J. MOLNER AS

COMPANY DESCRIPTION AND OFFERING DOCUMENT

NO. 2022/1

FOR THE PUBLIC OFFERING OF 123,152 SHARES OF THE COMPANY AND ADMISSION TO TRADING OF ALL SHARES OF THE COMPANY ON THE NASDAQ TALLINN FIRST NORTH MULTILATERAL TRADING FACILITY (MTF)

DATED 12 OCTOBER 2022

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For the public offering of 123,152 shares of the company and admission to trading of all shares of the company on the Nasdaq Tallinn First North multilateral trading facility (MTF)

BRIEF SUMMARY

This company description and offering document ('**Company Description**') has been prepared for the public offer ('**Offering**') of shares ('**Offer Shares'**) issued by J. Molner AS (public limited company registered in Estonia under the registry code 16579077, '**Molner**', '**Issuer**' or '**we**') and for the subsequent admission to trading of all the shares of the Issuer ('**Shares**') on the First North MTF operated by Nasdaq Tallinn AS ('**Exchange**'). This Company Description has been prepared in accordance with the rules and regulations established by the Exchange for the First North MTF ('**Rules**') and Regulation No. 49 of the Financial and Capital Market Commission of the Republic of Latvia of 21 April 2020. This Company Description may not be used for any other purpose without prior permission from Molner.

Molner is a holding company founded on 22 September 2022 that does not carry out any independent economic activities. Molner has three subsidiaries: The J. Molner Company OÜ (a company established on 10 September 2020 with the registry code 16049586, '**Subsidiary**') that is the primary entity that conducts the business activities of the Molner Group. In Canada Molner has a Canadian subsidiary The J. Molner Company Canada Inc. (established: 8 January 2021 with registry code BC1282945) and in the USA The J. Molner Company LLC (established: 9 August 2021 registered in Delaware under registry code: 6153067). Molner together with its subsidiaries forms the Molner Group ('**Molner Group**' or '**Group**'). Molner Group develops, acquires, and commercializes specialty generic pharmaceutical products in the USA and Canada by utilizing the pharmaceutical development skills and resources of the Group's chemistry team in Estonia. Additionally, the Group offers analytical chemistry and stability services to third parties to generate additional revenue, further develop our skills, and absorb overhead related to the running of our laboratory.

The Offering will be conducted only in Estonia and Latvia pursuant to article 3(2) of Regulation (EU) 2017/1129 of the European Parliament and of the Council ('**Prospectus Regulation**') and sections 15(1) and 15(6) of the Securities Market Act of Estonia ('**SMA**'), pursuant to section 1(2), of the Minister of Finance Regulation No 7 of 21 February 2022 on the requirements for an information document for a securities offering ('**Regulation**') and pursuant to Section 16^1 of the Latvian Financial Instrument Market Law.

According to article 3(2) of the Prospectus Regulation, sections 15(1) and 15(6) of the SMA and sections 1(2), 1(3)2) and 1(3)3) of the Regulation no public offer prospectus according to the Prospectus Regulation, or information document according to the Regulation is required to be published.

According to section 16^1 of the Latvian Financial Instrument Market Law and in accordance with Regulation No. 49 of the Financial and Capital Market Commission of the Republic of Latvia of 21 April 2020 an offering document shall be published if the total value of the offering in the European Union over a period of 12 months is between 1 and 8 million euros. This Company Description is not a prospectus within the meaning of the Prospectus Regulation or the SMA nor is it an information document within the meaning of the Regulation. This Company Description is an offering document within the meaning of Regulation No. 49 of the Financial and Capital Market Commission of the Republic of Latvia of 21 April 2020. The information provided in this Company Description has not been verified or approved by the Financial Supervision and Resolution Authority or any other national supervisory authority.

The Issuer is offering in Estonia and Latvia together up to 123,152 Offer Shares at a price of EUR 8.12 per one Offer Share ('**Offer Price**'), of which EUR 1.00 is the nominal value and EUR 7.12 is the issue

premium. If the interest in the Offering is big and the amount of shares subscribed by the investors exceeds the total amount of Shares offered the Issuer is entitled to increase the Offer volume by 20% up to a total of 147,783 Shares. The Offering shall take place simultaneously in Estonia and Latvia and there is no predetermined distinction in the amount of Offer Shares offered in Estonia and Latvia i.e. the distribution of Offer Shares between the Estonian and Latvian investors is based on the demand and uniform allocation rules.

The Offering commences on 24 October 2022 at 10:00 and ends on 4 November 2022 at 16:00 ('**Offer Period**').

The Offering is aimed at Estonian and Latvian retail and institutional investors who are qualified investors as defined in article 2(e) of the Prospectus Regulation. In addition to the Offering, the Issuer has the right to offer the Offer Shares to institutional investors outside Estonia and Latvia provided that such investors qualify as professional investors within the meaning of article 2(e) of the Prospectus Regulation. The Offering takes place only in Estonia and Latvia and the Offer Shares are not offered in any other jurisdiction.

The issuer has filed an application with the Exchange for admission to trading of all of the Shares including the Offer Shares, on the Exchange's First North MTF, and the trading with the Shares is expected to commence on or about 10 November 2022.

Warning on the risks associated with the Offering

Participating in the Offering, subscribing for and investing on the secondary market in the Shares carries certain risks. Prospective investors are advised to read this Company Description fully before making a decision to invest. In particular, we advise reading section 8 'Risk Factors' for information on factors to consider when investing in the Shares, incl. the risks related to the Shares, the Offering of Shares and the Issuer's area of business. By participating in the Offering, the prospective investor acknowledges the risks set out in this Company Description, including the risk that the Shares may lose some or all of their value. Although the Issuer has made all reasonable efforts to ensure that this Company Description provides an accurate and adequate overview of the Group, its operations, and the Offer Shares, the value of an investor's investment in the Offer Shares may be affected to a significant degree by circumstances which had not arisen by the date of publishing this Company Description or which are not reflected in this Company Description. The information presented in this Company Description should not be construed as legal, financial, or tax advice. This Company Description is not investment advice or a recommendation to purchase the Offer Shares. The suitability of the Shares for prospective investors has not been assessed according to the experience and knowledge of the investors. Whether investing in the Offer Shares matches the investor's financial capabilities and investment objectives and whether such investment is in accordance with the rules, requirements, and restrictions to which the investor is subject should be decided by each prospective investor independently, engaging the services of a professional legal, financial, or tax adviser where necessary.

Restriction on publication

The information contained in this Company Description is not intended for publication, distribution or transmission, in whole or in part, directly or indirectly, in the United States of America, Australia, Canada, Hong Kong, Japan, Singapore, Republic of South Africa or any other country or circumstance in which such publication, distribution or transmission would be unlawful or to any persons to whom the competent authorities have applied financial sanctions. The Offer Shares are being publicly offered only in Estonia and Latvia, and no sale or offer of the Offer Shares will take place in any jurisdiction in which such offering, invitation or sale would be unlawful without an exception or qualification

contained in the law, or to any persons to whom the competent authorities have applied financial sanctions.

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1 INTRODUCTORY REMARKS

1.1 Applicable law

This Company Description has been prepared in accordance with the legislation of Estonia and with the Rules and with Regulation No. 49 of the Financial and Capital Market Commission of the Republic of Latvia of 21 April 2020, and it is governed by the law of Estonia. Any disputes arising from or in relation to this Company Description shall be resolved in Harju County Court as a court of first instance.

First North is a multilateral trading facility ('**MTF**') within the meaning of section 3(3) of the SMA, operated by Nasdaq Tallinn AS, and is not a regulated market within the meaning of the SMA or any other legislation.

1.2 Responsible persons

The persons responsible for the information provided in this Company Description are the members of Molner's management board ('**Management Board**'). The Management Board hereby confirms that, to the best of its knowledge, the information contained in this Company Description is in accordance with the facts and contains no omission likely to affect the content of this Company Description. The details of the Management Board can be found in Section 6.

The Management Board is responsible for the correctness and accuracy of the information contained in this Company Description as of the date of this Company Description, i.e., 12 October 2022.

1.3 Terminology and rounding

The capitalised terms in this Company Description carry the meanings defined in Section 11 or elsewhere in this Company Description.

The numerical and quantitative values contained in this Company Description (e.g., monetary values, percentages, etc.) have been given with a degree of precision deemed by the Issuer to be reasonably sufficient and adequate for the purposes of information, while avoiding excessive detail. Quantitative values have in some cases been rounded to the nearest decimal point or whole number. Due to this, data presented as percentages may not always add up to 100%.

Financial information is presented in euro (EUR), the official currency of Estonia and the European Union Member States in the eurozone.

1.4 Auditor

The auditor of Molner is Grant Thornton Baltic OÜ (registry code: 10384467). Grant Thornton Baltic OÜ is a member of the Estonian Auditors' Association. The annual report for the period 10 September 2020 to 31 December 2021[1] of The J. Molner Company OÜ that has been audited by Grant Thornton Baltic OÜ is attached to this Company Description as Annex 2. The interim report for the period 1 January 2022 to 30 June 2022 that has been reviewed by Grant Thornton Baltic OÜ is attached to this Company Description as Annex 3. The auditor's review to the interim report contains a notation, according to which the equity of The J. Molner Company OÜ as of 30 June 2022 includes a voluntary reserve in the sum of EUR 750,000. The auditor is of the opinion that including a voluntary reserve in the equity does not comply with the articles of association of the Subsidiary and instead of equity this sum should be classified as liability. Doing so would result in a negative equity of the Subsidiary in the amount of EUR - 573,169. In relation to the above, the auditor has, however, drawn attention to annex 13 of the interim report that provides information about changes in the articles of association being executed after the reporting date that foresee the establishment of a voluntary reserve. After the registration of the new articles of association, the voluntary reserve shall be established according to legal requirements and

[1] This is because The J. Molner Company OÜ was established in 2020, as such the first annual report shall cover a longer period. The financial year of The J. Molner Company is from 1 January to 31 December.

the issue of negative equity is no longer relevant. We hereby note that the shareholder of the Subsidiary has on 28 September 2022 adopted a resolution for amending the articles of association and establishing a voluntary reserve capital that creates a legal foundation for including the voluntary reserve in the balance of the Subsidiary. As of the date of this Company Description the amendment of articles of association of the Subsidiary has been registered in the commercial register.

In addition to the above the auditor has drawn attention to annex 14 of the interim report where reference is made to the fact that as of 30 June 2022 the Subsidiary's current liabilities exceed the current assets by EUR 33,449, which may in turn cause significant doubt as to the Subsidiary's operations as a going concern. The Management Board is of the opinion that the Subsidiary's business is, irrespective of the above, viable and sustainable. Current liabilities exceed the current assets of the Subsidiary due to the fact that the Subsidiary is a newly founded and quickly developing company that incurs significant costs and has to make considerable investments to start the operations and become profitable. Furthermore, the founder and at the time sole shareholder of the Subsidiary has signed a confirmation of support, confirming the capability of providing financial support and additional investments to the Subsidiary upon justified request by the management board of the Subsidiary in occasion of financial difficulties in order to support the continuance of the operations of the Subsidiary on a going concern basis.

1.5 Forward looking statements

This Company Description contains forward-looking statements and growth prognoses. These statements are not guarantees of future performance and undue reliance should not be placed on them. Such forward-looking statements involve known and unknown risks and uncertainties, which may cause actual performance and financial results in future periods to differ materially from any projections of future performance or result expressed or implied by such forward-looking statements.

No assurance can be given that any forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. The Issuer undertakes no obligation to update forward-looking statements if circumstances or estimates or opinions should change except as required by applicable securities laws including the Rules.

1.6 Certified Adviser and Financial Adviser

The certified adviser of Molner is Ellex Raidla Advokaadibüroo OÜ (registry code 10344152, https://ellex.legal/), whose main field of activity is the activities of lawyers and law firms. The certified adviser's representative, who provides advisory services to the Issuer, is Gerli Kivisoo (e-mail: gerli.kivisoo@ellex.legal). Molner has entered into a contract of indefinite duration with the certified adviser.

As of the date of this Company Description the certified adviser nor its representative hold any Shares in Molner.

The financial advisor of the Issuer and global lead manager and bookrunner of the Offering is AS LHV Pank (registry code: 10539549).

1.7 Terms for amending this Company Description

If the Issuer becomes aware of any important circumstances, mistakes or inaccuracies relating to the information contained in this Company Description that may have an effect on assessing the Shares and that become evident after this Company Description has been published but before the end of the Offer Period or before trading has commenced, the Issuer shall draw up a supplement to this Company Description and if required amends the translations and/or summary of this Company Description. The supplement to this Company Description and amendments to its translations and/or summary shall be published in the same way as this Company Description. Any, supplements and amendments to any

part of this Company Description shall form an integral part of this Company Description from their publication.

1.8 Accessibility

This Company Description can be accessed on the website of the Exchange (https://www.nasdaqbaltic.com/) as well as on the website of Molner (https://www.jmolner.com/).

2 BRIEF DESCRIPTION OF THE ISSUER AND THE GROUP

2.1 Overview

Molner is a pharmaceutical company aimed at providing its customers with the highest level of generic drug development for specialty generic pharmaceuticals with a focus on the USA and Canadian markets. We also provide our clients with analytical chemistry services and cost-saving commercial stability solutions. Molner's activities are based on its high-tech laboratory capable of performing a wide range of chemical analyses and studies that may be required for verifying the quality and content of various pharmaceuticals. Molner has the required know-how, personnel, and means to develop various generic drugs with a core focus on sterile injectable and non-sterile topical formulations.

Generic drugs are non-patented alternatives to patented originator drugs. Such generic drugs may be distributed once the patent protection period on the original drugs has expired. The market for generic drugs is growing rapidly and the need for new generic drugs on the market is ever increasing as evidenced by the high cost of patented originator drugs but also by market failures and drug shortages in Molner's core markets.

Based in Estonia, Molner's primary focus markets are in the USA and Canada due to their size and the competitive advantage that an Estonian company can achieve on these markets. However, Molner also provides its laboratory analytics services to local Estonian and European customers as well.

A key component of Molner's competitive strategy is to leverage the excess manufacturing capacity available across different dosage forms. Molner focuses its investment on developing the correct formulations for its target drugs and then contracts with a manufacturing firm to produce its drugs on a commercial scale. Molner audits and qualifies each of these manufacturers to ensure they meet the standards necessary to produce its products reliably, safely, and in accordance with local laws and regulations. The drugs are then registered by Molner with the relevant national regulatory authorities and sold under the Molner name to both pharmacies (retail distribution) and also to hospitals and in-patient clinics (institutional distribution).

2.2 Plans for the future

Molner is building a new specialty generic pharmaceutical company with Estonian roots. To achieve this, it has actively built systems and processes to enable drug pipeline development for the USA and Canadian markets.

To execute on its plans for the pipeline, Molner has taken a step-by-step incremental approach to capability building. This has resulted in internal capabilities for development of both sterile injectable and non-sterile topical formulations and the manufacture of the first non-sterile topical product exhibit batches.

Molner Group's Key Development Targets

2H2022

In the balance of 2022, Molner is focused on moving its drug pipeline forward with a site transfer of the first of its three acquired US drug products. This will allow for the initiation of data generation to support a submission to USA Food and Drug Administration ('**FDA**') in the first half of 2023. Molner also intends to generate the necessary stability data to support its first *de novo* Abbreviated New Drug Application ('**ANDA**')[2] capplication to FDA. Molner intends to initiate its license application to the necessary USA state agencies to allow it to commercialize drug products.

[2] See Section 5.1.4 for more on ANDA.

2023

In 2023, Molner intends to launch its first products in the USA market based on the three acquired drugs that it currently owns. This will require Molner to transfer each of the three drugs to new manufacturing sites, generate supporting data, and receive FDA consent on the transfer. Launching these drugs throughout 2023 will drive Molner's revenue growth in 2023.

Molner intends to file its first internally generated ANDA in 2023 based on the stability data initiated in 2022. This will begin a ten-month review process by FDA of the submission which may result in approval in 2024.

Building on its existing business development relationship, Molner intends to continue to in-license further drug products for the USA and Canada throughout 2023.

2024 and beyond

Molner's growth is based on growing its internal capacity for pipeline development to file and launch new products. To this end, Molner will intend to file at least one USA ANDA per year from 2024 and beyond and grow its capacity to file abbreviated new drug submission ('**ANDS**') in Canada to two per year.

2.3 Corporate information

J.Molner AS is an Estonian public limited company (in Estonian: *aktsiaselts*) established and registered under the registry code 16579077 on 22 September 2022 and is established for an indefinite term. Molner is a holding company with no significant economic activities. The activities of Molner Group are carried out in its subsidiaries The J. Molner Company OÜ (an Estonian private limited company established and registered on 10 September 2020 with registry code 16049586), The J. Molner Company Inc. (a Canadian company registered on 8 January 2021 with registry code BC1282945) and The J. Molner Company LLC (a USA company registered in Delaware on 9 August 2021 with registry code: BC1282945).

The main data of Molner is:

- registry code: 16579077;
- date of registration: 22. September 2022
- LEI-code: 984500F0KEF52E642E45;
- address: Akadeemia tee 21/5, 12618, Tallinn, Estonia;
- webpage: https://www.jmolner.com/;
- e-mail: jmolner@jmolner.com;
- phone: +372 6 150 576;
- principal activity: Activities of holding companies (64201 EMTAK 2008).

The Management Board consists of one member – Jason Michael Atticus Grenfell-Gardner. The Supervisory Board of Molner (the '**Supervisory Board**') consists of three members. The members of the Supervisory Board are Karita Sall, Yoann John Ricau and Martin Louis Wilson. See Section 6 for more details on Supervisory and Management Board.

The Articles of association of Molner have been added to this Company Description as Annex 1.

3 TERMS AND CONDITIONS OF THE OFFERING

3.1 Summary information on the Offering and the Shares

The type and category of the security.	-	The securities offered are the ordinary registered Shares of the Issuer registered at Estonian Register of Securities maintained by the Estonian branch of Nasdaq CSD SE. All the Shares issued by the Issuer belong to the same class.
The nominal amount of the security and the total number of securities offered.	-	The nominal value of the Shares is EUR 1.00 and in total 123,152 Offer Shares are offered (or 147,783 Offer Shares in case of overallotment).
The procedure for receiving dividends (if any).	-	Currently the Issuer does not foresee the payment of dividends, earned profits shall be reinvested. Should the Issuer decide to pay dividends the Offer Shares give the right to Molner's dividends (if paid) from the financial year that started on 1 January 2022.
Details of the rights attaching to the securities, including any limitations on the rights and the procedure for exercising the rights.	-	Please refer to section 7.3 of the Company Description.
The taxation of income derived from the securities and dividends and an indication of the withholding agent.	-	Please refer to section 10 of the Company Description.
The principal risk factors associated with holding the security (investor risks).	-	Please refer to section 8 of the Company Description.
Details of the trading venues on which it is intended to admit the securities to trading following the public offer.	-	Application has been submitted to admit the Shares to trading on the First North MTF operated by the Exchange. The Shares are not trading on any other trading venue nor has the Issuer submitted any applications to admit the Shares to trading on any other trading venue.
Price	-	EUR 8.12 per Offer Share

3.2 Offering

In the course of the Offering, Molner will offer up to 123,152 Offer Shares. The public Offering is organised both in Estonia and Latvia. However, if the interest in the Offering is high and the demand of investors exceeds the number of Offer Shares, the Issuer may increase, the total number of Offer Shares by up to 20%, i.e., to a maximum of 147,783 Offer Shares. Thus, the total Offering shall amount to 123,152 Offer Shares (or 147,783 Offer Shares in case of overallotment). The Shares are freely transferable, tradeable, pledgeable and are not subject to any other restrictions. The Offer Price is EUR 8.12 per Offer Share, of which EUR 1.00 is the nominal value and EUR 7.12 is the issue premium. The total estimated gross income from the Offering is approximately EUR 1,000,000 (EUR 1,200,000 in case of oversubscription).

All Shares belong to the same class. The Shares are registered in the Estonian Register of Securities ('**Nasdaq CSD**') maintained by Nasdaq CSD SE (Latvian registry code 400003242879) branch in Estonia, and all Shares issued in the future shall also be registered there.

Provided that investors subscribe for all 123,152 (147,783 in case of overallotment) Offer Shares, the share capital of Molner, immediately after issuing the Offer Shares, shall be EUR 1,723,152 (1,747,783 in case of overallotment) and the total amount of Shares shall correspondingly be 1,723,152 (1,747,783 in case of overallotment). Provided that all Offer Shares are subscribed for by the investors the Offer Shares shall form 7.15% (8.46% in case of oversubscription) of the share capital of Molner. Molner has so far issued 1,600,000 shares, that taking into account the Offer Price means that Molner's approximate valuation prior to the Offering is EUR 13,000,000.

The Offer Shares will give the right to Molner's dividends (if paid) from the financial year that started on 1 January 2022.

The Offering is not underwritten by any party, hence the total gross proceeds to be raised from investors are not known in advance.

3.3 Persons eligible to participate in the Offering

Participation in the Offering will be open to legal entities and natural persons who are based in Estonia or Latvia and who have opened a securities account through a Nasdaq CSD account operator (bank) or a financial institution who is a member of the Nasdaq Tallinn Stock Exchange.[3] Such securities account may be opened through any custodian. Molner may also offer the Shares non-publicly to investors in any member state of the European Economic Area (the EEA) in circumstances described in Article 1(4) of the Prospectus Regulation.

3.4 Offer price

The Offer Price is EUR 8.12 per one Offer Share of which EUR 1.00 is the nominal value and EUR 7.12 is the issue premium. The Offer Price is the same for all the prospective investors.

3.5 Offer Period

Offer Period is a period during which persons eligible to participate in the Offering may submit their Subscription Undertakings for the Offer Shares. The Offer Period will commence at 10:00 on 24 October 2022 and end at 16:00 on 4 November 2022 (Estonian local time).

The indicative schedule of the Offering is the following

Beginning of the Offer Period	24 October 2022 at 10:00
End of the Offer Period	4 November 2022 at 16:00
Announcement of the results of the Offering	On or about 7 November 2022
Settlement of the Offering	On or about 9 November 2022
First day of trading on First North	On or about 10 November 2022
Increase of share capital in Commercial Register	On or about 18 November 2022
Expected first day of trading with the newly issued Shares on First North	On or about 22 November 2022

[3] List of Nasdaq CSD account operators is accessible here: https://nasdaqcsd.com/list-of-account-operators/ , the list of financial institutions which are members of the Nasdaq Tallinn Stock Exchange is available on the website of Nasdaq Tallinn Stock Exchange at https://nasdaqbaltic.com/statistics/et/members (in order to review the list of members of the Nasdaq Tallinn Stock Exchange, selection "Tallinn" should be made).

3.6 Submitting Subscription Undertakings

An investor submitting a Subscription Undertaking is responsible for the truthfulness, completeness and legibility of the information on the Subscription Undertaking. Acceptance of Subscription Undertakings that are incomplete, contain false information, are illegible or submitted outside the Offer Period or are otherwise not in compliance with the terms provided herein may be refused.

The Subscription Undertakings may be submitted only during the Offer Period. An investor participating in the Offering may apply to subscribe for the Offer Shares only for the Offer Price. Multiple Subscription Undertakings by one investor, if submitted, shall be merged for the purposes of allocation. Subscription Undertakings may be submitted only for a whole number of Offer Shares. All investors participating in the Offering can submit Subscription Undertakings denominated only in euros. An investor shall bear all costs and fees charged by the Nasdaq CSD account operator who accepted the Subscription Undertaking or any financial institution whose services are used to submit a Subscription Undertaking. To subscribe for Offer Shares, the investor must have a securities account with a Nasdaq CSD account operator or a financial institution who is a member of the Nasdaq Tallinn Stock Exchange. Submitted subscription orders will be registered by the registrar of Nasdaq CSD.

3.6.1 Submission of Subscription Undertakings by Estonian Investors

In order to subscribe for Offer Shares, the investor must contact the account operator managing their Nasdaq CSD securities account and submit a Subscription Undertaking for purchasing the Offer Shares during the Offer Period using the form below. Investors may submit Subscription Undertakings using any method offered by the account operator (e.g., by visiting the customer service office of the account operator in person, via an online banking system, or by other means). Subscription Undertakings must be submitted to the account operator before the end of the Offer Period.

A Subscription Undertaking must contain the following information:

Owner of securities account:	[name of the investor]
Securities account:	[investor's securities account number]
Account operator:	[name of investor's account operator]
Security:	J.MOLNER AKTSIA
ISIN-code:	EE3100109034
Number of securities:	[number of Offer Shares that the investor wishes to subscribe for]
Price (per one Offer Share):	EUR 8.12
Transaction amount:	[number of Offer Shares subscribed for by the investor multiplied by the Offer Price]
Counterparty:	AS LHV Pank
Securities account of the counterparty:	99104086627
Account operator of the counterparty:	AS LHV Pank
Transaction type:	Subscription
Payment method:	Delivery versus payment ('**DVP**')

3.6.2 Submission of Subscription Undertakings by Latvian investors

An investor wishing to subscribe for the Offer Shares must contact the financial institution, which is a member of the Nasdaq Tallinn Stock Exchange and manages such investor's securities account and submit a Subscription Undertaking for the purchase of Offer Shares in a form accepted by the financial institution and in conformity with the terms and conditions of the Company Description. The investor may use any method that such investor's account operator offers to submit the Subscription Undertaking (e.g. physically at the client service venue of the account operator, via the Internet Bank or by other means).

3.6.3 Terms and conditions for the submission of Subscription Undertakings

An investor may submit a Subscription Undertaking through a nominee account only if such investor authorises the owner of the nominee account to disclose the investor's identity to the registrar of Nasdaq CSD in writing. The Subscription Undertakings submitted through nominee accounts will be taken into consideration in the allocation only if the owner of the nominee account has actually disclosed the identity of the investor to the registrar of Nasdaq CSD in writing. Among other information it is also requested to disclose a permanent address and personal identification code in case of a natural person or a registration address for a legal entity. An investor may submit a Subscription Undertaking either personally or through a representative whom the investor has authorised (in the form required by law) to submit the Subscription Undertaking.

A Subscription Undertaking is deemed submitted from the moment the registrar of Nasdaq CSD receives a duly completed transaction instruction from the custodian of the respective investor.

By submitting a Subscription Undertaking, every investor:

- confirms that they have read and understood this Company Description and that they accept the terms of the Offering set forth herein;
- confirms that they are based in Estonia or Latvia and are not subject to the laws and regulations of any other jurisdiction that prohibit them from submitting the Subscription Undertaking;
- accepts that the submission of the purchase order/Subscription Undertaking does not in itself entitle them to acquire the Offer Shares nor entail the conclusion of a contract of sale for the Offer Shares;
- accepts that the number of Offer Shares indicated by the investor in the Subscription Undertaking is the maximum number of Offer Shares the investor wishes to acquire, and recognises that the investor may receive fewer, but not more, Offer Shares than indicated in the Subscription Undertaking;
- undertakes to acquire the number of Offer Shares allocated to them, which shall not exceed the number of Offer Shares indicated in the Subscription Undertaking, and to pay for them in accordance with the terms set forth herein;
- confirms that they are aware of the investment risks associated with investing in the shares, including the risk of losing part or all of the invested sum;
- accepts and agrees that the Issuer has the right to receive daily information from the registrar of Nasdaq CSD regarding submitted Subscription Undertakings;
- authorises and orders the account operator to forward the Subscription Undertaking as registered to the Nasdaq CSD;
- authorises the Issuer, account operator or other financial institution used to submit the Subscription Undertaking and the registrar of Nasdaq CSD to process their personal data (including contact information) to the extent necessary for participation in the Offering;

- authorises the account operator or financial institution managing the investor's securities account or the registrar of Nasdaq CSD, as appropriate, to amend the investor's Subscription Undertaking, including (a) to specify the value date of the transaction and (b) to specify the number of Offer Shares to be purchased by the investor as well as the total value of the transaction, which shall be calculated by multiplying the Offer Price by the number of Offer Shares allocated to the investor.

Investors may amend or cancel their Subscription Undertakings at any time before the end of the Offer Period. To do this, the investor must contact the Nasdaq CSD account operator or financial institution through whom the relevant Subscription Undertaking has been submitted and take the actions required by the account operator or financial institution for the amendment or cancellation of Subscription Undertakings (different account operators and financial institutions may have different processes). The amendment or cancellation will take effect from the moment of amendment or withdrawal of the transaction order by the account operator or financial institution.

Upon subscription for the Offer Shares no investors or group of investors shall have any preferential rights. The shareholder resolution adopted on 30 September 2022 excluded the pre-emptive right of the existing shareholder of Molner to subscribe for the Offer Shares. However, Molner is entitled to prefer certain groups of investors upon allocation, see section 3.8 for more details.

3.7 Payment for the Offer Shares

Payment for the Offer Shares will be in euros. An investor may only submit Subscription Undertakings if the bank account linked to their securities account with a Nasdaq CSD account operator contains sufficient funds to cover the entire transaction value specified in the Subscription Undertaking.

By submitting a Subscription Undertaking, the investor authorises the Nasdaq CSD account operator or other institution managing the bank account linked to the investor's securities account to immediately block off an amount corresponding to the total value of the transaction on the investor's bank account until the settlement is completed or the funds are released. The blocked amount must be equal to the amount obtained by multiplying the Offer Price by the number of Offer Shares indicated in the Subscription Undertaking.

If the Offer Shares cannot be paid for because the investor's cash account does not contain sufficient funds, the Subscription Undertaking submitted via the securities account linked to the cash account will be refused and the investor will lose all rights to the Offer Shares specified in the Subscription Undertaking.

3.8 Allocation rules

Molner will decide on the allocation of the Offer Shares at its own discretion after the end of the Offer Period, at the latest on or about 7 November 2022. In the allocation process all investors will be treated equally under identical circumstances, however, Molner reserves the right to prefer Molner's management, employees, clients and/or existing investors. Molner is entitled to use different allocation principles between the groups of retail investors and institutional investors.

In addition to the Offering, Molner may allocate Offer Shares at its discretion to institutional investors, provided that such investors can be considered qualified investors within the meaning of Article 2(e) of the Prospectus Regulation and to investors to whom the Shares are offered non-publicly according to Section 3.3.

There is no pre-assigned institutional allocation percentage and such orders will be evaluated separately. The minimum subscription amount is one share. Other than the preferential allocation described above the Issuer will target to maximise the number of investors through the allocation process.

If the total volume of the Offering is not subscribed for, Molner has the rights set out in Section 3.11 and the right to allocate all the subscribed Offer Shares to all investors who have participated in the Offering.

3.9 Settlement of the Offering

In order to ensure that investors can start trading with the Shares as soon as possible after the Offering has been settled, the Shares belonging to the sole shareholder of Molner, Glacier Holdings OÜ (registry code: 16567192) are used for the purposes of settlement. The settlement is arranged by AS LHV Pank. Glacier Holdings OÜ shall lend the number of Shares corresponding to the number of allocated Offer Shares to AS LHV Pank which in turn shall use these Shares to settle the Offering. The articles of association of Molner contain the temporary mandate for the Supervisory Board to increase the share capital of Molner to a certain extent. On 30 September 2022 the sole shareholder of Molner adopted a shareholder resolution authorising the Supervisory Board to increase Molner's share capital in accordance with the results of the Offering. The resolution of the Supervisory Board for increasing the share capital and issuing new shares to AS LHV Pank to enable AS LHV Pank to return the lent shares it received from Glacier Holdings OÜ, shall be adopted once the Offering has been settled and the final amount of Offered Shares distributed to the investors has been clarified. For purposes of clarification, the number of Shares belonging to Glacier Holdings OÜ shall not change as result of the above settlement structure. However, the shareholding shall be diluted proportionally to the volume of the Offering – prior to the Offering Glacier Holdings OÜ's shareholding in Molner amounted to 100%, after the Offering, provided that all Offer Shares are subscribed for by the investors and that Glacier Holdings OÜ itself does not subscribe for Offer Shares the shareholding of Glacier Holdings OÜ shall be 92.85% (91.54% in case of oversubscription). The increase of share capital shall be registered in the Commercial Register on or about 18 November 2022 (the date may change).

The Offer Shares will be transferred to each investor's securities account presumably on or about 9 November 2022. The transfers will be conducted pursuant to the DVP procedure, concurrently with the transfer of the subscription amount from the investor's account to that of AS LHV Pank.

3.10 Release of funds

If the Offering or a part thereof is cancelled, if an investor's Subscription Undertaking is rejected in part or in whole, or the number of allocated Offer Shares is different from the number of Offer Shares subscribed for, the relevant account operator or financial institution will release the funds blocked in the investor's current bank account or a part thereof (the amount exceeding the sum to be paid for the Offer Shares) in accordance with the account operator's terms presumably within two business days. Molner cannot be held liable for the release of the respective funds nor for the payment of interest on the released funds for the period during which it was blocked.

3.11 Cancellation of the Offering and amendment of terms

Molner may cancel the Offering in full or in part or alter the terms and dates thereof at any time before the publishing of the allocation of the Offer Shares. Among other things, Molner may cancel the Offering in full or in part or alter the terms thereof if the total volume of the Offering is not subscribed for.

Information regarding any alteration of the terms of the Offering or the cancellation of the Offering will be published on Molner's website and as market news via the information system of the Exchange.

All rights and obligations of Molner in relation to the cancelled part of the Offering shall be considered terminated as of the moment when such announcement is made public.

3.12 Admission to trading of the Shares

Molner has filed an application with the Exchange for admission to trading of all Shares, including the Offer Shares, on the Exchange's First North MTF, and the trading of the Shares is expected to

commence on First North on or about 10 November 2022 (on or about 22 November 2022 with regard to the new Shares issued to AS LHV Pank to facilitate the settlement).

If the Shares are not admitted to trading according to the planned schedule or if the Exchange decides not to admit the Shares to trading for any reason, investors will not be entitled to seek the repurchase of the issued Shares from Molner.

4 PURPOSE OF THE OFFERING AND USE OF THE PROCEEDS

Molner organises the Offering to raise additional funds for the development of its business and for the achievement of its mission and vision and long-term goals including the financial targets described in Sections 5.1.6 and 9.2.

The estimated gross proceeds of the Offering is approximately EUR 1,000,000 or, in the event of oversubscription, EUR 1,200,000 if the volume of the Offering is increased. Molner has estimated the costs related to the organisation of the Offering, including the remuneration of the persons involved in the organisation of the Offering at approximately EUR 90,000, therefore the net proceeds of the Offering will be EUR 910,000, or EUR 1,110,000 if the Offering is oversubscribed.

The proposed distribution of the net proceeds of the Offering is as follows:

Priority	Cost	Description of the activity
1	EUR 300,000	Recruitment of new personnel. During this and the following year Molner aims to initiate recruitment of USA sales lead. For ensuring compliance with growing regulatory obligations Molner also aims to hire for a full time position the Regulatory Affairs specialist whose services were previously based on service agreements.
2	EUR 500,000	Accelerate launch of acquired ANDA products and site transfers to manufacturing. In order to bring its products to market and start their active distribution Molner incurs costs to manufacture stability and exhibit batches. During this and the following year Molner aims to increase production of MOL-003 ointment and MOL-002 ointment.[4]
3	EUR 110,000	Increasing laboratory capabilities. Molner is a quickly developing company that aims to provide top-class up-to-date laboratory services to its clients. As such updating and increasing the selection of laboratory equipment is vital for Molner. Molner aims to obtain an additional stability chamber capacity and more high-performance liquid chromatography units.

In the case of undersubscription, the revenue raised will be used in accordance with the priority of the action, ensuring in particular that the expenditure foreseen for the first priority action is covered.

In the event of an oversubscription, the expenditure intended for the activities will be increased proportionately.

By having its Shares admitted to trading on First North MTF, Molner will increase the liquidity of the Shares, which in turn would increase the attractiveness of the Shares for investors. The status of a public company ensures transparency and credibility for Molner's shareholders, employees and prospective investors. Being a company, whose Shares are admitted to trading at Nasdaq is seen as a mark of quality.

[4] These are both prescription ointments used to cure skin conditions. They are used for the relief of various skin conditions, including rashes. They help to reduce redness, itching, inflammation and irritation. See Section 5.1.5 of the Company Description for more detailed product description.

5 BUSINESS DESCRIPTION

5.1 History, development and future plans

The J. Molner Company OÜ i.e. the Subsidiary was established in 2020 out of the operations of the laboratory of the American pharmaceutical company Teligent in Estonia. Teligent built the Estonian laboratory starting in 2015 to add incremental research and development and supply chain capabilities for its generic pharmaceutical business in the USA and Canada. In 2020, as a result of the COVID-19 pandemic and subsequent economic challenges, Teligent decided to close its Estonian operations. In late 2021 Teligent declared bankruptcy. The J. Molner Company was formed to acquire the laboratory and develop a new specialty generic pharmaceutical company with Estonian roots.

Our strategy is to develop, acquire, and commercialize specialty generic pharmaceutical products in the USA and Canada by utilizing the pharmaceutical development skills and resources of our chemistry team in Estonia. We also offer analytical chemistry and stability services to third parties to generate additional revenue, further develop our skills, and absorb overhead related to the running of our laboratory.

The J. Molner laboratory, located at Tehnopol in Mustamäe, Tallinn, is a 336 square metre facility built according to the standards required to develop and release pharmaceutical products on the basis of EU and FDA Good Manufacturing Practices ('**GMP**'). This requirement begins with the establishment and control of internal systems that ensure compliance with a strict set of regulations including EUDRALEX Volume 4, the EU's regulations for pharmaceutical and laboratory practices, and the USA FDA's requirements codified in the Food, Drug and Cosmetic Act of 1938 as amended in 1968 and subsequently and the USA Code of Federal Regulations Title 21.

Following our founding as an independent company in 2020, we established a transfer and update of systems to ensure continued compliance with regulatory requirements, including our certification of current GMP ('**cGMP**') from the Estonian Agency of Medicines (*Ravimiamet*) ('**EAM'**). The Subsidiary holds an EAM license number IN-2-14/20/6 and a Federal Establishment Identity Number from FDA n-o. 3017858406 valid until 31 December 2022 to be renewed annually. In addition, the Subsidiary holds a Manufacturing Authorization No. 876, issued on 2 June 2022 by the EAM; the Canadian subsidiary holds a Drug Establishment License No. 3-002708-A, issued on 16 March 2022 by Health Canada. The USA subsidiary has initiated a licensing process starting in New Jersey.

Throughout 2021, we initiated work with a number of third parties in the USA, Canada, and Europe to support their analytical chemistry and stability needs. This work allowed our team to re-establish our workflows and systems and helped us establish a plan for our own development programs. Work on our inhouse development programs started in the second half of 2021 with projects for the USA topical market and the Canadian injectable market.

We established our Canadian subsidiary, The J. Molner Company Canada Inc., in 2021 and worked with regulatory experts and our in-house team to establish a series of standard operating procedures and distribution relationships to submit an application for our Canadian Drug Establishment License ('**DEL**'). This license was granted on 21 December 2021 following a successful inspection by Health Canada. This license allows us to import and sell pharmaceutical products in Canada.

Our business development efforts for the Canadian market were primarily focused on in-licensing opportunities from European manufacturers who have existing approved drugs in European markets. Working with these partners, our team has executed in-licensing agreement for drugs to be submitted to Health Canada for approval, with the first submissions anticipated in the second half of 2022.

In the first half of 2022, we accelerated our in-house development program to prepare for the manufacture of the first exhibit batches to support new generic drug applications in the USA. We executed a request for proposals for our first contract manufacturing partner, audited our selected partner, and completed an agreement to manufacture the first submission batches. The engineering

batch work for this project was completed in June 2022 and the first three submission batches for stability studies were completed in August, 2022. We anticipate the ability to submit this product to the USA FDA in the first half of 2023 subject to suitable compliant stability data being generated from the initial batches.

In July 2022, we acquired three generic drugs for dermatological drug products that had previously been marketed by Teligent in the USA market. Following the acquisition of these products, we have begun the process of bringing the products back to market by identifying appropriate contract manufacturers, reviewing existing data, and identifying current market demands. These three products have a total addressable market of USD 8.7 million and limited competition. We also opened our own USA office in Jersey City, New Jersey operated by Molner's USA subsidiary and have initiated the process of applying for licenses from a number of USA states that are required to begin commercialization. We anticipate that the first product from this portfolio will be commercialized in the first half of 2023.

5.1.1 Molner Group's services and products

Development and production of generic drugs

Small Volume Injectable Formulations

We develop sterile small volume parenteral (injectable) formulations primarily used for injectable administration in a hospital or clinical setting. These formulations involve complex challenges to ensure that the drug product developed is safe, efficacious, and equivalent to the approved reference product in the target market. We develop injectable formulations for both the USA and Canada.

Small volume injectables accounted for USD 13.7 bn in total addressable market in the USA in 2021. These products are primarily provided in either glass vials or ampoules, but can also be presented as pre-filled syringes, cartridges, and plastic vials. Most injectable drugs are distributed to hospitals and clinics for in-patient administration.

Liquid and Semi-Solid Formulations

We develop liquid and semi-solid formulations primarily used in a retail pharmacy prescription market for dermatological conditions. These formulations involve complex challenges to ensure that the formulation achieves the necessary drug release to demonstrate bioequivalence to the approved reference drug. Many of these drugs require the development of complex emulsion processing techniques.

Liquid and semisolid dermatological formulations accounted for USD 4.6 bn in the USA in 2021. These products are primarily presented in metal or plastic tubes, or glass or plastic bottles. All of our formulations require a prescription from a doctor to be dispensed by a pharmacist and most products are used by patients in a home setting.

Manufacturing of the drugs

Molner's strategy around drug selection involves products across different dosage forms – from non-sterile liquid and semi-solid formulations to sterile ophthalmic, ampoule, and vial presentations in multiple configurations. Molner's core value proposition is in molecule identification and formulation development, leveraging excess manufacturing capacity available across the industry. This allows Molner to be responsive to market demands for different drugs in different dosage forms unconstrained by installed manufacturing technology or capacity. This strategy also allows Molner to keep manufacturing as a variable rather than a fixed cost as it scales.

Molner develops formulations on a lab scale and conducts initial formulation stability studies across a range of parameters. Having selected a lead formulation, Molner initiates a request for proposals from qualified contract manufacturing organizations to identify partners with the required quality standards

and track record, manufacturing technology, delivery timetable, and project cost. Molner facilitates a transfer of the formulation into manufacturing where the product is scaled-up to commercial batch size. Following subsequent testing and regulatory approval, Molner contracts with the manufacturer to produce commercial product and package it in the configurations designated by Molner. These products carry the label and design of Molner branding. Packaged product is then serialized and sent to the warehouses operated by our third-party logistics service provider ('**3PL')** for ultimate distribution to wholesalers and direct customers.

Analytical chemistry, drug development and stability services

Molner leverages capacity in its laboratory by offering its services to third-parties across a range of challenges. The core services that Molner conducts are analytical chemistry services, drug development services, and stability services. In the conduct of our work for service customers, Molner is able to continue to build the competencies of its team and grow the team's skills. In many cases, clients approach Molner's team with a complex problem that draws on multiple disciplines. Molner is able to create bespoke solutions for its customers. To date, third-party services have made up 100% of Molner's revenue.

Analytical Chemistry Services

The core of Molner's client services offering is based on the range of analytical chemistry capabilities in the Molner laboratory. Analytical chemistry services often start with the development of a new analytical method for the testing of an API or a finished product, or the improvement of an existing method. In developing these analytical methods, Molner's team uses a range of technical equipment and methodologies to allow for the separation, identification, and qualification of the target product and associated impurities. This often includes the use of high performance liquid chromatography, gas chromatography, and other technical equipment and techniques.

Molner's core customers for its analytical chemistry services include generic pharmaceutical manufacturers, active pharmaceutical ingredient manufacturers, contract pharmaceutical manufacturers, and other chemical and materials manufacturers and developers.

Drug Development Services

Building on the analytical methods developed, Molner can also develop formulations for drug development for drug sponsors. This process follows Molner's own drug development guidelines for robust formulation development. Sponsors approach Molner with products based on a target formulation for an indicated market in specific formats and presentations. Molner's focus for third-party drug development is primarily focused on sterile injectable drug formulation for markets that do not compete with Molner's own core end-market products.

Stability Services

As part of the ongoing commitment around drug quality, product sponsors are required to conduct ongoing stability studies to ensure that the drugs continue to conform to their required specifications during the period of their designated shelf life. For virtual companies as well as clients who have resource constraints on space or analytical time, Molner is able to provide the required studies and reporting.

Molner conducts drug stability studies across multiple environments, including:

- Controlled room temperature - +15 celsius to +25 celsius
- Refrigerated - +2 celsius to +8 celsius
- Deep-freeze – below -15 celsius
- Accelerated conditions – +40 celsius
- Intermediate conditions - +30 celsius
- Stress conditions - +50 celsius

Molner also conducts tests on drug characteristics including photostability testing according to ICH[5] guidelines, forced degradation studies, and freeze/thaw cycle studies as well as in-use studies for products that are multidose or reconstituted.

5.1.2 Development process of generic drugs – how it is done?

Our development work starts with identifying sources of active pharmaceutical ingredient ('**API**')[6] excipients and primary packaging material, which may include vials, stoppers, tubes, bottles, caps, and other materials, that conform to our target product parameters. Our formulation team then executes a development strategy to design a formulation that achieves the required specifications of the drug product and demonstrates the necessary stability of the product across its desired shelf-life. This also requires us to develop analytical chemistry testing methods to be able to test effectively for the parameters and specifications. Small changes to any of the variables in this process may have significant impacts on the drug product and are therefore actively controlled by the formulation and testing process. Multiple formulations are often made to ensure that the principles of Quality-By-Design ('**QBD**') are fully utilized and that the team understands the potential impacts of different variables on the resulting drug product.

Once the formulation and process has been finalized on a lab scale, it is transferred to a contract manufacturer for manufacturing. The manufacturer will usually produce an engineering batch of the product first to ensure that all of the components of the formulation and process scale appropriately from the lab scale to commercial manufacturing. Once the engineering and technical transfer are complete, exhibit batches are manufactured to provide samples for the execution of stability studies. From the exhibit batches, we take regular samples to test according to our stability protocol and specifications to ensure that the product conforms to its required parameters.

Data from the exhibit batch stability program is compiled with information about all materials, analytical methods, development reports for methods and formulation, validation reports, manufacturing sites, and all other required regulatory information to form the basis of an application to the relevant regulatory authority for approval.

5.1.3 Sales and distribution

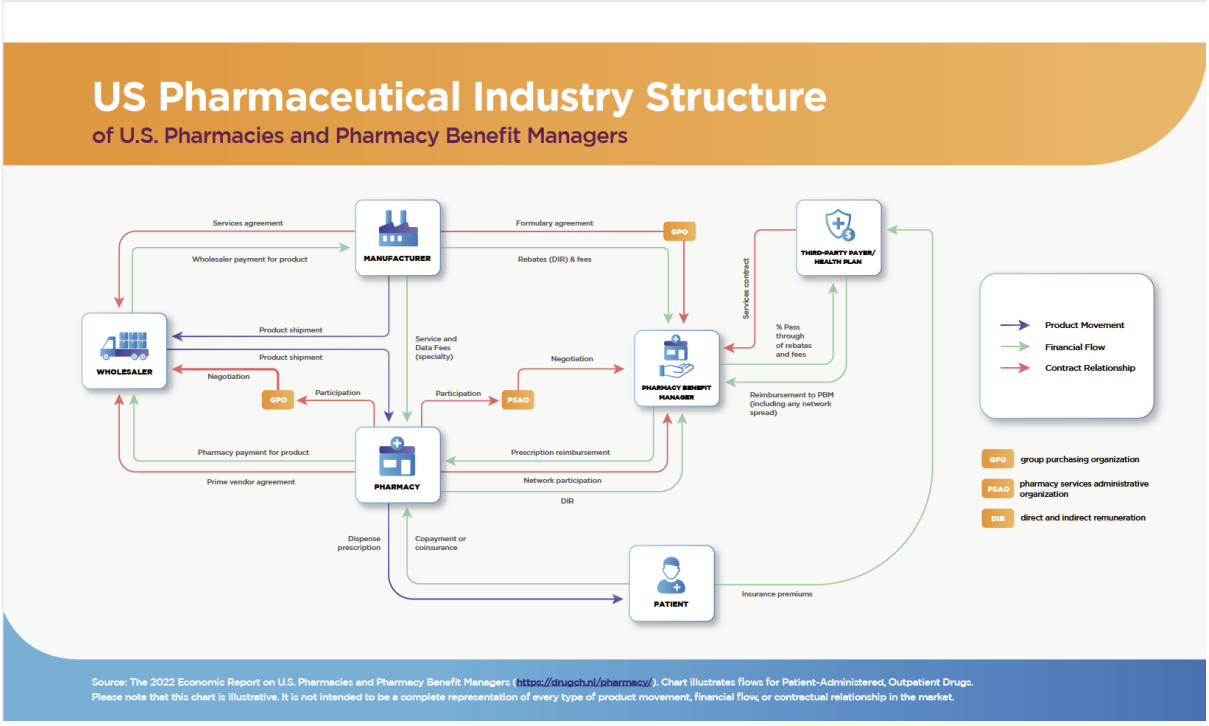
Commercialisation in the USA

In order to sell pharmaceutical products in the USA, we require licensing from a number of state authorities across the US. We achieve this by registering with a home state and then applying for mutual recognition in the other states that require licensing. The home state for J. Molner is located in New Jersey and we maintain offices in Jersey City, New Jersey where we hold our core company standard operating procedures for USA pharmaceutical distribution and supply chain. With the assistance of US regulatory specialists expert in regulatory licensing in the US, we begun the process of applying for various licenses and registrations to facilitate our product launches in 2023. We anticipate that all of our required USA licenses will be in place by end of first quarter 2023. If necessary, we are also able to rely on the licenses of our 3PL firm to be able to ship product into states where licenses are still pending.

To distribute product to our customers, we have launched a request for proposals to select a 3PL. Our selected 3PL will warehouse our products, perform order-to-cash operations, process returns, and execute contract management.

[5] The International Council for Harmonisation of Technical Requirements for Pharmaceuticals for Human Use.
[6] Active pharmaceutical ingredients are the substances in drugs that are responsible for the beneficial health effects experienced by consumers. An example of an API is the ibuprofen contained in a pain relief tablets.

The USA market has two primary channels of distribution: retail and institutional. Retail markets consist of national pharmacy chains, independent pharmacies, mail order pharmacies, and independent and specialty distributors. The largest of these customers have created three consortia to consolidate purchasing and contracting and are integrated each with one of the three large national wholesalers. A simplified version of the distribution model for retail pharmacy is provided below:



The three major buyer consortia in the USA, WBAD (Walgreens Boots Alliance Distribution – an alliance of Walgreens and AmerisourceBergen), Red Oak (an alliance of CVS and Cardinal Health), and ClarusOne (an alliance of McKesson and WalMart and other pharmacies), together accounted for 92% of pharmaceutical spend in the USA retail market in 2018 according to Statista.[7]

Institutional pharmaceutical markets generally consist of pharmaceutical purchasing for hospitals and in-patient clinics. These buyers have also organized Group Purchasing Organizations ('**GPO**') to consolidate contracting and purchasing power. GPOs major customers and largest share of pharmaceutical volume go to USA hospitals. In 2022, the total number of staffed hospital beds in the USA was 920,531 across 6,093 hospitals.[8] The major GPOs representing these hospitals in the USA are Vizient, Premier, and HealthTrust as described in the table below. (Note: some hospitals may belong to more than one GPO through different departments or sections).[9]

Rank	GPO	Total Beds
1	Vizient	449,085
2	Premier Inc	341,968
3	HealthTrust Purchasing Group (HPG)	173,557
		964,610

Commercialisation in Canada

To distribute pharmaceuticals in Canada, we require a valid DEL from Health Canada (see below on DEL regulations). Molner's Canadian subsidiary received its DEL from Health Canada on 21 December 2021, following a successful inspection of our systems and processes by Health Canada. We are

[7] *https://www.statista.com/statistics/1248195/share-generic-drug-purchases-by-buyer-consortiums-us/*
[8] *https://www.aha.org/statistics/fast-facts-us-hospitals*
[9] *https://www.definitivehc.com/blog/top-10-gpos-by-staffed-beds*

required to update our DEL regularly to append any new manufacturers, API suppliers, and distributors. We maintain a regulatory support contract with our regulatory advisory team at Regulatory Solutions Inc in Ontario, Canada, to ensure compliance with Canadian regulations.

Our product focus in Canada is solely on institutionally distributed products – primarily small volume sterile injectable drugs. We have selected Innomar, a 3PL based in Ontario, to provide our warehousing and order-to-cash services in Canada.

Similar to the USA, hospitals and institutions in Canada primarily contract through GPOs for pharmaceutical pricing. The three major GPOs in Canada are HealthTrust, Mohawk Medbuy, and a consortium of buying groups in Quebec that have been consolidated into the provincial contracting organization Centre d'Acquisitions Gouvernamentales ('**CAG**').

5.1.4 Overview of relevant applicable regulations

Generic Pharmaceutical Regulation in the USA

In the USA, prescription pharmaceutical products are generally marketed as either brand or generic drugs. Brand products are usually patent protected, which can provide a period of market exclusivity during which time they face little or no competition for the compound although there may be other participants in the same therapeutic area. This market exclusivity creates the ability for brand products to maintain their profitability for a period of time and, due to brand loyalty on behalf of physicians and patients, they may continue to attract a significant share of the market even after the end of patent protection or other market exclusivities that may be granted under the Food, Drug and Cosmetic Act.

Generic pharmaceutical products are pharmaceutical and therapeutic equivalents of the brand products, also known as the reference listed drug ('**RLD**'). An RLD is designated by the FDA in its listing in a publication entitled Approved Drug Products with Therapeutic Equivalence Evaluations, popularly known as the Orange Book ('**Orange Book**'). In 1984, the USA Congress passed the Drug Price Competition and Patent Term Restoration Act, commonly referred to as the Hatch-Waxman Act, which provides that generic drugs may enter the market after the approval of an ANDA. An ANDA approval requires that the submitted generic drug demonstrate bioequivalence to the reference listed drug and that any patents on the corresponding RLD be expired, invalidated, non-infringed and/or any other relevant market exclusivity periods related to the RLD be expired as well. Generic drugs are bioequivalent to their RLD counterparts. Accordingly, generic drugs provide a safe, effective, and cost-efficient alternative to users of these reference brand products.

All applications for FDA approval contain information about product formulation, raw material suppliers, stability, manufacturing processes, packaging, labeling, and quality control as well as information to support the bioequivalence of the generic drug to its RLD.

The ANDA development process relies on studies establishing safety and efficacy conducted for the RLD previously approved through its initial New Drug Application ('**NDA**'), and therefore typically does not require new preclinical and clinical studies. The ANDA process, however, does often require one or more bioequivalence studies to show that the ANDA is bioequivalent to the previously approved reference listed drug. Bioequivalence studies compare the bioavailability of the proposed drug product with that of the RLD product containing the same active ingredient in the same concentration and dosage form. Bioavailability is a measure of the rate and extent to which the active ingredient or active moiety[10] is absorbed from a drug product and becomes available at the site of action in a human patient. Thus, a demonstration of bioequivalence confirms the absence of a significant difference between the proposed product and the RLD in terms of the rate and extent to which the active ingredient or active moiety becomes available at the site of drug action when administered at the same molar dose under

[10] Moiety is a specific group of atoms within a molecule that is responsible for characteristic chemical reactions of that molecule. an active moiety is the part of a molecule or ion – excluding appended inactive portions – that is responsible for the physiological or pharmacological action of a drug substance.

similar conditions. Certain forms of drug products, and certain specified drugs, may be exempt from bioequivalence testing on the basis of scientific and pharmacokinetic knowledge – notably solubilized products intended for intravenous injection, topical and oral liquid products, and certain older and legacy medications. The FDA indicates the therapeutic equivalence designations in its publications of the Orange Book and provides regular product specific guidance to industry in its online publications.

Although generic products are usually introduced at or after the expiration of patent protection for the brand product or at the end of a period of non-patent market exclusivity, an ANDA filer may file an application asserting invalidity, non-infringement, or unenforceability related to a patent listed in the Orange Book with respect to a relevant RLD. This may allow a generic drug applicant to be able to market the generic equivalent prior to the expiration of patent protection for the RLD. Such patent certification is commonly referred to as a Paragraph IV certification. If the holder of the NDA sues, claiming infringement or invalidation, within 45 days of notification by the ANDA applicant, the FDA may not approve the ANDA application until the earlier of a court decision supporting the ANDA applicant or the expiration of 30 months. An ANDA applicant that is first to file an application with a Paragraph IV certification is eligible for a period of generic market exclusivity for 180 days, during which the FDA cannot grant final approval to other ANDA applications for a generic equivalent to the same reference drug.

In order to secure FDA approval for changes to an approved application, ANDA holders are required to submit supplements for review to the FDA. These supplements can be in the form of annual report supplements, a notification of changes being effected in 30 days ('**CBE-30**'), or a Prior Approval Supplement ('**PAS**'). For CBE-30s, ANDA holders submit notification to FDA of changes to be made subject to not receiving a negative decision from FDA within 30 days post-submission. CBE-30 changes are usually for minor changes to the existing approved ANDA. For PASs, ANDA holders submit notification to FDA of changes to be made subject to FDA positive consent. PAS changes are usually for more major changes to the existing approved ANDA.

The FDA, the USA Drug Enforcement Agency, or DEA, and other regulatory authorities conduct periodic inspections of facilities, operations, and/or testing of products. In addition, the FDA conducts pre-approval inspections and post-approval reviews and plant inspections to determine whether systems and processes are in compliance with cGMP, and other FDA regulations. Our suppliers and manufacturers are subject to similar regulations and periodic inspections.

Following the passage of the USA Food and Drug Administration Safety and Innovation Act, ('**FDASIA**'), in 2012, a new user fee program, the Generic Drug User Fee Act ('**GDUFA**') was established to improve funding for the FDA for its generic drug programs.

Under GDUFA, 70% of the total fees are to be derived from facility fees paid by Finished Dosage Form ANDA owners, manufacturers, and API facilities listed in pending or approved drug applications. The remaining 30% of total fees are to be derived from application fees, prior approval supplement fees, and fees for certain types of Drug Master Files, or DMFs.

All regulated sites are required to submit annual certification to the FDA and register their scope of activities. J. Molner's analytical laboratory is registered with the FDA under Federal Establishment Identification number 3017858406.

Generic Pharmaceutical Regulation in Canada

In Canada, the approval of all generic pharmaceuticals is governed by Health Canada, the federal department responsible for national public health, to ensure that the safety, efficacy, and quality of the proposed generic product meets the Canadian standards and bioequivalence requirements. Companies seeking approval for a generic drug submit an abbreviated new drug submission ('**ANDS**'), to health Canada that compares the proposed generic drug to another drug marketed in Canada under a Notice of Compliance (**NOC**'), of a reference product.

An application for approval to market a generic equivalent drug for which an NOC has already been issued does not need to perform duplicate clinical trials similar to those conducted by the first NOC holder, but is instead permitted to demonstrate safety and efficacy by submitting data demonstrating that its formulation is bioequivalent to the formulation that was issued for the first NOC.

Health Canada conducts periodic inspection of facilities, procedures, operations and or/testing of products. In addition, Health Canada conducts pre-approval and post-approval reviews and plant inspections to determine whether systems are in compliance with cGMPs in Canada, Drug Establishment Licensing requirements, and other provisions of the applicable regulations. In order to submit generic drug products for review, conduct marketing and importation, companies are required to apply for and maintain a current Drug Establishment License with Health Canada for which Health Canada conducts regular inspections and reviews.

The primary regulatory approval for pharmaceutical manufacturers, distributors, and importers selling pharmaceuticals to be marketed in Canada is the issuance of the DEL. A DEL is issued to a Canadian facility once Health Canada has approved the facilities in which the pharmaceuticals are manufactured, distributed, or imported. A key requirement for DEL-issuance is compliance with cGMPs as set out by Health Canada. For pharmaceuticals that are imported into Canada, the license for the Canadian importing facility must list all foreign sites at which imported pharmaceuticals, and their active ingredients, are manufactured and tested. To be listed on our DEL, all our foreign sites must demonstrate compliance with relevant cGMPs recognized by Health Canada.

Health Canada inspected J. Molner's Canadian subsidiary in December 2021 and granted our Drug Establishment License number 3-002708-A on 21 December 2021.

5.1.5 Plans for future

During this and the following year Molner is focusing on launching the 3 acquired ANDAs, submitting the 2 in-licensed products, and submitting the first USA ANDA developed in-house.

In the following years (2024-2025) Molner aims to scale its development and licencing model for the USA and Canada. During this period Molner also aims to staff its Canadian sales operations and focus actively on Canadian market.

Molner's key growth engine is its pipeline of owned, licensed, and developed drugs for the US and Canada. The current near-term pipeline includes:

MOL-001 Topical Corticosteroid Lotion Status: Approved – Transferring

An approved USA FDA ANDA for a topical corticosteroid lotion, MOL-001 was initially approved by FDA in 2017. MOL-001 is indicated for the topical treatment of mild to moderate atopic dermatitis in patients 3 months of age or older. The current market includes one generic product and the originator brand product. Molner has already identified a contract manufacturer for the product in the United States and has begun activities to transfer the site of manufacture. Molner intends to make the first supporting batch in the fourth quarter of 2022. Subject to satisfactory stability and in vitro release testing data, Molner will submit a CBE-30 request to FDA to support its change of manufacturing site. Following FDA's review, Molner will launch the product on completion of two further validation batches. Molner estimates launching this drug in the second quarter of 2023.

MOL-002 Topical Corticosteroid Ointment Status: Evaluating Manufacturing

An approved US FDA ANDA for a topical corticosteroid ointment, MOL-002 was initially approved by FDA in 2018. MOL-002 is an ultra high-potency corticosteroid indicated for the relief of the inflammatory and pruritic manifestations of corticosteroid-responsive dermatoses. The current market includes one generic product and the originator brand product. Molner has begun the process of qualifying contract manufacturers for the product in FDA approved manufacturing sites. Molner intends to make the first supporting batch in the first half of 2023. Subject to satisfactory stability and in vitro release testing data, Molner will submit a CBE-30 request to FDA to support its change of manufacturing site. Following FDA's review, Molner will launch the product on completion of two further validation batches. Molner estimates launching this drug in the second half of 2023.

MOL-003 Topical Corticosteroid Ointment Status: Evaluating Manufacturing

An approved US FDA ANDA for a topical corticosteroid ointment, MOL-003 was initially approved by FDA in 2018. MOL-003 is a high-potency corticosteroid indicated for the relief of the inflammatory and pruritic manifestations of corticosteroid-responsive dermatoses. The current market includes two generic products. Molner has begun the process of qualifying contract manufacturers for the product in FDA approved manufacturing sites. Molner intends to make the first supporting batch in the first half of 2023. Subject to satisfactory stability and in vitro release testing data, Molner will submit a CBE-30 request to FDA to support its change of manufacturing site. Following FDA's review, Molner will launch the product on completion of two further validation batches. Molner estimates launching this drug in the second half of 2023.

MOL-004 Topical Anaesthetic Liquid Status: Conducting Stability

An internally developed generic anaesthetic liquid, MOL-004 was developed by the Molner team as a generic to a US FDA approved reference listed drug. MOL-004 is indicated for the production of topical anesthesia of the mucous membranes of the respiratory tract. The current market includes four generic products. Molner has executed three stability indicating exhibit batches at its chosen contract manufacturer in August, 2022. Subject to six months of satisfactory stability testing data, Molner will submit an ANDA to FDA to support approval of the drug. Following FDA's review and approval, Molner will launch the product on the completion of three process validation batches. Molner estimates launching this drug in 2024.

MOC-001 Sterile Cardiovascular Injectable Status: Pending Submission

An in-licensed generic cardiovascular injectable drug, that is indicated to raise blood pressure in adult patients with severe, acute hypotension. MOC-001 was approved in Europe and has been prepared for submission to regulatory authorities at Health Canada. Molner intends to complete the submission in autumn 2022 for regulatory review. The current market includes two generic products. Molner will launch the product on the completion of Health Canada's review in 2024.

MOC-002 Sterile Antiemetic Injectable Status: Preparing Submission

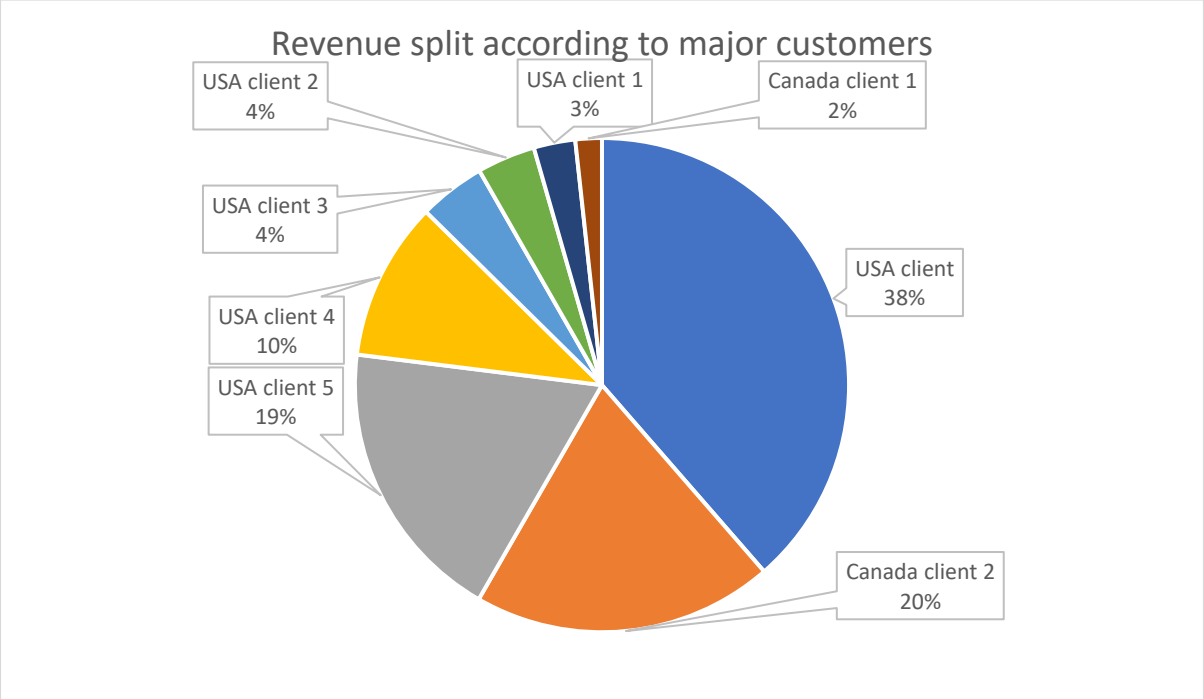
An in-licensed generic antiemetic injectable drug, MOC-002 was approved in Europe and is in preparation for submission to regulatory authorities at Health Canada. Molner's licensing partner is generating incremental stability data for the product which it anticipates providing in the first half of 2023. The current market includes one generic product. Following review of the data and preparation of the required dossier, Molner will submit the product to Health Canada for regulatory review.

Further Pipeline

Molner is regularly initiating work on future projects for its drug development pipeline. As of September, 2022, this includes a number of sterile injectable drug products for both the US and Canada, and certain semi-solid and liquid topical products as well as sterile ophthalmic preparations. Molner will continue to provide an update to its pipeline as projects mature.

5.2 Markets and competition

For our services business – our main markets are Canada, the USA and EU. Molner currently has two Canadian clients, a number of USA clients and a small number of European clients. The below graph provides an overview of Molner Group's revenue split according to its major customers:



Molner can provide its services across the EU, USA, and Canada based on its internal quality system, EU cGMP certificate, and registrations with Health Canada and the FDA (see Section 5.1 above).

For our pharmaceutical business, our main markets are Canada and the USA. For Canada, we have in-licensed two products from a third party seller[11] and developed internally one further product (preparing for transfer to contract manufacturer). For the USA, we have acquired three approved products (ANDAs) and have developed one further ANDA which has been manufactured at our contract manufacturer to develop data for submission to FDA in first quarter of 2023.

5.2.1 Markets

The global market for generic pharmaceutical products is expected to surpass USD 575 billion by 2027 based on recent data. The largest market for generic pharmaceuticals is the USA, making up 83.2 billion in value in 2021 based on estimates from IMARC Group that is estimated to reach USD 105.7 billion by 2027. While the largest share of this market is traditional generic formulations of oral solid dose products, primarily tablets and capsules, this is also a market which has been very competitive as a result of increased vertical integration by manufacturers from India and China. These formulations tend to have a larger percentage of API per dose, lending themselves to strategies of vertically integrating

[11] Molner has obtained licenses from the seller to produce and distribute the relevant drugs.

the manufacture of basic chemicals and APIs with finished dosage forms (tablets and capsules) and markets for patients.

Rather than compete in markets where vertical integration is key, our core markets are in small volume sterile products (injectable and ophthalmic, i.e., eye drops) and semisolid and liquid dermatological products for skin. These products tend to have the following characteristics:

- Complex formulations
- Smaller volumes of API per dose
- Challenging manufacturing and distribution dynamics

Our core markets are the USA and Canada.

In the USA, we find the market is compelling as:

- The USA makes up the largest market for generic pharmaceuticals in the world with 83.2 bn in annual sales as of 2021. It is a deep, established, and open market.
- The market is homogenous with a single primary regulator, the USA FDA
- The Mutual Recognition Agreement between the USA and Estonia allows us to rely on our inspections by EAM to confirm our compliance with GMP
- Regulatory changes to the review process for generic drugs as part of 2012 USA Federal legislation have increased the visibility and cycle-time to receive FDA approval for abbreviated new drug applications.

In Canada, we find the market is compelling as:

- The Canadian market often has limited competition in many drug products and few local firms with capabilities to manufacture products. Most of our competitors in Canada rely on outsourced research and development and manufacturing to develop drugs.
- The Mutual Recognition Agreement between Canada and a number of European countries including Estonia allows us to rely on both our inspections by EAM to confirm our own compliance with GMP as well as that of local regulators in a number of EU countries to confirm the compliance with GMP of our European contract manufacturers.
- Canada's proximity to the USA and predominantly English language business environment allow us to operate with minimal incremental complexity.

5.2.2 Strategy and Competitive Position

Our core strategy is based on leveraging Estonian scientific and development capabilities and costs into deep pharmaceutical markets using an excess of manufacturing capacity on a variable basis. This strategy allows us to:

- Maintain a competitive cost structure compared to USA and Canadian peers
- Keep manufacturing costs variable rather than investing in heavy fixed cost infrastructure
- Target our portfolio to market opportunities rather than to fit our infrastructure
- Control our portfolio selections rather than rely solely on available licensing opportunities

The global market for pharmaceutical products is estimated to grow to around USD 1.6 tn by 2025, with the USA and Canada continuing to make up 41% of the total market. Research from IQVIA, a leading healthcare research group, has produced forecasts for the global market presented below:[12]

[12] The research from IQVIA in Strat and Comp Position Section is from the Market Prognosis September 2019 (https://www.iqvia.com/-/media/iqvia/pdfs/institute-reports/global-medicines-use-in-2020).

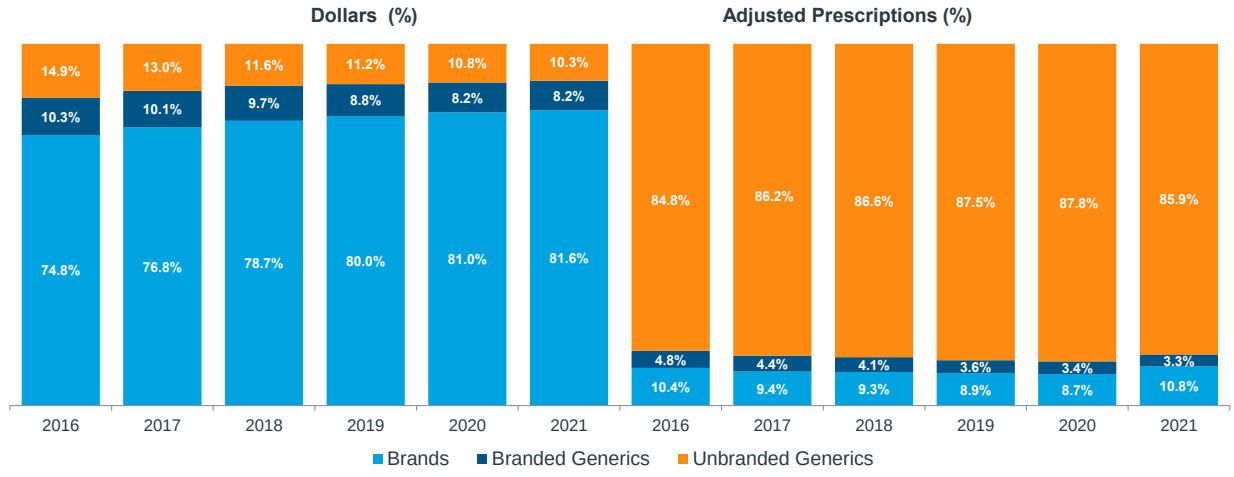
	2020 SPENDING US$BN	2016–2020 CAGR	2025 SPENDING US$BN	2021–2025 CAGR
Global	1,265.2	4.6%	$1580–1610	3–6%
Developed	959.5	3.8%	$1130–1160	1.5–4.5%
10 Developed	847.2	3.8%	$990–1020	1.5–4.5%
United States	527.8	4.2%	$605–635	2–5%
Japan	88.2	-0.2%	$75–95	-2–1%
EU5	180.4	4.4%	$215–245	2–5%
Germany	54.9	5.3%	$65–85	3.5–6.5%
France	36.3	2.4%	$43–47	1–4%
Italy	33.3	4.2%	$38–42	2–5%
United Kingdom	30.2	5.3%	$38–42	2.5–5.5%
Spain	25.7	4.6%	$28–32	1.5–4.5%
Canada	22.8	4.8%	$28–32	2–5%
South Korea	16.2	6.8%	$18–22	4.5–7.5%
Australia	11.8	3.3%	$13–17	1–4%
Other Developed	112.3	4.2%	$125–155	2.5–5.5%
Pharmerging	290.8	7.4%	$415–445	7–10%
China	134.4	4.9%	$170–200	4.5–7.5%
Brazil	28.7	10.7%	$43–47	7.5–10.5%
Russia	17.5	10.8%	$33–37	11–14%
India	21.1	9.5%	$28–32	7.5–10.5%
Other Pharmerging	89.1	9.6%	$120–150	8.5–11.5%
Lower Income Countries	15.0	3.9%	$18–22	3–6%

Source: IQVIA Market Prognosis, Sep 2019; IQVIA Institute, Dec 2019

In the USA market, unbranded generics make up 85.9% of total prescriptions and 10.3% of total spending in 2021 as detailed below.

85.9% of prescriptions are dispensed as unbranded generics for 2021 (adjusted)

Unbranded and branded generics account for 18.4% of spending in 2021



Source: IQVIA, National Sales Perspectives, August 2021
Note: Limited to Rx and OTC Insulins; Includes Retail, Non-Retail and Mail

We define our market of specialty generics as a subset of the unbranded generic pharmaceuticals market. We include in our target markets:

- Small volume sterile injectable drugs
- Semi-solid and liquid dermatological drugs
- Sterile ophthalmologic preparations (injectable and topical)
- Other complex forms

In the USA, we face a diverse set of competitors in our specialty generics market, from global integrated players (like Hospira (Pfizer), Hikma, Fresenius Kabi), USA focused players (like Amneal, Cosette, Akorn, and Par/Endo), and Indian integrated global players (like Aurobindo, Accord, Emcure, Sun, and Lupin). While some Chinese players have emerged, they are currently mostly in high volume oral solid dose products.

We view the competitive landscape in the USA in the following terms[13]:

	THE J. MOLNER COMPANY	Hospira / FRESENIUS KABI / hikma.	AKORN	PAR PHARMACEUTICAL	AUROBINDO / accord / Emcure	SAGENT	EXELA PHARMA SCIENCES
Markets	US/ Canada	International	US Only	US Only	Indian Global	US/ Canada	US Only
Manufacturing	CMOs	Integrated	Integrated	Integrated	Integrated	CMOs	Integrated
R&D	In-House R&D	In-House R&D	In-House R&D	In-House R&D	In-House R&D	Outsourced	In-House R&D
R&D Dynamism	Active R&D	Low R&D Productivity	Low R&D Productivity	Low R&D Productivity	Medium Productivity	Low R&D Productivity	High R&D Productivity
IP Strategy	P-III	P-IV, Biosimilars, 505(b)2	P-III	P-III/ P-IV	P-III/ P-IV	P-III	P-III/ P-IV 505(b)2
Regulatory Status	Good	Hospira - major issues Others - good	Major issues	Minor issues	Major Issues	Minor Issues	Good
Ownership	Private	Public	Private	Public (Endo)	Public (India)	Public (Japan)	Private

Many of our legacy competitors continue to struggle with regulatory issues which have grown more complex during the COVID-19 pandemic. As a result, new research and development productivity from these players has fallen and they have tended to focus on larger individual product opportunities.

Our approach is different. We are focused on the 'long-tail' of generic pharmaceuticals – products that have been off patent for some time where supply chain fragility has become increasingly challenging. These supply chain issues have driven significant drug shortages in the USA market with currently 123 drugs in active FDA declared drug shortage.[14] Per FDA's website: "A major reason for these shortages

[13] In relation to IP Strategy, the notations in the table refer to sections of the USA Food Drug and Cosmetic Act and the Hatch-Waxman Act regarding approach to intellectual property. Branded drugs are listed in the FDA's Orange Book, along with patents covering the drugs and methods of using them. When a company files a 505(b)(2) application or abbreviated new drug application (ANDA) to market a generic version of a branded drug, the company generally must certify that each listed patent (a) has expired (a paragraph II certification), (b) will expire before the generic drug is marketed (a paragraph III certification), or (c) is invalid, unenforceable, or will not be infringed by the generic drug (a paragraph IV certification). The company should file a paragraph I certification if the Orange Book does not list a patent that the company believes claims the drug or method of using it. More details can be found here: https://www.americanpharmaceuticalreview.com/Featured-Articles/348913-Intricacies-of-the-30-Month-Stay-in-Pharmaceutical-Patent-Cases/
In the table, CMO stands for contract manufacturing organisations i.e. third party manufacturers used to manufacture the drugs on commercial scale.

[14] https://www.accessdata.fda.gov/scripts/drugshortages/default.cfm

has been quality/manufacturing issues. However there have been other reasons such as production delays at the manufacturer and delays companies have experienced receiving raw materials and components from suppliers. Discontinuations are another factor contributing to shortages. FDA can't require a firm to keep making a drug it wants to discontinue. Sometimes these older drugs are discontinued by companies in favor of newer, more profitable drugs.

With fewer firms making older sterile injectable drugs, there are a limited number of production lines that can make these drugs. The raw material suppliers the firms use are also limited in the amount they can make due to capacity issues at their facilities. This small number of manufacturers and limited production capacity for older sterile injectables, combined with the long lead times and complexity of the manufacturing process for injectable drugs, results in these drugs being vulnerable to shortage. When one company has a problem or discontinues, it is difficult for the remaining firms to increase production quickly and a shortage occurs."

Drug shortages have regularly occurred in the USA market as a result of market failures. Markets for generic drugs tend to go through cycles of consolidation that increase the risk of drug shortage. Once the number of active players in a market falls, the risk of an individual player having a supply chain shock (as a result of regulatory challenges, quality failures, manufacturing issues, API issues, or supply chain failures) increases significantly. Notably, during the COVID-19 pandemic, lack of access to raw materials from India and China, shortages in primary packaging materials (like glass vials and stoppers), and timing of international shipments have all scrambled supply chains.

Illustratively, below is the market dynamics of the market for ondansetron injection 4 mg/2ml vials in the USA since genericization:

15

Pharmaceutical manufacturers with approved drugs in the United States are required to report to the US FDA potential market shortages, manufacturing delays, discontinuations, or other actions that may result in market shortages. FDA regularly provides an updated list for industry and practitioners on the state of US drug shortages.

15 *Source: IQVIA market data for various years to 2021.*

We actively identify markets where the combination of factors described above create risk of supply chain disruption and potential market opportunities. In the USA injectable drug market, for example, we have screened the market to produce an opportunity set of 70 molecules that have attractive characteristics.

US Generic Injectable Market:
USD $13.7bn

US Generic Long Tail:
USD $1.5bn (70 target molecules)

Average # of Competitors
2.4

[16]

In Canada, pharmaceutical trends have followed similar dynamics to the USA market. Generic prescriptions make up 73.5% of total volume with branded drugs making up 26.5% of the market. Overall, the Canadian market continues to grow at healthy rates in line with global and North American average long-term rates of 2% - 5%, although the market grew 6.6% in 2021.[17]

In Canada, we also face a diverse set of competitors in our specialty generics market, from global integrated players (like Hospira (Pfizer), Hikma, Fresenius Kabi) and Canadian focused players (like Sterimax and Jamp).

We view the competitive landscape in Canada in the following terms:

COMPETITION - CANADA

	THE J. MOLNER COMPANY	Hospira / FRESENIUS KABI / hikma.	STERIMAX INC.	JUNO PHARMACEUTICALS	JAMP PHARMA	omega
Markets	US/ Canada	International	Canada Only	Canada/ AU/ NZ	Canada Only	US/ Canada
Manufacturing	CMOs	Integrated	CMOs	CMOs	CMOs	Integrated
R&D	In-House R&D	In-House R&D	Outsourced	Outsourced	Outsourced	In-house R&D
R&D Dynamism	Active R&D	Low R&D Productivity	Low R&D Productivity	Low R&D Productivity	High Productivity	Low R&D Productivity
IP Strategy	Off-Patent	Off-patent, Biosimilars	Off-Patent	Off-Patent	Off-Patent	Off-Patent
Regulatory Status	Good	Hospira - major issues Others - good	Good	Off-Patent	Good	Minor Issues
Ownership	Private	Public	Private	Private	Private	Public (Japan)
Other		Hikma just starting in Canada			Mostly Retail	

Of these Canadian competitors, only Omega has meaningful manufacturing in the Canadian market. All others are generally relying on either manufacturing sites ex-Canada, or contract manufacturers.

Supply chain disruptions have also significantly impacted the Canadian market as in the US. This often happens when the ex-Canada manufacturing sites are manufacturing both for the USA market and the Canadian market – given their relative sizes, firms often prioritize USA demand over the Canadian market causing supply shocks.

[16] *Source: IQVIA market data MAT February, 2021*
[17] *Source: Canadian Government Pharmaceutical Industry Survey: https://www.ic.gc.ca/eic/site/lsg-pdsv.nsf/eng/h_hn01703.html*

TORONTO STAR October 25, 2020

CANADA

Canadians rely on too few companies to make their drugs – if we want to avoid another shortage, we need more drugmakers.

CBC

Drug shortage could create problems ramping up surgeries post-pandemic.

CTV NEWS September 1, 2020

Nearly a quarter of drugs marketed in Canada reported shortages: study

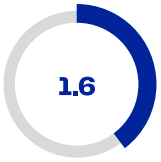
US Drug Shortages have a direct impact on the Canadian market as suppliers prioritize manufacturing and capacity.

As in our USA strategy, we have identified products in the market which have greater risk of supply disruption based on their competitive dynamics. We view the long tail opportunity in Canada as illustrated below:

Canadian Generic Injectable Market:
USD $1.4 bn

Canadian Generic Long Tail:
USD $150m (52 target molecules)

Average # of Competitors
1.6



5.3 Material contracts

The J. Molner Company Inc. (Issuer's Canadian subsidiary) and the Subsidiary have concluded distribution and registration agreements with a pharmaceutical company for registering, selling and distributing its products in Canada. The fees payable under the agreements are dependant on the amount of products distributed.

The Subsidiary has on 11 July 2022 concluded an agreement with a third party seller for purchasing the ANDAs of three different generic drugs that enable Molner to start manufacturing and commercialising said drugs. The total value of the agreement is approximately USD 720,000 payable in various instalments over a two year period (prolongable on certain circumstances by up to one year) of which USD 300,000 has been paid in July 2022. In addition to fixed payments a variable payment during the course of five years from the sale of first pharmaceutical under each ANDA is payable that is dependant on the sale volume for each ANDA. Furthermore, under certain circumstances, should the Subsidiary fail to make the payments or commercialise the ANDA the seller has a buy-back right. The seller also has an audit right of the Subsidiary once per year in order to verify the pharmaceuticals sale amounts.

The Subsidiary has on 25 April 2022 concluded a Technology Transfer and Commercial Manufacturing agreement with a third party service provider for the development of commercial production capability and production of certain pharmaceuticals. The total cost of the agreement is approximately USD 125,000 plus variable expenses and costs based on volumes.

On 1 November 2020 the Subsidiary concluded a lease agreement for lease of laboratory and office premises for a term of five years for EUR 2768 per month.

On 20 September 2021 the Subsidiary concluded a loan agreement (as amended on 18 April 2022, on 11 July 2022 and on 27 September 2022), whereby the lender lent to the Subsidiary a sum of USD

1,825,000. According to the amendment agreement concluded on 27 September 2022, EUR 750,000 (i.e. USD 779,025) of the loan principal is as of 30 June 2022 regarded as subordinated loan obligation in the voluntary reserve capital of the Subsidiary. This loan is termless and bears an interest of 5% per annum on unpaid principal, calculated monthly. The interest is payable together with the full repayment of the principal loan amount should the Subsidiary decide to pay interest.

The rest of the loan, i.e. principal loan amount of USD 1,045,975 is classified as senior loan of the Subsidiary. The Subsidiary is not entitled to create any instruments senior to that loan without the lender's consent. The interest on the loan is 5% per annum on unpaid principal calculated monthly. The loan is termless and the Subsidiary may freely repay the loan without incurring any additional penalty.

5.4 Material assets

Given the nature of Molner Group's activities the primary assets of Molner Group are various pieces of laboratory equipment. This equipment is stored at Molner's premises and its total book value is approximately EUR 95,000. However, the total replacement and insured value of the assets is approximately EUR 1,000,000. Molner Group has obtained relevant insurance coverage for the premises and equipment.

The Subsidiary has registered in Estonian Patent Office, in relevant classes, under registration number 59972 a trademark "THE J. MOLNER COMPANY The Chemistry People" with figurative mark:

In addition to trademark, the Subsidiary owns three ANDAs for developing different drugs, with ANDA numbers 209973, 209556, 210753.

5.5 Transactions with related parties

The Subsidiary has concluded a prepaid research and portfolio development agreement with Machrihanish, LLC[18] whereby the Subsidiary undertakes to provide various chemical analysis and portfolio development services in Canada. The total value of the contract is USD 300,000.

The Subsidiary has concluded two shareholder loan agreements with Molner's beneficial owner on the following terms:

1) Concluded on 1 October 2020 with a principal of up to USD 500,000.00, currently in use USD 181,280.82. The interest on the loan is 5% per annum on unpaid principal calculated monthly not in advance. The loan shall be repayable within 180 days of the shareholder providing a written notice of demand, however, the Subsidiary is entitled to repay the loan prematurely at any time without incurring any additional penalty.
2) Concluded on 1 October 2020 with a principal of EUR 250,000.00, currently in use EUR 87,895.89. The interest on the loan is 5% per annum on unpaid principal calculated monthly not in advance. The loan shall be repayable within 180 days of the shareholder providing a written notice of demand, however, the Subsidiary is entitled to repay the loan prematurely at any time without incurring any additional penalty.

Additionally, Molner's sole shareholder has concluded a lock-up agreement with AS LHV Pank, whereby Molner's shareholder undertakes, without AS LHV Pank's prior consent to not sell or otherwise transfer the Shares it owns at the date of concluding the agreement during the following 12-month period. The Parties have agreed that LHV is not entitled to unreasonably withhold its consent, provided that the proposed new owner of the locked-up Shares of the Issuer has executed or has committed to execute

[18] The beneficial owner of the Molner Group, Jason Michael Atticus Grenfell-Gardner, is a management board member at Machrihanish LLC.

a lock-up agreement on similar terms as the lock-up agreement for the remaining term of the lock-up period.

5.6 Legal proceedings

Molner Group is currently not involved in any ongoing and has not in previous reporting periods been involved in any court proceedings, tax or other disputes. No bankruptcy petitions have been filed against and no bankruptcy proceedings initiated with regard to any member of the Molner Group.

6 TEAM

6.1 Management bodies

The management structure of Molner is two-tiered. The Management Board is responsible for the day-to-day operations and management of Molner and has the right to represent Molner under the law and the articles of association. Molner's Management Board has one member who is elected for a three-year term.

Molner's Supervisory Board is responsible for the strategic planning of the Molner's business and oversees the activities of the Management Board. Molner's Supervisory Board has three members who are elected for a five-year term.

Molner's highest managing body is the general meeting of shareholders. Shareholders can participate in the management of Molner through a general meeting of shareholders, which is competent to decide on certain important corporative issues, such as: amend the articles of association; increase and reduce share capital; issue of convertible bonds; elect and remove members of the Supervisory Board; elect an auditor; designate a special audit; approve the annual report and distribute profit; decide on dissolution, merger, division or transformation of Molner; decide on conclusion and terms and conditions of transactions with the members of the Supervisory Board, decide on the conduct of legal disputes with the members of the Management Board or Supervisory Board, and appointment of the representative of Molner in such transactions and disputes; decide on other matters prescribed by law or Molner's articles of association.

6.2 Management Board

Molner's Management Board consists of one member – Jason Michael Atticus Grenfell-Gardner.

Jason Michael Atticus Grenfell-Gardner is born in 1974. Jason has graduated the University of St Andrews, Scotland, MA (Hons) in Economics and holds an MBA from INSEAD, having studied both in France and Singapore.

Jason has over 20 years of experience in the pharmaceutical space. Jason founded Molner Group to create a new specialty generic pharmaceutical company with Estonian roots. Prior to founding Molner, Jason served as the CEO of Teligent, a specialty pharmaceutical company in the USA and Canada and as Chairman of Pfenex, a biotechnology company. Jason joined Teligent in 2012 to accelerate the company's turnaround and refocus the business on commercializing its generic pharmaceutical pipeline. During his tenure, revenue at Teligent grew from USD 5 million per year to USD 66 million, and the total drug portfolio grew from zero in 2012 to 79 in 2020. At Pfenex, Jason led the Board in restructuring the company's management team and facilitated the eventual sale of the business in 2020 for consideration in excess of USD 515 million – a 180% return over the three years he was Chairman of the Board.

Prior to joining Teligent, Jason worked in a number of roles at Hikma Pharmaceuticals, an international generic specialist, listed in London (LSE:HIK), and in its USA subsidiary, West-Ward Pharmaceuticals. At Hikma, Jason led the company's IPO on the London Stock Exchange in 2015 and its M&A and

business development in the US, EU, and Middle East and North Africa regions before taking over responsibility for the company's commercial operations in the USA in 2008.

Before working with Hikma, Jason's earlier career involved a number of years in investment banking in Central and Eastern Europe with Trigon Capital. During this period, he worked across many industries, including pharmaceuticals, and served as Chairman of the Board of Sanitas Pharmaceuticals in Lithuania. He has also served on the board of PAS Gutta (Latvia – FMCG) and A/S In Your Pocket (Czech Republic – New Media). Jason was also President of the American Chamber of Commerce in Estonia. Through these board positions, Jason has developed significant experience in board governance and oversight, having dealt with issues including business start-up and growth, international diversification, financial complexity, and turnaround, management change, and restructuring.

Jason's company Glacier Holdings OÜ owns 100% of the share capital of Molner. In addition to management board members' position in Molner Group companies, Jason also acts as a management board member in Arctic Taco OÜ (Estonia), Lone Oak Capital Partners LLC (USA) and as a scientific advisory board member in Xpira Pharmaceuticals (Canada).

6.3 Supervisory Board

Molner's Supervisory Board consists of three members – Karita Sall, Yoann John Ricau and Martin Wilson

Karita Sall is born in 1974. Karita has graduated the Tallinn University with bachelor's degree in English and German and Estonian Business School with MBA in Marketing and Public Relations. Karita has worked for ten years in AS Tallinna Vesi as its head of public relations. Afterwards, she was the partner at Communication Agency JLP and for the past three years she has worked at Veriff, a global company focused on building an artificial intelligence driven verification platform. As such Karita has more than twenty years of experience in communication, marketing and public relations. Karita does not own any shares of Molner nor has she any other connections with Molner or its management. In addition to Supervisory Board member's position in Molner Karita also acts as management board member in GREEN DRAGON INVESTMENTS OÜ and Mittetulundusühing Vanalinna Selts and as supervisory board member in Sihtasutus Heategevusfond Minu Unistuste Päev.

Yoann John Ricau is born in 1975. Yoann has graduated from the Lycee Condorcet de Bordeaux with a degree in International Commerce and a postgraduate degree from the Inchbald School of London in Architectural Interior Design. He has experience in pharmaceutical regulatory affairs from his position with West-Ward Pharmaceuticals (Hikma) in Eatontown, New Jersey, where he also managed complex pharmaceutical labelling and compliance of oral and injectable generic pharmaceutical products. Yoann does not own any shares of Molner. Yoann is an employee of the Subsidiary where he is responsible for regulatory labelling. Yoann is the spouse of Management Board Member, Jason Grenfell-Gardner. In addition to Supervisory Board member's position in Molner, Yoann also acts as management board member of Maxwell & Finch LLC (a New Jersey limited liability company) and Franco-American OÜ.

Martin Louis Wilson is born in 1976. Martin has graduated Saint Joseph's University, Philadelphia, with bachelor's degree in Management Information Systems and Villanova University Charles Widger School of Law with JD in law. He has worked as compliance officer and counsel in numerous pharmaceutical companies. Martin has over 20 years of pharmaceutical experience with a specific relevance for the regulatory and legal complexities and compliance of the USA market. He currently serves as the General Counsel and Chief Compliance Officer of Rocket Pharmaceuticals, a USA listed company focused on gene therapy cures for rare diseases. Martin does not own any shares of Molner nor has he any other connections with Molner or its management.

6.4 Management Board's confirmation

To the best of the Management Board's knowledge, no Management Board or Supervisory Board member and no executive of Molner Group has been punished pursuant to criminal procedure or sentenced for fraud or swindling during the preceding five years. Furthermore, to the best of the Management Board's knowledge, no Management Board or Supervisory Board member, nor any key employee, has been a member of the managing body of any legal person during the previous five years at the time of the initiation of bankruptcy, reorganisation, or liquidation proceedings. The Management Board warrants that Molner Group is currently not involved in any ongoing and has not in previous reporting periods been involved in any court proceedings, tax or other disputes. No bankruptcy petitions have been filed against Molner Group members and no bankruptcy proceedings have been initiated. The Management Board warrants that the information contained in the Company's Description is, to the best of the Management Board's knowledge, true and contains no omissions which might have an impact on the substance of the Company Description.

6.5 Team

In addition to Management and Supervisory Board members Molner Group's team consists of approximately 20 highly motivated and qualified employees focusing on operating the laboratory, assuring compliance with regulations, and working daily for the realisation of Molner's goals. Molner Group is constantly working on recruiting new talent in USA, Estonia and Canada but also from elsewhere in Europe to ensure its continued growth, development and compliance with regulatory requirements.

Key team members are:

Maris Schryer – Qualified Person and Head of Regulatory Affairs

Maris has almost 20 years of food and pharmaceutical industry experience from production and quality departments in both local and international companies. Before Molner, she was working in Teligent as the Global Quality Manager. She has also served as the Head of Quality Department in Orkla Estonia's multicategory food production plant and as the Head of Production in powdered infant formula manufacturing company Solbritt. Maris has BSc in food and biotechnology from Tallinn Technical University and MSc in chemical engineering from University of Toronto.

Indrek Kaing – Head of Business Development

Indrek has 20 years of experience in sales and marketing. Prior to joining the Molner team he served as Government Relations Manager at Post11, a cross-border e-commerce logistics company. Prior to that he worked for Tallinn Airport for 14 years, as the Head of Sales Department. Indrek has completed his studies and is certified in "Airport Operations", "Airport Retail Management" and in "Leadership and Management" by IATA Training and Development Institute. For his individual national communication project he was recognized with Swedish Business Award – Innovator of the Year.

Erik Berlin – Head of Laboratory

Erik has over 10 years of experience in pharmaceutical science and chemistry. He started his career at Cambrex, in Tallinn, with a focus on analytical chemistry. Following this, he joined Teligent, first as the Manager of Analytical Chemistry and then as the Manager of Product Development with a focus on pharmaceutical development for the USA and Canada. He later joined TBD Biodiscovery in Tartu where he was the Deputy Head of Quality Control before joining Molner to lead our laboratory. Erik has an MSc in Analytical Chemistry from the University of Tartu.

7 SHARE CAPITAL, SHARES AND SHAREHOLDERS

7.1 Share capital and shares

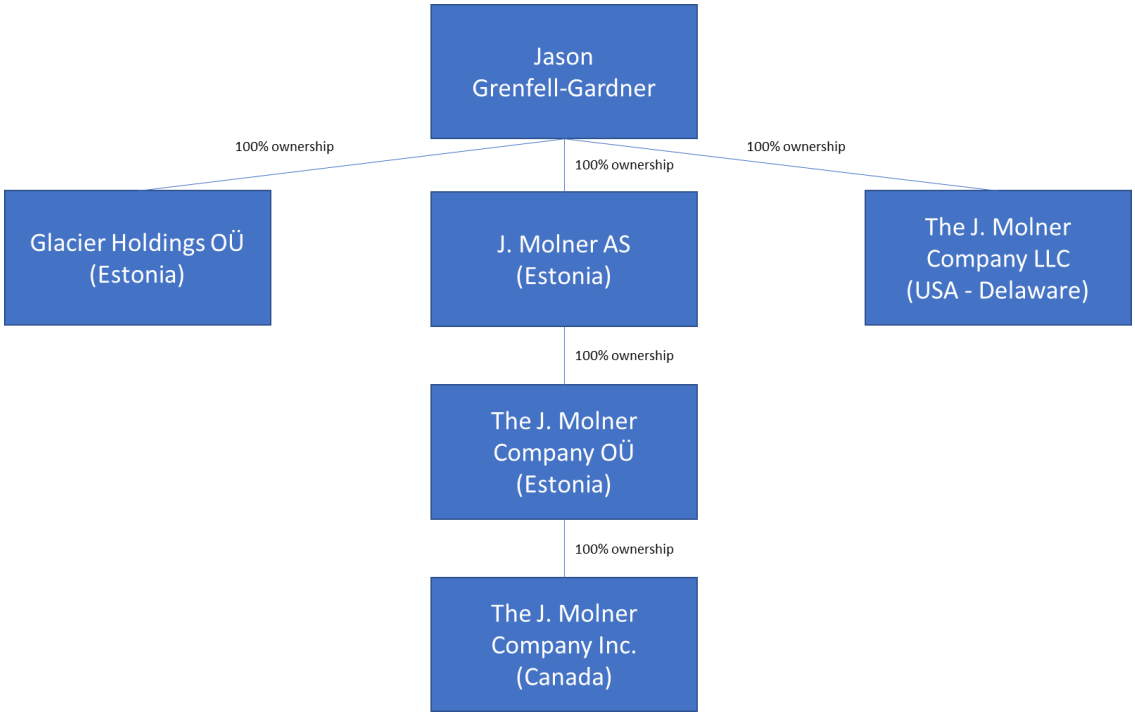
Molner's share capital is EUR 1,600,000. Currently Molner has issued 1,600,000 shares of the same class with nominal value of EUR 1.00. Issuer's Management Board confirms that all Shares are registered at Estonian Register of Securities maintained by the Estonian branch of Nasdaq CSD SE, all new Shares to be issued shall also be registered there with the same ISIN code.

7.2 Shareholders

Molner's sole shareholder owning 100% of Molner's share capital is Glacier Holdings OÜ (registry code: 16567192). All 1,600,000 Shares issued by Molner belong to Glacier Holdings OÜ.

Molner's corporate structure is illustrated on the below graph:

For the sake of clarity, at the date of the Company Description the sole shareholder of Molner is Jason Michael Atticus Grenfell-Gardner. He is also the sole shareholder of The J. Molner Company LLC. The J. Molner Company OÜ is the sole shareholder of The J. Molner Company Inc. Transactions for reaching to the final structure described above and elsewhere in the Company Description are underway and shall likely be finalized before the Shares are admitted to trading. Note that these transactions shall not affect the ultimate beneficial owner of the Molner Group companies, that is currently and shall remain Jason Michael Atticus Grenfell-Gardner. Below we have provided a graph depicting the Molner Group structure as at the date of the Company Description:



7.3 Shareholders' rights

In summary, the shareholders have the following rights:

- to buy, sell, pledge or otherwise dispose of the Shares;
- to participate in the distribution of Molner's profit in accordance with the decision of the general meeting of shareholders and the number of Shares, if Molner decides to distribute the profit. Whereas income tax shall be withheld from any dividend payments in accordance with applicable law;
- to participate and vote at the general meeting of shareholders in accordance with the provisions of Molner's articles of association, based on the number of Shares owned by the shareholder;
- to receive information on the activities of the Issuer to the extent and pursuant to the procedure provided by law;
- to nominate candidates for members of the Supervisory Board;
- to participate in the liquidation distribution upon liquidation of Molner.

7.4 Dividend policy

Molner's plans are aimed at growth and reinvesting any earned profits to the growth and development of the Group. Thus, Molner has no immediate plans to pay dividends to its shareholders. Management's suggestions for distributing profits are based on financial results, working capital requirements, investment needs and strategic considerations. The distribution of dividends and their size depends on the decision of the general meeting of shareholders.

7.5 Employee stock option plan

Molner has established and employee stock option plan to motivate the management and key personnel and to align the interests and goals of Molner and its team. Molner wishes to provide an opportunity to its personnel to benefit from the growth of Molner Group.

On 30 September 2022 the sole shareholder of Molner decided to approve the Molner management and employee stock option plan on the following terms:

- The total volume of the option plan is 6.5% of the issued Shares of Molner.
- Beneficiaries and grant amount: Options are granted in two tranches (1) Founding team members (joined prior to 1 September 2022) and (2) New team members (joined after 1 September 2022);
    - In relation to founding team members option agreements in the following amounts may be concluded:

      Team member: 4,000 Shares

      Management team member: 7,000 Shares

      Supervisory Board member: 2,000 Shares

    - The number of Shares to be granted under new team member tranche shall be determined at the time of joining plus four months, based on a formula to be determined by the Management Board. The Management Board will seek to grant options at levels equivalent to one-year of salary for new team members based on the prevailing stock price at time of grant based on the formula: (Annual Salary) / Market Price = Option Shares.
- Price: The strike price for options will be EUR 1.00 for the tranche of founding team options, and market price less 25% at the day of grant for new team members.
- Term: the options may be exercised after four years from the conclusion of option agreements.
- Expiry: All options will expire if not exercised within ten years of initial grant.

As of the date of this Company Description the Issuer has not concluded any option agreements. However, as of the date of this Company Description, based on the above option plan, the personnel of the Molner Group is entitled to options in the total amount of 79,000 Shares, this amounts to 4,71% of the fully diluted share capital of the Issuer that includes the total Shares issued by the Issuer at the date of this Company Description together with the above 79,000 shares to be issued under the option plan.

8 RISK FACTORS

8.1 Introductory remarks

Investment in the Offer Shares and Molner's activities in general are subject to various risks that, either individually or in combination, may adversely affect Molner and the value of Molner's shareholders' investment or affect the ability to realise the Shares. Any prospective investor should carefully consider all of the information provided in this Company Description, including the risk factors described below. In addition to the following, there may be risks that are not currently known to Molner or that Molner currently considers to be insignificant, but which may also affect Molner or the price of the Shares. Investors may lose a part or the entire value of their investment if the risks materialise. The Management Board finds that the following reflects the most significant risks related to investing in Offer Shares. The Issuer has divided the risks into four categories, in each category the risk described first is the most material.

8.2 Risks related to Issuer's Business

8.2.1 Commercialization of new products – risk related to regulatory proceedings from FDA and Health Canada

Molner Group's future revenues and profitability are dependent upon its ability to successfully develop, license or acquire, and commercialize pharmaceutical products in a timely manner. Product development is inherently risky and time-consuming. Likewise, product licensing involves inherent risks, including uncertainties due to matters that may affect the achievement of milestones. The development and commercialization process also requires substantial time, effort, and financial resources. Molner may not be successful in commercializing products on a timely basis, if at all, which could adversely affect its business, financial position, and operating results.

The FDA and Health Canada must approve any new prescription product before it can be marketed in the USA and Canada respectively. The process of obtaining regulatory approval to manufacture and market generic pharmaceutical products is rigorous, time consuming, costly, and largely unpredictable. Molner may be unable to obtain requisite approvals on a timely basis for generic products that it may develop, license, or acquire. Also, for products pending approval, it may obtain raw materials or produce batches of inventory. In the event that regulatory approval is denied or delayed, Molner could be exposed to the risk of any such inventory becoming obsolete. The timing and cost of obtaining regulatory approvals could adversely affect our product introduction plans, business, financial position, and operating results.

New generic market entrants generally cause continued price and margin erosion over the generic product life cycle. As a result, Molner could be unable to grow or maintain market share with respect to its generic pharmaceutical products, which could have a material adverse effect on its ability to market that product profitably and on its business, financial position, and operating results.

Furthermore, if we are unable to address all regulatory requirements applicable to the development and commercialization of new products in a timely manner, Molner's product introduction plans, business, financial position, and operating results could be materially adversely affected.

8.2.2 Risk stemming from the short operating history and forecasts

Molner is a young company that does not have a long operating history, which is reflected in the Issuer's current modest sales revenue, especially compared to the forecasts provided in this Company Description. Due to the short operating history the primary revenue of Molner currently derives from provision of analytical services which is not the planned primary source of income according to Molner's business plan. However, developing and licencing generic medicines is a lengthy and unpredictable process and as such a risk exists that increasing the share of revenue deriving form sale of generic drugs could take longer than planned. Further, there is no way to ensure that the forecasts are realised

as planned and if the results negatively differ from the forecasts provided in this Company Description, it may have a negative impact on the Issuer's financial results.

8.2.3 Risk stemming from rapid growth plans

As a young and rapidly growing company, Molner is subject to risks related to facilitating the desired growth speed. Primarily Molner may not always be able to scale its internal capabilities and resourced according to the growth rate and demands of its business. Molner's growth may be hindered due to incapability of finding necessary workforce, obtaining required licences and financing or reaching the required regulatory standards for providing its goods and services. As such Molner might be unable to realise the growth prognosis and estimates and as such its annual revenue and profits could underperform the expected growth. In order to mitigate the said risks and facilitate the continued speedy growth rates Molner is constantly monitoring the different regulatory and similar requirements applicable to it, its need for additional resources and is working in advance to overcome the possible difficulties by amongst other, hiring new employees or concluded relevant cooperation or outsourcing agreements.

8.2.4 The Issuer has only one Management board member

The Issuer has only one Management Board member who acts as a member of management board also in other companies. As such a risk exists that the Management Board member is unable to devote sufficient amount of time to the management of Issuer or that the activities required to operate the Issuer and the Molner Group require more work than one person is able to complete. The Issuer has a professional and highly qualified Supervisory Board capable of adopting the necessary resolutions for electing new Management Board members also at very short notice should such a need arise. The Issuer also has many key employees who would be capable of fulfilling the Management Board member's position should the need arise.

8.2.5 Risks related to additional financing

There is no assurance that the Issuer will be able to raise future capital to the extent necessary to finance the Issuer's growth and operations. Molner is of the opinion that financing its planned growth solely based on revenue is ineffective and notes that additional external financing may be needed in the future. Numerous factors affect Molner's ability to obtain necessary external financing like general market and economic conditions, aspects related to providers of financial services and capital, policies of credit institutions, etc. To reduce the risk that Molner is unable to realise its growth strategies due to a lack of capital, Molner is continuously monitoring its capital needs and strives towards finding suitable sources of financing in the required amounts, considering amongst others also crowdfunding, bank financing and equity financing opportunities.

8.2.6 Forex risk

As the Molner Group has received a substantial amount of financing in USA dollars and not euros a risk related to currency exchange rate fluctuations exists. However, given that Molner Group is active both in Europe and USA and incurs expenses and earns revenue both in euros and USA dollars, the related forex risk is therefore mitigated.

8.2.7 Reliance on third party suppliers

Molner's ability to manufacture and distribute products is dependent, in part, on ingredients, components, and manufacturing supplied by others, each of which is regulated by either the FDA or Health Canada accordingly. Any major change in the approved source of supply for these materials could require us to file a Prior Approval Supplement ("**PAS**") with the FDA and similar post-approval change documentation with Health Canada. The process of obtaining such a PAS can require between 4 and 18 months. Molner seeks, where possible and economically reasonable, to qualify alternate sources of suppliers for higher risk inputs, however this may not always be reasonable or feasible.

8.2.8 Risks related to finding sufficient employees

Molner currently has around twenty contractual employees. In order to fulfil the growth and development plans highlighted in this Company Description, Molner will have to recruit new staff members. Primary additional laboratory technicians and USA sales personnel is required. Due to the developments in the economic and employment environment, demand currently exceeds supply and finding suitable employees may be complicated. Molner is daily working for finding new employees as well as for improving the conditions of existing personnel in order to reduce the rate of quitting. Nonetheless, the lack of qualified work force may have a negative effect on realisation of the growth and development plans of Molner.

8.3 Legal and economic risks

8.3.1 Regulatory risks

Molner Group is company operating in a highly regulated field. This means that in order to provide its services and continue its operations Molner Group has to comply with various pharmaceutical regulations and hold licences confirming such compliance both in Estonia and in other markets (primarily Canada and USA). Should new regulatory obligations emerge which Molner Group is unable to comply with or should regulators find that Molner Group is in violation of certain current regulatory obligations Molner Group might lose or be unable to obtain the necessary licences and authorisations required to provide its services. Currently Molner Group does not have all the required licences to distribute and sell medicines in all the states of the USA. Obtaining said licences could take longer than anticipated by Molner. The above in turn could have a significant negative impact on the revenue and profitability of Molner Group. Molner Group has in place relevant measures to mitigate the said risk. As such Molner Group is constantly monitoring the regulatory developments and the compliance of its activities with applicable regulatory requirements. Further, Molner Group is also developing cooperation relationships with 3PL-s that would enable Molner Group to sell the products also in those USA states where Molner Group itself does not hold licences i.e. by relying on 3PL's licence.

8.3.2 Changes in legislation

Molner is a company operating under Estonian law and the legislation of Estonia applies to Molner's Shares. Furthermore, given that the USA and Canada are the primary markets of Molner, the laws and legislation of these countries also affects the activities and operation of Molner. Relevant legislation may change if new acts are adopted or current legislation is amended or interpretative practices change. Changes in legislation could adversely affect Molner's business, financial situation, performance and/or prospects. Changes in tax legislation may increase the tax burden of shareholders and affect the return on investment made in the Shares. The aforementioned may have a negative effect on the price of the Shares.

Applicable regulatory requirements relevant to the Issuer could become more stringent, which may have an adverse effect on the Issuer, as the Issuer has to incur unforeseen expenses, which in turn may negatively affect the financial results of the Issuer.

8.3.3 Unfavourable economic developments

Molner's development and economic and financial performance are significantly affected by the regional and global political and economic environment. The impact of the health crisis caused by COVID-19 pandemic on the global and regional economy remains unclear. Although the downturn in spring 2020 was followed by a rapid upswing in the second half of the year, the health crisis and the increase in energy prices that accelerated early this year, inflation and the complicated war in Ukraine have disrupted and continue to disrupt the normal functioning of markets, both in terms of movement of labour and goods, as well as the production of goods and provision of services. The global financial crisis that

began in 2008 led to an economic downturn, higher unemployment rates and decrease in the value of assets in Estonia. The economic downturn caused difficulties for entrepreneurs operating in all fields in the Estonian market. A similar economic downturn could have a negative impact on Molner's business, primarily due to reduced demand and higher input prices. Molner constantly monitors developments in both the domestic and international markets. However, it is not possible to accurately predict the timing or extent of economic or political conditions, especially in relation to the COVID-19 crisis as well as the unprecedented high energy prices and the uncertainties regarding the mitigation measures to be implemented, as well as the increasingly complex security situation in Eastern Europe in recent times.

8.3.4 Contractual risks

The Issuer's activities depend on the validity and enforceability of transactions and contracts concluded by the Issuer, many of which may be affected by foreign law.

8.4 Risks related to Shares, the Offering and admission to trading

8.4.1 Market risk

Molner has submitted an application for the admission of Shares to trading on First North. Upon admitting to trading of the Shares the price of the Shares shall be determined by supply and demand on First North MTF i.e. their price is not controlled by Molner and it can rise above or fall below the Offer Price. Molner has no means or rights to affect the price on First North. Even though Molner works daily to be a profitable and growing company, unexpected events on the market, in economy or in the business operations of Molner may have a negative impact on price of the Shares and could lead the value of the Shares to reduce to zero.

8.4.2 Payment of dividends is not guaranteed

Molner has no obligation to pay out dividends or any other distributions from its profit. Molner cannot guarantee the dividends shall be paid on a regular basis in future. Molner's plans are aimed at growth and reinvesting any earned profits, thus, Molner has no immediate plans to pay dividends to its shareholders. Management's suggestions for distributing profits are based on financial results, working capital requirements, investment needs and strategic considerations. These may not be in line with the short-term interests of all shareholders. The distribution of dividends and their size depends on the decision of the general meeting of shareholders.

8.4.3 New issues and dilution

In the future, Molner may issue new Shares for a variety of reasons, including to finance the Issuer's development or reduce debt. If the current shareholders decide not to subscribe for additional Shares within the offer of new Shares, the issue of new Shares may result in the dilution of holdings of the existing shareholders. This may reduce the proportional holding and voting rights of shareholders in Molner.

8.4.4 Cancellation of and under-subscription for the Offering

Although Molner will make every effort to ensure that the Offering is successful, Molner cannot guarantee the success of the Offering or that investors will receive the Offer Shares that they subscribed for. Molner has the right to cancel the Offering until the allocation is decided. The Offering may also be cancelled in the part of the Offering not subscribed for. In the event of under-subscription and partial cancellation of the Offering, Molner will need to find alternative sources of financing for the planned growth strategy published in this Company Description or make the growth strategy more conservative, reduce the volume of investments, or extend the investment schedule

8.4.5 Risk that Shares might not be admitted to trading

Molner has applied for the admission of Shares to trading on First North and will take all appropriate measures to act in accordance with the Rules and applicable law for the Exchange to satisfy Molner's application. The Exchange has adopted a conditional decision to admit the Shares to trading, according to which the Shares shall be admitted to trading on First North upon the fulfilment of conditions provided. However, despite Molner's actions certain unforeseen circumstances might prevent Molner from fulfilling these conditions and, thus, Molner cannot guarantee that the Shares will be admitted to trading on First North.

8.4.6 Liquidity risk

First North MTF is more volatile and less liquid than the regulated market. The Issuer cannot guarantee that an active secondary market for the Shares on First North develops after admission to trading. Therefore, the liquidity of the Shares on First North may be limited or insufficient. Relatively low market capitalisation and liquidity may restrict the investors' ability to sell or buy the Shares on First North or increase the volatility of the Share price. Due to the low level of investor activity in the market, the impact of individual transactions may have a significant impact on the market price of a security and the difference between purchase and sale prices may be greater than usual.

9 KEY FINANCIAL DATA

9.1 Financial data of The J. Molner Company OÜ[19]

9.1.1 Balance sheet of The J. Molner Company OÜ

ASSETS	31.12.2021	30.06.2022
Current assets		
Cash and accounts	242 806	310 847
Storage	11 293	11 292
Receivables and advance payments	63 855	138 084
Total current assets	**317 954**	**460 223**
Fixed assets		
Investments in subsidiaries and affiliates	262	262
Tangible fixed assets	100 607	94 899
Intangible fixed assets	6 974	251 264
Total fixed assets	**107 843**	**346 425**
TOTAL ASSETS	**425 797**	**806 648**
LIABILITIES AND EQUITY		
Liabilities		
Current liabilities		
Loan commitments	251 077	272 235
Payables and advance payments	141 869	221 437
Total current liabilities	**392 946**	**493 672**
Non-current liabilities		
Loan liabilities	358 104	136 145
Total non-current liabilities	**358 104**	**136 145**
Total liabilities	**751 050**	**629 817**
Equity		
Share capital at nominal value	2 500	2 500
Other reserves	0	750 000

[19]As Molner is a company established on 22 September 2022 it does not have any economic activity and has not produced financial reports yet. Therefore, to provide an adequate overview of the Molner Group's financial situation we have hereby provided the financial data of its subsidiary The J. Molner Company OÜ. Given that The J. Molner Company OÜ is an entity established in 2020 that has only published one annual report, we have hereby provided the balance of the Subsidiary as of 2020 year-end and 30.06.2022 and an income statement for the periods 10.09.2020-31.12.2021 and 01.01.2022-30.06.2022. Please note that due to different periods the data provided is not directly comparable.

Profit (-loss) from previous period	0	-327 753
Profit (-loss) for the financial year	-327 753	-247 916
Total equity	**-325 253**	**176 831**
Total liabilities and equity	**425 797**	**806 648**

9.1.2 Income statement of The J. Molner Company OÜ

	10.09.2020 - 31.12.2021	01.01.2022- 30.06.2022
Sales revenue	**505 260**	**161 647**
Other commercial revenue	**17 511**	**2 163**
Capitalized expenditures for preparation of fixed assets for own use	**0**	**114 335**
Goods, raw materials, supplies and services	-135 248	-68 082
Miscellaneous operating costs	-137 717	-124 725
Labour costs	-539 282	-258 059
Depreciation of fixed assets	-13 804	-5 965
Other operating expenses	-3 866	-2 402
Operating profit (-loss)	-307 146	-181 088
Interest income	0	0
Interest costs	-16 369	-21 430
Other financial charges	-4 238	-45 398
Profit (-loss) before tax	**-327 753**	**-247 916**
Profit (-loss) of the financial year	**-327 753**	**-247 916**

The balance sheet of The J. Molner Company OÜ as of 31.12.2021 and the income statement for the period of 10.09.2020 – 31.12.2021 has been audited by Grant Thornton Baltic OÜ, the auditor has also reviewed the first half year interim report of the Subsidiary.

More detailed financial data is provided in the annexes to the Company Description: audited annual report of The J. Molner Company OÜ for the period 10.09.2020-31.12.2021 together with independent auditor's report is provided in Annex 2 and the interim report for the period 1 January 2022 to 30 June 2022 together with the review by the auditor is provided in annex 3. In relation to the interim report, the auditor has drawn attention to certain circumstances that have been further detailed in clause 1.4 of the Company Description. We hereby draw your attention to the heightened risk related to the Offering caused by the short operating history of the Issuer. The details relating to this risk have been further elaborated above in clause 8.2.2

Given that the USA and Canadian subsidiaries of the Issuer are relatively young companies and are just starting their operations there is not significant financial data for those companies. In relation to The J. Molner Company LLC (USA subsidiary) as of 30 June 2022 the company has incurred certain consulting expenses related to the process of obtaining licences in the USA and certain other minor expenses in the total amount of EUR 45,000. As of 30 June 2022 the USA subsidiary has earned a revenue of about EUR 46,000 relating to intragroup transactions between the Subsidiary and the USA subsidiary of Molner.

The J. Molner Company Inc. (Canadian subsidiary) has as of 30 June 2022 incurred certain expenses related to obtaining the Canadian Drug Establishment License from Health Canada, regulatory services,

premises rent and other minor expenses in the total amount of about EUR 61,000. As of 30 June 2022 the Canadian subsidiary has not earned any revenue.

9.2 Growth prognosis

Management's forecasts for the next four years are the following.

	2022	2023	2024	2025
Sales revenue (EUR)	250,000 – 350,000	1,500,000 – 2,750,000	6,000,000 – 7,000,000	10,750,000 – 12,250,000
EBITDA[20] (EUR)	-450,000 – -550,000	250,000 – 550,000	4,000,000 – 5,000,000	6,500,000 – 7,500,000
Launched products (n-o of different pharmaceuticals)	0	3	5	8

The above forecasts are based on the following assumptions:

Revenue is forecast on a product basis and supplemented with service revenue. Molner's 2022 revenue is impacted by allocating resources to research and development projects and relaunching acquired products. In future years, revenue is driven by reintroduction of acquired products to market in 2023 and launch of newly approved products in subsequent years. Molner models each molecule by presentation based on total addressable market using IQVIA Health data on total prescriptions per stock keeping unit and using its own forecasts of future pricing and competitive intensity.

EBITDA is forecast using a dynamic financial model that takes into consideration the relevant expenses for the period.

Launched products models Molner's active introduction of new products and reintroduction of acquired products to the market across the forecast horizon.

[20] Earnings before interest, taxes, depreciation and amortization.

10 TAXATION

10.1 Introductory Remarks

The purpose of this section is to give an overview of the tax regime applicable to the shareholders and the Issuer. The below summary is in no way exhaustive and is not meant to constitute professional advice to any person. Tax legislation of the investor's member state and of the Issuer's country of incorporation may have an impact on the income received from or in relation to the Shares. In order to establish particular tax consequences of the Offering or the ownership of the Shares, each individual investor is advised and strongly encouraged to seek specialist assistance.

10.2 Estonian tax considerations

The following is a general overview of the Estonian tax regime applicable to dividends received and capital gains realised in Estonia as well as to acquisition and transfer of Shares.

10.2.1 Corporate income tax

The system of taxation of corporate income currently in force in Estonia differs from the traditional model of corporate income taxation in that it shifts the point of corporate taxation from the moment of accrual to the moment of distribution. Therefore, in Estonia corporate income tax is charged only on the distributed profit with the reinvested profits remaining untaxed until distribution. Corporate income tax is charged on profit distributions such as dividends, payments in the course of the reduction of share capital and redemption of own shares (if this is done on the account of retained earnings), as well as on implicit distributions such as fringe benefits, gifts and donations, expenditures and payments not related to the business activities of a company. The profit distributions of companies are taxed at the rate of 20/80 (25%) of the net amount of the distribution, i.e., 20% of the gross amount of the distribution. The corporate income tax charged on above profit distributions is payable only at the level of the company distributing profit with the company being responsible for calculating, declaring and paying of the respective corporate income tax. Corporate income tax imposed on distributed profit is not a withholding tax and thus is not influenced by the provisions of international tax treaties applicable to the taxation of dividends. Payments made in the course of the reduction of share capital and redemption of shares are taxable at the company level only to the extent such payments exceed the monetary and non-monetary contributions previously made by the shareholders into the company.

10.2.2 Taxation of dividends

According to the Income Tax Act, dividends paid by an Estonian resident legal person are exempt from taxation at the level of the recipient, regardless of whether the recipient is a natural or a legal person, an Estonian resident or a non-resident person (no classical dividend tax). Accordingly, as a rule, no income tax is withheld on dividends paid to the recipients of the dividends and dividends are subject to taxation only on the level of Estonian company who distributed profit. Nevertheless, the non-resident recipients of dividend may be subject to report and pay income tax in their country of residence. In order to establish particular tax consequences arising in the non-resident person's country of residence, investors are advised to seek specialist tax assistance.

However, as a result of the amendments to the Income Tax Act that entered into force from 1 January 2018, income tax has to be withheld also on the level of a natural person (both, for residents as well as non-residents) where an Estonian company has made regular dividend payments or other profit distributions which are subject to a reduced income tax rate of 14%. If an Estonian company has made regular dividend payments, an additional 7% must be withheld on the dividends payable to shareholders who are natural persons. Regular profit distribution is understood as an amount smaller than or equal to the average distributed profit of the company for the previous three calendar years, subject to taxation in Estonia.

10.2.3 Capital gains from sale or exchange of Shares.

Gains realised by an Estonian resident individual are taxable on a cash-basis. Upon the sale or exchange of securities (including the Shares) gains are subject to income tax at the rate of 20%. Payments received by an Estonian resident individual in the course of the reduction of share capital or redemption of shares are also taxable as capital gains, if the amount of the received payment exceeds the acquisition cost of the relevant shareholding, except to the extent such payment has been already taxed at the company level. Since all earnings of resident legal persons, including capital gains, are taxed only upon distribution of profits, capital gains realised by resident legal persons are not subject to immediate taxation. As a rule, capital gains received by non-residents from the sale or exchange of securities are not taxed in Estonia (except for certain securities related to Estonian real estate). The non-resident shareholders receiving capital gains from the sale or exchange of the Shares may be subject to declaring and paying income tax in their respective countries of residence. For the purposes of capital gains taxation, the gain derived from the sale of securities (including the Shares) is the difference between the acquisition cost and the sales price of such securities. The gain derived from the exchange of securities is the difference between the acquisition cost of securities subject to exchange and the market price of the property received as the result of the exchange. The expenses directly related to the sale or exchange of Shares may be deducted from the gains but are generally rather limited.

10.2.4 Investment account

Estonian resident individuals may postpone the taxation of their investment income by using a special investment account for carrying out transactions with certain financial instruments (including the Shares). An investment account is a monetary account opened with a European Economic Area or the Organisation for Economic Co-operation and Development (OECD) member state credit institution, through which the taxation of income arising from trading certain financial instruments (e.g., on capital gains, etc.) can be postponed. The moment of taxation of the financial income held on an investment account is postponed until such income is withdrawn from the investment account (i.e., up to the amount withdrawn from the account exceeds the amount which had been previously paid in to the account). Therefore, financial income held at the investment account may be reinvested tax-free until it is withdrawn from the account.

10.2.5 Pension investment account

Individuals who have decided to grow their Estonian mandatory funded pension (II Pillar) via pension investment account (PIA, in Estonian: *pensioni investeerimiskonto*), can also acquire the Shares through PIA. Pension investment account is a separate bank account opened with an Estonian credit institution, which, on the one hand, is part of the mandatory funded pension system (incl. relevant benefits, such as additional contributions from the state), but on the other hand allows the person to make their own investment decisions. Like the ordinary investment account, PIA allows making of transactions with financial assets, whereas taxation of capital gain from such assets is deferred until income is withdrawn from PIA (other income from financial assets held on PIA, e.g., dividends, is taxable in the normal way). Monetary means withdrawn from PIA are, generally, taxed at a 20% income tax rate, unless withdrawn after reaching the retirement age, in which case a 10% income tax rate or a tax exemption (depending on the method of payment) applies.

10.3 Latvian tax considerations

The following is a general overview of the Latvian tax regime applicable to dividends received and capital gains realised in Latvia as well as to acquisition and transfer of Shares.

10.3.1 Capital gains from sale or exchange of Shares

According to the Latvian Law on Personal Income Tax (PIT), capital gains (i.e., the difference between Shares' sale price and acquisition costs) on alienation of the Shares received by Latvian resident

individuals will be subject to Latvian PIT at a rate of 20%. The respective resident individuals are liable for paying the applicable Latvian PIT. Income tax paid from the capital gains in a foreign state may be deducted from income tax payable in the Republic of Latvia only if the taxpayer submits a certificate issued by the foreign tax administrator or withholding agent certifying the payment of income tax or another tax equivalent to income tax. According to the Latvian Law on Corporate Income Tax (CIT), capital gains (i.e., the difference between Shares' sale price and acquisition costs) earned in the Republic of Latvia and foreign states (i.e., sourced inside and outside of the Republic of Latvia) on alienation of the Shares received by resident entities will not be included in resident entity's taxable profit, yet profit distributions will be subject to Latvian CIT at a rate of 20% divided by a coefficient of 0.8 (effective CIT rate – 25%).

10.3.2 Corporate income tax

Latvia has a similar CIT system as Estonia, where corporate profits are not taxed until they are distributed. Consequently, reinvested profits are not subject to CIT (deferred corporate income tax). CIT is charged on direct profit distributions, such as dividends, as well as on implicit (hidden) distributions, including non-business expenses, interest payments made in excess of defined thresholds, loans made to related parties (subject to specific criteria), transfer pricing adjustments and other hidden distributions. CIT is imposed at the level of the company making the distributions at the time when such profit distributions are made. Profit distributions are taxed at the rate of 20% of the gross amount of the distribution (tax base is divided by 0.8 and then tax applied at the rate of 20% resulting in the effective rate of 25%).

Redistribution of inbound dividends is not taxable with CIT in Latvia if (i) the payer is a corporate income tax payer in its country of residence; or (ii) the underlying dividends were taxed with CIT or were subject to withholding tax in the distributing jurisdiction. Both exemptions apply provided that the payer is not from a low tax rate territory, and dividends are not treated as tax deductible expenses in the payer's country of residence.

Latvia does not levy any withholding tax on dividends, interest or royalties, except where payable to persons resident in a low tax rate territory.

10.3.3 Investment Account

According to the Latvian Law on PIT an individual may use an investment account (in Latvian: *Ieguldījumu konts*). An individual may carry out the transactions with the funds (including the Shares) of the investment account and accounts associated with it within the framework of the investment account. The investment account has to be opened in a credit institution, its branch or a branch of a foreign credit institution, or a merchant which is in conformity with the Financial Instrument Market Law or regulation of the country of residence of the service provider equal thereto has obtained a licence for the provision of the investment services, of Latvia or another Member State of the European Union, European Economic Area state or Member State of the OECD, or the resident of such country with which Latvia has entered into a convention regarding the prevention of double taxation and fiscal evasion. According to the Latvian Law on PIT, payments of income, which are withdrawn from the investment account (i.e., the amount withdrawn from the account exceeds the amount which had been previously paid into the account) will be subject to Latvian PIT at the rate of 20%, to be withheld by the institution wherein the investment account has been opened. Therefore, financial income held at the investment account may be reinvested tax-free until it is withdrawn from the account.

11 DEFINITIONS

Company Description	**This company description and offering document dated 12 October 2022 drafted for the public offering of up to 123,152 (in case of overallotment 147,783) Shares of Molner and admission to trading of all Shares of Molner on the Nasdaq Tallinn First North MTF.**
EAM	Estonian Agency of Medicines (in Estonian: *Ravimiamet*).
Estonia	Republic of Estonia.
Exchange	Nasdaq Tallinn AS (registry code: 10359206).
FDA	USA Food and Drug Administration.
First North	A multilateral trading facility operated by the Exchange.
Group	Molner Group.
Issuer	Molner.
Molner	J.Molner AS, an Estonian public limited company with a registry code 16579077.
Molner Group	Molner together with its subsidiaries The J. Molner Company OÜ, The J. Molner Company LLC (Delaware USA, established 9 August 2021 registry code: 6153067) and The J. Molner Company Inc. (Canada, established 8 January 2021, registry code: BC1282945).
Nasdaq CSD	Estonian register of securities. Its registrar is Nasdaq CSD SE (Latvian registry code 400003242879) branch in Estonia.
Offer Period	Period from 24 October 2022 at 10:00 to 4 November 2022 at 16:00 during which time the Offer Shares are publicly offered.
Offer Share(s)	Shares of Molner that are publicly offered during this offering.
Offering	Public offer of the Offer Shares.
Prospectus Regulation	Regulation (EU) 2017/1129 of the European Parliament and of the Council.
Regulation	Minister of Finance Regulation No 7 of 21 February 2022 on the requirements for an information document for a securities offering.
Rules	Exchange Rules of Multilateral Trading Facility First North.
Shares	Shares of Molner.
SMA	Estonian Securities Market Act.
Subscription Undertaking	The document to be submitted by potential investors for subscribing for the Offer Shares, in format as provided in Section 3.6 of the Company Description.
Subsidiary	The J. Molner Company OÜ a company established on 10 September 2020 with the registry code 16049586.
USA	The United States of America.

12 ANNEXES

Annex 1 – Articles of Association of Molner – accessible here.

Annex 2 – audited annual report of The J. Molner Company OÜ for the period 10.09.2020-31.12.2021 – accessible here (independent auditor's report is accessible here).

Annex 3 - interim report for the period 1 January 2022 to 30 June 2022 that has been reviewed by Grant Thornton Baltic OÜ – accessible here (independent auditor's review is accessible here).