

(g) apply to the Obligations any (i) balances and deposits of Borrower it holds, or (ii) amount held by Bank owing to or for the credit or the account of Borrower;

(h) ship, reclaim, recover, store, finish, maintain, repair, prepare for sale, advertise for sale, and sell the Collateral. Bank is hereby granted a non-exclusive, royalty-free license or other right to use, without charge, Borrower's labels, Patents, Copyrights, mask works, rights of use of any name, trade secrets, trade names, Trademarks, and advertising matter, or any similar property as it pertains to the Collateral, in completing production

of, advertising for sale, and selling any Collateral and, in connection with Bank's exercise of its rights under this Section 9.1, Borrower's rights under all licenses and all franchise agreements inure to Bank's benefit;

(i) place a "hold" on any account maintained with Bank and/or deliver a notice of exclusive control, any entitlement order, or other directions or instructions pursuant to any Control Agreement or similar agreements providing control of any Collateral;

(j) demand and receive possession of Borrower's Books; and

(k) exercise all rights and remedies available to Bank under the Loan Documents or at law or equity, including all remedies provided under the Code (including disposal of the Collateral pursuant to the terms thereof).

9.2 Power of Attorney. Borrower hereby irrevocably appoints Bank as its lawful attorney-in-fact, exercisable following the occurrence of an Event of Default, to: (a) endorse Borrower's name on any checks, payment instruments, or other forms of payment or security; (b) sign Borrower's name on any invoice or bill of lading for any Account or drafts against Account Debtors; (c) demand, collect, sue, and give releases to any Account Debtor for monies due, settle and adjust disputes and claims about the Accounts directly with Account Debtors, and compromise, prosecute, or defend any action, claim, case, or proceeding about any Collateral (including filing a claim or voting a claim in any bankruptcy case in Bank's or Borrower's name, as Bank chooses); (d) make, settle, and adjust all claims under Borrower's insurance policies; (e) pay, contest or settle any Lien, charge, encumbrance, security interest, or other claim in or to the Collateral, or any judgment based thereon, or otherwise take any action to terminate or discharge the same; and (f) transfer the Collateral into the name of Bank or a third party as the Code permits. Borrower hereby appoints Bank as its lawful attorney-in-fact to sign Borrower's name on any documents necessary to perfect or continue the perfection of Bank's security interest in the Collateral regardless of whether an Event of Default has occurred until all Obligations have been satisfied in full and the Loan Documents have been terminated. Bank's foregoing appointment as Borrower's attorney in fact, and all of Bank's rights and powers, coupled with an interest, are irrevocable until all Obligations have been fully repaid and performed and the Loan Documents have been terminated.

9.3 Protective Payments. If Borrower fails to obtain the insurance called for by Section 6.7 or fails to pay any premium thereon or fails to pay any other amount which Borrower is obligated to pay under this Agreement or any other Loan Document or which may be required to preserve the Collateral, Bank may obtain such insurance or make such payment, and all amounts so paid by Bank are Bank Expenses and immediately due and payable, bearing interest at the then highest rate applicable to the Obligations, and secured by the Collateral. Bank will make reasonable efforts to provide Borrower with notice of Bank obtaining such insurance at the time it is obtained or within a reasonable time thereafter. No payments by Bank are deemed an agreement to make similar payments in the future or Bank's waiver of any Event of Default.

9.4 Application of Payments and Proceeds Upon Default. If an Event of Default has occurred and is continuing (or at any time on the terms set forth in Section 6.3(c), regardless of whether an Event of Default exists), Bank shall have the right to apply in any order any funds in its possession, whether from Borrower account balances, payments, proceeds realized as the result of any collection of Accounts or other disposition of the Collateral, or otherwise, to the Obligations. Bank shall pay any surplus to Borrower by credit to the Designated Deposit Account or to other Persons legally entitled thereto; Borrower shall remain liable to Bank for any deficiency. If Bank, directly or indirectly, enters into a deferred payment or other credit transaction with any purchaser at any sale of Collateral, Bank shall have the option, exercisable at any time, of either reducing the Obligations by the principal amount of the purchase price or deferring the reduction of the Obligations until the actual receipt by Bank of cash therefor.

9.5 Bank's Liability for Collateral. So long as Bank complies with reasonable banking practices regarding the safekeeping of the Collateral in the possession or under the control of Bank, Bank shall not be liable or responsible for: (a) the safekeeping of the Collateral; (b) any loss or damage to the Collateral; (c) any diminution in the value of the Collateral; or (d) any act or default of any carrier, warehouseman, bailee, or other Person. Borrower bears all risk of loss, damage or destruction of the Collateral.

9.6 No Waiver; Remedies Cumulative. Bank's failure, at any time or times, to require strict performance by Borrower of any provision of this Agreement or any other Loan Document shall not waive, affect, or diminish any right of Bank thereafter to demand strict performance and compliance herewith or therewith. No waiver hereunder shall be effective unless signed by the party granting the waiver and then is only effective for the specific instance and purpose for which it is given. Bank's rights and remedies under this Agreement and the other Loan Documents are cumulative. Bank has all rights and remedies provided under the Code, by law, or in equity. Bank's exercise of one right or remedy is not an election and shall not preclude Bank from exercising any other remedy under this Agreement or other remedy available at law or in equity, and Bank's waiver of any Event of Default is not a continuing waiver. Bank's delay in exercising any remedy is not a waiver, election, or acquiescence.

9.7 Demand Waiver. Borrower waives demand, notice of default or dishonor, notice of payment and nonpayment, notice of any default, nonpayment at maturity, release, compromise, settlement, extension, or renewal of accounts, documents, instruments, chattel paper, and guarantees held by Bank on which Borrower is liable.

10 NOTICES

All notices, consents, requests, approvals, demands, or other communication by any party to this Agreement or any other Loan Document must be in writing and shall be deemed to have been validly served, given, or delivered: (a) upon the earlier of actual receipt and three (3) Business Days after deposit in the U.S. mail, first class, registered or certified mail return receipt requested, with proper postage prepaid; (b) upon transmission, when sent by electronic mail or facsimile transmission; (c) one (1) Business Day after deposit with a reputable overnight courier with all charges prepaid; or (d) when delivered, if hand-delivered by messenger, all of which shall be addressed to the party to be notified and sent to the address, facsimile number, or email address indicated below. Bank or Borrower may change its mailing or electronic mail address or facsimile number by giving the other party written notice thereof in accordance with the terms of this Section 10.

If to Borrower:	Molekule, Inc. 1184 Harrison Street San Francisco, CA 94103 Attn: Email:
with a copy (which shall not constitute notice) to:	Fenwick & West LLP 801 California Street Mountain View, CA 94014 Attn: Cynthia Hess Email: chess@fenwick.com
If to Bank:	Silicon Valley Bank 505 Howard Street San Francisco, CA 94105 Attn: Michelle Wu Email: mwu@svb.com
with a copy to:	Morrison & Foerster LLP 200 Clarendon Street Boston, MA 02116 Attn.: David Ephraim Phone: (617) 648-4730 E-Mail: DEphraim@mofo.com

11 CHOICE OF LAW, VENUE, AND JURY TRIAL WAIVER

Except as otherwise expressly provided in any of the Loan Documents, New York law governs the Loan Documents without regard to principles of conflicts of law. Borrower and Bank each submit to the exclusive jurisdiction of the State and Federal courts in New York, New York; provided, however, that nothing in this Agreement shall be deemed to operate to preclude Bank from bringing suit or taking other legal action in any other jurisdiction to realize on the Collateral or any other security for the Obligations, or to enforce a judgment or other court order in favor of Bank. Borrower expressly submits and consents in advance to such jurisdiction in any action or suit commenced in any such court, and Borrower hereby waives any objection that it may have based upon lack of personal jurisdiction, improper venue, or forum non conveniens and hereby consents to the granting of such legal or equitable relief as is deemed appropriate by such court. Borrower hereby waives personal service of the summons, complaints, and other process issued in such action or suit and agrees that service of such summons, complaints, and other process may be made by registered or certified mail addressed to Borrower at the address set forth in, or subsequently provided by Borrower in accordance with, Section 10 of this Agreement and that service so made shall be deemed completed upon the earlier to occur of Borrower's actual receipt thereof or three (3) days after deposit in the U.S. mails, proper postage prepaid.

TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, BORROWER AND BANK EACH WAIVE THEIR RIGHT TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION ARISING OUT OF OR BASED UPON THIS AGREEMENT, THE LOAN DOCUMENTS OR ANY CONTEMPLATED TRANSACTION, INCLUDING CONTRACT, TORT, BREACH OF DUTY AND ALL OTHER CLAIMS. THIS WAIVER IS A MATERIAL INDUCEMENT FOR BOTH PARTIES TO ENTER INTO THIS AGREEMENT. EACH PARTY HAS REVIEWED THIS WAIVER WITH ITS COUNSEL.

This Section 11 shall survive the termination of this Agreement.

12 GENERAL PROVISIONS

12.1 Termination Prior to Maturity Date; Survival. All covenants, representations and warranties made in this Agreement shall continue in full force until this Agreement has terminated pursuant to its terms and all Obligations have been satisfied. So long as Borrower has satisfied the Obligations (other than inchoate indemnity obligations, and any other obligations which, by their terms, are to survive the termination of this Agreement, and any Obligations under Bank Services Agreements that are cash collateralized in accordance with Section 4.1 of this Agreement), this Agreement may be terminated prior to the Revolving Line Maturity Date, the Term Loan Maturity Date and the GCTL Maturity Date by Borrower, effective three (3) Business Days after written notice of termination is given to Bank. Those obligations that are expressly specified in this Agreement as surviving this Agreement's termination shall continue to survive notwithstanding this Agreement's termination.

12.2 Successors and Assigns. This Agreement binds and is for the benefit of the successors and permitted assigns of each party. Borrower may not assign this Agreement or any rights or obligations under it without Bank's prior written consent (which may be granted or withheld in Bank's discretion). Bank has the right, without the consent of or notice to Borrower, to sell, transfer, assign, negotiate, or grant participation in all or any part of, or any interest in, Bank's obligations, rights, and benefits under this Agreement and the other Loan Documents (other than the Warrant, as to which assignment, transfer and other such actions are governed by the terms thereof).

12.3 Indemnification. Borrower agrees to indemnify, defend and hold Bank and its directors, officers, employees, agents, attorneys, or any other Person affiliated with or representing Bank (each, an "**Indemnified Person**") harmless against: (i) all obligations, demands, claims, and liabilities (collectively, "**Claims**") claimed or asserted by any other party in connection with the transactions contemplated by the Loan Documents; and (ii) all losses or expenses (including Bank Expenses) in any way suffered, incurred, or paid by such Indemnified Person as a result of, following from, consequential to, or arising from transactions between Bank and Borrower (including reasonable attorneys' fees and expenses), except for Claims and/or losses directly caused by such Indemnified Person's gross negligence or willful misconduct.

This Section 12.3 shall survive until all statutes of limitation with respect to the Claims, losses, and expenses for which indemnity is given shall have run.

12.4 Time of Essence. Time is of the essence for the performance of all Obligations in this Agreement.

12.5 Severability of Provisions. Each provision of this Agreement is severable from every other provision in determining the enforceability of any provision.

12.6 Correction of Loan Documents. Bank may correct patent errors and fill in any blanks in this Agreement and the other Loan Documents consistent with the agreement of the parties so long as Bank provides Borrower with written notice of such correction and allows Borrower at least ten (10) days to object to such correction. In the event of such objection, such correction shall not be made except by an amendment signed by both Bank and Borrower.

12.7 Amendments in Writing; Waiver; Integration. No purported amendment or modification of any Loan Document, or waiver, discharge or termination of any obligation under any Loan Document, shall be enforceable or admissible unless, and only to the extent, expressly set forth in a writing signed by the party against which enforcement or admission is sought. Without limiting the generality of the foregoing, no oral promise or statement, nor any action, inaction, delay, failure to require performance or course of conduct shall operate as, or evidence, an amendment, supplement or waiver or have any other effect on any Loan Document. Any waiver granted shall be limited to the specific circumstance expressly described in it, and shall not apply to any subsequent or other circumstance, whether similar or dissimilar, or give rise to, or evidence, any obligation or commitment to grant any further waiver. The Loan Documents represent the entire agreement about this subject matter and supersede prior negotiations or agreements. All prior agreements, understandings, representations, warranties, and negotiations between the parties about the subject matter of the Loan Documents merge into the Loan Documents.

12.8 Counterparts. This Agreement may be executed in any number of counterparts and by different parties on separate counterparts, each of which, when executed and delivered, is an original, and all taken together, constitute one Agreement.

12.9 Confidentiality. In handling any confidential information, Bank shall exercise the same degree of care that it exercises for its own proprietary information, but disclosure of information may be made: (a) to Bank's Subsidiaries or Affiliates (such Subsidiaries and Affiliates, together with Bank, collectively, "**Bank Entities**"); (b) to prospective transferees or purchasers of any interest in the Credit Extensions (provided, however, Bank shall use its best efforts to obtain any prospective transferee's or purchaser's agreement to the terms of this provision); (c) as required by law, regulation, subpoena, or other order; (d) to Bank's regulators or as otherwise required in connection with Bank's examination or audit; (e) as Bank considers appropriate in exercising remedies under the Loan Documents; and (f) to third-party service providers of Bank so long as such service providers have executed a confidentiality agreement with Bank with terms no less restrictive than those contained herein. Confidential information does not include information that is either: (i) in the public domain or in Bank's possession when disclosed to Bank, or becomes part of the public domain (other than as a result of its disclosure by Bank in violation of this Agreement) after disclosure to Bank; or (ii) disclosed to Bank by a third party, if Bank does not know that the third party is prohibited from disclosing the information.

Bank Entities may use anonymous forms of confidential information for aggregate datasets, for analyses or reporting, and for any other uses not expressly prohibited in writing by Borrower. The provisions of the immediately preceding sentence shall survive the termination of this Agreement.

12.10 Reserved.

12.11 Electronic Execution of Documents. The words "execution," "signed," "signature" and words of like import in any Loan Document shall be deemed to include electronic signatures or the keeping of records in electronic form, each of which shall be of the same legal effect, validity and enforceability as a manually executed signature or the use of a paper-based recordkeeping systems, as the case may be, to the extent and as provided for in any applicable law, including, without limitation, any state law based on the Uniform Electronic Transactions Act.

12.12 Right of Setoff. Borrower hereby grants to Bank a Lien and a right of setoff as security for all Obligations to Bank, whether now existing or hereafter arising upon and against all deposits, credits, collateral and property, now or hereafter in the possession, custody, safekeeping or control of Bank or any entity under the control of Bank (including a subsidiary of Bank) or in transit to any of them. At any time after the occurrence and during the continuance of an Event of Default, without demand or notice, Bank may setoff the same or any part thereof and apply

the same to any liability or Obligation of Borrower even though unmatured and regardless of the adequacy of any other collateral securing the Obligations. ANY AND ALL RIGHTS TO REQUIRE BANK TO EXERCISE ITS RIGHTS OR REMEDIES WITH RESPECT TO ANY OTHER COLLATERAL WHICH SECURES THE OBLIGATIONS, PRIOR TO EXERCISING ITS RIGHT OF SETOFF WITH RESPECT TO SUCH DEPOSITS, CREDITS OR OTHER PROPERTY OF BORROWER, ARE HEREBY KNOWINGLY, VOLUNTARILY AND IRREVOCABLY WAIVED.

12.13 Captions. The headings used in this Agreement are for convenience only and shall not affect the interpretation of this Agreement.

12.14 Construction of Agreement. The parties mutually acknowledge that they and their attorneys have participated in the preparation and negotiation of this Agreement. In cases of uncertainty this Agreement shall be construed without regard to which of the parties caused the uncertainty to exist.

12.15 Relationship. The relationship of the parties to this Agreement is determined solely by the provisions of this Agreement. The parties do not intend to create any agency, partnership, joint venture, trust, fiduciary or other relationship with duties or incidents different from those of parties to an arm's-length contract.

12.16 Third Parties. Nothing in this Agreement, whether express or implied, is intended to: (a) confer any benefits, rights or remedies under or by reason of this Agreement on any persons other than the express parties to it and their respective permitted successors and assigns; (b) relieve or discharge the obligation or liability of any person not an express party to this Agreement; or (c) give any person not an express party to this Agreement any right of subrogation or action against any party to this Agreement.

12.17 No Novation. Borrower and Bank hereby agree that, effective upon the execution and delivery of this Agreement by each such party, the terms and provisions of the Prior Loan Agreement shall be and hereby are amended, restated and superseded in their entirety by the terms and provisions of this Agreement. Nothing herein contained shall be construed as a substitution or novation of the obligations of Borrower outstanding under the Prior Loan Agreement or instruments securing the same, which obligations shall remain in full force and effect, except to the extent that the terms thereof are modified hereby or by instruments or other Loan Documents executed concurrently herewith. Nothing expressed or implied in this Agreement shall be construed as a release or other discharge of any Borrower from any of the Obligations or any liabilities under the Prior Loan Agreement or any of the security agreements, pledge agreements, mortgages, guaranties or other Loan Documents (as such term is defined in the Prior Loan Agreement) executed in connection therewith. Borrower hereby (i) confirms and agrees that each Loan Document to which it is a party is, and shall continue to be, in full force and effect and is hereby ratified and confirmed in all respects except that on and after the Effective Date all references in any such Loan Document to the "Loan and Security Agreement", the "Loan Agreement" the "Agreement", "thereto", "thereof", "thereunder" or words of like import referring to the Prior Loan Agreement shall mean the Prior Loan Agreement as amended and restated by this Agreement; and (ii) confirms and agrees that to the extent that the Prior Loan Agreement or any Loan Document executed in connection therewith purports to assign or pledge to Bank, or to grant to Bank a Lien on, any collateral as security for the Obligations of Borrower or any guarantor from time to time existing in respect of the Prior Loan Agreement, such pledge, assignment or grant of the Lien is hereby ratified and confirmed in all respects and shall remain effective as of the first date it became effective.

13 DEFINITIONS

13.1 Definitions. As used in the Loan Documents, the word "shall" is mandatory, the word "may" is permissive, the word "or" is not exclusive, the words "includes" and "including" are not limiting, the singular includes the plural, and numbers denoting amounts that are set off in brackets are negative. As used in this Agreement, the following capitalized terms have the following meanings:

"**Account**" is, as to any Person, any "**account**" of such Person as "account" is defined in the Code with such additions to such term as may hereafter be made, and includes, without limitation, all accounts receivable and other sums owing to such Person.

"**Account Debtor**" is any "**account debtor**" as defined in the Code with such additions to such term as may hereafter be made.

"**Adjusted Quick Ratio**" is, as of any date of determination, the ratio of (i) Quick Assets, to (ii) the sum of (a) Current Liabilities minus (b) Deferred Revenue minus (c) the current portion of the Obligations constituting the GCTL.

"**Administrator**" is an individual that is named (a) as an "Administrator" in the "SVB Online Services" form completed by Borrower with the authority to determine who will be authorized to use SVB Online Services (as defined in Bank's Online Banking Agreement as in effect from time to time) on behalf of Borrower; and (b) as an Authorized Signer of Borrower in an approval by the Board.

"**Advance**" or "**Advances**" means a revolving credit loan (or revolving credit loans) under the Revolving Line.

"**Affiliate**" is, with respect to any Person, each other Person that owns or controls directly or indirectly the Person, any Person that controls or is controlled by or is under common control with the Person, and each of that Person's senior executive officers, directors, partners and, for any Person that is a limited liability company, that Person's managers and members. For purposes of the definition of Eligible Accounts, Affiliate shall include a Specified Affiliate.

"**Agreement**" is defined in the preamble hereof.

"**Authorized Signer**" is any individual listed in Borrower's Borrowing Resolution who is authorized to execute the Loan Documents, including making (and executing if applicable) any Credit Extension request, on behalf of Borrower.

"**Availability Amount**" is (a) the lesser of (i) the Revolving Line or (ii) the amount available under the Borrowing Base minus (b) the outstanding principal balance of any Advances.

"**Bank**" is defined in the preamble hereof.
"**Bank Entities**" is defined in Section 12.9.

"**Bank Expenses**" are all audit fees and expenses, costs, and expenses (including reasonable and documented out-of-pocket attorneys' fees and expenses) for preparing, amending, negotiating, administering, defending and enforcing the Loan Documents (including, without limitation, those incurred in connection with appeals or Insolvency Proceedings) or otherwise incurred with respect to Borrower or any Guarantor.

"**Bank Services**" are any products, credit services, and/or financial accommodations previously, now, or hereafter provided to Borrower or any of its Subsidiaries by Bank or any Bank Affiliate, including, without limitation, any letters of credit, cash management services (including, without limitation, merchant services, direct deposit of payroll, business credit cards, and check cashing services), interest rate swap arrangements, and foreign exchange services as any such products or services may be identified in Bank's various agreements related thereto (each, a "**Bank Services Agreement**").

"**Bank Services Agreement**" is defined in the definition of Bank Services.

"**Board**" is Borrower's board of directors.

"**Borrower**" is defined in the preamble hereof.

"**Borrower's Books**" are all Borrower's books and records including ledgers, federal and state tax returns, records regarding Borrower's assets or liabilities, the Collateral, business operations or financial condition, and all computer programs or storage or any equipment containing such information.

"**Borrowing Base**" is (a) eighty percent (80%) of Eligible Accounts, plus (b) fifty percent (50%) of the value of Borrower's Eligible Inventory (valued at the lower of cost or wholesale fair market value), each as determined by Bank from Borrower's most recent Borrowing Base Report (and as may subsequently be updated by Bank based upon information received by Bank including, without limitation, Accounts that are paid and/or billed following the date of the Borrowing Base Report), plus (c) the Working Capital Amount; provided, however, that Bank has the right to decrease the foregoing percentages in its good faith business judgment to mitigate the impact of events, conditions, contingencies, or risks which may adversely affect the Collateral or its value.

"**Borrowing Base Report**" is that certain report of the value of certain Collateral in the form specified by Bank to Borrower from time to time.

"**Borrowing Resolutions**" are, with respect to any Person, those resolutions adopted by such Person's board of directors (and, if required under the terms of such Person's Operating Documents, stockholders) and delivered by such Person to Bank approving the Loan Documents to which such Person is a party and the transactions contemplated thereby, together with a certificate executed by its secretary on behalf of such Person certifying (a) such Person has the authority to execute, deliver, and perform its obligations under each of the Loan Documents to which it is a party, (b) that set forth as a part of or attached as an exhibit to such certificate is a true, correct, and complete copy of the resolutions then in full force and effect authorizing and ratifying the execution, delivery, and performance by such Person of the Loan Documents to which it is a party, (c) the name(s) of the Person(s) authorized to execute the Loan Documents, including making (and executing if applicable) any Credit Extension request, on behalf of such Person, together with a sample of the true signature(s) of such Person(s), and (d) that Bank may conclusively rely on such certificate unless and until such Person shall have delivered to Bank a further certificate canceling or amending such prior certificate.

"**Business Day**" is any day that is not a Saturday, Sunday or a day on which Bank is closed, except that if any determination of a "Business Day" shall relate to an FX Contract, the term "Business Day" shall mean a FX Business Day.

"**Cash Collateral Account**" is defined in Section 6.3(c).

"**Cash Equivalents**" means (a) marketable direct obligations issued or unconditionally guaranteed by the United States or any agency or any State thereof having maturities of not more than one (1) year from the date of acquisition; (b) commercial paper maturing no more than one (1) year after its creation and having the highest rating from either Standard & Poor's Ratings Group or Moody's Investors Service, Inc.; (c) Bank's certificates of deposit issued maturing no more than one (1) year after issue; and (d) money market funds at least ninety-five percent (95%) of the assets of which constitute Cash Equivalents of the kinds described in clauses (a) through (c) of this definition.

"**Change in Control**" means (a) at any time, any "person" or "group" (as such terms are used in Sections 13(d) and 14(d) of the Exchange Act) shall become, or obtain rights (whether by means of warrants, options or otherwise) to become, the "beneficial owner" (as defined in Rules 13(d)-3 and 13(d)-5 under the Exchange Act), directly or indirectly, of forty-nine percent (49%) or more of the ordinary voting power for the election of directors of Borrower (determined on a fully diluted basis) other than by the sale of Borrower's equity securities in a public offering or to venture capital or private equity investors so long as Borrower identifies to Bank the venture capital or private equity investors at least seven (7) Business Days prior to the closing of the transaction and provides to Bank a description of the material terms of the transaction; (b) during any period of twelve (12) consecutive months, a majority of the members of the board of directors or other equivalent governing body of Borrower cease to be composed of individuals (i) who were members of that board or equivalent governing body on the first day of such period, (ii) whose election or nomination to that board or equivalent governing body was approved by individuals referred to in clause (i) above constituting at the time of such election or nomination at least a majority of that board or equivalent governing body or (iii) whose election or nomination to that board or other equivalent governing body was approved by individuals referred to in clauses (i) and (ii) above constituting at the time of such election or nomination at least a majority of that board or equivalent governing body; or (c) at any time, Borrower shall cease to own and control, of record and beneficially, directly or indirectly, one hundred percent (100.0%) of each class of outstanding capital stock of each Subsidiary of Borrower free and clear of all Liens (except Permitted Liens).

"**Claims**" is defined in Section 12.3.

"**Code**" is the Uniform Commercial Code, as the same may, from time to time, be enacted and in effect in the State of New York; provided, that, to the extent that the Code is used to define any term herein or in any Loan Document and such term is defined differently in different Articles or Divisions of the Code, the definition of such term contained in Article or Division 9 shall govern; provided further, that in the event that, by reason of mandatory provisions of law, any or all of the attachment, perfection, or priority of, or remedies with respect to, Bank's Lien on any Collateral is governed by the Uniform Commercial Code in effect in a jurisdiction other than the State of New York, the term "Code" shall mean the Uniform Commercial Code as enacted and in effect in such other jurisdiction solely for purposes of the provisions thereof relating to such attachment, perfection, priority, or remedies and for purposes of definitions relating to such provisions.

"**Collateral**" is any and all properties, rights and assets of Borrower described on Exhibit A. "**Collateral Account**" is any Deposit Account, Securities Account, or Commodity Account.

"**Commodity Account**" is any "commodity account" as defined in the Code with such additions to such term as may hereafter be made.

"**Compliance Statement**" is that certain certificate in the form attached hereto as Exhibit B.

"**Contingent Obligation**" is, for any Person, any direct or indirect liability, contingent or not, of that Person for (a) any indebtedness, lease, dividend, letter of credit or other obligation of another such as an obligation, in each case, directly or indirectly guaranteed, endorsed, co made, discounted or sold with recourse by that Person, or for which that Person is directly or indirectly liable; (b) any obligations for undrawn letters of credit for the account of that Person; and (c) all obligations from any interest rate, currency or commodity swap agreement, interest rate cap or collar agreement, or other agreement or arrangement designated to protect a Person against fluctuation in interest rates, currency exchange rates or commodity prices; but "Contingent Obligation" does not include endorsements in the ordinary course of business. The amount of a Contingent Obligation is the stated or determined amount of the primary obligation for which the Contingent Obligation is made or, if not determinable, the maximum reasonably anticipated liability for it determined by the Person in good faith; but the amount may not exceed the maximum of the obligations under any guarantee or other support arrangement.

"**Control Agreement**" is any control agreement entered into among the depository institution at which Borrower maintains a Deposit Account or the securities intermediary or commodity intermediary at which Borrower maintains a Securities Account or a Commodity Account, Borrower, and Bank pursuant to which Bank obtains control (within the meaning of the Code) over such Deposit Account, Securities Account, or Commodity Account.

"**Copyrights**" are any and all copyright rights, copyright applications, copyright registrations and like protections in each work of authorship and derivative work thereof, whether published or unpublished and whether or not the same also constitutes a trade secret.

"**Credit Extension**" is any Advance, any Overadvance, Letter of Credit, FX Contract, amount utilized for cash management services, Term Loan Advance, the GCTL, or any other extension of credit by Bank for Borrower's benefit.

"**Currency**" is coined money and such other banknotes or other paper money as are authorized by law and circulate as a medium of exchange.

"**Current Liabilities**" are all obligations and liabilities of Borrower to Bank, plus, without duplication, the aggregate amount of Borrower's Total Liabilities that mature within one (1) year.

"**Default Rate**" is defined in Section 2.6(b).

"**Deferred Revenue**" is all amounts received or invoiced in advance of performance under contracts and not yet recognized as revenue.

"**Deposit Account**" is any "**deposit account**" as defined in the Code with such additions to such term as may hereafter be made.

"**Designated Deposit Account**" is the account number ending 387 (last three digits) maintained by Borrower with Bank.

"**Division**" means, in reference to any Person which is an entity, the division of such Person into two (2) or more separate Persons, with the dividing Person either continuing or terminating its existence as part of such division, including, without limitation, as contemplated under Section 18-217 of the Delaware Limited Liability Company Act for limited liability companies formed under Delaware law, or any analogous action taken pursuant to any other applicable law with respect to any corporation, limited liability company, partnership or other entity.

"**Dollars**," "**dollars**" or use of the sign "$" means only lawful money of the United States and not any other currency, regardless of whether that currency uses the "$" sign to denote its currency or may be readily converted into lawful money of the United States.

"**Dollar Equivalent**" is, at any time, (a) with respect to any amount denominated in Dollars, such amount, and (b) with respect to any amount denominated in a Foreign Currency, the equivalent amount therefor in Dollars as determined by Bank at such time on the basis of the then-prevailing rate of exchange in San Francisco, California, for sales of the Foreign Currency for transfer to the country issuing such Foreign Currency.

"**Draw Period**" is the period of time commencing on the Effective Date through the earlier to occur of (a) December 31, 2019 and (b) the occurrence of an Event of Default.

"**Effective Date**" is defined in the preamble hereof.

"**Eligible Accounts**" means Accounts owing to Borrower which arise in the ordinary course of Borrower's business that meet all Borrower's representations and warranties in Section 5.3, that have been, at the option of Bank, confirmed in accordance with Section 6.3(f) of this Agreement, and are due and owing from Account Debtors deemed creditworthy by Bank in its good faith business judgment. Bank reserves the right at any time after the Effective Date to adjust any of the criteria set forth below and to establish new criteria in its good faith business judgment. Unless Bank otherwise agrees in writing, Eligible Accounts shall not include:

(a) Accounts (i) for which the Account Debtor is Borrower's Affiliate, officer, employee, investor, or agent, or (ii) that are intercompany Accounts;

(b) Accounts that the Account Debtor has not paid within ninety (90) days of invoice date regardless of invoice payment period terms;

(c) Accounts with credit balances over ninety (90) days from invoice date;

(d) Accounts owing from an Account Debtor if fifty percent (50%) or more of the Accounts owing from such Account Debtor have not been paid within ninety (90) days of invoice date;

(e) Accounts owing from an Account Debtor (i) which does not have its principal place of business in the United States or Canada or (ii) whose billing address (as set forth in the applicable invoice for such Account) is not in the United States or Canada, unless in the case of both (i) and (ii) such Accounts are otherwise approved by Bank in writing on a case-by-case basis in Bank's sole discretion;

(f) Accounts billed from and/or payable to Borrower outside of the United States (sometimes called foreign invoiced accounts);

(g) Accounts in which Bank does not have a first priority, perfected security interest under all applicable laws;

(h) Accounts billed and/or payable in a Currency other than Dollars;

(i) Accounts owing from an Account Debtor to the extent that Borrower is indebted or obligated in any manner to the Account Debtor (as creditor, lessor, supplier or otherwise - sometimes called "contra" accounts, accounts payable, customer deposits or credit accounts);

(j) Accounts with or in respect of accruals for marketing allowances, incentive rebates, price protection, cooperative advertising and other similar marketing credits, solely to the extent of such marketing allowances, incentive rebates, price protection, cooperative advertising and other similar marketing credits, unless otherwise approved by Bank in writing;

(k) Accounts owing from an Account Debtor which is a United States government entity or any department, agency, or instrumentality thereof unless Borrower has assigned its payment rights to Bank and the assignment has been acknowledged under the Federal Assignment of Claims Act of 1940, as amended;

(l) Accounts with customer deposits and/or with respect to which Borrower has received an upfront payment, to the extent of such customer deposit and/or upfront payment;

(m) Accounts for demonstration or promotional equipment, or in which goods are consigned, or sold on a "sale guaranteed", "sale or return", "sale on approval", or other terms if Account Debtor's payment may be conditional;

(n) Accounts owing from an Account Debtor where goods or services have not yet been rendered to the Account Debtor (sometimes called memo billings or pre-billings);

(o) Accounts subject to contractual arrangements between Borrower and an Account Debtor where payments shall be scheduled or due according to completion or fulfillment requirements (sometimes called contracts accounts receivable, progress billings, milestone billings, or fulfillment contracts);

(p) Accounts owing from an Account Debtor the amount of which may be subject to withholding based on the Account Debtor's satisfaction of Borrower's complete performance (but only to the extent of the amount withheld; sometimes called retainage billings);

(q) Accounts subject to trust provisions, subrogation rights of a bonding company, or a statutory trust;

(r) Accounts owing from an Account Debtor that has been invoiced for goods that have not been shipped to the Account Debtor unless Bank, Borrower, and the Account Debtor have entered into an agreement acceptable to Bank wherein the Account Debtor acknowledges that (i) it has title to and has ownership of the goods wherever located, (ii) a bona fide sale of the goods has occurred, and (iii) it owes payment for such goods in accordance with invoices from Borrower (sometimes called "bill and hold" accounts);

(s) Accounts for which the Account Debtor has not been invoiced;

(t) Accounts that represent non-trade receivables or that are derived by means other than in the ordinary course of Borrower's business;

(u) Accounts for which Borrower has permitted Account Debtor's payment to extend beyond ninety (90) days (including Accounts with a due date that is more than ninety (90) days from invoice date);

(v) Accounts arising from chargebacks, debit memos or other payment deductions taken by an Account Debtor;

(w) Accounts arising from product returns and/or exchanges (sometimes called "warranty" or "RMA" accounts);

(x) Accounts in which the Account Debtor disputes liability or makes any claim (but only up to the disputed or claimed amount), or if the Account Debtor is subject to an Insolvency Proceeding (whether voluntary or involuntary), or becomes insolvent, or goes out of business;

(y) Accounts owing from an Account Debtor with respect to which Borrower has received Deferred Revenue (but only to the extent of such Deferred Revenue);

(z) Accounts owing from an Account Debtor, whose total obligations to Borrower exceed thirty-five percent (35%) (fifty percent (50%) with respect to Accounts for which the Account Debtor is Amazon or Best Buy) of all Accounts for the amounts that exceed that percentage (unless Bank approves such higher concentration in writing on a case-by-case basis in Bank's sole discretion); and

(aa) Accounts for which Bank in its good faith business judgment determines collection to be doubtful, including, without limitation, accounts represented by "refreshed" or "recycled" invoices.

"**Eligible Inventory**" means Inventory that meets all of Borrower's representations and warranties in Section 5.3 and is otherwise acceptable to Bank in all respects.

"**Equipment**" is all "**equipment**" as defined in the Code with such additions to such term as may hereafter be made, and includes without limitation all machinery, fixtures, goods, vehicles (including motor vehicles and trailers), and any interest in any of the foregoing.

"**Equity Event**" is Borrower's delivery, on or prior to December 31, 2019, of evidence satisfactory to Bank in its sole and absolute discretion, confirming that Borrower has received, on or after the Effective Date but on or prior to December 31, 2019, unrestricted and unencumbered net cash proceeds in an amount of at least Seven Million Dollars ($7,000,000.00) from either (a) the sale of Borrower's equity securities to investors acceptable to Bank in its good faith business judgment (provided that Bank hereby agrees that Borrower's existing investors as of the Effective Date are acceptable to Bank) or (b) a unsecured convertible debt financing on terms and from investors satisfactory to Bank (provided that Bank hereby agrees that Borrower's existing investors as of the Effective Date are acceptable to Bank) in its good faith business judgment so long as all such unsecured convertible debt is Subordinated Debt.

"**ERISA**" is the Employee Retirement Income Security Act of 1974, and its regulations.

"**Event of Default**" is defined in Section 8.

"**Exchange Act**" is the Securities Exchange Act of 1934, as amended.

"**Financial Statement Repository**" is the email address A32e60@svb.com or such other means of collecting information approved and designated by Bank after providing notice thereof to borrower from time to time.

"**Final Payment**" is a payment (in addition to and not a substitution for the regular monthly payments of principal plus accrued interest) due on the earliest to occur of (a) the Term Loan Maturity Date, (b) the acceleration of the Term Loan Advances, or (c) the prepayment of the Term Loan Advances in full pursuant to Section 2.6(c), in an amount equal to the product of (x) the aggregate original aggregate principal amount of the Term Loan Advances made by Bank multiplied by (y) the Final Payment Percentage.

"**Final Payment Percentage**" is two percent (2.00%).

"**Foreign Currency**" means lawful money of a country other than the United States.

"**Foreign Subsidiary**" means a Subsidiary not organized under the laws of the United States or any state or territory thereof or the District of Columbia.

"**Funding Date**" is any date on which a Credit Extension is made to or for the account of Borrower which shall be a Business Day.

"**FX Business Day**" is any day when (a) Bank's Foreign Exchange Department is conducting its normal business and (b) the Foreign Currency being purchased or sold by Borrower is available to Bank from the entity from which Bank shall buy or sell such Foreign Currency.

"**FX Contract**" is any foreign exchange contract by and between Borrower and Bank under which Borrower commits to purchase from or sell to Bank a specific amount of Foreign Currency on a specified date.

"**GAAP**" is generally accepted accounting principles set forth in the opinions and pronouncements of the Accounting Principles Board of the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board or in such other statements by such other Person as may be approved by a significant segment of the accounting profession, which are applicable to the circumstances as of the date of determination.

"**GCTL**" is defined in Section 2.4(a).

"**GCTL Final Payment**" is a payment (in addition to and not a substitution for the regular monthly payments of principal plus accrued interest) due in accordance with Section 2.4 above, equal to Thirty Five Thousand Dollars ($35,000.00).

"**GCTL Maturity Date**" is April 1, 2020.

"**General Intangibles**" is all "general intangibles" as defined in the Code in effect on the date hereof with such additions to such term as may hereafter be made, and includes without limitation, all Intellectual Property, claims, income and other tax refunds, security and other deposits, payment intangibles, contract rights, options to purchase or sell real or personal property, rights in all litigation presently or hereafter pending (whether in contract, tort or otherwise), insurance policies (including without limitation key man, property damage, and business interruption insurance), payments of insurance and rights to payment of any kind.

"**Governmental Approval**" is any consent, authorization, approval, order, license, franchise, permit, certificate, accreditation, registration, filing or notice, of, issued by, from or to, or other act by or in respect of, any Governmental Authority.

"**Governmental Authority**" is any nation or government, any state or other political subdivision thereof, any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative functions of or pertaining to government, any securities exchange and any self-regulatory organization.

"**Guarantor**" is any Person providing a Guaranty in favor of Bank.

"**Guaranty**" is any guarantee of all or any part of the Obligations, as the same may from time to time be amended, restated, modified or otherwise supplemented.

"**Indebtedness**" is (a) indebtedness for borrowed money or the deferred price of property or services, such as reimbursement and other obligations for surety bonds and letters of credit, (b) obligations evidenced by notes, bonds, debentures or similar instruments, (c) capital lease obligations, and (d) Contingent Obligations.

"**Indemnified Person**" is defined in Section 12.3.

"**Initial Audit**" is Bank's inspection of Borrower's Accounts, the Collateral, and Borrower's Books, with results satisfactory to Bank in its sole and absolute discretion.

"**Insolvency Proceeding**" is any proceeding by or against any Person under the United States Bankruptcy Code, or any other bankruptcy or insolvency law, including assignments for the benefit of creditors, compositions, extensions generally with its creditors, or proceedings seeking reorganization, arrangement, or other relief.

"**Intellectual Property**" means, with respect to any Person, all of such Person's right, title, and interest in and to the following:

(a) its Copyrights, Trademarks and Patents;

(b) any and all trade secrets and trade secret rights, including, without limitation, any rights to unpatented inventions, know-how and operating manuals;

(c) any and all source code;

(d) any and all design rights which may be available to such Person;

(e) any and all claims for damages by way of past, present and future infringement of any of the foregoing, with the right, but not the obligation, to sue for and collect such damages for said use or infringement of the Intellectual Property rights identified above; and

(f) all amendments, renewals and extensions of any of the Copyrights, Trademarks or Patents.

"**Inventory**" is all "**inventory**" as defined in the Code in effect on the date hereof with such additions to such term as may hereafter be made, and includes without limitation all merchandise, raw materials, parts, supplies, packing and shipping materials, work in process and finished products, including without limitation such inventory as is temporarily out of Borrower's custody or possession or in transit and including any returned goods and any documents of title representing any of the above.

"**Investment**" is any beneficial ownership interest in any Person (including stock, partnership interest or other securities), and any loan, advance or capital contribution to any Person.

"**Key Person**" is Borrower's Chief Executive Officer, who is Dilip Goswami as of the Effective Date.

"**Letter of Credit**" is a standby or commercial letter of credit issued by Bank upon request of Borrower based upon an application, guarantee, indemnity, or similar agreement.

"**Lien**" is a claim, mortgage, deed of trust, levy, charge, pledge, security interest or other encumbrance of any kind, whether voluntarily incurred or arising by operation of law or otherwise against any property.

"**Loan Documents**" are, collectively, this Agreement and any schedules, exhibits, certificates, notices, and any other documents related to this Agreement, the Warrant, any Bank Services Agreement, any subordination agreement, any note, or notes or guaranties executed by Borrower or any Guarantor, and any other present or future agreement by Borrower and/or any Guarantor with or for the benefit of Bank in connection with this Agreement or Bank Services, all as amended, restated, or otherwise modified.

"**Monthly Financial Statements**" is defined in Section 6.2(c).

"**Obligations**" are Borrower's obligations to pay when due any debts, principal, interest, fees, Bank Expenses, the GCTL Final Payment, the Final Payment, and other amounts Borrower owes Bank now or later, whether under this Agreement, the other Loan Documents (other than the Warrant), or otherwise, including, without limitation, all obligations relating to Bank Services and interest accruing after Insolvency Proceedings begin and debts, liabilities, or obligations of Borrower assigned to Bank, and to perform Borrower's duties under the Loan Documents (other than the Warrant).

"**Operating Documents**" are, for any Person, such Person's formation documents, as certified by the Secretary of State (or equivalent agency) of such Person's jurisdiction of organization on a date that is no earlier than thirty (30) days prior to the Effective Date, and, (a) if such Person is a corporation, its bylaws in current form, (b) if such Person is a limited liability company, its limited liability company agreement (or similar agreement), and (c) if

such Person is a partnership, its partnership agreement (or similar agreement), each of the foregoing with all current amendments or modifications thereto.

"**Overadvance**" is defined in Section 2.5.

"**Patents**" means all patents, patent applications and like protections including without limitation improvements, divisions, continuations, renewals, reissues, extensions and continuations-in-part of the same.

"**Payment/Advance Form**" is that certain form in the form attached hereto as Exhibit C.

"**Payment Date**" is (a) with respect to the GCTL and Term Loan Advances, the first (1st) calendar day of each month and (b) with respect to Advances, the last calendar day of each month.

"**Payment Processor Accounts**" is defined in Section 6.8(a).
"**Perfection Certificate**" is defined in Section 5.1.

"**Performance Milestone**" means the receipt by Bank of evidence satisfactory to Bank demonstrating that Borrower has sold at least Twenty Four Thousand Six Hundred Thirty Nine (24,639) units on or prior to June 30, 2019. Bank acknowledges and agrees that the Performance Milestone occurred prior to the Effective Date.

"**Permitted Indebtedness**" is:

(a) Borrower's Indebtedness to Bank under this Agreement and the other Loan Documents;

(b) Indebtedness existing on the Effective Date which is shown on the Perfection Certificate;

(c) Subordinated Debt;

(d) unsecured Indebtedness to trade creditors incurred in the ordinary course of business;

(e) Indebtedness incurred as a result of endorsing negotiable instruments received in the ordinary course of business;

(f) Indebtedness secured by Liens permitted under clauses (a) and (c) of the definition of "Permitted Liens" hereunder;

(g) extensions, refinancings, modifications, amendments and restatements of any items of Permitted Indebtedness (a) through (f) above, provided that the principal amount thereof is not increased or the terms thereof are not modified to impose more burdensome terms upon Borrower or its Subsidiary, as the case may be;

(h) unsecured Indebtedness of Borrower arising from corporate credit cards and bank service agreements in the ordinary course of business not exceeding Five Hundred Thousand Dollars ($500,000.00) in the aggregate outstanding at any time;

(i) unsecured Indebtedness of Borrower not exceeding One Million Dollars ($1,000,000.00) in the aggregate outstanding at any time consisting of funds advanced by Equipment lessors to be used for improvements to Equipment leased by such lessors to Borrower; and

(j) other Indebtedness not otherwise permitted by Section 7.4 not exceeding One Hundred Thousand Dollars ($100,000.00) in the aggregate outstanding at any time.

"**Permitted Investments**" are:

(a) Investments (including, without limitation, Subsidiaries) existing on the Effective Date which are shown on the Perfection Certificate;

(b) Investments consisting of Cash Equivalents;

(c) Investments consisting of the endorsement of negotiable instruments for deposit or collection or similar transactions in the ordinary course of Borrower;

(d) Investments consisting of deposit accounts (but only to the extent that Borrower is permitted to maintain such accounts pursuant to Section 6.8 of this Agreement) in which Bank has a first priority perfected security interest;

(e) Investments accepted in connection with Transfers permitted by Section 7.1;

(f) Investments consisting of the creation of a Subsidiary for the purpose of consummating a merger transaction permitted by Section 7.3 of this Agreement, which is otherwise a Permitted Investment;

(g) Investments by Subsidiaries in or to other Subsidiaries or Borrower and Investments by Borrower in Subsidiaries not to exceed Three Million Dollars ($3,000,000) in the aggregate in any fiscal year;

(h) Investments consisting of (i) travel advances and employee relocation loans and other employee loans and advances in the ordinary course of business, and (ii) loans to employees, officers or directors relating to the purchase of equity securities of Borrower or its Subsidiaries pursuant to employee stock purchase plans or agreements approved by the Board;

(i) Investments (including debt obligations) received in connection with the bankruptcy or reorganization of customers or suppliers and in settlement of delinquent obligations of, and other disputes with, customers or suppliers arising in the ordinary course of business;

(j) Investments consisting of notes receivable of, or prepaid royalties and other credit extensions, to customers and suppliers who are not Affiliates, in the ordinary course of business; provided that this paragraph (k) shall not apply to Investments of Borrower in any Subsidiary;

(k) joint ventures or strategic alliances in the ordinary course of Borrower's business consisting of the non-exclusive licensing of technology, the development of technology or the providing of technical support, provided that any cash investments by Borrower do not exceed Five Hundred Thousand Dollars ($500,000.00) in the aggregate in any fiscal year; and

(l) other Investments not otherwise permitted by Section 7.7 not exceeding One Hundred Thousand Dollars ($100,000.00) in the aggregate outstanding at any time.

"**Permitted Liens**" are:

(a) Liens existing on the Effective Date which are shown on the Perfection Certificate or arising under this Agreement or the other Loan Documents;

(b) Liens for taxes, fees, assessments or other government charges or levies, either (i) not due and payable or (ii) being contested in good faith and for which Borrower maintains adequate reserves on Borrower's Books, provided that no notice of any such Lien has been filed or recorded under the Internal Revenue Code of 1986, as amended, and the Treasury Regulations adopted thereunder;

(c) purchase money Liens or capital leases (i) on Equipment acquired or held by Borrower incurred for financing the acquisition of the Equipment securing no more than Four Million Dollars ($4,000,000) in the aggregate amount outstanding, or (ii) existing on Equipment when acquired, if the Lien is confined to the property and improvements and the proceeds of the Equipment;

(d) Liens of carriers, warehousemen, suppliers, or other Persons that are possessory in nature arising in the ordinary course of business so long as such Liens attach only to Inventory which are not delinquent or remain payable without penalty or which are being contested in good faith and by appropriate proceedings which proceedings have the effect of preventing the forfeiture or sale of the property subject thereto;

(e) Liens to secure payment of workers' compensation, employment insurance, old-age pensions, social security and other like obligations incurred in the ordinary course of business (other than Liens imposed by ERISA);

(f) Liens incurred in the extension, renewal or refinancing of the Indebtedness secured by Liens described in (a) through (c), but any extension, renewal or replacement Lien must be limited to the property encumbered by the existing Lien and the principal amount of the indebtedness may not increase;

(g) leases or subleases of real property granted in the ordinary course of Borrower's business (or, if referring to another Person, in the ordinary course of such Person's business), and leases, subleases, nonexclusive licenses or sublicenses of personal property (other than Intellectual Property) granted in the ordinary course of Borrower's business (or, if referring to another Person, in the ordinary course of such Person's business), if the leases, subleases, licenses and sublicenses do not prohibit granting Bank a security interest therein;

(h) non-exclusive licenses of Intellectual Property granted to third parties in the ordinary course of business and licenses of Intellectual Property that could not result in a legal transfer of title of the licensed property that may be exclusive in respects other than territory and that may be exclusive as to territory only as to discrete geographical areas outside of the United States;

(i) Liens in favor of customs and revenue authorities arising as a matter of law to secure payment of customs duties in connection with the importation of goods;

(j) Liens arising from attachments or judgments, orders, or decrees in circumstances not constituting an Event of Default under Sections 8.4 and 8.7;

(k) Liens on deposits in favor of Inversiones Caribou GWP, SA, Iron Works Properties, LLC, Joe P. Ruthven Revocable Trust, Lic. Fernando Avendaño Alfaro, L Seven, Offramp, LLC and University of South Florida Research Foundation to secure the performance of operating leases, bids, trade contracts (other than for borrowed money) and performance bonds in each case, incurred in the ordinary course of business not representing an obligation for borrowed money, provided that the aggregate amount of all such deposits may not exceed Three Hundred Seven Thousand Dollars ($307,000.00) at any time; and

(l) Liens in favor of other financial institutions arising in connection with Borrower's deposit and/or securities accounts held at such institutions, provided that (i) Bank has a first priority perfected security interest in the amounts held in such deposit and/or securities accounts to the extent required pursuant to Section 6.8 of this Agreement and (ii) such accounts are permitted to be maintained pursuant to Section 6.8 of this Agreement.

"**Person**" is any individual, sole proprietorship, partnership, limited liability company, joint venture, company, trust, unincorporated organization, association, corporation, institution, public benefit corporation, firm, joint stock company, estate, entity or government agency.

"**Prime Rate**" is the rate of interest per annum from time to time published in the money rates section of The Wall Street Journal or any successor publication thereto as the "prime rate" then in effect; provided that, in the event such rate of interest is less than zero, such rate shall be deemed to be zero for purposes of this Agreement; and provided further that if such rate of interest, as set forth from time to time in the money rates section of The Wall Street Journal, becomes unavailable for any reason as determined by Bank, the "Prime Rate" shall mean the rate of interest per annum announced by Bank as its prime rate in effect at its principal office in the State of California (such Bank announced Prime Rate not being intended to be the lowest rate of interest charged by Bank in connection with extensions of credit to debtors); provided that, in the event such rate of interest is less than zero, such rate shall be deemed to be zero for purposes of this Agreement.

"**Prior Agreement**" is defined in the preamble of this Agreement.

"**Quick Assets**" is, on any date, the sum of Borrower's (i) unrestricted and unencumbered cash and Cash Equivalents maintained with Bank plus (ii) net billed trade accounts receivable determined according to GAAP.

"**Registered Organization**" is any "registered organization" as defined in the Code with such additions to such term as may hereafter be made.

"**Requirement of Law**" is as to any Person, the organizational or governing documents of such Person, and any law (statutory or common), treaty, rule or regulation or determination of an arbitrator or a court or other Governmental Authority, in each case applicable to or binding upon such Person or any of its property or to which such Person or any of its property is subject.

"**Reserves**" means, as of any date of determination, such amounts as Bank may from time to time establish and revise in its good faith business judgment, reducing the amount of Advances and other financial accommodations which would otherwise be available to Borrower (a) to reflect events, conditions, contingencies or risks which, as determined by Bank in its good faith business judgment, do or may adversely affect (i) the Collateral or any other property which is security for the Obligations or its value (including without limitation any increase in delinquencies of Accounts), (ii) the assets, business or prospects of Borrower or any Guarantor, or (iii) the security interests and other rights of Bank in the Collateral (including the enforceability, perfection and priority thereof); or (b) to reflect Bank's reasonable belief that any collateral report or financial information furnished by or on behalf of Borrower or any Guarantor to Bank is or may have been incomplete, inaccurate or misleading in any material respect; or (c) in respect of any state of facts which Bank determines constitutes an Event of Default or may, with notice or passage of time or both, constitute an Event of Default.

"**Responsible Officer**" is any of the Chief Executive Officer, President, Chief Financial Officer and Controller of Borrower.

"**Restricted License**" is any material license or other agreement with respect to Intellectual Property which is material to the conduct of Borrower's business where Borrower is the licensee (a) that prohibits or otherwise restricts Borrower from granting a security interest in Borrower's interest in such license or agreement or any other property, or (b) for which a default under or termination of could reasonably be expected to interfere with Bank's right to sell any Collateral.

"**Revolving Line**" is an aggregate principal amount equal to Five Million Dollars ($5,000,000). "**Revolving Line Maturity Date**" is February 15, 2020.

"**SEC**" shall mean the Securities and Exchange Commission, any successor thereto, and any analogous Governmental Authority.

"**Securities Account**" is any "**securities account**" as defined in the Code with such additions to such term as may hereafter be made.

"**Specified Affiliate**" is any Person (a) more than ten percent (10.0%) of whose aggregate issued and outstanding equity or ownership securities or interests, voting, non-voting or both, are owned or held directly or indirectly, beneficially or of record, by Borrower, and/or (b) whose equity or ownership securities or interests representing more than ten percent (10.0%) of such Person's total outstanding combined voting power are owned or held directly or indirectly, beneficially or of record, by Borrower.

"**Streamline Balance**" is defined in the definition of Streamline Period.

"**Streamline Period**" is, on and after the Effective Date, provided no Event of Default has occurred and is continuing, the period (a) commencing on the first day of the month following the day that Borrower provides to Bank a written report that Borrower has maintained an Adjusted Quick Ratio, for each consecutive day in the immediately

preceding month as determined by Bank in its reasonable business judgment, in an amount at all times of at least 1.25 to 1.00 (the "**Streamline Balance**"); and (b) terminating on the earlier to occur of (i) the occurrence of an Event of Default, and (ii) the first day thereafter in which Borrower fails to maintain the Streamline Balance, as determined by Bank in its reasonable business judgment. Upon the termination of a Streamline Period, Borrower must maintain the Streamline Balance each consecutive day for one (1) calendar month, as determined by Bank in its reasonable business judgment, prior to entering into a subsequent Streamline Period. Each Streamline Period shall commence on the first day of the monthly period following the date Bank determines, in its reasonable business judgment, that the Streamline Balance has been achieved.

"**Subordinated Debt**" is indebtedness incurred by Borrower subordinated to all of Borrower's now or hereafter indebtedness to Bank (pursuant to a subordination, intercreditor, or other similar agreement in form and substance satisfactory to Bank entered into between Bank and the other creditor), on terms acceptable to Bank.

"**Subsidiary**" is, as to any Person, a corporation, partnership, limited liability company or other entity of which shares of stock or other ownership interests having ordinary voting power (other than stock or such other ownership interests having such power only by reason of the happening of a contingency) to elect a majority of the board of directors or other managers of such corporation, partnership or other entity are at the time owned, or the management of which is otherwise controlled, directly or indirectly through one or more intermediaries, or both, by such Person. Unless the context otherwise requires, each reference to a Subsidiary herein shall be a reference to a Subsidiary of Borrower or Guarantor.

"**Term Loan Advance**" and "**Term Loan Advances**" are each defined in Section 2.3 of this Agreement. "**Term Loan Maturity Date**" is December 1, 2022.

"**Total Liabilities**" is on any day, obligations that should, under GAAP, be classified as liabilities on Borrower's consolidated balance sheet, including all Indebtedness, but excluding all Subordinated Debt.

"**Trademarks**" means any trademark and servicemark rights, whether registered or not, applications to register and registrations of the same and like protections, and the entire goodwill of the business of Borrower connected with and symbolized by such trademarks.

"**Transfer**" is defined in Section 7.1.

"**Warrant**" is, each and together, (i) that certain Warrant to Purchase Stock dated as of June 29, 2016 between Borrower and Bank and (ii) that certain Warrant to Purchase Stock dated as of the Effective Date between Borrower and Bank, each as amended, modified, supplemented and/or restated from time to time.

"**Working Capital Amount**" means the sum of (x) the Revolving Line, minus (y) the aggregate amount available under clauses (a) and (b) of the Borrowing Base, which shall not at any time be less than zero (0).

[Signature page follows.]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the Effective Date.

BORROWER:

MOLEKULE, INC.

By:/s/ Dilip Goswami
Name: Dilip Goswami
Title: Chief Executive Officer

BANK:

SILICON VALLEY BANK

By:/s/ Drew Beito
Name: Drew Beito
Title: Director

EXHIBIT A - COLLATERAL DESCRIPTION

The Collateral consists of all of Borrower's right, title and interest in and to the following personal property:

All goods, Accounts (including health-care receivables), Equipment, Inventory, contract rights or rights to payment of money, leases, license agreements, franchise agreements, General Intangibles (except as provided below), commercial tort claims, documents, instruments (including any promissory notes), chattel paper (whether tangible or electronic), cash, deposit accounts, certificates of deposit, fixtures, letters of credit rights (whether or not the letter of credit is evidenced by a writing), securities, and all other investment property, supporting obligations, and financial assets, whether now owned or hereafter acquired, wherever located; and

all Borrower's Books relating to the foregoing, and any and all claims, rights and interests in any of the above and all substitutions for, additions, attachments, accessories, accessions and improvements to and replacements, products, proceeds and insurance proceeds of any or all of the foregoing.

Notwithstanding the foregoing, the Collateral does not include (a) any Intellectual Property; provided, however, the Collateral shall include all Accounts and all proceeds of Intellectual Property. If a judicial authority (including a U.S. Bankruptcy Court) would hold that a security interest in the underlying Intellectual Property is necessary to have a security interest in such Accounts and such property that are proceeds of Intellectual Property, then the Collateral shall automatically, and effective as of the Effective Date, include the Intellectual Property to the extent necessary to permit perfection of Bank's security interest in such Accounts and such other property of Borrower that are proceeds of the Intellectual Property; (b) more than 65% of the presently existing and hereafter arising issued and outstanding shares of capital stock owned by Borrower of any Foreign Subsidiary which shares entitle the holder thereof to vote for directors or any other matter; (c) any interest of Borrower as a lessee or sublessee under a real property lease; (d) rights held under a license that are not assignable by their terms without the consent of the licensor thereof (but only to the extent such restriction on assignment is enforceable under applicable law); or (e) any interest of Borrower as a lessee under an Equipment lease if Borrower is prohibited by the terms of such lease from granting a security interest in such lease or under which such an assignment or Lien would cause a default to occur under such lease (but only to the extent that such prohibition is enforceable under all applicable laws including, without limitation, the Code); *provided, however,* that upon termination of such prohibition, such interest shall immediately become Collateral without any action by Borrower or Bank.

Pursuant to the terms of a certain negative pledge arrangement with Bank, Borrower has agreed not to encumber any of its Intellectual Property without Bank's prior written consent.

EXHIBIT B

COMPLIANCE STATEMENT

EXHIBIT C

LOAN PAYMENT/ADVANCE REQUEST FORM

FIRST LOAN MODIFICATION AGREEMENT

This First Loan Modification Agreement (this "Loan Modification Agreement") is entered into as of March 9, 2020, by and between **SILICON VALLEY BANK**, a California corporation, with its principal place of business at 3003 Tasman Drive, Santa Clara, California 95054 and with a loan production office located at 505 Howard Street, 3rd Floor, San Francisco, California 94105 ("Bank") and **MOLEKULE, INC.**, a Delaware corporation whose address is 1184 Harrison Street, San Francisco, California 94103 ("Borrower").

1. DESCRIPTION OF EXISTING INDEBTEDNESS AND OBLIGATIONS. Among other indebtedness and obligations which may be owing by Borrower to Bank, Borrower is indebted to Bank pursuant to a loan arrangement dated as of August 29, 2019, evidenced by, among other documents, a certain Amended and Restated Loan and Security Agreement dated as of August 29, 2019, between Borrower and Bank (as amended, the "Loan Agreement"). Capitalized terms used but not otherwise defined herein shall have the same meaning as in the Loan Agreement.

2. DESCRIPTION OF COLLATERAL. Repayment of the Obligations is secured by the Collateral as defined in the Loan Agreement (together with any other collateral security granted to Bank, the "Security Documents"). Hereinafter, the Security Documents, together with all other documents evidencing or securing the Obligations shall be referred to as the "Existing Loan Documents".

3. DESCRIPTION OF CHANGE IN TERMS.

A. Modifications to Loan Agreement.

1 Borrower hereby acknowledges and agrees that, on or before the date that is thirty (30) days from the date of this Loan Modification Agreement, Borrower will deliver to Bank, each in form and substance satisfactory to Bank: (a) a certificate on the Acord 25 form with respect to Borrower's liability insurance policies, (b) a certificate on the Acord 28 form with respect to Borrower's property insurance policies, (c) an endorsement to Borrower's general liability insurance policy that names Bank as an additional insured, (d) an endorsement to Borrower's property insurance policy that names Bank as the sole lender's loss payee and (e) endorsements to the general liability and property insurance policies stating that the insurer will give Bank at least twenty (20) days prior written notice (ten (10) days for non-payment of premium) before any such policy or policies shall be canceled. Borrower acknowledges and agrees that the failure of Borrower to satisfy the requirements set forth in the immediately preceding sentence on or before the date that is thirty (30) days from the date of this Loan Modification Agreement shall result in an immediate Event of Default under the Loan Agreement for which there shall be no grace or cure period.

2 The Loan Agreement shall be amended by deleting the following text, appearing in Section 2.2 thereof:

> " (a) Availability. Subject to the terms and conditions of this Agreement and to deduction of Reserves, Bank shall make Advances not exceeding the Availability Amount. For the avoidance of doubt, subject in each case to terms and conditions of this Agreement with respect to the amount available to borrow with respect to Eligible Accounts, Eligible Inventory and the Working Capital Amount at any time, Borrower shall have the right to designate with each request for an Advance the portion of such Advance that shall be based on Eligible Accounts, Eligible Inventory and the Working Capital Amount. Amounts borrowed under the Revolving Line may be repaid and, prior to the Revolving Line Maturity Date, reborrowed, subject to the applicable terms and conditions precedent herein. With respect to any voluntary repayment

of amounts under the Revolving Line by Borrower (i) made when a Streamline Period is in effect, Borrower may designate, prior to making such repayment, the portion of such repayment that will be applied to each of the outstanding Obligations with respect to Advances made based upon Eligible Accounts, the outstanding Obligations with respect to Advances made based upon Eligible Inventory and the outstanding Obligations with respect to Advances made based upon the Working Capital Amount (provided that the amount of any such repayment with respect to which Borrower has not made a designation prior to the repayment being made shall be applied in the order set forth in subsection (ii)) or (ii) made when a Streamline Period is not in effect, the amount of such repayment will be applied first to the outstanding Obligations with respect to Advances made based upon Eligible Accounts (up to the total amount of such Obligations), second to the outstanding Obligations with respect to Advances made based upon Eligible Inventory (up to the total amount of such Obligations) and third to the outstanding Obligations with respect to Advances made based upon the Working Capital Amount (up to the total amount of such Obligations)."

and inserting in lieu thereof the following:

" (a) Availability. Subject to the terms and conditions of this Agreement and to deduction of Reserves, Bank shall make Advances not exceeding the Availability Amount. For the avoidance of doubt, subject in each case to terms and conditions of this Agreement with respect to the amount available to borrow with respect to Eligible Accounts and Eligible Inventory at any time, Borrower shall have the right to designate with each request for an Advance the portion of such Advance that shall be based on Eligible Accounts and Eligible Inventory. Amounts borrowed under the Revolving Line may be repaid and, prior to the Revolving Line Maturity Date, reborrowed, subject to the applicable terms and conditions precedent herein. With respect to any voluntary repayment of amounts under the Revolving Line by Borrower (i) made when a Streamline Period is in effect, Borrower may designate, prior to making such repayment, the portion of such repayment that will be applied to each of the outstanding Obligations with respect to Advances made based upon Eligible Accounts and the outstanding Obligations with respect to Advances made based upon Eligible Inventory (provided that the amount of any such repayment with respect to which Borrower has not made a designation prior to the repayment being made shall be applied in the order set forth in subsection (ii)) or (ii) made when a Streamline Period is not in effect, the amount of such repayment will be applied first to the outstanding Obligations with respect to Advances made based upon Eligible Accounts (up to the total amount of such Obligations) and second to the outstanding Obligations with respect to Advances made based upon Eligible Inventory (up to the total amount of such Obligations)."

3 The Loan Agreement shall be amended by deleting the following text, appearing in Section 2.6(a) thereof:

" (i) Advances. Subject to Section 2.6(b), (x) the principal amount outstanding under the Revolving Line in respect of Advances based on Eligible Accounts shall accrue interest at a floating per annum rate equal to the greater of (A) the Prime Rate and (B) four and three-quarters of one percent (4.75%), (y) the principal amount outstanding under the Revolving Line in respect of Advances based on Eligible Inventory shall accrue interest at a floating per annum rate equal to the greater of (A) the Prime Rate plus one-quarter of one percent (0.25%) and (B) five percent (5.00%), and (z) the principal amount

outstanding under the Revolving Line in respect of Advances based on the Working Capital Amount shall accrue interest at a floating per annum rate equal to the greater of (A) the Prime Rate plus one-half of one percent (0.50%) and (B) five and one-quarter of one percent (5.25%). In each case, such interest shall be payable monthly in accordance with Section 2.6(d) below."

and inserting in lieu thereof the following:

" (i) Advances. Subject to Section 2.6(b), (x) the principal amount outstanding under the Revolving Line in respect of Advances based on Eligible Accounts shall accrue interest at a floating per annum rate equal to the greater of (A) the Prime Rate and (B) four and three-quarters of one percent (4.75%) and (y) the principal amount outstanding under the Revolving Line in respect of Advances based on Eligible Inventory shall accrue interest at a floating per annum rate equal to the greater of (A) the Prime Rate plus one-quarter of one percent (0.25%) and (B) five percent (5.00%). In each case, such interest shall be payable monthly in accordance with Section 2.6(d) below."

4 The Loan Agreement shall be amended by deleting the following text, appearing in Section 6.3(c) thereof:

"Subject to Bank's right to maintain a reserve pursuant to Section 6.3(d), all amounts received in the Cash Collateral Account shall be (i) when a Streamline Period is not in effect, applied to immediately reduce the Obligations under the Revolving Line (unless Bank, in its sole discretion, at times when an Event of Default exists, elects not to so apply such amounts), which amounts will be applied first to the outstanding Obligations with respect to Advances made based upon Eligible Accounts (up to the total amount of such Obligations), second to the outstanding Obligations with respect to Advances made based upon Eligible Inventory (up to the total amount of such Obligations) and third to the outstanding Obligations with respect to Advances made based upon the Working Capital Amount (up to the total amount of such Obligations), or (ii) when a Streamline Period is in effect, transferred on a daily basis to Borrower's operating account with Bank."

and inserting in lieu thereof the following:

"Subject to Bank's right to maintain a reserve pursuant to Section 6.3(d), all amounts received in the Cash Collateral Account shall be (i) when a Streamline Period is not in effect, applied to immediately reduce the Obligations under the Revolving Line (unless Bank, in its sole discretion, at times when an Event of Default exists, elects not to so apply such amounts), which amounts will be applied first to the outstanding Obligations with respect to Advances made based upon Eligible Accounts (up to the total amount of such Obligations) and second to the outstanding Obligations with respect to Advances made based upon Eligible Inventory (up to the total amount of such Obligations), or (ii) when a Streamline Period is in effect, transferred on a daily basis to Borrower's operating account with Bank."

5 The Loan Agreement shall be amended by deleting the following text, appearing in Section 6.8 thereof:

" (a) Maintain its and all of its Subsidiaries' primary Deposit Accounts, the Cash Collateral Account and primary Securities Accounts with Bank and Bank's Affiliates. In respect of payment processor accounts disclosed in the Perfection Certificate delivered on the Effective Date or otherwise

disclosed to Bank in writing, Borrower may maintain such payment processor accounts so long as proceeds in excess of Two Hundred Fifty Thousand Dollars ($250,000.00) received in such accounts are transferred to a Deposit Account of Borrower maintained at Bank promptly, and in any event on a weekly basis (the "Payment Processor Accounts"). Any Guarantor shall maintain all depository, operating and securities/investment accounts with Bank and Bank's Affiliates."

and inserting in lieu thereof the following:

" (a) Maintain its and all of its Subsidiaries' primary Deposit Accounts, the Cash Collateral Account and excess cash with Bank and Bank's Affiliates. In addition to the foregoing, Borrower, any Subsidiary of Borrower and any Guarantor shall conduct all of its business credit cards banking exclusively with Bank and Bank's Affiliates. In respect of payment processor accounts disclosed in the Perfection Certificate delivered on the Effective Date or otherwise disclosed to Bank in writing, Borrower may maintain such payment processor accounts so long as proceeds in excess of Two Hundred Fifty Thousand Dollars ($250,000.00) received in such accounts are transferred to a Deposit Account of Borrower maintained at Bank promptly, and in any event on a weekly basis (the "Payment Processor Accounts"). Any Guarantor shall maintain all depository, operating and excess cash with Bank and Bank's Affiliates."

6 The Loan Agreement shall be amended by deleting the following, appearing as Section 6.9 thereof:

" **6.9 Financial Covenant – Equity Event.** Deliver evidence to Bank, reasonably satisfactory to Bank, on or prior to December 31, 2019, that the Equity Event occurred on or prior to such date."

and inserting in lieu thereof the following:

" **6.9 Financial Covenants.**

(a) Cash and Cash Equivalents at Bank. Maintain at all times, to be tested as of any day, unrestricted and unencumbered cash and Cash Equivalents maintained with Bank of at least Two Million Five Hundred Thousand Dollars ($2,500,000.00).

(b) Liquidity Ratio. Maintain at all times, to be tested as of any day, a Liquidity Ratio of at least 1.50:1.00."

7 The Loan Agreement shall be amended by deleting the following text, appearing in the definition of "Permitted Indebtedness" in Section 13.1 thereof:

" (h) unsecured Indebtedness of Borrower arising from corporate credit cards and bank service agreements in the ordinary course of business not exceeding Five Hundred Thousand Dollars ($500,000.00) in the aggregate outstanding at any time;"

and inserting in lieu thereof the following:

" (h) unsecured Indebtedness of Borrower arising from bank service agreements (other than bank services related to credit cards) in the ordinary

course of business not exceeding Five Hundred Thousand Dollars ($500,000.00) in the aggregate outstanding at any time;"

8 The Loan Agreement shall be amended by inserting the following new definition, appearing alphabetically in Section 13.1 thereof:

" "**Liquidity Ratio**" is, as of any date of determination, the ratio of (a) the sum of Borrower's (i) unrestricted and unencumbered cash and Cash Equivalents maintained with Bank plus (ii) net billed trade accounts receivable determined according to GAAP, to (b) the aggregate amount of all Obligations in connection with the Revolving Line."

9 The Loan Agreement shall be amended by deleting the following definitions, appearing in Section 13.1 thereof:

" "**Adjusted Quick Ratio**" is, as of any date of determination, the ratio of (i) Quick Assets, to (ii) the sum of (a) Current Liabilities minus (b) Deferred Revenue minus (c) the current portion of the Obligations constituting the GCTL."

" "**Current Liabilities**" are all obligations and liabilities of Borrower to Bank, plus, without duplication, the aggregate amount of Borrower's Total Liabilities that mature within one (1) year."

" "**Quick Assets**" is, on any date, the sum of Borrower's (i) unrestricted and unencumbered cash and Cash Equivalents maintained with Bank plus (ii) net billed trade accounts receivable determined according to GAAP."

" "**Total Liabilities**" is on any day, obligations that should, under GAAP, be classified as liabilities on Borrower's consolidated balance sheet, including all Indebtedness, but excluding all Subordinated Debt."

" "**Working Capital Amount**" means the sum of (x) the Revolving Line, minus (y) the aggregate amount available under clauses (a) and (b) of the Borrowing Base, which shall not at any time be less than zero (0)."

10 The Loan Agreement shall be amended by deleting the following definition, appearing in Section 13.1 thereof:

" "**Borrowing Base**" is (a) eighty percent (80%) of Eligible Accounts, plus (b) fifty percent (50%) of the value of Borrower's Eligible Inventory (valued at the lower of cost or wholesale fair market value), each as determined by Bank from Borrower's most recent Borrowing Base Report (and as may subsequently be updated by Bank based upon information received by Bank including, without limitation, Accounts that are paid and/or billed following the date of the Borrowing Base Report), plus (c) the Working Capital Amount; provided, however, that Bank has the right to decrease the foregoing percentages in its good faith business judgment to mitigate the impact of events, conditions, contingencies, or risks which may adversely affect the Collateral or its value."

" "**Streamline Period**" is, on and after the Effective Date, provided no Event of Default has occurred and is continuing, the period (a) commencing on the first day of the month following the day that Borrower provides to Bank a written report that Borrower has maintained an Adjusted Quick Ratio, for each consecutive day in the immediately preceding month as determined by Bank in

its reasonable business judgment, in an amount at all times of at least 1.25 to 1.00 (the "**Streamline Balance**"); and (b) terminating on the earlier to occur of (i) the occurrence of an Event of Default, and (ii) the first day thereafter in which Borrower fails to maintain the Streamline Balance, as determined by Bank in its reasonable business judgment. Upon the termination of a Streamline Period, Borrower must maintain the Streamline Balance each consecutive day for one (1) calendar month, as determined by Bank in its reasonable business judgment, prior to entering into a subsequent Streamline Period. Each Streamline Period shall commence on the first day of the monthly period following the date Bank determines, in its reasonable business judgment, that the Streamline Balance has been achieved."

and inserting in lieu thereof the following:

" "**Borrowing Base**" is (a) eighty percent (80%) of Eligible Accounts, plus (b) fifty percent (50%) of the value of Borrower's Eligible Inventory (valued at the lower of cost or wholesale fair market value), each as determined by Bank from Borrower's most recent Borrowing Base Report (and as may subsequently be updated by Bank based upon information received by Bank including, without limitation, Accounts that are paid and/or billed following the date of the Borrowing Base Report)."

" "**Streamline Period**" is, on and after the Effective Date, provided no Event of Default has occurred and is continuing, the period (a) commencing on the first day of the month following the day that Borrower provides to Bank a written report that Borrower has maintained both (i) a Liquidity Ratio, for each consecutive day in the immediately preceding month as determined by Bank in its reasonable business judgment, in an amount at all times of at least 2.00 to 1.00 and (ii) unrestricted and unencumbered cash and Cash Equivalents with Bank of at least Two Million Five Hundred Thousand Dollars ($2,500,000.00) for each consecutive day in the immediately preceding month as determined by Bank in its reasonable business judgment (collectively, the "**Streamline Balance**"); and (b) terminating on the earlier to occur of (i) the occurrence of an Event of Default, and (ii) the first day thereafter in which Borrower fails to maintain the Streamline Balance, as determined by Bank in its reasonable business judgment. Upon the termination of a Streamline Period, Borrower must maintain the Streamline Balance each consecutive day for one (1) calendar month, as determined by Bank in its reasonable business judgment, prior to entering into a subsequent Streamline Period. Each Streamline Period shall commence on the first day of the monthly period following the date Bank determines, in its reasonable business judgment, that the Streamline Balance has been achieved."

11 Effective as of February 15, 2020, the Loan Agreement shall be amended by deleting the following definition, appearing in Section 13.1 thereof:

" "**Revolving Line Maturity Date**" is February 15, 2020." and inserting in lieu thereof the following:

" "**Revolving Line Maturity Date**" is March 31, 2021."

12 The Compliance Certificate appearing as **Exhibit B** to the Loan Agreement is hereby replaced with the Compliance Certificate attached as **Schedule 1** hereto.

4. FEES AND EXPENSES. Borrower shall pay to Bank a modification fee equal to Ten Thousand Dollars ($10,000.00), which fee shall be fully earned, due and payable as of the date hereof. Borrower shall also reimburse Bank for all documented legal fees and expenses reasonably incurred by Bank in connection with this amendment to the Existing Loan Documents.

5. INTENTIONALLY OMITTED.

6. CONSISTENT CHANGES. The Existing Loan Documents are hereby amended wherever necessary to reflect the changes described above.

7. RATIFICATION OF LOAN DOCUMENTS. Borrower hereby ratifies, confirms, and reaffirms all terms and conditions of all security or other collateral granted to Bank, and confirms that the indebtedness secured thereby includes, without limitation, the Obligations.

8. RELEASE BY BORROWER.

A. FOR GOOD AND VALUABLE CONSIDERATION, Borrower hereby forever relieves, releases, and discharges Bank and its present or former employees, officers, directors, agents, representatives, attorneys, and each of them, from any and all claims, debts, liabilities, demands, obligations, promises, acts, agreements, costs and expenses, actions and causes of action, of every type, kind, nature, description or character whatsoever, whether known or unknown, suspected or unsuspected, absolute or contingent, arising out of or in any manner whatsoever connected with or related to facts, circumstances, issues, controversies or claims existing or arising from the beginning of time through and including the date of execution of this Loan Modification Agreement (collectively "Released Claims"). Without limiting the foregoing, the Released Claims shall include any and all liabilities or claims arising out of or in any manner whatsoever connected with or related to the Loan Documents, the recitals hereto, any instruments, agreements or documents executed in connection with any of the foregoing or the origination, negotiation, administration, servicing and/or enforcement of any of the foregoing.

B. In furtherance of this release, Borrower expressly acknowledges and waives any and all rights under Section 1542 of the California Civil Code, which provides as follows:

> "**A general release** does not extend to claims that the creditor or releasing party does not know or suspect to exist in his or her favor at the time of executing the release and that, if known by him or her, would have materially affected his or her settlement with the debtor or released party." (Emphasis added.)

C. By entering into this release, Borrower recognizes that no facts or representations are ever absolutely certain and it may hereafter discover facts in addition to or different from those which it presently knows or believes to be true, but that it is the intention of Borrower hereby to fully, finally and forever settle and release all matters, disputes and differences, known or unknown, suspected or unsuspected; accordingly, if Borrower should subsequently discover that any fact that it relied upon in entering into this release was untrue, or that any understanding of the facts was incorrect, Borrower shall not be entitled to set aside this release by reason thereof, regardless of any claim of mistake of fact or law or any other circumstances whatsoever. Borrower acknowledges that it is not relying upon and has not relied upon any representation or statement made by Bank with respect to the facts underlying this release or with regard to any of such party's rights or asserted rights.

D. This release may be pleaded as a full and complete defense and/or as a cross-complaint or counterclaim against any action, suit, or other proceeding that may be instituted, prosecuted or attempted in breach of this release. Borrower acknowledges that the release contained herein constitutes a material inducement to Bank to enter into this Loan Modification Agreement, and

that Bank would not have done so but for Bank's expectation that such release is valid and enforceable in all events.

E. Borrower hereby represents and warrants to Bank, and Bank is relying thereon, as follows:

1 Except as expressly stated in this Loan Modification Agreement, neither Bank nor any agent, employee or representative of Bank has made any statement or representation to Borrower regarding any fact relied upon by Borrower in entering into this Loan Modification Agreement.

2 Borrower has made such investigation of the facts pertaining to this Loan Modification Agreement and all of the matters appertaining thereto, as it deems necessary.

3 The terms of this Loan Modification Agreement are contractual and not a mere recital.

4 This Loan Modification Agreement has been carefully read by Borrower, the contents hereof are known and understood by Borrower, and this Loan Modification Agreement is signed freely, and without duress, by Borrower.

5 Borrower represents and warrants that it is the sole and lawful owner of all right, title and interest in and to every claim and every other matter which it releases herein, and that it has not heretofore assigned or transferred, or purported to assign or transfer, to any person, firm or entity any claims or other matters herein released. Borrower shall indemnify Bank, defend and hold it harmless from and against all claims based upon or arising in connection with prior assignments or purported assignments or transfers of any claims or matters released herein.

9. CONTINUING VALIDITY. Borrower understands and agrees that in modifying the existing Obligations, Bank is relying upon Borrower's representations, warranties, and agreements, as set forth in the Existing Loan Documents. Except as expressly modified pursuant to this Loan Modification Agreement, the terms of the Existing Loan Documents remain unchanged and in full force and effect. Bank's agreement to modifications to the existing Obligations pursuant to this Loan Modification Agreement in no way shall obligate Bank to make any future modifications to the Obligations. Nothing in this Loan Modification Agreement shall constitute a satisfaction of the Obligations. It is the intention of Bank and Borrower to retain as liable parties all makers of Existing Loan Documents, unless the party is expressly released by Bank in writing. No maker will be released by virtue of this Loan Modification Agreement.

10. COUNTERSIGNATURE. This Loan Modification Agreement shall become effective only when it shall have been executed by Borrower and Bank.

[The remainder of this page is intentionally left blank]

This Loan Modification Agreement is executed as of the date first written above.

BORROWER:	**BANK:**
MOLEKULE, INC.	**SILICON VALLEY BANK**
By: /s/ Jaya Rao	By: /s/ Michelle Wu
Name: Jaya Rao	Name: Michelle Wu
Title: Chief Executive Officer	Title: Vice President

Schedule 1

EXHIBIT B
COMPLIANCE STATEMENT

SECOND LOAN MODIFICATION AGREEMENT

This Second Loan Modification Agreement (this "Loan Modification Agreement") is entered into as of June 19, 2020, by and between **SILICON VALLEY BANK**, a California corporation, with its principal place of business at 3003 Tasman Drive, Santa Clara, California 95054 and with a loan production office located at 505 Howard Street, 3rd Floor, San Francisco, California 94105 ("Bank") and **MOLEKULE, INC.**, a Delaware corporation whose address is 1184 Harrison Street, San Francisco, California 94103 ("Borrower").

1. DESCRIPTION OF EXISTING INDEBTEDNESS AND OBLIGATIONS. Among other indebtedness and obligations which may be owing by Borrower to Bank, Borrower is indebted to Bank pursuant to a loan arrangement dated as of August 29, 2019, evidenced by, among other documents, a certain Amended and Restated Loan and Security Agreement dated as of August 29, 2019, between Borrower and Bank, as amended by a certain First Loan Modification Agreement dated as of March 9, 2020 (as amended, the "Loan Agreement"). Capitalized terms used but not otherwise defined herein shall have the same meaning as in the Loan Agreement.

2. DESCRIPTION OF COLLATERAL. Repayment of the Obligations is secured by the Collateral as defined in the Loan Agreement (together with any other collateral security granted to Bank, the "Security Documents"). Hereinafter, the Security Documents, together with all other documents evidencing or securing the Obligations shall be referred to as the "Existing Loan Documents".

3. DESCRIPTION OF CHANGE IN TERMS.

A. Modifications to Loan Agreement.

1 The Loan Agreement shall be amended by inserting the following, appearing as Section 2.3.1 thereof:

" **2.3.1 Term Loan 2020.**

(a) Availability. Subject to the terms and conditions of this Agreement, Borrower shall request on the Second LMA Effective Date, and Bank shall, on or about the Second LMA Effective Date, make one (1) term loan advance available to Borrower in the aggregate original principal amount not to exceed Five Million One Hundred Thousand Dollars ($5,100,000.00) (the "**2020 Term Loan A Advance**"). Borrower shall be required to use the proceeds of the 2020 Term Loan A Advance to pay obligations and liabilities of Borrower to Bank in connection with the Term Loan Advances (including, without limitation, the Final Payment in the amount of One Hundred Thousand Dollars ($100,000.00), and Borrower hereby authorizes Bank to apply proceeds of the 2020 Term Loan A Advance (internally, without actually providing such funds to Borrower) to such obligations and liabilities in connection therewith as part of the funding process. Subject to the terms and conditions of this Agreement, upon Borrower's request, during the 2020 Term Loan Draw Period, Bank shall make one (1) additional term loan advance available to Borrower in the original principal amount of Two Million Five Hundred Thousand Dollars ($2,500,000.00) (the "**2020 Term Loan B Advance**"). Each advance made pursuant to this Section 2.3.1(a) is referred to herein as a "**2020 Term Loan Advance**" and, collectively, as the "**2020 Term Loan Advances**". After repayment, no 2020 Term Loan Advance (or any portion thereof) may be reborrowed.

(b) Repayment. With respect to each 2020 Term Loan Advance, commencing on the first Payment Date following the Funding Date of such 2020 Term Loan Advance, and continuing on each Payment Date

thereafter, Borrower shall make monthly payments of interest, in arrears, on the principal amount of such 2020 Term Loan Advance at the rate set forth in Section 2.6(a). Commencing on the applicable 2020 Term Loan Amortization Date, and continuing on each Payment Date thereafter, Borrower shall repay each 2020 Term Loan Advance in (i) thirty-six (36) equal monthly installments of principal, plus (ii) monthly payments of accrued interest as set forth above. All outstanding principal and accrued and unpaid interest under each 2020 Term Loan Advance, and all other outstanding Obligations with respect to such 2020 Term Loan Advance, are due and payable in full on the applicable 2020 Term Loan Maturity Date.

(c) Permitted Prepayment. Borrower shall have the option to prepay all, but not less than all, of the 2020 Term Loan Advances, provided Borrower (i) delivers written notice to Bank of its election to prepay the 2020 Term Loan Advances at least ten (10) days prior to such prepayment, and (ii) pays, on the date of such prepayment (A) the outstanding principal plus accrued and unpaid interest with respect to the 2020 Term Loan Advances, (B) the 2020 Term Loan Final Payment, and (C) all other sums, if any, that shall have become due and payable with respect to the 2020 Term Loan Advances, including interest at the Default Rate with respect to any past due amounts.

(d) Mandatory Prepayment Upon an Acceleration. If the 2020 Term Loan Advances are accelerated by Bank following the occurrence and during the continuance of an Event of Default, Borrower shall immediately pay to Bank an amount equal to the sum of (i) all outstanding principal plus accrued and unpaid interest with respect to the 2020 Term Loan Advances, (ii) the 2020 Term Loan Final Payment, and (iii) all other sums, if any, that shall have become due and payable with respect to the 2020 Term Loan Advances, including interest at the Default Rate with respect to any past due amounts."

2 The Loan Agreement shall be amended by deleting the following text, appearing in Section 2.6(a) thereof:

" (i) Advances. Subject to Section 2.6(b), (x) the principal amount outstanding under the Revolving Line in respect of Advances based on Eligible Accounts shall accrue interest at a floating per annum rate equal to the greater of (A) the Prime Rate and (B) four and three-quarters of one percent (4.75%) and (y) the principal amount outstanding under the Revolving Line in respect of Advances based on Eligible Inventory shall accrue interest at a floating per annum rate equal to the greater of (A) the Prime Rate plus one-quarter of one percent (0.25%) and (B) five percent (5.00%). In each case, such interest shall be payable monthly in accordance with Section 2.6(d) below."

and inserting in lieu thereof the following:

" (i) Advances. Subject to Section 2.6(b), (x) the principal amount outstanding under the Revolving Line in respect of Advances based on Eligible Accounts shall accrue interest at a floating per annum rate equal to the greater of (A) the Prime Rate plus one and one-half of one percent (1.50%) and (B) four and three-quarters of one percent (4.75%) and (y) the principal amount outstanding under the Revolving Line in respect of Advances based on Eligible Inventory shall accrue interest at a floating per annum rate equal to the greater of (A) the Prime Rate plus two and one-quarter of one percent (2.25%) and (B) five and one-half of one percent (5.50%). In each case, such interest shall be payable monthly in accordance with Section 2.6(d) below."

3 The Loan Agreement shall be amended by inserting the following new text, appearing at the end of Section 2.6(a) thereof:

> " (iv) 2020 Term Loan Advances. Subject to Section 2.6(b), the principal amount outstanding under each 2020 Term Loan Advance shall accrue interest at a floating per annum rate equal to the greater of (A) the Prime Rate plus one percent (1.00%) and (B) four and one-quarter of one percent (4.25%), which interest shall be payable monthly in accordance with Section 2.6(d) below."

4 The Loan Agreement shall be amended in Section 2.7 by (i) re-lettering subsections (e) and (f) thereof as subsections (f) and (g) and (ii) inserting the following new subsection (e):

> " (e) 2020 Term Loan Final Payment. The 2020 Term Loan Final Payment, when due hereunder;"

5 The Loan Agreement shall be amended by deleting the following text, appearing in Section 3.2 thereof:

> " (a) timely receipt of (i) the Credit Extension request and any materials and documents required by Section 3.4(a) and (ii) with respect to the request for Term Loan Advances, an executed Payment/Advance Form and any materials and documents required by Section 3.4(b);"

and inserting in lieu thereof the following:

> " (a) timely receipt of (i) the Credit Extension request and any materials and documents required by Section 3.4(a) and (ii) with respect to requests for 2020 Term Loan Advances, an executed Payment/Advance Form and any materials and documents required by Section 3.4(b);"

6 The Loan Agreement shall be amended by deleting the following text, appearing in Section 3.4 thereof:

> " (b) Term Loan Advances. Subject to the prior satisfaction of all other applicable conditions to the making of a Term Loan Advance set forth in this Agreement, to obtain a Term Loan Advance, Borrower (via an individual duly authorized by an Administrator) shall notify Bank (which notice shall be irrevocable) by electronic mail by 12:00 noon Pacific time on the Funding Date of the Term Loan Advance. Such notice shall be made by Borrower through Bank's online banking program, provided, however, if Borrower is not utilizing Bank's online banking program, then such notice shall be in a written format acceptable to Bank that is executed by an Authorized Signer. Bank shall have received satisfactory evidence that the Board has approved that such Authorized Signer may provide such notices and request Term Loan Advances. In connection with such notification, Borrower must promptly deliver to Bank by electronic mail or through Bank's online banking program a completed Payment/Advance Form executed by an Authorized Signer together with such other reports and information, as Bank may reasonably request. Bank shall credit proceeds of any Term Loan Advance to the Designated Deposit Account. Bank may make Term Loan Advances under this Agreement based on instructions from an Authorized Signer or without instructions if the Term Loan Advances are necessary to meet Obligations which have become due."

and inserting in lieu thereof the following:

" (b) 2020 Term Loan Advances. Subject to the prior satisfaction of all other applicable conditions to the making of a 2020 Term Loan Advance set forth in this Agreement, to obtain a 2020 Term Loan Advance, Borrower (via an individual duly authorized by an Administrator) shall notify Bank (which notice shall be irrevocable) by electronic mail by 12:00 noon Pacific time on the Funding Date of the 2020 Term Loan Advance. Such notice shall be made by Borrower through Bank's online banking program, provided, however, if Borrower is not utilizing Bank's online banking program, then such notice shall be in a written format acceptable to Bank that is executed by an Authorized Signer. Bank shall have received satisfactory evidence that the Board has approved that such Authorized Signer may provide such notices and request 2020 Term Loan Advances. In connection with such notification, Borrower must promptly deliver to Bank by electronic mail or through Bank's online banking program a completed Payment/Advance Form executed by an Authorized Signer together with such other reports and information, as Bank may reasonably request. Bank shall credit proceeds of any 2020 Term Loan Advance to the Designated Deposit Account. Bank may make 2020 Term Loan Advances under this Agreement based on instructions from an Authorized Signer or without instructions if the 2020 Term Loan Advances are necessary to meet Obligations which have become due."

7 The Loan Agreement shall be amended by deleting the following text, appearing in Section 5.3 thereof:

"(v) is located in the United States at the locations identified by Borrower in the Perfection Certificate where it maintains Inventory for which Borrower has delivered to Bank a duly executed landlord consent or bailee waiver,"

and inserting in lieu thereof the following:

"(v) is either (A) located in the United States at the locations identified by Borrower in the Perfection Certificate where it maintains Inventory for which Borrower has delivered to Bank a duly executed landlord consent or bailee waiver or (B) in transit by air or sea and covered by cargo insurance satisfactory to Bank in its reasonable discretion (it being acknowledged that Borrower's cargo insurance maintained as of the Second LMA Effective Date is acceptable to Bank as of such date),"

8 The Loan Agreement shall be amended by deleting the following text, appearing in Section 6.2 thereof:

" (e) within sixty (60) days after the end of each fiscal year of Borrower, and promptly (but, in any event, with two (2) Business Days) following any Board-approved updates or amendments thereto, (i) annual operating budgets (including income statements, balance sheets and cash flow statements, by month) for the then current fiscal year of Borrower, and (ii) annual financial projections for such fiscal year (on a quarterly basis), in each case as approved by the Board and commensurate in form and substance with those provided to Borrower's venture capital investors, together with any related business forecasts used in the preparation of such annual financial projections;

(f) for each fiscal year for which the Board requires Borrower to prepare audited financial statements, as soon as available, and in any event within two hundred seventy (270) days following the end of Borrower's fiscal

year, audited consolidated financial statements prepared under GAAP, consistently applied, together with an unqualified opinion (provided that such opinion may contain a "going concern" qualification typical for venture backed companies similar to Borrower) on the financial statements from an independent certified public accounting firm reasonably acceptable to Bank. If the Board does not require audited financial statements, then, as soon as available, and in any event within ninety (90) days after the end of Borrower's fiscal year, company-prepared consolidated financial statements for such fiscal year certified by a Responsible Officer and in a form reasonably acceptable to Bank;"

and inserting in lieu thereof the following:

" (e) within thirty (30) days after the end of each fiscal year of Borrower, and promptly (but, in any event, with two (2) Business Days) following any Board-approved updates or amendments thereto, (i) annual operating budgets (including income statements, balance sheets and cash flow statements, by month) for the then current fiscal year of Borrower, and (ii) annual financial projections for such fiscal year (on a quarterly basis), in each case as approved by the Board and commensurate in form and substance with those provided to Borrower's venture capital investors, together with any related business forecasts used in the preparation of such annual financial projections;

(f) for each fiscal year for which the Board requires Borrower to prepare audited financial statements, as soon as available, and in any event within two hundred seventy (270) days following the end of Borrower's fiscal year, audited consolidated financial statements prepared under GAAP, consistently applied, together with an unqualified opinion (provided that such opinion may contain a "going concern" qualification typical for venture backed companies similar to Borrower) on the financial statements from an independent certified public accounting firm reasonably acceptable to Bank;"

9 The Loan Agreement shall be amended in Section 6.2 by (i) re-lettering subsection (k) thereof as subsection (l) and (ii) inserting the following new subsection (k):

" (k) no later than seven (7) days after the preparation thereof, detailed sell-through reports from Amazon and Best Buy prepared on the fifteenth (15th) and last day of each month, each in a form reasonably acceptable to Bank; and"

10 The Loan Agreement shall be amended by deleting the following, appearing as Section 6.6 thereof:

" **6.6 Access to Collateral; Books and Records.** At reasonable times, on one (1) Business Day's notice (provided no notice is required if an Event of Default has occurred and is continuing), Bank, or its agents, shall have the right to inspect the Collateral and the right to audit and copy Borrower's Books. The foregoing inspections and audits shall be conducted no more often than once every twelve (12) months (or more frequently as Bank in its sole discretion determines that conditions warrant) unless an Event of Default has occurred and is continuing in which case such inspections and audits shall occur as often as Bank shall determine is necessary. The foregoing inspections and audits shall be conducted at Borrower's expense and the charge therefor shall be One Thousand Dollars ($1,000) per person per day (or such higher amount as shall represent Bank's then-current standard charge for the same), plus reasonable out-of-pocket expenses. In the event Borrower and Bank schedule an audit more than eight (8) days in advance, and Borrower cancels or seeks to or

reschedules the audit with less than eight (8) days written notice to Bank, then (without limiting any of Bank's rights or remedies) Borrower shall pay Bank a fee of Two Thousand Dollars ($2,000) plus any out-of-pocket expenses incurred by Bank to compensate Bank for the anticipated costs and expenses of the cancellation or rescheduling. The Initial Audit shall be completed within ninety (90) days after the Effective Date, and Borrower shall cooperate with Bank in order to timely complete same."

and inserting in lieu thereof the following:

" **6.6 Access to Collateral; Books and Records; Inventory Appraisal.** At reasonable times, on one (1) Business Day's notice (provided no notice is required if an Event of Default has occurred and is continuing), Bank, or its agents, shall have the right to (a) inspect the Collateral and the right to audit and copy Borrower's Books (each such inspection and audit, a "**Field Exam**") and (b) request and conduct a liquidation analysis with respect to Borrower's Inventory (each such analysis, an "**Inventory Appraisal**"). Field Exams and Inventory Appraisals shall be conducted no more often than once every twelve (12) months (or more frequently as Bank in its sole discretion determines that conditions warrant) unless an Event of Default has occurred and is continuing in which case Field Exams and Inventory Appraisals shall occur as often as Bank shall determine is necessary. Field Exams and Inventory Appraisals shall be conducted at Borrower's expense. The charge for Field Exams shall be One Thousand Dollars ($1,000.00) per person per day (or such higher amount as shall represent Bank's then-current standard charge for the same) and the charge for Inventory Appraisals shall be the then-current standard charge of Bank's independent outside appraiser, plus reasonable out-of-pocket expenses. In the event Borrower and Bank schedule a Field Exam or Inventory Appraisal more than eight (8) days in advance, and Borrower cancels or seeks to or reschedules the Field Exam or Inventory Appraisal with less than eight (8) days written notice to Bank, then (without limiting any of Bank's rights or remedies) Borrower shall pay Bank a fee of Two Thousand Dollars ($2,000) (or, in respect of any Inventory Appraisal that is cancelled or rescheduled as noted above, such higher amount charged by the firm conducting such Inventory Appraisal) plus any out-of-pocket expenses incurred by Bank to compensate Bank for the anticipated costs and expenses of the cancellation or rescheduling. The first Inventory Appraisal shall be completed no later than June 30, 2020, and Borrower shall cooperate with Bank in order to timely complete same."

11 The Loan Agreement shall be amended by deleting the following, appearing as Section 6.9 thereof:

" **6.9 Financial Covenants.**

(a) Cash and Cash Equivalents at Bank. Maintain at all times, to be tested as of any day, unrestricted and unencumbered cash and Cash Equivalents maintained with Bank of at least Two Million Five Hundred Thousand Dollars ($2,500,000.00).

(b) Liquidity Ratio. Maintain at all times, to be tested as of any day, a Liquidity Ratio of at least 1.50:1.00."

and inserting in lieu thereof the following:

" **6.9 Financial Covenants.**

(a) Cash and Cash Equivalents at Bank. Maintain at all times, to be tested as of any day, unrestricted and unencumbered cash and Cash Equivalents maintained with Bank of at least Two Million Five Hundred Thousand Dollars ($2,500,000.00). Notwithstanding the foregoing, the financial covenant set forth in this Section 6.9(a) will not be tested at any time following the occurrence of the Second Tranche Availability Event.

(b) Liquidity Ratio. Maintain at all times, to be tested as of any day prior to the Second LMA Effective Date, a Liquidity Ratio of at least 1.50:1.00.

(c) Net Revenue. Maintain at all times, to be tested as of the last day of each calendar quarter, aggregate Net Revenue, as determined in accordance with GAAP, for the three (3) month period ending on such date of at least (i) Ten Million Four Hundred Forty Thousand Dollars ($10,440,000.00) for the calendar quarter ending March 31, 2020, (ii) Twenty Million Nine Hundred Seventy Thousand Dollars ($20,970,000.00) for the calendar quarter ending June 30, 2020, (iii) Eighteen Million Three Hundred Sixty Thousand Dollars ($18,360,000.00) for the calendar quarter ending September 30, 2020 and (iv) Thirty One Million Four Hundred Ten Thousand Dollars ($31,410,000.00) for the calendar quarter ending December 31, 2020.

With respect to any period ending after December 31, 2020, the Net Revenue level for each such period shall be mutually agreed by Bank and Borrower, each acting in its reasonable discretion, based upon, among other factors, budgets, sales projections, operating plans and other financial information with respect to Borrower that Bank deems relevant, including, without limitation Borrower's annual financial projections approved by the Board. With respect thereto, Borrower's failure to agree in writing (which agreement shall be set forth in a written amendment to this Agreement) on or before February 15, 2021 to any such covenant levels proposed by Bank with respect to the 2021 calendar year shall result in an immediate Event of Default for which there shall be no grace or cure period."

12 The Loan Agreement shall be amended by deleting the following text, appearing in Section 8.1 thereof:

"Borrower fails to (a) make any payment of principal or interest on any Credit Extension when due, or (b) pay any other Obligations within three (3) Business Days after such Obligations are due and payable (which three (3) Business Day cure period shall not apply to payments due on the Revolving Line Maturity Date, the Term Loan Maturity Date or the GCTL Maturity Date)."

and inserting in lieu thereof the following:

"Borrower fails to (a) make any payment of principal or interest on any Credit Extension when due, or (b) pay any other Obligations within three (3) Business Days after such Obligations are due and payable (which three (3) Business Day cure period shall not apply to payments due on the Revolving Line Maturity Date, the Term Loan Maturity Date, the GCTL Maturity Date or the 2020 Term Loan Maturity Date)."

13 The Loan Agreement shall be amended by deleting the following text, appearing in Section 9.1 thereof:

“ (a) declare all Obligations immediately due and payable (but if an Event of Default described in Section 8.5 occurs all Obligations are immediately due and payable without any action by Bank); provided, however, if an Event of Default described in Section 8.2(a) occurs solely as a result of Borrower’s failure to comply with Section 6.9, Bank shall not be entitled to declare Obligations constituting Term Loan Advances or the GCTL immediately due and payable;”

and inserting in lieu thereof the following:

“ (a) declare all Obligations immediately due and payable (but if an Event of Default described in Section 8.5 occurs all Obligations are immediately due and payable without any action by Bank); provided, however, if an Event of Default described in Section 8.2(a) occurs solely as a result of Borrower’s failure to comply with Section 6.9, Bank shall not be entitled to declare Obligations constituting Term Loan Advances or 2020 Term Loan Advances immediately due and payable;”

14 The Loan Agreement shall be amended by deleting the following text, appearing in Section 12.1 thereof:

“So long as Borrower has satisfied the Obligations (other than inchoate indemnity obligations, and any other obligations which, by their terms, are to survive the termination of this Agreement, and any Obligations under Bank Services Agreements that are cash collateralized in accordance with Section 4.1 of this Agreement), this Agreement may be terminated prior to the Revolving Line Maturity Date, the Term Loan Maturity Date and the GCTL Maturity Date by Borrower, effective three (3) Business Days after written notice of termination is given to Bank.”

and inserting in lieu thereof the following:

“So long as Borrower has satisfied the Obligations (other than inchoate indemnity obligations, and any other obligations which, by their terms, are to survive the termination of this Agreement, and any Obligations under Bank Services Agreements that are cash collateralized in accordance with Section 4.1 of this Agreement), this Agreement may be terminated prior to the Revolving Line Maturity Date, the Term Loan Maturity Date, the GCTL Maturity Date and the 2020 Term Loan Maturity Date by Borrower, effective three (3) Business Days after written notice of termination is given to Bank.”

15 The Loan Agreement shall be amended by deleting the following text, appearing in the definition of “Eligible Accounts” in Section 13.1 thereof:

“ (z) Accounts owing from an Account Debtor, whose total obligations to Borrower exceed thirty-five percent (35%) (fifty percent (50%) with respect to Accounts for which the Account Debtor is Amazon or Best Buy) of all Accounts for the amounts that exceed that percentage (unless Bank approves such higher concentration in writing on a case-by-case basis in Bank’s sole discretion); and”

and inserting in lieu thereof the following:

“ (z) Accounts owing from an Account Debtor (other than Amazon and Best Buy), whose total obligations to Borrower exceed thirty-five percent

(35%) of all Accounts for the amounts that exceed that percentage (unless Bank approves such higher concentration in writing on a case-by-case basis in Bank's sole discretion); and"

16 The Loan Agreement shall be amended by inserting the following new definitions, appearing in Section 13.1 thereof:

" "**2020 Term Loan A Advance**" is defined in Section 2.3.1(a) of this Agreement."

" "**2020 Term Loan Advance**" and "**2020 Term Loan Advances**" are each defined in Section 2.3.1(a) of this Agreement."

" "**2020 Term Loan Amortization Date**" is (a) with respect to the 2020 Term Loan A Advance, January 1, 2021 and (b) with respect to the 2020 Term Loan B Advance, April 1, 2021."

" "**2020 Term Loan B Advance**" is defined in Section 2.3.1(a) of this Agreement."

" "**2020 Term Loan Draw Period**" is the period of time commencing upon the later to occur of (a) the date on which the Second Tranche Availability Event occurs and (b) September 30, 2020 and continuing through the earlier to occur of (i) December 31, 2020 or (ii) an Event of Default.

" "**2020 Term Loan Final Payment**" is a payment (in addition to and not a substitution for the regular monthly payments of principal plus accrued interest) due on the earliest to occur of (a) the 2020 Term Loan Maturity Date, (b) the acceleration of the 2020 Term Loan Advances, or (c) the prepayment of the 2020 Term Loan Advances in full pursuant to Section 2.3.1(c) or 2.3.1(d), in an amount equal to the product of (x) the aggregate original aggregate principal amount of the 2020 Term Loan Advances made by Bank multiplied by (y) the Final Payment Percentage."

" "**2020 Term Loan Maturity Date**" is (a) with respect to the 2020 Term Loan A Advance, December 1, 2023 and (b) with respect to the 2020 Term Loan B Advance, March 1, 2024."

" "**Field Exam**" is defined in Section 6.6."

" "**Inventory Appraisal**" is defined in Section 6.6."

" "**Net Orderly Liquidation Value Ratio**" is, expressed as a percentage (which percentage shall not exceed one hundred percent (100.0%)), (i) the net orderly liquidation value of Borrower's Inventory as set forth in the most recent Inventory Appraisal, divided by (ii) the book value of Borrower's Eligible Inventory, as determined by Bank."

" "**Net Revenue**" means revenue, as determined in accordance with GAAP, less discounts and returns.

" "**Second LMA Effective Date**" is June 19, 2020."

" "**Second Tranche Availability Event**" means the receipt by Bank of evidence satisfactory to Bank demonstrating that both (a) Borrower has

received, on or prior to September 30, 2020, unrestricted and unencumbered net cash proceeds in an amount of at least Ten Million Dollars ($10,000,000.00) from the sale of Borrower's equity securities to investors acceptable to Bank in its good faith business judgment (Bank acknowledges that the requirement set forth in this subsection (a) was satisfied prior to the Second LMA Effective Date) and (b) Borrower has complied with the financial covenant set forth in Section 6.9(c) at all times through and including the quarter ending September 30, 2020."

17 The Loan Agreement shall be amended by deleting the following definition, appearing in Section 13.1 thereof:

" "**Borrowing Base**" is (a) eighty percent (80%) of Eligible Accounts, plus (b) fifty percent (50%) of the value of Borrower's Eligible Inventory (valued at the lower of cost or wholesale fair market value), each as determined by Bank from Borrower's most recent Borrowing Base Report (and as may subsequently be updated by Bank based upon information received by Bank including, without limitation, Accounts that are paid and/or billed following the date of the Borrowing Base Report)."

" "**Credit Extension**" is any Advance, any Overadvance, Letter of Credit, FX Contract, amount utilized for cash management services, Term Loan Advance, the GCTL, or any other extension of credit by Bank for Borrower's benefit."

" "**Obligations**" are Borrower's obligations to pay when due any debts, principal, interest, fees, Bank Expenses, the GCTL Final Payment, the Final Payment, and other amounts Borrower owes Bank now or later, whether under this Agreement, the other Loan Documents (other than the Warrant), or otherwise, including, without limitation, all obligations relating to Bank Services and interest accruing after Insolvency Proceedings begin and debts, liabilities, or obligations of Borrower assigned to Bank, and to perform Borrower's duties under the Loan Documents (other than the Warrant)."

" "**Payment Date**" is (a) with respect to the GCTL and Term Loan Advances, the first (1st) calendar day of each month and (b) with respect to Advances, the last calendar day of each month."

" "**Revolving Line**" is an aggregate principal amount equal to Five Million Dollars ($5,000,000)."

" "**Streamline Period**" is, on and after the Effective Date, provided no Event of Default has occurred and is continuing, the period (a) commencing on the first day of the month following the day that Borrower provides to Bank a written report that Borrower has maintained both (i) a Liquidity Ratio, for each consecutive day in the immediately preceding month as determined by Bank in its reasonable business judgment, in an amount at all times of at least 2.00 to 1.00 and (ii) unrestricted and unencumbered cash and Cash Equivalents with Bank of at least Two Million Five Hundred Thousand Dollars ($2,500,000.00) for each consecutive day in the immediately preceding month as determined by Bank in its reasonable business judgment (collectively, the "**Streamline Balance**"); and (b) terminating on the earlier to occur of (i) the occurrence of an Event of Default, and (ii) the first day thereafter in which Borrower fails to maintain the Streamline Balance, as determined by Bank in its reasonable business judgment. Upon the termination of a Streamline Period, Borrower must maintain the Streamline Balance each consecutive day for one (1) calendar

month, as determined by Bank in its reasonable business judgment, prior to entering into a subsequent Streamline Period. Each Streamline Period shall commence on the first day of the monthly period following the date Bank determines, in its reasonable business judgment, that the Streamline Balance has been achieved."

" "**Warrant**" is, each and together, (i) that certain Warrant to Purchase Stock dated as of June 29, 2016 between Borrower and Bank and (ii) that certain Warrant to Purchase Stock dated as of the Effective Date between Borrower and Bank, each as amended, modified, supplemented and/or restated from time to time."

and inserting in lieu thereof the following:

" "**Borrowing Base**" is (a) seventy percent (70%) of Eligible Accounts, plus (b) the least of (i) fifty percent (50%) of the value of Borrower's Eligible Inventory (valued at the lower of cost or wholesale fair market value), (ii) eighty-five percent (85.0%) of the Net Orderly Liquidation Value of Borrower's Eligible Inventory and (iii) Ten Million Dollars ($10,000,000.00), each as determined by Bank from Borrower's most recent Borrowing Base Report (and as may subsequently be updated by Bank based upon information received by Bank including, without limitation, Accounts that are paid and/or billed following the date of the Borrowing Base Report); provided, however, that Bank has the right to decrease the foregoing percentages and amount in its good faith business judgment to mitigate the impact of events, conditions, contingencies, or risks which may adversely affect the Collateral or its value."

" "**Credit Extension**" is any Advance, any Overadvance, Letter of Credit, FX Contract, amount utilized for cash management services, Term Loan Advance, the GCTL, 2020 Term Loan Advance or any other extension of credit by Bank for Borrower's benefit."

" "**Obligations**" are Borrower's obligations to pay when due any debts, principal, interest, fees, Bank Expenses, the GCTL Final Payment, the Final Payment, the 2020 Term Loan Final Payment, and other amounts Borrower owes Bank now or later, whether under this Agreement, the other Loan Documents (other than the Warrant), or otherwise, including, without limitation, all obligations relating to Bank Services and interest accruing after Insolvency Proceedings begin and debts, liabilities, or obligations of Borrower assigned to Bank, and to perform Borrower's duties under the Loan Documents (other than the Warrant)."

" "**Payment Date**" is (a) with respect to the GCTL, Term Loan Advances and 2020 Term Loan Advances, the first (1st) calendar day of each month and (b) with respect to Advances, the last calendar day of each month."

" "**Revolving Line**" is an aggregate principal amount equal to Fifteen Million Dollars ($15,000,000)."

" "**Streamline Period**" is, on and after the Effective Date, provided no Event of Default has occurred and is continuing, the period (a) commencing on the first day of the month following the day that Borrower provides to Bank a written report that Borrower has maintained both (i) a Liquidity Ratio, for each consecutive day in the immediately preceding month as determined by Bank in its reasonable business judgment, in an amount at all times of at least 2.00 to 1.00 and (ii) prior to the occurrence of the Second Tranche Availability Event,

unrestricted and unencumbered cash and Cash Equivalents with Bank of at least Two Million Five Hundred Thousand Dollars ($2,500,000.00) for each consecutive day in the immediately preceding month as determined by Bank in its reasonable business judgment (collectively, the "**Streamline Balance**"); and (b) terminating on the earlier to occur of (i) the occurrence of an Event of Default, and (ii) the first day thereafter in which Borrower fails to maintain the Streamline Balance, as determined by Bank in its reasonable business judgment. Upon the termination of a Streamline Period, Borrower must maintain the Streamline Balance each consecutive day for one (1) calendar month, as determined by Bank in its reasonable business judgment, prior to entering into a subsequent Streamline Period. Each Streamline Period shall commence on the first day of the monthly period following the date Bank determines, in its reasonable business judgment, that the Streamline Balance has been achieved."

" "**Warrant**" is, each and together, (i) that certain Warrant to Purchase Stock dated as of June 29, 2016 between Borrower and Bank, (ii) that certain Warrant to Purchase Stock dated as of the Effective Date between Borrower and Bank and (iii) that certain Warrant to Purchase Stock dated as of the Second LMA Effective Date between Borrower and Bank, each as amended, modified, supplemented and/or restated from time to time."

18 The Compliance Statement appearing as **Exhibit B** to the Loan Agreement is hereby replaced with the Compliance Statement attached as **Schedule 1** hereto.

19 The Loan Payment/Advance Request Form appearing as **Exhibit B** to the Loan Agreement is hereby replaced with the Loan Payment/Advance Request Form attached as **Schedule 2** hereto.

4. FEES AND EXPENSES. Borrower shall reimburse Bank for all documented legal fees and expenses reasonably incurred by Bank in connection with this amendment to the Existing Loan Documents.

5. RATIFICATION OF PERFECTION CERTIFICATE. Except as set forth on **Schedule 3** attached hereto, Borrower hereby ratifies, confirms and reaffirms, all and singular, the terms and disclosures contained in a certain Perfection Certificate of Borrower dated as of August 29, 2019, and acknowledges, confirms and agrees that the disclosures and information Borrower provided to Bank in the Perfection Certificate have not changed, as of the date hereof.

6. CONSISTENT CHANGES. The Existing Loan Documents are hereby amended wherever necessary to reflect the changes described above.

7. RATIFICATION OF LOAN DOCUMENTS. Borrower hereby ratifies, confirms, and reaffirms all terms and conditions of all security or other collateral granted to Bank, and confirms that the indebtedness secured thereby includes, without limitation, the Obligations.

8. RELEASE BY BORROWER.

A. FOR GOOD AND VALUABLE CONSIDERATION, Borrower hereby forever relieves, releases, and discharges Bank and its present or former employees, officers, directors, agents, representatives, attorneys, and each of them, from any and all claims, debts, liabilities, demands, obligations, promises, acts, agreements, costs and expenses, actions and causes of action, of every type, kind, nature, description or character whatsoever, whether known or unknown, suspected or unsuspected, absolute or contingent, arising out of or in any manner whatsoever connected with or related to facts, circumstances, issues, controversies or claims existing or arising from the beginning of time through and including the date of execution of this Loan Modification Agreement (collectively "Released Claims"). Without limiting the foregoing, the Released Claims

shall include any and all liabilities or claims arising out of or in any manner whatsoever connected with or related to the Loan Documents, the recitals hereto, any instruments, agreements or documents executed in connection with any of the foregoing or the origination, negotiation, administration, servicing and/or enforcement of any of the foregoing.

B. In furtherance of this release, Borrower expressly acknowledges and waives any and all rights under Section 1542 of the California Civil Code, which provides as follows:

> "**A general release** does not extend to claims that the creditor or releasing party does not know or suspect to exist in his or her favor at the time of executing the release and that, if known by him or her, would have materially affected his or her settlement with the debtor or released party." (Emphasis added.)

C. By entering into this release, Borrower recognizes that no facts or representations are ever absolutely certain and it may hereafter discover facts in addition to or different from those which it presently knows or believes to be true, but that it is the intention of Borrower hereby to fully, finally and forever settle and release all matters, disputes and differences, known or unknown, suspected or unsuspected; accordingly, if Borrower should subsequently discover that any fact that it relied upon in entering into this release was untrue, or that any understanding of the facts was incorrect, Borrower shall not be entitled to set aside this release by reason thereof, regardless of any claim of mistake of fact or law or any other circumstances whatsoever. Borrower acknowledges that it is not relying upon and has not relied upon any representation or statement made by Bank with respect to the facts underlying this release or with regard to any of such party's rights or asserted rights.

D. This release may be pleaded as a full and complete defense and/or as a cross-complaint or counterclaim against any action, suit, or other proceeding that may be instituted, prosecuted or attempted in breach of this release. Borrower acknowledges that the release contained herein constitutes a material inducement to Bank to enter into this Loan Modification Agreement, and that Bank would not have done so but for Bank's expectation that such release is valid and enforceable in all events.

E. Borrower hereby represents and warrants to Bank, and Bank is relying thereon, as follows:

1 Except as expressly stated in this Loan Modification Agreement, neither Bank nor any agent, employee or representative of Bank has made any statement or representation to Borrower regarding any fact relied upon by Borrower in entering into this Loan Modification Agreement.

2 Borrower has made such investigation of the facts pertaining to this Loan Modification Agreement and all of the matters appertaining thereto, as it deems necessary.

3 The terms of this Loan Modification Agreement are contractual and not a mere recital.

4 This Loan Modification Agreement has been carefully read by Borrower, the contents hereof are known and understood by Borrower, and this Loan Modification Agreement is signed freely, and without duress, by Borrower.

5 Borrower represents and warrants that it is the sole and lawful owner of all right, title and interest in and to every claim and every other matter which it releases herein, and that it has not heretofore assigned or transferred, or purported to assign or transfer, to any person, firm or entity any claims or other matters herein released. Borrower shall indemnify Bank, defend and hold it harmless from and against all claims based upon or arising in connection with prior assignments or purported assignments or transfers of any claims or matters released herein.

9. CONTINUING VALIDITY. Borrower understands and agrees that in modifying the existing Obligations, Bank is relying upon Borrower's representations, warranties, and agreements, as set forth in the Existing Loan Documents. Except as expressly modified pursuant to this Loan Modification Agreement, the terms of the Existing Loan Documents remain unchanged and in full force and effect. Bank's agreement to modifications to the existing Obligations pursuant to this Loan Modification Agreement in no way shall obligate Bank to make any future modifications to the Obligations. Nothing in this Loan Modification Agreement shall constitute a satisfaction of the Obligations. It is the intention of Bank and Borrower to retain as liable parties all makers of Existing Loan Documents, unless the party is expressly released by Bank in writing. No maker will be released by virtue of this Loan Modification Agreement.

10. COUNTERSIGNATURE. This Loan Modification Agreement shall become effective only when it shall have been executed by Borrower and Bank.

[The remainder of this page is intentionally left blank]

This Loan Modification Agreement is executed as of the date first written above.

BORROWER:	**BANK:**
MOLEKULE, INC.	**SILICON VALLEY BANK**
By: /s/ Jaya Rao	By: /s/ Drew Beito
Name: Jaya Rao	Name: Drew Beito
Title: Chief Executive Officer	Title: Director

Schedule 1

EXHIBIT B

COMPLIANCE STATEMENT

Schedule 2

EXHIBIT C

LOAN PAYMENT/ADVANCE REQUEST FORM

Schedule 3

Perfection Certificate Updates

THIRD LOAN MODIFICATION AGREEMENT

This Third Loan Modification Agreement (this "Loan Modification Agreement") is entered into as of March 22, 2021, by and between **SILICON VALLEY BANK**, a California corporation, with its principal place of business at 3003 Tasman Drive, Santa Clara, California 95054 and with a loan production office located at 505 Howard Street, 3rd Floor, San Francisco, California 94105 ("Bank") and **MOLEKULE, INC.**, a Delaware corporation whose address is 1184 Harrison Street, San Francisco, California 94103 ("Borrower").

1. DESCRIPTION OF EXISTING INDEBTEDNESS AND OBLIGATIONS. Among other indebtedness and obligations which may be owing by Borrower to Bank, Borrower is indebted to Bank pursuant to a loan arrangement dated as of August 29, 2019, evidenced by, among other documents, a certain Amended and Restated Loan and Security Agreement dated as of August 29, 2019, between Borrower and Bank, as amended by a certain First Loan Modification Agreement dated as of March 9, 2020, and as further amended by a certain Second Loan Modification Agreement dated as of June 19, 2020 (the "Second LMA") (as amended, the "Loan Agreement"). Capitalized terms used but not otherwise defined herein shall have the same meaning as in the Loan Agreement.

2. DESCRIPTION OF COLLATERAL. Repayment of the Obligations is secured by the Collateral as defined in the Loan Agreement (together with any other collateral security granted to Bank, the "Security Documents"). Hereinafter, the Security Documents, together with all other documents evidencing or securing the Obligations shall be referred to as the "Existing Loan Documents".

3. DESCRIPTION OF CHANGE IN TERMS.

A. Modifications to Loan Agreement.

1 Borrower hereby acknowledges and agrees that, on or before the date that is forty-five (45) days from the date of this Loan Modification Agreement, Borrower will deliver to Bank, each in form and substance satisfactory to Bank: (a) a certificate on the Acord 25 form with respect to Borrower's liability insurance policies, (b) a certificate on the Acord 28 form with respect to Borrower's property insurance policies, (c) an endorsement to Borrower's general liability insurance policy that names Bank as an additional insured, (d) an endorsement to Borrower's property insurance policy that names Bank as the sole lender's loss payee, (e) endorsements to the general liability and property insurance policies stating that the insurer will give Bank at least twenty (20) days prior written notice (ten (10) days for non-payment of premium) before any such policy or policies shall be canceled and (f) a Freight Forwarder Agreement from Flexport Customs Canada Inc. Borrower acknowledges and agrees that the failure of Borrower to satisfy the requirements set forth in the immediately preceding sentence on or before the date that is forty-five (45) days from the date of this Loan Modification Agreement shall result in an immediate Event of Default under the Loan Agreement for which there shall be no grace or cure period.

2 The Loan Agreement shall be amended by deleting the following text, appearing in Section 2.5 thereof:

> "If, at any time, the outstanding principal amount of any Advances exceeds the lesser of either the Revolving Line or the Borrowing Base, Borrower shall immediately pay to Bank in cash the amount of such excess (such excess, the "**Overadvance**")."

and inserting in lieu thereof the following:

> "If, at any time, the outstanding principal amount of any Advances exceeds the lesser of either (a) the Revolving Line minus the aggregate principal amount of

all outstanding 2020 Term Loan Advances or (b) the Borrowing Base, Borrower shall immediately pay to Bank in cash the amount of such excess (such excess, the "**Overadvance**")."

3 The Loan Agreement shall be amended in Section 2.7 by (i) re-lettering subsections (f) and (g) thereof as subsections (g) and (h) and (ii) inserting the following new subsection (f):

" (f) Anniversary Fees. For each one (1) year anniversary of the Third LMA Effective Date occurring prior to the Revolving Line Maturity Date, Borrower shall pay to Bank a fully earned, non-refundable anniversary fee of Twenty Thousand Dollars ($20,000.00) (each, an "**Anniversary Fee**" and, collectively, the "**Anniversary Fees**"). Each Anniversary Fee shall be fully earned on the Third LMA Effective Date and shall be due and payable on the earlier to occur of (i) such one (1) year anniversary of the Third LMA Effective Date and (ii) the termination of this Agreement;"

4 The Loan Agreement shall be amended by deleting the following text, appearing in Section 5.3 thereof:

"(B) in transit by air or sea and covered by cargo insurance satisfactory to Bank in its reasonable discretion (it being acknowledged that Borrower's cargo insurance maintained as of the Second LMA Effective Date is acceptable to Bank as of such date),"

and inserting in lieu thereof the following:

"(B) in transit by air or sea and both (1) is subject to a Freight Forwarder Agreement in form and substance satisfactory to Bank and (2) is covered by cargo insurance satisfactory to Bank in its reasonable discretion (it being acknowledged that Borrower's cargo insurance maintained as of the Second LMA Effective Date is acceptable to Bank as of such date),"

5 The Loan Agreement shall be amended by deleting the following, appearing as Section 5.4 thereof:

" **5.4 Litigation.** There are no actions or proceedings pending or, to the knowledge of any Responsible Officer, threatened in writing by or against Borrower or any of its Subsidiaries that would reasonably be expected to result in damages or costs to Borrower or any of its Subsidiaries in an amount more than, individually or in the aggregate, Two Hundred Fifty Thousand Dollars ($250,000)."

and inserting in lieu thereof the following:

" **5.4 Litigation.** Except as set forth in the Perfection Certificate on the Third LMA Effective Date, there are no actions or proceedings pending or, to the knowledge of any Responsible Officer, threatened in writing by or against Borrower or any of its Subsidiaries that would reasonably be expected to result in damages or costs to Borrower or any of its Subsidiaries in an amount more than, individually or in the aggregate, Two Hundred Fifty Thousand Dollars ($250,000)."

6 The Loan Agreement shall be amended by deleting the following text, appearing in Section 6.2 thereof:

“ (e) within thirty (30) days after the end of each fiscal year of Borrower, and promptly (but, in any event, with two (2) Business Days) following any Board-approved updates or amendments thereto, (i) annual operating budgets (including income statements, balance sheets and cash flow statements, by month) for the then current fiscal year of Borrower, and (ii) annual financial projections for such fiscal year (on a quarterly basis), in each case as approved by the Board and commensurate in form and substance with those provided to Borrower’s venture capital investors, together with any related business forecasts used in the preparation of such annual financial projections;

(f) for each fiscal year for which the Board requires Borrower to prepare audited financial statements, as soon as available, and in any event within two hundred seventy (270) days following the end of Borrower’s fiscal year, audited consolidated financial statements prepared under GAAP, consistently applied, together with an unqualified opinion (provided that such opinion may contain a “going concern” qualification typical for venture backed companies similar to Borrower) on the financial statements from an independent certified public accounting firm reasonably acceptable to Bank;”

and inserting in lieu thereof the following:

“ (e) within sixty (60) days after the end of each fiscal year of Borrower, and promptly (but, in any event, with two (2) Business Days) following any Board-approved updates or amendments thereto, (i) annual operating budgets (including income statements, balance sheets and cash flow statements, by month) for the then current fiscal year of Borrower, and (ii) annual financial projections for such fiscal year (on a quarterly basis), in each case as approved by the Board and commensurate in form and substance with those provided to Borrower’s venture capital investors, together with any related business forecasts used in the preparation of such annual financial projections;

( ) as soon as available, and in any event within one hundred eighty (180) days (or two hundred seventy (270) days with respect to Borrower’s fiscal year ended December 31, 2020) following the end of Borrower’s fiscal year, audited consolidated financial statements prepared under GAAP, consistently applied, together with an unqualified opinion (provided that such opinion may contain a “going concern” qualification typical for venture backed companies similar to Borrower) on the financial statements from an independent certified public accounting firm reasonably acceptable to Bank;”

7 The Loan Agreement shall be amended by deleting the following text, appearing in Section 6.2 thereof:

“ (i) prompt written notice of any changes to the beneficial ownership information set out in Section 14 of the Perfection Certificate. Borrower understands and acknowledges that Bank relies on such true, accurate and up-to-date beneficial ownership information to meet Bank’s regulatory obligations to obtain, verify and record information about beneficial owners of its legal entity customers;”

and inserting in lieu thereof the following:

“ (i) prompt written notice of any changes to the beneficial ownership information set out in Sections 2(d), (e), (f) and (g) of the Perfection Certificate. Borrower understands and acknowledges that Bank relies on such true, accurate and up-to-date beneficial ownership information to meet Bank’s

regulatory obligations to obtain, verify and record information about beneficial owners of its legal entity customers;"

8 The Loan Agreement shall be amended in Section 6.2 by (i) re-lettering subsection (l) thereof as subsection (m) and (ii) inserting the following new subsection (l):

" (l) as soon as available, and within forty-five (45) days of them being presented to the Board in connection with any regular or special meeting of the Board convened pursuant to Borrower's Operating Documents, copies of all financial statements, reports, information and notices (including, without limitation, any board packages) presented to the Board, provided, however, that such copies may exclude such information as Borrower deems reasonably necessary in good faith in order to prevent impairment of the attorney client privilege, to protect highly confidential proprietary information, to avoid a conflict of interest or for other similar reasons, in each case, as reasonably determined in good faith by Borrower;"

9 The Loan Agreement shall be amended by deleting the following text, appearing in Section 6.3(b) thereof:

"Borrower may forgive (completely or partially), compromise, or settle any Account for less than payment in full, or agree to do any of the foregoing so long as (i) Borrower does so in good faith, in a commercially reasonable manner, in the ordinary course of business, in arm's-length transactions, and reports the same to Bank in the regular reports provided to Bank; (ii) no Event of Default has occurred and is continuing; and (iii) after taking into account all such discounts, settlements and forgiveness, the total outstanding Advances will not exceed the lesser of the Revolving Line or the Borrowing Base."

and inserting in lieu thereof the following:

"Borrower may forgive (completely or partially), compromise, or settle any Account for less than payment in full, or agree to do any of the foregoing so long as (i) Borrower does so in good faith, in a commercially reasonable manner, in the ordinary course of business, in arm's-length transactions, and reports the same to Bank in the regular reports provided to Bank; (ii) no Event of Default has occurred and is continuing; and (iii) after taking into account all such discounts, settlements and forgiveness, the total outstanding Advances will not exceed the lesser of (A) the Revolving Line minus the aggregate principal amount of all outstanding 2020 Term Loan Advances or (B) the Borrowing Base."

10 The Loan Agreement shall be amended by deleting the following, appearing as Section 6.6 thereof:

" **6.6 Access to Collateral; Books and Records; Inventory Appraisal.** At reasonable times, on one (1) Business Day's notice (provided no notice is required if an Event of Default has occurred and is continuing), Bank, or its agents, shall have the right to (a) inspect the Collateral and the right to audit and copy Borrower's Books (each such inspection and audit, a "**Field Exam**") and (b) request and conduct a liquidation analysis with respect to Borrower's Inventory (each such analysis, an "**Inventory Appraisal**"). Field Exams and Inventory Appraisals shall be conducted no more often than once every twelve (12) months (or more frequently as Bank in its sole discretion determines that conditions warrant) unless an Event of Default has occurred and is continuing in which case Field Exams and Inventory Appraisals shall occur as

often as Bank shall determine is necessary. Field Exams and Inventory Appraisals shall be conducted at Borrower's expense. The charge for Field Exams shall be One Thousand Dollars ($1,000.00) per person per day (or such higher amount as shall represent Bank's then-current standard charge for the same) and the charge for Inventory Appraisals shall be the then-current standard charge of Bank's independent outside appraiser, plus reasonable out-of-pocket expenses. In the event Borrower and Bank schedule a Field Exam or Inventory Appraisal more than eight (8) days in advance, and Borrower cancels or seeks to or reschedules the Field Exam or Inventory Appraisal with less than eight (8) days written notice to Bank, then (without limiting any of Bank's rights or remedies) Borrower shall pay Bank a fee of Two Thousand Dollars ($2,000) (or, in respect of any Inventory Appraisal that is cancelled or rescheduled as noted above, such higher amount charged by the firm conducting such Inventory Appraisal) plus any out-of-pocket expenses incurred by Bank to compensate Bank for the anticipated costs and expenses of the cancellation or rescheduling. The first Inventory Appraisal shall be completed no later than June 30, 2020, and Borrower shall cooperate with Bank in order to timely complete same."

and inserting in lieu thereof the following:

" **6.6 Access to Collateral; Books and Records.** At reasonable times, on one (1) Business Day's notice (provided no notice is required if an Event of Default has occurred and is continuing), Bank, or its agents, shall have the right to inspect the Collateral and the right to audit and copy Borrower's Books. The foregoing inspections and audits shall be conducted no more often than once every twelve (12) months (or more frequently as Bank in its sole discretion determines that conditions warrant) unless an Event of Default has occurred and is continuing in which case such inspections and audits shall occur as often as Bank shall determine is necessary. The foregoing inspections and audits shall be conducted at Borrower's expense and the charge therefor shall be One Thousand Dollars ($1,000) per person per day (or such higher amount as shall represent Bank's then-current standard charge for the same), plus reasonable out-of-pocket expenses. In the event Borrower and Bank schedule an audit more than eight (8) days in advance, and Borrower cancels or seeks to or reschedules the audit with less than eight (8) days written notice to Bank, then (without limiting any of Bank's rights or remedies) Borrower shall pay Bank a fee of Two Thousand Dollars ($2,000) plus any out-of-pocket expenses incurred by Bank to compensate Bank for the anticipated costs and expenses of the cancellation or rescheduling."

11 The Loan Agreement shall be amended by deleting the following text, appearing in Section 6.8(a) thereof:

"Maintain its and all of its Subsidiaries' primary Deposit Accounts, the Cash Collateral Account and excess cash with Bank and Bank's Affiliates. In addition to the foregoing, Borrower, any Subsidiary of Borrower and any Guarantor shall conduct all of its business credit cards banking exclusively with Bank and Bank's Affiliates. In respect of payment processor accounts disclosed in the Perfection Certificate delivered on the Effective Date or otherwise disclosed to Bank in writing, Borrower may maintain such payment processor accounts so long as proceeds in excess of Two Hundred Fifty Thousand Dollars ($250,000.00) received in such accounts are transferred to a Deposit Account of Borrower maintained at Bank promptly, and in any event on a weekly basis (the "Payment Processor Accounts").

and inserting in lieu thereof the following:

"Maintain its and all of its Subsidiaries' Deposit Accounts, the Cash Collateral Account and excess cash with Bank and Bank's Affiliates, provided that Borrower may maintain the payment processor accounts disclosed in the Perfection Certificate delivered on the Effective Date or otherwise disclosed to Bank in writing so long as proceeds in excess of Two Hundred Fifty Thousand Dollars ($250,000.00) received in such accounts are transferred to a Deposit Account of Borrower maintained at Bank promptly, and in any event on a weekly basis (the "Payment Processor Accounts"). In addition to the foregoing, Borrower, any Subsidiary of Borrower and any Guarantor shall conduct all of its business credit cards banking exclusively with Bank and Bank's Affiliates."

12 The Loan Agreement shall be amended by deleting the following text, appearing in Section 6.9 thereof:

" (a) Cash and Cash Equivalents at Bank. Maintain at all times, to be tested as of any day, unrestricted and unencumbered cash and Cash Equivalents maintained with Bank of at least Two Million Five Hundred Thousand Dollars ($2,500,000.00). Notwithstanding the foregoing, the financial covenant set forth in this Section 6.9(a) will not be tested at any time following the occurrence of the Second Tranche Availability Event."

and inserting in lieu thereof the following:

" (a) Cash and Cash Equivalents at Bank. Maintain at all times, to be tested as of any day prior to the Third LMA Effective Date, unrestricted and unencumbered cash and Cash Equivalents maintained with Bank of at least Two Million Five Hundred Thousand Dollars ($2,500,000.00). Notwithstanding the foregoing, the financial covenant set forth in this Section 6.9(a) will not be tested at any time following the occurrence of the Second Tranche Availability Event.

13 The Loan Agreement shall be amended by deleting the following text, appearing in Section 6.9 thereof:

" (c) Net Revenue. Maintain at all times, to be tested as of the last day of each calendar quarter, aggregate Net Revenue, as determined in accordance with GAAP, for the three (3) month period ending on such date of at least (i) Ten Million Four Hundred Forty Thousand Dollars ($10,440,000.00) for the calendar quarter ending March 31, 2020, (ii) Twenty Million Nine Hundred Seventy Thousand Dollars ($20,970,000.00) for the calendar quarter ending June 30, 2020, (iii) Eighteen Million Three Hundred Sixty Thousand Dollars ($18,360,000.00) for the calendar quarter ending September 30, 2020 and (iv) Thirty One Million Four Hundred Ten Thousand Dollars ($31,410,000.00) for the calendar quarter ending December 31, 2020.

With respect to any period ending after December 31, 2020, the Net Revenue level for each such period shall be mutually agreed by Bank and Borrower, each acting in its reasonable discretion, based upon, among other factors, budgets, sales projections, operating plans and other financial information with respect to Borrower that Bank deems relevant, including, without limitation Borrower's annual financial projections approved by the Board. With respect thereto, Borrower's failure to agree in writing (which agreement shall be set forth in a written amendment to this Agreement) on or before February 15, 2021 to any such covenant levels proposed by Bank with respect to the 2021 calendar year shall result in an immediate Event of Default for which there shall be no grace or cure period."

and inserting in lieu thereof the following:

" (c) Net Revenue. Maintain at all times, to be tested as of the last day of each calendar quarter, aggregate Net Revenue, as determined in accordance with GAAP:

(i) for the three (3) month period ending on such date of at least (i) Ten Million Four Hundred Forty Thousand Dollars ($10,440,000.00) for the calendar quarter ending March 31, 2020, (ii) Twenty Million Nine Hundred Seventy Thousand Dollars ($20,970,000.00) for the calendar quarter ending June 30, 2020, (iii) Eighteen Million Three Hundred Sixty Thousand Dollars ($18,360,000.00) for the calendar quarter ending September 30, 2020 and (iv) Thirty One Million Four Hundred Ten Thousand Dollars ($31,410,000.00) for the calendar quarter ending December 31, 2020;

(ii) for the six (6) month period ending on such date of at least (i) Forty Eight Million Dollars ($48,000,000.00) for the six (6) month period ending March 31, 2021, (ii) Forty Two Million Five Hundred Thousand Dollars ($42,500,000.00) for the six (6) month period ending June 30, 2021, (iii) Sixty Seven Million Dollars ($67,000,000.00) for the six (6) month period ending September 30, 2021 and (iv) Eighty Five Million Dollars ($85,000,000.00) for the six (6) month period ending December 31, 2021.

With respect to any period ending after December 31, 2021, the Net Revenue level for each such period shall be mutually agreed by Bank and Borrower, each acting in its reasonable discretion, based upon, among other factors, budgets, sales projections, operating plans and other financial information with respect to Borrower that Bank deems relevant, including, without limitation Borrower's annual financial projections approved by the Board. With respect thereto, Borrower's failure to agree in writing (which agreement shall be set forth in a written amendment to this Agreement) on or before March 15, 2022 to any such covenant levels proposed by Bank with respect to the 2022 calendar year shall result in an immediate Event of Default for which there shall be no grace or cure period.

(d) Adjusted Quick Ratio. Maintain at all times, to be tested as of the last day of each month, an Adjusted Quick Ratio of at least 1.00:1.00."

14 The Loan Agreement shall be amended by deleting the following text, appearing in Section 6.10 thereof:

" **6.10 Protection of Intellectual Property Rights.**"

and inserting in lieu thereof the following:

" **6.10 Protection and Registration of Intellectual Property Rights.**"

15 The Loan Agreement shall be amended by inserting the following new text, appearing at the end of Section 6.10 thereof:

"If Borrower (i) obtains any Patent, registered Trademark, registered Copyright, registered mask work, or any pending application for any of the foregoing, whether as owner, licensee or otherwise, or (ii) applies for any Patent or the

registration of any Trademark, then Borrower shall provide written notice thereof to Bank in the next Compliance Statement delivered to Bank and shall, upon Bank's request, execute such intellectual property security agreements and other documents and take such other actions as Bank may request in its good faith business judgment to perfect and maintain a first priority perfected security interest in favor of Bank in such property. If Borrower decides to register any Copyrights or mask works in the United States Copyright Office, Borrower shall: (x) provide Bank with at least fifteen (15) days prior written notice of Borrower's intent to register such Copyrights or mask works together with a copy of the application it intends to file with the United States Copyright Office (excluding exhibits thereto); (y) execute an intellectual property security agreement and such other documents and take such other actions as Bank may request in its good faith business judgment to perfect and maintain a first priority perfected security interest in favor of Bank in the Copyrights or mask works intended to be registered with the United States Copyright Office; and (z) record such intellectual property security agreement with the United States Copyright Office contemporaneously with filing the Copyright or mask work application(s) with the United States Copyright Office. Upon Bank's request, Borrower shall promptly provide to Bank copies of all applications that it files for Patents or for the registration of Trademarks, Copyrights or mask works, together with evidence of the recording of the intellectual property security agreement required for Bank to perfect and maintain a first priority perfected security interest in such property."

16 The Loan Agreement shall be amended in Section 8 by (i) deleting "." where it appears at the end of Section 8.11 and inserting in lieu thereof "; or" and (ii) inserting the following new Section 8.12 appearing at the end thereof:

" **8.12 Mezzanine Loan Agreement**. The occurrence of an Event of Default (as defined in the Mezzanine Loan Agreement) under the Mezzanine Loan Agreement."

17 The Loan Agreement shall be amended by deleting the following text, appearing in Section 12.9 thereof:

"In handling any confidential information, Bank shall exercise the same degree of care that it exercises for its own proprietary information, but disclosure of information may be made: (a) to Bank's Subsidiaries or Affiliates (such Subsidiaries and Affiliates, together with Bank, collectively, "**Bank Entities**"); (b) to prospective transferees or purchasers of any interest in the Credit Extensions (provided, however, Bank shall use its best efforts to obtain any prospective transferee's or purchaser's agreement to the terms of this provision); (c)as required by law, regulation, subpoena, or other order; (d) to Bank's regulators or as otherwise required in connection with Bank's examination or audit; (e) as Bank considers appropriate in exercising remedies under the Loan Documents; and (f) to third-party service providers of Bank so long as such service providers have executed a confidentiality agreement with Bank with terms no less restrictive than those contained herein. Confidential information does not include information that is either: (i) in the public domain or in Bank's possession when disclosed to Bank, or becomes part of the public domain (other than as a result of its disclosure by Bank in violation of this Agreement) after disclosure to Bank; or (ii) disclosed to Bank by a third party, if Bank does not know that the third party is prohibited from disclosing the information."

and inserting in lieu thereof the following:

"Bank agrees to maintain the confidentiality of Information (as defined below), except that Information may be disclosed (a) to Bank's subsidiaries, Affiliates, employees, directors, agents, attorneys, accountants and other professional advisors (collectively, "**Representatives**" and, together with Bank, collectively, "**Bank Entities**"); (b) to prospective transferees, assignees, credit providers or purchasers of any of Bank's interests under or in connection with this Agreement and their Representatives (*provided*, however, Bank shall use its best efforts to obtain any such prospective transferee's, assignee's, credit provider's purchaser's or their Representatives' agreement to the terms of this provision); (c) as required by law, regulation, subpoena, or other order; (d) to Bank's regulators or as otherwise required in connection with Bank's examination or audit; (e) as Bank considers appropriate in exercising remedies under the Loan Documents; and (f) to third-party service providers of Bank so long as such service providers have executed a confidentiality agreement with Bank with terms no less restrictive than those contained herein. The term "**Information**" means all information received from Borrower regarding Borrower or its business, in each case other than information that is either: (i) in the public domain or in Bank's possession when disclosed to Bank, or becomes part of the public domain (other than as a result of its disclosure by Bank in violation of this Agreement) after disclosure to Bank; or (ii) disclosed to Bank by a third party, if Bank does not know that the third party is prohibited from disclosing the information."

18 The Loan Agreement shall be amended by deleting the following text, appearing in the definition of "Permitted Indebtedness" in Section 13.1 thereof:

" (a) Borrower's Indebtedness to Bank under this Agreement and the other Loan Documents;

( ) Indebtedness existing on the Effective Date which is shown on the Perfection Certificate;"

and inserting in lieu thereof the following:

" (a) Borrower's Indebtedness to Bank under this Agreement and the other Loan Documents (including, without limitation, Indebtedness to Bank pursuant to the Mezzanine Loan Agreement);

(a) Indebtedness existing on the Effective Date which is shown on the Perfection Certificate (other than Indebtedness in favor of Expeditors International of Washington, Inc. and First Insurance Funding);"

19 The Loan Agreement shall be amended in the definition of "Permitted Indebtedness" in Section 13.1 thereof by (i) deleting "." where it appears at the end of clause (j) thereof and inserting in lieu thereof "; and" and (ii) inserting the following new text appearing at the end thereof:

" (k) Indebtedness in favor of First Insurance not exceeding Eight Hundred Thousand Dollars ($800,000.00) in the aggregate outstanding at any time relating to insurance premium financing arrangements so long as such Indebtedness is secured solely by the proceeds of the policies being financed; and

(l) Indebtedness in favor of Expeditors International of Washington, Inc. not exceeding Seven Million Dollars ($7,000,000.00) in the

aggregate outstanding at any time so long as such Indebtedness is secured solely by in-transit Inventory being transported by such party."

20 The Loan Agreement shall be amended by deleting the following text, appearing in the definition of "Permitted Investments" in Section 13.1 thereof:

" (g) Investments by Subsidiaries in or to other Subsidiaries or Borrower and Investments by Borrower in Subsidiaries not to exceed Three Million Dollars ($3,000,000) in the aggregate in any fiscal year;"

and inserting in lieu thereof the following:

" (g) Investments by Subsidiaries in or to other Subsidiaries or Borrower and Investments by Borrower in Subsidiaries not to exceed One Million Dollars ($1,000,000) in the aggregate in any fiscal year;"

21 The Loan Agreement shall be amended by deleting the following text, appearing in the definition of "Permitted Liens" in Section 13.1 thereof:

" (a) Liens existing on the Effective Date which are shown on the Perfection Certificate or arising under this Agreement or the other Loan Documents;"

and inserting in lieu thereof the following:

" (a) Liens existing on the Effective Date which are shown on the Perfection Certificate or arising under this Agreement or the other Loan Documents (including, without limitation, Liens in favor of Bank granted pursuant to the Mezzanine Loan Agreement but excluding Liens in favor of Expeditors International of Washington, Inc. and First Insurance Funding);"

22 The Loan Agreement shall be amended by deleting the following text, appearing in the

definition of "Permitted Liens" in Section 13.1 thereof:

" (d) Liens of carriers, warehousemen, suppliers, or other Persons that are possessory in nature arising in the ordinary course of business so long as such Liens attach only to Inventory which are not delinquent or remain payable without penalty or which are being contested in good faith and by appropriate proceedings which proceedings have the effect of preventing the forfeiture or sale of the property subject thereto;"

and inserting in lieu thereof the following:

" (d) Liens of carriers, warehousemen, suppliers, or other Persons (other than Liens in favor of Expeditors International of Washington, Inc.) that are possessory in nature arising in the ordinary course of business so long as such Liens attach only to Inventory which are not delinquent or remain payable without penalty or which are being contested in good faith and by appropriate proceedings which proceedings have the effect of preventing the forfeiture or sale of the property subject thereto;"

23 The Loan Agreement shall be amended in the definition of "Permitted Liens" in Section 13.1 thereof by (i) deleting "." where it appears at the end of clause (l) thereof and inserting in lieu thereof "; and" and (ii) inserting the following new text appearing at the end thereof:

" (m) Liens on proceeds of insurance policies financed by First Insurance securing Indebtedness permitted under clause (k) of the definition of "Permitted Indebtedness" hereunder; and

(n) Liens in favor of Expeditors International of Washington, Inc. on in-transit Inventory being transported by such Person securing Indebtedness permitted under clause (l) of the definition of "Permitted Indebtedness" hereunder."

24 The Loan Agreement shall be amended by deleting the following definitions, appearing in Section 13.1 thereof:

" "**Inventory Appraisal**" is defined in Section 6.6."

" "**Net Orderly Liquidation Value Ratio**" is, expressed as a percentage (which percentage shall not exceed one hundred percent (100.0%)), (i) the net orderly liquidation value of Borrower's Inventory as set forth in the most recent Inventory Appraisal, divided by (ii) the book value of Borrower's Eligible Inventory, as determined by Bank."

25 The Loan Agreement shall be amended by inserting the following new definitions, appearing in Section 13.1 thereof:

" "**Adjusted Quick Ratio**" is, as of any date of determination, the ratio of (a) Quick Assets, to (b) (i) Current Liabilities minus (ii) the current portion of Deferred Revenue."

" "**Anniversary Fee**" and "**Anniversary Fees**" are defined in Section 2.7(f)."

" "**Current Liabilities**" are (a) all obligations and liabilities of Borrower to Bank in connection with Advances, plus, (b) without duplication of (a), the aggregate amount of Borrower's Total Liabilities that mature within one (1) year (other than obligations in connection with the Mezzanine Term Loan Advance (as defined in the Mezzanine Loan Agreement))."

" "**Information**" is defined in Section 12.9.

" "**IP Agreement**" is that certain Intellectual Property Security Agreement between Borrower and Bank dated as of the Third LMA Effective Date, as may be amended, modified or restated from time to time.

" "**Mezzanine Loan Agreement**" is that certain Mezzanine Loan and Security Agreement by and between Bank and Borrower dated March 22, 2021, as amended, restated, supplemented or otherwise modified from time to time."

" "**Quick Assets**" is, on any date, the sum of Borrower's (i) unrestricted and unencumbered cash maintained with Bank plus (ii) net billed accounts receivable determined according to GAAP."

" "**Representatives**" is defined in Section 12.9.

" "**Third LMA Effective Date**" is March 22, 2021."

“ “**Total Liabilities**” is on any day, obligations that should, under GAAP, be classified as liabilities on Borrower’s consolidated balance sheet, including all Indebtedness, but excluding all Subordinated Debt.”

26 The Loan Agreement shall be amended by deleting the following definition, appearing in Section 13.1 thereof:

“ “**Availability Amount**” is (a) the lesser of (i) the Revolving Line or (ii) the amount available under the Borrowing Base minus (b) the outstanding principal balance of any Advances.”

“ “**Borrowing Base**” is (a) seventy percent (70%) of Eligible Accounts, plus (b) the least of (i) fifty percent (50%) of the value of Borrower’s Eligible Inventory (valued at the lower of cost or wholesale fair market value), (ii) eighty-five percent (85.0%) of the Net Orderly Liquidation Value of Borrower’s Eligible Inventory and (iii) Ten Million Dollars ($10,000,000.00), each as determined by Bank from Borrower’s most recent Borrowing Base Report (and as may subsequently be updated by Bank based upon information received by Bank including, without limitation, Accounts that are paid and/or billed following the date of the Borrowing Base Report); provided, however, that Bank has the right to decrease the foregoing percentages and amount in its good faith business judgment to mitigate the impact of events, conditions, contingencies, or risks which may adversely affect the Collateral or its value.”

“ “**Eligible Inventory**” means Inventory that meets all of Borrower’s representations and warranties in Section 5.3 and is otherwise acceptable to Bank in all respects.”

“ “**Key Person**” is Borrower’s Chief Executive Officer, who is Dilip Goswami as of the Effective Date.”

“ “**Loan Documents**” are, collectively, this Agreement and any schedules, exhibits, certificates, notices, and any other documents related to this Agreement, the Warrant, any Bank Services Agreement, any subordination agreement, any note, or notes or guaranties executed by Borrower or any Guarantor, and any other present or future agreement by Borrower and/or any Guarantor with or for the benefit of Bank in connection with this Agreement or Bank Services, all as amended, restated, or otherwise modified.”

“ “**Obligations**” are Borrower’s obligations to pay when due any debts, principal, interest, fees, Bank Expenses, the GCTL Final Payment, the Final Payment, the 2020 Term Loan Final Payment, and other amounts Borrower owes Bank now or later, whether under this Agreement, the other Loan Documents (other than the Warrant), or otherwise, including, without limitation, all obligations relating to Bank Services and interest accruing after Insolvency Proceedings begin and debts, liabilities, or obligations of Borrower assigned to Bank, and to perform Borrower’s duties under the Loan Documents (other than the Warrant).”

“ “**Revolving Line Maturity Date**” is March 31, 2021.”

“ “**Streamline Period**” is, on and after the Effective Date, provided no Event of Default has occurred and is continuing, the period (a) commencing on the first day of the month following the day that Borrower provides to Bank a written report that Borrower has maintained both (i) a Liquidity Ratio, for each

consecutive day in the immediately preceding month as determined by Bank in its reasonable business judgment, in an amount at all times of at least 2.00 to 1.00 and (ii) prior to the occurrence of the Second Tranche Availability Event, unrestricted and unencumbered cash and Cash Equivalents with Bank of at least Two Million Five Hundred Thousand Dollars ($2,500,000.00) for each consecutive day in the immediately preceding month as determined by Bank in its reasonable business judgment (collectively, the "**Streamline Balance**"); and (b) terminating on the earlier to occur of (i) the occurrence of an Event of Default, and (ii) the first day thereafter in which Borrower fails to maintain the Streamline Balance, as determined by Bank in its reasonable business judgment. Upon the termination of a Streamline Period, Borrower must maintain the Streamline Balance each consecutive day for one (1) calendar month, as determined by Bank in its reasonable business judgment, prior to entering into a subsequent Streamline Period. Each Streamline Period shall commence on the first day of the monthly period following the date Bank determines, in its reasonable business judgment, that the Streamline Balance has been achieved."

and inserting in lieu thereof the following:

" "**Availability Amount**" is (a) the lesser of (i) (A) the Revolving Line minus (B) the aggregate principal amount of all outstanding 2020 Term Loan Advances or (ii) the amount available under the Borrowing Base minus (b) the outstanding principal balance of any Advances."

" "**Borrowing Base**" is (a) seventy percent (70%) of Eligible Accounts, plus (b) the lesser of (i) fifty percent (50%) of the value of Borrower's Eligible Inventory (valued at the lower of cost or wholesale fair market value) and (ii) Seven Million Dollars ($7,000,000.00), each as determined by Bank from Borrower's most recent Borrowing Base Report (and as may subsequently be updated by Bank based upon information received by Bank including, without limitation, Accounts that are paid and/or billed following the date of the Borrowing Base Report); provided, however, that Bank has the right to decrease the foregoing percentages and amount in its good faith business judgment to mitigate the impact of events, conditions, contingencies, or risks which may adversely affect the Collateral or its value."

" "**Eligible Inventory**" means Inventory that meets all of Borrower's representations and warranties in Section 5.3 and is otherwise acceptable to Bank in all respects, provided that any Inventory being transported by, or otherwise in the possession, custody or control of, Expeditors International of Washington, Inc. shall not be Eligible Inventory."

" "**Key Person**" is each of Borrower's (a) Chief Executive Officer, who is Jaya Rao as of the Third LMA Effective Date, and (b) Chief Technology Officer, who is Dilip Goswami as of the Third LMA Effective Date."

" "**Loan Documents**" are, collectively, this Agreement and any schedules, exhibits, certificates, notices, and any other documents related to this Agreement, the Mezzanine Loan Agreement, the IP Agreement, the Warrant, any Bank Services Agreement, any subordination agreement, any note, or notes or guaranties executed by Borrower or any Guarantor, and any other present or future agreement by Borrower and/or any Guarantor with or for the benefit of Bank in connection with this Agreement, the Mezzanine Loan Agreement or Bank Services, all as amended, restated, or otherwise modified."

“ “**Obligations**” are Borrower’s obligations to pay when due any debts, principal, interest, fees, Bank Expenses, the GCTL Final Payment, the Final Payment, the 2020 Term Loan Final Payment, the Anniversary Fees and other amounts Borrower owes Bank now or later, whether under this Agreement, the other Loan Documents (other than the Warrant), or otherwise, including, without limitation, all obligations relating to Bank Services and interest accruing after Insolvency Proceedings begin and debts, liabilities, or obligations of Borrower assigned to Bank, and to perform Borrower’s duties under the Loan Documents (other than the Warrant).”

“ “**Revolving Line Maturity Date**” is March 31, 2023.”

“ “**Streamline Period**” is, on and after the Effective Date, provided no Event of Default has occurred and is continuing, the period (a) commencing on the first day of the month following the day that Borrower provides to Bank a written report that Borrower has maintained an Adjusted Quick Ratio, for each consecutive day in the immediately preceding month as determined by Bank in its reasonable business judgment, in an amount at all times of at least 1.20 to 1.00 (the “**Streamline Balance**”); and (b) terminating on the earlier to occur of (i) the occurrence of an Event of Default, and (ii) the first day thereafter in which Borrower fails to maintain the Streamline Balance, as determined by Bank in its reasonable business judgment. Upon the termination of a Streamline Period, Borrower must maintain the Streamline Balance each consecutive day for one (1) calendar month, as determined by Bank in its reasonable business judgment, prior to entering into a subsequent Streamline Period. Each Streamline Period shall commence on the first day of the monthly period following the date Bank determines, in its reasonable business judgment, that the Streamline Balance has been achieved.”

27 The Loan Agreement shall be amended by substituting the Collateral description appearing on **Exhibit A** thereto for the Collateral description on **Schedule 1** hereto. Borrower hereby grants Bank, to secure the payment and performance in full of all of the Obligations and the performance of each of Borrower’s duties under the Existing Loan Documents, a continuing security interest in, and pledges to Bank, the Collateral, wherever located, whether now owned or hereafter acquired or arising, and all proceeds and products thereof.

28 The Compliance Statement appearing as **Exhibit B** to the Loan Agreement is hereby replaced with the Compliance Statement attached as **Schedule 2** hereto.

4. FEES AND EXPENSES. Borrower shall pay to Bank a modification fee in the amount of Twenty Thousand Dollars ($20,000.00), which fee shall be fully earned, due and payable as of the date hereof. Borrower shall also reimburse Bank for all documented legal fees and out-of-pocket filing and search expenses reasonably incurred by Bank in connection with this amendment to the Existing Loan Documents, which fees (exclusive of expenses), together with the fees (exclusive of out-of-pocket filing and search expenses) for documentation and negotiation of the Mezzanine Loan Agreement, will not exceed Seventy-Five Thousand Dollars ($75,000.00) as of the Third LMA Effective Date.

5. PERFECTION CERTIFICATE. Borrower hereby ratifies, confirms and reaffirms, all and singular, the terms and disclosures contained in a certain Perfection Certificate of Borrower dated as of March 22, 2021 (the “Perfection Certificate”), and acknowledges, confirms and agrees that the disclosures and information Borrower provided to Bank in the Perfection Certificate have not changed, as of the date hereof. Borrower hereby agrees that all references in the Loan Agreement to the “Perfection Certificate” shall hereinafter be deemed to be references to the Perfection Certificate as defined herein.

6. CONSISTENT CHANGES. The Existing Loan Documents are hereby amended wherever necessary to reflect the changes described above.

7. RATIFICATION OF LOAN DOCUMENTS. Borrower hereby ratifies, confirms, and reaffirms all terms and conditions of all security or other collateral granted to Bank, and confirms that the indebtedness secured thereby includes, without limitation, the Obligations.

8. RELEASE BY BORROWER.

A. FOR GOOD AND VALUABLE CONSIDERATION, Borrower hereby forever relieves, releases, and discharges Bank and its present or former employees, officers, directors, agents, representatives, attorneys, and each of them, from any and all claims, debts, liabilities, demands, obligations, promises, acts, agreements, costs and expenses, actions and causes of action, of every type, kind, nature, description or character whatsoever, whether known or unknown, suspected or unsuspected, absolute or contingent, arising out of or in any manner whatsoever connected with or related to facts, circumstances, issues, controversies or claims existing or arising from the beginning of time through and including the date of execution of this Loan Modification Agreement (collectively "Released Claims"). Without limiting the foregoing, the Released Claims shall include any and all liabilities or claims arising out of or in any manner whatsoever connected with or related to the Loan Documents, the recitals hereto, any instruments, agreements or documents executed in connection with any of the foregoing or the origination, negotiation, administration, servicing and/or enforcement of any of the foregoing.

B. In furtherance of this release, Borrower expressly acknowledges and waives any and all rights under Section 1542 of the California Civil Code, which provides as follows:

> "**A general release** does not extend to claims that the creditor or releasing party does not know or suspect to exist in his or her favor at the time of executing the release and that, if known by him or her, would have materially affected his or her settlement with the debtor or released party." (Emphasis added.)

C. By entering into this release, Borrower recognizes that no facts or representations are ever absolutely certain and it may hereafter discover facts in addition to or different from those which it presently knows or believes to be true, but that it is the intention of Borrower hereby to fully, finally and forever settle and release all matters, disputes and differences, known or unknown, suspected or unsuspected; accordingly, if Borrower should subsequently discover that any fact that it relied upon in entering into this release was untrue, or that any understanding of the facts was incorrect, Borrower shall not be entitled to set aside this release by reason thereof, regardless of any claim of mistake of fact or law or any other circumstances whatsoever. Borrower acknowledges that it is not relying upon and has not relied upon any representation or statement made by Bank with respect to the facts underlying this release or with regard to any of such party's rights or asserted rights.

D. This release may be pleaded as a full and complete defense and/or as a cross-complaint or counterclaim against any action, suit, or other proceeding that may be instituted, prosecuted or attempted in breach of this release. Borrower acknowledges that the release contained herein constitutes a material inducement to Bank to enter into this Loan Modification Agreement, and that Bank would not have done so but for Bank's expectation that such release is valid and enforceable in all events.

E. Borrower hereby represents and warrants to Bank, and Bank is relying thereon, as follows:

1 Except as expressly stated in this Loan Modification Agreement, neither Bank nor any agent, employee or representative of Bank has made any statement or representation to

Borrower regarding any fact relied upon by Borrower in entering into this Loan Modification Agreement.

2 Borrower has made such investigation of the facts pertaining to this Loan Modification Agreement and all of the matters appertaining thereto, as it deems necessary.

3 The terms of this Loan Modification Agreement are contractual and not a mere recital.

4 This Loan Modification Agreement has been carefully read by Borrower, the contents hereof are known and understood by Borrower, and this Loan Modification Agreement is signed freely, and without duress, by Borrower.

5 Borrower represents and warrants that it is the sole and lawful owner of all right, title and interest in and to every claim and every other matter which it releases herein, and that it has not heretofore assigned or transferred, or purported to assign or transfer, to any person, firm or entity any claims or other matters herein released. Borrower shall indemnify Bank, defend and hold it harmless from and against all claims based upon or arising in connection with prior assignments or purported assignments or transfers of any claims or matters released herein.

9. CONTINUING VALIDITY. Borrower understands and agrees that in modifying the existing Obligations, Bank is relying upon Borrower's representations, warranties, and agreements, as set forth in the Existing Loan Documents. Except as expressly modified pursuant to this Loan Modification Agreement, the terms of the Existing Loan Documents remain unchanged and in full force and effect. Bank's agreement to modifications to the existing Obligations pursuant to this Loan Modification Agreement in no way shall obligate Bank to make any future modifications to the Obligations. Nothing in this Loan Modification Agreement shall constitute a satisfaction of the Obligations. It is the intention of Bank and Borrower to retain as liable parties all makers of Existing Loan Documents, unless the party is expressly released by Bank in writing. No maker will be released by virtue of this Loan Modification Agreement.

10. COUNTERSIGNATURE. This Loan Modification Agreement shall become effective only when it shall have been executed by Borrower and Bank.

[The remainder of this page is intentionally left blank]

This Loan Modification Agreement is executed as of the date first written above.

BORROWER:	**BANK:**
MOLEKULE, INC.	**SILICON VALLEY BANK**
By: /s/ Rajesh Sharma	By: /s/ Michelle Wu
Name: Rajesh Sharma	Name: Michelle Wu
Title: Chief Financial Officer	Title: Vice President

Schedule 1

EXHIBIT A - COLLATERAL DESCRIPTION

The Collateral consists of all of Borrower's right, title and interest in and to the following personal property:
All goods, Accounts (including health-care receivables), Equipment, Inventory, contract rights or rights to payment of money, leases, license agreements, franchise agreements, General Intangibles, Intellectual Property, commercial tort claims, documents, instruments (including any promissory notes), chattel paper (whether tangible or electronic), cash, deposit accounts, certificates of deposit, fixtures, letters of credit rights (whether or not the letter of credit is evidenced by a writing), securities, and all other investment property, supporting obligations, and financial assets, whether now owned or hereafter acquired, wherever located; and

all Borrower's Books relating to the foregoing, and any and all claims, rights and interests in any of the above and all substitutions for, additions, attachments, accessories, accessions and improvements to and replacements, products, proceeds and insurance proceeds of any or all of the foregoing.

Notwithstanding the foregoing, the Collateral does not include (a) more than 65% of the presently existing and hereafter arising issued and outstanding shares of capital stock owned by Borrower of any Foreign Subsidiary which shares entitle the holder thereof to vote for directors or any other matter; (b) any interest of Borrower as a lessee or sublessee under a real property lease; (c) rights held under a license that are not assignable by their terms without the consent of the licensor thereof (but only to the extent such restriction on assignment is enforceable under applicable law); (d) any interest of Borrower as a lessee under an Equipment lease if Borrower is prohibited by the terms of such lease from granting a security interest in such lease or under which such an assignment or Lien would cause a default to occur under such lease (but only to the extent that such prohibition is enforceable under all applicable laws including, without limitation, the Code); *provided, however,* that upon termination of such prohibition, such interest shall immediately become Collateral without any action by Borrower or Bank; or (e) any "intent-to-use" trademarks at all times prior to the first use thereof, whether by the actual use thereof in commerce, the recording of a statement of use with the United States Patent and Trademark Office or otherwise, but only to the extent the granting of a security interest in such "intent-to-use" trademarks would be contrary to applicable law.

Schedule 2

EXHIBIT B
COMPLIANCE STATEMENT

FOURTH LOAN MODIFICATION AGREEMENT

This Fourth Loan Modification Agreement (this "Loan Modification Agreement") is entered into as of May 19, 2022, by and between **SILICON VALLEY BANK**, a California corporation, with its principal place of business at 3003 Tasman Drive, Santa Clara, California 95054 and with a loan production office located at 505 Howard Street, 3rd Floor, San Francisco, California 94105 ("Bank") and **MOLEKULE, INC.**, a Delaware corporation whose address is 1301 Folsom Street, San Francisco, California 94103 ("Borrower").

1. DESCRIPTION OF EXISTING INDEBTEDNESS AND OBLIGATIONS. Among other indebtedness and obligations which may be owing by Borrower to Bank, Borrower is indebted to Bank pursuant to a loan arrangement dated as of August 29, 2019, evidenced by, among other documents, a certain Amended and Restated Loan and Security Agreement dated as of August 29, 2019, between Borrower and Bank, as amended by a certain First Loan Modification Agreement dated as of March 9, 2020, as further amended by a certain Second Loan Modification Agreement dated as of June 19, 2020 (the "Second LMA"), and as further amended by a certain Third Loan Modification Agreement dated as of March 22, 2021 (as amended, the "Loan Agreement"). Capitalized terms used but not otherwise defined herein shall have the same meaning as in the Loan Agreement.

2. DESCRIPTION OF COLLATERAL. Repayment of the Obligations is secured by (a) the Collateral as defined in the Loan Agreement and (b) the Intellectual Property Collateral as defined in a certain Intellectual Property Security Agreement dated as of March 22, 2021 between Borrower and Bank, as amended by a certain First Amendment to Intellectual Property Security Agreement dated as of the date of this Loan Modification Agreement (as amended, the "Intellectual Property Security Agreement") (together with any other collateral security granted to Bank, the "Security Documents"). Hereinafter, the Security Documents, together with all other documents evidencing or securing the Obligations shall be referred to as the "Existing Loan Documents".

3. DESCRIPTION OF CHANGE IN TERMS.

A. Modifications to Loan Agreement.

1 As a condition precedent to the effectiveness of this Loan Modification Agreement, Borrower shall (a) pay in full all outstanding Obligations with respect to Advances and (b) deliver evidence to Bank, satisfactory to Bank in its sole and absolute discretion, that Borrower has received, after May 12, 2022 but on or prior to the date of this Loan Modification Agreement, unrestricted and unencumbered net cash proceeds in an aggregate amount of at least Twenty Million Dollars ($20,000,000.00) from the sale of Borrower's equity securities to investors satisfactory to Bank in Bank's sole and absolute discretion.

2 Borrower hereby acknowledges and agrees that Borrower will deliver to Bank, on or before the date that is thirty (30) days from the date of this Loan Modification Agreement, each in form and substance satisfactory to Bank in its sole and absolute discretion, (a) evidence that Borrower has entered into an amendment with respect to Borrower's Indebtedness owed to Trinity Capital Inc., which amendment reflects terms satisfactory to Bank in its sole and absolute discretion and (b) a bailee's waiver from ALOM with respect to the third-party location at 44660 Osgood Road. Fremont, California. Borrower acknowledges and agrees that the failure of Borrower to satisfy the requirements set forth in the immediately preceding sentence within thirty (30) days from the date of this Loan Modification Agreement shall result in an immediate Event of Default under the Loan Agreement for which there shall be no grace or cure period.

3 Notwithstanding Section 6.2(f) of the Loan Agreement to the contrary, Borrower shall have until August 31, 2022 to deliver to Bank its audited consolidated financial statements prepared under GAAP, consistently applied, together with an unqualified opinion (provided that such opinion may contain a "going concern" qualification typical

for venture backed companies similar to Borrower) with respect to its fiscal year ended December 31, 2021.

4 The Loan Agreement shall be amended by deleting the following text, appearing in Section 2.3.1(b) thereof:

> "With respect to each 2020 Term Loan Advance, commencing on the first Payment Date following the Funding Date of such 2020 Term Loan Advance, and continuing on each Payment Date thereafter, Borrower shall make monthly payments of interest, in arrears, on the principal amount of such 2020 Term Loan Advance at the rate set forth in Section 2.6(a). Commencing on the applicable 2020 Term Loan Amortization Date, and continuing on each Payment Date thereafter, Borrower shall repay each 2020 Term Loan Advance in (i) thirty-six (36) equal monthly installments of principal, plus (ii) monthly payments of accrued interest as set forth above."

and inserting in lieu thereof the following:

> "With respect to each 2020 Term Loan Advance, commencing on the first Payment Date following the Funding Date of such 2020 Term Loan Advance, and continuing on each Payment Date thereafter, Borrower shall make monthly payments of interest, in arrears, on the principal amount of such 2020 Term Loan Advance at the rate set forth in Section 2.6(a); provided, however, that Borrower shall not be required to make the monthly payment of interest due on May 1, 2022 (the "**Deferred Interest Payment**") and the amount of the Deferred Interest Payment shall instead be due and payable on June 1, 2022. Commencing on the applicable 2020 Term Loan Amortization Date, and continuing on each Payment Date thereafter, Borrower shall repay each 2020 Term Loan Advance in (i) equal monthly installments of principal based on a thirty-six (36) month amortization schedule, plus (ii) monthly payments of accrued interest as set forth above; provided, however, that (A) Borrower shall not be required to make the payments of principal due on May 1, 2022, June 1, 2022, July 1, 2022, August 1, 2022, September 1, 2022, October 1, 2022, November 1, 2022, December 1, 2022, January 1, 2023, February 1, 2023, March 1, 2023 and April 1, 2023 (collectively, the "**Deferred Principal Payments**") (but, for clarity, Borrower will still be required to make the payments of accrued but unpaid interest due on such dates (other than the payment of interest due on May 1, 2022)), and (B) on May 1, 2023, the installments of principal required under this Section 2.3.1(b) shall be re-amortized by Bank, and, commencing on May 1, 2023 and continuing on each Payment Date thereafter, Borrower shall repay the aggregate outstanding principal amount of the 2020 Term Loan Advances (including the aggregate amount of the Deferred Principal Payments) in (i) thirty-six (36) equal monthly installments of principal, plus (ii) monthly payments of accrued interest as set forth above."

5 The Loan Agreement shall be amended by deleting the following text, appearing in Section 2.3.1 thereof:

> " (c) Permitted Prepayment. Borrower shall have the option to prepay all, but not less than all, of the 2020 Term Loan Advances, provided Borrower (i) delivers written notice to Bank of its election to prepay the 2020 Term Loan Advances at least ten (10) days prior to such prepayment, and (ii) pays, on the date of such prepayment (A) the outstanding principal plus accrued and unpaid interest with respect to the 2020 Term Loan Advances, (B) the 2020 Term Loan Final Payment, and (C) all other sums, if any, that shall have become

due and payable with respect to the 2020 Term Loan Advances, including interest at the Default Rate with respect to any past due amounts.

(d) Mandatory Prepayment Upon an Acceleration. If the 2020 Term Loan Advances are accelerated by Bank following the occurrence and during the continuance of an Event of Default, Borrower shall immediately pay to Bank an amount equal to the sum of (i) all outstanding principal plus accrued and unpaid interest with respect to the 2020 Term Loan Advances, (ii) the 2020 Term Loan Final Payment, and (iii) all other sums, if any, that shall have become due and payable with respect to the 2020 Term Loan Advances, including interest at the Default Rate with respect to any past due amounts."

and inserting in lieu thereof the following:

" (c) Permitted Prepayment. Borrower shall have the option to prepay all, but not less than all, of the 2020 Term Loan Advances, provided Borrower (i) delivers written notice to Bank of its election to prepay the 2020 Term Loan Advances at least ten (10) days prior to such prepayment, and (ii) pays, on the date of such prepayment (A) the outstanding principal plus accrued and unpaid interest with respect to the 2020 Term Loan Advances, (B) the 2020 Term Loan Final Payment, (C) the Deferral Fee, and (D) all other sums, if any, that shall have become due and payable with respect to the 2020 Term Loan Advances, including interest at the Default Rate with respect to any past due amounts.

( ) Mandatory Prepayment Upon an Acceleration. If the 2020 Term Loan Advances are accelerated by Bank following the occurrence and during the continuance of an Event of Default, Borrower shall immediately pay to Bank an amount equal to the sum of (i) all outstanding principal plus accrued and unpaid interest with respect to the 2020 Term Loan Advances, (ii) the 2020 Term Loan Final Payment, (iii) the Deferral Fee, and (iv) all other sums, if any, that shall have become due and payable with respect to the 2020 Term Loan Advances, including interest at the Default Rate with respect to any past due amounts."

6 The Loan Agreement shall be amended in Section 2.7 by (i) re-lettering subsections (g) and (h) thereof as subsections (h) and (i) and (ii) inserting the following new subsection (g):

" (g) Deferral Fee. The Deferral Fee, when due hereunder; and"

7 The Loan Agreement shall be amended by deleting the following text, appearing in Section 6.2 thereof:

" (a) a Borrowing Base Report (i) with each request for an Advance, (ii) no later than Friday of each week (reflecting information that is current as of a date no earlier than the prior Friday) when a Streamline Period is not in effect, and (iii) within seven (7) days after the end of each month when a Streamline Period is in effect;"

and inserting in lieu thereof the following:

" (a) Intentionally omitted;"

8 The Loan Agreement shall be amended by deleting the following text, appearing in Section 6.2 thereof:

" (k) no later than seven (7) days after the preparation thereof, detailed sell-through reports from Amazon and Best Buy prepared on the fifteenth (15th) and last day of each month, each in a form reasonably acceptable to Bank; and"

and inserting in lieu thereof the following:

" (k) on a monthly basis, no later than seven (7) days after the preparation thereof, detailed sell-through reports from Amazon and Best Buy prepared on the last day of each month, each in a form reasonably acceptable to Bank; and"

9 The Loan Agreement shall be amended by deleting the following text, appearing in Section 6.9 thereof:

" (c) Net Revenue. Maintain at all times, to be tested as of the last day of each calendar quarter, aggregate Net Revenue, as determined in accordance with GAAP:

(i) for the three (3) month period ending on such date of at least (i) Ten Million Four Hundred Forty Thousand Dollars ($10,440,000.00) for the calendar quarter ending March 31, 2020, (ii) Twenty Million Nine Hundred Seventy Thousand Dollars ($20,970,000.00) for the calendar quarter ending June 30, 2020, (iii) Eighteen Million Three Hundred Sixty Thousand Dollars ($18,360,000.00) for the calendar quarter ending September 30, 2020 and (iv) Thirty One Million Four Hundred Ten Thousand Dollars ($31,410,000.00) for the calendar quarter ending December 31, 2020;

(ii) for the six (6) month period ending on such date of at least (i) Forty Eight Million Dollars ($48,000,000.00) for the six (6) month period ending March 31, 2021, (ii) Forty Two Million Five Hundred Thousand Dollars ($42,500,000.00) for the six (6) month period ending June 30, 2021, (iii) Sixty Seven Million Dollars ($67,000,000.00) for the six (6) month period ending September 30, 2021 and (iv) Eighty Five Million Dollars ($85,000,000.00) for the six (6) month period ending December 31, 2021.

With respect to any period ending after December 31, 2021, the Net Revenue level for each such period shall be mutually agreed by Bank and Borrower, each acting in its reasonable discretion, based upon, among other factors, budgets, sales projections, operating plans and other financial information with respect to Borrower that Bank deems relevant, including, without limitation Borrower's annual financial projections approved by the Board. With respect thereto, Borrower's failure to agree in writing (which agreement shall be set forth in a written amendment to this Agreement) on or before March 15, 2022 to any such covenant levels proposed by Bank with respect to the 2022 calendar year shall result in an immediate Event of Default for which there shall be no grace or cure period.

(d) Adjusted Quick Ratio. Maintain at all times, to be tested as of the last day of each month, an Adjusted Quick Ratio of at least 1.00:1.00."

and inserting in lieu thereof the following:

" (c) Net Revenue. Maintain at all times, to be tested as of the last day of each calendar quarter, aggregate Net Revenue, as determined in accordance with GAAP:

(i) for the three (3) month period ending on such date of at least (i) Ten Million Four Hundred Forty Thousand Dollars ($10,440,000.00) for the calendar quarter ending March 31, 2020, (ii) Twenty Million Nine Hundred Seventy Thousand Dollars ($20,970,000.00) for the calendar quarter ending June 30, 2020, (iii) Eighteen Million Three Hundred Sixty Thousand Dollars ($18,360,000.00) for the calendar quarter ending September 30, 2020 and (iv) Thirty One Million Four Hundred Ten Thousand Dollars ($31,410,000.00) for the calendar quarter ending December 31, 2020;

(ii) for the six (6) month period ending on such date of at least (i) Forty Eight Million Dollars ($48,000,000.00) for the six (6) month period ending March 31, 2021, (ii) Forty Two Million Five Hundred Thousand Dollars ($42,500,000.00) for the six (6) month period ending June 30, 2021, (iii) Sixty Seven Million Dollars ($67,000,000.00) for the six (6) month period ending September 30, 2021 and (iv) Eighty Five Million Dollars ($85,000,000.00) for the six (6) month period ending December 31, 2021; and

(iii) for such quarter of at least (A) Twelve Million Dollars ($12,000,000.00) for the calendar quarter ending June 30, 2022, (B) Seventeen Million Dollars ($17,000,000.00) for the calendar quarter ending September 30, 2022, (C) Twenty Two Million Five Hundred Thousand Dollars ($22,500,000.00) for the calendar quarter ending December 31, 2022, (D) Fourteen Million Two Hundred Fifty Thousand Dollars ($14,250,000.00) for the calendar quarter ending March 31, 2023, (E) Twenty One Million Five Hundred Thousand Dollars ($21,500,000.00) for the calendar quarter ending June 30, 2023, (F) Nineteen Million Five Hundred Thousand Dollars ($19,500,000.00) for the calendar quarter ending September 30, 2023 and (G) Twenty Six Million Dollars ($26,000,000.00) for the calendar quarter ending December 31, 2023.

With respect to any period ending after December 31, 2023, the Net Revenue level for each such period shall be mutually agreed by Bank and Borrower, each acting in its reasonable discretion, based upon, among other factors, budgets, sales projections, operating plans and other financial information with respect to Borrower that Bank deems relevant, including, without limitation Borrower's annual financial projections approved by the Board. With respect thereto:

(A) Borrower's failure to agree in writing (which agreement shall be set forth in a written amendment to this Agreement) on or before March 15, 2024 to any such covenant levels proposed by Bank with respect to the 2024 calendar year shall result in an immediate Event of Default for which there shall be no grace or cure period;

(B) Borrower's failure to agree in writing (which agreement shall be set forth in a written amendment to this Agreement) on or before March 15, 2025 to any such covenant levels proposed by Bank with

respect to the 2025 calendar year shall result in an immediate Event of Default for which there shall be no grace or cure period; and

(C) Borrower's failure to agree in writing (which agreement shall be set forth in a written amendment to this Agreement) on or before March 15, 2026 to any such covenant levels proposed by Bank with respect to the 2026 calendar year shall result in an immediate Event of Default for which there shall be no grace or cure period.

(d) Adjusted Quick Ratio. Maintain at all times, to be tested as of the last day of each month through and including the month ending March 31, 2022, an Adjusted Quick Ratio of at least 1.00:1.00."

10 The Loan Agreement shall be amended by deleting the following text, appearing in Section 9.1 thereof:

" (a) declare all Obligations immediately due and payable (but if an Event of Default described in Section 8.5 occurs all Obligations are immediately due and payable without any action by Bank); provided, however, if an Event of Default described in Section 8.2(a) occurs solely as a result of Borrower's failure to comply with Section 6.9, Bank shall not be entitled to declare Obligations constituting Term Loan Advances or 2020 Term Loan Advances immediately due and payable;"

and inserting in lieu thereof the following:

" (a) declare all Obligations immediately due and payable (but if an Event of Default described in Section 8.5 occurs all Obligations are immediately due and payable without any action by Bank);"

11 The Loan Agreement shall be amended by inserting the following new definitions, appearing in Section 13.1 thereof:

" "**Deferral Fee**" is a fee in an amount equal to Three Hundred Eighty Thousand Dollars ($380,000.00), which fee shall be due on the earliest to occur of (a) the 2020 Term Loan Maturity Date, (b) as required pursuant to Sections 2.3.1(c) or 2.3.1(d), (c) the termination of this Agreement, or (d) the payment in full of the 2020 Term Loan Advances."

" "**Deferred Interest Payment**" is defined in Section 2.3.1(b)."

" "**Deferred Principal Payments**" is defined in Section 2.3.1(b)."

" "**Fourth LMA Effective Date**" is May 19, 2022."

12 The Loan Agreement shall be amended by deleting the following definitions, appearing in Section 13.1 thereof:

" "**2020 Term Loan Maturity Date**" is (a) with respect to the 2020 Term Loan A Advance, December 1, 2023 and (b) with respect to the 2020 Term Loan B Advance, March 1, 2024."

" "**Obligations**" are Borrower's obligations to pay when due any debts, principal, interest, fees, Bank Expenses, the GCTL Final Payment, the Final Payment, the 2020 Term Loan Final Payment, the Anniversary Fees and other

amounts Borrower owes Bank now or later, whether under this Agreement, the other Loan Documents (other than the Warrant), or otherwise, including, without limitation, all obligations relating to Bank Services and interest accruing after Insolvency Proceedings begin and debts, liabilities, or obligations of Borrower assigned to Bank, and to perform Borrower's duties under the Loan Documents (other than the Warrant)."

" "**Revolving Line Maturity Date**" is March 31, 2023." and inserting in lieu thereof the following:

" "**2020 Term Loan Maturity Date**" is April 1, 2026."

" "**Obligations**" are Borrower's obligations to pay when due any debts, principal, interest, fees, Bank Expenses, the GCTL Final Payment, the Final Payment, the 2020 Term Loan Final Payment, the Anniversary Fees, the Deferral Fee and other amounts Borrower owes Bank now or later, whether under this Agreement, the other Loan Documents (other than the Warrant), or otherwise, including, without limitation, all obligations relating to Bank Services and interest accruing after Insolvency Proceedings begin and debts, liabilities, or obligations of Borrower assigned to Bank, and to perform Borrower's duties under the Loan Documents (other than the Warrant)."

" "**Revolving Line Maturity Date**" is the date immediately prior to the Fourth LMA Effective Date."

13 The Compliance Statement appearing as **Exhibit B** to the Loan Agreement is hereby replaced with the Compliance Statement attached as **Schedule 1** hereto.

B. Waivers. Bank hereby waives Borrower's existing default under the Loan Agreement by virtue of Borrower's failure to (a) make the payment of principal and interest with respect to the 2020 Term Loan Advances that was due on May 1, 2022 as required pursuant to Section 2.3.1(b) (for clarity, the obligation to make such payment of interest on the terms set forth in this Loan Modification is not waived, only the failure to make such payment on May 1, 2022 is waived), (b) comply with the financial covenant set forth in Section 6.9(c) of the Loan Agreement (relative to the requirement that Borrower maintain a certain Net Revenue) for the calendar quarters ended June 30, 2021, September 30, 2021 and December 31, 2021, (c) comply with the financial covenant set forth in Section 6.9(c) of the Loan Agreement (relative to the requirement that Borrower agree to Net Revenue covenant levels set by Bank for the 2022 calendar year no later than March 15, 2022) and (d) comply with the financial covenant set forth in Section 6.9(d) of the Loan Agreement (relative to the requirement that Borrower maintain a certain Adjusted Quick Ratio) for the calendar months ended February 28, 2021, July 31, 2021, August 31, 2021, September 30, 2021, October 31, 2021, November 30, 2021, December 31, 2021, January 31, 2022, February 28, 2022 and March 31, 2022. Bank's waiver of Borrower's compliance with such covenants shall apply only to the foregoing specific periods.

4. FEES AND EXPENSES. Borrower shall reimburse Bank for all documented legal fees and out-of-pocket filing and search expenses reasonably incurred by Bank in connection with this amendment to the Existing Loan Documents.

5. RATIFICATION OF INTELLECTUAL PROPERTY SECURITY AGREEMENT. Borrower hereby ratifies, confirms and reaffirms, all and singular, the terms and conditions of the Intellectual Property Security Agreement, and acknowledges, confirms and agrees that the Intellectual Property Security Agreement contains an accurate and complete listing of all Intellectual Property Collateral as defined in the Intellectual Property Security Agreement, and shall remain in full force and effect.

6. PERFECTION CERTIFICATE. Borrower hereby ratifies, confirms and reaffirms, all and singular, the terms and disclosures contained in a certain Perfection Certificate of Borrower dated as of May 19, 2022 (the "Perfection Certificate"), and acknowledges, confirms and agrees that the disclosures and information Borrower provided to Bank in the Perfection Certificate have not changed, as of the date hereof. Borrower hereby agrees that all references in the Loan Agreement to the "Perfection Certificate" shall hereinafter be deemed to be references to the Perfection Certificate as defined herein.

7. CONSISTENT CHANGES. The Existing Loan Documents are hereby amended wherever necessary to reflect the changes described above.

8. RATIFICATION OF LOAN DOCUMENTS. Borrower hereby ratifies, confirms, and reaffirms all terms and conditions of all security or other collateral granted to Bank, and confirms that the indebtedness secured thereby includes, without limitation, the Obligations.

9. RELEASE BY BORROWER.

A. FOR GOOD AND VALUABLE CONSIDERATION, Borrower hereby forever relieves, releases, and discharges Bank and its present or former employees, officers, directors, agents, representatives, attorneys, and each of them, from any and all claims, debts, liabilities, demands, obligations, promises, acts, agreements, costs and expenses, actions and causes of action, of every type, kind, nature, description or character whatsoever, whether known or unknown, suspected or unsuspected, absolute or contingent, arising out of or in any manner whatsoever connected with or related to facts, circumstances, issues, controversies or claims existing or arising from the beginning of time through and including the date of execution of this Loan Modification Agreement (collectively "Released Claims"). Without limiting the foregoing, the Released Claims shall include any and all liabilities or claims arising out of or in any manner whatsoever connected with or related to the Loan Documents, the recitals hereto, any instruments, agreements or documents executed in connection with any of the foregoing or the origination, negotiation, administration, servicing and/or enforcement of any of the foregoing.

B. In furtherance of this release, Borrower expressly acknowledges and waives any and all rights under Section 1542 of the California Civil Code, which provides as follows:

> "**A general release** does not extend to claims that the creditor or releasing party does not know or suspect to exist in his or her favor at the time of executing the release and that, if known by him or her, would have materially affected his or her settlement with the debtor or released party." (Emphasis added.)

C. By entering into this release, Borrower recognizes that no facts or representations are ever absolutely certain and it may hereafter discover facts in addition to or different from those which it presently knows or believes to be true, but that it is the intention of Borrower hereby to fully, finally and forever settle and release all matters, disputes and differences, known or unknown, suspected or unsuspected; accordingly, if Borrower should subsequently discover that any fact that it relied upon in entering into this release was untrue, or that any understanding of the facts was incorrect, Borrower shall not be entitled to set aside this release by reason thereof, regardless of any claim of mistake of fact or law or any other circumstances whatsoever. Borrower acknowledges that it is not relying upon and has not relied upon any representation or statement made by Bank with respect to the facts underlying this release or with regard to any of such party's rights or asserted rights.

D. This release may be pleaded as a full and complete defense and/or as a cross-complaint or counterclaim against any action, suit, or other proceeding that may be instituted, prosecuted or attempted in breach of this release. Borrower acknowledges that the release contained herein constitutes a material inducement to Bank to enter into this Loan Modification Agreement, and

that Bank would not have done so but for Bank's expectation that such release is valid and enforceable in all events.

E. Borrower hereby represents and warrants to Bank, and Bank is relying thereon, as follows:

1 Except as expressly stated in this Loan Modification Agreement, neither Bank nor any agent, employee or representative of Bank has made any statement or representation to Borrower regarding any fact relied upon by Borrower in entering into this Loan Modification Agreement.

2 Borrower has made such investigation of the facts pertaining to this Loan Modification Agreement and all of the matters appertaining thereto, as it deems necessary.

3 The terms of this Loan Modification Agreement are contractual and not a mere recital.

4 This Loan Modification Agreement has been carefully read by Borrower, the contents hereof are known and understood by Borrower, and this Loan Modification Agreement is signed freely, and without duress, by Borrower.

5 Borrower represents and warrants that it is the sole and lawful owner of all right, title and interest in and to every claim and every other matter which it releases herein, and that it has not heretofore assigned or transferred, or purported to assign or transfer, to any person, firm or entity any claims or other matters herein released. Borrower shall indemnify Bank, defend and hold it harmless from and against all claims based upon or arising in connection with prior assignments or purported assignments or transfers of any claims or matters released herein.

10. CONTINUING VALIDITY. Borrower understands and agrees that in modifying the existing Obligations, Bank is relying upon Borrower's representations, warranties, and agreements, as set forth in the Existing Loan Documents. Except as expressly modified pursuant to this Loan Modification Agreement, the terms of the Existing Loan Documents remain unchanged and in full force and effect. Bank's agreement to modifications to the existing Obligations pursuant to this Loan Modification Agreement in no way shall obligate Bank to make any future modifications to the Obligations. Nothing in this Loan Modification Agreement shall constitute a satisfaction of the Obligations. It is the intention of Bank and Borrower to retain as liable parties all makers of Existing Loan Documents, unless the party is expressly released by Bank in writing. No maker will be released by virtue of this Loan Modification Agreement.

11. COUNTERSIGNATURE. This Loan Modification Agreement shall become effective only when it shall have been executed by Borrower and Bank.

[The remainder of this page is intentionally left blank]

This Loan Modification Agreement is executed as of the date first written above.

BORROWER:	**BANK:**
MOLEKULE, INC.	**SILICON VALLEY BANK**
By: /s/ Jonathan Harris	By: /s/ Sheila Colson
Name: Jonathan Harris	Name: Sheila Colson
Title: Chief Executive Officer	Title: Managing Director

Schedule 1

EXHIBIT B

COMPLIANCE STATEMENT

FIFTH LOAN MODIFICATION AGREEMENT

This Fifth Loan Modification Agreement (this "Loan Modification Agreement") is entered into as of October 1, 2022, by and between **SILICON VALLEY BANK**, a California corporation, with its principal place of business at 3003 Tasman Drive, Santa Clara, California 95054 and with a loan production office located at 505 Howard Street, 3rd Floor, San Francisco, California 94105 ("Bank") and **MOLEKULE, INC.**, a Delaware corporation whose address is 1301 Folsom Street, San Francisco, California 94103 ("Borrower").

1. DESCRIPTION OF EXISTING INDEBTEDNESS AND OBLIGATIONS. Among other indebtedness and obligations which may be owing by Borrower to Bank, Borrower is indebted to Bank pursuant to a loan arrangement dated as of August 29, 2019, evidenced by, among other documents, a certain Amended and Restated Loan and Security Agreement dated as of August 29, 2019, between Borrower and Bank, as amended by a certain First Loan Modification Agreement dated as of March 9, 2020, as further amended by a certain Second Loan Modification Agreement dated as of June 19, 2020 (the "Second LMA"), as further amended by a certain Third Loan Modification Agreement dated as of March 22, 2021, and as further amended by a certain Fourth Loan Modification Agreement dated as of May 19, 2022 (as amended, the "Loan Agreement"). Capitalized terms used but not otherwise defined herein shall have the same meaning as in the Loan Agreement.

2. DESCRIPTION OF COLLATERAL. Repayment of the Obligations is secured by (a) the Collateral as defined in the Loan Agreement and (b) the Intellectual Property Collateral as defined in a certain Intellectual Property Security Agreement dated as of March 22, 2021 between Borrower and Bank, as amended by a certain First Amendment to Intellectual Property Security Agreement dated as of the date of May 19, 2022 (as amended, the "Intellectual Property Security Agreement") (together with any other collateral security granted to Bank, the "Security Documents"). Hereinafter, the Security Documents, together with all other documents evidencing or securing the Obligations shall be referred to as the "Existing Loan Documents".

3. DESCRIPTION OF CHANGE IN TERMS.

A. Modifications to Loan Agreement.

1 Notwithstanding Section 6.2(f) of the Loan Agreement to the contrary, Borrower shall have until October 3, 2022 to deliver to Bank its audited consolidated financial statements prepared under GAAP, consistently applied, together with an unqualified opinion (provided that such opinion may contain a "going concern" qualification typical for venture backed companies similar to Borrower) with respect to its fiscal year ended December 31, 2021.

2 The Loan Agreement shall be amended by deleting the following text, appearing in Section 6.9 thereof:

" (c) Net Revenue. Maintain at all times, to be tested as of the last day of each calendar quarter, aggregate Net Revenue, as determined in accordance with GAAP:

(i) for the three (3) month period ending on such date of at least (i) Ten Million Four Hundred Forty Thousand Dollars ($10,440,000.00) for the calendar quarter ending March 31, 2020, (ii) Twenty Million Nine Hundred Seventy Thousand Dollars ($20,970,000.00) for the calendar quarter ending June 30, 2020, (iii) Eighteen Million Three Hundred Sixty Thousand Dollars ($18,360,000.00) for the calendar quarter ending September 30, 2020 and (iv) Thirty One Million Four Hundred Ten Thousand Dollars ($31,410,000.00) for the calendar quarter ending December 31, 2020;

(ii) for the six (6) month period ending on such date of at least (i) Forty Eight Million Dollars ($48,000,000.00) for the six (6) month period ending March 31, 2021, (ii) Forty Two Million Five Hundred Thousand Dollars ($42,500,000.00) for the six (6) month period ending June 30, 2021, (iii) Sixty Seven Million Dollars ($67,000,000.00) for the six (6) month period ending September 30, 2021 and (iv) Eighty Five Million Dollars ($85,000,000.00) for the six (6) month period ending December 31, 2021; and

(iii) for such quarter of at least (A) Twelve Million Dollars ($12,000,000.00) for the calendar quarter ending June 30, 2022, (B) Seventeen Million Dollars ($17,000,000.00) for the calendar quarter ending September 30, 2022, (C) Twenty Two Million Five Hundred Thousand Dollars ($22,500,000.00) for the calendar quarter ending December 31, 2022, (D) Fourteen Million Two Hundred Fifty Thousand Dollars ($14,250,000.00) for the calendar quarter ending March 31, 2023, (E) Twenty One Million Five Hundred Thousand Dollars ($21,500,000.00) for the calendar quarter ending June 30, 2023, (F) Nineteen Million Five Hundred Thousand Dollars ($19,500,000.00) for the calendar quarter ending September 30, 2023 and (G) Twenty Six Million Dollars ($26,000,000.00) for the calendar quarter ending December 31, 2023.

With respect to any period ending after December 31, 2023, the Net Revenue level for each such period shall be mutually agreed by Bank and Borrower, each acting in its reasonable discretion, based upon, among other factors, budgets, sales projections, operating plans and other financial information with respect to Borrower that Bank deems relevant, including, without limitation Borrower's annual financial projections approved by the Board. With respect thereto:

(A) Borrower's failure to agree in writing (which agreement shall be set forth in a written amendment to this Agreement) on or before March 15, 2024 to any such covenant levels proposed by Bank with respect to the 2024 calendar year shall result in an immediate Event of Default for which there shall be no grace or cure period;

(B) Borrower's failure to agree in writing (which agreement shall be set forth in a written amendment to this Agreement) on or before March 15, 2025 to any such covenant levels proposed by Bank with respect to the 2025 calendar year shall result in an immediate Event of Default for which there shall be no grace or cure period; and

(C) Borrower's failure to agree in writing (which agreement shall be set forth in a written amendment to this Agreement) on or before March 15, 2026 to any such covenant levels proposed by Bank with respect to the 2026 calendar year shall result in an immediate Event of Default for which there shall be no grace or cure period."

and inserting in lieu thereof the following:

" (c) Net Revenue. Maintain at all times, aggregate Net Revenue, as determined in accordance with GAAP:

(i) to be tested as of the last day of each calendar quarter, for the three (3) month period ending on such date of at least (i) Ten Million Four Hundred Forty Thousand Dollars ($10,440,000.00)

for the calendar quarter ending March 31, 2020, (ii) Twenty Million Nine Hundred Seventy Thousand Dollars ($20,970,000.00) for the calendar quarter ending June 30, 2020, (iii) Eighteen Million Three Hundred Sixty Thousand Dollars ($18,360,000.00) for the calendar quarter ending September 30, 2020 and (iv) Thirty One Million Four Hundred Ten Thousand Dollars ($31,410,000.00) for the calendar quarter ending December 31, 2020;

(ii) to be tested as of the last day of each calendar quarter, for the six (6) month period ending on such date of at least (i) Forty Eight Million Dollars ($48,000,000.00) for the six (6) month period ending March 31, 2021, (ii) Forty Two Million Five Hundred Thousand Dollars ($42,500,000.00) for the six (6) month period ending June 30, 2021, (iii) Sixty Seven Million Dollars ($67,000,000.00) for the six (6) month period ending September 30, 2021 and (iv) Eighty Five Million Dollars ($85,000,000.00) for the six (6) month period ending December 31, 2021; and

(iii) to be tested as of the last day of each calendar quarter, for such quarter of at least (A) Twelve Million Dollars ($12,000,000.00) for the calendar quarter ending June 30, 2022, (B) Nine Million Dollars ($9,000,000.00) for the calendar quarter ending September 30, 2022, (C) Thirteen Million Dollars ($13,000,000.00) for the calendar quarter ending December 31, 2022, (D) Eight Million Dollars ($8,000,000.00) for the calendar quarter ending March 31, 2023, (E) Twelve Million Dollars ($12,000,000.00) for the calendar quarters ending June 30, 2023 and September 30, 2023 and (F) Eighteen Million Dollars ($18,000,000.00) for the calendar quarter ending December 31, 2023.

With respect to any period ending after December 31, 2023, the Net Revenue level for each such period shall be mutually agreed by Bank and Borrower, each acting in its reasonable discretion, based upon, among other factors, budgets, sales projections, operating plans and other financial information with respect to Borrower that Bank deems relevant, including, without limitation Borrower's annual financial projections approved by the Board. With respect thereto:

(A) Borrower's failure to agree in writing (which agreement shall be set forth in a written amendment to this Agreement) on or before March 15, 2024 to any such covenant levels proposed by Bank with respect to the 2024 calendar year shall result in an immediate Event of Default for which there shall be no grace or cure period;

(B) Borrower's failure to agree in writing (which agreement shall be set forth in a written amendment to this Agreement) on or before March 15, 2025 to any such covenant levels proposed by Bank with respect to the 2025 calendar year shall result in an immediate Event of Default for which there shall be no grace or cure period; and

(C) Borrower's failure to agree in writing (which agreement shall be set forth in a written amendment to this Agreement) on or before March 15, 2026 to any such covenant levels proposed by Bank with respect to the 2026 calendar year shall result in an immediate Event of Default for which there shall be no grace or cure period.

Notwithstanding the foregoing, upon and following the closing of the AeroClean Acquisition, the terms of this Section 6.9(c) shall be replaced with the following:

(c) Net Revenue. Maintain at all times, aggregate Net Revenue, as determined in accordance with GAAP:

(i) to be tested as of the last day of each calendar quarter, for the three (3) month period ending on such date of at least (i) Ten Million Four Hundred Forty Thousand Dollars ($10,440,000.00) for the calendar quarter ending March 31, 2020, (ii) Twenty Million Nine Hundred Seventy Thousand Dollars ($20,970,000.00) for the calendar quarter ending June 30, 2020, (iii) Eighteen Million Three Hundred Sixty Thousand Dollars ($18,360,000.00) for the calendar quarter ending September 30, 2020 and (iv) Thirty One Million Four Hundred Ten Thousand Dollars ($31,410,000.00) for the calendar quarter ending December 31, 2020;

(ii) to be tested as of the last day of each calendar quarter, for the six (6) month period ending on such date of at least (i) Forty Eight Million Dollars ($48,000,000.00) for the six (6) month period ending March 31, 2021, (ii) Forty Two Million Five Hundred Thousand Dollars ($42,500,000.00) for the six (6) month period ending June 30, 2021, (iii) Sixty Seven Million Dollars ($67,000,000.00) for the six (6) month period ending September 30, 2021 and (iv) Eighty Five Million Dollars ($85,000,000.00) for the six (6) month period ending December 31, 2021;

(iii) to be tested as of the last day of each calendar quarter, for such quarter of at least (A) Twelve Million Dollars ($12,000,000.00) for the calendar quarter ending June 30, 2022, (B) Nine Million Dollars ($9,000,000.00) for the calendar quarter ending September 30, 2022 and (C) Thirteen Million Dollars ($13,000,000.00) for the calendar quarter ending December 31, 2022; and

(iv) to be tested as of the last day of the calendar year ending December 31, 2023, for such calendar year, of at least Fifty Million Dollars ($50,000,000.00).

With respect to any period ending after December 31, 2023, the Net Revenue level for each such period shall be mutually agreed by Bank and Borrower, each acting in its reasonable discretion, based upon, among other factors, budgets, sales projections, operating plans and other financial information with respect to Borrower that Bank deems relevant, including, without limitation Borrower’s annual financial projections approved by the Board. With respect thereto:

(A) Borrower’s failure to agree in writing (which agreement shall be set forth in a written amendment to this Agreement) on or before February 28, 2024 to any such covenant levels proposed by Bank with respect to the 2024 calendar year shall result in an immediate Event of Default for which there shall be no grace or cure period;

(B) Borrower’s failure to agree in writing (which agreement shall be set forth in a written amendment to this Agreement) on or before February 28, 2025 to any such covenant levels proposed by Bank with respect to the 2025 calendar year shall result in an immediate Event of Default for which there shall be no grace or cure period; and

(C) Borrower's failure to agree in writing (which agreement shall be set forth in a written amendment to this Agreement) on or before February 28, 2026 to any such covenant levels proposed by Bank with respect to the 2026 calendar year shall result in an immediate Event of Default for which there shall be no grace or cure period."

3 The Loan Agreement shall be amended by inserting the following new text, appearing at the end of Section 6.9 thereof:

" (e) Financing Event. Deliver evidence to Bank, reasonably satisfactory to Bank, on or prior to January 31, 2023, that the Financing Event occurred on or prior to such date.

(f) Minimum Cash. Maintain at all times upon and after the closing of the AeroClean Acquisition, be tested as of any day, unrestricted and unencumbered cash maintained with Bank of at least Two Million Dollars ($2,000,000.00)."

4 The Loan Agreement shall be amended in the definition of "Permitted Investments" in Section 13.1 thereof by (i) deleting "." where it appears at the end of clause (l) thereof and inserting in lieu thereof "; and" and (ii) inserting the following new text appearing at the end thereof:

" (m) Investments by any Borrower in any other Borrower."

5 The Loan Agreement shall be amended by inserting the following new definitions, appearing in Section 13.1 thereof:

" "**AeroClean Acquisition**" means the acquisition by AeroClean Technologies, Inc. of one hundred percent (100.0%) of the equity securities of Borrower."

" "**Financing Event**" is Borrower's delivery, on or prior to January 31, 2023, of evidence satisfactory to Bank in its reasonable discretion, confirming that Borrower has received, on or after October 1, 2022 but on or prior to January 31, 2023, unrestricted and unencumbered net cash proceeds in an amount of at least Five Million Dollars ($5,000,000.00) from the sale of Borrower's equity securities to, or a Subordinated Debt financing with, investors acceptable to Bank in its good faith business judgment."

6 The Compliance Statement appearing as **Exhibit B** to the Loan Agreement is hereby replaced with the Compliance Statement attached as **Schedule 1** hereto.

4. FEES AND EXPENSES. Borrower shall reimburse Bank for all documented legal fees and out-of-pocket filing and search expenses reasonably incurred by Bank in connection with this amendment to the Existing Loan Documents.

5. RATIFICATION OF INTELLECTUAL PROPERTY SECURITY AGREEMENT. Borrower hereby ratifies, confirms and reaffirms, all and singular, the terms and conditions of the Intellectual Property Security Agreement, and acknowledges, confirms and agrees that the Intellectual Property Security Agreement contains an accurate and complete listing of all Intellectual Property Collateral as defined in the Intellectual Property Security Agreement, and shall remain in full force and effect.

6. RATIFICATION OF PERFECTION CERTIFICATE. Borrower hereby ratifies, confirms and reaffirms, all and singular, the terms and disclosures contained in a certain Perfection Certificate of Borrower dated as of May

19, 2022 (the "Perfection Certificate"), and acknowledges, confirms and agrees that the disclosures and information Borrower provided to Bank in the Perfection Certificate have not changed, as of the date hereof.

7. CONSISTENT CHANGES. The Existing Loan Documents are hereby amended wherever necessary to reflect the changes described above.

8. RATIFICATION OF LOAN DOCUMENTS. Borrower hereby ratifies, confirms, and reaffirms all terms and conditions of all security or other collateral granted to Bank, and confirms that the indebtedness secured thereby includes, without limitation, the Obligations.

9. RELEASE BY BORROWER.

A. FOR GOOD AND VALUABLE CONSIDERATION, Borrower hereby forever relieves, releases, and discharges Bank and its present or former employees, officers, directors, agents, representatives, attorneys, and each of them, from any and all claims, debts, liabilities, demands, obligations, promises, acts, agreements, costs and expenses, actions and causes of action, of every type, kind, nature, description or character whatsoever, whether known or unknown, suspected or unsuspected, absolute or contingent, arising out of or in any manner whatsoever connected with or related to facts, circumstances, issues, controversies or claims existing or arising from the beginning of time through and including the date of execution of this Loan Modification Agreement (collectively "Released Claims"). Without limiting the foregoing, the Released Claims shall include any and all liabilities or claims arising out of or in any manner whatsoever connected with or related to the Loan Documents, the recitals hereto, any instruments, agreements or documents executed in connection with any of the foregoing or the origination, negotiation, administration, servicing and/or enforcement of any of the foregoing.

B. In furtherance of this release, Borrower expressly acknowledges and waives any and all rights under Section 1542 of the California Civil Code, which provides as follows:

> "**A general release** does not extend to claims that the creditor or releasing party does not know or suspect to exist in his or her favor at the time of executing the release and that, if known by him or her, would have materially affected his or her settlement with the debtor or released party." (Emphasis added.)

C. By entering into this release, Borrower recognizes that no facts or representations are ever absolutely certain and it may hereafter discover facts in addition to or different from those which it presently knows or believes to be true, but that it is the intention of Borrower hereby to fully, finally and forever settle and release all matters, disputes and differences, known or unknown, suspected or unsuspected; accordingly, if Borrower should subsequently discover that any fact that it relied upon in entering into this release was untrue, or that any understanding of the facts was incorrect, Borrower shall not be entitled to set aside this release by reason thereof, regardless of any claim of mistake of fact or law or any other circumstances whatsoever. Borrower acknowledges that it is not relying upon and has not relied upon any representation or statement made by Bank with respect to the facts underlying this release or with regard to any of such party's rights or asserted rights.

D. This release may be pleaded as a full and complete defense and/or as a cross-complaint or counterclaim against any action, suit, or other proceeding that may be instituted, prosecuted or attempted in breach of this release. Borrower acknowledges that the release contained herein constitutes a material inducement to Bank to enter into this Loan Modification Agreement, and that Bank would not have done so but for Bank's expectation that such release is valid and enforceable in all events.

E. Borrower hereby represents and warrants to Bank, and Bank is relying thereon, as follows:

1 Except as expressly stated in this Loan Modification Agreement, neither Bank nor any agent, employee or representative of Bank has made any statement or representation to Borrower regarding any fact relied upon by Borrower in entering into this Loan Modification Agreement.

2 Borrower has made such investigation of the facts pertaining to this Loan Modification Agreement and all of the matters appertaining thereto, as it deems necessary.

3 The terms of this Loan Modification Agreement are contractual and not a mere recital.

4 This Loan Modification Agreement has been carefully read by Borrower, the contents hereof are known and understood by Borrower, and this Loan Modification Agreement is signed freely, and without duress, by Borrower.

5 Borrower represents and warrants that it is the sole and lawful owner of all right, title and interest in and to every claim and every other matter which it releases herein, and that it has not heretofore assigned or transferred, or purported to assign or transfer, to any person, firm or entity any claims or other matters herein released. Borrower shall indemnify Bank, defend and hold it harmless from and against all claims based upon or arising in connection with prior assignments or purported assignments or transfers of any claims or matters released herein.

10. CONTINUING VALIDITY. Borrower understands and agrees that in modifying the existing Obligations, Bank is relying upon Borrower's representations, warranties, and agreements, as set forth in the Existing Loan Documents. Except as expressly modified pursuant to this Loan Modification Agreement, the terms of the Existing Loan Documents remain unchanged and in full force and effect. Bank's agreement to modifications to the existing Obligations pursuant to this Loan Modification Agreement in no way shall obligate Bank to make any future modifications to the Obligations. Nothing in this Loan Modification Agreement shall constitute a satisfaction of the Obligations. It is the intention of Bank and Borrower to retain as liable parties all makers of Existing Loan Documents, unless the party is expressly released by Bank in writing. No maker will be released by virtue of this Loan Modification Agreement.

11. COUNTERSIGNATURE. This Loan Modification Agreement shall become effective only when it shall have been executed by Borrower and Bank.

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This Loan Modification Agreement is executed as of the date first written above.

BORROWER:	**BANK:**
MOLEKULE, INC.	**SILICON VALLEY BANK**
By: /s/ Jonathan Harris	By: /s/ Sheila Colson
Name: Jonathan Harris	Name: Sheila Colson
Title: Chief Executive Officer	Title: Managing Director

Schedule 1

EXHIBIT B
COMPLIANCE STATEMENT

JOINDER AND SIXTH LOAN MODIFICATION AGREEMENT

This Joinder and Sixth Loan Modification Agreement (this "Agreement") is entered into as of January 12, 2023, by and among (a) **SILICON VALLEY BANK**, a California corporation, with its principal place of business at 3003 Tasman Drive, Santa Clara, California 95054 and with a loan production office located at 505 Howard Street, 3rd Floor, San Francisco, California 94105 ("Bank"), (b) **MOLEKULE, INC.**, a Delaware corporation, whose address is 1301 Folsom Street, San Francisco, California 94103 ("Existing Borrower"), and (c) **MOLEKULE GROUP, INC. (F/K/A AEROCLEAN TECHNOLOGIES, INC.)**, a Delaware corporation, whose address is 10455 Riverside Drive, Palm Beach Gardens, Florida 33410 ("New Borrower"). New Borrower and Existing Borrower, are hereinafter jointly and severally, individually and collectively, "**Borrower**".

1. DESCRIPTION OF EXISTING INDEBTEDNESS AND OBLIGATIONS. Among other indebtedness and obligations which may be owing by Existing Borrower to Bank, Existing Borrower is indebted to Bank pursuant to a loan arrangement dated as of August 29, 2019, evidenced by, among other documents, a certain Amended and Restated Loan and Security Agreement dated as of August 29, 2019, between Existing Borrower and Bank, as amended by a certain First Loan Modification Agreement dated as of March 9, 2020, as further amended by a certain Second Loan Modification Agreement dated as of June 19, 2020, as further amended by a certain Third Loan Modification Agreement dated as of March 22, 2021, as further amended by a certain Fourth Loan Modification Agreement dated as of May 19, 2022, and as further amended by a certain Fifth Loan Modification Agreement dated as of October 1, 2022 (the "Loan Agreement"). Capitalized terms used but not otherwise defined herein shall have the same meaning as in the Loan Agreement.

2. JOINDER TO LOAN AGREEMENT. New Borrower hereby joins the Loan Agreement and each of the Loan Documents, and agrees to comply with and be bound by all of the terms, conditions and covenants of the Loan Agreement and Loan Documents, as if it were originally named a "Borrower" therein. Without limiting the generality of the preceding sentence, New Borrower agrees that it will be jointly and severally liable, together with the Existing Borrower, for the payment and performance of all obligations and liabilities of Borrower under the Loan Agreement, including, without limitation, the Obligations. Each Borrower hereby appoints the other as agent for the other for all purposes hereunder. Each Borrower hereunder shall be obligated to repay all Credit Extensions made pursuant to the Loan Agreement, regardless of which Borrower actually receives said Credit Extension, as if each Borrower hereunder directly received all Credit Extensions.

3. SUBROGATION AND SIMILAR RIGHTS. Each Borrower waives any suretyship defenses available to it under the Code or any other applicable law. Each Borrower waives with respect to all Obligations of such Borrower and the Obligations of any other Borrower any right to require Bank to: (i) proceed against any other Borrower or any other person; (ii) proceed against or exhaust any security; or (iii) pursue any other remedy. Bank may exercise or not exercise any right or remedy it has against any Borrower or any security it holds (including the right to foreclose by judicial or non-judicial sale to the extent permitted by law) without affecting any Borrower's liability. Notwithstanding any other provision of this Agreement, the Loan Agreement or other Loan Documents, each Borrower irrevocably agrees that, until the Loan Agreement has terminated pursuant to its terms and all Obligations (other than inchoate indemnity obligations, any other obligations which by their terms are to survive the termination of the Loan Agreement, and any Obligations under Bank Services Agreements that are cash collateralized in accordance with Section 4.1 of the Loan Agreement) have been satisfied, it shall not exercise any rights that it may have at law or in equity (including, without limitation, any law subrogating Borrower to the rights of Bank under the Loan Agreement or pursuant to any agreement providing for indemnification, reimbursement or any other similar arrangement) to seek contribution, indemnification or any other form of reimbursement from any other Borrower, or any other Person now or hereafter primarily or secondarily liable for any of the Obligations, for any payment made by Borrower with respect to the Obligations in connection with the Loan Agreement or otherwise and all rights that it might have to benefit from, or to participate in, any security for the Obligations as a result of any payment made by Borrower with respect to the Obligations in connection with the Loan Agreement or otherwise. If any payment is made to a Borrower in contravention of this Section 3, such Borrower shall hold such payment in trust for Bank and such payment shall be promptly delivered to Bank for application to the Obligations, whether matured or unmatured.

4. GRANT OF SECURITY INTEREST. To secure the prompt payment and performance of all of the Obligations, New Borrower hereby grants to Bank a continuing lien upon and security interest in the Collateral set

forth on Exhibit A of the Loan Agreement (as if such Collateral were deemed to pertain to the assets of New Borrower) of New Borrower, whether now owned or existing or hereafter created, acquired, or arising, and wherever located. New Borrower further covenants and agrees that by its execution hereof it shall provide all such information, complete all such forms, and take all such actions, and enter into all such agreements, in form and substance reasonably satisfactory to Bank that are reasonably requested by Bank or necessary in order to grant a valid, perfected first priority security interest to Bank in the Collateral (subject only to Permitted Liens that are permitted pursuant to the terms of the Loan Agreement to have superior priority to Bank's Lien in the Loan Agreement). New Borrower hereby authorizes Bank to file financing statements, without notice to Borrower, with all appropriate jurisdictions in order to perfect or protect Bank's interest or rights hereunder, including a notice that any disposition of the Collateral, by either Borrower or any other Person, shall be deemed to violate the rights of Bank under the Code, and any such financing statements may indicate the Collateral as "all assets of the Debtor" or words of similar effect, or as being of an equal or lesser scope, or with greater detail, all in Bank's reasonable discretion.

5. REPRESENTATIONS AND WARRANTIES. New Borrower hereby represents and warrants to Bank that all representations and warranties in the Loan Documents made on the part of Existing Borrower are true and correct on the date hereof with respect to New Borrower, with the same force and effect as if New Borrower was named as "Borrower" in the Loan Documents in addition to Existing Borrower.

6. DESCRIPTION OF COLLATERAL. Repayment of the Obligations is secured by (a) the Collateral as defined in the Loan Agreement, (b) the Intellectual Property Collateral as defined in a certain Intellectual Property Security Agreement dated as of March 22, 2021 between Existing Borrower and Bank, as amended by a certain First Amendment to Intellectual Property Security Agreement dated as of the date of May 19, 2022, and as further amended by a certain Second Amendment to Intellectual Property Security Agreement dated as of the date of this Agreement (as amended, the "Existing Borrower Intellectual Property Security Agreement"), and (c) the Intellectual Property Collateral as defined in a certain Intellectual Property Security Agreement dated as of the date of this Agreement between New Borrower and Bank (the "New Borrower Intellectual Property Security Agreement") (together with any other collateral security granted to Bank, as amended, the "Security Documents"). Hereinafter, the Security Documents, together with all other documents evidencing or securing the Obligations shall be referred to as the "Existing Loan Documents".

7. DELIVERY OF DOCUMENTS. Each Borrower hereby agrees that the following documents shall be delivered to Bank prior to or contemporaneously with delivery of this Agreement, each in form and substance satisfactory to Bank:

A. a secretary's corporate borrowing certificate for New Borrower with respect to New Borrower's certificate of incorporation, by-laws, incumbency and resolutions authorizing the execution and delivery of this Agreement and the other documents required by Bank in connection with this Agreement;

B. consent of each Borrower's shareholders, as necessary, authorizing the execution and delivery of this Agreement and the other documents required by Bank in connection with this Agreement;

C. a long form Certificate of Good Standing for New Borrower certified by the Secretary of State of Delaware;

D. certificates of Good Standing/Foreign Qualification, as applicable, certified by the Secretary of State (or equivalent agency) for each state in which New Borrower is qualified to do business;

E. a second amendment to and ratification of subordination agreement from Trinity Capital, Inc.;

F. an Intellectual Property Security Agreement between New Borrower and Bank;

G. Intellectual Property search results and completed exhibits to the Intellectual Property Security Agreement between New Borrower and Bank;

H. a second amendment to and ratification of intellectual property security agreement between Existing Borrower and Bank;

I. the results of UCC searches for New Borrower indicating that there are no Liens other than Permitted Liens, and otherwise in form satisfactory to Bank;

J. a Perfection Certificate for New Borrower; and

K. a legal opinion (authority and enforceability) of New Borrower's counsel dated as of the date of this Agreement together with the duly executed signature thereto.

8. MODIFICATIONS TO LOAN AGREEMENT.

1 Borrower hereby acknowledges and agrees that Borrower will deliver to Bank, each in form and substance satisfactory to Bank, on or before the date that is thirty (30) days from the date of this Agreement, (a) a landlord's consent in favor of Bank for 10455 Riverside Drive, Palm Beach Gardens, Florida 33410, by the landlord thereof, together with the duly executed signatures thereto and (b) evidence of insurance (on Acord 28 and Acord 25 certificates, together with endorsements to the liability and property policies, as acceptable to Bank) for Borrower. Borrower acknowledges and agrees that the failure of Borrower to satisfy the requirements set forth in the immediately preceding sentence on or before the date that is thirty (30) days from the date of this Agreement shall result in an immediate Event of Default under the Loan Agreement for which there shall be no grace or cure period.

2 The Loan Agreement shall be amended by deleting the following text, appearing in the preamble thereof:

> " **THIS AMENDED AND RESTATED LOAN AND SECURITY AGREEMENT** (this "**Agreement**") dated as of August 29, 2019 (the "**Effective Date**") between **SILICON VALLEY BANK**, a California corporation ("**Bank**"), and **MOLEKULE, INC.**, a Delaware corporation ("**Borrower**"), provides the terms on which Bank shall lend to Borrower and Borrower shall repay Bank."

and inserting in lieu thereof the following:

> " **THIS AMENDED AND RESTATED LOAN AND SECURITY AGREEMENT** (this "**Agreement**") dated as of August 29, 2019 (the "**Effective Date**") by among (a) **SILICON VALLEY BANK**, a California corporation ("**Bank**"), and (b) (i) **MOLEKULE, INC.**, a Delaware corporation ("**Molekule**"), and **MOLEKULE GROUP, INC. (F/K/A AEROCLEAN TECHNOLOGIES, INC.)**, a Delaware corporation ("**Molekule Parent**") (jointly and severally, individually and collectively, "**Borrower**"), provides the terms on which Bank shall lend to Borrower and Borrower shall repay Bank."

3 The Loan Agreement shall be amended by deleting the following text, appearing in Section 5.1 thereof:

> "In connection with this Agreement, Borrower has delivered to Bank a completed certificate signed by Borrower entitled "Perfection Certificate" (the "**Perfection Certificate**")."

and inserting in lieu thereof the following:

"In connection with this Agreement, each Borrower has delivered to Bank a completed certificate signed by such Borrower entitled "Perfection Certificate" (collectively, the "**Perfection Certificate**")."

4 The Loan Agreement shall be amended by deleting the following text, appearing in Section 6.2 thereof:

" (c) as soon as available, but no later than thirty (30) days after the last day of each month, a company prepared consolidated balance sheet and income statement covering Borrower's consolidated operations for such month certified by a Responsible Officer and in a form reasonably acceptable to Bank (the "**Monthly Financial Statements**");

" (e) within sixty (60) days after the end of each fiscal year of Borrower, and promptly (but, in any event, with two (2) Business Days) following any Board-approved updates or amendments thereto, (i) annual operating budgets (including income statements, balance sheets and cash flow statements, by month) for the then current fiscal year of Borrower, and (ii) annual financial projections for such fiscal year (on a quarterly basis), in each case as approved by the Board and commensurate in form and substance with those provided to Borrower's venture capital investors, together with any related business forecasts used in the preparation of such annual financial projections;"

and inserting in lieu thereof the following:

" (c) as soon as available, but no later than thirty (30) days after the last day of each month, a company prepared consolidated balance sheet and income statement covering Molekule Parent's consolidated operations for such month certified by a Responsible Officer and in a form reasonably acceptable to Bank (the "**Monthly Financial Statements**");

" (e) within sixty (60) days after the end of each fiscal year of Molekule Parent, and promptly (but, in any event, with two (2) Business Days) following any Board-approved updates or amendments thereto, (i) annual operating budgets (including income statements, balance sheets and cash flow statements, by month) for the then current fiscal year of Molekule Parent, and (ii) annual financial projections for such fiscal year (on a quarterly basis), in each case as approved by the board of directors of Molekule Parent, together with any related business forecasts used in the preparation of such annual financial projections;"

5 The Loan Agreement shall be amended by deleting the following, appearing as Section 7.1 thereof:

" **7.1 Dispositions.** Convey, sell, lease, transfer, assign, or otherwise dispose of (including, without limitation, pursuant to a Division) (collectively, "**Transfer**"), or permit any of its Subsidiaries to Transfer, all or any part of its business or property, except for Transfers (a) of Inventory in the ordinary course of business; (b) of worn-out, unneeded, fully depreciated or obsolete Equipment that is, in the reasonable judgment of Borrower, no longer economically practicable to maintain or useful in the ordinary course of business of Borrower; (c) consisting of Permitted Liens and Permitted Investments; (d) consisting of the sale or issuance of any stock of Borrower permitted under Section 7.2 of this Agreement; (e) consisting of Borrower's use or transfer of money or Cash Equivalents in a manner that is not prohibited by the terms of this Agreement or the other Loan Documents; (f) of non-exclusive licenses for

the use of the property of Borrower or its Subsidiaries in the ordinary course of business and licenses that could not result in a legal transfer of title of the licensed property but that may be exclusive in respects other than territory and that may be exclusive as to territory only as to discrete geographical areas outside of the United States; (g) consisting of any lease or sublease of real property (including the Transfer of any leasehold improvements whether or not fully depreciated) by Borrower; and (h) resulting from the abandonment, forfeiture or dedication to the public of Intellectual Property to the extent permitted by Section 6.10(a)(iii)."

and inserting in lieu thereof the following:

" **7.1 Dispositions.** Convey, sell, lease, transfer, assign, or otherwise dispose of (including, without limitation, pursuant to a Division) (collectively, "**Transfer**"), or permit any of its Subsidiaries to Transfer, all or any part of its business or property, except for Transfers (a) to any Borrower; (b) of Inventory in the ordinary course of business; (c) of worn-out, unneeded, fully depreciated or obsolete Equipment that is, in the reasonable judgment of Borrower, no longer economically practicable to maintain or useful in the ordinary course of business of Borrower; (d) consisting of Permitted Liens and Permitted Investments; (e) consisting of the sale or issuance of any stock of Borrower permitted under Section 7.2 of this Agreement; (f) consisting of Borrower's use or transfer of money or Cash Equivalents in a manner that is not prohibited by the terms of this Agreement or the other Loan Documents; (g) of non-exclusive licenses for the use of the property of Borrower or its Subsidiaries in the ordinary course of business and licenses that could not result in a legal transfer of title of the licensed property but that may be exclusive in respects other than territory and that may be exclusive as to territory only as to discrete geographical areas outside of the United States; (h) consisting of any lease or sublease of real property (including the Transfer of any leasehold improvements whether or not fully depreciated) by Borrower; and (i) resulting from the abandonment, forfeiture or dedication to the public of Intellectual Property to the extent permitted by Section 6.10(a)(iii)."

6 The Loan Agreement shall be amended by deleting the following, appearing as Sections 7.7 and 7.8 thereof:

" **7.7 Distributions; Investments.** (a) Pay any dividends or make any distribution or payment or redeem, retire or purchase any capital stock provided that Borrower may (i) convert any of its convertible securities into other securities pursuant to the terms of such convertible securities or otherwise in exchange thereof, (ii) make cash payments in lieu of the issuance of fractional shares upon the conversion of convertible securities, stock splits, stock combinations or business combinations in an aggregate amount not to exceed One Hundred Thousand Dollars ($100,000.00) per fiscal year, (iii) pay dividends solely in common stock; (iv) make purchases of capital stock in connection with the exercise of stock options or stock appreciation by way of a cashless exercise; and (v) repurchase the stock of former employees or consultants pursuant to stock repurchase agreements so long as an Event of Default does not exist at the time of any such repurchase and would not exist after giving effect to any such repurchase, provided that the aggregate amount of all such repurchases does not exceed Two Hundred Fifty Thousand Dollars ($250,000) per fiscal year; or (b) directly or indirectly make any Investment (including, without limitation, by the formation of any Subsidiary) other than Permitted Investments, or permit any of its Subsidiaries to do so.

7.8 Transactions with Affiliates. Directly or indirectly enter into or permit to exist any material transaction with any Affiliate of Borrower, except for (i) sales of equity securities in bona fide venture financing transactions to the extent not prohibited by Section 7.2, (ii) the incurrence of Subordinated Debt, (iii) transactions of the type described in and permitted pursuant to Section 7.7 hereof, (iv) Investments of the type described in and permitted under sub-clauses (f), (g) and (k) of the definition of Permitted Investments, (v) commercially reasonable and customary compensation or other incentive arrangements approved by the Board and (vi) other transactions that are in the ordinary course of Borrower's business, upon fair and reasonable terms that are no less favorable to Borrower than would be obtained in an arm's length transaction with a nonaffiliated Person."

and inserting in lieu thereof the following:

" **7.7 Distributions; Investments.** (a) Pay any dividends or make any distribution or payment or redeem, retire or purchase any capital stock provided that Borrower may (i) make such dividends, distributions or payments to any other Borrower; (ii) convert any of its convertible securities into other securities pursuant to the terms of such convertible securities or otherwise in exchange thereof, (iii) make cash payments in lieu of the issuance of fractional shares upon the conversion of convertible securities, stock splits, stock combinations or business combinations in an aggregate amount not to exceed One Hundred Thousand Dollars ($100,000.00) per fiscal year, (iv) pay dividends solely in common stock; (v) make purchases of capital stock in connection with the exercise of stock options or stock appreciation by way of a cashless exercise; and (vi) repurchase the stock of former employees or consultants pursuant to stock repurchase agreements so long as an Event of Default does not exist at the time of any such repurchase and would not exist after giving effect to any such repurchase, provided that the aggregate amount of all such repurchases does not exceed Two Hundred Fifty Thousand Dollars ($250,000) per fiscal year; or (b) directly or indirectly make any Investment (including, without limitation, by the formation of any Subsidiary) other than Permitted Investments, or permit any of its Subsidiaries to do so.

7.8 Transactions with Affiliates. Directly or indirectly enter into or permit to exist any material transaction with any Affiliate of Borrower, except for (i) transactions between a Borrower and any other Borrower, (ii) sales of equity securities in bona fide venture financing transactions to the extent not prohibited by Section 7.2, (iii) the incurrence of Subordinated Debt, (iv) transactions of the type described in and permitted pursuant to Section 7.7 hereof, (v) Investments of the type described in and permitted under sub-clauses (f), (g) and (k) of the definition of Permitted Investments, (vi) commercially reasonable and customary compensation or other incentive arrangements approved by the Board and (vii) other transactions that are in the ordinary course of Borrower's business, upon fair and reasonable terms that are no less favorable to Borrower than would be obtained in an arm's length transaction with a nonaffiliated Person."

7 The Loan Agreement shall be amended by inserting the following new Section 9.8 immediately after Section 9.7 thereof:

" **9.8 Borrower Liability.** Any Borrower may, acting singly, request Credit Extensions hereunder. Each Borrower hereby appoints each other as agent for the other for all purposes hereunder, including with respect to requesting Credit Extensions hereunder. Each Borrower hereunder shall be

jointly and severally obligated to repay all Credit Extensions made hereunder, regardless of which Borrower actually receives said Credit Extension, as if each Borrower hereunder directly received all Credit Extensions. Each Borrower waives (a) any suretyship defenses available to it under the Code or any other applicable law by virtue of any other Borrower's liability with respect to the Obligations, and (b) any right to require Bank to: (i) proceed against any Borrower; (ii) proceed against or exhaust any security of another Borrower; or (iii) pursue any other remedy against another Borrower. Bank may exercise or not exercise any right or remedy it has against any Borrower or any security it holds (including the right to foreclose by judicial or non-judicial sale) without affecting any Borrower's liability. Notwithstanding any other provision of this Agreement or other related document, each Borrower irrevocably waives, until the payment in full of all Obligations (other than inchoate indemnity obligations, any other obligations which by their terms are to survive the termination of this Agreement, and any Obligations under Bank Services Agreements that are cash collateralized in accordance with Section 4.1 of this Agreement) and the termination of this Agreement, all rights that it may have at law or in equity (including, without limitation, any law subrogating Borrower to the rights of Bank under this Agreement) to seek contribution, indemnification or any other form of reimbursement from any other Borrower for any payment made by Borrower with respect to the Obligations in connection with this Agreement or otherwise and all rights that it might have to benefit from, or to participate in, any security for the Obligations as a result of any payment made by Borrower with respect to the Obligations in connection with this Agreement or otherwise. Any agreement providing for indemnification, reimbursement or any other arrangement in violation of this Section 9.8 shall be null and void. If any payment is made to a Borrower in contravention of this Section 9.8, such Borrower shall hold such payment in trust for Bank and such payment shall be promptly delivered to Bank for application to the Obligations, whether matured or unmatured."

8 The Loan Agreement shall be amended in the definition of "Permitted Indebtedness" in Section 13.1 thereof by (i) deleting "and" where it appears at the end of clause (k) thereof, (ii) deleting "." where it appears at the end of clause (l) thereof, (iii) inserting in lieu thereof "; and" and (iv) adding the following text appearing at the end of the definition:

" (m) any Indebtedness of a Borrower to any other Borrower."

9 The Loan Agreement shall be amended by inserting the following new definitions, to appear alphabetically in Section 13.1 thereof:

" "**Molekule**" is defined in the preamble hereof."

" "**Molekule Parent**" is defined in the preamble hereof."

" "**Sixth LMA Effective Date**" is January 12, 2023."

10 The Loan Agreement shall be amended by deleting the following definitions, appearing in Section 13.1 thereof:

" "**AeroClean Acquisition**" means the acquisition by AeroClean Technologies, Inc. of one hundred percent (100.0%) of the equity securities of Borrower."

“ “**Change in Control**” means (a) at any time, any “person” or “group” (as such terms are used in Sections 13(d) and 14(d) of the Exchange Act) shall become, or obtain rights (whether by means of warrants, options or otherwise) to become, the “beneficial owner” (as defined in Rules 13(d)-3 and 13(d)-5 under the Exchange Act), directly or indirectly, of forty-nine percent (49%) or more of the ordinary voting power for the election of directors of Borrower (determined on a fully diluted basis) other than by the sale of Borrower’s equity securities in a public offering or to venture capital or private equity investors so long as Borrower identifies to Bank the venture capital or private equity investors at least seven (7) Business Days prior to the closing of the transaction and provides to Bank a description of the material terms of the transaction; (b) during any period of twelve (12) consecutive months, a majority of the members of the board of directors or other equivalent governing body of Borrower cease to be composed of individuals (i) who were members of that board or equivalent governing body on the first day of such period, (ii) whose election or nomination to that board or equivalent governing body was approved by individuals referred to in clause (i) above constituting at the time of such election or nomination at least a majority of that board or equivalent governing body or (iii) whose election or nomination to that board or other equivalent governing body was approved by individuals referred to in clauses (i) and (ii) above constituting at the time of such election or nomination at least a majority of that board or equivalent governing body; or (c) at any time, Borrower shall cease to own and control, of record and beneficially, directly or indirectly, one hundred percent (100.0%) of each class of outstanding capital stock of each Subsidiary of Borrower free and clear of all Liens (except Permitted Liens).”

“ “**Financing Event**” is Borrower’s delivery, on or prior to January 31, 2023, of evidence satisfactory to Bank in its reasonable discretion, confirming that Borrower has received, on or after October 1, 2022 but on or prior to January 31, 2023, unrestricted and unencumbered net cash proceeds in an amount of at least Five Million Dollars ($5,000,000.00) from the sale of Borrower’s equity securities to, or a Subordinated Debt financing with, investors acceptable to Bank in its good faith business judgment.”

“ “**IP Agreement**” is that certain Intellectual Property Security Agreement between Borrower and Bank dated as of the Third LMA Effective Date, as may be amended, modified or restated from time to time.”

“ “**Key Person**” is each of Borrower’s (a) Chief Executive Officer, who is Jaya Rao as of the Third LMA Effective Date, and (b) Chief Technology Officer, who is Dilip Goswami as of the Third LMA Effective Date.”

“ “**Warrant**” is, each and together, (i) that certain Warrant to Purchase Stock dated as of June 29, 2016 between Borrower and Bank, (ii) that certain Warrant to Purchase Stock dated as of the Effective Date between Borrower and Bank and (iii) that certain Warrant to Purchase Stock dated as of the Second LMA Effective Date between Borrower and Bank, each as amended, modified, supplemented and/or restated from time to time.”

and inserting in lieu thereof the following:

“ “**AeroClean Acquisition**” means the acquisition by Molekule Parent of one hundred percent (100.0%) of the equity securities of Molekule.”

“ “**Change in Control**” means (a) at any time, any “person” or “group” (as such terms are used in Sections 13(d) and 14(d) of the Exchange Act) shall

become, or obtain rights (whether by means of warrants, options or otherwise) to become, the "beneficial owner" (as defined in Rules 13(d)-3 and 13(d)-5 under the Exchange Act), directly or indirectly, of forty-nine percent (49%) or more of the ordinary voting power for the election of directors of Molekule Parent (determined on a fully diluted basis) other than by the sale of Molekule Parent's equity securities in a public offering or to venture capital or private equity investors so long as Borrower identifies to Bank the venture capital or private equity investors at least seven (7) Business Days prior to the closing of the transaction and provides to Bank a description of the material terms of the transaction; (b) during any period of twelve (12) consecutive months, a majority of the members of the board of directors or other equivalent governing body of Molekule Parent cease to be composed of individuals (i) who were members of that board or equivalent governing body on the first day of such period, (ii) whose election or nomination to that board or equivalent governing body was approved by individuals referred to in clause (i) above constituting at the time of such election or nomination at least a majority of that board or equivalent governing body or (iii) whose election or nomination to that board or other equivalent governing body was approved by individuals referred to in clauses (i) and (ii) above constituting at the time of such election or nomination at least a majority of that board or equivalent governing body; or (c) at any time, Borrower shall cease to own and control, of record and beneficially, directly or indirectly, one hundred percent (100.0%) of each class of outstanding capital stock of each Subsidiary of Borrower free and clear of all Liens (except Permitted Liens).

" "**Financing Event**" is Borrower's delivery, on or prior to January 31, 2023, of evidence satisfactory to Bank in its reasonable discretion, confirming that Molekule has received, on or after October 1, 2022 but on or prior to January 31, 2023, unrestricted and unencumbered net cash proceeds in an amount of at least Five Million Dollars ($5,000,000.00) from the sale of Molekule's equity securities to, or a Subordinated Debt financing with, investors acceptable to Bank in its good faith business judgment."

" "**IP Agreement**" is, collectively, (a) that certain Intellectual Property Security Agreement between Molekule and Bank dated as of the Third LMA Effective Date and (b) that certain Intellectual Property Security Agreement between Molekule Parent and Bank dated as of the Sixth LMA Effective Date, as may be amended, modified or restated from time to time."

" "**Key Person**" is each of Borrower's Chief Executive Officer and Chief Financial Officer."

" "**Warrant**" is, each and together, (i) that certain Warrant to Purchase Stock dated as of June 29, 2016 between Molekule and Bank, (ii) that certain Warrant to Purchase Stock dated as of the Effective Date between Molekule and Bank and (iii) that certain Warrant to Purchase Stock dated as of the Second LMA Effective Date between Molekule and Bank, each as amended, modified, supplemented and/or restated from time to time."

11 The Compliance Statement appearing as **Exhibit B** to the Loan Agreement is hereby replaced with the Compliance Statement attached as **Schedule 1** hereto.

B. ACKNOWLEDGEMENT OF DEFAULT; FORBEARANCE BY BANK. Borrower acknowledges that it is currently in default by virtue of Borrower's failure to comply with the financial covenant set forth in Section 6.9(c) of the Loan Agreement (relative to the requirement that Borrower maintain a certain minimum Net Revenue) for the calendar quarter ended December

31, 2022 (the "Default"). Bank hereby agrees to forbear from exercising its rights and remedies with respect to the Default from the date of this Agreement until the earlier to occur of (a) the occurrence of any Event of Default (other than the Default) or (b) January 13, 2023. Bank further agrees that, in the event the AeroClean Acquisition closes on or prior to January 13, 2023, then the Default shall be deemed to be waived by Bank. Borrower hereby acknowledges and agrees that except as specifically provided herein, nothing in this Section 3.B. or anywhere in this Loan Modification Agreement shall be deemed or otherwise construed as a waiver by the Bank of the Default or any of its rights and remedies pursuant to the Existing Loan Documents, applicable law or otherwise.

9. FEES AND EXPENSES. Borrower shall reimburse Bank for all documented legal fees and out-of-pocket filing and search expenses reasonably incurred by Bank in connection with this amendment to the Existing Loan Documents.

10. RATIFICATION OF INTELLECTUAL PROPERTY SECURITY AGREEMENTS.

(a) Existing Borrower hereby ratifies, confirms and reaffirms, all and singular, the terms and conditions of the Existing Borrower Intellectual Property Security Agreement, and acknowledges, confirms and agrees that the Existing Borrower Intellectual Property Security Agreement contains an accurate and complete listing of all Intellectual Property Collateral as defined in the Existing Borrower Intellectual Property Security Agreement, and shall remain in full force and effect.

(b) New Borrower hereby ratifies, confirms and reaffirms, all and singular, the terms and conditions of the New Borrower Intellectual Property Security Agreement, and acknowledges, confirms and agrees that the New Borrower Intellectual Property Security Agreement contains an accurate and complete listing of all Intellectual Property Collateral as defined in the New Borrower Intellectual Property Security Agreement, and shall remain in full force and effect.

11. PERFECTION CERTIFICATES.

(a) Existing Borrower hereby ratifies, confirms and reaffirms, all and singular, the terms and disclosures contained in a certain Perfection Certificate dated as of January 12, 2023 (the "Existing Borrower Perfection Certificate"), and acknowledges, confirms and agrees that the disclosures and information Existing Borrower provided to Bank in the Existing Borrower Perfection Certificate have not changed, as of the date hereof.

(b) In connection with this Agreement, New Borrower has delivered to Bank a Perfection Certificate signed by New Borrower dated as of the date of this Agreement (the "New Borrower Perfection Certificate"). New Borrower represents and warrants to Bank that: (i) New Borrower's exact legal name is that indicated on the New Borrower Perfection Certificate and on the signature page hereof; and (ii) New Borrower is an organization of the type, and is organized in the jurisdiction, set forth in the New Borrower Perfection Certificate; (iii) the New Borrower Perfection Certificate accurately sets forth New Borrower's organizational identification number or accurately states that New Borrower has none; (iv) the New Borrower Perfection Certificate accurately sets forth New Borrower's place of business, or, if more than one, its chief executive office as well as New Borrower's mailing address if different; and (v) all other information set forth on the New Borrower Perfection Certificate pertaining to New Borrower is accurate and complete.

Borrower hereby acknowledges and agrees that all references in the Loan Agreement to the "Perfection Certificate" shall mean and include, collectively, the Existing Borrower Perfection Certificate and the New Borrower Perfection Certificate.

12. CONSISTENT CHANGES. The Existing Loan Documents are hereby amended wherever necessary to reflect the changes described above.

13. RATIFICATION OF LOAN DOCUMENTS. Borrower hereby ratifies, confirms, and reaffirms all terms and conditions of all security or other collateral granted to Bank, and confirms that the indebtedness secured thereby includes, without limitation, the Obligations.

14. RELEASE BY BORROWER.

A. FOR GOOD AND VALUABLE CONSIDERATION, Borrower hereby forever relieves, releases, and discharges Bank and its present or former employees, officers, directors, agents, representatives, attorneys, and each of them, from any and all claims, debts, liabilities, demands, obligations, promises, acts, agreements, costs and expenses, actions and causes of action, of every type, kind, nature, description or character whatsoever, whether known or unknown, suspected or unsuspected, absolute or contingent, arising out of or in any manner whatsoever connected with or related to facts, circumstances, issues, controversies or claims existing or arising from the beginning of time through and including the date of execution of this Agreement (collectively "Released Claims"). Without limiting the foregoing, the Released Claims shall include any and all liabilities or claims arising out of or in any manner whatsoever connected with or related to the Loan Documents, the recitals hereto, any instruments, agreements or documents executed in connection with any of the foregoing or the origination, negotiation, administration, servicing and/or enforcement of any of the foregoing.

B. In furtherance of this release, Borrower expressly acknowledges and waives any and all rights under Section 1542 of the California Civil Code, which provides as follows:

> "**A general release** does not extend to claims that the creditor or releasing party does not know or suspect to exist in his or her favor at the time of executing the release and that, if known by him or her, would have materially affected his or her settlement with the debtor or released party." (Emphasis added.)

C. By entering into this release, Borrower recognizes that no facts or representations are ever absolutely certain and it may hereafter discover facts in addition to or different from those which it presently knows or believes to be true, but that it is the intention of Borrower hereby to fully, finally and forever settle and release all matters, disputes and differences, known or unknown, suspected or unsuspected; accordingly, if Borrower should subsequently discover that any fact that it relied upon in entering into this release was untrue, or that any understanding of the facts was incorrect, Borrower shall not be entitled to set aside this release by reason thereof, regardless of any claim of mistake of fact or law or any other circumstances whatsoever. Borrower acknowledges that it is not relying upon and has not relied upon any representation or statement made by Bank with respect to the facts underlying this release or with regard to any of such party's rights or asserted rights.

D. This release may be pleaded as a full and complete defense and/or as a cross-complaint or counterclaim against any action, suit, or other proceeding that may be instituted, prosecuted or attempted in breach of this release. Borrower acknowledges that the release contained herein constitutes a material inducement to Bank to enter into this Agreement, and that Bank would not have done so but for Bank's expectation that such release is valid and enforceable in all events.

E. Borrower hereby represents and warrants to Bank, and Bank is relying thereon, as follows:

1 Except as expressly stated in this Agreement, neither Bank nor any agent, employee or representative of Bank has made any statement or representation to Borrower regarding any fact relied upon by Borrower in entering into this Agreement.

2 Borrower has made such investigation of the facts pertaining to this Agreement and all of the matters appertaining thereto, as it deems necessary.

3 The terms of this Agreement are contractual and not a mere recital.

4 This Agreement has been carefully read by Borrower, the contents hereof are known and understood by Borrower, and this Agreement is signed freely, and without duress, by Borrower.

5 Borrower represents and warrants that it is the sole and lawful owner of all right, title and interest in and to every claim and every other matter which it releases herein, and that it has not heretofore assigned or transferred, or purported to assign or transfer, to any person, firm or entity any claims or other matters herein released. Borrower shall indemnify Bank, defend and hold it harmless from and against all claims based upon or arising in connection with prior assignments or purported assignments or transfers of any claims or matters released herein.

15. CONTINUING VALIDITY. Borrower understands and agrees that in modifying the existing Obligations, Bank is relying upon Borrower's representations, warranties, and agreements, as set forth in the Existing Loan Documents. Except as expressly modified pursuant to this Agreement, the terms of the Existing Loan Documents remain unchanged and in full force and effect. Bank's agreement to modifications to the existing Obligations pursuant to this Agreement in no way shall obligate Bank to make any future modifications to the Obligations. Nothing in this Agreement shall constitute a satisfaction of the Obligations. It is the intention of Bank and Borrower to retain as liable parties all makers of Existing Loan Documents, unless the party is expressly released by Bank in writing. No maker will be released by virtue of this Agreement.

16. COUNTERSIGNATURE. This Agreement shall become effective only when it shall have been executed by Borrower and Bank.

[The remainder of this page is intentionally left blank]

This Agreement is executed as of the date first written above.

EXISTING BORROWER:

MOLEKULE, INC.

By: /s/ Jonathan Harris

Name: Jonathan Harris

Title: Chief Executive Officer

NEW BORROWER:

MOLEKULE GROUP, INC. (F/K/A AEROCLEAN TECHNOLOGIES, INC.)

By: /s/ Ritankar Pal

Name: Ritankar Pal

Title: Chief Operating Officer

BANK:

SILICON VALLEY BANK

By: /s/ Sheila Colson

Name: Sheila Colson

Title: Managing Director

Schedule 1

EXHIBIT B

COMPLIANCE STATEMENT

MASTER LEASE AGREEMENT

THIS MASTER LEASE AGREEMENT (this **"Agreement"**) is made as of June 19, 2020, between TRINITY CAPITAL INC., a Maryland corporation ("Lessor") and MOLEKULE, INC., a Delaware corporation (**"Lessee"**).

Lessee desires to lease from Lessor the equipment and other property (the **"Equipment"**) described in each Equipment Schedule executed pursuant to this Lease (each, a **"Schedule"**) incorporating by reference the terms and conditions of this Lease. Each Schedule identified as being part of this Agreement incorporates the terms of this Agreement and constitutes a separate lease agreement and is referred to herein as the "**Lease**." Certain definitions and construction of certain of the terms used in this Lease are provided in Section 19 hereof. Subject to the terms and conditions of this Agreement, Lessor has agreed to make available to Lessee lease financing in the aggregate amount of $5,600,000 (the "**Commitment Amount**"), with such drawdowns to be made as follows: (i) $2,898,172.88 at the execution of this Lease; and (ii) the remaining balance of $2,701,827.12 to be drawn, at the Lessee's option, by or before March 31, 2021. Notwithstanding anything to the contrary contained herein, in any other Lease Document, or in the Term Sheet dated December 2, 2019, Lessor shall not be obligated to enter into any Schedule (i) after March 31, 2021, (ii) in excess of the aggregate amount of the Commitment Amount, (iii) at any time that there is a then continuing uncured Event of Default hereunder or under any other Lease Document, or (iv) if any conditions precedent in Section 5 have not been satisfied. Each request by Lessee for lease financing shall be in an amount not less than $500,000. For good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties to this Lease agree as follows:

1. AGREEMENT TO LEASE; TERM. This Agreement is effective as of the date specified above. By entering into a Schedule, Lessor leases the Equipment described therein to Lessee, and Lessee leases such Equipment from Lessor, in each case, subject to the terms and conditions in this Lease, each Schedule, each Security Agreement and all of the other documents and agreements executed in connection herewith (collectively, the "**Lease Documents**"). Each Schedule, incorporating the terms and conditions of this Lease, will constitute a separate instrument of lease and is referred to herein as the "**Lease**". The term of lease with respect to each item of Equipment leased under a Schedule shall commence on the date of execution of such Schedule and accompanying Security Agreement and continue for the term provided in that Schedule. The term "Total Cost" means, with respect to the applicable Equipment, the Equipment Cost plus the Soft Costs (as defined in the applicable Schedule). The term "Equipment Cost" means (i) with respect to the Equipment leased under the initial Schedule, the equipment cost amount mutually agreed to by the parties for such Equipment and (ii) with respect to the Equipment leased under any subsequent Schedule, the Supplier's net invoice price (as set forth in the Supply Contract) for such Equipment. The initial monthly rent factor (as in effect on the date of this Agreement) to be used for calculating Basic Rent shall be equal to .027637. The monthly rent factor with respect to each Schedule will be fixed on the commencement date for such Schedule will be determined by Lessor indexing the Prime Lending Rate as reported in the Wall Street Journal on the first day of the month in which a Schedule is executed against 3.25% (which was the Prime Lending Rate at the time the initial monthly rent factor described above were set), and remain fixed for the duration for such Schedule. With respect to any new Schedule executed by Lessee from or after the date of the increase in the Prime Lending Rate, the monthly rent factor described above will be increased by the increase in the implied interest rate underlying such monthly rent factor to the extent of any increase in the Prime Lending Rate. By way of example only, if the Prime Lending Rate is 4.25% on the date of execution of a new Schedule, the implied lending rate will be increased by one percentage point and the monthly rent factor will be adjusted accordingly. Any drop in the Prime Lending Rate shall not cause a corresponding drop in the monthly rent factor from the initial monthly rent factor described above. This Lease is not cancellable or terminable by Lessee for the term set forth in each Schedule; provided that this Lease may be cancelled by Lessee after written notice of

cancellation to Lessor and after Lessee paying all amounts due under any executed Schedule, including all remaining Rent (as defined below), any unpaid fees for the period prior to cancellation of the Lease, the Final Payment as required under a Schedule, or any other amounts due at the time of cancellation whatsoever. Upon cancellation of this Lease, Lessor shall take such actions as may be necessary or reasonable to evidence the release of Lessor's security interest and the Equipment and Lessee's other assets.

2. RENT. Lessee shall pay Lessor (a) the rental installments specified for the Equipment under each Schedule (**"Basic Rent"**) as and when specified in each Schedule, without demand, and (b) all of the other amounts payable in accordance with this Lease, such Schedule and/or any of the other Lease Documents with respect to such Equipment (**"Other Payments"**, and together with the Basic Rent, collectively, the **"Rent"**). Upon Lessee's execution thereof, the related Schedule shall constitute a non-cancelable net lease, and Lessee's obligation to pay Rent, and otherwise to perform its obligations under or with respect to such Schedule and all of the other Lease Documents, are and shall be absolute and unconditional and shall not be affected by any circumstances whatsoever, including any right of setoff, counterclaim, recoupment, deduction, defense or other right which Lessee may have against Lessor, the manufacturer or vendor of the Equipment (the **"Suppliers"**), or anyone else, for any reason whatsoever (each, an **"Abatement"**). Lessee agrees that all Rent shall be paid in accordance with Lessor's or Assignee's written direction. Time is of the essence. If any Rent is not paid within five (5) days of the due date, Lessor may collect, and Lessee agrees to pay a late charge (accruing at the **"Late Charge Rate"** specified in the related Schedule) with respect to the amount in arrears for the period such amount remains unpaid (the **"Late Charge"**). The assessment of a Late Charge shall be in addition to, and not in lieu of, Lessor's imposition of a default rate (accruing at the **"Default Rate"** specified in the related Schedule) with respect to the unpaid and accelerated balance due hereunder.

3. REPRESENTATIONS, WARRANTIES AND AGREEMENTS OF LESSEE. Lessee represents, warrants and agrees that, as of the effective date of this Lease and of each Schedule: (a) Lessee has the form of business organization indicated, and is and will remain duly organized and existing in good standing under the laws of the state specified, under Lessee's signature and is duly qualified to do business wherever necessary to perform its obligations under the Lease Documents, including each jurisdiction in which the Equipment is or will be located. Lessee's legal name is as shown in the preamble of this Lease; and Lessee's Federal Employer Identification Number and organizational number are as set forth under Lessee's signature. Within the previous six (6) years, Lessee has not changed its name, done business under any other name, or merged or been the surviving entity of any merger, except as disclosed to Lessor in writing (except that Lessee was named Transformair, Inc. March 2016 – June 2016), (b) The Lease Documents have been duly authorized by all necessary action consistent with Lessee's form of organization, do not require the approval of, or giving notice to, any governmental authority, do not contravene or constitute a default under any applicable law, Lessee's organizational documents, or any agreement, indenture, or other instrument to which Lessee is a party or by which it may be bound, and constitute legal, valid and binding obligations of Lessee enforceable against Lessee, in accordance with the terms thereof. (c) There are no pending actions or proceedings to which Lessee is a party, and there are no other pending or threatened actions or proceedings of which Lessee has knowledge, before any court, arbitrator or administrative agency, which, either individually or in the aggregate, would have a Material Adverse Effect. As used herein, **"Material Adverse Effect"** shall mean (i) a materially adverse effect on the business, financial condition operations, performance or properties of Lessee, or (ii) a material impairment of the ability of Lessee to perform its obligations under or remain in compliance with such Schedule or any of the other Lease Documents. Further, as of the date hereof, Lessee is not in default under any financial or other material agreement that, either individually, or in the aggregate, would have the same such effect. (d) All of the Equipment covered by such Schedule is located solely in the jurisdiction(s) specified in such Schedule. (e) Under the applicable laws of each such jurisdiction, such Equipment consists (and shall continue to consist) solely of personal property and not fixtures. Such Equipment is removable from and is not essential to the premises at which it is located. (f) The financial statements of Lessee (copies of which have been furnished to Lessor) have been prepared in accordance with generally accepted accounting principles consistently applied (subject to year-end and audit adjustments and the absence of footnotes) ("**GAAP**"), and fairly present in all material respects Lessee's financial condition and the results of its operations as of the date of and for the period covered by such

statements, and since the date of such statements there has been no material adverse change in such conditions or operations. (g) With respect to any Collateral, Lessee has good title to, rights in, and/or power to transfer all of the same. (h) No Supplier is an affiliate of Lessee. (i) The Supply Contract (as such term is hereinafter defined) represents an arms' length transaction and the purchase price for the Equipment specified therein is the amount obtainable in an arms' length transaction between a willing and informed buyer and a willing and informed seller under no compulsion to sell. Lessee further waives any and all rights and remedies conferred by UCC 2A-508 through 2A-522, including, but not limited to, Lessee's right to (1) cancel or repudiate the Lease; (2) reject or revoke acceptance of the Equipment; (3) deduct from rental payments all or any part of any claimed damages resulting from Lessor's default under the Lease; (4) recover from Lessor any general, special, incidental, or consequential damages, for any reason whatsoever. Lessee further waives any and all rights, now or hereafter conferred by statute or otherwise, that may require Lessor to sell, re-lease, or otherwise use or dispose of the Equipment in mitigation of Lessor's damages or that may otherwise limit or modify any of Lessor's rights or remedies hereunder.

4. FURTHER ASSURANCES AND OTHER COVENANTS. Lessee agrees as follows: (a) Lessee will furnish Lessor with (1) for each fiscal year for which Lessee's board of directors requires Lessee to prepare audited financial statements, a copy of Lessee's annual, audited financial statements consisting of a consolidated and consolidating balance sheet, income statement and cash flow statement prepared in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding fiscal year and presenting fairly in all material respects Lessee's financial condition as at the end of that fiscal year and the results of its operations for the twelve (12) month period then ended and certified by Lessee's chief executive officer, chief operating officer, chief financial officer or other financial officer that such financial statements fairly present in all material respects Lessee's financial condition, together with an unqualified opinion (provided that such opinion may contain a "going concern" qualification typical for venture backed companies similar to Lessee) on the financial statements from an independent certified public accounting firm acceptable to Lessor in its reasonable discretion, within two hundred seventy(270) days of the close of each fiscal year of Lessee; provided that if the Board does not require audited financial statements, then, as soon as available, and in any event within ninety (90) days after the end of Lessee's fiscal year, company-prepared consolidated financial statements for such fiscal year certified by the Lessee's chief executive officer, chief operating officer, chief financial officer or other financial officer that such financial statements fairly present in all material respects Lessee's financial condition and in a form reasonably acceptable to Lessor, (2) a copy of Lessee's unaudited financial statements pertaining to the results of operations for the month then ended and certified by Lessee's chief executive officer, chief operating officer, chief financial officer or other financial officer, consisting of a consolidated and consolidating balance sheet, income statement and cash flow statement, prepared in accordance with generally accepted accounting principles applied on a consistent basis, along with the most recent "Transaction Report" provided by Silicon Valley Bank (or if such report is no longer provided by Silicon Valley Bank at the time, copies of bank statements), within thirty (30) days of the close of each fiscal month of Lessee, (3) a copy of Lessee's most recent 409A valuation within 30 days of its approval by the Lessee's board of directors, (4) all of Lessee's Forms 10-K and 10-Q, if any, filed with the Securities and Exchange Commission (**"SEC"**) as and when filed (by furnishing these SEC forms, which forms may be furnished electronically and if so furnished, shall be deemed to have been furnished on the date on which Lessee posts such forms, or provides a link thereto, on Lessee's website on the internet at Lessee's website address and provides Lessor written notice of such posting), and (5) a complete and accurate listing of all Equipment leased under a Schedule which includes its then current location within thirty (30) days of request by Lessor. (b) Lessee shall obtain and deliver to Lessor and/or promptly execute or otherwise authenticate any documents, filings, waivers (including any landlord and mortgagee waivers), releases and other records, and will take such further action as Lessor may reasonably request in furtherance of Lessor's rights under any of the Lease Documents. Lessee irrevocably authorizes Lessor to file UCC financing statements (**"UCCs"**), and other filings with respect to the Equipment or any Collateral. Without Lessor's prior written consent, Lessee agrees not to file any corrective or termination statements or partial releases with respect to any UCCs filed by Lessor pursuant to this Lease. (c) Lessee shall provide written notice to Lessor within fifteen (15) days prior to any change in Lessee's name or jurisdiction or form of organization, promptly upon the occurrence of any Event of Default (as defined in Section 15) or event which, with the lapse of time or the giving of notice, or both, would become an Event of Default (a **"Default"**) and/or

promptly upon Lessee becoming aware of any alleged violation of applicable law relating to the Equipment or this Lease.

5. CONDITIONS PRECEDENT. Lessor's agreement to lease any Equipment under a Schedule, is conditioned upon Lessor's determination that all of the following have been satisfied: (a) Lessor having received the following, in form and substance reasonably satisfactory to Lessor: (1) evidence as to due compliance with the insurance provisions of Section 11; (2) lien searches in the jurisdiction of Lessee's organization, and wherever else Lessor deems appropriate; (3) UCCs, real property waivers and all other filings required by Lessor; (4) a certificate of an appropriate Officer of Lessee certifying: (A) resolutions duly authorizing the transactions contemplated in the applicable Lease Documents, and (B) the incumbency and signature of the officers of Lessee authorized to execute such documents; (5) duly executed copies of the applicable Schedule, and counterpart originals of all other Lease Documents; (6) all purchase documents pertaining to the Equipment (collectively, the **"Supply Contract"**); (7) good standing certificates from the jurisdiction of Lessee's organization and the location of the Equipment, and evidence of Lessee's organizational number; (8) Lessor's satisfaction, in Lessor's sole discretion, of the results of Lessor's due diligence investigation, including, without limitation, if requested by Lessor, review of the financial statements of Lessee dated no more than sixty (60) days prior to the release of any draw, (9) issuance of Warrants to Purchase Series C-1 Preferred Stock, in form acceptable to Lessor in Lessor's sole discretion, with values equal to 2% of the facility commitment amount divided by the strike price of $3.12 per share and; (10) such other documents, agreements, instruments, certificates, and assurances, as Lessor reasonably may require. (b) All representations and warranties provided by Lessee in favor of Lessor in any of the Lease Documents shall be true and correct on the effective date of the related Schedule (Lessee's execution and delivery of the Schedule shall constitute Lessee's acknowledgment of the same).
(c) There shall be no Default or Event of Default under the Schedule or any other Lease Documents. The Equipment shall have been delivered to and accepted by Lessee, as evidenced by the Schedule, and shall be in the condition and repair required hereby; and on the effective date of such Schedule Lessor shall have received good title to the Equipment described therein, free and clear of any claims, liens, attachments, rights of others and legal processes (**"Liens"**, other than the Permitted Liens.

6. ACCEPTANCE UNDER LEASE. Upon delivery, Lessee shall inspect and, if conforming to the condition required by the applicable Supply Contract, accept the Equipment and execute and deliver to Lessor a Schedule describing such Equipment. The Schedule will evidence Lessee's unconditional and irrevocable acceptance under the Schedule of the Equipment described therein. However, if Lessee fails to accept delivery of any item of the Equipment or accepts such Equipment but fails to satisfy any or all of the other conditions set forth in Section 5, Lessor shall have no obligation to lease such Equipment. In such event, Lessor's rights shall include, among other things, the right to demand that Lessee (a) fully assume all obligations as purchaser of the Equipment, with the effect of causing Lessor to be released from any liability relating thereto, (b) immediately remit to Lessor an amount sufficient to reimburse it for all advance payments, costs, taxes or other charges paid or incurred with respect to the Equipment (including any of such amounts paid by Lessor to any Supplier under the Supply Contract or as a reimbursement to Lessee), together with interest at the Late Charge Rate accruing from the date or dates such amounts were paid by Lessor until indefeasibly repaid by Lessee in full, and (c) take all other actions necessary to accomplish such assumption.

7. USE AND MAINTENANCE. (a) Lessee shall (1) use the Equipment solely in the continental United States and in the conduct of it business, for the purpose for which the Equipment was designed, in a careful and proper manner, and shall not permanently discontinue use of the Equipment; (2) operate, maintain, service and repair the Equipment, and maintain all records and other materials relating thereto, (A) in accordance and consistent with (i) the applicable Supplier's recommendations and all maintenance and operating manuals or service agreements, whenever furnished or entered into, including any subsequent amendments or replacements thereof, issued by any Supplier or service provider, (ii) the requirements of all applicable insurance policies, (iii) the Supply Contract, so as to preserve all of Lessee's and Lessor's rights thereunder, including all rights to any warranties, indemnities or other rights or remedies, (iv) all applicable laws, and (v) the prudent practice of other similar companies in the same business as Lessee, but in any event, to no lesser standard than that employed by Lessee for comparable equipment owned by or leased by it; and (B) without limiting the foregoing, so as to cause the Equipment to be in good repair

and operating condition and in at least the same condition as when delivered to Lessee hereunder, except for ordinary wear and tear resulting despite Lessee's full compliance with the terms hereof; (3) provide written notice to Lessor not less than thirty (30) days after any change of the location of any Equipment (or the location of the principal garage of any Equipment, to the extent that such Equipment is mobile equipment) as specified in the Schedule; and (4) not attach or incorporate the Equipment to or in any other property in such a manner that the Equipment may be deemed to have become an accession to or a part of such other property; (5) not allow any Hazardous Material (as hereafter defined) to be used, generated, released, stored, disposed of or transported in, on or around the Equipment, except in compliance with applicable law. (b) Within a reasonable time, Lessee will replace any parts of the Equipment which become worn out, lost, destroyed, or damaged beyond repair or otherwise unfit for use, by new or reconditioned replacement parts which are free and clear of all Liens, other than the Permitted Liens, and have a value, utility and remaining useful life at least equal to the parts replaced (assuming that they were in the condition required by this Lease). Any modification or addition to the Equipment that is required by this Lease shall be made by Lessee. Title to all such parts, modifications and additions to the Equipment immediately shall vest in Lessor, without any further action by Lessor or any other person, and they shall be deemed incorporated in the Equipment for all purposes of the related Schedule. Unless replaced in accordance with this Section, Lessee shall not remove any parts originally or from time to time attached to the Equipment, if such parts are essential to the operation of the Equipment, are required by any other provision of this Lease or cannot be detached from the Equipment without materially interfering with the operation of the Equipment or adversely affecting the value, utility and remaining useful life which the Equipment would have had without the addition of such parts. Except as permitted in this Section, Lessee shall not make any material alterations to the Equipment. (c) Upon forty-eight (48) hours' notice, Lessee shall afford Lessor and/or its designated representatives access to the premises where the Equipment is located for the purpose of inspecting such Equipment and all applicable maintenance or other records relating thereto at any reasonable time during normal business hours; provided, however, if a Default or Event of Default shall have occurred and then be continuing, no notice of any inspection by Lessor shall be required. If any discrepancies are found as they pertain to the general condition of the Equipment, Lessor will communicate these discrepancies to Lessee in writing. Lessee shall then have thirty (30) days (or, so long as Lessee is working diligently in good faith to rectify such discrepancies, such longer time as may be reasonably agreed) to rectify these discrepancies at its sole expense. Lessee shall pay all expenses of re-inspection by Lessor's appointed representative, if corrective measures were required.

8. DISCLAIMER; QUIET ENJOYMENT. THE EQUIPMENT IS LEASED HEREUNDER "AS IS, WHERE IS". LESSOR IS NOT A SUPPLIER, AND LESSOR SHALL NOT BE DEEMED TO HAVE MADE, AND HEREBY DISCLAIMS, ANY REPRESENTATION OR WARRANTY, EITHER EXPRESS OR IMPLIED, AS TO THE EQUIPMENT, INCLUDING ANY PART, OR ANY MATTER WHATSOEVER, INCLUDING, AS TO EACH ITEM OF EQUIPMENT, ITS DESIGN, CONDITION, MERCHANTABILITY, FITNESS FOR ANY PARTICULAR PURPOSE, TITLE, ABSENCE OF ANY PATENT, TRADEMARK OR COPYRIGHT INFRINGEMENT OR LATENT DEFECT (WHETHER OR NOT DISCOVERABLE BY LESSEE), COMPLIANCE OF SUCH ITEM WITH ANY APPLICABLE LAW, CONFORMITY OF SUCH ITEM TO THE PROVISIONS AND SPECIFICATIONS OF ANY PURCHASE DOCUMENT OR TO THE DESCRIPTION SET FORTH IN THE RELATED SCHEDULE OR ANY OF THE OTHER LEASE DOCUMENTS, OR ANY INTERFERENCE OR INFRINGEMENT (EXCEPT AS EXPRESSLY PROVIDED IN SECTION 8(b)), OR ARISING FROM ANY COURSE OF DEALING OR USAGE OF TRADE, NOR SHALL LESSOR BE LIABLE, FOR ANY INDIRECT, INCIDENTAL, SPECIAL OR CONSEQUENTIAL DAMAGES OR FOR STRICT OR ABSOLUTE LIABILITY IN TORT; AND LESSEE HEREBY WAIVES ANY CLAIMS ARISING OUT OF ANY OF THE FOREGOING. Lessee has selected the Equipment and represents to Lessor that all of the Equipment is suitable for Lessee's purposes. If Lessee has any claims regarding the Equipment or any other matter arising from Lessee's relationship with any Supplier, Lessee must make them against such Supplier. Without limiting the foregoing, Lessor will not be responsible to Lessee or any other person with respect to, and Lessee agrees to bear sole responsibility for, any risk or other matter that is the subject of Lessor's disclaimer; and Lessor's agreement to enter into this Lease and any Schedule is in reliance upon the freedom from and complete negation of liability or responsibility for the matters so waived or disclaimed herein or covered by the indemnity in this Lease. So long as no Event of Default has occurred, Lessee may exercise Lessor's rights, if any, under any warranty with respect to the Equipment. Lessee's exercise of such rights shall be at its sole risk, shall not result in any prejudice to Lessor, and may be

exercised only during the term of the related Schedule. Lessee shall not attempt to enforce any such warranty by legal proceeding without Lessor's prior written approval. This provision survives termination and/or expiration of the Lease.

9. FEES AND TAXES. Lessee agrees to: (a) (1) if permitted by law, file in Lessee's own name or on Lessor's behalf, directly with all appropriate taxing authorities all declarations, returns, inventories and other documentation with respect to any personal property taxes (or any other taxes in the nature of or imposed in lieu of property taxes) due or to become due with respect to the Equipment, and if not so permitted by law, to promptly notify Lessor and provide it with all information required in order for Lessor to timely file all such declarations, returns, inventories, or other documentation, and (2) pay on or before the date when due all such taxes assessed, billed or otherwise payable with respect to the Equipment directly to the appropriate taxing authorities; (b) (1) pay when due as requested by Lessor, and (2) defend and indemnify Lessor on a net after-tax basis against liability for all license and/or registration fees, assessments, and sales, use, property, excise, privilege, Federal Highway Use, value added and other taxes or other charges or fees now or hereafter imposed by any governmental body or agency upon the Equipment or with respect to the manufacture, shipment, purchase, ownership, delivery, installation, leasing, operation, possession, use, return, or other disposition thereof or the Rent hereunder (other than taxes on or measured solely by the net income of Lessor); and (c) indemnify Lessor against any penalties, charges, interest or costs imposed with respect to any items referred to in clauses (a) and (b) above (the items referred to as clauses (a), (b), and (c) above being referred to herein as **"Impositions"**). Any Impositions which are not paid when due and which are paid by Lessor shall, at Lessor's option, become immediately due from Lessee to Lessor.

10. TITLE; GRANTING CLAUSE. Lessee and Lessor intend this Agreement to constitute a "finance lease" as that term is defined in Article 2A of the Uniform Commercial Code. (b) In order to secure the prompt payment of the Rent and all of the other amounts from time to time outstanding with respect hereto and to each Schedule, and the performance and observance by Lessee of all of the provisions hereof and thereof and of all of the other Lease Documents, Lessee hereby agrees to execute a security agreement in favor of Lessor in the form of Exhibit A attached hereto in conjunction with the execution of each Schedule (individually and collectively, and as each may be amended, amended and restated, supplemented or otherwise modified from time to time, the "**Security Agreement**") and collaterally assigns, grants, and conveys to Lessor, a security interest in and lien on all of Lessee's right, title and interest in and to all of the following (whether now existing or hereafter created, and including any other collateral described on any rider hereto; the **"Collateral"**): (1) the Equipment described in such Schedule or otherwise covered thereby (including all inventory, fixtures or other property comprising the Equipment), together with all related software (embedded therein or otherwise) and general intangibles, all additions, attachments, accessories and accessions thereto whether or not furnished by a Supplier; (2) all subleases, chattel paper, accounts, security deposits, and general intangibles relating thereto, and any and all substitutions, replacements or exchanges for any such item of Equipment or other collateral, in each such case in which Lessee shall from time to time acquire an interest; (3) any and all insurance and/or other proceeds of the property and other collateral in and against which a security interest is granted under the Lease Documents; and (4) collectively, all "Collateral" as defined in each Security Agreement. The collateral assignment, security interest and lien granted in the Lease Documents shall survive the termination, cancellation or expiration of each Schedule until such time as Lessee's obligations thereunder and under the other Lease Documents are fully and indefeasibly discharged. (c) If contrary to the parties' intentions a court determines that any Schedule is not a true "lease", the parties agree that in such event Lessee agrees that: (1) with respect to the Equipment, in addition to all of the other rights and remedies available to Lessor hereunder upon the occurrence of a Default, Lessor shall have all of the rights and remedies of a first priority secured party under the UCC; and (2) any obligation to pay Basic Rent or any Other Payment, to the extent constituting the payment of interest, shall be at an interest rate that is equal to the lesser of the maximum lawful rate permitted by applicable law or the effective interest rate used by Lessor in calculating such amounts. Lessee waives any and all written notices for demand, presentment, notice of intent to accelerate and acceleration otherwise applicable under any article of the UCC or other statutory provision.

11. INSURANCE. Upon acceptance under a Schedule, until the payment of the Final Payment under the Schedule, Lessee shall maintain all-risk insurance coverage with respect to the Equipment insuring against,

among other things: (a) any casualty to the Equipment (or any portion thereof), including loss or damage due to fire and the risks normally included in extended coverage, malicious mischief and vandalism, for not less than the full replacement value of the Equipment; and (b) any commercial liability arising in connection with the Equipment, including both bodily injury and property damage. The required insurance policies (including endorsements) shall (i) be written by insurers of recognized reputation and, (ii) be endorsed to name Lessor as an additional insured (but without responsibility for premiums), (iii) provide that any amount payable under the required casualty coverage shall be paid directly to Lessor as sole loss payee, and (iv) provide for twenty (20) days' written notice (ten (10) days' written notice for nonpayment of premium) by such insurer of cancellation, or non-renewal. Lessee agrees that it shall obtain and maintain such other coverages (including pollution coverage) as may be appropriate in light of any changes in applicable law, prudent industry practices, or Lessee's anticipated use of the Equipment.

12. LOSS AND DAMAGE. (a) At all times, Lessee shall bear the risk of loss, theft, confiscation, taking, unavailability, damage or partial destruction of the Equipment and shall not be released from its obligations under any Schedule or other Lease Document in any such event. (b) Lessee shall provide prompt written notice to Lessor of any Total Loss or any material damage to the Equipment. Any such notice must be provided together with any damage reports provided to any governmental authority, the insurer or Supplier, and any documents pertaining to the repair of such damage, including copies of work orders, and all invoices for related charges. (c) Without limiting any other provision hereof, Lessee shall repair all damage to any item of Equipment from any and all causes, other than a Total Loss, so as to cause it to be in the condition and repair required by this Lease. (d) A **"Total Loss"** shall be deemed to have occurred to an item of Equipment upon the actual or constructive total loss of any item of the Equipment, the loss, disappearance, theft or destruction of any item of the Equipment, or damage to any item of the Equipment that is uneconomical to repair or renders it unfit for normal use, or the condemnation, confiscation, requisition, seizure, forfeiture or other taking of title to or use of any item of the Equipment or the imposition of any Lien thereon by any governmental authority. On the next rent payment date following a Total Loss (a "Loss Payment Date"), Lessee shall pay to Lessor the Basic Rent due on that date plus the Stipulated Loss Value of the item or items of the Equipment with respect to which the Total Loss has occurred (the **"Lost Equipment"**), together with any Other Payments due hereunder with respect to the Lost Equipment. Upon making such payment, (i) Lessee's obligation to pay future Basic Rent shall terminate solely with respect to the items of Lost Equipment so paid for, but Lessee shall remain liable for, and pay as and when due, all Other Payments, and (ii) Lessor shall convey to Lessee all of Lessor's right, title and interest in the Lost Equipment "AS IS WHERE IS", but subject to the requirements of any third party insurance carrier in order to settle an insurance claim. As used in this Lease, "**Stipulated Loss Value**" shall mean, with respect to any Equipment on a Schedule, as of the Loss Payment Date, the product of (i) the sum of any accrued and unpaid Rent, plus the present value as of such date of the total Basic Rent for the then remaining term of such Schedule, plus the present value of the Other Payments (other than Basic Rent) to become due during the balance of the term of the applicable Schedule, including amounts such as future taxes and the end of term purchase amount in each Equipment Schedule and (ii) the percentage of the Total Invoice Cost of the Lost Equipment divided by the Total Invoice Cost applicable to such Schedule. After the final rent payment date of the original term or any renewal term of a Schedule, the Stipulated Loss Value shall be determined as of the last rent payment date during the applicable term of such Schedule. (e) Lessor shall be under no duty to Lessee to pursue any claim against any person in connection with a Total Loss or other loss or damage. (f) If Lessor receives a payment under an insurance policy required under this Lease in connection with any Total Loss or other loss of or damage to an item of Equipment, and such payment is both unconditional and indefeasible, then provided Lessee shall have complied with the applicable provisions of this Section, Lessor shall either (1) if received pursuant to a Total Loss, remit such proceeds to Lessee up to an amount equal to the amount paid by Lessee to Lessor as the Stipulated Loss Value, or credit such proceeds against any amounts owed by Lessee pursuant to Section 12(d), or (2) if received with respect to repairs to be made pursuant to Section 12(c), remit such proceeds to Lessee up to an amount equal to the amount of the costs of repair.

13. [RESERVED]

14. INDEMNITY. Lessee shall indemnify, defend and keep harmless Lessor and any Assignee (as defined in Section 17), and their respective agents and employees (each, an **"Indemnitee"**), from and

against any and all Claims (other than such as may directly and proximately result from the actual, but not imputed, gross negligence or willful misconduct of such Indemnitee), by paying or otherwise discharging same, when and as such Claims shall become due. Lessee agrees that the indemnity provided for in this Section includes the agreement by Lessee to indemnify each Indemnitee from the consequences of its own simple negligence, whether that negligence is the sole or concurring cause of the Claims, and to further indemnify each such Indemnitee with respect to Claims for which such Indemnitee is strictly liable. Lessor shall give Lessee prompt notice of any Claim hereby indemnified against and Lessee shall be entitled to control the defense of and/or to settle any Claim, in each case, so long as (a) no Default or Event of Default has occurred and is then continuing, (b) Lessee confirms, in writing, its unconditional and irrevocable commitment to indemnify each Indemnitee with respect to such Claim, (c) Lessee is financially capable of satisfying its obligations under this Section, and (d) Lessor approves the defense counsel selected by Lessee. The term **"Claims"** shall mean all claims, allegations, harms, judgments, settlements, suits, actions, debts, obligations, damages (whether incidental, consequential or direct), demands (for compensation, indemnification, reimbursement or otherwise), losses, penalties, fines, liabilities (including strict liability), charges that Lessor has incurred or for which it is responsible, in the nature of interest, Liens, and costs (including attorneys' fees and disbursements and any other legal or non-legal expenses of investigation or defense of any Claim, whether or not such Claim is ultimately defeated or enforcing the rights, remedies or indemnities provided for hereunder, or otherwise available at law or equity to Lessor), of whatever kind or nature, contingent or otherwise, matured or unmatured, foreseeable or unforeseeable, by or against any person, arising on account of (1) any Lease Document, including the performance, breach (including any Default or Event of Default) or enforcement of any of the terms thereof, or (2) the Equipment, or any part or other contents thereof, any substance at any time contained therein or emitted therefrom, including any Hazardous Materials that may exist in violation hereof, or the premises at which the Equipment may be located from time to time, or (3) the ordering, acquisition, delivery, installation or rejection of the Equipment, the possession of any property to which it may be attached from time to time, maintenance, use, condition, ownership or operation of any item of Equipment, and by whomsoever owned, used, possessed or operated, during the term of any Schedule with respect to that item of Equipment, the existence of latent and other defects (whether or not discoverable by Lessor or Lessee) any claim in tort for negligence or strict liability, and any claim for patent, trademark or copyright infringement, or the loss, damage, destruction, theft, removal, return, surrender, sale or other disposition of the Equipment, or any item thereof, including, Claims involving or alleging environmental damage, or any criminal or terrorist act, or for whatever other reason whatsoever. If any Claim Is made against Lessee or an Indemnitee, the party receiving notice of such Claim shall promptly notify the other, but the failure of the party receiving notice to so notify the other shall not relieve Lessee of any obligation hereunder.

15. DEFAULT. A default shall be deemed to have occurred hereunder and under a Schedule upon the occurrence of any of the following (each, an **"Event of Default"**):

(a) non-payment of Basic Rent on the applicable rent payment date;

(b) non-payment of any Other Payment within five (5) days after it is due;

(c) failure to maintain, use or operate the Equipment in compliance with applicable law;

(d) failure to obtain, maintain and comply with all of the insurance coverages required under this Lease;

(e) any transfer or encumbrance, or the existence of any Lien that is prohibited by this Lease;

(f) a payment or other default by Lessee under any loan, lease, guaranty or other financial obligation to Lessor or its affiliates, which default entitles the other party to such obligation to exercise remedies, and such default is not waived or cured within five (5) days of the occurrence thereof;

(g) a payment or other default by Lessee under any material loan, lease, guaranty or other material financial obligation to any third party in any amount individually or in the aggregate in excess of Two Hundred Fifty Thousand Dollars ($250,000) for which such third party has exercised remedies;

(h) a material inaccuracy in any representation or breach of warranty by Lessee (including any false or misleading representation or warranty) in any financial statement or Lease Document, including any omission of any substantial contingent or unliquidated liability or Claim against Lessee;

(i) (x) Lessee makes an assignment for the benefit of its creditors, files any petition or takes any action under any bankruptcy, reorganization or insolvency laws or (y) the commencement of any bankruptcy, insolvency, receivership or similar proceeding by or against Lessee or any of its properties or business (unless, if involuntary, the proceeding is dismissed within forty-five (45) days of the filing thereof) or the rejection of this Lease or any other Lease Document in any such proceeding;

(j) the failure by Lessee generally to pay its debts as they become due or its admission in writing of its inability to pay the same;

(k) Lessee:

(1) enters into a transaction or series of transactions by which: (a) Lessee merges with or consolidates with another person and Lessee is not the surviving person or (b) leases or sells substantially all of its and its subsidiaries' assets or property substantially as an entirety to any other person or (c) by which any person, entity or group acquires, directly or indirectly, fifty percent (50%) or more of Lessee's outstanding voting capital stock, unless all outstanding obligations under this Lease are paid full as part of such transaction; or

(2) ceases to do business as a going concern, liquidate, or dissolve;

(l) the Lessee or any guarantor ceases to exist;

(m) there occurs a default or anticipatory repudiation under any guaranty executed in connection with this Lease;

(n) [reserved];

(o) breach by Lessee of any other covenant, condition or agreement (other than those in items (a)-(p)) under this Lease or any of the other Lease Documents that continues for ten (10) days after the occurrence of such default provided, however, that if the default cannot by its nature be cured within the ten (10) day period or cannot after diligent attempts by Lessee be cured within such ten (10) day period, and such default is likely to be cured within a reasonable time, then Lessee shall have an additional period (which shall not in any case exceed thirty (30) days) to attempt to cure such breach (but such cure period will not be applicable unless such breach is curable by practical means within such period);

(p) failure to promptly remit to Lessor an amount sufficient to reimburse Lessor for all amounts paid to a Supplier under a Supply Contract in the event Lessee fails to accept delivery of any item of Equipment;

(q) if Lessor determines in its good faith judgment that it is the clear intention of Lessee's investors to not continue to fund Lessee, or arrange funding of Lessee with investors acceptable to Lessor in its sole good faith discretion, in the amounts and timeframe to the extent necessary to enable Lessee to satisfy its obligations under this Agreement or any Schedule as they become due and payable.

16. REMEDIES. (a) if an Event of Default occurs, Lessor may (in its sole discretion) exercise any one or more of the following remedies with respect to such Schedule and any or all other Schedules to which such Lessor is then a party: (1) proceed at law or in equity, to enforce specifically Lessee's performance or to recover damages; (2) declare each such Schedule in default, and cancel each such Schedule or otherwise terminate Lessee's right to use the Equipment and Lessee's other rights, but not its obligations, thereunder and Lessee shall immediately assemble, make available and, if Lessor requests, return the Equipment to Lessor in accordance with the terms of this Lease; (3) enter any premises where any item of Equipment is located and take immediate possession of and remove (or disable in place) such item (and/or any

unattached parts) by self-help, summary proceedings or otherwise without liability; (4) use Lessee's premises for storage without liability; (5) sell, re-lease or otherwise dispose of any or all of the Equipment, whether or not in Lessor's possession, at public or private sale, with or without notice to Lessee, and apply or retain the net proceeds of such disposition, with Lessee remaining liable for any deficiency and with any excess being retained by Lessor; (6) enforce any or all of the preceding remedies with respect to any related Collateral, and apply any deposit or other cash collateral, or any proceeds of any such Collateral, at any time to reduce any amounts due to Lessor; (7) demand, accelerate and recover from Lessee all Rent and all other damages whenever the same shall be due; and (8) exercise any and all other remedies allowed by applicable law, including the UCC.

(b) If an Event of Default occurs hereunder or with respect to any Schedule and:

(1) if Lessor recovers the Equipment and disposes of it by a lease or elects not to dispose of the Equipment after recovery, upon demand, Lessee shall pay to Lessor an amount equal to the sum of:

(A) any accrued and unpaid Rent as of the date Lessor recovers possession of the Equipment, plus (B) the present value as of such date of the total Basic Rent for the then remaining term of such Schedule, minus (C) either, as determined by Lessor, (i) the present value, as of the commencement date of any substantially similar re-lease of the Equipment, of the re-lease rent payable for that period, commencing on such date, which is comparable to the then remaining term of such Schedule or (ii) the present value, as of that certain date which may be determined by taking into account Lessor's having a reasonable opportunity to remarket the Equipment, of the “market rent” for such Equipment (as computed pursuant to Article 2A) in the continental United States on that date, computed for that period, commencing on such date, which is comparable to the then remaining term of such Schedule; provided, however, Lessee acknowledges that if Lessor is unable after reasonable effort to dispose of the Equipment at a reasonable price and pursuant to other reasonable terms, or the circumstances reasonably indicate that such an effort will be unavailing, the “market rent” in such event will be deemed to be $0.00, but in the event that Lessor does eventually re-lease or otherwise dispose of the Equipment, it will apply the net proceeds of such disposition, to the extent received in good and indefeasible funds, as a credit or reimbursement, as applicable, in a manner consistent with the applicable provisions of Article 2A. Any amounts discounted to present value shall be discounted at a discount rate equal to the Wall Street Journal Prime Rate, as of the date of default, compounded annually.

(2) if Lessee fails to assemble and return the Equipment after an Event of Default as required under Section 16(a)(2) above, or if Lessor recovers and sells the Equipment, upon demand, Lessee shall pay to Lessor an amount an amount equal to the sum of:

(A) any accrued and unpaid Rent as of either the date of the Event of Default or the date Lessor recovers possession of the Equipment, whichever is later, plus (B) the present value as of such date of the total Basic Rent for the then remaining term of such Schedule, plus (C) Lessor’s estimate at the time the Lease was entered into of Lessor’s residual interest in the Equipment, plus (D) all Enforcement Costs (defined in Section 16(c), minus (E) a credit for any disposition proceeds, if applicable, pursuant to the application provisions in the next sentence. If Lessor recovers and sells the Equipment, any proceeds received in good and indefeasible funds shall be applied by Lessor, with respect to the related Schedule: first, to pay all Enforcement Costs, to the extent not previously paid; second, to pay to Lessor an amount equal to any unpaid Rent due and payable to the extent not previously paid; third, to pay to Lessor any interest accruing on the amounts covered by the preceding clauses, at the Late Charge Rate, from and after the date the same becomes due, through the date of payment; and fourth, (A) if the Lessor under such Schedule is also the Lessor under any other Schedules (whether by retaining the same, or as Assignee), to satisfy any remaining obligations under any or all such other Schedules, or (B) if such Lessor is not the Lessor under any other Schedule, or if Lessee's obligations to such Lessor under such other Schedules have been fully and indefeasibly satisfied, to reimburse Lessee for such amounts to the extent previously paid by Lessee. Any amounts discounted to present value shall be discounted at a discount rate equal to the Wall Street Journal Prime Rate, as of the date of default, compounded annually.

(c) A cancellation of any Schedule as permitted under this Lease shall occur only upon written notice

by Lessor to Lessee. Unless already specifically provided for in Section 16(b), if an Event of Default occurs with respect to any Schedule, Lessee shall also be liable for all of the following ("Enforcement Costs"): (1) all unpaid Rent due before, during or after exercise of any of the foregoing remedies, and (2) all reasonable invoiced legal fees (including consultation, drafting notices or other documents, expert witness fees, sending notices or instituting, prosecuting or defending litigation or arbitration) and other enforcement costs and expenses incurred by reason of any Default or Event of Default or the exercise of Lessor's rights or remedies, including all expenses incurred in connection with the return or other recovery of any Equipment in accordance with the terms of this Lease or in placing such Equipment in the condition required hereby, or the sale, re-lease or other disposition (including but not limited to costs of transportation, possession, storage, insurance, taxes, lien removal, repair, refurbishing, advertising and brokers' fees), and all other pre-judgment and post-judgment enforcement related actions taken by Lessor or any actions taken by Lessor in any bankruptcy case involving Lessee, the Equipment, or any other person. Late Charges shall accrue with respect to any amounts payable under this Section for as long as such amounts remain outstanding, and shall be paid by Lessee upon demand. No right or remedy is exclusive and each may be used successively and cumulatively. Any failure to exercise the rights granted hereunder upon any Default or Event of Default shall not constitute a waiver of any such right. The execution of a Schedule shall not constitute a waiver by Lessor of any pre-existing Default or Event of Default. With respect to any disposition of any Equipment or Collateral pursuant to this Section, (i) Lessor shall have no obligation, subject to the requirements of commercial reasonableness, to clean-up or otherwise prepare the same for disposition, (ii) Lessor may comply with any applicable law in connection with any such disposition, and any actions taken in connection therewith shall not be deemed to have adversely affected the commercial reasonableness of any disposition thereof, (iii) Lessor may disclaim any title or other warranties in connection with any such disposition, and (iv) Lessee shall remain responsible for any deficiency remaining after Lessor's exercise of its remedies and application of any funds or credits against Lessee's obligations under any Schedule, and Lessor shall retain any excess after such application.

17. ASSIGNMENT. (a) LESSEE SHALL NOT ASSIGN, DELEGATE, TRANSFER OR ENCUMBER ANY OF ITS RIGHTS OR OBLIGATIONS HEREUNDER OR UNDER ANY SCHEDULE, OR ITS LEASEHOLD INTEREST OR ANY COLLATERAL, SUBLET THE EQUIPMENT OR OTHERWISE PERMIT THE EQUIPMENT TO BE OPERATED OR USED BY, OR TO COME INTO OR REMAIN IN THE POSSESSION OF, ANYONE BUT LESSEE. Without limiting the foregoing, (1) Lessee may not attempt to dispose of any of the Equipment, and (2) Lessee shall (A) maintain the Equipment free from all Liens, other than Permitted Liens, (B) notify Lessor immediately upon receipt of notice of any Lien affecting the Equipment, and (C) defend Lessor's title to the Equipment. A "Permitted Lien" shall mean (A) any Lien for Impositions, Liens of mechanics, materialmen, or suppliers and similar Liens arising by operation of law, provided that any such Lien is incurred by Lessee in the ordinary course of business, for sums that are not yet delinquent or are being contested in good faith and with due diligence, by negotiations or by appropriate proceedings which suspend the collection thereof and, in Lessor's sole discretion, (i) do not involve any substantial danger of the sale, forfeiture or loss of the Equipment or any interest therein, and (ii) for the payment of which adequate assurances or security have been provided to Lessor, (B) the Lien pursuant to that certain Loan and Security Agreement between Lessee and Silicon Valley Bank dated June 29, 2016, as amended, modified, supplemented, or restated from time to time, and subject to the terms of an intercreditor agreement acceptable to Lessor in Lessor's sole discretion, (C) Liens for taxes, fees, assessments or other government charges or levies, either (i) not due and payable or (ii) being contested in good faith and for which Lessee maintains adequate reserves on Lessee's Books, provided that no notice of any such Lien has been filed or recorded under the Internal Revenue Code of 1986, as amended, and the Treasury Regulations adopted thereunder, (D) purchase money Liens or capital leases (i) on Equipment acquired or held by Lessee incurred for financing the acquisition of the Equipment, or (ii) existing on Equipment when acquired, if the Lien is confined to the property and improvements and the proceeds of the Equipment, (E) Liens of carriers, warehousemen, suppliers, or other Persons that are possessory in nature arising in the ordinary course of business so long as such Liens attach only to Inventory which are not delinquent or remain payable without penalty or which are being contested in good faith and by appropriate proceedings which proceedings have the effect of preventing the forfeiture or sale of the property subject thereto; (F) Liens to secure payment of workers' compensation, employment insurance, old-age pensions, social security and other like obligations incurred in the ordinary course of business (other than Liens imposed by ERISA), (G) leases or subleases of real property granted in the ordinary course of Lessee's business (or,

if referring to another Person, in the ordinary course of such Person's business), and leases, subleases, non-exclusive licenses or sublicenses of personal property (other than Intellectual Property) granted in the ordinary course of Lessee's business (or, if referring to another Person, in the ordinary course of such Person's business), if the leases, subleases, licenses and sublicenses do not prohibit granting Lessor a security interest therein, (H) non-exclusive licenses of Intellectual Property granted to third parties in the ordinary course of business and licenses of Intellectual Property that could not result in a legal transfer of title of the licensed property that may be exclusive in respects other than territory and that may be exclusive as to territory only as to discrete geographical areas outside of the United States, (I) Liens in favor of customs and revenue authorities arising as a matter of law to secure payment of customs duties in connection with the importation of goods, (J) Liens arising from attachments or judgments, orders, or decrees in circumstances not constituting an Event of Default, (K) Liens on deposits in favor of Inversiones Caribou GWP, SA, Iron Works Properties, LLC, Joe P. Ruthven Revocable Trust, Lic. Fernando Avendaño Alfaro, L Seven, Offramp, LLC and University of South Florida Research Foundation to secure the performance of operating leases, bids, trade contracts (other than for borrowed money) and performance bonds in each case, incurred in the ordinary course of business not representing an obligation for borrowed money, provided that the aggregate amount of all such deposits may not exceed Three Hundred Seven Thousand Dollars ($307,000.00) at any time; and (L) Liens in favor of other financial institutions arising in connection with Lessee's deposit and/or securities accounts held at such institutions. No disposition referred to in this Section shall relieve Lessee of its obligations, and Lessee shall remain primarily liable under each Schedule and all of the other Lease Documents. (b) Lessor may at any time with or without notice to Lessee grant a security interest in, sell, assign, delegate or otherwise transfer (an "Assignment") all or any part of its interest in the Equipment, this Lease or any Schedule and any related Lease Documents or any Rent thereunder" or the right to enter into any Schedule, and Lessee shall perform all of its obligations thereunder, to the extent so transferred, for the benefit of the beneficiary of such Assignment (such beneficiary, including any successors and assigns, an **"Assignee"**). Lessee agrees not to assert against any Assignee any Abatement (without limiting the provisions of Section 2) or Claim that Lessee may have against Lessor, and Assignee shall not be bound by, or otherwise required to perform any of Lessor's obligations, unless expressly assumed by such Assignee. Lessor shall be relieved of any such assumed obligations. If so directed in writing, Lessee shall pay all Rent and all other sums that become due under the assigned Schedule and other Lease Documents directly to the Assignee or any other party designated in writing by Lessor or such Assignee. Lessee acknowledges that Lessor's right to enter into an Assignment is essential to Lessor and, accordingly, waives any restrictions under applicable law with respect to an Assignment and any related remedies. Upon the request of Lessor or any Assignee, Lessee also agrees (i) to promptly execute and deliver to Lessor or to such Assignee an acknowledgment of the Assignment in form and substance satisfactory to the requesting party, an insurance certificate and such other documents and assurances reasonably requested by Lessor or Assignee, and (ii) to comply with all other reasonable requirements of any such Assignee in connection with any such Assignment. Upon such Assignment and except as may otherwise be provided herein, all references in this Lease to "Lessor" shall include such Assignee. (c) Subject always to the foregoing, this Lease and each Schedule shall inure to the benefit of, and are binding upon, Lessee's and Lessor's respective successors and assigns.

18. MISCELLANEOUS. (a) This Lease, each Schedule hereto or thereto and any commitment letter between the parties, constitute the entire agreement between the parties with respect to the subject matter hereof and thereof and shall not be amended or modified in any manner except by a document in writing executed by both parties. (b) In the event of any inconsistency between this Lease and any Schedule, the terms of such Schedule shall control as to the Equipment listed on such Schedule. (c) Any provision of this Lease that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction. The representations, warranties and agreements of Lessee herein shall be deemed to be continuing and to survive the execution and delivery of this Lease, each Schedule and any other Lease Documents. With respect to each Schedule, the obligations of Lessee under this Lease which have accrued but not been fully satisfied, performed or complied with prior to the expiration or earlier cancellation or termination of such Schedule, shall survive the expiration or earlier cancellation or termination thereof. (d) All of Lessee's obligations hereunder and under any Schedule shall be performed at Lessee's sole expense. Lessee shall reimburse Lessor promptly upon demand for all reasonable and

documented invoiced expenses incurred by Lessor in connection with (1) any action taken by Lessor at Lessee's request, or in connection with any option, (2) the filing or recording of real property waivers and UCCs, (3) any Enforcement Costs not recovered pursuant to Section 16, (4) all inspections, (5) all lien search reports (and copies of filings) requested by Lessor and (6) all other reasonable and documented invoiced costs and expenses incurred in connection with this Lease. If Lessee fails to perform any of its obligations with respect to a Schedule, Lessor shall have the right, but shall not be obligated, to affect such performance, and Lessee shall reimburse Lessor, upon demand, for all expenses incurred by Lessor in connection with such performance. Lessor's effecting such compliance shall not be a waiver of Lessee's default. All amounts payable under this Section, if not paid when due, shall be paid to Lessor together with interest thereon at the Late Charge Rate. (e) Lessee irrevocably appoints Lessor as Lessee's attorney-in-fact (which power shall be deemed coupled with an interest) to execute, endorse and deliver any documents and checks or drafts relating to or received in payment for any loss or damage under the policies of insurance required by this Lease, but only to the extent that the same relates to the Equipment. (f) LESSOR AND LESSEE HEREBY WAIVE TRIAL BY JURY IN ANY ACTION OR PROCEEDING TO WHICH LESSEE AND/OR LESSOR MAY BE PARTIES ARISING OUT OF OR IN ANY WAY PERTAINING TO THIS LEASE.

(g) All notices (excluding billings and communications in the ordinary course of business) hereunder shall be in writing, personally delivered, delivered by overnight courier service, sent by facsimile transmission (with confirmation of receipt), or sent by certified mail, return receipt requested, addressed to the other party at its respective address stated below the signature of such party or at such other address as such party shall from time to time designate in writing to the other party; and shall be effective from the date of receipt.

(h) This Lease shall not be effective unless and until accepted by execution by an officer of Lessor at the address, in the State of Arizona (the **"State"**), as set forth below the signature of Lessor. THIS LEASE AND ALL OF THE OTHER LEASE DOCUMENTS, AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES HEREUNDER AND THEREUNDER, SHALL IN ALL RESPECTS BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE INTERNAL LAWS OF THE STATE (WITHOUT REGARD TO THE CONFLICT OF LAWS PRINCIPLES OF THE STATE), INCLUDING ALL MATTERS OF CONSTRUCTION, VALIDITY AND PERFORMANCE, REGARDLESS OF THE LOCATION OF THE EQUIPMENT. The parties agree that any action or proceeding arising out of or relating to this Lease may be commenced in any state or Federal court in the State, and agree that a summons and complaint commencing an action or proceeding in any such court shall be properly served and shall confer personal jurisdiction if served personally or by certified mail to it at the mailing address below Lessee's signature, or as it may provide in writing from time to time, or as otherwise provided under the laws of the State. (i) This Lease and all of the other Lease Documents may be executed in counterparts. (j) If Lessor is required by the terms hereof to pay to or for the benefit of Lessee any amount received as a refund of an Imposition or as insurance proceeds, Lessor shall not be required to pay such amount, if any Default has occurred and not been cured. In addition, if Lessor is required by the terms hereof to cooperate with Lessee in connection with certain matters, such cooperation shall not be required if a Default or Event of Default has then occurred and is continuing. (k) Lessor may correct patent errors and fill in any blanks in the Lease Documents consistent with the agreement of the parties so long as Lessor provides written notice of such correction.

19. DEFINITIONS AND RULES OF CONSTRUCTION. (a) The following terms when used in this Lease or in any of the Schedules have the following meanings: (1) **"affiliate"**: with respect to any given person, shall mean (i) solely with respect to Section 3(h), each person that directly or indirectly owns or controls, whether beneficially or as a trustee, guardian or other fiduciary, thirty-five (35) percent or more of the voting stock, membership interest or similar equity interest having ordinary voting power in the election of directors or managers of such person, and with respect to all other provisions of this Agreement, (ii) each person that controls, is controlled by, or is under common control with, such person, or each of such person's officers, directors, members, joint venturers and partners. For the purposes of this definition, "control" of a person means the possession, directly or indirectly, of the power to direct or cause the direction of its management or policies, whether through the ownership of voting securities, by contract or otherwise; (2) **"applicable law" or "law"**: any law, rule, regulation, ordinance, order, code, common law, interpretation, judgment, directive, decree, treaty, injunction, writ, determination, award, permit or similar norm or decision of any governmental authority; (3) **"AS IS, WHERE IS"**: AS IS, WHERE IS, without warranty, express or implied, with respect to any matter whatsoever; (4) **"business day"**: any day, other than a Saturday, Sunday, or legal holiday for commercial banks under the laws of the state of the Lessor's notice address;

(5) **“governmental authority”**: any federal, state, county, municipal, regional or other governmental authority, agency, board, body, instrumentality or court, in each case, whether domestic or foreign; (6) **“hazardous material”**: means any chemical, compound, materials, substance or other matter that: (i) is a flammable explosive, asbestos, radioactive materials, nuclear medicine materials, drug, vaccine, bacteria, virus, hazardous waste, toxic substance, petroleum product, or related injurious or potentially injurious material, whether injurious or potentially injurious by itself or in combination with other materials; (7) **“person”**: any individual, corporation, limited liability entity, partnership, joint venture, or other legal entity or a governmental authority, whether employed, hired, affiliated, owned, contracted with, or otherwise related or unrelated to Lessee or Lessor; and (8) **“UCC” or “Uniform Commercial Code”**: the Uniform Commercial Code as in effect in the State or in any other applicable jurisdiction; and any reference to an article (including Article 2A) or section thereof shall mean the corresponding article or section (however termed) of any such applicable version of the Uniform Commercial Code. (b) The following terms when used herein or in any of the Schedules shall be construed as follows: (1) “herein,” “hereof,” “hereunder,” etc. means in, of, under, etc. this Lease or such other Lease Document in which such term appears (and not merely in, of, under, etc. the section or provision where the reference occurs); (2) “including”: means including without limitation unless such term is followed by the words “and limited to”, or similar words; and (3) “or” means at least one, but not necessarily only one, of the alternatives enumerated. Any defined term used in the singular preceded by “any” indicates any number of the members of the relevant class. Any Lease Document or other agreement or instrument referred to herein means such agreement or instrument as supplemented and amended from time to time. Any reference to Lessor or Lessee shall include their permitted successors and assigns. Any reference to an applicable law shall also mean such law as amended, superseded or replaced from time to time.

20. PUBLICITY; CONFIDENTIALITY: Lessor will have the right to disclose to others and to include on or in its website, brochures and other marketing materials information consisting of “tombstone-like” statements about this lease transaction which mention Lessee and may use Lessee’s logo and the amount of the lease funding provided by Lessor to Lessee. Such information shall not include any proprietary or confidential information of Lessee. Lessee grants Lessor permission to make reference to Lessee in its marketing materials referenced in this Section 20, unless otherwise notified by Lessee in writing. In handling any confidential information, Lessor shall exercise the same degree of care that it exercises for its own proprietary information, but disclosure of information may be made: (a) to Lessor’s Subsidiaries or Affiliates; (b) as required by law, regulation, subpoena, or other order; (c) to Lessor’s regulators or as otherwise required in connection with Lessor’s examination or audit; (d) as Lessor considers appropriate in exercising remedies under this Agreement; and (e) to third-party service providers of Lessor so long as such service providers have executed a confidentiality agreement with Lessor with terms no less restrictive than those contained herein. For purposes of this Section 20, “Confidential Information” shall have the meaning set forth in the Mutual Non-Disclosure Agreement between Borrower and predecessors-in-interest to Lender dated December 4, 2018. Confidential information does not include information that is either: (i) in the public domain or in Lessor’s possession when disclosed to Lessor, or becomes part of the public domain (other than as a result of its disclosure by Lessor in violation of this Agreement) after disclosure to Lessor; or (ii) disclosed to Lessor by a third party, if Lessor does not know that the third party is prohibited from disclosing the information.

[SIGNATURE PAGE TO FOLLOW}

IN WITNESS WHEREOF, the parties hereto have caused this Master Lease Agreement to be duly executed as of the day and year first above set forth.

Lessor	Lessee
TRINITY CAPITAL INC., a Maryland corporation	MOLEKULE, INC., a Delaware corporation
By: /s/ Susan Echard	By: /s/ Jaya Rao
Name: Susan Echard	Name: Jaya Rao
Title: Chief Financial Officer	Title: Chief Executive Officer

EXHIBIT A

SECURITY AGREEMENT

Exhibit 10.28

FIRST AMENDMENT TO MASTER LEASE AGREEMENT

THIS FIRST AMENDMENT TO MASTER LEASE AGREEMENT ("Amendment") is entered into on August 25, 2021 ("Effective Date"), by and among TRINITY FUNDING 1, LLC, a Delaware limited liability company (as successor in interest to TRINITY CAPITAL INC., a Maryland corporation) ("Lessor"), and MOLEKULE, INC., a Delaware corporation ("Lessee").

RECITALS

Lessor and Lessee are parties to that certain Master Lease Agreement dated June 19, 2020 (the "Lease"), which incorporates by reference the Security Agreements and Schedules executed pursuant to the terms of the Lease, collectively referred to as the "Lease Documents". The parties desire to amend the Lease in accordance with the terms of this Amendment.

NOW, THEREFORE, the parties agree as follows:

1. Definitions; Interpretation. Unless otherwise defined, all initially capitalized terms in this Amendment shall be as defined in the Agreement.

2. Amendment to Preamble. Subject to Section 4 of this Amendment, the preamble to the Lease is amended as follows:

"THIS MASTER LEASE AGREEMENT (this "Agreement") is made as of June 19, 2020, between TRINITY CAPITAL INC., a Maryland corporation ("Lessor") and MOLEKULE, INC., a Delaware corporation ("Lessee").

Lessee desires to lease from Lessor the equipment and other property (the "Equipment") described in each Equipment Schedule executed pursuant to this Lease (each, a "Schedule") incorporating by reference the terms and conditions of this Lease. Each Schedule identified as being part of this Agreement incorporates the terms of this Agreement and constitutes a separate lease agreement and is referred to herein as the "Lease." Certain definitions and construction of certain of the terms used in this Lease are provided in Section 19 hereof. Subject to the terms and conditions of this Agreement, Lessor has agreed to make available to Lessee lease financing in the aggregate amount of $5,600,000 (the "Commitment Amount"), with such drawdowns to be made as follows: (i) $2,898,172.88 at the execution of this Lease; and (ii) the remaining balance of $2,701,827.12 to be drawn, at the Lessee's option, by or before December 31, 2021. Notwithstanding anything to the contrary contained herein, in any other Lease Document, or in the Term Sheet dated December 2, 2019, Lessor shall not be obligated to enter into any Schedule (i) after December 31, 2021, (ii) in excess of the aggregate amount

of the Commitment Amount, (iii) at any time that there is a then continuing uncured Event of Default hereunder or under any other Lease Document, or (iv) if any conditions precedent in Section 5 have not been satisfied. Each request by Lessee for lease financing shall be in an amount not less than $500,000. For good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties to this Lease agree as follows:"

3. Representations. Lessee represents and warrants to Lessor that (a) each of the representations and warranties contained in the Lease Documents is true and correct in all material respects on and as of the date hereof as though made at and as of such date, and (b) no Event of Default has occurred that is continuing.

4. Conditions. As a condition to the effectiveness of this Amendment, Lessor shall have received, in form and substance satisfactory to Lessor, the following:

(a) this Amendment;

(b) payment of an amount equal to all Lessor expenses incurred through the date of this Amendment; and

(c) such other documents, and completion of such other matters, as Lessor may reasonably deem necessary or appropriate.

5. Miscellaneous.

(a) No Waiver. Nothing contained herein shall be deemed to constitute a waiver of compliance with any term or condition contained in the Lease or any of the Lease Documents or constitute a course of conduct or dealing among the parties. The Lease Documents, as amended hereby, shall be and remain in full force and effect in accordance with its respective terms.

(b) Integration. This Amendment constitutes a Lease Document, and together with the other Lease Documents, incorporates all negotiations of the parties hereto with respect to the subject matter hereof and is the final expression and agreement of the parties hereto with respect to the subject matter hereof.

(c) Counterparts. This Amendment may be executed in any number of counterparts, all of which taken together shall constitute one and the same instrument and any of the parties hereto may execute this Amendment by signing any such counterpart. Receipt by facsimile or other electronic transmission of any executed signature page to this Amendment shall constitute effective delivery of such signature page.

(Signature page follows.)

IN WITNESS WHEREOF, Lessor and Lessee have caused this Amendment to be executed as of the date first above written.

"Trinity"

TRINITY FUNDING 1, LLC
a Delaware limited liability company

By: /s/ Sarah Stanton
Name: Sarah Stanton
Title: Officer for the Managing Member

"Company"

MOLEKULE, INC.
a Delaware corporation

By: /s/ Rajesh Sharma
Name: Rajesh Sharma
Title: Chief Financial Officer

Exhibit 10.29

SECOND AMENDMENT TO LEASE DOCUMENTS

THIS SECOND AMENDMENT TO LEASE DOCUMENTS ("Amendment") is entered into on June 1, 2022 ("Effective Date"), by and among TRINCAP FUNDING, LLC, a Delaware limited liability company (as successor in interest to TRINITY CAPITAL INC., a Maryland corporation) ("Lessor"), and MOLEKULE, INC., a Delaware corporation ("Lessee").

RECITALS

Lessor and Lessee are parties to that certain Master Lease Agreement dated June 19, 2020 and the First Amendment to Master Lease Agreement dated August 25, 2021, as it may be further amended or restated (the "Lease"), which incorporates by reference the Security Agreements and Schedules executed pursuant to the terms of the Lease, collectively referred to as the "Lease Documents". The parties desire to further amend the Lease Documents in accordance with the terms of this Amendment.

NOW, THEREFORE, the parties agree as follows:

1. Definitions; Interpretation. Unless otherwise defined, all initially capitalized terms in this Amendment shall be as defined in the Agreement.

2. Amendment to Lease Documents. Subject to Section 4 of this Amendment, the Lease Documents are amended as follows:

> Notwithstanding anything in the Lease, including each of the Schedules, as of the date hereof the Rent and Final Payments provided for under Section 3(b) and Section 9 under each of (i) Schedule No. 1-1 dated June 19, 2020; (ii) Schedule No. 1-2 dated September 29, 2020; (iii) Schedule No. 1-3 dated December 18, 2020; and (iv) Schedule No. 1-4 dated August 25, 2021 are hereby amended to the Rent payment schedule reflected in Exhibit A hereof.

3. Representations. Lessee represents and warrants to Lessor that (a) each of the representations and warranties contained in the Lease Documents is true and correct in all material respects on and as of the date hereof as though made at and as of such date, and (b) no Event of Default has occurred that is continuing.

4. Conditions. As a condition to the effectiveness of this Amendment, Lessor shall have received, in form and substance satisfactory to Lessor in Lessor's sole discretion, the following:

(a) this Amendment;

(b) payment of an amount equal to all Lessor expenses incurred through the date of this Amendment;

(c) a warrant to purchase 257,135 shares of Series 1 Preferred Stock, $0.00001 par value per share, of the Company at an exercise price of $0.3889, dated as of the date hereof; and

(d) such other documents, and completion of such other matters, as Lessor may reasonable deem necessary and request in writing prior to the date of this Amendment.

5. Miscellaneous.

(a) No Waiver. Nothing contained herein shall be deemed to constitute a waiver of compliance with any term or condition contained in the Lease or any of the Lease Documents or constitute a course of conduct or dealing among the parties. The Lease Documents, as amended hereby, shall be and remain in full force and effect in accordance with its respective terms.

(b) Integration. This Amendment constitutes a Lease Document, and together with the other Lease Documents, incorporates all negotiations of the parties hereto with respect to the subject matter hereof and is the final expression and agreement of the parties hereto with respect to the subject matter hereof.

(c) Counterparts. This Amendment may be executed in any number of counterparts, all of which taken together shall constitute one and the same instrument and any of the parties hereto may execute this Amendment by signing any such counterpart. Receipt by facsimile or other electronic transmission of any executed signature page to this Amendment shall constitute effective delivery of such signature page.

(Signature page follows.)

IN WITNESS WHEREOF, Lessor and Lessee have caused this Amendment to be executed as of the date first above written.

"Trinity"

TRINITY FUNDING, LLC
a Delaware limited liability company

By: /s/ Sarah Stanton
Name: Sarah Stanton
Title: Officer for the Managing Member

"Company"

MOLEKULE, INC.
a Delaware corporation

By: /s/ Jonathan Harris
Name: Jonathan Harris
Title: Chief Executive Officer

JOINDER
TO
MASTER LEASE AGREEMENT

This Joinder to Master Lease Agreement (this "**Agreement**") is entered into as of January 12, 2023, by and among (a) **TRINITY CAPITAL INC.**, a Maryland corporation ("**Lessor**"), (b) **MOLEKULE, INC.**, a Delaware corporation ("**Lessee**"), and **MOLEKULE GROUP, INC.,** a Delaware corporation ("**New Co-Lessee**").

RECITALS

A. Lessor and Lessee have entered into that certain Master Lease Agreement, dated as of June 19, 2020 (the "**Closing Date**"), (as the same may be amended, restated, amended and restated, modified, or supplemented from time to time, the "**Lease Agreement**").

B. Lessor has extended credit to Lessee for the purposes permitted in the Lease Agreement.

C. Lessee is required to cause New Co-Lessee to join the Lease Agreement pursuant that certain Project Chinook Letter of Consent dated September 30, 2022.

D. Lessor has agreed to execute this Agreement, but only to the extent, in accordance with the terms, subject to the conditions and in reliance upon the representations and warranties set forth below.

AGREEMENT

NOW, THEREFORE, in consideration of the foregoing recitals and other good and valuable consideration, the receipt and adequacy of which is hereby acknowledged, and intending to be legally bound, the parties hereto agree as follows:

1. Definitions. Capitalized terms used but not defined in this Agreement shall have the meanings given to them in the Lease Agreement.

2. Joinder and Assumption. New Co-Lessee hereby joins the Lease Agreement and each of the other appropriate Lease Documents and agrees to comply with and be bound by all of the terms, conditions and covenants of the Lease Agreement and each of the other appropriate Lease Documents, as if New Co-Lessee were originally named a "Lessee" therein. Without limiting the generality of the preceding sentence, New Co-Lessee hereby assumes and agrees to pay and perform when due all present and future indebtedness, liabilities, and obligations of Lessee under the Lease Agreement, including, without limitation, the Obligations. From and after the date hereof, all references in the Lease Documents to "Lessee" shall be deemed to refer to and include New Co-Lessee. Further, all present and future Obligations of Lessee shall be deemed to refer to all present and future Obligations of New Co-Lessee. New Co-Lessee acknowledges that the Obligations are due and owing to Lessor from Lessee including, without limitation, New Co-Lessee, without any defense, offset or counterclaim of any kind or nature whatsoever as of the date hereof.

3. Grant of Security Interest. To secure the payment and performance of all of the Obligations, New Co-Lessee hereby grants to Lessor, a continuing security interest in, and pledges to Lessor, the Collateral listed on Exhibit A, wherever located, whether now owned or hereafter acquired or arising, and all proceeds and products thereof. New Co-Lessee represents, warrants, and covenants that the security interest granted herein is and shall at all times continue to be a first priority perfected security interest in the Collateral (subject only to Permitted Liens that are permitted pursuant to the terms of the Lease Agreement to have superior priority to Lessor's Lien under the Lease Agreement). If New Co-Lessee shall acquire a commercial tort claim, New Co-Lessee shall promptly notify Lessor in a writing signed by New Co-Lessee of the general details thereof and grant to Lessor, in such writing a security interest therein and in the proceeds thereof, all upon the terms of the Lease Agreement, with such writing to be in form and

substance satisfactory to Lessor. New Co-Lessee further covenants and agrees that by its execution hereof it shall provide all such documentation, complete all such forms, and take all such actions, and enter into all such agreements, in form and substance satisfactory to Lessor (including being sufficient to grant Lessor a first priority Lien (subject to Permitted Liens that are permitted pursuant to the terms of the Lease Agreement to have superior priority to Lessor's Lien under the Lease Agreement)) in the Collateral. New Co-Lessee hereby authorizes Lessor, to file financing statements, without notice to Lessee, with all jurisdictions deemed necessary or appropriate by Lessor to perfect or protect Lessor's interest or rights under the Lease Agreement. Such financing statements may indicate the Collateral as "all assets of the Lessee" or words of similar effect.

4. Subrogation and Similar Rights. Lessee (in each case including, without limitation, New Co-Lessee) waives any suretyship defenses available to it under the UCC or any other applicable law. Lessee (in each case, including, without limitation, New Co-Lessee) waives any right to require Lessor to: (i) proceed against any other Lessee or any other Person; (ii) proceed against or exhaust any security; or (iii) pursue any other remedy. Lessor may exercise or not exercise any right or remedy it has against any Lessee or any security it holds (including the right to foreclose by judicial or non-judicial sale) without affecting any Lessee's liability. Notwithstanding any other provision of this Agreement, the Lease Agreement, or any other Lease Documents, each Lessee and New Co-Lessee irrevocably subordinates to the prior payment in full of the Obligations and the termination of the Lessor's obligation to enter into Schedules with Lessee and agrees not to assert or enforce prior to the payment in full of the Obligations and the termination of the Lessor's obligation to enter into Schedules with Lessee, all rights that it may have at law or in equity (including, without limitation, any law subrogating such Lessee's to the rights of Lessor under the Lease Agreement), to seek contribution, indemnification or any other form of reimbursement from any other Lessee or any other Person now or hereafter primarily or secondarily liable for any of the Obligations, for any payment made by a Lessee with respect to the Obligations in connection with the Lease Agreement or otherwise and all rights that it might have to benefit from, or to participate in, any security for the Obligations as a result of any payment made by any Lessee with respect to the Obligations in connection with the Lease Agreement or otherwise. If any payment is made to any Lessee in contravention of this section, such Lessee shall hold such payment in trust for Lessor and such payment shall be promptly delivered to Lessor for application to the Obligations, whether matured or unmatured.

5. Representations and Warranties. To induce Lessor to enter into this Agreement, each Lessee hereby represents and warrants to Lessor as follows:

5.1 Immediately after giving effect to this Agreement (a) the representations and warranties contained in the Lease Documents are true, accurate and complete in all material respects as of the date hereof (or true and correct in all respects for those representations and warranties that are by their terms already qualified as to materiality), and (b) no Event of Default has occurred and is continuing;

5.2 The current Operating Documents of Lessee delivered to Lessor on the Closing Date remain true, accurate and complete and have not been amended, supplemented or restated and are and continue to be in full force and effect;

5.3 The execution and delivery by Lessee of this Agreement and the performance by Lessee of its obligations under the Lease Agreement, as affected by this Agreement, have been duly authorized;

5.4 The execution and delivery by Lessee of this Agreement and the performance by Lessee of its obligations under the Lease Agreement, as affected by this Agreement, do not and will not (a) contravene any applicable law, (b) contravene any material agreement by which Lessee is bound, (c) contravene any applicable order, judgment, or decree of any Governmental Authority by which Lessee or any of their property or assets may be bound or affected, or (d) conflict with any of the Operating Documents of Lessee;

5.5 The execution and delivery by Lessee of this Agreement and the performance by Lessee of its obligations under the Lease Agreement, as affected by this Agreement, do not require any

action by, filing, registration, or qualification with, or Governmental Approval from, any Governmental Authority (except (i) such Governmental Approvals which have already been obtained and are in full force and effect and (ii) any other actions, filings or registrations required to create, perfect or provide priority of any Lien granted to Lessor under the Lease Documents); and

5.6 This Agreement has been duly executed and delivered by Lessee and is the binding obligation of Lessee, enforceable against Lessee in accordance with its terms, except as such enforceability may be limited by bankruptcy, insolvency, reorganization, liquidation, moratorium or other similar laws of general application and equitable principles relating to or affecting creditors' rights.

6. Ratification of Perfection Certificate. Lessee (as defined prior to the date hereof) hereby ratifies, confirms and reaffirms, all and singular, the terms and disclosures contained in a certain Perfection Certificate delivered on the Closing Date, and acknowledges, confirms and agrees that the disclosures and information Lessee provided to Lessor in such Perfection Certificate have not changed in any material respect, as of the date hereof.

7. Integration. This Agreement and the Lease Documents represent the entire agreement about this subject matter and supersede prior negotiations or agreements. All prior agreements, understandings, representations, warranties, and negotiations between the parties about the subject matter of this Agreement and the Lease Documents merge into this Agreement and the Lease Documents.

8. Counterparts. This Agreement may be executed in any number of counterparts and by different parties on separate counterparts, each of which, when executed and delivered, is an original, and all taken together, constitute one Agreement. Delivery of an executed signature page of this Agreement by DocuSign or other electronic mail transmission shall be effective as delivery of a manually executed counterpart hereof.

9. Effectiveness. As a condition precedent to the effectiveness of this Agreement Lessor shall have received the following prior to or concurrently with this Agreement, each in form and substance satisfactory to Lessor:

9.1 this Agreement duly executed on behalf of Lessee and New Co- Lessee;

9.2 copies, certified in a certificate executed by a duly authorized officer of New Co-Lessee, to be true and complete as of the date of such certificate, of each of (i) the Operating Documents of New Co-Lessee, as in effect on the date of such certificate, (ii) the resolutions of New Co-Lessee authorizing the execution and delivery of this Agreement, all documents executed by it in connection herewith, and New Co-Lessee's performance of all of the transactions contemplated hereby, and (iii) an incumbency certificate giving the name and bearing a specimen signature of each individual who shall be so authorized;

9.3 a good standing certificate of New Co-Lessee, certified by the Secretary of State of the state of formation of New Co-Lessee, and each jurisdiction in which New Co-Lessee is qualified to do business, dated as of a date no earlier than thirty (30) days prior to the date hereof;

9.4 certified copies, dated as of a recent date, of UCC and other lien searches of New Co-Lessee, as Lessor may request and which shall be obtained by Lessor, accompanied by written evidence (including any UCC termination statements) that the Liens revealed in any such searched either (i) will be terminated prior to or in connection with this Agreement, or (ii) will constitute Permitted Liens;

9.5 a filed copy, which shall be filed by Lessor, acknowledged by the appropriate filing office, of a UCC-1 Financing Statement, naming New Co-Lessee as "Lessee" and Lessor as "Secured Party";

9.6 a Perfection Certificate of New Co-Lessee, together with the duly executed signature thereto;

9.7 Lessee's payment of Lessor's Expenses incurred in connection with this Agreement; and

9.8 such other documents as Lessor may reasonably request in writing to effectuate the terms of this Agreement.

10. Post-Closing Obligations. Within thirty (30) days after the date hereof, or such longer time as agreed by Lessor, Lessor shall have received:

10.1 evidence satisfactory to Lessor that the insurance policies required under Section 11 of the Lease Agreement for New Co-Lessee are in full force and effect; and

10.2 a duly executed account control agreement or securities account control agreement in form acceptable to Lessor in its reasonable discretion required to perfect Lessor's security interest in all deposit accounts and securities accounts of New Co-Lessee.

[Signature page follows.]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed and delivered as of the date first written above.

LESSOR:

TRINITY CAPITAL INC.,
INC. a Maryland corporation

By:/s/ Sarah Stanton
Name: Sarah Stanton
Title: General Counsel and Chief Compliance Officer

NEW CO-LESSEE:

MOLEKULE GROUP,

By:/s/ Ritankar “Ronti” Pal
Name: Ritankar “Ronti” Pal
Title: Chief Operating Officer

LESSEE:

MOLEKULE, INC.

By:/s/ Jonathan Harris
Name: Jonathan Harris
Title: Chief Executive Officer

EXHIBIT A

COLLATERAL DESCRIPTION

The Collateral shall mean and include all right, title, interest, claims and demands of Lessee in the following, including the specific Equipment:

1. The assets set forth on Schedule A-1 attached hereto, if any, and incorporated herein by this reference (the “Equipment”), wherever located, now owned or hereafter acquired, and any and all rights and interests in such Equipment, including all claims, rights and interests and all substitutions for, additions and accessions to and proceeds thereof, including insurance, condemnation, requisition or similar payments and proceeds of the sale of the Equipment.

2. All goods (and embedded computer programs and supporting information included within the definition of "goods" under the UCC) and equipment now owned or hereafter acquired, including all computer equipment, office equipment, machinery, fixtures, vehicles (including motor vehicles and trailers), and any interest in any of the foregoing, and all attachments, accessories, accessions, replacements, substitutions, additions, and improvements to any of the foregoing, wherever located;

3. All inventory now owned or hereafter acquired by Lessee (excluding any inventory sold to customers in the ordinary course of business), including all merchandise, raw materials, parts, supplies, packing and shipping materials, work in process and finished products including such inventory as is temporarily out of Lessee's custody or possession or in transit and including any returns upon any accounts or other proceeds, including insurance proceeds, resulting from the sale or disposition of any of the foregoing and any documents of title representing any of the above, and Lessee's books relating to any of the foregoing;

4. All contract rights and general intangibles (excluding intellectual property, including copyrights, copyright licenses, patents, patent licenses, trademarks, trademark licenses, technology, know-how and processes, all rights therein, and licenses to any of the foregoing (the “Intellectual Property”), now owned or hereafter acquired, including goodwill, license agreements, franchise agreements, blueprints, drawings, purchase orders, customer lists, route lists, infringements, claims, software, computer programs, computer disks, computer tapes, literature, reports, catalogs, design rights, income tax refunds, payment intangibles, commercial tort claims, payments of insurance and rights to payment of any kind;

5. All now existing and hereafter arising accounts, contract rights, royalties, license rights, license fees and all other forms of obligations owing to Lessee arising out of the sale or lease of goods, the licensing of technology or the rendering of services by Lessee (subject, in each case, to the contractual rights of third parties to require funds received by Lessee to be expended in a particular manner), whether or not earned by performance, and any and all credit insurance, guaranties, and other security therefor, as well as all merchandise returned to or reclaimed by Lessee and Lessee's books relating to any of the foregoing;

6. All documents, cash, deposit accounts, letters of credit and letters of credit rights (whether or not the letter of credit is evidenced by a writing) and other supporting obligations, certificates of deposit, instruments, promissory notes, chattel paper (whether tangible or electronic) and investment property, including all securities, whether certificated or uncertificated, security entitlements, securities accounts, commodity contracts and commodity accounts, and all financial assets held in any securities account or otherwise, wherever located, now owned or hereafter acquired and Lessee's books relating to the foregoing; and

7. To the extent not covered by clauses (1) through (6) above, all other personal property of the Lessee, whether tangible or intangible, and any and all rights and interests in any of the above and the foregoing and, any and all claims, rights and interests in any of the above and all substitutions for, additions and accessions to and proceeds thereof, including insurance, condemnation, requisition or similar payments and all of Lessee's books and records related to any items of other Collateral.

Notwithstanding the foregoing, the Collateral does not include (a) any Intellectual Property; provided, however, the Collateral shall include all Accounts and all proceeds of Intellectual Property. If a judicial authority (including a U.S. Bankruptcy Court) would hold that a security interest in the underlying Intellectual Property is necessary to have a security interest in such Accounts and such property that are proceeds of Intellectual Property, then the Collateral shall automatically, and effective as of the Effective Date, include the Intellectual Property to the extent necessary to permit perfection of Secured Party's security interest in such Accounts and such other property of Lessee that are proceeds of the Intellectual Property; (b) more than 65% of the presently existing and hereafter arising issued and outstanding shares of capital stock owned by Lessee of any Foreign Subsidiary which shares entitle the holder thereof to vote for directors or any other matter; (c) any interest of Lessee as a lessee or sublessee under a real property lease; (d) rights held under a license that are not assignable by their terms without the consent of the licensor thereof (but only to the extent such restriction on assignment is enforceable under applicable law); or (e) any interest of Lessee as a lessee under an Equipment lease if Lessee is prohibited by the terms of such lease from granting a security interest in such lease or under which such an assignment or Lien would cause a default to occur under such lease (but only to the extent that such prohibition is enforceable under all applicable laws including, without limitation, the Code); provided, however, that upon termination of such prohibition, such interest shall immediately become Collateral without any action by Lessee or Secured Party.

SCHEDULE A-1

EQUIPMENT

Exhibit 21.1

Subsidiaries of the Registrant

Name	**Where Incorporated**
Molekule, Inc.	Delaware
Avatar Merger Sub Ltd.	Israel

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in the Registration Statements of Molekule Group, Inc. (fka AeroClean Technologies, Inc.) and Subsidiary (the "Company") on Form S-3 (File No. 333-269232) and Form S-8 (File Nos. 333-269209, 333-264889, 333-261396 and 333-261395) of our report dated March 31, 2023 relating to the consolidated financial statements of the Company appearing in this Annual Report on Form 10-K of the Company for the year ended December 31, 2022. Our report contains an explanatory paragraph regarding substantial doubt about the Company's ability to continue as a going concern.

/s/ CITRIN COOPERMAN & COMPANY, LLP

New York, New York

March 31, 2023

Exhibit 31.1

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER
PURSUANT TO RULES 13a-14(a) AND 15d-14(a)
OF THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED,
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Jason DiBona, certify that:

1. I have reviewed this Annual Report on Form 10-K for the year ended December 31, 2022 of Molekule Group, Inc. (the "registrant");

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 31, 2023

/s/ Jason DiBona
Jason DiBona
Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER
PURSUANT TO RULES 13a-14(a) AND 15d-14(a)
OF THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED,
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Ryan Tyler, certify that:

1. I have reviewed this Annual Report on Form 10-K for the year ended December 31, 2022 of Molekule Group, Inc. (the "registrant");

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 31, 2023

/s/ Ryan Tyler
Ryan Tyler
Chief Financial Officer
(Principal Financial Officer)

Exhibit 32.1

CERTIFICATION OF
PRINCIPAL EXECUTIVE OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906 OF THE
SARBANES-OXLEY ACT OF 2002

Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, in connection with the Annual Report of Molekule Group, Inc. (the "Company") on Form 10-K for the fiscal year ended December 31, 2022 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I certify, in the capacity and on the date indicated below, that:

1. the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: March 31, 2023

/s/ Jason DiBona
Jason DiBona
Chief Executive Officer
(Principal Executive Officer)

Exhibit 32.2

CERTIFICATION OF
PRINCIPAL FINANCIAL OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906 OF THE
SARBANES-OXLEY ACT OF 2002

Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, in connection with the Annual Report of Molekule Group, Inc. (the "Company") on Form 10-K for the fiscal year ended December 31, 2022 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I certify, in the capacity and on the date indicated below, that:

1. the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: March 31, 2023

/s/ Ryan Tyler
Ryan Tyler
Chief Financial Officer
(Principal Financial Officer)